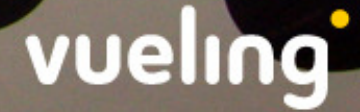
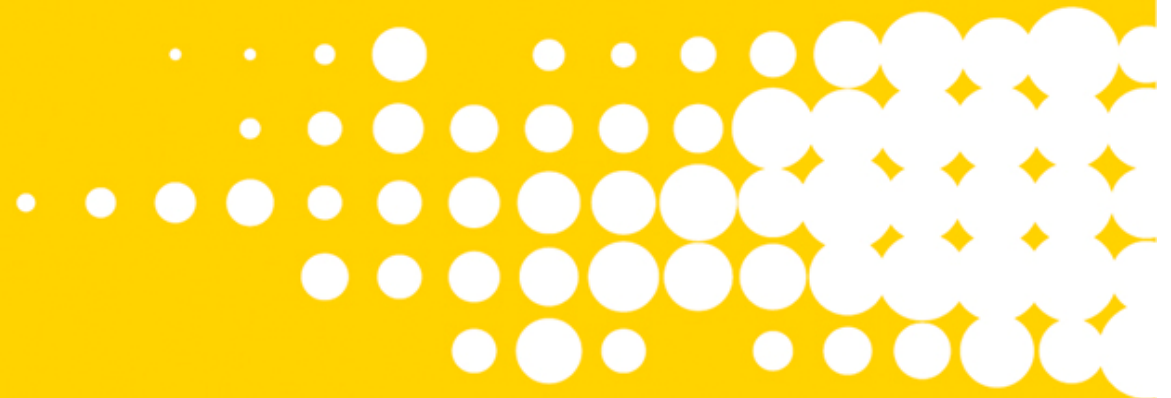


# Vueling Airlines

## 2010 Full-Year and Q4 Financial Results



# Executive summary



# Executive Summary

- Vueling achieved a **net profit of €46m** in 2010, a 66% increase vs. 2009. In Q4, the net loss has been reduced from -€13m to -€4m

- **Revenues increased** by 32% and traffic by 35% vs. previous year
- It **reduced its ex-fuel CASK** to 4.02c€, 4% lower than in 2009, at constant exchange rate
- Despite fuel price increases, air traffic control strikes and the volcanic ash cloud effect, Vueling achieved a €60m EBIT in 2010 and a **8% margin** (EBIT/sales)

- In 2010 Vueling generated €76.4m of cash, achieving a **net cash position of €207m** at the end of the year

# Background



Increased fuel costs and the €/\$ exchange rate had an EBIT impact of -€9.0m in Q4/2010 and nearly -€44.2m on the full year

	Q4 10	Q4 09	YOY change	2010	2009	YOY change
Fuel (\$/tm)	788	665	+20%	724	567	+28%
Dollar (€/\$)	1.36	1.48	-8%	1.33	1.39	-5%
Total impact (€m)	-9.0			-44.2		

