



4th Quarter 2019 Earnings Release GRUPO VIVA AEROBUS

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focus on profitability and innovation*

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VIVA AEROBUS REPORTS A 27.8% ANNUAL GROWTH IN OPERATING REVENUE DURING 2019

Mexico City, February 24, 2020 - Grupo Viva Aerobus, S.A. de C.V. ("Grupo Viva") holding of Aeroenlaces Nacionales S.A. de C.V. ("VivaAerobus"), the carrier with the lowest costs in Mexico and fares comparable to bus transportation, announced today its earnings results for the fourth quarter ("4Q19") and full-year 2019 ("FY2019"). The figures presented in this report have been prepared in accordance with IFRS (including the adoption of IFRS 16 "Leases") and are expressed in current nominal Mexican Pesos, unless otherwise stated. Totals may slightly differ from individual sums due to rounding.

Fourth Quarter and Full-Year 2019 Highlights

As of January 1, 2019, the Company adopted the IFRS 16 using the modified retrospective method. Therefore, the information herein presented for full-year 2018 has been restated for comparative purposes:

- During 4Q19, 3,281,768 passengers were carried, 567,768 or 20.9% higher than that of the same quarter last year. During 2019, 12,019,114 passengers were carried, 20% or 2,005,052 more than 2018
- As of quarter-end, Total Operating Revenue amounted to Ps.3,728 million, increasing 23.0% YoY, as 29.4% and 16.4% growth rates were recorded in Fare Revenue and Ancillary Revenue, respectively. At year-end 2019, Total Operating Revenue totaled Ps.12,874 million, climbing 27.8% YoY, fueled by the 34.8% and 20.1% growth rates attained in Fare Revenue and Ancillary Revenue, respectively
- Capacity measured in available seat kilometers (ASKs) posted a 24.3% annual growth in 4Q19, to 4,153 million, fueled by the launch of 23 routes, along with the incorporation of 8 new aircraft into the fleet throughout 2019. In turn, during 2019 ASKs posted a 24.6% YoY hike
- Fourth quarter and full-year 2019 Load Factor was 87.7% (-1.8 p.p. YoY) and 88.7% (-1.3 p.p. YoY), respectively, following a higher capacity in available seats, which yet remains in absorption process, although gradually increasing quarter-over-quarter
- Quarterly EBITDAR amounted to Ps.1,122 million, increasing 13.7% YoY, while FY EBITDAR totaled Ps.3,875 million, growing 23.1% (on a comparable basis, adjusting the effects derived from the adoption of IFRS 16 during 2019). EBITDAR margin decreased 2.4 p.p. and 1.1 p.p., respectively, to reach 30.1% in both periods (on a comparable basis)
- 4Q19 Net Income totaled Ps.648 million, with a 17.4% margin
- As of December 31, 2019, Cash and Cash Equivalents balance reached Ps.4,354 million, a ratio of 33.8% of 2019 Total Operating Revenue that, in addition of being one of the highest in the industry, solidly contributes to guarantee the required liquidity to push forward the Company's business plan
- As of year-end 2019, the Company's Gross Debt recorded a slight annual decrease of 0.7%, totaling Ps.3,191 million; where the 26.9% contraction in Bank Debt more than offset the 27.2% growth in Debt Securities. Consequently, and given our high level of cash & cash equivalents, a negative Net Debt of Ps.1,163 million was recorded. Adjusted Net Leverage to EBITDAR stood at 3.81x, vs. 4.13x at the end of 2018

Fourth Quarter and Full Year 2019 Operational Considerations

- In 2019, The Agencia Federal de Aviacion Civil (Federal Agency of Civil Aviation or "AFAC", by its Spanish acronym) reported annual increases of 8.5% and 5.3%, in passenger traffic carried by Mexican Airlines and total passenger traffic in Mexico, respectively
- As of December 31, 2019, Viva Aerobus outstood as the Mexican airline with the highest growth rate in passengers, moving around 12 million travelers (vs. 10 million in 2018)
- During 2019, 20.2% of total passengers carried by Mexican airlines traveled with Viva Aerobus, thus increasing the Company's domestic market share by 1.8 p.p.
- In 4Q19, the average reference cost per gallon of jet fuel was USD\$1.85, falling 6.7% when compared to USD\$1.98 in 4Q18. For FY2019, average reference cost per gallon of jet fuel reached USD\$1.88, 7.2% less than that of 2018. Therefore, Viva Aerobus expanded and advanced the closing of hedging instruments
- At the end of 4Q19, the USD/MXN average exchange rate was Ps.19.28/USD, a 2.8% appreciation vs. the Ps.19.83/USD of 4Q18. This fueled a positive effect on the USD-denominated expenses, mainly rent and maintenance payments
- As of year-end 2019, Viva Aerobus' fleet (the most modern in Mexico) was comprised of 36 aircraft (18 Airbus 320ceo and 18 Airbus 320neo), whose saving efficiencies in fuel consumption, inherent to its 3.29 yrs. average-age, high seat density and load factor, enabled it to outstand as the Mexican airline with lowest emissions of CO₂ per passenger
- In this sense, and seeking to consolidate our position as Mexico and Latin America's greenest airline, we started preparations for the launch of "Viva Green", a series of initiatives aimed to meet well-defined sustainability objectives; pursuing to obtain a number of environmental certificates, as well as to fully comply with the guidelines set at the Carbon Offset and Reduction Scheme for International Aviation (CORSA)



Financial Information

Financial Indicators (MXN Million)	4Q19	4Q18	Ch. %	2019	2018	Ch. %
Operating Revenue	3,728	3,031	23.0%	12,874	10,077	27.8%
EBITDAR*	1,122	986	13.7%	3,875	3,148	23.1%
EBITDAR margin*	30.1%	32.5%	(2.4 p.p.)	30.1%	31.2%	(1.1 p.p.)
Operating Income*	315	276	14.1%	935	760	23.0%
Operating margin*	8.4%	9.1%	(0.7 p.p.)	7.3%	7.5%	(0.3 p.p.)
Profit before income taxes	658	71	>100.0%	579	523	10.6%
PBT margin	17.7%	2.4%	15.3 p.p.	4.5%	5.3%	(0.7 p.p.)
Net Income	648	174	>100.0%	697	727	(4.2%)
Net margin	17.4%	5.7%	11.6 p.p.	5.4%	7.2%	(1.8 p.p.)

