



2Q19

Earnings Results

August 8th, 2019

Azul 



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This presentation includes estimates and forward-looking statements within the meaning of the U.S. federal securities laws. These estimates and forward-looking statements are based mainly on our current expectations and estimates of future events and trends that affect or may affect our business, financial condition, results of operations, cash flow, liquidity, prospects and the trading price of our preferred shares, including in the form of ADSs. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to many significant risks, uncertainties and assumptions and are made in light of information currently available to us.

These statements appear throughout this presentation and include statements regarding our intent, belief or current expectations in connection with: changes in market prices, customer demand and preferences and competitive conditions; general economic, political and business conditions in Brazil, particularly in the geographic markets we serve as well as any other countries we currently serve and may serve in the future; our ability to keep costs low; existing and future governmental regulations; increases in maintenance costs, fuel costs and insurance premiums; our ability to maintain landing rights in the airports that we operate; air travel substitutes; labor disputes, employee strikes and other labor-related disruptions, including in connection with negotiations with unions; our ability to attract and retain qualified personnel; our aircraft utilization rate; defects or mechanical problems with our aircraft; our ability to successfully implement our growth strategy, including our expected fleet growth, passenger growth, our capital expenditure plans, our future joint venture and partnership plans, our ability to enter new airports (including certain international airports), that match our operating criteria; management's expectations and estimates concerning our future financial performance and financing plans and programs; our level of debt and other fixed obligations; our reliance on third parties, including changes in the availability or increased cost of air transport infrastructure and airport facilities; inflation, appreciation, depreciation and devaluation of the real; our aircraft and engine suppliers; and other factors or trends affecting our financial condition or results of operations, including those factors identified or discussed as set forth under "Risk Factors" in the prospectus included in our registration statement on Form F-1 (No. 333-215908) filed with the Securities and Exchange Commission (the "Registration Statement").

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 Second Quarter Accomplishments

