



Volaris Reports Fourth Quarter 2019 Results: 20.2% Operating Margin, up 10.4 percentage points and 7.2% TRASM Increase year over year

Mexico City, Mexico, February 25, 2020 – Volaris* (NYSE: VLRS and BMV: VOLAR), the ultra-low-cost airline serving Mexico, the United States and Central America, today announces its financial results for the fourth quarter 2019.

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

Fourth Quarter 2019 Highlights

- Total operating revenues were Ps.9,729 million for the fourth quarter, an increase of 23.0% year over year.
- Total ancillary revenues were Ps.3,195 million for the fourth quarter, an increase of 25.8% year over year. Total ancillary revenues per passenger for the fourth quarter reached Ps.557, an increase of 8.8% year over year. Total ancillary revenues represented 32.8% of total operating revenues for the fourth quarter 2019, increasing 0.7 percentage points with respect to the same period of last year.
- Total operating revenues per available seat mile (TRASM) were Ps.155.0 cents for the fourth quarter, an increase of 7.2% year over year.
- Operating expenses per available seat mile (CASM) were Ps.123.5 cents for the fourth quarter, a decrease of 5.3% year over year; with an average economic fuel cost per gallon of Ps.45.8 for the fourth quarter, a decrease of 6.8% year over year.
- Operating expenses per available seat mile excluding fuel, (CASM ex fuel) reached Ps.76.0 cents for the fourth quarter, a decrease of 2.1% year over year.
- Operating income was Ps.1,967 million for the fourth quarter, a significant increase compared with the operating income of Ps.776 million for the same period of last year. Operating margin for the fourth quarter was 20.2%, an improvement in margin of 10.4 percentage points year over year.
- Net income was Ps.1,287 million (Ps.1.27 per share / U.S.\$0.68 per ADS), for a net margin of 13.2% for the fourth quarter.
- At the close of the fourth quarter, the Mexican peso appreciated 4.0% against the U.S. dollar with respect to the exchange rate at the close of the previous quarter (Ps.19.64 per U.S. dollar). The Company booked a foreign exchange gain of Ps.456 million derived from our U.S. dollar net monetary liability position, mainly as result of the adoption of IFRS16.



- During the fourth quarter of 2019, the net cash flow generated by operating activities were Ps.2,228 million. The net cash flow used in investing activities reached Ps.823 million. The net cash flow used in financing activities were Ps.960 million, which included Ps.1,713 million of aircraft rental payments. The negative net foreign exchange difference was Ps.275 million, thus having a net increase of cash and cash equivalents in the fourth quarter of Ps.170 million. As of December 31, 2019, cash and cash equivalents were Ps.7,980 million.

Stable Macroeconomics and Domestic Consumer Demand, with Peso Appreciation and Fuel Price Reduction

- **Stable macroeconomics and domestic consumer demand:** The macroeconomic indicators in Mexico were stable, increasing during the months of October and November in same store sales^[1] 3.9% year over year. During the fourth quarter remittances^[2] increased 1.5% year over year, and the Mexican Consumer Confidence Balance Indicator (BCC)^[3] increased 2.0% year over year.
- **Air traffic volume increase:** The Mexican Federal Civil Aviation Agency reported an overall passenger volume growth for Mexican carriers during the fourth quarter of 2019 of 7.6% year over year. The domestic overall passenger volume increased 8.1%, while the international overall passenger volume increased 4.2%.
- **Peso appreciation:** The Mexican peso appreciated 2.8% against the U.S. dollar year over year, from an average exchange rate of Ps.19.83 per U.S. dollar in the fourth quarter of 2018 to Ps.19.28 per U.S. dollar during the fourth quarter of 2019. At the end of the fourth quarter of 2019, the Mexican peso appreciated 4.3% with respect to the exchange rate at the end of the same period of the last year. The Company booked a foreign exchange gain of Ps.456 million derived from our U.S. dollar net monetary liability position, mainly as result of the adoption of IFRS16.
- **Fuel price reduction:** The average economic fuel cost per gallon decreased 6.8% in the fourth quarter of 2019, year over year, reaching Ps.45.8 per gallon (U.S.\$2.4).

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

^[2] Source: *Banco de México (BANXICO)*

^[3] Source: *Instituto Nacional de Estadística y Geografía (INEGI)*



Passenger Traffic Stimulation, Further Ancillary Revenue Expansion, and Positive TRASM Growth

