

Volaris Reports Fourth Quarter 2018 Results: 8.4% TRASM Increase and 7.9% Reduction of Unit Cost Excluding Fuel

Mexico City, Mexico, February 22, 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 fourth quarter and full year 2018.

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

Fourth Quarter and Full Year 2018 Highlights

- Total operating revenues were Ps.7,909 million and Ps.27,305 million for the fourth quarter and full year, an increase of 21.2% and 10.2% year over year, respectively.
- Total ancillary revenues were Ps.2,538 million and Ps.8,817 million for the fourth quarter and full year, an increase of 42.4% and 26.0% year over year, respectively. Total ancillary revenues per passenger for the fourth quarter and full year were Ps.512 and Ps.479, increasing 21.3% and 12.5% year over year, respectively. Total ancillary revenues represent 32.1% and 32.3% of the total operating revenues for the fourth quarter and full year, respectively.
- Total operating revenues per available seat mile (TRASM) were Ps.144.5 cents and Ps.130.0 cents for the fourth quarter and full year, an increase of 8.4% and decrease of 1.1% year over year, respectively.
- Operating expenses per available seat mile (CASM) were Ps.138.0 cents and Ps.134.2 cents for the fourth quarter and full year, an increase of 3.8% and 1.9% year over year, respectively; with an average economic fuel cost per gallon were Ps.49.1 and Ps.44.6 for the fourth quarter and full year, an increase of 32.8% and 29.3% year over year, respectively.
- Operating expenses excluding fuel, per available seat mile (CASM ex fuel) were Ps.85.3 cents and Ps.85.9 cents for the fourth quarter and full year, a decrease of 7.9% and 7.8% year over year, respectively.
- Operating income was Ps.355 million and an operating loss of Ps.881 million for the fourth quarter and full year, an increase of >100% year over year, respectively. Operating margin for the fourth quarter and full year was 4.5% and (3.2%), an increase in margin of 4.2 percentage points and a decrease in margin of 3.0 percentage points year over year, respectively.
- Net income was Ps.511 million (Ps.0.51 per share / US\$0.26 per ADS) and a net loss of Ps.687 million (Ps.(0.68) per share / US\$(0.35) per ADS), with a net margin of 6.5% and (2.5%) for the fourth quarter and full year, respectively.



- At the close of the fourth quarter, the Mexican peso had depreciated 4.6% against the U.S. dollar with respect to the end of period exchange rate of the previous quarter (Ps.18.81 per US dollar). The Company booked a foreign exchange gain of Ps.384 million as a consequence of our U.S. dollar net monetary asset position.
- The net cash flow provided by operating activities were Ps.102 million and Ps.566 million for the fourth quarter and full year, respectively. Year over year the cash and cash equivalents for the fourth quarter and full year decrease Ps.218 million and Ps.1,088 million, respectively; despite the net foreign exchange differences represent an increase of Ps.277 million and decrease of Ps.29 million for the fourth quarter and full year, respectively. As of December 31, 2018, unrestricted cash and cash equivalents were Ps.5,863 million.

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

- **Resilient macroeconomics and domestic consumer demand:** The macroeconomic indicators in Mexico during full year are stable, with same store sales¹ increasing 5.0% year over year; remittances² increasing in fourth quarter and full year 9.4% and 10.5% year over year, respectively; and the Mexican Consumer Confidence Balance Indicator (BCC)³ increasing in the fourth quarter and full year 18% and 12% year over year, respectively.
- **Air traffic volume increase:** The Mexican DGAC reported overall passenger volume growth for Mexican carriers of 10.6% year over year for the fourth quarter; domestic overall passenger volume increased 10.6%, while international overall passenger volume increased 3.8%.
- **Exchange rate volatility:** The Mexican peso depreciated 4.7% year over year against the US dollar, from an average exchange rate of Ps.18.93 pesos per US dollar in the fourth quarter 2017 to Ps.19.83 pesos per US dollar during the fourth quarter 2018. At the close of the fourth quarter, the Mexican peso had depreciated 4.6% with respect to the end of period exchange rate of the previous quarter (Ps.18.81 per US dollar). The Company booked a foreign exchange gain of Ps.384 million, mainly as a consequence of our US dollar net monetary asset position.
- **Higher fuel prices:** The average economic fuel cost per gallon increased 32.8% and 29.3% year over year to Ps.49.1 per gallon (US\$2.5) and Ps.44.6 per gallon (US\$2.3) in the fourth quarter and full year, respectively.

