Avianca Holdings S.A.

Avianca Holdings Reports Fourth Quarter 2017 Adjusted Operating Income[1] of $169.1 Million

Bogota, Colombia, February 27, 2018 – Avianca Holdings S.A. (NYSE: AVH, BVC: PFAVH) today reported its financial results for the fourth quarter of 2017 (4Q 2017). All figures are expressed in millions of US dollars unless otherwise stated. The information within is presented in accordance with International Financial Reporting Standards (IFRS). The reconciliation between IFRS and non-IFRS financial information can be seen in the financial tables section of this report. Except when noted, all comparisons refer to fourth quarter 2016 (4Q 2016) numbers. Figures and operating metrics of Avianca Holdings S.A. ("Avianca Holdings" or "the Company") are presented on a consolidated basis.

Fourth Quarter 2017 Highlights

- From September 20, until November 14, 2017, approximately 700 pilot members of the ACDAC Colombian pilots' union made the unilateral decision to strike, thereby impacting Avianca's operations. The following results therefore reflect fourth quarter 2017 results on an adjusted basis.
- Adjusting for the pilot strike, 4Q2017 results were primarily driven by a 15.2% increase in total operating revenues[1] as the Company benefited from increased traffic, strong load factors and continued yield recovery. Moreover, Cargo and Other revenues[1] increased 3.0% year-on-year, primarily driven by an increase in transported tons as well as increased revenues from mile redemption and other services. This was offset by an 10.1% increase in operating expenses[1].
- Adjusted Net Income excluding special items totaled $127.7 million, compared to a gain of $ 51.2 million in 4Q 2016. Adjusted net income margin[1] for 4Q 2017 therefore reached 10.0%; a 540 bps year-on-year increase. Operating income (EBIT[1]) adjusted for the pilot strike reached $169.1 million, with an operating margin[1] of 13.3%. Further, operating revenues[1] reached $1.3 billion for the quarter; a 15.2% year-on-year increase[1].
- For the fourth quarter 2017, yields[1] reached 10.9 cents; a 27.2% increase when compared to 4Q 2016. This trend was supported by an average fare increase of 6.2%.
- Cost per available seat kilometer (CASK[1]) increased 18.7%, to 9.8 cents, in the 4Q 2017, compared to 8.3 cents in 4Q 2016. This was primarily driven by higher effective jet fuel prices, which on average increased by 21.5% in the fourth quarter of 2017, as well as by a 206.5% year-on-year increase in Flight Operations expanse and an 8.8% increase in Salaries, Wages and Benefits expenses. The latter was partially offset by a 14,3% decrease in General Administrative and Other expenses as well as an 9.9% decrease in Sales and Marketing expenses. 4Q2017 CASK ex-fuel[1] therefore increased 16.7%, to 7.6 cents**.**
- EBITDAR[1] for the 4Q 2017 was $298.0 million, while the EBITDAR margin[1] reached 23.4%; a 455 bps year-on-year increase.
- 4Q 2017 capacity, measured in Available Seat Kilometers (ASKs), decreased by 7.3% during 4Q 2017, due to a pilot strike which began on September 20. This was primarily due to the effect, of the pilot strike on our operation. Passenger traffic, measured in Revenue Passenger Kilometers (RPKs), decreased by 6.9% in the fourth quarter 2017. As a consequence, consolidated load factor came in at 84.2% across the network.
- Avianca incorporated two brand new A320 NEO, one A321 NEO and one Boeing 787-8 Aircraft in the fourth quarter 2017, in accordance with the Company's fleet plan. Further Avianca phased out one Airbus A330 Aircraft. Avianca Holdings S.A. and its subsidiaries ended the quarter with a consolidated operating fleet of 183 aircraft.

1. When indicated the figures are adjusted by the following one-time items: $-152,021M: ACDAC's, Foregone Revenues; $-62,042M: ACDAC's Opex; $ 20,000 M: Wetleases, Opex; $2,875M: Horizon, Opex.

