



**IAG** INTERNATIONAL  
AIRLINES  
GROUP

# We connect what matters

2026 Quarter One Results

# Disclaimer

LEI: 959800TZHQRUSHIESL13

## **Forward-looking statements:**

This announcement contains forward-looking statements within the meaning of applicable securities laws. This cautionary statement is made for the purpose of providing protection for such forward-looking statements and is intended to 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 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”, “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; this document is available on [www.iairgroup.com](http://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.

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](#) and the Interim Management Statement for the year to 31 March 2026 ([IAG Q1 2026 Financial Release](#)). These documents are available on [www.iairgroup.com](http://www.iairgroup.com).

# Highlights

**Luis Gallego**

Chief Executive Officer



# A strong first quarter; confident in the long-term prospects

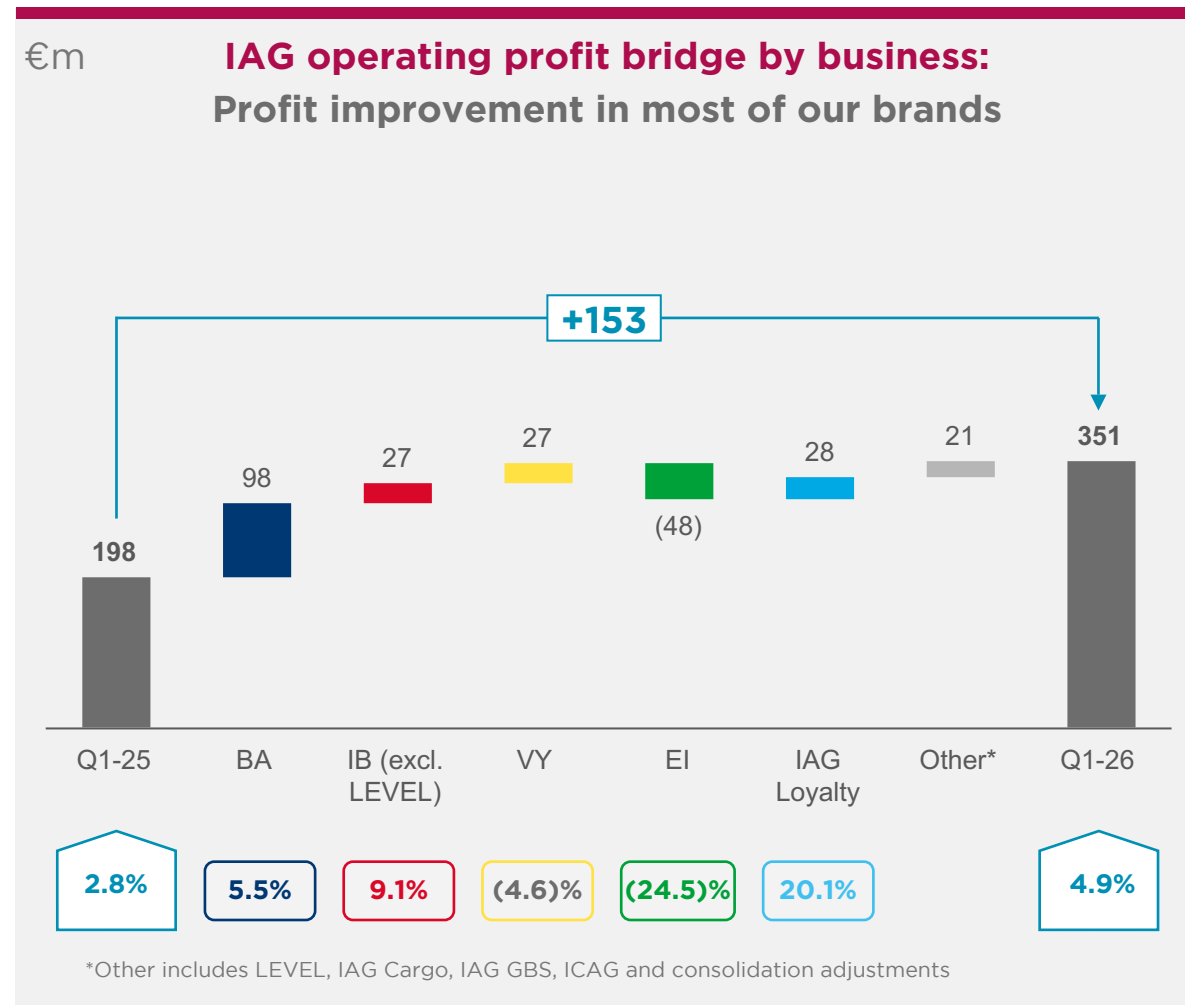
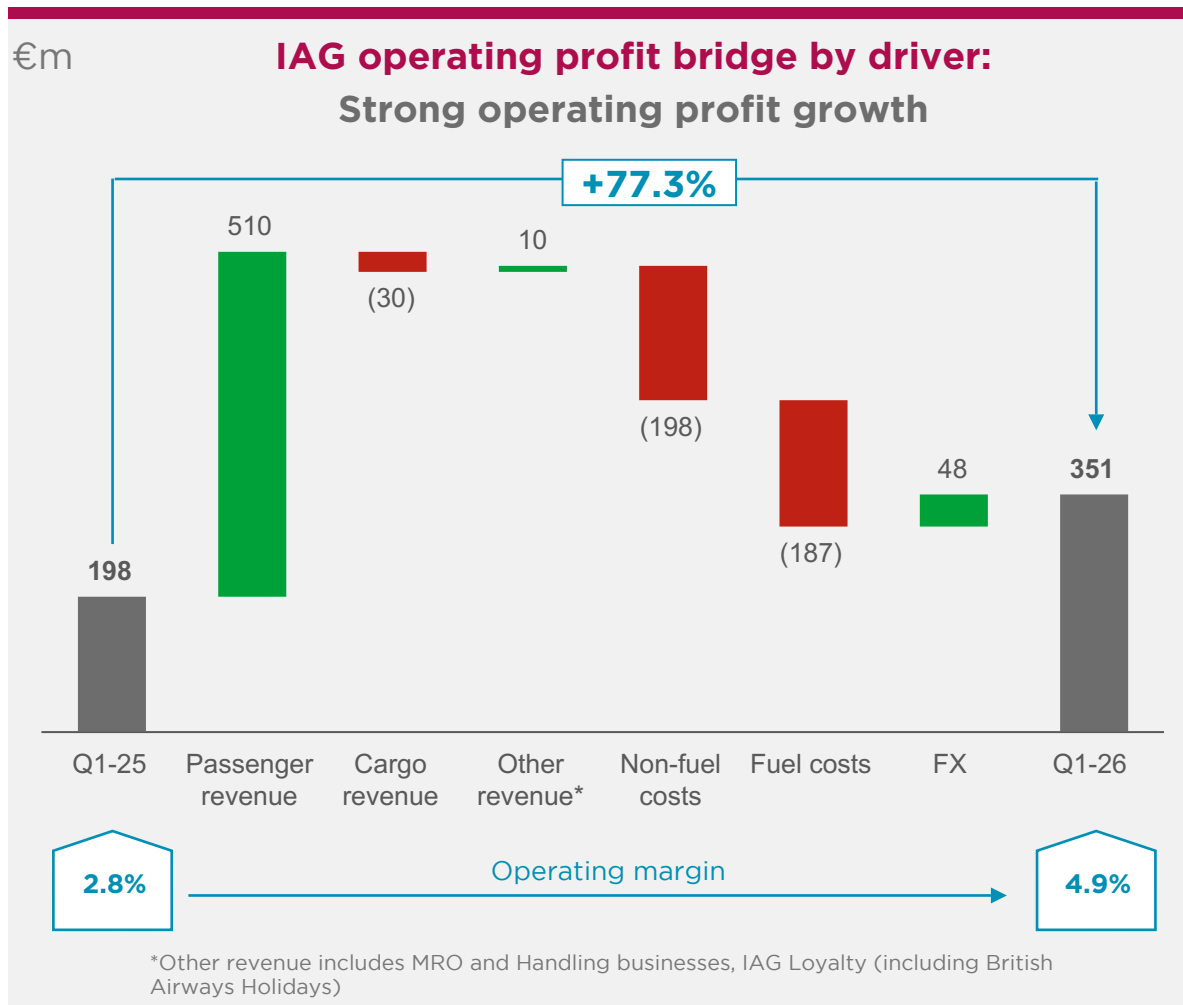
- Revenue in the first quarter increased by 1.9% to €7,181m reflecting continued strong demand for our network and airline brands
- Operating profit increased by 77.3% in the first quarter, driven by revenue growth and limited impact on cost from the Middle East conflict. Operating margin improved by 2.1pts to 4.9%
- Our capital-light Loyalty business grew its revenue by 10.0% and profit increased by 32.6% at a 20.1% margin
- Strong balance sheet: net debt of €4,183m; net leverage at 0.5x. Liquidity of €12,731m
- On track to complete the remaining €1bn excess cash return by end Feb 2027
- Strong business model and strategy, transformation programme and track record on execution means we are uniquely positioned to navigate current headwinds

