



Volaris Reports Third Quarter 2017 Results: 11% Net Margin

Mexico City, Mexico, October 25, 2017 – 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 third quarter 2017.

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

Third Quarter 2017 Highlights

- Total operating revenues were Ps.6,582 million for the third quarter, a decrease of 2.2% year over year, notwithstanding the negative impact of the natural disasters and a soft fare environment during the quarter.
- Non-ticket revenues now represent 27% of the total operating revenues, increasing 5 percentage points year over year, partially compensating the average fare decline. Non-ticket revenues were Ps.1,809 million for the third quarter, an increase of 18.6% year over year. Non-ticket revenues per passenger were Ps.434 for the third quarter, increasing 12.8% year over year.
- Total operating revenues per available seat mile (TRASM), had a sequential improvement of 6.8% quarter over quarter, reaching Ps.137.7 cents for the third quarter, and a decrease of 11.2% year over year.
- Operating expenses per available seat mile (CASM) decreased 5.0% year over year, to Ps.124.4 cents for the third quarter; with an average exchange rate of Ps.17.82, a year over year decrease of 4.8%, and despite an average economic fuel cost per gallon of Ps.31.8, representing an increase of 3.0% year over year.
- Operating expenses excluding fuel, per available seat mile (CASM ex fuel) decreased 6.2% year over year, to Ps.88.9 cents for the third quarter.
- Operating income was Ps.634 million, representing 9.6% of operating margin for the third quarter, a 9.0 percentage points higher than the previous quarter, and 5.9 percentage points lower year over year.
- Net income was Ps.731 million (Ps.0.72 per share / US\$0.40 per ADS) for the third quarter, with a net margin of 11.1%.
- As of September 30, 2017, cash and cash equivalents were Ps.5,373 million.

Volaris' CEO Enrique Beltranena commented: "During the third quarter, demand and traffic patterns, despite a competitive fare environment, had been sequentially improving, but in September, natural disasters in Mexico and in the region temporarily interrupted such recovery. We continued to drive non-ticket revenue growth, managed capacity prudently and reinforced our cost control discipline, reversing the negative cost trend. These actions positions Volaris with a defensible and resilient business model in a challenging environment."



Resilient Macroeconomics and Exchange Rate Appreciation Partially Offset Fuel Price Pressures

- Stable macroeconomics and domestic consumer demand: The macroeconomic indicators in Mexico continued to be solid, with same store sales increasing 5.6%¹ during September, remittances increasing 9%² year over year in July and August, and the Mexican General Economic Activity Indicator (IGAE) increased 2.2%³ year over year in August of 2017
- Air traffic volume increase: The Mexican DGAC reported overall passenger volume growth for Mexican carriers of 7.4% year over year in July and August; domestic overall passenger volume increased 6.1%, while international overall passenger volume increased 12.0%.
- Exchange rate volatility: The Mexican peso appreciated 4.8% year over year against the U.S. dollar, from an average exchange rate of Ps.18.72 pesos per US dollar in the third quarter 2016 to Ps.17.82 pesos per U.S. dollar during the third quarter 2017.
- Higher fuel prices: The average economic fuel cost per gallon increased 3.0%, year over year, to Ps.31.8 per gallon (US\$1.75) in the third quarter 2017.
- Natural disasters: During the month, Hurricanes Irma and Maria, tropical storms Max and Lidia in the Pacific, and two earthquakes that impacted 11 states in Mexico, affected operations with approximately 50 flights cancelled in eight airports, also triggering a decline in bookings for the period. Volaris worked in coordination with the federal, state, and local authorities to assist people that were stranded. We also helped our customers with free of charge changes in itineraries.

Strengthened ULCC Model with Further Non-Ticket Revenue Growth

- **Passenger traffic stimulation:** Volaris booked 4.2 million passengers in the third quarter of 2017, up 5.2% year over year. Volaris traffic (measured in terms of revenue passenger miles, or RPMs) increased 7.9% for the same period. System load factor during the quarter decreased 1.7 percentage points year over year to 86.2%.
- **Competitive market environment pressured yields partially offset by non-ticket revenue:** For the third quarter of 2017, yield and TRASM decreased 15.0% and 11.2% year over year, respectively. During the third quarter, domestic capacity, in terms of ASMs, increased 9.3% year over year, while international capacity increased 11.7% year over year.

