



# AzulDay

December 7, 2022

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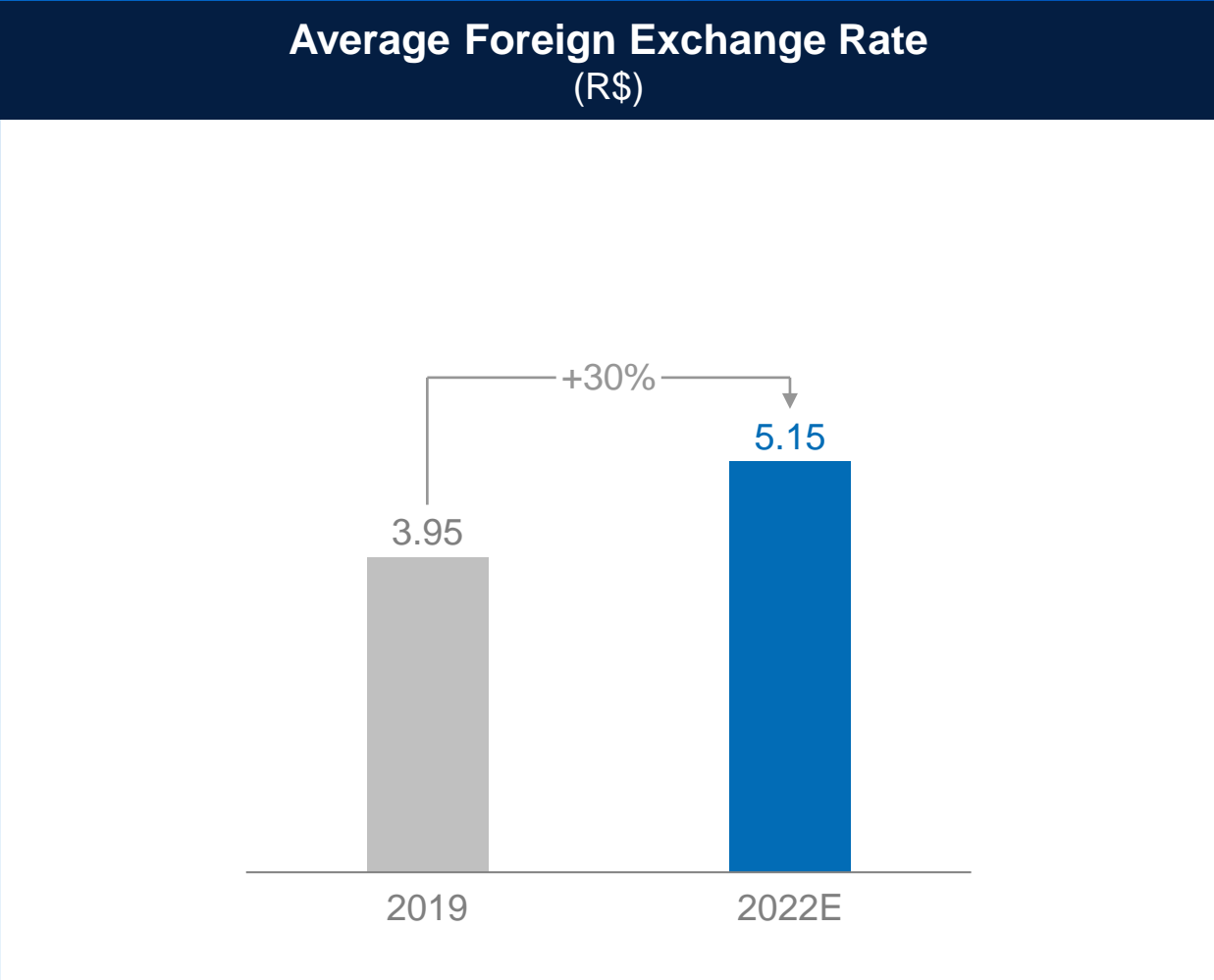
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# AzulDay

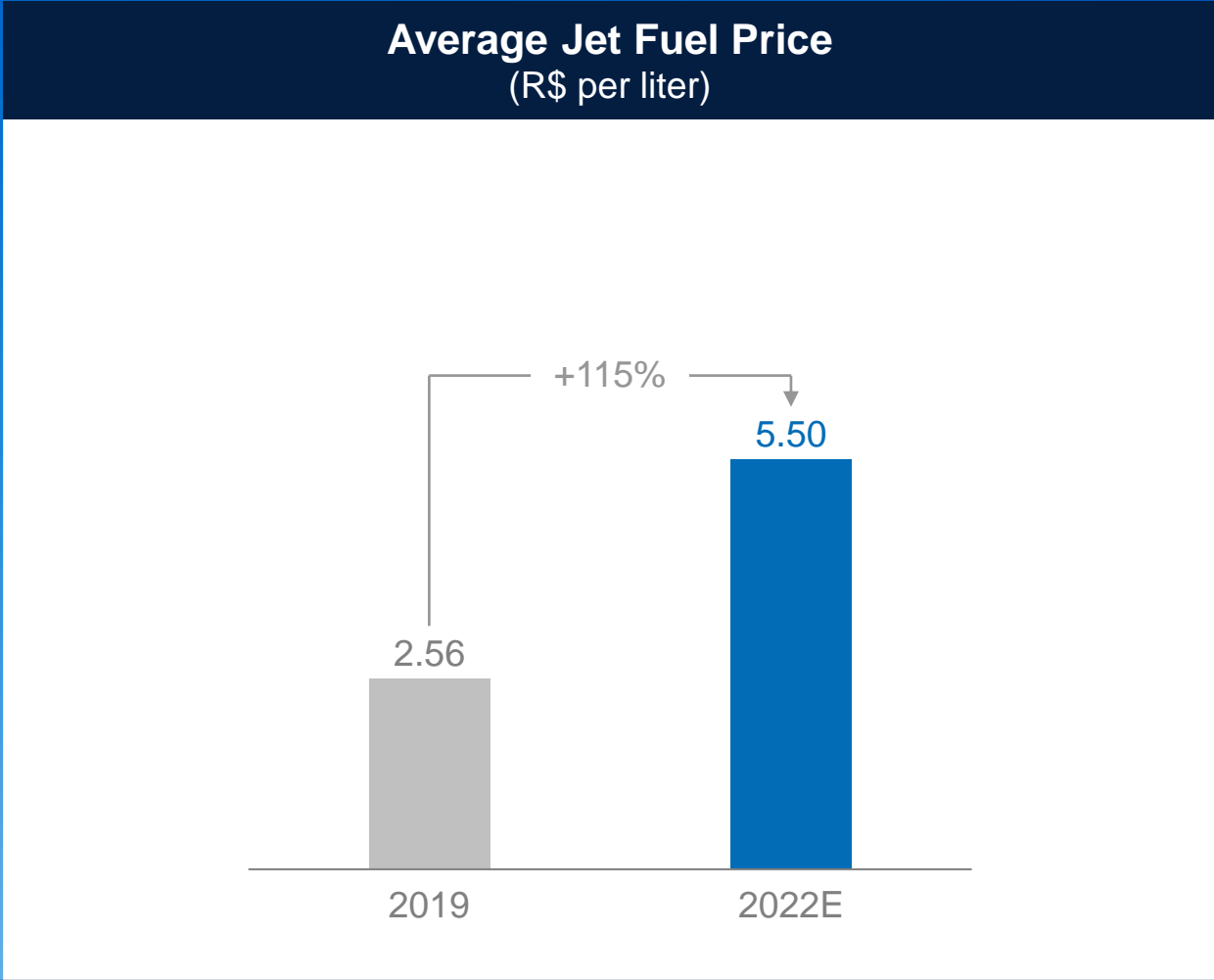
Before & After

# Before & After: Weaker Brazilian Real



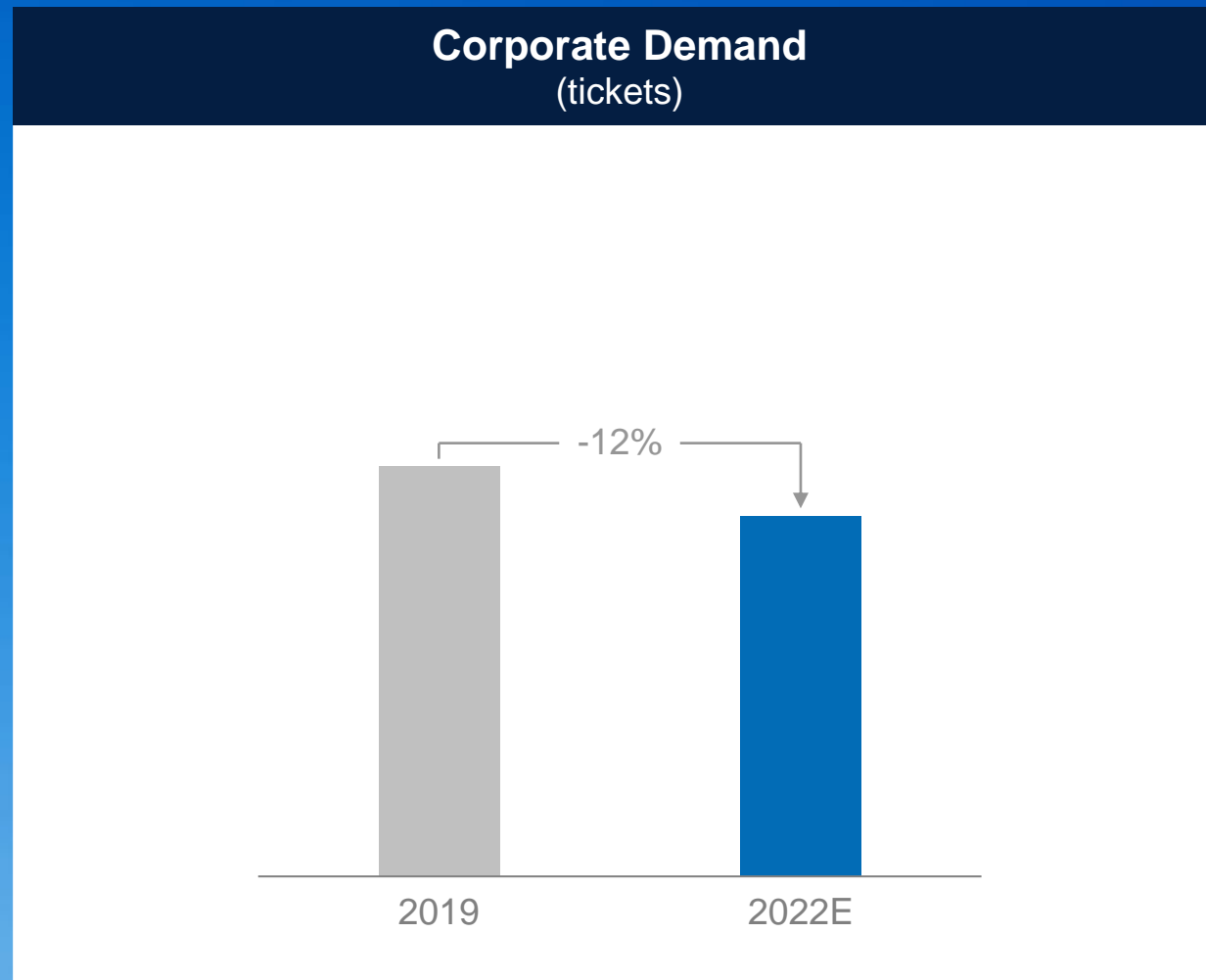
Significant devaluation of the Brazilian real, impacting fuel prices and dollar-denominated expenses

# Before & After: Higher Fuel Prices



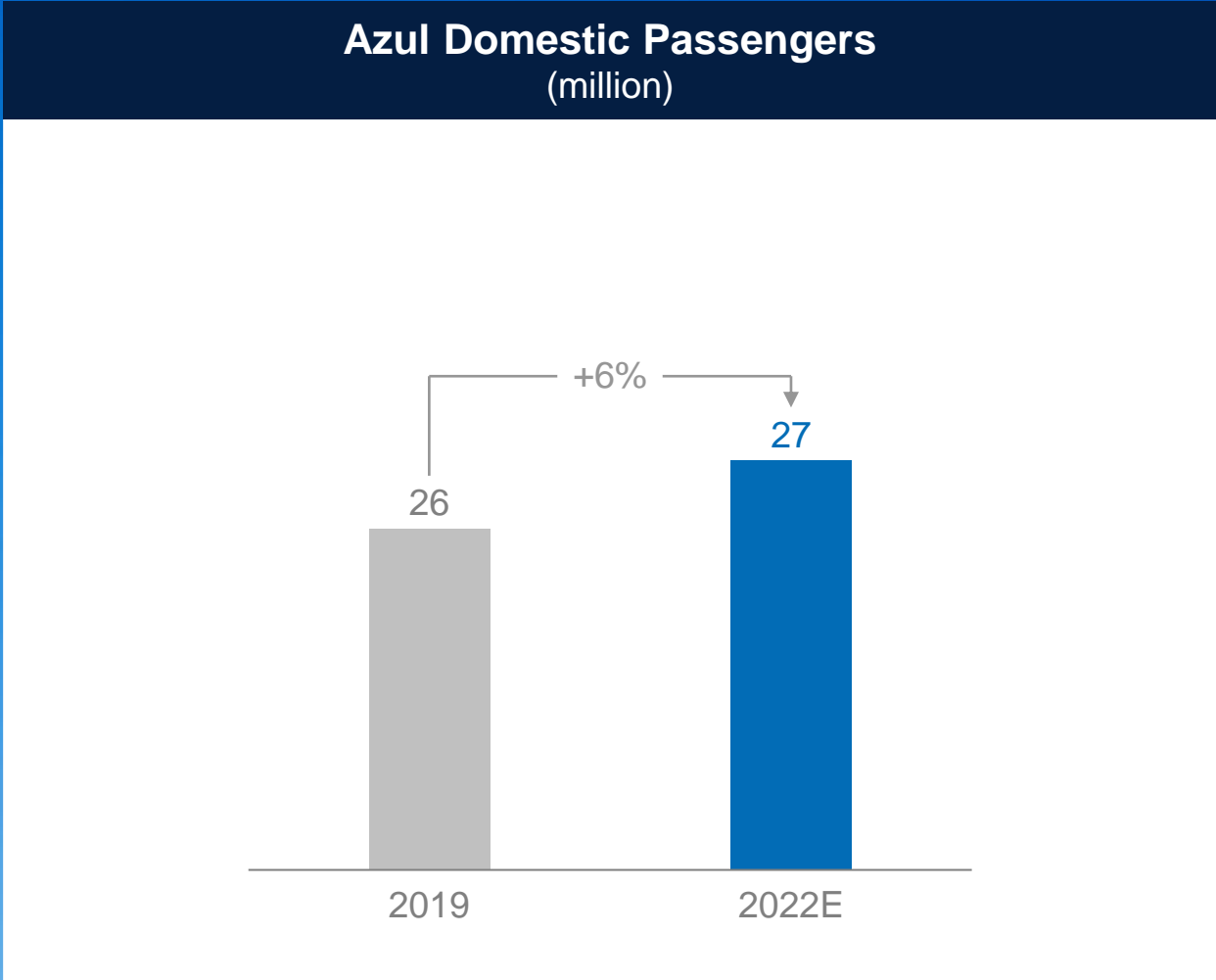
Significant increase in fuel prices from higher oil, crack spread, and currency

# Before & After: Lower Corporate Demand



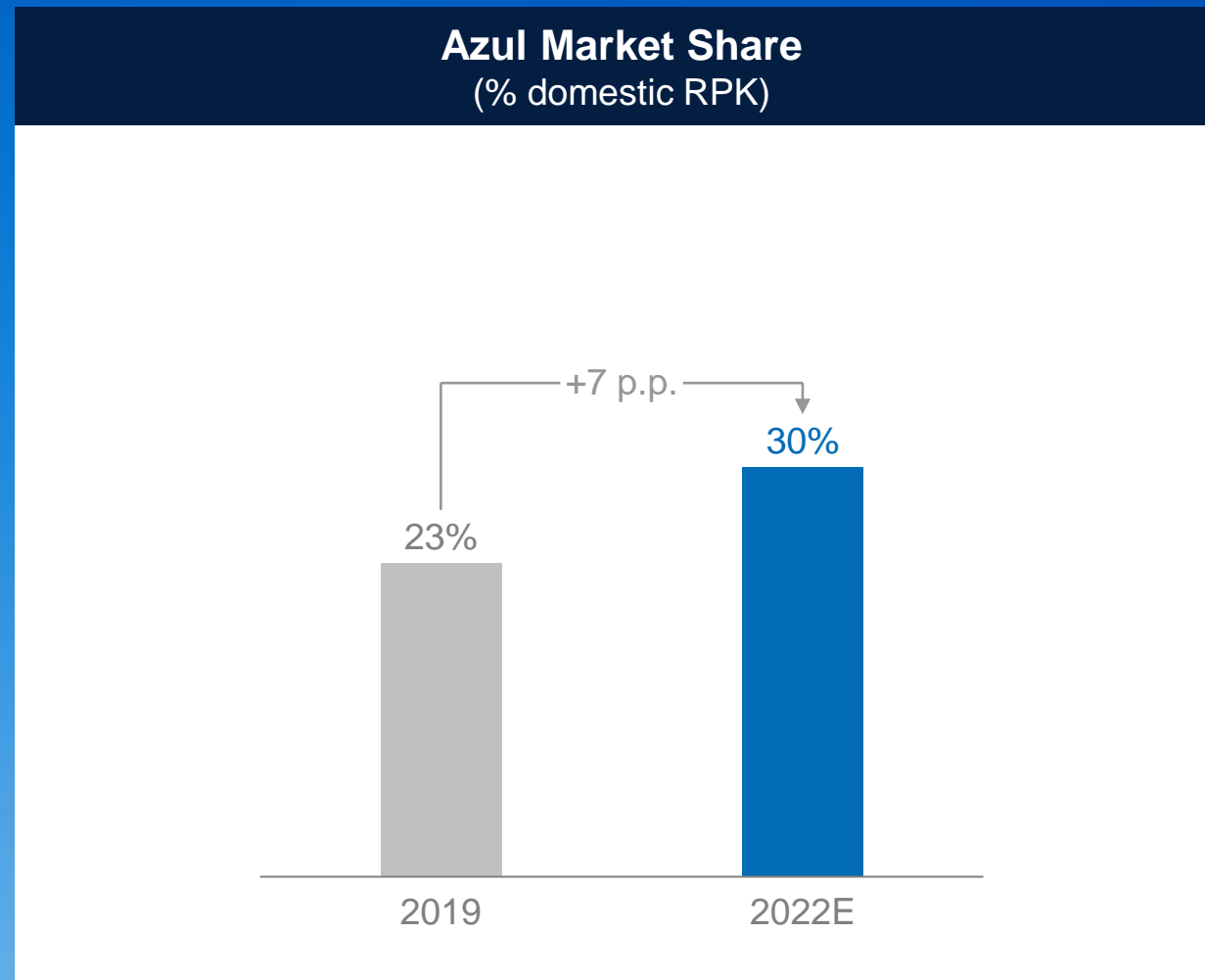
Reduced corporate demand from remote work and videoconferences

# Before & After: Higher Demand in Azul's Network



Azul had the fastest demand recovery in the region

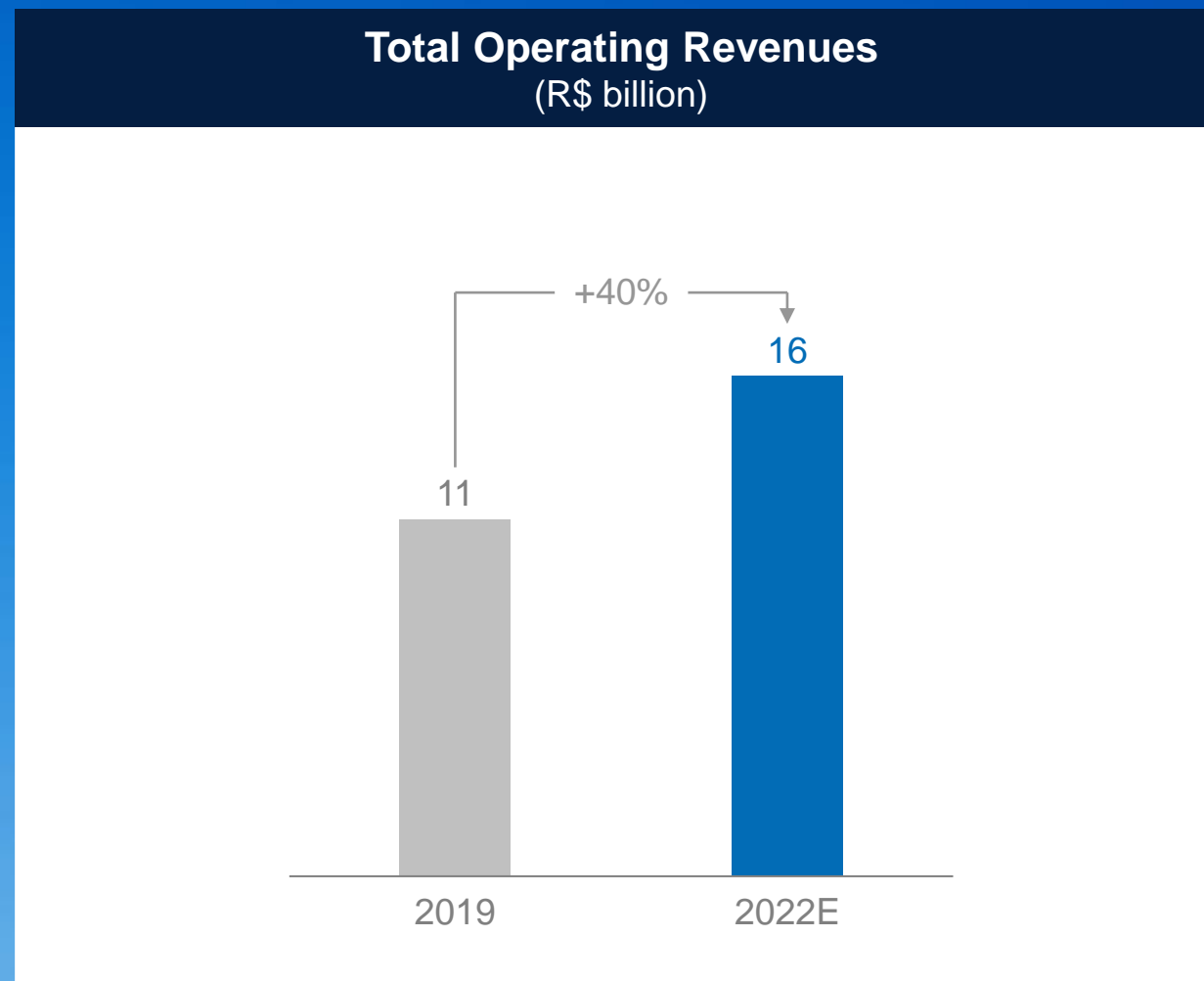
# Before & After: Higher Market Share



Competitive advantages allow for better relative performance in crises



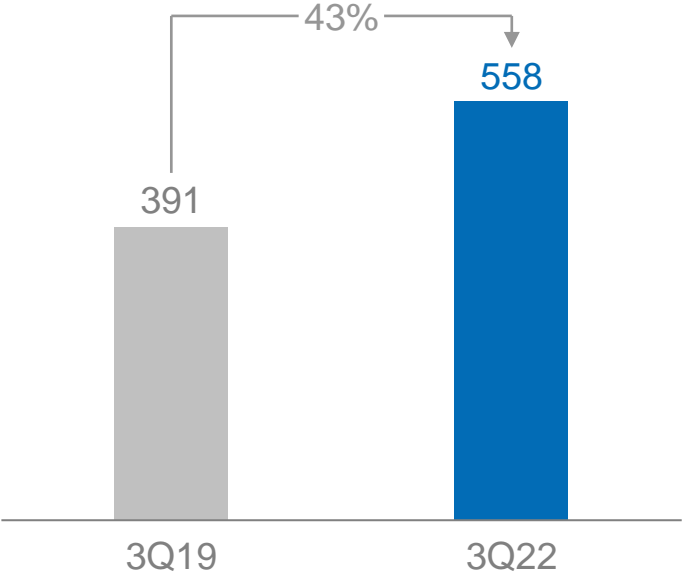
# Before & After: Record Revenues



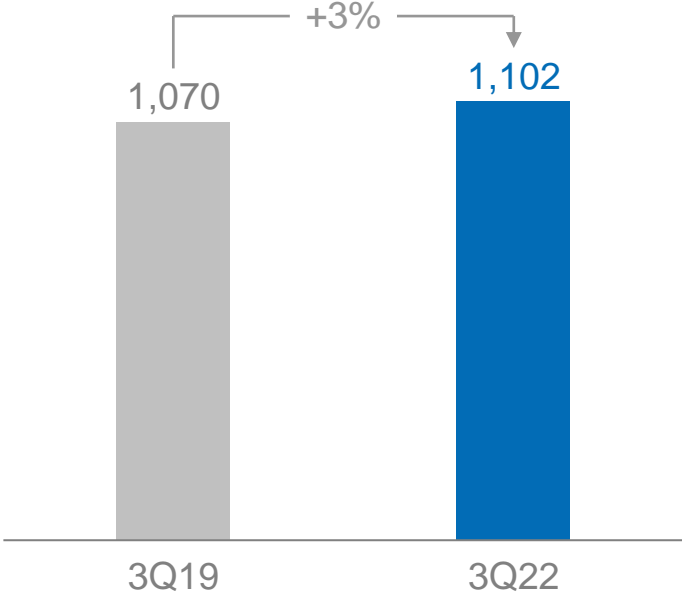
Total revenue in 2022 to be up around 40% compared to 2019

# Before & After: Higher Fares

Average Fare  
(R\$)



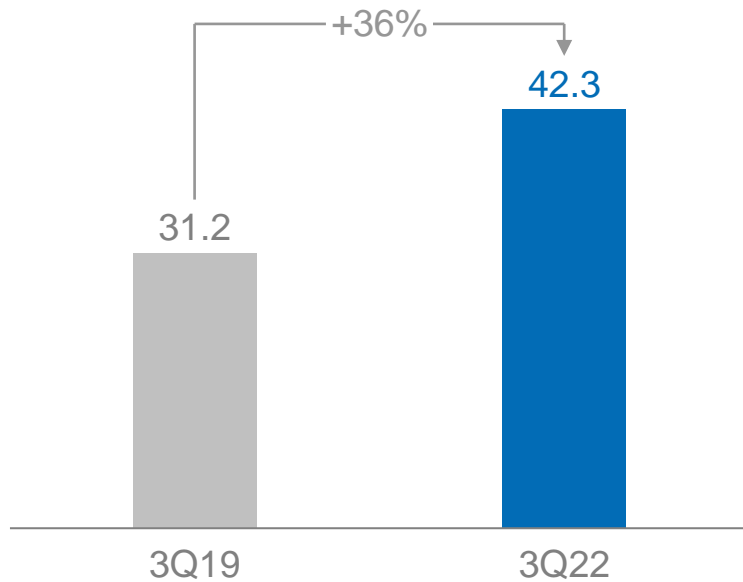
Stage Length  
(Km)



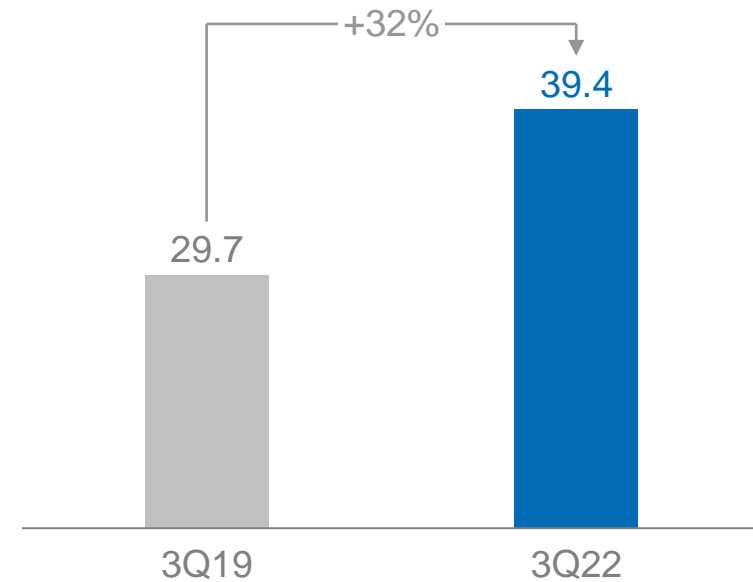
Azul charges the highest average fare to fly the shortest stage with the most efficient aircraft

