

**BRITISH AIRWAYS**



# BRITISH AIRWAYS

4th Quarter & Preliminary Results

2002/03

19th May 2003

# Lord Marshall

BRITISH AIRWAYS



# John Rishton

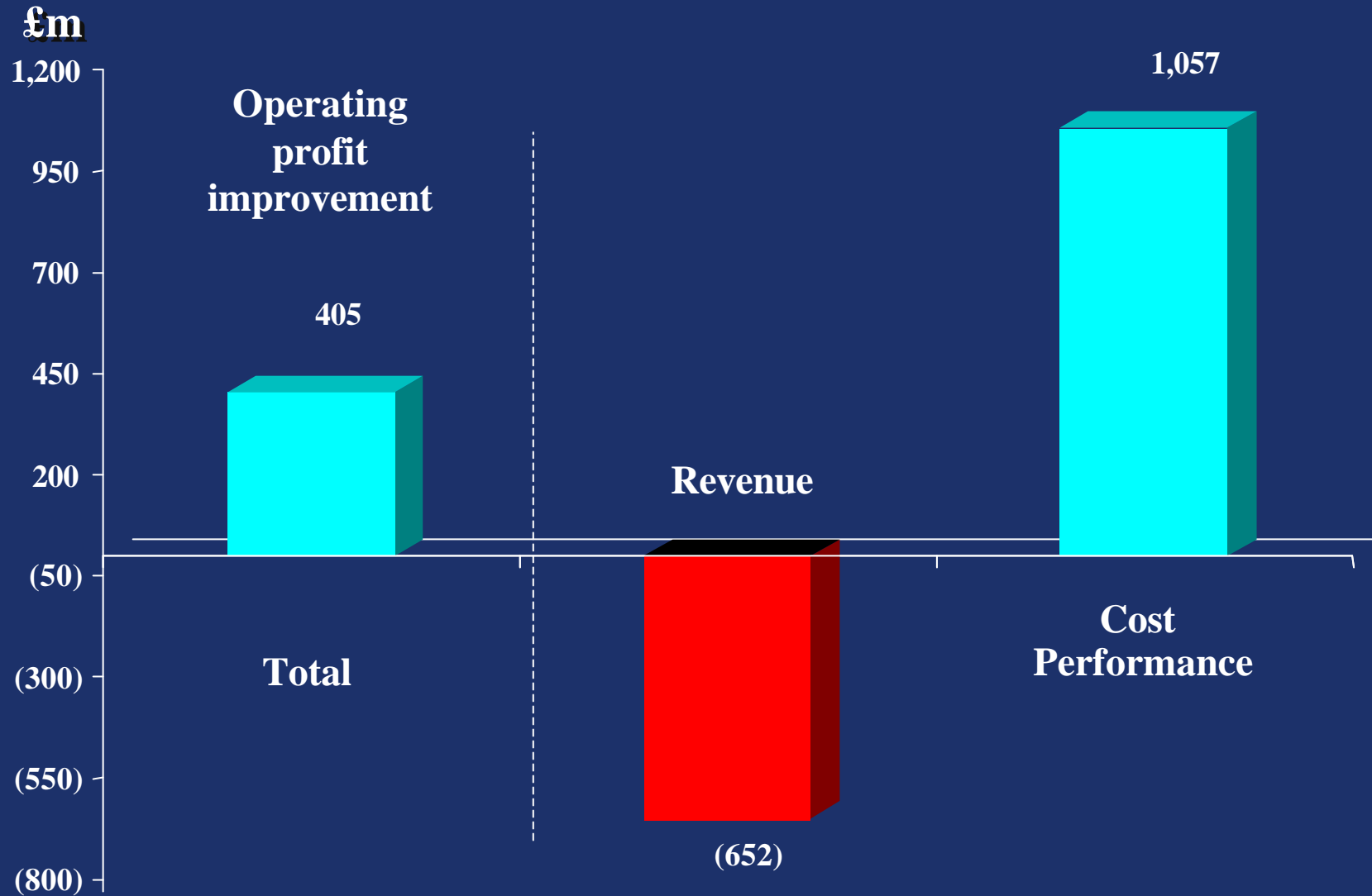
## Chief Financial Officer

# Headline numbers

Period ended March 31, 2003

	3 MTHS £m	VLY	12 MTHS £m	VLY
<b>Turnover</b>	1,675	(14)%	7,688	(8)%
<b>Operating (loss)/profit</b>	(164)	(119)	295	405
<b>Operating (loss)/profit excl exceptionals</b>	(80)	(115)	379	409
<b>Operating margin</b>	(9.8)	(7.5)pts	3.8	5.1pts
<b>EBITDAR</b>	233	(102)	1,425	297
<b>Pre-tax (loss)/profit</b>	(200)	(115)	135	335

# Full year cost savings exceed revenue decline



# Results by geographical area

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



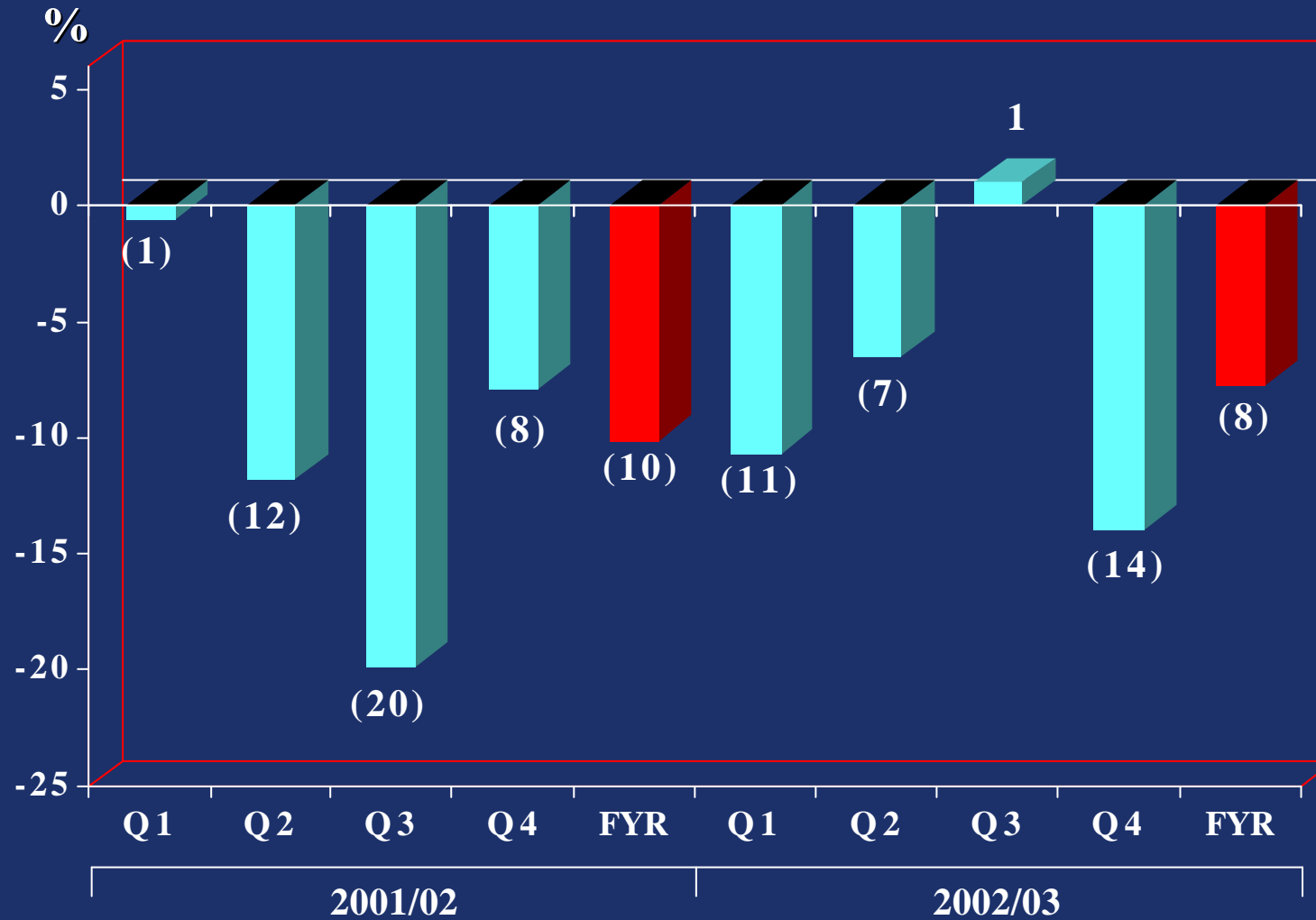
# Regional traffic/yield performance

Year ended 31 March, 2003

	Capacity (%)	ASKs (%vly)	Seat factor (pts vly)	Yield/RPK (%vly)
Europe	20	(11.4)	4.1	(4.7)
The Americas	46	(2.3)	0.6	(1.1)
Africa, Middle-East and India	18	(6.7)	(0.2)	2.6
Far East and Australasia	16	(15.7)	3.1	1.1
<b>Total</b>	<b>100</b>	<b>(7.9)</b>	<b>1.5</b>	<b>(1.3)</b>

