



Investor update

May 2020

Volaris: the high growth ULCC of Latin America



Volaris has transported 120+ million passengers since inception

Volaris is **the largest Mexican carrier**



Key Statistics Mar'20 LTM



82 aircraft



22M passengers



70 destinations



214 routes



USD \$54.0 average base fare



USD cents \$4.13 CASM ex-fuel*



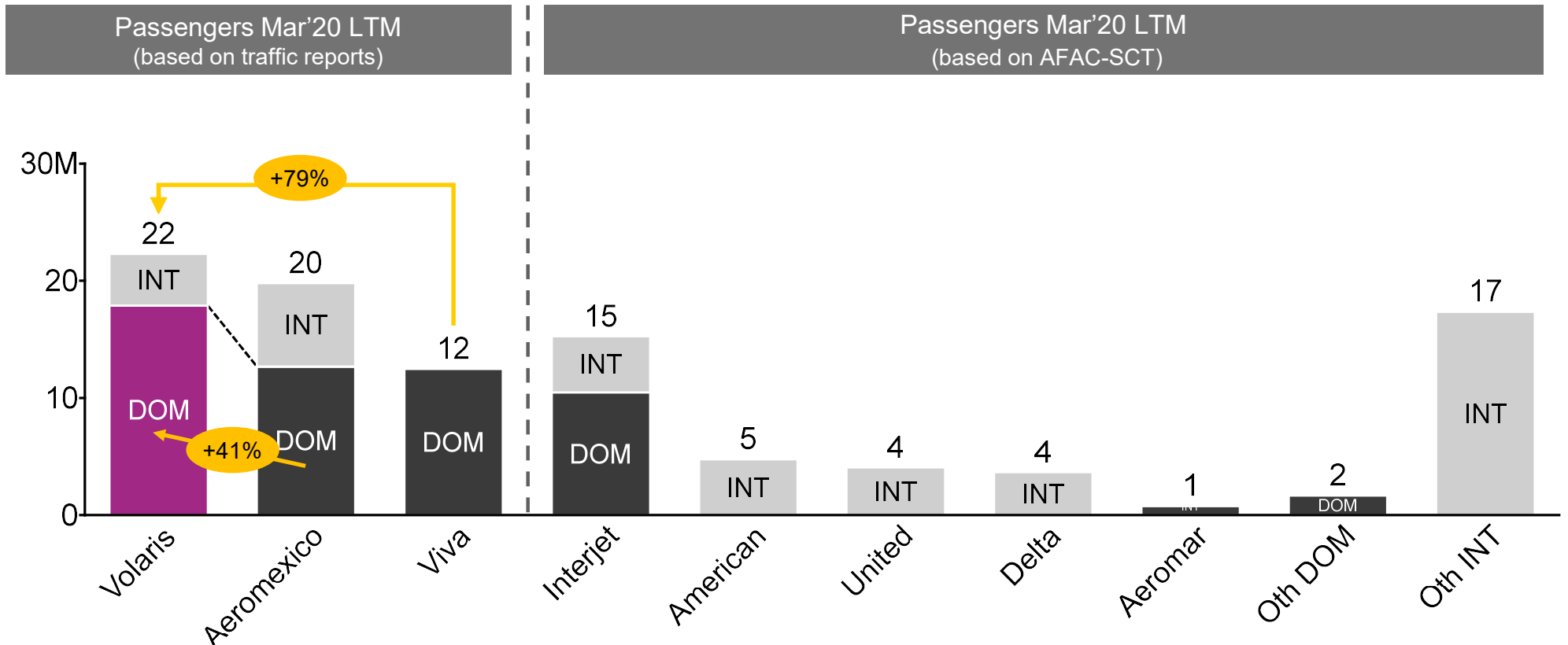
USD cents \$6.25 CASM*

*Information as of 1Q20
Note: Destinations map as filed in the latest 20-F form

Volaris is the clear market leader

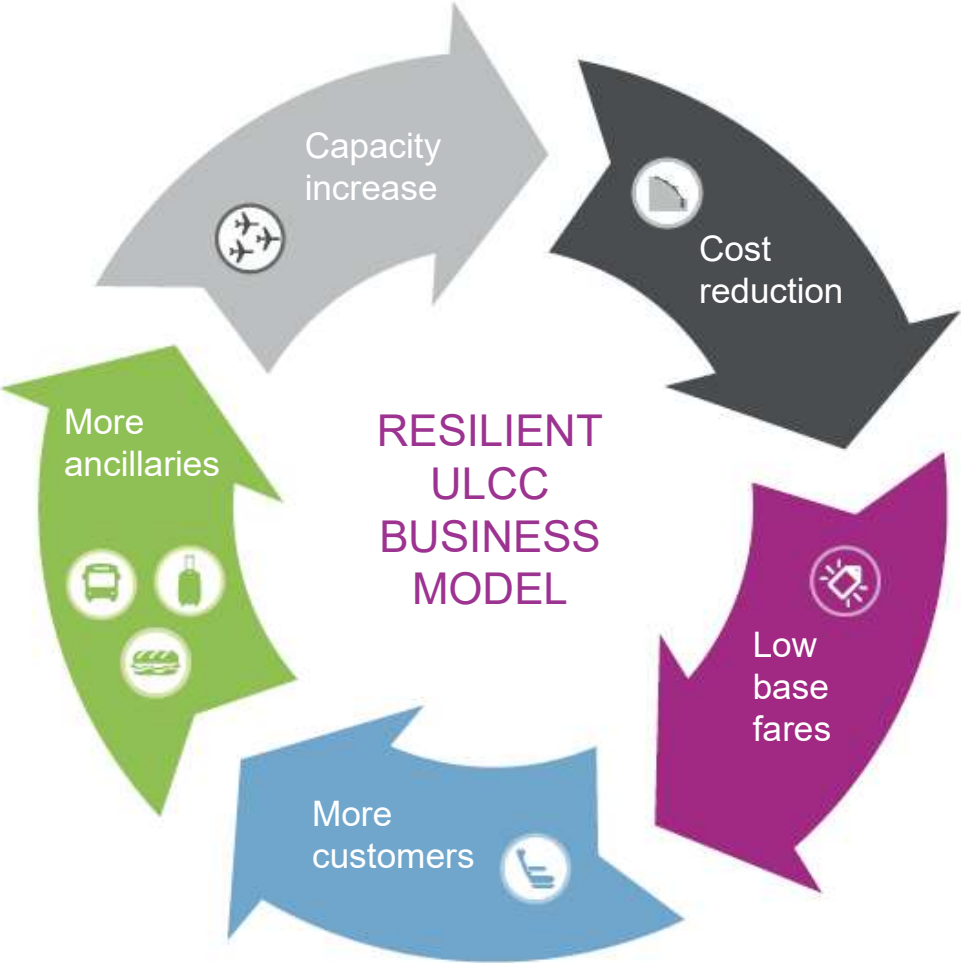


Airlines with operations in Mexico



