

Avianca Holdings Reports Third Quarter 2019 Operating Profit¹ of \$100.3 Million

Bogota, Colombia, November 13, 2019 – Avianca Holdings S.A. (NYSE: AVH, BVC: PFAVH) today reported its financial results for the third quarter of 2019 (3Q 2019). 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 third quarter 2018 (3Q 2018) numbers. Figures and operating metrics of Avianca Holdings S.A. (“Avianca Holdings” or “the Company”) are presented on a consolidated basis.

Third Quarter 2019 Highlights

- Avianca Holdings’ management announced and is currently implementing its “Avianca 2021” plan designed to improve operational efficiency, strengthen the Company’s financial position and liquidity, and improve results of its operations. In line with the “Avianca 2021” plan, the Company unilaterally suspended its aircraft operating lease and debt amortization payments on June 25, 2019 while deferrals from creditors are obtained. The aggregate amount of said deferrals totals approximately \$270 million. The total principal amount of Avianca’s indebtedness in payment default, or cross default, is therefore \$2,876 billion as of September 30, 2019, which has been reclassified as short-term debt.
- In addition, Avianca Holdings S.A. successfully closed the Bond Exchange Offer of its US\$ 550 million bonds, which mature in May 2020, with a total of 88.1% of bonds validly tendered. All participating bondholders have received secured notes as described in the exchange offer memorandum, which will automatically exchange for new notes with a maturity extended until 2023 and a 9% coupon, upon completion of the US\$ 250 million stakeholder loan.
- Avianca Holdings S.A. adopted IFRS 16 on January 1, 2019. The new accounting standard requires the accounting of operating leases as assets and liabilities within financial statements for all leases exceeding 12 months unless the underlying asset is of low value. As such, the lessee recognizes the right of use of the underlying asset (and debt) at the present value of the outstanding lease payments. Therefore, the Aircraft rentals line item has been eliminated from 2019 onwards.
- 3Q 2019 operating revenues¹ reached \$1.2 billion for the quarter; a 1.5% year-on-year decrease. Results were primarily driven by a 1.3% decline in passenger revenues, mainly due to an average fare decline and a reduction of transported passengers across the network, as well as a 2.4% decrease in Cargo and Other revenues primarily due to a decrease in the average cargo fare.
- In addition, third quarter 2019 total operating expenses¹ decreased by 2.8% mainly driven by a 17.0% decrease in salaries wages and benefits, a 10.4% decrease in passenger services as well as a year on year reduction of 5.7% in fuel expenses.
- EBITDA¹ for the 3Q 2019 was \$264.8 million, with a 21.8% EBITDA margin¹. Further, operating income¹ (EBIT¹) reached \$100.3 million, with an 8.3% operating margin^{1a}, 126 bps increase, while net Income¹ totaled \$34.0 million, compared to \$31.9 million in 3Q 2018. Net income margin¹ for 3Q 2019 reached 2.8%.
- For the third quarter 2019, yields reached 9.2 cents; a 2.5% year on year decrease. This decline was driven by a 0.7% average fare decrease due to macroeconomic weaknesses in Latin American economies as well as a 0.5% reduction in transported passengers as the company cancelled profit diluting routes in line with its Avianca 2021 strategic plan.
- Cost¹ per available seat kilometer excluding fuel (CASK¹ ex-fuel) decreased 2.6%, to 6.0 cents in the 3Q 2019, compared to 6.1 cents in 3Q 2018. This was primarily driven by a 10.4% decrease in passenger service expenses as well as a 17.0% reduction in salaries wages and benefits expenses. Further, Aircraft fuel expenses decreased by 5.7% due to a 12.8% reduction in jet fuel prices. The latter was partially offset by increased maintenance and repair expenses, which increased by 3.6% in the third quarter of 2019, as well as by a 1.2% increase in fees and other expenses. 3Q 2019 CASK¹ therefore decreased 3.7%, to 8.1 US cents.
- 3Q 2019 capacity, measured in Available Seat Kilometers (ASKs), increased by 0.9% year-on-year. Passenger traffic, measured in Revenue Passenger Kilometers (RPKs), increased by 1.2% in the third quarter 2019, reaching a consolidated load factor of 82.9% across the network.

