



## Volaris Reports First Quarter 2018 Results: Ancillary Revenue Expansion, Unit Cost Reduction and Cash Flow Generation

Mexico City, Mexico, April 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 first quarter 2018.

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

### First Quarter 2018 Highlights

- Total operating revenues reached Ps.5,850 million for the first quarter, an increase of 2.7% year over year.
- Total ancillary revenues were Ps.1,965 million for the first quarter, an increase of 17.4% year over year. The total ancillary revenues per passenger for the first quarter were Ps.461, increasing 9.1% year over year.
- Total operating revenues per available seat mile (TRASM) were Ps.115.7 cents for the first quarter, a decrease of 7.7% year over year.
- Operating expenses per available seat mile (CASM) were Ps.133.7 cents for the first quarter, a decrease of 5.4% year over year; with an average economic fuel cost per gallon of Ps. 40.1, increasing 8.0% year over year, and an average exchange rate of Ps.18.76, a year over year decrease of 8.0%. Operating expenses per available seat mile excluding fuel (CASM ex fuel) were Ps. 90.6 cents for the first quarter, a decrease of 9.1% year over year.
- Net loss was Ps.1,118 million (Ps.1.11 per share / US\$0.60 per ADS) for the first quarter, with a net loss margin of 19.1%.
- Net cash flow provided by operating activities was Ps.1,093 million, in conjunction with cash flow used in investing activities of Ps.313 million, net cash flow provided by financing activities of Ps. 65 million, and a negative net foreign exchange differences of Ps.478 million, the net cash generation in the first quarter was Ps.366 million. As of March 31, 2018, cash and cash equivalents were Ps.7,317 million.

Volaris' CEO Enrique Beltranena commented: "During the first quarter, we faced a challenging fare environment in the domestic market, influenced by a significant capacity increase in the industry. Having the lowest unit cost, is the most important competitive advantage in this environment; our ultra-low-cost model has produced lower unit cost year over year. Additionally, our ancillary revenue performance has been successful".



## Resilient Macroeconomics and Exchange Rate Appreciation Partially Offset Fuel Price Pressures

- Resilient macroeconomics and domestic consumer demand: The macroeconomic indicators in Mexico during the quarter were stable, with same store sales<sup>1</sup> increasing 4.1% year over year; remittances<sup>2</sup> increased 7.2% year over year during first two months of the year; and the Mexican General Economic Activity Indicator (IGAE)<sup>3</sup> increasing 1.1% year over year in January of 2018.
- Air traffic volume increase: The Mexican DGAC reported overall passenger volume growth for Mexican carriers of 10.2% year over year in January and February; domestic overall passenger volume increased 8.1%, while international overall passenger volume increased 17.1%.
- Exchange rate volatility: The Mexican peso appreciated 8.0% year over year against the US dollar, from an average exchange rate of Ps.20.39 pesos per US dollar in the first quarter 2017 to Ps.18.76 pesos per US dollar during the first quarter 2018. At the end of the first quarter, the Mexican peso appreciated 7.1% with respect to the end of period exchange rate of the previous quarter. The Company booked a foreign exchange loss of Ps.691 million as a consequence of our US dollar net monetary asset position.
- Higher fuel prices: The average economic fuel cost per gallon increased 8.0%, year over year, to Ps.40.1 per gallon (US\$2.2) in the first quarter 2018, year over year.

## Strengthened ULCC Model with Further Ancillary Revenue Expansion

- **Passenger traffic stimulation:** Volaris booked 4.3 million passengers in the first quarter of 2018, up 7.5% year over year. Volaris traffic (measured in terms of fare revenue miles, or RPMs) increased 9.8% for the same period. System load factor during the quarter decreased 1.0 percentage points year over year to 82.2%.
- **Challenged fare environment:** For the first quarter of 2018, yield decreased 12.1% with TRASM decreasing 7.7%, year over year. During the first quarter, in terms of ASMs, domestic capacity grew 11.9%, while international capacity increased 9.7%.
- **Total ancillary revenue growth:** Total ancillary revenues and total ancillary revenues per passenger increased 17.4% and 9.1% year over year for the first quarter of 2018, respectively. The total ancillary revenues generation continues to grow with new and matured products, appealing to customers' needs, representing now 34% of the total operating revenues.