*On a comparable basis, adjusted for 2018 due to the inherent effects of the implementation of IFRS 16. For further details, see page 10 "Comparable Basis".

Operational Information

Operational Indicators	4Q19	4Q18	Ch. %	2019	2018	Ch. %
ASKs (million)	4,153	3,341	24.3%	15,080	12,104	24.6%
RPKs (million)	3,642	2,992	21.7%	13,374	10,896	22.7%
Total Passengers (thousands)	3,282	2,714	20.9%	12,019	10,014	20.0%
Load factor (%)	87.7%	89.5%	(1.8 p.p.)	88.7%	90.0%	(1.3 p.p.)
RASK (MXN cents)	0.90	0.91	(1.0%)	0.85	0.83	2.5%
Ajusted RASK* (MXN cents)	0.74	0.75	(0.6%)	0.71	0.68	3.6%
Fare Revenue per Passenger (MXN)	606	566	7.0%	590	525	12.3%
Ancillary Revenue per Passenger (MXN)	530	551	(3.7%)	482	481	0.1%
Operating Revenue per Passenger (MXN)	1,136	1,117	1.7%	1,071	1,006	6.4%
CASK (MXN cents)*	0.82	0.82	(0.3%)	0.79	0.77	2.9%
Cost per Seat (MXN cents)*	911	905	0.6%	875	833	5.1%
CASK ex-fuel (MXN cents)*	0.52	0.49	7.1%	0.48	0.45	6.8%
Adjusted CASK** (MXN cents)	0.68	0.68	0.1%	0.66	0.63	4.0%
Adjusted CASK** ex-fuel (MXN cents)	0.43	0.40	7.6%	0.40	0.37	7.9%
Stage Length (km)	1,108	1,098	0.9%	1,105	1,082	(2.1%)

*On a comparable basis, adjusted for 2018 due to the inherent effects of the implementation of IFRS 16. For further details, see page 10 "Comparable Basis".

**Adjusted to 1,609 km

Financial Ratios

Financial Ratios	4Q19	4Q18	Ch. %
Liquidity ratio*	0.70x	0.53x	0.17x
Current ratio**	0.73x	0.55x	0.18x
Cash as % of LTM revenue***	33.8%	29.0%	4.9 p.p.
Total Debt / Shareholders' Equity	0.99x	1.54x	(0.54x)
Adjusted Net Leverage / EBITDAR****	3.81x	4.13x	(0.32x)

*Liquidity ratio = (Current Assets – Inventory) / Current Liabilities

**Current ratio = Current Assets / Current Liabilities

***Includes restricted cash

****Adjusted Net Leverage: Net Debt (Total financial debt minus cash) plus operational leases. EBITDAR on a comparable basis, adjusted for 2018 due to the inherent effects of the implementation of IFRS 16. For further details, see page 10 "Comparable Basis"



Message from the CEO of Grupo Viva Aerobus

2019 was synonymous of successful, for the Company's expansion over multiple fronts: customers, routes, fleet, alliances, inclusiveness and innovation; efforts that positioned us as the fastest growing Mexican airline in terms of passengers carried, increasing 20.0% vs. 2018. As a result of this increasing preference of the travelers for our services, we were able to post a 27.8% annual growth in our Total Operating Revenue, which amounted to Ps.12,874 million.

An essential element of our ultra-low-cost model is the bolstering of an incremental point-to-point connectivity. In 2019, we added 23 routes to our offer, closing the year with a total of 118 routes: 100 domestic and 18 international. This growth spanned the operation of new links as were Hermosillo - Cancun, Hermosillo - Los Cabos and Monterrey - Los Mochis, as well as international routes to destinations as Chicago and over a dozen new flights inside Mexico.

This increase in capacity was supported by the arrival of 8 new Airbus A320 aircraft during the year, whose capacity and state-of-the-art technology give the necessary elements to provide a safe and reliable service at the lowest prices.

On the other hand, our contribution to national tourism was reinforced with the signing of an alliance with the Mexican Association of Travel Agents (Asociación Mexicana de Agencias de Viajes), aim to grant greater facilities and special deals to its members all across the country, to create complete travel packages at best pricing.

With our customers at the center, last year was also marked by initiatives focused on improving passenger experience. We pioneered the implementation of a scheme for selling flight tickets through online auctions (in Mexico) while working hand in hand with our business partners for providing more payment options (towards online credits) to ease our unbanked customers purchase of tickets.

This steady escalation of our capacity, offering and efforts to enhance passenger experience, coupled with the attractiveness of our low fares, allowed us to set a new record: registering more than 12 million passengers in the year.

