

IBERIA 

Q2 2008 Results



Highlights Q2 2008

- **Results hit by the hike in fuel prices**
- **Positive change in trend of unit passenger revenues**
- **Good evolution of unit costs ex fuel thanks to the achievement of the Director Plan initiatives**
- **Increase in staff productivity and fleet utilisation**
- **Good progression of our Maintenance business**

Main Figures

<i>MM/€</i>	Q2 2008	08/07
Operating Revenues	1,369.9	+ 0.9%
Ebitdar	135.4	- 38.3%
<i>Ebitdar margin</i>	9.9 %	- 6.3 p.p
EBIT	- 4.0	n.m.
Profit from operating activities	12.9	- 84.8%
EBT	29.2	- 67.3%
Net Income	21.2	- 66.2%

Q2 2008 Operating Revenues

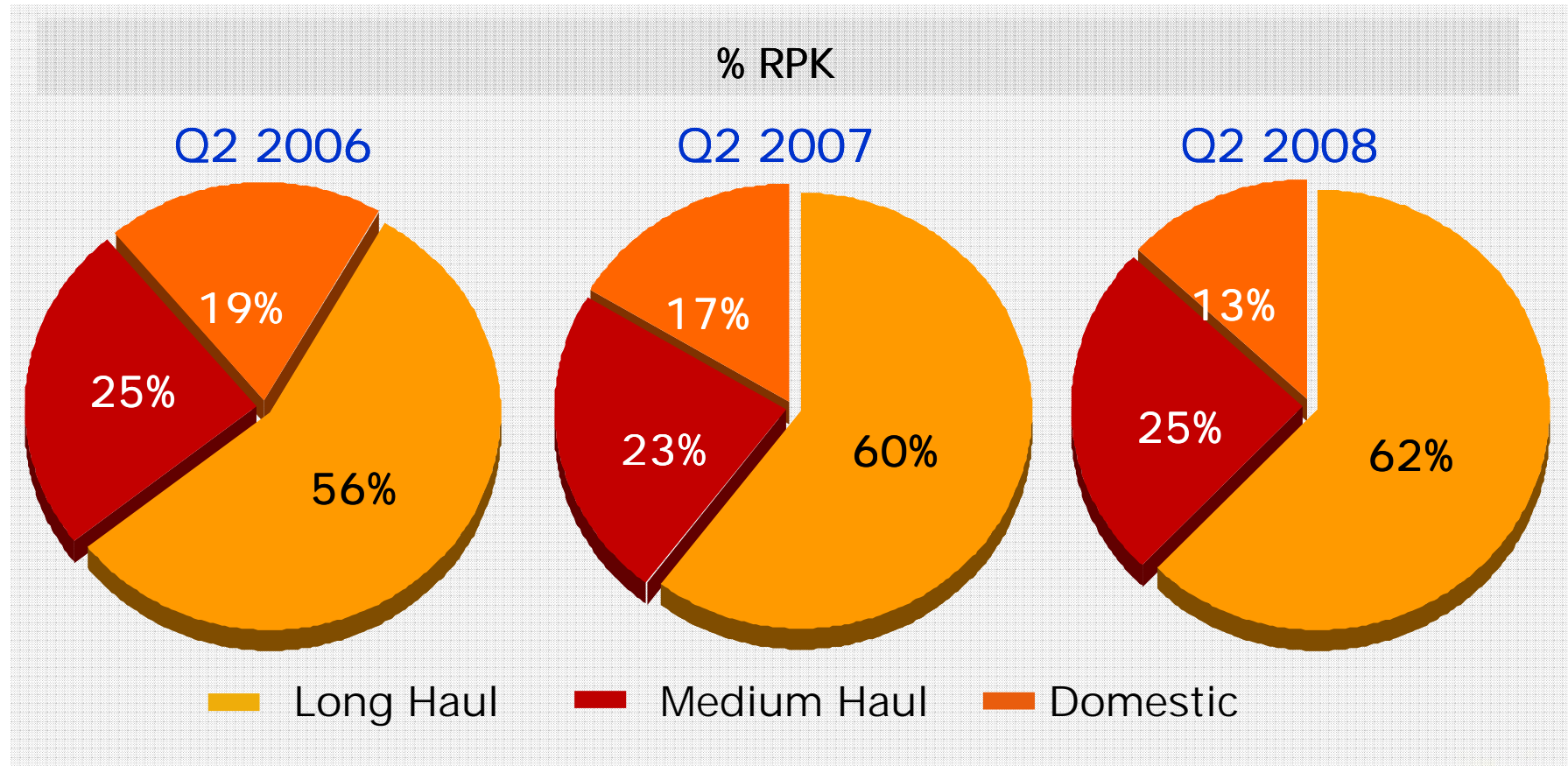
<i>(million €)</i>	2008	% 08/07
Passenger	1,061.5	- 0.8
Cargo	84.8	+ 2.9
Handling	71.9	+ 8.9
Maintenance	78.6	+ 25.5
Rest	73.1	- 4.7
Total Operating Revenue		+ 0.9%

