

Transcript of Avianca Group International Limited Third Quarter 2025 Performance Call

December 02, 2025

Operator

Good morning, everyone, and welcome to the Avianca Group's Q3 2025 Performance Call. At this time, all participants are in a listen-only mode, and the floor will be open for questions following the presentation. [Operator Instructions] Please note, this conference is being recorded.

I will now turn the conference over to your host, María Ricardo, Investor Relations. María, over to you.

María Cristina Ricardo - VP of Corporate Finance and Investor Relations, Avianca Group International Limited

Thanks, operator. Good morning and thank you for joining us today. Our speakers for today are Adrian Neuhauser, Chief Executive Officer of Abra Group; and from Avianca, Frederico Pedreira, Chief Executive Officer; Gabriel Oliva, President and Chief Operating Officer; and Nicolas Alvear, Chief Financial Officer. They will be joined for the Q&A session by Manuel Irrazaval, Chief Financial Officer of Abra Group; Ralph Piket, Chief Loyalty Officer of Abra Group; and Jorge Marin, Group's Financial Controller.

Financial statements for the period ended September 30, 2025 and the presentation that we will show you today are available at our Investor site. Today's conference call is being broadcast and the replay will be available at the same site shortly after it concludes.

Before we continue, I would like to remind you that during this call, management will be making statements or remarks that may be forward-looking statements and may include, but are not limited, to financial projections or other statements of the company's plans, objectives, expectations, or intentions. These matters involve certain risks and uncertainties that could cause actual results to differ materially from those projected or suggested.

We'll begin our call with an overview of the state of the business, and then continue with the operational and financial performance for the third quarter of 2025. As always, our prepared comments will be followed by a question-and-answer session.

With that said, I'll hand it over to Adrian.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Great. Thank you, María Cristina. Hi, everyone. Thanks, again, for joining us once again for our recurrent conference call. First of all, a housekeeping item. What you're going to

see is now following our new accounting policies, we've adjusted our accounting policies as we prepare Abra for an IPO in order to make both GOL and Avianca's policies consistent. Nico will speak more to that once we hand it over to him, but there's some very minor changes, you'll see that the result of the new policies is really not substantial. And we'll show you numbers on a comparable basis as well so you can see that. But again, these are following our new policies.

The second cleanup item is, one, just to address a question that we've been getting from a bunch of you, and it's really more a recent event item, as you've all been aware, and we can certainly address it more in the Q&A. Many airlines around the world were recently impacted by Airbus' requirement over the last weekend to update, and by update, it's actually downgrade the software on the elevator control computers, the ELACs.

As a result of that, we were very significantly impacted in terms of our fleet. We were one of the airlines, we believe in the world with the highest compliance in upgrading to the latest version. We were almost 92% upgraded, so we had to go and downgrade everything. We're mostly through that, and we should be done between today and tomorrow. And we believe the net impact of that is not going to be substantial. We think in terms of net cost of that, including passenger impact and what have you, we believe it's somewhere between the high-single-digits and low-teens of total market impact.

So with that, let's get to the third quarter. We're really, really happy to present the third quarter results to you. Once again, a record third quarter for us, 27.2% margin, \$411 million of EBITDAR. It's the fourth quarter of record EBITDAR in a row for us and for margin performance consecutive for comparable periods.

Our yield was \$7.6 cents, which is a slight reduction year-on-year, but mostly driven by a significant stage length increase. That stage length increase is consistent with sort of the entire network redesign that we keep explaining to you in our conversations, where as we take on more fleet, we've taken capacity out of shorter haul domestic markets, put it into longer haul markets, and that is slightly yield dilutive, as you can see that, but helping us really kind of drive network performance. Load factor consecutively higher at 82.9%. And again, consistent with what we expected when we first started this network redesign and really absorbing the capacity redeployment that we did last year. So, it's a pretty significant sequential improvement from Q2, and it's now positive year versus year, and that takes to a PRASK of \$6.3 cents.