All these financial and operational achievements arise from the ultra-low-cost model that we have built up over our 13 years of history. The hallmarks of our business model are disciplined operating efficiency and competitive edges, that can be summarized into the most modern aircraft fleet in Mexico (maximum seat density configuration, highest aircraft utilization and strong contribution to ancillary revenue); our operation along 5 hubs nationwide, which enable a diversified growth; and, our relationship with Grupo IAMSA, which allows us to offer multimodal travel options, buses + airplanes. The foregoing matched with the professionalism of our over 2,000 associates, with whom we are committed to ensuring an inclusive and enjoyable working environment that fosters and nurtures their growth opportunities and professional development.

Without any doubt, 2019 was a great year for Grupo Viva Aerobus, as we preserved our financial strength and stability, created new jobs, innovated and maintained a steady growth trend. And, for year 2020, we will keep working to materialize greater achievements, so that our investors, employees and customers reap the very benefits of a real low-cost offer that combines quality and price. Finally, I want to thank our Viva People (shareholders and passengers) for flying high with Viva Aerobus.

Juan Carlos Zuazua
CEO



Message from the CFO

Under our expansion strategy, in 2019, we incorporated 8 new aircraft, whose cutting-edge technology gears toward an efficient energy consumption; and, launched 23 new routes, enabling us to fully tap into the benefits of the Christmas holidays, thus posting in return solid quarterly and annual growth rates.

In this context, supported by a 20.9% annual increase in the number of passengers carried during the fourth quarter of 2019, Operating Revenue amounted to Ps.3,728 million, of which Ps.1,988 million (+29.4% YoY) corresponded to fare revenue, and Ps.1,740 million (+16.4% YoY) were ancillary services. For the FY2019, operating revenue grew 27.8%, to reach Ps.12,874 million, with ancillary services contributing 45.0% (one of the highest globally), in line with our successful and differentiated fare unbundling strategy.

The meaningful participation of ancillary revenue allows Viva Aerobus to offer highly competitive fares and cope up with fluctuations at key variables behind ticket prices, while benefiting the travelers' pockets, whose preference for our airline is steadily increasing quarter-over-quarter. This was clearly reflected in the 22.7% YoY growth recorded in revenue passenger kilometers (RPKs) during 2019, as well as in a competitive load factor.

The foregoing, paired with our aircraft fleet efficiency (average age of 3.29 years), has allowed Viva Aerobus to become the most modern airline in Mexico, a cornerstone factor that contribute to reach a quarterly EBITDAR* and net income of Ps.1,122 million and Ps.648 million, respectively. Consequently, 2019 EBITDAR* and net income amounted to Ps.3,875 million and Ps.697 million.

Turning to the financial position, as of December 31, 2019, the Company's gross debt amounted to Ps.3,191 million, decreasing 5.6% sequentially, following the amortization of PDP debt and short-term securities issued in 1Q19.

Cash & equivalents totaled Ps.4,354 million (equivalent to 33.8% of annual operating revenue), resulting in a negative net debt of Ps.1,163 million and a leverage ratio* of 3.81x, as of quarter-end; providing us a great flexibility to moved forward with and agile execution of our growth plan.

Wrapping up, towards year 2020, we will continue advancing in our well calibrated efforts to offer affordable and accessible flight services to more people, drawing from our profitability and sustainability strategy and relying on the high execution capabilities of our team and inherent benefits of our fleet quality.

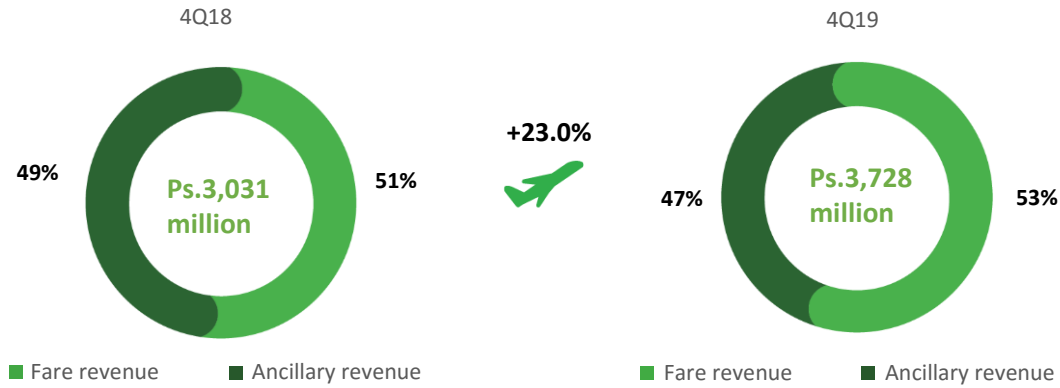
Jose Golfier
CFO

*Defined as Net Debt + Operational Leases to LTM EBITDAR.



Income Statement Analysis (P&L)

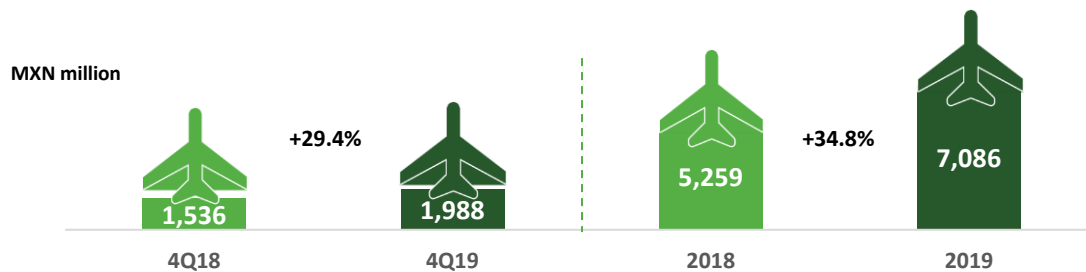
Consolidated Revenue



During 4Q19, Total Operating Revenue posted a 23.0% climb, to Ps.3,728 million (from Ps.3,031 million in 4Q18), driven by the double-digit growths attained in Fare Revenue (+29.4% YoY) and Ancillary Revenue (+16.4% YoY). 53% of Total Operating Revenue derived from Fare Revenue, while Ancillary Revenue represented 47%; in line with the Company's fare unbundling strategy, which enables each passenger to customize her flight according to her needs.

