



Azul



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1Q21 Earnings Results
May 6, 2021

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AZUL AT A GLANCE



in departures



in destinations served (110+)



in 77% of markets served



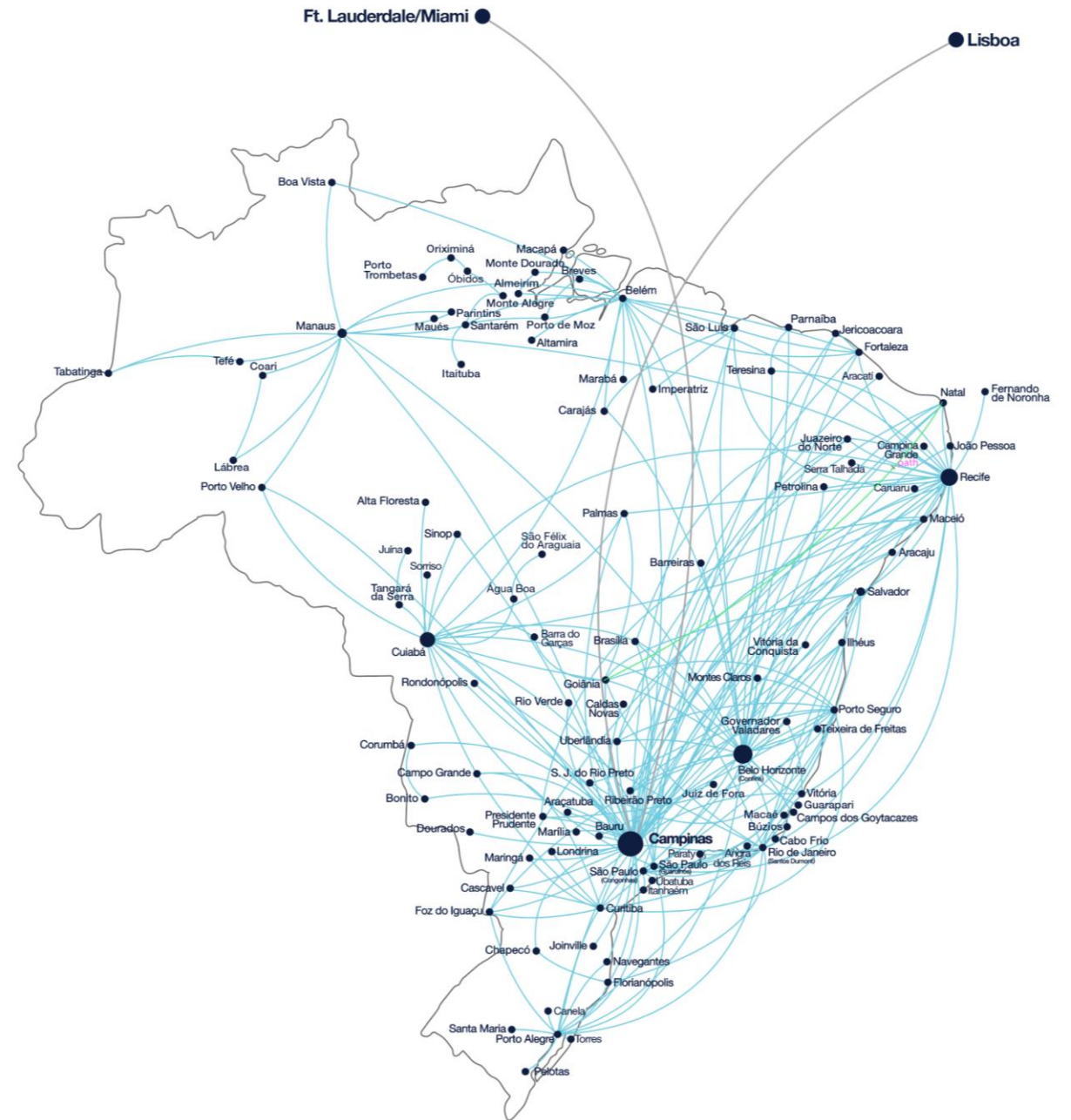
in fleet flexibility



in customer satisfaction
Best Airline in the world by TripAdvisor



in profitability, liquidity and balance sheet

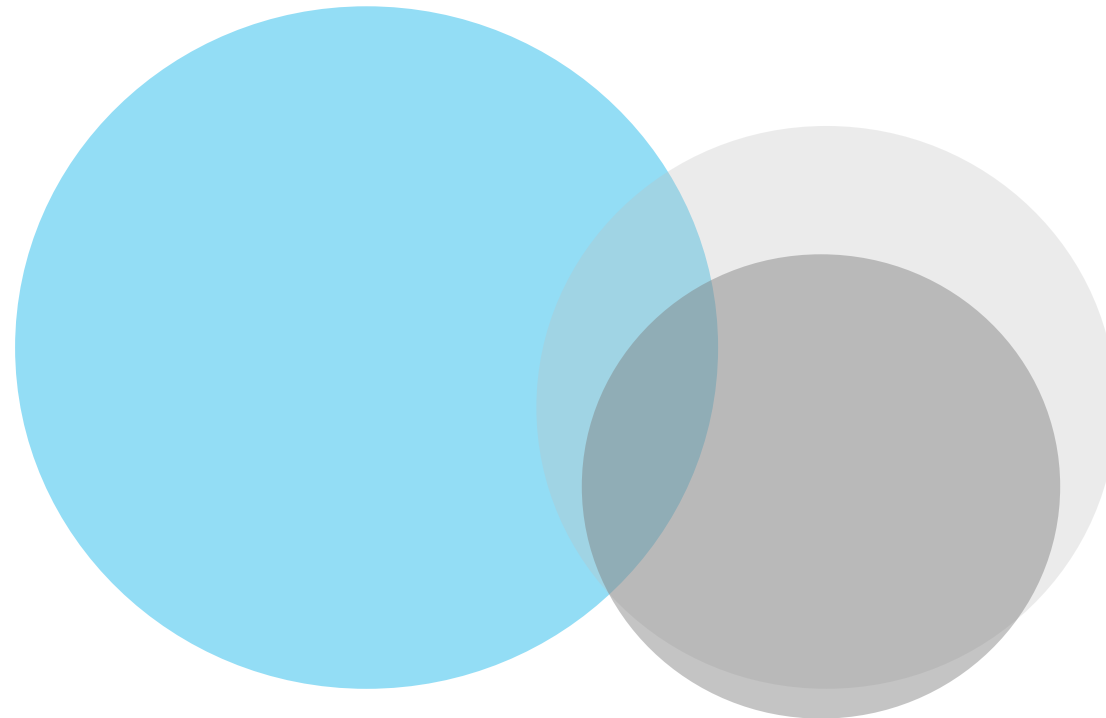


NETWORK POSITIONING



Domestic Brazil Route Overlap

(March 2021)



