



o céu é **Azul** 

# Institutional Presentation

3Q22



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# What Makes Azul Unique?





# Company Led By Founders



David Neeleman  
Founder and Chairman



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 COO

# Sustainable Competitive Advantages



Unparalleled  
Network



Flexible and  
Fuel-Efficient Fleet



Fast-Growing and  
High-Margin Businesses



Strong  
Service-Oriented Culture

Robust and Sustainable Business Model

# Crewmembers Engaged

**+13,000**

Direct jobs created

**+50,000**

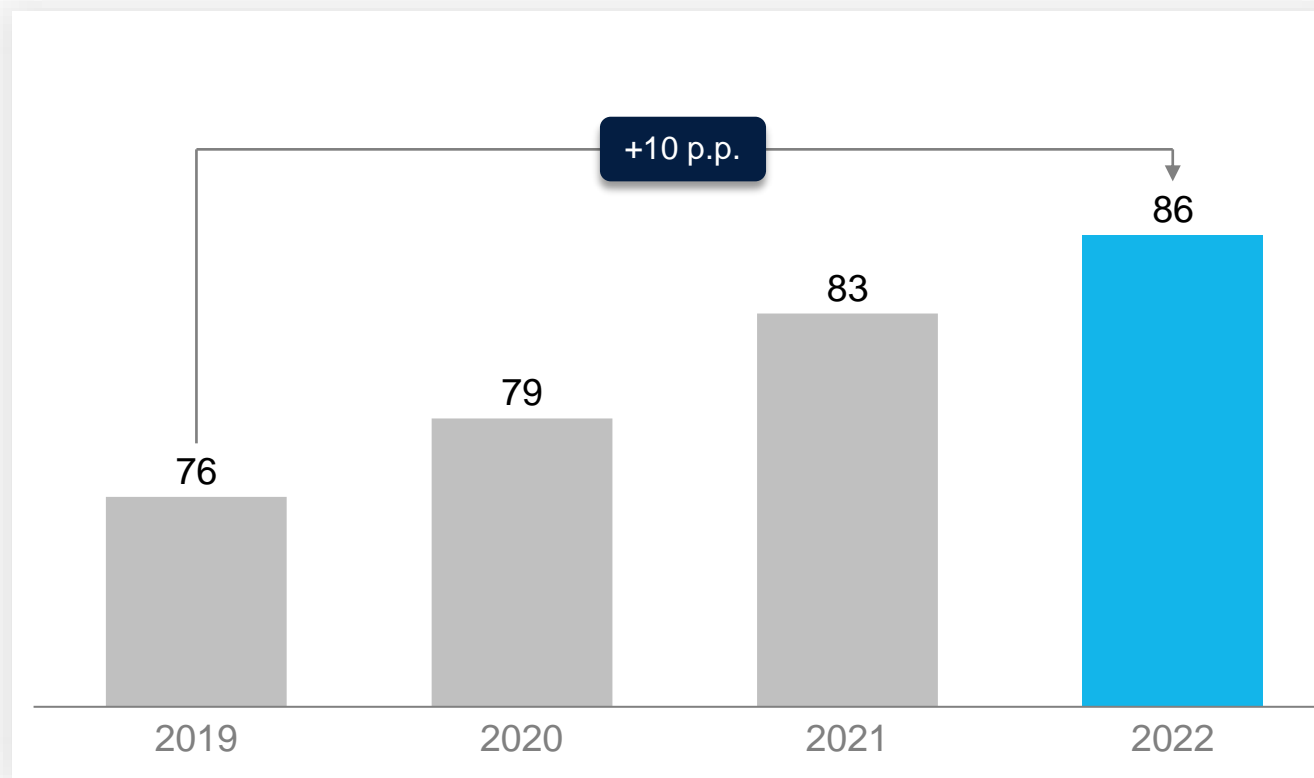
Indirect jobs

**+90,000**

Induced jobs

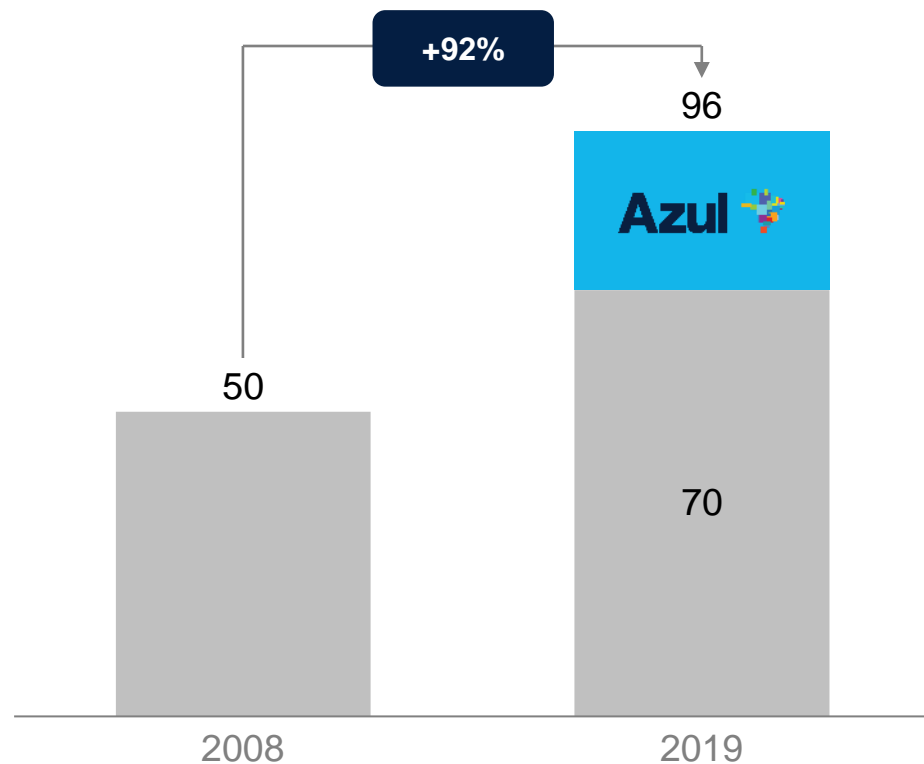
## Crewmember Survey Results 2022

Favorability (%)



# Azul Grows Demand

Azul's Domestic Passengers per Year  
(millions)

