

**2Q20 Earnings Results**  
August 13th, 2020



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**Best of the Best**

**Thank you.  
You made us  
fly higher**

Azul. The Best Airline  
in the world by TripAdvisor



## First time Brazilian carrier elected “Best of the Best”

- #1 Overall in the World
- #1 Airline in Latin America
- #1 Airline in Brazil
- #1 Economy in the World
- #1 Economy in Latin America
- #1 Low Cost Carrier in Latin America

### Tripadvisor Ranking

- |    |  |     |  |
|----|--|-----|--|
| #1 |  | #6  |  |
| #2 |  | #7  |  |
| #3 |  | #8  |  |
| #4 |  | #9  |  |
| #5 |  | #10 |  |

# CARING FOR THE HEALTH AND SAFETY OF OUR CREWMEMBERS AND CUSTOMERS

Daily temperature checks of all crewmembers

Mandatory mask or face covering

HEPA cleaning filters remove 99.9% of airborne particles

Intensified aircraft cleaning

New boarding process: *Tapete Azul* (blue carpet)

- Displays seat numbers on floor during boarding
- Faster boarding while respecting physical distancing rules
- 21% increase in NPS
- Available on 70% of our flights by December 2020





# FLEET FLEXIBILITY

Diversified and Right-Sized Aircraft for the Brazilian Market

## Targeted Routes by Fleet Type



**Cessna**

17 aircraft  
9 seats

Low cost  
per trip



**ATR**

33 aircraft  
70 seats



**Embraer**

53 aircraft  
106-136 seats



**Airbus**

42 aircraft  
174-214 seats

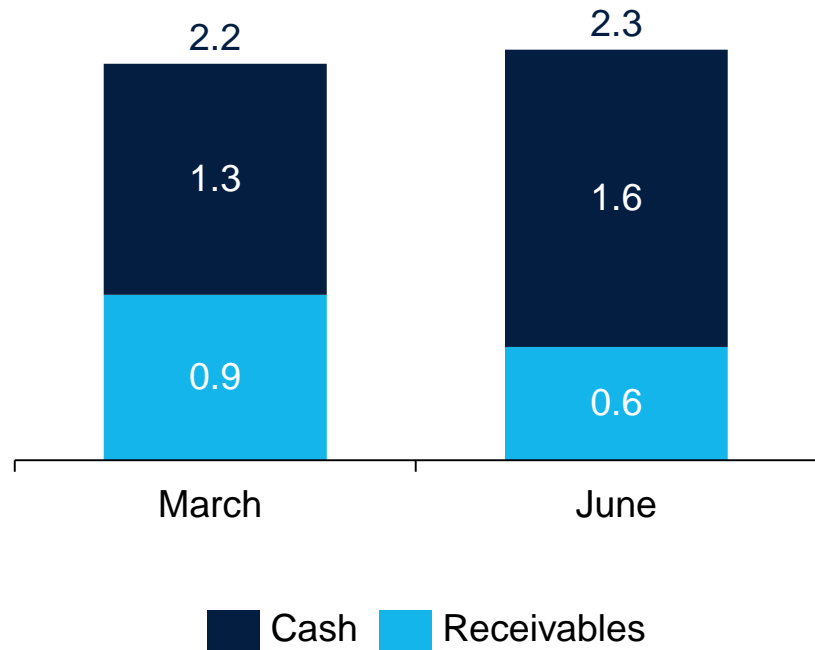
Low cost  
per seat



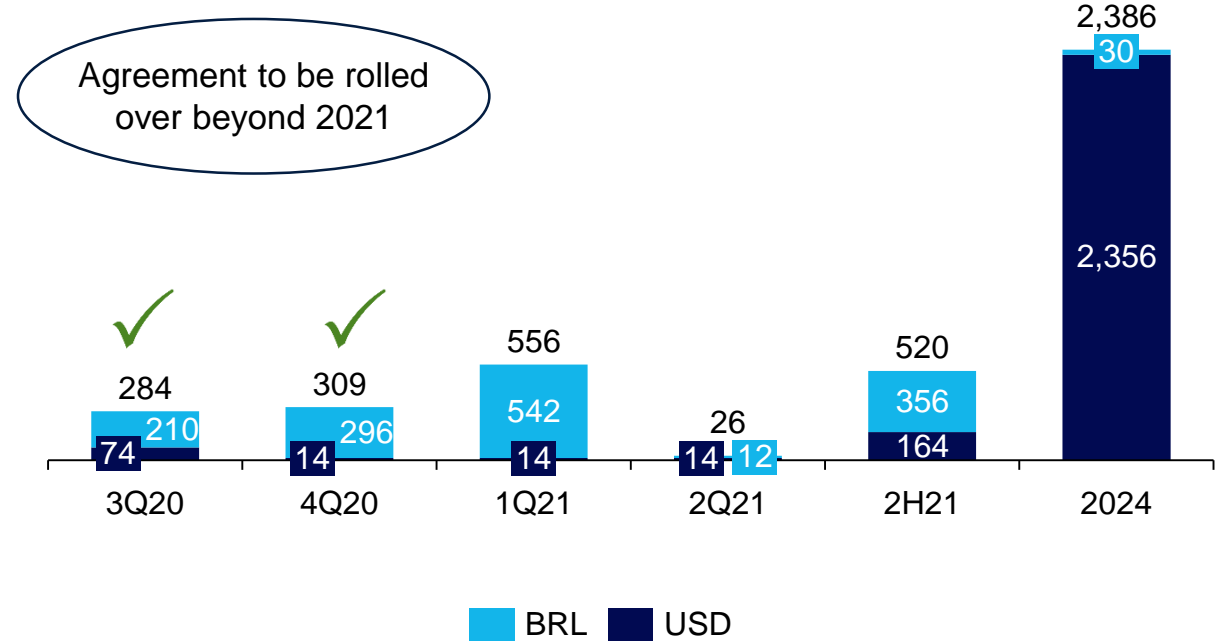
— ATR & Cessna    — E-Jets    — A320neo Family

