



2nd Quarter 2020 Earnings Release GRUPO VIVA AEROBUS

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

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VIVA AEROBUS DEPLOYS MITIGATING MEASURES IN RESPONSE TO COVID-19 AIMED AT PRESERVING ITS LIQUIDITY AND FINANCIAL POSITION AND ADVANCES STEADILY IN THE RECOVERY OF ITS OPERATION

Mexico City, July 24, 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 second quarter 2020. The figures presented in this report have been prepared in accordance with IFRS (considering the USD as functional currency and MXP as reporting currency) and are expressed in millions of current nominal Mexican pesos, unless otherwise stated, which may vary slightly due to rounding.

Measures in response to COVID-19

- We continue deploying the initiatives and measures outlined at our program 'Viva Contigo', aimed at strengthening our health, sanitization protocols and getting back trust to travel in our passengers in response to SARS-CoV-2, as well as implementing and modifying certain procedures, seeking to provide a greater sense of calmness and safety to both passengers and staff. Among these initiatives, the most noteworthy are: (1) daily sanitization of aircraft, using technologies accepted by aircraft manufacturers, 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; 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, we keep providing a greater flexibility in travel plans, outstanding: (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
- Finally, we implemented a number of mitigating measures in our business, including: optimization of installed capacity, strengthening of cargo and charter operations, negotiation of discounts from several suppliers, suspension of non-essential expenses (including CAPEX), among others; enabling us to safeguard the Company's liquidity and financial position. Likewise, we developed new service plans, in line with the current juncture, such as 'Zero Fare', special fare in exchange of the right of carrying handy bags and/or documented baggage, and 'TU Aliado' (Spanish for 'Your Ally') to defer payment of the Airport Departure Fee (TUA, for its acronym in Spanish), from the time of purchase until check-in

2Q20 Highlights

- In 2Q20, Passengers carried totaled 491,315, an annual drop of 83.6%, derived from the effects generated by the COVID-19 pandemic, which caused a widespread fall in the global demand for commercial flights
- The quarterly Operating Revenue was Ps.478 million (-83.9% YoY), comprised of Ps.168 million of Fare Revenue (-89.0% YoY) and Ps.310 million of Ancillary Revenue (-78.6% YoY). The higher share of Ancillary Revenue (64.9%) reflects the contribution of Viva Cargo (our cargo service), which allowed us to preserve a significant level of the operations running, while helping to address the sanitary emergency needs through the offering of an efficient, fast and affordable air transport
- Following the softened demand and pursuant of the generation of significant operating savings, we took the strategic decision of reducing our flight offer, which we will raise gradually in accordance to the development of the virus propagation curve in Mexico and United States. In this sense, we have gone from 20 routes in April and 52 routes in June, to 90 routes available during July. Consequently, our capacity measured as Available Seat-kilometers (ASKs) this quarter plunged 79.8% YoY
- Given the sharp drop in demand, EBITDAR and Net Income for the quarter were negative, for Ps.464 million and Ps.1,095 million, respectively (an important share of this amount corresponds to virtual valuation effects in certain accounting items, which did not imply any cash outflow)
- As of June 30, 2020, Viva Aerobus' Gross Debt reached Ps.3,363 million, 11.9% below than that of the same period 2019 (partially explained by the amortization of Ps.750 million in short-term debt and a reduction in bank debt for Ps.131 million)
- The Cash and Cash Equivalents balance as of quarter-end amounted to Ps.2,399 million, Ps.800 million below than that recorded at the end of 1Q20, in line with the use of cash to cover operating costs, at the light of a reduced revenue. Consequently, Net Debt totaled Ps.963 million and Leverage Ratio stood at 7.43x (affected by the EBITDAR recorded during 2Q20, as it is included in the Debt vs. LTM EBITDAR rate calculation)



2Q20 Operational Considerations

- For the 2Q20, The Federal Agency of Civil Aviation (Agencia Federal de Aviación Civil or "AFAC", by its Spanish acronym) reported a substantial annual contraction of 87.7% in total passengers carried in the domestic market (47.8% in the 1H20). Nevertheless, during the quarter Viva Aerobus ranked as the third Mexican airline with lowest affectation in this metric and, for the 1H20, was the one with the lowest affectation (2Q20 and 1H20 were marked by a very limited number of available routes and flight frequencies). Even, at this context, Viva Aerobus was able to increase its domestic share from 19.6% during the first half of 2019 to 22.1% in the 1H20 (+2.5 p.p.)
- The average reference cost per gallon of jet fuel for the second quarter was USD\$0.76, vs. USD\$1.92 in 2Q19 (-60.0% YoY)
- Following the uncertainty arising from the effects of COVID-19 on the Mexican economy, the USD/MXP average exchange rate depreciated about 21.0% YoY, reaching Ps.23.07/USD
- As of June 30, 2020, the Company's fleet was composed of 38 aircraft (18 Airbus 320ceo, 19 Airbus 320neo and the recently added Airbus 321neo), whose average age of 3.6 years positions it as the most modern fleet in Mexico, enabling Viva Aerobus to arise as the Mexican airline with the lowest number of CO₂ emissions per passenger. It is relevant to highlight the age and efficiency that features our fleet before the new normal, as it provides us an advantaged position to operate under more efficient costs than that of the sector's average

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 the IAS 21 "The Effects of Changes in Foreign Exchange Rates". Therefore, the interim financial statements as of June 30, 2020 are not comparable with 2019 financial statements

