Avianca Holdings Reports Second Quarter 2018 Adjusted Operating Income[1] of $49.8 Million

Bogota, Colombia, August 14, 2018 – Avianca Holdings S.A. (NYSE: AVH, BVC: PFAVH) today reported its financial results for the second quarter of 2018 (2Q 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 second quarter 2017 (2Q 2017) numbers. Figures and operating metrics of Avianca Holdings S.A. ("Avianca Holdings" or "the Company") are presented on a consolidated basis.

Second 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 second quarter 2018 results on an adjusted basis.
- Adjusting for the pilot strike, 2Q 2018 results were primarily driven by a 9.8% increase in total operating revenues as the Company benefited from strong load factors and continued yield recovery. Cargo and Other revenues decreased 2.6% year-on-year, primarily due to the adoption of IFRS 15 accounting standard which went into effect in January 2018. IFRS 15 provides guidance on accounting for revenue from contracts with customers. The application of IFRS 15 therefore results in a timing effect related to the recognition of revenues associated with Avianca's loyalty business where revenue is fully recognized only at the point of redemption, as was described within the Company's Q1 2018 Financial statements. This is further exacerbated by normal seasonality trends, as is reflected in the Company's Q2 2018 results where seasonality typically effects Avianca's redemptions in the second quarter of the year. The increase in total operating revenues was offset by a 11.7% increase in operating expenses[1].
- Adjusted Net Income[1] excluding special items totaled $ -6.7 million, compared to $11.3 million in 2Q 2017. Adjusted net income margin[1] for 2Q 2018 therefore reached -0.6%; a 159 bps year-on-year decrease. Operating income (EBIT[1]) adjusted for the pilot strike reached $49.8 million, with a 4.2% operating margin[1]; a 160 bps year-on-year decrease. Further, operating revenues reached $1.2 billion for the quarter; a 9.8% year-on-year increase.
- For the second quarter 2018, yields reached 9.3 cents; a 9.6% increase when compared to 2Q 2017. This trend was supported by a 17.0% average fare increase, year-on-year, enabling the Company to partially offset increased fuel costs.
- Cost per available seat kilometer (CASK[1]) increased 8.8%, to 8.9 cents, in the 2Q 2018, compared to 8.2 cents in 2Q 2017. This was primarily driven by higher effective jet fuel prices, which on average increased by 27.1% in the second quarter of 2018, as well as by a 20.1% increase in Salaries wages and benefits. The latter was partially offset by a 41.8% decrease in Maintenance and repairs expenses as well as a 26.2% reduction in Aircraft rental[1] expenses. 2Q 2018 CASK ex-fuel[1] therefore increased 4.4%, to 6.6 cents.
- EBITDAR[1] for the 2Q 2018 was $187.0 million, with a 15.6% EBITDAR margin[1].
- 2Q 2018 capacity, measured in Available Seat Kilometers (ASKs), increased by 2.6% year-on-year, despite the adverse effects of the pilot strike described above. This was primarily due to increased capacity deployed to Europe and from Avianca's Home Markets to North America during the second quarter 2018. Passenger traffic, measured in Revenue Passenger Kilometers (RPKs), increased by 3.0% in the second quarter 2018, reaching a strong consolidated load factor of 82.3% across the network.
- Avianca incorporated two brand new A320neo aircraft while phasing out one A319 between April and June 2018. NEO technology allows for fuel efficiencies of up to 20% and a significant reduction in CO2 and noise emissions. Avianca Holdings S.A. and its subsidiaries therefore ended the quarter with a consolidated operating fleet of 189 aircraft.

