



YEAR 2005

FY 2005 Results

	2005	05/04
Operating Revenues	4,929.1	+4.2%
Ebitdar	699.7	-6.6%
<i>Ebitdar margin</i>	14.2 %	-1.4 p.p
EBIT	116.4	-35.7%
Net Income	395.6	+99.5%

MM/€

Operating Revenues

<i>(million €)</i>	2005	% s/04
Passenger	3,884	+ 3.4
Cargo	313	+ 19.7
Handling	322	+ 6.5
Maintenance	156	+ 38.5
Rest	254	- 29.1

• **Total Operating Revenues** **+ 2.8%**

• **Revenue / ASK** **- 1.3%**

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

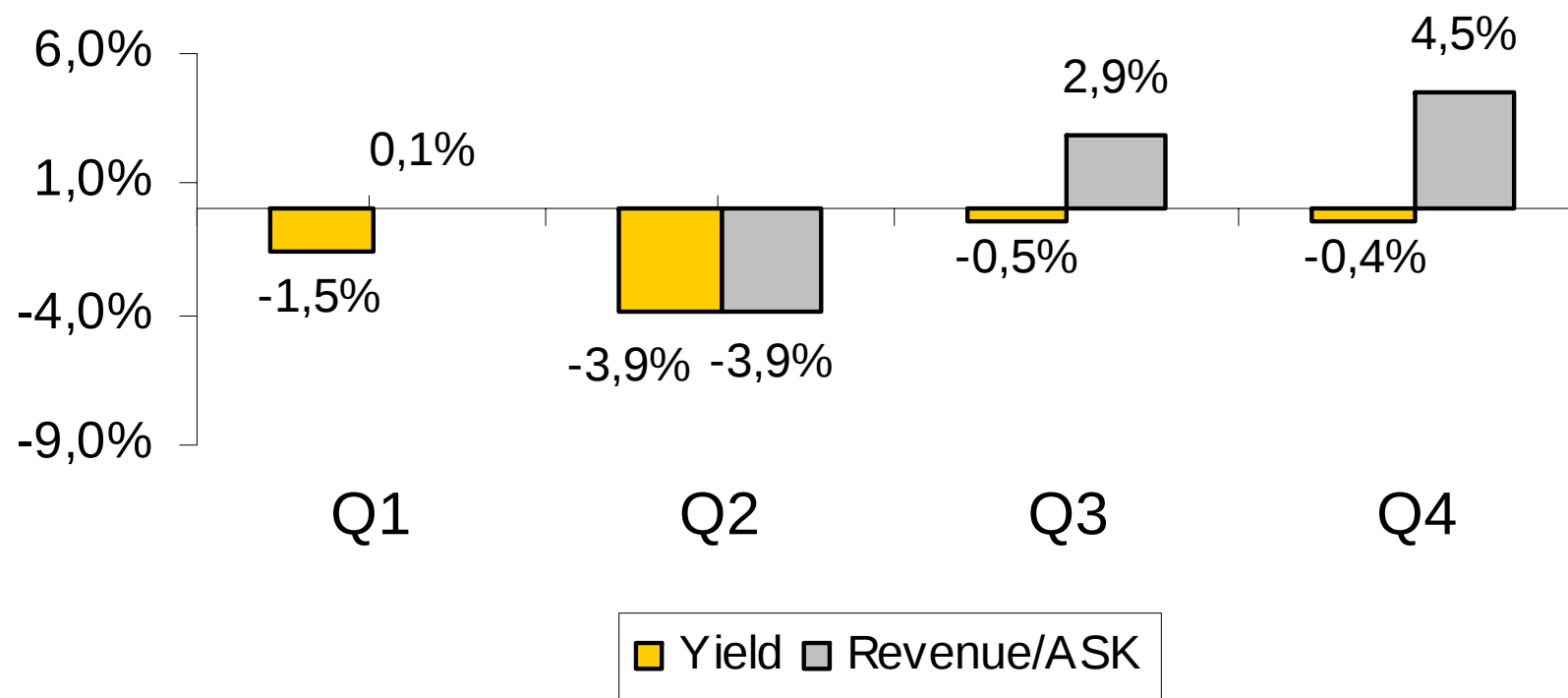
Selective Growth: Traffic Statistics 2005

