



BRITISH AIRWAYS

Interim Management Statement
Third Quarter Results
2009/10

Analysts' presentation
February 5, 2010

Disclaimer

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, discussions of the Company's Business Plan programs, 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 revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise 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 a material adverse effect on the future operations or results of an airline operating in the global economy.



Keith Williams
Chief Financial Officer

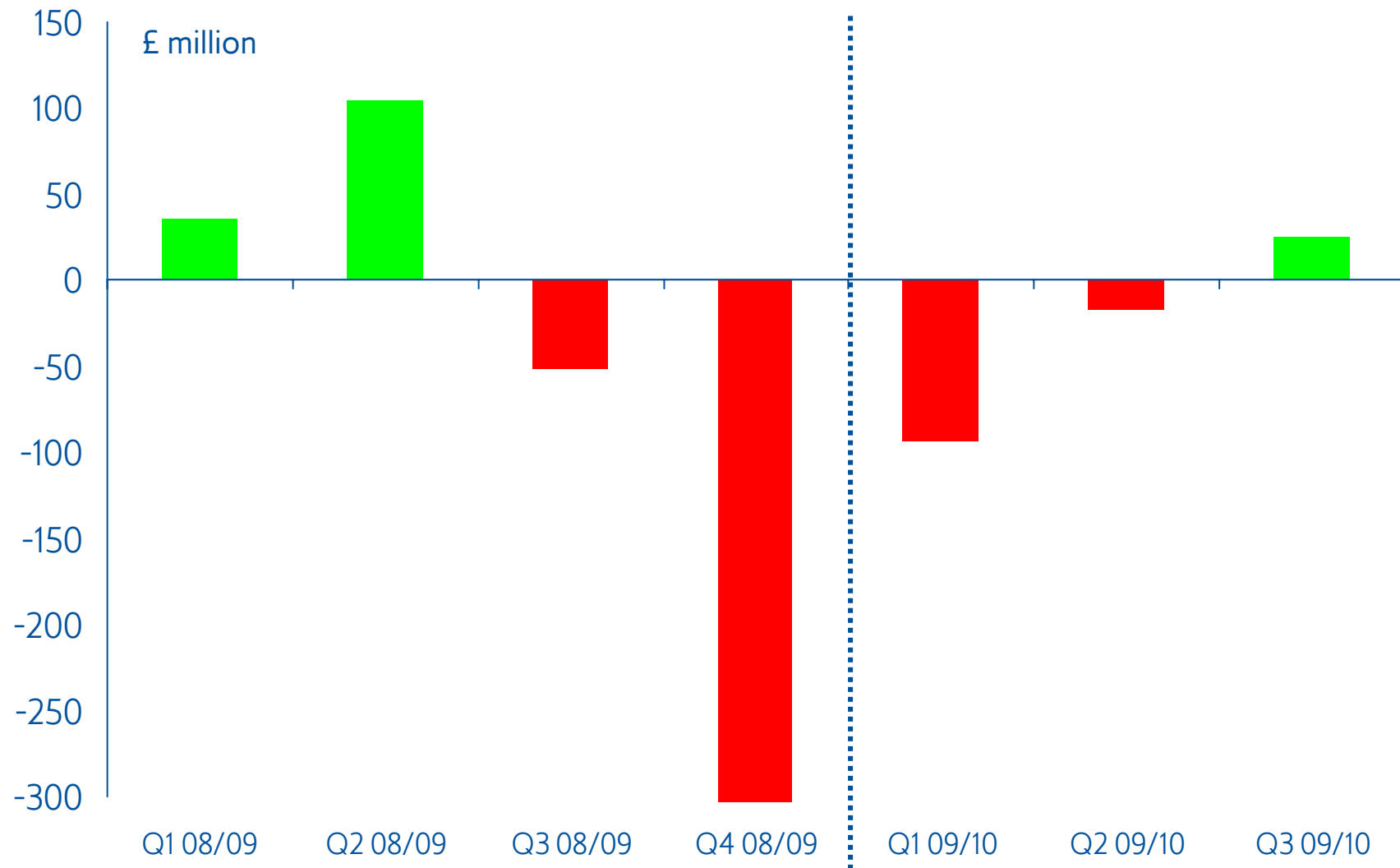


Third quarter progressing well versus targets.

