



Linhas aéreas inteligentes

---

# 2Q08 Results Presentation

August 12, 2008

# Highlights 2Q08

GOL Webcast 2Q08

## Challenging Quarter

- Fuel prices per liter +29% over 2Q07
- Intense promotional activities
- Ramp-up of new flight network

## High Demand Growth

- 2Q08 Brazil domestic RPK growth of 11.0% <sup>(1, 2)</sup>

## Net Revenues of R\$1.5 billion in 2Q08 (+27% y-o-y)

- Net loss of R\$171.7 mm
- Consolidated CASK = R\$16.5 cents / ASK

## Weak Operating Performance in 2Q08

- 30 additional daily flight frequencies
- Load factor: 65% (+ 3pp over 1Q08)
- Capacity (ASK): -3% over 1Q08
- Pax volumes (RPK): +1% over 1Q08
- Yield: R\$19 cents (-11% over 1Q08)

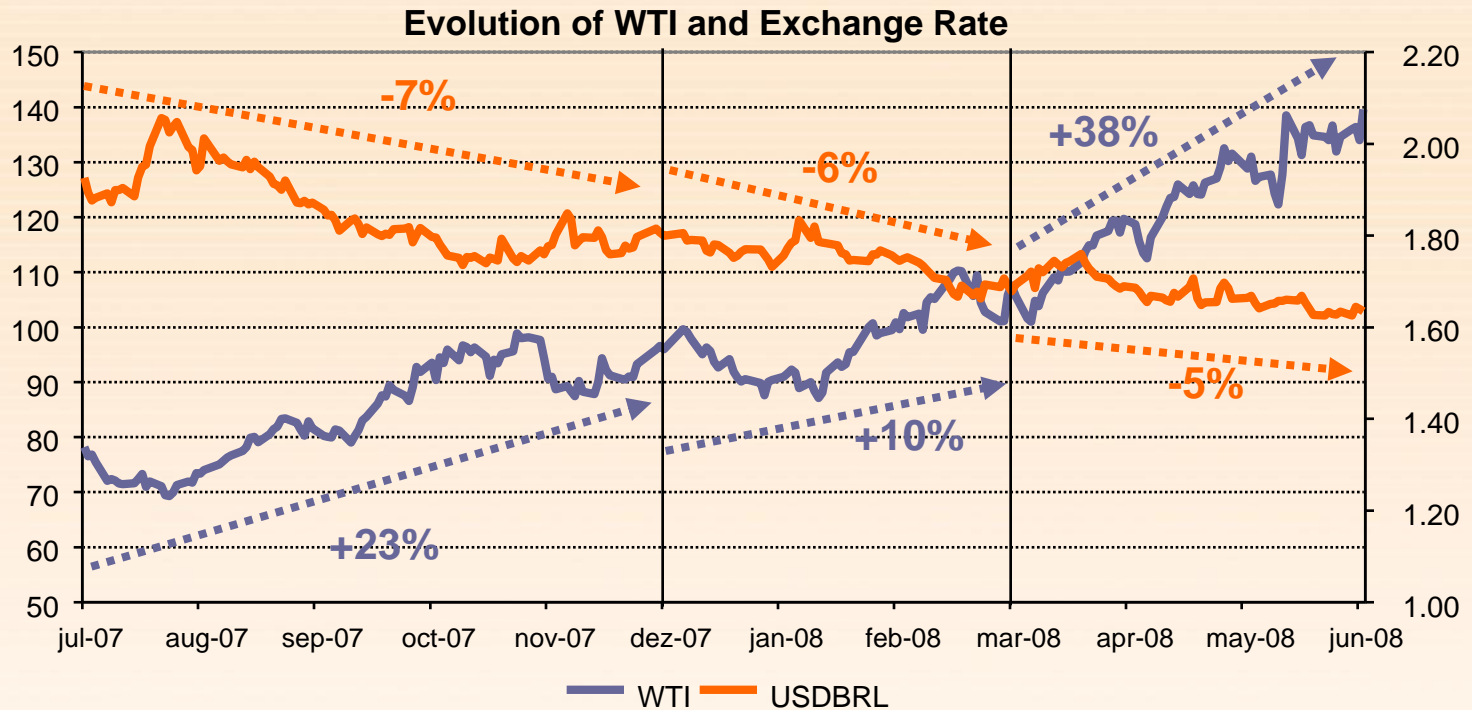
In June, GOL received antitrust approval for VRG acquisition

(1) 2Q08 vs. 2Q07  
(2) Source: ANAC



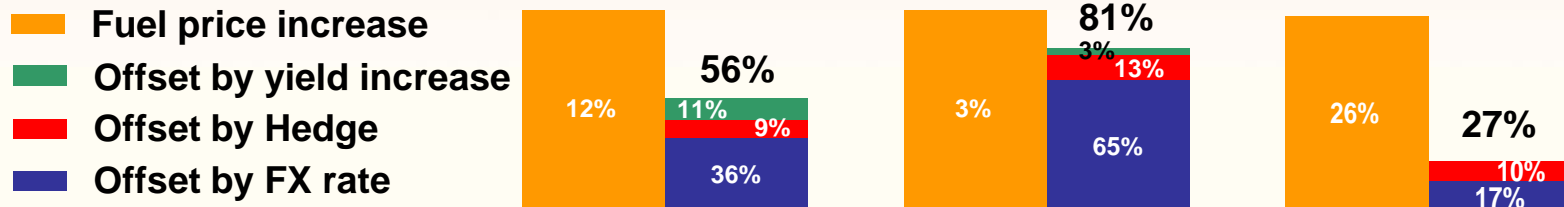
# Impact of Fuel Prices Increases

GOL Webcast 2Q08



	<u>2H07</u>	<u>1Q08</u>	<u>2Q08</u>
Fuel cost as a % of GOL's costs	38%	41%	42%

### Fuel price increase %:



# Initiatives to Offset Fuel Price Increases

GOL Webcast 2Q08

## Costs

2H08E  
Savings

### → Fleet renewal

- 30% less fuel consumption per ASK (737-800 NG vs. 737-300)
- Reduction of average age from 9.0 in 2007 to 5.6 in 2008
- Less crew cost per ASK (737-800 NG vs. 737-300)
- Lower maintenance costs

