

AEROMEXICO REPORTS 1Q20 RESULTS



Mexico City, Mexico, April 21st, 2020 - Grupo Aeromexico S.A.B. de C.V. ("Aeromexico") (BMV: AEROMEX), today reported its unaudited consolidated results for the first quarter 2020.

KEY FINANCIAL HIGHLIGHTS FOR THE FIRST QUARTER 2020

- Grupo Aeromexico's first quarter capacity, measured in available seat kilometers (ASKs) decreased by 9.1% year-on-year, resulting primarily from the impact of the COVID-19 pandemic. Additionally, year-on-year capacity was negatively impacted by the grounding of the Boeing 737 MAX aircraft since March 2019.
- Grupo Aeromexico's first quarter 2020 revenue reached \$14.1 billion pesos, a 14.0% year-on-year decrease. During the quarter, revenue per ASK (RASK) in pesos decreased by 5.3% while yield increased by 0.9%. International yield increased by 2.8%, partially offset by domestic yield which reduced by 3.5% compared to the same period of 2019.
- Year-on-year cost per ASK (CASK) in pesos increased by 2.7%. CASK in dollars decreased by 1.1% compared to the same period of 2019. CASK was affected by reduced operations derived from the impact of the COVID-19 pandemic.
- First quarter EBITDAR reached \$1.5 billion pesos. EBITDAR margin was 10.7%.
- For the first quarter of 2020, Grupo Aeromexico reported an operating loss of \$1.8 billion pesos, equating to a 12.7% negative operating margin.
- Aeromexico reported a net loss of \$2.5 billion pesos for the first quarter 2020 for a negative net margin of 17.8%.
- First quarter cash flow generation from operating activities reached \$3.3 billion pesos. Aeromexico's cash position as of March 31st, 2020 was \$13.2 billion pesos, equivalent to \$563 million dollars. This brings Aeromexico's cash to last-twelve-month revenue ratio to 19.9%.
- As of March 31st, 2020, Grupo Aeromexico's operating fleet comprised 119 aircraft, excluding the six Boeing 737 MAX aircraft temporarily grounded.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Standards

All figures are expressed in millions of pesos unless otherwise indicated. Grupo Aeromexico's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Financial Reporting Standards Council (IASB).



Three Months Ended March 31 st			
Financial Highlights	2020	2019	Var 2020 vs 2019
Total Revenue (MXP million)	14,074	16,361	(14.0%)
EBITDAR (MXP million) *	1,511	2,820	(46.4%)
EBITDAR Margin* (% of Revenue)	10.7%	17.2%	(6.5) p.p.
Operating Profit (MXP million) **	(1,790)	(377)	NA
Operating Margin (% of Revenue) **	(12.7%)	(2.3%)	(10.4) p.p.
Consolidated Net Loss (MXP million)	(2,508)	(1,271)	NA
Controlling Interest Net Margin (% of Revenue)	(17.8%)	(7.8%)	NA
Profit/(loss) per share (pesos)	(3.68)	(1.84)	NA
Operating Highlights			
Total ASKs (millions)	11,371	12,515	(9.1) %
Total RPKs (millions)	8,634	10,264	(15.9) %
Load factor on scheduled flights (%)	76.0%	82.0%	(6.0) p.p.
Passengers ('000)	4,179	5,074	(17.6) %
On-Time departure performance within 15 minutes (%)	85.0%	85.9%	(0.9) p.p.
Total liters of fuel ('000)	378,987	414,374	(8.5) %
Yield (pesos)***	1.360	1.348	0.9 %
Total revenue / ASK (pesos)	1.238	1.307	(5.3) %
Passenger revenue / ASK (pesos)	1.023	1.085	(5.7) %
Total cost / ASK (pesos)****	1.394	1.357	2.7 %
Total cost / ASK (USD)****	0.070	0.071	(1.1) %
Total cost / ASK excluding fuel (pesos)	1.059	0.976	8.5 %
Total cost / ASK excluding fuel (USD)	0.053	0.051	4.5 %

Figures may not sum to total due to rounding.

