



Earnings Report
3rd Quarter 2016
Grupo Viva Aerobus

Grupo Viva Aerobus announces results for the third quarter of 2016

Mexico City, Mexico, October 27, 2016- Grupo Viva Aerobus S.A. de C.V. ("Grupo Viva"), the 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 third quarter earnings for 2016. 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.

3Q16 Earnings Highlights

- Total operating revenues in 3Q16 increased 41.8% to Ps. 1,879.5 million from the same quarter in 2015.
- Capacity measures in available seat kilometers (ASKs) totaled 2,282.7 million, representing an increase of 48.4% from 3Q15.
- Revenue per available seat kilometer (RASK) in 3Q16 amounted to Ps. 82.3 cents, down 4.4% from 3Q15.
- Cost per available seat kilometer (CASK) was Ps. 64.3 cents, 4.9% below the Ps. 67.7 cents in 3Q15.
- EBITDAR in 3Q16 totaled Ps. 879.3 million, rising 52.5% from Ps. 576.7 million in 3Q15. EBITDAR margin in 3Q16 was 46.8%
- Net income in 3Q16 amounted to Ps. 307.5 million compared to a gain of Ps. 224.1 million in 3Q15. The net income margin in the quarter was 16.4%.
- At the close of the third quarter of 2016, the balance of cash and cash equivalents was Ps. 1,560.5 million, compared to Ps. 801.9 million recorded at the close of the third quarter of 2015, representing a 94.6% growth.
- During the 3Q16, Grupo VivaAerobus added one new Airbus 320neo to its fleet, closing the period with one of the newest fleets in the world with 22 aircrafts, of which 19 Airbus 320ceo, two Boeing 737-300s and one Airbus 320neo, moving ahead to its goal of being an operator with a single type of aircrafts.

Juan Carlos Zuazua, CEO of Viva Aerobus, said: "With the youngest aircraft fleet in Mexico, positive changes in our customer service and the best rates in the country, we have led growth during the third quarter of 2016. Record growth was achieved in terms of capacity and passengers, together with our operational efficiency, cost discipline and strong financial results positioned us strongly as the leading carrier in the right path to head the progress of the aviation industry.

Today our aircrafts are the newest in the Mexican skyline, offering greater comfort to our passengers and allowing us to generate significant savings, which we are transferring to our customers through the lowest rates in the market.

The third quarter is a critical milestone for our industry since the summer is the highest activity peak, and an essential quarter for the annual results. We are proud to say that we recorded outstanding results. I appreciate the commitment of our staff and the trust of our investors, whom are the growth engine that allows us to continue promoting the quality and strength of our operation while offering the best value proposition to our passengers".



Operation and Financial Highlights

Grupo Viva Aerobus, S.A. de C.V. y Subsidiarias

Financial and Operating Indicators

Period ended September 30, 2016

(Million of Mexican pesos)

	3Q16	3Q15	Var. %	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Var. %
ASKs (million)	2,282.7	1,538.4	48.4%	5,480.6	4,017.4	36.4%
RPKs (million)	2,015.1	1,315.8	53.1%	4,624.7	3,297.4	40.3%
Total passengers (thousand)	1,976.8	1,379.3	43.3%	4,562.3	3,499.7	30.4%
Load factor	88.3%	85.5%	2.7 pp	84.4%	82.1%	2.3 pp
RASK (cents)	82.3	86.1	-4.4%	79.7	76.0	4.8%
RASK adjusted*	65.0	65.9	-1.2%	79.7	73.5	8.6%
CASK (cents)	64.3	67.7	-4.9%	66.7	68.9	-3.2%
Cost per seat	646.1	636.5	1.5%	668.5	644.0	3.8%
CASK ex-fuel	45.3	46.8	-3.2%	49.8	46.8	6.3%
CASK adjusted*	50.8	51.7	-1.8%	52.6	52.5	0.3%
CASK adjusted* ex-fuel	35.8	35.7	0.0%	39.3	35.7	10.1%
Stage length (km)	1,004.3	940.4	6.8%	1,002.0	934.6	7.2%
Operating revenues (million)	1,879.5	1,325.1	41.8%	4,366.1	3,052.6	43.0%
Operating income (million)	410.9	283.9	44.7%	709.8	284.6	149.4%
Operating margin	21.9%	21.4%	0.4 pp	16.3%	9.3%	7.0 pp
EBITDAR (million)	879.3	576.7	52.5%	1,859.7	996.9	86.5%
EBITDAR margin	46.8%	43.5%	3.3 pp	42.6%	32.7%	9.9 pp
PBT (million)	430.4	282.0	52.6%	713.2	274.2	160.2%
PBT margin	22.9%	21.3%	1.6 pp	16.3%	9.0%	7.3 pp
Net Income (million)	307.5	224.1	37.2%	583.2	218.5	166.9%
Net income margin	16.4%	16.9%	-0.5 pp	13.4%	7.2%	6.2 pp

*CASK adjusted to 1,609 km.