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

² Source: Banco de México (BANXICO)

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



- **Non-ticket revenue growth:** Non-ticket revenues and non-ticket revenues per passenger for the third quarter of 2017 increased 18.6% and 12.8% year over year, respectively. Non-ticket revenue generation continues to grow with improved revenues from first checked bag fees for international flights, and better uptakes of ancillary combos. We also increased our commission revenues from travel related products, such as a new hotel selection step in the purchasing process, cruise packages and car rentals. Non-ticket revenues now represent 27% of the total operating revenues for the quarter.
- **New routes:** In the third quarter 2017, Volaris began operations in two new international routes (Mexico City – San Antonio, Texas and Mexico City – San Jose, Costa Rica).

Tight Cost Controls, Despite Fuel Price Pressure

CASM and CASM ex fuel for the third quarter were Ps. 124.4 (US 6.8 cents) and Ps.88.9 cents (US 4.9 cents), respectively. These represented decreases of 5.0% and 6.2%, respectively; mainly driven by tightening cost controls and average exchange rate appreciation of 4.8%. At the end of the third quarter, the Mexican peso also depreciated 1.7% with respect to the end of previous quarter, leading to a net exchange rate gain of Ps.125 million as result of our U.S. dollar net monetary asset position.

Youngest and Most Fuel-efficient Fleet in Mexico

During the third quarter 2017, the Company incorporated the second A320NEO to its fleet. As of September 30, 2017, Volaris' fleet was composed of 67 aircraft (12 A319s, 45 A320s and 10 A321s), with an average age of 4.6 years, the youngest fleet among Mexican carriers. At the end of the third quarter 2017, Volaris' fleet had an average of 180 seats, 64% of which were in sharklet-equipped aircraft.

Solid Balance Sheet and Good Liquidity

As of September 30, 2017, cash and cash equivalents were Ps.5,373 million, representing 22% of last twelve month operating revenues. Volaris registered negative net debt (or a positive net cash position) of Ps.2,981 million and total equity of Ps.9,502 million.

Active in Fuel Risk Management

Volaris' fuel risk management program provided protection from fuel prices increases, with 59% of its third quarter fuel consumption hedged, at an average strike price of US\$1.44 per gallon, and resulting in a positive net settlement of Ps.2,6 million for the quarter. This hedged portion, combined with the 41% unhedged consumption, resulted in a blended average economic fuel cost of US\$1.75 per gallon.

Central America Operations

On September 21, 2017 Volaris Costa Rica obtained approval from U.S. Department of Transportation to operate from Central America to the U.S., subject to operations and maintenance certifications by the Federal Aviation Administration.

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



Conference Call/Webcast Details:

Presenters for the Company: Mr. Enrique Beltranena, CEO
Mr. Fernando Suárez, CFO

Date: Wednesday, October 25th, 2017

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

United States dial in (toll free): 1-800-311-9408

Mexico dial in (toll free): 0-1-800-847-7666

Brazil dial in (toll free): 0800-282-5781

International dial in: +1-334-323-7224

Participant entry number: 83342

Webcast will be available at: <https://www.webcaster4.com/Webcast/Page/1174/22821>

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 164 and its fleet from four to 69 aircraft. Volaris offers more than 306 daily flight segments on routes that connect 40 cities in Mexico and 28 cities in the United States and Central America with the youngest fleet in Mexico. Volaris targets passengers who are visiting friends and relatives, cost-conscious business people and leisure travelers in Mexico and to select destinations in the United States and Central America. Volaris has received the ESR Award for Social Corporate Responsibility for eight consecutive years. For more information, please visit: www.volaris.com

Forward-looking Statements:

Statements in this release contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this release, the words "expects," "estimates," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook," "may," "will," "should," "seeks," "targets" and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe the Company's objectives, plans or goals, or actions the Company may take in the future, are forward-looking statements. Forward-looking statements include, without limitation, statements regarding the Company's intentions and expectations regarding the delivery schedule of aircraft on order, announced new service routes and customer savings programs. All forward-looking statements in this release are based upon information available to the Company on the date of this release. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements are subject to a number of factors that could cause the Company's actual results to differ materially from the Company's expectations, including the competitive environment in the airline industry; the Company's ability to keep costs low; changes in fuel costs; the impact of worldwide economic conditions on customer travel behavior; the Company's ability to generate non-ticket revenues; and government regulation. Additional information concerning these and other factors is contained in the Company's Securities and Exchange Commission filings.

