Avianca Holdings S.A.

Avianca Holdings Reports Fourth Quarter 2018 Operating Income of $67.1 Million

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

Bogota, Colombia, February 22, 2019 – Avianca Holdings S.A. (NYSE: AVH, BVC: PFAVH) today reported its financial results for the fourth quarter of 2018 (4Q 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 fourth quarter 2017 (4Q 2017) numbers. Figures and operating metrics of Avianca Holdings S.A. ("Avianca Holdings" or "the Company") are presented on a consolidated basis.

Fourth Quarter 2018 Highlights

- Avianca Holdings S.A. announced on February 22, 2018 that it will retire its Embraer fleet in accordance with the Company's long-term fleet plan. Ten Embraer-190 aircraft will therefore be removed from Avianca's operating aircraft fleet in 2019. A related US$ 38.9 million one-time non-cash impairment charge for these assets has been reflected in Avianca's fourth quarter results, representing the estimated residual value of the entire Embraer-190 fleet.
- 4Q 2018 results were primarily driven by a 15.3% increase in total operating revenues, as the Company benefited from strong load factors and continued yield recovery. Cargo and Other revenues decreased 5.9% year-on-year, primarily due to the adoption of the IFRS 15 accounting standard, which went into effect in January 2018. The application of IFRS 15 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. Avianca has used the modified retrospective method of transition and results for periods prior to January 1, 2018 have not been restated and are therefore not directly comparable to the Company's results of operations for subsequent periods. The increase in fourth quarter 2018 total operating revenues was partially offset by a 15.0% increase in operating expenses.
- Net Income totaled $ 19.3 million, compared to $14.7 million in 4Q 2017. Net income margin for 4Q 2018 therefore reached 1.5%; a 180-bps year-on-year increase. Operating income (EBIT) reached $67.1million, with a 5.2% operating margin. Further, operating revenues reached $1.3 billion for the quarter; a 15.3% year-on-year increase.
- For the fourth quarter 2018, yields reached 9.5 cents; a 1.7% increase when compared to 4Q 2017 yields. This trend was supported by an 1.4% average fare increase, year-on-year, enabling the Company to partially offset increased fuel costs.
- Cost per available seat kilometer excluding fuel (CASK ex-fuel) decreased 11.9% to 6.6 cents in the 4Q 2018, compared to 7.5 cents in 4Q 2017. This was primarily driven by a 17.0% decrease in Maintenance and repairs expenses as well as a 9.6% reduction in Salaries wages and benefits expenses. The latter was partially offset by higher effective jet fuel prices, which on average increased by 14.0% in the fourth quarter of 2018, as well as by a 41.2% increase in Aircraft rental expense. 4Q 2018 CASK therefore decreased 6.0%, to 8.9 cents.
- EBITDAR for the 4Q 2018 was $285.0 million, with a 22.1% EBITDAR margin.
- 4Q 2018 capacity, measured in Available Seat Kilometers (ASKs), increased by 22.4% year-on-year, due to the base effect the pilot strike had last year's operations. Passenger traffic, measured in Revenue Passenger Kilometers (RPKs), increased by 19.0% in the fourth quarter 2018, reaching a strong consolidated load factor of 81.9% across the network.
- Avianca successfully repositioned the Company's network strategy, reducing the services offered by our local subsidiary Avianca Peru S.A. within Peru's domestic market. As such, Avianca will eliminate underperforming local Trujillo, Juliaca and Puerto Maldonado routes, enhancing connectivity by capitalizing on the airline's strongest routes while maintaining its 35 weekly departures between Lima's Jorge Chávez International Airport and the Alejandro Velasco Astete International Airport in Cusco. Avianca will maintain its international flights departing from Lima, Peru to 22 direct destinations and more than 100 connection to

1. When indicated the figures are adjusted by the following one-time items: Embraer Phase out; $-38,881,

Financial H+M32:O103ighlights

(3 months ended December 31 st)

($millions)	2017	2018
Revenues	1,12Bn	1,29Bn
EBITDAR	203.2	285.0
EBIT	56.3	67.1
EBITDAR[1]	298.0	285.0
EBIT[1]	169.1	106.0
Net Income	14.7	19.3
Net Income*[1]	131.6	47.7

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

(12 months ended December 31 st)

