



# Latin America's Leading ULCC

November 2022

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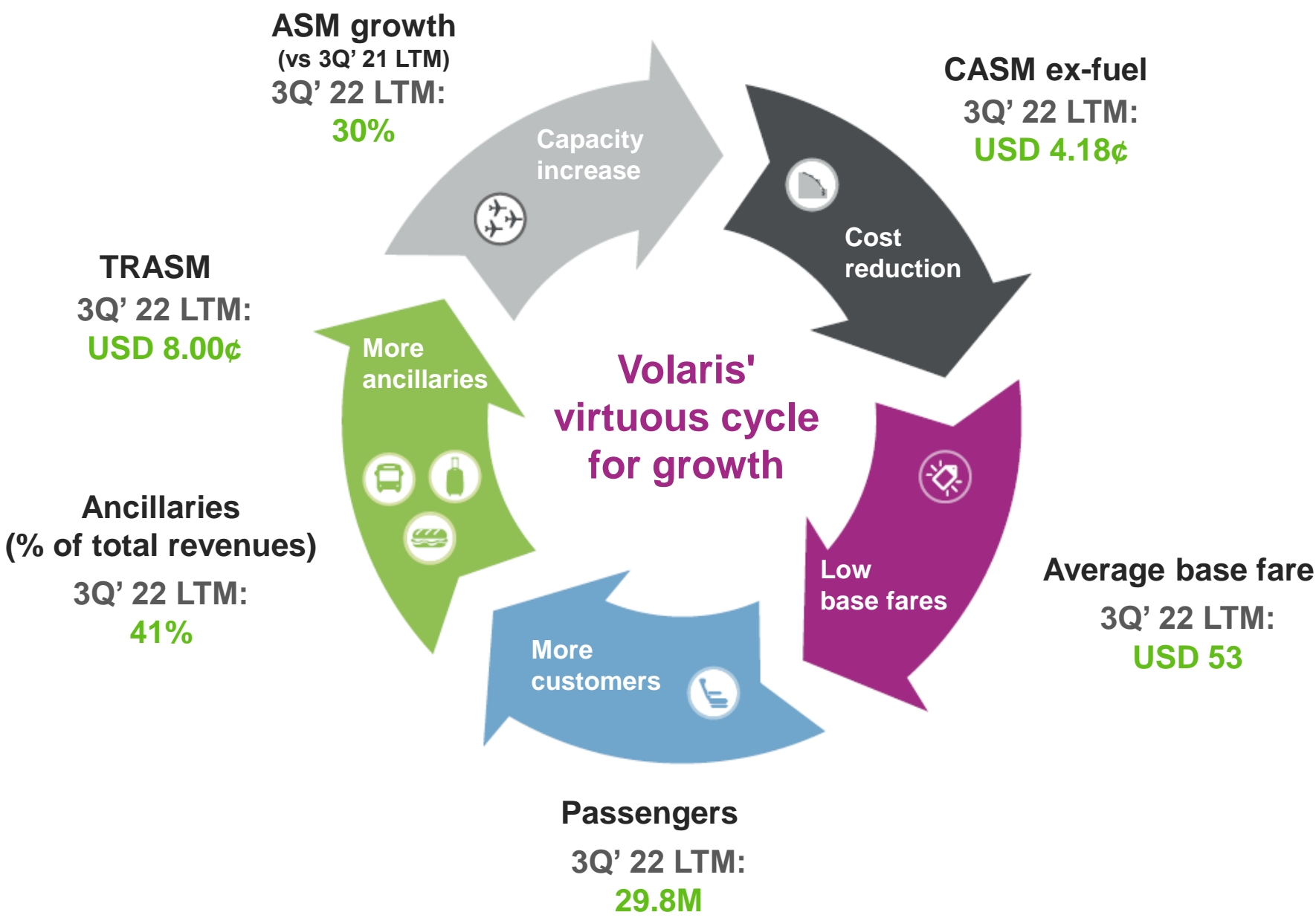
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# Latin America's leading Ultra-Low-Cost Carrier



- ✈ **30M** passengers in the last 12 months <sup>(1)</sup>
- ✈ **115** aircraft (**52%** NEO, **5.4** years average age) <sup>(1)</sup>
- ✈ **196** routes (**120** domestic and **76** international) <sup>(2)</sup>
- ✈ **71** airports serve (**43** domestic and **28** international) <sup>(2)</sup>
- ✈ **3** Air Operator Certificates (**Mexico**, **Costa Rica** and **El Salvador**)
- ✈ **60** full-time employees per aircraft <sup>(3)</sup>
- ✈ **13.4** block hours per day of total productive fleet <sup>(3)</sup>
- ✈ Member of **Dow Jones Sustainability MILA Pacific Alliance Index** and **S&P/BMV Total Mexico ESG Index**
- ✈ Proven **leadership team**, leading the Company since its foundation, with an average of **20+ years of experience** in the global aviation industry

# Volaris' resilient, emerging market, ULCC business model



Key metrics	
Metrics	3Q' 22
Cash and cash equivalents	USD 750M
% LTM revenues	28%
Gross debt	USD 2.9B
Lease liabilities	USD 2.7B
Financial debt	USD 0.2B
Net debt / LTM EBITDAR	3.4x
2022 Outlook <sup>(1)</sup>	
ASM growth	+25% (vs 2021)
Total op. revenue	USD 2.8 - 3.0B
EBITDAR margin	Low 20's
CASM ex-fuel growth	+1% (vs 2021)
Capex	USD 145M

