IAG Q3 results 2026

Strong revenue performance; full year operating margin guidance maintained

Luis Gallego, IAG Chief Executive Officer, said:

"IAG has delivered another resilient quarter. Our strong yield performance in all our markets reflects robust ongoing customer demand for travel for our airline brands. For the quarter we have achieved an operating margin before exceptional items of 17.7%, despite the very high price of jet fuel and a number of one-off disruption events, clearly demonstrating the quality of our business.

"With our significant free cash flow generation, underpinned by a very strong balance sheet, we remain committed to delivering for our shareholders: we have announced a 10% increase in the interim dividend per share and have commenced the final tranche of our €1.5 billion share buyback programme.

"As a result of the actions we are taking the outlook for the rest of the year, as well as the start of next year, is positive. We are on track to deliver a full year operating margin before exceptional items of at least 12%, within our through-the-cycle target range, and to deliver further returns to shareholders."

Highlights

- Strong revenue growth driven by long-haul yields across all of our main markets, Very strong performance in the North and South Atlantic. Positive revenue trends continuing for the fourth quarter and into 2027
- Resilient third quarter operating profit before exceptional items of €1,726 million at an operating margin of 17.7%. Strong pricing was offset by lower capacity, the impact of one-off disruption events and in particular by higher jet fuel prices
- Each of our airlines has performed well in the quarter, with individual operating margins between 14.4% and 23.8%
- IAG Loyalty continues to grow its profit, highlighting the quality and value of this business to the Group
- Taking action to maintain strong profitability and free cash flow: through disciplined capacity allocation, revenue growth and cost savings
- Very strong balance sheet: net leverage at 30 September 2026 of 0.6x
- 10% increase in the interim dividend to €0.053 per share (2025: €0.048 per share)
- Final tranche of €500 million of the €1.5 billion share buyback programme has now commenced; due to complete by the end of February 2027
- On track to deliver another year of world-class operating margins, profits, free cash flow and shareholder returns

Q3 financial performance

- Revenue in the third quarter increased by 4.5% to €9,744 million. Passenger revenue increased by 3.8%; Cargo revenue increased by 3.9% as we targeted premium traffic and pricing. Other revenue increased by 11.3%, as IAG Loyalty delivered another good quarter of growth.
- Non-fuel unit cost increased by 3.4%, impacted by disruption during the quarter, including major Air Traffic Control outages, partly mitigated by the ongoing benefit of cost-saving transformation initiatives. Our total fuel cost increased by 30.4% in the third quarter, net of the benefit of hedging.
- IAG Loyalty increased its profit by 8% to £152 million, at a margin of 18.9%.
- Operating profit before exceptional items in Q3 decreased to €1,726 million (2025: €2,053 million) as revenue growth was not sufficient to offset the impact of disruption and high fuel prices. Our year-to-date (nine months) operating margin before exceptional items of 13.5% demonstrates the quality and resilience of our business.

Trading

- We have increased unit revenue across all of our geographic markets, underpinned by strong demand for travel and the attractiveness of our schedules, network and airline brands.
- The North Atlantic has been particularly strong in the quarter, with unit revenue increasing by 11.0%, with capacity broadly flat (0.2%). All of our airlines reported positive unit revenue. British Airways grew capacity by 2.2% and increased its unit revenue by 12.0% (and by 12.6% at constant currency). Iberia continues to deliver profitable growth through its A321XLRs, as it increased ASKs by 11.5% and unit revenue increased by 4.2%. Aer Lingus increased its North Atlantic capacity by 1.1% and unit revenues by 0.7%.
- The South Atlantic continues to perform well, as ongoing strong demand has delivered an increase in unit revenue of 2.3% with capacity growing by 5.4%. Iberia increased capacity by 4.8% (including its new XLR routes to Fortaleza and Recife) and unit revenue increased by 1.9%, whilst British Airways also increased unit revenue by 5.0% on capacity growth of 2.8%.
- The European market has been more challenging due to high levels of competitor capacity growth. We have reduced capacity by 1.2% mainly at Iberia and Vueling to protect profitability. Vueling reduced capacity by 5.2% but increased its unit revenue by 1.2%, whilst Iberia reduced capacity by 3.0% and unit revenue declined by 1.6%. British Airways has again performed well as capacity increased by 1.0% and unit revenue by 2.5%, reflecting its strong brand and positioning.
- Domestic Spain has also been competitive and our airlines have performed relatively well due to their strong positions in core markets. Vueling increased capacity by 7.3% in its core markets and Iberia increased capacity by 18.1% as it reallocated capacity from the Middle East, which put pressure on yields due to the much-reduced selling window. Overall unit revenue in the region was broadly flat, increasing by 0.1%.
- Our trading in the rest of the world was strong. In the AMESA region capacity decreased by 19.0% as flights no longer operated to many Gulf destinations. In particular British Airways has been affected by the challenges of redeploying aircraft and crews which has affected absolute profit as well as profitability. Unit revenue in the AMESA region increased by 13.2%, helped by business customers now flying from North America via London. In Asia Pacific, capacity increased by 9.3% through network changes to support traffic no longer flying via the Middle East, with strong demand driving an increase in unit revenue of 3.8%.

By region:

Three months to 30 September 2026	**Proportion of total ASKs 2026**	ASKs higher/(lower) v2025	**Passenger load factor (%)**	Passenger load factor higher/(lower) v2025	Passenger revenue per ASK higher/(lower) v2025[1]
North Atlantic	**32.0 %**	0.2 %	**85.0**	(1.7)pts	11.0 %
Latin America and Caribbean	**18.7 %**	5.4 %	**89.5**	(1.1)pts	2.3 %
Europe	**27.8 %**	(1.2)%	**89.6**	0.7 pts	2.3 %
Domestic (Spain and UK)	**8.6 %**	9.7 %	**92.2**	(0.2)pts	0.1 %
Africa, Middle East and South Asia	**8.6 %**	(19.0)%	**86.8**	0.2 pts	13.2 %
Asia Pacific	**4.3 %**	9.3 %	**88.7**	(2.9)pts	3.8 %
Total network	**100.0 %**	**(0.2)%**	**88.0**	**(0.6)pts**	**4.1 %**

1 Passenger revenue per ASK ('PRASK') for the total network is based on total passenger revenue divided by ASKs. For the analysis by region, passenger revenue excludes certain items that are not directly assigned at a route level, including joint business payments or receipts, foreign exchange hedging gains or losses, EC261 and UK261 compensation, and the impact of assumptions for unused tickets.

Delivering for our shareholders

We are announcing an interim dividend of €0.053 per share, an increase of 10% year on year which reflects a broadly inflationary increase in the amount of the payment as well as the benefit of the share buyback programme. As announced last year we continue to expect to pay around half of our total annual dividend as an interim and around half as a final dividend.

We have also commenced the final €500 million tranche of our €1.5 billion share buyback programme. This is scheduled to complete in February 2027, ahead of our Full Year 2026 results announcement.

Outlook

- Commercial strength: we are continuing to deliver strong passenger yields and revenue growth, led by the long-haul business, demonstrating the attractiveness of our network and brands. We continue to expect good revenue growth, with 85% of expected forward bookings for the fourth quarter now secured. Bookings for the first quarter of 2027 are currently strong.
- Resilient performance despite short-term headwinds on profitability: significantly higher fuel cost and operational disruption reduced third quarter profitability to 17.7%. We continue to expect to deliver an operating margin before exceptional items in Full Year 2026 of at least 12%, within our through-the-cycle target range of 12% to 15%, demonstrating the quality of the Group's businesses and resilience of our earnings streams.
- Financial strength: our strong balance sheet, with net leverage of 0.6x at 30 September 2026, and significant free cash flow supports ongoing shareholder returns, including the increase in the interim dividend and ongoing €1.5 billion share buyback programme, as well as expected future dividends and excess cash returns.

