

# Investor Relations Presentation

May 2018





## **Aeromexico: Mexico's premium revenue carrier**

Aeromexico – Delta  
relationship: A new chapter

Building a strong and flexible  
airline

# Aeromexico's business model for sustainable long term success



Mexico's only full service premium revenue carrier



Only Mexican carrier operating a "Hub & Spoke" network model, serving more than 90 destinations



Offering up to a three-class service, including Mexico's only flat bed premium experience



Depth and breadth of network with strongest domestic network and flights to the U.S., Canada, Asia, Europe, Central and South America



Founding member of SkyTeam

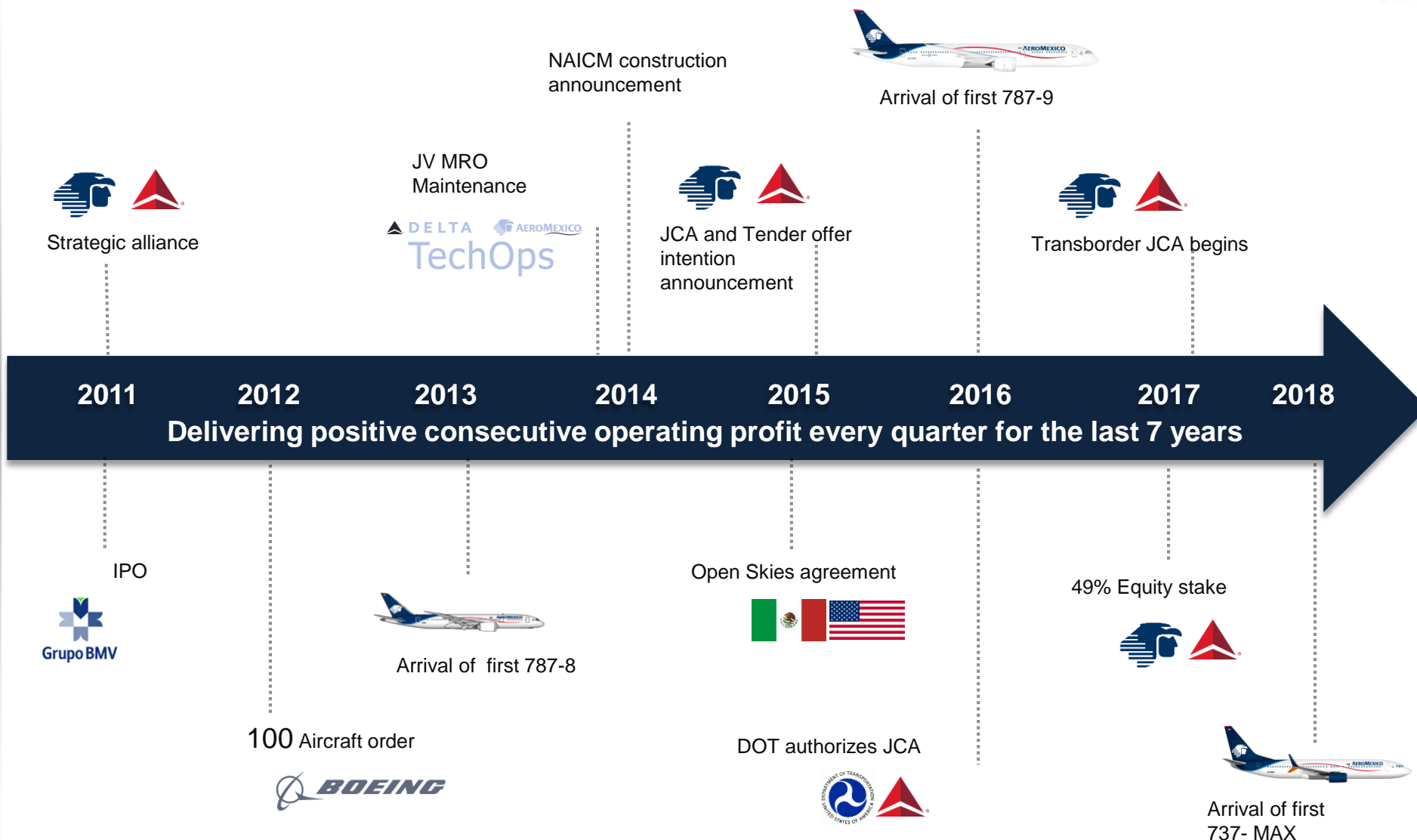


Transborder JCA and 49% equity stake

**CLUB PREMIER**

Mexico's largest coalition loyalty program

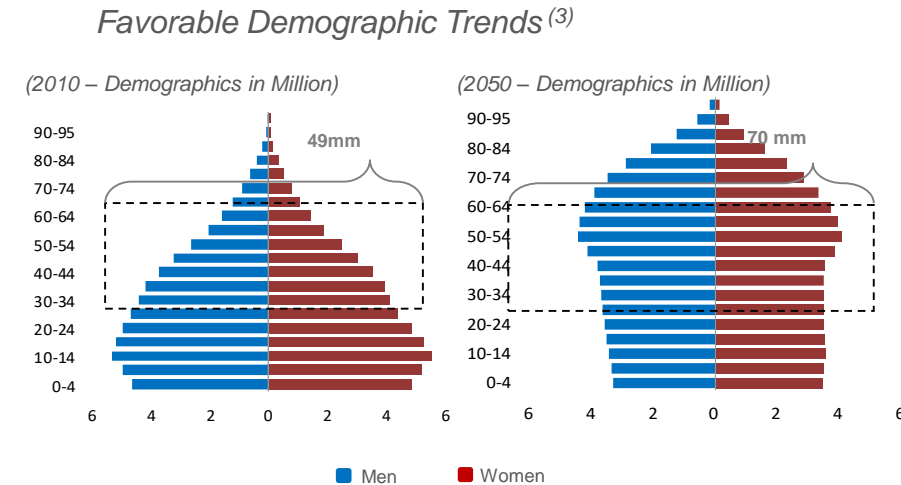
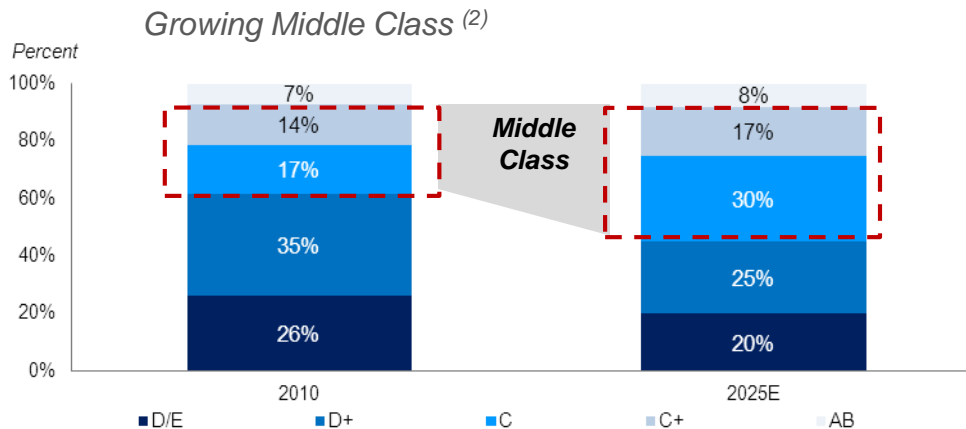
# Aeromexico's recent milestones