Selective Growth: Traffic Statistics

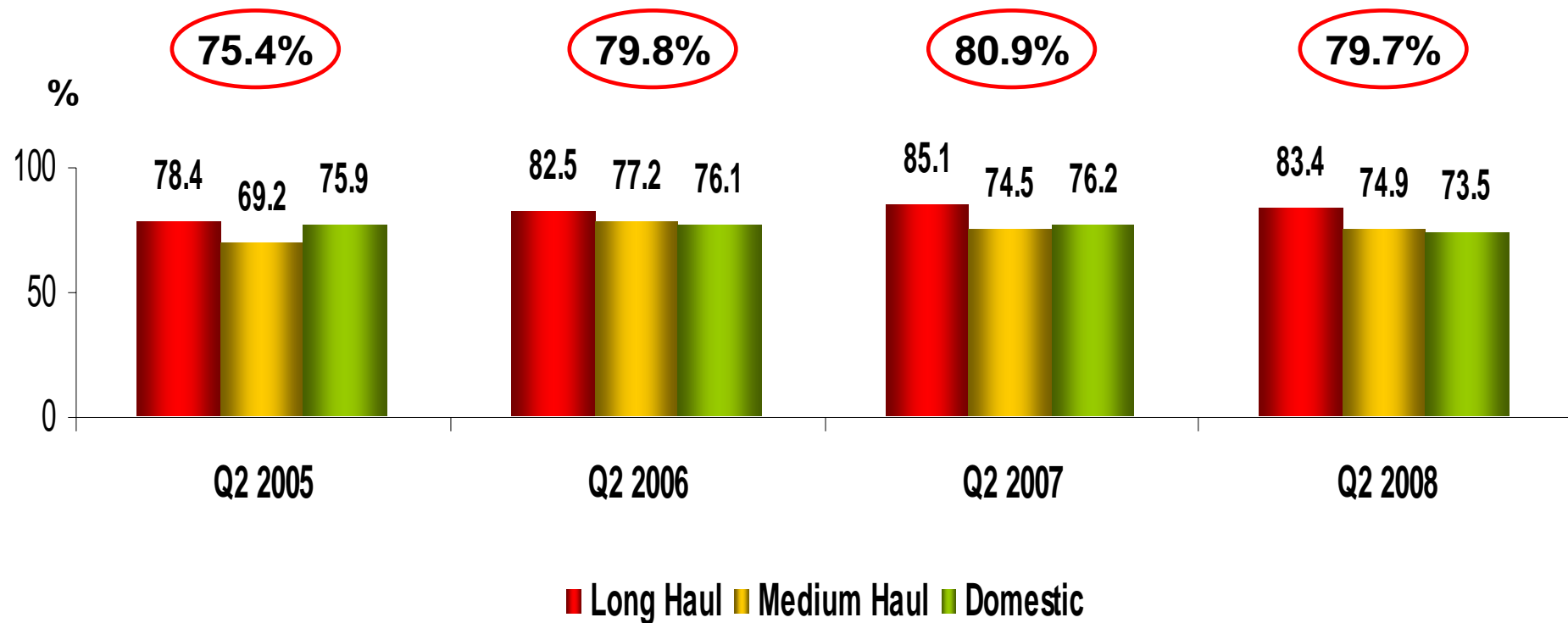
Q2 2008	ASK	RPK	L.F.
Domestic	- 17.3%	- 20.2%	- 2.7 p.p.
Europe	+ 6.5%	+ 6.5%	+ 0.1 p.p.
Other Int. Medium Haul	+ 3.8%	+ 8.7%	+ 3.3 p.p.
Long Haul	+ 5.9%	+ 3.7%	- 1.7 p.p.
Total	+ 1.9%	+ 0.5%	- 1.1 p.p.

