



FY 2004

# Highlights 2004

---

- Leadership position in Europe-Latinamerica reinforced
- Yield pressure in the short/medium haul due to strong competition
- Important cost reductions have more than offset revenue deterioration even after fuel effect
- Change in the service model: Transformation of short / medium haul economy product and improvement in the business
- Positive impact in the commercial costs



# Positive Results

2004

04/03

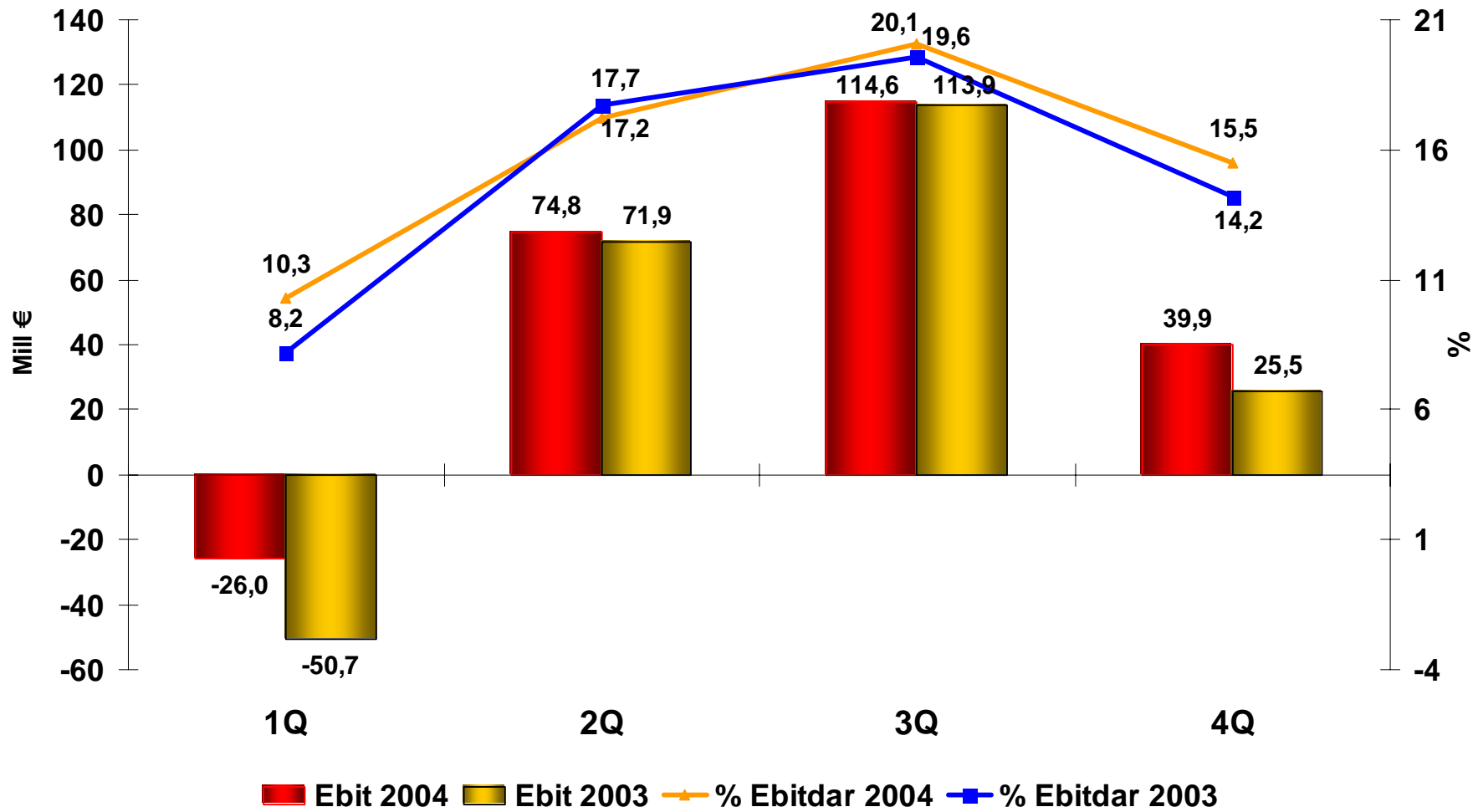
Revenues	4,805.4	+4.2%
Ebitdar	766.9	+9.4%
<i>Ebitdar margin</i>	<i>16 %</i>	<i>+0.9 p.p</i>
EBIT	203.3	+29.8%
Ordinary results	264.6	+46.4%
Net Income	218.4	+52.9%