~R\$82mm

### → Operations

- Reducing cruise flight speed saves up to 0.5% on fuel consumption
- Shutting down one engine after landing
- Gradually adding winglets to the fleet

~R\$38mm

### → Fuel Hedging

- Disciplined hedging policy to protect from large WTI oscillations

### → Ex-fuel cost reductions

- Lower distribution costs by increasing sales through the internet
- New systems to reduce crew lodging and sales costs

~R\$10mm



# Initiatives to Offset Fuel Price Increases

GOL Webcast 2Q08

## Revenue and Capacity

2H08E  
Revenues / Savings

### → Ancillary revenues

- 30% increase in cargo tons per ASK vs 2007
- Online travel insurance

### → Expand interline and code-share agreements

- Increased load factors

### → Capacity reductions

- 8 aircraft will cease operations until end of the year
- 11% reduction in total system ASKs until end of year

### → Focus on profitable routes and departure times

- Reduce service on less profitable frequencies
- Smaller combined network eliminates flights overlapping

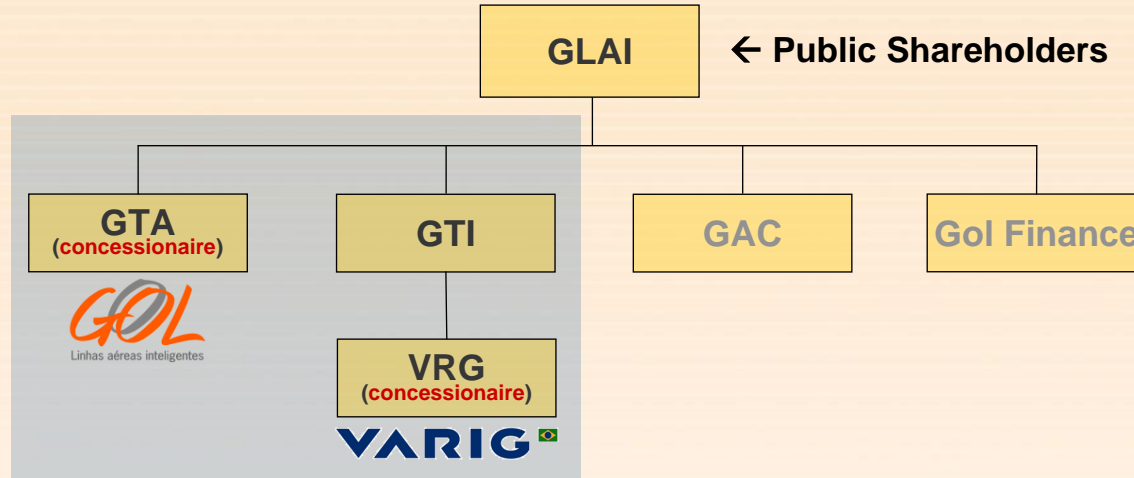
**Total:**  
**~R\$460mm**



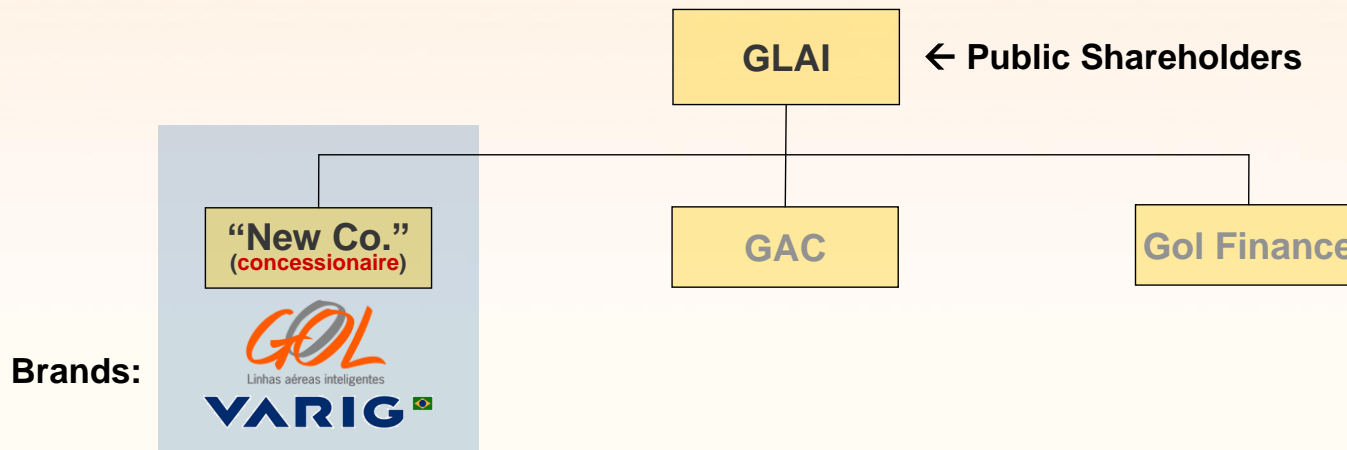
# Organizational Restructuring

GOL Webcast 2Q08

## Current Organizational Structure



## Organizational Structure after Incorporation



# Synergies from Restructuring

GOL Webcast 2Q08

	Today	After Incorporation	Estimated Gains
→ <b>Flight Network</b>	→ GTA and VRG flight network are operated separately	→ More flight options, better segmentation, more connectivity, less redundancy	→ ~R\$105mm per year
→ <b>Operations</b>	→ VARIG aircraft can only operate VARIG destinations → Each company has and uses separate parts inventory → GTA pilots cannot flight VRG aircraft and vice-versa	→ GOL aircraft can operate routes operated by VARIG and vice-versa → Joint use of inventory and spare parts → Optimized human resources	→ ~R\$55mm per year
→ <b>IT Systems</b>	→ Each company has different systems, operated and maintained separately	→ Complete system integration (ERP, sales, etc.)	→ R\$20mm per year



