



**2<sup>nd</sup> Quarter 2018**  
**Earnings Report**  
**Grupo Viva Aerobus**

**Enhancing air travel options through a  
strong focus on profitability and innovation**



## VIVA AEROBUS REPORTS GROWTH OF 32.3% IN EBITDAR AND 23.4% IN REVENUE DURING 2Q18

Mexico City, July 26<sup>th</sup>, 2018 – Grupo Viva Aerobus, S.A. de C.V. (“Grupo Viva”), holding of Aeroenlaces Nacionales, S.A. de C.V. (“Viva Aerobus”), the carrier with the lowest costs in Latin America and rates comparable to bus transportation, announced today its earnings results for the second quarter 2018. The figures presented in this report have been prepared in accordance with the International Financial Reporting Standards (IFRS) and are expressed in millions of current nominal Mexican Pesos, unless otherwise stated. Totals may slightly differ from individual sums due to rounding.

### 2Q18 Highlights

- 2Q18 total operating revenue recorded Ps.2,238 million, increasing 23.4% when compared to the Ps.1,814 million registered in the same period last year
- Capacity measured in available seat kilometers (ASK) reached 2,840 million in 2Q18, up 25.1% versus the 2,271 million in 2Q17
- On the other hand, revenue per available seat kilometer (RASK) decreased 1.3%, from Ps.80 cents in 2Q17 to Ps.79 cents this quarter
- 2Q18 cost per available seat kilometer (CASK) was Ps.69 cents, 1.9% below than the Ps.71 cents in 2Q17
- 2Q18 Load factor stood at 91.5%, i.e. 0.6 pp. more than that of 2Q17
- 2Q18 EBITDAR amounted to Ps.926 million, an increase of 32.3% when compared to the Ps.700 million in 2Q17. This growth was driven by higher ancillary revenue and lower costs (excluding fuel), which more than offset the annual increase in fuel prices. EBITDAR margin was 41.4% in 2Q18 (+2.8 pp. vs. the 38.6% in 2Q17)
- At quarter-end, Grupo Viva registered a Ps.174 million net income, an increase of 16.7% when compared to the Ps.149 million in 2Q17. 2Q18 net margin stood at 7.8%
- As of June 30, 2018, the cash and cash equivalents balance were Ps.2,515 million, increasing 38.4% YoY
- At quarter-end, Grupo Viva Aerobus maintained one of the most modern fleets in Mexico and the world, with an average age of 4.7 years, consisting of 26 aircraft, 22 Airbus 320ceo and 4 Airbus 320neo
- Grupo Viva Aerobus strengthens its fleet through the execution of previously agreed options with Airbus; purchasing 25 new Airbus A321neo aircraft and updating a previous 16 aircraft order of the A320neo model to the A321neo. After this transaction, purchase orders consolidate a total amount of 80 aircraft: 15 A320ceo, 24 A320neo and 41 A321neo

### Operational Considerations

- The Direccion General de Aeronautica Civil (General Direction of Civil Aviation or “DGAC”, by its Spanish Acronym) reported a 9.6% annual growth in domestic passenger traffic carried by Mexican airlines from January to May 2018. In the same period, Viva Aerobus posted the highest growth in the passenger traffic in the industry: 21.8% in domestic passengers and 24.4% in total passengers. Furthermore, YTD, Viva Aerobus carried more than 4.5 million passengers (+22.9% versus the same period last year), and over 2.4 million in 2Q18 (+17.6% versus 2Q17)
- From January to May 2018, Viva Aerobus’ domestic share increased by 1.4%, reaching 17.8% of total passengers carried, versus 16.4% in the same period last year
- The average cost per gallon of jet fuel increased 49.3% YoY, reaching USD \$2.09 per gallon at the end of June 2018, versus \$1.40 at the end of 2Q17
- In 2Q18, the MXN depreciated 4.6% YoY against the USD, from an average exchange rate of Ps.18.55/USD in 2Q17 to Ps.19.40/USD this quarter



## Financial Information

Financial Indicators (MXN million)	2018	2017	Ch. %	1H18	1H17	Ch. %
<b>Operating Revenue</b>	2,238	1,814	23.4%	4,198	3,118	34.6%
<b>EBITDAR</b>	926	700	32.3%	1,459	990	47.3%
<b>EBITDAR margin</b>	41.4%	38.6%	2.8 pp.	34.8%	31.8%	3.0 pp.
<b>Operating income</b>	274	212	28.7%	134	142	(6.0%)
<b>Operating margin</b>	12.2%	11.7%	0.5 pp.	3.2%	4.6%	1.4 pp.
<b>Profit before income taxes (PBT)</b>	68	193	(64.8%)	(59)	150	(>100.0%)
<b>PBT margin</b>	3.0%	10.7%	(7.6 pp.)	(1.4%)	4.8%	(6.2 pp.)
<b>Net Income</b>	174	149	16.7%	137	126	8.8%
<b>Net margin</b>	7.8%	8.2%	(0.4 pp.)	3.3%	4.0%	(0.7 pp.)

