



Volaris Reports Second Quarter 2018 Results: Ancillary Revenue Expansion And Reduction Of Unit Cost Excluding Fuel

Mexico City, Mexico, July 20, 2018 – 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 second quarter 2018.

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

Second Quarter 2018 Highlights

- Total operating revenues reached Ps.6,230 million for the second quarter, an increase of 3.9% year over year.
- Total ancillary revenues were Ps.2,093 million for the second quarter, an increase of 20.1% year over year. The total ancillary revenues per passenger for the second quarter were Ps.466, increasing 8.7% year over year.
- Total operating revenues per available seat mile (TRASM) were Ps.123.1 cents for the second quarter, a decrease of 4.7% year over year.
- Operating expenses per available seat mile (CASM) were Ps.134.5 cents for the second quarter, an increase of 5.0% year over year; with an average economic fuel cost per gallon of Ps.45.3, increasing 41.2% year over year, and an average exchange rate of Ps.19.37, a year over year increase of 4.2%. Operating expenses per available seat mile excluding fuel (CASM ex fuel) were Ps. 86.2 cents for the second quarter, a decrease of 5.9% year over year.
- Operating loss was Ps.575 million for the second quarter, with an operating margin of (9.2%), equal to a year over year operating margin decrease of 10.1 percentage points.
- Net income was Ps.38 million (Ps.0.04 per share / US\$0.02 per ADS) for the second quarter, with a net income margin of 0.6%, equal to a year over year net margin increase of 9.1 percentage points.
- At the end of the second quarter, the Mexican peso depreciated 8.3% against the U.S. dollar with respect to the end of period exchange rate of the previous quarter. The Company booked a foreign exchange gain of Ps.653 million as a consequence of our U.S. dollar net monetary asset position.
- Net cash flow used in operating activities was Ps.493 million, in conjunction with cash flow used in investing activities of Ps.348 million, net cash flow used in financing activities of Ps.204 million, and a positive net foreign exchange difference of Ps.499 million, the net cash decrease in the second quarter was Ps.546 million. As of June 30, 2018, cash and cash equivalents were Ps.6,771 million.



Stable Macroeconomics and Domestic Consumer Demand with Exchange Rate Depreciation and Fuel Price Pressures

- **Resilient macroeconomics and domestic consumer demand:** The macroeconomic indicators in Mexico during the second quarter were stable, with same store sales¹ increasing 4.5% year over year; remittances² increased 18.9% year over year during April and May 2018; and the Mexican General Economic Activity Indicator (IGAE)³ increasing 1.4% year over year in April of 2018.
- **Air traffic volume increase:** The Mexican DGAC reported overall passenger volume growth for Mexican carriers of 9.9% year over year in April and May; domestic overall passenger volume increased 9.6%, while international overall passenger volume increased 11.0%.
- **Exchange rate volatility:** The Mexican peso depreciated 4.2% year over year against the US dollar, from an average exchange rate of Ps.18.60 pesos per US dollar in the second quarter 2017 to Ps.19.37 pesos per US dollar during the second quarter 2018. At the end of the second quarter, the Mexican peso depreciated 8.3% with respect to the end of period exchange rate of the previous quarter. The Company booked a foreign exchange gain of Ps.653 million as a consequence of our US dollar net monetary asset position.
- **Higher fuel prices:** The average economic fuel cost per gallon increased 41.2%, year over year, to Ps.45.3 per gallon (US\$2.3) in the second quarter 2018, year over year.

Passenger Traffic Stimulation and Further Ancillary Revenue Expansion, Partially Offset Challenged Fare Environment

- **Passenger traffic stimulation:** Volaris booked 4.5 million passengers in the second quarter of 2018, up 10.5% year over year. Volaris traffic (measured in terms of fare revenue miles, or RPMs) increased 9.2% for the same period. System load factor during the quarter increased 0.1 percentage points year over year to 85.8%.
- **Challenged fare environment:** For the second quarter of 2018, yield decreased 10.9% with TRASM decreasing 4.7%, year over year. During the second quarter, in terms of ASMs, domestic capacity grew 14.0%, while international capacity decreased 0.5%, year over year.