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

² Source: *Banco de México (BANXICO)*

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



Passenger Traffic Stimulation, Further Ancillary Revenue Expansion, and Positive TRASM Trend Reaching Almost the Same Level Last Year

- **Passenger traffic stimulation:** Volaris booked 5.0 million passengers in the fourth quarter 2018 and 18.4 million passengers in full year 2018, up 17.4% and 12.0% year over year. Volaris traffic (measured in terms of revenue passenger miles, or RPMs) increased 17.1% and 11.5% for the same period, respectively. System load factor during the quarter and full year increased 3.9 percentage points and 0.1 percentage points to 86.5% and 84.5% year over year, respectively.
- **Positive TRASM trend almost at the same level of last year:** For the fourth quarter and full year 2018, TRASM increased 8.4% and decreased 1.1% year over year, respectively. During the fourth quarter and full year 2018, the total capacity, in terms of ASMs, increased 11.8% and 11.4% year over year, respectively.
- **Total ancillary revenue growth:** For the fourth quarter and full year 2018, total ancillary revenues increased 42.4% and 26.0% year over year, respectively. Total ancillary revenues per passenger for the fourth quarter of 2018 and full year increased 21.3% and 12.5% year over year, respectively. The total ancillary revenue generation continues to grow with new and matured products, appealing to customers' needs, representing 33.8% in our full year figures of the total operating revenues.
- **New routes:** In the fourth quarter 2018, Volaris began operations in 16 new domestic routes from its focus cities Mexico City, Bajio, Guadalajara and Tijuana and four new international routes (Guadalajara, Jalisco to Charlotte, North Carolina; Bajio to Sacramento, California and Bajio to San Jose, California; and Guadalajara, Jalisco to Albuquerque, New Mexico). Additionally, Volaris launched one domestic route (Ciudad Juarez, Chihuahua to Culiacan, Sinaloa).

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

- CASM and CASM ex fuel for the fourth quarter 2018 were Ps.138.0 (US\$7.0 cents) and Ps.85.3 cents (US\$4.3 cents), respectively. This represented an increase of 3.8% and a decrease of 7.9%, respectively; mainly driven by higher average economic fuel cost per gallon of 32.8% and an average exchange rate depreciation of 4.7%, which were offset mainly by a tightening cost control discipline.



Young and Fuel-efficient Fleet

- During the fourth quarter 2018, the Company incorporated four aircraft (three A320 neo and one A321 neo) to its fleet; during this quarter no redeliveries were registered. As of December 31, 2018, Volaris' fleet was composed of 77 aircraft (8 A319s, 55 A320s and 14 A321s), with an average age of 4.6 years. At the end of the fourth quarter 2018, Volaris' fleet had an average of 185 seats, 73% of which were in sharklet-equipped aircraft.

Solid Balance Sheet and Good Liquidity

- During the fourth quarter and full year 2018, cash flow provided by operating activities were Ps.102 million and Ps.566 million, respectively; cash flow used in investing activities were Ps.748 million and Ps.1,389 million, respectively; cash flow provided by (used in) financing activities were Ps.151 million and (Ps.235) million, respectively; despite the net foreign exchange differences represent an increase of Ps.277 million and decrease of Ps.29 million for the fourth quarter and full year, respectively. Year over year the cash and cash equivalents for the fourth quarter and full year decrease Ps.218 million and Ps.1,088 million, respectively. As of December 31, 2018, cash and cash equivalents were Ps.5,863 million, representing 21.5% of last twelve months operating revenues. Volaris registered negative net debt (or a positive net cash position) of Ps.2,340 million and total equity of Ps.9,182 million.

Active in Risk Management

- Volaris remains active in its fuel risk management program. Volaris used call options to hedge 46% of its fourth quarter 2018 fuel consumption, at an average strike price of US \$1.85 per gallon, which combined with the 54% unhedged consumption, resulted in a blended average economic fuel cost of US\$2.5 per gallon.



