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Full Year 2006 Results



- **First year of the Director Plan in line with the targets**
- **Selective increase in capacity focused in the long haul growth**
- **Excellent behaviour of Business Plus class**
- **Strong revenues, especially in the passenger and maintenance business**
- **Costs heavily affected by high fuel prices and IAS 39 effects**
- **Initiation of operations in T4**



Key Figures Year 2006

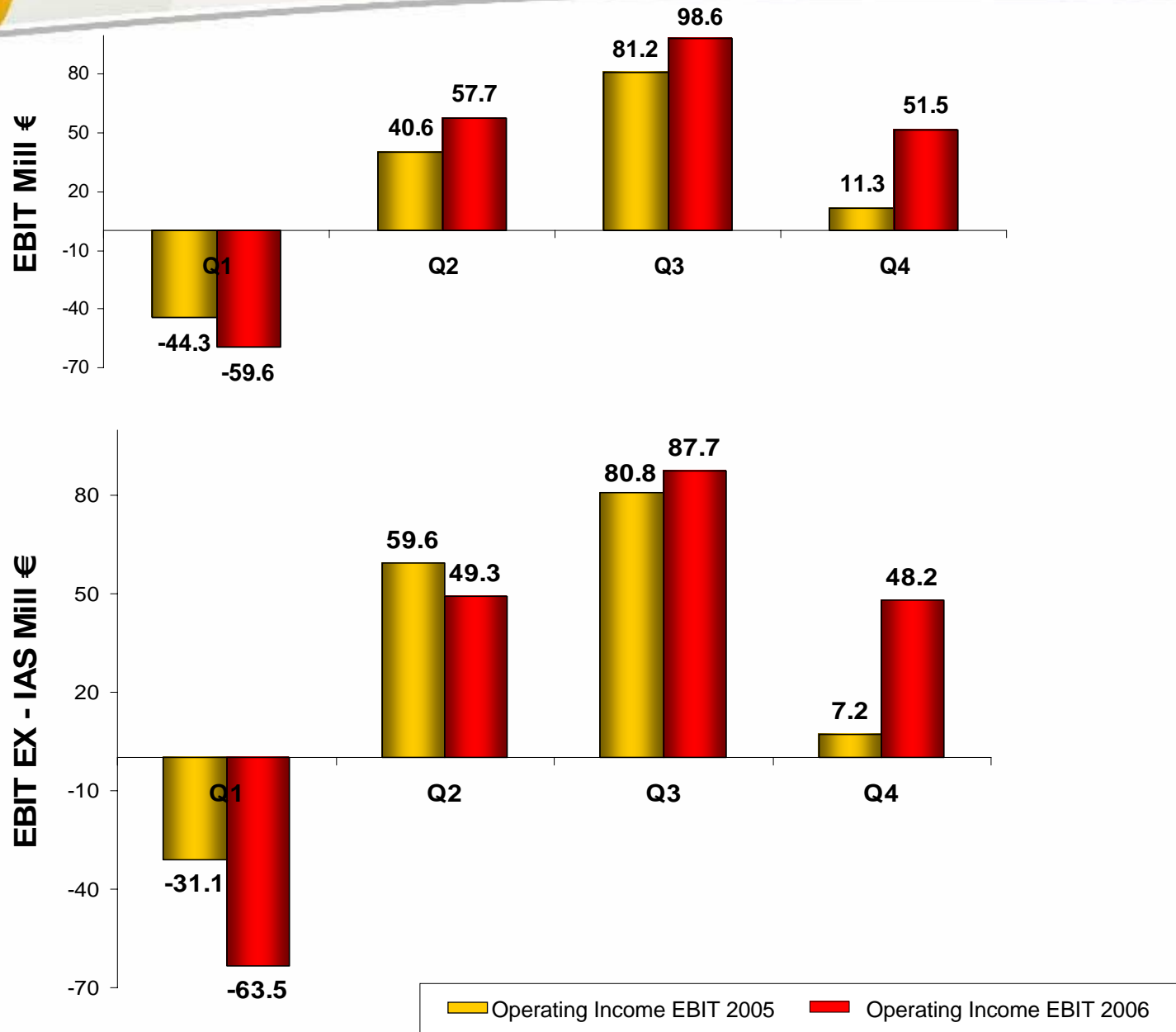
	FY 2006	06/05
Operating Revenue	5,387.8	+9.3%
Ebitdar	790.6	+13.0%
<i>Ebitdar margin</i>	14.7 %	+ 0.5 p.p
EBIT	122.0	+ 4.7%
EBIT (ex IAS 39)	150.4	+ 67.7%
EBT	165.2	- 58.0%
Net Income	57.0	N.M
Net Income (ex. tax credits adjustments)	116.1	N.M