The fastest-growing, most profitable and best positioned airline in Brazil

#1

**Destinations (114)
Addition of 10 cities**

#1

**Markets served
Only carrier in 72% of routes, leader in 85%**

#1

**Fleet efficiency
Diversified fleet of 130 aircraft including
29 next-generation aircraft**

#1

**Customer satisfaction
NPS score of 62**

#1

**Profitability and balance sheet
Highest EBITDA margin and lowest leverage**



Best Regional Carrier in South America



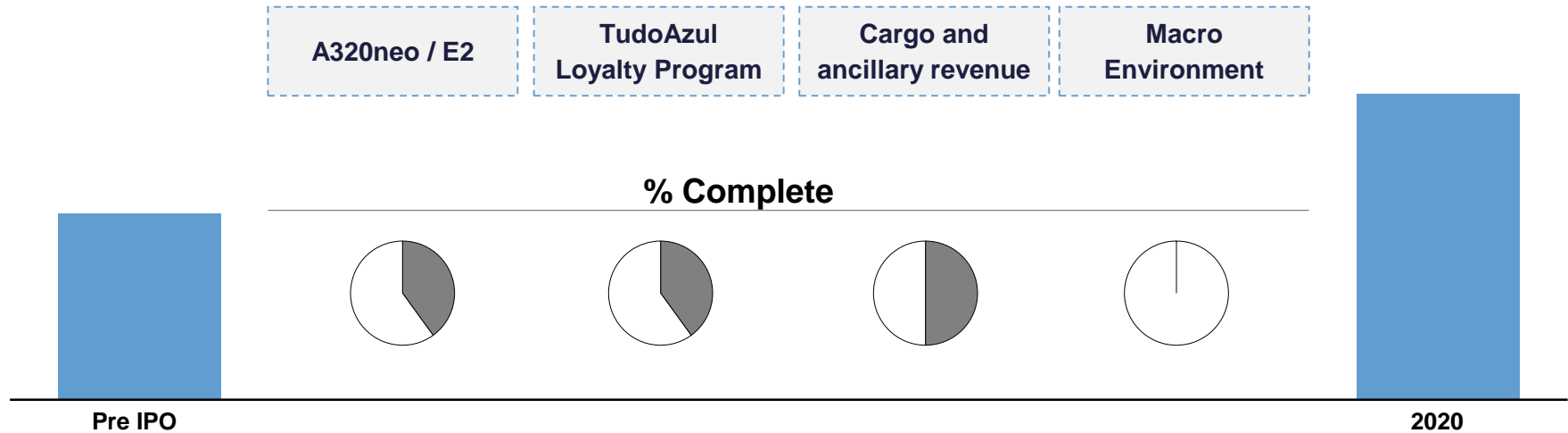
*Best Staff in
South America*



Ranked #1 budget airline in the world

Multi-Year Margin Expansion Story

Operating Margin Growth Breakdown

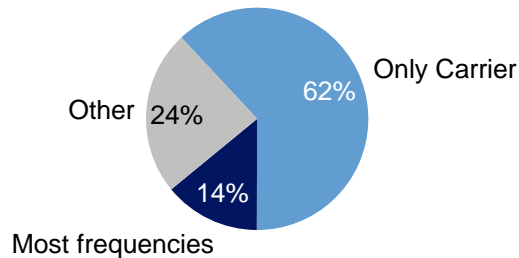


- On track to deliver IPO promise of 5-point margin expansion over three years
- Continued upside for equity story
 - Less than 50% done on margin expansion drivers
 - New strategic alternatives from e-commerce
 - TAP investment upside
 - Remaining potential from Brazil macro

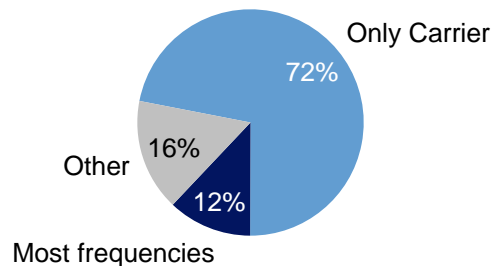
Strategically Consistent Growth

Azul Route Leadership Position

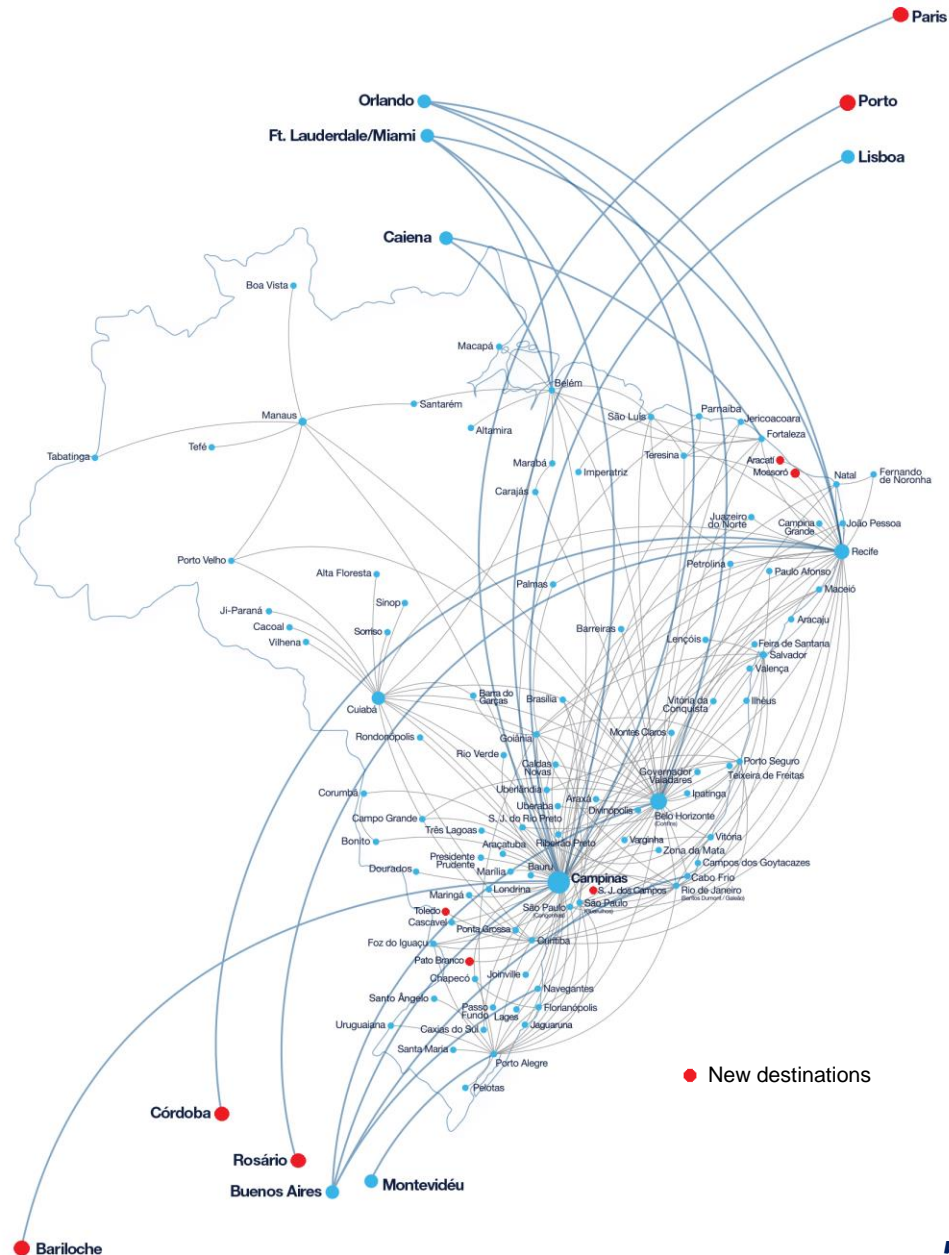
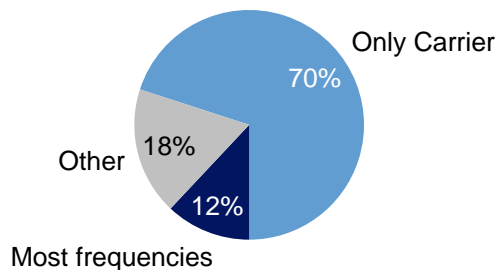
Before
A320neos