AVIANCA HOLDINGS S.A.
NYSE: AVH BVC: PFAVH

Financial Highlights

(12 months ended December 31 st)

($millions)	2016	2017
Revenues	4.14Bn	4.44Bn
EBITDAR	842.5	885.8
EBIT	258.5	293.6
EBITDAR[1]	879.5	1.00Bn
EBIT[1]	295.4	433.7
Net Income	44.2	82.0
Net income*[1]	101.7	244.8

***Excluding Fx and Derivative Charges**
[1]Excluding items on footnote 1

(3 months ended December 31 st)

($millions)	2016	2017
Revenues	1.11Bn	1.12Bn
EBITDAR	232.2	203.2
EBIT	77.3	56.3
EBITDAR[1]	257.1	298.0
EBIT[1]	102.1	169.1
Net Income	26.4	14.7
Net income*[1]	36.8	131.6

*Excluding Fx and Derivative Charges
[1]Excluding items on footnote 1

Profitability

(12 months ended ended December 31 st)

	2016	2017
EBITDAR%	20.4%	19.9%
EBIT %	6.2%	6.6%
EBITDAR %[1]	21.5%	21.8%
EBIT %[1]	7.2%	9.4%
Net income %	1.0%	1.8%
Net Income%*[1]	2.5%	**5.3%**

***Excluding Fx and Derivative Charges**
[1]Excluding items on footnote 1

(3 months ended ended December 31 st)

	2016	2017
EBITDAR%	21,0%	18,1%
EBIT %	7,0%	5,0%
EBITDAR %[1]	23,3%	23,4%
EBIT %[1]	9,2%	13,3%
Net income %	2,4%	1,3%
Net Income%*[1]	3.3%	10.3%

***Excluding Fx and Derivative Charges**
[1]Excluding items on footnote 1

Operational Highlights

(12 months ended ended December 31 st)

	2016	2017
Passengers	29.48M	29.45M
ASKs	47.14Bn	48.40Bn
RPKs	38.23Bn	40.24Bn
Load Factor	81.1%	83.1%
RASK	8.78	9.18
CASK	8.23	8.57

(3 months ended ended December 31 st)

	2016	2017
Passengers	7.66M	6.61M
ASKs	12.09Bn	11.21Bn
RPKs	10.13Bn	9.44Bn
LoadFactor	83.8%	84.2%
RASK	9.14	10.00
CASK	8.50	9.50

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CEO Message

Dear Shareholders,

This is the right moment to look back at the year that just ended, to perform an evaluation of our performance, our operations, our achievements and the challenges we came across the last quarter and the full year 2017.

Avianca achieved solid results across key operational and profitability metrics in 2017 despite the challenges we faced during the end of third quarter, as well as the fourth quarter of this year. 2017 could have been probably the best year of the Company in our almost 100 years, but because of the turbulences we came across during the 4Q, we were short on this goal. Nevertheless, this proves that we have placed the right strategy and the right resources to achieve the next level of performance. Avianca's successful strategy to address the ACDAC (minority pilots union) illegal strike underscored our ability to effectively mitigate the strike's impact on our customers and on our value proposition, maintaining the premium quality service for which we are known while protecting the financial integrity of the company, as well as working very hard towards the our customers, center of our strategy.

I'm also pleased to note that on November 29, 2017, Avianca Holdings and Kingsland Holdings Ltd., Avianca's minority shareholders, agreed to withdraw our respective lawsuits. We welcome this decision as it allows us to better focus on our strategic priorities for the future ahead.

Strong performance at our passenger business, particularly in the first nine months of the year, and solid results from our other business units underpinned Avianca's success this year. In terms of operational metrics, we achieved more than USD 4.6 Billion in revenues[1] for the full year; a 13.3% year on year increase, and 2017 marked Avianca's first year of yield[1] recovery since 2013, with yields of 9.3 cents representing an 8.0% increase as compared to 2016. Our steadfast focus on streamlining Avianca's cost structure resulted in a 13.3% EBIT[1] margin for the fourth quarter and 9.4% for the full year.