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

<sup>2</sup> Source: Banco de México (BANXICO)

<sup>3</sup> Source: Instituto Nacional de Estadística y Geografía (INEGI)



- **New routes:** In the first quarter 2018, Volaris began operations in three new international routes between: 1) Guatemala City, Guatemala and Los Angeles, California; 2) San Salvador, El Salvador and Los Angeles, California; and 3) San Salvador, El Salvador and Cancun, Quintana Roo.

## Cost Control and Discipline, Despite Fuel Price Pressure

- CASM and CASM ex fuel for first quarter 2018 were Ps. 133.7 (US\$7.1 cents) and Ps.90.6 cents (US\$4.8 cents), respectively. These represented decreases of 5.4% and 9.1%, respectively; mainly driven by tightening cost controls and average exchange rate appreciation of 8.0%. At the end of the first quarter, the Mexican peso also appreciated 7.1% with respect to the end of previous quarter, leading to a net exchange rate loss of Ps.691 million as result of our U.S. dollar net monetary asset position.

## Young and Fuel-efficient Fleet

- During the first quarter 2018, the Company did not incorporate any additional aircraft and one aircraft was redelivered in February. As of March 31, 2018, Volaris fleet was composed of 70 aircraft (11 A319s, 49 A320s and 10 A321s), with an average age of 4.8 years. At the end of the first quarter 2018, Volaris' fleet had an average of 181 seats, 67% of which were in sharklet-equipped aircraft.
- On April 17th, we received our first A321 neo, this aircraft with 230 seats will continue to enhance our network in Mexico City and will further reduce unit costs.

## Solid Balance Sheet, Good Liquidity and Cash Flow Generation

- Net cash flow provided by operating activities was Ps.1,093 million, in conjunction with cash flow used in investing activities of Ps.313 million, net cash flow provided by financing activities of Ps. 65 million, and a negative net foreign exchange differences of Ps.478 million, the net cash generation in the first quarter was Ps.366 million. As of March 31, 2018, cash and cash equivalents were Ps.7,317 million, representing now 29% of last twelve months operating revenues. As of December 31, 2017, unrestricted cash and cash equivalents were Ps.6,951 million. Volaris registered negative net debt (or a positive net cash position) of Ps.3,894 million and total equity of Ps.8,950 million.

## Active in Risk Management

- Volaris remains active in its fuel risk management program. Volaris utilized call options to hedge 63% of its first quarter 2018 fuel consumption, at an average strike price of US \$1.63 per gallon, which combined with the 37% unhedged consumption, resulted in a blended average economic fuel cost of US\$2.2 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 this 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<br>Mr. Fernando Suárez, EVP & CFO   |
| Date:                              | Friday, April 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:      | <a href="https://www.webcaster4.com/Webcast/Page/1174/25222">https://www.webcaster4.com/Webcast/Page/1174/25222</a> |

