

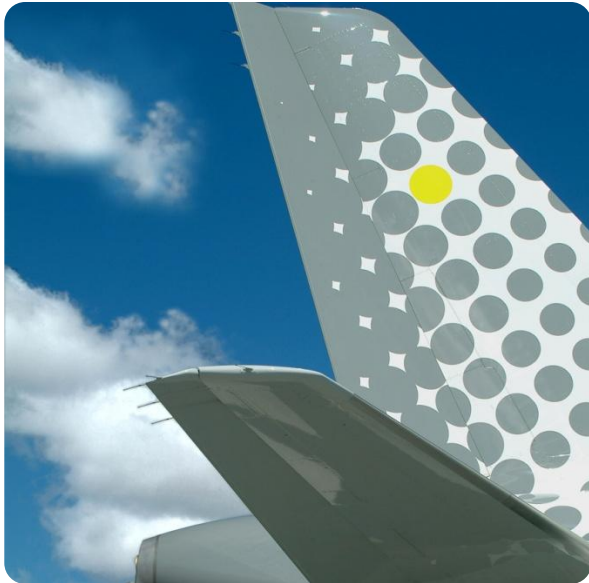


Full Year 2011 and Q4'11 Results

Vueling Airlines, 28th of February 2012

Agenda

- A. Highlights & Market
- B. Financial Review
- C. Business Review
- D. Outlook



A.

Highlights & Market

1. Highlights
2. Market evolution
3. Fuel and dollar



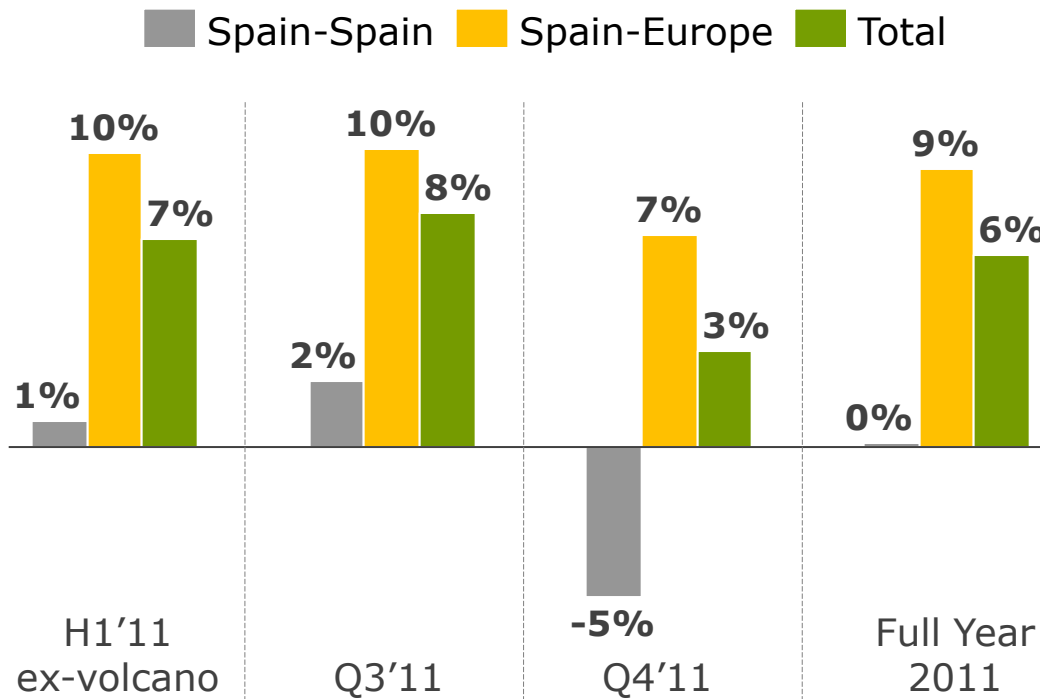
- Vueling full year 2011 EBIT reached €11.4m

- In 2011, passenger traffic rose by 11.6% driven by a significant capacity increase (+5.5% in ASK and +8.7% in seats) and a higher load factor (+2.4pp)
- RASK improved by +2.8% in 2011 despite increased competitive pressure and a weak macro environment
- CASK ex-fuel was in line with 2010 at constant currency and stage length (+1.1%)
- The net result amounted to €10.4m despite fuel prices +40% higher than last year

- Vueling maintained a strong balance sheet structure with a net cash position of €246.5m as of December 31st 2011

The Spanish market grew driven by European traffic as domestic demand remained weak

Market Growth (% passenger change year-on-year)

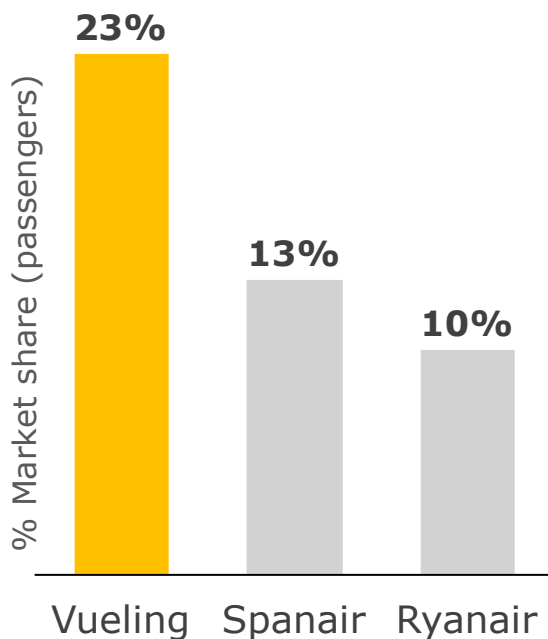


- The domestic traffic contracted in Q4'11 on capacity cuts and disruptions (strikes)
- Spain to Europe traffic grew close to 10% over the year
- The Spanish domestic market remained flat year-on-year

Source: AENA and Vueling estimates. Not excluding the volcano effect: H1'11: SPA-SPA=+2%, SPA-EUR=+14%, Total=+10%.
 FY 2011: SPA-SPA=+0%, SPA-EUR=+11%, Total=+8%.

Beyond the Spanish market, Vueling is starting to show leadership at other European airports

FY'11 Barcelona airport



FY'11 Market share

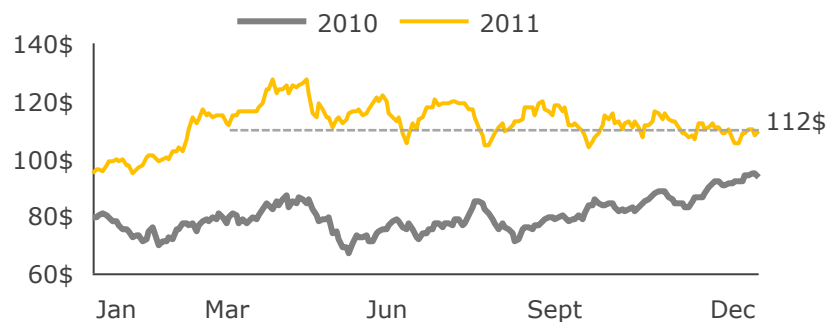
	Ranking	Market Share
Barcelona	1st	23%
Bilbao	1st	23%
Sevilla	2nd	25%
Paris Orly*	3rd	6%
Toulouse*	5th	3%
Fiumicino*	5th	3%

- Vueling maintains leadership at several Spanish airports
- Vueling increased passengers by +7% compared to 2010 at its home hub in Barcelona
- Non-domestic markets shares gained relevance

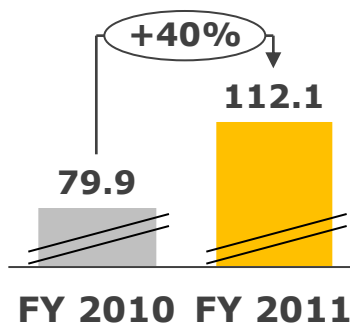
Source: AENA and Vueling estimates. Includes long haul traffic figures. * Measured in seats offered.

High oil prices, with an average which remained above \$110 per barrel

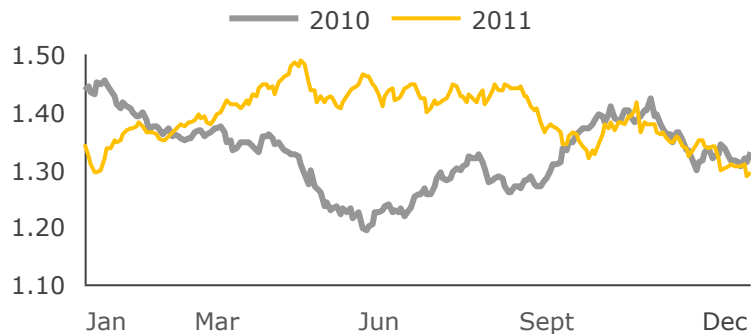
Brent barrel price evolution



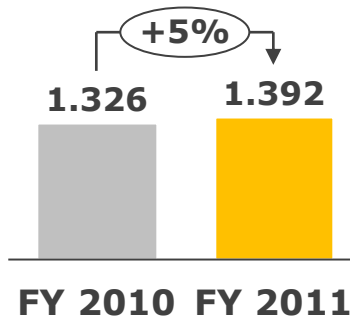
\$/bbl average price



€/USD evolution



€/USD average price



- Oil price rose 40%* vs. last year in FY'11
- The oil price averaged around \$112 per barrel
- The euro / dollar exchange rate improved by 5% in FY'11, despite unfavourable movements in Q4'11

Source: Reuters *Brent barrel, Jet fuel rose 41%

B.

