4Q19 | Results

4Q19 Earnings Conference Call

Tuesday, September 1, 2020
Portuguese and English: 10:30 a.m. (BRT) | 09:30 a.m. (EST)
With simultaneous translation
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Code: CVC

Santo André, August 31, 2020: CVC Brasil Operadora e Agência de Viagens S.A. (B3: CVCB3) announces to its shareholders and other market participants its 4Q19 and 2019 results. The following financial and operational information are presented, except where indicated otherwise, in nominal Brazilian reais (R$), and in accordance with the Standards issued by Accounting Standards Committee - "CPC" and approved by Securities and Exchange Commission of Brazil – "CVM". The information herein should be read in conjunction with the financial statements for the fiscal year ended December 31, 2019 and accompanying Notes.

For comparison purposes, we present the 2018 results on a Pro forma basis, which includes the operations of Esferatur starting in April 2018, of Ola, from January to November 2018, of Bibam, from January to August 2018 and of Almundo, from November to December 2018.

4Q19	2019
Bookings: +26.3% (Pro forma: +8.2%)	**Bookings +28.4% (Pro forma: +9.0%)**
Adjusted Net Income: −R$ 61.8 million	**Adjusted Net Income R$ 47.4 million**
	Cash Generation of R$260.7 million
	(vs. −R$78.0 million in 2018)

Highlights

New Management and Administrative Structure

- New CFO (since January 2020) – Maurício Montilha and CEO (since April 2020) – Leonel Andrade, both with over 14 years of experience in their positions
- New Board of Directors (election in May 2020)
- New administrative structure in three blocks (Business Units, Support to Businesses and Customers, and Corporate Areas), to make the Company's Management more direct and focused on synergy gains between brands, services, products and operations

New Initiatives

- Continuous relationship with the client throughout the journey
- Continuous investment in the development of the Omnichannel Platform - Integrate online channels and physical store systems to offer clients a superior experience
- Operational Efficiency - Integrate business units and improve productivity
- Additional Opportunities to generate revenue with additional services and products

Digitalization

- New CVC.com website and app launched in June
- Dynamic budget fully implemented

EBITDA and Cash Generation

- Despite the 16.3% reduction in normalized EBITDA in 2019, due to the pressured margin, operating cash generation totaled R$260.7 million compared to -R$78.0 million in 2018, mainly due to improvements in working capital.

COVID-19 and Recovery

- The Covid19 pandemic significantly affected the tourism industry and the Company in the short term. Several actions are being successfully implemented in order to preserve the Company's liquidity, reduce costs and prepare for the industry's recovery.
- CVC is well prepared to lead the recovery of the tourism industry: i) the resumption of flights to national destinations; ii) the brand value in customers' perception; iii) the demand for assistance; and iv) suppliers who will seek the best partners to lever volumes.

Report Structure

In order to provide a more transparent communication and help the market follow the performance of our operations, as of this earnings release, we will present a breakdown of our operating performance for the three segments in which the Company operates: (1) B2C, which includes CVC, CVC.com, Submarino Viagens, Almundo Brasil and Experimento; (2) B2B, which includes Trend, VHC, Visual, Esferatur and RexturAdvance; and (3) Argentine Operations.

We present below the reporting structure that will be adopted as of this report.

1. Management Overview
2. Subsequent Events
3. Brazilian Operations: comments on the consolidated results from the Business Units in Brazil
4. Argentine Operations: comments on the consolidated results from the Business Units in Argentina
5. Comments on CVC Corp consolidated results

1. Management Overview

2019 was a year with many challenges and accomplishments for CVC Corp, while 2020 has been one of the most challenging years for the Company (and the tourism market) in its 48 years of existence, due to the world pandemic caused by the coronavirus (COVID-19). But we believe we will play an even greater role in the recovery of the market. As a result, the Company is restructuring and reviewing its strategy to take advantage of the opportunities that will arise from the recovery.

CVC Corp

Before discussing strategy, changes and perspectives, it is worth noting that we are the largest tourism platform in the Brazilian market, with a national presence (with access to over 12 thousand independent agents and more than 1.4 thousand exclusive stores) and strong brand recognition. CVC Corp is also the second largest company in the Argentine tourism industry, which places us as one of the market leaders in Latin America. In Brazil, we operate in the B2C segment, comprised of CVC, CVC.com, Submarino Viagens, Almundo Brasil and Experimento operations; in the B2B segment, comprised of Trend, VHC, Visual, Esferatur and RexturAdvance operations.

In Brazil, we have unique scale and national penetration, as well as a strong relationship with the industry's suppliers. We also have strong brand recognition, with our CVC brand being top of mind in all income levels and age groups. Another important pillar for the Company is business awareness in terms of customer assistance at all stages of travel, which obviously helps us become the most complete tourism platform and prepares us to take advantage of the opportunities that will arise from the recovery of the tourism market in the coming months.

The Company has been preparing to capture those opportunities, by restructuring and strengthening its team:

Change in Management

New CFO of the Company

On January 15, 2020, Mr. Maurício Teles Montilha took office as CVC Corp's new Chief Financial and Investor Relations Officer. During his term of office, Mr. Montilha will focus on integrating acquired companies (teams, systems, controls and governance), as well as capturing synergies and improving efficiency.

New CEO of the Company

On April 1, 2020, Mr. Leonel Dias de Andrade Neto took office as CVC Corp's new Chief Executive Officer. Mr. Leonel will face a great challenge during his term of office and use his extensive experience to help the Company follow through with its growth, digital transformation and customer knowledge plans, in addition to having an agenda focused on improving governance and transparency.

New administrative structure

In June 2020, the Company reorganized its administrative structure into three major blocks, to make the Company's Management more horizontal and focused on synergy gains between brands, services, products and operations, and, finally, to be more focused on the relationship throughout the customer's journey.:

- Business units:
  - B2C: includes CVC, CVC.com, Submarino Viagens, Almundo Brasil and Experimento
  - B2B: includes RexturAdvance, Esferatur, Trend, VHC and Visual
  - Argentina: Ola, Bibam and Almundo
- Support to businesses and customers:
  - Products: includes road trip, airfare and international products
  - Customers: includes CRM, pricing and revenue management and quality areas
  - Business development: includes strategic planning and new revenue/business
- Corporate areas:
  - Finance
  - People and Management
  - IT
  - Operations
  - Governance and Compliance

Election of CVC Corp's new Board of Directors

At the Extraordinary Shareholders' Meeting held in May 2020, three new members of CVC Corp's Board of Directors were elected. The term of office of the Board members will end at the Annual Shareholders' Meeting of 2022 (referring to the results of 2021).

Now, with a team ready to work and a new organizational structure, what will be our next step?!

New Initiatives

We established a new strategy based on four major pillars, with the purpose of building a better, longer lasting and recurring relationship with the customer, an omnichannel platform focused on improving customers' shopping and travel experiences by integrating physical and online channels; greater operational efficiency and productivity; and the pursuit of new revenue opportunities:

I. Customer Relations

a. Understand customers' behavior through data analysis and continuous relationship

b. Be a part of the inspirational stage of travel

c. Offer a complete and smooth travel experience, develop new products and unforgettable experiences

II. Omnichannel Platform

a. Integrate online channels and physical store systems to offer a truly omnichannel experience, with the following tools: i) website; ii) mobile/app; iii) stores; iv) phone – 24/7; v) video call; vi) chat/WhatsApp

III. Operational Efficiency

a. Integrate business units;

b. Improve systems, processes and software to increase productivity;

c. Use software and systems to improve and increase the efficiency of our relationship with the entire ecosystem of suppliers, stores and customers

IV. Additional Opportunities

a. Pursuit of new revenue sources and additional opportunities

The company has a robust and well-positioned platform; a seasoned team with a good mix of experiences in the tourism industry and in specific areas such as pricing, online business and development of new business; new initiatives to lead the recovery of the market, which has been significantly impacted by the COVID-19 pandemic.

The recovery is starting with national leisure destinations, given the restrictions on international travel, in addition to a slower return of the corporate travel, which is driven by meetings, fairs and conventions. In addition, we believe customers will be increasingly searching for solid companies and recognized by the market and will demand increasing assistance in this uncertain environment. CVC has the largest store network in the market, as well as partners at all destinations, including employees at the main destinations to provide assistance, in addition to our 24-hour centralized support.

