



# GOL Airlines | Presentation

*November 2019*





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## Brazilian Market Leader

- ASKs
- Passengers Transported
  - Corporate Sales
  - Customer Satisfaction



**+127 Aircraft**

- Order for 130 Boeing 737MAX



**+450 Million**

- Passengers Transported



18 years  
popularizing  
air travel  
in Brazil



**15.500**

- Employees
- 1,600 Pilots

**Smiles**

**+16 Million**

- Customers in Leading FFP Program



**+104 Destinations**

- 34 Regional Destinations
- 15 International Destinations



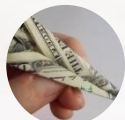
## Lowest Cost Operations

CASK significantly below competition



## Best Positioned in Main Airports

Leading position at busiest airports



## Affordable Fares

80% of tickets sold @ USD 60 or less



## Most Reliable and Lean Operations

High utilization, fast turnaround, on-time-performance, safety standards, lowest lost baggage



## Strong Brand Awareness

Brazil's Top of Mind Brand  
Brazil's largest FFP

Leveraged capabilities to sell in Direct Channels



## Adapted to Diverse Segments

Market leader in both leisure and business traffic



## Flexible Business Model

Successful managing market volatility



- **Experience:** over 60 years of combined tenure at GOL
- **Consistency:** experience managing through all economic cycles
- **Commitment:** only all-Brazilian team
- **Productivity:** highly efficient; unique corporate culture



		Years at GOL	Years of Business Experience
<b>Paulo Kakinoff</b> Chief Executive Officer	<ul style="list-style-type: none"> <li>• CEO 2012 – present</li> <li>• Board member 2011 – 2012</li> </ul>	9	22
<b>Richard Lark</b> Chief Financial Officer	<ul style="list-style-type: none"> <li>• CFO 2003 – 2008, 2016 – present</li> <li>• Board member 2008 – 2016</li> </ul>	17	30
<b>Captain Celso Ferrer</b> Vice President, Operations	<ul style="list-style-type: none"> <li>• VP, Planning 2015 – 2019</li> <li>• Active GOL B737 Pilot</li> </ul>	17	19
<b>Eduardo Bernardes</b> Vice President, Sales and Marketing	<ul style="list-style-type: none"> <li>• VP Sales &amp; Marketing, 2015 – present</li> </ul>	18	23



1

■ **Market Leader with Irreplaceable, Highly Defendable Network**

2

■ **World-Class Low Cost Operator: Better than Peers**

3

■ **Best-in-Class Operations and Service: Driving Loyalty**

4

■ **Best Positioned to Benefit from Brazil Economic Scenarios**

5

■ **Right-sized Balance Sheet with Strong Liquidity Position**

6

**Track Record in Delivering Results and Guiding Investors**

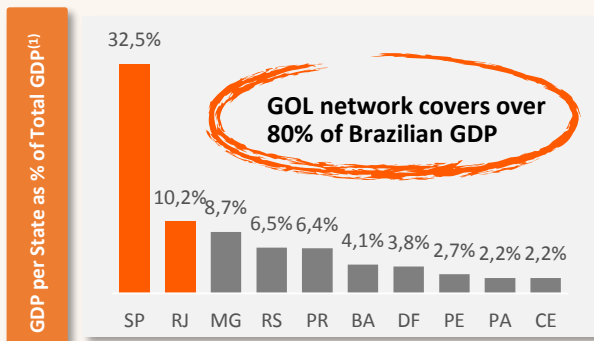
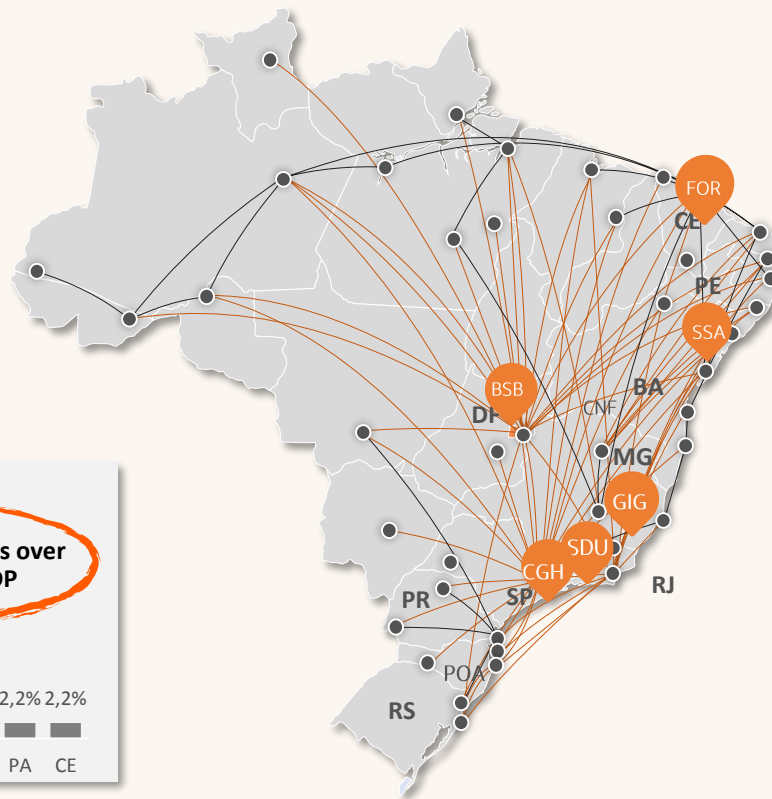




## GOL's Network Covers the Majority of Brazil's Population and GDP

### Leading Market Positioning

- GOL is the #1 player in Brazil's main airports
- GOL's network covers over 80% of Brazil's GDP
- High-value network focused on higher-yielding business traffic: the #1 airline for business travelers