1. When indicated the figures are adjusted by the following one-time items: ACDAC's operatives expenses; $ -28,988

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

Financial Highlights

(6 months ended June 30 th)

($millions)	1H-17	1H-18
Revenues	2,16Bn	2,4Bn
EBITDAR	427.7	391.3
EBIT	130.8	96.6
EBITDAR[1]	430.0	436.6
EBIT[1]	133.1	151.0
Net Income	31.17	-32.21
Net Income*[1]	34.43	44.7

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

(3 months ended June 30 th)

($millions)	2017	2018
Revenues	1,09Bn	1,2Bn
EBITDAR	211.3	164.1
EBIT	62.1	20.8
EBITDAR[1]	211.9	187.0
EBIT[1]	62.8	49.8
Net Income	10.6	-35.66
Net Income*[1]	8.8	0.1

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

Profitability

(6 months ended June 30 th)

	1H-17	1H-18
EBITDAR%	19.8%	16.6%
EBIT%	6.1%	4.1%
EBITDAR%[1]	19.9%	18.4%
EBIT%[1]	6.2%	6.4%
Net Income%[1]	1.6%	1.0%
Net Income%*[1]	1.6%	1.9%

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

(3 months ended June 30 th)

	2017	2018
EBITDAR%	19.3%	13.7%
EBIT%	5.7%	1.7%
EBITDAR%[1]	19.4%	15.6%
EBIT%[1]	5.7%	4.2%
Net Income%[1]	1.0%	-1.3%
Net Income%*[1]	0.8%	-0.7%

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

Operational Highlights

(6 months ended June 30 th)

	1H-17	1H-18
Passengers	15,2M	14,8M
ASKs	24,8Bn	25,7Bn
RPKs	20,3Bn	21,3Bn
Load Factor	81.9%	82.9%
RASK	8.70	9.22
CASK	8.18	8.84

(3 months ended June 30 th)

	2017	2018
Passengers	7,71M	7,35M
ASKs	12,62Bn	12,95Bn
RPKs	10,35Bn	10,66Bn
Load Factor	82.0%	82.3%
RASK	8.64	9.26
CASK	8.16	9.10

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CEO Message

Dear Shareholders,

We continued to experience a challenging macroeconomic environment in the second quarter of 2018, characterized by various external headwinds, including FX volatility, increased jet fuel prices, and infrastructure disruptions, while we also felt the lingering effects of the late 2017 ACDAC pilots' strike in late 2017. Despite these challenges, Avianca Holdings achieved USD$ 1.2 billion in total revenues, a 9.8% year on year increase, mainly driven by a recovering fare environment, as well as the outstanding execution by our Business Units.

We reported a 6.9% year over year decrease in passenger traffic at our domestic operation, with a 6.8% decrease in ASK, primarily due to the ACDAC pilots' strike's effects, which should be mitigated during the second half of this year. We achieved an 82.6% load factor for this segment, a continued testament to our focus on successfully maximizing route and operating efficiencies. Our international operation saw a 1.4% decrease in passengers, due to the reduction in demand from Brazil and Argentina, where both countries faced the most significant headwinds during the quarter, resulting in a direct impact on our leisure destinations in Central America and the Caribbean. This was partially offset by healthy performance on our North America routes, where we saw a 5.1% year over year increase in RPK with a 4.8% increase in ASK, as well as strong demand on our Europe routes. In May we announced our latest direct international route between Bogota and Chicago. This new route, beginning on November 17, 2018, will make the round trip four times a week as the only direct flight operating between these two major cities in the Americas. Also starting in November, on the 16th, Germany becomes the third European nation to have a connection with Bogotá when Avianca launches its new direct flight, five days a week, operating a brand-new Boeing 787-8 Dreamliner to connect El Dorado International Airport with Munich's Franz Josef Strauss International Airport. Further, after three decades servicing Colombia's small cities from the Puente Aéreo airport, in May Avianca moved all domestic flights to El Dorado's Terminal 1. This consolidates our Colombian domestic operations within the same airport, expediting travel for connecting passengers on inbound flights within the main terminal, in line with our focus on enhancing our customers' overall travel experience. In addition, we recently opened our new state of the are VIP lounge in the El Dorado Airport for our domestic passengers.

