



Earnings Report
2nd Quarter 2017
Grupo Viva Aerobus

Grupo Viva Aerobus announces results for the second quarter of 2017

Mexico City, Mexico, July 26, 2017 – Grupo Viva Aerobus S.A. de C.V. (“Grupo Viva”), la holding of Aeroenlaces Nacionales, S.A. de C.V. (“VivaAerobus”), the carrier with the lowest costs in Latin America and rates comparable to bus transportation, announced today its second quarter earnings for 2017. The figures contained in this report are presented in accordance with the International Financial Reporting Standards (IFRS) and are expressed in millions of Mexican pesos unless otherwise stated.

2017 Earnings Highlights

- Total operating revenues in 2Q17 increased 42.1% to Ps. 1,871.9 million from the same quarter in 2016.
- Capacity measured in available seat kilometers (ASKs) totaled 2,268.1 million, representing an increase of 28.0% from 2Q16.
- Revenue per available seat kilometer (RASK) in 2Q17 amounted to Ps.82.5 cents, 11.1% above 2Q16.
- Cost per available seat kilometer (CASK) was Ps. 75.2 cents, 11.6% above Ps. 67.4 cents in 2Q16.
- EBITDAR in 2Q17 totaled Ps. 652.6 million, a 33.5% increase from Ps. 489.0 million in 2Q16. EBITDAR margin in 2Q17 was 34.9%.
- Net income in 2Q17 amounted to Ps. 149.2 million, increasing 29.3% compared to a net income of Ps. 115.4 million in 2Q16. The net income margin in the quarter was 8.0%.
- At the close of the second quarter of 2017, the cash and cash equivalents, and restricted cash balance was Ps. 1,818.0 million, compared to Ps. 2,108.9 million recorded at the close of the second quarter of 2016, representing a decrease of 13.8%.
- During 2017, Grupo Viva Aerobus continues to have the most modern fleets in Mexico with 22 aircrafts, of which 20 are Airbus 320ceo and two are Airbus 320neo, completing its transition goal of becoming an operator with a single aircraft type. Grupo Viva Aerobus moves ahead in its fleet expansion and modernization program, which aims to be completed by 2020 with 52 aircrafts.

MESSAGE from the CEO of Grupo Viva Aerobus

During the second quarter of 2017, we managed to further advance our strategic goal of being the most efficient and accessible airline connecting main destinations in Mexico, which is a clear result of our clients' trust when seeking to fly under the highest safety, quality and reliability standards at the best price. As such, we continue expanding our reach, during the second quarter we increased our offering with the launch of five new routes, which add to a total number of 77 routes to 34 different destinations.

Despite operating in a highly competitive environment characterized by regulatory changes, economic uncertainty, and a greater demand by consumers in the sector, Viva Aerobus recorded a solid 42.1% growth in terms of consolidated revenues totaling Ps. 1,872 million, given the strong commitment of our suppliers and the company's efforts to bring the best travel experience to our passengers.

We are pleased to announce that we transported over 2 million passengers in the quarter, a 45.6% increase when compared to the same year-ago period, reaching a load factor of 91% that is 9.7 percentage points above 2Q16.

As a result of our capacity and load factor increase, we were able to grow our net income by 29.3% from 2Q16, generating a total of Ps. 149.2 million in the quarter with a margin of 8.0%. This result mainly stems from our modernization strategy, which has allowed us to have one of the newest fleets in Mexico, as we have incorporated Airbus 320ceo and Airbus 320neo, offering better efficiency rate per unit costs as well as a better flying experience and greater comfort to our passengers.

Thanks to our great team of collaborators, we are taking the next step and moving forward on our plan to expand to new routes while offering an ultra-low cost service to passengers inside and outside Mexico.

Sincerely,

Gian Carlo Nucci.

Chief Executive Officer at Grupo Viva Aerobus



Operation and Financial Highlights

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

Financial and Operating Indicators

Period ended June 30, 2017

(Million of Mexican pesos)