January-December	ASK	RPK	L.F.
Domestic	+ 1.4%	+3.4%	+1.4 p.p
Europe	+ 1.5%	+6.0%	+2.9 p.p
Other Int. Medium Haul	+ 27.1%	+30.7%	+1.8 p.p
Long Haul	+ 5.7%	+7.6%	+1.5 p.p
Total	+ 4.2%	+6.8%	+ 1.9 p.p

Seat reconfiguration:

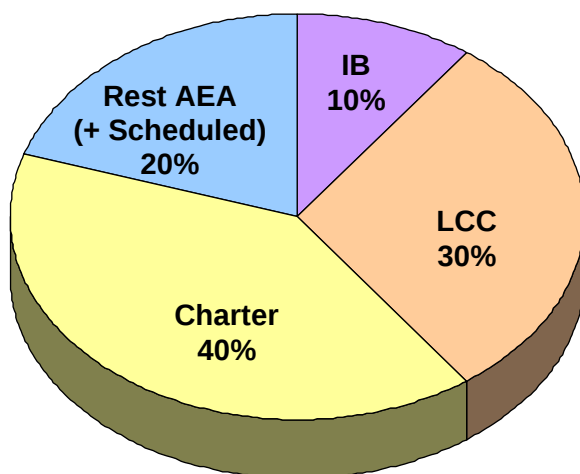
- Short and medium haul +3.7%
- Long haul +1.3%

Passenger Unit Revenue Evolution



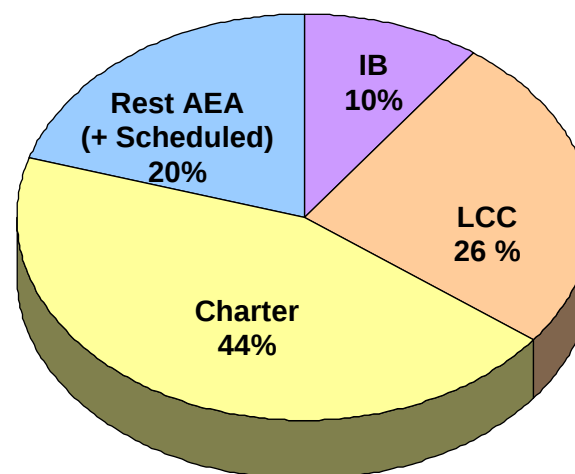
Passenger breakdown Spain - Europe

2005



Total Pax 93.7 Mill.

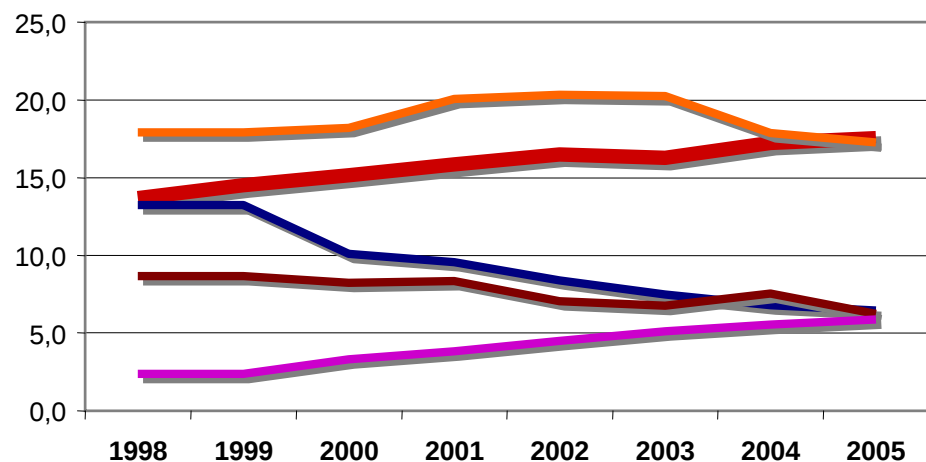
2004



Total Pax 87.6 Mill.