- **Passenger traffic stimulation:** Volaris booked 5.7 million passengers in the fourth quarter of 2019, an increase of 15.6% year over year. Volaris traffic (measured in terms of revenue passenger miles, or RPMs) increased 16.7% year over year. System load factor during the fourth quarter increased 1.1 percentage points year over year, reaching 87.6%.
- **Total ancillary revenue growth:** For the fourth quarter of 2019, total ancillary revenue increased 25.8% year over year. Total ancillary revenue per passenger in the fourth quarter of 2019 increased 8.8% year over year. The total ancillary revenue generation continues to grow with new and mature products, appealing to customers' needs, representing 32.8% of total operating revenue of the fourth quarter, an increase of 0.7 percentage points year over year.
- **Positive TRASM growth:** For the fourth quarter of 2019, TRASM increased 7.2% year over year. During the fourth quarter of 2019, the total capacity, in terms of ASMs, increased 15.1% year over year.
- **New routes:** During the fourth quarter of 2019, Volaris began operations in four new domestic routes and one new international route. In the domestic market: 1) Monterrey, Nuevo Leon to Oaxaca, Oaxaca; 2) Monterrey, Nuevo Leon to Los Cabos, Baja California; 3) Tijuana, Baja California to Tapachula, Chiapas; and 4) Mazatlan, Sinaloa to Monterrey, Nuevo Leon. On the international market: Leon, Guanajuato to Fresno, California. Additionally, Volaris launched for sale five international routes: 1) Leon, Guanajuato to Dallas Texas; 2) Leon, Guanajuato to Las Vegas, Nevada; 3) Leon Guanajuato to Chicago, Illinois; 4) Zacatecas, Zacatecas to Dallas, Texas; and 5) Cancun, Quintana Roo to Los Angeles California.

Total Unit Cost Reduction, with Peso Appreciation and Fuel Price Reduction

- CASM and CASM ex fuel in the fourth quarter of 2019 reached Ps.123.5 (U.S.\$6.40 cents) and Ps.76.0 cents (U.S.\$3.94), respectively. This represented a decrease of 5.3% and 2.1%, respectively, year over year; mainly driven by cost control discipline, the average exchange rate appreciation of the Mexican peso against the U.S. dollar of 2.8%, and the average economic fuel cost per gallon decreased 6.8%.



Young and Fuel-Efficient Consumption Fleet

- During the fourth quarter of 2019, the Company incorporated two aircraft (one A320 neo and one A321 neo) to its fleet. As of December 31, 2019, Volaris' fleet was composed of 82 aircraft (8 A319s, 58 A320s and 16 A321s), with an average age of 5.0 years. At the end of the fourth quarter of 2019, Volaris' fleet had an average of 186 seats per aircraft, 77% of our aircraft were sharklet-equipped, and 28% were NEO.

Solid Balance Sheet and Good Liquidity

- During the fourth quarter of 2019, the net cash flow generated by operating activities were Ps.2,228 million. The net cash flow used in investing activities reached Ps.823 million. The net cash flow used in financing activities were Ps.960 million, which included Ps.1,713 million of aircraft rental payments. The negative net foreign exchange difference was Ps.275 million, thus having a net increase of cash and cash equivalents in the fourth quarter of Ps.170 million. As of December 31, 2019, cash and cash equivalents were Ps.7,980 million, representing 23.0% of last twelve months of the operating revenue. Volaris registered a negative net debt (or a positive net cash position) of Ps.3,004 million (excluding lease liability recognized under the IFRS16 adoption) and total equity of Ps.5,450 million.

Transition to IFRS 16

- The Company adopted IFRS 16 as of January 1, 2019, using the full retrospective method. The cumulative effect of adopting IFRS 16 has been recognized as an adjustment to the opening balance as of January 1, 2017 as an increase in assets and liabilities and an adjustment in the retained earnings.

The unaudited figures of this adoption are presented as follows:

Consolidated Statements of Financial Position

	As of January 1 st , 2017	As of December 31, 2017	As of December 31, 2018
Assets			
Property, plant and equipment (Right-of-use-assets)	Ps. 23,713,036	Ps. 25,084,329	Ps. 31,994,579
Deferred income tax	2,999,021	2,603,243	2,718,850
Prepaid expenses	(266,959)	-	-
Liabilities			
Lease liabilities	Ps. 32,711,793	Ps. 32,523,704	Ps. 39,565,146
Other liabilities	929,431	1,159,594	1,400,371
Deferred income tax	20,564	23,548	27,568
Equity			
Retained Earnings	Ps. 7,216,690	Ps. 6,019,274	Ps. 6,279,656



Consolidated Statements of Operations

	For the year ended December 31, 2017	For the year ended December 31, 2018
Depreciation expense	Ps. 3,526,128	Ps. 4,128,328
Operating lease expense	(4,807,379)	(5,543,655)
Operating income	(1,281,251)	(1,415,327)
Financial costs	1,428,924	1,755,978
Foreign exchange (gain) loss	(1,476,890)	31,315
Income tax expense (benefit)	392,795	(111,587)
Net (income) loss	Ps. (936,422)	Ps. 260,379

- This quarterly earnings release includes supplemental information for comparable purposes, with the recast and unaudited adjusted 2018 figures, including the IFRS 16 adoption effects describe above. These figures were derived from unaudited financial statements included in the quarterly reports on Form 6-K reported during the year ended as of December 31, 2018.
- Starting on March 25th and during 2019, the Company established hedges on its USD denominated revenues, through a non-derivative financial instrument, using the lease liabilities denominated in USD as a hedge instrument. These hedging's relationships were designated as a cash flow hedge of forecasted revenues to mitigate the volatility of the foreign exchange variation arising from the revaluation of its lease liabilities. During 2019, the impacts of these hedges for the fourth quarter and year to date were Ps.33 million and Ps.73 million, respectively, which has been presented as part of the total operating revenue.
- Additionally, also starting on March 25th and during 2019, the Company established hedges on a portion of its forecasted fuel expense, through a non-derivative financial instrument, using as a hedge instrument a portion of its USD denominated monetary assets. These hedging's relationships were designated as a cash flow hedge of forecasted fuel expense to mitigate the volatility of the foreign exchange variation arising from the revaluation of this portion of USD denominated monetary asset. During 2019, the impacts of these hedges for the fourth quarter and year to date were Ps.17 million and Ps.57 million, respectively, which has been presented as part of the total fuel expense.