Note: Volaris includes Costa Rica subsidiary
 Source: AFAC-SCT and Traffic reports

The key to Volaris' success has been its disruptive model that has made air travel accessible to all



Relentless focus on costs

Multiple efficiency initiatives...

Fleet

- NEO A321 / A320
- Fleet upgauge

Productivity

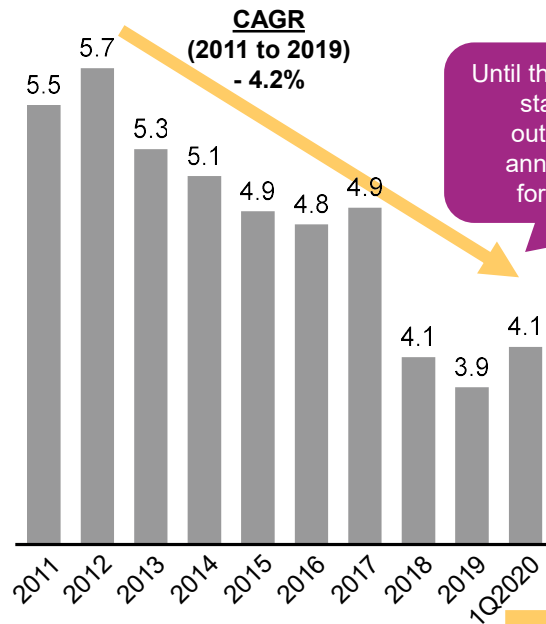
- Increased productivity and utilization
- New fuel consumption initiatives

Back office

- New distribution strategy
- New, lower cost providers

...with clear result in unit cost reductions...

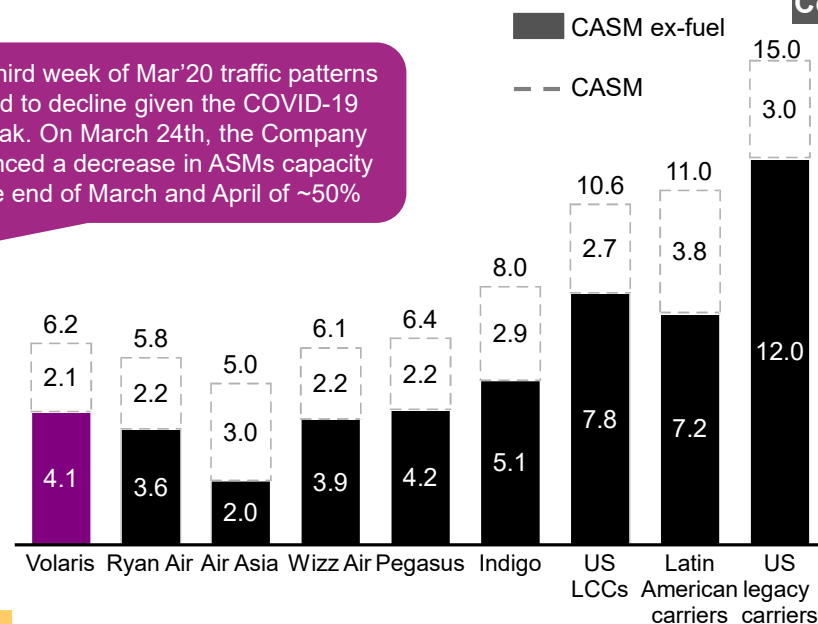
Volaris' CASM excl. fuel (USD cents)



