



1st Quarter 2020 Earnings Release GRUPO VIVA AEROBUS

*Enhancing air travel options through a strong
focus on profitability and innovation*

WE WANT YOU
TO LIVE MORE



VIVA AEROBUS LAUNCHES MITIGATING MEASURES IN RESPONSE TO COVID-19 ON THE BACK OF A POSITIVE 1Q20

Mexico City, June 15, 2020 - Grupo Viva Aerobus, S.A. de C.V. ("Grupo Viva") holding of Aeroenlaces Nacionales S.A. de C.V. ("Viva Aerobus"), the carrier with the lowest costs in Latin America and affordable fares for all Mexico, announced today its results for the first quarter 2020. The figures presented in this report have been prepared in accordance with IFRS (considering the USD as functional currency and the MXP as reporting currency, and including the adoption of IFRS 16 "Leases"), and are expressed in millions of current nominal Mexican pesos, unless otherwise stated, and may vary slightly due to rounding.

Measures in response to COVID-19

- Seeking to safeguard the health of our passengers and employees against SARS-COV-2 "COVID-19", we have deployed "Viva With You", a number of initiatives and measures aimed at strengthening our health and sanitization protocols, as well as implementing and modifying certain procedures, as we seek to provide a greater sense of calmness and safety to both passengers and employees. Among these initiatives, the most noteworthy are: (1) daily sanitization of aircraft, using technologies endorsed by both the aircraft manufacturer, and local and international authorities; (2) installation of hospital grade HEPA filters for the entire fleet, which purifies cabin air every 3 minutes; (3) aircraft ventilation between flights; (4) minimizing interaction at contact points, such as counters, safety checkpoints and boarding gates; and (5) mandatory use of face masks, gloves and application of sanitizing gel for our crew and counter staff. For further details, please visit <https://www.vivaaerobus.com/en/info/actions-covid-19>
- Furthermore, addressing the needs of our passengers, we have launched two new products designed to provide a greater flexibility in travel plans: (1) Total Refund, an affordable insurance that guarantees 100% refund of reservations, in case of unpredictable events, and (2) Viva Protection, to change flight dates at no cost
- Likewise, we implemented a number of mitigating measures to adapt in a flexible manner to changing market conditions, including: optimization of installed capacity; strengthening of cargo and charter operations; obtaining discounts from several suppliers; suspension of non-essential expenses, including CAPEX; among others. All these measures allow us to preserve the Company's liquidity and financial position

1Q20 Highlights

- 1Q20 Passengers carried reached 2,837,381, a 18.4% YoY climb (+439,972), driven by the positive performance achieved in January and February; period in which passengers carried surged ~28% (in March, the increase was roughly 1%, reflecting the start of operational deceleration before COVID-19)
- 1Q20 Total Operating Revenue grew 21.0% YoY, to Ps.2,676 million, of which Ps.1,352 million stemmed from Fare Revenue (+19.2% YoY) and Ps.1,324 million from Ancillary Revenue (+22.8% YoY), posting a balanced mix
- In 1Q20, capacity measured by Available Seat-Kilometer (ASKs) surged 27.1% YoY, following the net Incorporation of 7 aircraft to the fleet, and 16 routes to the portfolio over LTM
- Despite the contingency, our Load Factor approached the 85% mark (-4.3 p.p. YoY), as the performance of the first 2 months eased the impact of March
- 1Q20 EBITDAR stood at Ps.607 million
- During 1Q20, a net loss of Ps.339 million was posted, mainly from a negative Comprehensive Financial Result of Ps.391 million; and, to a lesser extent, due to a Ps.94 million Operating Loss
- At the end of 1Q20, the Company's Gross Debt amounted to Ps.3,231 million, Ps.963 million lower than that of 1Q19, primarily following the amortization of short-term debt securities for Ps.1,000 million (issued in March of 2019). Consequently, and together with a cash balance > Ps.3,150 million (~24.0% of LTM total revenue), net debt was only Ps.32 million (vs. Ps.1,531 million in 1Q19). Adjusted Net Leverage to EBITDAR was 4.65x
- Stockholders' Equity totaled Ps.2,391 million in 1Q20