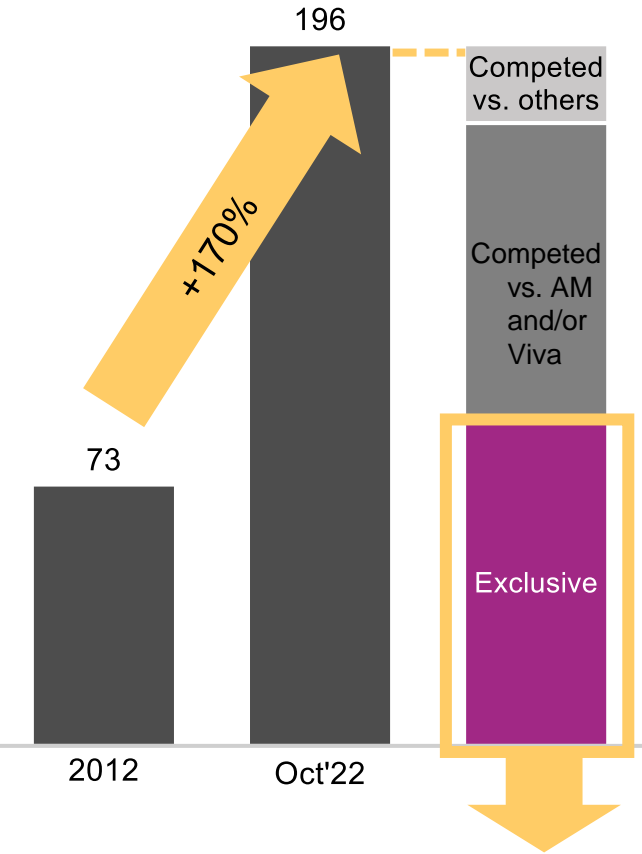
**Note:** (1) Assumes 2022 average USD/MXN rate between 20.25 - 20.30 and average economic fuel price between \$3.85 - \$3.90/gallon, also assumes no significant unexpected disruptions related to COVID-19, macroeconomic factors, or other negative impacts on Volaris' business; Last twelve months (LTM) as of September 2022

# Significant opportunity for bus-to-air conversion through low base fares



46% of Volaris' routes compete only against buses

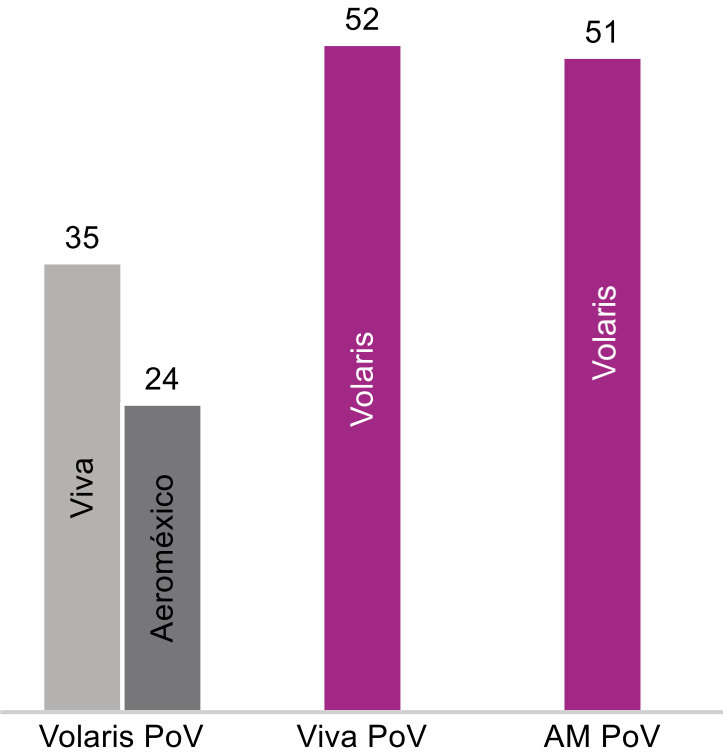
Volaris' routes by competition type –Oct'22



46% of routes compete only against buses

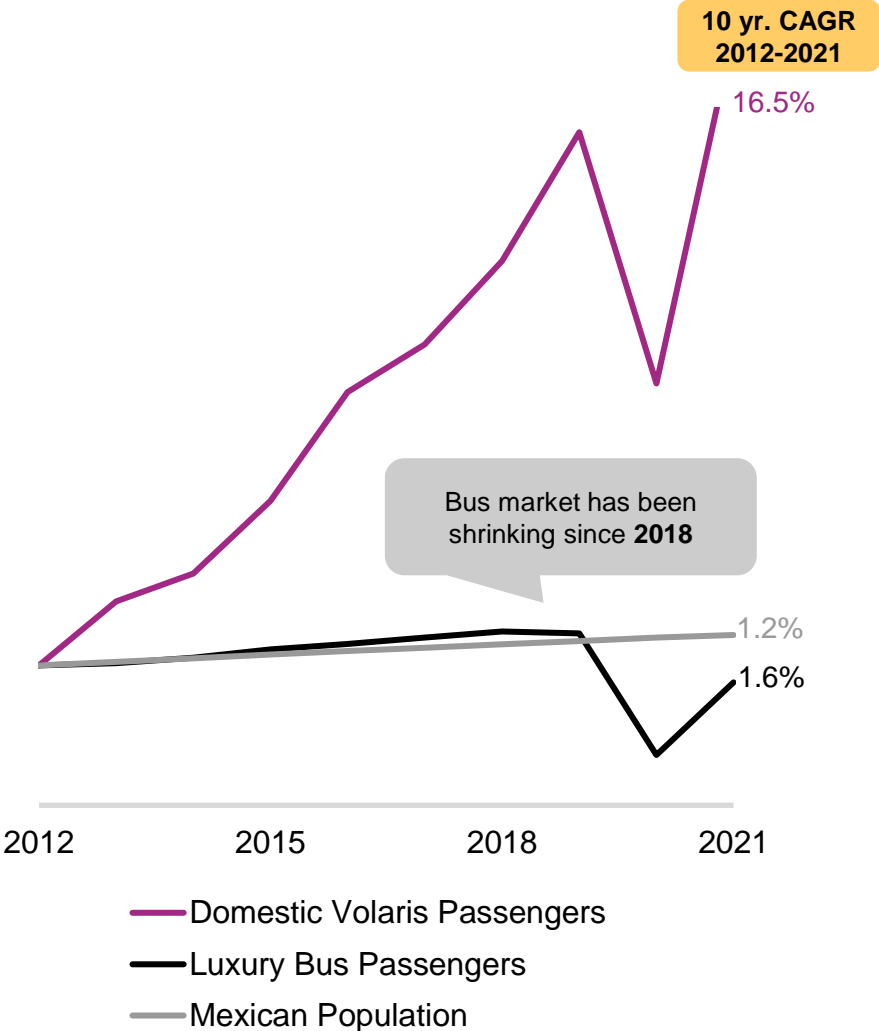
Competitors have larger exposure to Volaris

% of route overlap by carrier's point of view (PoV) –Oct'22



Volaris' lower prices have historically stimulated demand

Mexican population | Passengers<sup>(1)</sup> (Index, 2012 = 100)



