Avianca Holdings Reports First Quarter 2018 Adjusted Operating Income[1] of $101.2 Million

Bogota, Colombia, May 10, 2018 – Avianca Holdings S.A. (NYSE: AVH, BVC: PFAVH) today reported its financial results for the first quarter of 2018 (1Q 2018). 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 first quarter 2017 (1Q 2017) numbers. Figures and operating metrics of Avianca Holdings S.A. ("Avianca Holdings" or "the Company") are presented on a consolidated basis.

First Quarter 2018 Highlights

- On September 20, 2017, approximately 700 pilot members of the ACDAC Colombian pilots union made the unilateral decision to strike for a total of 51 days, thereby impacting Avianca's operations. The following results therefore reflect first quarter 2018 results on an adjusted basis.
- Adjusting for the pilot strike, 1Q 2018 results were primarily driven by a 9.4% increase in total operating revenues as the Company benefited from increased traffic, strong load factors and continued yield recovery. Cargo and Other revenues decreased 4.2% year-on-year, primarily due to compensation received in connection with aircraft deliveries in the first quarter 2017. Finally, the increase in total operating revenues was partially offset by a 7.0% increase in operating expenses[1].
- Adjusted Net Income[1] excluding special items totaled $28.9 million, compared to $22.2 million in 1Q 2017. Adjusted net income margin[1] for 1Q 2018 therefore reached 2.5%; a 39 bps year-on-year increase. Operating income (EBIT[1]) adjusted for the pilot strike reached $101.2 million, with an operating margin[1] of 8.7% a; 207 bps increase when compared to the same period las year. Further, operating revenues reached $1.17 billion for the quarter; a 9.4% year-on-year increase.
- For the first quarter 2018, yields reached 9.1 cents; a 5.5% increase when compared to 1Q 2017. This trend was supported by a 6.8% year-on-year increase in first quarter 2018 traffic numbers (RPKs) as well as an average fare increase of 14.2%.
- Cost per available seat kilometer (CASK[1]) increased 2.4%, to 8.4 cents, in the 1Q 2018, compared to 8.2 cents in 1Q 2017. This was primarily driven by higher effective jet fuel prices, which on average increased by 26.0% in the first quarter of 2018, as well as by a 12.9% increase in Salaries wages and benefits. The latter was partially offset by a 32.9% decrease in Maintenance and repairs expenses as well as a 17.8% reduction in Aircraft rental expenses. 1Q 2018 CASK ex-fuel[1] therefore decreased 2.2%, to 6.2 cents.
- EBITDAR[1] for the 1Q 2018 was $249.6 million, while the EBITDAR margin[1] reached 21.4%; a 93 bps year-on-year increase.
- 1Q 2018 capacity, measured in Available Seat Kilometers (ASKs), increased by 4.5% as compared to the 1Q 2017, despite the adverse effects of the pilot strike which began on September 20, 2017. This was primarily due to increased capacity deployed to Europe and from Avianca's Home Markets to North America during the first quarter 2018. Passenger traffic, measured in Revenue Passenger Kilometers (RPKs), increased by 6.8% in the first quarter 2018, reaching a strong consolidated load factor of 83.6% across the network.
- Avianca incorporated one brand new A320neo aircraft between January and March 2018. NEO technology allows for fuel efficiencies of up to 20% and a significant reduction in CO2 and noise emissions. The company also incorporated two A330-300 Aircraft and two A321S aircraft. Avianca Holdings S.A. and its subsidiaries therefore ended the quarter with a consolidated operating fleet of 188 aircraft.

