

o céu é **Azul** 

3Q24 Results

November 14, 2024



*Azulando
o Brasil*

STOP
- NÃO CERTIFIQUE-SE QUANDO AS TOMADAS
- A ÁREA LIMPIADA PELA LINHA VERMELHA DEVE
- SER MANTIDA LISA E LIMPA
- DO NOT PLACE OBJECTS OVER HOLES
- REMOVE AREA MUST BE SMOOTH AND CLEAN

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In addition, in this presentation, the words "believe," "understand," "may," "will," "aim," "estimate," "continue," "anticipate," "seek," "intend," "expect," "should," "could," and similar words are intended to identify forward-looking statements. You should not place undue reliance on such statements, which speak only as of the date they were made. We do not undertake any obligation to update publicly or to revise any forward-looking statements after we distribute this presentation because of new information, future events or other factors. Our independent public auditors have neither examined nor compiled the forward-looking statements and, accordingly, do not provide any assurance with respect to such statements. Considering the risks and uncertainties described above, the future events and circumstances discussed in this presentation might not occur and are not guarantees of future performance. Because of these uncertainties, you should not make any investment decision solely based upon these estimates and forward-looking statements.

In this presentation, we present EBITDA, which is a non-IFRS performance measure and is not a financial performance measure determined in accordance with IFRS and should not be considered in isolation or as alternatives to operating income or net income or loss, or as indications of operating performance, or as alternatives to operating cash flows, or as indicators of liquidity, or as the basis for the distribution of dividends. Accordingly, you are cautioned not to place undue reliance on this information.

Azul's Core Strengths



Throughout the years, Azul's core strengths and competitive advantages have remained consistent

Sustainable and Strong Business Model

	2019	2020	2021	2022	2023	2024
	Strong Performance	Covid	Covid 2.0	Ukraine War	Recovery	Porto Alegre + OEM Issues + devaluation
EBITDA	R\$ 3.6 billion	R\$0.3 billion	R\$1.6 billion	R\$3.2 billion	R\$5.2 billion	~R\$6.0 billion
Selic rate ¹	4.96%	1.90%	7.63%	13.75%	13.04%	10.65%
Foreign exchange	R\$3.95	R\$5.16	R\$5.40	R\$5.17	R\$5.00	R\$5.55 ²
Average fuel price	R\$2.56	R\$2.32	R\$3.32	R\$5.44	R\$4.56	R\$4.34 ³

Throughout the years, Azul faced a number of challenges and remained strong due to its unique business model and industry-leading profitability