- Reduce capacity down 5.6% vly
- Increase load factors up 1.9 pts
- Improve yield performance down 8.8% vly
- Improve unit costs down 9.7% vly
- Improve liquidity at 31/12/2009 £4 billion
- Reduce capital expenditure £525 million fcst



...and driving positive operating result



Headline numbers – third quarter

	Oct-Dec £m	Better/ (worse) vly
Turnover	2,038	(11.1)%
Fuel costs	585	22.0%
Non fuel costs (note)	1,428	10.4%
Operating profit	25	nm
Operating margin	1.2%	3.4pts
EBITDAR	253	48.0%
Pre-tax loss	(50)	59.0%

Note: includes restructuring of £14 million

Period ended December 31, 2009



Headline numbers – nine months

	Apr-Dec £m	Better/ (worse) vly
Turnover	6,140	(12.9)%
Fuel costs	1,813	19.2%
Non fuel costs (note)	4,413	6.4%
Operating loss	(86)	nm
Operating margin	(1.4)%	(2.7)pts
EBITDAR	570	(23.5)%
Pre-tax loss	(342)	nm

Note: includes restructuring of £62 million

Period ended December 31, 2009



Revenue split for the nine months

Apr - Dec	£m	vly
Passenger	5,357	(13.0)%
Cargo	402	(25.1)%
Other	381	9.2%
	<u>6,140</u>	<u>(12.9)%</u>

Period ended December 31, 2009



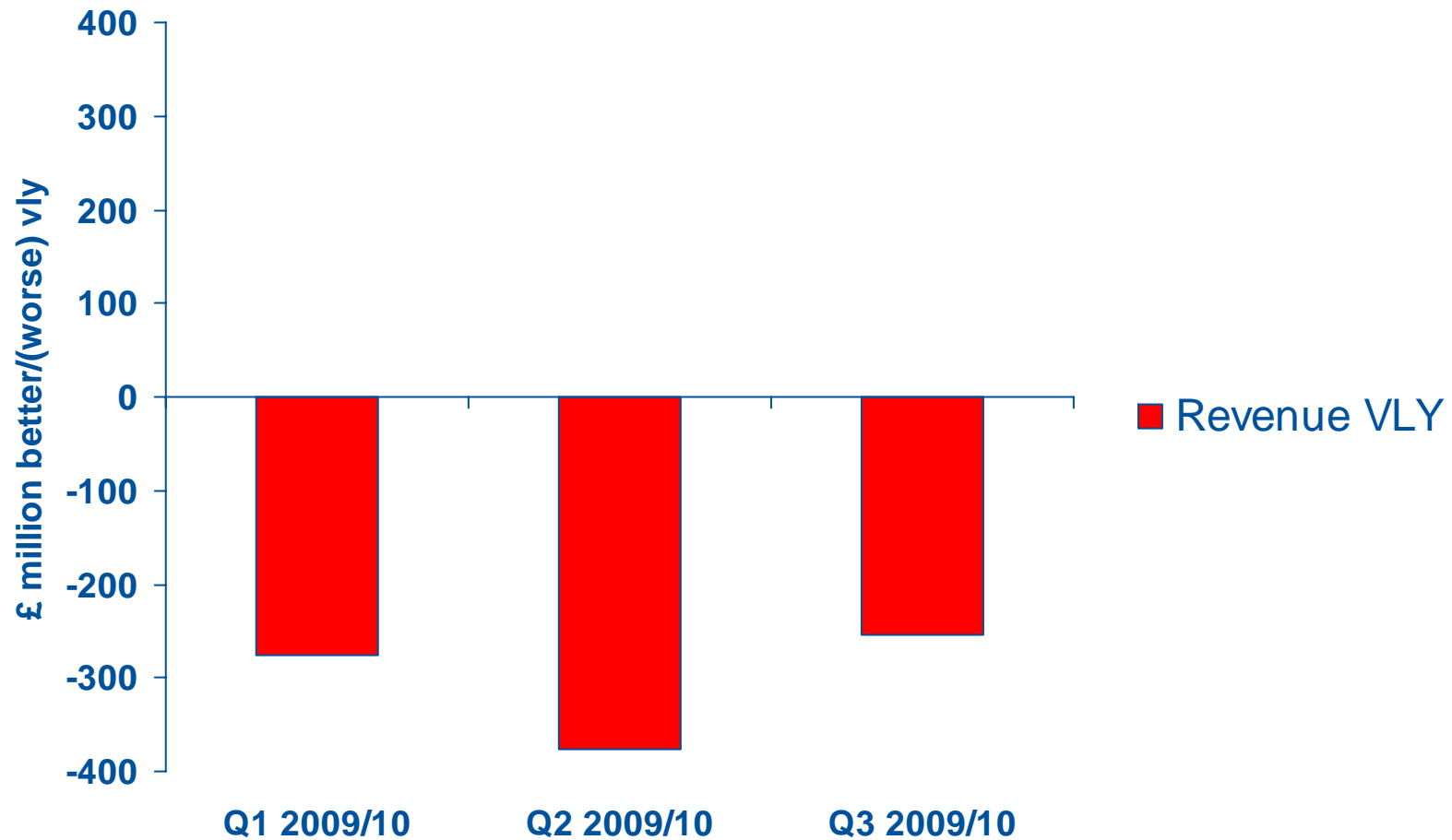
Revenue showing slow improvement...

