



2009 1st Quarter Results



Highlights Q1 2009



- Economic crisis has caused important decrease in revenues due to the deterioration in the mix and yield pressures
- Disruptions due to pilots working to rule and bad weather conditions had an impact on January traffic and forward bookings
- Appropriate capacity management
- Strong decrease of the cargo activity
- Good progression of our Maintenance business
- Containment of unit costs

Passenger revenues: Traffic Statistics

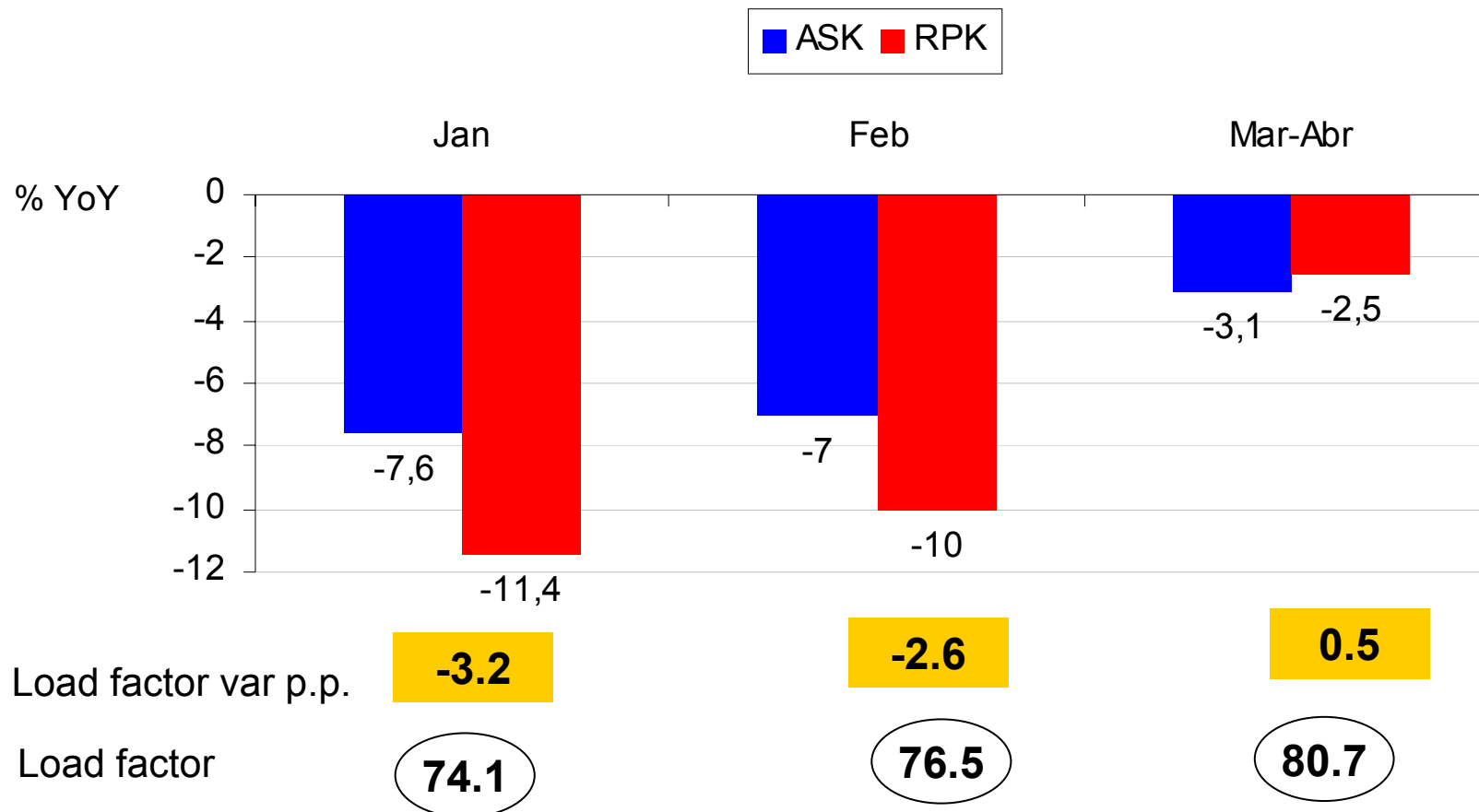


% Q1 2009/08	ASK	RPK	LF
Domestic	-20.9	-24.6	-3.3 pp
Europe	-9.7	-11.3	-1.2 pp
Other Int. Medium haul	1.6	-6.3	-5.8 pp
Long Haul	-0.9	-5.8	-4.3 pp
Total	-6.1	-9.5	-2.9 pp