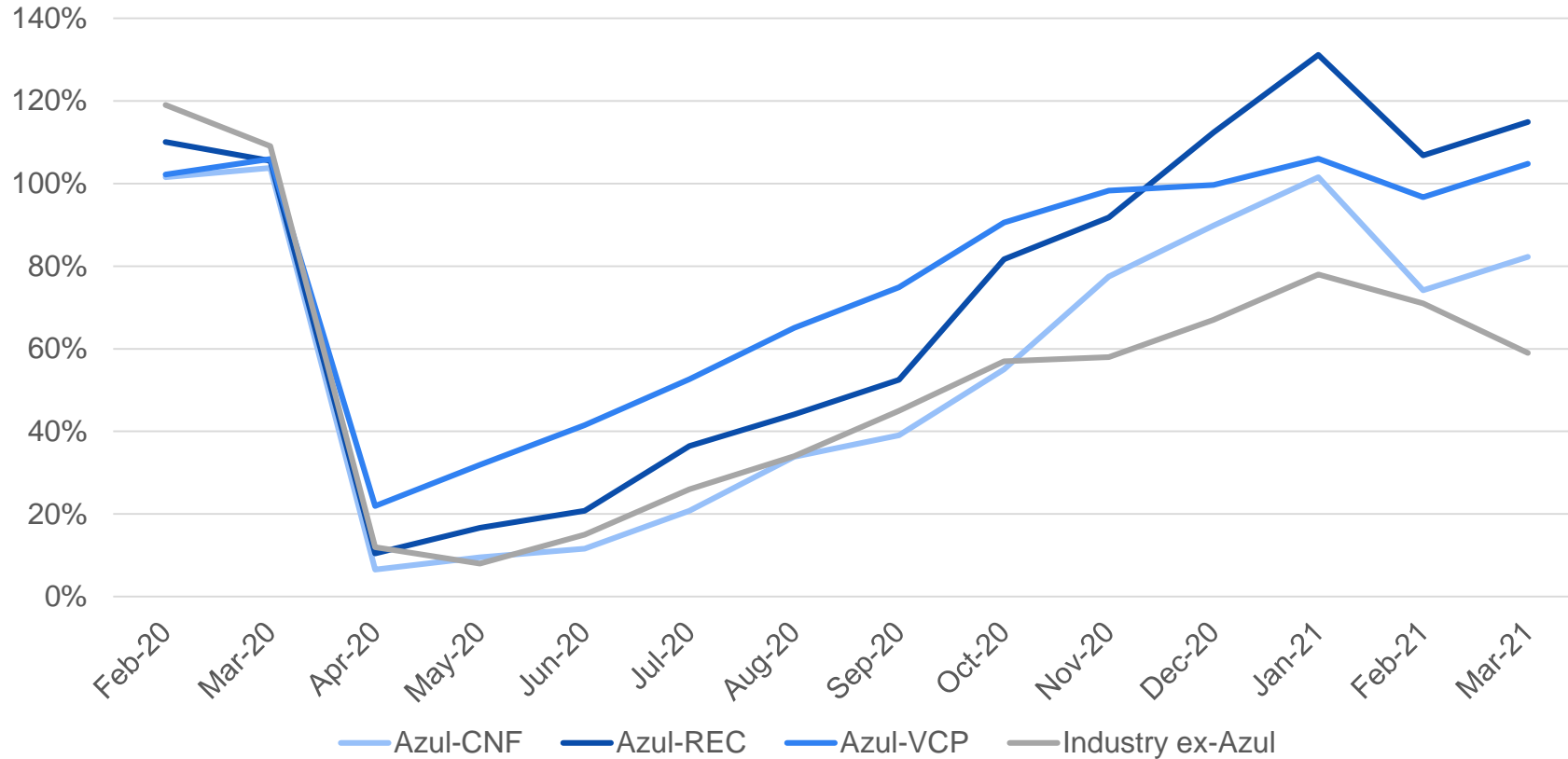
■ Azul ■ Competitor 1 ■ Competitor 2

**STRONG NETWORK POSITION
ONLY CARRIER IN 80% OF ROUTES**

CAPACITY RECOVERY PER HUBS

Domestic Capacity Recovery

(seats % vs. 2019)



Azul hubs recovered between 82% and 115% vs. 2019

Industry ex-Azul recovered 59% vs. 2019

Competitors focus on São Paulo, Rio and Brasília (the “triangle”), which has more than 90% of their domestic ASKs (compared to 30% for Azul) and has lower recovery than Azul’s hubs