Oct - Dec	£m	vly
Passenger	1,764	(11.8)%
Cargo	151	(13.2)%
Other	123	5.1%
	<u>2,038</u>	<u>(11.1)%</u>

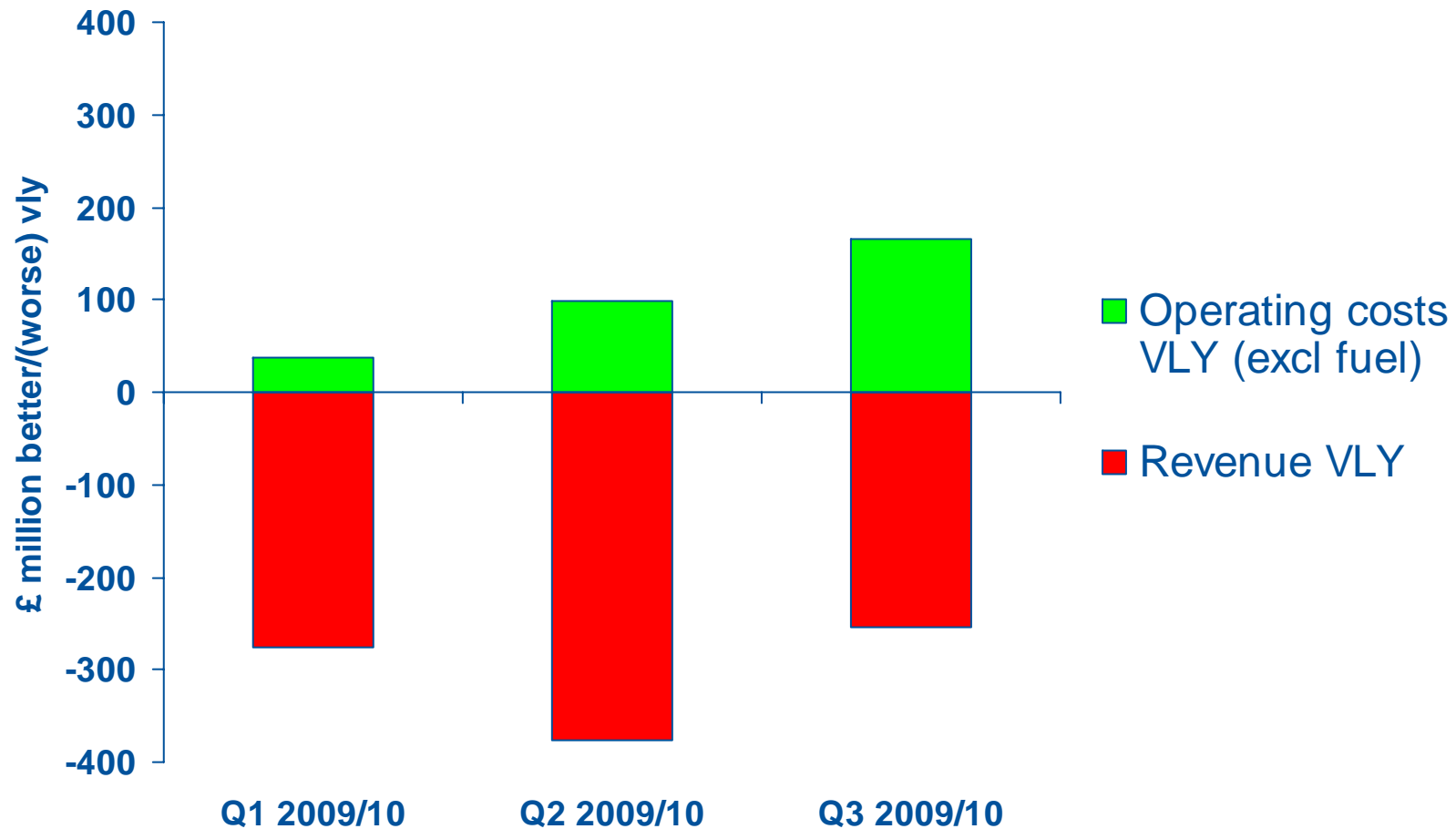
Period ended December 31, 2009