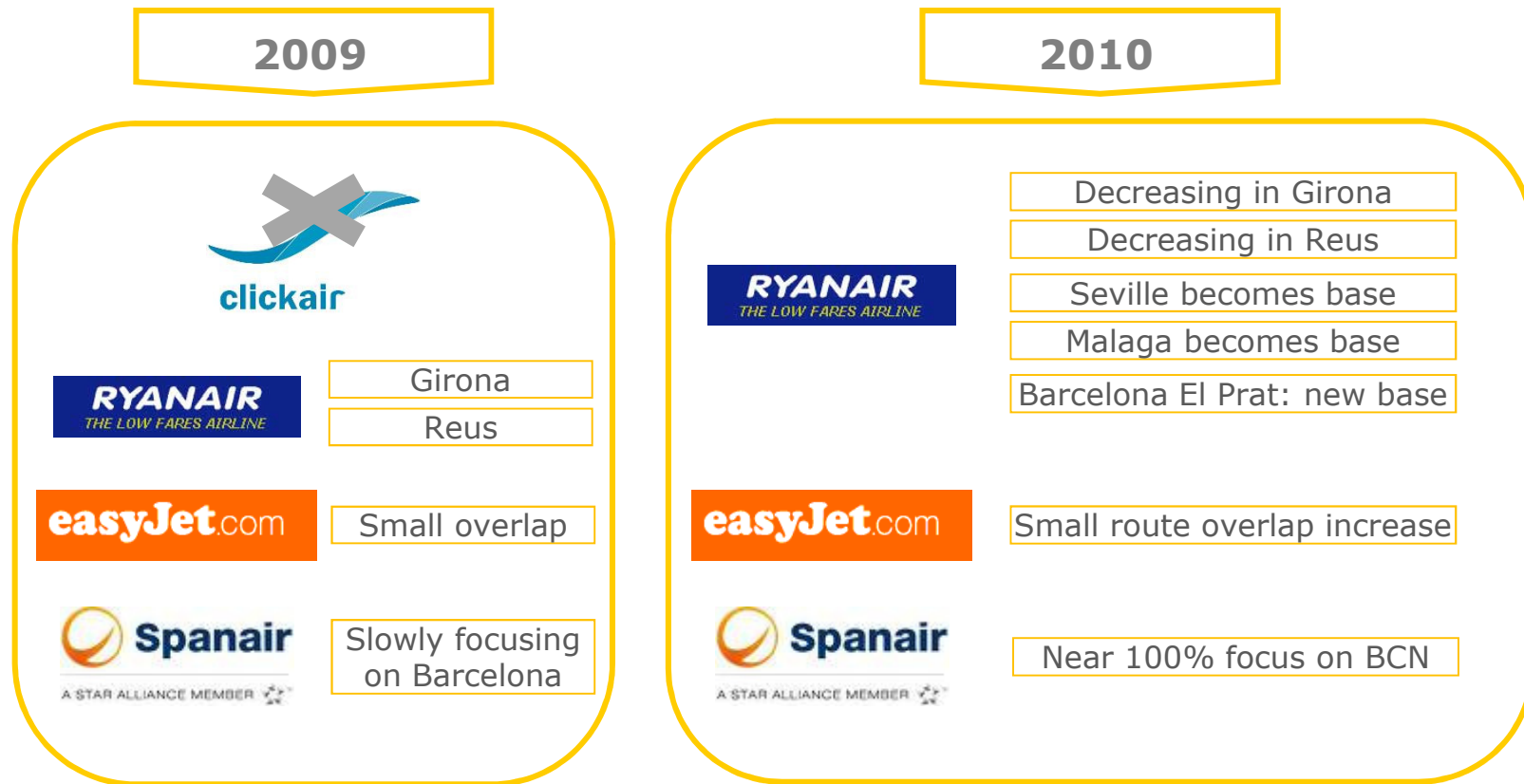
Source: Vueling

# Full year disruptions caused by volcanic ash cloud and strikes had a negative effect of -€5.2m

	Q4 2010		2010	
	# Cancelled flights	Impact €m	# Cancelled flights	Impact €m
Strikes and weather	387	-3.2	511	-4.2
Volcanic ash cloud	-	-	693	-1.0
<b>Total</b>	<b>387</b>	<b>-3.2</b>	<b>1,204</b>	<b>-5.2</b>