## Operational Information

Operational Indicators	2018	2017	Ch. %	1H18	1H17	Ch. %
<b>ASKs (million)</b>	2,840	2,271	25.1%	5,465	4,185	30.6%
<b>RPKs (million)</b>	2,600	2,066	25.8%	4,895	3,724	31.4%
<b>Total passengers (thousands)</b>	2,413	2,052	17.6%	4,526	3,682	22.9%
<b>Load factor</b>	91.5%	91.0%	0.6 pp.	89.6%	89.0%	0.6 pp.
<b>RASK (MXN cents)</b>	79	80	(1.3%)	77	75	3.1%
<b>Adjusted RASK* (MXN cents)</b>	64	63	2.3%	63	59	7.0%
<b>CASK (MXN cents)</b>	69	71	(1.9%)	74	71	4.6%
<b>Cost per seat (MXN cents)</b>	739	701	5.4%	799	710	12.6%
<b>CASK ex-fuel (MXN cents)</b>	38	49	(22.9%)	45	49	(8.6%)
<b>Adjusted CASK* (MXN cents)</b>	56	55	1.7%	61	56	8.5%
<b>Adjusted CASK* ex-fuel (MXN cents)</b>	31	38	(20.1%)	37	39	(5.2%)
<b>Stage length (km)</b>	1,068	994	7.4%	1,074	998	7.6%

\*Adjusted to 1,609 km.

\*Please refer to the glossary

## Financial Ratios

Financial Ratios (times)	2018	2017	Ch. %	1H18	1H17	Ch. %
<b>Cost-to-revenue ratio</b>	87.8%	88.3%	(0.5 pp.)	96.8%	95.4%	1.4 pp.
<b>Liquidity ratio*</b>	0.47x	0.64x	(0.17x)	0.47x	0.64x	(0.17x)
<b>Current ratio**</b>	0.48x	0.66x	(0.18x)	0.48x	0.66x	(0.18x)
<b>Total debt / Shareholders' Equity</b>	1.37x	1.24x	0.13x	1.37x	1.24x	0.13x
<b>Cash as % of LTM revenue***</b>	29.1%	29.0%	0.1 pp.	29.1%	29.0%	0.1 pp.
<b>Adjusted net debt / EBITDAR</b>	4.84x	5.23x	(0.39x)	4.84x	5.23x	(0.39x)

\*Liquidity ratio = (Current Assets - Inventory) / Current Liabilities

\*\*Current ratio = Current Assets / Current Liabilities

\*\*\*Includes restricted cash



## Message from the CEO

The second quarter of 2018 marked an encouraging first half of the year for Grupo Viva Aerobus; showing again the strength of its business model and sound position as one of the airline carriers with highest growth, stability and grounds to face any challenge ahead.

Amid a defiant macroeconomic environment, where the US dollar appreciated against the Mexican Peso and fuel prices continued its upward trend, we achieved a 32.3% EBITDAR growth and a Ps.174 million net income (up 16.7% vs. 2Q17). This reflects our efficiency edge, as it allows us to maximize the benefits of having one of the most modern fleets worldwide and a best of breed management team. In this context, we were able to offset the effect of higher fuel prices, without transferring the cost to our tickets price, for the benefit of our passengers.

Our value proposal, which combines the most competitive prices in the market, a customer centered service and unbundling services, allowed us to increase the preference for our services. From April to June, we reached a 17.6% growth in passengers traffic serving more than 2.4 million passengers in 2Q18, with a load factor of 91.5%, one of the highest in the world, due to both our clients' loyalty and customized flight options. Consequently, we recorded a 23.4% growth in this quarter's total revenue.

Meanwhile, we also reaffirmed our commitment to expand and consolidate an accessible connectivity, thus promoting, in return, Mexico's touristic industry. In this period, Viva Aerobus announced the opening of 6 regular routes, including the launching of the international route Mexico City-New York City.

Separately, we feel very proud to start the third quarter of the year with one of Grupo Viva Aerobus' most significant developments over the last 5 years: our second largest acquisition of aircrafts, which encompasses the purchase of 25 Airbus A321neo units and the updated order for another 16 A321neo units (instead of the original order for the A320neo model); this transaction has a list price above the US\$3.5 billion mark. With this initiative, we continue up gauging and renovating our aircraft fleet, to reach a better travel experience. Furthermore, this endeavor represents a new proof of the confidence placed in the industry of Mexican airlines, paving the way to serve an increasing number of passengers, in a safe and trustworthy fashion, with the best possible price.

Likewise, at the beginning of the second half of the year, close to the coming of the new federal administration, I would like to restate our commitment to collaborate tightly with our authorities; having as a major priority the best interest of our customers and country, through the consolidation of an accessible and democratic connectivity. In this regard, we want to congratulate the Mexican society for its wide and civil participation on the July 1<sup>st</sup> electoral journey.

On the communication front with our stakeholders, we launched our new investor relations website, complying with our commitment to maintain a high level of investors service and transparency.