Record Revenue, EBITDA and EBIT

3Q24 Revenue
R\$5.1 billion
All-time Record

3Q24 EBITDA
R\$1.7 billion
32.2% margin
All-time Record

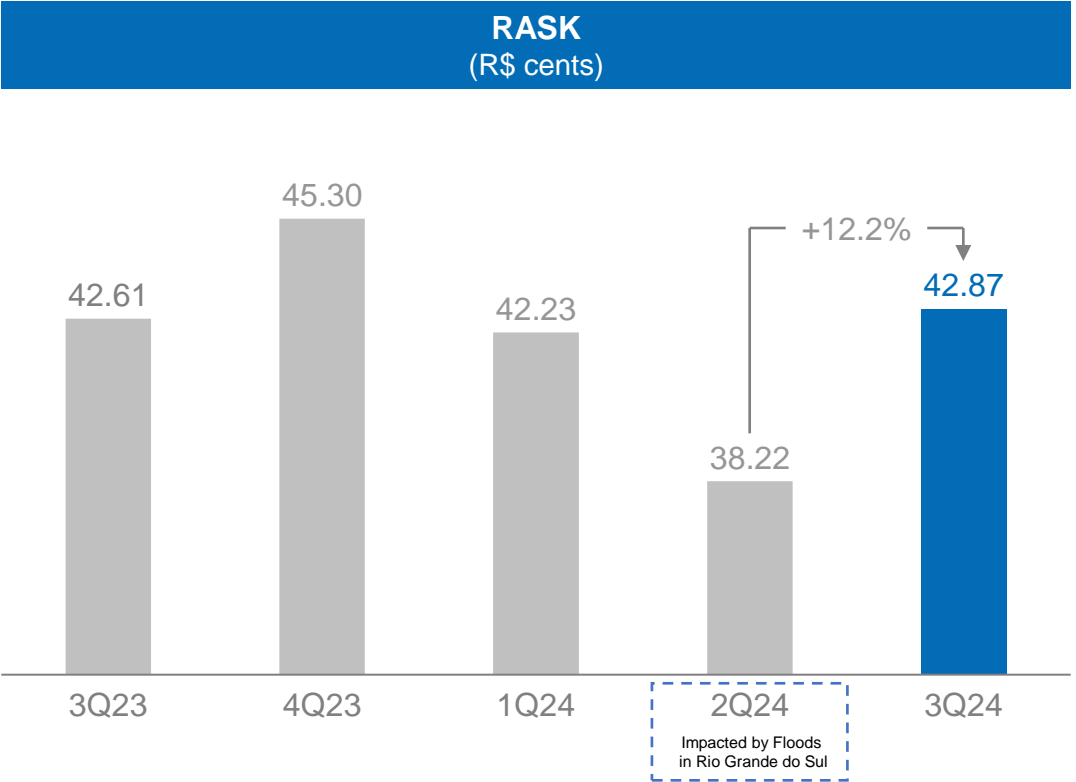
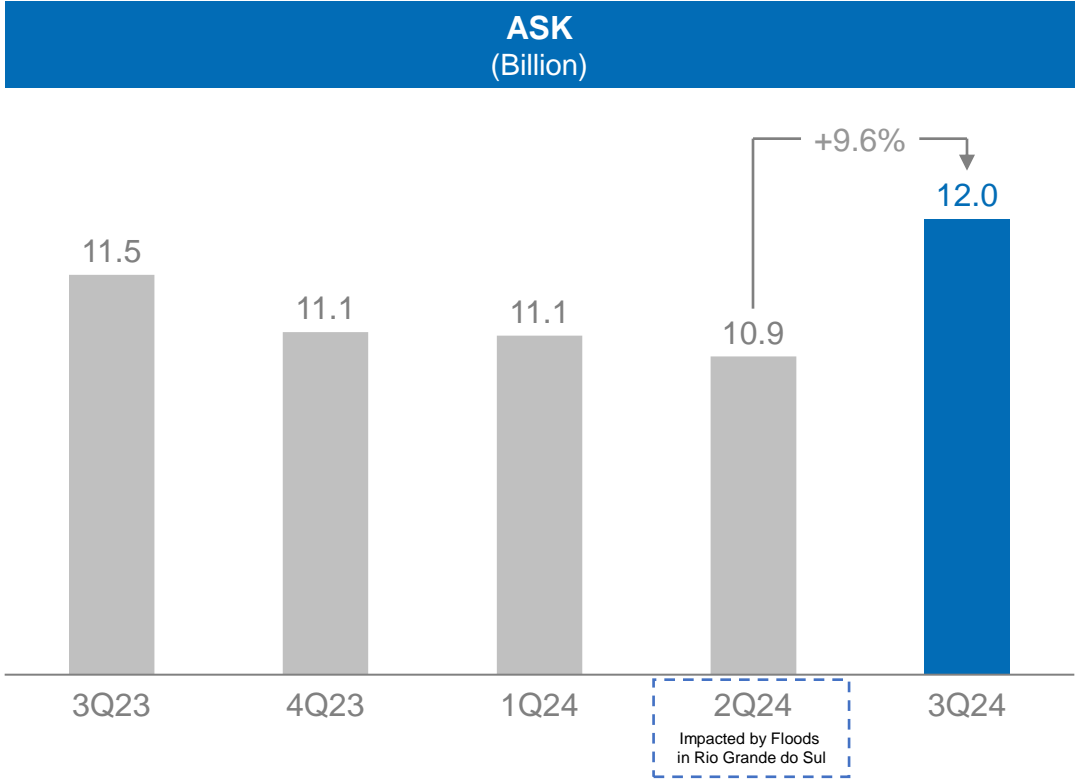
3Q24 RASK
R\$42.87 cents
3Q Record

3Q24 EBIT
R\$1.0 billion
20.0% margin
All-time Record



Maintaining positive operational results and industry-leading profitability

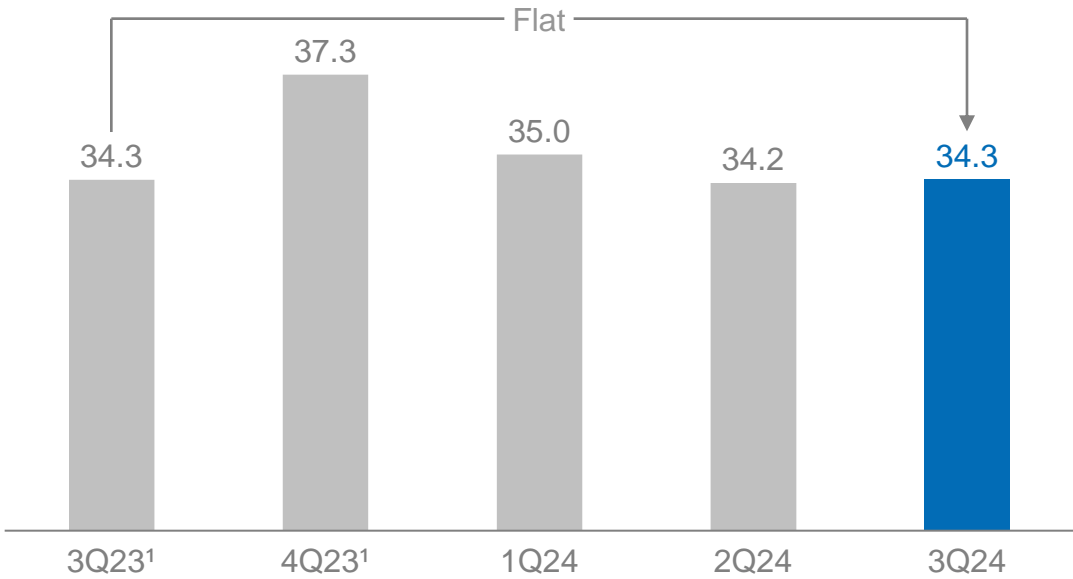
Sustainable Capacity Growth While Maintaining Strong RASK