# The right business model in the right economic environment: favorable demographics



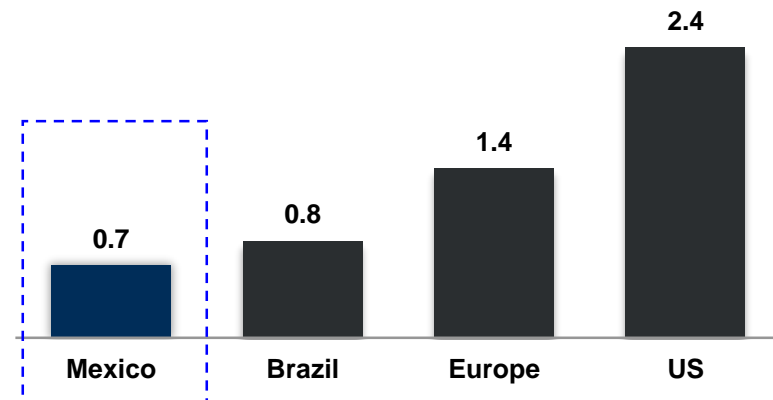
## Favorable Demographics



- Positioned to take advantage of burgeoning Mexican market and growth of Mexican economy.
- Disciplined approach to capacity growth.

## Air Traffic Penetration<sup>(1)</sup>

*Flights Per Capita for Middle & Upper Class Population*



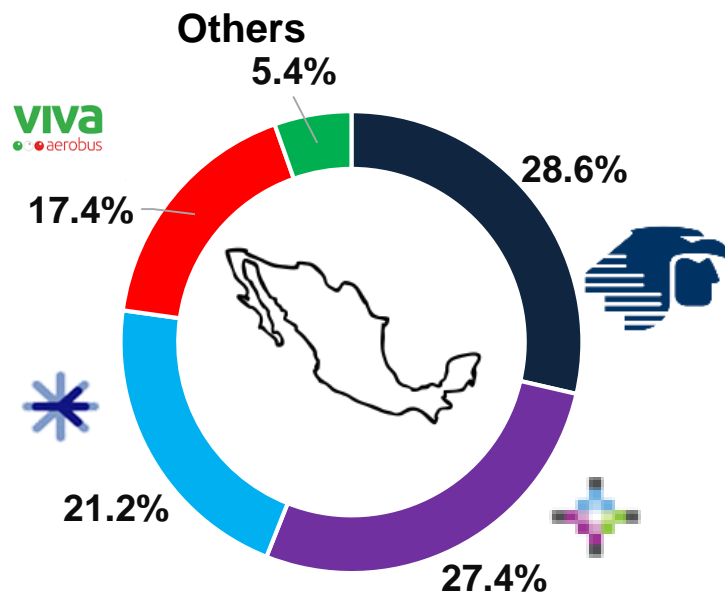
Sources:

- (1) Morgan Stanley Research. 2014.
- (2) INEGI. 2018.
- (3) CONAPO. 2018

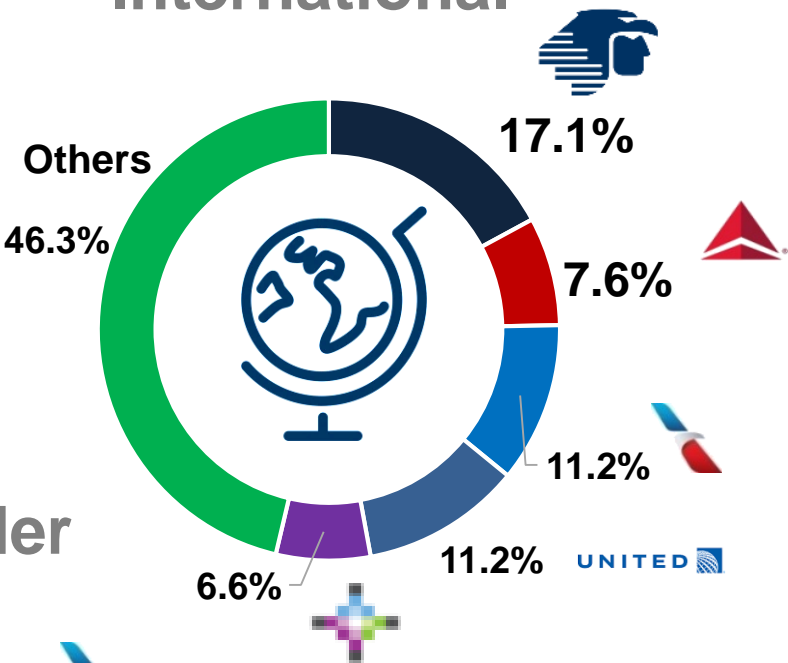
# Market share LTM March 2018



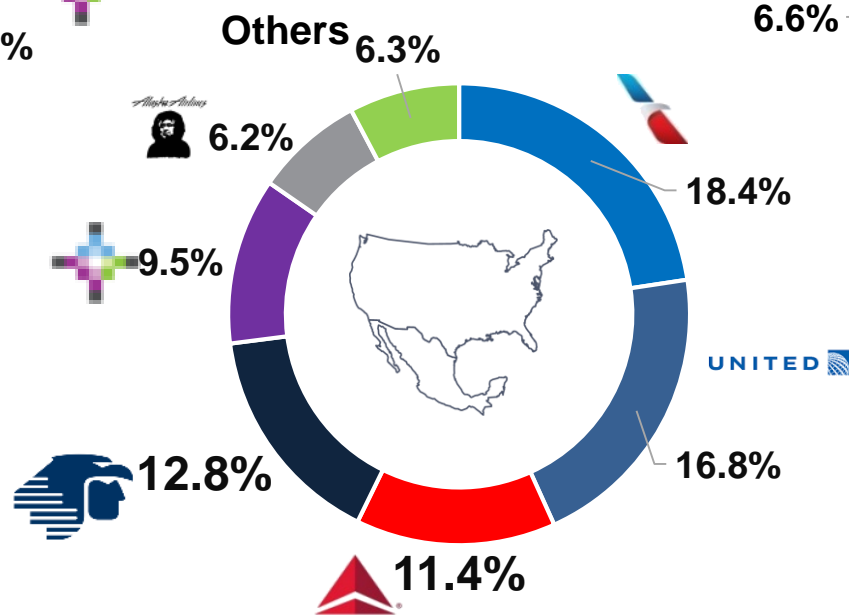
## Domestic



## International



## Transborder

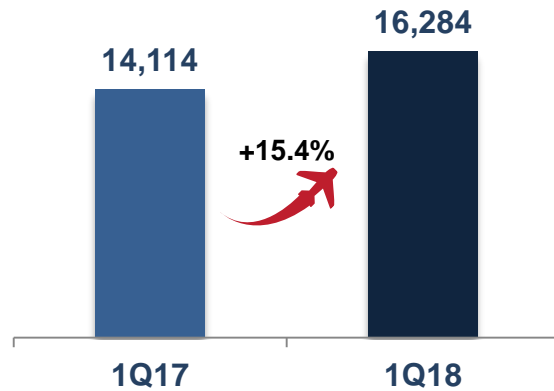


# Enhanced financial performance



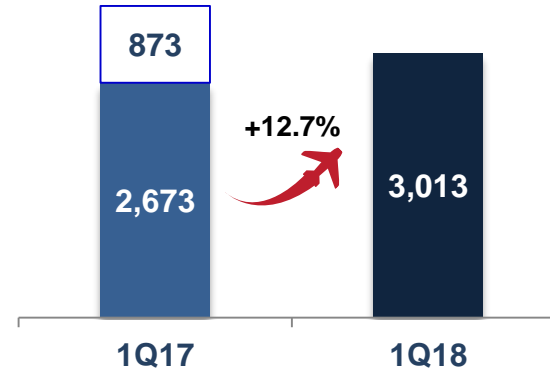
## Revenue

Million pesos



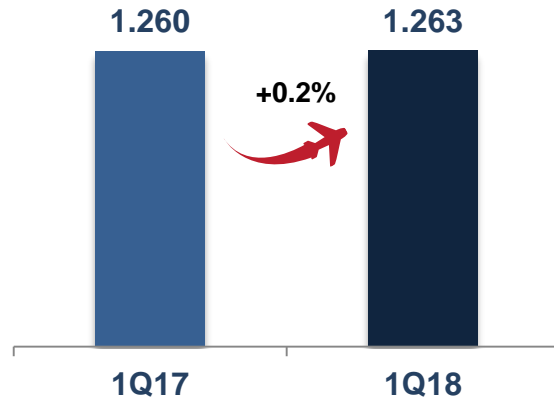
## EBITDAR

Million pesos



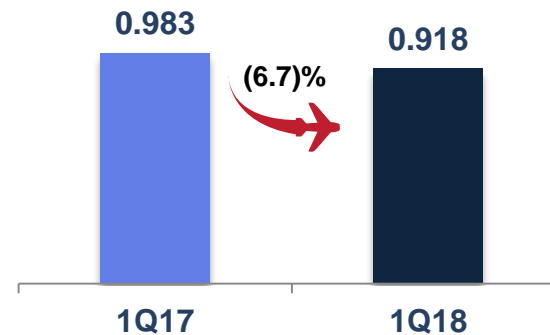
## RASK

MXN Cents



## CASK Exc. Fuel

MXN Cents





Aeromexico: Mexico's  
premium revenue carrier

**Aeromexico – Delta  
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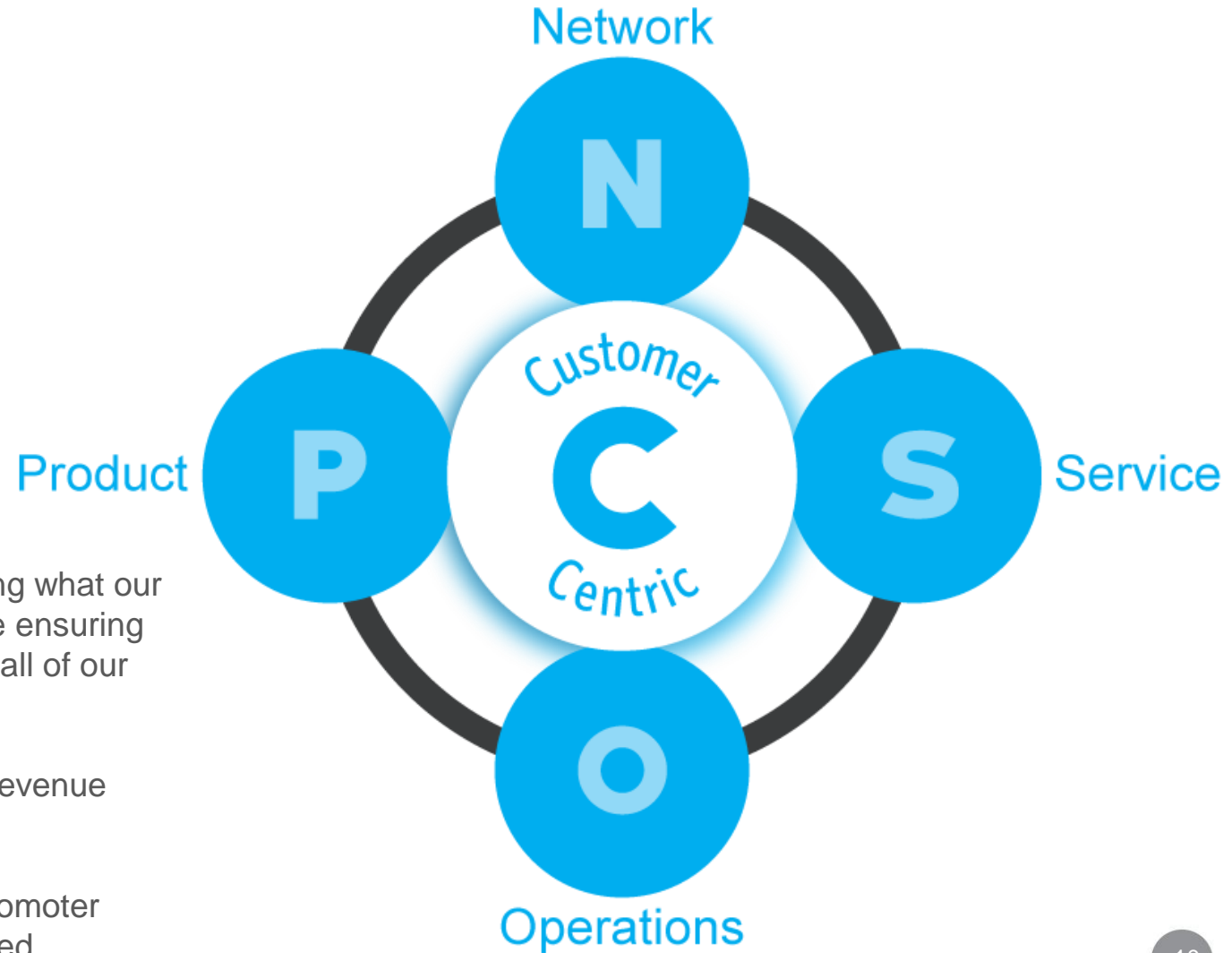
Building a strong and flexible  
airline





# **Aeromexico - Delta synergies: Our path to sustainable double digit margin**

# Aeromexico-Delta partnership: Customers at the heart of everything we do...



- Strategic focus on delivering what our customers truly value while ensuring that they lie at the heart of all of our actions and decisions
- Customer focus will drive revenue premium
- Enhanced focus on Net Promoter Score (NPS) driving targeted investment

