

# Volaris Corporate Presentation

March 2023



**volaris**

VLRS  
LISTED  
NYSE



VOLAR



# Disclaimer

This presentation was prepared by Controladora Vuela Compañía de Aviación, S.A.B. de C.V., (d/b/a Volaris, the "Company") with the purpose of providing interested parties certain financial and other information of the Company. This presentation is confidential and may not be retransmitted or distributed to any other persons for any purpose whatsoever. This presentation is for discussion purposes and highlights basic information about the Company. Because it is a summary, it does not contain all the information that you should consider before investing. The information contained herein is subject to change without notice, its accuracy is not guaranteed, it has not been independently verified and it may not contain all material information concerning the Company. Neither the Company, nor any of their respective directors makes any representation or warranty (express or implied) regarding, or assumes any responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information or opinions contained herein. None of the Company nor any of their respective directors, officers, employees, stockholders or affiliates nor any other person accepts any liability (in negligence, or otherwise) whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith. No reliance may be placed for any purposes whatsoever on the information set forth in this presentation or on its completeness. This presentation should be read in conjunction with the periodic reports and other information filed by Volaris with the U.S. Securities and Exchange Commission ("SEC") and the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) ("CNBV"). You may get these documents by visiting EDGAR on the SEC website ([www.sec.gov](http://www.sec.gov)) and the respective CNBV website ([www.gob.mx/cnbv](http://www.gob.mx/cnbv)).

This presentation does not constitute or form part of any offer or invitation for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. Recipients of this presentation are not to construe the contents of this presentation as legal, tax or investment advice and should consult their own advisers in this regard.

Statements in this presentation contain various forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended, which represent the Company's expectations, beliefs or projections concerning future events and financial trends affecting the financial condition of our business. When used in this release, the words "expects," "intends," "estimates," "predicts," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "potential," "outlook," "may," "continue," "will," "should," "seeks," "targets" and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe the Company's objectives, plans or goals, or actions the Company may take in the future, are forward-looking statements. Forward-looking statements include, without limitation, statements regarding the Company's intentions and expectations regarding the delivery schedule of aircraft on order, announced new service routes and customer savings programs. Forward-looking statements should not be read as a guarantee or assurance of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Forward-looking statements are subject to several factors that could cause the Company's actual results to differ materially from the Company's expectations, including the competitive environment in the airline industry; the Company's ability to keep costs low; changes in fuel costs; the impact of worldwide economic conditions on customer travel behavior; the Company's ability to generate non-ticket revenue; and government regulation. Additional information concerning these, and other factors is contained in the Company's US Securities and Exchange Commission filings. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date of this release. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. The risks and uncertainties regarding these forward-looking statements include, but are not limited to, those set forth under the heading "Risk Factors" in the Company's Report on Form 20 for the year ended December 31, 2021, and in the Company's other filings with the SEC, which are available at [www.sec.gov](http://www.sec.gov).

Neither the SEC, the CNBV nor any other authority has approved or disapproved the information contained in this presentation, its accuracy or completeness.

Attendance and the exercise of voting rights are subject to compliance with the change of control provisions set forth in Clause Eight of the Company's by-laws. Note that pursuant to such provision, a position that results in a number equal or greater than 5% of Volaris' total outstanding shares requires the prior written authorization of the Board of Directors.

# Latin America's largest ULCC

Flying ~100,000 daily passengers across Mexico, the United States, Central and South America

In 2021, Volaris was the largest Latin American airline by total passengers<sup>(1)</sup>

**32 Million**

**Passengers**

In the last 12 months as of Feb 28<sup>th</sup>, 2023

**\$2.8 Billion**

**Total operating revenue**

In 2022, USD

**200**

**Routes**

120 domestic and 80 international

**71**

**Airports**

43 domestic and 28 international

**~600**

**Daily flights**

~460 domestic and 130 international

**3**

**Air Operator Certificates**

Mexico, Costa Rica and El Salvador

**121**

**Aircraft**

55% NEO, average age of 5.4 years

**13.3**

**Block hours**

Per day of total productive fleet

**144**

**NEO orderbook**

117 A321neo and 27 A320neo

**~7,000**

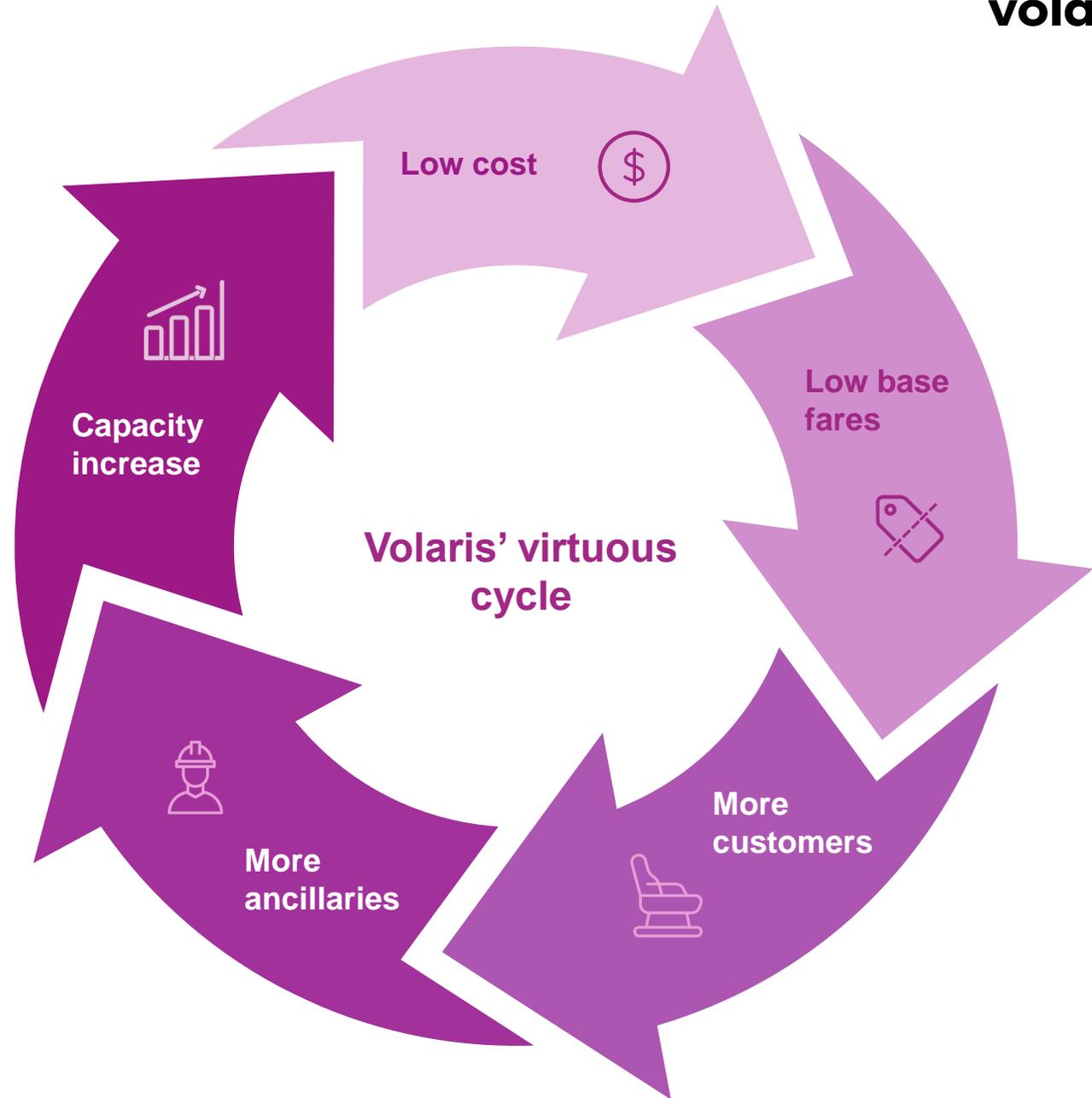
**Full-time employees**

60 FTEs per aircraft

Source: (1) Cirium.  
Note: Unless otherwise stated, information on this slide is as of December 31<sup>st</sup>, 2022.

