



# AVIANCA GROUP INTERNATIONAL LIMITED

BUSINESS UPDATE

May 2022



# SECTION II

## 4Q'21 RESULTS

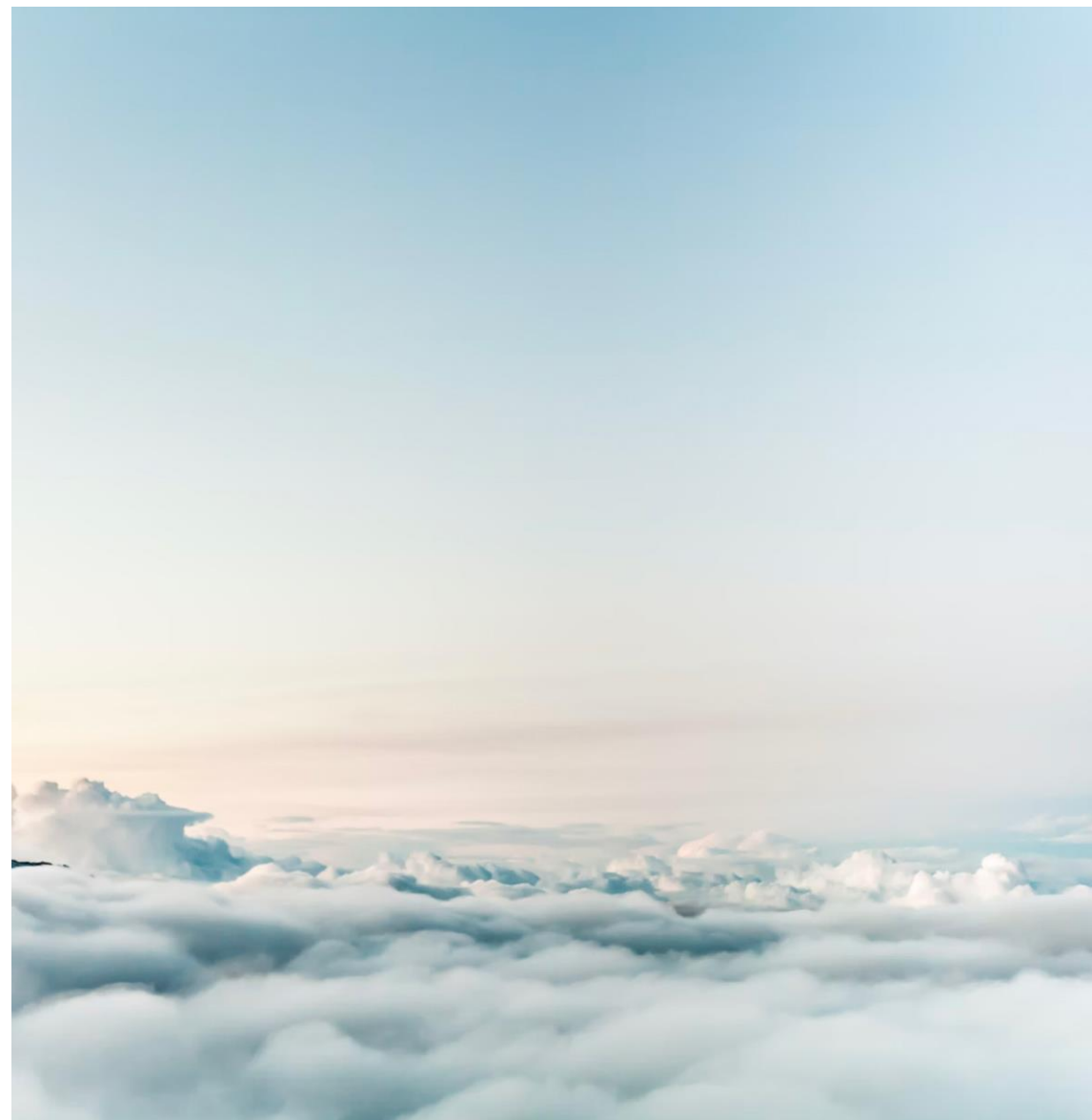


On December 1, 2021 Avianca Holdings SA, complied with the conditions precedent set forth in the Equity Conversion and Commitment Agreement (“ECCA”) allowing the Company to successfully emerge from Chapter 11.

