



**GOL**

Linhas aéreas inteligentes

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## 3Q07 Results Presentation

November 7, 2007

# Highlights 3Q07

GOL Webcast 3Q07

## Net income of R\$ 45.5 million in 3Q07

- Consolidated results
- Lowest-cost provider (Consolidated CASK = R\$14.2 cents / ASK)

## Solid Growth in 3Q07

- 18 additional daily flight frequencies
- Load factor: 61%
- Volumes (RPK): + 33% y-o-y
- Average fare: + 31% vs. 2Q07 (R\$ 220 / US\$ 120 vs. R\$ 168 / US\$ 85)
- Average market share 3Q07:
  - Domestic: 38% - GTA; 3% - VRG
  - International: 13% - GTA; 13% - VRG



# Highlights 3Q07

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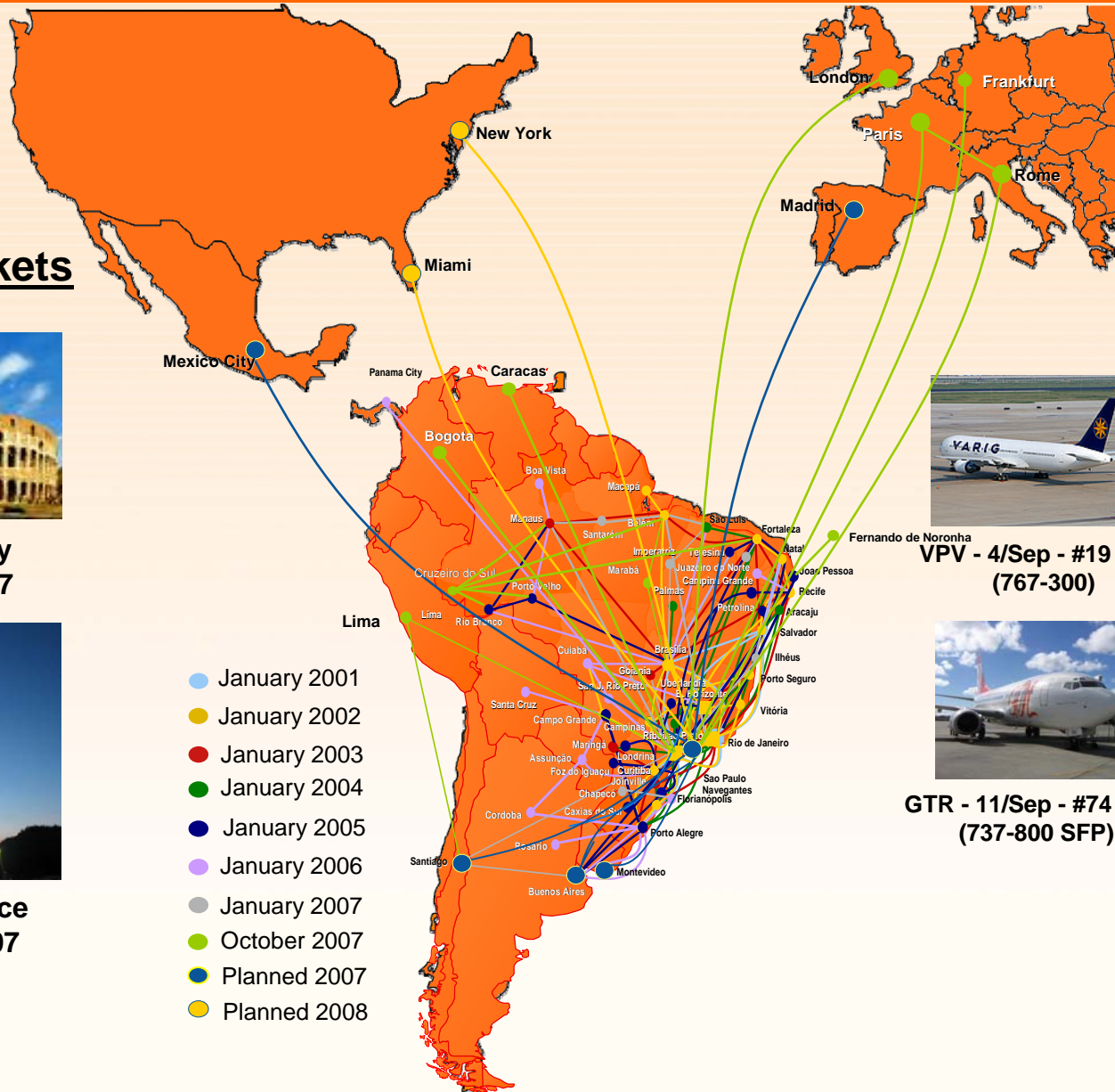
## New Markets