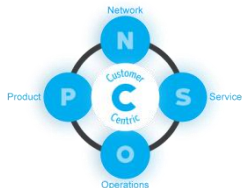
# Aeromexico-Delta partnership: The best in each of us



Revenue  
premium



Unit  
cost



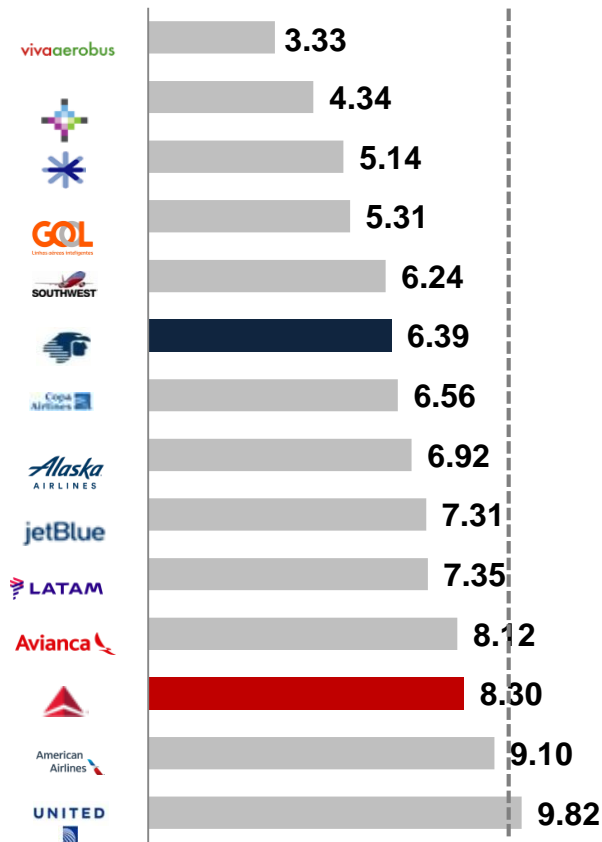
# Aeromexico-Delta partnership:

## The best in each of us - an industry leading cost base



### CASK stage length adjusted (US cents)

LTM 18



6.73

Source: First Quarter 2018 Financial Statement. USD Cents  
Exchange Rate for 1Q18 is 18.73 and for 1Q17 is 20.32  
All info for 1Q2018 Volaris includes adjustments for S&LB and fuel hedges



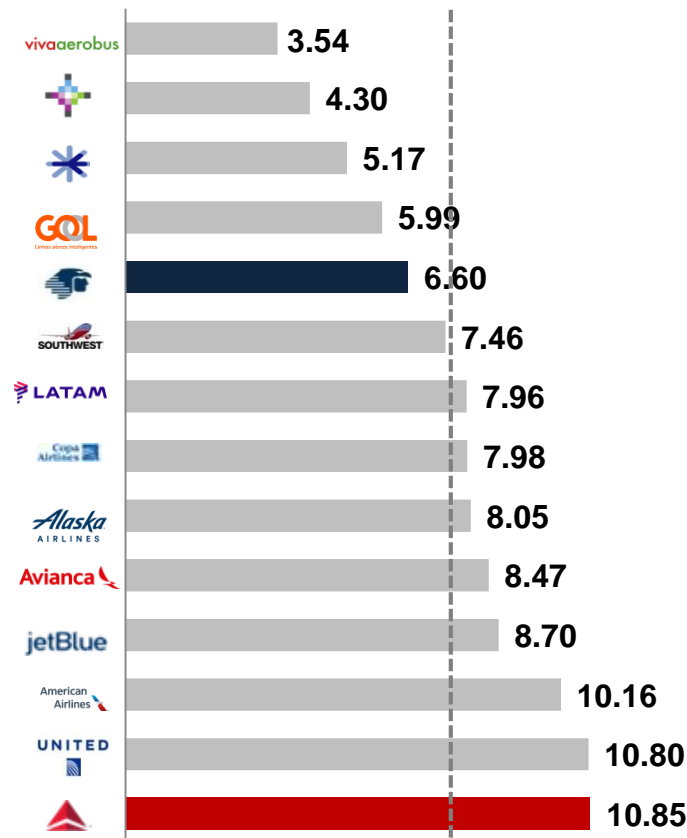
# Aeromexico-Delta partnership:

The best in each of us - an industry leading revenue premium



## TRASK stage length adjusted (US cents)

LTM 18



7.57

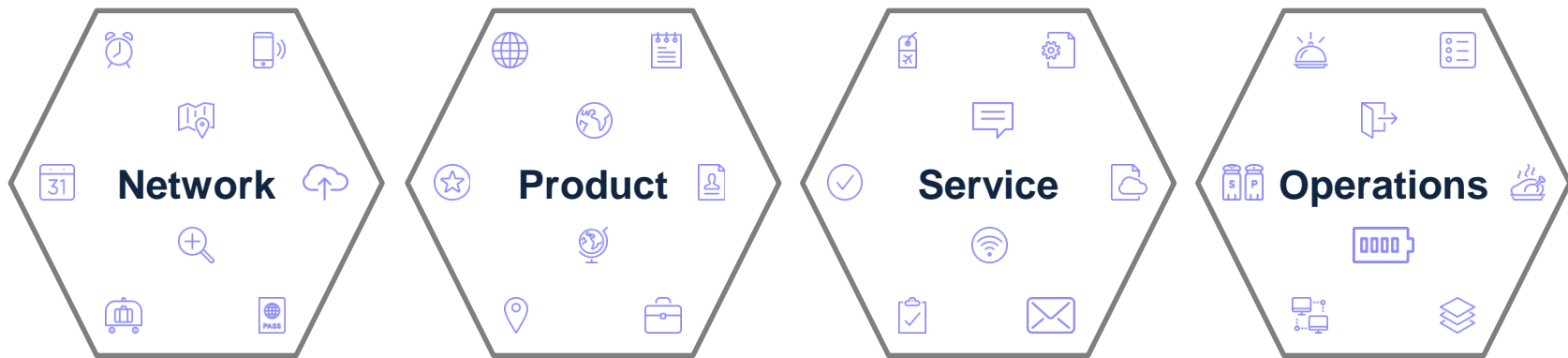
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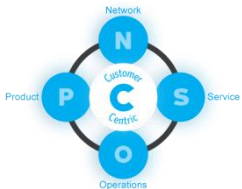
# Aeromexico - Delta synergies