CASK ex-fuel of \$3.9 cents, continuing cost discipline there, and we'll talk about that. You should expect that at some point we will be unable to continue to absorb all the inflationary impacts or to offset them really. So while we continue to work hard at keeping CASK low and it continues to be a focus, we are starting to sort of see some impacts flow through.

And finally, liquidity at \$1.4 billion almost, including \$1.2 billion thereabouts of cash and \$200 million of undrawn credit facility. Net debt falling sequentially from 2.9 times to 2.8 times EBITDAR. And ratings upgrades to high-single Bs from both Moody's and Fitch with

stable outlook. So really, really strong financial performance. We're really happy with the quarter.

As I alluded to in point one, we're continuing to optimize the network to drive more profitability and to take advantage of the connectivity that we can drive through Bogota. We've increased frequencies and connection options. We're retiming flights to make the schedules more convenient. And we're continuing to take capacity out of domestic markets where it was excess capacity. So, you'll see an 11% year-on-year decrease in Domestic Colombia. And that's much more aligned in terms of supply and demand.

Our Business Class in rollout continues apace, 54 additional routes across the Americas, and we've now decided to extend it across the entire network, including Domestic Colombia. When we started this exercise, our focus was really on the routes that were longer haul, where we saw demand for the product. It was successful enough that we then extended it to a significant additional portion of the network. And at this point, with the connectivity drive that we have, we think it's important to be able to carry people in a premium cabin all the way through their flight. So, now, it's really more about the connectivity of Business Class and the granularity of Business Class are capillary through our network.

We've continued improving our LifeMiles' Insignia Business Class product on transatlantic, and we're rolling out an enhanced customer experience in Bogota. We're making significant investments in lounges and in check-in areas for the premium passengers in Bogota.

And then in terms of business units, solid business performance, LifeMiles driving \$77 million of Third-Party Cash EBITDA, that's a 72% year-on-year increase, and really driven by a really healthy combination of, on the one hand, increasing Third-Party Gross Billings, but on the other, driving more and more redemption in Avianca, which we think is significantly enhancing to loyalty within our ecosystem.

Cargo revenue of \$157 million, 14% increase year-on-year, strong market environment, but really also the operating enhancements that we have and the fleet simplification that we have continued to drive the business. The two P2Fs, the conversions that we had started operations through the quarter, so now we're at 9 A330s. And Wamos contributed \$38 million of EBITDAR in Q3, continuing to be a significant contributor to our business.

So really, really proud of the quarter that we're going to take you through here. And with that, I'm going to hand it off to Fred.

Frederico Pedreira - Chief Executive Officer, Avianca Group International Limited

Thank you, Adrian. So talking a little bit about our capacity, after growing in the first and second quarter this year around 14%, in the third quarter we grew around 7%. However, the same trend continues in terms of this growth is driven by the capacity redeployment to international. So, as our cycles remain mostly flat compared to last year, what's driven

this 7% growth is mostly the stage lengths that on a year-to-year basis grew 6.2%. So finishing the quarter at 7% ASK growth.

Now, how that translates in terms of our network, if we can move to the next slide. So we have our network right now with around 162 routes, right, that counting the seasonal routes and 83 destinations. We've just opened the last three routes of the year, which was Bogota-Monterrey; Bogota-Belém; and Guayaquil-Miami. And in terms of the chart that we normally go through, which is how our ASKs look in terms of allocation, what you can see is that a small decrease in Domestic Colombia from 17% to 16%, and also a small decrease 1% in Europe, and with North America growing about 2%.

What is important to mention is, and Adrian mentioned that at the beginning, is that we continue with the effort of optimizing our network. So, in particular, for the Winter 2025 schedule, the team was able to put together a schedule with increased connectivity in Bogota and a better service pattern for our customers that we are actually seeing in terms of the sales in our booking curves. So that is what in terms of the network looks like with the latest changes.