# Network Integration

GOL Webcast 2Q08

VRG Network

+

GTA Network

=

Consolidated Network



More flight options  
Better segmentation



More connectivity  
Less redundancy



More efficient network  
Increased load factors

Over 730 flights per day

*This presentation is subject to copyright and may not be copied or used without GOL's express consent*





# Disciplined Capacity Growth

GOL Webcast 2Q08

	1Q08	2Q08	3Q08E	4Q08E	2009
<b>Domestic ASK <sup>(1)</sup></b>	<b>8,072</b>	<b>8,382</b>	<b>8,000</b>	<b>8,100</b>	<b>34,000</b>
q-t-q growth	7%	4%	-5%	1%	4%
y-o-y growth	36%	22%	16%	7%	4%
<b>Internacional ASK <sup>(1)</sup></b>	<b>2,986</b>	<b>2,295</b>	<b>1,600</b>	<b>1,600</b>	<b>6,500</b>
q-t-q growth	39%	-23%	-30%	-	-23%
y-o-y growth	182%	15%	-22%	-26%	-23%
<b>Total ASK <sup>(1)</sup></b>	<b>11,058</b>	<b>10,677</b>	<b>9,600</b>	<b>9,700</b>	<b>40,500</b>
q-t-q growth	14%	-3%	-10%	1%	-1%
y-o-y growth	58%	21%	7%	-	-1%
<b>Net Aircraft Returns <sup>(1)</sup></b>	<b>(3)</b>	<b>2</b>	<b>-</b>	<b>8</b>	<b>-</b>

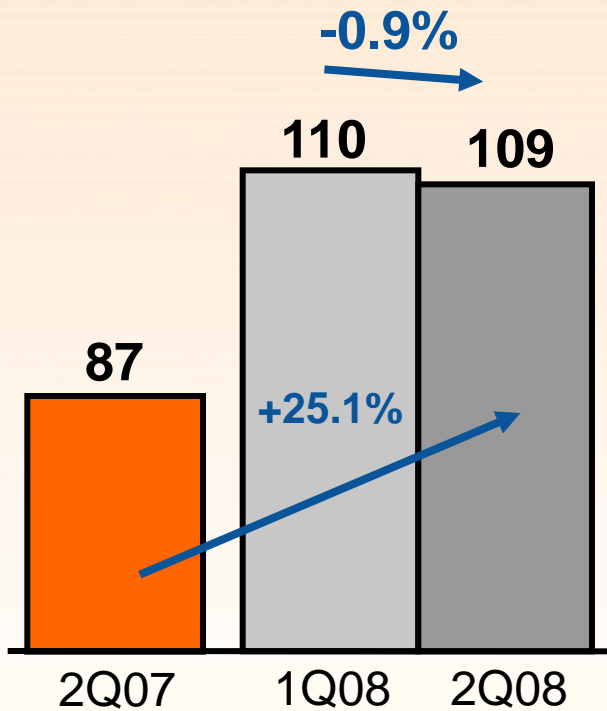
(1) Consolidated (GTA + VRG)



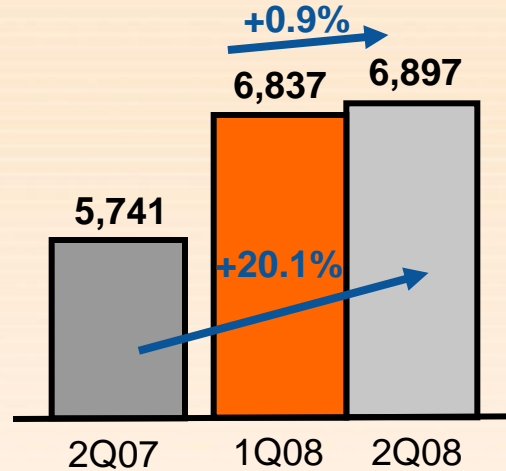
# Capacity and Network Expansion

GOL Webcast 2Q08

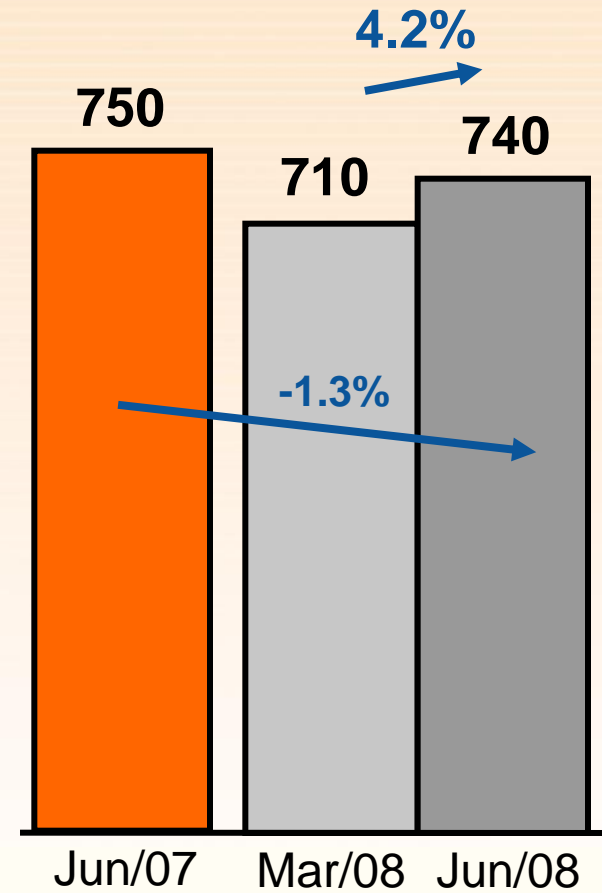
## Number of Operating Aircraft (average)