Yields increased 9.6% year over year, to 9.3 US cents in the second quarter. This represents the fourth consecutive quarterly yield increase, underpinning our passenger business' positive revenue trend. Along these lines, we're also pleased to report Avianca's strongest second quarter revenue, reaching USD$ 1.2 billion. Avianca achieved USD$ 49.8 million in operating profits[1] representing an EBIT[1] margin of 4.2%.

Turning to our fleet, this quarter we put into operation the two Airbus A330-300 aircraft we incorporated at the beginning of the year. These aircraft are currently servicing the North American market and have enabled us to cancel one of three wet leased aircraft currently operated by Wamos Air Spain. We expect to redeliver the remaining two wet leased aircraft by the end of the third quarter of 2018, to again offer the Avianca travel experience without exception on all our flights while to optimizing our cost structure. Further this quarter Avianca, closed another Japanese Operating Lease with Call Option (JOLCO) financing transaction for one of our A320 Neo Aircraft, which speaks to our close relationships with the financial markets, providing access to flexible, efficient and diverse aircraft financing opportunities

Complementing our passenger business, Avianca's diversified revenue stream was led by the Company's Cargo operations this quarter, which delivered strong second quarter results. In May, Avianca Cargo transported 13,082 tons of Mother's Day flowers from Colombia and Ecuador to the United States, a 3.4% increase compared to last year's Mother's Day season. Avianca Cargo also increased its revenues for the quarter by 16.8%, achieving a consolidated load factor of 56.8%. With a 17.8% increase in gross billings and cobranded credit cards increasing 12.5% to reach 666,000, we are also seeing outstanding results from our LifeMiles loyalty program. LifeMiles membership increased by 14.0%, to end the quarter with 8.3 million members.

In early June we announced our joint venture with CAE International Holdings Limited. CAE Flight Training (ACFT) S.A.S. will provide full-flight simulator training for commercial pilots in Colombia, to include Avianca Holdings' subsidiary airlines as well as other third parties. The JV enables Avianca's pilots to be trained locally, improving their quality of life and optimizing training times. It will also significantly increase the number of flight simulators available in Latin America, benefiting not only Avianca but all airlines operating in the region.

Colombia's election took place in the second quarter of this year, with Ivan Duque winning the presidential run off. The newly elected president took office on August 7 and is expected to continue to foster infrastructure investments while creating a positive business environment. During the quarter the Colombian Supreme Court also ruled in Avianca's favor in the ACDAC pilot union's final appeal against Avianca related to the illegal pilot strike which began in the third quarter last year. As such there will be no further legal appeals by the pilot's union.

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As it has been already disclosed to the market, Avianca announced that we have been in discussions with United Airlines, Inc. and Copa Holdings S.A. regarding the possibility of establishing a three-way joint business agreement that would cover the combined networks between the United States and Latin America. At this point we can provide no assurances as to whether or when the parties will finalize the agreement. Any other material information will be communicated to the market based on applicable law as the Company has always done.

Finally, Avianca was again recognized for our outstanding travel experience and World Class on board service. In April, we were honored to receive the renowned 2018 TripAdvisor Travelers' Choice Award for Airlines as one of the Best Airlines in Latin America. In addition, we recently were awarded the Skytrax award for Best Airline in South America. Both distinctions are further recognition of our unwavering focus on providing our customers with best in class service.

In line with our initial analysis at the beginning of the year, this quarter continued to reflect several impacts of the 2017 illegal pilots' strike added to an increase in fuel prices and other macro-economic realities. While these events have pressured our near-term profitability, we remain on track to deliver within our 6-8% EBIT[1] guidance range for the full year 2018.

I would like to express my appreciation to Avianca's employee team for their hard work and dedication in helping to realize these results. As we look forward to our long-term business strategy, combined with the outstanding level of service on which Avianca has built its reputation, we are confident in our ability to drive long-term value for our stakeholders through top line growth, margin expansion and prudent capital deployment.

