

Vueling Airlines 1Q 2008 Results

May 15th, 2008



Vueling by MTV. Designer: 3TTMan



Agenda

First Quarter 2008 results review

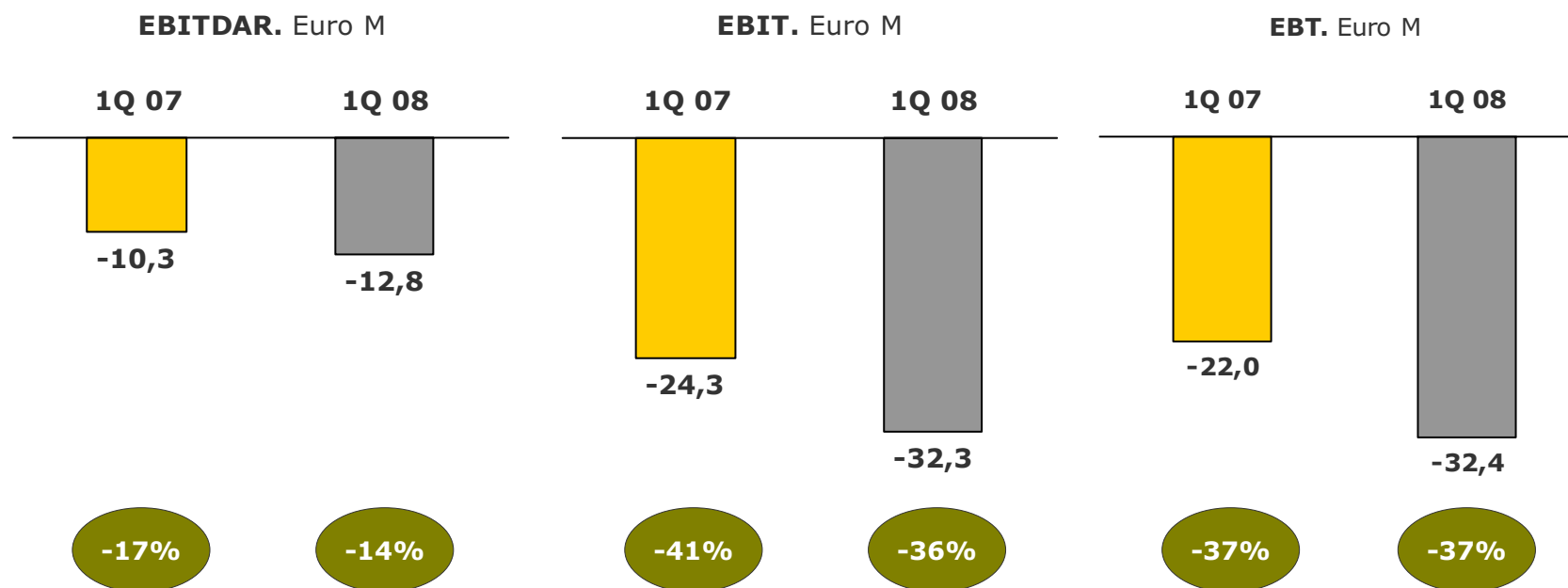
2008 improvement plan



In a quarter of transition, Vueling incurred in pre-tax losses of €32,4 M

Main financial magnitudes for 1Q08

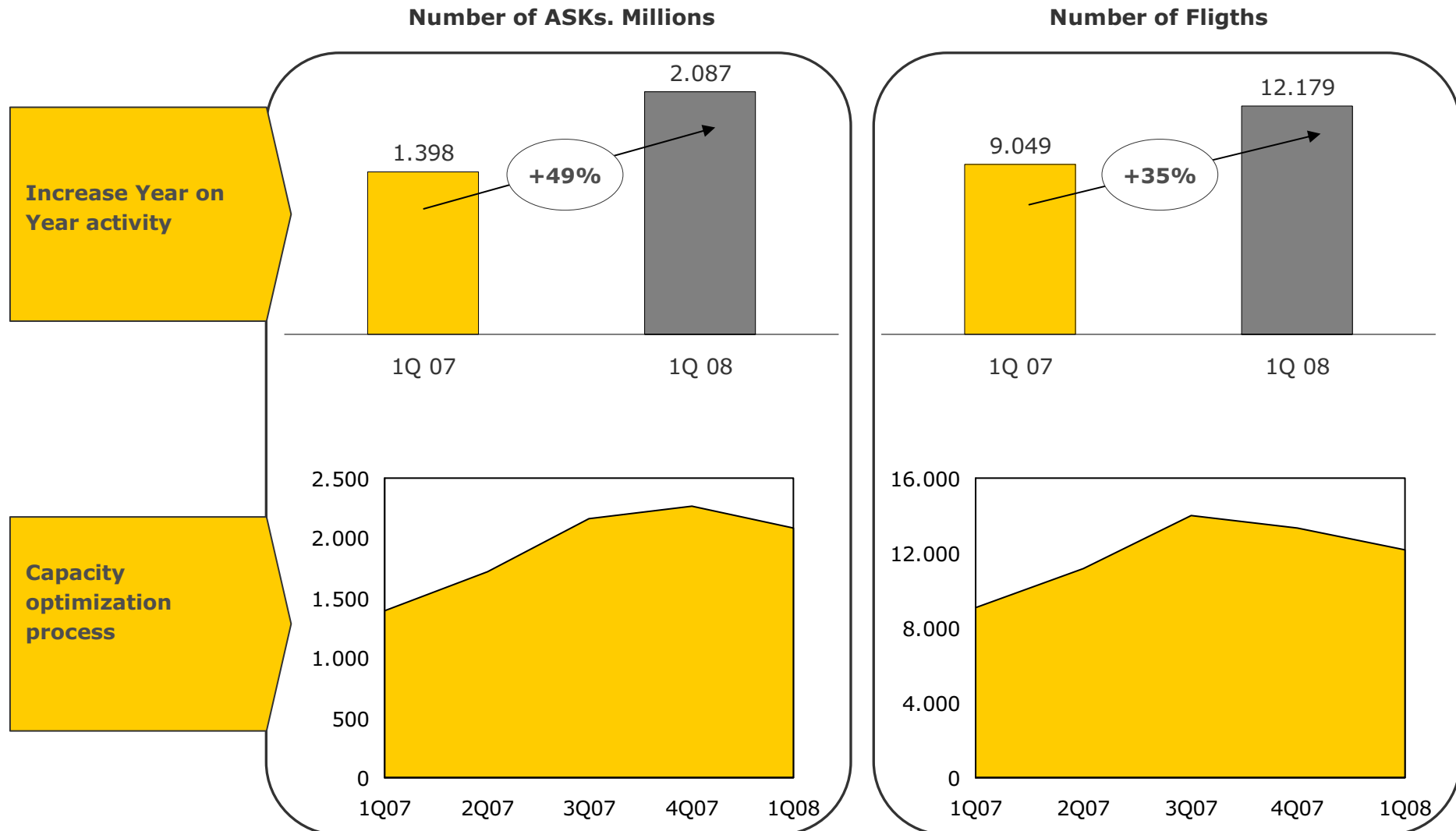
 % gross revenue



€ 58 M
cash position as
of 31th of March



Although a capacity optimization process has been initiated, the increased activity has been the key driver behind the increase in losses

