



Volaris Reports First Quarter 2017 Results: 19% Adjusted EBITDAR Margin

Mexico City, Mexico, April 20, 2017 – Volaris* (NYSE: VLRS and BMV: VOLAR), the ultra-low-cost airline serving Mexico, the United States and Central America, today announced its financial results for the first quarter 2017.

The following financial information, unless otherwise indicated, is presented in accordance with International Financial Reporting Standards (IFRS).

First Quarter 2017 Highlights

- Total operating revenues reached Ps.5,656 million for the first quarter, an increase of 9.1% year over year.
- Non-ticket revenues were Ps.1,631 million for the first quarter, an increase of 27.8% year over year. Non-ticket revenues per passenger for the first quarter were Ps.411, increasing 10.6% year over year.
- Total operating revenues per available seat mile (TRASM) were Ps.124.4 cents for the first quarter, a decrease of 6.6% year over year. This is partially explained by a seasonality effect from the shift of Holy and Easter weeks this year, taking place entirely in April.
- Operating expenses per available seat mile (CASM) were Ps.141.4 cents for the first quarter, an increase of 26.6% year over year; with an average economic fuel cost per gallon of Ps. 37.1, increasing 67.8% year-on-year, and an average exchange rate of Ps.20.4, a year-on-year increase of 13.2%.
- Adjusted EBITDAR was Ps.1,055 million for the first quarter, a decrease of 51.5% year over year. Adjusted EBITDAR margin was 18.7% for the first quarter, a decrease in margin of 23.3 percentage points.
- Operating loss was Ps.772 million for the first quarter, with an operating margin of -13.7%, equal to a year over year operating margin decrease of 29.8 percentage points.
- At the end of the first quarter, the Mexican peso appreciated 9.0% with respect to the end of period exchange rate of the previous quarter. The Company booked a foreign exchange loss of Ps.1,145 million as a consequence of our US dollar net monetary asset position. Net loss was Ps.1,361 million (Ps.1.34 per share / US\$0.71 per ADS) for the first quarter, with a net margin of -24.1%.
- Net cash flow provided by operating activities was Ps.469 million for the first quarter. As of March 31, 2017, cash and cash equivalents were Ps.6,839 million.

Volaris' CEO Enrique Beltranena commented: "During the first quarter, we faced a challenging market and geopolitical environment, with a tough seasonality comparison versus the previous year. However, Volaris responded by managing capacity and executing its ULCC model to continue stimulating market demand and adapt rapidly to these conditions. We remain cautiously optimistic of demand and thus we will continue prudently managing capacity based on market demand. Going forward, we believe that the Company's fundamentals remain strong and our solid financial position will enable us to execute our long-term growth plans."



Resilient Macroeconomics and Consumer Demand, Although Exchange Rate and Fuel Price Pressures

- Resilient macro and consumer demand: The macroeconomic indicators in Mexico continue to be solid, with same store sales increasing 4%¹ during March, remittances increasing 2%² in January and February and consumer confidence recovering strength towards the end of the quarter.
- Air traffic volume increase: The Mexican DGAC reported overall passenger volume growth for Mexican carriers of 15% year over year in January and February; domestic overall passenger volume increased 14%, while international overall passenger volume increased 19%.
- Exchange rate volatility: The Mexican peso depreciated 13.2% year over year against the US dollar, from an average exchange rate of Ps.18.0 pesos per US dollar in the first quarter 2016 to Ps.20.4 pesos per US dollar during the first quarter 2017.
- Higher fuel prices: The average economic fuel cost per gallon increased 67.8%, year over year, to Ps.37.1 per gallon (US\$2.0) in the first quarter 2017, year over year.

Strengthened ULCC Model with Further Non-Ticket Revenue Expansion

- **Passenger traffic stimulation:** Volaris booked 4.0 million passengers in the first quarter of 2017, up 15.6% year over year. Volaris traffic (measured in terms of revenue passenger miles, or RPMs) increased 14.4% for the same period. System load factor during the quarter decreased 1.8 percentage points year over year to 83.2%.
- **Pressured and seasonally weak unit revenue partially offset by managing capacity:** For the first quarter of 2017, yield decreased 9.9% with TRASM decreasing 6.6%, year over year, partially explained by a seasonality effect from the shift of Holy and Easter weeks this year. During the first quarter, in terms of ASMs, domestic capacity grew 12.8%, while international capacity increased 26.2%.
- **Non-ticket revenue growth:** Non-ticket revenues and non-ticket revenues per passenger increased 27.8% and 10.6% year over year for the first quarter of 2017, respectively. Non-ticket revenue generation continues to grow with new products such as the new combos offering for "more flexibility", "more baggage" and "more speed" appealing to particular customers' needs. Effective March 1st the Company began charging for the first checked bag in new bookings for flights to and from the US and Puerto Rico.
- **New routes:** In the first quarter 2017, Volaris began operations in six new international routes (Guadalajara – Miami, Guadalajara – Milwaukee, Mexico City – Houston, Mexico City – New York (JFK), Mexico City – Miami and San Jose, Costa Rica – San Salvador).