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

Financial Highlights

(3 months ended March 31 st)

($millions)	2017	2018
Revenues	1,07Bn	1,17Bn
EBITDAR	216.4	227.2
EBIT	68.6	75.8
EBITDAR1	218.2	249.6
EBIT1	70.3	101.2
Net Income[1]	22.3	28.9
Net Income*[1]	25.6	44.6

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

Profitability

(3 months ended March 31 st)

	2017	2018
EBITDAR%	20.3%	19.4%
EBIT%	6.4%	6.5%
EBITDAR%[1]	20.4%	21.4%
EBIT%[1]	6.6%	8.7%
Net Income%[1]	2.1%	2.5%
Net Income%*	2.4%	3.8%

*Excluyendo gastos Fx y Derivados
1 - Excluyendo items del FootNote 1

(3 months ended March 31 st)

	2017	2018
Passengers	7,52M	7,42M
ASKs	12,18Bn	12,73Bn
RPKs	9,97Bn	10,65Bn
LF	81.9%	83.6%
RASK	8.8	9.2
CASK	8.2	8.6

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1. When indicated the figures are adjusted by the following one-time items: ACDAC's operatives expenses; $ -25,402

CEO Message

Dear Shareholders,

We had a strong start to the year, achieving increases in key financial and operational metrics during the first quarter. This was the result of exceptional execution despite the residual headwinds associated with the ACDAC pilots strike that took place towards the end of last year, as well as pressure related to jet fuel prices, which continued an upward trend since the fourth quarter 2017, and FX volatility in some of the markets in which we operate. Our performance this quarter was supported by the strength of our business and the healthy demand we continue to see across our network, particularly on the international side as was reflected in our robust load factors and sustained yield recovery. We also continue to benefit from strong performance at our Business Units while we maintain tight control of operational costs.

Total operating revenues reached just under $1.2 billion on an adjusted basis; the strongest first quarter revenue we've seen since Avianca went public on the NYSE in 2013. First quarter passenger revenues increased by 12.7%, with a 14.2% rise in average fare and 5.5% year on year yield expansion. Our ability to deliver outstanding revenue was underpinned by our premium product offering that captured demand on our international routes, where we achieved an impressive 83.6% load factor representing a 175 basis point year on year increase in the first quarter, with 2.4% growth in passenger numbers. During the quarter we also announced our new nonstop direct service between Bogota and Munich on our Boeing 787-8 Dreamliner which will begin operation in the fourth quarter of this year. Avianca will be the only airline flying nonstop between Bogota and Munich.

Turning to our domestic operations, we experienced a 4% year over year decrease in passenger traffic, with a 7.4% decrease in ASK due to the ACDAC pilots strike's effects. Avianca was nevertheless able to achieve an 83.8% load factor; Avianca's highest first quarter load since its IPO, reflecting a 360 basis point increase as compared to the 2017 period. Further, our unwavering commitment to cost containment and efficiency throughout our organization enabled us to deliver a 6.5% EBIT for the first quarter despite the above challenges, which was just above the 6.4% we reported for the same period last year. EBIT[1] margin for the first quarter 2018 would have been 8.7% on an adjusted basis, representing a 207 basis point year on year increase.

Our Cargo business continues to produce excellent results, and the Valentine's Day holiday again favorably impacted Avianca's Cargo operations in the first quarter. In February, Avianca transported 11,400 tons of Valentine's Day flowers from Colombia and Ecuador primarily to the US and Europe; a 4.4% increase in volume compared to last year's Valentine's Day season. This quarter, our LifeMiles loyalty business unit again delivered excellent results, with an 13.9% increase in gross billings and membership which grew by 12.7%, reaching a total of 8.1 million members in the first quarter of 2018.

Turning to our fleet, we incorporated two Airbus A330-300 this quarter to better serve our U.S. market. Avianca is the first Latin American carrier to fly the A330-300, our largest aircraft in operation with a 300-passenger seating capacity. We also took delivery of three aircraft of the A320 family, one of which is a brand new A320neo aircraft which build on our first A321neo acquired last quarter.

In line with Avianca Holdings S.A.'s commitment to strengthening our capital structure while reducing leverage, we are in advanced negotiations with our Aircraft vendors to re-accommodate our existing aircraft order, scheduled for delivery in 2020, 2021 and 2022. This agreement represents a reduction of approximately USD 2.0 billion in future aircraft debt, decreasing future financing needs and enhancing the Company's free cash flow generation to ensure profitable long-term growth.