MM/€

Data 03: Proforma without Iber-Swiss



# Quarterly improvements



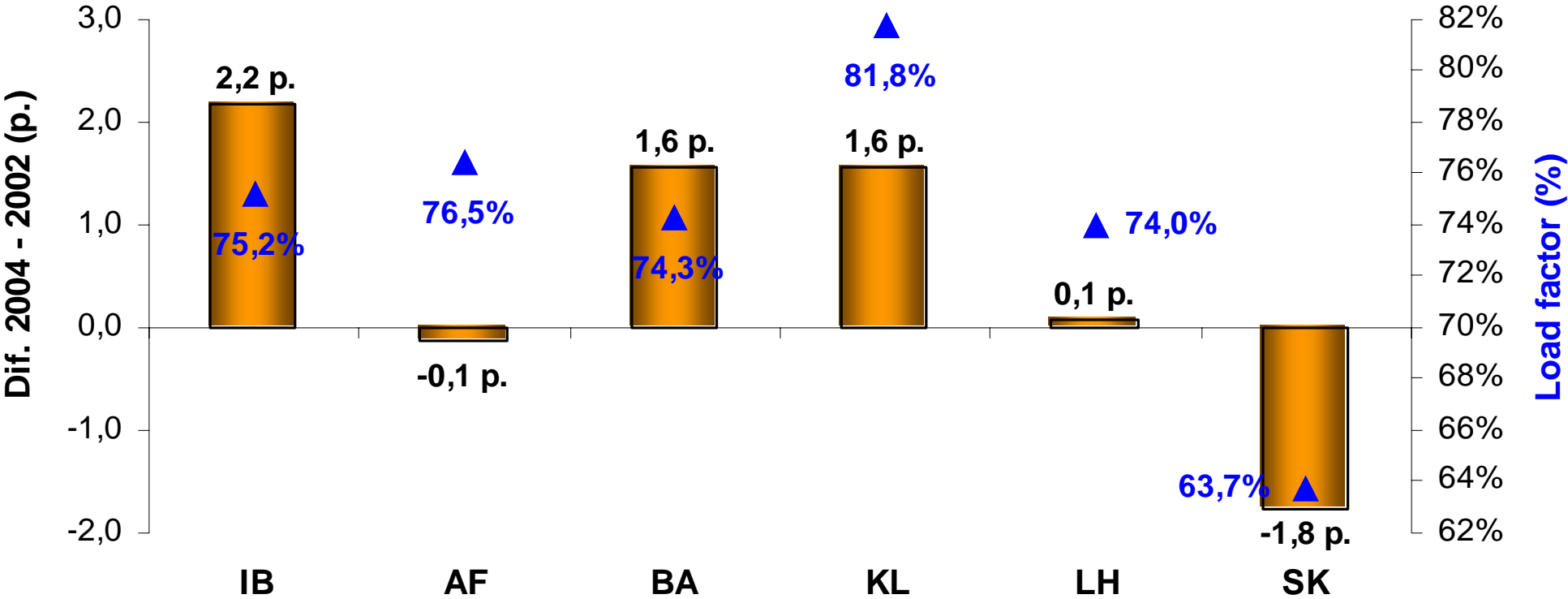
# Selective Growth: Traffic Statistics 2004