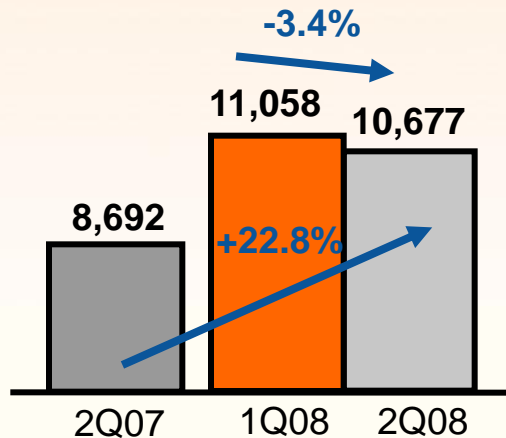
## RPK (MM)



## Flights/Day



## ASK (MM)



# Net Revenues

GOL Webcast 2Q08

## Higher Volumes (2Q08 vs 2Q07)

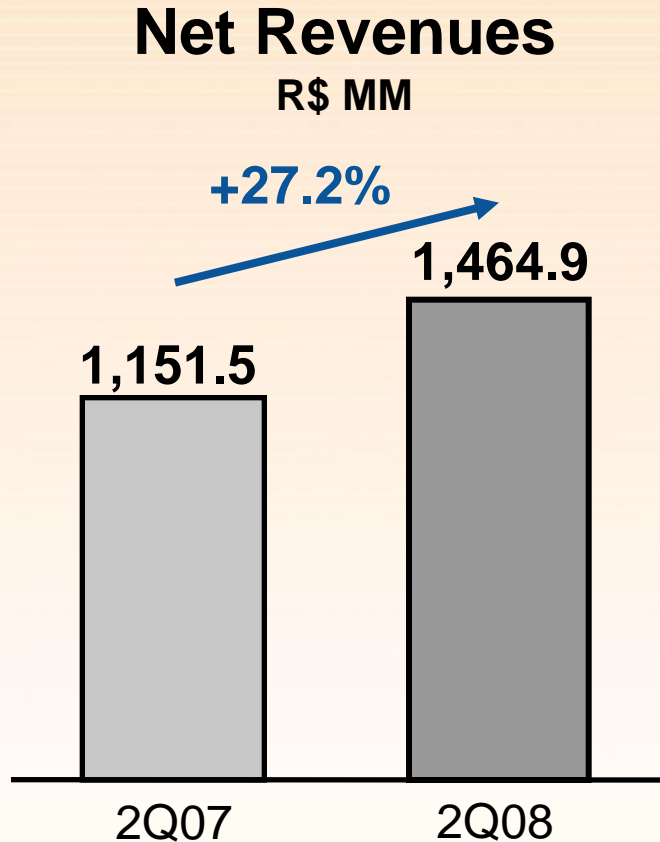
- RPK: +20.1%
- Average Fleet: +25.1%
- ASK: +22.8%
- Load factor: -1.4 p.p. → 64.6%

## Low Fares (2Q08 vs 2Q07)

- Average Fares: +16.7%
- Yield: +7.7%
- RASK: +3.5%
- Breakeven Load Factor: +5.7 p.p.

## Ancillary Revenues (2Q08 vs 2Q07)

- R\$ 124.8MM (18.3% increase over 2Q07)

