

The British Airways logo, a stylized red and white ribbon, is positioned in the upper right corner of the slide. The background is a dark blue gradient with abstract, lighter blue geometric shapes.

BRITISH AIRWAYS

Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revised any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemize all of the many factors and specific events that could cause the Company's forward looking statements to be incorrect or that could otherwise have material adverse effect on the future operations or results of an airline operating in the global economy. Information on some factors which could result in material difference to the results is available in the Company's SEC filings, including, without limitation the Company's Report on Form 20-F for the year ended March 2003.

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4th Quarter & Preliminary Results 2003/04

17th May 2004

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BRITISH AIRWAYS 

Lord Marshall

Chairman

BRITISH AIRWAYS 



BRITISH AIRWAYS

John Rishton

Chief Financial Officer

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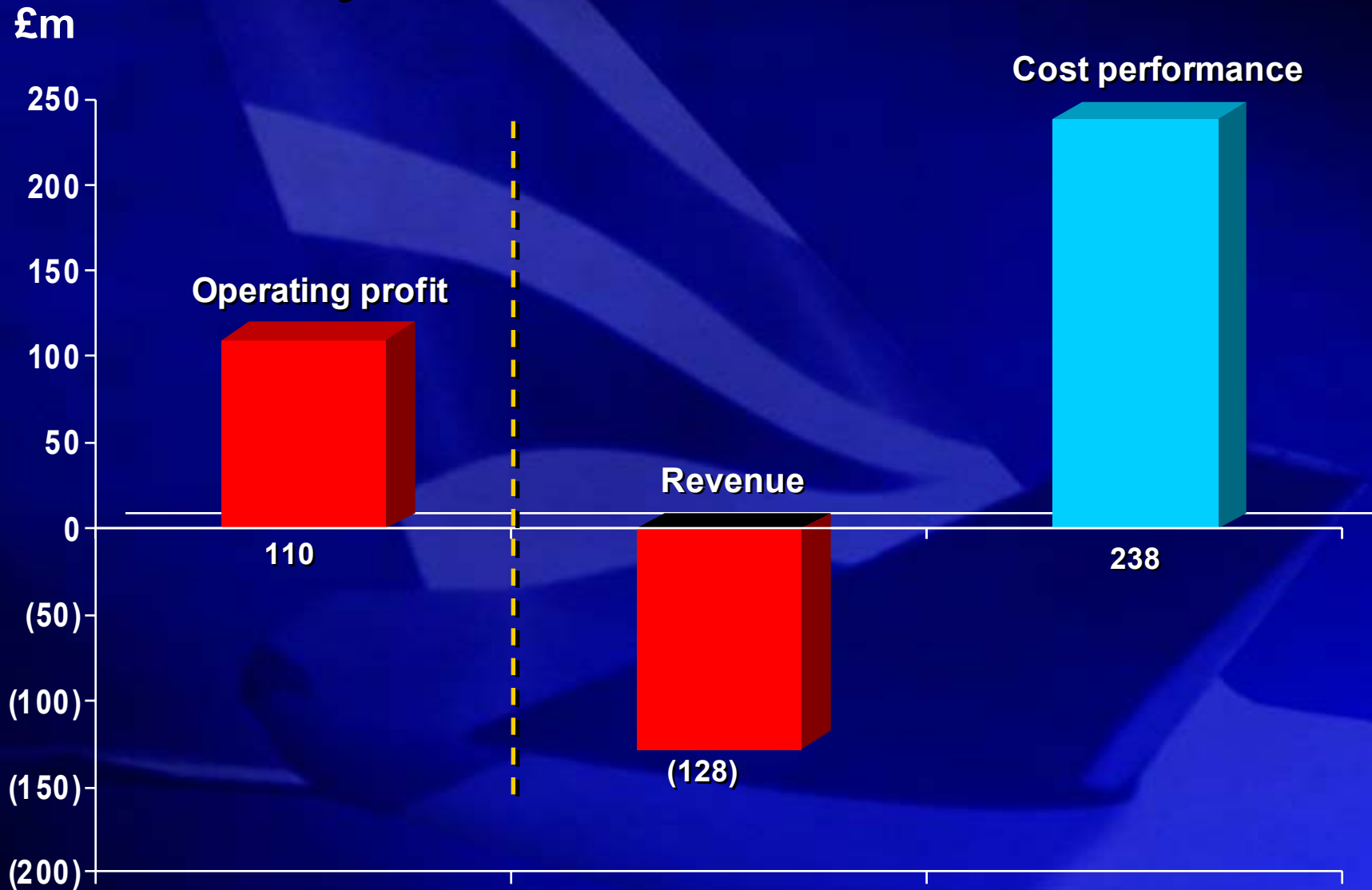


Headline numbers

Period ended March 31, 2004

	3 MONTHS £m	VLY	12 MONTHS £m	VLY
Turnover	1,854	11%	7,560	(2)%
Operating profit	32	120%	405	37%
Operating margin	1.7%	11.5pts	5.4%	1.6pts
EBITDAR	342	47%	1,422	0%
Pre-tax profit	45	123%	230	70%

Cost savings more than offset full year revenue decline



Results by geographical area

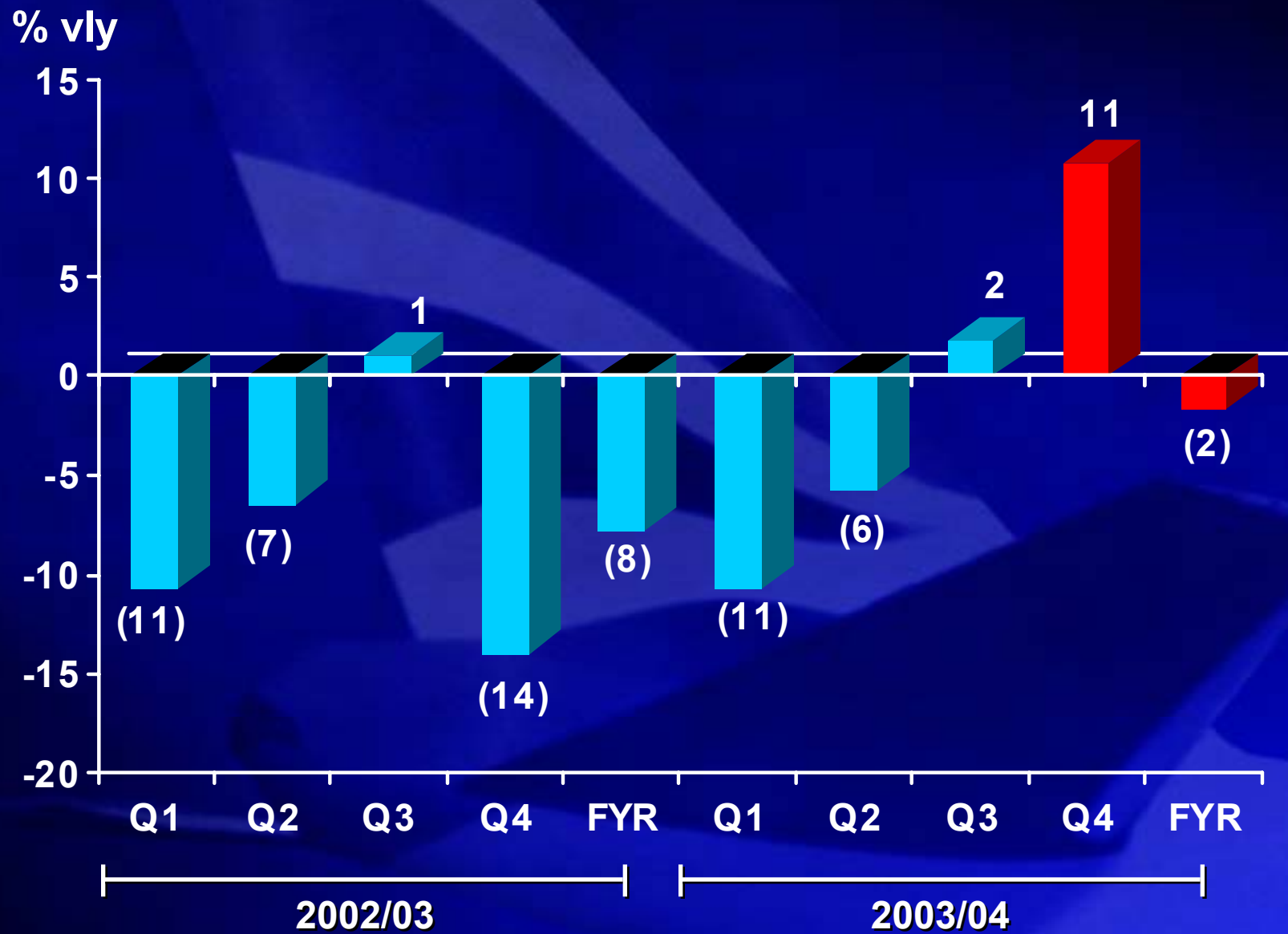
£m	Year ended 31 March		
	2004	2003	2002
Europe	(60)	(117)	(244)
The Americas	294	223	144
Africa, Middle East and India	210	168	91
Far East and Australasia	(39)	21	(101)
	<u>405</u>	<u>295</u>	<u>(110)</u>

