

4Q19 Earnings Results

March 12th, 2020



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In addition, in this presentation, the words "believe," "understand," "may," "will," "aim," "estimate," "continue," "anticipate," "seek," "intend," "expect," "should," "could," "forecast" and similar words are intended to identify forward-looking statements. You should not place undue reliance on such statements, which speak only as of the date they were made. We do not undertake any obligation to update publicly or to revise any forward-looking statements after we distribute this presentation because of new information, future events or other factors. Our independent public auditors have neither examined nor compiled the forward-looking statements and, accordingly, do not provide any assurance with respect to such statements. In light of the risks and uncertainties described above, the future events and circumstances discussed in this presentation might not occur and are not guarantees of future performance. Because of these uncertainties, you should not make any investment decision based upon these estimates and forward looking statements.

In this presentation, we present EBITDA, which is a non-IFRS performance measure and is not a financial performance measure determined in accordance with IFRS and should not be considered in isolation or as alternatives to operating income or net income or loss, or as indications of operating performance, or as alternatives to operating cash flows, or as indicators of liquidity, or as the basis for the distribution of dividends. Accordingly, you are cautioned not to place undue reliance on this information.

AZUL: PROFITABLE AND RESILIENT BUSINESS MODEL



Most profitable carrier in South America



Successful margin expansion strategy



Robust balance sheet

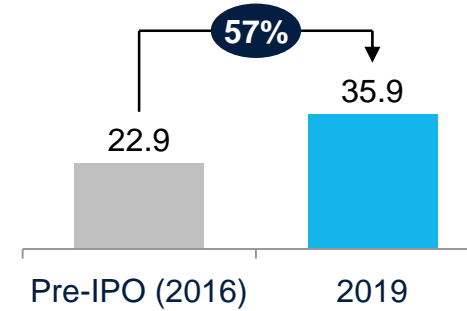


Strongest and most defensible network

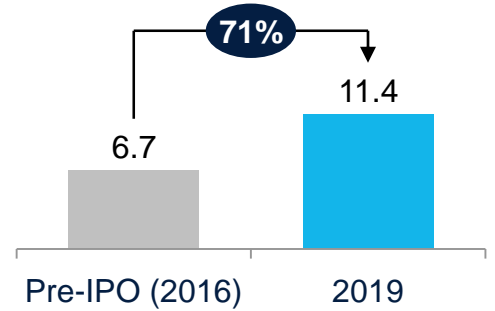


Experienced management team

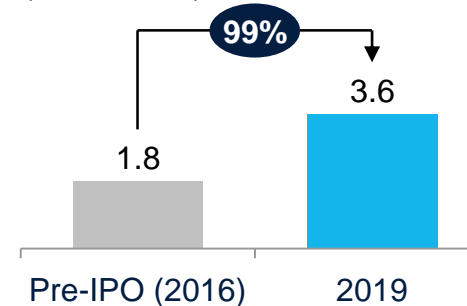
ASK
(billion)



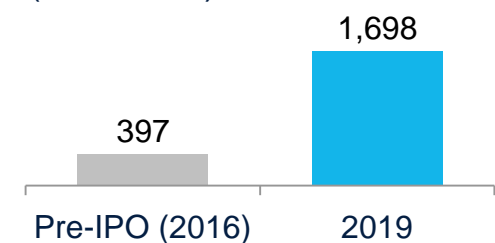
Net Revenue
(R\$ billion)