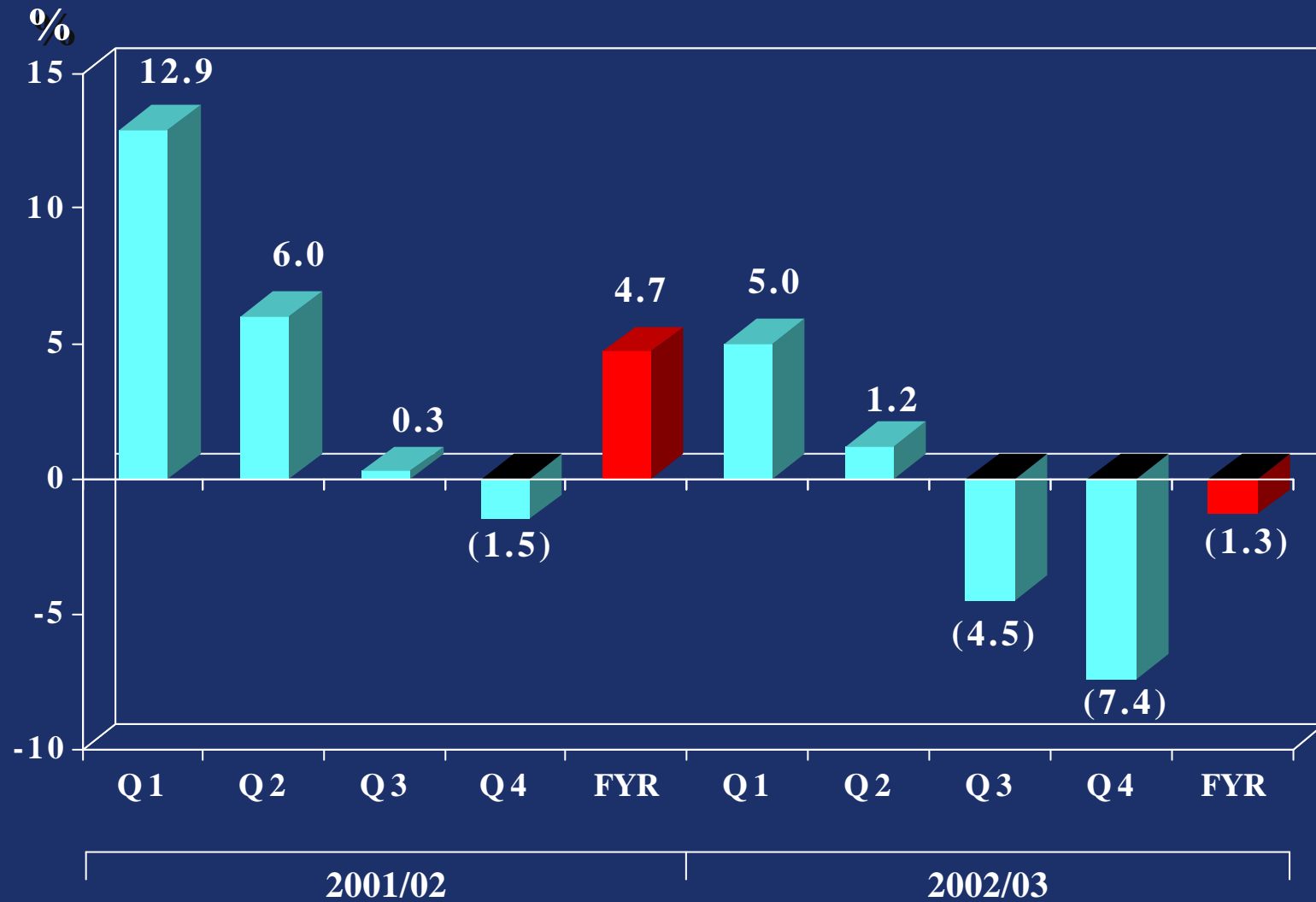
# Revenue declines

Group revenue, vly



# Yield per RPK weak

## Yield per RPK vly



# Seat factor also hit in Quarter 4

Passenger seat factor vly

% points



# Quarter 4 costs

- Capacity down 2.9%
- Net costs down 7.3%
- Unit costs reduced by 4.5%

**Excl FSAS restructuring and exceptionals**

# Net costs down 7.3%

	<u>£m</u>	<u>vly</u>
<b>Employee costs</b>	531	3% down
<b>Handling, catering etc</b>	224	16% down
<b>Selling costs</b>	127	35% down
<b>Engineering</b>	148	25% down
<b>Fuel &amp; oil</b>	206	11% up
<b>Other</b>	384	8% up
<b>NET OPERATING COST</b>	<u>1,620</u>	<u>7% down</u>

Excl FSAS restructuring and exceptionals

# Full year costs

- Capacity down 6.7%
- Net costs down 11.9%
- Unit costs reduced by 5.6%

Excl FSAS restructuring and exceptionals

# Net costs down 11.9%

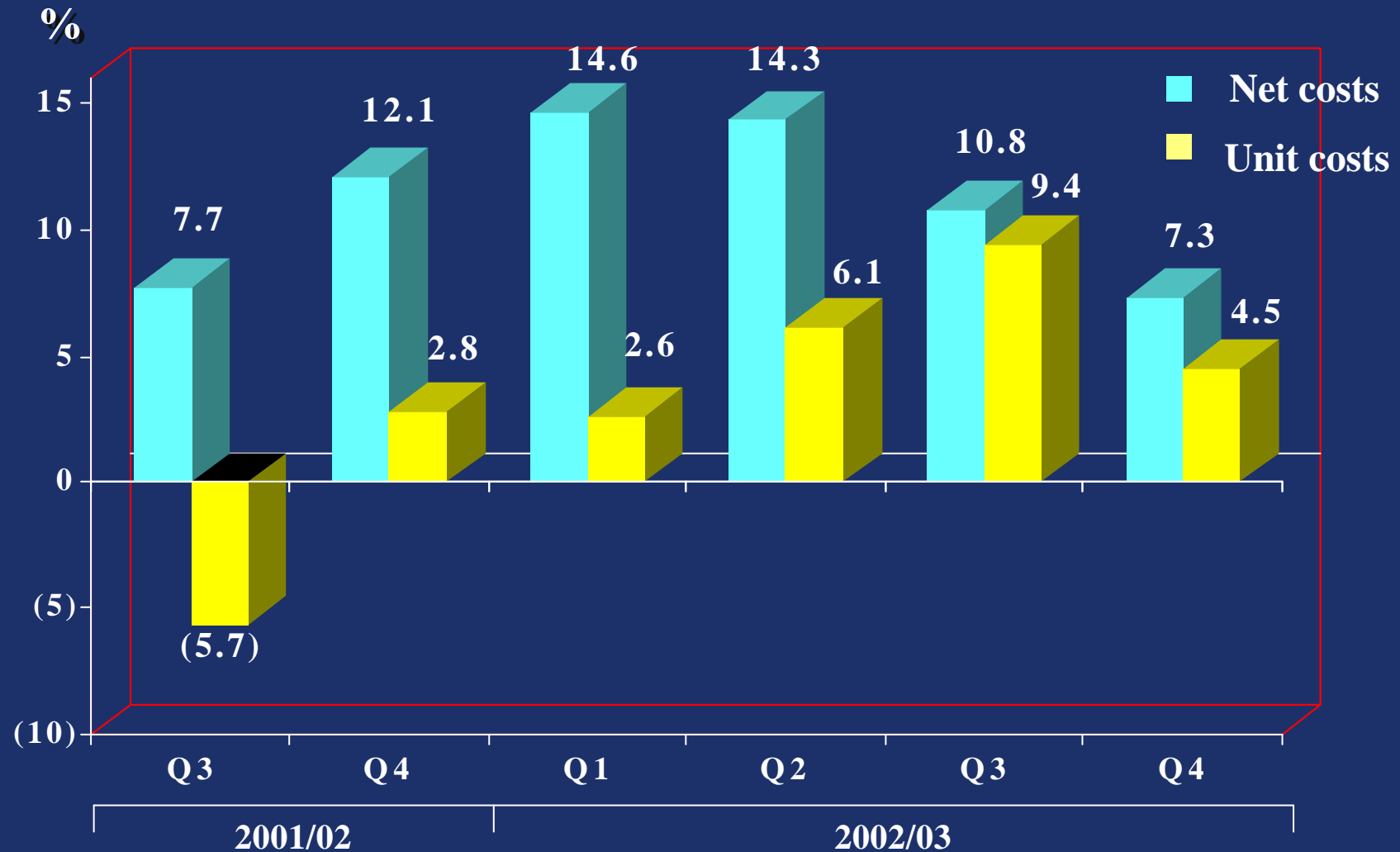
	<u>£m</u>	<u>vly</u>
<b>Employee costs</b>	2,107	10% down
<b>Handling, catering etc</b>	961	13% down
<b>Selling costs</b>	706	14% down
<b>Engineering</b>	566	16% down
<b>Fuel &amp; oil</b>	842	18% down
<b>Other</b>	1,513	8% down
<b>NET OPERATING COST</b>	<u>6,695</u>	<u>12% down</u>