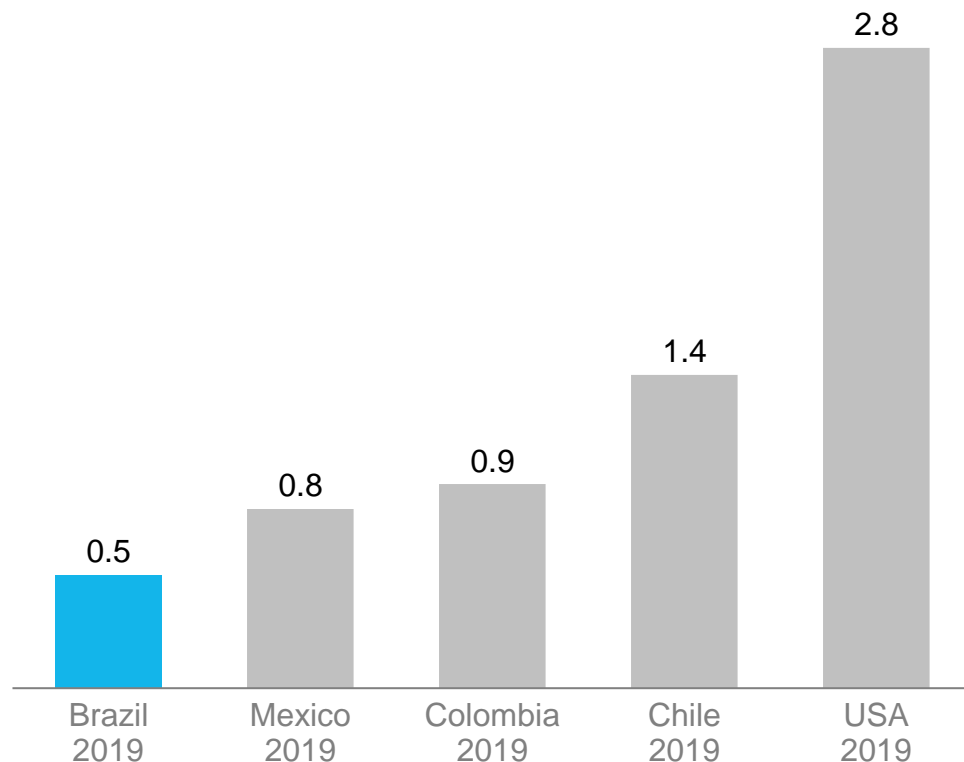


Aviation in Brazil  
**DOUBLED** over ten years

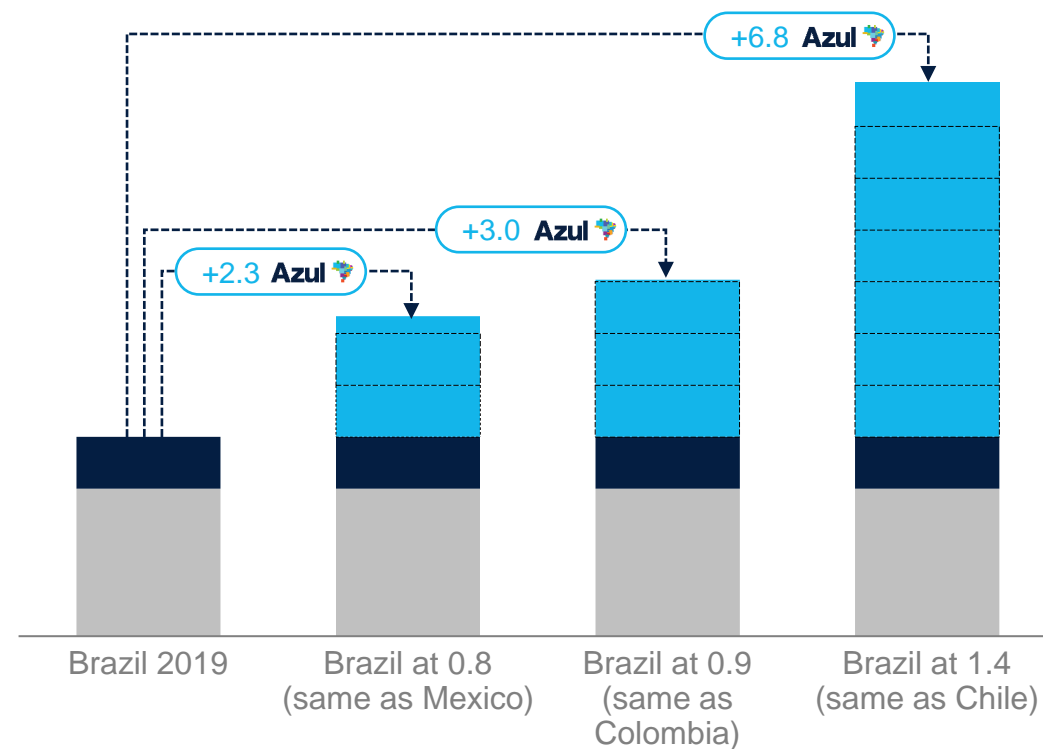
**Azul** was responsible for  
**over half** of market growth

# Brazilian Aviation Market Growth Opportunity

Flights Per Capita



Growth Opportunity



Aviation in Brazil still presents enormous growth opportunity

To reach Mexico's flights per capita ratio, Brazil would need to add capacity equivalent to 2.3x Azul; for Chile, 6.8x



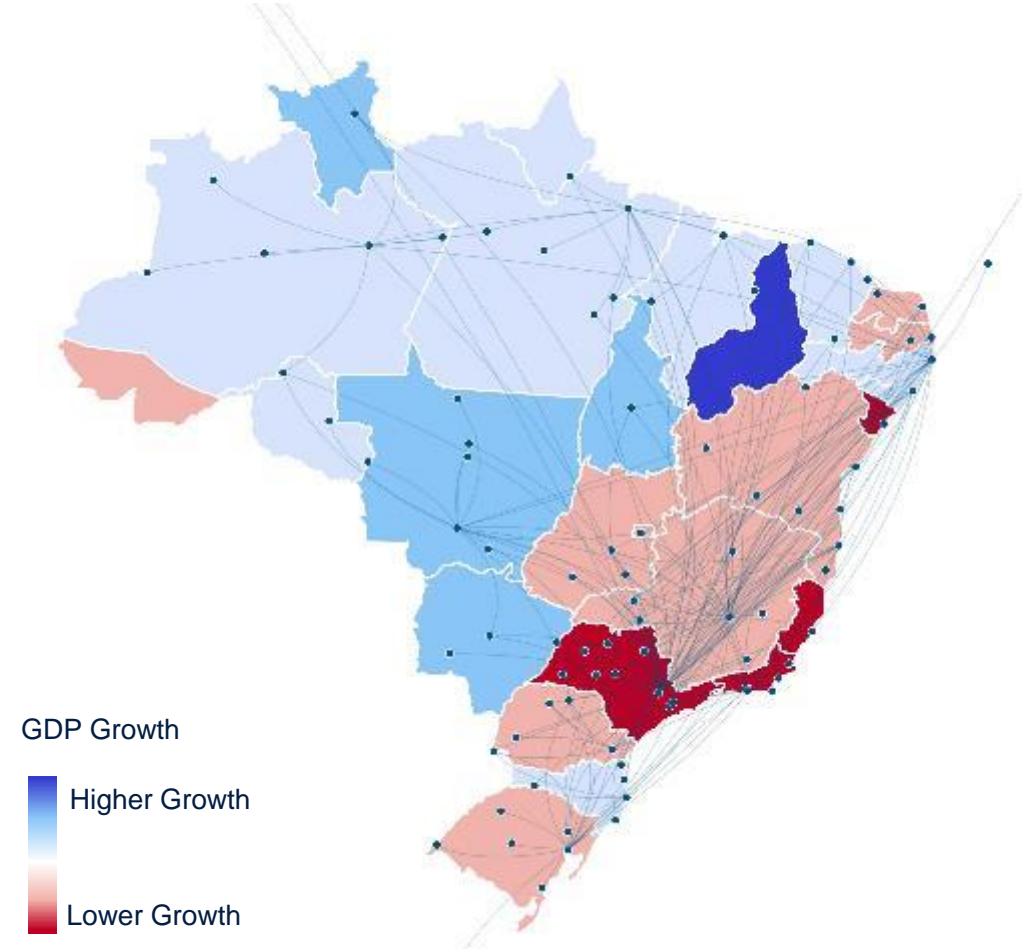
# Unique Network With Strategically Located Hubs

Competitors focus in the  
São Paulo, Brasília and Rio triangle



Over 90% of competitors' domestic ASKs are from/to cities in the triangle, compared to 37% for Azul

Azul serves all of Brazil



Azul's network is much more diversified, with higher exposure to fast-growing regions in Brazil

# Strong Presence in the Amazon Region

## Legal Amazon Network

30%

of Azul's network is in Brazil's Legal Amazon (Amazonia Legal)<sup>1</sup>

21%

of Azul Cargo revenue comes from Amazon region

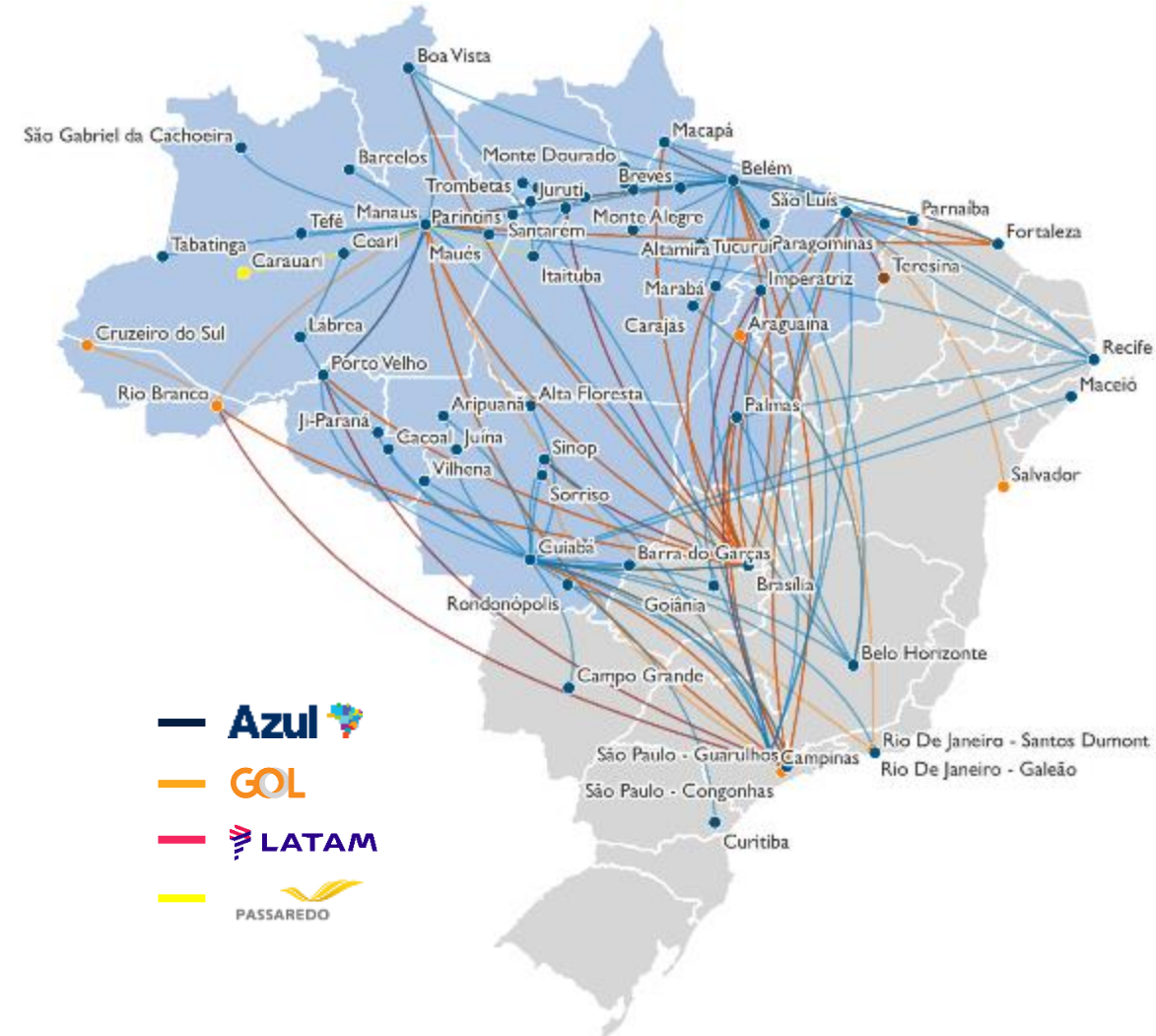
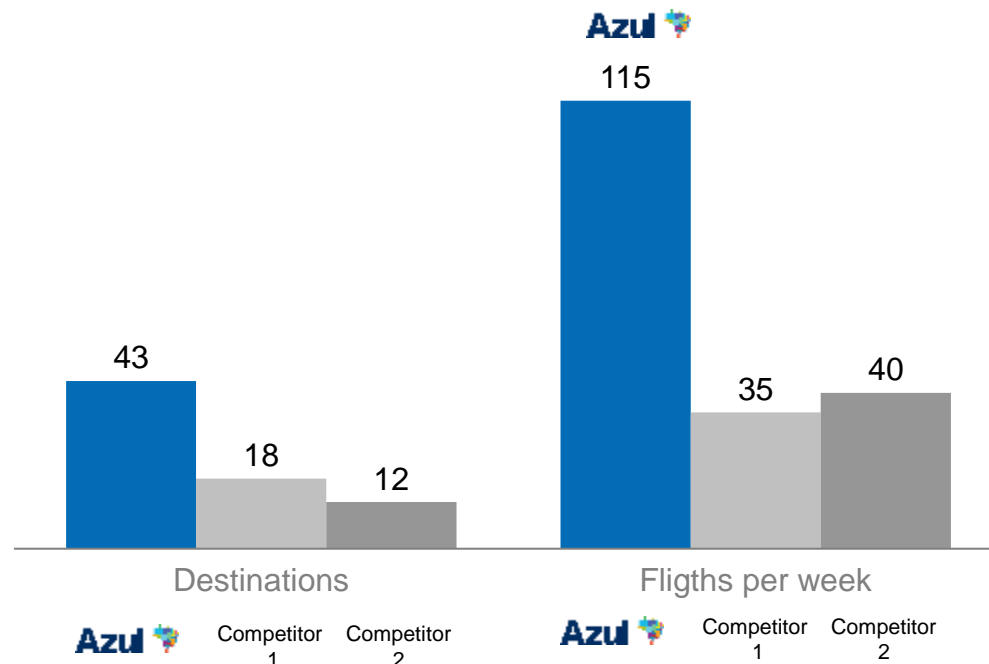
16%