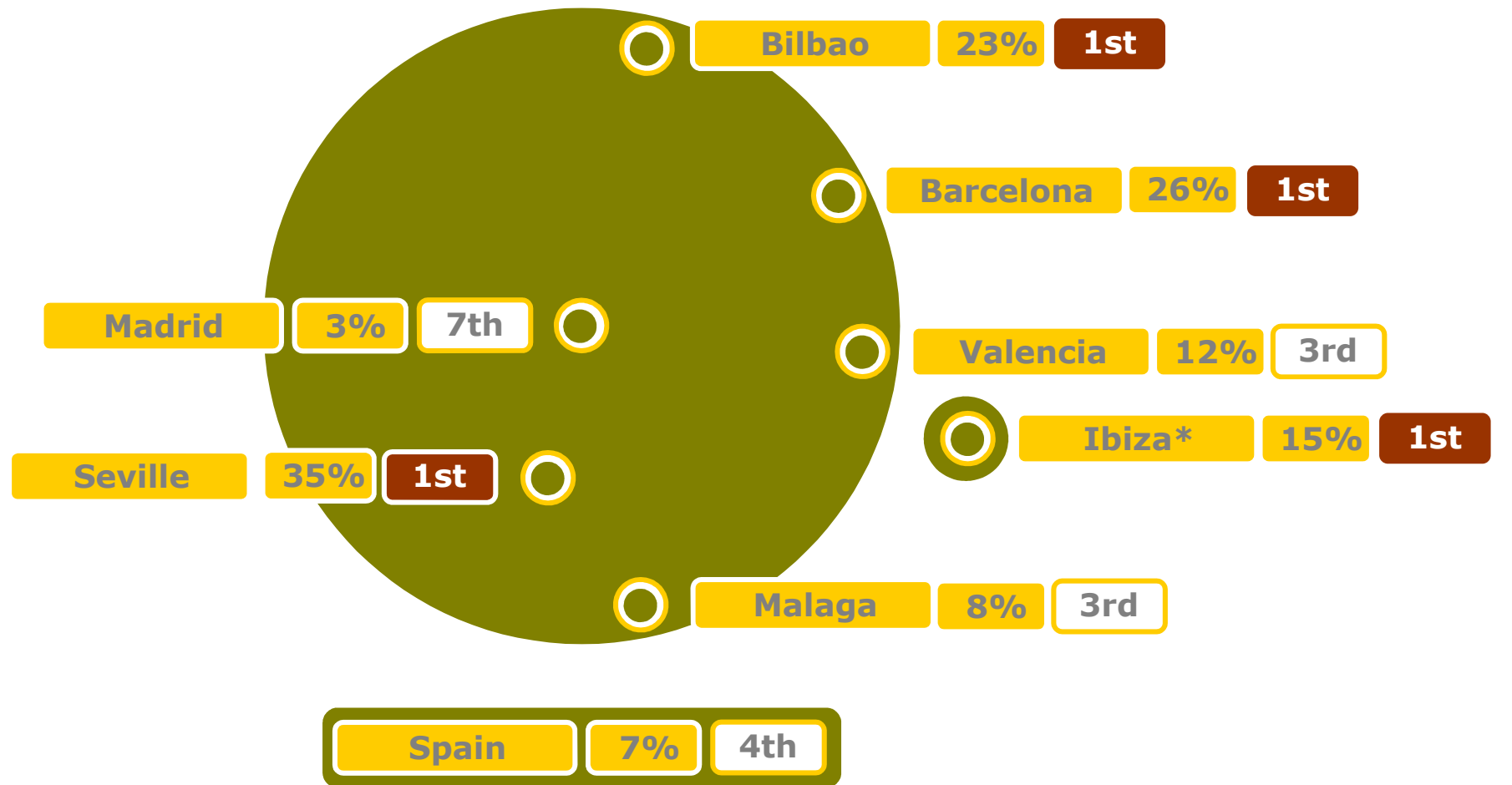
Source: Vueling

# The competitive environment increased significantly in 2010 versus the previous year





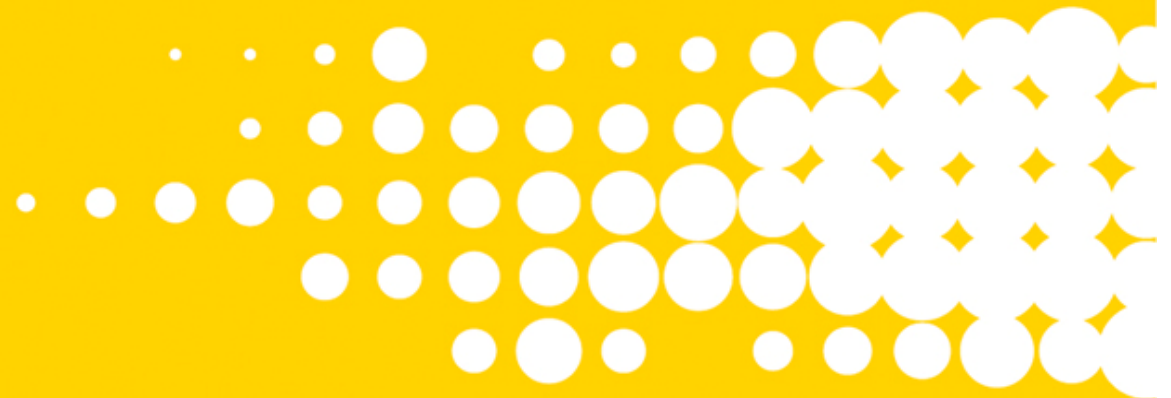
Despite the tougher competitive environment, Vueling maintained its leadership at its main bases



Source: AENA



# Finance review



# Vueling reduced the net loss by 66% in Q4 2010

	Q4 2010	Q4 2009	YOY change ▼
ASK (millions)	3.10m	3.12m	-0.4%
Revenues (€m)	167.0	160.4	+4%
EBITDAR (€m)	17.9	23.7	-25%
EBIT (€m)	-7.5	-0.5*	-7€m
EBIT Margin (%)	-4%	0%	-4pp
Net loss (€m)	-4.4	-13.0	-66%

\* EBIT before restructuring costs.

Source: Vueling

# Vueling obtained a 46m€ net profit in 2010

	2010	2009	YOY change ▼
ASK (millions)	13.6m	10.2m	+33%
Revenues (€m)	796.5	601.6	+32%
EBITDAR (€m)	160.8	146.5	+10%
EBIT (€m)	60.1	71.4*	-16%
EBIT Margin (%)	8%	12%	-4pp
Net Profit (€m)	46.0	27.8	+66%

\* 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.

Source: Vueling

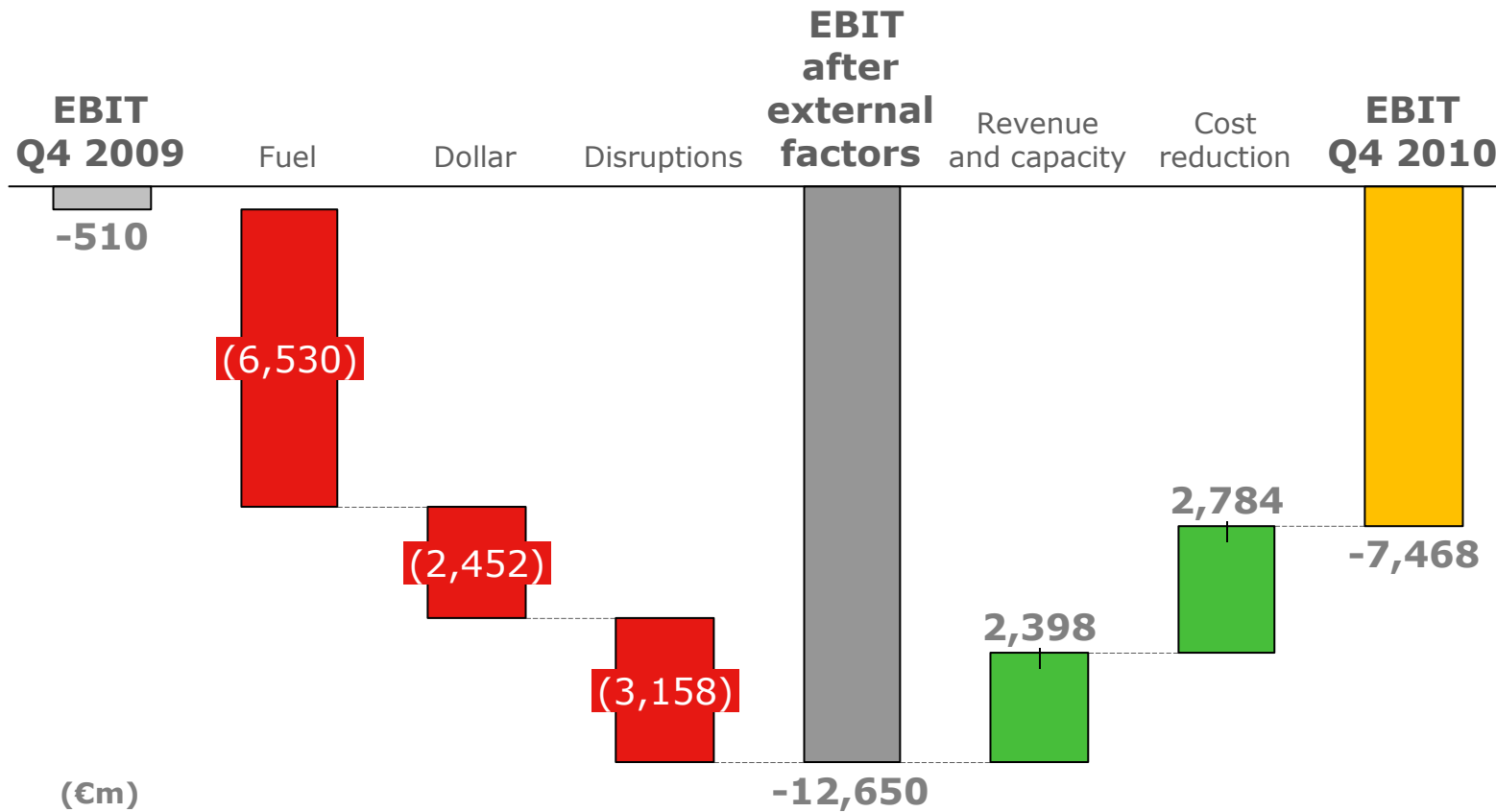
# Vueling managed to increase capacity by 35% while maintaining its load factor performance throughout FY2010

