



Q2'11 Results presentation

Vueling Airlines, 26 July 2011

vueling

Agenda

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



A.

Highlights & Market

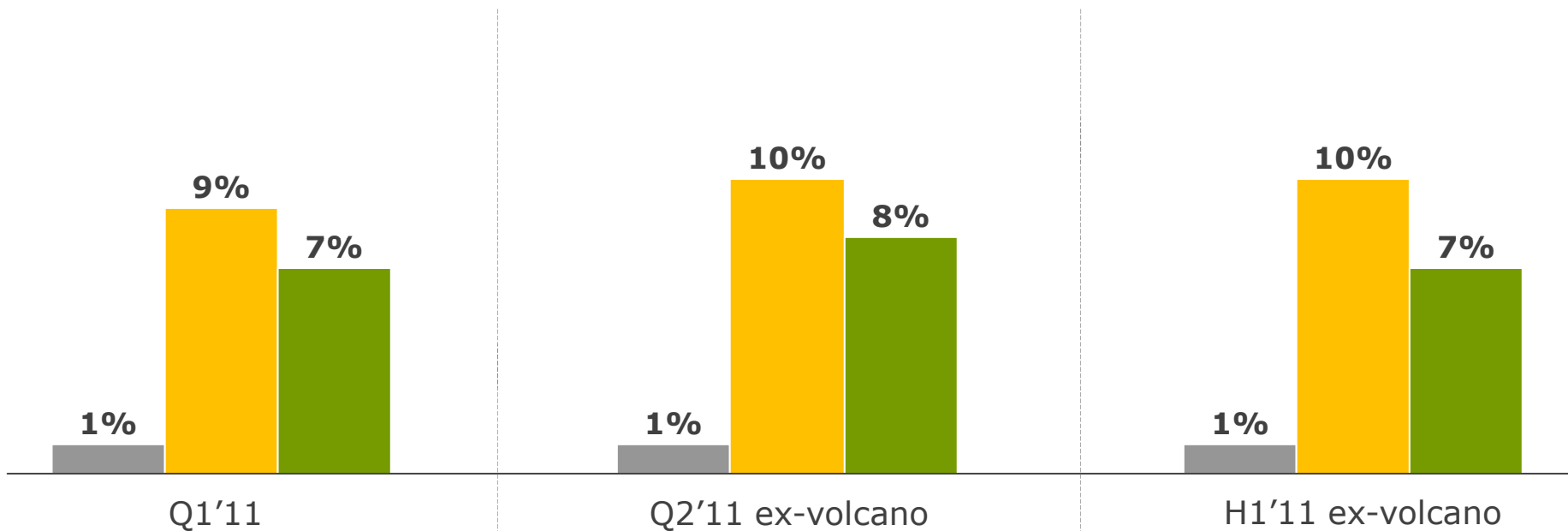


1. Highlights
2. Market evolution
3. Average fare evolution
4. Fuel and dollar

- Vueling's Q2'11 net income amounted to €3.6m
- Significant capacity increase (+11% ASK) driven by new international bases and new Madrid operation as a result of the agreement with Iberia
- Traffic was up by 16% in passengers; +1.3pp better in load factor and revenues increase by 9% year-on-year
- Good ex-fuel cost performance, as CASK ex-fuel decreased by 0.4% vs. last year
- Fuel price has increased by 51% vs. same period last year
- Despite this fuel cost increase, Vueling achieved a positive EBIT of €4.2m (vs. €21.2m in Q2'10)
- Vueling maintained a strong cash position, strengthening its solid balance sheet structure (€277m in net cash at the end of June)

Spanish market grew driven by European traffic as domestic demand remains weak

Market Growth (pax)

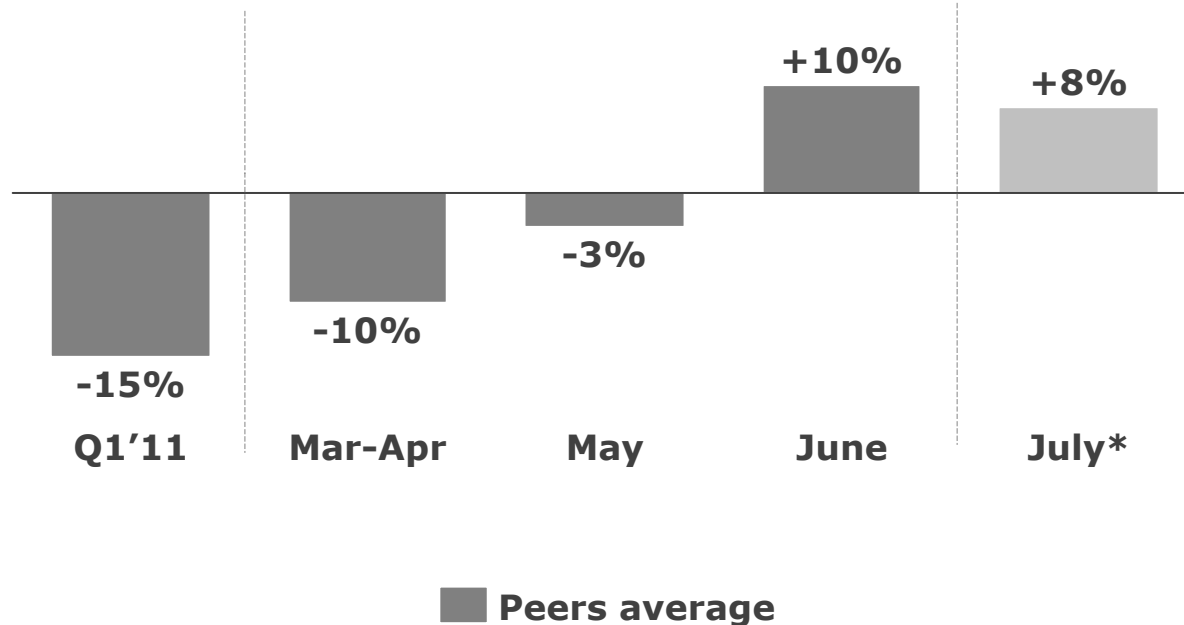


Spain-Spain Spain-Europe Total

Source: Aena and Vueling estimates. Without excluding volcano effect: Q2'11 SPA-SPA=+2%/Q2'11 SPA-EUR=+18%/Q2'11 TOTAL=+14%

Demand and competitive environment maintained fares low

Monthly average fare evolution, 2011 vs. 2010

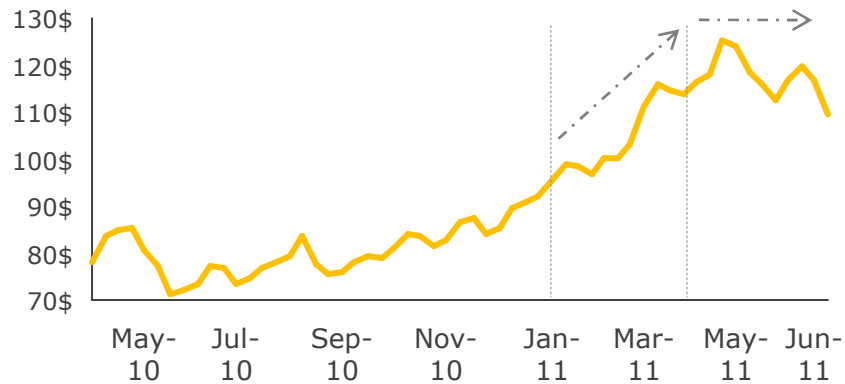


- Average fare decrease continued in April and May
- However, there is a change in this trend in June
- In July, this change is confirmed

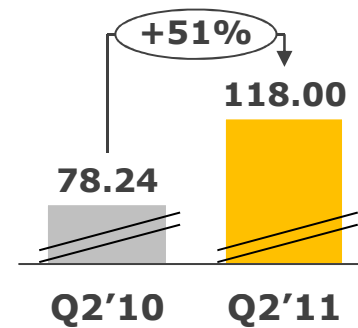
Source: Vueling Note: Based on fares for tickets sold 21 to 90 days in advance, 2011 vs. 2010 *Until July 17th

High oil prices remain but at stable levels

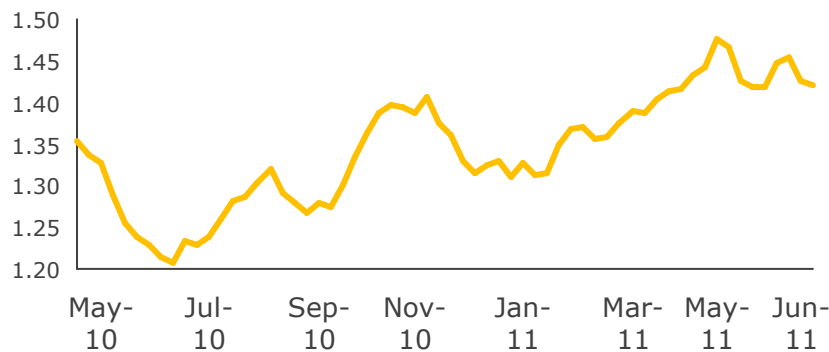
Brent barrel price evolution



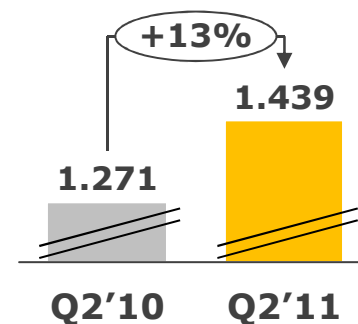
\$/bbl % change



€/USD evolution



€/USD % change



- Oil price has risen 51%* vs. last year in Q2'11
- The oil price hike has shown signs of moderation but it is still at high levels
- The euro / dollar exchange rate has improved 13%, insufficient to offset the fuel price increase

Source: Reuters *Brent barrel, Jet fuel risen 47%

B.

