



2007 First Half results

August 2007

Agenda

First Half review

Vueling fundamentals

Focus on profits



Summary income statement

Eur million

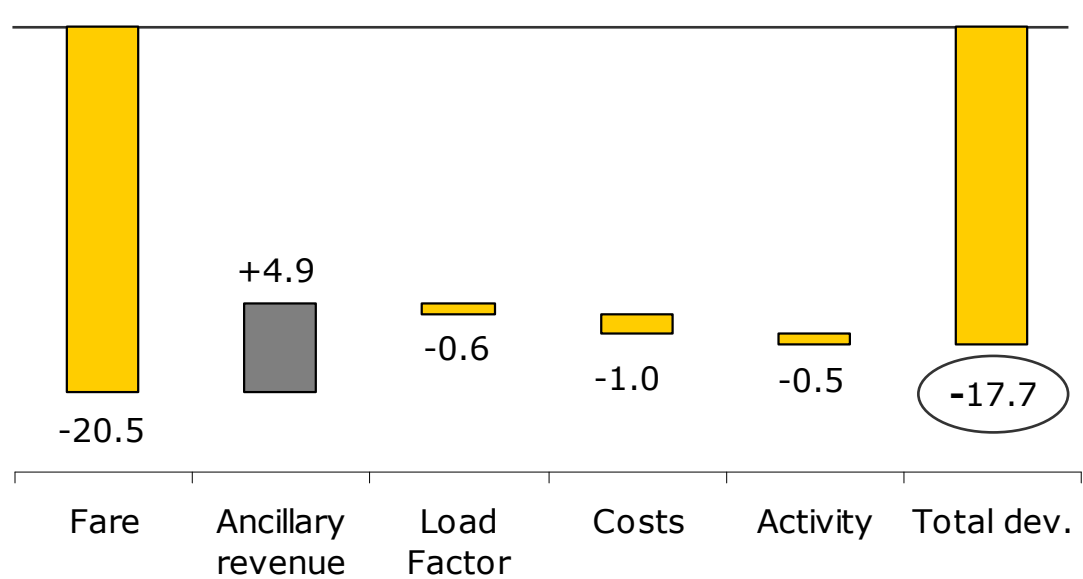
	FH 2006	FH 2007	% growth
Ticket revenue	67.9	88.6	30.6%
Ancillary revenue	27.2	61.1	123.9%
Gross revenue	95.1	149.7	57.3%
Operating cost	(87.7)	(157.5)	79.4%
EBITDAR	7.4	(7.8)	(205.1%)
% EBITDAR margin	7.8%	(5.2%)	
EBIT	(8.1)	(-37.9)	367.6%
Net income	(6.5)	(33.7)	416.7%
% Net income margin	(6.9%)	(22.5%)	



Fare drop explains the semester performance

FH 07. Eur million

Ebitdar deviation vs. expected¹



- We performed worst than Ebitdar guidance by €17.7 M
- Fare drop (approx. 18%) has driven almost 90% of deviation...
- ... and we have only partially offset it through better performance in ancillary

¹ Based on guidance provided in the IPO document
Source: vueling. Unaudited figures. Financial data under IFRS



Traditional competitors are main factor behind yield drop...

FH 07. Eur million

○ % of total deviation

Fare impact by competitor type, new vs. old markets



Rationale

Iberia/Clickair, Spanair, AirFrance, Alitalia- pressure on yields in overlapping routes

Fare reduction in order to offset increase of frequencies

EasyJet and Ryanair pressure on yields, especially in Madrid

Promotions in new routes from Paris and Madrid



...as main competitors to Vueling remain traditional carriers

% of seats offered by Vueling in Barcelona overlapping with				Comments
Company	July 06	July 07	Expected for 2008 ²	
Clickair	0%	49%	Substitution of IB (Bilbao, Milan)	Focus on "new" markets
Spanair	52%	59%	No overlap increase expected	Pending SAS sale outcome
Air Europa	33%	46%	No overlap increase expected	Focus vertical integration
Iberia	93%	51%	Continue just MAD and Paris	Pending sale outcome
Ryanair ²	37%	27%	1 new market: Granada	Very limited overlap
easyJet	7%	8%	1 new market: Milan	Very limited overlap

% of seats offered by Vueling in Madrid overlapping with				Comments
Company	July 06	July 07	Expected for 2008 ²	
Iberia	100%	100%	Slightly reduction Paris, SCQ	Pending sale; connections
Air Europa	57%	56%	Reduction BCN, Milan, Rome	Focus vertical integration
easyJet	27%	43%	Increase Rome and Milan	Increasing overlap
Spanair	41%	44%	No overlap increase expected	Pending SAS sale outcome
Ryanair	0%	23%	No overlap increase expected	Issue with Madrid?

1 From Girona airport

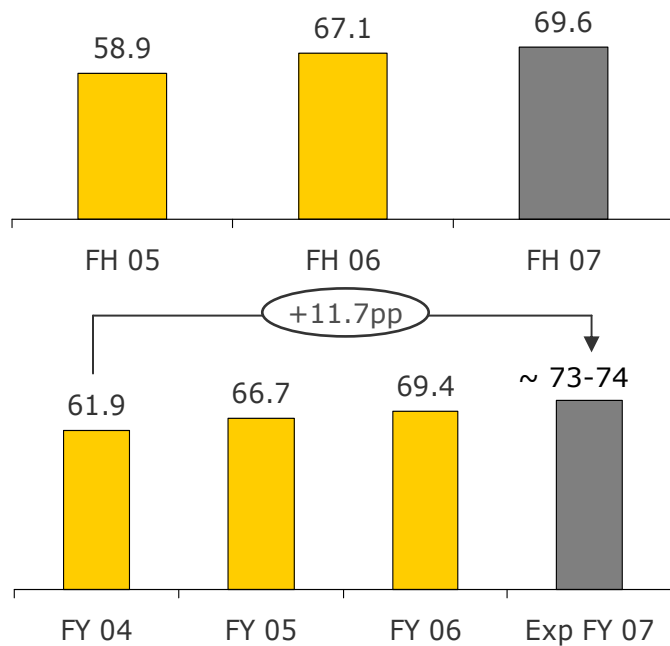
2 Based on slot request and published scheduled on Nov 08-March 09

Source: vueling team analysis



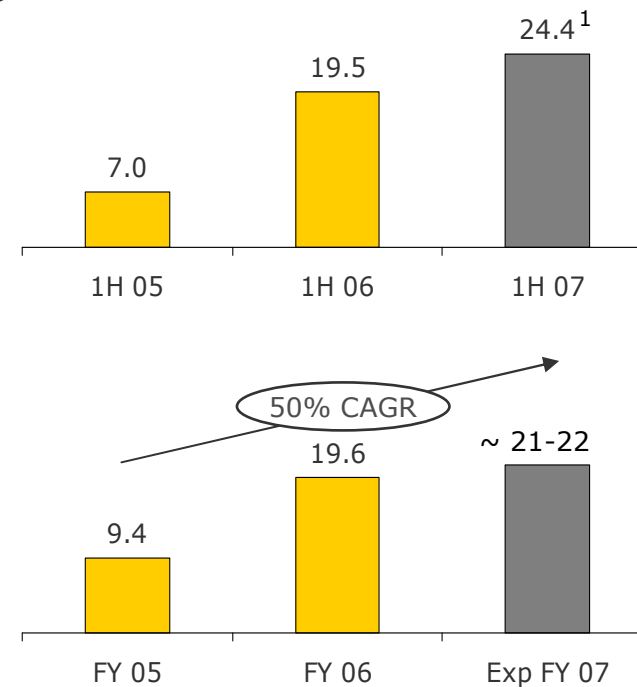
Vueling strong on fundamentals- increasing seat load and ancillary revenue

Seat load (percent)



Consistent increase in load factor combined with high growth level

Ancillary revenue per pax (eur)



Continuous improvement of ancillary revenue: existing ones plus new ones (XL seat, Visa Vueling...)

