

# **Full Year 2006 Results**

# Highlights

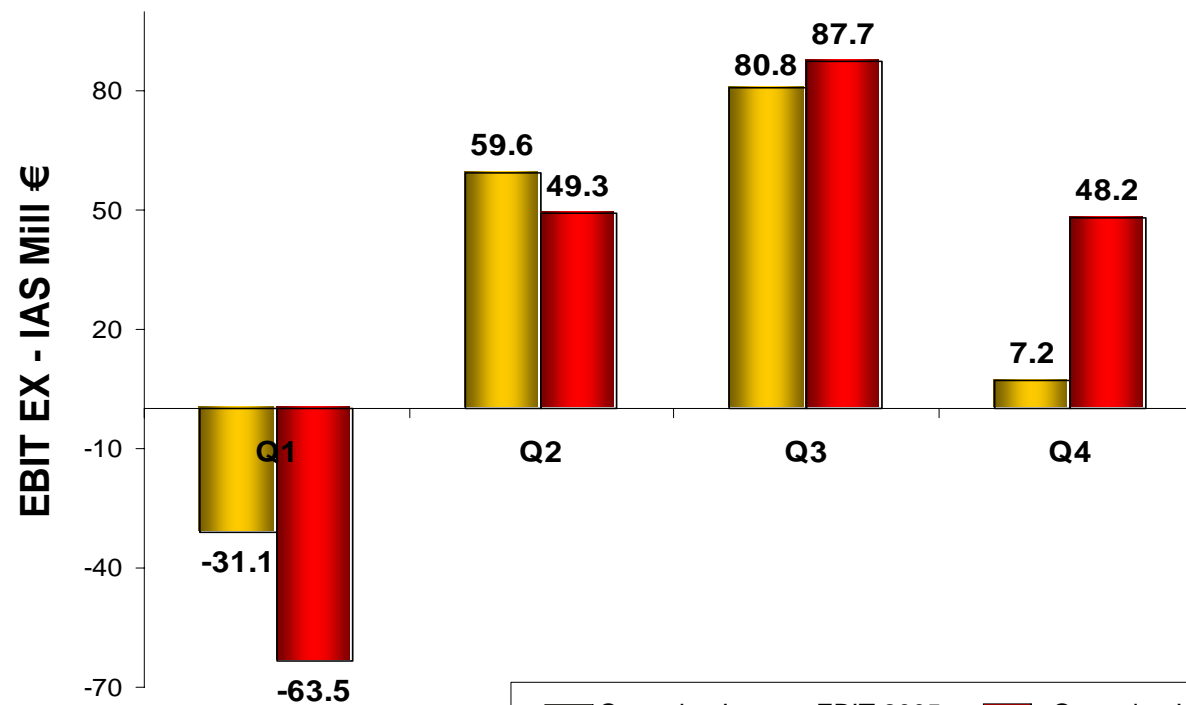
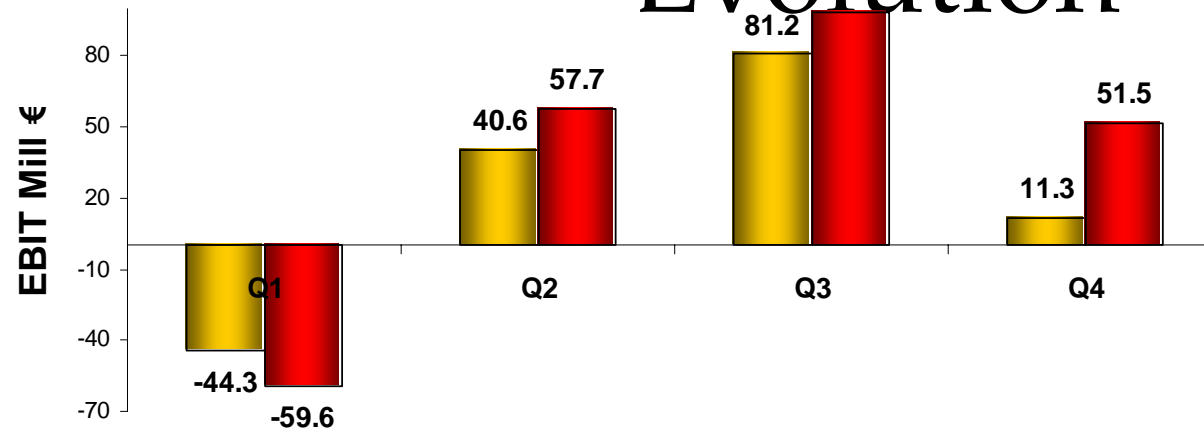
- **First year of the Director Plan in line with the targets**
- **Selective increase in capacity focused in the long haul growth**
- **Excellent behaviour of Business Plus class**
- **Strong revenues, especially in the passenger and maintenance business**
- **Costs heavily affected by high fuel prices and IAS 39 effects**
- **Initiation of operations in T4**