# Financial results



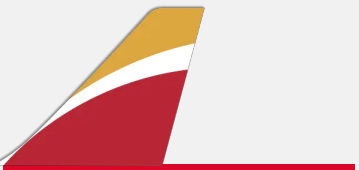
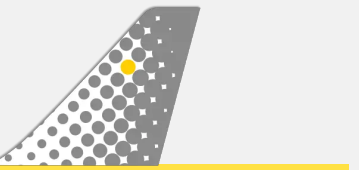

**Nicholas Cadbury**  
Chief Financial and  
Sustainability Officer



# Delivering a strong first quarter

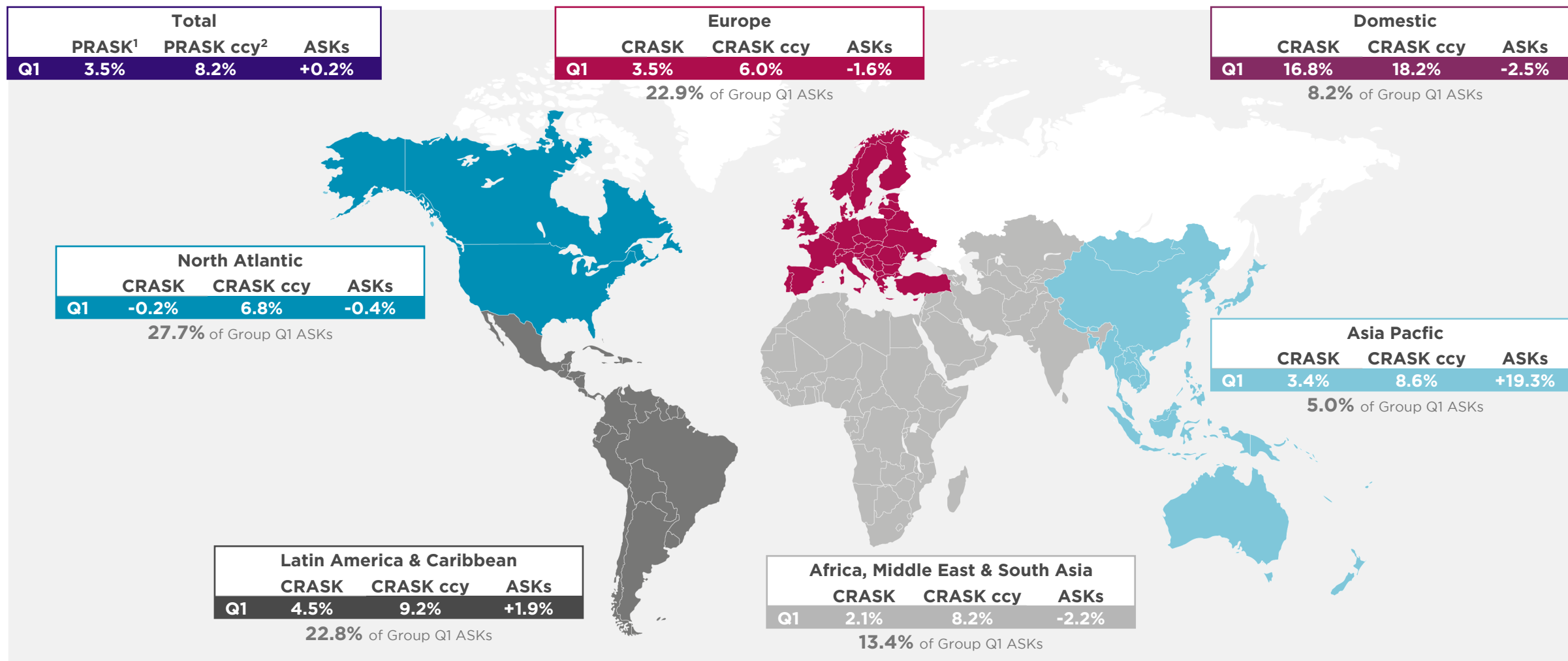


# Improving margins across most of our businesses

											
	Q1 2026 (€m)	vLY	Q1 2026 (£m)	vLY	Q1 2026 (€m)	vLY	Q1 2026 (€m)	vLY	Q1 2026 (£m)	vLY	
Total revenue	420	(4.1)%	3,389	+7.1%	1,808	(1.1)%	616	+8.6%	579	+10.0%	
Passenger revenue	406	(3.4)%	3,167	+8.2%	1,352	+4.5%	609	+8.0%	290	+1.8%	
<b>Operating result before exceptional items</b>	(103)	(48)	186	+90	164	+27	(28)	+27	116	+28	
<b>Operating margin before exceptional items</b>	(24.5)%	(12.0)pts	5.5%	<b>+2.5pts</b>	9.1%	<b>+1.6pts</b>	(4.6)%	<b>+5.1pts</b>	20.1%	<b>+3.4pts</b>	
ASK (m)	6,795	+4.6%	41,045	(0.3)%	20,577	(1.1)%	8,961	(1.9)%			
PRASK (cts/p)	5.97	(7.6)%	7.72	+8.5%	6.57	+5.6%	6.80	+10.1%			
Non-fuel CASK (cts/p)	5.82	+2.4%	5.66	+4.1%	6.20	(1.5)%	5.05	+5.5%			
									IAG Loyalty operating profit on pre-HMRC VAT dispute basis:	<b>132</b>	<b>+35</b>

Iberia figures exclude LEVEL

# Demand driving strong yields in all our markets



<sup>1</sup>PRASK represents total passenger revenue divided by ASKs. Regional CRASK represents passenger revenue excluding certain items that are not directly assigned at a route level (e.g. joint business payments/receipts, FX hedging gains/losses, EC261 & UK261 compensation, and adjustments to assumptions for unused tickets). 'ccy' represents data at constant currency.

<sup>2</sup>Regional constant currency data presented is not an IFRS metric, and is based on internal IAG analysis to provide a directional view of foreign exchange impacts, particularly given the significant impact of the US dollar and Sterling in IAG accounts.

# Q1 non-fuel unit costs in line with our expectations, with FX benefit

Cost category	Q1-26 unit cost (% vLY)	Q1 2026
Employee	0.5%	Reflects capacity-driven headcount growth and the impact of wage deals
Supplier*	(4.0)%	Transformation initiatives partially mitigated inflationary pressures
Ownership	10.0%	Increase driven by new aircraft, alongside customer-focused and digital investments
<b>Total non-fuel</b>	<b>(0.9)%</b>	
<b>Fuel</b>	<b>0.9%</b>	Fuel prices increased from late February, reflecting the conflict in the Middle East; the impact on the quarter was largely mitigated by jet fuel contract pricing mechanisms and the Group's hedging strategy
<b>Total unit cost</b>	<b>(0.5)%</b>	

\*Supplier costs include costs related to growth of the Group's non-airline businesses, including Iberia's MRO and Handling businesses and British Airways Holidays