Another important factor in the tourism ecosystem is based on the solidity and reliability of its participants. That makes CVC a highlight and important partner in all aspects.

With regard to digitalization, we have already made significant progress, such as developing a new online platform for CVC.com, a new website and a new app, launched in June/20, as previously mentioned.

Capitalization

In order to promote this growth and prepare the Company to strengthen its cash position and take advantage of all the opportunities arising from the recovery of sales and the market, on July 10, the Company announced through a material fact and notice to shareholders a capitalization process. The instrument for this capitalization will be a private capital increase of at least R$200 million and at most R$302 million, through the issue of up to 23.5 million shares at the price of R$12.84/share. The period to subscribe for shares will be between July 15 and August 13, 2020.

This first round was concluded on August 14, 2020 with the subscription of R$269 million, 89% of the total. The apportionment of unsubscribed shares began on August 19, 2020.

On August 25, 2020, the period to subscribed the unsubscribed shares in the context of the capital increase was closed. The number of subscribed shares was 2,032,646 at a subscription price of R$12.84 per share, totaling R$26.1 million.

In addition, shareholders who subscribe will be entitled to a subscription warrant. The Company will issue 23.5 million subscription warrants and each subscription warrant will give its holder the right to subscribe 1.33 common shares. The exercise price of each warrant will be the same as the capital increase, R$12.84/share implicit in each warrant, and, therefore, the resulting capital increase from the exercise of the warrants will be up to R$401 million. The period to subscribe for shares will be between December 1, 2020 and January 29, 2021.

Now, after addressing the challenges and opportunities we see ahead, we would like to discuss two important issues that affected the Company's results in 2019 and previous years: the accounting error and the impacts related to Avianca's crisis, as follows.

Accounting Distortions

During the elaboration of its financial statements for the fiscal year of 2019, evidence of errors in the accounting of amounts transferred to tourism service providers related to the revenues of such providers, in undue adjustments in the margin of tourism services intermediation, and incorrect accounting entries not properly corrected that resulted in an increase in the Company's margins. As described below, since the identification of these distortions, a broad independent examination process was initiated and allowed the Company to identify material flaws in its internal controls that resulted in material distortions in certain accounting lines.

These distortions were reported on a Material Fact Notice released on July 7, 2020 as accounting errors and were estimated at that time at approximately R$350 million. The final result of the examination reported a total adjustment related to the distortions in the amount of R$362 million, allocated as follows:

(i) R$117.0 million were allocated to the fiscal year 2019, reducing the parent company's net revenue by R$97.5 million and the consolidated net revenue by R$111.8 million, and an increase in expenses with foreign exchange variation of R$5.3 million at the parent company and consolidated levels. These reductions were mainly caused by adjustments in the accounts advancement to suppliers and advanced travel agreements. These adjustments are incorporated in the financial statements for the fiscal year ended December 31, 2019, not requiring any restatements;

(ii) R$ 111.9 million were allocated to the fiscal year 2018, reducing the parent company's net revenue by R$ 97.7 million and the consolidated net revenue by R$ 104.0 million, and an increase in expenses with foreign exchange variation of R$ 7.9 million at the parent company and consolidated levels. These reductions were mainly caused by adjustments in the accounts Advancement to Suppliers, Advanced Travel Agreements and Suppliers; and

(iii) R$ 133.4 referred to fiscal years prior to 2018, reducing the Company's equity as of January 1, 2018 by that amount. This reduction was mainly caused by adjustments in the accounts Advancement to Suppliers and Advanced Travel Agreements.

The impact of the adjustments mentioned above on the Company's net income was reduced by a credit related to the recovery of income tax and social contribution paid unduly, estimated by the Company at approximately R$44.0 million.

The distortions identified by the Company comprise the period between 2015 and 2019 and are the result of material flaws in the internal controls.

It is worth noting that, as announced on February 28, the examination of the accounting errors was carried out independently and conducted by the Audit Committee, with the participation of an *ad hoc* member.

In addition, we would like to point out that, since the distortions were identified, the Company has reinforced its processes, controls and systems, in a continuous improvement effort to prevent any errors from occurring again. More details about the examination process and improvements implemented are available at the notes to the financial statements for the fiscal year of 2019.

Avianca

As we had announced at the end of 3Q19, we were expecting future expenses from civil lawsuits and contingencies related to Avianca. At the time, the Company also announced that it had established a new structure to manage and coordinate this issue, which significantly reduced the expected level of losses and the subsequent impact on results. In 4Q19, the Company recorded approximately R$8.5 million related to this matter and we do not expect this amount to exceed R$15 million in 2020. Therefore, the combined amounts of R$23.5 million remained below the lower limit of the R$30-40 million range mentioned in the 3Q19 earnings release.

2. Subsequent Events

COVID-19

On January 31, 2020, the World Health Organization (WHO) announced that the coronavirus (COVID-19) was a global health emergency. The outbreak led governments and private sector entities to make important decisions, which, together with the potential impact of the outbreak, increased the level of uncertainty for economic agents and may cause the following significant impacts on our financial statements.

Management is constantly assessing the impact of the outbreak on the Company's operations and financial position, with the purpose of implementing appropriate measures to mitigate such impacts in the operations and financial statements.

Since the beginning of this situation, the Company has implemented measures focused on its customers, employees, partners and financial health. In relation to its customers, the Company has been following the guidelines by the relevant authorities and policies from suppliers to accommodate their needs, offering support to those who were traveling and options to reschedule or give credits to those who have trips scheduled during this period of the pandemic and travel restrictions. This support to customers has been offered by our network of more than 1,400 stores (of which approximately 979 are currently open), by our partner travel agents and through our digital and phone customer service channels. In cases in which the reimbursement of airline tickets is possible, we forward the requests to the airlines, that have a period of up to twelve (12) months for the refund of the amounts to the customers, as established in Provisional Measure No. 925, of March 18, 2020. For lodging and other services, the eventual refund of amounts shall occur within twelve (12) months, as of the end of the state of public calamity decreed by the Federal Government, as established in Provisional Measure No. 948, of April 8, 2020. Such Provisional Measures are subject to their conversion into law.

Aiming to preserve the well-being and safety of its employees and partners, the Company adopted measures to prevent the dissemination of COVID-19 in its offices, including: setting up crisis rooms to offer immediate assistance to customers; providing daily communications to employees by means of the people and management team; holding only videoconference meetings; and having 100% of the team work remotely since the beginning of the crisis. The Company has also been giving support to its franchise network and partner agents by offering guidelines on how to treat customers and employees in the current situation. We are working together with the authorities to obtain credit lines for the sector's small entrepreneurs.

In addition, to mitigate the impacts regarding its financial health, the Company has successfully implemented several measures, as previously announced:

I) Reducing the working hours by 50% from April 1 to July 1 for all employees, except for specific cases, of people acting on urgent matters

II) Reducing the wages of the Board of Executive Officers and the Board of Directors by 50% from April 1 to July 1

III) Suspending new hirings and promotions

IV) Freezing vacancies

V) Freezing overtime bank and prohibiting additional overtime

VI) Postponing all non-priority investments and projects

VII) Suspending all marketing investments

VIII) Renegotiating terms and conditions of payments to suppliers

IX) Returning all charters until May 31, 2020

The Company has successfully implemented all the previously announced measures to preserve its financial condition and started planning for the recovery of the market, including the development and strengthening of commercial partnerships and furthering of digital and customer relationship tools. Additionally, with the reduction measures implemented, the Company's recurring monthly expenses (payroll, taxes, investments in priority projects and interest expense on its debt) were reduced to a monthly average of R$52 million throughout the second quarter of 2020.

Actions and measures above taken aside, the Company has identified to date relevant impacts of the pandemic on its operations in the first quarter of 2020, as follows:

I) ***Impairment.*** The significant reduction in the operations of the Company and its subsidiaries throughout 2020 and the prospects related to the resumption of activities in the travel and tourism sector indicate the impossibility of recovery of certain assets, requiring the registration of an impairment provision in the first quarter of 2020, in the amount of approximately between R$ 400 and R$ 600 million, related to intangible assets originated by the acquisition of companies, mainly in Argentina. However, it is worth mentioning that these impacts have no effect on cash and, in the case of Argentina, do not include the technology platform, which has been supporting CVC Corp's digitalization process as a whole.