Regional traffic/yield performance

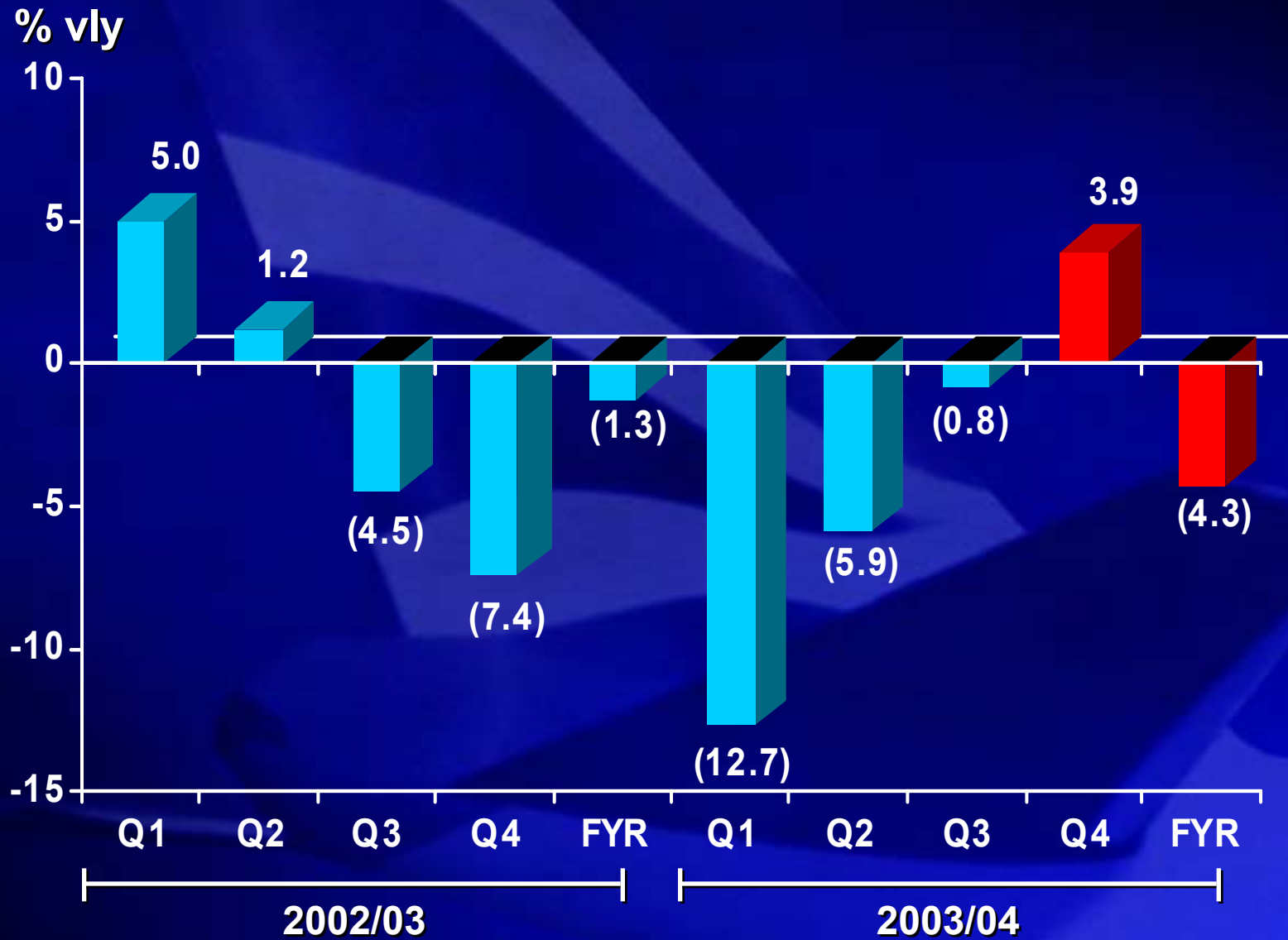
Year ended 31 March, 2004

	<u>Capacity (%)</u>	<u>ASKs (%vly)</u>	<u>Seat factor (pts vly)</u>	<u>Yield/RPK (%vly)</u>
Europe	18	3.5	-	(6.1)
The Americas	45	0.7	2.4	(3.9)
Africa, Middle East and India	21	4.5	2.9	(1.7)
Far East and Australasia	16	3.5	(3.7)	(4.0)

Revenue



Yield per RPK



Seat factor up

Passenger seat factor vly



Quarter 4 costs

- Capacity up 6.7%
- Net costs down 2.5%
- Unit costs reduced by 8.6%

Quarter 4 net costs down 2.5%

	<u>£m</u>	<u>vly</u>
Employee costs up		595 12.1%
Handling, catering etc	215	4.0% down
Selling costs	118	7.1% down
Engineering	134	9.5% down
Fuel & oil	228	10.7% up
Other	371	20.7% down
NET OPERATING COST	<u>1,661</u>	<u>2.5% down</u>