# Adjusted EPS increased by 56.5% in Q1 2026

€m	Three months to 31 March					
	Before exceptional items 2026	Exceptional items	Reported 2026	Before exceptional items 2025	Exceptional items	Reported 2025
Revenue	7,181	-	<b>7,181</b>	7,044	-	7,044
Operating costs	6,830	-	<b>6,830</b>	6,846	-	6,846
Operating profit	351	-	<b>351</b>	198	-	198
Finance costs	(180)	-	<b>(180)</b>	(219)	-	(219)
Finance income	62	-	<b>62</b>	85	-	85
Net change in fair value of financial instruments	162	-	<b>162</b>	75	-	75
Net financing credit relating to pensions	27	-	<b>27</b>	21	-	21
Net currency retranslation (charges)/credits	(23)	-	<b>(23)</b>	134	-	134
Other non-operating credits/(charges)	23	-	<b>23</b>	(55)	-	(55)
Profit before tax	422	-	<b>422</b>	239	-	239
Tax	(121)	-	<b>(121)</b>	(63)	-	(63)
Profit after tax	301	-	<b>301</b>	176	-	176
Adjusted EPS before exceptional items (€c)			<b>3.6</b>	2.3		

# Continued balance sheet strengthening

€m	31 March 2025	31 December 2025	<b>31 March 2026</b>
Gross debt	15,486	14,267	14,244
of which bank and other loans	1,706	1,978	1,802
of which asset financed and lease liabilities	13,780	12,289	12,442
<b>Gross debt / EBITDA before exceptional items</b>	<b>2.2x</b>	<b>1.9x</b>	<b>1.8x</b>
Cash, cash equivalents and interest-bearing deposits	9,357	8,319	10,061
<b>Net debt</b>	<b>6,129</b>	<b>5,948</b>	<b>4,183</b>
<b>Net debt / EBITDA before exceptional items</b>	<b>0.9x</b>	<b>0.8x</b>	<b>0.5x</b>
Total liquidity (cash and facilities)	12,355	10,948	12,731

- Net leverage of 0.5x, reflecting strong profitability and cash generation
- Gross leverage of 1.8x, driven by higher EBITDA\*
- Total liquidity (cash and facilities) of €12.7bn
- Investing in our fleet:
  - one A321XLR delivered in Q1
  - 17 deliveries expected in 2026, majority of which unencumbered
- Full Year capex expected to be €3.5bn

# Middle East Conflict

- Capacity
  - c.3% of total Group pre-conflict ASKs flew to the Middle East region
  - some redeployment to markets benefitting from diverted demand
  - further fleet resilience added to better manage engine supply chain issues
- Jet fuel hedging and availability
  - well-hedged for the rest of the year at 70% as at 5 May
  - confident of jet fuel supply in our main markets through the summer
  - regular assessment of longer term schedules

# Outlook

- Well-positioned to manage current headwinds due to the unique strengths of the Group
- Demand continues to be robust; booked revenue at 80% for Q2
- Expect to be able to recover c.60% of higher fuel cost through revenue and cost initiatives, with a strong track record of execution
- Expect impact of higher fuel cost to result in lower profits and free cash flow than originally anticipated
- Continued strong free cash flow generation - on track to continue with the remaining €1bn of excess cash return programme
- Confident in our business model and strategy to prove our resilience

# Appendices



# Modelling assumptions FY2026


- Capacity will be lower than the 3% increase guided at full year results in February as a result of our actions taken already. At present we expect it to increase by c.1% in Q2 and c.2% in Q3. We continue to review our longer term capacity plans.
- Based on the fuel curve as at 5 May 2026, including our hedging positions and sustainability costs, our fuel cost would be c. €9bn. We continue to execute our hedging policy and are currently 70% hedged for the remainder of the year with a mix of instruments.
- We expect to recover around 60% of the higher fuel cost during this year through revenue and cost management, reflecting the mix of markets in which we operate.
- We continue to expect to generate significant free cash flow in the year but given the impact of the Middle East conflict for it to be less than the €3bn guided at full year results in February. Capex is now expected to be around €3.5bn (from €3.6bn previously).

