THREE MONTHS RESULTS ANNOUNCEMENT

International Consolidated Airlines Group (IAG) today (May 7, 2021) presented Group consolidated results for the three months to March 31, 2021.

COVID-19 situation and management actions:

- Passenger capacity in quarter 1 was 19.6 per cent of 2019 and continues to be adversely affected by the COVID-19 pandemic, together with government restrictions and quarantine requirements
- Current passenger capacity plans for quarter 2 are for around 25 per cent of 2019 capacity, but remain uncertain and subject to review
- 1,306 cargo-only flights operated in quarter 1, up from 969 in quarter 4, 2020
- Strong liquidity, increased to €10.5 billion at the end of the quarter (from total pro-forma liquidity of €10.3 billion at December 31, 2020), driven by successful conclusion of financing initiatives in the quarter, together with cost actions and UK pension contribution deferral. These included:
  - Drawdown of previously committed borrowing for British Airways (£2.0 billion UK Export Finance) and Aer Lingus (€75 million drawn against Ireland Strategic Investment Fund facility)
  - Additional €1.2 billion of IAG Senior Unsecured Bonds issued, with issue heavily oversubscribed
  - New 3-year $1.755 billion committed, secured revolving credit facility concluded for Aer Lingus, British Airways and Iberia and which remains undrawn; cancellation of British Airways' previous revolving credit facility scheduled to mature in June 2021 (value at December 31, 2020: $0.8 billion)
  - Agreement for British Airways to defer monthly pension deficit contributions totalling £450 million between October 2020 and September 2021
  - Cash operating costs for the quarter reduced to €175 million per week

IAG period highlights on results:

- First quarter operating loss €1,068 million (2020: operating loss €1,860 million) and operating loss before exceptional items €1,135 million (2020: operating loss before exceptional items €535 million)
- Exceptional credit before tax in the quarter of €67 million on discontinuance of fuel and foreign exchange hedge accounting (2020: exceptional charge before tax of €1,325 million on discontinuance of fuel and foreign exchange hedge accounting)
- Loss after tax and exceptional items for the quarter €1,067 million (2020: loss €1,683 million) and loss after tax before exceptional items: €1,124 million (2020: loss €556 million)
- Cash of €8.0 billion at March 31, 2021 up €2.1 billion on December 31, 2020. Committed and undrawn general and aircraft facilities of €2.5 billion, bringing total liquidity to €10.5 billion.

Performance summary:

	Three months to March 31		
Reported results (€ million)	**2021**	2020	Higher / (lower)
Passenger revenue	**459**	3,953	(88.4)%
Total revenue	**968**	4,585	(78.9)%
Operating loss	**(1,068)**	(1,860)	(42.6)%
Loss after tax	**(1,067)**	(1,683)	(36.6)%
Basic loss per share (€ cents)[1]	**(21.5)**	(55.1)	(61.0)%
Cash and interest-bearing deposits[2]	**7,975**	5,917	34.8 %
Interest-bearing borrowings[2]	**19,539**	15,679	24.6 %

Alternative performance measures (€ million)	**2021**	2020	Higher / (lower)
Passenger revenue before exceptional items	**454**	3,953	(88.5)%
Total revenue before exceptional items	**963**	4,585	(79.0)%
Operating loss before exceptional items	**(1,135)**	(535)	nm
Loss after tax before exceptional items	**(1,124)**	(556)	nm
Adjusted loss per share (€ cents)[1]	**(22.6)**	(18.2)	24.2 %
Net debt[2]	**11,564**	9,762	18.5 %
Net debt to EBITDA[2]	**nm**	nm	nm
Available seat kilometres (ASK million)	**14,796**	67,522	(78.1)%
Passenger revenue per ASK (€ cents)	**3.07**	5.85	(47.6)%
Non-fuel costs per ASK (€ cents)	**12.23**	5.79	nm

For definitions refer to the IAG Annual report and accounts 2020.
Cash comprises cash, cash equivalents and interest-bearing deposits.