	Q4 10	Q4 09	YOY change	2010	2009	YOY change
Seats	3.5m	3.4m	+1%	15.2m	11.3m	+35%
Passengers	2.5m	2.4m	+3%	11.0m	8.2m	+35%
LF* (%)	71.7%	69.8%	+1.9pp	73.2%	73.7%	-0.5pp

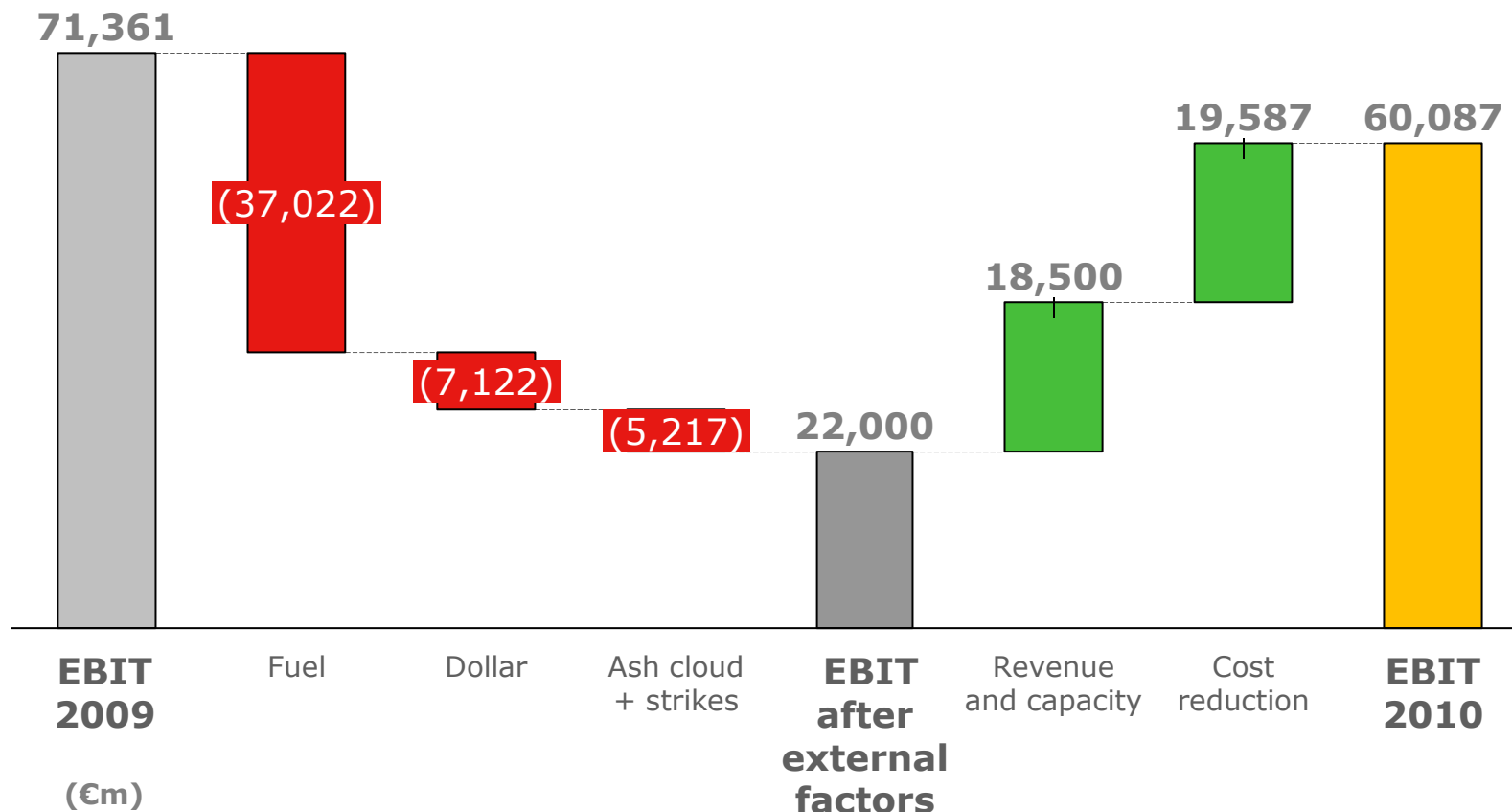
\* LF = RPK/ASK

Source: Vueling

During the fourth quarter, fuel cost increases were partially offset by cost control and capacity increase and management . . .



. . . with the same effects over the full year: external factors buffered by cost reduction and revenue optimisation



Source: Vueling

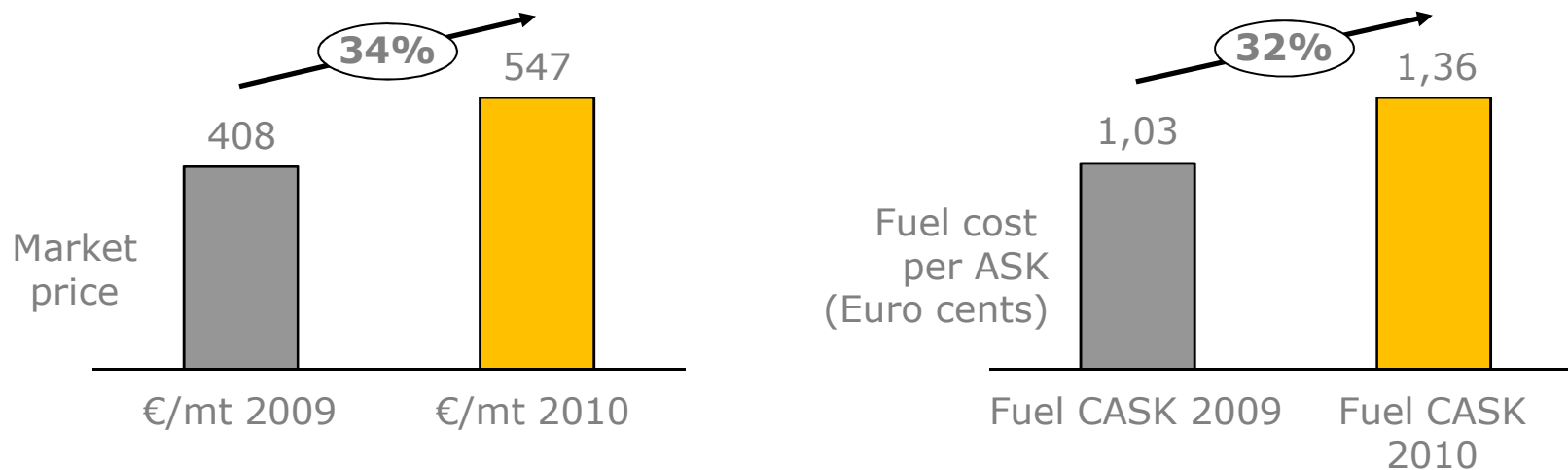
# Vueling's revenues rose +32% in 2010 at similar levels of yield and RASK