**From 61  
domestic  
destinations  
served in 2018  
to 104 in 2019**



**GOL**

- MAP
- Passaredo
- TwoFlex
- Novos Destinos GOL
- Destinos GOL

**MAP**  
LINHAS AÉREAS

**PASSAREDO**  
OPERACIONAL

**twoFlex**  
TRABALHADO INTELIGENTE

**GOL Network: the broadest domestic and most extensive regional in Brazil**



**+R\$ 420 MM**

Additional investments  
in regional markets



**+34 New  
Destinations**

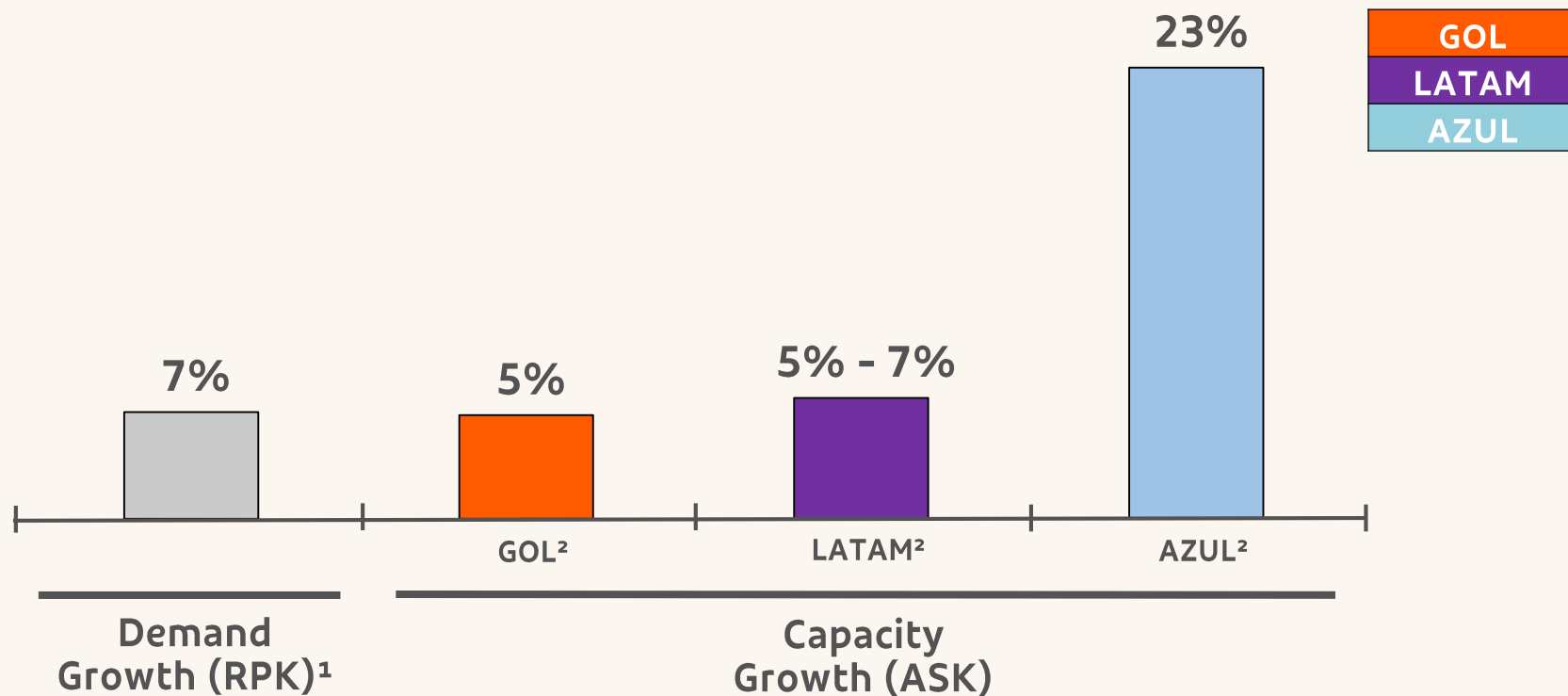
Regional code-share  
agreements



**+9 New  
Destinations**

Operated by GOL





<sup>1</sup> ABEAR – Domestic Demand Growth (RPK) 2018 vs 2019;

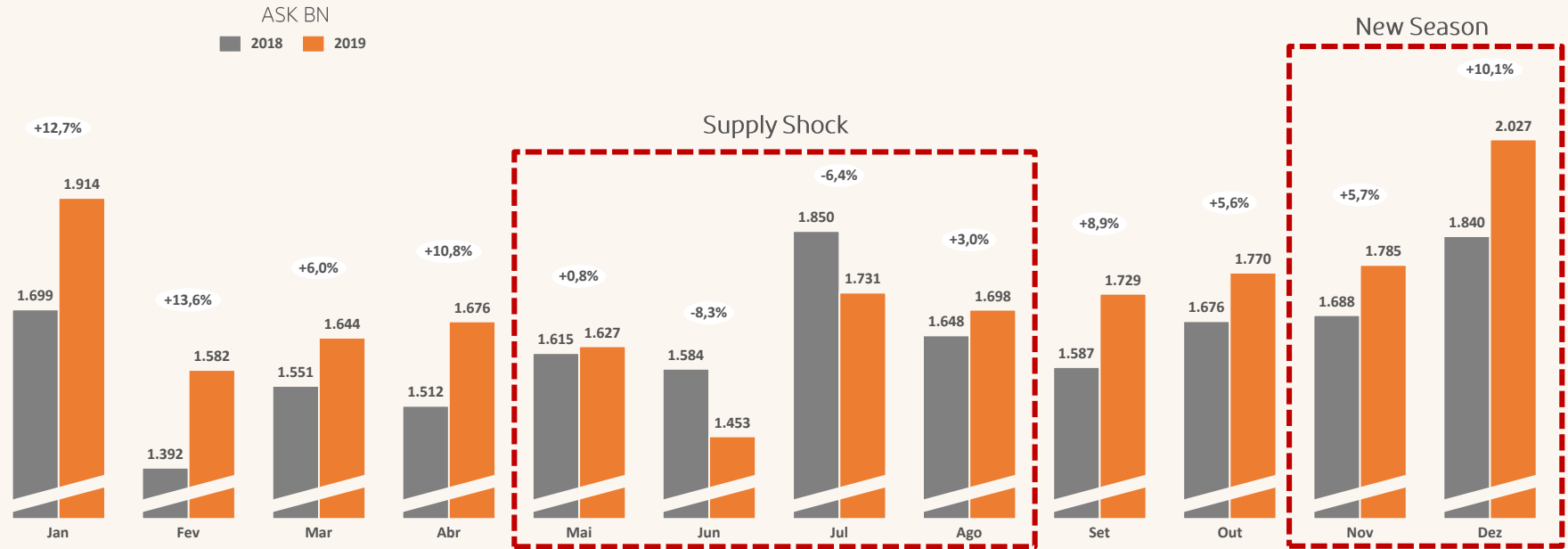
<sup>2</sup> Source: Company Guidance – Domestic Supply Growth (ASK) 2019 vs 2018;

# Brazil Domestic Market | Supply Growth



	3Q19A		4Q19E		1Q20E	
	% Growth YoY	Share of Growth	% Growth YoY	Share of Growth	% Growth YoY	Share of Growth
GOL	3.7%	2.3 p.p	8.3%	2.1 p.p	13.7%	3.3 p.p
LATAM	9.6%	4.0 p.p	17.7%	4.9 p.p	12.7%	2.5 p.p
AZUL	30.5%	6.4 p.p	32.2%	5.6 p.p	31.5%	5.5 p.p
Others*	25.6%	1 p.p	49.4%	1 p.p	130.7%	1 p.p
<b>TOTAL Ex-O6</b>	11.8%	100 p.p	17.1%	100 p.p	18.0%	100 p.p
<b>Indústria</b>	<b>-2.6%</b>	100 p.p	<b>2.2%</b>	100 p.p	<b>4.2%</b>	100 p.p
<b>Sequential Increase</b>	<b>9.5%</b>		<b>4.0%</b>		<b>2.3%</b>	
<b>Cumulative Increase</b>	<b>9.5%</b>		<b>13.5%</b>		<b>15.8%</b>	

- Ex Avianca (O6)
- Source: Diio

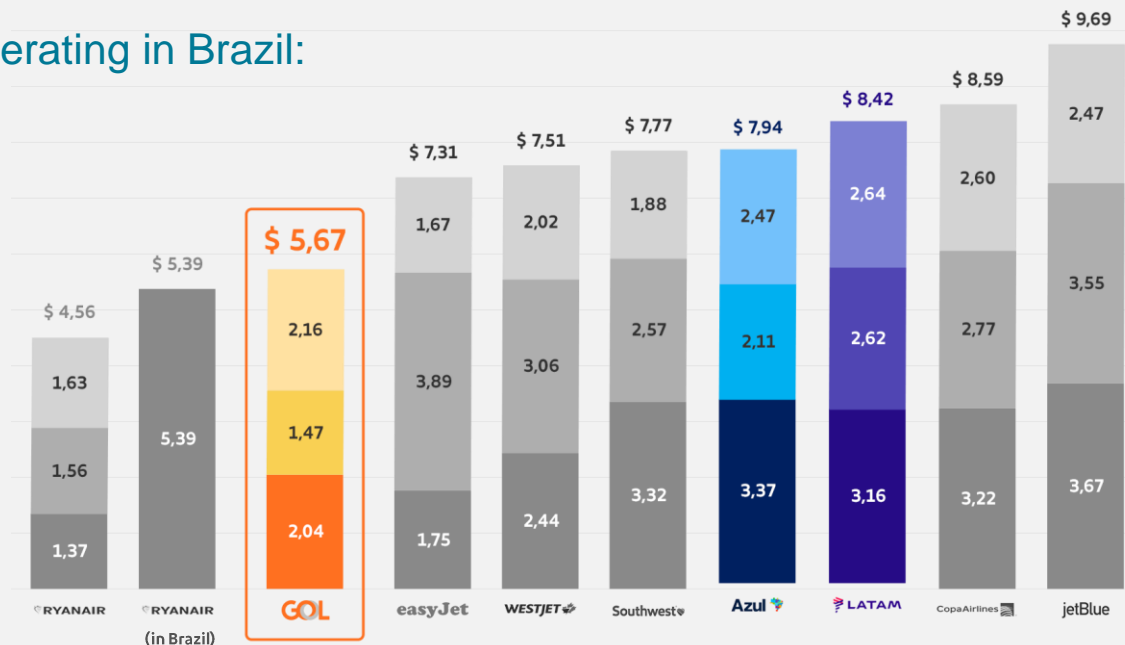


- The replacement of O6's supply did not occur uniformly in all airports in Brasil
- For example, at Guarulhos Airport (GRU) capacity increases have been in the double-digits.



