

Vueling Airlines 2009 Third-Quarter Financial Results

vueling.com

CAUTION
SURE THAT THE FAY GENE DOORS
FULLY LATCHED WHEN CLOSED

Barcelona, October 27th, 2009

Introduction

Revenues

Operations and costs

Outlook for Q4 and 2010

Vueling has emerged with a much enlarged volume

From Marrakech to Moscow: 17 countries, 47 airports, 7 bases, 92 routes

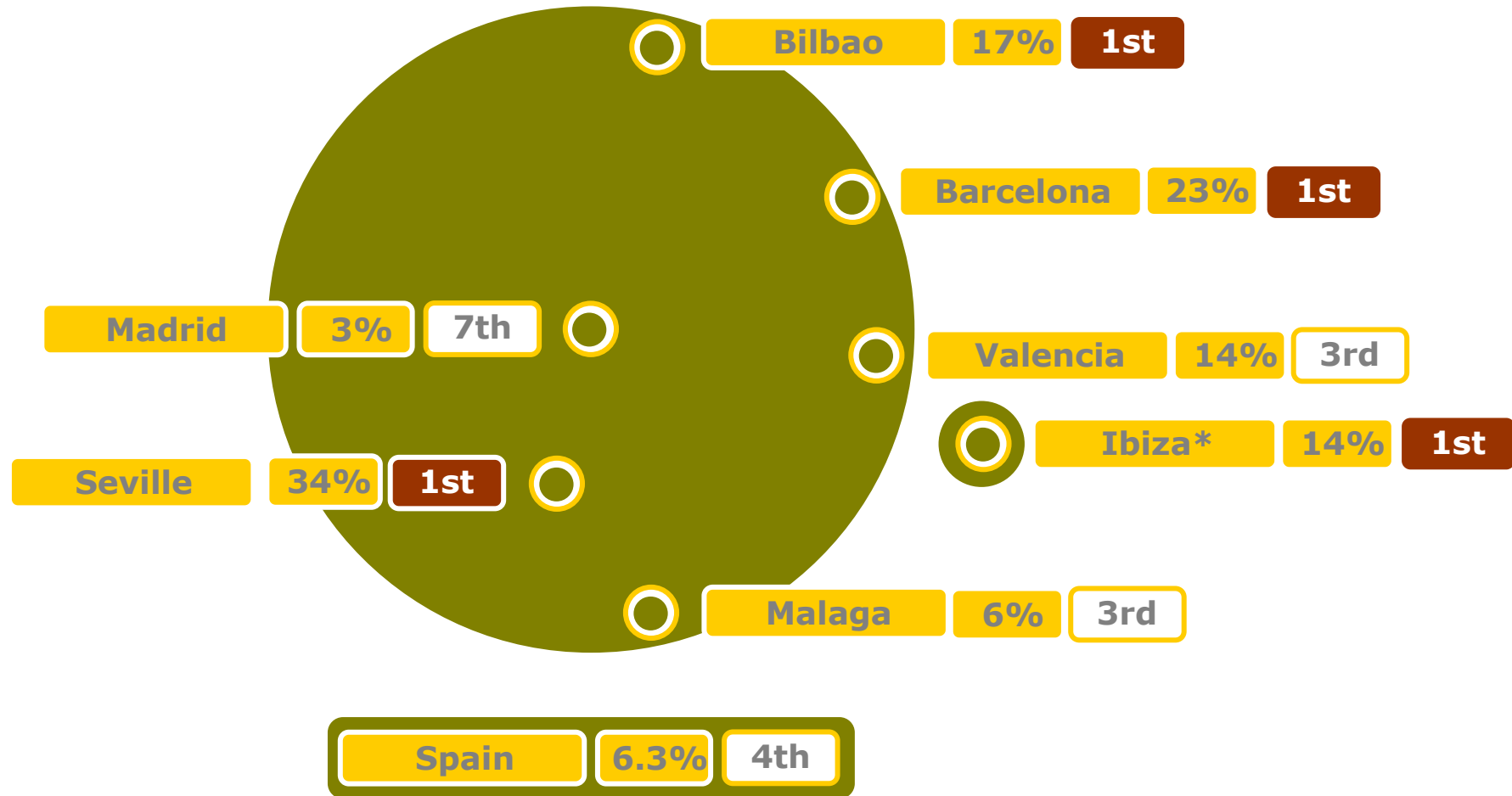
	Q3 09	growth on a year earlier
ASKs	3,717m	+70.8%
Operating fleet	35	+79.5%
Airports	47	+88.0%
Routes	92	+64.3%
Flights	23,630	+79,7%
Passengers	3.3m	+82.5%



- | | | | | |
|-----------|--------------|-----------|------------------|----------|
| A Coruña | Budapest | Madrid | Nice | Tenerife |
| Alicante | Casablanca | Malaga | Paris | Valencia |
| Amsterdam | Dubrovnik | Mallorca | Pisa | Warsaw |
| Asturias | Granada | Malta | Praga | Venice |
| Athens | Ibiza | Marrakech | Rome | Verona |
| Barcelona | Jerez | Minorca | Saint Petersburg | Vienna |
| Bilbao | Gran Canaria | Milan | Santiago | Vigo |
| Brussels | Lisbon | Moscow | Seville | |
| Bucharest | London | Naples | Sicily | |

Vueling is now a major airline at its home market

Q3: Number1 carrier at 4 of its 7 bases (Barcelona, Bilbao, Seville, and Ibiza). Madrid is a niche base for Vueling

