

## Avianca Holdings Reports \$98.6 Million Fourth Quarter 2019 Operating Profit<sup>1</sup>

Bogota, Colombia, February 27, 2020 – Avianca Holdings S.A. (NYSE: AVH, BVC: PFAVH) today reported its financial results for the fourth quarter of 2019 (4Q 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 fourth quarter 2018 (4Q 2018) numbers. Figures and operating metrics of Avianca Holdings S.A. (“Avianca Holdings” or “the Company”) are presented on a consolidated basis. 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.

### Fourth Quarter 2019 Highlights

- During the fourth quarter 2019, Avianca Holdings successfully concluded its financial reprofiling; deferring a total of approximately \$220 million aircraft operating lease and debt amortization payments and exchanging 88.1% of its USD 550 million May 2020 bond. In addition, Avianca drew USD 250 million stakeholder financing from United Airlines and Kingsland Holdings as well as an additional USD 125 from other market participants. This is aligned with the “Avianca 2021” Strategic Plan which the Company is currently implementing to improve operational efficiency, strengthen the Avianca’s financial position and liquidity, and improve results of its operations.
- 4Q 2019 operating revenues<sup>1</sup> reached \$1.2 billion for the quarter; a 9.5% year-on-year decrease. Results were primarily driven by an 8.3% decline in passenger revenues<sup>1</sup>, mainly due to an average fare decline and a reduction of transported passengers across the network in line with the Avianca 2021 Plan, as well as a 15.0% decrease in Cargo and Other revenues primarily due to a decrease in the average cargo fare.
- In addition, fourth quarter 2019 total operating expenses<sup>1</sup> decreased by 9.7% mainly driven by a 79.3% decrease in flight operations, a 21.8% decrease in passenger services as well as a year on year reduction of 10.3% in fuel expenses.
- EBITDA<sup>1</sup> for the 4Q 2019 was \$223.9 million, with a 19.2% EBITDA margin<sup>1</sup>. Further, operating income<sup>1</sup> (EBIT<sup>1</sup>) reached \$98.6 million with an 8.4% operating margin<sup>1</sup> a 28-bps increase, while net Income<sup>1</sup> totaled - \$0.4 million, compared to \$58.2 million in 4Q 2018. Net income margin<sup>1</sup> for 4Q 2019 reached 0.0%.
- Fourth quarter 2019 yields<sup>1</sup> were 9.2 cents; a 0.4% year on year increase. This increase is the result of successful implementation of the Avianca 2021 plan, as Revenue Passenger Kilometers (RPK) declined by 8.7% year over year while Passenger revenue decreased 8.3% for the same period. Further, 4Q 2019 capacity measured in Available Seat Kilometers (ASKs), decreased by 6.9% year-on-year, while the consolidated load factor reached 80.1% across the network.
- Cost<sup>1</sup> per available seat kilometer excluding fuel (CASK<sup>1</sup> ex-fuel) decreased 2.8%, to 5.9 cents in the 4Q 2019, compared to 6.1 cents in 4Q 2018. This was primarily driven by a 79.3% decrease in flight operations and a 21.8% decrease in passenger services. Further, aircraft fuel expenses decreased by 10.3% due to a 9.6% reduction in jet fuel prices. The latter was partially offset by increased maintenance and repair expenses<sup>1</sup>, which increased by 12.8% in the fourth quarter of 2019, as well as by a 43.3% increase in fees and other expenses<sup>1</sup>. 4Q 2019 CASK<sup>1</sup> therefore decreased 3.1%, to 8.1 cents.

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

#### Financial Highlights

(3 months ended December 31 st)

(\$millions)	2018	2019
Revenues	1,298	1,158
EBITDA	210,8	96,4
EBIT	67,1	-278,9
EBITDA <sup>1</sup>	210,8	223,9
EBIT <sup>1</sup>	106,0	98,6
Net Income	19,3	-377,9
Net Income <sup>**1</sup>	47,7	19,8

\*Including Fx and Derivative Charges

1 - Excluding items on footnote 1

(12 months ended December 31 st)

(\$millions)	2018	2019
Revenues	4,898	4,628
EBITDA	621,5	509,8
EBIT	232,1	-554,3
EBITDA <sup>1</sup>	693,8	774,8
EBIT <sup>1</sup>	343,2	181,4
Net Income	1,1	-894,0
Net Income <sup>**1</sup>	121,8	-130,5

\*Including Fx and Derivative Charges

1 - Excluding items on footnote 1

#### Profitability

(3 months ended December 31 st)