[1]The loss per share information for the three months to March 31, 2020 has been restated to reflect the impact of the rights issue.

[2]The prior year comparative is December 31, 2020.

Luis Gallego, IAG Chief Executive Officer, said:

"In quarter 1, we're reporting an operating loss of €1,135 million before exceptional items compared to an operating loss of €535 million last year.

"We've acted decisively to build resilience by boosting liquidity and reducing our cost base. At March 31, the Group's liquidity increased to €10.5 billion which demonstrates IAG's good access to capital markets.

"Cargo has enabled us to operate a more extensive passenger longhaul network. In addition, we operated 1,306 cargo-only flights and generated €350 million in revenue, a record for quarter 1.

"We're taking all necessary actions to ensure the financial health of our business for the long-term, including last year's successful €2.7 billion capital increase, and remain focused on reducing our cost base and increasing efficiencies.

"Despite the challenges posed by the current pandemic, our focus on the safety of our people and customers remains paramount alongside our climate commitments. Our pledge to powering 10 per cent of our flights with sustainable aviation fuel by 2030 shows that we will not back down from our ambition to lead aviation's efforts to reduce its carbon footprint.

"We're doing everything in our power to emerge in a stronger competitive position. We're absolutely confident that a safe re-start to travel can happen as shown by the scientific data. We're ready to fly, but government action is needed through four key measures:

- Travel corridors without restrictions between countries with successful vaccination rollouts and effective testing such us the UK and the US.
- Affordable, simple and proportionate testing to replace quarantine and costly, multi-layered testing.
- Well-staffed borders using contactless technology including e-gates to ensure a safe, smooth flow of people and frictionless travel.
- Digital passes for testing and vaccination documentation to facilitate international travel.

"These measures will enable a safe re-opening of our skies. Travel underpins a global industry that supports 13 million jobs in Europe alone. There's a high level of pent-up demand and aviation will play a critical role in reconnecting people and getting economies back up and running again."

Trading outlook

Given the uncertainty over the timing of the lifting of government travel restrictions and the continued impact and duration of COVID-19, IAG is not providing profit guidance for 2021.

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 2020; 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.

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CONSOLIDATED INCOME STATEMENT

€ million	Three months to March 31 **2021**	2020	Higher/ (lower)
Passenger revenue	**459**	3,953	(88.4)%
Cargo revenue	**350**	246	42.3 %
Other revenue	**159**	386	(58.8)%
Total revenue	**968**	4,585	(78.9)%
Employee costs	**622**	1,234	(49.6)%
Fuel, oil costs and emissions charges	**226**	2,534	(91.1)%
Handling, catering and other operating costs	**173**	652	(73.5)%
Landing fees and en-route charges	**127**	451	(71.8)%
Engineering and other aircraft costs	**207**	504	(58.9)%
Property, IT and other costs	**184**	225	(18.2)%
Selling costs	**70**	211	(66.8)%
Depreciation, amortisation and impairment	**470**	570	(17.5)%
Currency differences	**(43)**	64	nm
Total expenditure on operations	**2,036**	6,445	(68.4)%
Operating loss	**(1,068)**	(1,860)	(42.6)%
Finance costs	**(177)**	(151)	17.2 %
Finance income	**3**	11	(72.7)%
Net financing (charge)/credit relating to pensions	**(1)**	1	nm
Net currency retranslation (charges)/credits	**(13)**	77	nm
Other non-operating credits	**40**	40	-
Total net non-operating costs	**(148)**	(22)	nm
Loss before tax	**(1,216)**	(1,882)	(35.4)%
Tax	**149**	199	(25.1)%
Loss after tax for the period	**(1,067)**	(1,683)	(36.6)%

ALTERNATIVE PERFORMANCE MEASURES

All figures in the tables below are before exceptional items.

