IAG Q1 results 2025

Strong start to 2025; Outlook unchanged

Luis Gallego, IAG Chief Executive Officer, said:

"Our strong first quarter results reflect the performance of our businesses and the effectiveness of our strategy and transformation. We continue to deliver on our industry-leading financial targets.

"We remain focused on strengthening our broad portfolio of market-leading brands across our core markets of the North Atlantic, Latin America and intra-Europe.

"We continue to see resilient demand for air travel across all our markets, particularly in the premium cabins and despite the macroeconomic uncertainty.

"Our commitment to financial strength and shareholder value is reflected in €530 million of share buybacks completed in 2025 so far, alongside a proposed final dividend of €288 million, which brings our total dividend for 2024 to €435 million."

Highlights

- Revenue growth of 9.6%, reflecting the strength of our business
- Operating profit before exceptional items increased by €130 million to €198 million as strong revenue growth and a lower fuel price offset expected cost increases. Operating margin increased by 1.7 pts to 2.8%
- Good operational performance, particularly at British Airways. Iberia and Vueling continue to be amongst the most punctual airlines in the world
- Ordered 71 widebody aircraft to support long-term strategy
- Stronger balance sheet driven by free cash flow and disciplined capital allocation: net leverage at 0.9x and gross debt reduced by €1,859 million compared to 31 December 2024
- Delivering for our shareholders through a sustainable dividend and up to €1 billion share buyback

Outlook for 2025

Trading

- Whilst being mindful of the geopolitical and macroeconomic uncertainty, our outlook for the full year is unchanged
- We are continuing to see good demand for air travel across our core markets and for our brands, highlighting the strength of our portfolio
- Latin America and Europe continue to be strong and the North Atlantic demand has been robust, with strength in our premium cabin mitigating some recent softness in US point-of-sale economy leisure
- As of 6 May we are around 80% booked for the second quarter, with revenue ahead of last year, and 29% booked for the second half, broadly in line with last year

Modelling assumptions

- Capacity increase of c.3% is unchanged. We continue to review our plans for the winter season and 2026
- Non-fuel unit costs are assumed to increase by around 4% in 2025 including the adverse impact of foreign exchange, weighted to the first half of the year, as previously guided at our Full Year 2024 results
- Capital expenditure for the year is expected to be around €3.7 billion
- Total fuel cost is expected to be €7.5 billion (based on jet fuel forward curve and foreign exchange rates at the end of Q1) as the Group benefits from recent falls in the price of oil

Financial summary:

	Three months to 31 March		
Reported results (€ million)	**2025**	2024	Higher/ (lower)
Total revenue	**7,044**	6,429	9.6 %
Operating profit	**198**	68	nm
Profit/(loss) after tax	**176**	(4)	nm
Basic earnings/(loss) per share (€ cents)	**3.7**	(0.1)	nm
Cash, cash equivalents and interest-bearing deposits[1]	**9,357**	9,828	(471)
Borrowings[1]	**15,486**	17,345	(1,859)

Alternative performance measures (€ million)	**2025**	2024	Higher/ (lower)
Total revenue before exceptional items	**7,044**	6,429	9.6 %
Operating profit before exceptional items	**198**	68	nm
Operating margin before exceptional items	**2.8%**	1.1%	1.7 pts
Profit/(loss) after tax before exceptional items[2]	**176**	(93)	nm
Adjusted earnings/(loss) per share (€ cents)	**2.3**	(1.9)	nm
Net debt[1]	**6,129**	7,517	(1,388)
Net debt to EBITDA before exceptional items (times)[1]	**0.9**	1.1	(0.2)
Total liquidity[1, 3]	**12,355**	13,362	(1,007)

Operating figures	**2025**	2024	Higher/ (lower)
Available seat kilometres (ASK million)	**79,134**	76,684	3.2 %
Passenger revenue per ASK (€ cents)	**7.58**	7.34	3.2 %
Non-fuel costs per ASK (€ cents)	**6.48**	5.96	8.8 %

For definitions of Alternative performance measures, refer to the Alternative performance measures definition and reconciliation section from page 16.

1 The prior period comparative is 31 December 2024.
2 There were no exceptional items in the three months to 31 March 2025 (2024: €89 million relating to tax, as explained in the Alternative performance measures definition and reconciliation section).
3 Total liquidity includes Cash, cash equivalents and interest-bearing deposits, plus committed and undrawn general and aircraft-specific financing facilities.

Delivering our strategy

Trading and network

IAG's strategy is based on growing its global leadership positions, with a particular focus on its core markets of the North Atlantic, Latin America and intra-Europe (particularly domestic Spain).