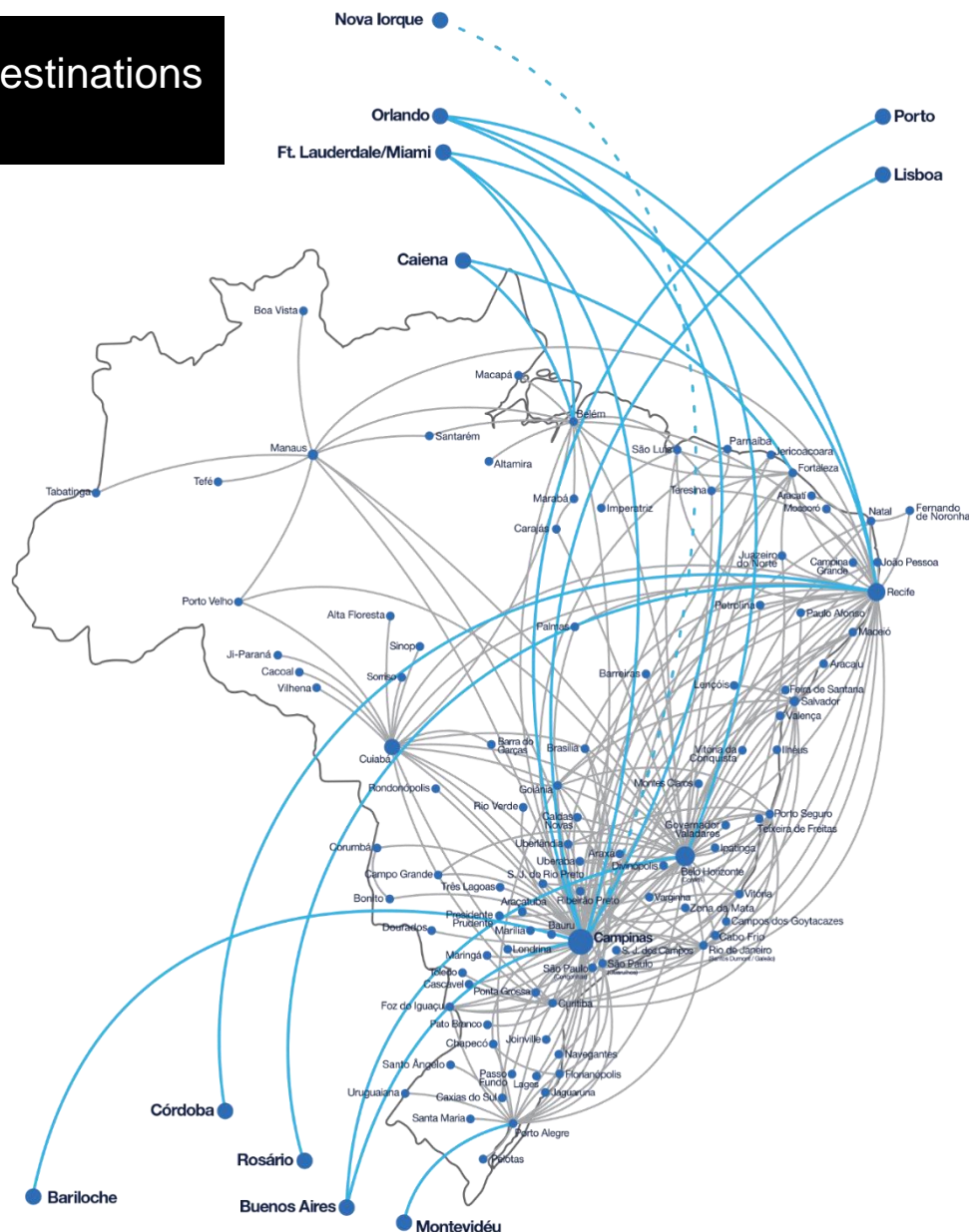
EBITDA
(R\$ billion)



Cash Flow from Operations*
(R\$ million)



