



Full Year 2009 Results











Antonio Vázquez
Chairman & Chief Executive Officer



Highlights 2009



-  **Strong decrease in revenues: weak demand and yield deterioration.**
-  **High competition and drop of business traffic.**
-  **Adaptation to markets through capacity reduction.**
-  **Good performance of maintenance.**
-  **Stabilisation of the handling business.**
-  **Cost containment despite capacity reductions.**

Main Figures 2009



€ million	2009	2008
EBITDAR	61	500
EBIT	-464	-79
<i>Adjusted EBIT</i>	-352	40
Profit from operations	-475	5
EBT	-435	36
Net Income	-273	32



Rafael Sánchez-Lozano
Managing Director & Chief Operating Officer



Operating revenues 2009



€ million	2009	YoY %
Passenger	3,325	- 21
Cargo	251	- 27
Handling	266	- 3
Maintenance	310	+ 4
Rest	257	-18
Total	4,409	-19%
Revenue/ASK		-14%

Capacity adjustments: Traffic statistics



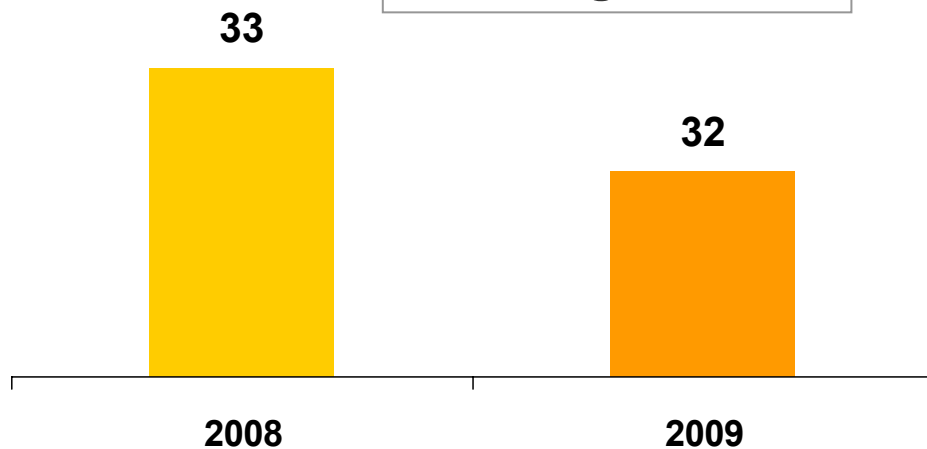
<i>Change 2009/08 (%)</i>	ASK	RPK	LF
Domestic	-11.0	-10.6	0.4 pp
Europe	-10.6	-6.7	3.2 pp
Other medium haul	1.3	-1.6	-2.2 pp
Long haul	-3.3	-5.4	-1.8 pp
Total	-6.0	-6.2	-0.2 pp