2019 Total Operating Revenue totaled Ps.12,874 million, 27.8% more than the Ps.10,077 million of 2018, following the 34.8% and 20.1% annual increases in Fare and Ancillary Revenue. Of the Total Operating Income recorded during year 2019, 55% stemmed from Fare Revenue and the remaining 45% from Ancillary Revenue.

Fare Revenue

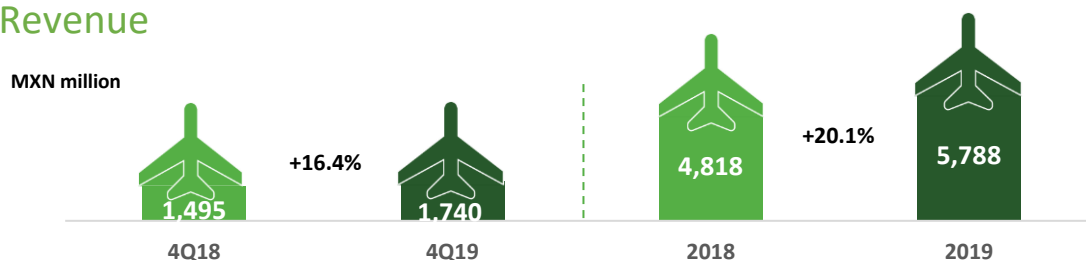


This Quarter Fare Revenue reached Ps.1,988 million, a 29.4% increase when compared to the Ps.1,536 million recorded in 4Q18, fueled by a 20.9% hike in passengers carried (over 3 million travelers chose Viva Aerobus as their flight option), a 24.3% rise in capacity measured by available seat kilometer that followed a higher number of routes in operation (118 vs.104 in 4Q18), and the expansion of our fleet (36 aircraft vs. 31 in 4Q18). Furthermore, the load factor remained close to the 90% mark.

For FY 2019, Fare Revenue amounted to Ps.7,086 million, growing 34.8% vs. Ps.5,259 million in 2018, mainly benefited by a record-high passenger traffic, of over 12 million (+20.0% YoY), an incremental average fare per passenger (+12.3% YoY) and an incremental number of available seats per km. (+24.6% YoY).



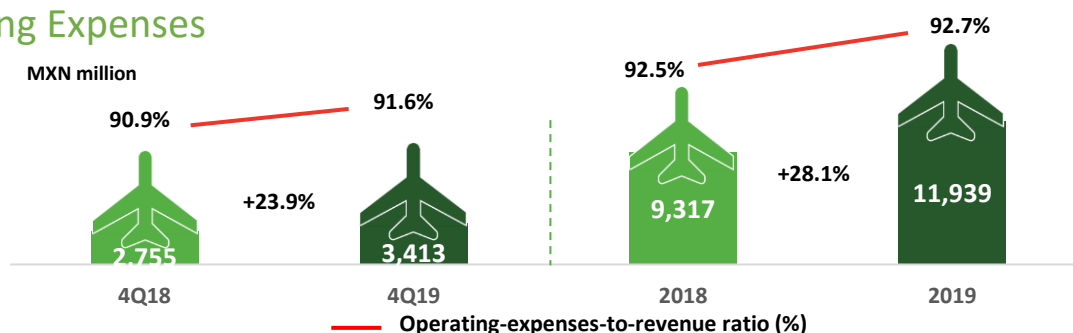
Ancillary Revenue



Driven by the inherent benefits of the Company's unbundling fare strategy, which provides each passenger the possibility of having a tailored made flight experience through the offering of a wide range of products and services, 4Q19 Ancillary Revenue increased 16.4%, totaling Ps.1,740 million, vs. Ps.1,495 million in 4Q18.

The initiatives deployed throughout the year to strengthen customer service; highlighting the launch of "Flexi Pass" (passengers can advance or delay their flights, subject to availability), bolstered Ancillary Revenue in 2019; reaching Ps.5,788 million, 20.1% higher than that of Ps.4,818 million in 2018.

Operating Expenses



In 4Q19, operating expenses posted an annual increase of 23.9%*, reaching Ps.3,413, explained primarily by higher fuel and SG&A expenses before an incremental operational volume. Consequently, the operating-expenses-to-revenue ratio increased slightly to 91.6% from 90.9%* in 4Q18.

During 2019, Operating Expenses amounted to Ps.11,939* million, mainly attributed to: i) a Ps.818 million hike in fuel costs, in line with the expansion of the routes portfolio; ii) a Ps.776 million increase in depreciation and amortization, given the recognition of material components in the depreciation (compliant of IFRS 16); iii) a Ps.475 million growth in SG&A expenses, from an incremental volume of operation; and, iv) higher maintenance expenses (+Ps.314 million), explained by the aircraft fleet's expansion. The operating-expenses-to-revenue ratio increased only by 0.2%, to 92.7% during 2019, vs. 92.5* in 2018.