+8 new destinations
in 2019



UNPARALLELED NETWORK CONNECTIVITY WITH STRONG BRAND RECOGNITION



**TOP 10 AIRLINE
WORLDWIDE**



**BEST LOW COST
LATIN AMERICA**



**BEST AIRLINE
BRAZIL**



**BEST BUSINESS CLASS
LATIN AMERICA**



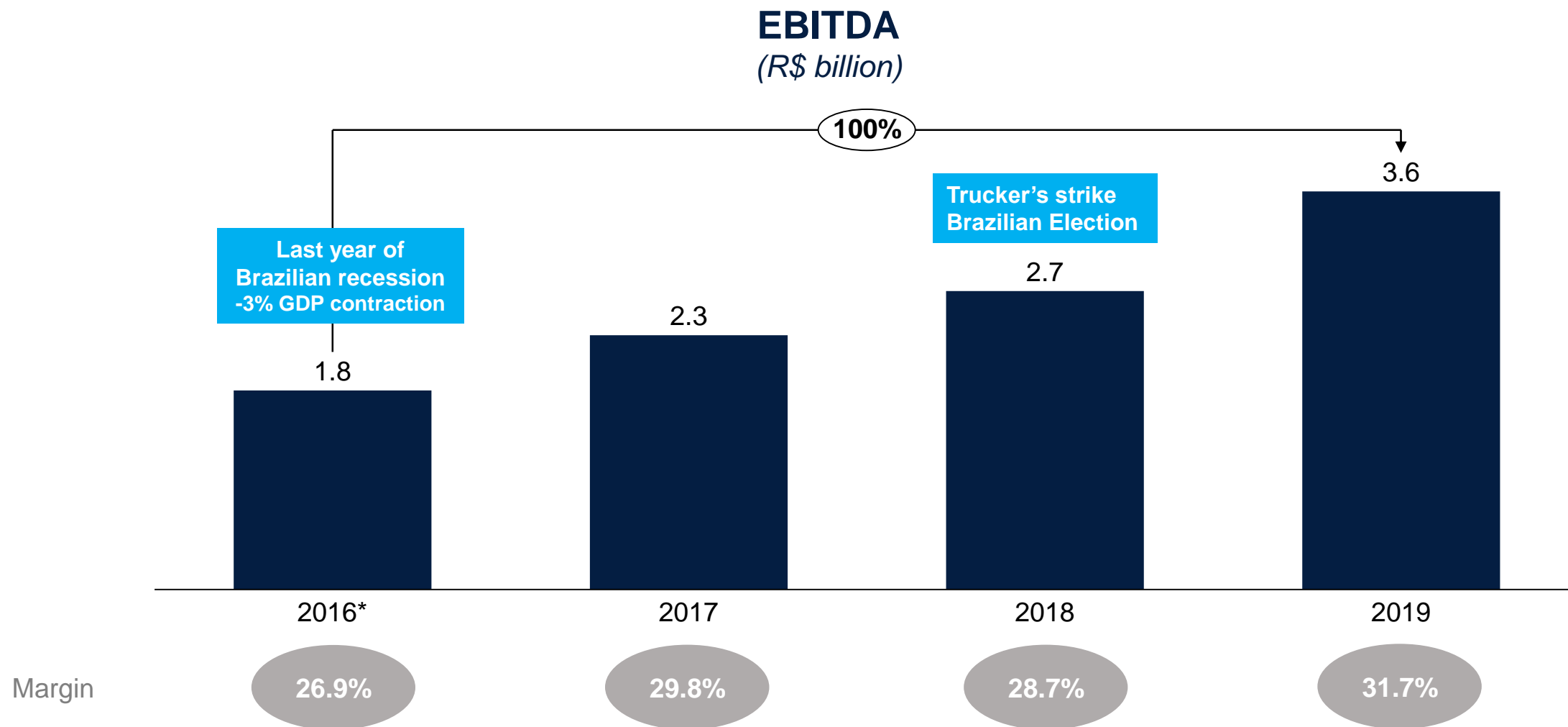
**BEST ECONOMY
CLASS LATIN AMERICA**



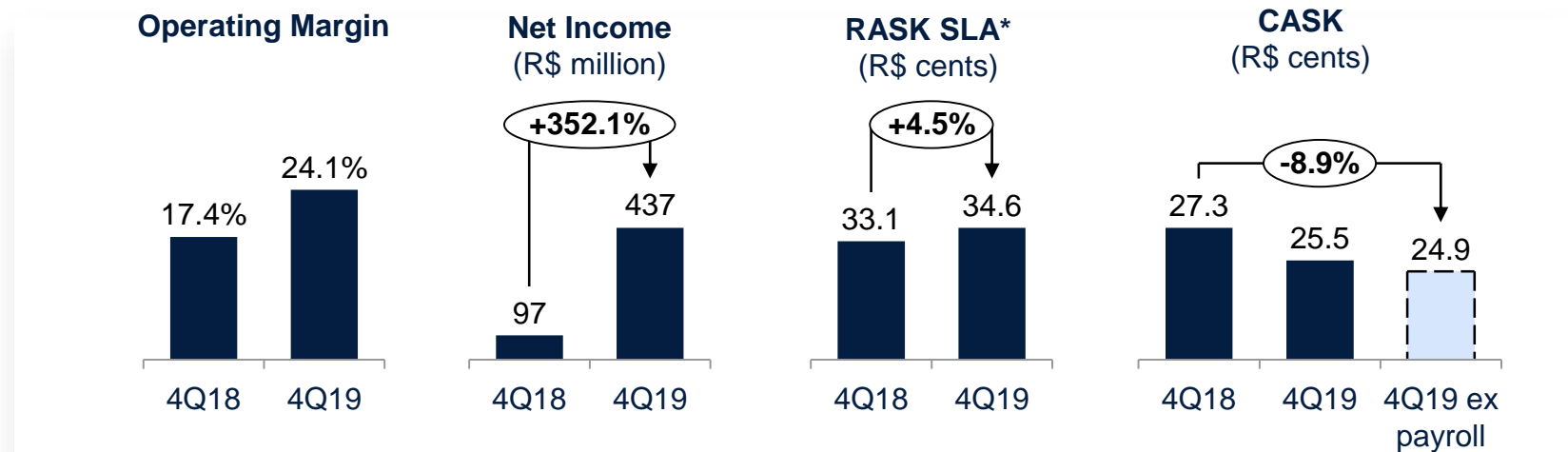
**BEST AIRLINE
LATIN AMERICA**



PROVEN AND RESILIENT BUSINESS MODEL