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)



- **Total ancillary revenue growth:** Total ancillary revenues and total ancillary revenues per passenger increased 20.1% and 8.7% year over year for the second quarter of 2018, respectively. The total ancillary revenues generation continues to grow with new and matured products, appealing to customers' needs, representing 34% of the total operating revenues.
- **New routes:** In the second quarter 2018, Volaris began operations in two new international routes between: a) San Jose, Costa Rica – San Salvador, El Salvador – New York City, New York; and b) San Jose, Costa Rica - San Salvador, El Salvador – Washington, D.C.

Cost Control and Discipline, Despite Fuel Price Pressure and Exchange Rate Depreciation

- CASM and CASM ex fuel for the second quarter 2018 were Ps.134.5 (US\$6.9 cents) and Ps.86.2 cents (US\$4.4 cents), respectively. This represented an increase of 5.0% and decrease of 5.9%, respectively; mainly driven by increase in the average economic fuel cost per gallon by 41.2%, average exchange rate depreciation of 4.2% and tightening cost control discipline.

Young and Fuel-efficient Fleet

- During the second quarter 2018, the Company incorporated three aircraft (two A321 neo and one A320 neo) to its fleet and three aircraft (A319) were redelivered during the second quarter. As of June 30, 2018, Volaris fleet was composed of 70 aircraft (8 A319s, 50 A320s and 12 A321s), with an average age of 4.5 years. At the end of the second quarter 2018, Volaris' fleet had an average of 184 seats, 70% of which were in sharklet-equipped aircraft.

Solid Balance Sheet and Good Liquidity

- Net cash flow used in operating activities was Ps.493 million, in conjunction with cash flow used in investing activities of Ps.348 million, net cash flow used in financing activities of Ps.204 million, and a positive net foreign exchange differences of Ps.499 million, the net cash used in the second quarter was Ps.546 million. As of June 30, 2018, cash and cash equivalents were Ps.6,771 million, representing now 27% of last twelve months operating revenues. Volaris registered negative net debt (or a positive net cash position) of Ps.3,287 million and total equity of Ps.9,145 million.

Active in Risk Management

- Volaris remains active in its fuel risk management program. Volaris used call options to hedge 65% of its second quarter 2018 fuel consumption, at an average strike price of US \$1.74 per gallon, which combined with the 35% unhedged consumption, resulted in a blended average economic fuel cost of US\$2.3 per gallon.



IFRS 15: Revenue from Contracts with Customers

- During 1Q 2018, we adopted IFRS 15 “*Revenue from Contracts with Customers*” which replaces existing revenue recognition guidance, including IAS 18 “*Revenue*”. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.
- The adoption of the IFRS 15 impacted the classification and timing of recognition of certain ancillary items such as bags, advanced seat selection, itinerary changes and other air travel-related fees, since they are deemed part of the single performance obligation of providing passenger transportation. These ancillary items are now recognized in passenger revenue (disclosed in the consolidated statement of operations including in these quarterly earnings release as “*other passenger revenue*”).
- Non-passenger revenue primarily consists of revenue from the sale of other items such as rental cars, insurance, hotels and cargo. This change did not have a material impact on our income statement or balance sheet in any period presented.
- This quarterly earnings release includes supplemental information for comparable basis, with recast amounts with the IFRS 15 adoption effects, and were derived from unaudited financial statements included in the quarterly reports on Form 6-K during the year ended December 31, 2017.

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, EVP & CFO |
| Date: | Friday, July 20, 2018 |
| 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): | 00-1-800-514-6145 |
| Brazil dial in (toll free): | 0800-891-6744 |
| International dial in: | +1-785-424-1726 |
| Participant passcode: | VOLARIS (8652747) |
| Webcast will be available at: | https://www.webcaster4.com/Webcast/Page/1174/26449 |

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 167 and its fleet from four to 70 aircraft. Volaris offers more than 319 daily flight segments on routes that connect 40 cities in Mexico and 27 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 eight 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.