## 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](http://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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| Unaudited<br>(In Mexican pesos, except otherwise indicated) | Three months<br>ended March 31,<br>2018<br>(US Dollars)* | Three months<br>ended March<br>31, 2018 | Three months<br>ended March<br>31, 2017<br>(Adjusted) | Variance<br>(%) |
|---|--|---|---|-----------------|
| Total operating revenues (millions)                         | 319  | 5,850                                   | 5,699   | 2.7%            |
| Total operating expenses (millions)                         | 368  | 6,757                                   | 6,428   | 5.1%            |
| EBIT (millions)   | (49)   | (906)                                   | (729)   | 24.3%           |
| EBIT margin   | (15.5%)  | (15.5%)                                 | (12.8%)   | (2.7) pp        |
| Depreciation and amortization                               | 7  | 132                                     | 128   | 3.1%            |
| Aircraft and engine rent expense                            | 87   | 1,596                                   | 1,699   | (6.1%)          |
| Net loss (millions)   | (61)   | (1,118)                                 | (1,318)   | (15.2%)         |
| Net loss margin   | (19.1%)  | (19.1%)                                 | (23.1%)   | 4.0 pp          |
| <b>Loss per share:</b>                                      |  |   |   |                 |
| Basic (pesos)   | (0.06)   | (1.11)                                  | (1.30)  | (15.2%)         |
| Diluted (pesos)   | (0.06)   | (1.11)                                  | (1.30)  | (15.2%)         |
| <b>Loss per ADS:</b>  |  |   |   |                 |
| Basic (pesos)   | (0.60)   | (11.05)                                 | (13.02)   | (15.2%)         |
| Diluted (pesos)   | (0.60)   | (11.05)                                 | (13.02)   | (15.2%)         |
| <b>Weighted average shares outstanding:</b>                 |  |   |   |                 |
| 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)                  | -  | 5,055                                   | 4,547   | 11.2%           |
| Domestic  | -  | 3,446                                   | 3,080   | 11.9%           |
| International   | -  | 1,609                                   | 1,467   | 9.7%            |
| Revenue passenger miles (RPMs) (millions) (1)               | -  | 4,155                                   | 3,784   | 9.8%            |
| Domestic  | -  | 2,902                                   | 2,597   | 11.7%           |
| International   | -  | 1,253                                   | 1,186   | 5.6%            |
| Load factor (2)   | -  | 82.2%                                   | 83.2%   | (1.0) pp        |
| Domestic  | -  | 84.2%                                   | 84.3%   | (0.1) pp        |
| International   | -  | 77.9%                                   | 80.9%   | (3.0) pp        |
| Total operating revenue per ASM (TRASM) (cents)             | 6.3  | 115.7                                   | 125.3   | (7.7%)          |
| Fare revenue per ASM (RASM) (cents)                         | 4.2  | 76.9                                    | 88.5  | (13.2%)         |
| Fare revenue per RPM (Yield) (cents)                        | 5.1  | 93.5                                    | 106.4   | (12.1%)         |
| Average fare (2)  | 50   | 912                                     | 1,020   | (10.6%)         |
| Average other passenger revenue                             | 21   | 386                                     | 349   | 10.9%           |
| Average non-passenger revenue                               | 4.1  | 74                                      | 74  | 1.1%            |
| <b>Total ancillary revenue per passenger (4)</b>            | <b>25.1</b>  | <b>461</b>                              | <b>422</b>  | <b>9.1%</b>     |
| Operating expenses per ASM (CASM) (cents)                   | 7.3  | 133.7                                   | 141.4   | (5.4%)          |
| Operating expenses per ASM (CASM) (US cents) (3)            | -  | 7.1                                     | 6.9   | 2.7%            |
| CASM ex fuel (cents)  | 4.9  | 90.6                                    | 99.8  | (9.1%)          |
| CASM ex fuel (US cents) (3)                                 | -  | 4.8                                     | 4.9   | (1.3%)          |
| Booked passengers (thousands) (1)                           | -  | 4,263                                   | 3,964   | 7.5%            |
| Departures (1)  | -  | 28,188                                  | 26,754  | 5.4%            |
| Block hours (1)   | -  | 77,244                                  | 71,802  | 7.6%            |
| Fuel gallons consumed (millions)                            | -  | 54.3                                    | 51.0  | 6.4%            |
| Average economic fuel cost per gallon                       | 2.2  | 40.1                                    | 37.1  | 8.0%            |
| Aircraft at end of period                                   | -  | 70                                      | 68  | 2.9%            |
| Average aircraft utilization (block hours)                  | -  | 13.2                                    | 12.4  | 6.1%            |
| Average exchange rate                                       | -  | 18.76                                   | 20.39   | (8.0%)          |
| End of period exchange rate                                 | -  | 18.34                                   | 18.81   | (2.5%)          |