And what I can say is you heard us talking about capacity redeployment from last year. The ballpark of that capacity redeployment is over. What we're mostly doing now is working to optimize the network, optimize service patterns and connectivity. How does that translate in terms of revenue? If you can move to the next page. We talked a lot in the last call about yield discipline, our yield discipline has remained. And as you can see in terms of Yield, it has remained stable on a year-to-year basis and now at \$7.6 cents. But all those routes that we launched at the beginning of the year, their ramp-up period started – going through the ramp-up period. And as expected, the load factor is starting to improve in the third quarter.

Now, yield discipline and better load factors also translate into a better PRASK performance. And so, we finished the quarter with \$6.3 cents in terms of PRASK, which again, considering that 6% stage length growth is a flat PRASK compared to last year with a 7% ASK growth. So that's on the PRASK side.

One point that also continues to contribute to our revenue, and if you can move to the next page, is our premium passenger. And we continue to invest in our customer experience in our high-value customer. So, you remember it was almost 2 years ago that we started launching the business class within the Americas, a year-and-a-half ago, to be exact. Then we added new routes, which we call the Phase 2 about a year ago. And, now, we launched a third phase that was launched in September, where we moved our Business Class, we implemented our Business Class product in all international routes in our network, from Bogota, from Medellin, San Salvador, Quito, and Guayaquil, right?

And the last stage, the last one that is missing is in January, so in a month from now approximately, we will extend this Business Class product through our entire network. We're doing this, because we were very disciplined in terms of start adding from the first stage longer routes, and it worked well. The customers were interested, so we started to

expand. And basically, we're expanding because we're seeing good results in terms of Business Class performance.

Also, related to business class performance, we're very proud to continue to invest in our Insignia Business Class experience to Europe. And so starting now in December, we'll have a dedicated check-in space in El Dorado Airport. We just opened our new Diamond Lounge in Bogota for the domestic terminal. And in December, we will open our Diamond Lounge for international travel in Bogota as well. So, very proud what the team has achieved in terms of our customer experience and our focus on our premium revenue and high-value customers.

And with that, Nico, would you like to continue to help me out with the cost?

Nicolas Alvear - Chief Financial Officer, Avianca Group International Limited

Absolutely. Thank you, Fred, and good morning, everyone. I'm on Page 8 of the Presentation, talking about our unit costs. So our CASK ex for the quarter was \$3.9 cents, slightly up versus last year, 5% when adjusting for this year's higher stage length. As I've mentioned in the past, our team has made a remarkable effort to keep unit costs relatively stable, even as our network has become more international and we continue to face industry-wide inflationary supply chain pressures.

Fuel CASK for the quarter decreased 10% year-over-year, driven by lower jet fuel prices and more efficient gallon consumption per ASK. And, overall, total unit costs decreased about 2% versus last year, remaining relatively flat when considering the year-over-year stage length increase. As Adrian mentioned, going forward, we may see some upward pressure in our unit costs, because we are investing in our customer experience and brand loyalty. However, we do believe these investments will be associated to greater revenues, and so the impact on profit and margin should be largely positive.

And with that, I'll hand it over to Gabriel to talk about operations.

Gabriel Oliva - President and Chief Operating Officer, Avianca Group International Limited

Thank you. So good morning, everyone. So, I'm on Page 9. So, we were able to perform our resilience operation amid challenging conditions. When you see our on-time performance, there is a slight decrease versus previous quarters. And that's really related to, as I said, challenging conditions we have on the quarter, really bad weather on the main airports we operated in Colombia, concentrated in El Dorado, and ATC challenges. That's why OTP decreased. And I will talk a little bit about what we're doing about that.

In terms of scheduled completion, we were able to deliver close to 99% scheduled completion. We performed on an indicator of mishandled baggage of 2.1, which is a world-class indicator. Still, we are working on a resilience program to do different aspects to perform strongly at the operation, mainly focus, one, on network refinement, right, to

address those issues; two, working hand-in-hand with authorities, local authorities, to really mitigate air traffic flow restrictions; and three, we are doing operatives in terms of connectivity and baggage to strongly recover those indicators.