Three months to 31 March 2025	Proportion of total ASKs 2025	ASKs higher/(lower) v2024	Passenger load factor (%)	Passenger load factor higher/(lower) v2024	Passenger revenue per ASK higher/(lower) v2024[1]
North Atlantic	27.8 %	0.2 %	78.6	0.8pts	13.0 %
Latin America and Caribbean	22.5 %	7.1 %	87.9	1.1pts	1.0 %
Europe	23.3 %	1.8 %	81.4	(2.9)pts	(0.2)%
Domestic (Spain and UK)	8.4 %	4.7 %	85.1	(2.1)pts	(4.5)%
Africa, Middle East and South Asia	13.8 %	1.0 %	81.5	(1.3)pts	3.4 %
Asia Pacific	4.2 %	16.7 %	87.4	0.1pts	(1.8)%
Total network	**100.0 %**	**3.2 %**	**82.7**	**(0.4)pts**	**3.2 %**

1 Passenger revenue per ASK ('PRASK') for 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 adjustments to assumptions for unused tickets.

The North Atlantic region continues to be a major area of strength for IAG. IAG increased its capacity slightly for the North Atlantic region by 0.2% in the quarter and passenger unit revenue increased by 13.0%. British Airways is focusing on strengthening its network (e.g. adding frequency to Austin, Washington) whilst managing for greater operational resilience (e.g. working with American Airlines to serve Dallas). Both Aer Lingus and Iberia are now deploying their new A321 XLRs across the North Atlantic to Minneapolis and Boston respectively, with Indianapolis, Nashville and Washington to come.

IAG is continuing to invest in the structurally growing Latin American market, in particular through Iberia and LEVEL. Capacity growth in the quarter continues to be elevated, at 7.1%, as Iberia in particular continues to add frequencies into its core cities. The strength of demand in the market is highlighted by the increase in passenger unit revenue of 1.0%, despite the adverse impact of the capacity growth.

The intra-European market continues to be robust. IAG capacity increased by 1.8% in the quarter and passenger unit revenue decreased very slightly (by 0.2%), despite the negative impact of the timing of Easter and the Heathrow closure on 21 March 2025. Network points across Europe to serve mainly leisure markets have been added by each of Aer Lingus (e.g. Seville, Marrakech), British Airways (e.g. Rimini, Salerno) and Iberia (e.g. Tromso, Innsbruck). Vueling has increased its routes from Barcelona to destinations such as Tirana, Rimini and Cordoba.

Our capacity growth in the Domestic region (Spain and UK) was 4.7% in the first quarter, mainly as a result of Vueling returning to growth and focusing on reinforcing its position in its markets. As a result of the impact of Easter, which particularly affects Vueling, as well as the capacity growth, passenger unit revenue reduced by 4.5%.

The rest of the world is improving compared to unit revenue performance in 2024, albeit as a smaller part of IAG's total capacity (c.18%). Africa, Middle East and South Asia saw strong performance, where capacity growth of 1.0% supported passenger unit revenue increase by 3.4%. IAG continues to restore capacity to its pre-COVID-19 network and frequencies in Asia Pacific (for example as Iberia and British Airways added network points at Tokyo and Bangkok respectively), where it grew capacity by 16.7%, Passenger unit revenue decreased by 1.8% in the first quarter in the Asia Pacific region.

IAG Loyalty continues to focus on activities that generate higher Avios issuance and redemption. In March Loganair joined as a Global Currency partner and Iberia launched Club Iberia Plus, following the British Airways Club launch, which includes new ways to earn Tier status and new benefits.

Financial highlights for the first quarter of 2025

Passenger unit revenue rose by 3.2%, driven by the higher yields noted above, particularly in the North Atlantic market, due to continued strong demand, together with favourable foreign exchange impacts of €143 million (2.4 percentage points).

The timing of Easter had an adverse impact on the quarter, particularly for leisure travel.

Cargo and other revenue grew strongly. Cargo revenue increased by 12.4% helped by strong yields. Other revenue grew by 41.2% mainly as a result of increased third party work at Iberia's MRO business, as well as increased revenue at BA Holidays.

Non-fuel unit cost increased by 8.8% during the quarter, which was broadly as expected:

- 2.2% - adverse impact from foreign exchange (around €104 million)
- c.2.5% - adverse impact due to increased costs in our non-airline businesses. This included costs related to BA Holidays and to an increase in third-party activity at our Spanish MRO business, both of which helped to deliver the increase in Other revenues in the quarter.
- c.1% - adverse impact of the closure of London Heathrow airport on 21 March (around €50 million of operating profit)
- c.3% - underlying airline non-fuel costs increase. This reflects wage agreements as well as investment in customer services and operational resilience ahead of the summer, which is already starting to deliver results (British Airways' punctuality in the first quarter was its best in any quarter since IAG was formed).

Disciplined Capital allocation

IAG has a disciplined approach to capital allocation in order to maximise long term shareholder value.