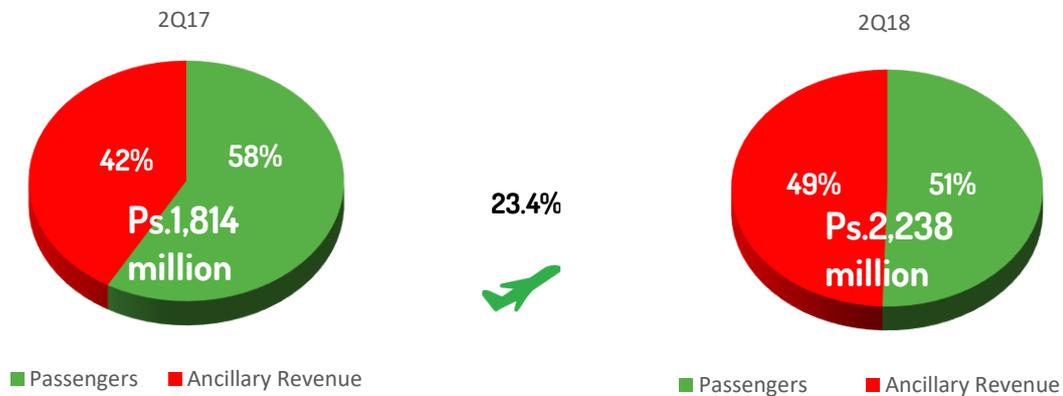
Finally, I want to thank all our stockholders and customers for their trust, which encourage us to move forward in the consolidation of our business model, and our associates, for making Viva Aerobus the favorite low-cost airline in Mexico.

**Gian Carlo Nucci**  
CEO of Grupo IAMSA & Viva Aerobus



## Income Statement Analysis (P&L)

### Consolidated Revenue

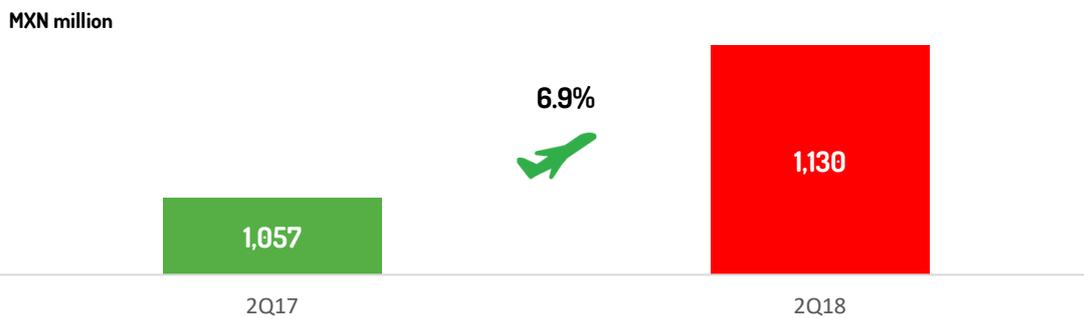


2Q18 total operating revenue reached Ps.2,238 million, up 23.4% when compared to the Ps.1,814 million in 2Q17, mainly driven by: i) a 46.5% solid growth in ancillary revenue, mostly of those services related to travel mode and seat allocation; ii) a firm 17.6% annual growth in passenger traffic (due to the 25.1% growth in seats available per kilometer and a 0.6 pp. increase in the load factor); iii) the enhancement of our portfolio of air routes, with the addition of 6 new regular routes this quarter; and, iv) the thorough implementation of our global pricing strategy, which more than offset the slight decrease in the fares paid per passenger through a better mix in ancillary revenue, thus achieving a 24.6% growth in average ancillary revenue per passenger, which in turn led to a 4.9% increase in total revenue per passenger.

In 2Q18, 50.5% of the operating revenue corresponded to passenger revenue, while the remaining 49.5% came from ancillary revenue.

At the end of June 2018, YTD operating revenue totaled Ps.4,198 million, 34.6% higher than the same period last year.

### Passenger Revenue



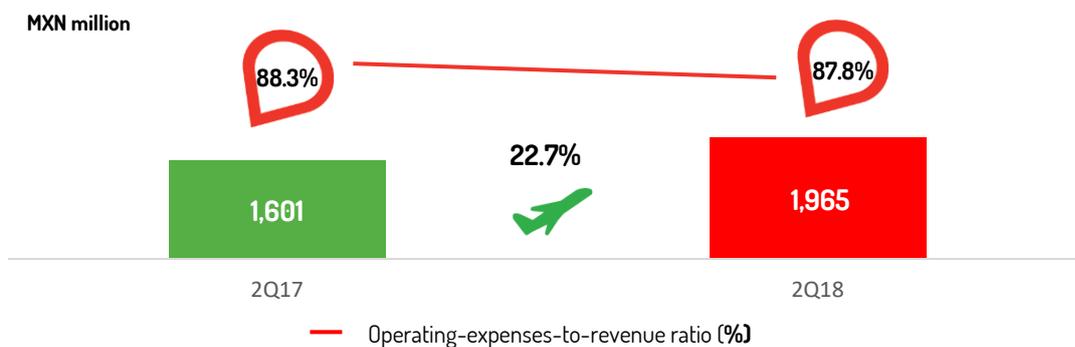
Passenger revenue amounted to Ps.1,130 million, increasing 6.9% when compared to the Ps.1,057 million in 2Q17, attributed to the ongoing implementation of initiatives aimed at improving customer experience, as well as an agile and efficient operation that enable us to maximize the passenger traffic.

## Ancillary Revenue



2Q18 ancillary revenue reached Ps.1,108 million, 46.5% higher than the Ps.756 million recorded in 2Q17, due to the implementation of our fare unbundling strategy that offers our customers the option to select the services they need. This initiative showed a strong dynamism during the quarter, following the performance of revenues for travel mode and seat allocation. Derived from the foregoing, we achieved a higher participation of ancillary revenue in the total consolidated revenue when compare to other airlines worldwide.