January-December04

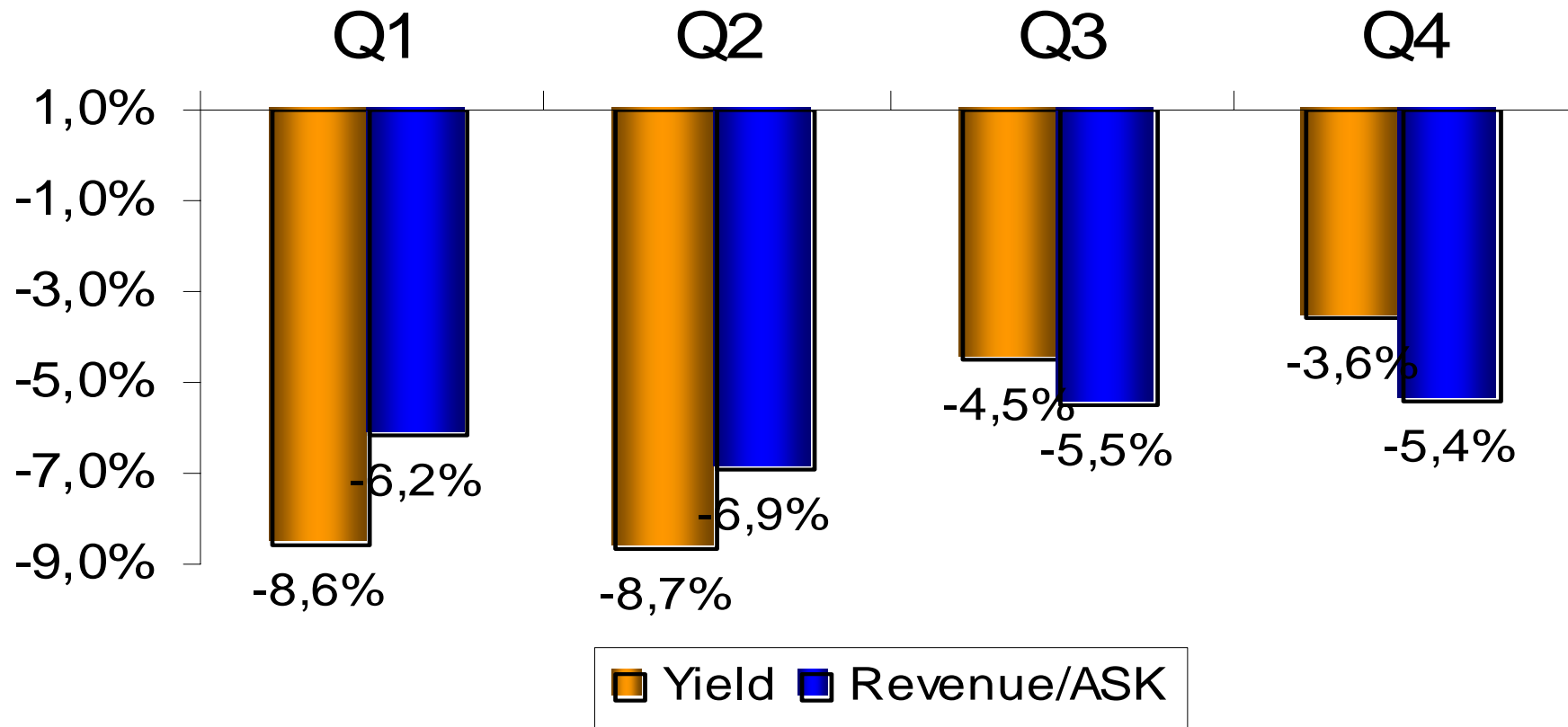
	ASK	RPK	L.F.
Domestic	+ 3.8%	+1.7%	- 1.5 p.p
Europe	+ 7.3%	+7.2%	- 0.1 p.p
Other Int. Medium Haul	+ 44.7%	+46.1%	+0.7 p.p
Long Haul	+ 10.5%	+12.0%	+ 1.0 p.p
Total	+ 8.8%	+9.1%	+ 0.2 p.p



# Load Factor Evolution 2002-2004



# Passenger Unit Revenue Evolution



## Market Shares -Total

2004

	% Market share	Var. 04/03
Domestic (pax AENA)	53.9	- 3.1
Spain-Europe (MIDT)	37.0	+ 1.5
Spain-Europe (pax AENA)	10.3	0.0
Europe-Latin America (MIDT)	17.2	+ 0.9

- Improvement in higher capacity growth markets
- Reduction in tourist destinations in the domestic market





## Market Shares - Business

2004  
(MIDT)

	% Market share	Var. S/03
Domestic	68.3	+ 0.8
Spain-Europe	44.6	+ 2.3
Europe-Latin America	18.8	+ 0.4