of Azul's network is in Amazonas state

12%

of belly space is used for Cargo in Amazon region

## Destinations and Flights to Legal Amazon



# Record Number of Destinations

2019



116 Destinations

35+ Destinations Added

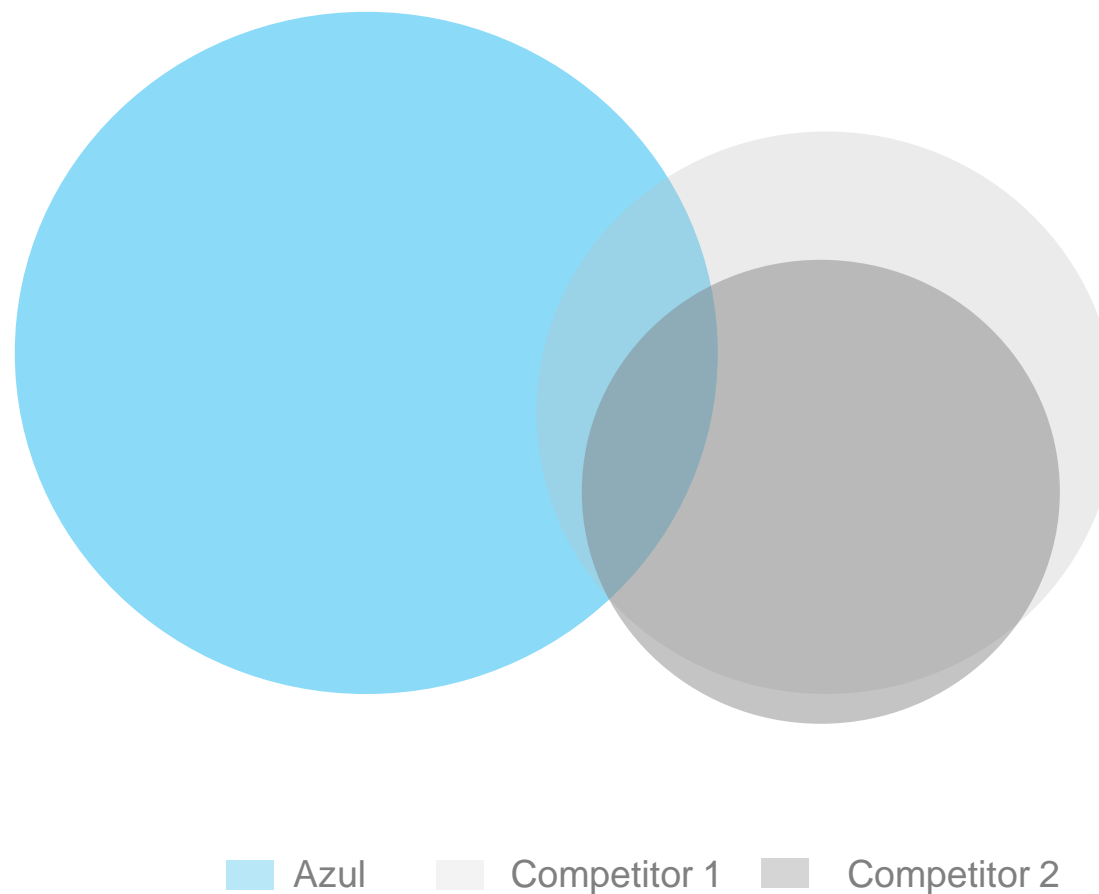
2022



📍 **151+** destinations served  
📍 **900+** daily flights  
📍 **300+** non-stop routes

