



## 2009 2<sup>nd</sup> Quarter Results





Antonio Vázquez  
Chairman & Chief Executive Officer



## Highlights Q2 2009



- **Decrease in revenues due to the deterioration in the mix and yield pressures in line with the rest of the industry**
- **Best load factor among peers**
- **Despite capacity reductions market shares maintained in our main strategic markets**
- **Containment of unit costs**
- **Solid balance sheet**
- **Contingency Plan will be adjusted and completed with additional measures**

# Main Figures



€ million	Q2 2009	Q2 2008
Operating Revenues	1,068.3	1,369.9
EBITDAR	2.4	135.4
EBIT	-129.6	-4.0
<i>Adjusted EBIT</i>	<i>-101.9</i>	<i>24.0</i>
Profit from operations	-126.4	-15.6
EBT	-122.3	29.2
Net Income	-72.8	21.2

## Passenger revenues: Traffic Statistics

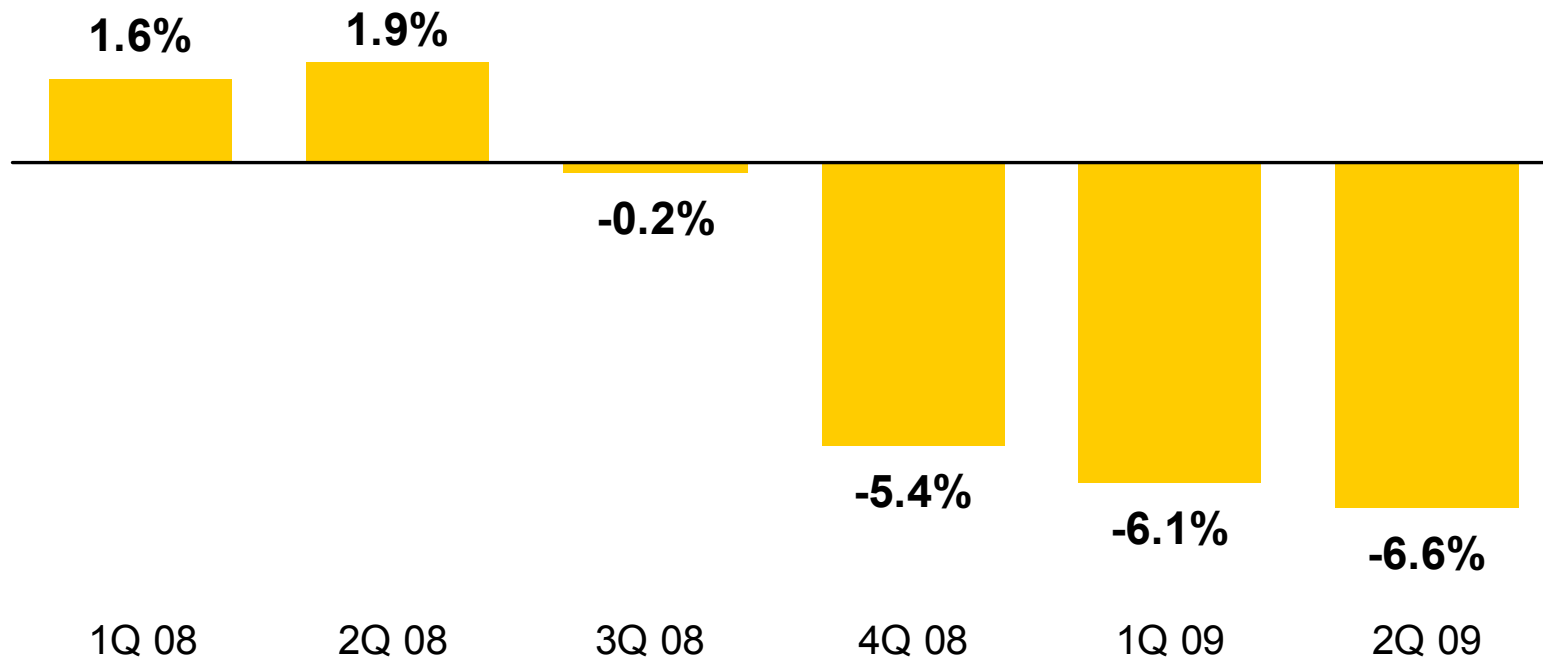


% Q2 09/08	ASK	RPK	LF
Domestic	-9.6	-6.2	2.8 pp
Europe	-9.5	-2.6	5.7 pp
Other Int. Medium haul	3.3	-0.5	-2.7pp
Long Haul	-5.2	-5.5	-0.2 pp
Total	-6.6	-4.8	1.5 pp

