



## Volaris Reports Second Quarter 2019 Results: 10.1% TRASM Increase and 4.6% Reduction of Unit Cost Excluding Fuel

Mexico City, Mexico, July 25, 2019 – 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 2019.

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

### Second Quarter 2019 Highlights

- Total operating revenues were Ps.8,329 million for the second quarter, an increase of 33.7% year over year.
- Total ancillary revenues were Ps.2,909 million for the second quarter, an increase of 38.9% year over year. Total ancillary revenues per passenger for the second quarter reached Ps.514, an increase of 10.3% year over year. Total ancillary revenues represented 34.9% of the total operating revenues for the second quarter 2019, increasing 1.3 percentage points with respect to the same period of last year.
- Total operating revenues per available seat mile (TRASM) were Ps.135.5 cents for the second quarter, an increase of 10.1% year over year.
- Operating expenses per available seat mile (CASM) were Ps.124.9 cents for the second quarter, a decrease of 1.2% year over year; with an average economic fuel cost per gallon of Ps.48.9 for the second quarter, an increase of 8.0% year over year.
- Operating expenses excluding fuel, per available seat mile (CASM ex-fuel) reached Ps.74.5 cents for the second quarter, a decrease of 4.6% year over year.
- Operating income was Ps.659 million for the second quarter, an improvement compared with the operating loss of Ps.163 million for the same period of last year. Operating margin for the second quarter was 7.9%, an improvement in margin of 10.5 percentage points year over year.
- Net income was Ps.119 million (Ps.0.12 per share / US\$0.06 per ADS), with a net margin of 1.4% for the second quarter.
- At the close of the second quarter, the Mexican peso appreciated 1.1% against the U.S. dollar with respect to the exchange rate at the close of the previous quarter (Ps.19.38 per US dollar). The Company booked a foreign exchange gain of Ps.3 million as a consequence of our U.S. dollar net monetary liability position, as result of the adoption of IFRS16.



- Net cash flows provided by operating activities and investing activities were Ps.1,527 million and Ps.171 million, respectively. The cash flow used in financing activities was Ps.571 million, which included Ps.1,582 million of aircraft rental payments, and inflows of Ps.1,500 million, related to the issuance of asset backed trust notes (certificados bursátiles fiduciarios). The negative net foreign exchange difference was Ps.74 million, with net cash generation in the second quarter of Ps.1,053 million. As of June 30, 2019, cash and cash equivalents were Ps.8,124 million.

## Resilient Macroeconomics and Domestic Consumer Demand, Peso Appreciation and Fuel Price Pressures

- **Resilient macroeconomics and domestic consumer demand:** The macroeconomic indicators in Mexico during the second quarter were stable, with same store sales<sup>1</sup> increasing 4.8% year over year; remittances<sup>2</sup> increasing 2.5% year over year during April and May 2019; and the Mexican Consumer Confidence Balance Indicator (BCC)<sup>3</sup> increased 22% in the second quarter year over year.
- **Air traffic volume increase:** The Mexican General Aviation of Civil Aviation reported an overall passenger volume growth for Mexican carriers of 11.2% year over year during April and May of 2019; domestic overall passenger volume increased 10.7%, while the international overall passenger volume increased 3.0%.
- **Exchange rate volatility:** The Mexican peso appreciated 1.3% year over year against the US dollar, from an average exchange rate of Ps.19.37 pesos per US dollar in the second quarter 2018 to Ps.19.12 pesos per US dollar during the second quarter 2019. At the end of the second quarter 2019, the Mexican peso appreciated 1.1% with respect to the exchange rate of the end of the previous quarter. The Company booked a foreign exchange gain of Ps.3 million as a consequence of our US dollar net monetary liability position, resulting from the adoption of IFRS16.
- **Higher fuel prices:** The average economic fuel cost per gallon increased 8.0% in the second quarter of 2019, year over year, reaching Ps.48.9 per gallon (US\$2.6).

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

- **Passenger traffic stimulation:** Volaris booked 5.7 million passengers in the second quarter 2019, an increase of 25.9% year over year. Volaris traffic (measured in terms of revenue passenger miles, or RPMs) increased 23.8% year over year. System load factor during the second quarter increased 1.5 percentage points year over year, reaching 87.3%.

<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)*



- **Positive TRASM growth:** For the second quarter 2019, TRASM increased 10.1% year over year. During the second quarter 2019, the total capacity, in terms of ASMs, increased 21.6% year over year.
- **Total ancillary revenue growth:** For the second quarter 2019, total ancillary revenue increased 38.9% year over year. Total ancillary revenue per passenger for the second quarter 2019 increased 10.3% year over year. The total ancillary revenue generation continues to grow with new and mature products, appealing to customers' needs, representing 34.9% of total operating revenue of the second quarter, an increase of 1.3 percentage points year over year.
- **New routes:** Volaris began operations in five new domestic routes from Chihuahua, Durango and Queretaro and four new international routes from Chicago, Dallas and Phoenix.