Efficient capacity management



Declines in load factor due to weak economic environment but positive trend

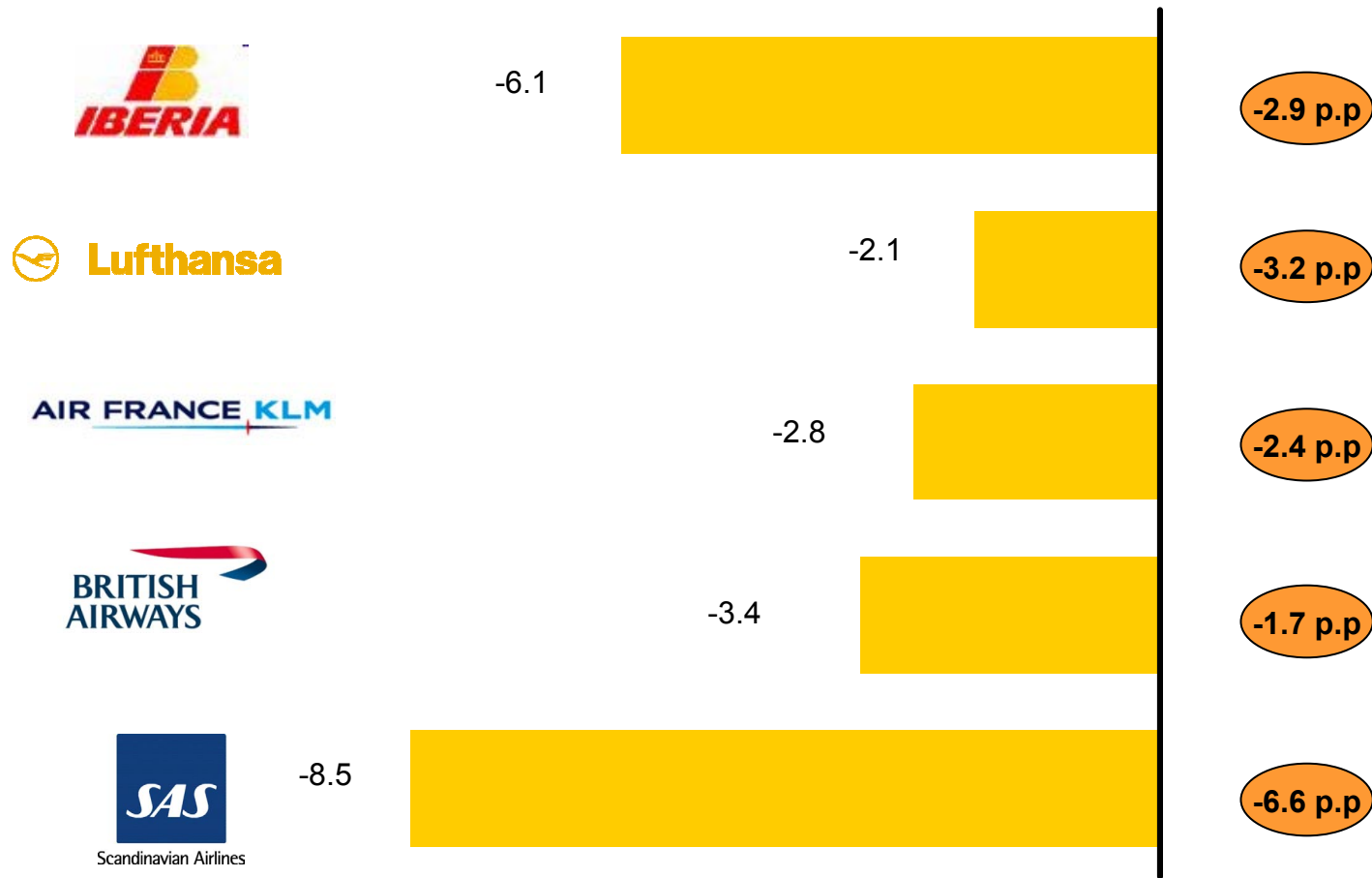


Significant capacity reductions trying to offset load factor declines



1st Q 09 YoY ask %