¹ Ahead on seasonality due to booking fee (€9,95 per segment), which is accounted for at time of purchase

Source: vueling. Unaudited figures. Financial data under IFRS



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Vueling fundamentals

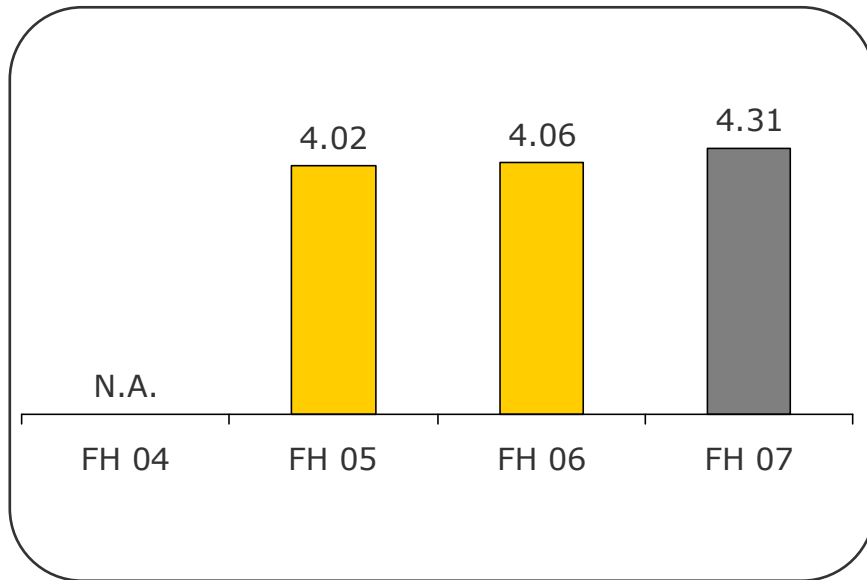
Focus on profits



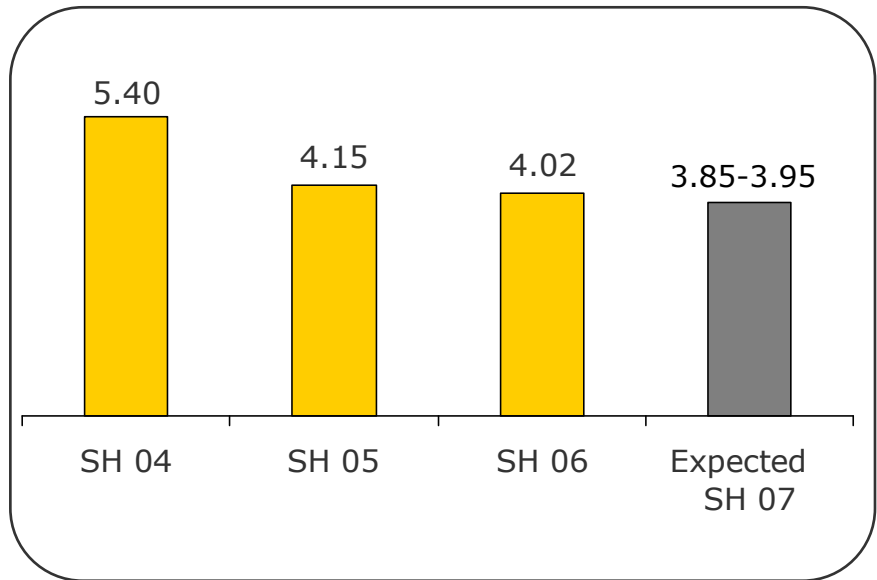
Vueling strong on fundamentals- cost remains at very competitive levels

Cost per ASK ex-fuel. Eur cents

First Half of year

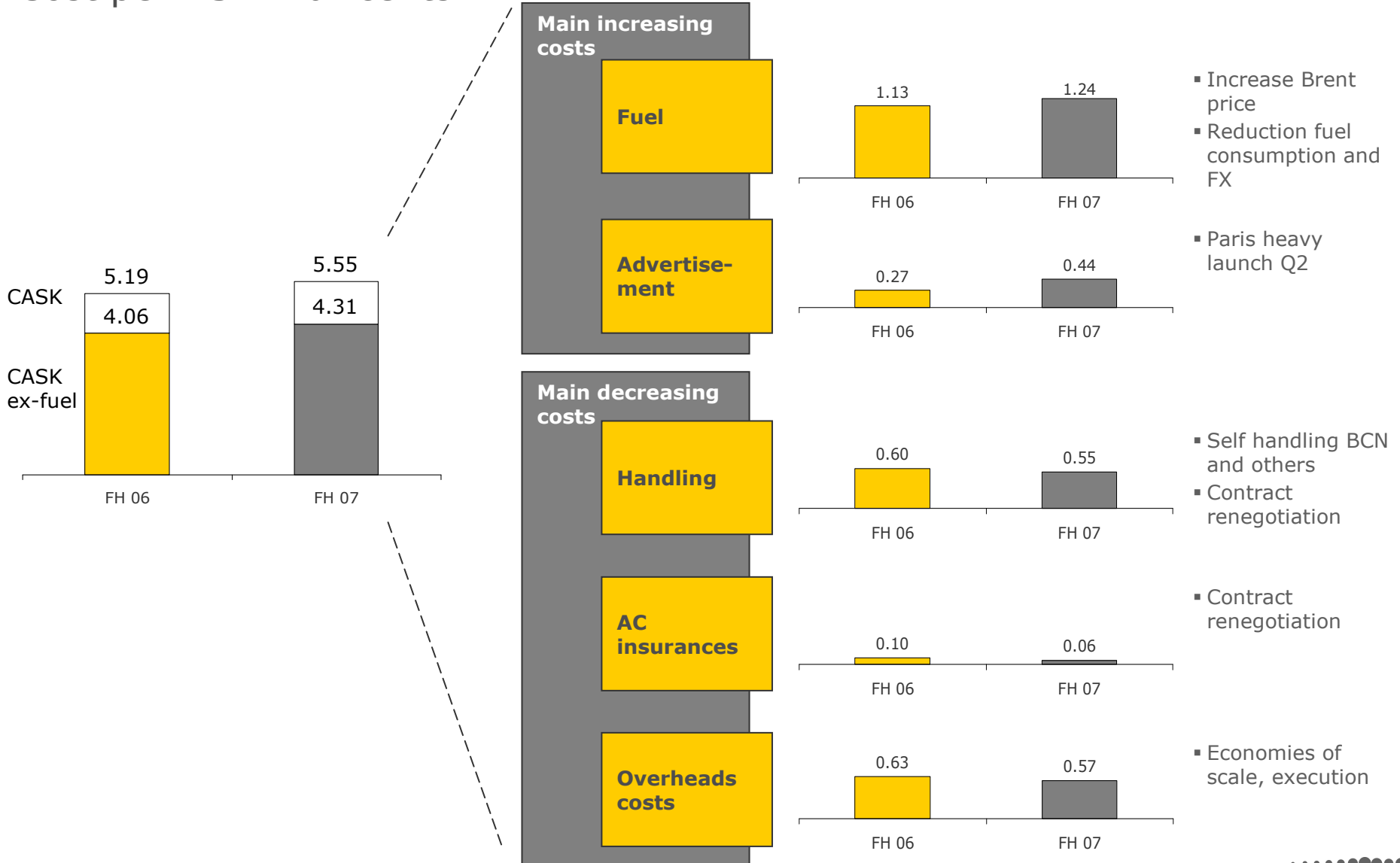


Second Half of year



Costs have been affected by fuel and advertising but cost savings continue in key operational areas