	Q4 10	Q4 09	YOY change ▼	2010	2009	YOY change ▼
Revenues (€m)	167	160	+4%	797	602	+32%
RASK(c€)	5.38	5.15	+5%	5.87	5.91	-1%
Revenue / Pax (€/pax)	67.1	66.7	+1%	72.2	73.4	-2%
Sector length (km)	887	901	-2%	893	904	-1%

Source: Vueling



# The company hedging policy has helped in reducing the impact of recent fuel price increases



Fuel	Q1 11	Q2 11
% hedged	64%	57%
Avg. price \$/mt	\$740	\$828

Dollar	Q1 11	Q2 11
% hedged	55%	65%
Avg. price \$/€	1.32	1.36

Source: Vueling

Full year ex-fuel CASK decreased -4% year on year, at constant currency

	Q4 10	Q4 09	YOY change ▼	2010	2009	YOY change ▼
Ex-fuel CASK (c€)	4.17	4.16	0%	4.07	4.18	-3%
Ex-fuel CASK at constant currency (c€)	4.09	4.16	-2%	4.02	4.18	-4%
Disruptions	+0.02			+0.01		
Ex-fuel CASK at c.c. without disruptions (c€)	4.07	4.16	-2%	4.01	4.18	-4%

Source: Vueling

# Vueling has a solid balance sheet and continued strong cash generation

	2010	2009	YOY change ▼
Debt (€m)	(23.9)	(13.0)	85%
Total cash (€m)	231.0	143.5	61%
<hr/>			
Net cash(€m)	207.0	130.6	59%

€56m in tax credits at December 2010

Source: Vueling

# Business review



# Business review

**Cost improvement**

**Product differentiation**

**Profitable growth**

Vueling has achieved a 3% ex-fuel CASK reduction vs. 2009, despite all the negative external factors

- COST
- PRODUCT
- GROWTH

CASK ex-fuel	Q1	Q2 <sup>(1)</sup>	Q3	Q4 <sup>(2)</sup>	Full Year
2009 (c€)	4.57	4.12	4.01	4.16	4.18
Reduction (c€)	-0.3	-0.06	-0.16	-0.05	-0,12
Disruptions	-	+0.04	-	+0.02	+0.01
2010 (c€)	4.27	4.10	3.85	4.17	4.07
Change	-7%	-1%	-4%	0%	-3%

(1) Q2 was affected by the volcanic cloud effect (0.04c€) as well the stage length  
 (2) Q4 was affected by ATC strikes. This impact is 0.02c€ on CASK

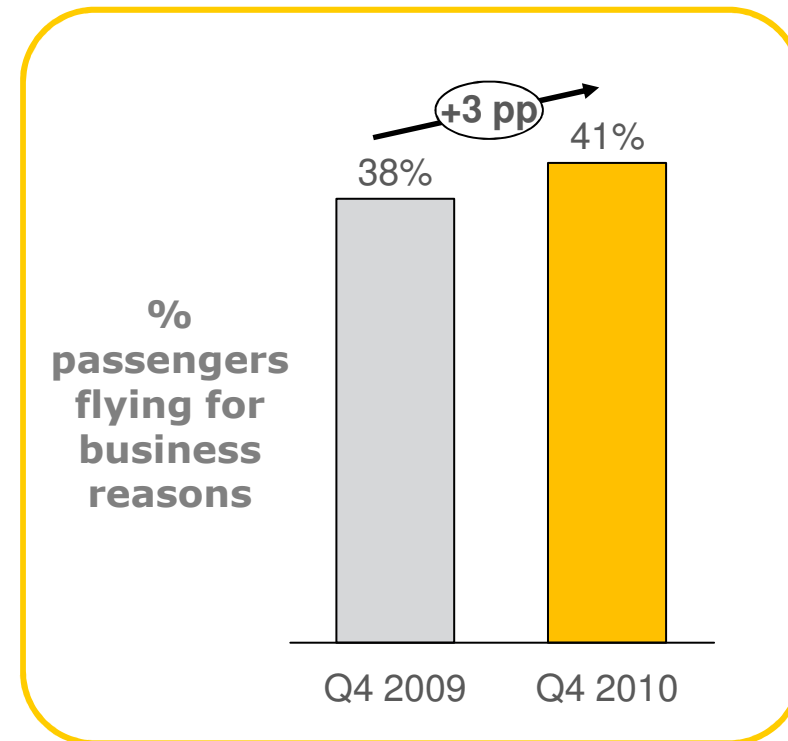
# Business passenger numbers continue to grow at Vueling

COST

**PRODUCT**

GROWTH

- Vueling only flies to **primary airports**
- Over **40%** are business passengers
- **Pack Go!** – product targeted to business passengers: preferential boarding, choice of seat, change of flight on the same day, instant boarding card and double points
- **More loyal**, higher margins and less seasonal