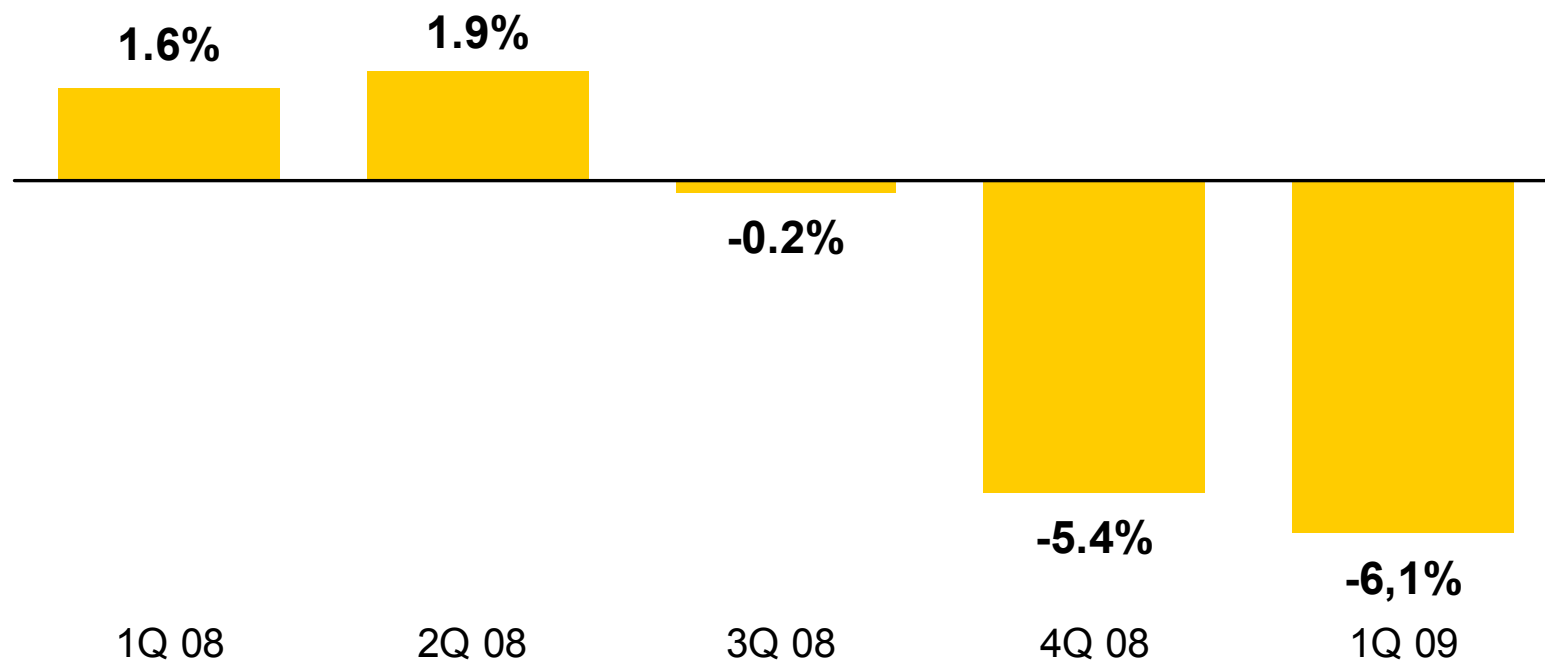
Load Factor var



Iberia continues to adjust capacity



% Capacity YoY

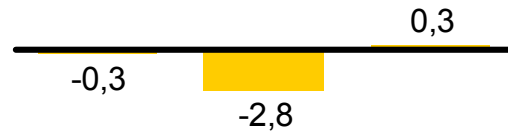


Long Haul: Latin America

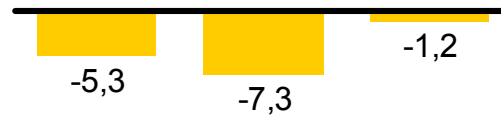


YoY %

ASK



RPK



Load factor p.p.