## Volaris' resilient, ULCC business model for profitable growth

Our strong **business model remains unchanged** since our founding, and we expect it will continue to serve as the basis for growth



# A clear path to long-term, profitable growth

## Low-cost leadership



- One of the **lowest cost operators** in the world
- Fleet plan aims to drive **further efficiencies: low costs going lower**

## Market and profitability leader



- **Largest** airline in Mexico by passengers
- **Industry leading profitability** levels in the Americas<sup>(1)</sup>
- EBITDAR expansion potential

## High growth opportunities



- Well-positioned to **leverage regional shifts in population and transportation** trends
- Likelihood U.S. regulatory decision (CAT1) to give additional upside
- **Diversified** growth avenues available

## Financial strength



- **Strong and flexible** balance sheet and cash generation
- **Conservative debt position** and **healthy** financing conditions

# Clear path to long term profitable growth

## Low-cost leadership

- One of the **lowest cost operators** in the world
- Fleet plan aims to drive **further efficiencies: low costs going lower**

## Market and profitability leader

- **Largest** airline in Mexico by passengers
- **Industry leading profitability** levels in the Americas<sup>(1)</sup>
- EBITDAR expansion potential

## High growth opportunities

- Well-positioned to **leverage regional shifts in population and transportation** trends
- Likelihood of U.S. regulatory decision (CAT1) to give additional upside
- **Diversified** growth avenues available

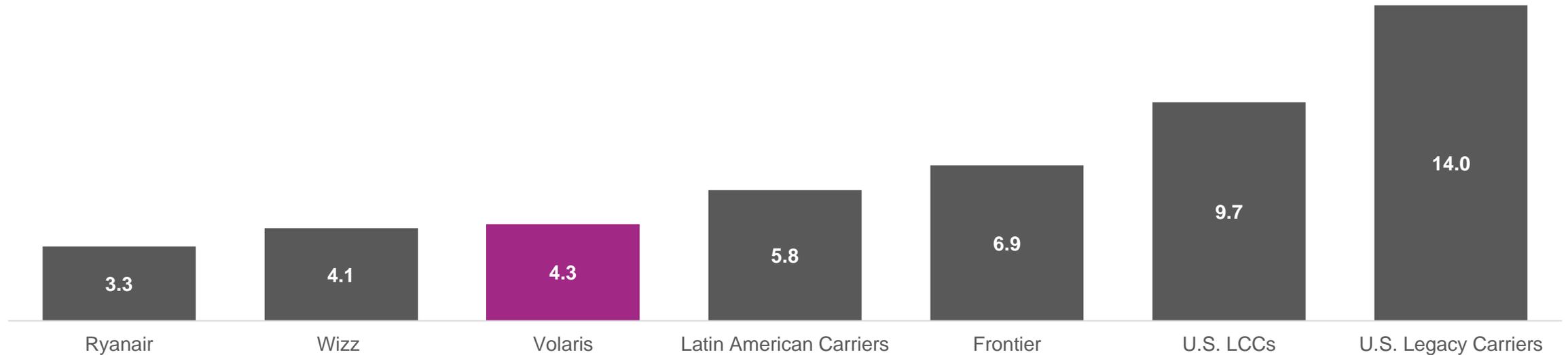
## Financial strength

- **Strong and flexible** balance sheet and cash generation
- **Conservative debt position** and **healthy** financing conditions

# One of the lowest-cost operators worldwide

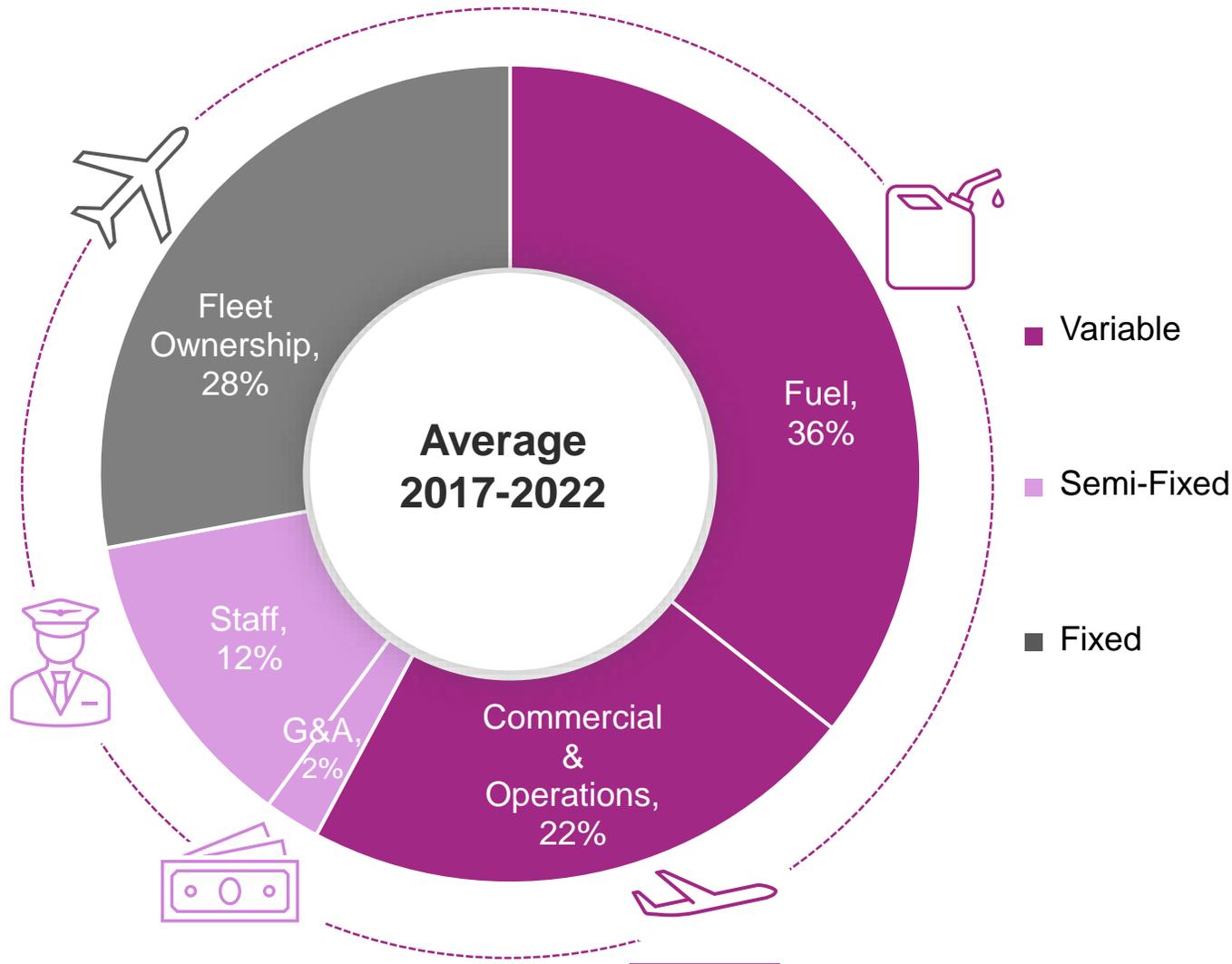
## CASM ex-fuel

USD cents | FY 2022 CASM ex-fuel | Stage length adjusted @1,000 miles



**Disciplined approach to containing controllable costs has enabled Volaris to maintain competitive advantage against peers**