# INCREASE OF IMMEDIATE LIQUIDITY POSITION

**Cash Balance**  
(R\$ billion)

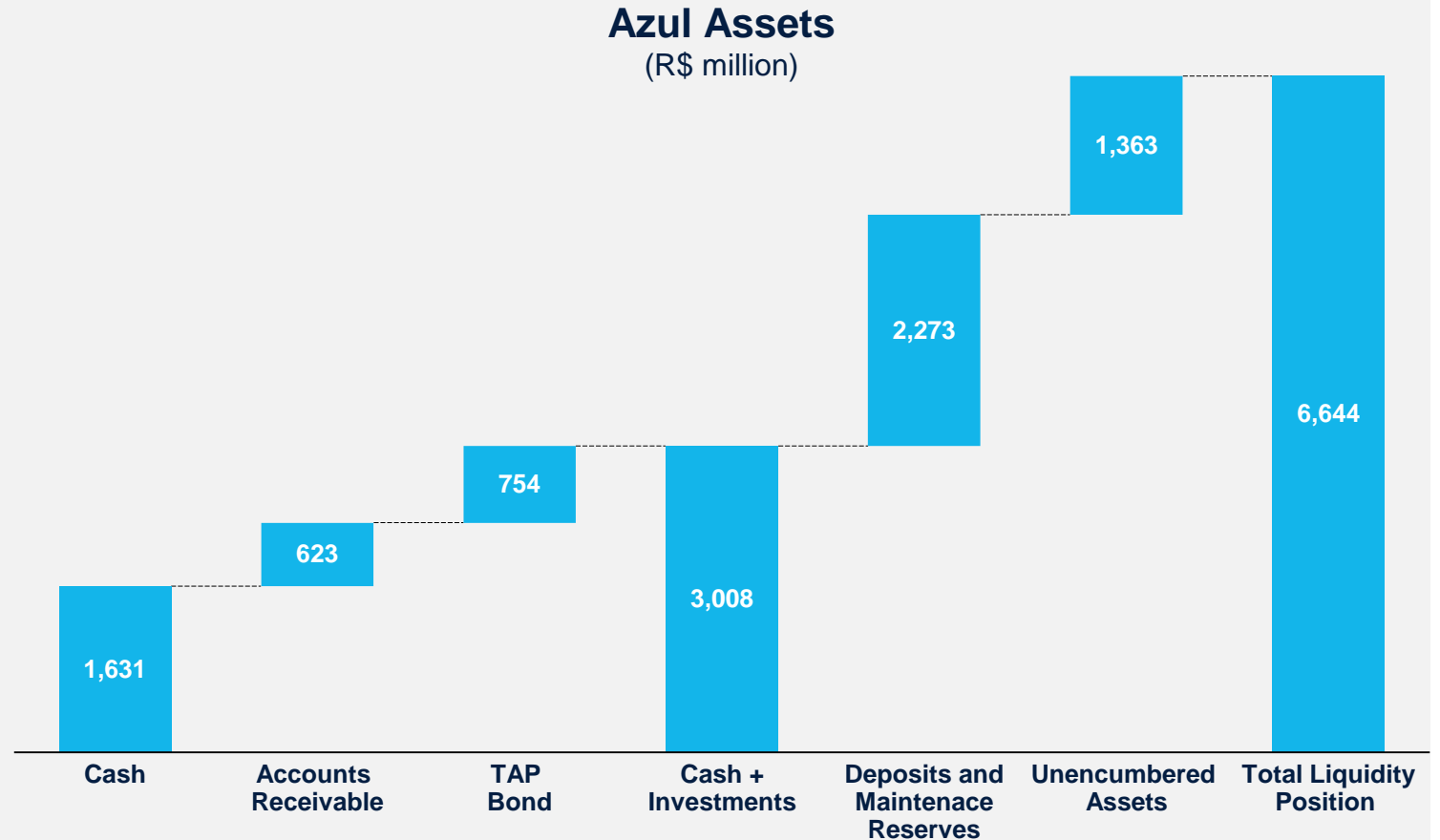


**Debt Amortization**  
(R\$ million)



# OTHER SOURCES OF LIQUIDITY

- Strong balance sheet
  - No restricted cash
  - No minority interest in subsidiaries
- Wholly-owned loyalty program
- TAP investment
  - Bond principal plus interest R\$689 million
  - Equity stake R\$65 million
  - TAP to receive 1.2B euros in support from Portuguese Government
  - Overwhelming shareholder approval of sale of equity stake and withdrawal of conversion rights



**Valuable assets not typically found in other airlines**

# AZUL'S MANAGEMENT PLAN UPDATE





# AZUL MANAGEMENT PLAN: SUPPORT FROM ALL STAKEHOLDERS

Over R\$7.0 Billion in cash savings and deferrals until December 2021



## Crewmembers

Payroll initiatives aimed at adjusting to new demand environment