	2Q17	2Q16	Var. %	6M17	6M16	Var. %
ASKs (million)	2,268.1	1,772.2	28.0%	4,180.2	3,197.9	30.7%
RPKs (million)	2,064.4	1,441.6	43.2%	3,716.0	2,609.6	42.4%
Total passengers (thousand)	2,051.7	1,409.2	45.6%	3,680.2	2,585.6	42.3%
Load factor	91.0%	81.3%	9.7 p.p.	88.9%	81.6%	7.3 p.p.
RASK (cents)	82.5	74.3	11.1%	76.7	77.8	-1.4%
RASK adjusted*	64.9	59.0	9.9%	60.4	61.3	-1.5%
CASK (cents)	75.2	67.4	11.6%	75.2	68.4	10.0%
Cost per seat	747.7	683.6	9.4%	750.4	684.3	9.7%
CASK ex-fuel	53.5	50.9	5.1%	53.0	53.0	0.1%
CASK adjusted*	59.1	53.5	10.5%	59.2	53.9	9.9%
CASK adjusted* ex-fuel	42.0	40.4	4.1%	41.8	41.8	-0.1%
Stage length (km)	993.7	1,014.8	-2.1%	997.3	1,000.2	-0.3%
Operating revenues (million)	1,871.9	1,317.5	42.1%	3,206.6	2,486.6	29.0%
Operating income (million)	165.1	123.7	33.5%	61.2	298.9	-79.5%
Operating margin	8.8%	9.4%	-0.6 p.p.	1.9%	12.0%	-10.1 p.p.
EBITDAR (million)	652.6	489.0	33.5%	909.2	980.4	-7.3%
EBITDAR margin	34.9%	37.1%	-2.3 p.p.	28.4%	39.4%	-11.1 p.p.
PBT (million)	193.5	104.8	84.7%	150.1	282.8	-46.9%
PBT margin	10.3%	8.0%	2.4 p.p.	4.7%	11.4%	-6.7 p.p.
Net Income (million)	149.2	115.4	29.3%	126.3	275.7	-54.2%
Net income margin	8.0%	8.8%	-0.8 p.p.	3.9%	11.1%	-7.1 p.p.

*CASK adjusted to 1,609 km.

Results summary

Revenues

(Ps. Millions)	2017	2016	Var. %
Passengers	1,057.3	728.0	45.2%
Service charge and others	814.6	589.5	38.2%
Total operating revenues	1,871.9	1,317.5	42.1%

Operating revenues

Total operating revenues in 2017 increased 42.1%, to Ps. 1,871.9 million, of which 54.48% were passenger revenues of Ps. 1,057.3 million and the remaining 43.52% were attributable to service charge and others. The overall increase was mainly related to the increase in capacity, passengers and rates, as well as the high season recorded during the second quarter this year while in 2016 it was recorded in the first quarter.

Other revenues

Other revenues amounted to Ps. 814.6 million in 2017, increasing 38.2% from the same last year period at Ps. 589.5 million.

Expenses

(Ps. Millions)	2017	2016	Var. %
Total operating expenses	1,706.7	1,193.8	43.0%

Total expenses

Total operating expenses in 2017 totaled Ps. 1,706.7 million, increasing 43.0% from Ps. 1,193.8 million recorded in the same last year period. This variation is related to a higher operating capacity as well as changes in the operating environment but mainly rising fuel prices.



EBITDAR

(Ps. Millions)	2Q17	2Q16	Var. %
EBITDAR	652.6	489.0	33.5%
EBITDAR margin %	34.9%	37.1%	-2.2 p.p.

At the close of 2Q17, EBITDAR amounted to Ps. 652.2 million, representing a 33.5% increase when compared to Ps. 489.0 million in 2Q16. EBITDAR margin in 2Q17 was 34.9%.

Net Income (Loss)

(Ps. Millions)	2Q17	2Q16	Var. %
Net income (loss)	149.2	115.4	29.3%
Net income margin	8.0%	8.8%	0.8 p.p.

Net income of 2Q17 was Ps. 149.2 million, compared to net income of Ps. 115.4 million in 2Q16. This variation was mainly related to the fact that the high season, Holy Week, fell this year in the second quarter. The net income margin for the quarter was 8.0%.

BALANCE SHEET

Assets

(Ps. Millions)	Jun 2017	Jun 2016	Var. %
Current Assets	2,613.3	2,590.5	0.9%
Non-current Assets	4,017.1	2,370.0	69.5%

Total Assets	6,630.4	4,960.6	33.7%
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Current Assets [Cash and cash equivalents, etc.]

At the close of June 30, 2017, the cash and cash equivalent, and restricted cash balance decreased 13.8% to Ps. 1,818.0 million, compared to Ps. 2,108.9 million at the close of June 30, 2016.

Non-current Assets [Property, plant and equipment, deposits and other non-current assets]

At the close of June 30, 2017, deposits in guarantee and pre-paid expenses increased 44.6% to Ps. 2,021.6 million, compared to Ps. 1,398.2 million at the close of 2016.

Liabilities

(Ps. Million)	Jun 2017	Jun 2016	Var. %
Short-term liabilities	2,987.6	2,238.5	33.5%
Long-term liabilities	2,053.4	1,332.7	54.1%
Total Liabilities	5,041.0	3,571.2	41.2%

Short-term liabilities [Loans and borrowings, accounts receivables, wages, taxes to be paid, etc.]