**Rome – Italy**  
Sep 20, 2007



**Paris - France**  
Sep 20, 2007



- January 2001
- January 2002
- January 2003
- January 2004
- January 2005
- January 2006
- January 2007
- October 2007
- Planned 2007
- Planned 2008

## Increase in Fleet



**GTN - 10/Jul - #70 GTA**  
(737-800 SFP)



**GTO - 27/Jul - #71 GTA**  
(737-800 SFP)



**VPV - 4/Sep - #19 VRG**  
(767-300)



**GTR - 11/Sep - #74 GTA**  
(737-800 SFP)



**GTP - 10/Aug - #72 GTA**  
(737-800 SFP)



**GTQ - 28/Aug - #73 GTA**  
(737-800 SFP)



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# Varig: New Visual Identity

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- New logo
- VIP lounge renovations
  - 4 airports
    - São Paulo, Rio de Janeiro, Curitiba and Porto Alegre
- New uniforms
- New in-flight services
  - International:
    - Well-Being Concept: special menu / balanced food
    - Flat bed in executive class (170°)
  - Domestic:
    - Traditional Brazilian food and aromas
- More space
  - Pitch in business class: 60 inches
  - Pitch in economy class: 32-34 inches

**VARIG** 



# VRG: Low Cost Operating Platform

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→ CASK reduction of 21% (-29% ex-fuel) <sup>(1)</sup>

	Initiatives	Results
<b>Fuel</b>	VRG contracts adjusted to GOL standards	4% reduction in VRG's fuel costs 1% reduction in GOL's fuel costs
<b>Fleet</b>	Leasing contracts re-negotiation Maintenance reserve reduction	35% reduction in maintenance reserves 4% reduction in leasing expenses
<b>Sales</b>	Adjustment in sales commissions Contracts re-negotiation	3% reduction in distribution costs
<b>HR</b>	Re-design of organizational structure	8% improvement in employee productivity/ASK
<b>IT</b>	Outsourcing and contracts re-negotiation	9% reduction in IT costs

(1) 3Q07 vs 2Q07



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# 2007 Initiatives

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## → Increase Revenues

- Launch new markets (domestic and international)
- Add over 330 new daily flight frequencies in 2007
- Launch intercontinental routes to premium destinations
- Expand interline and code-share agreements
- Re-activation of Smiles clients (largest loyalty program in Latin America)
- Increase sales to mid/low income customers thru “Voe Fácil” (Fly Easy) Program
- Increase corporate sales to small-medium companies with Corporate Card

## → Reduce Unit Costs

- Roll-out new larger, fuel-efficient SFP aircraft
- Fleet padronization with B737 for short haul and 767 for long haul
- Reduce fleet age
- Lower distribution costs
- Increase aircraft stage length
- Expand in-house aircraft maintenance services
- Reduce aircraft financing costs with SLBs + EXIM guaranteed financings



**Drive Revenue Growth with Low Fares and Reduce Costs:  
Stimulate Demand and Increase Profitability**



# Comprehensive Interline Network

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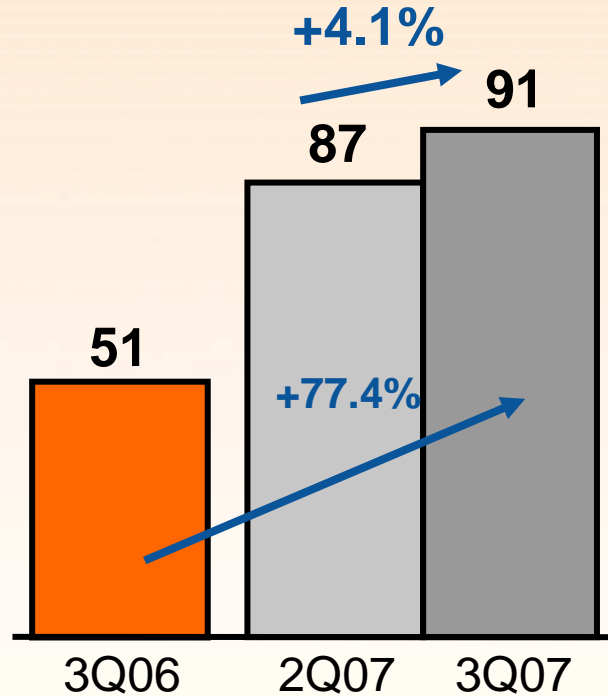
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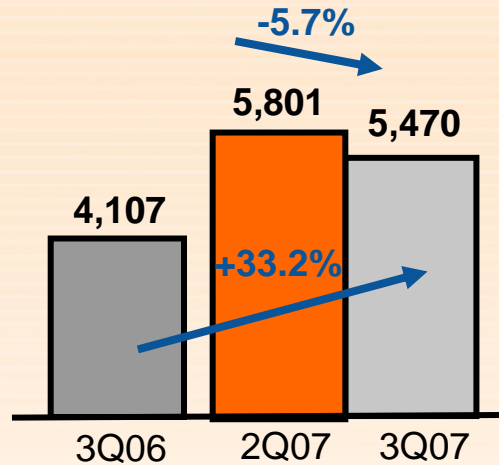
# Capacity and Network Expansion