Full Year 2026 modelling assumptions

- Full year capacity (ASK) is now expected to be slightly down compared to Full Year 2025, driven by the absence of Middle East capacity, the impact of disruption events to date across our airlines and our disciplined, proactive capacity management as we focus on profitable flying in a seasonally quieter final quarter.
- We now expect Full Year 2026 non-fuel unit cost to increase by around 1% as a result of the impact of the disruption on the Group over the last few months, as well as the impact from lower flown capacity than planned.
- Total fuel cost is expected to be €8.9 billion for the full year, based on the jet fuel curve and foreign exchange rates at 3 November 2026. We are currently 45% hedged for 2027.
- Capital expenditure for Full Year 2026 is now expected to be €3.1 billion. We now expect 12 aircraft to be delivered in 2026 (compared to 16 guided at half year results) due to a delay to three Boeing 737 deliveries at Vueling and one Airbus A321neo for British Airways.

Financial summary:

	Nine months to 30 September			Three months to 30 September		
Reported results (€ million)	**2026**	2025	Higher/ (lower)	**2026**	2025	Higher/ (lower)
Total revenue	**25,808**	25,234	2.3 %	**9,744**	9,328	4.5 %
Operating profit	**3,334**	3,931	(15.2)%	**1,726**	2,053	(15.9)%
Profit after tax	**2,264**	2,703	(16.2)%	**1,231**	1,402	(12.2)%
Basic earnings per share (€ cents)	**50.6**	57.2	(11.5)%			
Cash, cash equivalents and interest-bearing deposits[1]	**9,651**	8,319	1,332			
Borrowings[1]	**13,871**	14,267	(396)			

Alternative performance measures (€ million)	**2026**	2025	Higher/ (lower)	**2026**	2025	Higher/ (lower)
Total revenue before exceptional items	**25,808**	25,234	2.3 %	**9,744**	9,328	4.5 %
Operating profit before exceptional items	**3,483**	3,931	(11.4)%	**1,726**	2,053	(15.9)%
Operating margin before exceptional items	**13.5%**	15.6%	(2.1)pts	**17.7%**	22.0%	(4.3)pts
Profit after tax before exceptional items[2]	**2,377**	2,703	(12.1)%	**1,231**	1,402	(12.2)%
Adjusted earnings per share (€ cents)	**50.4**	55.5	(9.2)%			
Net debt[1]	**4,220**	5,948	(1,728)			
Net debt to EBITDA before exceptional items (times)[1]	**0.6**	0.8	(0.2)			
Total liquidity[1,3]	**12,490**	10,948	1,542			

Operating figures	**2026**	2025	Higher/ (lower)	**2026**	2025	Higher/ (lower)
Available seat kilometres (ASK million)	**265,131**	265,587	(0.2)%	**95,331**	95,537	(0.2)%
Passenger revenue per ASK (€ cents)	**8.55**	8.30	3.0 %	**9.00**	8.65	4.1 %
Non-fuel costs per ASK (€ cents)	**6.01**	5.99	0.3%	**5.85**	5.65	3.4%

For definitions of Alternative performance measures, refer to the Alternative performance measures definition and reconciliation section from page 17.

1 The prior period comparative is 31 December 2025.
2 Exceptional items in the nine months to 30 September 2026 (2025: no exceptional items) relate to restructuring costs within employee costs, as explained in the Financial review and 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.

LEI: 959800TZHQRUSH1ESL13

Forward-looking statements:

This announcement contains forward-looking statements within the meaning of applicable securities laws. This cautionary statement is intended to identify and qualify all forward-looking statements made in, or incorporated by reference into, this announcement. These statements can be identified by the fact that they do not relate only to historical or current facts. By their nature, they involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Actual results could differ materially from those expressed or implied by such forward-looking statements.

Forward-looking statements often use words such as "expects", "believes", "may", "will", "could", "should", "would", "might", "continues", "intends", "plans", "targets", "predicts", "estimates", "envisages", "anticipates", "aims", "seeks", "projects", "forecasts", "outlook" or "guidance", or the negative or other variations of such words, or comparable terminology. They include, without limitation, any and all projections or expectations relating to the results of operations, financial condition, cash flows, dividend policy, capital allocation, fleet and capacity plans, route network development, competitive position, industry trends, strategy and regulatory developments of International Consolidated Airlines Group, S.A. and its subsidiary undertakings from time to time (the 'Group'), as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditure, acquisitions and divestments relating to the Group and discussions of the Group's business plans, and its assumptions, expectations, objectives and resilience with respect to climate and sustainability scenarios. All forward-looking statements in this announcement are based upon information known to the Group on the date of this announcement and speak as of the date of this announcement. Except as required by applicable law, regulation or the rules of any stock exchange on which the Group's securities are admitted to trading, the Group expressly disclaims any obligation or undertaking to release publicly any update, revision, or correction to any forward-looking statement contained herein to reflect any change in the Group's expectations or any change in events, conditions, assumptions, or circumstances on which any such statement is based.

Actual results may differ from those expressed or implied in the forward-looking statements in this announcement as a result of any number of known and unknown risks, uncertainties and other factors, including, but not limited to: changes in general economic, business, or market conditions; fuel price volatility; foreign exchange rate fluctuations; changes in interest rates and financing conditions; the impact of pandemics, public health emergencies, or travel restrictions; terrorist incidents, armed conflicts, or geopolitical instability; changes in applicable laws, regulations, or government policy (including taxation, emissions trading schemes, and environmental regulation); the loss, reduction, or reallocation of airport slots or changes to slot allocation rules and regulations, labour relations, industrial action, or workforce constraints; disruptions to IT systems or cybersecurity incidents; the outcome of litigation or regulatory proceedings; changes in competitive dynamics, consumer demand, or booking patterns; supply chain disruptions; climate-related risks; and the Group's ability to execute its business strategy, achieve anticipated synergies, or manage its fleet and capacity plans — many of which are difficult to predict and are generally beyond the control of the Group, and it is not reasonably possible to enumerate all factors that could cause actual results to differ materially from those anticipated. Accordingly, readers of this announcement are cautioned against relying on forward-looking statements. Further information on the primary risks of the business and the Group's risk management process is set out in the Risk management and principal risk factors section in the Annual report and accounts 2025, together with any subsequent public disclosures updating those risks; 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 those primary risks and any subsequent updates.

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

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

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

Alternative Performance Measures:

This announcement contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards ('IFRS') and derived from the Group's financial statements, alternative performance measures ('APMs') as defined in the Guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015. The performance and outcome of the Group's strategy is assessed using a number of APMs. These measures are not defined under IFRS, should be considered in addition to IFRS measurements, may differ to definitions given by regulatory bodies relevant to the Group and may differ to similarly titled measures presented by other companies.

For definitions and explanations of APMs, refer to the APMs section in the most recent published financial report and in the IAG Annual report and accounts 2025. These documents are available on www.iairgroup.com.