1. Maintain a strong balance sheet

We have strengthened our balance sheet since the 2024 year end, driven by strong free cash flow and disciplined capital allocation:

- Net leverage improved to 0.9x and gross leverage to 2.2x from 1.1x and 2.5x respectively at 31 December 2024
- €1,077 million in financial debt was repaid in the first quarter: €500 million IAG bond repaid on 25 March as well as €577 million partial repayment in both the 2027 and 2029 bonds
- Includes €668 million payment to HMRC for IAG Loyalty VAT case, which the Group strongly believes is recoverable, as previously disclosed. Subsequent to 31 March 2025 British Airways has recovered €260 million as input VAT
- Ratings agency Investment Grade upgrades: S&P upgraded IAG and British Airways to BBB (stable outlook) from BBB- and Fitch upgraded British Airways to BBB (stable).

2. Investment in the business

IAG plans and executes disciplined investment in the business to improve our offering and efficiency to grow revenue, margins and free cash flow.

During the three months to 31 March 2025 five new aircraft were delivered. The Group also exercised options for 6 Airbus A350-900 aircraft for Iberia, 6 Airbus A350-1000 aircraft for British Airways and six Boeing 777-9 aircraft for British Airways. These deliveries and future orders are part of the Group's ongoing investment in new, modern aircraft to drive operational efficiency, reduce emissions and enhance onboard products for customers. The aircraft will be delivered between 2027 and 2030.

In addition, IAG has today ordered 53 aircraft for its medium-term long-haul fleet requirements. The Group has ordered 21 Airbus A330-900neo aircraft and 32 Boeing 787-10 aircraft for delivery from 2028 to 2033. The aircraft are mainly for replacement, with around one third for growth in IAG's core markets.

3. Shareholder returns

We are committed to a sustainable dividend. We have proposed a final dividend per share of €0.06, for approval at the AGM in June. As part of our two recent share buyback programmes we have now repurchased €530 million of shares in 2025 to 2 May, with €660 million of our commitment of up to €1 billion remaining.

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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”, “believes”, “may”, “will”, “could”, “should”, “continues”, “intends”, “plans”, “targets”, “predicts”, “estimates”, “envisages” or “anticipates” or other words of similar meaning or their negatives. 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, 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 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. 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, economic and geo-political, market, regulatory, climate, supply chain or other significant external events, 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 2024; 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.

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 2024. These documents are available on www.iairgroup.com.

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CONSOLIDATED INCOME STATEMENT

€ million	Three months to 31 March 2025	2024	Higher/ (lower)
Passenger revenue	**6,000**	5,632	6.5 %
Cargo revenue	**318**	283	12.4 %
Other revenue	**726**	514	41.2 %
Total revenue	**7,044**	6,429	9.6 %
Employee costs	**1,609**	1,437	12.0 %
Fuel costs and emissions charges	**1,715**	1,789	(4.1)%
Handling, catering and other operating costs	**987**	894	10.4 %
Landing fees and en-route charges	**554**	525	5.5 %
Engineering and other aircraft costs	**778**	578	34.6 %
Property, IT and other costs	**299**	280	6.8 %
Selling costs	**299**	294	1.7 %
Depreciation, amortisation and impairment	**618**	559	10.6 %
Net (gain)/loss on sale of property, plant and equipment	**(6)**	1	nm
Currency differences	**(7)**	4	nm
Total expenditure on operations	**6,846**	6,361	7.6 %
Operating profit	**198**	68	nm
Finance costs	**(219)**	(228)	(3.9)%
Finance income	**85**	75	13.3 %
Net change in fair value of financial instruments	**75**	(9)	nm
Net financing credit relating to pensions	**21**	14	50.0 %
Net currency retranslation credits/(charges)	**134**	(44)	nm
Other non-operating (charges)/credits	**(55)**	37	nm
Total net non-operating credits/(charges)	**41**	(155)	nm
Profit/(loss) before tax	**239**	(87)	nm
Tax	**(63)**	83	nm
Profit/(loss) after tax for the period	**176**	(4)	nm

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.

	Three months to 31 March		
	Before exceptional items		
€ million	**2025**	2024	Higher/ (lower)
Passenger revenue	**6,000**	5,632	6.5 %
Cargo revenue	**318**	283	12.4 %
Other revenue	**726**	514	41.2 %
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Profit/(loss) before tax	**239**	(87)	nm
Tax	**(63)**	(6)	nm
Profit/(loss) after tax for the period	**176**	(93)	nm

Operating figures	**2025**	2024	Higher/ (lower)
Available seat kilometres (ASK million)	**79,134**	76,684	3.2 %
Revenue passenger kilometres (RPK million)	**65,417**	63,751	2.6 %
Passenger load factor (per cent)	**82.7**	83.1	(0.4)pts
Passenger numbers (thousands)	**26,178**	26,361	(0.7)%
Cargo tonne kilometres (CTK million)	**1,308**	1,217	7.5 %
Sectors	**168,866**	167,285	0.9 %
Block hours (hours)	**516,794**	505,457	2.2 %
Aircraft in service	**601**	585	2.7 %
Passenger revenue per RPK (€ cents)	**9.17**	8.83	3.8 %
Passenger revenue per ASK (€ cents)	**7.58**	7.34	3.2 %
Cargo revenue per CTK (€ cents)	**24.31**	23.25	4.5 %
Fuel cost per ASK (€ cents)	**2.17**	2.33	(7.1)%
Non-fuel costs per ASK (€ cents)	**6.48**	5.96	8.8 %
Total cost per ASK (€ cents)	**8.65**	8.30	4.3 %

FINANCIAL REVIEW for the three months to 31 March 2025

IAG capacity

In the first three months of 2025, passenger capacity operated, measured in available seat kilometres (ASKs), rose by 3.2% versus the same period in 2024.