FLEET FLEXIBILITY & OPTIMIZATION

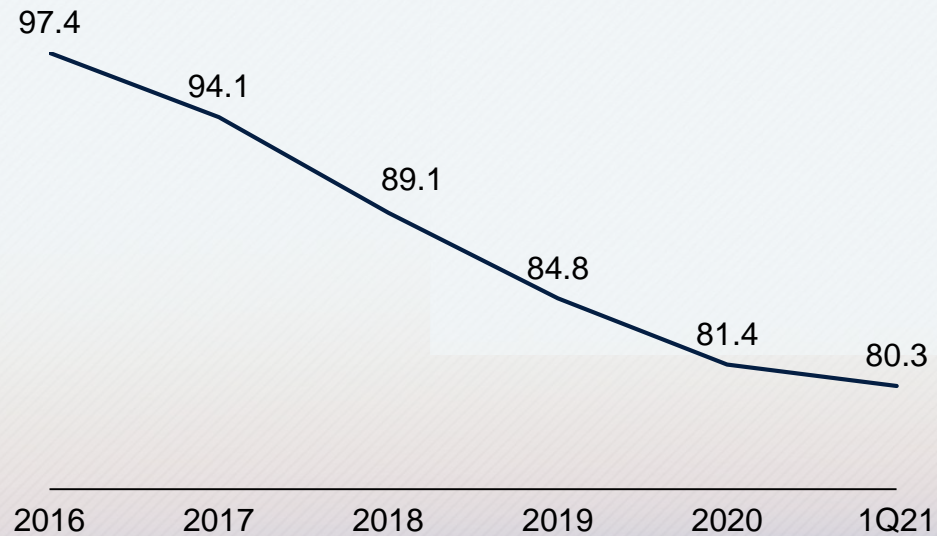
- Azul's diversified fleet provides unique flexibility to match capacity to demand
- Ability to upgrade or downgrade aircraft as bookings come in, from 180 days out until day of departure
- Optimized fleet type on over 5,000 flight since Jan 2021 (~10% of departures) generating R\$100 million in cash savings
- Single fleet type airlines either have to cancel flight or incur losses

Fleet Type	Planned		Actual				
	Pax	Aircraft	Pax	Aircraft	Trip Revenue	Trip Cost	Trip Contrib.
Fleet Flexibility	100	Embraer E2	140	Upgrade to A320	35,000	25,000	10,000
			100	No Change	25,000	20,000	5,000
			60	Downgrade to ATR	15,000	12,000	3,000
Single Fleet	140	B737 or A320	140	No Change	35,000	27,000	8,000
			100	No Change	25,000	27,000	(2,000)
			60	No Change	15,000	27,000	(12,000)

Consistent profitability across flights

ENVIRONMENTAL BENEFIT FROM FLEET TRANSFORMATION

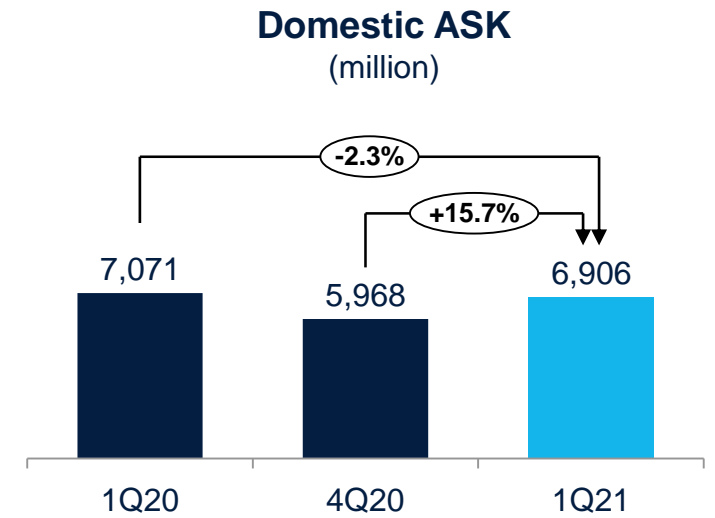
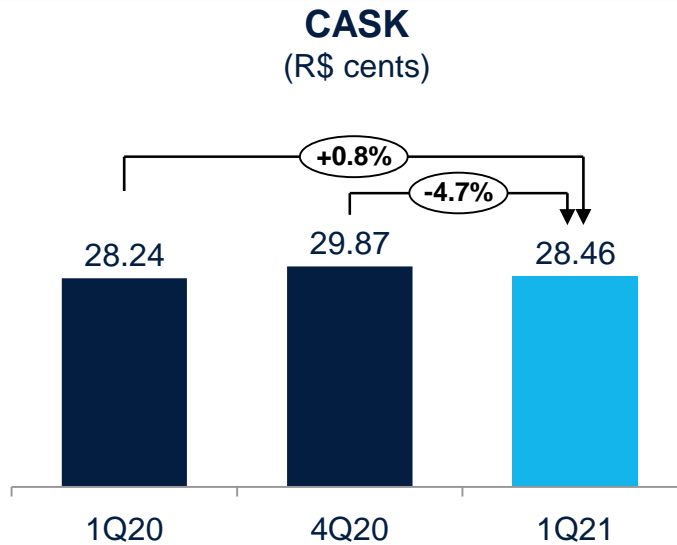
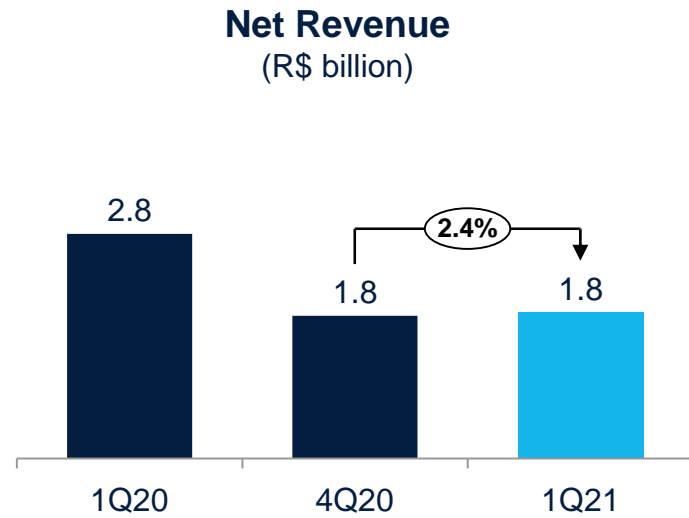
Relative Emissions
(g CO2/ASK)



Fleet Transformation	Trip Fuel	Fuel/ASK
E2 vs. E1	▼ 20%	▼ 28%
A320neo vs. E1	▼ 2%	▼ 51%
A330neo vs. A330-200	▼ 5%	▼ 13%