Financial Review



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

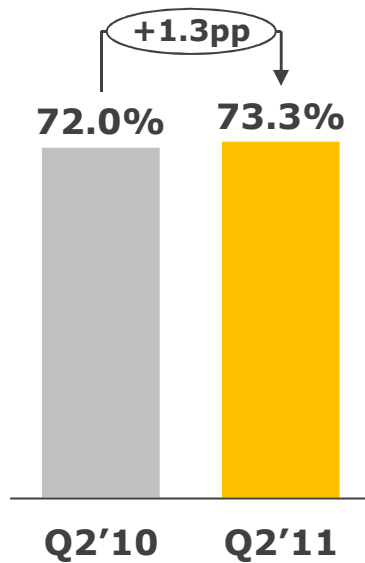
In spite of the increase in fuel cost, Vueling achieved a positive EBIT

	Q2'11	Q2'10	YoY change
ASK (m)	3,888	3,504	+11%
Revenues (€m)	229.8	211.1	+9%
Fuel (€m)	-66.9	-46.3	+44%
Opex (€m)	-129.4	-118.2	+9%
D&R (€m)	-29.3	-25.4	+16%
EBIT (€m)	+4.2	+21.2	-17.0m
Cash flow (€m)	+71.0	+64.8	+10%

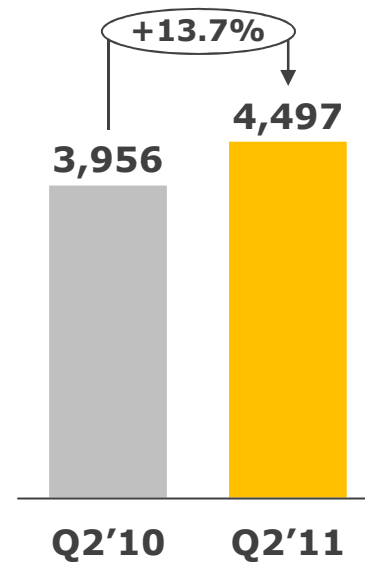
Source: Vueling Note: D&R: Depreciation + Aircraft Rent, Opex: Other operating expenses

Vueling has been able to manage significant capacity growth while achieving a higher load factor

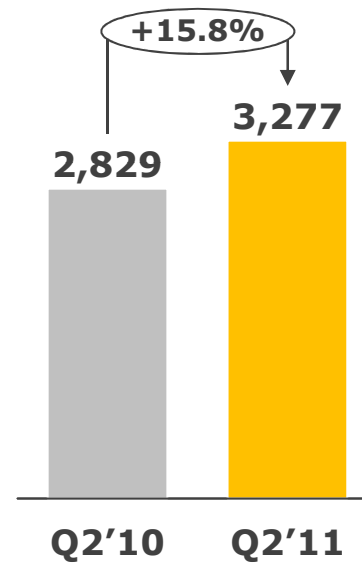
Load factor¹



Seats ('000)



Pax ('000)

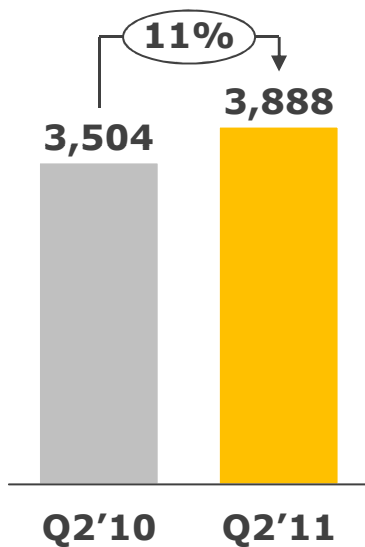


- Significant capacity growth: +14% seats
- Ability to manage the capacity increase efficiently
- Passengers up by 16%

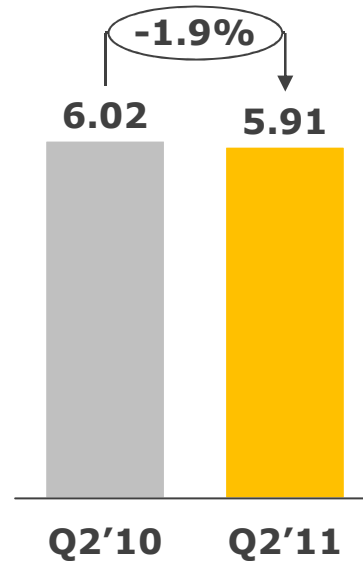
Source: Vueling (1): RPK/ASK

Revenues increase by 9%, driven by growth

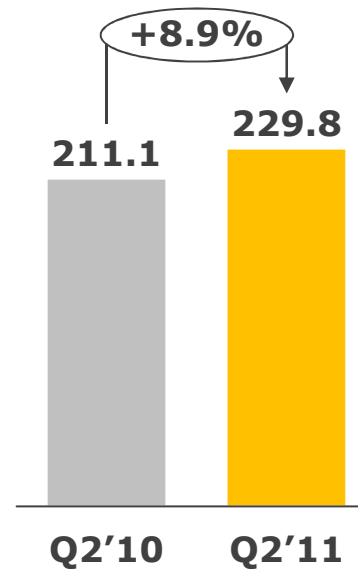
ASK (m)



RASK (€c)



Revenues (€m)

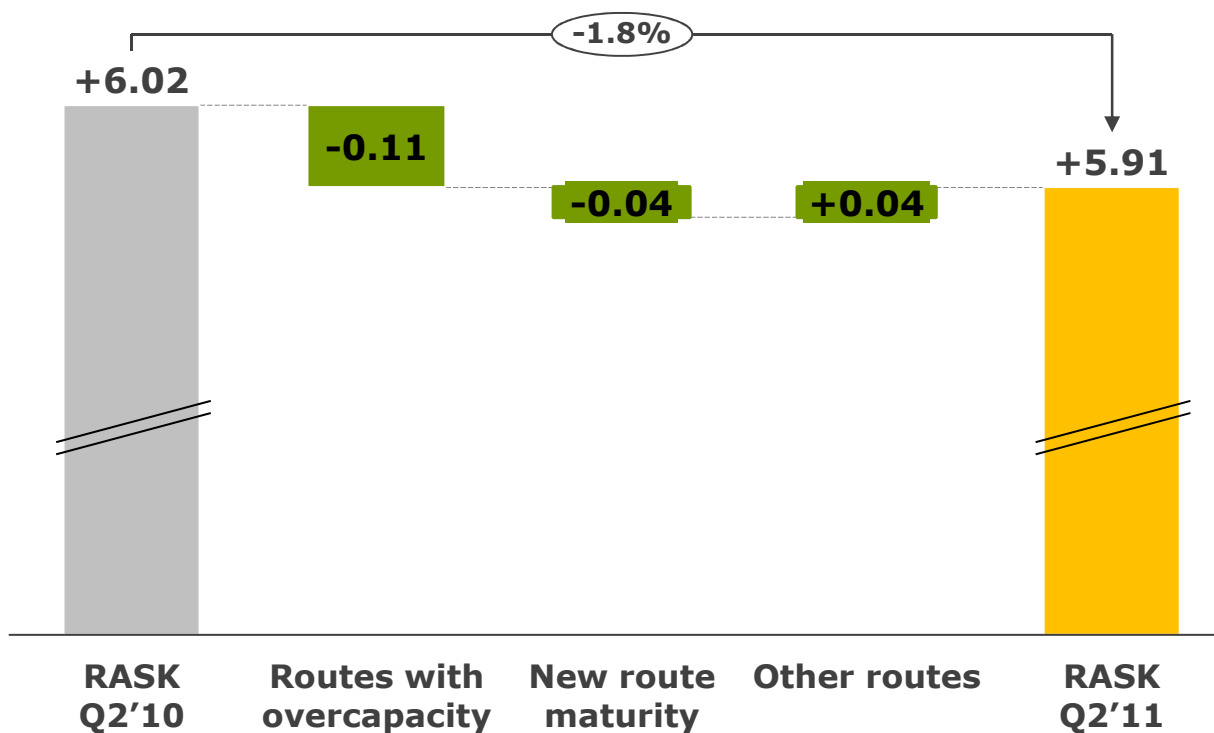


- Significant activity increase
- RASK performance impacted by yield pressure due to overcapacity in some markets and new route development
- Revenues increase by 9%

Source: Vueling

RASK performance was impacted by overcapacity and new route development

Impact of key factors on RASK (€c)

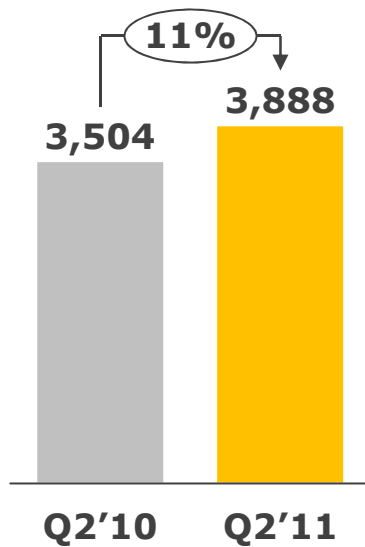


- Uneven quarter performance
- April was flat vs. last year
- May performance was worst due to weak demand
- In June, improved performance on more favourable prices

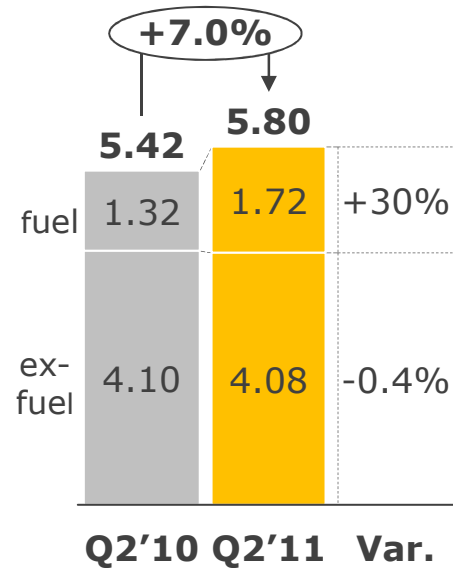
Source: Vueling

Ex-fuel costs at same levels as last year, but higher fuel prices affected total CASK performance

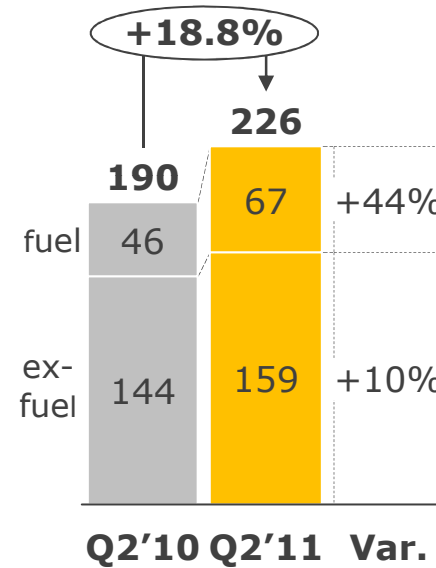
ASK (m)



CASK (€c.)



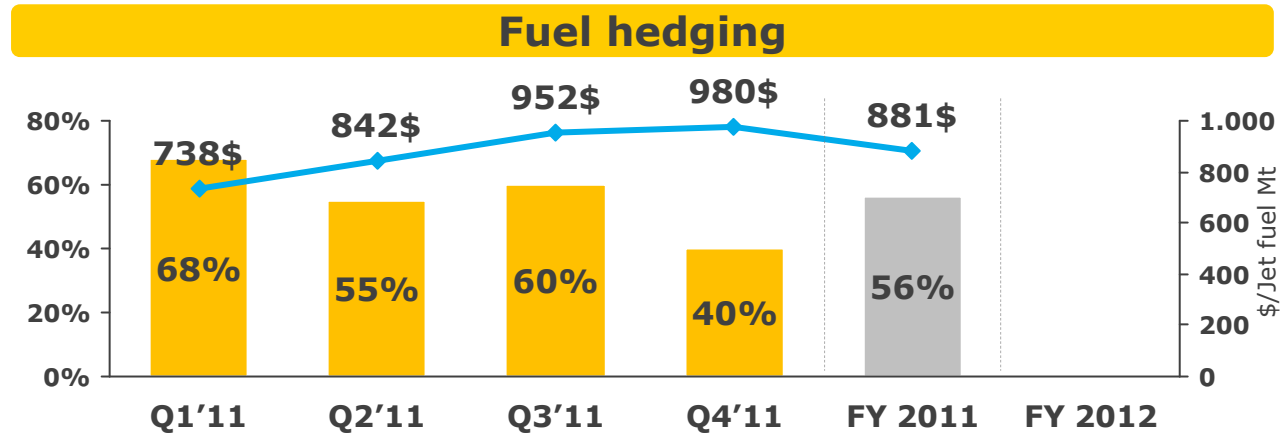
Costs (€m)