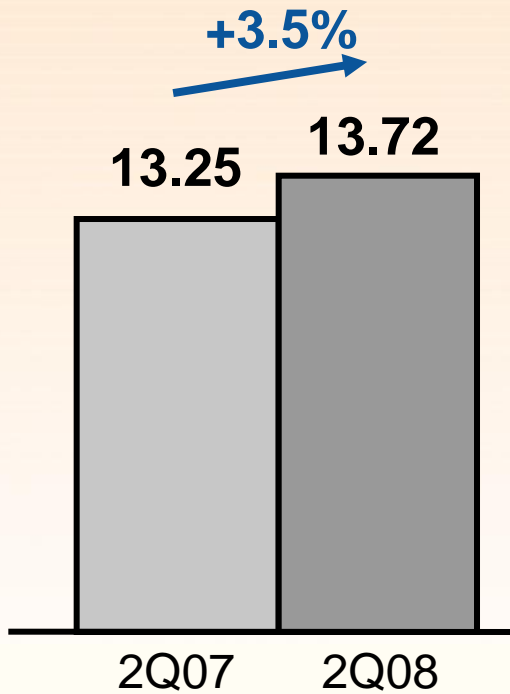


# Profitability - 2Q07 x 2Q08

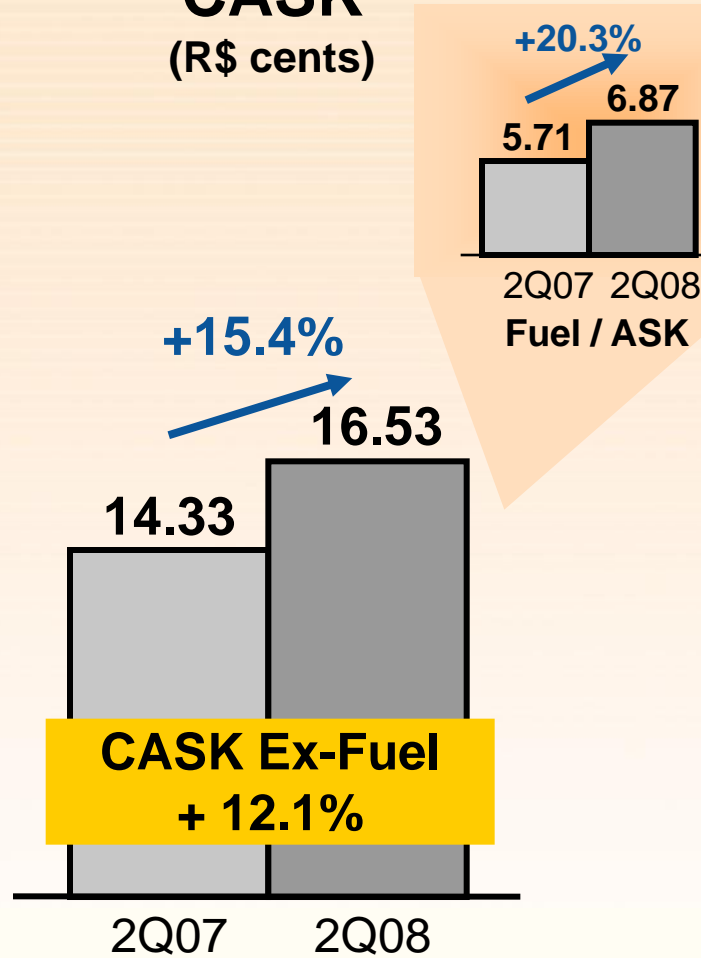
GOL Webcast 2Q08

USGAAP

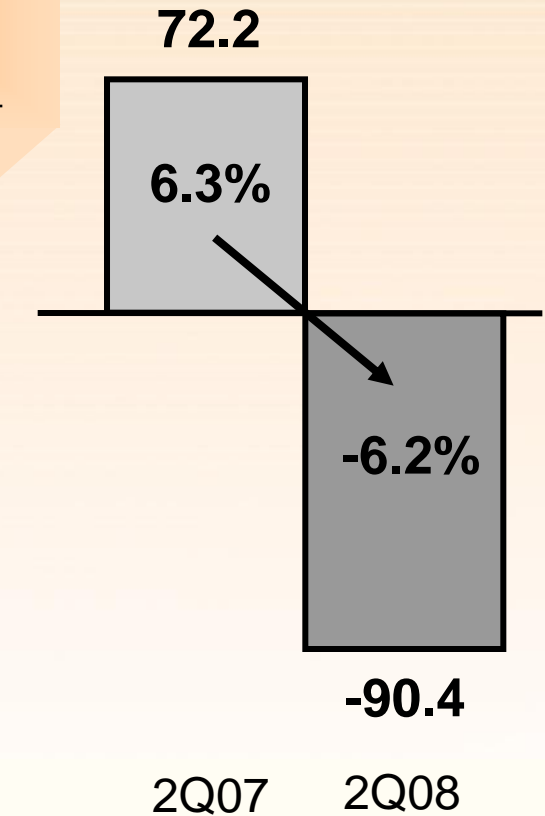
## RASK (R\$ cents)



## CASK (R\$ cents)



## EBITDAR R\$ million



EBITDAR Margin



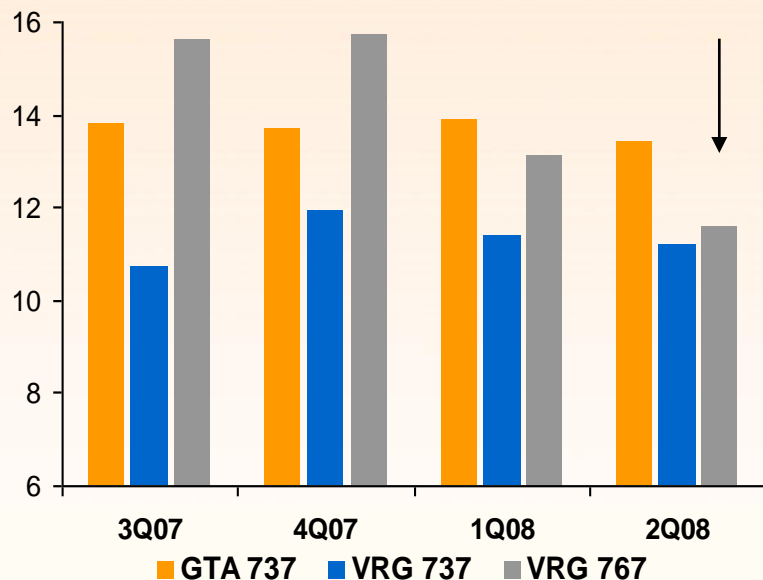
# 2Q08 CASK

GOL Webcast 2Q08

## Lower aircraft utilization

- With the shut down of long-haul operations our eight 767s in operation were flying less hours per day

**Aircraft Utilization Rate  
(block hours per day)**



## Non-recurring expenses

- Returns maintenance (767s and 737s)
- Shut down of international bases (Madrid, Mexico)
- Passenger accommodations

	<u>GTA</u>	<u>VRG</u>		<u>CONSOLIDATED</u>
		Dom.	Intl	
<b>RASK</b>	15.6	12.9	5.6	13.7
<b>CASK</b>	16.3	17.0		16.5

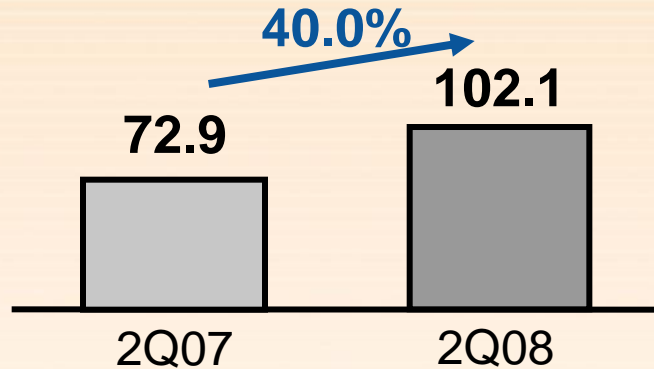


# Net Financial Results

GOL Webcast 2Q08

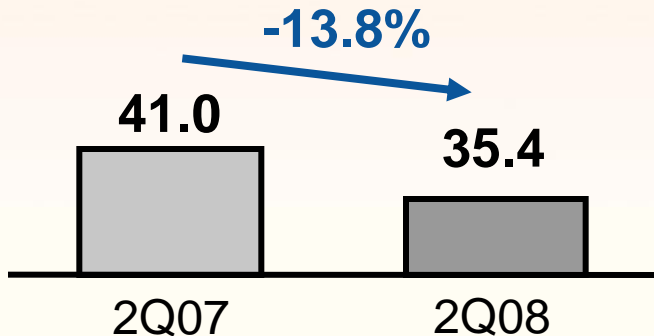
→ 2Q08 Net Financial Results: R\$ 70.3 MM