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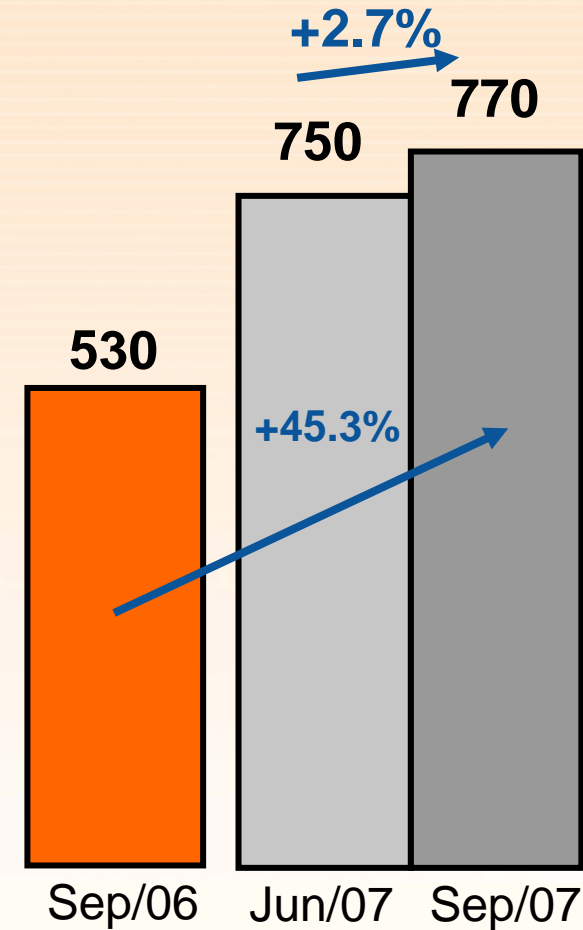
**Number of Operating Aircraft (average)**