Source: Vueling



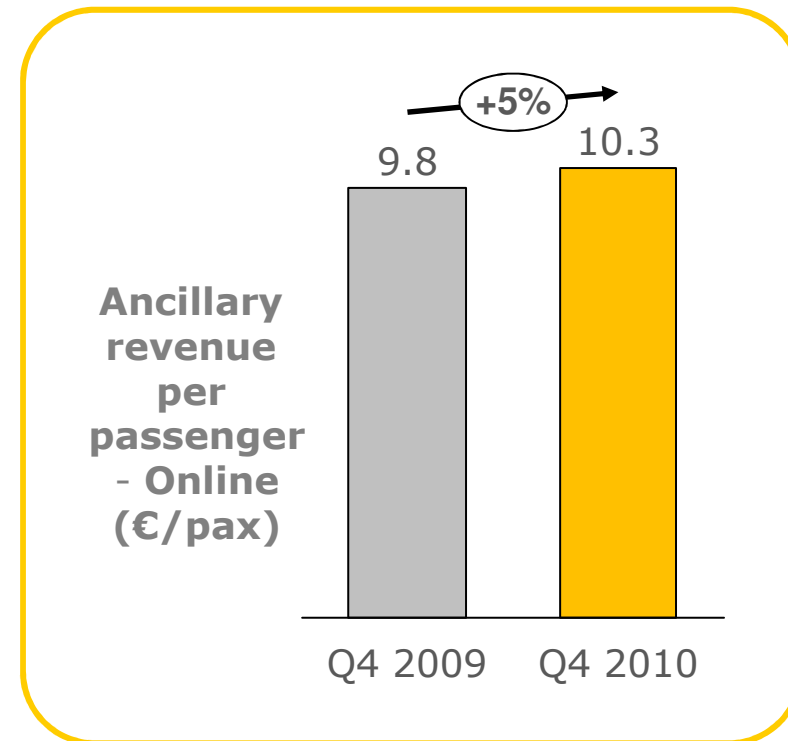
# Ancillary revenue continues to grow thanks to continuous ancillary innovation

COST

PRODUCT

GROWTH

- **New products.** Block your fare, dynamic fee pricing, currency converter, new seat assignment features, etc.
- New agreements with **external partners** (hotels and cars) boosted revenues in these areas
- **Successful innovation.** More than 18% of ancillary revenue comes from products that are new or have been enhanced in 2010



Source: Vueling

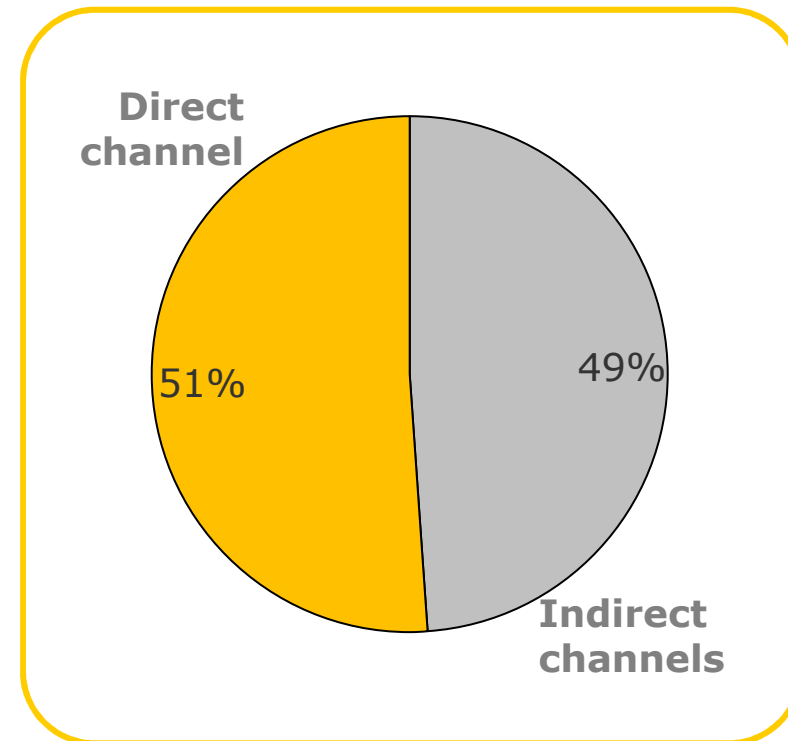
# Vueling has a strong presence in the indirect channel

COST

**PRODUCT**

GROWTH

- Vueling distribution channel mix is based on a strong presence in indirect channels
- Indirect channel average fares are higher than those of direct channels
- Indirect channels have a significant market share in the markets where Vueling is present



Source: Vueling

# “Vueling-to-Vueling” connecting passengers – another myth, demystified

COST

PRODUCT

GROWTH

- Since June 2010, 170,000 passengers (and their bags) connected from a Vueling flight to another Vueling flight
- Incremental implementation. Throughout 3Q&4Q, all distribution channels went online, and connecting window reduced
- More than 400 different origin & destinations markets available



Source: Vueling

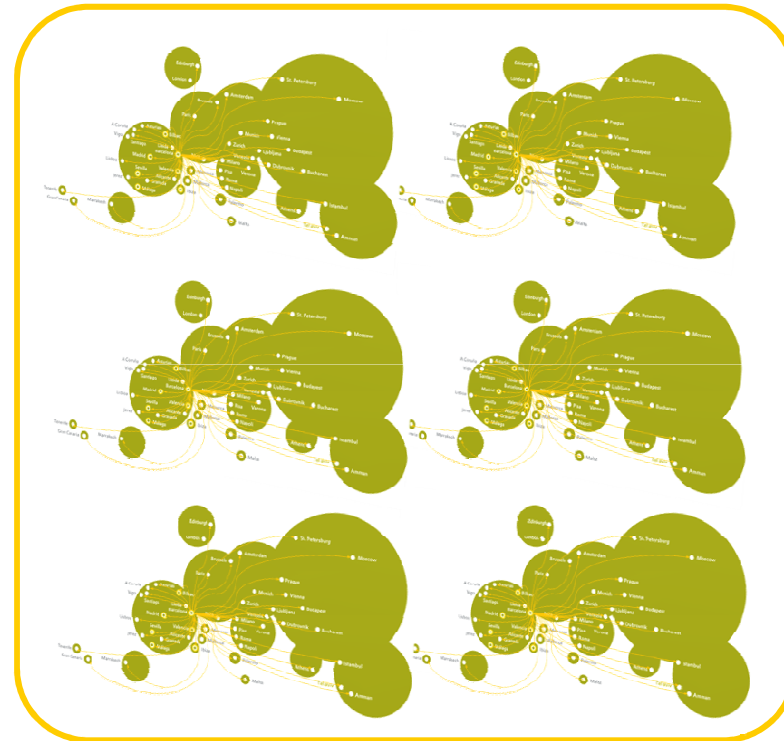
# Next phase: connecting to other airlines