## GOL is the only true LCC model operating in Brazil:

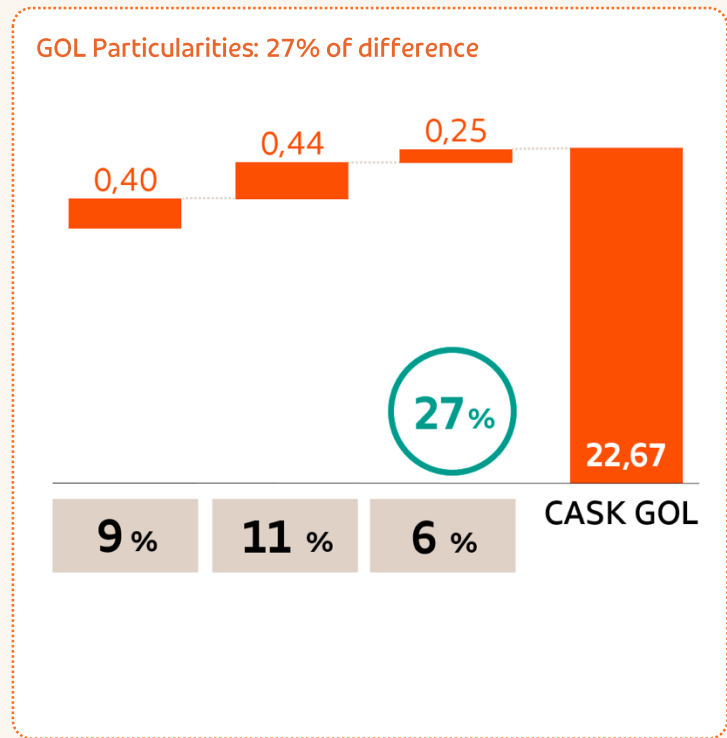
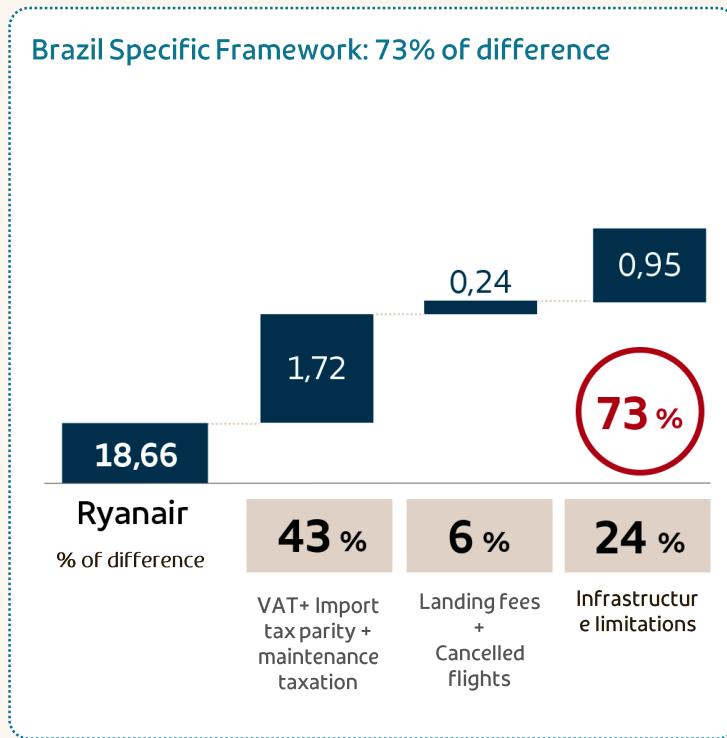
- Efficient single type fleet of B737s (aircraft configuration, type and size optimizes cost per seat and creates market flexibility)
- High aircraft utilization (13 BH/day GOL)
- The LCC model always wins (increased network scale and passenger flow)
- Competitors don't have cost structure to offer the lowest fares
- Lower CASK (global standards of competitiveness)



■ Fixed
 ■ Variable
 ■ Fuel



CASK (2018)  
adjusted by  
average stage  
length



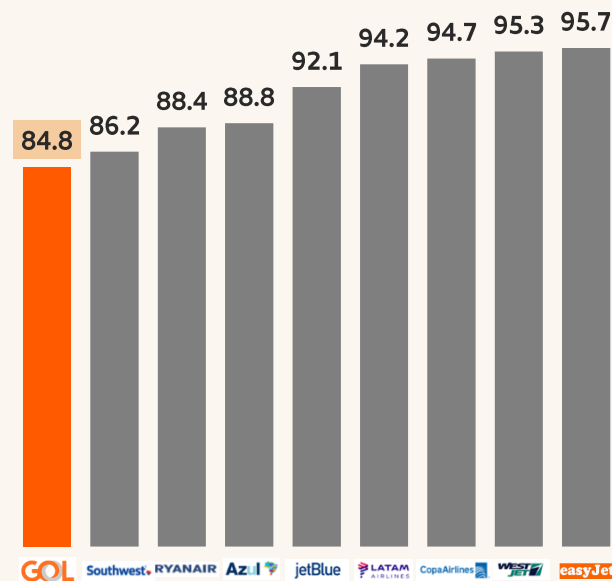
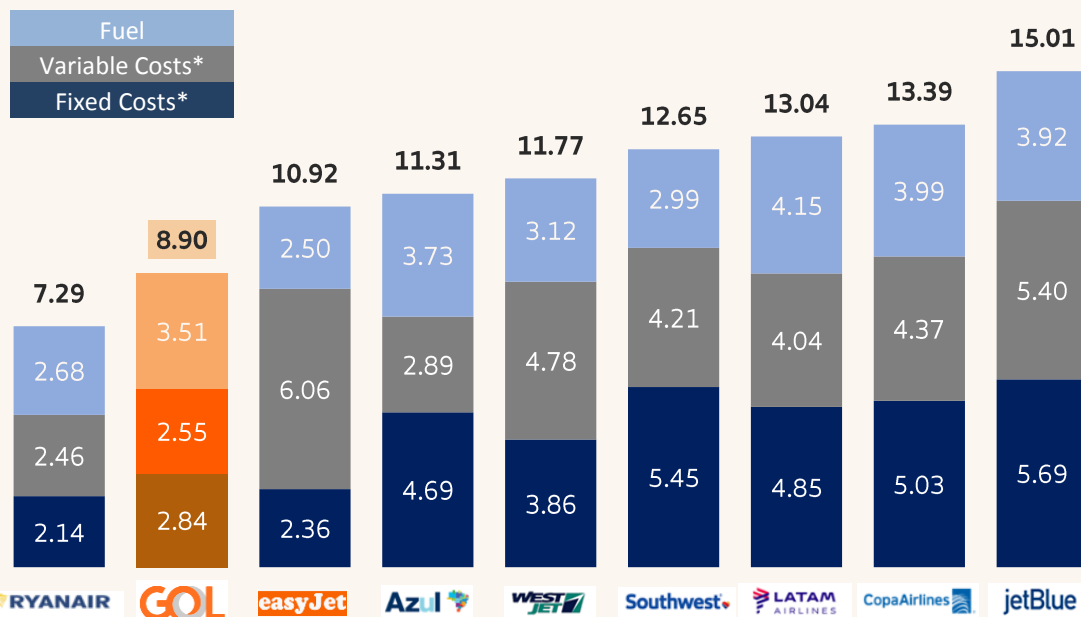
**Unique Value Proposition  
vs. other Low-cost Carriers**

- Internet, Movies, Live TV
- USB and In-power Seat
- Onboard Magazine
- Domestic Lounge
- Best Customer Proposition
- More Legroom and Recline
- Free Snacks and Beverages
- Differentiated Onboard Service



## Estimate of Costs Adjusted by the Average Stage Length / ASM (CASM, US\$ cents)

## Operating Costs / Net Revenue (total, %)



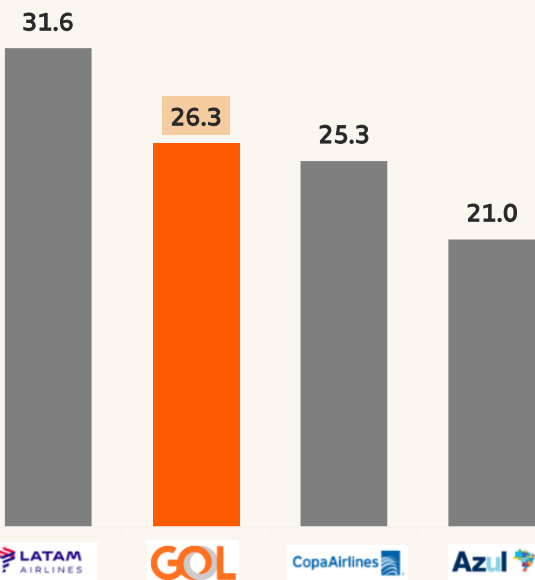
(\*) "Other Costs" were allocated in 50% fixed / 50% variable

Notes: GOL and other companies with LTM 2T19; The average exchange rates were updated in each period.