Investor Relations Contact:

Andrés Pliego & Andrea González / Investor Relations / ir@volaris.com / +52 55 5261 6444

Media Contact:

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

| Unaudited (In Mexican pesos, except otherwise indicated) | Three months ended June 30, 2018 (US Dollars)* | Three months ended June 30, 2018 | Three months ended June 30, 2017 (Adjusted) | Variance (%) |
|---|---|--|--|-----------------|
| Total operating revenues (millions) | 314 | 6,230 | 5,994 | 3.9% |
| Total operating expenses (millions) | 343 | 6,805 | 5,943 | 14.5% |
| EBIT (millions) | (29) | (575) | 51 | NA |
| EBIT margin | (9.2%) | (9.2%) | 0.9% | (10.1) pp |
| Depreciation and amortization | 6 | 124 | 139 | (11.3%) |
| Aircraft and engine rent expense | 76 | 1,504 | 1,378 | 9.2% |
| Net income (loss) (millions) | 2 | 38 | (508) | NA |
| Net income (loss) margin | 0.6% | 0.6% | (8.5%) | 9.1 pp |
| Income (loss) per share: | | | | |
| Basic (pesos) | 0.00 | 0.04 | (0.50) | NA |
| Diluted (pesos) | 0.00 | 0.04 | (0.50) | NA |
| Income (loss) per ADS: | | | | |
| Basic (pesos) | 0.02 | 0.38 | (5.02) | NA |
| Diluted (pesos) | 0.02 | 0.38 | (5.02) | 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) | - | 5,060 | 4,639 | 9.1% |
| Domestic | - | 3,488 | 3,059 | 14.0% |
| International | - | 1,572 | 1,580 | (0.5%) |
| Revenue passenger miles (RPMs) (millions) (1) | - | 4,337 | 3,973 | 9.2% |
| Domestic | - | 3,095 | 2,715 | 14.0% |
| International | - | 1,242 | 1,257 | (1.2%) |
| Load factor (2) | - | 85.8% | 85.7% | 0.1 pp |
| Domestic | - | 88.7% | 88.8% | (0.1) pp |
| International | - | 79.1% | 79.5% | (0.4) pp |
| Total operating revenue per ASM (TRASM) (cents) | 6.2 | 123.1 | 129.2 | (4.7%) |
| Fare revenue per ASM (RASM) (cents) | 4.1 | 81.7 | 91.7 | (10.8%) |
| Fare revenue per RPM (Yield) (cents) | 4.8 | 95.4 | 107.0 | (10.9%) |
| Average fare (2) | 46 | 923 | 1,051 | (12.2%) |
| Average other passenger revenue | 20 | 399 | 356 | 12.0% |
| Average non-passenger revenue | 3.4 | 67 | 72 | (7.4%) |
| Total ancillary revenue per passenger (4) | 23.5 | 466 | 429 | 8.7% |
| Operating expenses per ASM (CASM) (cents) | 6.8 | 134.5 | 128.1 | 5.0% |
| Operating expenses per ASM (CASM) (US cents) (3) | - | 6.9 | 6.9 | 0.8% |
| CASM ex fuel (cents) | 4.3 | 86.2 | 91.6 | (5.9%) |
| CASM ex fuel (US cents) (3) | - | 4.4 | 4.9 | (9.7%) |
| Booked passengers (thousands) (1) | - | 4,491 | 4,063 | 10.5% |
| Departures (1) | - | 28,497 | 26,429 | 7.8% |
| Block hours (1) | - | 77,263 | 72,035 | 7.3% |
| Fuel gallons consumed (millions) | - | 54.0 | 52.8 | 2.2% |
| Average economic fuel cost per gallon | 2.3 | 45.3 | 32.1 | 41.2% |
| Aircraft at end of period | - | 70 | 66 | 6.1% |
| Average aircraft utilization (block hours) | - | 13.2 | 12.8 | 3.6% |
| Average exchange rate | - | 19.37 | 18.60 | 4.2% |
| End of period exchange rate | - | 19.86 | 17.90 | 11.0% |

