



4Q13 Results Conference Call

March 2014

Agenda



1. 4Q13 and 2013 Highlights



2. Industry



3. GOL Strategy



4. Smiles



5. Financial and Operational Results



6. Guidance

1. 4Q13 and 2013 Highlights



GOL Linhas Aéreas Inteligentes

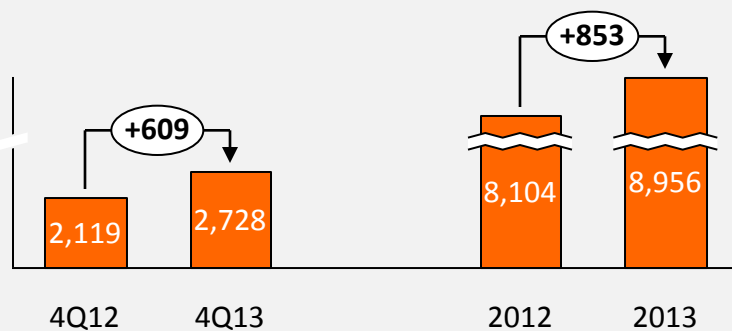
4Q13 and 2013 Highlights

Focus on operational efficiency and margin improvement

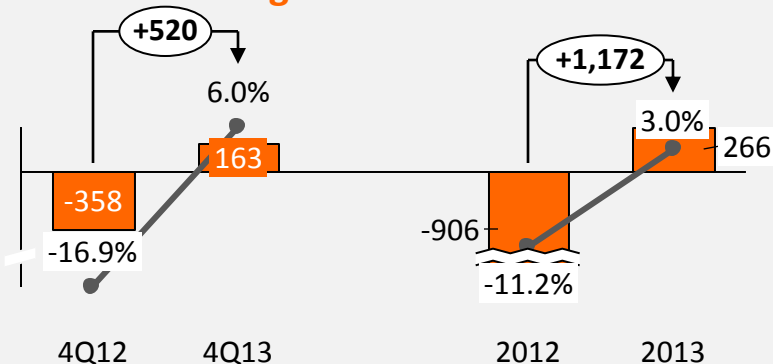
- ✓ In 4Q13, net revenue recorded the **highest historical level for a quarter**, R\$2,728.2 million, **an increase of 29% or R\$609 million** year-over-year;
- ✓ **Annual net revenue** reached the highest historical level for the Company, **R\$8,956.2 million, R\$853 million**, or **11%**, up on 2012.
- ✓ **GOL reduced annual operating costs** by R\$319 million;
- ✓ EBIT margin came to 6% in 4Q13, the **highest level of operational profitability** in the last 10 quarters;
- ✓ In 2013, **EBIT margin stood at 3%**, a 14.2 p.p. improvement over 2012, **reaching the ceiling of the guidance**;
- ✓ In 2013, EBITDAR came to R\$1,526 million, leading to a **82% reduction in financial leverage, which moved from 37.6x to 6.9x**;
- ✓ GOL was the **airline with the highest rate of on time flights** in the Brazilian market in 2013 for the second consecutive year;
- ✓ Total **cash** reached **a historical record level**, totaling **R\$3.0 billion**.
- ✓ **Net financial debt** totaled **R\$ 348 million**, a decrease of **78%** compared to 4Q12.

In 2013, EBIT Margin Grows 14.2 p.p. and Reaches 3.0%...

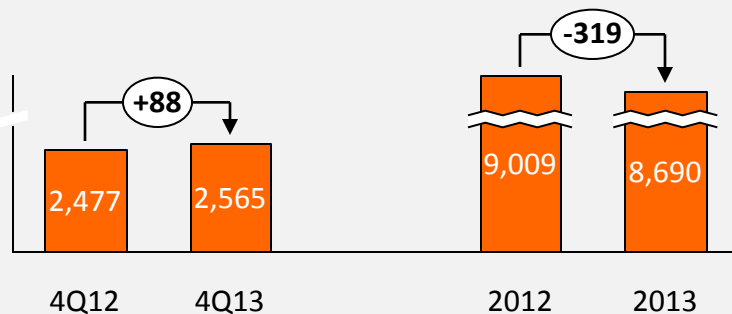
Net Revenue



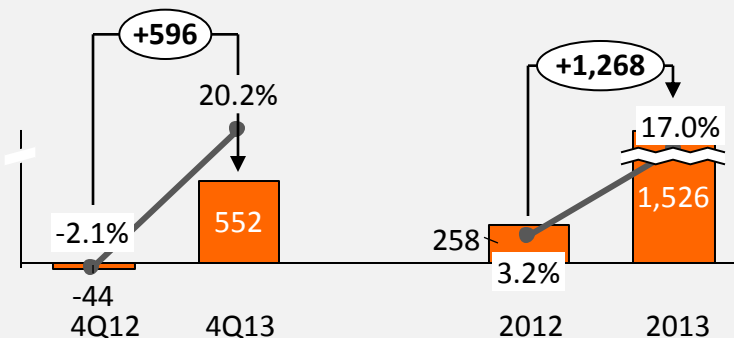
EBIT & EBIT Margin



Operational Cost



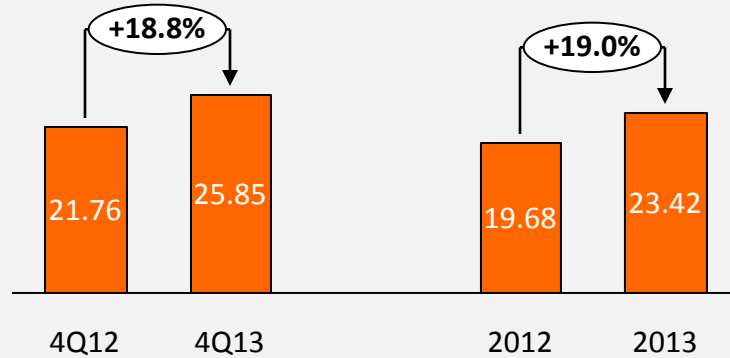
EBITDAR & EBITDAR Margin



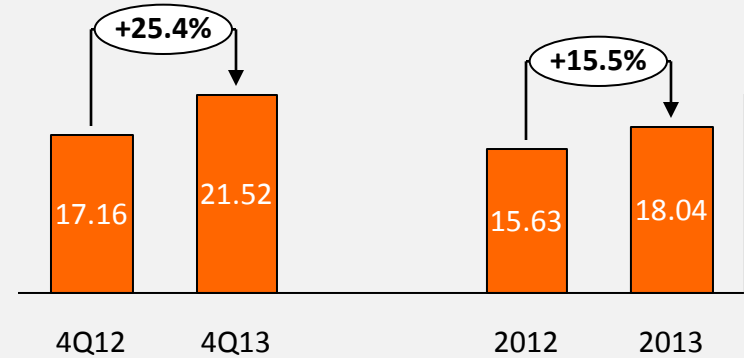
GOL reached the top of its 2013 EBIT margin projection.