MM/€



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Quarterly Results Evolution





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Operating Revenues

<i>(million €)</i>	2006	% s/05
Passenger	4,222.9	+ 8.7
Cargo	329.8	+ 5.3
Handling	331.2	+ 2.8
Maintenance	219.0	+ 40.7
Rest	284.9	+12.1

• **Total Operating Revenues** **+ 9.3%**

• **Revenue / ASK** **+5.7%**

- **Important growth in passenger revenues**
- **Good performance in other businesses' revenues, especially maintenance**



Selective Growth: Traffic Statistics 2006

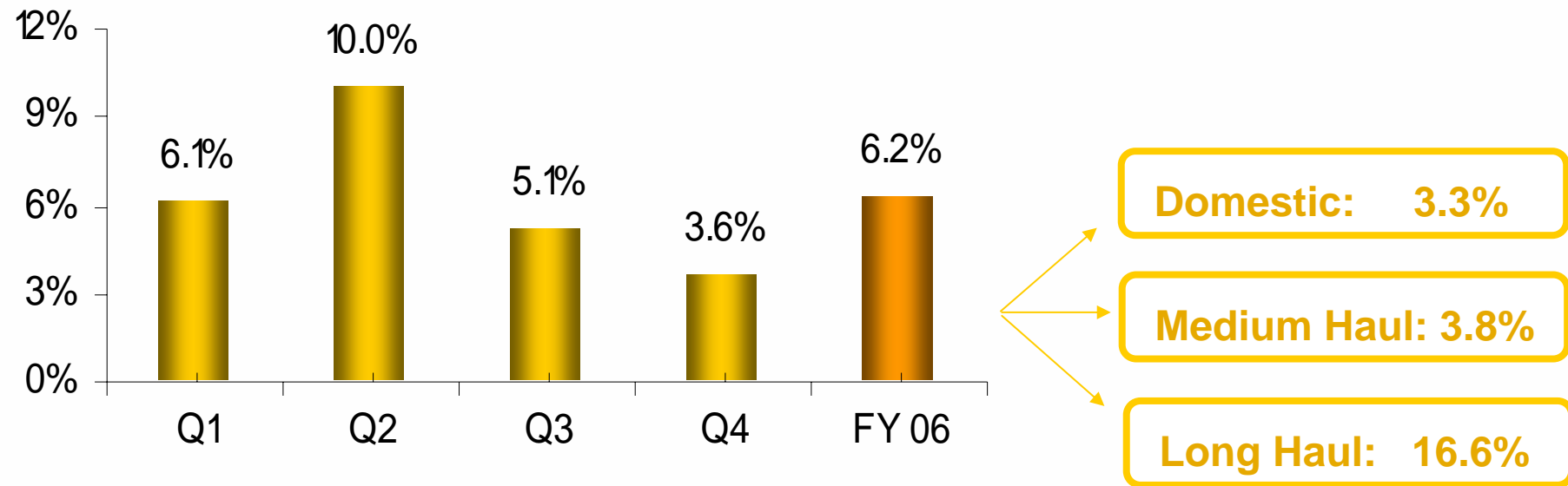
January-December	ASK	RPK	L.F.
Domestic	- 5.7%	- 5.7%	+ 0.0 p.p
Europe	+ 0.5%	+ 6.4%	+ 4.0 p.p
Other Int. Medium Haul	+ 2.8%	+ 9.0%	+ 4.1 p.p
Long Haul	+ 8.6%	+11.9%	+ 2.5 p.p
Total	+ 3.4%	+7.0%	+ 2.7 p.p

Successful restructuring of the network following one of the main pillars of the Director Plan



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Passenger Unit Revenue Evolution

