



Earnings Report
4th Quarter 2016
Grupo Viva Aerobus

Grupo Viva Aerobus announces results for the fourth quarter of 2016

Mexico City, Mexico, February 20, 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 fourth quarter and full year 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.

4Q16 Earnings and Full Year 2016 Highlights

- Total operating revenues in 4Q16 increased 37.6% to Ps. 1,848.9 million from the same quarter in 2015. Accumulated total operating revenues in 2016 rose 41.4% to Ps. 6,214.9 million compared to 2015.
- Capacity measures in available seat kilometers (ASKs) totaled 2,110.4 million, representing an increase of 42.7% from 4Q15. During 2016, capacity measures in available seat kilometers (ASKs) amounted to 7,591.0 million, representing an increase of 38.1% from 2015.
- Revenue per available seat kilometer (RASK) in 4Q16 amounted to Ps. 87.6 cents, down 3.6% from 4Q15. During 2016 the revenue per available seat kilometer (RASK) reached Ps. 81.9 cents, up 2.4% from 2015.
- Cost per available seat kilometer (CASK) was Ps. 89.6 cents, 19.3% above the Ps. 75.1 cents in 4Q15. In accumulated terms, the cost per available seat kilometer (CASK) in 2016 reached Ps. 73.1 cents, 3.5% above the Ps. 70.6 cents in 2015.
- EBITDAR in 4Q16 totaled Ps. 739.0 million, rising 17.3% from Ps. 630.1 million in 4Q15. EBITDAR margin in 4Q16 was 40.0%. During 2016 EBITDAR amounted to Ps. 2,598.7 million, increasing 59.7% from Ps. 1,627.1 million in 2015. Accumulated EBITDAR margin for 2016 was 41.8%.
- Net income in 4Q16 amounted to Ps. 182.6 million compared to Ps. 234.2 million in 4Q15. The net income margin in the quarter was 9.9%. Accumulated net income in 2016 rose 69.2% to Ps. 765.8 million compared to Ps. 452.7 million in 2015. The accumulated net income margin for 2015 was 12.3%.
- At the close of the fourth quarter of 2016, the balance of cash and cash equivalents was Ps. 2,496.1 million, compared to Ps. 1,800.5 million recorded at the close of the fourth quarter of 2015, representing an increase of 38.6%.

- During the 4Q16, Grupo Viva Aerobus added one new Airbus 320s to its fleet, closing the period with one of the most modern fleets in Mexico with 21 aircrafts, of which 19 are Airbus 320s and two are Airbus 320neo, completing its transition goal of becoming an operator with a single aircraft type. Grupo Viva Aerobus moves ahead in its fleet expansion and modernization program, which aims to be completed by 2002 with 52 aircrafts.

MESSAGE from the CEO of Grupo Viva Aerobus

In 2016 Viva Aerobus celebrated 10 years of service in Mexico, delivering its customers the best tariffs and most competitive prices in the market, while offering a reliable and high quality proposal at low costs. This year, we consolidated as a 100% Mexican owned company through Grupo IAMSА with the total acquisition of Irelandia Aviation's participation in Viva Aerobus.

Our priority, at Viva Aerobus, are our passengers. As a result, during the year we strengthened our commitment with a renewed effort focused on our clients and their needs. Our clients are and will be who will mark our future.

We implemented multiple novelties thinking of our traveler's comfort, such as given them more flexibility when it comes to changing a ticket, the possibility to have pre-assigned seats, guaranteed a responses to their queries, have a better a and faster web page, easier documentation and boarding procedures as well as personalized products.

At Viva we are always seeking to offer something else based on our customer-focused philosophy, we found better and greater distribution channels. We opened a Viva store in Villahermosa, a personalized Service exclusively for our clients. We joined Sabre's Global distribution System (GDS), a software that allows us to be closer to millions of peoples in Mexico and America. Additionally, we implemented a Reservations system, New Skies from Navitaire, which facilitates reservations and documentation.