II) ***Reversion of deferred taxes.*** Also related to the significant reduction in the operations of the Company and its subsidiaries and the resulting risk of operational continuity, the Company recorded a provision for the loss of deferred tax credits related to accumulated losses and temporary differences that, given the current scenario, are not likely to be used within a reasonable period (though they can still be used in the future) in the approximate amount of R$335 million. This provision can be reverted at any moment due to the capital increase mentioned in Note 31.4 to the financial statements for the fiscal year of 2019 and if new financing is secured to meet the R$603 million in debentures due in November 2020.

III) ***Expenses with cancellations and refunds of future trips.*** The current scenario of the travel and tourism segment imposed on the Company a greater volume of travel cancellations, which reached R$96 million by June 30, 2020. These cancellations generated losses related to amounts already paid by CVC and that are not recoverable (related, for example, to commissions and credit card fees) of approximately R$13 million. Additionally, the Company incurred costs of approximately R$3 million related to the repatriation of passengers during the COVID-19 pandemic;

IV) ***Increased defaults.*** The current economic scenario generated an increase in the number of Company clients defaults that currently corresponds to R$72 million, related to outstanding balances to be received from customers and franchises, with low expectation of recovery;

V) ***Other losses.*** The current scenario relating to the travel and tourism segment has imposed on the Company losses related to contracts with suppliers that include credits for use in the future, originated from advanced payments and that have already been made (related, for example, to hotels, airlines and ships) of approximately R$16 million.

In addition, the Company currently has a balance of approximately R$380 million with airlines, referring to tickets already paid and that may generate additional losses if any airline terminates its operations without honoring or transferring these tickets to another company. However, it is not possible at the present time to estimate the potential loss involved.

As a consequence, the total impact expected on the Company's results due to COVID-19 will be approximately R$950 million, R$846 million of which (or 89% of the total) has no effect on cash. It is important to note that of the effects having an impact on cash: i) R$16 million have already occurred, related to fees already paid and the cost to repatriate customers; ii) R$16 million in other losses should have its impact in the long term; and iii) R$72 million should happen still in 2020, referring to the increase in default.

Renewal of Loan

On March 5, 2020, the Company secured a U$90.0 million loan with Citibank, simultaneously entering into a swap agreement, altering the exposure from foreign exchange variation plus interest to CDI ("Interbank Deposit Certificate") + 1.50% pa. The operation was carried out in the context of the renewal of the bridge loan in the amount of US$77 million. Maturity was extended from June 2020 to one installment of US$13 million due in December 2022, and 2 installments of US$38.5 million in July 2022 and 2023. This transaction contributed to an additional cash inflow, as well as to the improvement of short term cash flow with the longer maturity.

Note on the Preliminary Unaudited Financial Statements

On 07/31/2020, the final reports of the independent accounting and investigative review were concluded. These reports were prepared by the Special Examination Commission, convened by the Board of Directors to evaluate indications of accounting distortions. Due to the significant and adverse impacts revealed by these reports on the Company's results, the Company, in order to provide greater transparency and keep the markets duly informed, opted to release the best information known at the time. Thus, the Company released, on August 3, 2020, preliminary and non-audited financial statements for the year ended December 31, 2019, with the disclaimer that the information contained in the preliminary unaudited financial statements were subject to changes resulting from the audit.

The independent auditor's work concluded, the final financial statements for the fiscal year ended December 31, 2019 presented changes in relation to the information preliminarily released. We list below the main changes incorporated into the consolidated financial statements compared to the unaudited financial statements:

Main changes included in the Consolidated Financial Statements:

i) Net income for the year 2018 was reduced by R$ 11,820, mainly by negative adjustments in Net Revenues of R$4,938 and revision of the estimate for income tax provisions, with an increase of R$5,922; and

ii) Net income for the year 2019 was reduced by R$48,964, mainly by negative adjustments in Net Revenues of R$ 51,400 due to increased provisions for boarding fees of R$23,210, cancellation of contracts of R$9,499 and transfers to suppliers of R$18,011; increase in General and Administrative expenses of R$ 14,424 due to adjustments in provisions for social charges and additional costs with external auditors; improved financial results in R$ 10,919 and an impact of R$ 6,428 due to the reduction in the provision for income tax and social contribution related to the final adjustments listed above..

Cash flow statements did not present any changes in Decrease (increase) in net cash and cash equivalent for the years 2018 and 2019. However, adjustments and reclassifications were made in several lines of aforementioned Statements:

i) Net Cash from operations for the year 2018 was increased by R$26,353, net cash used in investment activities increased by R$ 55,904, and net cash from financing activities increased by R$ 22,613 mainly due to reclassification of lines.

ii) Net Cash from operations for the year 2019 increased by R$51,217, net cash used in investment activities decreased by R$ 139,158 and net cash from financing activities decreased by R$ 190,375, mainly due to the reclassification of remaining amounts payable related to acquisitions as financing activities and reclassification of capital increases related to acquisitions as investing activities.

Note on the 4Q Results

During 4Q19, the Company made revisions to its processes and procedures, concurrently with the examination and remediation of the financial distortions. As a result, provisions and adjustments for the year of 2019 were concentrated on 4Q19, making the comparison with 4Q18 more difficult. To facilitate the understanding of the Company's performance, we present the results for 4Q19 on a Pro forma basis, reflecting the adequate allocation of reclassifications, provisions and adjustments. Additionally, we present below for your reference Net revenue, EBITDA and margins for the other quarters of the year adjusted by these effects.

CVC corp	1Q19	1Q19 Pro Forma	2Q19	2Q19 Pro Forma	3Q19	3Q19 Pro Forma
Net Revenue	467.7	424.1	389.9	361.1	447.2	411.7
Net Revenue Margin	11.5%	10.3%	9.9%	9.2%	10.1%	9.4%
EBITDA Normalized	204.7	163.9	128.2	92.8	183.3	128.8
EBITDA Normalized Margin	43.8%	38.6%	32.9%	25.7%	41.0%	31.3%

The main adjustments made in 4Q19 were: i) revision and adequacy of the criteria for provisions for doubtful accounts; ii) reclassification of lines from fixed assets to expenses; iii) adjustments in net revenues pertaining to the accounting distortions.

3. Brazilian Operations

CVC corp	4Q19	4Q19 Pro Forma	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
Bookings - Brazil	**3,924.3**	**3,924.3**	**3,909.6**	**0.4%**	**3,540.4**	**10.8%**	**15,438.7**	**14,484.1**	**6.6%**	**13,261.9**	**16.4%**
Leisure Exclusive Stores - units	1,425	1,425	1,322	7.8%	1,322	7.8%	1,425	1,322	7.8%	1,322	7.8%
Experimento Exclusive Stores - units	66	66	62	6.5%	62	6.5%	66	62	6.5%	62	6.5%
Bookings / Boardings [1] - Brazil	**4,127.1**	**4,127.1**	**4,020.5**	**2.7%**	**3,651.3**	**13.0%**	**15,467.7**	**14,199.0**	**8.9%**	**12,976.8**	**19.2%**
Net Revenue - Brazil	**225.5**	**333.4**	**399.0**	**-16.4%**	**380.4**	**-12.4%**	**1,441.4**	**1,446.8**	**-0.4%**	**1,388.2**	**3.8%**
Net Revenue Margin [2]	5.5%	8.1%	9.9%	-1.8 p.p.	10.4%	-2.3 p.p.	9.3%	10.2%	-0.9 p.p.	10.7%	-1.4 p.p.
EBITDA Normalized - Brazil [3]	**(100.3)**	**30.1**	**126.0**	**-76.1%**	**120.2**	**-75.0%**	**405.3**	**475.4**	**-14.7%**	**458.8**	**-11.7%**
EBITDA Margin	-44.5%	9.0%	31.6%	-22.6 p.p.	31.6%	-22.6 p.p.	28.1%	32.9%	-4.7 p.p.	33.0%	-4.9 p.p.
Adjusted Net Income [4]	**(200.4)**	**(58.7)**	**40.6**	**-244.4%**	**36.8**	**-259.4%**	**46.8**	**149.4**	**-68.7%**	**138.5**	**-66.2%**
Adjusted Net Income Margin	-88.9%	-17.6%	10.2%	-27.8 p.p.	9.7%	-27.3 p.p.	3.2%	10.3%	-7.1 p.p.	10.0%	-6.7 p.p.