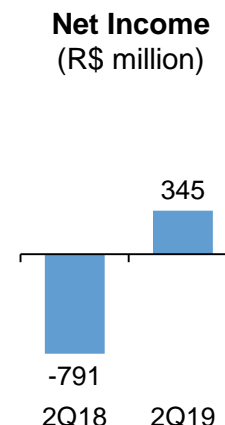
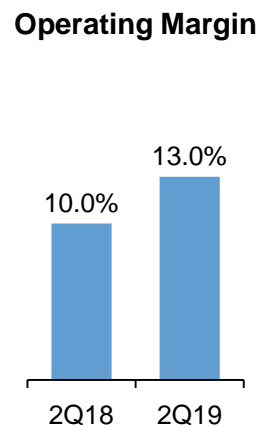
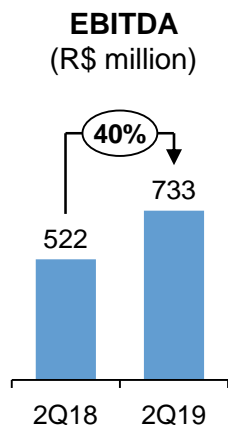
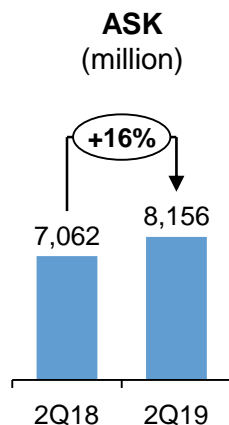
Today