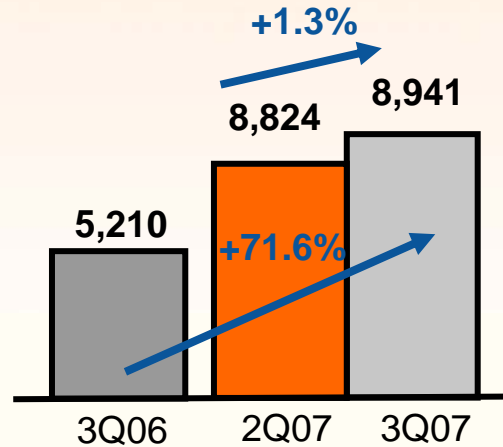
**RPK (MM)**



**Flights/Day**



**ASK (MM)**

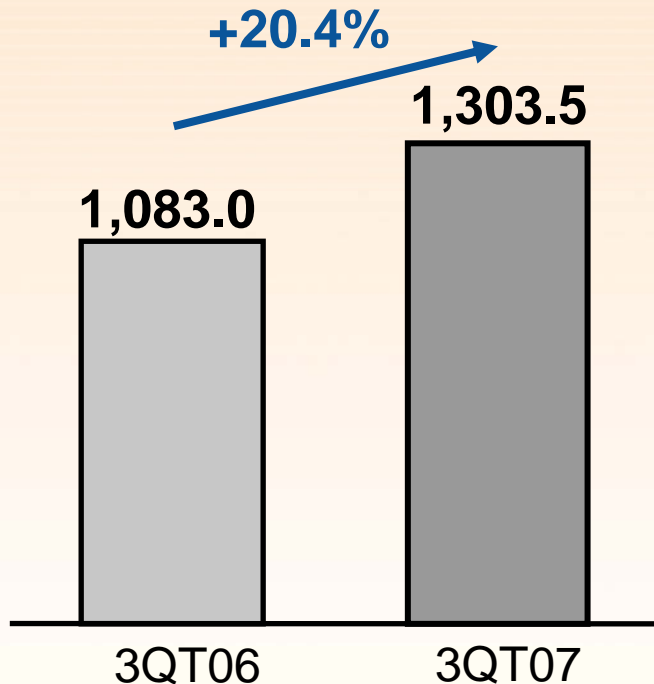




# Net Revenues

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## Net Revenues R\$ MM



## Higher Volumes (3Q07 vs 3Q06)

- RPK: +33.0%
- Average Fleet: +77.4%
- ASK: +71.6%
- Load factor: -17.6 p.p. → 61.2%

## Low Fares (3Q07 vs 3Q06)

- Average Fare: +1.1%
- Yield: -11.7%
- RASK: -29.9%
- Breakeven Load Factor: -2.0 p.p.

## Growing Ancillary Revenues (3Q07 vs 3Q06)

- R\$ 114.8MM (57.7% increase over 3Q06)
- 80%+ Contribution margins



# Congonhas Airport: Changes and Impacts

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## Changes

- Maximum stage of 1000 Km
- Direct flights
- Reduction in slots (from 44 to 34 operations per hour for regular flights)
- Runway limitations for increased safety area
  - Main runway from 1,940 meters to 1,640 meters (300m less)
  - Auxiliary runway from 1,435 meters to 1,195 meters (240m less)

## Impacts

- Load factor reduction on flights departing from CGH
- ASK reduction at CGH (between 5 and 10%)
- VRG: New frequencies between GIG, POA, VIX, SSA, CWB, CNF, BSB, REC and FOR
- GTA: Transfer of PAX / CNX to GRU (flights to CGB, SSA, BPS and REC)



# The GOL Network Model

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## Highly Integrated Flight Network



- Permits flexibility to adapt to demand
- Generates highest domestic load factors
- Generates industry-leading aircraft utilization
- Generate maximum traffic without negatively affecting yields
- Permits service to low-density markets
- Maximizes revenue contribution to overall network



# Profitability - 3Q06 x 3Q07

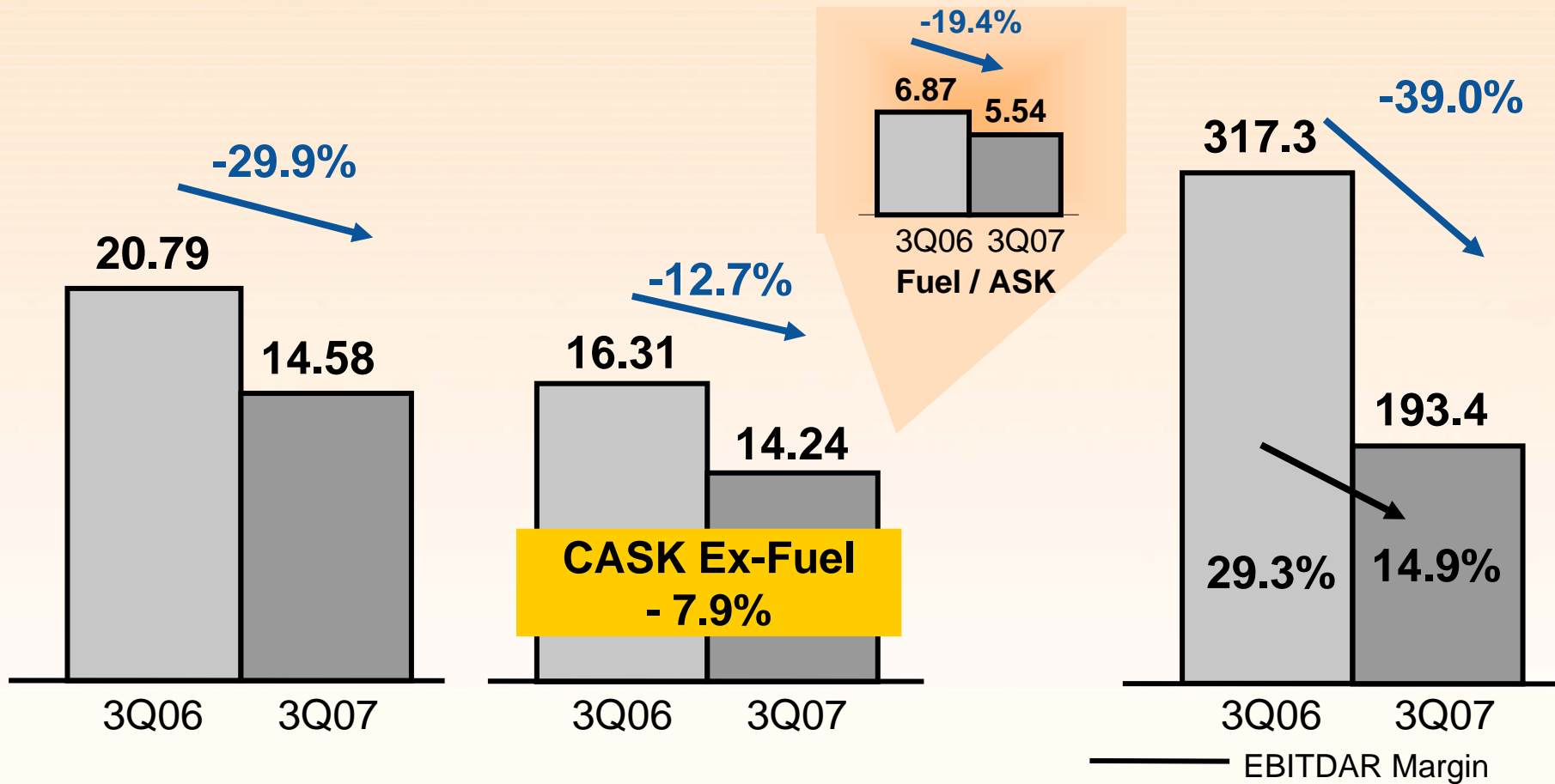
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USGAAP