# Before & After: Record Unit Revenues

**RASK**  
(R\$ cents)



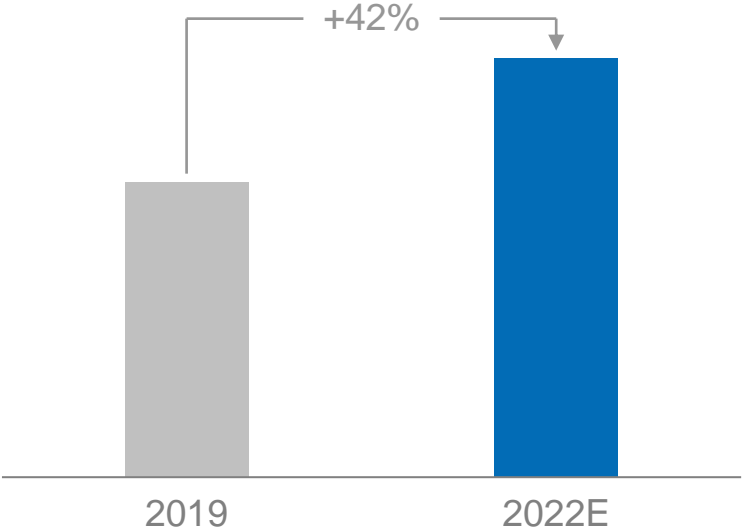
**PRASK**  
(R\$ cents)



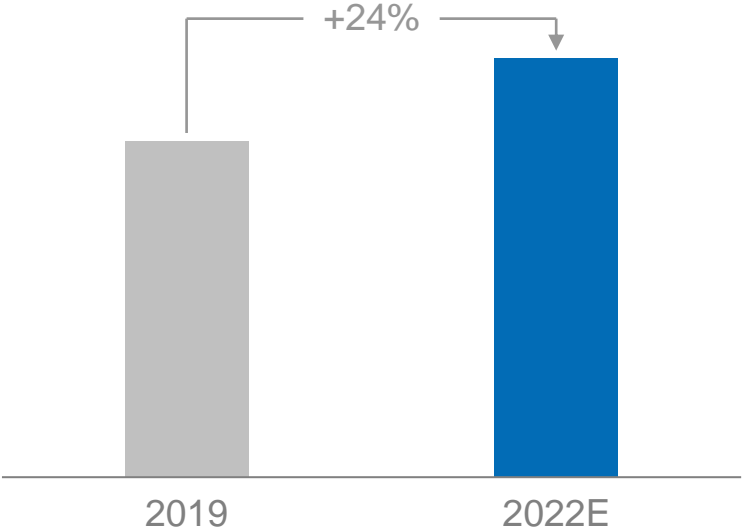
Strong unit revenue performance clearly demonstrates capacity discipline

# Before & After: Higher Corporate Fares and Revenue

### Average Fare Growth



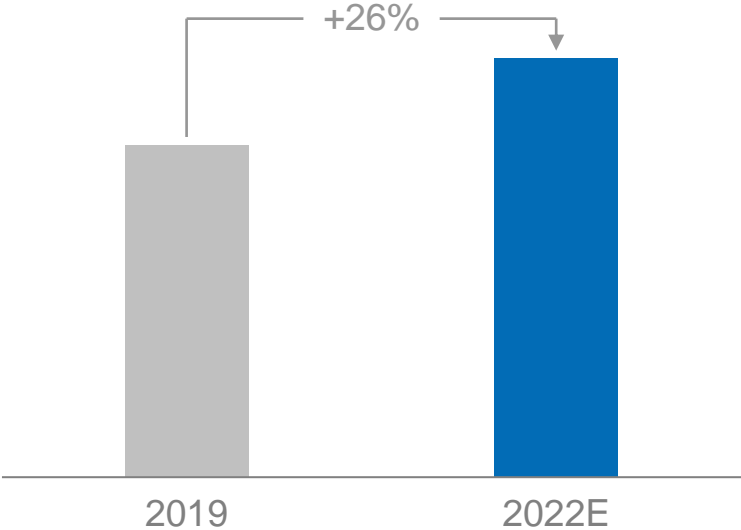
### Revenue Growth



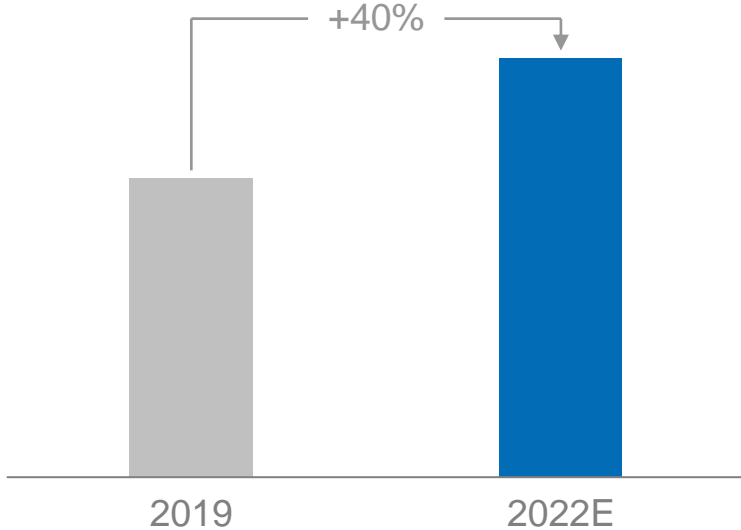
Corporate fares at record levels, well above 2019 even with less than 100% recovery

# Before & After: Stronger Leisure Demand

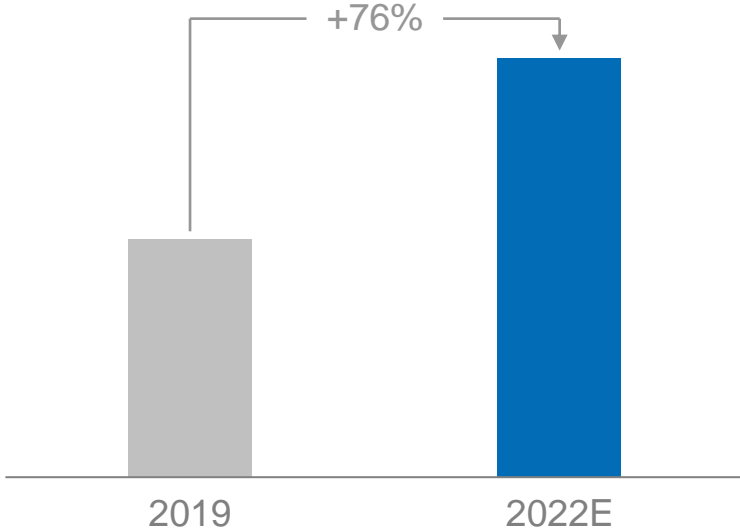
### Average Fare Growth



### Leisure Demand Growth



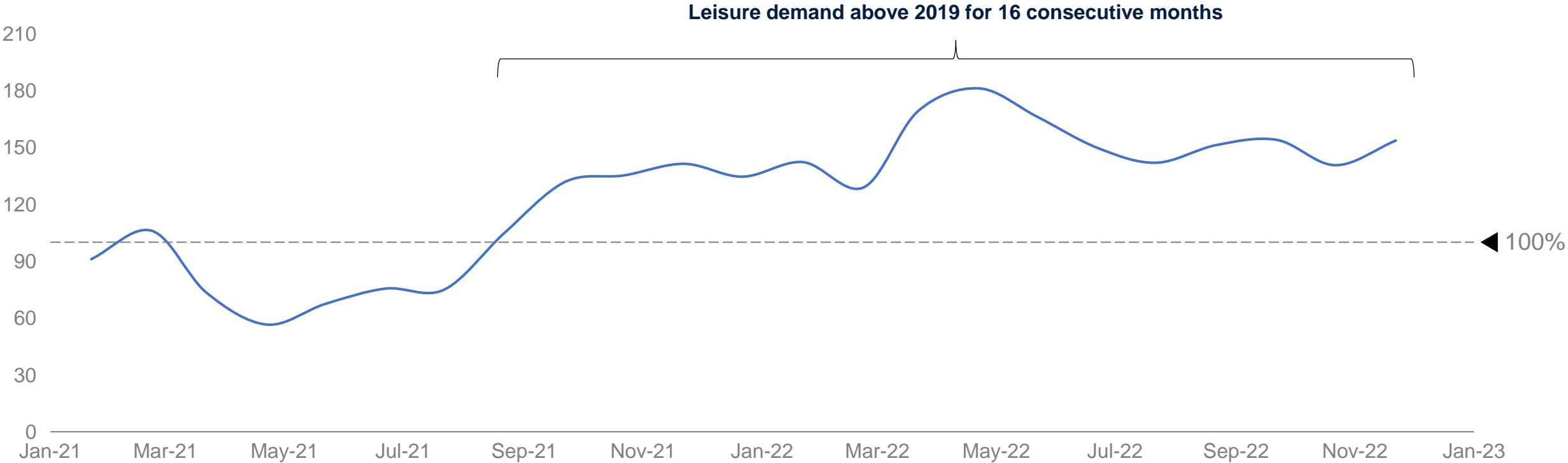
### Revenue Growth



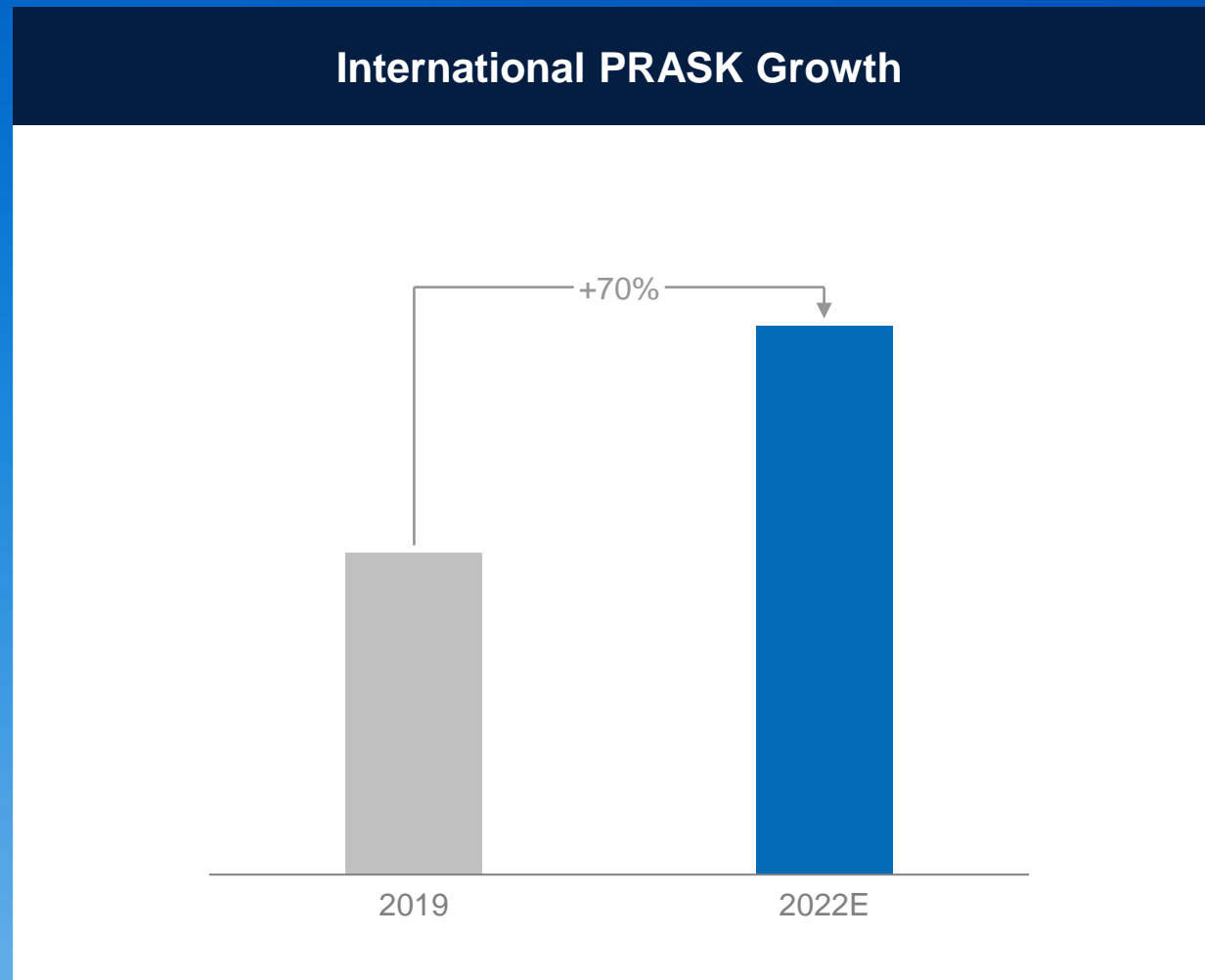
Significant increase in leisure demand leading to higher traffic and fares

# Sustained Leisure Demand

### Azul Leisure Domestic Demand (% of 2019)

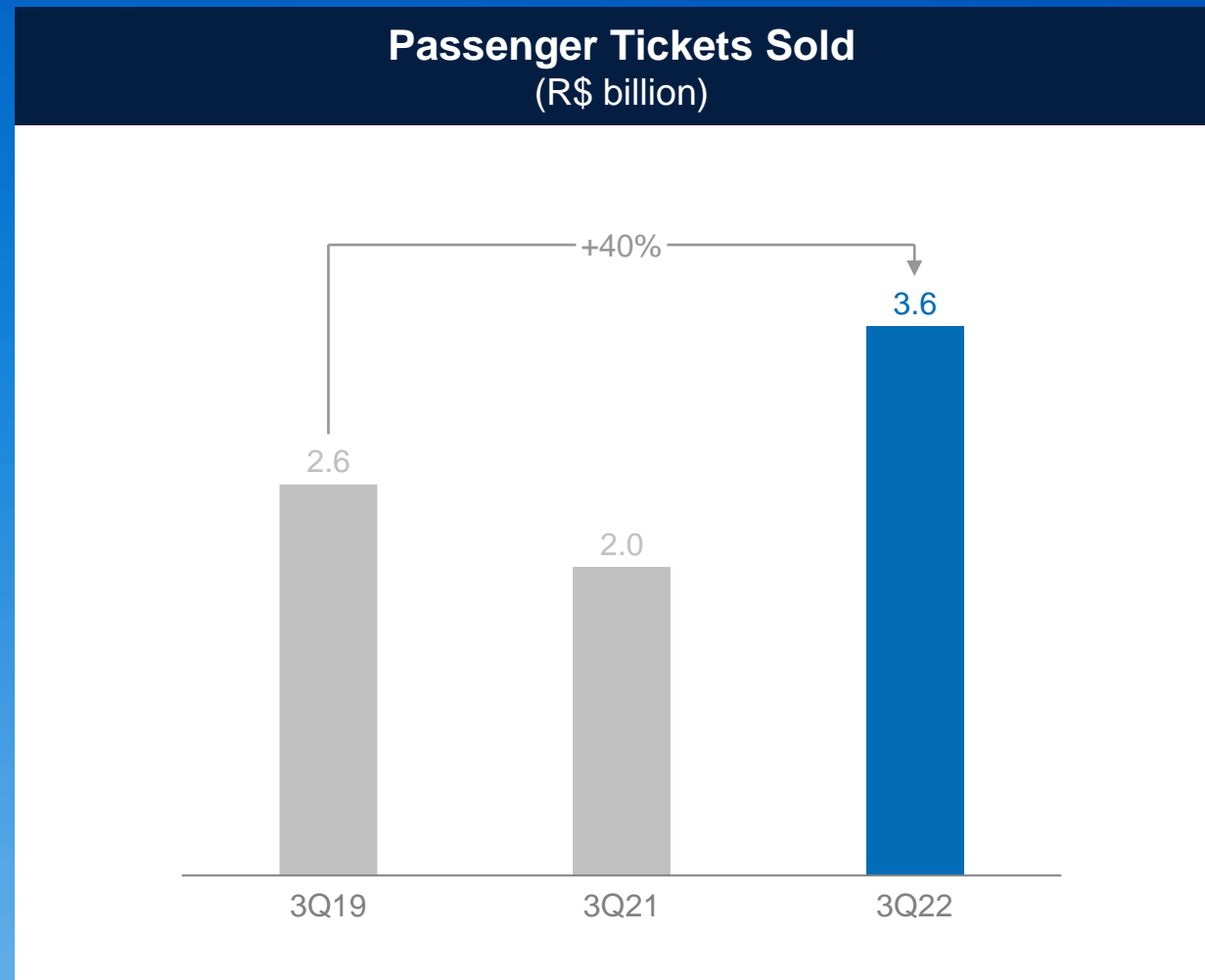


Leisure demand benefiting from flexible work arrangements



International PRASK almost doubled compared to 2019, while ASK recovered 78%

# Sustained Demand in Forward Bookings

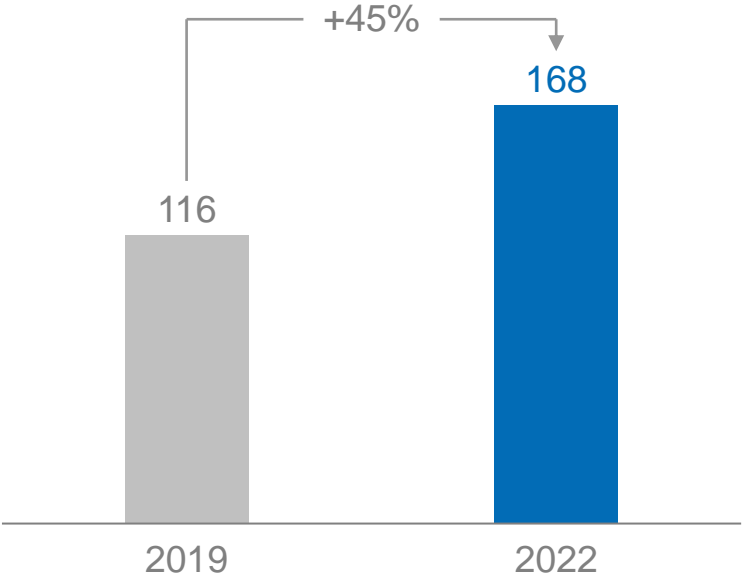


Continued improvement in sales, with a new all-time record in November

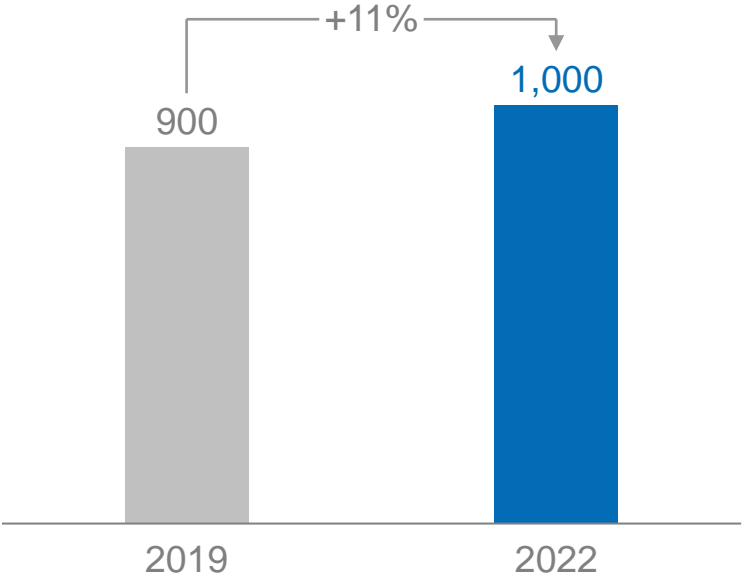


# Before & After: Broader Network

## Destinations

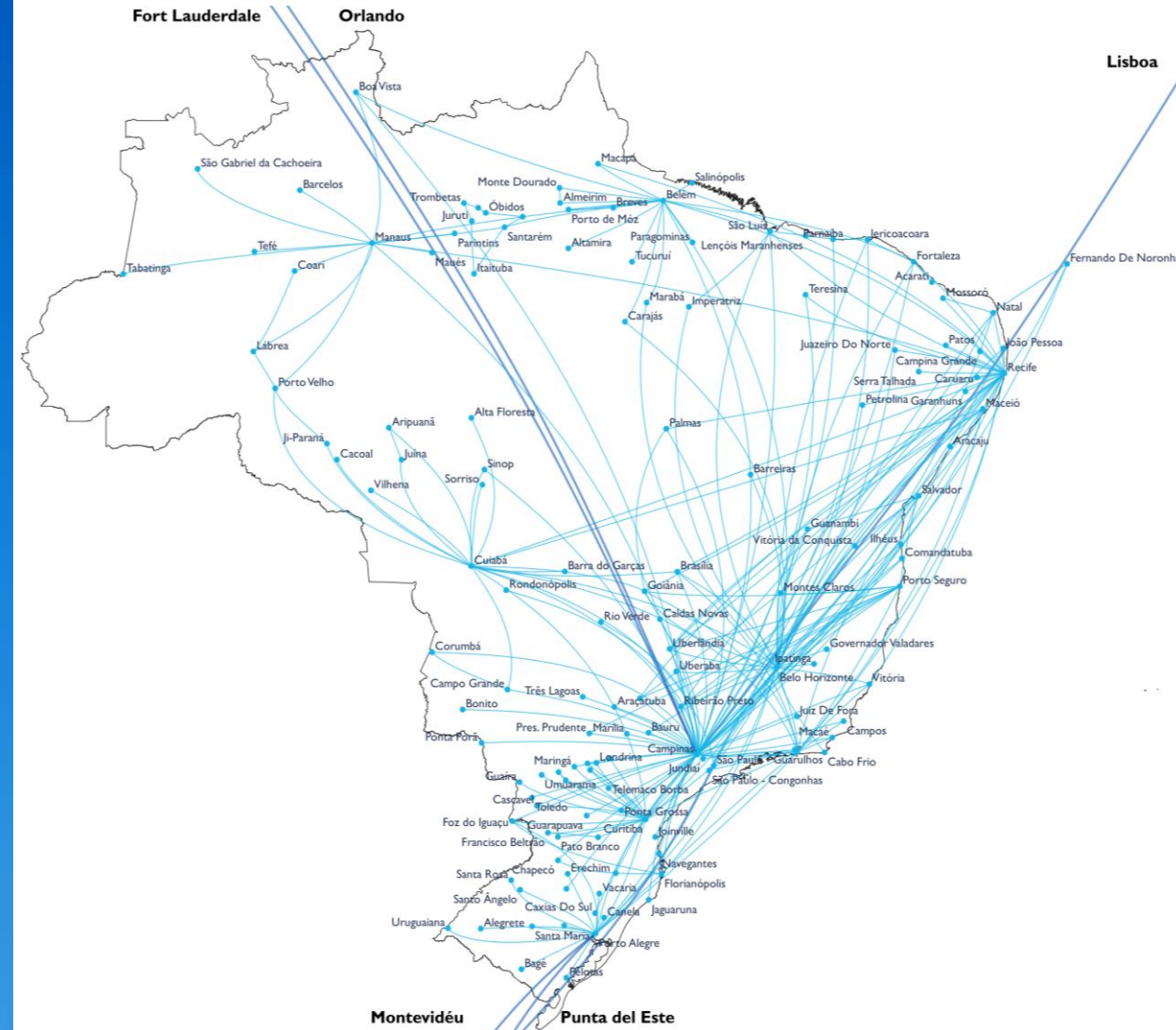


## Peak Daily Flights



# Unparalleled Connectivity

- 📍 168 destinations served
- 📍 Over 40 new destinations served since 2019
- 📍 Only carrier in ~80% of our routes
- 📍 Leadership in most Brazilian cities
- 📍 Connectivity from 200 destinations by 2023



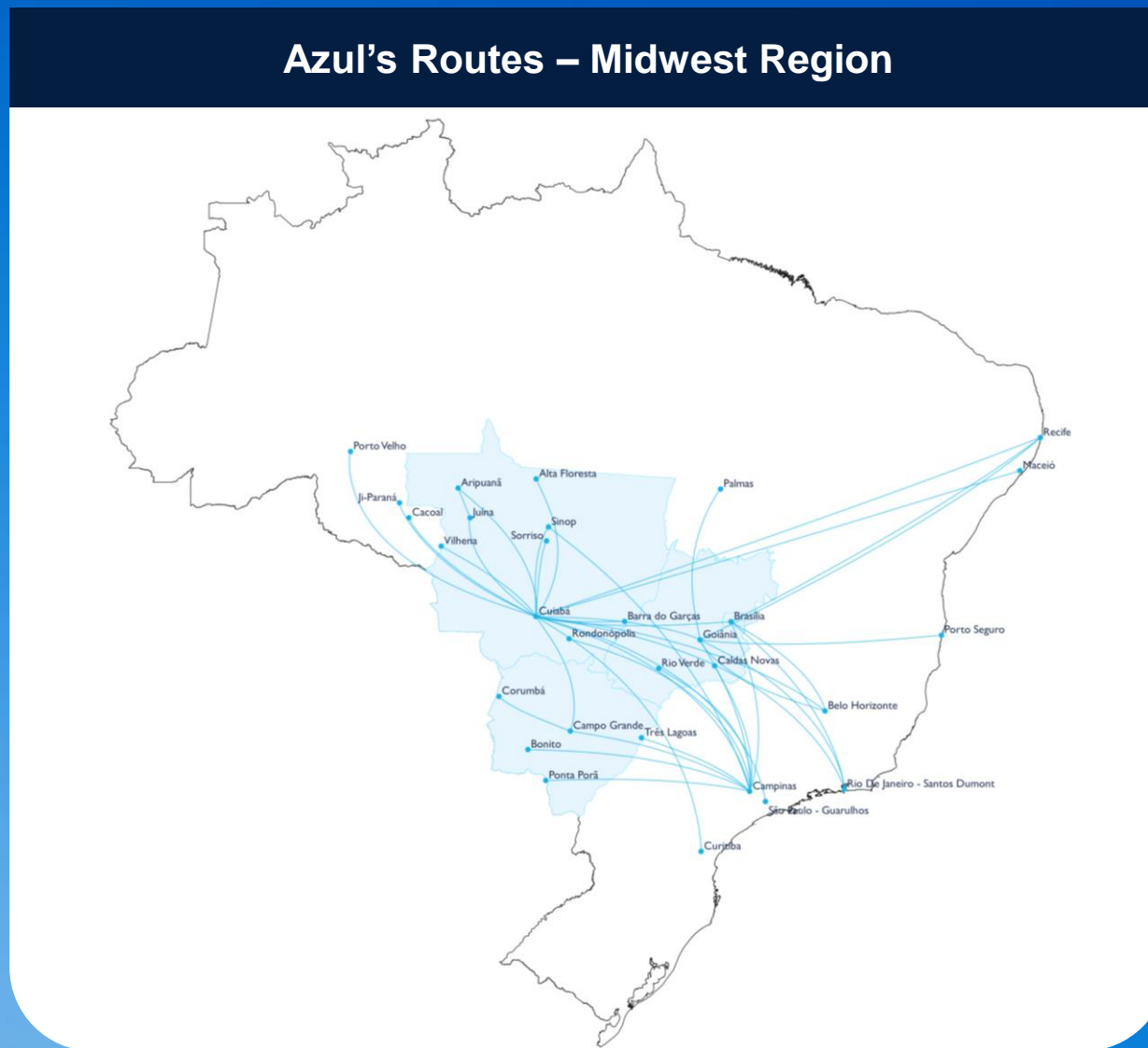


# Highest Connectivity in All Regions of Brazil



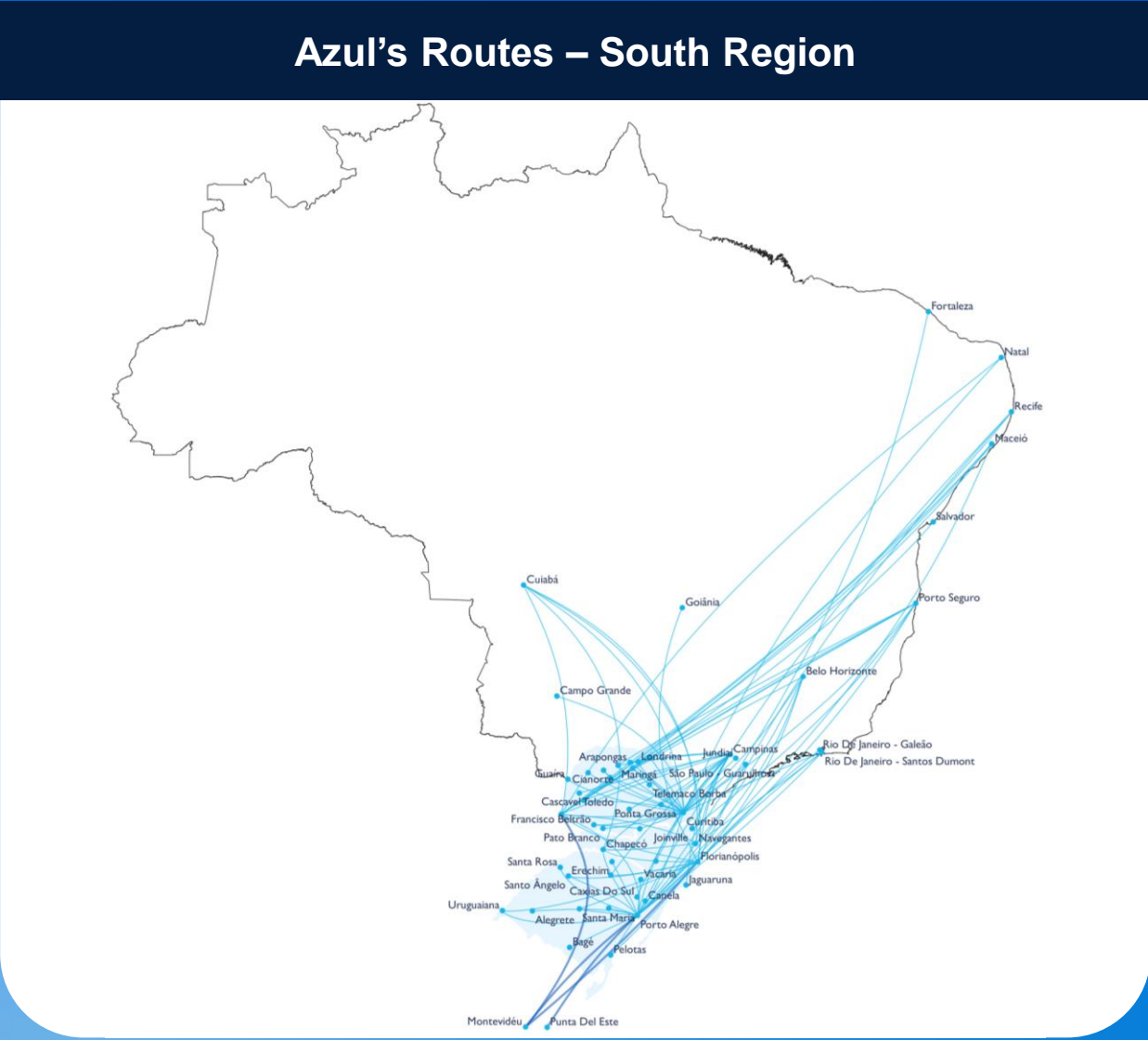
# Highest Connectivity in All Regions of Brazil