## Operating Expenses



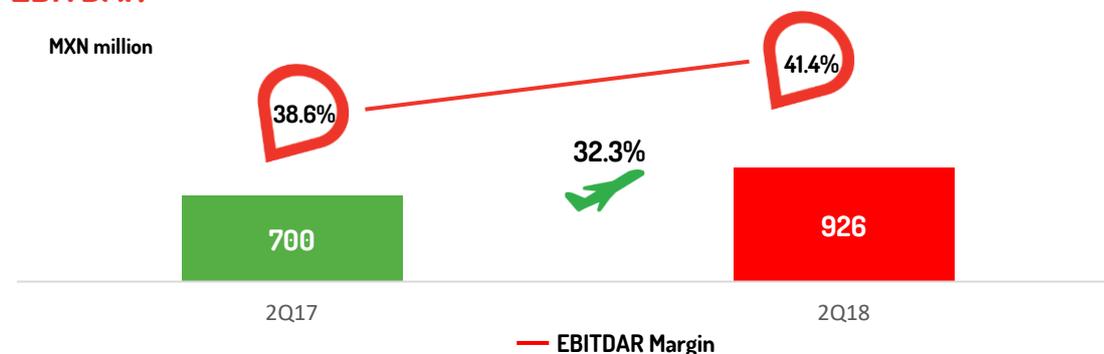
At the end of 2Q18, the operating expenses amounted to Ps.1,965 million, increasing 22.7% vs. the Ps.1,601 million registered in 2Q17, growing at a lower rate than total revenue, as a result of the consolidation of better economies of scale and scope. The Operating-expenses-to-revenue ratio slightly decreased by 0.5 pp., from 88.3% in 2Q17 to 87.8% this quarter. CASK, excluding fuel, decreased 22.9% in 2Q18, from Ps.48.8 cents in 2Q17 to Ps.37.6 cents this quarter.

During 2Q18, operating expenses were affected by the higher prices of jet fuel, which at quarter-end was USD\$2.09, 49.2% above the USD\$1.40 in 2Q17, due to the depreciation of the Mexican peso versus the US dollar. As a result, the price per liter of fuel reached to Ps.13.29, representing an annual increase of 33.8%.

It is important to note that, in order to mitigate fuel price risk, Grupo Viva follows a risk management policy that uses a portfolio of instruments composed by forwards, call and call spread options to hedge approximately 50% of its forecasted jet fuel requirements for the following two months, 40% for the third month, 30% for the fourth month, continuing iteratively until reaching 5% of the forecasted consumption for the twelfth month. In particular, the Company contracts hedging instruments underlying by the jet fuel "JF54", with levels of coverage starting at USD \$1.87 per gallon up to USD \$2.50 per gallon. This risk management policy allows the Company to benefit from the price reductions of jet fuel, while maintaining the hedging coverage and limiting the maximum losses on the premium paid for these options.

(MXN million)	2Q18	2Q17	Ch. %	1H18	1H17	Ch. %
<b>Fuel</b>	896	493	81.8%	1,621	929	74.6%
<b>Maintenance</b>	138	95	45.2%	256	176	44.9%
<b>Salaries, wages and other benefits</b>	287	217	32.7%	557	417	33.7%
<b>Selling, administrative &amp; advertising expenses</b>	292	265	9.9%	673	510	32.0%
<b>Other operating expenses</b>	(301)	44	(>100.0%)	(368)	96	(>100.0%)
<b>Rents</b>	545	430	26.8%	1,113	750	48.3%
<b>Depreciation and amortization</b>	108	58	86.3%	212	98	>100.0%
<b>Total operating expenses</b>	1,965	1,601	22.7%	4,064	2,976	36.6%
<b>Operating-expenses-to-revenue ratio (%)</b>	87.8	88.3%	(0.5 pp.)	96.8%	95.4%	1.4 pp.

## EBITDAR



2Q18 EBITDAR reached Ps.926 million, an annual increase of 32.3% vs. the Ps.700 million recorded in 2Q17, despite the increase in fuel costs. This performance was supported by the growth of total operating revenue and decrease in CASK ex-fuel following the operating efficiencies achieved this quarter. In this context, 2Q18 EBITDA margin stood at 41.4%, 2.8 pp. higher than that of 2Q17.

(MXN Million)	2Q18	2Q17	Ch. %	1H18	1H17	Ch. %
<b>Operating income</b>	274	212	28.7%	134	142	(6.0%)
<b>Depreciation and amortization</b>	108	58	86.3%	212	98	>100.0%
<b>Rents</b>	545	430	26.8%	1,113	750	48.3%
<b>EBITDAR</b>	926	700	32.3%	1,459	990	47.3%
<b>EBITDAR margin</b>	41.4%	38.6%	2.8 pp.	34.8%	31.8%	3.0 pp.