2019E



2Q19 Highlights

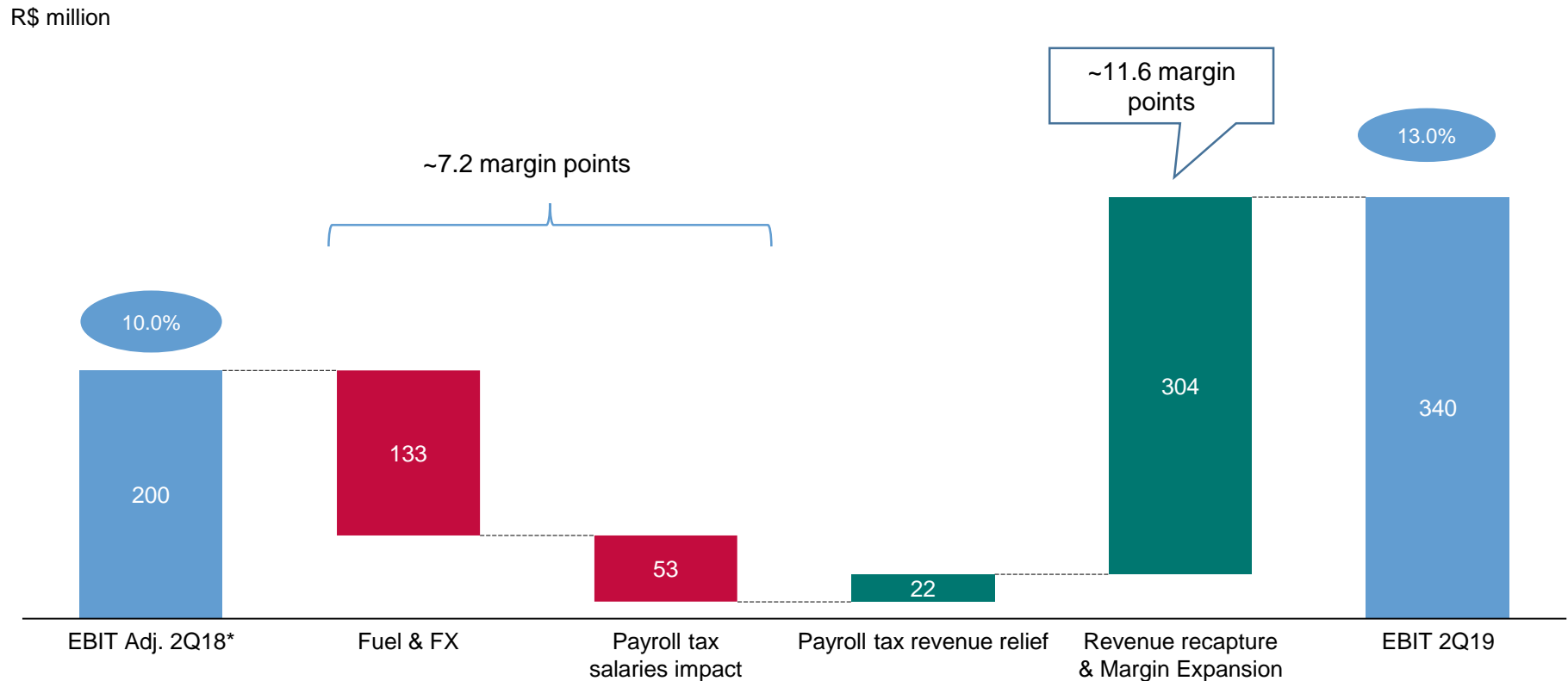


- Revenue of R\$2.6 billion, up 31.3% YoY
- 13.6% RASK increase YoY; up 15.1% stage-length adjusted
- Operating income of R\$340 million, up 70% YoY
 - Fuel price per liter increase of 18.6%
 - Brazilian real devaluation of 8.7%
 - R\$31 million net impact from payroll tax
- Net income of R\$345 million

2Q19 vs. 2Q18 Operating Margin

■ Margin expansion year over year:

- Fuel, currency and net payroll tax impact accounted for 7.2 point reduction in margin
- Recovery of 11.6 points from higher revenue, margin expansion and favorable competitive dynamics