# Flexibility on costs across business provides a competitive advantage



- **60%+ of Volaris' costs have been variable** over the past 5 years on average
- Volaris' **relatively high proportion of variable and semi-fixed costs** provides a competitive advantage, **allowing flexibility to adjust capacity in a downturn**
- Roughly 2/3 of Volaris' Staff and G&A expenses are variable
- Variable portion of the compensation of the company is aligned with shareholders' interests, as it **incentivizes productivity**

# Clear path to long term profitable growth

## Low-cost leadership



- One of the **lowest cost operators** in the world
- Fleet plan aims to drive **further efficiencies: low costs going lower**

## Market and profitability leader



- **Largest** airline in Mexico by passengers
- **Industry leading profitability** levels in the Americas<sup>(1)</sup>
- EBITDAR expansion potential

## High growth opportunities



- Well-positioned to **leverage regional shifts in population and transportation** trends
- Likelihood of U.S. regulatory decision (CAT1) to give additional upside
- **Diversified** growth avenues available

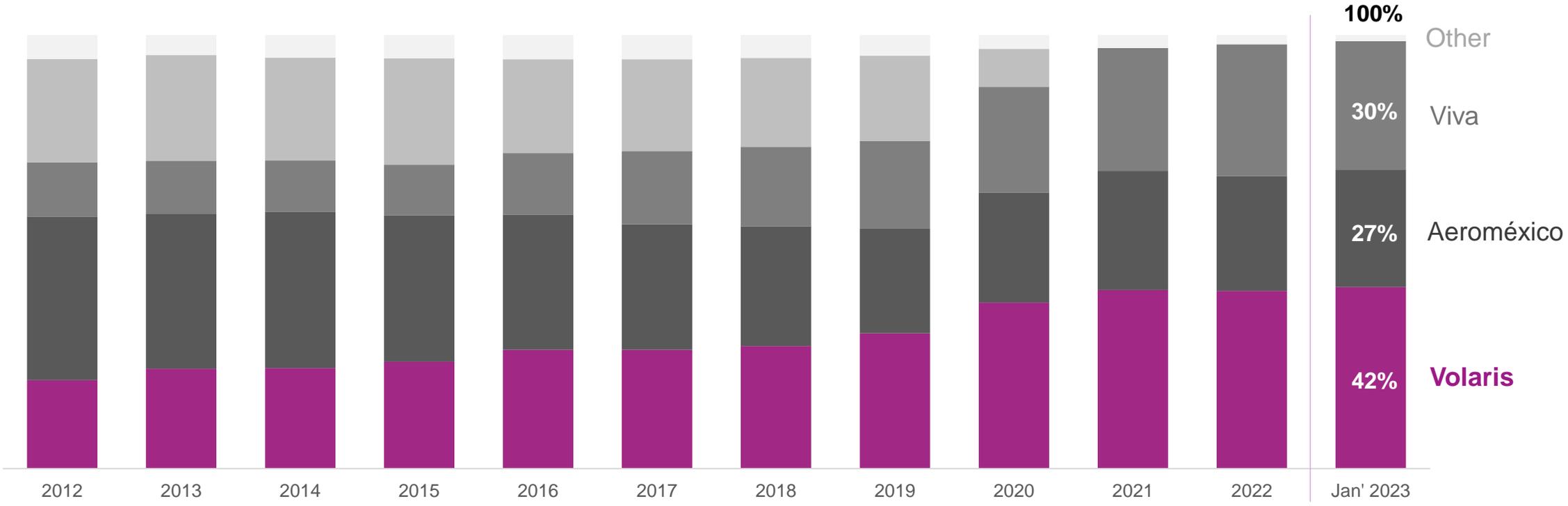
## Financial strength



- **Strong and flexible** balance sheet and cash generation
- **Conservative debt position** and **healthy** financing conditions

# Volaris is the leader among the 3 carriers that control 99% of the domestic passenger airlines market

**Domestic market share**  
% of total passengers



**Share of top 3 players (%)** 71

71

71

70

73

73

74

76

88

97

98

99

Source: AFAC – SICT.  
Note: As of January 2023.

# Clear path to long term profitable growth

## Low-cost leadership

- One of the **lowest cost operators** in the world
- Fleet plan aims to drive **further efficiencies: low costs going lower**

## Market and profitability leader

- **Largest** airline in Mexico by passengers
- **Industry leading profitability** levels in the Americas<sup>(1)</sup>
- EBITDAR expansion potential

## High growth opportunities

- Well-positioned to **leverage regional shifts in population and transportation** trends
- Likelihood of U.S. regulatory decision (CAT1) to give additional upside
- **Diversified** growth avenues available

## Financial strength

- **Strong and flexible** balance sheet and cash generation
- **Conservative debt position** and **healthy** financing conditions