Until the third week of Mar'20 traffic patterns started to decline given the COVID-19 outbreak. On March 24th, the Company announced a decrease in ASMs capacity for the end of March and April of ~50%

...among the best unit costs in the World

CASM (USD cents, 1Q20)⁽¹⁾



Cost reduction

Volaris now among the three lowest unit-cost operators worldwide

(1) Presenting average CASM and CASM ex-fuel. For purposes of the presentation AirAsia public information as of FY2018. Pegasus public information as of 2Q19. Wizz Air, Ryan Air, Indigo, Allegiant, Avianca and LATAM public information as of 4Q19
 Latin American carriers: Avianca, Azul, Copa, Aeromexico, LATAM and Gol
 U.S. LCCs: Southwest, Allegiant, Jet Blue, Spirit. US Legacy carriers Delta, American Airlines, Alaska Airlines and United Airlines
 Note: Non-USD data converted to USD using an average exchange rate for the period

Liquidity and Cash preservation

- As of March 31st, 2020, **cash and cash equivalents** were \$10.7 billion pesos, representing 30% of last twelve months of operating revenues, which is **mainly denominated in US Dollars**
- Solid balance sheet with only interest-bearing obligations in the short term. Company's long-term debt does **not bear any principal amortization for 2020**
- **Diligent cash preservation program** with a high level of scrutiny on payment terms
- **"Treasury war room"** where we diligently review each payment and have reduced even further the non-operational expenses
- We have reached out to most of our suppliers in order to obtain **extended payment periods** and even discounts. We have been fortunate in receiving cooperation from most of our lessors, airport groups and other main business partners, successfully completing these comprehensive negotiations.

Cost reductions

- Discounts with suppliers, engine's lessors, airport groups and other main business suppliers
- **Capital expenditures reduced to a minimum** and cut non-essential expenses for the rest of the year
- **Maintained labor base at reduced compensation levels:**
 - **Operational personnel:** up to **82%** has agreed to **voluntarily leave of absences** for periods of up to 90 days
 - **Administrative personnel: wages reduction** amongst the different organizational layers from 80% at the C-suite level to 20% in lower levels
 - **Board of Directors: 100% and 40% of annual compensation waived** by non-independent members, and independent members, respectively

Safety

- **The safety and health of our Ambassadors and customers is our top priority**
 - Implemented **safety and hygiene protocols** to protect the well-being of our passengers, crew and ground personnel
 - Followed and implemented protocols and guidelines issued by the International Air Transportation Association (IATA) and health organizations
- **“Avión Ayuda Volaris”**, our program that encompasses the sustainability efforts of the airline:
 - Transported health equipment destined for professionals fighting COVID-19 in 14 different cities in Mexico, as well as ventilators aimed at preserving lives in Baja California

Capacity and network

- Carried out a **flexible and strategic operational plan** to reduce capacity, where we have cancelled and **consolidated flights in order to defend profitability**
- **Capacity reductions:**
 - **April 2020:** capacity measured by ASMs decreased by 82.4% vs the same period of last year
 - **May 2020:** further capacity reduction of approximately 90% versus the originally scheduled capacity
- **Flight network adjustments as of May 2020:**
 - 44 daily flights
 - 32 routes (29 domestic & 3 international)
 - 24 airports offered (21 domestic & 3 international)

“I am especially proud of the job of our ambassadors and their selfless attitude facing this unprecedented challenge. Volaris is taking crucial actions to prioritize the health of our ambassadors and customers while protecting the business. We are implementing decisive actions to mitigate the operational and financial impacts of COVID-19 pandemic by making deep schedule reductions for April and May, drastically reducing spending and carefully managing our liquidity position. We are not hesitating to make difficult decisions to ensure the long-term success of our airline.”

Enrique Beltranena, CEO & President of Volaris.

There is a greener way to fly: ULCC with Volaris

Since 2012, Volaris has reduced CO2 emissions per RPM by 18%. This is equivalent to:



Cost reduction



- Saved emissions of **1.32 million** tons of CO₂
- Reduced **18%** in fuel burn from 2012 to 2019



- Eliminated **254 thousand** vehicles from the roads or saved **135 millions of gasoline** gallons
- Preserved **8,103 acres** in a year from conversion to cropland



- Saved **1.3 billion pounds** of coal burned
- **58 organs** and tissues were transported