We closed the year with 65 routes to 30 different destinations, inaugurating five new routes, while completing our fleet renovation program. In October we made our last flight with our Boeing 737-300 and we have become now an aircraft single-type fleet operator with 19 Airbus 320ceo and two Airbus 320neo. We have one of the newest and most modern fleets in the country, and in the following four years we will receive another 30 aircrafts. This modernization promotes operating efficiencies and improves our load factor capacity, which enables us to continue offering unbeatable tariffs.

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 December 31, 2016

(Million of Mexican pesos)

	4Q16	4Q15	Var. %	2016	2015	Var. %
ASKs (million)	2,110.4	1,479.0	42.7%	7,591.0	5,495.7	38.1%
RPKs (million)	1,833.1	1,206.0	52.0%	6,457.8	4,503.3	43.4%
Total passengers (thousand)	1,811.3	1,262.0	43.5%	6,373.6	4,762.0	33.8%
Load factor	86.9%	81.6%	5.3 pp	85.1%	81.9%	3.2 pp
RASK (cents)	87.6	90.8	-3.6%	81.9	80.0	2.4%
RASK adjusted*	69.0	88.2	-21.8%	81.9	77.4	5.8%
CASK (cents)	89.6	75.1	19.3%	73.1	70.6	3.5%
Cost per seat	894.4	708.2	26.3%	731.4	661.1	10.6%
CASK ex-fuel	67.9	56.8	19.4%	54.8	49.5	10.8%
CASK adjusted*	70.6	72.9	-3.2%	57.6	68.3	-15.6%
CASK adjusted* ex-fuel	53.5	55.2	-3.1%	43.2	47.9	-9.7%
Stage length (km)	998.4	942.7	5.9%	1,001.0	936.8	6.9%
Operating revenues (million)	1,848.9	1,343.2	37.6%	6,214.9	4,395.9	41.4%
Operating income (million)	- 41.7	232.5	NA	668.2	517.2	29.2%
Operating margin	-2.3%	17.3%	NA	10.8%	11.8%	(1.0) pp
EBITDAR (million)	739.0	630.1	17.3%	2,598.7	1,627.1	59.7%
EBITDAR margin	40.0%	46.9%	(6.9) pp	41.8%	37.0%	11.0 pp
PBT (million)	134.6	235.9	-43.0%	847.8	510.0	66.2%
PBT margin	7.3%	17.6%	(10.3) pp	13.6%	11.6%	2.0 pp
Net Income (million)	182.6	234.2	-22.0%	765.8	452.7	69.2%
Net income margin	9.9%	17.4%	(7.6) pp	12.3%	10.3%	2.0 pp

*CASK adjusted to 1,609 km.

Results summary

Revenues

(Ps. Million)	4Q16	4Q15	Var. %	2016	2015	Var. %
Passengers	979.6	725.3	35.1%	3,659.3	2,626.9	39.3%
Service charge and others	869.2	617.9	40.7%	2,555.6	1,769.0	44.5%
Total operating revenues	1,848.9	1,343.2	37.6%	6,214.9	4,395.9	41.4%

Operating revenues

Total operating revenues in 4Q16 increased 37.6%, to Ps. 1,848.0 million, of which 52.9% were passenger revenues at Ps. 979.6 million and the remaining 47.1% to service charge and others. Total accumulated operating revenues in 2016 rose 41.4% to Ps. 6,214.9 million, of which 58.8% were passenger revenues at Ps. 3,659.3 million and the remaining 41.2% to service charge and others. This is mainly related to the increase in capacity, passengers and rates.

Other revenues

Other revenues amounted to Ps. 869.2 million in 4Q16, increasing 40.7% from the same last year period at Ps. 617.9 million. Accumulated other revenues in 2016 totaled Ps. 2,555.6 million, rising 44.5% from 2015 registered at Ps. 1,769.0 million.



