



Europe-Latin America: A Growth Market

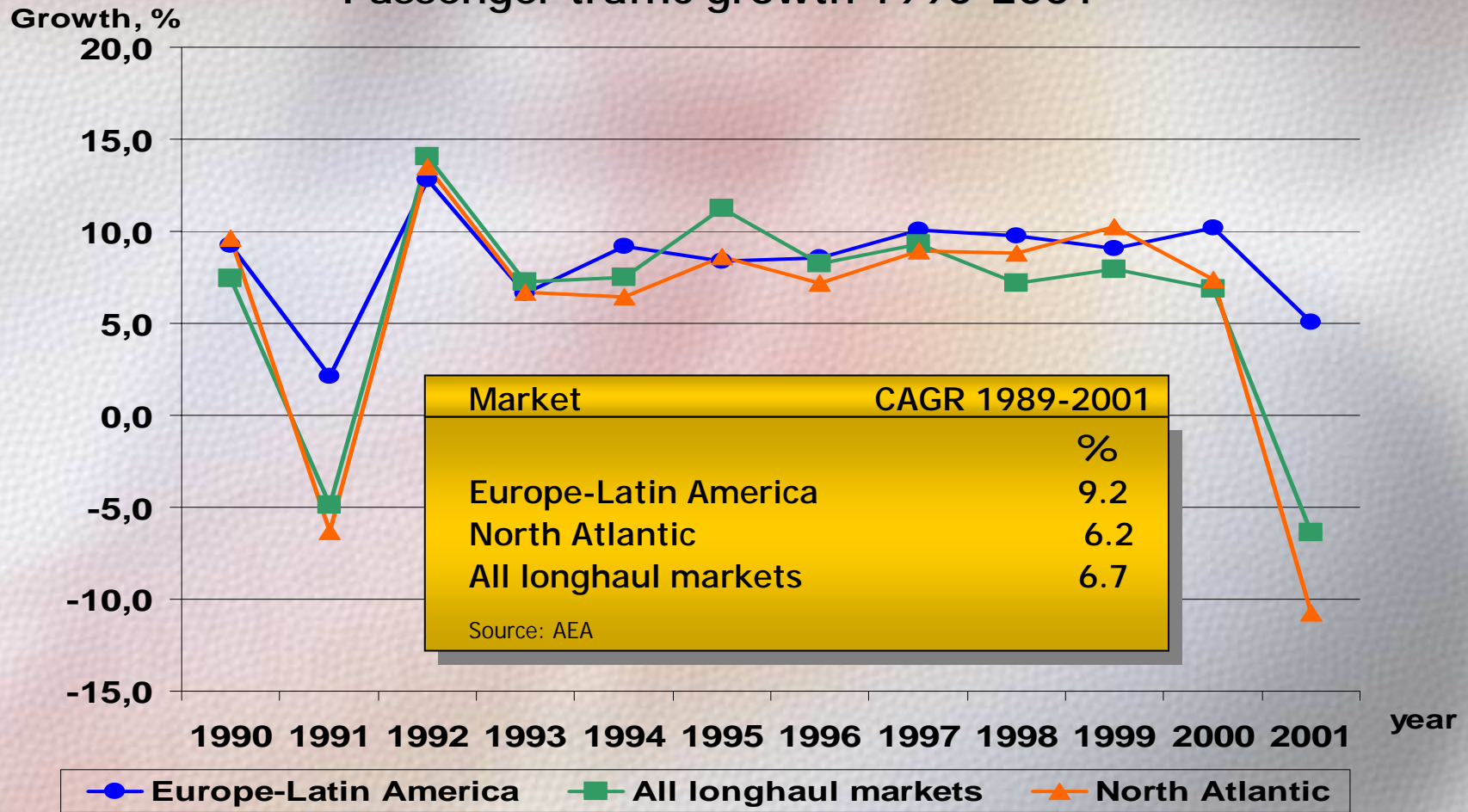
José Bolorinos Cremades

Network Development and Planning Director

Europe-Latin America outperforms other longhaul markets



Passenger traffic growth 1990-2001



In spite of global and regional crisis



■ The period covered (1990-2001) includes:

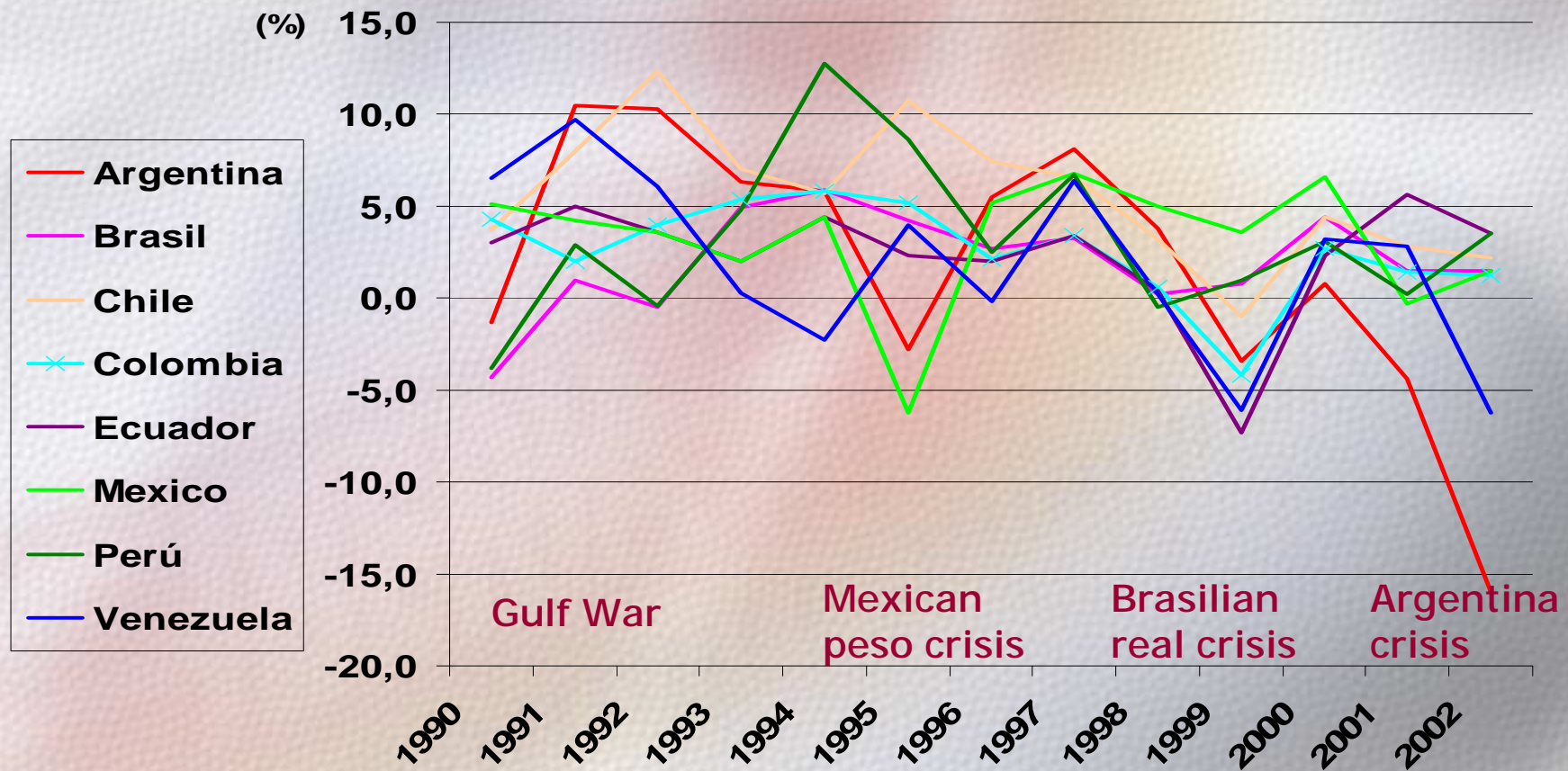
- Gulf crisis and war 1990-1991
- Mexican Peso crisis 1995
- Brazil currency crisis 1998
- Chavez coming to power in Venezuela 1998
- Currency crisis in Ecuador 1999
- Fujimori crisis in Peru 2000-2001
- Sep 11 terrorist attack in NYC 2001
- Financial crisis in Argentina 2001

■ Latin America average real GDP growth per year between 1989 and 2001 was 3.1%

Latin America is not a single economic entity



Real GDP growth, selected Latin American countries



Source: IMF

and some times traffic to Spain booms at the lowest point of the business cycle



- The only year when 5 Latin American countries (Argentina, Chile, Colombia, Ecuador and Venezuela) were all in economic recession, passenger traffic to Spain grew by more than 13%

**LATIN AMERICAN EMIGRATION
1999-2001**

Colombia	600000
Ecuador	500000
Venezuela	150000

- The main group of foreigners living in Spain are Latin Americans

This has fueled Iberia's market share gains



Europe-Latin America market share, %

	1998	1999	2000	2001	2002	Variation 1998/2002, p.p. (jan-sep) total business	
Iberia	13,7	14,5	15,2	15,9	16,7	3,0	6,4
Air France	9,2	10,2	10,4	10,9	10,7	1,5	-
British Airways	13,2	12,0	10,1	9,6	8,5	-4,8	-3,3
Lufthansa	8,7	8,8	8,2	8,3	7,1	-1,6	-3,2

Source: MIDT's

- Iberia is the clear market leader between Europe and Latin America
- Spanish FDI in Latin America provides a healthy business segment