~40% salary reduction expected in 2H20



## Lessors

Comprehensive renegotiation of lease terms

R\$3.2 billion in working capital reduction until Dec 2021



## Financial partners

Commercial agreements to roll over amortizations beyond 2021 (not reflected in June financials)



## Other

Negotiating with suppliers to postpone and extend payment terms

Provisional measure 925:

- Passengers refund after 12 months
- Postponement of fees payments



## Fleet

Deferral of 82 aircraft deliveries from Embraer and Airbus to 2024 and beyond

Breeze Aviation to take delivery of 12 Embraer E1s over next 18 months, including 2 in 2020

Sale of 2 E1s in August, generating excess cash of R\$ 46 million

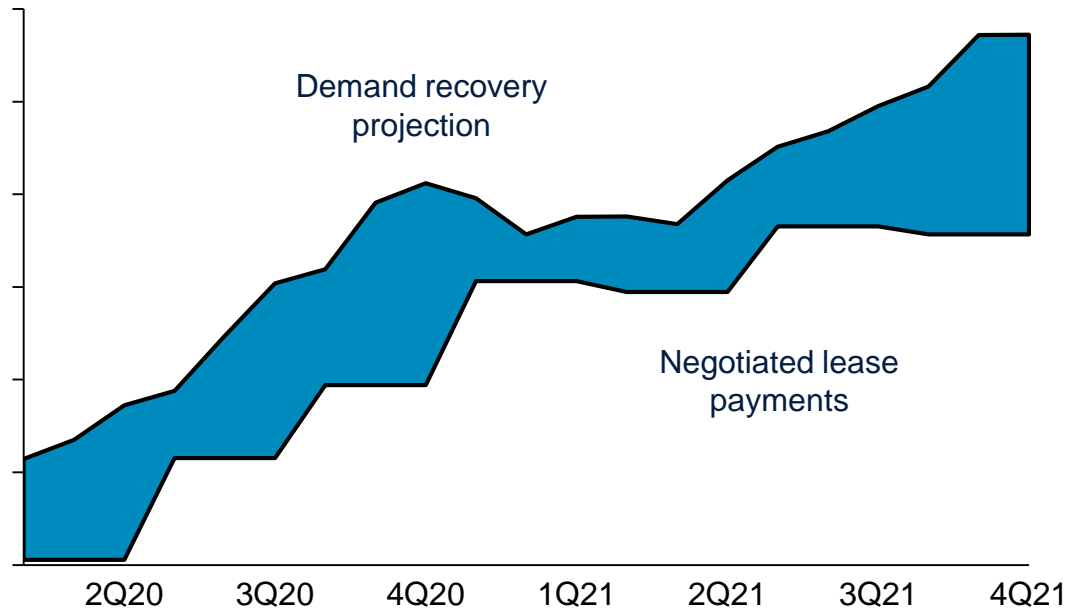
Accelerated exit of 3 aircraft previously scheduled for 2021