($millions)	2017	2018
Revenues	4,44Bn	4,89Bn
EBITDAR	885.8	889.2
EBIT	293.6	232.1
EBITDAR[1]	1,006.7	950.4
EBIT[1]	433.8	343.2
Net Income	82.0	1.1
Net Income*[1]	244.9	121.8

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

Profitability

(3 months ended December 31 st)

	2017	2018
EBITDAR%	18.1%	22.1%
EBIT%	5.0%	5.2%
EBITDAR%[1]	23.4%	22.1%
EBIT%[1]	13.3%	8.2%
Net Income%[1]	10.0%	4.5%
Net Income%*[1]	10.3%	3.7%

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

(12 months ended December 31 st)

	2017	2018
EBITDAR%	19.9%	18.2%
EBIT%	6.6%	4.7%
EBITDAR%[1]	21.8%	19.4%
EBIT%[1]	9.4%	7.0%
Net Income%[1]	4.8%	2.3%
Net Income%*[1]	5.3%	2.5%

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

Operational Highlights

(3 months ended December 31 st)

	2017	2018
Passengers	6,62M	7,86M
ASKs	11,21Bn	13,72Bn
RPKs	9,44Bn	11,23Bn
Load Factor	84.2%	81.9%
RASK	10.0	9.4
CASK	9.5	8.9

(12 months ended December 31 st)

	2017	2018
Passengers	29,46M	30,5M
ASKs	48,4Bn	52,62Bn
RPKs	40,24Bn	43,73Bn
Load Factor	83.2%	83.1%
RASK	9.2	9.3
CASK	8.6	8.9

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Europe, North, Central and South America. Daily flights between Cusco and Bogotá will also remain unaffected.

CEO Message

Dear Shareholders,

The last 12 months have proven to be challenging, as a difficult macroeconomic environment, FX volatility and high jet fuel prices pressured our results throughout the year. This was compounded by some of the lingering effects of the late-2017 pilot strike. Despite these obstacles, 2018 was the first year since 2015 that we were able to consistently deliver sequential yield increases. I'm pleased to let you know that Avianca ended 2018 with our fourth quarter clear of any further strike effects.

2018 was also a year of tremendous success achieving some very significant milestones. In December we announced a joint business agreement (JBA) with our Star Alliance partners United and Copa, pending government approval. The JBA is expected to build on our existing partnership to provide substantial benefits for employees, customers, communities and the marketplace. Together, our three carriers will serve customers as if we were a single airline; better aligning frequent flyer programs and coordinating flight schedules with improved airport facilities and air travel between 19 countries in Central and South America and the United States. Some of the many benefits will include seamless integrated service to more than 12,000 city pairs, new nonstop routes, additional flights on existing routes and reduced travel times throughout our network. We're very enthusiastic to deliver these benefits, as we are progressing as planned based on the appropriate timeline.

Our JBA also led to important positive changes in Avianca's corporate governance, notably our Board has evolved to reflect this new relationship by ensuring balanced involvement and input on behalf of all relevant parties. Today Avianca's board, which is comprised of eleven core members elected by the General Assembly of Shareholders, benefits from an impartial decision-making approach focused on the interests of all Avianca stakeholders. We've also established a more effective framework, including a newly formed board executive committee to ensure we continue to consistently comply with Avianca's core values of transparency, opportunity and accuracy, and to facilitate the adoption of policies, processes and best practices. United Airlines will now act as an observer to Avianca's board of directors, providing important input and contributing whenever needed..

This year we made significant strides on our strategy to pivot away from a growth focused to profitability/ liquidity focused business model. In November of last year, we announced plans to sell off Avianca's interest in a number of non-core shareholdings. The sale of these non-core assets progressed well over the past three months, with positive discussions with our respective regional partners. We will continue to strengthen Avianca's balance sheet and improve our overall profitability as we divest other assets no-longer relevant to our core strategy.

In line with our network repositioning, we will divest our Embraer fleet of ten aircraft throughout 2019, standardizing our fleet, driving further improvement in our unitary costs CASK Ex Fuel, while strengthening our operational margins. This decision is directly aligned with our focus on optimizing Avianca's network and our balance sheet through leverage reduction. Our team remains focused on managing our outstanding liabilities and we will continue to share relevant updates.