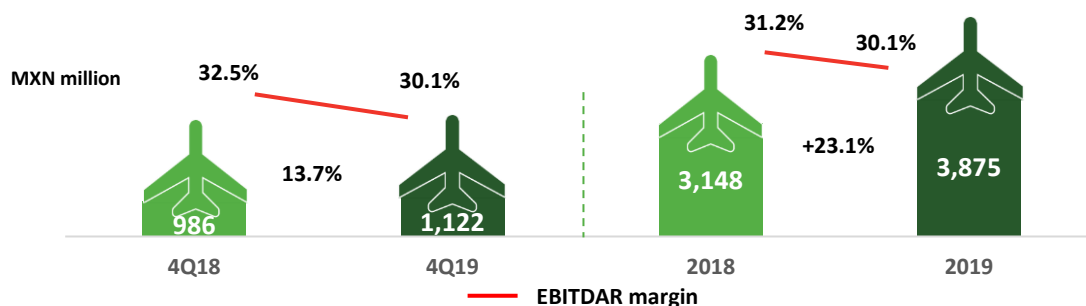
It is worth noting that seeking to mitigate risks related to constant fuel price fluctuations, Viva Aerobus maintains a risk management policy that uses a portfolio of instruments, comprised by forwards, call and call spread options, hedging approximately 50% of the forecasted jet fuel requirements for 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.

(MXN Million)	4Q19	4Q18	Ch. %	2019	2018	Ch. %
Fuel	1,256	1,134	10.8%	4,667	3,850	21.2%
Maintenance	265	100	>100.0%	664	350	89.7%
Supplemental rents	169	211	(19.9%)	416	641	(35.1%)
Salaries, wages and other benefits	426	281	51.3%	1,423	1,122	26.8%
Depreciation and amortization	638	500	27.8%	2,524	1,748	44.4%
Rights for the usage of air space	75	104	(27.6%)	483	383	26.1%
Selling, administrative & advertising expenses	646	396	63.4%	1,977	1,503	31.6%
Other operating expenses*	(62)	29	(>100.0%)	(215)	(279)	(22.9%)
Total operating expenses	3,413	2,755	23.9%	11,939	9,317	28.1%
Operating-expenses-to-revenue ratio (%)	91.6%	90.9%	0.7 p.p.	92.7%	92.5%	0.2 p.p.

*On a comparable basis, adjusted for 2018 due to the inherent effects of the implementation of IFRS 16. For further details, see page 10 "Comparable Basis".



EBITDAR



4Q19 EBITDAR totaled Ps.1,222 million, vs. Ps.986 million in 4Q18 (normalizing for accounting effects related to the adoption of the IFRS 16), due to the combined effect of higher operating income* (14.1% YoY) and depreciation & amortization (+27.8% YoY). 4Q19 EBITDAR margin was 30.1%.

During 2019, EBITDAR* grew 23.1% YoY (on a comparable basis), amounting to Ps.3,875 million. 2019 EBITDAR margin was 30.1%.

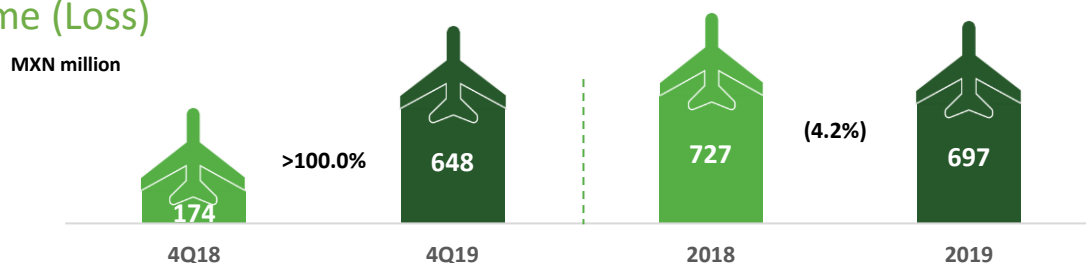
(MXN Million)	4Q19	4Q18	Ch. %	2019	2018	Ch. %
Operating Income*	315	276	14.1%	935	760	23.0%
Depreciation & Amortization	638	500	27.8%	2,524	1,748	44.4%
Rents	169	211	(19.9%)	416	641	(35.1%)
EBITDAR*	1,122	986	13.7%	3,875	3,148	23.1%
EBITDAR margin*	30.1%	32.5%	(2.4 p.p.)	30.1%	31.2%	(1.1 p.p.)

*On a comparable basis, adjusted for inherent effects of the implementation of IFRS 16 during 2019. For further details, see page 10 "Comparable Basis"

Income Tax

4Q19 Income tax totaled Ps.11 million, vs. a Ps.103 million tax benefit recorded in 4Q18. During FY2019, the tax line recorded a Ps.118 million benefit, decreasing 42.0% when compared to the Ps.204 million benefit in 2018.

Net Income (Loss)



4Q19 Net Income amounted to Ps.648 million, vs. Ps.174 million in 4Q18. For the full-year 2019, Net Income reached Ps.697 million, vs. 727 million in 2018, explained by the full compliance of IFRS 16, as of January 1, 2019, along with a 42.0% YoY drop in tax benefits. 4Q19 Net margin was 17.4% (+11.6 p.p. YoY), while 2019 Net margin stood at 5.4% (-1.8 p.p. YoY).

(MXN Million)	4Q19	4Q18	Ch. %	2019	2018	Ch. %
Net income (Loss)	648	174	>100.0%	697	727	(4.2%)
Net margin	17.4%	5.7%	11.6 p.p.	5.4%	7.2%	(1.8 p.p.)