## Azul's Routes – Midwest Region





# Highest Connectivity in All Regions of Brazil





# Strong International Connectivity





# Strong Connectivity in Europe



60+ destinations connected



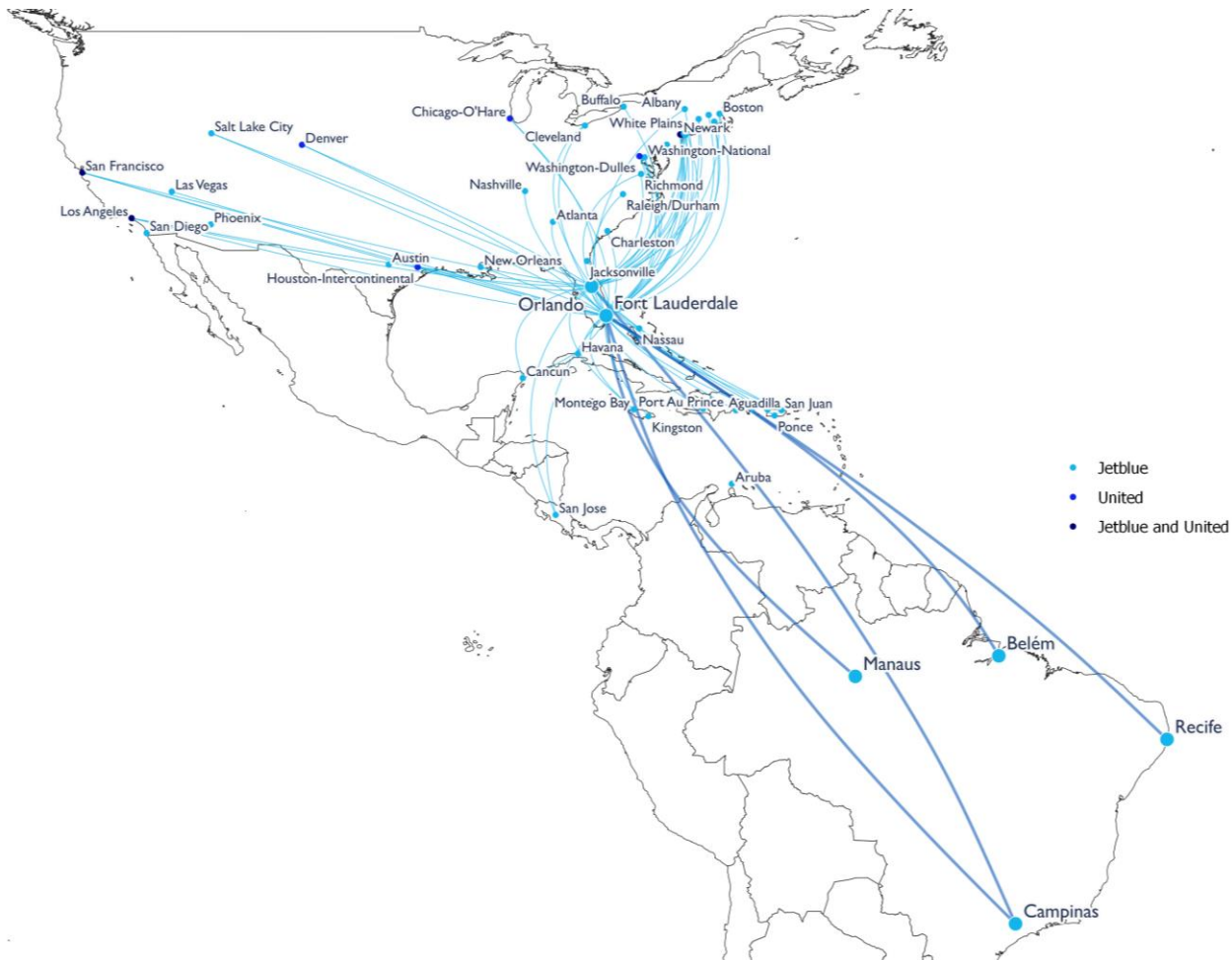
Connecting all main European destinations



Leisure destinations: Azores, Cape Verde, Canary Islands, Israel, among others



# Strong Connectivity in North America



- 50+ destinations connected
- 30+ US destinations: most popular destinations and cities with large Brazilian communities
- 15+ destinations in Caribbean

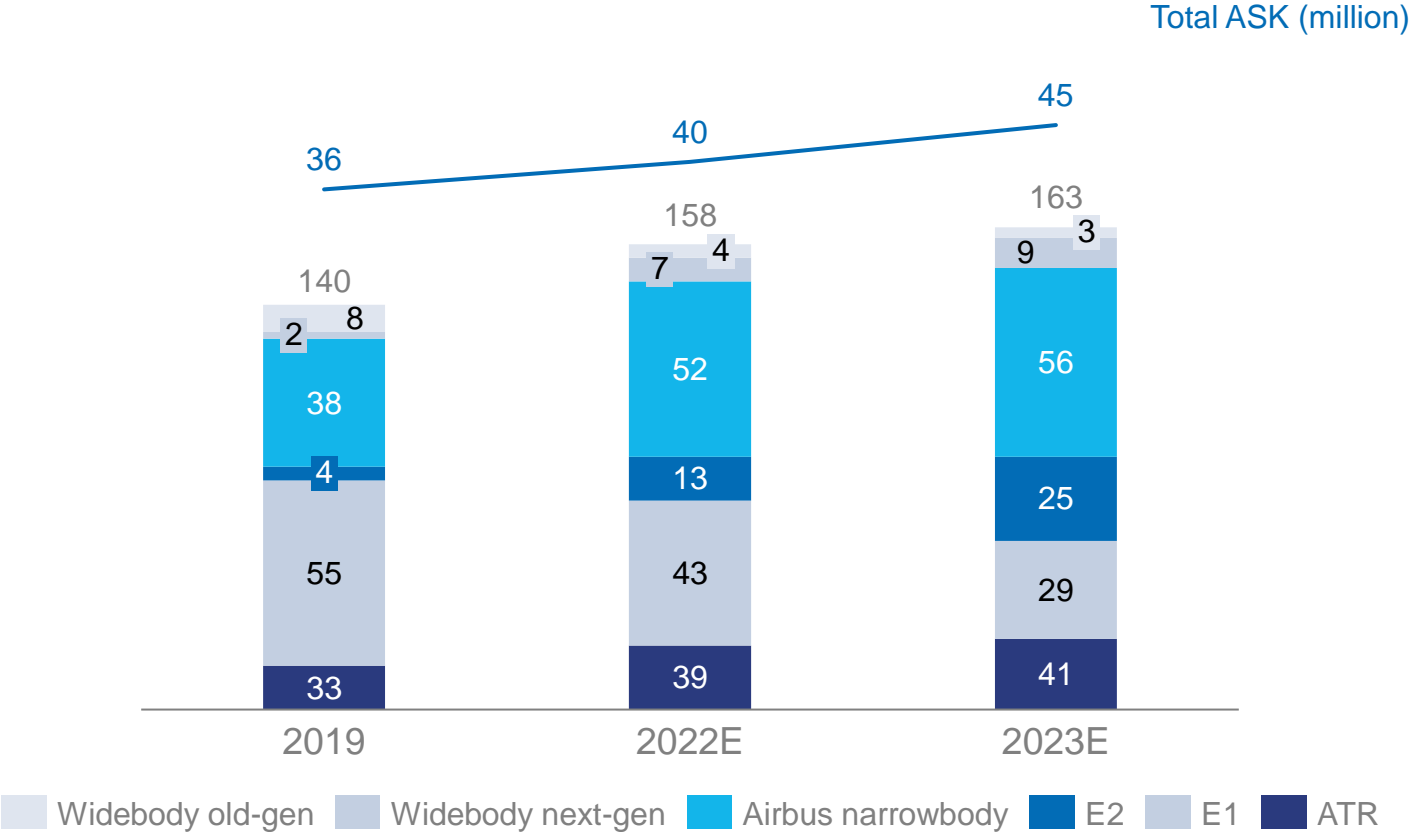


## The Right Aircraft in the Right Market

Brazil has only a few markets that can fill large aircraft  
Diversified fleet allows to match supply & demand and minimize costs

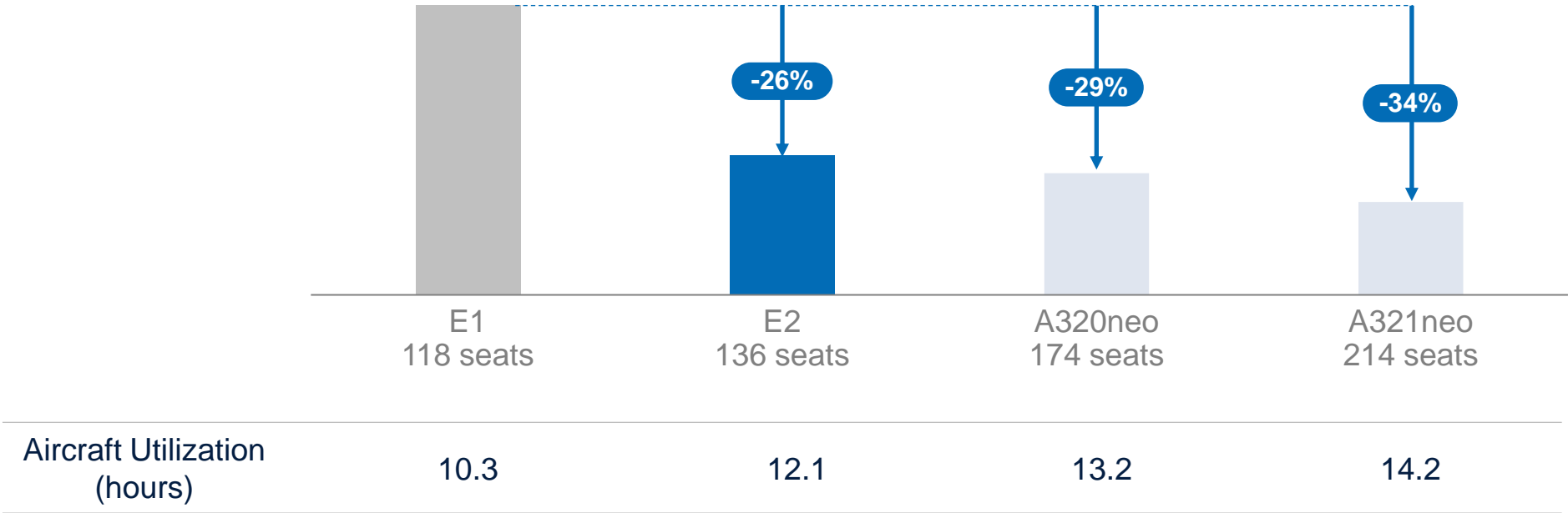
# Before & After: Next-Gen Fleet

## Passenger Contractual Fleet (Mainline)



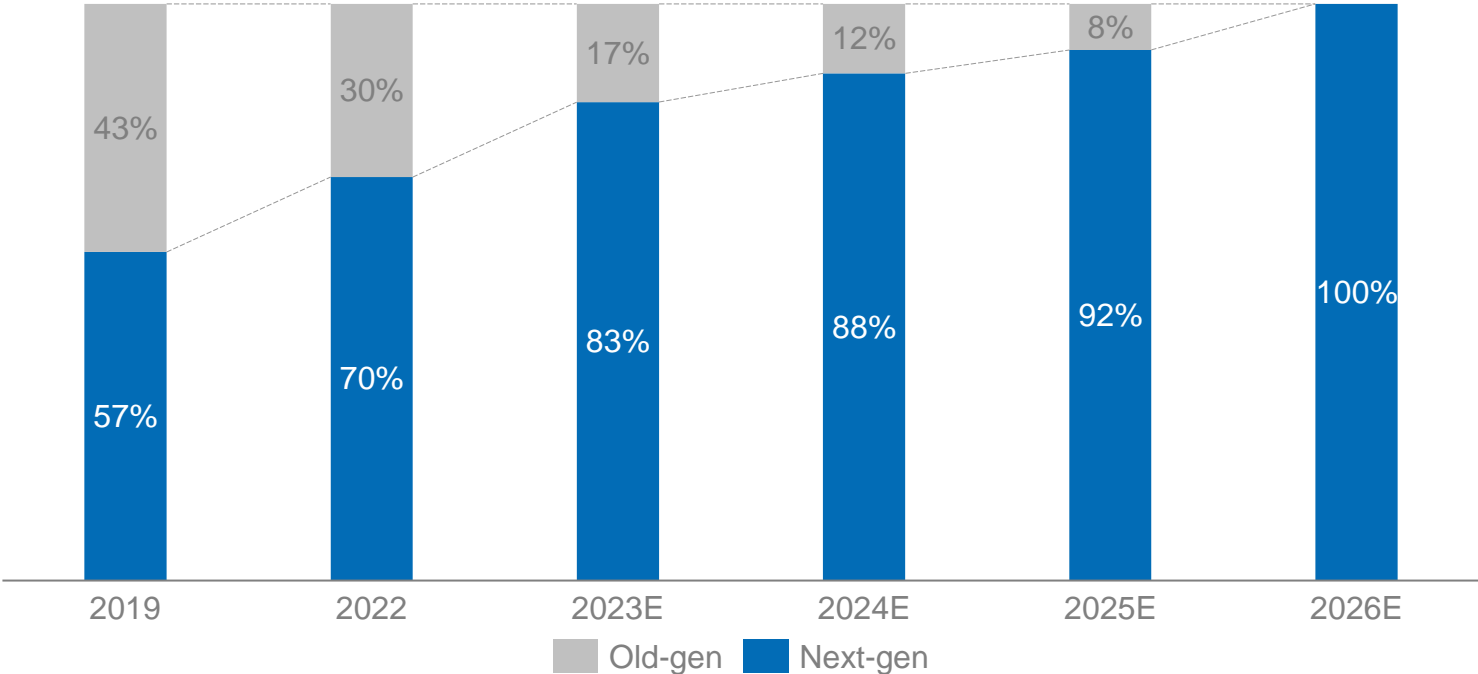
# Further Margin Expansion from Fleet Transformation

## Cost per Seat



Significant unit cost reduction from larger next-gen aircraft

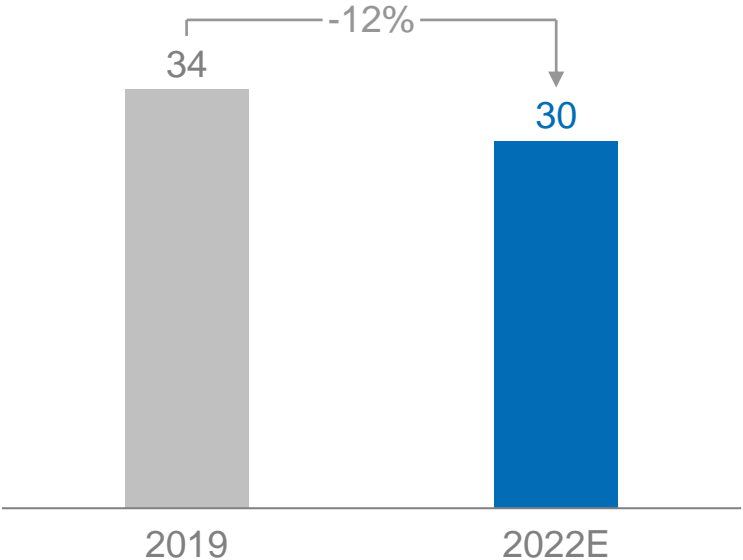
## Next-Generation Aircraft (% of ASKs)



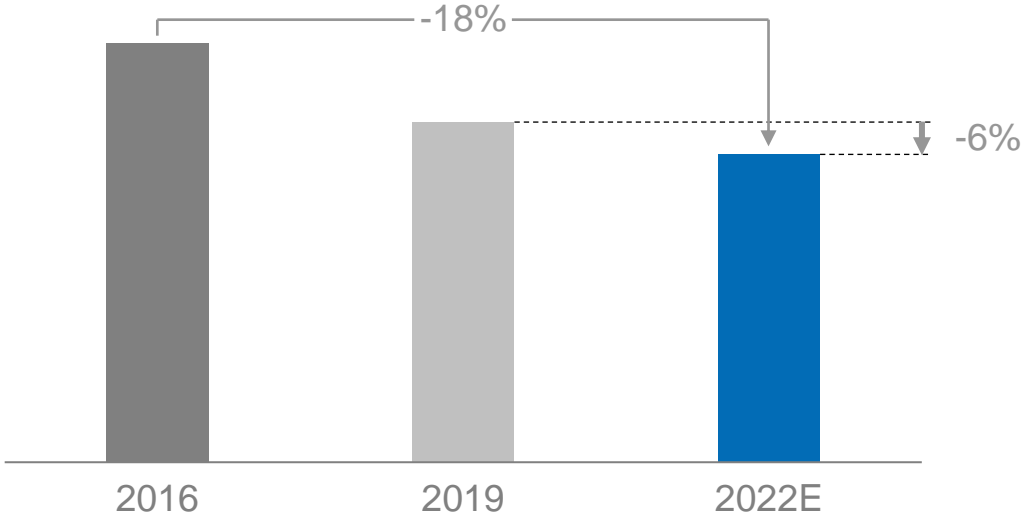
Expecting to reach 100% capacity from next-gen in 2026, at least five years ahead of competition

# Before & After: Lower Fuel Burn

### Fuel Consumption (liters/ASK)



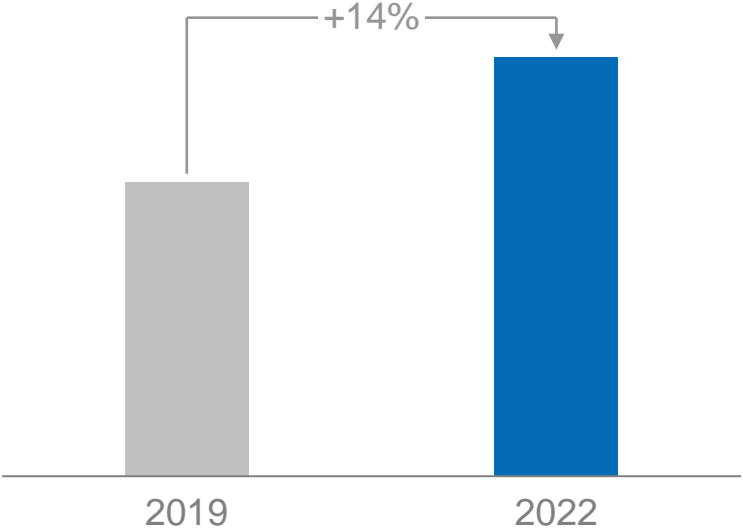
### Relative Emissions (gCo2/ASK)



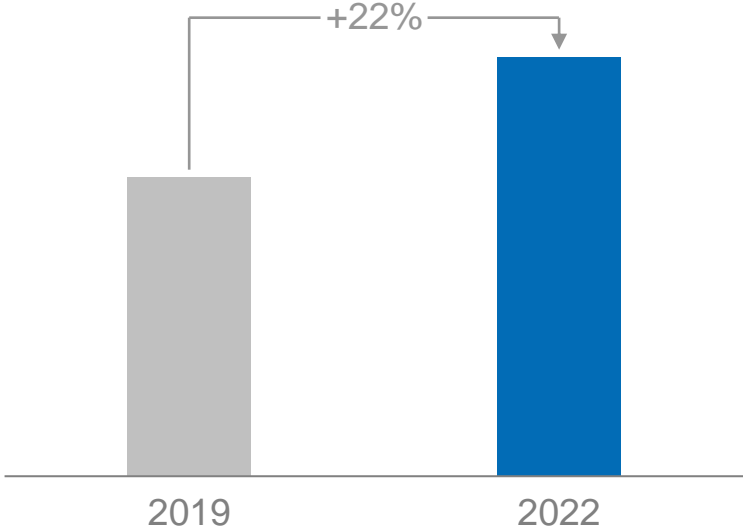
Reducing fuel burn and carbon emissions, with more savings to come  
Carbon relative emissions reduced over 20% since 2016 and down 6% compared to 2019

# Before & After: Higher Economies of Scale

### Average Seats per Domestic Departures



### Average Seats per International Departures



Azul will simultaneously benefit from lower fuel burn and higher aircraft size



# Upside from the Ongoing Fleet Transformation

Fleet	Fuel burn per engine (kg/h)	Fuel Burn vs. E1	Seats vs. E1	Cost per seat vs. E1	Rent vs. E1	Maintenance vs. E1
Embraer E1	1,088					
Embraer E2	890	-18%	+15%	-26%	-20%	-40%

Azul's fleet transformation will be unique in the industry, with simultaneous reduction in fuel burn, increase in aircraft size, and reduction in rent

# Fuel Efficiency Initiatives



## Fleet upgrades

Full paperless solutions  
Optimized flight profile software



## Flight Planning

Route optimization  
Taxi fuel optimization



## Flight Operation

Zero APU Program: reducing use of auxiliary power unit  
Single-engine taxi  
Reduced acceleration altitude  
Descent profile optimization

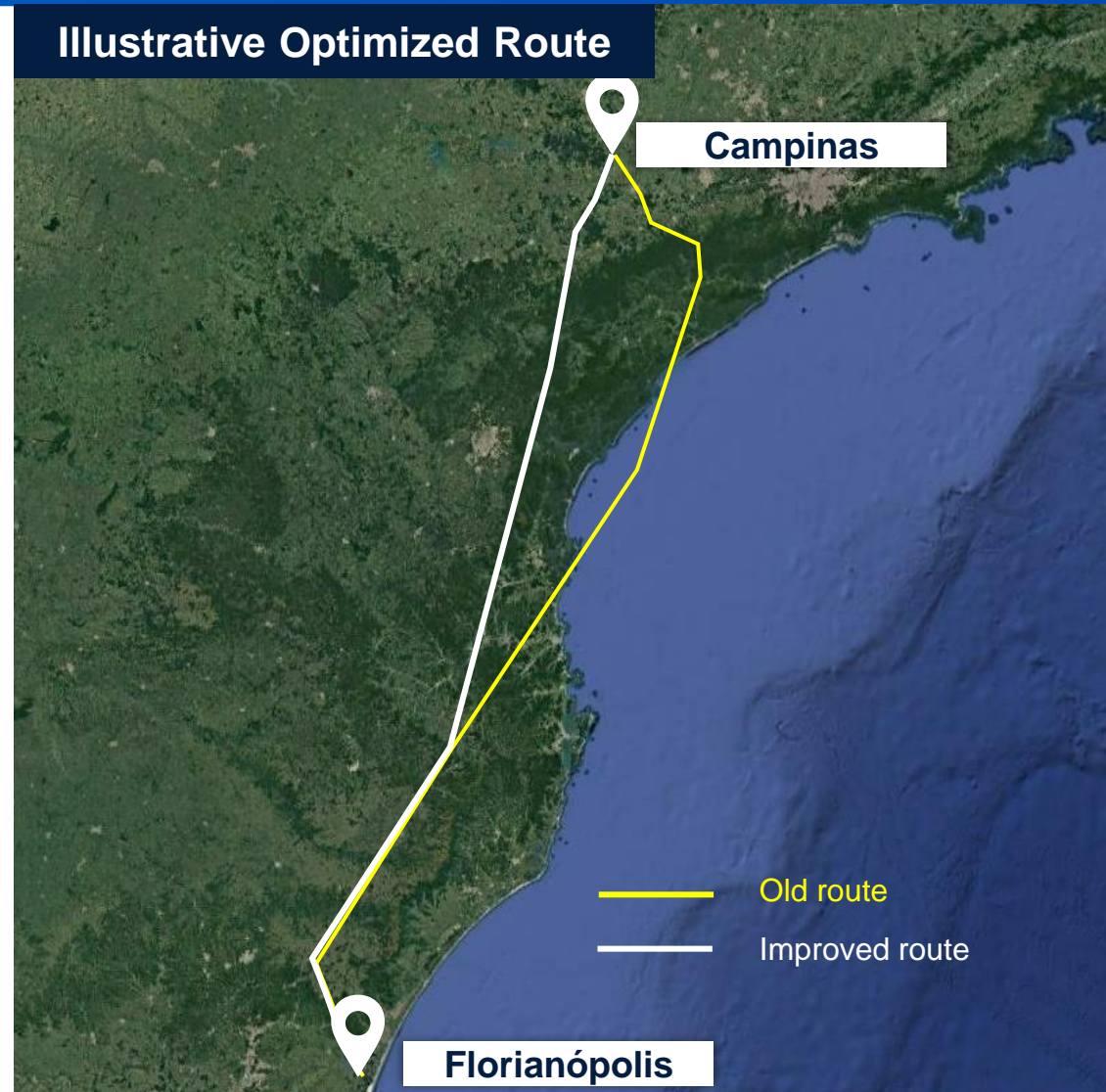


**132+ thousand tons** in lower carbon emissions



**R\$250+ million** in annual cost reduction

## Illustrative Optimized Route



# Before & After: Largest Hangar in Latin America

2019



2022





# Azul's Hangar at a Glance

**AzulDay**\*



📍 **380,000**  
square meters

📍 Up to **8 A320s** and **2 A330s**  
simultaneously

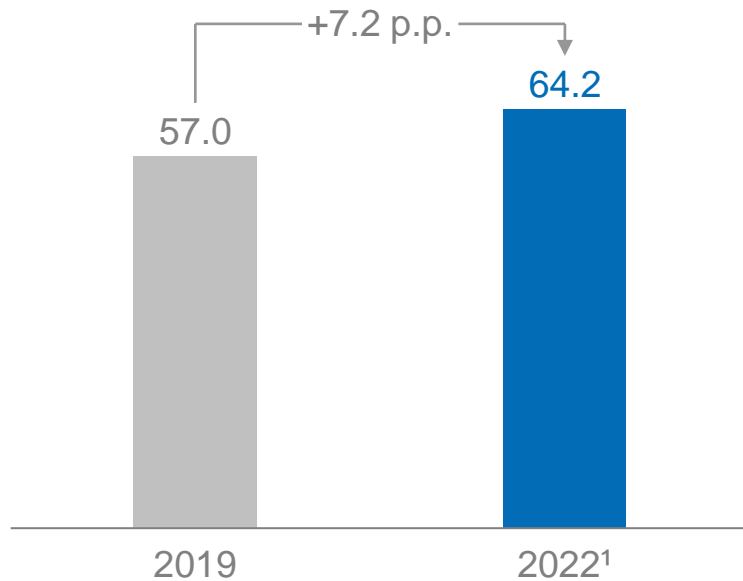
📍 **Insourcing**  
C-checks, wheels and brakes