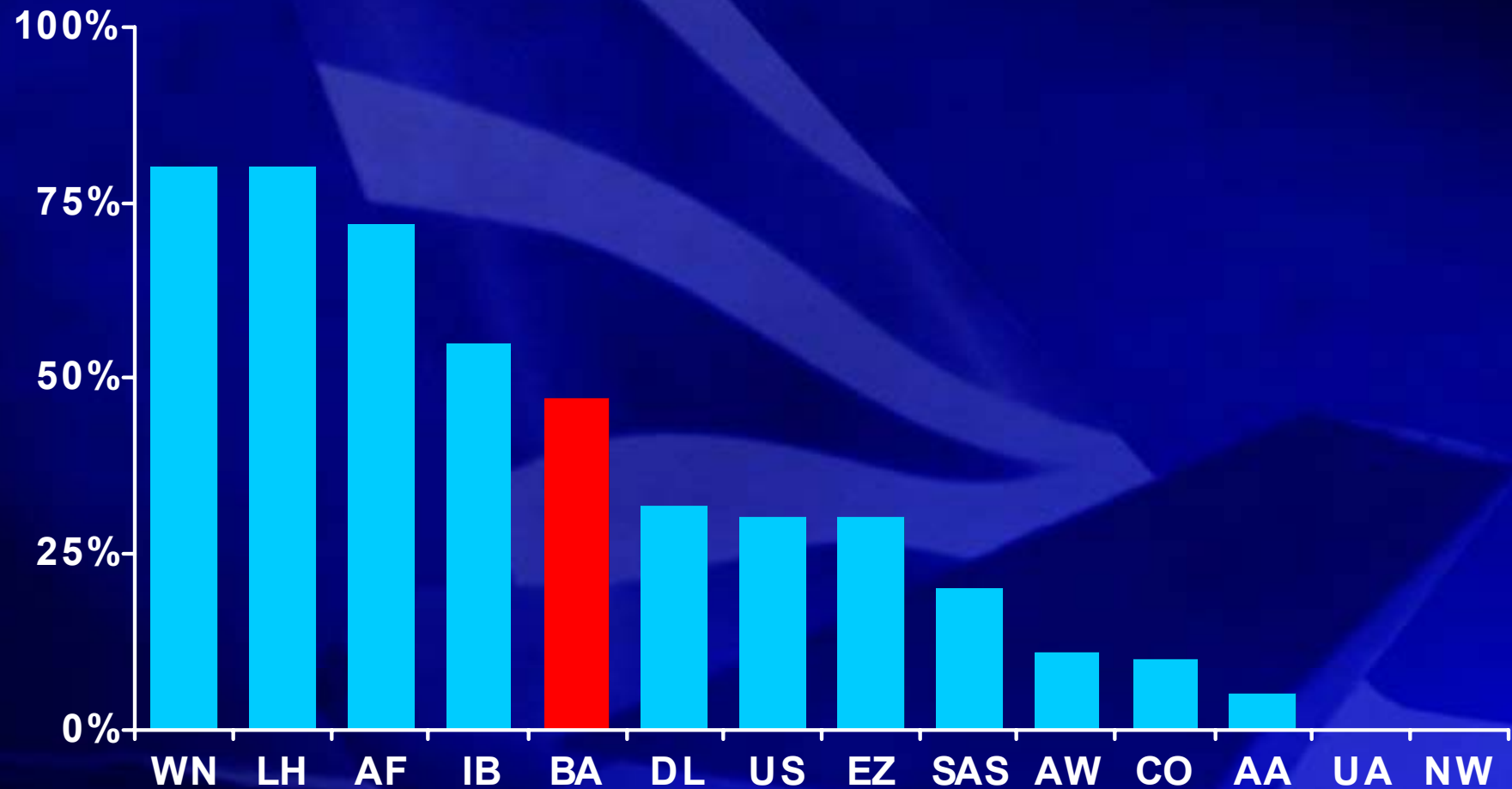
Full year costs

- Capacity up 2.5%
- Net costs down 3.4%
- Unit costs reduced by 5.7%

Net costs down 3.4%

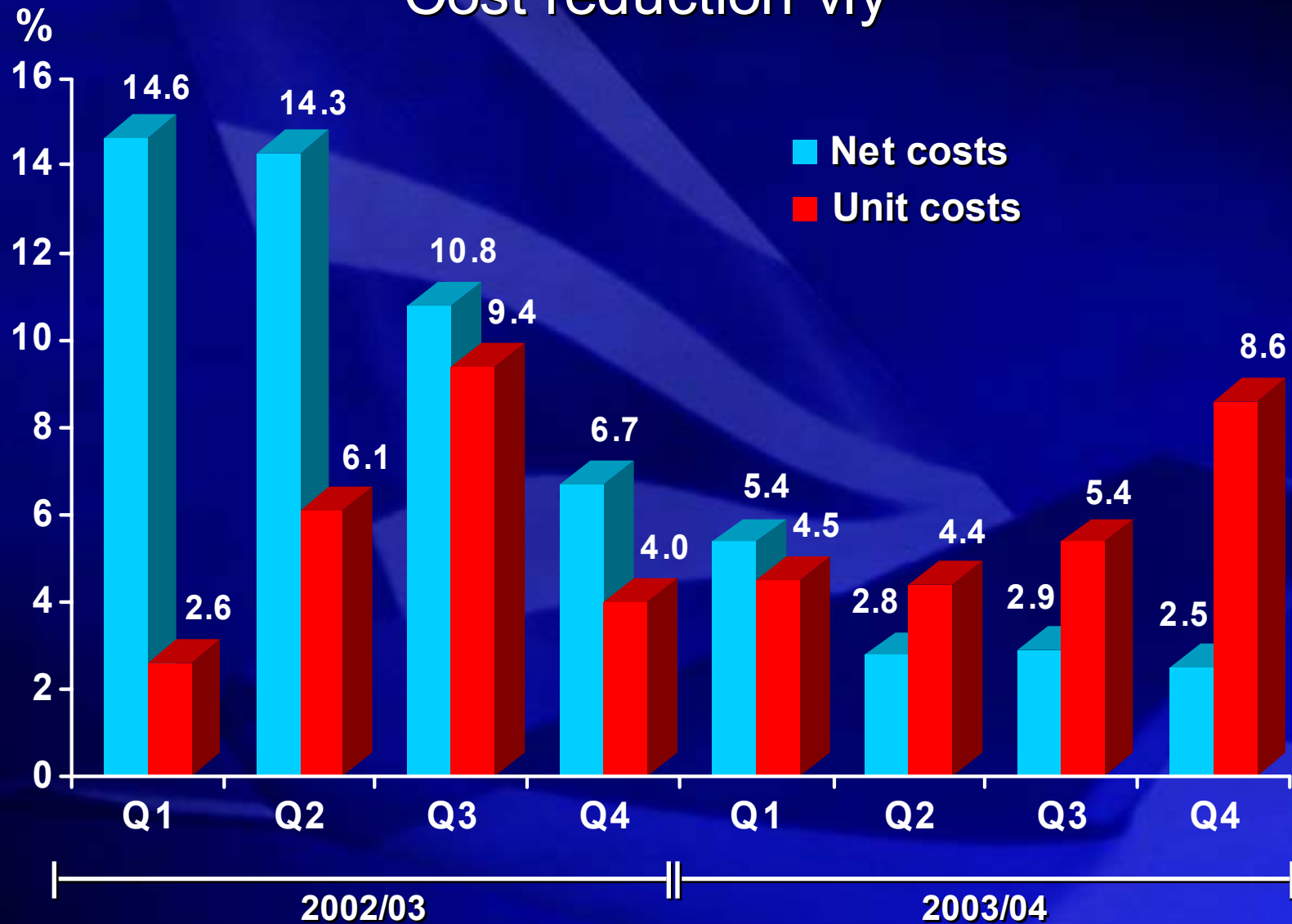
	<u>£m</u>	<u>vly</u>
Employee costs up		2,1803.5%
Handling, catering etc	934	2.8% down
Selling costs	554	21.5% down
Engineering	511	9.7% down
Fuel & oil	922	9.5% up
Other	<u>1,447</u>	<u>9.4% down</u>
NET OPERATING COST	<u>6,548</u>	<u>3.4% down</u>