# Mexico's air travel market is in its early stages of growth



Large bus switching potential



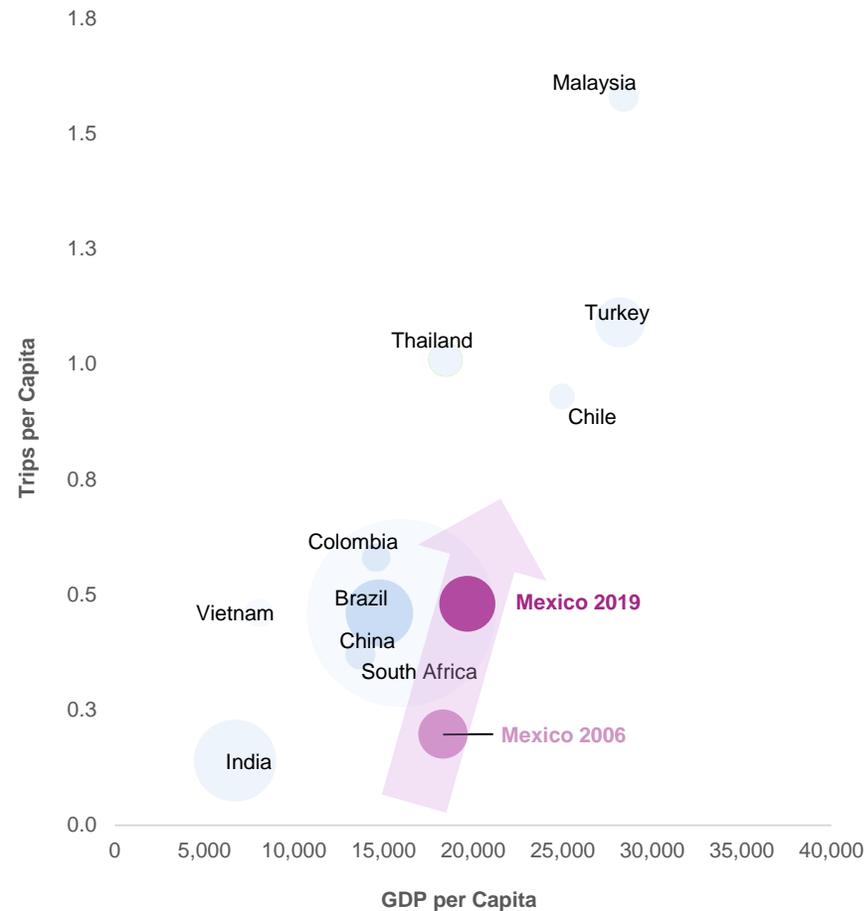
Strong and resilient VFR market



Ideally suited geography for aviation

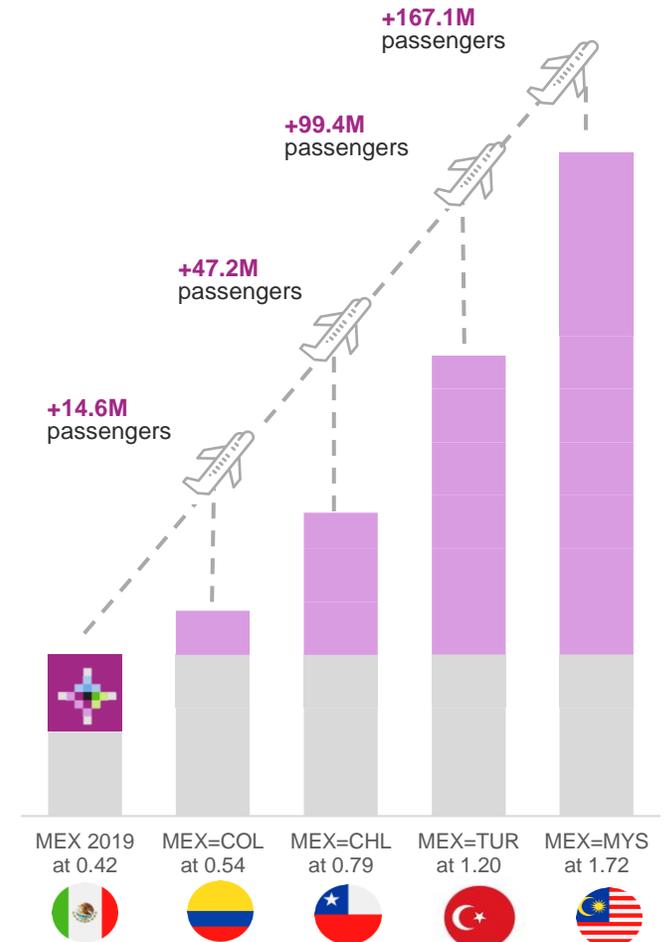
## Growing trips per capita toward levels in comparable markets presents significant capacity opportunity

Air travel penetration | 2019<sup>(1)</sup>



Source: Airbus, World Bank, and Oxford Economics as of 2019.  
Note: Bubbles denote Nominal GDP in USD as of 2019.

Domestic air trips per capita | 2019



# Mexico's demographics are favorable

**129 Million**

population

**10<sup>th</sup>**

largest in the world

**55 Million**

of the current population is under 25

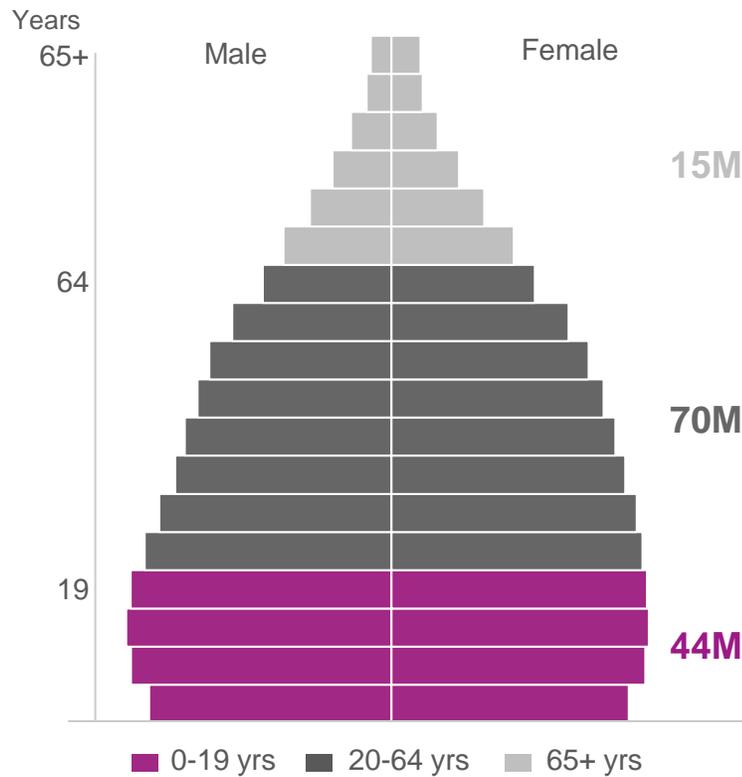
Mexico's working population is expected to be

**90+ Million**

by 2050

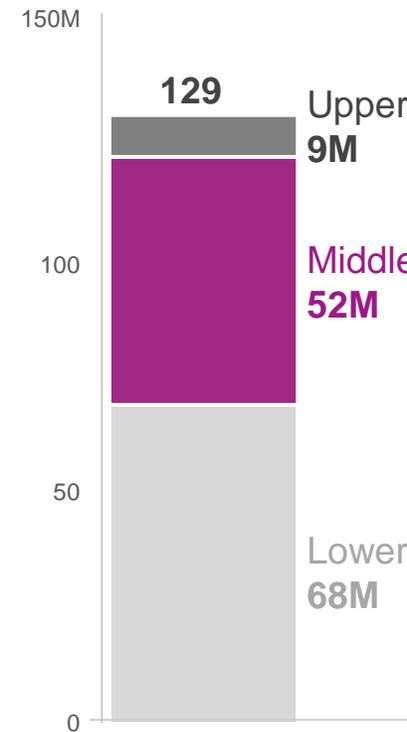
## Large and growing "traveling class"

Mexican demographic composition by age | 2022



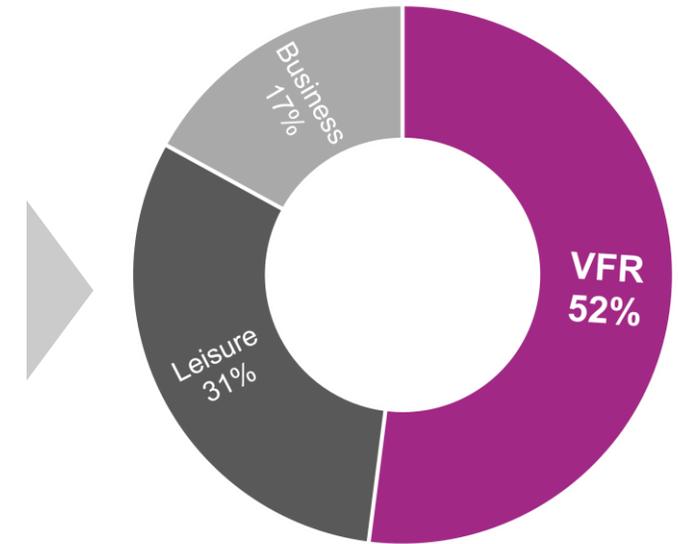
## Healthy middle class

Population, Millions | 2022



## Large VFR segment

2022 | Network breakdown



**Significant opportunities exist to drive growth through bus-to-air conversion**

**46%**

of routes compete only against buses



**3 Billion**

Bus passengers in Mexico annually, of which 795 million<sup>(1)</sup> represent most attractive segment for bus-to-air conversion



**10%**

If Volaris were to convert 10% of the luxury bus passenger segment, the size of the Mexican aviation market would double



**31 Million**

Converting 1% of bus passengers to air travel would yield 31 million additional air passengers