Short-term loans and borrowing increased 5.1% between June 30, 2016 and June 30, 2017, rising from Ps. 376.0 million to Ps. 395.0 million.

Long-term liabilities [Long-term loans and borrowings, other accounts receivables, provisions]



The long-term liabilities rose 38.0% between June 30, 2016 and June 30, 2017, increasing from Ps. 1,146.7 million to Ps 1,582.4million. This increase mainly stemmed from the financing strategy implemented for the fleet acquisition.

Stockholders' equity

Total stockholders' equity increased 14.4% to Ps. 1,589.4 million at the close of June 30, 2017 compared to Ps. 1,389.3 million at the close of June 30, 2016.

FLEET

Operating Fleet

Aircraft	Jun 2017	Jun 2016	Var. %
Boeing 737-300	0	2	N.A.
Airbus 320ceo	20	19	5.3%
Airbus 320neo	2	0	N.A.

At the close of June 30, 2017, Grupo VivaAerobus had a fleet of 22 aircrafts, of which 20 are Airbus 320s and two are Airbus 320neo. The current fleet reflects the completion of the company's transition plan through which VivaAerobus has become an operator with a single type of aircraft.



Relevant Corporate Events

RELEVANT EVENT #1

On June 27, 2017, Viva Aerobus announced its first non-stop international destination from Mexico City to Las Vegas, which will begin operations as of December 16, 2017. This new route is the 12th new route launched by Viva Aerobus in 2017, adding to a total of 77 routes to 34 different destinations, of which three are international.

RELEVANT EVENT #2

On June 20, 2017, Viva Aerobus announced its new international route Guadalajara-Los Angeles, inaugurating a brand new destination. This continuous effort of offering a larger number of routes shows Viva Aerobus' commitment to promote tourism in Mexico by offering an ultra-low cost option.

RELEVANT EVENT #3

On June 15, 2017, Viva Aerobus received its new Airbus A320neo aircraft. With the arrival of the new aircraft, Viva Aerobus reinforces its position as the airline with the newest fleet in Mexico and the region with 22 aircrafts, of which 20 are A320 and two A320neo. This delivery is part of the fleet renovation strategy launched by Viva Aerobus in 2013, when it announced the purchase of 52 aircrafts Airbus A320, the largest purchase made by any carrier in Latin America with a total investment of USD\$ 5 billion. This delivery is an incremental aircraft, increasing the number of targeted aircrafts to 53.

RELEVANT EVENT #4

On June 6, 2017, Viva Aerobus launched two new national routes: Mexicali-Guadalajara and Mexicali-Monterrey, which will begin operations on August 21 and 22, respectively. With these new routes, Viva Aerobus reinforces its leadership in Monterrey, being the airline with the highest number of routes from that destination, adding to 24 non-stop routes. Additionally, it is the only airline offering service between Mexicali-Monterrey.



RELEVANT EVENT #5

On June 1st, 2017, Viva Aerobus appointed Lorena Cardenas as its new Chief Financial Officer (CFO). Lorena Cardenas brings over 25 years of professional experience, of which 15 years were focused on the Mexican financial / credit system. In the past, Lorena was an independent board member for Credito Real and SICREA in Mexico, Credivalores in Colombia, as well as serving as advisor for two FinTech startups in Mexico. Lorena also served as CFO at Credito Real, GMAC and Nortel Networks.

RELEVANT EVENT #6

On May 31, 2017, Viva Aerobus, together with Scotiabank and Mastercard, presented the Viva credit card with the goal of providing more travelers with options to travel in Mexico and its destinations. The Viva credit card was designed to provide Viva Aerobus' clients with a better travel experience, while offering better rates and value added services without a cost to the traveler. The credit card, backed by Scotiabank and Mastercard, will offer Viva Aerobus' clients a series of advantages when traveling its routes as well as the opportunity to accumulate points that can be use in the mileage program directly with the airline.

RELEVANT EVENT #7

On May 18, 2017, Viva Aerobus launched the route Guadalajara–Los Cabos, which began operation on June 15, 2017. Viva Aerobus continues to expand Guadalajara's connectivity, as it is one of its main operating hubs.