Airline fuel hedging cover



Cost performance

Cost reduction vly

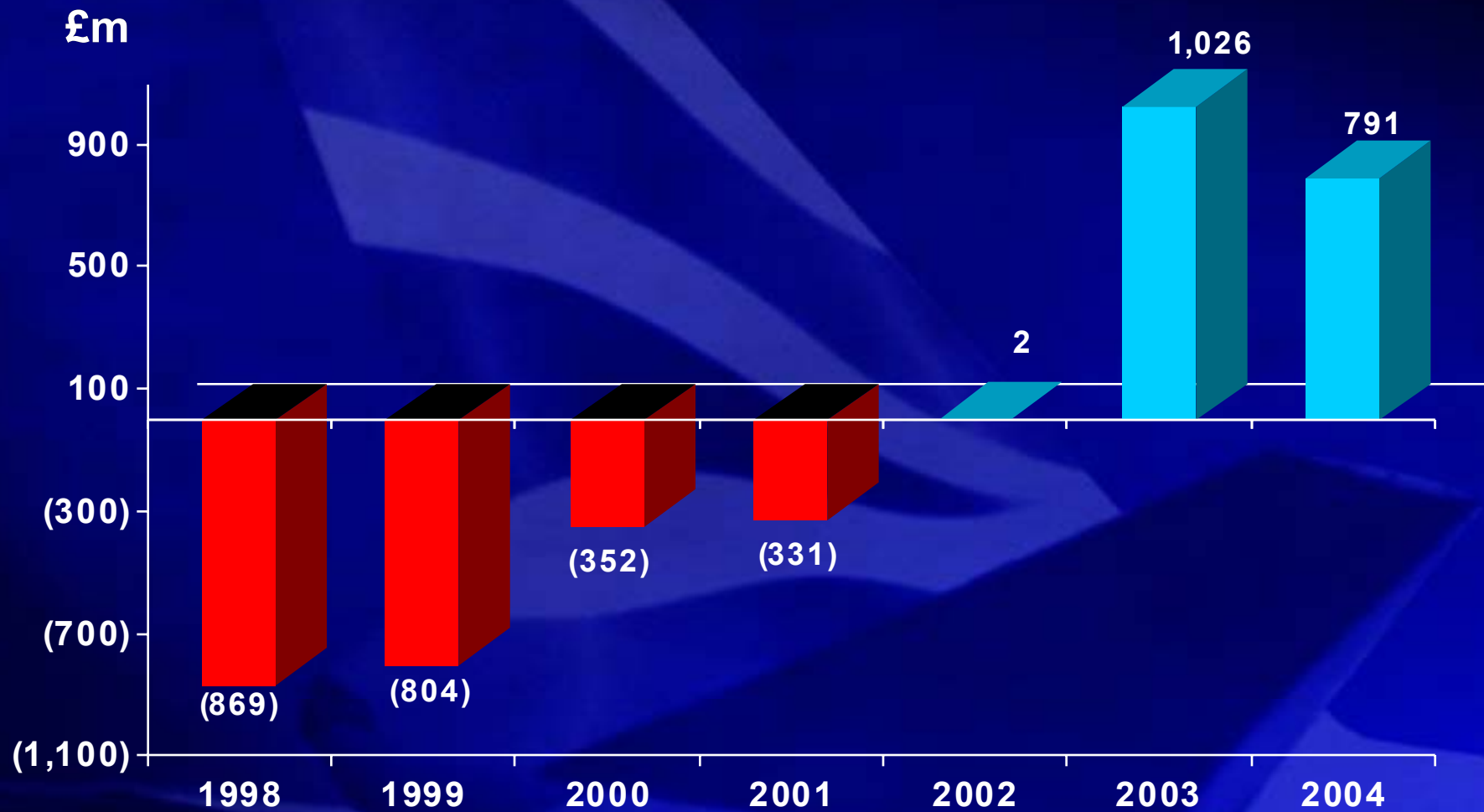


Disposals exceed capex



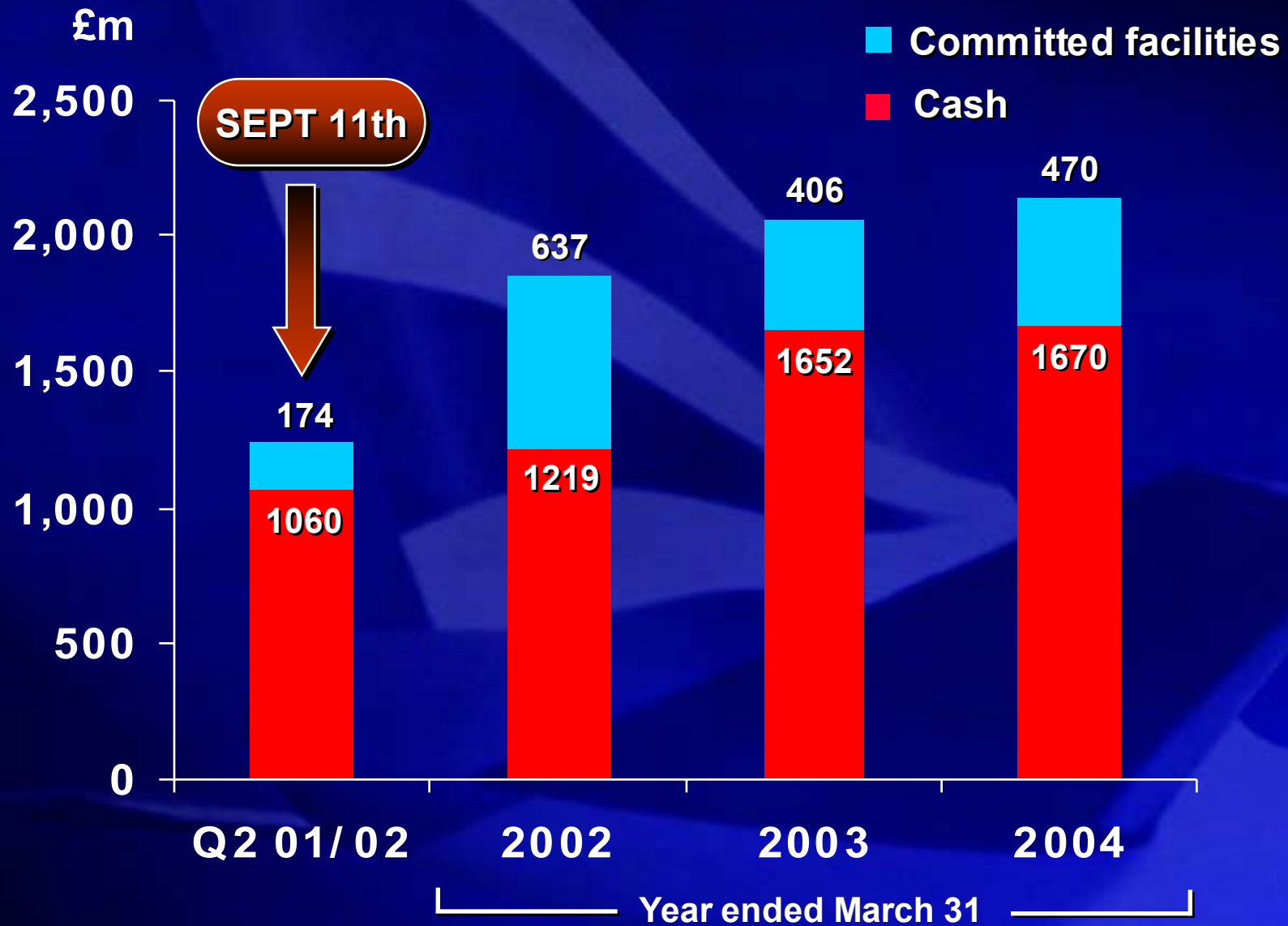
* to April 15, 2004

Cashflow before borrowings

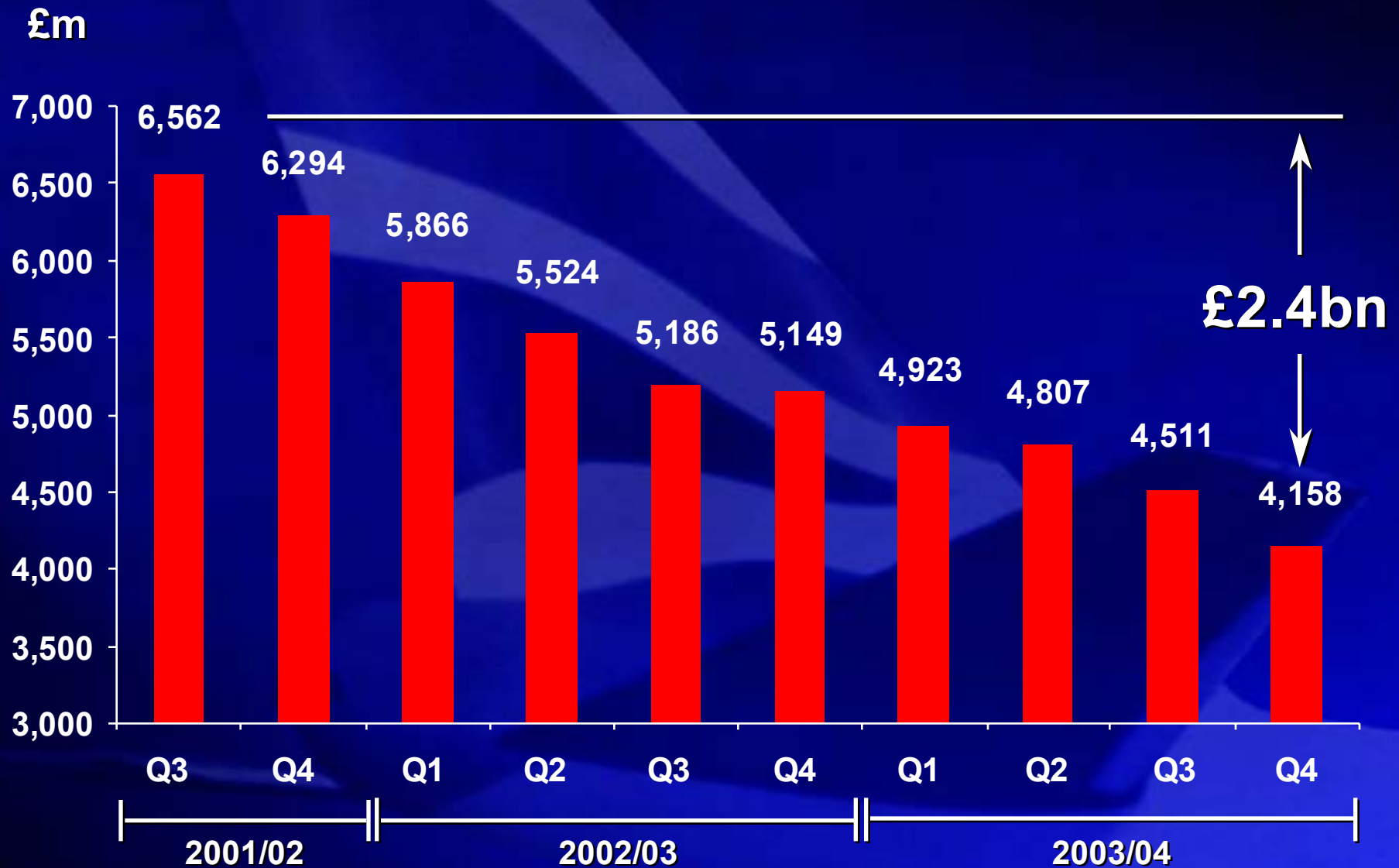


Year ending March 31

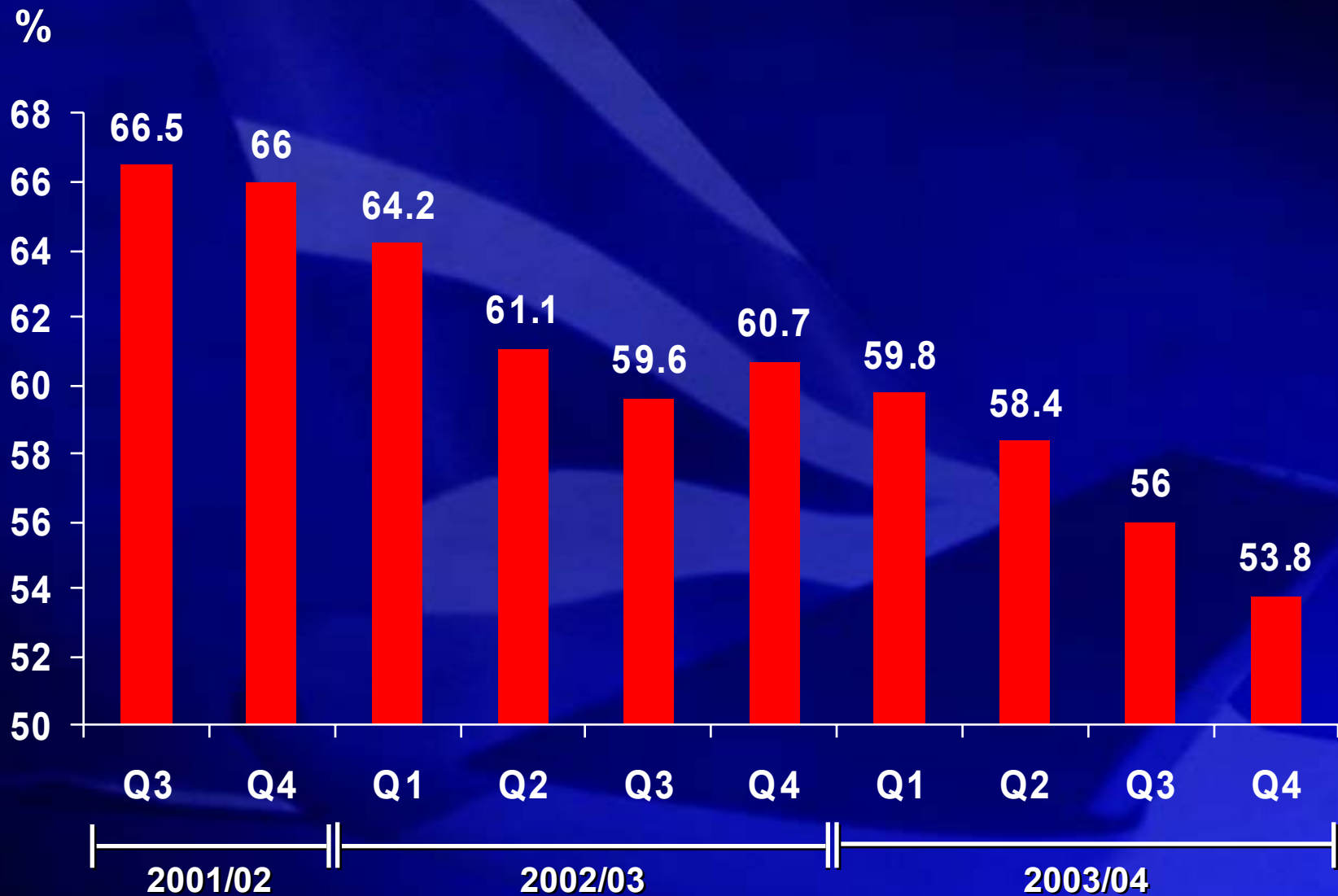