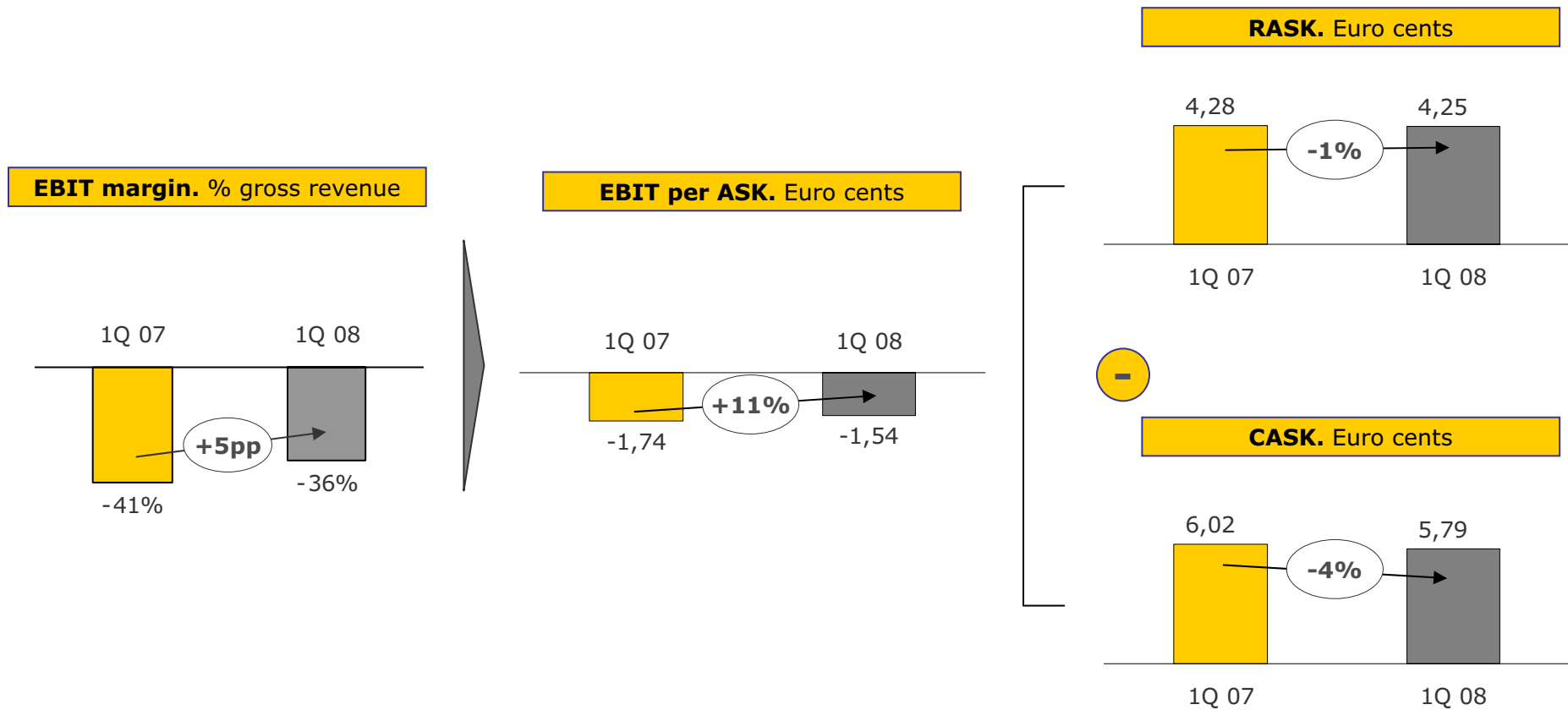


Note: ASKs expressed in Great Circle Distance

Source: vueling. Unaudited figures. Financial data under Spanish GAAP