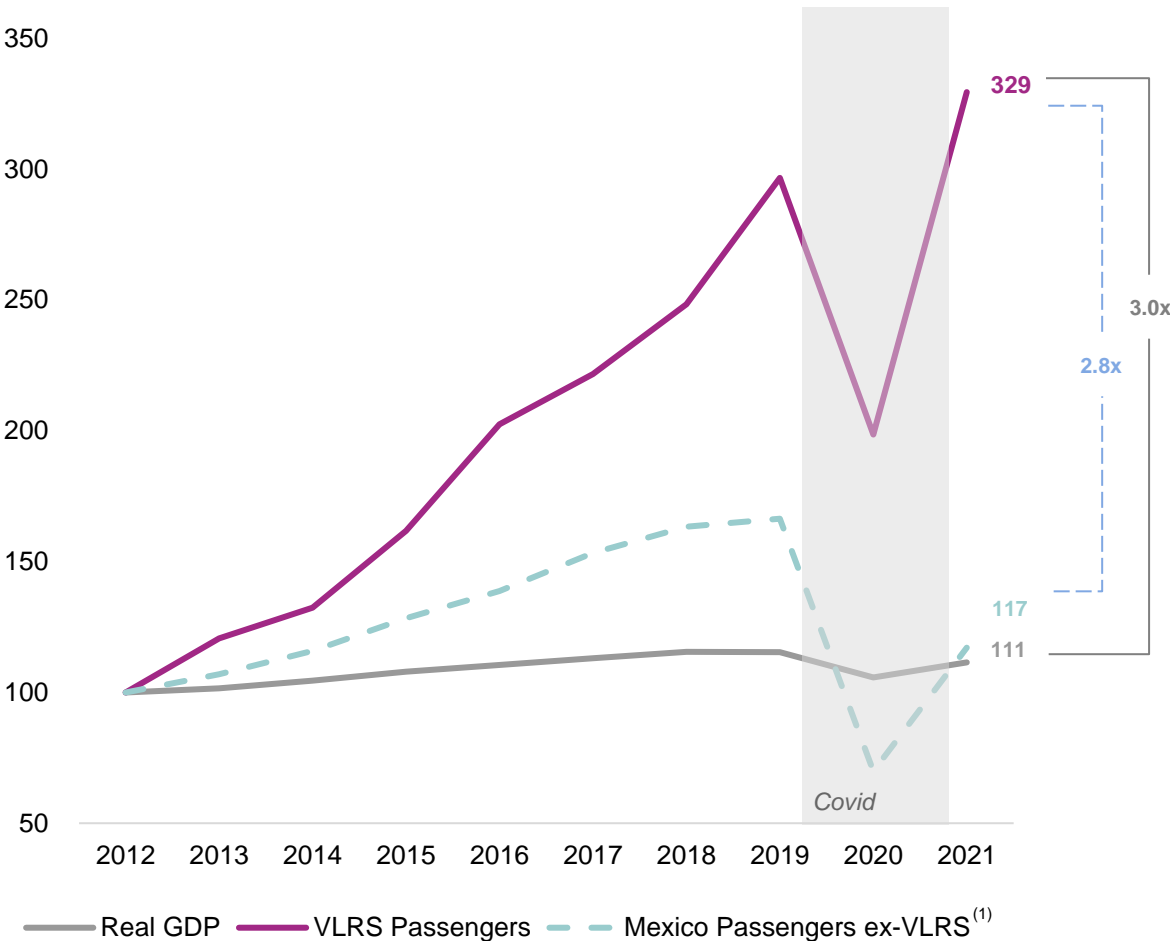
Note: Number of routes open for sales as of October 2022

# Largest player in the emerging Mexican market

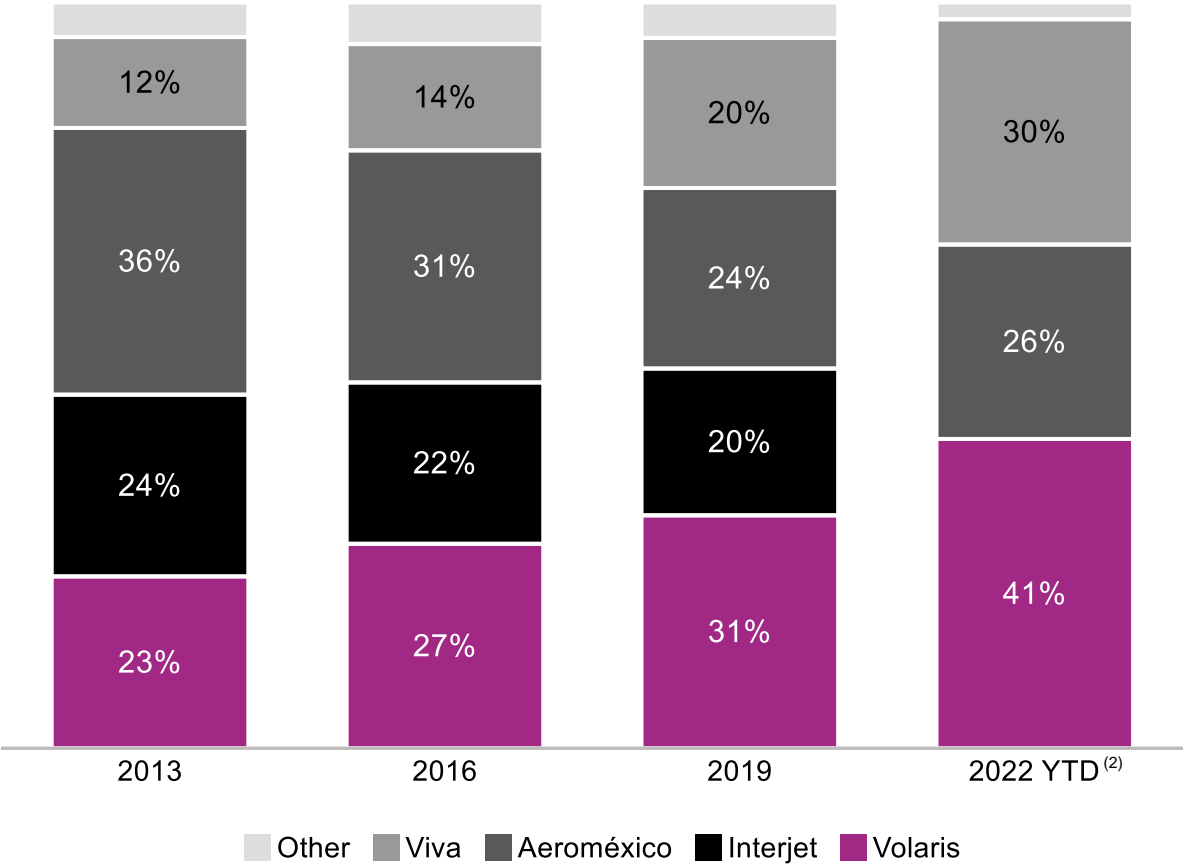


Volaris' capacity growth has kept pace with demand growth which is 3x Mexican GDP since 2012

