







# Q3-2022 Financial Performance

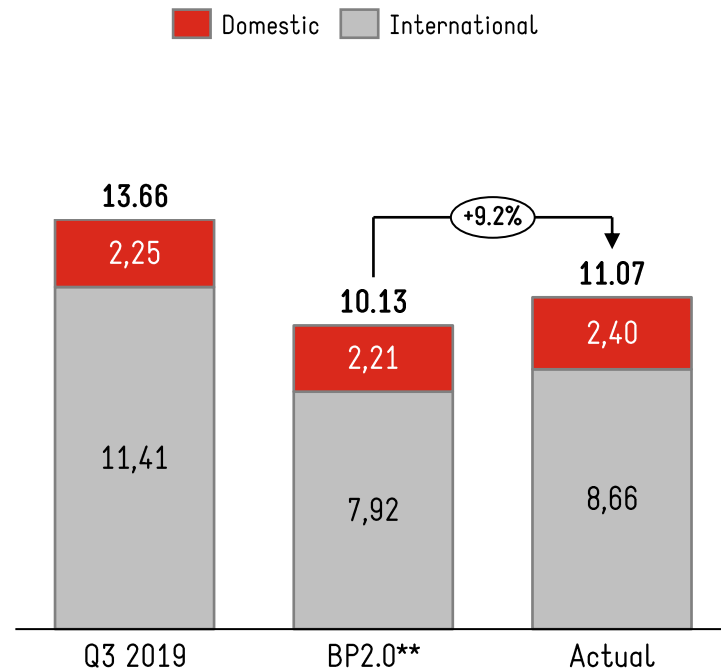
Avianca Group International Limited

November 2022

-  Avianca generated **\$241 million in EBITDAR** in Q3, ahead of business plan projections.
  - Actions taken in the second quarter including fare increases, capacity adjustments and cost management initiatives allowed the company to **pass through 98% of the fuel price increase** in the third quarter.
-  The Company remains **on track to achieve its CASK ex-fuel target of 3.4 cents** in 2023 and a run rate of 3.9 cents by December 2022.
  - Q3 CASK ex-fuel was slightly higher than business plan due to delays in certain distribution, buy on board and fleet initiatives – however these are expected to be executed in Q4.
-  Avianca's **Q3 cash balance remained strong at \$826 million**, even after an impact to working capital.
  - During the quarter, working capital was adversely impacted by \$75 million across three factors: fleet lease agreements, advance ticket sales and fuel supply agreements. However, these were one-time impacts that are not expected to impact cash flow going forward.
-  **Cargo and LifeMiles** financial performance continued to be **ahead of business plan** projections.
-  Colombian Civil Aviation authority rejected 'failing firm' thesis for Viva integration but indicated a willingness to reconsider under normal process with remedies. Avianca will seek approval under this alternate path, but timing is a significant concern. Structure of transaction mitigates impact to Avianca should Viva fail.
-  Regarding Abra, focus is on financing transaction to optimize balance sheet and close the transaction.

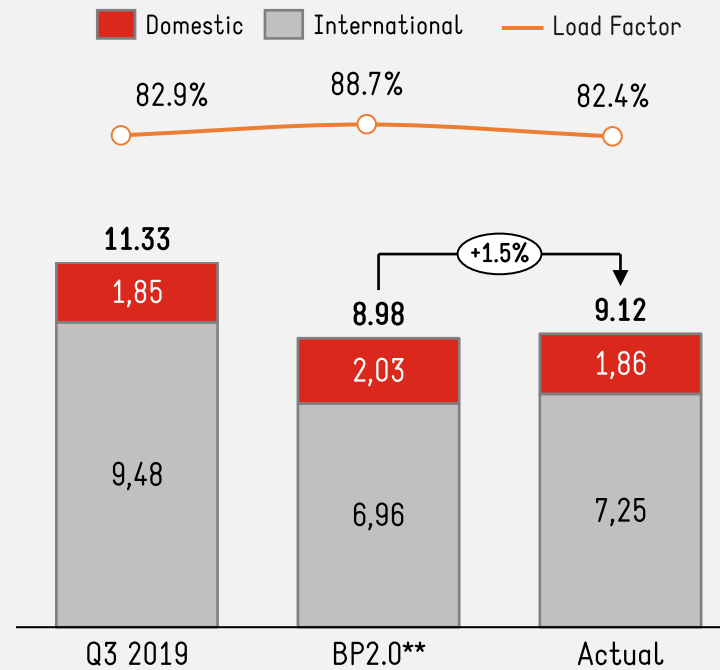
Capacity was higher than business plan projections even after the rationalization due to high fuel prices. Load factor at 82.4% remains strong even with higher fares.