📍 **70+**  
Heavy checks performed in 2022

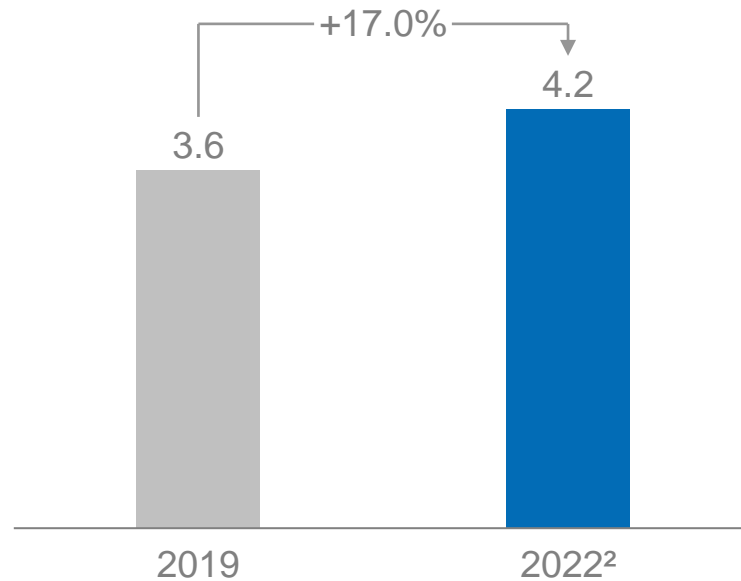
📍 **R\$300+ million**  
in savings since 2020

# Before & After: Higher Customer Satisfaction

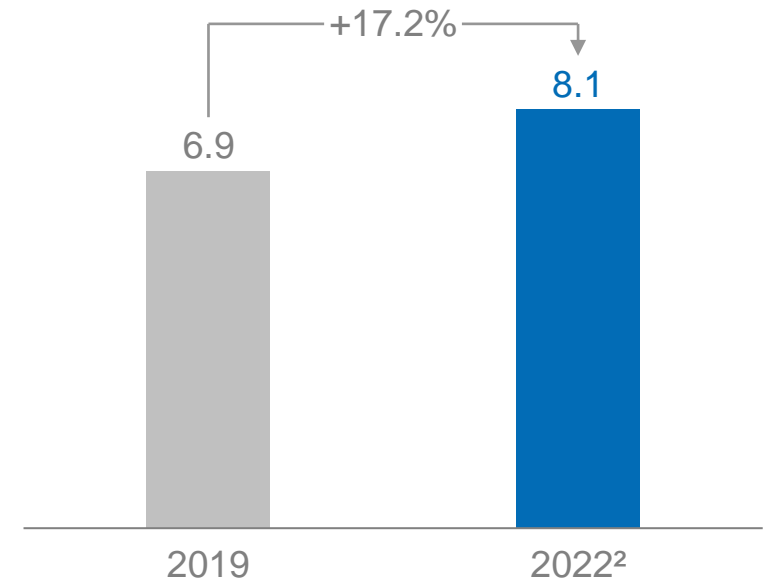
## NPS



## Consumidor.gov.br (grade from 1 to 5)

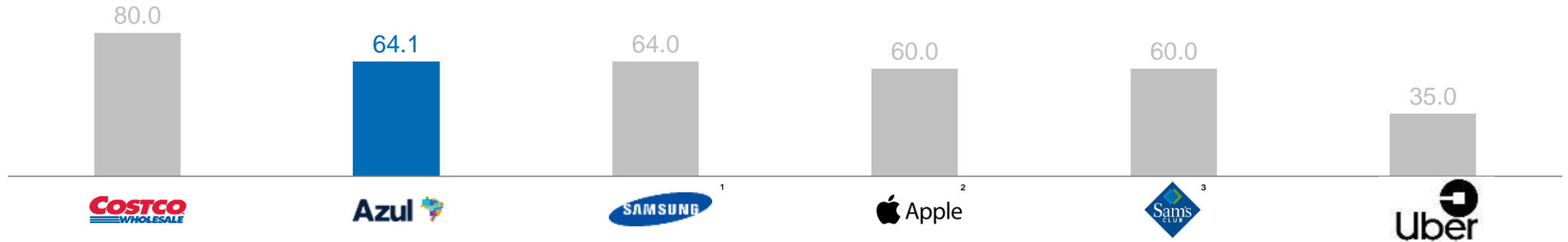


## ReclameAqui (grade from 1 to 10)



# Among World's Best in Customer Satisfaction

## NPS by Company

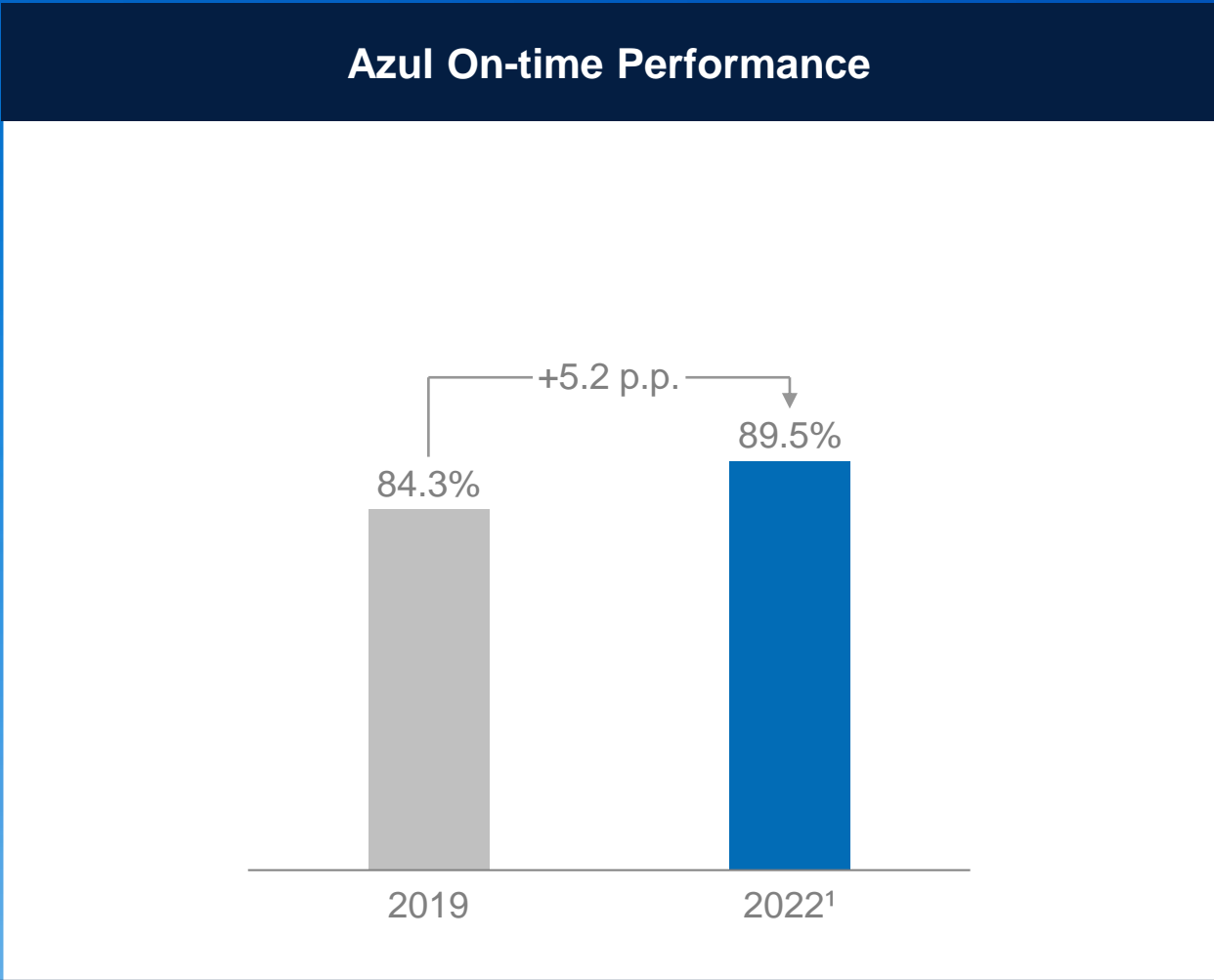


## Average NPS by Industry



High NPS not only among airlines, but also among other world-class companies

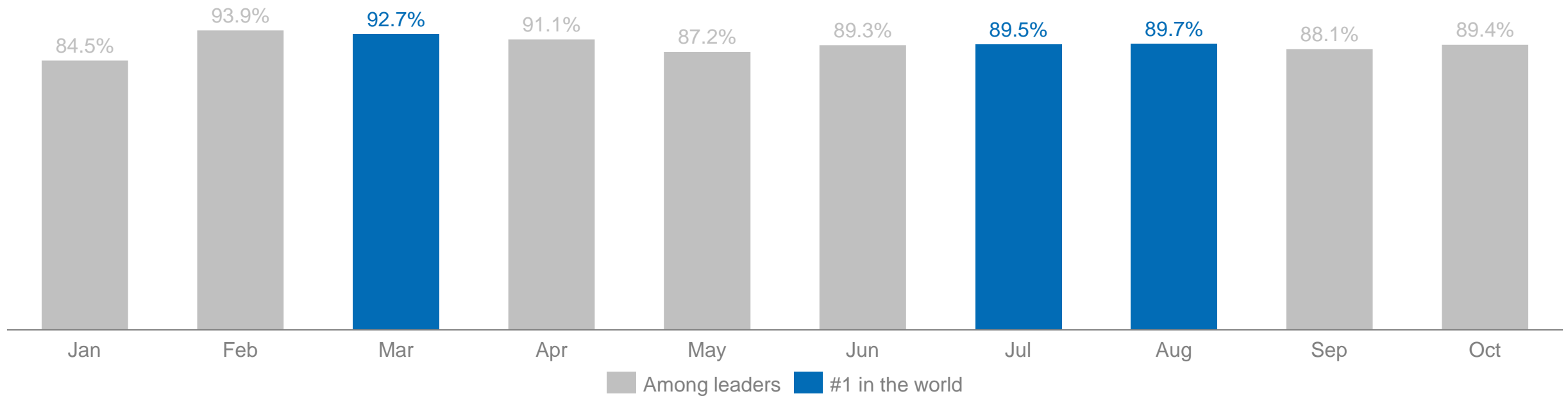
# Before & After: Better Operational Performance



Better planning process focused on safety and innovation, increasing synergies and engaging all Crewmembers

# Among World's Best in On-Time Performance

## Azul's On-time Performance (2022)



Azul Leading Several On-Time Performance Indices in 2022

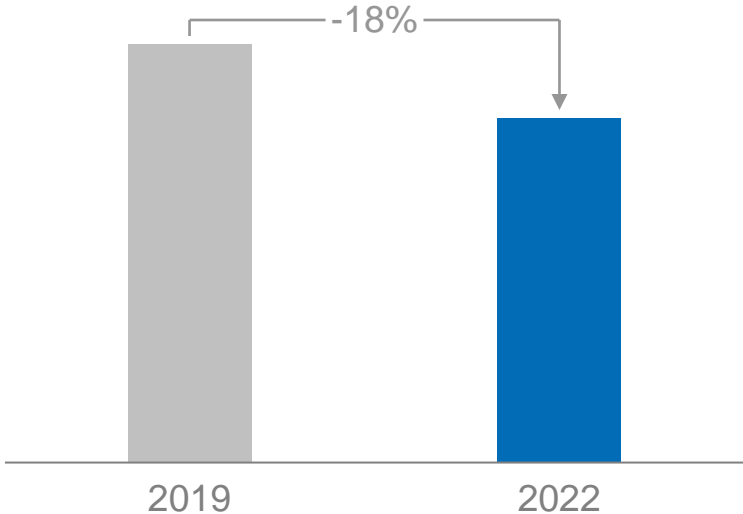
World's most on-time airline in March, July and August, and among leaders in the other months of 2022



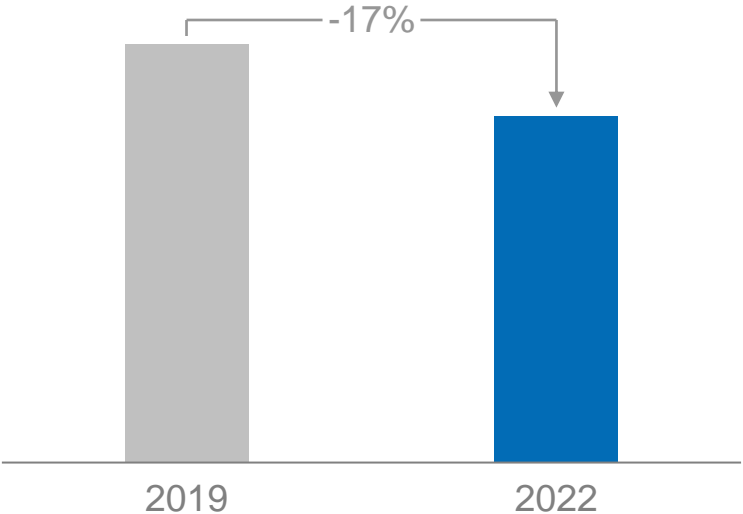


# Before & After: Higher Productivity and Lower Costs

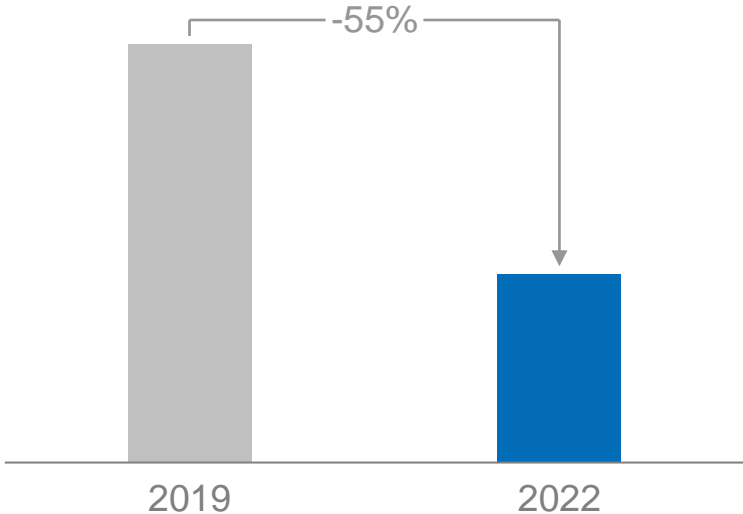
**Airports**  
(FTE per Pax)



**Call Center**  
(FTE per Pax)



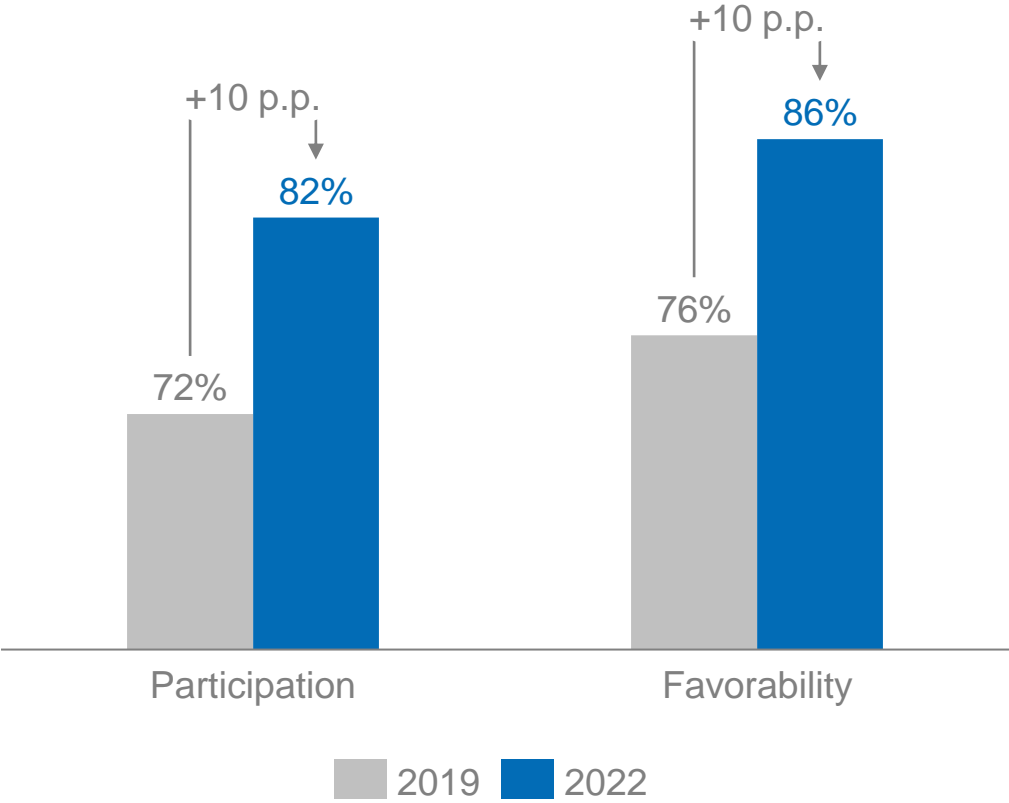
**Cargo**  
(FTE per Cargo Revenue)



Higher productivity in all departments compared to 2019 levels

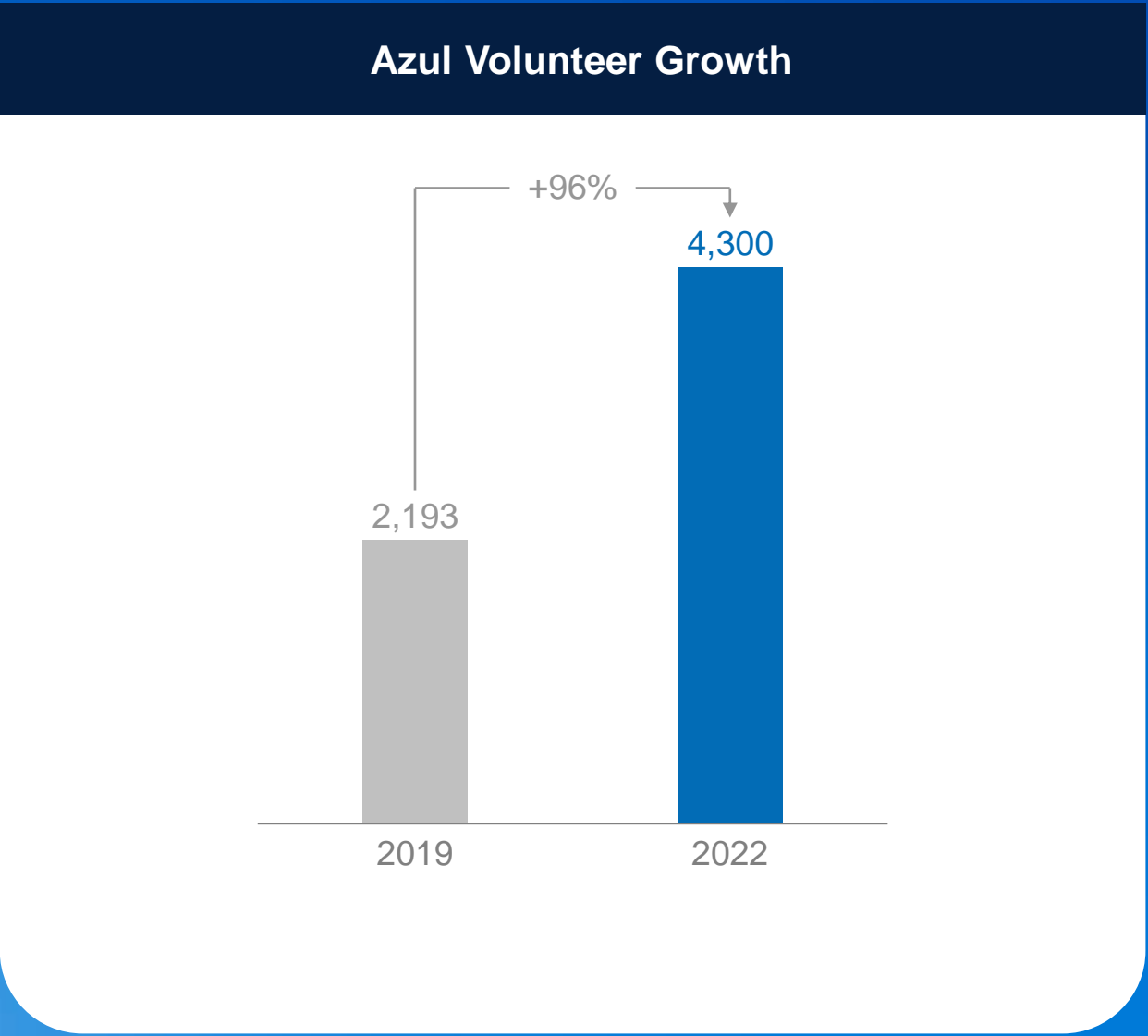
# Before & After: Higher Crewmember Satisfaction