Excl FSAS restructuring and exceptionals



# Strong cost performance continues

Cost reduction vly



Excl FSAS restructuring and exceptionals

# Productivity

ATKs per MPE vly



# Liquidity remains strong

**March 2003**

**£bn**

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**Cash**

1.7

**Facilities**

0.4

**Realisable assets**

1.9

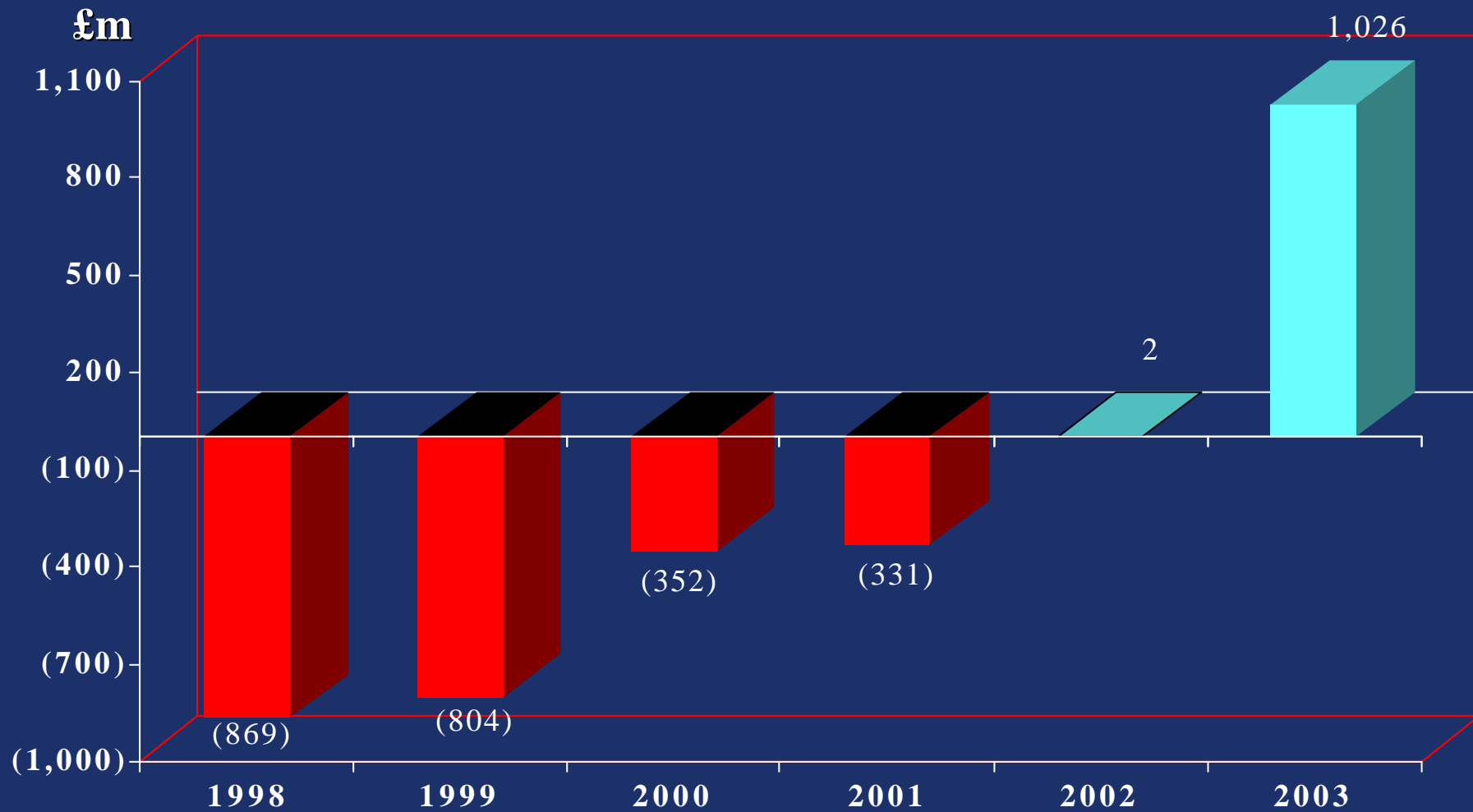
**Total liquidity**

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4.0

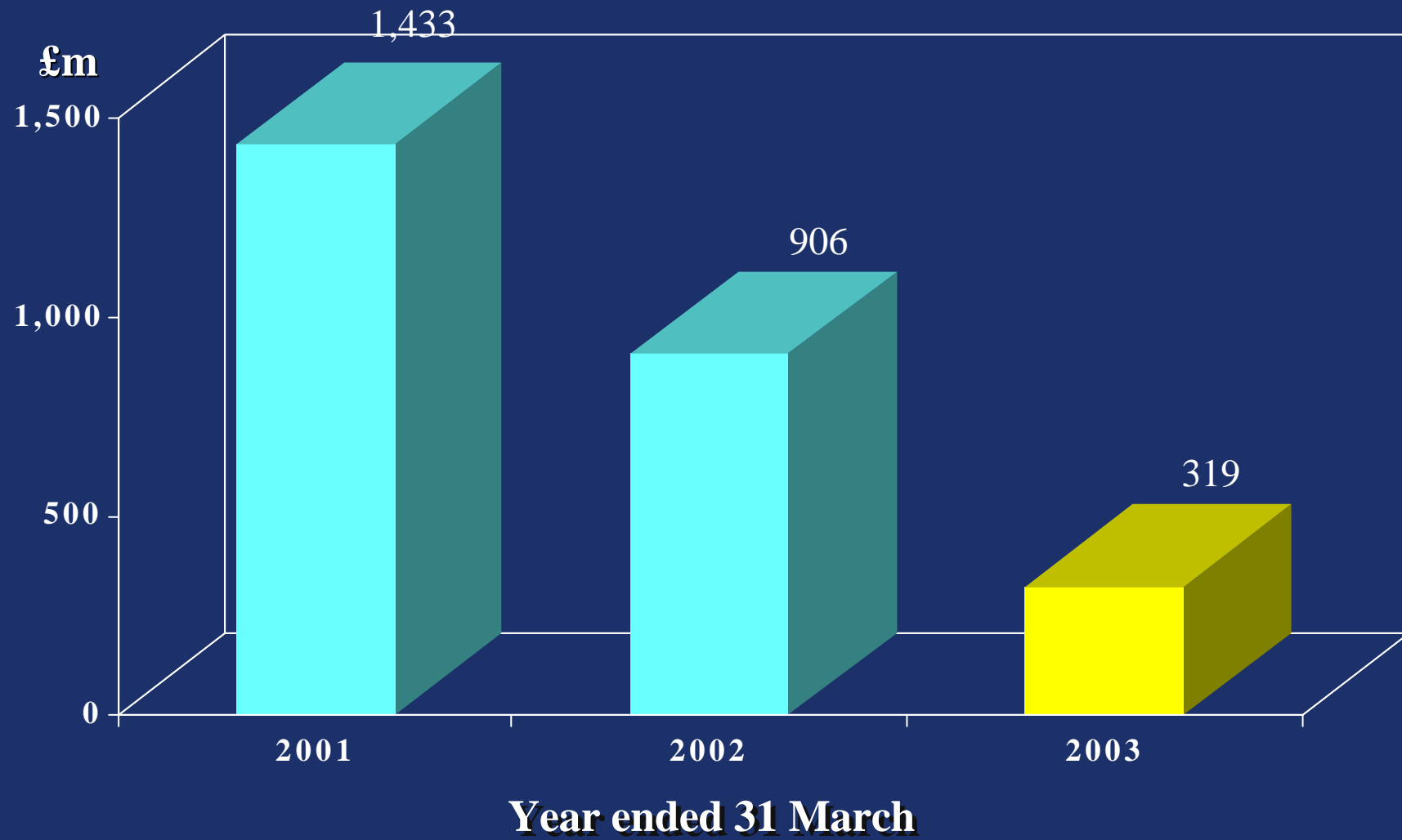
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# Cashflow before borrowings