## The Cost Control Discipline and peso appreciation Offset Fuel Price Pressure

- CASM and CASM ex fuel for the second quarter 2019 reached Ps.124.9 (US\$6.5 cents) and Ps.74.5 cents (US\$3.9 cents), respectively. This represented decreases of 1.2% and 4.6%, respectively; mainly driven by a tighter cost control discipline and the average exchange rate appreciation of 1.3%; despite the average economic fuel cost per gallon rising 8.0%.

## Young and Fuel-efficient Fleet

- During the second quarter 2019, the Company incorporated two aircraft (A320 neo) to its fleet; also during this quarter two redeliveries were registered (A320 ceo). As of June 30, 2019, Volaris' fleet was composed of 78 aircraft (8 A319s, 55 A320s and 15 A321s), with an average age of 4.8 years. At the end of the second quarter 2019, Volaris' fleet had an average of 186 seats, 76% of which were in sharklet-equipped aircraft, and 24% were NEO.

## Solid Balance Sheet and Good Liquidity

- Net cash flows provided by operating activities and investing activities were Ps.1,527 million and Ps.171 million, respectively. The cash flow used in financing activities was Ps.571 million, which included Ps.1,582 million of aircraft rental payments, and inflows of Ps.1,500 million, related to the issuance of asset backed trust notes (certificados bursátiles fiduciarios). The negative net foreign exchange difference was Ps.74 million, while the net cash generation in the second quarter was Ps.1,053 million. As of June 30, 2019, cash and cash equivalents were Ps.8,124 million, representing 29.8% of last twelve months of the operating revenue. Volaris registered a negative net debt (or a positive net cash position) of Ps.4,050 million (excluding lease liability recognized under the IFRS16 adoption) and total equity of Ps.4,095 million.



## Transition to IFRS 16

- The Company adopted IFRS 16 as of January 1st, 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 1st, 2017 as an increase in assets and liabilities and an adjustment in the retained earnings. The full disclosure and the estimated unaudited figures of this initial adoption are included in the Company's 2018 annual report.
- This quarterly earnings release includes supplemental information for comparable purposes, with recast, estimated unaudited 2018 figures with the IFRS 16 adoption effects. 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 25, 2019, the Company established a hedge on its USD denominated revenues, through a non-derivative financial instrument, using the lease liabilities denominated in USD as a hedge instrument. This hedging relationship is 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. The non-material impact of this hedge resulting from the second quarter 2019, has been presented as part of the total operating revenue.
- Additionally, on the same date, the Company established a hedge on a portion of its forecasted fuel expense, through a non-derivative financial instrument, using as hedge instrument a portion of its USD denominated monetary assets. This hedging relationship is 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. The non-material impact of this hedge, resulting from the second quarter 2019, 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: Friday, July 26, 2019

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 (8652747)

Webcast will be available at: <https://services.choruscall.com/links/vlrs190726gZNCIqT5.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 beginning operations in March 2006, Volaris has increased its routes from five to more than 194 and its fleet from four to 78 aircraft. Volaris offers more than 403 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 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 ten 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, 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.