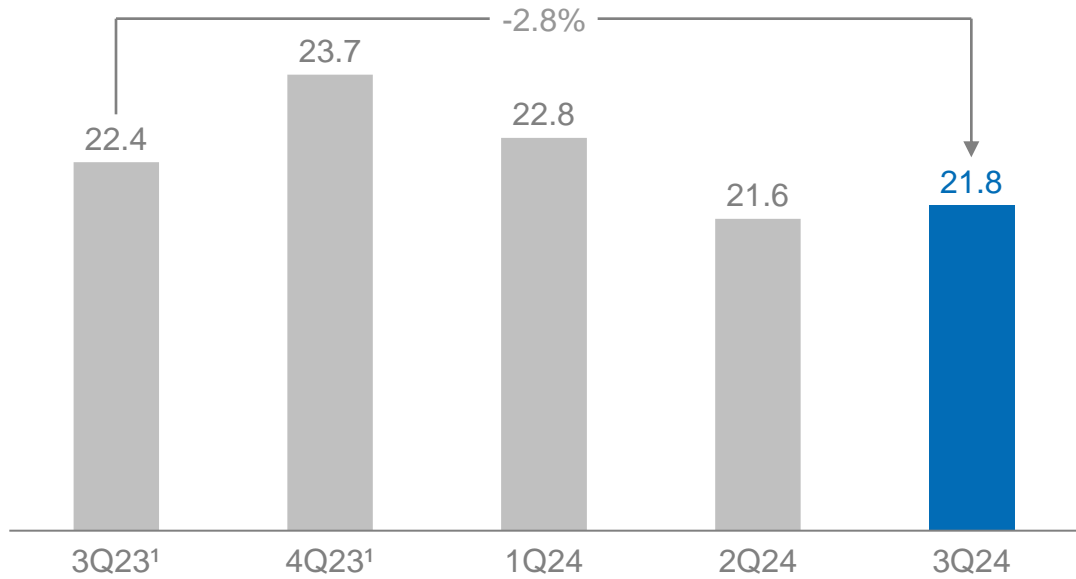
Strong recovery in RASK after 2Q seasonality and floods in Rio Grande do Sul

Higher Productivity and Lower Costs

CASK
(R\$ cents)



CASK ex-Fuel
(R\$ cents)