If we move to the next slide, we wanted to talk about what we are experiencing in some of the industry-wide engine supply chain issues. We were able to deliver these strong performance results while experiencing those. So, we brought you here a chart to explain what we are experiencing in the three engine families that we currently have. On the widebody fleet, right, we have the Roll Royce Trent-1000 engines, where we are experiencing delayed repairs related to shortage of components. We have four AOGs during the quarter. What we are doing about that, we wet-leased widebody capacity, 2 to 3 lines in terms to mitigate that impact of flying lines with widebody wet-leased capacity. On the LEAP 1A, which is our NEO engines, again, the market is experiencing delayed repairs and no spare engines available. In the quarter, we have two AOGs and that we had to do some network refinements on that.

And on the CFM 56-B family, that is our A320 CEO narrowbody, we experienced some HPT issues that we had experienced in the past. So the reduced time on wings on the HPT, where we had two AOGs on the quarter, net of spare engines and that what we did, we are leasing more than 20 spare engines in the market to come over that. So, we are experiencing, we don't foresee that this will change in the short-term, but we are mitigating the plan by experiencing severe challenge on the supply of our engines.

If we move to the next page, and it's basically talking about, as Adrian mentioned, on our Cargo business unit, we are very proud of the results we delivered on Cargo. Our capacity, as you may understand, on the widebody went down because I explained our widebody issues. But on the freighter side, we grew our capacity. We completed our fleet transformation. Right now, we have nine. We're very proud we have the nine A330 P2F in our fleet. And on our revenue side, we continue to see stable market conditions and strong demand conditions we were able to capture, delivering a 14% increase in revenues.

So with that, I'll turn it to Nico on the next slide. Thank you.

Nicolas Alvear - Chief Financial Officer, Avianca Group International Limited

Thank you very much, Gabriel. So, I'm now on Page 12 of the presentation. You can see that LifeMiles, our loyalty business continued to perform very strongly this quarter. Third-Party Gross Billings grew 52% versus last year, mainly driven by strong cobrand performance in our core markets and member direct sales. Cash EBITDA for the quarter reached \$77 million, growing 72% year-over-year. Now, it's important to mention that this quarter we had a one-time benefit from cobrand agreement incentives, absent which year-over-year growth would have been about 30% for Third-Party Gross Billings and 35% for cash EBITDA.

Redemptions in Avianca represented 74% of total miles redeemed in the quarter, meaningfully above the proportion last year and consistent with the trends we've been seeing so far this year. Overall, to say that we are very happy with member engagement with the loyalty program and LifeMiles contribution to our overall business.

Moving on to Page 13, you can see that we generated \$411 million of EBITDAR in the quarter, up 15.5% year-over-year at a margin of 27.2%, which is roughly 60 basis points higher than last year. This translated into EBIT of \$219 million at an operating margin of 14.5% and Net Income of \$101 million versus \$72 million last year. On the right-hand side, looking at our performance over the last 12 months, you can see we have generated almost \$1.5 billion in EBITDAR at a margin of 26.2%, \$779 million in EBIT at a margin of 13.8%, and \$224 million in Net Income.

Now, I'd like to provide some context on the accounting policy alignment referenced by Adrian at the beginning of the call. Essentially, Abra has implemented standardized accounting policies across all group entities to ensure consistency, facilitate consolidation, and align with prevailing market standards. Now, certain of these adjustments required retrospective application under IFRS, resulting in the reissuance and reauditing of our 2023 and 2024 financial statements, which should now be available in our website.

These changes, which have limited impact, primarily concern operating lease return provisions and loyalty revenue recognition. We've included a comparison of historical metrics reflecting this changes on the appendix of the presentation. My team and I will make ourselves available to address any follow-up questions you may have on this topic after this call.

