

BRITISH AIRWAYS



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 2004.

BRITISH AIRWAYS

2nd Quarter & Interim Results

2004/05

8th November 2004

Martin Broughton

Chairman

BRITISH AIRWAYS



John Rishton

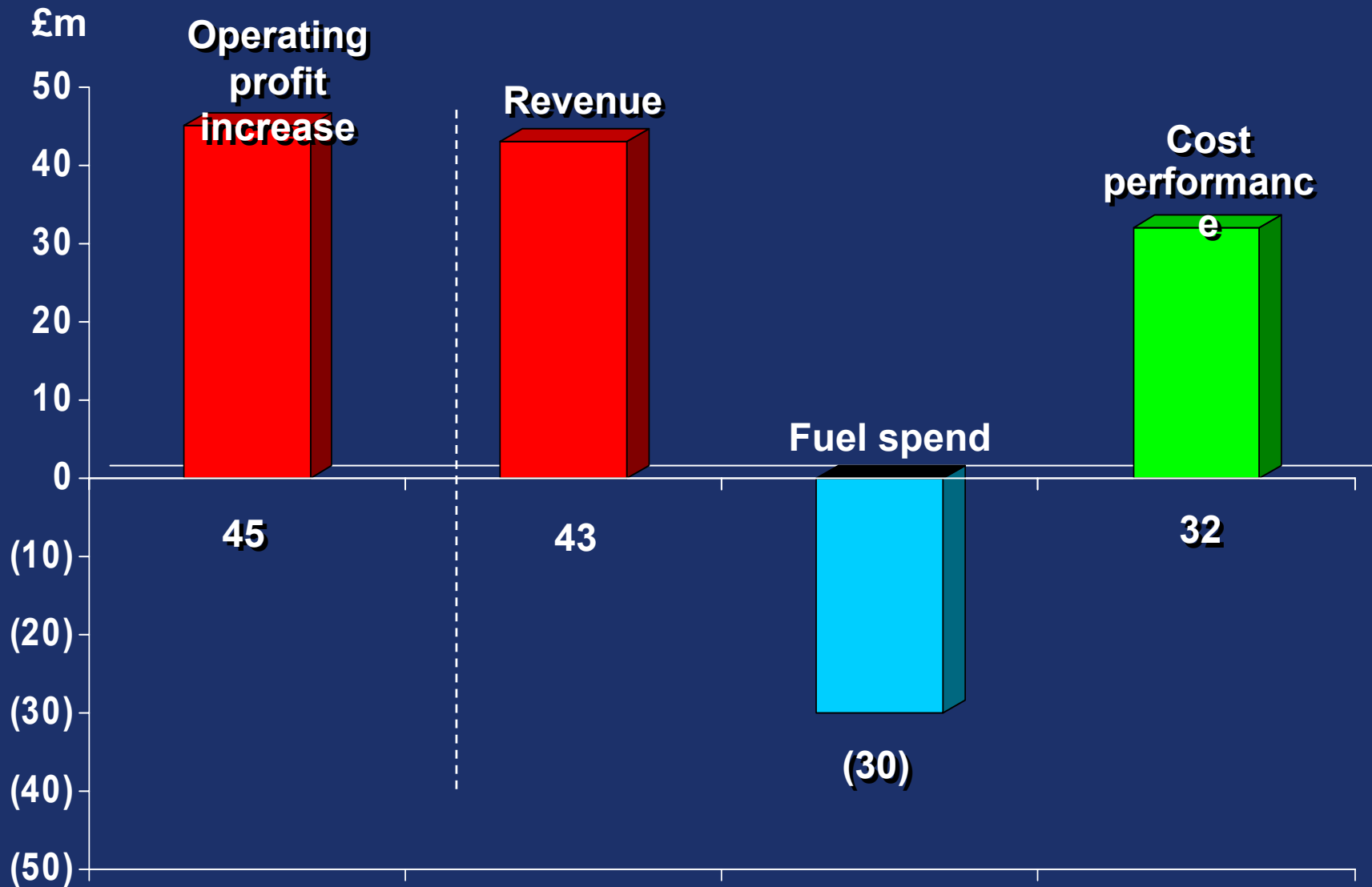
Chief Financial Officer

Headline numbers

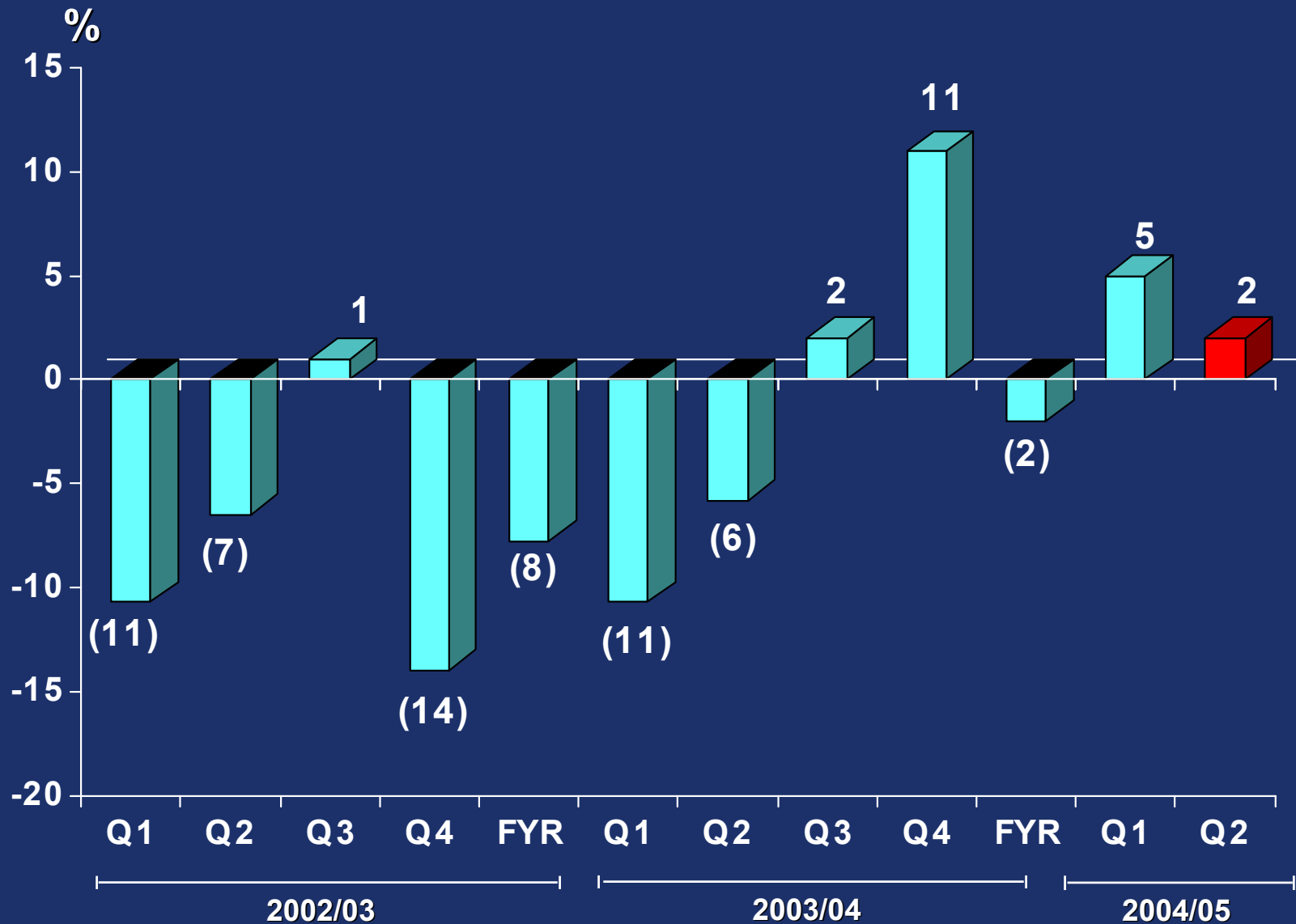
Period ended September 30, 2004

	3 MONTHS £m	VLY	6 MONTHS £m	VLY
Turnover	2,026	2.2%	3,951	3.6%
Operating profit	240	23.1%	390	66.0%
Operating margin	11.8	2.0pts	9.9	3.7pts
EBITDAR	506	15.8%	878	24.5%
Pre-tax profit	220	nm	335	nm