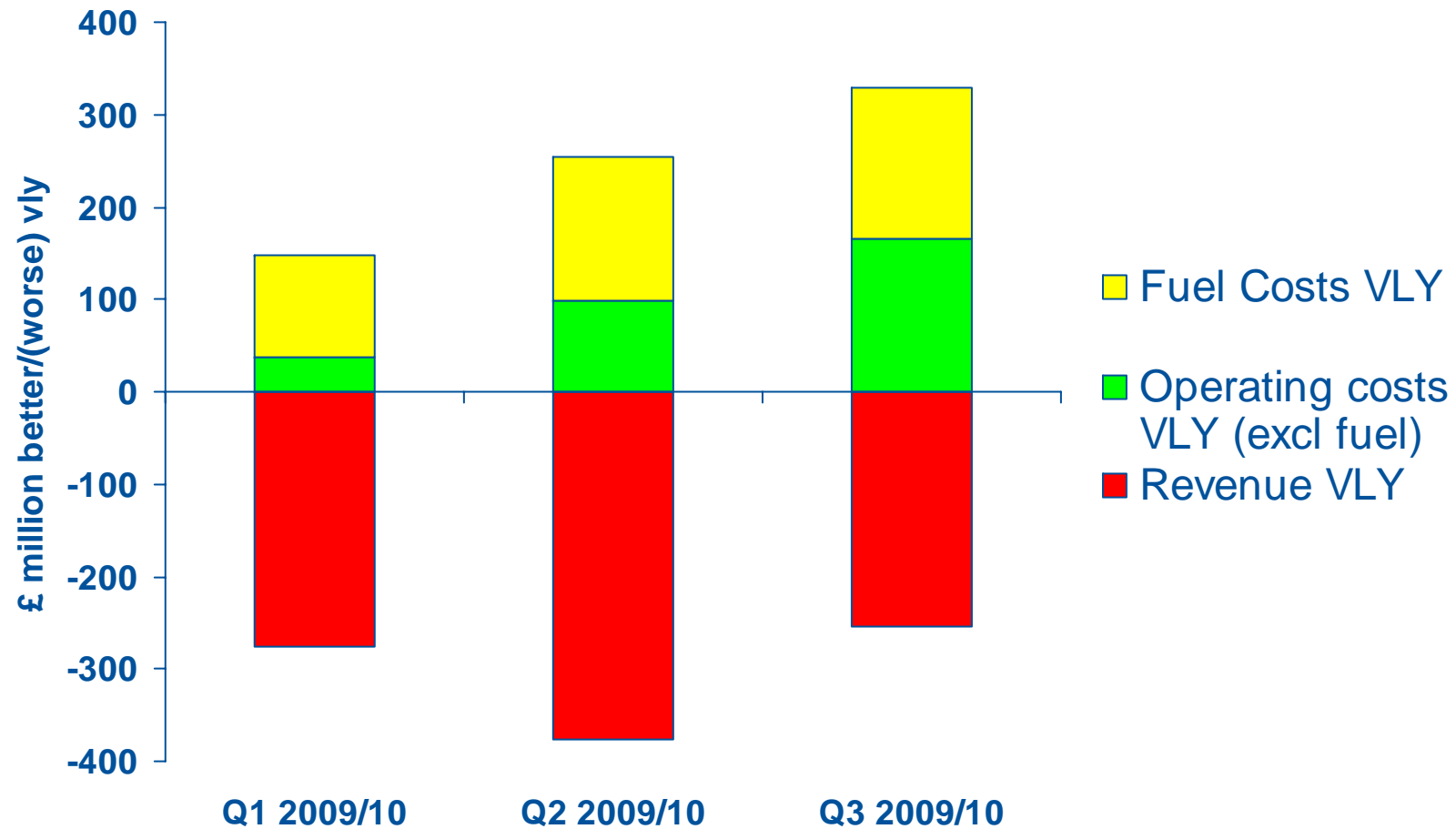
Revenue not yet driving results improvement



A "cost driven recovery" from controllable costs



...and from fuel cost decline.