# SIGNIFICANT LEASE LIABILITY REDUCTION

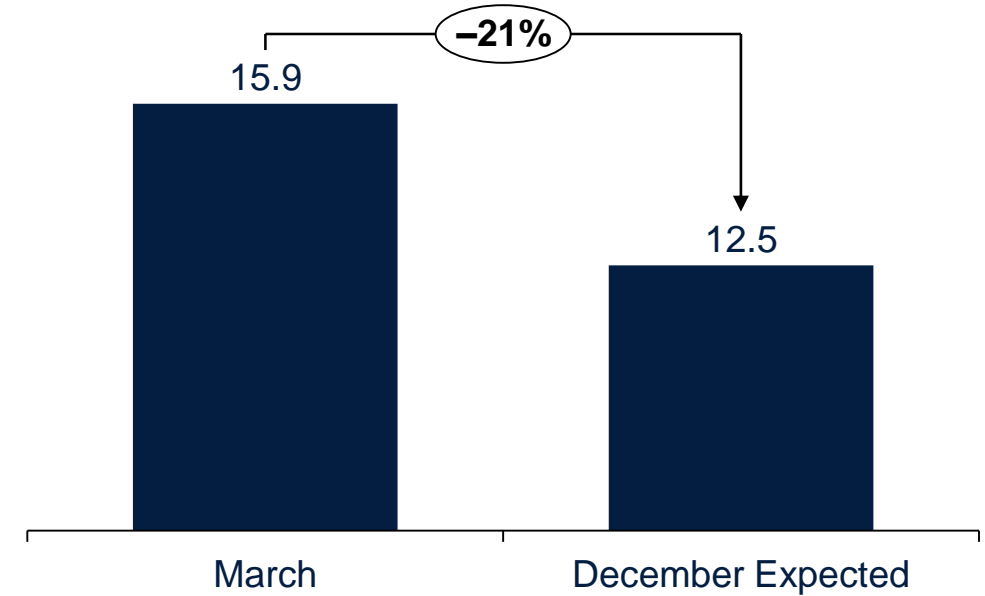
## Strong support from leasing partners

- New payment profile resulting in R\$3.2 billion working capital relief until Dec 2021
- Better cash generation than power-by-the-hour
- Lease liability reduction of 21% (present value of future payments)