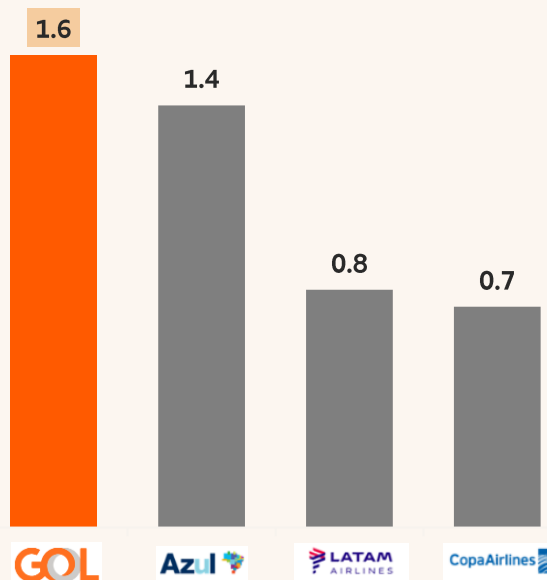
# Productivity and Profitability - Benchmarking (LTM 2Q19)



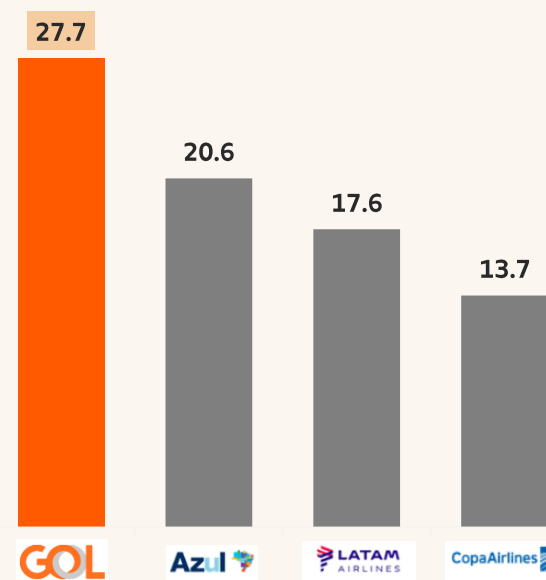
## Operating Revenue / Aircraft (US\$ MM)



## RASM – CASM (US\$ cents)



## EBITDA Margin (%)

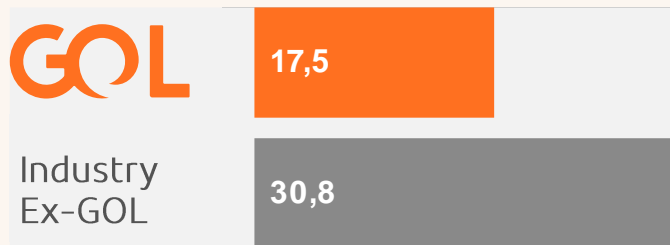


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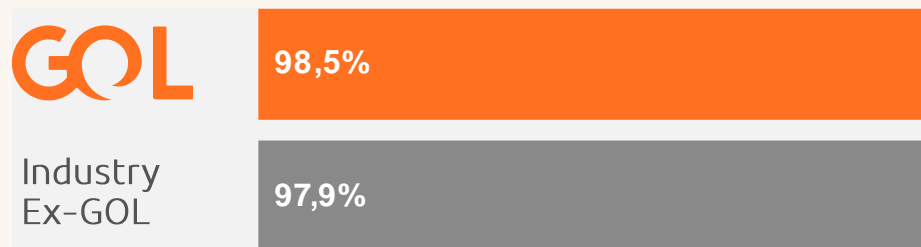




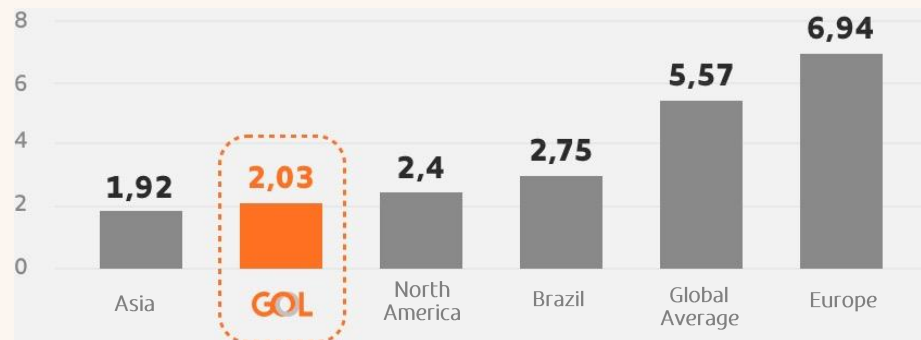
Passengers claims for each 100 thousand passengers transported<sup>1</sup>



Completion 2018 <sup>1</sup>



Lost and damaged baggage for each 1.000 passengers<sup>1</sup>



Source: <https://www.anac.gov.br/noticias/2019/anac-divulgados-dados-de-manifestacoes-de-passageiros-do-transporte-aereo>  
<http://panorama.abear.com.br/>

<sup>1</sup>ANAC 2018

<sup>2</sup> ICAO 2018 and GOL Database



Smiles Diamond



Premium Economy



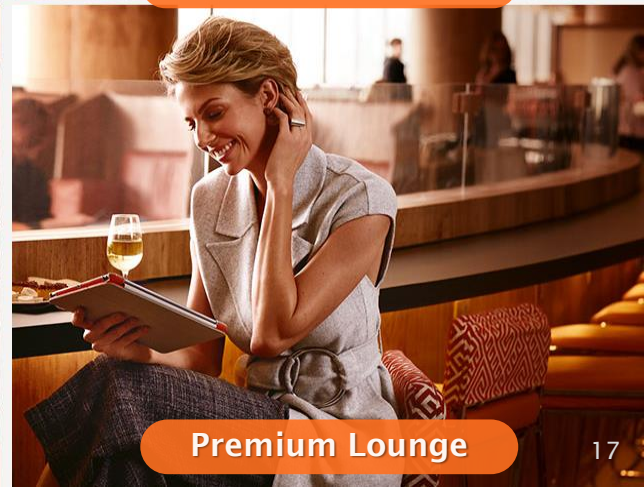
Entertainment



On-board Services



Wi-Fi and +Pitch



Premium Lounge



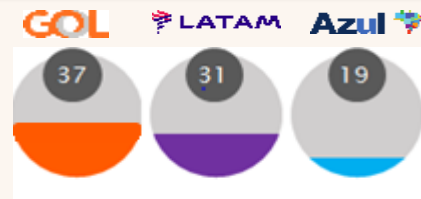
## Best-in-class product positioning...

	<b>GOL</b>	<b>RYANAIR</b>	<b>Southwest</b>	<b>LATAM</b>	<b>Azul</b>	<b>DELTA</b>	<b>WESTJET</b>
CUSTOMER MIX	Leisure / Business / SMEs	Leisure	Leisure / SMEs	Leisure / Business	Leisure / Business	Leisure / Business	Leisure / Business
On-board Wi-Fi	✓	✓	✓	✗	✗	✓	✓
Live TV	✓	✗	✓	✗	✓	✓	✓
Free beverages (non-alcoholic)	✓	✗	✓	✗	✓	✓	✓
Free snacks	✓	✗	✓	✗	✓	✓	✓
On-board sales	✓	✓	✗	✓	✗	✓	✓
Tier Elite	✓	✗	✗	✓	✓	✓	✓
Cabin segmentation	✓	✗	✗	✗	✓	✓	✓
Airport lounges	✓	✗	✗	✗	✗	✓	✗
Designated seats	✓	✗	✗	✓	✓	✓	✓
Seat pitch	34" / 30"	28" / 30"	30"	29"	34" / 30"	36" <sup>(1)</sup> / 34" / 31"	33" / 31"