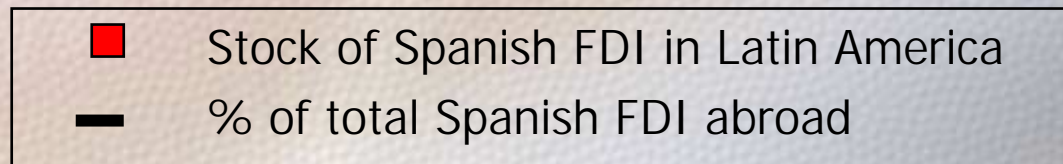
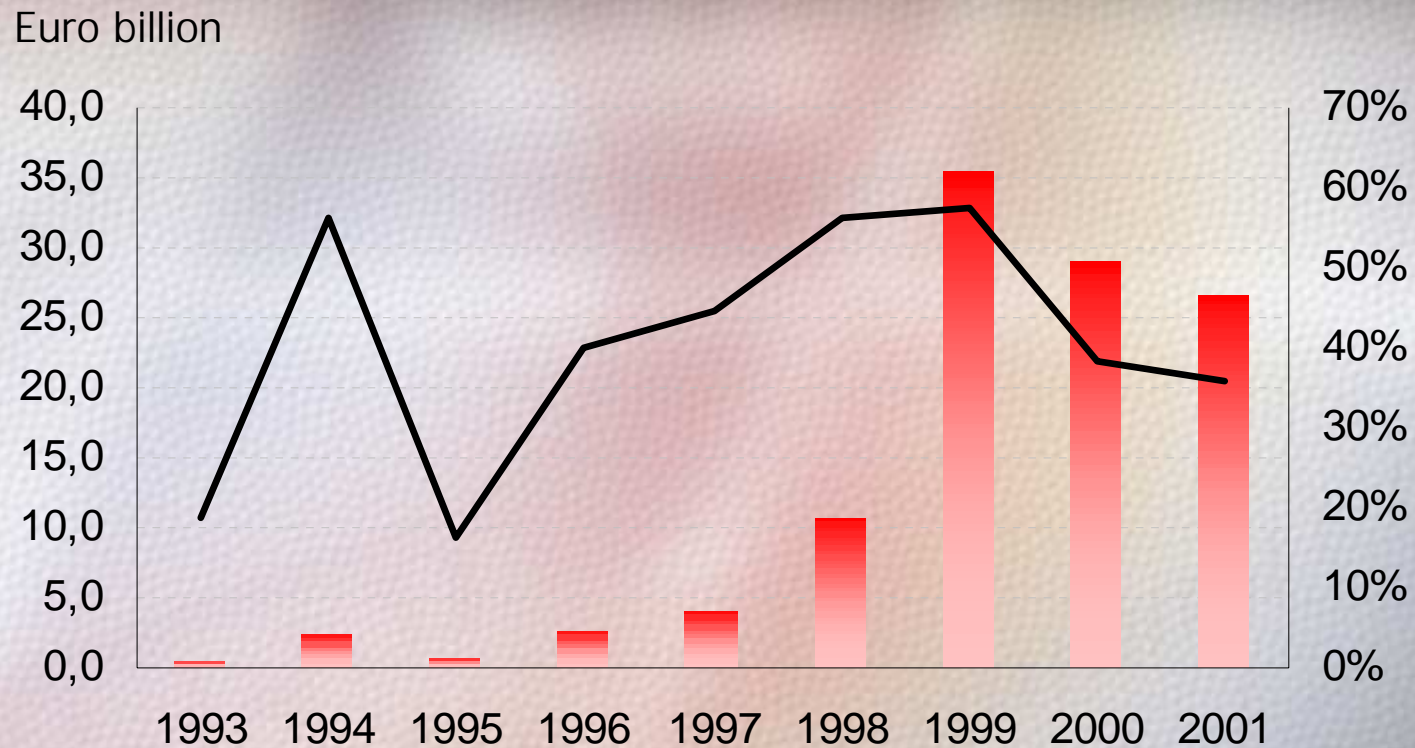
Spanish investment in Latin America is driving business traffic growth



	<u>CAGR 1998/01</u>
Business segment market growth, (%):	
Spain-Latin America	9,1
Europe-Latin America	3,6
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Source: MIDT 's	
FDI growth, (%):	
Spain to Latin America	60,3
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Source: Ministry of Economy	

- Expansion of Spanish companies in Latin America is creating a stable flow of business traffic
- This is a key element to secure route profitability

Spain has a permanent economic interest in Latin America



What is the expected CAGR for the Europe-Latin America air market over the next 10 years ?



- The Middle and South Atlantic still represents less than 24% of the total transatlantic traffic and is far from being a mature market
- Assuming an average GDP growth of 3.2% per year for the Latin American economies, we should expect a CAGR of not less than 9% for the Europe-Latin America air market during the next 10 years.
- Traffic to and from Spain will grow at least 2 pp more
- Madrid will consolidate its position as the main gateway of Latin America into Europe