\*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<br>(In millions of Mexican pesos) | Three months<br>ended March 31,<br>2018<br>(US Dollars)* | Three months ended<br>March 31, 2018 | Three months ended<br>March 31, 2017<br>(Adjusted) | Variance<br>(%) |
|---|--|--------------------------------------|--|-----------------|
| <b>Operating revenues:</b>                  |  |                                      |  |                 |
| <b>Passenger revenues</b>                   | <b>302</b>   | <b>5,533</b>                         | <b>5,407</b>                                       | <b>2.3%</b>     |
| Fare revenues                               | 212  | 3,886                                | 4,025  | (3.5%)          |
| Other passenger revenues                    | 90   | 1,648                                | 1,382  | 19.2%           |
| <b>Non-passenger revenues</b>               | <b>17</b>  | <b>317</b>                           | <b>292</b>   | <b>8.7%</b>     |
| Cargo                                       | 3  | 49                                   | 41   | 18.2%           |
| Other non-passenger revenues                | 15   | 269                                  | 251  | 7.1%            |
| <b>Total operating revenues</b>             | <b>319</b>   | <b>5,850</b>                         | <b>5,699</b>                                       | <b>2.7%</b>     |
| Other operating income                      | -  | (1)                                  | (1)  | 38.1%           |
| Fuel  | 119  | 2,175                                | 1,892  | 14.9%           |
| Aircraft and engine rent expense            | 87   | 1,596                                | 1,699  | (6.1%)          |
| Landing, take-off and navigation expenses   | 61   | 1,125                                | 1,035  | 8.7%            |
| Salaries and benefits                       | 41   | 746                                  | 696  | 7.3%            |
| Sales, marketing and distribution expenses  | 19   | 357                                  | 358  | (0.1%)          |
| Maintenance expenses                        | 19   | 351                                  | 351  | (0.2%)          |
| Other operating expenses                    | 15   | 274                                  | 269  | 1.9%            |
| Depreciation and amortization               | 7  | 132                                  | 128  | 3.1%            |
| <b>Operating expenses</b>                   | <b>368</b>   | <b>6,757</b>                         | <b>6,428</b>                                       | <b>5.1%</b>     |
| <b>Operating loss</b>                       | <b>(49)</b>  | <b>(906)</b>                         | <b>(729)</b>                                       | <b>24.3%</b>    |
| Finance income                              | 2  | 34                                   | 21   | 58.0%           |
| Finance cost                                | (2)  | (34)                                 | (21)   | 62.7%           |
| Exchange loss, net                          | (38)   | (691)                                | (1,145)  | (39.6%)         |
| <b>Comprehensive financing result</b>       | <b>(38)</b>  | <b>(691)</b>                         | <b>(1,144)</b>                                     | <b>(39.6%)</b>  |
| <b>Loss before income tax</b>               | <b>(87)</b>  | <b>(1,597)</b>                       | <b>(1,873)</b>                                     | <b>(14.7%)</b>  |
| Income tax expense                          | 26   | 479                                  | 556  | (13.7%)         |
| <b>Net loss</b>                             | <b>(61)</b>  | <b>(1,118)</b>                       | <b>(1,318)</b>                                     | <b>(15.2%)</b>  |

\*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<br>(In millions of Mexican pesos)  | Three months<br>ended March<br>31, 2018<br>(US Dollars)* | Three months<br>ended March<br>31, 2018 | Three months<br>ended March<br>31, 2017<br>(Adjusted) | Variance<br>(%) |
|--|--|---|---|-----------------|
| Other passenger revenues                     | 90   | 1,648                                   | 1,382   | 19.2%           |
| Non-passenger revenues                       | 17   | 317                                     | 292   | 8.7%            |
| <b>Total ancillary revenues</b>              | <b>107</b>   | <b>1,965</b>                            | <b>1,674</b>  | <b>17.4%</b>    |
| Booked passengers (thousands)                | 4,263  | 4,263                                   | 3,964   | 7.5%            |
| <b>Total ancillary revenue per passenger</b> | <b>25.1</b>  | <b>461</b>                              | <b>422</b>  | <b>9.1%</b>     |