Capacity operated by airline

	ASKs higher/(lower) v2024	Passenger load factor (%)	Higher/(lower) v2024
Aer Lingus	5.4 %	75.3	0.4pts
British Airways	1.3 %	79.9	(1.2)pts
Iberia	5.6 %	87.2	1.7pts
LEVEL	15.7 %	93.5	(1.3)pts
Vueling	3.3 %	88.3	(2.7)pts
Group	**3.2 %**	**82.7**	**(0.4)pts**

Capacity increases versus the first three months of 2024 reflect growth in the Group's airlines' fleets, including the introduction of Airbus A321XLR aircraft at Aer Lingus and Iberia, an additional A330-200 aircraft at LEVEL and growth in the Domestic and European regions at Vueling. Passenger load factors were impacted by the later timing of Easter in 2025 versus 2024, particularly at Vueling.

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.

Unless stated otherwise, all figures and variances quoted below relate to the first three months of 2025 compared with the first three months of 2024 on a reported basis (including exceptional items).

Summary

Reported results € million	**2025**	2024	Higher/(lower) vly
Operating profit	**198**	68	130
Profit/(loss) before tax	**239**	(87)	326
Profit/(loss) after tax	**176**	(4)	180

The Group's Operating profit for the first three months increased by €130 million versus the first three months of 2024, driven by higher passenger unit revenues and lower fuel unit costs, partially offset by an increase in non-fuel unit costs, as discussed further below. The increase in Operating profit included favourable foreign exchange impacts of €19 million.

Summary of exceptional items

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

In the first three months of 2024, the Group recorded one tax-related exceptional item related to a change in tax legislation in Spain, resulting in an exceptional tax credit of €89 million. See Alternative performance measures definition and reconciliation section for further information.

Alternative performance measures (before exceptional items) € million	**2025**	2024	Higher/(lower) vly
Operating profit	**198**	68	130
Profit/(loss) before tax	**239**	(87)	326
Profit/(loss) after tax	**176**	(93)	269

Revenue

€ million	**2025**	Higher/(lower) vly (%)	Higher/(lower) vly
Passenger revenue	**6,000**	6.5 %	368
Cargo revenue	**318**	12.4 %	35
Other revenue	**726**	41.2 %	212
Total revenue	**7,044**	9.6 %	615

Passenger revenue

The increase in passenger revenue of €368 million, or 6.5%, was ahead of the increase in passenger capacity of 3.2%, driven by higher yields, measured as passenger revenue per revenue passenger kilometre, up 3.8%, offset by a small reduction in the passenger load factor, which was 0.4 points lower. Passenger unit revenue, measured as passenger revenue per ASK, rose by 3.2%. The growth in passenger revenue was linked to the increase in capacity and continued strong leisure demand, together with favourable foreign exchange impacts of €143 million. The timing of Easter, with Easter Sunday on 20 April in 2025 versus 31 March in 2024, had an adverse impact versus the first quarter of 2024, particularly for leisure travel.

Cargo revenue

Cargo revenue, at €318 million, was €35 million higher than in 2024. Cargo volumes, measured in cargo tonne kilometres (CTKs), were 7.5% higher than the previous year, whilst cargo yields, measured as cargo revenue per cargo tonne kilometre, were 4.5% higher. Cargo demand continues to be positively impacted by disruptions to sea freight in the Red Sea; the Group also prioritised premium products and high yielding regions, including Asia Pacific and the Middle East.

Other revenue

Other revenue, at €726 million, was up €212 million versus 2024, mainly driven by increased third-party revenues from Iberia's Maintenance, Repair and Overhaul (MRO) business, together with increased revenue at BA Holidays.

Operating costs

Total operating expenditure rose from €6,361 million in 2024 to €6,846 million in 2025, an increase of 7.6%, linked to the higher volume of flights and an increase in non-fuel unit costs, which increased by 8.8% versus the first three months of 2024, partially offset by lower fuel unit costs. The increase in non-fuel unit costs was impacted by adverse foreign exchange impacts of €104 million, representing 2.2 points of the variance, principally due to the translation of pound sterling costs into euro. The growth in costs related to the Group's increased Other revenue drove approximately 2.5 points of the increase. The impact of the closure of London Heathrow Airport on 21 March increased non-fuel unit costs by approximately one percentage point. The remaining growth in non-fuel unit costs was due to recruitment and training ahead of the summer season, the investments in the airlines' operations and customer experience and 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

	2025	Higher/(lower) vly (%)	Higher/(lower) vly
Employee costs, € million	**1,609**	12.0 %	172
Employee costs per ASK, € cents	**2.03**	8.5 %	

The rise in employee costs of €172 million or 12.0% versus 2024 reflects wage increases and bonus provisions, together with an increase in employee numbers, as the Group's airlines increased capacity and undertook recruitment and training in preparation for their peak summer operations.