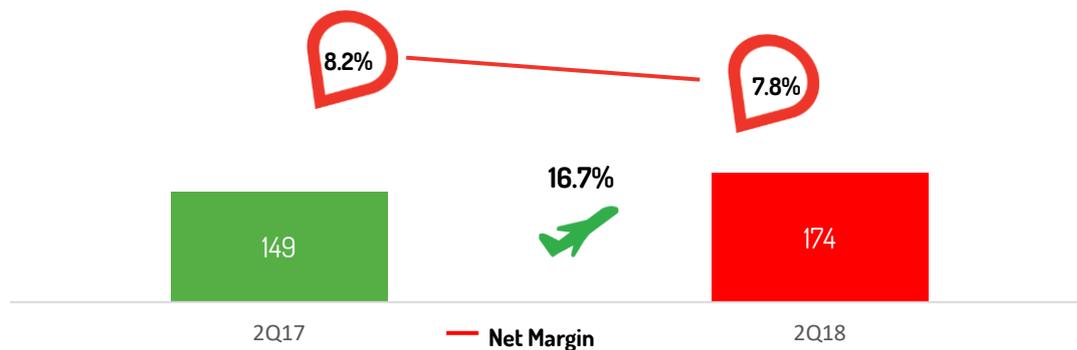
## Income tax

In 2Q18, Grupo Viva Aerobus recorded a tax benefit of Ps.106 million vs. the Ps.44 million 2Q17 income tax charge. In year-to-date terms, a Ps.197 million income tax benefit was registered, vs. the Ps.24 million income tax expense recorded in the same period last year.



**Net Income (Loss)**

MXN million



2Q18 net income reached Ps.174 million, 16.7% higher than the Ps.149 million registered in 2Q17. Moreover, accumulated net income as of June 30, 2018, totaled Ps.137 million. 2Q18 net margin stood at 7.8%.

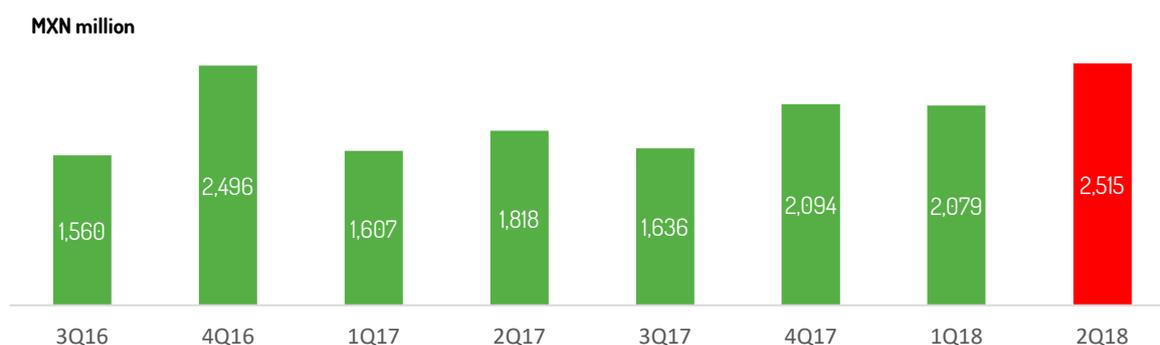
(MXN million)	2018	2017	Ch. %	1H18	1H17	Ch. %
<b>Net Income (Loss)</b>	174	149	16.7%	137	126	8.8%
<b>Net margin</b>	7.8%	8.2%	[0.4 p.p.]	3.3%	4.0%	[0.7 p.p.]



## FINANCIAL POSITION

### Cash & Cash Equivalents

The cash & cash equivalents balance (including restricted cash), at quarter-end, was Ps.2,515 million, up 38.4% vs. the Ps.1,818 million recorded as of June 30, 2017. In these terms, the Company seeks to maintain a conservative cash balance to ensure the financial stability required to face any contingency and maximize the productive use of its assets.



### Guarantee deposits and prepaid expenses

At the end of 2Q18, total guarantee deposits and prepaid expenses (short- and long-term) balance reached Ps.3,830 million, compared to the Ps.2,319 million recorded at the end of 2Q17, representing a 65.2% increase.

### Financial Debt

(MXN million)	Jun-18	Jun-17	Ch. %
Bank debt	1,449	974	48.8%
Debt securities	1,801	1,003	79.6%
Short-term	2,793	395	>100.0%
Long-term	457	1,582	(71.2%)
Gross debt	3,250	1,977	64.4%
Net debt*	734	159	>100.0%

\*Includes restricted cash

As of June 30, 2018, the Company's total debt was Ps.3,250 million, 64.3% higher than the figure recorded in the same period 2017, mainly due to the placement of short-term local notes in the last quarter and the outstanding balance of the credit lines subscribed to settle the sale & lease back operations. The total debt is integrated by Ps.1,801 million from debt securities and Ps.1,449 million of bank debt.

As of June 30, 2018, the Company's leverage ratio stood at 3.17 times, in line with the level recorded at the end of June 2017.

	Jun-18	Dec-17	Jun-17
Leverage ratio*	3.17x	2.76x	3.17x
Adjusted net debt / EBITDAR	4.84x	4.64x	5.23x

\*Leverage ratio = Total liabilities / Shareholders' Equity

**Shareholders' Equity**



The shareholders' equity as of June 30, 2018 totaled to Ps.2,375 million, an increase of 49.4%, vs. the Ps.1,589 million recorded at the end of June 2017.