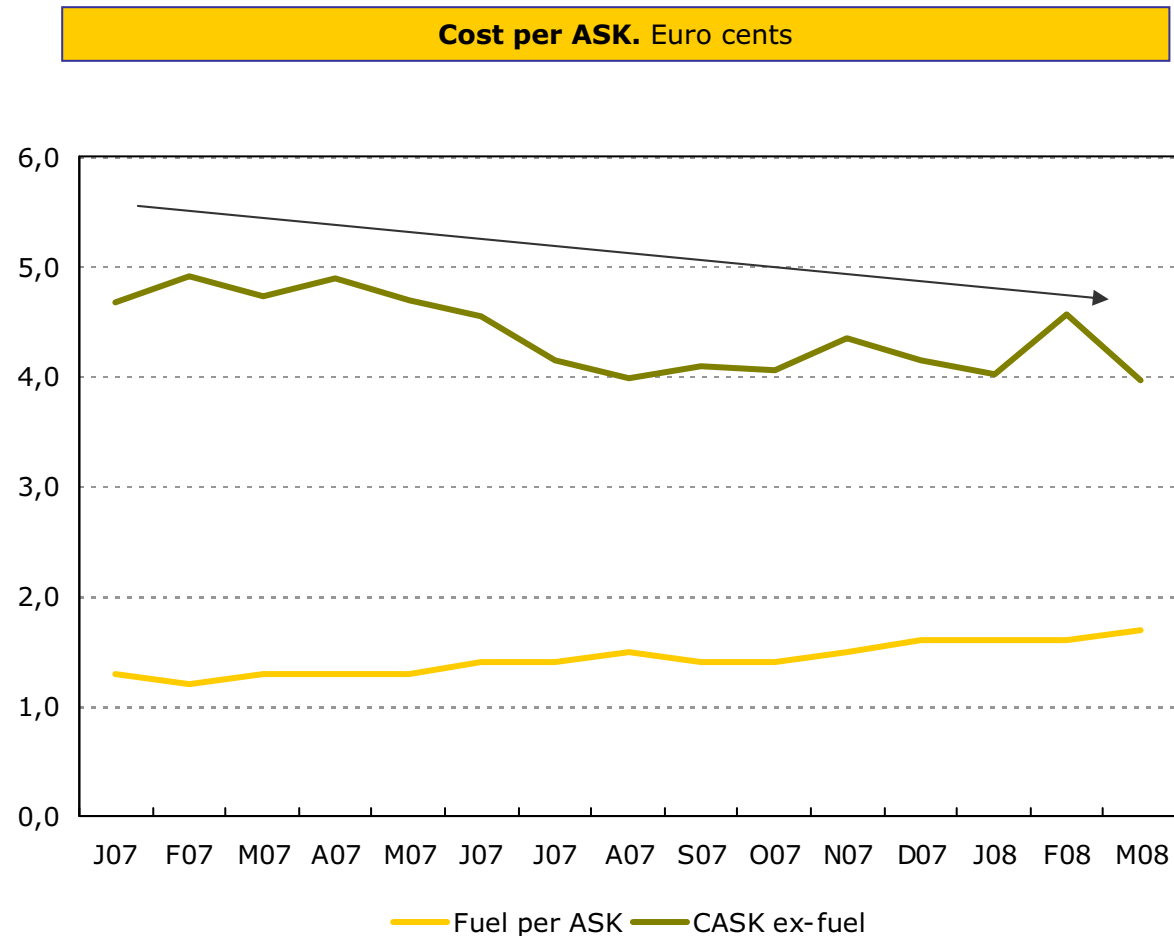
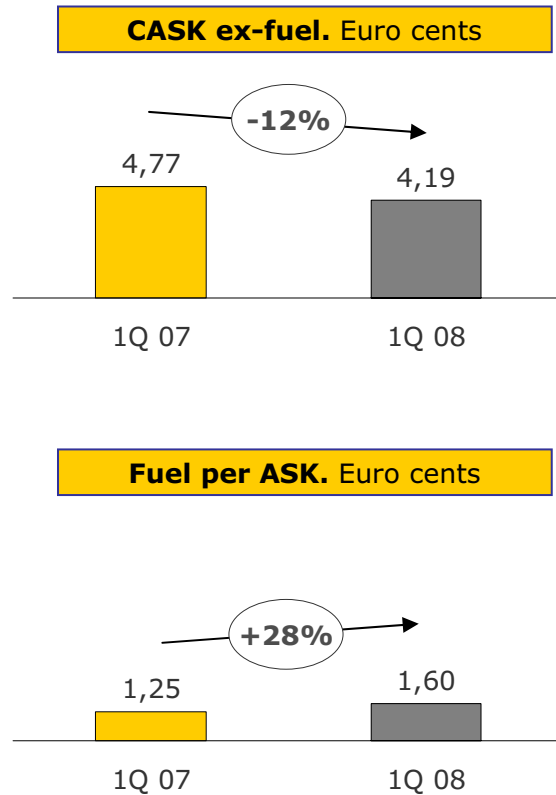
However, Vueling has been able to improve EBIT margin being more efficient in cost