Financial Information

Financial Indicators (MXP Million)	2Q20	2Q19	Ch. %	1H20	1H19	Ch. %
Operating Revenue	478	2,971	(83.9%)	3,154	5,182	(39.1%)
EBITDAR*	(464)	1,020	(>100.0%)	143	1,234	(88.4%)
EBITDAR margin*	(97.1%)	34.3%	(>100.0 p.p.)	4.5%	23.8%	(19.3 p.p.)
Operating Result*	(1,347)	359	(>100.0%)	(1,441)	23	(>100.0%)
Operating margin*	(>100.0%)	12.1%	(>100.0 p.p.)	(45.7%)	0.5%	(46.1 p.p.)
Result before income taxes*	(1,564)	56	(>100.0%)	(2,050)	(383)	>100.0%
Margin before income taxes*	(>100.0%)	1.9%	(>100.0 p.p.)	(65.0%)	(7.4%)	(57.6 p.p.)
Net Result*	(1,095)	63	(>100.0%)	(1,435)	(176)	>100.0%
Net margin*	(>100.0%)	2.1%	(>100.0 p.p.)	(45.5%)	(3.4%)	(42.1 p.p.)

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



Operational Information

Operational Indicators*	2Q20	2Q19	Ch. %	1H20	1H19	Ch. %
ASKs (million)	747	3,696	(79.8%)	4,515	6,660	(32.2%)
RPKs (million)	592	3,339	(82.3%)	3,786	5,979	(36.7%)
Total Passengers (thousands)	491	2,993	(83.6%)	3,329	5,391	(38.3%)
Load factor (%)	79.2%	90.4%	(11.1 p.p.)	83.8%	89.8%	(5.9 p.p.)
RASK (MXP cents)	0.64	0.80	(20.4%)	0.70	0.78	(10.2%)
Adjusted** RASK (MXP cents)	0.54	0.67	(18.1%)	0.58	0.64	(9.4%)
Fare Revenue per Passenger (MXP)	342	509	(32.8%)	457	493	(7.3%)
Ancillary Revenue per Passenger (MXP)	631	484	30.5%	491	469	4.8%
Operating Revenue per Passenger (MXP)	973	992	(1.9%)	947	961	(1.4%)
CASK* (MXP cents)	2.44	0.71	>100.0%	1.02	0.77	31.4%
Cost per Seat* (MXP cents)	2,850	779	>100.0%	1,138	850	33.8%
CASK* ex-fuel (MXP cents)	2.10	0.38	>100.0%	0.77	0.45	69.5%
Adjusted** CASK* (MXP cents)	2.08	0.59	>100.0%	0.85	0.64	32.6%
Adjusted** CASK* ex-fuel (MXP cents)	1.79	0.32	>100.0%	0.64	0.37	71.1%
Stage Length (km)	1,167	1,102	5.9%	1,118	1,098	1.8%

*Considering USD as functional currency for 2Q20; and MXP as recording currency

*** Adjusted to 1,609 km

Financial Ratios

Financial Ratios*	2Q20	2Q19
Liquidity ratio**	0.47x	0.72x
Current ratio***	0.50x	0.73x
Cash as % of LTM revenue****	22.1%	32.8%
Total Debt / Shareholders' Equity*	2.60x	2.34x
Adjusted Net Leverage***** / EBITDAR*	7.43x	3.92x

*Considering USD as functional currency for 2Q20; 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

Amid a complex and unprecedented environment, the second quarter of 2020 has emerged as one of the major challenging periods for commercial aviation and tourism worldwide. The effects of COVID-19 pandemic on passenger demand have driven us to act diligently and strategically to transform Viva Aerobus into a resilient airline with the capacity to adapt to the evolving needs and priorities of air connectivity in Mexico.

Although the 83.6% drop in passengers carried and the net loss posted during the quarter provide a good picture of the current backdrop, Viva Aerobus has adopted a resolute stance to act accordingly and protect its passengers, staff and business; addressing the crisis on 5 different fronts: Our Gente Viva, Passengers and Operations, Commercial Strategy, Viva for Mexico and Finance. Needless to say, we are standing at a turning point which represents an opportunity both to work towards our mission -always safe, always reliable and always low prices- and to step forward and join forces with the air transport and tourism industries, to contribute to the economic reactivation of Mexico.

Gente Viva

The well-being of our staff is one of our top priorities as we seek to offer safe and reliable services, which are essential to Mexico. For this reason, since the beginning of the contingency, given that air transport was labeled as an essential industry, we deployed the necessary measures to safeguard and provide a greater sense of calmness and safety to our pilots, flight attendants, service technicians and counter staff. The administrative staff may work from home, as they have done, and will continue to do it if necessary; and those who require working on site, will perform their duties following strict health protocols.

All of our "Gente Viva" has received the necessary training to act assertively in this context, and we have readapted our workspaces following the guidelines issued by health institutions, as well as provided personal protective equipment to each and every one of our team. Likewise, with the purpose of updating our staff on the best sanitary and prevention practices, informational brochures are constantly distributed, and courses on the subject are held regularly. At Viva Aerobus, we take care of each other so that we can protect our passengers.

Passengers & Operations

We affirmed our commitment to a trustworthy and safe operation through "Viva Contigo", a comprehensive hygiene and prevention program, with strict adherence to all sanitary measures. As a result, we have implemented additional sanitization processes in both aircraft and common areas, using state-of-the-art technology, protocols to maintain healthy distance and procedures to minimize interaction at contact points such as counters and boarding gates, just to mention a few measures.

With the aim of taking care of our passengers at every moment of their trip, we also developed a campaign encompassing specific recommendations to follow before, during, and after each flight. Furthermore, to promote best sanitary practices, we forged an alliance with Cloralex® tapping into their expertise, and thus strengthening Viva's position as the best option for a safe and reliable flight in the new normal.