**Fleet**

Aircraft	June 2018	March 2018	June 2017
 <b>Airbus 320ceo</b>	22	23	20
 <b>Airbus 320neo</b>	4	2	2

At quarter-end, Grupo Viva Aerobus had a fleet of 22 Airbus 320ceo and 4 Airbus 320neo, a total amount of 26 aircrafts. The current fleet composition reflects the completion of the Company's transition plan that enabled Viva Aerobus to become a single aircraft operator. The execution of the "single aircraft operation" / "single class seating" / "maximum seat density" strategy had contributed to enhance operating capacity and efficiency. Grupo Viva Aerobus continues up-gauging its fleet, with the acquisition of 25 new Airbus A321neo aircrafts, in addition to the conversion of the original order for 16 A320neo aircraft to the A321neo model, thus acquiring a total of 80 aircraft: 15 A320ceo, 24 A320neo and 41 A321neo, these aircraft are oriented to generate significant fuel consumption efficiencies to be translated into higher operating savings and more attractive fares for our final customers.

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## Recent Developments

During the quarter, Viva Aerobus continued executing its growth strategy, by announcing the expansion of its fleet, the upskilling of its team, the launching of 6 new regular air routes and the operation startup of 4 domestic routes:

- On April 16, 2018, Viva Aerobus launched its new route Puebla-Guadalajara, with startup planned for September 5, 2018 and three flights a week (Monday, Wednesday and Friday). Prices for this route start at Ps.608. Viva Aerobus will be the airline with the largest number of seats in this route, making available to passengers more than 58 thousand seats during the first 12 months of operation.
- On April 16, 2018, Viva Aerobus announced the integration of the season route Puebla-Puerto Vallarta to its regular offer following the success and high demand of this route, it started regular operations on July 7, 2018, with 2 flights a week (Tuesday and Saturday) and prices starting from Ps.1,016. Viva Aerobus is the only airline in Mexico offering this route, thus promoting an accessible and strategic connectivity.
- On April 17, 2018, within the framework of the 43<sup>rd</sup> edition of the “Tianguis Turístico” (Tourist Market). Viva Aerobus announced its new route Morelia-Monterrey, endeavor oriented to boost the national touristic industry. Tickets for this new route, that starts operations on October the 2<sup>nd</sup>, 2018, are already on sale, starting from Ps.748. This route will have two flights a week (Tuesday and Saturday). The Company will offer more than 38 thousand seats during the first year of operations.
- On April 28, 2018, Viva Aerobus, alongside the Chihuahua’s local authorities, conducted the opening ceremony of the operations startup for the route Chihuahua-Cancún. Viva Aerobus is the only airline that offers this route, with one flight a week (Saturday) and prices starting from Ps.1,098, making available to passengers more than 19 thousand seats during the first year of service.
- On May 16, 2018, Viva Aerobus carried out, alongside the Sustainable Development Ministry of Queretaro (“Secretaría de Desarrollo Sustentable de Queretaro” in Spanish) and Tourism Ministry of Queretaro (“Secretaría de Turismo de Queretaro” in Spanish), the opening event of the new route Monterrey-Queretaro. This new route will operate 4 days a week (Sunday, Monday, Wednesday and Friday), with ticket prices starting from Ps.523, making available to passengers more than 75 thousand seats on the first year of service.
- On June 11, 2018, Viva Aerobus launched its new route Mexico City-Zacatecas, joining to the celebration of the “Día del Zacatecano” (Zacatecas’s Day). The tickets for this new route, that starts operations on October 26, are already on sale from Ps..898. Viva Aerobus will operate this destination with a daily flight, offering more than 132 thousand seats on the first year of service.
- On June 11, 2018, Viva Aerobus and the Tourism Ministry of Chiapas (“Secretaría de Turismo de Chiapas”) celebrated the opening of the operations startup of the Tuxtla Gutierrez-Merida route. This route will have 2 flights a week (Monday and Thursday), with prices starting from Ps.478, offering more than 40 thousand seats in the first year of operation.
- On June 14, 2018, Viva Aerobus announced the launching of its new route Monterrey-Durango. The tickets for this new route (starting operations on October 3, 2018) are already on sale, with prices from Ps.898. Viva Aerobus will operate this destination with two flights a week (Wednesday and Saturday), making available for clients more than 35 thousand seats during the first year of operation.



- On June 19, 2018, Viva Aerobus launched its new route Mexico City–New York, being the second international route from the capital’s country. This route promotes the international connectivity and Mexico’s potential tourism. It will start operations on October 18, with a daily flight and prices starting from USD 99. Viva Aerobus will make available more than 132 thousand seats during the first year of service and it will facilitate the air access of New Yorkers to Mexico City, and from the latter to any of the Viva’s travel destinations.
- On June 19, 2018, Viva Aerobus celebrated with a number of local authorities of Coahuila, the opening event of their flight Torreon–Cancun. This route is only operated by Viva Aerobus, with two flights a week (Tuesday and Saturday) offering more than 40 thousand seats on the first year of operation and prices starting at Ps.900.
- On June 26, 2018, Viva Aerobus announced the development of a new Flight Crew Training Center in partnership with Avenger Flight Group. This facility will be located at the offices of Viva Aerobus in Monterrey, having the only flight simulator in the city. Startup is expected no later than January, 2019.
- On July 18, 2018, Viva Aerobus announced its second largest acquisition of aircrafts, comprising the purchase of 25 Airbus A321neo. This order is added to the existing order made in 2013, reaching a total of 80 new aircrafts acquired, with fully completion of deliveries expected in 2025. Additionally, Viva Aerobus updated a previous purchase order for 16 A320neo aircrafts to the A321neo model. The list price of this operation amounts to USD\$3.5 billion.