Strong liquidity



Net debt £2.4bn lower

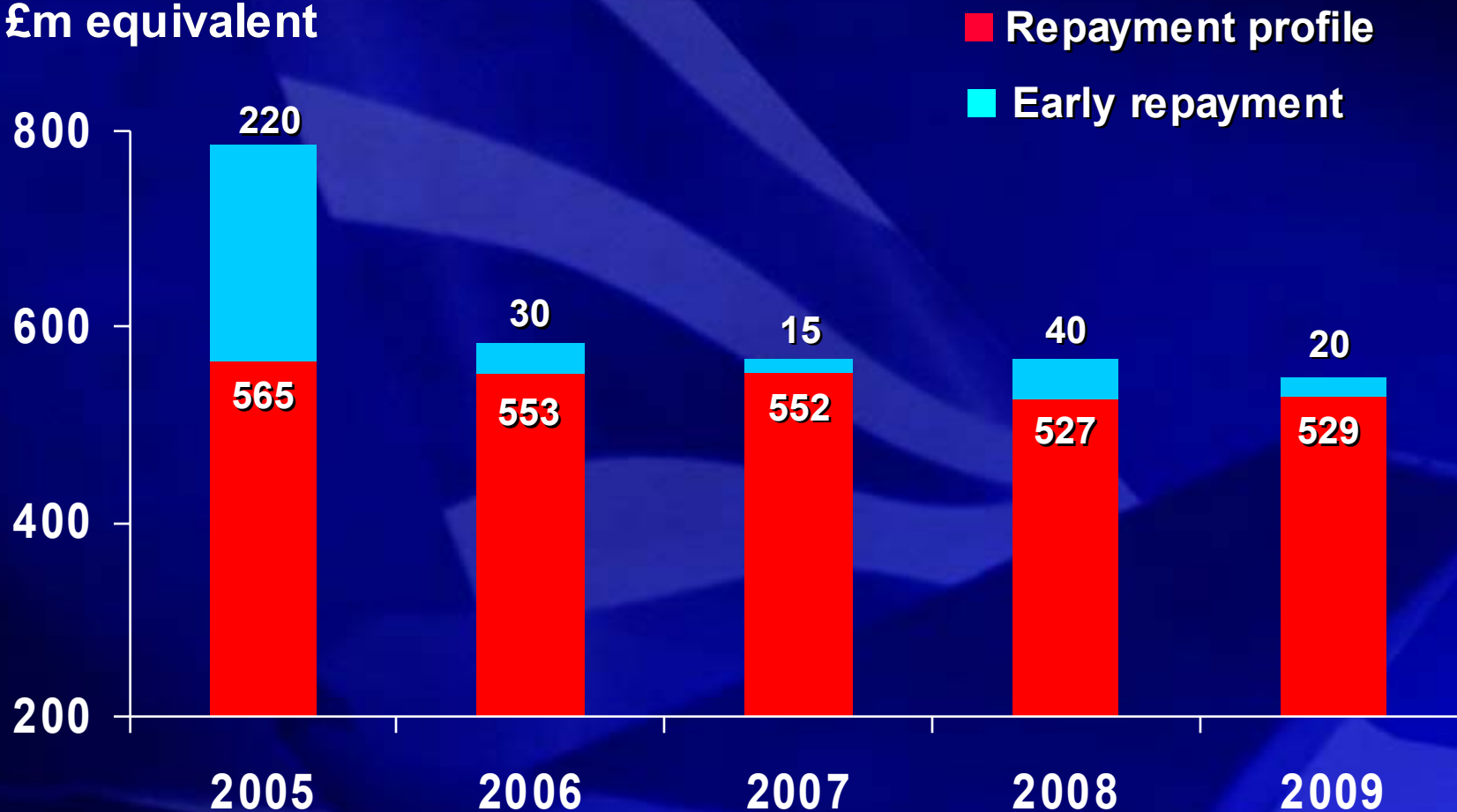


Gearing down 12pts



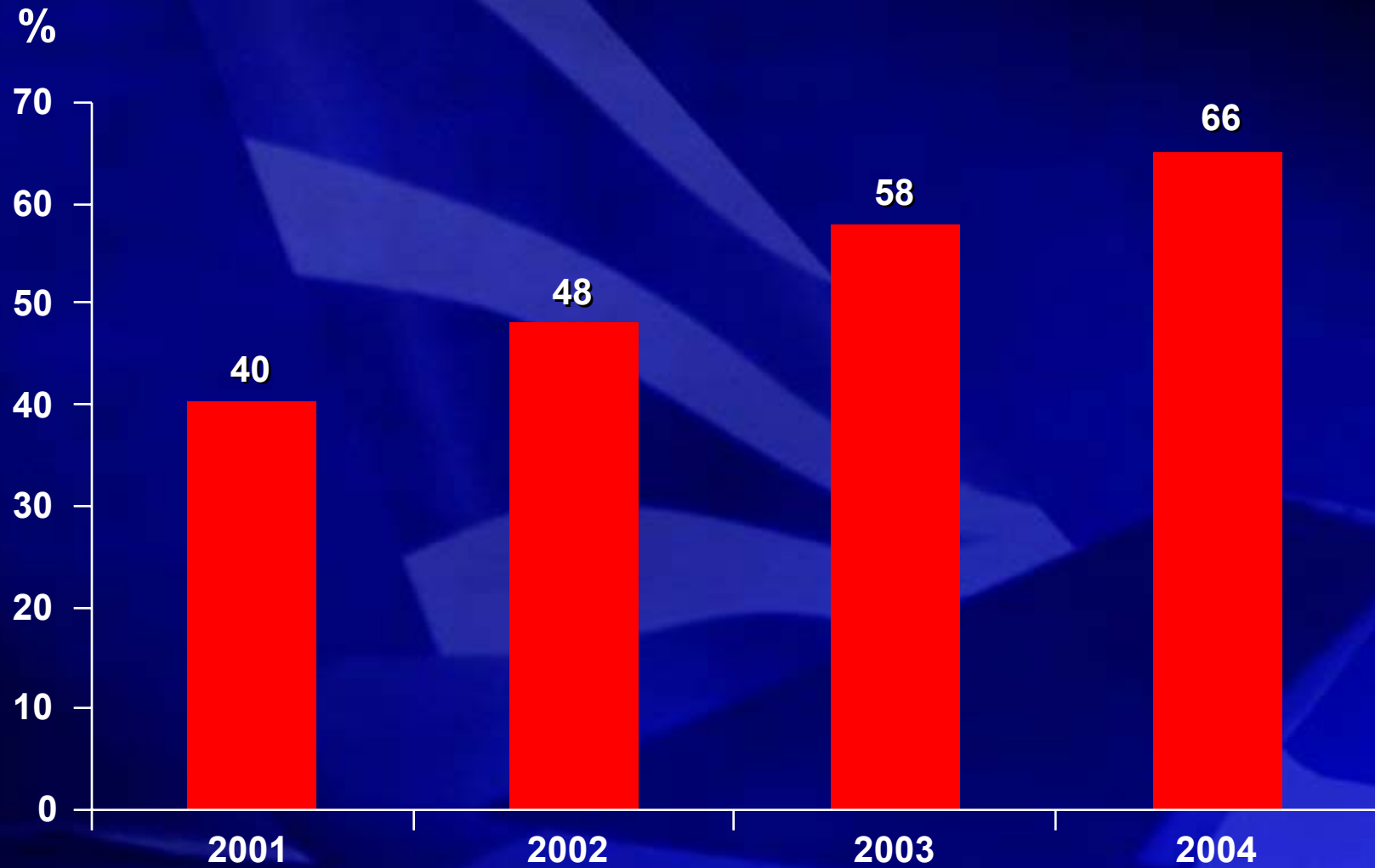
Debt repayment profile

£m equivalent



Year ended March 31

Our fixed interest ratio



Year ended March 31

BA delivers

- Profitable in Q4
- Operating margin up 1.6 pts to 5.4%