¹ Source: Asociación Nacional de Tiendas de Autoservicio y Departamentales, A. C. (ANTAD)

² Source: Banco de México (BANXICO)



Exchange Rate and Fuel Price Pressure

In the first quarter 2017, Volaris continued to experience pressure in US-dollar denominated costs, such as aircraft and engine rent expenses, international airport costs, and maintenance expenses due to the depreciation of the Mexican peso by 13.2%, year over year. CASM for the first quarter was Ps.141.4 cents, a 26.6% increase compared to the first quarter 2016, mainly driven by fuel price increase and foreign exchange rate pressures. However, at the end of the first quarter, the Mexican peso appreciated 9.0% with respect the end of previous quarter, leading to an exchange rate loss of Ps.1,145 million as result of our US dollar net monetary asset position.

Young and Fuel Efficient Fleet

During the first quarter 2017, the Company did not incorporate any additional aircraft and one aircraft was redelivered in March. As of March 31, 2017, Volaris fleet was composed of 68 aircraft (14 A319s, 44 A320s and 10 A321s), with an average age of 4.4 years. At the end of the first quarter 2017, Volaris' fleet had an average of 179 seats, 62% of which were in sharklet-equipped aircraft.

Solid Balance Sheet and Good Liquidity

Net cash flow provided by operating activities was Ps.469 million for the first quarter. As of March 31, 2017, cash and cash equivalents were Ps.6,839 million. Volaris registered negative net debt (or a positive net cash position) of Ps.4,804 million and total equity of Ps.9,222 million.

Active in Fuel Risk Management

Volaris remains active in its fuel risk management program. Volaris utilized call options to hedge 52% of its first quarter 2017 fuel consumption, at an average strike price of US \$1.64 per gallon, which combined with the 48% unhedged consumption, resulted in a blended average economic fuel cost of US\$2.0 per gallon.

Investors are urged to carefully read the Company's periodic reports filed with or furnished to the Securities and Exchange Commission, for additional information regarding the Company.



Conference Call/Webcast Details:

Presenters for the Company:	Mr. Enrique Beltranena, CEO Mr. Fernando Suárez, CFO
Date:	Thursday, April 20, 2017
Time:	10:00 am U.S. EDT (9:00 am Mexico City Time)
United States dial in (toll free):	1-800-311-9408
Mexico dial in (toll free):	0-1-800-847-7666
Brazil dial in (toll free):	0800-282-5781
International dial in:	+1-334-323-7224
Participant entry number:	83342
Webcast will be available on our website:	https://www.webcaster4.com/Webcast/Page/1174/20464

About Volaris:

*Controladora Vuela Compañía de Aviación, S.A.B. de C.V. ("Volaris" or the "Company") (NYSE: VLRS and BMV: VOLAR), is an ultra-low-cost carrier, with point-to-point operations, serving Mexico, the United States and Central America. Volaris offers low base fares to build its market, providing quality service and extensive customer choice. Since beginning operations in March 2006, Volaris has increased its routes from five to more than 164 and its fleet from four to 68 aircraft. Volaris offers more than 302 daily flight segments on routes that connect 40 cities in Mexico and 28 cities in the United States and Central America with the youngest fleet in Mexico. Volaris targets passengers who are visiting friends and relatives, cost-conscious business people and leisure travelers in Mexico and to select destinations in the United States and Central America. Volaris has received the ESR Award for Social Corporate Responsibility for seven consecutive years. For more information, please visit: www.volaris.com

Forward-looking Statements:

Statements in this release contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this release, the words "expects," "estimates," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook," "may," "will," "should," "seeks," "targets" and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe the Company's objectives, plans or goals, or actions the Company may take in the future, are forward-looking statements. Forward-looking statements include, without limitation, statements regarding the Company's intentions and expectations regarding the delivery schedule of aircraft on order, announced new service routes and customer savings programs. All forward-looking statements in this release are based upon information available to the Company on the date of this release. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements are subject to a number of factors that could cause the Company's actual results to differ materially from the Company's expectations, including the competitive environment in the airline industry; the Company's ability to keep costs low; changes in fuel costs; the impact of worldwide economic conditions on customer travel behavior; the Company's ability to generate non-ticket revenues; and government regulation. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings.