## Crewmember Survey Results





# Strong Culture Supporting all of Brazil



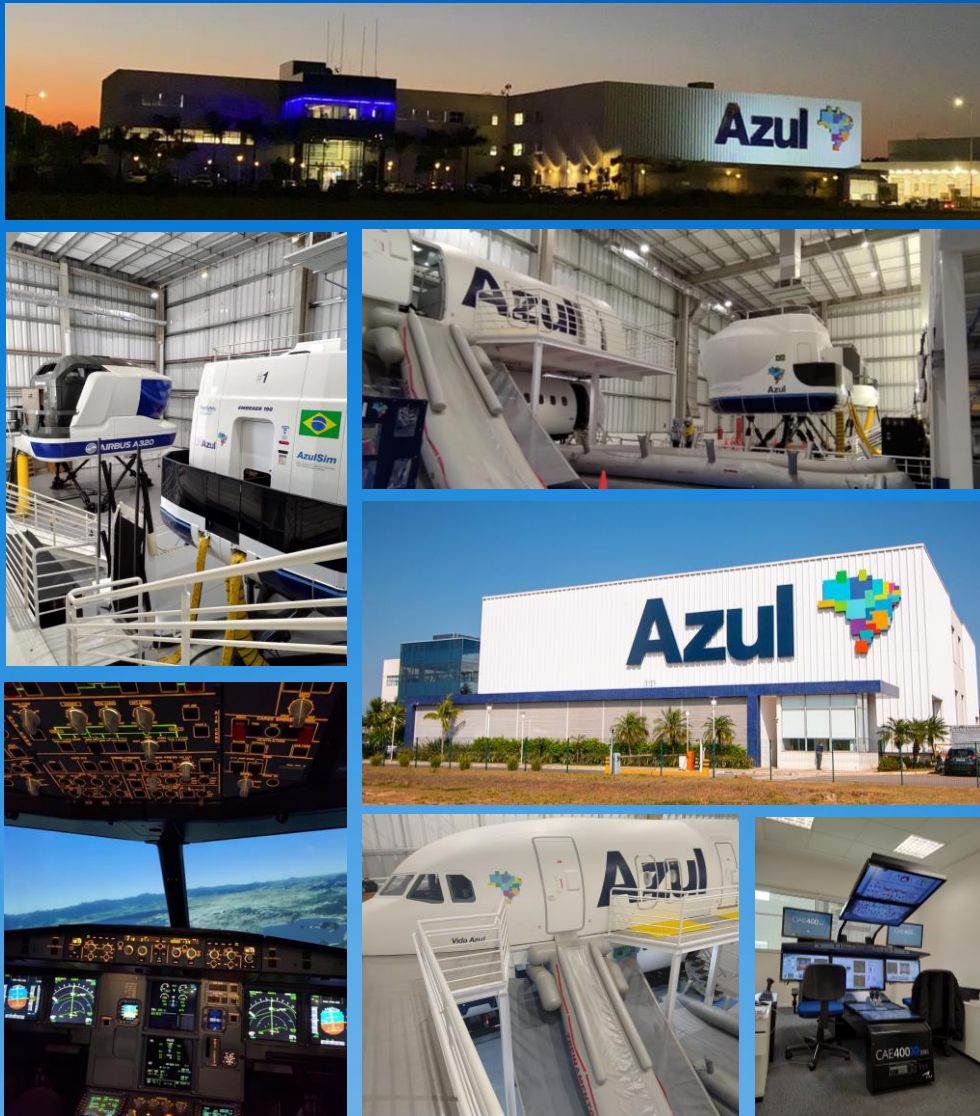


# Maintaining Culture is Hard Work





# Excellence in Training at UniAzul

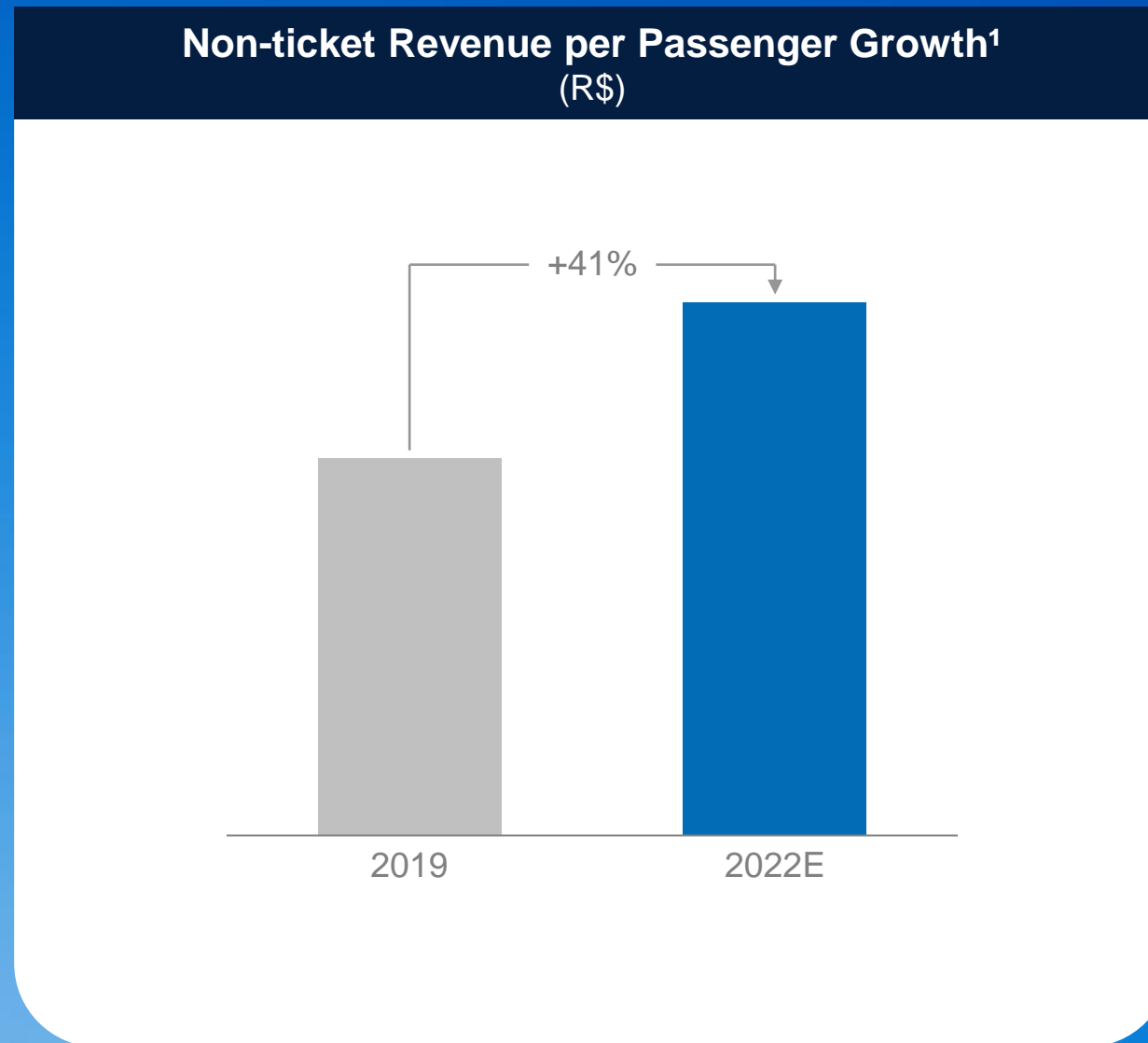


📍 **60,000** square meters with 21 classrooms

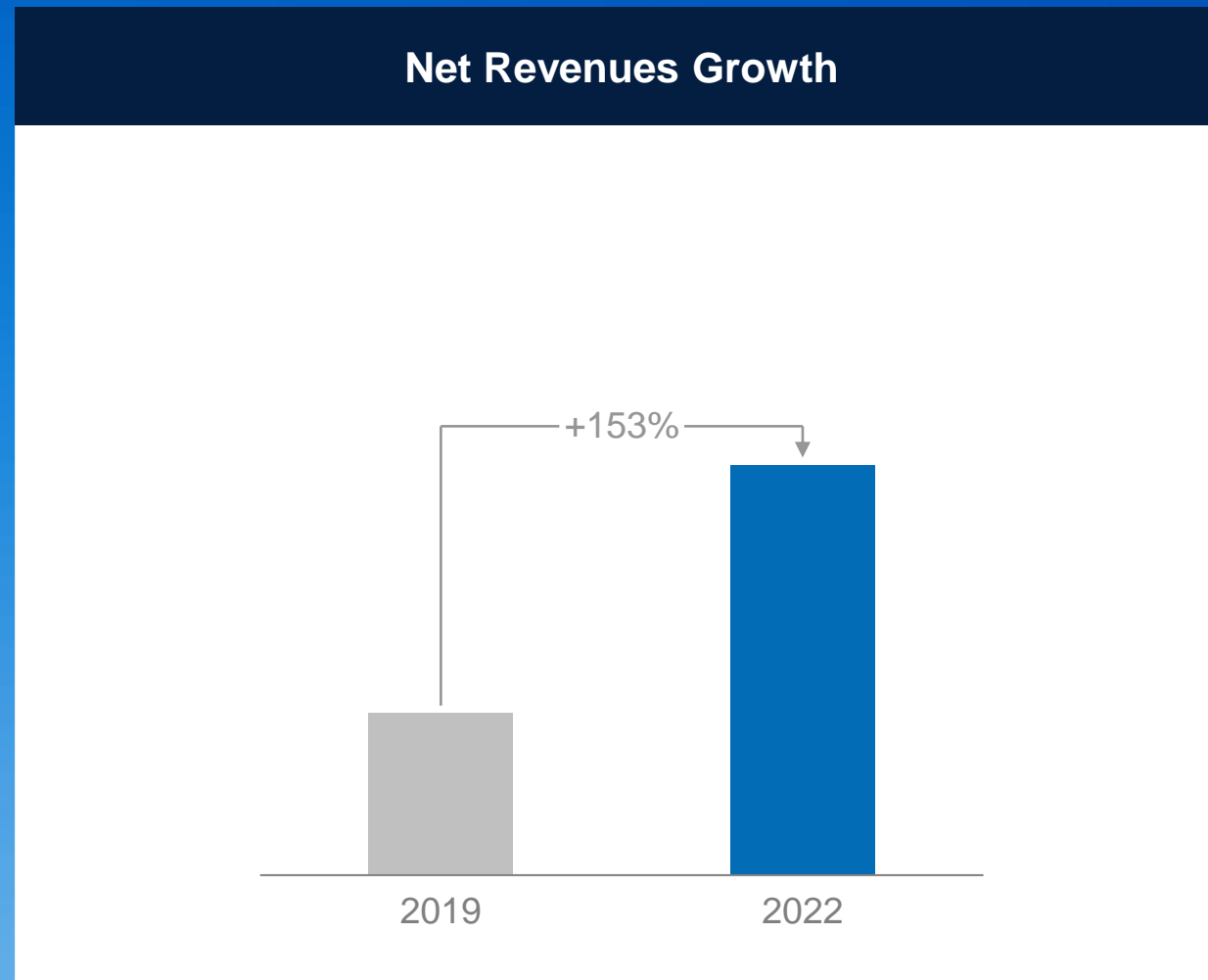
📍 **50,000+** trainings per year

📍 **5** full-flight simulators

# Before & After: Higher Ancillary Revenues



# Before & After: Higher Azul Cargo Revenue



Net revenue more than doubled in 2022 compared to 2019



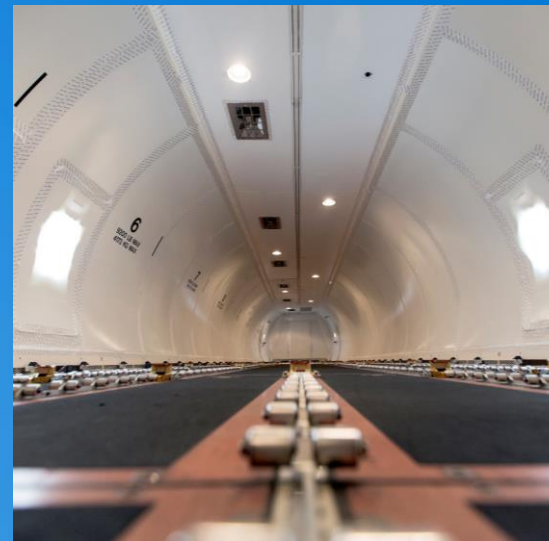
# Azul Cargo Logistics

📍 #1 in Brazil

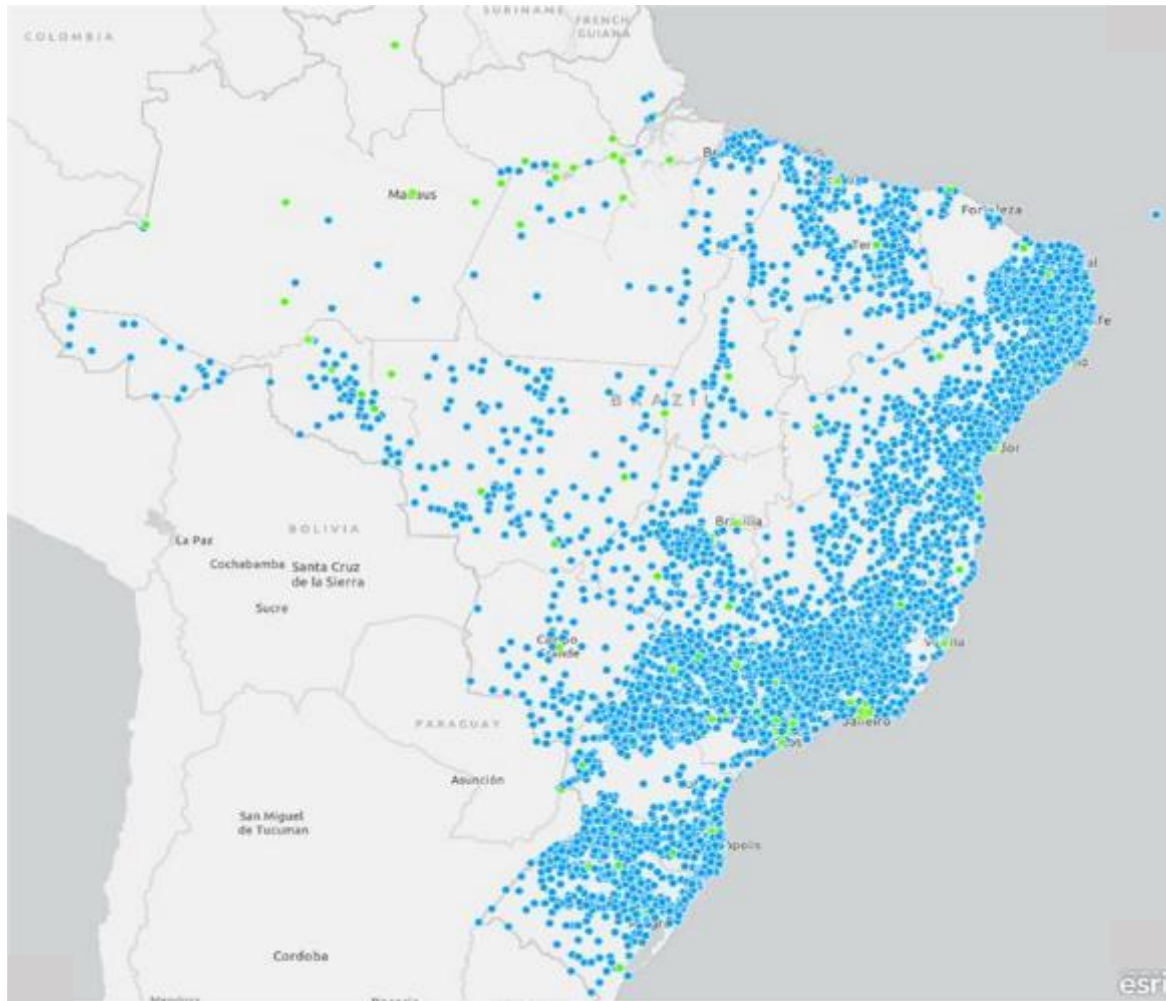
📍 Record revenues

📍 Leveraging Azul's network and fleet

📍 Cargo hold space in passenger aircraft at very low variable cost



# Azul Cargo Unparalleled Reach



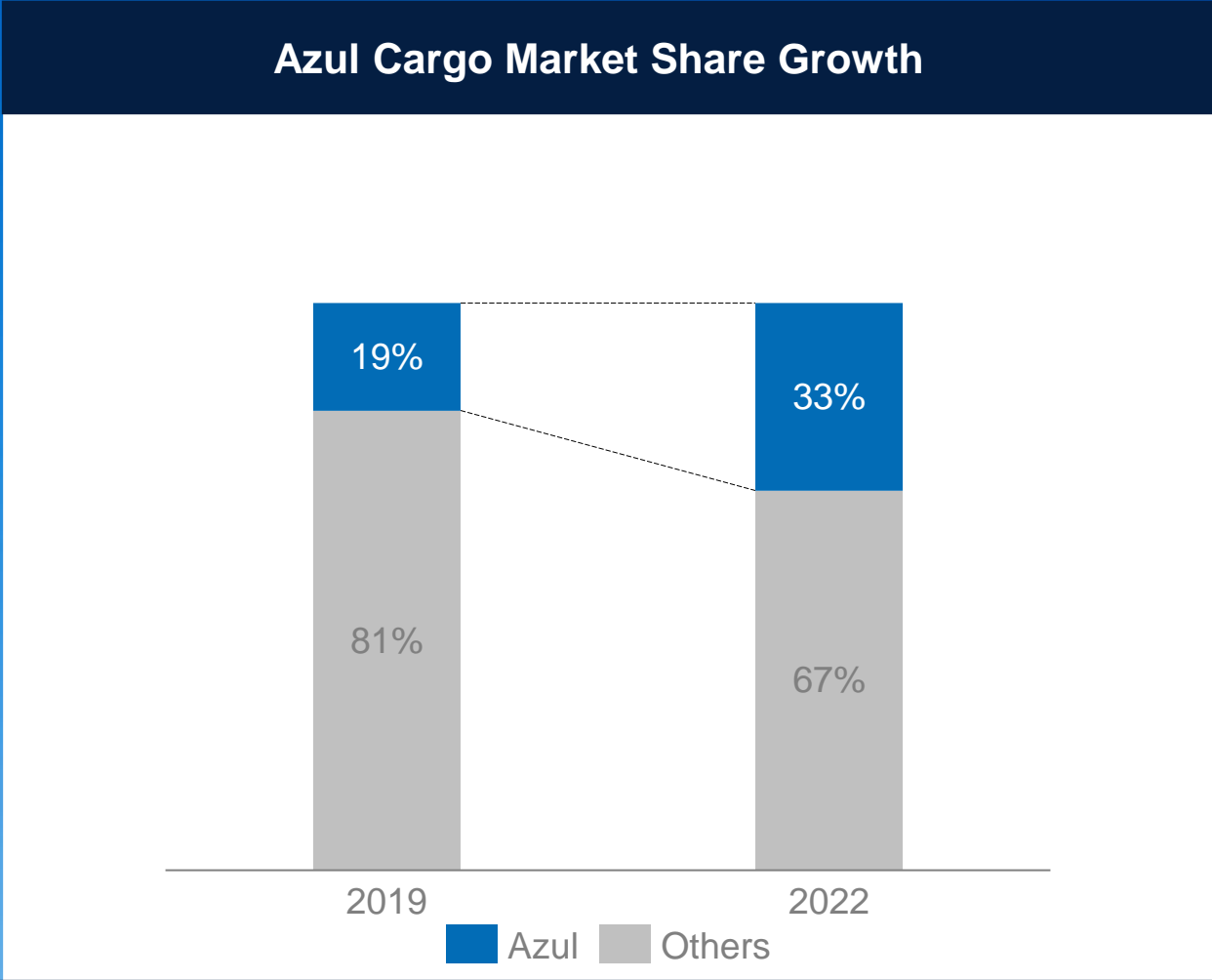
📍 **300+ stores**  
serving 4,500+ cities door-to-door

📍 **~80% of ATKs**  
coming from belly space

📍 **E1 freighters**  
with more than double capacity versus old configuration

Network covers over 90% of Brazil's population

# Before & After: Increased Azul Cargo Market Share

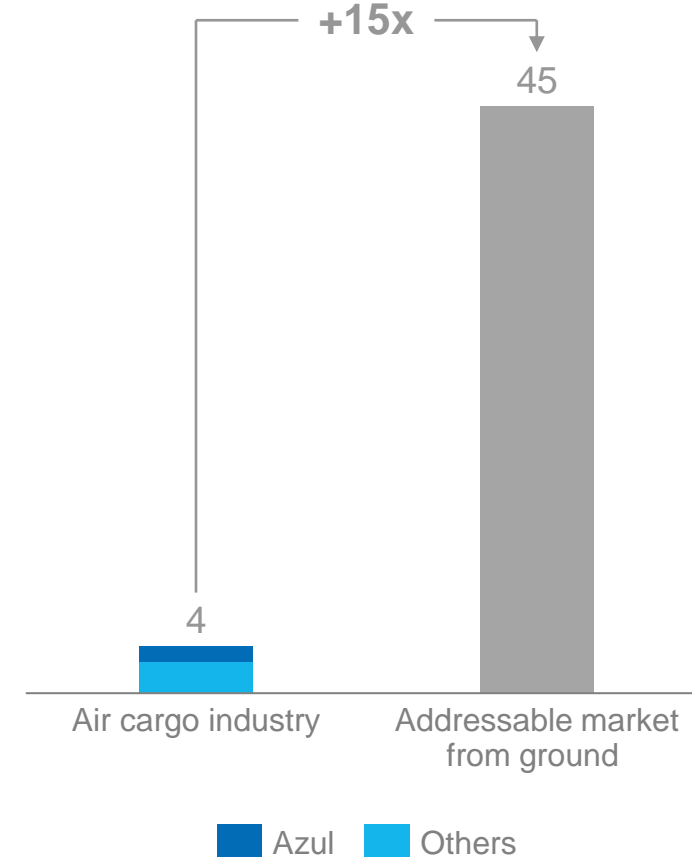


Continued opportunity from available cargo hold capacity and growth from fleet transformation

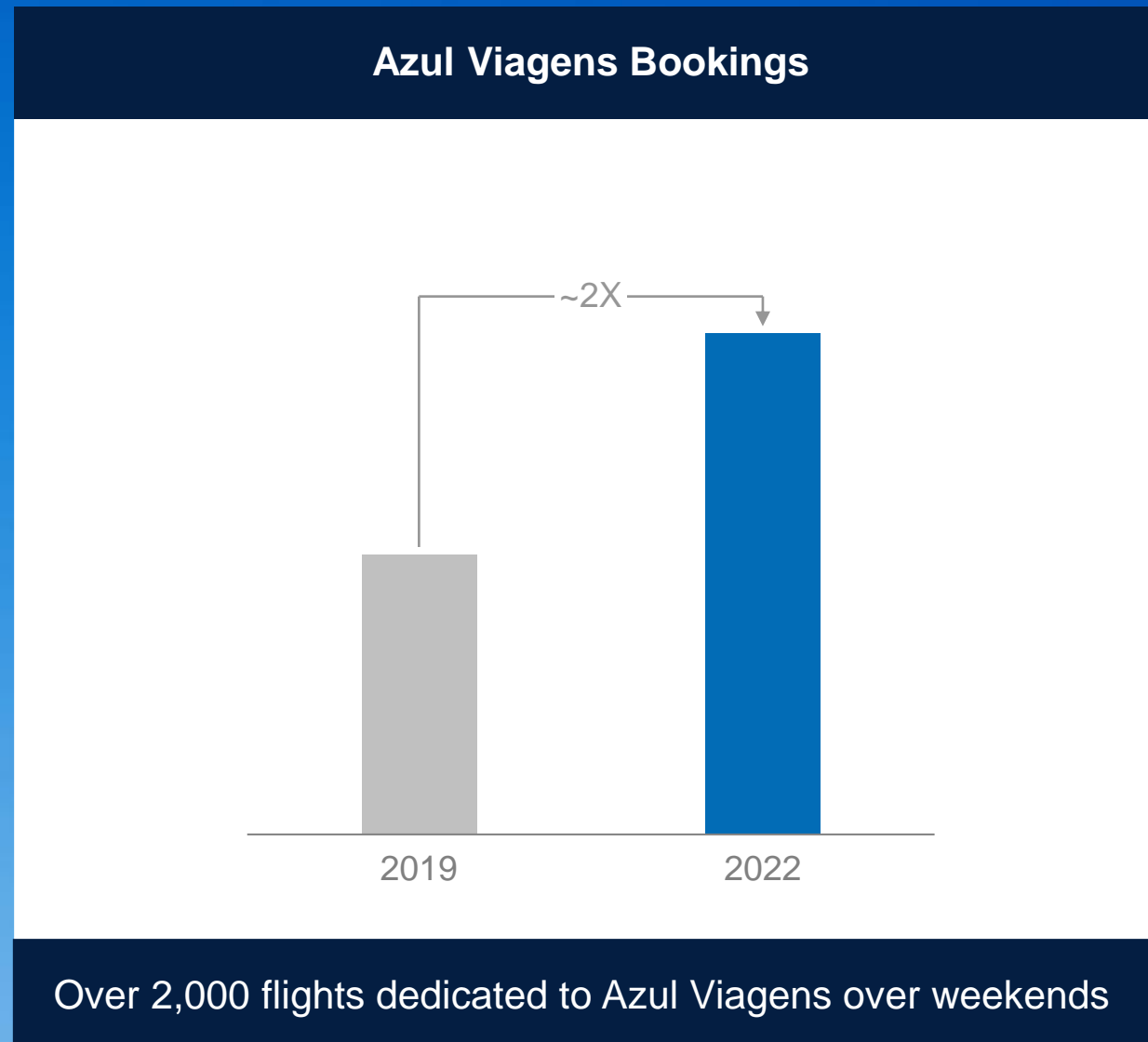
# Opportunities in Brazilian Logistics

- 📍 Brazilian logistics market: R\$280 billion
- 📍 Excluding cargo not suited for air: R\$45 billion
- 📍 Addressable market 15x current air cargo market
- 📍 Growing capacity from passenger aircraft cargo hold, dedicated freighters, and next-gen aircraft

**Logistics Business Opportunities**  
(R\$ billion)



# Before & After: Increased Azul Viagens Bookings





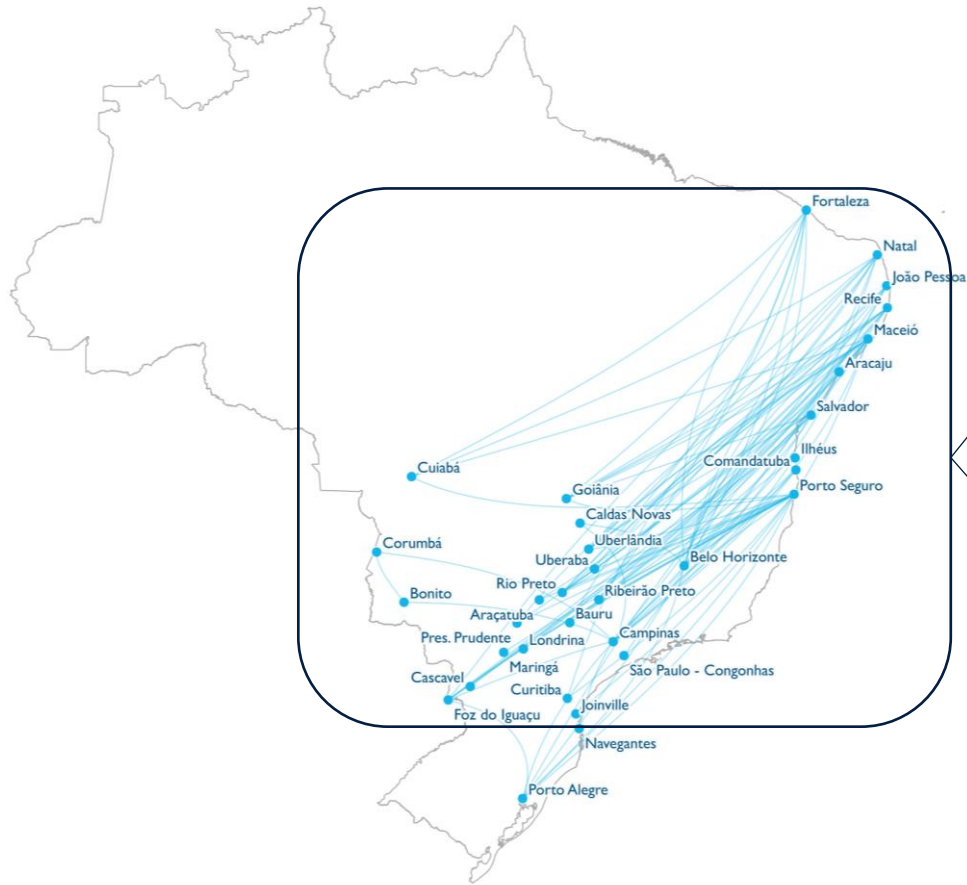
# Azul Viagens Opportunities

- 📍 **Successful** growth track record
- 📍 **Record** domestic sales and operating margin
- 📍 **Tapping** demand in unserved markets
- 📍 **Increased** utilization on weekends
- 📍 **Leveraging** Brazil's growing leisure demand and amazing natural beauty