Financial Review



1. P&L Overview
2. Activity
3. Revenues
4. Costs
5. EBIT Review
6. Balance Sheet & Cash Flow

The higher fuel cost had a negative impact on EBIT performance in Q4'11

Performance indicators Q4'11

	Q4'11	Q4'10	YoY change
ASK (m)	3,131	3,103	+1%
Passengers (m)	2.8	2.5	+11%
Load factor (%)	76.6%	71.7%	+4.9pp
RASK (€c)	5.62	5.38	+4%
CASK ex-fuel (€c)	4.36	4.17	+5%

Financial results Q4'11

	Q4'11	Q4'10	YoY change
Revenues (€m)	176.1	167.0	+5%
Fuel (€m)	-57.8	-45.2	+28%
Opex (€m)	-107.5	-103.9	+3%
D&R (€m)	-29.2	-25.3	+15%
EBIT (€m)	-18.4	-7.5	-10.9m

- RASK increased in Q4'11 by 4.4% on improved load factors (+4.9pp) and a shorter stage length (-3.5%)
- CASK ex-fuel increased by (+3.1%) at comparable stage length mainly due to lower utilization

Source: Vueling

Note: Load Factor: RPK/ASK; D&R: Depreciation + Aircraft Rent; Opex: Other operating expenses

Despite higher fuel costs, Vueling obtained a positive EBIT of +€11.4m

Performance indicators FY 2011

	FY 2011	FY 2010	YoY change
ASK (m)	14,314	13,569	+5%
Passengers (m)	12.3	11.0	+12%
Load factor (%)	75.6%	73.2%	+2.4pp
RASK (€c)	6.03	5.87	+3%
CASK ex-fuel (€c)	4.18	4.07	+3%

Financial results FY 2011

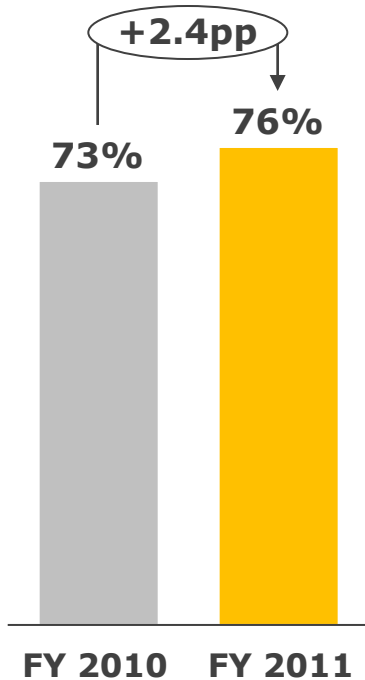
	FY 2011	FY 2010	YoY change
Revenues (€m)	863.5	796.5	+8%
Fuel (€m)	-253.5	-184.0	+38%
Opex (€m)	-485.1	-451.7	+7%
D&R (€m)	-113.4	-100.7	+13%
EBIT (€m)	+11.4	+60.1	-48.7m
Net cash (€m)	246.5	207.0	+39.5m

- Vueling delivered its third consecutive year of positive EBIT result and further strengthened its cash position

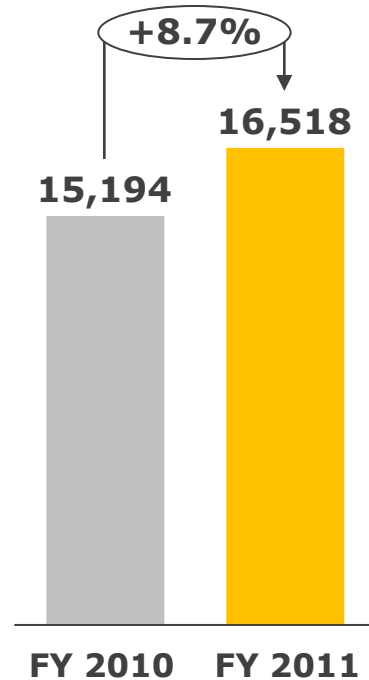
Source: Vueling Note: Load Factor: RPK/ASK; D&R: Depreciation + Aircraft Rent; Opex: Other operating expenses

Vueling achieved a higher load factor whilst managing a significant growth in capacity

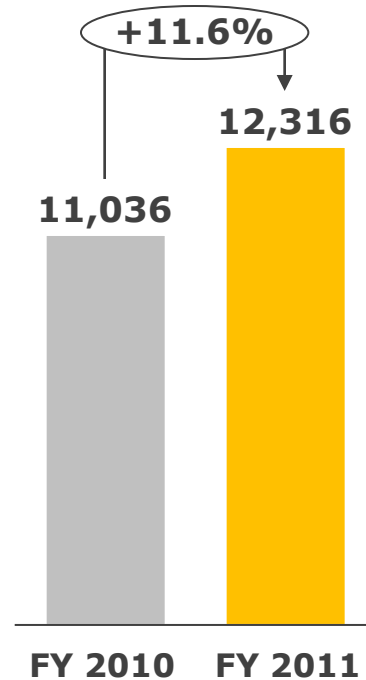
Load factor¹



Seats ('000)



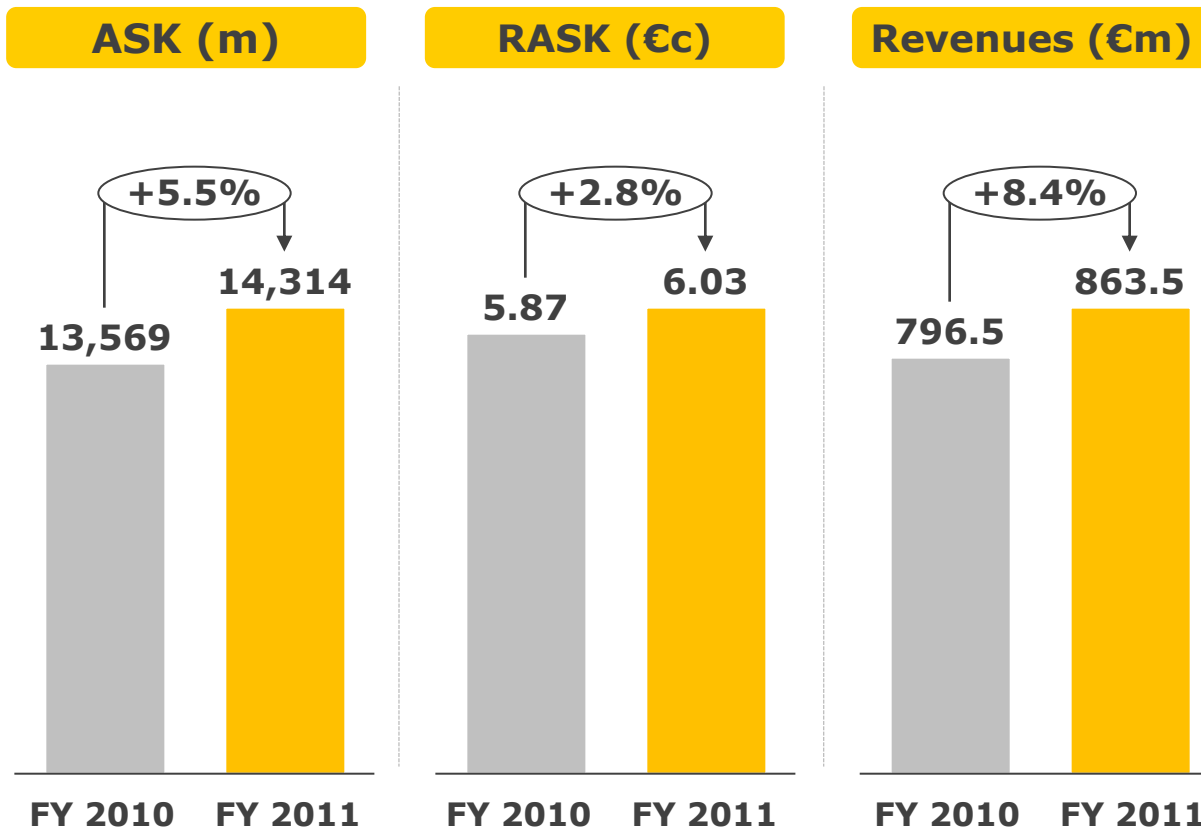
Pax ('000)