1 Total bookings: bookings and boardings that are used as a basis for net revenue
2 Percentage of net revenue over bookings (boarded in the case of CVC, Experimento, Trend and Visual and confirmed in the case of RexturAdvance, SV and Esferatur).
3 Brazil Normalized EBITDA considers Avianca's extraordinary effect and excludes bank slip expenses from non-bank financial institutions
4 Adjusted net income is calculated through net income, adjusted by items that we understand to be non-recurring or that do not affect our cash generation (refer to the "Net Income" item) and excludes net income attributed to the non-controlling companies. It also excludes Avianca's extraordinary effect.

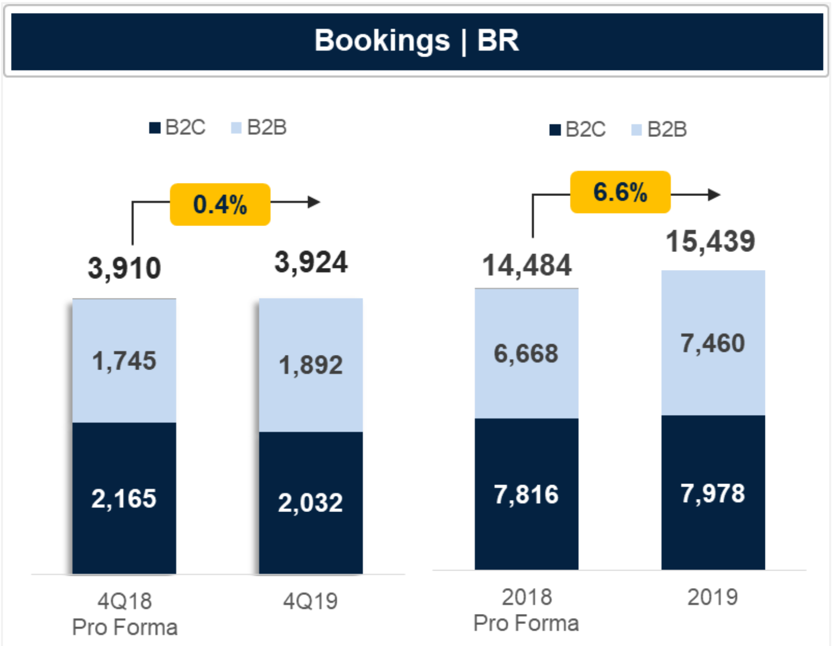
Operating Result

In Brazil, CVC Corp bookings totaled R$3,924.3 million in 4Q19, 0.4% up on 4Q18 on a Pro forma basis. The performance was significantly impacted by exogenous effects, notably the oil accident in the Northeast of Brazil. The slower recovery of the Brazilian economy also contributed to the already expected slowdown in growth of bookings. Compared to 4Q18 accounting, bookings increased by 10.8% in 4Q19.

In 2019, bookings reached R$15,438.7 million, an increase of 6.6% compared to 2018 Pro forma.

Take-rate decreased by 184 bps in 4Q19, as a result of a more competitive environment and price reductions implemented in the quarter, furthering the reduction trend already observed in previous quarters. In 2019, the take rate was down 87 bps compared to 2018 Pro forma.

	4Q19	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
B2C	2,032	2,165	-6.1%	2,165	-6.1%	7,978	7,816	2.1%	7,816	2.1%
B2B	1,892	1,745	8.4%	1,375	37.6%	7,460	6,668	11.9%	5,446	37.0%
Bookings Brazil	**3,924.3**	**3,909.6**	**0.4%**	**3,540.4**	**10.8%**	**15,438.7**	**14,484.1**	**6.6%**	**13,261.9**	**16.4%**



Considering the segments of operations, bookings in B2C segment, comprised of CVC, CVC.com, Submarino Viagens, Almundo and Experimento, fell by 6.1% in 4Q19 when compared to 4Q18, reaching R$2,032 million. This decline may be explained by the effect of the oil on the beaches in the Northeast, given that this is one of the main domestic destinations with higher volume at the end of the year , and the increased competition in the online segment. In the year, B2C bookings grew by 2.1%, totaling R$7,978 million. The expected decline in the growth pace was the result of higher air ticket prices in the market, added to lower consumer confidence, foreign exchange volatility, and, specially, exogenous factors (Avianca, technical problems with Boeing 737 Max airplanes, macroeconomic and political environment in Brazil and Argentina).

In the B2B segment, comprised of Trend, VHC, Visual, Esferatur e RexturAdvance, bookings continued on its growth trend, increasing by 8.4% in 4Q19 compared to 4Q18. The performance was benefited by the increase in the mix of bookings from RexturAdvance and Trend, as well as by the increase in the average ticket, given that this segment is less flexible to price fluctuations.
In the year, B2B bookings grew by 11.9%, mostly due to higher average ticket.

Passengers

In 4Q19, we recorded around 3.4 million passengers, an increase of 9.8% over 4Q18 on a Pro Forma basis. In 2019, we recorded 12.6 million passengers, 14.8% up on 2018 on a Pro forma basis.

	4Q19	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
Pax	3,347.8	3,049.0	9.8%	3,049.0	9.8%	12,612.5	10,991.2	14.8%	10,991.2	14.8%

[1] Passengers boarded in the case of CVC, Trend, Visual and Experimento, and passengers who bought the ticket in the case of RexturAdvance, Esferatur and Submarino Viagens

Revenue

	4Q19	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
Bookings / Boardings [1] - Brazil	**4,127.1**	**4,020.5**	**2.7%**	**3,651.3**	**13.0%**	**15,467.7**	**14,199.0**	**8.9%**	**12,976.8**	**19.2%**
B2C	2,184.4	2,210.9	-1.2%	2,210.9	-1.2%	8,017.9	7,519.5	6.6%	7,519.5	6.6%
B2B	1,942.7	1,809.5	7.4%	1,440.4	34.9%	7,449.8	6,679.5	11.5%	5,457.3	36.5%
Net Revenue - Brazil	**333.4**	**399.0**	**-16.4%**	**380.4**	**-12.4%**	**1,441.4**	**1,446.8**	**-0.4%**	**1,388.2**	**3.8%**
B2C	192.4	272.5	-29.4%	272.5	-29.4%	946.4	973.9	-2.8%	973.9	-2.8%
B2B	141.0	126.4	11.5%	107.9	30.7%	495.0	472.9	4.7%	414.4	19.5%
Margin [2]	**8.1%**	**9.9%**	**-1.8 p.p.**	**10.4%**	**-2.3 p.p.**	**9.3%**	**10.2%**	**-0.9 p.p.**	**10.7%**	**-1.4 p.p.**
Margin B2C [2]	8.8%	12.3%	-3.5 p.p.	12.3%	-3.5 p.p.	11.8%	13.0%	-1.1 p.p.	13.0%	-1.1 p.p.
Margin B2B [2]	7.3%	7.0%	0.3 p.p.	7.5%	-0.2 p.p.	6.6%	7.1%	-0.4 p.p.	7.6%	-0.9 p.p.

In Brazil, CVC's total bookings grew by 2.7% in 4Q19 versus 4Q18 on a Pro forma basis, reaching R$4,127 million. This increase was mainly due to the upturn in the B2B segment (+7.4%), which more than offset the decline in the B2C segment (-1.2%), strongly impacted by the accident in the Northeast region and the macroeconomic environment.

In the year, total bookings increased by 8.9% versus 2018 on a Pro forma basis, as a result of the increase in the mix of bookings from the units (RexturAdvance and Trend), higher average ticket for the corporate segment and hotel sales driven by the new SV hotel web mobile platform.