## Capacity reductions in accordance with market conditions and traffic








**% Capacity YoY**



## Best load factor among peers



	ASK % Q2 09/08		Q2 09 Load factor (%)	YoY var
	- 6.6%		81.3	1.5 p.p
 Lufthansa	- 1.6%		76.2	-3.1 p.p
AIR FRANCE 	- 4.7%		79.4	-0.9 p.p
	- 3.1%		77.6	-0.1 p.p
 Scandinavian Airlines	- 17.1%		74.2	0.3 p.p

## Iberia has improved market share in its main strategic markets



June accumulated

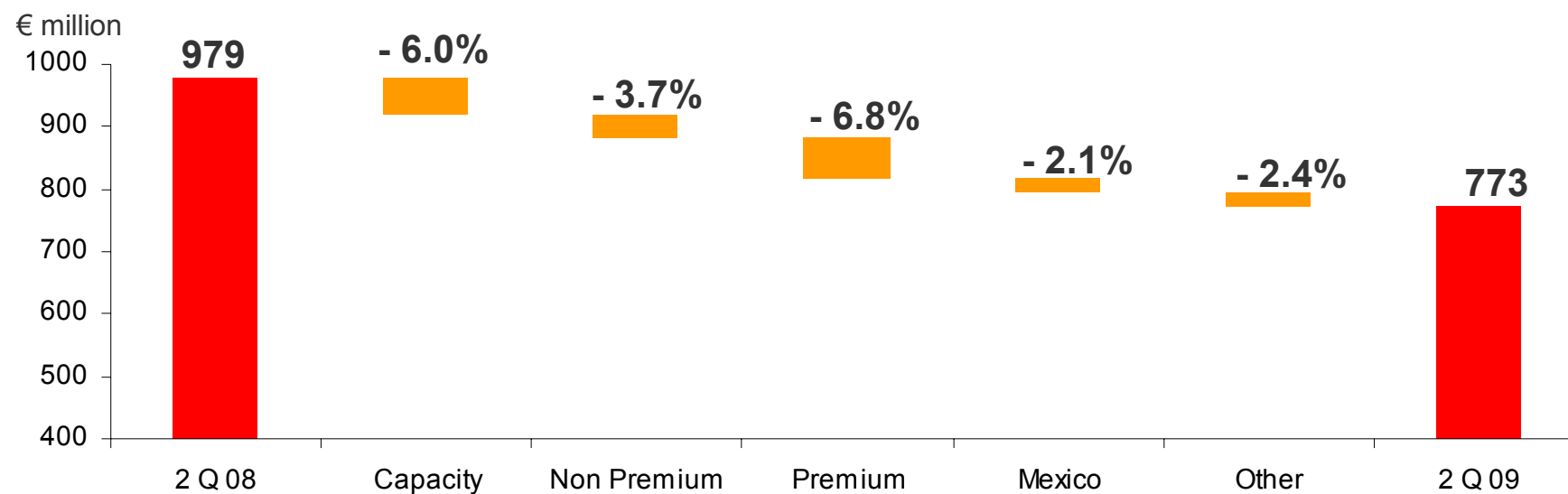
Total traffic	Market growth	IB Market share	Var. 09/08
Domestic	-14.9%	35.9%	-1.3p.p.
Spain – Europe	-11.9%	9.6%	+0.4p.p.
Madrid – Europe	-6.1%	43.4%	+1.9p.p.
Europe – Latin America	-11.3%	20.8%	+0.1p.p.

### Business traffic

Europe – Latin America	-26.7%	23.8%	+0.5%
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## Revenue reductions driven by volume and mix, and in line with our competitors



## Deterioration of Operating Revenue



€ million	Q2 2009	% YoY
<b>Passenger</b>	803.7	- 24.3
<b>Cargo</b>	55.5	- 34.6
<b>Handling</b>	67.3	- 6.4
<b>Maintenance</b>	77.9	- 0.9
<b>Rest</b>	64.0	- 12.4
<b>Total</b>	<b>1,068.3</b>	<b>- 22.0</b>