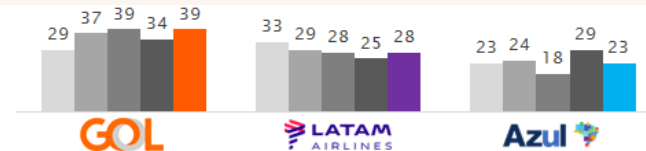
Note: (1) First class

...combined with leadership across all brand metrics in the eyes of HVC's

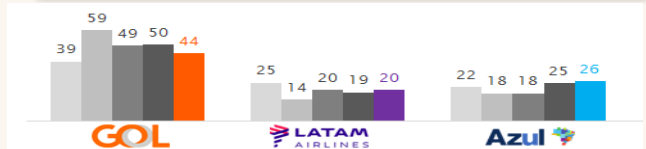
### Top of Mind HVC – 1Q'19



### BRAND PREFERENCE HVC – 1<sup>st</sup> Mention 1Q'19



### BRAND MOMENTUM HVC – 1Q'19





## The Lowest Costs

- Single B737 Fleet
- Newest fuel-efficient aircraft;
- Low fleet age and increased stage length



## The Right Product

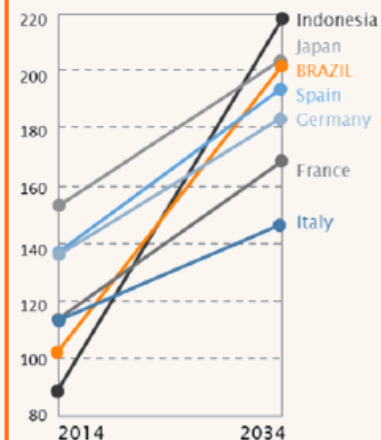
- Most attractive: product, experience & best fares
- Sustainable: corporate and leisure travelers



## The Right Market

Brazil: one of the largest air passenger markets

(1<sup>st</sup>US; 2<sup>nd</sup> China; 3<sup>rd</sup> India; & 4<sup>th</sup> UK)\*



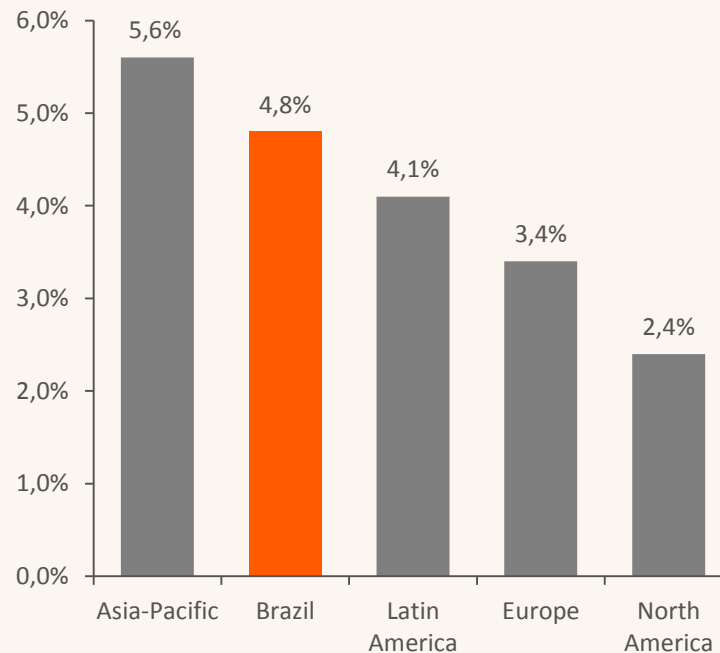
(\*) Source: IATA (million O-D passengers journeys | to, from and within)



### Flights per capita <sup>1</sup>



### 20-Year Annual Growth <sup>3</sup>



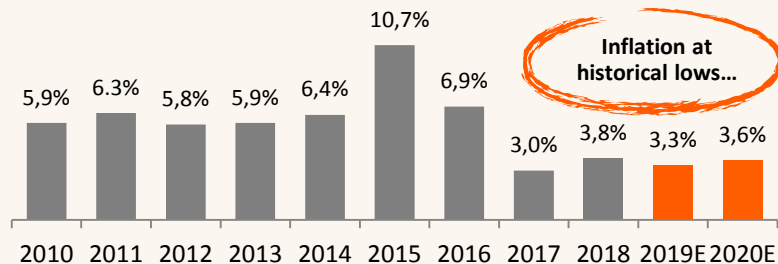
(1) Source Airbus Global Market Forecasts 2017-2036

(2) United States and Canada

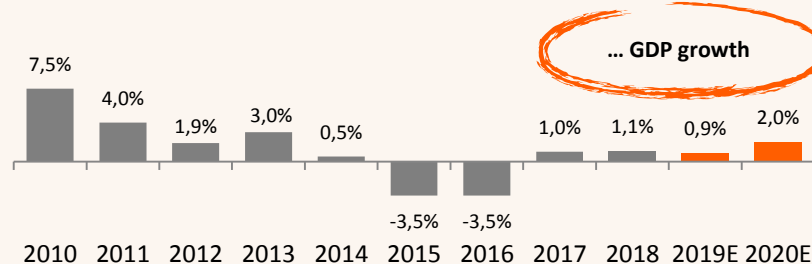
(3) Airbus - 2016 – 2036



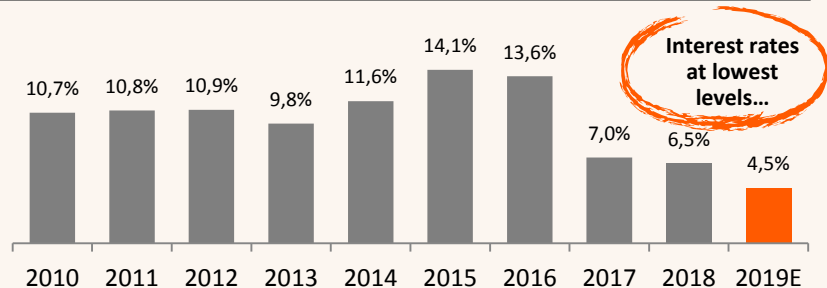
## Inflation Rate (%)



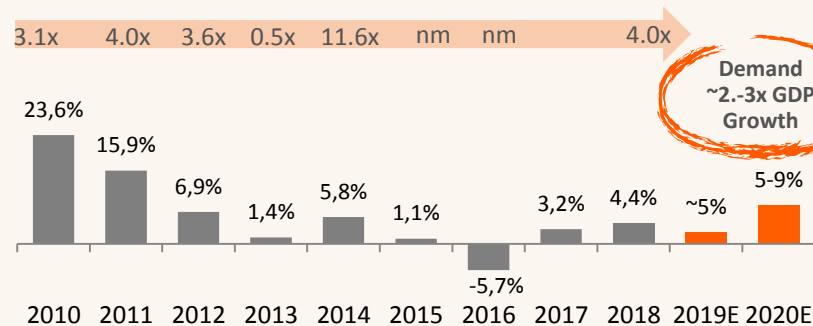
## GDP Growth (%)



## Interest Rates (%)



## Domestic Passenger Demand Growth (% RPK)



Source : IBGE, Bacen, ANAC and Focus October 7, 2019



2019 – 2023 Plan



## Liability management

- +R\$2 Bn debt reduction
- +R\$300 MM annual interest expense reduction
- No relevant maturities in next 5 years
- Access to diverse funding sources



## Fleet transformation

- Maintenance capex: lower by modernization of fleet
- Building free equity on 60% of 135 MAX order



## Optimizing balance sheet

- 100% CAPEX financing for PDPs and engine overhaul
- Improving working capital and availability of credit
- Maximize use of capital deployed and tax credits
- Improved interest coverage
- Achieve BB- credit rating





## Operational Performance

### Increasing EBITDA

- Guidance of 28% EBITDA margin in 2019
- MAX aircraft represents 15% fuel savings compared to NGs



## Liability Management

### Reducing financial expense

- Early debt amortization of R\$1.5 bn in 2020 (Term Loan 2020 and Senior Notes 2022)
- Amortization of R\$740 mm of Debentures through 2021