	2018	2019
EBITDA%	16,3%	8,4%
EBIT%	5,2%	-24,2%
EBITDA <sup>1</sup>	16,3%	19,2%
EBIT <sup>1</sup>	8,2%	8,4%
Net Income <sup>1</sup>	4,5%	0,0%
Net Income <sup>**1</sup>	3,7%	1,7%

\*Including Fx and Derivative Charges

1 - Excluding items on footnote 1

(12 months ended December 31 st)

	2018	2019
EBITDA%	12,7%	11,0%
EBIT%	4,7%	-12,0%
EBITDA <sup>1</sup>	14,2%	16,7%
EBIT <sup>1</sup>	7,0%	3,9%
Net Income <sup>1</sup>	2,3%	-3,4%
Net Income <sup>**1</sup>	2,5%	-2,8%

\*Including Fx and Derivative Charges

1 - Excluding items on footnote 1

#### Operational Highlights

(3 months ended December 31 st)

	2018	2019
Passengers	7,95M	7,4M
ASKs	14,228	13,248
RPKs	11,618	10,68
Load Factor	81,7%	80,1%
RASK	9,1	8,8
CASK	8,3	8,1

(12 months ended December 31 st)

	2,018	2,019
Passengers	30,59M	30,52M
ASKs	53,458	54,418
RPKs	44,118	44,378
Load Factor	82,6%	81,5%
RASK	9,2	8,5
CASK	8,5	8,2

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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:  
Passenger Revenue USD 17,1 million, Maintenance and repairs USD (3,6 million), Selling expenses USD (3 million), Fees and other expenses USD (85,7 million), Salaries, wages and benefits USD (18,2 million) and Depreciation, amortization and impairment USD (249,9 million)  
2. EBIT margin guidance applies to 1Q 2020. We expect to provide incremental guidance once we have more visibility regarding COVID 19

# Avianca Holdings S.A.

<b>Consolidated Financial and Operational Highlights<sup>1</sup></b>	<b>4Q18</b>	<b>4Q19</b>	<b>Δ Vs. 4Q18</b>
ASK's (mm)	14.215	13.241	-6,9%
RPK's (mm)	11.613	10.600	-8,7%
Total Passengers (in millions)	7.953	7.399	-7,0%
Load Factor	81,7%	80,1%	-164 bp
Departures	75.016	65.905	-12,1%
Block Hours	152.969	141.599	-7,4%
Stage length (km)	1.163	1.235	6,2%
Fuel Consumption Gallons (000's)	132.393	132.086	-0,2%
Yield (cents) (Adjusted)	9,18	9,22	0,4%
RASK (cents) (Adjusted)	9,09	8,83	-2,8%
PRASK (cents) (Adjusted)	7,50	7,38	-1,6%
CASK (cents)	8,62	10,81	25,4%
CASK ex. Fuel (cents)	6,34	8,62	35,9%
CASK (Adjusted) (cents)	8,34	8,09	-3,1%
CASK ex. Fuel (Adjusted) (cents)	6,07	5,90	-2,8%
Foreign exchange (average) COP/US\$	\$ 2958,4	\$ 3281,1	10,9%
Foreign exchange (end of period) COP/US\$	\$ 2972,2	\$ 3277,1	10,3%
WTI (average) per barrel	\$ 69,8	\$ 57,0	-18,3%
Jet Fuel Crack (average) per barrel	\$ 19,9	\$ 21,1	6,1%
US Gulf Coast (Jet Fuel average) per barrel	\$ 89,7	\$ 78,1	-12,9%
Fuel price per Gallon (including hedge)	\$ 2,39	\$ 2,20	-8,0%
Operating Revenues (\$M)	\$ 1291,9	\$ 1152,1	-10,8%
EBITDA (\$M)	\$ 210,8	\$ 96,4	-54,3%
<i>EBITDA Margin</i>	<i>16,3%</i>	<i>8,4%</i>	<i>-795 bp</i>
Operating Income (\$M)	\$ 67,1	-\$ 278,9	-515,7%
<i>Operating Margin (\$M)</i>	<i>5,2%</i>	<i>-24,2%</i>	<i>-2940 bp</i>
Net Income (\$M)	\$ 19,3	-\$ 377,931	-2058,1%
<i>Net Income Margin</i>	<i>1,5%</i>	<i>-32,8%</i>	<i>-3430 bp</i>
EBITDA (Adjusted) (\$M)	\$ 210,8	\$ 223,9	6,2%
<i>EBITDA Margin(Adjusted)</i>	<i>16,3%</i>	<i>19,2%</i>	<i>283 bp</i>
Operating Income (Adjusted) (\$M)	\$ 106,0	\$ 98,6	-7,0%
<i>Operating Margin (\$M) (Adjusted)</i>	<i>8,2%</i>	<i>8,4%</i>	<i>23 bp</i>
Adjusted Net Income (\$M)	\$ 58,2	\$ 1,1	-98,0%
<i>Net Income Margin (Adjusted)</i>	<i>4,5%</i>	<i>0,1%</i>	<i>-441 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)