Avianca's diversified revenue stream was led by the Company's Cargo operations this quarter. Avianca Cargo also increased its revenue ton kilometers (RTK) for the quarter by 5.4%, achieving a consolidated load factor of 59.1%. With an 13.8% increase in gross billings and commercial partners increasing by 53.7% to reach 513 active partners, we are also seeing outstanding results from our LifeMiles loyalty program. LifeMiles membership increased by 13.4%, to end the quarter with 8.9 million members

Establishing the road ahead for Avianca's next 100 years, we have activated our Transformation Plan, to strengthen our Profitability strategy, based on five important pillars: 1) adjusted fleet plan that is expected to decrease growth rate; (2) enhancement of operational efficiency; (3) divestiture of certain non-core assets; (4) strengthening of operating profits; (5) strengthening of capital structure; and (6) re-prioritization of CapEx investments. This new chapter for Avianca Holdings will be led by Executive Vice President Mr. Gerardo Grajales. This transformation plan will guarantee our Company's sustainability and financial health and is also aligned to strengthening our current operation throughout our network.

Looking to the future, we have defined several key milestones for 2019 that will transform Avianca Holdings based on our continued success. We estimate a conservative growth rate of 0%-2% for both capacity, measured in ASK, and Passengers, while maintaining our load factors between 81%-83%. We therefore estimate that our EBIT[1] margin for 2019 will move in the range between 7.0% and 9.0%. We are confident that our strategy will result in strengthened profitability.

1. Excluding one-time items

Finally, we would again like to confirm that regarding recent news associating our Company with Oceanair Linhas Aéreas ("Avianca Brasil") and Avian Líneas Aéreas S.A. ("Avianca Argentina"), it's important to note that these companies are fully independent from Avianca Holdings S.A., and therefore have completely separate administration, operations and financial statements. Avianca Holdings S.A. also affirms that the due diligence process previously in progress regarding a potential integration with Oceanair Linhas Aereas have been suspended for a substantial amount of time and will remain postponed indefinitely.

In closing, I'd like to thank our customers, business partners and employees for their dedication and important contributions to our many achievements this year. Avianca's new JBA, the successful execution of our new strategy and our best in class service as a "digital company that flies" will enable us to deliver sustainable accomplishments for the Company and value for our stakeholders.

Sincerely,

Hernán Rincón
Chief Executive Officer

1. Excluding one-time items

Consolidated Financial and Operational Highlights[1]	4Q17	4Q18	Δ Vs. 4Q17
ASK's (mm)	11,211	13,717	22.4%
RPK's (mm)	9,443	11,233	19.0%
Total Passengers (in millions)	6,615	7,861	18.8%
Load Factor	84.2%	81.9%	-233 bp
Departures	62,866	75,016	19.3%
Block Hours	128,408	152,969	19.1%
Stage length (km)	1,145	1,101	-3.8%
Fuel Consumption Gallons (000's)	115,713	132,393	14.4%
Yield (cents)	9.3	9.5	1.7%
RASK (cents)	10.0	9.4	-5.8%
PRASK (cents)	7.9	7.8	-1.1%
CASK (cents)	9.50	8.93	-6.0%
CASK ex. Fuel (cents)	7.46	6.57	-11.9%
CASK (Adjusted) (cents)	9.85	8.65	-12.2%
CASK ex. Fuel (Adjusted) (cents)	7.56	6.29	-16.8%
Foreign exchange (average) COP/US$	$ 2986.0	$ 2958.4	-0.9%
Foreign exchange (end of period) COP/US$	$ 2984.0	$ 2972.2	-0.4%
WTI (average) per barrel	$ 55.3	$ 69.8	26.2%
Jet Fuel Crack (average) per barrel	$ 17.9	$ 19.9	11.0%
US Gulf Coast (Jet Fuel average) per barrel	$ 73.2	$ 89.7	22.5%
Fuel price per Gallon (including hedge)	$ 1.98	$ 2.39	20.8%
Operating Revenues ($M)	$ 1120.9	$ 1291.9	15.3%
EBITDAR ($M)	$ 203.2	$ 285.0	40.3%
EBITDAR Margin	*18.1%*	*22.1%*	*393 bp*
EBITDA ($M)	$ 150.6	$ 210.8	40.0%
EBITDA Margin	*13.4%*	*16.3%*	*288 bp*
Operating Income ($M)	$ 56.3	$ 67.1	19.2%
Operating Margin ($M)	*5.0%*	*5.2%*	*17 bp*
Net Income ($M)	$ 14.7	$ 19.3	31.0%
Net Income Margin	*1.3%*	*1.5%*	*18 bp*
EBITDAR (Adjusted) ($M)	$ 298.0	$ 285.0	-4.4%
EBITDAR Margin (Adjusted)	*23.4%*	*22.1%*	*-135 bp*
EBITDA (Adjusted) ($M)	$ 263.5	$ 210.8	-20.0%
EBITDA Margin(Adjusted)	*20.7%*	*16.3%*	*-438 bp*
Operating Income (Adjusted) ($M)	$ 169.1	$ 106.0	-37.3%
Operating Margin ($M) (Adjusted)	*13.3%*	*8.2%*	*-508 bp*
Adjusted Net Income ($M)	$ 127.6	$ 58.2	-54.4%
Net Income Margin (Adjusted)	*10.0%*	*4.5%*	*-552 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. Excluding one-time items