79.8% load factor, one of the highest among European network carriers

Capacity adjustments: Fleet



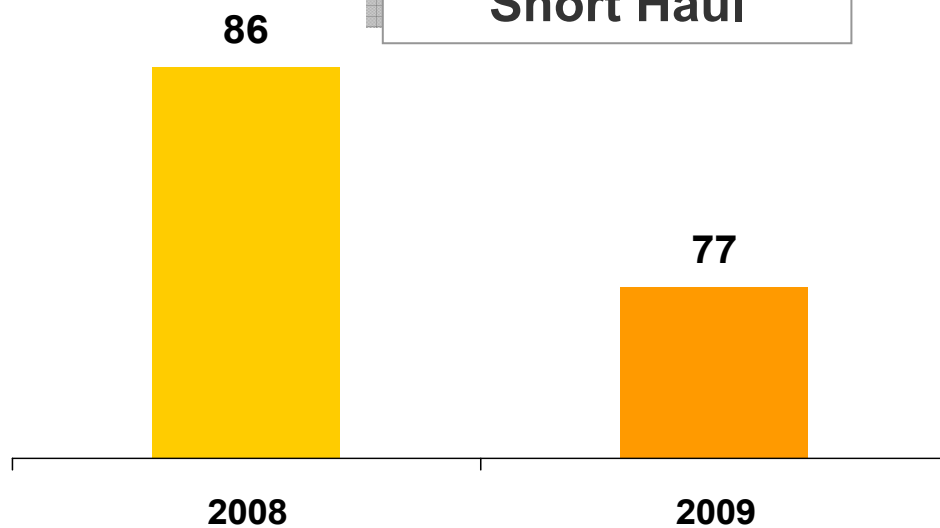
Long Haul



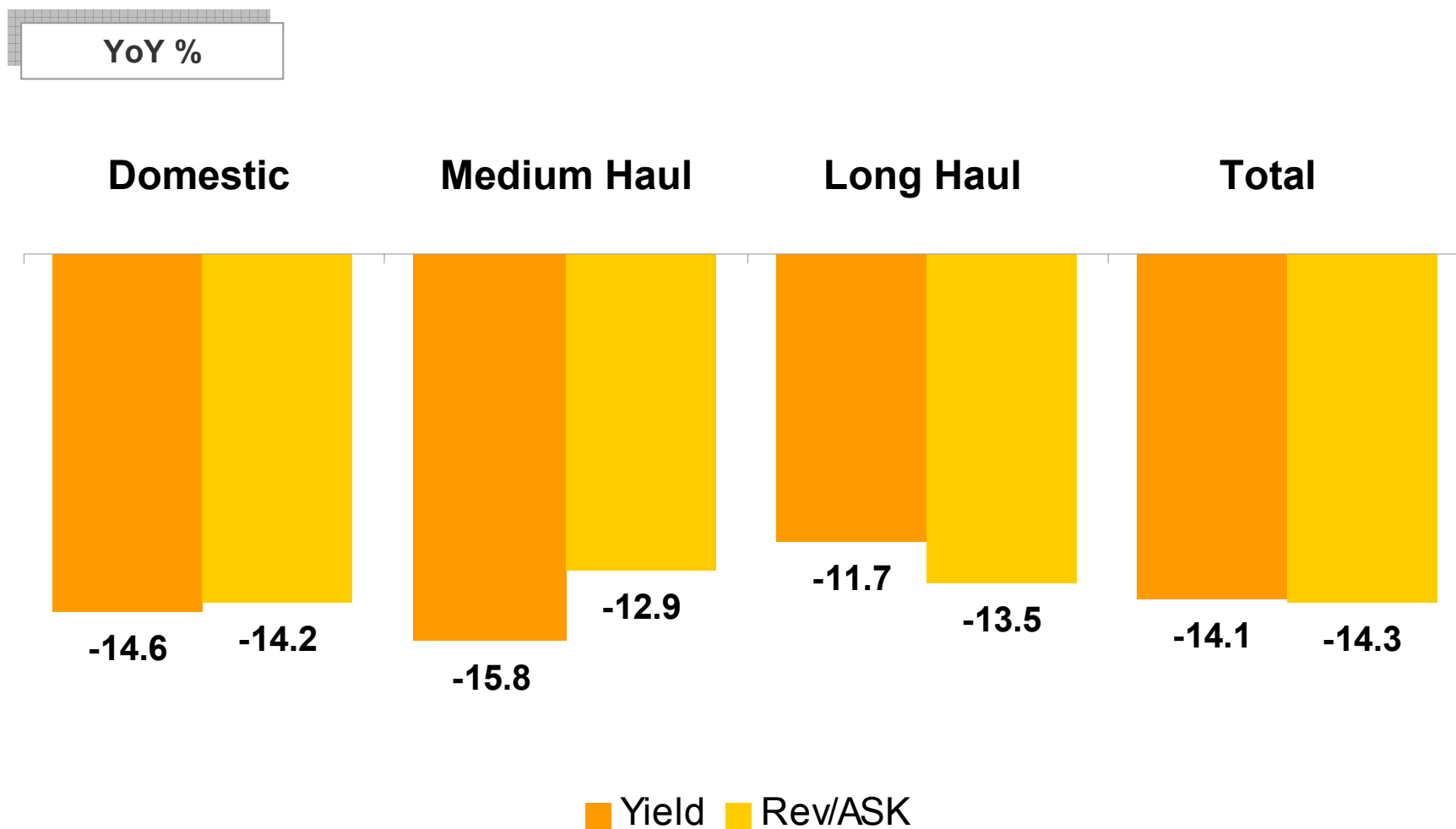
Total

2008:	119
2009:	109

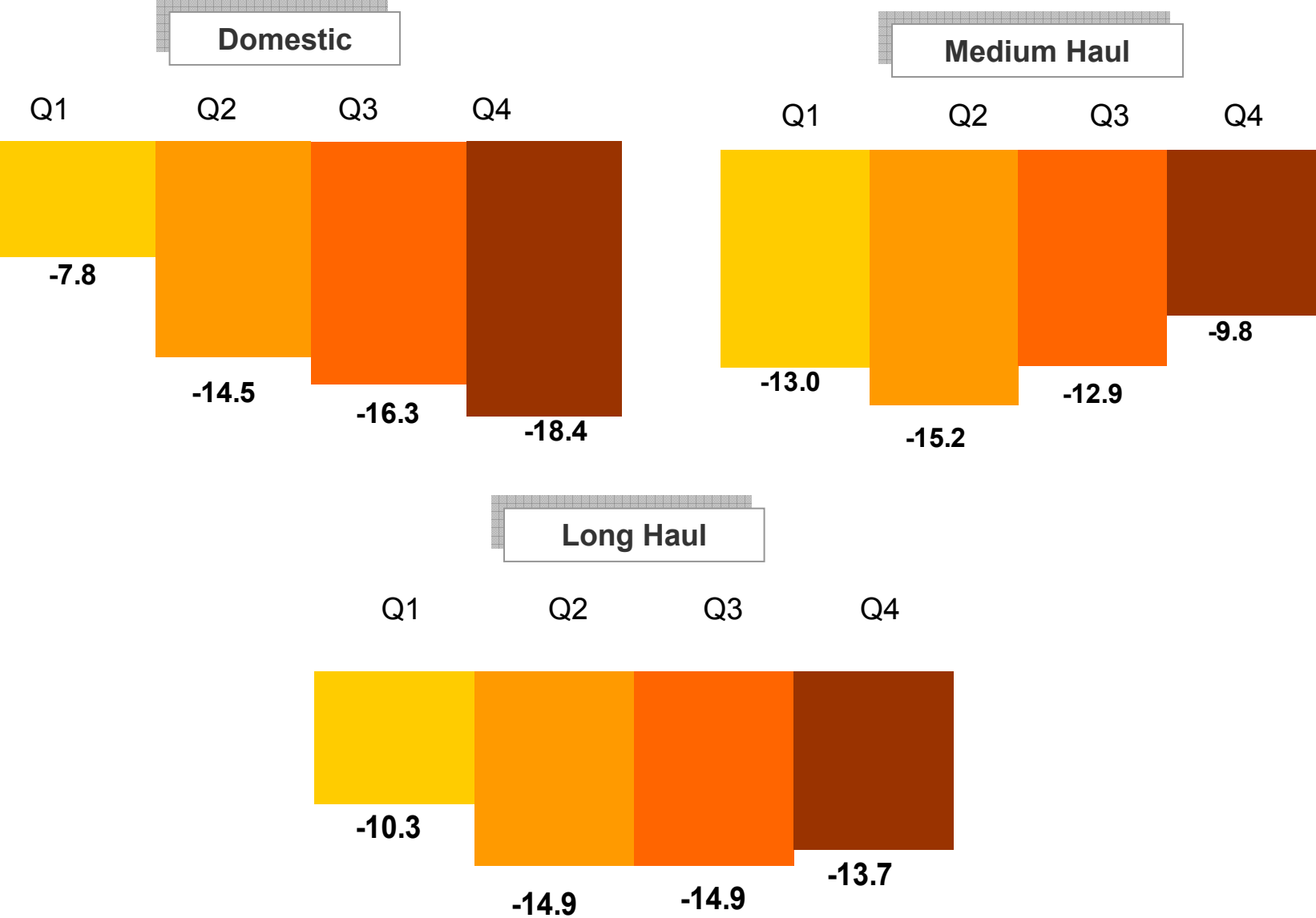
Short Haul



Unit revenue evolution



Quarterly unit revenue evolution by segments



Market Share 2009



Total traffic	Market share	YoY change p.p.	Market growth
Domestic	33.8%	-2.5	-8.0%
Madrid – Europe (AENA)	41.6%	+0.1	-2.3%
Europe – Latin America	20.1%	-0.3	-8.8%
Business traffic			
Europe – Latin America	23.6%	-0.0	-21%

