



***INVESTOR UPDATE
JANUARY 2020***

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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.

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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.

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AGENDA

- Executive Summary
- E2 Economics and Customer Experience
- E1 Sublease Transaction Overview
- Transaction Economics
- Related Party Transaction
- Accounting Impact
- Updated Fleet Plan



EXECUTIVE SUMMARY

Azul has successfully negotiated the acceleration of its fleet transformation

Ongoing fleet transformation plan demonstrates margin expansion from next-generation aircraft

Negotiated market sublease agreements to accelerate fleet transformation, generating significant value to shareholders



Over R\$4.8 billion of incremental EBITDA until 2027
or ~R\$ 16M per E1 replaced (annualized basis)

FLEET TRANSFORMATION OPPORTUNITY

~50% of domestic flights still on older generation aircraft

	Daily Flight Departures	% Fuel Efficient Fleet
A320neo	220	100%
ATRs	201	100%
Embraer	478	6%
Total	899	



Azul currently flies ~50% of its flights with Embraer jets

E2 SUPERIOR ECONOMIC AND ENVIRONMENTAL PERFORMANCE

E2 vs E1	Economic Advantage
Revenue	+18 seats
Rent	-15%
Fuel consumption	-19%
Maintenance per flight hour	-16%
Average utilization	+2 hours (from 11 to 13 block hours day)
Average Trip Cost	-14%
Direct Operating Cost per Seat	-26%



The E2 is the most economic and environmentally friendly aircraft in its class, with the lowest level of external noise and emissions

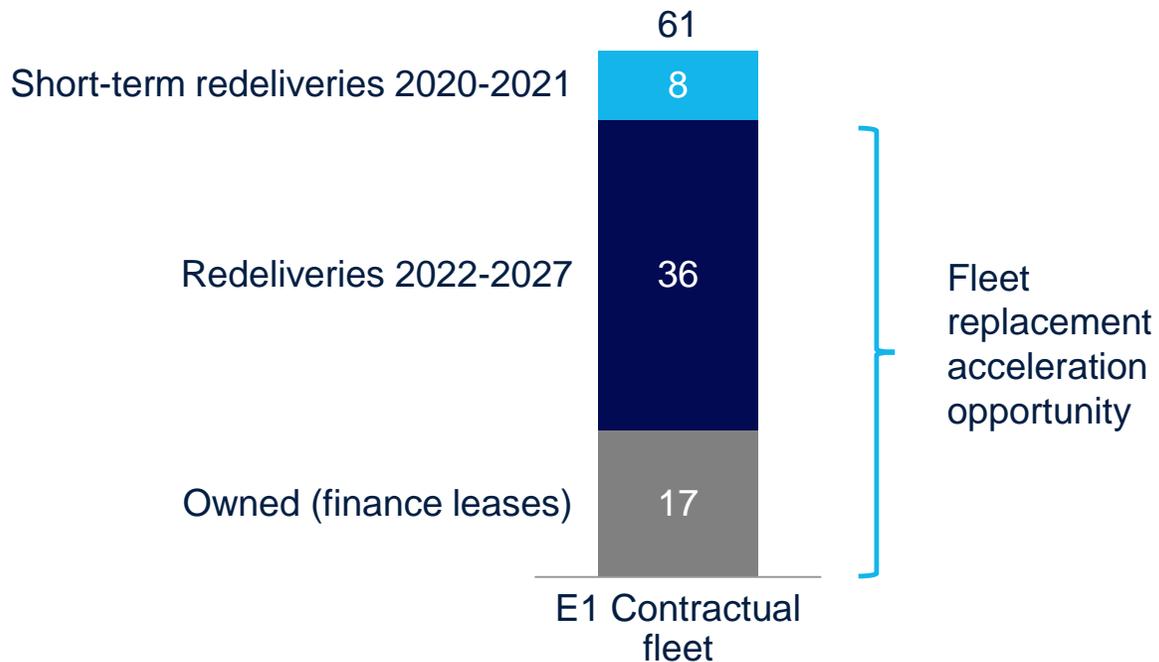
E2 IMPROVED CABIN EXPERIENCE AND COMMON PILOT TYPE RATING

- Up to 90% increase in carry-on baggage per passenger – faster turnaround times
- Wider windows
- State-of-the-art IFE and Wi-Fi systems
- Quieter cabin
- Minimum training cost to transition E1 pilots to E2 (2.5 days training)