As part of the execution of the reorganization Plan and the ECCA Avianca Holdings SA transferred its assets and restructured financial obligations to Avianca Group International Limited.

This fourth quarter presentation provides the managerial accounts of Avianca Holdings SA for the months of October and November and Avianca Group International Limited for the month of December.

All impacts to the P&L related to the emergence from Chapter 11 have been excluded from the analysis.



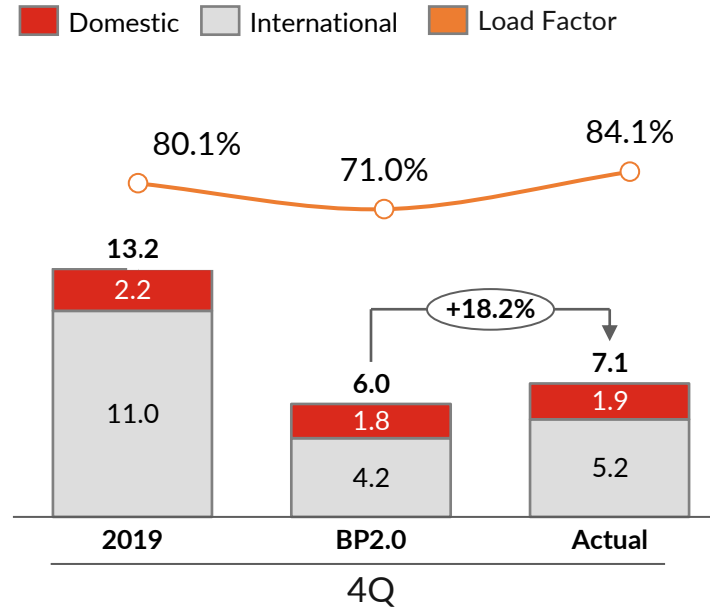
# AVIANCA GROUP CONTINUED TO RAMP UP ITS CAPACITY IN 4Q'21



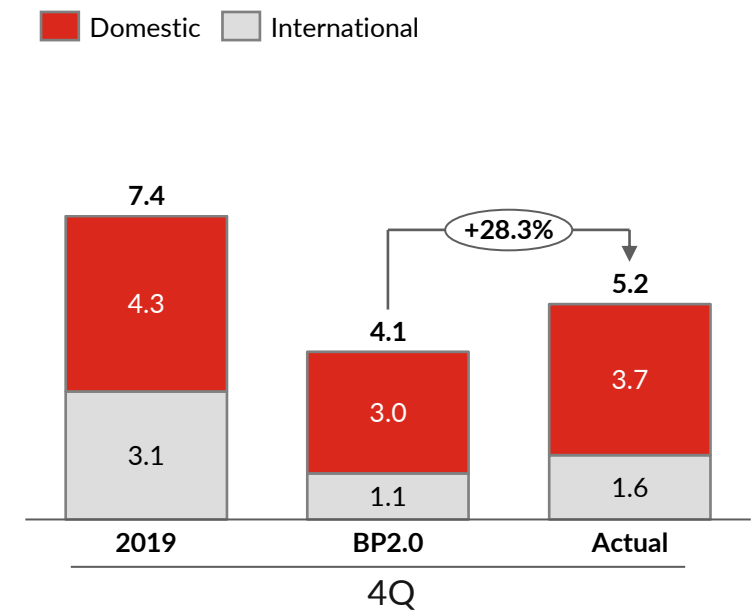
## Avianca Group 4Q demand recovery

- ❑ The Group operated its **domestic network and international network at 86% and 47% of pre-Covid capacity**
  - Total capacity was 18.2% above the business plan
- ❑ **Pent up demand drove strong load factors** during 4Q despite aggressive capacity deployment
- ❑ VFR traffic picked up significantly during the **holiday season**, resulting in a **28.3% increase in transported passengers** when compared to business plan projections
- ❑ Despite operating at **53.9% of 4Q pre-pandemic capacity**, Avianca Group generated passenger sales of **\$608M**, just **30.1% below 4Q 2019 pre COVID sales**