IFRS 15: Revenue from Contracts with Customers

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



IFRS 16: Leases

- IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet accounting model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (i.e., personal computers) and short-term leases (leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee recognizes a liability to make lease payments (the lease liability) and an asset representing the right to use the underlying asset during the lease term (the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
- Lessees are also required to remeasure the lease liability upon the occurrence of certain events (i.e., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. In addition, for leases denominated in a foreign currency other than lessee's functional currency the Lease liability will be remeasured with a charge directly to income or expense in the current period.
- IFRS 16 permits two different adoption models. Full retrospective model or modified retrospective model.
- Cash Flows impact. Under IAS 17 cash flows related to rent payments were recorded as part of the operating cash flows, but under IFRS 16 the cash flows related to rental payments must be presented as part of the financial cash flows.
- Income tax accounting. Under IFRS 16, based in the impacts and differences between the right of use asset and the lease liability, will be necessary: a) Recognition and measurement of deferred tax assets and liabilities; and b) Assessment of the recoverability of deferred tax assets.
- Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17. Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.
- IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.



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 an increase in assets and liabilities and an adjustment in the retained earnings. The full disclosure of this initial adoption will be included in the Company's 2018 annual report.

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



Conference Call/Webcast Details:

Presenters for the Company: Mr. Enrique Beltranena, CEO
Mr. Holger Blankenstein, Airline EVP
Ms. Sonia Jerez Burdeus, CFO

Date: Friday, February 22, 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://webcasts.egs.com/volaris20190222>

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 172 and its fleet from four to 77 aircraft. Volaris offers more than 360 daily flight segments on routes that connect 41 cities in Mexico and 26 cities in the United States and Central America with the youngest fleet in Mexico. Volaris targets passengers who are visiting friends and relatives, cost-conscious business people and leisure travelers in Mexico and to select destinations in the United States and Central America. Volaris has received the ESR Award for Social Corporate Responsibility for eight consecutive years. For more information, please visit: www.volaris.com

Forward-looking Statements:

Statements in this release contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations, 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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Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Financial and Operating Indicators

Unaudited (In Mexican pesos, except otherwise indicated)	Three months ended December 31, 2018 (US Dollars)*	Three months ended December 31, 2018	Three months ended December 31, 2017 (Adjusted)	Variance (%)
Total operating revenues (millions)	402	7,909	6,524	21.2%
Total operating expenses (millions)	384	7,554	6,508	16.1%
EBIT (millions)	18	355	17	>100%
EBIT margin	4.5%	4.5%	0.3%	4.2 pp
Depreciation and amortization	7	130	131	(0.9%)
Aircraft and engine rent expense	82	1,622	1,612	0.6%
Net income (millions)	26	511	454	12.6%
Net income margin	6.5%	6.5%	7.0%	(0.5) pp
Income per share:				
Basic (pesos)	0.03	0.51	0.45	12.6%
Diluted (pesos)	0.03	0.51	0.45	12.6%
Income per ADS:				
Basic (pesos)	0.26	5.05	4.49	12.6%
Diluted (pesos)	0.26	5.05	4.49	12.6%
Weighted average shares outstanding:				
Basic	-	1,011,876,677	1,011,876,677	0.0%
Diluted	-	1,011,876,677	1,011,876,677	0.0%
Available seat miles (ASMs) (millions) (1)	-	5,472	4,895	11.8%
Domestic	-	3,832	3,361	14.0%
International	-	1,640	1,534	6.9%
Revenue passenger miles (RPMs) (millions) (1)	-	4,731	4,042	17.1%
Domestic	-	3,428	2,889	18.7%
International	-	1,303	1,153	13.0%
Load factor (2)	-	86.5%	82.6%	3.9 pp
Domestic	-	89.5%	85.9%	3.6 pp
International	-	79.4%	75.2%	4.2 pp
Total operating revenue per ASM (TRASM) (cents) (1)	7.3	144.5	133.3	8.4%
Total ancillary revenue per passenger (4)	26.0	512	422	21.3%
Total operating revenue per passenger	81.0	1,594	1,544	3.2%
Operating expenses per ASM (CASM) (cents) (1)	7.0	138.0	133.0	3.8%
Operating expenses per ASM (CASM) (US cents) (3)	-	7.0	7.0	(0.9%)
CASM ex fuel (cents) (1)	4.3	85.3	92.7	(7.9%)
CASM ex fuel (US cents) (3)	-	4.3	4.9	(12.1%)
Booked passengers (thousands) (1)	-	4,963	4,226	17.4%
Departures (1)	-	30,844	27,878	10.6%
Block hours (1)	-	84,569	76,079	11.2%
Fuel gallons consumed (millions)	-	58.7	53.3	10.1%
Average economic fuel cost per gallon	2.5	49.1	37.0	32.8%
Aircraft at end of period	-	77	71	8.5%
Average aircraft utilization (block hours)	-	13.1	12.8	2.3%
Average exchange rate	-	19.83	18.93	4.7%
End of period exchange rate	-	19.68	19.74	(0.3%)