Results summary

Revenues

(Ps. Million)	3Q16	3Q15	Var. %
Passengers	1,265.5	832.2	52.1%
Service charge and others	614.0	492.9	24.6%
Total operating revenues	1,879.5	1,325.1	41.8%

Operating revenues

Total operating revenues in 3Q16 increased 41.8%, to Ps. 1,879.5 million, of which, 67.3% were passenger revenues at Ps. 1,265.5 million and the remaining 32.7% to service charge and others. This is mainly related to the increase in capacity, passengers and rates.

Other revenues

Other revenues amounted to Ps. 614.0 million in 3Q16, increasing 24.6% from the same last year period at Ps. 492.9 million.

Expenses

(Ps. Million)	3Q16	3Q15	Var. %
Total operating expenses	1,468.6	1,041.3	41.0%

Total expenses

Total operating expenses in 3Q16 totaled Ps. 1,468.6 million, increasing 41.0% from Ps. 1,041.3 million recorded in the same last year period. This due to the increase on operated capacity.



EBITDAR

(Ps. Million)	3Q16	3Q15	Var. %
EBITDAR	879.3	576.7	52.5%
EBITDAR margin %	46.8%	43.5%	3.3 pp

At the close of 3Q16 EBITDAR amounted to Ps. 879.3 million, representing a substantial increase of 52.5% when compared to Ps. 576.7 million in 3Q15. EBITDAR margin in 3Q16 was 46.8%.

Net Income (Loss)

(Ps. Million)	3Q16	3Q15	Var. %
Net income (loss)	307.5	224.1	37.2%
Net income margin	16.4%	16.9%	-0.5 pp

Net income at the close of 3Q16 amounted to Ps. 307.5 million, 37.2% above Ps. 224.1 million in 3Q15. The net income margin for the quarter was 16.4%.

BALANCE SHEET

Assets

(Ps. Million)	Sep 2016	Sep 2015	Var. %
Current Assets	2,293.8	1,230.8	86.4%
Non-current Assets	2,877.1	3,003.4	-4.2%
Total Assets	5,170.9	4,234.2	22.1%

Current Assets [Cash and cash equivalents, etc.]

At the close of September 30, 2016, the cash and cash equivalent balance increased 94.6% to Ps. 1,560.5 million, compared to Ps. 801.9 million at the close of September 30, 2015.

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

At the close of September 30, 2016, guarantee deposits and pre-paid expenses decreased 23.9% to Ps. 1,782.4 million, compared to Ps. 2,341.1 million at the close of 3Q15.

Liabilities

(Ps. Million)	Sep 2016	Sep 2015	Var. %
Short-term liabilities	2,320.3	2,342.3	-0.9%
Long-term liabilities	1,303.9	1,182.2	10.3%
Total Liabilities	3,624.2	3,524.6	2.8%

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

Short-term loans and borrowing declined 61.7% between the third quarter of 2015 and the third quarter of 2016, dropping from Ps. 1,016.9million to Ps. 389.1 million.

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

The long-term loans and borrowings rose 7.3% between September 30, 2015 and September 30, 2016, increasing from Ps. 1,000.0 million to Ps. 1,073.1 million.

Stockholders' equity

Total stockholders' equity increased 117.9% to Ps. 1,546.6 million at the close of September 30, 2016 compared to Ps. 709.6 million at the close of September 30, 2015.



FLEET

Operating Fleet

Aircraft	Sep 2016	Sep 2015	Var. %
Boeing 737-300	2	9	-77.8%
Airbus 320	19	9	111.11%
Airbus 320neo	1	0	N.A.

At the close of September 30, 2016, Grupo VivaAerobus had a fleet of 22 aircraft, of which two are Boeing 737-300s, 19 are Airbus 320ceo and one is an Airbus 320neo. The current fleet reflects our transition plan which will lead VivaAerobus to be an operator with a single type of aircraft.

Relevant Corporate Events

RELEVANT EVENT #1

During the third quarter of 2016 Viva Aerobus selected the Intelligence Client platform in the Boxever Cloud to capture, analyze and act on customers' information. Viva Aerobus, the leading low cost airline in Mexico, sought a solution that would help develop its acquisition initiatives and customer retention by better understanding of their behavior in different channels. The alliance between Viva Aerobus and Boxever brings the latest digital learning technology, which will allow it to gain a better perspective about customers while significantly improving the personal travel experience through a greater customization.

By implementing the business intelligence and market prediction platform, Viva Aerobus is now able to deliver highly customized experiences for its customers during its interactions.

RELEVANT EVENT #2

During the third quarter of 2016 Viva Aerobus received its first Airbus 320neo aircraft with registration number XA-VIV, thus adding two Boeing 737-300, 19 Airbus 320ceo and one Airbus 320neo. The A320neo is the first of 40 aircraft contracted with the European manufacturer, bringing a new generation of turbines manufactured by Pratt & Whitney, which allow for savings of 15% in fuel consumption vs. the A320ceo.