# Continued Limited Overlap With Competitors

## Domestic Brazil Route Overlap (2021)





# Diversified, Flexible Fleet to Serve all of Brazil



# Matching Supply And Demand



**Cessna**

9-12 seats



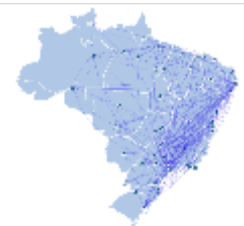
**ATR**

70 seats



**Embraer**

118-136 seats



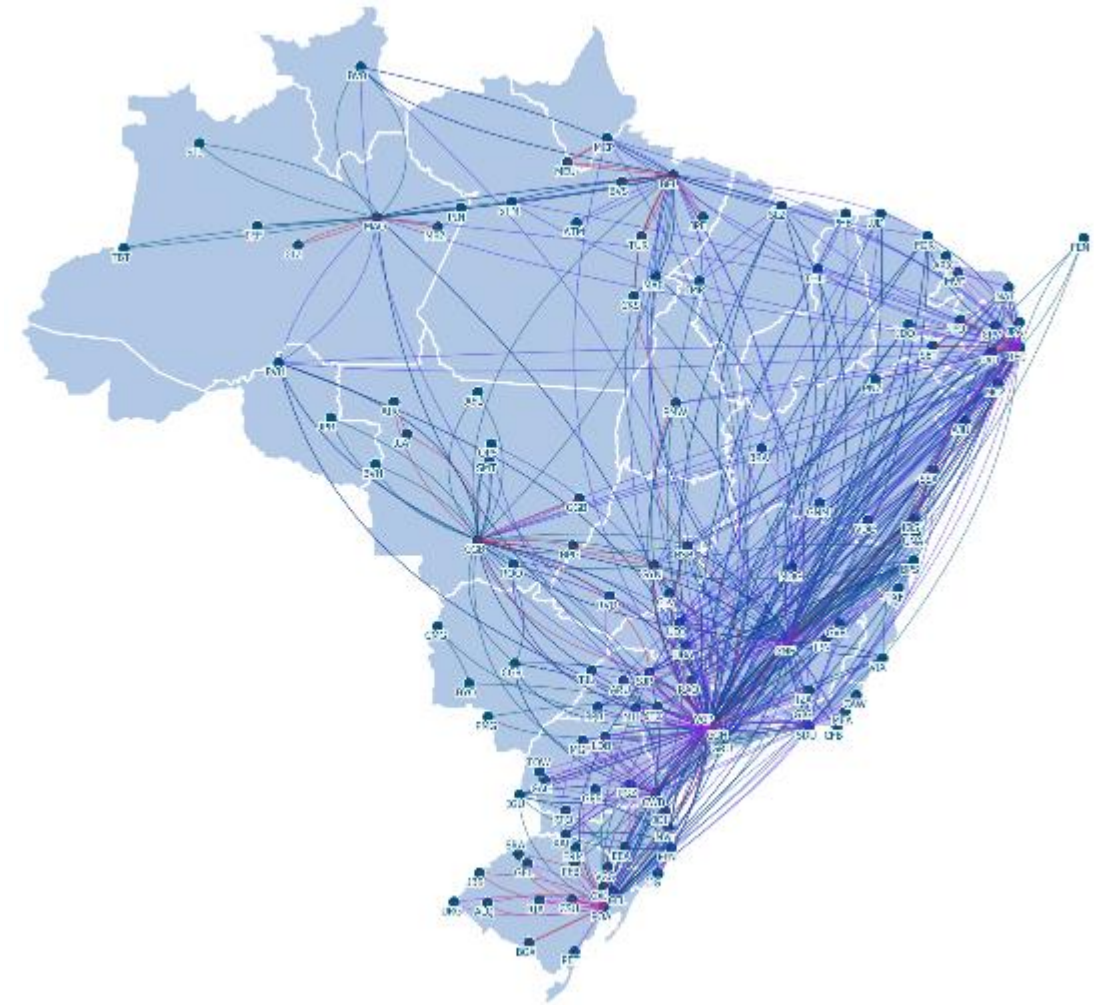
**Airbus**

174-214 seats

Low cost  
per trip



Low cost  
per seat



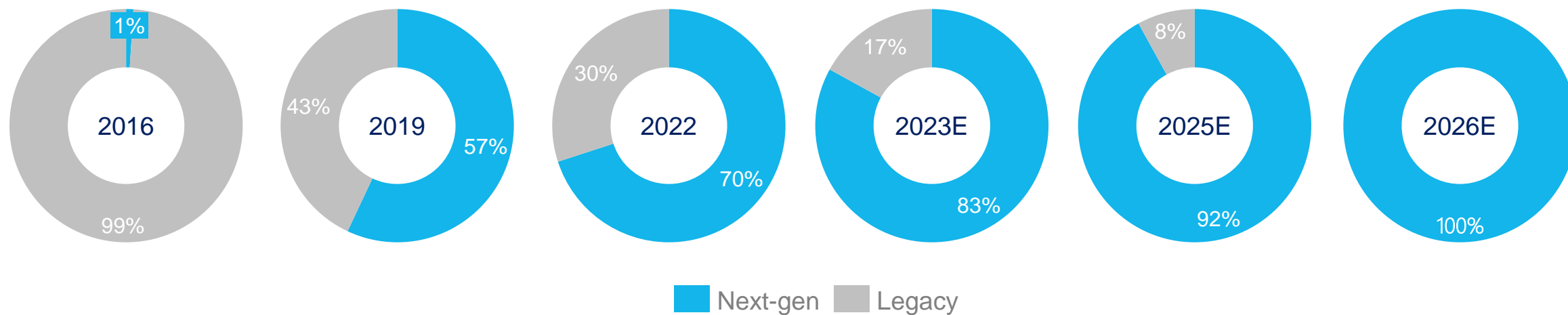
— Cessna — ATR — Embraer — Airbus

Low-cost means flying the largest aircraft you can fill  
Brazil has limited number of markets that can fill large aircraft



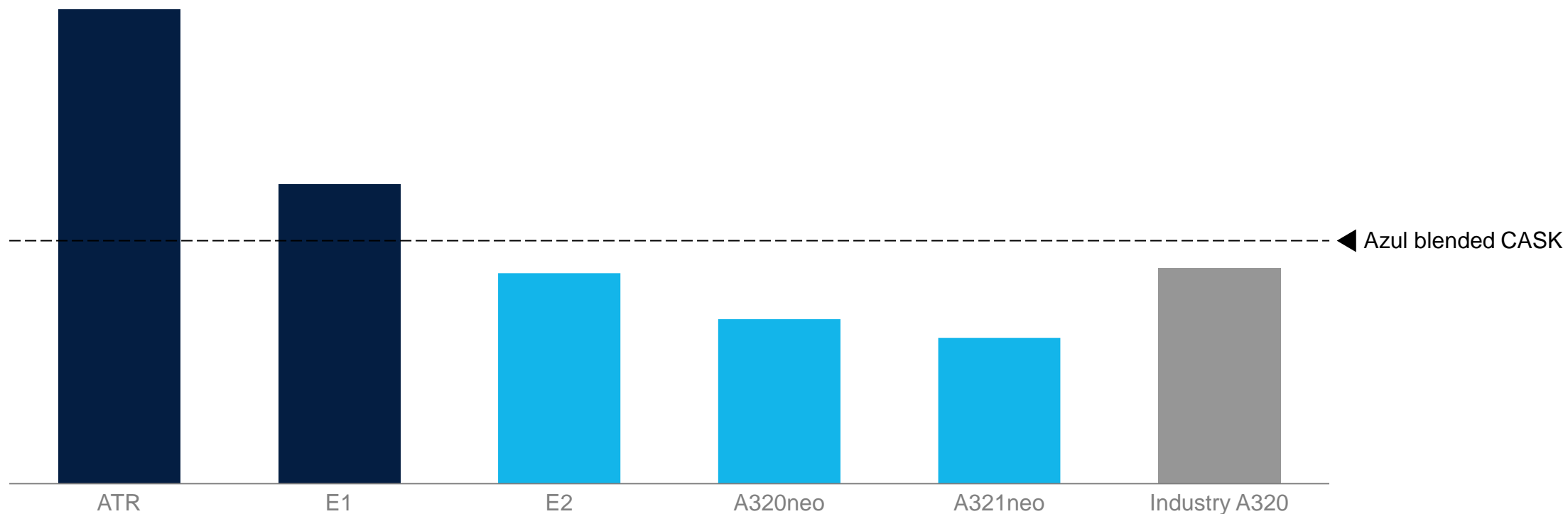
# Projected Fleet Transformation Progress

## Next-Generation Aircraft (% of ASKs)



# The Real Low-cost Carrier

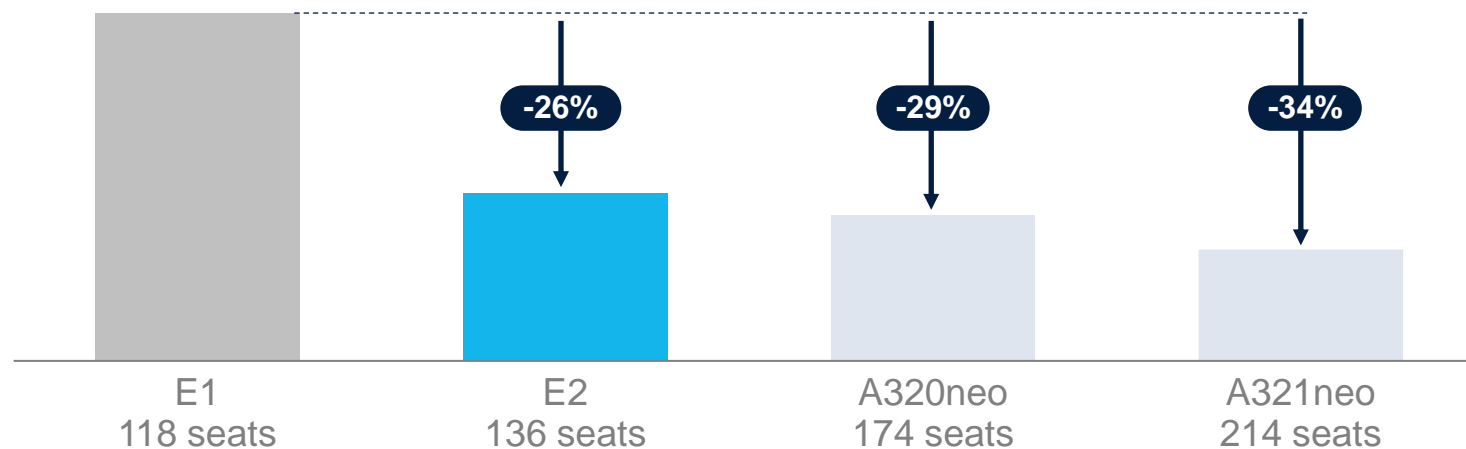
CASK by Fleet Type



Next-generation E2s, A320neos and A321neos have lowest cost in the industry

# Fleet Transformation Opportunity

## Cost per Seat



Fleet transformation into next-generation aircraft will provide significant margin expansion going forward

## Significant Reduction In Fuel Burn

| Fleet      | Fuel burn per engine<br>(kg/h) | Fuel Burn<br>vs. E1 | Seats<br>vs. E1 | Cost per seat<br>vs. E1 |
|------------|--------------------------------|---------------------|-----------------|-------------------------|
| Embraer E1 | 1,088                          |                     |                 |                         |
| Embraer E2 | 890                            | -18%                | +15%            | -26%                    |
| A320neo    | 1,097                          | +1%                 | +47%            | -29%                    |

## E1s Still Represent Large Number Of Flights

| Fleet        | Daily Flights | High Fuel Efficiency |
|--------------|---------------|----------------------|
| A320neo      | 282           | ✓                    |
| Embraer E2   | 66            | ✓                    |
| ATRs         | 209           | ✓                    |
| Embraer E1   | 323           | x                    |
| <b>Total</b> | <b>900*</b>   |                      |

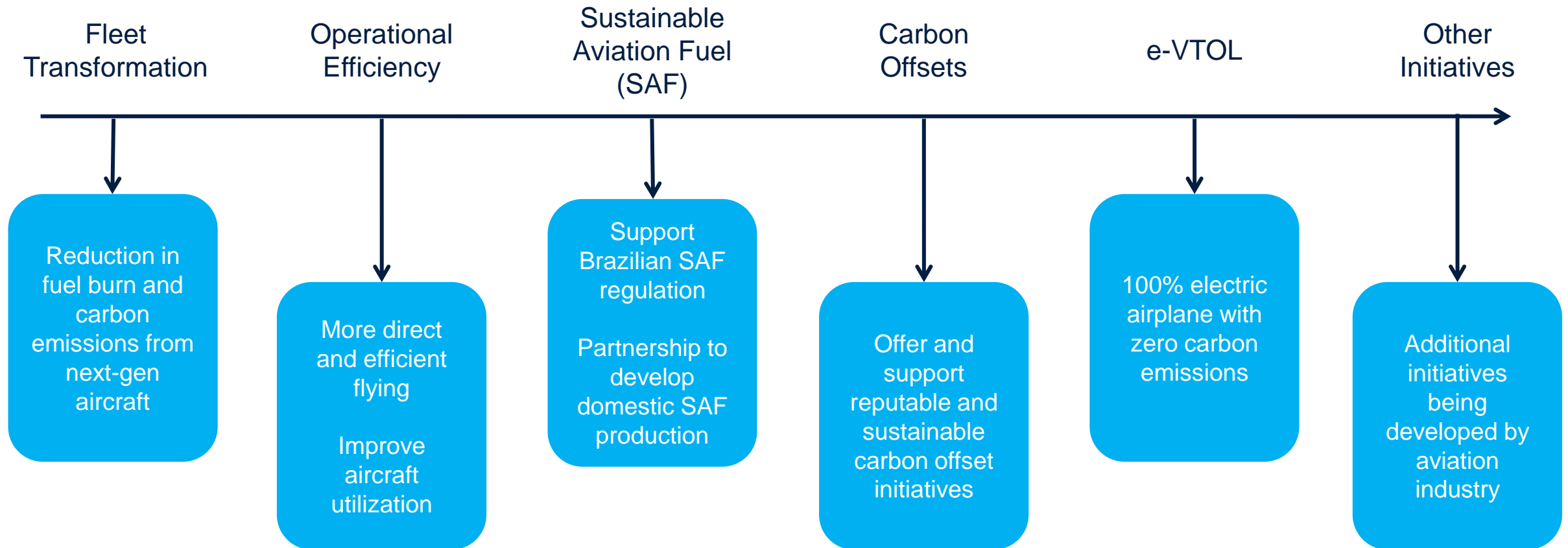


Further cost-reduction opportunity by converting to next generation aircraft

Fleet transformation into next-generation aircraft will provide significant margin expansion going forward