Note: ASKs expressed in Great Circle Distance
 Source: vueling. Unaudited figures. Financial data under Spanish GAAP



Vueling has continued lowering its ex fuel cost, over-compensating the fuel cost increase

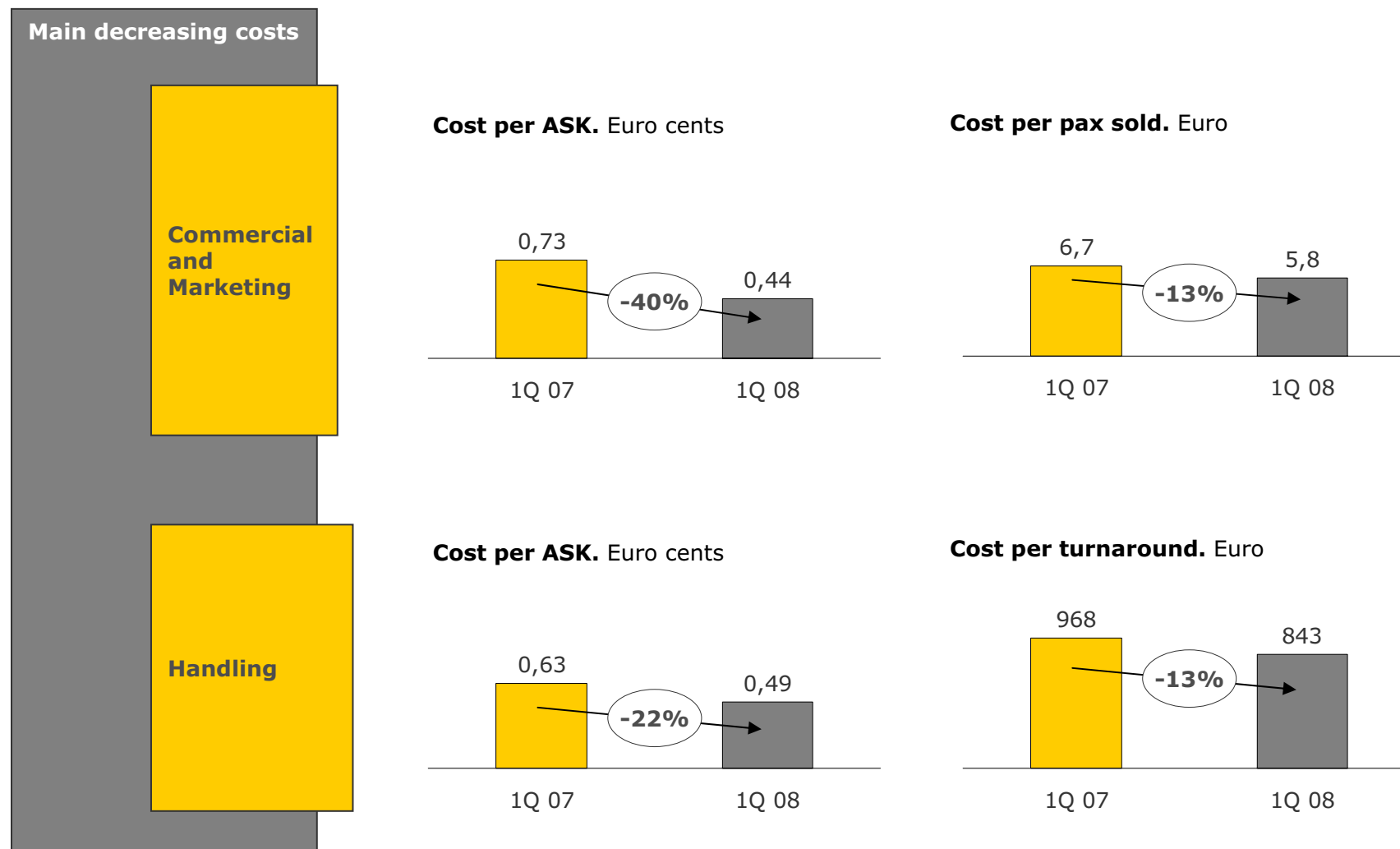


Note: ASKs expressed in Great Circle Distance

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The main cost savings come from advertising and handling