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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 September 30, 2017 (US Dollars)*	Three months ended September 30, 2017	Three months ended September 30, 2016	Variance (%)
Total operating revenues (millions)	362	6,582	6,731	(2.2%)
Total operating expenses (millions)	327	5,948	5,688	4.6%
Operating income (millions)	35	634	1,043	(39.2%)
Operating margin	9.6%	9.6%	15.5%	(5.9) pp
Depreciation and amortization	8	150	136	9.9%
Aircraft and engine rent expense	76	1,384	1,486	(6.9%)
Net income (millions)	40	731	1,010	(27.6%)
Net margin	11.1%	11.1%	15.0%	(3.9) pp
Earnings per share:				
Basic (pesos)	0.04	0.72	1.00	(27.6%)
Diluted (pesos)	0.04	0.72	1.00	(27.6%)
Earnings per ADS:				
Basic (pesos)	0.40	7.22	9.98	(27.6%)
Diluted (pesos)	0.40	7.22	9.98	(27.6%)
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)	-	4,780	4,342	10.1%
Domestic	-	3,240	2,963	9.3%
International	-	1,541	1,380	11.7%
Revenue passenger miles (RPMs) (millions) (1)	-	4,119	3,818	7.9%
Domestic	-	2,852	2,634	8.3%
International	-	1,267	1,183	7.0%
Load factor (2)	-	86.2%	87.9%	(1.7) pp
Domestic	-	88.1%	88.9%	(0.8) pp
International	-	82.2%	85.8%	(3.6) pp
Total operating revenue per ASM (TRASM) (cents) (1)	7.6	137.7	155.0	(11.2%)
Passenger revenue per ASM (RASM) (cents) (1)	5.5	99.9	119.9	(16.7%)
Passenger revenue per RPM (Yield) (cents) (1)	6.4	115.9	136.4	(15.0%)
Average fare (2)	63	1,146	1,316	(12.9%)
Non-ticket revenue per passenger (1)	23.8	434	384	12.8%
Operating expenses per ASM (CASM) (cents) (1)	6.8	124.4	131.0	(5.0%)
Operating expenses per ASM (CASM) (US cents) (1)	-	6.8	6.7	1.8%
CASM ex fuel (cents) (1)	4.9	88.9	94.8	(6.2%)
CASM ex fuel (US cents) (1)	-	4.9	4.9	0.6%
Booked passengers (thousands) (1)	-	4,173	3,968	5.2%
Departures (1)	-	26,999	26,181	3.1%
Block hours (1)	-	73,725	69,509	6.1%
Fuel gallons consumed (millions)	-	53.4	51.0	4.7%
Average economic fuel cost per gallon	1.75	31.8	30.8	3.0%
Aircraft at end of period	-	67	65	3.1%
Average aircraft utilization (block hours)	-	12.5	13.0	(4.0%)
Average exchange rate	-	17.82	18.72	(4.8%)
End of period exchange rate	-	18.20	19.50	(6.7%)