## Tax Efficiency

### Lowering effective tax rate

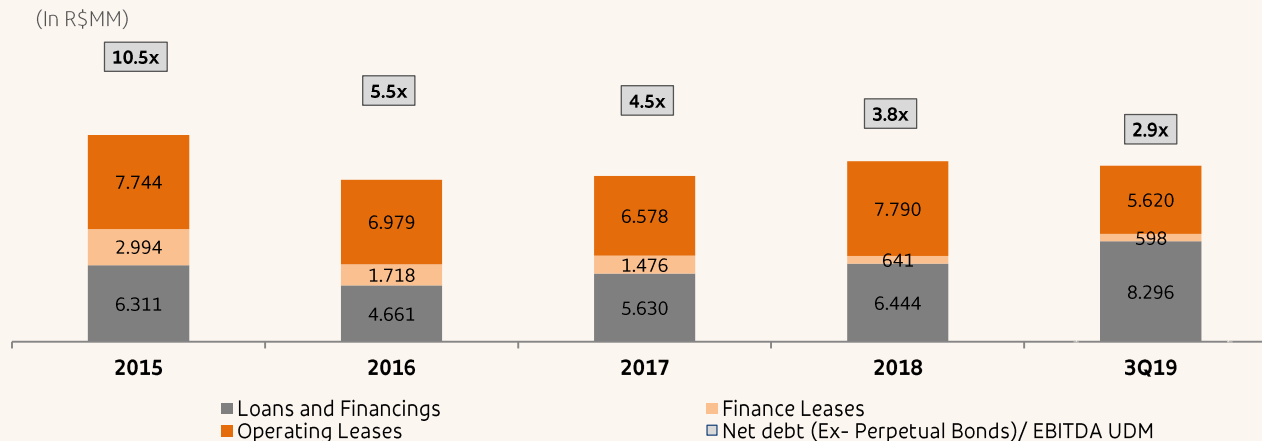
- R\$2.1 bn of tax credits
- Smiles take-in



## Hedging Policies

### Matching cash flows

- GOL yield management recaptures FX cost variations
- GOL oil hedges protect 80% of 4Q19 and 60% of 2020 consumption



**Long-term USD debt  
finances  
Long-term USD  
assets**

## MOODY'S

Corporate Rating (global): B1

Local Rating: n/a

Outlook: Stable

## FitchRatings

Corporate Rating (global): B+

Local Rating: A-

Outlook: Stable

## S&P Global

Corporate Rating (global): B

Local Rating: brA

Outlook: Stable

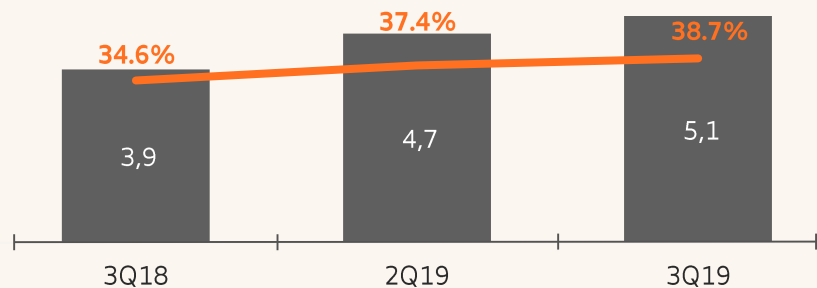
1 Operating lease debt capitalized at 7x for 2013-2018

2 On January 1, 2019, the Company adopted CPC 06 (R2) – "Leases" (equivalent to IFRS 16)



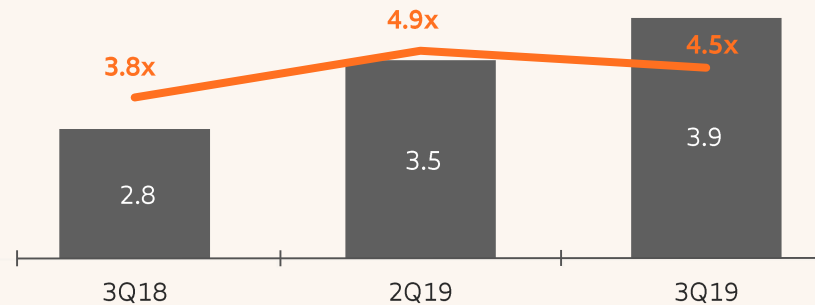
## Liquidity<sup>1</sup> (R\$ billion)

■ Total Liquidity + Deposits<sup>2</sup>    — Liquidity / LTM Net Revenues<sup>2</sup>



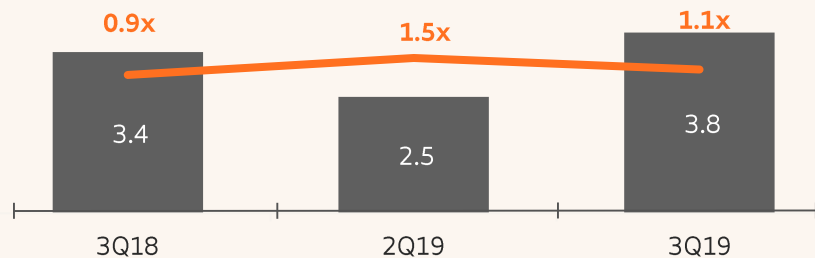
## Interest Coverage (R\$ billion)

■ EBITDA LTM    — EBITDA LTM / Interest



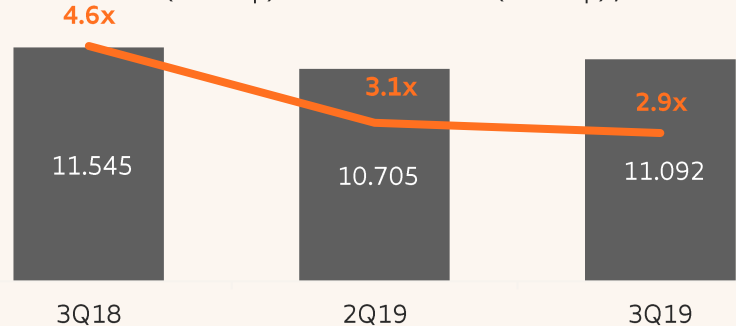
## Short Term Debt (R\$ billion)

■ Short Term Debt    — Liquidity / Short Term Debt



## Financial Leverage (R\$ billion)

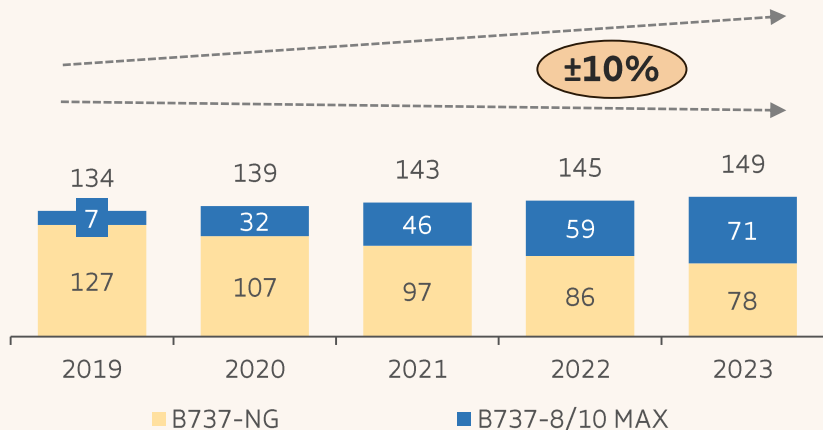
■ Net Debt (ex-Perp)    — Net Debt (Ex-Perp) / EBITDA LTM



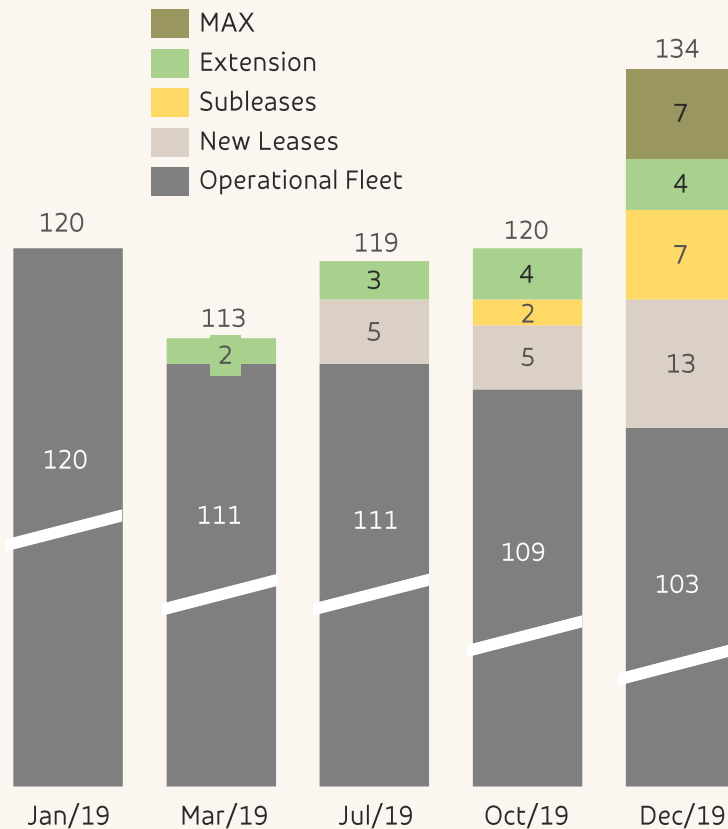
(1) Cash, equivalents short term investments, restricted cash and receivables. (2) Includes maintenance /and lease deposits.