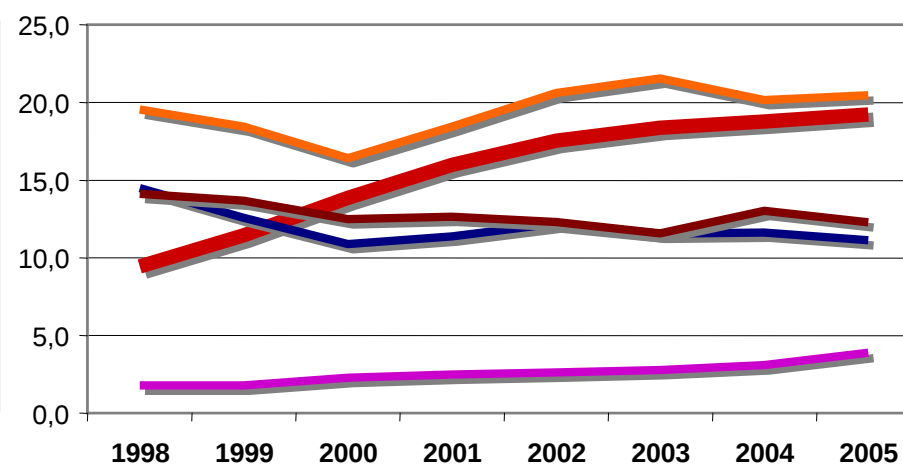
Market share Europe-Latin America

Europe – Latin America



IB BA LH TP AF+KL

Europe – Latin America Business



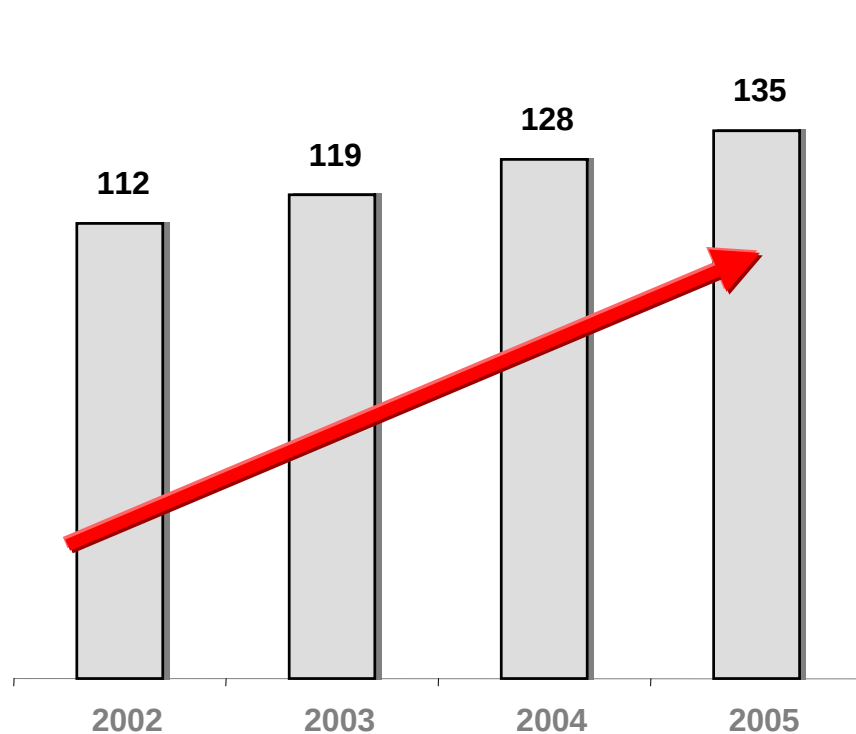
IB BA LH TP AF+KL

Mix improvement:

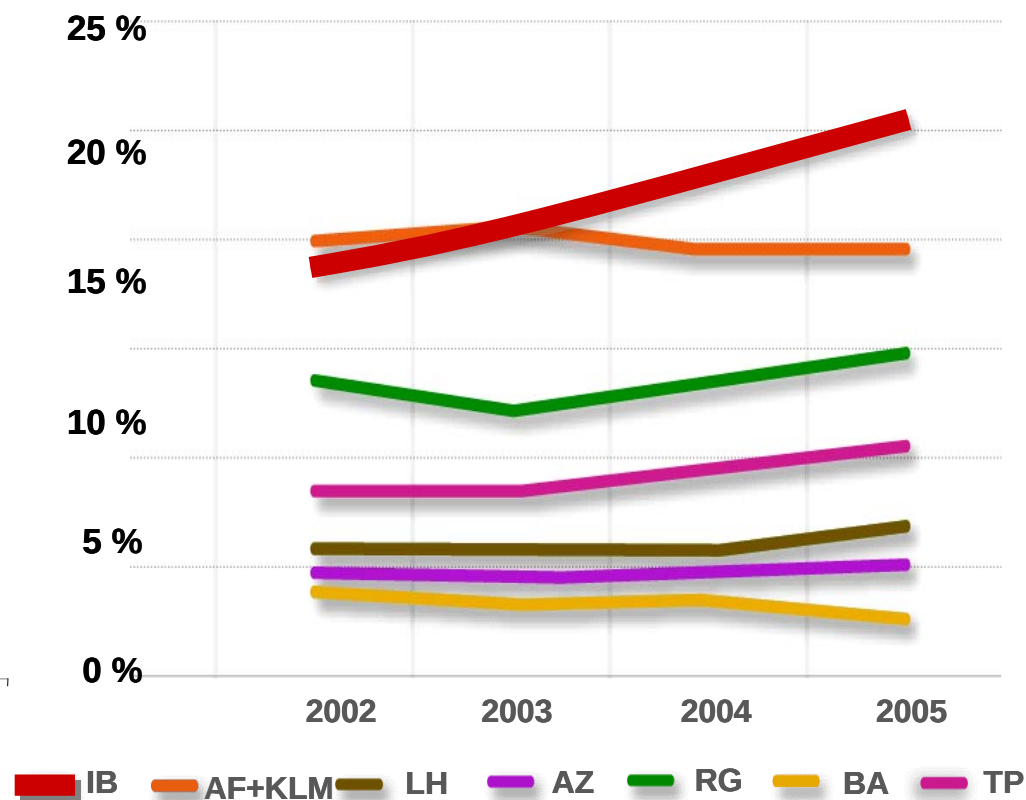
- Premium traffic +13.9%
- Rest +5.2%

Frequencies Europe-Latin America

Iberia



Main competitors



Operating Costs

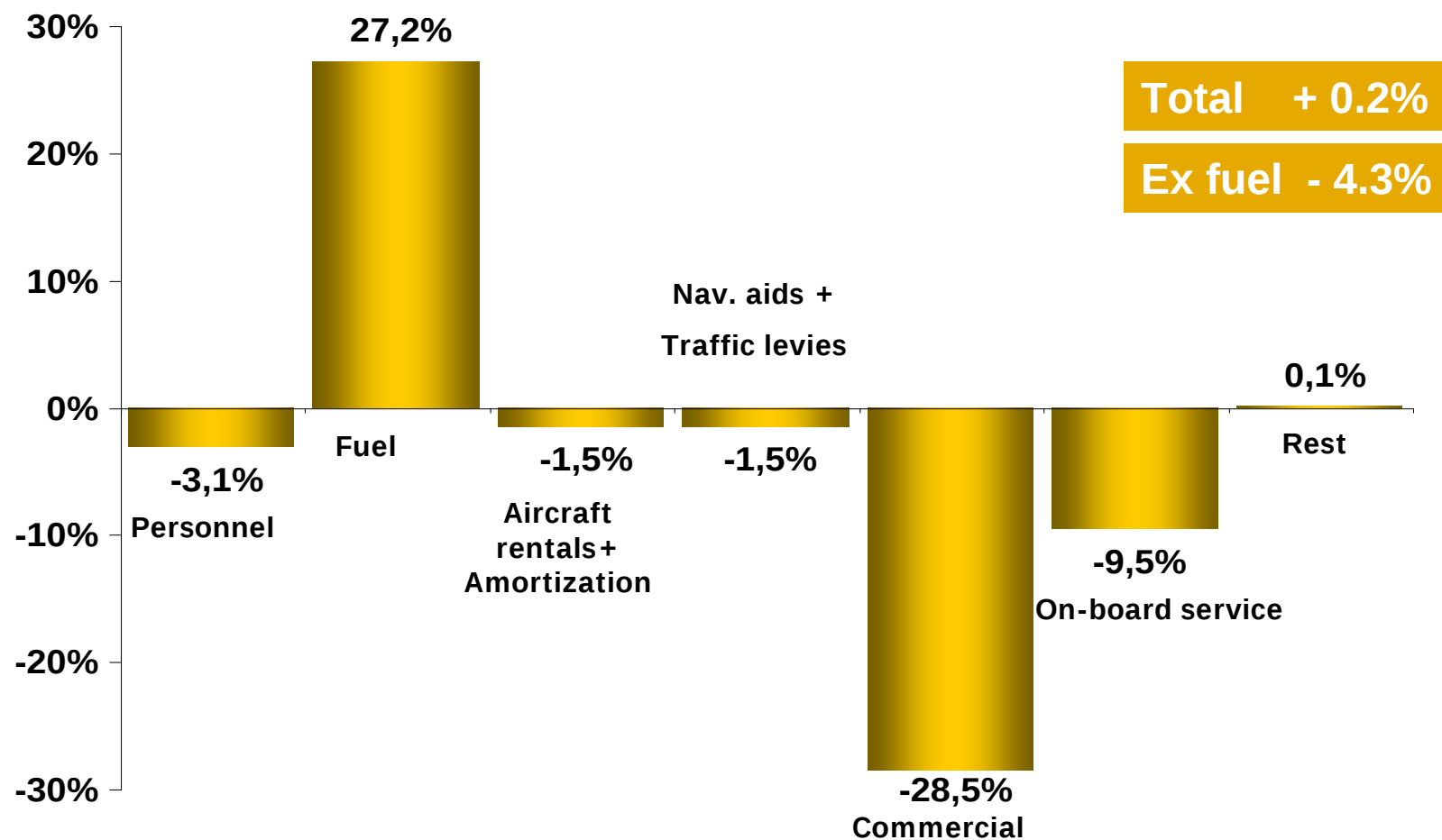
<i>(million €)</i>	2005	% s/04
Personnel	1,442	+ 1.0
Commercial	260	- 25.5
Fuel	866	+ 32.5
Aircraft rentals + Depreciation.	583	+ 2.7
On board service	86	- 5.7
Navigation aids + Air traffic levies	704	+ 2.6