... Driven by the Increase in RASK...

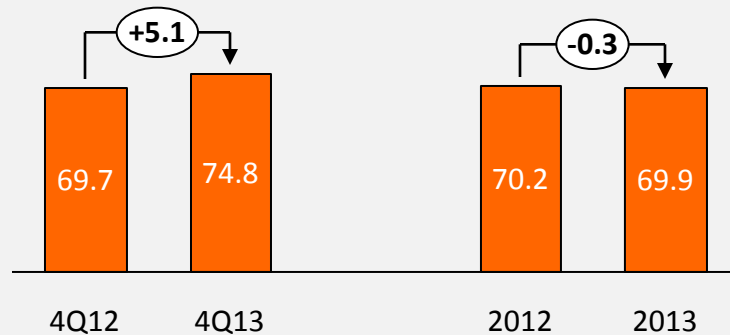
Yield



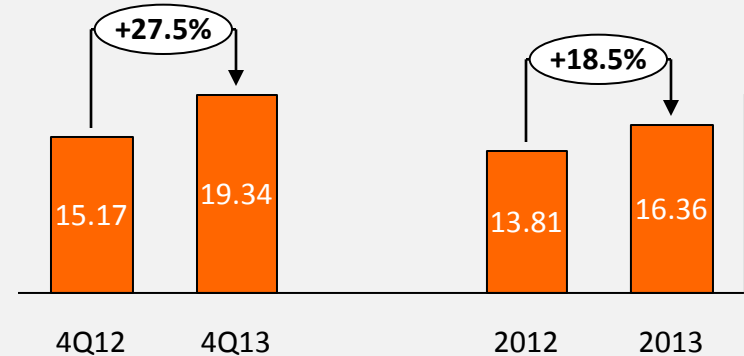
RASK



Load Factor [%]