# Key Figures Year 2006

	FY 2006	06/05
<b>Operating Revenue</b>	<b>5,387.8</b>	<b>+9.3%</b>
<b>Ebitdar</b>	<b>790.6</b>	<b>+13.0%</b>
<b><i>Ebitdar margin</i></b>	<b><i>14.7 %</i></b>	<b><i>+ 0.5 p.p</i></b>
<b>EBIT</b>	<b>122.0</b>	<b>+ 4.7%</b>
<b>EBIT (ex IAS 39)</b>	<b>150.4</b>	<b>+ 67.7%</b>
<b>EBT</b>	<b>165.2</b>	<b>- 58.0%</b>
<b>Net Income</b>	<b>57.0</b>	<b>N.M</b>
<b>Net Income (ex. tax credits adjustments)</b>	<b>116.1</b>	<b>N.M</b>

*MM/€*

# Quarterly Results Evolution



Operating Income EBIT 2005    Operating Income EBIT 2006

# Operating Revenues

<i>(million €)</i>	2006	% s/05
<b>Passenger</b>	<b>4,222.9</b>	<b>+ 8.7</b>
<b>Cargo</b>	<b>329.8</b>	<b>+ 5.3</b>
<b>Handling</b>	<b>331.2</b>	<b>+ 2.8</b>
<b>Maintenance</b>	<b>219.0</b>	<b>+ 40.7</b>
<b>Rest</b>	<b>284.9</b>	<b>+12.1</b>

• **Total Operating Revenues** **+ 9.3%**

• **Revenue / ASK** **+5.7%**

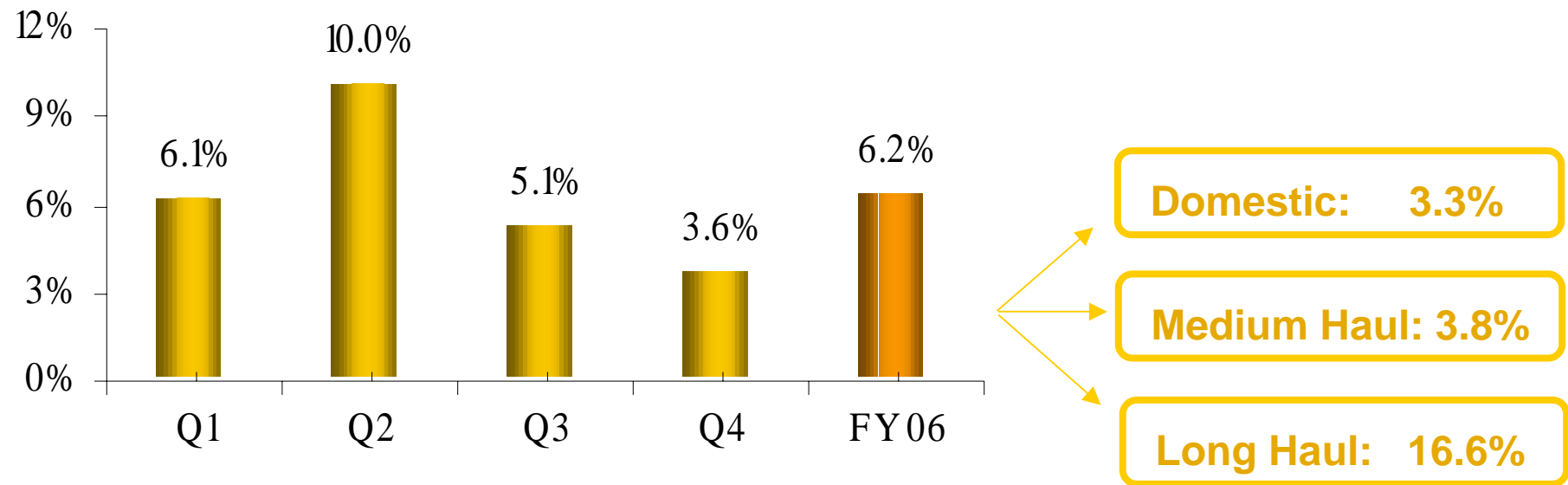
- Important growth in passenger revenues
- Good performance in other businesses' revenues, especially maintenance