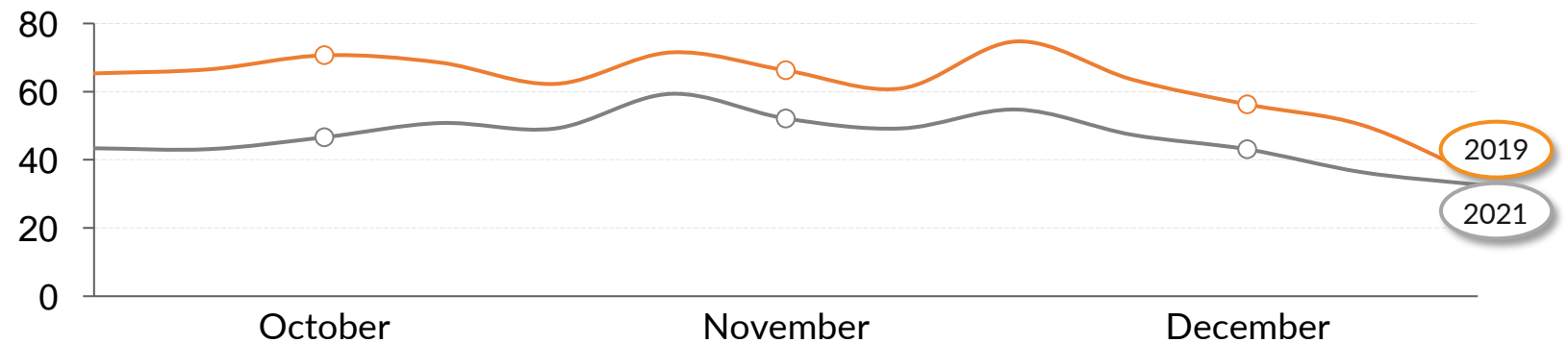
## Capacity in ASK (mm) / Load Factor



## Transported Passengers (M)



## Weekly Average Sales (\$M)



# AVIANCA GROUP 4Q'21 REVENUE UNIT ECONOMICS AHEAD OF PROJECTIONS



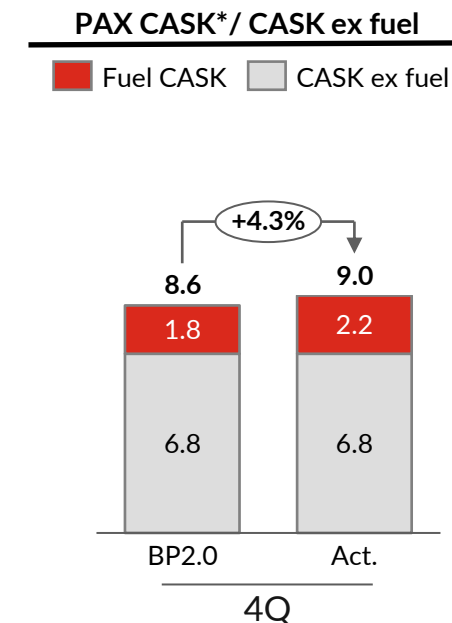
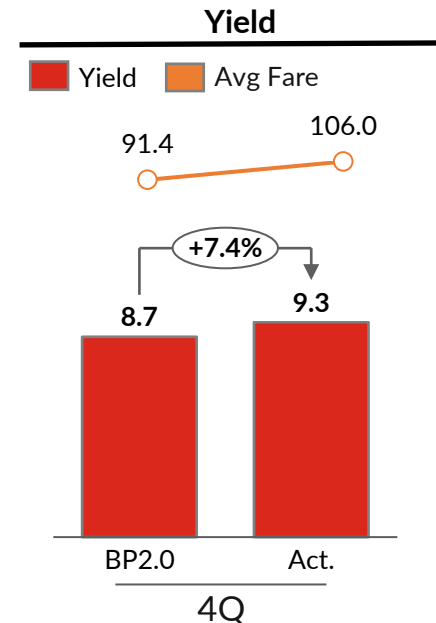
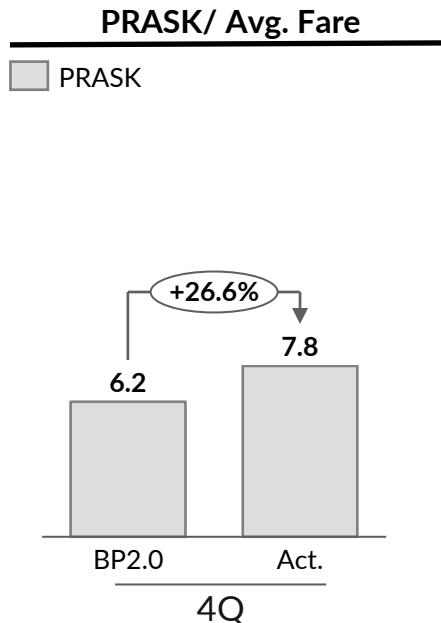
## Comments