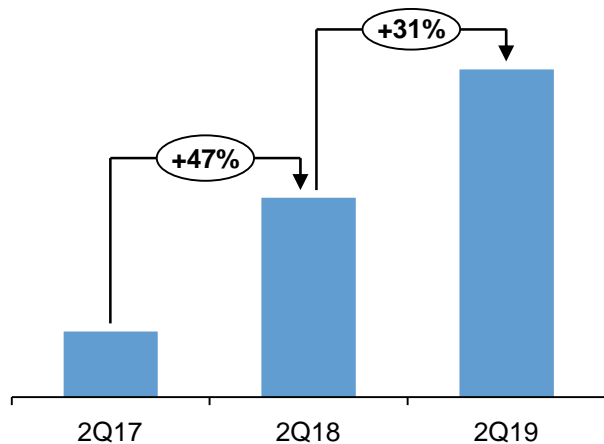
TudoAzul and Azul Cargo Growth



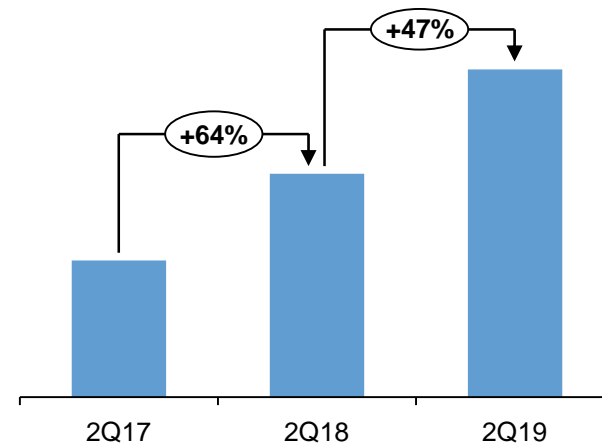
- Gross billings up 31% YoY
- Wholly-owned loyalty program TudoAzul with more than 11 million members

- Cargo revenue up 47% YoY
- Increase in volume share from 12% to 20%

Gross Billings (ex-airline)



Cargo Revenue



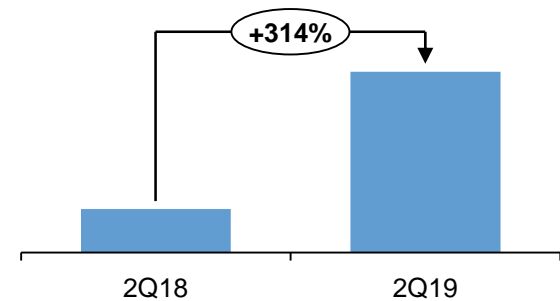
Fourth consecutive year of 30%+ growth

Azul Cargo Express Network



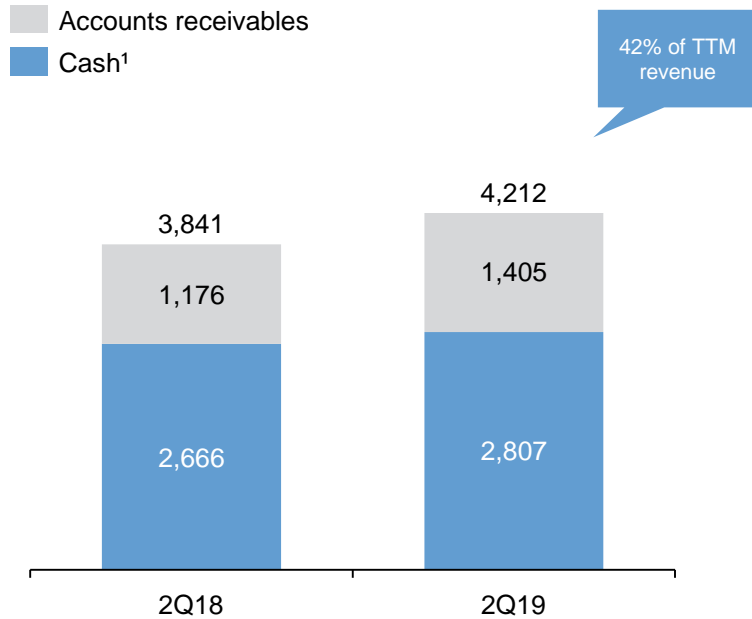
- Air-service to 114 destinations and 240 stores nationwide serving 3,700 municipalities:
 - Franchise model based on commissions
 - Door to door deliveries
- E-commerce segment growth of 314% YoY