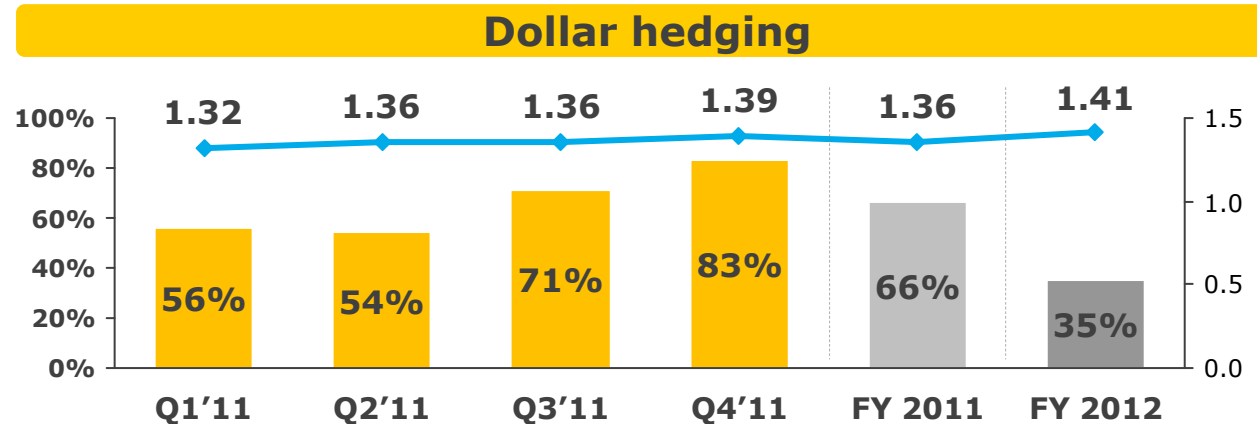
- Good CASK ex-fuel performance: down €0.02c vs. last year
- CASK fuel increase was 30%, lower than 51%^(*) fuel price increase, due to hedging policies

Source: Vueling (*) Brent barrel. Jet fuel increased 47%

Fuel price has increased 51% vs. last year;
hedging policy has reduced the impact to 30%



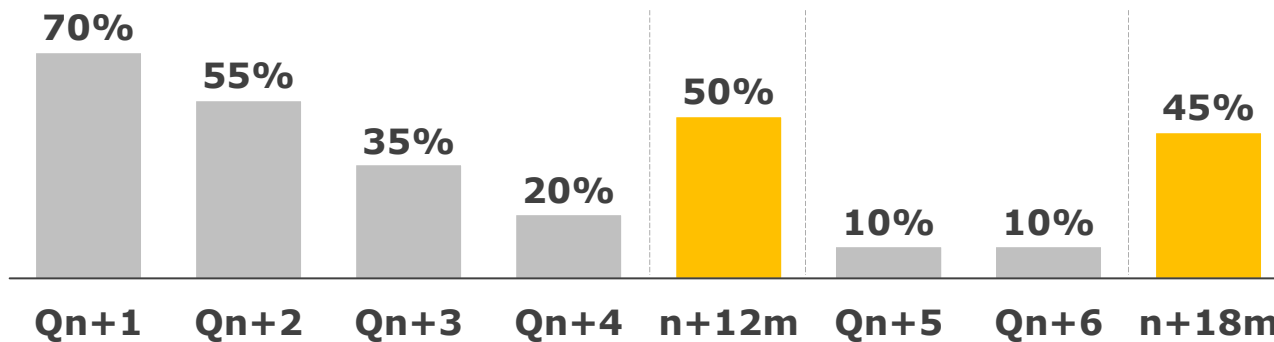
- Q2'11 fuel price has increased by 51%*
- Q3'11 and Q4'11 now hedged on fuel by 60% and 40% respectively



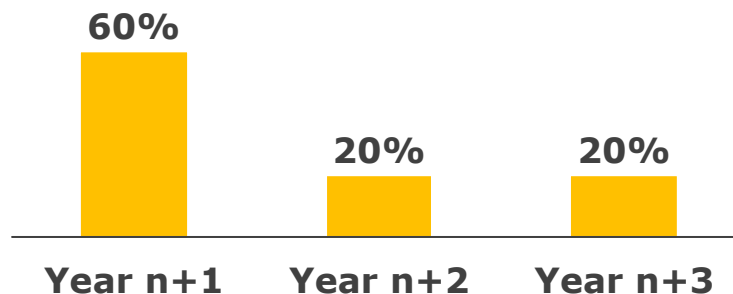
Source: Vueling (*) Brent barrel. Jet fuel increased 47%

New hedging policy improves long term planning while allowing for flexibility

Fuel hedging policy (%)



Dollar hedging

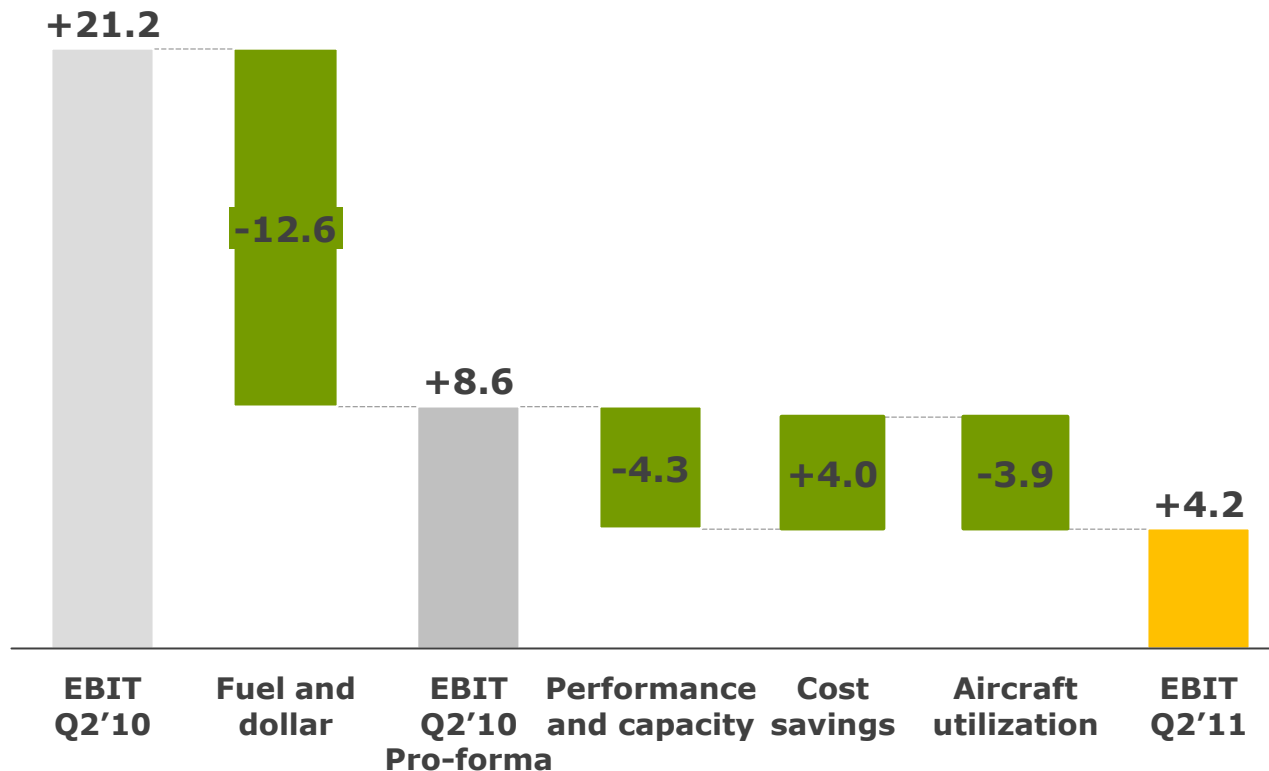


Note: Dollar hedging excludes fleet dollar needs as they are already 100% hedged

- The new policy establishes a set of hedged levels per quarter, allowing for some flexibility in order to take advantage of market downturns
- The new policy allows to plan for a longer time horizon

Fuel cost increase had the major impact on EBIT performance

Impact of key factors EBIT (€'000)



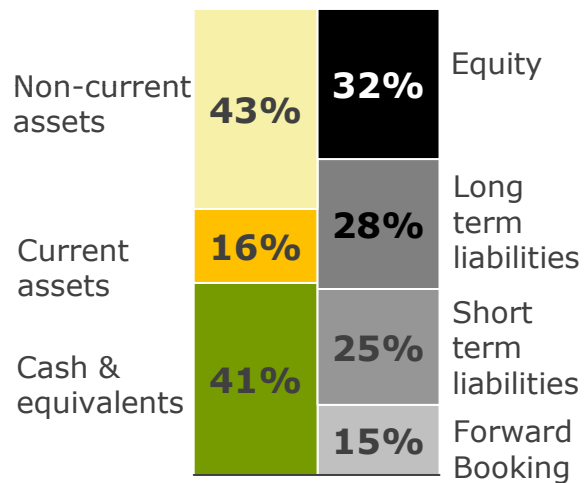
- Fuel and dollar were the two main factors affecting EBIT
- Decrease in performance and capacity due to competition and new route development
- Lower aircraft utilization due to lower sector length in Madrid operation, one additional back-up aircraft and tactical capacity cuts

Source: Vueling

Vueling continues to strengthen its balance sheet, keeping a solid cash position

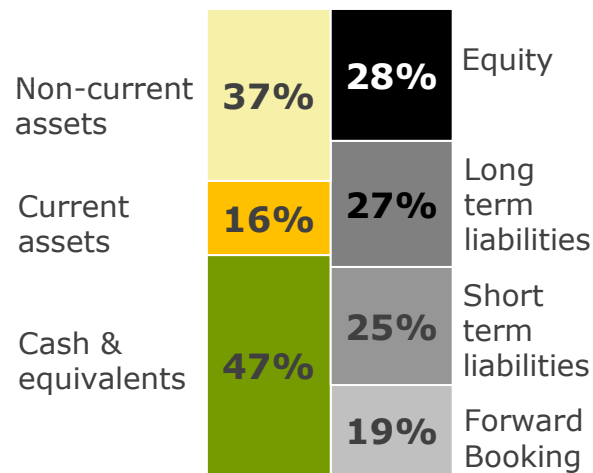
Balance Sheet as of Q1'11

Σ €546m

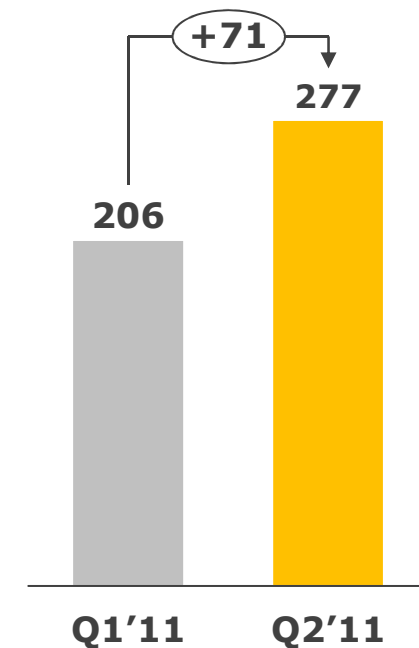


Balance Sheet as of Q2'11

Σ €609m



Net cash (€m)