Commercial Strategy

We count on a flight offering that has been strategically aligned with demand to reduce costs and fully capitalize on opportunities. We have gradually resumed our routes, relying on a thorough analysis and deep understanding of the passenger needs, from just over 40 routes operated in May to 90 routes available by July. In other words, in this month we already operate at roughly 50% of our flight capacity and reach 70% of routes available prior the start of the pandemic. In addition to the reactivation of our legacy routes, we announced the launch of brand-new routes, such as Monterrey-San Antonio (Texas), Mexico City-Houston, Mexico City-Los Angeles and Mexico City-Tampico. This service has been paired by over 15 repatriation flights to reunite families and friends scattered throughout the American continent, as well as cargo transportation that has allowed us to contribute in the delivery of medical and basic supplies.



In this way, we bolster Mexico's connectivity and support travelers' budgets, paramount in this juncture, drawing from our low prices and introduction of unique and innovative value proposals. Nowadays, passengers are looking for better and more efficient ways to manage their travel expenses and we have responded to these needs with 'Zero Fare', a new travel fare for those who do not need to carry checked or hand luggage, thereby receiving a discount in exchange for their right to carry this luggage. Moreover, we implemented the new payment alternative 'TU Aliado', which allows to book a flight, and postpone the payment of up to 60% of the total cost, by deferring the settlement of the Airport Departure Fee (TUA), from the time of purchase until flight's departure. These initiatives complement our new flight insurance 'Total Refund' which covers passengers in case of unforeseen events. All these endeavors confirm that Viva Aerobus is ready for the new normal, bearing in mind what matters the most for passengers: safety and flexibility.

Viva for Mexico

Time has come to work together for Mexico and its economic recovery. That is why we decided to provide free flights to the medical community during May and June, to ease & support their labor. And, as a token of our immense gratitude for everybody's commitment during this pandemic, we undertook the task of finding 'Viva Heroes', meaning people who have stood out for their work and conduct supporting the community during these dire times, and reward them with a well-deserved vacation.

Likewise, as family members of the large tourism sector, we planned two campaigns seeking to contribute to its reactivation. Through 'Together We Take Off' we grant free advertising and promotion, in all our media channels and social networks, for small and medium businesses in the industry. And, hand-in-hand, with local authorities, we promote national destinations with exclusive flight fares, offering discounts of up to 60%.

Finance

Our business model, grounded on operating efficiency and the lowest cost structure in the continent, has provided us with the strength to face the challenges of the pandemic. On top of this, we implemented a tight expense control, cash preservation measures and elimination of non-essential expenses, efforts which would not have been possible without the support of our suppliers, creditors and lessors, to whom I am deeply grateful. We remain committed to offer reliable flight options at the best price, supported by an adequate financial position that provides us solid grounds to transit into the new normal and emerge as a stronger company once we overcome the pandemic. The support we have received from each of our suppliers reflects our almost 14-year working relationship, and together we will work to move forward this situation.

I wrap up by thanking all our investors and passengers for their trust and express my most sincere recognition to our "Gente Viva", who have addressed today's challenges with courage and determination.

Juan Carlos Zuazua
CEO



Message from the CFO

Given the COVID-19 pandemic, the second quarter of 2020 posed as an unparalleled challenge for the commercial aviation industry, as it brought forth great difficulties that defied the fundamentals of the industry, but confirmed the wide flexibility our business model; reflecting the healthy structure of our financial position before the adversity. As expected, 2Q20 results reflect the sudden decline in demand experienced by the commercial aviation industry worldwide. In this context, passengers carried during 2Q20 plunged 83.6%, due to the combined impact of lockdown measures adopted to contain the spread of COVID-19 and rescheduling of travel plans.

Against this backdrop, and before the pandemic started to weigh on passenger traffic, we decided to readjust our flight offering, aligning it to the evolution of demand during April, May and June. The foregoing led to an 80% contraction in our capacity, measured in available seat-kilometers. Consequently, quarterly revenue totaled Ps.478 million, of which Ps.168 million correspond to Fare Revenue and Ps.310 million to Ancillary Revenue.

Along with this strategic planning, we seek to lessen the impacts of a reduced demand through the steady achievement of operational savings, aiming to preserve our cash levels, which, when realizing the magnitude of the endeavor, we can certainly say they remain stable. Under this framework, one of our primary objectives is to keep our liquidity to meet our obligations. For that sake, I would like to remind you that we have a normalized access to credit, while count on a cash balance of roughly Ps.2.4 billion, same that we are preserving and tightly monitoring. It is also worth highlighting the importance of our short-term local notes program (authorized by the Mexican banking watchdog "CNBV"), which provides an important source of funding at competitive rates, thereby representing an important pillar of support to cope up the situation.

Although our cash balance did not reach the forecasted levels at the beginning of the year and our leverage has gone up, when bearing in mind that aviation industry has been one of the most affected on a global scale and a number of key players have already entered into restructuring processes before American courts, we think Viva Aerobus is on a good track to overcome this cycle and gradually return to its pre-pandemic growth path. We are convinced that this will be possible at the back of our healthy indebtedness that contributes to a firm financial position, alongside our flexible business model. We recorded a net debt of Ps.963 million and a 7.43x leverage ratio.

Separately, EBITDAR stood at negative zone for Ps.464 million. In this sense, we have been focusing endeavors in mitigating the unprecedented effects of the environment through the deployment of measures aimed at reducing operating and financial costs through the obtention of payment deferrals or discounts with all suppliers. Turning to the bottom-line, even though, we recorded a net loss of Ps.1,095 million, it is relevant to underscore that a significant portion of this figure corresponds to virtual valuation effects that did not imply any cash outflow.