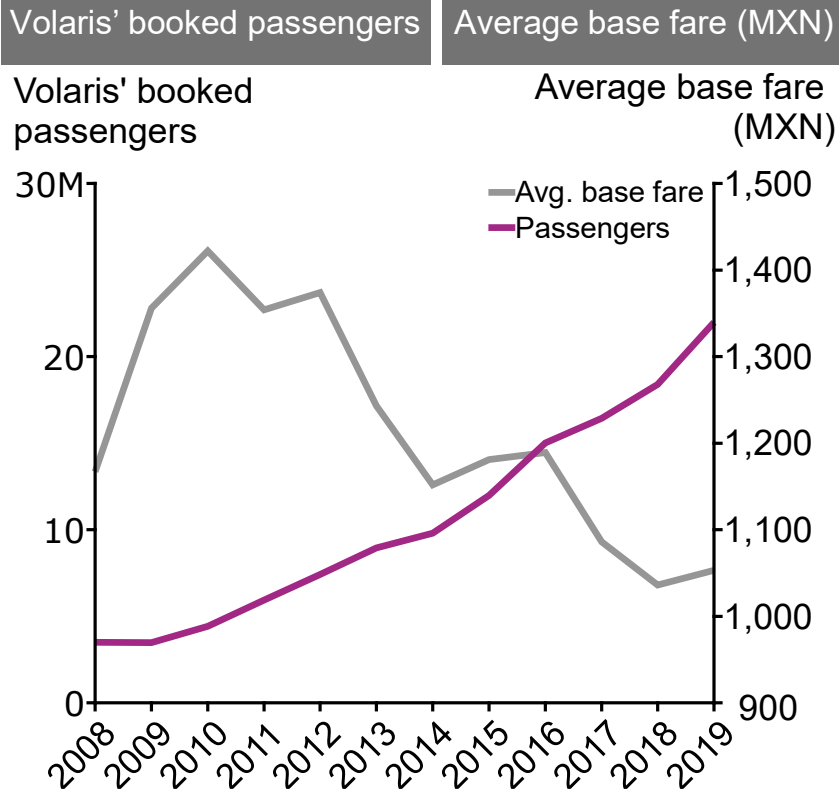
- Offered **tickets** at 1USD for **migrants** from Guatemala, Honduras and El Salvador for voluntarily return to their countries

Proven ability to stimulate demand



More customers

Growing demand through lower fares...



Volaris fares are lower than bus fares in many markets

Route	Average fare (MXN, 2019)			
	Volaris	Hrs.	Bus*	Hrs.
Culiacan-Tijuana	763	2.2	1,461	15.5
Guadalajara-Tijuana	1,092	3.1	1,575	31.0
Mexico - Tijuana	1,235	3.8	2,243	29.7
Bajio-Tijuana	1,026	3.2	2,503	25.8
Cancun- Mexico	717	2.6	1,330	25.9
Durango-Tijuana	1,235	2.6	1,968	20.2



41% of all routes compete only with buses⁽¹⁾

Note: Volaris has lower base fares than buses in bus segments above 6 hours long

*Fares by segment observed in December 2019

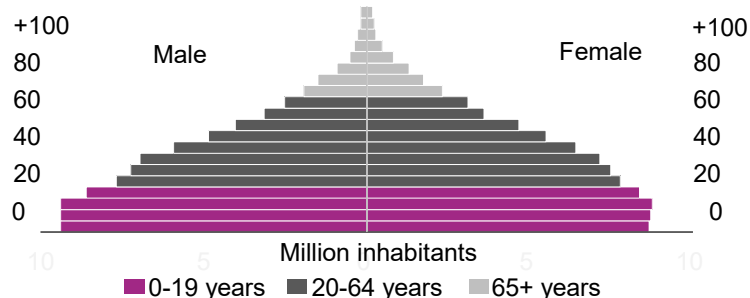
Source: AFAC-SCT, ground public Mexican transportation

Mexican demographics and bus market continue to be a sizeable opportunity for growth



