



Earnings Report
3rd Quarter 2017
Grupo Viva Aerobus

Grupo Viva Aerobus announces results for the third quarter of 2017

Mexico City, Mexico, October 25, 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 third 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.

3Q17 Earnings Highlights

- Total operating revenues in 3Q17 increased 21.3% to Ps. 2,279.2 million from the same quarter in 2016.
- Capacity measured in available seat kilometers (ASKs) totaled 2,644.5 million, representing an increase of 15.9% from 2,282.7 million recorded in 3Q16.
- Revenue per available seat kilometer (RASK) in 3Q17 amounted to Ps. 86.2 cents, 4.7% above the Ps. 82.3 cents recorded in 3Q16.
- Cost per available seat kilometer (CASK) was Ps. 66.2 cents, 2.9% above Ps. 64.3 cents in 3Q16.
- EBITDAR in 3Q17 totaled Ps. 953.0 million, an 8.4% increase from Ps. 879.3 million in 3Q16. EBITDAR margin in 3Q17 was 41.8%.
- Net income in 3Q17 amounted to Ps. 409.3 million, increasing 33.1% compared to a net income of Ps. 307.5 million in 3Q16. The net income margin in the quarter was 18.0%.
- At the close of the third quarter of 2017, the cash and cash equivalents, and restricted cash balance was Ps. 1,636.0 million, compared to Ps. 1,560.5 million recorded at the close of the third quarter of 2016, representing an increase of 4.8%.
- During 3Q17, Grupo Viva Aerobus continues to have the most modern fleets in Mexico with 23 aircrafts, of which 21 are Airbus 320ce0 and two are Airbus 320neo. Grupo Viva Aerobus is moving ahead with its fleet expansion and modernization program, which aims to be completed by 2020 with 55 aircrafts.

MESSAGE from the CEO of Grupo Viva Aerobus

For a third quarter in the year, our quarterly results show the soundness of our business model and reflect the daily work of our collaborators, who thrive on the client centric culture, along with cost reduction and revenue optimization.

With that, the company was able to record a solid EBITDAR growth of 41.8%, one of the highest in the aviation industry in the world, as well as a 33% increase in our net income compared to the same year ago period of 2016.

Despite the initial expectations for 2017, global volatility, natural catastrophes that affected consumption in some areas of the country and uncertainty surrounding NAFTA negotiations, Grupo Viva Aerobus recorded a strong quarter with total operating revenues increasing 21.3% from the same year ago quarter, reaching Ps. 2,279.2 million.

Our solid results mainly stemmed from higher capacity and tariff growth, added to a better operating environment led by the industrial recovery and our clients' preferences to continue flying, which allowed us to transport a total of 2.3 million passengers during the third quarter with a load factor of 91.0%, 16.5 percentage points above the passenger transported in 3Q16.

To become a preferred choice for our customers, we have advocated to promote technology and operating efficiencies, securing the highest service and quality standards that will allow us to continue offering the most competitive tariffs in the market, and always having in mind passengers as the focus of all that we do.

The results prompt us to continue monitoring the profitability of our routes and quickly adapt to a changing environment, which this year has not been insignificant, but always focusing on maintaining the preference of our clients.

Additionally, we closed the quarter with one of the most modern fleet in the country and one of the newest globally, which will continue to allow us to bringing more destinations in Mexico for a greater number of passengers.

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 September 30, 2017

(Million of Mexican pesos)