Operating costs 2009



€ million	2009	YoY %
Personnel	1,297	- 2
Fuel	1,184	-29
Depreciation + Fleet leases	525	-9
Traffic services + Nav.Charges	649	-3
Commercials	151	-25
Booking systems	134	-3
Maintenance	393	1
Rest	540	-5
Total costs	4,873	-12%
Operating Costs/ASK		-6.3%

Headcount and Productivity



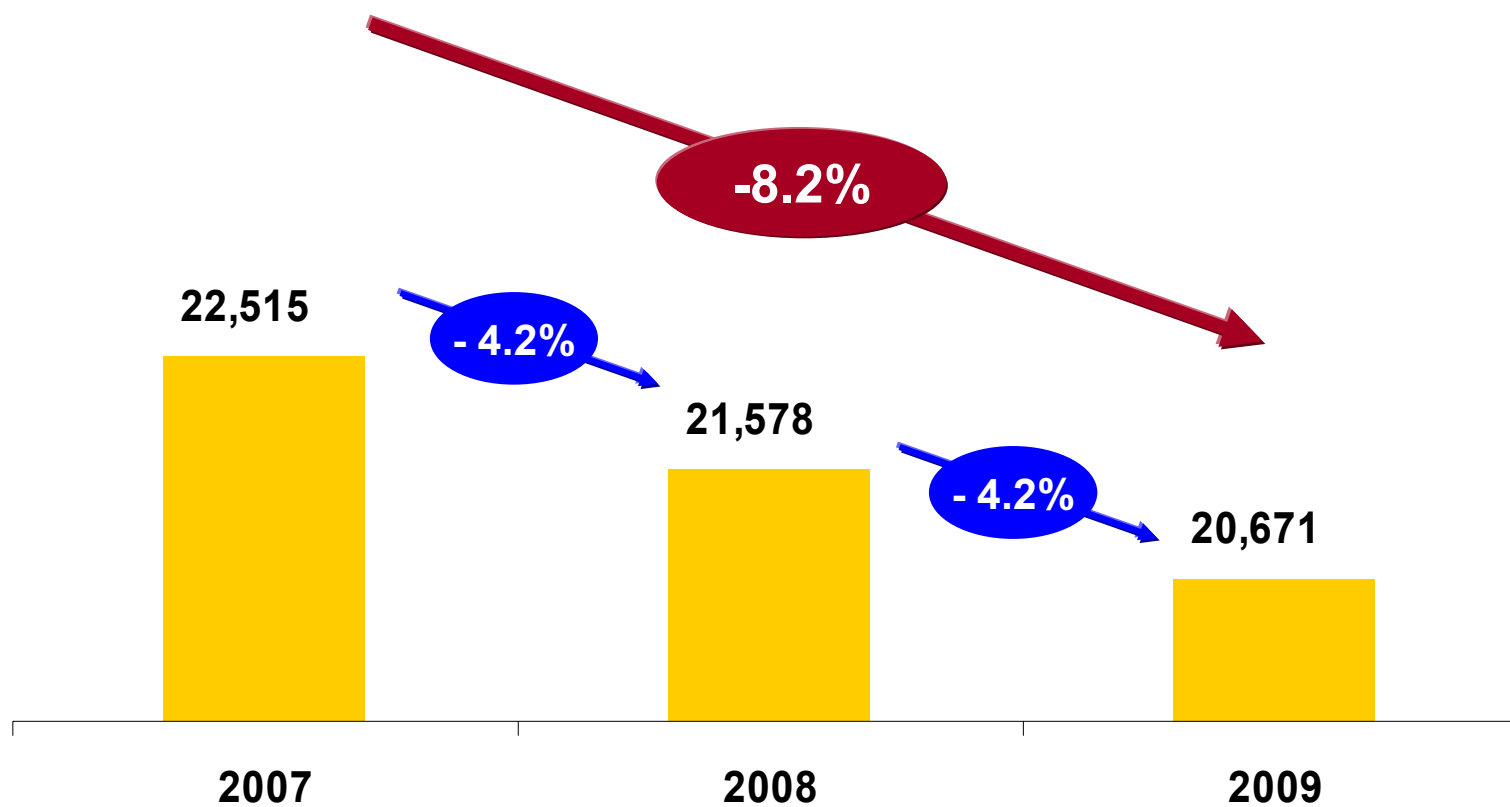
Manpower Equivalent

	2009	YoY %
Pilots	1,590	-3.3
Cabin crew	3,745	-4.5
Ground staff	15,336	-4.2
Total	20,671	-4.2

Productivity

	YoY %
Block Hours/Pilot	-1.3
Block Hours/Flight Attendant	-3.0
Ground (ASK/Employee)	-1.8
Fleet Utilisation (BH/Aircr/day)	+3.7