*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

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

(4) Includes "other passenger revenues" and "non-passenger revenues"

| Unaudited (In Mexican pesos, except otherwise indicated) | Six months ended June 30, 2018 (US Dollars)* | Six months ended June 30, 2018 | Six months ended June 30, 2017 (Adjusted) | Variance (%) |
|---|--|--------------------------------------|--|-----------------|
| Total operating revenues (millions) | 608 | 12,080 | 11,692 | 3.3% |
| Total operating expenses (millions) | 683 | 13,562 | 12,371 | 9.6% |
| EBIT (millions) | (75) | (1,481) | (678) | >100% |
| EBIT margin | (12.3%) | (12.3%) | (5.8%) | (6.5) pp |
| Depreciation and amortization | 13 | 256 | 268 | (4.4%) |
| Aircraft and engine rent expense | 156 | 3,100 | 3,077 | 0.8% |
| Net loss (millions) | (54) | (1,080) | (1,826) | (40.8%) |
| Net loss margin | (8.9%) | (8.9%) | (15.6%) | 6.7 pp |
| Loss per share: | | | | |
| Basic (pesos) | (0.05) | (1.07) | (1.80) | (40.8%) |
| Diluted (pesos) | (0.05) | (1.07) | (1.80) | (40.8%) |
| Loss per ADS: | | | | |
| Basic (pesos) | (0.54) | (10.67) | (18.04) | (40.8%) |
| Diluted (pesos) | (0.54) | (10.67) | (18.04) | (40.8%) |
| 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) | - | 10,115 | 9,186 | 10.1% |
| Domestic | - | 6,935 | 6,139 | 13.0% |
| International | - | 3,180 | 3,047 | 4.4% |
| Revenue passenger miles (RPMs) (millions) (1) | - | 8,491 | 7,756 | 9.5% |
| Domestic | - | 5,996 | 5,313 | 12.9% |
| International | - | 2,495 | 2,443 | 2.1% |
| Load factor (2) | - | 84.0% | 84.5% | (0.5) pp |
| Domestic | - | 86.5% | 86.5% | 0.0 pp |
| International | - | 78.5% | 80.2% | (1.7) pp |
| Total operating revenue per ASM (TRASM) (cents) | 6.0 | 119.4 | 127.3 | (6.2%) |
| Fare revenue per ASM (RASM) (cents) | 4.0 | 79.3 | 90.1 | (12.0%) |
| Fare revenue per RPM (Yield) (cents) | 4.8 | 94.5 | 106.7 | (11.5%) |
| Average fare (2) | 46 | 918 | 1,036 | (11.4%) |
| Average other passenger revenue | 20 | 393 | 352 | 11.5% |
| Average non-passenger revenue | 3.6 | 71 | 73 | (3.2%) |
| Total ancillary revenue per passenger (4) | 23.3 | 464 | 426 | 8.9% |
| Operating expenses per ASM (CASM) (cents) | 6.7 | 134.1 | 134.7 | (0.4%) |
| Operating expenses per ASM (CASM) (US cents) (3) | - | 7.0 | 6.9 | 1.7% |
| CASM ex fuel (cents) | 4.5 | 88.4 | 95.6 | (7.6%) |
| CASM ex fuel (US cents) (3) | - | 4.6 | 4.9 | (5.5%) |
| Booked passengers (thousands) (1) | - | 8,754 | 8,028 | 9.0% |
| Departures (1) | - | 56,685 | 53,183 | 6.6% |
| Block hours (1) | - | 154,507 | 143,837 | 7.4% |
| Fuel gallons consumed (millions) | - | 108.2 | 103.8 | 4.3% |
| Average economic fuel cost per gallon | 2.1 | 42.7 | 34.6 | 23.5% |
| Aircraft at end of period | - | 70 | 66 | 6.1% |
| Average aircraft utilization (block hours) | - | 13.2 | 12.7 | 4.4% |
| Average exchange rate | - | 19.07 | 19.49 | (2.2%) |
| End of period exchange rate | - | 19.86 | 17.90 | 11.0% |