**RASK**  
(R\$ cents)

**CASK**  
(R\$ cents)

**EBITDAR**  
R\$ million



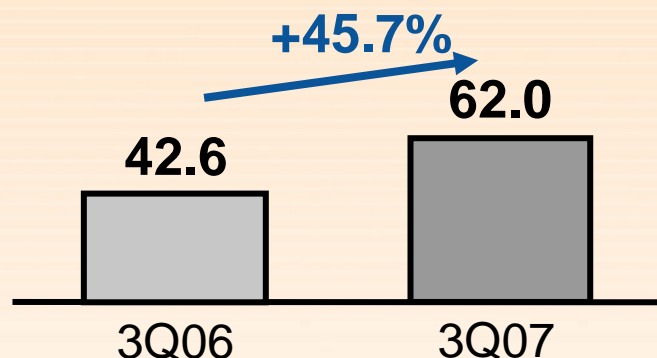


# Net Financial Results

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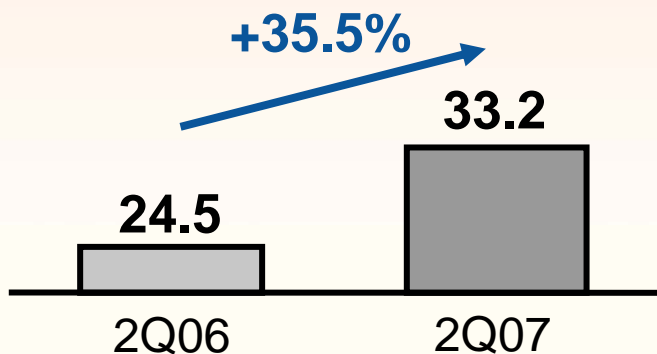
→ 3Q07 Net Financial Results: R\$ 31.6 MM

## Financial Income (R\$ MM)



- Investment of Cash Balances
- R\$1,542mm of cash invested
  - Average earning rate of 10.7% in BRL