## ASK\*



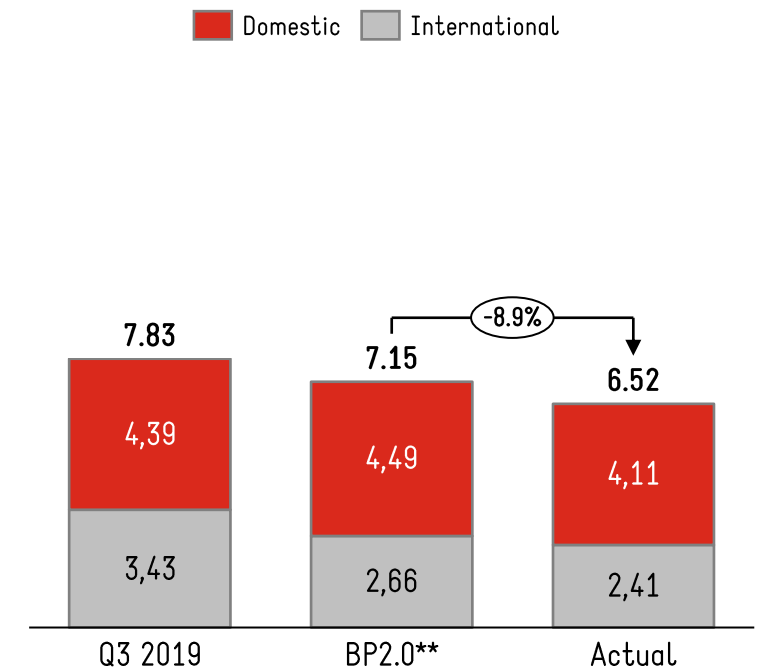
 **+9.2%**  
Vs. Q3-22 BP 2.0


## RPK\*



 **+1.5%**  
Vs. Q3-22 BP 2.0

## PASSENGERS CARRIED\*



 **-8.9%**  
Vs. Q3-22 BP 2.0

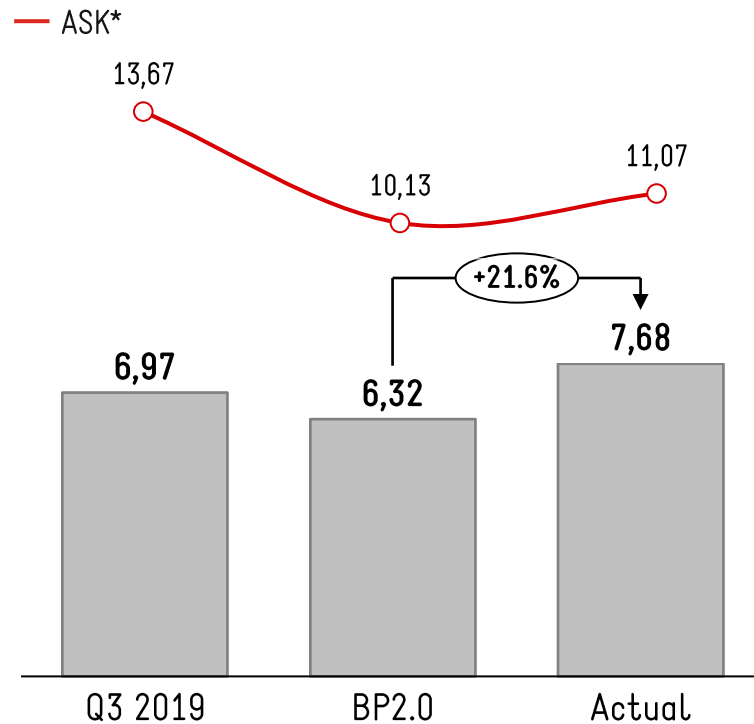
\*ASK and RPK figures are in billions, Passengers Carried in Millions


\*\* BP 2.0: Business Plan projections

Passengers Carried decreased as a result of a combination of increased Stage Length: 1,297 Km/Dep. In Actuals; Vs. 1,181 Km/Dep. in BP2.0., and a 6.3 p.p. decrease in Load Factor.

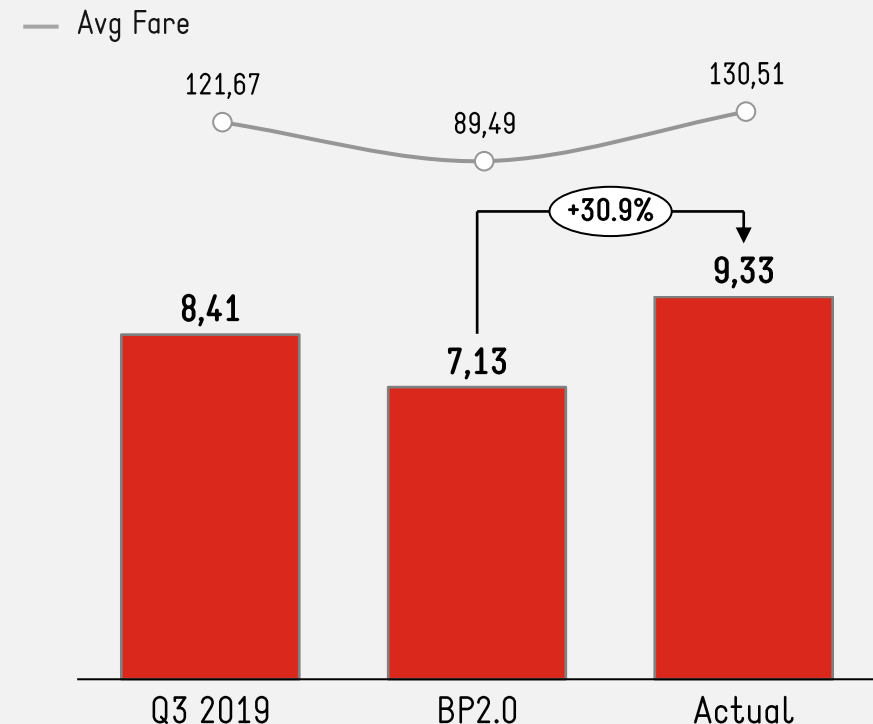
Unit revenues significantly exceeded Business Plan projections due to actions taken to offset impact of higher fuel prices.