COST

PRODUCT

**GROWTH**

- Vueling is operationally ready to offer connecting flights to other airlines at BCN and other airports
- On Q2/011 Sao Paulo and Miami connections with Iberia at BCN
- Connecting flights for Iberia and other airlines in Madrid during summer 2011, with 5 aircraft
- We expect to reach and operate more partnership agreements with other airlines



# New international bases: Toulouse and Amsterdam go live in April 2011

- COST
- PRODUCT
- GROWTH**

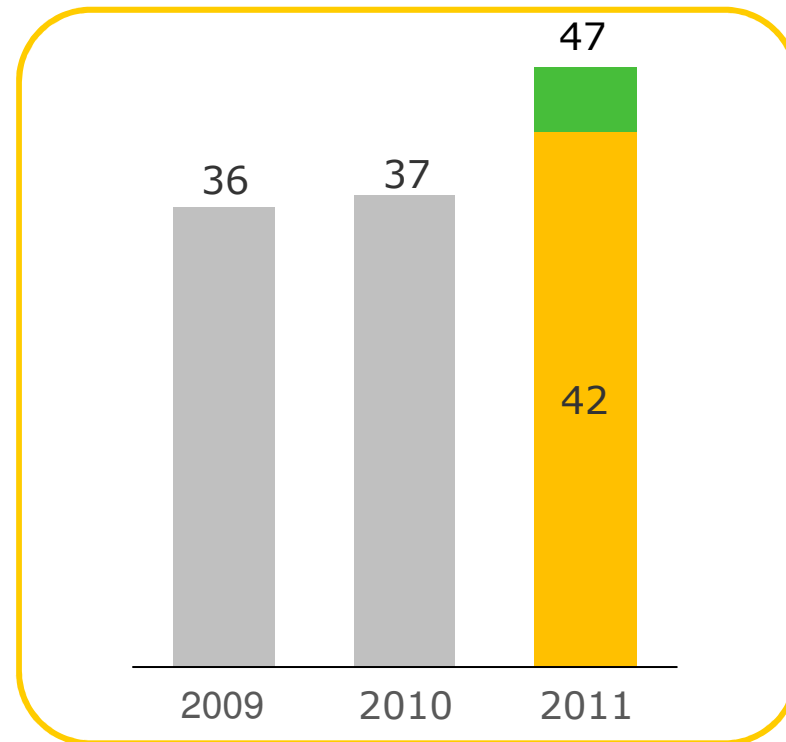
- 2 new European bases
- Dedicated aircraft and crews
- Long term commitment
- Over 600K new seats
- Forward bookings are in line with expectations