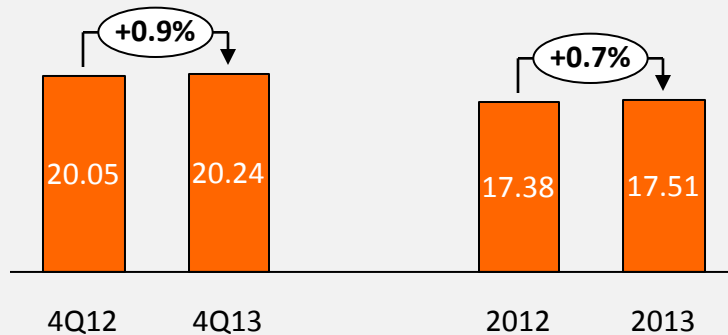


PRASK

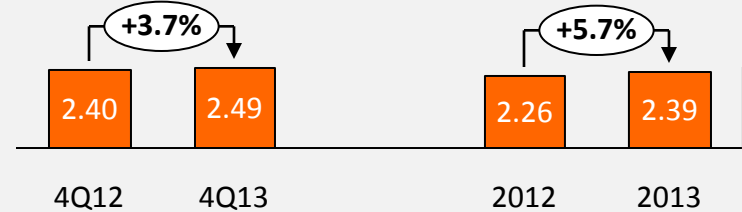


... and the Focus on Controlling Costs, in a Challenging Environment

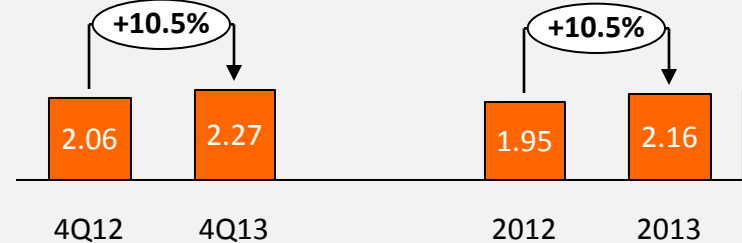
Total CASK



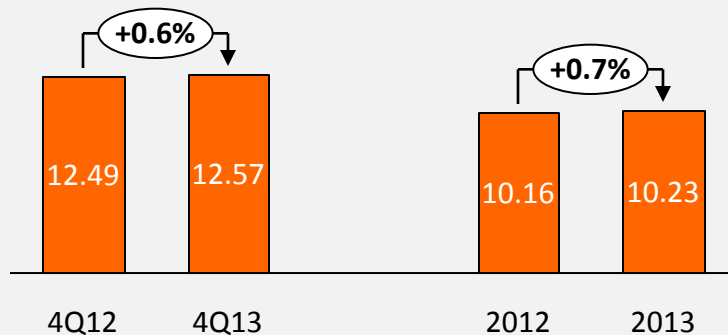
Average Fuel Price



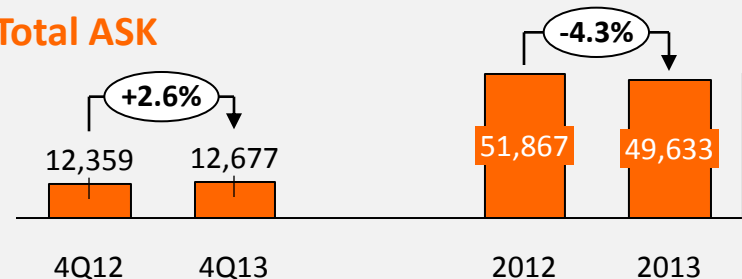
Average Exchange Rate



CASK Ex fuel



Total ASK

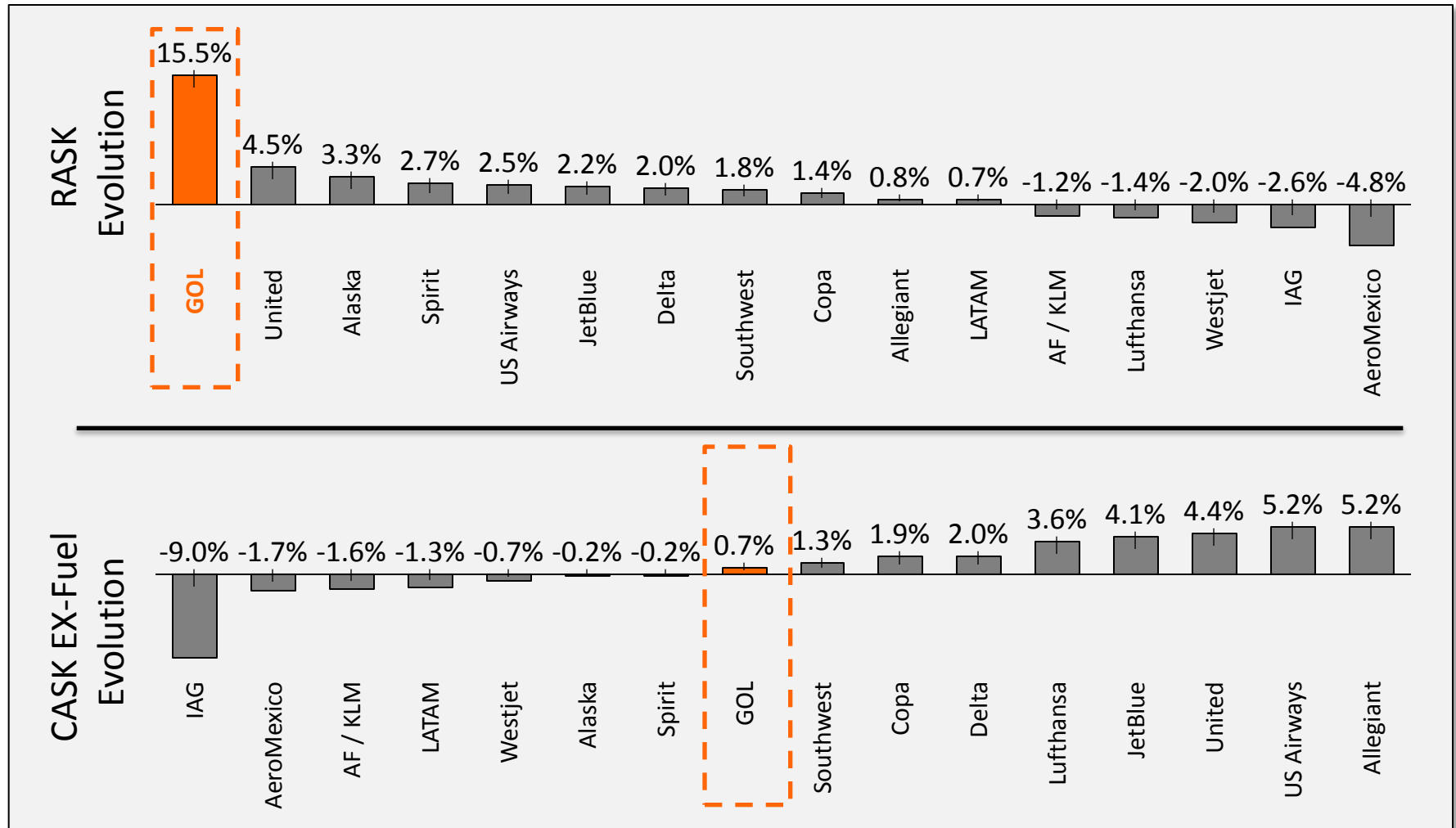


2. Industry



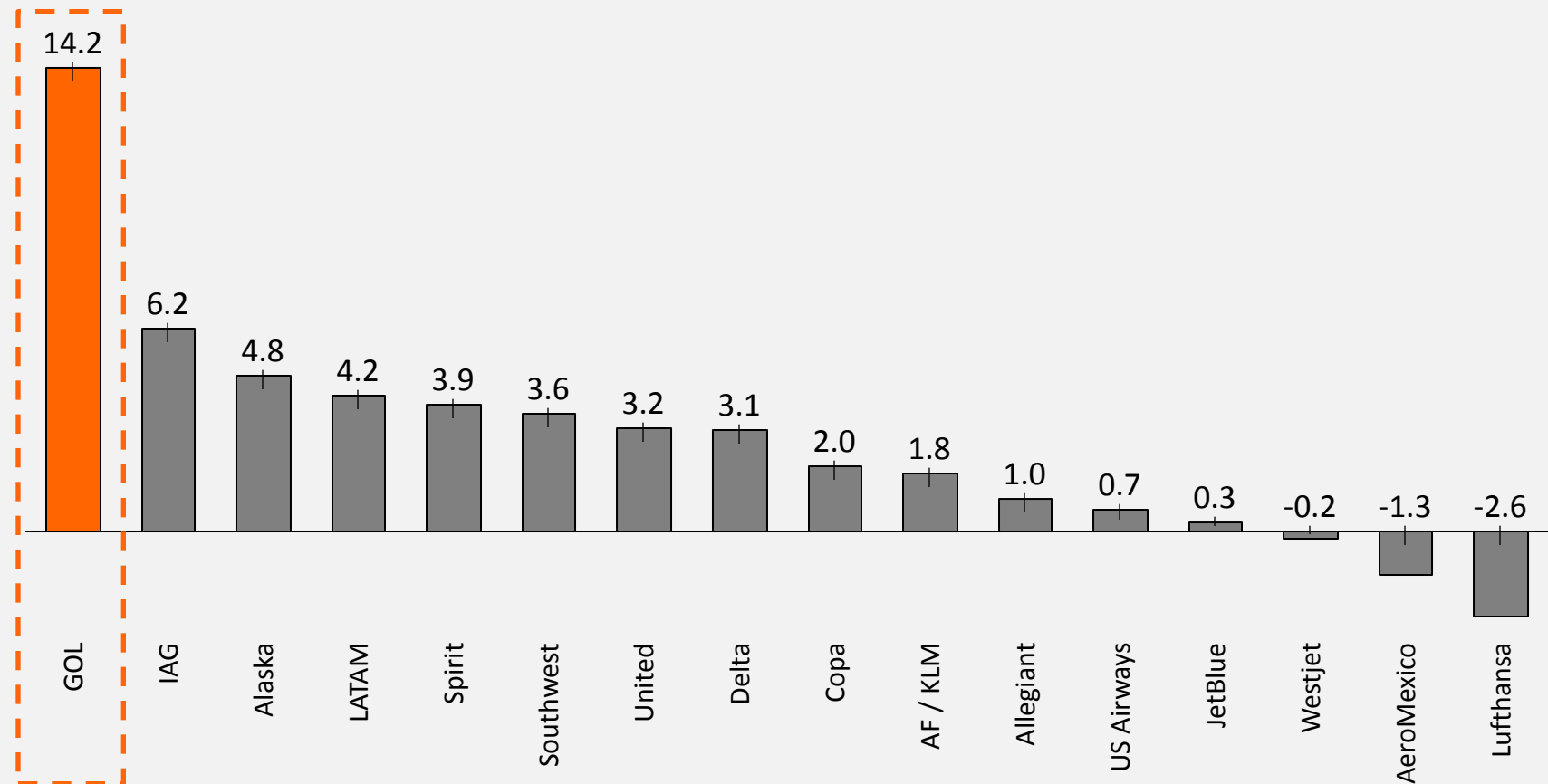
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In 2013 GOL Led **RASK** Growth with **CASK Ex-Fuel** Stable



GOL Presented the Greatest **EBIT Margin Evolution in 2013**, compared to the peers

EBIT Margin Evolution (percentage points)



3. GOL Strategy



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Strengthening of Strategic Partnerships

Delta



- ✓ **Codeshare Two-Way**: allows for the approximately **400 destinations** in over 62 countries served by both companies to be **interconnected and available for purchase** on the Companies' sales channels;
- ✓ Exclusive benefits for **SMILES Diamante and SkyMiles** passengers;
- ✓ **Cooperation** between both companies permits **knowledge exchange**, improving products and services.