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

Financial Highlights

(3 months ended September 30 th)

(\$millions)	2018	2019
Revenues	1,238Bn	1,2Bn
EBITDA	150.0	192.2
EBIT	68.5	27.7
EBITDA ¹	167.8	264.8
EBIT ¹	86.3	100.3
Net Income	14.1	-40.1
Net Income ¹	29.3	21.9

¹ Excluding Fx and Derivative Charges

1 - Excluding items on footnote 1

(9 months ended September 30 th)

(\$millions)	2018	2019
Revenues	3,68Bn	3,47Bn
EBITDA	410.7	413.4
EBIT	165.0	275.4
EBITDA ¹	482.9	550.9
EBIT ¹	237.3	137.9
Net Income	18.2	-516.1
Net Income ¹	74.1	370.9

¹ Excluding Fx and Derivative Charges

1 - Excluding items on footnote 1

Profitability

(3 months ended September 30 th)

	2018	2019
EBITDA%	12.2%	16.0%
EBIT%	5.6%	2.3%
EBITDA% ¹	13.6%	21.8%
EBIT% ¹	7.0%	8.3%
Net Income% ¹	2.6%	2.8%
Net Income% ^{1a}	2.4%	1.8%

¹ Excluding Fx and Derivative Charges

1 - Excluding items on footnote 1

(9 months ended September 30 th)

	2018	2019
EBITDA%	11.4%	11.8%
EBIT%	4.6%	-7.9%
EBITDA% ¹	13.4%	15.7%
EBIT% ¹	6.6%	-4.4%
Net Income% ¹	1.5%	-10.9%
Net Income% ^{1a}	2.1%	-10.7%

¹ Excluding Fx and Derivative Charges

1 - Excluding items on footnote 1

Operational Highlights

(3 months ended September 30 th)

	2018	2019
Passengers	7,87M	7,83M
ASKs	13,548Bn	13,67Bn
RPKs	11,198Bn	11,338Bn
Load Factor	82.7%	82.9%
RASK	9.1	8.8
CASK	8.6	8.6

(9 months ended September 30 th)

	2,018	2,019
Passengers	22,64M	23,12M
ASKs	39,23Bn	41,04Bn
RPKs	32,58Bn	33,77Bn
Load Factor	82.8%	82.3%
RASK	9.2	8.5
CASK	8.8	9.1

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1. When indicated the figures are adjusted by the following one-time items related to the company's transformation plan and accounting adjustments: USD 10.4 million in Cargo & Other revenues; USD -16.9 million Maintenance and repair expense, USD -7.0 million Selling expenses, USD 38.4 million fees and other expense

Avianca Holdings S.A.

Consolidated Financial and Operational Highlights¹	3Q18	3Q19	Δ Vs. 3Q18
ASK's (mm)	13.543	13.671	0,9%
ASK's (mm) (Adjusted)	13.220	13.671	3,4%
RPK's (mm)	11.194	11.333	1,2%
Total Passengers (in millions)	7.869	7.832	-0,5%
Load Factor	82,7%	82,9%	24 bp
Departures	73.524	68.500	-6,8%
Block Hours	146.032	144.126	-1,3%
Stage length (km)	1.101	1.209	9,8%
Fuel Consumption Gallons (000's)	132.393	137.768	4,1%
Yield (cents)	9,4	9,2	-2,5%
TRASK (cents)	9,1	8,8	-3,2%
PRASK (cents)	7,8	7,6	-2,3%
TRASK (FX Adjusted) ⁽¹⁾ (cents)	9,1	9,1	0,2%
CASK (cents)	8,59	8,59	0,1%
CASK ex. Fuel (cents)	6,25	6,42	2,6%
CASK (Adjusted) (cents)	8,45	8,14	-3,7%
CASK ex. Fuel (Adjusted) (cents)	6,12	5,96	-2,6%
Foreign exchange (average) COP/US\$	\$ 2958,4	\$ 3239,6	9,5%
Foreign exchange (end of period) COP/US\$	\$ 2972,2	\$ 3462,0	16,5%
WTI (average) per barrel	\$ 69,8	\$ 56,4	-19,2%
Jet Fuel Crack (average) per barrel	\$ 19,9	\$ 21,8	9,7%
US Gulf Coast (Jet Fuel average) per barrel	\$ 89,7	\$ 78,2	-12,8%
Fuel price per Gallon (including hedge)	\$ 2,39	\$ 2,16	-9,4%
Operating Revenues (\$M)	\$ 1231,2	\$ 1202,6	-2,3%
EBITDAR (\$M)	\$ 212,9	\$ 194,8	-8,5%
<i>EBITDAR Margin</i>	<i>17,3%</i>	<i>16,2%</i>	<i>-110 bp</i>
EBITDA (\$M)	\$ 150,0	\$ 192,2	28,2%
<i>EBITDA Margin</i>	<i>12,2%</i>	<i>16,0%</i>	<i>380 bp</i>
Operating Income (\$M)	\$ 68,5	\$ 27,7	-59,6%
<i>Operating Margin (\$M)</i>	<i>5,6%</i>	<i>2,3%</i>	<i>-326 bp</i>
Net Income (\$M)	\$ 14,1	-\$ 40,124	-385,6%
<i>Net Income Margin</i>	<i>1,1%</i>	<i>-3,3%</i>	<i>-448 bp</i>
EBITDAR (Adjusted) (\$M)	\$ 228,8	\$ 267,4	16,9%
<i>EBITDAR Margin (Adjusted)</i>	<i>18,6%</i>	<i>22,0%</i>	<i>347 bp</i>
EBITDA (Adjusted) (\$M)	\$ 167,8	\$ 264,8	57,8%
<i>EBITDA Margin(Adjusted)</i>	<i>13,6%</i>	<i>21,8%</i>	<i>820 bp</i>
Operating Income (Adjusted) (\$M)	\$ 86,3	\$ 100,3	16,2%
<i>Operating Margin (\$M) (Adjusted)</i>	<i>7,0%</i>	<i>8,3%</i>	<i>126 bp</i>
Adjusted Net Income (\$M)	\$ 31,9	\$ 34,0	6,6%
<i>Net Income Margin (Adjusted)</i>	<i>2,6%</i>	<i>2,8%</i>	<i>21 bp</i>