Cost per ASK. Eur cents

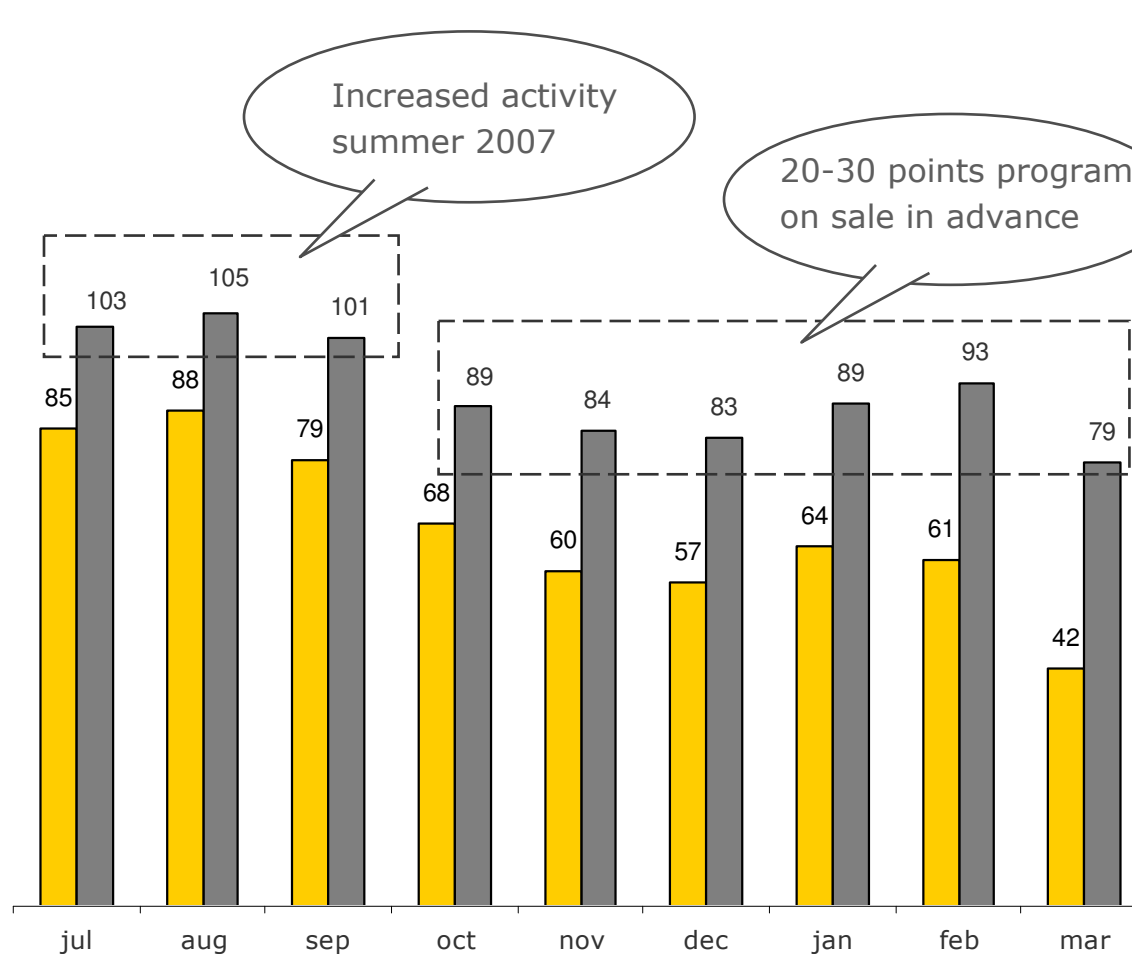


Source: vueling. Unaudited figures. Financial data under IFRS



Vueling strong on fundamentals– high asset utilization and reduction of slot allocation risk

% program on sale. 2007 and 2006 vs. budget¹



■ 2006
■ 2007

- Estimated achieving 12BH/day in peak summer months, key for revenue and CASK
- Slot shortage represents one of VLG higher risks, well overcome this summer
- Summer 2007 flight program will finish well over 100% budgeted activity (representing a major improvement over 2006)
- 87% of the winter program already on sale, allowing for longer sale period and seat-load fill-up

¹ percent of program budgeted on sale for each year by June 30th

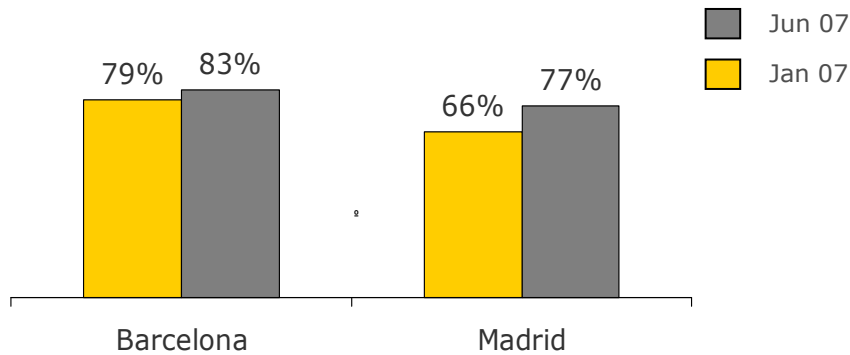
Note: Activity for 2008 based on actual activity per A/C during January, February and March 2007