- Despite an **18.2% capacity increase vs business plan in 4Q**,
  - Average fares were **16.0% above the BP**
  - Passenger yields were **7.4% above BP** to \$9.3 cents

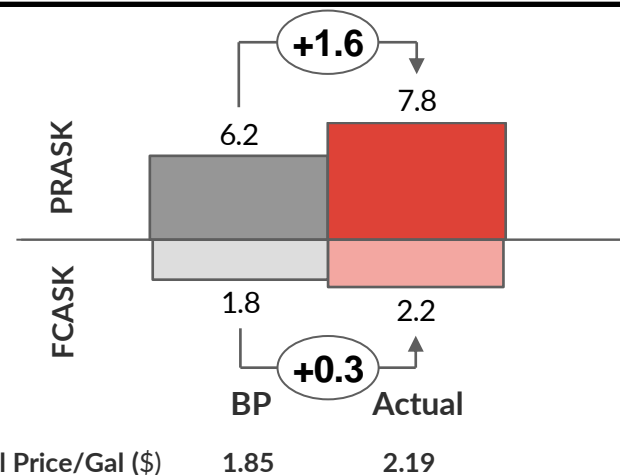
Resulting in a **PRASK improvement of 26.6%** to \$7.8 cents

- Passenger **CASK ex fuel in line with business plan** as Avianca executes on cost savings initiatives and network expansion

- PRASK 1.6 cents/ ASK higher** than business plan while **FCASK increases 0.3 cents/ ASK vs business plan**



## PRASK vs FCASK comparison (cents/ ASK)



Note: 4Q'21 managerial accounts base on results of Avianca Holdings SA for October and November and Avianca Group International Limited for December. Operating Cost excludes \$127.5M for 4Q21 of CH11 professional fees

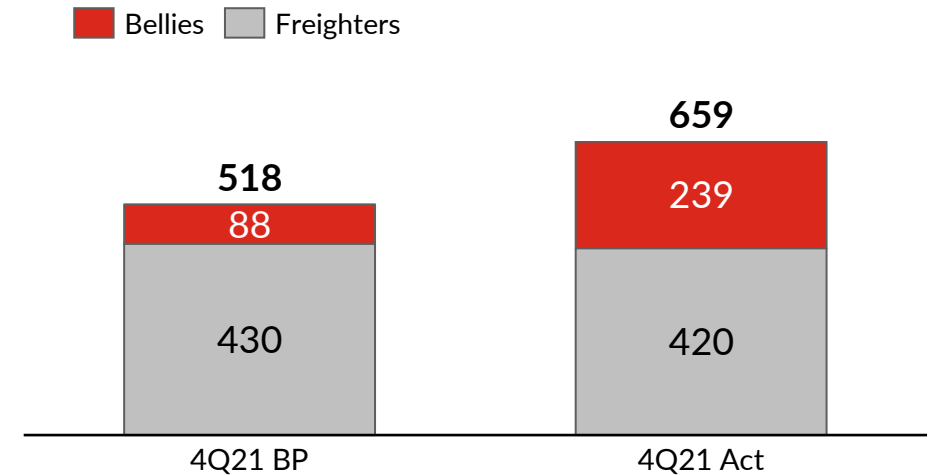
# AVIANCA CARGO REVENUE OUTPERFORMED DUE TO INCREASED DEMAND AND A REINVIGORATED COMMERCIAL EFFORT