* This metric is not defined under IFRS but has been included for reference given its relevance to the Company's performance. EBITDAR is defined as earnings before interest, taxes, depreciation, amortization, and rental costs.

** Operating Profit.

*** Estimated as passenger revenues divided by RPKs of itinerary flights.

**** Excluding hedging benefits from fuel in 2019.



Market Conditions

Grupo Aeromexico operated in an environment characterized by the following market conditions during the first quarter of 2020:

- **Exchange rate depreciation.** Compared to the first quarter of 2019, the Mexican peso depreciated an average of 3.8% relative to the U.S. dollar, from an average exchange rate of \$19.24 pesos to \$19.98 pesos to the dollar. By the end of the first quarter of 2020, the peso had depreciated by 21.2% year-on-year relative to the dollar, from \$19.38 pesos to \$23.48 pesos to the dollar.
- **Fuel Price.** Compared to the first quarter of 2019, fuel cost per liter in pesos decreased by 12.6% from \$11.51 to \$10.06.
- **Inflation.** The annual inflation rate as of March 2020 was 3.25%¹.
- **Economic activity.** Mexican economic activity continues to show softness. The Global Economic Indicator (IGAE) decreased by 0.7% in January 2020².
- **COVID 19.** The evolution of the COVID 19 pandemic and associated government measures to curb the spread of the virus, which included varying degrees of self-quarantine and border closure, led to a material and rapid decline in demand for air transport during the last two weeks of March resulting in a drop in Revenue Passenger Kilometers (RPKs) of 15.9% for the first quarter compared to the same period of 2019.

Revenue

First quarter 2020 revenue reached \$14.1 billion pesos; a 14.0% decrease compared to the same period last year. This was primarily due to a decrease in capacity resulting from the COVID-19 pandemic.

Total ASKs decreased by 9.1% during the first quarter of 2020 compared to the same period last year. International ASKs decreased by 10.8% while domestic capacity decreased by 4.9% year-on-year. International ASKs accounted for 70.5% of Grupo Aeromexico's total ASKs, 1.3 p.p. lower than the first quarter of 2019.

Total passenger revenue reached \$12.7 billion pesos during the first quarter of 2020, a 15.1% decrease year-on-year. Grupo Aeromexico transported 4 million and 179 thousand passengers; a 17.6% decrease compared to the first quarter of 2019. The number of passengers on international routes decreased by 24.5%, while the number of passengers on domestic routes decreased by 13.6% compared to the first quarter of 2019. First quarter 2020 passenger ticket revenue on international flights represented 60.9% of total passenger ticket revenue, with domestic passenger ticket revenues accounting for the remaining 39.1%.

First quarter cargo revenue decreased by 7.0% year-on-year to \$1.0 billion pesos mainly due to the demand reduction related to the COVID-19 pandemic, as well as softness in demand in some of our long-haul markets.

Operating Expenses

First quarter 2020 operating expenses, including aircraft leases, depreciation and amortization, totaled \$15.9 billion pesos, a 5.2% year-on-year decrease, reflecting our strict cost control policy as well as the capacity reductions related to the COVID-19 pandemic.

First quarter consolidated unit cost (CASK) in Mexican pesos increased 2.7% year-on-year. CASK in US dollars decreased by 1.1% year-on-year. First quarter 2020 peso-denominated CASK



¹BANXICO April 2020
²INEGI, April 2020

excluding fuel increased 8.5% year-on-year, while CASK excluding fuel in dollar terms increased by 4.5%.

First quarter fuel expenses amounted to \$3.8 billion pesos, a 20.1% decrease year-on-year, driven by 12.6% lower year-on-year peso-denominated fuel prices per liter and capacity reductions.

Grupo Aeromexico maintains its hedging policy aimed at mitigating the risk of fuel price increases for 2020, using call spread options equivalent to 50% of the Company's estimated fuel consumption for the next 12 months. Coverage levels start at US \$1.86 per gallon, hedged up to US \$3.11 per gallon.

First quarter 2020 salaries and related expenses increased by 2.1%, year-on-year. First quarter 2020 maintenance expenses increased by 2.3% year-on-year. Communications and traffic expenses decreased year-on-year by 7.3%, principally due to capacity reductions.