## PRASK\*



 **+21.6%**  
Vs. Q3-22 BP 2.0

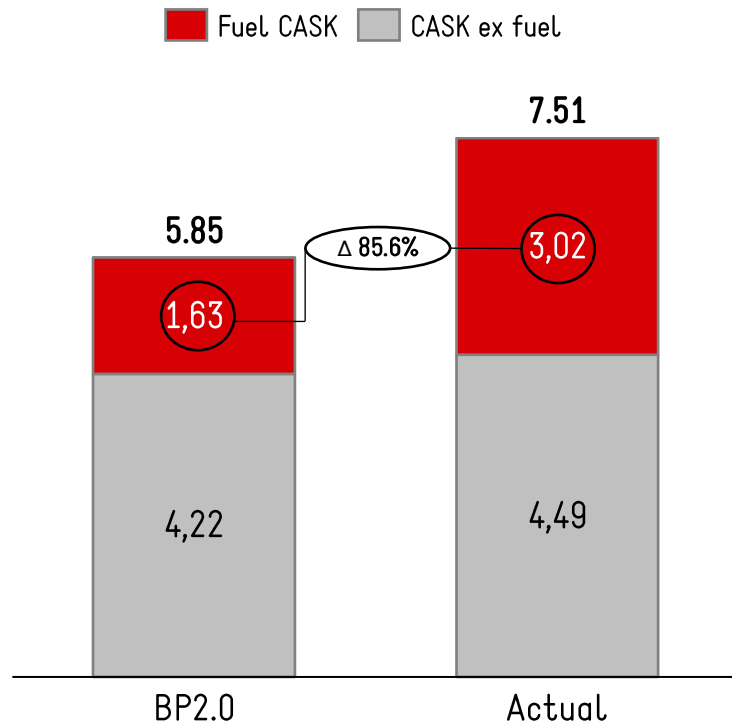
## YIELD\*



 **+30.9%**  
Vs. Q3-22 BP 2.0

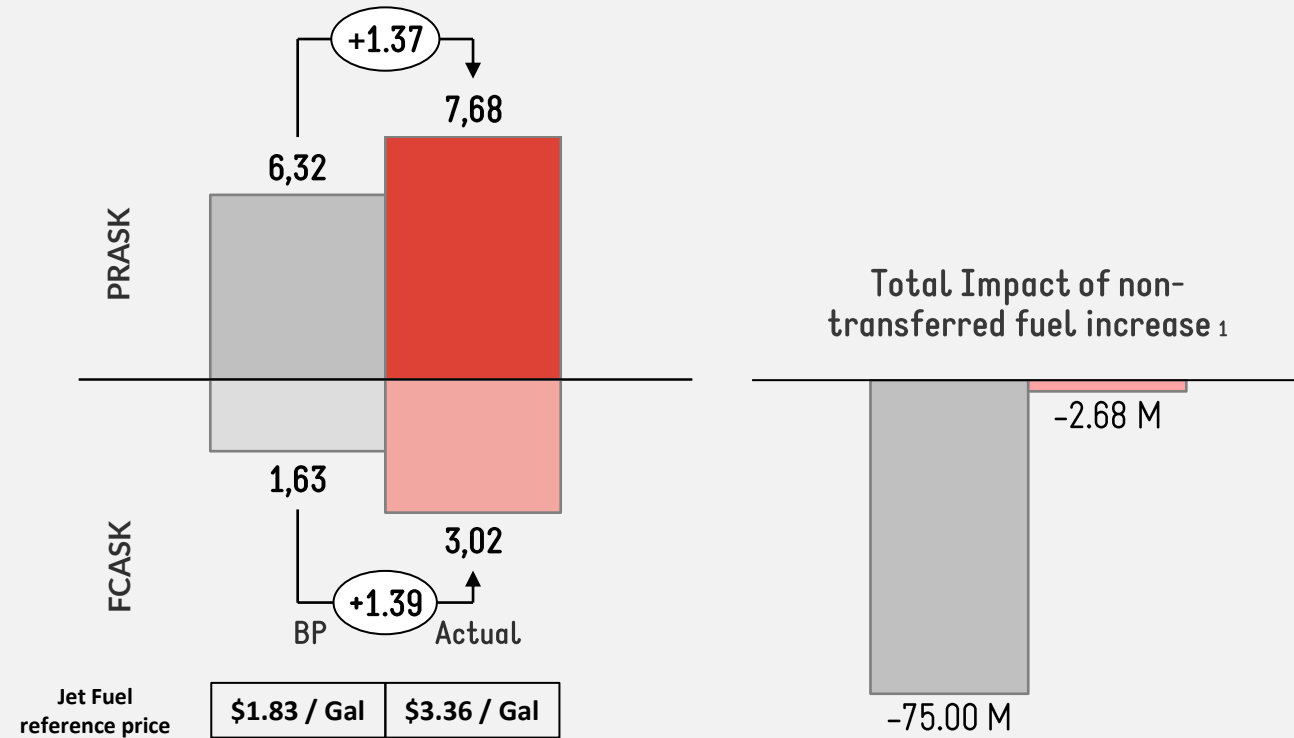
Actions taken enabled a 98% pass through of increased fuel prices.