**Year ended 31 March**

# Capital Expenditure down

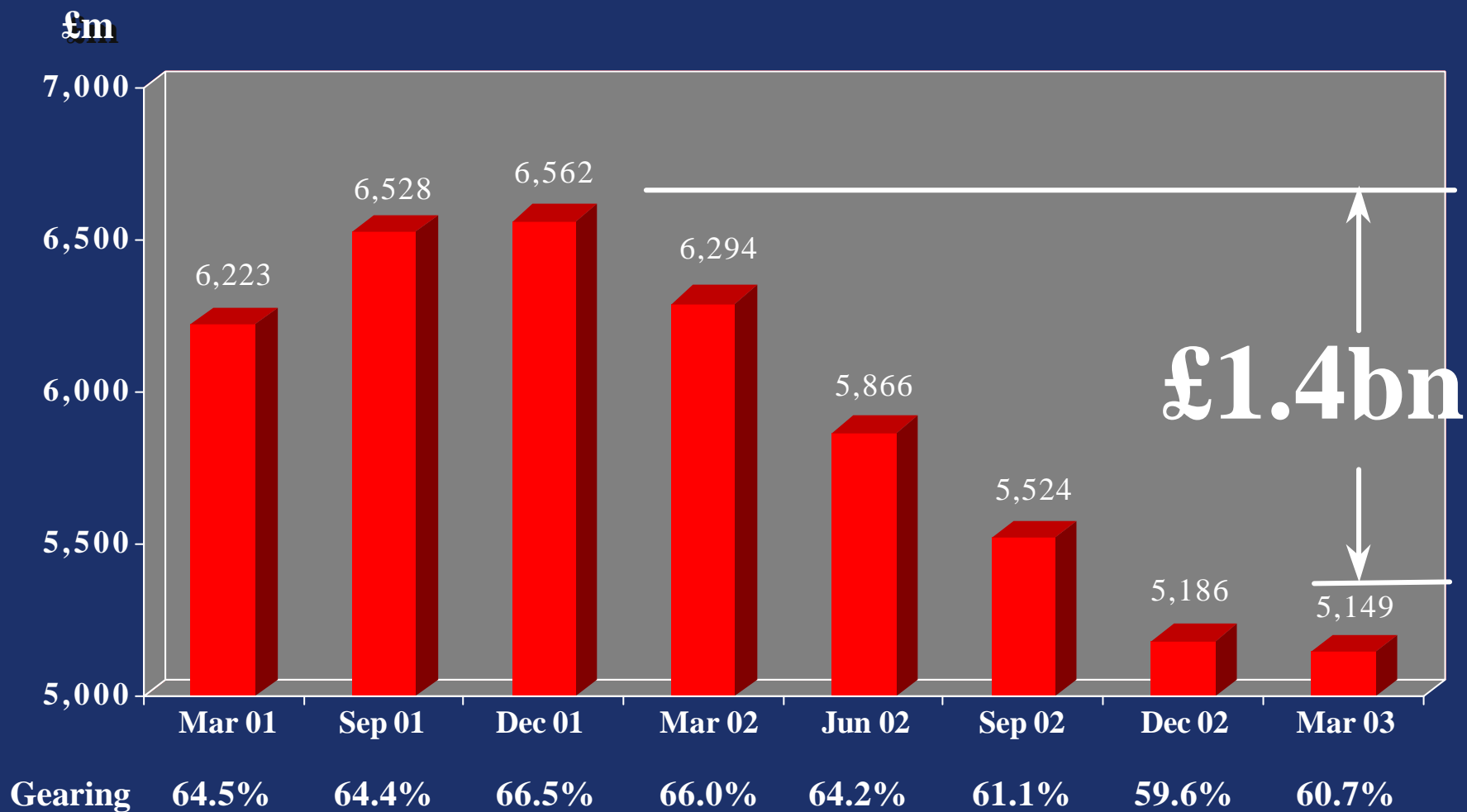


# £611m of disposals done

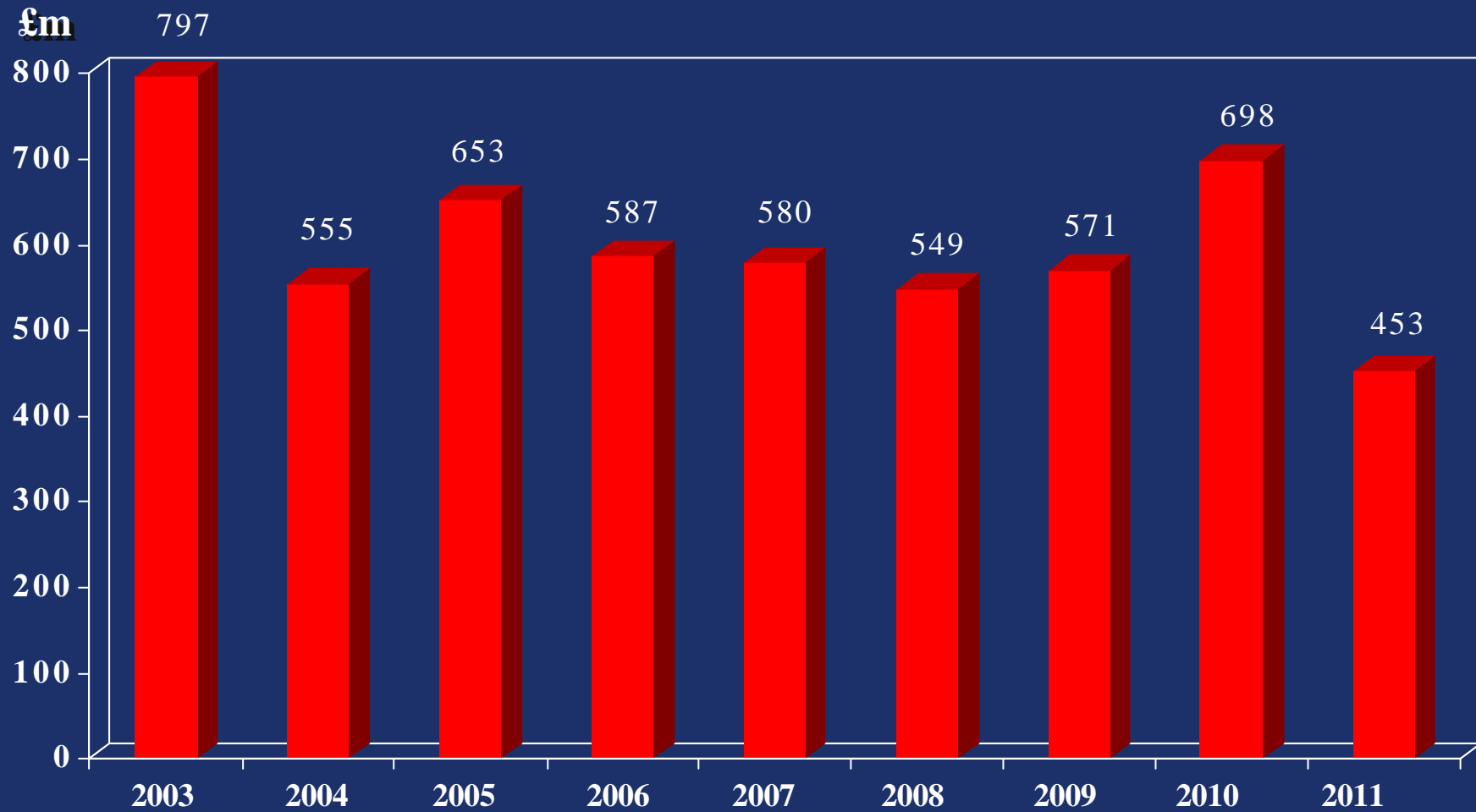
£m	Feb '02 to Mar'03	Remaining target to Mar '04
Aircraft	384	
Properties	83	
Other	144	
<b>TOTAL</b>	<b>611</b>	<b>289</b>