Source: Vueling

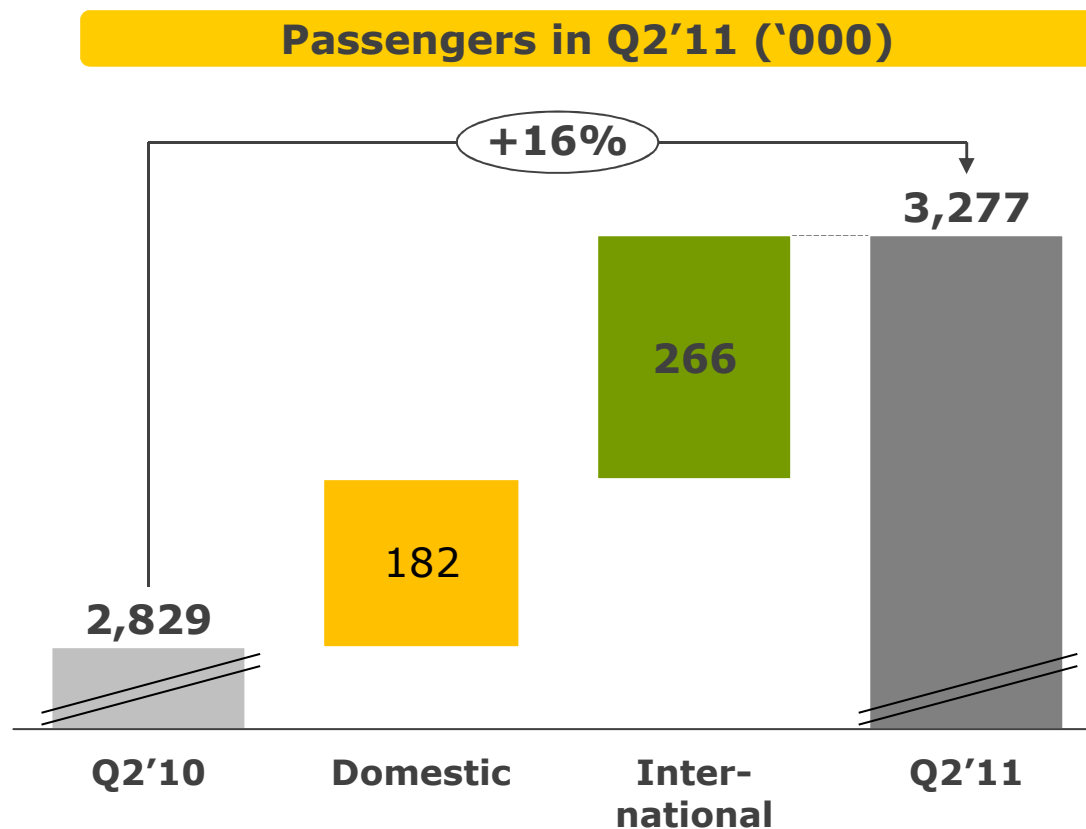
C

Business Review



1. Growth
2. Connecting passengers
3. Madrid operation
4. Summer routes
5. Internationalization
6. Brand
7. Excellent execution
8. Cost control

16% pax growth driven by international expansion

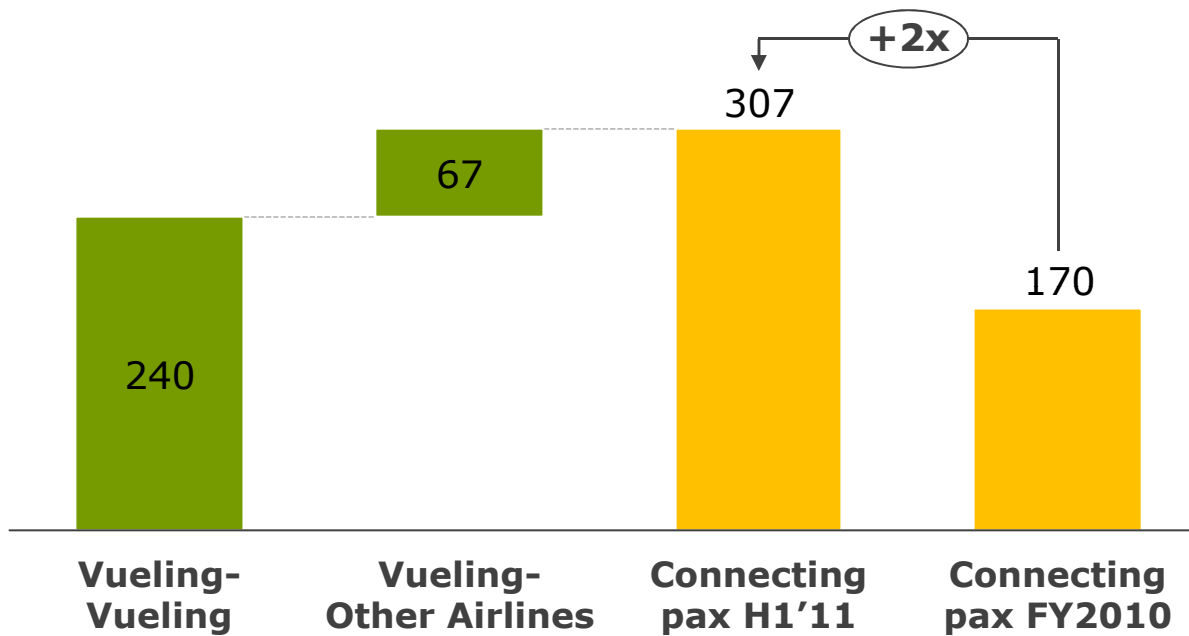


- International expansion is driving passenger growth
- This growth trend will continue in Q3'11

Source: Vueling

Vueling has already doubled connecting passenger figures in H1 with respect to 2010

Connecting passenger in H1'11 ('000 pax)



- Vueling has already doubled connecting passengers vs. FY'10
- Vueling-Vueling connections are a source of passenger traffic and a key differential element vs. competitors
- New agreements live with Avianca and LAN since July

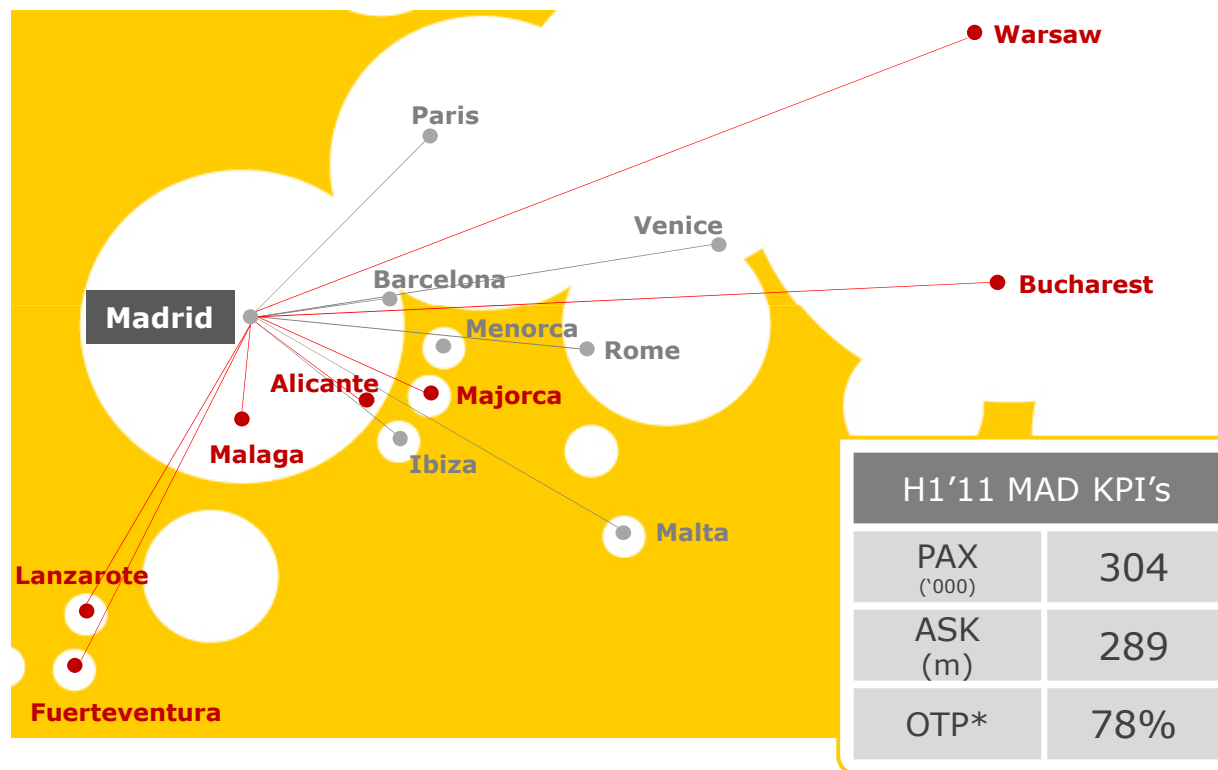


Source: Vueling

Madrid operation is showing good performance after three months

New Vueling routes*

Existing Vueling routes



- New Madrid operation shows a good overall performance after three months
- Agreement extended to Q4'11/Q1'12 but with a lower activity level
- New connecting flights to other carriers

*March 1st: Bucharest and Warsaw
 *April 16th: Fuerteventura, Majorca, Alicante, Malaga
 *May 7th: Lanzarote

* On Time Performance

Vueling adds 26 new routes this summer season

New summer routes

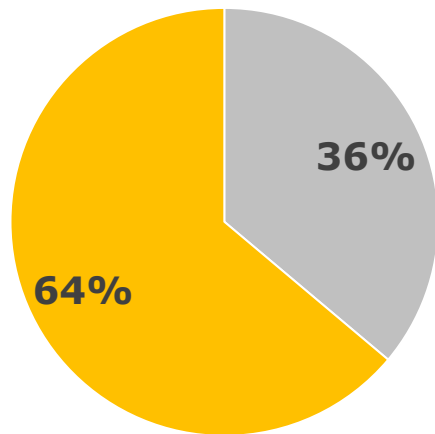
Existing Vueling routes



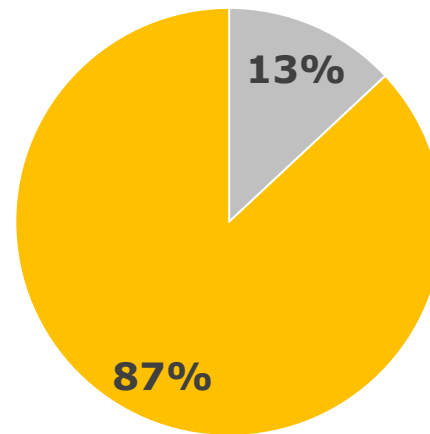
- 26 new routes this summer season
- More Europe-Europe routes with no Spanish origin or destination