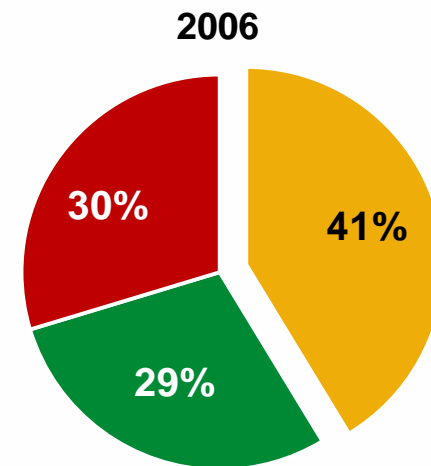
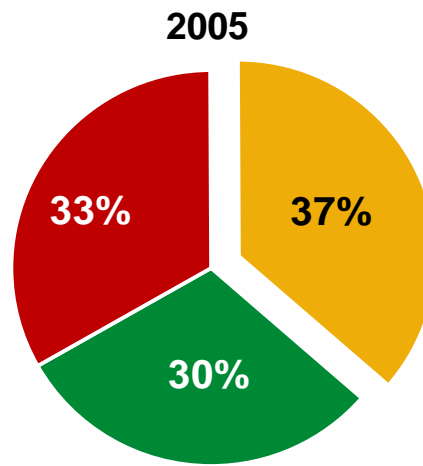
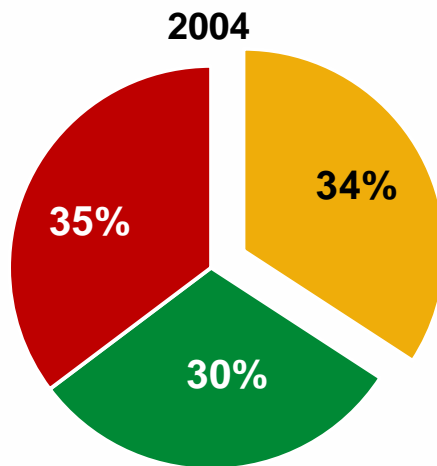




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Long haul is gradually increasing its weight

Strengthening the competitive advantage that the presence in these markets represents for Iberia



% of pax+cargo revenue/market

Long Haul Medium Haul Domestic



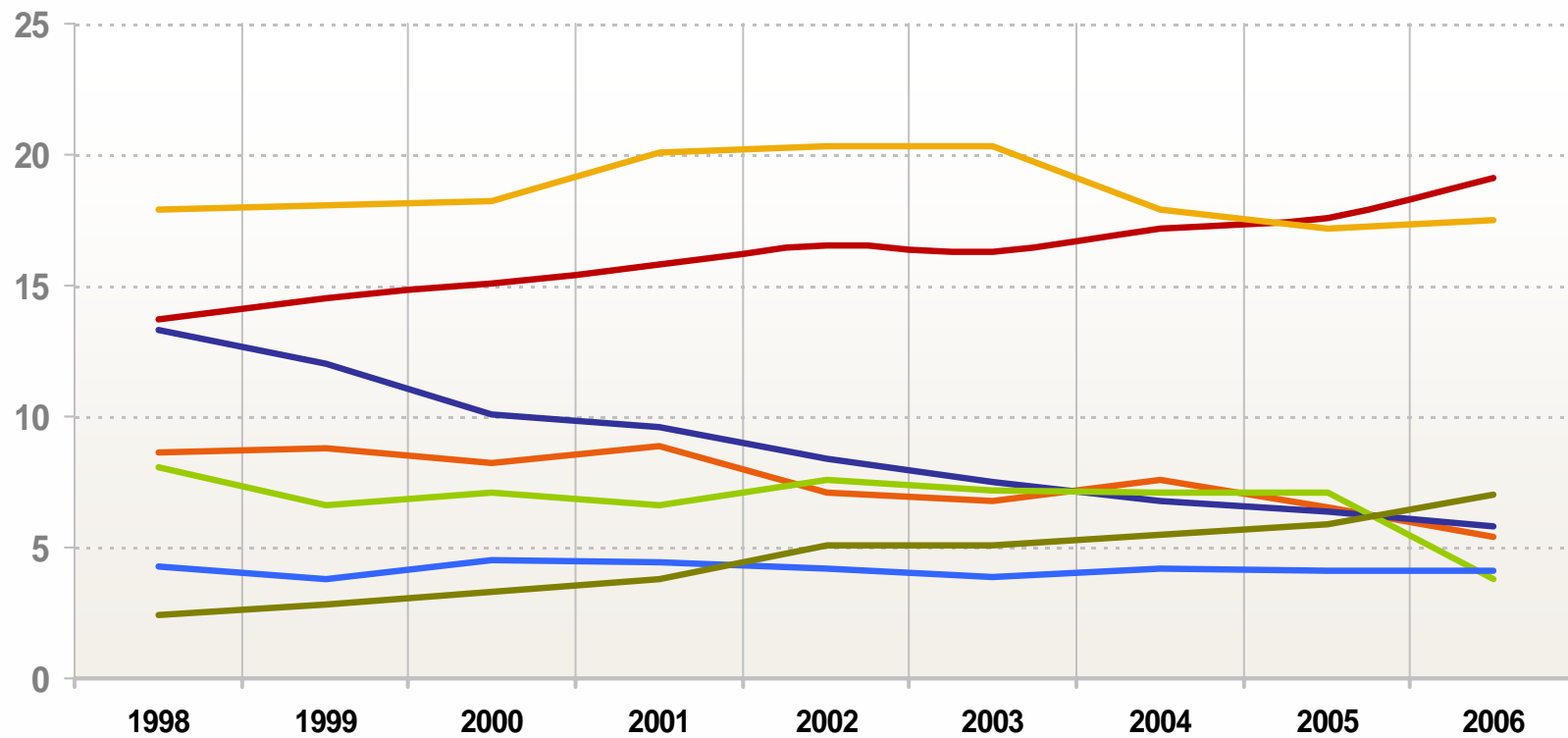
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Latin America: Gap with Main Competitors Continues to Widen