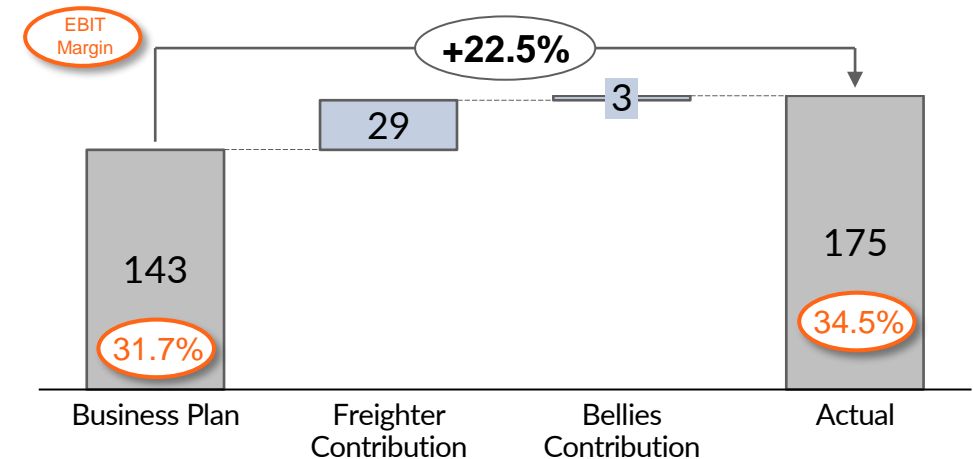
## Comments

- ❑ Avianca Cargo's 4Q'21 capacity was 27.2% higher than the business plan, as the ramp-up passenger operation added belly capacity
- ❑ Avianca Cargo improved the utilization of its freighter aircraft by 9.1% vs BP forecast to 13.1 hours throughout 4Q'21
- ❑ Cargo revenues improved 22.5% to \$175M for 4Q 21 when compared to BP projections mainly as a result of a 17.1% increase in the average airwaybill, driven by fuel surcharges as well as an increase in charter operations
- ❑ When compared to the Business Plan forecast, Avianca Cargo improved its profitability by 282bps to 34.5% for the quarter, despite a 20.4% increase in fuel expenses

## Capacity



## 4Q'21 Revenue (\$M)



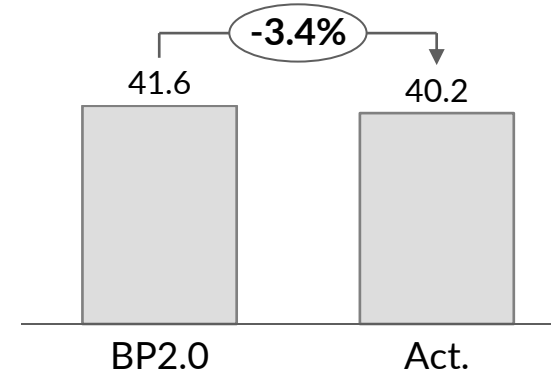
# LIFEMILES CONTINUES STEADY Q-on-Q RECOVERY



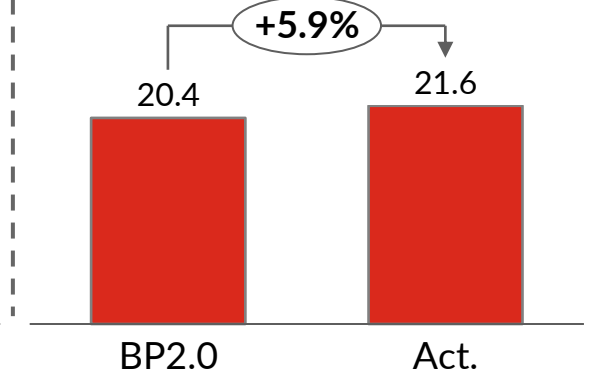
## Comments

- ❑ Despite a 3.4% decline in third party gross billings vs business plan, cash EBITDA to AGIL improves 5.9% as redemptions on Avianca network increase
- ❑ Contribution of air redemptions has continued to increase quarter over quarter
  - Healthy recovery of redemptions in Avianca, as air travel demand continues to recover as well as closer cooperation of the Avianca commercial and the LifeMiles team
  - Redemptions on Avianca's network continue to outgrow redemptions on partner airlines and non-air rewards, allowing for an improved cash retention within the Group
- ❑ 4Q adjusted Cash EBITDA margin increased 220 basis points as Gross Billings grew significantly faster than cash costs