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Unaudited (In Mexican pesos, except otherwise indicated)	Three months ended June 30, 2019 (US Dollars)*	Three months ended June 30, 2019	Three months ended June 30, 2018	Variance (%)
Total operating revenues (millions)	435	8,329	6,230	33.7%
Total operating expenses (millions)	400	7,670	6,393	20.0%
EBIT (millions)	34	659	(163)	NA
EBIT margin	7.9%	7.9%	(2.6%)	10.5 pp
Depreciation and amortization	70	1,335	1,135	17.6%
Aircraft and engine rent expense	16	316	105	>100%
Net income (loss) (millions)	6	119	(1,766)	NA
Net income (loss) margin	1.4%	1.4%	(28.4%)	29.8 pp
<b>Income (loss) per share:</b>				
Basic (pesos)	0.01	0.12	(1.75)	NA
Diluted (pesos)	0.01	0.12	(1.75)	NA
<b>Income (loss) per ADS:</b>				
Basic (pesos)	0.06	1.18	(17.46)	NA
Diluted (pesos)	0.06	1.18	(17.46)	NA
<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)	-	6,154	5,060	21.6%
Domestic	-	4,250	3,488	21.8%
International	-	1,904	1,572	21.1%
Revenue passenger miles (RPMs) (millions) (1)	-	5,370	4,337	23.8%
Domestic	-	3,812	3,095	23.2%
International	-	1,558	1,242	25.4%
Load factor (2)	-	87.3%	85.8%	1.5 pp
Domestic	-	89.7%	88.7%	1.0 pp
International	-	81.9%	79.1%	2.8 pp
Total operating revenue per ASM (TRASM) (cents) (1) (5)	7.1	135.5	123.1	10.1%
Total ancillary revenue per passenger (4) (5)	26.8	514	466	10.3%
Total operating revenue per passenger (5)	76.9	1,475	1,387	6.3%
Operating expenses per ASM (CASM) (cents) (1) (5)	6.5	124.9	126.3	(1.2%)
Operating expenses per ASM (CASM) (US cents) (3) (5)	-	6.5	6.5	(0.1%)
CASM ex fuel (cents) (1) (5)	3.9	74.5	78.0	(4.6%)
CASM ex fuel (US cents) (3) (5)	-	3.9	4.0	(3.3%)
Booked passengers (thousands) (1)	-	5,654	4,491	25.9%
Departures (1)	-	34,848	28,497	22.3%
Block hours (1)	-	87,686	77,263	13.5%
Fuel gallons consumed (millions)	-	63.4	54.0	17.4%
Average economic fuel cost per gallon	2.6	48.9	45.3	8.0%
Aircraft at end of period	-	78	70	11.4%
Average aircraft utilization (block hours)	-	13.1	13.2	(0.9%)
Average exchange rate	-	19.12	19.37	(1.3%)
End of period exchange rate	-	19.17	19.86	(3.5%)

\*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

(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"

Unaudited	Six months ended June 30, 2019	Six months ended June 30, 2019	Six months ended June 30, 2018	Variance
(In Mexican pesos, except otherwise indicated)	(US Dollars)*			(%)
Total operating revenues (millions)	810	15,522	12,080	28.5%
Total operating expenses (millions)	774	14,836	12,788	16.0%
EBIT (millions)	36	685	(708)	NA
EBIT margin	4.4%	4.4%	(5.9%)	10.3 pp
Depreciation and amortization	137	2,627	2,207	19.1%
Aircraft and engine rent expense	28	543	422	28.6%
Net income (loss) (millions)	33	639	(1,305)	NA
Net income margin	4.1%	4.1%	(10.8%)	14.9 pp
<b>Income (loss) per share:</b>				
Basic (pesos)	0.03	0.63	(1.29)	NA
Diluted (pesos)	0.03	0.63	(1.29)	NA
<b>Income (loss) per ADS:</b>				
Basic (pesos)	0.33	6.31	(12.90)	NA
Diluted (pesos)	0.33	6.31	(12.90)	NA
<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)	-	11,858	10,115	17.2%
Domestic	-	8,221	6,935	18.6%
International	-	3,637	3,180	14.3%
Revenue passenger miles (RPMs) (millions) (1)	-	10,114	8,491	19.1%
Domestic	-	7,198	5,996	20.0%
International	-	2,916	2,495	16.9%
Load factor (2)	-	85.3%	84.0%	1.3 pp
Domestic	-	87.6%	86.5%	1.1 pp
International	-	80.3%	78.5%	1.8 pp
Total operating revenue per ASM (TRASM) (cents) (1) (5)	6.8	131.0	119.4	9.7%
Total ancillary revenue per passenger (4) (5)	26.9	515.4	463.6	11.2%
Total operating revenue per passenger (5)	76.3	1,463	1,380	6.0%
Operating expenses per ASM (CASM) (cents) (1) (5)	6.5	125.2	126.4	(0.9%)
Operating expenses per ASM (CASM) (US cents) (3) (5)	-	6.5	6.6	(1.5%)
CASM ex fuel (cents) (1) (5)	4.0	76.5	80.8	(5.3%)
CASM ex fuel (US cents) (3) (5)	-	4.0	4.2	(5.8%)
Booked passengers (thousands) (1)	-	10,617	8,754	21.3%
Departures (1)	-	67,046	56,685	18.3%
Block hours (1)	-	170,534	154,507	10.4%
Fuel gallons consumed (millions)	-	121.7	108.2	12.4%
Average economic fuel cost per gallon	2.5	47.5	42.7	11.4%
Aircraft at end of period	-	78	70	11.4%
Average aircraft utilization (block hours)	-	12.9	13.2	(2.3%)
Average exchange rate	-	19.17	19.07	0.5%
End of period exchange rate	-	19.17	19.86	(3.5%)