1Q20 Operational Considerations

- The Federal Agency of Civil Aviation (Agencia Federal de Aviacion Civil or "AFAC", by its Spanish acronym) reported an annual decrease of 1.9% in Mexico's 1Q20 total passenger traffic. Even at this context, Viva Aerobus outstood as the Mexican carrier with the highest growth in this metric, thus boosting its domestic market share to 20.9%
- The average reference cost per gallon of jet fuel for 1Q20 was USD\$1.44, 23% down when compared to the USD\$1.87 recorded in the same period last year
- Towards quarter-end, in line with the uncertainty generated around the aftermath that COVID-19 could have on the Mexican and global economy, the USD/MXP average exchange rate depreciated 3.3%, to Ps.19.85/USD
- As of March 31, 2020, Viva Aerobus' fleet was comprised of 37 aircraft (18 Airbus 320ceo and 19 Airbus 320neo), whose average age of 3.3 years allowed it to arise as the most modern in Mexico. Similarly, the benefits obtained from the fleet's fuel consumption efficiency (inherent to its state-of-the-art technology), together with its high seat density and load factor, place Viva Aerobus as the Mexican airline with the lowest CO₂ emissions per passenger

Change in Functional Currency

- As of January 1, 2020, the Company determined that its functional currency was the US Dollar (USD). Until December 31, 2019, the Company adopted the Mexican Peso (MXP) as its functional currency. The change in the functional currency applies prospectively under IAS 21 "The Effects of Changes in Foreign Exchange Rates". Therefore, the interim financial statements as of March 31, 2020 are not comparable with 2019 financial statements

Financial Information

Financial Indicators (MXP Million)	1Q20	1Q19	Ch. %
Operating Revenue	2,676	2,212	21.0%
EBITDAR*	607	214	>100.0%
EBITDAR margin*	22.7%	9.7%	13.0 p.p.
Operating Income*	(94)	(335)	(71.9%)
Operating margin*	(3.5%)	(15.2%)	11.6 p.p.
Profit before income taxes*	(485)	(438)	10.7%
PBT margin*	(18.1%)	(19.8%)	1.7 p.p.
Net Income*	(339)	(240)	41.7%
Net margin*	(12.7%)	(10.8%)	(1.9 p.p.)

* Items not comparable with 2019 due to the change in functional currency conducted in 2020.



Operational Information

Operational Indicators*	1Q20	1Q19	Ch. %
ASKs (million)	3,768	2,964	27.1%
RPKs (million)	3,194	2,639	21.0%
Total Passengers (thousands)	2,837	2,397	18.4%
Load factor (%)	84.8%	89.0%	(4.3 p.p.)
RASK (MXP cents)	0.71	0.75	(4.8%)
Ajusted** RASK (MXP cents)	0.59	0.61	(4.1%)
Fare Revenue per Passenger (MXP)	476	473	0.7%
Ancillary Revenue per Passenger (MXP)	467	450	3.8%
Operating Revenue per Passenger (MXP)	943	923	2.2%
CASK* (MXP cents)	0.74	0.86	(14.0%)
Cost per Seat* (MXP cents)	815	939	(13.1%)
CASK* ex-fuel (MXP cents)	0.50	0.54	(7.4%)
Adjusted** CASK* (MXP cents)	0.61	0.71	(14.1%)
Adjusted** CASK* ex-fuel (MXP cents)	0.42	0.44	(4.5%)
Stage Length (km)	1,109	1,092	1.5%

*Considering USD as functional currency for 1Q20; and MXP as recording currency.

** Adjusted to 1,609 km.

Financial Ratios

Financial Ratios*	1Q20	1Q19
Liquidity ratio**	0.58x	0.63x
Current ratio***	0.61x	0.65x
Cash as % of LTM revenue****	24.0%	25.8%
Total Debt / Shareholders' Equity*	1.35x	2.22x
Adjusted Net Leverage***** / EBITDAR*	4.65x	3.90x

* Considering USD as functional currency for 1Q20; and MXP as recording currency.

**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.



Message from the CEO of Grupo Viva Aerobus

Year 2020 has presented an unprecedented challenge for the global airline industry due to the impact of COVID-19, which, in line with the declaration of sanitary emergency, derived in a substantial drop in the air travel demand. Nevertheless, drawing from the execution of our expansion strategy throughout 2019, we were able to kick off 2020 recording annual growths of 18% and 21% in passengers carried and total operating revenue, respectively, driven by the positive results registered in January and February.

We are facing this challenge with a solid financial position, a resilient team and a successful business model that has allowed us to maintain profitable growth and record-highs of passengers' traffic in recent years. Moreover, we have implemented a tight cost control and suspension of non-essential expenses, as we have the support of all our suppliers. In this way, we are taking care of what we have built over 13 years; safeguarding the jobs of over 2 thousand employees, while contributing to maintain Mexico's air connectivity (cornerstone of its competitiveness and development).

At Viva Aerobus, we are aware of the current needs and priorities of air transportation. Therefore, the endeavors and expertise of all our employees (Viva People) gear towards the adjustment of our flights offering to current demand, in an assertive and strategic fashion. Moreover, we have 10 of our Airbus A320 aircraft operating as 100% cargo (utilizing both their cabin and storage space). This in addition of our regular cargo service, as we pursue to support a reliable and efficient supply of inputs, products, medicines, food and humanitarian aid, which are so much needed in these times.