\*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, 2018<br>Unaudited<br>(US Dollars)* | March 31, 2018<br>Unaudited | December 31, 2017<br>(Adjusted) |
|---|--|-----------------------------|---------------------------------|
| <b>Assets</b>                                     |  |                             |                                 |
| Cash and cash equivalents                         | 399  | 7,317                       | 6,951                           |
| Accounts receivable                               | 100  | 1,825                       | 1,449                           |
| Inventories                                       | 17   | 305                         | 295                             |
| Prepaid expenses and other current assets         | 41   | 755                         | 768                             |
| Financial instruments                             | 21   | 379                         | 497                             |
| Guarantee deposits                                | 64   | 1,176                       | 1,353                           |
| <b>Total current assets</b>                       | <b>641</b>                                   | <b>11,757</b>               | <b>11,313</b>                   |
| Rotable spare parts, furniture and equipment, net | 249  | 4,567                       | 4,376                           |
| Intangible assets, net                            | 9  | 173                         | 190                             |
| Deferred income taxes                             | 31   | 576                         | 562                             |
| Guarantee deposits                                | 307  | 5,627                       | 6,098                           |
| Other assets                                      | 8  | 141                         | 126                             |
| <b>Total non-current assets</b>                   | <b>604</b>                                   | <b>11,084</b>               | <b>11,353</b>                   |
| <b>Total assets</b>                               | <b>1,245</b>                                 | <b>22,841</b>               | <b>22,666</b>                   |
| <b>Liabilities</b>                                |  |                             |                                 |
| Unearned transportation revenue                   | 180  | 3,300                       | 2,293                           |
| Accounts payable                                  | 59   | 1,076                       | 1,118                           |
| Accrued liabilities                               | 116  | 2,133                       | 2,051                           |
| Other taxes and fees payable                      | 114  | 2,089                       | 1,245                           |
| Income taxes payable                              | 8  | 139                         | 111                             |
| Financial debt                                    | 139  | 2,542                       | 2,404                           |
| Other liabilities                                 | 8  | 149                         | 281                             |
| <b>Total short-term liabilities</b>               | <b>623</b>                                   | <b>11,429</b>               | <b>9,503</b>                    |
| Financial debt                                    | 48   | 881                         | 1,079                           |
| Accrued liabilities                               | 10   | 183                         | 200                             |
| Other liabilities                                 | 12   | 224                         | 217                             |
| Employee benefits                                 | 1  | 20                          | 19                              |
| Deferred income taxes                             | 63   | 1,154                       | 1,616                           |
| <b>Total long-term liabilities</b>                | <b>134</b>                                   | <b>2,462</b>                | <b>3,131</b>                    |
| <b>Total liabilities</b>                          | <b>757</b>                                   | <b>13,891</b>               | <b>12,635</b>                   |
| <b>Equity</b>                                     |  |                             |                                 |
| Capital stock                                     | 162  | 2,974                       | 2,974                           |
| Treasury shares                                   | (5)  | (85)                        | (85)                            |
| Contributions for future capital increases        | -  | -                           | -                               |
| Legal reserve                                     | 16   | 291                         | 291                             |
| Additional paid-in capital                        | 99   | 1,807                       | 1,805                           |
| Retained earnings                                 | 209  | 3,830                       | 4,948                           |
| Accumulated other comprehensive losses            | 7  | 133                         | 99                              |
| <b>Total equity</b>                               | <b>488</b>                                   | <b>8,950</b>                | <b>10,031</b>                   |
| <b>Total liabilities and equity</b>               | <b>1,245</b>                                 | <b>22,841</b>               | <b>22,666</b>                   |
| <b>Total shares outstanding fully diluted</b>     |  | <b>1,011,876,677</b>        | <b>1,011,876,677</b>            |

