

## Vueling improves its result in 4 points for the first quarter 2009

- **Improvement in costs was the most important factor for the improvement in EBIT margin**
- **Synergies in revenue due to the merger offset the increase in competition**
- **The EBIT margin increased from -13% to -9%**
- **Despite the negative impact on results for the volcanic cloud, Vueling maintains its Net Profit forecast for 2010**

## Highlights

**Vueling achieved a better EBIT margin during the first quarter 2010 than in 2009** (-9% vs. -13% during the same period of 2009), thanks to improvements in costs based on costs reduction plan (Vueling saved €9,6m for the first quarter 2010).

**Ex-fuel CASK is 7% below than the first quarter 2009**, consolidating the Vueling forecast: an ex-fuel CASK below than 4.0 Euro cents for 2010.

**Revenue synergies, due to the merger, offset the competition increase.** First quarter 2010 revenues reached €141.8m (+90% from 2009). Easter effect had an impact of +1% of RASK on the first quarter 2009. RASK reached above the levels of the first quarter 2009 (5.02 Euro cents vs. 4.98 Euro cents in the first quarter 2009).

**Vueling consolidates its position of leadership in its main bases of Barcelona, Seville and Bilbao.**

**Vueling flown during the first quarter to almost 100 routes** offering a wide range of destinations to the passenger.

**Vueling operated 35 aircraft** (+119% from the 2009), **and 17,781 flights** (+97% from the 2009).

**Travel agent sales** increased because of the merger with clickair (access to the code-sharing of Iberia). The sales grew from 18% to 32% in Q1 2010.

**Vueling hedging policy helped to reduce the impact of the rise in fuel.** Fuel CASK increased by 21% from 1.01 Euro cents in the first quarter of 2009 to 1.22 Euro cents in 2010.

**CASK decreased by 2% from 2009 to 2010** (5.48 Euro cents in 2010 vs. 5.62 Euro cents in 2009) . The strong fuel rise was offset by the costs reduction plan. The ex-fuel CASK decreased from 4.61 Euro cents in 2009 to 4.27 Euro cents in 2010.

**In 2009 the merger with clickair was finished . There won't be restructuring costs in 2010.**

**Vueling's cash position, as a March 31<sup>st</sup>, was €144.8m.**

**Note on the accounts.** Except otherwise indicated, all data relate to:

- Vueling stand-alone for the period from January to March 2009, that is, without consolidate data of clickair
- Plus, from January to March 2010 for the merged entity

Proforma (Vueling + clickair) profit and loss accounts are included as an appendix to this document.

## Outlook for 2010

- Despite the negative effect of the volcanic ash cloud in the second quarter of 2010, Vueling maintains the guidance for an improved net profit in 2010
- We expect a high degree of competitive intensity in the second quarter of 2010
- The cost of fuel will increase in Q2 2010
- The reduction of CASK ex-fuel to 4 euro cents remains one of the main objectives for 2010
- In addition, we expect cash levels to significantly increase in 2010
- The effect of merger synergies will be completed during this year: revenue, 20 million euros and cost, 15.5 million euros

## Business Review

After the merger with clickair, Vueling has become the fourth airline passenger volumes in Spain and it is the leading airline in three of its six bases: Barcelona (26% of market share), Seville (37%) and Bilbao (20%).

Its increased size translates into greater than before magnitudes in every aspect:

	Q1		
	2010	2009	var%
Average number of aircraft in operation	35	16	119%
Airports served	49	26	88%
Routes operated	98	45	118%
Flights	17,781	9,046	97%
ASKs (millions)	2,824	1,500	88%
Total number of passengers (`000)	2,224	1,081	106%

Vueling doubled the number of passengers carried in the first quarter 2010 (2.2 million), as well as the number of routes. Also, it has a huge growth in the number of airports where it operated, from 26 in 2009 to 49 in 2010.