Expenses

(Ps. Million)	4Q16	4Q15	Var. %	2016	2015	Var. %
Total operating expenses	1,890.5	1,110.7	70.2%	5,546.8	3,878.7	43.0%

Total expenses

Total operating expenses in 4Q16 totaled Ps. 1,890.5 million, increasing 70.2% from Ps. 1,110.7 million recorded in the same last year period. This variation is related to the operating capacity as well as expenses related to the retirement of the B737-300 aircraft. Total accumulated operating expenses in 2016 amounted to Ps. 5,546.8 million, rising 43.0% from Ps. 3,878.7 million in 2015. This variation stems from the increase in operating capacity as well as other macroeconomic factors.

EBITDAR

(Ps. Million)	4Q16	4Q15	Var. %	2016	2015	Var. %
EBITDAR	739.0	630.1	17.3%	2,598.7	1,627.1	59.7%
EBITDAR margin %	40.0%	46.9%	6.9 pp	41.8%	37.0%	4.8 pp

At the close of 4Q16 EBITDAR amounted to Ps. 739.0 million, representing an increase of 17.3% when compared to Ps. 630.1 million in 4Q15. EBITDAR margin in 4Q16 was 40.0%. During 2016 EBITDAR reached Ps. 2,598.7 million, a substantial increment of 59.7% when compared to Ps. 1,627.1 million in 2015. EBITDAR margin in 2016 was 41.8%.

Net Income (Loss)

(Ps. Million)	4Q16	4Q15	Var. %	2016	2015	Var. %
Net income (loss)	182.6	234.2	-22.0%	765.8	452.7	69.2%

Net income margin	9.9%	17.4%	-7.6pp	12.3%	10.3%	2.0 pp
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Net income at the close of 4Q16 amounted to Ps. 182.6 million, 22.0% below the Ps. 234.2 million in 4Q15. This variation is mainly related to the increase in expenses due to the return of the aircraft mentioned above. The net income margin for the quarter was 9.9%. Accumulated net income in 2016 totaled Ps. 765.8 million, 69.2% above Ps. 452.7 million in 2015. This substantial increase is related to increase in capacity, tariffs, additional revenue and the load factor, but above all due to our renewed strategy of focusing on our customers. The accumulated net income margin in 2016 was 12.3%.

BALANCE SHEET

Assets

(Ps. Million)	Dec 2016	Dec 2015	Var. %
Current Assets	3,296.6	2,105.1	56.6%
Non-current Assets	3,102.6	2,333.2	33.0%
Total Assets	6,399.2	4,438.3	44.2%

Current Assets [Cash and cash equivalents, etc.]

At the close of December 31, 2016, the cash and cash equivalent balance increased 38.6% to Ps. 2,496.1 million, compared to Ps. 1,800.5 million at the close of December 31, 2015.

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

At the close of December 31, 2016, deposits in guarantee and pre-paid expenses increased 22.4% to Ps. 1,982.5 million, compared to Ps. 1,619.9 million at the close of 4Q15.



Liabilities

(Ps. Million)	Dec 2016	Dec 2015	Var. %
Short-term liabilities	2,622.4	2,320.5	13.0%
Long-term liabilities	1,955.7	1,187.4	64.7%
Total Liabilities	4,578.0	3,507.9	30.5%

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

Short-term loans and borrowing declined 49.1% between December 31, 2015 and December 31, 2016, declining from Ps. 832.7 million to Ps. 423.8 million.

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

The long-term liabilities rose 33.2% between December 31, 2015 and December 31, 2016, increasing from Ps. 1,060.6 million to Ps. 1,413.1 million. This increase mainly stems from the financing strategy implemented for the fleet acquisition.

Stockholders' equity

Total stockholders' equity increased 95.8% to Ps. 1,812.2 million at the close of December 31, 2016 compared to Ps. 930.3 million at the close of December 31, 2015.