Management Comments on 4Q 2018 Results

Avianca Holdings reached an operating income (EBIT) of $67.1 million, with a 5.2% operating income (EBIT) margin. These results were primarily driven by a 15.3% increase in total operating revenues as the Company benefited from strong load factors, continued yield recovery as well as increasing ancillary revenues during the fourth quarter 2018. Passenger revenues therefore increased by 21.0%, while Non-Passenger Revenues decreased 5.9%, primarily due to a reclassification of financial compensation received from Rolls Royce as well as the effect that the implementation of IFRS 15 has on the timing of the revenue recognition of our LifeMiles loyalty company. The overall positive revenue trend was partially offset by an increase in operational expenses, primarily driven by higher jet fuel costs and a 41.2% increase in Aircraft rentals expense resulting from the incorporation of 4 A320neo and an increase in engine rental expenses due to the contingency presented with LEAP engines.

Total operating revenues amounted to approximately $1.3 billion during 4Q 2018. This represents a 15.3% year-on-year increase, mainly due to a 21.0% increase in passenger revenues. In addition to strong load factors, Avianca also benefited from a 1.4% increase in average fare this quarter, enabling the Company to partially pass through increased fuel costs. Yields therefore increased for the sixth consecutive quarter, reaching 9.5 cents; a 1.7% year over year increase. Moreover, Cargo revenues increased by 14.1%, primarily driven by an increase in transported tons as well as a rising average cargo fare. In addition, LifeMiles increased its gross billings by 13.8% year over year, reflecting continued positive sequential performance by Avianca's business units. The positive effects were offset by the adoption of IFRS 15 accounting standard, which has a timing effect on the recognition of loyalty business revenues as well as a decrease in chartered cargo flights. Therefore, Cargo and other revenues decreased by 5.9% year-on-year. Cargo and other revenues represented 17.5% of total revenues in the fourth quarter 2018.

In addition to the positive passenger revenue trends in the fourth quarter, LifeMiles expanded its membership by 13.4% year on year, ending the fourth quarter with approximately 8.9 million members. The retail partnership program also continued to expand, reaching 515 partners in the fourth quarter 2018; a 53.7% year-on-year increase. Finally, LifeMiles' active co-branded cards ended the quarter with more than 680,000 cards; a 3.4% year-on-year increase.

Avianca transported almost 7.9 million passengers in the fourth quarter of 2018; an 18.8% year-on-year increase. To date, Avianca has recovered 100% of its pre-strike operation in both the international and domestic markets. As such, Avianca reported a consolidated load factor of 81.9% for the fourth quarter 2018. Specifically, routes to Europe reached average consolidated load factors of 85.7%, while domestic Colombia routes reached a strong 82.9% load factor during the fourth quarter 2018.

4Q 2018 operating expenses were $1.22 billion; a 15.0% year-on-year increase. This was primarily driven by a 41.5% increase in Fuel Expenses associated with the normalization of pre-strike operations as well as increased jet fuel prices, as the Company's effective jet fuel prices increased by 14.0%, from an average of US$1.98 in the fourth quarter 2017 to US$2.39 per gallon in the fourth quarter 2018. Further, Aircraft Rental expenses increased 41.2% in the fourth quarter 2018, due to the incorporation of four A320 neo Aircraft as well as an increase in engine rental expenses due to the contingency presented with LEAP engines. In addition, Ground operation expenses increased 17.0%, mainly due to higher navigation, aircraft landing and ramp attention expenses, driven by a 19.3% increase in departures. These results were partially offset by Maintenance and Repair expenses decreased 17.0% for the fourth quarter 2018, mainly due to a reduction in the consumption of materials used in airframe checks. Finally, Salaries, wages and benefits decreased 9.6% due to COP devaluation as well as the corporate restructuring executed in November 2018.