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

- When indicated the figures are adjusted by the following one-time items related to the company's transformation plan and accounting adjustments: USD 10.4 million in Cargo & Other revenues; USD -16.9 million Maintenance and repair expense, USD -7.0 million Selling expenses, USD 38.4 million fees and other expense

Management Comments on 3Q 2019

Anko van der Werff, Chief Executive Officer, commented: "During the third quarter 2019, Avianca Holdings made significant progress executing the Avianca 2021 turnaround plan on numerous fronts. From an operational standpoint, we prioritized controlling operating costs, first and foremost, reducing unprofitable routes. Adjusting for one-time events, unitary costs excluding fuel (CASK ex fuel) therefore decreased 2.6% year over year. In addition, we cancelled 21 unprofitable routes and redeployed freed capacity. Further, we're densifying part of our A320 fleet operating primarily in domestic markets. This enables us to significantly improve cost performance on a per aircraft basis while maintaining our best in class product for which we are known. In line with our unwavering focus on our customers, our on-time performance improved by 10.4% during the quarter, to reach 80.8%. We have also begun rolling out our branded fare product in the Ecuador and Colombia domestic markets with encouraging initial results."

Mr. van der Werff continued, "From a financial perspective, in the immediate term, debt re-profiling has been essential to ensuring adequate liquidity, backed by the continued support of our board and strategic partners. Chief Financial Officer Adrian Neuhauser and our finance team have been active in discussions with key strategic lenders and other creditors to establish terms that will preserve current liquidity levels and enable us to advance our transformation plan. On November 1, 2019, Avianca Holdings announced the expiration and final results of our offer exchange, with USD \$484.4 million, or 88.1%, aggregate principal amount of existing notes validly tendered for exchange and not validly withdrawn. The Secured Notes will provide for automatic conversion into an equivalent principal amount of new 9.00% Secured Notes due May 2023, upon successfully achieving the reprofiling. In addition, on October 7, United Airlines and Kingsland Holdings outlined their commitment to provide Avianca with a USD \$250 million secured convertible loan. The Commitment will become fully binding once the Lenders and Avianca finalize the necessary documentation and obtain the appropriate corporate approvals for the Convertible Loan, which we expect in the coming weeks."

He added, "Looking ahead, on December 4, Avianca Holdings will celebrate 100 years of continuous operation, marking a significant milestone in our corporate as well as world wide aviation history. This centennial also represents an important turning point for our Company, as we establish a solid foundation for Avianca going forward, ensuring profitability and sustainable margin expansion for the future ahead."

Analysis of 3Q 2019 Results

Avianca transported 7.8 million passengers in the third quarter of 2019; a -0.5% year-on-year decrease. Further, the Company's capacity measured in ASK increased by 0.9%, year on year. Passenger traffic measured in RPK increased by 1.2% throughout the third quarter. As such, Avianca reported a consolidated load factor of 82.9% for the third quarter 2019. Specifically, routes to Europe reached average consolidated load factors of 86.2%, while routes to North America reached a strong 84.5% load factor during the third quarter 2019.