## Financial Expense (R\$ MM)



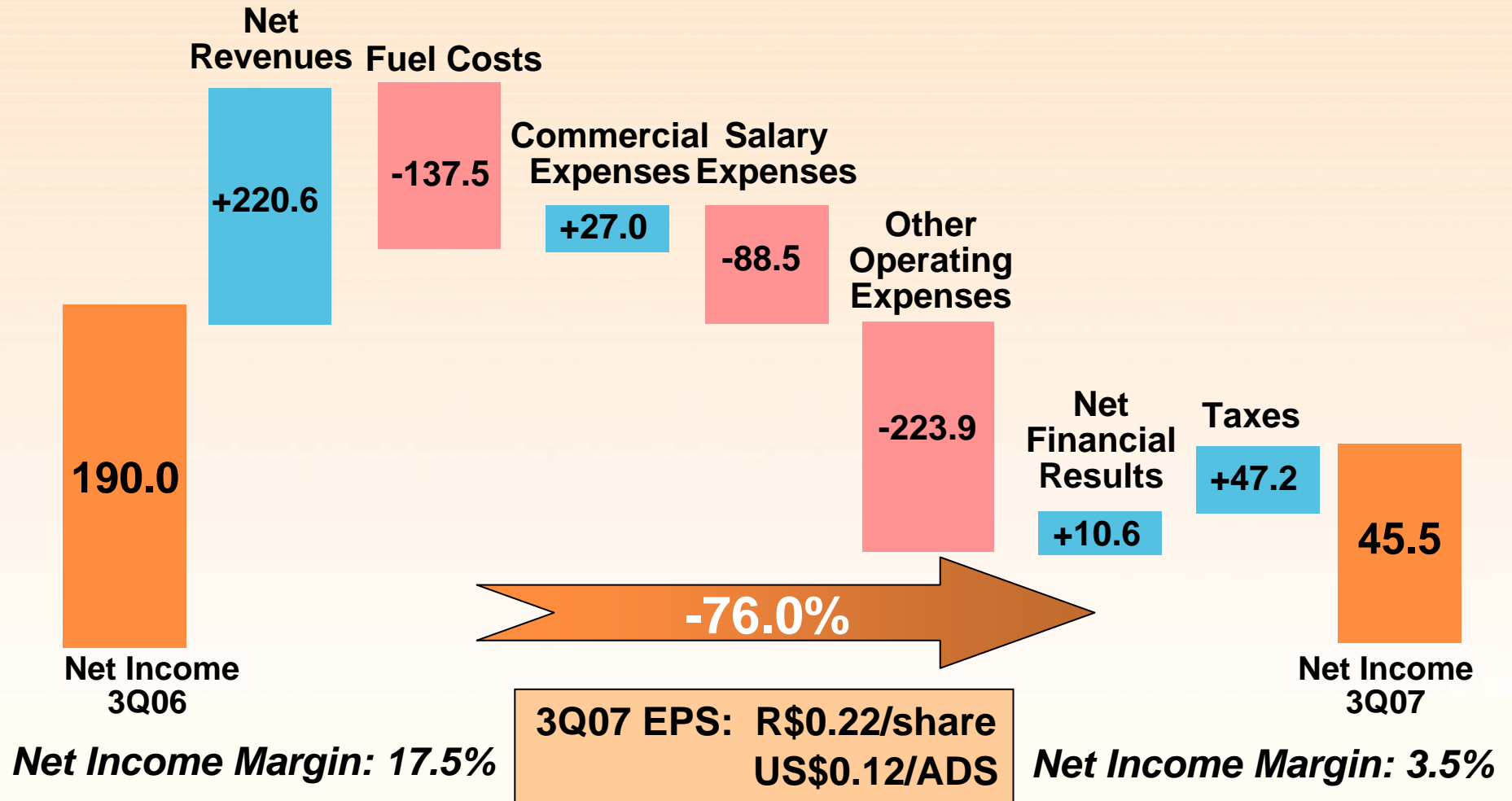
- Increase in Long-term Financing
- Increase in average maturity to 6 years
  - Average interest rate of 7.0% in USD