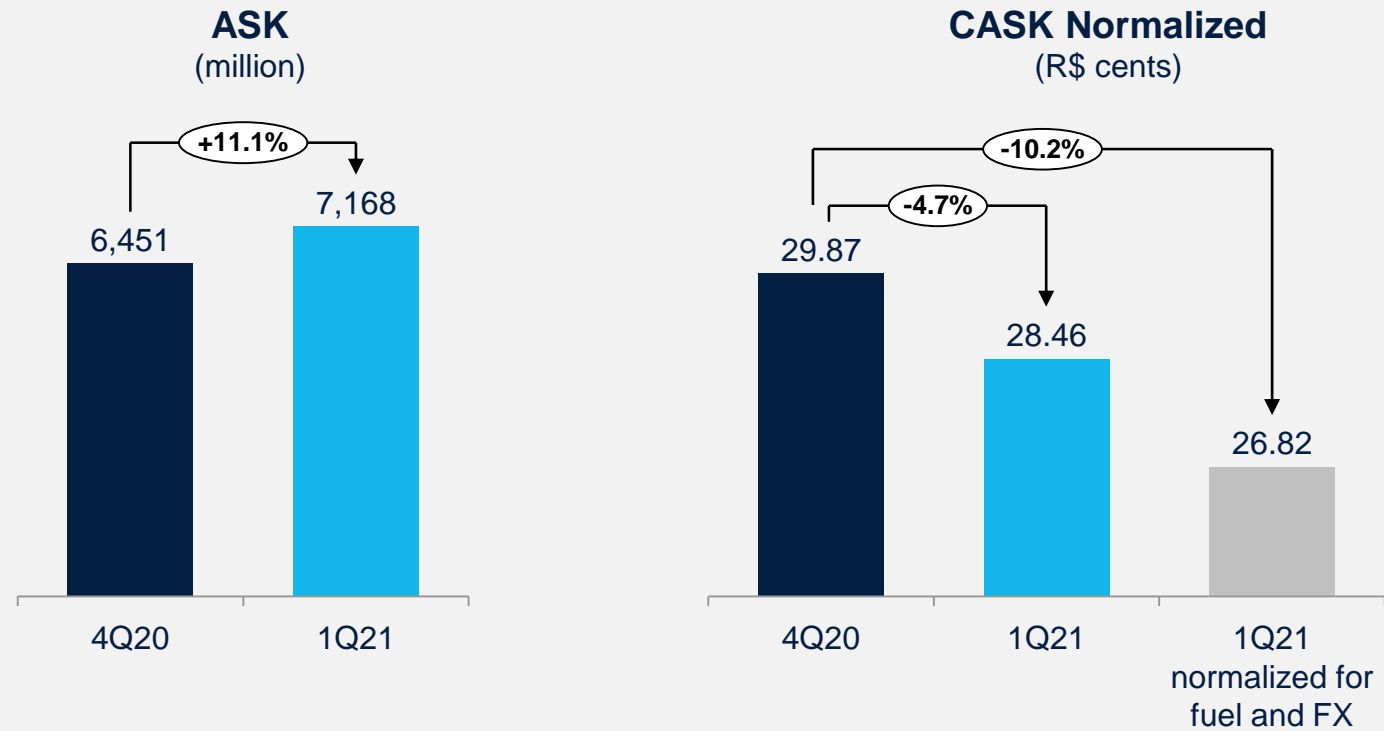
Fleet transformation provides continued reduction in carbon emissions per ASK

1Q21 FINANCIAL HIGHLIGHTS



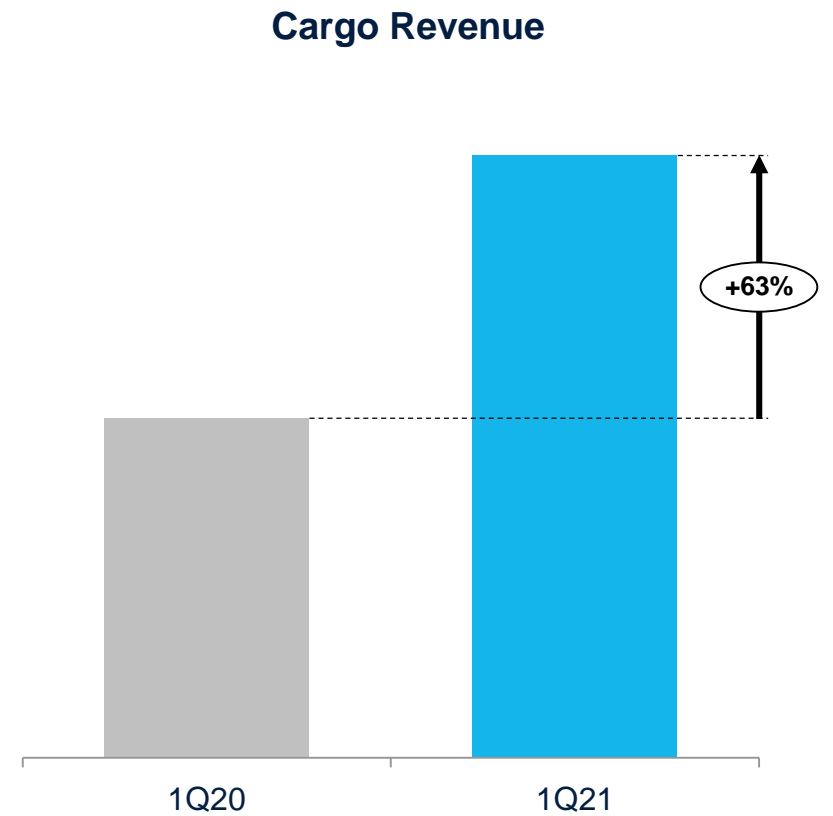
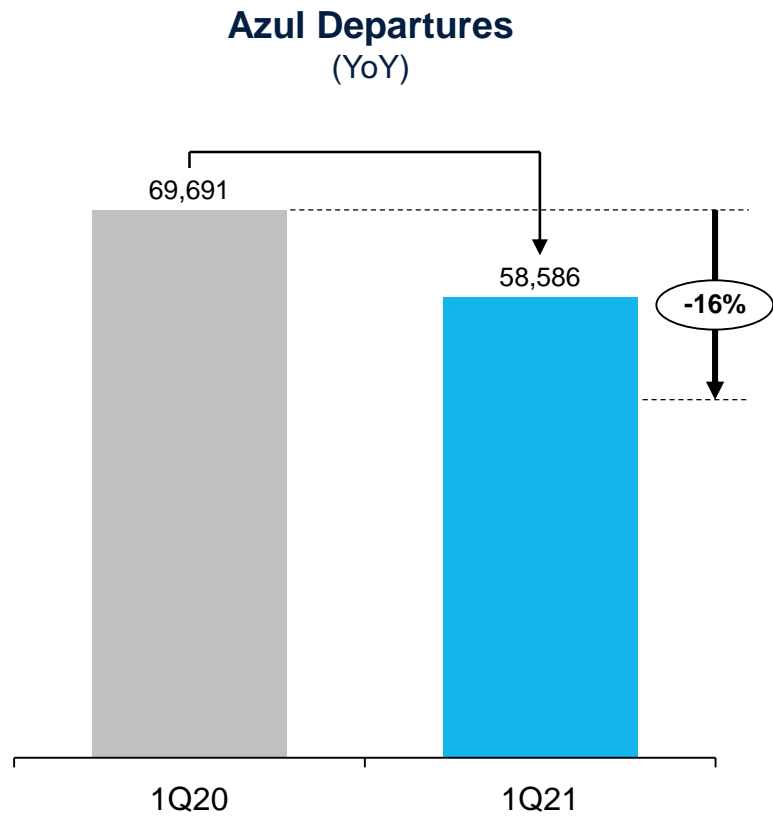
- Adjusted EBITDA of R\$129.7 million representing 7.1% margin
- Second consecutive quarter of positive EBITDA
- Net revenue of R\$1.8 billion, up 2.4% QoQ
 - Total ASKs up 11.1% QoQ, even with Covid19 second wave starting in March 2021
 - Domestic ASKs up 15.7% QoQ and 8.9% Yo2Y
 - Azul Cargo revenue growth of 63% YoY
- Operating expenses¹ of R\$2.0 billion
 - CASK down 4.7% QoQ, even with fuel price increase of 23.5% and 9.6% depreciation of real
 - CASK ex-fuel down 12.1% QoQ