# Carbon Net Zero Key Drivers

Azul targets to be carbon-neutral by 2045, 5 years ahead of industry





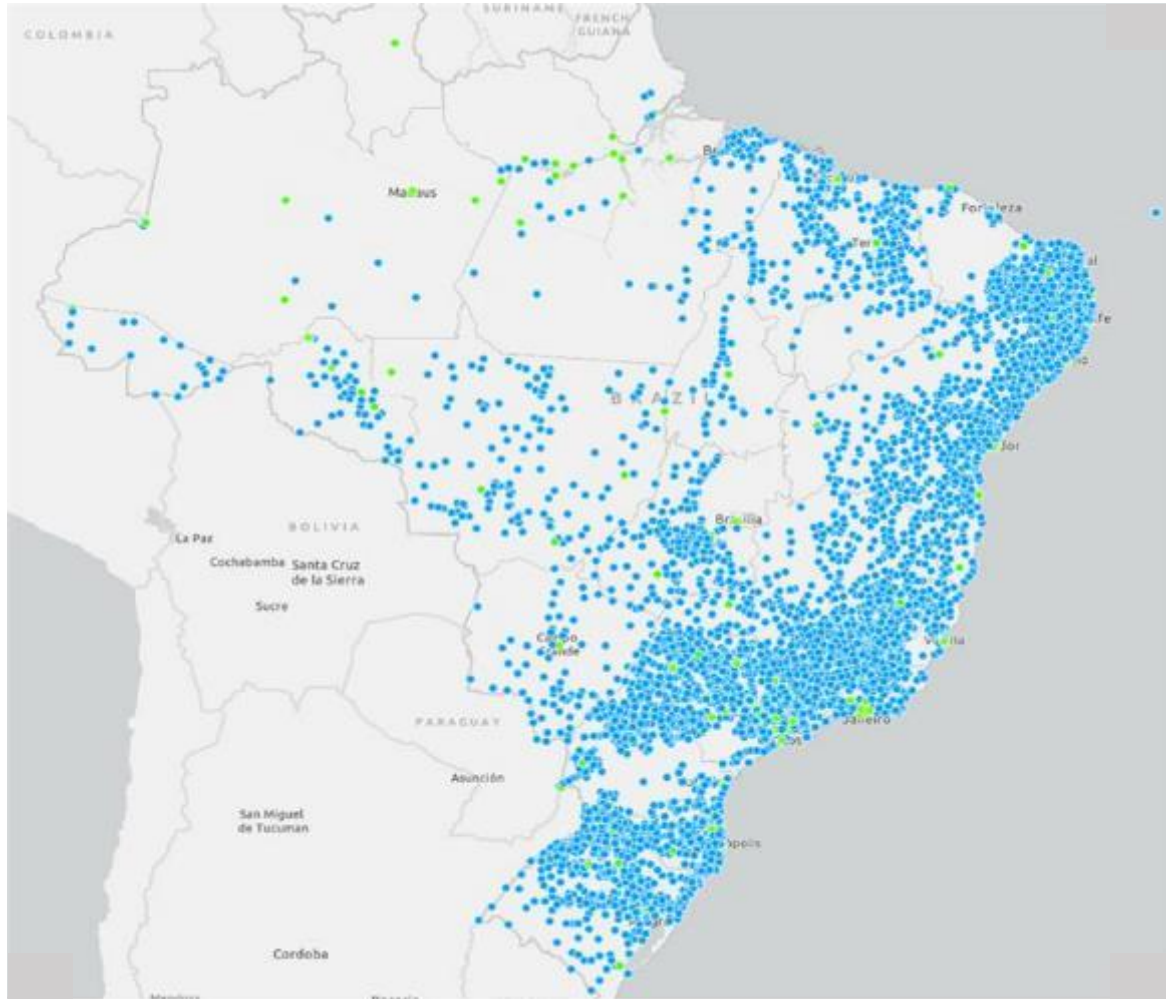
**Fast-growing,  
high-margin  
businesses**

**Azul cargo**  
**Express**

Tudo **Azul**

**Azul**  
viagens

# Azul Cargo Unparalleled Reach



#1 in Brazil



320+ Azul Cargo stores serving 4,500+ cities door-to-door



Delivery within 48 hours to over 2,500 cities



~80% of ATKs coming from belly space at very low variable cost

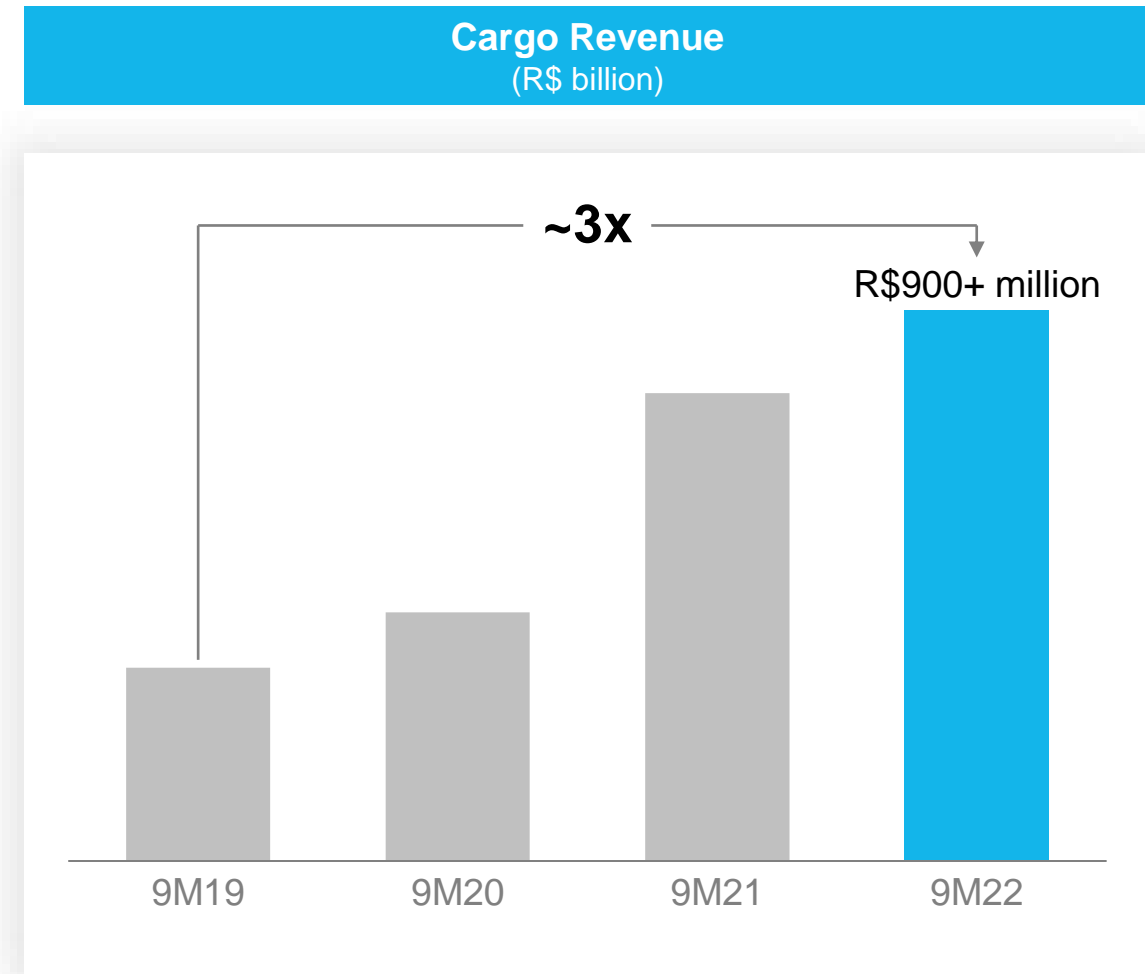


~5 million packages delivered in 3Q22

Network covers over 95% of Brazil's population

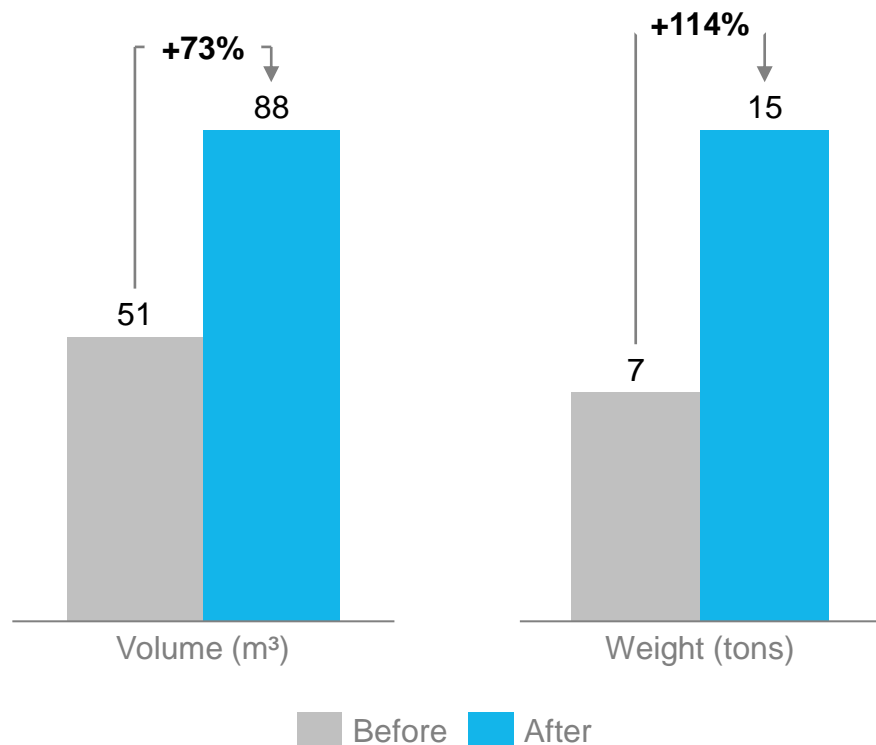
# Continued Expansion of Logistics Business