- Capacity, measured in seats, grew by 8.7%
- Vueling managed the capacity increase efficiently, improving the load factor by +2.4pp
- Passengers were up by 11.6% to 12.3m

Source: Vueling (1) RPK/ASK

Revenues increased by 8.4% driven by activity growth and RASK improvement

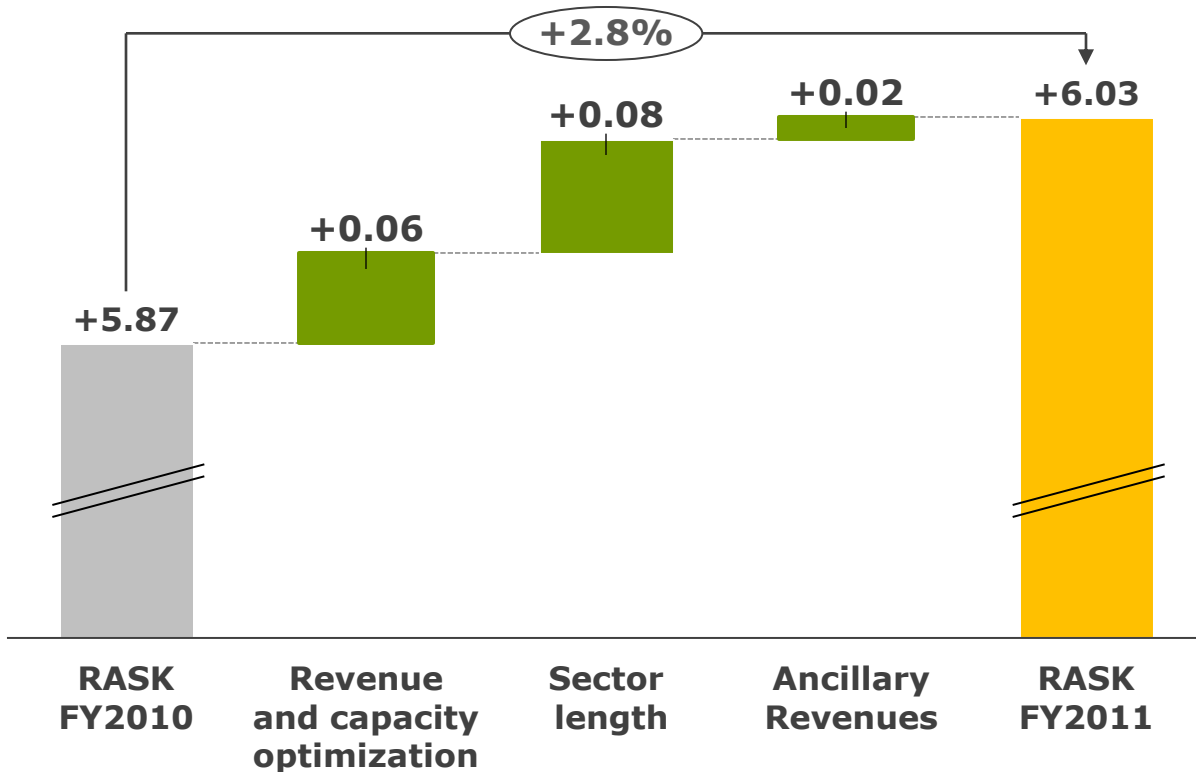


- The activity increased by 5.5% in ASK's while the stage length decreased by 3%
- A higher load factor (+2.4pp) and stable average fares contributed to the RASK improvement
- Total revenues increased by 8.4%

Source: Vueling

RASK improved by 2.8% driven by improved performance and higher load factors

Impact of key factors on RASK (€c)



- New revenue and capacity management initiatives resulted in a positive revenue performance in FY'11
- The higher load factor contributed to the RASK increase in FY'11
- A shorter average sector length had a positive effect on RASK
- Ancillary increase even with a stronger off-line channel

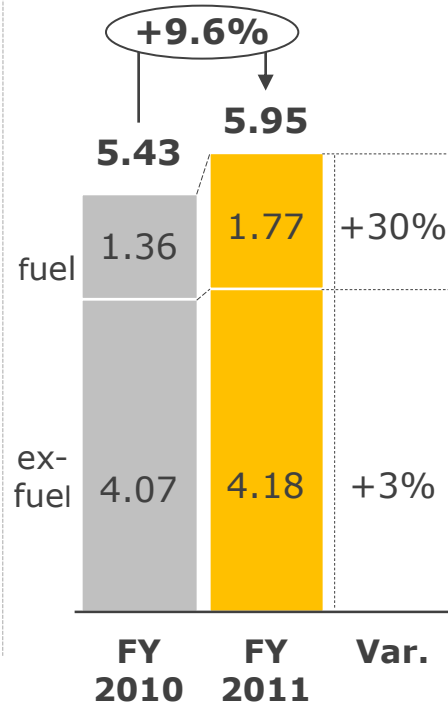
Source: Vueling

CASK ex-fuel was in line with 2010 at a comparable stage length

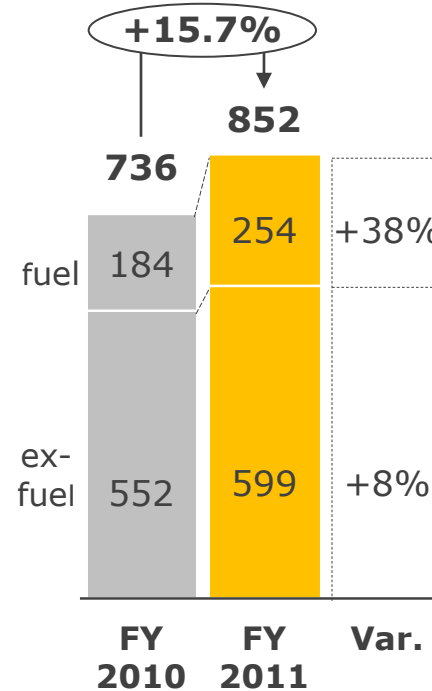
ASK (m)



CASK (€c.)



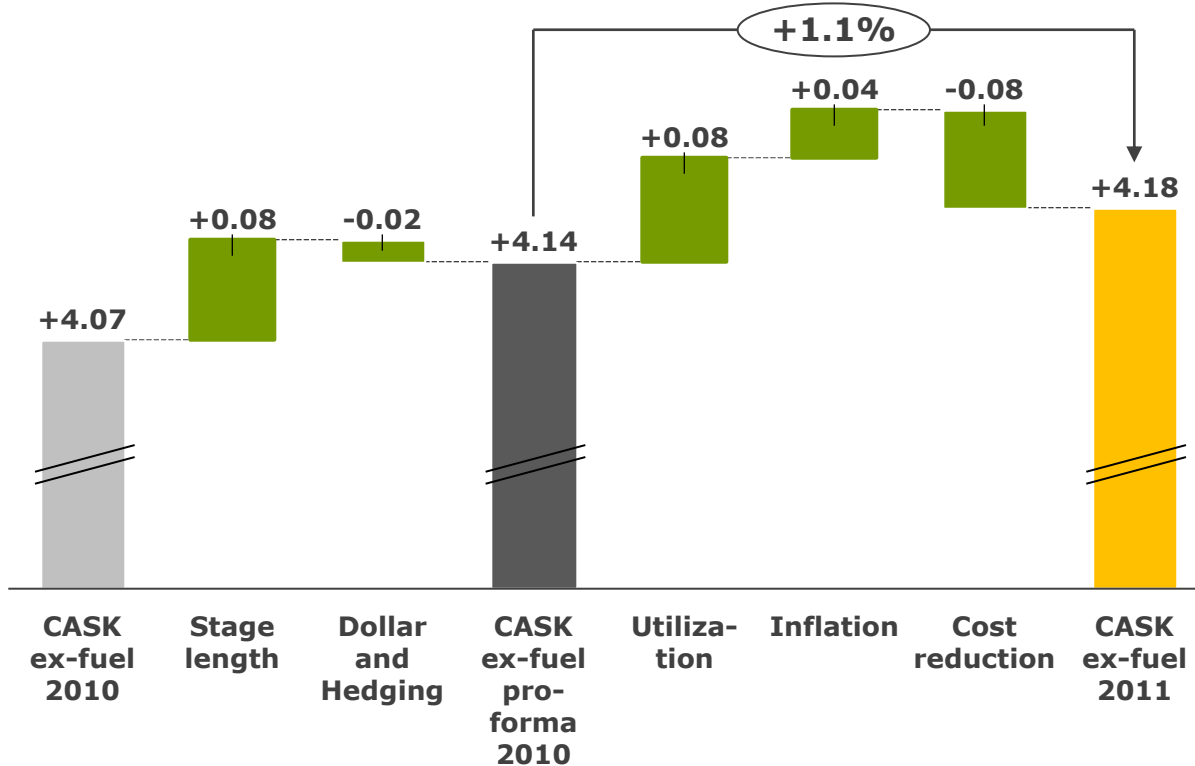
Costs (€m)