*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

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

Financial and Operating Indicators

Unaudited (In Mexican pesos, except otherwise indicated)	Nine months ended September 30, 2017 (US Dollars)*	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Variance (%)
Total operating revenues (millions)	1,001	18,220	17,044	6.9%
Total operating expenses (millions)	1,007	18,319	14,777	24.0%
Operating income (millions)	(5)	(99)	2,267	NA
Operating margin	(0.5%)	(0.5%)	13.3%	(13.8) pp
Depreciation and amortization	23	418	394	5.9%
Aircraft and engine rent expense	245	4,461	3,999	11.6%
Net (loss) income (millions)	(63)	(1,150)	2,546	NA
Net margin	(6.3%)	(6.3%)	14.9%	(21.2) pp
Earnings per share:				
Basic (pesos)	(0.06)	(1.14)	2.52	NA
Diluted (pesos)	(0.06)	(1.14)	2.52	NA
Earnings per ADS:				
Basic (pesos)	(0.62)	(11.37)	25.16	NA
Diluted (pesos)	(0.62)	(11.37)	25.16	NA
Weighted average shares outstanding:				
Basic	-	1,011,876,677	1,011,876,677	0.0%
Diluted	-	1,011,876,677	1,011,876,677	0.0%
Available seat miles (ASMs) (millions) (1)	-	13,966	12,214	14.3%
Domestic	-	9,379	8,512	10.2%
International	-	4,588	3,703	23.9%
Revenue passenger miles (RPMs) (millions) (1)	-	11,875	10,553	12.5%
Domestic	-	8,165	7,373	10.7%
International	-	3,710	3,179	16.7%
Load factor (2)	-	85.0%	86.4%	(1.4) pp
Domestic	-	87.1%	86.6%	(0.5) pp
International	-	80.8%	85.9%	(5.1) pp
Total operating revenue per ASM (TRASM) (cents) (1)	7.2	130.5	139.5	(6.5%)
Passenger revenue per ASM (RASM) (cents) (1)	5.1	93.4	105.8	(11.7%)
Passenger revenue per RPM (Yield) (cents) (1)	6.0	109.9	122.5	(10.3%)
Average fare (2)	59	1,074	1,175	(8.6%)
Non-ticket revenue per passenger (1)	23.3	424	373	13.6%
Operating expenses per ASM (CASM) (cents) (1)	7.2	131.2	121.0	8.4%
Operating expenses per ASM (CASM) (US cents) (1)	-	7.2	6.2	16.2%
CASM ex fuel (cents) (1)	5.1	93.3	88.7	5.3%
CASM ex fuel (US cents) (1)	-	5.1	4.5	12.8%
Booked passengers (thousands) (1)	-	12,200	11,038	10.5%
Departures (1)	-	80,182	75,161	6.7%
Block hours (1)	-	217,562	199,898	8.8%
Fuel gallons consumed (millions)	-	157.2	144.8	8.5%
Average economic fuel cost per gallon	1.8	33.6	27.3	23.3%
Aircraft at end of period	-	67	65	3.1%
Average aircraft utilization (block hours)	-	12.5	12.9	(3.1%)
Average exchange rate	-	18.93	18.26	3.6%
End of period exchange rate	-	18.20	19.50	(6.7%)

*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

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 September 30, 2017 (US Dollars)*	Three months ended September 30, 2017	Three months ended September 30, 2016	Variance (%)
Operating revenues:				
Passenger	262	4,773	5,206	(8.3%)
Non-ticket	99	1,809	1,525	18.6%
	362	6,582	6,731	(2.2%)
Other operating income	-	(8)	(1)	>100%
Fuel	93	1,698	1,574	7.9%
Aircraft and engine rent expense	76	1,384	1,486	(6.9%)
Landing, take-off and navigation expenses	54	989	892	10.8%
Salaries and benefits	38	695	604	15.1%
Sales, marketing and distribution expenses	26	468	381	22.8%
Maintenance expenses	18	324	358	(9.6%)
Other operating expenses	14	249	257	(3.2%)
Depreciation and amortization	8	150	136	9.9%
Operating expenses	327	5,948	5,688	4.6%
Operating income	35	634	1,043	(39.2%)
Finance income	2	30	27	10.7%
Finance cost	(1)	(20)	(9)	>100%
Exchange gain, net	7	125	382	(67.2%)
Comprehensive financing result	7	135	400	(66.2%)
Income before income tax	42	769	1,443	(46.7%)
Income tax expense	(2)	(39)	(433)	(91.0%)
Net income	40	731	1,010	(27.6%)