Nine month cost headlines

- More than twelve months of structural change
 - Management reductions, Terminal 5 changes, engineering productivity, overseas functions, supplier costs, commission changes, pilot pay and productivity, crew complement change
- MPE down 11.2% year on year
- Unit costs improved by 6.7% (as reported)



First 9 months costs

9 months April to December 2009	£m	% vly	
Employee costs	1,523	8.5	down
Restructuring	62	nm	
Engineering & other aircraft	372	7.0	down
Landing & en route charges	467	2.6	up
Handling, catering etc	772	1.4	up
Selling costs	210	24.7	down
Other costs (inc. retranslation)	1,007	8.9	down
TOTAL COSTS (excl. fuel)	4,413	6.4	down
Fuel & oil	1,813	19.2	down
REPORTED TOTAL COSTS	6,226	10.5	down

Period ended December 31, 2009



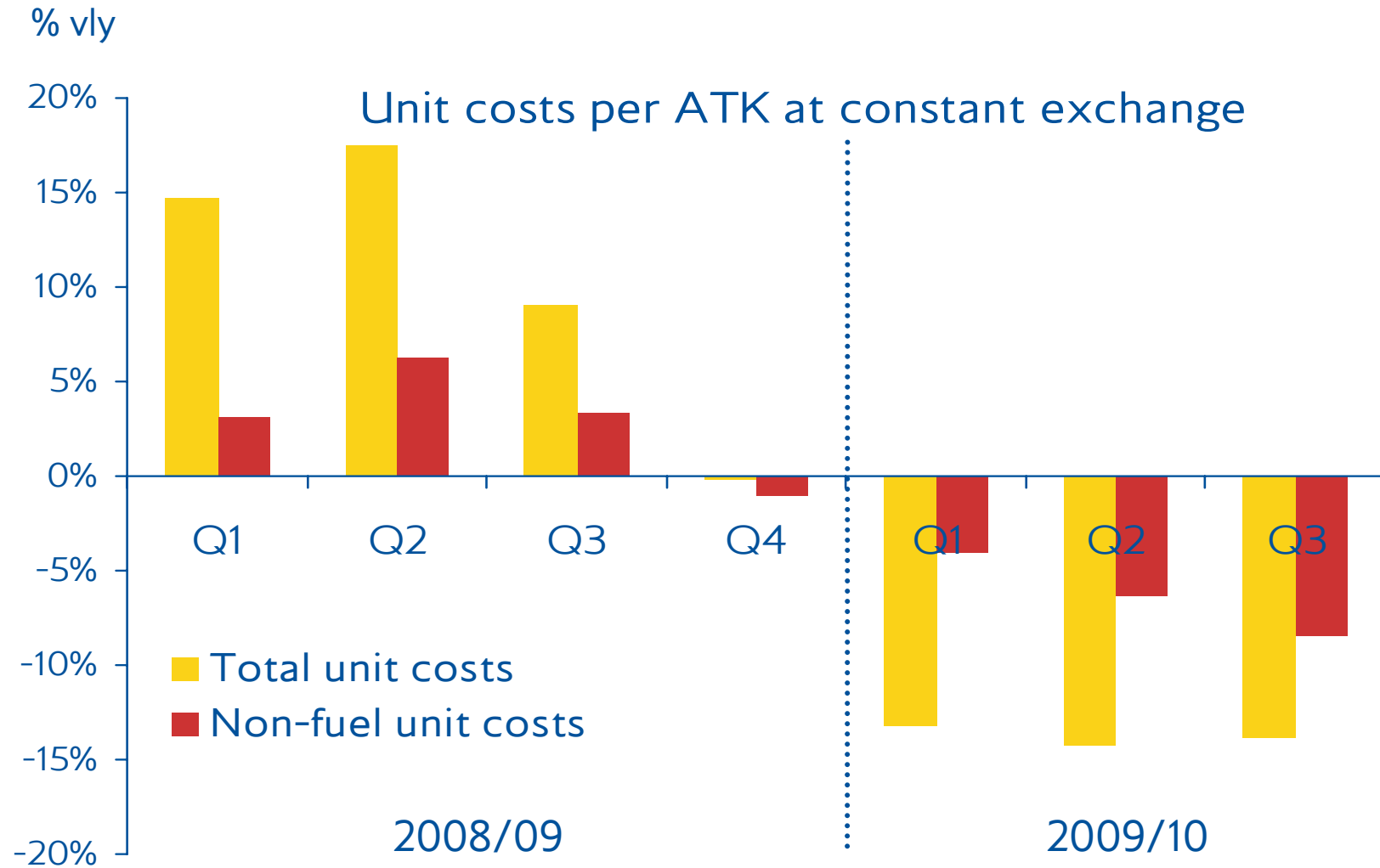
Q3 costs show continued improvement

3 months October to December 2009	£m	% vly	