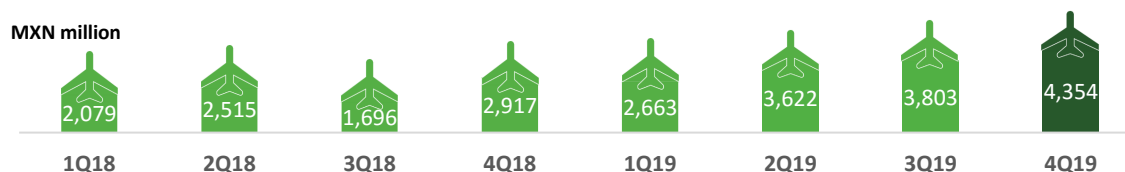
*On a comparable basis, adjusted for 2018 due to inherent effects of the implementation of IFRS 16. For further details, see page 10 "Comparable Basis".



Financial Position

Cash & Cash Equivalents

Following the achievement of a higher operating revenue, coupled with the proceeds raised from refinancing endeavors, on the one hand, and advance payments of aircraft, on the other, the balance of Cash and Cash Equivalents, as of December 31, 2019, posted an annual increase of 49.2%, reaching Ps.4,354 million (from Ps.2,917 million in 4Q18). This figure represents an adequate balance to support the execution of Company's expansion plans and guarantee the financial stability required to face any scenario.



Financial Debt

(MXN Million)	Dec-19	Dec-18	Ch. %
Bank debt (mostly for PDP financing)	1,206	1,652	(26.9%)
Debt securities	1,985	1,560	27.2%
Short-term	1,973	2,785	(29.1%)
Long-term	1,217	427	>100.0%
Gross debt	3,191	3,212	(0.7%)
Net debt*	(1,163)	294	(>100.0%)

* Net debt Total financial debt – cash (including restricted cash).

At the end of 4Q19, Company's total debt recorded a 5.3% sequential decrease, reaching Ps.3,191 million, mainly derived from the bank debt reduction and short-term amortizations.

Therefore, as of December 31, 2019, the debt securities share in total debt rose 62.2%, while the remaining 37.8% corresponded to advance payments on aircraft, which do not represent any risk to the Company's cash flow, as it is repaid through sale & lease back operations (executed at the delivery date of the aircraft).

It is also important to note the high level of cash & cash equivalents that Viva Aerobus has achieved, as this has led it to post a negative net debt of Ps.1,163 million, as of quarter-end.

While the Company's leverage ratio, defined as Adjusted Net Leverage (net debt + operational leases) to EBITDAR, stood at a level of 3.81x, as of quarter-end, from 4.13x* as of the same period last year.

It is worth noting that Adjusted Net Leverage calculated under IFRS16 reflects Company's leverage in a more accurate way, compared to the previously applied standard that used a lease capitalization ratio of 7x.

	Dec-19	Dec-18	Ch. %
Adjusted net debt / EBITDAR*	3.81x	4.13x	(0.32x)

*On a comparable basis, adjusted for inherent effects of the implementation of IFRS 16 during 2019. For further details, see page 10 "Comparable Basis"

Fleet

Aircraft	December 2019	September 2019	December 2018
Airbus 320ceo	18	20	21
Airbus 320neo	18	16	10

As of December 31, 2019, Viva Aerobus' fleet was comprised of 36 aircraft, 18 Airbus 320ceo and 18 Airbus 320neo, 5 units more than those recorded at the end of 2018. Although, quarter-over-quarter net change in the number of aircraft was nil, the combined effect of the incorporation of 2 Airbus 320neo and withdrawal of 2 Airbus 320ceo, drove a 0.55 year reduction in the fleet's average-age, that reached 3.29 years; arising as the most modern in Mexico.



Available seat kilometer (ASKs) grew to 4,153 million at the end of 4Q19, 811 million or 24.3% more than that of 4Q18, given the incremental offer of our portfolio of routes and destinations, as well as the expansion of our fleet.

It is important to recall that Viva Aerobus' comprehensive renovation process of units is scheduled to last at least towards year-end 2025, when the Company will receive the remaining aircrafts, out of the 80 aircraft request made in July 2018, comprised of 24 A320neo and 41 A321neo (model featured by its lower fuel consumption). Therefore, the Company expects to: i) to keep on with the constant generation of efficiencies, to support its ultra-low-cost model; and, ii) continue improving the experience and satisfaction of passengers.

Recent Developments

In the fourth quarter of 2019, before its 13th anniversary, Viva Aerobus outstood as a reference in innovation and social responsibility, following the implementation of online travel auctions, the recognition of its inclusive HR practices, its sponsorships to an important arts festival (seeking to promote cultural diversity), and its efforts to create awareness on breast cancer and the urgency of its early treatment. Furthermore, in line with its sustained expansion, Viva Aerobus announced the start of 7 new routes and reopening of 7 seasonal flights.