- Leveraging Azul's unparalleled network and marginal cost from belly space
- Revenue almost tripled in 2022 vs. 2019
- ~9 million packages shipped in 2022, around 60% above 2019



# World's First Embraer F-Class Freighter

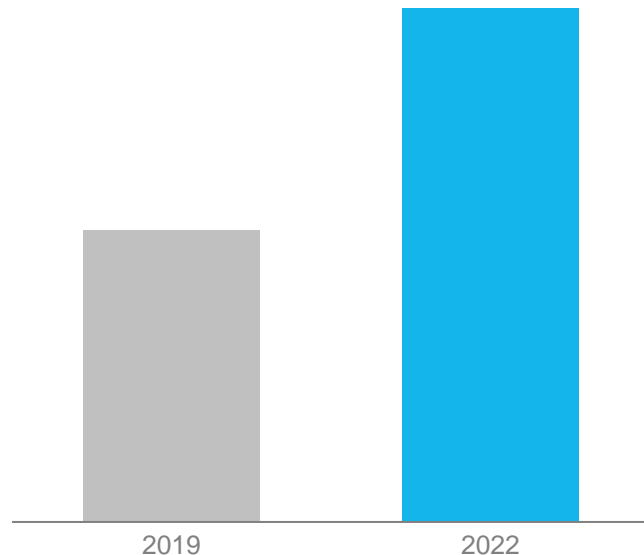
Increased Cargo Capacity



Additional cargo capacity and high growth to continue in 2022 and beyond

# TudoAzul Providing Customer Options

Active Users Within Month



Loyalty program offers options for customers to maximize purchase power  
Customer engagement almost double 2019 levels

- Sustained growth in TudoAzul members: 15 million
- Customer engagement almost doubled in 2022 vs. 2019
- Strong recurrent revenue in Clube TudoAzul subscription product
- Gross billings up around 90% vs. 2019
- Fast recovery in redemptions, up 60% vs. 2019

# Leveraging Network to Also Grow Travel Business

📍 **2,000+**

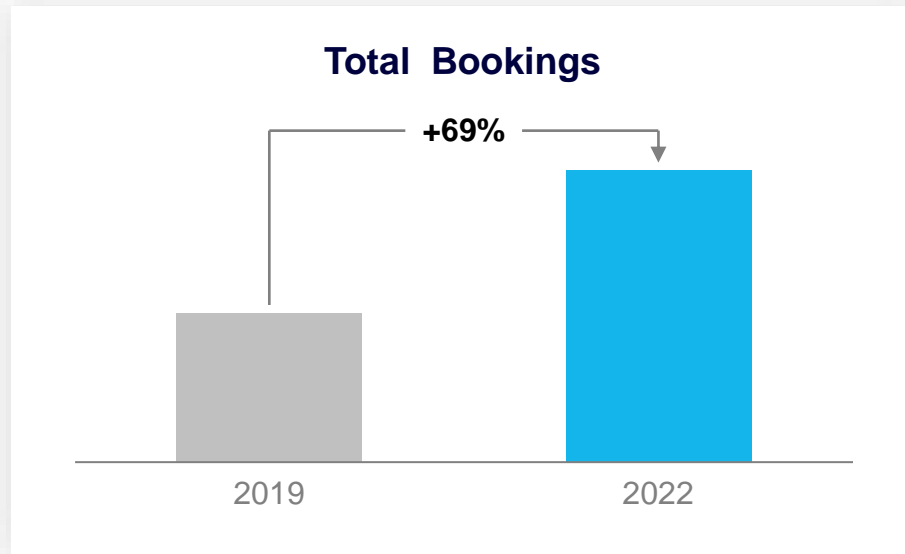
Flights Dedicated to Azul Viagens in high season

📍 **Record**

Domestic Sales And Operating Margin

📍 **Return**

of international market



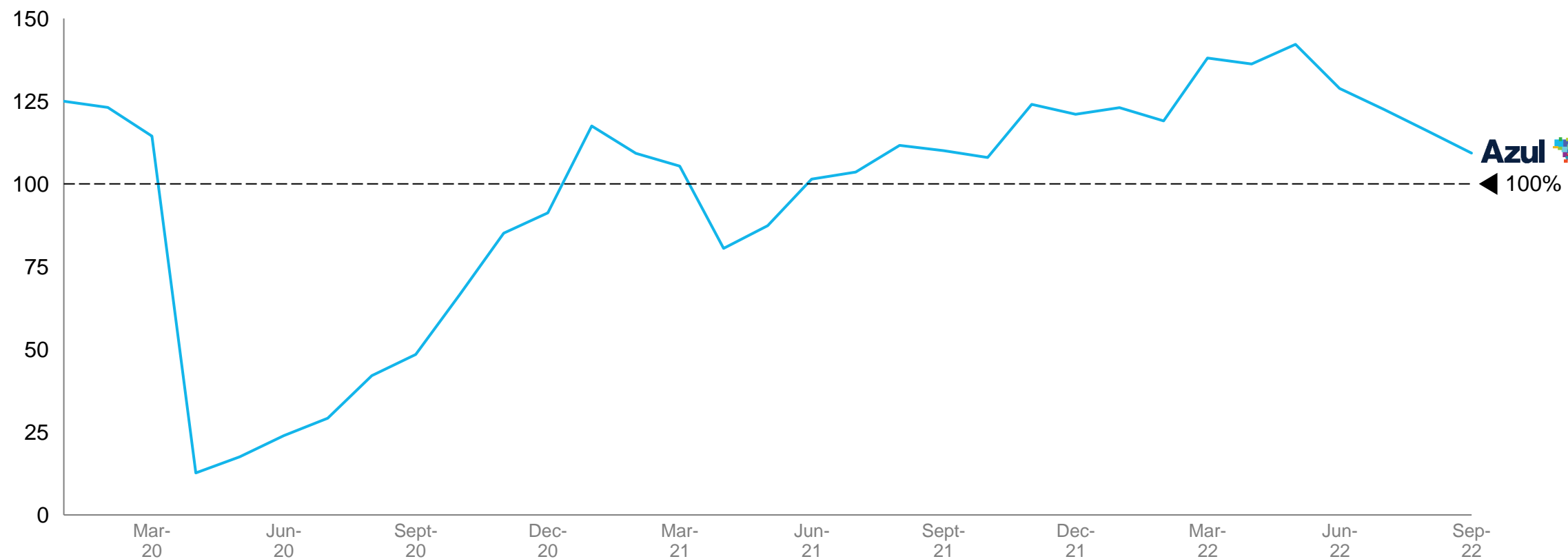


# One of the Fastest Recoveries in the World



# Strongest Recovery In Domestic Demand

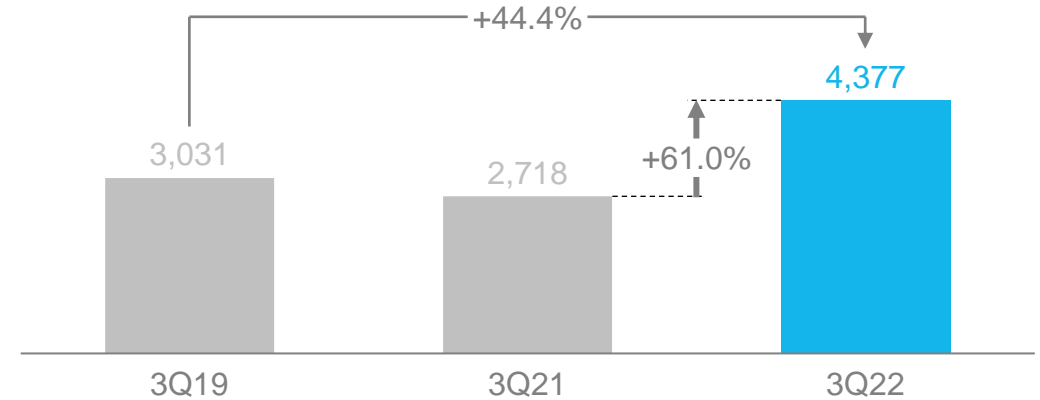
Domestic Capacity Recovery  
(% of 2019)