# SELECTIVE GROWTH. 11th Statistics 2006

January-December	ASK	RPK	L.F.
Domestic	- 5.7%	- 5.7%	+ 0.0 p.p
Europe	+ 0.5%	+ 6.4%	+ 4.0 p.p
Other Int. Medium Haul	+ 2.8%	+ 9.0%	+ 4.1 p.p
Long Haul	+ 8.6%	+11.9%	+ 2.5 p.p
Total	+ 3.4%	+7.0%	+ 2.7 p.p

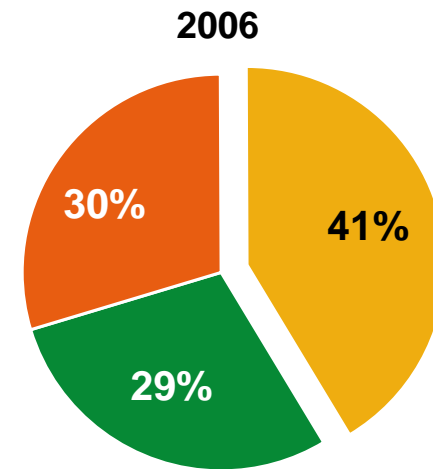
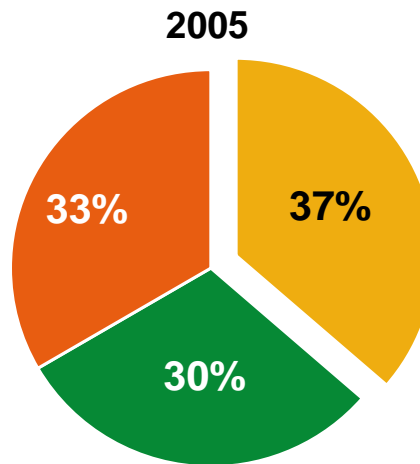
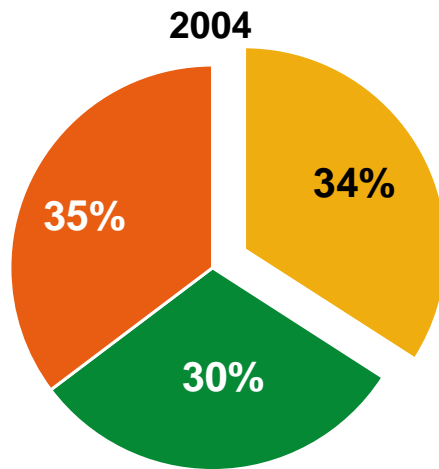
Successful restructuring of the network following one of  
the main pillars of the Director Plan

# Passenger Unit Revenue Evolution



# Long haul is gradually increasing its weight

Strengthening the competitive advantage that the presence in these markets represents for Iberia