- Net debt lowest since Dec 1997
- Capex down
- Disposals target met
- £2 billion liquidity



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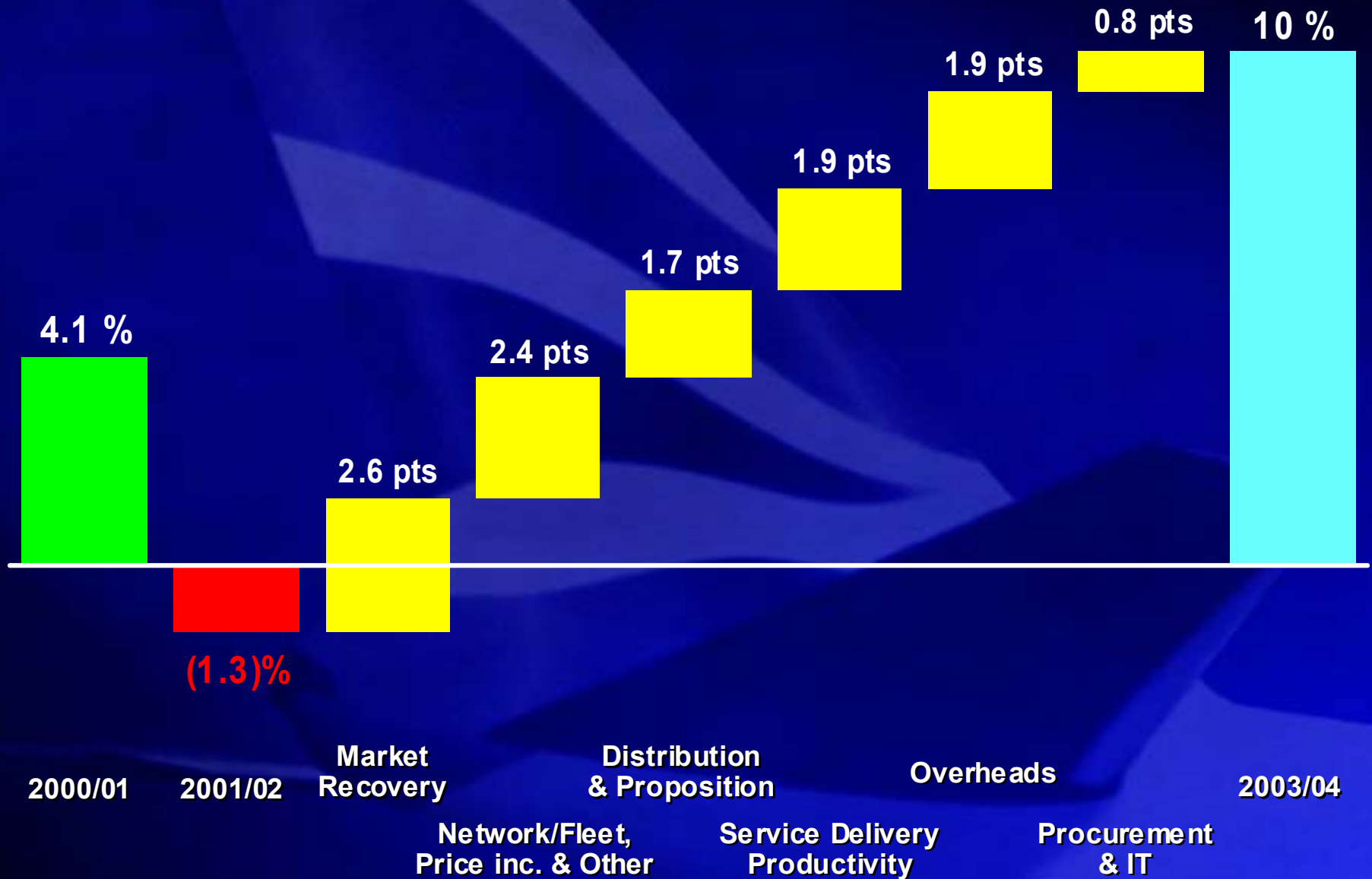
Rod Eddington

Chief Executive Officer

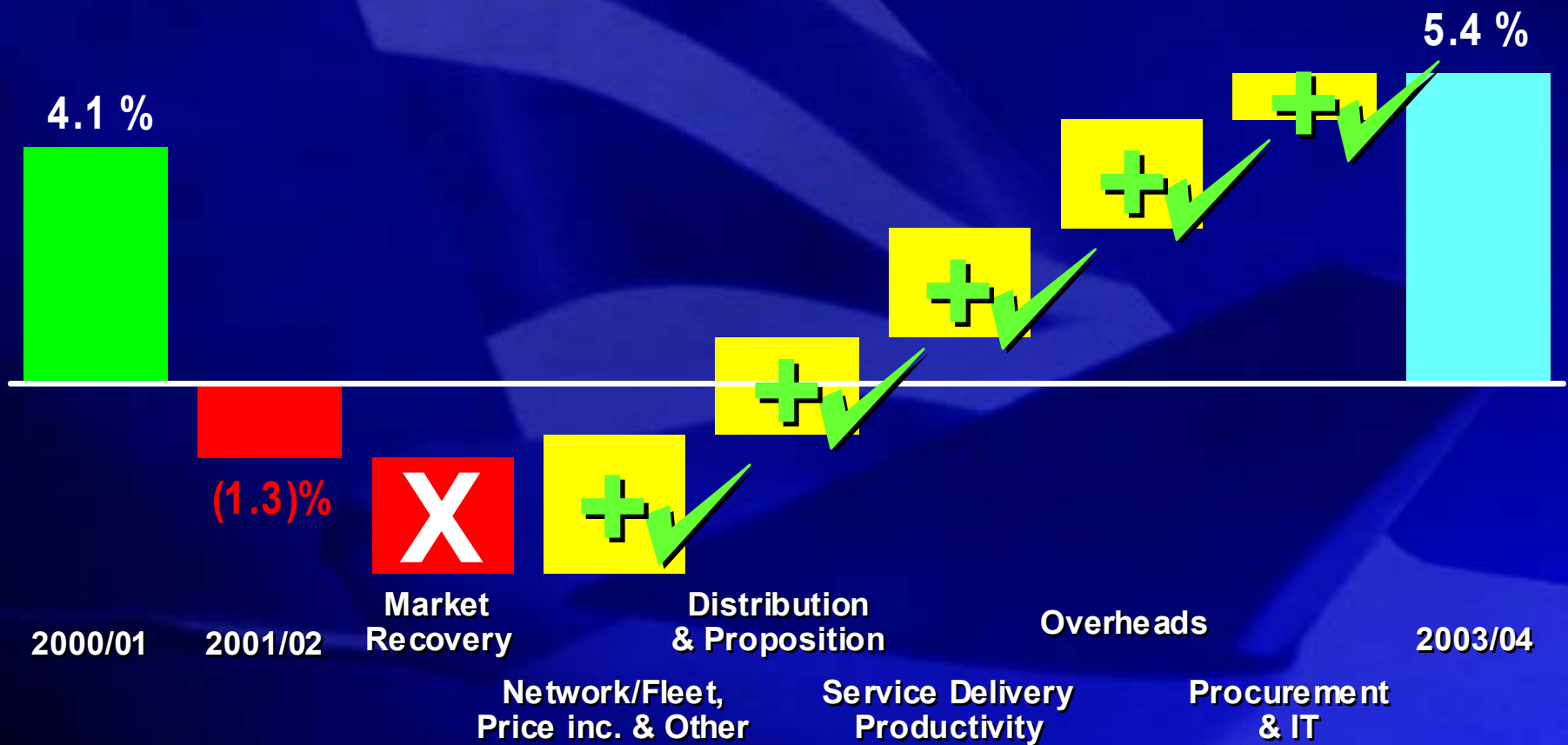
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Future Size & Shape