All bases of Barcelona, Seville, Valencia, Malaga and Bilbao increased the number of destinations on offer, being the case of Barcelona the most significant grow from 16 to 43 routes (31<sup>st</sup> March 2009 and 2010, respectively).

	as of March 31 st	
	2010	2009
Barcelona	43	16
Seville	15	9
Madrid	11	12
Valencia	9	3
Málaga	8	6
Bilbao	8	1

## Revenues

Total revenue reached €141.8m, an increase of 90% over the same period a year earlier. Of these, a 87.8% corresponded to ticket revenue, while a 12.2% came from ancillary products.

The average pure fare per passenger decreased by 4% compared to 2009, while the average pure ancillary revenue per passenger was a 28 % lower than in the first quarter 2009. This decrease in the average pure ancillary revenue per passenger is due to the increase in sales through the channel GDS (from 18% to 32% in 2010) in which some of ancillary products are already included in the basic fare.

The increase in competition has been compensated thanks to the merger synergies and RASK was +1% higher than in the first quarter 2009. This increase was due to Easter effect that this year fell between March and April, while in 2009 was fully in April. Load factor increased significantly over the previous year, from 67% to 70%.

## Costs

First quarter 2010 ex-fuel CASK is 7% below than 2009, mainly by the costs reduction plan started in the company at the beginning of this year, as well as by the merger's synergies. During the first quarter 2010 Vueling achieved a saving of €9.6m.

Fuel CASK increased by 20%, but CASK is 2% below than the first quarter, so hedging policy of fuel / dollar of the company helped to reduce the impact of the price rise in fuel and the appreciation of the dollar.

## **Volcanic cloud effect**

- 482 cancelled flights
- 72,249 affected passengers
- Vueling is taking all measures to reduce passenger claim costs as well as possible future sales losses
- Despite the negative effect of the volcanic ash cloud in the second quarter of 2010, Vueling maintains the guidance for an improved Net Profit in 2010

## Quarterly profit and loss account

(€ ` 000)	Q1		
	2010	2009	var%
Ticket revenues	103,522	50,112	107%
Fees and charges	21,021	12,825	64%
Pure ancillary revenues	17,295	11,703	48%
<b>Total revenues</b>	<b>141,838</b>	<b>74,640</b>	<b>90%</b>
Fuel	34,405	15,176	127%
Handling	24,065	11,101	117%
Airport taxes	12,343	6,310	96%
Navigation taxes	12,608	6,895	83%
Crew	3,250	1,453	124%
Maintenance	14,607	7,428	97%
Commercial and marketing	6,316	5,292	19%
Other expenditures	753	2,030	-63%
<b>Total variable expenditure</b>	<b>108,346</b>	<b>55,686</b>	<b>95%</b>
<b>Contribution margin</b>	<b>33,492</b>	<b>18,954</b>	<b>77%</b>
Crew	8,640	5,206	66%
Maintenance	1,549	1,152	34%
Fleet insurance	1,031	543	90%
Fleet leases	22,695	11,917	90%
Other production costs	1,475	937	57%
<b>Total semi-fixed expenditure</b>	<b>35,389</b>	<b>19,755</b>	<b>79%</b>
<b>Operating margin</b>	<b>-1,897</b>	<b>-801</b>	<b>-137%</b>
Advertisement	1,577	1,598	-1%
Amortization	1,350	756	79%
General expenditure	8,178	6,475	26%
<b>Total fixed expenditure</b>	<b>11,105</b>	<b>8,829</b>	<b>26%</b>
<b>EBIT</b>	<b>-13,002</b>	<b>-9,630</b>	<b>-35%</b>
<b>Financial result</b>	<b>-3,962</b>	<b>1,177</b>	<b>-437%</b>
<b>Sub-leases</b>	<b>0</b>	<b>283</b>	<b>-100%</b>
<b>Restructuring costs</b>	<b>0</b>	<b>841</b>	<b>-100%</b>
<b>EBT</b>	<b>-9,040</b>	<b>-9,012</b>	<b>0%</b>
<b>Taxes</b>	<b>-2,712</b>	<b>-2,703</b>	<b>0%</b>
<b>Net Profit</b>	<b>-6,328</b>	<b>-6,308</b>	<b>0%</b>
<b>EBITDAR</b>	<b>11,043</b>	<b>3,043</b>	<b>263%</b>

All data in this presentation have been elaborated according to the new Spanish GAAP.