Fuel costs and emission charges

	2025	Higher/(lower) vly (%)	Higher/(lower) vly
Fuel costs and emissions charges, € million	**1,715**	(4.1)%	(74)
Fuel costs and emissions charges per ASK, € cents	**2.17**	(7.1)%	

Fuel costs and emissions charges were down €74 million, or 4.1% versus 2024, reflecting increased flying volumes and lower prices, with the Group's effective fuel price net of fuel hedging and related foreign currency hedging down approximately 8% versus 2024. The cost of complying with various emissions trading schemes was €70 million, up only slightly on the €69 million in the first three months of 2024, as a greater requirement for purchases under such schemes was offset by lower average prices. Fuel consumption and costs continue to benefit from the Group's investment in new-generation aircraft.

Supplier costs

€ million	2025	Higher/(lower) vly (%)	Higher/(lower) vly
Handling, catering and other operating costs	**987**	10.4 %	93
Landing fees and en-route charges	**554**	5.5 %	29
Engineering and other aircraft costs	**778**	34.6 %	200
Property, IT and other costs	**299**	6.8 %	19
Selling costs	**299**	1.7 %	5
Currency differences	**(7)**	nm	(11)
Total Supplier costs	**2,910**	13.0 %	335
Supplier costs per ASK, € cents	**3.68**	9.5 %	

Total Supplier costs rose by €335 million, or 13.0%, to €2,910 million, with the impact of the Group's cost transformation initiatives partially mitigating the impacts of inflation and the additional operating cost arising from the Group's investment in customer experience and IT. Handling, catering and other operating costs include customer care costs related to the closure of London Heathrow airport on 21 March. Engineering and other aircraft costs include costs related to the growth in Iberia's MRO revenues. Supplier unit costs increased by 9.5% versus 2024.

Ownership costs

Ownership costs include depreciation, amortisation and impairment of tangible and intangible assets, including right of use assets, and the net (gain)/loss on sale of property, plant and equipment.

	2025	Higher/(lower) vly (%)	Higher/(lower) vly
Depreciation, amortisation and impairment	**618**	10.6 %	59
Net (gain)/loss on sale of property, plant and equipment	**(6)**	nm	7
Ownership costs, € million	**612**	9.3 %	52
Ownership costs per ASK, € cents	**0.77**	5.9 %	

The increase in ownership costs versus 2024 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. The net gain on the sale of property, plant and equipment of €6 million related to the disposal of aircraft and related equipment at the end of their operational lives.

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 2025 the Group's operating profit before exceptional items benefited from €19 million of favourable exchange rate impacts versus the same period in 2024.

Exchange rate impact before exceptional items

€ million Favourable/(adverse)	2025 Translation impact	 Transaction impact	 Total exchange impact
Total exchange impact on revenue	134	41	**175**
Total exchange impact on operating expenditures	(128)	(28)	**(156)**
Total exchange impact on operating profit	6	13	**19**

Operating profit before exceptional items by operating company

	2025	2024	Higher/(lower)
British Airways (£ million)[1]	**96**	10	86
Aer Lingus (€ million)	**(55)**	(82)	27
Iberia (€ million)	**137**	70	67
Vueling (€ million)	**(55)**	(25)	(30)
IAG Loyalty (£ million)[1]	**88**	92	(4)

1 2024 comparatives restated for the transfer of BA Holidays from British Airways to IAG Loyalty.

The Group's airlines all benefited from lower fuel prices. Aer Lingus and Vueling are more impacted by seasonal variations in operating performance and both typically report an operating loss in the first quarter. At British Airways, the improvement of £86 million related to its 1.3% increase in capacity, together with higher load factors and improved unit passenger revenue and was after the impact of the London Heathrow airport closure on 21 March, which had an estimated adverse impact of £40 million (€50 million). The €27 million reduction in operating loss for Aer Lingus mainly reflected higher yields. Iberia benefited from higher yields and additional cargo and other revenue. Vueling, as a short-haul low-cost carrier, saw the greatest relative negative impact from the timing of Easter, leading to a €30 million increase in its first quarter operating loss. IAG Loyalty's operating profit was impacted by accounting for VAT on the issuance of Avios, which the Group disputes (see Tax section below). Absent this change, IAG Loyalty would have reported an increase in operating profit for the first quarter.