OPERATIONAL LEVERAGE



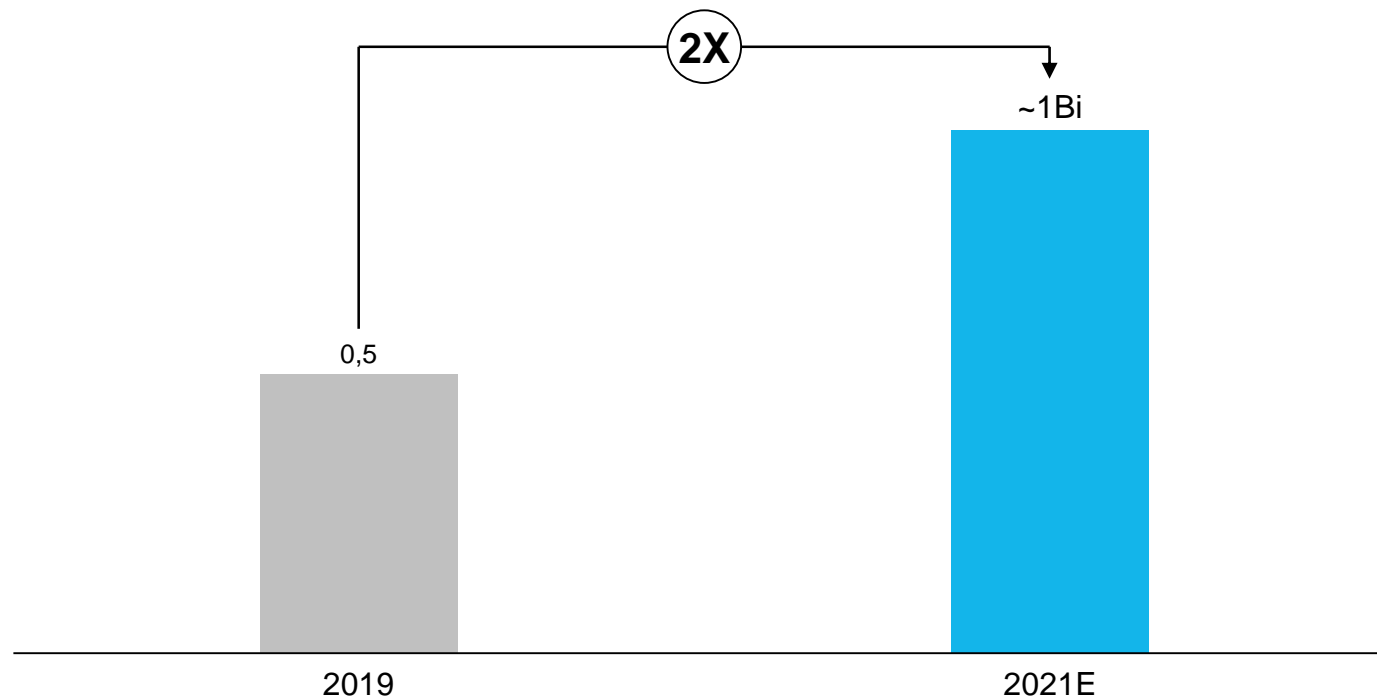
- CASK down 4.7% QoQ even with increase in fuel prices and depreciation of real
- Controlling for fuel and FX, CASK down 10.2% QoQ
- Significant potential to further reduce CASK as we rebuild operation with better processes and leaner organization