Avianca Holdings achieved total operating revenues¹ of approximately \$1.2 billion with an adjusted operating gain (EBIT¹) of \$100.3 million in the third quarter 2019 and an 8.3% operating income¹ (EBIT¹) margin. These results were primarily driven by a 1.5% decrease in total operating revenues as Latin American currencies devalued against the US dollar, coupled with an average fare reduction of 0.7% as well as a 0.5% decrease in transported passengers, which resulted in a 2.5% year on year decline in passenger yields. Passenger revenues therefore decreased by 1.3%, while Cargo and Other Revenues¹ decreased 2.4%, primarily due to a 7.8% decrease in average cargo fare. This trend was partially offset by a 12.3% increase in tons transported.

During the quarter, LifeMiles expanded its membership by 9.9% year on year, ending the third quarter 2019 with approximately 9.5 million members. The retail partnership program also continued to expand, reaching 544 partners in the second quarter 2019; a 25.6% year-on-year increase. Finally, LifeMiles' active co-branded cards ended the quarter with more than 723,000 cards; a 7.7% year-on-year increase.

3Q 2019 operating expenses¹ were \$1.12 billion; a 2.8% year-on-year decrease. This was primarily driven by a 17.0% decrease in Salaries, Wages and benefits, mainly due to the devaluation of the Colombian Peso as well as to headcount reduction as the Avianca right-sizes its operations in line with the Avianca 2021 plan. In addition, passenger services decreased 10.4% as the Company optimizes its onboard service and cabin crew consumption allowances. Further, selling expenses¹ decreased by 4.3%, as the company reduced travel agency commission expenses during the quarter. Ground operation expenses decreased 5.3% due to a reduction in outsourced services and flight simulator maintenance. Finally, Fuel Expenses decreased by 5.7% in the third quarter 2019, due to a 12.8% year on year decrease in jet fuel prices. This fuel price decrease was partially offset by an increase in fuel hedge settlements and a 4% increase in fuel consumption during the quarter. The overall positive trend in operating expenses was partially offset by a 3.6% increase in Maintenance and repair expenses, related to a change in engine return conditions in our operating lease contracts as Avianca continues to successfully optimize its fleet, as well as a 1.2% increase in fees and other expenses due to a year on year increase in legal fees associated with the Company's turnaround process.

Avianca Holdings S.A. adopted IFRS 16 on January 1, 2019. The new accounting standard requires the accounting of operating leases as assets and liabilities within financial statements, for all leases exceeding 12 months unless the underlying asset is of low value. As such, the lessee recognizes the right of use of the underlying asset (and debt) at the present value of the outstanding lease payments. Therefore, the Aircraft rentals line item has been eliminated from 2019 onwards.

1. When indicated the figures are adjusted by the following one-time items related to the company's transformation plan and accounting adjustments: USD 10.4 million in Cargo & Other revenues; USD -16.9 million Maintenance and repair expense, USD -7.0 million Selling expenses, USD 38.4 million fees and other expense

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As part of the Company's ongoing fuel hedging strategy, a total of 21.2 million gallons of fuel were hedged at the end of the third quarter 2019, this corresponds to approximately 4% of the total expected volume to be consumed during the next 12 months. Coverage levels were set at approximately \$1.91 per gallon.

In accordance with the Company's 2019 fleet plan, Avianca will phase out ten (10) Airbus A318 and four (4) A320 aircraft under the most favorable terms and conditions for the Company. To date, the Company sold one A318 and two A320 and remains on track to sell the remaining aircraft by the end of the year.

Avianca recorded \$55.4 million in other non-operating expenses for the 3Q 2019, compared to a non-operating expense of \$44.6 million for the same quarter of 2018. Interest expenses increased by \$20.1 million mainly due to IFRS 16 implementation. The Company also recorded a \$13.9 million gain related to the non-cash foreign exchange translation adjustments, as compared to a \$1.6 million loss for the same period of 2018. 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 including short-term certificates and bank deposits, restricted cash and cash equivalents and available-for-sale securities, (other current assets) in the amount of \$271,9 million, equivalent to approximately 5.7% of revenues for the last twelve months.