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Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Financial and Operating Indicators

Unaudited (In Mexican pesos, except otherwise indicated)	Three months ended March 31, 2017 (US Dollars)*	Three months ended March 31, 2017	Three months ended March 31, 2016	Variance (%)
Total operating revenues (millions)	301	5,656	5,182	9.1%
Total operating expenses (millions)	342	6,428	4,346	47.9%
EBIT (millions)	(41)	(772)	836	NA
EBIT margin	(13.7%)	(13.7%)	16.1%	(29.8) pp
Adjusted EBITDA (millions)	(34)	(644)	956	NA
Adjusted EBITDA margin	(11.4%)	(11.4%)	18.4%	(29.8) pp
Adjusted EBITDAR (millions)	56	1,055	2,175	(51.5%)
Adjusted EBITDAR margin	18.7%	18.7%	42.0%	(23.3) pp
Net (loss) income (millions)	(72)	(1,361)	602	NA
Net (loss) income margin	(24.1%)	(24.1%)	11.6%	(35.7) pp
Earnings per share:				
Basic (pesos)	(0.07)	(1.34)	0.59	NA
Diluted (pesos)	(0.07)	(1.34)	0.59	NA
Earnings per ADS:				
Basic (pesos)	(0.71)	(13.45)	5.95	NA
Diluted (pesos)	(0.71)	(13.45)	5.95	NA
Weighted average shares outstanding:				
Basic	-	1,011,876,677	1,011,876,677	0.0%
Diluted	-	1,011,876,677	1,011,876,677	0.0%
Available seat miles (ASMs) (millions) ⁽¹⁾	-	4,547	3,892	16.8%
Domestic	-	3,080	2,730	12.8%
International	-	1,467	1,162	26.2%
Revenue passenger miles (RPMs) (millions) ⁽¹⁾	-	3,784	3,306	14.4%
Domestic	-	2,597	2,317	12.1%
International	-	1,186	989	19.9%
Load factor ⁽²⁾	-	83.2%	85.0%	(1.8) pp
Domestic	-	84.3%	84.9%	(0.6) pp
International	-	80.9%	85.1%	(4.2) pp
Total operating revenue per ASM (TRASM) (cents) ⁽¹⁾	6.6	124.4	133.2	(6.6%)
Passenger revenue per ASM (RASM) (cents) ⁽¹⁾	4.7	88.5	100.4	(11.8%)
Passenger revenue per RPM (Yield) (cents) ⁽¹⁾	5.7	106.4	118.1	(9.9%)
Average fare ⁽²⁾	54	1,020	1,141	(10.7%)
Non-ticket revenue per passenger ⁽¹⁾	21.9	411	372	10.6%
Operating expenses per ASM (CASM) (cents) ⁽¹⁾	7.5	141.4	111.7	26.6%
Operating expenses per ASM (CASM) (US cents) ⁽¹⁾	-	7.5	6.4	17.1%
CASM ex fuel (cents) ⁽¹⁾	5.3	99.8	85.6	16.5%
CASM ex fuel (US cents) ⁽¹⁾	-	5.3	4.9	7.8%
Booked passengers (thousands) ⁽¹⁾	-	3,964	3,430	15.6%
Departures ⁽¹⁾	-	26,754	24,061	11.2%
Block hours ⁽¹⁾	-	71,802	64,868	10.7%
Fuel gallons consumed (millions)	-	51.0	45.8	11.3%
Average economic fuel cost per gallon	2.0	37.1	22.1	67.8%
Aircraft at end of period	-	68	59	15.3%
Average aircraft utilization (block hours)	-	12.4	13.1	(5.0%)
Average exchange rate	-	20.39	18.02	13.2%
End of period exchange rate	-	18.81	17.40	8.1%