Real GDP growth | Passengers (Index, 2012 = 100)



Domestic market share by airline (%) | On board passengers (M)



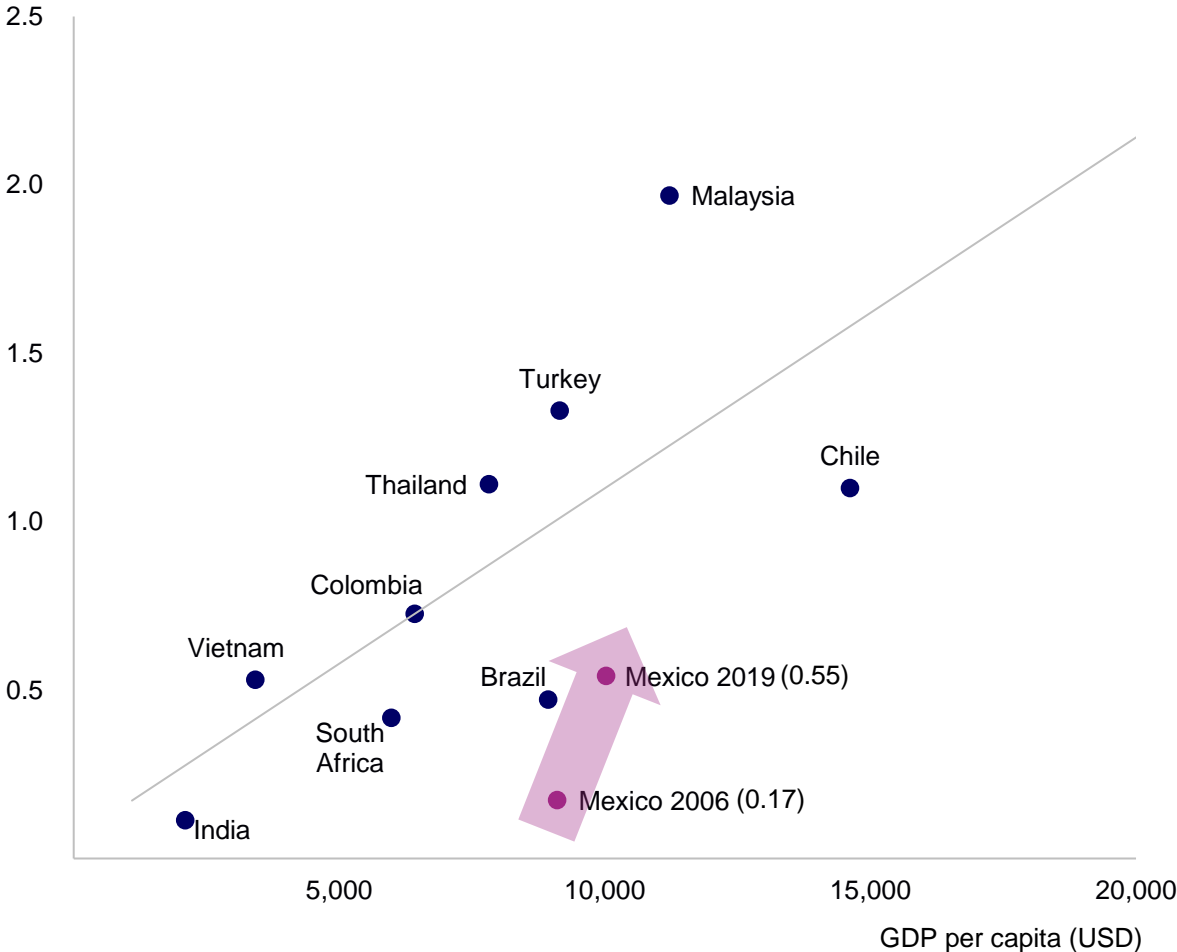
Source: AFAC-SCT, IMF, Company filings  
Note: (1) 2021 figures are accumulated figures up to December 2021, annualized; (2) As of September 2022



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

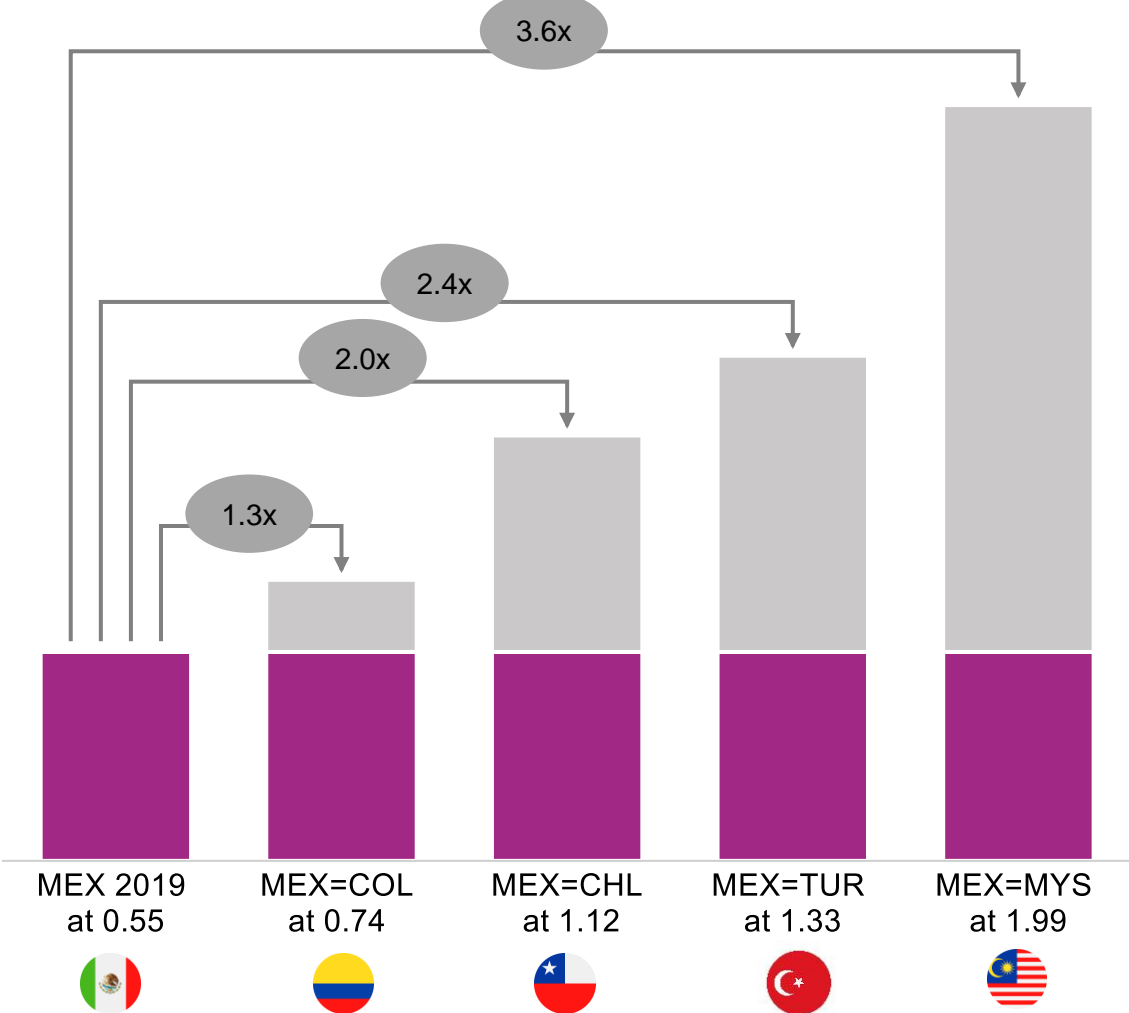
Mexico remains underpenetrated in terms of trips per capita...

