

VIVA AEROBUS 1Q21 EARNINGS RELEASE

LEADING THE RECOVERY WITH THE BEST CUSTOMER SERVICE, CONSTANT INNOVATION AND LOWEST COSTS

Mexico City, April 28, 2021 - Grupo Viva Aerobus, S.A. de C.V. ("Grupo Viva") holding of Aeroenlaces Nacionales S.A. de C.V. ("Viva Aerobus"), today announced its first quarter 2021 financial results.

The safety and trust of our passengers and 'gente viva' remain our main priority

- From the very start of the pandemic, we quickly outlined and adopted 'Viva Contigo', program that comprises well-defined protocols, which are strictly aligned to the recommendations of domestic and international health authorities. These protocols are widely deployed at each and every aircraft, airport counter, kiosk and workspace. For further details on these initiatives, please visit: <https://www.vivaerobus.com/en/info/viva-actions-covid-19>

Cash preservation

- Cash burn remains contained, as reflected by our cash balance of Ps.3,038 million at quarter-end (+2.4% QoQ), resulting from the elimination of all non-essential expenses, coupled with a steady recovery and sales growth that started the third week of February 2021
- While strengthening our cash position, we continued to meet all our liabilities, achieving to cut in a sequential basis the balance of accounts payable (-4.3%) and debt securities (-8.3%), the latter corresponding to amortizations made on short-term local notes issued at the *Bolsa Institucional de Valores*, 'BIVA'
- We have forecasted low levels of CAPEX for 2021, as no major aircraft maintenances or investments are scheduled. However, we remain clear on the execution of our medium- and long-term investment program

Consolidation of an efficient and more adaptable cost structure

- We keep striving to streamline our cost and expense structure, outstanding: (1) a higher use of our current fleet capacity, highlighting the incorporation of a new A321 (240 seats); (2) a low cost of jet fuel following an efficient management of hedges (increase of only 1.8% in this strategic input vs. 1Q19, despite having 14 more aircraft); and (3) the temporary freeze of non-essential services and hires. All these efficiencies have greatly eased constraints for the cash flow stream and brought greater stability to the operation

Ancillary services innovation to protect our passengers' wallet

- First airline in Mexico to permanently eliminate all change fees
- Unique customer-oriented initiatives to boost demand and render comprehensive services, such as 'Tarifa Zero' and 'TU Aliado'
- To offer an enhanced travel experience, we launched 'VIP Priority' and 'Space+' seating options at all aircraft.

Resilient business model and operations ramp-up

- As a solid evidence of our steady rebound, in November 2020, we became the first airline in the Americas to resume 100% the operating capacity. This path of recovery advanced further over 1Q21, as shown by our capacity measured by available seat kilometers of 3,756 million in 1Q21, which was almost flat vs. 1Q20 (3,768 million) and above than that of 1Q19 (2,964 million)
- On-time performance was ~85% in 1Q21, driven by our solid customer focus and operational efficiency

Enhancement of corporate practices (environmental, social & governance "ESG")

- In October, Viva Aerobus reaffirmed its position as the greenest airline in Mexico by unveiling its environmental culture 'El Futuro es Verde' that embraces a package of strategic initiatives, such as: (1) the separation of waste for recycling during flights (first Mexican airline to follow this practice); (2) the reduction of CO₂ emissions per seat and kilometer, and CO₂ per passenger and kilometer, aiming for a 15% reduction in these emissions by 2025; and, (3) the approval for the acquisition, this year, of a portfolio of carbon credits, in accordance with the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)