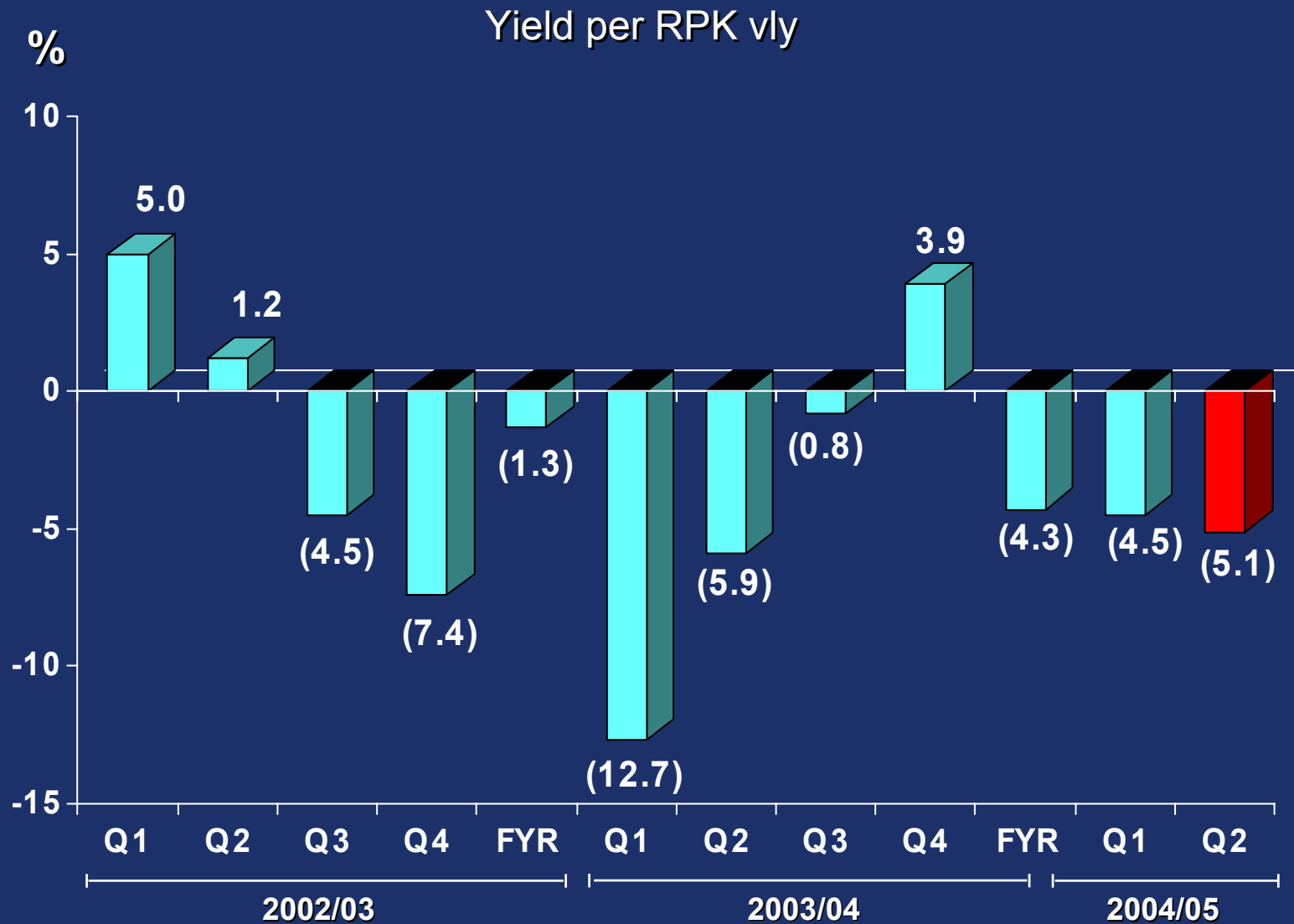
Cost performance offset fuel increase



Revenue up slightly



Passenger yield p/RPK remains weak



Yield analysis

% VLY

Price (1.8)

Mix 0.1

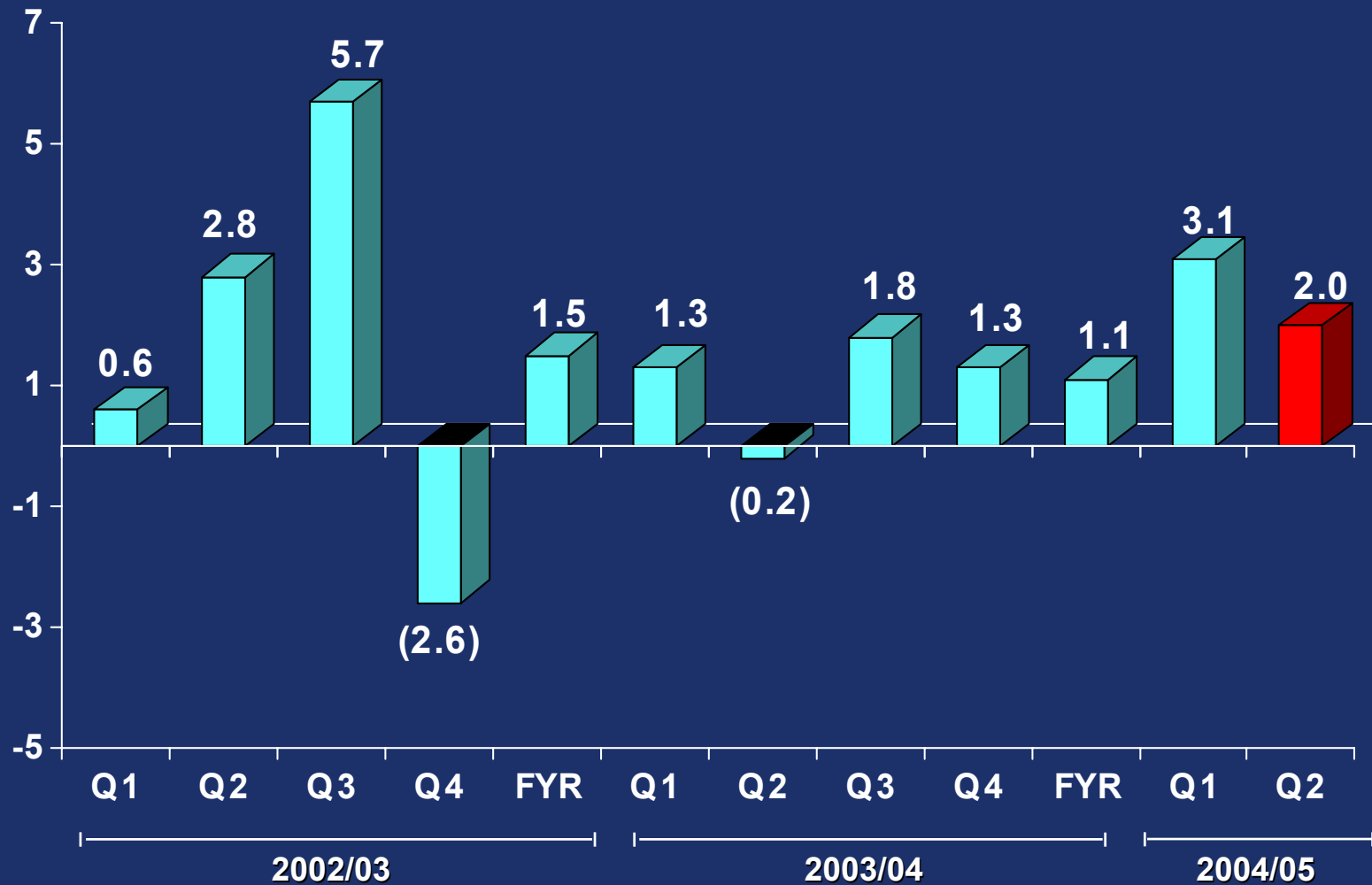
Exchange (3.4)

(5.1)