IAG Investor Relations
Waterside (HAA2),
PO Box 365,
Harmondsworth,
Middlesex,
UB7 0GB,
United Kingdom
Investor.relations@iairgroup.com

CONSOLIDATED INCOME STATEMENT

€ million	Nine months to 30 September			Three months to 30 September		
	2026	2025	Higher/ (lower)	**2026**	2025	Higher/ (lower)
Passenger revenue	**22,662**	22,034	2.9 %	**8,580**	8,263	3.8 %
Cargo revenue	**864**	912	(5.3)%	**294**	283	3.9 %
Other revenue	**2,282**	2,288	(0.3)%	**870**	782	11.3 %
Total revenue	**25,808**	25,234	2.3 %	**9,744**	9,328	4.5 %
Employee costs	**5,159**	4,891	5.5 %	**1,705**	1,659	2.8 %
Fuel costs and emissions charges	**6,400**	5,397	18.6 %	**2,444**	1,874	30.4 %
Handling, catering and other operating costs	**3,219**	3,319	(3.0)%	**1,219**	1,205	1.2 %
Landing fees and en-route charges	**1,951**	1,895	3.0 %	**715**	694	3.0 %
Engineering and other aircraft costs	**2,038**	2,252	(9.5)%	**697**	672	3.7 %
Property, IT and other costs	**861**	853	0.9 %	**289**	281	2.8 %
Selling costs	**796**	798	(0.3)%	**268**	225	19.1 %
Depreciation, amortisation and impairment	**2,073**	1,920	8.0 %	**707**	663	6.6 %
Net loss on sale of property, plant and equipment	**1**	1	– %	**3**	3	– %
Currency differences	**(24)**	(23)	4.3 %	**(29)**	(1)	nm
Total expenditure on operations	**22,474**	21,303	5.5 %	**8,018**	7,275	10.2 %
Operating profit	**3,334**	3,931	(15.2)%	**1,726**	2,053	(15.9)%
Finance costs	**(598)**	(631)	(5.2)%	**(198)**	(200)	(1.0)%
Finance income	**193**	217	(11.1)%	**65**	62	4.8 %
Net change in fair value of financial instruments	**54**	(135)	nm	**–**	(65)	nm
Net financing credit relating to pensions	**84**	63	33.3 %	**29**	21	38.1 %
Net currency retranslation (charges)/credits	**(73)**	320	nm	**(12)**	(16)	(25.0)%
Other non-operating credits/(charges)	**51**	(150)	nm	**18**	14	28.6 %
Total net non-operating charges	**(289)**	(316)	(8.5)%	**(98)**	(184)	(46.7)%
Profit before tax	**3,045**	3,615	(15.8)%	**1,628**	1,869	(12.9)%
Tax	**(781)**	(912)	(14.4)%	**(397)**	(467)	(15.0)%
Profit after tax for the period	**2,264**	2,703	(16.2)%	**1,231**	1,402	(12.2)%

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.

	Nine months to 30 September			Three months to 30 September		
	Before exceptional items			Before exceptional items		
€ million	**2026**	2025	Higher/ (lower)	**2026**	2025	Higher/ (lower)
Passenger revenue	**22,662**	22,034	2.9 %	**8,580**	8,263	3.8 %
Cargo revenue	**864**	912	(5.3)%	**294**	283	3.9 %
Other revenue	**2,282**	2,288	(0.3)%	**870**	782	11.3 %
Total revenue	**25,808**	25,234	2.3 %	**9,744**	9,328	4.5 %
Employee costs	**5,010**	4,891	2.4 %	**1,705**	1,659	2.8 %
Fuel costs and emissions charges	**6,400**	5,397	18.6 %	**2,444**	1,874	30.4 %
Handling, catering and other operating costs	**3,219**	3,319	(3.0)%	**1,219**	1,205	1.2 %
Landing fees and en-route charges	**1,951**	1,895	3.0 %	**715**	694	3.0 %
Engineering and other aircraft costs	**2,038**	2,252	(9.5)%	**697**	672	3.7 %
Property, IT and other costs	**861**	853	0.9 %	**289**	281	2.8 %
Selling costs	**796**	798	(0.3)%	**268**	225	19.1 %
Depreciation, amortisation and impairment	**2,073**	1,920	8.0 %	**707**	663	6.6 %
Net loss on sale of property, plant and equipment	**1**	1	– %	**3**	3	– %
Currency differences	**(24)**	(23)	4.3 %	**(29)**	(1)	nm
Total expenditure on operations	**22,325**	21,303	4.8 %	**8,018**	7,275	10.2 %
Operating profit	**3,483**	3,931	(11.4)%	**1,726**	2,053	(15.9)%
Finance costs	**(598)**	(631)	(5.2)%	**(198)**	(200)	(1.0)%
Finance income	**193**	217	(11.1)%	**65**	62	4.8 %
Net change in fair value of financial instruments	**54**	(135)	nm	**–**	(65)	nm
Net financing credit relating to pensions	**84**	63	33.3 %	**29**	21	38.1 %
Net currency retranslation (charges)/credits	**(73)**	320	nm	**(12)**	(16)	(25.0)%
Other non-operating credits/(charges)	**51**	(150)	nm	**18**	14	28.6 %
Total net non-operating charges	**(289)**	(316)	(8.5)%	**(98)**	(184)	(46.7)%
Profit before tax	**3,194**	3,615	(11.6)%	**1,628**	1,869	(12.9)%
Tax	**(817)**	(912)	(10.4)%	**(397)**	(467)	(15.0)%
Profit after tax for the period	**2,377**	2,703	(12.1)%	**1,231**	1,402	(12.2)%

Operating figures	**2026**	2025	Higher/ (lower)	**2026**	2025	Higher/ (lower)
Available seat kilometres (ASK million)	**265,131**	265,587	(0.2)%	**95,331**	95,537	(0.2)%
Revenue passenger kilometres (RPK million)	**228,218**	227,748	0.2 %	**83,937**	84,674	(0.9)%
Passenger load factor (%)	**86.1**	85.8	0.3pts	**88.0**	88.6	(0.6)pts
Passenger numbers (thousands)	**92,590**	92,389	0.2 %	**34,655**	34,587	0.2 %
Cargo tonne kilometres (CTK million)	**3,378**	3,875	(12.8)%	**1,101**	1,279	(13.9)%
Sectors	**561,701**	565,369	(0.6)%	**203,540**	202,737	0.4 %
Block hours (hours)	**1,772,718**	1,762,138	0.6 %	**643,630**	639,669	0.6 %
Aircraft in service	**630**	625	0.8 %	**n/a**	n/a	n/a
Passenger revenue per RPK (€ cents)	**9.93**	9.67	2.6 %	**10.22**	9.76	4.7 %
Passenger revenue per ASK (€ cents)	**8.55**	8.30	3.0 %	**9.00**	8.65	4.1 %
Cargo revenue per CTK (€ cents)	**25.58**	23.54	8.7 %	**26.70**	22.13	20.7 %
Fuel cost per ASK (€ cents)	**2.41**	2.03	18.8 %	**2.56**	1.96	30.7 %
Non-fuel costs per ASK (€ cents)	**6.01**	5.99	0.3 %	**5.85**	5.65	3.4 %
Total cost per ASK (€ cents)	**8.42**	8.02	5.0 %	**8.41**	7.61	10.5 %

FINANCIAL REVIEW for the nine months to 30 September 2026

IAG capacity

In the first nine months of 2026, passenger capacity operated, measured in available seat kilometres (ASKs), fell by 0.2% versus the same period in 2025. The capacity operated was lower than the original plan, which was for growth of approximately 3%, with the reduction driven by cancellations due to the conflict in the Middle East, together with aircraft availability linked to engine issues and disruption related to air traffic control disruption, including from the UK's National Air Traffic Services (NATS).