*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
Financial and Operating Indicators

Unaudited (In Mexican pesos, except otherwise indicated)	Twelve months ended December 31, 2018 (US Dollars) *	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017 (Adjusted)	Variance (%)
Total operating revenues (millions)	1,387	27,305	24,788	10.2%
Total operating expenses (millions)	1,432	28,186	24,827	13.5%
EBIT (millions)	(45)	(881)	(39)	>100%
EBIT margin	(3.2%)	(3.2%)	(0.2%)	(3.0) pp
Depreciation and amortization	25	501	549	(8.8%)
Aircraft and engine rent expense	321	6,315	6,073	4.0%
Net loss (millions)	(35)	(687)	(652)	5.5%
Net loss margin	(2.5%)	(2.5%)	(2.6%)	0.1 pp
Loss per share:				
Basic (pesos)	(0.03)	(0.68)	(0.64)	5.5%
Diluted (pesos)	(0.03)	(0.68)	(0.64)	5.5%
Loss per ADS:				
Basic (pesos)	(0.35)	(6.79)	(6.44)	5.5%
Diluted (pesos)	(0.35)	(6.79)	(6.44)	5.5%
Weighted average shares outstanding:				
Basic	-	1,011,876,677	1,011,876,677	0.0%
Diluted	-	1,011,876,677	1,011,876,677	0.0%
Available seat miles (ASMs) (millions) (1)	-	21,010	18,861	11.4%
Domestic	-	14,519	12,740	14.0%
International	-	6,491	6,121	6.0%
Revenue passenger miles (RPMs) (millions) (1)	-	17,748	15,917	11.5%
Domestic	-	12,655	11,054	14.5%
International	-	5,093	4,863	4.7%
Load factor (2)	-	84.5%	84.4%	0.1 pp
Domestic	-	87.2%	86.8%	0.4 pp
International	-	78.5%	79.4%	(0.9) pp
Total operating revenue per ASM (TRASM) (cents) (1)	6.6	130.0	131.4	(1.1%)
Total ancillary revenue per passenger (4)	24.4	479	426	12.5%
Total operating revenue per passenger	75.4	1,484	1,509	(1.6%)
Operating expenses per ASM (CASM) (cents) (1)	6.8	134.2	131.6	1.9%
Operating expenses per ASM (CASM) (US cents) (3)	-	7.0	7.0	0.3%
CASM ex fuel (cents) (1)	4.4	85.9	93.2	(7.8%)
CASM ex fuel (US cents) (3)	-	4.5	4.9	(9.3%)
Booked passengers (thousands) (1)	-	18,396	16,427	12.0%
Departures (1)	-	117,920	108,060	9.1%
Block hours (1)	-	322,054	293,642	9.7%
Fuel gallons consumed (millions)	-	227.4	210.5	8.0%
Average economic fuel cost per gallon	2.3	44.6	34.5	29.3%
Aircraft at end of period	-	77	71	8.5%
Average aircraft utilization (block hours)	-	13.2	12.6	4.8%
Average exchange rate	-	19.24	18.93	1.6%
End of period exchange rate	-	19.68	19.74	(0.3%)