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## Management Comments on 4Q 2019

Anko van der Werff, Chief Executive Officer, commented: “We closed 2019 with demonstrable success against the key pillars of our 2021 Strategic Plan which are, first, a focus on Avianca’s financials; strengthening operating margins while maintaining disciplined capital investments and generating consistent cash flow to achieve suitable leverage levels by 2021. Second, operational efficiency throughout our organization; rationalizing our routes with an eye towards optimizing overall profitability and eliminating inefficient sub fleets. Third, a focus on the Avianca customer; streamlining our network and leveraging our branded fares to tailor our offering to our customers’ needs, optimize profitability, capture ancillary revenues and enhance our overall customer experience with benefit of Avianca’s award-winning LifeMiles program. And finally, our fourth pillar looks inward to focus on the Avianca team across our organization; strengthening our corporate culture, evolving to a best practice-focused mindset, and transforming groups of colleagues into a single team is key to achieving our ambitious plans and strategy.”

Mr. van der Werff continued, “I’m pleased to note that we completed our financial reprofiling this past December. We successfully closed Avianca’s bond exchange offer in November, with the strong participation of more than 88% of outstanding bonds extending the maturity to May 2023. In addition, as previously disclosed, we were able to draw the USD 250 million stakeholder financing from United Airlines and Kingsland Holdings as well as an additional USD 125 million from other market participants. Regarding our second pillar, we further streamlined and rationalized our fleet during the fourth quarter and reached an agreement to reduce Avianca’s outstanding Airbus A320neo order book from 108 to 88 aircraft in the first weeks of January. Turning to our third pillar, we achieved an important milestone with the sales launch of our branded fare product in the Ecuador and Colombian domestic markets in the fourth quarter 2019. We also continue to implement incremental adjustments to our network, leveraging our Bogota hub’s privileged geographic location while further building on the On-Time Performance improvements achieved so far. Finally, also related to our strategy, we remain focused on our team and on actively engaging with our employees.”

He added, “Avianca celebrated its 100th year in operation in December, and I believe there have been few years more remarkable for our Company than 2019. The favorable conclusion of Avianca’s financial reprofiling, important internal changes and continued progress on Avianca’s 2021 Strategic Plan have stabilized our capital structure. As our results have demonstrated, we’re delivering on operational excellence which will lead to a sustained business model financially.”

## Analysis of 4Q 2019 Results

Avianca transported 7.4 million passengers in the fourth quarter of 2019; a 7.0% year-on-year decrease. Further, the Company’s capacity measured in ASK decreased by 6.9%, year on year. Passenger traffic measured in RPK decreased by 8.7% during the fourth quarter. The above results are in line with expectations, and the Avianca 2021 Strategic Plan. As such, Avianca reported a consolidated load factor of 80.1% for the fourth quarter 2019. Specifically, routes to Europe reached average consolidated load factors north of 82%, while routes to South America and Colombia reached a solid 81.0% load factor during the fourth quarter 2019.

Avianca Holdings achieved total operating revenues<sup>1</sup> of approximately \$1.2 billion with an adjusted operating gain (EBIT<sup>1</sup>) of \$98.6 million in the fourth quarter 2019 and an 8.4% operating income<sup>1</sup> (EBIT<sup>1</sup>) margin. These results were primarily driven by a 9.5% decrease in total operating revenues as Latin American currencies devalued against the US dollar, coupled with a 3.8% decrease in average fare reduction as well as a 7.0% decrease in transported passengers. Passenger revenues<sup>1</sup> therefore decreased by 8.3% year over year. Despite of the aforementioned negative trends, Avianca’s passenger yields<sup>1</sup> increased 0.4% year on year, as RPK reduction outpaced the decline in passenger revenues. Finally, Cargo and Other Revenues decreased 15.0%, as demand volatility for cargo services and increased competition led to a 11.5% decrease in average cargo fare. This trend was partially offset by a 6.7% increase in tons transported.