## Good performance of Operating Costs

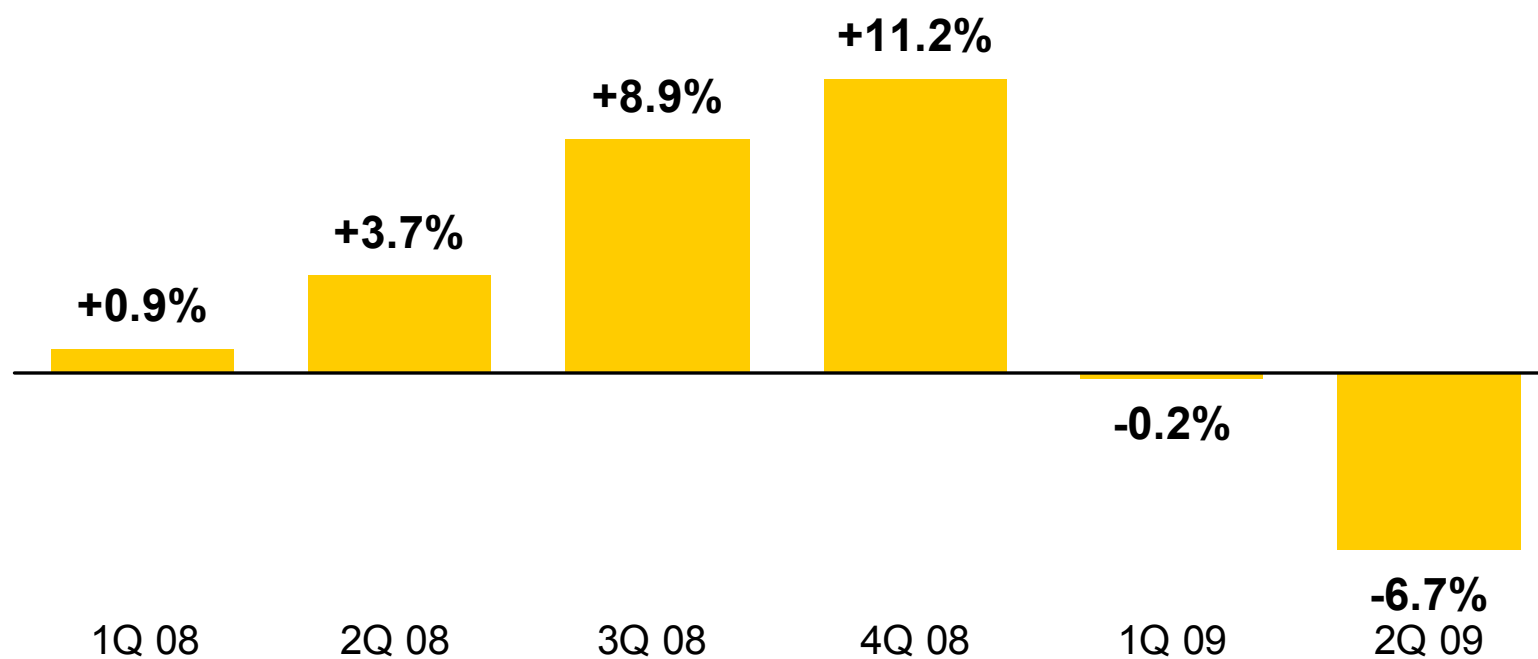


€ million	Q2 2009	% YoY
<b>Personnel</b>	323.7	- 3.6
<b>Fuel</b>	291.1	-28.1
<b>Aircraft rentals + Depreciation</b>	132.1	- 5.2
<b>Nav.aids + Traffic levies</b>	165.1	0.4
<b>Commercial</b>	26.3	- 53.3
<b>Total costs</b>	<b>1,197.9</b>	<b>- 12.8</b>
<b>Total unit costs</b>		<b>- 6.7%</b>

## Unit costs evolution



% YoY Cost / ASK



## Resources adjusted in line with capacity



	Q2 2009	% YoY
Average headcount	20,760	- 4.7%
Fleet	113	- 15 aircraft
Aircraft utilisation (Block Hours/Day)	10.5	+ 4.4%

## Strong Balance Sheet



€ million

**June 2009**

**Over December 08**

<b>In Balance-sheet net debt</b>	<b>-1,703</b>	<b>-5.6%</b>
<b>Adjusted net debt</b>	<b>1,041</b>	<b>2.8%</b>
<b>Gross cash</b>	<b>2,241</b>	<b>-1.4%</b>