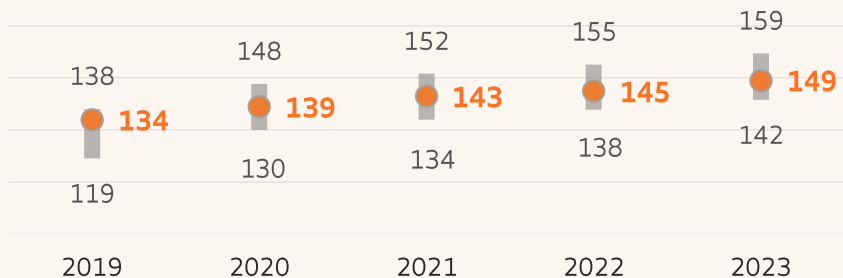
## Fleet Plan (EoY)



## Lease Extensions and new Boeing NG Leases



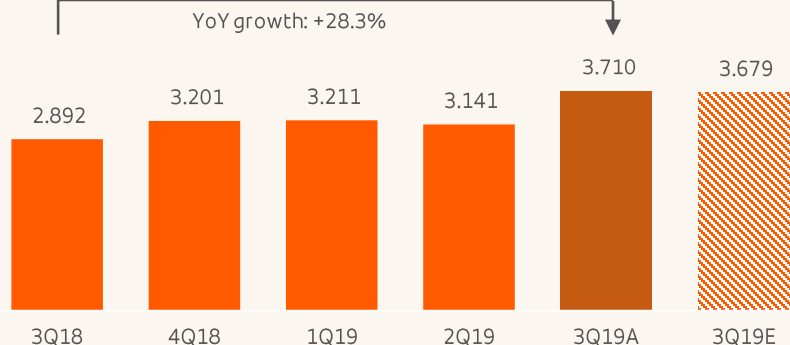
## Fleet Flexibility



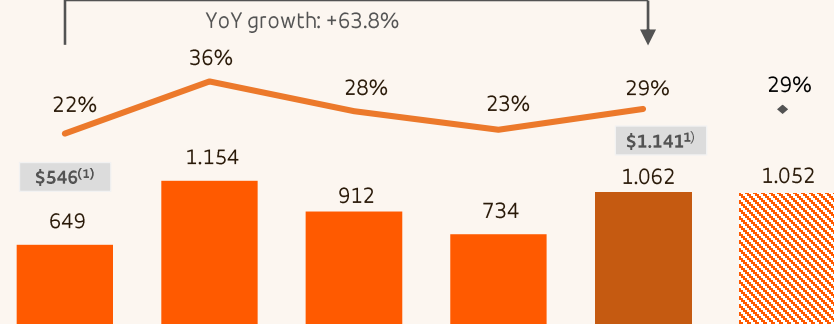


## GOL delivered on the market's consensus expectations for 3Q19

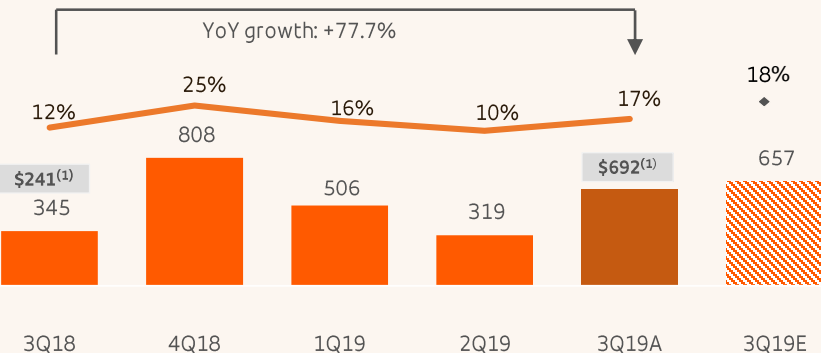
### Net Revenues (R\$mm)



### EBITDA & EBITDA Margin (R\$mm, %)



### EBIT & EBIT Margin (R\$mm, %)



### Cash Flow<sup>(2)</sup>(R\$mm)

In R\$ million	3Q18	3Q19
Operating Cash Flow	749.6	1,075.7
Investing Cash Flow <sup>(3)</sup>	(332.5)	(264.7)
Financing Cash Flow	(448.0)	(441.3)
<b>Net Increase (Decrease) in Total Liquidity<sup>(4)</sup></b>	<b>(30.9)</b>	<b>369.7</b>


Quarterly results restated to IFRS 16.


(1) Considering recurring results only; (2) Some items reclassified for clearer presentation; (3) Includes part of the restricted cash with deposit in guarantee of hedge margin; (4) Consolidated cash, cash equivalents and account receivables.



Indicators	3Q19	Var. x 3Q18
ASK (BN)	13.4	+7.6%
Traffic (000)	9,803	+13.0%
RPK (BN)	11.1	+12.8%
Load Factor	82.9%	+3.8 p.p.
Yield (R\$ cents)	31.50	+14.8%
Pax Revenue (R\$ MM)	3,501.0	+29.5%
RASK (R\$ cents)	27.67	+19.2%
CASK ex- Fuel. (R\$ cents) <sup>1</sup>	14.56	+14.2%
Operating Income (R\$ MM) <sup>1</sup>	691.9	+186.7%
Operating Margin <sup>1</sup>	18.6%	+10.3 p.p.
Diluted EPS (R\$) <sup>2</sup>	0.68	NM

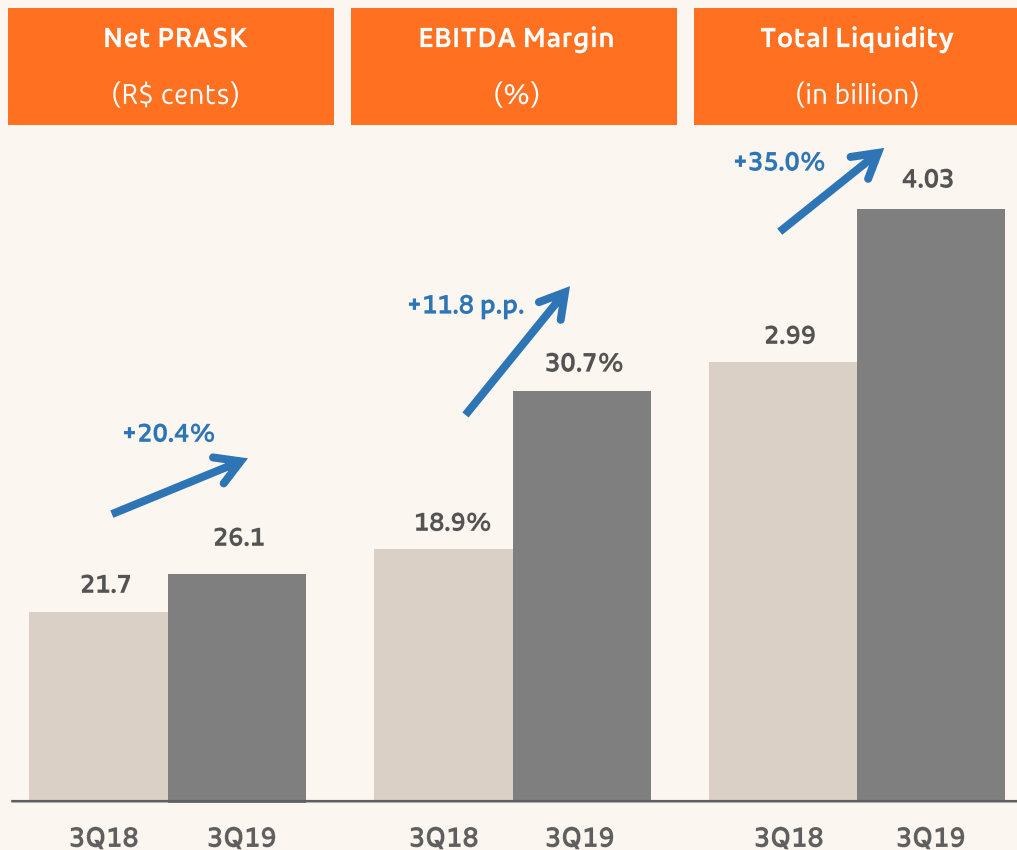
1. Adjusted for non-recurring results 2. Adjusted for non-recurring results, Exchangeable Senior Notes results and exchange variation results; 3. Excludes perpetual notes