Our successful digital transformation continues to progress, and during the first quarter we implemented an innovative new baggage tracking system at the Bogota airport. This new system allows us to more efficiently track a suitcase's journey from check in to baggage claim, thereby reducing lost baggage while improving baggage transfers on connecting flights. This quarter we also continued to strengthen our digital sales capabilities, resulting in an 8.3% increase in online sales. Further, in line with our focus on providing customers with a premium in-flight experience, we launched Avianca's new entertainment app which enables travelers to use their mobile devices to quickly and seamlessly access their personal in-flight entertainment. In addition, we have significantly upgraded our overall entertainment offerings for our customers. Today, Avianca's clients can choose from over 140 movies, 360 TV series and more than 280 Albums.

We've launched our new "Todo para enamorarte" branding campaign, extending our client-focused brand identity throughout our organization. This has become one of Avianca's key pillars and an integral part of our DNA which can be found at every client touch point while also improving overall company processes.

1. When indicated the figures are adjusted by the following one-time items: ACDAC's operatives expenses; $ -25,402

Finally, Avianca was awarded the 2018 “TripAdvisor Travelers’ Choice Award for Airlines” for the second consecutive year, recognizing Avianca as one of Latin America’s best airlines. This honor is affirmation of our successful strategy which keeps the customer at the center of everything we do, as we continue to provide premium service and an unsurpassed on board and travel experience with friendly, helpful staff who go out of their way for Avianca’s customers.

We’re encouraged by our first quarter performance and are proud of our reputation for operational excellence. As always, we thank you for your continued support.

HRincón

Hernán Rincón
Chief Executive Officer

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Avianca Holdings S.A.

Consolidated Financial and Operational Highlights[1]	1Q17	1Q18	∆ Vs. 1Q18
ASK's (mm)	12,180	12,734	4.5%
RPK's (mm)	9,972	10,647	6.8%
Total Passengers (in millions)	7,521	7,421	-1.3%
Load Factor	81.9%	83.6%	175 bp
Departures	77,733	72,451	-6.8%
Block Hours	144,245	142,817	-1.0%
Stage length (km)	1,016	1,101	8.4%
Fuel Consumption Gallons (000's)	125,606	128,103	2.0%
Yield (cents)	8.6	9.1	5.5%
RASK (cents)	8.8	9.2	4.7%
PRASK (cents)	7.1	7.6	7.8%
CASK (cents)	8.20	8.58	4.6%
CASK ex. Fuel (cents)	6.35	6.40	0.7%
CASK (Adjusted) (cents)	8.19	8.38	2.4%
CASK ex. Fuel (Adjusted) (cents)	6.34	6.20	-2.2%
Foreign exchange (average) COP/US$	$ 2,922.47	$ 2,858.87	-2.2%
Foreign exchange (end of period) COP/US$	$ 2,880.24	$ 2,780.47	-3.5%
WTI (average) per barrel	$ 51.8	$ 62.9	21.5%
Jet Fuel Crack (average) per barrel	$ 11.3	$ 16.3	44.3%
US Gulf Coast (Jet Fuel average) per barrel	$ 63.1	$ 79.2	25.6%
Fuel price per Gallon (including hedge)	$ 1.80	$ 2.17	20.8%
Operating Revenues ($M)	$ 1,067.70	$ 1,168.39	9.4%
EBITDAR ($M)	$ 216.43	$ 227.21	5.0%
EBITDAR Margin	*20.3%*	*19.4%*	*-82 bp*
EBITDA ($M)	$ 138.4	$ 160.1	15.7%
EBITDA Margin	*13.0%*	*13.7%*	*74 bp*
Operating Income ($M)	$ 68.6	$ 75.8	10.4%
Operating Margin ($M)	*6.4%*	*6.5%*	*6 bp*
Net Income ($M)	$ 20.5	$ 3.4	-83.2%
Net Income Margin	*1.9%*	*0.3%*	*-163 bp*
EBITDAR (Adjusted) ($M)	$ 218.1	$ 249.6	14.4%
EBITDAR Margin (Adjusted)	*20.4%*	*21.4%*	*93 bp*
EBITDA (Adjusted) ($M)	$ 140.1	$ 185.5	32.4%
EBITDA Margin(Adjusted)	*13.1%*	*15.9%*	*275 bp*
Operating Income (Adjusted) ($M)	$ 70.3	$ 101.2	43.8%
Operating Margin ($M) (Adjusted)	*6.6%*	*8.7%*	*207 bp*
Adjusted Net Income ($M)	$ 22.2	$ 28.9	29.7%
Net Income Margin (Adjusted)	*2.1%*	*2.5%*	*39 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))