Vueling shows the ability to gain market share in non Spanish markets

Origin of passengers in Amsterdam



Origin of passengers in Toulouse

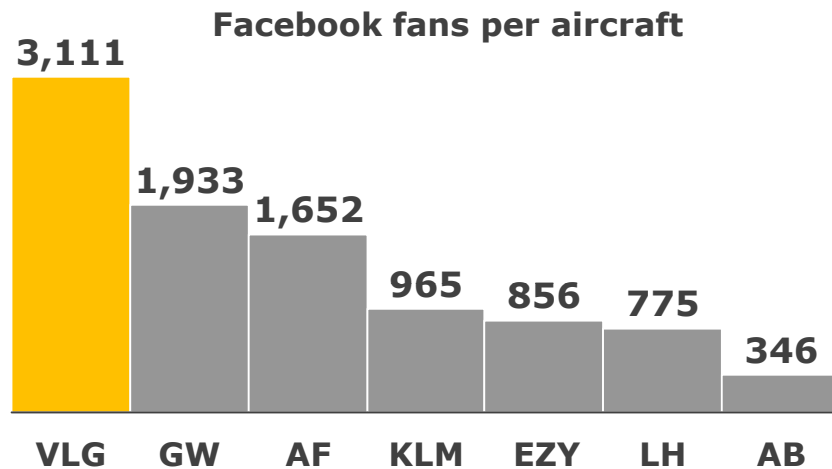


■ Spain ■ Other countries

- Vueling is showing ability to increase its market share outside Spain
- Diversification of revenue origin is increasing
- New bases outside of Spain are contributing to Vueling internationalization

Vueling is leader in new mobile channels and social media

Social media



- Vueling has a leadership position
- Sales through Facebook x4 vs. last quarter
- New sales with a small capital investment and low running costs

Mobile channel

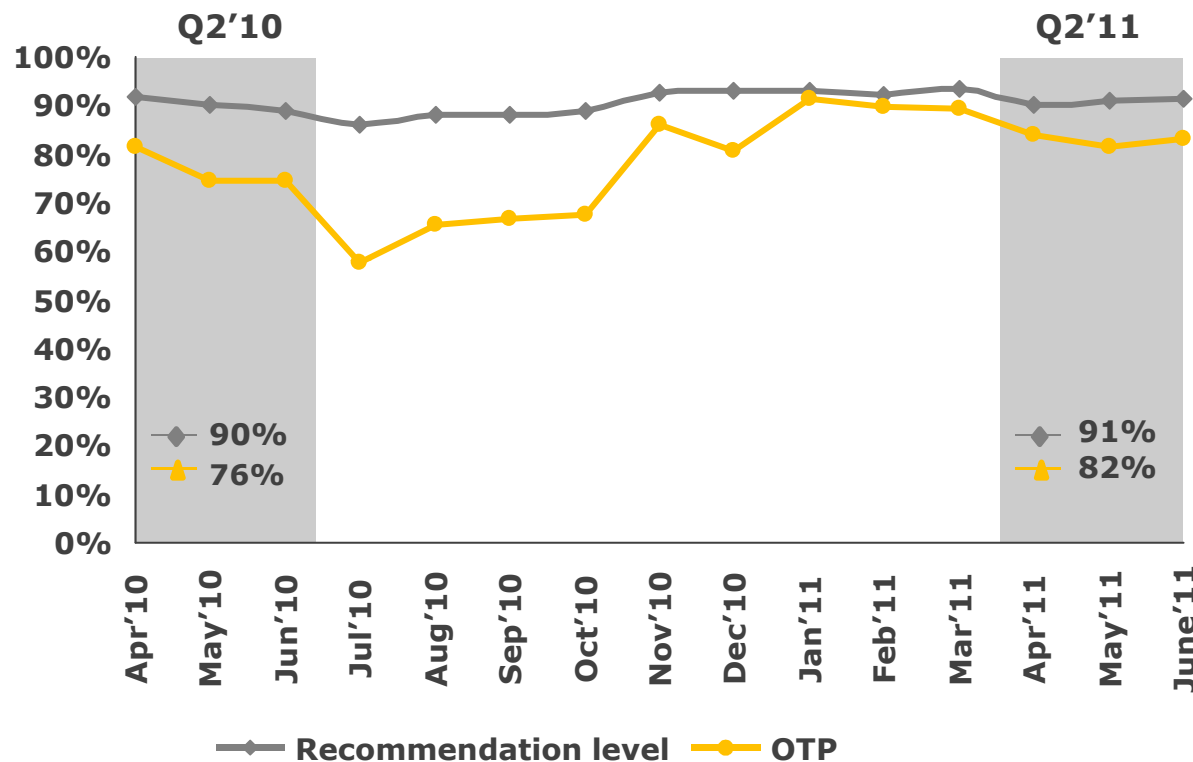


- Successful launch of a new iPhone app: TOP 5 in Apple Store Spain
- Sales, Vueling mobile x 2 vs. last year
- Low investment required

Source: Vueling.

Excellent execution: consistently high On Time Performance and passenger recommendation

**OTP and Passenger Recommendation
Q1'10 vs. Q1'11**

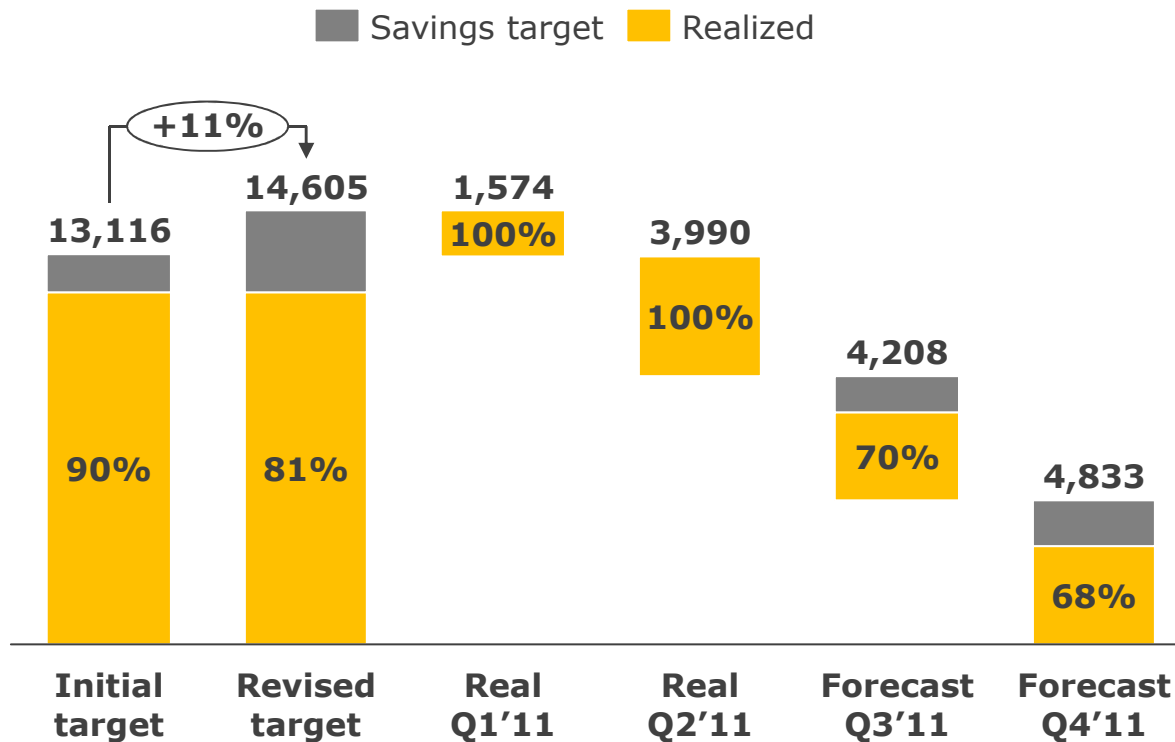


- OTP is above 80% network wide, 8 points better than previous year
- Recommendation level is above 90%
- Business passenger recommendation is above 88%

Source: Vueling OTP=On time performance

Vueling is on track to obtain further structural cost reduction in 2011

Cost savings expected during 2011 (€ '000)



- €13m cost reduction program initial target, based on 75 initiatives
- Revised estimated savings of €14.6m
- 81% of planned savings already captured

Source: Vueling

D. Outlook

1. Opportunities

2. Risks

3. Outlook



Opportunities

- Likely market consolidation in Vueling markets
- Europe-Spain market continues to grow
- The extension of the Iberia agreement allows for further maturity of the hub feeding model

Outlook

- New winter program with an activity level similar to 2010 due to high fuel prices, resulting in a top line target of 10% annual growth in passengers
- CASK ex-fuel at 2010 levels by continuing with our cost reduction program
- More interline agreements to be completed
- Continued product evolution, with an emphasis on business passengers

Risks

- Speed of market rationalization
- Continued weak Spanish domestic market
- Long term sustained high fuel price environment

flying hoy means **vueling**

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Resultados segundo trimestre 2011

Vueling obtiene un resultado positivo de 3,6 millones de euros en el segundo trimestre de 2011 a pesar del aumento del precio del combustible

Los ingresos de la aerolínea suben un 9% respecto al año anterior durante el segundo trimestre del año

HECHOS DESTACABLES

Vueling ha obtenido un resultado neto de 3,6 millones de euros en el segundo trimestre de 2011. A pesar del fuerte incremento del precio del combustible (+51% respecto al mismo periodo del año anterior), Vueling alcanza un resultado neto positivo de 3,6 millones de euros. El resultado operativo (EBIT) también ha sido positivo, alcanzando los 4,2 millones de euros lo que supone un margen de EBIT sobre ingresos del 2%.

La compañía ha mostrado un significativo crecimiento de su actividad, aumentando el número de pasajeros transportados un 16% respecto al año anterior. Así, la aerolínea ha transportado 3,3 millones de pasajeros en el 2º trimestre. Además, Vueling ha conseguido aumentar sus niveles de actividad mejorando el factor de ocupación de los vuelos en 1,3pp respecto al año anterior. Este aumento de la actividad se apoya tanto en las nuevas bases internacionales de Toulouse y Amsterdam, como en la operativa del aeropuerto de Madrid que permite a Vueling alimentar los vuelos de largo radio de Iberia además de ampliar su operativa punto a punto.

La cifra de ingresos alcanzada por Vueling ha sido un 9% superior a la del año anterior en los meses de abril a junio. Este incremento de ingresos se produce con un aumento de la actividad de la compañía (+11% de AKO) y con un descenso del ingreso unitario por asiento kilómetro ofertado (-2%). Este descenso es debido al desarrollo de nuevas rutas y a la sobrecapacidad existente en algunas de las rutas operadas por Vueling. Durante el último mes del trimestre (junio), esta tendencia ha cambiado y se ha observado un aumento del ingreso unitario.

Los costes de combustible han continuado aumentando este trimestre, alcanzando un incremento del 44%. El precio del barril de Brent ha alcanzado un precio de 118 dólares, un 51% más que en el 2º trimestre del año anterior cuando el precio era de 78 dólares por barril. La política de coberturas de la compañía ha permitido reducir este incremento de los costes de combustible de manera que el coste de fuel unitario por asiento kilómetro ofertado ha experimentado un aumento del 30%, menor que el 51% de aumento del precio del petróleo. En cuanto al resto de costes, han crecido en línea con el incremento de actividad y Vueling ha conseguido reducir un 0,4% los costes unitarios por asiento kilómetro ofertado.

Vueling continua reforzando su sólida estructura financiera y aumenta la caja disponible. La posición de caja neta de Vueling es de 277 millones de euros, 71 millones de euros superior a la del final del trimestre anterior. Además, la compañía continúa contando con una sólida situación financiera y un nivel de endeudamiento financiero nulo.