It is still too early to foresee the return to our usual operating levels, but at Viva Aerobus we keep a firm commitment to serve Mexico and contribute to alleviate the needs of the country; safeguarding, as we always have, the safety, health and well-being of all passengers and employees, whom together represent Viva's top priority.

Since the beginning of this sanitary emergency, we have kept a strict adherence to all preventive measures and health recommendations issued by relevant authorities, including the World Health Organization, the Ministry of Health and Federal Agency of Civil Aviation. Thus, we have developed "Viva With You", a number of preventive and sanitary initiatives and measures to provide a sense of calmness to our passengers and employees, as well as reinforce all cleaning and sanitization procedures and comply with safe distance protocols.

Also, aware of the changes in the travel plans of our passengers, amid the situation, we have established flexibility policies to ease these changes without extra charges (only the possible fare difference) and generating electronic vouchers to be discounted to future flights. Furthermore, we took the passenger experience to the next level through the launch of a new Total Refund product, a unique insurance in Mexico (available at a very affordable price) that guarantees a 100% cash refund of the ticket price in case of any eventuality, such as accident or illness.

Additionally, I would like to take this opportunity to pay tribute to all Viva People, who take care of each other and, above all, look after our passengers. My sincere respect for their commitment, courage and professionalism. I am also grateful to all medical personnel and workers from essential industries who have kept Mexico to stand tall: without any doubt, a heroic task. Consequently, looking to support them, we have announced that, during May and June, all health professionals will fly for free in Viva Aerobus, so they may travel in a safe and reliable way, to address the pandemic.

The challenge goes on, and at Viva Aerobus we will face it with teamwork, engaging on a strategic, supportive, responsible, and assertive manner. We are a solid and well-managed business that has endured and overcome numerous challenges, and this will be no exception. You can be certain that we will continue offering safe and reliable flights for everyone, connecting people with everything they love: destinations, family, and friends. The very mission of Viva Aerobus remains firm: Always Safe, Always Reliable and Always Low Prices.

Juan Carlos Zuazua
CEO



Message from the CFO

At the start of 2020, prior to the sanitary emergency declared on a global scale, Viva Aerobus continued delivering an attractive growth. As a result, in this first quarter of 2020, Viva Aerobus outstood as the airline with highest growth rates in passengers carried in Mexico. This increasing preference, together with a flexible and compact cost-expense structure (in line with our ultra-low cost philosophy), was paramount to tackle the initial effects of the pandemic, and provided the required momentum to bolster our operating revenue and EBITDAR during 1Q20.

To meet the high demand of passengers recorded in January and February and following the expansion strategy that Viva Aerobus has implemented over recent years, we increased by 27.1% the airline's capacity measured in seats per kilometer available. This growth was fueled by the launch of new routes during 2019, as well as the net addition of 7 Airbus A32neo aircraft to our fleet, compared to the number registered as of March 2019.

Consequently, we were benefited by this incremental offering of fast absorption, which in turn translated into a high occupancy factor of 85% (prior to the drop in demand due to COVID-19 in mid-March), while revenue per passenger-kilometer (RPKs) climbed more than 20%.

In this context, 1Q20 total operating revenue rose 21%, to 2,676 million pesos, of which 51% derived from fare revenues and the remaining 49% from ancillary revenue. In this sense, a strict expense control, coupled with the climb in total operating revenue, enabled EBITDAR to reach 607 million pesos.

As for Viva Aerobus' cash position, at the beginning of the quarter, the Company conducted its tenth unsecured debt placement in the Mexican market, with the issuance of debt securities in the Institutional Stock Exchange (BIVA), for 426 million pesos, thus reflecting the confidence of the investment community in Viva Aerobus as a recurrent debt issuer in local markets, as well as bolstering liquidity. In this regard, as of March 31, 2020, the cash and equivalents' balance stood at 3,199 million pesos, with a net debt of only 32 million pesos and a leverage ratio of 4.65x; showing a solid and adequate liquidity level to face the current situation.

Since the beginning of the sanitary emergency, we implemented effective counter-cyclical actions to reduce operating and financial expenses at the light of the challenges posed by the current backdrop; having the iron will of maintaining the resilience that has distinguished Viva Aerobus for over 13 years. The foregoing has enabled us to reach agreements with creditors and suppliers that have increased our financial flexibility and strengthened our operations, achieving benefits that will last even after the end of the contingency.

