



# GOL Airlines | Teleconference

*December 9, 2019*





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## **GOL announces new proposal for incorporation of Smiles (“Reorganization” or “Transaction”)**

- Reorganization represents significant value for GOL and Smiles shareholders through operating, financial and tax synergies, alignment of shareholder base and improved capital structure
- New proposal, different from that submitted to the Independent Committee
- Approval of Transaction submitted for Smiles minority vote (Controlling shareholder will accompany majority vote of minority)
- Minorities may choose between two different payment consideration alternatives receiving more or less GOL PN shares, at their sole discretion
- Partial payment in GOL PN shares allows Smiles shareholder to participate in the value created by the Transaction
- Transaction increases cash flow generation and strengthens the Group’s credit profile



## Principal Terms and Conditions of the Offer

- Smiles Shareholders may choose among different payment consideration alternatives, at their sole discretion:
  - (a) *0.6319 GOL PN shares + Redeemable PNs in the value of R\$16.54 for each SMLS3 share; or*
  - (b) *0.4213 GOL PN shares + Redeemable PNs in the value of R\$24.80 for each SMLS3 share*
- Portion of the amount paid in Redeemable PNs will be adjusted by the amount of dividends and JSCP announced until the conclusion of the Reorganization
- Redemption of the value of Redeemable PN Shares in one installment, on the settlement date of Transaction
- Payment consideration options allow Smiles shareholder to choose either a larger stake in value created by Reorganization or to receive larger amount in Redeemable PNs
- **Transaction submitted for approval by Smiles minority shareholders (controlling shareholder vote will accompany majority decision of minority votes)**
- Completion of process expected by mid April 2020

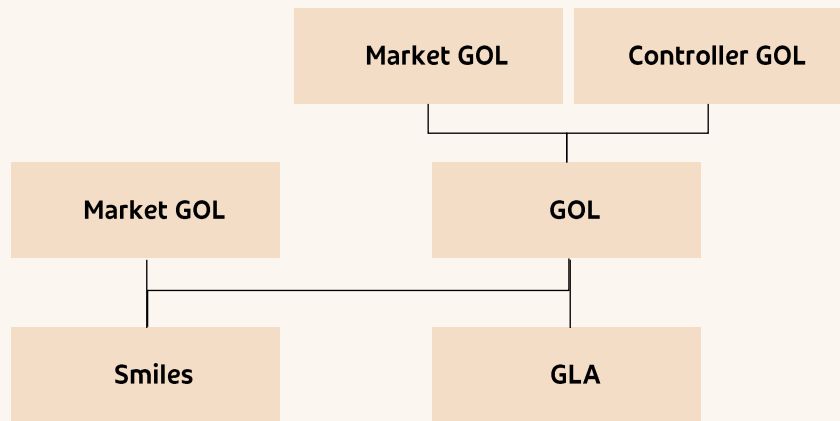


**Step 1:** Merger of SMILES shares into GLA, with issuance by GLA, to Smiles shareholders, of GLA common shares and GLA redeemable preferred shares

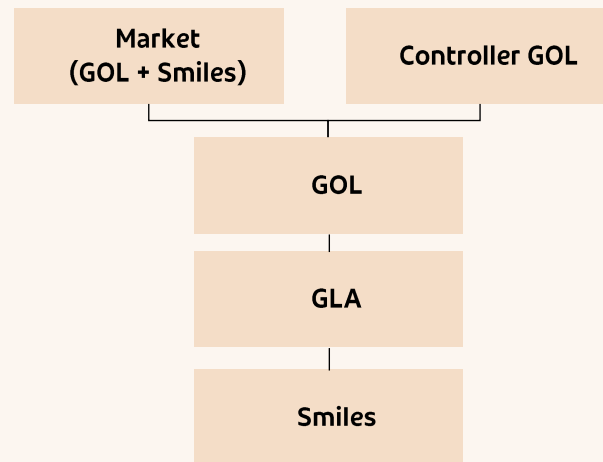
**Step 2:** Merger of GLA shares into GOL, with the issuance by GOL to GLA shareholders, of GOL PN shares and GOL redeemable preferred shares

**Step 3:** Redemption of GOL redeemable preferred shares, with cash payment to current Smiles shareholders

## Current Structure



## Post-Transaction <sup>(1)</sup>



<sup>(1)</sup> Post transaction, GOL will maintain the same listing level on the B3.



## Benefits for GOL Shareholders

- Ensures group long-term competitiveness by aligning interests among stakeholders
- Strengthens capital structure and increases cash flow generation for deleveraging
- Realizes synergies and eliminates tax distortions and inefficiencies
- Reduces operating and financial costs and expenses
- Expected to increase pro forma 2020e earnings per share by R\$0.40<sup>(1)</sup>
- Simplifies Group's operational and corporate governance; unified shareholder base

## Benefits for Smiles Shareholders

- A 30% premium over current market price and 13% premium over NTM target stock price<sup>(2)</sup>
- Participation in value created by Reorganization (in addition to premium offered)
- Choice between two payment consideration alternatives
- Alignment of interests
- Higher trading liquidity

<sup>(1)</sup> Based on GOL and Smiles guidances for 2020, assuming the issuance of 24.8 million PNs of GOL (option B).

<sup>(2)</sup> Based on target prices recently published by Morgan Stanley, J.P. Morgan and Bradesco BBI during October, November and December 2019.



- Depending on investor choice, Transaction will utilize US\$250 - US\$350 million of cash, representing 20% to 30% of total liquidity
- Additional cash flow (before significant synergies) of over R\$230 million<sup>(1)</sup> per year (formerly cash outflow)
- Net leverage post-transaction not above 3x, with expectation of further reduction
- Working capital financing cost reduction
- Additional cash flows and synergies improve short and long term credit metrics

*(1) Considers only the portion of Smiles 2020E profit attributed to minority interests. Does not include Transaction synergies.*



- **12/18/2019:** Hiring of necessary consultants for the Reorganization
- **01/23/2020:** Delivery of Appraisals and Financial Information
- **03/02/2020:** Smiles Shareholders Meeting for Transaction Approval
- **03/19/2020:** Deadline for Differentiated Exchange Ratio Option
- **06/04/2020:** Deadline for Right of Withdrawal
- **4/13/2020:** Transaction Settlement

**December**

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

**January**

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5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

**February**

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						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

**March**

S	M	T	W	T	F	S
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

**April**

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		





## Questions & Answers

GOL