From an operational perspective, we deployed larger capacity aircraft on our domestic routes, wet leased widebody aircraft on two international routes to serve our customers and optimized staff deployment across our network. Despite the ACDAC pilot´s strike and its effects on fourth quarter 2017 passengers transported, which declined by 13.7%, year on year, we successfully transported just under 30 million passengers in 2017, in line with 2016. Our estimates indicate that without these unfortunate circumstances, full year passengers transported would have seen an increase of 5.9%. Importantly, traffic, measured in RPK, increased by 5.3% year on year, significantly outstripping our deployed capacity, measured in ASK, which increased by 2.7% year on year. Avianca therefore achieved a record load factor, exceeding 83.1%; a 205 basis point increase as compared to last year.

During the fourth quarter we incorporated our twelfth Dreamliner into Avianca's fleet. This brand new B787-8 aircraft is operating on our Bogota - Madrid route where its state-of-the-art, environmentally friendly, safe and convenient features will offer Avianca customers an even higher quality of service. Further, we have upgraded our 787 deliveries for 2019 to the 787-9 version. This will be Avianca's largest aircraft, enabling us to transport 281 passengers in economy and 28 in business class for a total of 309 passengers. We also incorporated Latin America's first A321 NEO aircraft in the fourth quarter. The A321 NEO seats 195 passengers and is consistent with our focus on offering Avianca customers a best in class product and travel experience, with unbeatable fuel efficiency and a configuration that allows for increased revenue potential and flexibility. In 2018 we further concluded a transaction that incorporates the first A330-300 in Latin America into Aviancas fleet, increasing our capacity also in this type of aircrafts.

We also reached new horizons from a financial stand point, closing the first JOLCO transactions in the Asian market for our Company, allowing us to access more efficient financial structures, as well as increasing our Liquidity ratios to strengthen our balance sheet. In addition to this, we set up important initiatives that have driven towards significant efficiencies and value creation, which are reflected in our 2017 full year financial results.

Avianca's strategic business units delivered strong results for the full year, particularly for the fourth quarter of 2017. Together, Avianca's business units contributed nearly USD 1 billion in consolidated revenues for 2017, representing 19.3% of total revenues. Notably, revenues from our LifeMiles loyalty business unit increased by 4.9%, while the active co-branded credit card reached 657,000 cards; a 22.7% increase when compared to the same period last year. LifeMiles ended the year with 7.8 million members; a 10.7% year on year increase which will continue to drive growth in 2018. Further, Avianca's cargo business unit achieved solid results for the fourth quarter of 2017. Although transported tons decreased slightly by 4.3% year on year, load factors increased by 2.1% as compared to the same period last year, resulting in a 5.8% revenue increase to reach USD 147.9 million. In addition, in October, Avianca Holdings acquired Colombian ground-handling unit Servicios Aeroportuarios Integrados (SAI – Integrated Airport Services), a company with a history of more than 30 years managing ground-handling operations at airports throughout Colombia. Said acquisition is aligned with our strategy to further diversify Avianca's revenue sources and achieve a 22-25% revenue contribution by strategic business units.

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Reflecting on our strategy and our consolidated bases for the start of this year, we have established several ambitious milestones for Avianca in 2018, aligned with our commitment to consolidate our position as Latin America's leading airline, focusing our resources and efforts towards our long-term sustainability, value creation and our reason to exist: our customers. As we enter the final phase of conflict resolution with the ACDAC pilot's union, coupled with potential fuel price volatility and incremental cost increases due to wet leased aircraft, and some political and macroeconomic factors in the region we expect an EBIT margin within the 6%-8% range for 2018. We also expect full year 2018 capacity to increase between 8%-10% due to the annualized effect of the strike in 4Q 2017, while maintaining load factors between 80% - 82%.