Capacity operated by airline

Nine months to 30 September	**ASKs higher/(lower) v2025**	Passenger load factor (%)	Passenger load factor higher/(lower) v2025
Aer Lingus	**1.7 %**	79.7	(1.1)pts
British Airways	**(1.2)%**	84.5	0.7 pts
Iberia	**2.4 %**	88.3	(0.3)pts
LEVEL	**(4.5)%**	92.8	(0.5)pts
Vueling	**(1.7)%**	91.9	1.4 pts
Group	**(0.2)%**	**86.1**	**0.3 pts**

The conflict in the Middle East, particularly from 28 February 2026 onwards, led to the Group's airlines promptly suspending flights to destinations in the immediately affected area, including Abu Dhabi, Amman, Bahrain, Doha, Dubai and Tel Aviv, with Jeddah suspended from 24 April. The Middle East represents approximately 3% of the Group's capacity. British Airways redirected capacity to South Asia, Africa and Asia Pacific, including additional flying to destinations such as Bangkok, Bengaluru, Delhi, Malé (Maldives), Nairobi and Singapore. Iberia redeployed capacity previously flying to the Middle East to Japan, Latin America, the North Atlantic and the Spanish Islands. In recent months, the Group has developed various plans to resume flights to destinations in the Middle East, with a smaller schedule than previously, but the continued conflict in the region has meant that capacity restoration has been postponed, or has been on a smaller scale than envisaged. As a result of these delays, where possible, the Group has redeployed capacity to alternative destinations in other regions, based on demand.

Capacity operated by region

Nine months to 30 September	**Proportion of total ASKs 2026**	ASKs higher/(lower) v2025	**Passenger load factor (%)**	Higher/(lower) v2025	Passenger revenue per ASK higher/(lower) v2025[1]
North Atlantic	**31.1 %**	1.0 %	**82.9**	(0.6)pts	5.1 %
Latin America and Caribbean	**20.0 %**	4.1 %	**88.9**	(0.1)pts	1.9 %
Europe	**25.8 %**	(2.2)%	**86.6**	1.0 pts	1.7 %
Domestic (Spain and UK)	**8.4 %**	4.9 %	**90.4**	1.1 pts	5.1 %
Africa, Middle East and South Asia	**10.1 %**	(12.5)%	**84.6**	1.5 pts	7.7 %
Asia Pacific	**4.6 %**	8.2 %	**87.6**	(1.1)pts	6.8 %
Total network	**100.0 %**	**(0.2)%**	**86.1**	**0.3 pts**	**3.0 %**

1 Passenger revenue per ASK ('PRASK') for the total network is based on total passenger revenue divided by ASKs. For the analysis by region, passenger revenue excludes certain items that are not directly assigned at a route level, including joint business payments or receipts, foreign exchange hedging gains or losses, EC261 and UK261 compensation, and the impact of assumptions for unused tickets.

Capacity by region for the third quarter is included in the Trading section earlier in this report.

Basis of preparation

In its assessment of going concern over the period of at least 12 months from the date of approval of this report (the 'going concern period'), the Board has considered the impact of a severe but plausible downside scenario and sensitivities, together with aircraft financing requirements. Consequently, the Directors have a reasonable expectation that the Group has sufficient liquidity to continue in operational existence over the going concern period, and hence continue to adopt the going concern basis of preparation for this report.

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

Summary

Reported results € million	**2026**	2025	Higher/(lower)
Operating profit	**3,334**	3,931	(597)
Profit before tax	**3,045**	3,615	(570)
Profit after tax	**2,264**	2,703	(439)

The Group's Operating profit for the first nine months decreased by €597 million versus the first nine months of 2025, including €149 million of exceptional restructuring cost in 2026 as outlined further below. Operating profit was negatively impacted by the significant increase in jet fuel prices from March onwards, with the impact partially mitigated by the Group's hedging policy, together with revenue and cost actions. Operating profit was also impacted by adverse foreign exchange impacts of €82 million versus the first nine months of 2025.

Summary of exceptional items

		(Charge)/credit to the Income statement € million	
Income statement line	Exceptional item description	**2026**	2025
Employee costs	Iberia restructuring costs	**(114)**	–
Employee costs	British Airways restructuring costs	**(35)**	–
Tax	Tax on exceptional items above	**36**	–

In the first nine months of 2026, the Group recognised restructuring provisions in respect of Iberia and British Airways. See Alternative performance measures definition and reconciliation note for further details.

Operating profit before exceptional items

Alternative performance measures (before exceptional items) € million	**2026**	2025	Higher/(lower)
Operating profit	**3,483**	3,931	(448)
Profit before tax	**3,194**	3,615	(421)
Profit after tax	**2,377**	2,703	(326)

The operating margin before exceptional items for the first nine months was 13.5%, 2.1 points lower than 2025.

Revenue

€ million	**2026**	Higher/(lower) (%)	Higher/(lower)
Passenger revenue	**22,662**	2.9 %	628
Cargo revenue	**864**	(5.3)%	(48)
Other revenue	**2,282**	(0.3)%	(6)
Total revenue	**25,808**	2.3 %	574

Passenger revenue

The increase in passenger revenue of €628 million, or 2.9%, was driven by higher yields, measured as passenger revenue per revenue passenger kilometre (RPK), up 2.6% and a higher passenger load factor, which was up 0.3 points versus the first nine months of 2025. Passenger unit revenue, measured as passenger revenue per ASK (PRASK), rose by 3.0%. PRASK for the first nine months was adversely affected by foreign currency variances of €534 million, due to the translation impact of a weaker pound sterling against the euro, together with a weaker US dollar than in early 2025; at constant currency PRASK was up 5.4%.

Cargo revenue

Cargo revenue of €864 million was €48 million lower than in 2025. Cargo volumes, measured in cargo tonne kilometres (CTKs), were 12.8% lower than in the first nine months of the previous year, whilst cargo yields, measured as cargo revenue per cargo tonne kilometre, were 8.7% higher. Cargo capacity continued to be impacted by disruption in the Middle East and the cancellation of third-party long-haul freighter capacity, which reduced volumes, particularly from Asia Pacific. The impact was partly offset by operating cost savings, fuel-related price increases, and a continued focus on premium and higher-yielding traffic. Performance in the third quarter strengthened, with higher yields across India and Asia Pacific, supported by resilient demand for premium and specialist products. IAG Cargo continued to grow its recently-launched Global Cargo Joint Business with Qatar Airways Cargo and Malaysian Airlines' MASkargo, strengthening its long-term network proposition and customer offering.

Other revenue

Other revenue, at €2,282 million, was down €6 million versus the first nine months 2025. The reduction was driven by a contractual change in how the cost of certain components related to Maintenance, Repair and Overhaul (MRO) activities undertaken by Iberia's MRO business are charged to customers: previously such costs were included in Iberia's MRO contracts, but now these costs are charged directly to Iberia's MRO customers by the manufacturer, reducing Iberia's MRO revenue and engineering costs by an equal amount. Revenues from the MRO business are mainly denominated in US dollars and so were also adversely impacted by foreign exchange. Excluding the impact of contract changes and foreign exchange, the MRO business generated increases in revenue. Loyalty revenues continued to see strong growth, particularly from non-airline partners, however the Group's revenue from holiday and hotel services was down €32 million, including an adverse impact from the conflict in the Middle East.

Operating costs

Total operating expenditure in the first nine months increased from €21,303 million in 2025 to €22,474 million in 2026, including €149 million of exceptional restructuring costs and after the benefit of favourable foreign exchange of €566 million, linked to the translation impact of a weaker pound sterling against the euro, together with a weaker US dollar. The main driver of the increased operating expenditure was an increase in fuel costs, explained further below, together with the impact of wage increases and exceptional employee restructuring costs, inflationary increases to supplier costs, and the Group's investment in new fleet and products; the impact was partially mitigated by the Group's transformation and innovation initiatives. Unit operating costs were impacted by disruption and short-term capacity reductions, with non-fuel unit costs at constant currency for the nine months around 1% higher than originally planned.

Employee costs

€ million	2026	Higher/(lower) (%)	Higher/(lower)
Employee costs	**5,159**	5.5 %	268
Employee costs per ASK, € cents	**1.89**	2.6 %	

The rise in employee costs of €268 million or 5.5% versus 2025 reflects €149 million of exceptional restructuring costs within British Airways and Iberia outlined above, together with wage increases and increased employee numbers linked to planned additional capacity. Employee costs also reflect the increase in Employers' National Insurance in the UK, which was effective from April 2025 and so was only partially reflected in the comparative period in 2025.