## Financial Income (R\$ MM)



- Investment of Cash Balances
- R\$737.7mm of cash invested
  - Average earning rate of 13.4% in BRL

## Financial Expense (R\$ MM)



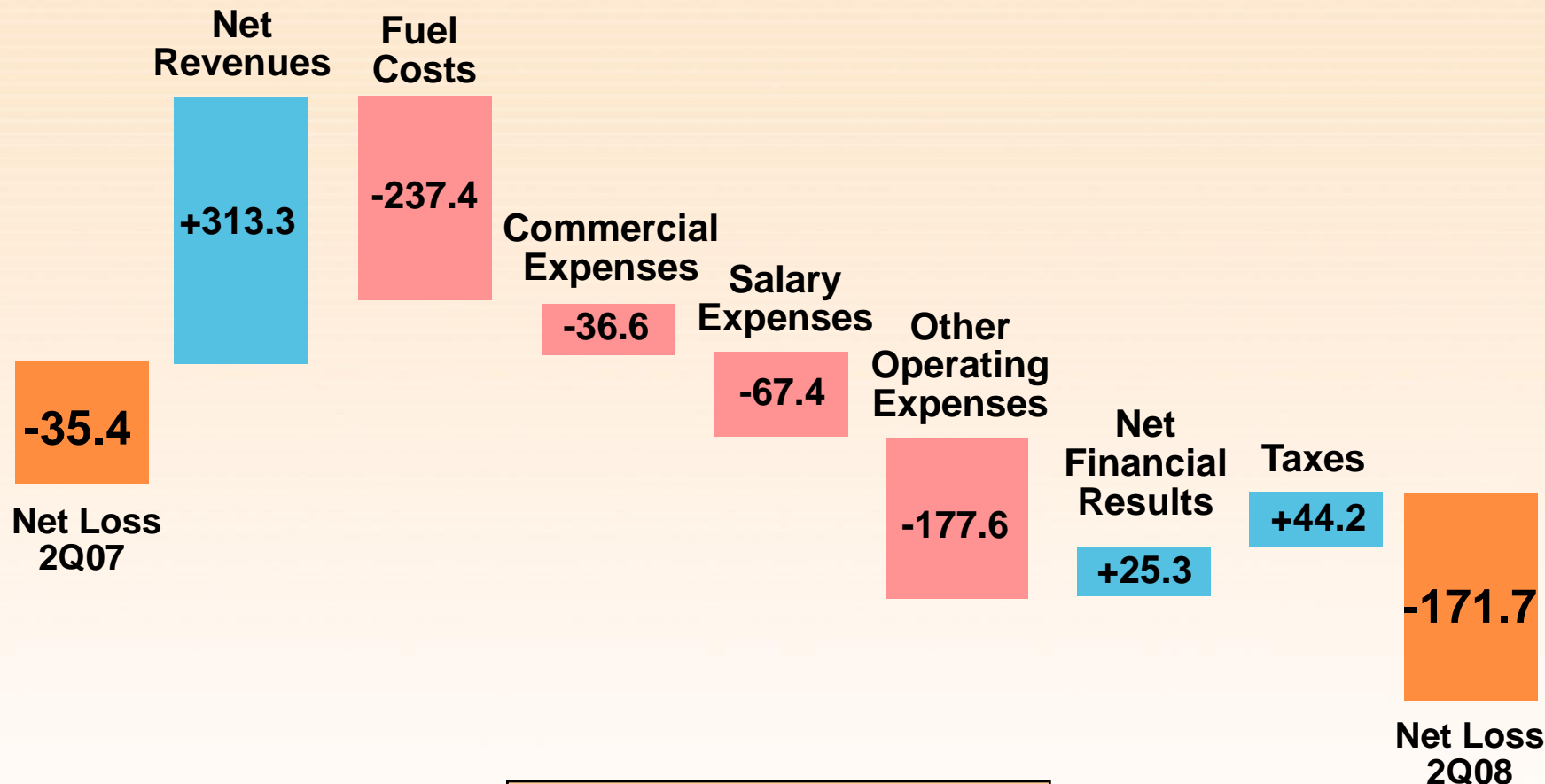
- Long-term Financing
- R\$1.8 billion
  - Average maturity of 7.2 years
  - Average interest rate of 7.2% in USD