Total net non-operating credits

Total net non-operating credits for the three months were €41 million, versus costs of €155 million in 2024. The change versus 2024 was principally driven by fair value movements on the Group's convertible bond, together with the impact of a weaker US dollar at 31 March 2025 compared with 31 December 2024, leading to a Net currency retranslation credit of €134 million in 2025. In 2024, the US dollar was slightly stronger at the end of the first quarter versus 31 December 2023, which led to retranslation charges. Other non-operating charges of €55 million mainly relate to derivative contracts for which hedge accounting is not applied.

Tax

The tax charge on the profit for the three months was €63 million (2024: tax credit of €83 million), with an effective tax rate of 26% (2024: 95%).

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 2025. 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 27% for the three months to 31 March 2025.

The difference between the actual effective tax rate of 26% and the expected tax rate of 27% is principally due to non-taxable income in British Airways arising from investments in associated companies.

IAG Loyalty VAT

As previously disclosed, beginning in 2022 and for periods commencing March 2018, HMRC in the UK undertook a review of the appropriate VAT accounting to be applied by IAG Loyalty, and the validity of a historical ruling ('the Ruling') issued by HMRC to the Group. On 29 October 2024, HMRC issued a decision asserting that VAT is payable at the standard rate of 20% on the issuance of Avios as opposed to the historical approach of accounting for VAT depending on the nature of the redemption products for which Avios are redeemed, for which the vast majority are flights that are zero-rated.

During the first three months of 2025, the Group appealed this matter to the First-tier Tribunal (Tax) in the UK. To advance the case to the First-tier Tribunal (Tax), without admission of liability, the Group paid to HMRC €668 million. Subsequent to 31 March 2025 and before the date of this report, the Group recovered €260 million as input VAT for certain of its subsidiaries, with the residual €408 million expected to be refunded if the matter is resolved in the Group's favour.

In addition, during the first three months of 2025, the Group applied to the High Court in the UK for a judicial review of whether IAG Loyalty had a legitimate expectation that it could rely on a historical ruling issued by HMRC. As at the date of this report, the Group is awaiting confirmation as to whether its application for a judicial review has been accepted.

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 have previously been recognised within Deferred revenue in the Balance sheet upon issuance of the Avios and subsequently within Passenger revenue in the Income statement when the Avios are redeemed.

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 2025, and through to the date of this report, that the €668 million asset recognised as a result of the payment to HMRC is recoverable.

Aircraft deliveries, financing and fleet orders

Number of aircraft	**Delivered in the three months to 31 March 2025**	Of which financed in the three months to 31 March 2025	Aircraft delivered in 2024 and financed in the three months to 31 March 2025
Airbus A320neo (Aer Lingus)	**1**	–	–
Airbus A320neo (British Airways)	**2**	–	–
Airbus A321XLR (Aer Lingus)	**–**	–	1
Airbus A321XLR (Iberia)	**2**	–	1
Sub-total: deliveries from manufacturers	**5**	–	2
Airbus A320ceo (Vueling direct lease)	**4**	4	–
Total	**9**	4	2

During the three months, the Group exercised options for 12 Airbus A350 aircraft and six Boeing 777-9 aircraft. These orders are part of the Group's ongoing investment in new, modern aircraft to drive operational efficiency, reduce emissions, and enhance onboard products for customers. The aircraft will be delivered between 2027 and 2030.

Gross debt, net debt and leverage

€ million	**31 March 2025**	31 December 2024
Total borrowings	**15,486**	17,345
Cash, cash equivalents and current interest-bearing deposits	**9,357**	9,828
Net debt	**6,129**	7,517
Rolling four quarters EBITDA before exceptional items	**6,996**	6,807
Gross debt to EBITDA before exceptional items (times)	**2.2**	2.5
Net debt to EBITDA before exceptional items (times)	**0.9**	1.1

The reduction in Total borrowings included the impact of the Group's decision to partially repay in advance of their maturity €577 million of bonds maturing in 2027 and 2029, together with the scheduled maturity of a €500 million unsecured bond in the quarter. The remainder of the reduction is mainly due to a weaker US dollar, as the majority of aircraft-related debt is denominated in US dollars, together with repayments on existing aircraft debt being higher than the new debt raised, with just two Airbus A321XLR aircraft financed during the quarter.

The main driver of the reduction in Net debt to EBITDA before exceptional items (leverage) versus 31 December 2024 was the normal seasonal inflow of bookings for future travel periods during the first three months of the year. The typical seasonality within forward bookings sees bookings build over the first two quarters of the year ahead of the peak summer travel season, with forward bookings then reducing in the second half of the year.

On 13 March 2025, S&P upgraded its investment grade credit rating of IAG and British Airways to BBB (stable outlook) from BBB- (positive outlook) and on 4 April 2025, Fitch upgraded its investment grade credit rating of British Airways to BBB (stable outlook) from BBB- (stable outlook). IAG is also rated investment grade by Moody's (Baa3, stable outlook).