Domestic trips per capita (2019)



...with substantial upside

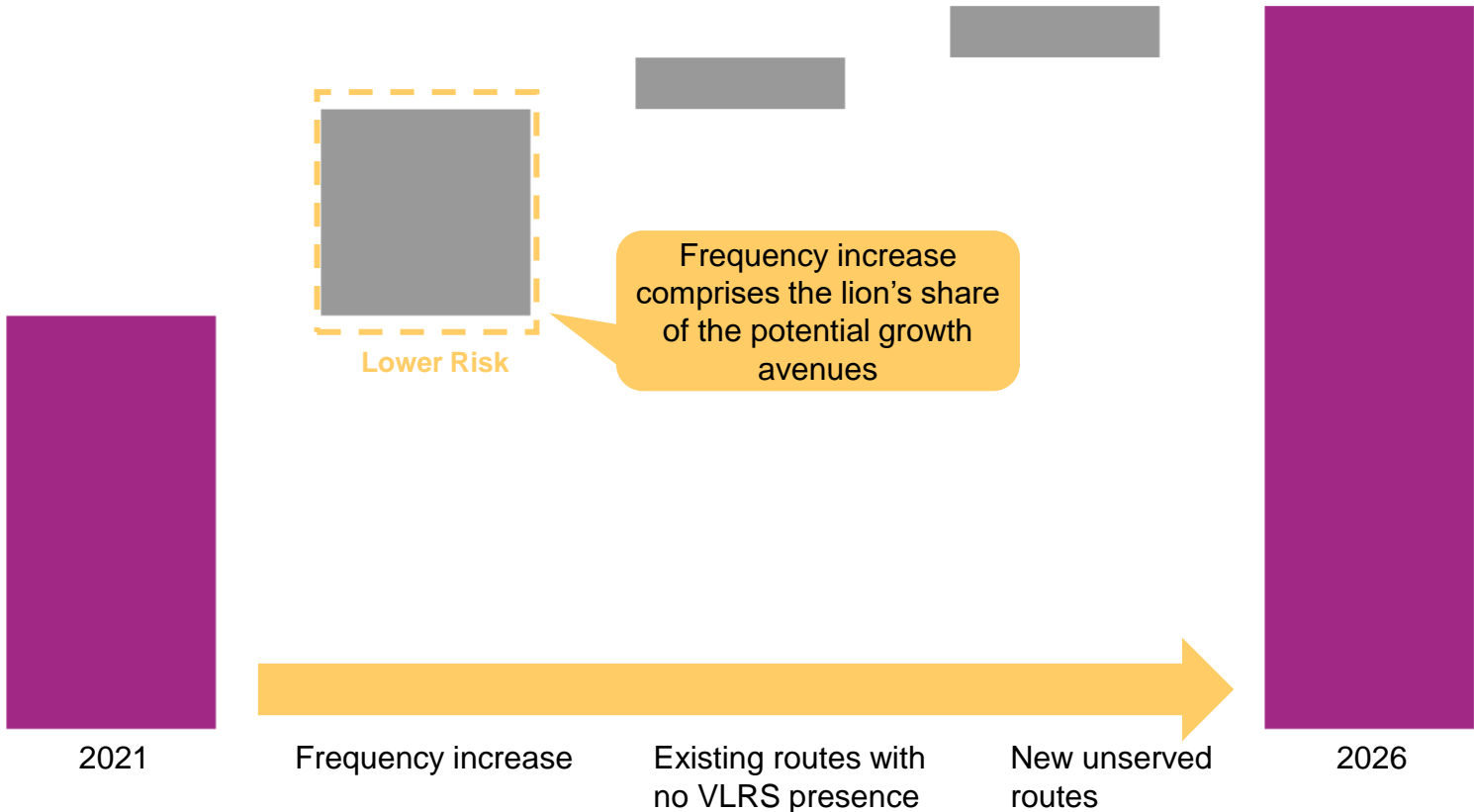
Passengers Needed to Reach Level of Trips per Capita | M



# Growth to be driven by frequency increases to existing destinations in the domestic market, with plenty of international opportunities

Domestic growth will continue to be concentrated in markets where Volaris has strong existing presence

Volaris' domestic capacity growth potential by avenue (illustrative)



### Opportunities to grow the domestic market:

- **166** potential new domestic routes mainly not competed
- **8** domestic stations unserved by Volaris

### Opportunities to grow the international market:

- United States core markets
- Southbound leisure
- Central America
- South America
- Caribbean and Canada