During the quarter, LifeMiles expanded its membership by 9.4% year on year, ending the third quarter 2019 with approximately 9.7 million members. The retail partnership program also continued to expand, reaching 586 partners in the fourth quarter 2019; a 13.8% year-on-year increase. Finally, LifeMiles’ active co-branded cards ended the quarter with more than 734,000 cards; a 8.1% year-on-year increase.

4Q 2019 operating expenses<sup>1</sup> were \$1.07 billion; a 9.7% year-on-year decrease. This was primarily driven by a 79.3% decrease in in flight operations, as the Company significantly reduced its third-party wet lease capacity. In addition, passenger services decreased 21.8% due to optimized onboard service and cabin crew consumption allowances. Further, selling expenses<sup>1</sup> decreased by 3.7%, as Avianca reduces its miles purchases from its LifeMiles loyalty company, in line with the reduction in transported passengers. Ground operation expenses decreased 2.7% due to a reduction in departures as Avianca right-sizes its operations in line with the Avianca 2021 Plan, as well as a reduction in flight simulator maintenance. Finally, Fuel Expenses decreased by 10.3% in the fourth quarter 2019, due to a 7.1% year on year decrease in jet fuel prices as well as a 5.0% year on year reduction in fuel consumption. The overall positive trend in operating expenses was partially offset by a 12.8% increase in Maintenance and repair expenses<sup>1</sup>, related to a change in engine return conditions in our operating lease contracts as Avianca continues to successfully optimize its fleet and writes-off obsolete inventory. Finally, fees and other expenses<sup>1</sup> increased 43.3% during Q4 2019 due to a year on year increase in tax provisions as well as a write off related to Avianca’s investment in Transportes Aeromar S.A. de C.V.

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# Avianca Holdings S.A.

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.

As part of the Company's ongoing fuel hedging strategy, a total of 4.5 million gallons of fuel were hedged at the end of the fourth quarter 2019, this corresponds to approximately 1% of the total expected volume to be consumed during the subsequent 12 months. Coverage levels were set at approximately \$1.93 per gallon.

In accordance with the Company's 2019 fleet plan, Avianca phased out nine (9) Airbus A318 and two (2) A320 aircraft during the quarter. Avianca therefore sold a total of 10 A318 and four A320 in the second half of 2019 for a total of USD 100 million of net cash proceeds.

Avianca recorded \$101.1 million in other non-operating expenses for the 4Q 2019, compared to a non-operating expense of \$41.0 million for the same quarter of 2018. Interest expenses increased by \$26.8 million mainly due to IFRS 16 implementation. The Company also recorded a \$19.2 million loss related to the non-cash foreign exchange translation adjustments, as compared to a \$14.5 million gain 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 \$397.9 million, equivalent to approximately 8.6% 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 9.45x for the fourth quarter 2019. Avianca expects continued leverage improvement going forward, with the benefit of its transformation process and the profitability strategy, which has been implemented throughout the organization. Avianca's total long-term debt amounted to \$3.98 billion, while total liabilities were \$7.3 billion for the year ended December 31, 2019.

Looking ahead we estimate that our capacity, measured in ASK, will decrease between -2% - 0% for 2020 with a Transported Passengers decline between 1%-3%. Accordingly, we estimate that our Load Factors will stand between 80%-82%. Further in light of recent developments and related uncertainty regarding the full impact and potential Coronavirus-related disruptions, we have decided to withhold formal full year guidance on certain metrics for the time being. However, excluding the potential impact of Covid-19, we would expect 2020 EBIT-margin between the 6%-8% range consistent with our trending profitability and in line with our Avianca 2021 plan. In order to achieve a 6%-8% EBIT margin for the year, our plan requires us to achieve a 2% EBIT margin for the first quarter, understanding that the first quarter of the year has historically been our weakest due to seasonality. As such, we are currently providing a 2-3% EBIT margin guidance for the first quarter in lieu of our full year guidance. We are monitoring the situation related to Covid-19 and its related effects carefully and will take measures as appropriate should this be necessary. We expect to provide incremental guidance once we have more visibility.

## Full Year 2019 and – Outlook 2020

Outlook Summary	Full Year 2019	Outlook 2020
Total Passenger	-0.3%	(1.0% – 3.0%)
Capacity (ASK)	1.8%	(2.0%) – 0.0%
Load Factor	81.5%	80.0% – 82.0%
EBIT Margin <sup>1</sup>	4.0%	2.0% – 3.0% <sup>2</sup>

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# Avianca Holdings S.A.