- Total CASK was 9.6% higher due to a 30% increase in fuel-CASK
- CASK ex-fuel increased by 3% (1.1% at a constant currency and stage length)
- The fuel-CASK increase was partially offset by hedging

Vueling maintained its ex-fuel CASK level on a pro-forma basis

Impact of key factors on CASK ex-fuel (€c)

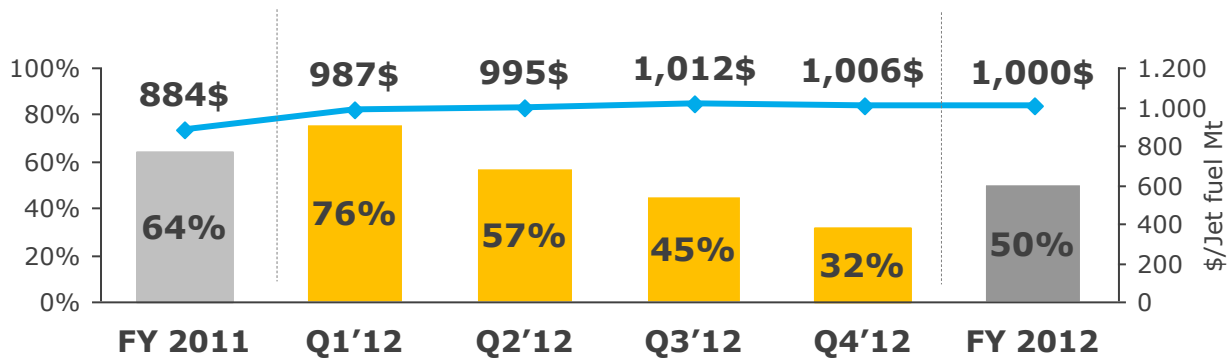


- While pro-forma ex-fuel CASK increased by 1.1% due to lower aircraft utilization and inflation...
- ... it was mitigated by the Vueling's continuous cost reduction programme

Source: Vueling

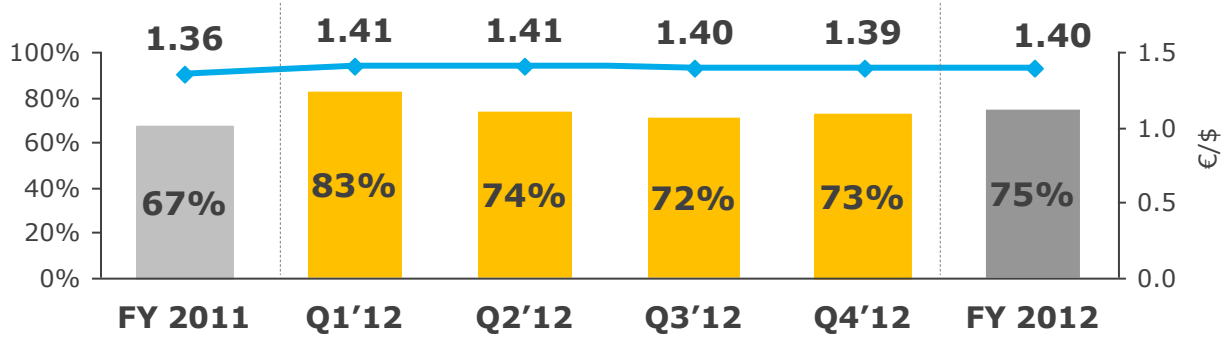
The hedging policy continued to mitigate the fuel price increase

Fuel hedging



- 50% of the fuel needs for 2012 are hedged at an average price of \$1,000 per tonne
- 75% of the dollar needs for 2012 are hedged at 1.40\$/€

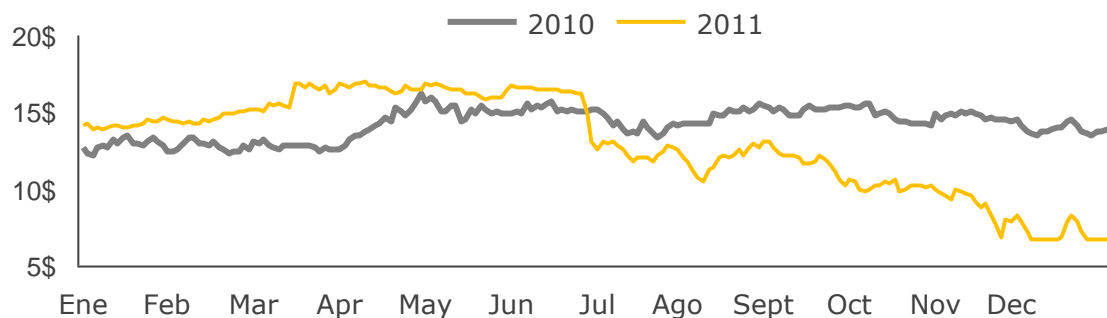
Dollar hedging



Source: Vueling

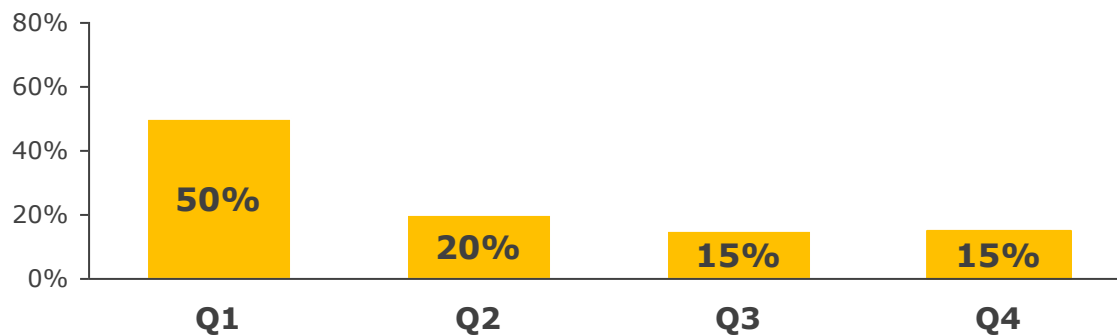
Vueling implemented a purchasing policy to manage the cost of CO₂ emissions rights

CO₂ price evolution (€/mt)



- 50% of the annual CO₂ needs have been purchased in Q1'12
- The cost of CO₂ emissions is estimated around 0.03 €c. per ASK (assuming a price of 7.6€/tonne)

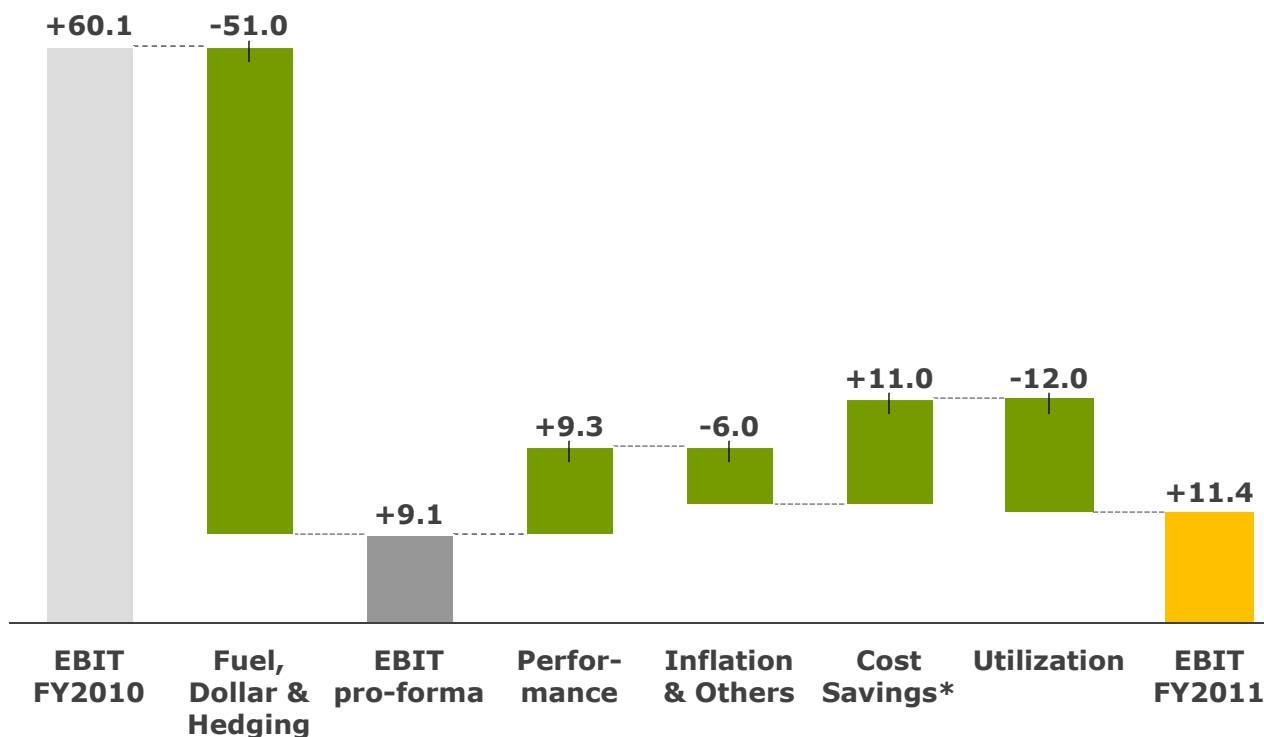
Annual CO₂ purchasing policy



Source: Vueling

Vueling delivered its third consecutive year of positive EBIT result

Impact of key factors EBIT (€m)