Total Operating Costs **+4.4%**

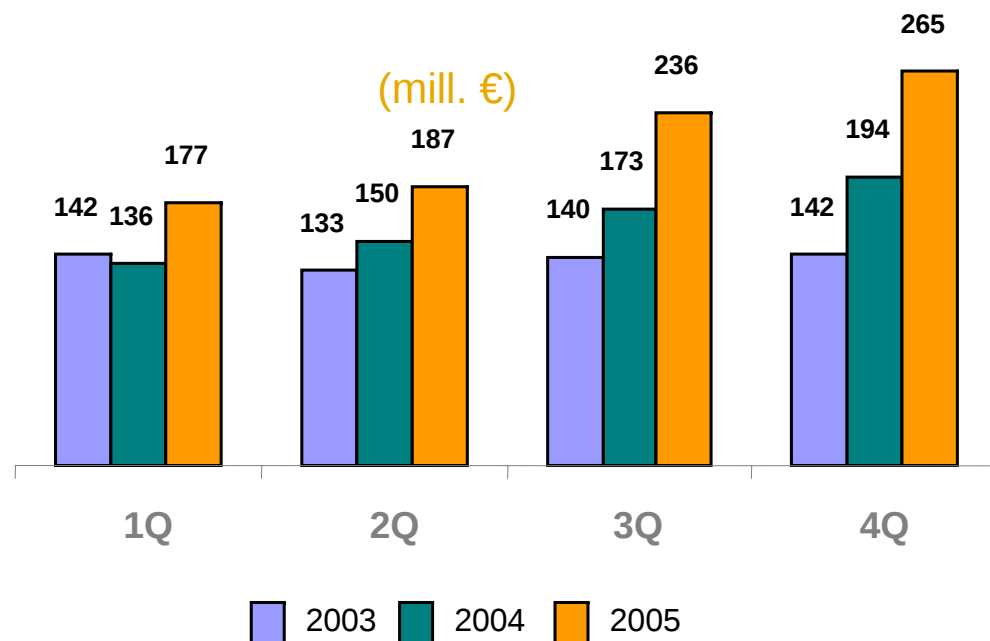
Cost / ASK **+0.2%**

Unit Costs Evolution

2005/2004



Fuel