1Q21 Highlights

- 1Q21 booked passengers reached over 90% of those booked in 1Q20 (despite the lockdown measures adopted this January along some of our most important destinations), with a remarkable recovery in March, as we were able to post an annual growth rate of 27.4% vs. March 2020. Similarly, booked passengers in 1Q21 increased 7.1% vs. 1Q19, being the only Mexican airline that posted a positive growth rate vs. 2019
- 1Q21 total revenue was practically flat in an annual basis, amounting to Ps.2,604 million (reminding that over January and February 2020 the full impact of COVID-19 has not been fully reflected in the Mexican airline industry). Breaking down revenues, 45.7% of the stream stemmed from fare revenue (Ps.1,190 million, -11.9% YoY) and 54.3% from ancillary revenue (Ps.1,414, +6.8% YoY), a core element of our ultra-low-cost model that over most of the contingency has enabled us to mitigate impacts and reduce pressure of the fare. When compared to 1Q19, 1Q21 revenue climbed 17.7%, while total revenue per passenger was up 9.9% vs. 1Q19 and 7.5% vs. 1Q20
- EBITDAR remained on positive ground for third consecutive quarter, standing at Ps.319 million, supported by the efficiencies reached to maintain expenses aligned to the current operating volume. However, a net loss of Ps.501 million was posted, following the recognition of non-cash valuation effects (mostly depreciation and amortization)
- Turning to the financial position, the Company has succeeded in its endeavors of cash preservation through the efficient control of expenses, while benefiting from the recovery of its operations and outstanding sales during the period, closing 1Q21 at Ps.3,038 million (-5.0% YoY and +2.4% QoQ), despite the amortization made on debt securities (Ps.125 million this quarter) and settlement of deferred COVID-19 liabilities corresponding to renegotiations with different strategic suppliers back in 2020.
- Gross debt decreased 27.1% YoY, while we met 100% of our scheduled liabilities, without taking any major additional debt. Consequently, Viva Aerobus recorded a negative net debt of Ps.682 million (vs. the positive Ps.32 million of 1Q20). Nevertheless, the sharp contraction of LTM EBITDAR (-84.6 YoY) impacted the leverage ratio to reach a factor of 31.91x (+27.48x YoY) same that we expect to normalize as we move forward in our recovery
- From January to March 2021, the Federal Civil Aviation Agency (*Agencia Federal de Aviación Civil*) reported a ~30.6% YoY decline in total passengers carried in the domestic market. Against this challenging backdrop, but on the back of a timely response to the pandemic, Viva Aerobus managed to increase its domestic market share by 6.3 percentage points, from 20.9% at the end of March 2020 to 27.2% as of March 2021
- The 1Q21 average reference cost per gallon of jet fuel was USD\$1.56, 8.33% higher than the USD\$1.44 of 1Q20
- The USD/MXN average exchange rate depreciated 3.68% to Ps.20.58/USD, from Ps.19.85/USD



Comparative Analysis

The following charts summarize our financial and operating results for the 1Q21. During 2021, we will be comparing our results against 2020 and 2019, as the COVID-19 pandemic started to disrupt passenger demand in Mexico since the second half of March 2020. This comparison will provide a better picture of the Company's recovery from a pre-pandemic period (2019, for this report 1Q19) to periods affected by COVID-19.

Financial Information

Financial Indicators (MXN Million)	1Q21	1Q20	% Ch. 1Q21 vs. 1Q20	1Q19	% Ch. 1Q21 vs. 1Q19
Total Revenue	2,604	2,676	(2.7%)	2,212	17.7%
EBITDAR*	319	607	(47.6%)	214	48.9%
EBITDAR Margin*	12.2%	22.7%	(10.5 p.p.)	9.7%	2.5 p.p.
Operation (loss) income [EBIT]*	(692)	(94)	>100.0%	(335)	>100.0%
EBIT Margin*	(26.6%)	(3.5%)	(23.1 p.p.)	(15.2%)	(11.4 p.p.)
Earnings Before Taxes (EBT)*	(708)	(485)	46.0%	(438)	61.5%
EBT Margin*	(27.2%)	(18.1%)	(9.1 p.p.)	(19.8%)	(7.4 p.p.)
Net (loss) income*	(501)	(339)	47.6%	(240)	>100.0%
Net Margin*	(19.2%)	(12.7%)	(6.6 p.p.)	(10.8%)	(8.4 p.p.)