*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

(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 June 30, 2018 (US Dollars)* | Three months ended June 30, 2018 | Three months ended June 30, 2017 (Adjusted) | Variance (%) |
|---|---|-------------------------------------|---|-----------------|
| Operating revenues: | | | | |
| Passenger revenues | 298 | 5,929 | 5,699 | 4.0% |
| Fare revenues | 208 | 4,137 | 4,252 | (2.7%) |
| Other passenger revenues | 90 | 1,792 | 1,448 | 23.8% |
| Non-passenger revenues | 15 | 301 | 294 | 2.4% |
| Cargo | 3 | 53 | 39 | 37.1% |
| Other non-passenger revenues | 13 | 249 | 256 | (2.9%) |
| Total operating revenues | 314 | 6,230 | 5,994 | 3.9% |
| Other operating income | (12) | (231) | (10) | >100% |
| Fuel | 123 | 2,445 | 1,694 | 44.3% |
| Aircraft and engine rent expense | 76 | 1,504 | 1,378 | 9.2% |
| Landing, take-off and navigation expenses | 58 | 1,150 | 1,006 | 14.4% |
| Salaries and benefits | 38 | 750 | 717 | 4.5% |
| Sales, marketing and distribution expenses | 19 | 382 | 387 | (1.3%) |
| Maintenance expenses | 19 | 381 | 362 | 5.2% |
| Other operating expenses | 15 | 301 | 271 | 11.2% |
| Depreciation and amortization | 6 | 124 | 139 | (11.3%) |
| Operating expenses | 343 | 6,805 | 5,943 | 14.5% |
| Operating (loss) income | (29) | (575) | 51 | NA |
| Finance income | 2 | 37 | 21 | 73.4% |
| Finance cost | (2) | (31) | (22) | 41.6% |
| Exchange gain (loss), net | 33 | 653 | (558) | NA |
| Comprehensive financing result | 33 | 660 | (559) | NA |
| Income (loss) before income tax | 4 | 85 | (508) | NA |
| Income tax expense | (2) | (47) | - | NA |
| Net income (loss) | 2 | 38 | (508) | NA |

*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 Operations

| Unaudited (In millions of Mexican pesos) | Six months ended June 30, 2018 (US Dollars)* | Six months ended June 30, 2018 | Six months ended June 30, 2017 (Adjusted) | Variance (%) |
|---|--|-----------------------------------|---|-----------------|
| Operating revenues: | | | | |
| Passenger revenues | 577 | 11,462 | 11,106 | 3.2% |
| Fare revenues | 404 | 8,022 | 8,277 | (3.1%) |
| Other passenger revenues | 173 | 3,440 | 2,830 | 21.6% |
| Non-passenger revenues | 31 | 619 | 586 | 5.5% |
| Cargo | 5 | 101 | 80 | 27.3% |
| Other non-passenger revenues | 26 | 517 | 507 | 2.1% |
| Total operating revenues | 608 | 12,080 | 11,692 | 3.3% |
| Other operating income | (12) | (232) | (11) | >100% |
| Fuel | 233 | 4,620 | 3,586 | 28.8% |
| Aircraft and engine rent expense | 156 | 3,100 | 3,077 | 0.8% |
| Landing, take-off and navigation expenses | 115 | 2,275 | 2,040 | 11.5% |
| Salaries and benefits | 75 | 1,496 | 1,413 | 5.9% |
| Sales, marketing and distribution expenses | 37 | 739 | 744 | (0.7%) |
| Maintenance expenses | 37 | 732 | 713 | 2.6% |
| Other operating expenses | 29 | 575 | 540 | 6.6% |
| Depreciation and amortization | 13 | 256 | 268 | (4.4%) |
| Operating expenses | 683 | 13,562 | 12,371 | 9.6% |
| Operating loss | (75) | (1,481) | (678) | >100% |
| Finance income | 4 | 71 | 43 | 65.7% |
| Finance cost | (3) | (65) | (43) | 51.8% |
| Exchange loss, net | (2) | (38) | (1,703) | (97.8%) |
| Comprehensive financing result | (2) | (31) | (1,703) | (98.2%) |
| Loss before income tax | (76) | (1,513) | (2,381) | (36.5%) |
| Income tax benefit | 22 | 433 | 556 | (22.1%) |
| Net loss | (54) | (1,080) | (1,826) | (40.8%) |

*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
Reconciliation of total ancillary revenue per passenger

The adoption of the IFRS 15 impacted the classification and timing of recognition of certain ancillary items such as bags, advanced seat selection, itinerary changes and other air travel-related fees, since they are deemed part of the single performance obligation of providing passenger transportation. These ancillary items are now recognized in passenger revenue (disclosed below as “*other passenger revenue*”).

Non-passenger revenue primarily consists of revenue from the sale of other items such as rental cars, insurance, hotels and cargo. This change did not have a material impact on our income statement or balance sheet in any period presented.