Focus in the Long-Haul

Long Haul RPKs represent 62.2% of total traffic



Maintaining High Load Factor Levels



Unit Revenue Evolution

Ex dollar effect

Domestic

Europe

Long Haul

TOTAL

-1.0%

+ 3.5%

- 3.5%

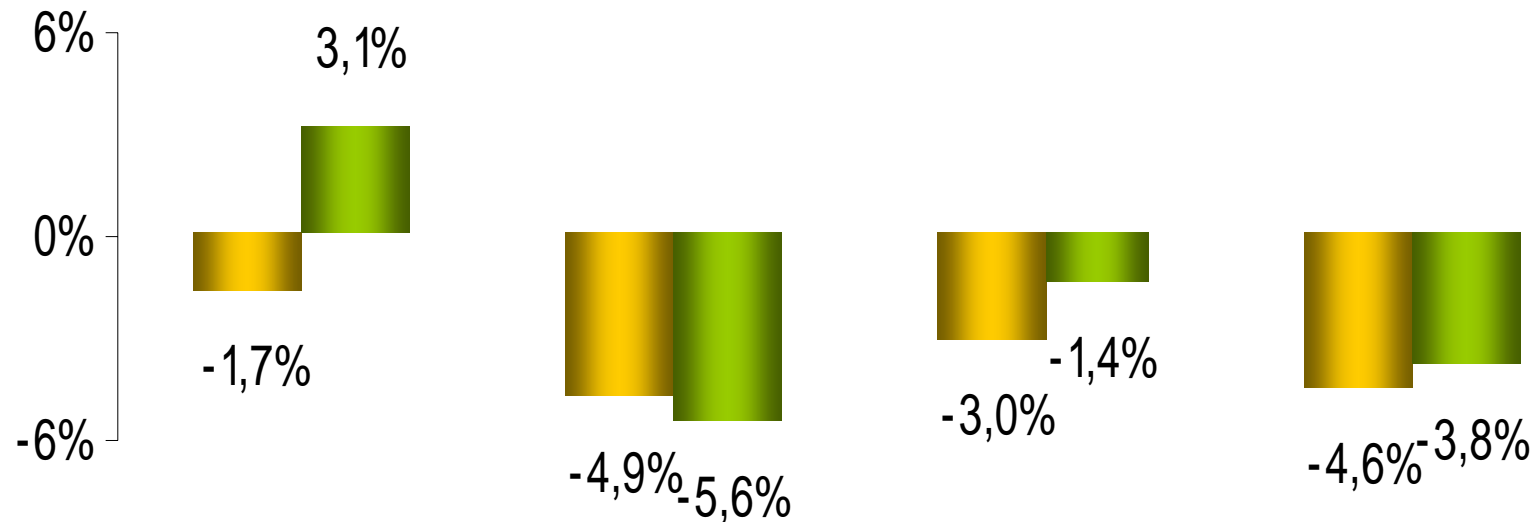
- 2.6%

+ 0.5%

+ 4.2%

- 2.8%

- 0.4%