HRincón

Hernán Rincón
Chief Executive Officer

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Consolidated Financial and Operational Highlights[1]	2Q17	2Q18	∆ Vs. 2Q17
ASK's (mm)	12,621	12,953	2.6%
RPK's (mm)	10,346	10,655	3.0%
Total Passengers (in millions)	7,706	7,351	-4.6%
Load Factor	82.0%	82.3%	29 bp
Departures	77,082	71,605	-7.1%
Block Hours	146,583	142,837	-2.6%
Stage length (km)	1,048	1,101	5.0%
Fuel Consumption Gallons (000's)	129,920	130,140	0.2%
Yield (cents)	8.5	9.3	9.6%
RASK (cents)	8.6	9.3	7.1%
PRASK (cents)	6.9	7.6	10.2%
CASK (cents)	8.16	9.10	11.5%
CASK ex. Fuel (cents)	6.32	6.81	7.8%
CASK (Adjusted) (cents)	8.16	8.87	8.8%
CASK ex. Fuel (Adjusted) (cents)	6.31	6.59	4.4%
Foreign exchange (average) COP/US$	$ 2919.6	$ 2858.9	-2.1%
Foreign exchange (end of period) COP/US$	$ 3038.3	$ 2780.5	-8.5%
WTI (average) per barrel	$ 48.1	$ 68.0	41.4%
Jet Fuel Crack (average) per barrel	$ 10.8	$ 19.6	81.5%
US Gulf Coast (Jet Fuel average) per barrel	$ 58.9	$ 87.6	48.8%
Fuel price per Gallon (including hedge)	$ 1.79	$ 2.27	27.1%
Operating Revenues ($M)	$ 1092.1	$ 1199.3	9.8%
EBITDAR ($M)	$ 211.3	$ 164.1	-22.3%
EBITDAR Margin	*19.3%*	*13.7%*	*-566 bp*
EBITDA ($M)	$ 133.5	$ 100.6	-24.6%
EBITDA Margin	*12.2%*	*8.4%*	*-384 bp*
Operating Income ($M)	$ 62.1	$ 20.8	-66.5%
Operating Margin ($M)	*5.7%*	*1.7%*	*-396 bp*
Net Income ($M)	$ 10.6	-$ 35.7	-435.1%
Net Income Margin	*1.0%*	*-3.0%*	*-395 bp*
EBITDAR (Adjusted) ($M)	$ 211.9	$ 187.0	-11.8%
EBITDAR Margin (Adjusted)	*19.4%*	*15.6%*	*-381 bp*
EBITDA (Adjusted) ($M)	$ 134.1	$ 129.6	-3.4%
EBITDA Margin(Adjusted)	*12.3%*	*10.8%*	*-148 bp*
Operating Income (Adjusted) ($M)	$ 62.8	$ 49.8	-20.7%
Operating Margin ($M) (Adjusted)	*5.7%*	*4.2%*	*-160 bp*
Adjusted Net Income ($M)	$ 11.3	-$ 6.7	-159.2%
Net Income Margin (Adjusted)	*1.0%*	*-0.6%*	*-159 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 2Q 2018 Results

Avianca Holdings reached an operating income (EBIT[1]) of $49.8 million, with a 4.2% operating income (EBIT[1]) margin. These results were primarily driven by an 9.8% increase in total operating revenues as the Company benefited from strong load factors as well as ongoing yield recovery during the second quarter 2018. Passenger revenues therefore increased by 12.9%, while Non-Passenger Revenues decreased 2.6%, primarily due to the effect that the implementation of IFRS 15 has on the timing of the revenue recognition of our loyalty company LifeMiles. The overall positive revenue trend was offset by an increase in operational expenses[1], primarily driven by higher jet fuel costs and a 20.1% increase in Salaries, wages and benefits expense resulting from an increase in administrative and managerial personnel.