Efforts in headcount efficiency



Strong balance sheet



€ million	2009	2008
Gross cash	1,919	2,272
In balance-sheet debt	502	468
In balance- sheet net debt	-1,417	-1,803
Capitalised operating leasing (x8)	2,646	2,816
Adjusted net debt	1,229	1,013

Iberia has maintained a strong financial position



Fourth Quarter Results



Highlights Q4 2009



Results worse than expected due to:

- Persistent weakness in unit revenues
- Difficult comparable in personnel and commercial costs
- Restructuring costs linked to Redundancy Programme

Latest figures point to a reverse in the negative trends

- Demand growing in main strategic markets
- Recent positive evolution in unit revenues
- Unit cost reduction due to fuel prices.

Main Figures Q4 2009



€ million	Q4 2009	Q4 2008
EBITDAR	-8	81
EBIT	-132	-63
<i>Adjusted EBIT</i>	-106	-33
Profit from operations	-145	-25
EBT	-155	-28
Net Income	-91	-19

Operating revenues Q4 2009



<i>€ million</i>	Q4 2009	YoY %
Passenger	799	- 21
Cargo	72	- 17
Handling	62	+ 2
Maintenance	83	+ 17
Rest	60	-36
Total	1,076	-19%
Revenue/ASK		-13%

Operating costs Q4 2009



<i>€ million</i>	Q4 2009	YoY %
Personnel	321	4
Fuel	295	-37
Depreciation + Fleet leases	124	-14
Traffic services + Nav.Charges	157	-5
Commercials	44	14
Booking systems	29	-1
Maintenance	98	7
Rest	141	-6
Total	1,208	-13%
Operating Costs/ASK		-7%