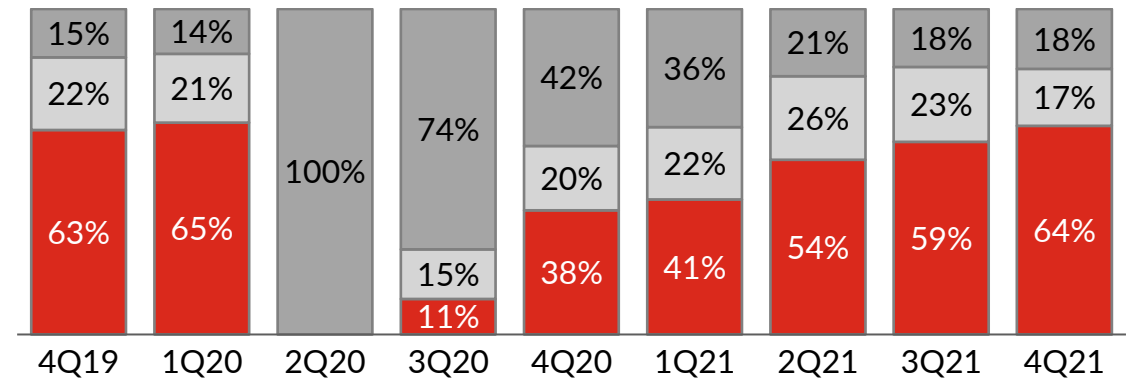
## Third Party Gross Billings



## LM cash EBITDA to AGIL



## Redemption Mix Air vs non Air



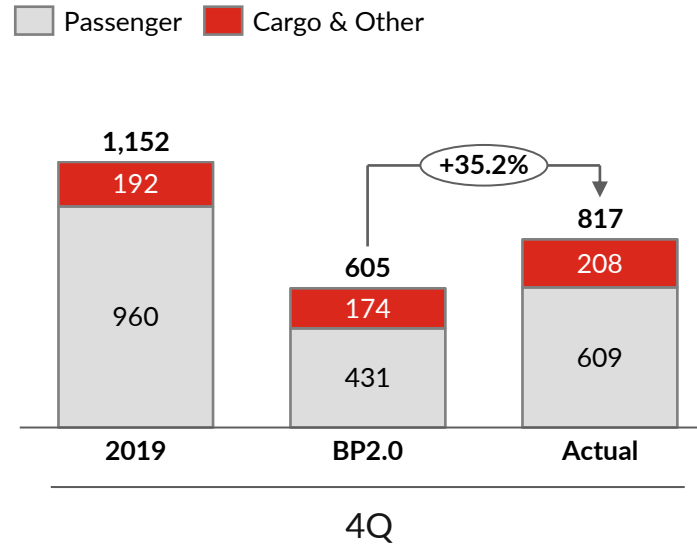
# AVIANCA GROUP – 4Q CONSOLIDATED NUMBERS



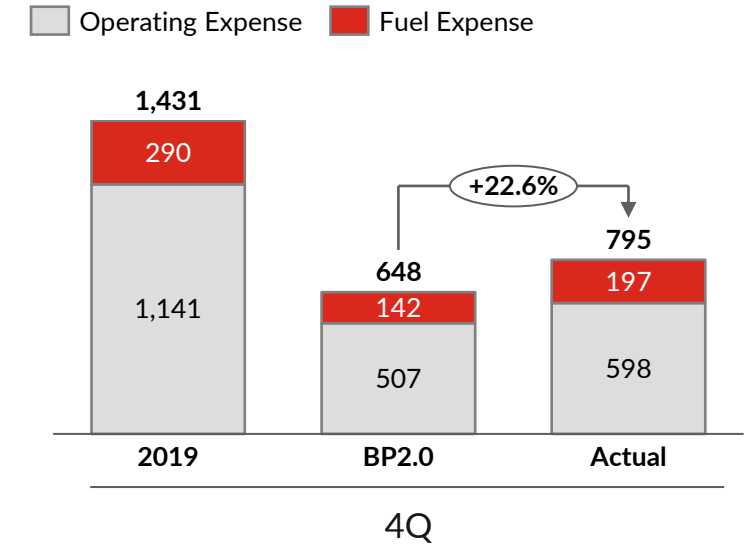
## Comments

- ❑ For 4Q 2021, the Group's operating revenue improved 35.2% against BP projections to \$817M due to:
  - Transported passengers increase of 28.4%
  - Average ticket price increase of 13.0%
  - Cargo and Other revenues increase of 19.5%
- ❑ Avianca's 4Q 2021 OPEX increase (vs BP) is driven by:
  - 18.2% increase in capacity
  - 39.0% increase in fuel expenses