**Iberia has maintained a strong financial position**



Rafael Sánchez-Lozano

Managing Director & Chief Operating Officer



## 4 Main guidelines and revised targets



### Contingency Plan

- Maintain financial strength
- Improve P&L
- Defend our main strategic markets

1

Capacity adjustment

2

Labour cost reduction

3

General cost reduction

4

Revision of investment plan



## Further capacity adjustment



ASK	Var 09/08	
	Old	New
Domestic	-10.4%	-10.4%
Medium Haul	-8.6%	-8.9%
Long Haul	-1.0%	-3.6%
Total	-4.3%	-6.0%

## Further capacity adjustment



### Initial fleet measures

- Grounding of 5 A 320 from May 09
- Cancellation of 2 wet leases that will be operated through dry
- Delay of 1 A340-600 from October 2009 to September 2010

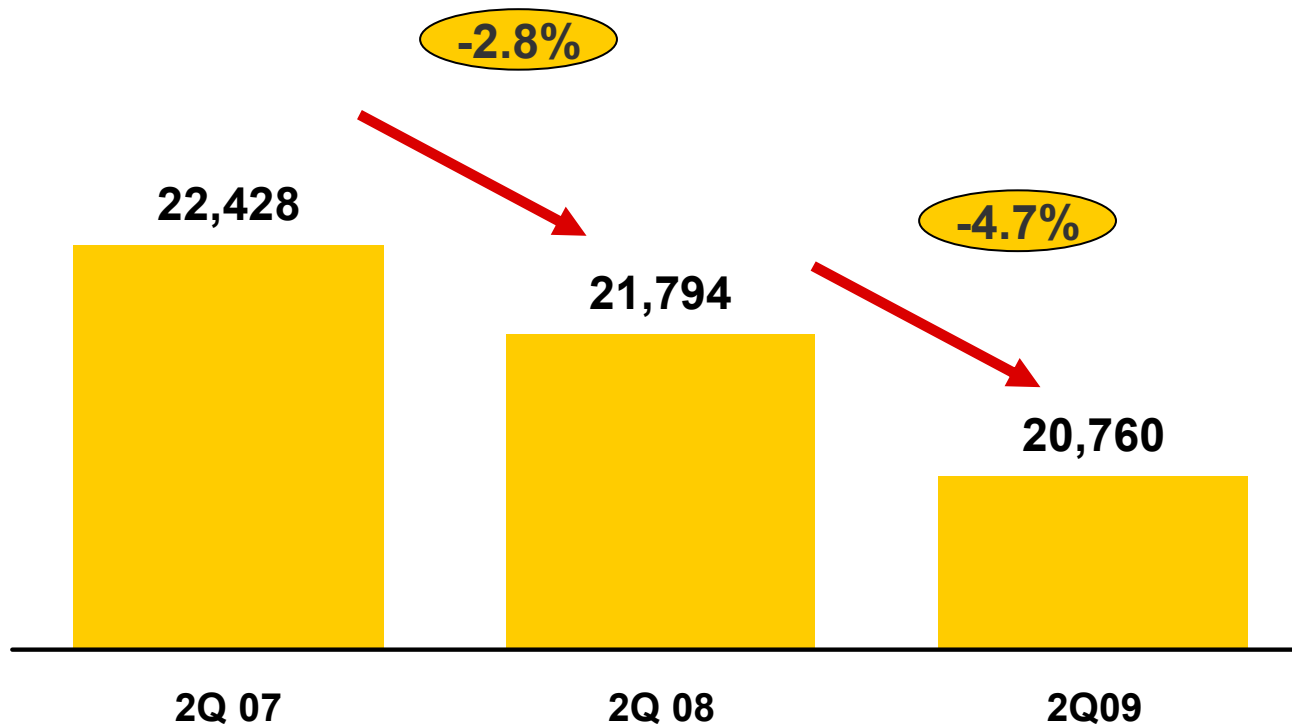
### Additional measures

- Delay of an additional A340-600
- Grounding of 3 A 320