We remain focused on a superior passenger experience and the generation of value for all our shareholders, seeking for new opportunities across our network in the region, and expanding our capabilities to connect the world. As always, thank you for your continued support.

H Rincón

Hernán Rincón
Chief Executive Officer

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Consolidated Financial and Operational Highlights[1]	4Q16	4Q17	∆ Vs. 4Q16
ASK's (mm)	12.093	11.211	-7,3%
RPK's (mm)	10.138	9.443	-6,9%
Total Passengers (in millions)	7.666	6.615	-13,7%
Load Factor	83,8%	84,2%	39 bp
Departures	74.980	62.866	-16,2%
Block Hours	144.489	128.408	-11,1%
Stage length (km)	1.051	1.145	8,9%
Fuel Consumption Gallons (000's)	127.680	115.713	-9,4%
Yield (cents)	8,6	9,3	8,5%
RASK (cents)	9,1	10,0	9,4%
PRASK (cents)	7,2	7,9	9,0%
CASK (cents)	8,50	9,50	11,7%
CASK ex. Fuel (cents)	6,68	7,46	11,6%
CASK (Adjusted) (cents)	8,29	9,85	18,7%
CASK ex. Fuel (Adjusted) (cents)	6,48	7,56	16,7%
Foreign exchange (average) COP/US$	$ 3015,5	$ 2986,0	-1,0%
Foreign exchange (end of period) COP/US$	$ 3000,7	$ 2984,0	-0,6%
WTI (average) per barrel	$ 48,4	$ 55,3	14,1%
Jet Fuel Crack (average) per barrel	$ 11,8	$ 17,9	52,5%
US Gulf Coast (Jet Fuel average) per barrel	$ 60,2	$ 73,2	21,5%
Fuel price per Gallon (including hedge)	$ 1,72	$ 1,98	15,0%
Operating Revenues ($M)	$ 1105,0	$ 1120,9	1,4%
EBITDAR ($M)	$ 232,2	$ 203,2	-12,5%
EBITDAR Margin	*21,0%*	*18,1%*	*-289 bp*
EBITDA ($M)	$ 153,6	$ 150,6	-1,9%
EBITDA Margin	*13,9%*	*13,4%*	*-46 bp*
Operating Income ($M)	$ 77,3	$ 56,3	-27,2%
Operating Margin ($M)	*7,0%*	*5,0%*	*-197 bp*
Net Income ($M)	$ 26,4	$ 14,8	-43,9%
Net Income Margin	*2,4%*	*1,3%*	*-107 bp*
EBITDAR (Adjusted) ($M)	$ 257,1	**$ 298,0**	**15,9%**
EBITDAR Margin (Adjusted)	*23,3%*	***23,4%***	***15 bp***
EBITDA (Adjusted) ($M)	$ 178,4	**$ 263,5**	**47,7%**
EBITDA Margin(Adjusted)	*16,1%*	***20,7%***	***455 bp***
Operating Income (Adjusted) ($M)	$ 102,1	**$ 169,1**	**65,6%**
Operating Margin ($M) (Adjusted)	*9,2%*	***13,3%***	***404 bp***
Adjusted Net Income ($M)	$ 51,2	**$ 127,8**	**149,5%**
Net Income Margin (Adjusted)	*4,6%*	***10,0%***	***540 bp***

(Adjusted: Excluding non-cash Fx charges, gain or loss on derivative instruments and special items associated to one-time expenses described in footnote (1))

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Management Comments on 4Q 2017 Results

Avianca Holdings reached an operating income (EBIT[1]) of $169.1 million, with a 13.3% operating income (EBIT[1]) margin. These results were primarily driven by a 15.2% increase in total operating revenues[1] as the Company benefited from record load factors and strong passenger traffic as well as ongoing yield recovery. Passenger revenues[1] therefore increased by 18.5%; while Non-Passenger Revenues[1] increased 3.0%, in part due to higher revenues from mile redemption and other services. The latter was partially offset by an increase in operational expenses[1], primarily driven by higher fuel costs and a 206.5% increase in Flight Operations expenses resulting in part from increase in wet leased aircraft as well as additional costs incurred due to pilot trainings, which are the result of the 40 day pilot strike occurred in fourth quarter 2017.