January February March+April

January February March+April

January February March+April

Europe- Latin America Market Share p.p.

1st Q09/08

+ 0.3

Total

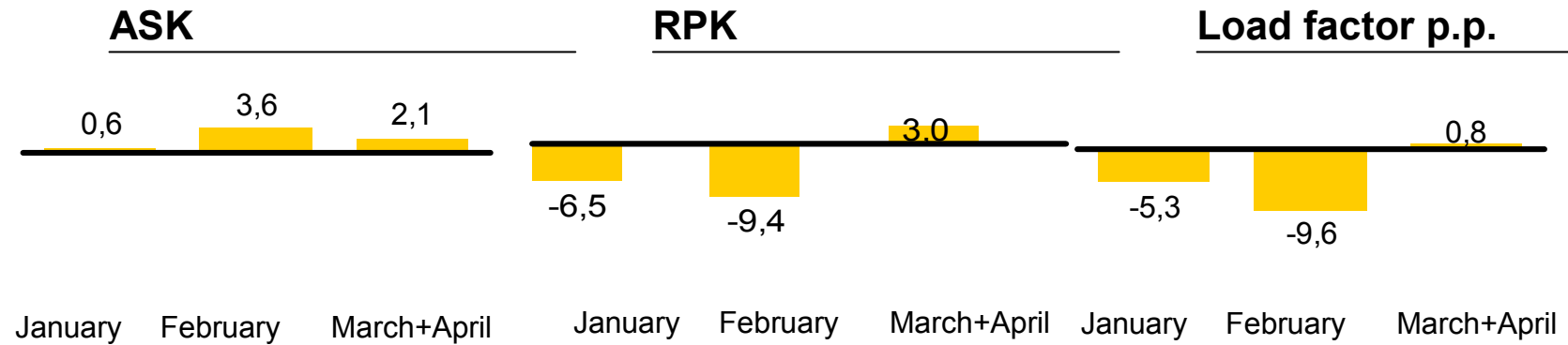
+ 0.8

Business

Long Haul: USA



YoY %



Spain-USA Market Share p.p.

1st Q09/08

+ 1.8

Total

+ 0.3

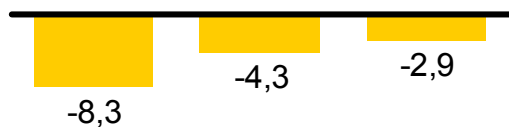
Business

Medium Haul: Madrid-Europe



YoY %

ASK



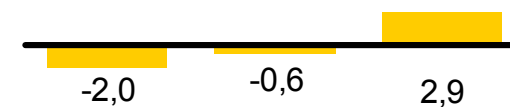
January February March+April

RPK



January February March+April

Load factor p.p.



January February March+April

MAD- Europe Market Share p.p.

1st Q09/08

+ 2.4

Total

+ 0.3

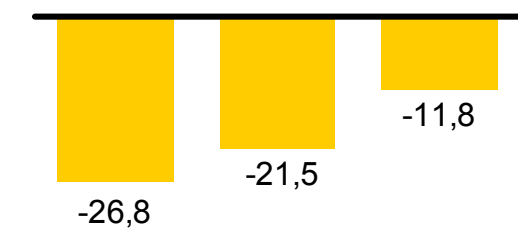
Business

Domestic Market



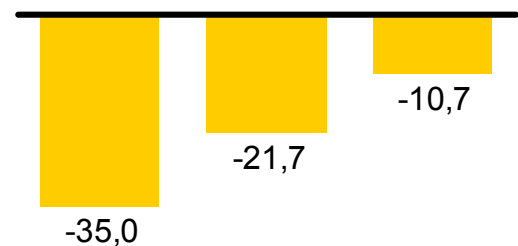
YoY %

ASK



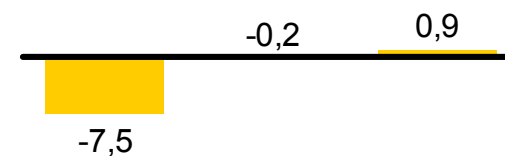
January February March/April

RPK



January February March/April

Load factor p.p.