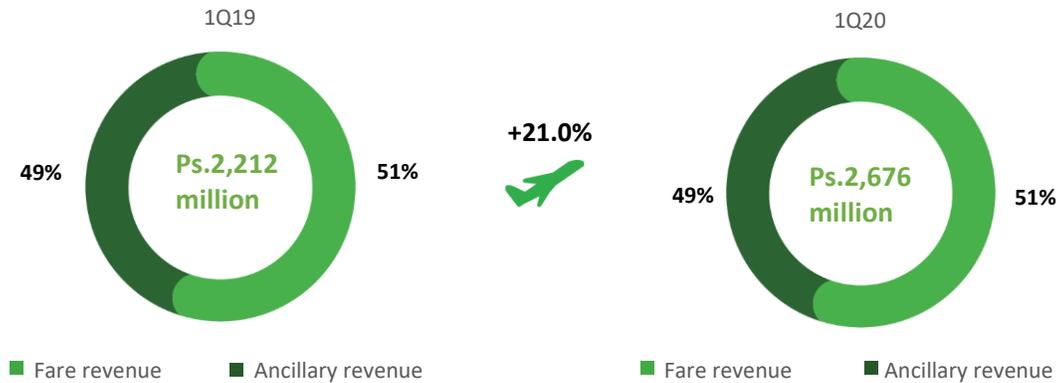
Summing up, I express my total confidence in Viva Aerobus' business model and the capacity and diligence of the Viva People to cope with the challenging and complex environment, and afterwards to get advantage of the opportunities that always surge at the face of every challenge.

Jose Golfier
CFO



Income Statement Analysis (P&L)

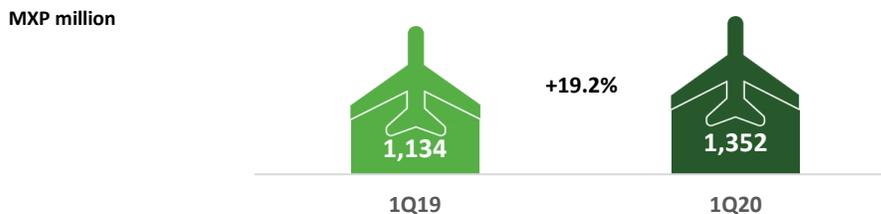
Consolidated Revenue



In 1Q20, Total Operating Revenue amounted to Ps.2,676 million, 21.0% more than that of 1Q19, following both a higher average operating volume and an incremental offering of ancillary services (49% share of Total Operating Revenue).

This significant offer of ancillary services, a paramount pillar of our ultra-low cost model, represents a key factor to mitigate the effects of the health contingency, since it will allow us to preserve a partial level of the operations running, amid a passenger traffic that is expected to be significantly lowered, and on the other end, with the advance of the normalization process, it will also allow to offer competitive base fares, to stimulate an agile reactivation of Fare Revenue.

Fare Revenue



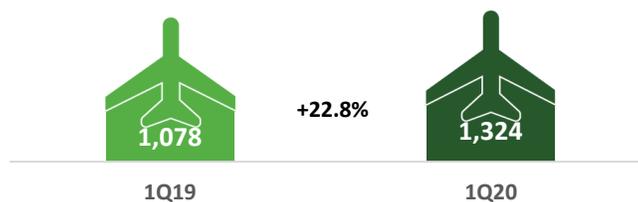
Benefited by the 18.4% hike in Passengers carried and, to a lesser extent, by the ~1% annual growth in Fare Revenue per Passenger, Fare Revenue recorded a 19.2% YoY growth, amounting to Ps.1,352 million, despite of the demand deceleration started on mid-march. Likewise, we reported a competitive Load Factor of 84.8%, which reflects the 21% YoY increase in Revenue per Passenger-Kilometer (RPKs).

Even when this revenue will present a significant fall, at least for the next quarter, as among the measures implemented by the Mexican government (American, too) to face the spread of COVID-19 outstands the "National Days of Healthy Distance" ("Jornada Nacional de Sana Distancia") urging the population to stay at home (officially lasted until May 30, 2020, but expected to effectively end at least until June 30 when the health risk indicators changes from "red" to "yellow") we are confident that our competitive fares (the lowest in the market) will allow us to stimulate a prompt recovery of the operation.