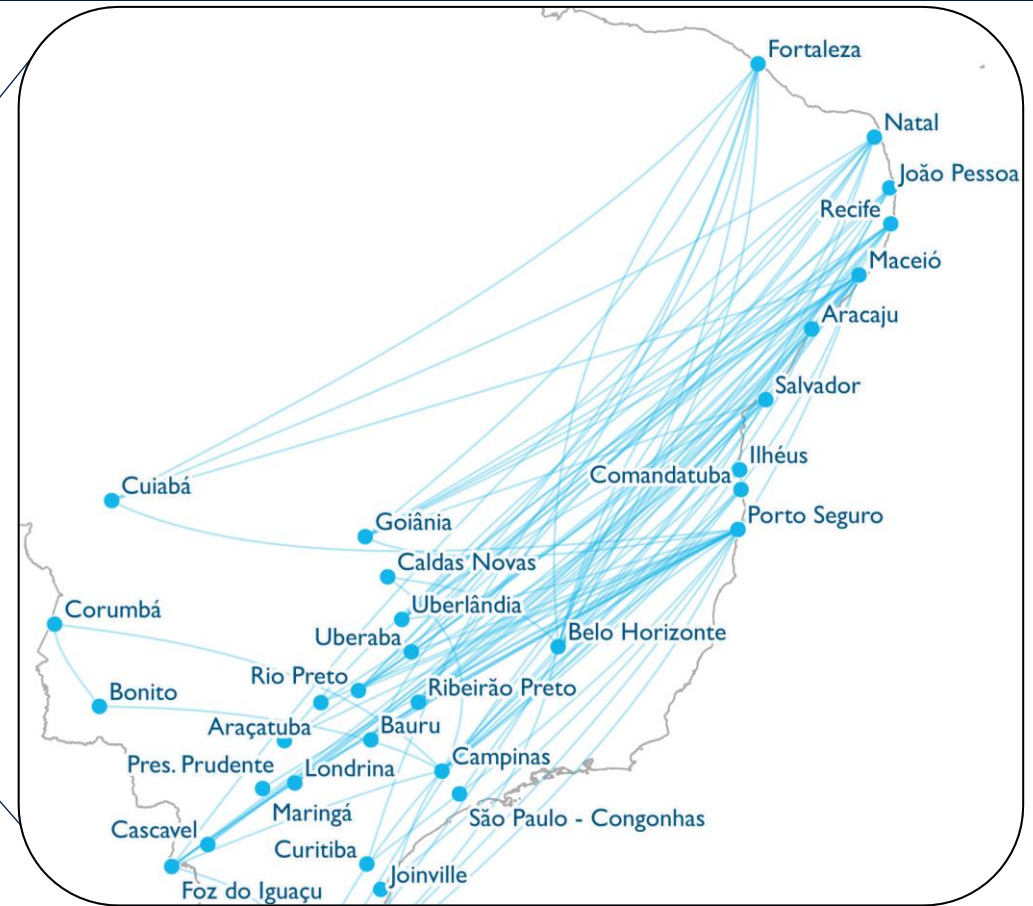


# Azul Viagens Dedicated Flights

## Dedicated Flights to Azul Viagens

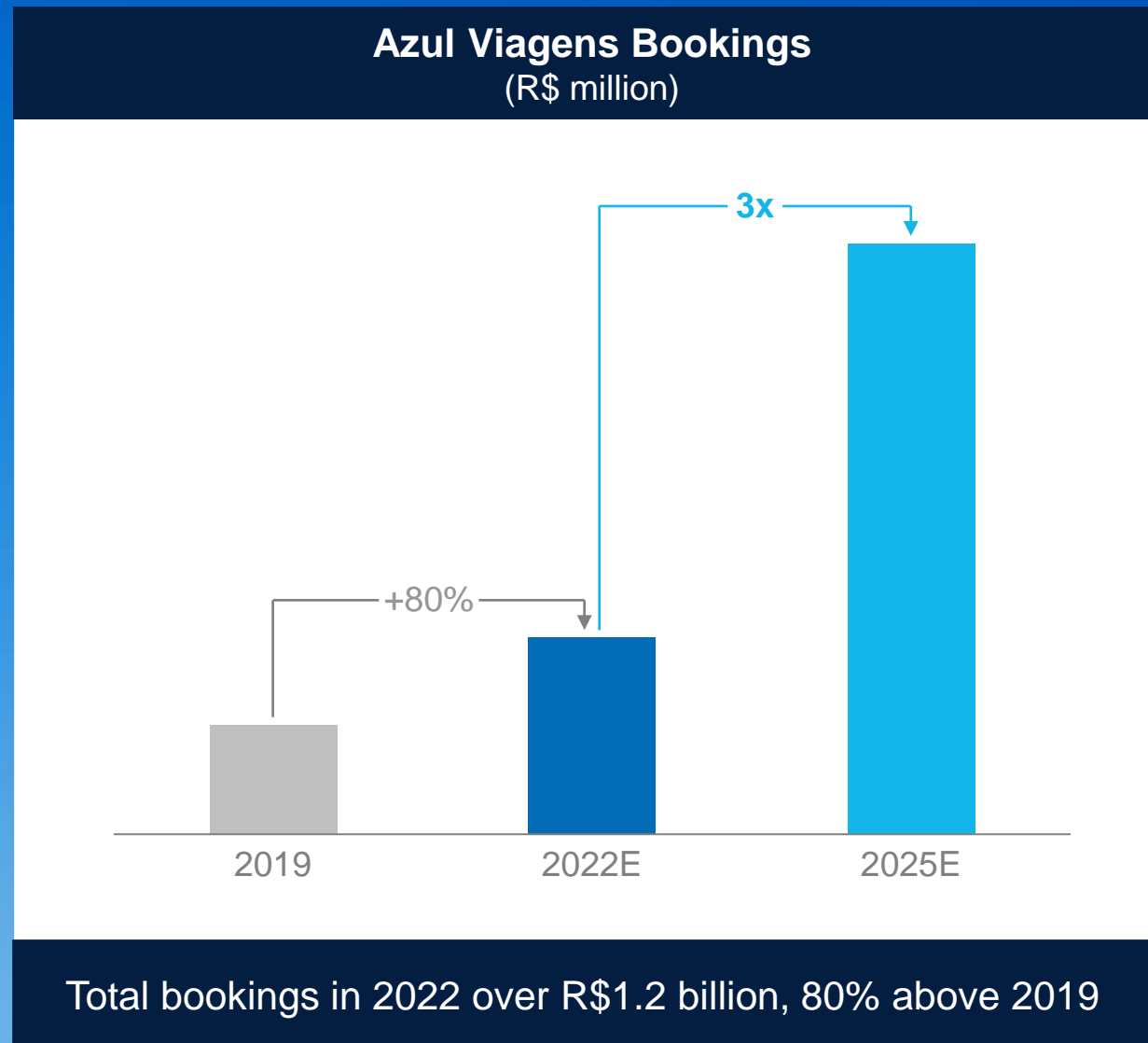


## From Countryside to Coast



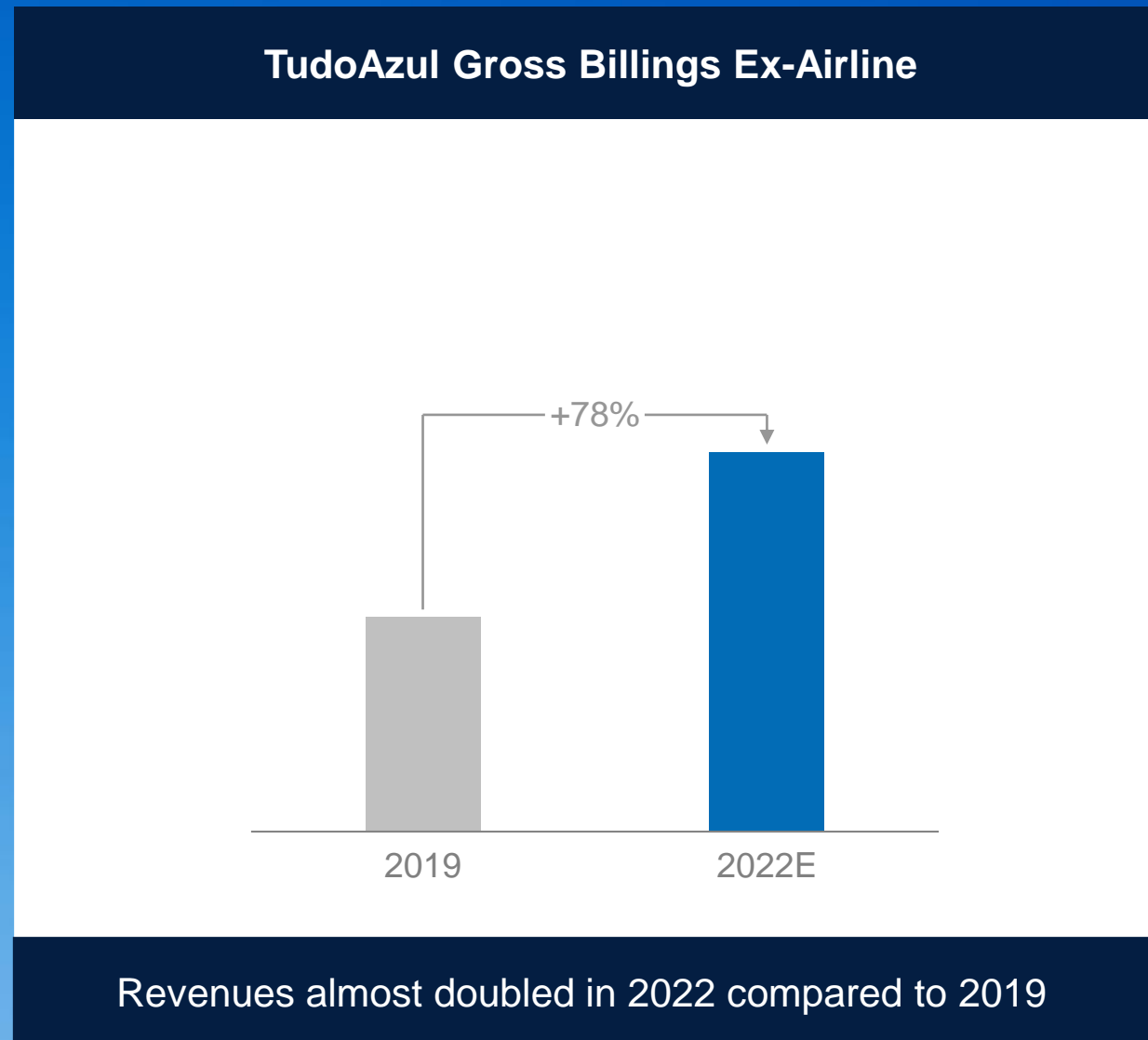
80% of markets with dedicated Azul Viagens flights were never served before  
Over 2,000 dedicated flights

# Azul Viagens Opportunity Growth





# Before & After: Higher TudoAzul Gross Billings

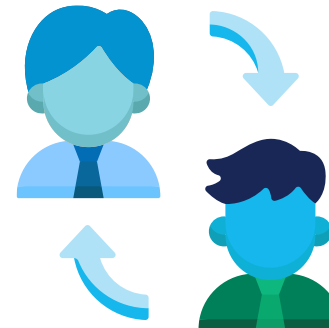


# TudoAzul Increasing Relevance

📍 **Successful** growth track record

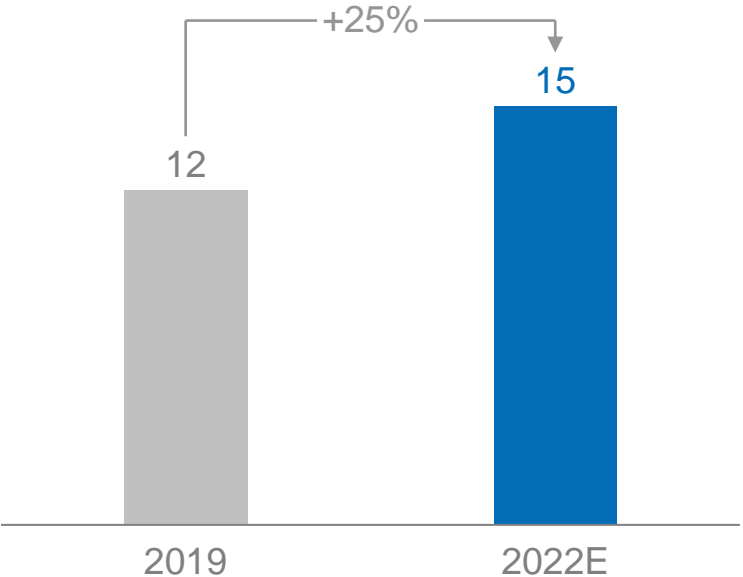
📍 **Record** billings and margins

📍 **Leveraging** demand in São Paulo Region

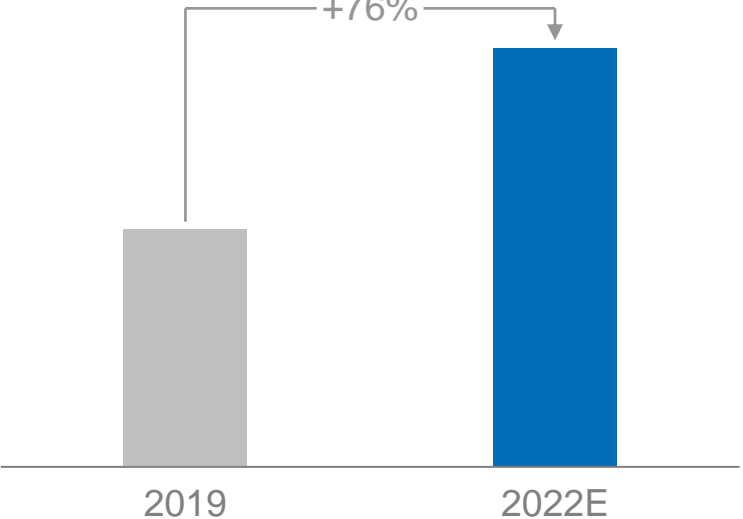


# Before & After: TudoAzul Larger in All Fronts

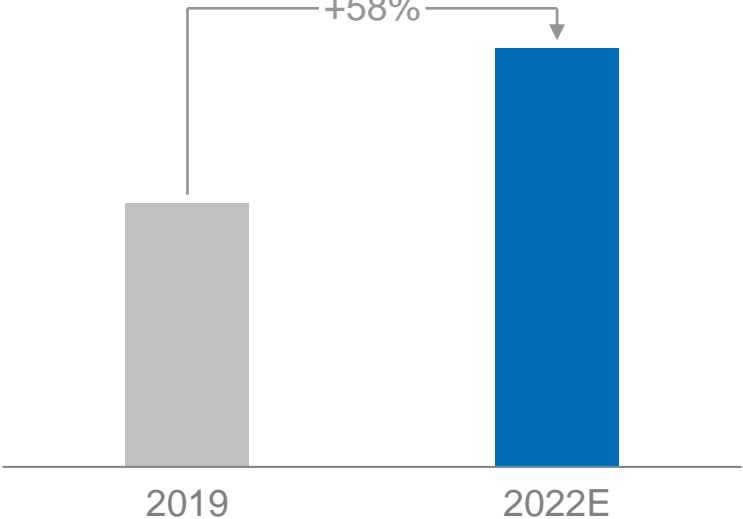
### TudoAzul Members (million)



### Points Redeemed



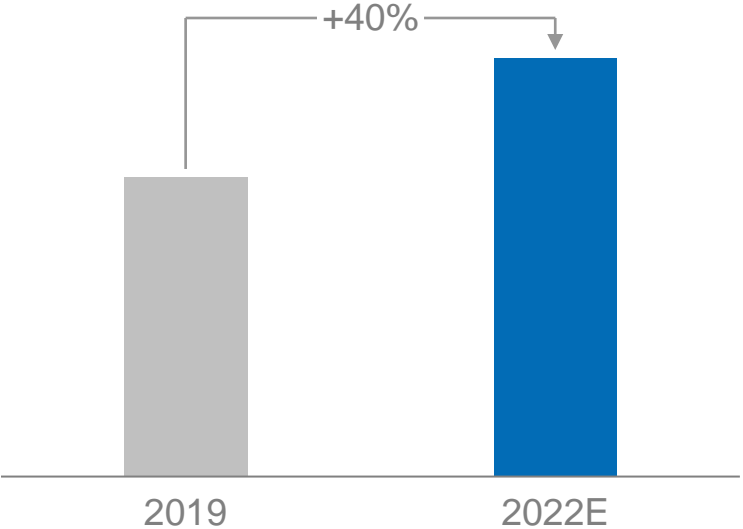
### Points+Money Cash Portion



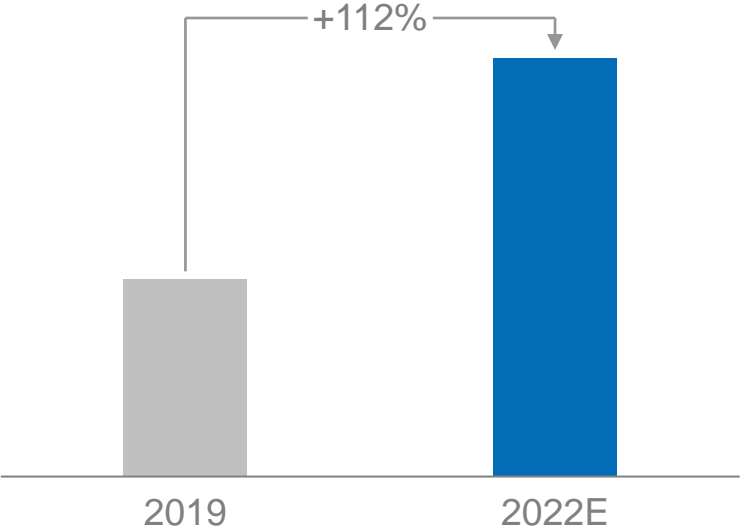
TudoAzul demonstrating significant growth in members, redemptions, and cash generation

# Before & After: Higher TudoAzul Customer Engagement

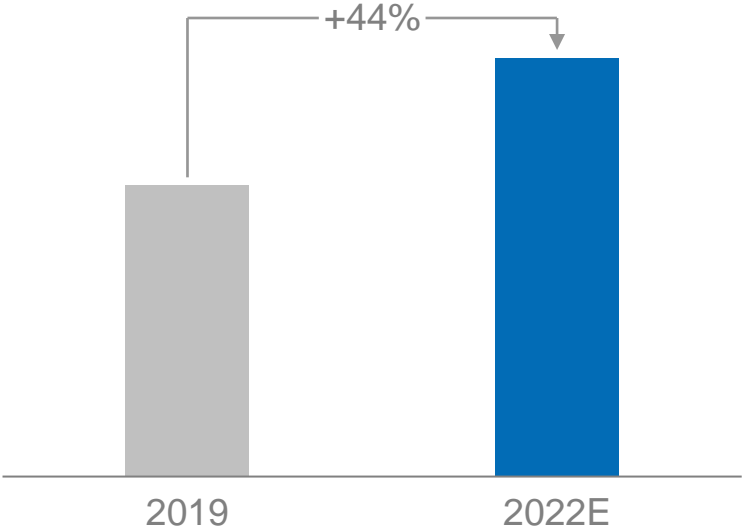
### Domestic Average Ticket



### International Average Ticket



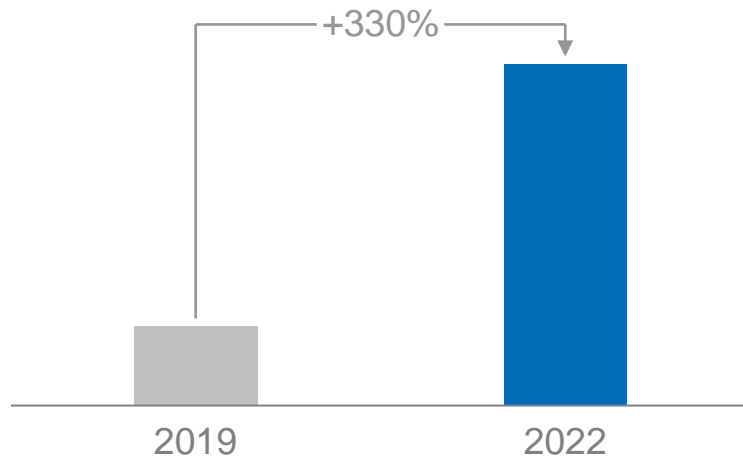
### Monthly Active Users



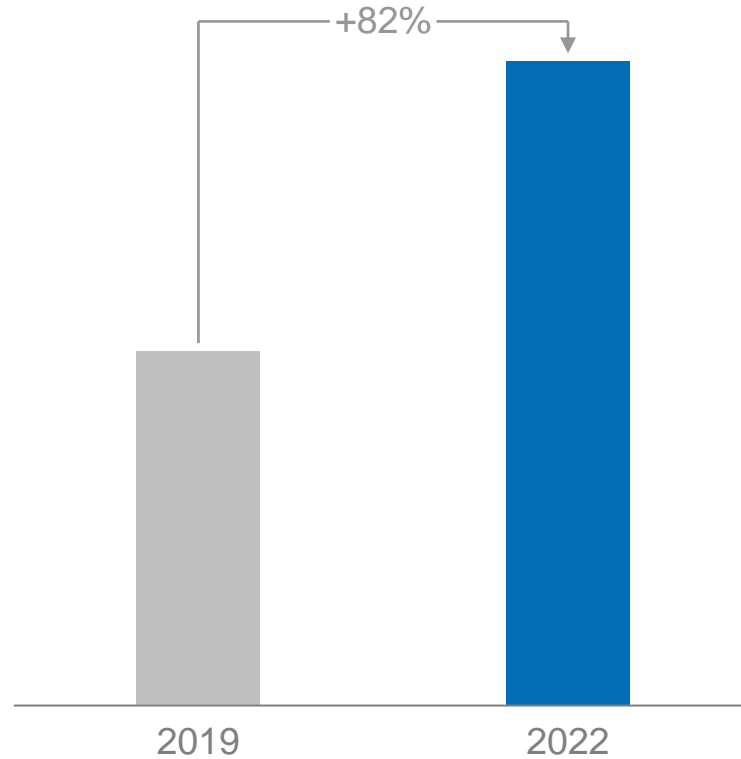
Significant increase in engagement compared to 2019 levels

# TudoAzul Diversified Sources of Revenue

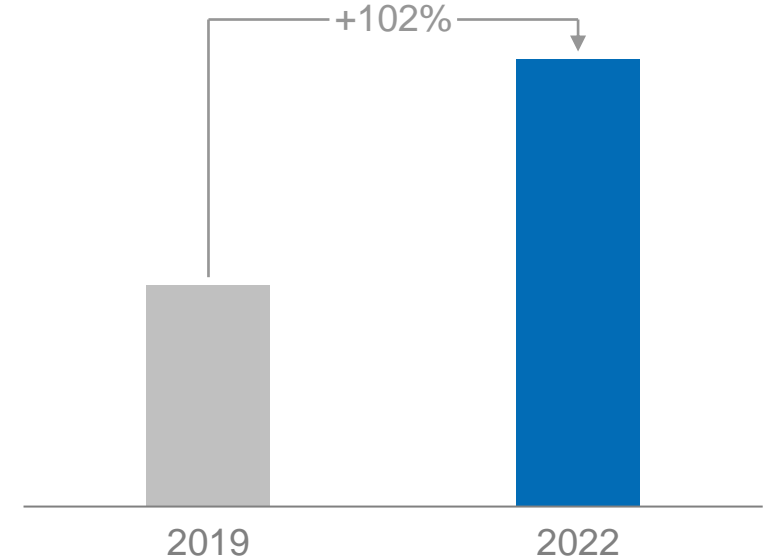
## Co-branded Credit Cards Billings



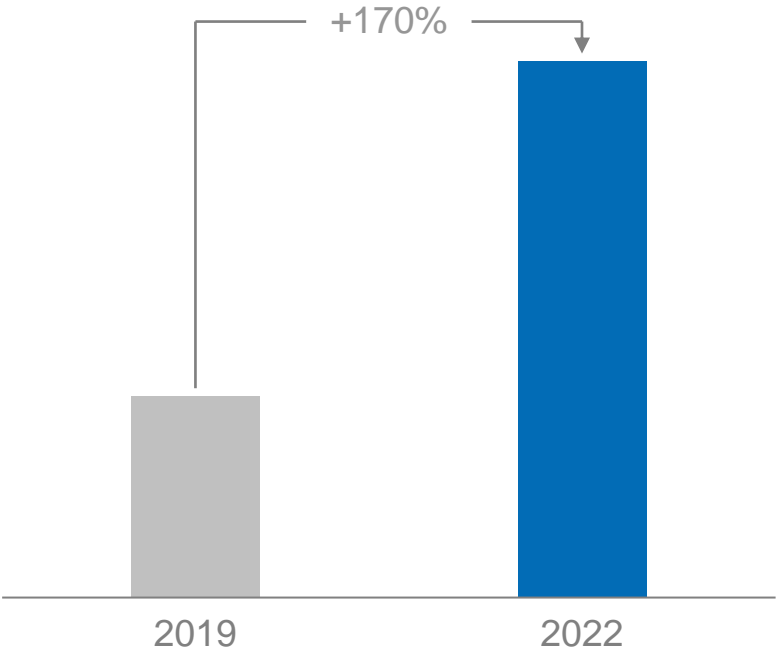
## B2B Billings



## B2C Billings



## Co-branded Credit Cards



TudoAzul Platinum and Infinite cards represent ~**35%** of total Azul co-branded credit cards

Active co-branded credit cards almost tripled compared to 2019

# TudoAzul Diversified Sources of Revenue

## Selected Accrual Partners



## Selected Accrual and Redemption Partners



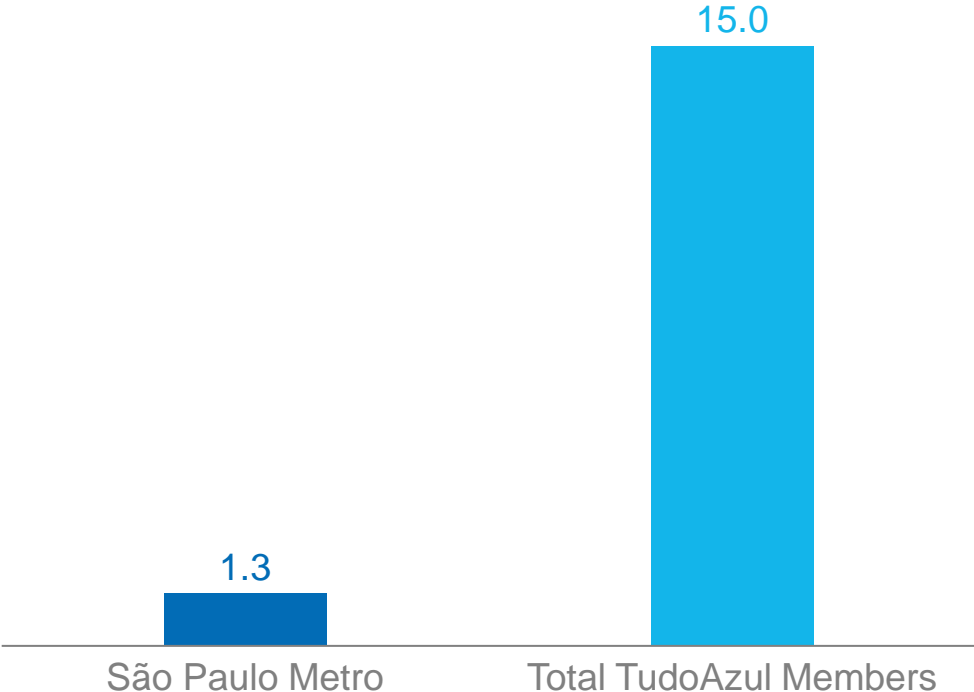
# TudoAzul International Partners





# Leveraging Demand in the City of Sao Paulo

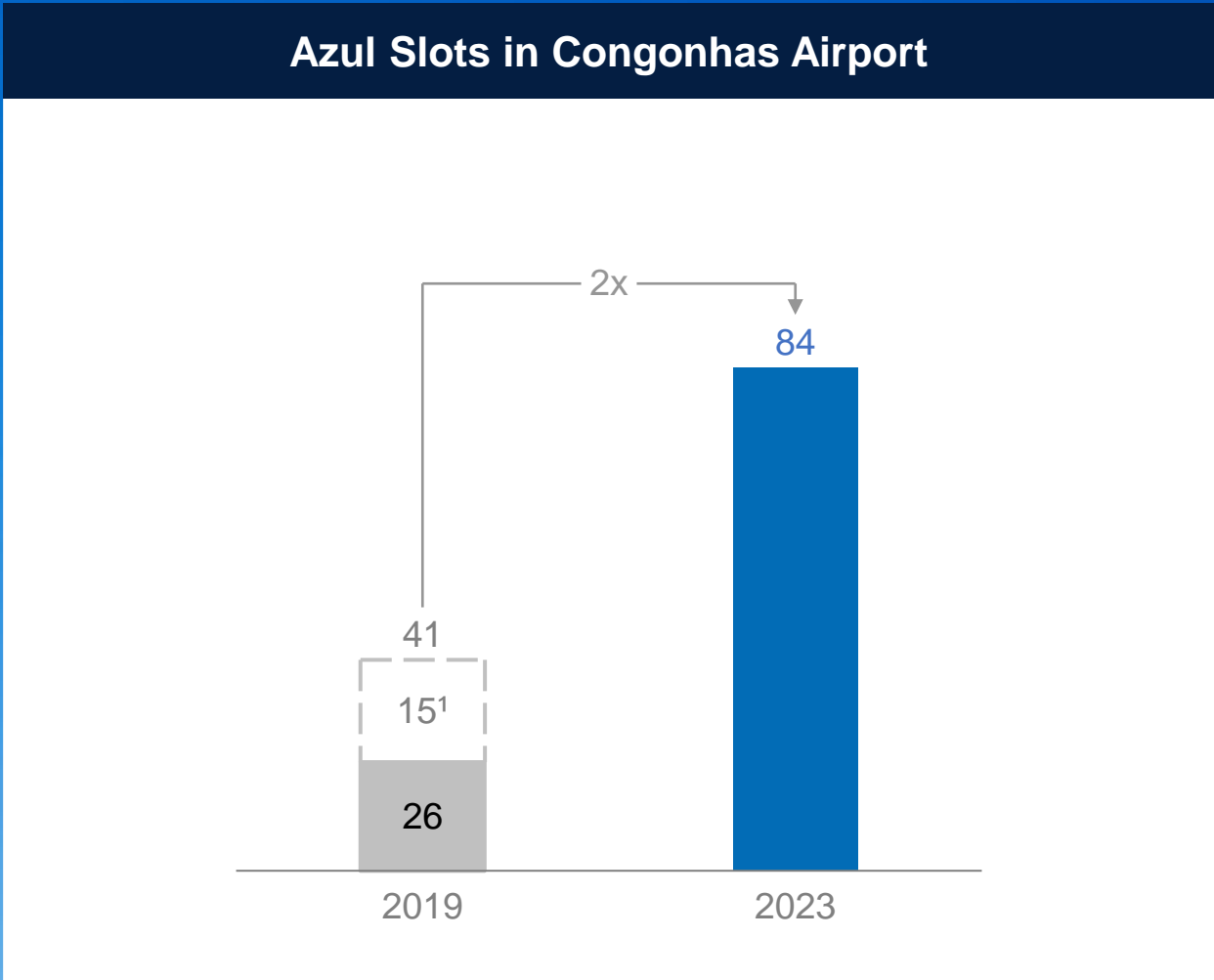
**TudoAzul Members Based in São Paulo Area<sup>1</sup>**  
(million)



Metro São Paulo represents less than 10% of TudoAzul members, co-branded credit cards and Clube

<sup>1</sup> Metro area of Sao Paulo, which includes 37 municipalities in addition to São Paulo city

# Before & After: Increased Presence in Downtown São Paulo



Azul's presence will more than double in Congonhas, one of the busiest airports in Latin America