% of pax+cargo revenue/market

Long Haul Medium Haul Domestic

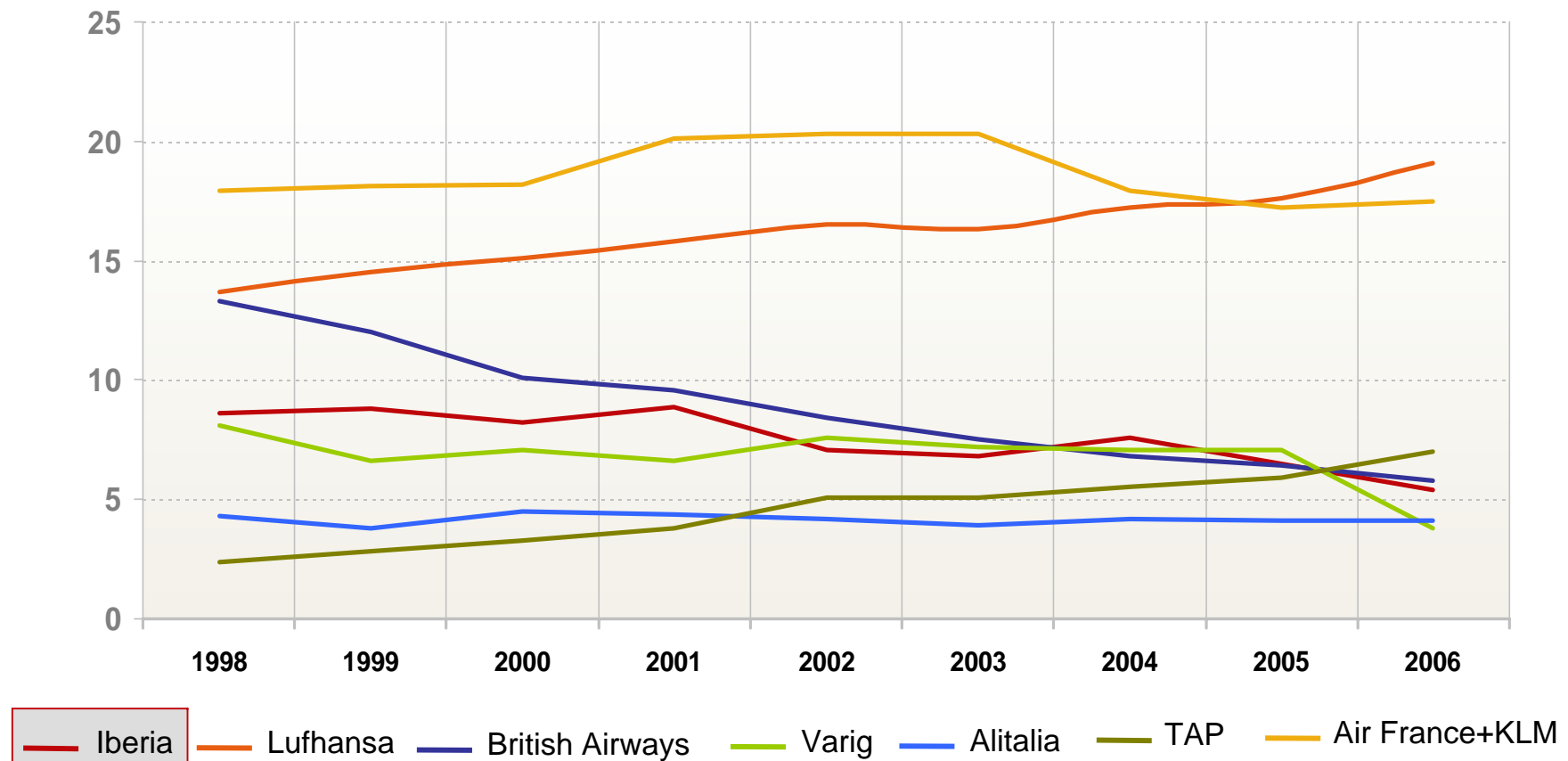


## Latin America: Gap with Main Competitors Continues to Widen

Market growth Ytd 2006 : 4.0%

Iberia market share : 19.0% (+1.4 p.p.)