**~300** total potential new routes  
**27** total potential new stations



# Volaris is one of the lowest-cost operators worldwide

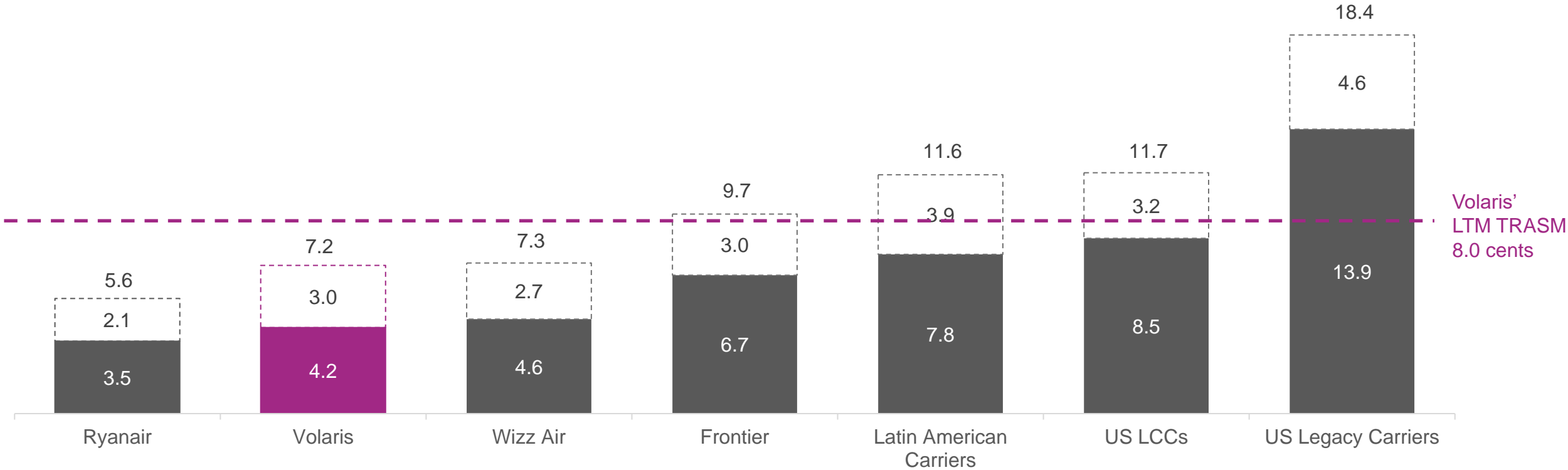


“True” low-cost business model that enables an extraordinary competitive advantage against peers

LTM as of June Q 2022 CASM to Volaris SLA @965 miles | USD cents <sup>(1)</sup>

CASM ex-fuel    CASM

Volaris makes money at TRASM levels in which other airlines lose

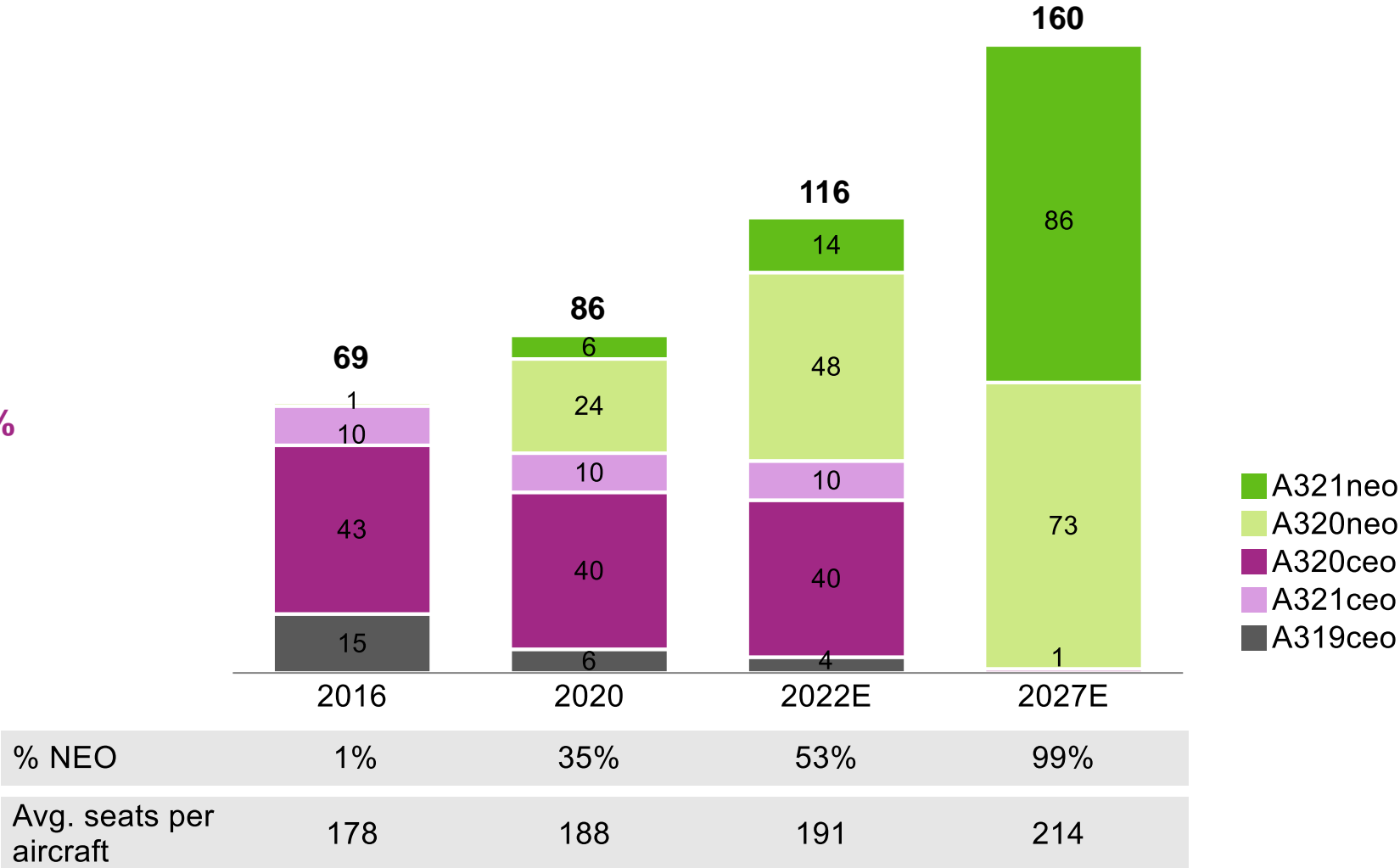


Source: Company's Filings  
Note: Non-USD data converted to USD using an average exchange rate for the period for convenience purposes only, all data as of LTM June 2022  
(1) Presenting average CASM and CASM ex-fuel. "US LCCs": Southwest, Allegiant, JetBlue, Spirit, and Frontier; "Latin American Carriers": Aeroméxico, Copa, Azul, Gol and LATAM.; "US Legacy Carriers": Delta, American Airlines, Alaska and United