4Q19 FINANCIAL HIGHLIGHTS

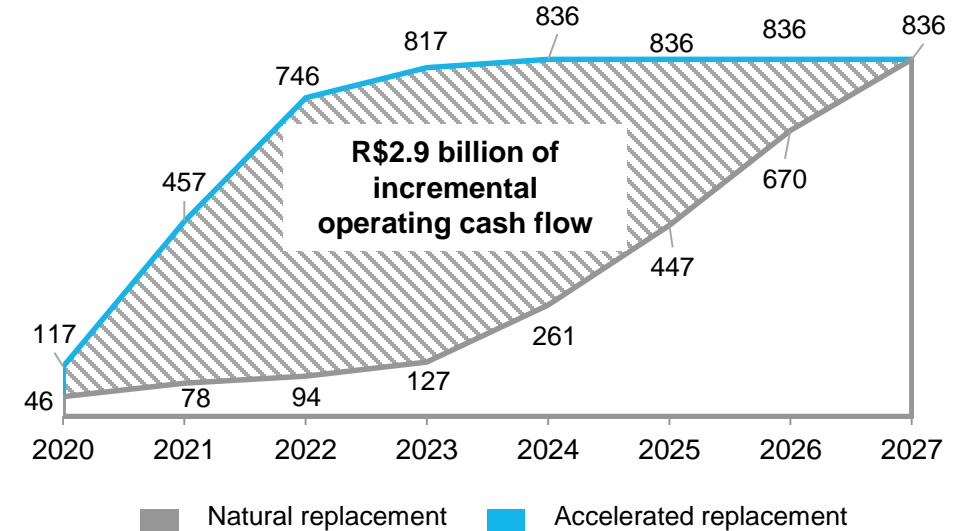


- Net revenue growth of 32.5% YoY with a 6.6 p.p. increase in operating margin
- EBITDA of R\$1,230 million, up 62% YoY
- Operating income of R\$783 million, up 83% YoY
- Net income adjusted for non-cash items of R\$436.7 million
- 1.5% RASK increase YoY, 4.5% up adjusted for stage-length, with 30.5% growth in capacity
- CASK down 6.6%; adjusting for payroll tax, down 8.9%