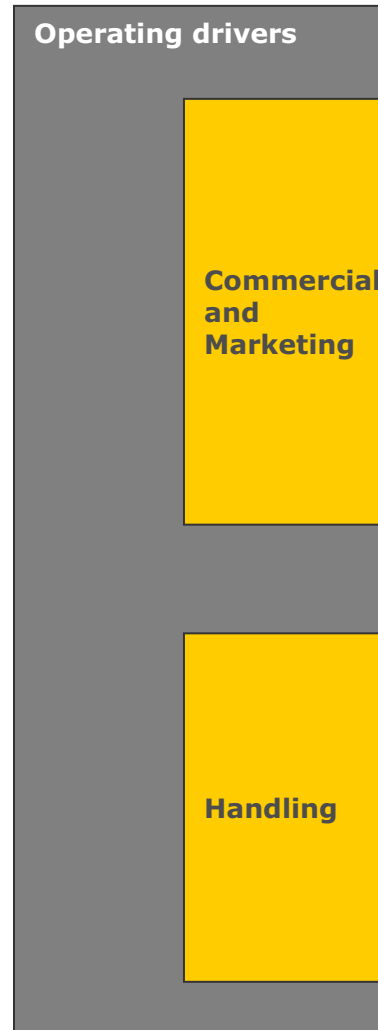


Note: ASKs expressed in Great Circle Distance

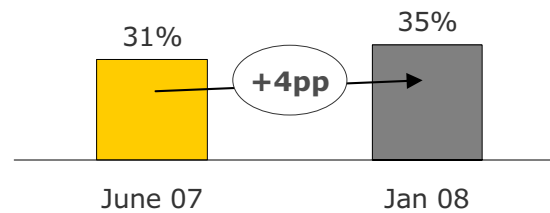
Source: vueling. Unaudited figures. Financial data under Spanish GAAP



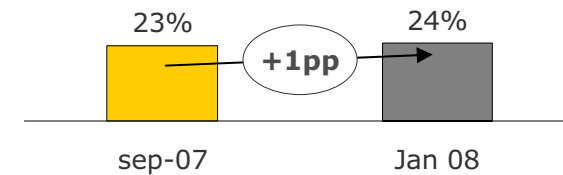
These savings have not had negative business impact



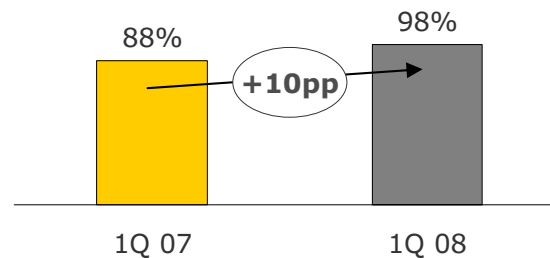
Spontaneous brand awareness in BCN
% surveyed people



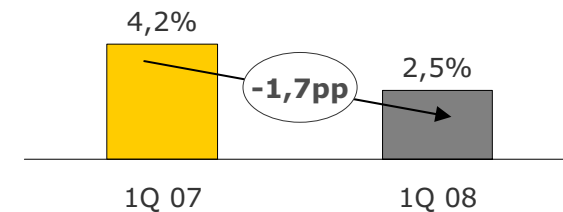
Spontaneous Brand Awareness in SVQ
% surveyed people