Source: Vueling team analysis

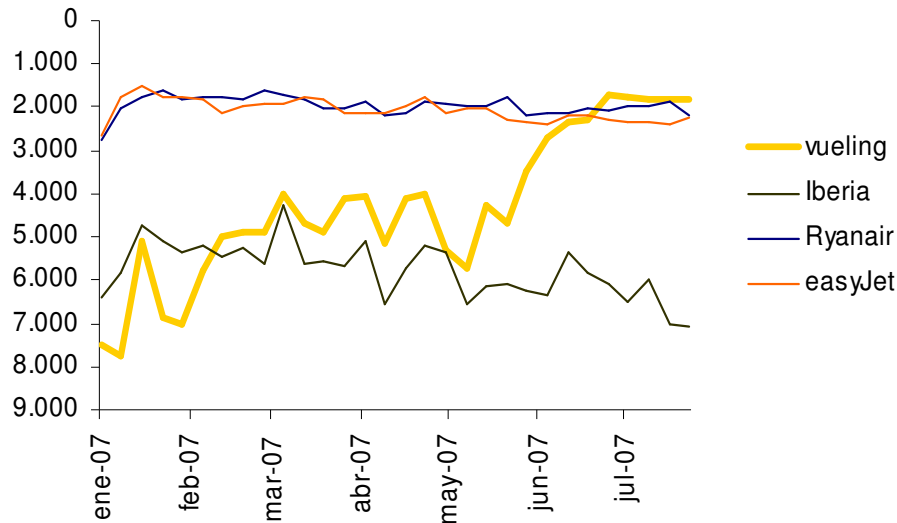


Vueling strong on fundamentals- popular brand and a very successful website

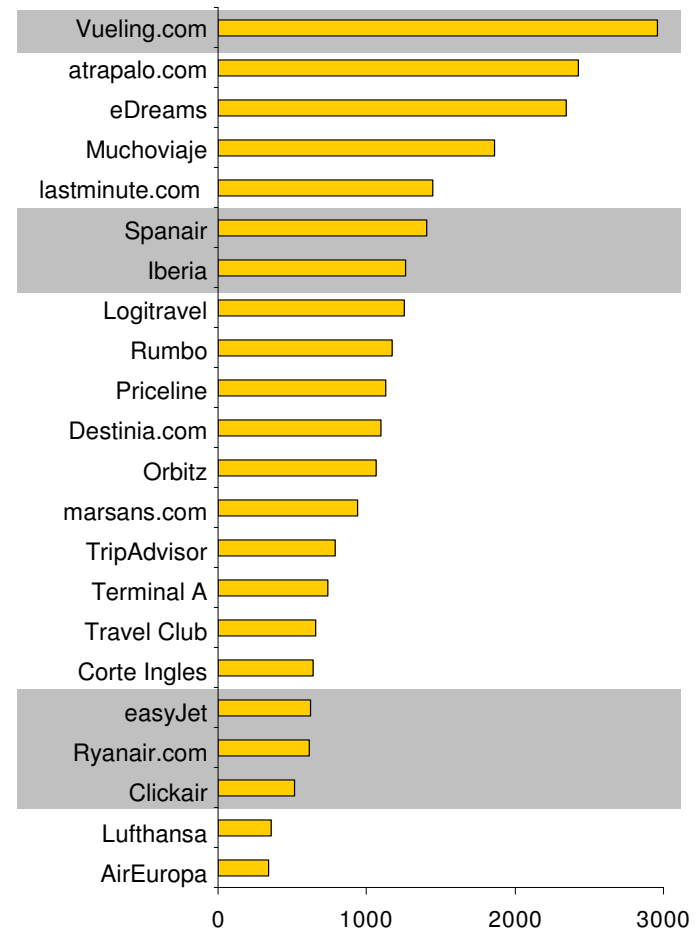
Vueling total brand awareness¹



Web traffic Ranking³



Unique visitors to travel websites in Spain during May 2007²



1 According to Instituto DYM analysis, June 2007. Includes spontaneous and suggested awareness

2 According to Nielsen, May 2007

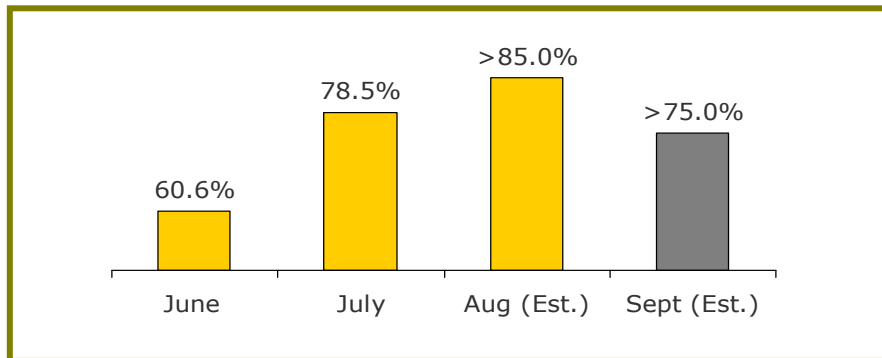
3 The traffic rank is based on three months of aggregated historical traffic data from millions of Alexa Toolbar users and is a combined measure of page views and users (reach)



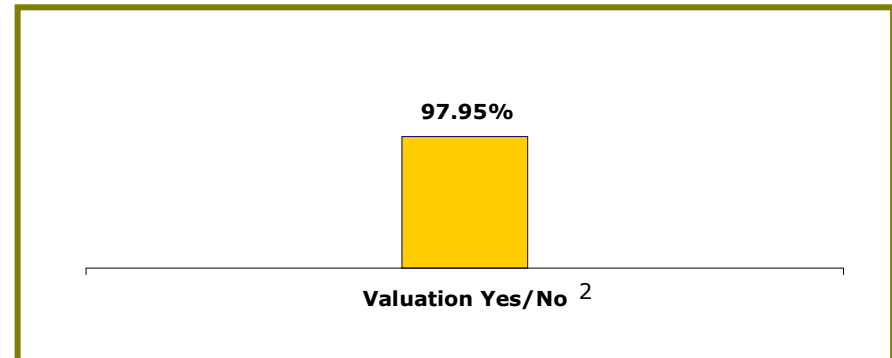
Vueling strong on fundamentals- successful launch of Paris Charles de Gaulle base

Summer 2007 seat load and client client statistics¹

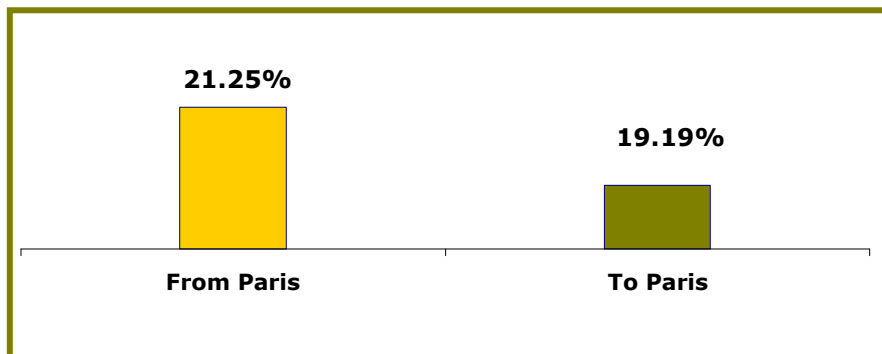
Paris-CDG seat load level



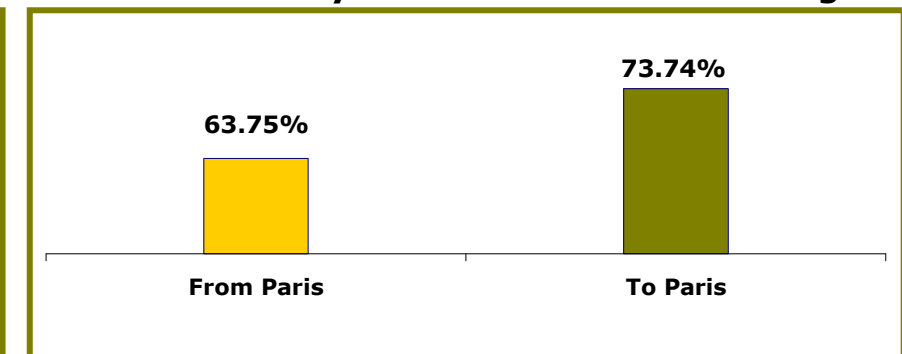
Recommendation Level



% of business travelers



Is the first time you have flown with Vueling?



1. Client statistics in May 2007, first month of operations

2. % of consumers who answered yes to the question: "Would you recommend Vueling to a relative, friend or work colleague?"

Source: Vueling on-line survey. Week 23th to 29th of May. Number of surveys 244. Number of answers 28%

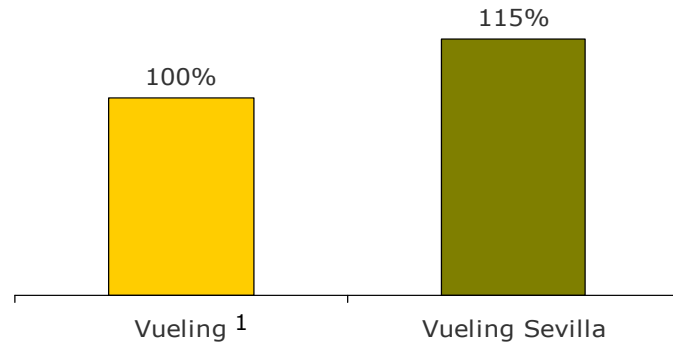


Vueling strong on fundamentals- strengthened position in Sevilla base, chosen on profit potential