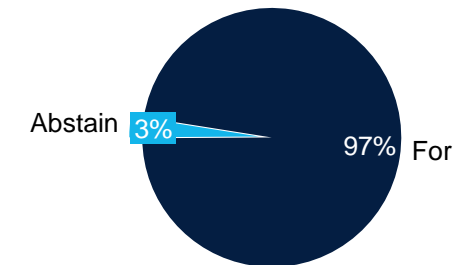
E1 TO E2 TRANSITION VALUE GENERATION

- Accelerated E1 replacement to generate incremental cash flow of R\$2.9 billion net of all rent payments
- Non-recurring accounting charge of R\$3.2 billion recognized in 4Q19
 - Difference between book value and expected recoverable amount (impairment charge)
 - Book value based on capitalized lease payments retroactive to time of delivery and depreciated linearly (IFRS 16)
 - Includes write-off of inventory and spare parts, estimated aircraft sale losses, delivery expenses and termination fees
- E1 sublease agreement approved by 97% of votes cast

E1 Replacement Cash Flow Generation
(R\$ million)



Shareholder meeting results
(53% voted; minimum required 25%)



AZUL CARGO AND TUDOAZUL GROWTH

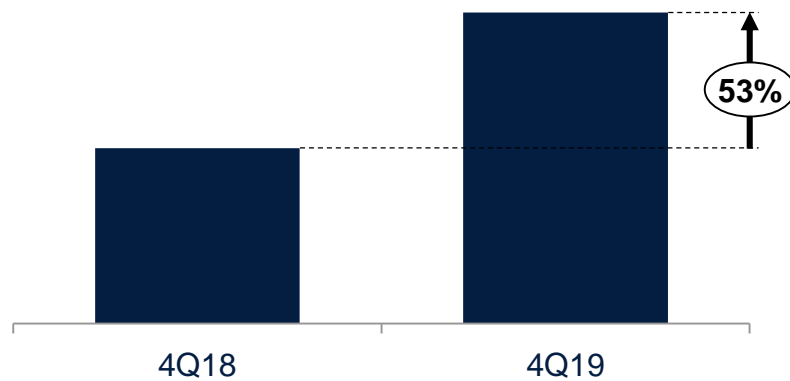


- Cargo revenue up 53% YoY
- Increase in volume share from 12% to 23% YoY (#2 in Brazil)
- E-Commerce represented 17% of cargo revenue

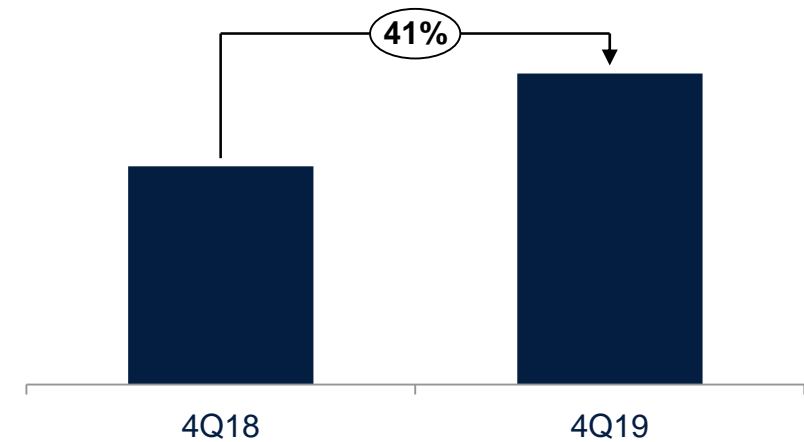


- Gross billings up 41% YoY
- Wholly-owned loyalty program TudoAzul with ~12 million members
- Fourth consecutive year of growth above 30%

Cargo Revenue
Net (R\$ million)