Figures are not-audited

## Quarterly financial and operating statistics

REVENUES	Q1		
	2010	2009	var%
Total revenue (€ ` 000)	141,838	74,640	90%
Total income per passenger (€)	63.77	69.03	-8%
Revenue per flight (€)	7,977	8,251	-3%
Average pure fare per passenger (€)	55.99	58.21	-4%
Average pure ancillary revenue per passenger (€)	7.78	10.82	-28%
Total revenue per ASK (€ cents)	5.02	4.98	1%
<b>EXPENDITURES</b>			
Total expenditure (€ ` 000)	154,840	84,270	84%
Cost per ASK, incl. fuel (€ cents)	5.48	5.62	-2%
Fuel costs per ASK (€ cents)	1.22	1.01	20%
Cost per ASK, excl. fuel (€ cents)	4.27	4.61	-7%
EBITDAR* (€ ` 000)	11,043	3,043	263%
EBITDAR margin (%)	8%	4%	4%
EBIT** (€ ` 000)	-13,002	-9,630	-35%
EBIT margin (%)	-9%	-13%	4%
EBT*** (€ ` 000)	-9,040	-9,012	0%
EBT margin (%)	-6%	-12%	6%
NET PROFIT*** (€ ` 000)	-6,328	-6,308	0%
NET PROFIT margin (%)	-4%	-8%	4%
<b>OPERATIONS</b>			
ASKs (millions)	2,824	1,500	88%
RPKs (millions)	1,979	999	98%
Flights	17,781	9,046	97%
Average number of aircraft in operation	35	16	119%
Average block hours per aircraft and day	9.28	10.87	-15%
Average number of flights per day	5.64	6.28	-10%
Seats flown (` 000)	3,201	1,628	97%
Average stage length (Km)	882	921	-4%
Total number of passengers (` 000)	2,224	1,081	106%
Load factor (RPK/ASK, %)	70%	67%	3%

All data in this presentation have been elaborated according to the new Spanish GAAP.

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## APPENDIX

### Vueling+clickair pro-forma profit and loss accounts

(€, 000)	Q1		
	2010	2009	var%
<b>Total revenue</b>	141,838	139,423	2%
<b>EBIT *</b>	-13,002	-20,025	-35%
<b>EBITDAR *</b>	11,043	4,494	146%
<b>Net Profit</b>	-6,328	-13,884	-54%

\* Without restructuring costs in 2009

## GLOSSARY

Concept	Unit	Definition
<b>ASK</b>	Millions	Available Seat Kilometre. Total number of seats available times the distance flown
<b>RASK</b>	€ cents	Total Revenues / ASKs
<b>CASK</b>	€ cents	Total Costs / ASKs
<b>Ex-fuel CASK</b>	€ cents	Total Costs (without fuel) / ASKs
<b>PKTs</b>	Millions	Passenger per kilometre transported
<b>Load factor</b>	%	Percentage of ASKs filled by PKTs (PKTs/ASKs*100).
<b>EBITDAR</b>	€	Earnings before interest, taxes, depreciation, amortisation and rentals
<b>EBIT</b>	€	Earnings before interest and taxes
<b>EBT</b>	€	Earning Before Taxes
<b>NET PROFIT</b>	€	Net Profit
<b>GDS</b>	--	Global Distribution System (mainly used by travel agencies)
<b>OTA</b>	--	Online Travel Agents (f.e. Rumbo, edreams, booking ...)
<b>TTOO</b>	--	Tour Operators