# Net Income Composition

GOL Webcast 2Q08

R\$ million USGAAP



**Net Margin: -3.1%**

**2Q08 EPS: -R\$0.85/share  
-US\$0.52/ADS**

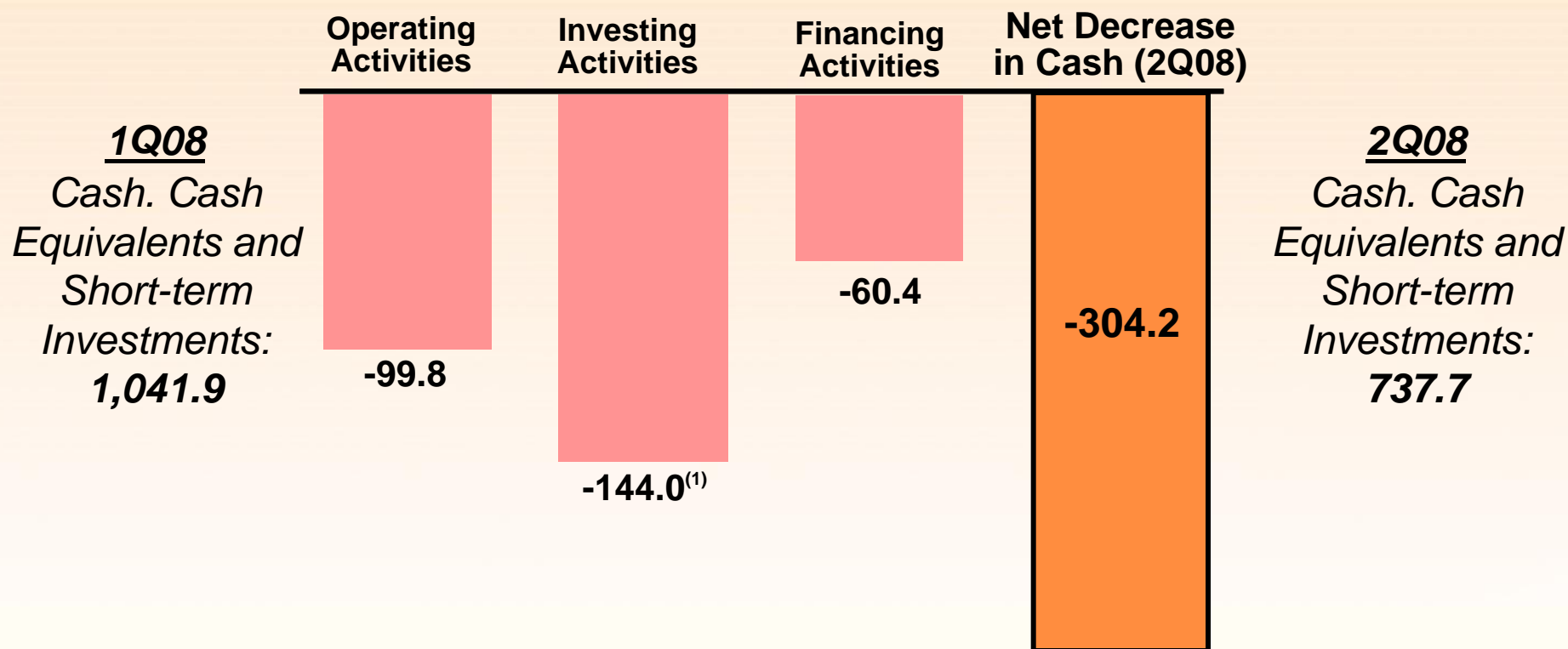
**Net Margin: -11.7%**



# Cash Flow Evolution

GOL Webcast 2Q08

R\$ million USGAAP



(1) Excluding R\$151.7mm in change in available-for-sale securities in 2Q08 as defined by SFAS 115



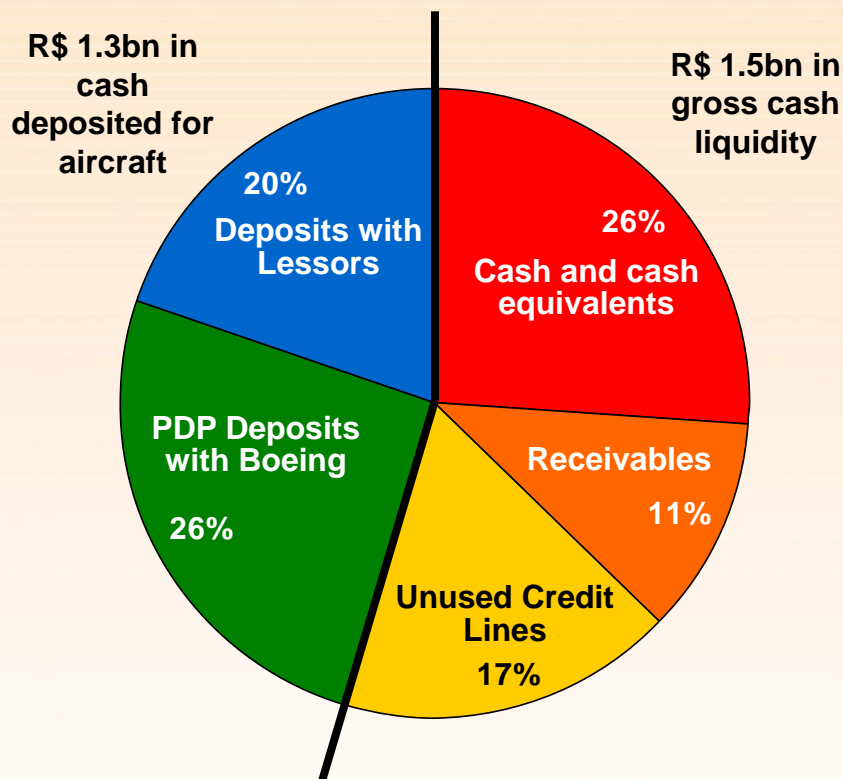


# Investment Plans and Financing

GOL Webcast 2Q08

## Net Cash Liquidity

(R\$m in 2Q08)



**Total: R\$ 2.8bn**

### Capex (R\$m)

2008-2010

	R\$
Aircraft acquisition	1,260
Pre-delivery payments	910
Other Investments (Hangar, IT, Spare Parts)	530
<b>Total</b>	<b>2,700</b>

### Financing Sources (R\$m)

2008-2010

	R\$	Cost	Term
Aircraft Loan	1,070	~5% pa	~12 years
Pre-delivery Payments Facilities	800	~5% pa	~2 years
Other Capex	250	~6% pa	~7 years
Own Resources	625		
<b>Total</b>	<b>2,700</b>		