Let's move to Page 14 to talk about cash flow. And you can see that we generated about \$9 million in cash during the quarter. Recall that in terms of seasonality, the third quarter has historically been a cash burn quarter for us, as high season flying usually surpasses sales and we tend to burn air traffic liability. So the fact that we generated cash this quarter is quite remarkable and evidences stronger than expected operating cash flow this period. Total liquidity increased to \$1.36 billion, including \$200 million of undrawn committed revolver, representing about 24% of last 12-month revenues.

Moving on to Slide 15. We finished the quarter with net leverage of 2.8 times EBITDAR, decreasing slightly from the previous quarter. Last 12 months EBITDAR continued to grow, and net debt and the size of our fleet remained largely stable. We are very proud of the upgrades we received this quarter from both Moody's and Fitch to B+ with stable outlook and remain committed to maintaining a healthy balance sheet.

And with that, I'll turn it over to Adrian to deliver key takeaways before moving on to the Q&A portion of the call.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Thank you, Nico. Again, we want to thank you all for the time you all spend joining us here. Apologies for the delay in the results as we work through aligning our accounting policies. Really, really proud of the quarter we've delivered. Really proud of the work our team has done to work through what has not been an easy operating environment, whether it's the engine-driven AOG issues that are plaguing the entire industry and are affecting us as well. And all the work that we've done that you've pointed out to keep our network going and to continue to drive the results we've done in spite of those headwinds, or whether it's more one-off issues like the Airbus announcement this weekend that made our Thanksgiving a little bit complicated.

The team has put together a huge, huge effort and really, really done. So, we're very proud of the results. And again, very grateful to you for the time you spend analyzing us, asking us questions, and following us and investing us. So thanks again. And hope to see you guys soon in another quarter.

With that, I'll open it up for Q&A.

Operator

Thank you very much, Adrian. At this time, we'll be conducting our question-and-answer session. [Operator Instructions] Thank you. Our first question is coming from Mike Linenberg of Deutsche Bank. Mike, the line is live.

Q: Hey, good morning. Hey, very good results for Sep Q. Just I want to confirm what you guys said about the impact. I know the Airbus software grounding; I know you did say it's been greater for you than I think any other carrier. Did you say what was it the margin impact, Adrian? I think, did you say what was it?

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Yeah, we think it'll be a net EBIT or EBITDA, it'll be the same on both. Margin impact of somewhere between high-single-millions and low-teen-millions. We're still working through it. We'll see how much of the sales that we closed will recover in the next few days, which is why we can't be more precise, right? I'll give more color, actually, because I think it's worthwhile. So, of our 130-odd A320s, 92% of them had been upgraded to version, I believe it's version 14 of the ELAC software that is the one that's believed to be sensitive to solar flares and that drove this urgent change. We think that is probably the highest compliance. And by the way, this upgrade's been out for over 18 months. So we think that's about the highest compliance, right?

Q: Okay. Makes sense. Thanks. My second question is just on the way the hub Bogota has sort of evolved, because you have added a lot more international destinations, et cetera. If we think about local versus connect in Bogota today versus maybe where you were a few years ago before you went through this network transformation. I realized

there's a lot of airplanes that have also moved in markets that don't touch Bogota. But I'm just curious about the connectivity of that and how that has evolved over the last few years.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Sure. Fred, do you want to take that one?

Frederico Pedreira - Chief Executive Officer, Avianca Group International Limited

Sure, Adrian. Hi, Michael.

Q: Fred, good morning.

Frederico Pedreira - Chief Executive Officer, Avianca Group International Limited

Good morning. So as you can expect, in the last couple of years, our connectivity through Bogota has increased a lot. First and foremost, because a year-and-a-half ago, we had a significant portion of that capacity that was serving the domestic market. So basically in the last 18 months, what we have done is move those flights that a couple of them were on point-to-point within Colombia, outside of Bogota, but mostly were in the hub for domestic traffic to international destinations. So although there was a little bit of traffic connecting in domestic that was not as relevant, all the capacity moved to international. So we've seen our connecting numbers significantly increase in the last 18 to 24 months, okay?