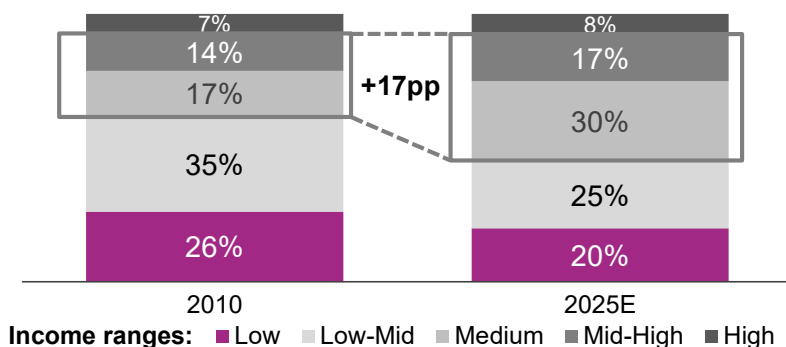
Growing, young population

Mexican demographic composition by age

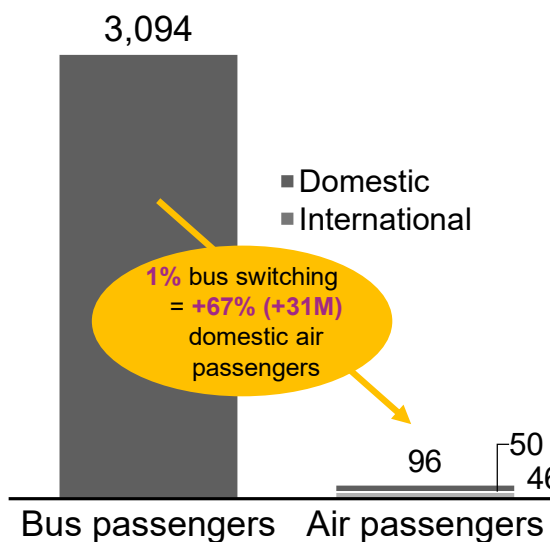


Emerging middle class

Mexican middle class as a % of population



Huge bus market



More customers

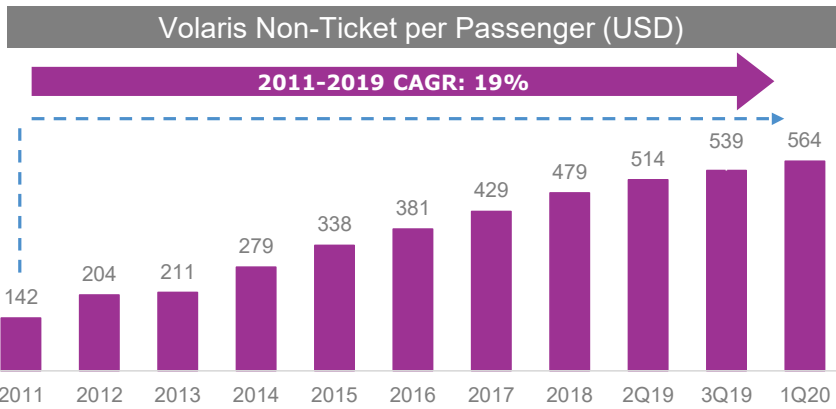
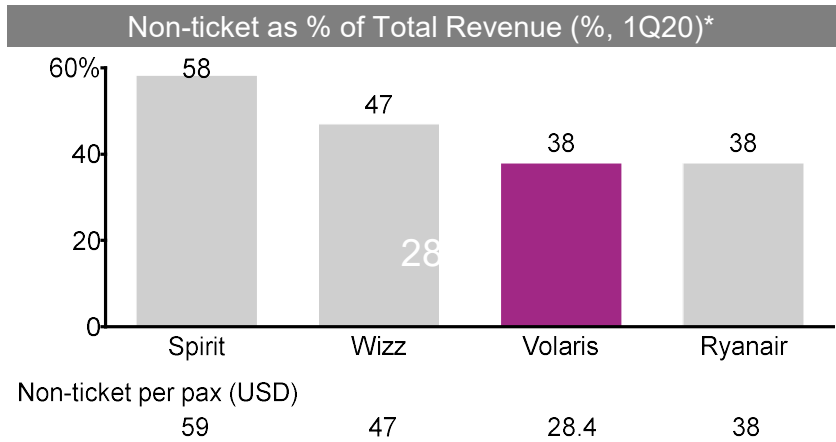
41% of Volaris routes without air competition

68 routes in which Volaris pioneered air service

6% first time flyers on any given Volaris jet (1.2M in 2019)

Big improvements in non-ticket revenues, now among the top 10

Non-Ticket Revenue Results



Avenues of Growth

- Improved top generators**
 Launched new plus fare ✓
- Implemented new ideas**
 Multicurrency, widgets, simplicity ✓
- Launched new business unit**
 YaVas ✓
- Execute full dynamic pricing**
 Find the optimal price ✓
- Achieve full potential personalization**
 Based on customer profile not products ✓
- Renew subscription programs**
 Engage and retain frequent customers ✓



Non-ticket revenue substitutes base fare; customers are less price sensitive to ancillaries

*Spirit, WizzAir and Ryanair public information as of 4Q19
 Financial information converted to USD using an average Exchange rate for the period only for purposes of the presentation