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

| Unaudited (In millions of Mexican pesos) | Three months ended June 30, 2018 (US Dollars)* | Three months ended June 30, 2018 | Three months ended June 30, 2017 (Adjusted) | Variance (%) |
|--|---|--|--|-----------------|
| Other passenger revenues | 90 | 1,792 | 1,448 | 23.8% |
| Non-passenger revenues | 15 | 301 | 294 | 2.4% |
| Total ancillary revenues | 105 | 2,093 | 1,742 | 20.1% |
| Booked passengers (thousands) | 4,491 | 4,491 | 4,063 | 10.5% |
| Total ancillary revenue per passenger | 23.5 | 466 | 429 | 8.7% |

*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) | June 30, 2018 Unaudited (US Dollars)* | June 30, 2018 Unaudited | December 31, 2017 (Adjusted) |
|---|---|----------------------------|---------------------------------|
| Assets | | | |
| Cash and cash equivalents | 341 | 6,771 | 6,951 |
| Accounts receivable | 82 | 1,633 | 1,449 |
| Inventories | 16 | 316 | 295 |
| Prepaid expenses and other current assets | 40 | 793 | 768 |
| Financial instruments | 26 | 524 | 497 |
| Guarantee deposits | 63 | 1,261 | 1,353 |
| Total current assets | 569 | 11,299 | 11,313 |
| Rotable spare parts, furniture and equipment, net | 254 | 5,046 | 4,376 |
| Intangible assets, net | 8 | 168 | 190 |
| Deferred income taxes | 29 | 573 | 562 |
| Guarantee deposits | 305 | 6,051 | 6,098 |
| Other assets | 7 | 140 | 126 |
| Total non-current assets | 603 | 11,978 | 11,353 |
| Total assets | 1,172 | 23,277 | 22,666 |
| Liabilities | | | |
| Unearned transportation revenue | 172 | 3,419 | 2,293 |
| Accounts payable | 64 | 1,271 | 1,118 |
| Accrued liabilities | 114 | 2,263 | 2,051 |
| Other taxes and fees payable | 87 | 1,731 | 1,245 |
| Income taxes payable | 7 | 141 | 111 |
| Financial debt | 130 | 2,577 | 2,404 |
| Other liabilities | 5 | 105 | 281 |
| Total short-term liabilities | 579 | 11,506 | 9,503 |
| Financial debt | 46 | 908 | 1,079 |
| Accrued liabilities | 8 | 159 | 200 |
| Other liabilities | 14 | 273 | 217 |
| Employee benefits | 1 | 21 | 19 |
| Deferred income taxes | 64 | 1,265 | 1,616 |
| Total long-term liabilities | 132 | 2,626 | 3,131 |
| Total liabilities | 711 | 14,132 | 12,635 |
| Equity | | | |
| Capital stock | 150 | 2,974 | 2,974 |
| Treasury shares | (4) | (85) | (85) |
| Contributions for future capital increases | - | - | - |
| Legal reserve | 15 | 291 | 291 |
| Additional paid-in capital | 91 | 1,809 | 1,805 |
| Retained earnings | 195 | 3,868 | 4,948 |
| Accumulated other comprehensive losses | 14 | 287 | 99 |
| Total equity | 460 | 9,145 | 10,031 |
| Total liabilities and equity | 1,172 | 23,277 | 22,666 |
| 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 June 30, 2018 (US Dollars)* | Three months ended June 30, 2018 | Three months ended June 30, 2017 (Adjusted) |
|--|--|--|--|
| Net cash flow used in operating activities | (25) | (493) | (215) |
| Net cash flow used in investing activities | (18) | (348) | (502) |
| Net cash flow (used in) provided by financing activities | (10) | (204) | 91 |
| Decrease in cash and cash equivalents | (53) | (1,045) | (625) |
| Net foreign exchange differences | 25 | 499 | (232) |
| Cash and cash equivalents at beginning of period | 368 | 7,317 | 6,839 |
| Cash and cash equivalents at end of period | 341 | 6,771 | 5,981 |