**E-Commerce
Revenue Growth**

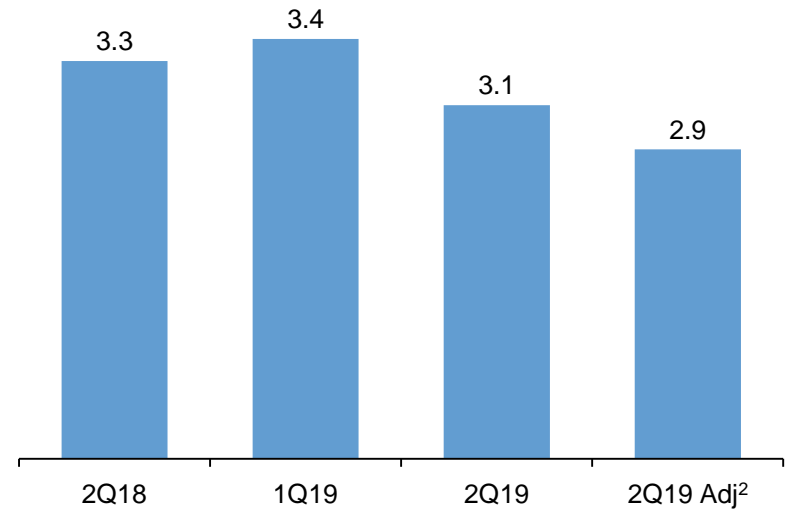


Strong Liquidity Position

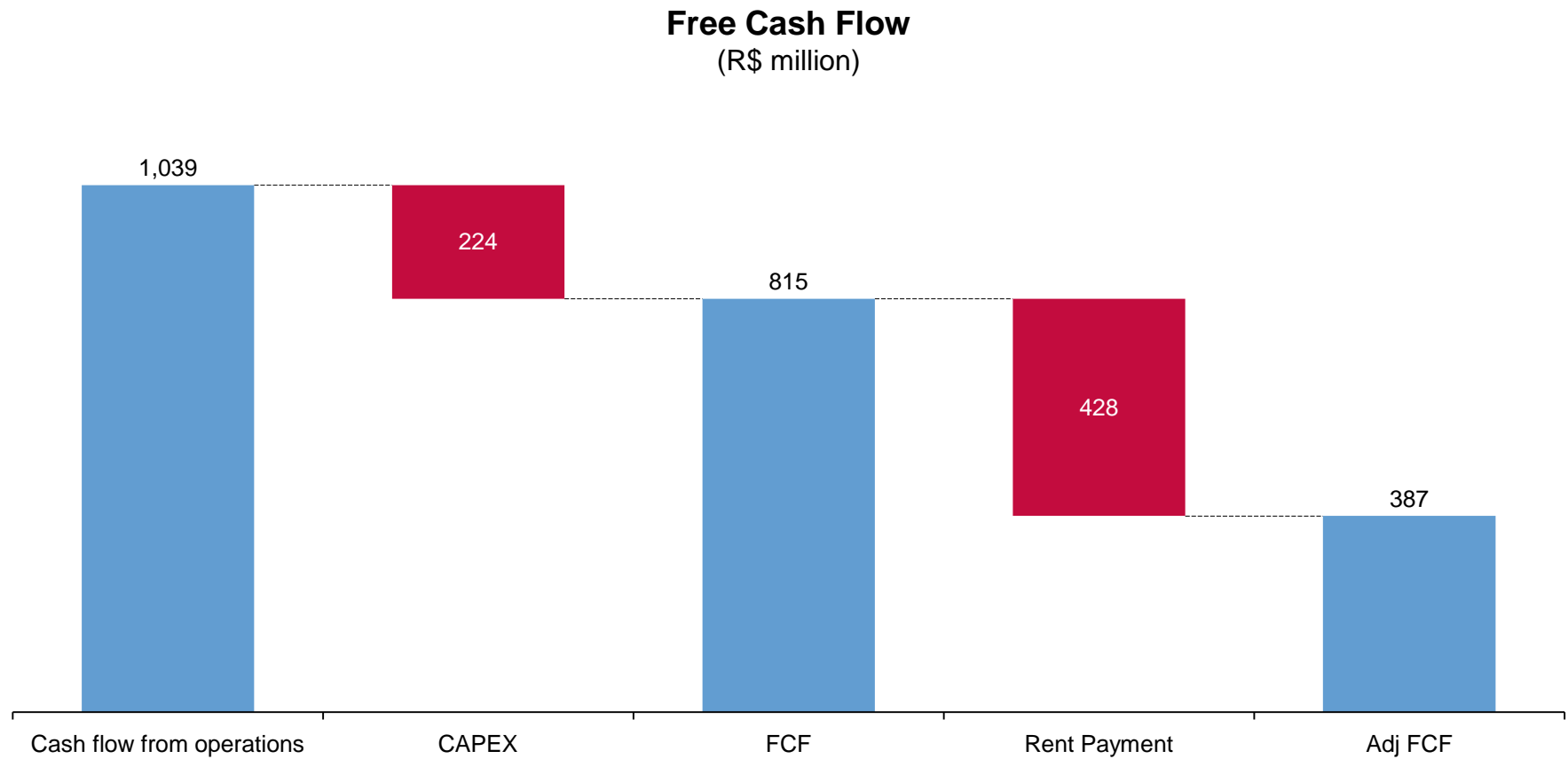
Cash Balance
(R\$ million)