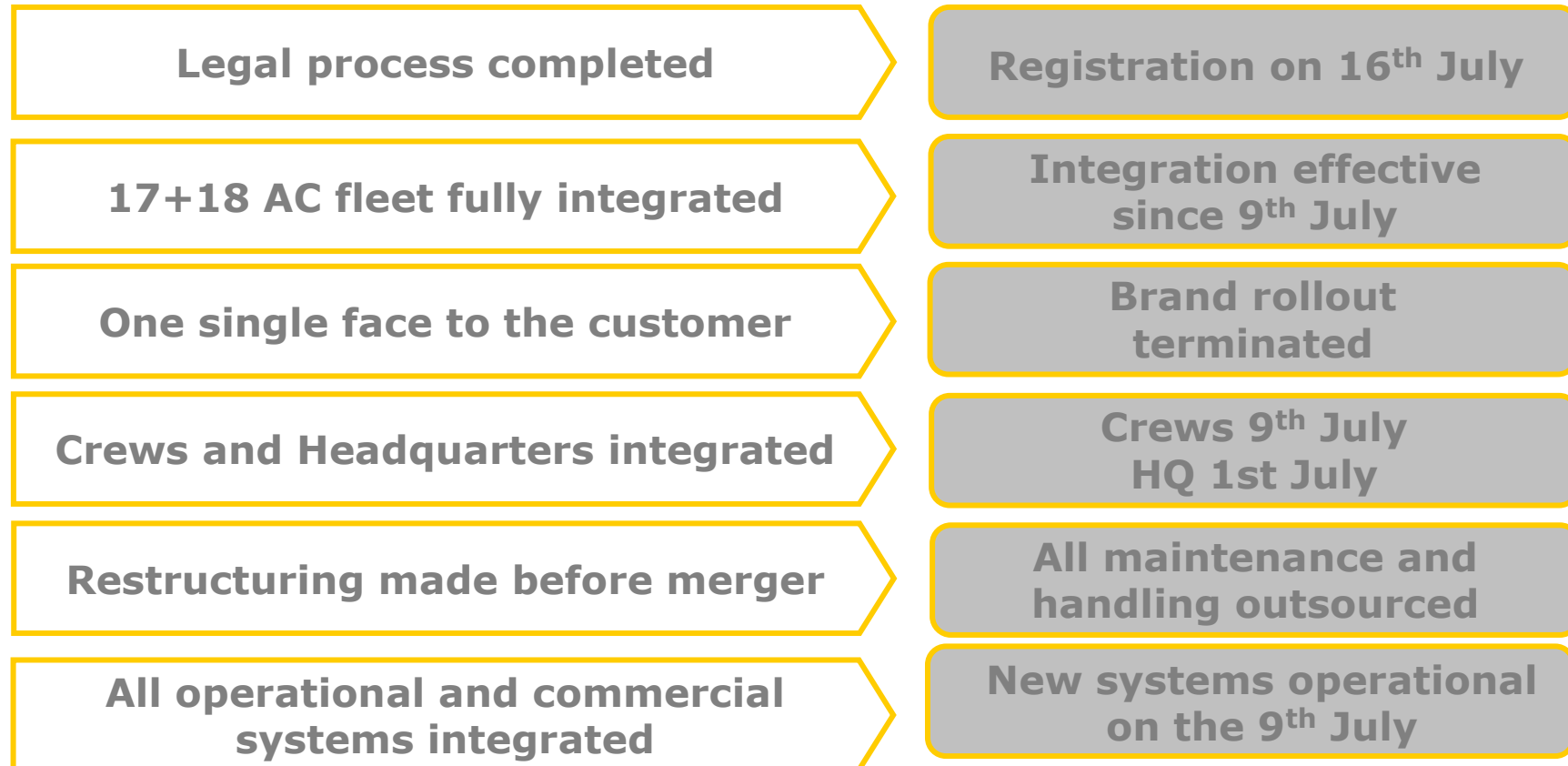


Source: AENA

*Summer base only

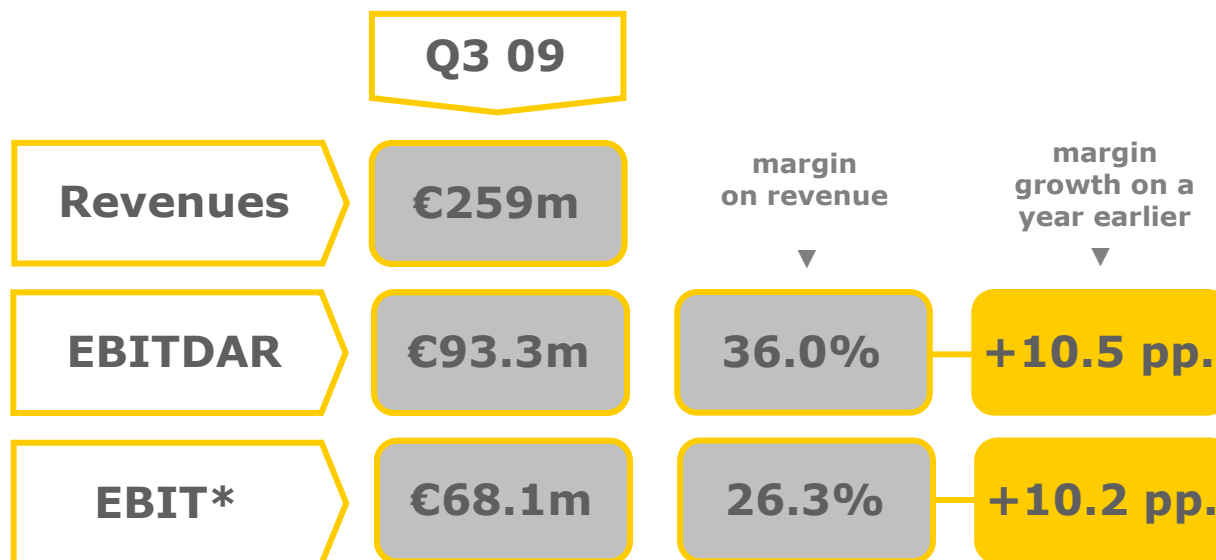
The merger is now completed in every aspect

Integration process was rolled out at full speed and on schedule, and it was finalized even before the merger's legal registration



Vueling made a €68.1m EBIT* during the quarter...

Merger has allowed for both growth and increased margins



* EBIT before restructuring costs

Except otherwise indicated, all data correspond to Vueling stand alone to June 30th 2009, that is excluding Clickair data and for the merged entity from July 1st. Percentage of margin on sales would be reduced if Clickair H1 sales and margin were considered.