Employee costs	492	10.2	down
Restructuring	14	nm	
Engineering & other aircraft	125	19.9	down
Landing & en route charges	145	3.3	down
Handling, catering etc.	243	3.2	down
Selling costs	66	27.5	down
Other costs (inc. retranslation)	343	12.5	down
TOTAL COSTS (excl. fuel)	1,428	10.4	down
Fuel & oil	585	22.0	down
REPORTED TOTAL COSTS	2,013	14.1	down

Period ended December 31, 2009

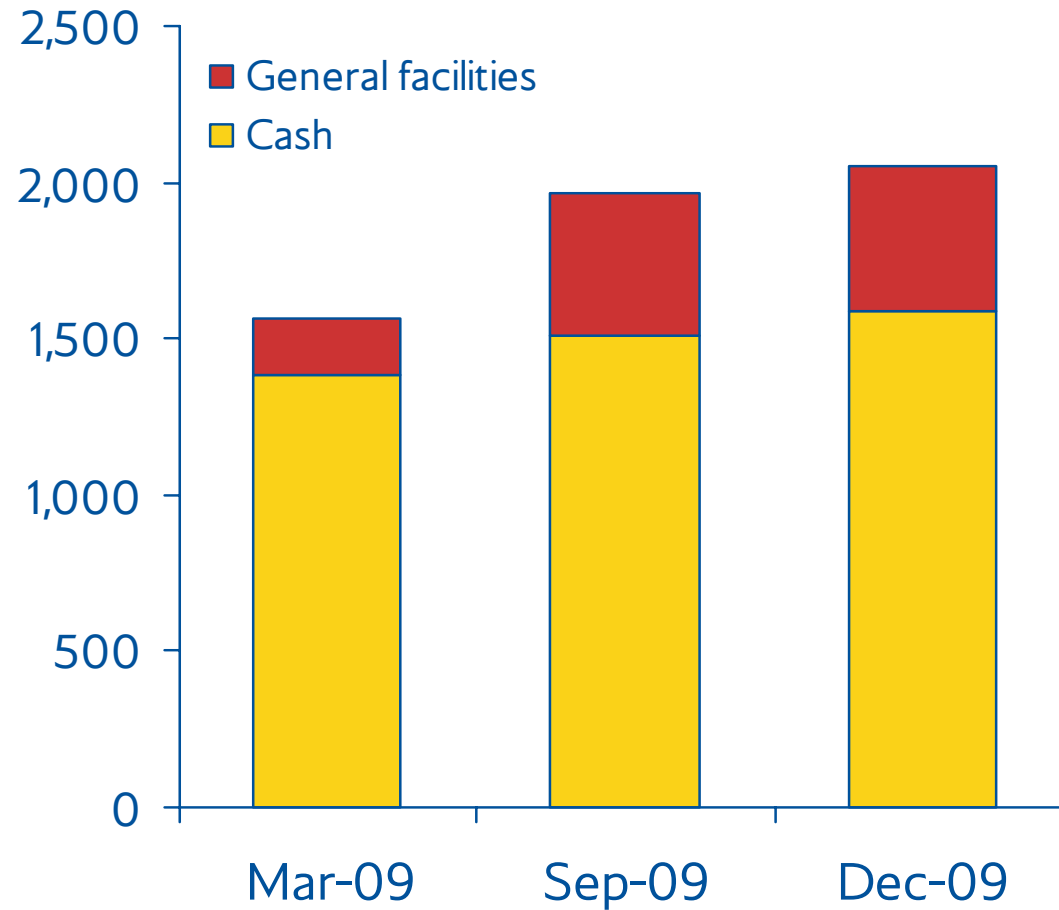


Non-fuel unit costs improving



Liquidity still strong

£m



Committed facilities of £2.4 billion take total liquidity to £4 billion

Facility	Amount	Available To
Multi Option Facility	\$974m	June 2013
Airbus A380 Backstop	\$966m	September 2016
Boeing 787 Backstop	\$508m	September 2016
Airbus A320 Backstop	\$190m	October 2010
Embraer Facility	\$147m	December 2012
General Purpose	\$750m	June 2012
Yen Facility	\$298m	January 2011