Exceptional items Q4 2009



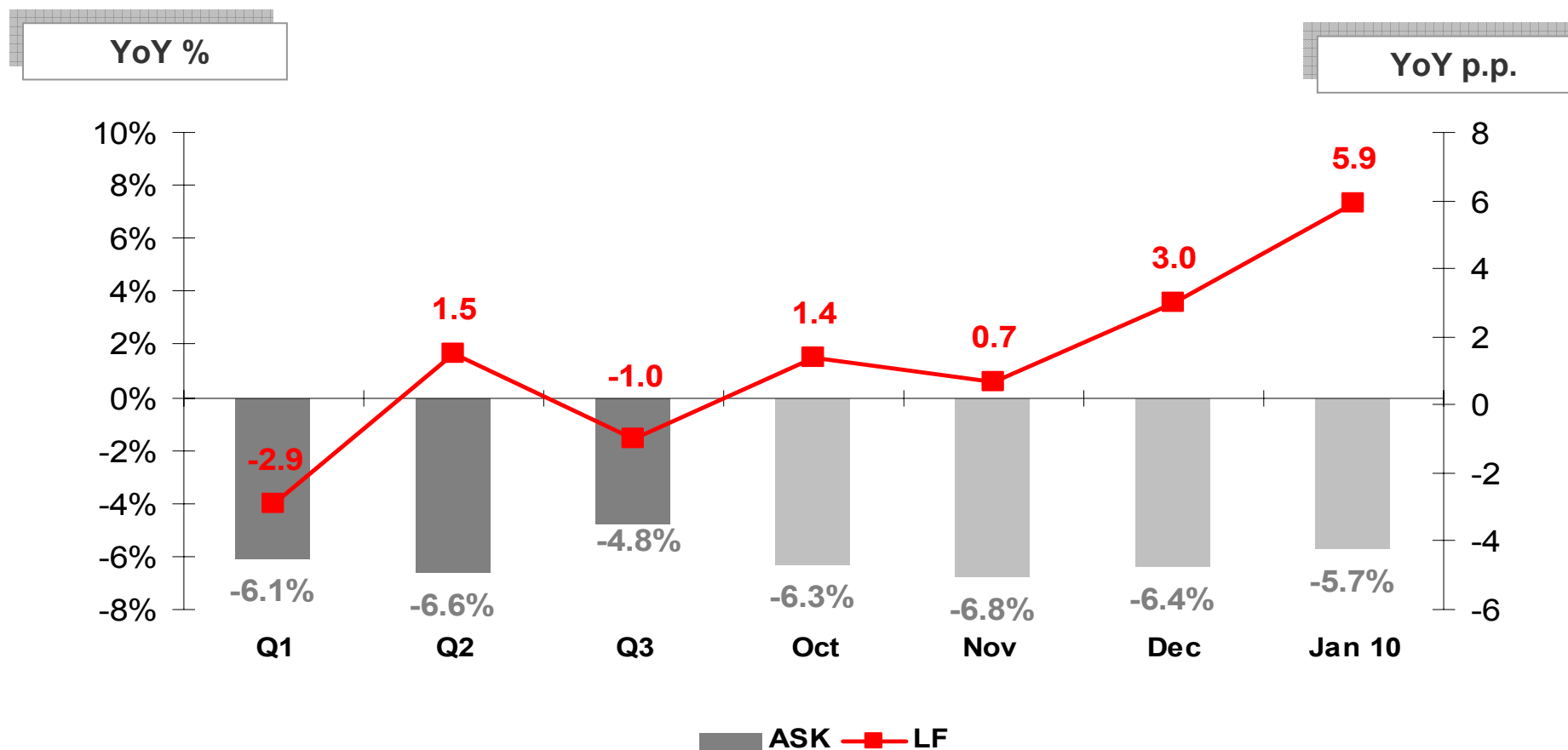
Revenues

- **Non-recurring revenues:** Recovery of 45 MM/€ of provision for obligations to pilots

Costs

- **Personnel:**
 - Provision of 51 MM/€ for the extension of the redundancy plan
 - Negative comparable due to the downward adjustments made in 4q 2008 to recover estimated inflation provisions
- **Maintenance:** Higher costs due to aircraft returns and increase of third party revenues
- **Commercial:** More proactive commercial policy
- **Exchange rates:** Provision of 6 MM/€ for devaluation of Venezuelan peso