	Three months to March 31		
	Before exceptional items		
€ million	**2021**	2020	Higher/ (lower)[1]
Passenger revenue	**454**	3,953	(88.5)%
Cargo revenue	**350**	246	42.3 %
Other revenue	**159**	386	(58.8)%
Total revenue before exceptional items	**963**	4,585	(79.0)%
Employee costs	**622**	1,234	(49.6)%
Fuel, oil costs and emissions charges	**288**	1,209	(76.2)%
Handling, catering and other operating costs	**173**	652	(73.5)%
Landing fees and en-route charges	**127**	451	(71.8)%
Engineering and other aircraft costs	**207**	504	(58.9)%
Property, IT and other costs	**184**	225	(18.2)%
Selling costs	**70**	211	(66.8)%
Depreciation, amortisation and impairment	**470**	570	(17.5)%
Currency differences	**(43)**	64	nm
Total expenditure on operations before exceptional items	**2,098**	5,120	(59.0)%
Operating loss before exceptional items	**(1,135)**	(535)	nm
Finance costs	**(177)**	(151)	17.2 %
Finance income	**3**	11	(72.7)%
Net financing (charge)/credit relating to pensions	**(1)**	1	nm
Net currency retranslation (charges)/credits	**(13)**	77	nm
Other non-operating credits	**40**	40	-
Total net non-operating costs	**(148)**	(22)	nm
Loss before tax before exceptional items	**(1,283)**	(557)	nm
Tax	**159**	1	nm
Loss after tax for the period before exceptional items	**(1,124)**	(556)	nm

Operating figures	**2021**[1]	2020[1]	Higher/ (lower)
Available seat kilometres (ASK million)	**14,796**	67,522	(78.1)%
Revenue passenger kilometres (RPK million)	**6,779**	51,617	(86.9)%
Seat factor (per cent)	**45.8**	76.4	(30.6)pts
Passenger numbers (thousands)	**2,612**	19,877	(86.9)%
Cargo tonne kilometres (CTK million)	**854**	1,173	(27.2)%
Sold cargo tonnes (thousands)	**117**	148	(20.9)%
Sectors	**27,700**	143,969	(80.8)%
Block hours (hours)	**108,908**	434,244	(74.9)%
Average manpower equivalent[2]	**50,934**	64,365	(20.9)%
Aircraft in service	**531**	595	(10.8)%
Passenger revenue per RPK (€ cents)	**6.70**	7.66	(12.6)%
Passenger revenue per ASK (€ cents)	**3.07**	5.85	(47.6)%
Cargo revenue per CTK (€ cents)	**40.98**	20.97	95.4 %
Fuel cost per ASK (€ cents)	**1.95**	1.79	8.7 %
Non-fuel costs per ASK (€ cents)	**12.23**	5.79	nm
Total cost per ASK (€ cents)	**14.18**	7.58	87.0 %

[1] Financial ratios are before exceptional items.

[2] Included in the average manpower equivalent are staff on furlough, wage support and equivalent schemes, including the Temporary Redundancy Plan arrangements in Spain.

ALTERNATIVE PERFORMANCE MEASURES continued

Loss after tax before exceptional items

Exceptional items are those that in management's view need to be separately disclosed by virtue of their size or incidence in understanding the entity's financial performance. The exceptional items include significant discontinuance of hedge accounting.

The table below reconciles the reported income statement to the alternative performance measures statement above:

	Three months to March 31					
€ million	**Reported 2021**	**Exceptional items**	**Before exceptional items 2021**	Reported 2020	Exceptional items	Before exceptional items 2020
Passenger revenue[1]	**459**	**5**	**454**	3,953		3,953
Cargo revenue	**350**		**350**	246		246
Other revenue	**159**		**159**	386		386
Total revenue	**968**	**5**	**963**	4,585		4,585
Employee costs	**622**		**622**	1,234		1,234
Fuel, oil costs and emissions charges[1]	**226**	**(62)**	**288**	2,534	1,325	1,209
Handling, catering and other operating costs	**173**		**173**	652		652
Landing fees and en-route charges	**127**		**127**	451		451
Engineering and other aircraft costs	**207**		**207**	504		504
Property, IT and other costs	**184**		**184**	225		225
Selling costs	**70**		**70**	211		211
Depreciation, amortisation and impairment	**470**		**470**	570		570
Currency differences	**(43)**		**(43)**	64		64
Total expenditure on operations	**2,036**	**(62)**	**2,098**	6,445	1,325	5,120
Operating loss	**(1,068)**	**67**	**(1,135)**	(1,860)	(1,325)	(535)
Finance costs	**(177)**		**(177)**	(151)		(151)
Finance income	**3**		**3**	11		11
Net financing (charge)/credit relating to pensions	**(1)**		**(1)**	1		1
Net currency retranslation (charges)/credits	**(13)**		**(13)**	77		77
Other non-operating credits	**40**		**40**	40		40
Total net non-operating costs	**(148)**		**(148)**	(22)		(22)
Loss before tax	**(1,216)**	**67**	**(1,283)**	(1,882)	(1,325)	(557)
Tax	**149**	**(10)**	**159**	199	198	1
Loss after tax for the period	**(1,067)**	**57**	**(1,124)**	(1,683)	(1,127)	(556)

[1] Discontinuation of hedge accounting

The exceptional credit to Fuel, oil costs and emissions charges of €62 million (three months to March 31, 2020: charge of €1,325 million) is represented by a credit of €61 million (three months to March 31, 2020: charge of €1,350 million) relating to fuel derivatives and a credit of €1 million (three months to March 31, 2020: credit of €25 million) related to the associated fuel foreign currency derivatives, and the exceptional credit to Passenger revenue of €5 million (three months to March 31, 2020: €nil) relates to the derecognition of hedge accounting of the associated fuel derivatives and the foreign currency derivatives on forecast revenue and fuel consumption. These amounts have arisen from the substantial deterioration in demand for air travel caused by COVID-19, which has caused a significant level of hedged fuel purchases in US dollars and hedged passenger revenue transactions in a variety of foreign currencies to no longer be expected to occur, based on the Group's operating forecasts prevailing at the balance sheet date. The Group's risk management strategy has been to build up these hedges gradually over a three-year period when the level of forecast fuel consumption and passenger revenues were higher than current expectations. Accordingly, the hedge accounting for these transactions has been derecognised and the credits recognised in the Income statement. The credit relating to revenue derivatives and fuel derivatives has been recorded in the Income statement within Passenger revenue and Fuel, oil and emission charges, respectively.

The related tax charge was €10 million (three months to March 31, 2020: credit of €198 million).

FINANCIAL REVIEW FOR THE THREE MONTHS TO MARCH 31, 2021

COVID-19 Summary – Quarter 1

The Group's results continue to be impacted by COVID-19 and the related restrictions on travel. A detailed review of the impact of COVID-19 on the Group in 2020 was provided in the 2020 Annual Report and Accounts. This review focuses on further impacts during 2021.

In the first quarter of 2021, due to the continuing impact of the virus worldwide and the associated travel and border restrictions applying in many countries, the Group was only able to operate a limited passenger schedule, with capacity operated only 19.6 per cent of that operated in quarter 1, 2019 and 21.9 per cent of quarter 1, 2020. The Group operated 1,306 additional cargo flights, leading to record cargo revenue for the quarter.

The Group seeks to reduce the impact of volatile commodity prices by hedging fuel purchases in advance, based on expected capacity levels. The Group also hedges foreign exchange rates. The impact of COVID-19 has led to a significant reduction in the requirement to purchase jet fuel, due to the significantly reduced flying programme. As a consequence, the Group has derivative contracts for which there was no corresponding purchase of jet fuel, leading to discontinuance of hedge accounting for these fuel derivatives, together with the related foreign exchange derivatives. In aggregate there is a net loss on these derivate contracts, as whilst the commodity fuel price has risen in recent months it is still below levels seen before COVID-19, when these derivative contracts were taken out. The credit in the quarter is mainly due to reduced losses on these contracts, due to rising fuel prices, net of an adjustment for the latest assessment of capacity for 2021 and foreign exchange movements.