As at December 31, 2009

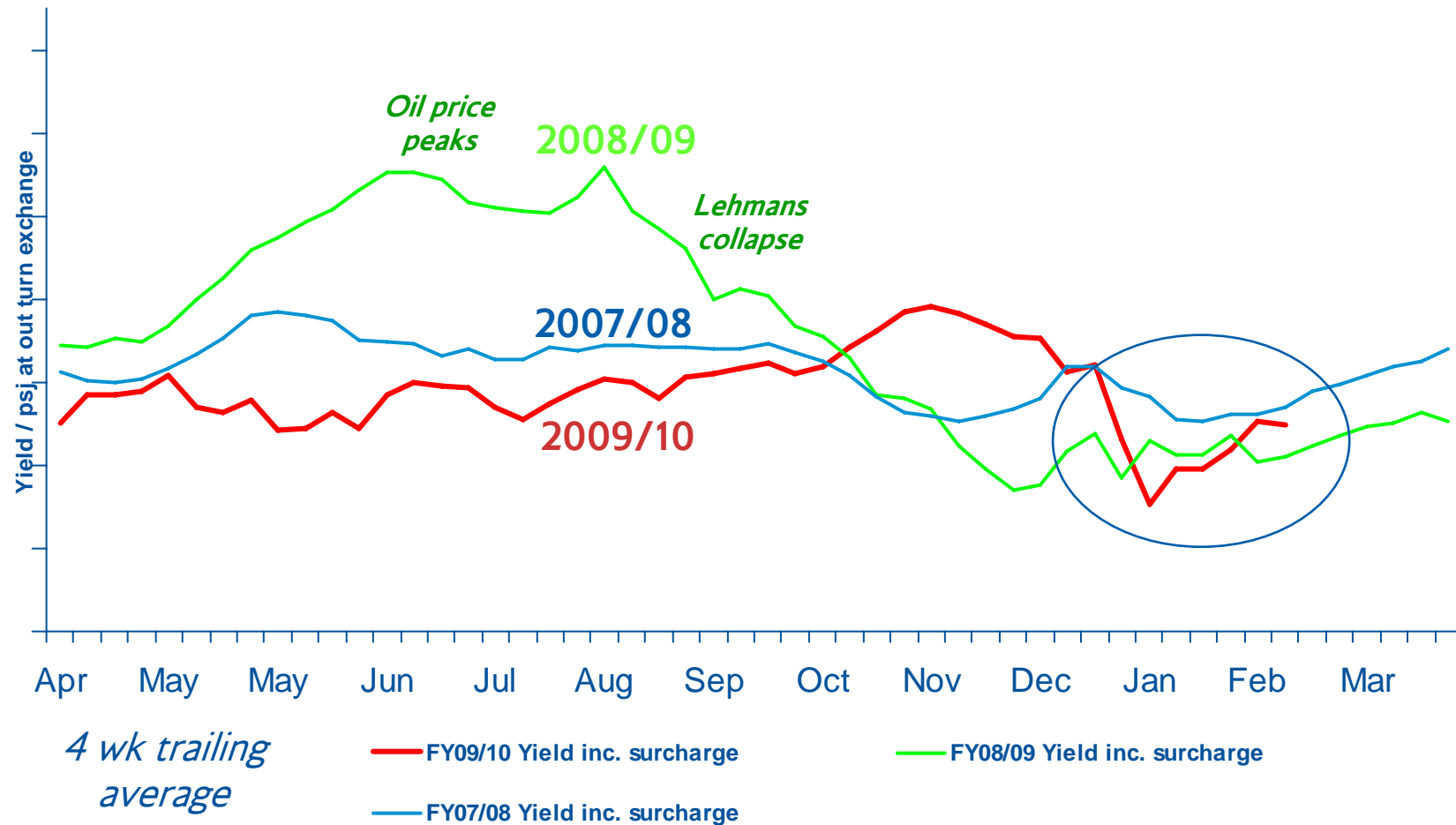


Slow revenue improvement continuing...