# Net Income Composition

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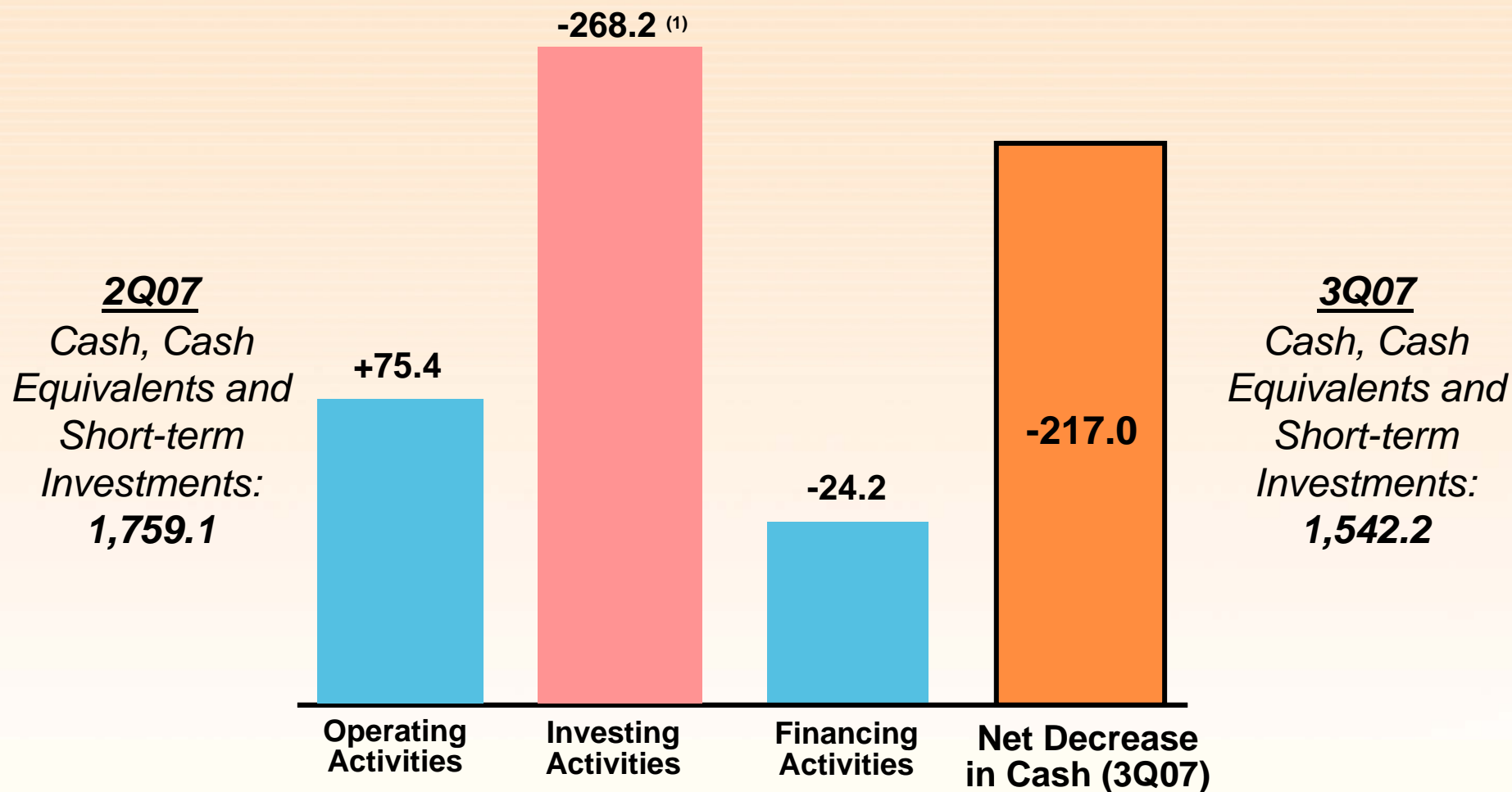
R\$ million USGAAP