Gross Billings Growth*



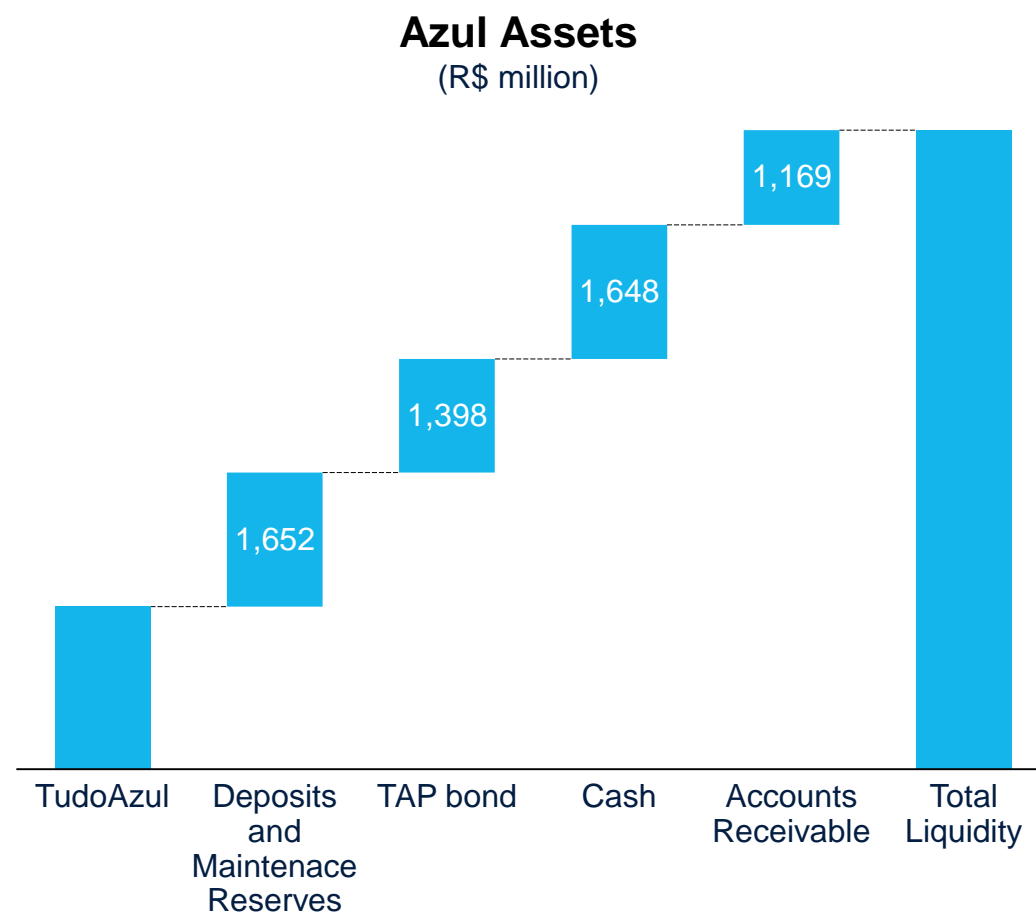
AZUL STRONG LIQUIDITY POSITION

- Significant sources of liquidity and unencumbered assets:

- R\$ 1.6 billion in cash
- R\$ 1.2 billion in accounts receivables, composed mainly of easy to advance credit card receipts with no holdbacks
- R\$ 1.7 billion in deposits and maintenance reserves
- R\$ 700 million in hedge of unsecured bond
- Wholly-owned loyalty program, with profitable co-branded card agreement and ability to sell points in advance
- R\$ 1.4 billion investment in TAP