## PAX CASK



## PRASK vs Fuel CASK

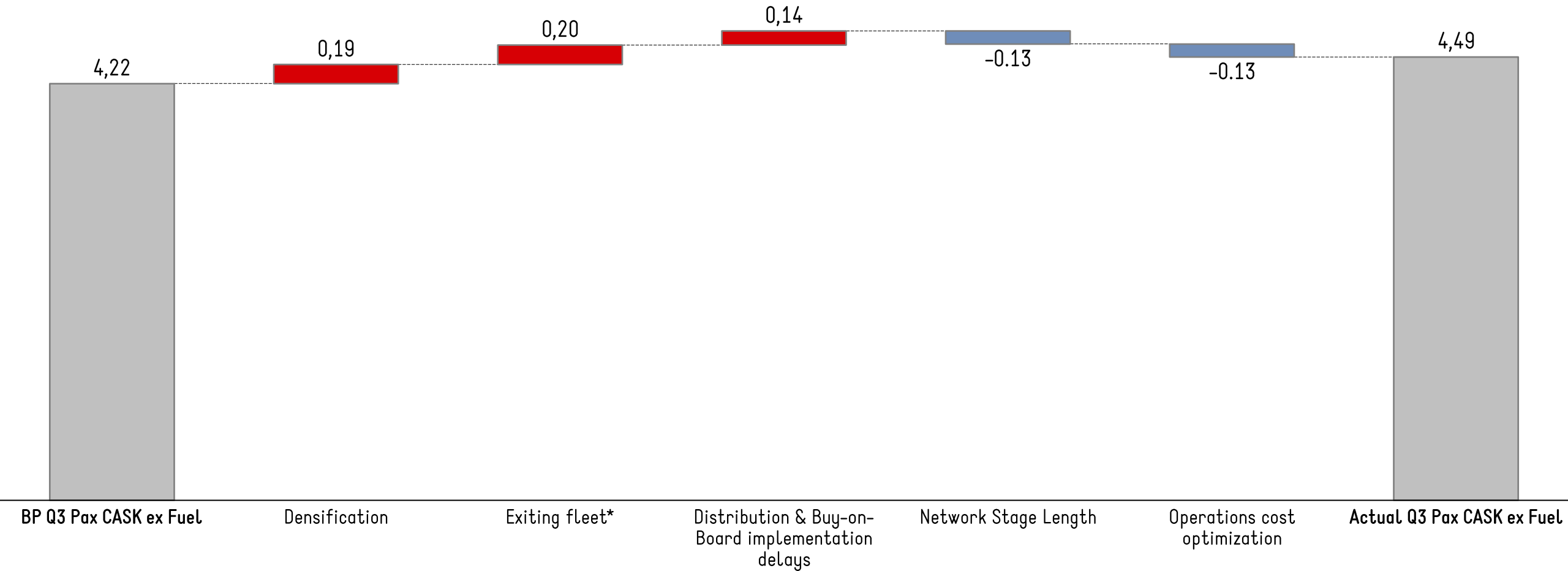
Comparison (cents/ASK)



 **98.1%** Pass through rate in Q3

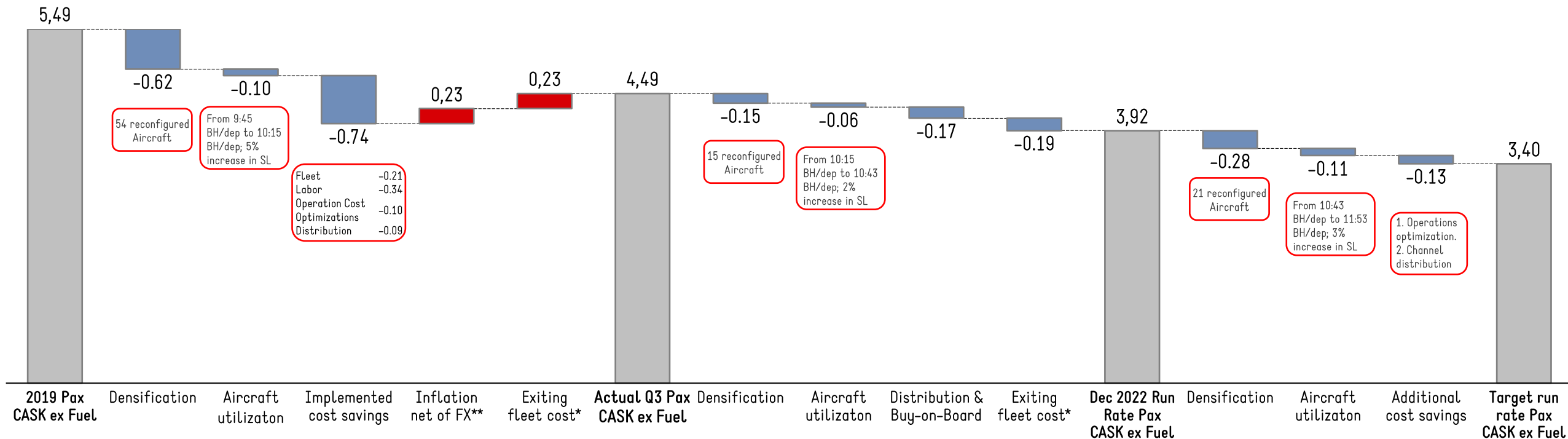
■ Q2 ■ Q3

Q3-22 Pax CASK ex-fuel was primarily affected by delays in certain fleet and cost initiatives which will be implemented in Q4-22.






\*Aircraft Rentals expense increase is related to maintenance PBH, engine management charge and WB rentals due to higher PBH utilization on exiting fleet.



Avianca remains on track to deliver BP 2.0 projected 3.4 passenger CASK ex-fuel in 2023 driven by continued strong progress on Business Plan initiatives.



## Key initiatives implemented in Q3

-  19 aircraft have been reconfigured with the densified seat layout
-  3 new point-to-point routes were launched.
-  New Distribution/GDS model went live on August 1, 2022.

## Initiatives being implemented in Q4

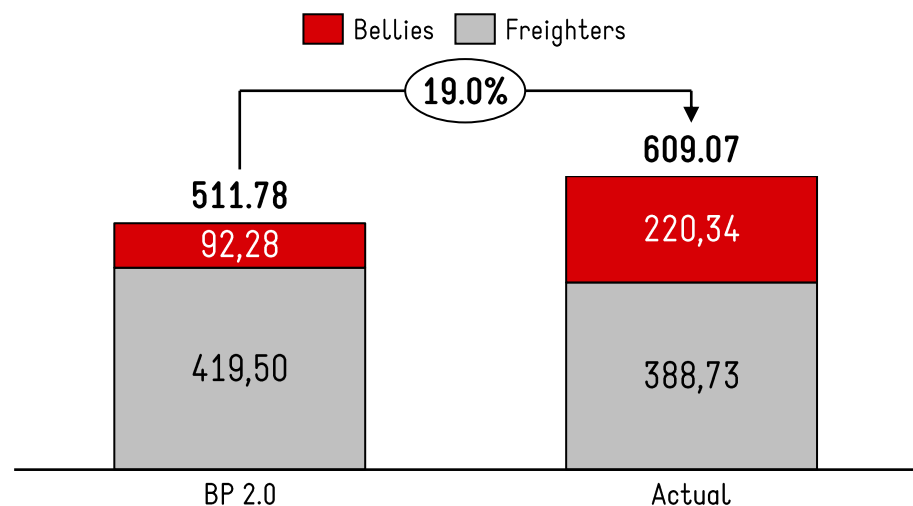
-  15 aircraft will be reconfigured.
-  Buy-on-Board will be implemented in December 2022.