\*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

(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 June 30, 2019 (US Dollars) *	Three months ended June 30, 2019	Three months ended June 30, 2018	Variance (%)
<b>Operating revenues:</b>				
<b>Passenger revenues</b>	<b>419</b>	<b>8,038</b>	<b>5,990</b>	<b>34.2%</b>
Fare revenues	283	5,431	4,137	31.3%
Other passenger revenues <sup>(1)</sup>	136	2,607	1,853	40.6%
<b>Non-passenger revenues</b>	<b>16</b>	<b>302</b>	<b>240</b>	<b>25.6%</b>
Other non-passenger revenues <sup>(1)</sup>	13	250	187	33.5%
Cargo	3	52	53	(2.5%)
Non-derivatives financial instruments	(1)	(11)	-	NA
<b>Total operating revenues</b>	<b>435</b>	<b>8,329</b>	<b>6,230</b>	<b>33.7%</b>
Other operating income	(6)	(123)	(231)	(46.7%)
Total fuel expense, net <sup>(2)</sup>	161	3,087	2,445	26.3%
Depreciation and amortization	70	1,335	1,135	17.6%
Landing, take-off and navigation expenses	62	1,188	1,149	3.4%
Salaries and benefits	46	887	750	18.4%
Maintenance expenses	19	369	376	(1.7%)
Sales, marketing and distribution expenses	18	350	382	(8.3%)
Aircraft and engine rent expense	16	316	105	>100%
Other operating expenses	14	260	283	(8.1%)
<b>Operating expenses</b>	<b>400</b>	<b>7,670</b>	<b>6,393</b>	<b>20.0%</b>
<b>Operating income (loss)</b>	<b>34</b>	<b>659</b>	<b>(163)</b>	<b>NA</b>
Finance income	3	54	37	45.9%
Finance cost	(27)	(520)	(443)	17.4%
Exchange gain (loss), net	-	3	(1,926)	NA
<b>Comprehensive financing result</b>	<b>(24)</b>	<b>(462)</b>	<b>(2,332)</b>	<b>(80.2%)</b>
<b>Income (loss) before income tax</b>	<b>10</b>	<b>197</b>	<b>(2,495)</b>	<b>NA</b>
Income tax (expense) benefit	(4)	(78)	728	NA
<b>Net income (loss)</b>	<b>6</b>	<b>119</b>	<b>(1,766)</b>	<b>NA</b>

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

<sup>(1)</sup> 2Q 2018 figures include a reclassification from "other non-passenger revenues" to "Other passenger revenues" of Ps.61 million, as result of the IFRS 15 adoption

<sup>(2)</sup> 2Q 2019 figures include a benefit from non-derivatives financial instruments by an amount of Ps.14 million



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, 2019 (US Dollars) *	Six months ended June 30, 2019	Six months ended June 30, 2018	Variance (%)
<b>Operating revenues:</b>				
<b>Passenger revenues</b>	<b>783</b>	<b>15,015</b>	<b>11,600</b>	<b>29.4%</b>
Fare revenues	525	10,061	8,022	25.4%
Other passenger revenues <sup>(1)</sup>	258	4,954	3,578	38.5%
<b>Non-passenger revenues</b>	<b>27</b>	<b>518</b>	<b>481</b>	<b>7.8%</b>
Other non-passenger revenues <sup>(1)</sup>	21	404	379	6.6%
Cargo	6	114	101	12.1%
Non-derivatives financial instruments	(1)	(11)	-	NA
<b>Total operating revenues</b>	<b>810</b>	<b>15,522</b>	<b>12,080</b>	<b>28.5%</b>
Other operating income	(6)	(123)	(232)	(46.8%)
Total fuel expense, net <sup>(2)</sup>	301	5,770	4,620	24.9%
Depreciation and amortization	137	2,627	2,207	19.1%
Landing, take-off and navigation expenses	126	2,420	2,273	6.5%
Salaries and benefits	91	1,739	1,496	16.2%
Maintenance expenses	38	723	722	0.1%
Sales, marketing and distribution expenses	32	621	739	(15.9%)
Aircraft and engine rent expense	28	543	422	28.6%
Other operating expenses	27	516	541	(4.6%)
<b>Operating expenses</b>	<b>774</b>	<b>14,836</b>	<b>12,788</b>	<b>16.0%</b>
<b>Operating income (loss)</b>	<b>36</b>	<b>685</b>	<b>(708)</b>	<b>NA</b>
Finance income	5	92	71	29.9%
Finance cost	(53)	(1,023)	(838)	22.0%
Exchange gain (loss), net	60	1,157	(362)	NA
<b>Comprehensive financing result</b>	<b>12</b>	<b>227</b>	<b>(1,129)</b>	<b>NA</b>
<b>Income (loss) before income tax</b>	<b>48</b>	<b>912</b>	<b>(1,837)</b>	<b>NA</b>
Income tax (expense) benefit	(14)	(274)	532	NA
<b>Net income (loss)</b>	<b>33</b>	<b>639</b>	<b>(1,305)</b>	<b>NA</b>