*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) | Six months ended June 30, 2018 (US Dollars)* | Six months ended June 30, 2018 | Six months ended June 30, 2017 (Adjusted) |
|--|--|--------------------------------------|--|
| Net cash flow provided by operating activities | 30 | 599 | 254 |
| Net cash flow used in investing activities | (33) | (661) | (844) |
| Net cash flow (used in) provided by financing activities | (7) | (139) | 265 |
| Decrease in cash and cash equivalents | (10) | (201) | (325) |
| Net foreign exchange differences | 1 | 21 | (765) |
| Cash and cash equivalents at beginning of period | 350 | 6,951 | 7,071 |
| Cash and cash equivalents at end of period | 341 | 6,771 | 5,981 |

*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

The following table shows adjusted balances after the adoption of IFRS 15, "Revenue from Contracts with Customers" on the quarterly statements of operations for each quarter of 2017. These recast amounts were derived from unaudited financial statements included in the quarterly reports on Form 6-K during the year ended December 31, 2017.

| Unaudited | Three months ended March 31, 2017 | Three months ended June 30, 2017 | Three months ended September 30, 2017 | Three months ended December 31, 2017 | Full Year 2017 Adjusted |
|--|-----------------------------------|----------------------------------|---------------------------------------|--------------------------------------|-------------------------|
| (In millions of Mexican pesos) | | | | | |
| Operating revenues: | | | | | |
| Passenger revenues | 5,407 | 5,699 | 6,286 | 6,258 | 23,649 |
| Fare revenues | 4,025 | 4,252 | 4,773 | 4,742 | 17,791 |
| Other passenger revenues | 1,382 | 1,448 | 1,513 | 1,516 | 5,858 |
| Non-passenger revenues | 292 | 294 | 286 | 267 | 1,139 |
| Cargo | 41 | 39 | 38 | 53 | 171 |
| Other non-passenger revenues | 251 | 256 | 248 | 214 | 968 |
| Total operating revenues | 5,699 | 5,994 | 6,571 | 6,524 | 24,788 |
| Other operating income | (1) | (10) | (8) | (78) | (97) |
| Fuel | 1,892 | 1,694 | 1,698 | 1,972 | 7,256 |
| Aircraft and engine rent expense | 1,699 | 1,378 | 1,384 | 1,612 | 6,073 |
| Landing, take-off and navigation expenses | 1,035 | 1,006 | 989 | 981 | 4,010 |
| Salaries and benefits | 696 | 717 | 695 | 715 | 2,824 |
| Sales, marketing and distribution expenses | 358 | 387 | 468 | 479 | 1,692 |
| Maintenance expenses | 351 | 362 | 324 | 396 | 1,433 |
| Other operating expenses | 269 | 271 | 249 | 300 | 1,088 |
| Depreciation and amortization | 128 | 139 | 150 | 131 | 549 |
| Operating expenses | 6,428 | 5,943 | 5,948 | 6,508 | 24,827 |
| Operating (loss) income | (729) | 51 | 623 | 17 | (39) |
| Finance income | 21 | 21 | 30 | 33 | 106 |
| Finance cost | (21) | (22) | (20) | (24) | (86) |
| Exchange (loss) gain, net | (1,145) | (558) | 125 | 784 | (794) |
| Comprehensive financing result | (1,144) | (559) | 135 | 793 | (774) |
| (Loss) income before income tax | (1,873) | (508) | 758 | 810 | (813) |
| Income tax benefit | 556 | - | (39) | (356) | 161 |
| Net (loss) income | (1,318) | (508) | 720 | 454 | (652) |
| (Loss) earnings per share: | | | | | |
| Basic (pesos) | (1.30) | (0.50) | 0.71 | 0.45 | (0.64) |
| Diluted (pesos) | (1.30) | (0.50) | 0.71 | 0.45 | (0.64) |
| (Loss) earnings per ADS: | | | | | |
| Basic (pesos) | (13.02) | (5.02) | 7.11 | 4.49 | (6.44) |
| Diluted (pesos) | (13.02) | (5.02) | 7.11 | 4.49 | (6.44) |

The following table shows quarterly adjustments made due to the adoption of IFRS 15, "Revenue from Contracts with Customers" on the statements of operations for 2017.