Fuel costs and emissions charges

€ million	2026	Higher/(lower) (%)	Higher/(lower)
Fuel costs and emissions charges	**6,400**	18.6 %	1,003
Fuel costs and emissions charges per ASK, € cents	**2.41**	18.8 %	

Fuel costs and emissions charges were up €1,003 million, or 18.6% versus 2025, driven principally by a significant increase in average commodity fuel prices from the end of February 2026 onwards, linked to the conflict in the Middle East and the disruption to shipping and oil exports through the Strait of Hormuz. Fuel costs and emission charges benefited from a weaker US dollar, leading to favourable foreign exchange impact of €238 million compared with the first nine months of 2025. Fuel contracts are priced on a number of different bases, representing the average price over a reference period. Approximately 60% of the Group's fuel consumption is linked to contracts with a pricing reference period of the prior month (or before), with approximately 40% priced within the month. The increase in commodity prices was partially offset by the impact of the Group's fuel hedging policy, which resulted in fuel hedging gains of €1,252 million in the first nine months of 2026.

Fuel hedging

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

Emissions charges

The cost of complying with various emissions trading systems and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) was €359 million, up from €297 million in the first nine months of 2025; the increased cost includes the impact of the end of free allowances in the EU and UK. Fuel consumption, carbon emissions and costs continue to benefit from the Group's investment in new-generation aircraft.

Supplier costs

€ million	2026	Higher/(lower) (%)	Higher/(lower)
Handling, catering and other operating costs	**3,219**	(3.0)%	(100)
Landing fees and en-route charges	**1,951**	3.0 %	56
Engineering and other aircraft costs	**2,038**	(9.5)%	(214)
Property, IT and other costs	**861**	0.9 %	8
Selling costs	**796**	(0.3)%	(2)
Currency differences	**(24)**	4.3 %	(1)
Total Supplier costs	**8,841**	(2.8)%	(253)
Supplier costs per ASK, € cents	**3.33**	(2.6)%	

Total Supplier costs fell by €253 million, or 2.8%, to €8,841 million. Excluding the impact of €222 million of favourable foreign exchange benefits, total Supplier costs were 0.3% lower than the first nine months of 2025, with the impact of the Group's cost transformation initiatives mitigating the impacts of inflation. Foreign exchange particularly impacts on Engineering and other aircraft costs, the majority of which are denominated in US dollars; the change in Iberia's MRO contract basis (see Other revenue section above) also had a favourable impact, which was neutral overall, but reduced Other revenue and Engineering and other aircraft costs by an equal amount.

Ownership costs

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

€ million	2026	Higher/(lower) (%)	Higher/(lower)
Depreciation, amortisation and impairment	**2,073**	8.0 %	153
Net loss on sale of property, plant and equipment	**1**	– %	–
Ownership costs	**2,074**	8.0 %	153
Ownership costs per ASK, € cents	**0.78**	8.2 %	

The increase in depreciation, amortisation and impairment costs versus 2025 is mainly driven by the increase in the Group's fleet of aircraft, which is linked to the airlines' growth in capacity and their investments in new, more fuel-efficient aircraft, together with customer-focused investments, such as new and improved seats in business cabins, and IT investment. There were no impairment costs in the first nine months of 2026 or 2025.

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 nine months of 2026 the Group's operating profit before exceptional items was impacted by €82 million of adverse exchange rate variances versus the same period in 2025.

Exchange rate impact before exceptional items

	2026		
€ million Favourable/(adverse)	Translation impact	Transaction impact	**Total exchange impact**
Total exchange impact on revenue	(326)	(322)	**(648)**
Total exchange impact on operating expenditures	295	271	**566**
Total exchange impact on operating profit	**(31)**	**(51)**	**(82)**

The adverse translation foreign exchange variance of €31 million relates to the weakening of the pound sterling versus the euro of 0.9% versus the first nine months of 2025. The transaction foreign exchange variance was also adverse overall, with a negative impact of €51 million.

Weighted average Income statement foreign exchange rates

Nine months to 30 September	2026	2025	Higher/(lower) (%)
£ to €	**1.16**	1.17	(0.9)%
€ to $	**1.16**	1.14	1.8 %
£ to $	**1.34**	1.33	0.8 %

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

Nine months to 30 September	2026	2025	Higher/(lower)
British Airways (£ million)	**1,493**	1,637	(144)
Aer Lingus (€ million)	**108**	250	(142)
Iberia (€ million)	**978**	1,074	(96)
Vueling (€ million)	**303**	367	(64)
IAG Loyalty (£ million)	**391**	332	59

The Group's airlines all saw an adverse impact from higher fuel prices from March onwards; the impact has been partially offset by the Group's fuel hedging policy, together with revenue and cost actions. Heightened competition has been seen particularly on European short-haul routes and in North Atlantic routes from Dublin, which impacted Vueling's and Aer Lingus' results respectively. IAG Loyalty's operating profit growth of £59 million reflected growth in the loyalty business, including the growth in non-airline partnerships, with the holidays business lower than the first nine months of 2025, due mainly to the impact of the conflict in the Middle East.

Total net non-operating charges

Total net non-operating charges for the nine months were €289 million, versus charges of €316 million in 2025. Finance costs net of finance income were €9 million lower, linked to lower borrowings net of reduced interest income, in line with lower interest rates on deposits. The net change in the fair value of financial instruments of €54 million is related to the reduction in the fair value of the Group's convertible bond versus 31 December 2025 prior to the full repurchase of the convertible bond during the period. A slightly stronger US dollar at 30 September 2026 compared with 31 December 2025 led to net currency retranslation charges of €73 million in 2026, versus a credit of €320 million in 2025, linked to the significant weakening in the US dollar in the first nine months of 2025. Other non-operating credits of €51 million mainly relate to foreign exchange derivative contracts for which hedge accounting is not applied.

Tax

The tax charge on the profit for the nine months was €781 million (2025: tax charge of €912 million), with an effective tax rate of 26% (2025: 25%). The difference between the current period effective tax rate of 26% and the prior period effective tax rate of 25% is principally due to the movement in respect of prior years.

IAG Loyalty VAT

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

The Group has a hearing scheduled at the First-tier Tribunal (Tax) in the UK during the remainder of the fourth quarter of 2026, with a decision expected during 2027. To enable a hearing of the case at the First-tier Tribunal (Tax), without admission of liability, the Group in prior periods paid €516 million to HMRC for periods prior to its decision, net of amounts recovered as input VAT for certain of its subsidiaries, which is expected to be refunded if the matter is resolved in the Group's favour. Accordingly, these amounts have been recorded as a non-current asset on the Balance sheet.

For payments made to HMRC for periods subsequent to its decision on 29 October 2024, a proportion of the payments made reduce the amounts that would previously have been recognised within Deferred revenue in the Balance sheet upon issuance of the Avios and subsequently within Passenger revenue and Other revenue in the Income statement when the Avios are redeemed. These payments amount to €122 million at 30 September 2026 and are disclosed as a contingent asset.

The Directors are satisfied that it is not probable that an adverse outcome will eventuate, and accordingly, the Group continues to consider at 30 September 2026, and through to the date of this report, that the €516 million non-current asset, recognised as a result of the payment to HMRC, is recoverable.