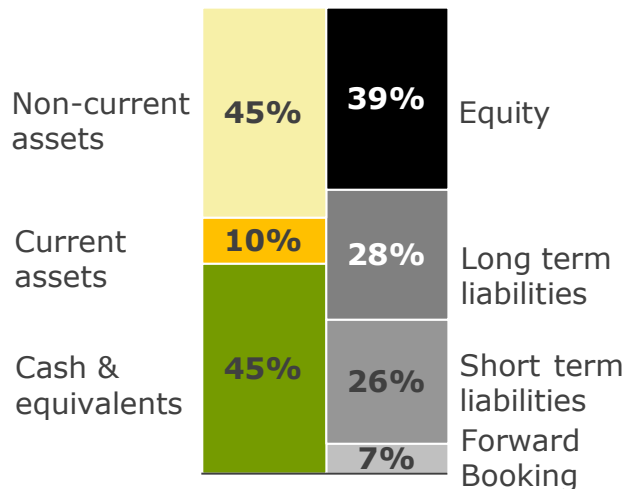
- Fuel cost increase is the main driver affecting 2011 EBIT
- Positive revenue / capacity performance and the cost savings achieved offset lower a/c utilization
- EBIT was positive for the third consecutive year

Source: Vueling *Cost savings ex-fuel.

Vueling continued to strengthen its balance sheet, maintaining a solid cash position

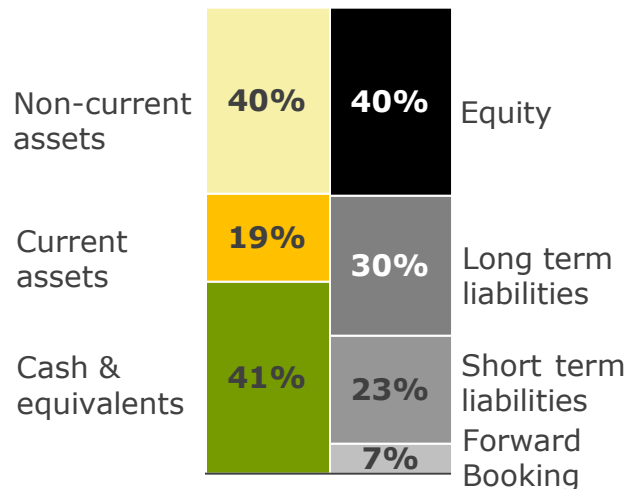
Balance Sheet Year End 2010

Σ €511m

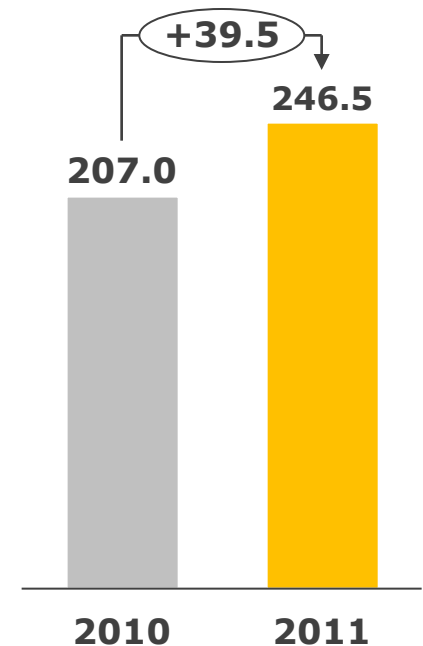


Balance Sheet Year End 2011

Σ €600m



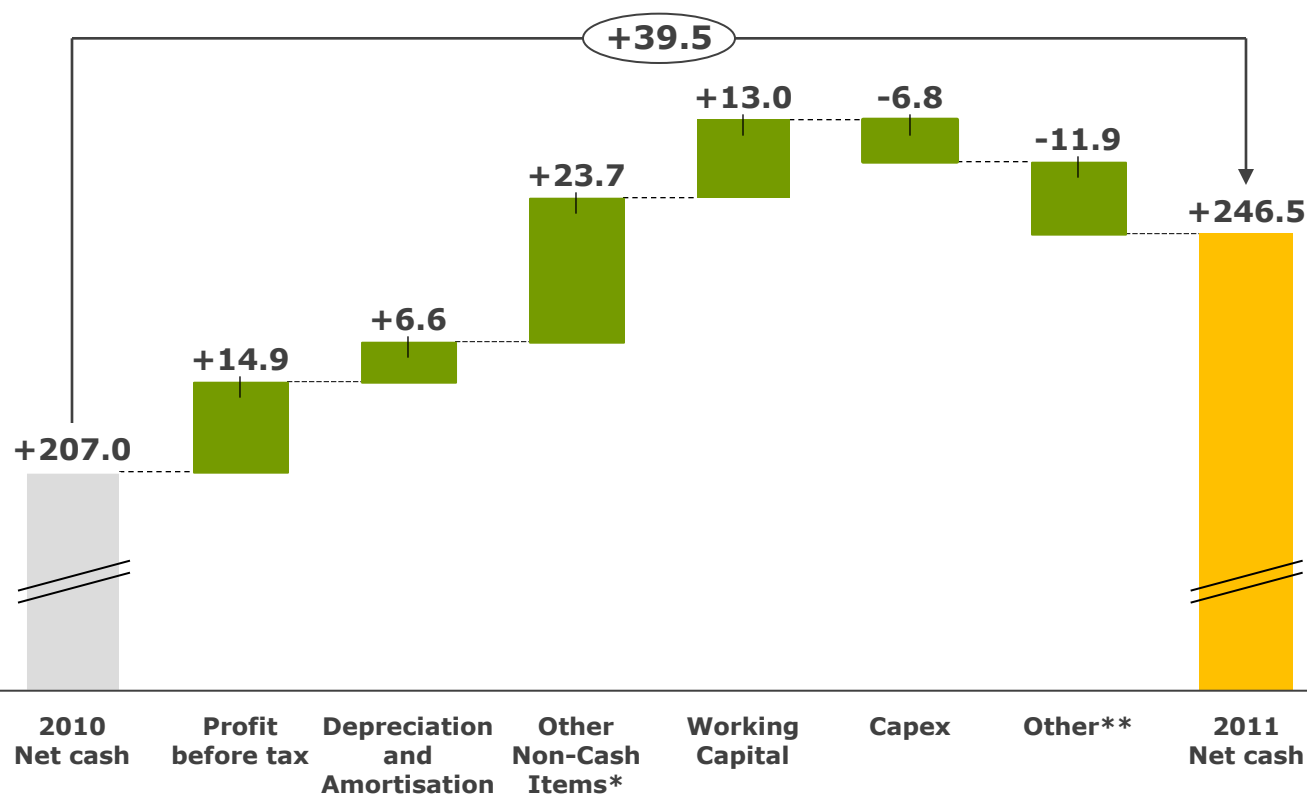
Net cash (€m)



Source: Vueling

Vueling kept generating a positive cash flow above the operating profit

Impact of key factors on Cash Flow (€m)



- The positive working capital contributed to strengthen net cash by €13m
- 2011 CAPEX was limited to €6.8m

Source: Vueling. *Other non-cash items: Expense provisions, accruals and other. **Other includes fleet-related deposits and guarantees.