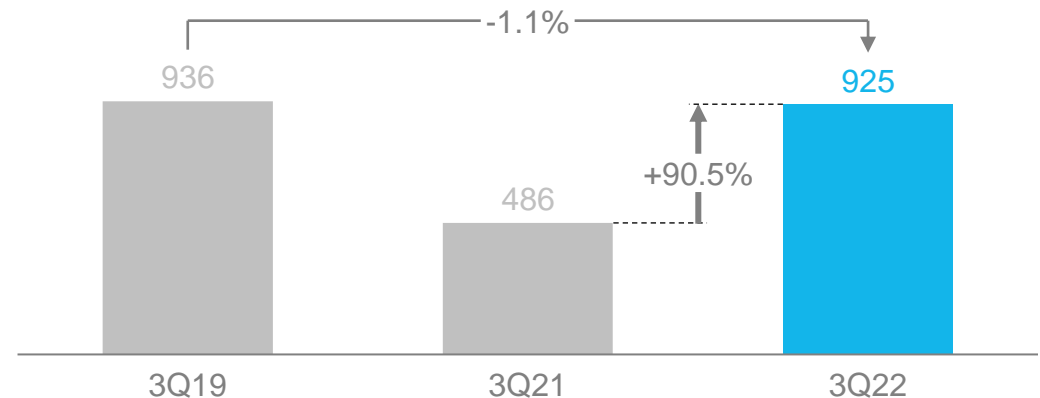
# All-Time Record Revenue

- All-time record revenues of R\$4.4 billion, 61.0% higher than 3Q21 and 44.4% above 3Q19
- Yield and RASK also at record levels
- EBITDA of R\$925 million, in line with 3Q19 even with increase in 138% increase in fuel prices and 32% currency devaluation
- Total cash position of R\$3.4 billion, 9.7% up vs. 3Q19

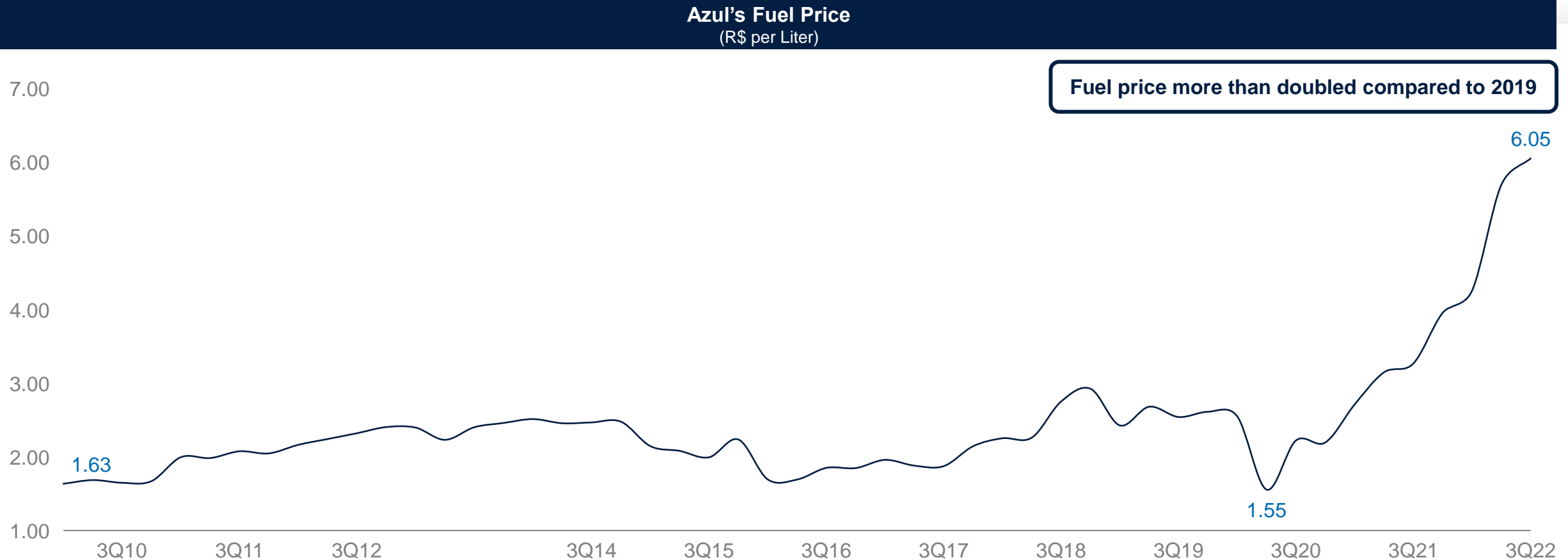
**Total Revenue**  
(R\$ billion)



**EBITDA**  
(R\$ billion)

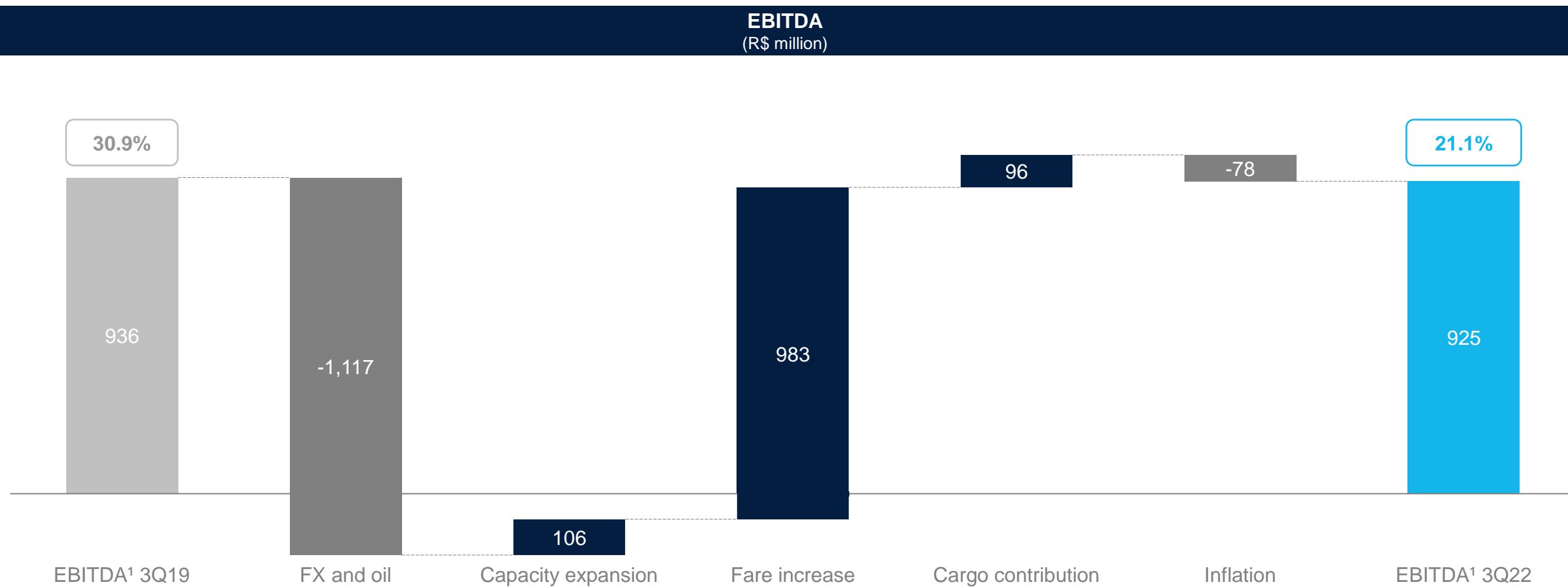


# Recovering Profitability even with Record Fuel Prices



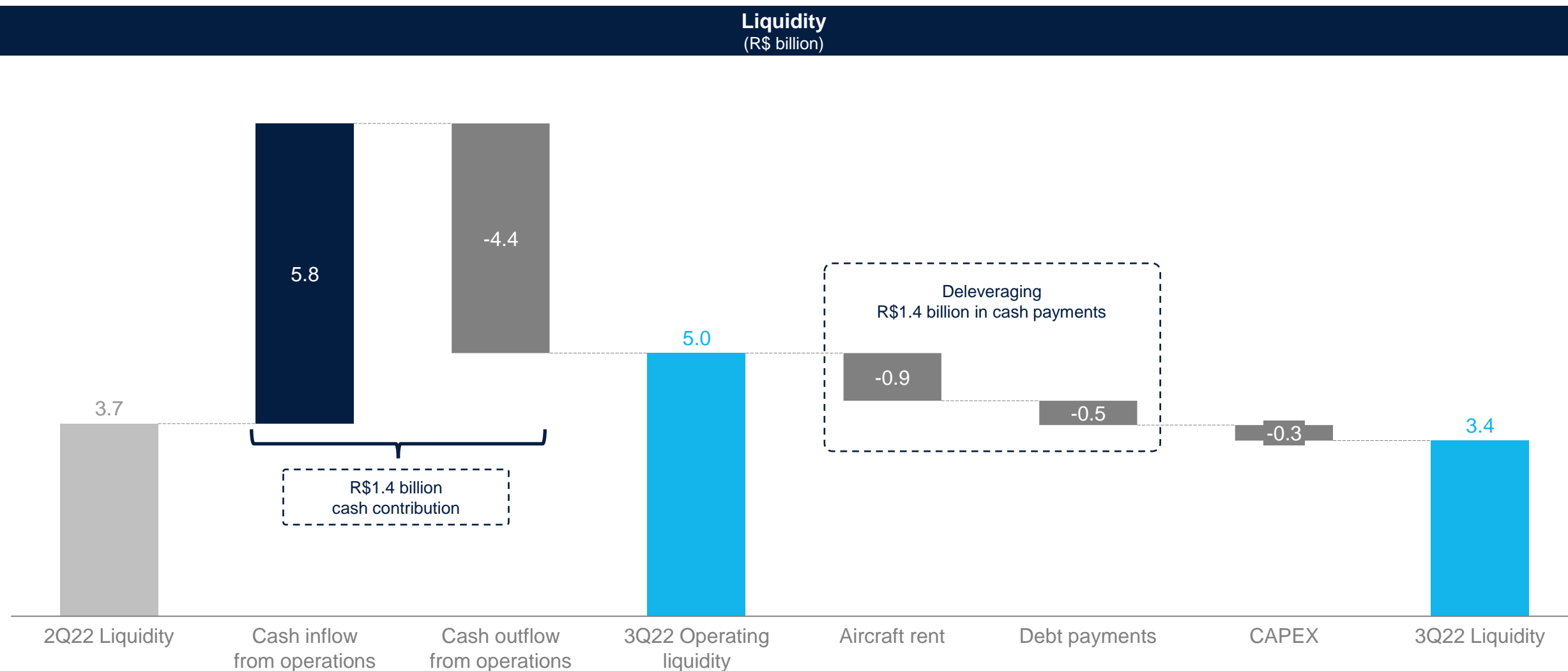
Recovered EBITDA to pre-pandemic levels even with significant increase in fuel prices and devaluation of real