## Personnel costs reduction

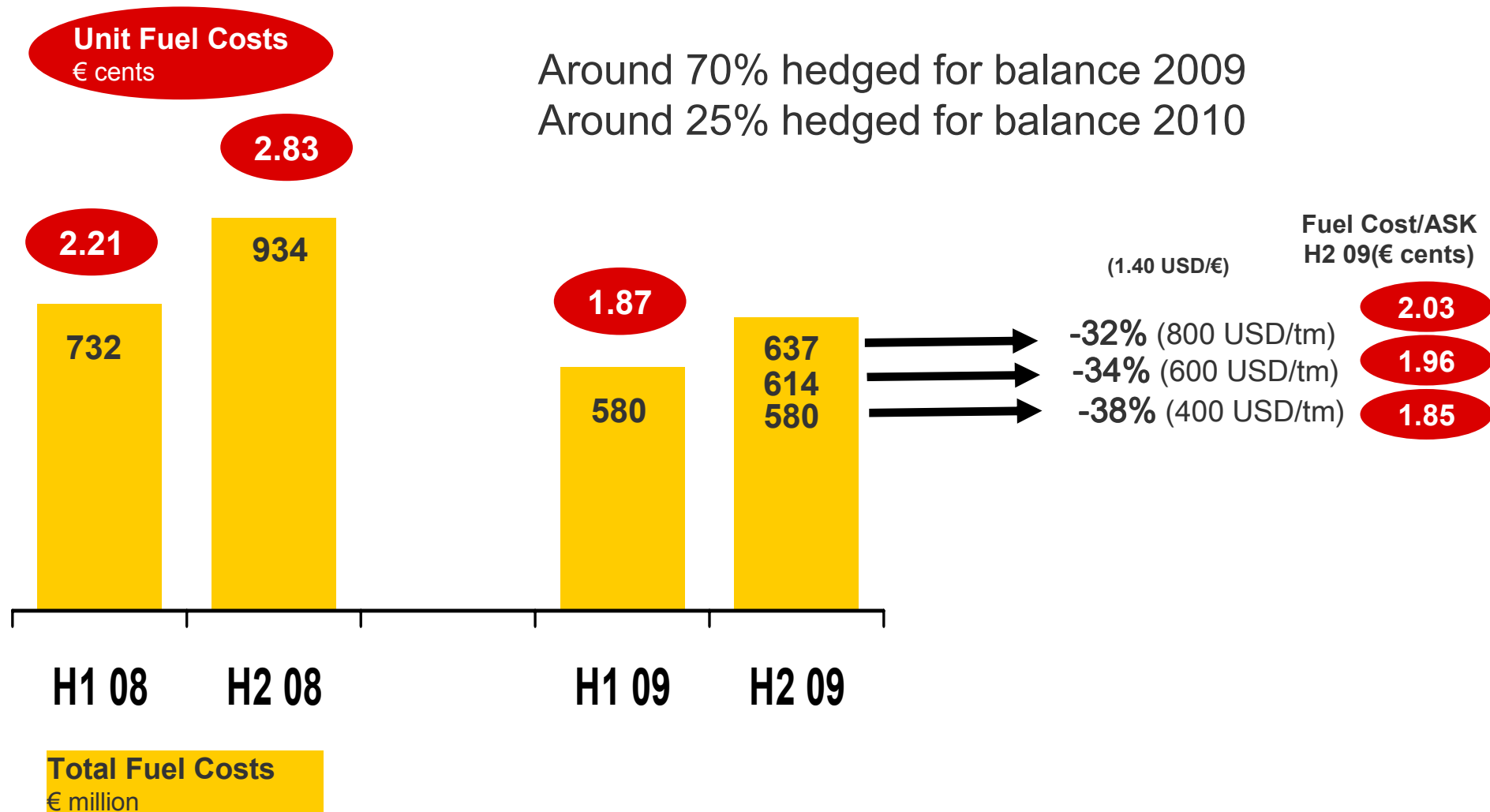


### Average headcount evolution 2007-2009



We will continue reducing the number of employees

# Jet Fuel 2009 E



## Investment plan revision



- All projected investments have been revised ✓
- Reduction of 50% of total investments ✓
- Investments linked to customer service have been maintained ✓
- Capex in 2009 will be around €100 mill. ✓
- Aircraft Delivery Program adjustment 2009 ✓

# Outlook



- **The trend of passenger unit revenue deterioration has probably bottomed through Q2**
- **Iberia will continue to adjust capacity aiming to optimize unit revenues**
- **Unit costs will be further reduced through Q3 and Q4 due to lower fuel costs and containment/reduction in the rest of main unit costs.**
- **We expect Q3 and Q4 to show a change of the recent negative trend in margins**
- **The Contingency Plan will be completed and improved**