We will keep pursuing a tight expense control, the suspension of non-essential expenses (counting on the support of all suppliers and creditors), and continue striving to innovate, in order to support the recovery of our revenue stream, while comply with our unwavering commitment of always offer low prices, to stimulate demand.

Our swift performance allows us to address the current situation. Drawing on non-compromised financial position, we seek to minimize, as much as possible, the impacts of fixed costs, mainly through the deferral of rent payments. While we are also seeking to reduce variable expenses to align them into our current operating level and, finally, we are striving to cut cash outflows related to CAPEX, by arranging a rescheduling plan for aircraft orders.



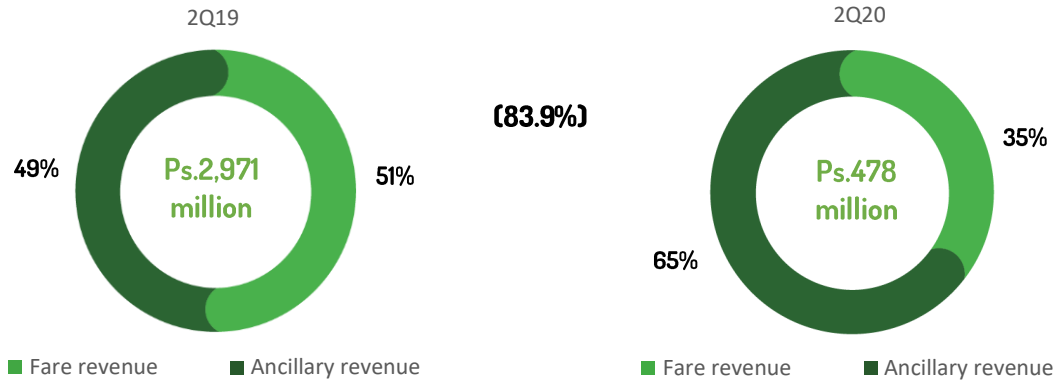
All of the above has been driven by the invaluable support of our operational suppliers, national and international banks, lessors, equipment suppliers and, of course Viva People, who firmly believe in the Viva model. Undoubtedly, this will serve as a financial relief for the upcoming years, allowing us to safeguard the jobs of our team, and recover, hand-in-hand, with the gradual reactivation of the industry. In addition, we have taken all necessary provisions and performed stress tests under different scenarios to ensure our business continuity, thus allowing us to confidently resume the pursuit of our long-term objectives once conditions are suitable. Viva Aerobus is a solid and well-managed company that will continue providing to everyone the possibility of flying safely and reliably.

Jose Golfier
CFO



Income Statement Analysis (P&L)

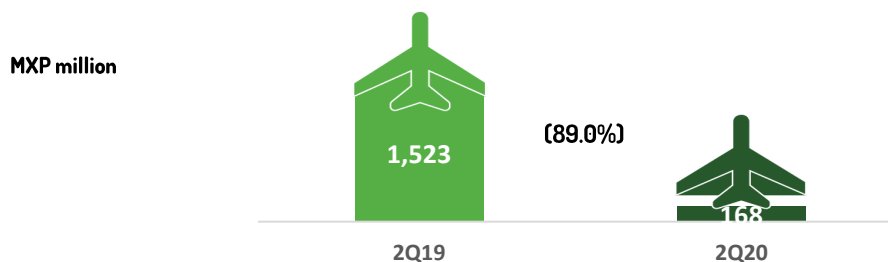
Consolidated Revenue



Total Consolidated Revenue decreased from Ps.2,971 million in 2Q19 to Ps.478 million this quarter, mainly affected by a lower volume of passengers carried during the period, given the sanitary contingency. Nevertheless, the offering of ancillary services was paramount to maintain, as it is possible, a partial level of the operation running, as it is reflected in its contribution to Consolidated Revenue (65%). In this regard, this key component of our ultra-low-cost business model will enable us to stimulate demand (in line with the evolution of the propagation curve) towards the offering of a number of competitive options, aligned with the needs of each passenger.

1H20 Total Consolidated Revenue reached Ps.3,154 million, a 39.1% decrease when compared to that of the same period 2019, as the starting traction recorded early this year was more than offset by the effects of the COVID outbreak.

Fare Revenue



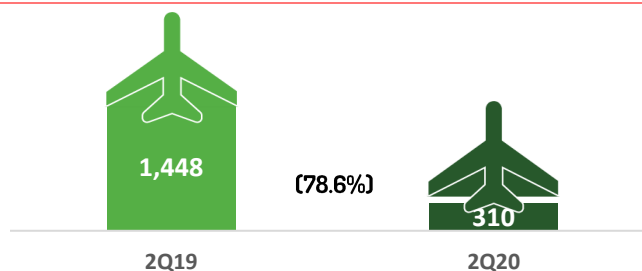
During 2Q20, Fare Revenue amounted to Ps.168 million, vs. Ps.1,523 million in 2Q19, impacted by the mobility restrictions implemented during most of the period. Only ~500K passengers were carried (-83.6% YoY). 1H20 Fare Revenue totaled Ps.1,520 million, Ps.1,134 million less than that recorded over the same period 2019.

It is worth stressing that, seeking to stimulate demand and help passengers to continue travelling amid the challenging economic situation (which has limited the spending level of many households), the 'Zero Fare' and 'TU Aliado' initiatives were recently launched, offering flight customization options (where the passenger has access to a special fare in case of not carrying any hand and/or checked luggage) and payment flexibility (providing passengers more time to cover all costs needed to fly, in this case the Airport Departure Fee - TUA, which usually stands for more than 50% of the total amount disbursed for each flight).