Contractual fleet plan with Airbus negotiated along with Indigo Partners' portfolio airlines

## Young and fuel-efficient fleet

- ✈ Average age of **5.4 years**<sup>(1)</sup>
- ✈ High-density configuration of **186 seats** in A320neo and **239 seats** in A321neo<sup>(2)</sup>
- ✈ P&W GTF engines with fuel consumption **reduction ~15%** per seat
- ✈ **100% operating leases** with competitive lease rates



Note: (1) As of October 2022; (2) Average configuration of existing A321neo fleet at 234 seats, with new deliveries at 239 seats

# 2030 GOALS

(vs 2015)

**-35.4%**

Emissions of gCO<sub>2</sub>/RPK

**-30.6%**

Gal/ASM'000  
Jet Fuel consumption

## Strategies contemplated

- 1 Acquisition of NEO aircraft**  
Will account for 53% of the fleet by 2022 and 100% by 2028
- 2 Installation of lighter seats and trolleys**  
New seats 30% lighter  
Installed trolleys 43% lighter
- 3 Operational efficiencies**  
Optimization of flight paths  
More efficient flight plans  
Analysis and monitoring of fuel consumption parameters

## Achievements



June 2022

Member of S&P/BMV Total  
Mexico ESG Index

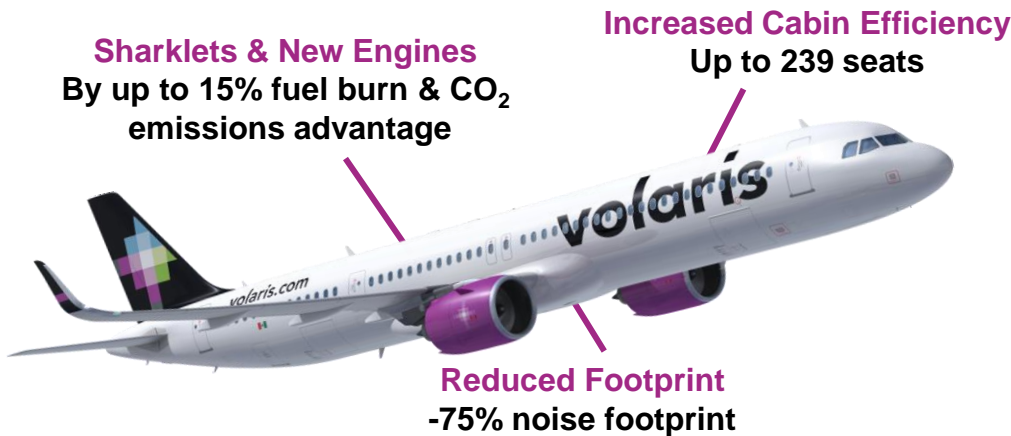
Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA

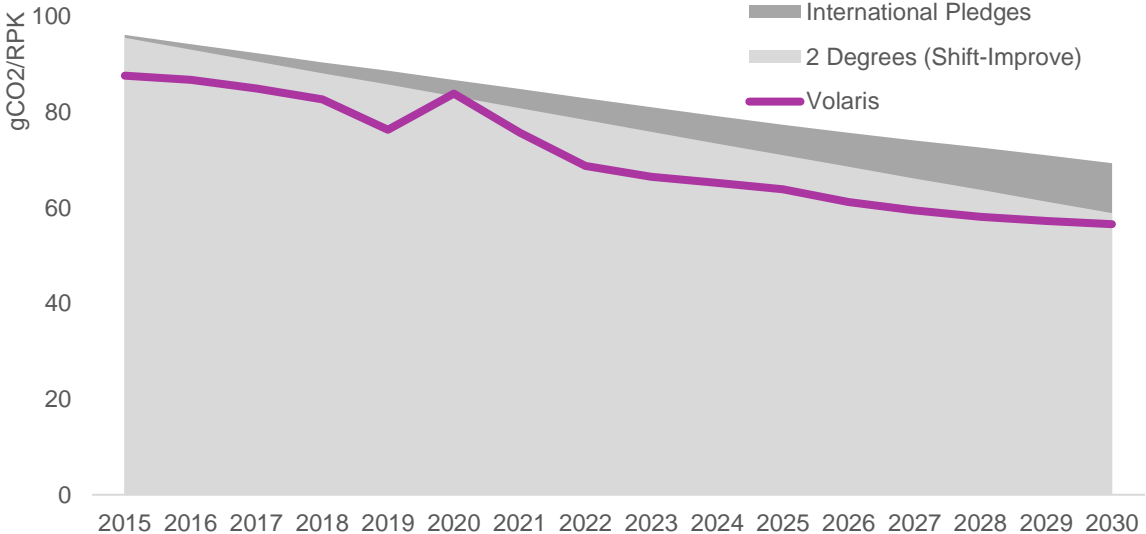
2<sup>nd</sup> year

Member of the Index MILA  
Pacific Alliance

## A320neo family



## Performance and carbon reduction targets



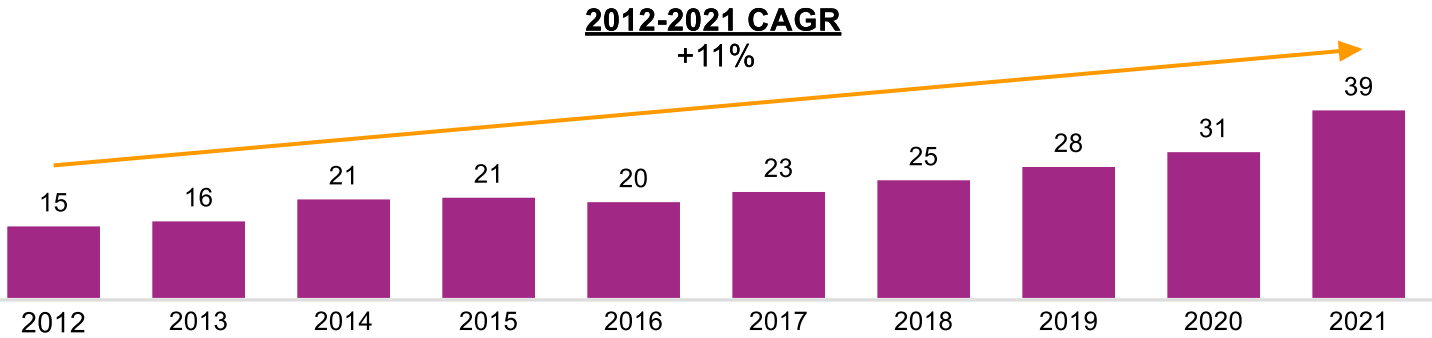
# Track-record of successfully increasing non-ticket revenues with further upside potential