FINANCIAL STATEMENTS

Income Statement

Grupo Viva Aerobus, S.A. de C.V. and Subsidiaries
 Consolidated Statement of Comprehensive Income
 Period ended June 30, 2017
 (Million of Mexican pesos)

	2Q17	2Q16	Var. %	6M17	6M16	Var. %
Operating revenues:						
Passengers	1,057.3	728.0	45.2%	1,791.9	1,414.2	26.7%
Service charge and others	814.6	589.5	38.2%	1,414.6	1,072.4	31.9%
Total operating revenues	1,871.9	1,317.5	42.1%	3,206.6	2,486.6	29.0%
Operating expenses, excluding non trading items:						
Fuel	493.1	291.2	69.3%	928.6	492.4	88.6%
Maintenance	94.7	64.4	47.1%	176.5	126.1	39.9%
Rents	429.7	342.1	25.6%	750.2	643.2	16.6%
Other expenses, net	689.2	496.0	38.9%	1,290.1	926.1	39.3%
Total operating expenses, excluding non trading items	1,706.7	1,193.8	43.0%	3,145.4	2,187.7	43.8%
Operating income	165.1	123.7	33.5%	61.2	298.9	-79.5%
Total interest income, net	28.4 -	19.0	N.A.	88.9 -	16.0	N.A.
Net income before taxes on profits	193.5	104.8	84.7%	150.1	282.8	-46.9%
Income taxes (expenses)	- 44.3	10.6	N.A.	- 23.8	7.1	233.5%
Consolidated net and comprehensive profit	149.2	115.4	29.3%	126.3	275.7	-54.2%

Balance Sheet

Grupo Viva Aerobus, S.A. de C.V. and Subsidiaries
 Consolidated Statement of Financial Position
 Period ended June 30, 2017
 (Million of Mexican pesos)

	6M17	6M16	Var. %
Assets			
Current assets	2,613.3	2,590.5	0.9%
Cash and cash equivalents	1,690.4	2,108.9	-19.8%
Accounts receivable and others	109.5	126.9	-13.7%
Guarantee deposits and prepaid expenses	297.3	155.9	90.7%
Other current assets	516.0	198.9	159.5%
Non-current assets	4,017.1	2,370.0	69.5%
Guarantee deposits and prepaid expenses	2,021.6	1,398.2	44.6%
Other non-current assets	1,995.6	971.8	105.3%
Total Assets	6,630.4	4,960.5	33.7%
Liabilities and Stockholder's Equity			
Current liabilities	2,987.6	2,238.5	33.5%
Loans and borrowings	395.0	376.0	5.1%
Air traffic liability	741.7	575.9	28.8%
Other short-term liabilities	1,850.8	1,286.6	43.9%
Long-term liabilities	2,053.4	1,332.7	54.1%
Loans and borrowings	1,582.4	1,146.7	38.0%
Other long-term liabilities	471.1	186.0	153.3%
Total liabilities	5,041.0	3,571.2	41.2%
Stockholders' equity			
Capital stock	552.2	552.2	0.0%
Other capital accounts	21.5	356.7	-94.0%
Retained profits (loss)	1,015.7	480.5	111.4%
Total stockholders' equity	1,589.4	1,389.3	14.4%
Total liabilities and stockholders' equity	6,630.4	4,960.5	33.7%

Cash Flow Statement

Grupo Viva Aerobus, S.A. de C.V. and Subsidiaries
 Consolidated Statement of Cash Flow
 Period ended June 30, 2017
 (Million of Mexican pesos)

	2Q17	2Q16	Var. %	6M17	6M16	Var. %
Net cash from operating activities	764.6	371.9	105.6%	155.8	530.3	-70.6%
Net cash used in investing activities	-481.3	130.2	N.A.	-837.7	201.4	N.A.
Net cash used in financing activities	-75.8	-224.7	-66.3%	-3.6	-432.6	-99.2%
Effects of exchange rate fluctuations on cash and cash equivalents	1.6	8.3	-80.4%	-7.0	9.4	N.A.
Net increase in cash and cash equivalent	209.2	285.8	-26.8%	-692.5	308.4	N.A.
Cash and cash equivalents at beginning of period	1,481.2	1,823.1	-18.8%	2,382.9	1,800.5	32.4%
Cash and cash equivalents at end of period	1,690.4	2,108.9	-19.8%	1,690.4	2,108.9	-19.8%

Investor RELATIONS

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Glossary

ASKs: Available seat kilometers represents aircraft seating capacity multiplied by the number of kilometers the seats are flown.

CASK: Cost per available seat kilometer 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: Income before taxes, depreciation and amortization. It is calculated as revenues minus expenses, excluding taxes, interests, depreciation, amortization, restructuring and rental costs.

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

PDP Facility: Pre-delivery payments, corresponds to an agreement to finance the purchase of aircraft.

RASK: Operating revenue per available seat kilometer represents operating revenue divided by available seat kilometers.

RPKs: Revenue passenger kilometers represent the number of kilometers flown by revenue passengers.

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

Forward Looking Statements

This press release can include forward-looking statements. Said statements are not based on historic information but rather on the vision of the current administration. Readers must understand that said statements or estimates imply risks and uncertainties that can change as a result of various factors that are not under the company's control.



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