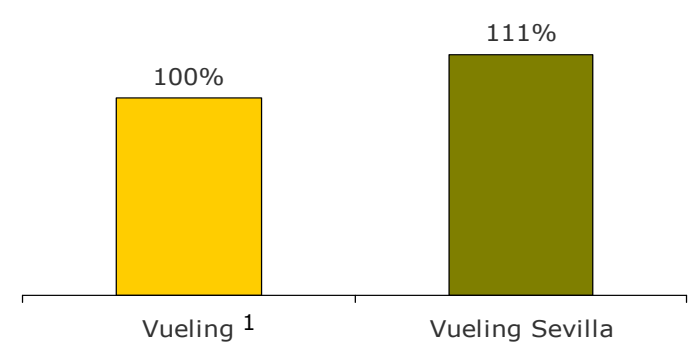
FH 2007

High profit potential

**Seat load comparative.
VLG system as 100 basis**

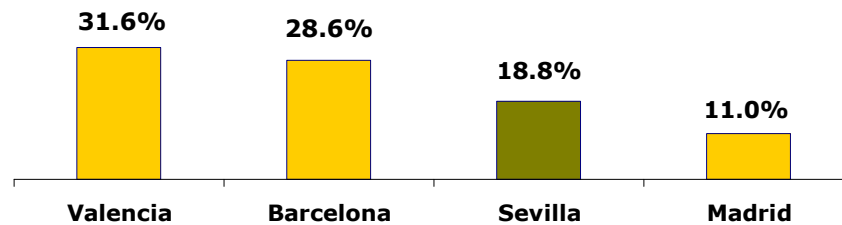


**RPK comparative.
VLG system as 100 basis**



Low LCC penetration

**LCC penetration on total seats offered by airport².
Percentage**



1 Considers all routes except from Sevilla ones

2 Figures for June 2007, excludes Barcelona-Sevilla route

Source: OAG, vueling team analysis



Agenda

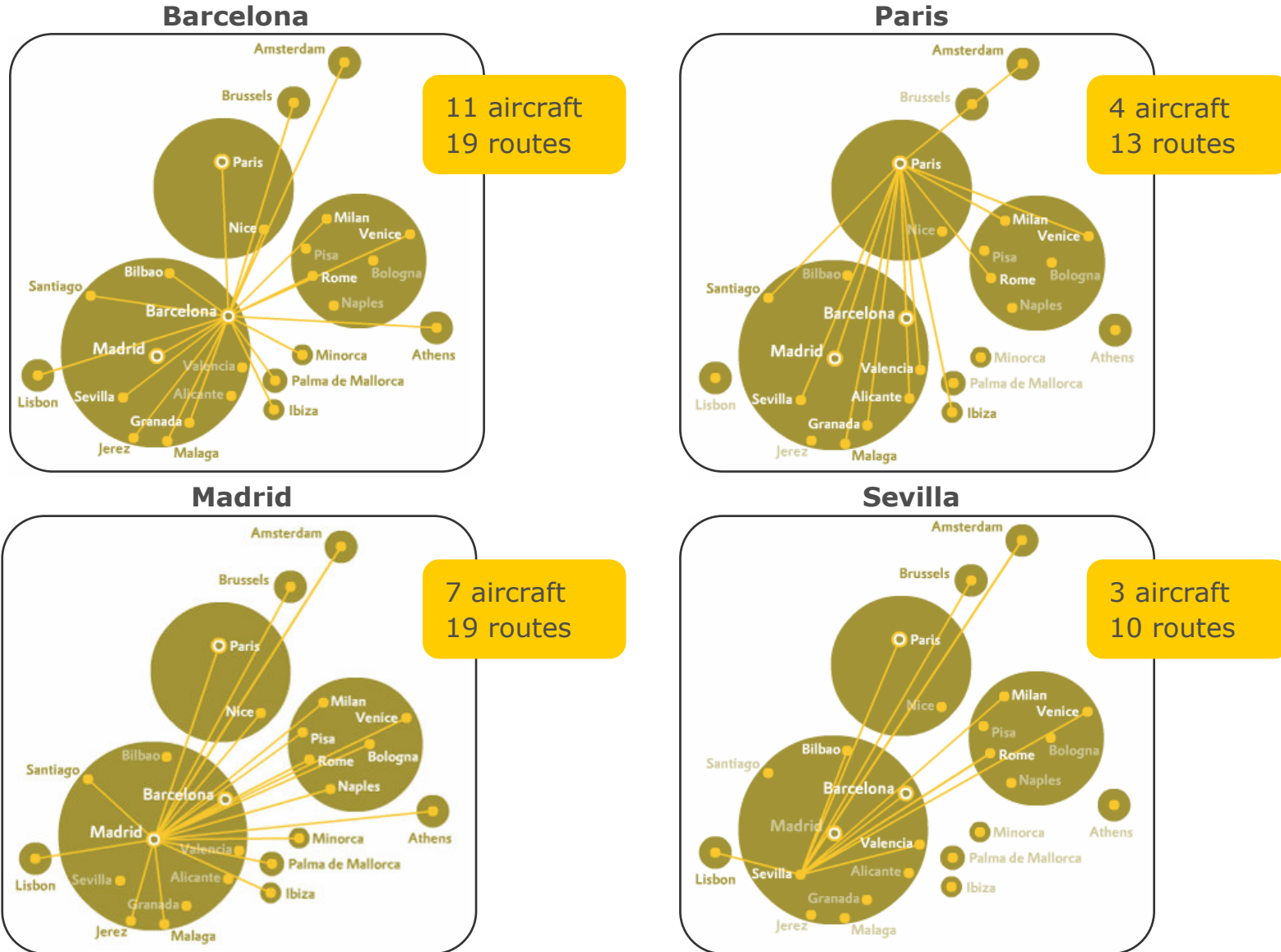
First Half review

Vueling fundamentals

Focus on profits



Network has already achieved a strong presence in its core Southwestern European markets



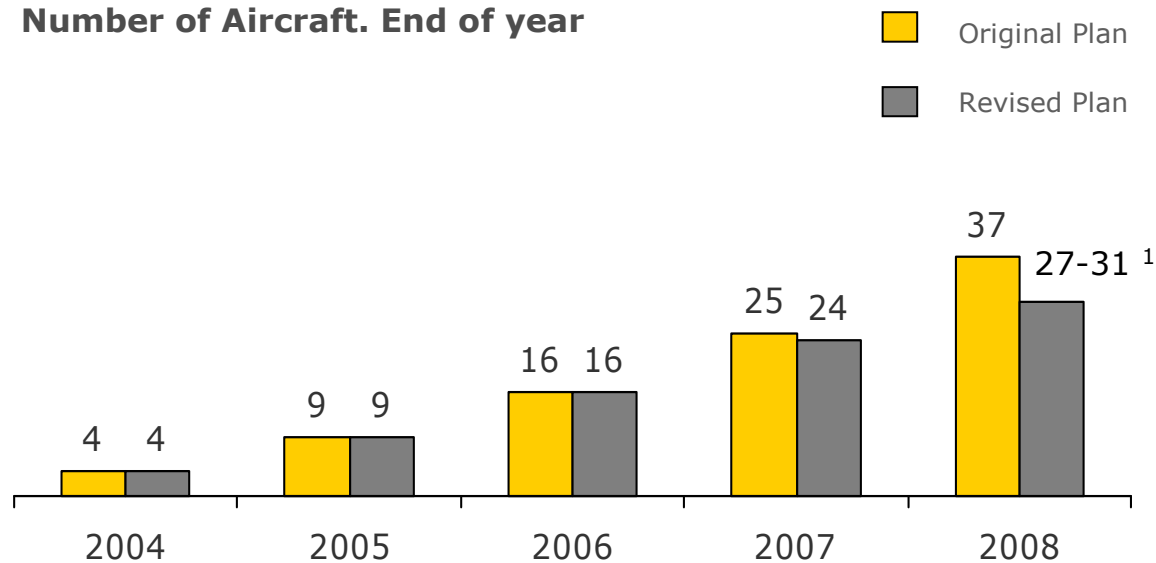
Note: Routes on sale on 31th July 2007, Number of aircraft on average for Winter 2008 season

Source: Vueling team analysis



In order to improve profits, we have decided to slow down our growth plans

Number of Aircraft. End of year



- Growth moderation will allow route network concentration in bases with higher profit potential and lower LCC penetration (Paris, Sevilla)...
- ...and reap maturity benefits in core markets of Madrid and Barcelona
- Focus in core execution to achieve cost savings
- Improve operational integrity and client experience as organization in core bases of Madrid and Barcelona matures (self-handling, crews)