Tabla resumen de resultados

	2º trimestre		
	2011	2010	var%
AKOs (millones)	3.888	3.504	+11%
Ingresos totales (miles de euros)	229.772	211.079	+9%
Gastos Fuel	66.916	46.341	+44%
Gastos ex Fuel	158.652	143.549	+11%
EBIT	4.204	21.189	-80%
EBT	5.108	19.221	-73%
Resultado neto	3.576	13.455	-73%

Según normas contables de aplicación en España. No auditado

EVOLUCIÓN DEL NEGOCIO SEGUNDO TRIMESTRE 2011

Situación del mercado

El mercado español¹ ha crecido un 8% en número de pasajeros durante el segundo trimestre de 2011. Este crecimiento viene impulsado por la evolución positiva del mercado España-Europa (+10%), ya que el mercado nacional España-España presenta aún una situación de crecimiento débil (+1%).

Además, **la presión competitiva ha continuado siendo intensa** manteniendo los niveles del trimestre anterior. Así, el aumento de la presión competitiva y la débil situación de la demanda han provocado un descenso de las tarifas por parte de todos los agentes del mercado tanto en marzo/abril (-10%) como en mayo (-3%). Sin embargo a partir del mes de junio se ha producido un punto de inflexión en esta tendencia y los datos de mercado muestran un aumento de la tarifa media del 10%.

Por otro lado, en el segundo trimestre de 2011 Vueling se ha visto afectada por el **fuerte aumento del precio del petróleo**. El precio del barril de Brent ha alcanzado un precio medio este trimestre de 118 dólares, un 51% más que en el segundo trimestre del año anterior cuando el precio era de 78 dólares por barril. La evolución del dólar, que se ha depreciado un 13% con respecto al mismo periodo del año anterior, solamente ha ayudado a amortiguar una pequeña parte de este incremento.

Actividad

Durante este segundo trimestre, Vueling ha aumentado de forma significativa su nivel de actividad. Así, el número de asientos ofertados ha subido un 14% respecto el mismo

¹ Incluye el mercado España-España y el mercado España-Europa ajustando los efectos de la nube de cenizas volcánicas. Fuente AENA y Vueling.

periodo del año anterior. Este incremento se ha realizado aumentando el nivel de ocupación en 1,3 puntos porcentuales hasta alcanzar un nivel de ocupación del 73,3%. Así, Vueling ha transportado 3.277.460 pasajeros, un 16% más de pasajeros que en el mismo periodo del año anterior.

Las principales magnitudes de tráfico han sido las siguientes:

	2º Trimestre		
	2011	2010	Var.
Núm. de vuelos	25.147	21.982	14,4%
Núm. de aviones	45	35	28,5%
AKOs (miles)	3.887.653	3.504.366	10,9%
PKTs (miles)	2.848.773	2.522.092	13,0%
Nivel de ocupación (PKT/AKO)	73,28%	71,97%	1,3pp
Pasajeros transportados (miles)	3.277	2.829	15,8%

Núm. aviones Aviones medios disponibles durante el periodo

AKO (pasajero-kilómetro ofertado) : núm. de asientos volados multiplicado por el núm. de Km. volados

PKT (pasajero-kilómetro transportado) : núm. de pasajeros transportados multiplicado por el núm. de Km. Volados

Ingresos

Vueling ha alcanzado una cifra total de ingresos de 229,8 millones de euros en el segundo trimestre 2011. Esta cifra supone un aumento del 9% respecto al mismo periodo del año anterior. Este aumento de ingresos se debe al significativo aumento de la actividad que se ha producido durante este trimestre, en el que la compañía ha incrementado en 11% el número de asientos kilómetro ofertados (AKO).

El ingreso unitario por asiento kilómetro ofertado ha sufrido un descenso del 2% durante este trimestre. Este descenso es debido al desarrollo de nuevas rutas y a la sobrecapacidad existente en algunas de las rutas operadas por Vueling. Durante el último mes del trimestre (junio) esta tendencia ha cambiado y se ha observado un aumento del ingreso unitario.

Tanto los ingresos por transporte como los complementarios han aumentado de forma similar respecto a los registrados en el año anterior. Así, los ingresos por tarifa han experimentado un aumento del 9% respecto al año anterior, mientras que los ingresos accesorios se han incrementado un 11%.

Costes

Los costes totales se han incrementado un 19% respecto al mismo periodo del año anterior. El principal incremento se ha producido en el coste de combustible que sube un 30%. El resto de costes (ex-fuel) aumenta un 11%, en línea con el incremento de actividad de la compañía (+11% de AKO).

El aumento del precio del fuel ha sido muy significativo durante el segundo trimestre 2011. Así el precio promedio del fuel de abril a junio 2011 ha sido de 1.057\$/Tm,

mientras que en 2010 fue de 721\$/Tm. Esto supone un aumento del 47%. Este aumento ha tenido un efecto importante en la base de costes de Vueling. Así, a pesar de que la política de coberturas llevada cabo por la compañía ha ayudado a suavizar este incremento de precio, los costes unitarios por asiento por kilómetro ofertado (AKO) del fuel han aumentado un 30% en el segundo trimestre 2011 respecto al año anterior.

El resto de costes ha crecido en línea con el aumento de actividad de la compañía. De esta manera, el coste unitario por asiento kilómetro ofertado excluyendo el fuel (CAKO ex-fuel) se ha situado en 4,08€ un 0,4% menos que el mismo periodo del año anterior. El buen comportamiento de los costes ex-fuel se ha visto apoyado por la exitosa implementación del programa de reducción de costes que ha permitido un ahorro de aproximadamente 4 millones de euros en este trimestre.

Modelo de negocio

Durante el 2º Trimestre de 2011, **Vueling ha experimentado un significativo aumento de pasajeros del 16%**. Este crecimiento se ha producido tanto a través de un incremento del tráfico internacional como del tráfico doméstico. A nivel internacional, la apertura de las nuevas bases de Ámsterdam y Toulouse ha contribuido a este incremento. A nivel doméstico, la operativa de Madrid, basada en el acuerdo con Iberia, ha sido la clave de este aumento.

Durante el periodo de enero a junio, **Vueling ha seguido aumentando el número de pasajeros en conexión** transportados hasta alcanzar una cifra de 307.000 pasajeros de conexión, aproximadamente el doble (1,8 veces) que el total de año 2010. Este aumento de pasajeros en conexión proviene tanto de los vuelos en conexión Vueling-Vueling en Barcelona como los vuelos en conexión con otras aerolíneas tanto en Madrid como en Barcelona.

La operativa de Vueling en Madrid que le permite operar conexiones para vuelos de Iberia ha funcionado de forma exitosa durante estos tres primeros meses, con buenos niveles de ocupación y puntualidad. Esto ha permitido extender el acuerdo para la temporada de invierno (Octubre'11-Marzo'12) y llegar a acuerdos con otras aerolíneas (Avianca y LAN).

En la temporada de verano la compañía va a operar 26 nuevas rutas. Estas nuevas rutas amplían la oferta de destinos de la aerolínea y permitirán seguir consolidando el crecimiento de tráfico de Vueling.

Vueling ha mostrado durante este trimestre su capacidad para **incrementar su cuota de mercado en mercados internacionales**. De esta manera, en las nuevas bases de Toulouse y Ámsterdam las ventas a pasajeros de origen no español han supuesto un 64% y un 87%, respectivamente.

Vueling continúa innovando en el campo de las nuevas tecnologías y las redes sociales. Así, la compañía cuenta con una posición de liderazgo en presencia en las redes sociales con un ratio de fans/avión en Facebook superior a sus competidores. En el campo de las tecnologías móviles el lanzamiento exitoso de la nueva aplicación para Iphone ha supuesto la apertura de un nuevo canal de venta que crece exponencialmente y que requiere una baja inversión.

Vueling ha continuado con su política de control de costes. La exitosa implementación del programa de reducción de costes ha permitido un ahorro de aproximadamente 4 millones de euros en este trimestre. Además se ha incrementado un 11% el objetivo de ahorros anuales alcanzando un total de 14,6 millones de euros. Al finalizar el 2º trimestre el 81% de los ahorros del plan estaban ya capturados.

Finalmente, **la operativa de Vueling ha continuado mostrando un alto nivel de eficacia.** Los niveles de puntualidad se han mantenido a un nivel superior que el mismo periodo del año anterior, alcanzando un 82%.

PERSPECTIVAS 2011

El escenario para 2011 presenta una serie de oportunidades y de riesgos:

En cuanto a las oportunidades, en primer lugar Vueling contempla la posibilidad de que se produzca un mayor proceso de consolidación de la oferta en los mercados en los que opera. Segundo, se espera que el mercado España-Europa continúe la tendencia de crecimiento de la cual Vueling se podría beneficiar. Finalmente, el éxito logrado en la operativa de Madrid con Iberia abre la oportunidad de ampliar los acuerdos para alimentar vuelos de otras compañías.

En cuanto a los riesgos, un prolongado nivel de altos precios del petróleo a largo plazo constituye una amenaza importante para todo el sector aéreo. Otro riesgo es el débil comportamiento de la demanda en el mercado doméstico de España. Finalmente, una lenta evolución del proceso de racionalización de las tarifas podría constituir un riesgo en los próximos meses.

De cara a la 2ª mitad del año, la compañía prevé mantener un nivel de actividad en la temporada de invierno similar al nivel de 2010, lo que resultaría en un incremento del tráfico del 10% para el total del año 2011.

En cuanto a costes, la compañía espera mantener un nivel de costes unitarios similar al de año anterior excluyendo el fuel.

Antes de finalizar 2011, también se espera alcanzar nuevos acuerdos de Interline con otras aerolíneas y continuar innovando y evolucionando los productos y servicios ofrecidos, especialmente aquellos dedicados al pasajero de negocio.

Cuenta trimestral de pérdidas y ganancias

(€, miles)	2º Trimestre		
	2011	2010	% var
Ingreso por tarifa	204.614	166.465	23%
Cargos y comisiones	21.872	21.872	-100%
Ingresos accesorios puros	25.158	22.742	11%
Total ingresos	229.772	211.079	9%
Fuel	66.916	46.341	44%
Handling	33.820	30.702	10%
Tasas aeroportuarias	16.044	13.549	18%
Tasas de navegación	17.911	16.176	11%
Tripulación	6.427	4.083	57%
Mantenimiento	19.667	20.527	-4%
Comercial y marketing	6.494	7.110	-9%
Otros gastos	2.851	719	296%
Total costes variables	170.130	139.208	22%
Margen de contribución	59.642	71.871	-17%
Tripulación_SF	10.044	9.385	7%
Mantenimiento_SF	2.117	2.817	-25%
Seguros de flota	887	1.025	-14%
Arrendamiento de flota	27.731	23.796	17%
Otros costes de producción	2.183	1.632	34%
Total costes semifijos	42.963	38.655	11%
Margen operativo	16.679	33.216	-50%
Publicidad	2.418	2.842	-15%
Amortización	1.604	1.586	1%
Gastos generales	8.454	7.599	11%
Total costes fijos	12.476	12.027	4%
EBIT	4.204	21.189	-80%
Resultado financiero	-905	1.969	-146%
Resultado de los subarriendos	0	0	
Gastos Reestructuración	0	0	
EBT	5.108	19.221	-73%
Impuestos	1.533	5.766	-73%
Resultado neto	3.576	13.455	-73%
EBITDAR	33.539	46.572	-28%