... and €71.8m in the nine months to September
 Merger has allowed for both growth and increased margins

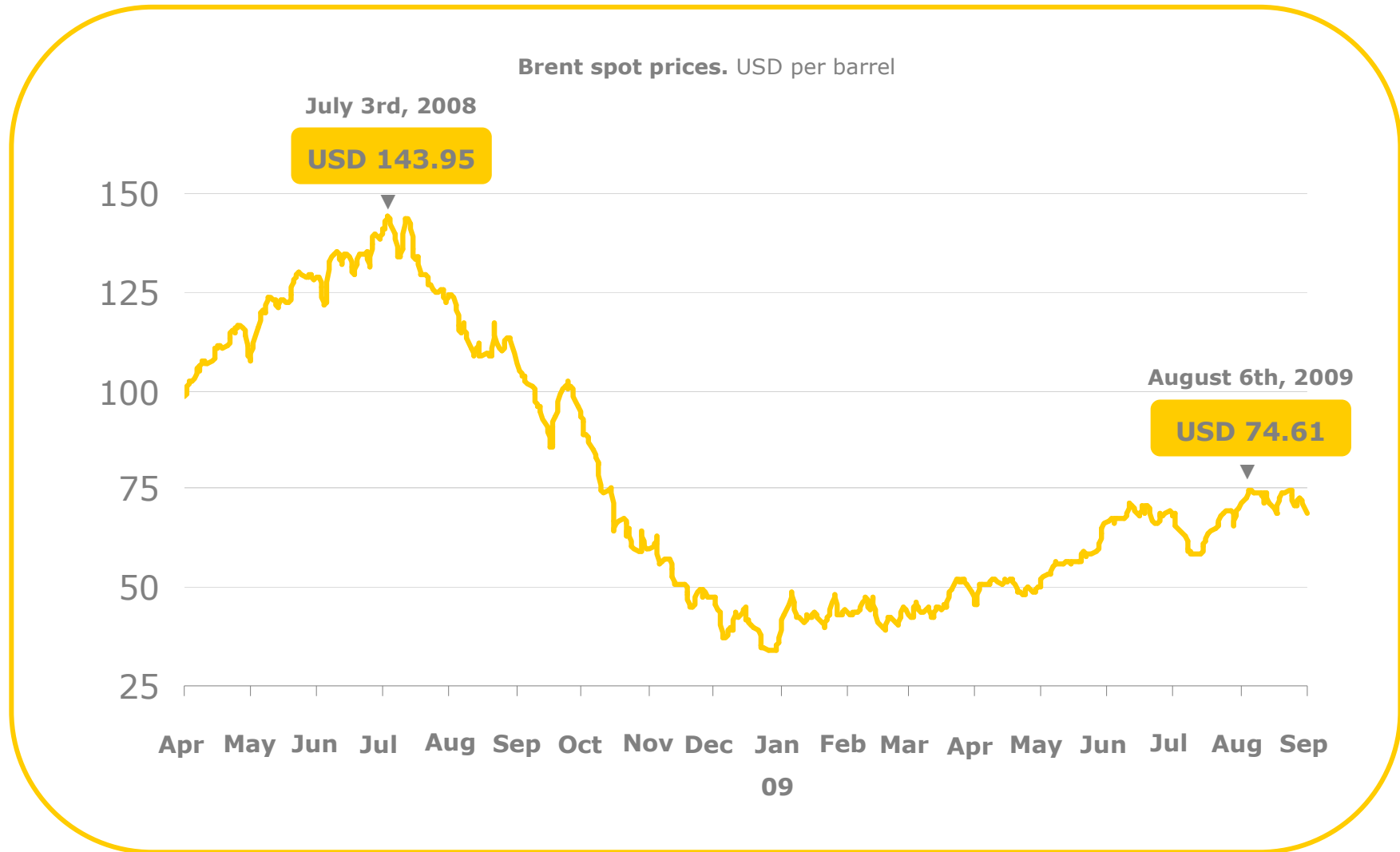
	9M 09		
Revenues	€441m	margin on revenue	margin growth on a year earlier
EBITDAR	€123m	27.9%	+19.4 pp.
EBIT*	€71.8m	16.3%	+21.6 pp.

Cash as of 30th Sept. was at €149.1m, including use of €12.5m of credit lines

* EBIT before restructuring costs

Drop in oil prices has allowed lower fuel surcharges...

From €16 per passenger in Q3 08 to a range of €6 to €10 in Q3 09



Source: Energy Information Administration, US Department of Energy

... while merger synergies have increased revenue per ASK and offline distribution

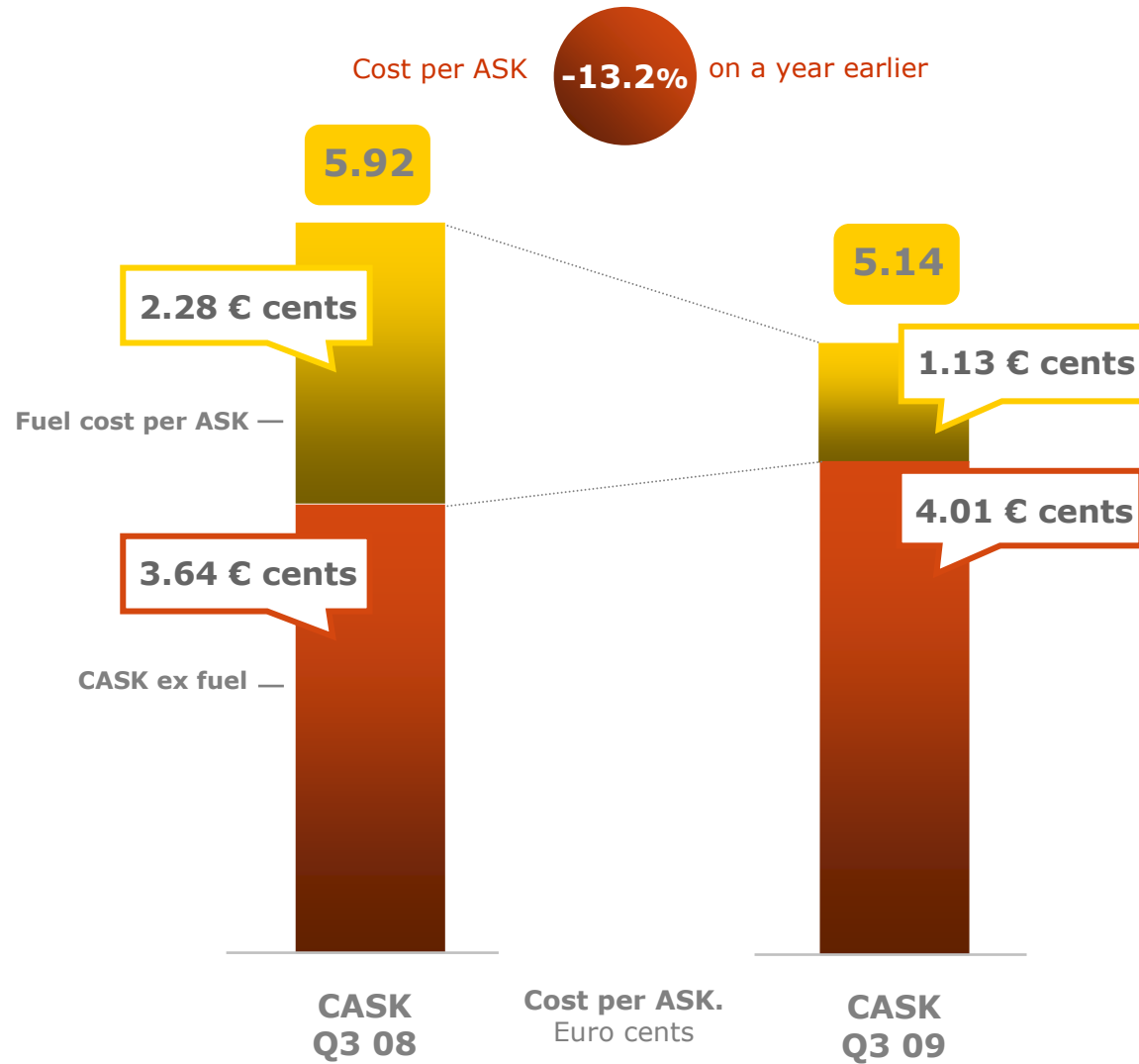
Vueling now has two offline distribution channels: its own GDS and Iberia's code-share