Ancillary Revenue

MXP million



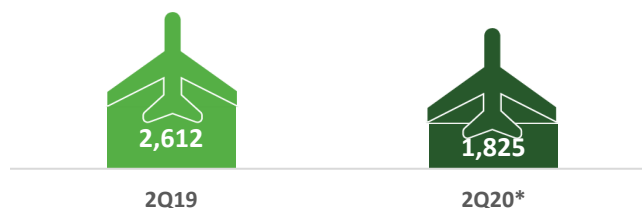
Ancillary Revenue decreased from Ps.1,448 million in 2Q19 to Ps.310 million this quarter, a 78.6% annual drop, following the lower activity of commercial flights explained above. Nevertheless, it is worth noting that a significant portion of these revenues stemmed from cargo; since pursuing to quickly adapt us to the prevailing demand and fully tap into the recent addition of Viva Cargo to our service portfolio, we operated 10 passenger aircraft as 100% cargo flights.

In this context, it is also important to highlight our insurance products 'Total Refund' and 'Viva Protection', part of the ancillary services offered by Viva Aerobus, which provide a greater certainty and flexibility to passengers when planning their travels, an important driver to stimulate flights' demand under the current situation and differentiate us from other options.

YTD, Ancillary Revenue reached Ps.1,634 million, vs. Ps.2,526 million recorded in 2H19, falling 35.3% YoY.

Operating Expenses

MXP million



Operating Expenses fell Ps.787 million, or 30.1% YoY, vs. the Ps.2,612 million recorded in 2Q19, totaling Ps.1,825 million this quarter, from: i) a lower consumption of fuel (-78.5% YoY) and rights for air space usage (-80.2% YoY), in line with the reduced number of flights during the quarter; and, ii) a Ps.130 million decline in SG&A expenses. It is relevant to underscore that the Company is working, hand-in-hand, with its suppliers to adjust expenses, in line with the lower level of revenues.

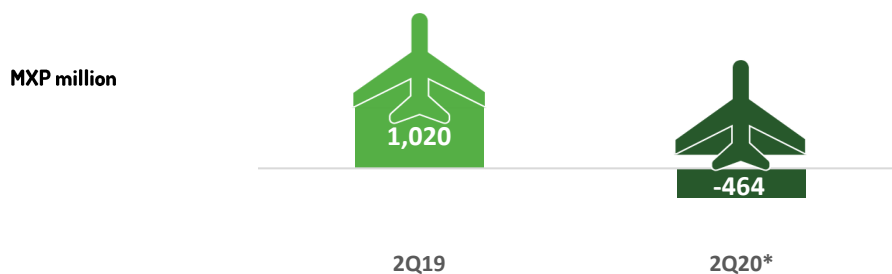
Similarly, Viva Aerobus complies with a risk management policy that uses a portfolio of instruments composed by forwards, call and call spread options to hedge approximately 50% of its forecasted jet fuel requirements for the following two months, 40% for the third month, 30% for the fourth month, continuing iteratively until reaching 5% of the forecasted consumption for the twelfth month.

(MXP Million)	2Q20*	2Q19	Ch. %	1H20*	1H19	Ch. %
Fuel	256	1,192	(78.5%)	1,129	2,144	(47.3%)
Maintenance	103	84	22.9%	247	228	8.1%
Supplemental rents	135	84	61.4%	191	153	24.6%
Salaries, wages and other benefits	356	284	25.3%	771	612	26.0%
Depreciation and amortization	748	577	29.5%	1,393	1,057	31.8%
Rights for the usage of air space	28	139	(80.2%)	152	248	(38.8%)
Selling, administrative & advertising expenses	217	347	(37.6%)	740	812	(8.8%)
Other operating expenses	(17)	(95)	(82.4%)	(29)	(95)	(69.4%)
Total operating expenses	1,825	2,612	(30.1%)	4,595	5,159	(10.9%)
Operating-expenses-to-revenue ratio (%)	381.7%	87.9%	>100.0 p.p.	145.7%	99.5%	46.1 p.p.

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



EBITDAR



EBITDAR was down, from Ps.1,020 million in 2Q19 to -Ps.464 million this quarter, following a lower revenue generation, given the major impact from the implementation of mobility restrictions over the quarter.

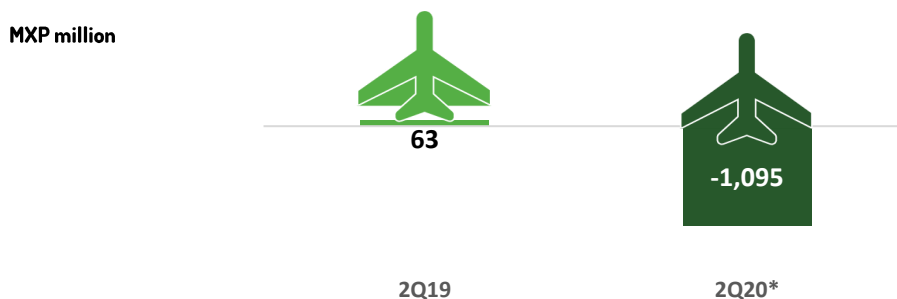
(MXP Million)	2Q20	2Q19	1H20	1H19
Operating Result*	(1,347)	359	(1,441)	23
Depreciation & Amortization*	748	577	1,393	1,057
Rents	135	84	191	154
EBITDAR*	(464)	1,020	143	1,234
EBITDAR margin*	(97.1%)	34.3%	4.5%	23.8%

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

Income Tax

Tax Benefit recorded in 2Q20 was Ps.469 million (vs. Ps.8 million in 2Q19)

Net Income (Loss)



In 2Q20, a net loss of Ps.1,095 million was recorded, resulting from a revenue decline (-Ps.2,493 million YoY or -83.9% YoY), due to mobility restrictions implemented during the period; and, to a lesser extent, from the 61.4% annual rise in supplemental rents and a 29.5% growth in depreciation & amortization recorded during the quarter. It is important to note that a significant proportion of the net loss did not imply any cash outflow, as it corresponded to valuation effects of certain accounting items.