900

# Net debt £1.4bn lower



# Debt repayment



**Year ended 31 March**



# BA delivers

- Costs down £1.1 billion
- Debt down £1.4 billion
- Cash £1.7 billion
- Cash inflow before borrowings £1.0 billion

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# Rod Eddington

## Chief Executive

BA delivers

# Where we are against our targets

	Target end 2002/03	Achieved by 31 March 03	Better than target
<u>MPEs</u>			
Manpower reductions	10,000	10,182	182
<u>£m</u>			
Manpower cost savings	350	365	15
Distribution cost savings	45	110	65
Procurement / IT savings	55	95	40
<b>Total</b>	<b>450</b>	<b>570</b>	<b>120</b>
Disposals	500	611	111
Capital expenditure	450	319	131

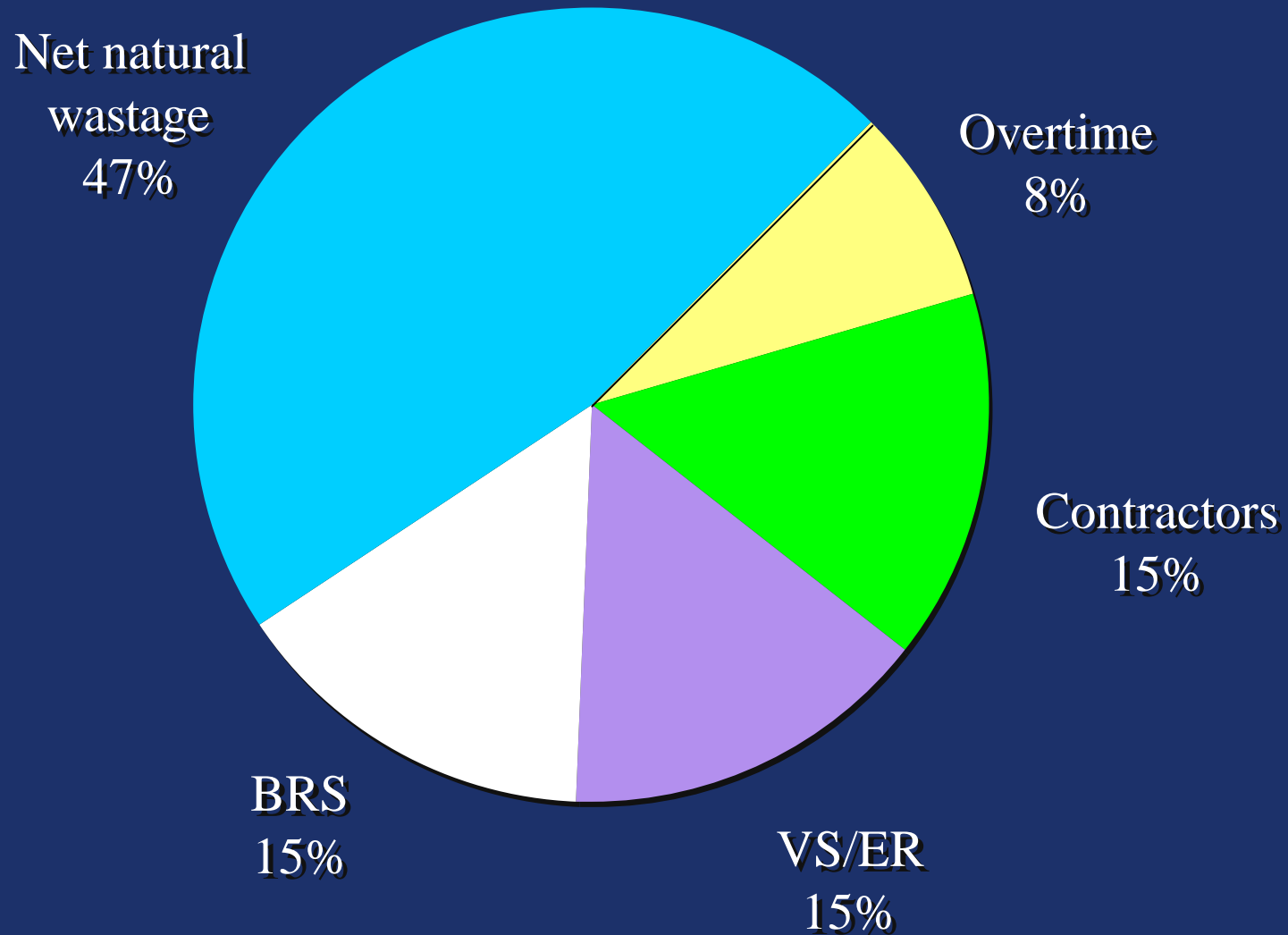
# Future Size and Shape

- Profitability
- Manpower
- Competing with 'No Frills'
- Simplification

# MPE Reductions

	<b>Achieved 31/3/03</b>
<b>Overhead</b>	3,151
<b>Operational</b>	7,031
<b>Total</b>	<u>10,182</u>