And what I can tell you now is, I don't know exactly the number versus 2018, because in 2018, 2019 we didn't have as much point-to-point international flying. But without that point-to-point international, I think we're one of the highest connecting traffics we ever had.

Q: Okay. Great. And then just if I could squeeze in one last one. Your capacity growth has moderated, and I know, as you pointed out, it's much more stage length driven where the cycles have been flat. As we think about 2026, what's the early read on how you expect to deploy capacity next year? Thanks for taking my question.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Thanks, Mike. Fred, do you want to take that one, too?

Frederico Pedreira - Chief Executive Officer, Avianca Group International Limited

So, in terms of how we look at the network next year, we still have a bunch of opportunities to continue to optimize the network that we see. We are not looking to a significant growth, but more in terms of continued to look for, and some of them were already identified, either improving service patterns because it's working very well. But I can give you a

couple of examples, two examples for winter. For instance, we're moving Miami from three daily to four daily out of Bogota, and we're already seeing really good numbers in terms of sales. We're improving service to JFK to four daily out of Central America.

So, I will tell you that where we see the most opportunities is some new markets out of Bogota that have been in our radar for some time now. It's number one. And number two, improving service in routes that are performing well. And we are seeing an opportunity to improve service there with new time channels.

Q: Great. Thanks, Fred. Thanks, everyone.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Great. Thanks, Mike.

Operator

Thank you very much. Our next question is coming from Ashiv Shah of Waha Capital. Ashiv, your line is live.

Q: Thank you for the presentation. I have a couple of questions from the news that came last week. I know you said that the EBITDA margin impact from the Airbus software fix would be around high-single to low-double-digits. But could you also provide how much would the impact be on revenue, if any? And correct me if I'm wrong, that you said that the software be completed by tomorrow, right?

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Yeah. So look, again, as I was explaining before, we were 92% compliant with the upgrade. We have the downgrade now. Significant portion of the fleet, everything except, I believe, roughly two dozen aircraft, was a relatively simple upgrade, which was a software modification that didn't require that the box actually be removed from the plane. The other aircraft are the ones we're working through now, because they're slower, they need to be touched. Luckily, we're one of two dozen authorized facilities around the world to actually do that physical change. So, we've been doing that for the last couple of days. And we believe we should finish that sometime between today and tomorrow. So, again, the vast majority of the fleet was done by the end of the weekend. But these two dozen aircraft are the ones that we're touching. And, again, we'll be done between today and tomorrow.

The impact I'm quoting is essentially both a margin impact and a revenue impact. The way to think about it, Ashiv, is we closed sales – the moment we heard about this, we closed sales from last weekend through the 8th. A, because we didn't know how much capacity we were going to be able to fly; and B, because we needed that capacity to be able to recover passengers that were impacted by the significant disruption of the original few days. So as we reopen sales and we're now reopened, we need some time to figure

out how much of that revenue we will really recover, right? And that's really why we're being a little bit hesitant to peg a specific number on the impact, other than to tell you that in our modeling, we don't see it as very significant once it's sort of all said and done.

Q: Understood. Thank you. And just one more question. I think there was a news last week that there is a stoppage of flights from Avianca to and from Venezuela. So, could I ask just how much of the revenues come from that Venezuela route and what would be the impact on the total top-line and the EBITDA for Avianca?

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

It's not significant. Fred, do you want to address it? I mean, look, it was a very small route. It was an attractive route for us in driving regional connectivity, which we believe is important. And we've had healthy margins, but ultimately it was just very small. How many flights a week were we flying there, Fred?

Frederico Pedreira - Chief Executive Officer, Avianca Group International Limited

We were flying four flights a week in more than 5,000 weekly frequencies we have across, so it's a really small operation.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

It doesn't move the needle, right? And we hope to recover it when things calm down. But it's more generic kind of discussion.

Q: Understood. Thank you for taking my questions.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Yeah. Thank you.