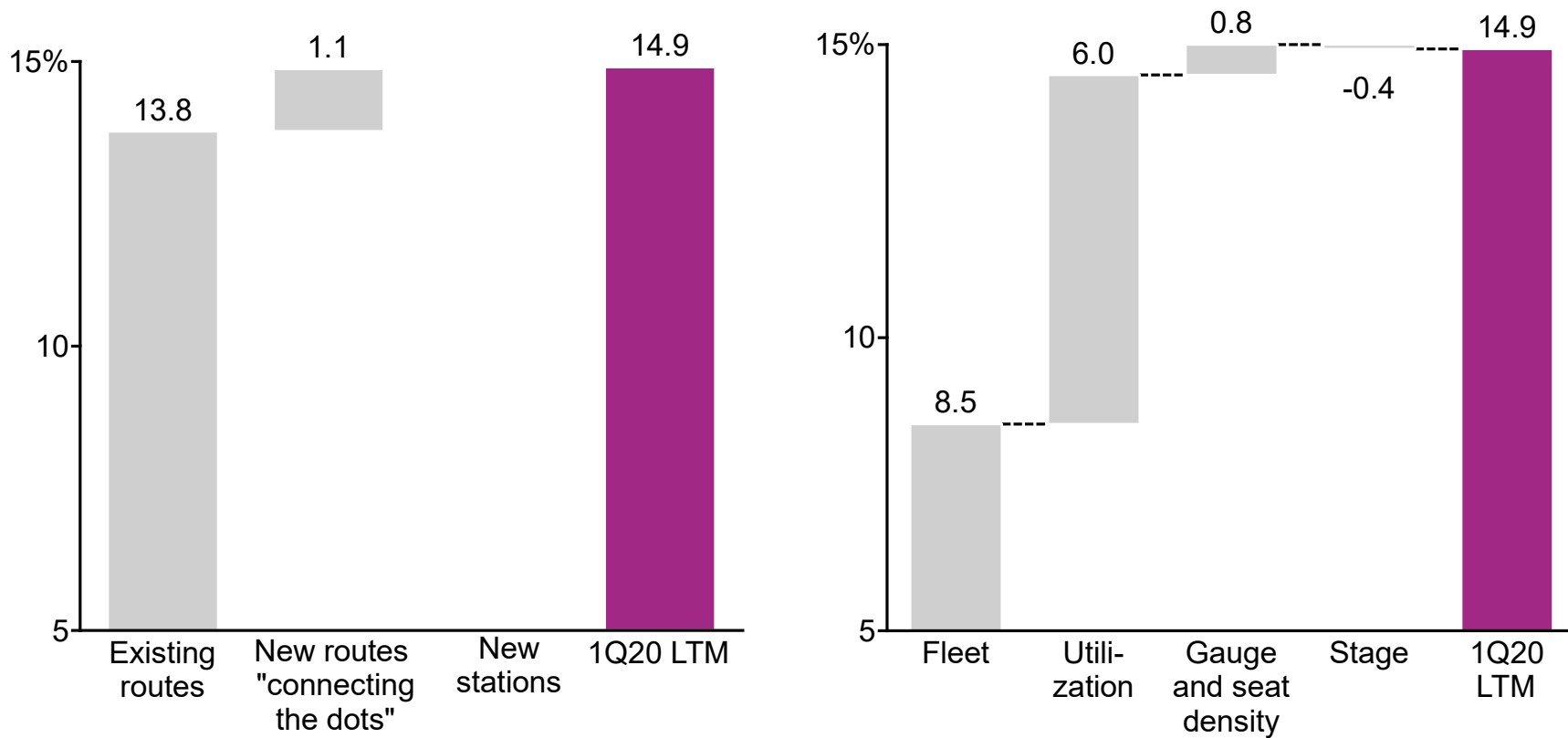
Last twelve months Volaris efficiently increased capacity by 15%



Volaris' Sources of Growth
(ASM change in %, Mar'20 LTM vs Mar'19 LTM)



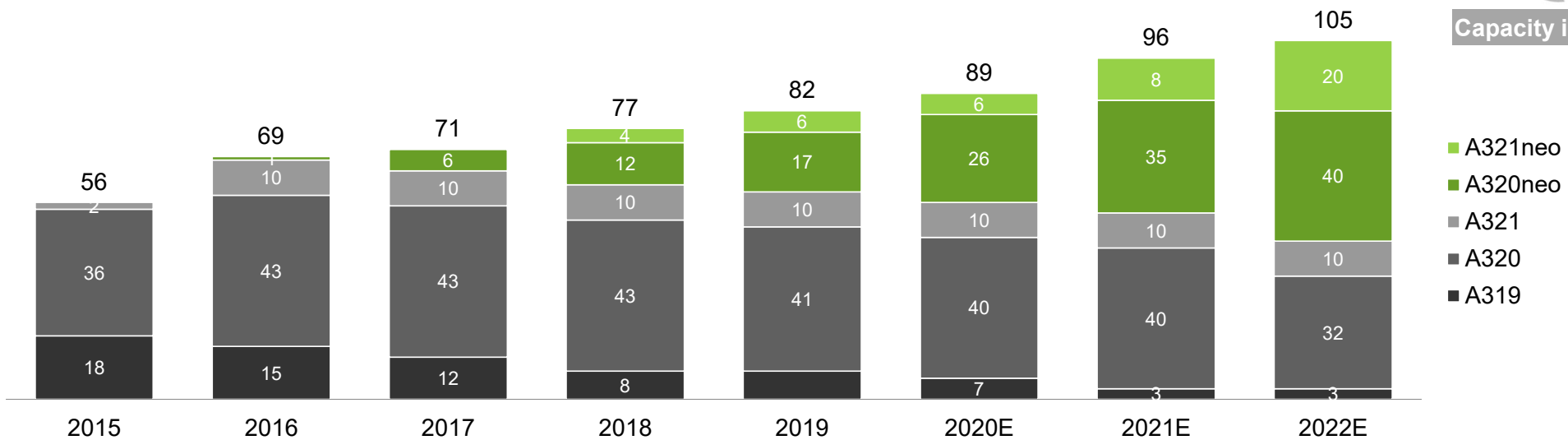
Capacity increase



Volaris' fleet plan drives lower unit costs; NEO fleet is the main competitive structural advantage



