



Earnings Report
1st Quarter 2017
Grupo Viva Aerobus

Grupo Viva Aerobus announces results for the first quarter of 2017

Mexico City, Mexico, April 28, 2017 – Grupo Viva Aerobus S.A. de C.V. (“Grupo Viva”), la holding of Aeroenlaces Nacionales, S.A. de C.V. (“VivaAerobus”), the carrier with the lowest costs in Latin America and rates comparable to bus transportation, announces today its first quarter earnings for 2017. The figures contained in this report are presented in accordance with the International Financial Reporting Standards (IFRS) and are expressed in millions of Mexican pesos unless otherwise stated.

1Q17 Earnings Highlights

- Total operating revenues in 1Q17 increased 14.2% to Ps. 1,334.7 million from the same quarter in 2016.
- Capacity measured in available seat kilometers (ASKs) totaled 1,912.1 million, representing an increase of 34.1% from 1Q16.
- Revenue per available seat kilometer (RASK) in 1Q17 amounted to Ps. 69.8 cents, down 14.9% from 1Q16.
- Cost per available seat kilometer (CASK) was Ps. 75.2 cents, 7.9% above Ps. 69.7 cents in 1Q16.
- EBITDAR in 1Q17 totaled Ps. 256.6 million, decreasing 47.8% from Ps. 491.4 million in 1Q16. EBITDAR margin in 1Q17 was 19.2%.
- Net loss in 1Q17 amounted to Ps. 22.9 million compared to net income of Ps. 160.4 million in 1Q16. The net income margin was negative in the quarter at 1.7%.
- At the close of the first quarter of 2017, the balance of cash and cash equivalents was Ps. 1,601.3 million, compared to Ps. 1,823.1 million recorded at the close of the first quarter of 2016, representing a decrease of 12.2%.
- During the 1Q17, Grupo Viva Aerobus continues to have the most modern fleets in Mexico with 21 aircrafts, of which 19 are Airbus 320ceo and two are Airbus 320neo. Grupo Viva Aerobus moves ahead in its fleet expansion and modernization program, which aims to be completed by 2020 with 52 aircrafts.

MESSAGE from the CEO of Grupo Viva Aerobus

The beginning of 2017 once again proved the sturdiness of Viva Aerobus' business model and its condition as one of the most competitive carriers in the Mexican aviation industry. Considering a very challenging operating environment characterized by foreign exchange volatility and the increase in fuel prices, among other factors, the Mexican low cost carrier maintained its firm commitment of keeping its clients as the focus of its strategy.

Compared to the same year-ago first quarter, we transported 38% more passenger who chose us, allowing the load factor to reach 86%. This increase has been reflected in higher total operating revenues at Viva Aerobus, increasing 14% to Ps. 1,334 million.

Additionally, we continued to expand our domestic footprint, with which we are entirely committed. Viva has a clear bet in Mexico: during the first quarter of the year, we launched five new routes to domestic destinations, bringing our total routes to 60 in 27 different destinations.

The 1.6 million passengers that trusted us during the first three months of 2017 knew that Viva Aerobus is their best airline option: modern, safe and with the lowest prices in the market. All our passengers have enjoyed this year our new fleet, one of the most modern in the world with 21 aircraft Airbus, 19 A320ceo and two A320neo. Our fleet offers the highest comfort to our travelers while generating significant savings that are ultimately reflected in our tariffs, the most competitive in the market.

We will continue to make progress in our plan to expand our fleet and destinations, while incorporating the latest technologies and implementing further service improvements to make the travel experiences of our clients unforgettable.

I appreciate, as always, the commitment of our stakeholders, whose effort and hard work make our airline the best choice to fly in Mexico.

Sincerely,

Gian Carlo Nucci.