# Manpower - down 10,182



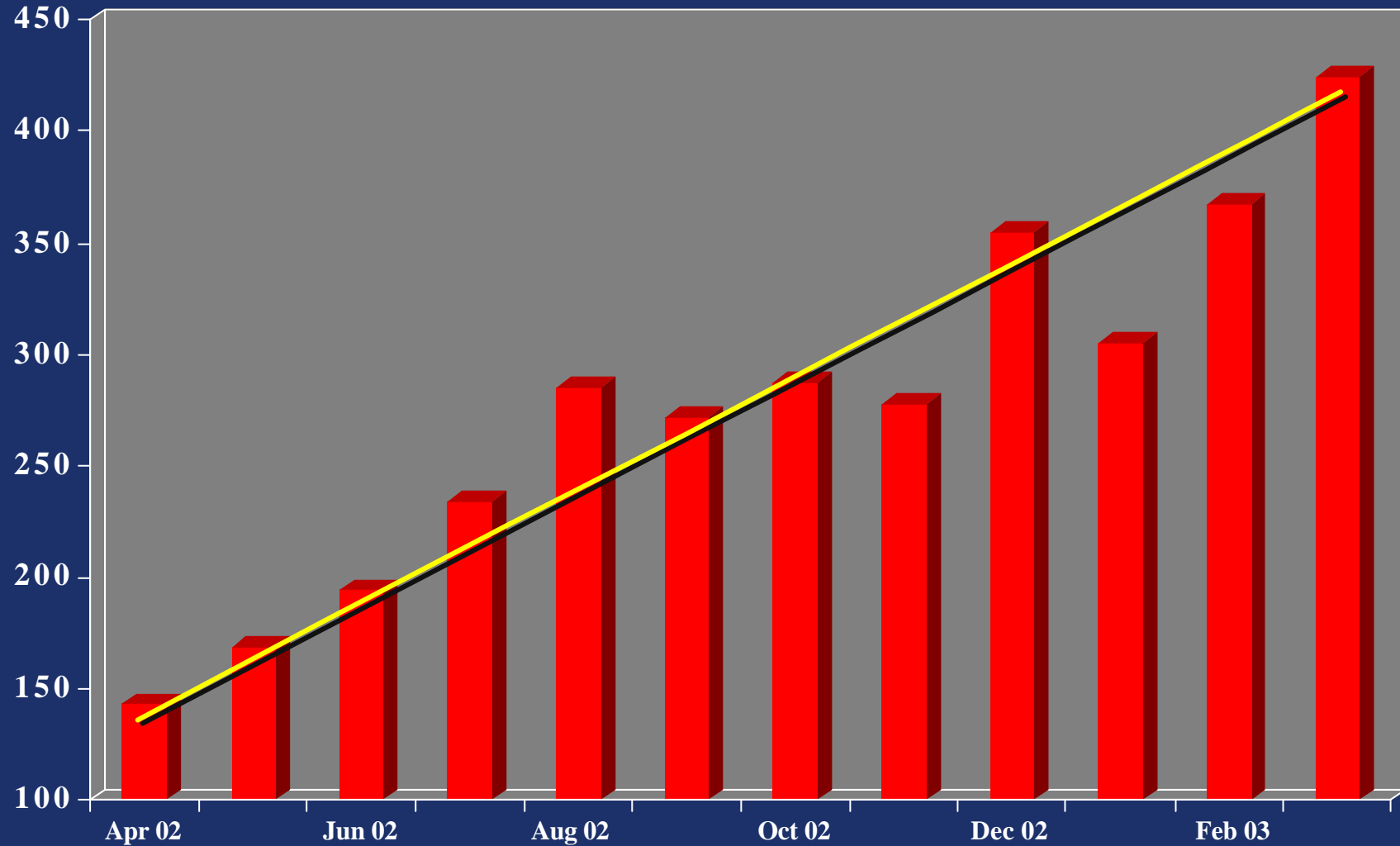


# Simplification

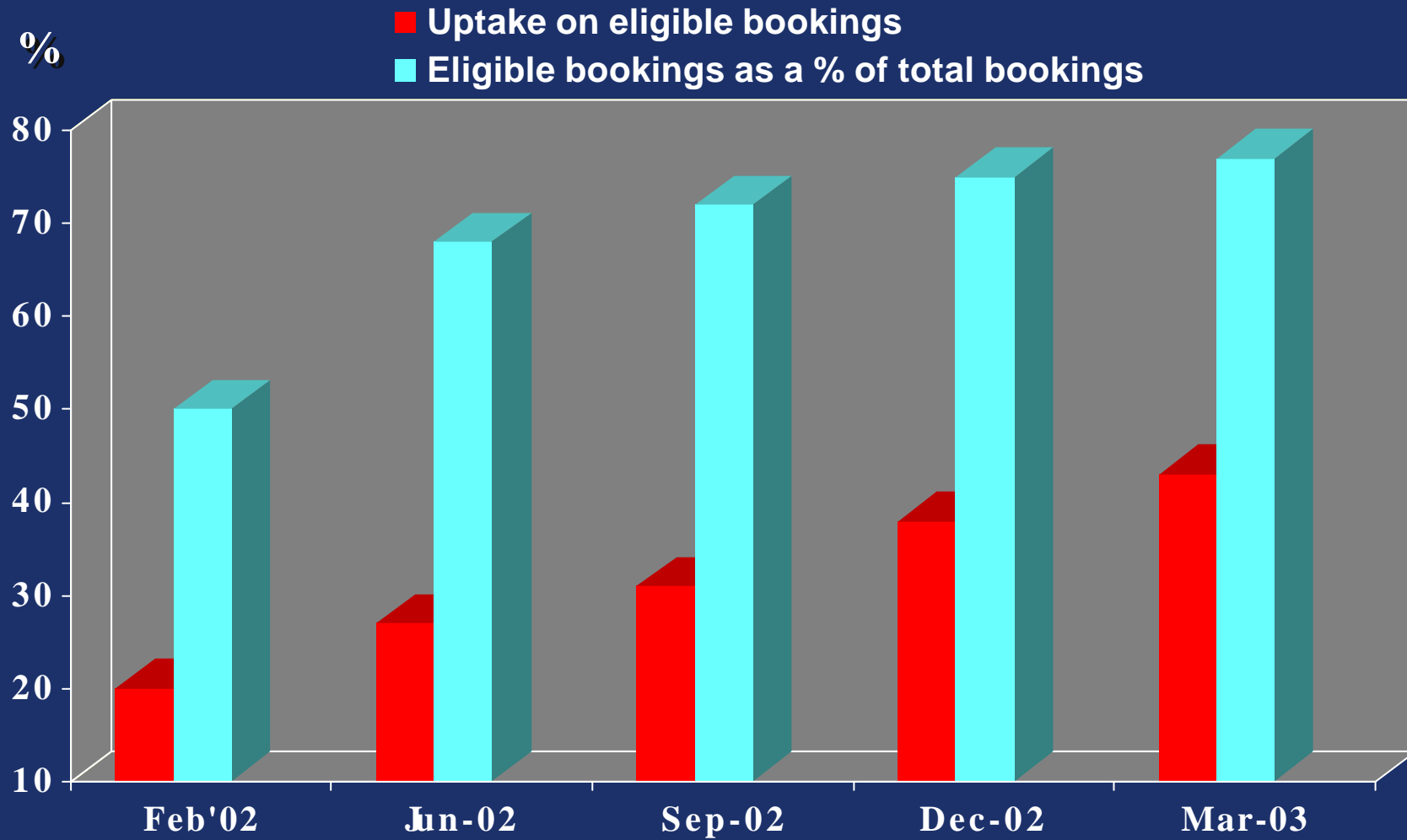
- ceBA
  - 100% e-ticket
  - 50% self service check-in
  - 50% reduction in fare types

# Achievements: ba.com bookings

'000 PSJ's



# e-ticket take up



# Simplification

- *ceBA*
- Executive Club

# Simplification

- ceBA
- Executive Club
- Engineering inventory

# Simplification

- ceBA
- Executive Club
- Engineering inventory
- Fleet

# Simplification

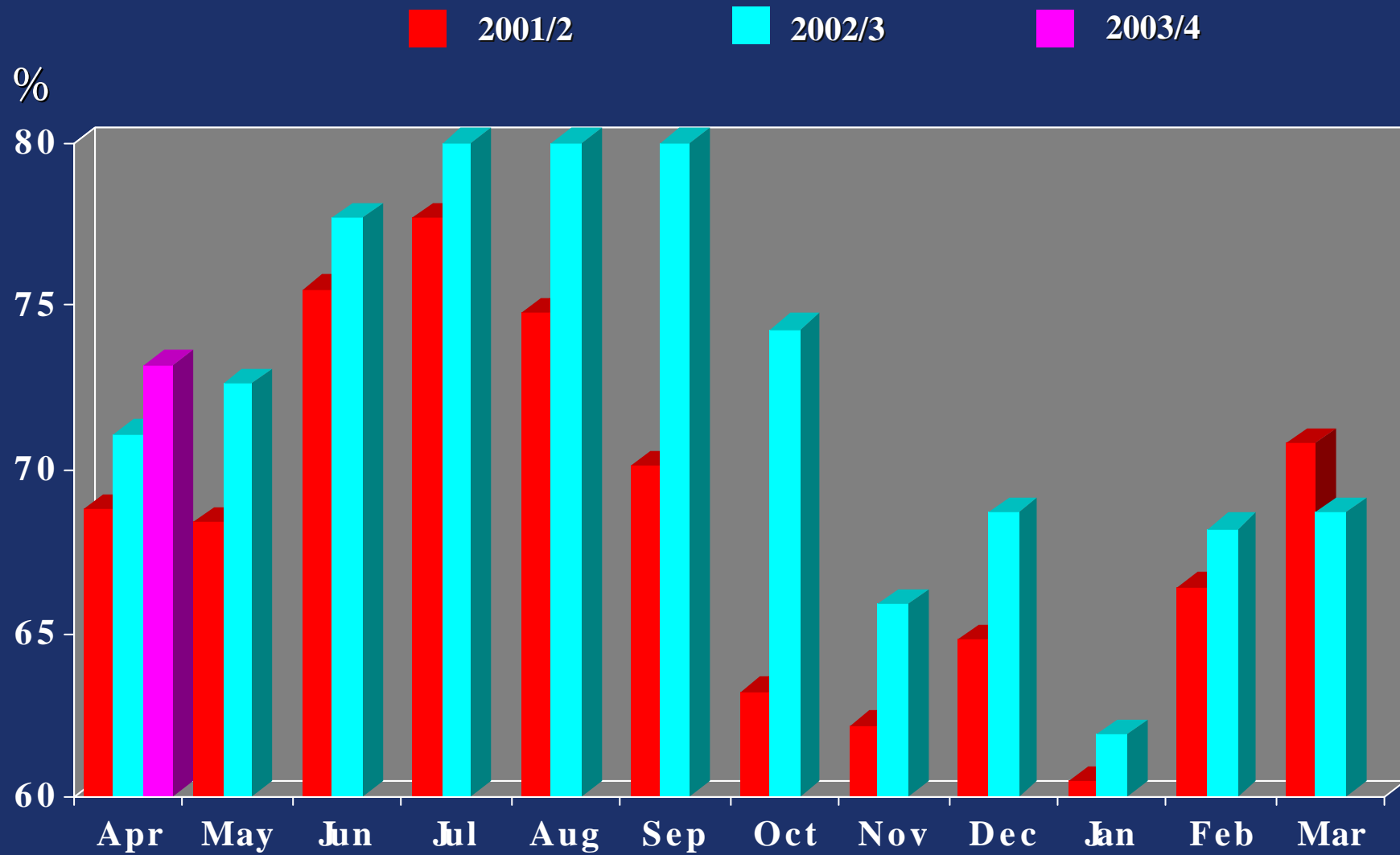
- ceBA
- Executive Club
- Engineering inventory
- Fleet
- IT