Only 34% of total revenue synergies from the merger of 32 million € are forecast to be captured in 2009

Low fuel prices have had an effect on Vueling's overall cost base

The company will focus on reducing its ex-fuel cost base



Source: Vueling

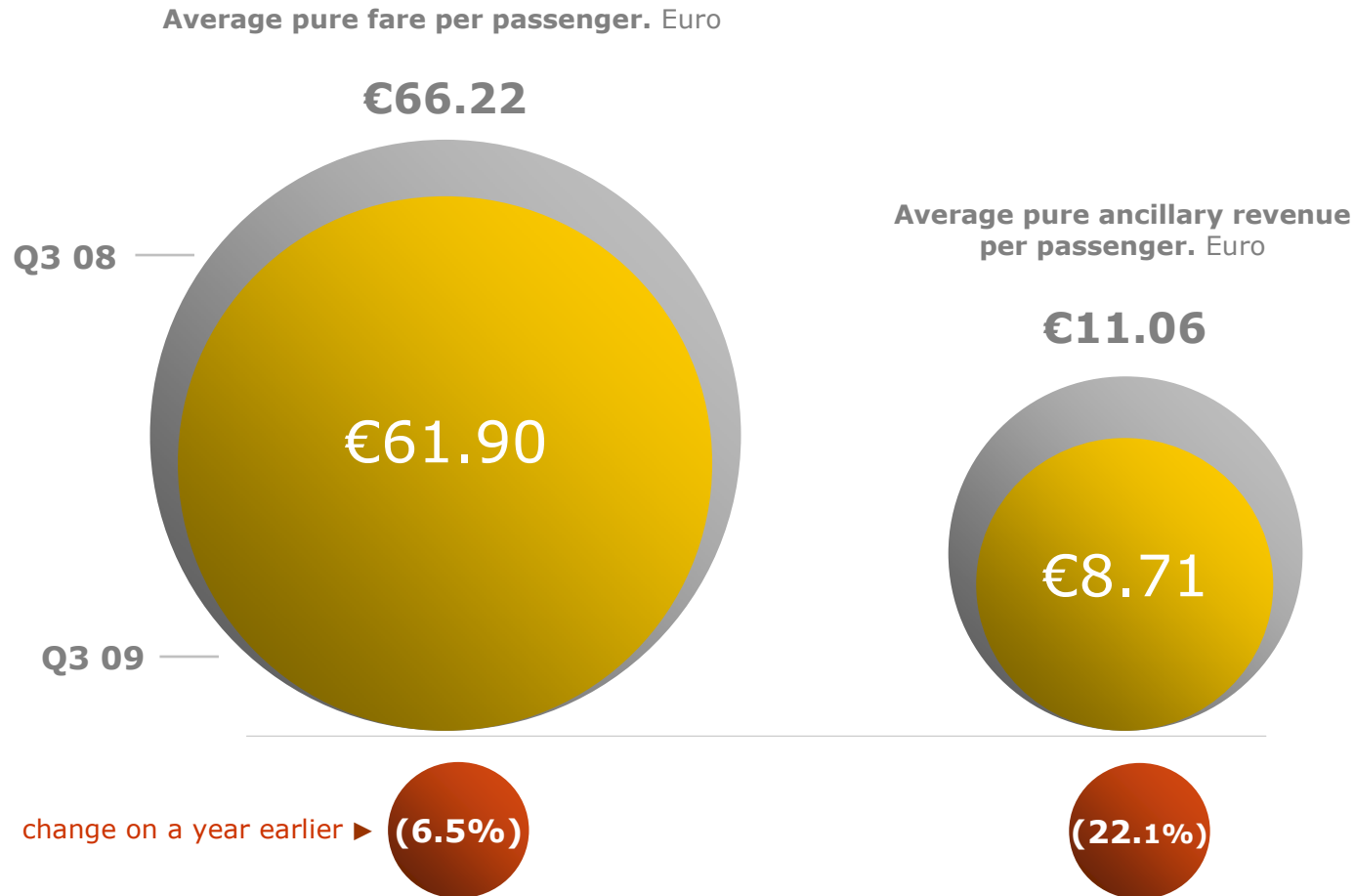
Introduction

Revenues

Operations and costs

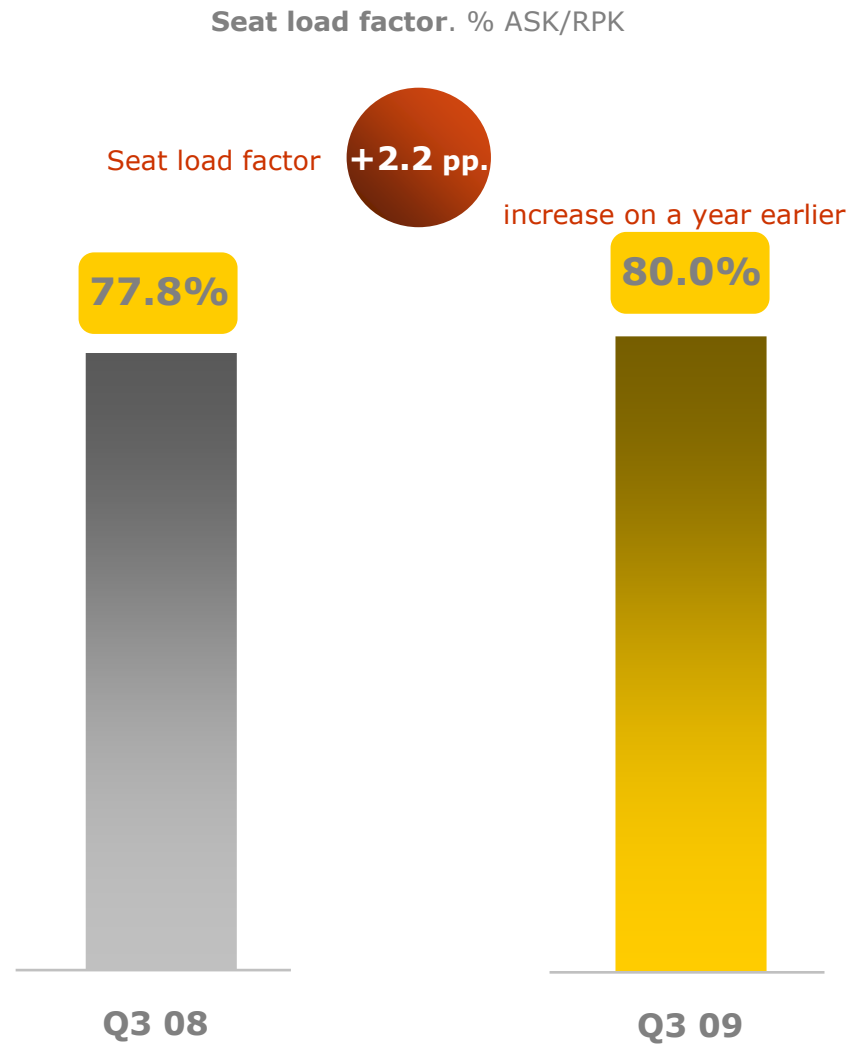