\*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<br>(In millions of Mexican pesos)       | Three months<br>ended March 31,<br>2018<br>(US Dollars)* | Three months<br>ended March 31,<br>2018 | Three months<br>ended March 31,<br>2017<br>(Adjusted) |
|---|--|---|---|
| Net cash flow provided by operating activities    | 60   | 1,093                                   | 469   |
| Net cash flow used in investing activities        | (17)   | (313)                                   | (342)   |
| Net cash flow provided by financing activities    | 4  | 65                                      | 174   |
| <b>Increase in cash and cash equivalents</b>      | <b>46</b>  | <b>844</b>                              | <b>300</b>  |
| Net foreign exchange differences                  | (26)   | (478)                                   | (533)   |
| Cash and cash equivalents at beginning of period  | 379  | 6,951                                   | 7,071   |
| <b>Cash and cash equivalents at end of period</b> | <b>399</b>   | <b>7,317</b>                            | <b>6,839</b>  |

\*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 |
|--|-----------------------------------|----------------------------------|---------------------------------------|--------------------------------------|-------------------------|
| <b>(In millions of Mexican pesos)</b>      |                                   |                                  |                                       |                                      |                         |
| <b>Operating revenues:</b>                 |                                   |                                  |                                       |                                      |                         |
| <b>Passenger revenues</b>                  | <b>5,407</b>                      | <b>5,699</b>                     | <b>6,286</b>                          | <b>6,258</b>                         | <b>23,649</b>           |
| 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                   |
| <b>Non-passenger revenues</b>              | <b>292</b>                        | <b>294</b>                       | <b>286</b>                            | <b>267</b>                           | <b>1,139</b>            |
| Cargo                                      | 41                                | 39                               | 38                                    | 53                                   | 171                     |
| Other non-passenger revenues               | 251                               | 256                              | 248                                   | 214                                  | 968                     |
| <b>Total operating revenues</b>            | <b>5,699</b>                      | <b>5,994</b>                     | <b>6,571</b>                          | <b>6,524</b>                         | <b>24,788</b>           |
| 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                     |
| <b>Operating expenses</b>                  | <b>6,428</b>                      | <b>5,943</b>                     | <b>5,948</b>                          | <b>6,508</b>                         | <b>24,827</b>           |
| <b>Operating (loss) income</b>             | <b>(729)</b>                      | <b>51</b>                        | <b>623</b>                            | <b>17</b>                            | <b>(39)</b>             |
| Finance income                             | 21                                | 21                               | 30                                    | 33                                   | 106                     |
| Finance cost                               | (21)                              | (22)                             | (20)                                  | (24)                                 | (86)                    |
| Exchange (loss) gain, net                  | (1,145)                           | (558)                            | 125                                   | 784                                  | (794)                   |
| <b>Comprehensive financing result</b>      | <b>(1,144)</b>                    | <b>(559)</b>                     | <b>135</b>                            | <b>793</b>                           | <b>(774)</b>            |
| <b>(Loss) income before income tax</b>     | <b>(1,873)</b>                    | <b>(508)</b>                     | <b>758</b>                            | <b>810</b>                           | <b>(813)</b>            |
| Income tax benefit                         | 556                               | 0                                | (39)                                  | (356)                                | 161                     |
| <b>Net (loss) income</b>                   | <b>(1,318)</b>                    | <b>(508)</b>                     | <b>720</b>                            | <b>454</b>                           | <b>(652)</b>            |
| <b>(Loss) earnings per share:</b>          |                                   |                                  |                                       |                                      |                         |
| Basic (pesos)                              | (1.30)                            | (0.50)                           | 0.71                                  | 0.45                                 | (0.64)                  |
| Diluted (pesos)                            | (1.30)                            | (0.50)                           | 0.71                                  | 0.45                                 | (0.64)                  |
| <b>(Loss) earnings per ADS:</b>            |                                   |                                  |                                       |                                      |                         |