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

<sup>(1)</sup> June YTD 2018 figures include a reclassification from "other non-passenger revenues" to "Other passenger revenues" of Ps.138 million, as result of the IFRS 15 adoption

<sup>(2)</sup> June YTD 2019 figures include a benefit from non-derivatives financial instruments by an amount of Ps.14 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 June 30, 2019 (US Dollars)*	Three months ended June 30, 2019	Three months ended June 30, 2018	Variance (%)
Other passenger revenues <sup>(1)</sup>	136	2,607	1,853	40.6%
Non-passenger revenues <sup>(1)</sup>	16	302	240	25.6%
<b>Total ancillary revenues</b>	<b>152</b>	<b>2,909</b>	<b>2,093</b>	<b>38.9%</b>
Booked passengers (thousands)	-	5,654	4,491	25.9%
<b>Total ancillary revenue per passenger</b>	<b>26.8</b>	<b>514</b>	<b>466</b>	<b>10.3%</b>

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

<sup>(1)</sup> 2Q 2018 figures include a reclassification from "other non-passenger revenues" to "Other passenger revenues" of Ps.61 million, as result of the IFRS 15 adoption

The following table shows the first one half of the year additional detail about the components of total ancillary revenue:

Unaudited (In millions of Mexican pesos)	Six months ended June 30, 2019 (US Dollars)*	Six months ended June 30, 2019	Six months ended June 30, 2018	Variance (%)
Other passenger revenues <sup>(1)</sup>	258	4,954	3,578	38.5%
Non-passenger revenues <sup>(1)</sup>	27	518	481	7.8%
<b>Total ancillary revenues</b>	<b>285</b>	<b>5,472</b>	<b>4,059</b>	<b>34.8%</b>
Booked passengers (thousands)	-	10,617	8,754	21.3%
<b>Total ancillary revenue per passenger</b>	<b>26.9</b>	<b>515</b>	<b>464</b>	<b>11.2%</b>

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

<sup>(1)</sup> June YTD 2018 figures include a reclassification from "other non-passenger revenues" to "Other passenger revenues" of Ps.138 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)	June 30, 2019 Unaudited (US Dollars)*	June 30, 2019 Unaudited	December 31, 2018
<b>Assets</b>			
Cash and cash equivalents	424	8,124	5,863
Accounts receivable	111	2,123	1,467
Inventories	15	294	297
Prepaid expenses and other current assets	49	939	443
Financial instruments	5	92	62
Guarantee deposits	39	743	791
<b>Total current assets</b>	<b>642</b>	<b>12,314</b>	<b>8,923</b>
Rotable spare parts, furniture and equipment, net	305	5,840	5,782
Right of use assets	1,691	32,416	31,986
Intangible assets, net	9	170	179
Deferred income taxes	141	2,709	2,864
Guarantee deposits	344	6,598	6,337
Other assets	7	142	155
Other accounts receivable	6	120	74
<b>Total non-current assets</b>	<b>2,504</b>	<b>47,995</b>	<b>47,378</b>
<b>Total assets</b>	<b>3,146</b>	<b>60,309</b>	<b>56,301</b>
<b>Liabilities</b>			
Unearned transportation revenue	220	4,226	2,439
Accounts payable	79	1,506	1,103
Accrued liabilities	138	2,644	2,318
Lease liabilities	236	4,517	4,970
Other taxes and fees payable	138	2,647	1,932
Income taxes payable	-	1	4
Financial instruments	-	-	123
Financial debt	86	1,648	1,212
Other liabilities	10	200	26
<b>Total short-term liabilities</b>	<b>907</b>	<b>17,389</b>	<b>14,127</b>
Financial debt	127	2,426	2,311
Accrued liabilities	6	123	137
Lease liabilities	1,806	34,625	34,586
Other liabilities	20	386	328
Employee benefits	1	21	18
Deferred income taxes	65	1,244	1,096
<b>Total long-term liabilities</b>	<b>2,025</b>	<b>38,825</b>	<b>38,476</b>
<b>Total liabilities</b>	<b>2,933</b>	<b>56,214</b>	<b>52,603</b>
<b>Equity</b>			
Capital stock	155	2,974	2,974
Treasury shares	(6)	(122)	(123)
Contributions for future capital increases	-	-	-
Legal reserve	15	291	291
Additional paid-in capital	95	1,822	1,837
Retained earnings	(30)	(570)	(1,208)
Accumulated other comprehensive losses <sup>(1)</sup>	(16)	(300)	(73)
<b>Total equity</b>	<b>213</b>	<b>4,095</b>	<b>3,698</b>
<b>Total liabilities and equity</b>	<b>3,146</b>	<b>60,309</b>	<b>56,301</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