	3Q16	3Q17	Var. %	9M16	9M17	Var. %
ASKs (million)	2,282.7	2,644.5	15.9%	5,480.6	6,824.7	24.5%
RPKs (million)	2,015.1	2,406.0	19.4%	4,624.7	6,126.5	32.5%
Total passengers (thousand)	1,976.8	2,302.1	16.5%	4,562.3	5,983.8	31.2%
Load factor	88.3%	91.0%	2.7 p.p	84.4%	89.8%	5.4 p.p
RASK (cents)	82.3	86.2	4.7%	79.7	80.4	0.9%
RASK adjusted*	65.0	69.0	6.2%	79.7	63.7	-20.1%
CASK (cents)	64.3	66.2	2.9%	66.7	71.7	7.5%
Cost per seat	646.1	683.0	5.7%	668.5	724.8	8.4%
CASK ex-fuel	45.3	44.6	-1.6%	49.8	49.7	-0.1%
CASK adjusted*	50.8	53.0	4.3%	52.6	56.8	8.1%
CASK adjusted* ex-fuel	35.8	35.7	-0.3%	39.3	39.4	0.3%
Stage length (km)	1,004.3	1,031.9	2.8%	1,002.0	1,010.4	0.8%
Operating revenues (million)	1,879.5	2,279.2	21.3%	4,366.1	5,485.7	25.6%
Operating income (million)	410.9	528.9	28.7%	709.8	590.1	-16.9%
Operating margin	21.9%	23.2%	1.3 p.p.	16.3%	10.8%	-5.5 p.p.
EBITDAR (million)	879.3	953.0	8.4%	1,859.7	1,862.3	0.1%
EBITDAR margin	46.8%	41.8%	-5.0 p.p.	42.6%	33.9%	-8.6 p.p.
PBT (million)	430.4	573.8	33.3%	713.2	723.9	1.5%
PBT margin	22.9%	25.2%	2.3 p.p.	16.3%	13.2%	-3.1 p.p.
Net Income (million)	307.5	409.3	33.1%	583.2	535.6	-8.2%
Net income margin	16.4%	18.0%	1.6 p.p.	13.4%	9.8%	-3.6 p.p.

*CASK adjusted to 1,609 km.

*Please refer to the glossary

Results summary

Revenues

(Ps. Millions)	3Q16	3Q17	Var. %
Passengers	1,265.5	1,337.1	5.7%
Service charge and others	614.0	942.0	53.4%
Total operating revenues	1,879.5	2,279.2	21.3%

Operating revenues

Total operating revenues in 3Q17 increased 21.3%, to Ps. 2,279.2 million, of which 58.67% were passenger revenues of Ps. 1,337.1 million and the remaining 41.33% were attributable to service charge and others. The overall increase was mainly related to the increase in capacity, passengers and rates, added to the fact that during the third quarter we had a recovery despite the fact that the long weekend holiday of September 15 fell on a weekend along with adverse weather at certain destinations during the summer months.

Other revenues

Other revenues amounted to Ps. 942.0 million in 3Q17, increasing 53.4% from the same last year period at Ps. 614.0 million. This result stemmed from our unbundling strategy to offer passengers the option to select all services they want. Said strategy is one of the largest supplementary revenue contributors to total revenues among airlines around the world.



Expenses

(Ps. Millions)	3Q16	3Q17	Var. %
Total operating expenses	1,468.6	1,750.2	19.2%
Fuel	435.4	572.0	31.4%
Maintenance	79.5	83.3	4.7%
Rents	431.3	339.5	-21.3%
Administrative and sales expenses	414.4	587.5	41.8%
Other expenses, net	107.9	167.9	55.6%

Total expenses

Total operating expenses in 3Q17 totaled Ps. 1,750.2 million, increasing 19.2% from Ps. 1,468.6 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. Regardless of the operating conditions, the company continued to implement its operating efficiencies, proof of that is the result of the CASK adjusted excluding fuel which add Ps. 35.7 cents, decreasing 0.3% from the same 3Q16, and 15.9% above the ASK of the same year period.

EBITDAR

(Ps. Millions)	3Q16	3Q17	Var. %
EBITDAR	879.3	953.0	8.4%
EBITDAR margin %	46.8%	41.8%	-5.0 p.p.



At the close of 3Q17, EBITDAR amounted to Ps. 953.0 million, representing an 8.4% increase when compared to Ps. 879.3 million in 3Q16. EBITDAR margin in 3Q17 was 41.8%, one of the highest in the aviation industry in the world. This result stemmed from the company's strategy of focusing on reducing costs and revenue optimization ("unbundling"), while monitoring the profitability of our routes and adjusting to changes in the operating environment.

Net Income (Loss)

(Ps. Millions)	3Q16	3Q17	Var. %
Net income (loss)	307.5	409.3	33.1%
Net income margin	16.4%	18.0%	1.6 p.p.

Net income of 3Q17 was Ps. 409.3 million, compared to net income of Ps. 307.5 million in 3Q16. This variation was mainly related to higher demand, and despite the fact that the long weekend holiday of September 15 fell on a Saturday this year. The net income margin for the quarter was 18.0%.

Net income result for the quarter was fueled by a 130.4% growth in our net financial revenues, resulting from our foreign Exchange and fuel hedging options in line with the company's risk administration policy.