Total operating revenues amounted to approximately $1.2 billion during 2Q 2018. This represents a 9.8% year-on-year increase; the strongest second quarter revenue since the Company's IPO on the NYSE, mainly due to a 12.9% increase in passenger revenues. In addition to strong load factors, Avianca also benefited from a 17.0% increase in average fare this quarter, enabling the Company to partially pass through increased fuel costs. Yields therefore increased for the fourth consecutive quarter, reaching 9.3 cents; a 9.6% year over year increase. Moreover, Cargo revenues increased by 16.8%, primarily driven by an increase in tons transported. During the pre-Mother's Day peak season, Avianca Cargo transported 13,082 tons of flowers from Colombia and Ecuador to the United States, representing a 3.4% year-on-year increase. In addition, LifeMiles increased its gross billings by 17.8% year over year, reflecting continued positive sequential performance by Avianca's business units. This was offset by the adoption of IFRS 15 accounting standard, which has a timing effect on the recognition of loyalty business revenues. Therefore, cargo and other revenues decreased by 2.6% year-on-year. Cargo and other revenues[1] represented 17.6% of total revenues in the second quarter 2018.

In addition to strong second quarter results, LifeMiles expanded its membership by 14.0% since the second quarter 2017, ending this quarter with approximately 8.3 million members. The retail partnership program also continued to expand, reaching 359 partners in the second quarter 2018; a 12.2% year-on-year increase. Finally, LifeMiles' active co-branded cards ended the quarter with more than 666,000 cards; a 12.5% year-on-year increase.

Avianca transported almost 7.4 million passengers in the second quarter of 2018; a 4.6% year-on-year decrease due to the effects of the pilot strike. To date, this primarily impacts Avianca's domestic Colombian operation. Despite the strike, traffic figures (RPKs) continued to increase above capacity (ASKs), resulting in a consolidated load factor of 82.3%, representing continued strong sequential performance and the highest second quarter load factor on record since the Company's merger with TACA. Specifically, routes to North America reached average consolidated load factors of 84.1%, while domestic Colombia routes reached a healthy 83.5% load factor during the second quarter 2018.

2Q 2018 operating expenses[1] were $1.15 billion; a 11.7% year-on-year increase. This was primarily driven by a 27.1% increase in Fuel Expenses associated with increased jet fuel prices, as the Company's effective jet fuel prices increased by 27.1%, from an average of US$1.79 in the second quarter 2017 to US$2.27 per gallon in the second quarter 2018. Further, Salaries Wages and Benefits expenses increased 20.1% in the second quarter 2018, primarily driven by an increase in administrative and managerial personnel headcount. General Administrative and Other costs increased 87.5% mainly due to the reclassification of costs related to the Sale and lease back of aircraft engines as well as IT investments. Further depreciation and amortization expenses increased 11.8%, primarily driven by the incorporation of one B787, two A320neo, two A321S, two A321neo as well as two A330-300 aircraft throughout the last 12 months. These results were partially offset by an 41.8% decrease in Maintenance and Repair expenses for the second quarter 2018, mainly due to changes in the provision for engine returns as well as by a reduction in engine repair costs.

As part of the Company's ongoing fuel hedging strategy, a total of 51.7 million gallons of fuel were hedged at the end of the second quarter 2018, out of which 47.9 million gallons correspond to approximately 12.0%

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of the total expected volume to be consumed during 2018. Coverage levels were set at approximately $1.83 per gallon.

In accordance with the Company's fleet plan, Avianca incorporated two brand new A320neo aircraft, while phasing out one A319 between April and June 2018. Avianca Holdings S.A. and its subsidiaries therefore ended the quarter with a consolidated operating fleet of 189 aircraft.