¹ Indicative range. Final figures to be confirmed by Vueling on coming months



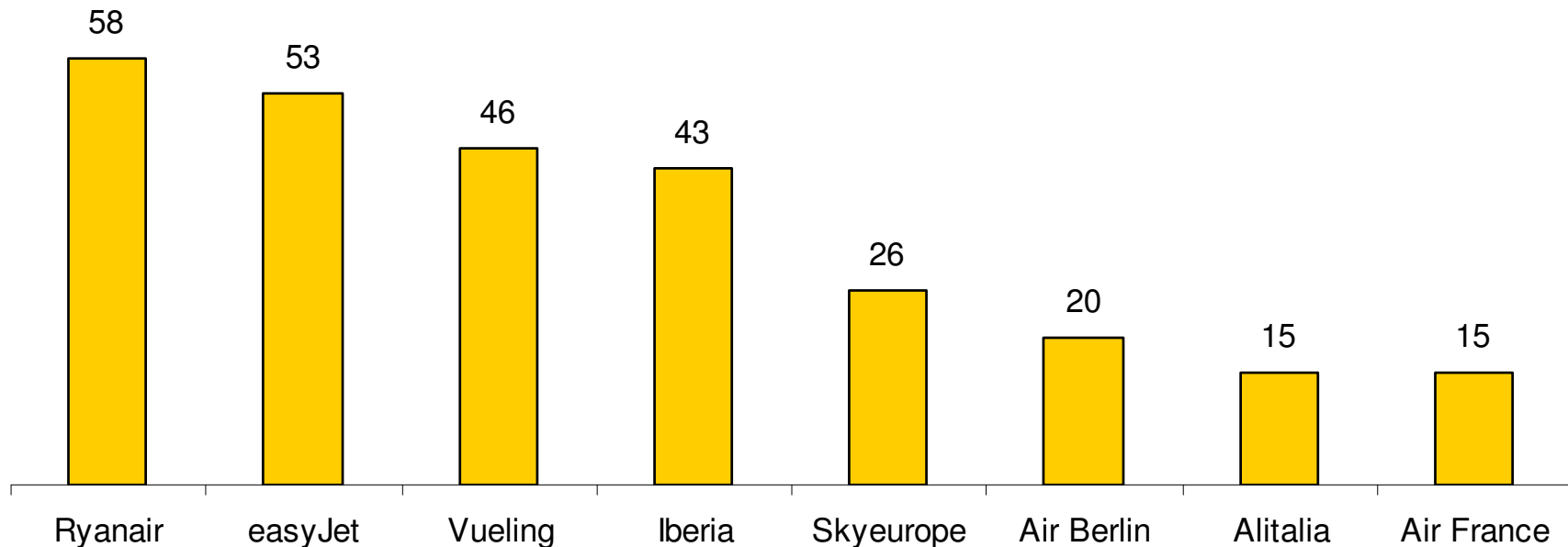
Strong focus on profits- Next 18 months

	Major actions	Targets
Improve operational costs	<ul style="list-style-type: none"> ▪ Review airport deals ▪ Launch self-handling in Madrid, Ibiza, Menorca ▪ Excess baggage policy ▪ Fuel savings 	<ul style="list-style-type: none"> ▪ Further 10% reduction average cost per turnaround ▪ Reduce handling cost per turnaround approx. by 30-50% ▪ Increase 0.50€ per pax ▪ Reduce further 5-7% savings in fuel per block hour
Reduce Overheads	<ul style="list-style-type: none"> ▪ Improve all cost controls and hiring process ▪ Cost scrutiny team 	<ul style="list-style-type: none"> ▪ Maintain OH cost at current levels, reducing on per ASK basis ▪ Find additional savings € 1-2 M yearly
Selected yield enhancement actions	<ul style="list-style-type: none"> ▪ Product additions aimed at business segment (FF, XL seat, online check-in) ▪ Reinforcement of frequencies in selected business routes (MAD-BCN 7 daily frequencies) ▪ Stronger cooperation with selected travel agents 	<ul style="list-style-type: none"> ▪ Increase last-minute higher yield reservations
Increase activity level	<ul style="list-style-type: none"> ▪ Optimize daily rotations ▪ Night flying 	<ul style="list-style-type: none"> ▪ Achieve 12-12.5 block hours per aircraft per day (vs. 10.3 FH06 - 10.4 FH07)
Increase ancillary revenue	<ul style="list-style-type: none"> ▪ More products, execution 	<ul style="list-style-type: none"> ▪ Raise further €1-2 per pax (over current levels)



Vueling has a strong cash position - €132 M in June 07 versus €52 M in June 06, or €6.3 M per aircraft vs. €4.0M respectively

Cash¹/Total revenue (percent)



1 Cash or other short term investments in Balansheet

2 Year end

Note: Data from last Annual report available, except for Vueling, where is referred to last twelve months (June 2007)

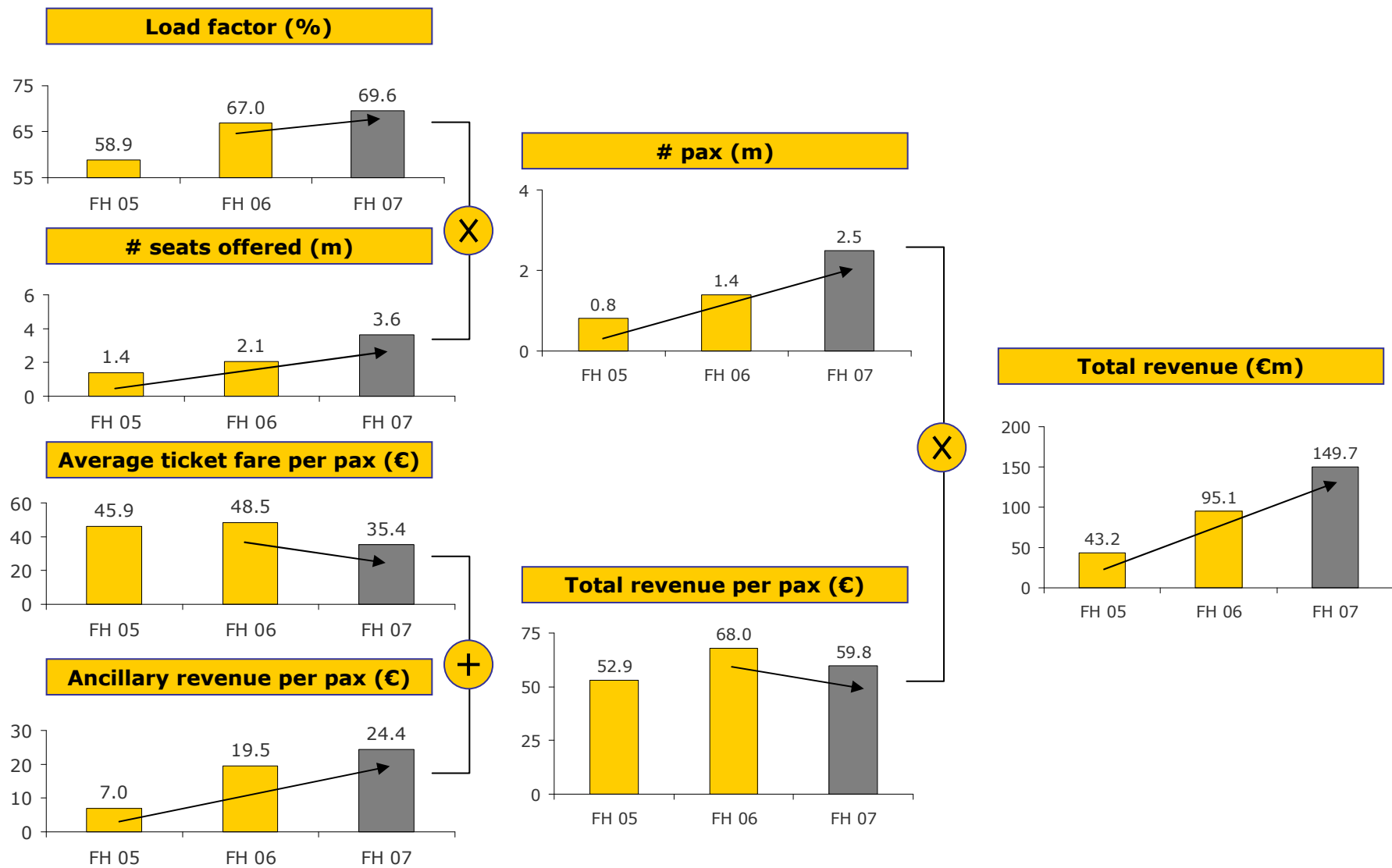
Source: Annual reports. Vueling team analysis. Unaudited figures. Financial data under Spanish GAAP