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, President & CEO
Mr. Holger Blankenstein, Airline EVP
Ms. Sonia Jerez Burdeus, VP & CFO

Date: Wednesday, February 26, 2020

Time: 10:00 am U.S. EDT (9:00 am Mexico City Time)

United States dial in (toll free): 1-877-830-2576

Mexico dial in (toll free): 001-800-514-6145

Brazil dial in (toll free): 0-800-891-6744

International dial in: + 1-785-424-1726

Participant passcode: VOLARIS

Webcast will be available at: <https://services.choruscall.com/links/vlrs2002248AUE8lsj.html>

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 the beginning of operations in March 2006, Volaris has increased its routes from five to more than 187 and its fleet from four to 82 aircraft. Volaris offers more than 400 daily flight segments on routes that connect 40 cities in Mexico and 25 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 and leisure travelers in Mexico, the United States and Central America. Volaris has received the ESR Award for Social Corporate Responsibility for ten 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, beliefs or projections concerning future events and financial trends affecting the financial condition of our business. When used in this release, the words "expects," "intends," "estimates," "predicts," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "potential," "outlook," "may," "continue," "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. Forward-looking statements should not be read as a guarantee or assurance of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. 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. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date of this release. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Investor Relations Contact:

Maria Elena Rodríguez & Andrea González / Investor Relations / ir@volaris.com / +52 55 5261 6444

Media Contact:

Gabriela Fernández / volaris@gcya.net / +52 55 5246 0100

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 December 31, 2019 (US Dollars)*	Three months ended December 31, 2019	Three months ended December 31, 2018	Variance (%)
Total operating revenues (millions)	516	9,729	7,909	23.0%
Total operating expenses (millions)	412	7,762	7,133	8.8%
EBIT (millions)	104	1,967	776	>100%
EBIT margin	20.2%	20.2%	9.8%	10.4 pp
Depreciation and amortization	76	1,439	1,257	14.5%
Aircraft and engine rent expense	8	142	100	42.4%
Net income (loss) (millions)	68	1,287	(610)	NA
Net income (loss) margin	13.2%	13.2%	(7.7%)	20.9 pp
Income (loss) per share:				
Basic (pesos)	0.07	1.27	(0.60)	NA
Diluted (pesos)	0.07	1.27	(0.60)	NA
Income (loss) per ADS:				
Basic (pesos)	0.68	12.72	(6.02)	NA
Diluted (pesos)	0.68	12.72	(6.02)	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⁾	-	6,300	5,472	15.1%
Domestic	-	4,343	3,832	13.3%
International	-	1,957	1,640	19.4%
Revenue passenger miles (RPMs) (millions) ⁽¹⁾	-	5,521	4,731	16.7%
Domestic	-	3,888	3,429	13.4%
International	-	1,633	1,303	25.4%
Load factor ⁽²⁾	-	87.6%	86.5%	1.1 pp
Domestic	-	89.5%	89.5%	0.0 pp
International	-	83.5%	79.4%	4.1 pp
Total operating revenue per ASM (TRASM) (cents) ^{(1) (5)}	8.2	155.0	144.5	7.2%
Total ancillary revenue per passenger ^{(4) (5)}	29.5	557	512	8.8%
Total operating revenue per passenger ⁽⁵⁾	90.3	1,701	1,594	6.8%
Operating expenses per ASM (CASM) (cents) ^{(1) (5)}	6.55	123.5	130.3	(5.3%)
Operating expenses per ASM (CASM) (US cents) ^{(3) (5)}	-	6.40	6.57	(2.6%)
CASM ex fuel (cents) ^{(1) (5)}	4.03	76.0	77.6	(2.1%)
CASM ex fuel (US cents) ^{(3) (5)}	-	3.94	3.92	0.7%
Booked passengers (thousands) ⁽¹⁾	-	5,738	4,963	15.6%
Departures ⁽¹⁾	-	35,261	30,844	14.3%
Block hours ⁽¹⁾	-	89,714	84,569	6.1%
Fuel gallons consumed (millions)	-	65.2	58.7	11.1%
Average economic fuel cost per gallon ⁽⁵⁾	2.4	45.8	49.1	(6.8%)
Aircraft at end of period	-	82	77	6.5%
Average aircraft utilization (block hours)	-	12.8	13.1	(2.6%)
Average exchange rate	-	19.28	19.83	(2.8%)
End of period exchange rate	-	18.85	19.68	(4.3%)

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

⁽¹⁾ Includes schedule and charter

⁽²⁾ Includes schedule

⁽⁵⁾ Excludes non-derivatives financial instruments

⁽³⁾ Dollar amounts were converted at average exchange rate of each period

⁽⁴⁾ Includes "Other passenger revenues" and "Non-passenger revenues"