# Fuel hedging - 70% hedged for 2026

As per Q1 2026 results	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027
Jet fuel price scenario	\$1,460/mt	\$1,310/mt	\$1,160/mt	\$1,060/mt	\$960/mt	\$960/mt
\$/€ scenario	1.155	1.155	1.155	1.155	1.155	1.155
Hedge ratio	75 %	68 %	62 %	49 %	40 %	35 %
<b>Effective blended price post fuel and FX hedging*</b>	<b>\$1,065/mt</b>	<b>\$1,035/mt</b>	<b>\$1,005/mt</b>	<b>\$975/mt</b>	<b>\$945/mt</b>	<b>\$950/mt</b>

As per Q1 2026 results

Jet fuel price scenario	FY 2026 Fuel cost
\$760/mt	c€8.0bn
\$960/mt	c€8.5bn
<b>\$1,260/mt</b>	<b>c€9.0bn</b>
\$1,460/mt	c€9.5bn
\$1,660/mt	c€9.8bn

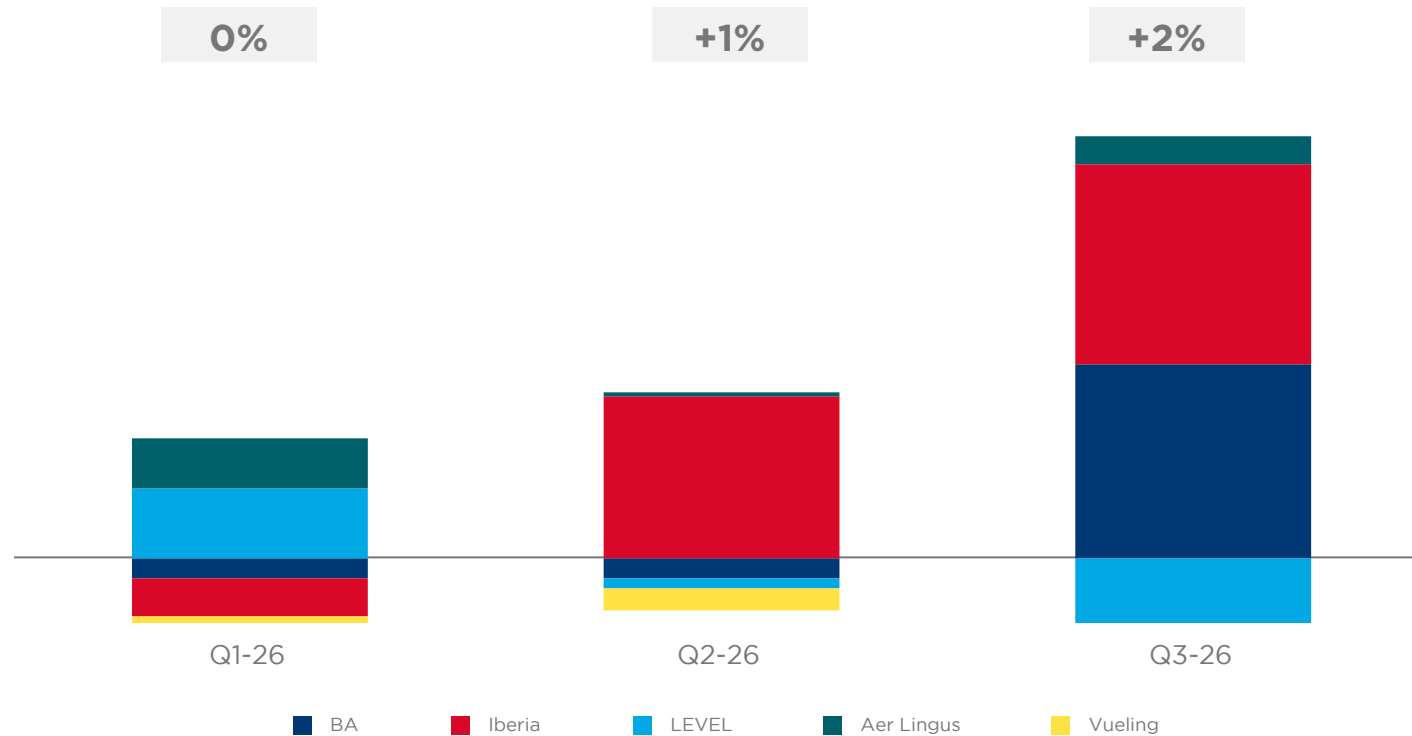
**Sensitivity** 

Full year 2026 fuel cost expected to be c.€9.0bn based on jet fuel forward curve and foreign exchange rates at 5 May 2026

\* Effective blended price excluding into plane cost

# Q2 and Q3 capacity plans

Airline contribution to IAG ASK growth by quarter vLY



Note: British Airways includes BA Cityflyer and BA Euroflyer; Iberia includes Iberia Express

# Alternative Performance Measures (APMs) and terminology definitions

Measure	IFRS/APM	Definition	Source of calculation
Adjusted earnings per share	APM	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 2028 Bonds and employee share schemes outstanding.	Q1 2026 Interim Management Statement (alternative performance measures section, note b: Adjusted earnings per share)
Capex (or gross capital expenditure)	IFRS	Acquisition of property, plant and equipment and intangible assets per cash flow statement	Direct from Cash flow statement (Net cash flows from investing activities)
Cash	IFRS	Cash and cash equivalents and Current interest-bearing deposits	Direct from Balance sheet (Current assets)
EBITDA before exceptional items	APM	Operating result before exceptional items, interest, taxation, depreciation, amortisation and impairment.	Q1 2026 Interim Management Statement (alternative performance measures section, note d: Gross and Net debt to EBITDA before exceptional items)
Free cash flow	APM	Net cash flows from operating activities, less the cash flows associated with the acquisition of property, plant and equipment and intangible assets reported in net cash flows from investing activities from the Cash flow statement.	FY 2025 Results Release (Reconciliation of alternative performance measures section, note d: Free cash flow)