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

Consolidated Statement of Operations

Unaudited (In millions of Mexican pesos)	Nine months ended September 30, 2017 (US Dollars)*	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Variance (%)
Operating revenues:				
Passenger	717	13,050	12,926	1.0%
Non-ticket	284	5,170	4,118	25.5%
	1,001	18,220	17,044	6.9%
Other operating income	(1)	(19)	(370)	(94.9%)
Fuel	290	5,284	3,948	33.8%
Aircraft and engine rent expense	245	4,461	3,999	11.6%
Landing, take-off and navigation expenses	166	3,029	2,406	25.9%
Salaries and benefits	116	2,108	1,748	20.6%
Sales, marketing and distribution expenses	67	1,212	976	24.2%
Maintenance expenses	57	1,037	1,004	3.3%
Other operating expenses	43	788	673	17.2%
Depreciation and amortization	23	418	394	5.9%
Operating expenses	1,007	18,319	14,777	24.0%
Operating (loss) income	(5)	(99)	2,267	NA
Finance income	4	73	81	(10.1%)
Finance cost	(3)	(62)	(24)	>100%
Exchange (loss) gain, net	(87)	(1,578)	1,315	NA
Comprehensive financing result	(86)	(1,567)	1,371	NA
(Loss) income before income tax	(92)	(1,667)	3,638	NA
Income tax benefit (expense)	28	517	(1,092)	NA
Net (loss) income	(63)	(1,150)	2,546	NA

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

(In millions of Mexican pesos)	September 30, 2017 Unaudited (US Dollars)*	September 30, 2017 Unaudited	December 31, 2016 Audited
Assets			
Cash and cash equivalents	295	5,373	7,071
Accounts receivable	78	1,418	963
Inventories	15	273	244
Prepaid expenses and other current assets	65	1,180	1,563
Financial instruments	20	368	544
Guarantee deposits	72	1,303	1,167
Total current assets	545	9,915	11,551
Rotable spare parts, furniture and equipment, net	195	3,548	2,525
Intangible assets, net	9	157	114
Financial instruments	2	36	324
Deferred income taxes	35	640	559
Guarantee deposits	326	5,941	6,560
Other assets	7	128	148
Total non-current assets	574	10,450	10,231
Total assets	1,119	20,365	21,782
Liabilities			
Unearned transportation revenue	135	2,453	2,154
Accounts payable	48	875	927
Accrued liabilities	104	1,884	1,785
Other taxes and fees payable	70	1,267	1,476
Income taxes payable	4	67	196
Financial instruments	-	7	14
Financial debt	82	1,491	1,051
Other liabilities	14	255	284
Total short-term liabilities	456	8,298	7,888
Financial instruments	-	-	-
Financial debt	49	900	943
Accrued liabilities	7	123	170
Other liabilities	10	183	137
Employee benefits	1	16	13
Deferred income taxes	74	1,344	1,837
Total long-term liabilities	141	2,566	3,100
Total liabilities	597	10,863	10,988
Equity			
Capital stock	163	2,974	2,974
Treasury shares	(5)	(83)	(83)
Contributions for future capital increases	-	-	-
Legal reserve	16	291	38
Additional paid-in capital	99	1,807	1,801
Retained earnings	249	4,525	5,928
Accumulated other comprehensive losses	(1)	(12)	137
Total equity	522	9,502	10,794
Total liabilities and equity	1,119	20,365	21,782
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 September 30, 2017 (US Dollars)*	Three months ended September 30, 2017	Three months ended September 30, 2016
Cash flows provided from operating activities before changes in working capital	54	978	1,325
Net cash flow (used in) operating activities	(21)	(385)	(22)
Net cash flow (used in) investing activities	(31)	(565)	(268)
Net cash flow provided by financing activities	15	268	145
(Decrease) in cash and cash equivalents	(37)	(681)	(146)
Net foreign exchange differences	4	73	209
Cash and cash equivalents at beginning of period	329	5,981	6,930
Cash and cash equivalents at end of period	295	5,373	6,993

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

Unaudited (In millions of Mexican pesos)	Nine months ended September 30, 2017 (US Dollars)*	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Cash flows provided from operating activities before changes in working capital	(19)	(354)	2,867
Net cash flow (used in) provided by operating activities	(7)	(131)	1,501
Net cash flow (used in) provided by investing activities	(77)	(1,409)	498
Net cash flow provided by (used in) financing activities	29	533	(774)
(Decrease) increase in cash and cash equivalents	(55)	(1,006)	1,225
Net foreign exchange differences	(38)	(692)	611
Cash and cash equivalents at beginning of period	389	7,071	5,157
Cash and cash equivalents at end of period	295	5,373	6,993

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