C

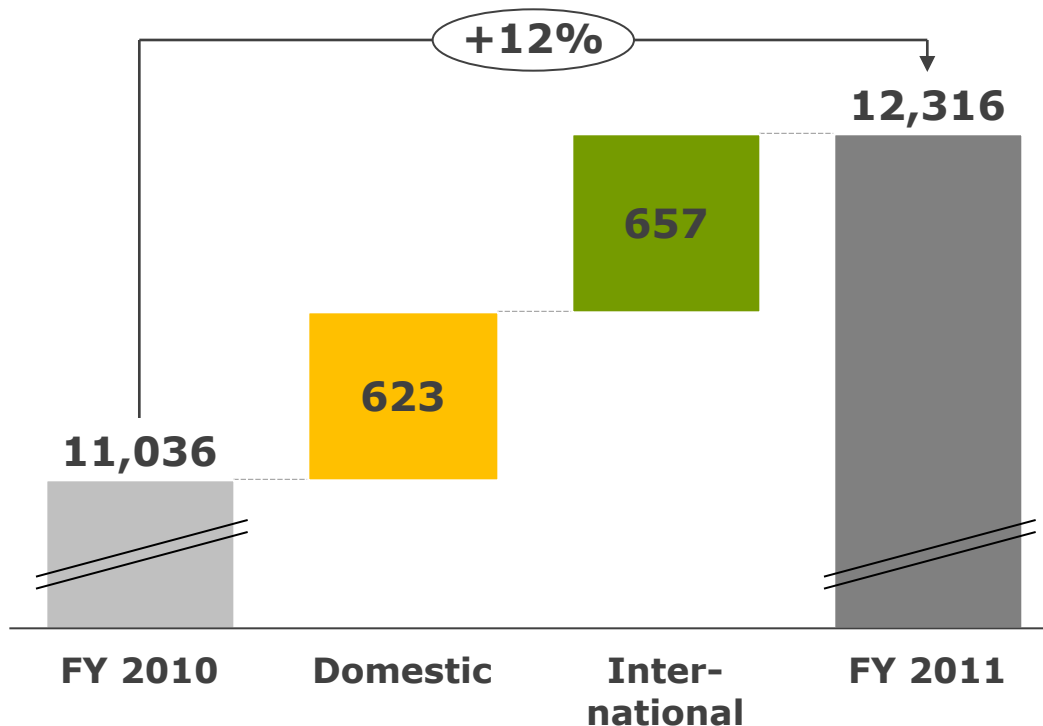
Business Review

1. Growth
2. Transfer passengers
3. Madrid operation
4. Operating performance
5. Cost control



Vueling showed a strong passenger growth in both domestic and international markets

Passengers in FY2011 ('000)

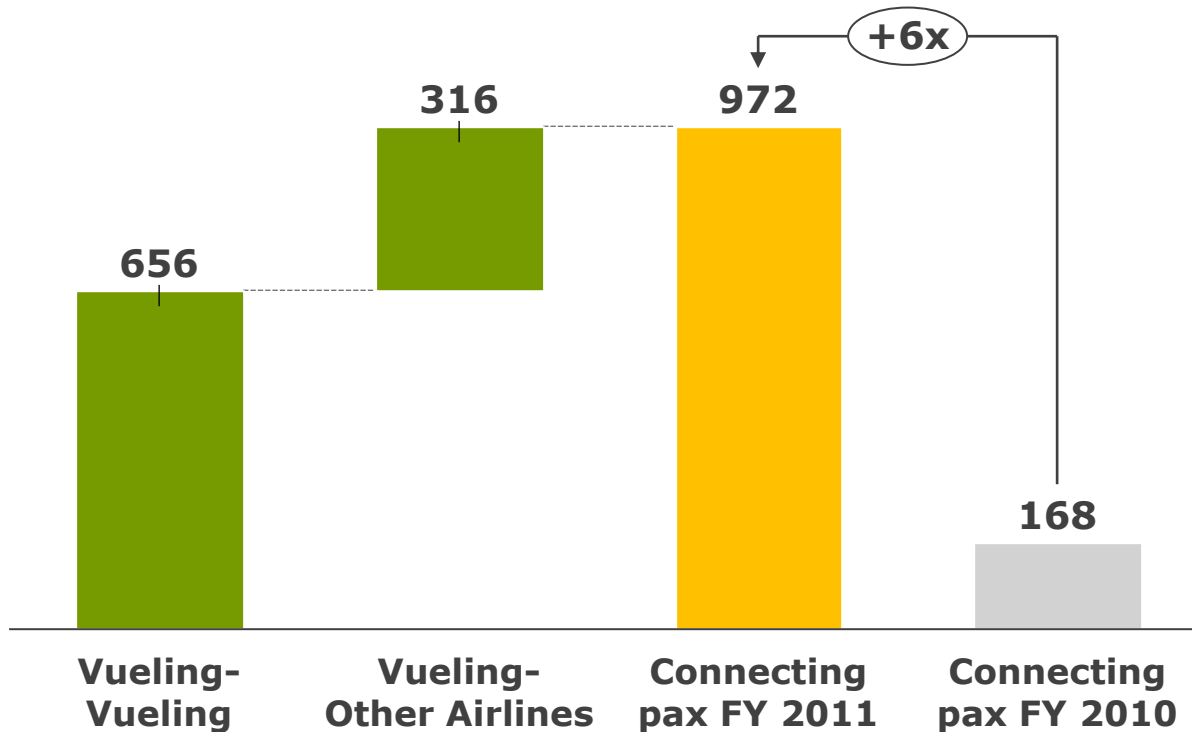


- Vueling achieved a new record of carried passengers in 2011
- New bases in Toulouse and Amsterdam contributed to the international growth
- 8 new international routes from Barcelona airport
- Madrid operation with Iberia also contributed to traffic growth

Source: Vueling

Vueling carried one million full-service transfer passengers during 2011

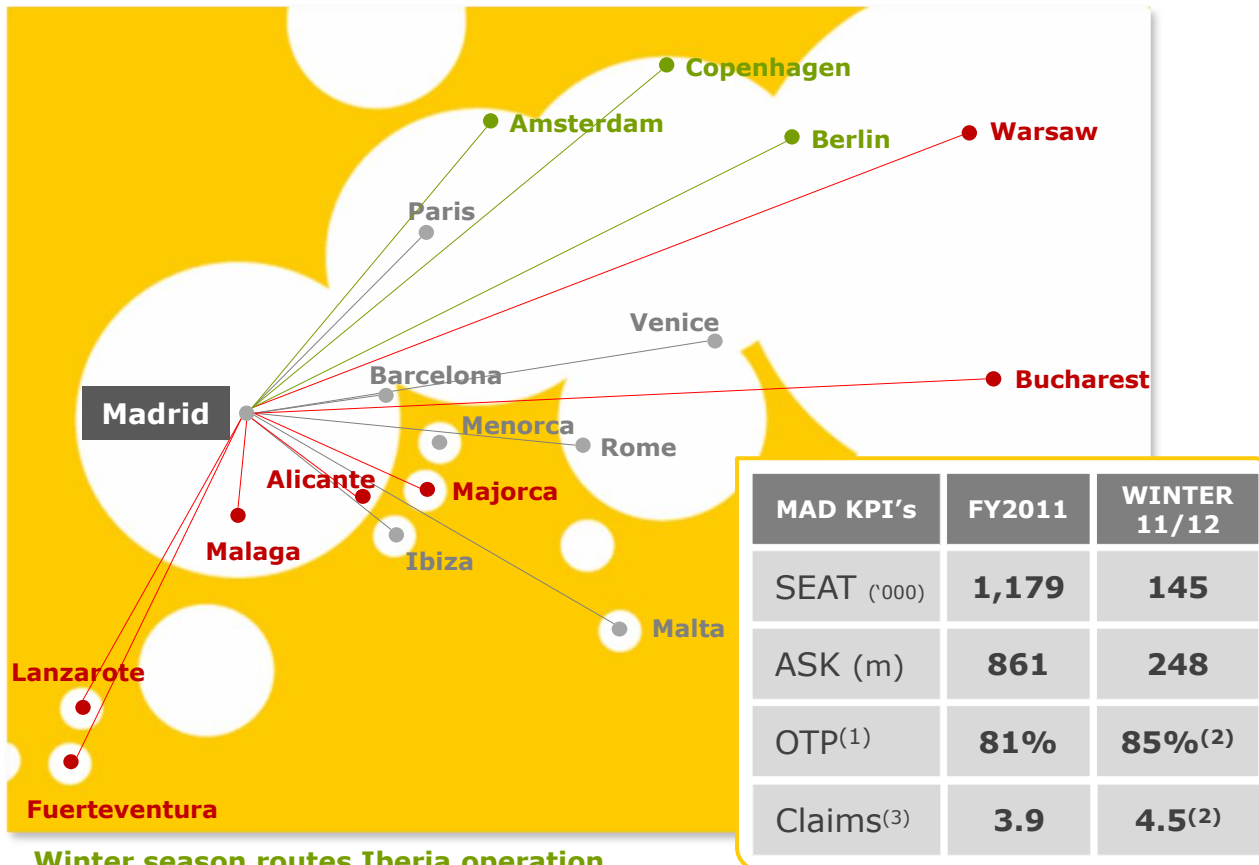
Transfer passengers FY2011 ('000 pax)