Liquidity

€ million	31 March 2025	31 December 2024
Cash, cash equivalents and current interest-bearing deposits	9,357	9,828
Committed and undrawn general and overdraft facilities	2,867	3,400
Committed and undrawn aircraft facilities	131	134
Total	**12,355**	13,362

The principal component of the Group's committed and undrawn general and overdraft facilities is a $3.0 billion (€2.8 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 reduction of Committed and undrawn general and overdraft facilities versus 31 December 2024 was mainly due to the expiry of Aer Lingus' €350 million facility with the Ireland Strategic Investment Fund (ISIF), together with foreign exchange.

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 2024 Annual report and accounts and these remain relevant. The IAG Board monitors the risk landscape and challenges management in the light of changes that could influence or impact the Group's performance, financial markets and market volatility, operations and supply chain, transformation agenda or the aviation industry. In assessing its principal risks, the Group has considered its risk environment including: (i) monitoring the trade and economic effects, outcomes to markets and customer sentiment and demand resulting from new or potential tariff regimes; (ii) the tone of dialogue between the US, Russia, China and the EU and UK which can influence the status of the financial markets and access to those markets and impact trade and passenger flows; (iii) operational and technical resilience across its airlines, particularly interruption to trade flows creating further supply chain disruption, especially for aircraft, engines and components; (iv) weaknesses in air traffic control and airports' resilience and customer impacts; (v) managing any new inflationary effects in the cost base; and (vi) people engagement and delivery of digitalisation, end-to-end domain transformation and cultural 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		
	2025	2024	Higher/(lower) vly
Passengers carried ('000s)	**26,178**	**26,361**	**(0.7)%**
North Atlantic	2,588	2,569	0.7 %
Latin America and Caribbean	1,928	1,785	8.0 %
Europe	12,973	13,436	(3.4)%
Domestic (Spain and UK)	6,731	6,684	0.7 %
Africa, Middle East and South Asia	1,656	1,619	2.3 %
Asia Pacific	302	268	12.7 %
Revenue passenger kilometres (million)	**65,417**	**63,751**	**2.6 %**
North Atlantic	17,293	17,081	1.2 %
Latin America and Caribbean	15,637	14,416	8.5 %
Europe	15,001	15,257	(1.7)%
Domestic (Spain and UK)	5,664	5,543	2.2 %
Africa, Middle East and South Asia	8,889	8,944	(0.6)%
Asia Pacific	2,933	2,510	16.9 %
Available seat kilometres (million)	**79,134**	**76,684**	**3.2 %**
North Atlantic	22,013	21,961	0.2 %
Latin America and Caribbean	17,782	16,600	7.1 %
Europe	18,429	18,096	1.8 %
Domestic (Spain and UK)	6,652	6,354	4.7 %
Africa, Middle East and South Asia	10,904	10,799	1.0 %
Asia Pacific	3,354	2,874	16.7 %
			Pts Var
Passenger load factor (%)	**82.7**	**83.1**	**(0.4)**
North Atlantic	78.6	77.8	0.8
Latin America and Caribbean	87.9	86.8	1.1
Europe	81.4	84.3	(2.9)
Domestic (Spain and UK)	85.1	87.2	(2.1)
Africa, Middle East and South Asia	81.5	82.8	(1.3)
Asia Pacific	87.4	87.3	0.1
Cargo tonne kilometres (million)	**1,308**	**1,217**	**7.5 %**

TRAFFIC AND CAPACITY STATISTICS – BY AIRLINE

	Three months to 31 March		
	2025	2024	Higher/(lower) vly
Aer Lingus			
Passengers carried ('000s)	**2,141**	2,104	1.8 %
Revenue passenger kilometres (million)	**4,891**	4,614	6.0 %
Available seat kilometres (million)	**6,495**	6,163	5.4 %
Passenger load factor (%)/Pts variance	**75.3**	74.9	0.4pts
Cargo tonne kilometres (million)	**38**	40	(5.0)%
British Airways			
Passengers carried ('000s)	**9,970**	10,340	(3.6)%
Revenue passenger kilometres (million)	**32,894**	32,984	(0.3)%
Available seat kilometres (million)	**41,170**	40,659	1.3 %
Passenger load factor (%)/Pts variance	**79.9**	81.1	(1.2)pts
Cargo tonne kilometres (million)	**942**	894	5.4 %
Iberia			
Passengers carried ('000s)	**6,069**	6,001	1.1 %
Revenue passenger kilometres (million)	**18,136**	16,845	7.7 %
Available seat kilometres (million)	**20,803**	19,693	5.6 %
Passenger load factor (%)/Pts variance	**87.2**	85.5	1.7pts
Cargo tonne kilometres (million)	**316**	275	14.9 %
LEVEL			
Passengers carried ('000s)	**159**	140	13.6 %
Revenue passenger kilometres (million)	**1,434**	1,256	14.2 %
Available seat kilometres (million)	**1,533**	1,325	15.7 %
Passenger load factor (%)/Pts variance	**93.5**	94.8	(1.3)pts
Cargo tonne kilometres (million)	**12**	8	50.0 %
Vueling			
Passengers carried ('000s)	**7,839**	7,776	0.8 %
Revenue passenger kilometres (million)	**8,062**	8,052	0.1 %
Available seat kilometres (million)	**9,133**	8,844	3.3 %
Passenger load factor (%)/Pts variance	**88.3**	91.0	(2.7)pts
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 2025, 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 2024.