\*Aircraft Rentals expense increase is related to maintenance PBH, engine management charge and WB rentals due to higher PBH utilization on exiting fleet.

\*\*Cumulative Inflation includes incremental prices of operational expenses (labor, airport expenses, other operational expenses) partially compensated by Colombian peso depreciation

Avianca Cargo revenues remained strong during the third quarter of 2022.

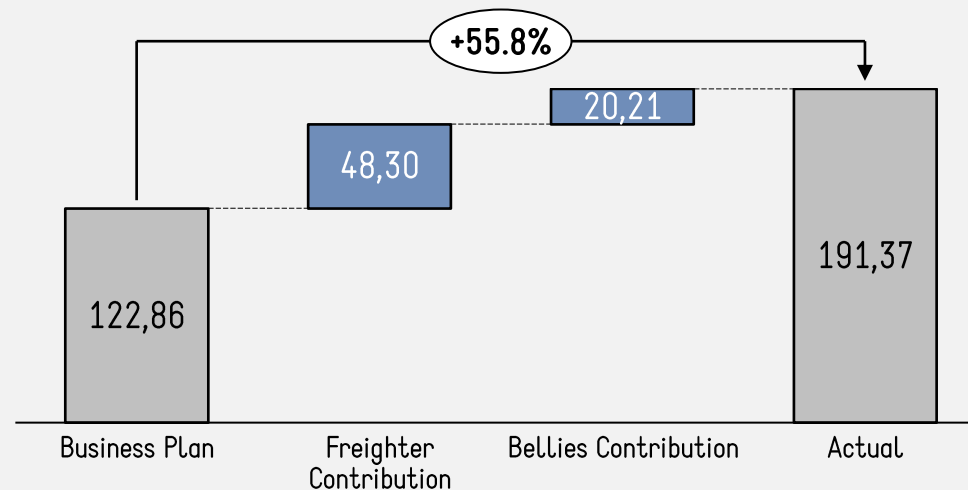
## CAPACITY\*



**+19.0%**

Vs. Q3-22 BP 2.0

## REVENUE\*\*



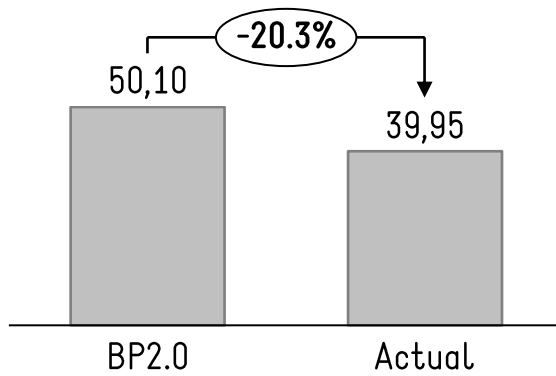
**+55.8%**

Vs. Q3-22 BP 2.0



LifeMiles cash contribution ahead of projections in spite of lower third-party Gross Billings, driven by robust redemption levels on Avianca.

### THIRD PARTY GROSS BILLINGS

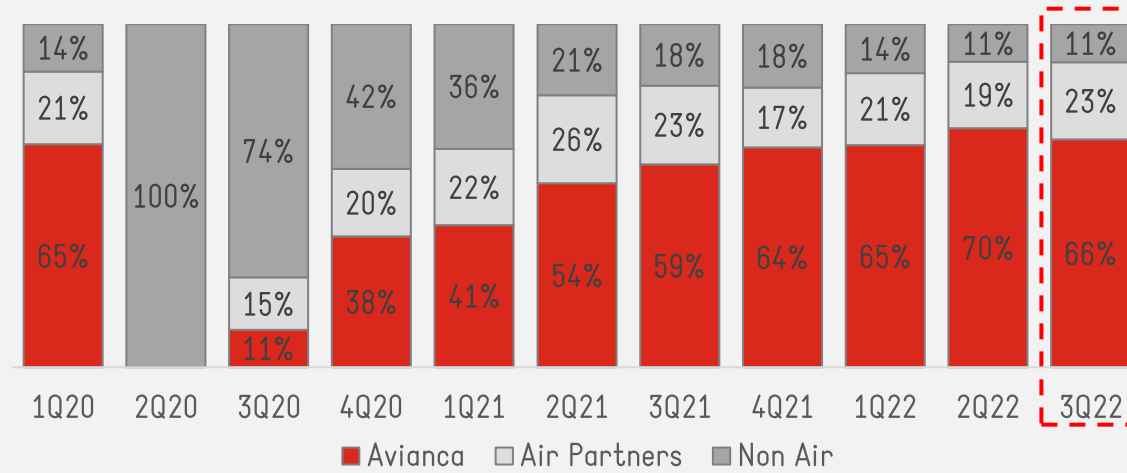


**-20.3%**  
vs Q3-22 BP 2.0

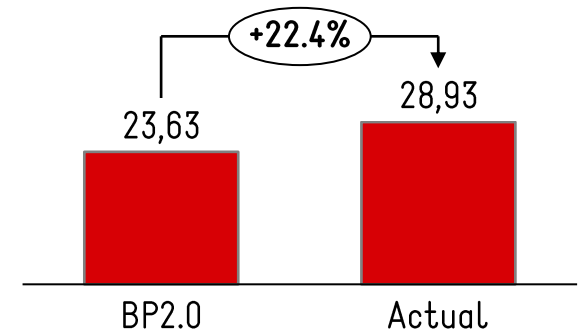
Third-Party GB are lower than expected mainly due to:

- Closure of digital coalition virtual marketplace.
- Reduced sales in Member Direct miles.