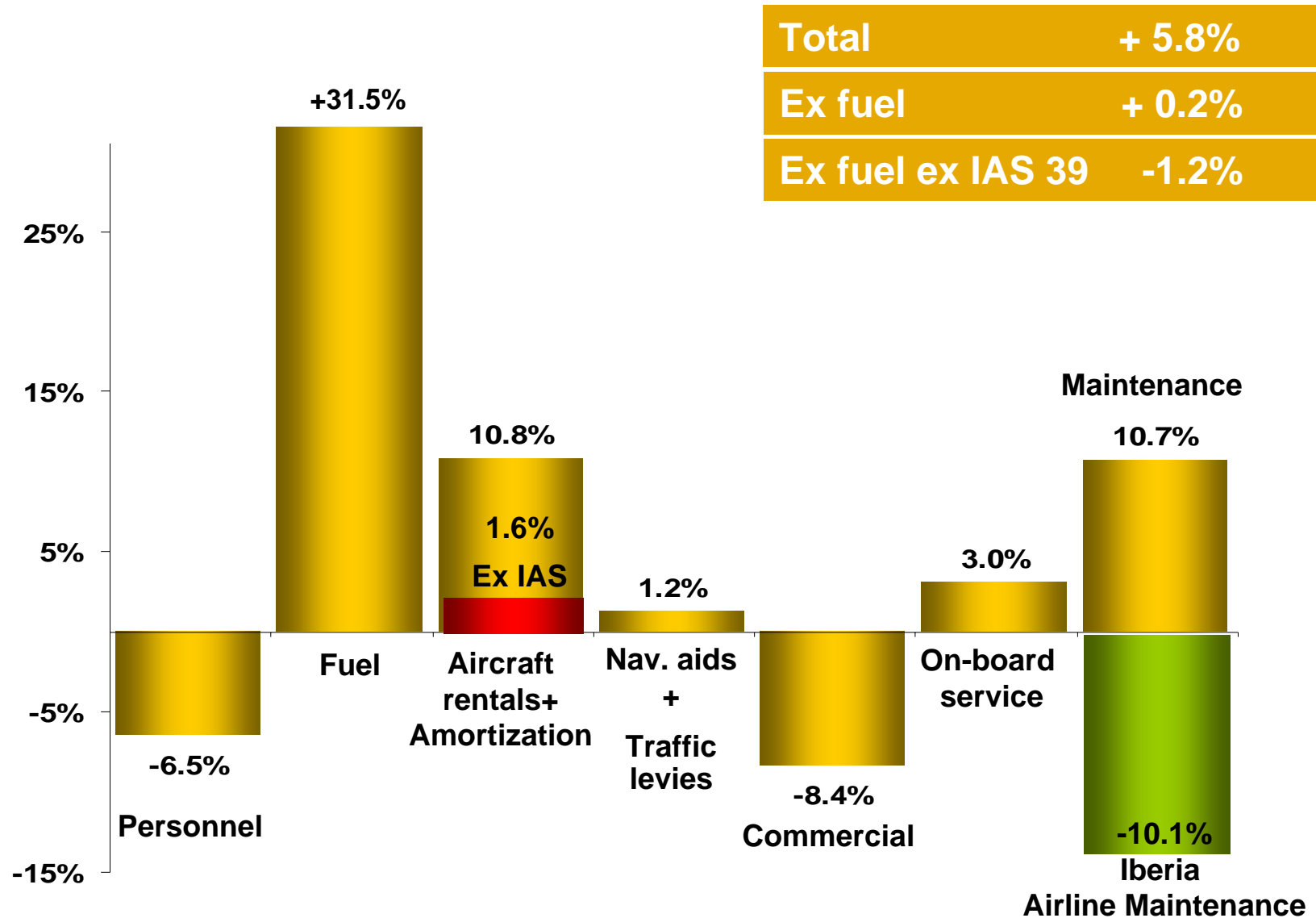
Europe – Latin America market share



# Operating Costs

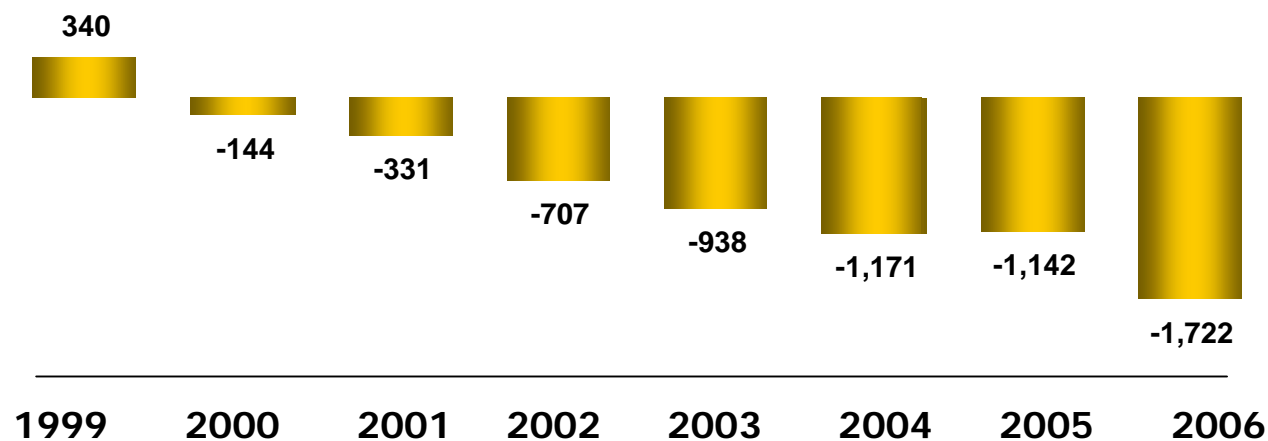
<i>(million €)</i>	FY 2006	%06/05	
<b>Personnel</b>	<b>1,395.2</b>	<b>-3.3</b>	
<b>Commercial</b>	<b>246.1</b>	<b>- 5.2</b>	
<b>Fuel</b>	<b>1,177.5</b>	<b>+ 36.0</b>	
<b>Aircraft rentals + Depreciation.</b>	<b>668.5</b>	<b>+14.2</b>	<b>ex IAS +4%</b>
<b>On board service</b>	<b>68.0</b>	<b>+7.6</b>	
<b>Navigation charges + Traffic services</b>	<b>737.5</b>	<b>+ 4.7</b>	