	# Routes	Extra seats 2011 ('000)
Toulouse	8	+295
Amsterdam	10	+349
<b>Total</b>	<b>18</b>	<b>+644</b>

# Vueling will add 11 planes in 2011, including 5 during the summer in MAD

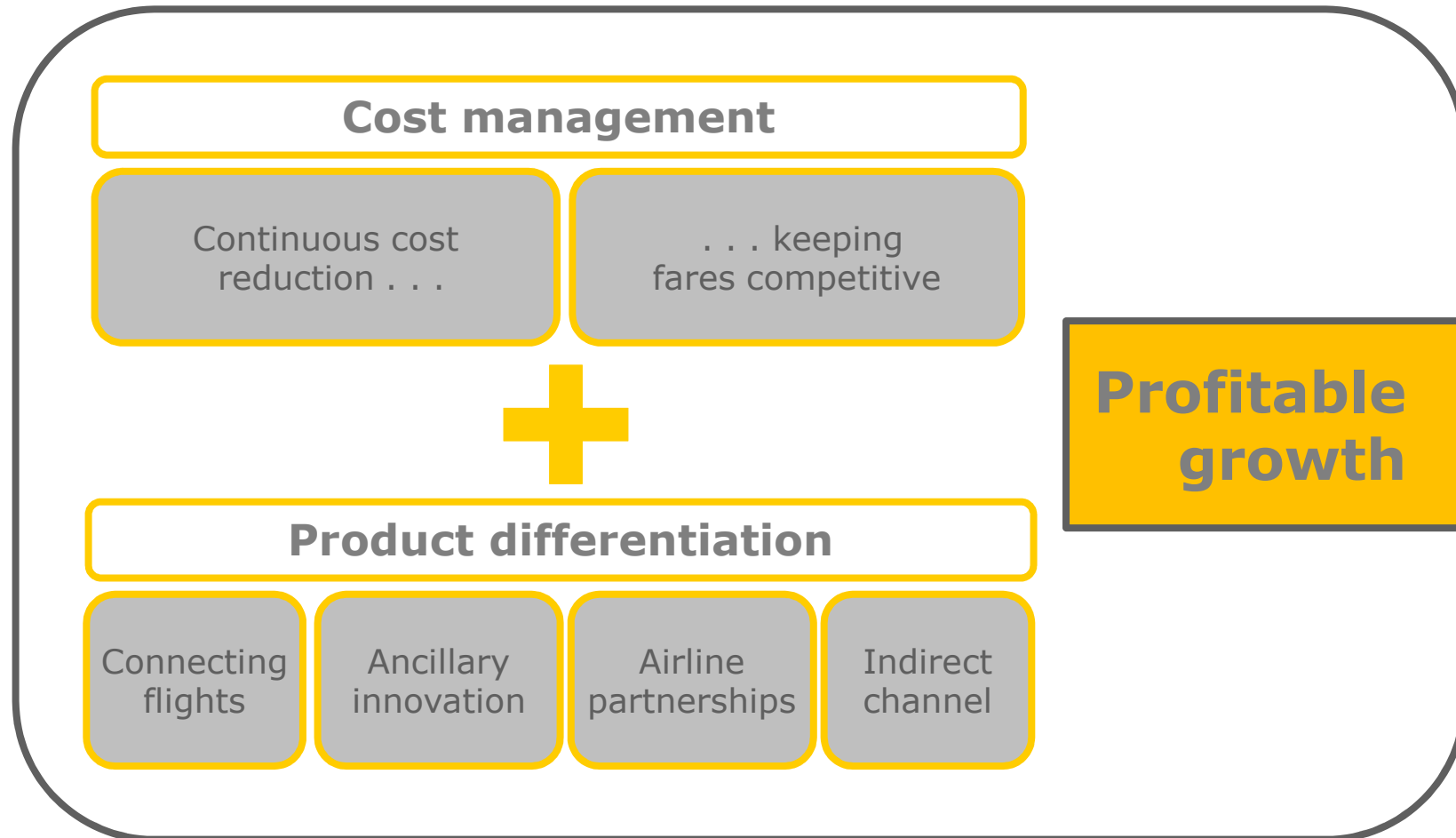
- COST
- PRODUCT
- GROWTH**

- At the peak of the 2010 summer season, Vueling operated **37 aircraft** in 2010
- After returning one, it has signed up an **additional six** for organic growth in 2011
- In addition, Vueling will short-lease **five additional A320s** for the summer 2011 operation in MAD



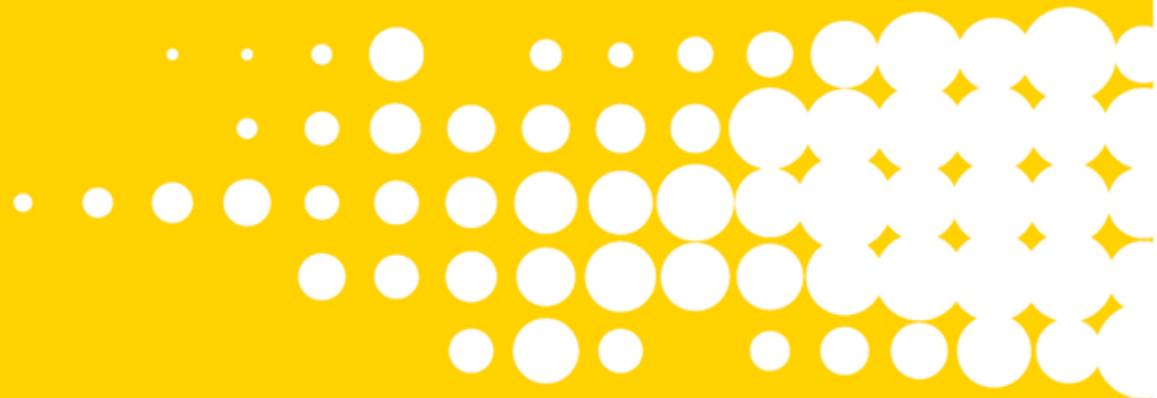
Source: Vueling

# Vueling's product differentiation and cost management are key for on going profitable growth





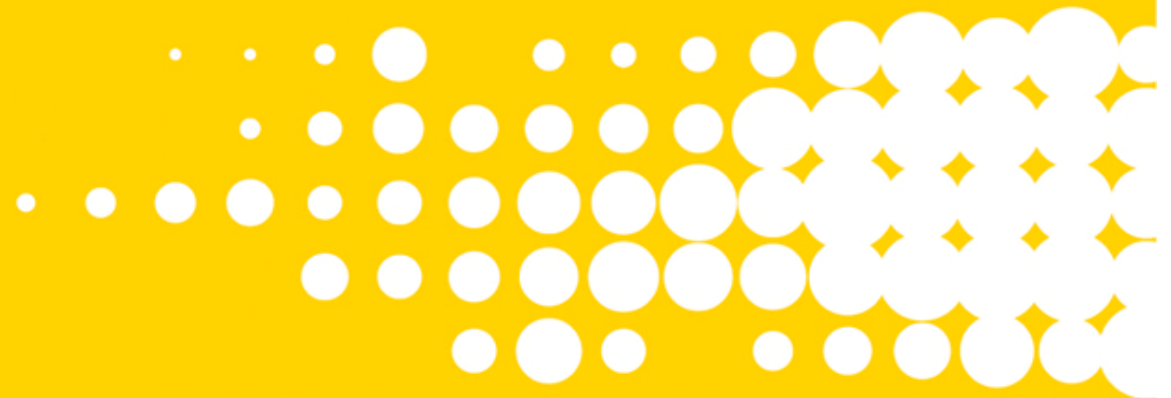
# Outlook



# Outlook

- With respect to the environment, we expect:
  - **Continued competitive intensity** in our main markets
  - Sustained upward **pressure on oil prices** vs. 2010
- With respect to Vueling, we will focus on:
  - **Continuing with our cost reduction:** the 2011 programme has over 75 cost optimization initiatives, already launched
  - **Improving RASK** performance through increased business passenger and connecting passenger traffic
  - **Delivering profitable growth.** Flights and passengers will increase by 15% (*over 7.5% in organic growth*)
- Vueling will continue profitably building its unique **low cost, high value** model by adopting more and more “old world” features on its “new world”, much lower cost platform

# Questions and Answers



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flying hoy means **vueling**