## Group Operating Revenue (\$M)

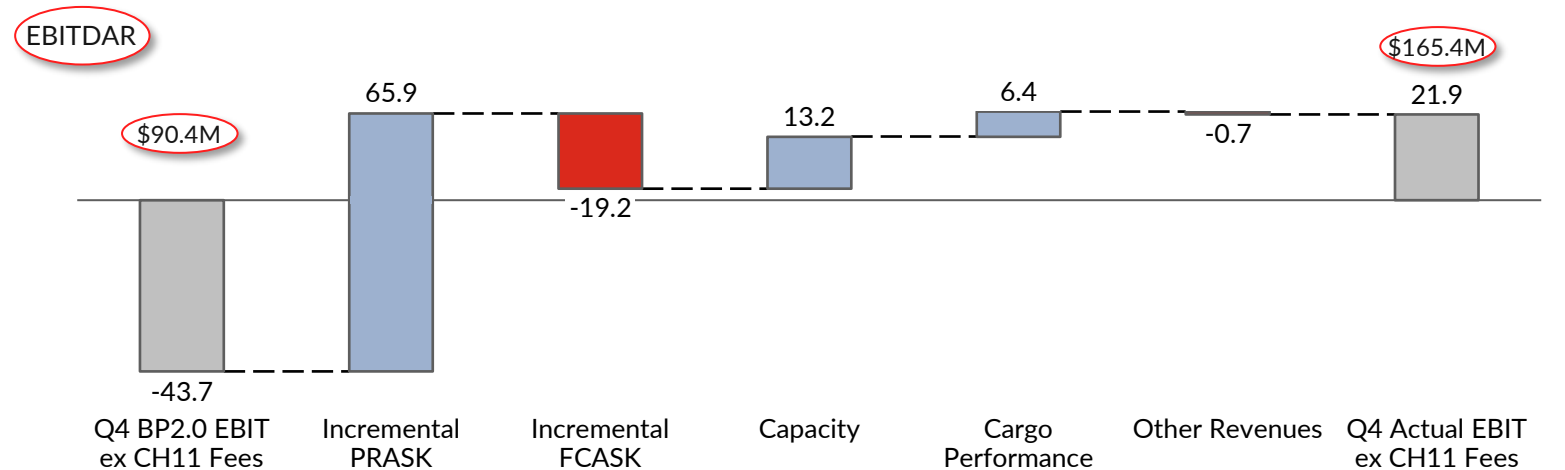


## Group Operating Costs\* (\$M)



- ❑ Excluding chapter 11 professional fees Avianca's 4Q 2021 EBITDAR \$165M (vs \$90M in BP) while EBIT was \$21.9M

## Avianca Group EBIT (\$M)



Note: 4Q'21 managerial accounts base on results of Avianca Holdings SA for October and November and Avianca Group International Limited for December

\*Operating Cost excludes \$127.5M for 4Q21 of CH11 professional fees for actual results and \$26.2M for 4Q BP \*\*Pax Revenue include passenger recognition, ancillary, expired tickets and other passenger related revenues



# DEMAND RECOVERY DROVE BETTER-THAN-PLAN CASH FLOW



Cash flow from operations \$205 M better than plan

## 4Q21 Cash Flow

	Actuals	BP v2.0	Δ \$
EBITDAR	165.4	90.4	75.0
Add-back of non-cash items	23.8	5.9	17.9
Working capital (net)	60.6	-52.3	112.9
<b>Net Cash Flows Provided by Operations</b>	<b>249.8</b>	<b>44.0</b>	<b>205.8</b>
CAPEX	-81.2	-62.0	-19.2
Other Cash Flows provided by Investing	-6.0	-0.9	-5.1
<b>Net Cash Flows Provided by Investing</b>	<b>-87.3</b>	<b>-62.9</b>	<b>-24.4</b>
Equity inflows	200.0	200.0	0.0
CH11 Professional Fees	-127.5	-26.2	-101.3
Debt/PBH	-115.6	-95.9	-19.7
Other Cash Flows provided by Financing	-38.9	-5.0	-33.9
<b>Net Cash Flows Used in Financing</b>	<b>-82.0</b>	<b>72.9</b>	<b>-154.9</b>
<b>Total Net Cash Flow</b>	<b>80.5</b>	<b>54.0</b>	<b>26.5</b>
<b>Starting Cash Balance (consolidated)</b>	<b>1190.5</b>	<b>937.6</b>	<b>252.9</b>
<b>Ending Cash Balance (consolidated)*</b>	<b>1271.0</b>	<b>991.6</b>	<b>279.4</b>