| Unaudited (In millions of Mexican pesos) | Full Year 2017 as Reported | Three months ended March 31, 2017 | Three months ended June 30, 2017 | Three months ended September 30, 2017 | Three months ended December 31, 2017 | Full Year 2017 Adjusted |
|---|-------------------------------|---|--|--|---|----------------------------|
| Operating revenues: | | | | | | |
| Passenger revenues | 17,791 | 1,382 | 1,448 | 1,513 | 1,516 | 23,649 |
| Fare revenues | 17,791 | - | - | - | - | 17,791 |
| Other passenger revenues | - | 1,382 | 1,448 | 1,513 | 1,516 | 5,858 |
| Non-passenger revenues | 7,054 | (1,339) | (1,435) | (1,524) | (1,617) | 1,139 |
| Cargo | 171 | - | - | - | - | 171 |
| Other non-passenger revenues | 6,883 | (1,339) | (1,435) | (1,524) | (1,617) | 968 |
| Total operating revenues | 24,845 | 43 | 12 | (11) | (101) | 24,788 |
| Other operating income | (97) | - | - | - | - | (97) |
| Fuel | 7,256 | - | - | - | - | 7,256 |
| Aircraft and engine rent expense | 6,073 | - | - | - | - | 6,073 |
| Landing, take-off and navigation expenses | 4,010 | - | - | - | - | 4,010 |
| Salaries and benefits | 2,824 | - | - | - | - | 2,824 |
| Sales, marketing and distribution expenses | 1,692 | - | - | - | - | 1,692 |
| Maintenance expenses | 1,433 | - | - | - | - | 1,433 |
| Other operating expenses | 1,088 | - | - | - | - | 1,088 |
| Depreciation and amortization | 549 | - | - | - | - | 549 |
| Operating expenses | 24,827 | - | - | - | - | 24,827 |
| Operating income (loss) | 19 | 43 | 12 | (11) | (101) | (39) |
| Finance income | 106 | - | - | - | - | 106 |
| Finance cost | (86) | - | - | - | - | (86) |
| Exchange (loss), net | (794) | - | - | - | - | (794) |
| Comprehensive financing result | (774) | - | - | - | - | (774) |
| (Loss)income before income tax | (756) | 43 | 12 | (11) | (101) | (813) |
| Income tax benefit | 161 | - | - | - | - | 161 |
| Net (loss) income | (595) | 43 | 12 | (11) | (101) | (652) |
| Basic (loss) earnings per share | (0.59) | 0.04 | 0.01 | (0.01) | (0.10) | (0.64) |
| Diluted (loss) earnings per share | (0.59) | 0.04 | 0.01 | (0.01) | (0.10) | (0.64) |

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

Reconciliation of total ancillary revenue per passenger

The adoption of the IFRS 15 impacted the classification and timing of recognition of certain ancillary items such as bags, advanced seat selection, itinerary changes and other air travel-related fees, since they are deemed part of the single performance obligation of providing passenger transportation. These ancillary items are now recognized in passenger revenue (disclosed below as “*other passenger revenue*”).

Non-passenger revenue primarily consists of revenue from the sale of other items such as rental cars, insurance hotels and cargo. This change did not have a material impact on our income statement or balance sheet in any period presented.

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

| Unaudited (In millions of Mexican pesos) | Three months ended March 31, 2017 | Three months ended June 30, 2017 | Three months ended September 30, 2017 | Three months ended December 31, 2017 | Full Year 2017 Adjusted |
|--|---|--|--|---|----------------------------|
| Other passenger revenues | 1,382 | 1,448 | 1,513 | 1,516 | 5,858 |
| Non-passenger revenues | 292 | 294 | 286 | 267 | 1,139 |
| Total ancillary revenues | 1,674 | 1,742 | 1,798 | 1,783 | 6,997 |
| Booked passengers (thousands) | 3,964 | 4,063 | 4,173 | 4,226 | 16,426 |
| Total ancillary revenue per passenger | 422 | 429 | 431 | 422 | 426 |
| Total ancillary revenue per passenger (as reported) (*) | 411 | 426 | 434 | 446 | 429 |

(*) These recast amounts were derived from unaudited financial statements included in the quarterly reports on Form 6-K during the year ended December 31, 2017, under the called name “Non-ticket revenue per passenger”.