**No passenger rail system**

The lack of passenger rail service makes long-distance domestic travel difficult and time-consuming Mountainous terrain make road trips treacherous

# Volaris operates a more diversified network than competitors



**More Diversified Network**

Volaris has significantly less route overlap than competitors

**34%**

with Viva (vs. 50% Viva's point of view)

**25%**

with Aeromexico (vs. 54% Aeromexico's point of view)



**Competitive Advantages**

Volaris' network provides competitive advantages

**46%**

Volaris holds leadership position at 26 of 56 domestic stations, including most important stations

## Volaris is the leader at more than half of the airports we serve

Seats | 2023

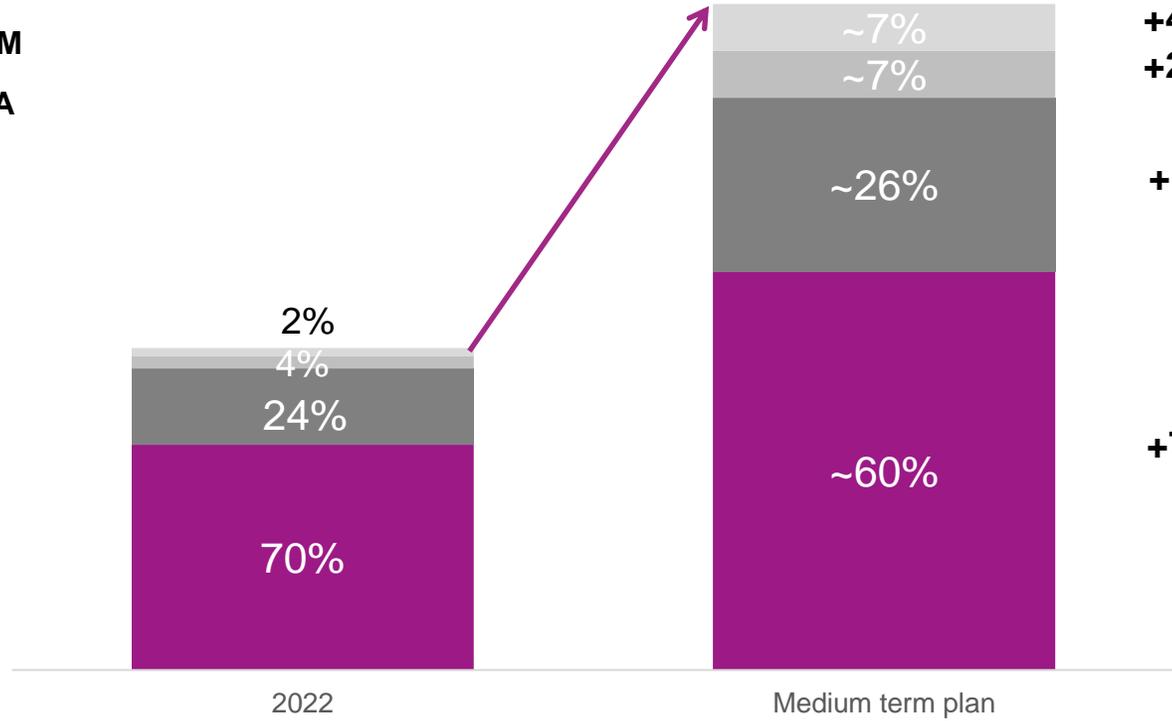


**Volaris is well positioned to benefit from bus conversion given market strength**

Volaris has strong potential for expansion in all key markets in the medium-term

Volaris' network growth

- MX-DOM
- MX-USA
- CAM
- Other



Medium-term plan growth:  
**+470-490%**  
**+270-300%**  
**+110-130%**  
**+70-80%**

<b>Total aircraft</b>	<b>117</b>	<b>175 – 200</b>
<b>Total routes</b>	<b>196</b>	<b>490 – 550</b>

This is a goal / target and is forward-looking, subject to significant, business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and is based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals and targets will be achieved and the Company undertakes no duty to update its goals.

# Robust ancillary roadmap: line of sight to achieve 50% of total operating revenues

## \$ Optimize pricing

- Define pricing of key air trip related ancillaries based on customer's willingness to pay
- Achieve full potential personalization

## 💡 Launch new products & services

- Start wireless inflight offering
- Launch affinity program with large Latin American retailer (Oxxo)
- Offer new insurance products around flexibility and health
- Launch new refund products

## 🔄 Build recurring revenue streams

- Grow V.Pass subscription (markets, types and flavors)
- Build V.Club membership base to 30-40% of passengers
- Maximize co-branded credit card revenues through scaling and launching new regions

## 📦 Enhance existing products & services

- Enforce baggage charges at airport
- Improve conversion seats selection and upsell premium seats at checking and in cabin
- Drive commission revenues from YaVas vacation packages offering



**First checked bag is included in fare on domestic flights per Mexican law**

# Clear path to long term profitable growth

## Low-cost leadership

- One of the **lowest cost operators** in the world
- Fleet plan aims to drive **further efficiencies: low costs going lower**

## Market and profitability leader

- **Largest** airline in Mexico by passengers
- **Industry leading profitability** levels in the Americas<sup>(1)</sup>
- EBITDAR expansion potential

## High growth opportunities

- Well-positioned to **leverage regional shifts in population and transportation** trends
- Likelihood of U.S. regulatory decision (CAT1) to give additional upside
- **Diversified** growth avenues available

## Financial strength

- **Strong and flexible** balance sheet and cash generation
- **Conservative debt position** and **healthy** financing conditions

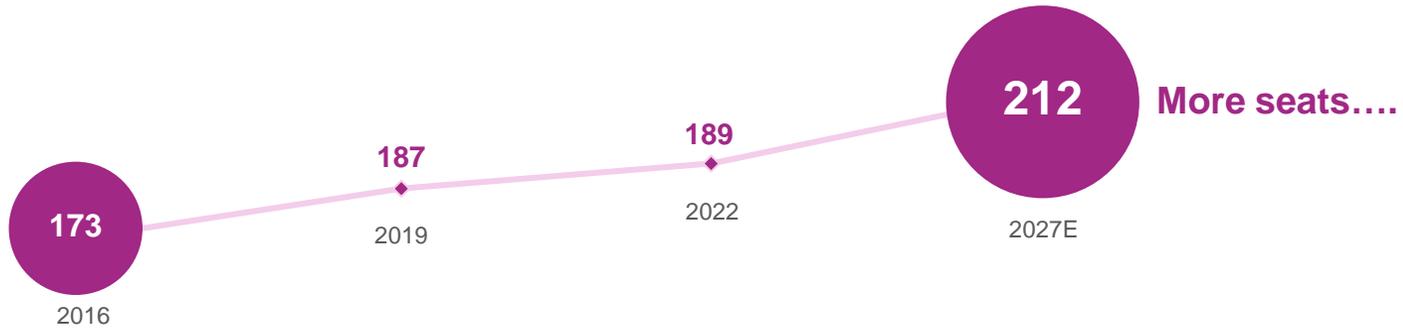
# Fleet plan positions Volaris to further increase its cost advantage