More seats filled

Passenger seat factor vly

% age points



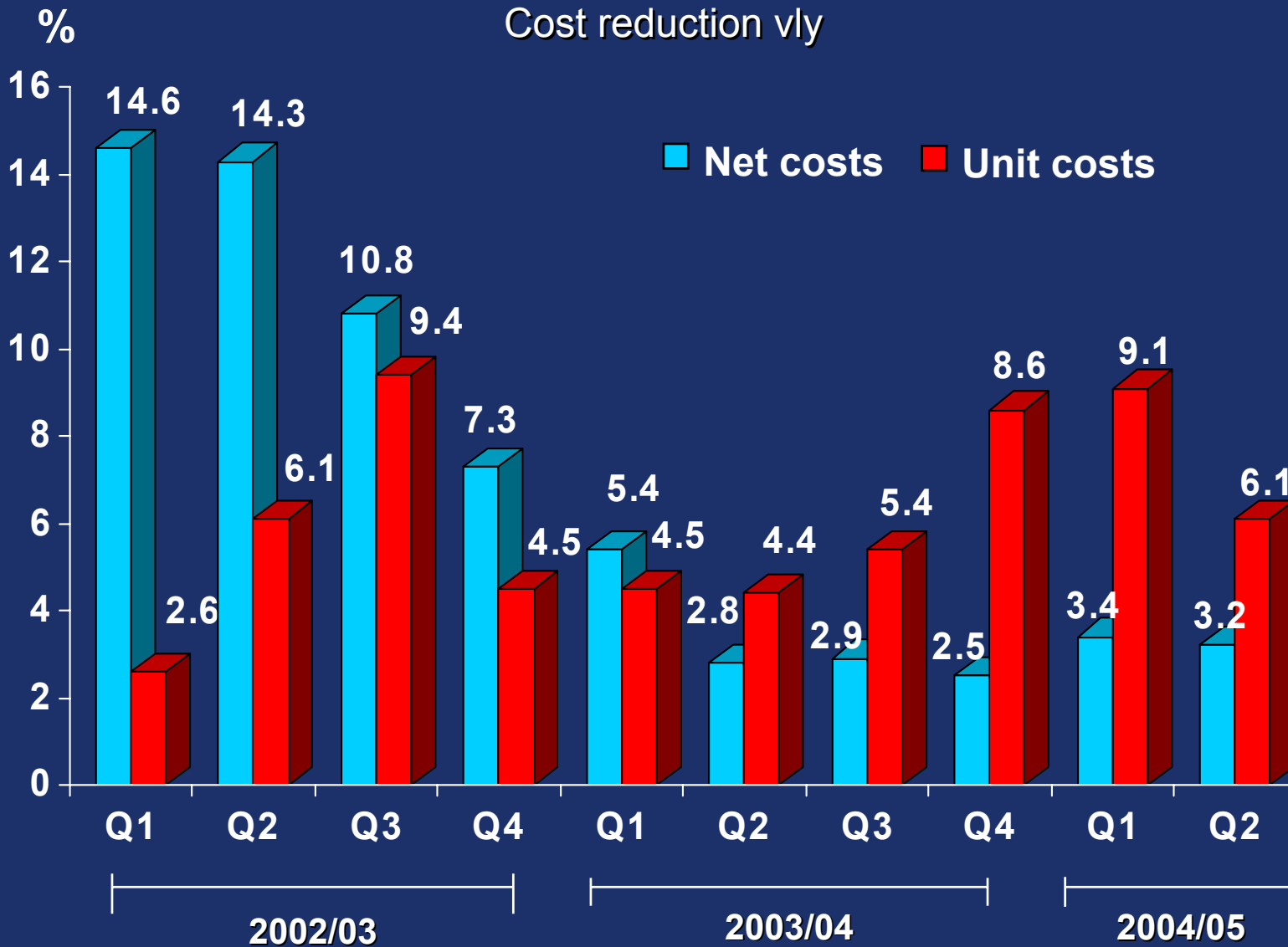
Quarter 2 costs

- Capacity up 3.1%
- Net costs down 3.2%
- Unit costs reduced by 6.1%

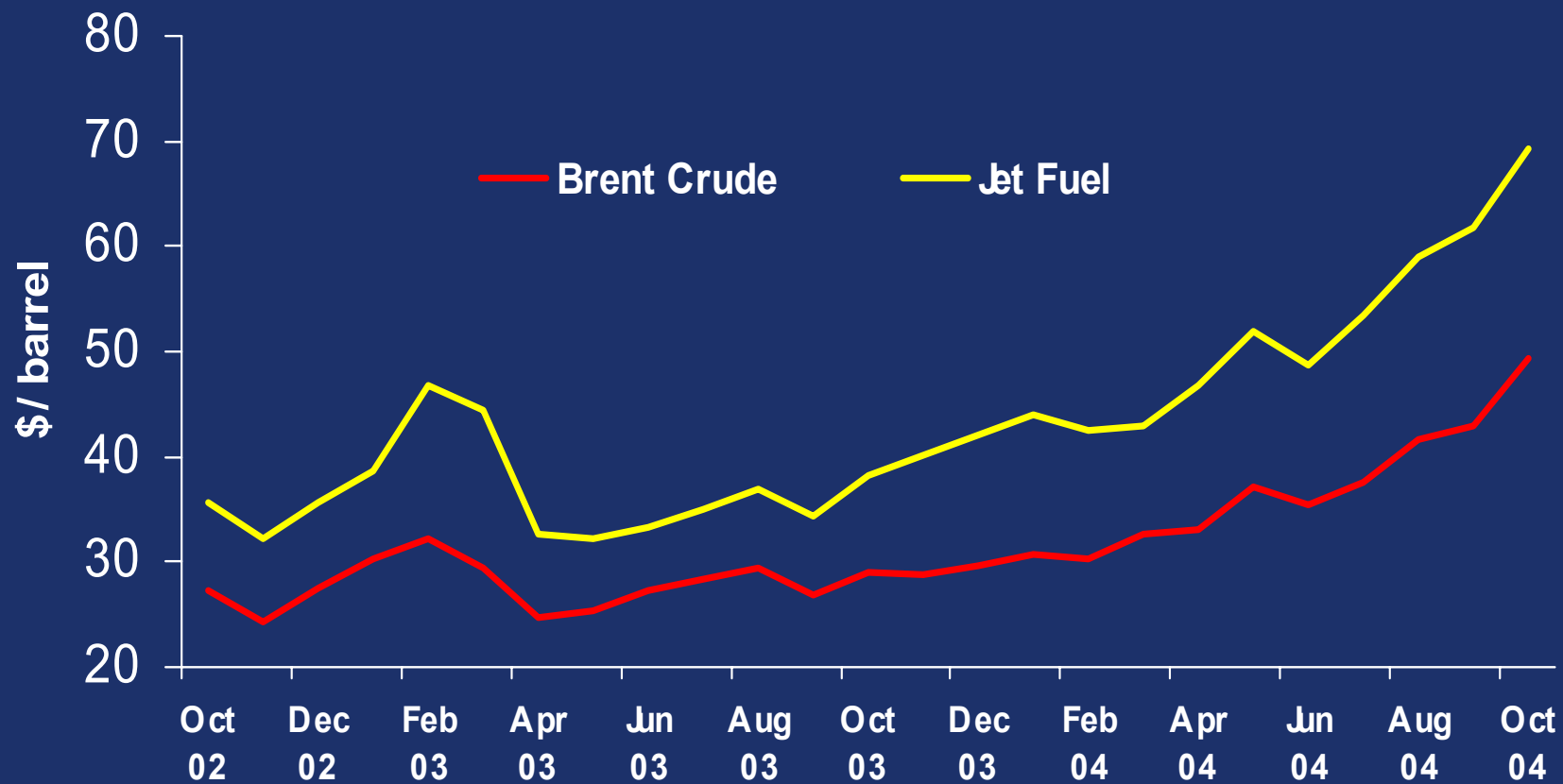
Net costs down 3.2%

	<u>£m</u>	<u>vly</u>
Employee costs 7.7% up		561
Handling, catering etc	238	4.8% down
Selling costs	126	17.6% down
Engineering	118	6.3% down
Fuel & oil	271	12.4% up
Other	269	22.0% down
NET OPERATING COST	1,583	3.2% down

Cost performance



Fuel prices continue to rise



Strong fuel hedging position this year

	Hedging cover	Average cap (Brent equivalent)
Nov – Mar '05	75%	\$32

Strong fuel hedging position next year

	Hedging cover	Average cap (Brent equivalent)
Apr – Jun 05	50%	\$34
Jul – Sept 05	45%	\$35
Oct – Dec 05	45%	\$35