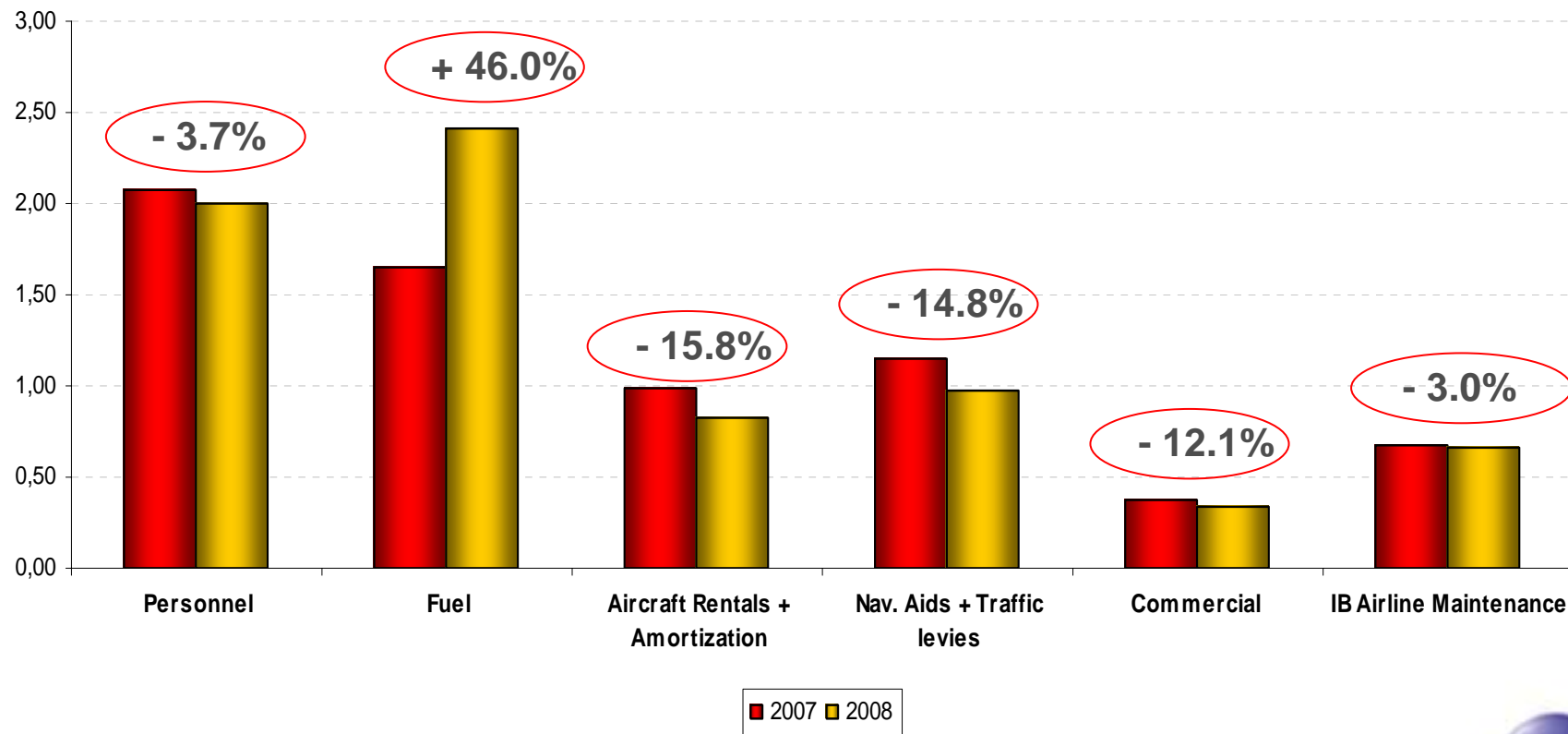
Q2 2008 Operating Costs

<i>(million €)</i>	2008	%08/07
Personnel	336.0	- 2.5
Commercial	56.2	- 10.4
Fuel	404.6	+ 48.8
Aircraft rentals + Depreciation	139.4	- 14.2
Nav.charges + Traffic services	164.4	- 12.9
Total Operating Costs		+ 5.6%
Total Operating Costs Ex Fuel		- 5.8%