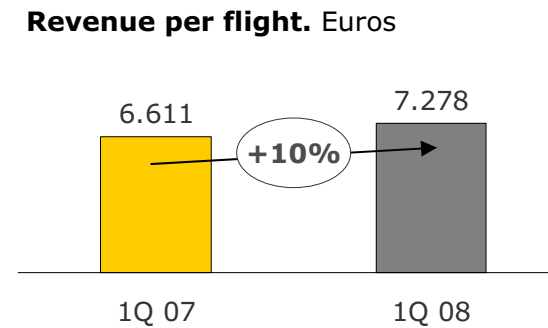
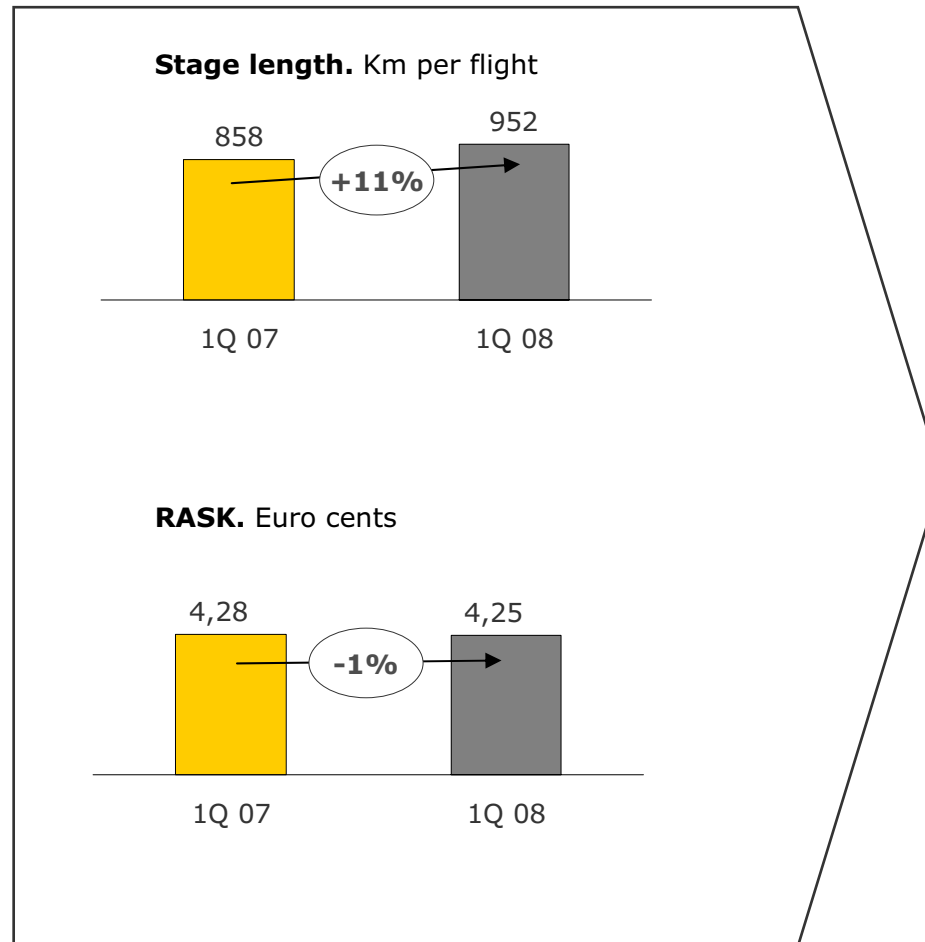
Last bag delivered in less than 30'.
% flights



Lost bags. % bags transported



In the revenue side, revenue per flight maximization has been the main focus



Despite a significant stage length increase, RASK levels have remained stable



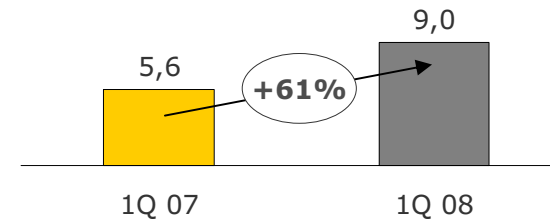
Vueling has continued increasing its pure ancillary revenue and adjusting the trade-off between fare levels and load factor

Increase pure ancillary revenue

Activities

- New products since last year:
 - Baggage fee
 - XL seat
 - Credit and Debit Card fee
- Recent actions
 - Launch of seat assignment fee
 - Excess baggage price increase

Pure ancillary per pax. Euro

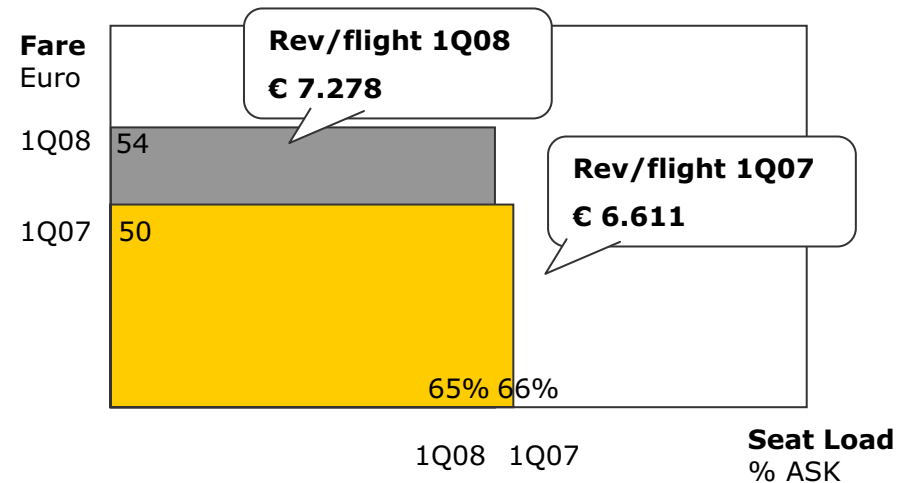


Maximize revenue per flight

Activities

- Adjust trade-off between fare levels and load factor
- Increase price level
- Selective promotions
- Shift to channels with higher average fare and lower anticipation
- Introduce overbooking

Revenue per flight. Euro



Note 1: ASKs expressed in Great Circle Distance

Note 2: Ancillary revenue represents only pure ancillary, therefore no fee is included

Source: vueling. Unaudited figures. Financial data under Spanish GAAP



Agenda

First Quarter 2008 results review

2008 improvement plan



2008 Improvement Plan

Improvement plan objective

- Sensible reduction of 2008 losses in respect to 2007 even with higher average fuel prices
- Focusing towards achieving profitability during 2009