| 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<br>(In millions of Mexican pesos) | Full Year 2017<br>as Reported | Three months<br>ended March 31,<br>2017 | Three months<br>ended June 30,<br>2017 | Three months<br>ended<br>September 30,<br>2017 | Three months<br>ended<br>December 31,<br>2017 | Full Year 2017<br>Adjusted |
|---|-------------------------------|---|--|--|---|----------------------------|
| <b>Operating revenues:</b>                  |                               |   |  |  |   |                            |
| <b>Passenger revenues</b>                   | <b>17,791</b>                 | <b>1,382</b>                            | <b>1,448</b>                           | <b>1,513</b>                                   | <b>1,516</b>                                  | <b>23,649</b>              |
| Fare revenues                               | 17,791                        | -                                       | -                                      | -  | -   | 17,791                     |
| Other passenger revenues                    | -                             | 1,382                                   | 1,448                                  | 1,513  | 1,516   | 5,858                      |
| <b>Non-passenger revenues</b>               | <b>7,054</b>                  | <b>(1,339)</b>                          | <b>(1,435)</b>                         | <b>(1,524)</b>                                 | <b>(1,617)</b>                                | <b>1,139</b>               |
| Cargo                                       | 171                           | -                                       | -                                      | -  | -   | 171                        |
| Other non-passenger revenues                | 6,883                         | (1,339)                                 | (1,435)                                | (1,524)  | (1,617)                                       | 968                        |
| <b>Total operating revenues</b>             | <b>24,845</b>                 | <b>43</b>                               | <b>12</b>                              | <b>(11)</b>                                    | <b>(101)</b>                                  | <b>24,788</b>              |
| 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                        |
| <b>Operating expenses</b>                   | <b>24,827</b>                 | <b>-</b>                                | <b>-</b>                               | <b>-</b>                                       | <b>-</b>                                      | <b>24,827</b>              |
| <b>Operating income (loss)</b>              | <b>19</b>                     | <b>43</b>                               | <b>12</b>                              | <b>(11)</b>                                    | <b>(101)</b>                                  | <b>(39)</b>                |
| Finance income                              | 106                           | -                                       | -                                      | -  | -   | 106                        |
| Finance cost                                | (86)                          | -                                       | -                                      | -  | -   | (86)                       |
| Exchange (loss), net                        | (794)                         | -                                       | -                                      | -  | -   | (794)                      |
| <b>Comprehensive financing result</b>       | <b>(774)</b>                  | <b>-</b>                                | <b>-</b>                               | <b>-</b>                                       | <b>-</b>                                      | <b>(774)</b>               |
| <b>(Loss)income before income tax</b>       | <b>(756)</b>                  | <b>43</b>                               | <b>12</b>                              | <b>(11)</b>                                    | <b>(101)</b>                                  | <b>(813)</b>               |
| Income tax benefit                          | 161                           | -                                       | -                                      | -  | -   | 161                        |
| <b>Net (loss) income</b>                    | <b>(595)</b>                  | <b>43</b>                               | <b>12</b>                              | <b>(11)</b>                                    | <b>(101)</b>                                  | <b>(652)</b>               |
| 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<br>(In millions of Mexican pesos)                | Three months<br>ended March<br>31, 2017 | Three months<br>ended June<br>30, 2017 | Three months<br>ended<br>September 30,<br>2017 | Three months<br>ended<br>December 31,<br>2017 | Full Year 2017<br>Adjusted |
|--|---|--|--|---|----------------------------|
| Other passenger revenues                                   | 1,382                                   | 1,448                                  | 1,513  | 1,516   | 5,858                      |
| Non-passenger revenues                                     | 292                                     | 294                                    | 286  | 267   | 1,139                      |
| <b>Total ancillary revenues</b>                            | <b>1,674</b>                            | <b>1,742</b>                           | <b>1,798</b>                                   | <b>1,783</b>                                  | <b>6,997</b>               |
| Booked passengers (thousands)                              | 3,964                                   | 4,063                                  | 4,173  | 4,226   | 16,426                     |
| <b>Total ancillary revenue per<br/>passenger</b>           | <b>422</b>                              | <b>429</b>                             | <b>431</b>                                     | <b>422</b>                                    | <b>426</b>                 |
| Total ancillary revenue per<br>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”.