High percentage of NEO aircraft is a natural hedge against higher fuel prices

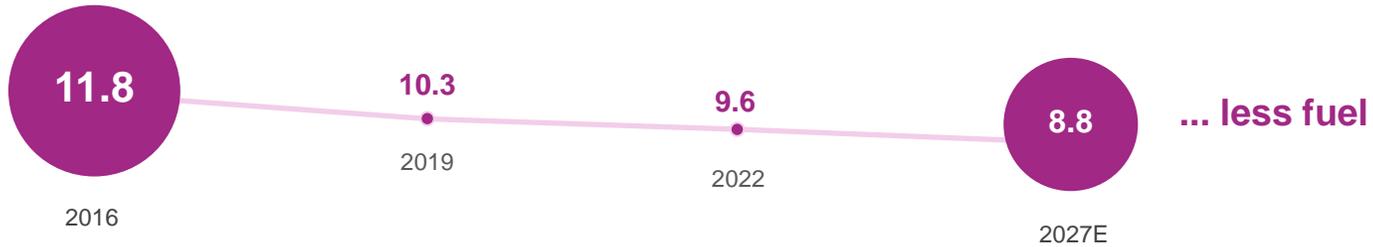
P&W GTF engines with fuel consumption reduction ~15% per available seat mile



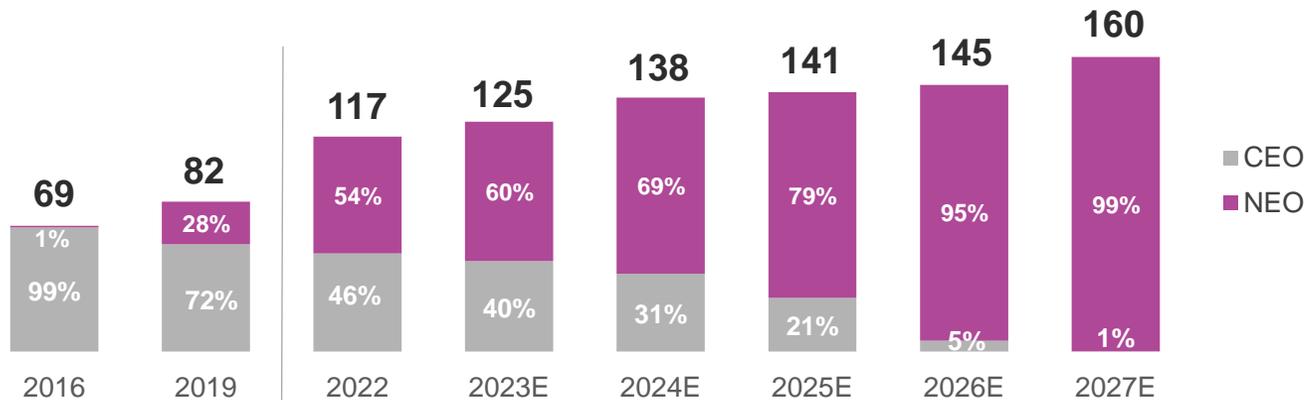
Seats per departure



Gallons/ASM (000)



Contractual fleet plan



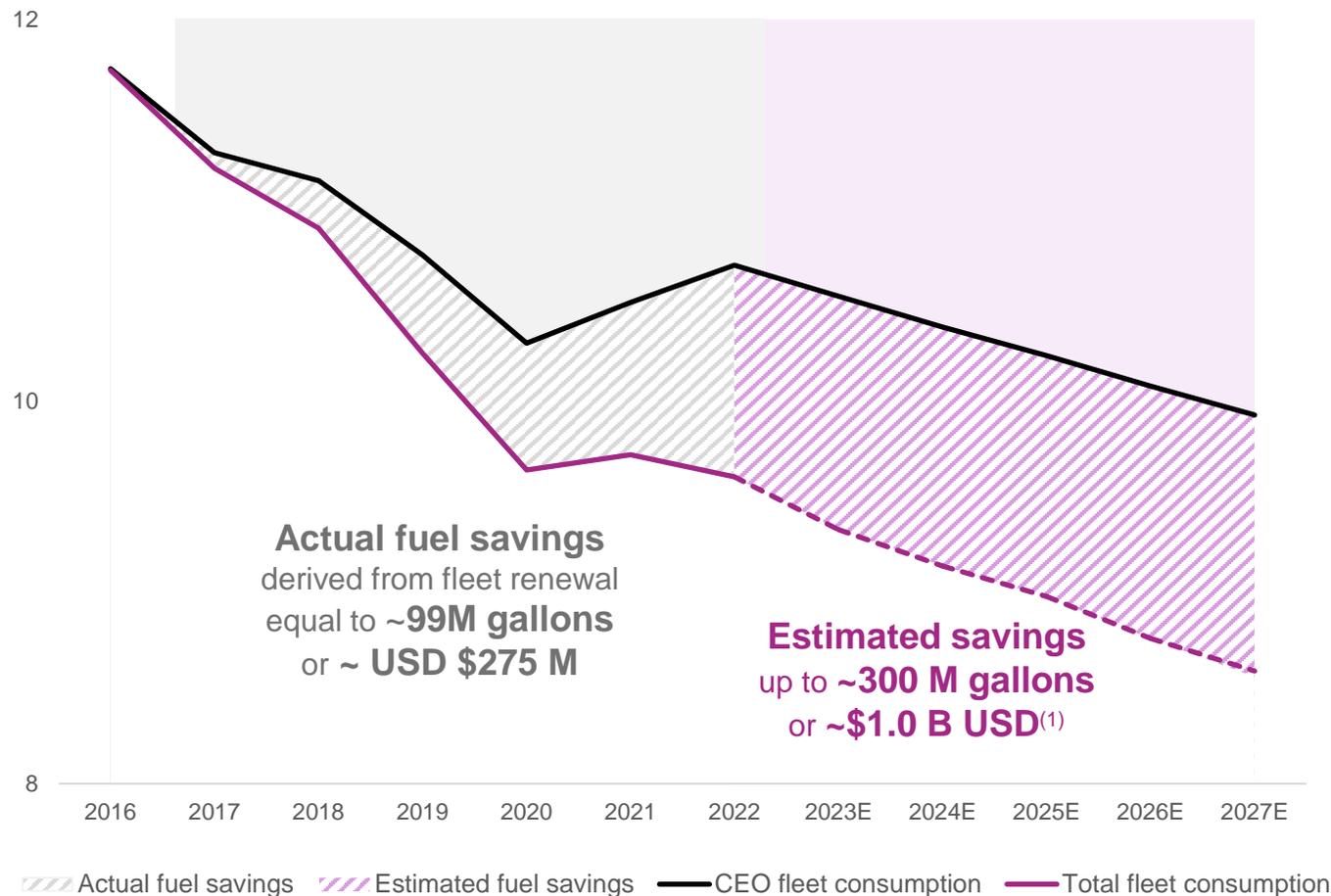
Note: Average configuration of existing A321neo fleet at 234 seats, with new deliveries at 239 seats.

This is a goal / target and is forward-looking, subject to significant, business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management and is based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary, and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals and targets will be achieved, and the Company undertakes no duty to update its goals.