# Before & After: Increased Connectivity in Congonhas

2019

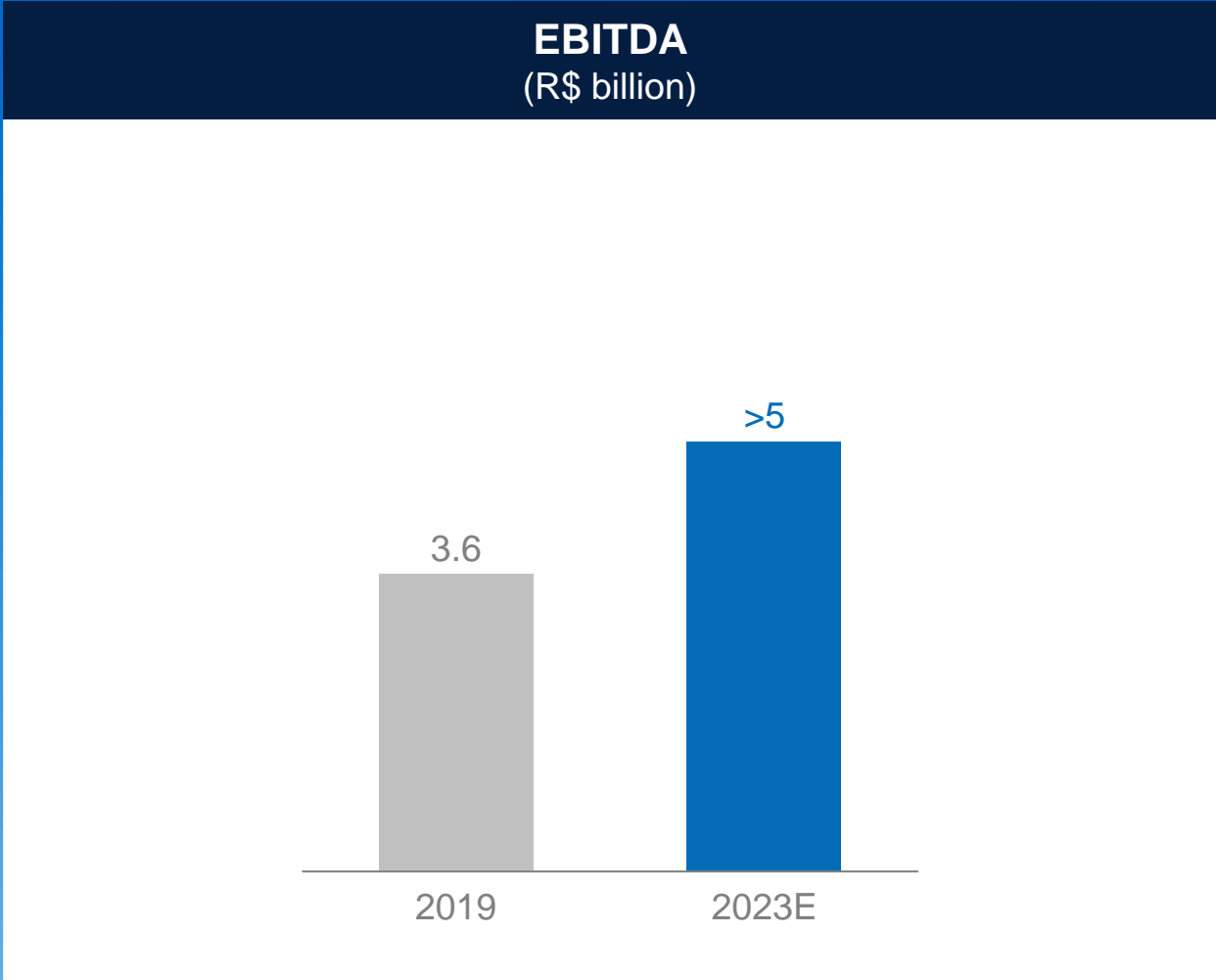


26 Slots

## Frequencies From Congonhas Airport

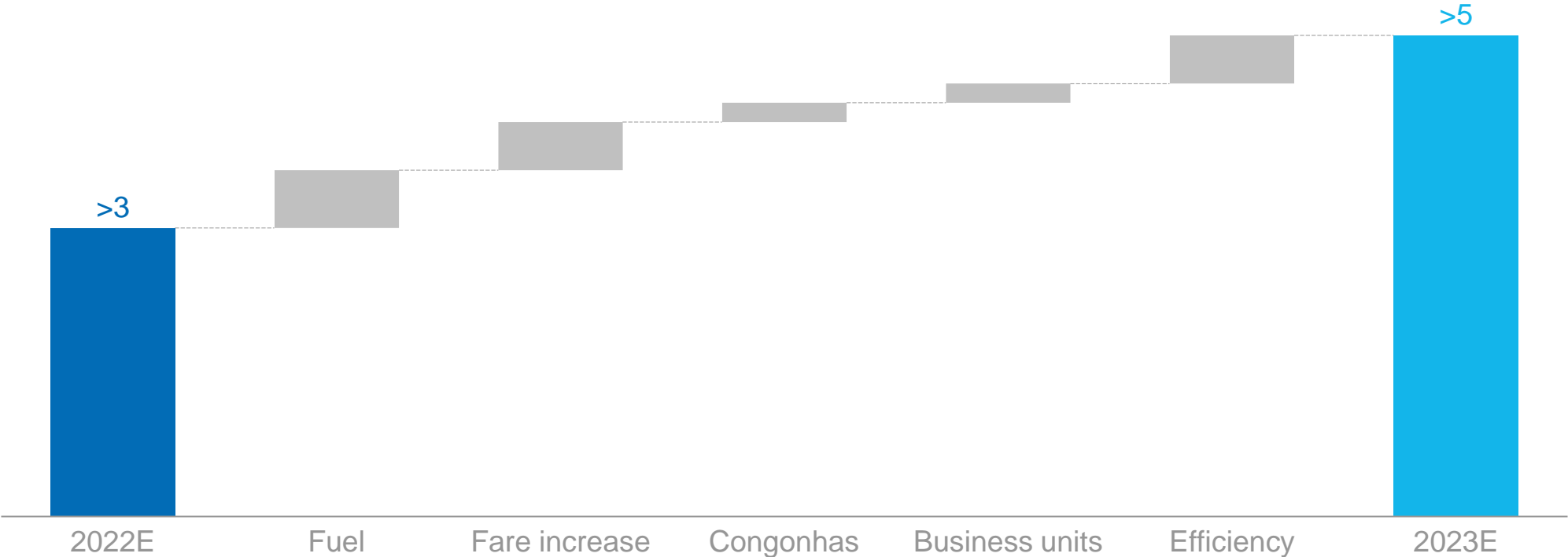
Destinations	2019	2023E
Rio (SDU)	14	14
Belo Horizonte (CNF)	8	8
Recife (REC)	-	4
Brasilia (BSB)	-	7
Porto Alegre (POA)	-	5
Curitiba (CWB)	-	5

# EBITDA Evolution



Surpassing profitability of pre-pandemic levels

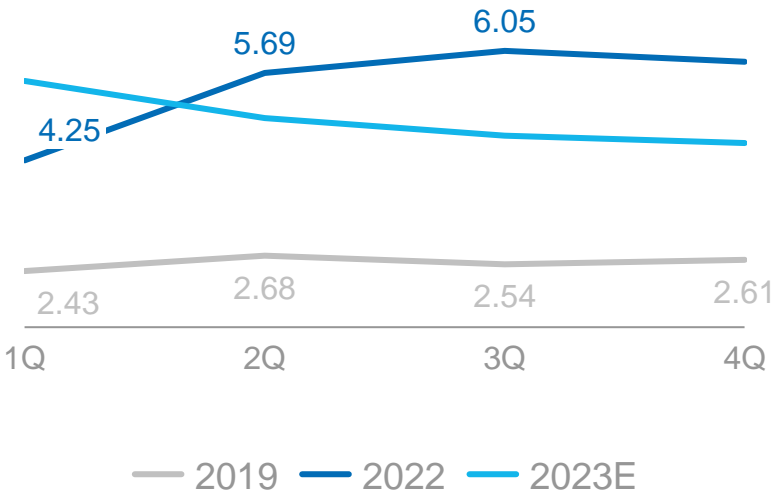
## EBITDA (R\$ billion)



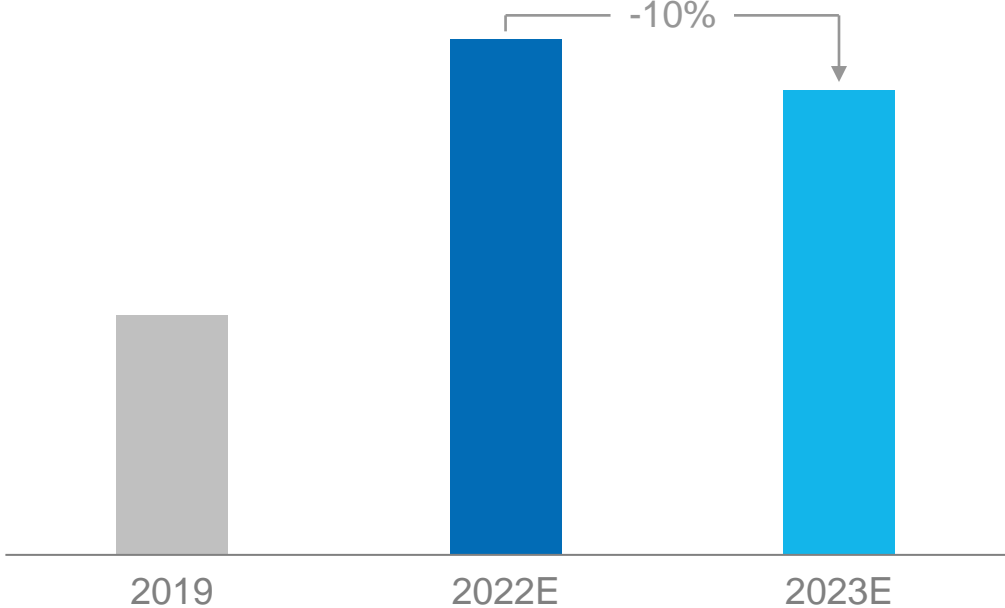
Sustainable advantages and pricing power from unrivaled network, flexible fleet, and business units to recovering profitability to pre-pandemic levels

# Looking Forward: Positive Trends on Jet Fuel

### Average Jet Fuel Price (R\$ per liter)



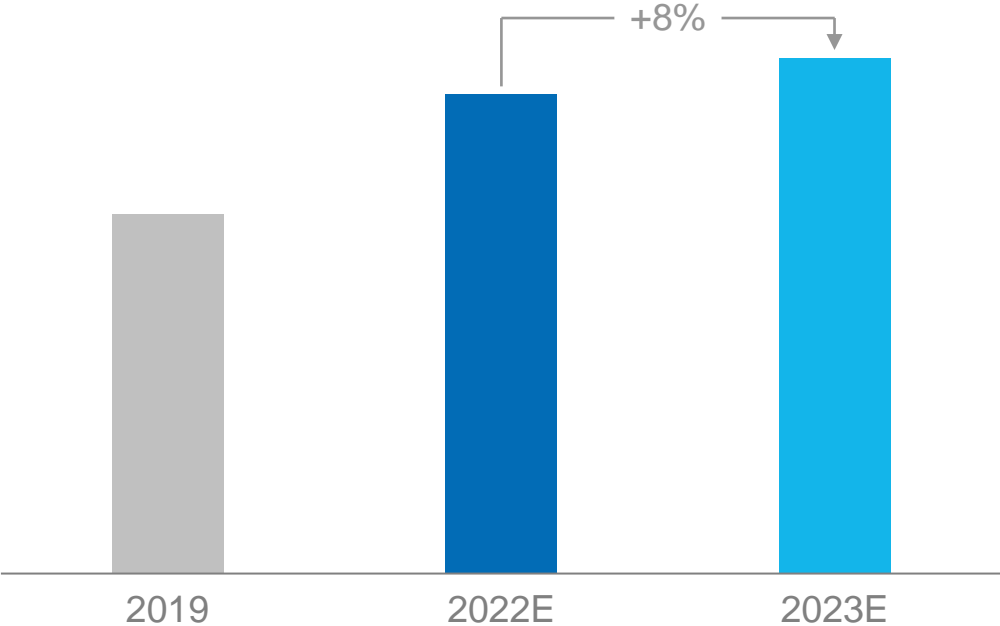
### Average Jet Fuel Price Reduction (R\$ per liter)



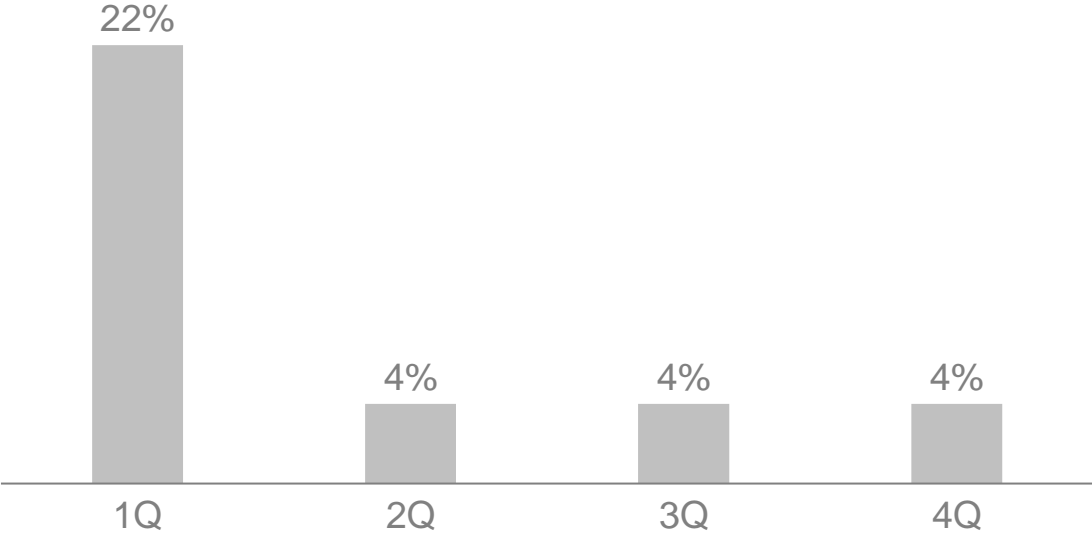
Favorable trend in fuel curve  
Reduced fuel burn from fleet transformation and fuel savings initiatives

# Looking Forward: Revenue and Volume Increase

### Average Fare Increase



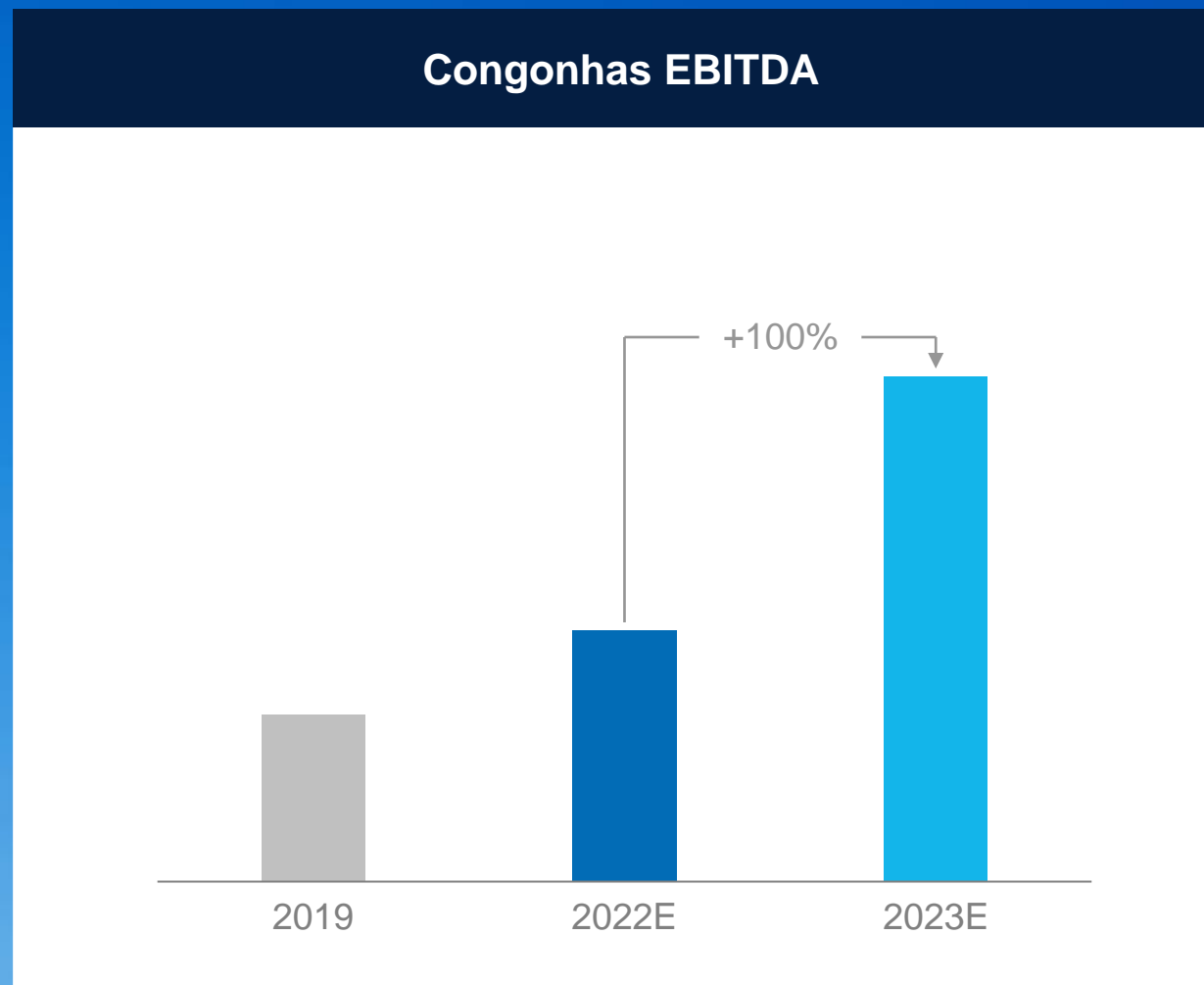
### YoY Fare Increase (2023E vs. 2022E)



Expected to reach record average fares in 2023, while allocating capacity in the right markets at the right time

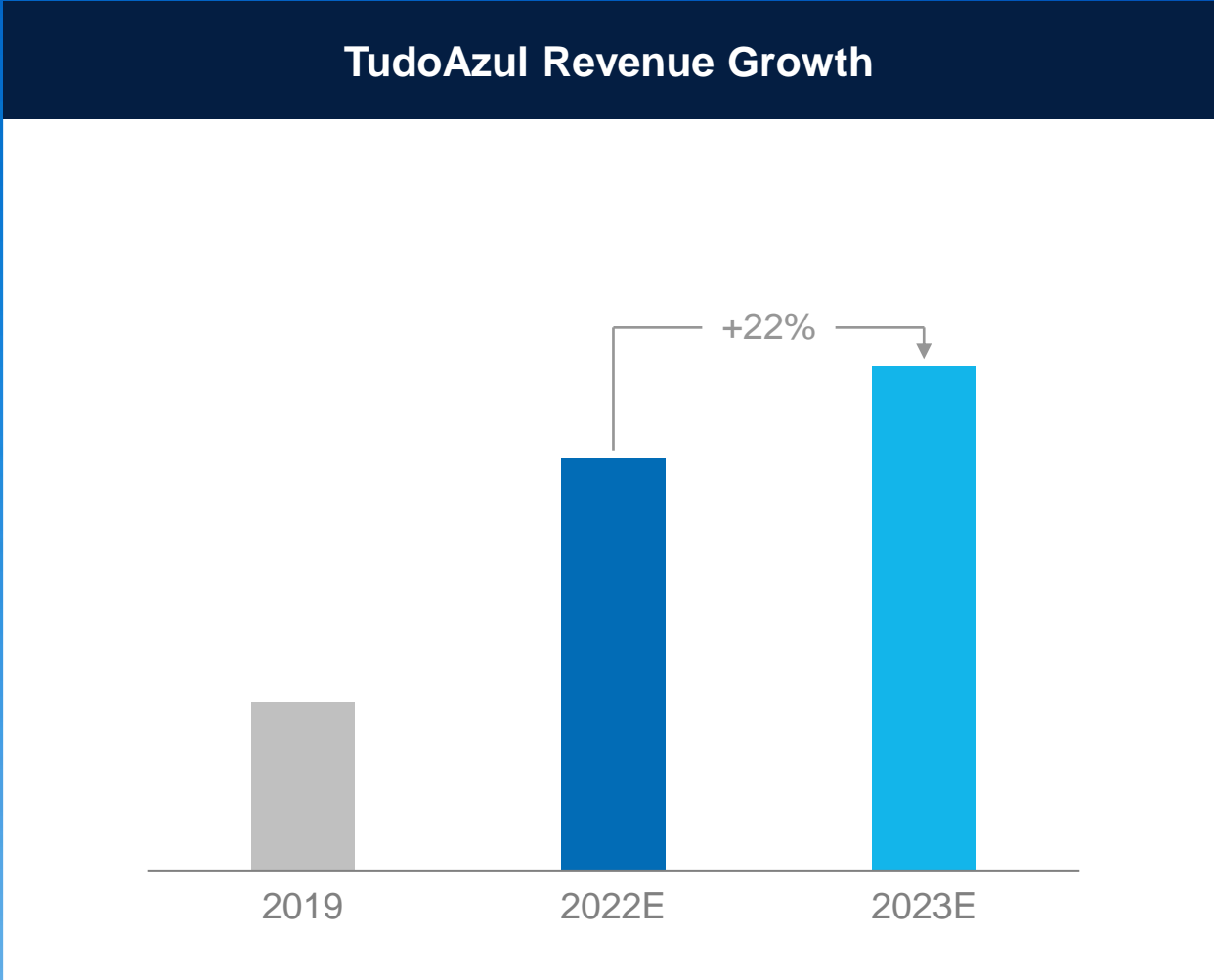


# Looking Forward: Increased Presence in Congonhas



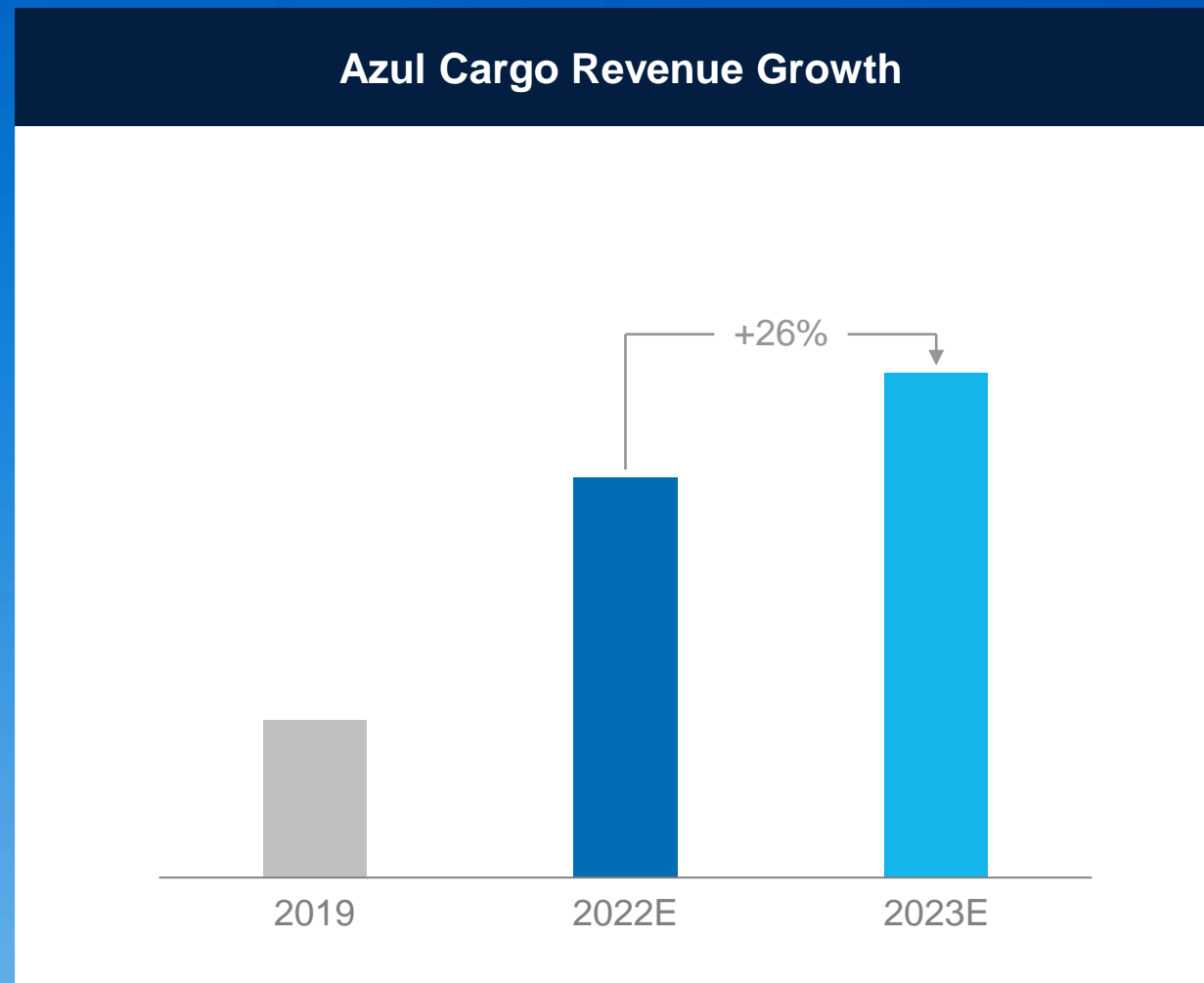
New slots in Congonhas, one of the busiest airports in Latin America

# Looking Forward: TudoAzul Growth



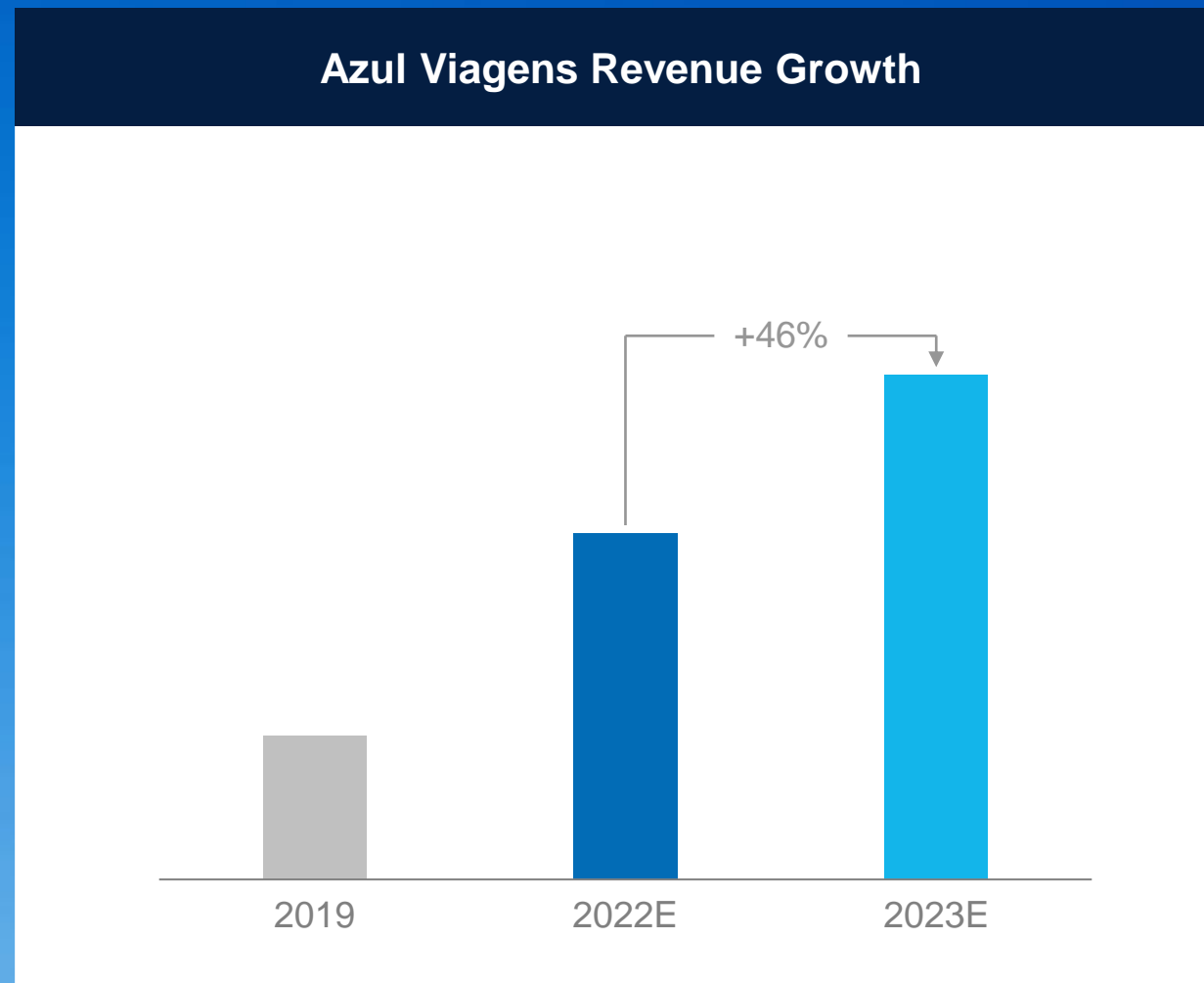
TudoAzul demonstrating significant growth in members, redemptions and cash generation

# Looking Forward: Azul Cargo Growth



Continued and significant growth opportunity ahead from cargo hold capacity and network expansion

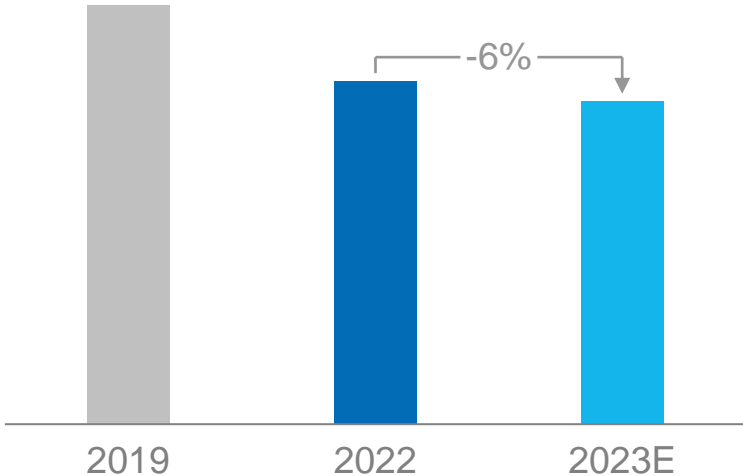
# Looking Forward: Azul Viagens Growth



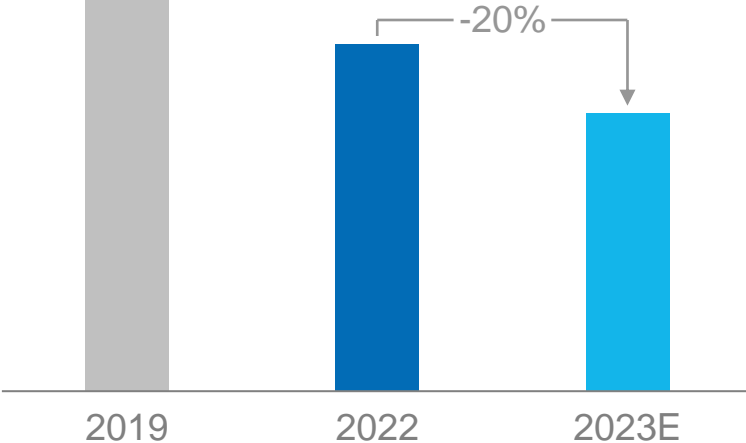
Growth opportunities from more flexible work arrangements, allowing Brazilians to travel for leisure more often