# Cash Flow Evolution

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R\$ million USGAAP



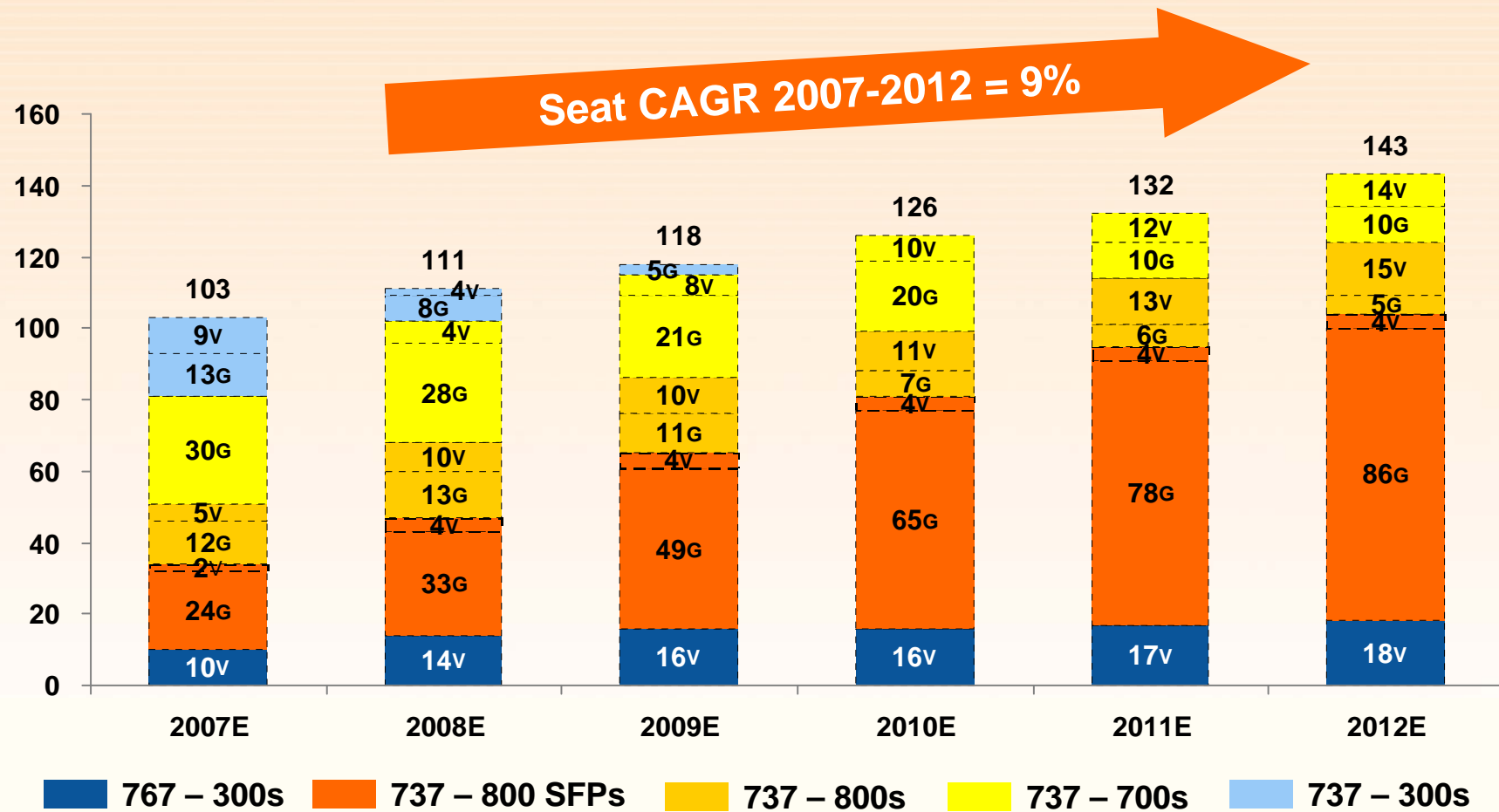
(1) Excluding R\$11.8mm in change in available-for-sale securities in 3Q07, as defined by SFAS 115



# Fleet Plan

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- ✈ Fleet plan to facilitate profitable growth and reduce costs
- ✈ Order for 121 737-800NGs





# Relative Performance and Liquidity

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## ✈ Share Performance: (1)

• GOL ADR x XAL	+20.6%
• GOL ADR x Tier 1 LCCs (2)	-20.2%
• GOLL4 PN x IBovespa	-48.4%

**XAL**

**RYANAIR** **SOUTHWEST** **jetBlue** **WEST JET**

**BOVESPA**

## ✈ Trading Volume: (1)

• GOL ADR – Avg. Daily	US\$ 24 MM
• GOLL4 PN – Avg. Daily	R\$ 37 MM

**GOL**  
NYSE

**GOLL4**  
NÍVEL 2  
BOVESPA BRASIL

(1) YTD November 5, 2007.

(2) Tier 1 LCCs: Southwest, Ryanair, JetBlue and West Jet



# Looking Forward

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## 4Q07

- ✓ +/- 80% increase in ASKs
- ✓ +/- 64-66% load factor
- ✓ Yields +/- R\$22-24 cents
- ✓ Non-fuel CASK +/- R\$8.4 cents

<b>Guidance</b>	<b><u>2007 Previous</u></b>	<b><u>2007 Updated</u></b>
<b>ASK Growth</b>	+/- 75%	+/- 76%
<b>Load Factor</b>	+/- 64% - 66%	+/- 64% - 66%
<b>Net Revenues</b>	+/- R\$5.2 - R\$ 5.4 billion	+/- R\$5.2 - R\$ 5.3 billion
<b>CASK ex-fuel</b>	+/- R\$ 8.3 cents	+/- R\$ 8.4 cents
<b>Operating Margin</b>	+/- 7% - 11%	+/- 5% - 8%
<b>Earnings per Share</b>	R\$ 1.60 - R\$ 2.10	R\$ 1.40 – R\$ 1.80



# GOL's Competitive Strengths

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**Proven  
management**

**Lowest-cost  
provider**

**Modern and  
efficient fleet**

**Low fares and high  
profitability**

**Highly productive  
workforce**

**Strong brands**



**Unique culture**

**Efficient sales  
distribution**

**Quality customer  
service**





# GOL

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