Outlook for Q4 and 2010

Fare (including fuel surcharge) and ancillaries have gone down...



Ancillaries per pax have dropped due to increased sales through off-line channels (which do not sell as many ancillaries) and EU legislation changes in insurance opt-in policies in the web

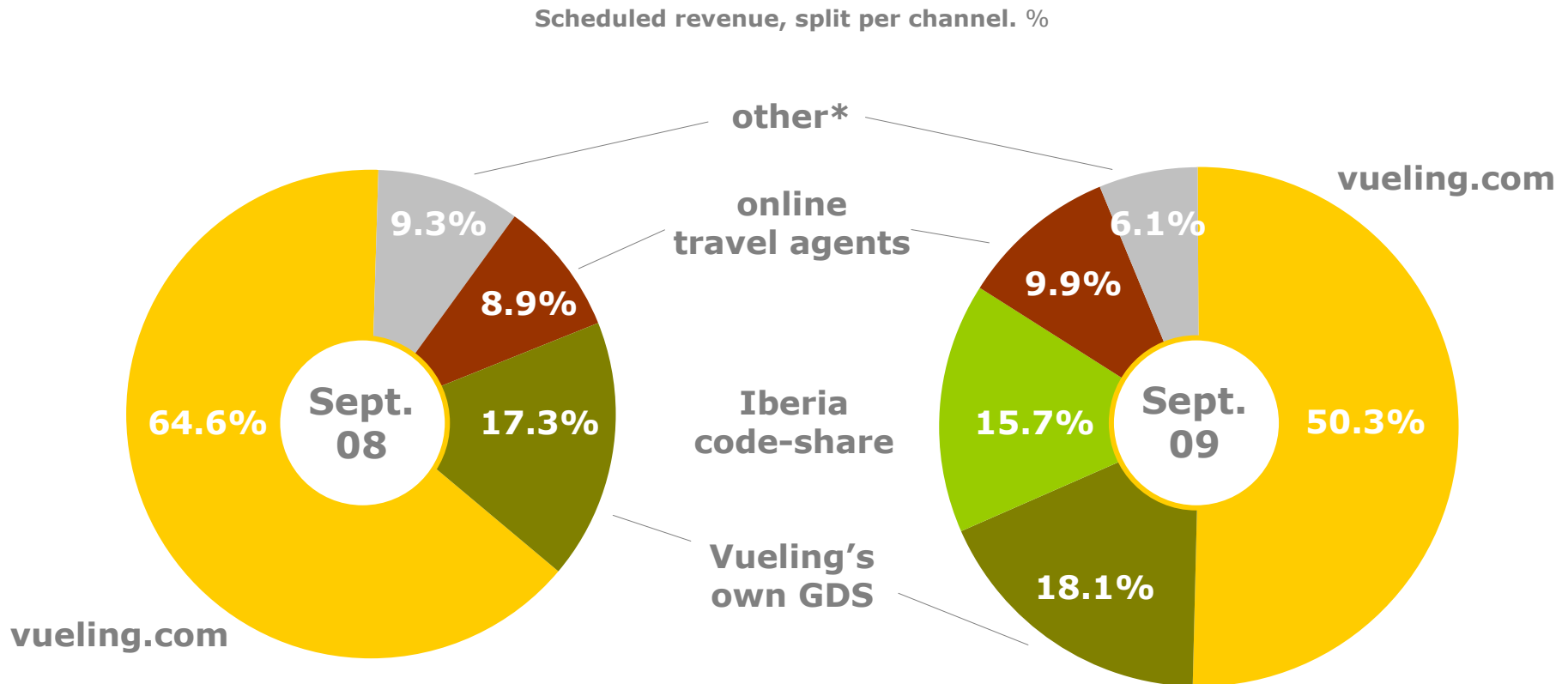
... but they have been partly offset by rising load factors