# Fleet renewal is proving to be an effective fuel price hedge

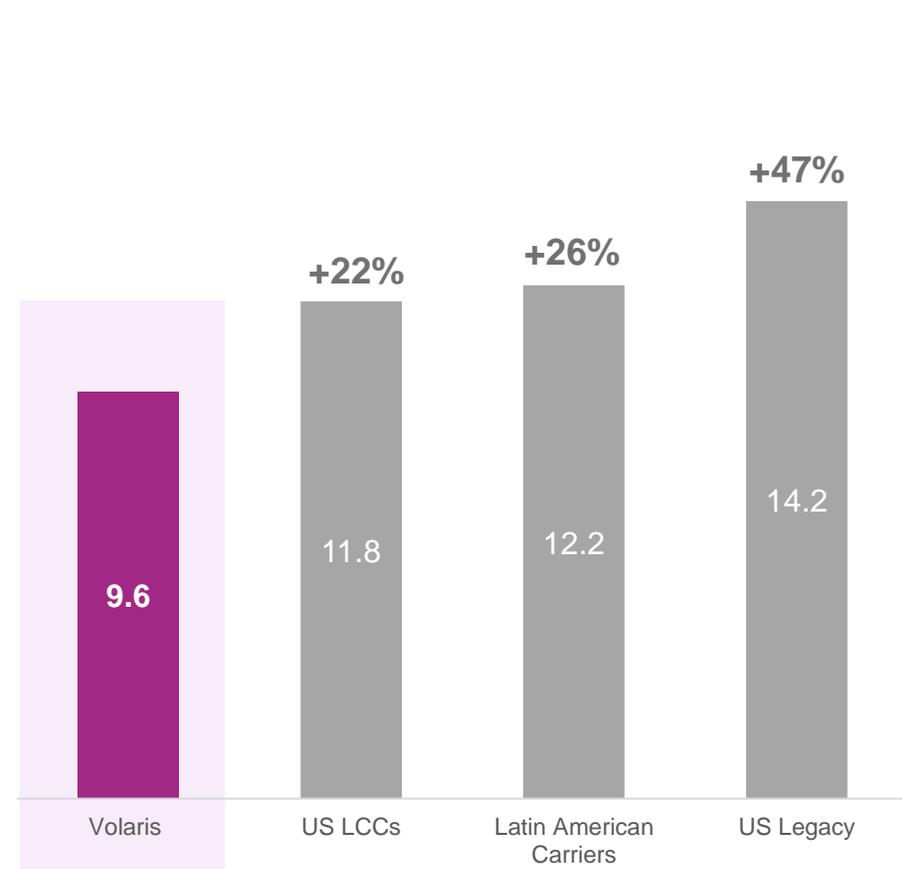
## NEO fleet investment already generating significant cost savings

Gallons/ASM (000)



## More fuel efficient than peers

Gallons/ASM (000) | FY 2022



Note: (1) Assumes an economic fuel price of 3.50. (2) Presenting average gallon/ASMs (000's) "US LCCs": Southwest, Allegiant, JetBlue, Spirit, and Frontier; "Latin American Carriers": Copa, Azul and Gol.; "US Legacy Carriers": Delta, American Airlines, Alaska and United Airlines. This is a goal / target and is forward-looking, subject to significant, business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management and is based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary, and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals and targets will be achieved, and the Company undertakes no duty to update its goals.

# Reduced cost of ownership to trickle down to CASM

NEO orders	Indigo's group order	Volaris' portion of group order	Volaris' outstanding backlog
2011 order	Stand-alone	N/A	30 Last delivery in 2022
2017 order	Indigo	430	80 First delivery in 2023
2021 order	Indigo	382 <sup>(1)</sup>	64 <sup>(1)</sup>

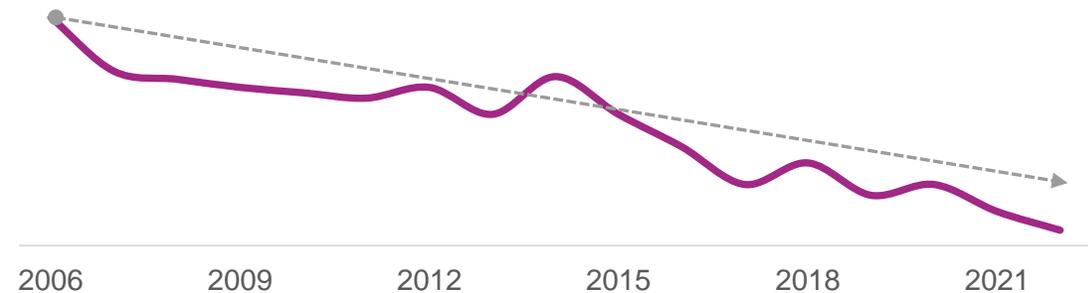
## Favorable aircraft pricing with Airbus negotiated, benefitting from Indigo Partners' economies of scale

Net fly-away prices per aircraft (USD nominal) Index 2011=100%



## Increasingly competitive lease rate factors to widen Volaris' fleet ownership cost advantage in the future

Lease rate factor (%) Index 2006=100%



Note: (1) Includes exercised options.  
For non-IFRS measures please see appendix.

# Volaris' Airbus orderbook supports flexible and conservative fleet growth

## Orderbook with Airbus

- Three purchase orders placed with Airbus, totaling 174 aircraft
- 144 on backlog for delivery in the upcoming years – **half for renewal, half deployed for fleet growth**

## Lease extensions

- Volaris aims to keep its fleet as young as possible
- Lease extensions for certain aircraft to address growth requirements
- Seek lowest redelivery cost possible when necessary to return an aircraft to lessor

## Straight operating leases

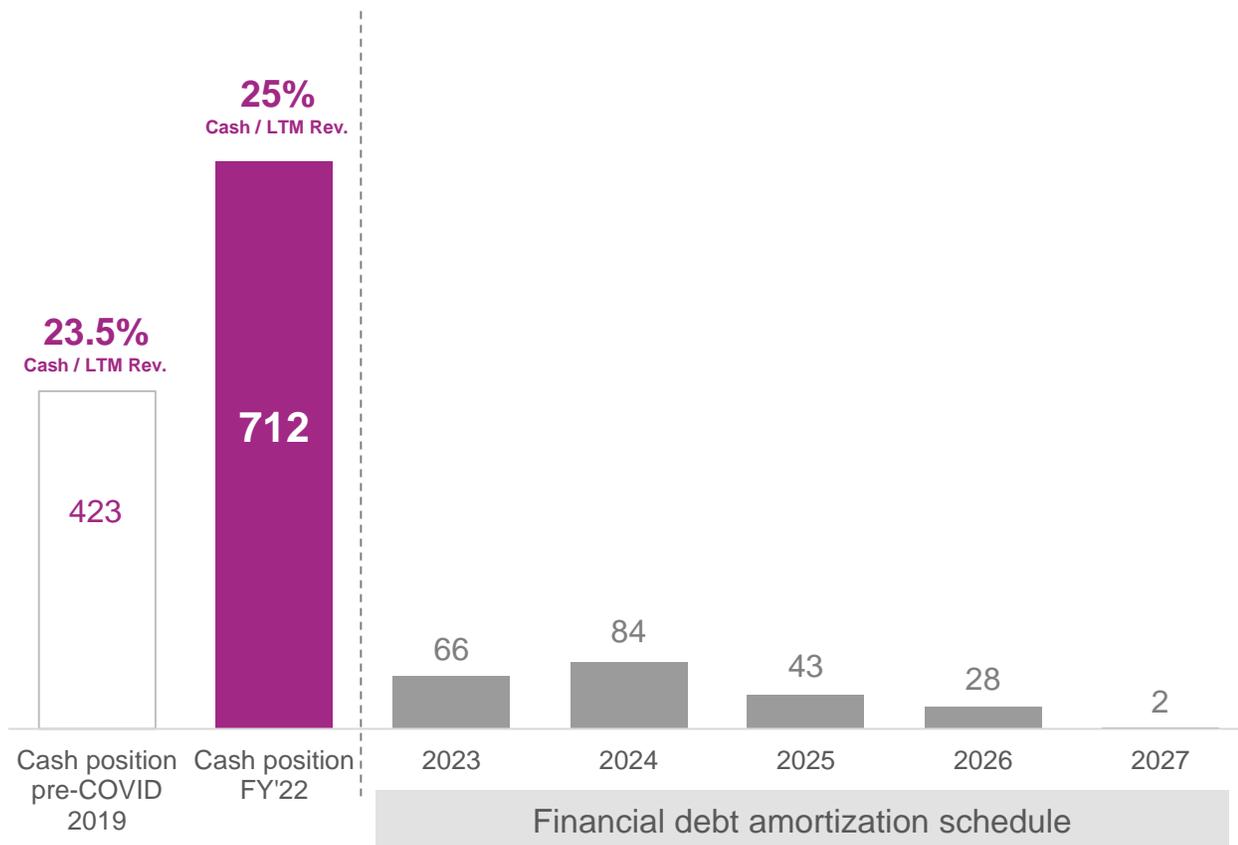
- Secured additional aircraft from lessors who have placed their own orders with Airbus
- Leases depend on the current market conditions and aircraft availability