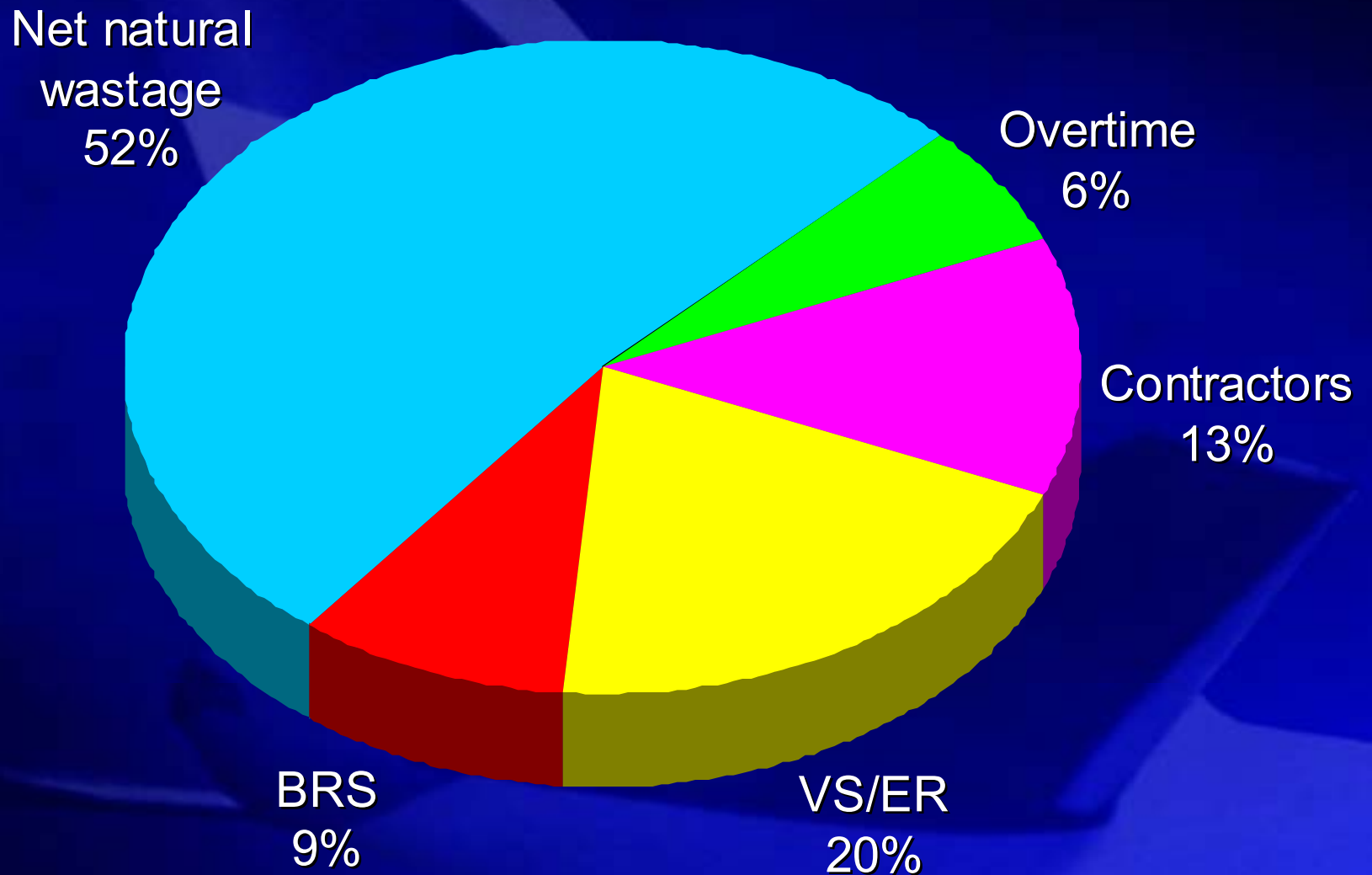
Future Size & Shape



Future Size & Shape targets

	<u>Target</u>	<u>Achieved</u>
<u>MPEs</u>		
Manpower reductions	13,000	13,082
<u>£m</u>		
Manpower cost savings	450	481
Distribution cost savings	100	257
Procurement / IT savings	100	130
Total	<u>650</u>	<u>869</u>
Disposals	900	939

Manpower - down 13,082



Distribution - £257m

- Restructuring agent remuneration
- Reducing credit card costs
- Channel shift
- e-ticket