(MXP Million)	2Q20	2Q19	1H20	1H19
Net income (Loss)*	(1,095)	63	(1,435)	(176)
Net margin*	(229.0%)	2.1%	(45.5%)	(3.4%)

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



Financial Position

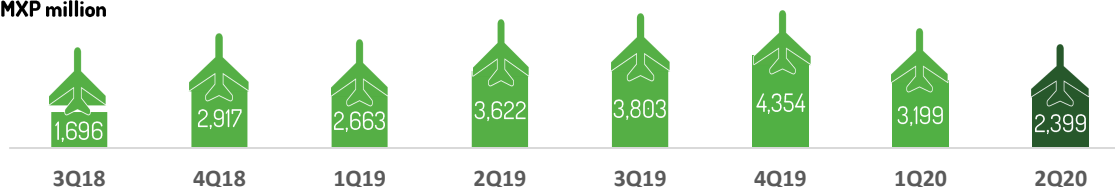
Cash & Cash Equivalents

Cash and cash equivalents balance totaled Ps.2,399 million at the end of 2Q20, a 25.0% decline from last quarter when it totaled Ps.3,199 million, following the negative cash flow effects caused by the pandemic, as well as the net effect of certain amortizations and new issuances of short-term debt.

In this regard, despite the fact that we would probably face a slow recovery towards pre-pandemic operating levels, we also consider that there will be: i) an incremental dynamism in passengers carried, ii) higher reference prices in travel fares, and iii) a further room of adjustment of the operating structure to the prevailing reality. The foregoing will allow a sequential reduction in the cash use rhythm over next quarters.

On the same line, as of the date of this report, our debt ratings are at adequate levels for an agile access to credits. Additionally, the feedback received from our creditors shows their support to our business model.

MXP million



Financial Debt

(MXP Million)	Jun-20	Jun-19	Ch. %
Bank debt (mostly for PDP financing)	1,687	1,818	(7.2%)
Debt securities	1,676	2,000	(16.2%)
Short-term	2,262	2,049	10.4%
Long-term	1,101	1,769	(37.8%)
Gross debt	3,363	3,818	(11.9%)
Net debt*	963	196	>100.0%

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

The Company's Total Debt as of June 30, 2020 was Ps.3,363 million, 11.9% below than the Ps.3,818 million posted in 2Q19, despite the issuance of short-term debt securities conducted last month over the Institutional Stock Exchange (BIVA) for Ps.426 million, given the partial amortization made on short-term debt for Ps.750 million, mainly corresponding to the Ps.1,000 million issuance of local notes conducted in March 2019.

Consequently, the gross debt is mostly comprised of bank debt (50.2% of total), primarily composed of aircraft financing (PDP), which will be repaid through sale & lease back operations executed at the delivery date of the aircraft; while the remaining 49.8% came from debt securities, represented by the local notes issued at the BMV and BIVA.

When adjusted by the Ps.2,399 million cash level recorded as of quarter-end, net debt totaled Ps.963 million, vs. Ps.196 million of 2Q19. It is expected that, following the recovery of the operation and implemented measures oriented to liquidity preservation, net debt will decrease to its standard levels towards the mid-term.

The Company's leverage ratio, defined as net debt plus operational leases to EBITDAR, increased from 3.92x in 2Q19 to 7.43x this quarter, a 3.51x expansion derived from the combined effect of a higher net debt and leasing liabilities and the quarterly EBITDAR drop that followed the subpar recorded results. In this sense, we anticipate this indicator will show an agile improvement as soon as next quarter.


It is worth noting that Adjusted Net Leverage, calculated under IFRS 16, reflects the Company's leverage more accurately than the previously applied standard that used a lease capitalization ratio of 7x.

	Jun-20	Jun-19
Adjusted net debt / EBITDAR*	7.43x	3.92x

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



Fleet

	Aircraft	June 2020	December 2019	June 2019
	Airbus 320ceo	18	18	20
	Airbus 320neo	19	18	14
	Airbus 321neo	1	0	0

From June 30, 2019 to this date, the integration of Viva Aerobus' fleet underwent a process of constant renewal, included the withdrawal of 2 Airbus 320ceo aircraft, the addition of 5 Airbus 320neo and the recent incorporation of the first aircraft model 321neo in Mexico at quarter-end. Consequently, over LTM the fleet has increased from 34 aircraft to 38 aircraft, so the average age was only 3.6 years, as of quarter-end (-0.3 years YoY).

It is necessary to underscore that we keep a flexibility and total reinvention approach; being, nowadays, the Company's main objective to overcome the cycle. In this regard, our strategic decisions are gearing towards the preservation of the liquidity and financial position in the short- and mid-term. For this sake, all adopted decisions previously to the new normal are being assessed, to find all possible rooms for optimization.