### REDEMPTION



### LM CASH EBITDA TO AGIL\*

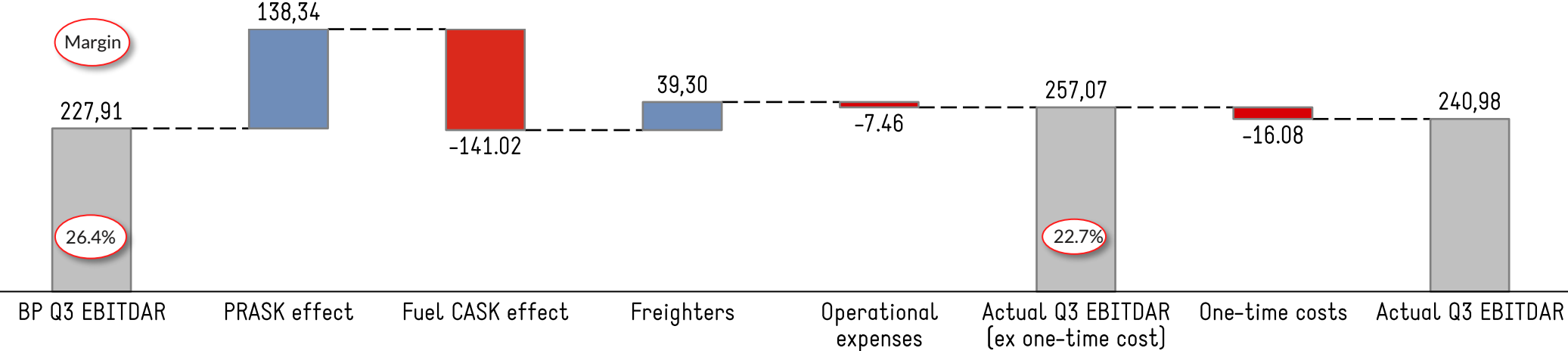


**+22.4%**  
vs Q3-22 BP 2.0

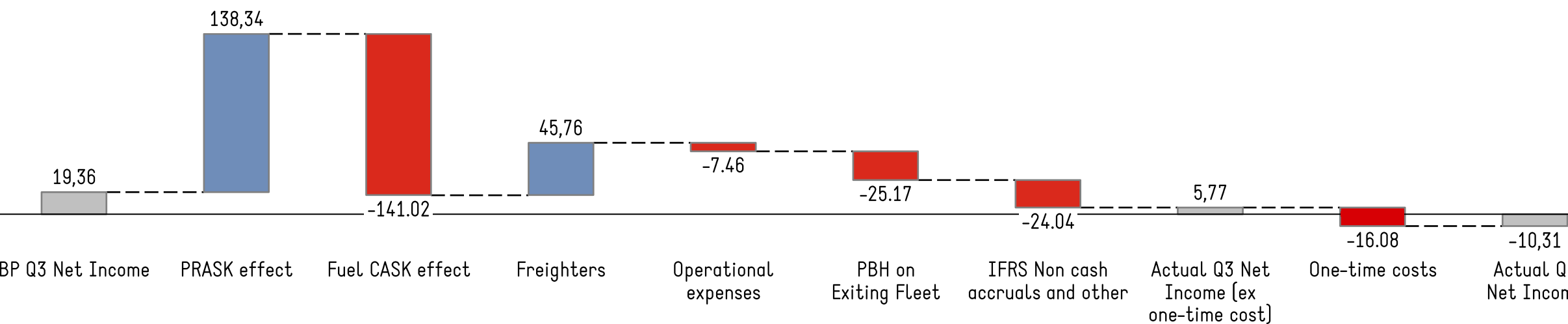
- Decreased non-air redemptions and SG&A savings more than offset lower third-party gross billings, driving increased Cash EBITDA to AGIL.

Measures taken to improve Avianca’s operational performance led to outperforming EBITDAR results in Q3-22, despite the fuel price increase.