In May, the Board approved a revised fuel hedging policy, which is designed to provide flexibility to both significant unexpected reductions in travel demand or capacity and/or material or sudden changes in jet fuel prices. The revised policy allows for differentiation within the Group, to match the nature of each operating company, including greater use of call options. The revised policy will operate on a two-year rolling basis, with hedging up to 60 per cent of anticipated requirements in the first twelve months and up to 30 per cent in the following twelve months and with flexibility for low cost airlines within the Group to adopt hedging up to 75 per cent in the first twelve months. For all Group airlines, hedging between 25 and 36 months ahead will only be undertaken in exceptional circumstances.

The Group continues to take action to preserve cash and boost liquidity. In the quarter the Group drew down on debt facilities agreed in 2020, namely £2.0 billion for British Airways from UK Export Finance and €75 million for Aer Lingus from the Ireland Strategic Investment Fund. IAG closed a dual-tranche senior unsecured bond issuance in the quarter, raising €1.2 billion, with €500 million maturing in 2025 and €700 million maturing in 2029. The Group also signed a Committed Secured Revolving Credit Facility with a syndicate of banks for $1.755 billion, available for three years, plus two consecutive one-year extension periods, at the discretion of the lenders. The facility is available to Aer Lingus, British Airways and Iberia, each of whom has a separate borrower limit within the overall facility. Any drawings under the Facility would be secured against eligible unencumbered aircraft assets and take-off and landing rights at both London Heathrow and London Gatwick airports. The facility remained undrawn at the end of the quarter. Simultaneous with entering into this new Revolving Credit Facility, British Airways cancelled its US dollar facility that was due to expire on June 23, 2021 and which had $786 million undrawn and available at December 31, 2020. Approximately €400 million of facilities expired undrawn by the end of March. Total liquidity at the end of quarter remained strong at €10.5 billion, including cash, cash equivalents and current interest-bearing deposits of €8.0 billion and committed and undrawn general and aircraft facilities of €2.5 billion.

The Group expects that it will take until at least 2023 for passenger demand to reach the levels of 2019. As a result the Group is actively involved in restructuring its cost base to adjust to significantly lower levels of demand, including actions to reduce fixed costs and to increase the variable proportion of the cost structure.

Basis of preparation

Based on the extensive modelling the Group has undertaken in light of the COVID-19 pandemic, the Directors have a reasonable expectation that the Group has sufficient liquidity for the foreseeable future and accordingly the Directors have adopted the going concern basis in preparing the consolidated results for the three months to March 31, 2021.

There are a number of significant factors related to COVID-19 that are outside of the control of the Group, including the status and impact of the pandemic worldwide, including the emergence of new variants of the virus and potential resurgence of existing strains of the virus; the availability of vaccines worldwide, together with the speed at which they are deployed; the efficacy of those vaccines; and the restrictions imposed by national governments in respect of the freedom of movement and travel. Due to the uncertainty that these factors create, the Group is not able to provide certainty that there could not be more severe downside scenarios than those it has considered in its modelling, including the sensitivities it has considered in relation to factors such as the impact on yield, capacity operated, cost mitigations achieved and the availability of aircraft financing to offset capital expenditure. In the event that such a scenario were to occur, the Group would need to implement additional mitigation measures and would likely need to secure additional funding over and above that which is contractually committed at May 6, 2021.

The Group has been successful in raising liquidity in the first quarter, including an additional €3.6 billion of non-aircraft debt and a new $1.755 billion Revolving Credit Facility, committed for three years. However, the Group cannot provide certainty that it will be able to secure additional funding, if required, in the event that a more severe downside scenario than those it has considered were to occur.