January February March/April

MAD-Domestic (ex BCN) Market Share p.p.

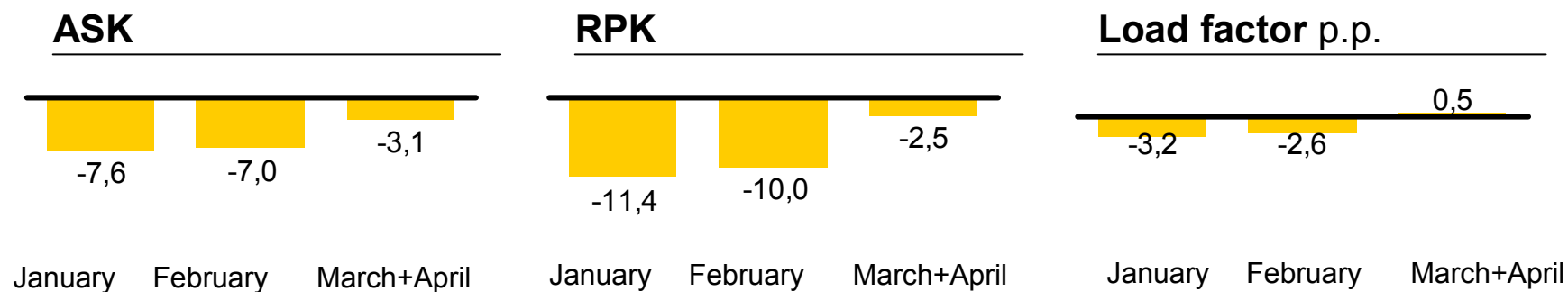
1st Q09/08

-0.8 p.p.

Total Network



YoY %



1st Q 09 Pax Revenue/ASK -12.3%

Operating Revenue



€ M

	Q1 2009	% YoY
Passenger	829.8	- 17.3
Cargo	63.8	- 26.1
Handling	54.2	- 9.7
Maintenance	79.5	+ 6.3
Rest	70.7	- 7.1
Total	1,098.1	- 15.6

Operating Costs



€ M

	Q1 2009	% YoY
Personnel	326.7	- 3.8
Fuel	289.0	-11.7
Aircraft rentals + Amortization	140.0	- 8.1
Nav.aids + Traffic levies	161.1	- 6.2
Commercial	44.8	- 18.0
Total costs	1,245.3	- 6.3
Total unit costs		- 0.2%

Resources



Var 1st Q 09/08

Average headcount	20,715	- 4%
Fleet	120	- 12 aircraft
Aircraft utilisation (Block Hours/Day)	10	+ 3.4%

Main Figures



MM/€

	Q1 2008	Q1 2009
Operating Revenues	1,300.5	1,098.1
EBITDAR	124	-7.2
EBIT	-28.3	-147.3
<i>Adjusted EBIT</i>	3.7	-117.7
Profit from operations	-6.6	-147.3
EBT	-1.1	-128.4
Net Income	-0.4	-92.6

**Pilots working to rule and bad weather conditions
impacted around 30 MM/€ on revenues and 20 MM/€ on Ebit**

Strong Balance Sheet



MM/€

March 2009

Over December 08

In Balance-sheet net debt	-1,672	-7.3%
Adjusted net debt	1,139	12.5%
Gross cash	2,252	-0.8%