Fuel surcharges - £160m this year

Effective 13/5/04

£2.50 flat charge per
LH and SH sector

→ £50m

Effective 11/8/04

LH sector charge
increased to £6

→ £20m

Effective 14/10/04

LH sector charge
increased to £10

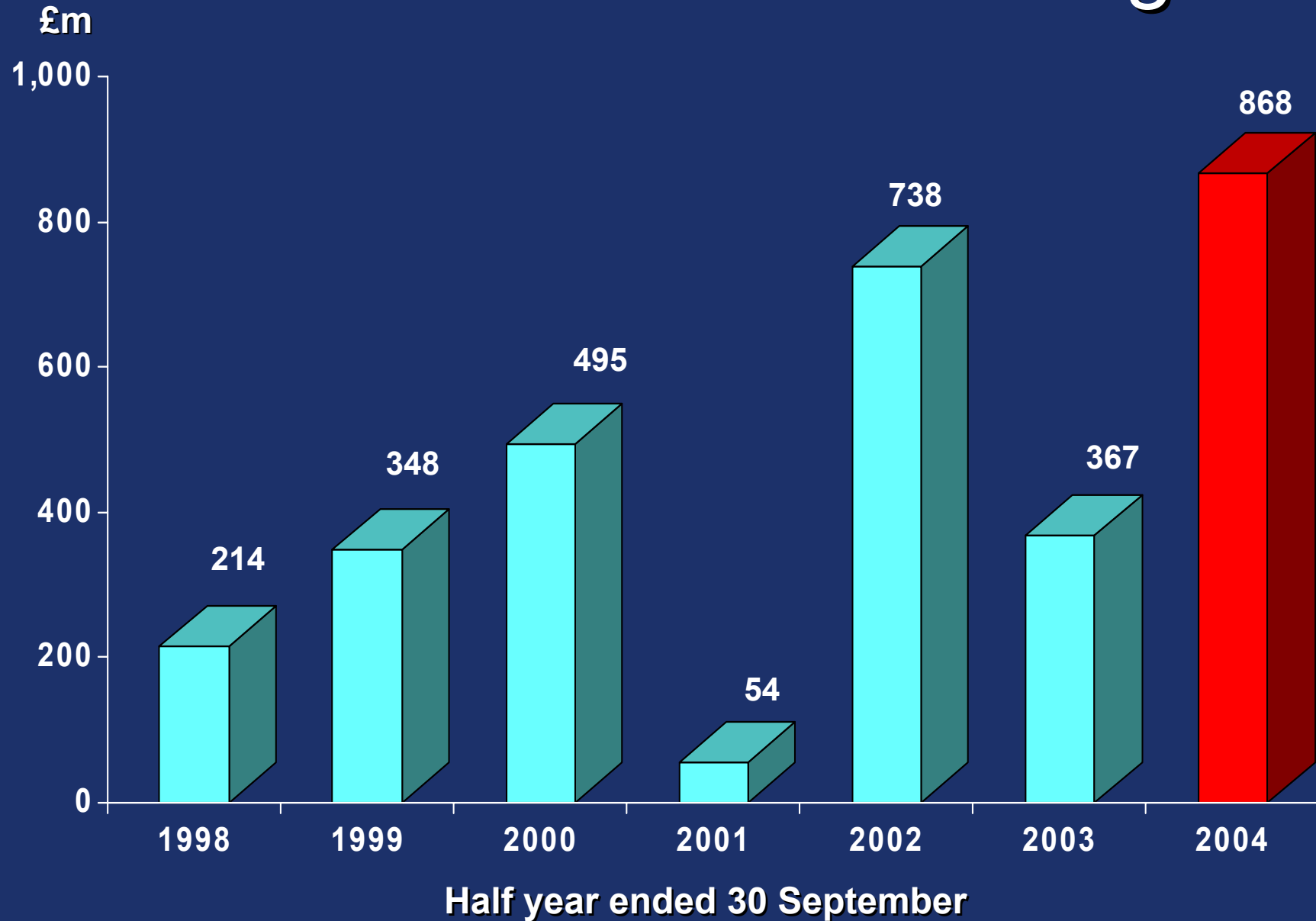
SH sector charge
increased to £4

→ £20m

Plus Cargo fuel surcharges

→ £70m

Cashflow before financing



Liquidity remains strong

Sept 2004

£bn

Cash

1.9

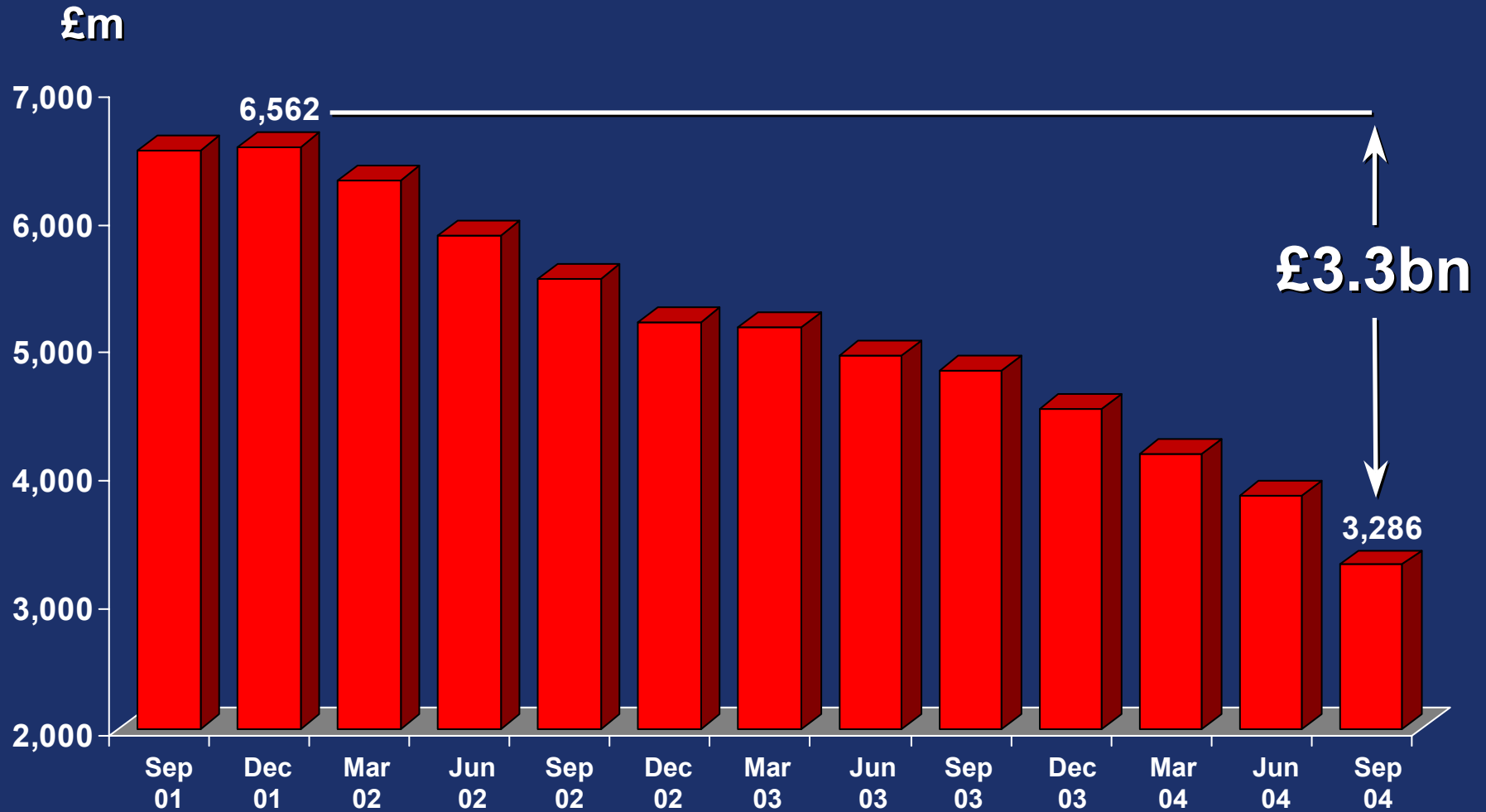
Facilities

0.4

Total liquidity

2.3

Net debt £3.3bn lower



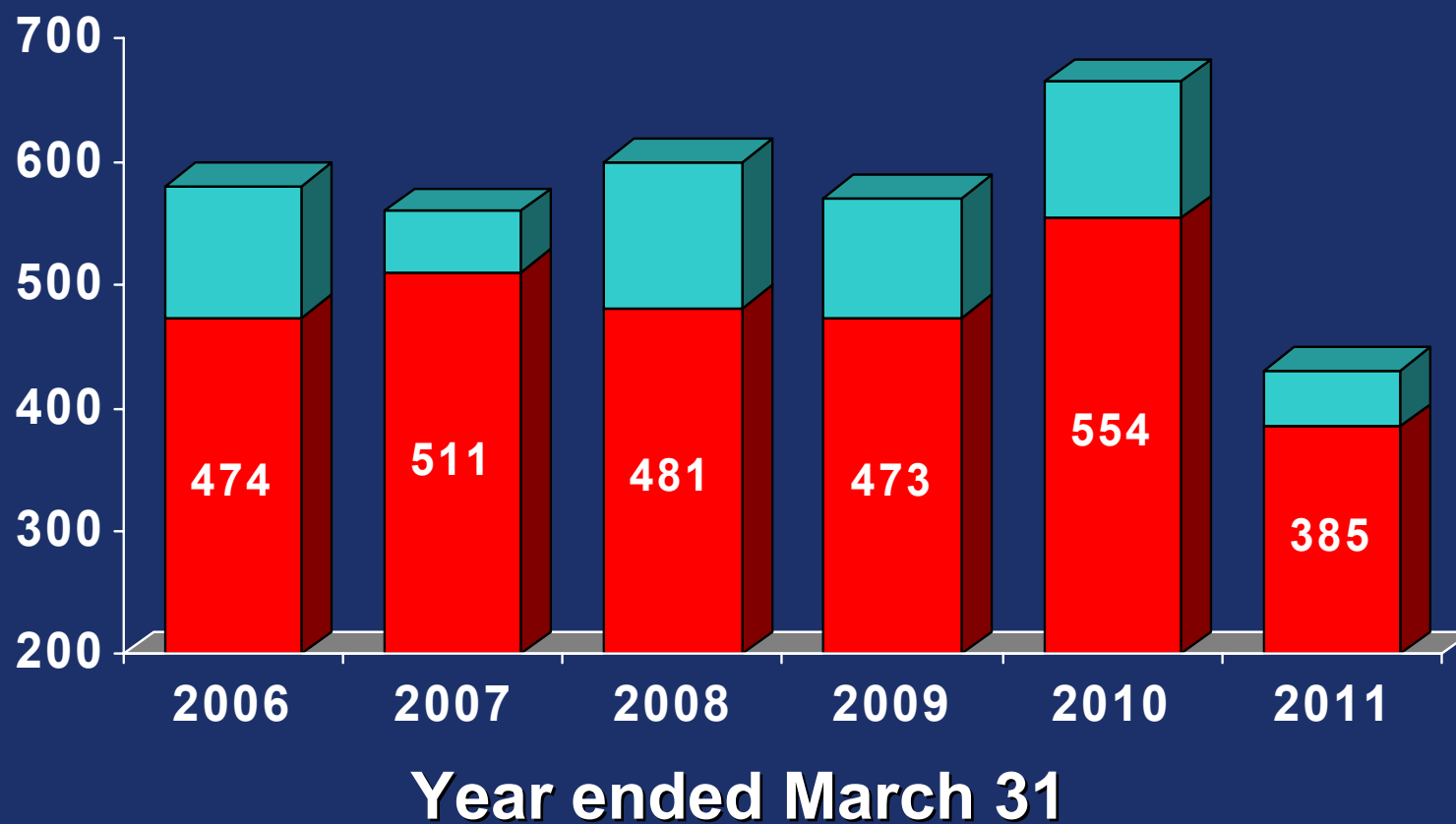
Early debt repayment

	Q2	Half year
Scheduled	138	247