Associated company equity income totaled \$14 million pesos, a \$236 million peso decrease year-over-year, mainly resulting from the impact of exchange rate depreciation on PLM's net income.

First quarter leasing, depreciation and amortization expenses totaled \$3.3 billion pesos. This represented a \$104 million-peso decrease compared to the first quarter 2019.

EBITDAR

First quarter EBITDAR was \$1.5 billion pesos. EBITDAR margin was 10.7%.

Operating Income

First quarter 2020 operating loss was \$1.8 billion pesos, with a negative operating margin of 12.7%.

Net Income / Loss

Grupo Aeromexico reported a net loss of \$2.5 billion pesos for the first quarter of 2020, a negative margin of 17.8%.

During the quarter the company recorded net \$177 million pesos of exchange-related gains. This net effect includes functional currency adjustments and the impact of exchange rate related operating adjustments.

During the first quarter the company registered \$589 million pesos as interest finance expense, \$123 million pesos above the same period of last year. The company recorded a \$116 million-peso variance year-on-year in net financing costs mainly due to the mark-to-market valuation of interest rate hedging and imputed interest on leases associated to IFRS 16.



Comments to the Consolidated Statements of Financial Position and Cash Flow

Grupo Aeromexico ended the first quarter 2020 with a cash balance of \$13.2 billion pesos, equivalent to \$563 million dollars and 19.9% of total annual revenues. Cash flow generated from operating activities during the quarter was \$3.3 billion.

Net cash flow used for investing activities amounted to \$1.9 billion pesos. Net cash flow used in financing activities totaled \$3.3 billion pesos.

Cash flow summary (figures in millions of pesos)

Description	YTD March 2020
Cash and cash equivalents at the beginning of the period	9,072
Net cash flow from operating activities	3,255
Net cash flow from investing activities	(1,937)
Net cash flow from financing activities	3,286
Increase/(Decrease) in cash and cash equivalents	4,604
Effect of exchange rate changes on cash and cash equivalents	(437)
Net increase/(decrease) in cash and cash equivalents	4,167
Cash and cash equivalents at the end of period	13,239

Majority stockholders' equity was \$5.0 billion pesos at the end of first quarter 2020.

As of March 31st, 2020, Grupo Aeromexico had a total of 682,119,793 common shares outstanding, with 60,628,147 shares repurchased by the Company as part of its share repurchase program. The Company also had a total of 23,102,153 treasury shares outstanding.



Fleet

Compared to the same period of last year, Aeromexico operated six fewer 737 MAX aircraft, one fewer Boeing 737-800 aircraft, two fewer Boeing 737-700 aircraft and one fewer Embraer 170 aircraft, partially offset by the addition of two Boeing 787-9s.

During the quarter, Grupo Aeromexico redelivered four Boeing 737-800s and two Boeing 737-700s. Grupo Aeromexico's operating fleet comprised 119 aircraft, excluding the six Boeing 737 MAX aircraft temporarily grounded.

As of December 31st, 2020, the average age of Grupo Aeromexico's operating fleet was 9.7 years.

Operating Fleet

Fleet	1Q19	4Q19	1Q20
B-787	17	19	19
B-737-700	11	11	9
B-737-800	36	39	35
B-737 MAX 8	6	-*	-*
Aeromexico	70	69	63
E-170	10	9	9
E-190	47	47	47
Aeromexico Connect	57	56	56
Grupo Aeromexico	127	125	119

*Aeromexico has six 737 MAX aircraft grounded plus eight additional aircraft which were supposed to be delivered by 1Q.