Operational Information

Operational Indicators	1Q21	1Q20	% Ch. 1Q21 vs. 1Q20	1Q19	% Ch. 1Q21 vs. 1Q19
ASKs (million)	3,756	3,768	(0.3%)	2,964	26.7%
RPKs (million)	2,936	3,194	(8.1%)	2,639	11.3%
Booked Passengers (thousands)	2,568	2,837	(9.5%)	2,397	7.1%
Load Factor (%)	78.2%	84.8%	(6.6 p.p.)	89.0%	(10.8 p.p.)
RASK (MXN)	0.69	0.71	(2.4%)	0.75	(8.0%)
Adjusted* RASK (MXN)	0.58	0.59	(1.9%)	0.61	(4.9%)
Fare Revenue per Passenger (MXN)	464	476	(2.7%)	473	(1.9%)
Ancillary Revenue per Passenger (MXN)	551	467	18.0%	450	22.4%
Operating Revenue per Passenger (MXN)	1,014	943	7.5%	923	9.9%
CASK (MXN)	0.88	0.74	19.4%	0.86	2.3%
CASK ex-fuel (MXN)	0.62	0.50	23.1%	0.54	14.8%
Adjusted CASK* (MXN)	0.73	0.61	20.0%	0.71	2.8%
Adjusted CASK* ex-fuel (MXN)	0.52	0.42	23.7%	0.44	18.2%
Stage Length (km)	1,120	1,109	1.0%	1,092	2.6%

*Adjusted to 1,609 km

Financial Ratios

Financial Ratios	1Q21	1Q20	1Q19
Liquidity Ratio*	0.36x	0.58x	0.63x
Current Ratio**	0.38x	0.61x	0.65x
Cash as % of LTM Revenue***	37.3%	24.0%	25.8%
Gross Debt / Shareholders' Equity***	N/A	1.35x	2.22x
Adjusted Net Leverage**** / EBITDAR	31.91x	4.65x	3.90x

*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

Income Statement Analysis (P&L)

Total Revenue

1Q21 Total Revenue amounted to Ps.2,604 million staying close to pre pandemic levels, decreasing only 2.7% YoY, and up 17.7% vs. the Ps.2,212 million recorded in 1Q19, thus reflecting the return of the operation to its usual volume, thanks to the steady recovery of flight demand dynamics and the successful execution of our strategic initiatives.

Behind this result outstands the 54.3% contribution of ancillary revenue that is supported by our wide and differentiated offer of services, which follows a high innovation of products oriented to meet the travelers' needs in the new normal and encourage them to fly.

Fare Revenue

Following the same dynamics that Total Revenue, in line with a weaker demand from COVID-19, Fare Revenue was down 11.9% YoY (it is important to remind that 1Q20 counted on almost 2 full months of pre-pandemic operation, representing a base of comparison from different market conditions), and climbed 5.0% vs. 1Q19, to reach Ps.1,190 million. Among the drivers underlying this performance outstands the load factor (78.2% in 1Q21 vs. the 84.8% in 1Q20). The improvement compared to 1Q19 derives from both the route expansion (130 routes in 1Q21 vs. 111 in 1Q19) and fleet growth (44 aircraft in 1Q21 vs. 30 in 1Q19).

Ancillary Revenue

In contrast to total and fare revenue, ancillary revenue reaffirmed its paramount position for our ultra-low-cost model, growing by 31.1% and 6.8%, versus 1Q19 and 1Q20, respectively, to Ps.1,414 million during the 1Q21 (above pre pandemic levels).

Operating Expenses

1Q21 Operating Expenses amounted to Ps.3,296 million. The increase primarily follows a larger operation in terms of fleet and routes, as shown by the larger balance of rents, higher maintenance and depreciation & amortization charges (non-monetary items), respectively.