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

(1) Includes schedule + charter

(2) Includes schedule

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

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

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

Unaudited (In millions of Mexican pesos)	Three months ended December 31, 2018 (US Dollars) *	Three months ended December 31, 2018	Three months ended December 31, 2017 (Adjusted)	Variance (%)
Operating revenues:				
Passenger revenues	386	7,589	6,258	21.3%
Fare revenues	273	5,370	4,742	13.3%
Other passenger revenues	113	2,219	1,516	46.4%
Non-passenger revenues	16	319	267	19.6%
Cargo	4	71	53	33.6%
Other non-passenger revenues	13	248	214	16.1%
Total operating revenues	402	7,909	6,524	21.2%
Other operating income	(7)	(147)	(78)	88.8%
Fuel	147	2,885	1,972	46.3%
Aircraft and engine rent expense	82	1,622	1,612	0.6%
Landing, take-off and navigation expenses	59	1,158	981	18.1%
Salaries and benefits	40	795	715	11.2%
Sales, marketing and distribution expenses	21	422	479	(11.8%)
Maintenance expenses	20	392	396	(1.0%)
Other operating expenses	15	296	300	(1.2%)
Depreciation and amortization	7	130	131	(0.9%)
Operating expenses	384	7,554	6,508	16.1%
Operating income	18	355	17	>100%
Finance income	4	83	33	>100%
Finance cost	(2)	(30)	(24)	24%
Exchange gain, net	20	384	784	(51.0%)
Comprehensive financing result	22	437	793	(44.9%)
Income before income tax	40	792	810	(2.2%)
Income tax expense	(14)	(281)	(356)	(21.1%)
Net income	26	511	454	12.6%

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

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

Unaudited (In millions of Mexican pesos)	Twelve months ended December 31, 2018 (US Dollars)*	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017 (Adjusted)	Variance (%)
Operating revenues:				
Passenger revenues	1,326	26,109	23,649	10.4%
Fare revenues	939	18,488	17,791	3.9%
Other passenger revenues	387	7,621	5,858	30.1%
Non-passenger revenues	61	1,196	1,139	5.0%
Cargo	12	227	171	33.0%
Other non-passenger revenues	49	969	968	0.1%
Total operating revenues	1,387	27,305	24,788	10.2%
Other operating income	(32)	(622)	(97)	>100%
Fuel	515	10,135	7,256	39.7%
Aircraft and engine rent expense	321	6,315	6,073	4.0%
Landing, take-off and navigation expenses	233	4,583	4,010	14.3%
Salaries and benefits	159	3,125	2,824	10.7%
Maintenance expenses	77	1,518	1,433	5.9%
Sales, marketing and distribution expenses	76	1,501	1,692	(11.3%)
Other operating expenses	57	1,130	1,088	3.8%
Depreciation and amortization	25	501	549	(8.8%)
Operating expenses	1,432	28,186	24,827	13.5%
Operating loss	(45)	(881)	(39)	>100%
Finance income	8	153	106	44.2%
Finance cost	(6)	(120)	(86)	39.3%
Exchange loss, net	(4)	(72)	(794)	(90.9%)
Comprehensive financing result	(2)	(40)	(774)	(94.8%)
Loss before income tax	(47)	(921)	(813)	13.3%
Income tax benefit	12	233	161	44.7%
Net loss	(35)	(687)	(652)	5.5%

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

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

Reconciliation of total ancillary revenue per passenger

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

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

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

Unaudited (In millions of Mexican pesos)	Three months ended December 31, 2018 (US Dollars)*	Three months ended December 31, 2018	Three months ended December 31, 2017 (Adjusted)	Variance (%)
Other passenger revenues	113	2,219	1,516	46.4%
Non-passenger revenues	16	319	267	19.6%
Total ancillary revenues	129	2,538	1,783	42.4%
Booked passengers (thousands)	-	4,963	4,226	17.4%
Total ancillary revenue per passenger	26	512	422	21.3%

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

Unaudited (In millions of Mexican pesos)	Twelve months ended December 31, 2018 (US Dollars)*	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017 (Adjusted)	Variance (%)
Other passenger revenues	387	7,621	5,858	30.1%
Non-passenger revenues	61	1,196	1,139	5.0%
Total ancillary revenues	448	8,817	6,997	26.0%
Booked passengers (thousands)	-	18,396	16,427	12.0%
Total ancillary revenue per passenger	24.4	479	426	12.5%