The Company recorded $60.2 million in other non-operating expenses for the 2Q 2018, compared to a non-operating expense of $39.5 million for the same quarter of 2017. Interest expenses increased by $8.4 million due to an increase in the number of aircraft under financial lease contracts as well as to an increase in corporate debt. The Company also recorded a $5.9 million loss related to the non-cash foreign exchange translation adjustments, as compared to a $2.3 million gain for the same period of 2017. This effect is primarily due to foreign exchange translation adjustments comprised 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 $397.5 million. Including short-term certificates and bank deposits, restricted cash and cash equivalents and available-for-sale securities, (other current assets) were $415.2 million, equivalent to approximately 8.9% of revenues for the last twelve months.

As of June 30, 2018 the Company's leverage position (Net Adjusted debt to EBITDAR) amounted to 6.2x. The Company's total long-term debt amounted to $3.35 billion, while total liabilities were $6.11 billion.

Full Year 2018 – Outlook

The impact of higher fuel costs, macroeconomic challenges and the ongoing effects of the pilot strike continued to pressure Avianca's profitability. The Company remains focused on optimizing its cost and capital structure while maintaining the best in class full service product offering for which it is known, expecting to overcome the lingering effects of the pilot strike during the second half of the year. 2018 full year guidance is therefore as follows:

Outlook Summary	Full Year 2018
Total Passenger Increase	4.0% – 6.0%
Capacity (ASK) Increase	8.0% – 10.0%
Load Factor	81.0% – 83.0%
EBIT Margin	6.0% – 8.0%

Analysis by ASKs (in U.S. cents)

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	2Q 2017	2Q 2018	Var%
Operating revenue:			
Passenger	6.93	7.63	10.0%
Cargo and other	1.72	1.63	-5.1%
Total Operating Revenues	**8.65**	**9.26**	**7.0%**
Operating expenses:			
Flight Operations	0.11	0.43	274.3%
Aircraft fuel	1.84	2.29	24.0%
Ground Operations	0.94	0.87	-7.3%
Aircraft rentals	0.62	0.49	-20.5%
Passenger services	0.34	0.38	10.9%
Maintenance and repairs	0.60	0.34	-42.7%
Air traffic	0.49	0.55	12.1%
Sales and marketing	1.04	1.05	1.8%
General, administrative, and other	0.29	0.53	82.7%
Salaries, wages and benefits	1.32	1.55	17.0%
Depreciation and amortization	0.57	0.62	9.0%
Total Operating Expense	**8.16**	**9.10**	**11.5%**
Operating Income	0.49	0.16	-67.4%
Total CASK	8.16	9.10	11.5%
CASK ex. Fuel	6.32	6.81	7.8%
Total Cask (Adjusted)	8.16	8.87	8.8%
CASK ex. Fuel (Adjusted)	6.31	6.59	4.4%
Yield	**8.46**	**9.27**	**9.6%**

Non-IFRS Financial Measure Reconciliation

In USD Millions	2Q17	2Q18	∆ Vs. 2Q17
Net Income as Reported	$10.6	-$35.7	-435%
Special items (adjustments):			
(+) Extraordinary Projects	$0.6	-	
(+) Pilots Union Strike	-	$22.4	
(+) Engines Incidents B787	-	$6.5	
(-) Derivatives Instruments	$0.1	-$1.0	
(-) Foreign Exchange Gain (loss)	$2.3	-$5.9	
Net Income Adjusted	**8.840**	**0.144**	**-98.4%**

Reconciliation of Operating Cost per ASK excluding special items

in US$ cents	2Q17	2Q18	∆ Vs. 2Q17
Total CASK as reported	8.2	9.1	11.5%
Aircraft Fuel	1.8	2.3	24.0%
Total CASK excluding Fuel as reported	6.3	6.8	7.8%
(+) Extraordinary Projects	-0.0	-	
(+) Pilots Union Strike	-	-0.2	
(+) Engines Incidents B787	-	-0.1	
Total CASK excluding Fuel and special items	**6.31**	**6.59**	**4.4%**