1. When indicated the figures are adjusted by the following one-time items: ACDAC's operatives expenses; $ -25,402

Management Comments on 1Q 2018 Results

Avianca Holdings reached an operating income (EBIT[1]) of $101.2 million, with an 8.7% operating income (EBIT[1]) margin. These results were primarily driven by a 9.4% increase in total operating revenues as the Company benefited from record load factors and strong passenger traffic as well as ongoing yield recovery. Passenger revenues therefore increased by 12.7%; while Non-Passenger Revenues decreased 4.2%, primarily due to of compensation received related to aircraft deliveries in the first quarter 2017. The latter was partially offset by an increase in operational expenses[1], primarily driven by higher jet fuel costs and a 12.9% increase in Salaries, wages and benefits expense resulting from a 9.1% increase in administrative and managerial personnel.

Total operating revenues amounted to approximately $1.17 billion during 1Q 2018. This represents a 9.4% year-on-year increase; the strongest first quarter revenue since the Company's IPO on the NYSE, mainly due to a 12.7% increase in passenger revenues. In addition to increased traffic and strong load factors, Avianca also benefited from an 14.2% increase in average fare this quarter, resulting in a 5.5% year over year yield increase. Moreover, Cargo revenues increased by 17.2%, primarily driven by an increase in transported tons as well as by a 16.6% increase in average cargo fare. In addition, LifeMiles increased its gross billings by 13.9% year over year, reflecting continued positive sequential performance by Avianca's business units. This was offset in the first quarter 2017 by the fact that Avianca received compensation related to aircraft deliveries in the first quarter 2017. First quarter Cargo and other revenues therefore decreased by 4.2%, year over year. Cargo and other revenues[1] represented 16.8% of total revenues in the first quarter 2018.

The LifeMiles Loyalty Company continued to deliver strong results during the 1Q 2018, with a 13.9% year-on-year increase in gross billings. LifeMiles expanded its membership by 12.7% since the first quarter 2017, ending this quarter with almost 8.1 million members. The retail partnership program also continued to expand, reaching 347 partners this quarter; a 6.1% increase from the first quarter of last year. Finally, LifeMiles' active co-branded cards ended the quarter with more than 651,000 cards; a 16.6% year-on-year increase.

Avianca transported more than 7.4 million passengers in the first quarter of 2018; a 1.3% year-on-year decrease due to the effects of the pilot strike, which began on September 20, 2017 and lasted for 51 days. As of today this primarily effects Avianca's Colombian domestic operation. Despite the strike, traffic figures (RPKs) continued to increase well above capacity (ASKs), resulting in a consolidated load factor of 83.6%, the highest first quarter load factor on record since the Company's merger with TACA. Specifically, routes to South America reached an average consolidated load factor of 87.4%, while domestic routes in Colombia reached a healthy 84.0% during the first quarter 2018.

1Q 2018 operating expenses[1] were $1.06 billion; a 7.0% year-on-year increase. This was primarily driven by a 23.2% increase in Fuel Expenses associated with increased jet fuel prices as the Company's effective jet fuel prices increased by 26.0%, from an average of US$1.80 in the first quarter 2017 to US$2.17 per gallon in the first quarter 2018. Further, Salaries Wages and Benefits expenses increased 12.9% primarily driven by an increase administrative and managerial personnel. Depreciation and amortization expenses increased 20.8%, primarily driven by the incorporation of one B787, three A320neo, two A321S, two A321neo as well as two A330-300 aircraft throughout the last 12 months. These results were partially offset by an 32.9% decrease in Maintenance and repair expenses for the first quarter 2018, mainly due to an overestimation in engine return provisions as well as by a 17.8% decrease in aircraft rental expenses due to Avianca returning two A319, two E190 and one A330 aircraft during the quarter and due to the change from an operational lease to a financial lease for Avianca's A318 fleet.