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

a Profit/(loss) 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.

While there have been no exceptional items recorded in the three months to 31 March 2025, one exceptional item was recorded in the three months to 31 March 2024.

The table below reconciles the summarised reported Income statement to the Income statement before exceptional items of the Group:

	Three months to 31 March					
€ million	**Reported 2025**	**Exceptional items**	**Before exceptional items 2025**	Reported 2024	Exceptional items	Before exceptional items 2024
Passenger revenue	**6,000**	**–**	**6,000**	5,632	–	5,632
Cargo revenue	**318**	**–**	**318**	283	–	283
Other revenue	**726**	**–**	**726**	514	–	514
Total revenue	**7,044**	**–**	**7,044**	6,429	–	6,429
Total expenditure on operations	**6,846**	**–**	**6,846**	6,361	–	6,361
Operating profit	**198**	**–**	**198**	68	–	68
Total net non-operating credits/(charges)	**41**	**–**	**41**	(155)	–	(155)
Profit/(loss) before tax	**239**	**–**	**239**	(87)	–	(87)
Tax[1]	**(63)**	**–**	**(63)**	83	89	(6)
Profit/(loss) after tax for the period	**176**	**–**	**176**	(4)	89	(93)

1 Revocation of Royal Decree-Law (RDL) 3/2016 in Spain

RDL 3/2016 for fiscal years 2016 to 2023 was revoked by the *Tribunal Constitucional* (Constitutional Court) in Spain on 18 January 2024.

Prior to the introduction of RDL 3/2016, the Company and the Spanish subsidiaries of the Group were permitted to offset up to 70% of their taxable profits with historical accumulated tax losses (to the extent there were sufficient tax losses to do so) and the impairment of subsidiaries was treated as deductible for tax purposes. With the introduction of the RDL 3/2016, this limitation of tax losses applied to taxable profits was reduced to 25% and the deductibility for tax purposes of historical impairments of subsidiaries that had occurred prior to 2013 was reversed. The revocation by the *Tribunal Constitucional* in January 2024 principally meant that the loss limitation reverted to 70% and historical impairments in subsidiaries reverted to being deductible for tax purposes. The combination of the above gave rise to an exceptional current tax credit, which has been partially offset by a net deferred tax charge.

There was no cash flow impact in the three months to 31 March 2024.

b Adjusted earnings/(loss) per share (KPI)

Adjusted earnings/(loss) are based on results before exceptional items after tax and adjusted for earnings/(loss) 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 2025	2024
Profit/(loss) after tax attributable to equity holders of the parent	176	(4)
Exceptional items	–	89
Profit/(loss) after tax attributable to equity holders of the parent before exceptional items	176	(93)
Income statement impact of convertible bonds	(56)	–
Adjusted profit/(loss)	120	(93)
Weighted average number of ordinary shares in issue used for basic earnings per share	4,821	4,917
Weighted average number of ordinary shares used for diluted earnings per share	5,175	4,917
Basic earnings/(loss) per share (€ cents)	3.7	(0.1)
Basic earnings/(loss) per share before exceptional items (€ cents)	3.7	(1.9)
Adjusted earnings/(loss) per share before exceptional items (€ cents)	2.3	(1.9)

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 gain 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 2025	2024
Depreciation, amortisation and impairment	618	559
Net (gain)/loss on sale of property, plant and equipment	(6)	1
Ownership costs	612	560

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 security 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 year. 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 2025	31 December 2024
Gross debt: Interest-bearing long-term borrowings	15,486	17,345
Less: Cash and cash equivalents	8,235	8,189
Less: Other current interest-bearing deposits	1,122	1,639
Net debt	6,129	7,517
Operating profit	4,413	4,283
Add: Depreciation, amortisation and impairment	2,423	2,364
EBITDA	6,836	6,647
Add: Exceptional items	160	160
EBITDA before exceptional items	6,996	6,807
Gross debt to EBITDA before exceptional items (times)	2.2	2.5
Net debt to EBITDA before exceptional items (times)	0.9	1.1

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
	2025	2024	**2025**	2024
Pound sterling to euro	**1.20**	1.16	**1.19**	1.21
Euro to US dollar	**1.04**	1.09	**1.09**	1.04
Pound sterling to US dollar	**1.25**	1.27	**1.30**	1.26

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 to 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, plus aircraft financing facilities and overdraft facilities.

€ million	**31 March 2025**	31 December 2024
Cash and cash equivalents	**8,235**	8,189
Current interest-bearing deposits	**1,122**	1,639
Committed and undrawn general facilities	**2,851**	3,344
Committed and undrawn aircraft facilities	**131**	134
Overdrafts and other facilities	**16**	56
Total liquidity	**12,355**	13,362