# Recovered Profitability to Pre-Pandemic Levels



Sustainable advantages and pricing power from unrivaled network, flexible fleet, and business units

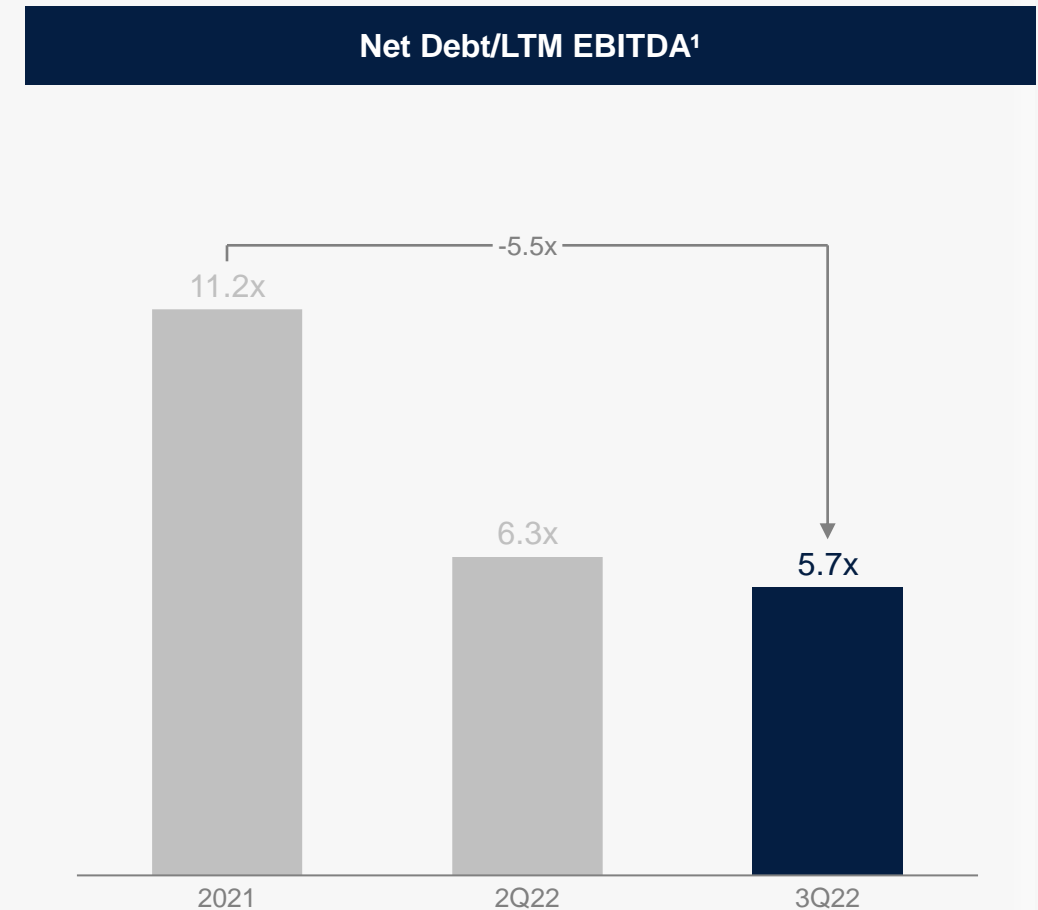
# Increasing Cash Contribution From Operations





# Sequentially Improving Leverage

- Sustainable competitive advantages leading to lowest leverage and lowest cost of capital among peers
- Delivered guidance of leverage below 6x one quarter ahead of schedule

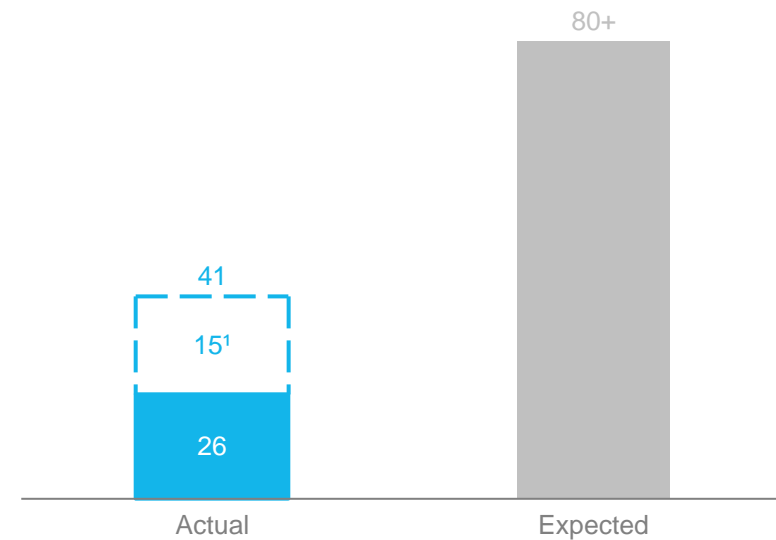


Lowest leverage among our peers, even under different methodologies such as using 7x rent to capitalize leases

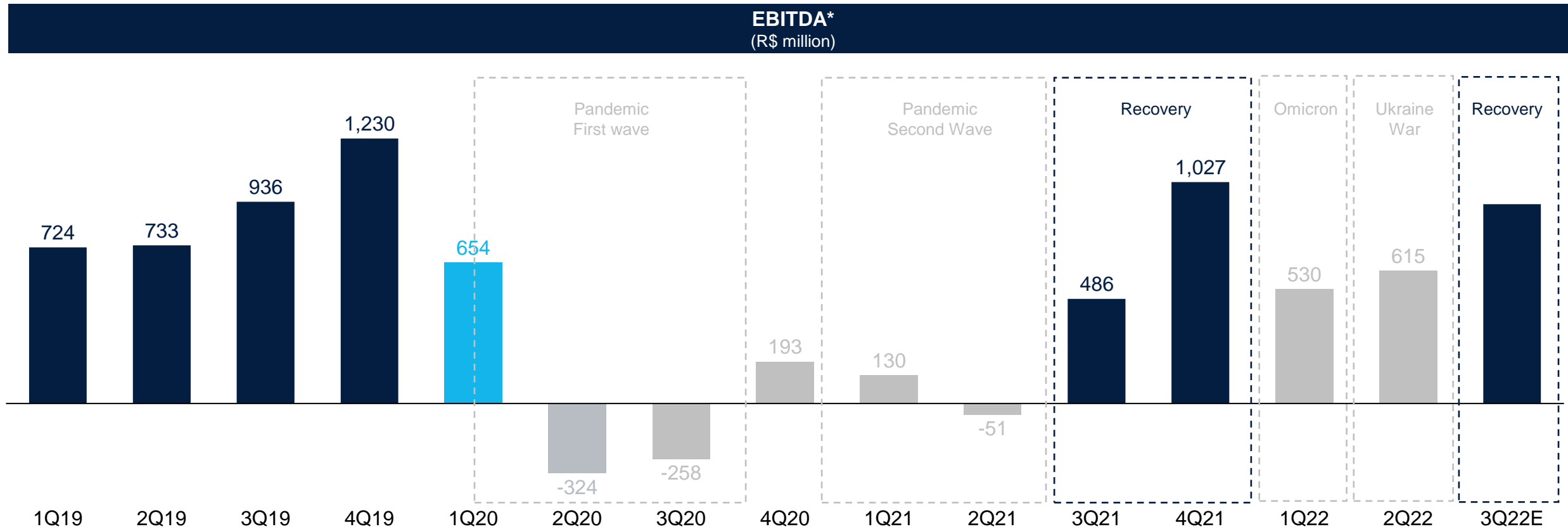
# Congonhas Slots

- New slot distribution rule for downtown São Paulo airport, one of the busiest airports in Latin America
- Azul fits in new category of non-dominant incumbent, to receive highest number of incremental slots
- Azul's presence in Congonhas should more than double

Azul Slots in Congonhas Airport



# Sustainable and Strong Business Model



Profitable and resilient business model even with higher dollar and fuel  
Emerging from pandemic as more efficient airline

# Commitment to Sustainable Growth and Building Long-Term Value



**70%**

ASK coming from next-gen,  
low-emission fleet



**150+**

destinations served,  
offering economic development  
all over Brazil



**13,200+**

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



**4,300+**

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



## Achievements, Commitments and Ratings

**ISEB3**  
**ICO2B3**



**TCFD**



**MSCI**  
ESG RATINGS



**MOVIMENTO**  
**AMBIÇÃO NET ZERO**



# Key Drivers of Higher Profitability





o céu é **Azul** 

## INVESTOR RELATIONS

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