BALANCE SHEET

Cash and cash equivalents

At the close of September 30, 2017, the balance of cash and cash equivalent, and restricted cash increased 4.8% to Ps. 1,636.0 million, compared to Ps. 1,560.5 million at the close of September 30, 2016. The company seeks a strong cash balance to promote the financial stability needed to face any uncertainties and maximize the productive use of the company's resources.

Deposits in guarantee and anticipated payments



At the close of September 2017, deposits in guarantee and anticipated expenses rose by 38.2% to Ps. 2,833.9 million, compared to Ps. 2,050.0 million at the close of 3Q16.

Long-term liabilities

Short-term loans and borrowing increased 183.8% between September 30, 2016 and September 30, 2017, rising from Ps. 389.1 million to Ps. 1,104.4 million.

The long-term liabilities decreased 10.5% between September 30, 2016 and September 30, 2017, increasing from Ps. 1,073.1 million to Ps. 960.6 million. This decrease mainly stemmed from the beginning of the amortization calendar for the bond VIVACB15 of February 2018.

At the close of September 30, 2017, the debt coverage to the company increased to 5.1 times.

Stockholders' equity

Total stockholders' equity increased 36.1% to Ps. 2,104.4 million at the close of September 30, 2017 compared to Ps. 1,546.6 million at the close of September 30, 2016.



FLEET

Operating Fleet

Aircraft	Jun 2016	Jun 2017	Var. %
Boeing 737-300	2	0	N.A.
Airbus 320ceo	19	21	10.5%
Airbus 320neo	1	2	100%

At the close of September 30, 2017, Grupo VivaAerobus had a fleet of 23 aircrafts, of which 21 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. The result of our "single aircraft operation" / "single class seating" / "maximum seat density" has allowed us to increase our capacity and operating efficiency. Our fleet will continue growing in the years to come, reaching 55 aircrafts by 2022, in which over 70% of our aircrafts will have the "neo" technology, generating important fuel consumption efficiencies for our fleet that will translate into operating savings and competitive prices for our clients.



Relevant Corporate Events

RELEVANT EVENT #1

On September 29, 2017, Viva Aerobus launched “¡Viva la Música!”, a campaign aimed at marketing and backing some of the most relevant music festivals in the country, promoting the connectivity of our routes and strengthening national tourism. Among the events that Viva Aerobus is sponsoring are: Tecate Arcadia, Tecate Peninsula, Indio Coordinada and Septimo Dia.

RELEVANT EVENT #2

On September 21, 2017, after the 7.1-magnitude earthquake that occurred in Mexico on September 19 affecting Mexico City, Puebla, Morelos, the State of Mexico and Guerrero, Viva Aerobus announced its support to the affected communities in the country by lending its aircrafts to freely transport food and goods needed, as well as transporting rescuers and paramedics to affected areas in coordination with the National Coordination for Federal Civil Protection (Coordinación Nacional de Protección Civil Federal) Mexican Red Cross and other civil organizations.

RELEVANT EVENT #3

On September 14, 2017, Viva Aerobus launched three new winter routes that will be available until January 7, 2018. The routes include Monterrey-Huatulco (beginning Operations on December 14), Monterrey-Queretaro (beginning December 15) and Culiacan-Chihuahua (beginning December 14). With these new routes, Viva Aerobus will offer the most access to 34 destinations with 79 regular routs and 3 seasonal ones.

RELEVANT EVENT #4

On September 7, 2017, Viva Aerobus, strengthened its presence in the country with the launch of its new route Leon-Tijuana, beginning on December 7 with three weekly flights. This new route supports the Viva Aerobus' strategy along with its commitment to connect Mexico, making air travel more accessible.



RELEVANT EVENT #5

On June 31, 2017, Viva Aerobus launched its new route Culiacan-Tijuana, which will begin operations as of November 1st with six weekly flights. This new route expands our offering in the country, and shows our commitment and bet on Mexico.

RELEVANT EVENT #6

On September 25, 2017, Viva Aerobus named Alfredo Nava Escárcega as Treasury Director and Investor Relations Officer. Alfredo has over 11 years of professional experience in the corporate and financial sector. In the past, he has held as Financing Director and Investor Relations Officer in addition to being secretary of the Board at Vinte Viviendas Integrales.