## Fixed-income Analysts

Institution	Credit Rating	Analyst	Email
HR Ratings	HR AA (E) – Stable HR2	Humberto Patiño	humberto.patino@hrratings.com
Verum	2/M	Jonathan Félix	Jonathan.felix@verum.mx

## About Grupo Viva Aerobus

Grupo Viva Aerobus (“Grupo Viva”), holding of Aeroenlaces Nacionales, S.A. de C.V. (“Viva Aerobus”). Viva Aerobus is Mexico’s low-cost airline. It started operations in 2006 and today operates one of the most modern Latin American fleet with 26 Airbus A320, including two A320neo, in 95 routes to 41 destinations. With a clear vision of giving all people the opportunity to fly, Viva Aerobus has democratized the airline industry with the lowest rates in México and the lowest costs in Latin America, making their flights the best value offer.

## Passengers Segment

The passengers segment targets the large Mexican market of price-sensitive leisure passengers and passengers visiting friends and relatives (“VFRs”), as well as business travelers from small and medium enterprises (“SMEs”), and have a particular focus on travelers currently traveling by bus, to create opportunities for travelers to trade up from long distance bus travel to air travel. For this purpose, we leverage our long-term, strategic relationship with Grupo IAMSA, which serves millions of bus passengers each year.

## Ancillary Services Segment

The ancillary services segment seeks to maximize the satisfaction level of passengers traveling with Viva Aerobus by offering a broad portfolio of products and services adaptable to the unique needs of each client.

## Forward-looking Statements

*This earnings release may contain forward-looking statements that reflect the vision of the Company's management and are not based on historical facts. Grupo Viva Aerobus cautions readers that the statements or estimations herein contained, or stated by the Company's management team, are subject to risks and uncertainties that might change from time to time as a result of a number of factors that are out of the Company's control.*

## Glossary

**ASKs:** Stands for "available seat kilometers" and represents aircraft seating capacity multiplied by the number of kilometers the seats are flown.

**CASK:** Stands for "cost per available seat kilometer" and represents operating expenses divided by available seat kilometers (ASKs).

**CASK ex-fuel:** Represents operating expenses other than fuel divided by available seat kilometers (ASKs).

**EBITDAR:** Stands for "Earnings before interest, taxes, depreciation, amortization, and restructuring and rent costs" and it is calculated as revenue minus expenses, excluding interests, depreciation, amortization, restructuring and rental costs.

**Load Factor:** Represents the percentage of aircraft seating capacity that is currently used and is calculated by dividing revenue passenger kilometers (RPKs) by available seat kilometers (ASKs).

**RASK:** Stands for "operating revenue per available seat kilometer" and represents operating revenue divided by available seat kilometers.

**RPKs:** Stands for "revenue passenger kilometers" and represents the number of kilometers flown by passengers.

**Aircraft utilization:** Represents the average number of block hours operated every day for each aircraft.

## Investor Relations

### Contacts

#### Alfredo Nava Escarcega

Director of Treasury and IR  
alfredo.nava@vivaaerobus.com

#### Carla Nuñez Gomez

Investor Relations  
ir@vivaaerobus.com  
carla.nunez@vivaaerobus.com



## Financial Statements

### Income Statement

**Grupo Viva Aerobus, S.A. de C.V. y Subsidiarias**  
 Consolidated Statement of Comprehensive Income  
 Three- and six-months period ended June 30, 2018 and 2017  
 (Thousands of Mexican pesos)

MXN thousand	2018	2017	Ch. %	1H18	1H17	Ch. %
<b>Operating Revenue</b>						
Passengers	1,130,260	1,057,308	6.9%	2,203,067	1,791,916	22.9%
Ancillary revenue	1,107,946	756,303	46.5%	1,994,780	1,326,423	50.4%
<b>Total Revenue</b>	<b>2,238,206</b>	<b>1,813,611</b>	<b>23.4%</b>	<b>4,197,847</b>	<b>3,118,339</b>	<b>34.6%</b>
<b>Operating Expenses</b>						
Fuel	896,395	493,138	81.8%	1,621,056	928,575	74.6%
Maintenance	137,527	94,743	45.2%	255,706	176,457	44.9%
Salaries, wages and other benefits	287,426	216,601	32.7%	557,070	416,744	33.7%
Selling, administrative and advertising expenses	291,633	265,311	9.9%	673,019	510,051	32.0%
Other operating expenses	(300,716)	43,912	(>100.0%)	(367,837)	96,068	(>100.0%)
<b>EBITDAR</b>	<b>925,941</b>	<b>699,906</b>	<b>32.3%</b>	<b>1,458,833</b>	<b>990,444</b>	<b>47.3%</b>
Rents	544,782	429,664	26.8%	1,112,713	750,210	48.3%
<b>EBITDA</b>	<b>381,159</b>	<b>270,242</b>	<b>41.0%</b>	<b>346,120</b>	<b>240,234</b>	<b>44.1%</b>
Depreciation and amortization	107,654	57,798	86.3%	212,273	97,864	>100.0%
<b>Operating Income</b>	<b>273,505</b>	<b>212,444</b>	<b>28.7%</b>	<b>133,847</b>	<b>142,370</b>	<b>(6.0%)</b>
<b>Comprehensive Financial Result</b>	<b>(205,374)</b>	<b>(18,957)</b>	<b>&gt;100.0%</b>	<b>(193,225)</b>	<b>7,697</b>	<b>(&gt;100.0%)</b>
<b>Net income before taxes</b>	<b>68,131</b>	<b>193,487</b>	<b>(64.8%)</b>	<b>(59,378)</b>	<b>150,067</b>	<b>&gt;100.0%</b>
<b>Income taxes</b>	<b>105,994</b>	<b>(44,308)</b>	<b>(&gt;100.0%)</b>	<b>196,696</b>	<b>(23,804)</b>	<b>(&gt;100.0%)</b>
<b>Consolidated Net Income</b>	<b>174,125</b>	<b>149,179</b>	<b>16.7%</b>	<b>137,318</b>	<b>126,263</b>	<b>8.8%</b>