Chief Executive Officer at Grupo Viva Aerobus



Operation and Financial Highlights

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

Financial and Operating Indicators

Period ended March 31, 2017

(Million of Mexican pesos)

	1Q17	1Q16	Var. %	2017	2016	Var. %
ASKs (million)	1,912.1	1,425.8	34.1%	1,912.1	1,425.8	34.1%
RPKs (million)	1,651.6	1,168.0	41.4%	1,651.6	1,168.0	41.4%
Total passengers (thousand)	1,628.4	1,176.4	38.4%	1,628.4	1,176.4	38.4%
Load factor	86.4%	81.9%	4.5 p.p.	86.4%	81.9%	4.5 p.p.
RASK (cents)	69.8	82.0	-14.9%	69.8	82.0	-14.9%
RASK adjusted*	55.1	64.1	-14.1%	55.1	64.1	-14.1%
CASK (cents)	75.2	69.7	7.9%	75.2	69.7	7.9%
Cost per seat	753.6	685.1	10.0%	753.6	685.1	10.0%
CASK ex-fuel	52.5	55.6	-5.6%	52.5	55.6	-5.6%
CASK adjusted*	59.4	54.5	9.0%	59.4	54.5	9.0%
CASK adjusted* ex-fuel	41.4	43.5	-4.7%	41.4	43.5	-4.7%
Stage length (km)	1,001.6	982.8	1.9%	1,001.6	982.8	1.9%
Operating revenues (million)	1,334.7	1,169.1	14.2%	1,334.7	1,169.1	14.2%
Operating income (million)	- 104.0	175.1	N.A.	- 104.0	175.1	N.A.
Operating margin	-7.8%	15.0%	N.A.	-7.8%	15.0%	N.A.
EBITDAR (million)	256.6	491.4	-47.8%	256.6	491.4	-47.8%
EBITDAR margin	19.2%	42.0%	22.8 p.p.	19.2%	42.0%	22.8 p.p.
PBT (million)	- 43.4	178.1	N.A.	- 43.4	178.1	N.A.
PBT margin	-3.3%	15.2%	N.A.	-3.3%	15.2%	N.A.
Net Income (million)	- 22.9	160.4	N.A.	- 22.9	160.4	N.A.
Net income margin	-1.7%	13.7%	N.A.	-1.7%	13.7%	N.A.

*CASK adjusted to 1,609 km.

Results summary

Revenues

(Ps. Million)	1Q17	1Q16	Var. %
Passengers	734.6	686.2	7.1%
Service charge and others	600.1	482.9	24.3%
Total operating revenues	1,334.7	1,169.1	14.2%

Operating revenues

Total operating revenues in 1Q17 increased 14.2%, to Ps. 1,334.7 million, of which 55.1% were passenger revenues of Ps. 734.6 million and the remaining 44.9% were attributable to service charge and others. The overall increase was mainly related to the increase in capacity, passengers and rates, despite that during the first quarter this year there was no high season as in 2016.

Other revenues

Other revenues amounted to Ps. 600.1 million in 1Q17, increasing 24.3% from the same last year period at Ps. 482.9 million.

Expenses

(Ps. Million)	1Q17	1Q16	Var. %
Total operating expenses	1,438.7	993.9	44.7%

Total expenses

Total operating expenses in 1Q17 totaled Ps. 1,438.7 million, increasing 44.7% from Ps. 993.9 million recorded in the same last year period. This variation is related to a higher operating capacity as well as changes in the macroeconomics variables in the industry, such as foreign exchange volatility and rising fuel prices.



EBITDAR

(Ps. Million)	1Q17	1Q16	Var. %
EBITDAR	256.6	491.4	-47.8%
EBITDAR margin %	19.2%	42.0%	-22.8 pp

At the close of 1Q17, EBITDAR amounted to Ps. 256.6 million, representing a decrease of 47.8% when compared to Ps. 491.4 million in 1Q16. EBITDAR margin in 1Q17 was 19.2%.

Net Income (Loss)

(Ps. Million)	1Q17	1Q16	Var. %
Net income (loss)	-22.9	160.4	N.A.
Net income margin	-1.7%	13.7%	N.A.