- Strong balance sheet

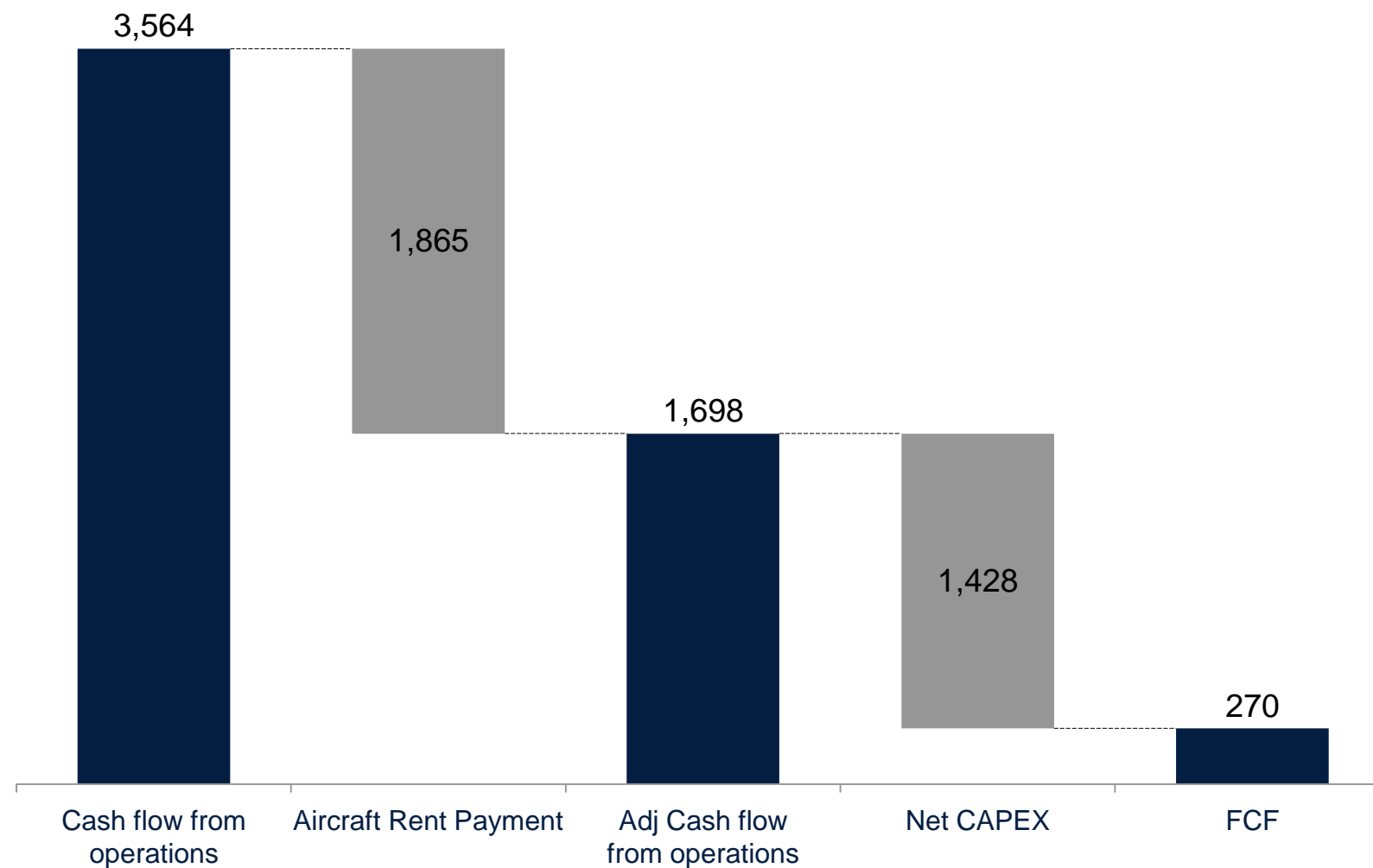
- 100% of working capital in Reais
- US\$ 400 million unsecured bond hedged to BRL (capped at R\$ 4.75), with potential cash gain of ~R\$700 million (current MTM)
- No PDP or aircraft CAPEX commitments in 2020
- No significant debt repayments in 2020



Besides higher margins and a stronger balance sheet, Azul also has valuable assets not found in other airlines

2019 FREE CASH FLOW GENERATION

Free Cash Flow (R\$ million)



MARKET OUTLOOK

Original guidance pointed to continued margin expansion and strong top line growth

Suspending guidance until we have more visibility about the impact of COVID-19 on 2020 results

	2019 Actual	2020 Guidance (Suspended)
ASK growth	22.2%	20% ± 1p.p.
CASK excluding non-recurrent items	0.8%	- 3% ± 1p.p.
Operating Margin	17.8%	20% ± 1p.p.



INVESTOR RELATIONS

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