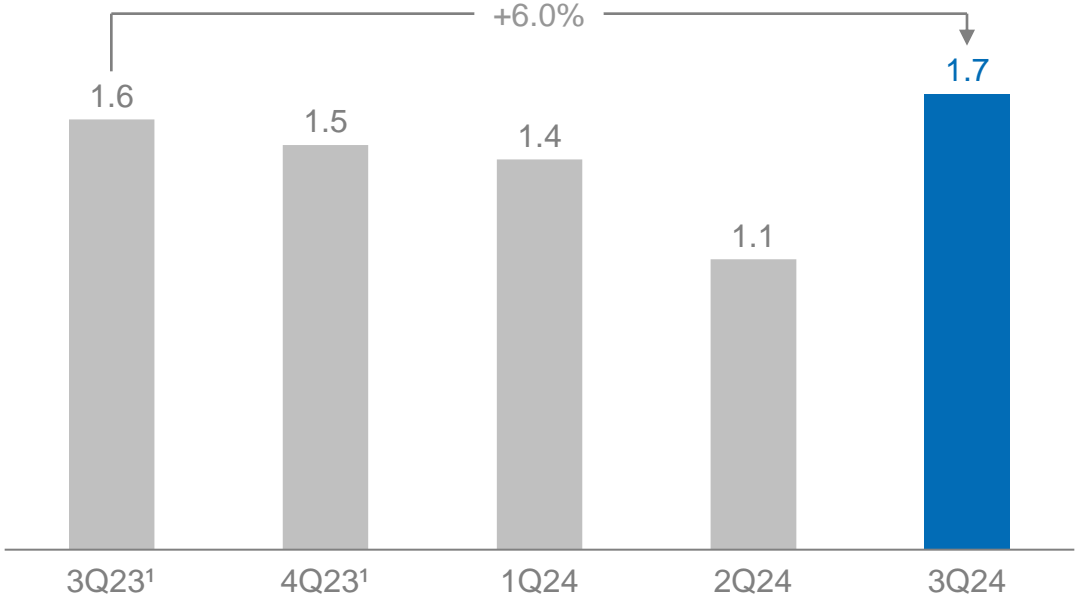


Exchange Rate	R\$4.88	R\$4.96	R\$4.95	R\$5.21	R\$5.55
Fuel Price	R\$4.06	R\$4.66	R\$4.25	R\$4.35	R\$4.41

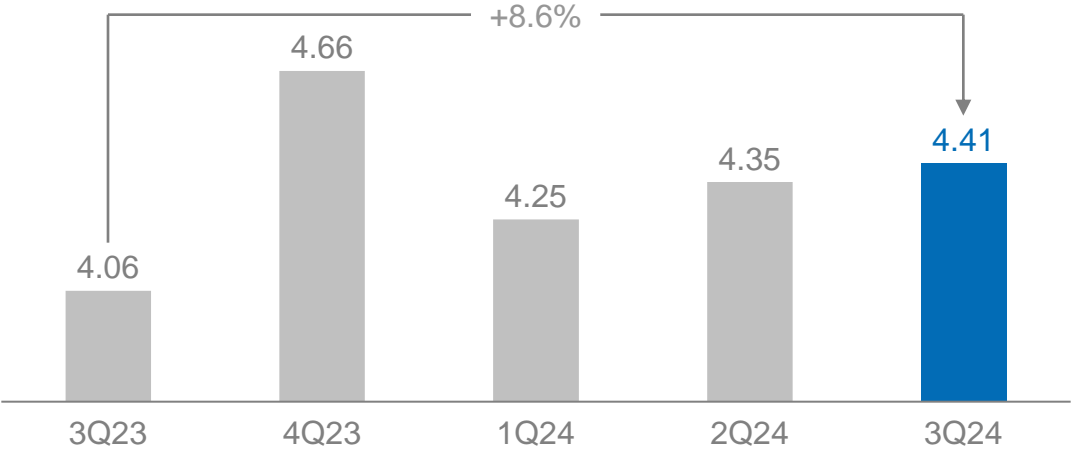
Azul CASK below competition, even with diversified fleet and lower average aircraft size
Further ability to reduce CASK through continued fleet transformation and Elevate Plan initiatives

Unique Business Model Leading to Superior Operating Results

EBITDA
(R\$ billion)