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

Unaudited (In Mexican pesos, except otherwise indicated)	Twelve months ended December 31, 2019 (US Dollars)*	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018	Variance (%)
Total operating revenues (millions)	1,844	34,753	27,305	27.3%
Total operating expenses (millions)	1,613	30,397	26,770	13.5%
EBIT (millions)	231	4,355	535	>100%
EBIT margin	12.5%	12.5%	2.0%	10.5 pp
Depreciation and amortization	288	5,429	4,629	17.3%
Aircraft and engine rent expense	48	911	871	4.5%
Net income (loss) (millions)	140	2,639	(943)	NA
Net income (loss) margin	7.6%	7.6%	(3.5%)	11.1 pp
Income (loss) per share:				
Basic (pesos)	0.14	2.61	(0.93)	NA
Diluted (pesos)	0.14	2.61	(0.93)	NA
Income (loss) per ADS:				
Basic (pesos)	1.38	26.08	(9.32)	NA
Diluted (pesos)	1.38	26.08	(9.32)	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⁾	-	24,499	21,010	16.6%
Domestic	-	16,891	14,519	16.3%
International	-	7,607	6,490	17.2%
Revenue passenger miles (RPMs) (millions) ⁽¹⁾	-	21,032	17,748	18.5%
Domestic	-	14,871	12,655	17.5%
International	-	6,162	5,093	21.0%
Load factor ⁽²⁾	-	85.9%	84.5%	1.4 pp
Domestic	-	88.0%	87.2%	0.8 pp
International	-	81.0%	78.5%	2.5 pp
Total operating revenue per ASM (TRASM) (cents) ^{(1) (5)}	7.5	142.2	130.0	9.4%
Total ancillary revenue per passenger ^{(4) (5)}	28.2	532	479	11.0%
Total operating revenue per passenger ⁽⁵⁾	84.1	1,585	1,484	6.8%
Operating expenses per ASM (CASM) (cents) ^{(1) (5)}	6.60	124.3	127.4	(2.4%)
Operating expenses per ASM (CASM) (US cents) ^{(3) (5)}	-	6.45	6.62	(2.6%)
CASM ex fuel (cents) ^{(1) (5)}	4.07	76.6	79.2	(3.2%)
CASM ex fuel (US cents) ^{(3) (5)}	-	3.98	4.12	(3.4%)
Booked passengers (thousands) ⁽¹⁾	-	21,975	18,396	19.5%
Departures ⁽¹⁾	-	138,084	117,920	17.1%
Block hours ⁽¹⁾	-	350,572	322,054	8.9%
Fuel gallons consumed (millions)	-	251.8	227.4	10.7%
Average economic fuel cost per gallon ⁽⁵⁾	2.5	46.4	44.6	4.1%
Aircraft at end of period	-	82	77	6.5%
Average aircraft utilization (block hours)	-	12.9	13.2	(2.0%)
Average exchange rate	-	19.26	19.24	0.1%
End of period exchange rate	-	18.85	19.68	(4.3%)

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

⁽¹⁾ Includes schedule and charter

⁽²⁾ Includes schedule

⁽⁵⁾ Excludes non-derivatives financial instruments

⁽³⁾ Dollar amounts were converted at average exchange rate of each period

⁽⁴⁾ Includes "Other passenger revenues" and "Non-passenger revenues"

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 December 31, 2019 (US Dollars) *	Three months ended December 31, 2019	Three months ended December 31, 2018	Variance (%)
Operating revenues:				
Passenger revenues	500	9,414	7,643	23.2%
Fare revenues	349	6,568	5,370	22.3%
Other passenger revenues ⁽¹⁾	151	2,846	2,273	25.2%
Non-passenger revenues	19	349	265	31.5%
Other non-passenger revenues ⁽¹⁾	15	285	194	46.7%
Cargo	3	64	71	(10.2%)
Non-derivatives financial instruments	(2)	(33)	-	NA
Total operating revenues	516	9,729	7,909	23.0%
Other operating income	(3)	(63)	(147)	(57.1%)
Total fuel expense, net ⁽²⁾	158	2,972	2,885	3.0%
Depreciation and amortization	76	1,439	1,257	14.5%
Landing, take-off and navigation expenses	73	1,384	1,156	19.8%
Salaries and benefits	51	953	795	19.8%
Maintenance expenses	19	360	387	(6.9%)
Sales, marketing and distribution expenses	22	409	422	(3.1%)
Aircraft and engine rent expense	8	142	100	42.4%
Other operating expenses	9	165	278	(40.7%)
Operating expenses	412	7,762	7,133	8.8%
Operating income	104	1,967	776	>100%
Finance income	3	55	44	24.1%
Finance cost	(36)	(675)	(496)	36.2%
Exchange gain (loss), net	24	456	(1,137)	NA
Comprehensive financing result	(9)	(164)	(1,588)	(89.6%)
Income (loss) before income tax	96	1,803	(812)	NA
Income tax (expense) benefit	(27)	(516)	203	NA
Net income (loss)	68	1,287	(610)	NA

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

⁽¹⁾ 4Q 2018 figures include a reclassification from "Other non-passenger revenues" to "Other passenger revenues" of Ps.54 million, as result of the IFRS 15 adoption