Net revenue from Brazilian business unit fell by 16.4% in 4Q19 when compared to 4Q18 on a Pro forma basis, totaling R$333.4 million, as a result of the 184 bps reduction in the consolidated take rate (margin), which stood at 8.1% in 4Q19, versus 9.9% in 4Q18 on a Pro forma basis. This result was due to: i) a worse mix, as a result of the increased share in bookings of the B2B segment, which has the lowest margin; ii) the impact related to Avianca, which offered relatively better conditions in 2018 and mainly impacted the online segment; and iii) the effect related to a more aggressive discount and pricing policy, which impacted the B2C segment, as announced in the 3Q19 earnings release.

In 2019, net revenue came to R$1.4 billion, a slight decrease of 0.4% on a Pro forma basis compared to 2018, or 3.8% on an accounting basis. It is important to note that these figures already consider the adjustments in revenue related to the accounting distortions in all periods.

Operating Expenses

	4Q19	4Q19 Pro Forma	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
Selling	100.2	81.3	78.4	3.7%	78.0	4.1%	301.6	266.1	13.3%	264.9	13.8%
General and administrative	156.6	159.6	149.4	6.8%	137.1	16.4%	564.1	543.1	3.9%	502.9	12.2%
Other operating expenses	46.4	39.7	24.3	63.5%	24.1	64.4%	86.2	75.8	13.7%	75.4	14.4%
Recurring Operating Expenses	**303.2**	**280.6**	**252.0**	**11.3%**	**239.3**	**17.2%**	**951.8**	**885.1**	**7.5%**	**843.1**	**12.9%**
Bank fee slips	22.6	22.8	21.1	8.1%	21.1	8.1%	84.3	87.0	-3.1%	87.0	-3.1%
Recurring Operating Expenses Incl. Bank Slips	**325.8**	**303.3**	**273.1**	**11.1%**	**260.4**	**16.5%**	**1,036.1**	**972.1**	**6.6%**	**930.2**	**11.4%**
Non-Recurring Items[1]	-78.6	-72.9	-57.2	27.5%	-57.2	27.5%	-72.7	-9.4	676.3%	-9.4	676.3%
Avianca Extraordinary Effect	8.5	8.5	0.0	n/a	0.0	n/a	142.6	0.0	n/a	0.0	n/a
Depreciation and Amortization	26.1	23.0	20.4	12.5%	20.3	13.0%	82.8	66.8	24.0%	66.5	24.6%
PPA Amortization	13.4	12.9	10.7	21.0%	10.7	21.0%	49.5	42.6	16.3%	42.6	16.3%
Operating Expenses	**295.2**	**274.8**	**247.0**	**11.3%**	**234.2**	**17.4%**	**1,238.3**	**1,072.1**	**15.5%**	**1,029.9**	**20.2%**

[1] Non-recurring items, in accordance with the new criteria adopted as of 3Q17, which only considers the compensation of the CEO and VPs at the time exceeding the new compensation plan at CVC Corp, amortization of franchise contracts (until 2022) and the operations in Rio de Janeiro (ending in 2018). This quarter, we also considered as non-recurring the credit related to the reversal of a contingent liability established in the acquisition of Trend and expenses totaling in consulting services related to such matter.

The Company's recurring operating expenses grew by 11.3% in 4Q19 year on year on a Pro forma basis. Considering the increase in bank slip expenses in the same extent, recurring operating expenses, considering the bank slip fee, increased by 11.1% on a Pro Forma basis. This increase was a result of higher: i) selling expenses, mainly related marketing due to campaigns we carried with partners out throughout 2019 (increase of R$6.4 million); consulting agencies, mostly related to M&A (increase of R$4.1 million) and, most importantly, iii) increase in other operating expenses, specially increased provisions for contingencies, due to adjustments in the provision criteria for civil lawsuits (increase of R$5.7 million) and adjustment account with airline companies, previously allocated in the margin and is now reported under the other operating expenses (increase of R$9.1 million).

In 2019, the Company's recurring operating expenses, including the bank slip fee, came to R$1.0 billion, 6.6% up on 2018 on a Pro forma basis.

Including non-recurring items, as well as depreciation, Avianca's extraordinary effect and PPA amortization, operating expenses totaled R$274.8 million, 11.3% down from 4Q18 on a Pro forma basis. In 2019, operating expenses increased by 15.5% when compared to 2018 on a Pro forma basis, totaling R$1.2 billion.

We present below the breakdown of selling expenses.

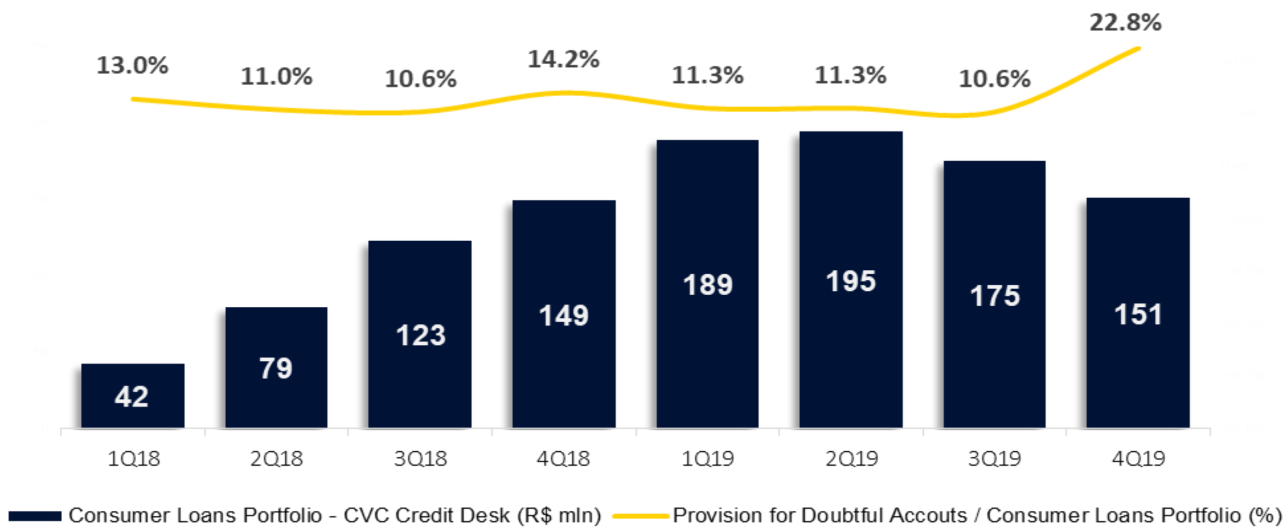
	4Q19	4Q19 Pro Forma	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
Selling	**100.2**	**81.3**	**78.4**	**3.7%**	**78.0**	**4.1%**	**301.6**	**266.1**	**13.3%**	**264.9**	**13.8%**
Provision for Doubtful Accounts	31.1	11.4	15.0	-24.0%	15.0	-24.0%	45.6	36.8	24.0%	36.8	24.0%
Marketing	42.3	43.1	36.6	17.5%	36.5	18.0%	161.0	141.7	13.6%	141.1	14.1%
Credit Card Fees	26.8	26.8	26.7	0.3%	26.5	1.0%	95.0	87.6	8.4%	87.0	9.2%

This quarter, the Company increased its allowance for doubtful credit, reaching 3.4% of Net revenues in 4Q19 compared to 3.8% in 4Q18 Pro forma. The increase in marketing expenses, 17.5% in 4Q19 and 13.6% in 2019 reflect the campaigns we implemented with partners during 2019.

Coverage ratio of portfolio balance

With the recovery of the allowance for doubtful credit balance, the coverage ratio averaged around 13.6% in 2019, versus 12.3% in 2018.

Higher allowance for doubtful credit balance due to the increased of losses with the final calculation of 2018 crop, growth of CVC's own financing and an updated provisioning policy based on the default increases observed.