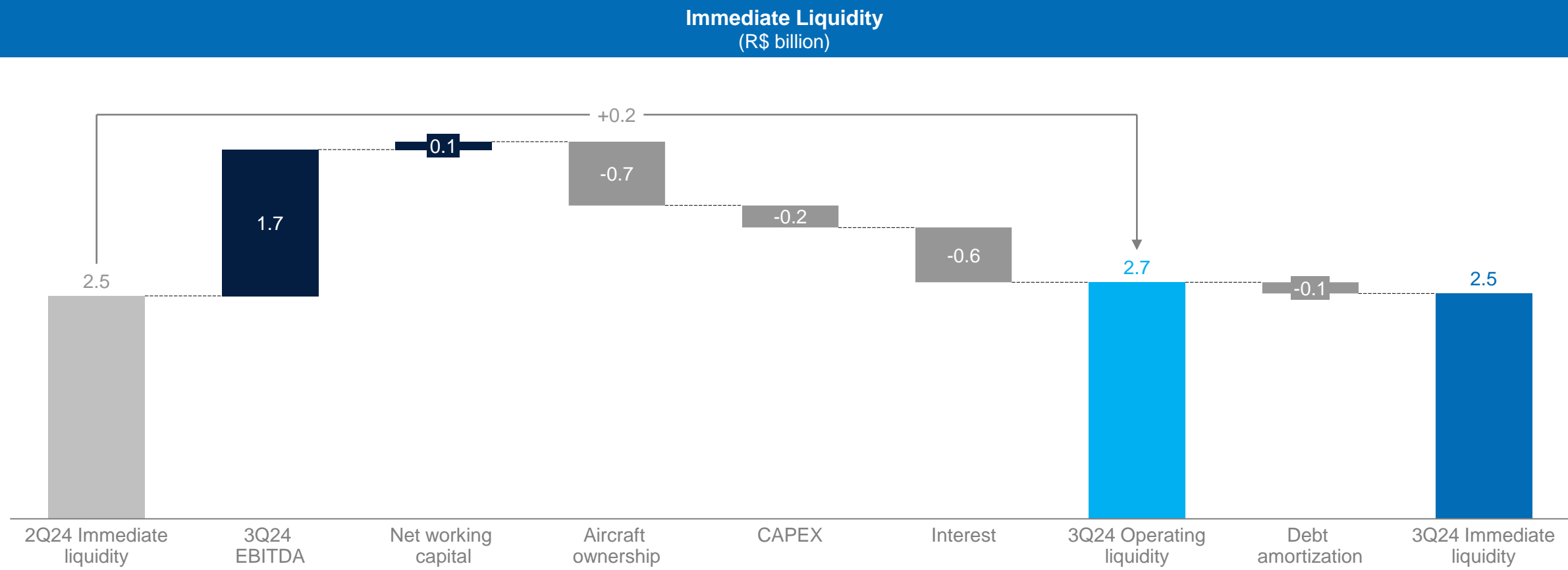


Fuel Price
(R\$ per liter)



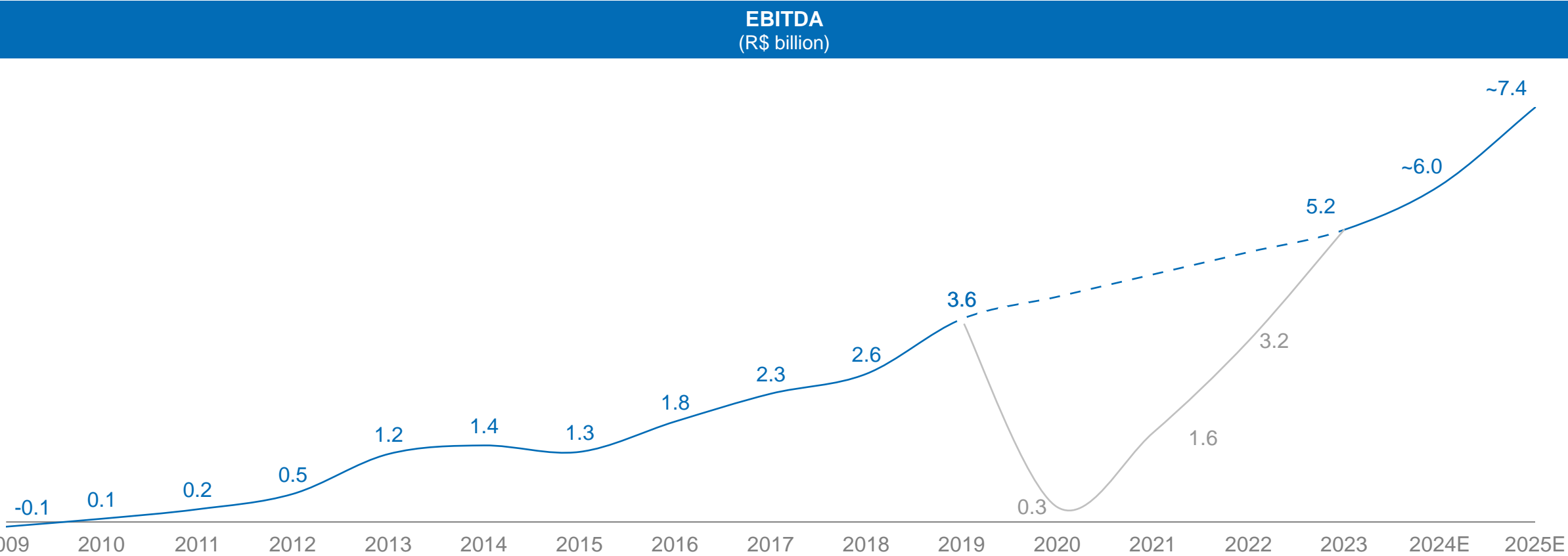
Record EBITDA, offsetting effect of higher fuel prices

Increasing Cash Contribution From Operations



Operations consistently generating positive cash flow

Significant Revenue Growth and Margin Expansion



Forecasting EBITDA of ~R\$6.0 billion in 2024 and ~R\$7.4 billion in 2025

Recent Challenges



Foreign Exchange

~R\$1.1 billion

2024E Cash Impact



Floods in Rio Grande do Sul

~R\$400 million

2024E Impact



OEM Delivery, Performance and Supply Issues

~R\$1.3 billion

Cumulative Impact, Majority in 2024



Increased Risk Aversion in Local Capital Markets

~R\$500 million

Impact to Local Debenture Issuance

Several challenges impacted 2024 cash flow by over R\$3 billion

Continued Support from Supportive Stakeholders



Lessors and OEMs

Lessors and OEMs once again demonstrating confidence in Azul through equitization and additional cash flow support



Creditors

Creditors providing new capital to Azul as well as cash flow support and path to additional capital and leverage reduction