Strong Code-share Alliances



GOL Shareholder (3.0% of capital stock)

GOL Shareholder (1.5% of capital stock),
subject to antitrust (CADE) approval



Air France-KLM



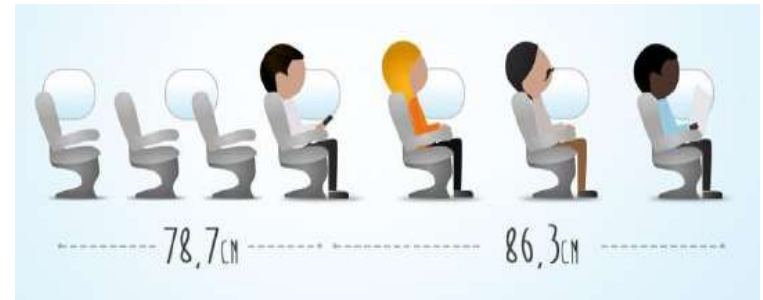
Antitrust (CADE) Approval Necessary

- ✓ **Code-share agreement**: allowing **new flight options** for all clients and connecting the 318 destinations in over 115 countries served by the Companies;
- ✓ More **benefits** for customers based on **loyalty programs**;
- ✓ Joint **commercial** and **promotional** actions;
- ✓ **Exploration of synergies** in customer service, maintenance and logistical support.



GOL⁺ Superior Flight Experience

- ✓ Expansion of the **GOL+ product, after approval of** corporate and Smiles Diamante **customers;**



- ✓ Offered free of charge to **Smiles Diamante and Elite Delta Air Lines customers, and from R\$30.00** to all other customers;
- ✓ **Standardization and operational efficiency** gains, with a focus on **flexibility;**
- ✓ With these changes, GOL will have the largest offer of **category A** seats, according to ANAC's classification standard, equivalent to **42% of the domestic market.**



A: more than 73 cm
B: between 73 and 71 cm
C: between 71 and 69 cm
D: between 69 and 67 cm
E: less than 67 cm

116 planes reconfigured until the World Cup



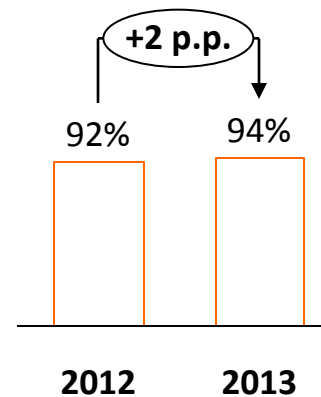
Focus on High Value Customers

Attractive Services for Business Passengers

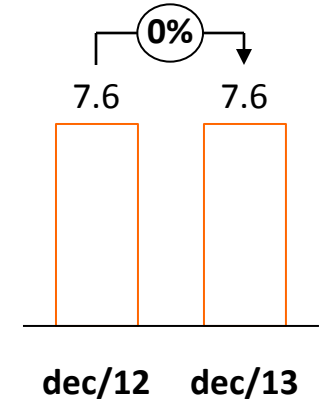
- ✓ Time optimization in the boarding process with **Fast Travel**;
- ✓ Leader in **on time flights** in the domestic market in 2013;
- ✓ Possibility to anticipate or cancel boarding through the **site, electronic kiosks or smart-phones**;
- ✓ Launch of the **new site**, which makes the purchase process easier and faster;
- ✓ New **visual identity** in airports.