Recent Developments

Amid a worldwide sanitary emergency, the second quarter of 2020 was marked by the diligence and adaptability of Viva Aerobus when meeting the current needs of both passengers and Mexico. The foregoing is embodied in the deployment of tight prevention and hygiene protocols with strict adherence to the guidelines issued by relevant health authorities; the launch of humanitarian initiatives to tackle COVID-19; the configuration of aircrafts to operate as 100% cargo flights; the planning of campaigns focused on contributing to national tourism reactivation; and, the development of innovative products that provide greater flexibility and certainty to passengers. This was paired with a strategic operation and a gradual resumption of routes, aiming to ensure an accessible air connectivity (essential during the pandemic and towards the new normal).

- Since March 30, 2020, date on which the sanitary emergency was declared in Mexico, Viva Aerobus has deployed all preventive and sanitary recommendations and measures issued by the World Health Organization, the Ministry of Health and Federal Agency of Civil Aviation, thus ensuring optimal health and sanitation conditions at all operations, for the well-being and safety of its passengers and staff.
- On 16 April, 2020, Viva Aerobus informed that, in order to adapt its operations to the current demand and address the needs of the health emergency from the COVID-19 outbreak, it temporarily readjusted 10 Airbus A320 passenger aircraft into 100%-cargos.
- On April 30, 2020, Viva Aerobus announced that, with the purpose of meeting the essential flight needs of its passengers, during May it would be operating 43 routes to connect strategic destinations in Mexico, mainly from / to Cancun, Mexico City, Guadalajara, Monterrey and Tijuana (the Company's operational hubs).
- On May 6, 2020, Viva Aerobus informed that, during the remainder of May, it would implement a humanitarian initiative to provide free flights for health professionals, to help them perform their noble duties and timely attend the health emergency caused by the COVID-19 outbreak.
- On May 14, 2020, Viva Aerobus launched the innovative product 'Total Refund', an insurance that protects passengers in the event of flight cancellations, guaranteeing a full cash refund of ticket purchase costs. The foregoing turned Viva Aerobus into the only Mexican airline to offer an insurance with such coverage.
- On May 29, 2020, Viva Aerobus informed that, with the objective of addressing the essential flight needs of Mexico towards the new normal and economic reactivation process, during June it would operate 50 routes to connect strategic destinations, mainly from the Company's operational hubs.
- On May 29, 2020, Viva Aerobus informed the termination of a capital subscription and financing agreements (announced 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 the extension (until June) of the humanitarian initiative implemented in May, which consisted in provide free flights to the health professionals, to help them in their duties.
- On June 4, 2020, Viva Aerobus launched the 'Heroes Viva' campaign, inviting all Mexico to find and nominate 15 people who have stood out for their work and conduct supporting others over the pandemic. The winners received a 4-people travel package to a surprise domestic destination, in accordance with official regulations on health, prevention and new normal framework.
- On June 11, 2020, Viva Aerobus launched the initiative 'Together We Take Off', in which all small and medium-sized businesses that relies upon tourism are encouraged to participate, so their services and products will be advertised throughout Viva Aerobus' social networks and digital media for free; seeking to support them with a greater market outreach among their potential customers.



- On June 22, 2020, Viva Aerobus, announced the campaign 'VIVA for Mexico', which in collaboration with local and federal authorities, will promote multiple domestic destinations through special fares and surprise gifts. Each of the participating destinations will be advertised for one week at all Airline's media channels, with exclusive offers that seek to contribute to Mexico's economic reactivation. Such initiative kicked-off with the promotion of Cancun.
- On June 24, 2020, Viva Aerobus reported the increase in its international routes offer, for June and July, in line with the current demand and connectivity needs of Mexico. Consequently, it announced the startup of the new route Monterrey - San Antonio, for July 3, the reopening of Mexico City - New York, Guadalajara - Houston and Guadalajara - Chicago routes, for the first week of July, and the frequency rise for the Monterrey - Houston and Guadalajara - Los Angeles flights towards the end of June.
- On June 30, 2020, Viva Aerobus reported the arrival in Mexico of its first Airbus model 321neo aircraft, from Hamburg, Germany; being the first delivery of a new aircraft in Latin America since the beginning of the COVID-19 pandemic.

Developments After the Reporting Period

- On July 1, 2020, Viva Aerobus reported a 70% increase in its operating volume over July, vs. that recorded in June, going from 52 routes in June to 90 routes in July. As part of this reactivation, two brand new international routes were announced (Mexico City to Houston and Los Angeles), as well as a new domestic route Mexico City - Tampico. All these services strengthen air connectivity at lowest prices over the transition to the new normal.
- On July 3, 2020, Viva Aerobus and CLORALEX® signed an alliance to encourage best prevention and hygiene practices throughout the flight, thus protecting the health and well-being of all passengers and staff of Viva, paramount to Mexico's economic and tourism reactivation.
- On July 14, 2020, Viva Aerobus established 'Zero Fare' and launched a new payment alternative 'TU Aliado' (Spanish for 'Your Ally'). 'Zero Fare' is a new ticket fare for those who do not need to transport checked and/or hand luggage (a discount is applied in exchange of the right of carrying any baggage), just including the transport of a handbag or backpack. 'TU Aliado' is a new payment alternative which allows to book a flight, and postpone the payment of up to 60% of the total cost, by deferring the settlement of the Airport Departure Fee (TUA), from the time of purchase until check-in.