Net loss of 1Q17 was Ps. 22.9 million, compared to net income of Ps. 160.4 million in 1Q16. This variation was mainly due to a higher operating capacity along with changes in the macroeconomic variables for the industry, as well as the fact that the high season, Holy Week, falls this year in the second quarter. The net income margin for the quarter was negative at 1.7%.



BALANCE SHEET

Assets

(Ps. Million)	Mar 2017	Mar 2016	Var. %
Current Assets	2,818.8	2,155.7	30.8%
Non-current Assets	3,576.9	2,357.2	51.7%
Total Assets	6,395.7	4,512.9	41.7%

Current Assets [Cash and cash equivalents, etc.]

At the close of March 31, 2017, the cash and cash equivalent balance decreased 12.2% to Ps. 1,601.3 million, compared to Ps. 1,823.1 million at the close of March 31, 2016.

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

At the close of March 31, 2017, deposits in guarantee and pre-paid expenses increased 46.8% to Ps. 2,227.1 million, compared to Ps. 1,517.5 million at the close of 1Q16.

Liabilities

(Ps. Million)	Mar 2017	Mar 2016	Var. %
Short-term liabilities	2,666.5	2,124.7	25.5%
Long-term liabilities	2,193.7	1,285.4	70.7%
Total Liabilities	4,860.2	3,410.0	42.5%

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

Short-term loans and borrowings declined 29.1% between March 31, 2016 and March 31, 2017, declining from Ps. 567.7 million to Ps. 402.4 million.

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

The long-term loans and borrowings rose 44.5% between March 31, 2016 and March 31, 2017, increasing from Ps. 1,148.7 million to Ps. 1,660.2 million. This increase mainly stemmed from the financing strategy implemented for the fleet acquisition.

Stockholders' equity

Total stockholders' equity increased 39.2% to Ps. 1,535.5 million at the close of March 31, 2017 compared to Ps. 1,102.9 million at the close of March 31, 2016.

FLEET

Operating Fleet

Aircraft	Mar 2017	Mar 2016	Var. %
Boeing 737-300	0	4	N.A.
Airbus 320ceo	19	16	18.8%
Airbus 320neo	2	0	N.A.

At the close of March 31, 2017, Grupo VivaAerobus had a fleet of 21 aircrafts, of which 19 are Airbus 320ceo and two are Airbus 320neo. The current fleet reflects the completion of the company's transition plan through which VivaAerobus has become an operator with a single type of aircraft.

Relevant Corporate Events

RELEVANT EVENT #1

On February 8, 2017, Viva Aerobus launched service to three new destinations: two of which, Monterrey-Tijuana and Monterrey-Ciudad Obregon, will start operating on June 20, 2017, while the third destination, Monterrey-Puebla, will begin operating on September 1, 2017. Viva Aerobus is now the Mexican airline that offers the most flights out of Monterrey, with a total of 22 domestic flights and one international. Additionally, it consolidates as the only airline offering service between Monterrey-Ciudad Obregon.

RELEVANT EVENT #2

On January 24, 2017, Viva Aerobus announced the launch of its service between Cancun-Queretaro and Ciudad Juarez-Cancun. Thus, Viva Aerobus now offers the most number of flights from Ciudad Juarez, with a total of five destinations. In addition, with 12 routes, Viva Aerobus is the second largest airline with more domestic connections from Cancun.

FINANCIAL STATEMENTS

Income Statement

Grupo Viva Aerobus, S.A. de C.V. and Subsidiaries
 Consolidated Statement of Comprehensive Income
 Period ended March 31, 2017
 (Million of Mexican pesos)