Appendix

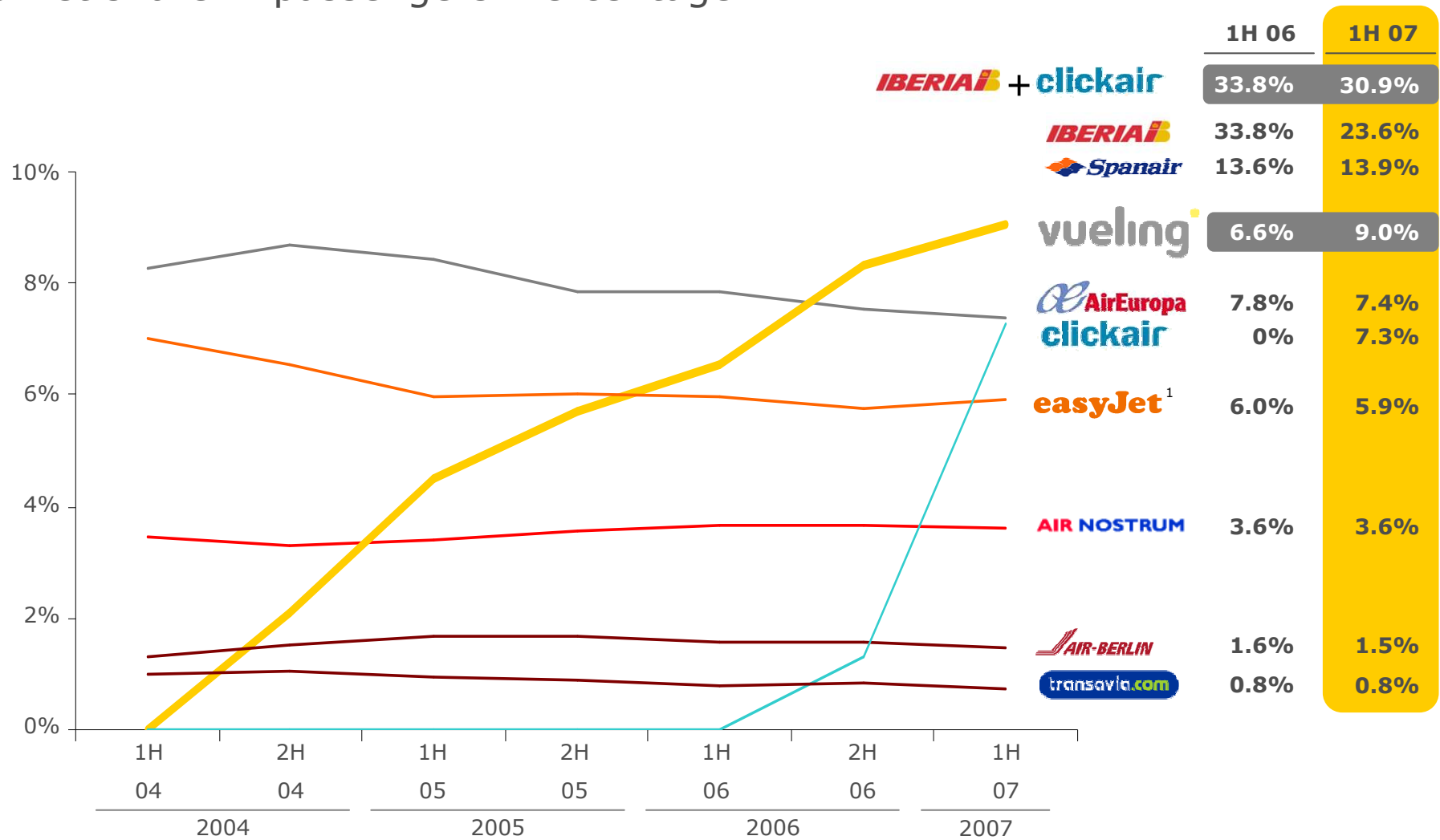


Revenue suffered heavily from significant fare drop, only partially offset by better seat-load and ancillary



Vueling has become a key player in Barcelona and Iberia/Clickair keep losing share

Market share in passengers. Percentage



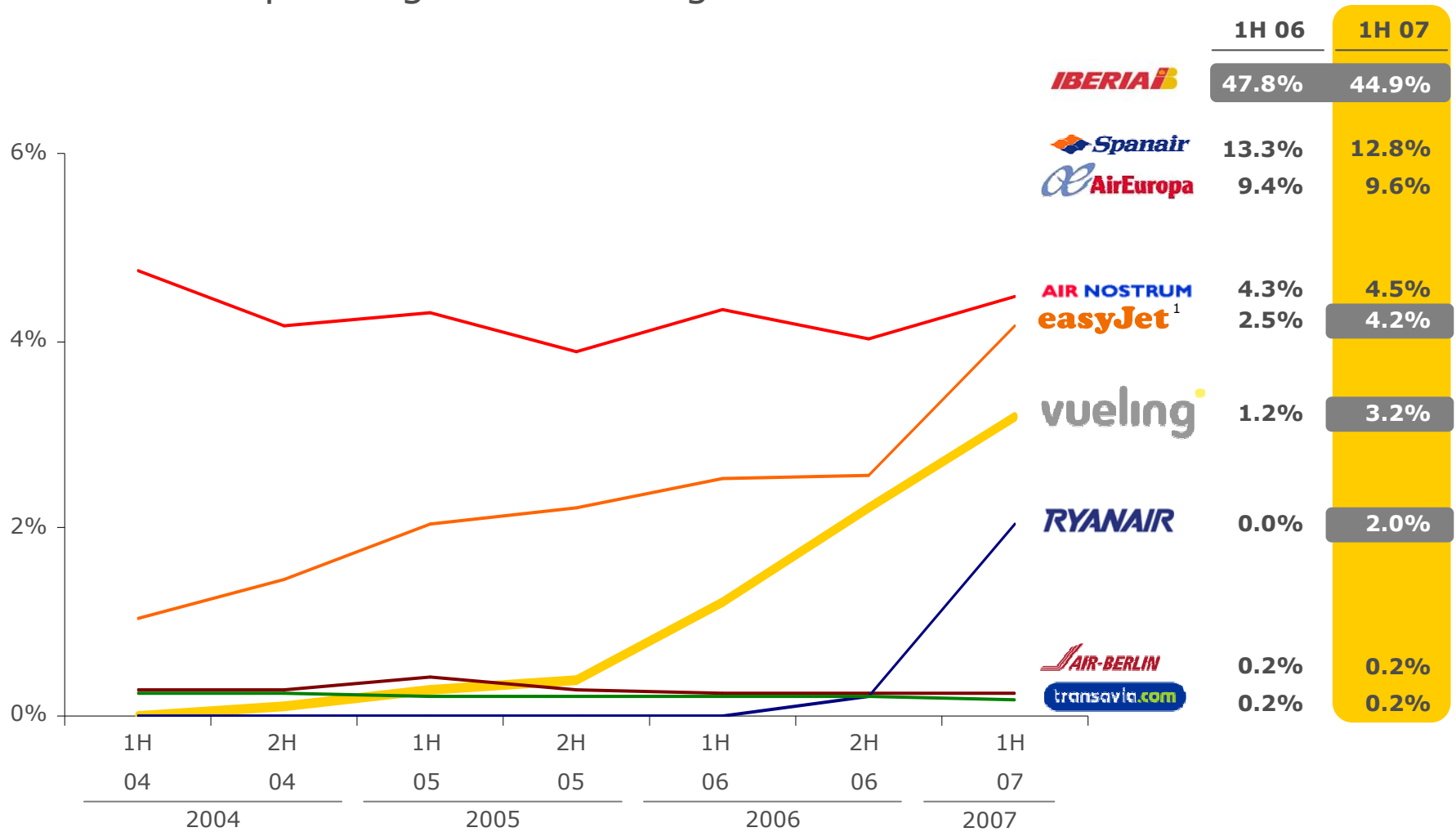
1 Includes both easyJet and easyJet Switzerland