⁽²⁾ 4Q 2019 figures include a benefit from non-derivatives financial instruments by an amount of Ps.17 million

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

Unaudited (In millions of Mexican pesos)	Twelve months ended December 31, 2019 (US Dollars) *	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018	Variance (%)
Operating revenues:				
Passenger revenues	1,788	33,699	26,380	27.7%
Fare revenues	1,227	23,130	18,488	25.1%
Other passenger revenues ⁽¹⁾	561	10,569	7,892	33.9%
Non-passenger revenues	60	1,126	925	21.8%
Other non-passenger revenues ⁽¹⁾	48	898	697	28.7%
Cargo	12	229	227	0.6%
Non-derivatives financial instruments	(4)	(73)	-	NA
Total operating revenues	1,844	34,753	27,305	27.3%
Other operating income	(17)	(327)	(622)	(47.4%)
Total fuel expense, net ⁽²⁾	617	11,626	10,135	14.7%
Depreciation and amortization	288	5,429	4,629	17.3%
Landing, take-off and navigation expenses	271	5,108	4,573	11.7%
Salaries and benefits	191	3,601	3,125	15.2%
Maintenance expenses	79	1,488	1,498	(0.6%)
Sales, marketing and distribution expenses	77	1,448	1,501	(3.6%)
Aircraft and engine rent expense	48	911	871	4.5%
Other operating expenses	59	1,113	1,059	5.1%
Operating expenses	1,613	30,397	26,770	13.5%
Operating income	231	4,355	535	>100%
Finance income	11	208	153	36.2%
Finance cost	(120)	(2,270)	(1,876)	21.0%
Exchange gain (loss), net	76	1,441	(104)	NA
Comprehensive financing result	(33)	(622)	(1,827)	(66.0%)
Income (loss) before income tax	198	3,734	(1,293)	NA
Income tax (expense) benefit	(58)	(1,095)	350	NA
Net income (loss)	140	2,639	(943)	NA

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

⁽¹⁾ December YTD 2018 figures include a reclassification from "Other non-passenger revenues" to "Other passenger revenues" of Ps.271 million, as result of the IFRS 15 adoption

⁽²⁾ December YTD 2019 figures include a benefit from non-derivatives financial instruments by an amount of Ps.57 million

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries Reconciliation of total ancillary revenue per passenger

The following table shows quarterly additional detail about the components of total ancillary revenue:

Unaudited (In millions of Mexican pesos)	Three months ended December 31, 2019 (US Dollars)*	Three months ended December 31, 2019	Three months ended December 31, 2018	Variance (%)
Other passenger revenues ⁽¹⁾	151	2,846	2,273	25.2%
Non-passenger revenues ⁽¹⁾	19	349	265	31.5%
Total ancillary revenues	170	3,195	2,539	25.8%
Booked passengers (thousands)	-	5,738	4,963	15.6%
Total ancillary revenue per passenger	29.5	557	512	8.8%

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

⁽¹⁾ 4Q 2018 figures include a reclassification from "Other non-passenger revenues" to "Other passenger revenues" of Ps.54 million, as result of the IFRS 15 adoption

The following table shows the December YTD additional detail about the components of total ancillary revenue:

Unaudited (In millions of Mexican pesos)	Twelve months ended December 31, 2019 (US Dollars)*	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018	Variance (%)
Other passenger revenues ⁽¹⁾	561	10,569	7,892	33.9%
Non-passenger revenues ⁽¹⁾	60	1,126	925	21.8%
Total ancillary revenues	621	11,696	8,817	32.6%
Booked passengers (thousands)	-	21,975	18,396	19.5%
Total ancillary revenue per passenger	28.2	532	479	11.0%

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

⁽¹⁾ December YTD 2018 figures include a reclassification from "Other non-passenger revenues" to "Other passenger revenues" of Ps.271 million, as result of the IFRS 15 adoption

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

(In millions of Mexican pesos)	December 31, 2019		
	Unaudited (US Dollars)*	December 31, 2019 Unaudited	December 31, 2018 Unaudited
Assets			
Cash and cash equivalents	423	7,980	5,863
Accounts receivable	123	2,320	1,467
Inventories	16	302	297
Prepaid expenses and other current assets	41	781	443
Financial instruments	7	134	62
Guarantee deposits	32	600	791
Total current assets	643	12,117	8,923
Rotable spare parts, furniture and equipment, net	392	7,385	5,782
Right of use assets	1,814	34,190	31,995
Intangible assets, net	9	167	179
Financial instruments	-	3	-
Deferred income taxes	78	1,462	3,312
Guarantee deposits	406	7,644	6,337
Other assets	9	166	155
Other accounts receivable	7	141	74
Total non-current assets	2,715	51,160	47,834
Total assets	3,358	63,277	56,757
Liabilities			
Unearned transportation revenue	195	3,680	2,439
Accounts payable	88	1,656	1,103
Accrued liabilities	136	2,557	2,318
Lease liabilities	250	4,721	4,976
Other taxes and fees payable	112	2,102	1,932
Income taxes payable	7	141	4
Financial instruments	-	-	123
Financial debt	111	2,086	1,212
Other liabilities	22	407	26
Deferred income taxes	-	-	28
Total short-term liabilities	921	17,349	14,161
Financial debt	153	2,890	2,311
Accrued liabilities	7	128	137
Lease liabilities	1,900	35,797	34,589
Other liabilities	78	1,470	1,820
Employee benefits	2	38	18
Deferred income taxes	8	156	1,095
Total long-term liabilities	2,148	40,478	39,971
Total liabilities	3,069	57,827	54,132
Equity			
Capital stock	158	2,974	2,974
Treasury shares	(9)	(167)	(123)
Contributions for future capital increases	-	-	-
Legal reserve	15	291	291
Additional paid-in capital	100	1,877	1,837
Retained earnings (losses)	19	358	(2,281)
Accumulated other comprehensive income (losses) ⁽¹⁾	6	116	(73)
Total equity	289	5,450	2,625
Total liabilities and equity	3,358	63,277	56,757
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