## Analysis by ASKs (in U.S. cents)

	4Q18	4Q19	Δ Vs. 4Q18
Operating revenue:			
Passenger	7,50	7,25	-3,3%
Cargo and other	1,59	1,45	-8,7%
<b>Total Operating Revenues</b>	<b>9,09</b>	<b>8,70</b>	<b>-4,3%</b>
Operating expenses:			
Flight Operations	0,35	0,08	-77,8%
Aircraft fuel	2,28	2,19	-3,7%
Ground Operations	0,91	0,95	4,4%
Aircraft rentals	0,52	0,04	-92,1%
Passenger services	0,35	0,30	-16,0%
Maintenance and repairs	0,33	0,43	29,2%
Air traffic	0,46	0,49	7,6%
Sales and marketing	0,88	0,94	6,0%
General, administrative, and other	0,33	1,15	251,0%
Salaries, wages and benefits	1,20	1,41	17,7%
Depreciation and amortization	1,01	2,83	180,3%
<b>Total Operating Expense</b>	<b>8,62</b>	<b>10,81</b>	<b>25,4%</b>
<b>Operating Income</b>	<b>0,47</b>	<b>-2,11</b>	<b>-546,3%</b>
Total CASK	8,62	10,81	25,4%
CASK ex. Fuel	6,34	8,62	35,9%
Total Cask (Adjusted)	8,34	8,09	-3,1%
CASK ex. Fuel (Adjusted)	6,07	5,90	-2,8%
<b>Yield</b>	<b>9,18</b>	<b>9,06</b>	<b>-1,3%</b>

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## Non-IFRS Financial Measure Reconciliation

In USD Millions

	4Q18	4Q19	Δ Vs. 4Q18
Net Income as Reported	\$19,3	-	-2,058%
		\$377,9	
Special items (adjustments):			
(+) Embraer Fleet Phase-Out	\$38,9	-	
<u>Accounting Adjustments from previous quarters &amp; Transformation Plan</u>			
(+) Passenger revenue	-	\$17,1	
(+) Maintenance and repairs	-	-\$3,6	
(+) Selling expenses	-	-\$3,0	
(+) Fees and other expenses	-	-\$85,7	
(+) Fees and other expenses	-	-\$18,2	
(+) Depreciation, amortization and impairment	-	\$249,9	
(-) Derivative Instruments	-\$4,0	-\$1,0	
(-) Foreign Exchange Gain (loss)	\$14,5	-\$19,2	
<b>Net Income Adjusted</b>	<b>\$47,0</b>	<b>\$19,7</b>	<b>-58,0%</b>

## Reconciliation of Operating Cost per ASK excluding special items

in US\$ cents	4Q18	4Q19	Δ Vs. 4Q18
Total CASK as reported	8,62	10,81	25,4%
Aircraft Fuel	2,28	2,19	-3,7%
Total CASK excluding Fuel as reported	6,34	8,62	35,9%
(+) Embraer Fleet Phase-Out	-0,27	-	
(+) Maintenance and repairs	-	-0,03	
(+) Selling expenses	-	-0,02	
(+) Fees and other expenses	-	-0,65	
(+) Fees and other expenses	-	-0,14	
(+) Depreciation, amortization and impairment	-	-1,89	
<b>Total CASK excluding Fuel and special items</b>	<b>6,07</b>	<b>5,90</b>	<b>-2,8%</b>

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# Avianca Holdings S.A.