Total operating revenues[1] amounted to approximately $1.3 billion during 4Q 2017. This represents the strongest fourth quarter revenue since the Company's integration with TACA, with a 15.2% year-on-year increase, mainly due to a 18.5% increase in passenger revenues[1]. In addition to increased traffic and strong load factors, Avianca also benefited from an 6.2% increase in average fare this quarter, resulting in further yield recovery. Moreover, Cargo and Other revenues[1] increased 3.0%, primarily driven by increased revenues from mile redemption and other services. Cargo and other revenues[1] represented 18.8% of total revenues in the fourth quarter 2017.

The LifeMiles Loyalty Company continued to deliver positive results during the 4Q 2017, with a 4.9% year-on-year increase in revenues. LifeMiles expanded its membership by 10.7% since the fourth quarter 2016, ending this quarter with almost 7.8 million members. The retail partnership program also continued to expand, reaching 354 partners this quarter; an 11.0% increase from the third quarter of last year. Finally, LifeMiles' active co-branded cards ended the quarter with more than 657,000 cards; a 22.7% year-on-year increase.

Avianca transported more than 6.6 million passengers in the fourth quarter of 2017; a 13.7% year-on-year decrease due to the effects of the pilot strike which began on September 20. Due to the strike, traffic figures (RPKs) decreased significantly less than capacity (ASKs), resulting in a consolidated load factor of 84.2%, the highest fourth quarter load factor on record since the Company's merger with TACA.

4Q 2017 operating expenses[1] were $1.1 billion; a 10.0% year-on-year increase. This was primarily driven by a 4.2% increase in Fuel Expenses associated with increased jet fuel prices as the Company's effective jet fuel prices increased by 21.5%, from an average of US$1.72 in the fourth quarter 2016 to US$1.98 per gallon. Further, Flight Operations expenses increased 206.5% primarily driven by an increase in wet leased aircraft as well as incremental costs incurred due to pilot trainings, resulting from the 40 day pilot strike occurred in fourth quarter 2017. Salaries, Wages and Benefits expenses increased 8.8%, primarily due to the direct employment of third party employees, while Depreciation and Amortization expenses increased mainly due to the change from an operational lease to a financial lease for Avianca's A318 fleet. These results were partially offset by a 9.9% decrease in Sales and Marketing costs for the fourth quarter 2017, mainly driven by a reduction in distribution costs.

As part of the Company's ongoing fuel hedging strategy, a total of 51.2 million gallons of fuel were hedged at the end of the fourth quarter 2017, which correspond to approximately 10.0% of the total expected volume to be consumed over 2018. Coverage levels were set at approximately $1.58 per gallon.

In accordance with the Company's fleet plan, Avianca incorporated two brand new A320 NEO, one A321 NEO and one Boeing 787-8 Aircraft in the fourth quarter 2017, in accordance with the Company's fleet plan. Further Avianca phased out one Airbus A330 Aircraft. Avianca Holdings S.A. and its subsidiaries ended the quarter with a consolidated operating fleet of 183 aircraft.

The Company recorded other non-operating expenses of $45.2 million for the 4Q 2017, compared to a non-operating expense of $24.0 million for the same quarter of 2016. Interest expenses increased by $9.9 million as the Company increased the number of its aircraft under financial lease contracts as well as an increase

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in corporate debt. The Company also recorded a $3.6 million loss related to the non-cash foreign exchange translation adjustments, as compared to a $.15.9 million gain for the same period of 2016. This effect is primarily due foreign exchange translation adjustments, consisting of the net non-cash gain (or loss) from monetary assets and liabilities denominated in Colombian Pesos and Argentinian Pesos subject to the USD exchange rate.