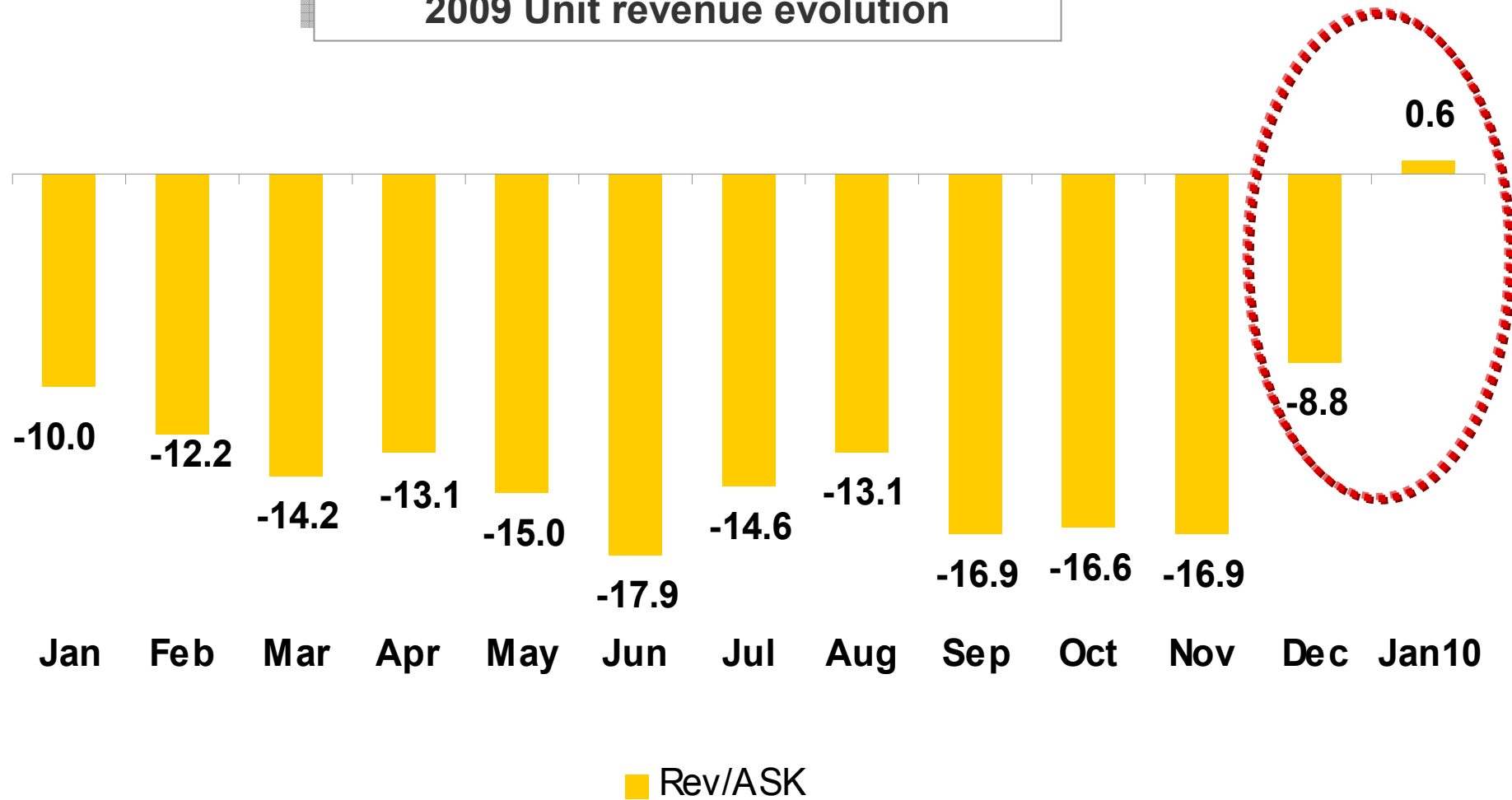
Volume recovery



Recent trend improvement



2009 Unit revenue evolution

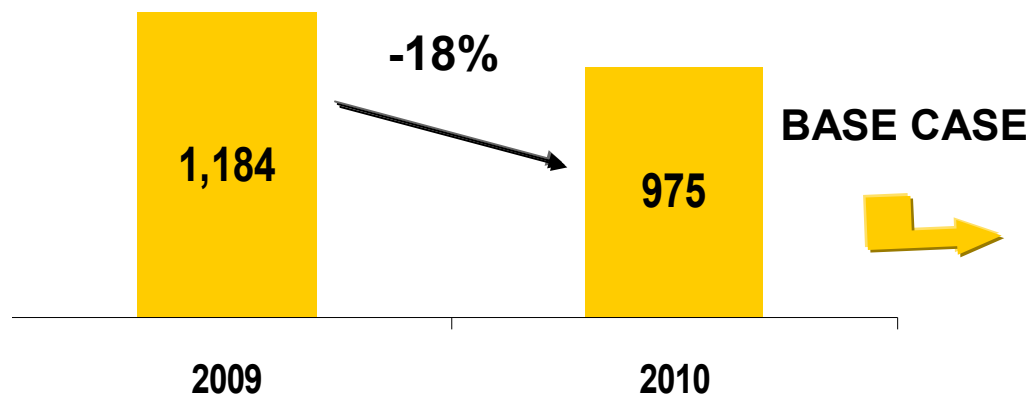


Fuel 2010 E



Around 70% hedged for 2010

Total Fuel Costs mm €



1.91

1.60

Unit Fuel Costs € cents

Price sensitivity

(1.40 USD/€)

Price	Fuel Bill	YoY %	Unit cost (€ cents)
800	1,009	-15%	1.65
700	975	-18%	1.60
600	940	-21%	1.54