CONFERENCE CALL DETAILS

<ul style="list-style-type: none">• DATE	<p>April 22nd, 2020 11:00 AM ET / 10:00 AM Mexico City time/ 10:00 AM Central Time</p>	<ul style="list-style-type: none">• SPEAKERS	<p>Andrés Conesa Labastida CEO</p> <p>Ricardo Sánchez Baker CFO</p> <p>Nicolas Ferri CCO</p>
<ul style="list-style-type: none">• DIAL-IN NUMBERS	<p>Toll Free US: +1 877-407-9124</p> <p>Toll International: +1 201-689-8584</p>		



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Consolidated Statement of Comprehensive Income

Millions of pesos	Three months ended March 31st				
	2020	%	2019	%	VAR
Total Revenue	14,074	100.0%	16,361	100.0%	(14.0%)
Domestic Passenger Ticket Revenue	4,546	32.3%	5,345	32.7%	(14.9%)
International Passenger Ticket Revenue	7,076	50.3%	8,233	50.3%	(14.1%)
Ancillary Passenger Revenue	1,084	7.7%	1,380	8.4%	(21.4%)
Total Passenger Ticket Revenue	12,706	90.3%	14,958	91.4%	(15.1%)
Air Cargo	1,009	7.2%	1,085	6.6%	(7.0%)
Other Revenues	360	2.6%	316	1.9%	14.0%
Operating Costs	11,062	78.6%	12,130	74.1%	(8.8%)
Salaries and Related Costs	3,580	25.4%	3,506	21.4%	2.1%
Aircraft Fuel	3,811	27.1%	4,769	29.1%	(20.1%)
Maintenance	1,233	8.8%	1,206	7.4%	2.3%
Aircraft, Communication and Traffic Services	2,030	14.4%	2,189	13.4%	(7.3%)
Passenger Services	408	2.9%	461	2.8%	(11.5%)
Selling & Administrative Expenses	1,488	10.6%	1,633	10.0%	(8.9%)
Effects from Associated Companies	14	0.1%	(222)	(1.4%)	(106.3%)
Total Operating Expenses	12,563	89.3%	13,541	82.8%	(7.2%)
EBITDAR	1,511	10.7%	2,820	17.2%	(46.4%)
Leases, Depreciation & Amortization	3,302	23.5%	3,198	22.7%	3.2%
Total Expenses	15,865	112.7%	16,738	102.3%	(5.2%)
Operating Profit (Loss)	(1,790)	(12.7%)	(377)	(2.3%)	374.4%
Financial Income and Losses	1,731	12.3%	1,297	7.9%	33.5%
Exchange Rate Impact	(177)	(1.3%)	142	0.9%	(225.2%)
Financial Net Costs	1,554	11.0%	1,439	8.8%	8.0%
Income Before Taxes	(3,345)	(23.8%)	(1,816)	(11.1%)	84.2%
Taxes	(836)	(5.9%)	(545)	(3.3%)	53.5%
Net Income	(2,508)	(17.8%)	(1,271)	(7.8%)	NA



Consolidated Statement of Financial Position

ITEMS	As of March	As of	Var 2020 vs 2019	
	31st	December		
	2020	31st	\$	%
2019				
Assets				
Cash & Cash Equivalents	10,566	6,975	3,591	51.5
Restricted Cash	2,673	2,097	576	27.5
Derivative Financial Assets	14	47	(33)	(70.2)
Accounts Receivable Net	4,337	5,950	(1,613)	(27.1)
Related Parties	173	113	60	53.1
Prepaid Expenses	397	317	80	25.2
Inventories	1,992	1,600	392	24.5
Total Current Assets	20,152	17,099	3,053	17.9
Fixed Assets & Right of Use, Net	76,780	63,867	12,913	20.2
Others	24,737	20,022	4,715	23.5
Total Assets	121,669	100,988	20,681	20.5
Liabilities				
Current Liabilities				
Financial	9,558	9,356	202	2.2
Leases	6,976	6,273		
Operating				
Others	29,184	26,051	3,133	12.0
Total Current Liabilities	45,718	41,680	4,038	9.7
Long Term Liabilities				
Financial	38,175	25,567	12,608	49.3
Lease	26,657	22,224	4,433	19.9
Operating				
Others	6,087	5,740	347	6.0
Total Long Term Liabilities	70,919	53,531	17,388	32.5
Total Liabilities	116,637	95,211	21,426	22.5
Stockholders Equity	5,032	5,777	(745)	(12.9)
Total Liabilities and Stockholders Equity	121,669	100,988	20,681	20.5