Principal risks and uncertainties

The Group has continued to maintain and operate its framework and processes to identify, assess and manage risks. The principal risks and uncertainties affecting the Group are detailed on pages 78 to 88 of the 2020 Annual Report and Accounts and remain relevant. The Board has continued to monitor and assess risks across the Group, in the light of changes that influence the Group and its operations and the related ongoing regulatory and governmental responses in the Group's markets, including in respect of COVID-19. Mitigating actions have been identified to enable the Group to continue to respond as necessary to the uncertain risk environment.

Operating and market environment

Average commodity fuel prices for the three months to March 31, 2021 were approximately 20 per cent lower than the equivalent period in 2020, although prices rose over the course of the quarter in 2021, in contrast to the significant fall in March 2020 as COVID-19 took hold. The foreign exchange rate for the euro against the US dollar was approximately ten per cent higher than the same period last year, with the pound sterling five per cent higher against the US dollar.

IAG's results are impacted by exchange rates used for the translation of British Airways' and IAG Loyalty's financial results from pound sterling to the Group's reporting currency of euro. For the three months to March 31, 2021 the net impact of translation on the operating result before exceptional items was €35 million favourable.

From a transactional perspective, the Group's financial performance is impacted by fluctuations in exchange rates, primarily from the US dollar, euro and pound sterling. The Group normally generates a surplus in most currencies in which it does business, except for the US dollar, as capital expenditure, debt repayments and fuel purchases typically create a deficit. The Group hedges a portion of its transaction exposures. The net transaction impact on the operating result before exceptional items was favourable by €142 million for the period, increasing revenues by €2 million and reducing costs by €140 million.

The net impact of translation and transaction exchange on the operating result before exceptional items for the Group was €177 million favourable.

Capacity

In the first three months of 2021, IAG capacity, measured in available seat kilometres (ASKs), was lower by 78.1 per cent versus 2020 and by 80.4 per cent versus 2019, with reductions across all regions. Capacity continues to be significantly affected by the travel restrictions put in place by national governments in response to the COVID-19 pandemic, including new national lockdowns in the UK and Ireland in response to the third wave of infections at the start of the year.

British Airways capacity was adversely impacted by the UK-wide lockdown imposed in January and associated international travel ban. Longhaul routes operated primarily for cargo purposes with a number of daily flights to US cities including New York, JFK, Washington and Los Angeles. Shorthaul operations were severely impacted by UK and European travel restrictions, but regular operations connected the main cities and saw steady business travel demand.

Iberia's longhaul operations were focussed on Latin America and Caribbean (LACAR) routes given the continued restrictions on entry to the US. Routes benefitted from Visiting Friends and Relatives (VFR) travel over Christmas and the new year and in the lead up to Easter, although the EU restrictions introduced in response to the identification of the Brazil COVID-19 variant adversely impacted passenger numbers. Shorthaul operations benefitted from significant transfer traffic but were still limited due to European travel restrictions.

Vueling operations were focussed on Domestic markets connecting the Spanish peninsula with the Canary and Balearic Islands. However, regional travel restrictions within Spain, and Catalonia in particular, continue to supress passenger demand.

Aer Lingus capacity continues to be driven by cargo needs, with flights operating regularly to New York, JFK, Chicago and Boston with very low passenger load factors. The Domestic route between London Heathrow and Belfast performed well with sustained business traveller demand.

LEVEL longhaul operations out of Barcelona have been limited with only regular flights to Buenos Aires in quarter 1. The route to Santiago de Chile operated in January but was subsequently cancelled in February.

Revenue

Passenger revenue for the three months to March 31, 2021 fell 88.4 per cent from the previous year; in 2020 the impact of COVID-19 was mainly limited to March. Passenger unit revenue (passenger revenue per ASK) for the quarter decreased 49.7 per cent at constant currency ('ccy'), due primarily to lower passenger seat factors, together with lower passenger yields (passenger revenue per revenue passenger kilometre), associated with the impact of COVID-19.