- Net cash from operations improved \$205.8 M vs projections mainly due to the better-than-plan demand recovery
- Increased capital expenditures relate to timing differences in lessor contributions for aircraft maintenance
- Chapter 11 professional fees projected for the year were largely concentrated in 4Q'21

	FY'21
Business Plan	122
Actual	193
VAR	71
of which Others	37

- PBH payments increased as BP projected Aircraft renegotiations to terminate in 3Q
- Other financing effect relates to the execution of 22 S&LB transactions of ECA aircraft, the remainder of S&LB transactions ECA aircraft closed in 1Q'22 provided positive financing cash

Note: 4Q'21 managerial accounts base on results of Avianca Holdings SA for October and November and Avianca Group International Limited for December

\*Actual Ending Cash Balance excludes \$50 million of AVH escrow account

# AVIANCA GROUP END OF YEAR BALANCE SHEET



## Avianca Group Consolidated Statement of Financial positions (in \$millions)

	<b>BP</b>		<b>AGIL</b>
	<b>31-Dec-21</b>		<b>31-Dec-21</b>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	911		1,202
Restricted cash	24		77
Short term investments	42		42
Trade and other receivables, net of expected credit losses	140		208
Current tax assets	121		169
Expendable spare parts and supplies, net of provision for obsolescence	70		87
Prepayments	47		35
Assets held for sale	1	A	323
Deposits and other assets	113		54
Intangible assets and goodwill, net	444	B	2,998
Net defined benefit asset			15
Deferred tax assets	23		43
Property and equipment, net	2,526		1,659
Purchase deposits for flight equipment	55		
<b>Total assets</b>	<b>4,516</b>		<b>6,911</b>

A- AGIL signed letter of intent for a sale and leaseback agreement for 15 Aircraft (5 Airbus A330F, 6 Airbus A319, 2 Airbus A320 and 2 Airbus A321), transactions were executed during 1Q'22

B- Adjustment based on revaluation of assets based on IFRS 3 - Intangibles acquired for \$1,262M and Goodwill of the business combination for \$1,735M

# AVIANCA GROUP END OF YEAR BALANCE SHEET



## Avianca Group Consolidated Statement of Financial positions (in \$millions)

	<b>BP</b>		<b>AGIL</b>
	<b>31-Dec-21</b>		<b>31-Dec-21</b>
<b>Liabilities and equity</b>			
<b>Liabilities:</b>			
Long-term debt	2,466		2,480
IFRS 16 lease liability	1,528	<b>C</b>	580
Accrued Interest	17		
Accounts payable and Accrued Expenses	370		560
Tax liabilities	54	<b>D</b>	386
Provisions return conditions and legal claims	131	<b>E</b>	344
Employee benefits	103		143
Air traffic liability	252	<b>F</b>	523
Frequent flyer deferred revenue	446		409
Other liabilities	11		5
	<b>5,378</b>		<b>5,430</b>
Liabilities associated with the assets held for sale			318
<b>Total liabilities</b>	<b>5,378</b>		<b>5,748</b>
<b>Equity</b>			
Common and preferred stock	125		0
Additional paid in capital	1,848	<b>G</b>	1,146
Others	(2,834)		17
<b>Total equity</b>	<b>(862)</b>		<b>1,163</b>
<b>Total liabilities and equity</b>	<b>4,516</b>		<b>6,911</b>

**C**-Actual IFRS lease liability to increase as remaining long-term leases are signed

**D**- Change in tax liabilities primarily in association with revaluation of intangible assets

**E**- Includes a provision of \$273M related to lease return conditions for newly signed leases

**F**- Increase related to rise in forward sales, as well as refunds issued in the form of UATP cards

**G**-New equity valued as per IFRS 3 based on transaction value of Tranche B investment