→ GOL has R\$900mm in tax benefits and net operating losses

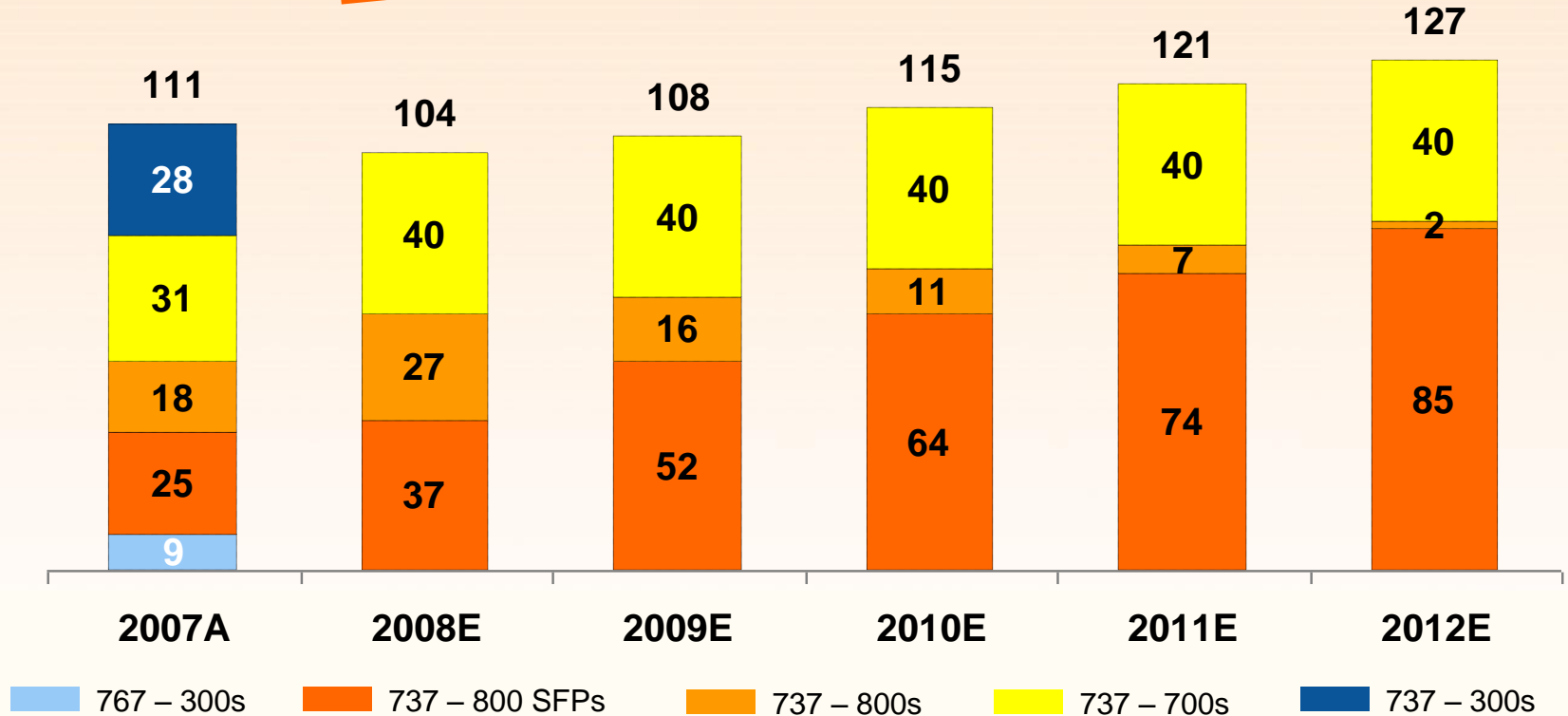


# Fleet Plan

GOL Webcast 2Q08

- ✈ Fleet plan to facilitate profitable growth and reduce costs
- ✈ Order for 161 737-800NGs (29 delivered)

Seat CAGR 2008-2012 = 6%



# Buy-Back Program and 2008 Dividend Policy

GOL Webcast 2Q08

## Share Buy-Back Program

- Total program: 5 million preferred shares
- Status: 1.6 million shares (32% of program) at June 30, 2008

## Dividend Policy

- Quarterly Dividends payment for the remainder of 2008 has been suspended



# Guidance 2008

GOL Webcast 2Q08

General Guidance (Consolidated, USGAAP)	2008E (+/-) Previous	2008E (+/-) Revised	Variation %
Pax Transported (000)	29,000	26,000	-10
ASKs, System (million)	43,000	41,000	-5
International ASK (% of total system)	19	20	+1 pp
Fleet (end of period)	108	104	-4
RPKs, System (million)	28,000	26,000	-7
Cargo and Other Revenues (R\$ million)	600	500	-17
Departures (000)	280	275	-2
CASK ex-fuel (R\$ cents)	8.7	9.4	+8
Fuel liters consumed (mm)	1,400	1,350	-4
Fuel Price (R\$ / liter)	1.89	2.30	+22
Average Exchange Rate (R\$ / US\$)	1.75	1.67	-5
Capital Expenditures (R\$ mm)	1,100	950	-14
Total Adjusted Net Debt <sup>(1)</sup> / Total Cap. (%)	57	60	+3 pp
Average Shares Outstanding (mm) <sup>(2)</sup>	200.2	200.2	-

(1) Balance sheet debt and capital leases plus 7x annual rent, less cash.

(2) US GAAP. Total shares outstanding are based on general estimates and assumptions. The number of shares in the actual calculation of EPS will likely be different from those set forth above



# Competitive Strengths

GOL Webcast 2Q08





# GOL

Linhas aéreas inteligentes

*This presentation contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of GOL. These are merely projections and, as such, are based exclusively on the expectations of GOL's management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors and risks disclosed in GOL's filed disclosure documents and are, therefore, subject to change without prior notice.*