Early	225	366
Total	<u>363</u>	<u>613</u>

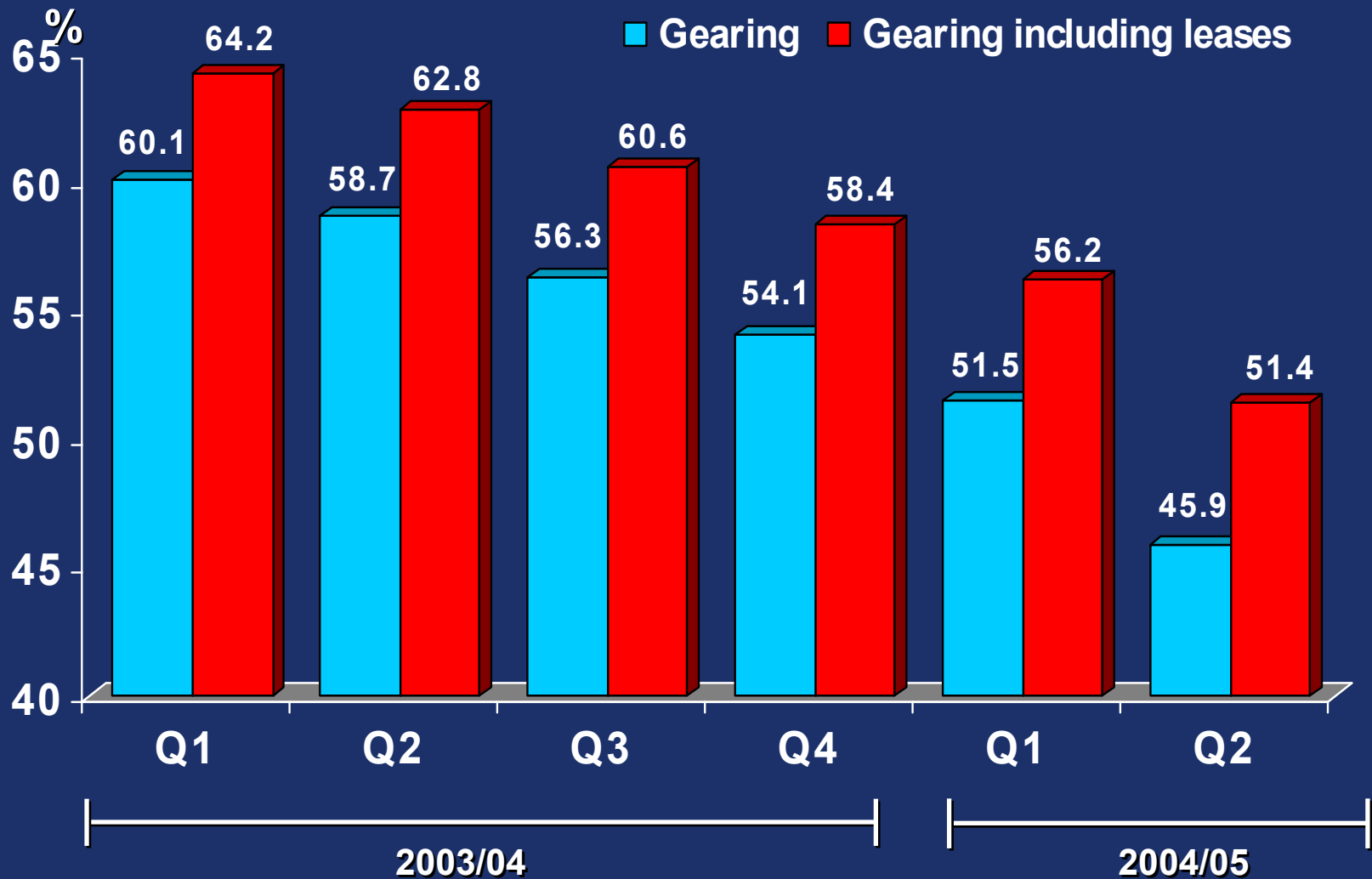
Debt repayments fall

£m equivalent

- December 2001 repayment profile
- Current repayment profile



Gearing down from March



In summary

Steady progress

BRITISH AIRWAYS



Rod Eddington

Chief Executive Officer

What we have said

- Fix the business
- Fix the balance sheet

Steady progress

- Procurement £300 million
- ceBA and other £150 million
- Employee costs £300 million
- Balance sheet Reduce
 debt

Procurement delivering £300m

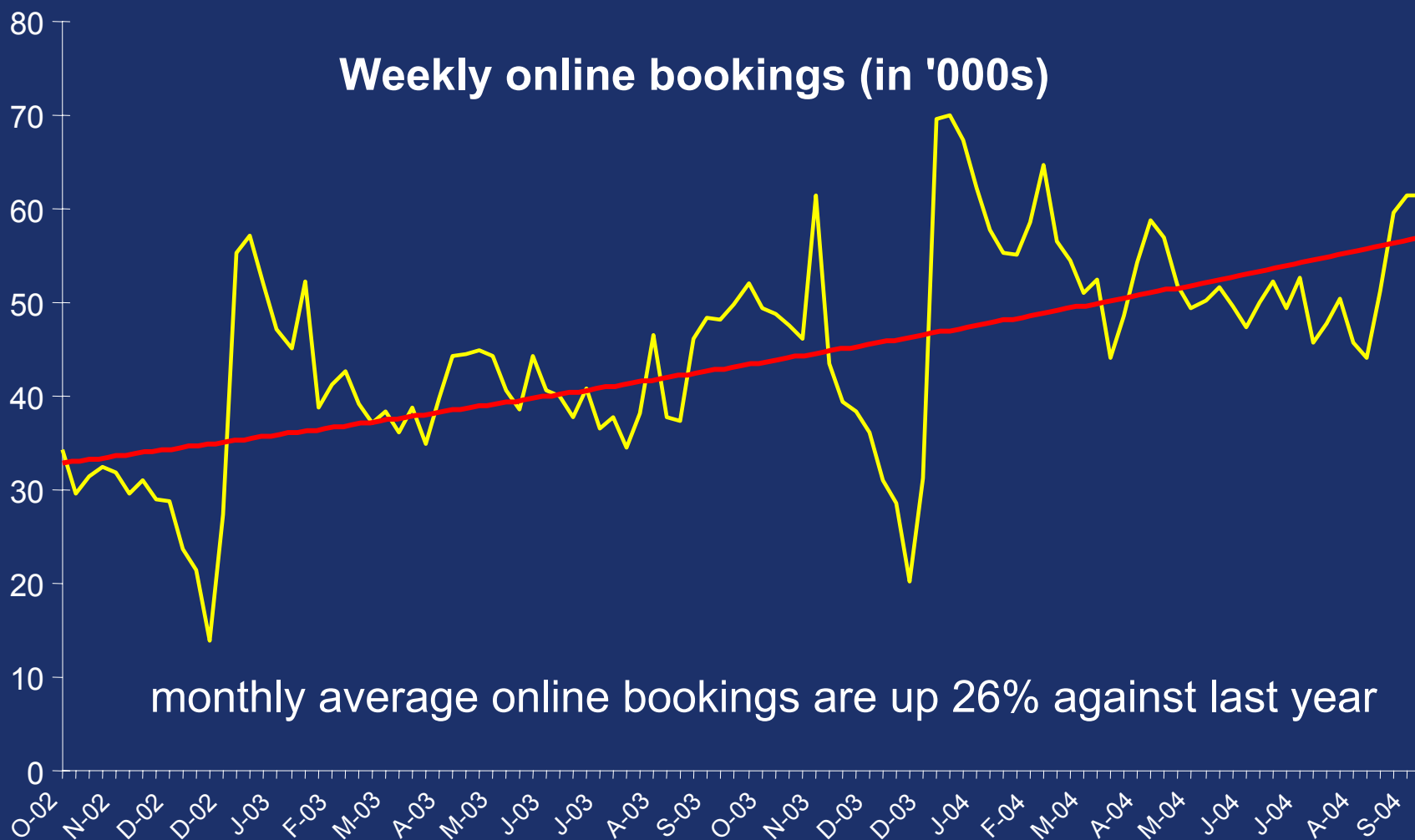
- Price
- Demand control
- Specification