**1Q21 cargo revenue up 63% YoY
even with 16% fewer departures**



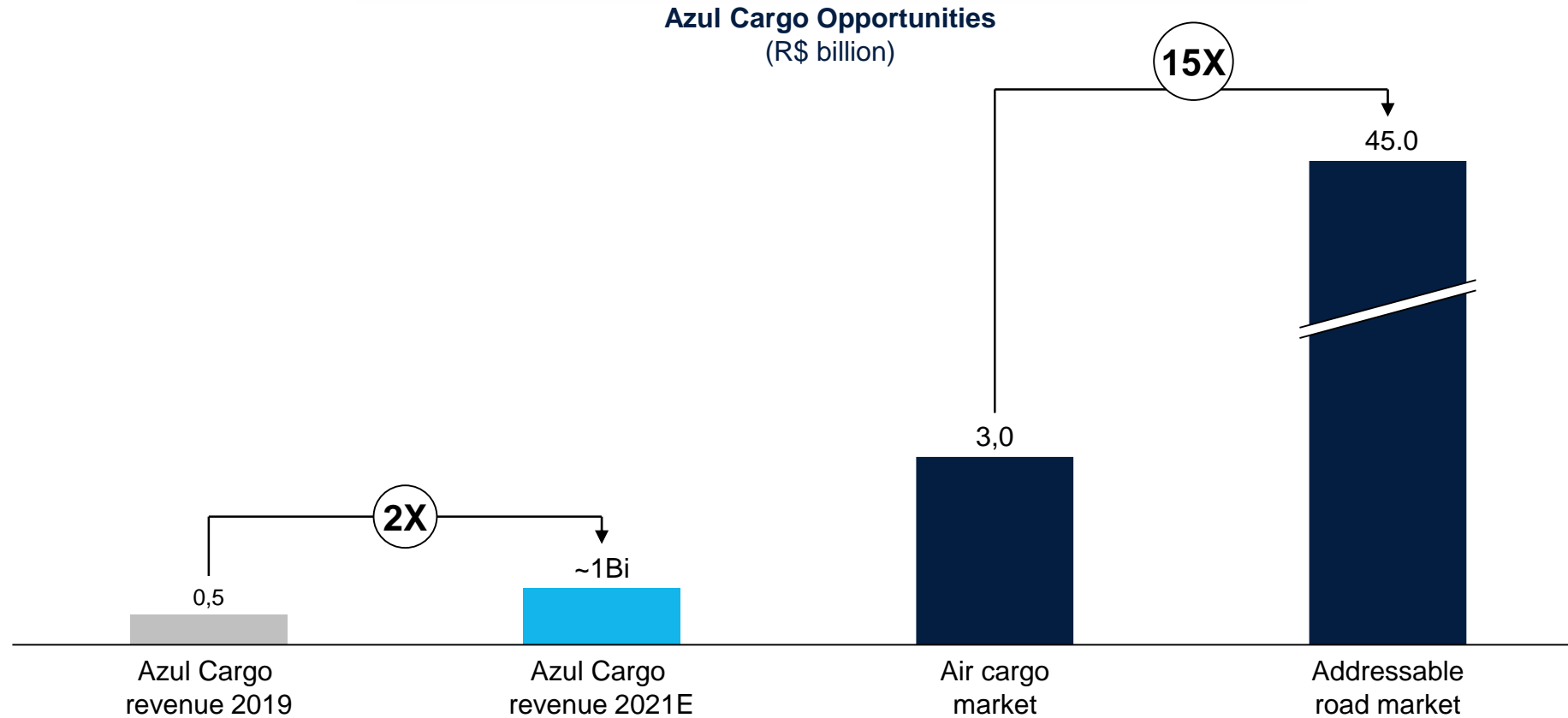
Cargo revenue to double in 2021 vs. 2019

Azul Cargo Revenue
(R\$ billion)



AZUL CARGO LOGISTICS GROWTH

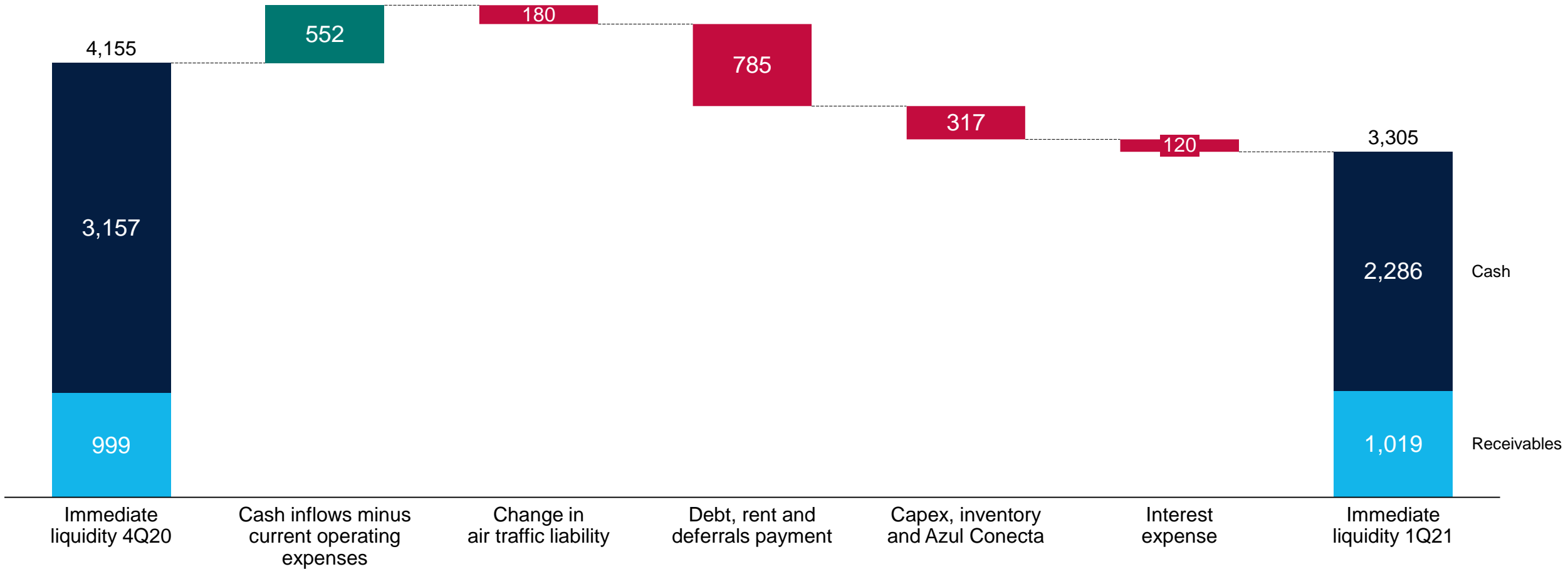
Significant growth levers from 2021 and beyond



Total logistics market in Brazil is R\$300+ billion.
R\$45 billion is what we size as addressable market with potential to shift from road to air