(MXN million)	1Q21	1Q20	1Q19*
Jet Fuel	969	874	952
Maintenance	199	144	145
Supplemental rents	307	56	70
Salaries, wages and other benefits	434	415	328
Depreciation and amortization	703	645	480
Rights for the usage of air space	125	124	109
Selling, administrative & advertising expenses	566	524	465
Other operating expenses (income)	(7)	(12)	(0.4)
Total Operating Expenses	3,296	2,770	2,547
Operating-expenses-to-revenue ratio (%)	126.6%	103.5%	115.2%



EBITDAR

1Q21 EBITDAR was Ps.319 million, 47.6% below than the Ps.607 million of 1Q20.

(MXN million)	1Q21	1Q20	1Q19*
Operating (Loss) Income (EBIT)	(692)	(94)	(335)
Depreciation and Amortization	703	645	480
Rents	307	56	70
EBITDAR	319	607	214
EBITDAR Margin	12.2%	22.7%	9.7%

EBITDA

1Q21 EBITDA reached Ps.11 million, vs. Ps.551 million in 1Q20. This contraction is related with the EBITDAR drop from the effects of the pandemic and growth recorded in supplementary rents.

(MXN million)	1Q21	1Q20	1Q19*
EBITDAR	319	607	214
Rents (Supplementary)	307	56	70
EBITDA	11	551	144
EBITDA Margin	0.4%	20.6%	6.5%

Income Tax

The income tax provision for the quarter resulted in a tax benefit of Ps.207 million, 42.0% above than the Ps.145 million tax benefit of the same period last year.

Net (Loss) Income

Affected by non-cash valuation effects recorded in certain items, such as depreciation and amortization, the Company posted a net loss of Ps.501 million in 1Q21.

(MXN million)	1Q21	1Q20	1Q19*
Net (Loss) Income	(501)	(339)	(240)
Net Margin	(19.2%)	(12.7%)	(10.8%)



Financial Position

Cash & Cash Equivalents

The cash & cash equivalents balance was up 2.4% on a quarterly basis (a significant achievement given the positive seasonal effects of year-end 2020), to reach Ps.3,038 million as of March 31st, 2021. No cash burn was recorded in the period due to a recovery in the operation, a remarkable sales growth and efficient expense management. The foregoing despite the settlements made on deferred accounts payable and the Ps.125 million scheduled amortization of short-term local notes made in January. When compared to 1Q19 (pre-pandemic levels), cash & cash equivalents surged 14.1%.

Financial Debt

(MXN millions)	Mar-21	Mar-20	% Ch. Mar-21 vs. Mar-20	Mar-19	% Ch. Mar-21 vs. Mar-20
Bank Debt (mostly for PDP financing)	1,367	1,572	(13.0%)	2,194	(37.7%)
Debt Securities	990	1,659	(40.3%)	2,000	(50.5%)
Short-term	1,106	2,135	(48.2%)	2,859	(61.3%)
Long-term	1,250	1,096	14.1%	1,336	(6.4%)
Gross Debt	2,357	3,231	(27.1%)	4,194	(43.8%)
Net Debt*	(682)	32	(>100.0%)	1,531	(>100.0%)

*Net Debt: Total Financial Debt - Cash (including Restricted Cash)

As of quarter-end, gross debt was Ps.2,357 million, down 27.1% and 43.8% vs. 1Q20 and 1Q19, respectively. These variations followed the amortizations made on both the outstanding balance of debt securities (Ps.1,000 million have been timely settled over the LTM) and bank debt, given that, at the face of the sanitary contingency, the Company has not subscribed any additional debt, as it was able to operate with the use of cash flows generated by the operation.

Turning to the debt breakdown, 58.0% of the debt is subscribed with banks for pre-delivery payments "PDP" of aircraft; while the remaining 42.0% stemmed from short-term local notes issued at the BIVA and BMV, as well as at the long-term facility set with the BMV.

Consequently, net debt was negative for Ps.682 million, positively compared to the Ps.32 million recorded in 1Q20 and Ps.1,531 million in 1Q19.