35 core initiatives identified to drive synergies



**\$200M USD**



# Steady state revenue synergies

≈ \$160 USD million



Network



160 USD  
million

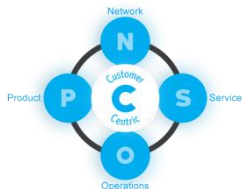
Cargo



Alliances



Revenue  
Management &  
Sales



# Creating a hub south of Texas



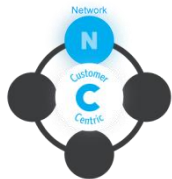
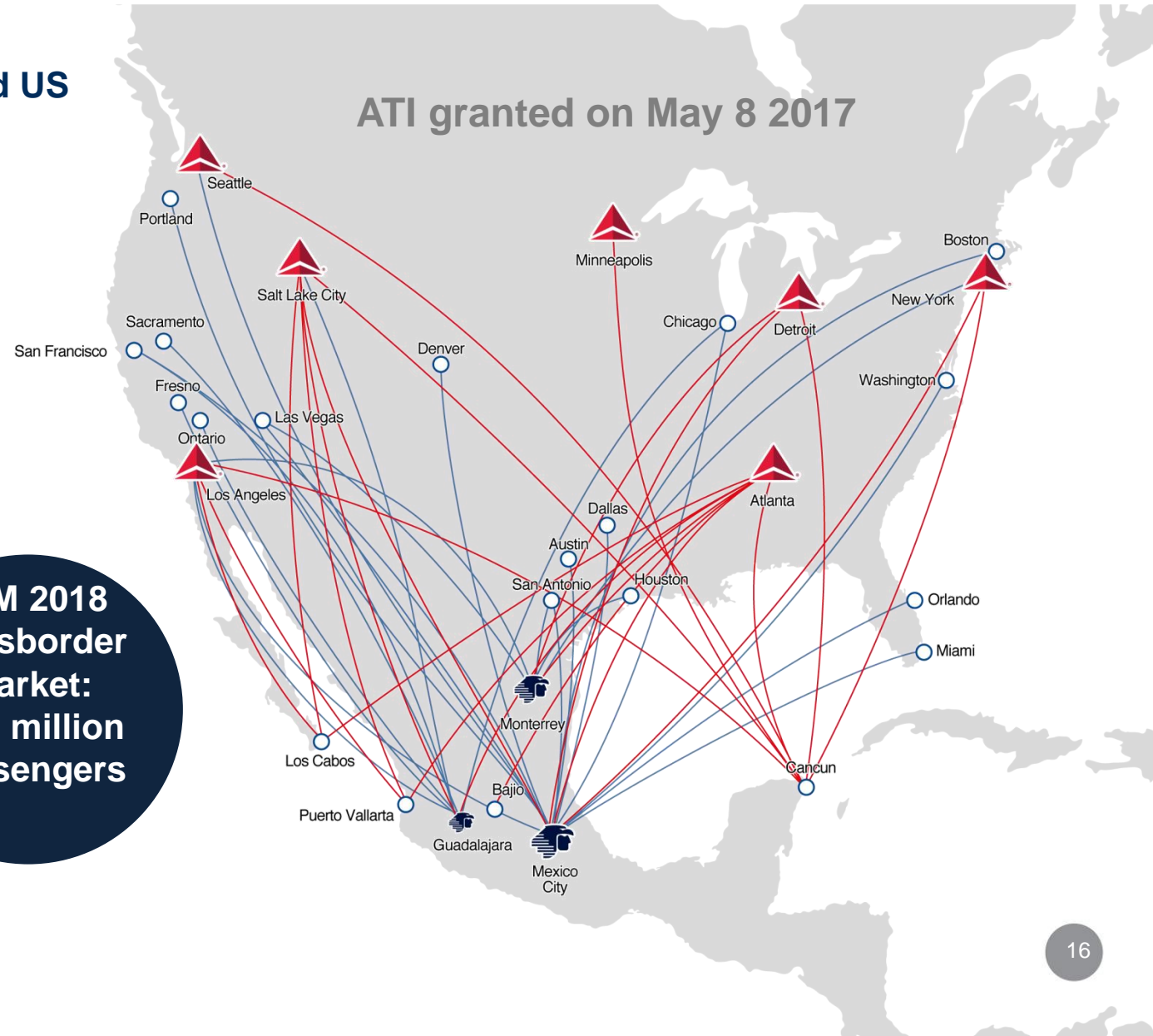
Traffic between Mexico and US  
is the largest market in the  
world