Aircraft deliveries and financing

Number of aircraft	**Delivered in the nine months to 30 September 2026**	Aircraft delivered in 2025 and financed in the nine months to 30 September 2026
Airbus A320neo (British Airways)	**3**	1
Airbus A321neo (British Airways)	**–**	1
Airbus A321XLR (Aer Lingus)	**1**	1
Airbus A321XLR (Iberia)	**1**	–
Boeing 787-10 (British Airways)	**–**	1
Total	**5**	4

During the first nine months of 2026, the Group took delivery of five aircraft, all of which are held as unencumbered, and financed four aircraft that were delivered in the prior year. In addition, the Group exercised options to purchase 10 Airbus A320neo family aircraft for delivery in 2030 and 10 Boeing 737 aircraft for delivery in 2028 and 2029. The orders will provide flexibility for short-haul replacement or growth and will be allocated within the Group closer to delivery.

Gross debt, net debt and leverage

€ million	**30 September 2026**	31 December 2025
Total borrowings	**13,871**	14,267
Cash, cash equivalents and current interest-bearing deposits	**9,651**	8,319
Net debt	**4,220**	5,948
Rolling four quarters EBITDA before exceptional items	**7,357**	7,652
Gross debt to EBITDA before exceptional items (times)	**1.9**	1.9
Net debt to EBITDA before exceptional items (times)	**0.6**	0.8

During the nine months to September 2026, gross debt reduced by €396 million, driven by: the normal scheduled lease repayments related to aircraft financing which exceeded the new financing raised in relation to four aircraft delivered in 2025; the extension and modification of aircraft leases; and the adverse foreign exchange impact (principally on US-dollar-denominated aircraft debt). During the second quarter, the Group raised €1,000 million via two series of unsecured bonds of €500 million each, due to mature in 2031 and 2034, and repurchased convertible bonds due to mature in 2028, with a fair value on the date of redemption of €1,177 million.

The main reason for the reduction in Net debt to EBITDA before exceptional items (leverage) versus 31 December 2025 is the phasing of capital expenditure, with only five narrow-bodied aircraft delivered in the nine months, together with the normal seasonality within working capital, which normally sees bookings for future travel at their lowest point at the end of December.

The Group's current credit ratings at 30 September 2026 are both investment grade, with the following ratings: S&P: BBB (stable outlook) and Moody's: Baa2 (stable outlook). British Airways has separate credit ratings, which are also investment grade, with S&P BBB (stable outlook), Moody's Baa2 (stable outlook) and Fitch BBB (stable outlook).

Liquidity

€ million	**30 September 2026**	31 December 2025
Cash, cash equivalents and current interest-bearing deposits	**9,651**	8,319
Committed and undrawn general and overdraft facilities	**2,839**	2,629
Total	**12,490**	10,948

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; this facility was fully undrawn at 30 September 2026. During the third quarter, the Group added a €150 million unsecured RCF for Vueling, available until 2028; this facility was also fully undrawn at 30 September 2026.

The Group also has access to an increasing pool of unencumbered aircraft, which totals 197 aircraft, including 23 aircraft less than 6 years old.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

- status of the negotiations between the US and Iran, and its impact to ongoing market volatility and macro-economic uncertainty, fuel pricing and operational and customer disruption, including airspace restrictions;
- access to financial markets and hedging mitigations, with increasing inflation and pressure on interest rates;
- energy price increases and security over jet fuel supply from the intermittent closure of key supply lanes;
- monitoring the trade and economic effects, outcomes to markets and demand resulting from central bank or governmental policy decisions that may reduce customer confidence in key customer segments or markets;
- resilience to the cyber threat environment, further heightened by geopolitical conflicts, with the acceleration in agentic AI to gain unauthorised access to systems or data within the Group's businesses or its supply chains;
- operational, IT and technical resilience across its airlines, response plans, customer support and disruption management tools to adapt to disruption, particularly caused by more prolonged weather events or air traffic control (ATC) restrictions or outages;
- status of negotiations with unions to secure sustainable collective agreements and business change;
- increased friction impacting the flow of goods and creating further supply chain delays in aircraft maintenance, especially for engines and components;
- approvals processes for airport expansion and proposed costs for London and other hub airports;
- mandates for the use of synthetic sustainable jet fuel and carbon schemes, and relative competitive distortion, particularly for EU and UK aviation; and
- managing the cost base and any new inflationary effects and managing AI and agentic AI adoption and transformational change at pace.

No new principal risks were identified through the risk management discussions and assessments in the year to date. 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.

From the risks identified in the 2025 Annual report and accounts, given the current environment, the main risks that continue to be a key area of focus, due to their potential implications for the Group, are outlined below.

Critical third parties in the supply chain

The aviation sector is affected by its reliance on a fragmented global supply chain which is currently facing the additional stresses of inflationary pressures, regulatory approval and delayed manufacturing timelines for new fleet and friction in global trade driven by geopolitical events and tariffs. Procurement specialists work with all critical suppliers to understand any potential disruption that could impact on the availability of new fleet, engines or critical goods or reliability of critical services. The Group is particularly focused on aircraft and engine manufacturers, given continued delays in fleet deliveries and engine availability and durability problems, to understand their recovery plans and ensure that the additional cost and complexity of delays is minimised or resilience to mitigate third party weaknesses is addressed and embedded. Airport infrastructure developments and the airlines' dependency on airport planners in hub airports, to enable growth in a timely, cost effective manner or to minimise operational impacts, are assessed and proactively managed. Expansion plans for the London Heathrow airport could see the costs of inefficient infrastructure developments impacting on traffic and network, growth and fleet decisions.

Data and cybersecurity

Ongoing geopolitical conflicts, protectionist stances between regions and governments and the acceleration in agentic AI to gain unauthorised access to systems or data and to scale attacks sees increased exposure across all sectors particularly those with complex, interconnected supply chains. These can have a significant impact with uncertain recovery times or require limitations on operations to address and resolve or restore data loss. The Group is further developing its security defences and extending monitoring and recovery capabilities and that of its third parties to protect itself.

Economic, political and regulatory environment

Wider macroeconomic events continue to drive significant market uncertainty and volatility as well as financial factors including inflation, interest rates, fuel price or fuel shortage and foreign exchange rates. The status of the negotiations between the US and Iran and its impact on markets and demand, fuel price and security over fuel supply, as well as operations, remain under review. The tone of dialogue and political responses between countries to ongoing conflicts or relative policy position may cause operational disruption to the Group or its third parties as well as see shifts in investment, change in support for the aviation industry or increased costs. The Group monitors and assesses threats and potential impacts, particularly the effects of trading friction, barriers to trade or additional tariffs. The rise of populist governments and the trend of regulatory and policy disparity between key regions, or significant reversal in government policy approaches, may see further protectionism which could result in market or competitive distortion that increases costs to the Group's airlines.

Operational and IT resilience

The operational environment of the Group's airlines remains highly reliant on the ability to adapt operational and customer processes to external event changes, particularly with the increased severity and prolonged nature of weather events, air traffic control outages and restrictions, in addition to a volatile geopolitical environment creating short term operational and airspace disruptions. The Group continues with the delivery of significant IT infrastructure transformation to modernise and digitalise its IT estates, as well as securing increased technical resilience. The Group is affected by its reliance on the global supply chain and the impacts of delays in aircraft deliveries, scarcity of components and engines on aircraft turnarounds, aircraft on the ground and reduced aircraft utilisation. Its airlines are focused on minimising the impact of any unplanned outages or disruption to customers with additional resilience built into the airlines' networks.

People, culture and employee relations

The Group relies on the successful agreement of sustainable collective bargaining arrangements to operate its airlines and continue to adapt to the competitive environment. Breakdown in the bargaining process may result in industrial or strike action impacting operations and disrupting customers and business performance. This can delay transformational change and create further stress across the business. Where agreements are open and there is a threat of unrest, the airlines engage in discussions with unions as well as other relevant bodies.