Cargo revenue for the quarter was 42.3 per cent higher versus 2020 and up 50.0 per cent at constant currency. The strong cargo revenue performance was due to additional cargo flights, during the quarter 1,306 cargo flights were operated. Cargo revenue for quarter 1 was €350 million, a record for the period, and up from €246 million versus last year. Despite an increase in load factor, total cargo carried, measured in cargo tonne kilometres, reduced by 27.2 per cent due to the reduction in passenger schedules. Yields were significantly higher versus last year reflecting the ongoing market supply and demand imbalance. During this pandemic, cargo revenue has had to cover the entire cost of operating a flight, without passenger revenue, on an aircraft configured for passengers.

Other revenue fell by 58.8 per cent and by 52.1 per cent at ccy, mainly due to the impact of COVID-19 on the Group's non-airline businesses.

Costs
Employee costs for the quarter decreased by €612 million compared with 2020, linked mainly to the restructuring programmes implemented in 2020, together with furlough and equivalent temporary cost reduction schemes, which account for approximately one third of the reduction.

Fuel costs, including an exceptional credit related to overhedging of €62 million, reduced by 91.1 per cent, reflecting the reduced capacity operated. Excluding the exceptional overhedging credit in the quarter and the overhedging charge in quarter 1, 2020 fuel costs reduced by 76.2 per cent.

Supplier costs decreased by 65.9 per cent, linked to volume-related savings due to the lower capacity operated, together with a reduction in non-essential expenditure and negotiated savings as a result of COVID-19.

Depreciation, amortisation and impairment costs decreased 17.5 per cent on the previous year, linked to the reduction in the Group's fleet triggered by COVID-19, with the in-service fleet, which includes those aircraft temporarily grounded due to COVID-19, reduced from 595 aircraft at March 2020 to 531 aircraft at March 2021.

Total non-fuel costs were down 53.7 per cent on the previous year and down 49.2 per cent at ccy.

Operating loss
The Group's operating loss for the three months to March 31, 2021 was €1,068 million (2020: operating loss of €1,860 million). The operating loss excluding exceptional credits and charges related to overhedging was €1,135 million in quarter 1 2021, compared with an operating loss of €535 million in 2020.

Net non-operating costs, taxation and loss after tax
The tax credit for the period was €159 million before exceptional items (2020: €1 million), with an effective tax rate for the Group of 12 per cent (2020: zero per cent). The substantial majority of the Group's activities are taxed where the main operations are based, UK, Spain and Ireland, with corporation tax rates during the period of 19 per cent, 25 per cent and 12.5 per cent respectively, these result in an expected effective tax rate of 20 per cent. The difference between the actual effective tax rate of 12 per cent and the expected effective tax rate of 20 per cent is primarily due to current period losses in Iberia, LEVEL France and Vueling not being recognised.

On March 3, 2021 the UK Chancellor announced that legislation will be introduced in Finance Bill 2021 to set the main rate of corporation tax at 25 per cent from April 2023. This expected tax rate change has not been reflected in these results because it has not yet been substantively enacted.

The loss after tax and exceptional items for the quarter was €1,067 million (2020: loss after tax €1,683 million), driven by the impact of COVID-19 on the Group's operating results.

Cash and leverage
The Group's cash position at March 31, 2021 of €7,975 million was €2,058 million higher than December 31, 2020, driven by the additional liquidity actions taken in the quarter. Net debt at the end of the period was €11,564 million compared with €9,762 million at December 31, 2020.

Other recent developments
IAG has become the first European airline group to commit to powering 10 per cent of its flights with sustainable aviation fuel by 2030. The Group will purchase one million tonnes of sustainable jet fuel per year enabling it to cut its annual emissions by two million tonnes by 2030. This equates to removing one million cars from Europe's roads each year. In addition, IAG will become the first airline group worldwide to extend its net zero commitment to its supply chain. The Group will be working with its suppliers to enable them to commit to achieving net zero emissions by 2050 for the products and services they provide to IAG.