 **Net operating revenues:** R\$3.7 billion (+28.3% vs. 3Q18)

 **PRASK:** 26.1 cents R\$ (+20.4% vs. 3Q18)

 **Aircraft utilization:** 12.6 block hours/day (+6.8% vs. 3Q18)

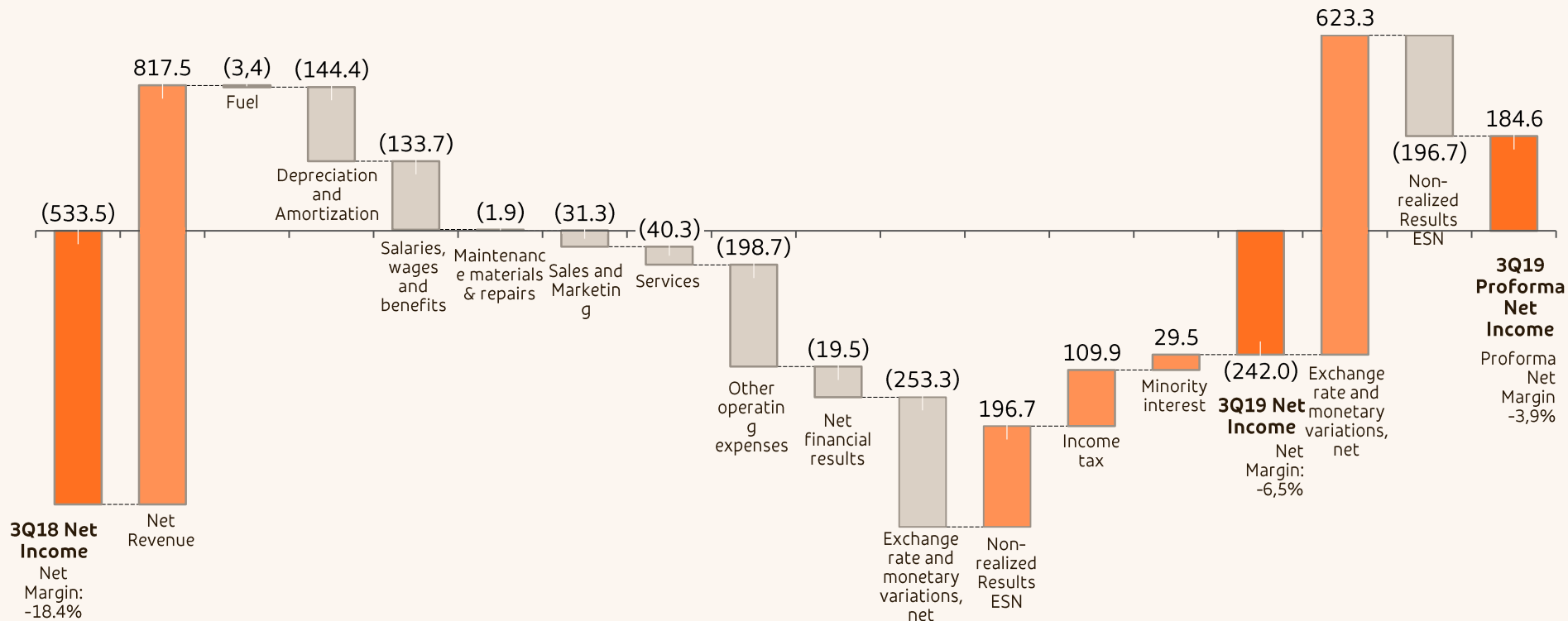
 **Net Debt<sup>3</sup>/LTM EBITDA:** 2.9x



1. Excluding non-recurring expenses

- 13th consecutive quarter reporting operating profit
- EBIT Margin<sup>1</sup>: 18.6% (+10.3 p.p. vs. 3Q18)
- Ancillary revenue (cargo and other): 5.6% of Total Revenue
- Fuel price (change q-o-q) | Average exchange rate to US\$: R\$2.81 (down 1.1%) | R\$3.97
- CASK change q-o-3Q18<sup>1</sup>: Up 5.8%
- CASK ex-fuel change q-o-3Q18<sup>1</sup>: Up 14.2%
- GOL System capacity (ASK) change q-o-3Q18: Up 7.6%
- GOL System capacity (Seats) change q-o-3Q18: Up 7.8%







Financial Outlook (Consolidated, IFRS)	2019E		2020E	
	Previous	Revised	Previous	Revised
Total fleet (average)	125 to 127	~126	131 to 136	134 to 139
Total operational fleet (average)	119	119	127	127
ASKs, System (% change)	9 to 11	~9	6 to 8	7 to 9
- Domestic	5 to 6	~5	5 to 6	6 to 9
- International	35 to 40	~30	15 to 25	15 to 20
Seats, System (% change)	8 to 9	~8	5 to 7	6 to 8
Departures, System (% change)	6 to 7	~6	5 to 7	6 to 8
Average load factor (%)	79 to 81	~81	80 to 82	80 to 82
Ancillary revenues, net <sup>1</sup> (R\$ bn)	~1.2	~1.1	~1.3	~1.1
Total net revenues (R\$ billion)	~13.5	~13.7	~15.5	~15.5
Non-fuel CASK <sup>2</sup> (R\$ cents)	~14	~14.5	~14	~14
Fuel liters consumed (mm)	~1,500	~1,500	~1,600	~1,600
Fuel price (R\$/liter)	~2.9	~2.9	~3.1	~3.0
EBITDA margin <sup>2</sup> (%)	~28	~29	~29	~30
EBIT margin <sup>2</sup> (%)	~18	~17	~19	~19
Net financial expense <sup>3</sup> (R\$ bn)	~1.2	~1.2	~1.2	~0.9
Pre-tax margin <sup>3</sup> (%)	~10	~7	~12	~13
Effective income tax rate (%)	~22	~20	~22	~15
Minority interest <sup>4</sup> (R\$ mm)	~293	~290	~320	~311
Capex, net (R\$ mm)	~700	~700	~650	~650
Aircraft Acquisition <sup>5</sup> (R\$ mm)	-	-	-	~600
Net Debt <sup>6</sup> / EBITDA (x)	~2.8x	~2.7x	~2.4x	~2.4x
Fully-diluted shares out. <sup>7</sup> (mm)	391	391	391	391
EPS, fully diluted <sup>2,3</sup> (R\$)	1.40 to 1.70	~0.90	2.00 to 2.50	2.80 a 3.30
Fully-diluted ADS out. <sup>7</sup> (mm)	195.5	195.5	195.5	195.5
EPADS, fully diluted <sup>2,3</sup> (US\$)	0.80 to 0.95	~0.45	1.20 to 1.50	1.40 to 1.65

(1) Revenue of cargo, loyalty, buy-on-board and other ancillary revenues;

(2) Recurring;

(3) Excluding currency gains and losses and Unrealized losses on Exchangeable Senior Notes;

(4) Source: average of analyst estimates reported on Bloomberg;

(5) Gross PDPs;

(6) Excluding perpetual bonds;

(7) Includes stock option exercises that may be issued from the stock option program and related to Exchangeable Senior Notes.



1

■ **Market Leader with Irreplaceable, Highly Defendable Network**

2

■ **World-Class Low Cost Operator: Better than Peers**

3

■ **Best-in-Class Operations and Service: Driving Loyalty**

4

■ **Best Positioned to Benefit from Brazil Economic Scenarios**

5

■ **Right-sized Balance Sheet with Strong Liquidity Position**

6

**Track Record in Delivering Results and Guiding Investors**

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