Ancillary Revenue

MXP million

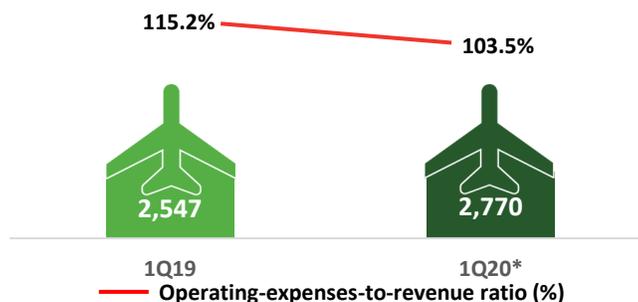


Separately, in line with the addition of new services (Viva Cargo, Total Protection Insurance and Viva Protection), and coupled with the high demand of the legacy services (Flex Pass, VIP Pass, additional luggage, pet friendly policies, variety of insurances, land transportation offering, etc.), Ancillary Revenue amounted to Ps.1,324 million, hiking 22.8% YoY.

Here it is relevant to recall that, seeking to adapt to the current demand and contribute to the sanitary emergency needs, we have been using some passenger aircrafts as cargo; seeking to transport packages from/to a number of cities in Mexico, mainly those of our operation hubs (Mexico City, Monterrey, Guadalajara, Tijuana and Cancun).

Operating Expenses

MXP million



Operating Expenses reached Ps.2,770 million (considering USD as functional currency), mainly explained by: i) an increase in depreciation and amortization, due to a greater fleet and its respective depreciation (by components, pursuant to IFRS 16); ii) the rise in salaries, wages and other benefits, given a higher operating scale; and, iii) a higher amount of SG&A expenses.

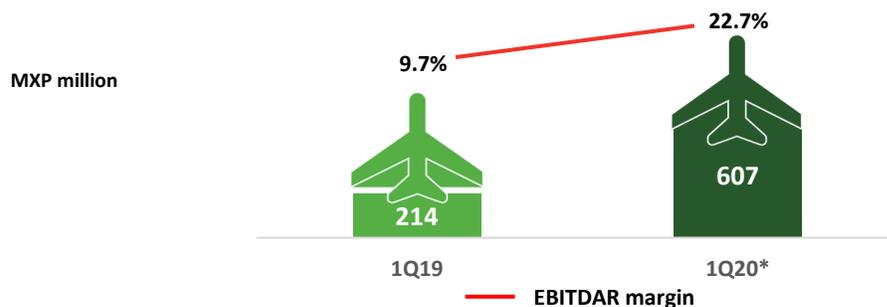
It is worth noting that, seeking to mitigate fuel price risks, Viva Aerobus maintains a risk management policy that uses a portfolio of instruments composed by forwards, call and call spread options, hedging approximately 50% of its forecasted jet fuel requirements for the following two months, 40% for the third month, 30% for the fourth month, continuing iteratively until reaching 5% of the forecasted consumption for twelfth month.

(MXP Million)	1Q20*	1Q19
Fuel	874	952
Maintenance	144	145
Supplemental rents	56	70
Salaries, wages and other benefits	415	328
Depreciation and amortization	645	480
Rights for the usage of air space	124	109
Selling, administrative & advertising expenses	524	465
Other operating expenses	(12)	(0.4)
Total operating expenses	2,770	2,547
Operating-expenses-to-revenue ratio (%)	103.5%	115.2%

* Items not comparable with 2019 due to the change in functional currency conducted in 2020.



EBITDAR



EBITDAR totaled Ps.607 million this quarter (reflecting the effects from the change of functional currency to USD but maintaining MXP as recording currency). EBITDAR margin reached 22.7%.

(MXP Million)	1Q20	1Q19
Operating Income*	(94)	(335)
Depreciation & Amortization*	645	480
Rents	56	70
EBITDAR*	607	214
EBITDAR margin*	22.7%	9.7%

* Items not comparable with 2019 due to the change in functional currency conducted in 2020.

Income Tax

During 1Q20, a tax benefit for Ps.145 million was registered.

Net Income (Loss)

MXP million



During 1Q20, a net loss of Ps.339 million was recorded (reflecting the effects from the change of functional currency to USD), mainly due to the negative Comprehensive Financing Result and Operating Loss, effects that were partially offset by the tax benefit recorded this quarter.

(MXP Million)	1Q20	1Q19	Ch. %*
Net income (Loss)*	(339)	(240)	N.A.
Net margin*	(12.7%)	(10.8%)	N.A.

* Items not comparable with 2019 due to the change in functional currency conducted in 2020.



Financial Position

Cash & Cash Equivalents

As of the end of 1Q20, cash & cash equivalents totaled Ps.3,199 million, an annual growth of 20.1%, supported by a higher operating revenue and the continuous execution of strategic refinancing activities. The Company considers that this cash balance is appropriate to cope up with stability the following quarters, that will be marked by the effects of lock down and social distancing due to COVID-19.