Main initiatives

Capacity and network optimization

- Cancel non-profitable routes
- Adjust capacity to maintain or increase productivity

Access different market segments

- Develop off-line channels
- Complement current offer with flex-fare product

Increase efficiency

- Manageable costs: Overhead, crew productivity, handling...
- Revenue management practices

Continue developing ancillary revenue

- Launch new products
- Adjust prices to maximize revenue



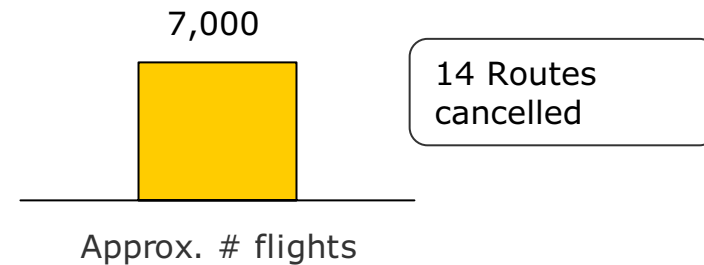
Capacity and network optimization has being initiated

Network optimization

Activities

- Cancellation of non-profitable routes and flights
- Capacity assigned to Canary Islands

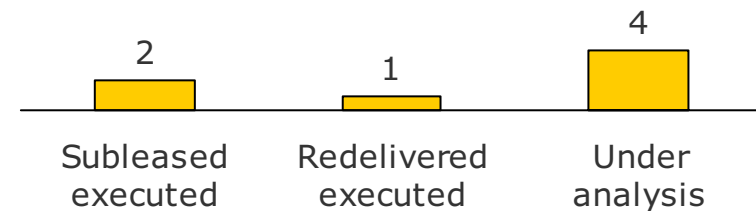
Routes and approx. flights cancelled within 1Q08



Adjust capacity

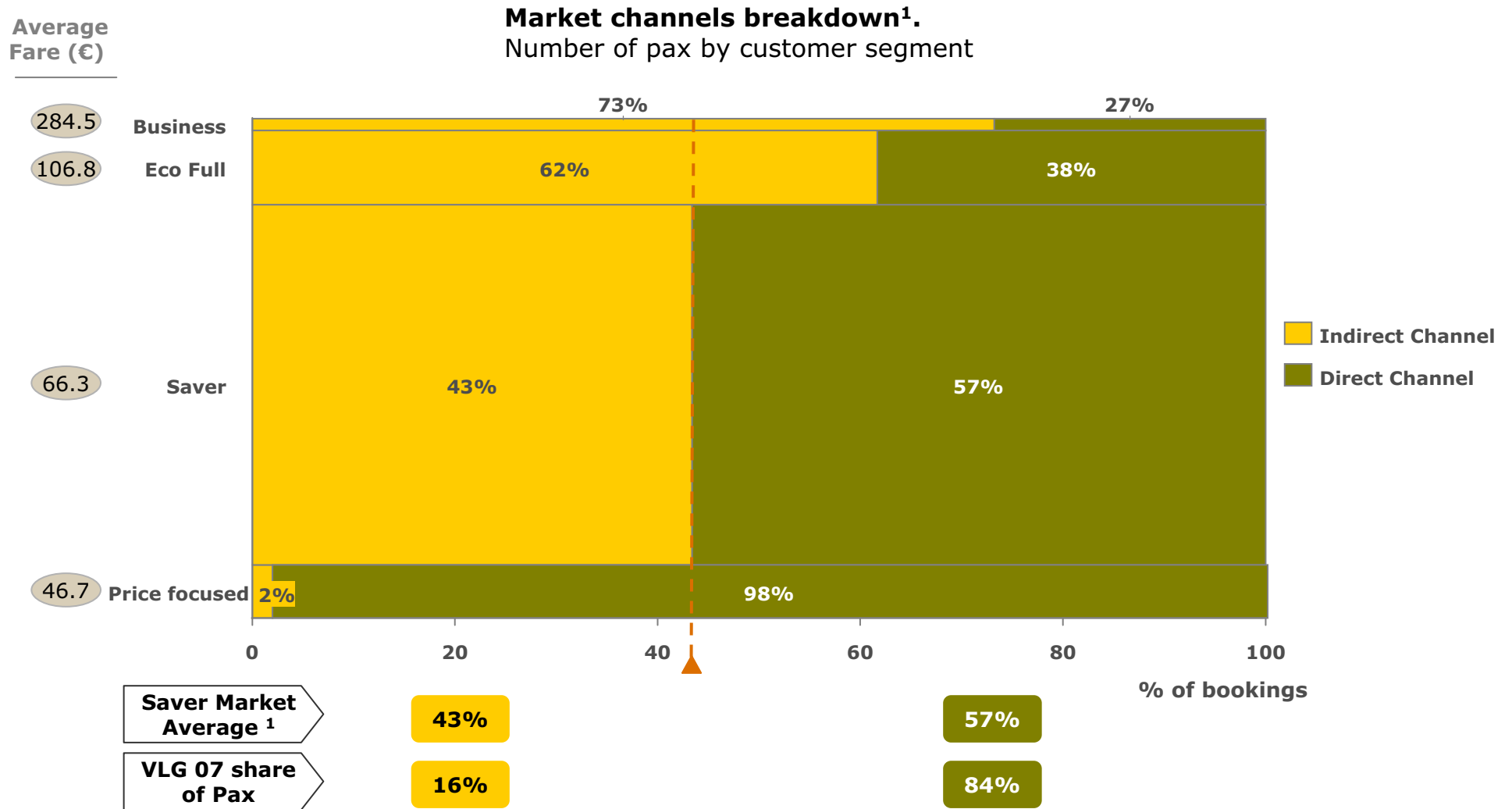
- Release Aircrafts operating non-profitable routes
- Maximize utilization of AC
- Maximizing short-term excess capacity through wet leases and subcharters