Sustainable aviation

The Group monitors and assesses the outcomes of EU and UK policy on carbon costs from mandates on the aviation sector. Current mandates and policy proposals could see an increase in competitive distortion rather than improve the competitiveness of EU and UK aviation, particularly from the costs of mandates for the use of synthetic sustainable jet fuel. The aviation industry has a significant reliance on the infrastructure and production of sustainable aviation fuels to meet government mandates. The costs of these mandates may impact the commercial viability of routes.

Transformation, innovation and AI

The Group has identified initiatives within its cost base to help offset inflationary price increases driven by geopolitical events and the additional costs of resilience and disruption management. Use of AI and agentic AI models provide solutions to operational bottlenecks or disruption events, optimise outcomes or re-engineer ways of working supported by data driven insights. The Group's businesses are focused on securing skillsets and implementing organisational structures for future ways of working as AI tools and end to end domain transformation are embedded across the Group's businesses. An AI governance framework with Group oversight is in place across AI enabled initiatives. The talent and cultural mindset needed to deliver the transformation, innovation and growth plans to meet the Group's ambition will be critical to delivery success.

The Board and its sub committees have been appraised of regulatory, competitor and governmental responses on an ongoing basis.

TRAFFIC AND CAPACITY STATISTICS - GROUP

	Nine months to 30 September			Three months to 30 September		
	2026	2025	Higher/(lower)	**2026**	2025	Higher/(lower)
Passengers carried ('000s)	**92,590**	92,389	0.2 %	**34,655**	34,587	0.2 %
North Atlantic	10,233	10,203	0.3 %	3,885	3,960	(1.9)%
Latin America and Caribbean	5,755	5,553	3.6 %	1,941	1,862	4.2 %
Europe	47,756	48,344	(1.2)%	18,400	18,608	(1.1)%
Domestic (Spain and UK)	23,425	22,409	4.5 %	8,657	8,116	6.7 %
Africa, Middle East and South Asia	4,323	4,856	(11.0)%	1,396	1,685	(17.2)%
Asia Pacific	1,098	1,024	7.2 %	376	356	5.6 %
Revenue passenger kilometres (million)	**228,218**	227,748	0.2 %	**83,937**	84,674	(0.9)%
North Atlantic	68,305	68,098	0.3 %	25,923	26,401	(1.8)%
Latin America and Caribbean	47,264	45,432	4.0 %	16,002	15,367	4.1 %
Europe	59,229	59,843	(1.0)%	23,749	23,854	(0.4)%
Domestic (Spain and UK)	20,013	18,859	6.1 %	7,513	6,864	9.5 %
Africa, Middle East and South Asia	22,726	25,532	(11.0)%	7,083	8,723	(18.8)%
Asia Pacific	10,681	9,984	7.0 %	3,667	3,465	5.8 %
Available seat kilometres (million)	**265,131**	265,587	(0.2)%	**95,331**	95,537	(0.2)%
North Atlantic	82,375	81,534	1.0 %	30,508	30,451	0.2 %
Latin America and Caribbean	53,149	51,033	4.1 %	17,872	16,957	5.4 %
Europe	68,414	69,939	(2.2)%	26,508	26,842	(1.2)%
Domestic (Spain and UK)	22,145	21,112	4.9 %	8,151	7,428	9.7 %
Africa, Middle East and South Asia	26,859	30,707	(12.5)%	8,157	10,075	(19.0)%
Asia Pacific	12,189	11,262	8.2 %	4,135	3,784	9.3 %
			Pts Var			Pts Var
Passenger load factor (%)	**86.1**	85.8	0.3	**88.0**	88.6	(0.6)
North Atlantic	82.9	83.5	(0.6)	85.0	86.7	(1.7)
Latin America and Caribbean	88.9	89.0	(0.1)	89.5	90.6	(1.1)
Europe	86.6	85.6	1.0	89.6	88.9	0.7
Domestic (Spain and UK)	90.4	89.3	1.1	92.2	92.4	(0.2)
Africa, Middle East and South Asia	84.6	83.1	1.5	86.8	86.6	0.2
Asia Pacific	87.6	88.7	(1.1)	88.7	91.6	(2.9)
Cargo tonne kilometres (million)	**3,378**	3,875	(12.8)%	**1,101**	1,279	(13.9)%

TRAFFIC AND CAPACITY STATISTICS – BY AIRLINE

	Nine months to 30 September			Three months to 30 September		
	2026	2025	Higher/(lower)	**2026**	2025	Higher/(lower)
Aer Lingus						
Passengers carried ('000s)	**8,921**	8,794	1.4 %	**3,546**	3,483	1.8 %
Revenue passenger kilometres (million)	**21,503**	21,410	0.4 %	**8,560**	8,635	(0.9)%
Available seat kilometres (million)	**26,966**	26,510	1.7 %	**10,319**	10,162	1.5 %
Passenger load factor (%)/Pts variance	**79.7**	80.8	(1.1)pts	**83.0**	85.0	(2.0)pts
Cargo tonne kilometres (million)	**104**	125	(16.8)%	**30**	45	(33.3)%
British Airways						
Passengers carried ('000s)	**34,996**	34,925	0.2 %	**12,881**	12,989	(0.8)%
Revenue passenger kilometres (million)	**112,223**	112,720	(0.4)%	**40,546**	41,261	(1.7)%
Available seat kilometres (million)	**132,787**	134,438	(1.2)%	**46,565**	47,172	(1.3)%
Passenger load factor (%)/Pts variance	**84.5**	83.8	0.7pts	**87.1**	87.5	(0.4)pts
Cargo tonne kilometres (million)	**2,387**	2,792	(14.5)%	**790**	917	(13.8)%
Iberia						
Passengers carried ('000s)	**18,724**	18,744	(0.1)%	**6,665**	6,469	3.0 %
Revenue passenger kilometres (million)	**58,848**	57,637	2.1 %	**21,229**	20,560	3.3 %
Available seat kilometres (million)	**66,646**	65,073	2.4 %	**23,863**	22,863	4.4 %
Passenger load factor (%)/Pts variance	**88.3**	88.6	(0.3)pts	**89.0**	89.9	(0.9)pts
Cargo tonne kilometres (million)	**855**	923	(7.4)%	**272**	304	(10.5)%
LEVEL						
Passengers carried ('000s)	**626**	678	(7.7)%	**216**	296	(27.0)%
Revenue passenger kilometres (million)	**5,494**	5,786	(5.0)%	**1,913**	2,471	(22.6)%
Available seat kilometres (million)	**5,922**	6,202	(4.5)%	**2,018**	2,634	(23.4)%
Passenger load factor (%)/Pts variance	**92.8**	93.3	(0.5)pts	**94.8**	93.8	1.0pts
Cargo tonne kilometres (million)	**32**	35	(8.6)%	**9**	13	(30.8)%
Vueling						
Passengers carried ('000s)	**29,323**	29,248	0.3 %	**11,347**	11,350	– %
Revenue passenger kilometres (million)	**30,150**	30,195	(0.1)%	**11,689**	11,747	(0.5)%
Available seat kilometres (million)	**32,810**	33,364	(1.7)%	**12,566**	12,706	(1.1)%
Passenger load factor (%)/Pts variance	**91.9**	90.5	1.4pts	**93.0**	92.5	0.5pts
Cargo tonne kilometres (million)	**n/a**	n/a	n/a	**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 nine months to 30 September 2026, the Group has made no changes to its pre-existing disclosures and treatments of APMs compared to those disclosed in the Annual report and accounts for the year to 31 December 2025.

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

a Profit after tax before exceptional items

Exceptional items are those that in the Board's and management's view need to be separately disclosed by virtue of their size or incidence to supplement the understanding of the entity's financial performance. The Management Committee of the Group uses financial performance on a pre-exceptional basis to evaluate operating performance and to make strategic, financial and operational decisions, and externally because it is widely used by security analysts and investors in evaluating the performance of the Group between reporting periods and against other companies.