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only

(1) Includes schedule + charter (2) Includes schedule

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Operations

Unaudited (In millions of Mexican pesos)	Three months ended March 31, 2017 (US Dollars)*	Three months ended March 31, 2017	Three months ended March 31, 2016	Variance (%)
Operating revenues:				
Passenger	214	4,025	3,906	3.1%
Non-ticket	87	1,631	1,276	27.8%
	301	5,656	5,182	9.1%
Other operating income	-	(1)	(195)	(99.7%)
Fuel	101	1,892	1,013	86.7%
Aircraft and engine rent expense	90	1,699	1,219	39.3%
Landing, take-off and navigation expenses	55	1,035	791	30.9%
Salaries and benefits	37	696	564	23.4%
Sales, marketing and distribution expenses	19	358	295	21.2%
Maintenance expenses	19	351	340	3.4%
Other operating expenses	14	269	200	34.9%
Depreciation and amortization	7	128	120	7.0%
Operating expenses	342	6,428	4,346	47.9%
Operating (loss) income	(41)	(772)	836	NA
Finance income	1	21	34	(37.9%)
Finance cost	(1)	(21)	(7)	>100%
Exchange (loss) gain, net	(61)	(1,145)	9	NA
Comprehensive financing result	(61)	(1,144)	37	NA
(Loss) income before income tax	(102)	(1,916)	872	NA
Income tax benefit (expense)	30	556	(270)	NA
Net (loss) income	(72)	(1,361)	602	NA

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Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Adjusted EBITDAR Reconciliation

The Company is providing a reconciliation of GAAP financial information to non-GAAP financial information as it believes that non-GAAP financial measures provide management and investors the ability to measure the performance of the Company on a consistent basis. These non-GAAP financial measures have limitations as an analytical tool.

Unaudited (In millions of Mexican pesos)	Three months ended March 31, 2017 (US Dollars)*	Three months ended March 31, 2017	Three months ended March 31, 2016	Variance (%)
Reconciliation:				
Net (loss) income	(72)	(1,361)	602	NA
Plus (minus):				
Finance cost	1	21	7	>100%
Finance income	(1)	(21)	(34)	(37.9%)
Provision for income tax	(30)	(556)	270	NA
Depreciation and amortization	7	128	120	7.0%
EBITDA	(95)	(1,789)	965	NA
Exchange loss (gain), net	61	1,145	(9)	NA
Adjusted EBITDA	(34)	(644)	956	NA
Aircraft and engine rent expense	90	1,699	1,219	39.3%
Adjusted EBITDAR	56	1,055	2,175	(51.5%)

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Financial Position

(In millions of Mexican pesos)	March 31, 2017 Unaudited (US Dollars)*	March 31, 2017 Unaudited	December 31, 2016 Audited
Assets			
Cash and cash equivalents	364	6,839	7,071
Accounts receivable	53	1,006	963
Inventories	13	249	244
Prepaid expenses and other current assets	78	1,460	1,563
Financial instruments	17	324	544
Guarantee deposits	57	1,067	1,167
Total current assets	582	10,945	11,551
Rotable spare parts, furniture and equipment, net	146	2,751	2,525
Intangible assets, net	6	119	114
Financial instruments	9	174	324
Deferred income taxes	31	577	559
Guarantee deposits	319	5,992	6,560
Other assets	7	141	148
Total non-current assets	519	9,753	10,231
Total assets	1,100	20,698	21,782
Liabilities			
Unearned transportation revenue	159	2,987	2,154
Accounts payable	53	999	927
Accrued liabilities	95	1,783	1,785
Other taxes and fees payable	92	1,730	1,476
Income taxes payable	2	33	196
Financial instruments	-	2	14
Financial debt	61	1,150	1,051
Other liabilities	21	391	284
Total short-term liabilities	482	9,075	7,888
Financial debt	47	885	943
Accrued liabilities	8	145	170
Other liabilities	8	145	137
Employee benefits	1	14	13
Deferred income taxes	64	1,212	1,837
Total long-term liabilities	128	2,401	3,100
Total liabilities	610	11,476	10,988
Equity			
Capital stock	158	2,974	2,974
Treasury shares	(4)	(83)	(83)
Contributions for future capital increases	-	-	-
Legal reserve	2	38	38
Additional paid-in capital	96	1,803	1,801
Retained earnings	243	4,567	5,928
Accumulated other comprehensive losses	(4)	(76)	137
Total equity	490	9,222	10,794
Total liabilities and equity	1,100	20,698	21,782
Total shares outstanding fully diluted		1,011,876,677	1,011,876,677

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only



Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Cash Flows – Cash Flow Data Summary

Unaudited (In millions of Mexican pesos)	Three months ended March 31, 2017 (US Dollars)*	Three months ended March 31, 2017	Three months ended March 31, 2016
Net cash flow provided by operating activities	25	469	1,329
Net cash flow (used in) provided by investing activities	(18)	(342)	435
Net cash flow provided by (used in) financing activities	9	174	(549)
Increase in cash and cash equivalents	16	300	1,216
Net foreign exchange differences	(28)	(533)	(7)
Cash and cash equivalents at beginning of period	376	7,071	5,157
Cash and cash equivalents at end of period	364	6,839	6,366

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only