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

	Before special charges 2019	Special charges 4Q 2019	Total 4Q 2019	Total 4Q 2018
Operating revenue:				
Passenger	\$ 960,206	\$ —	\$ 960,206	\$ 1,066,179
Cargo and other	191,922	—	191,922	225,750
<b>Total operating revenue</b>	<b>1,152,128</b>	<b>—</b>	<b>1,152,128</b>	<b>1,291,929</b>
Operating expenses:				49,527
Flight operations	10,241	—	10,241	323,446
Aircraft fuel	290,055	—	290,055	129,417
Ground operations	125,898	—	125,898	74,197
Rentals	5,476	—	5,476	49,985
Passenger services	39,089	—	39,089	47,397
Maintenance and repairs	54,969	2,076	57,045	64,704
Air traffic	64,829	—	64,829	125,453
Selling expenses	123,846	—	123,846	46,665
Salaries, wages and benefits	173,997	12,749	186,746	170,327
Fees and other expenses	110,898	41,657	152,555	143,717
Depreciation, amortization and impairment	125,262	250,011	375,273	1,224,835
<b>Total operating expenses</b>	<b>1,124,560</b>	<b>306,493</b>	<b>1,431,053</b>	<b>67,094</b>
<b>Operating (loss) profit</b>	<b>27,568</b>	<b>(306,493)</b>	<b>(278,925)</b>	<b>\$ 1,066,179</b>
Interest expense	(82,331)	—	(82,331)	(55,523)
Interest income	930	—	930	3,983
Derivative instruments	(998)	—	(998)	(3,950)
Foreign exchange	(19,204)	—	(19,204)	14,463
Equity method profit	480	—	480	
<b>(Loss) profit before income tax</b>	<b>(73,555)</b>	<b>(306,493)</b>	<b>(380,048)</b>	26,067
Income tax expense – current	(6,037)	—	(6,037)	(27,151)
Income tax income – deferred	8,153	—	8,153	(6,766)
Total income tax expense	2,116	—	2,116	-
<b>Net (loss) profit for the year</b>	<b>\$ (71,439)</b>	<b>\$ (306,493)</b>	<b>\$ (377,932)</b>	<b>\$ 19,301</b>

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# Avianca Holdings S.A.

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

	December 31, 2019	December 31, 2018
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 342,472	\$ 273,108
Restricted cash	1	4,843
Short term investments	55,440	59,847
Trade and other receivables, net of expected credit losses	233,722	288,157
Accounts receivables from related parties	3,348	6,290
Current tax assets	198,719	231,914
Expendable spare parts and supplies, net of estimate for obsolescence	88,334	90,395
Prepayments	69,012	99,864
Deposits and other assets	39,175	29,926
	<u>1,030,223</u>	<u>1,084,344</u>
Assets held for sale	681,053	31,580
Total current assets	<u>1,711,276</u>	<u>1,115,924</u>
<b>Non-current assets:</b>		
Deposits and other assets	54,074	115,504
Trade and other receivables, net of expected credit losses	22,569	35,503
Non-current taxes assets	1	19
Intangible assets and goodwill, net	505,507	513,803
Deferred tax assets	27,166	24,573
Property and equipment, net	4,953,317	5,313,317
Total non-current assets	<u>5,562,634</u>	<u>6,002,719</u>
<b>Total assets</b>	<u><b>\$ 7,273,910</b></u>	<u><b>\$ 7,118,643</b></u>

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# Avianca Holdings S.A.

	December 31, 2019	December 31, 2018
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Short-term borrowings and current portion of long-term debt	\$ 872,044	\$ 626,742
Accounts payable	530,615	664,272
Accounts payable to related parties	3,713	2,827
Accrued expenses	87,610	108,712
Current tax liabilities	26,421	26,702
Provisions for legal claims	20,244	7,809
Provisions for return conditions	21,963	2,475
Employee benefits	148,678	125,147
Air traffic liability	337,363	424,579
Frequent flyer deferred revenue	187,931	186,378
Other liabilities	5,110	3,861
	<u>2,241,692</u>	<u>2,179,504</u>
Debt - assets held for sale	490,458	—
Total current liabilities	<u>2,732,150</u>	<u>2,179,504</u>
<b>Non-current liabilities:</b>		
Long-term debt	3,984,279	3,380,838
Accounts payable	11,931	7,127
Provisions for return conditions	122,425	127,685
Employee benefits	118,337	110,085
Deferred tax liabilities	18,471	18,437
Frequent flyer deferred revenue	229,701	234,260
Other liabilities	51,449	68,246
Total non-current liabilities	<u>4,536,593</u>	<u>3,946,678</u>
Total liabilities	<u>\$ 7,268,743</u>	<u>\$ 6,126,182</u>
<b>Equity:</b>		
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 (losses) earnings	(543,010)	386,087
Other comprehensive income	(78,120)	(44,096)
<b>Equity attributable to owners of the Company</b>	<u><b>207,333</b></u>	<u><b>1,170,454</b></u>
Non-controlling interest	(202,166)	(177,993)
<b>Total equity</b>	<u><b>5,167</b></u>	<u><b>992,461</b></u>
<b>Total liabilities and equity</b>	<u><b>\$ 7,273,910</b></u>	<u><b>\$ 7,118,643</b></u>

## 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.

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## Glossary of Operating Performance Terms

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

### A

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

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

### B

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

### C

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

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

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

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

### L

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

### R

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

**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).

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

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

## T

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

## Y

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

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