Improvement of market shares in the three sectors



# Operating Revenues

2004

Passenger Revenues	+3.9%
Cargo	+2.7%
Handling	+11.5%
Maintenance	+8.1%

**Total Operating Revenues +4.2%**

**Revenue / ASK -4.2%**



# Operating Costs

2004

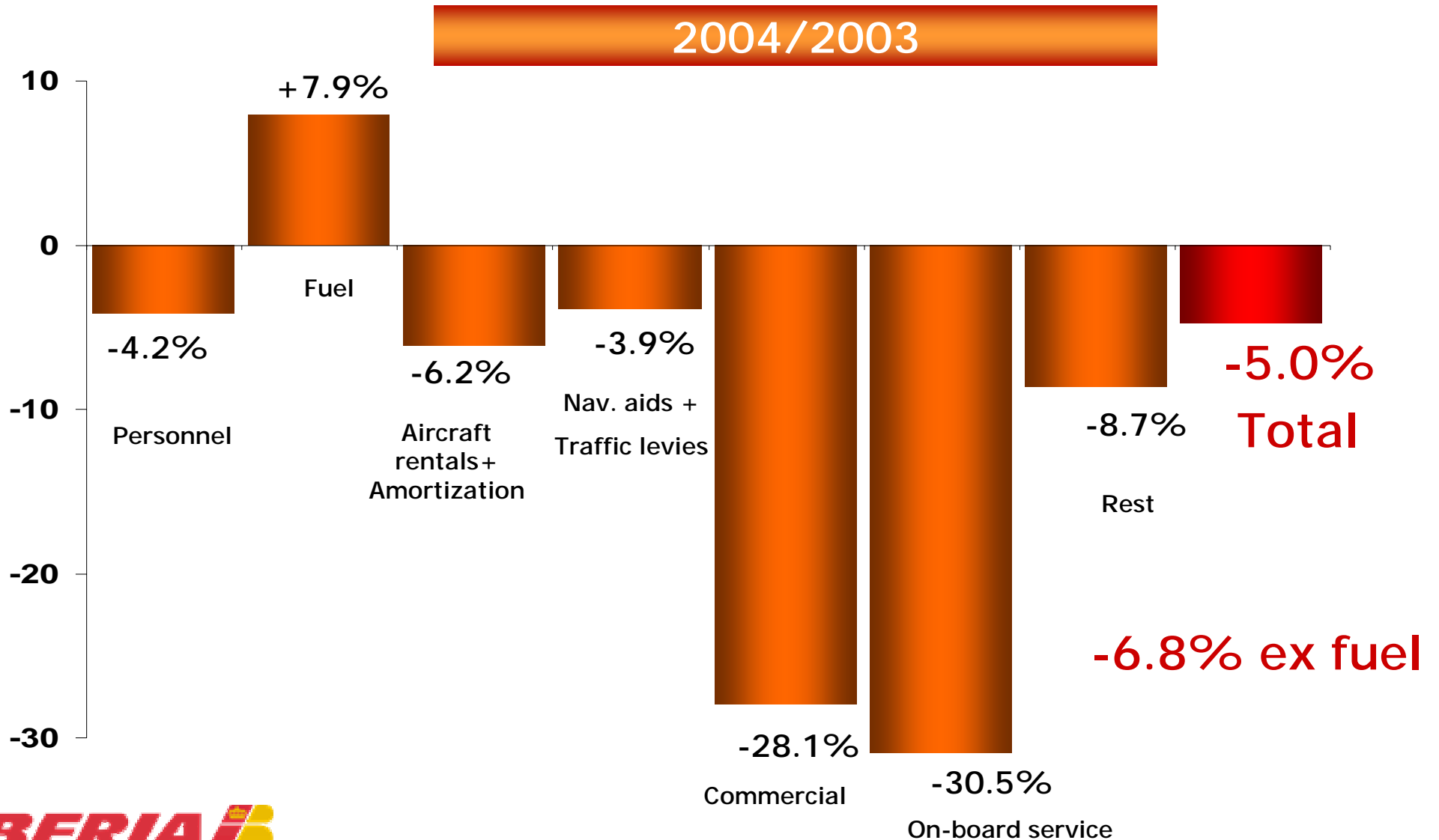
Personnel costs	+4.2%
Commercial	-21.8%
Fuel	+17.4%
Aircraft rentals + Depreciation	+4.9%
On-board service	-26.8%
Navigation aids + Air traffic levies	+6.9%