#### \*Income Statements Notes:

- Since January 1<sup>st</sup>, 2018 we assume IFRS 15 "Revenue from contracts with clients", in accordance with this policy, the Company recognizes revenue when the control of a good or service has passed to the client (the agreed performance duty has been completed). The adoption of this policy does not have an important effect in the Company's consolidated financial statements.
- As of March 31<sup>st</sup>, 2018, the Company reported as selling, administrative and advertising expenses, the expenses for luggage services and passengers inspection; those are presented as service and other charges. The figure reclassified from service charges and passengers' inspection from January 1<sup>st</sup> to June 30<sup>th</sup>, 2018 and 2017 amounted to Ps.70 million and Ps.57 million, respectively.
- As of March 31<sup>st</sup>, 2018, the Company reported as selling, administrative and advertising expenses, commissions from credit cards, that are accrued on interest income (expenses). The figure reclassified from credit card's commissions from January 1<sup>st</sup> to June 30<sup>th</sup>, 2018 and 2017 totaled Ps.114 million and Ps.81 million, respectively.
- As of March 31<sup>st</sup>, 2018, the Company reported as service and other charges, the profit from sales and rents in return of aircrafts; the management decide to record it as other income (expenses), net. The figure reclassified for the aircrafts' sales from January 1<sup>st</sup> to June 30<sup>th</sup>, 2018 and 2017 amounted to Ps.542 million and Ps.32 million, respectively.

**Balance Sheet**

**Grupo Viva Aerobus, S.A. de C.V. y Subsidiarias**  
 Consolidated Statement of Financial Position  
 As of June 30, 2018 and 2017 and December 31, 2017  
 (Thousands of Mexican Pesos)

MXN thousand	As of June 30, 2018	As of June 30, 2017	As of December 31, 2017 (non- audited)	Ch. % jun'18 vs jun'17	Ch. % jun'18 vs dic'17
<b>Assets</b>					
Cash and cash equivalents	2,515,380	1,818,033	2,094,123	38.4%	20.1%
Accounts receivable and others	458,664	109,523	268,999	>100.0%	70.5%
Inventories	98,864	53,779	83,467	83.8%	18.4%
Prepayments for maintenance	751,923	497,914	685,008	51.0%	9.8%
Guarantee deposits and prepaid expenses	3,829,756	2,318,904	3,007,262	65.2%	27.4%
Operating equipment, furniture and equipment, net	1,208,988	1,071,140	1,325,899	12.9%	(8.8%)
Derivative financial instruments	161,991	5,542	344,870	>100.0%	(53.0%)
Deferred income taxes	352,490	298,875	125,146	17.9%	>100.0%
Other assets	534,893	456,716	511,489	17.1%	4.6%
<b>Total Assets</b>	<b>9,912,949</b>	<b>6,630,426</b>	<b>8,446,263</b>	<b>49.5%</b>	<b>17.4%</b>
<b>Liabilities</b>					
Short-term financial debt	2,793,154	395,037	1,864,726	>100.0%	49.8%
Accounts payable	815,100	299,218	780,236	>100.0%	4.5%
Accrued liabilities	926,538	459,017	631,833	>100.0%	46.6%
Operative allowances	1,514,750	1,274,290	1,498,911	18.9%	1.1%
Air traffic liability	755,727	741,730	342,623	1.9%	>100.0%
Long-term financial debt	456,508	1,582,392	737,698	(71.2%)	(38.1%)
Prepayments for services	146,844	68,092	83,728	>100.0%	75.4%
Other liabilities	129,469	221,238	261,057	(41.5%)	(50.4%)
<b>Total Liabilities</b>	<b>7,538,090</b>	<b>5,041,014</b>	<b>6,200,812</b>	<b>49.5%</b>	<b>21.6%</b>
<b>Shareholders' equity</b>					
Capital stock	552,187	552,187	552,187	0.0%	0.0%
Other capital accounts	237,716	21,496	269,242	>100.0%	(11.7%)
Retained profits	1,584,956	1,015,729	1,424,022	56.0%	11.3%
<b>Total stockholders' equity</b>	<b>2,374,859</b>	<b>1,589,412</b>	<b>2,245,451</b>	<b>49.4%</b>	<b>5.8%</b>
<b>Total liabilities and stockholders' equity</b>	<b>9,912,949</b>	<b>6,630,426</b>	<b>8,446,263</b>	<b>49.5%</b>	<b>17.4%</b>