



Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Avianca Group International Limited

23 Sep 2026

New York, September 23, 2026 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Avianca Group International Limited and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 9 September 2026 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

Avianca Group International Limited's B1 corporate family rating reflects the company's leading position in the Latin American passenger airline industry, favorable cost structure, good liquidity and continued execution of its business strategy. The rating also incorporates Avianca's extensive regional network, strong brand and diversified operations across passenger transportation, cargo and loyalty services. Avianca operates more than 160 routes, over 700 daily flights and serves more than 80 destinations across more than 25 countries. The company reported revenue of approximately \$6.0 billion for the 12 months ended June 2026.

The rating is supported by resilient passenger demand, effective revenue management and Avianca's ability to partially recapture higher fuel costs through pricing initiatives. During the second quarter of 2026, passengers carried increased 3.7% from the prior-year period, available seat kilometers increased 6.1% and load factor improved modestly to 78.8%. Passenger revenue per available seat kilometer increased 9.7%, while yield rose 9.1%, demonstrating pricing discipline amidst the elevated-fuel-cost environment.

These strengths are balanced by near-term pressure on profitability from elevated fuel costs. Avianca has responded through fuel hedging, tactical capacity management, cost-saving initiatives and commercial measures to partially recapture higher costs, while maintaining good liquidity. The rating is also constrained by the inherent volatility and competitive pressures of the airline industry and macroeconomic risks in Avianca's key Latin American markets.

Avianca's liquidity provides an important buffer against temporary earnings volatility. As of 30 June 2026, the company reported approximately \$1.2 billion of liquidity, comprising \$736 million of cash, \$218 million in short term investments, and an undrawn \$200 million revolving credit facility. This amount remained comfortably above the company's \$400 million minimum cash covenant requirement. After the end of the quarter, Avianca issued \$650 million of senior secured notes due 2032, primarily using the proceeds to refinance notes due in 2028. The transaction extended the company's debt maturity profile and reduced near-term refinancing risk.

The B1 ratings of the backed senior secured notes issued by Avianca MidCo 2 Plc are aligned with Avianca's B1 corporate family rating. The notes benefit from a first-priority lien on the assets of LifeMiles

and collateral coverage that supports their positioning. Appraisals referenced in Moody's June 2026 rating action estimated the collateral value at \$6.8 billion, compared with \$2.2 billion of secured debt as of 31 March 2026. The collateral includes assets that could be more difficult to value in a liquidation scenario, including intangible assets and LifeMiles' relationship with the airline.

The stable outlook reflects our expectation that Avianca will maintain adequate liquidity and financial flexibility despite near-term pressure from elevated fuel costs. The outlook also assumes that the company will continue to execute pricing discipline, tactical capacity management, fuel hedging and cost-control measures, supporting a gradual recovery in profitability and credit metrics.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

An upgrade of Avianca's ratings would require a sustained increase in passenger demand that allows the company to maintain revenue growth and improve its credit metrics. Quantitatively, an upgrade would require Moody's-adjusted leverage, measured as total debt to EBITDA, to remain below 3.5x and interest coverage, measured as funds from operations plus interest expense divided by interest expense, to remain above 3.5x, both on a sustained basis. Maintenance of an adequate liquidity profile would also be required for an upgrade.

The ratings could be downgraded if the recovery in Avianca's credit metrics falls behind our expectations, with adjusted leverage remaining above 4.5x or interest coverage remaining below 2.5x on a sustained basis. A deterioration in the company's liquidity, or additional shocks to demand or profitability that result in cash burn, could also lead to a downgrade.

Avianca Group International Limited is a privately held airline group domiciled in the United Kingdom, with passenger and cargo air transportation operations across Latin America, North America, Europe and the Caribbean. Through its subsidiaries, Avianca operates one of the largest airline networks in Latin America. The group also includes Avianca Cargo and LifeMiles. Avianca is indirectly controlled by Abra Group Limited, which consolidates Avianca and GOL Linhas Aereas S.A.

This document summarizes our view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Passenger Airlines published in December 2025. Please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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