Total Operating Costs +3.3%

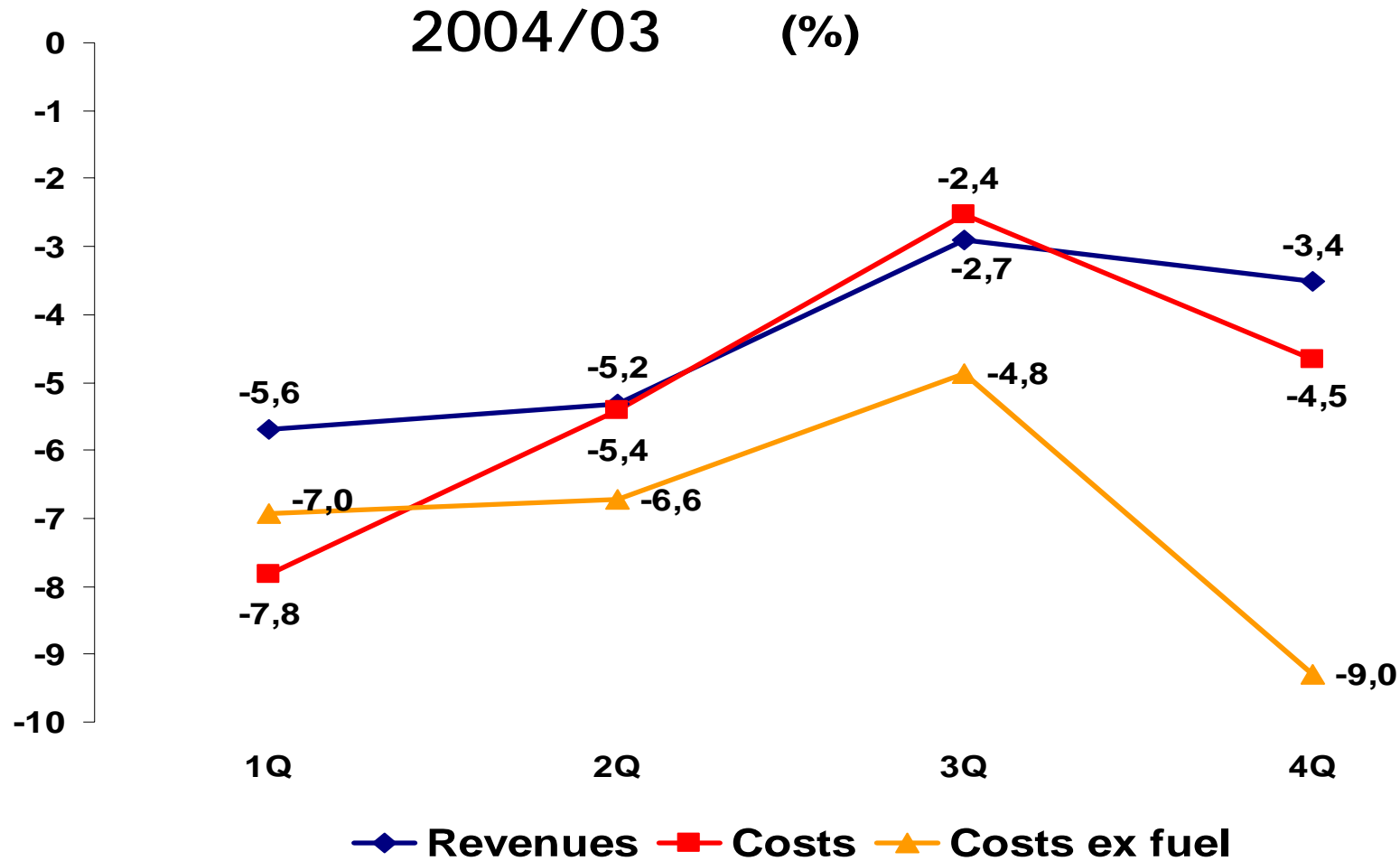
Cost / ASK -5.0%



# Unit Costs Evolution

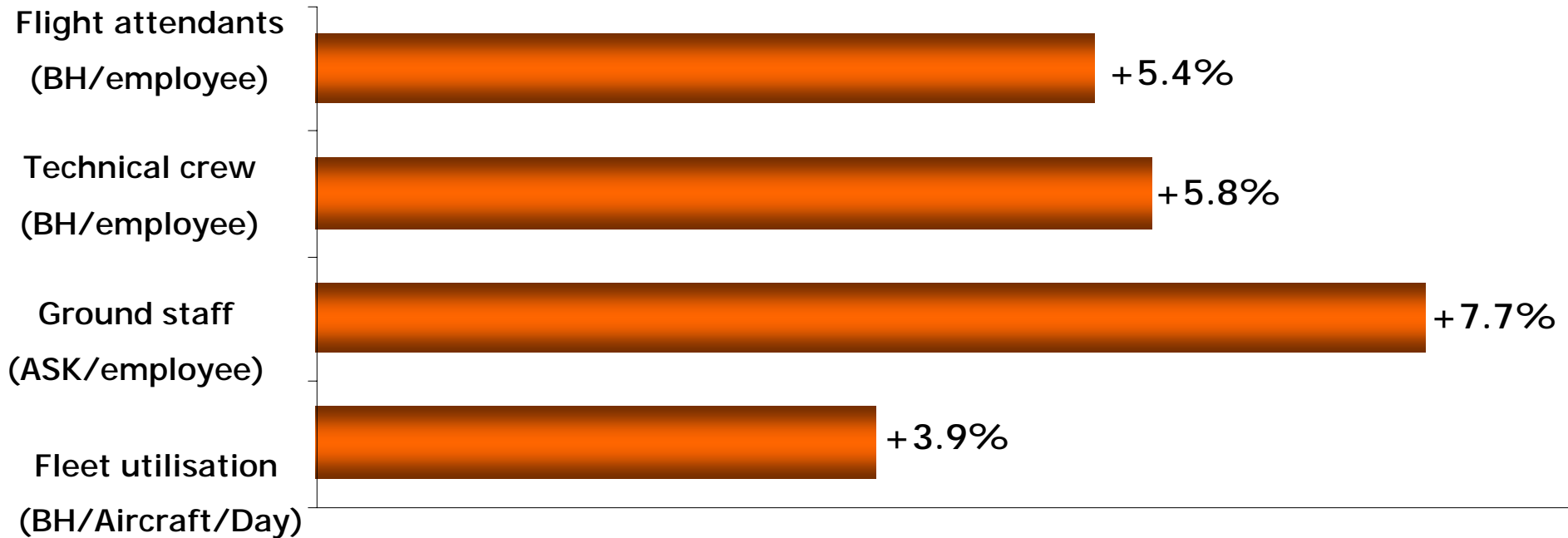


# Unit revenue and cost evolution

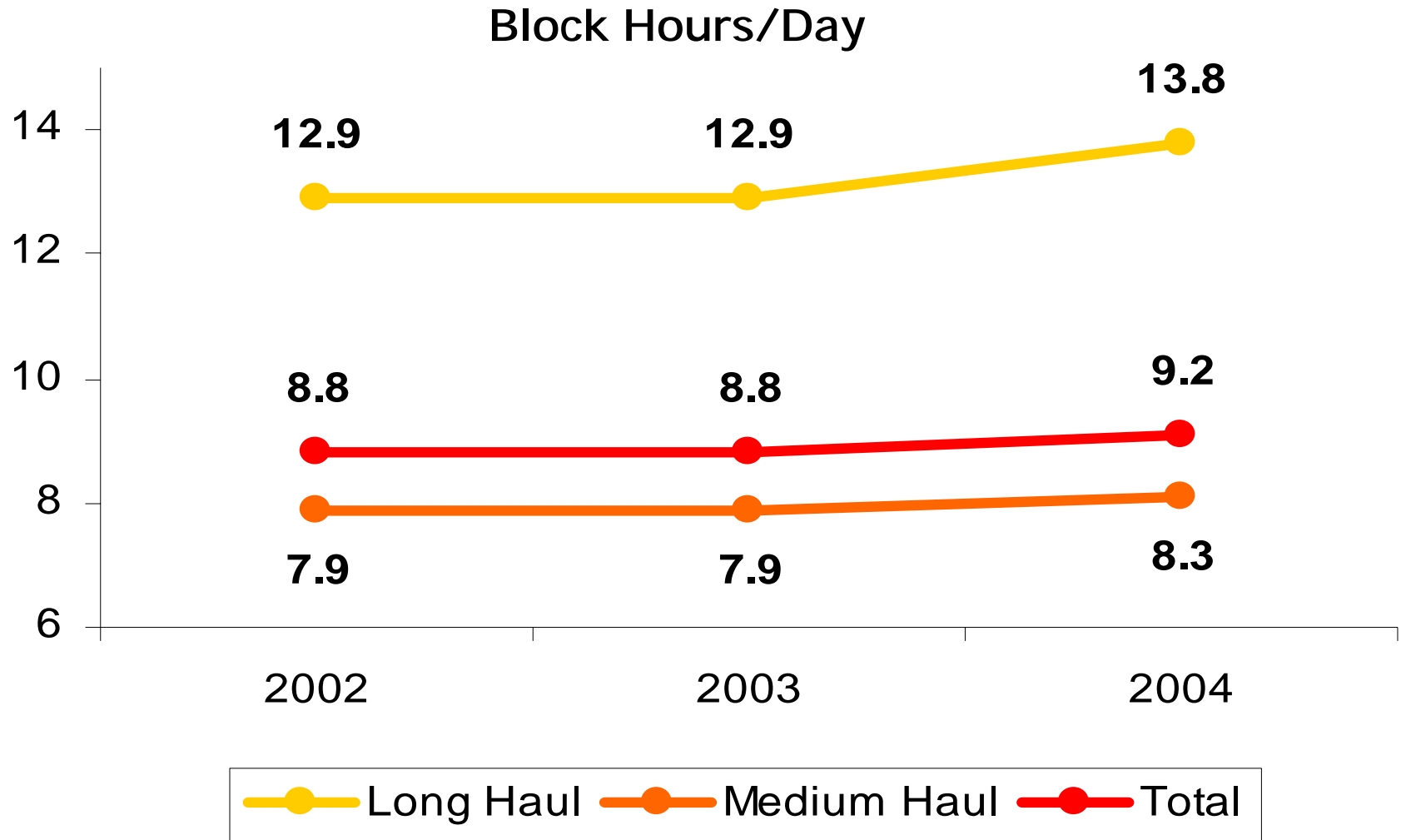


# Productivity

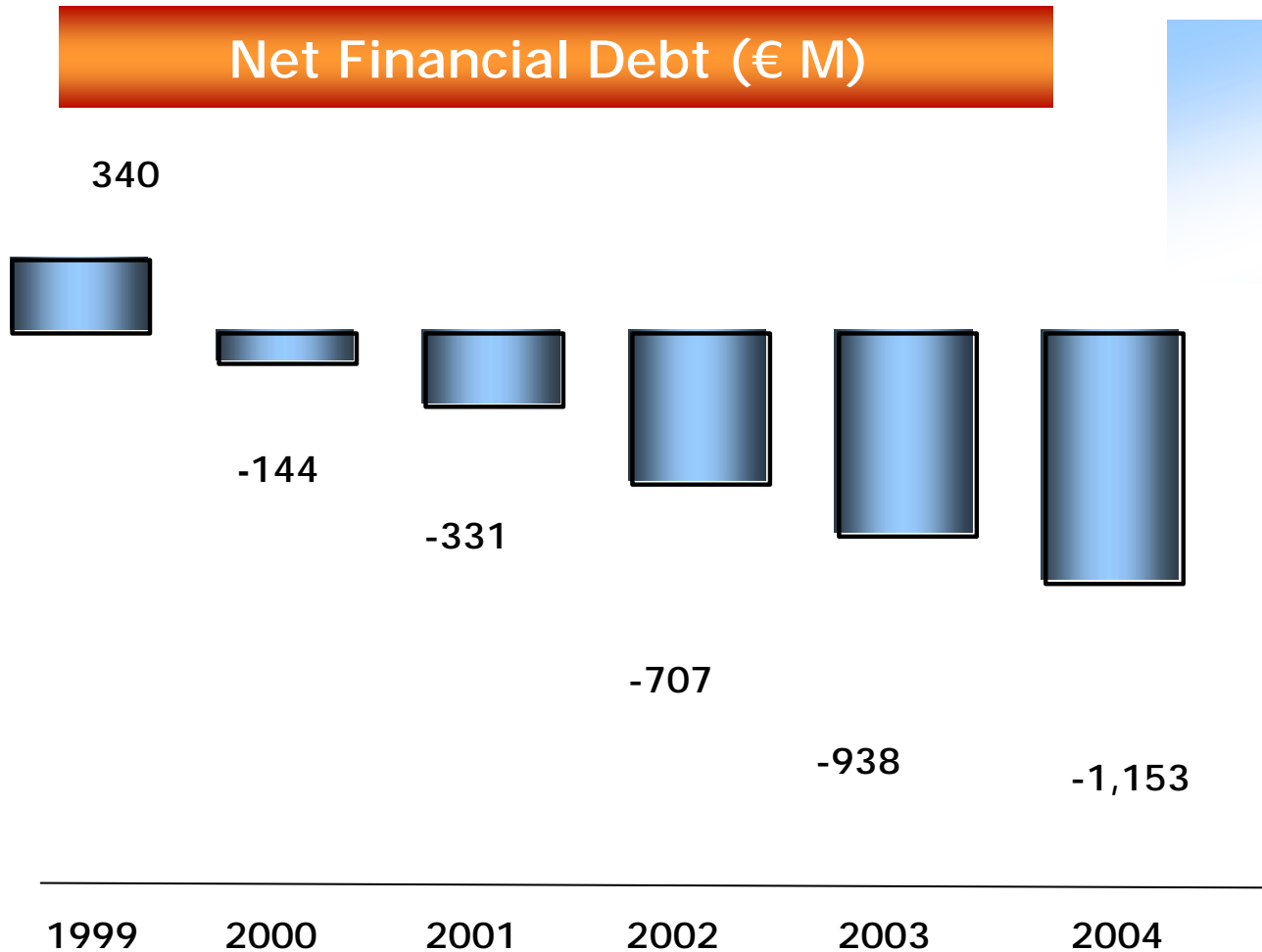
2004/2003



# Improvement in Asset Utilisation



# Strong Balance Sheet



**Gross Cash Position  
December 2004  
1,546.5 € M**

**50% of leverage if  
we include the off  
balance sheet debt**



# Our Director Plan on Track as Forecasted

Impact in 2005 € M

Director Plan    Achieved in 2004    2005E

Asset utilisation	35-45	17%	100%
Personnel costs	65-75	42%	100%
Commercial costs	100-110	66%	100%
Service on board	40-50	37%	100%
Other costs	110-120	86%	100%
	<b>350-400</b>	<b>60%</b>	<b>100%</b>