⁽¹⁾ As of December 31, 2019, the figures include a negative foreign exchange effect of Ps.14 million related to non-derivatives financial instruments



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 December 31, 2019 (US Dollars)*	Three months ended December 31, 2019	Three months ended December 31, 2018
Net cash flow generated by operating activities	118	2,228	1,693
Net cash flow used in investing activities	(44)	(823)	(748)
Net cash flow used in financing activities**	(51)	(960)	(1,440)
Increase (decrease) in cash and cash equivalents	24	445	(495)
Net foreign exchange differences	(15)	(275)	277
Cash and cash equivalents at beginning of period	414	7,810	6,082
Cash and cash equivalents at end of period	423	7,980	5,863

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

**Includes aircraft rental payments of Ps.1,713 million and Ps.1,591 million for the three months ended period December 31, 2019 and 2018, respectively

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)	Twelve months ended December 31, 2019 (US Dollars)*	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Net cash flow generated by operating activities	502	9,469	6,277
Net cash flow used in investing activities	(100)	(1,879)	(1,389)
Net cash flow used in financing activities**	(276)	(5,199) ⁽¹⁾	(5,946)
Increase (decrease) in cash and cash equivalents	127	2,391	(1,059)
Net foreign exchange differences	(15)	(274)	(29)
Cash and cash equivalents at beginning of period	311	5,863	6,951
Cash and cash equivalents at end of period	423	7,980	5,863

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

**Includes aircraft rental payments of Ps.6,500 million and Ps.5,711 million for the twelve months ended period December 31, 2019 and 2018, respectively

⁽¹⁾ Includes inflows of Ps.1,500 million related to the issuance of 15,000,000 asset backed trust notes (*certificados bursátiles fiduciarios*)

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

The following table shows unaudited adjusted balances after the adoption of IFRS 16 "Leases", on the quarterly statements of operations for each quarter of 2018. These recast amounts were derived from unaudited financial statements included in the quarterly reports on Form 6-K during the year ended December 31, 2018.

Unaudited adjusted figures*	Three months ended March 31, 2018	Three months ended June 30, 2018	Three months ended September 30, 2018	Three months ended December 31, 2018	Full Year 2018
(In millions of Mexican pesos)					
Operating revenues:					
Passenger revenues	5,610	5,989	7,138	7,643	26,380
Fare revenues	3,886	4,136	5,096	5,370	18,488
Other passenger revenues ⁽¹⁾	1,724	1,853	2,042	2,273	7,892
Non-passenger revenues	240	240	179	265	925
Other non-passenger revenues ⁽¹⁾	192	187	124	194	697
Cargo	48	53	55	71	227
Total operating revenues	5,850	6,229	7,317	7,909	27,305
Other operating income	(1)	(231)	(243)	(147)	(622)
Fuel	2,175	2,445	2,630	2,885	10,135
Landing, take-off and navigation expenses	1,122	1,148	1,147	1,156	4,573
Depreciation and amortization	1,073	1,136	1,163	1,257	4,629
Salaries and benefits	746	750	834	795	3,125
Sales, marketing and distribution expenses	357	382	340	422	1,501
Maintenance expenses	346	376	389	387	1,498
Aircraft and engine rent expense	362	150	259	100	871
Other operating expenses	258	283	240	278	1,059
Operating expenses	6,439	6,439	6,759	7,133	26,770
Operating (loss) income	(589)	(210)	558	776	535
Operating margin	(10.1%)	(3.4%)	7.6%	9.8%	2.0%
Finance income	34	38	37	44	153
Finance cost	(413)	(461)	(506)	(496)	(1,876)
Exchange gain (loss), net	1,563	(1,926)	1,396	(1,137)	(104)
Comprehensive financing result	1,184	(2,350)	927	(1,588)	(1,827)
Income (loss) before income tax	595	(2,560)	1,484	(812)	(1,293)
Income tax (expense) benefit	(177)	747	(423)	203	350
Net income (loss)	417	(1,811)	1,061	(610)	(943)
Earnings (loss) per share:					
Basic (pesos)	0.41	(1.79)	1.05	(0.60)	(0.93)
Diluted (pesos)	0.41	(1.79)	1.05	(0.60)	(0.93)
Earnings (loss) per ADS:					
Basic (pesos)	4.12	(17.90)	10.49	(6.02)	(9.32)
Diluted (pesos)	4.12	(17.90)	10.49	(6.02)	(9.32)

⁽¹⁾ The annual figures of 2018 include a reclassification from "Other non-passenger revenues" to "Other passenger revenues" of Ps.271 million, as result of the IFRS 15 adoption

*Small revisions to the previously estimated amounts reported for the prior year and quarters have been made upon completion of our implementation of IFRS 16 during 2019

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

The following table shows quarterly unaudited adjustments made due to the adoption of IFRS 16 "Leases", on the statements of operations for 2018.

