

IAG preliminary third quarter results and update

International Airlines Group (IAG) announces its preliminary results for the third quarter of 2020 and capacity outlook for the fourth quarter.

Third quarter results

Total revenue declined by 83 per cent to €1.2 billion compared to €7.3 billion last year. Operating result before exceptional items was a €1.3 billion loss compared to a €1.4 billion profit last year.

Passenger capacity, expressed in available seat kilometres, declined by 78.6 per cent in the quarter. Passenger traffic, measured in terms of revenue passenger kilometres, declined by 88.0 per cent. Seat load factor declined by 38.8 points to 48.9 per cent.

Current trading and capacity outlook

On 10 September, IAG announced a reduction in capacity from -74 per cent to -78 per cent in 3Q 2020 and from -46 per cent to -60 per cent in 4Q 2020 as a result of the levelling off of bookings following the reintroduction of quarantine requirements by many European governments.

Recent overall bookings have not developed as previously expected due to additional measures implemented by many European governments in response to a second wave of COVID-19 infections, including an increase in local lockdowns and extension of quarantine requirements to travellers from an increasing number of countries. At the same time, initiatives designed to replace quarantine periods and increase customer confidence to book and travel, such as pre-departure testing and air corridor arrangements, have not been adopted by governments as quickly as anticipated.

In response to the high uncertainty of the current environment, IAG now plans for capacity in 4Q 2020 to be no more than 30 per cent compared to 2019. As a result, the Group no longer expects to reach breakeven in terms of Net cash flows from operating activities during 4Q 2020.

Liquidity

Liquidity remains strong. As at 30 September 2020, the Group had total liquidity of €6.6 billion, comprised of €5.0 billion of cash, cash equivalents and interest-bearing deposits and €1.6 billion of undrawn and committed general and aircraft facilities. In addition, €2.74 billion of gross proceeds from the Capital Increase were received in early October for a total pro-forma liquidity of €9.3 billion.

Detailed results for the third quarter will be released as planned on 30 October, accompanied by a presentation and conference call for analysts and investors.

Stephen Gunning
Chief Financial Officer

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