<sup>(1)</sup> As of June 30, 2019, the figures include a benefit of Ps.345 million from 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 June 30, 2019 (US Dollars)*	Three months ended June 30, 2019	Three months ended June 30, 2018
Net cash flow provided by operating activities	80	1,527	913
Net cash flow provided by (used in) investing activities	9	171	(348)
Net cash flow used in financing activities**	(30)	(571) <sup>(1)</sup>	(1,610)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>59</b>	<b>1,127</b>	<b>(1,045)</b>
Net foreign exchange differences	(4)	(74)	499
Cash and cash equivalents at beginning of period	369	7,071	7,317
<b>Cash and cash equivalents at end of period</b>	<b>424</b>	<b>8,124</b>	<b>6,771</b>

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

\*\*Includes aircraft rental payments of Ps.1,582 million and Ps.1,406 million for the three months ended period June 30, 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 fiduciaries)

**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, 2019 (US Dollars)*	Six months ended June 30, 2019	Six months ended June 30, 2018
Net cash flow provided by operating activities	274	5,257	3,317
Net cash flow used in investing activities	(11)	(208)	(661)
Net cash flow used in financing activities**	(138)	(2,633) <sup>(1)</sup>	(2,856)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>126</b>	<b>2,416</b>	<b>(201)</b>
Net foreign exchange differences	(8)	(155)	21
Cash and cash equivalents at beginning of period	306	5,863	6,951
<b>Cash and cash equivalents at end of period</b>	<b>424</b>	<b>8,124</b>	<b>6,771</b>

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

\*\*Includes aircraft rental payments of Ps.3,130 million and Ps.2,717 million for the six months ended period June 30, 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 fiduciaries)

The following table shows estimated and 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	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
<b>(In millions of Mexican pesos)</b>					
<b>Operating revenues:</b>					
<b>Passenger revenues</b>	<b>5,610</b>	<b>5,990</b>	<b>7,138</b>	<b>7,643</b>	<b>26,381</b>
Fare revenues	3,886	4,137	5,096	5,370	18,488
Other passenger revenues <sup>(1)</sup>	1,724	1,853	2,042	2,273	7,892
<b>Non-passenger revenues</b>	<b>240</b>	<b>240</b>	<b>179</b>	<b>265</b>	<b>924</b>
Other non-passenger revenues <sup>(1)</sup>	192	187	124	194	697
Cargo	49	53	55	71	227
<b>Total operating revenues</b>	<b>5,850</b>	<b>6,230</b>	<b>7,317</b>	<b>7,908</b>	<b>27,305</b>
Other operating income	(1)	(231)	(243)	(147)	(622)
Fuel	2,175	2,445	2,631	2,885	10,135
Landing, take-off and navigation expenses	1,124	1,149	1,149	1,157	4,579
Depreciation and amortization	1,071	1,136	1,162	1,256	4,625
Salaries and benefits	746	750	834	795	3,125
Sales, marketing and distribution expenses	357	382	340	422	1,501
Maintenance expenses	346	376	388	387	1,499
Aircraft and engine rent expense	317	105	215	55	692
Other operating expenses	258	283	239	277	1,058
<b>Operating expenses</b>	<b>6,395</b>	<b>6,395</b>	<b>6,715</b>	<b>7,087</b>	<b>26,592</b>
<b>Operating (loss) income</b>	<b>(545)</b>	<b>(165)</b>	<b>602</b>	<b>821</b>	<b>713</b>
<b>Operating margin</b>	<b>(9.3%)</b>	<b>(2.6%)</b>	<b>8.2%</b>	<b>10.4%</b>	<b>2.6%</b>
Finance income	34	37	37	45	153
Finance cost	(395)	(439)	(487)	(478)	(1,798)
Exchange gain (loss), net	1,564	(1,926)	1,395	(1,137)	(106)
<b>Comprehensive financing result</b>	<b>1,202</b>	<b>(2,328)</b>	<b>945</b>	<b>(1,570)</b>	<b>(1,751)</b>
<b>Income (loss) before income tax</b>	<b>658</b>	<b>(2,493)</b>	<b>1,547</b>	<b>(749)</b>	<b>1,038</b>
Income tax (expense) benefit	(196)	728	(442)	187	277
<b>Net income (loss)</b>	<b>461</b>	<b>(1,765)</b>	<b>1,105</b>	<b>(562)</b>	<b>(761)</b>
<b>Earnings (loss) per share:</b>					
Basic (pesos)	0.46	(1.74)	1.09	(0.56)	(0.75)
Diluted (pesos)	0.46	(1.74)	1.09	(0.56)	(0.75)
<b>Earnings (loss) per ADS:</b>					
Basic (pesos)	4.56	(17.44)	10.92	(5.55)	(7.52)
Diluted (pesos)	4.56	(17.44)	10.92	(5.55)	(7.52)