# Looking Forward: Higher Productivity and Lower Costs

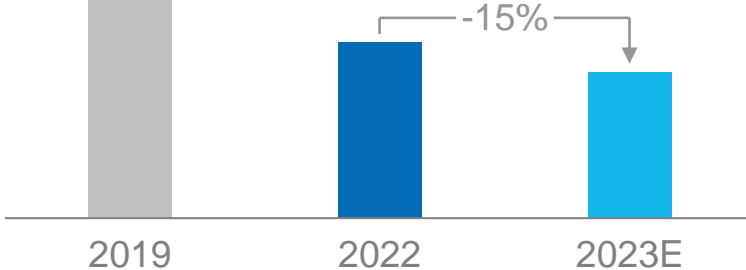
**Airports**  
(FTE per Pax)



**Call Center**  
(FTE per Pax)

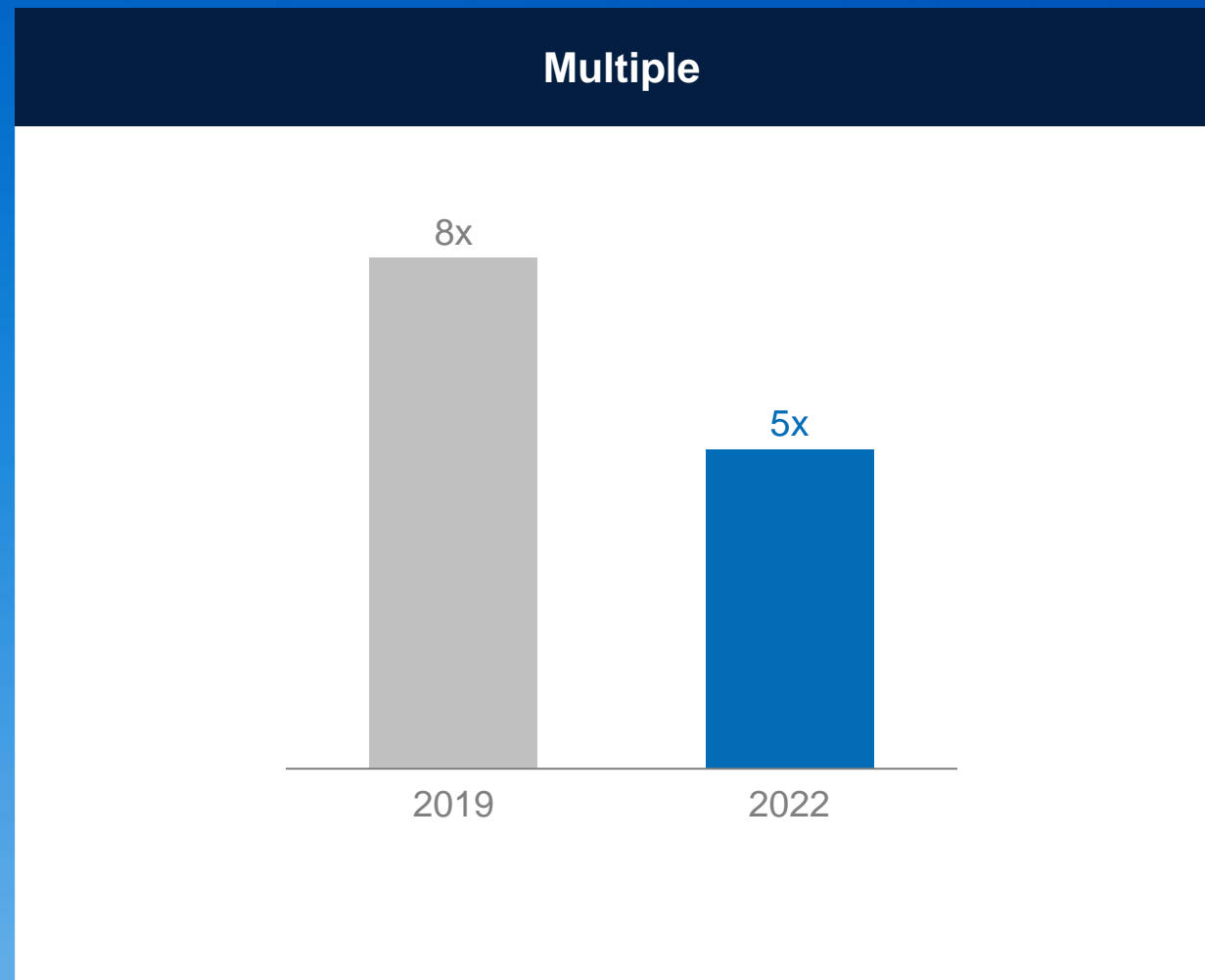


**Cargo**  
(FTE per Cargo Revenue)



Higher productivity in all departments

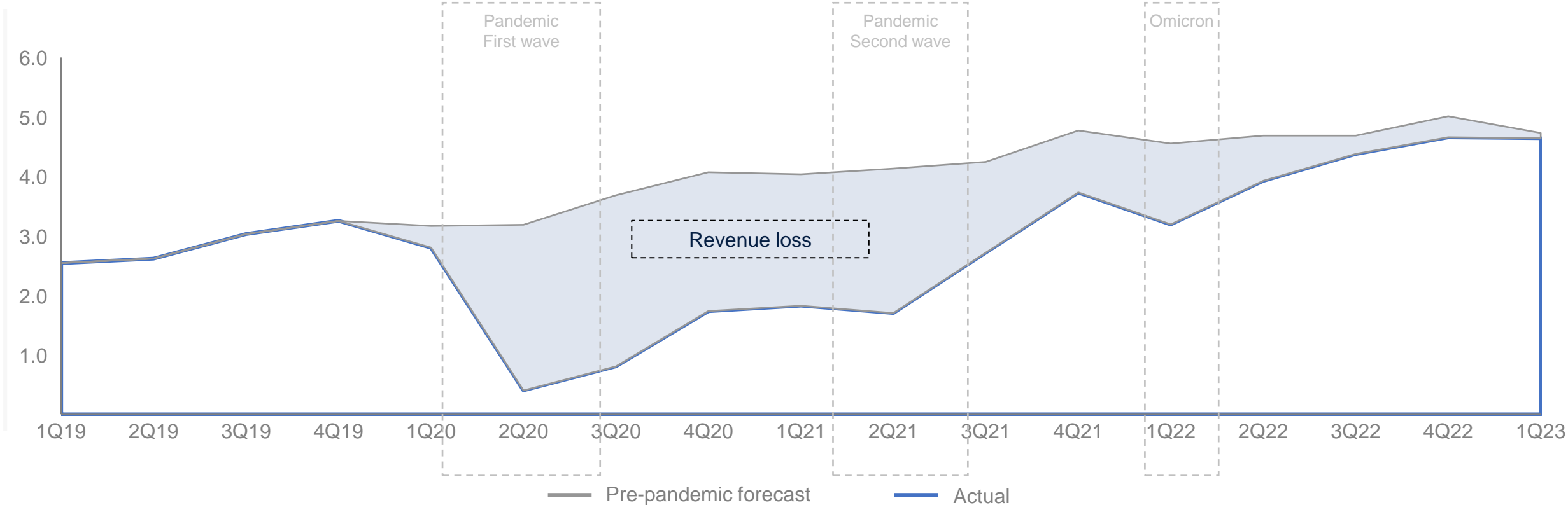
# Before & After: Lower Multiple



Opportunity from valuation multiple not yet reflecting improvement in demand, operation, revenue, and profitability

# Macro Impact Due to Covid-19 Pandemic

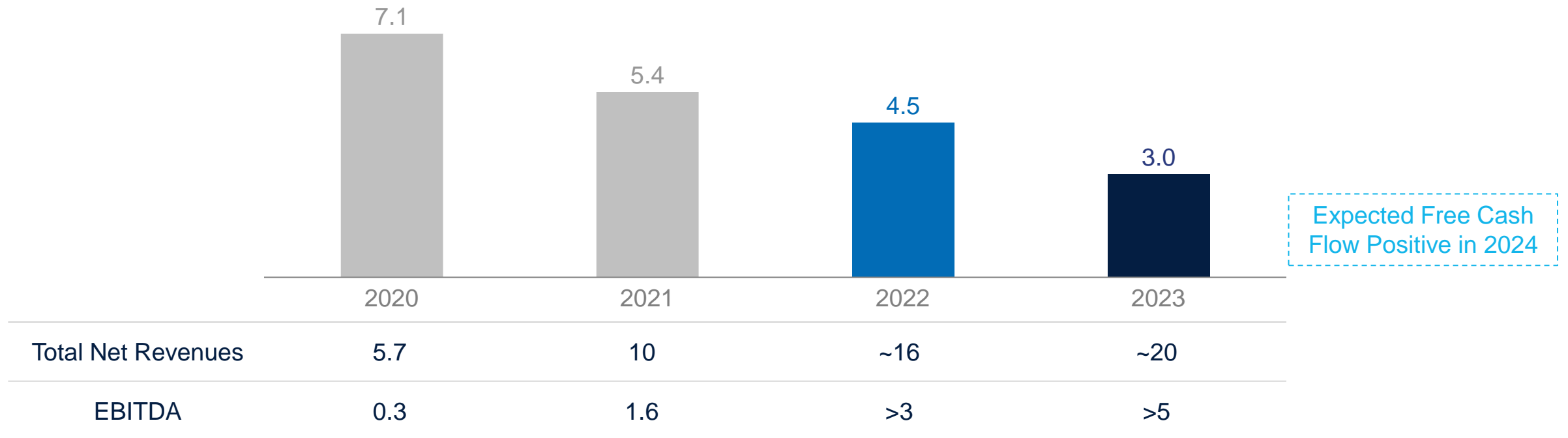
### Net Revenue Impact (Pre-pandemic Forecast vs. Actual)



Loss of over R\$20 billion in net revenue due to Covid-19 Pandemic

# Managing Cash Impact from the Pandemic

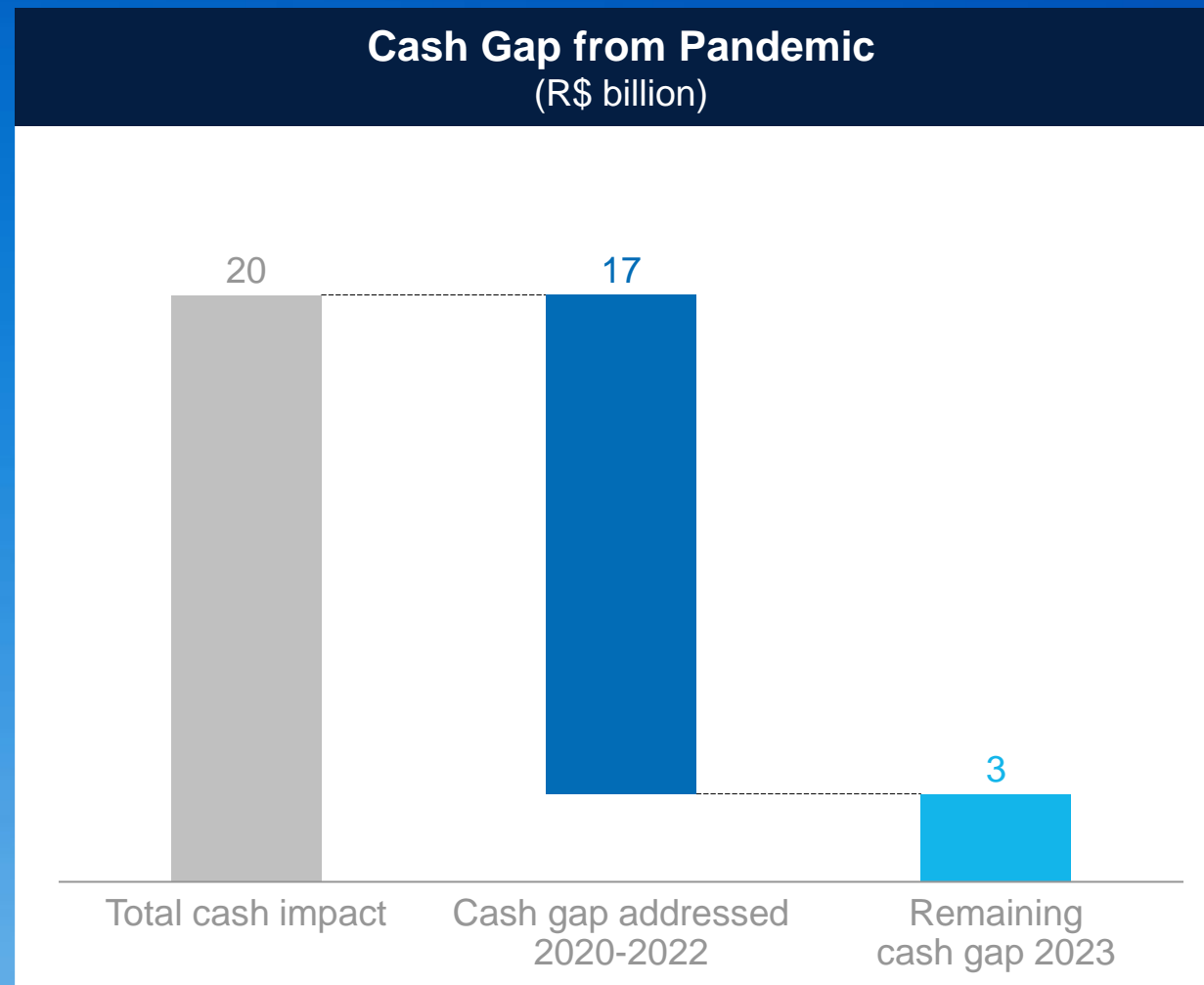
**Cash Gap from Pandemic Assuming No New Financing**  
(R\$ billion)



Pandemic and war causing R\$20 billion in cash generation, with 85% already addressed



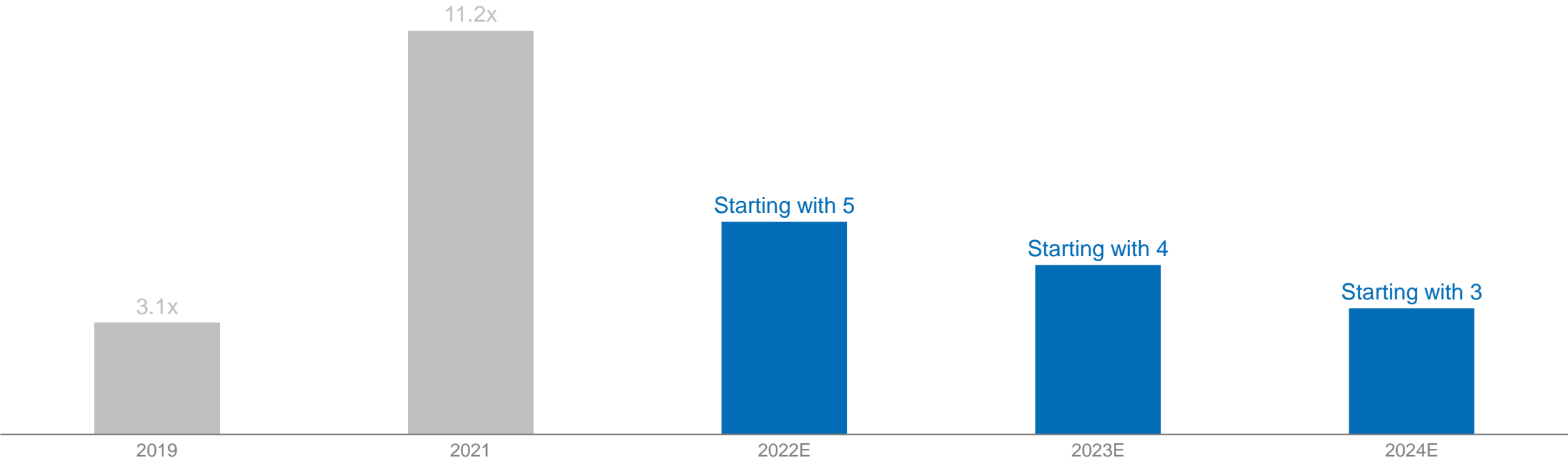
# Managing Cash Impact from the Pandemic



Cash gap of R\$3 billion in 2023 is mainly deleveraging

# Sequential Organic Reduction in Leverage

Net Debt/LTM EBITDA<sup>1</sup>



Sustainable competitive advantages leading to lowest leverage and lowest cost of capital among peers

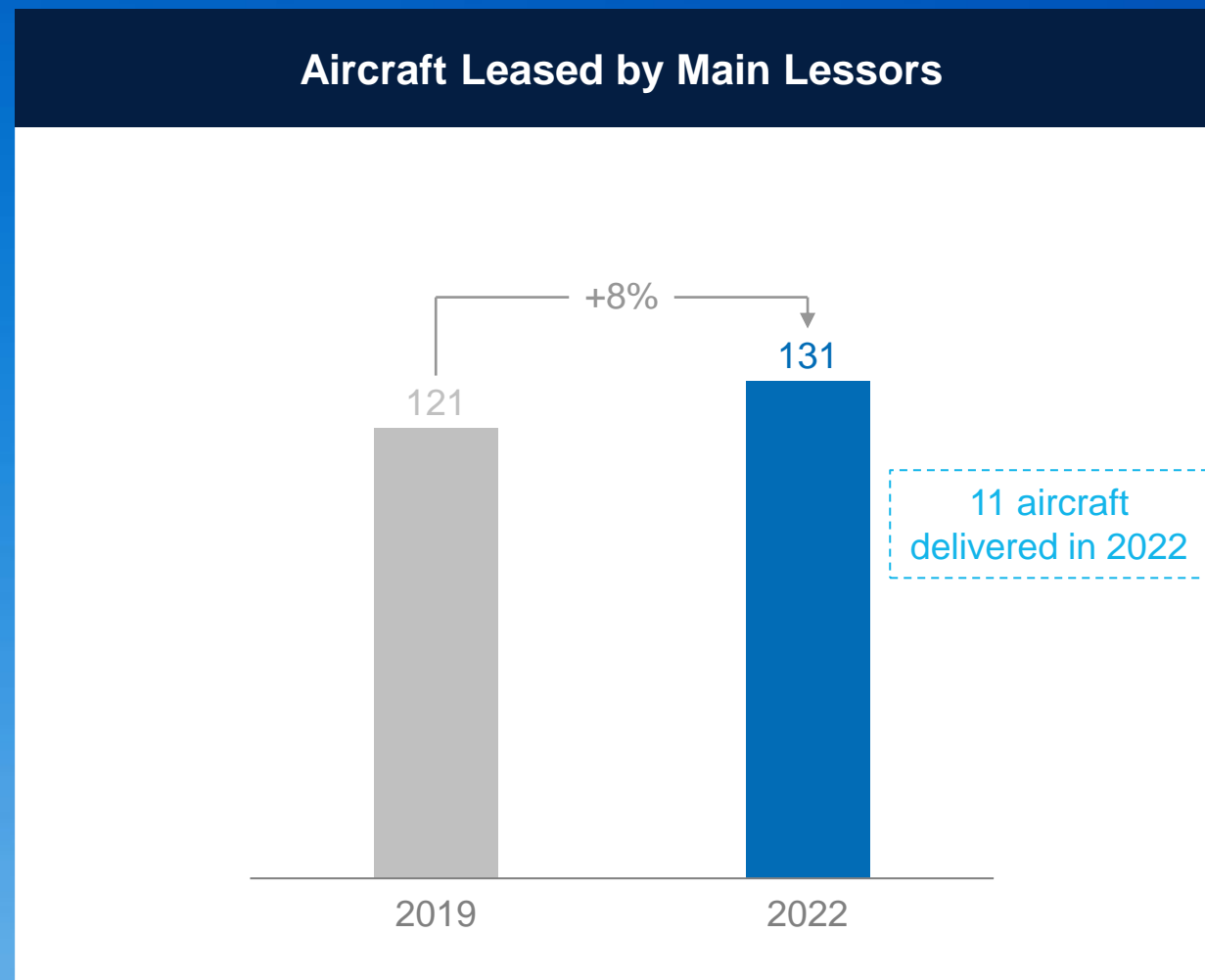
<sup>1</sup> Includes cash, cash equivalents, short and long-term investments and excludes convertible debentures

# Long-Term Partners Supporting Cash Needs

	2022	2023
<b>Cash gap to manage (R\$ billion)</b>	<b>4.5</b>	<b>3.0</b>
Financing sources		
Public capital markets	X	X
New local bank lines	✓	✓
Debt rollover	✓	✓
Supplier financing	✓	✓
Capex financing lines		✓
Negotiation with lessors		✓
Leveraging unencumbered assets		✓

Over R\$4 billion in new cash and deferrals under negotiation with several partners and stakeholders

# Lessors Increasing Azul Exposure



Top 7 lessors have over than 75% of Azul's fleet and are increasing their exposure to Azul

## Valuable Unencumbered Assets



UniAzul



TAP Bond

### Partially Encumbered

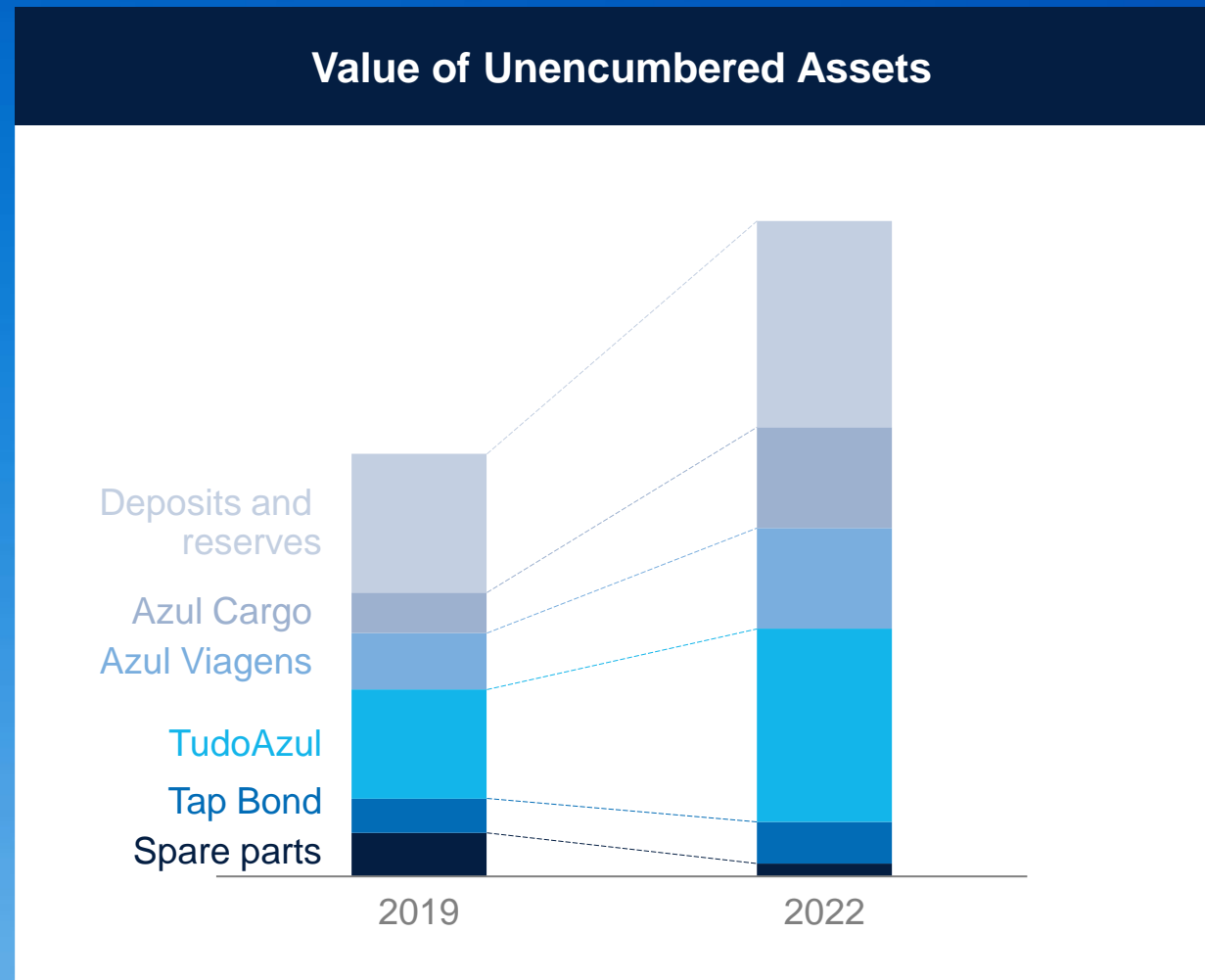


Spare Parts



Hangar Viracopos

# Before & After: More Valuable Unencumbered Assets



Increased financing ability from more valuable unencumbered assets, higher revenues and higher EBITDA

# Before & After: Company Led by Founders

## Before



David Neeleman  
Founder and  
Chairperson



John Rodgerson  
Founder and CEO



Alex Malfitani  
Founder and CFO



Abhi Shah  
Founder and  
President



Jason Ward  
Founder and VP,  
People & Customers



Flavio Costa  
Founder and  
Technical VP

## 2022



David Neeleman  
Founder and  
Chairperson



John Rodgerson  
Founder and CEO



Alex Malfitani  
Founder and CFO



Abhi Shah  
Founder and  
President



Jason Ward  
Founder and VP,  
People & Customers

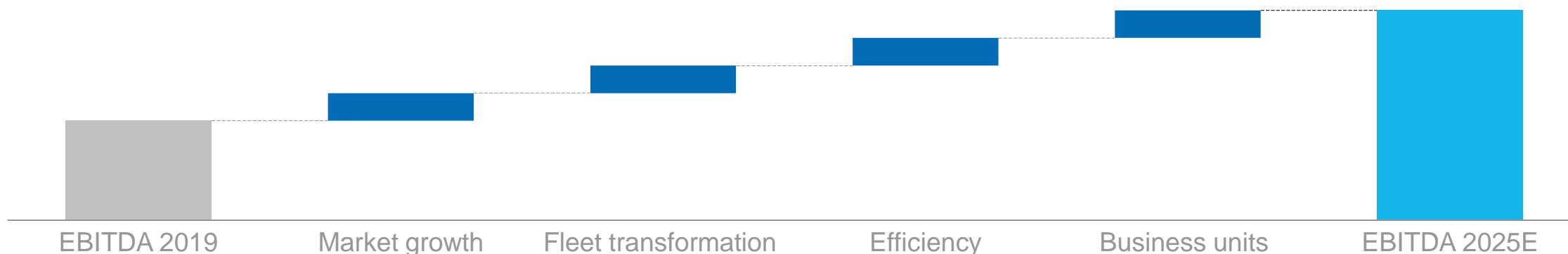


Flavio Costa  
Founder and  
Technical VP

# Multiple and Sustainable Sources of Margin Expansion

- Among world's best in customer satisfaction
- Significant growth in revenue and fares
- Most fuel-efficient fleet in Latin America
- Doubling presence in Congonhas
- Among world's best in on-time performance
- Unique network, connecting all of Brazil
- Fast-growing, high-margin businesses units
- Increased productivity and efficiency

## EBITDA Growth Breakdown



2025 EBITDA will more than double compared to 2019  
Sustainable advantages from unrivaled network, flexible fleet, and business units



# Commitment to Sustainable Growth and Building Long-Term Value



**70%**

ASK coming from next-gen, low-emission fleet



**165+**

destinations served, offering economic development all over Brazil



**13,000+**

direct jobs, plus over 50,000 indirect and 90,000 induced jobs



**4,500+**

volunteers participating in over 100 actions benefitting more than 7,000 people

## Achievements, Commitments and Ratings

**ISEB3**  
**ICO2 B3**



**TCFD**



**MSCI**  
ESG RATINGS



**MOVIMENTO**  
**AMBIÇÃO NET ZERO**





# AzulDay

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