High margin and sticky cash flows...customers are less price sensitive to ancillaries

## Significant success in capturing ancillary revenue in the last decade

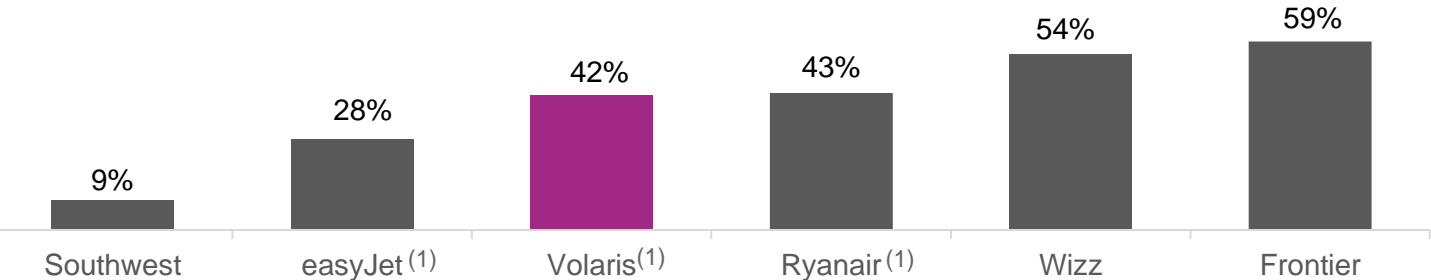
Volaris non-ticket revenue per passenger | USD



... with ample room to improve

Ancillary revenue as % of Total Revenue LTM (as of June Q 2022) | USD

Ancillary revenue is less sensitive to price volatility



	Base fares	Ancillaries
1 Price Elasticity	High	Medium
2 Demand stimulation	Penalizes	Encourages
3 % paid by customer	100%	<100%
4 Competitive matching	Likely	More difficult
5 Seasonality	High	Lower
6 Subject to price wars	Yes	No

Source: Companies' public filings  
Note: (1) Converted using average exchange rates of 1.14 EUR/USD and 1.33 GBP/USD for convenience purposes only

- 1** | Industry-leading unit costs
- 2** | Single, flexible and fuel-efficient fleet
- 3** | Point-to-point network with three Air Operator Certificates
- 4** | Bus-to-air conversion through low base fares
- 5** | Track record of stimulating ancillary revenues
- 6** | Strong balance sheet and proven cash flow generation



**VLRS**  

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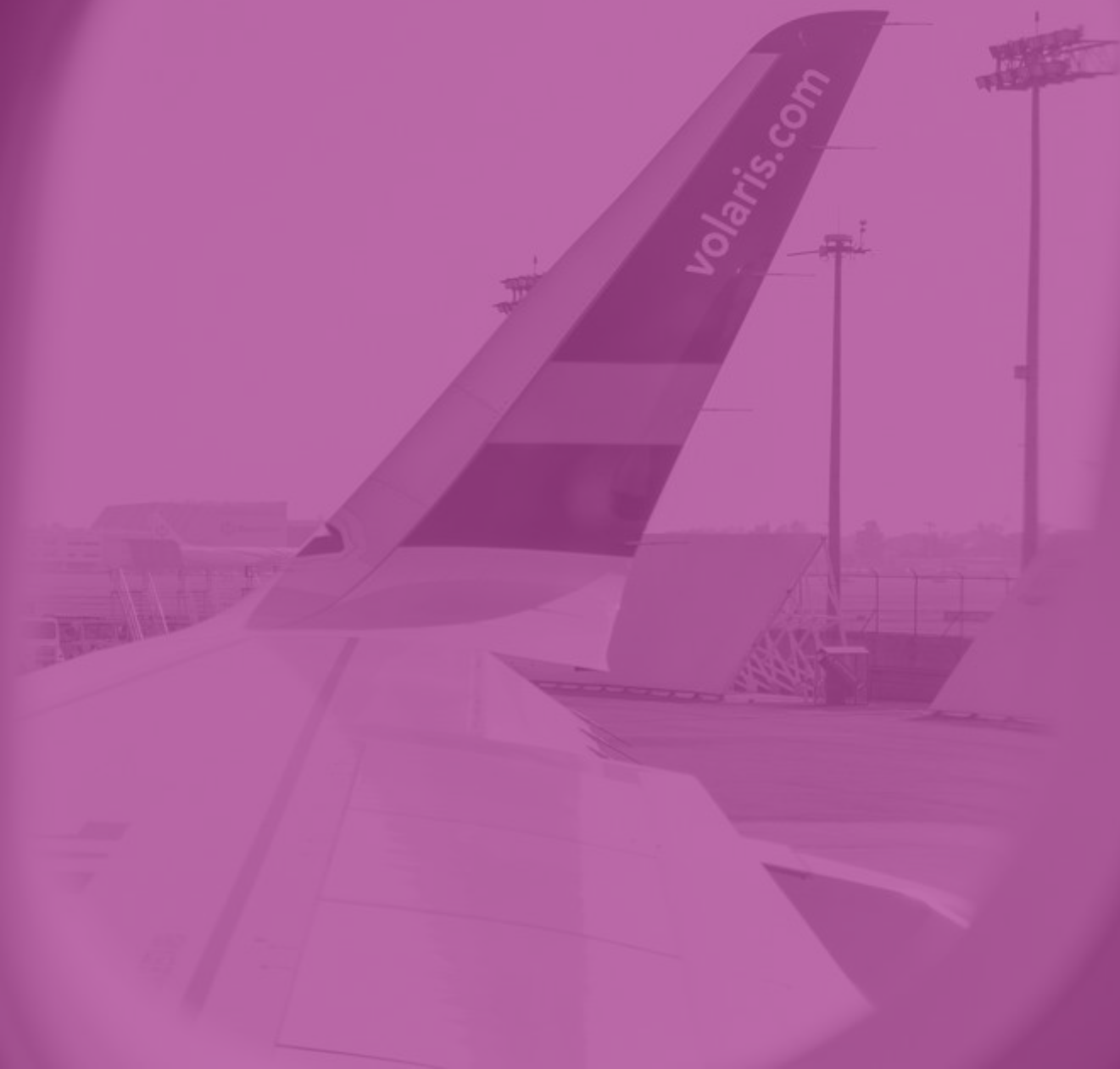
**LISTED**  

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**VOLAR**



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