Source: Vueling

GDS sales now represent an increasing slice of sales

Vueling's own GDS plus the Iberia code-share make up for 1/3 of revenue



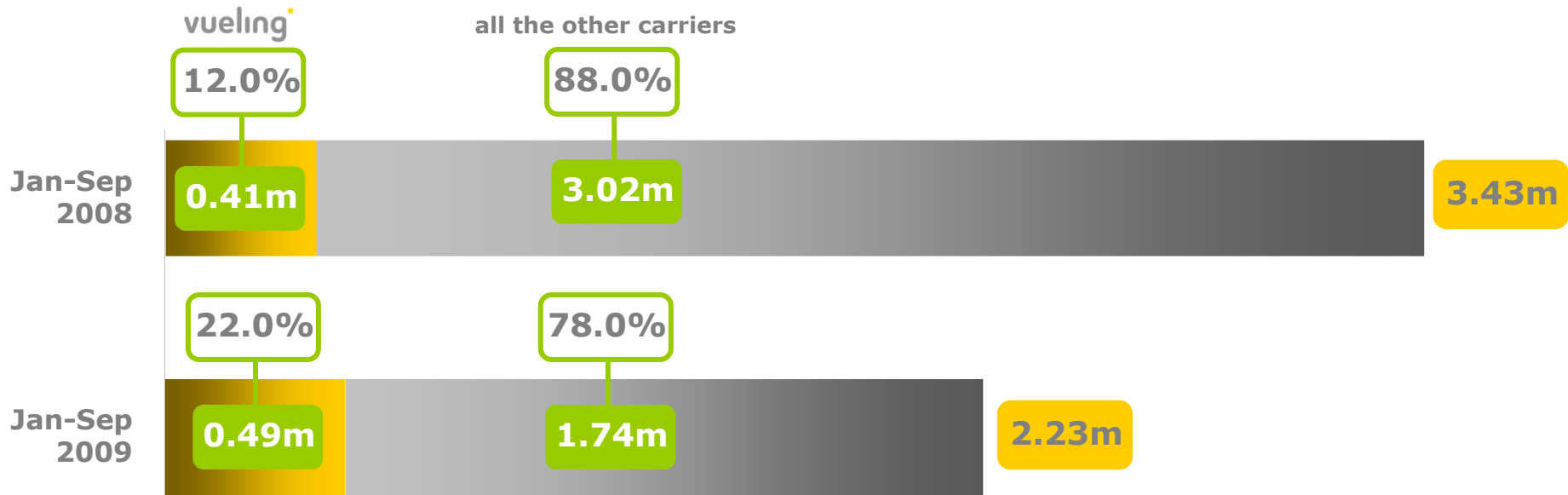
*Airport ticket desks, call centre, corporate and Meetings and incentives