The Company ended the quarter with cash and cash equivalents and available-for-sale securities, in the amount of $513.9 million. Including short-term certificates and bank deposits, restricted cash and cash equivalents and available-for-sale securities, (other current assets) were $531.2 million, equivalent to approximately 11.9% of revenues for the last twelve months. With regards to the Company's operation to Venezuela, due to Avianca's decision in 2015 to discontinue sales in local currency (VEF) in Venezuela, cash balances held in this country have been significantly reduced, as of December 2017 representing an amount of $0.14 million which has been classified as restricted cash. Further, the company suspended its operations to Venezuela as of July 25, 2017. Going forward Avianca´s exposure to the Venezuelan market is therefore not considered to be material.

In line with the Company's deleveraging strategy, as of December 31, 2017, the Company's leverage position (Net Adjusted debt to EBITDAR[2]) decreased to 5.8x, from 6.0x on December 31, 2016. The Company's total long-term debt amounted to $3.18 billion, while total liabilities were $5.53 billion.

Full Year 2018 – Outlook

We have established several ambitious milestones for Avianca in 2018, aligned with our commitment to consolidate our position as Latin America's leading airline. As we enter the final phase of conflict resolution with the ACDAC pilot's union, coupled with potential fuel price volatility and incremental cost increases due to wet leased aircraft, we expect an EBIT margin within the 6%-8% range for 2018. We also expect full year 2018 capacity to increase between 8%-10% due to the annualized effect of the strike in 2017, while maintaining load factors between 80% - 82%.

Outlook Summary	Full Year 2018
Total Passenger Increase	7.0% – 9.0%
Capacity (ASK) Increase	8% – 10.0%
Load Factor	80.0% – 82.0%
EBIT Margin	6.0% – 8.0%

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Analysis by ASKs (in U.S. cents)

	4Q 2016	4Q 2017	Var%
Operating revenue:			
Passenger	7,21	7,86	9,0%
Cargo and other	1,93	2,14	11,1%
Total Operating Revenues	**9,14**	**10,00**	**9,4%**
Operating expenses:			
Flight Operations	0,13	0,43	230,6%
Aircraft fuel	1,81	2,04	12,4%
Ground Operations	0,92	0,99	6,7%
Aircraft rentals	0,65	0,47	-27,9%
Passenger services	0,34	0,36	6,2%
Maintenance and repairs	0,40	0,51	27,0%
Air traffic	0,52	0,60	15,1%
Sales and marketing	1,13	1,09	-2,8%
General, administrative, and other	0,53	0,49	-7,5%
Salaries, wages and benefits	1,43	1,68	17,3%
Depreciation and amortization	0,63	0,84	33,4%
Total Operating Expense	**8,50**	**9,50**	**11,7%**
Operating Income	**0,64**	**0,50**	**-21,5%**
Total CASK	8,50	9,50	11,7%
CASK ex. Fuel	6,68	7,46	11,6%
Total Cask (Adjusted)	8,29	9,85	18,7%
CASK ex. Fuel (Adjusted)	6,48	7,56	16,7%
Yield	**8,60**	**10,9**	**27,2%**

Non-IFRS Financial Measure Reconciliation

In USD Millions	4Q2016	4Q2017	Var%
Net Income as Reported	**$ 26.3**	**$ 14.7**	**-44.1%**
Special items (adjustments):			
(+) Fourth Quarter 2016 Adjustments	24.8		
(+) Pilots Union Strike (Forgone Income)	-	$ 152.0	
(-) Pilots Union Strike (Var Cost)	-	$ 62.0	
(+) Horizon		$ 2.8	
(+) Wet leases		$ 20.0	
(+) Derivative Instruments	$ 1.4	$ 0.3	
(+) Foreign Exchange Gain (loss)	-$ 15.8	$ 3.6	
Net Income Adjusted	**$ 36.7**	**$ 131.6**	**258%**