Government

New government credit line (FNAC) dedicated to civil aviation sector provides ample runway to reach cash generation

Once again, existing stakeholders demonstrate confidence in Azul by increasing their commitment

Comprehensive Transaction Leading to Significant Improvements



Equitization of Lessor / OEM Instrument

Firm equitization of US\$550 million from lessor/OEM structure plus cash flow improvements



Capital Raise

Up to US\$500 million in new money through superpriority notes



Additional cash flow improvements

Collaborative effort to negotiate US\$100 million in additional cash flow improvements with partners



Equitization of 2029 and 2030 Notes

Potential equitization of up to US\$800 million in secured second-lien notes

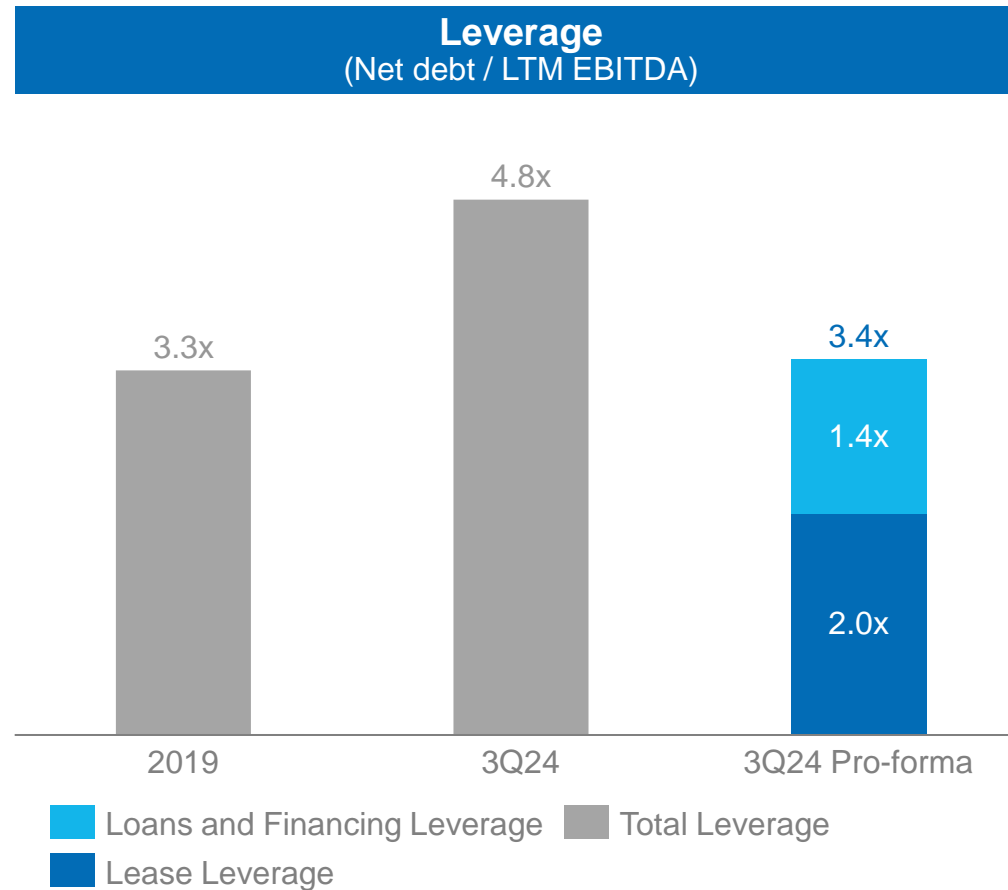
Agreement with existing bondholders on comprehensive transaction that improves Azul's liquidity, cash generation, and balance sheet

Transaction Outcome: Pro-Forma Capital Structure

Pro-forma Capitalization (R\$ million)	3Q24	Adjustments	3Q24 Pro-forma
Unsecured 2024 and 2026 Notes	556	(380)	176
Secured 2028 Notes	5,268	-	5,268
Secured 2029 and 2030 Notes	4,437	(4,437)	-
New Superpriority 2029 Notes	-	2,725	2,725
Other Secured Debt	692	-	692
Local Secured Debt	1,573	(144)	1,429
Total Loans and Financing	12,527	(2,236)	10,290
Lease Liabilities	14,268	-	14,268
Lessor Notes	1,162	(791)	371
Total Lessor Obligations	15,430	(791)	14,639
Total Debt	27,957	(3,027)	24,929
Leverage using LTM EBITDA	4.4x	-1.0x	3.4x
Lessor Equity	2,341	(2,341)	-
Total Debt Including Lessor Equity	30,298	(5,368)	24,929
Adj. Net Leverage using LTM EBITDA	4.8x	-1.4x	3.4x