Operator

Thank you very much. [Operator Instructions] And we have a question in from Michael Kaufman of Redwood Capital. Michael, your line is live.

Q: Great. Hello, team, thank you for the presentation and congrats on the strong quarter. Just one question if you have any commentary on what the demand outlook looks like, particularly in the international markets, not in the Domestic Colombia. Thank you.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Fred, do you want to take that one?

Frederico Pedreira - Chief Executive Officer, Avianca Group International Limited

Sure. Listen, we continue to see a very good environment both for fourth quarter and for the first quarter next year. And there are some markets that are performing better than others, as always. We continue to see, for instance, Europe very strong. Colombia, not just Colombia domestic, but point of sale Colombia also very strong. We are seeing SAM-SAM that holds. So, overall, in terms of our both fourth quarter, first quarter, we are booking curves are above last year. So, we continue to see a strong good demand environment. There's a couple of regions that I've mentioned in the past this year. There are, for us, still interesting and positive, but below last year, Central America and South America below last year. But, overall, we continue to see a strong demand environment.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

And Michael, one of the interesting things that is a corollary of the connectivity question that Mike Linenberg asked, but really a just sort of the way the network is maturing is we've been pretty good at sort of adjusting capacity on the fly and really adjusting flows on the fly, right, driving more connecting traffic from one market to another or more local traffic depending on demand patterns. And so, it's so far proven pretty resilient really in our ability to sort of move traffic patterns as we see demand flow. So, yeah, there's bright spots in our network. There's places that are a little weaker than we expected. There's nothing that's dramatic. And, overall, the performance is looking really solid, both rear-facing and forward-looking.

Q: Great. Thank you. I appreciate that color. If you can comment on it or you're comfortable doing so, do you have a sense as to when the network maturation will turn into positive PRASK?

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

You mean because we showed a slight couple dilution in PRASK this quarter. I think it's a good question, right? I think we're moving sort of along the line that we expected, right? And I think it was actually you that asked us about a year ago, how long we thought it was going to take to absorb sort of the big capacity deployment move we did a year ago. We said 12 to 18 months. We think most of that has now been absorbed, right? If you look at 83% load factors, it's starting to feel reasonably healthy. So, we should see that trend continued to drive a little bit of increased yield really on the lower, more forward-looking buckets. And so, pricing, we think, continues to improve, right? So we're there, right? Is it now? Is it over the next 3 months? Is it over the next 6 months? Hard to predict, but that's sort of where it's playing out today.

Q: Great. Thank you, Adrian. I also appreciate the comment before that stage length plays some role into this. But congratulations to the team. Thank you, everyone, for a strong quarter and running a great airline.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Okay. Thank you.

Operator

Thank you very much. We do have a question that's been submitted over the webcast, and the question reads, is the Wamos EBITDA expected to be relatively constant, i.e. we can annualize it, obviously there is some seasonality, et cetera? And that's coming from Chris Reddy at BNP Paribas.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

Chris, I'm hesitant to answer that question. Let me frame it this way. There is a very strong market right now for Wamos' product. Wamos' product is proving to be pretty unique in that, yes, it's in a widebody ACMI carrier, it's a very high service level, high good quality, hard and soft product and consistent and reliable ACMI carrier. What we found, and this is kudos to Enrique and his team, what we've found is that for many of Wamos' customers, the option ends up being doing business with Wamos or really not taking ACMI service. There's few places where people view it as a commodity long haul is a bit more sensitive for airlines when they're looking for ACMI.

And so, if you combine the fact that the product is pretty differentiated with the fact that there continues to be pretty significant scarcity of widebody capacity, it's in a really healthy place, right? Now, can you make that and project it to be recurring? I don't know, because we don't know how long it will last, right? I mean, it really depends on your view of the longevity of the widebody capacity. And, I think, we, as Abra are deploying more widebody capacity, because we're positive on that. But, I think, you need to form your own opinion on that one.

Operator

Thank you very much. And we have another question in from Mike Linenberg of Deutsche Bank. Mike, your line is live.