Unaudited adjusted figures* (In millions of Mexican pesos)	Full Year 2018 (Reported)	Three months ended March 31, 2018	Three months ended June 30, 2018	Three months ended September 30, 2018	Three months ended December 31, 2018	Full Year 2018
Operating revenues:						
Passenger revenues	26,380	-	-	-	-	26,380
Fare revenues	18,488	-	-	-	-	18,488
Other passenger revenues ⁽¹⁾	7,892	-	-	-	-	7,892
Non-passenger revenues	925	-	-	-	-	925
Cargo	227	-	-	-	-	227
Other non-passenger revenues ⁽¹⁾	697	-	-	-	-	697
Total operating revenues	27,305	-	-	-	-	27,305
Other operating income	(622)	-	-	-	-	(622)
Fuel	10,135	-	-	-	-	10,135
Aircraft and engine rent expense	6,315	(1,234)	(1,355)	(1,333)	(1,522)	871
Landing, take-off and navigation expenses	4,583	(2)	(2)	(3)	(3)	4,573
Salaries and benefits	3,125	-	-	-	-	3,125
Maintenance expenses	1,518	(5)	(5)	(5)	(5)	1,498
Sales, marketing and distribution expenses	1,501	-	-	-	-	1,501
Other operating expenses	1,130	(17)	(18)	(18)	(18)	1,059
Depreciation and amortization	501	940	1,013	1,048	1,127	4,629
Operating expenses	28,186	(318)	(367)	(311)	(421)	26,770
Operating (loss) income	(881)	318	367	311	421	535
Operating margin	(3.2%)					2.0%
Finance income	153	-	-	-	-	153
Finance cost	(120)	(380)	(430)	(441)	(505)	(1,876)
Exchange (loss) gain, net	(72)	2,255	(2,579)	1,814	(1,521)	(104)
Comprehensive financing result	(40)	1,875	(3,009)	1,373	(2,026)	(1,827)
(Loss) income before income tax	(921)	2,193	(2,642)	1,684	(1,605)	(1,293)
Income tax benefit (expense)	238	(656)	794	(504)	478	350
Net (loss) income	(683)	1,537	(1,848)	1,180	(1,127)	(943)
Basic (loss) earnings per share	(0.67)	1.52	(1.83)	1.17	(1.11)	(0.93)
Diluted (loss) earnings per share	(0.67)	1.52	(1.83)	1.17	(1.11)	(0.93)

⁽¹⁾ The annual figures of 2018 include a reclassification from "Other non-passenger revenues" to "Other passenger revenues" of Ps.271 million, as result of the IFRS 15 adoption

*Small revisions to the previously estimated amounts reported for the prior year and quarters have been made upon completion of our implementation of IFRS 16 during 2019

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

The following table shows unaudited balances before the adoption of IFRS 16 "Leases", on the quarterly statements of operations for each quarter of 2018.

Unaudited	Three months ended March 31, 2018 (Reported)	Three months ended June 30, 2018 (Reported)	Three months ended September 30, 2018 (Reported)	Three months ended December 31, 2018 (Reported)	Full Year 2018 (Reported)
(In millions of Mexican pesos)					
Operating revenues:					
Passenger revenues	5,610	5,990	7,138	7,643	26,381
Fare revenues	3,886	4,137	5,096	5,370	18,489
Other passenger revenues ⁽¹⁾	1,724	1,853	2,042	2,273	7,892
Non-passenger revenues	240	240	179	265	924
Other non-passenger revenues ⁽¹⁾	192	187	124	194	697
Cargo	49	53	55	71	227
Total operating revenues	5,850	6,230	7,316	7,909	27,305
Other operating income	(1)	(231)	(243)	(147)	(622)
Fuel	2,175	2,445	2,631	2,885	10,135
Aircraft and engine rent expense	1,596	1,504	1,593	1,622	6,315
Landing, take-off and navigation expenses	1,125	1,150	1,150	1,158	4,583
Salaries and benefits	746	750	834	795	3,125
Sales, marketing and distribution expenses	357	382	340	422	1,501
Maintenance expenses	351	381	393	392	1,518
Other operating expenses	274	301	257	297	1,130
Depreciation and amortization	132	124	115	130	501
Operating expenses	6,757	6,805	7,070	7,554	28,186
Operating (loss) income	(906)	(575)	246	355	(881)
Operating margin	(15.5%)	(9.2%)	3.4%	4.5%	(3.2%)
Finance income	34	37	37	45	153
Finance cost	(34)	(31)	(64)	8	(120)
Exchange (loss) gain, net	(691)	653	(419)	384	(73)
Comprehensive financing result	(691)	660	(446)	437	(40)
(Loss) income before income tax	(1,597)	85	(200)	792	(921)
Income tax benefit (expense)	479	(47)	81	(276)	238
Net (loss) income	(1,118)	38	(119)	516	(683)
(Loss) earnings per share:					
Basic (pesos)	(1.10)	0.04	(0.12)	0.51	(0.67)
Diluted (pesos)	(1.10)	0.04	(0.12)	0.51	(0.67)
(Loss) earnings per ADS:					
Basic (pesos)	(11.05)	0.38	(1.18)	5.10	(6.75)
Diluted (pesos)	(11.05)	0.38	(1.18)	5.10	(6.75)