Financial Debt

(MXP Million)	Mar-20	Mar-19	Ch. %
Bank debt (mostly for PDP financing)	1,628	2,194	(25.8%)
Debt securities	1,603	2,000	(19.9%)
Short-term	2,135	2,859	(25.3%)
Long-term	1,096	1,336	(17.9%)
Gross debt	3,231	4,194	(23.0%)
Net debt*	32	1,531	(97.9%)

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

As of March 31, 2020, the Company's Total Debt was Ps.3,231 million, representing a 23.0% decrease vs. the Ps.4,194 million recorded as of the end of 1Q19, primarily derived from the 19.9% and 25.8% declines in Debt Securities and Bank Debt, respectively, despite the Ps.426 million issuances of short-term local notes conducted at the Institutional Stock Exchange (BIVA) on February and March this year, since in March the Ps.1,000 million short-term local notes, issued in 1Q19, were fully settled.

As a result, during 1Q20, debt securities stood for 49.6% of total debt, while the remaining 50.4% was mostly represented by bank debt for aircraft financing (PDP), which will be repaid through sale & lease back operations executed at the delivery date of the aircraft (minimizing the inherent risk).

Likewise, it is worth noting that the Company's adequate level of cash & cash equivalents enabled us to record a 97.9% drop in net debt (Ps.32 million in 1Q20 vs. Ps.1,531 million in 1Q19), allowing us to sustain a healthy financial position before a challenging backdrop that follows the severity of pandemic's effects during the second quarter of this year.

Separately, Viva Aerobus' leverage ratio, defined as Net Debt plus Operational Leases to EBITDAR, reached 4.65x as of quarter-end, following the record of a higher level of leasing liabilities during the period.

It is important to remind that Adjusted Net Leverage calculated under IFRS16 reflects Company's leverage with more precision, vs. the previously applied standard that used a lease capitalization ratio of 7x.

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

* Items not comparable with 2019 due to the change in functional currency for 2020



Fleet

	Aircraft	March 2020	December 2019	March 2019
	Airbus 320ceo	18	18	20
	Airbus 320neo	19	18	10

Grupo Viva Aerobus' fleet went from 30 aircraft as of March 31, 2019, to 37 as of quarter-end (18 Airbus 320ceo and 19 Airbus 320neo), following the incorporation of 9 new Airbus 320neo and withdrawal of 2 Airbus 320ceo over the LTM, recording a fleet's average-age of 3.3 years at the end of the quarter.

In this sense, available seat-kilometers (ASKs) increased from 2,964 million in the same period last year to 3,768 million this quarter; driven by the combined effect of fleet's renovation (aircraft of greater capacity) and expansion of the portfolio of routes and destinations.

Finally, it is worth noting that Viva Aerobus is highly committed to improve their passenger experience, by offering flights over the most modern units available in the market. Therefore, it outlined a well-defined schedule (at least until 2026) to renew its fleet with the addition of aircraft featured by its high efficiencies in fuel consumption and incorporation of HEPA filters (best-in-class cabin sanitization technology).



Recent Developments

Early 2020 (prior to the health emergency declared in Mexico from the COVID-19 outbreak) was marked by Viva Aerobus' venture into new markets, with the announcement of its new cargo service and addition of new international flights to the United States and Cuba. Likewise, Viva Aerobus stood out for its remarkable performance in passenger growth during February 2020, and for becoming one of the first companies issuing debt along the year, by placing Ps.426 million short-term local notes in the Institutional Stock Exchange (Bolsa Institucional de Valores – “BIVA”, Mexico’s second stock exchange).

Moreover, in response to the pandemic currently affecting Mexico and the world, Viva Aerobus has fully complied with all measures established by relevant health and aeronautical authorities, adjusting its offer and services to match present-day demand, including the implementation of a humanitarian initiative to tackle COVID-19, which provides free flights for all health professionals during May and June, enabling them to carry out their work.