Q: Yeah. I just wanted to clarify on the yield and the stage length down 3%, 3.5%. Your stage length was up 6.2%, so on an adjusted basis, shouldn't that be at least flat, maybe even slightly up?

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

It is. So, there's a lot of movement. But that's my point, Mike, right, we're starting to be able to flex a little bit more pricing power, right? And so even on the absolute number, you should start seeing a positive trend in the next few quarters, right? Because as we load up the network a little bit more than we were able to last year, it just gets healthier, right? So, yeah, and that's a very good point.

Q: Yeah. No, great. Thanks for clarifying.

Operator

Thank you very much. Well, we appear to have reached the end of our question-and-answer session, so I will now hand back over to the Management team for any closing comments. Adrian, I'm handing to you.

Adrian Neuhauser - Chief Executive Officer of Abra Group Limited

No, with that, guys, one more common question that didn't come up. We did announce that Fred has made the decision to retire from the company. A lot of life changes and really sort of a very successful chapter that Fred has led for us. But with that chapter sort of coming to an end and Fred being a new father with a family split across countries, he has made the decision to leave us. So he's staying with us for February. He's active, as you can see from his participation in the call, and he's helping lead a transition.

Gabriel will be taking on a leadership role as President of the company that we've already announced, in addition to his COO role. So you should start seeing more and more of him. And we'll obviously keep you apprised as the transition progresses. We're very, very grateful to Fred for all the work he's doing to help us through this and really for all the work he's done over the past 5, 6 years.

So with that, I do want to close it up. I want to thank you all again for your time, effort, commitment, and the trust you put in us by investing in us every day. And we'll see you again in a few short months. Thanks, again.

Operator

Thank you very much. This does conclude today's conference call. You may disconnect your phone lines at this time and have a wonderful day. We thank you for your participation.

About Avianca:

Avianca, a Star Alliance member and part of Abra Group, encompasses Aerovías del Continente Americano S.A., Taca International Airlines S.A., Avianca Costa Rica S.A., Avianca Ecuador S.A., Aviateca S.A., Regional Express Américas S.A.S., LifeMiles, and Avianca Cargo. With over 105 years of operations in Colombia, Avianca is part of the leading airline group in Colombia, Ecuador, and Central America, and operates one of the largest route networks in Latin America, serving more than 150 routes, more than 700 daily flights, and a fleet of 140 Airbus A320 and Boeing 787 Dreamliner aircraft, connecting over 80 destinations across 25+ countries in the Americas and Europe. In 2024, Avianca transported nearly 38 million customers and operated more than 258,000 flights. Its loyalty program, LifeMiles, is one of the largest in Latin America, with over 14 million members and more than 400 partner merchants. In cargo transportation, Avianca Cargo is the leading operator in various markets across the Americas, connecting over 350 destinations through its 220 weekly cargo flights, passenger flight network, and interline agreements. For more information, visit www.avianca.com.

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Abra, a UK-based company, is one of the most competitive air transport groups in Latin America. It brings together the iconic Gol and Avianca brands under a single leadership and a strategic investment in Wamos Air, anchoring an airline network that has one of the lowest unit costs in its respective markets, leading loyalty programs across the region (LifeMiles and Smiles) and other synergistic businesses. In addition, Abra has a convertible debt representing a minority stake investment in Sky Airline Chile. The Group consolidates a team of around 30,000 highly qualified aviation professionals and a fleet of more than 300 aircraft, with scheduled flights serving over 25 countries and more than 140 destinations. Gol is one of Brazil's leading airlines, operating a standardized fleet of 143 Boeing 737 aircraft and employing 13,900 highly qualified professionals. Avianca, the second oldest airline in the world, operates more than 140 A320 and B787 passenger aircraft, as well as 6 cargo aircraft, and has more than 14,000 employees. Finally, Wamos Air is Europe's leader in wide-body ACMI operations, operating 13 A330 passenger aircraft. For more information, visit www.abragroup.net