Fleet Plan End of Year (1)



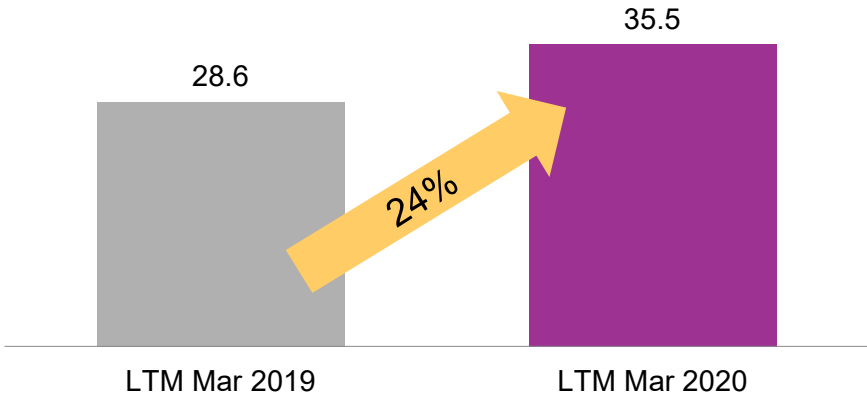
Currently managing fleet deliveries and redeliveries to reflect lower growth and capacity adjustments

(1) Net fleet after contractual additions and returns. The Company fleet schedule is subject to changes

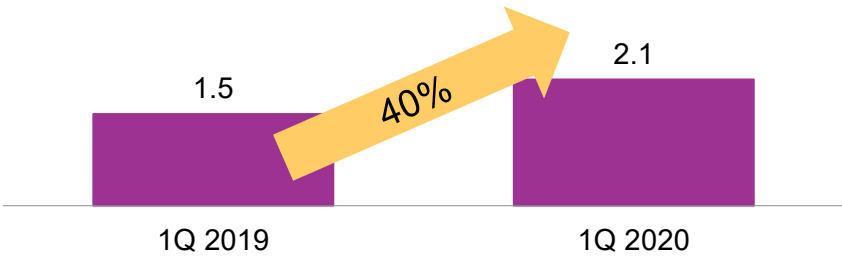
Strong financial results



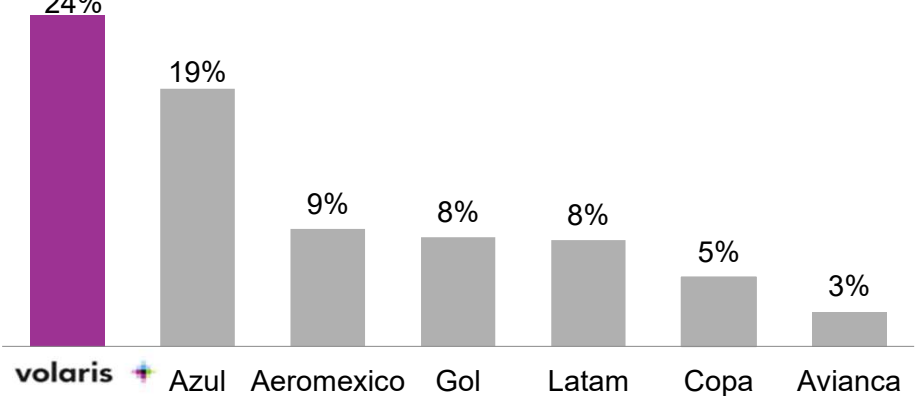
March 2020 LTM Revenues (B, MXN)



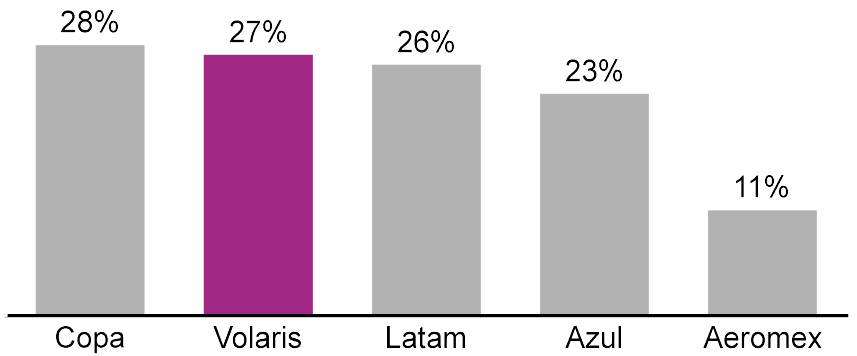
1Q 2020 EBITDAR (B, MXN)