Source: AENA traffic statistics



LCCs gaining share rapidly in Madrid, while Iberia reducing

Market share in passengers. Percentage

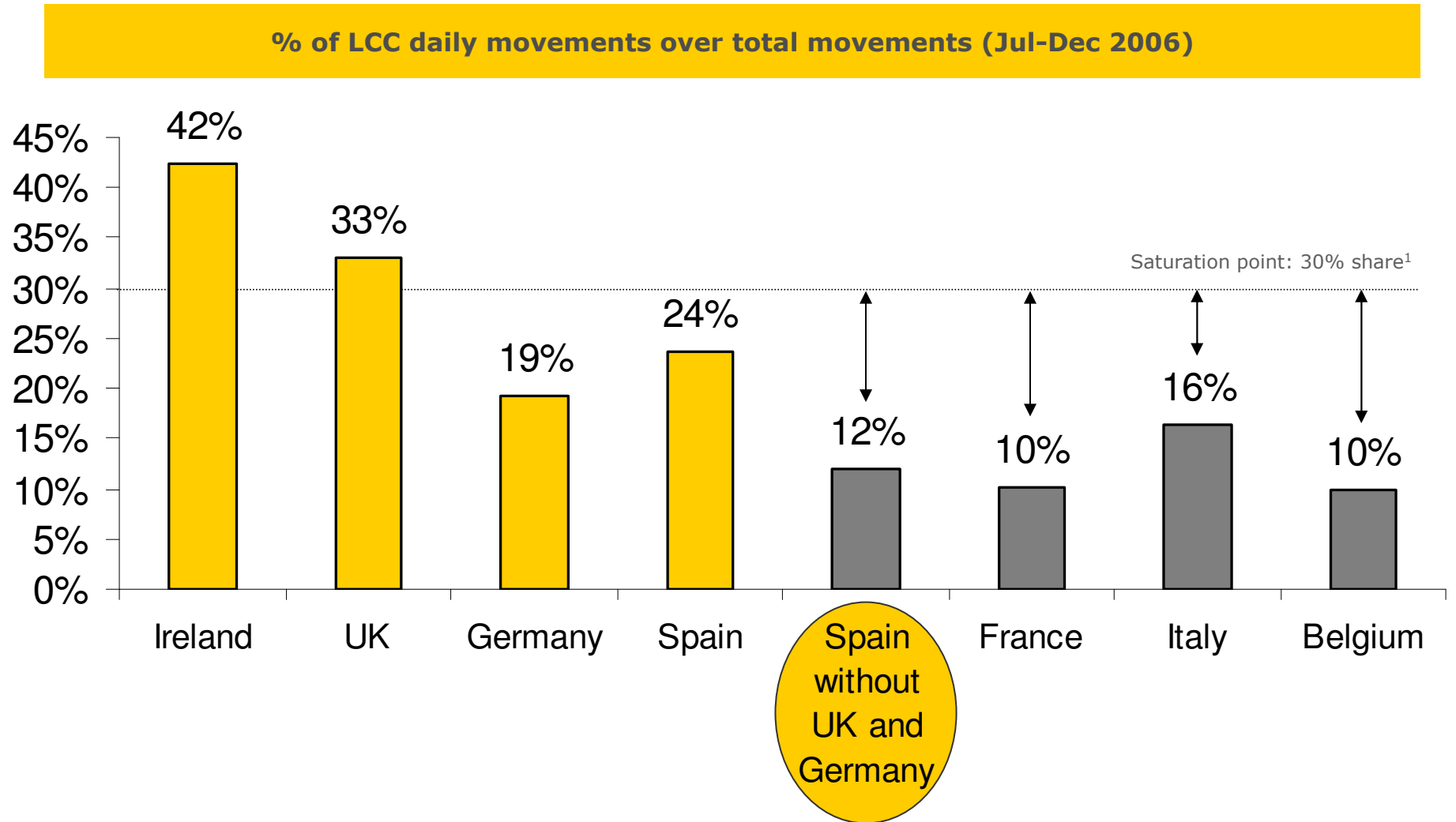


1 Includes both easyJet and easyJet Switzerland

Source: AENA traffic statistics



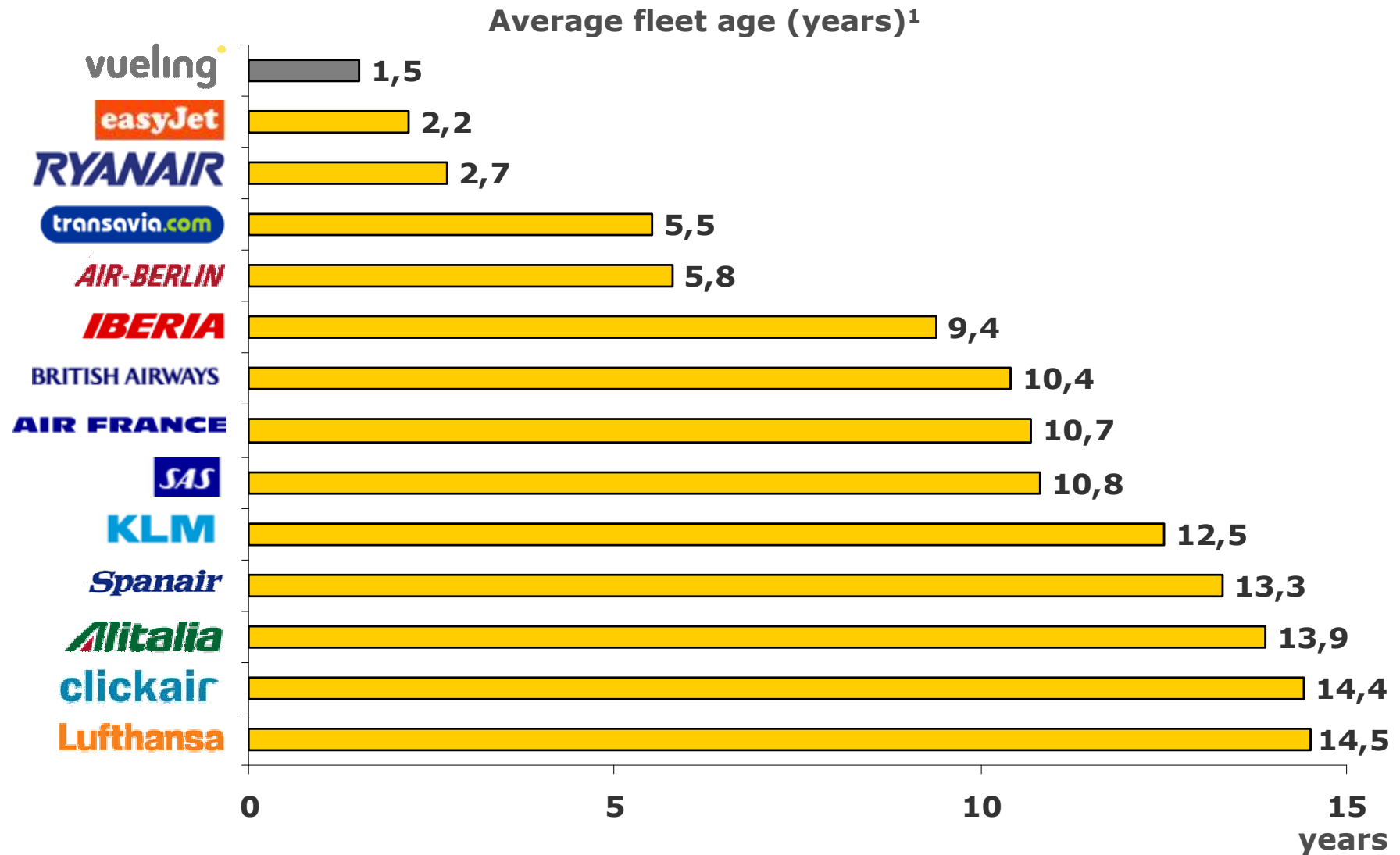
Markets where Vueling operates are far from saturation



¹Theoretical maximum according to McKinsey & Co. estimates
 Source: Eurocontrol



Vueling has the most modern fleet among European airlines



¹ Data as of December 2006 for comparative purposes. In June 07, Vueling fleet is at 1.8 average age
Sources: Vueling team analysis, ELFAA, planespotters.com, UBS



vueling

Thank you!