As part of the Company's ongoing fuel hedging strategy, a total of 68.1 million gallons of fuel were hedged at the end of the first quarter 2018, out of which 39.5 million gallons correspond to approximately 18.0% of the total expected volume to be consumed over 2018. Coverage levels were set at approximately $1.69 per gallon.

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In accordance with the Company's fleet plan, Avianca incorporated one brand new A320neo aircraft, two A330 and two A321S between January and March 2018. Avianca Holdings S.A. and its subsidiaries therefore ended the quarter with a consolidated operating fleet of 188 aircraft.

The Company recorded other non-operating expenses of $64.9 million for the 1Q 2018, compared to a non-operating expense of $42.4 million for the same quarter of 2017. Interest expenses increased by $13.5 million as the Company increased the number of its aircraft under financial lease contracts as well as an increase in corporate debt. The Company also recorded a $16.2 million loss related to the non-cash foreign exchange translation adjustments, as compared to a $5.3 million expense for the same period of 2017. This effect is primarily due to 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 $551.4 million. Including short-term certificates and bank deposits, restricted cash and cash equivalents and available-for-sale securities, (other current assets) were $568.9 million, equivalent to approximately 12.5% of revenues for the last twelve months.

In line with the Company's deleveraging strategy, as of March 31, 2018, the Company's leverage position (Net Adjusted debt to EBITDAR[2]) decreased to 5.7x, from 6.0x on March 30, 2017. The Company's total long-term debt amounted to $3.44 billion, while total liabilities were $6.30 billion.

Full Year 2018 – Outlook

In line with the solid demand we see across our network for Avianca's premium full-service product, the Company remains focused on putting customers' needs at the center of our effort, while maintaining a commitment to optimizing the Company's costs and capital structure. Looking ahead, Avianca will continue to be impacted by the lingering effects of the pilot strike, which we estimate will be fully mitigated by the third quarter of 2018. Avianca therefore maintains its 2018 full year guidance as follows:

Outlook Summary	Full Year 2018
Total Passenger Increase	7.0% – 9.0%
Capacity (ASK) Increase	8.0% – 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)

	1Q 2017	1Q 2018	Var%
Operating revenue:			
Passenger	7.08	7.63	7.8%
Cargo and other	1.69	1.55	-8.6%
Total Operating Revenues	**8.77**	**9.18**	**4.6%**
Operating expenses:			
Flight Operations	0.12	0.15	28.9%
Aircraft fuel	1.85	2.18	18.0%
Ground Operations	0.88	0.90	2.0%
Aircraft rentals	0.64	0.50	-21.3%
Passenger services	0.34	0.33	-2.4%
Maintenance and repairs	0.54	0.35	-35.5%
Air traffic	0.49	0.48	-1.3%
Sales and marketing	1.05	1.05	0.4%
General, administrative, and other	0.35	0.28	-19.3%
Salaries, wages and benefits	1.37	1.48	8.0%
Depreciation and amortization	0.57	0.66	16.2%
Total Operating Expense	**8.20**	**8.38**	**2.2%**
Operating Income	**0.56**	**0.79**	**41.9%**
Total CASK	8.20	8.38	2.2%
CASK ex. Fuel	6.35	6.20	-2.4%
Total Cask (Adjusted)	8.19	8.47	3.4%
CASK ex. Fuel (Adjusted)	6.34	6.28	-0.9%
Yield	**8.65**	**9.13**	**5.5%**

Non-IFRS Financial Measure Reconciliation

In USD Millions	1Q17	1Q18	Δ Vs. 1Q18
Net Income as Reported	$ 20.5	$ 3.4	-83%
Special items (adjustments):			
(+) Extraordinary Projects	$ 1.7	-	
(+) Pilots Union Strike	-	$ 22.1	
(+) Engines Incidents B787	-	$ 3.3	
(-) Derivative Instruments	$ 1.9	$ 0.5	
(-) Foreign Exchange Gain (loss)	-$ 5.3	-$ 16.2	
Net Income Adjusted	**25.6**	**44.6**	**74.3%**