FLEET

Operating Fleet

Aircraft	Dec 2016	Dec 2015	Var. %
Boeing 737-300	0	7	N.A.
Airbus 320	19	14	35.7%
Airbus 320neo	2	0	N.A.

At the close of December 31, 2016, Grupo VivaAerobus had a fleet of 21 aircraft, of which 19 are Airbus 320s and two are Airbus 320neo. The current fleet reflects the completion of its transition plan through which VivaAerobus has become an operator with a single type of aircraft.



Relevant Corporate Events

RELEVANT EVENT #1

On December 7th, Grupo Viva Aerobus named Gian Carlo Nucci as its new chief Executive Officer starting January 9, 2017. Nucci has had a successful professional careers, leading several operative and strategic roles domestically and internationally within Walmart de México, as well as a Vice President in the dining chain Vips, Vice President of Superama, Vice President of Sam's Club, Executive Vice President of Specialized Formats, General Operations Manager at Walmart de México, and Chairman and President of Walmart Chile.

Juan Carlos Zuazua continues in his role as Chief Executive Officer of Viva Aerobus, heading the operations of the airline and as part of the management group that reports to Gian Carlo Nucci.

RELEVANT EVENT #2

On December 8th, the Board of Directors at Viva Aerobus announced the signature of an agreement through which Grupo IAMSA (Inversionistas en Autotransportes Mexicanos SA de CV) bought Irelandia Aviation's interests in the company. Given that it was a private transaction, the financial details were not disclosed, but it included the sale of IAMSA's 25% stake in the Colombian airline Viva Colombia to Irelandia Aviation. Barclays served as exclusive financial advisor to Irelandia Aviation on the transaction.

With the completion of said transaction, Declan Ryan, managing partner of Irelandia Aviation, John Goode, senior partner of Irelandia Aviation, and Paula Doherty, Chief Financial Officer of Irelandia Aviation, have resigned to their positions at the Board of Directors.

RELEVANT EVENT #3

On December 15, Viva Aerobus and the Federal Consumer Bureau ((PROFECO) subscribed a collaboration agreement through which they are committed to promote actions that protect the rights of the consumers who use the carrier. The agreement includes the drafting and disclosure of a Consumer Rights' Act, which will seek through a video, alerting passengers of their rights as users of Viva Aerobus.



RELEVAN EVENT #4

On November 14, Viva Aerobus launched a new route between Guadalajara – Los Cabos, which will begin operations on April 6. Viva Aerobus continues expanding its connectivity with Guadalajara, one of its key operating hubs, adding to the current 17 routes that the city already offers.

RELEVAN EVENT #5

On October 4th, Viva Aerobus received its first A320neo. Viva Aerobus first became client of Airbus in 2013, signing a purchase order of 52 aircrafts of the A320 family –including 40 A320neo. Viva Aerobus' A320neo is equipped with Pure Power PW1100-JM engines made by Pratt & Whitney. The aircraft has an innovating cabin interior know as Space-Flex and can transport up to 186 passengers.



FINANCIAL STATEMENTS

Income Statement

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

Consolidated Statement of Comprehensive Income

Period ended December 31, 2016

(Million of Mexican pesos)

	4Q16	4Q15	Var. %	2016	2015	Var. %
Operating revenues:						
Passengers	979.6	725.3	35.1%	3,659.3	2,626.9	39.3%
Service charge and others	869.2	617.9	40.7%	2,555.6	1,769.0	44.5%
Total operating revenues	1,848.9	1,343.2	37.6%	6,214.9	4,395.9	41.4%
Operating expenses, excluding non trading items:						
Fuel	458.3	270.5	69.4%	1,386.1	1,160.2	19.5%
Maintenance	52.3	39.0	34.0%	258.0	181.4	42.2%
Rents	744.5	292.3	154.7%	1,819.0	836.3	117.5%
Other expenses, net	635.4	508.9	24.9%	2,083.7	1,700.8	22.5%
Total operating expenses, excluding non trading items	1,890.5	1,110.7	70.2%	5,546.8	3,878.7	43.0%
Operating income	-	41.7	NA	668.2	517.2	29.2%
Total interest income, net	176.2	3.4	5133.5%	179.6	-7.1	NA
Net income before taxes on profits	134.6	235.9	-43.0%	847.8	510.0	66.2%
Income taxes (expenses)	48.1	-1.7	NA	-82.0	-57.3	43.0%
Consolidated net and comprehensive profit	182.6	234.2	-22.0%	765.8	452.7	69.2%