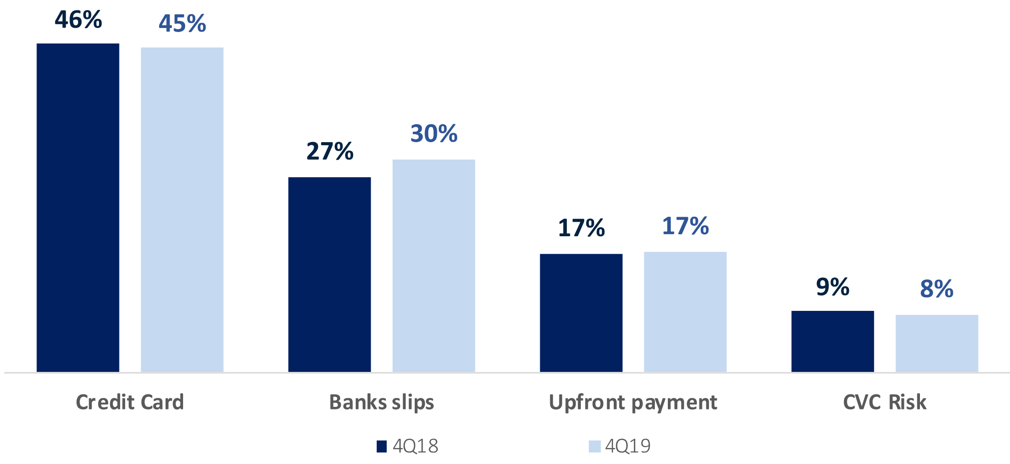


% Own Financing:

5%	**7%**	**9%**	**9%**	**11%**	**10%**	**8%**	**8%**

It is also worth mentioning that the share of CVC's own financing accounted for 8% in 4Q19, versus 9% in 4Q18 and 10% in 3Q19. The highlight of other means of payment was the increased share of non-bank financial institutions, which accounted for 30% in 4Q19, versus 27% in 2018.

The share of credit card payments slightly fell, from 46% in 4Q18 to 45% in 4Q19, while payments in cash remained stable, accounting for 17%.



EBITDA

	4Q19	4Q19 Pro Forma	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
Net income	**(157.1)**	**(18.7)**	**72.9**	**-125.6%**	**69.0**	-127.0%	**(4.0)**	**149.2**	**-102.7%**	**138.3**	-102.9%
(+) Financial expenses	49.1	46.0	44.9	2.4%	45.0	2.2%	201.9	171.2	17.9%	171.4	17.8%
(+) Income tax and social contribution	52.0	52.0	43.8	18.7%	41.8	24.3%	91.3	137.1	-33.4%	131.5	-30.6%
(+) Depreciation and amortization	39.5	35.9	31.1	15.4%	31.0	15.8%	132.4	109.4	21.0%	109.1	21.3%
(+) Others [1]	0.0	0.0	0.0	n/a	0.0	n/a	(0.0)	0.7	-100.3%	0.7	-100.3%
EBITDA	**(16.5)**	**115.2**	**192.7**	**-40.2%**	**186.9**	**-38.3%**	**421.6**	**567.7**	**-25.7%**	**551.0**	**-23.5%**
(+) Extraordinary Remuneration [2]	(69.7)	(70.9)	(45.7)	55.2%	-45.7	55.2%	(74.6)	(5.2)	1324.7%	-5.2	1324.7%
(+) Extraordinary effects from Avianca	8.5	8.5	0.0	n/a	0.0	n/a	142.6	0.0	n/a	0.0	n/a
(-) Bank fee slips	-22.6	-22.8	-21.1	8.1%	-21.1	8.1%	-84.3	-87.0	-3.1%	-87.0	-3.1%
EBITDA Normalized - Brazil	**(100.3)**	**30.1**	**126.0**	**-76.1%**	**120.2**	**-75.0%**	**405.3**	**475.4**	**-14.7%**	**458.8**	**-11.7%**
Margin	-44.5%	9.0%	31.6%	-22.6 p.p.	31.6%	-22.6 p.p.	28.1%	32.9%	-4.7 p.p.	33.0%	-4.9 p.p.

[1] Net income of stores acquired in Rio de Janeiro in 4Q16

[2] This amount exceeds the amount proposed by Mercer for the compensation of executive officers in 2018 and other non-recurring items in 2019, as described in the "Operating Expenses" section.

CVC Corp's normalized EBITDA from Brazilian operations came to R$30.1 million in 4Q19, 76.1% down from 4Q18 on a Pro forma basis. This decrease is the result of (i) slower growth of bookings, at 0.4% in 4Q19, (ii) lower take-rate resulting from the sales mix and competitive environment, from 9.9% in 4Q18 Pro forma to 8.1% in 4Q19; (iii) R$65.6 million reduction in net revenues in4Q19 versus 4Q18 Pro forma; (iv) increase in expenses, mainly provisions for contingencies due to adjustments in the provision criteria for civil lawsuits (increase of R$5.7 million) and adjustment account with airline companies, previously allocated in the margin and now reported under other operating expenses (increase of R$9.1 million).

In 2019, normalized EBITDA from Brazilian operations reached R$405.3 million, 14.7% down from 2018 on a Pro Forma basis, with a margin of 28.1%.

Net Income

	4Q19	4Q189 Pro Forma	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
Net income	**(157.1)**	**(18.7)**	**72.9**	**-125.6%**	**69.0**	-127.0%	**(4.0)**	**149.2**	**-102.7%**	**138.3**	-102.9%
(-) Minority Stake	0.0	0.5	3.3	-86.2%	3.3	-86.2%	0.5	2.6	-82.8%	2.6	-82.8%
Net income to shareholders	**(157.1)**	**(19.1)**	**69.6**	**-127.5%**	**65.7**	-129.1%	**(4.5)**	**146.5**	**-103.1%**	**135.7**	-103.3%
(+) Extraordinary Remuneration [1]	0.0	0.0	-30.8	-100.0%	-30.8	-100.0%	0.0	-4.0	-100.0%	-4.0	-100.0%
(+) Franchisee agrement amortization	-0.7	1.6	1.6	1.0%	1.6	1.0%	6.4	6.5	-1.8%	6.5	-1.8%
(+) Extraordinary effects from Avianca (net)	6.7	5.6	0.0	n/a	0.0	n/a	94.1	0.0	n/a	0.0	n/a
(+) Others	-49.2	-46.8	0.3	n/a	0.3	n/a	-49.2	0.4	n/a	0.4	n/a
Adjusted Net Income	**(200.4)**	**(58.7)**	**40.6**	**-244.4%**	**36.8**	**-259.4%**	**46.8**	**149.4**	**-68.7%**	**138.5**	**-66.2%**
Adjusted Net Income Margin	-88.9%	-17.6%	10.2%	-27.8 p.p.	9.7%	-27.3 p.p.	3.2%	10.3%	-7.1 p.p.	10.0%	-6.7 p.p.

[1] This amount exceeds the amount proposed by Mercer based on market peers, net of taxes

As a result of the items mentioned above, net loss from Brazilian operations came to R$18.7 million in 4Q19, compared to a net income of R$72.9 million in 4Q18 on a Pro forma basis. Excluding extraordinary and non-recurring items, adjusted net loss totaled R$58.7 million in 4Q19. In 2019, adjusted net income reached R$46.8 million, 68.7% down from 2018 on a Pro Forma basis.

4. Argentine Operations

	4Q19	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
Bookings - Argentina	**751.2**	**410.0**	**83.2%**	**160.4**	**368.4%**	**1,843.8**	**1,365.7**	**35.0%**	**196.0**	**840.7%**
Net Revenue	**39.6**	**39.4**	**0.4%**	**14.8**	**167.1%**	**128.5**	**143.8**	**-10.7%**	**19.0**	**576.6%**
Net Revenue Margin [2]	5.3%	9.6%	-45.2%	9.2%	-4.0 p.p.	7.0%	10.5%	-33.8%	9.7%	-2.7 p.p.
EBITDA	**-11.3**	**-1.9**	**482.1%**	**-3.4**	**237.2%**	**-1.0**	**8.6**	**-112.0%**	**-3.4**	**-69.8%**
EBITDA Margin	-28.6%	-4.9%	479.9%	-22.6%	-5.9 p.p.	-0.8%	6.0%	-113.4%	-17.9%	17.1 p.p.
Adjusted Net Income / Loss	**-3.2**	**-21.5**	**-85.1%**	**-8.7**	**-63.4%**	**0.6**	**-26.2**	**-102.2%**	**-9.8**	**-105.8%**
Net Income Margin	-8.1%	-54.6%	-85.2%	-59.0%	50.9 p.p.	0.4%	-18.2%	-102.4%	-51.6%	-52.0 p.p.