Reconciliation of Operating Cost per ASK excluding special items

in US$ cents	1Q17	1Q18	Δ Vs. 1Q18
Total CASK as reported	8.2	8.6	4.6%
Aircraft Fuel	1.9	2.2	18.0%
Total CASK excluding Fuel as reported	6.4	6.4	0.8%
(+) Extraordinary Projects	-0.0	-	
(+) Pilots Union Strike	-	0.2	
(+) Engines Incidents B787	-	0.0	
Total CASK excluding Fuel and special items	**6.3**	**6.2**	**-2.2%**

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Interim Condensed Consolidated Statement of Comprehensive Income for the Three-month period ended March 31, 2017 and 2018 (In USD thousands)

	2017 (Unaudited)	2018 (Unaudited)
Operating revenue:		
Passenger	$ 862,357	$ 971,601
Cargo and other	205,339	196,793
Total operating revenue	**1,067,696**	**1,168,394**
Operating expenses:		
Flight Operations	14,191	41,106
Aircraft fuel	225,529	277,963
Ground operations	107,754	114,414
Aircraft rentals	78,030	67,115
Passenger services	40,857	42,236
Maintenance and repairs	66,084	44,622
Air traffic	59,437	62,133
Sales and marketing	127,862	134,273
General, administrative, and other	42,644	35,949
Salaries, wages and benefits	166,909	188,491
Depreciation, amortization	69,787	84,333
Total Operating expenses	**999,084**	**1,092,635**
Operating Profit	**68,612**	**75,759**
Other non-operating income (expense):		
Interest expense	-41,395	-54,888
Interest income	2,265	5,698
Derivative instruments	1,921	490
Foreign Exchange	-5,265	-16,236
Profit before income tax	**26,139**	**10,823**
Income tax expense- current		
Income tax expense- deferred	-5,613	-7,374
Total income tax expense	0	0
Net profit for the period	$20,526	$3,449

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

	As of December 31, 2017	As of March 31, 2018
	(Audited)	(Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	508,982	551,427
Restricted cash	5,465	5,533
Available for sale securities	—	—
Accounts receivable, net	340,376	351,715
Accounts receivable from related parties	17,204	19,250
Expendable spare parts and supplies, net	97,248	92,976
Prepaid expenses	99,757	101,242
Assets held for sale	—	—
Deposits and other assets	201,984	172,003
Total current assets	1,271,016	1,294,146
Non-current assets:		
Available for sale securities	55	—
Deposits and other assets	116,345	123,821
Accounts receivable, net	140,416	155,093
Accounts receivable from related parties	—	—
Intangibles	426,579	425,938
Deferred tax assets	25,969	34,333
Property and equipment, net	4,881,016	5,142,117
Total non-current assets	5,590,380	5,881,302
Total assets	**6,861,396**	**7,175,448**
Liabilities and equity		
Current liabilities:		
Loans and current portion of long-term debt	572,072	564,112
Accounts payable	526,964	605,807
Accounts payable to related parties	7,187	3,969
Accrued expenses	186,657	188,441
Provisions for legal claims	11,720	11,387
Provisions for return conditions	19,093	12,247
Employee benefits	38,706	41,629
Air traffic liability	539,225	646,814
Other liabilities	9,415	61,028
Total current liabilities	1,911,039	2,135,434

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Non-current liabilities:		
Long-term debt	3,180,041	3,443,072
Accounts payable	5,084	5,541
Accounts payable to related parties	—	—
Provisions for return conditions	144,099	127,009
Employee benefits	135,640	129,498
Deferred tax liabilities	25,814	24,745
Air traffic liability	104,786	211,970
Other liabilities	15,193	15,236
Total non-current liabilities	3,610,657	3,957,071
Total liabilities	**5,521,696**	**6,092,505**
Equity:		
Common stock	82,600	82,600
Preferred stock	42,023	42,023
Additional paid-in capital	234,567	234,567
Additional paid-in capital on preferred stock	469,273	469,273
Retained earnings	528,805	364,352
Revaluation	58,382	58,382
Total equity attributable to AVH	1,415,650	1,251,197
Noncontrolling interest	(75,950)	(168,254)
Total equity	1,339,700	1,082,943
Total liabilities and equity	**6,861,396**	**7,175,448**

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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).

1. When indicated the figures are adjusted by the following one-time items: ACDAC's operatives expenses; $ -25,402