# Operational and financial efficiency has enabled a robust capital profile

## Attractive financial debt maturity profile

Millions | USD <sup>(1)(2)</sup>



**91%**

of Volaris' total debt is composed of lease liabilities (USD \$2.7B), with no exposure to increasing rates<sup>(2)</sup>

**7.2%**

dollar equivalent cost of Volaris' financial debt in 4Q22<sup>(3)</sup>

**500M+**

pre-delivery payments (PDPs) line secured for next three years

Note: (1) Converted using Dec 30th, 2022, FX of USD = 19.3615 MXN (2) VOLARCB19 & VOLARCB21L floating rate have a 10% cap on TIIE (3) The cost of debt is computed using the equivalent USD denominated fix rate swap for each financing facility.

# 2023 Guidance

		FY 2023
	<b>ASM growth</b>	~10% <sup>1</sup>
	<b>Total Operating Revenues</b>	USD \$3.2 to \$3.4B
	<b>CASM ex fuel</b>	USD \$4.6 to \$4.8¢
	<b>EBITDAR margin</b>	29% to 31%
	<b>CAPEX</b>	~USD \$300M <sup>2</sup>
	<b>Net Debt/ EBITDAR</b>	≤ 2.5x

Note: (1) Already considering expected aircraft manufacturer delays and engine availability. (2) Net of financed predelivery payments.  
 This guidance assumes a **FX USD/MXN** between **Ps.19.25 to Ps.19.75** and an **average U.S. Gulf Coast jet fuel price** between **\$3.00 to \$3.10** per gallon.  
 This outlook assumes no significant unexpected disruptions related to COVID-19, regulatory, macroeconomic and/or geopolitical events with impact on Volaris' business.

Assuming Volaris' contractual fleet, we are committed to doubling

Revenue,

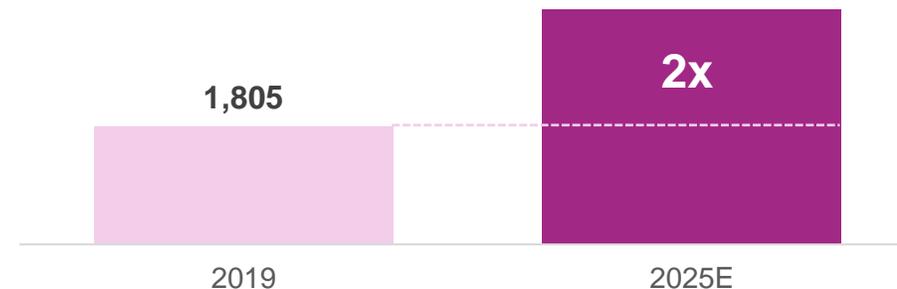
EBITDAR, and

FCF generation

by **2025** versus pre-pandemic levels (2019)

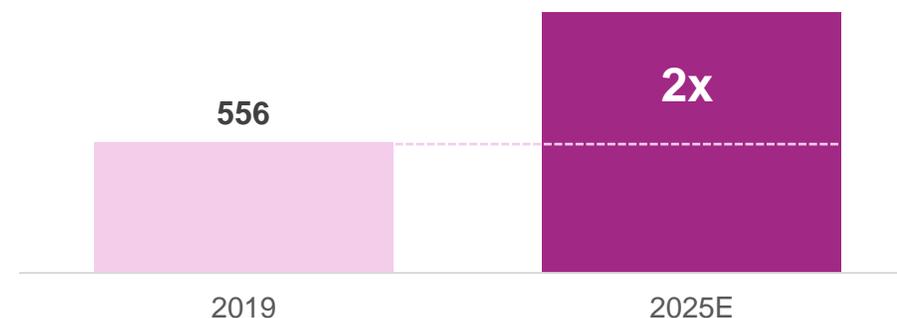
**Revenue**

*USD Million*



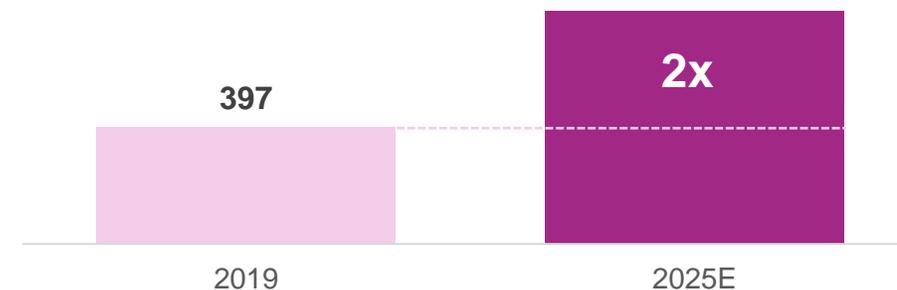
**EBITDAR**

*USD Million*



**Free Cash Flow**

*USD Million*



Note: Free cash flow calculated as EBITDAR minus CAPEX.  
For non-IFRS measures please see appendix.

This is a goal / target and is forward-looking, subject to significant, business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management and is based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary, and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals and targets will be achieved, and the Company undertakes no duty to update its goals.



## Environmental

- Reduction of **CO2 emissions** by **35.4% gco2/RPK** by 2030 vs. 2015 by interim targets
- **Young and fuel-efficient fleet**
  - Among youngest fleet in North America (5.4 yrs.)
  - 100% NEOs engines by 2028 (fuel-efficient)
  - Enhanced route planning
  - Reduction in on-board weight and airplanes with a higher seat configuration
- Commitment to IATA's **“Fly Net Zero”** pledge



## Social

- Driver of **mobility** across all **socioeconomic classes** with ULCC model, bolstering **economic growth** in our markets
- **Diverse and engaged** work environment underpinned by **equality**
  - (Adherence to IATA's 25by2025 initiative)
- Prioritization of **aviation security** and **operational safety**
  - No aviation accidents and breaches of our customers' data



## Corporate Governance

- **Sustainability and business strategy alignment** with Board and leadership team oversight and pay alignment
  - **No controlling group**
  - **64%** of Board is **independent**
  - Strong and diverse governance top-down
- Strong **ethics and compliance practices** and commitment to transparency
  - **Rigorous reporting:** GRI, SASB, TCFD



CAPA Latin America  
Environmental  
Sustainability Airline of  
the Year Award for 2022

**S&P Dow Jones  
Indices**

A Division of **S&P Global**

2<sup>nd</sup> year

Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA



2<sup>nd</sup> year

Member of  
**S&P/BMV Total  
Mexico ESG Index**

**Growth strategy is enhanced by meaningful ESG objectives**

**VLRS**  

---

**LISTED**  

---

**NYSE**



**VOLAR**

**IR Contact**

Ricardo Martínez

[ir@volaris.com](mailto:ir@volaris.com)

[ir.volaris.com](http://ir.volaris.com)