In line with the adoption of IFRS 16 since January 1, 2019, Avianca's leverage is calculated using EBITDA, as operating leases are now capitalized within Property Plant and Equipment as well as long- and short-term debt. As such, Avianca's leverage position (Debt to EBITDA) amounted to 6.8x for the third quarter 2019. Avianca expects continued leverage improvement going forward, with the benefit of its transformation process and the Profitability Strategy which has implemented throughout the organization. Avianca's total long-term debt amounted to \$1.3 billion, while total liabilities were \$7.06 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	4.0% – 6.0%

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Avianca Holdings S.A.

Analysis by ASKs (in U.S. cents)

	3Q18	3Q19	Δ Vs. 3Q18
Operating revenue:			
Passenger	7.78	7.61	-2.3%
Cargo and other	1.31	1.19	-9.1%
Total Operating Revenues	9.09	8.80	-3.2%
Operating expenses:			
Flight operations	0.05	0.05	-4.7%
Aircraft fuel	2.33	2.18	-6.6%
Ground operations	0.87	0.81	-6.3%
Aircraft rentals	0.46	0.02	-95.9%
Passenger services	0.35	0.31	-11.3%
Maintenance and repairs	0.52	0.65	26.2%
Air traffic	0.53	0.52	-2.3%
Selling expenses	0.99	0.96	-3.6%
Fees and other expenses	0.38	0.66	74.0%
Special charges	-	-	-
Salaries, wages and benefits	1.49	1.22	-17.8%
Depreciation and amortization	0.60	1.20	100.0%
Total operating expense	8.59	8.59	0.1%
Operating profit (EBIT)	0.51	0.20	-60.0%
Total CASK	8.59	8.59	0.1%
CASK ex. Fuel	6.25	6.42	2.6%
Total Cask (Adjusted)	8.46	8.14	-3.8%
CASK ex. Fuel (Adjusted)	6.12	5.96	-2.7%
Yield	9.42	9.18	-2.5%

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Avianca Holdings S.A.

Non-IFRS Financial Measure Reconciliation

In USD Millions

	3Q18	3Q19	ΔVs.3Q18
Net Income as Reported	\$14,1	-\$40,1	-386%
Special items (adjustments):			
(+) Pilots Union Strike	\$15,4	-	
(+) Engines Incidents B787	\$2,4	-	
<u>Accounting Adjustments from previous quarters</u>			
(+) Cargo and Other	-	\$10,4	
(+) Maintenance and repairs	-	-\$8,8	
(+) Interest expense	-	1,5	
<u>Transformation Plan</u>			
(+) Maintenance and repairs	-	-\$8,0	
(+) Fees and other expenses	-	-\$18,4	
(+) Inventory write-off (Fees and other expenses)	-	-\$20,1	
(+) Interline account receivable write-off (Selling expenses)	-	-\$7,0	
(-) Derivative Instruments	\$4,1	-\$1,8	
(-) Foreign Exchange Gain (loss)	-\$1,6	\$14,0	
Net Income Adjusted	\$29,3	\$21,8	-25,4%

Reconciliation of Operating Cost per ASK excluding special items

in US\$ cents	3Q18	3Q19	ΔVs.3Q18
Total CASK as reported	8,59	8,59	0,1%
Aircraft Fuel	2,33	2,18	-6,6%
Total CASK excluding Fuel as reported	6,25	6,42	2,6%
(+) Pilots Union Strike	-0,1	-	
<u>Accounting Adjustments from previous quarters</u>			
(+) Maintenance and repairs	-	-0,06	
<u>Transformation Plan</u>			
(+) Maintenance and repairs	-	-0,06	
(+) Fees and other expenses	-	-0,13	
(+) Inventory write-off (Fees and other expenses)	-	-0,15	
(+) Interline account receivable write-off (Selling expenses)	-	-0,05	
Total CASK excluding Fuel and special items	6,12	5,96	-2,6%

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Avianca Holdings S.A.

Interim Condensed Consolidated Statement of Comprehensive Income for the Three-month period ended September 30, 2018 and 2019 (in USD thousands)

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Operating revenue:		
Passenger	\$1,040,112	\$1,054,129
Cargo and other	162,451	177,113
Total operating revenue	1,202,563	1,231,242
Operating expenses:		
Flight operations	7,133	7,412
Aircraft fuel	297,873	316,013
Ground operations	111,241	117,656
Other rentals	2,591	62,960
Passenger services	42,591	47,540
Maintenance and repairs	89,047	69,897
Air traffic	71,043	72,017
Selling expenses	130,908	134,553
Salaries, wages and benefits	167,358	201,672
Fees and other expenses	90,563	51,547
Depreciation, amortization and impairment	164,558	81,511
Total operating expenses	1,174,906	1,162,778
Operating profit (loss)	27,657	68,464
Interest expense	(70,186)	(49,769)
Interest income	2,276	2,557
Derivative instruments	(1,803)	4,159
Foreign exchange	13,958	(1,594)
Equity method profit	311	—
Loss before income tax	(27,787)	23,817
Income tax expense—current	(5,381)	(1,904)
Income tax expense—deferred	(6,956)	(7,865)
Total income tax expense	(12,337)	(9,769)
Net loss for the period	\$(40,124)	\$14,048