On Time Flights Rate

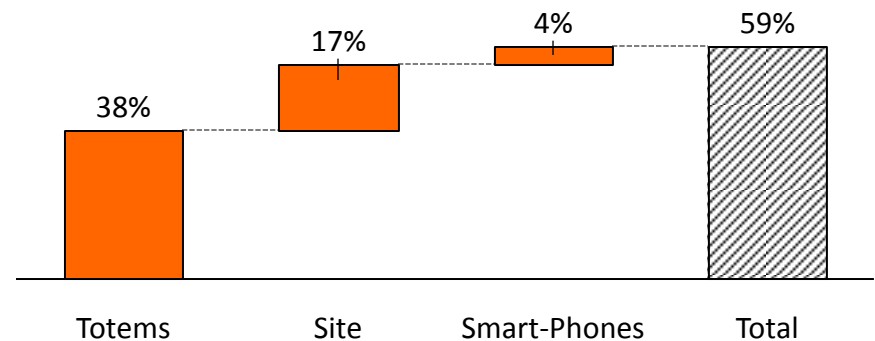


Customer Satisfaction Index*



*Survey carried out through SMS

Remote Check-in**



**In the main airports for business passengers: Guarulhos, Galeão, Congonhas, Santos Dumont, Brasília and Confins

GOL Operation in the World Cup



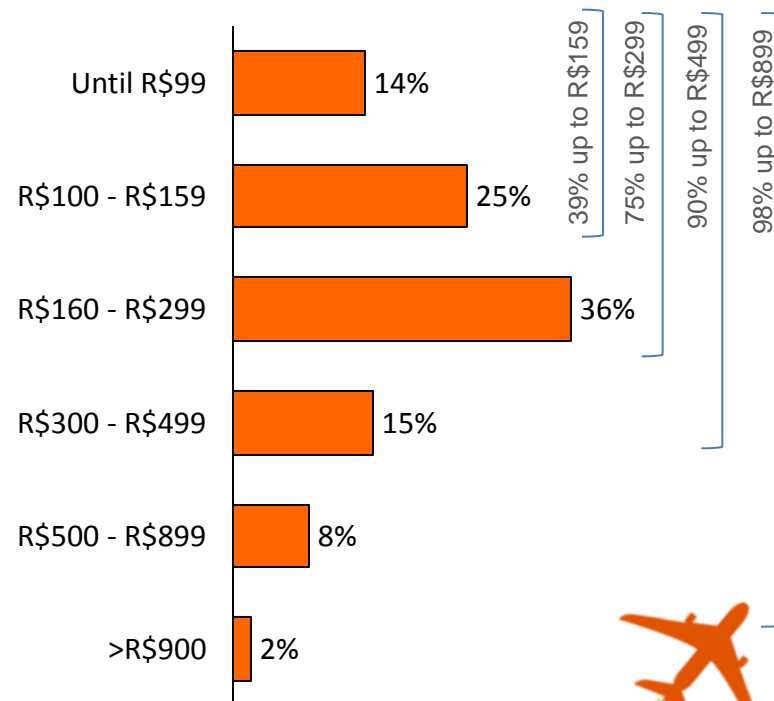
TUDO BRASILEIRO GOSTA DE GOL

GOL: Official Carrier of the Brazilian National Team

- GOL requested **399 extra flights and schedule changes on 575 flights** already part of the Company's regular network;
- **A total of 4.5 million seats** are available for the World Cup period with the host cities for the games as destination, corresponding to **85% of the total capacity of the stadiums** in the first stage of the competition;
- GOL also implemented **specific training programs** and professionals who are fluent in more than one language in airports, in the host cities;
- The Company plans to do the **"Green World Cup"**, with 200 flights with biofuel, generating a **10% reduction in CO2 emissions**.

Price for flight ticket

[World Cup season]



4. Smiles



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Smiles: Strengthening of the Loyalty Program



Highlights

- ✓ IPO in April 2013: R\$1.1 billion
- ✓ Valuation of shares by more than 75% since the IPO

GOL & Smiles

- ✓ SMILES is an **important sales channel** for GOL;
- ✓ Minimum **availability** guarantee (on average 8.5% of ASKs).

4Q13

- ✓ **R\$197.5 million in dividends and interest on equity** proposed in relation to financial year 2013, payout of 95% over annual net profit;
- ✓ **Net profit of R\$ 66.7 million**, 6% increase in relation to 3Q13;
- ✓ Net margin of **35.6% in 4Q13**;
- ✓ 30.7 billion miles redeemed, **17% increase** in relation to 2012*.

Smiles Financial Highlights 2013

Net Revenue

**R\$573.3
million**

Operational Profit

**R\$180.2
million**

Operational Margin

31.4%

Net Profit

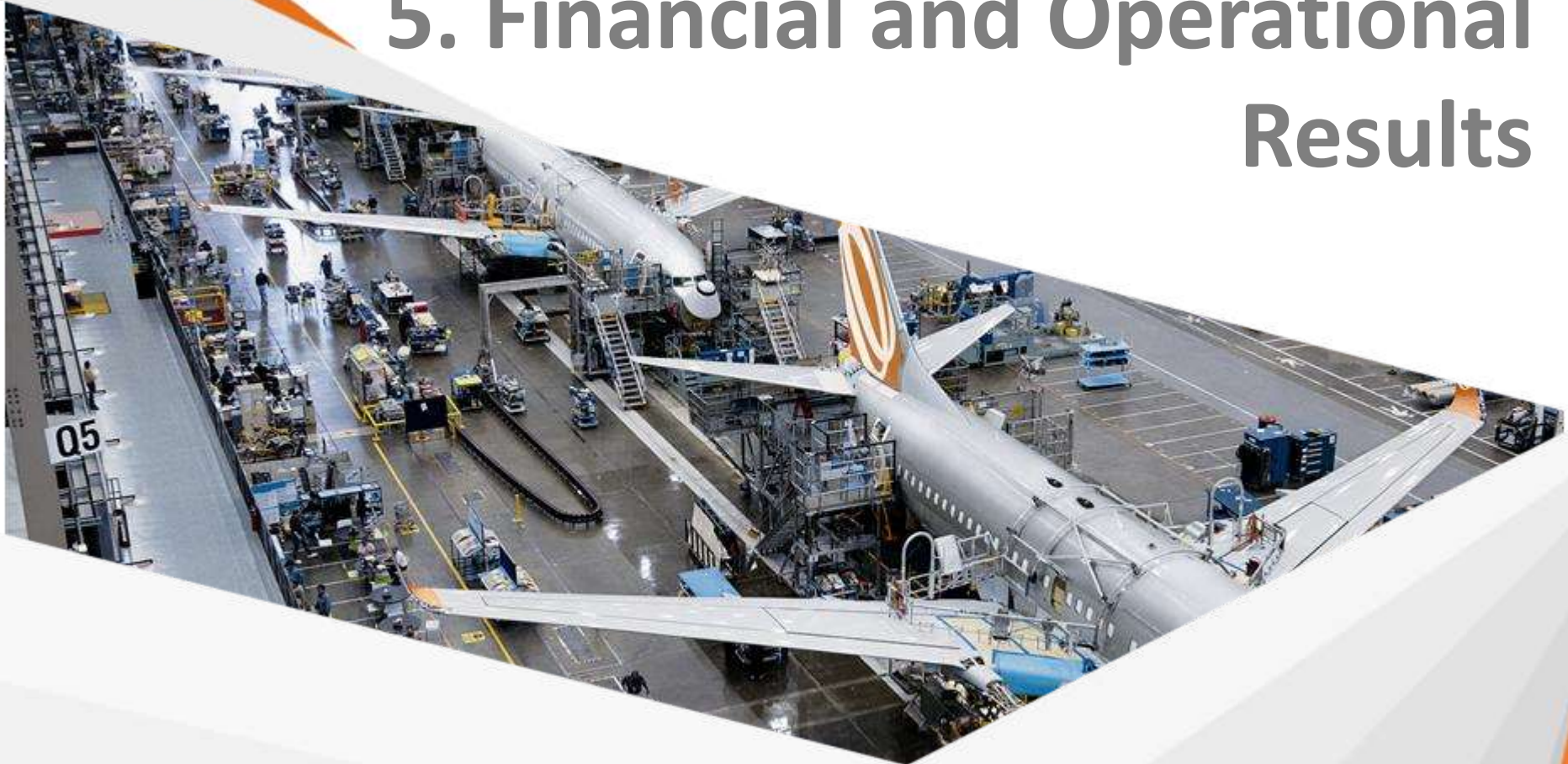
**R\$207.8
million**

Net Margin

36.3%

* 2012 data reflects the number of miles in the program before the spin-off. Redemptions include the legacy's miles, accrued in the program before 2013. Data referring to 2012 was not audited.