- Vueling carried 972K transfer passengers in 2011
- The number of transfer passengers in Barcelona was 4 times higher than previous year
- Vueling-Other Airlines transfer model is proven to be successful, offering significant growth opportunities

Source: Vueling

Vueling has proven that it can be a profitable hub-feeder



Winter season routes Iberia operation

Non Iberia operation routes

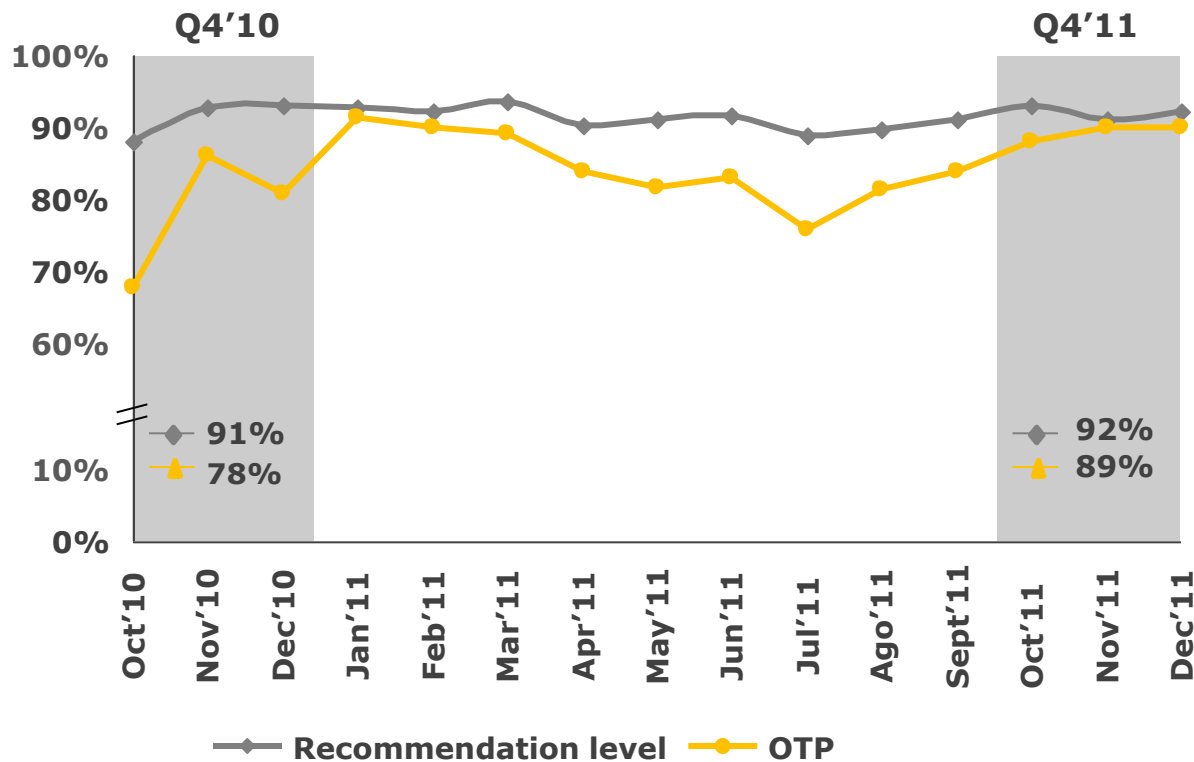
Summer season routes Iberia operation

(1) On time performance
 (2) Accumulated to December'11
 (3) Claims per 1,000 passengers

- The Madrid operation is showing a good overall performance
- The operation will end on 30th March, 2012
- Capacity equivalent to 2 aircraft in winter'11/12
- Positive RASK contribution
- The number of customer claims is in line with Vueling's network average

Excellent execution: consistently high On-Time-Performance and passenger recommendation levels

OTP and passenger recommendation levels Q4'10 vs. Q4'11

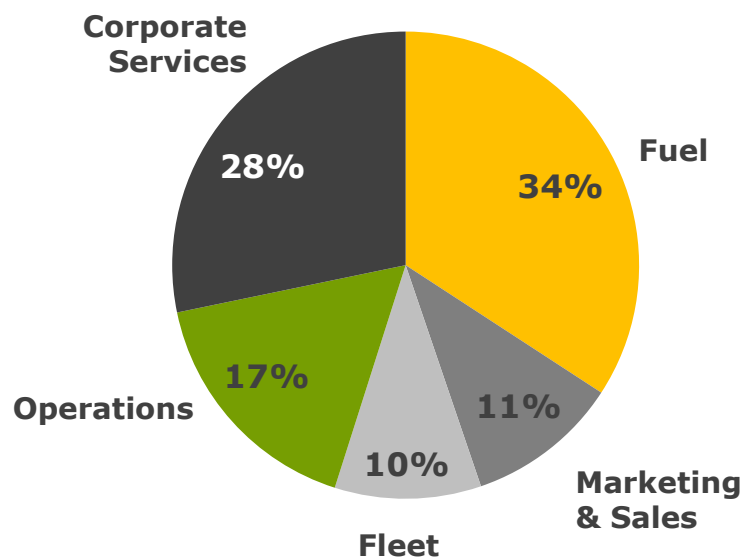
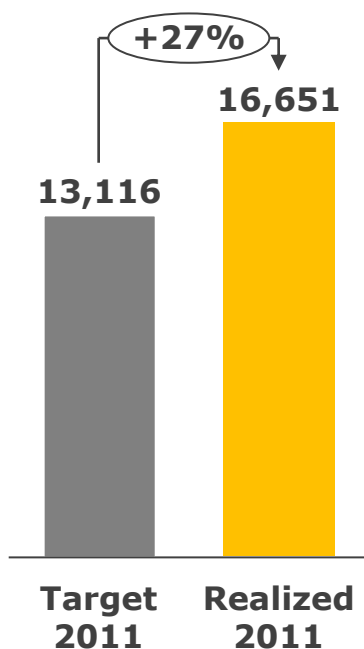


- For the full year 2011, OTP was 85% in 2011, 11pp higher compared to 2010, when it was at 74%
- Recommendation level was at 92% in Q4'11
- "9 out of 10 business passengers recommend Vueling"⁽¹⁾

(1) Source: Market surveys conducted by independent third parties.

Vueling obtained a further structural cost reduction of €16.7m in 2011

Cost savings realized in 2011 (€ '000)



- Most cost savings are sustainable and will be maintained
- 88 initiatives achieved €16,651K savings

D. Outlook

1. Key goals 2012
2. Outlook 2012



Key goals 2012

Goals

1.**Growth:**

Taking advantage of new growth opportunities

2.**Cost reduction:**

Cost reduction program

3.**Revenue:**

New initiatives for revenue optimization

4.**New airline agreements:**

More interline agreements with other carriers

Targets

- +(20-25)% seats
- Increased network connectivity

- €14.2m savings target
- Maintain CASK ex-fuel

- New Skies, more business pax, offline channels

- 2 to 4 new agreements

1. Growth

New market conditions offer a good opportunity to further strengthen Vueling's growth

FY 2012 Seats growth estimates (millions)

	FY'2011	FY'2012 Estimates
Domestic	7.6	+(28-33)%
International	7.7	+(30-35)%
Madrid op.	1.2	N.A.
TOTAL	16.5	+(20-25)%

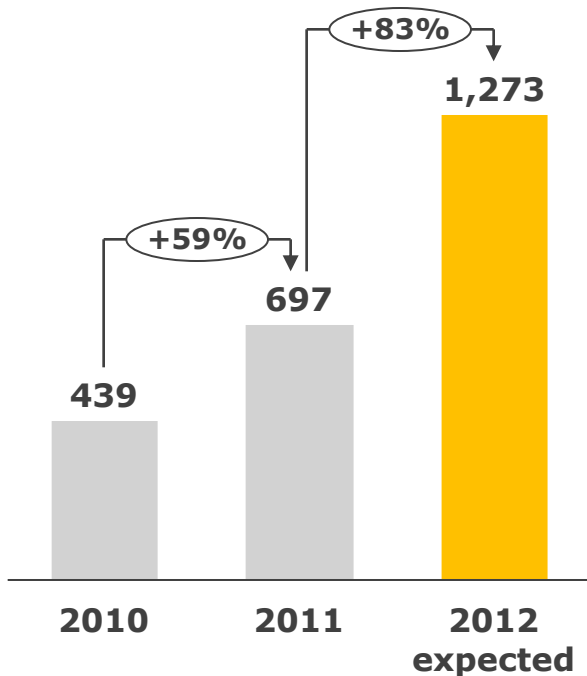
- Domestic growth to capture new unattended demand
- Increased frequencies and new routes to capture additional business and transfer passengers
- Current non-domestic markets to be reinforced (France, Italy and Russia)
- International expansion in new markets (UK, Germany, Denmark and Scandinavia)
- Additional summer peak destinations