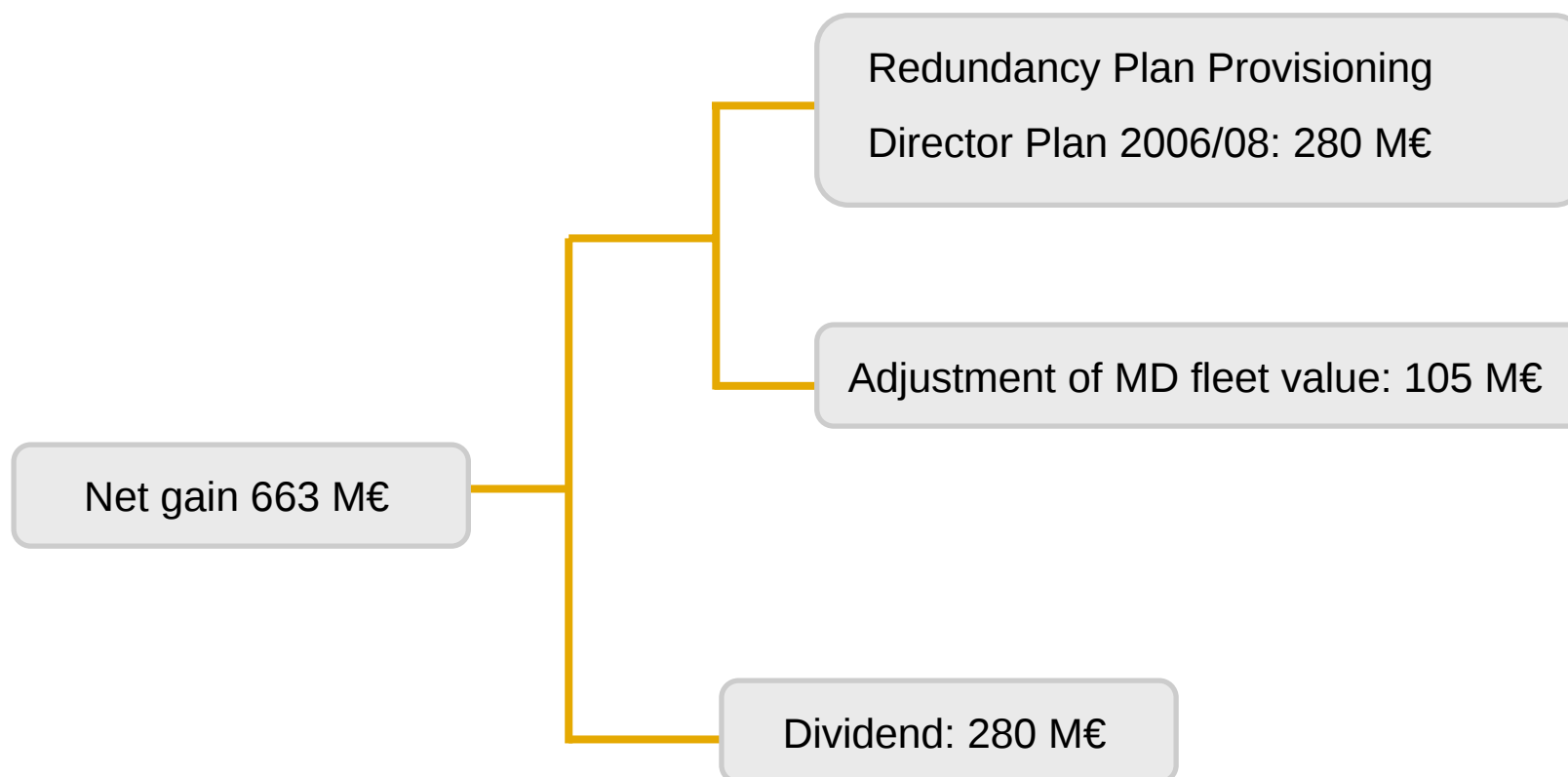


Year	Mill. €	% Total Costs	% Transport Costs
2005	866	18 %	20 %
2004	654	14 %	16 %
2003	557	12 %	14%