Iberia has maintained a strong financial position



2009 Contingency Plan

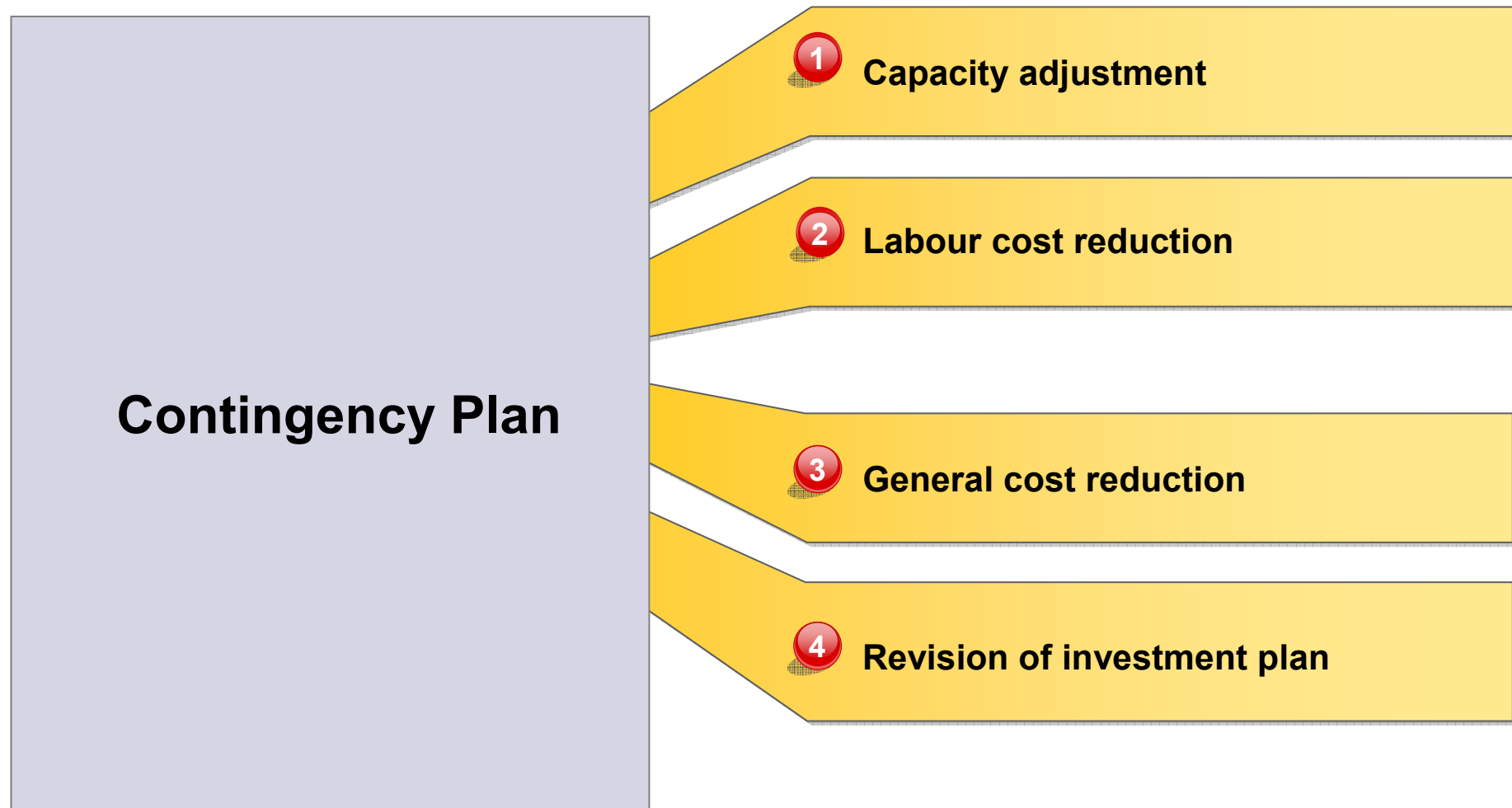


Main targets of the Contingency Plan



- **Maintain financial strength**
- **Improve P&L**
- **Defend our main strategic markets**

4 Main Guidelines



1 Capacity adjustment



ASK	Var 2009/08	
	Old	New
Domestic	-6.9%	-10.4%
Medium Haul	-4.2%	-8.6%
Long Haul	0.8%	-1.0%
Total	-1.7%	-4.3%

1

Capacity Adjustment



Fleet measures

- **Grounding of 5 A 320 from May 09**
- **Cancellation of 2 wet leases that will be operated through dry**
- **Delay 1 A340-600 from October 2009 to September 2010**

Additional measures are being analysed and will depend on market evolution

Salary containment

- Salary containment across the board
- Salary freezes for managers
- Review of wage drifts