≈ 9.2%  
YoY passenger  
growth in LTM  
2018

Transborder  
market:  
≈ 9.0% LTM  
passenger  
growth  
2018

LTM 2018  
transborder  
market:  
≈ 30 million  
passengers

ATI granted on May 8 2017





# Building Latin America's global hub



**24** USA & Canada

**4** Europe



**3** Asia

**8** Central America & Caribbean

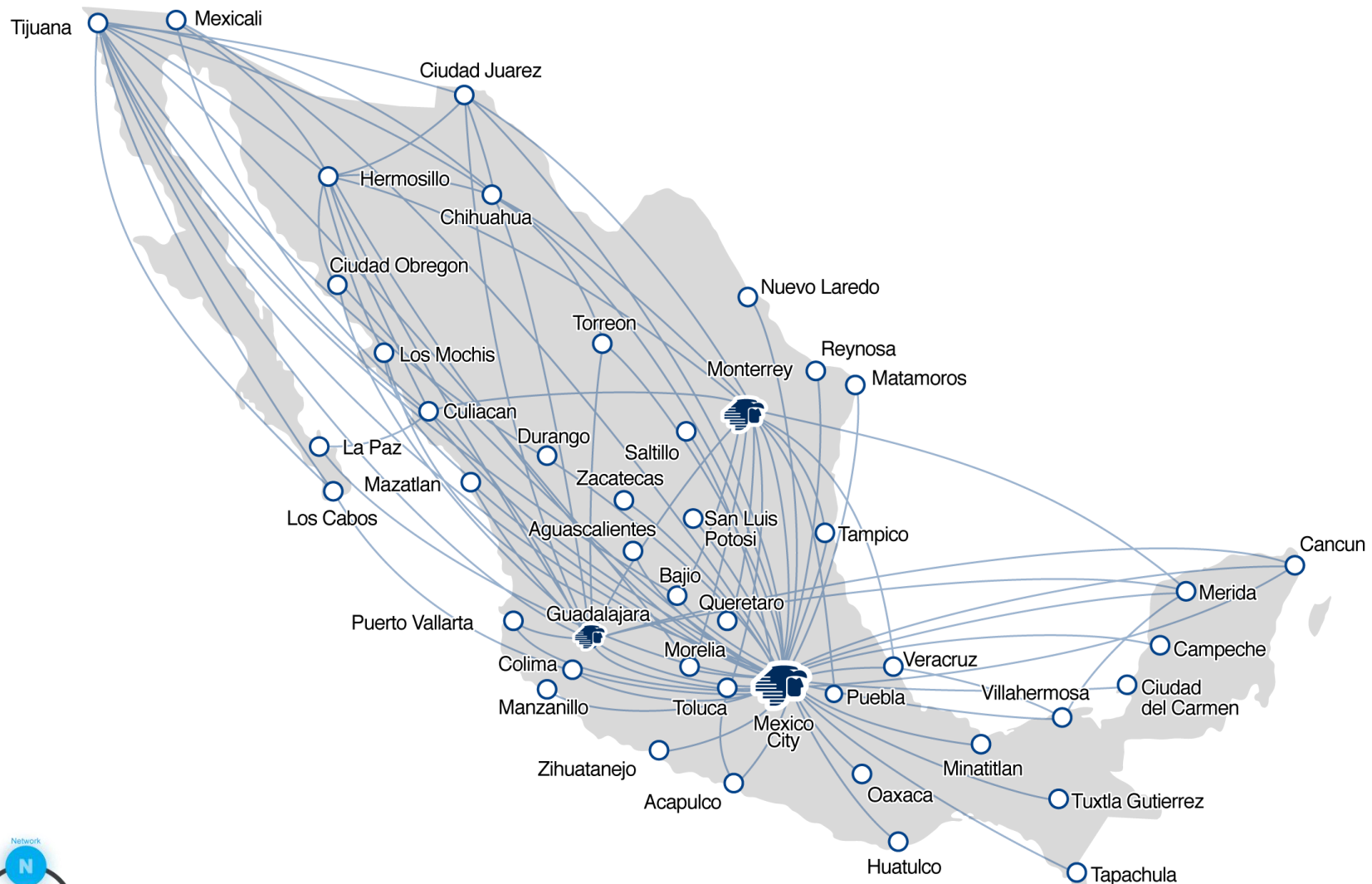
**7** South America

**Over 90  
Destinations:**

**45 domestic and 46  
international**



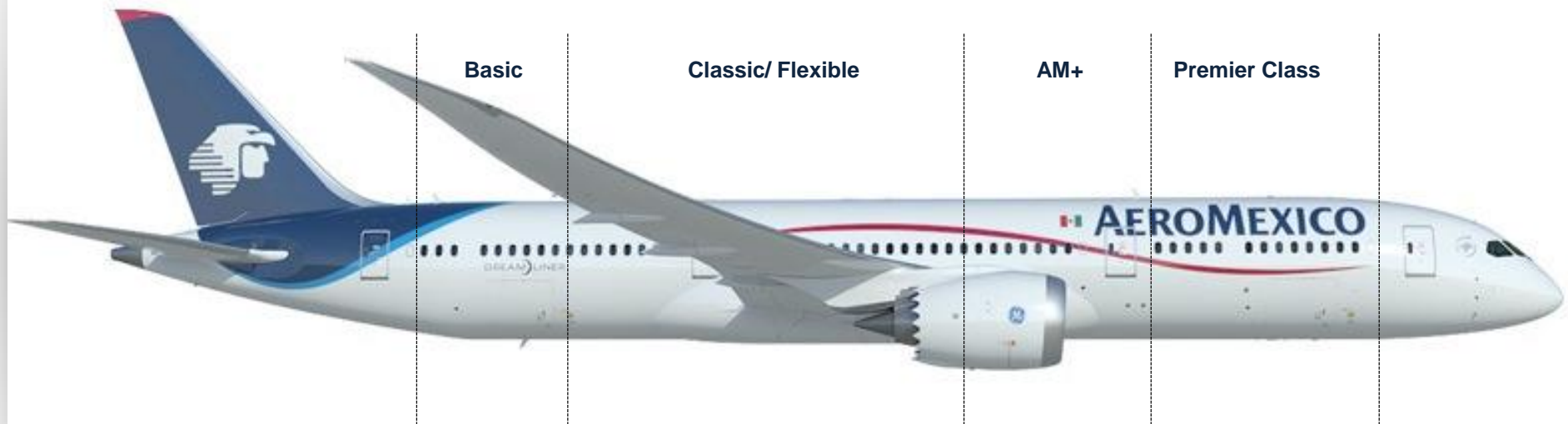
# Leveraging strongest domestic network



# Personalization to enhance the travel experience: Branded Fares

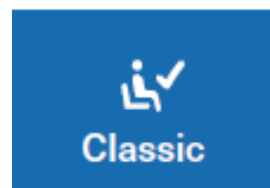


Increasing choice for all of our customers.



Basic

- Promotional fare
- Limited benefits
- No changes or cancellations.
- Subject to availability
- No checked bags



Classic

- Essentials
- Upgrade options
- Limited Flexibility
- Seat selection or purchase of a preferred seat available.



Flexible

- Essentials
- Upgrade options
- Ample Flexibility
- Upgrades available to enhance the travel experience



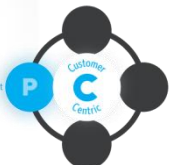
AM Plus

- Time-saving
- More comfort
- Practicality
- More workspace
- Priority baggage handling.



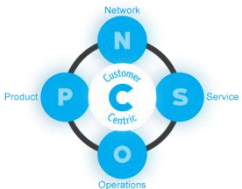
Premier

- Superior Service
- More Personal Space
- Preferential Treatment
- Flexibility
- Premium food & entertainment options