... a step change in company behaviour

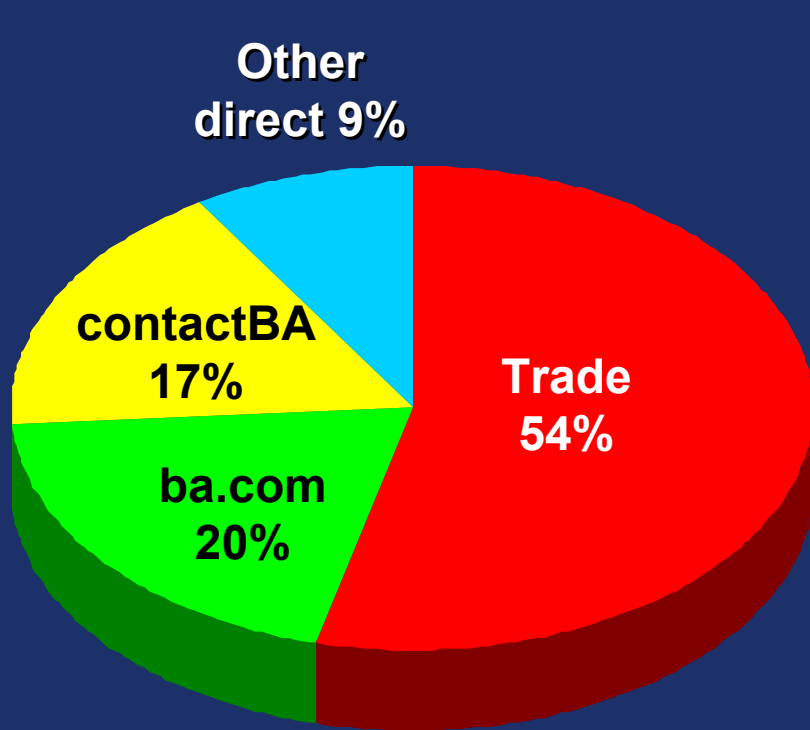
ceBA delivering £100 million

- ba.com
 - on line booking
 - manage my booking
 - up selling
 - boarding passes
 - Executive Club
- e-ticket
- Self service check-in

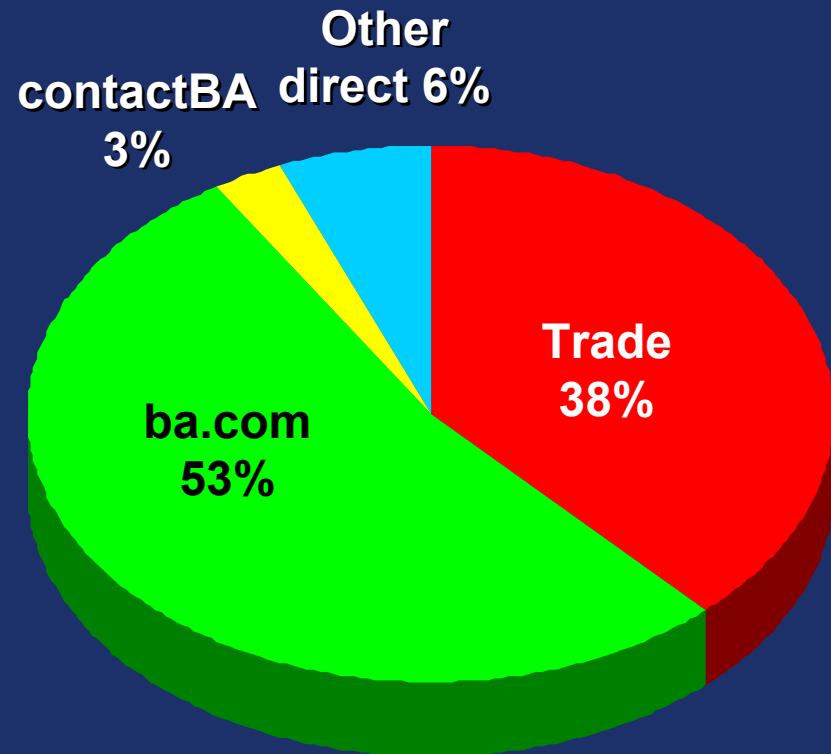
Achievements: ba.com bookings up



Shorthaul leisure distribution



April 2002



September 2004

It's clear what you have bought. Buying upgrades is easy

Total Price £62.10

Check your itinerary details

	Flight Number	From	To	Class	Depart
Outbound	BA2820	Gatwick (London), United Kingdom	Charles de Gaulle (Paris), France	Economy (Traveller)	Thursday, 13 May 2004, 07:00
Inbound	BA2817	Charles de Gaulle (Paris), France	Gatwick (London), United Kingdom	Economy (Traveller)	Monday, 17 May 2004, 07:00

Price breakdown

	Fare per person*	plus taxes, fees, charges and surcharges* per person	Total
1 Adult	£21.00	£31.10	£62.10

* Your ticket includes a security and insurance surcharge per flight levied by the carrier. For detail, please click here.

Total price - £62.10

Included in your fare

	Outbound	Inbound
Fare conditions	Changes not permitted, refunds not permitted	Changes permitted for a fee of £25. Refunds permitted before day of departure.
Included in your fare	<ul style="list-style-type: none"> Operated by British Airways Centrally located airports Online, self service checkin and fast bag drop for hold baggage Choice of hot or cold meals and complimentary drinks Handbaggage, 1 piece weighing up to 6 kg Choice of newspapers 	<ul style="list-style-type: none"> Operated by British Airways Centrally located airports Online, self service checkin and fast bag drop for hold baggage Choice of hot or cold meals and complimentary drinks Handbaggage, 1 piece weighing up to 6 kg Choice of newspapers

Whilst BA will make every reasonable effort to provide you with the products listed above, for operational reasons, we may not be able to provide all of them.

Included in your fare

	Outbound	Inbound
Fare conditions	Changes not permitted, refunds not permitted	Changes permitted for a fee permitted before day of dep.
Included in your fare	<ul style="list-style-type: none"> Operated by British Airways Centrally located airports Online, self service checkin and fast bag drop for hold baggage Choice of hot or cold meals and complimentary drinks Handbaggage, 1 piece weighing up to 6 kg Choice of newspapers 	<ul style="list-style-type: none"> Operated by British Airways Centrally located airports Online, self service checkin and fast bag drop for hold baggage Choice of hot or cold meals and complimentary drinks Handbaggage, 1 piece weighing up to 6 kg Choice of newspapers

Whilst BA will make every reasonable effort to provide you with the products listed above, for operational reasons, we may not be able to provide all of them.

Why not upgrade and enjoy the extra comforts of Club Europe

Enjoy an altogether smoother experience in Club Europe. By having access to our terrace lounges, a separate cabin and extra baggage allowance, you have all the reassurance you need, that your trip will go according to plan.

- Upgrade on outbound journey £130 per person
- Upgrade on inbound journey £130 per person
- Upgrade on both £260 per person

Upgrade class ▶

Why not increase flexibility for changes from £150 return

Changes for a fee (and any difference in fare) permitted on day of departure. Refunds not permitted.

Increase flexibility ▶

Why not upgrade and enjoy the extra comforts of Club Europe

Enjoy an altogether smoother experience in Club Europe. By having access to our terrace lounges, a separate cabin and extra baggage allowance, you have all the reassurance you need, that your trip will go according to plan.

- Upgrade on outbound journey £130 per person
- Upgrade on inbound journey £130 per person
- Upgrade on both £260 per person


Upgrade class ▶

Why not increase flexibility for ticket changes from £150 return

Changes for a fee (and any difference in fare). None permitted on day of departure. Refunds not permitted.

Increase flexibility ▶

Do it online - save time at the airport

BRITISH AIRWAYS  Home | Contact Us | Site Index | Privacy and Legal | Cookies

Country of Residence: United Kingdom

Executive Club | My BA | Travel booking | Offers and destinations | Traveller's information | Inside BA

Manage my booking Login ID: PIN/Password: Login help »

My summarised itinerary | **My detailed itinerary** | **Additional Information**

SILVER USMEMBER
Booking Reference: ZEQ8FI

Flight	From	To	Departure	Arrival
BA0177	Heathrow (London)	John F Kennedy (New York)	20 Nov 2004 13:30	20 Nov 2004 16:15
BA0174	John F Kennedy (New York)	Heathrow (London)	27 Nov 2004 19:01	28 Nov 2004 07:05

Additional Information

- ▶ Worldwide contacts
- ▶ Check-in information
- ▶ Baggage
- ▶ Visa information
- ▶ Flight Connections
- ▶ Arrivals and Departures
- ▶ City Miniguides
- ▶ Special assistance

Priority services for your trip

▶ **Enter Advance Passenger Information**

British Airways is required by law to collect Advance Passenger Information, including passport details, for all passengers, prior to travel to or from certain countries. This is intended to speed up your journey through customs and immigration. (This service is currently only available for bookings made directly with British Airways)

Your questions

- ▶ AskBA for instant answers to your questions online

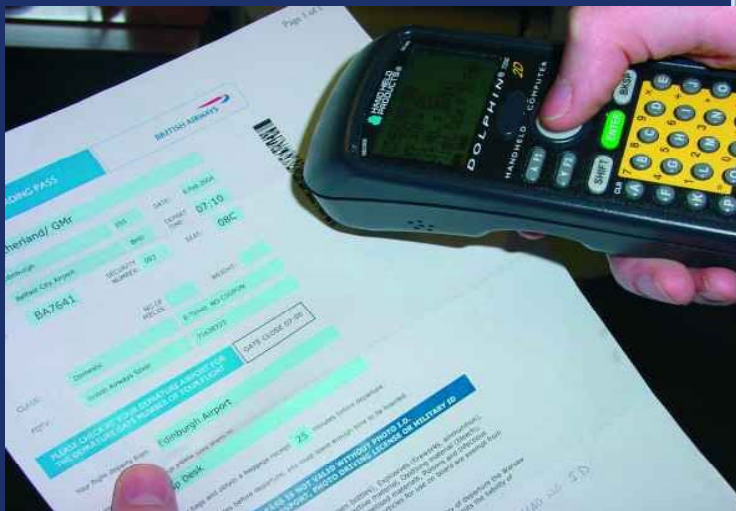
Additional services for your trip

- ▶ Request a seat
- ▶ Advise dietary requirements
- ▶ Add Executive Club / Frequent Flyer number
- ▶ Check-in online
- ▶ Print itinerary
- ▶ Email itinerary
- ▶ Book hotel and car hire

Book seat
Book meal
FFP number
Check-in
Itinerary
Book hotel
API
ALL ON LINE

Print your own boarding pass for over 31 european airports

I can travel with my home printed boarding pass from London City - the first airport in England




British Airways - Online Check-in - Boarding Pass - Microsoft Internet Explorer


File Edit View Favorites Tools Help

Either click anywhere on the boarding pass and click PRINT, or click on this link [Print Boarding Pass](#)

- By using this facility you are agreeing to our [Boarding Pass Terms and Conditions](#).