As part of the Company's ongoing fuel hedging strategy, a total of 92.6 million gallons of fuel were hedged at the end of the fourth quarter 2018, this corresponds to approximately 18.0% of the total expected volume to be consumed during 2019. Coverage levels were set at approximately $2.12 per gallon.

In accordance with the Company's fleet plan, Avianca will retire its Embraer fleet. Ten Embraer-190 aircraft will therefore be removed from Avianca's operating aircraft fleet in 2019. A related US$ 38.9 million one-time non-cash impairment charge for these assets has been reflected in Avianca's fourth quarter results, representing the estimated residual value of the entire Embraer-190 fleet.

The Company recorded $41.0 million in other non-operating expenses for the 4Q 2018, compared to a non-operating expense of $45.3 million for the same quarter of 2017. Interest expenses increased by $4.7 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 $14.5 million gain related to the non-cash foreign exchange translation adjustments, as compared to a $3.7 million loss 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.

1. Excluding one-time items

The Company ended the quarter with cash and cash equivalents and available-for-sale securities including short-term certificates and bank deposits, restricted cash and cash equivalents and available-for-sale securities, (other current assets) in the amount of $388.6 million, equivalent to approximately 8.0% of revenues for the last twelve months.

In line with the Company's deleveraging strategy, as of December 31, 2018 Avianca's leverage position (Net Adjusted debt to EBITDAR) amounted to 6.2x; a year on year increase from 5.8x on December 31, 2017 and an important sequential decrease from 6.6x in the 3Q of 2018, reflecting the recovery of profitability from the effects of the illegal pilots' strike on Avianca's third quarter leverage metrics. Avianca expects continued leverage improvement going forward, with benefit of its transformation process and the Profitability Strategy the Company has implemented throughout the organization it. Avianca's total long-term debt amounted to $3.38 billion, while total liabilities were $6.13 billion.

Full Year 2019 – Outlook

Outlook Summary	Full Year 2019
Total Passenger Increase	0.0% – 2.0%
Capacity (ASK) Increase	0.0% – 2.0%
Load Factor	81.0% – 83.0%
EBIT Margin[1]	7.0% – 9.0%

Analysis by ASKs (in U.S. cents)

1. Excluding one-time items

	4Q 2017	4Q 2018	Var%
Operating revenue:			
Passenger	7.86	7.77	-1.1%
Cargo and other	2.14	1.65	-23.1%
Total Operating Revenues	**10.00**	**9.42**	**-5.8%**
Operating expenses:			
Flight Operations	0.43	0.36	-15.6%
Aircraft fuel	2.04	2.36	15.7%
Ground Operations	0.99	0.94	-4.4%
Aircraft rentals	0.47	0.54	15.4%
Passenger services	0.36	0.36	2.1%
Maintenance and repairs	0.51	0.35	-32.2%
Air traffic	0.60	0.47	-21.2%
Sales and marketing	1.09	0.91	-16.4%
General, administrative, and other	0.49	0.34	-31.1%
Salaries, wages and benefits	1.68	1.24	-26.1%
Depreciation and amortization	0.84	1.05	24.5%
Total Operating Expense	**9.50**	**8.93**	**-6.0%**
Operating Income	0.50	0.49	-2.6%
Total CASK	9.50	8.93	-6.0%
CASK ex. Fuel	7.46	6.57	-11.9%
Total Cask (Adjusted)	9.51	8.92	-6.2%
CASK ex. Fuel (Adjusted)	7.47	6.56	-12.1%
Yield	**9.33**	**9.49**	**1.7%**

Non-IFRS Financial Measure Reconciliation

In USD Millions	**4Q17**	**4Q18**	**∆ Vs. Q17**
Net Income as Reported	$14.7	$19.3	31%
Special items (adjustments):			
(+) Fourth Quarter 2017 Adjustments	$112.8	-	
(+) Embraer Fleet Phase-Out	-	$38.9	
(-) Derivative Instruments	$0.3	-$4.0	
(-) Foreign Exchange Gain (loss)	$3.6	$14.5	
Net Income Adjusted	**136.6**	**47.0**	**-65.6%**