Source: Vueling

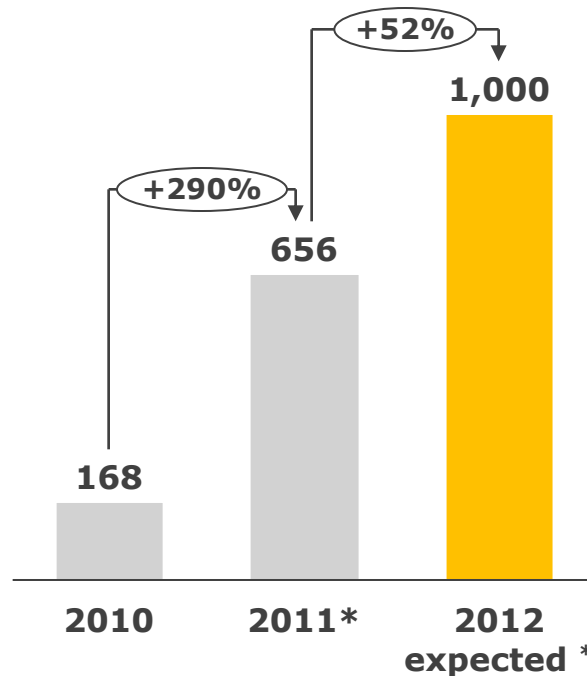
1. Growth

Vueling continues increasing the number of transfer passengers

Vueling O&D Markets⁽¹⁾



Transfer Pax ('000)



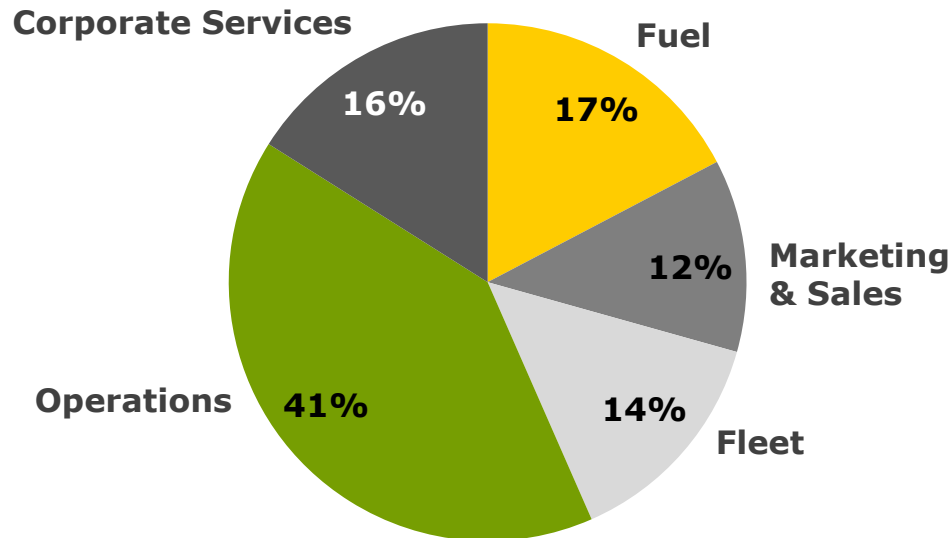
- 24 new destinations will be offered in 2012, allowing for further connectivity
- Vueling will offer more than 1,200 possible origin & destination combinations
- Vueling aims to continue increasing the number of transfer pax in 2012

Source: Vueling (1) Number of available connecting O&D routes * excluding Vueling - Iberia transfer passengers

2. Cost reduction

The 2012 cost reduction program targets savings of €14.2 million

Additional cost savings target: €14.2m



- Vueling will continue reducing its structural costs in 2012
- More than 100 cost saving initiatives company wide already in progress
- Focused on corporate agility and lean management organization processes
- Reduce time to market

3. Revenue

Vueling will set up new initiatives to increase revenues during 2012

Revenue management

- **New fare classes will be introduced to enhance product and service differentiation**
- **Revenue management of ancillaries and new products to be introduced**

Interline agreements

- **New interline agreements are expected in 2012**
 - Access to higher yield passengers
 - Increased traffic volumes

Indirect channel sales

- **Increased focus on tour operation and group travel business**
- **Stronger relationship with key travel agencies**
- **Business passenger growth**

Advanced CRM and direct channel sales

- **More customized web experience and usability**
- **Improved website design**
- **More online products**

4. New airline agreements

Vueling will reach new interline agreements during 2012



- Vueling has shown its ability to successfully undertake interline agreements with other airlines
- Additional passengers at higher fares and minimum additional cost
- 2 to 4 new agreements to be completed in 2012
- Main priority initially within oneWorld partners and unaligned carriers
- IOSA quality certificate to be achieved in Summer'12

● Focus areas

Source: Vueling

Risks

- Continued weak Spanish domestic demand
- Long term sustained high fuel prices

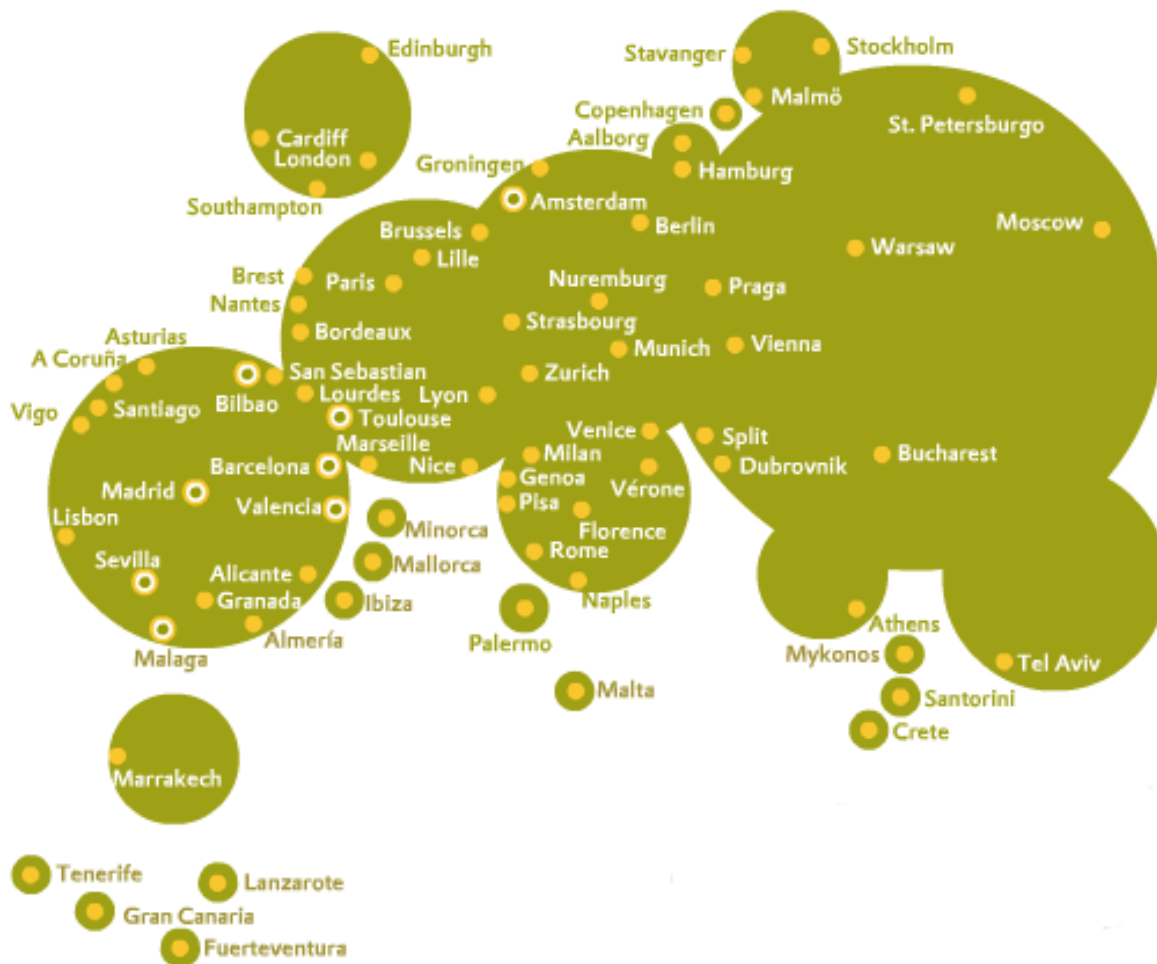
Outlook

- Expected FY2012 annual growth of +(20-25)% in seats
- FY2012 RASK improvement
- Ex-fuel CASK similar to 2011 at comparable stage length
- New agreements with other airlines

Opportunities

- Improved leadership and market share position in Barcelona
- Additional industry consolidation
- European market continues to grow

Vueling Cities for Summer 2012



**Stop flying,
start vueling[®]**

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