Reconciliation of Operating Cost per ASK excluding special items

in US$ cents	4Q16	4Q17	∆ Vs. 4Q16
Total CASK as reported	8.50	9.50	11.7%
Aircraft Fuel	1.81	2.04	12.4%
Total CASK excluding Fuel as reported	6.68	7.46	11.6%
(+) Pilots Union Strike	-	0.30	
(+) Horizon	-	-0.02	
(+) Wetlease	-	-0.18	
Total CASK excluding Fuel and special items	**6.48**	**7.56**	**16.7%**

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Interim Condensed Consolidated Statement of Comprehensive Income for the Three-month period ended December 31, 2016 and 2017 (In USD thousands)

	2016 (Unaudited)	2017 (Unaudited)
Operating revenue:		
Passenger	$ 872,098	$ 881,099
Cargo and other	232,924	239,835
Total operating revenue	**1,105,022**	**1,120,934**
Operating expenses:		
Flight Operations	15,639	47,934
Aircraft fuel	219,370	228,580
Ground operations	111,805	110,634
Aircraft rentals	78,684	52,565
Passenger services	40,646	40,011
Maintenance and repairs	44,313	57,103
Air traffic	62,942	67,138
Sales and marketing	130,289	122,665
General, administrative, and other	60,767	55,354
Salaries, wages and benefits	162,169	188,327
Depreciation, amortization	76,267	94,340
Total Operating expenses	**1,027,731**	**1,064,652**
Operating Profit	**77,291**	**56,282**
Other non-operating income (expense):		
Interest expense	(40,864)	(50,847)
Interest income	2,388	9,565
Derivative instruments	(1,464)	(325)
Foreign Exchange	15,895	(3,657)
Profit before income tax	**53,247**	**11,018**
Income tax expense- current		
Income tax expense- deferred	(26,890)	3,713
Total income tax expense	0	0
Net profit for the period	**$26,357**	**$14,731**

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Interim Condensed Consolidated Statement of Financial Position (in USD thousands)

	As of December 31, 2017	As of December 31, 2016
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 513,999	$375,753
Restricted cash	448	5,371
Accounts receivable, net of provision for doubtful accounts	340,376	313,868
Accounts receivable from related parties	17,204	19,283
Expendable spare parts and supplies, net of provision for obsolescence	97,248	82,362
Prepaid expenses	109,077	59,725
Deposits and other assets	204,168	160,124
Total current assets	1,282,520	1,016,486
Non-current assets:		
Available-for-sale securities	55	76
Deposits and other assets	114,161	174,033
Accounts receivable, net of provision for doubtful accounts	140,416	92,048
Intangible assets	426,579	412,918
Deferred tax assets	25,969	5,845
Property and equipment, net	4,881,016	4,649,929
Total non-current assets	5,588,196	5,334,849
Total assets	**$ 6,870,716**	**$ 6,351,335**
Liabilities and equity		
Current liabilities:		
Current portion of long-term debt	$ 572.072	$406,739
Accounts payable	526.964	493,106
Accounts payable to related parties	7.187	9,072
Accrued expenses	195.977	138,797
Provisions for legal claims	11.720	18,516
Provisions for return conditions	19.093	53,116
Employee benefits	38.706	39,581
Air traffic liability	539.225	521,190
Other liabilities	9.415	11,085
Total current liabilities	1.920.359	1,691,202
Non-current liabilities:		
Long-term debt	3.180.041	2,867,496
Accounts payable	5.084	2,734
Provisions for return conditions	144.099	120,822
Employee benefits	135.640	115,569
Deferred tax liabilities	25.814	20,352
Air traffic liability	104.786	98,088
Other liabilities non-current	15.193	14,811
Total non-current liabilities	3.610.657	3,239,872
Total liabilities	**$ 5.531.016**	**$ 4,931,074**

1. When indicated the figures are adjusted by the following one-time items: $-152,021M: ACDAC's, Foregone Revenues; $-62,042M: ACDAC's Opex; $ 20,000 M: Wetleases, Opex; $2,875M: Horizon, Opex.