5. Financial and Operational Results



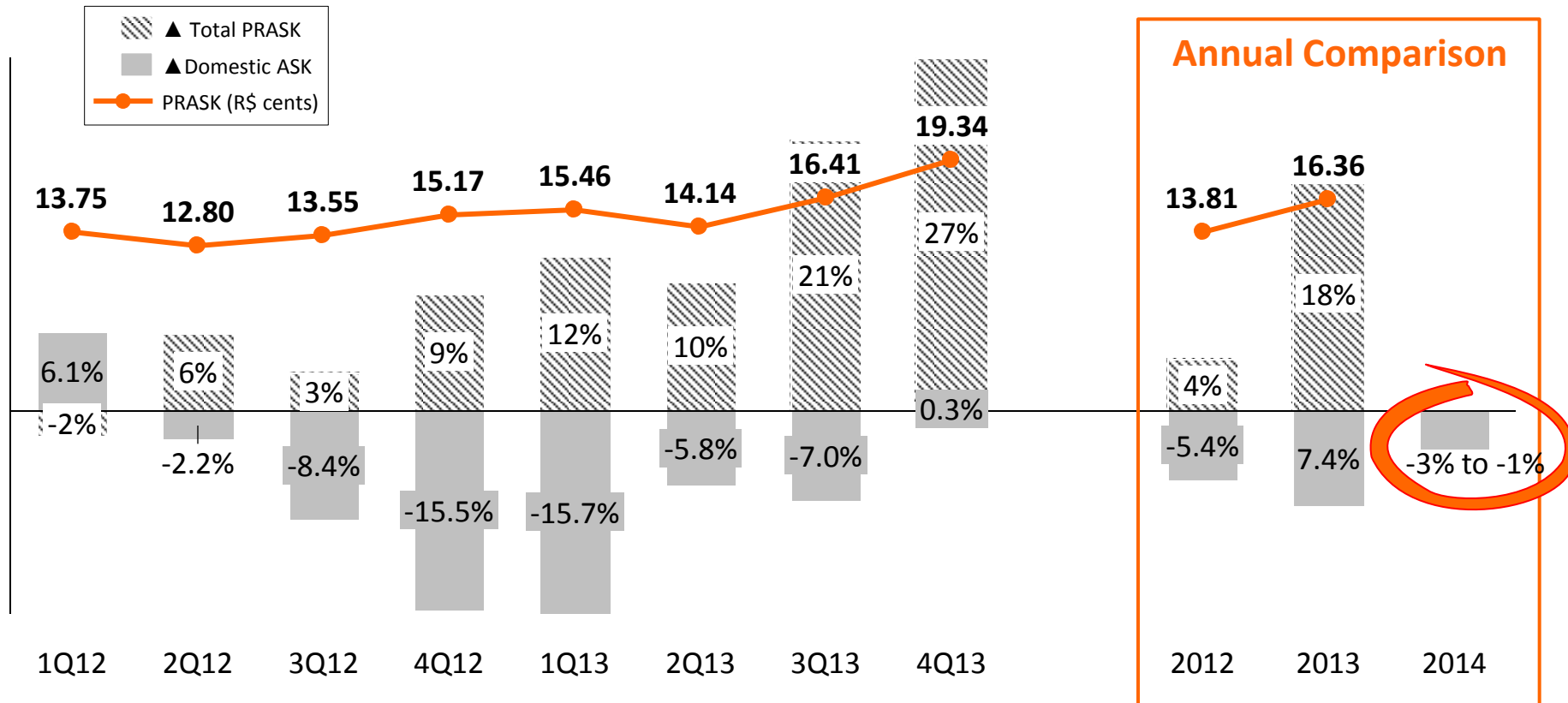
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Main Indicators

Highlights	4Q13	4Q12	% Change 4Q13/4Q12	2013	2012	% Change 2013/2012
Total Supply	12,677	12,359	2.6%	49,633	51,867	-4.3%
Domestic Supply	11,294	11,262	0.3%	44,110	47,615	-7.4%
International Supply	1,384	1,096	26.2%	5,523	4,252	29.9%
Total Demand	9,484	8,615	10.1%	34,684	36,410	-4.7%
<i>Load Factor</i>	<i>74.8%</i>	<i>69.7%</i>	<i>5.1 p.p</i>	<i>69.9%</i>	<i>70.2%</i>	<i>-0.3 p.p</i>
CASK (R\$)	20.24	20.05	0.9%	17.51	17.38	0.7%
CASK-Ex Fuel (R\$)	12.57	12.49	0.6%	10.23	10.16	0.7%
PRASK (R\$)	19.34	15.17	27.5%	16.36	13.81	18.5%
RASK (R\$)	21.52	17.16	25.4%	18.04	15.63	15.5%
Yield (R\$/c)	25.85	21.76	18.8%	23.42	19.68	19.0%
EBIT (R\$MM)	163	(358)	<i>nm</i>	266	(906)	<i>nm</i>
EBIT Margin	6.0%	-16.9%	<i>22.8 p.p</i>	3.0%	-11.2%	<i>14.2 p.p</i>
EBITDAR (R\$MM)	552	(44)	<i>nm</i>	1,526	258	<i>491.4%</i>
<i>EBITDAR Margin (%)</i>	<i>20.2%</i>	<i>-2.1%</i>	<i>22.3 p.p</i>	<i>17.0%</i>	<i>3.2%</i>	<i>13.9 p.p.</i>
Exchange Rate Variation	(186)	(18)	925.1%	(490)	(285)	72.2%
Net Financial Result	(201)	(128)	56.7%	(919)	(679)	35.3%
Net Loss (R\$ MM)	(19)	(447)	-95.7%	(725)	(1,513)	-52.1%
Gross Debt	5,589	5,191	7.7%	5,589	5,191	7.7%
Debt in Reais (R\$ MM)	1,243	1,554	-20.0%	1,243	1,554	-20.0%
Debt in Dollars (US\$ MM)*	1,855	1,780	4.2%	1,855	1,780	4.2%
Adjust. Gross Debt / EBITDAR (LTM)	6.9 x	37.6 x	-30.7 x	6.9 x	37.6 x	-30.7 x
Cash / Net Revenue (LTM)	34.0%	19.6%	14.4 p.p	34.0%	19.6%	14.4 p.p

*Includes financial leases

Focus on the Strategy of Raising **PRASK**



Flexibility in managing supply and strengthening the **product** contribute for a **new level of revenue**