Recovery due to fuel price hedging

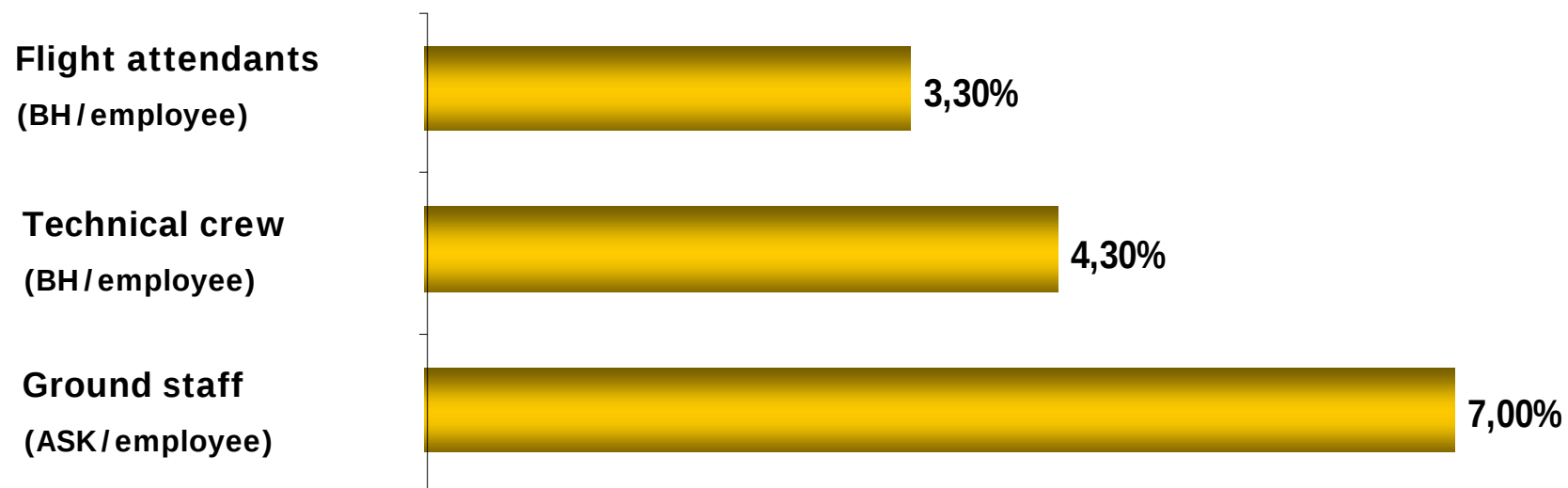
2005: 142 M€
 2004: 81 M€
 2003: 30 M€

Application of capital gains from the sale of Amadeus and Savia



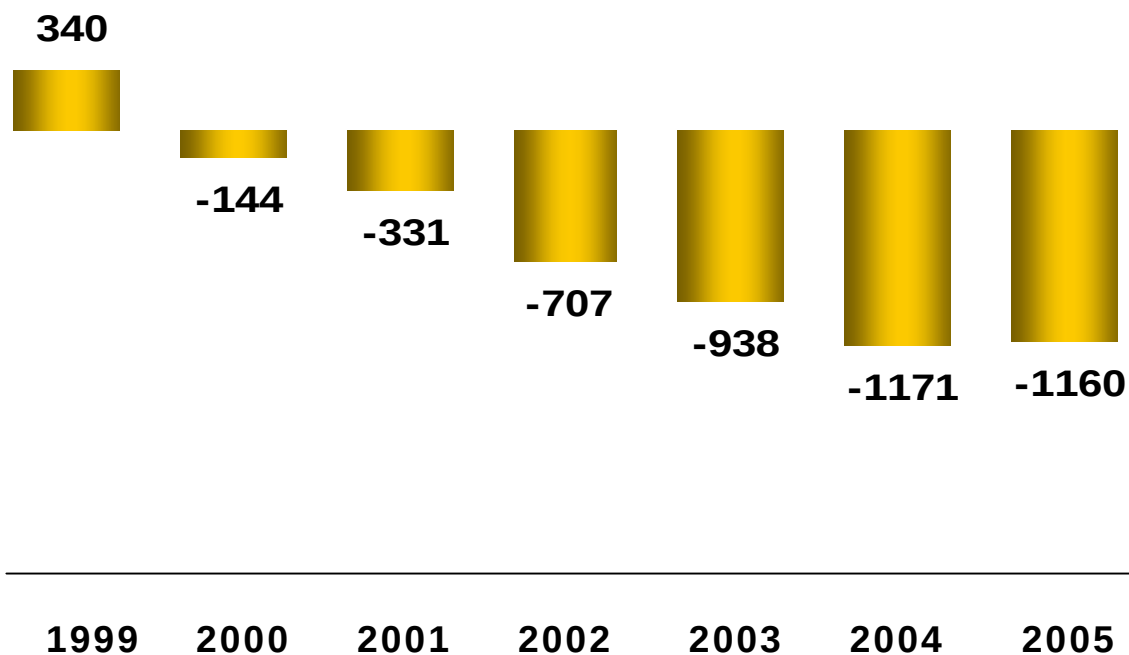
Staff Productivity

2005/2004



Strong Balance Sheet

Net Financial Debt (€ M)



**Gross Cash Position
December 2005
2,029.3 € M**

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

XVI Ground Staff Collective Agreement

Signed on the 8th of February 2006

Validity: 2005-2006

Main economic issues:

- **Salary freezing for 2005 and 2006**
- **One off payment of 18 million euros in 2005**
- **Withdrawal of the current cumulative profit-sharing system with effect 01/01/2005 and new profit-sharing scheme from 2006**

Director Plan initiatives

- **Outsourcing and subcontracting**
- **Closing, centralization, decrease of functions**
- **Improvement of processes**

2.274 employees

Almost all measures already accepted