FINANCIAL STATEMENTS

Income Statement

Grupo Viva Aerobus, S.A. de C.V. and Subsidiaries
 Consolidated Statement of Comprehensive Income
 Three- and nine-month period ended September 30, 2017
 (Million of Mexican pesos)

	3Q16	3Q17	Var. %	9M16	9M17	Var. %
Operating revenues:						
Passengers	1,265.5	1,337.1	5.7%	2,679.7	3,129.0	16.8%
Service charge and others	614.0	942.0	53.4%	1,686.4	2,356.7	39.7%
Total operating revenues	1,879.5	2,279.2	21.3%	4,366.1	5,485.7	25.6%
Operating expenses, excluding non trading items:						
Fuel	435.4	572.0	31.4%	927.8	1,500.6	61.7%
Maintenance	79.5	83.3	4.7%	205.7	259.7	26.3%
Rents	431.3	339.5	-21.3%	1,074.4	1,089.8	1.4%
Administration and rental expenses	414.4	587.6	41.8%	1,202.5	1,652.1	37.4%
Other expenses, net	107.9	167.9	55.6%	245.8	393.5	60.0%
Total operating expenses, excluding non trading items	1,468.6	1,750.3	19.2%	3,656.3	4,895.6	33.9%
Operating income	410.9	528.9	28.7%	709.8	590.1	-16.9%
Total interest income, net	19.5	44.9	130.7%	3.4	133.8	3801.2%
Net income before taxes on profits	430.4	573.8	33.3%	713.2	723.9	1.5%
Income taxes (expenses)	122.9	164.5	33.8%	130.1	188.3	44.8%
Consolidated net and comprehensive profit	307.5	409.3	33.1%	583.2	535.6	-8.2%

Balance Sheet

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

	Sept. 30, 2016	Sept. 30, 2017	Var. %
Assets			
Cash and cash equivalents (inc. restricted cash)	1,560.5	1,636.0	4.8%
Accounts receivable and others	288.6	121.4	-57.9%
Guarantee deposits and prepaid expenses	2,050.0	2,833.9	38.2%
Other current assets	177.1	827.8	367.4%
Other non-current assets	1,094.7	1,709.0	56.1%
Total Assets	5,170.9	7,128.0	37.8%
Liabilities and Stockholder's Equity			
Loans and borrowings	389.1	1,104.4	183.8%
Air traffic liability	376.8	388.9	3.2%
Other short-term liabilities	1,554.4	2,272.2	46.2%
Loans and borrowings	1,073.1	960.6	-10.5%
Other long-term liabilities	230.9	297.6	28.9%
Total liabilities	3,624.2	5,023.6	38.6%
Stockholders' equity			
Capital stock	552.2	552.2	0.0%
Other capital accounts	225.2	150.7	-33.1%
Retained profits (loss)	769.2	1,401.5	82.2%
Total stockholders' equity	1,546.6	2,104.4	36.1%
Total liabilities and stockholders' equity	5,170.9	7,128.0	37.8%

Cash Flow Statement

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

Consolidated Statement of Cash Flow

Period ended September 30, 2017

(Million of Mexican pesos)

	3Q16	3Q17	Var. %	9M16	9M17	Var. %
Net cash from operating activities	-275.0	52.8	N.A.	255.3	208.6	-18.3%
Net cash used in investing activities	-182.8	-761.2	316.4%	18.5	-1,598.9	N. A.
Net cash used in financing activities	-97.3	7.7	N.A.	529.9	4.1	N.A.
Effects of exchange rate fluctuations on cash and cash equivalents	6.8	-2.9	N.A.	16.2	-9.9	N.A.
Net increase in cash and cash equivalent	-548.3	-703.6	28.3%	-239.9	1,396.2	482.0%
Cash and cash equivalents at beginning of period	2,108.9	1,690.4	-19.8%	1,800.5	2,382.9	32.3%
Cash and cash equivalents at end of period	1,560.6	986.8	-36.8%	1,560.6	986.8	-36.8%

Investor RELATIONS

Contacts

Alfredo Nava
Treasurer and IR

alfredo.nava@vivaaerobus.com

+52 (55) 5955 5512

Carla Núñez
Investor Relations

ir@vivaaerobus.com

+52 (55) 5955 5512

Lucia Domville
Grayling

carla.nunez@vivaaerobus.com

lucia.domville@grayling.com

+1 (646) 284-9416

Viva Aerobus

Insurgentes Norte 42, Mezzanine

Ciudad de México, C.P. 06400

México



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.



@Viva Aerobus



Viva Aerobus



Viva Aerobus.com