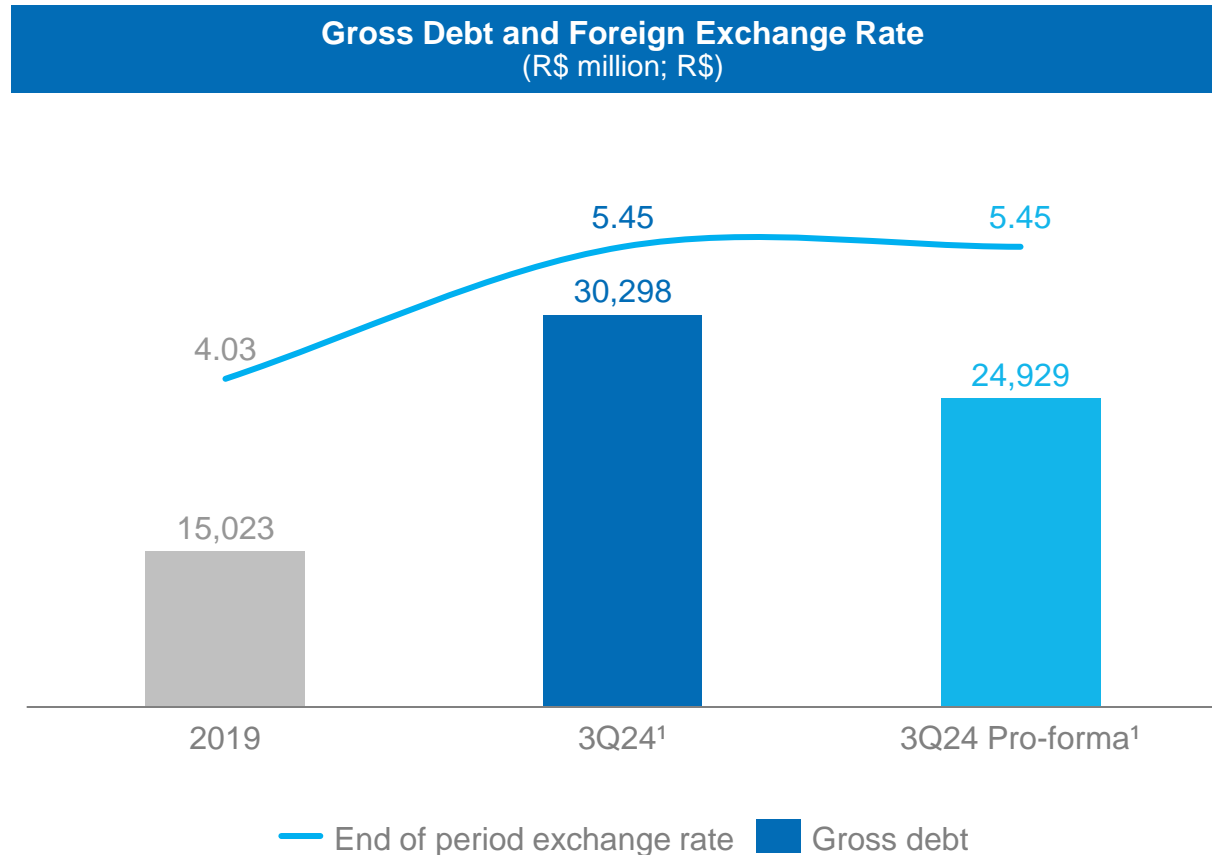
Agreement with bondholders and lessors/OEMs enabling significant reduction in leverage from equitization of equity instrument and 2029 and 2030 Notes upon achieving certain conditions