Market growth Ytd 2006 : 4.0%

Iberia market share : 19.0% (+1.4 p.p.)

Europe – Latin America market share



Iberia Lufhansa British Airways Varig Alitalia TAP Air France+KLM

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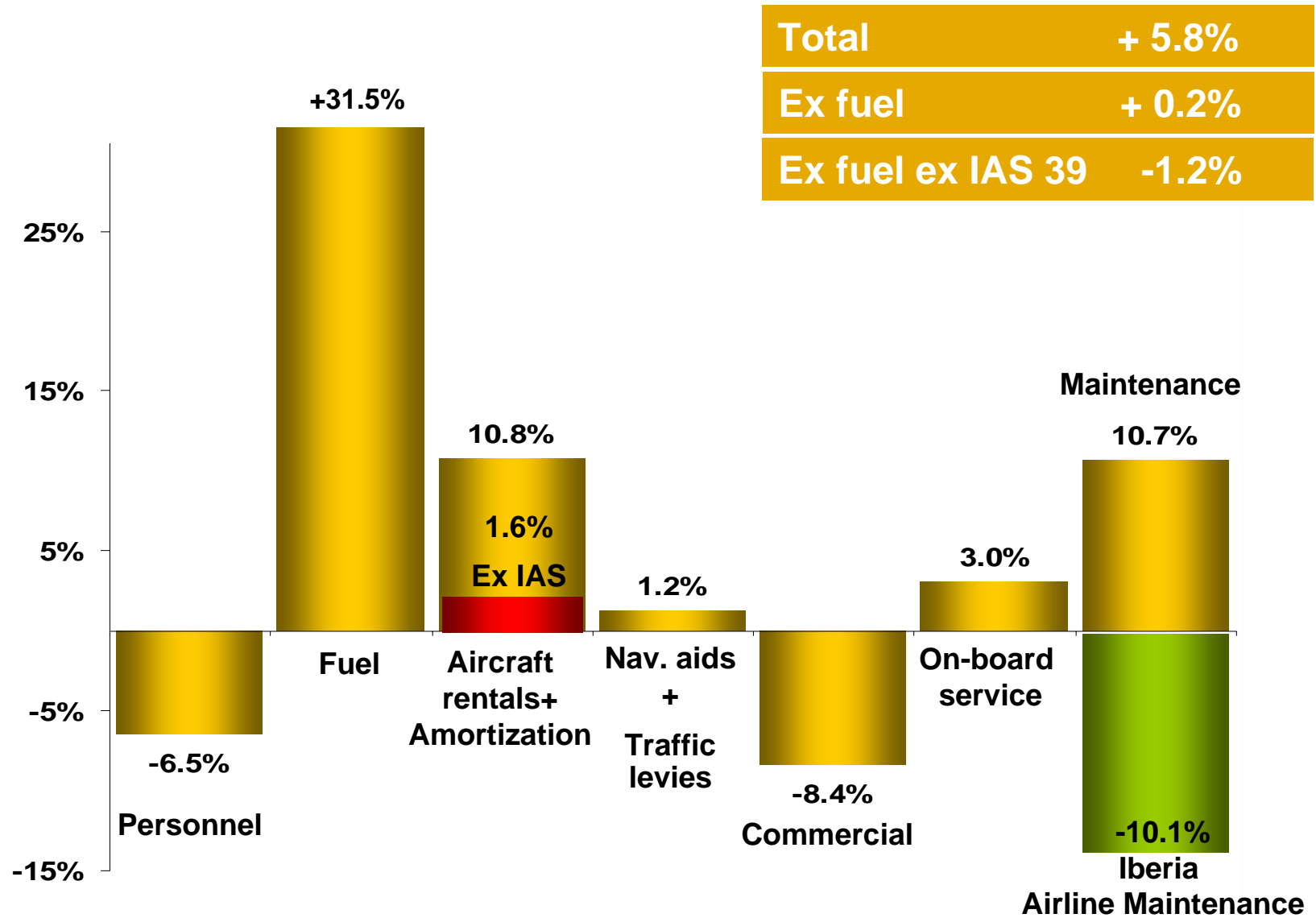
Operating Costs