- On January 16, 2020, Viva Aerobus officially announced its debut in cargo through "Viva Cargo", a service provided in partnership with Aerocharter (responsible for all shipping logistics, including customer service and sales). This new service allows the Company to further diversify its ancillary revenue, for the benefit of its liquidity and financial position.
- On January 17, 2020, Viva Aerobus announced its sponsorship to both Tigres UANL women’s and men’s soccer teams for 2019-20 Liga MX season. In this way, the Company commits, once again, to the promotion of physical activity and healthy recreation, in addition to being the first time ever to sponsor a women’s team, in line with its Corporate Social Responsibility strategy and gender diversity practices.
- On January 22, 2020, Viva Aerobus announced the launch of its new regular route Cancun-Santiago de Cuba, thus becoming the first and only Mexican airline, at the date of the announcement, to operate this flight on a regular basis. This route was scheduled to start on March 26 but was postponed due to the health contingency.
- On January 24, 2020, Viva Aerobus announced changes in the Company's management. As of February 1, 2020, Mr. Gian Carlo Nucci stepped down from his position as CEO of Grupo Viva Aerobus, to pursue his own personal projects, and was replaced by Mr. Juan Carlos Zuazua, CEO of Viva Aerobus.
- On February 13, 2020, Viva Aerobus announced the expansion of its international flight portfolio, with the addition of new routes: Monterrey - Orlando and Monterrey - San Antonio. As of the date of this announcement, operations were scheduled to begin in June 20 and June 26, respectively, but has been postponed due to the health emergency. The first route has no defined launch date yet, while the San Antonio route will begin operations on July 3, 2020.
- On February 25, 2020, Viva Aerobus held the “Grito VIVA en BIVA”, event for the successful placement of Ps.250 million short-term local notes in BIVA. The issuance was well received by the investing community, as it was oversubscribed 2.7 times.
- On March 10, 2020, Viva Aerobus announced its alliance with Merely Tours, a tour operator with over 17 years of experience, to provide charter flights from Mexico City to Habana. The service was scheduled to start on March 28 but was rescheduled due to COVID-19 outbreak.
- On March 19, 2020, Viva Aerobus issued Ps.176 million short-term local notes under Grupo Viva Aerobus’ placement program, authorized by the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores – “CNBV”) for up to Ps.1,500 million.
- Since March 30, 2020, date on which the sanitary emergency was declared in Mexico, Viva Aerobus has adopted all preventive and sanitary recommendations and measures issued by the World Health Organization, the Ministry of Health and the Federal Agency of Civil Aviation to provide optimal health and sanitation conditions at all operations, seeking to safeguard the well-being, health and safety of its passengers and employees.



- On 16 April 2020, Viva Aerobus announced that, seeking to adapt operations to the demand and respond to the health emergency caused by the COVID-19 outbreak, temporarily fitted 10 Airbus A320 passenger aircraft to 100%-cargo.
- On April 30, 2020, Viva Aerobus announced that, seeking to provide essential flight services for passengers, will operate 43 routes to connect strategic destinations in the country under COVID-19 contingency during May, mainly from / to Cancun, Mexico City, Guadalajara, Monterrey and Tijuana, the Company's operational hubs.
- On May 6, 2020, Viva Aerobus announced the implementation of a humanitarian initiative to provide free flights for health professionals during May, to help them perform their duties and attend the health emergency caused by COVID-19 outbreak.
- On May 14, 2020, Viva Aerobus launched the innovative 'Total Refund' product, an insurance that protects passengers in the event of flight cancellations due to unpredictable circumstances, guaranteeing a full cash refund of ticket purchase cost. With this new alternative for travelers, Viva Aerobus becomes the only Mexican airline to offer an insurance with such coverage.
- On May 29, 2020, Viva Aerobus announced that, in order to meet Mexico's flight needs as it enters into the new normal phase and economic recovery, it will operate 50 routes to connect strategic destinations during June, mainly from / to Cancun, Mexico City, Guadalajara, Monterrey and Tijuana, the Company's operational hubs, as well as other cities such as Culiacan, Ciudad Juarez, Los Cabos and Merida.
- On May 29, 2020, Viva Aerobus announced the termination of the capital subscription and financing agreements informed on December 27, 2019, with an international equity fund, by mutual agreement leaving both parties free of any obligation or commitment.
- On June 1, 2020, Viva Aerobus announced that the humanitarian initiative, implemented in May, which consists of providing free flights to health professionals, to help them carry out their work, was extended to June.
- On June 4, 2020, Viva Aerobus launched the 'Heroes Viva' campaign, asking all Mexico to find and nominate 15 people who have stood out for their work and conduct supporting others during the current pandemic. The winners will receive a 4-people travel package that include airplane tickets and lodging for 4 days and 3 nights in a surprise domestic destination, in accordance with official regulations on health, prevention and the new normal framework.

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 37 Airbus 320, in 127 routes to 52 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, 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) – HR3	Samuel Egure-Lascano	samuel.egurelascano@hrratings.com
Verum	AA/M (e) – 3/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 passenger, 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

ir@vivaaerobus.com



Financial Statements Income Statement

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

Consolidated Statement of Comprehensive Income
Three- months period ended March 31,2020 and 2019
(Thousands of Mexican Pesos)