There has been one exceptional item recorded in the nine months to 30 September 2026 (nine months to 30 September 2025: none).

The tables below reconcile the summarised reported Income statement to the Income statement before exceptional items of the Group:

	Nine months to 30 September					
€ million	**Reported 2026**	**Exceptional items**	**Before exceptional items 2026**	Reported 2025	Exceptional items	Before exceptional items 2025
Passenger revenue	**22,662**	**–**	**22,662**	22,034	–	22,034
Cargo revenue	**864**	**–**	**864**	912	–	912
Other revenue	**2,282**	**–**	**2,282**	2,288	–	2,288
Total revenue	**25,808**	**–**	**25,808**	25,234	–	25,234
Employee costs[1]	**5,159**	**149**	**5,010**	4,891	–	4,891
Fuel costs and emissions charges	**6,400**	**–**	**6,400**	5,397	–	5,397
Handling, catering and other operating costs	**3,219**	**–**	**3,219**	3,319	–	3,319
Landing fees and en-route charges	**1,951**	**–**	**1,951**	1,895	–	1,895
Engineering and other aircraft costs	**2,038**	**–**	**2,038**	2,252	–	2,252
Property, IT and other costs	**861**	**–**	**861**	853	–	853
Selling costs	**796**	**–**	**796**	798	–	798
Depreciation, amortisation and impairment	**2,073**	**–**	**2,073**	1,920	–	1,920
Net loss on sale of property, plant and equipment	**1**	**–**	**1**	1	–	1
Currency differences	**(24)**	**–**	**(24)**	(23)	–	(23)
Total expenditure on operations	**22,474**	**149**	**22,325**	21,303	–	21,303
Operating profit	**3,334**	**(149)**	**3,483**	3,931	–	3,931
Finance costs	**(598)**	**–**	**(598)**	(631)	–	(631)
Finance income	**193**	**–**	**193**	217	–	217
Net change in fair value of financial instruments	**54**	**–**	**54**	(135)	–	(135)
Net financing credit relating to pensions	**84**	**–**	**84**	63	–	63
Net currency retranslation (charges)/credits	**(73)**	**–**	**(73)**	320	–	320
Other non-operating credits/(charges)	**51**	**–**	**51**	(150)	–	(150)
Total net non-operating charges	**(289)**	**–**	**(289)**	(316)	–	(316)
Profit before tax	**3,045**	**(149)**	**3,194**	3,615	–	3,615
Tax[1]	**(781)**	**36**	**(817)**	(912)	–	(912)
Profit after tax for the period	**2,264**	**(113)**	**2,377**	2,703	–	2,703

No exceptional items were recognised in the three month periods to 30 September 2026 or 2025.

1 Restructuring costs

The exceptional charge of €149 million is attributable to the British Airways and the Iberia restructuring programmes, amounting to €35 million and €114 million, respectively, which right-sizes and supports more efficient working within the Group's central functions. The exceptional charge has been recorded within Employee costs in the Income statement.

During the nine months to 30 September 2026, the Group incurred cash outflows associated with the restructuring programmes of €12 million. For British Airways, the remaining amounts are expected to be paid during the remainder of 2026, while for Iberia the remaining amounts are expected to be paid through to 2033, dependent on the age of each individual that is part of the Iberia restructuring programme.

The related tax credit was €36 million.

b Adjusted earnings per share (KPI)

Adjusted earnings are based on results before exceptional items after tax and adjusted for earnings attributable to equity holders and interest on convertible bonds, divided by the weighted average number of ordinary shares, adjusted for the dilutive impact, when applicable, of the assumed conversion of the bonds and employee share schemes outstanding.

	Nine months to 30 September	
€ million	**2026**	2025
Profit after tax attributable to equity holders of the parent	**2,264**	2,703
Exceptional items	**(113)**	–
Profit after tax attributable to equity holders of the parent before exceptional items	**2,377**	2,703
Income statement impact of convertible bonds	**(18)**	104
Adjusted profit	**2,359**	2,807
Weighted average number of ordinary shares in issue used for basic earnings per share	**4,471**	4,727
Weighted average number of ordinary shares used for diluted earnings per share	**4,677**	5,063
Basic earnings per share (€ cents)	**50.6**	57.2
Basic earnings per share before exceptional items (€ cents)	**53.2**	57.2
Adjusted earnings per share before exceptional items (€ cents)	**50.4**	55.5

c Ownership costs

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

	Nine months to 30 September	
€ million	**2026**	2025
Depreciation, amortisation and impairment	**2,073**	1,920
Net loss on sale of property, plant and equipment	**1**	1
Ownership costs	**2,074**	1,921

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

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

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

EBITDA before exceptional items is defined as the rolling four quarters operating result before exceptional items, interest, taxation, depreciation, amortisation and impairment.

The Group believes that this additional measure, which is used internally to assess the Group's financial capacity, is useful to the users of the financial statements in helping them to see how the Group's financial capacity has changed over the reporting period. It is a measure of the profitability of the Group and of the core operating cash flows generated by the business model.

€ million	30 September 2026	31 December 2025
Gross debt: Interest-bearing long-term borrowings	**13,871**	14,267
Less: Cash and cash equivalents	**9,471**	7,421
Less: Other current interest-bearing deposits	**180**	898
Net debt	**4,220**	5,948
Operating profit	**4,427**	5,024
Add: Depreciation, amortisation and impairment	**2,781**	2,628
EBITDA	**7,208**	7,652
Add: Exceptional items	**149**	–
EBITDA before exceptional items	**7,357**	7,652
Gross debt to EBITDA before exceptional items (times)	**1.9**	1.9
Net debt to EBITDA before exceptional items (times)	**0.6**	0.8

e Results on a constant currency basis

Movements in foreign exchange rates impact the Group's financial results. The IAG Board and Management Committee review the results, including revenue and operating costs at constant rates of exchange. These financial measures are calculated at constant rates of exchange based on a retranslation, at prior year exchange rates, of the current year's results of the Group. Although the Board and Management Committee do not believe that these measures are a substitute for IFRS measures, the Board and Management Committee do believe that such results excluding the impact of currency fluctuations year-on-year provide additional useful information to investors regarding the Group's operating performance on a constant currency basis. Accordingly, the financial measures at constant currency within the discussion of the Group Financial review should be read in conjunction with the information provided in the Group financial statements.

The following table represents the main average and closing exchange rates for the reporting periods:

Foreign exchange rates

	Nine months average to 30 September		Closing at 30 September	Closing at 31 December
	2026	2025	**2026**	2025
Pound sterling to euro	**1.16**	1.17	**1.16**	1.14
Euro to US dollar	**1.16**	1.14	**1.14**	1.17
Pound sterling to US dollar	**1.34**	1.33	**1.33**	1.34

The average exchange rates are calculated on a weighted average basis, with the weighting based on quarterly operating profit.

f Liquidity

The Board and the Management Committee monitor liquidity in order to assess the resilience of the Group to adverse events and uncertainty and develop funding initiatives to maintain this resilience.

Liquidity is used by analysts, investors and other users of the financial statements as a measure of the financial health and resilience of the Group.

Liquidity is defined as Cash and cash equivalents plus Current interest-bearing deposits, plus Committed and undrawn general facilities, plus aircraft financing facilities and overdraft facilities.

€ million	30 September 2026	31 December 2025
Cash and cash equivalents	**9,471**	7,421
Current interest-bearing deposits	**180**	898
Committed and undrawn general facilities	**2,826**	2,616
Overdrafts and other facilities	**13**	13
Total liquidity	**12,490**	10,948