Indicadores operativos y financieros trimestrales

	2º Trimestre		
	2011	2010	% var
INGRESOS			
Ingresos totales (miles de euros)	229.772	211.079	9%
Ingreso total por pasajero (euros)	70,11	74,60	-6%
Ingreso por vuelo (euros)	9.137	9.602	-5%
Tarifa media por pasajero (euros)	62,43	66,57	-6%
Ingreso medio accesorio puro / pasaj.(euros)	7,68	8,04	-5%
Ingreso por AKO (céntimos de euro)	5,91	6,02	-2%
COSTES			
Gastos totales (miles de euros)	225.568	189.889	19%
Coste por AKO, incl. fuel (céntimos de euro)	5,80	5,42	7%
Coste de fuel por AKO (céntimos de euro)	1,72	1,32	30%
Coste por AKO, ex. fuel (céntimos de euro)	4,08	4,10	-0,4%
EBITDAR (miles de euros)	33.539	46.572	-28%
Margen de EBITDAR (%)	15%	22%	-7pp
BAII/EBIT (miles de euros)	4.204	21.189	-80%
Margen de BAII/EBIT (%)	2%	10%	-8pp
EBT (miles de euros)	5.108	19.221	-73%
Margen de EBT (%)	2%	9%	-7pp
NET PROFIT (miles de euros)	3.576	13.455	-73%
Margen de NET PROFIT (%)	2%	6%	-5pp
OPERATIVA			
AKOs (millones)	3.888	3.504	11%
PKTs (millones)	2.849	2.522	13%
Vuelos	25.147	21.982	14%
Número medio de aviones operados	45	35	28%
Núm. medio de horas bloque por día y avión	10,33	11,41	-10%
Número medio de vuelos por día y avión	6,14	6,90	-11%
Número total de asientos volados (miles)	4.497	3.956	14%
Distancia media volada (km)	864	886	-2%
Número total de pasajeros (miles)	3.277	2.829	16%
Factor de ocupación (PKT/RPK, %)	73%	72%	1pp

Cuenta semestral de pérdidas y ganancias

	Primer semestre		
	2011	2010	% Var
(€, miles)			
Ingreso por tarifa	315.279	269.987	17%
Cargos y comisiones	0	42.894	-100%
Ingresos accesorios puros	41.645	40.037	4%
Total ingresos	356.924	352.917	1%
Fuel	108.272	80.745	34%
Handling	57.412	54.767	5%
Tasas aeroportuarias	26.326	25.892	2%
Tasas de navegación	29.990	28.784	4%
Tripulación	10.204	7.334	39%
Mantenimiento	35.700	35.134	2%
Comercial y marketing	11.133	13.426	-17%
Otros gastos	4.787	1.473	225%
Total costes variables	283.824	247.554	15%
Margen de contribución	73.100	105.363	-31%
Tripulación_SF	19.620	18.025	9%
Mantenimiento_SF	3.778	4.366	-13%
Seguros de flota	1.813	2.056	-12%
Arrendamiento de flota	50.845	46.491	9%
Otros costes de producción	4.218	3.106	36%
Total costes semifijos	80.275	74.044	8%
Margen operativo	-7.175	31.319	-123%
Publicidad	4.301	4.419	-3%
Amortización	3.150	2.936	7%
Gastos generales	16.383	15.777	4%
Total costes fijos	23.833	23.131	3%
EBIT	-31.008	8.188	-479%
Resultado financiero	-3.015	-1.993	51%
Resultado de los subarriendos	0	0	-
Gastos Reestructuración	0	0	-
EBT	-27.993	10.181	-375%
Impuestos	-8.398	3.054	-375%
Resultado neto	-19.595	7.127	-375%
EBITDAR	22.987	57.615	-60%

Indicadores operativos y financieros semestrales

	Primer semestre		
	2011	2010	% Var
INGRESOS			
Ingresos totales (miles de euros)	356.924	352.917	1%
Ingreso total por pasajero (euros)	66,76	69,83	-4%
Ingreso por vuelo (euros)	8.497	8.876	-4%
Tarifa media por pasajero (euros)	58,97	61,91	-5%
Ingreso medio accesorio puro / pasaj.(euros)	7,79	7,92	-2%
Ingreso por AKO (céntimos de euro)	5,46	5,58	-2%
COSTES			
Gastos totales (miles de euros)	387.932	344.730	13%
Coste por AKO, incl. fuel (céntimos de euro)	5,93	5,45	9%
Coste de fuel por AKO (céntimos de euro)	1,66	1,28	30%
Coste por AKO, ex. fuel (céntimos de euro)	4,28	4,17	3%
EBITDAR (miles de euros)	22.987	57.615	-60%
Margen de EBITDAR (%)	6%	16%	-9,9
BAII/EBIT (miles de euros)	-31.008	8.188	-479%
Margen de BAI/EBIT (%)	-9%	2%	-11,0
EBT (miles de euros)	-27.993	10.181	-375%
Margen de EBT (%)	-8%	3%	-10,7
Resultado neto (miles de euros)	-19.595	7.127	-375%
Margen de NET PROFIT (%)	-5%	2%	-7,51
OPERATIVA			
AKOs (millones)	6.540	6.328	3%
PKTs (millones)	4.681	4.501	4%
Vuelos	42.007	39.763	6%
Número medio de aviones operados	41	35	16%
Núm. medio de horas bloque por día y avión	9,45	10,35	-9%
Número medio de vuelos por día y avión	5,70	6,28	-9%
Número total de asientos volados (miles)	7.531	7.157	5%
Distancia media volada (km)	868	884	-2%
Número total de pasajeros (miles)	5.346	5.054	6%
Factor de ocupación (PKT/RPK, %)	72%	71%	0,46

	Primer semestre		
	2011	2010	% Var
(€, miles)			
Ingreso por tarifa	315.279	269.987	17%
Cargos y comisiones	0	42.894	-100%
Ingresos accesorios puros	41.645	40.037	4%
Total ingresos	356.924	352.917	1%
Fuel	108.272	80.745	34%
Handling	57.412	54.767	5%
Tasas aeroportuarias	26.326	25.892	2%
Tasas de navegación	29.990	28.784	4%
Tripulación	10.204	7.334	39%
Mantenimiento	35.700	35.134	2%
Comercial y marketing	11.133	13.426	-17%
Otros gastos	4.787	1.473	225%
Total costes variables	283.824	247.554	15%
Margen de contribución	73.100	105.363	-31%
Tripulación_SF	19.620	18.025	9%
Mantenimiento_SF	3.778	4.366	-13%
Seguros de flota	1.813	2.056	-12%
Arrendamiento de flota	50.845	46.491	9%
Otros costes de producción	4.218	3.106	36%
Total costes semifijos	80.275	74.044	8%
Margen operativo	-7.175	31.319	-123%
Publicidad	4.301	4.419	-3%
Amortización	3.150	2.936	7%
Gastos generales	16.383	15.777	4%
Total costes fijos	23.833	23.131	3%
EBIT	-31.008	8.188	-479%
Resultado financiero	-3.015	-1.993	51%
Resultado de los subarriendos	0	0	-
Gastos Reestructuración	0	0	-
EBT	-27.993	10.181	-375%
Impuestos	-8.398	3.054	-375%
Resultado neto	-19.595	7.127	-375%
EBITDAR	22.987	57.615	-60%

Second quarter 2011 results

Vueling makes a profit of 3.6 million euros in the second quarter of 2011 despite the rise in the price of fuel

The airline's revenue rises 9% in the second quarter of the year compared with last year

HIGHLIGHTS

Vueling made a net profit of 3.6 million euros in the second quarter of 2011. Despite the sharp increase in the price of fuel (+51% compared with the same period of last year), Vueling managed to make a net profit of 3.6 million euros. EBIT was also positive, totalling 4.2 million euros, an EBIT margin of 2%.

The company recorded significant growth in its activity, increasing the number of passengers carried by 16% compared with last year. The airline carried 3.3 million passengers in the second quarter. In addition, Vueling managed to increase its activity levels by improving the load factor of the flights by 1.3 percentage points compared with last year. This increase derives both from the new international bases in Toulouse and Amsterdam and also from the operations in Madrid airport which allow Vueling to feed Iberia's long-haul flights and also to increase its point to point route offering.

Vueling's revenue was 9% up on last year in the period from April to June. This increase in revenue was the result of an increase in the company's activity (+11% ASK) and a fall in unit revenue per available seat kilometre (-2%). This fall is due to new route development and the overcapacity that some Vueling routes are suffering. During the last month of the quarter (June) this trend has changed and there has been an increase in unit revenue.

Fuel costs continue rising, and increased by 44% in the second quarter. The price of a barrel of Brent averaged 118 dollars in the second quarter of 2011, 51% higher than the second quarter of 2010 when the barrel of Brent averaged 78 dollars. The company's hedging policy meant that the unit fuel cost per available seat kilometre only rose by 30%, less than the 47% increase in the price of fuel. Other costs rose in line with the increase in activity and Vueling managed to reduce unit costs per available seat kilometre by 0.4%.

Vueling continues strengthening its sound financial structure and increases available cash. Vueling has a net cash position of 277 million euros, 71 million euros higher than at the end of the last quarter. Furthermore, the company continues to have a sound financial situation with zero financial debt.

Summary of Results

	2 nd quarter		change %
	2011	2010	
ASK (million)	3,888	3,504	+11%
Total revenue (thousand euros)	229,772	211,079	+9%
Fuel Costs	66,916	46,341	+44%
Ex-Fuel Costs	158,652	143,549	+11%
EBIT	4,204	21,189	-80%
EBT	5,108	19,221	-73%
Net profit/loss	3,576	13,455	-73%

In accordance with accounting standards applicable in Spain. Not audited

BUSINESS DEVELOPMENT SECOND QUARTER 2011

Market situation

The Spanish market¹ grew by 8% in passenger numbers in the second quarter of the year. This growth was driven by the positive development of the Spain-Europe market (+10%), as the Spain-Spain domestic market still shows weak growth (+1%).

Furthermore, competitive pressure remained intense with the same levels as in the previous quarter. The increase in competitive pressure and the weak state of demand led to a sharp fall in fares by all market agents both in March/April (-10%) and in May (-3%). However, there was a turning point in this trend from June and market data shows an average fare increase of 10%.

In the second quarter of 2011, Vueling was affected by the sharp increase in the price of oil. The price of a barrel of Brent oil reached an average price this quarter of 118 dollars, 51% higher than the second quarter of last year, when the price was 78 dollars per ton of fuel. The evolution of the dollar, which has fallen 13% on the same period last year, only helped to mitigate a small part of this increase.

Activity

In the second quarter, Vueling significantly increased its level of activity. The number of available seats rose by 14% on the same period of last year. This increase was achieved by increasing the load factor by 1.3 percentage points up to 73.3%.

Accordingly, Vueling carried 3,277,460 passengers, 16% more passengers than in the same period of last year.

¹ Includes the Spain-Spain market and the Spain-Europe market adjusting for the effects of the volcanic ash cloud. Source: AENA and Vueling.

The key traffic figures are as follows:

	2 nd Quarter		
	2011	2010	Change
Number of flights	25,147	21,982	14.4%
Number of aircraft	45	35	28.5%
ASK (thousand)	3,887,653	3,504,366	10.9%
PKT (thousand)	2,848,773	2,522,092	13.0%
Load Factor LF (PKT/ASK)	73.28%	71.97%	1.3pp
Passengers carried (thousand)	3,277	2,829	15.8%

Number of aircraft: Average available aircraft during the period

ASK (available seat kilometre): number of seats flown multiplied by the number of kilometres flown

PKT (passenger kilometre travelled): number of passengers carried multiplied by the number of kilometres flown

Revenue

Vueling achieved total revenues of 229.8 million euros in the second quarter of 2011. This figure represents an increase of 9% compared with the same period of last year. The increase in revenue is driven by the significant increase in activity over the quarter, as the number of available seat kilometres (ASK) grew by 11%.