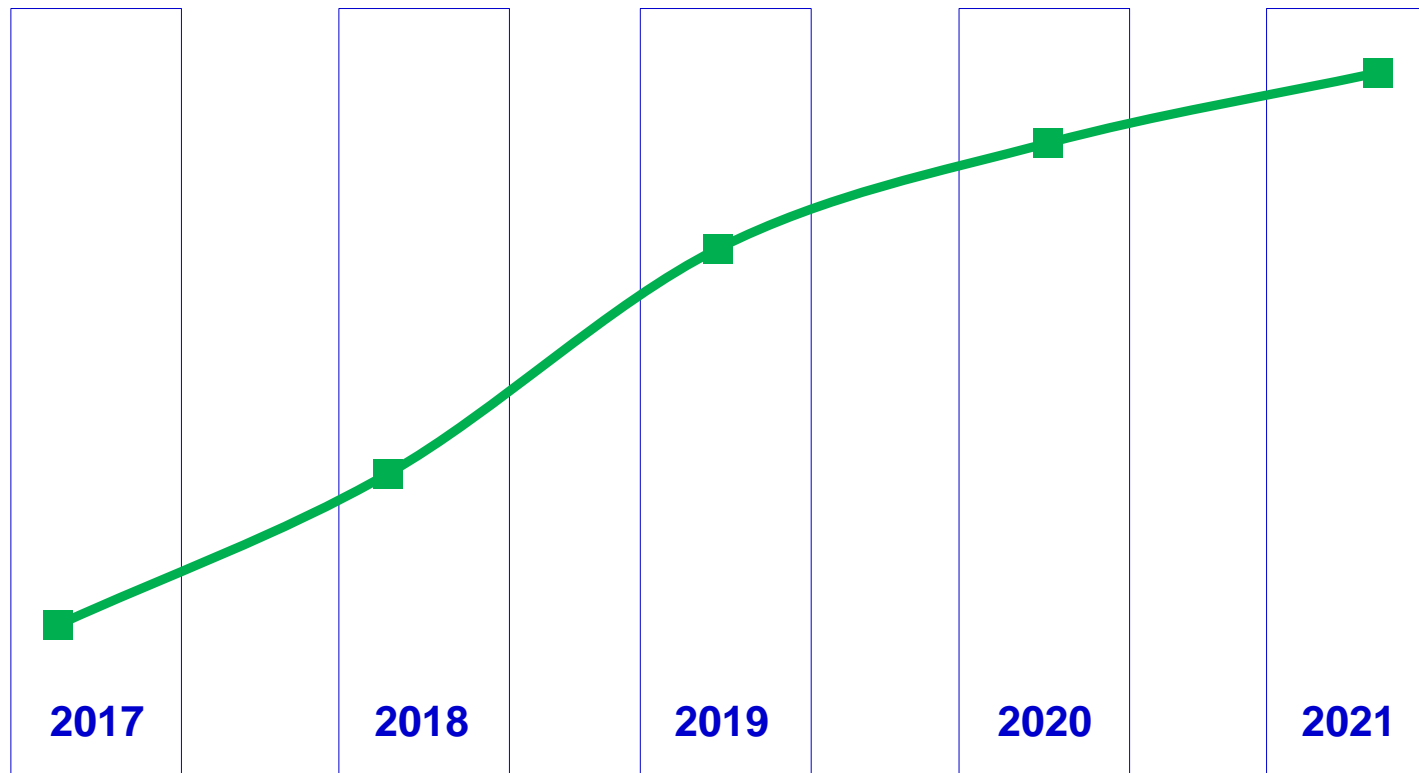


# Steady state cost synergies

≈ \$40 USD million



# Initiatives to get Aeromexico to a double digit operating margin



Synergy Timeline





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**Building a strong and  
flexible airline**

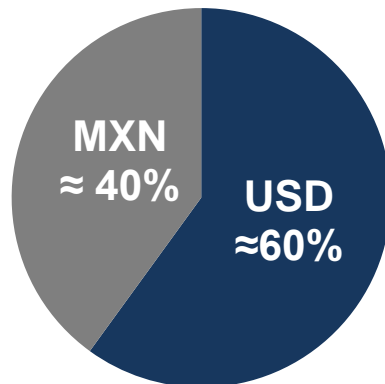
# Building a strong and flexible airline:

## Managing financial risks: FX and Fuel

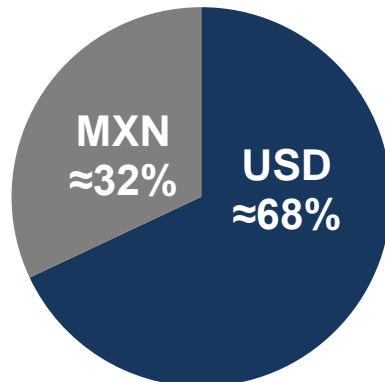


### Exchange rate exposure

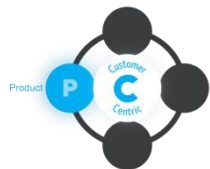
#### Revenue



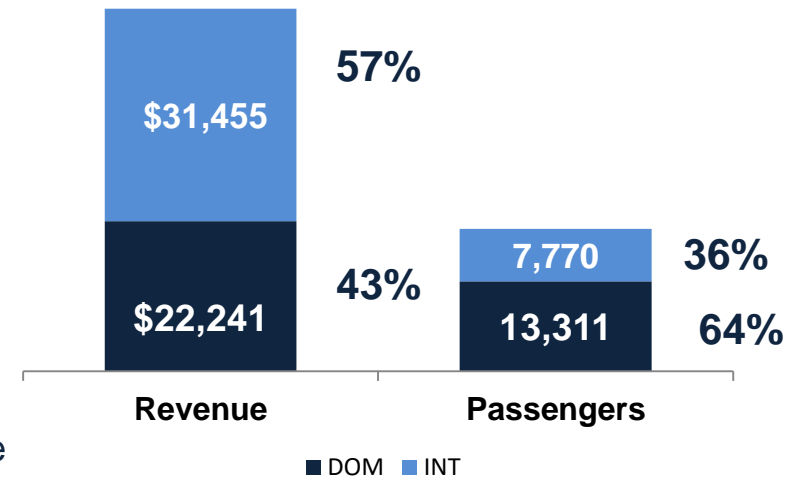
#### Costs



Reduced risk  
from exchange  
rate fluctuations



### Revenue Diversification



### Fuel hedging strategy

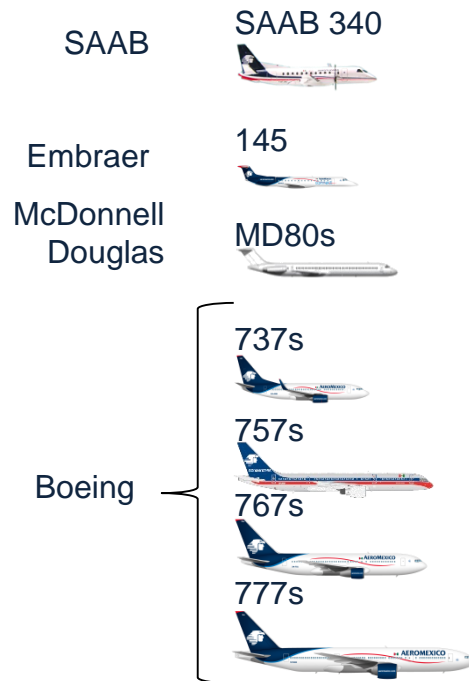
- Around 50% of expected fuel consumption for the next 12 months is hedged with call options and call spreads.
- Fuel surcharges complement Grupo Aeromexico's hedging strategy
- Disciplined approach to capital expenditure

# Building a strong and flexible airline:

## Driving efficiency while enhancing customer experience

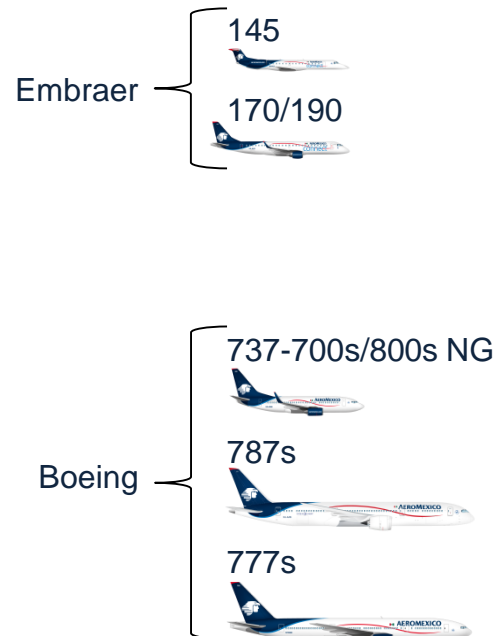


**2006**



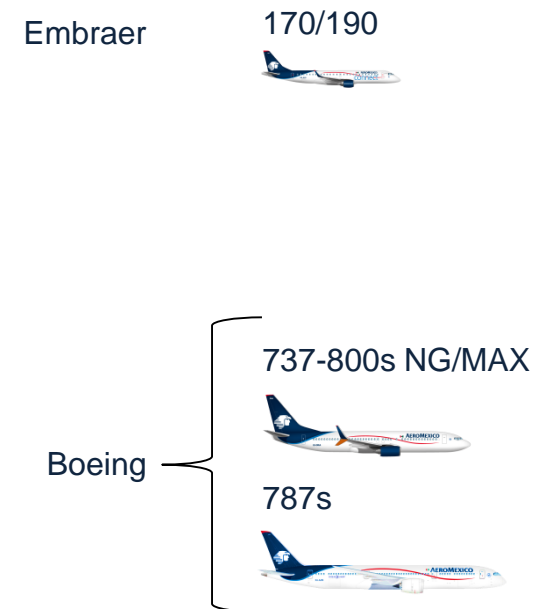
**107 Aircraft**  
**7 Families**

**Jan  
2017**

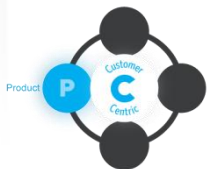


**131 Aircraft**  
**5 Families**

**2018**



**132 Aircraft**  
**3 Families**










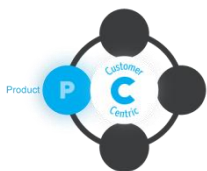
# Building a strong and flexible airline:

## Fleet plan driving efficiency while enhancing customer experience



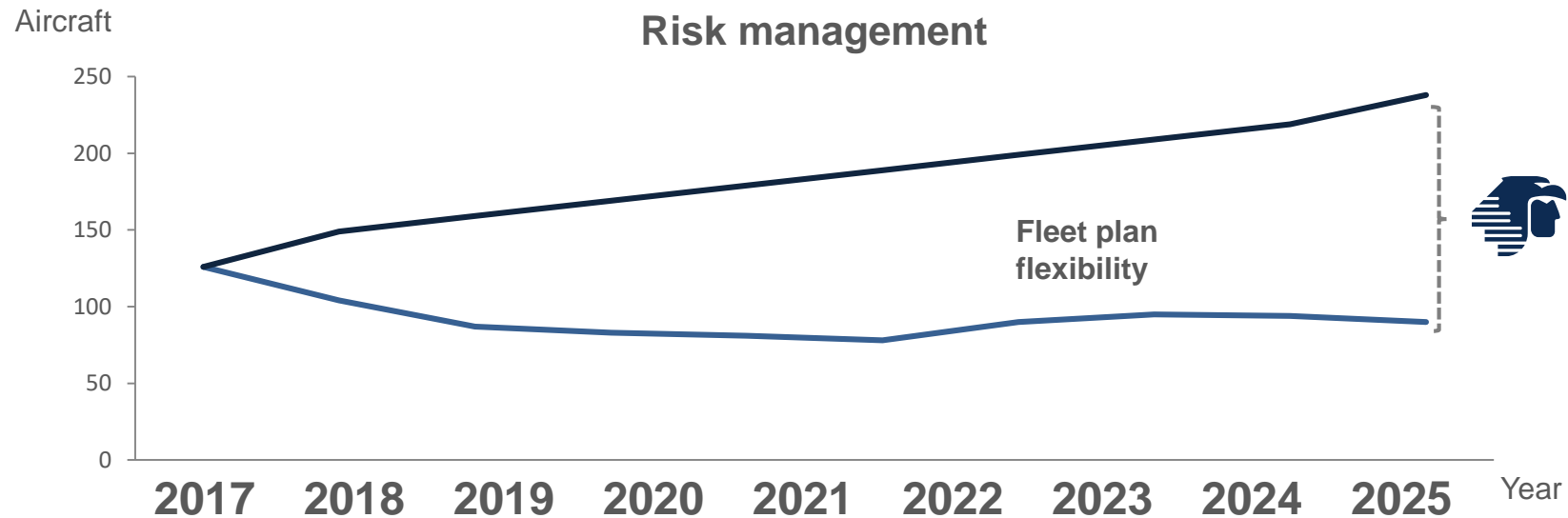
- Expected seat growth of 4.1% during 2018

Fleet type	Model	2016	2017	2018
	E-145	15	-	-
	E-170/190	50	59	61
Regional		65	59	61
	737-700	19	16	13
	737-800	34	38	36
	737-MAX	-	-	5
Narrow Body		53	54	54
	B787	12	15	17
	B777	3	3	-
Wide Body		15	18	17
Total		133	131	132



# Building a strong and flexible airline:

## Fleet flexibility contributing to de-risking our plan



### Aircraft Staggered Leases

Fleet	2018	2019	2020	2021	Total
Regional Total	2	3	27	9	41
Narrow Body Total	4	12	1	6	23
GAM Total	6	15	28	15	64

# Building a strong and flexible airline:

## People



### Focus on productivity

- Global management team that combines experience of international airlines.
- Attracting and developing talent.
- Safety and security has and will continue to be our top priority.



# Building a strong and flexible airline:

## The traveler's journey



### Loyalty Program

**CLUB PREMIER**



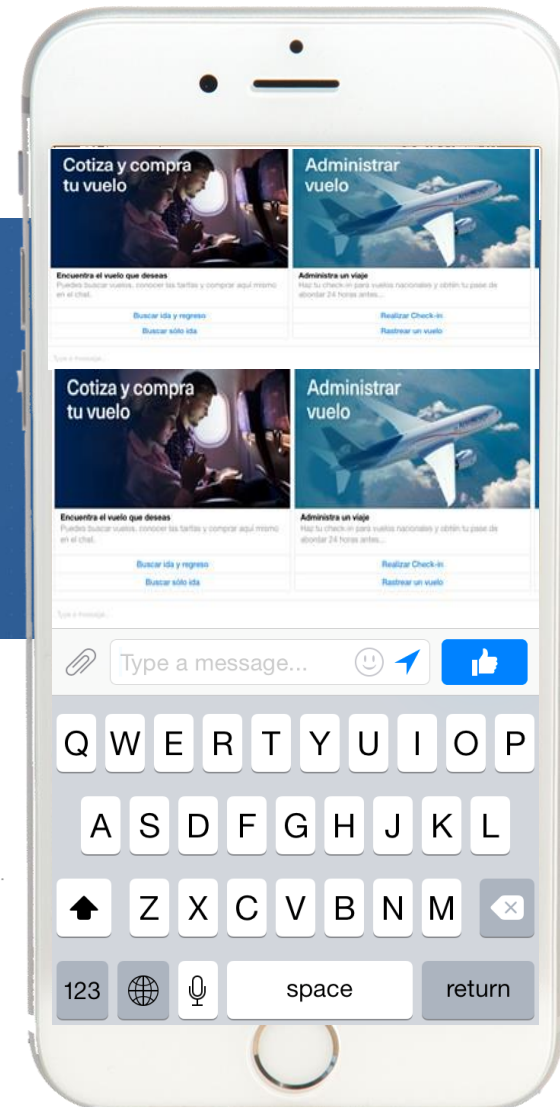
### Technological Ecosystem

#### Key trends:

- Driving ancillary revenue
- Big data
- Machine learning
- Automated systems that enable a cost saving model



Most popular  
Instant Messaging  
Apps





# Building a strong and flexible airline:

A new home for Latin America's global airline



- A state of the art hub for a state of the art airline
- Supporting Mexican economic growth for generations to come:
  - Regional / global headquarters
  - Logistics hub – import/export
  - Employment
  - Economic development





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