PASSENGER BOARDING PASS 

NAME OF PASSENGER:	Baker/ M		
FROM:	Heathrow (London) LHR	DATE:	14 Dec 2000
TO:	John F.Kennedy (New York) JFK	DEPART TIME:	18:30
FLIGHT NUMBER:	BA0179	SECURITY NUMBER:	000
		SEAT:	18B
MEAL:		NO OF PIECES:	
CLASS:	Club World		
FQTV:		11111111	



PLEASE CHECK AT YOUR DEPARTURE AIRPORT FOR THE DEPARTURE GATE NUMBER OF YOUR FLIGHT

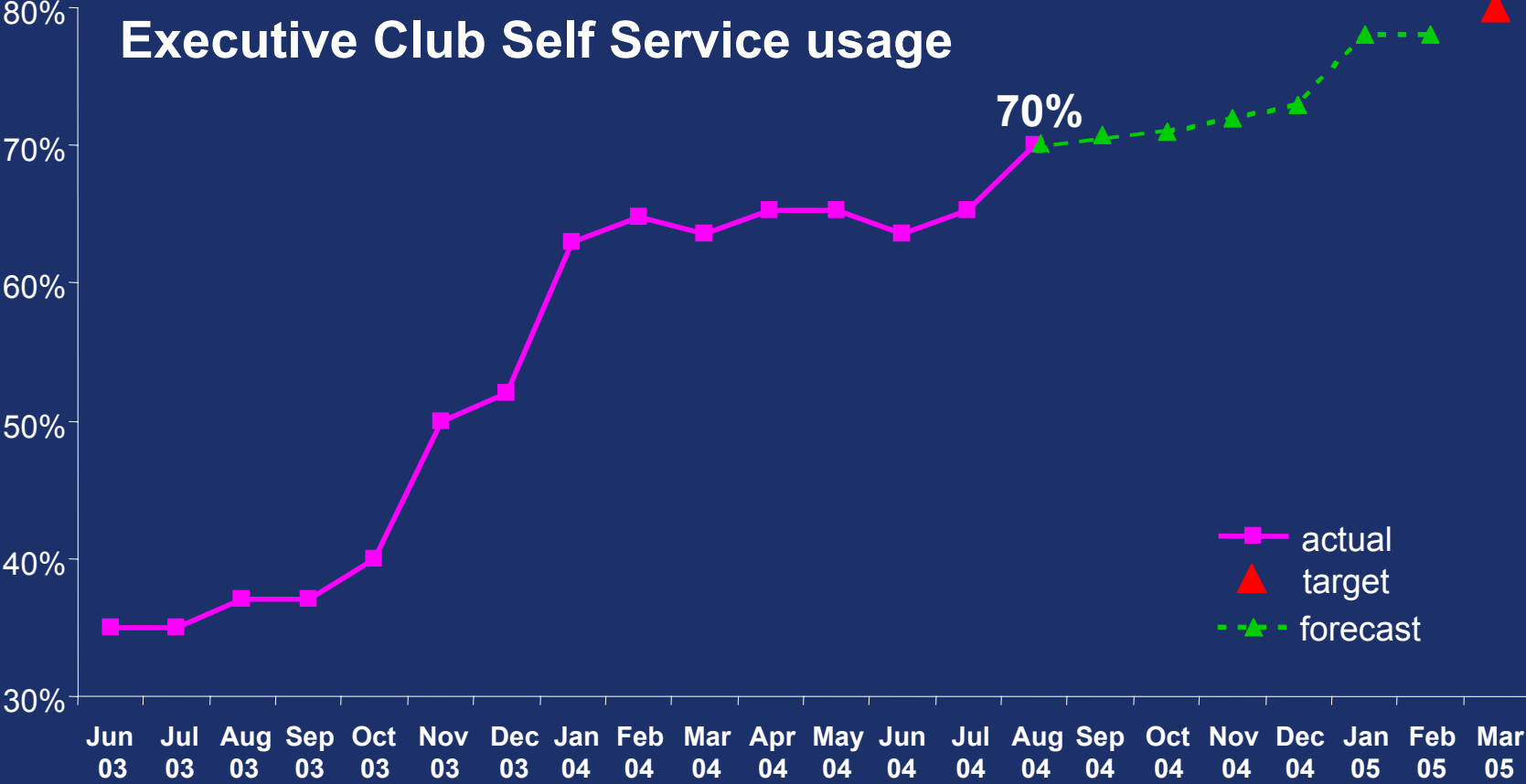
GATE CLOSE 18:20

Your flight departs from Terminal 5

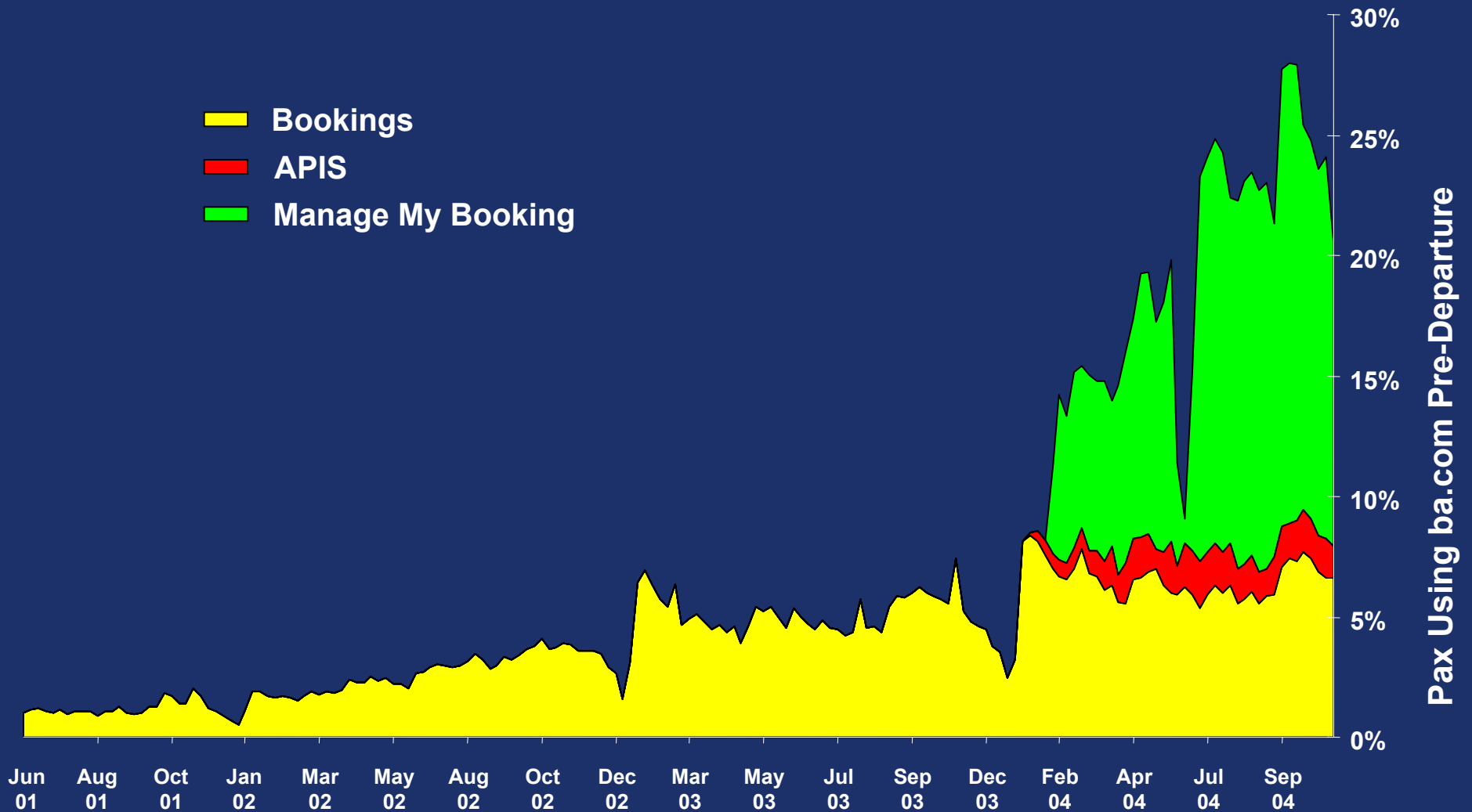
If you are checking in bags please take them to baggage -G4

You must check in your bags and obtain a baggage receipt 120 minutes before departure.