<sup>(1)</sup> 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

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

Unaudited (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
<b>Operating revenues:</b>						
<b>Passenger revenues</b>	<b>26,381</b>	-	-	-	-	<b>26,381</b>
Fare revenues	18,488	-	-	-	-	18,488
Other passenger revenues <sup>(1)</sup>	7,892	-	-	-	-	7,892
<b>Non-passenger revenues</b>	<b>924</b>	-	-	-	-	<b>924</b>
Other non-passenger revenues <sup>(1)</sup>	227	-	-	-	-	227
Cargo	697	-	-	-	-	697
<b>Total operating revenues</b>	<b>27,305</b>	-	-	-	-	<b>27,305</b>
Other operating income	(622)	-	-	-	-	(622)
Fuel	10,135	-	-	-	-	10,135
Aircraft and engine rent expense	6,315	(1,278)	(1,400)	(1,378)	(1,567)	692
Landing, take-off and navigation expenses	4,583	(1)	(1)	(1)	(1)	4,579
Salaries and benefits	3,125	-	-	-	-	3,125
Maintenance expenses	1,518	(4)	(5)	(5)	(5)	1,499
Sales, marketing and distribution expenses	1,501	-	-	-	-	1,501
Other operating expenses	1,130	(17)	(18)	(18)	(19)	1,058
Depreciation and amortization	501	939	1,012	1,047	1,126	4,625
<b>Operating expenses</b>	<b>28,186</b>	<b>(361)</b>	<b>(412)</b>	<b>(355)</b>	<b>(466)</b>	<b>26,592</b>
<b>Operating (loss) income</b>	<b>(881)</b>	<b>361</b>	<b>412</b>	<b>355</b>	<b>466</b>	<b>713</b>
<b>Operating margin</b>	<b>(3.2%)</b>					<b>2.6%</b>
Finance income	153	-	-	-	-	153
Finance cost	(120)	(361)	(408)	(423)	(486)	(1,798)
Exchange (loss) gain, net	(72)	2,255	(2,581)	1,814	(1,521)	(106)
<b>Comprehensive financing result</b>	<b>(40)</b>	<b>1,894</b>	<b>(2,989)</b>	<b>1,391</b>	<b>(2,007)</b>	<b>(1,751)</b>
<b>(Loss) income before income tax</b>	<b>(921)</b>	<b>2,255</b>	<b>(2,577)</b>	<b>1,746</b>	<b>(1,541)</b>	<b>(1,038)</b>
Income tax benefit (expense)	238	(676)	775	(523)	463	277
<b>Net (loss) income</b>	<b>(683)</b>	<b>1,579</b>	<b>(1,802)</b>	<b>1,223</b>	<b>(1,078)</b>	<b>(761)</b>
Basic (loss) earnings per share	(0.67)	1.56	(1.78)	1.21	(1.07)	(0.75)
Diluted (loss) earnings per share	(0.67)	1.56	(1.78)	1.21	(1.07)	(0.75)

<sup>(1)</sup> 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

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)
<b>(In millions of Mexican pesos)</b>					
<b>Operating revenues:</b>					
<b>Passenger revenues</b>	<b>5,610</b>	<b>5,990</b>	<b>7,138</b>	<b>7,643</b>	<b>26,381</b>
Fare revenues	3,886	4,137	5,096	5,370	18,489
Other passenger revenues <sup>(1)</sup>	1,724	1,853	2,042	2,273	7,892
<b>Non-passenger revenues</b>	<b>240</b>	<b>240</b>	<b>179</b>	<b>265</b>	<b>924</b>
Other non-passenger revenues <sup>(1)</sup>	192	187	124	194	697
Cargo	49	53	55	71	227
<b>Total operating revenues</b>	<b>5,850</b>	<b>6,230</b>	<b>7,316</b>	<b>7,909</b>	<b>27,305</b>
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
<b>Operating expenses</b>	<b>6,757</b>	<b>6,805</b>	<b>7,070</b>	<b>7,554</b>	<b>28,186</b>
<b>Operating (loss) income</b>	<b>(906)</b>	<b>(575)</b>	<b>246</b>	<b>355</b>	<b>(881)</b>
<b>Operating margin</b>	<b>(15.5%)</b>	<b>(9.2%)</b>	<b>3.4%</b>	<b>4.5%</b>	<b>(3.2%)</b>
Finance income	34	37	37	45	153
Finance cost	(34)	(31)	(64)	8	(120)
Exchange (loss) gain, net	(691)	653	(419)	384	(73)
<b>Comprehensive financing result</b>	<b>(691)</b>	<b>660</b>	<b>(446)</b>	<b>437</b>	<b>(40)</b>
<b>(Loss) income before income tax</b>	<b>(1,597)</b>	<b>85</b>	<b>(200)</b>	<b>792</b>	<b>(921)</b>
Income tax benefit (expense)	479	(47)	81	(276)	238
<b>Net (loss) income</b>	<b>(1,118)</b>	<b>38</b>	<b>(119)</b>	<b>516</b>	<b>(683)</b>
<b>(Loss) earnings per share:</b>					
Basic (pesos)	(1.10)	0.04	(0.12)	0.51	(0.67)
Diluted (pesos)	(1.10)	0.04	(0.12)	0.51	(0.67)
<b>(Loss) earnings per ADS:</b>					
Basic (pesos)	(11.05)	0.38	(1.18)	5.10	(6.75)
Diluted (pesos)	(11.05)	0.38	(1.18)	5.10	(6.75)