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

- When indicated the figures are adjusted by the following one-time items related to the company's transformation plan and accounting adjustments: USD 10.4 million in Cargo & Other revenues; USD -16.9 million Maintenance and repair expense, USD -7.0 million Selling expenses, USD 38.4 million fees and other expense

Avianca Holdings S.A.

	September 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 211,933	\$ 273,108
Restricted cash	—	4,843
Trade and other receivables, net of expected credit losses	218,152	288,157
Accounts receivables from related parties	2,837	6,290
Current tax assets	218,031	231,914
Expendable spare parts and supplies, net of provision for obsolescence	92,434	90,395
Prepayments	84,344	99,864
Deposits and other assets	91,398	89,773
	<u>919,129</u>	<u>1,084,344</u>
Assets held for sale	207,117	31,580
Total current assets	<u>1,126,246</u>	<u>1,115,924</u>
Non-current assets:		
Deposits and other assets	60,405	115,504
Trade and other receivables, net of expected credit losses	22,412	35,503
Non-current taxes assets	—	19
Intangible assets and goodwill, net	512,597	513,803
Deferred tax assets	19,585	24,573
Property and equipment, net	5,715,620	5,313,317
Total non-current assets	<u>6,330,619</u>	<u>6,002,719</u>
Total assets	<u>\$ 7,456,865</u>	<u>\$ 7,118,643</u>

Notes	September 30, 2019	December 31, 2018
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Avianca Holdings S.A.

Liabilities and equity

Current liabilities:

Short-term borrowings and current portion of long-term debt	14	\$ 3,727,783	\$ 626,742
Accounts payable		590,188	664,272
Accounts payable to related parties	10	4,330	2,827
Accrued expenses		116,320	108,712
Current tax liabilities	21	19,840	26,702
Provisions for legal claims	22	16,479	7,809
Provisions for return conditions		13,807	2,475
Employee benefits		137,898	125,147
Air traffic liability		371,625	424,579
Frequent flyer deferred revenue		180,610	186,378
Other liabilities		7,999	3,861
Total current liabilities		<u>5,186,879</u>	<u>2,179,504</u>

Non-current liabilities:

Long-term debt	14	1,320,055	3,380,838
Accounts payable		5,478	7,127
Provisions for return conditions		141,605	127,685
Employee benefits		112,431	110,085
Deferred tax liabilities		17,682	18,437
Frequent flyer deferred revenue		227,789	234,260
Other liabilities		52,814	68,246
Total non-current liabilities		<u>1,877,854</u>	<u>3,946,678</u>
Total liabilities		<u>\$ 7,064,733</u>	<u>\$ 6,126,182</u>

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		(163,046)	386,087
Other comprehensive income	16	(74,834)	(44,096)

Equity attributable to owners of the Company

Non-controlling interest		(198,451)	(177,993)
Total equity		<u>392,132</u>	<u>992,461</u>
Total liabilities and equity		<u>\$ 7,456,865</u>	<u>\$ 7,118,643</u>

1. When indicated the figures are adjusted by the following one-time items related to the company's transformation plan and accounting adjustments: USD 10.4 million in Cargo & Other revenues; USD -16.9 million Maintenance and repair expense, USD -7.0 million Selling expenses, USD 38.4 million fees and other expense

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.

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 these seats are flown.

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

B

Block Hours: Refer 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).

CASKex-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.

1. When indicated the figures are adjusted by the following one-time items related to the company's transformation plan and accounting adjustments: USD 10.4 million in Cargo & Other revenues; USD -16.9 million Maintenance and repair expense, USD -7.0 million Selling expenses, USD 38.4 million fees and other expense

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.

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

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

RTK: Revenue ton kilometers represent 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 related to the company's transformation plan and accounting adjustments: USD 10.4 million in Cargo & Other revenues; USD -16.9 million Maintenance and repair expense, USD -7.0 million Selling expenses, USD 38.4 million fees and other expense