Transaction Outcome: Reduction in Leverage



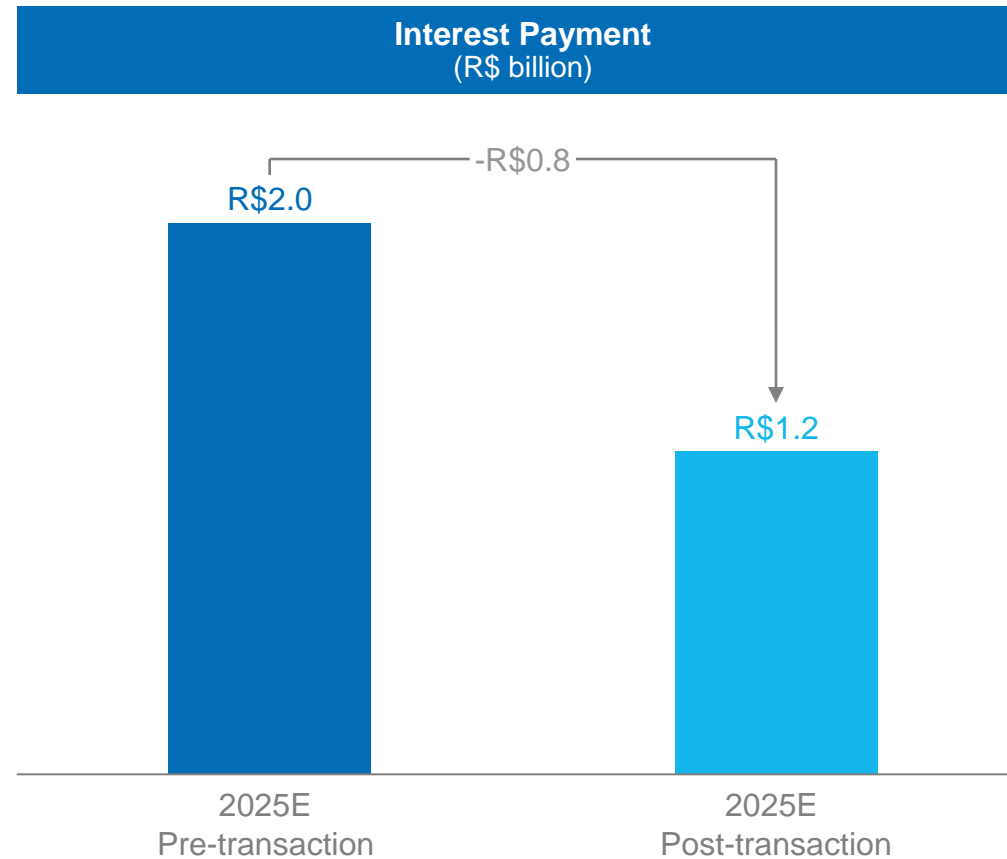
Organic reduction in leverage from strong operational results, now accelerated by comprehensive transaction

Transaction Outcome: Reduction in Gross Debt



Agreement with bondholders and lessors/OEMs enabling significant reduction in leverage from equitization of equity instrument and 2029 and 2030 Notes upon achieving certain conditions

Transaction Outcome: Reduction in Interest Payment



Comprehensive transaction with potential to reduce interest expense by R\$800 million in 2025

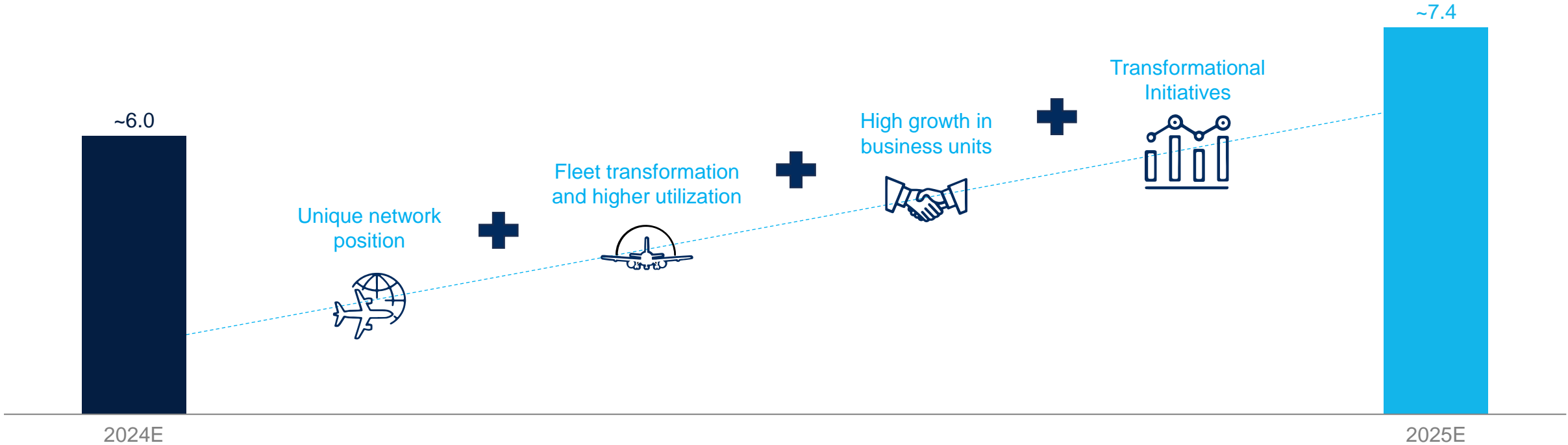
Transaction Outcome: Increased Cash Generation

High level breakdown	2025E (R\$ billion)
EBITDA	7.4
Net working capital	0.8
Aircraft ownership	(4.1)
Capex	(1.7)
Recurring cash flow	2.3
Interest	(1.2)
Free cash flow to firm	1.1

Potential improvement of up to R\$1 billion in 2025 cash flow

Further Opportunities to Expand Margins

Margin Expansion Drivers (EBITDA, R\$ billion)



Already identified opportunities leading to continued increase in profitability

Thank you.



Azul 

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