Reconciliation of Operating Cost per ASK excluding special items

in US$ cents	**4Q17**	**4Q18**	**∆ Vs. 4Q17**
Total CASK as reported	9.50	8.93	-6.0%
Aircraft Fuel	2.04	2.36	15.7%
Total CASK excluding Fuel as reported	7.46	6.58	-11.9%
(+)Extraordinary Projects	-0.11	-	
(+)Fourth Quarter 2017 Adjustments	0.12	-	
(+)Embraer Fleet Phase-Out	-	-0.00	
Total CASK excluding Fuel and special items	**7.47**	**6.57**	**-12.1%**

Interim Condensed Consolidated Statement of Comprehensive Income for the Three-month period ended December 31, 2018 and 2019 (In USD thousands)

1. Excluding one-time items

	2018 (Audited)	2019 (Unaudited)
Operating revenue:		
Passenger	$881,099	$1,066,179
Cargo and other	239,835	225,750
Total operating revenue	**1,120,934**	**1,291,929**
Operating expenses:		
Flight Operations	47,934	49,527
Aircraft fuel	228,580	323,446
Ground operations	110,634	129,417
Aircraft rentals	52,565	74,197
Passenger services	40,011	49,985
Maintenance and repairs	57,103	47,397
Air traffic	67,138	64,704
Sales and marketing	122,665	125,453
General, administrative, and other	55,354	46,665
Salaries, wages and benefits	188,327	170,327
Depreciation, amortization	94,340	143,717
Total Operating expenses	**$1,064,652**	**$1,224,835**
Operating Profit	**$56,282**	**$67,094**
Other non-operating income (expense):		
Interest expense	(50,847)	(55,523)
Interest income	9,565	3,983
Derivative instruments	(325)	(3,950)
Foreign Exchange	(3,657)	14,463
Profit before income tax	**$11,018**	**$26,067**
Income tax expense- current		
Income tax expense- deferred	3713	(6,766)
Total income tax expense	-	-
Net profit for the period	**$14,731**	**$19,301**

1. Excluding one-time items

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

	As of December 31, 2017	As of December 31, 2018
	(Audited)	(Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$508.982	$273.108
Restricted cash	5.465	4.843
Accounts receivable, net	226.015	288.157
Accounts receivable from related parties	17.204	6.290
Current tax assets	114.361	231.914
Expendable spare parts and supplies, net	97.248	90.395
Prepaid expenses	99.757	99.864
Assets held for sale	—	31.580
Deposits and other assets	201.984	89.773
Total current assets	**$1.271.016**	**$1.115.924**
Non-current assets:		
Deposits and other assets	$116.400	$115.504
Accounts receivable, net	4.115	35.503
Current tax assets	136.301	19
Intangibles	426.579	513.803
Deferred tax assets	25.969	24.573
Property and equipment, net	4.881.016	5.298.450
Total non-current assets	**$5,590,380**	**$5,987,852**
Total assets	**$6,861,396**	**$ 7,103,776**
Liabilities and equity		
Current liabilities:		
Loans and current portion of long-term debt	$572.072	$626.742
Accounts payable	263.245	506.568
Accounts payable to related parties	7.187	2.827
Current tax liabilities	263.719	252.708
Accrued expenses	186.657	120.894
Provisions for legal claims	11.720	7.809
Provisions for return conditions	19.093	2.475
Employee benefits	38.706	44.663
Air traffic liability	454.018	424.579
Frequent flyer deferred revenue	85.207	186.378
Other liabilities	9.415	3.861

1. When indicated the figures are adjusted by the following one-time items: Embraer Phase out; $-38,881,

Total current liabilities	**$1,911,039**	**$2,179,504**
Non-current liabilities:		
Long-term debt	$3,180,041	$3,380,838
Accounts payable	5,084	7,127
Provisions for return conditions	144,099	127,685
Employee benefits	135,640	110,085
Deferred tax liabilities	25,814	18,437
Frequent flyer deferred revenue	104,786	234,260
Other liabilities	15,193	68,246
Total non-current liabilities	3,610,657	3,946,678
Total liabilities	**$5,521,696**	**$6,126,182**
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	587,989	381,280
Other Comprehensive Income	(802)	(54,156)
Total equity attributable to AVH	1,415,650	1.155.587
Noncontrolling interest	(75,950)	(177.993)
Total equity	1,339,700	977.594
Total liabilities and equity	**$6,861,396**	$**7.103.776**

1. Excluding one-time items

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. Excluding one-time items

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. Excluding one-time items