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Interim Condensed Consolidated Statement of Comprehensive Income for the Three-month period ended June 30, 2017 and 2018 (In USD thousands)

	2017 (Audited)	2018 (Unaudited)
Operating revenue:		
Passenger	$875,139	$988,030
Cargo and other	216,917	211,236
Total operating revenue	**1,092,056**	**1,199,266**
Operating expenses:		
Flight Operations	14,465	55,570
Aircraft fuel	232,521	295,990
Ground operations	119,154	113,317
Aircraft rentals	77,729	63,436
Passenger services	42,989	48,951
Maintenance and repairs	75,727	44,537
Air traffic	61,540	70,778
Sales and marketing	130,764	136,651
General, administrative, and other	36,873	69,143
Salaries, wages and benefits	166,766	200,269
Depreciation, amortization	71,386	79,828
Total Operating expenses	**1,029,913**	**1,178,468**
Operating Profit	**62,144**	**20,798**
Other non-operating income (expense):		
Interest expense	-43,668	-52,115
Interest income	1,767	-1,224
Derivative instruments	99	-959
Foreign Exchange	2,321	-5,852
Profit before income tax	**22,662**	**-39,352**
Income tax expense- current	0	0
Income tax expense- deferred	-12,023	3,696
Total income tax expense	0	0
Net profit for the period	**$10,640**	**-$35,656**

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

	As of December 31, 2017	As of June 30, 2018
	(Audited)	(Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$508,982	$397,452
Restricted cash	5,465	5,237
Available for sale securities	-	-
Accounts receivable, net	340,376	330,978
Accounts receivable from related parties	17,204	16,501
Expendable spare parts and supplies, net	97,248	93,073
Prepaid expenses	99,757	106,581
Deposits and other assets	201,984	171,042
Total current assets	**1,271,016**	**1,120,864**
Non-current assets:		
Available for sale securities	55	—
Deposits and other assets	116,345	137,651
Accounts receivable, net	140,416	208,531
Intangibles	426,579	435,420
Deferred tax assets	25,969	30,787
Property and equipment, net	4,881,016	5,215,321
Total non-current assets	5,590,380	6,027,710
Total assets	**$6,861,396**	**$7,148,574**
Liabilities and equity		
Current liabilities:		
Loans and current portion of long-term debt	572,072	579,369
Accounts payable	526,964	649,473
Accounts payable to related parties	7,187	3,683
Accrued expenses	186,657	207,412
Provisions for legal claims	11,720	9,526
Provisions for return conditions	19,093	12,540
Employee benefits	38,706	39,542
Air traffic liability	454,017	510,088
Frequent flyer deferred revenue	85,208	181,467
Other liabilities	9,415	1,192
Total current liabilities	**$1,911,039**	**$2,194,292**

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Non-current liabilities:		
Long-term debt	3,180,041	3,355,033
Accounts payable	5,084	5,823
Provisions for return conditions	144,099	117,019
Employee benefits	135,640	125,557
Deferred tax liabilities	25,814	17,108
Air traffic liability	104,786	222,748
Other liabilities	15,193	72,794
Total non-current liabilities	3,610,657	3,916,082
Total liabilities	**$5,521,696**	**$6,110,374**
Equity:		
Common stock	82,600	82,600
Preferred stock	42,023	42,023
Additional paid-in capital	234,567	234,567
Additional paid-in capital on preferred stock	469,273	469,273
Retained earnings	528,805	321,741
Revaluation	58,382	58,382
Total equity attributable to AVH	1,415,650	1,208,586
Noncontrolling interest	(75,950)	(170,386)
Total equity	1,339,700	1,038,200
Total liabilities and equity	**$ 6,861,396**	**$ 7,148,574**

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: ACDAC’s operatives expenses; $ -28,988

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.

1. When indicated the figures are adjusted by the following one-time items: ACDAC’s operatives expenses; $ -28,988

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; $ -28,988