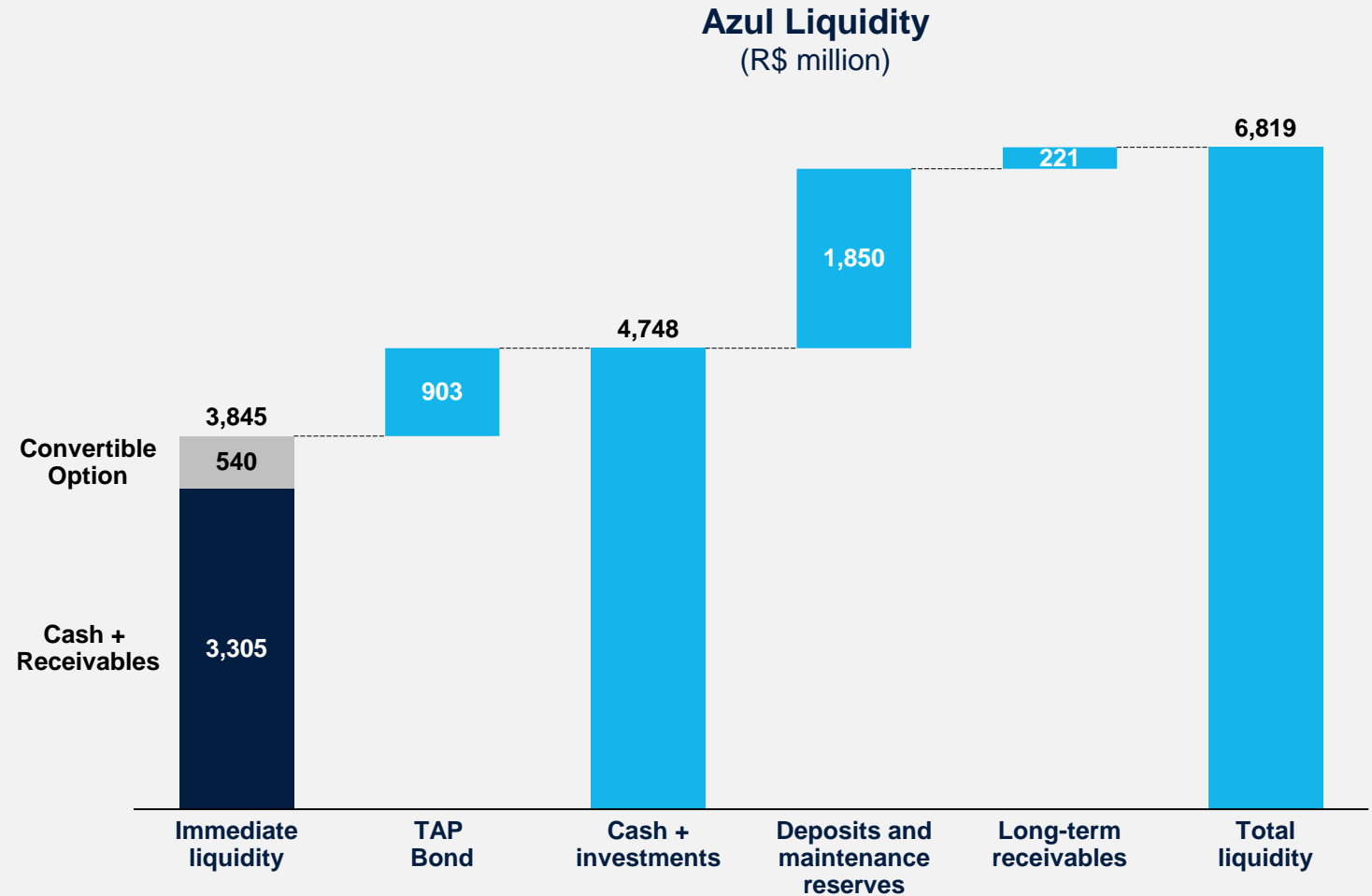
1Q21 CASH POSITION

R\$ million



SOLID LIQUIDITY POSITION

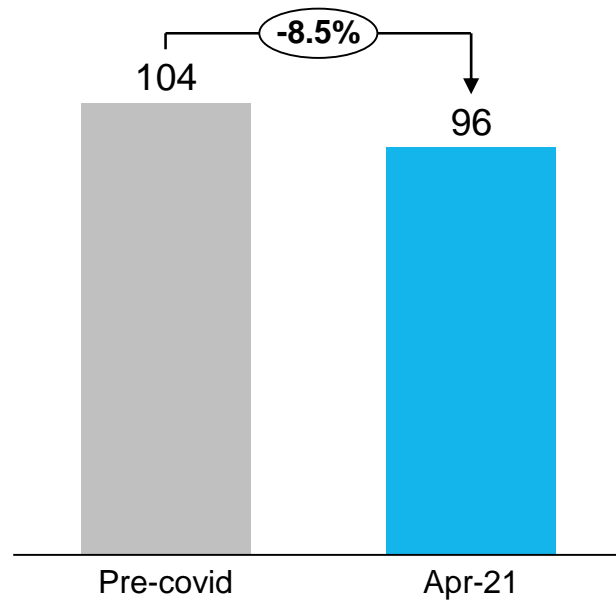
- Solid liquidity position
 - R\$3.3 billion in immediate liquidity
 - Option to upsize convertible debenture by R\$540 million (US\$100 million)
 - TAP Bond: principal plus interest of R\$903 million
 - R\$6.8 billion in total liquidity
- Strong balance sheet
 - No restricted cash
 - No minority interest in subsidiaries
- Plus
 - Spare parts
 - Unencumbered loyalty program
 - Unencumbered cargo business



No significant debt repayments expected for the next twelve months

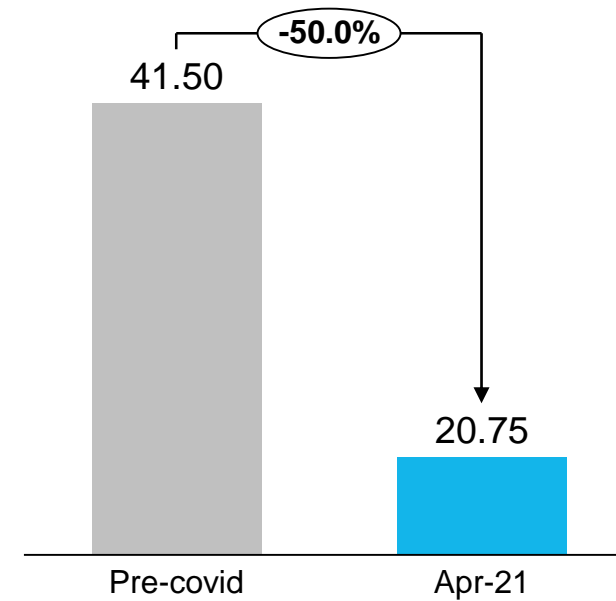
CAPITAL MARKETS

Azul 2024 Bond Price
(% of face value)