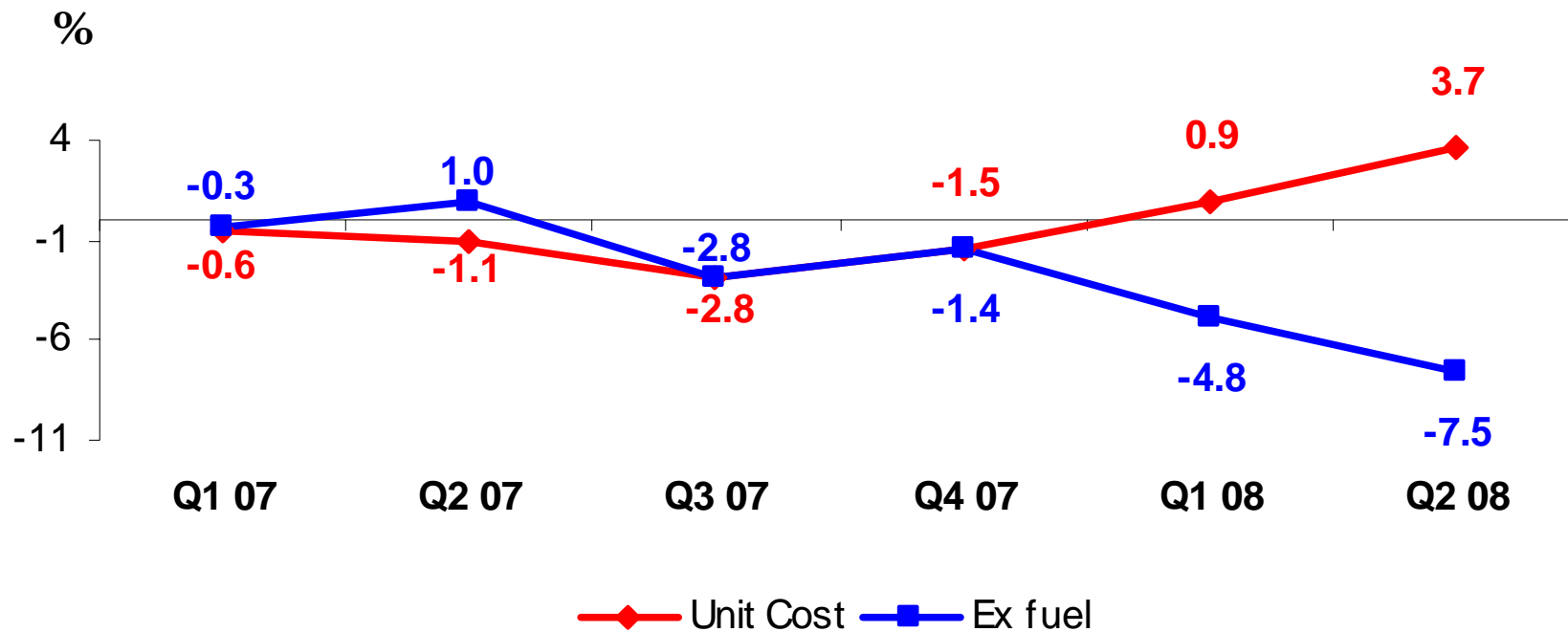
Unit Cost Evolution Q2 2008/Q2 2007

Total unit costs + 3.7%

Ex fuel - 7.5%

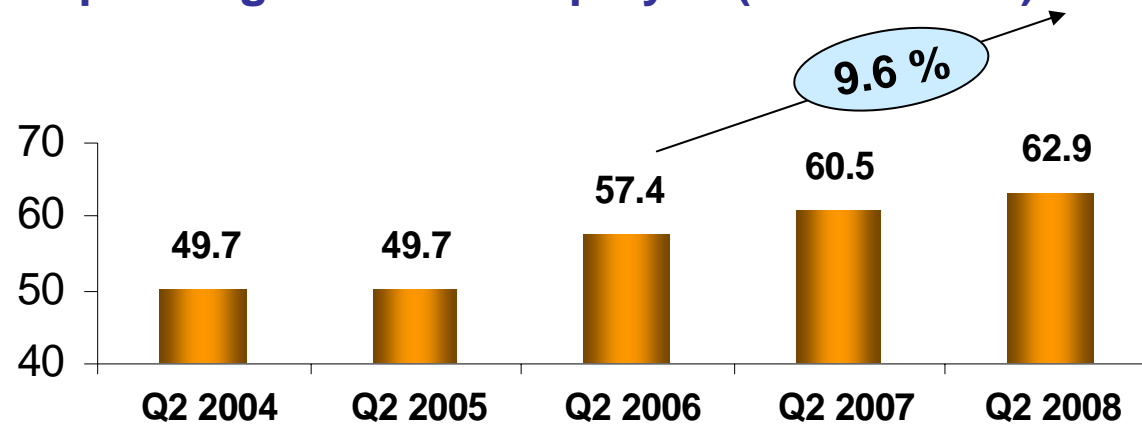


Unit Cost Evolution 2007-2008

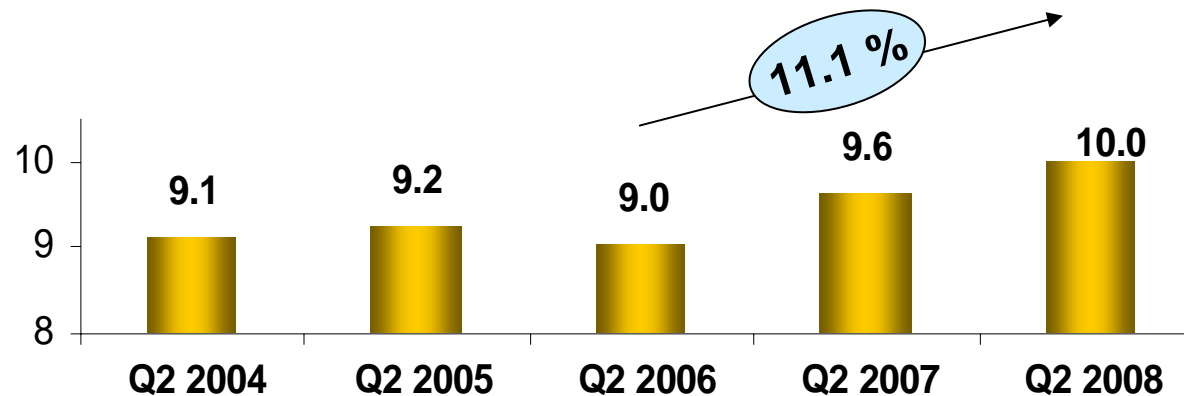


Productivity Evolution

Operating Revenue/Employee (Thousand €)



Average Fleet Utilization (Block hours/day/aircraft)



Main Figures

<i>MM/€</i>	H1 2008	08/07
Operating Revenues	2,670.4	+ 0.1%
Ebitdar	259.4	- 34.2%
<i>Ebitdar margin</i>	9.7 %	- 5.1 p.p
EBIT	- 32.3	n.m.
Profit from operating activities	6.3	- 93.6%
EBT	28.1	- 73.9%
Net Income	20.7	- 72.3%

Strong Balance Sheet

	H1 2008	Over December 07
In Balance-sheet net debt	-2,365.9	5.4%
Adjusted net debt	503.8	-13.4%
Gross cash	2,767.1	-6.8%

MM/€

Iberia & British Airways

- **Board of Directors of IB and BA approved to start talks for an all-share merger**
- **Two brands and two operating companies maintained**
- **A new company will be established and will exchange its shares with both Iberia and BA shares**
- **The Newco will be listed in London and Madrid**
- **Iberia has acquired 2,99% of BA shares and has an exposure to a further 6,99% through financial derivatives**

Iberia & British Airways

- **Important step in the industry consolidation process**
- **It will create one of the most important airlines in the world**
- **Both companies are highly complementary**
- **Significant synergies**

IBERIA 

Q&A