<b>Total Operating Costs</b>			<b>+ 9.4%</b>
<b>Total Operating Costs (ex IAS 39)</b>			<b>+ 8.2%</b>
<b>Total Operating Costs (ex IAS 39 ex fuel)</b>			<b>+ 2.1%</b>

# UNIT COSTS EVOLUTION FY 2006 VS. FY 2005



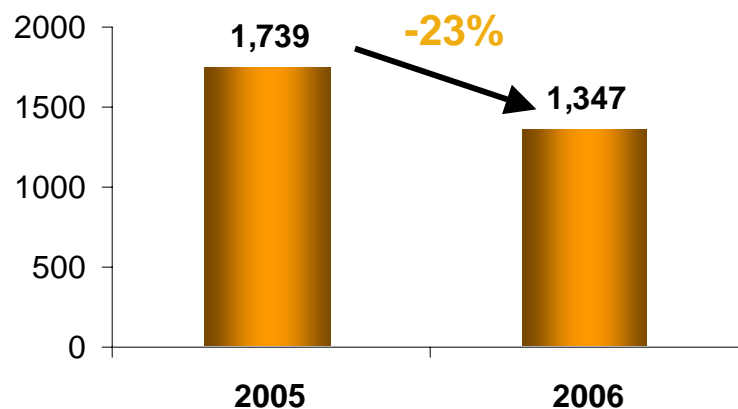
# Strong Balance Sheet

## Net Financial Debt (€ M)



**Gross Cash Position  
December 2006  
2,453 € M**

## Adjusted Net Debt (€ M)



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## **Q&A**