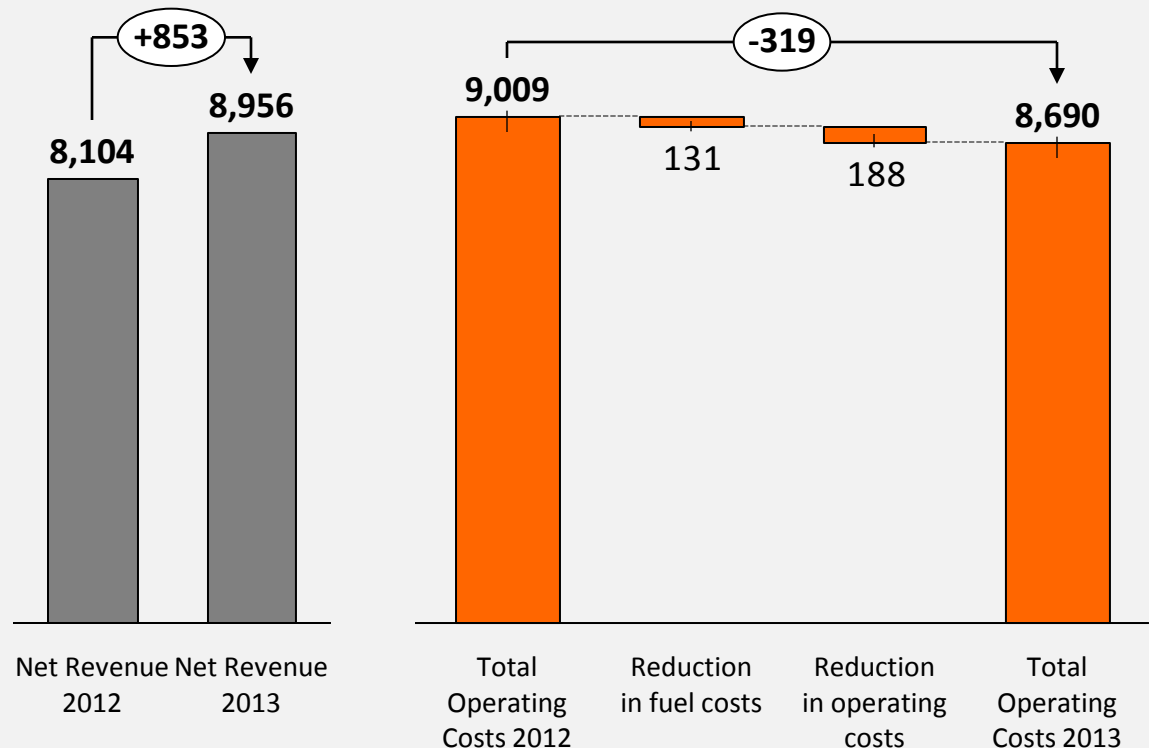
*Data from the Brazilian National Civil Aviation Agency (ANAC); Data adjusted by GOL to ANAC's metrics for July 2013

Cost Reduction and Revenue Increase in a Challenging Macroeconomic Scenario

2013: Cost Highlights

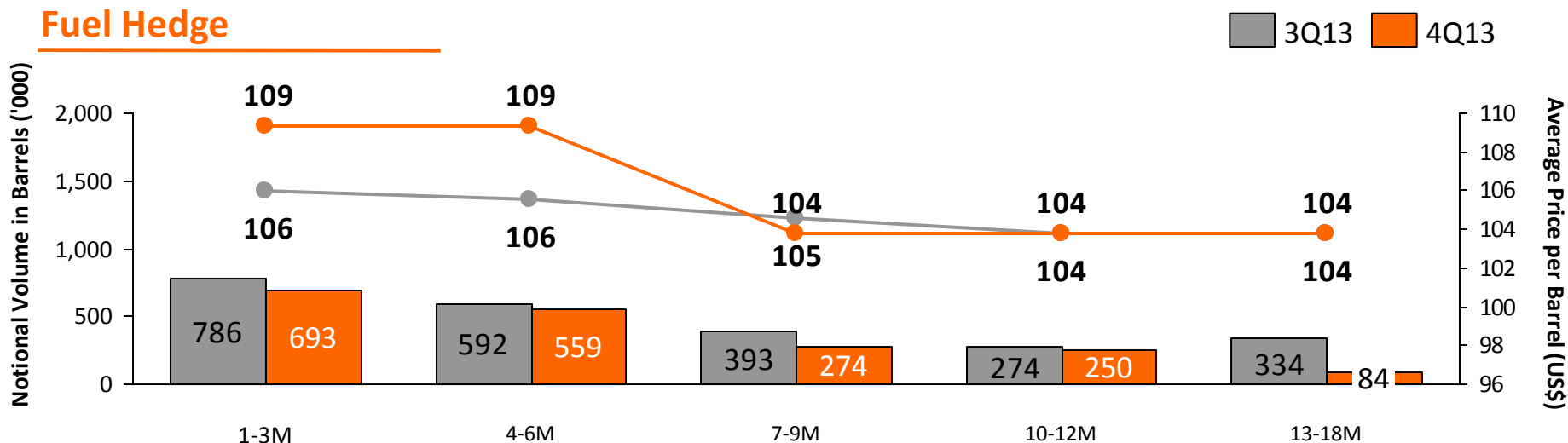
- ✓ **8.7% reduction in fuel consumption** combined with greater efficiency in consumption/ASK;
- ✓ **10.5% Real depreciation** in relation to average Dollar;
- ✓ **Same level of employee headcount** since the beginning of 2013, around 20% below level observed in 2012;
- ✓ Higher commissions due to the **increase in sales**;
- ✓ R\$ 108 million in **additional expenses** in 4Q13.

2013: Reduction of R\$319 million in costs and increase of R\$853 million in revenue