<i>(million €)</i>	FY 2006	%06/05	
Personnel	1,395.2	-3.3	
Commercial	246.1	- 5.2	
Fuel	1,177.5	+ 36.0	
Aircraft rentals + Depreciation.	668.5	+14.2	ex IAS +4%
On board service	68.0	+7.6	
Navigation charges + Traffic services	737.5	+ 4.7	
Total Operating Costs		+ 9.4%	
Total Operating Costs (ex IAS 39)		+ 8.2%	
Total Operating Costs (ex IAS 39 ex fuel)		+ 2.1%	



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Unit Costs Evolution FY 2006 vs. FY 2005

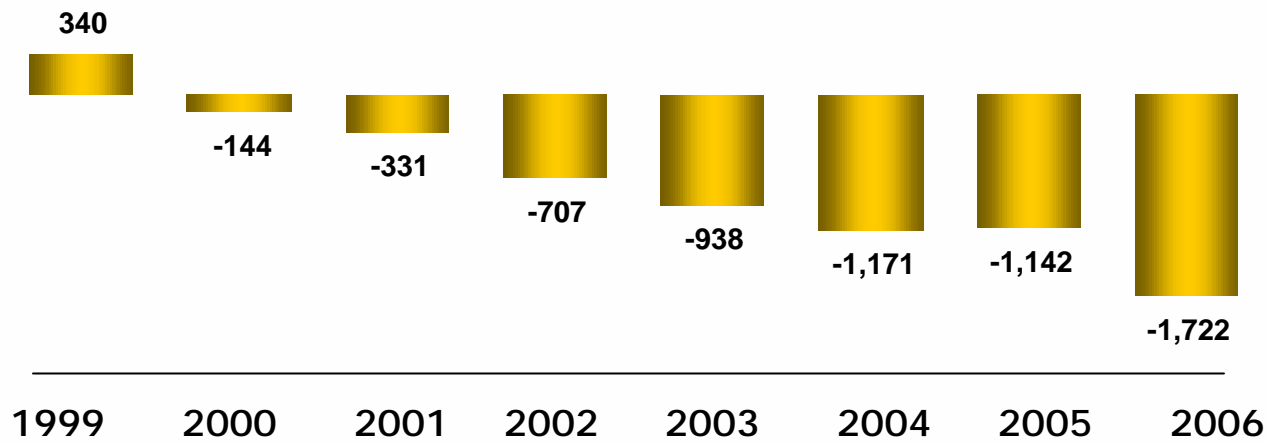




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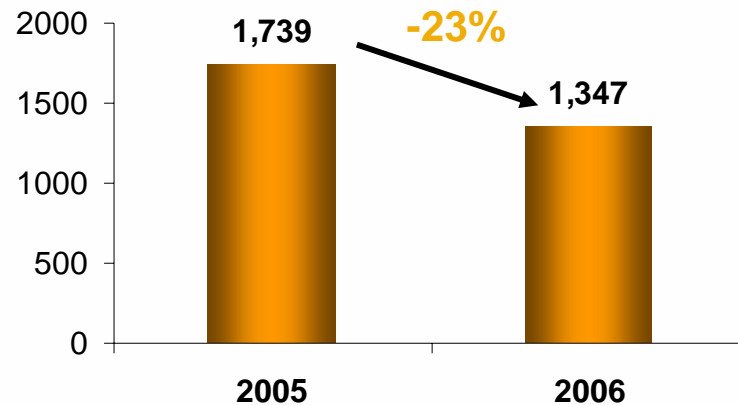
Strong Balance Sheet

Net Financial Debt (€ M)



**Gross Cash Position
December 2006
2,453 € M**

Adjusted Net Debt (€ M)





Full Year 2006 Results

Q&A