### New Lease Payment Profile



### Lease Liability (R\$ billion)

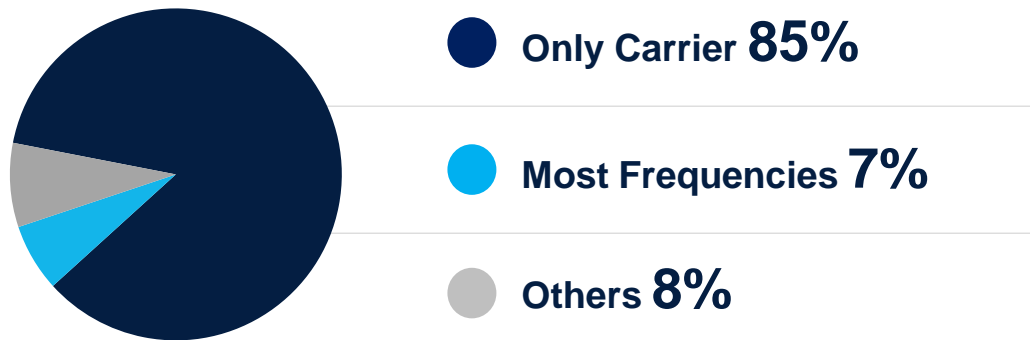


# FASTER THAN EXPECTED NETWORK RECOVERY

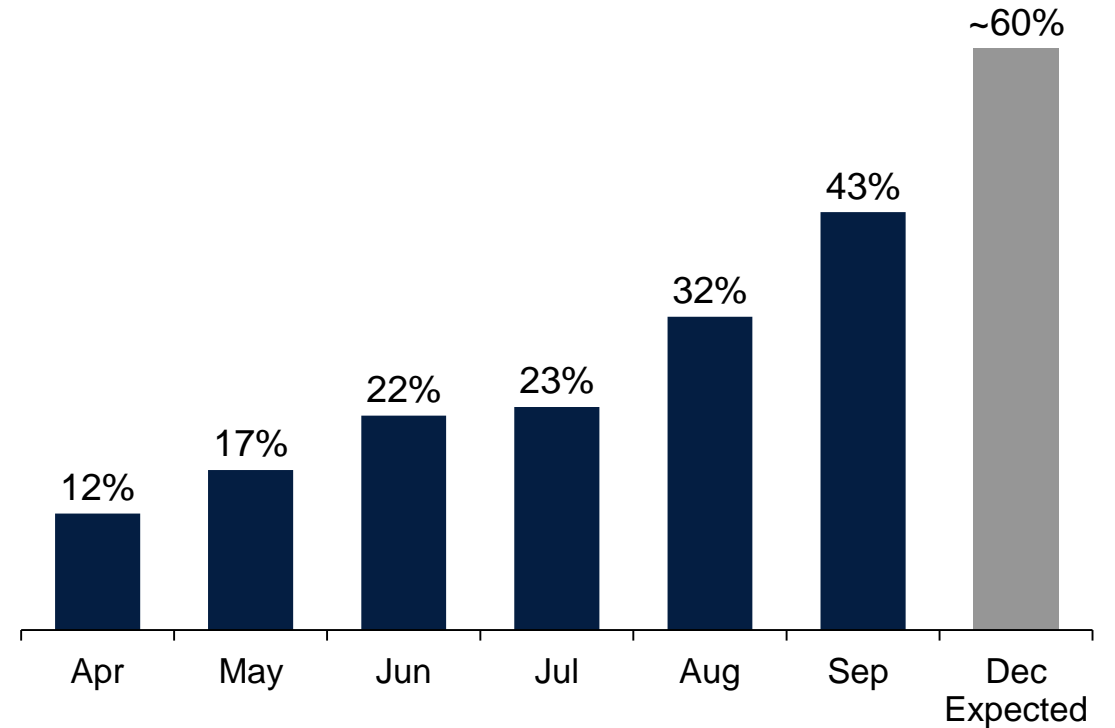
## Azul Routes Leadership

### Network growth focused on domestic market

- True to original network strategy: only carrier in 85% of markets
- 88 destinations and 404 daily flights to be served by September
- Increase in network scale and connectivity with Latam codeshare



## Total Capacity Recovery (% of previous year)

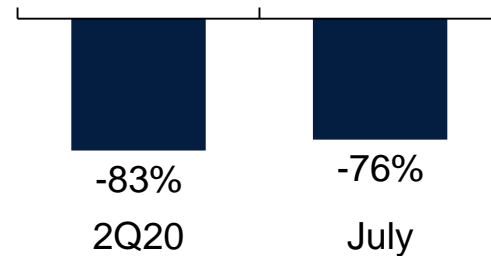




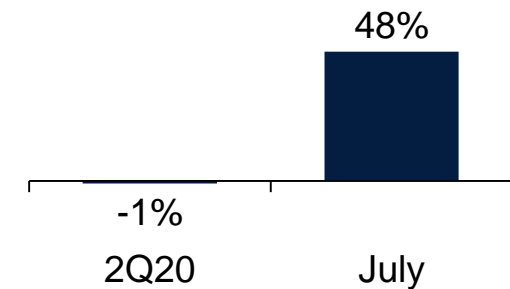
## CARGO PERFORMANCE

- Stable revenue even with dramatic network reduction
- Adapted passenger aircraft to transport cargo
- Prioritized high-yield express cargo
- 27% market share (#1 in Brazil)
- E-commerce represented 17% of cargo revenue

**Mainline ASK**  
*YoY Change*



**Cargo Revenue**  
*YoY Change*





# WELL POSITIONED TO NAVIGATE COVID-19 CRISIS

- ✓ Successful execution of management plan with over R\$7 billion in cash savings
- ✓ Liquidity runway greater than 24 months
- ✓ Largest domestic network with flexible fleet creates unique possibilities for network recovery
- ✓ Azul Cargo well positioned to leverage increasing opportunities in e-commerce and logistics
- ✓ Energized crewmembers and loyal customer base





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