RELEVANT EVENT #3

During the third quarter of 2016 Viva Aerobus announced that its attractive rates are now available through Sabre Corporation's (NASDAQ: SABR) globalized distribution system (GDS for its acronym in English), the leading technology provider in the global travel industry.

Now thousands of travel agents in Mexico, North America and Latin America will be able to offer Viva Aerobus' flights and fares to individual and corporate clients. As a result, Viva Aerobus becomes the only ultra low-cost in Mexico that is part of Sabre's GDS.



FINANCIAL STATEMENTS

Income Statement

Grupo Viva Aerobus, S.A. de C.V. y Subsidiarias
 Consolidated Statement of Comprehensive Income
 Period ended September 30, 2016
 (Million of Mexican pesos)

	3Q16	3Q15	Var. %	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Var. %
Operating revenues:						
Passengers	1,265.5	832.2	52.1%	2,679.7	1,901.6	40.9%
Service charge and others	614.0	492.9	24.6%	1,686.4	1,151.1	46.5%
Total operating revenues	1,879.5	1,325.1	41.8%	4,366.1	3,052.6	43.0%
Operating expenses, excluding non trading items:						
Fuel	435.4	321.9	35.3%	927.8	889.8	4.3%
Maintenance	79.5	67.4	18.1%	205.7	142.4	44.5%
Rents	431.3	223.5	93.0%	1,074.4	543.9	97.5%
Other expenses, net	522.3	428.4	21.9%	1,448.4	1,192.0	21.5%
Total operating expenses, excluding non trading items	1,468.6	1,041.3	41.0%	3,656.3	2,768.0	32.1%
Operating income	410.9	283.9	44.7%	709.8	284.6	149.4%
Total interest income, net	19.5	-1.9	N/A	3.4	-10.5	N/A
Net income before taxes on profits	430.4	282.0	52.6%	713.2	274.2	160.2%
Income taxes (expenses)	-122.9	-58.0	112.0%	-130.1	-55.6	133.8%
Consolidated net and comprehensive profit	307.5	224.1	37.2%	583.2	218.5	166.9%

Balance Sheet

Grupo Viva Aerobus, S.A. de C.V. y Subsidiarias
 Consolidated Statement of Financial Position
 Period ended September 30, 2016
 (Million of Mexican pesos)

	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Var. %
Assets			
Current assets	2,293.8	1,230.8	86.4%
Cash and cash equivalents	1,560.5	801.9	94.6%
Accounts receivable and others	288.6	155.9	85.1%
Guarantee deposits and prepaid expenses	267.6	156.5	71.0%
Other current assets	177.1	116.5	52.0%
Non-current assets	2,877.1	3,003.4	-4.2%
Guarantee deposits and prepaid expenses	1,782.4	2,341.1	-23.9%
Other non-current assets	1,094.7	662.3	65.3%
Total Assets	5,170.9	4,234.2	22.1%
Liabilities and Stockholder's Equity			
Current liabilities	2,320.3	2,342.3	-0.9%
Loans and borrowings	389.1	1,016.9	-61.7%
Air traffic liability	376.8	243.2	54.9%
Other short-term liabilities	1,554.4	1,082.3	43.6%
Long-term liabilities	1,303.9	1,182.2	10.3%
Loans and borrowings	1,073.1	1,000.0	7.3%
Other long-term liabilities	230.9	182.2	26.7%
Total liabilities	3,624.2	3,524.6	2.8%
Stockholders' equity			
Capital stock	552.2	552.2	0.0%
Other capital accounts	225.2	135.8	65.8%
Retained profits (loss)	769.2	21.6	3454.9%
Total stockholders' equity	1,546.6	709.6	117.9%
Total liabilities and stockholders' equity	5,170.9	4,234.2	22.1%

Cash Flow Statement

Grupo Viva Aerobus, S.A. de C.V. y Subsidiarias
 Consolidated Statement of Cash Flow
 Period ended September 30, 2016
 (Million of Mexican pesos)

	3Q16	3Q15	Var. %	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Var. %
Net cash from operating activities	-275.0	566.5	-148.5%	255.3	779.9	-67.3%
Net cash used in investing activities	-182.8	-309.8	-41.0%	18.5	-1145.6	-101.6%
Net cash used in financing activities	-97.3	-443.8	-78.1%	-529.9	647.2	-181.9%
Effects of exchange rate fluctuations on cash and cash equivalents	6.8	3.8	78.6%	16.2	5.6	188.4%
Net increase in cash and cash equivalent	-548.3	-183.3	199.2%	-239.9	287.0	-183.6%
Cash and cash equivalents at beginning of period	2,108.9	985.2	114.1%	1,800.5	514.9	249.7%
Cash and cash equivalents at end of period	1,560.5	801.9	94.6%	1,560.5	801.9	94.6%

Investor RELATIONS

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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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