In contrast, the leverage ratio (net debt plus operational leases to LTM EBITDAR), went up 27.27x YoY, to 31.91x, due to the erosion of LTM EBITDAR amid the effects of the pandemic (a negative EBITDAR was recorded in 2Q20 and it was followed by double-digit drop rates in 3Q20, 4Q20 and 1Q21).

	Mar-21	Mar-20	Mar-19*
Adjusted net debt / EBITDAR	31.91x	4.65x	3.90x

Fleet

Aircraft	March 2021	December 2020	March 2020	March 2019
Airbus 320ceo	20	20	18	20
Airbus 320neo	20	20	19	10
Airbus 321neo	4	3	0	-

As of the end of 1Q21, Viva Aerobus' fleet was comprised of 44 aircraft, 1 more than that recorded as of year-end 2020, following the reception of 1 of the 5 A321neo aircraft scheduled for delivery in 2021. The fleet encompasses 20 Airbus 320ceo, 20 Airbus 320neo and 4 Airbus 321neo, with an average age of 4.4 years (the most modern in Mexico).



Recent Developments

- As part of its growth and expansion plans, Viva Aerobus signed a 5-year USD\$150 million loan with the global fund CarVal Investors, to execute its long-term strategy, sustain its growth plans and strengthen its ultra-low-cost business model. With this transaction, Viva Aerobus further diversifies its sources of funding, in line with its sustainable growth strategy and reaffirms its confidence and commitment to Mexico, to accomplish its mission of being always safe, always reliable and always low fares.
- During 1Q21, following its strategy oriented to reactivate and strengthen its network, Viva Aerobus operated a total of 130 routes (104 domestic routes and 26 international), 13 more than that of the same period last year and 12 more than those of 1Q19. Consequently, Viva Aerobus reached 52 destinations, and shortly will add Bogota, Colombia.
- Towards the end of March, Viva Aerobus was recognized with the PRIME Certification for its commitment to the ongoing strengthening of Corporate Governance. The PRIME Certification stems from the *Programa de Institucionalización y Gobierno Corporativo*, promoted by the *Asociación Mexicana de Instituciones Bursátiles "AMIB"*, *Banco Nacional de Comercio Exterior "Bancomext"* (Mexico's EXIM bank), *Bolsa Institucional de Valores "BIVA"*, *Bolsa Mexicana de Valores "BMV"* and *Nacional Financiera* (Mexico's development bank). This certification seeks to support Mexican companies to strengthen their structure, institutionalization, and consequently, their competitiveness.
- On March 18, Viva Aerobus flight VIV4343, registration XA-VAZ, from Puerto Vallarta to Monterrey, suffered a nose gear failure before take-off. In response to this incident, all safety protocols were activated immediately, in coordination with aeronautical authorities and the airport administration, guaranteeing the safety of the 127 passengers and crew members, all of whom were safe and uninjured. The aircraft was sent to overhaul and maintenance with the aircraft manufacturer (Airbus), nose gear manufacturer (SAFRAM), Viva Aerobus' engineering team and Mexican and French aeronautical authorities. The Company, aware of the inconvenience, took care of all affected travelers, arranging flights for them to swiftly reach their destinations, while bringing the comprehensive support that differentiates its top-notch customer service.



Fixed-income Analysts

Institution	Credit Rating	Analyst	E-mail
HR Ratings	HR A+ (E) – HR3	Luis Miranda	luis.miranda@hrratings.com
Verum	A/M (e) – 4/M	Jonathan Félix	jonathan.felix@verum.mx

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.

Functional currency (*)

2020 and 2021 results are no comparable with 2019, due to the change of functional currency made in 2020.