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

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

(In millions of Mexican pesos)	December 31, 2018 Unaudited (US Dollars)*	December 31, 2018 Unaudited	December 31, 2017 (Adjusted)
Assets			
Cash and cash equivalents	298	5,863	6,951
Accounts receivable	78	1,535	1,449
Inventories	15	297	295
Prepaid expenses and other current assets	37	725	768
Financial instruments	3	62	497
Guarantee deposits	40	791	1,353
Total current assets	471	9,274	11,313
Rotable spare parts, furniture and equipment, net	294	5,782	4,376
Intangible assets, net	9	179	190
Deferred income taxes	30	593	562
Guarantee deposits	322	6,337	6,098
Other assets	8	155	126
Total non-current assets	663	13,047	11,353
Total assets	1,134	22,321	22,666
Liabilities			
Unearned transportation revenue	124	2,439	2,293
Accounts payable	56	1,101	1,118
Accrued liabilities	118	2,318	2,051
Other taxes and fees payable	98	1,927	1,357
Income taxes payable	-	6	-
Financial instruments	6	123	-
Financial debt	62	1,212	2,404
Other liabilities	6	118	281
Total short-term liabilities	470	9,243	9,503
Financial debt	117	2,311	1,079
Accrued liabilities	7	137	200
Other liabilities	17	328	217
Employee benefits	1	18	19
Deferred income taxes	56	1,101	1,616
Total long-term liabilities	198	3,895	3,131
Total liabilities	668	13,138	12,635
Equity			
Capital stock	151	2,974	2,974
Treasury shares	(6)	(123)	(85)
Contributions for future capital increases	-	-	-
Legal reserve	15	291	291
Additional paid-in capital	94	1,853	1,805
Retained earnings	216	4,261	4,948
Accumulated other comprehensive losses	(4)	(73)	99
Total equity	467	9,182	10,031
Total liabilities and equity	1,134	22,321	22,666
Total shares outstanding fully diluted		1,011,876,677	1,011,876,677

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

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

Unaudited (In millions of Mexican pesos)	Three months ended December 31, 2018 (US Dollars)*	Three months ended December 31, 2018	Three months ended December 31, 2017 (Adjusted)
Net cash flow provided by operating activities	5	102	1,116
Net cash flow used in investing activities	(38)	(748)	(852)
Net cash flow provided by financing activities	8	151	865
(Decrease) increase in cash and cash equivalents	(25)	(495)	1,130
Net foreign exchange differences	14	277	448
Cash and cash equivalents at beginning of period	309	6,082	5,373
Cash and cash equivalents at end of period	298	5,863	6,951

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

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

Unaudited (In millions of Mexican pesos)	Twelve months ended December 31, 2018 (US Dollars)*	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017 (Adjusted)
Net cash flow provided by operating activities	29	566	986
Net cash flow used in investing activities	(71)	(1,389)	(2,260)
Net cash flow (used in) provided by financing activities	(12)	(235)	1,398
(Decrease) increase in cash and cash equivalents	(54)	(1,059)	124
Net foreign exchange differences	(1)	(29)	(244)
Cash and cash equivalents at beginning of period	353	6,951	7,071
Cash and cash equivalents at end of period	298	5,863	6,951