Developments 2010



Three main projects



 **Plan 2012**



 **IB-BA Merger**

 **IB-BA-AA Joint Business Agreement**





Restructuring the Short & Medium haul



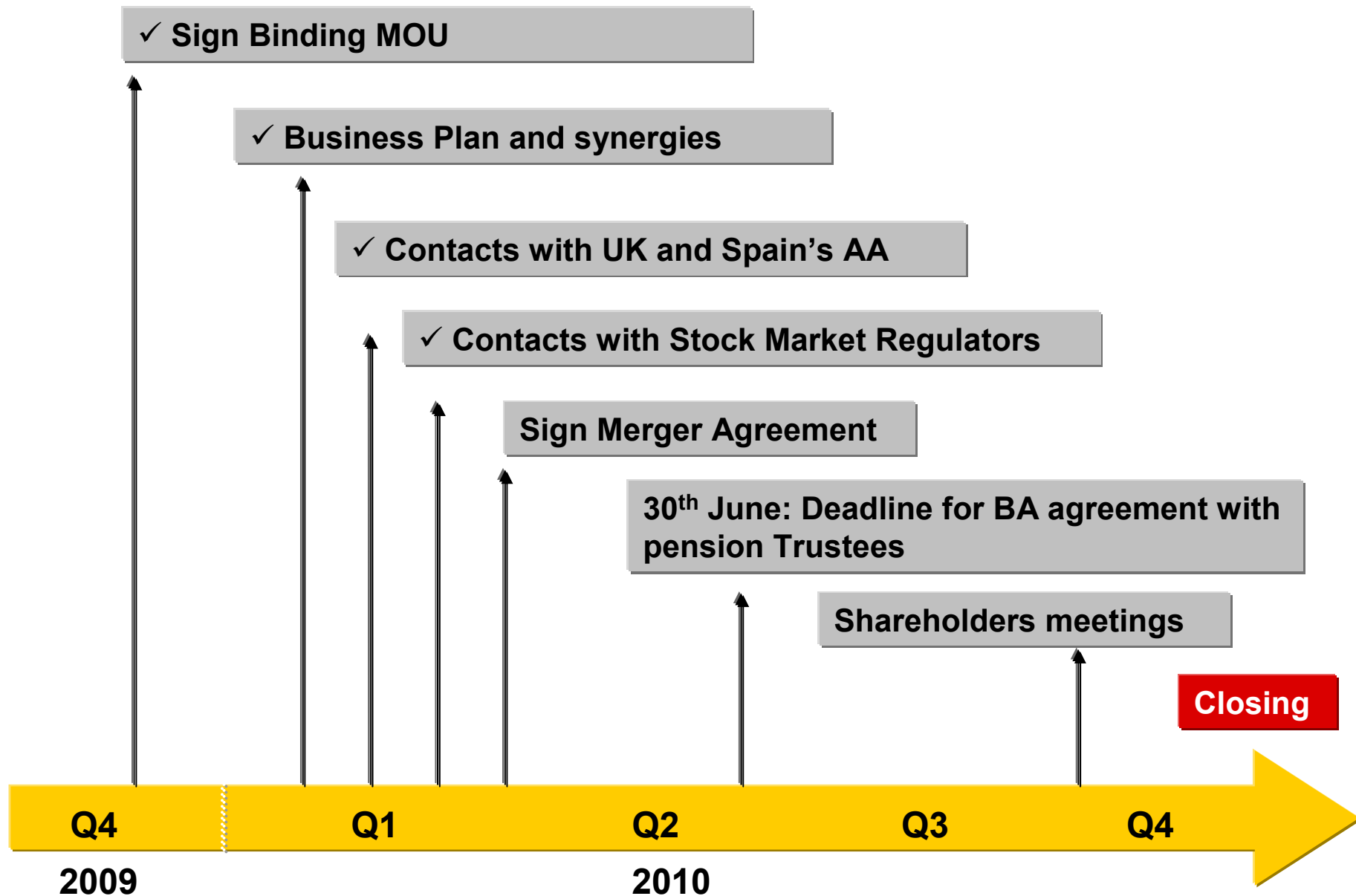
Facts

-  Short haul is not profitable nor for Iberia nor for other European network carriers
-  Spain-Europe segment is essential to feed long haul

Actions

-  Change in the production model: creation of a new airline with lower costs
 -  Gradual transfer of short haul operations from Iberia to Newco
 -  Labour agreement needed
 -  Launch planned for 2011 with 10 aircraft

IB-BA: Current Timetable



Joint Business Agreement BA-IB-AA



- Schedule and pricing coordination
- Enhanced network opportunities
- Synergies will allow growth opportunities
- Better customer proposition



11.7% of Iberia passenger revenues affected