- On October 10th, 2019, Viva Aerobus presented in Illinois, to both media and travel agents the details of its 5 new winter season routes from/to Chicago O'Hare International Airport, from/to Guadalajara, Leon, Monterrey, Morelia and Zacatecas.
- On October 17th, 2019, within the framework of the International Day against Breast Cancer, Viva Aerobus launched an awareness campaign, through information capsules, and painting of pink the sharklets of an aircraft and customize in pink some elements of its crew's uniforms.
- On October 23rd, 2019, Viva Aerobus informed on its new online travel auction modality, for buying flight tickets; becoming the first airline to implement this scheme in Mexico.
- On October 30th, 2019, Viva Aerobus announced new charter flights to connect the cities of Cancun and Havana, following the strategic alliances entered with Mexican and Cuban tour operators
- On November 1st, 2019, Viva Aerobus celebrated the start of operations of its new routes Monterrey - La Paz and Monterey - San Luis Potosi.
- On November 22nd, 2019, Viva Aerobus promoted its sponsorship to the 5th edition of "El Festival del Puerto 2019", awarding the winner of the "Viva Cortos" contest, a short-film competition, oriented to show the diversity of Mexico.
- On November 25th, 2019, the Mexican Association of Travel Agents and Viva Aerobus entered into an agreement to bolster tourism, through the offering of greater facilities and exclusive promotions to its associates; seeking to craft comprehensive and accessible travel packages.
- On November 29th, 2019, before the increased flight demand of the holiday season, Viva Aerobus announced the reopening of 7 winter routes: Cancun - Newark, New Jersey, Cancun - San Jose de Costa Rica, Guadalajara - Houston, La Paz – Mazatlan, Monterrey - Huatulco, Monterrey - Ixtapa Zihuatanejo and Monterrey - Los Angeles.
- On December 3rd, 2019, Viva Aerobus reported that, as of November-end 2019, it had already exceeded its annual record-high of 10 million passengers, reaching a total of 10.88 million over 11 months.
- On December 6th, 2019, Viva Aerobus announced its first-ever inclusion into the Best Place to Work for LGBT 2020 Ranking of the Human Rights Campaign Foundation's HRC Equidad MX program.
- On December 13th, 2019, Viva Aerobus celebrated the operations' kick-off of its iconic #100 national route: Puerto Vallarta - Tijuana.



Adoption of IFRS16 "Leases"

All details related to the application of IFRS 16, in compliance with the stated at paragraphs 30 to 31 of the IAS 8 are explained herein. IFRS 16 introduces a comprehensive model for lease contracts identification and its accounting treatment, for both the lessee and lessor. The IFRS 16 "Leases" became applicable on January 2016 and it was adopted by the Company on January 2019. The IFRS 16 distinguishes between leases and service contracts, on the basis of recognizing if an identified asset is effectively controlled by the client. The distinction between operational (not included in the Statement of Financial Position) and financial (Included in the Statement of Financial Position) leasing is removed in the lessee's accounting and replaced by a model in which they have to recognize a right-of-use asset and its respective liability (both in the Statement of Financial Position), excepting the leases maturing within a term lower than 12 months and those in which the value of the leased asset is below USD\$5,000.

The initial application of IFRS 16 considered that all lease contracts with outstanding payments past January 1, 2018 had to be treated in full compliance to the new accounting standard (by using a discount rate commencing from the lease contract effective start date, depreciating the right-of-use asset during the contract term and adjusting the lease liability in accordance to the effective interest method).

However, given the new standard complexity, as well as its impact on the global aviation industry, in recent dates, accounting representatives of different airlines, together with the IATA's Industry Accounting Working Group and external audit firms decided to adopt changes in the implementation of IFRS 16 in the airlines industry. As a result, several airlines are recalculating and adjusting the effects of IFRS 16 on its interim financial statements for 2019.

In this context, Viva Aerobus carried out modifications and adjustments to its previously reported financial information, in accordance to the adjusted retrospective method. Thus, the right-of-use assets are no longer 100% amortized during the lease term. Therefore, airlines are bound to apply the depreciation method by components, thus, identifying the material components, being the most important "engines", which are amortized according to its planned maintenance schedule. Additionally, Viva Aerobus recognizes a provision for the estimated aircraft redelivery costs at the start date of the lease contract, in relation to the asset's right-of-use.

Comparable Basis

As it was stated lines above, as of January 1, 2019, the Company adopted the IFRS 16, following the modified retrospective method. However, the full compliance with the IFRS 16 does not allow the application of the retrospective approach in "Other Revenue". Consequently, and pursuing to show a comparable basis, 2018 Operating Income considered for this report has been reformulated under Non-GAAP, as depicts by the chart:

EBITDAR Reformulation (MXN thousand)	4Q19	4Q18 Non-GAAP Reformulated	Ch. %	2019	2018 Non-GAAP Reformulated	Ch. %
Operating Income	314,516	275,696	14.1%	934,738	759,683	23.0%
Depreciation & Amortization	638,492	499,709	27.8%	2,523,802	1,747,766	44.4%
Leases	168,689	210,712	(19.9%)	416,084	640,767	(35.1%)
EBITDAR	1,121,697	986,117	13.7%	3,874,624	3,148,216	23.1%

About Grupo Viva Aerobus

Grupo Viva Aerobus is a holding Company of several businesses, among those is the airline Viva Aerobus.

About 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 36 Airbus 320, in 118 routes to 45 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 Mexico and the lowest cost structure in Latin America, making their flights the best value offer, which in 2018 enabled Viva to carry more than 10 million passengers in one year for the first time since its foundation, and during all months of 4Q19 to carry more than 1 million passengers, exceeding the 12 million mark for 2019.



Fixed-income Analysts

Institution	Credit Rating	Analyst	E-mail
HR Ratings	HR AA (E) – HR2	Samuel Egure-Lascano	samuel.egurelascano@hrratings.com
Verum	AA/M (e) – 2/M	Jonathan Felix	jonathan.felix@verum.mx

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, since Viva Aerobus is the only airline in Mexico that has within its distribution channels over 300 bus stations which sell flight tickets

Ancillary Revenue

The ancillary revenue 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, while also being an important source of revenue for the Company.

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 cost.

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.