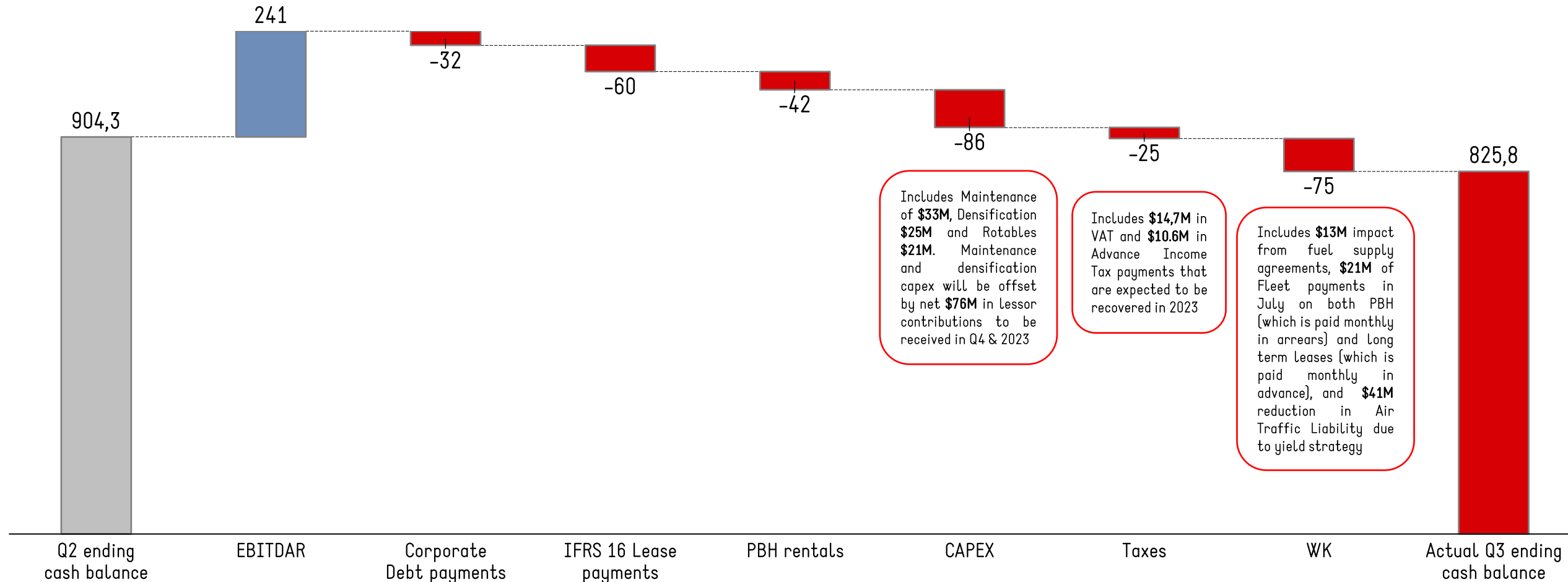
EBITDAR BREAKDOWN



NET INCOME BREAKDOWN



- Avianca's Q3 cash balance remained strong at \$826 million, even after an impact to working capital of \$75 million across three factors: fleet lease agreements (\$21 million), advance ticket sales (\$41 million) and fuel supply agreements (\$13 million).
- Maintenance and densification Capex will be offset by **net \$76 million** of Lessor contributions that will be collected in future periods; Tax payments include **\$25 million** of VAT and Advance Income Tax payments that will be recovered in 2023



# Thank You



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# Appendix



	3Q22 ACTUAL	3Q22 BP 2.0	△
Passenger	783.8	551.3	232.5
Ancillary Revenue	66.6	89.0	-22.4
Cargo and Courier	204.9	139.7	65.2
Loyalty Revenue	64.4	70.1	-5.7
Other Revenue	8.9	11.7	-2.8
<b>Total Operating Revenue</b>	<b>1128.6</b>	<b>861.8</b>	<b>266.8</b>
Aircraft Fuel	393.3	199.7	193.6
Air Traffic	45.0	48.8	-3.8
Flight Operations	18.8	12.4	6.4
Ground Operations	100.7	97.0	3.7
Maintenance And Repairs	49.1	42.0	7.1
Passenger Services	25.1	8.5	16.6
Salaries, Wages And Benefits	101.6	103.1	-1.5
Selling Expenses	84.7	79.1	5.6
Aircraft Rentals	41.6	16.5	25.2
Depreciation, Amortization and Impairment	109.4	100.5	8.9
Fees and Other Expenses	53.2	43.4	9.8
One Time Fees	16.1	0.0	16.1
<b>Total Operating Expense</b>	<b>1038.6</b>	<b>750.8</b>	<b>287.8</b>
<b>EBITDAR</b>	<b>241.0</b>	<b>227.9</b>	<b>13.1</b>
<b>EBITDAR (Excluding restructuring fees &amp; one-time costs)</b>	<b>257.1</b>	<b>227.9</b>	<b>29.2</b>
<b>EBIT</b>	<b>90.0</b>	<b>111.0</b>	<b>-21.0</b>
Equity Method	-	-	-
Interest Expense	106.0	87.4	18.7
Interest Income	-3.6	-0.3	-3.3
Interest Net	102.4	87.0	15.4
Foreing Exchange Net	3.5	-	-0.1
<b>Loss Before Taxes</b>	<b>-16.0</b>	<b>24.0</b>	<b>-39.9</b>
Income tax expense-current	-1.0	4.61	-5.6
Income tax expense-deferred	-2.7	-	0.0
<b>Net Loss from continuing operations</b>	<b>-12.3</b>	<b>19.4</b>	<b>-31.6</b>
Profit from discontinuing operations	2.0	-	-
<b>Net Loss for the period</b>	<b>-10.3</b>	<b>19.4</b>	<b>-29.7</b>

	3Q22 ACTUAL	3Q22 BP 2.0	Var. %
Departures	51,549	48,486	6.32%
Block Hours	117,163	107,544	8.94%
ASKs (M)	11,067	10,132	9.23%
RPks (M)	9,118	8,984	1.48%
Passengers (K)	6,516	7,155	-8.92%
Load Factor	82.38%	88.67%	-6.29%
Yield <sup>1</sup>	9.33	7.13	30.89%
Average Fare <sup>1</sup>	130.51	89.49	45.84%
PRASK <sup>2</sup>	7.68	6.32	21.61%
PAX CASK	7.51	5.85	28.45%
PAX CASK ex Fuel	4.49	4.22	6.38%

1. Unit Metric includes passenger "flown" revenue, expired tickets and ancillary revenue  
2. Unit metrics exclude costs related to freighter operation, loyalty and other non-passenger operations

## Q3-22 CASH FLOW

	3Q22 ACTUAL	3Q22 BP 2.0	△
<b>EBITDAR</b>	<b>240,9</b>	<b>227,9</b>	<b>13,0</b>
Add-back of non-cash items	-2,0	4,9	-7,0
Income tax paid	-12,9	-1,0	-11,9
Working capital (net)	-75,0	-25,8	-49,2
<b>Net Cash Flows Provided by Operations</b>	<b>150,9</b>	<b>206,0</b>	<b>-55,1</b>
CAPEX	-85,8	-48,4	-37,4
Other Cash Flows provided by Investing	-10,0	-0,9	-9,1
<b>Net Cash Flows Provided by Investing</b>	<b>-95,8</b>	<b>-49,3</b>	<b>-46,5</b>
Corporate Debt Payments	-32,2	-51,0	18,8
IFRS16 Lease Payments	-59,9	-62,2	2,4
PBH Rental Payments	-41,6	-16,5	-25,1
Other Cash Flows provided by Financing	0,0	-1,0	1,0
<b>Net Cash Flows Used in Financing Activities</b>	<b>-133,7</b>	<b>-130,7</b>	<b>-3,0</b>
<b>Total Net Cash Flow</b>	<b>-78,5</b>	<b>26,0</b>	<b>-104,5</b>
Starting Cash Balance (consolidated AGIL)	904,3	891,0	13,3
<b>Ending Cash Balance (consolidated AGIL)</b>	<b>825,8</b>	<b>917,0</b>	<b>-91,2</b>