<sup>(1)</sup> 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

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

Unaudited (In millions of Mexican pesos)	December 31, 2018 (Reported)	IFRS 16 Adjustments	December 31, 2018
<b>Assets</b>			
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
<b>Total current assets</b>	<b>9,190</b>	<b>(267)</b>	<b>8,923</b>
Rotable spare parts, furniture and equipment, net	5,782	-	5,782
Right of use assets	-	31,986	31,986
Intangible assets, net	179	-	179
Deferred income taxes	593	2,271	2,864
Guarantee deposits	6,337	-	6,337
Other assets	155	-	155
Other accounts receivable	74	-	74
<b>Total non-current assets</b>	<b>13,121</b>	<b>34,257</b>	<b>47,378</b>
<b>Total assets</b>	<b>22,311</b>	<b>33,990</b>	<b>56,301</b>
<b>Liabilities</b>			
Unearned transportation revenue	2,439	-	2,439
Accounts payable	1,103	-	1,103
Accrued liabilities	2,318	-	2,318
Lease liabilities	-	4,970	4,970
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
<b>Total short-term liabilities</b>	<b>9,249</b>	<b>4,878</b>	<b>14,127</b>
Financial debt	2,311	-	2,311
Accrued liabilities	137	-	137
Lease liabilities	-	34,586	34,586
Other liabilities	328	-	328
Employee benefits	18	-	18
Deferred income taxes	1,096	-	1,096
<b>Total long-term liabilities</b>	<b>3,890</b>	<b>34,586</b>	<b>38,476</b>
<b>Total liabilities</b>	<b>13,139</b>	<b>39,464</b>	<b>52,603</b>
<b>Equity</b>			
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	4,266	(5,474)	(1,208)
Accumulated other comprehensive losses	(73)	-	(73)
<b>Total equity</b>	<b>9,172</b>	<b>(5,474)</b>	<b>3,698</b>
<b>Total liabilities and equity</b>	<b>22,311</b>	<b>33,990</b>	<b>56,301</b>
<b>Total shares outstanding fully diluted</b>		<b>1,011,876,677</b>	<b>1,011,876,677</b>



**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 second quarter estimated adjustments made due to the adoption of IFRS 16 “Leases”, on the Consolidated Statement of Cash Flow for the three months ended June 30, 2018.

Unaudited	Three months ended June 30, 2018 (Reported)	Adjustments	Three months ended June 30, 2018
(In millions of Mexican pesos)			
Net cash flow (used in) provided by operating activities	(493)	1,406	913
Net cash flow used in investing activities	(348)	-	(348)
Net cash flow used in financing activities	(204)	(1,406)	(1,610)
<b>Decrease in cash and cash equivalents</b>	<b>(1,045)</b>	-	<b>(1,045)</b>
Net foreign exchange differences	499	-	499
Cash and cash equivalents at beginning of period	7,317	-	7,317
<b>Cash and cash equivalents at end of period</b>	<b>6,771</b>	-	<b>6,771</b>

The following table shows the first one half of the year estimated adjustments made due to the adoption of IFRS 16 “Leases”, on the Consolidated Statement of Cash Flow for the six months ended June 30, 2018.

Unaudited	Six months ended June 30, 2018 (Reported)	Adjustments	Six months ended June 30, 2018
(In millions of Mexican pesos)			
Net cash flow provided by operating activities	599	2,717	3,317
Net cash flow used in investing activities	(661)	-	(661)
Net cash flow used in financing activities	(139)	(2,717)	(2,856)
<b>Decrease in cash and cash equivalents</b>	<b>(201)</b>	-	<b>(201)</b>
Net foreign exchange differences	21	-	21
Cash and cash equivalents at beginning of period	6,951	-	6,951
<b>Cash and cash equivalents at end of period</b>	<b>6,771</b>	-	<b>6,771</b>