# No frills update

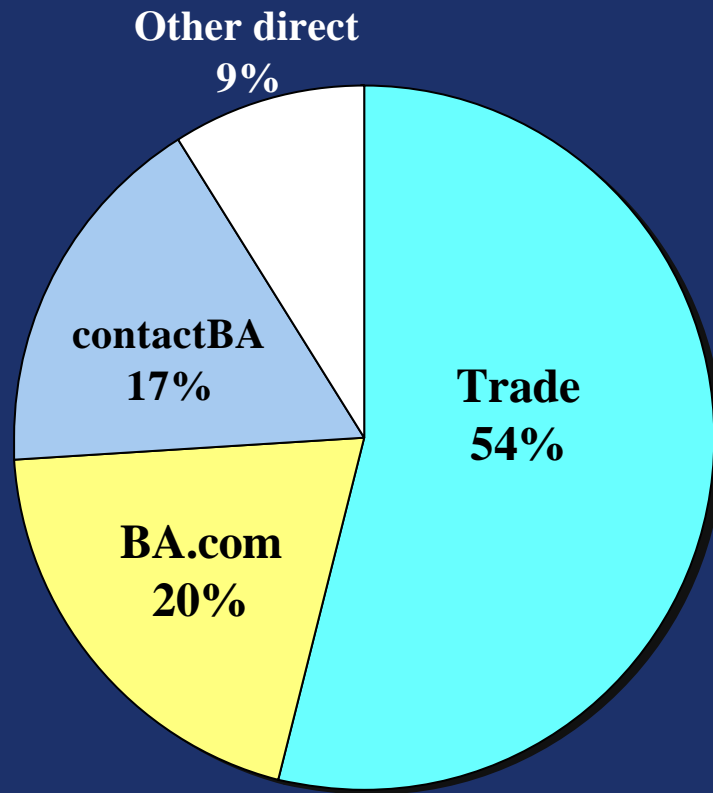
- Seat factors
- Website performance
- Market share