Source: Vueling

Vueling increases its presence in key business markets

Vueling is the only carrier growing in the BCN-MAD corridor

Traffic in the Barcelona-Madrid air corridor. Jan to Sep 2008 and 2009



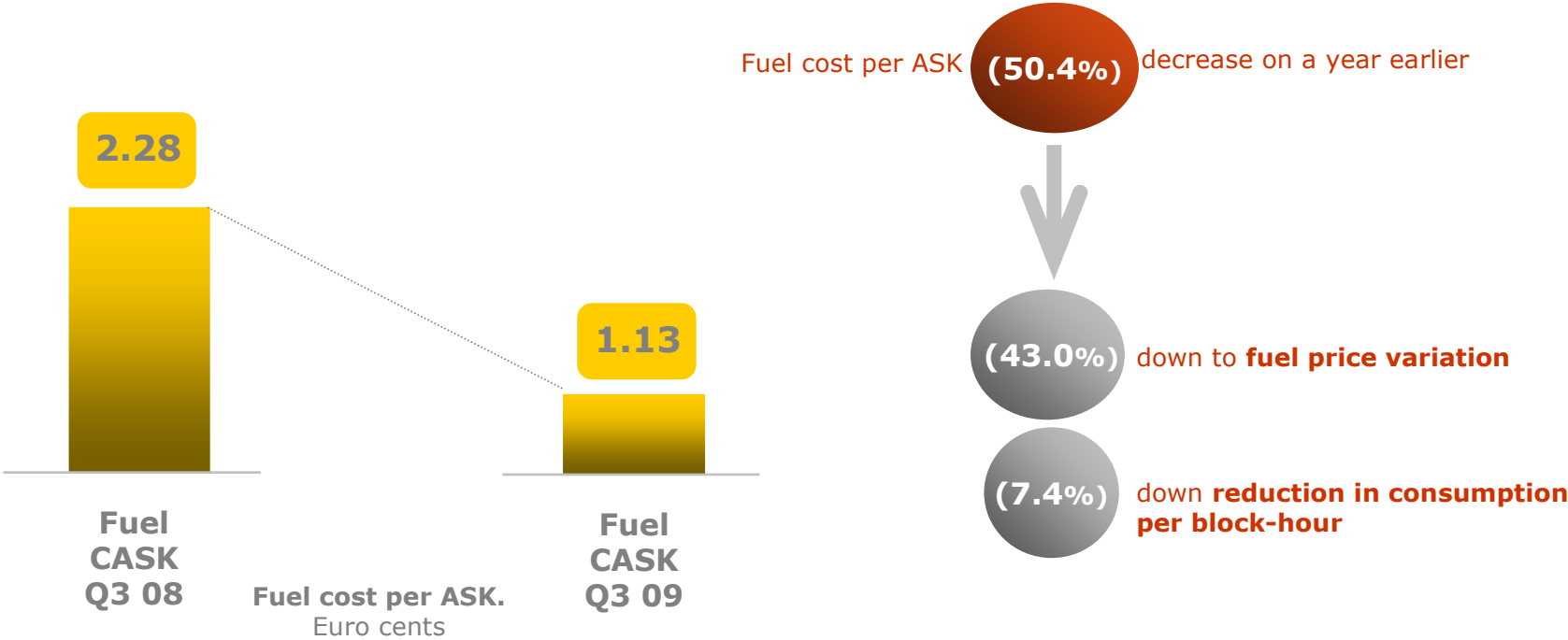
Introduction

Revenues

Operations and costs

Outlook for Q4 and 2010

Fuel cost reduction has been key in improving margins

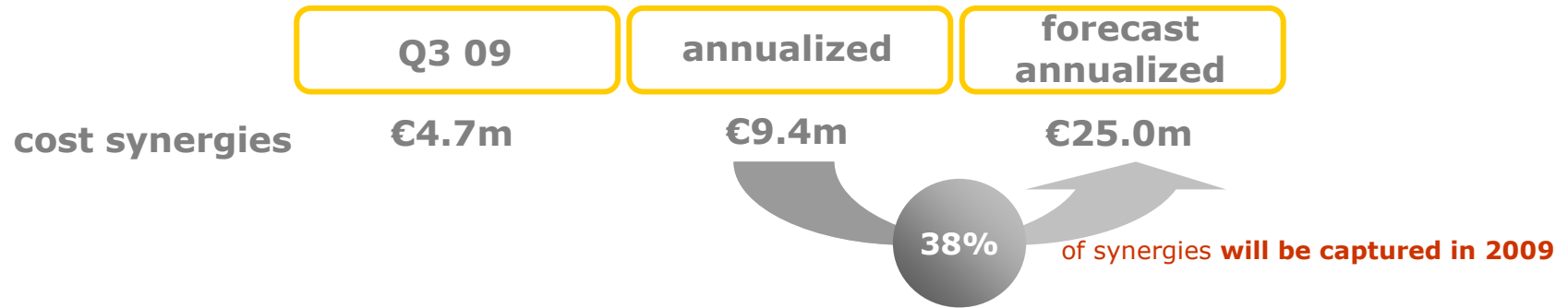
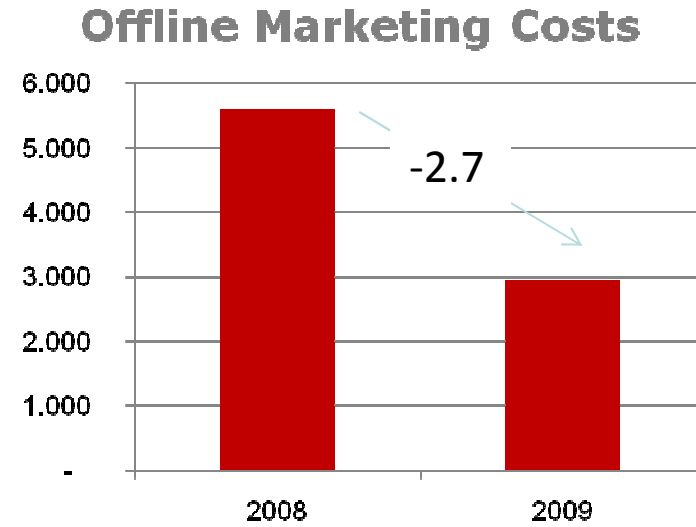
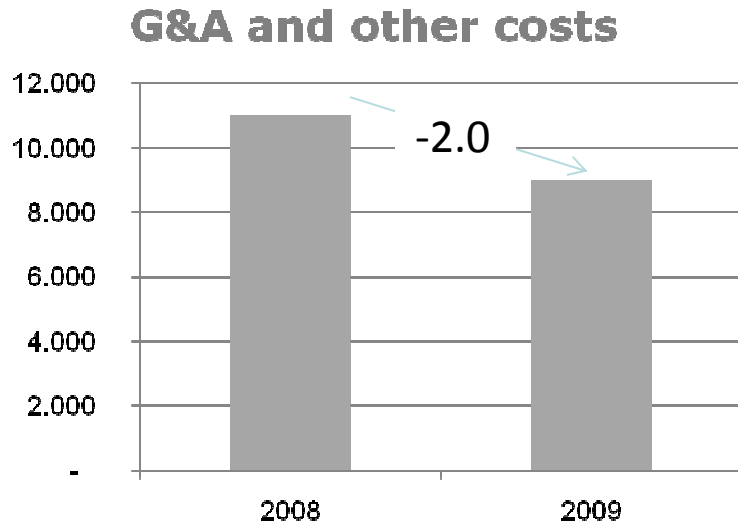