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 and 1 Airbus 321, 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

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Financial Statements Income Statement

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

Consolidated Statement of Comprehensive Income
Three-and-six-months period ended June 30, 2020 and 2019
(Thousands of Mexican Pesos)

MXP thousand	2Q20*	2Q19	Ch. %.	1H20*	1H19	Ch. %.
Operating Revenue						
Passengers	168,068	1,522,802	(89.0%)	1,519,786	2,656,530	(42.8%)
Ancillary revenue	310,152	1,447,934	(78.6%)	1,634,065	2,525,903	(35.3%)
Total Revenue	478,220	2,970,736	(83.9%)	3,153,851	5,182,433	(39.1%)
Operating Expenses						
Fuel	256,002	1,191,928	(78.5%)	1,129,589	2,143,881	(47.3%)
Maintenance	102,760	83,643	22.9%	246,765	228,287	8.1%
Salaries, wages and other benefits	356,329	284,459	25.3%	771,473	612,307	26.0%
Rights for the usage of air space	27,549	139,188	(80.2%)	151,725	247,778	(38.8%)
Selling, administrative and advertising expenses	216,586	347,000	(37.6%)	740,371	812,029	(8.8%)
Other operating (income) expenses	(16,733)	(95,116)	(82.4%)	(29,220)	(95,506)	(69.4%)
Total Operating Expenses	942,493	1,951,102	(51.7%)	3,010,703	3,948,776	(23.8%)
EBITDAR	(464,273)	1,019,634	(>100.0%)	143,148	1,233,657	(88.4%)
EBITDAR Margin	(97.1%)	34.3%	(>100.0 p.p.)	4.5%	23.8%	(19.3 p.p.)
Rents	135,163	83,757	61.4%	191,323	153,597	24.6%
EBITDA	(599,436)	935,877	(>100.0%)	(48,175)	1,080,060	(>100.0%)
EBITDA Margin	(125.3%)	31.5%	(>100.0 p.p.)	(1.5%)	20.8%	(22.4 p.p.)
Depreciation and amortization	747,659	577,171	29.5%	1,392,984	1,056,677	31.8%
Operating Result	(1,347,095)	358,706	(>100.0%)	(1,441,159)	23,383	(>100.0%)
Operating Margin	(281.7%)	12.1%	(>100.0 p.p.)	(45.7%)	(0.5%)	(46.1 p.p.)
Net Interest Expenses (Income)	(286,281)	(377,984)	(24.3%)	(498,899)	(657,568)	(24.1%)
Net Fx Gain (Loss)	68,594	74,817	(8.3%)	(109,626)	251,526	(>100.0%)
Net Result Before Taxes	(1,564,782)	55,539	(>100.0%)	(2,049,684)	(382,659)	>100.0%
Net Margin Before Taxes	(327.2%)	1.9%	(>100.0 p.p.)	(65.0%)	(7.4%)	(57.6 p.p.)
Income Taxes	(469,434)	(7,881)	>100.0%	(614,905)	(206,516)	>100.0%
Consolidated Net Result	(1,095,348)	63,420	(>100.0%)	(1,434,779)	(176,143)	>100.0%
Net Margin	(229.0%)	2.1%	(>100.0 p.p.)	(45.5%)	(3.4%)	(42.1 p.p.)

*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 June 30, 2020 and 2019 and December 31, 2019
(Thousands of Mexican Pesos)

MXP thousand	As of June 30, 2020*	As of June 30, 2019	As of December 31, 2019 (audited)	Ch. % Jun. 20 vs. Jun. 19	Ch. % Jun. 20 vs. Dec. 19
Assets					
Cash and cash equivalents	2,399,306	3,621,877	4,353,959	(33.8%)	(44.9%)
Accounts receivable and others	308,967	441,075	238,451	(30.0%)	29.6%
Inventories	221,512	96,611	160,528	>100.0%	38.0%
Prepayments for maintenance	1,301,632	893,523	947,638	45.7%	37.4%
Guarantee deposits and prepaid expenses	4,114,480	3,972,906	3,307,767	3.6%	24.4%
Operating equipment, furniture and equipment, net	1,566,597	1,027,959	1,266,853	52.4%	23.7%
Derivative financial instruments	177,963	37,027	209,402	>100.0%	(15.0%)
Deferred income taxes	1,060,146	1,213,799	586,413	(12.7%)	80.8%
Right-of-use-assets	17,712,195	12,046,871	14,530,049	47.0%	21.9%
Other assets	2,085,229	555,926	866,895	>100.0%	>100.0%
Total Assets	30,948,027	23,907,574	26,467,955	29.4%	16.9%
Liabilities					
Short-term financial debt	2,262,096	2,048,712	1,973,409	10.4%	14.6%
Accounts payable	1,920,626	534,305	826,633	>100.0%	>100.0%
Accrued liabilities	657,086	503,453	258,788	30.5%	>100.0%
Operative allowances	2,381,363	2,082,298	2,203,811	14.4%	8.1%
Air traffic liability	564,541	1,018,107	741,965	(44.5%)	(23.9%)
Long-term financial debt	1,100,667	1,769,172	1,217,336	(37.8%)	(9.6%)
Prepayment for services	327,714	176,445	306,114	85.7%	7.1%
Leasing liabilities	19,723,743	14,110,528	15,907,982	39.8%	24.0%
Other liabilities	715,595	412,779	52,119	73.3%	>100.0%
Total Liabilities	29,653,431	22,655,799	23,488,157	30.9%	26.2%
Shareholders' equity					
Capital stock	933,875	552,187	933,875	69.1%	0.0%
Other capital accounts	(164,981)	21,244	129,444	(>100.0%)	(>100.0%)
Retained profits	525,702	678,344	1,916,479	(22.5%)	(72.6%)
Total Stockholders' Equity	1,294,596	1,251,775	2,979,798	3.4%	(56.6%)
Total Liabilities and Stockholders' Equity	30,948,027	23,907,574	26,467,955	29.4%	16.9%

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