### Notes:

- There is a difference in certain lines versus financial statements since this Cash flow statement starts from EBITDAR, and Aircraft rentals (PBH payments) are included in cash flows provided by financing activities, while Cash flow from financial statements starts from Net Income, and Aircraft rentals (PBH payments) are included in cash flows provided by operations.
- Other net cash flows includes cash of discontinued operation and exchange rate effect on cash
- Total liquidity of \$825.8M includes Cash, Restricted Cash and Short-Term Investments.

## Q3-22 BALANCE SHEET – ASSETS

Consolidated Statement of Financial Position (M)	Q3 2022	Q2 2022	Δ%
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	744.0	828.2	-10.2%
Restricted cash	36.9	31.9	16.0%
Short term investments	44.8	44.3	1.1%
Accounts receivable, net	236.0	241.1	-2.1%
Accounts receivable from related parties		0.5	-100.0%
Current tax assets	198.2	195.4	1.4%
Expendable spare parts and supplies, net	102.5	98.9	3.6%
Prepaid expenses	28.0	32.6	-14.1%
Deposits and other assets	22.1	20.9	5.5%
Assets held for sale	13.4	13.5	-0.3%
<b>Total current assets</b>	<b>1426.0</b>	<b>1507.3</b>	<b>-5.4%</b>
<b>Non-current assets:</b>			
Deposits and other assets	77.7	73.5	5.7%
Accounts receivable from related parties	101.2	99.1	2.1%
Intangibles	2950.8	2959.3	-0.3%
Net defined benefit asset	57.1	48.2	18.6%
Deferred tax assets	39.4	39.2	0.5%
Property and equipment, net	2876.1	2725.4	5.5%
<b>Total non-current assets</b>	<b>6102.3</b>	<b>5944.7</b>	<b>2.7%</b>
<b>Total assets</b>	<b>7528.3</b>	<b>7452.0</b>	<b>1.0%</b>

Total Liquidity of \$825.8M includes Cash, Restricted Cash and Short-Term Investments.



## Q3-22 BALANCE SHEET – LIABILITIES & EQUITY

Consolidated Statement of Financial Position (M)	Q3 2022	Q2 2022	Δ%
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Loans and current portion of long-term debt	290.9	246.6	17.9%
Accounts payable	463.2	476.4	-2.8%
Accounts payable to related parties	0.1	0.1	56.9%
Accrued expenses	38.8	46.3	-16.3%
Current tax liabilities	30.7	36.5	-16.1%
Provisions for legal claims	54.5	55.2	-1.3%
Employee benefits	70.7	66.5	6.2%
Air traffic liability	630.8	671.7	-6.1%
Frequent flyer deferred revenue	138.1	148.8	-7.2%
Other liabilities	0.0	0.0	-40.7%
Debt - assets held for sale	6.3	7.2	-12.8%
<b>Total current liabilities</b>	<b>1723.9</b>	<b>1755.4</b>	<b>-1.8%</b>
<b>Non-current liabilities:</b>			
Long-term debt	3623.7	3573.8	1.4%
Provisions for return conditions	746.9	665.1	12.3%
Employee benefits	30.0	35.9	-16.5%
Deferred tax liabilities	324.5	327.7	-1.0%
Frequent flyer deferred revenue	238.6	245.9	-3.0%
Other liabilities	0.9	1.1	-16.5%
<b>Total non-current liabilities</b>	<b>4964.5</b>	<b>4849.4</b>	<b>2.4%</b>
<b>Total liabilities</b>	<b>6688.5</b>	<b>6604.9</b>	<b>1.3%</b>
<b>Equity:</b>			
Common stock	0.0	0.0	
Additional paid-in capital	1146.0	1146.0	0.0%
Retained earnings	-368.1	-356.9	3.1%
Other Comprehensive Income	52.7	49.4	6.5%
<b>Total equity attributable to AGIL</b>	<b>830.5</b>	<b>838.5</b>	<b>-1.0%</b>
Noncontrolling interest	9.4	8.6	8.4%
<b>Total equity</b>	<b>839.9</b>	<b>847.1</b>	<b>-0.9%</b>
<b>Total liabilities and equity</b>	<b>7528.3</b>	<b>7452.0</b>	<b>1.0%</b>

# PAX CASK EX-FUEL RECONCILIATION

	Q3 2022 (\$M)
<b>AGIL TOTAL OPERATING EXPENSE EX FUEL</b>	<b>645.3</b>
Freighters segment business cost	70.4
Corporate cost allocation	1.7
IFRS 3 trademark and customer relations intangible amortization	6.6
<b>Total Cargo</b>	<b>78.7</b>
Lifemiles Co. cost of rewards and SG&A costs	34.0
VIP Lounges	2.8
Star Alliance cost	1.3
Elite benefit	0.7
IFRS 3 trademark and customer relations intangible amortization	4.0
<b>Total Lifemiles</b>	<b>42.8</b>
Latin Logistics and AV courier expense	10.5
IFRS 3 trademark and customer relations intangible amortization	0.2
<b>Total Courier</b>	<b>10.7</b>
M&A and restructuring fees	16.1
<b>Total One-time expenses</b>	<b>16.1</b>
<b>PASSENGER OPERATING EXPENSE EX FUEL</b>	<b>497.0</b>
Q3 2022 ASKs (million)	11,067
<b>PAX CASK EX FUEL (¢)</b>	<b>4.49</b>

# Thank you

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