Bookings in the case of Biblos + Boarding in the case of Ola Transatlantica

Bookings in Argentine operations came to R$751.2 million in 4Q19, already considering the acquisition of Almundo in December. Net revenue totaled R$39.6 million, 0.4% up on 4Q18. In 2019, bookings came to R$1.8 billion, up 35% on 2018 on a Pro Forma basis.

EBITDA was negative by R$ 11.3 million in 2019, compared to the negative result of R$ 1.9 million on a pro forma basis in 2018. This result can be explained by the lower take rate of the business, with a lower transfer margin with airline companies and higher fees paid to agents, impacts related to foreign exchange devaluation and the increase in operating expenses

5. CVC Corp Consolidated Results

The following table shows CVC Corp results (figures in millions of R$, except when otherwise indicated).

	4Q19	4Q19 Pro Forma	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
Bookings	**4,675.6**	**4,675.6**	**4,319.6**	**8.2%**	**3,700.8**	**26.3%**	**17,282.5**	**15,849.8**	**9.0%**	**13,458.0**	**28.4%**
Bookings / Boardings [1]	**4,878.4**	**4,878.4**	**4,453.0**	**9.6%**	**3,823.6**	**27.6%**	**17,311.5**	**15,919.3**	**8.7%**	**13,184.7**	**31.3%**
Net Revenue	**265.1**	**373.0**	**438.4**	**-14.9%**	**395.2**	**-5.6%**	**1,569.9**	**1,590.6**	**-1.3%**	**1,407.2**	**11.6%**
Net Revenue Margin [2]	5.4%	7.6%	9.8%	-2.2 p.p.	10.3%	-2.7 p.p.	9.1%	10.0%	-0.9 p.p.	10.7%	-1.6 p.p.
Adjusted EBITDA [3]	**(111.6)**	**18.8**	**123.9**	**-84.8%**	**116.7**	**-83.9%**	**404.3**	**483.2**	**-16.3%**	**454.6**	**-11.1%**
Adjusted EBITDA Margin	-42.1%	5.0%	28.3%	-23.2 p.p.	29.5%	-24.5 p.p.	25.8%	30.4%	-4.6 p.p.	32.3%	-6.6 p.p.
Adjusted Net Income [4]	**(199.8)**	**(61.8)**	**47.0**	**-231.5%**	**28.1**	**-320.4%**	**47.4**	**151.6**	**-68.8%**	**129.2**	**-63.3%**
Adjusted Net Income Margin	-75.4%	-16.6%	10.7%	-27.3 p.p.	7.1%	-23.7 p.p.	3.0%	9.5%	-6.5 p.p.	9.2%	-6.2 p.p.
Adjusted EPS [5]	**-0.79**	**-0.24**	**0.32**	**-56.5%**	**0.19**	**-43.5%**	**0.19**	**1.03**	**-84.7%**	**0.88**	**-69.4%**
Net Income	**(154.1)**	**(19.9)**	**74.9**	**-126.6%**	**55.9**	**-135.6%**	**(1.9)**	**145.8**	**-101.3%**	**123.4**	**-101.5%**
ROIC [6]	**17.7%**	**18.1%**	**23.2%**	**-5.1 p.p.**	**23.2%**	**-5.1 p.p.**	**18.1%**	**23.2%**	**-5.1 p.p.**	**23.2%**	**-5.1 p.p.**
Net Debt / EBITDA (x) [7]	**2.95x**	**2.95x**	**2.01x**	**0.95x**	**2.01x**	**0.95x**	**2.95x**	**2.01x**	**0.95x**	**2.01x**	**0.95x**

[1] Total bookings: bookings and boardings that are used as a basis for revenue
[2] Percentage of net revenue over total bookings
[3] Normalized EBITDA considers Avianca's extraordinary effect and excludes bank slip expenses from non-bank financial institutions
[4] Adjusted net income is calculated through net income, adjusted by items that we understand to be non-recurring or that do not affect our cash generation (refer to the "Net Income" item) and excludes net income attributed to the non-controlling companies. It also excludes Avianca's extraordinary effect
[5] Adjusted net income divided by the average number of shares in the quarter
[6] Return on Invested Capital in Brazilian operations in the last 12 months. In 4Q18, the Company changed the methodology used to calculate ROIC, adjusting EBIT in accordance with financial revenues arising from advance payments to suppliers (operating) and bank slip fees, and considering the effective income tax rate due to the benefit of goodwill
[7] Net debt (including accounts payable from acquisitions) + factored receivables to adjusted EBITDA

Financial Expenses

	4Q19	4Q19 Pro Forma	4Q18 Pro Forma	vs 4Q18 Pro Forma	4Q18	vs 4Q18	2019	2018 Pro Forma	vs 2018 Pro Forma	2018	vs 2018
Total financial expenses	**45.4**	**39.4**	**71.1**	**-44.6%**	**63.5**	**-38.0%**	**175.4**	**170.6**	**2.8%**	**155.5**	**12.8%**
Financial Expenses [1]	36.9	30.8	46.4	-33.5%	45.6	-32.3%	145.9	115.9	26.0%	106.9	36.5%
Interest on acquisitions [2]	2.4	2.4	10.0	-76.2%	3.1	-24.3%	12.6	21.7	-42.0%	15.5	-18.8%
Other [3]	6.1	6.1	14.7	-58.3%	14.7	-58.3%	16.9	33.0	-48.9%	33.0	-48.9%
Total financial income	**4.9**	**4.9**	**(25.9)**	**118.9%**	**(25.9)**	**-118.9%**	**(37.9)**	**(63.9)**	**-40.8%**	**(63.9)**	**-40.8%**
Financial Expenses (net)	**50.3**	**44.2**	**45.2**	**-2.2%**	**37.6**	**17.7%**	**137.6**	**106.7**	**28.9%**	**91.5**	**50.3%**
Exchange variation	(15.7)	(12.3)	(5.7)	115.4%	(5.7)	115.6%	(14.7)	5.1	-388.5%	1.7	-992.3%
Bank Slip Fee	22.6	22.8	21.1	8.1%	21.1	8.1%	84.3	87.0	-3.1%	87.0	-3.1%
Financial Expenses (net) - Adjusted	**57.3**	**54.7**	**60.6**	**-9.7%**	**52.9**	**3.3%**	**207.1**	**198.8**	**4.2%**	**180.2**	**14.9%**
Extraordinary Effect	11.0	11.0	14.0	-21.4%	14.0	-21.4%	14.3	14.0	2.1%	14.0	2.1%
Financial Expenses (net) - Total	**68.3**	**65.7**	**74.6**	**-11.9%**	**66.9**	**-1.8%**	**221.4**	**212.8**	**4.0%**	**194.2**	**14.0%**

[1] Financial expenses mainly related to bank loans and fees on financial services, including expenses with interest referring to credit card advance payments
[2] Accumulated interest related to the acquisitions of RexturAdvance, Submarino Viagens and Experimento
[3] Expenses mainly related to bank fees

Total adjusted financial expenses fell by 9.7% in 4Q19 when compared to 4Q18 on a Pro forma basis, mostly due to favorable foreign exchange variations on intercompany loans in Argentina. In 2019, adjusted financial expenses increased by 0.9% when compared to 2018 on a Pro forma basis.

Investments

CVC Corp's investments, mainly concentrated on the Company's technological development, totaled R$27.2 million in 4Q19, accounting for 7.3% of net revenue in the period, as shown in the following table. In 2019, total investments came to R$147.0 million, mainly due to the development of technology platforms and systems in order to accelerate the Company's digitalization process.

CVC corp	4Q19	4Q18	vs 4Q18	2019	2018	vs 2018
Investments (CAPEX)	**27.2**	**12.2**	**123.7%**	**127.7**	**89.8**	**42.2%**
Net Revenue	373.0	395.2	-5.6%	1,569.9	1,407.2	11.6%
% of Net Revenue	**7.3%**	**3.1%**	**4.2 p.p.**	**8.1%**	**6.4%**	**1.8 p.p.**

Cash Flow

In the year, the Company's operating cash generation totaled R$261 million, versus cash consumption of -R$78 million in 2018, as presented in the table below, mainly due to reduced working capital consumption, strongly impacted by the reduction in advances to suppliers.