⁽¹⁾ The annual figures of 2018 include a reclassification from "Other non-passenger revenues" to "Other passenger revenues" of Ps.271 million, as result of the IFRS 15 adoption

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

Consolidated Statement of Financial Position

The following table shows unaudited annual adjustments made due to the adoption of IFRS 16 "Leases", on the Consolidated Statement of Financial Position as of December 31, 2018.

Unaudited adjusted figures*	December 31, 2018 (Reported)	IFRS 16 Adjustments	December 31, 2018
(In millions of Mexican pesos)			
Assets			
Cash and cash equivalents	5,863	-	5,863
Accounts receivable	1,467	-	1,467
Inventories	297	-	297
Prepaid expenses and other current assets	710	(267)	443
Financial instruments	62	-	62
Guarantee deposits	791	-	791
Total current assets	9,190	(267)	8,923
Rotable spare parts, furniture and equipment, net	5,782	-	5,782
Right of use assets	-	31,995	31,995
Intangible assets, net	179	-	179
Deferred income taxes	593	2,719	3,312
Guarantee deposits	6,337	-	6,337
Other assets	155	-	155
Other accounts receivable	74	-	74
Total non-current assets	13,121	34,714	47,834
Total assets	22,311	34,447	56,757
Liabilities			
Unearned transportation revenue	2,439	-	2,439
Accounts payable	1,103	-	1,103
Accrued liabilities	2,318	-	2,318
Lease liabilities	-	4,976	4,976
Other taxes and fees payable	1,932	-	1,932
Income taxes payable	4	-	4
Financial instruments	123	-	123
Financial debt	1,212	-	1,212
Other liabilities	118	(92)	26
Deferred income taxes	-	28	28
Total short-term liabilities	9,249	4,912	14,161
Financial debt	2,311	-	2,311
Accrued liabilities	137	-	137
Lease liabilities	-	34,589	34,589
Other liabilities	328	1,492	1,820
Employee benefits	18	-	18
Deferred income taxes	1,096	-	1,095
Total long-term liabilities	3,890	36,081	39,971
Total liabilities	13,139	40,993	54,132
Equity			
Capital stock	2,974	-	2,974
Treasury shares	(123)	-	(123)
Contributions for future capital increases	-	-	-
Legal reserve	291	-	291
Additional paid-in capital	1,837	-	1,837
Retained earnings (losses)	4,266	(6,547)	(2,281)
Accumulated other comprehensive losses	(73)	-	(73)
Total equity	9,172	(6,547)	2,625
Total liabilities and equity	22,311	34,446	56,757
Total shares outstanding fully diluted		1,011,876,677	1,011,876,677

*Small revisions to the previously estimated amounts reported for the prior year and quarters have been made upon completion of our implementation of IFRS 16 during 2019

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

The following table shows fourth quarter unaudited adjustments made due to the adoption of IFRS 16 “Leases”, on the Consolidated Statement of Cash Flow for the three months ended December 31, 2018.

Unaudited adjusted figures*	Three months ended December 31, 2018 (Reported)	Adjustments	Three months ended December 31, 2018
(In millions of Mexican pesos)			
Net cash flow generated by operating activities	102	1,591	1,693
Net cash flow used in investing activities	(748)	-	(748)
Net cash flow generated (used in) financing activities	151	(1,591)	(1,440)
Decrease in cash and cash equivalents	(495)	-	(495)
Net foreign exchange differences	277	-	277
Cash and cash equivalents at beginning of period	6,082	-	6,082
Cash and cash equivalents at end of period	5,863	-	5,863

*Small revisions to the previously estimated amounts reported for the prior year and quarters have been made upon completion of our implementation of IFRS 16 during 2019

The following table shows the YTD December 2018 unaudited adjustments made due to the adoption of IFRS 16 “Leases”, on the Consolidated Statement of Cash Flow for the twelve months ended December 31, 2018.

Unaudited adjusted figures*	Twelve months ended December 31, 2018 (Reported)	Adjustments	Twelve months ended December 31, 2018
(In millions of Mexican pesos)			
Net cash flow generated by operating activities	566	5,711	6,277
Net cash flow used in investing activities	(1,389)	-	(1,389)
Net cash flow used in financing activities	(235)	(5,711)	(5,946)
Decrease in cash and cash equivalents	(1,059)	-	(1,059)
Net foreign exchange differences	(29)	-	(29)
Cash and cash equivalents at beginning of period	6,951	-	6,951
Cash and cash equivalents at end of period	5,863	-	5,863

*Small revisions to the previously estimated amounts reported for the prior year and quarters have been made upon completion of our implementation of IFRS 16 during 2019