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Financial Statements
Income Statement
Grupo Viva Aerobus, S.A. de C.V. and Subsidiaries
Consolidated Statement of Comprehensive Income
Three-month period ended March 31, 2021 and 2020
(Thousands of Mexican Pesos)

MXN Thousand	1Q21	1Q20	% Ch.
Operating Revenue			
Passengers	1,190,441	1,351,718	(11.9%)
Ancillary Revenue	1,413,569	1,323,913	6.8%
Total Revenue	2,604,010	2,675,631	(2.7%)
Operating Expenses			
Fuel	968,899	873,587	10.9%
Maintenance	199,249	144,005	38.4%
Salaries, wages and other benefits	433,660	415,144	4.5%
Rights for the usage of air space	124,865	124,176	0.6%
Selling, administrative and advertising expenses	566,074	523,785	8.1%
Other operating (income) expenses	(7,316)	(12,487)	(41.4%)
Total Operating (Income) Expenses	2,285,431	2,068,210	10.5%
EBITDAR	318,579	607,421	(47.6%)
<i>EBITDAR Margin</i>	12.2%	22.7%	(10.5 p.p.)
Rents	307,129	56,160	>100.0%
EBITDA	11,450	551,261	(97.9%)
<i>EBITDA Margin</i>	0.4%	20.6%	(20.2 p.p.)
Depreciation and amortization	703,254	645,325	9.0%
Operating (Loss) Income [EBIT]	(691,804)	(94,064)	>100.0%
<i>EBIT Margin</i>	(26.6%)	(3.5%)	(23.1 p.p.)
Net Interest Expenses (Income)	(72,184)	(212,618)	(66.0%)
Net FX (Loss) Gain	56,226	(178,220)	(>100.0%)
Earnings Before Taxes (EBT)	(707,762)	(484,902)	46.0%
<i>EBT Margin</i>	(27.2%)	(18.1%)	(9.1 p.p.)
Income Taxes	(206,629)	(145,471)	42.0%
Net (Loss) Income	(501,133)	(339,431)	47.6%
<i>Net Margin</i>	(19.2%)	(12.7%)	(6.6 p.p.)



Balance Sheet

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

Consolidated Statement of Financial Position

As of March 31, 2021 and 2020

(Thousands of Mexican Pesos)

MXN Thousand	As of March 31, 2021	As of March 31, 2020	% Ch.
Assets			
Cash and Cash Equivalents	3,038,327	3,199,038	(5.0%)
Accounts Receivable and Others	531,282	292,190	81.8%
Inventories	201,751	200,108	0.8%
Prepayments for Maintenance	1,278,694	1,296,880	(1.4%)
Guarantee Deposits and Prepaid Expenses	3,384,237	4,099,854	(17.5%)
Operating Equipment, Furniture and Equipment, net	1,345,768	1,538,149	(12.5%)
Derivative Financial Instruments	106,484	399,488	(73.3%)
Deferred Income Taxes	2,028,181	890,188	>100.0%
Right-of-Use-Assets	17,872,474	17,884,616	(0.1%)
Other Assets	2,574,307	1,013,308	>100.0%
Total Assets	32,361,505	30,813,819	5.0%
Liabilities			
Short-term Financial Debt	1,106,198	2,135,117	(48.2%)
Accounts Payable	1,528,177	648,886	>100.0%
Accrued Liabilities	1,863,811	311,291	>100.0%
Provisions	3,256,096	2,400,372	35.6%
Air Traffic Liability	1,179,948	757,157	55.8%
Long-term Financial Debt	1,250,395	1,095,866	14.1%
Prepayment for Services	497,561	339,868	46.4%
Leasing Liabilities	21,659,234	19,793,724	9.4%
Other Liabilities	57,360	940,217	(93.9%)
Total Liabilities	32,398,780	28,422,498	14.0%
Stockholders' Equity			
Capital Stock	933,875	933,875	0.0%
Other Capital Accounts	287,498	(163,679)	(>100.0%)
Retained Profits	(1,258,648)	1,621,125	(>100.0%)
Total Stockholders' Equity	(37,275)	2,391,321	(>100.0%)
Total Liabilities and Stockholders' Equity	32,361,505	30,813,819	5.0%