	Q4 09	Q1 10
% hedged	50%	40%
avg price \$/Tn	\$600	\$668



Source: Vueling

Most cost synergies have already been captured in Q3

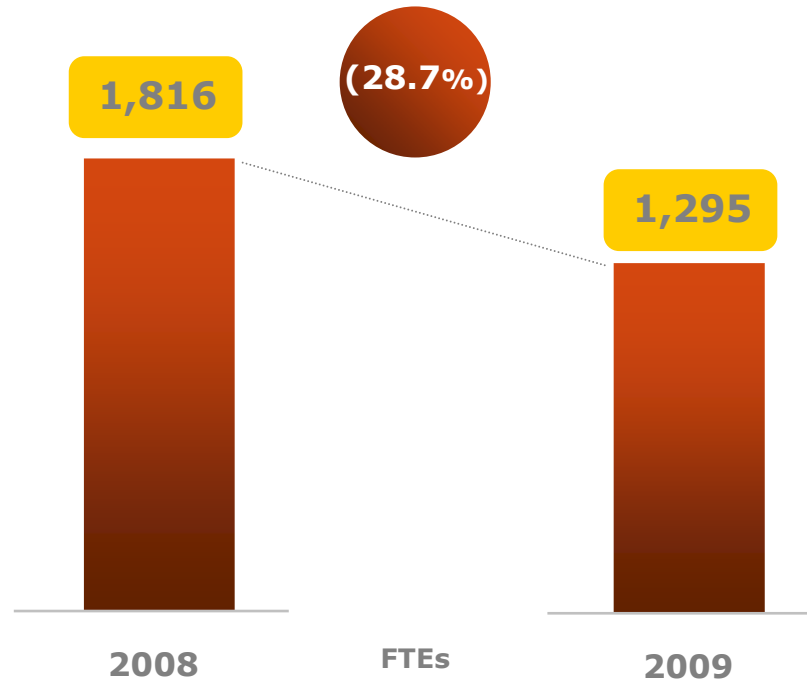


100% of cost synergies are forecast to be captured during 2010

2008 costs include Vueling + Clickair

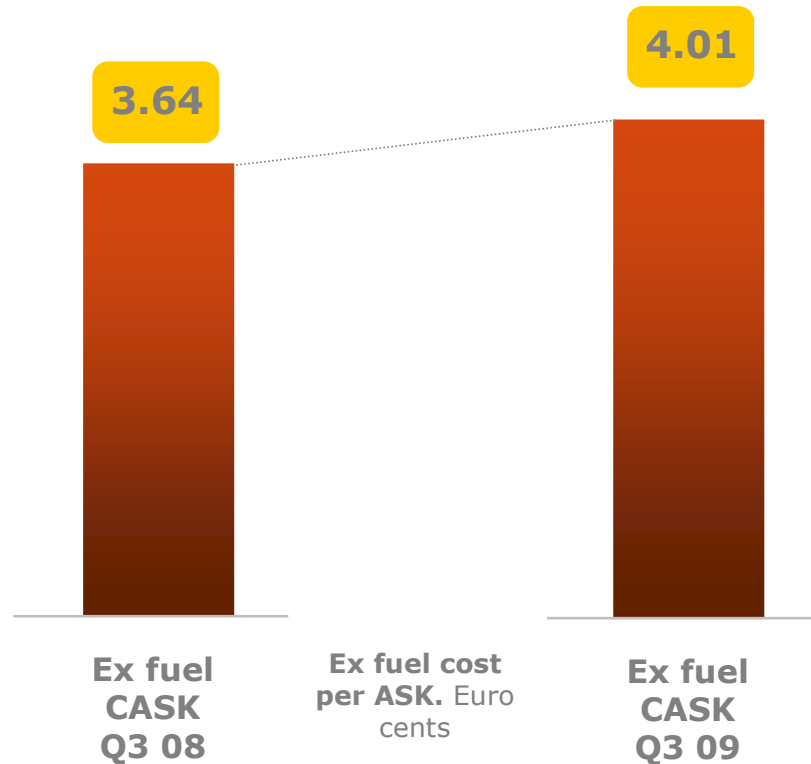
Source: Vueling

FTE 's have been reduced by 29%. Reductions affect handling, maintenance, operations and headquarters



- Staff reductions include outsourcing of maintenance and handling activities, amounting to 237 FTE 's

Despite achieving cost synergies, several factors have adversely affected ex-fuel CASK



Reduction in average stage length has caused an increase of 0.11 in CASK

Adverse evolution of USD had an impact of 0.07 cents

Cost premium for outsourcing of handling and maintenance is highly compensated by increased flexibility, reliability and readiness in these functions

Target for 2010 is reducing Q3 CASK to 3.6 (below 4.0 for the full year)

The increase of capacity resulting from the merger has not affected operational integrity

	Q3 09	Q3 08	
Average a/c in operation	35	20	+75.0%
Average daily block-hours	11.84	12.74	(7.1%)
Punctuality	80.7%	70.6%	+10.1 pp.

Restructuring costs

- **Restructuring costs correspond mainly to merger-related redundancy payments, contract cancellation penalties and asset write-offs.**
- **Total restructuring costs for the year will range between 20 and 30 million Euros.**
- **Cash out for restructuring costs has almost been completely disbursed during Q3, amounting to 11 m Euros.**

Vueling made an EBIT margin of €68.1m in Q3...
 Merger has allowed for both EBIT growth and increased margins

	Q3 09	Q3 08	
Revenues	259.2m	153.7m	+68.6%
Variable expenditure	144.4m	96.3m	+49.9%
Contribution margin	114.9m	57.4m	+100.2%
Semi-fixed expenditure	36.2m	27.3m	+32.8%
Operating margin	78.7m	30.1m	+161.2%
Fixed expenditure	10.5m	5.3m	+97.7%
EBIT	68.1m	24.8m	+174.8%

Source: Vueling

... and €71.8m in the nine months to September
 Merger has allowed for both EBIT growth and increased margins

	9M 09	9M 08	
Revenues	441.2m	352.7m	+25.1%
Variable expenditure	265.5m	260.9m	+1.7%
Contribution margin	175.7m	91.7m	+91.6%
Semi-fixed expenditure	75.8m	88.0m	(13.8%)
Operating margin	99.9m	3.7m	+2,588.3%
Fixed expenditure	28.0m	22.4m	25.0%
EBIT	71.8m	(18.7m)	nm

Source: Vueling

Introduction

Revenues

Operations and costs

Outlook for Q4 and 2010

What is Vueling after the merger?



Cost-control will be Vueling's main target in the coming quarters

Prospects for Q4 and 2010

- **No major changes in passenger demand are foreseen for Q4 09**
- **Both cost and revenue synergies should almost be captured 100% in Q4, allowing for significant improvements in margins with respect to Q4 08, despite all the recent increases in fuel prices.**
- **The main objectives for 2010 are to reduce the company's CASK to under 4 cents and to consolidate its position at the current bases.**
- **The merger synergies of €32+ million in revenues and €20+m million in costs will impact 2010. As these synergies will be realized up to 38% in 2009, we expect the impact in 2010 to be 62% of the total in addition to those captured during 2009.**
- **Despite current market conditions, Vueling is expecting to improve results in 2010 with respect to 2009.**

Appendix

Annex: Proforma PL Accounts

Vueling + Clickair pro-forma profit and loss accounts

(€ '000)	Q3		
	Vueling + Clickair		
	2009	2008	% var.
Total revenue	259,215	310,835	(16.6%)
EBITDAR	93,353	78,327	+19.2%
EBIT	68,139	49,224	+38.4%

(€ '000)	9 months to Sept. 30 th		
	Vueling + Clickair		
	2009	2008	% var.
Total revenue	602,416	707,971	(14.9%)
EBITDAR	153,957	59,546	+158.6%
EBIT	78,997	(31,057)	n/a

Proforma PL's are built based on combined stand alone PL's of Vueling and Clickair for the 3 months ended 30th September 2008, 9 months ended 30th September 2009 and the 1st Half of 2009 and the Vueling PL for the 3 months ended 30th September 2009 which already includes Clickair operations as a consequence of the merger.

Questions?

vueling.com

CAUTION
SURE THAT THE FAY GUNS DOORS
FULLY LATCHED WHEN CLOSED

↓

ARBUS E225