Investor Relations Contact

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Financial Statements Income Statement*

Grupo Viva Aerobus, S.A. de C.V. and Subsidiaries

Consolidated Statement of Comprehensive Income
Three-and twelve-months period ended December 31, 2019 and 2018
(Thousands of Mexican Pesos)

As of January 1, 2019, the Company adopted the IFRS 16 pursuant to apply the modified retrospective method; however, the full compliance of IFRS 16 does not allow the application of the retrospective approach in "Other Revenue". Therefore, the figures stated below for FY2019 and FY2018 are not comparable. For further detail, see the "Comparable Basis" section on page 10.

MXN thousand	4Q19	4Q18	Ch. %	2019	2018	Ch. %
Operating Revenue						
Passengers	1,987,871	1,535,856	29.4%	7,086,481	5,258,678	34.8%
Ancillary revenue	1,739,693	1,494,653	16.4%	5,787,573	4,817,886	20.1%
Total Revenue	3,727,564	3,030,509	23.0%	12,874,054	10,076,564	27.8%
Operating Expenses						
Fuel	1,256,278	1,134,185	10.8%	4,667,459	3,849,575	21.2%
Maintenance	264,589	100,063	>100.0%	663,847	349,865	89.7%
Salaries, wages and other benefits	425,559	281,349	51.3%	1,423,242	1,122,257	26.8%
Rights for the usage of air space	75,061	103,651	(27.6%)	482,563	382,839	26.0%
Selling, administrative and advertising expenses	646,362	395,670	63.4%	1,977,481	1,502,863	31.6%
Other operating (income) expenses	-61,982	(397,416)	(84.4%)	(215,162)	(902,097)	(76.1%)
Total Operating Expenses	2,605,867	1,617,502	61.1%	8,999,430	6,305,302	42.7%
EBITDAR	1,121,697	1,413,007	(20.6%)	3,874,624	3,771,262	2.7%
EBITDAR Margin	30.1%	46.6%	(16.5 p.p.)	30.1%	37.4%	(7.3 p.p.)
Rents	168,689	210,712	(19.9%)	416,084	640,767	(35.1%)
EBITDA	953,008	1,202,295	(20.7%)	3,458,540	3,130,495	10.5%
EBITDA Margin	25.6%	39.7%	(14.1 p.p.)	26.9%	31.1%	(4.2 p.p.)
Depreciation and amortization	638,492	499,709	27.8%	2,523,802	1,747,766	44.4%
Operating Income	314,516	702,586	(55.2%)	934,738	1,382,729	(32.4%)
Operating Margin	8.4%	23.2%	(14.7 p.p.)	7.3%	13.7%	(6.5 p.p.)
Net Interest Expenses (Income)	(187,570)	(228,162)	(17.8%)	(945,906)	(735,694)	>100.0%
Net Fx Gain (Loss)	531,124	(403,087)	(>100.0%)	590,066	(123,563)	(>100.0%)
Net Income Before Taxes	658,070	71,337	>100.0%	578,898	523,472	10.6%
Net Income Margin Before Taxes	17.7%	2.4%	15.3 p.p.	4.5%	5.2%	(0.7 p.p.)
Income Taxes	(10,522)	102,466	(>100.0%)	118,152	203,862	(42.0%)
Consolidated Net Income	647,548	173,803	>100.0%	697,050	727,334	(4.2%)
Net Income Margin	17.4%	5.7%	11.6 p.p.	5.4%	7.2%	(1.8 p.p.)

*Income Statement Notes:

- As of December 31st, 2018, the entity reported as selling, administrative & advertising expenses, the expenses for luggage services and passengers review; those are presented as services and other charges
- As of December 31st, 2018, the entity reported as selling, administrative & advertising expenses, commissions from credit cards, that are now accrued on interest income (expenses)



Balance Sheet

Grupo Viva Aerobus, S.A. de C.V. and Subsidiaries

Consolidated Statement of Financial Position

As of December 31, 2019 and 2018

(Thousands of Mexican Pesos)

MXN thousand	As of December 31, 2019	As of December 31, 2018	Ch. %
Assets			
Cash and cash equivalents	4,353,959	2,917,396	49.2%
Accounts receivable and others	238,451	435,387	(45.2%)
Inventories	160,528	99,016	62.1%
Prepayments for maintenance	947,638	918,320	3.2%
Guarantee deposits and prepaid expenses	3,307,767	3,852,017	(14.1%)
Operating equipment, furniture and equipment, net	1,266,853	1,058,387	19.7%
Derivative financial instruments	209,402	14,278	>100.0%
Deferred income taxes	836,721	765,121	9.4%
Right-of-uses-assets	14,530,049	11,408,216	27.4%
Other assets	866,895	578,963	49.7%
Total Assets	26,718,263	22,047,101	21.2%
Liabilities			
Short-term financial debt	1,973,409	2,784,570	(29.1%)
Accounts payable	826,633	1,077,246	(23.3%)
Accrued liabilities	281,208	386,331	(27.2%)
Operative allowances	2,203,811	1,817,654	21.2%
Air traffic liability	741,965	483,937	53.3%
Long-term financial debt	1,217,336	427,317	>100.0%
Prepayment for services	306,114	165,448	85.0%
Leasing liabilities	15,907,982	12,711,954	25.1%
Other liabilities	52,119	102,262	(49.0%)
Total Liabilities	23,510,577	19,956,719	17.8%
Shareholders' equity			
Capital stock	552,187	552,187	0.0%
Other capital accounts	511,132	88,726	>100.0%
Retained profits	2,144,367	1,449,469	47.9%
Total Stockholders' equity	3,207,686	2,090,382	53.4%
Total Liabilities and stockholders' equity	26,718,263	22,047,101	21.2%

*As of January 1st, 2019, the Company adopted the IFRS 16 standard applying the backwards method, therefore, the 2018 comparative information presented in this report has been reformulated.