Azul 2024 bond price
close to par

Azul ADR Price
(US\$)



Significant upside potential for
Azul stock price

VACCINATIONS IN BRAZIL

#	Country	Vaccination intent
1	China	80%
2	Brazil	78%
3	United Kingdom	76%
4	Mexico	76%
5	Australia	75%

#	Country	Avg doses applied/day
1	China	5.3 million
2	United States	2.7 million
3	India	2.4 million
4	Brazil	1 million
5	United Kingdom	0.5 million

#	Country	Total doses applied
1	China	275 million
2	United States	246 million
3	India	154 million
4	United Kingdom	50 million
5	Brazil	~50 million

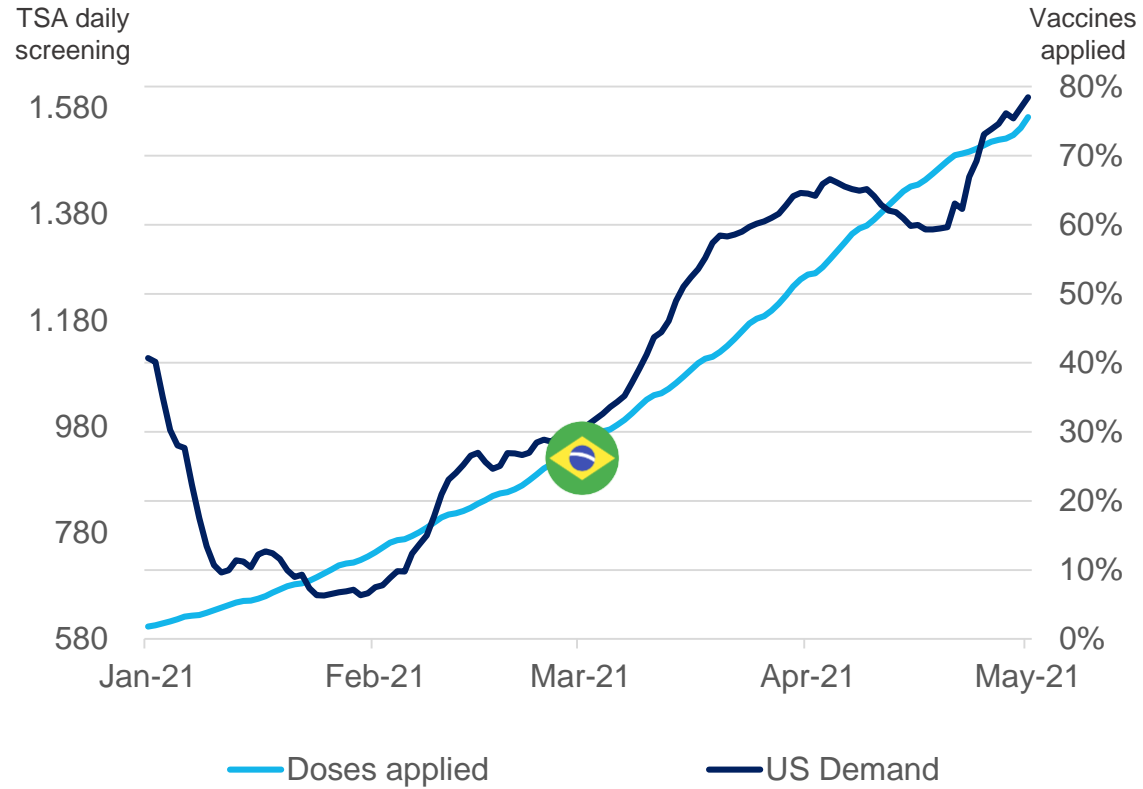
- Brazil #2 in intention to get vaccinated
#4 in average doses applied per day
#5 in total doses applied
- Private initiatives aiming to accelerate vaccine purchase and distribution
- Priority groups to receive first dose by June, to be fully vaccinated by September

Brazil Forecast

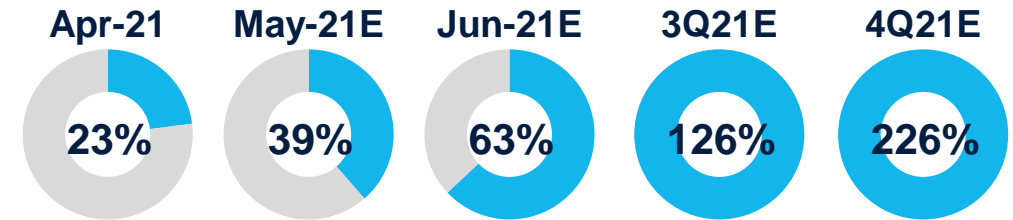
	Total Doses (million)
May 2021	35.4
June 2021	52.2
Third Quarter (Jul-Sep)	162.9
Fourth Quarter (Oct-Dec)	210.6
Total	461.3

VACCINES & DEMAND RECOVERY

United States Traffic vs Doses Applied



Doses to be delivered as percent of Brazilian population



US domestic demand recovery accelerated around middle of March/2021
 Coincides with 115 million vaccine doses applied or 35% of population
 Brazil pandemic trends about 8-10 weeks behind US
 Expected to follow similar trend as US as vaccination improves

WELL POSITIONED FOR FULL RECOVERY AND MARGIN EXPANSION



Domestic network platform in place
110 cities served increasing to 135 by end of the year



Leading liquidity position with over R\$6 billion



Azul Cargo well positioned to leverage opportunities
in e-commerce and logistics



Significant operating leverage from more efficient
cost structure and capacity recovery



Ready for fleet transformation



INVESTOR RELATIONS

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