Number of Aircrafts over which decisions are being considered in 1Q08



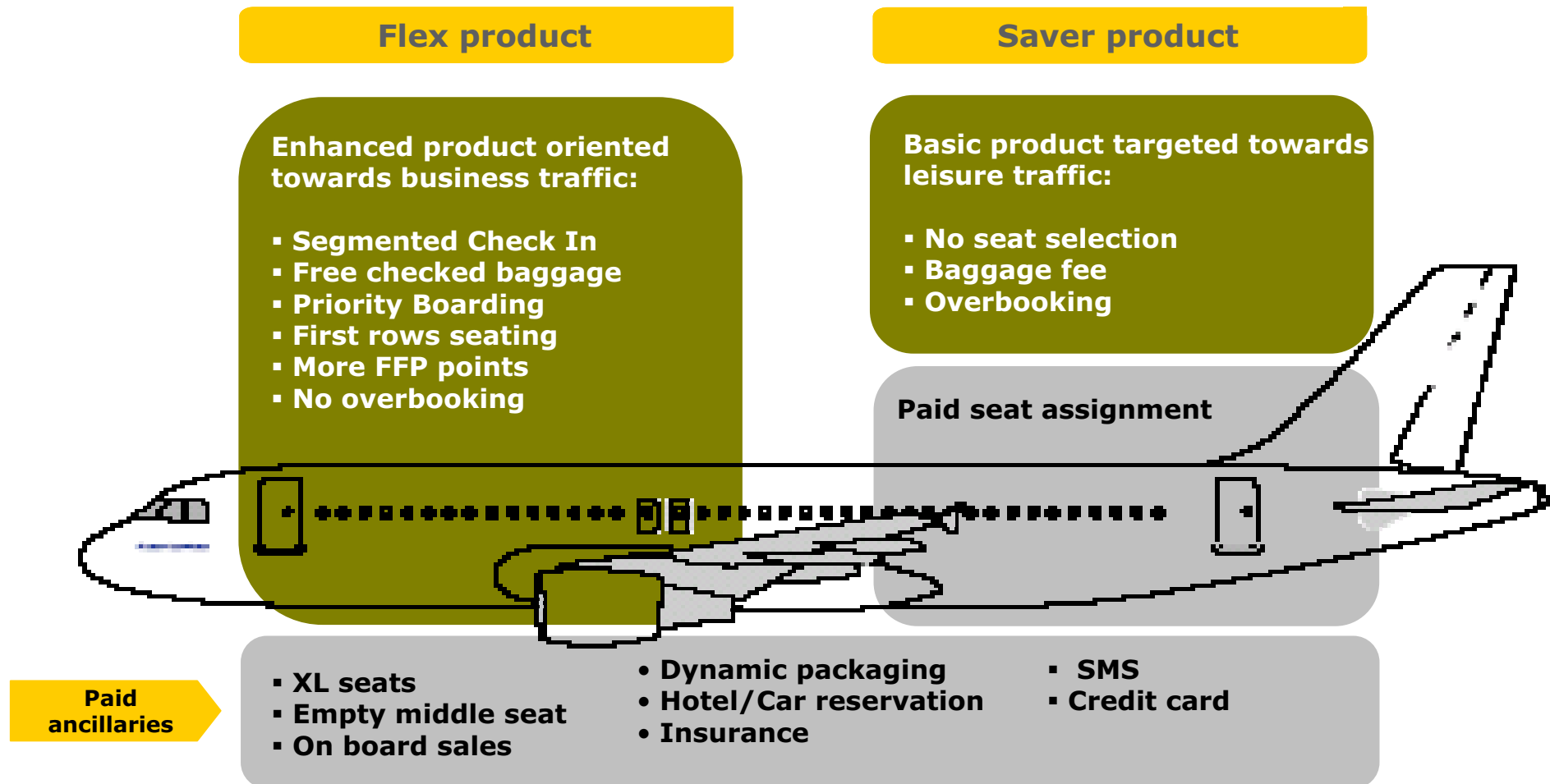
Vueling will focus on developing the indirect channel that, in its segment, represents 43% of the market

ILLUSTRATIVE



1. Domestic and Spain-Europe passengers
Source: Paxis Plus and internal estimates

Additionally, Vueling will complement its offering with an additional product



vueling