MXP thousand	1Q20*	1Q19	Ch. %.
Operating Revenue			
Passengers	1,351,718	1,133,728	19.2%
Ancillary revenue	1,323,913	1,077,969	22.8%
Total Revenue	2,675,631	2,211,697	21.0%
Operating Expenses			
Fuel	873,587	951,953	(8.2%)
Maintenance	144,005	144,644	(0.4%)
Salaries, wages and other benefits	415,144	327,848	26.6%
Rights for the usage of air space	124,176	108,590	14.4%
Selling, administrative and advertising expenses	523,785	465,029	12.6%
Other operating (income) expenses	(12,487)	(390)	>100.0%
Total Operating Expenses	2,068,210	1,997,674	3.5%
EBITDAR	607,421	214,023	>100.0%
<i>EBITDAR Margin</i>	<i>22.7%</i>	<i>9.7%</i>	<i>13.0 p.p.</i>
Rents	56,160	69,840	(19.6%)
EBITDA	551,261	144,183	>100.0%
<i>EBITDA Margin</i>	<i>20.6%</i>	<i>6.5%</i>	<i>14.1 p.p.</i>
Depreciation and amortization	645,325	479,506	34.6%
Operating Income	(94,064)	(335,323)	(71.9%)
<i>Operating Margin</i>	<i>(3.5%)</i>	<i>(15.2%)</i>	<i>11.6 p.p.</i>
Net Interest Expenses (Income)	(212,618)	(279,584)	(24.0%)
Net Fx Gain (Loss)	(178,220)	176,709	(>100.0%)
Net Income Before Taxes	(484,902)	(438,198)	10.7%
<i>Net Income Margin Before Taxes</i>	<i>(18.1%)</i>	<i>(19.8%)</i>	<i>1.7 p.p.</i>
Income Taxes	145,471	198,635	(26.8%)
Consolidated Net Income	(339,431)	(239,563)	41.7%
<i>Net Income Margin</i>	<i>(12.7%)</i>	<i>(10.8%)</i>	<i>(1.9 p.p.)</i>

*Items not comparable with 2019 due to the change in functional currency to US Dollar conducted in 2020.



Balance Sheet

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

Consolidated Statement of Financial Position
As of March 31, 2020 and 2019 and December 31, 2019
(Thousands of Mexican Pesos)

MXP thousand	As of March 31, 2020*	As of March 31, 2019	As of December 31, 2019 (audited)	Ch. % Mar. 20 vs. Mar. 19	Ch. % Mar. 20 vs. Dec. 19
Assets					
Cash and cash equivalents	3,199,038	2,663,151	4,353,959	20.1%	(26.5%)
Accounts receivable and others	292,190	474,923	238,451	(38.5%)	22.5%
Inventories	200,108	91,838	160,528	>100.0%	24.7%
Prepayments for maintenance	1,296,880	974,860	947,638	33.0%	36.9%
Guarantee deposits and prepaid expenses	4,099,854	4,417,545	3,307,767	(7.2%)	23.9%
Operating equipment, furniture and equipment, net	1,538,149	1,011,101	1,266,853	52.1%	21.4%
Derivative financial instruments	399,488	81,650	209,402	>100.0%	90.8%
Deferred income taxes	890,188	892,244	586,413	(0.2%)	51.8%
Right-of-use-assets	17,884,616	10,977,215	14,530,049	62.9%	23.1%
Other assets	1,013,308	602,973	866,895	68.1%	16.9%
Total Assets	30,813,819	22,187,500	26,467,955	38.9%	16.4%
Liabilities					
Short-term financial debt	2,135,117	2,858,530	1,973,409	(25.3%)	8.2%
Accounts payable	648,886	650,543	826,633	(0.3%)	(21.5%)
Accrued liabilities	311,291	392,254	258,788	(20.6%)	20.3%
Operative allowances	2,400,372	1,667,383	2,203,811	44.0%	8.9%
Air traffic liability	757,157	691,969	741,965	9.4%	2.0%
Long-term financial debt	1,095,866	1,335,526	1,217,336	(17.9%)	(10.0%)
Prepayment for services	339,868	99,495	306,114	>100.0%	11.0%
Leasing liabilities	19,793,724	12,069,389	15,907,982	64.0%	24.4%
Other liabilities	940,217	529,564	52,119	77.5%	>100.0%
Total Liabilities	28,422,498	20,294,653	23,488,157	40.0%	21.0%
Shareholders' equity					
Capital stock	933,875	552,187	933,875	69.1%	-
Other capital accounts	-163,679	68,603	129,444	(>100.0%)	(>100.0%)
Retained profits	1,621,125	1,272,057	1,916,479	27.4%	(15.4%)
Total Stockholders' Equity	2,391,321	1,892,847	2,979,798	26.3%	(19.7%)
Total Liabilities and Stockholders' Equity	30,813,819	22,187,500	26,467,955	38.9%	16.4%

*Items not comparable with 2019 due to the change in functional currency to US Dollar conducted in 2020.