	1Q17	1Q16	Var. %	2017	2016	Var. %	
Operating revenues:							
Passengers	734.6	686.2	7.1%	734.6	686.2	7.1%	
Service charge and others	600.1	482.9	24.3%	600.1	482.9	24.3%	
Total operating revenues	1,334.7	1,169.1	14.2%	1,334.7	1,169.1	14.2%	
Operating expenses, excluding non trading items:							
Fuel	435.4	201.2	116.5%	435.4	201.2	116.5%	
Maintenance	81.7	61.7	32.4%	81.7	61.7	32.4%	
Rents	320.5	301.0	6.5%	320.5	301.0	6.5%	
Other expenses, net	601.0	430.0	39.8%	601.0	430.0	39.8%	
Total operating expenses, excluding non trading items	1,438.7	993.9	44.7%	1,438.7	993.9	44.7%	
Operating income	-	104.0	175.1	N.A. -	104.0	175.1	N.A.
Total interest income, net	60.5	2.9	1963.6%	60.5	2.9	1963.6%	
Net income before taxes on profits	-	43.4	178.1	N.A. -	43.4	178.1	N.A.
Income taxes (expenses)	20.5	-17.7	N.A.	20.5 -	17.7	N.A.	
Consolidated net and comprehensive profit	-	22.9	160.4	N.A. -	22.9	160.4	N.A.

Balance Sheet

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

Consolidated Statement of Financial Position

Period ended March 31, 2017

(Millions of Mexican pesos)

	2017	2016	Var. %
Assets			
Current assets	2,818.8	2,155.7	30.8%
Cash and cash equivalents	1,601.3	1,823.1	-12.2%
Accounts receivable and others	124.3	79.9	55.4%
Guarantee deposits and prepaid expenses	608.9	159.5	281.7%
Other current assets	484.3	93.1	420.2%
Non-current assets	3,576.9	2,357.2	51.7%
Guarantee deposits and prepaid expenses	2,227.1	1,517.5	46.8%
Other non-current assets	1,349.7	839.7	60.7%
Total Assets	6,395.7	4,512.9	41.7%
Liabilities and Stockholder's Equity			
Current liabilities	2,666.5	2,124.7	25.5%
Loans and borrowings	402.4	567.7	-29.1%
Air traffic liability	523.9	163.7	219.9%
Other short-term liabilities	1,740.2	1,393.2	24.9%
Long-term liabilities	2,193.7	1,285.4	70.7%
Loans and borrowings	1,660.2	1,148.7	44.5%
Other long-term liabilities	533.5	136.6	290.5%
Total liabilities	4,860.2	3,410.0	42.5%
Stockholders' equity			
Capital stock	552.2	552.2	0.0%
Other comprehensive results	35.1	183.3	-80.8%
Retained profits (loss)	948.2	367.3	158.1%
Total stockholders' equity	1,535.5	1,102.9	39.2%
Total liabilities and stockholders' equity	6,395.7	4,512.9	41.7%

Cash Flow Statement

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

Consolidated Statement of Cash Flow

Period ended March 31, 2017

(Million of Mexican pesos)

	1Q17	1Q16	Var. %	2017	2016	Var. %
Net cash from operating activities	-608.8	158.3	N.A.	-608.8	158.3	N.A.
Net cash used in investing activities	-349.5	71.2	N.A.	-349.5	71.2	N.A.
Net cash used in financing activities	72.2	-207.9	N.A.	72.2 -	207.9	N.A.
Effects of exchange rate fluctuations on cash and cash equivalents	-8.6	1.1	N.A.	-8.6	1.1	N.A.
Net increase in cash and cash equivalent	-894.8	22.7	N.A.	-894.8	22.7	N.A.
Cash and cash equivalents at beginning of period	2,496.1	1,800.5	38.6%	2,496.1	1,800.5	38.6%
Cash and cash equivalents at end of period	1,601.3	1,823.1	-12.2%	1,601.3	1,823.1	-12.2%

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Glossary

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

CASK: Cost per available seat kilometer represents operating expenses divided by available seat kilometers (ASKs).

CASK ex-fuel: Represents operating expenses other than fuel divided by available seat kilometers (ASKs).

EBITDAR: Income before taxes, depreciation and amortization. It is calculated as revenues minus expenses, excluding taxes, interests, depreciation, amortization, restructuring and rental costs.

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

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

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

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

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

Forward Looking Statements

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



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