The unit revenue per available seat kilometre (RASK) fell by 2% over the quarter. This fall is due to new route development and the overcapacity that some Vueling routes are suffering. During the last month of the quarter this trend has changed and there has been an increase in unit revenue.

Both passenger and ancillary revenue have increased by a similar amount compared to last year. Accordingly, ticket revenue rose by 9% compared with last year, while ancillary revenue rose by 11%.

Costs

Total costs increased by 19% compared with the same period of last year. The main increase was in the cost of fuel, which rose by 30%. Other costs rose by 11%, in line with the increase in the company's activity (+11% of ASK).

The increase in the price of fuel was very significant over the second quarter of 2011. The average price of fuel from April to June 2011 was \$1,057/mT, while in 2010 it was \$721/mT. This represents an increase of 47%. This rise had a significant effect on Vueling's cost base. Even though the company's hedging policy has helped to mitigate this price increase, unit fuel costs per available seat kilometre (ASK) rose by 30% in the second quarter of 2011 compared with last year.

Other costs grew in line with the increase in the company's activity. The unit cost per available seat kilometre excluding fuel (CASK ex-fuel) stood at 4.08 eurocents, 0.4% up on the same period of last year. The positive performance of ex-fuel costs was supported

by the successful implementation of the cost reduction programme, which led to savings of approximately 4 million euros over the quarter.

Business model

Over the second quarter of 2011, **Vueling saw a significant increase in passenger numbers** (16%). This growth was the result both of an increase in international traffic and in domestic traffic. At an international level, the increase was due to the opening of the new Amsterdam and Toulouse bases. At a domestic level, the operations in Madrid based on the agreement with Iberia were a key factor in this increase.

Over the period from January to June, **Vueling managed to increase the number of connecting passengers carried** to 307,000 connecting passengers, approximately twice (1.8 times) the 2010 total. This increase in connecting passengers is a result both of Vueling-Vueling connecting flights in Barcelona and the connecting flights with other airlines both in Madrid and Barcelona.

Vueling's operations in Madrid, which allow it to operate connections for Iberia flights, functioned successfully over these first three months with good load factors and punctuality. This has made it possible to extend the agreement for the winter season (October 2011-March 2012) and to reach agreements with other airlines (Avianca and LAN).

The company will operate 26 new routes in the summer season. These new routes extend the airline's offer of destinations and will allow Vueling to consolidate its growth in traffic.

Over this quarter, **Vueling showed its capacity to increase its market share in international markets.** In the new Toulouse and Amsterdam bases, sales to non-Spanish passengers accounted for 87% and 64% of total sales respectively.

Vueling continues innovating in the field of new technologies and social networks. Consequently, the company has a leading presence in social networks with a fan/aircraft ratio on Facebook higher than its competitors. In the field of mobile technologies, the successful launch of the new application for the iPhone has opened a new sales channel which is growing exponentially and which requires low investment.

Vueling continued its cost control policy. The successful implementation of the cost savings program has allowed savings of 4 million Euros this quarter. Moreover, the annual cost savings target has increased by 11% reaching a total of 14.6 million Euros. By the end of the second quarter, Vueling had already captured 81% of the expected annual savings.

Finally, Vueling's operations continued to show a high level of efficiency. Levels of punctuality remained at a higher level than last year, standing at 82%.

OUTLOOK FOR 2011

The outlook for 2011 presents a series of opportunities and risks:

With regard to the opportunities, firstly, Vueling envisages the possibility of a greater process of consolidation in the markets in which it operates. Secondly, Vueling could

benefit from the Spain-Europe market growth, which is expected to continue. Finally, the success achieved in the Madrid operations with Iberia opens the opportunity to extend the agreements so as to feed other companies' flights.

With regard to risks, a sustained level of high oil prices over the long term is a significant threat for the whole airline sector. Another risk is the weak performance of demand in the Spanish domestic market. Finally, slow developments in the fare rationalisation process could constitute a risk over the coming months.

In the second half of the year, the company expects to maintain a level of activity in the winter season similar to that of 2010, which would lead to a 10% increase in traffic for 2011 as a whole compared with last year.

With regard to costs, the company expects to maintain a similar unit cost level to that of last year excluding fuel.

Before the end of 2011, it also expects to achieve new Interline agreements with other airlines as well as continue innovating and enhancing the products and services offered, focusing mainly in business passengers.

Quarterly profit and loss account

	2 nd Quarter		% change
	2011	2010	
(€ thousand)			
Ticket revenue	204,614	166,465	23%
Fees and charges		21,872	-100%
Pure ancillary revenue	25,158	22,742	11%
Total revenue	229,772	211,079	9%
Fuel	66,916	46,341	44%
Handling	33,820	30,702	10%
Airport fees	16,044	13,549	18%
Navigation fees	17,911	16,176	11%
Crew	6,427	4,083	57%
Maintenance	19,667	20,527	-4%
Commercial and marketing	6,494	7,110	-9%
Other expenses	2,851	719	296%
Total variable costs	170,130	139,208	22%
Contribution margin	59,642	71,871	-17%
Crew_SF	10,044	9,385	7%
Maintenance_SF	2,117	2,817	-25%
Fleet insurance	887	1,025	-14%
Fleet leases	27,731	23,796	17%
Other production costs	2,183	1,632	34%
Total semi-fixed costs	42,963	38,655	11%
Operating margin	16,679	33,216	-50%
Advertising	2,418	2,842	-15%
Depreciation/amortisation	1,604	1,586	1%
General expenses	8,454	7,599	11%
Total fixed costs	12,476	12,027	4%
EBIT	4,204	21,189	-80%
Financial profit/loss	-905	1,969	-146%
Profit/loss from sub-leases	0	0	
Restructuring expenses	0	0	
EBT	5,108	19,221	-73%
Taxes	1,533	5,766	-73%
Net profit/loss	3,576	13,455	-73%
EBITDAR	33,539	46,572	-28%

Quarterly operating and financial statistics

	2 nd Quarter		% change
	2011	2010	
REVENUE			
Total revenue (thousand euros)	229,772	211,079	9%
Total revenue per passenger (euros)	70,11	74,60	-6%
Revenue per flight (euros)	9,137	9,602	-5%
Average fare per passenger (euros)	62,43	66,57	-6%
Average pure ancillary revenue per passenger (euros)	7,68	8,04	-5%
Revenue per ASK (eurocents)	5,91	6,02	-2%
COSTS			
Total expenses (thousand euros)	225,568	189,889	19%
Cost per ASK inc. fuel (eurocents)	5,80	5,42	7%
Fuel cost per ASK (eurocents)	1,72	1,32	30%
Cost per ASK ex. fuel (eurocents)	4,08	4,10	-0,4%
EBITDAR (thousand euros)	33,539	46,572	-28%
EBITDAR margin (%)	15%	22%	-7pp
EBIT (thousand euros)	4,204	21,189	-80%
EBIT margin (%)	2%	10%	-8pp
EBT (thousand euros)	5,108	19,221	-73%
EBT margin (%)	2%	9%	-7pp
NET PROFIT (thousand euros)	3,576	13,455	-73%
NET PROFIT margin (%)	2%	6%	-5pp
OPERATIONS			
ASK (million)	3,888	3,504	11%
PKT (million)	2,849	2,522	13%
Flights	25,147	21,982	14%
Average number of aircraft in operation	45	35	28%
Average block hours per aircraft and day	10,33	11,41	-10%
Average number of flights per aircraft and day	6,14	6,90	-11%
Total number of seats flown (thousand)	4,497	3,956	14%
Average stage length (Km)	864	886	-2%
Total number of passengers (thousand)	3,277	2,829	16%
Load Factor (PKT/ASK, %)	73%	72%	1pp

H1 profit and loss account

	1 st Half		% change
	2011	2010	
(€ thousand)			
Ticket revenue	315,279	269,987	17%
Fees and charges	0	42,894	-100%
Pure ancillary revenue	41,645	40,037	4%
Total revenue	356,924	352,917	1%
Fuel	108,272	80,745	34%
Handling	57,412	54,767	5%
Airport fees	26,326	25,892	2%
Navigation fees	29,990	28,784	4%
Crew	10,204	7,334	39%
Maintenance	35,700	35,134	2%
Commercial and marketing	11,133	13,426	-17%
Other expenses	4,787	1,473	225%
Total variable costs	283,824	247,554	15%
Contribution margin	73,100	105,363	-31%
Crew_SF	19,620	18,025	9%
Maintenance_SF	3,778	4,366	-13%
Fleet insurance	1,813	2,056	-12%
Fleet leases	50,845	46,491	9%
Other production costs	4,218	3,106	36%
Total semi-fixed costs	80,275	74,044	8%
Operating margin	-7,175	31,319	-123%
Advertising	4,301	4,419	-3%
Depreciation/amortisation	3,150	2,936	7%
General expenses	16,383	15,777	4%
Total fixed costs	23,833	23,131	3%
EBIT	-31,008	8,188	-479%
Financial profit/loss	-3,015	-1,993	51%
Profit/loss from sub-leases	0	0	
Restructuring expenses	0	0	
EBT	-27,993	10,181	-375%
Taxes	-8,398	3,054	-375%
Net profit/loss	-19,595	7,127	-375%
EBITDAR	22,987	57,615	-60%

H1 operating and financial statistics

	1 st Half		% change
	2011	2010	
REVENUE			
Total revenue (thousand euros)	356,924	352,917	1%
Total revenue per passenger (euros)	66,76	69,83	-4%
Revenue per flight (euros)	8,497	8,876	-4%
Average fare per passenger (euros)	58,97	61,91	-5%
Average pure ancillary revenue per passenger (euros)	7,79	7,92	-2%
Revenue per ASK (eurocents)	5,46	5,58	-2%
COSTS			
Total expenses (thousand euros)	387,932	344,730	13%
Cost per ASK inc. fuel (eurocents)	5,93	5,45	9%
Fuel cost per ASK (eurocents)	1,66	1,28	30%
Cost per ASK ex. fuel (eurocents)	4,28	4,17	3%
EBITDAR (thousand euros)	22,987	57,615	-60%
EBITDAR margin (%)	6%	16%	-9,9
EBIT (thousand euros)	-31,008	8,188	-479%
EBIT margin (%)	-9%	2%	-11,0
EBT (thousand euros)	-27,993	10,181	-375%
EBT margin (%)	-8%	3%	-10,7
NET PROFIT (thousand euros)	-19,595	7,127	-375%
NET PROFIT margin (%)	-5%	2%	-7,51
OPERATIONS			
ASK (million)	6,540	6,328	3%
PKT (million)	4,681	4,501	4%
Flights	42,007	39,763	6%
Average number of aircraft in operation	41	35	16%
Average block hours per aircraft and day	9,45	10,35	-9%
Average number of flights per aircraft and day	5,70	6,28	-9%
Total number of seats flown (thousand)	7,531	7,157	5%
Average stage length (Km)	868	884	-2%
Total number of passengers (thousand)	5,346	5,054	6%
Load Factor (PKT/ASK, %)	72%	71%	0,46