Gross debt	IFRS	Total borrowings (current and non-current)	Direct from Balance sheet (Current liabilities, Non-current liabilities)
Gross debt to EBITDA before exceptional items (or Gross leverage)	APM	Based on Gross debt (per above) and the rolling 12 month EBITDA before exceptional items	Based on Gross debt (per above) and Q1 2026 Interim Management Statement (alternative performance measure section, note d: Gross and Net debt to EBITDA before exceptional items)
Liquidity (or Total liquidity)	APM	Cash (per above) plus committed and undrawn general and overdraft facilities, and aircraft-specific financing facilities	Q1 2026 Interim Management Statement (Reconciliation of alternative performance measures section, note f: Liquidity)
Movements in working capital	IFRS	Net movements in working capital per cash flow statement	Direct from Cash flow statement (Net cash flows from operating activities)
Net debt	IFRS	Gross debt (per above) less Cash (per above)	Q1 2026 Interim Management Statement (Reconciliation of alternative performance measures section, note d: Gross and Net debt to EBITDA before exceptional items)
Net debt to EBITDA before exceptional items (or Leverage)	APM	Based on Net debt (per above) and the rolling 12 month EBITDA before exceptional items	Q1 2026 Interim Management Statement (Reconciliation of alternative performance measures section, note d: Gross and Net debt to EBITDA before exceptional items)
Operating profit (and other Income statement items) before exceptional items	APM	See Q1 2026 Interim Management Statement (alternative performance measures section, note a: Profit after tax before exceptional items)	Q1 2026 Interim Management Statement (alternative performance measures section, note a: Profit after tax before exceptional items)
Unit measures (PRASK, Fuel CASK, Non Fuel CASK)	APM	Passenger revenue, fuel costs, non-fuel costs (before exceptional items) divided by capacity (ASKs)	Glossary in the 2025 ARA

Where the term ARA is used this refers to both the Annual report and accounts and the Annual Financial Report.