Revenue CAGR 2011 – 2019



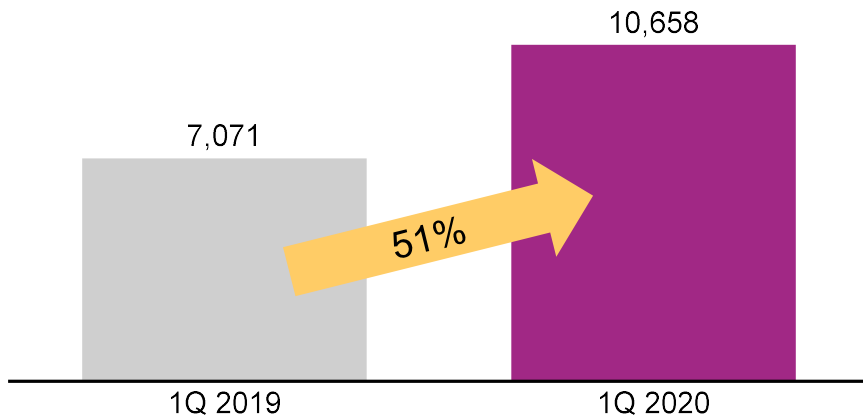
1Q 2020 EBITDAR Margin⁽¹⁾



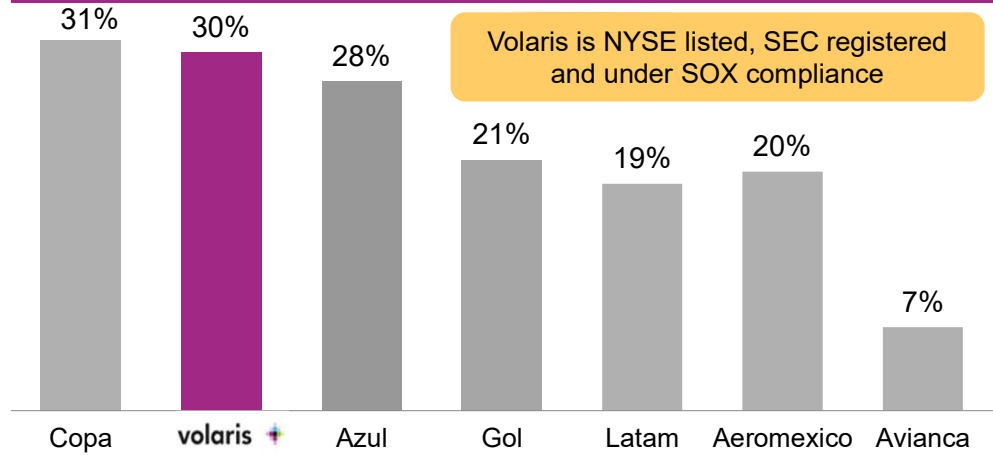
(1) LATAM airlines public information as of 4Q19
Source: Airlines public information

Healthy balance sheet and liquidity

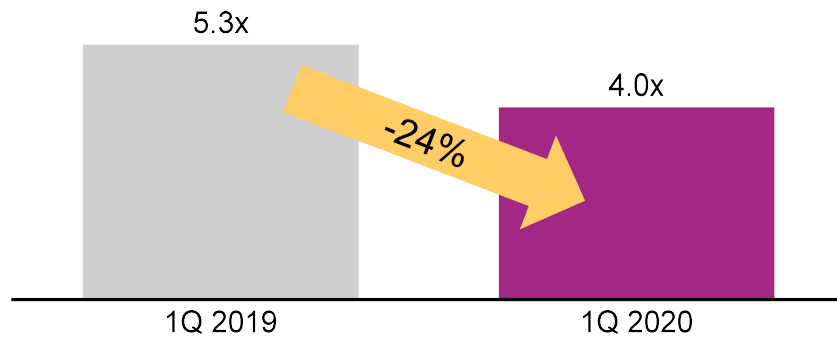
Unrestricted Cash (B, MXN)



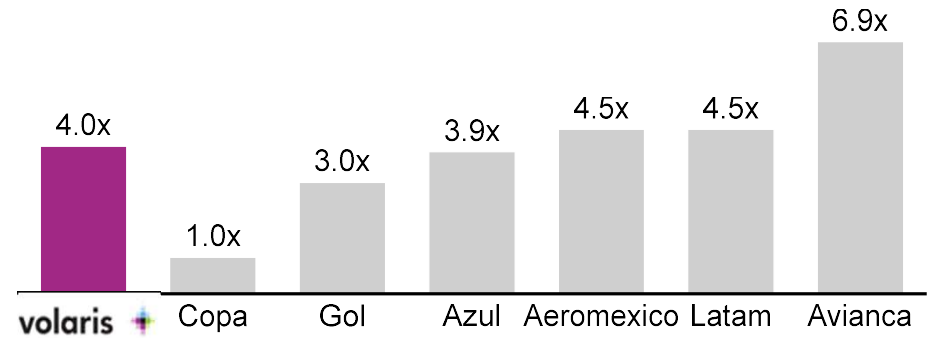
1Q20 Cash and Equivalents as % of LTM Operating Revenue⁽¹⁾



Adjusted Net Debt to LTM EBITDAR ratio



1Q20 Adjusted Net Debt to LTM EBITDAR⁽¹⁾



(1) Copa, Azul, Gol, LATAM Airlines and Avianca public information as of December 2019
Source: Airlines public information