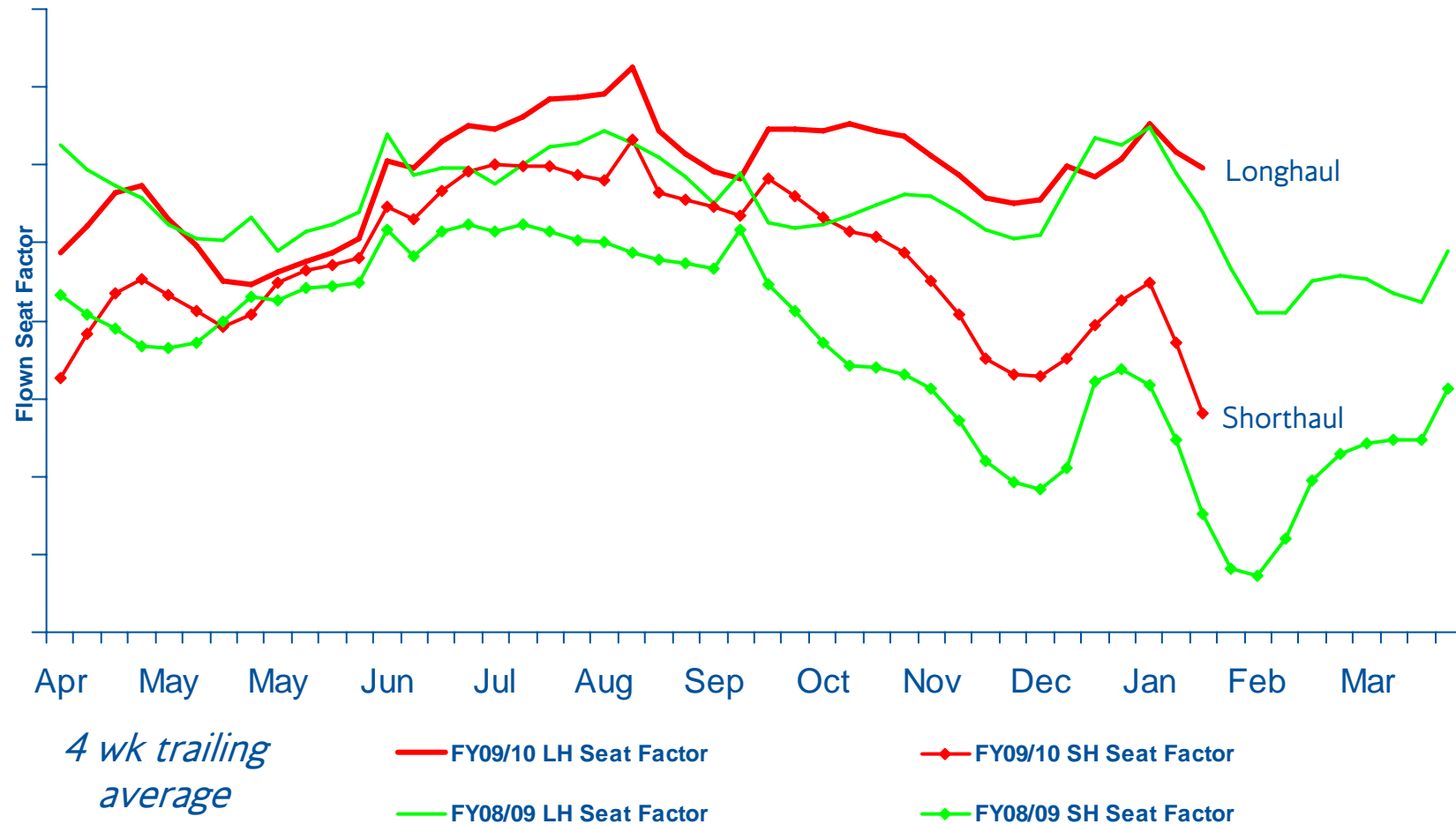
- Longhaul premium continuing to show yield recovery, volumes flat.
- Non-premium yields stable, volumes recovering
- Comparatives getting easier
- Exchange benefit disappears
- Some disruption in January
- Cargo building on improvements seen in third quarter



Average overall yield still improving



Seat Factors ahead of last year



Fuel bill likely to be around £2.4 billion

Hedging Cover	Q4 09/10	FY 10/11
Cover %	76	50
Cover % at Q2 Results	67	40



Non fuel cost delivery

- Investor day target was £220m reduction in non-fuel costs (excluding restructuring) FY 2009/10
- At the end of Q3 delivery of £300m
- Q4 savings expected to add a further £50m



Summary

- Year on year improvements in operating result likely to be similar in Quarter 4
- Cost-driven improvement in operating result
- Further slow improvement in revenue
- Still heading for significant losses
- Strong cash and liquidity position



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