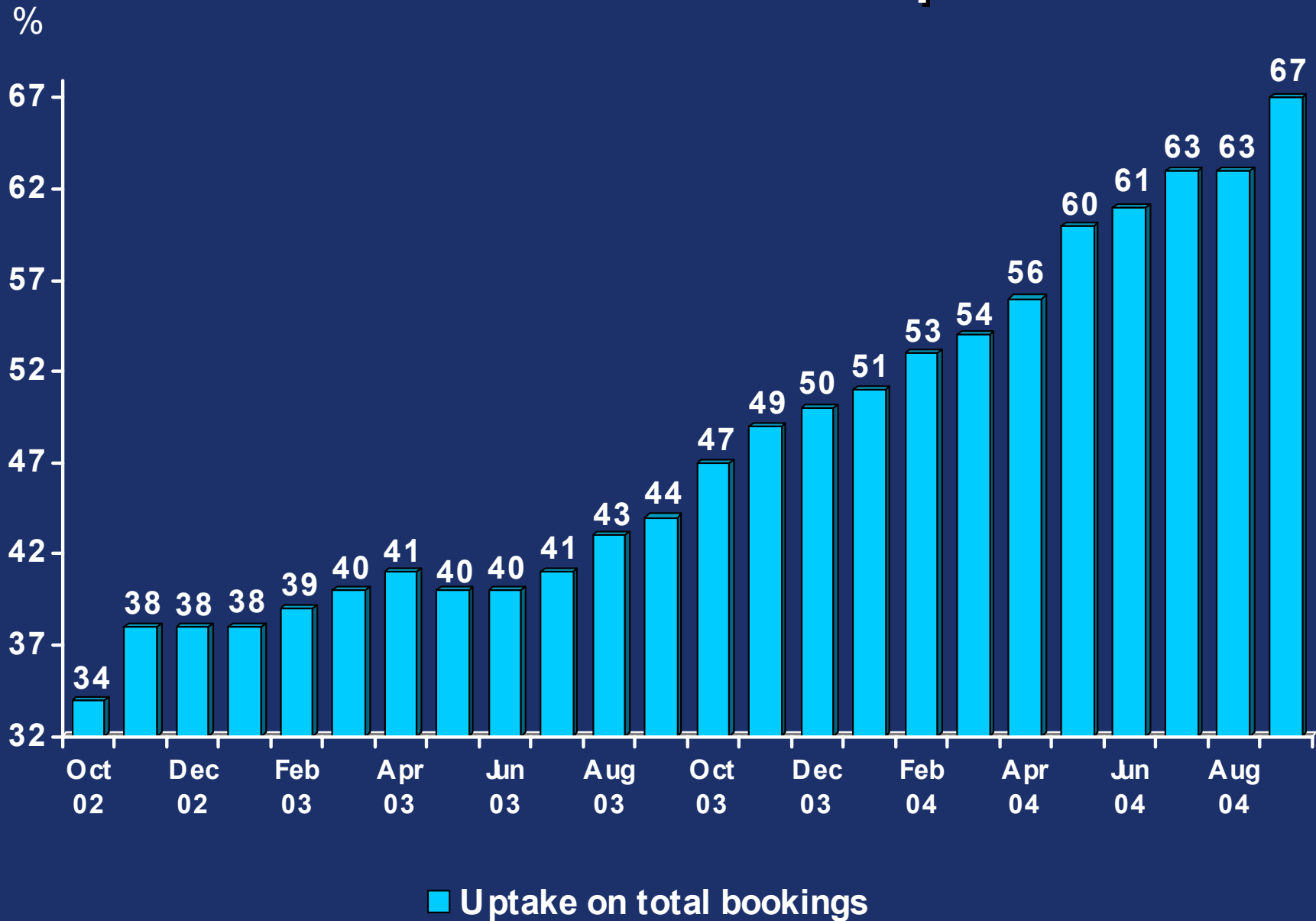
Executive Club



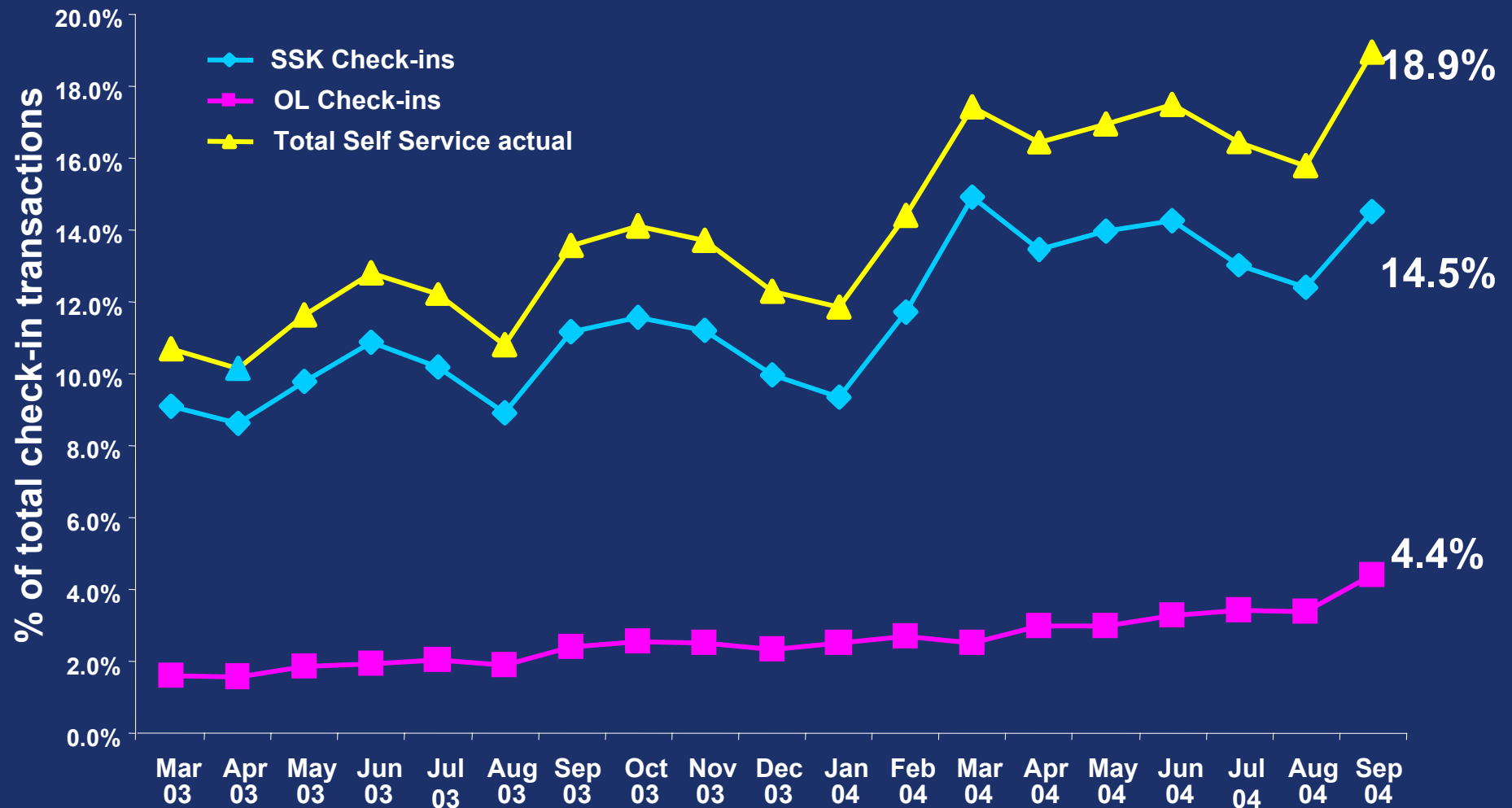
ba.com bookings + servicing



e-ticket take up



Self service check-in



Transformational targets

- 100% e-ticket usage
- 50% Self-service check-in (on and off airport)
- 80% core Exec Club interactions self-service
- 35% visit ba.com before they fly
- 45% email address capture
- 60% pre airport APIS data collection

Employee costs delivering £300 million

- Some progress
- Delayed by pay deal
- 2 years clear air
- Changes to working practices

Balance sheet

- Operating business
- Capital expenditure
- Disposals

Balance sheet

In 3 years

- Net debt down by £3.3 billion
- Early debt repayment £710 million
- Cash flow up £2.3 billion
- Capital expenditure Reduced
- Disposals £1.4 billion
- Unencumbered aircraft from 13 to 59

Steady progress

No quick fixes

2004/5 revenue outlook unchanged

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

Cost headwinds remain

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

October traffic statistics

- ASKs +0.1%
- RPKs
+1.8%
- Seat factor +1.2%
- Premium +0.8%

Summary

- Steady progress
- Business initiatives continue
- Outlook challenging
- 10% remains our goal

BRITISH AIRWAYS



Questions

BRITISH AIRWAYS



BRITISH AIRWAYS