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

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

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

Unaudited	Three months ended March 31, 2017	Three months ended June 30, 2017	Three months ended September 30, 2017	Three months ended December 31, 2017	Full Year 2017 Adjusted
(In millions of Mexican pesos)					
Operating revenues:					
Passenger revenues	5,407	5,700	6,286	6,257	23,650
Fare revenues	4,025	4,252	4,773	4,741	17,791
Other passenger revenues	1,382	1,448	1,513	1,516	5,859
Non-passenger revenues	292	294	285	267	1,138
Cargo	41	39	38	53	171
Other non-passenger revenues	251	255	247	214	967
Total operating revenues	5,699	5,994	6,571	6,524	24,788
Other operating income	(1)	(10)	(8)	(78)	(97)
Fuel	1,892	1,694	1,698	1,972	7,256
Aircraft and engine rent expense	1,699	1,378	1,384	1,612	6,073
Landing, take-off and navigation expenses	1,035	1,006	989	981	4,011
Salaries and benefits	696	717	695	715	2,823
Sales, marketing and distribution expenses	358	387	468	479	1,692
Maintenance expenses	351	362	324	396	1,433
Other operating expenses	270	270	248	300	1,088
Depreciation and amortization	128	139	150	131	548
Operating expenses	6,428	5,943	5,948	6,508	24,827
Operating (loss) income	(729)	51	623	16	(39)
Finance income	21	21	30	34	106
Finance cost	(21)	(22)	(20)	(23)	(86)
Exchange (loss) gain, net	(1,145)	(558)	125	784	(794)
Comprehensive financing result	(1,145)	(559)	135	795	(774)
(Loss) income before income tax	(1,874)	(508)	758	811	(813)
Income tax benefit (expense)	556	-	(38)	(357)	161
Net (loss) income	(1,318)	(508)	720	454	(652)
(Loss) earnings per share:					
Basic (pesos)	(1.30)	(0.50)	0.71	0.45	(0.64)
Diluted (pesos)	(1.30)	(0.50)	0.71	0.45	(0.64)
(Loss) earnings per ADS:					
Basic (pesos)	(13.02)	(5.02)	7.11	4.49	(6.44)
Diluted (pesos)	(13.02)	(5.02)	7.11	4.49	(6.44)

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

Unaudited (In millions of Mexican pesos)	Full Year 2017 as Reported	Three months ended March 31, 2017	Three months ended June 30, 2017	Three months ended September 30, 2017	Three months ended December 31, 2017	Full Year 2017 Adjusted
Operating revenues:						
Passenger revenues	17,791	1,382	1,448	1,513	1,516	23,650
Fare revenues	17,791	-	-	-	-	17,791
Other passenger revenues	-	1,382	1,448	1,513	1,516	5,859
Non-passenger revenues	7,054	(1,339)	(1,435)	(1,524)	(1,618)	1,138
Cargo	171	-	-	-	-	171
Other non-passenger revenues	6,883	(1,339)	(1,435)	(1,524)	(1,618)	967
Total operating revenues	24,845	43	13	(11)	(102)	24,788
Other operating income	(97)	-	-	-	-	(97)
Fuel	7,256	-	-	-	-	7,256
Aircraft and engine rent expense	6,073	-	-	-	-	6,073
Landing, take-off and navigation expenses	4,011	-	-	-	-	4,011
Salaries and benefits	2,823	-	-	-	-	2,823
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	548	-	-	-	-	548
Operating expenses	24,827	-	-	-	-	24,827
Operating income (loss)	18	43	13	(11)	(102)	(39)
Finance income	106	-	-	-	-	106
Finance cost	(86)	-	-	-	-	(86)
Exchange (loss), net	(794)	-	-	-	-	(794)
Comprehensive financing result	(774)	-	-	-	-	(774)
(Loss)income before income tax	(756)	43	13	(11)	(102)	(813)
Income tax benefit	161	-	-	-	-	161
Net (loss) income	(595)	43	13	(11)	(102)	(652)
Basic (loss) earnings per share	(0.59)	0.04	0.01	(0.01)	(0.10)	(0.64)
Diluted (loss) earnings per share	(0.59)	0.04	0.01	(0.01)	(0.10)	(0.64)

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

Reconciliation of total ancillary revenue per passenger

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

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

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

Unaudited (In millions of Mexican pesos)	Three months ended March 31, 2017	Three months ended June 30, 2017	Three months ended September 30, 2017	Three months ended December 31, 2017	Full Year 2017 Adjusted
Other passenger revenues	1,382	1,448	1,513	1,516	5,859
Non-passenger revenues	292	294	285	267	1,138
Total ancillary revenues	1,674	1,742	1,798	1,783	6,997
Booked passengers (thousands)	3,964	4,063	4,173	4,226	16,426
Total ancillary revenue per passenger	422	429	431	422	426
Total ancillary revenue per passenger (as reported) (*)	411	426	434	446	429

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