Note: Targets of cost reductions over base case 2005

## Outlook FY 2004

Cash Flow and Balance Sheet position  
will improve compared to last year

EBITDAR margin will be around 15.5%

Ordinary results will be above 200 € M

## 2004 A

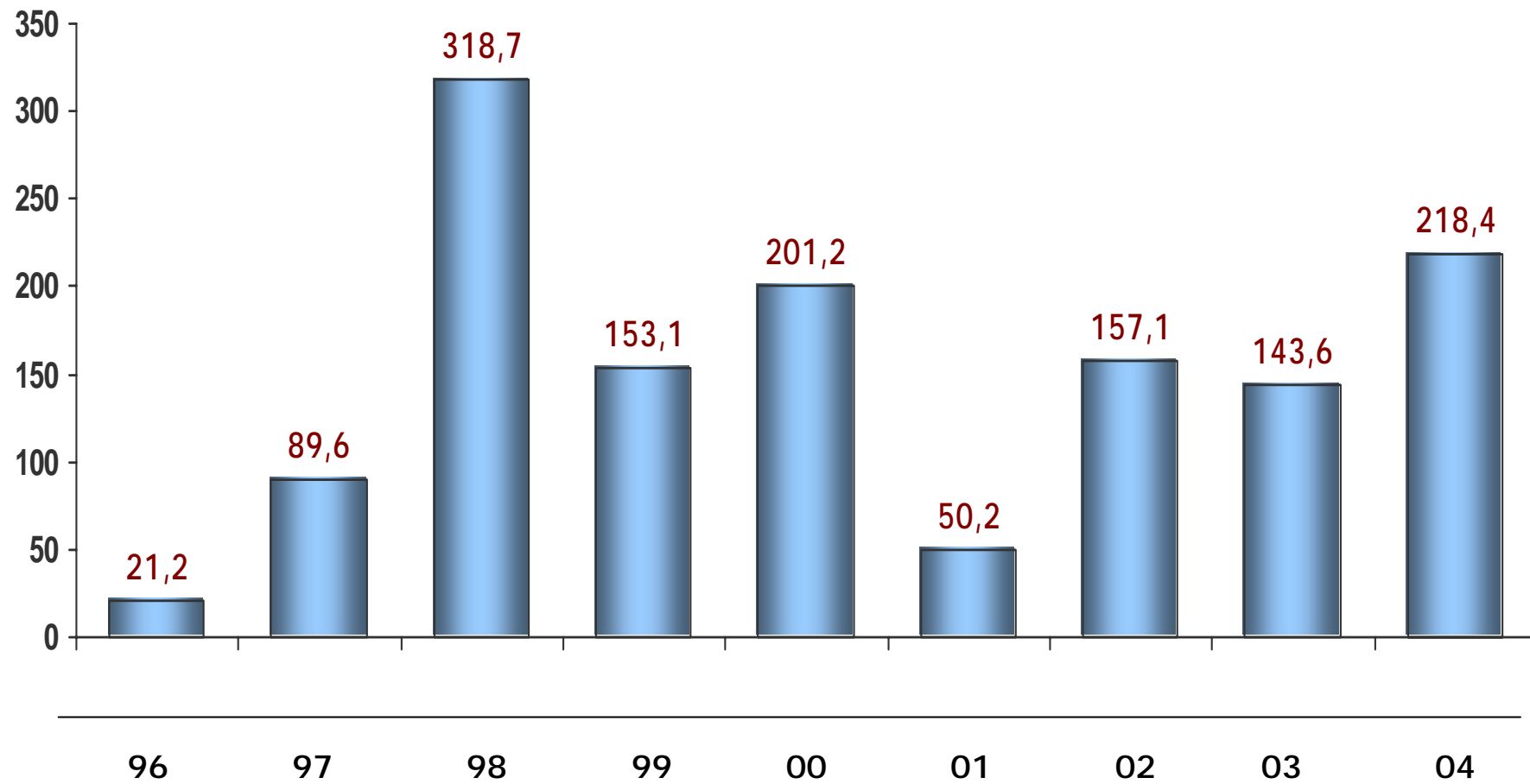


16%



265 M €

# Nine Consecutive Years of Profits



Net Profit (€ M)