	2019	2018
Net Income	**-2**	**123**
Non-cash Itens	232	228
(Increase) / decrease in working capital	31	-430
Cash Flow From Operations	**261**	**-78**
Capex	-128	-90
Cash Flow From Operations, net of Capex	**133**	**-168**
Investments (acquisitions)	-228	-67
Cash Flow net of Investments	**-95**	**-235**
Loans and Variation in receivables anticipation	397	322
Capital Raise and Treasury Shares	0	-32
Payment of interest	-92	-79
Others	-189	-90
Cash flow from financing activities	**117**	**122**
Cash flow from the period	**21**	**-114**
Cash balance in the beginning of the period	344	332
Cash balance in the end of the period	366	218

For management purposes, the Company adds factored receivables to cash flow

The main changes to working capital accounts are shown below:

Changes in Working Capital (R$ million)

	2019	2018
Accounts receivable	-26	-609
Suppliers / Advance to suppliers	74	-122
Advanced of travel agreements	55	267
Prepaid expenses	2	7
Other (net)	-73	28
Change in Working Capital	**31**	**-430**

Changes in working capital were heavily impacted by the reduction in the advances to suppliers, including Avianca and other airline companies, as well as actions taken by the Company to optimize the flow of accounts payable and receivable, such as charging the boarding fee on the first installment in the case of airfare.

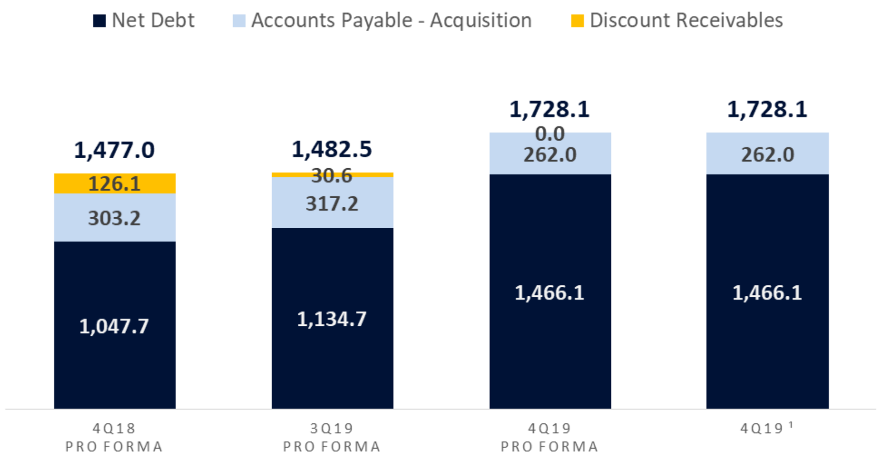
Days of Working Capital

	4Q19	4Q18
Accounts receivable	64	86
Suppliers	-21	-19
Advance to suppliers	15	18
Advanced of travel agreements	-41	-52
Prepaid expenses	2	2
Other (net)	-2	-3
Total WK Days	**17**	**32**

Return on Invested Capital (ROIC) – CVC Corp

¹ New methodology that includes in EBIT bank slip fees and revenues arising from advance payments to suppliers and considers the effective income tax rate due to the benefit of goodwill, applicable only to Brazilian operations

Net Debt (R$ million)



Leverage ratio²:	**2.01x**	**1.87x**	**2.66x**	**2.95x**

¹ Excludes factored receivables. This index is used for debt agreements.
² Net Debt / Normalized EBITDA

The net debt balance totaled R$1,047.7 million and R$1,466.1 million in 4Q18 and 4Q19, respectively. Including debt related to acquisitions, CVC Corp's net debt came to R$1,728.1 million on December 31, 2019, representing a leverage ratio of 2.95x.

Statement of Financial Position - CVC Corp (R$ million)

Assets	Statutory Dec 31, 2019	Statutory Dec 31, 2018	Managerial Dec 31, 2019	Managerial Dec 31, 2018
Current Assets				
Cash & Cash Equivalents	366	344	366	344
Marketable securities	-	-	-	-
Derivative Instruments	-	30	-	30
Accounts Receivable**	3.083	3.012	3.083	3.138
Advances to Suppliers	719	670	719	670
Prepaid Expenses	79	84	79	84
Recoverable Taxes	152	165	152	165
Accounts Receivable - Related Party	-	-	-	-
Other	84	25	84	25
Assets of discontinued operations	-	-	-	-
Total Current Assets	**4.484,3**	**4.331**	**4.484**	**4.457**
	-	-		
Non-Current Assets				
Related Party	12	7	12	7
Deferred Taxes	335	296	335	296
Fixed Assets	66	39	66	39
Judicial Deposit	90	82	90	82
Prepaid Expenses	5	0	5	0
Intangible Assets	1.756	1.075	1.756	1.075
Investments	-	1	-	1
Other	62	9	62	9
Right of Use Assets	87	-	87	-
Total Non-Current Assets	**2.414**	**1.510**	**2.414**	**1.510**
	-	-		
Total Assets	**6.898**	**5.841**	**6.898**	**5.967**

Liabilities and Shareholder´s Equity	Statutory Dec 31, 2019	Statutory Dec 31, 2018	Managerial Dec 31, 2019	Managerial Dec 31, 2018
Current Liabilities				
Factored receivables **	-	-	-	126,1
Loans and financing	313	554	313	554
Debentures	613	57	613	57
Financial Instruments	5	11	5	11
Suppliers	1.022	705	1.022	705
Acconts Payable - Related Party	3	2	3	2
Acconts Payable - Acquisition of investees	86	68	86	68
Acconts Payable - Acquisition of Subsidiary			-	-
Advanced of travel agreements	1.957	1.902	1.957	1.902
Salaries & Social Charges	80	93	80	93
Taxes Payable and Contribution	56	41	56	41
Imposto de Renda e Contribuição Social Correntes	107	126	107	126
Accounts payable for acquisition of control	3	4	3	4
Dividends payable	56	4	56	4
Lease liabilities	19	-	19	-
Other	164	155	164	155
Total Current Liabilities	**4.484**	**3.721**	**4.484**	**3.847**
	-	-		
Non-Current Liabilities				
Loans and financings	-	4	-	4
Debentures	906	799	906	799
Provision for Legal Claims	371	357	371	357
Accounts payable - related parties	127	129	127	129
Accounts payable of acquisition of subsidiary	62	59	62	59
Deferred Tax Liabilities	56	17	56	17
Other	18	11	18	11
Liabilities of leasing	74	-	74	-
Total Non-Current Liabilities	**1.615**	**1.377**	**1.615**	**1.377**
	-	-		
Shareholders' Equity				
Capital Stock	663	533	663	533
Capital Reserve	-179	-73	-179	-73
Profit reserve	319	385	319	385
Other Comprehensive Income (loss)	-11	-78	-11	-78
Treasury shares	-	-	-	-
Additional dividend proposal			-	-
Retained earnings	-21	0	-21	0
Earnings of the exercise			-	-
Non-controlling interests	28	-25	28	-25
Total Shareholders' Equity	**799**	**743**	**799**	**743**
TotalLiabilities and Shareholders' Equity	**6.898**	**5.841**	**6.898**	**5.967**

Statement of Income - CVC Corp (R$ million) - Accounting

Accounting Income Statment - CVC Corp	2019	2018	2018 Pro Forma
Net Revenue	**1,570**	**1,407**	**1,591**
Selling	-339	-273	-290
General and Adminstrative	-674	-578	-648
Depreciation and Amortization	-152	-114	-130
Equity Equivalence	0	0	0
Other operating expenses	-128	5	-79
Income before financial results	**277**	**448**	**444**
Financial income, net	-215	-194	-199
Income before tax and social contribution	**62**	**253**	**245**
Tax and Social Contribution - current	-88	-140	-114
Tax and Social Contribution - deferred	24	10	15
Net Income from Continuing Operations	**-2**	**124**	**146**
Net income from Discontinuing Operations (net of taxes)	0	0	0
Net Income	**-2**	**123**	**146**