Procurement - £130m

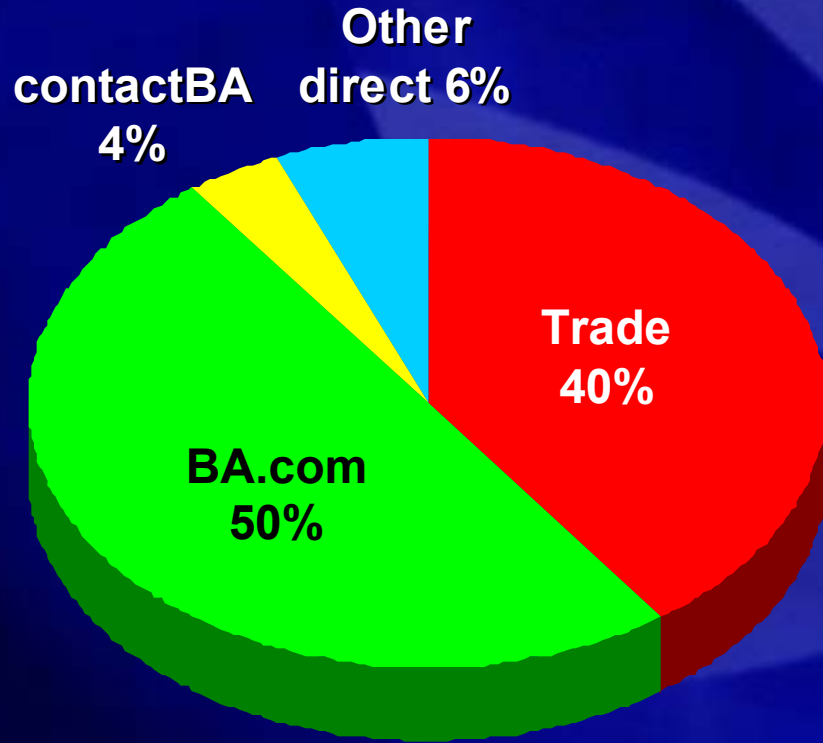
- Price
- Quantity
- Specification

... a step change in company behaviour

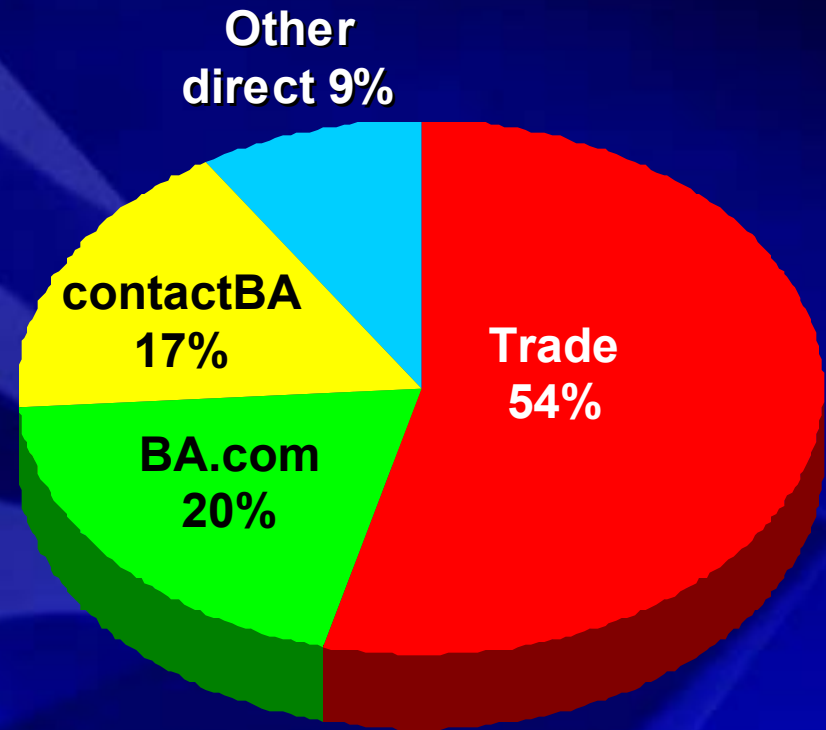
Shorthaul restructuring

- On line booking
- Aircraft utilisation
- Network
- Advertising

On line booking



March 2004



April 2002

Utilisation up 11.2%



Advertising

Manchester return from

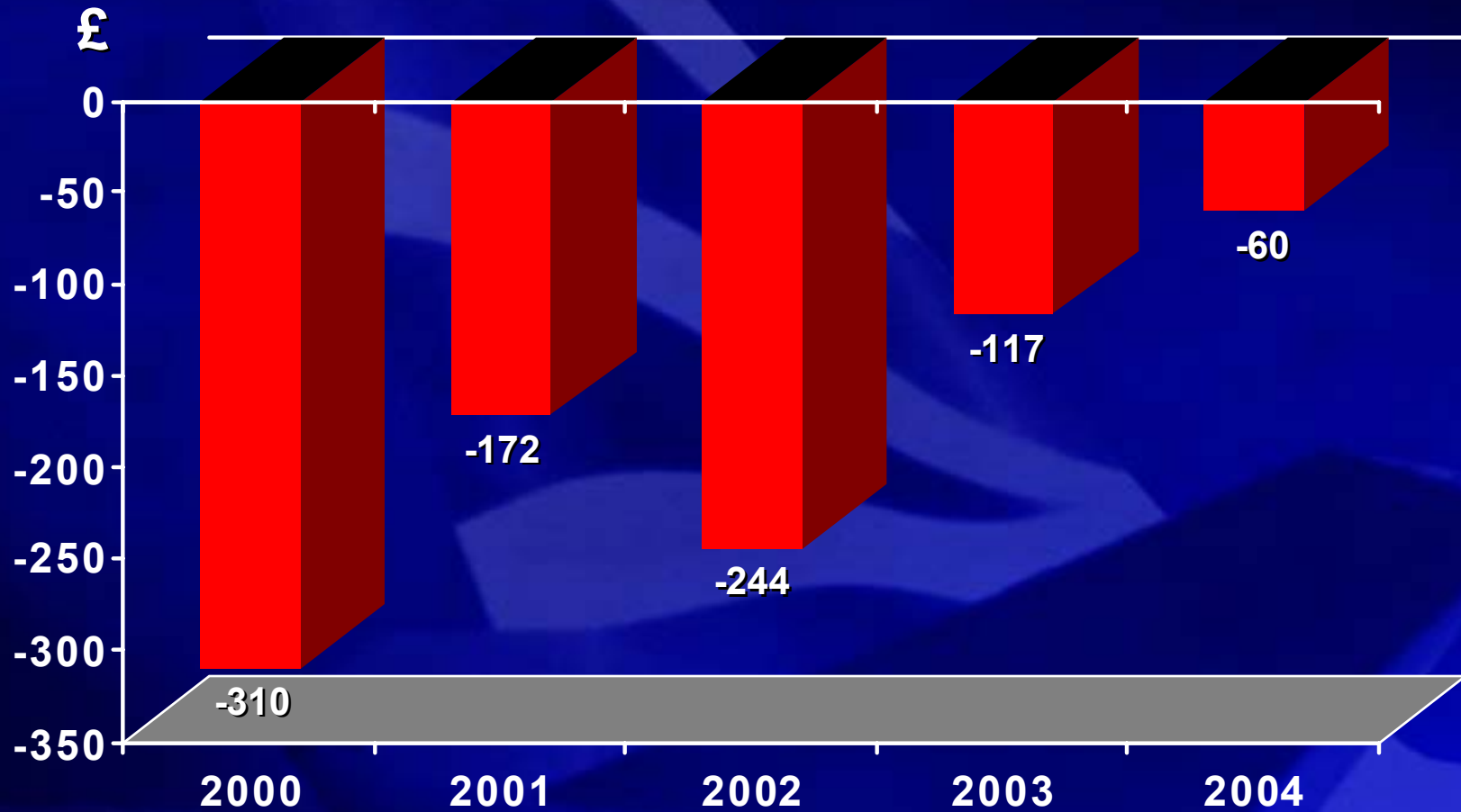
Have you seen how small our prices are?

For more flights from Edinburgh book early at ba.com

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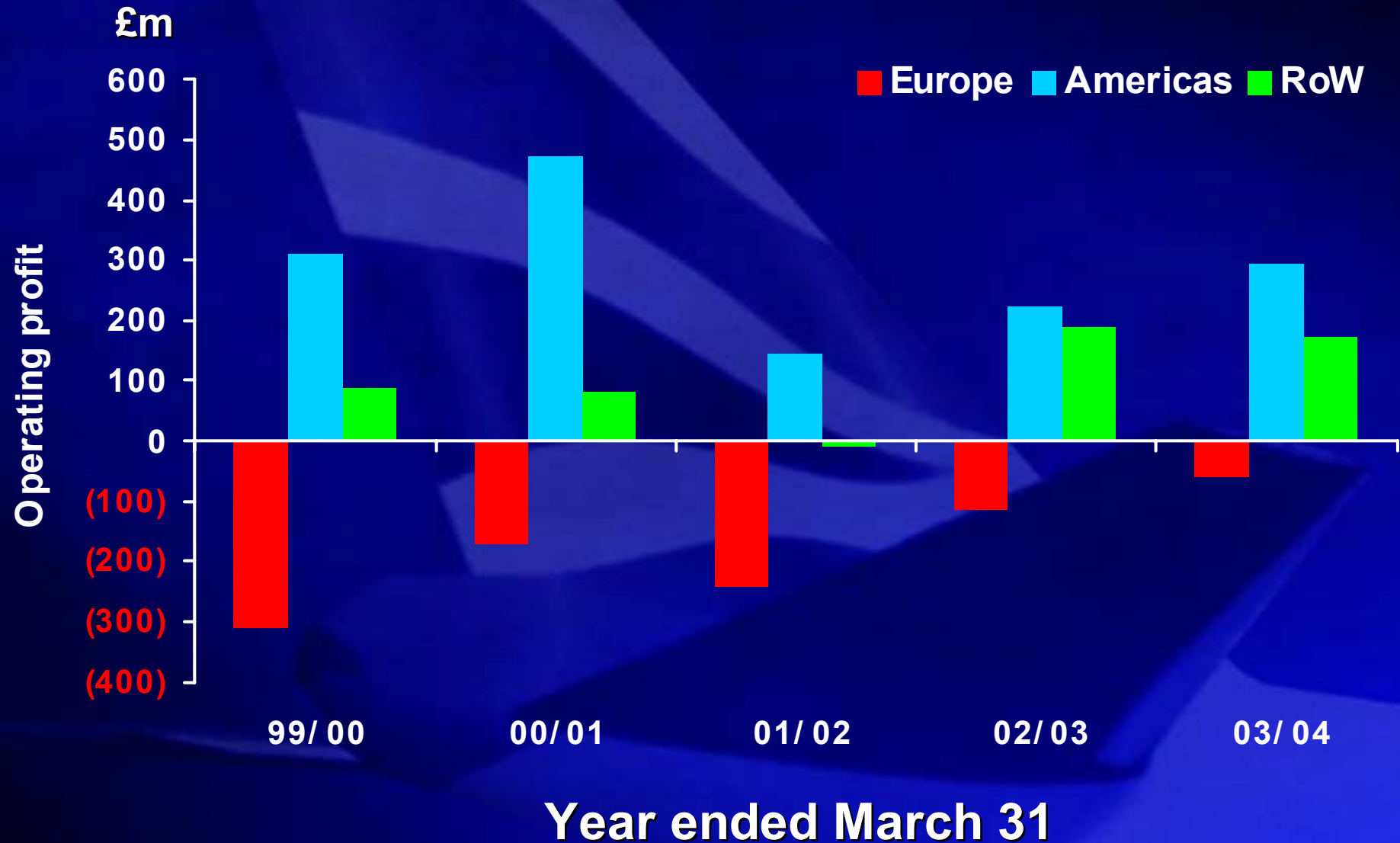


Shorthaul profitability



Year ended March 31

Geographical Balance





Product investment

Business Traveller Awards 2003

Best Airline, Best First Class, Best Business Class,
Best Shorthaul, Best FFP

Skytrax Airline Awards 2004

Best International Business Class, Best European, Best Transatlantic



Revenue outlook

- Capacity up 2-3%
- Seat factor up
- Yield down
- Revenue up 2-3%

Cost outlook

- Cost headwinds
 - Pensions
 - Pay
 - Fuel
 - Volume related costs
 - Landing charges
- Cost initiatives
 - Procurement
 - ceBA
 - Employees

Summary

- Future Size and Shape delivered
- Good progress on shorthaul
- Business initiatives continue
- Outlook challenging
- 10% remains our goal



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Q & A



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