Equity:		
Common stock	82.600	82,600
Preferred stock	42.023	42,023
Additional paid-in capital on common stock	234.567	234,567
Additional paid-in capital on preferred stock	469.273	469,273
Retained earnings	528.805	544,681
Revaluation and other reserves	58.382	27,365
Total equity attributable to the Company	1.415.650	1,400,509
Non-controlling interest	(75.950)	19,752
Total equity	1.339.700	1,420,261
Total liabilities and equity	**$ 6.870.716**	**$ 6,351,335**

Notes with regard to the statement of future expectations
This report contains statements of future expectations.
These may include words such as "expect", "estimate", "anticipate" "forecast", "plan", "believe" and similar expressions. These statements and the statements regarding the Company's beliefs and expectations do not represent historical facts and are based on current plans, projections, estimates, forecasts and therefore you should not place undue reliance on them. Statements regarding future expectations involve certain risks and uncertainties. Forward-looking statements involve inherent known and unknown risks, uncertainties and other factors, many of which are outside of the Company's control and difficult to predict. Avianca Holdings S.A. warns that a significant number of factors may cause the actual results to be materially different from those contained in any statement with regard to future expectations. Statements of this kind refer only to the date on which they are made, and the Company does not take responsibility for publicly updating any of them due to the occurrence of future or other events.

1. When indicated the figures are adjusted by the following one-time items: $-152,021M: ACDAC's, Foregone Revenues; $-62,042M: ACDAC's Opex; $ 20,000 M: Wetleases, Opex; $2,875M: Horizon, Opex.

Glossary of Operating Performance Terms

This report contains terms relating to operating performance that are commonly used in the airline industry and are defined as follows:

A

ASK: Available seat kilometers represents aircraft seating capacity multiplied by the number of kilometers the seats are flown.

ATK: Available ton kilometers represents cargo ton capacity multiplied by the number of kilometers the cargo is flown.

B

Block Hours: Refers to the elapsed time between an aircraft leaving an airport gate and arriving at an airport gate.

C

CASK: Cost per available seat kilometer represents operating expenses divided by available seat kilometers (ASKs).

CASK ex-fuel: Represents operating expenses other than fuel divided by available seat kilometers (ASKs).

Cargo Discount: The cargo discount is the incremental revenue under Cargo and Other Revenue, which recorded the difference between the selling price charged by third party agencies to final customers and the price Avianca Cargo charged third party agencies. The cargo discount was then subsequently discounted as an incremental expense under Sales and Marketing having no impact on nominal profitability. Commencing third quarter 2016 the company no longer records cargo discount.

Code Share Agreement: refers to our code share agreements with other airlines with whom we have business arrangements to share the same flight. A seat can be purchased on one airline but is actually operated by a cooperating airline under a different flight number or code. The term "code" refers to the identifier used in flight schedules, generally the two-character IATA airline designator code and flight number. Code share alliances allow greater access to cities through a given airline's network without having to offer extra flights, and makes connections simpler by allowing single bookings across multiple planes.

L

Load Factor: Represents the percentage of aircraft seating capacity that is actually utilized and is calculated by dividing revenue passenger kilometers by available seat kilometers (ASKs).

R

RASK: Operating revenue per available seat kilometer represents operating revenue divided by available seat kilometers.

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Revenue Passenger: Represents the total number of paying passengers (which do not include passengers redeeming LifeMiles, frequent flyer miles or other travel awards) flown on all flight segments (with each connecting segment being considered a separate flight segment).

RPK: Revenue passenger kilometers represent the number of kilometers flown by revenue passengers.

RTK: Revenue ton kilometers represents the total cargo tonnage uplifted multiplied by the number of kilometers the cargo is flown.

T

Technical Dispatch Reliability: Represents the percentage of scheduled flights that are not delayed at departure more than 15 minutes or cancelled, in each case due to technical problems.

Y

Yield: Represents the average amount one passenger pays to fly one kilometer, or passenger revenue divided by revenue passenger kilometers (RPKs).

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