Balance Sheet

Grupo Viva Aerobus, S.A. de C.V. and Subsidiaries
 Consolidated Statement of Financial Position
 Period ended December 31, 2016
 (Million of Mexican pesos)

	2016	2015	Var. %
Assets			
Current assets	3,296.6	2,105.1	56.6%
Cash and cash equivalents	2,496.1	1,800.5	38.6%
Accounts receivable and others	205.6	123.4	66.7%
Guarantee deposits and prepaid expenses	115.6	91.9	25.7%
Other current assets	479.3	89.4	436.4%
Non-current assets	3,102.6	2,333.2	33.0%
Guarantee deposits and prepaid expenses	1,982.5	1,619.9	22.4%
Other non-current assets	1,120.1	713.3	57.0%
Total Assets	6,399.2	4,438.3	44.2%
Liabilities and Stockholder's Equity			
Current liabilities	2,622.4	2,320.5	13.0%
Loans and borrowings	423.8	832.7	-49.1%
Air traffic liability	305.7	220.9	38.4%
Other short-term liabilities	1,892.9	1,266.9	49.4%
Long-term liabilities	1,955.7	1,187.4	64.7%
Loans and borrowings	1,413.1	1,060.6	33.2%
Other long-term liabilities	542.6	126.9	327.7%
Total liabilities	4,578.0	3,507.9	30.5%
Stockholders' equity			
Capital stock	552.2	552.2	0.0%
Other capital accounts	306.4	124.3	146.5%
Retained profits (loss)	962.7	253.9	279.2%
Total stockholders' equity	1,821.2	930.3	95.8%
Total liabilities and stockholders' equity	6,399.2	4,438.3	44.2%

Cash Flow Statement

Grupo Viva Aerobus, S.A. de C.V. and Subsidiaries
 Consolidated Statement of Cash Flow
 Period ended December 31, 2016
 (Million of Mexican pesos)

	4Q16	4Q15	Var. %	2016	2015	Var. %
Net cash from operating activities	415.7	354.7	17.2%	670.9	1134.6	-40.9%
Net cash used in investing activities	81.5	639.4	-87.3%	100.0	-506.2	NA
Net cash used in financing activities	432.2	-11.4	NA	-97.7	635.8	NA
Effects of exchange rate fluctuations on cash and cash equivalents	6.2	15.9	-60.9%	22.4	21.5	4.4%
Net increase in cash and cash equivalent	935.6	998.6	-6.3%	695.7	1285.6	-45.9%
Cash and cash equivalents at beginning of period	1,560.5	801.9	94.6%	1,800.5	514.9	249.7%
Cash and cash equivalents at end of period	2,496.1	1,800.5	38.6%	2,496.1	1,800.5	38.6%



Investor RELATIONS

Contacts

Juan Jorge Soto

Treasury Director and
Investor Relations

juan.soto@vivaerobus.com

+ 52 (55) 5955 5512

Carla Núñez

Investor Relations

ir@vivaerobus.com

+52 (55) 5955 5512

carla.nunez@vivaerobus.com

Lucia Domville

Grayling

Lucia.domville@grayling.com

+1 (646) 284-9416

Viva Aerobus

Insurgentes Norte 42, Mezzanine

Ciudad de México, C.P. 06400

México



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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