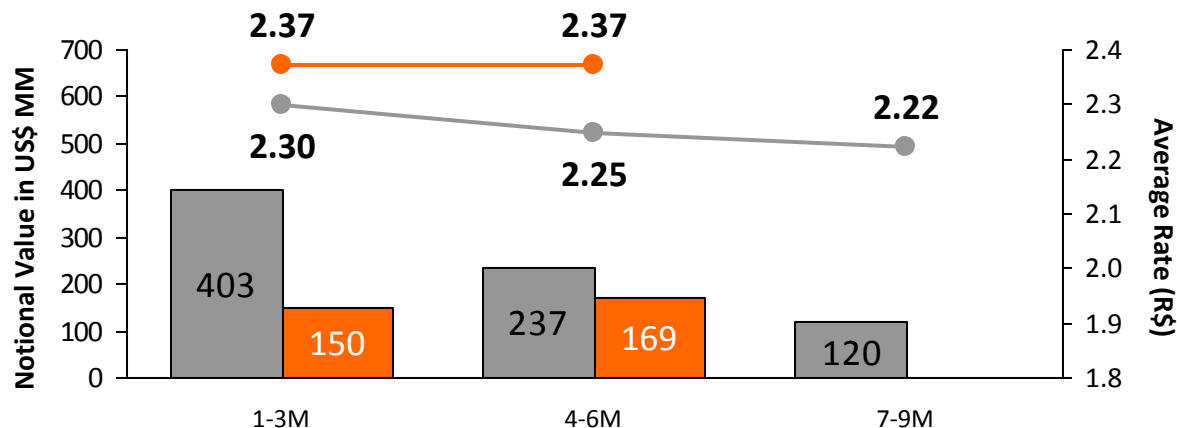


Dollar, Fuel and Interest Rate Hedge Positions

Fuel Hedge



Dollar Hedge

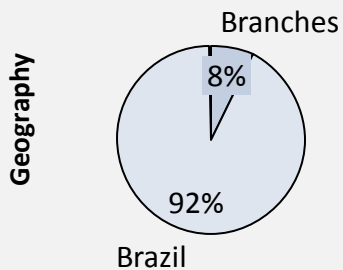


Interest Rate Hedge

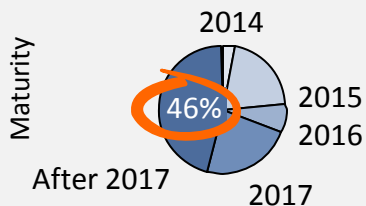
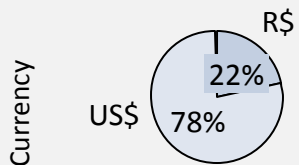
- On 09/30/13, GOL had **47** lease payment flows hedged
- In the close of 2013, the Company had hedges for **41** lease payment flows

Cash and Indebtedness

Total Cash

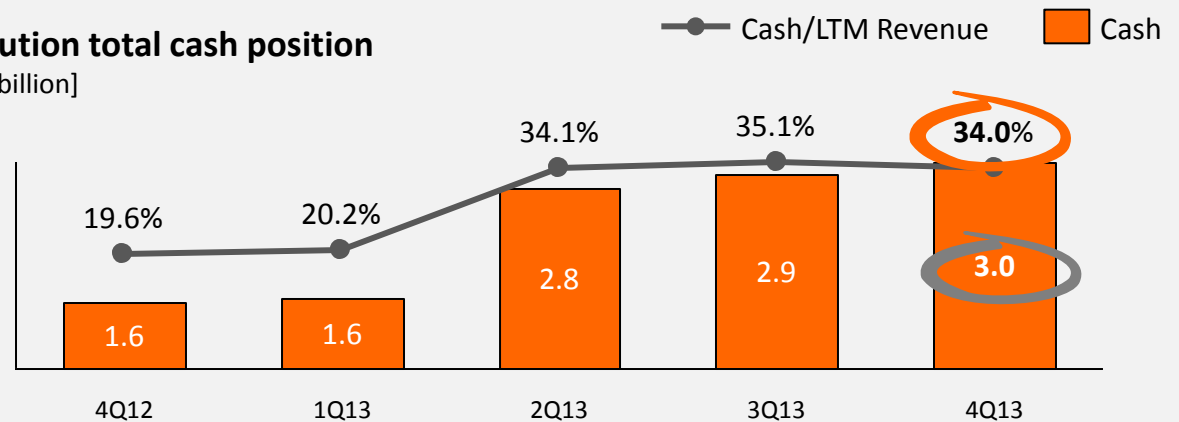


Debt Profile



Evolution total cash position

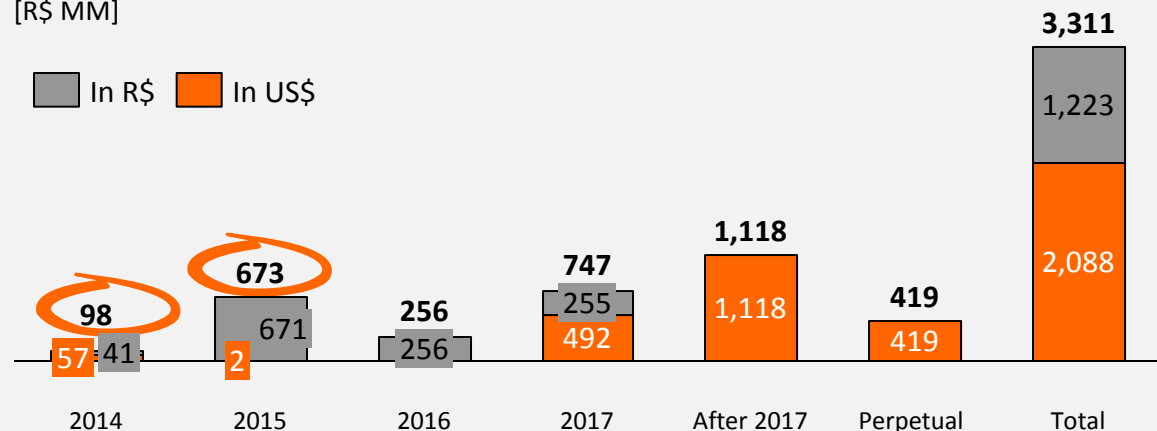
[R\$ billion]



Amortization Profile ex-leasing and ex-interest

[R\$ MM]

■ In R\$ ■ In US\$



6. Guidance



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Flight Plan

	2012	2013	2014
	Restructuring	"Back on Track"	Altitude
Objective	<ul style="list-style-type: none"> ✓ Resizing 	<ul style="list-style-type: none"> ✓ Positive Operational Margin 	<ul style="list-style-type: none"> • Neutral Cash Flow Generation and Leverage Reduction
Actual and Projected	<ul style="list-style-type: none"> ✓ Closure of Webjet's operations ✓ Supply reduction in the domestic market of 5.4% ✓ CASK ex-fuel growth of only 4.3% (even with Real depreciation of 17%) ✓ Adjustment in the workforce count ✓ PRASK growth of 3.6% 	<ul style="list-style-type: none"> ✓ Reduction of operating costs by R\$319 million ✓ Revenue increase in R\$853 million ✓ PRASK growth of 18.5% ✓ Strengthening of the balance sheet: total cash of R\$3.0 bi with improvement in the operational result and SMILES IPO ✓ Leverage reduction in 82% year-over-year ✓ Leadership in on time flights in 2013 ✓ Focus on business customers 	<ul style="list-style-type: none"> • Consolidation of Strategy and Capacity discipline • Margin expansion by revenue growth • Cost Discipline • Product enhancement: GOL+ • Increase in USD revenues • GOL in the World Cup • RASK Growth

2014 Guidance

2014 Guidance	From	To
Brazilian GDP Variation	1.5%	2.0%
Annual RASK Variation	Equal to or higher than 10%	
Annual Domestic Supply (ASK) Variation	-3%	-1%
Annual International Supply (ASK) Variation	Until + 8%	
Annual CASK Ex-fuel Variation	Equal to or lower than 10%	
Average Exchange Rate (R\$/US\$)	2.50	2.40
Fuel Price (QAV)	2.85	2.70
EBIT Margin	3%	6%



GOL – Investor Relations

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