Average staff reduction

- Reduction of temporary employees
- New hire freezes
- Temporary redundancy procedures especially in areas where activity has reduced significantly (cargo, handling...)
- Early retirements

- Signed last 20th of April till 2009
- Salary increase of 0,6% for 2009
- Pilots over 60 years can still fly voluntarily till they are 65 for a 50% of activity
- Flexibility in working rules in case of operational difficulties
- Additional productivity measures

- Reduction of all the costs that are not linked to customer service
- Revision of all purchase contracts of goods and services
- Rationalization of offices and buildings
 - Rentals reduction
 - Space optimization

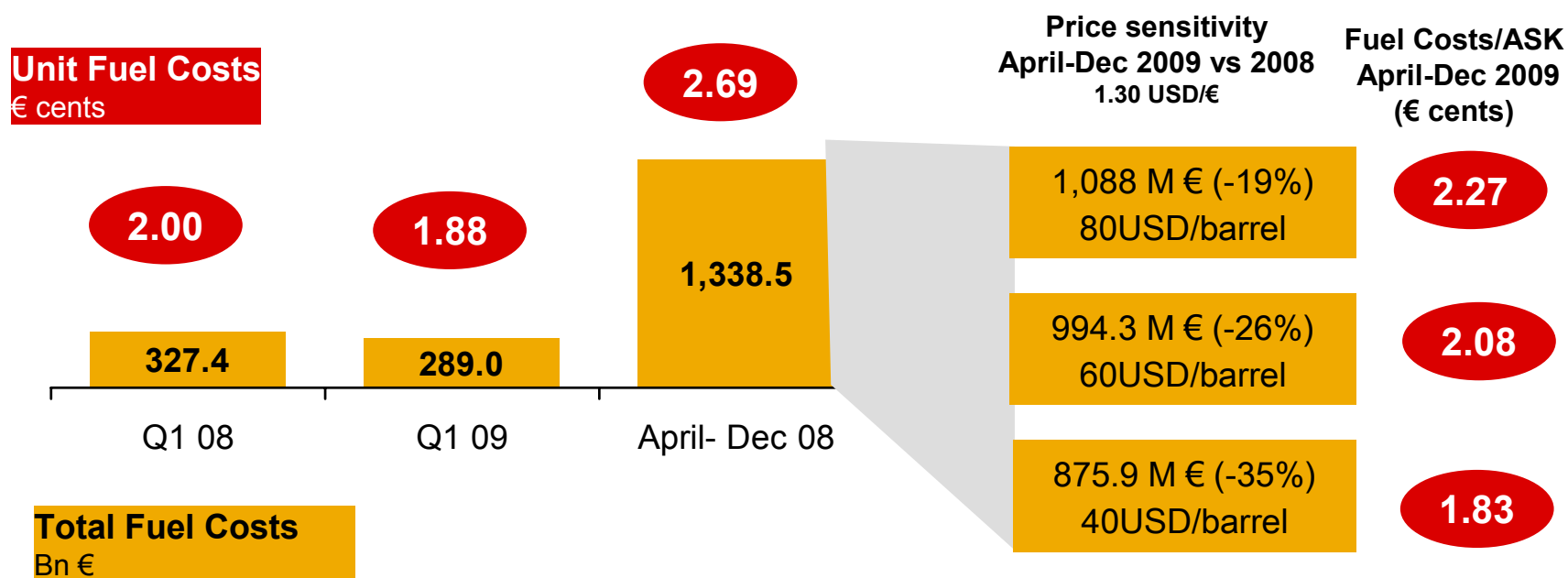
All general costs⁽¹⁾ will be reduced by 6-8%

(1) Costs not directly linked to the operation: exclude fuel, personnel, nav aids and traffic charges, aircraft leases, maintenance and depreciation

Jet Fuel 2009 E



Around 50% hedged : Position that allows opportunities for fuel reductions



- All projected investments have been revised
- Reduction of 50% of total investments
- The investments linked to customer service have been maintained
- Capex in 2009 will be around 100 MM/€

Main targets of the Contingency Plan



Summary

Cost savings of 110-125 million € ⁽¹⁾

Investment reduction of 80-85 million €

(1) Over base case 2009 without measures



Outlook