Net Debt/EBITDA



Free Cash Flow Generation



2019 Outlook

	Announced	New
ASK growth	18% to 20%	20% to 22%
Domestic	16% to 18%	23% to 25%
International	20% to 25%	10% to 15%
CASK	-1% to -3%	0% to 2%
Operating Margin	18% to 20%	18% to 20%

E2 Margin Expansion Potential

	Daily Flight Departures	% Fuel Efficient Fleet
A320neo	163	100%
ATRs	181	100%
A330s	11	12%
E-Jets (old generation)	510	0%
Total	870	

- ~60% of flights still operated by E-Jets
- E-Jets to be replaced by E2s starting in October:
 - 18 to 30 incremental seats, CASK reduction of up to 26%
 - 14% lower fuel burn
 - Lower ownership and maintenance cost

AzulDay

SAVE
THE
DATE

OCT 14TH | UNIAZUL
CAMPINAS | BRAZIL

Agenda (local time):

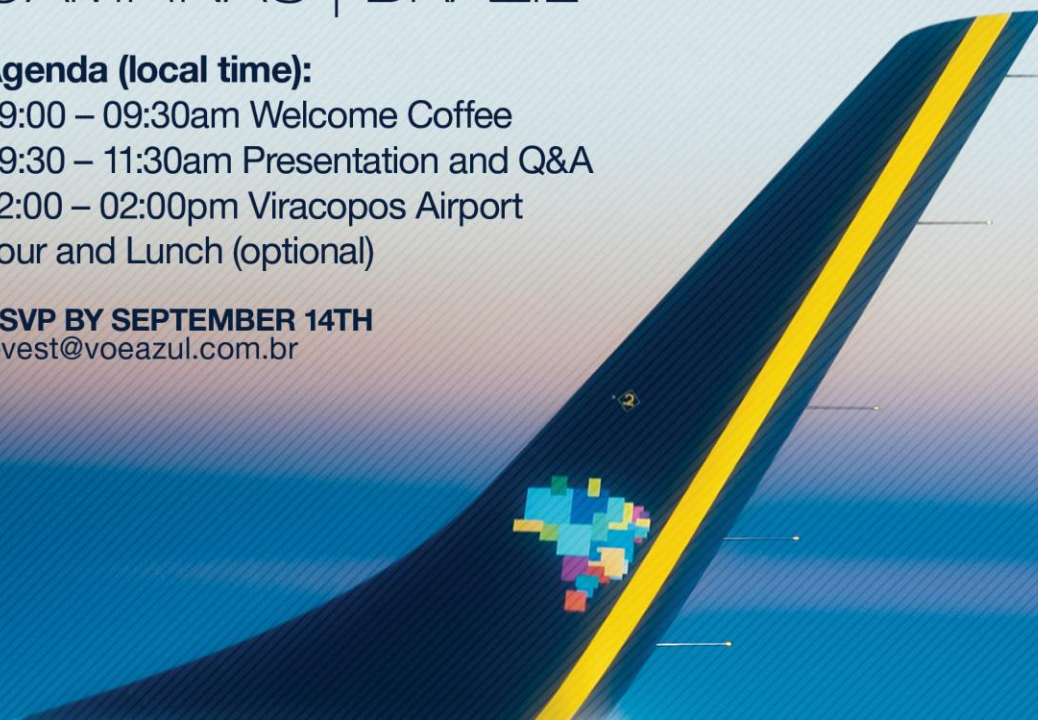
09:00 – 09:30am Welcome Coffee

09:30 – 11:30am Presentation and Q&A

12:00 – 02:00pm Viracopos Airport
Tour and Lunch (optional)

RSVP BY SEPTEMBER 14TH

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Investor Relations

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Azul Operating Fleet Projection