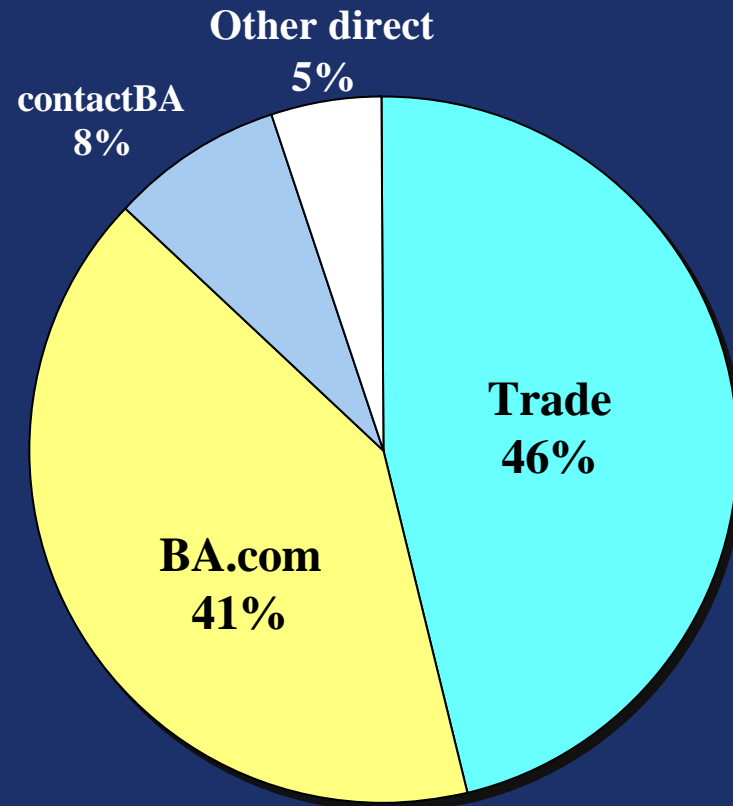
# SH Non-Premium seat factor



# Shorthaul distribution changing

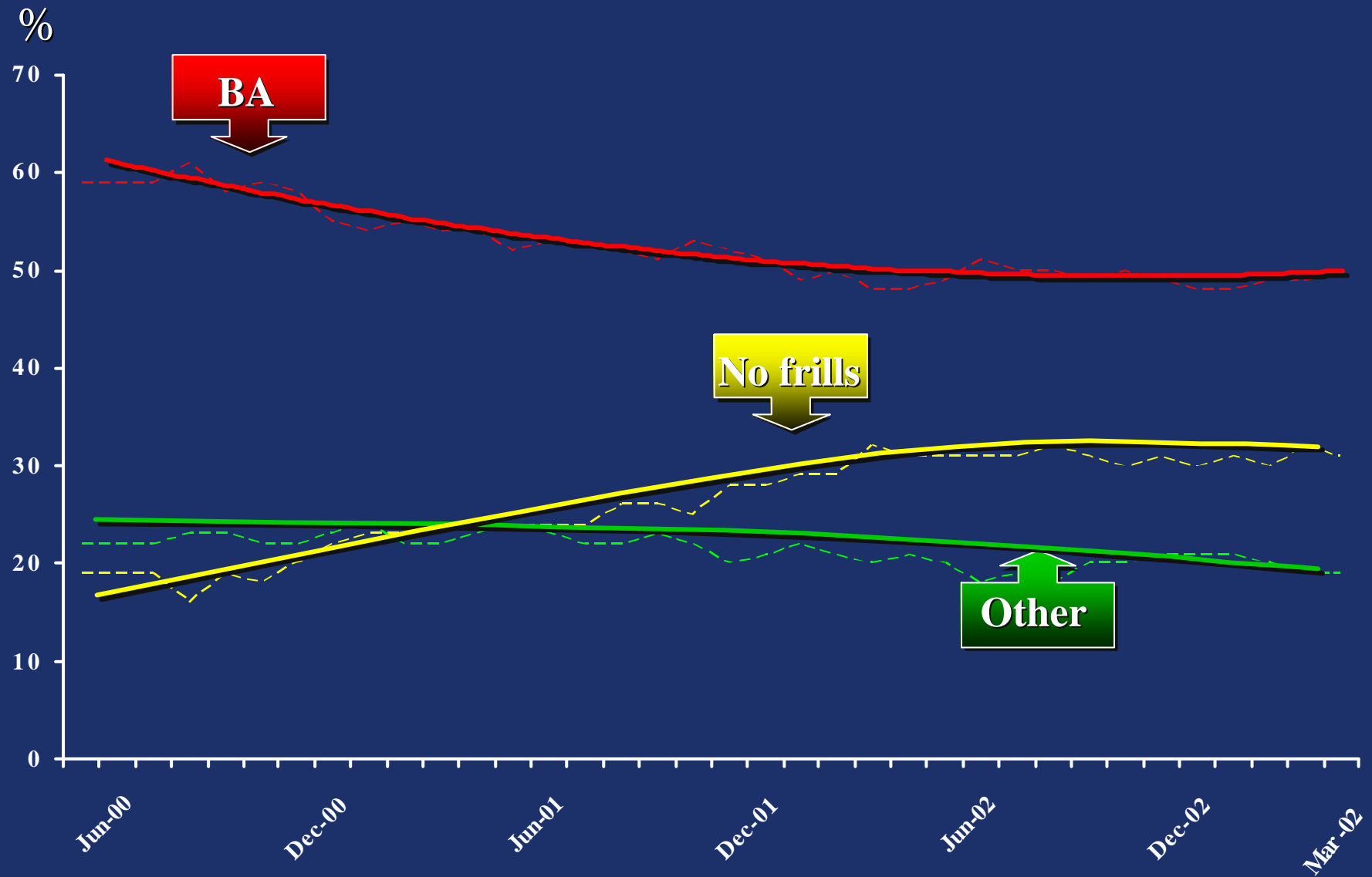


April 2002

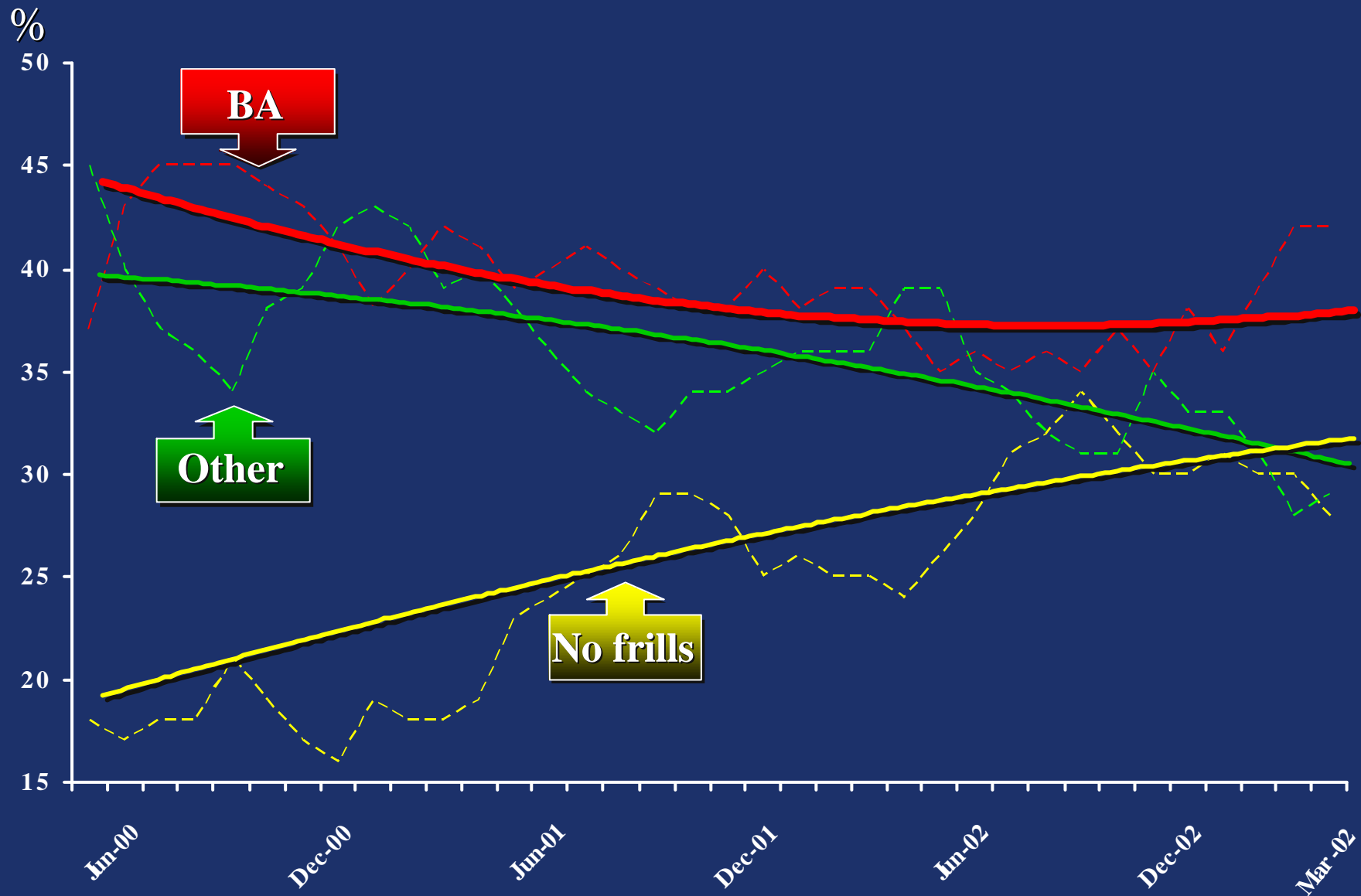


March 2003

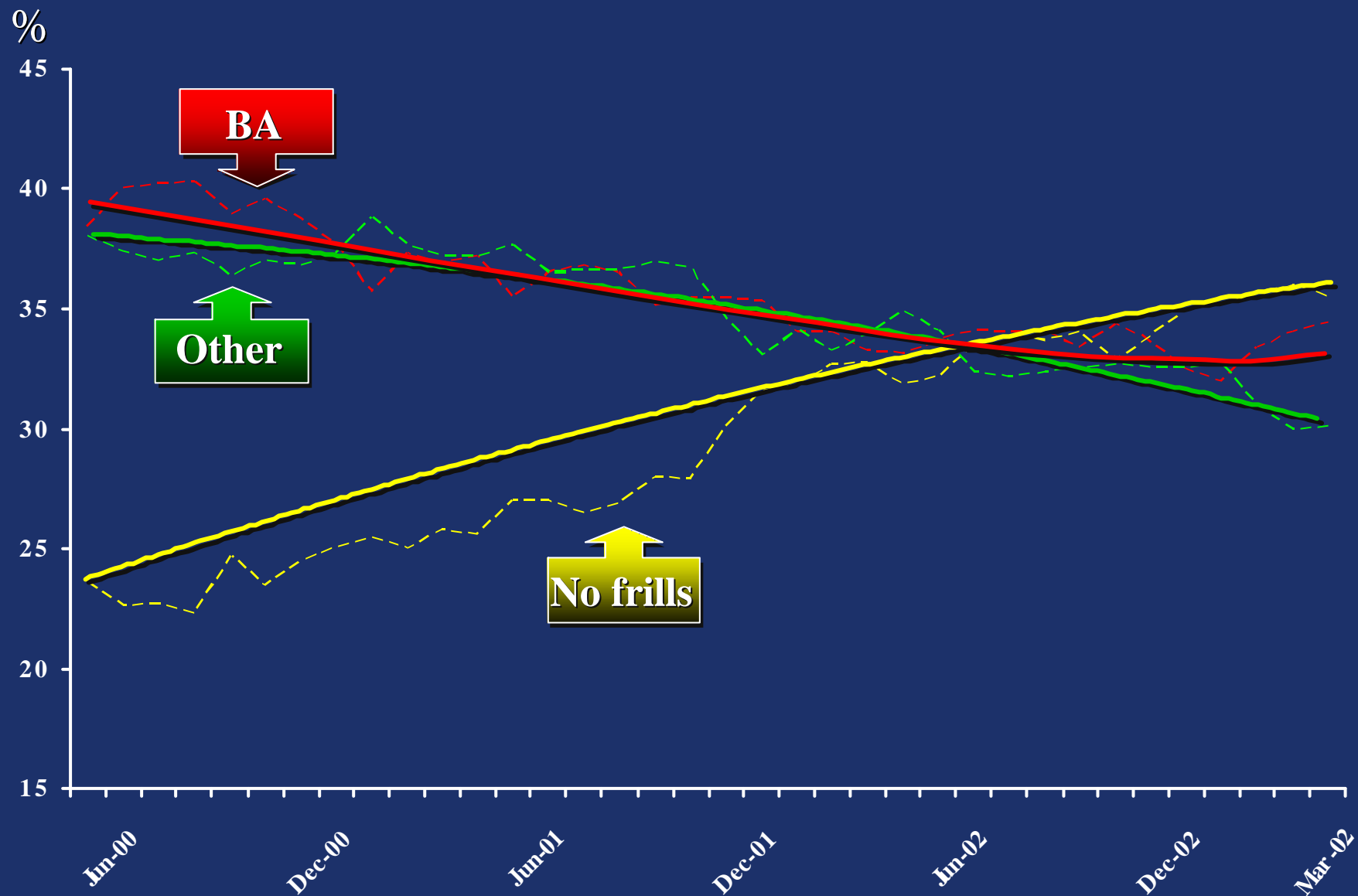
# LON Domestics Market Share



# LON - France/Benelux Market Share



# LON Total Shorthaul Market Share



# Outlook

## We will...

- Deliver Future Size and Shape
- Deliver new initiatives
- Strengthen financials
- Benefit from recovery

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