TRANSACTION OVERVIEW

E1s Contractual Fleet* (Dec. 2019)

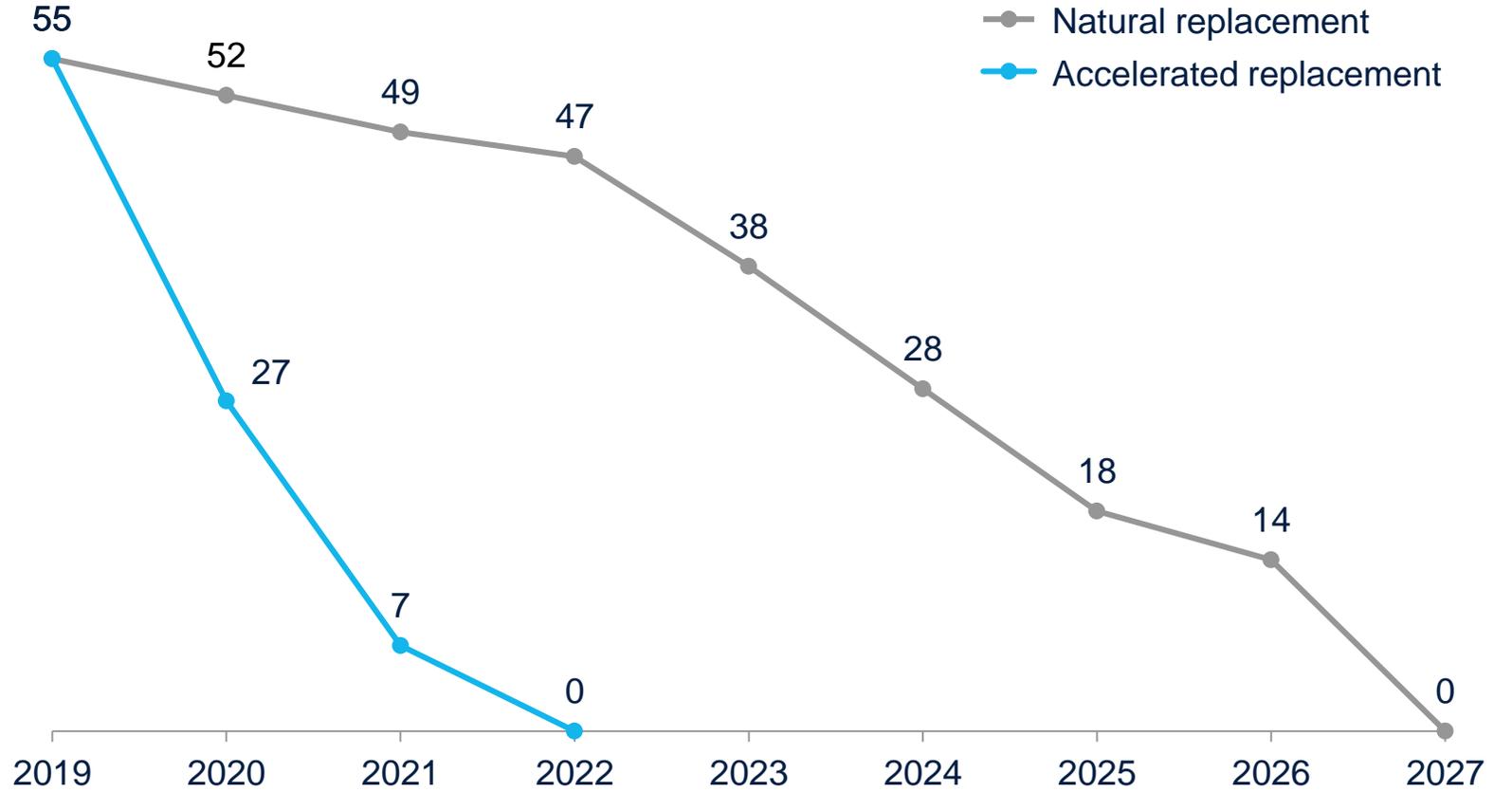


Sublease Agreement Overview

Agreement with LOT Polish and Breeze Aviation Group to sublease 53 E1s by 2022 to accelerate fleet replacement

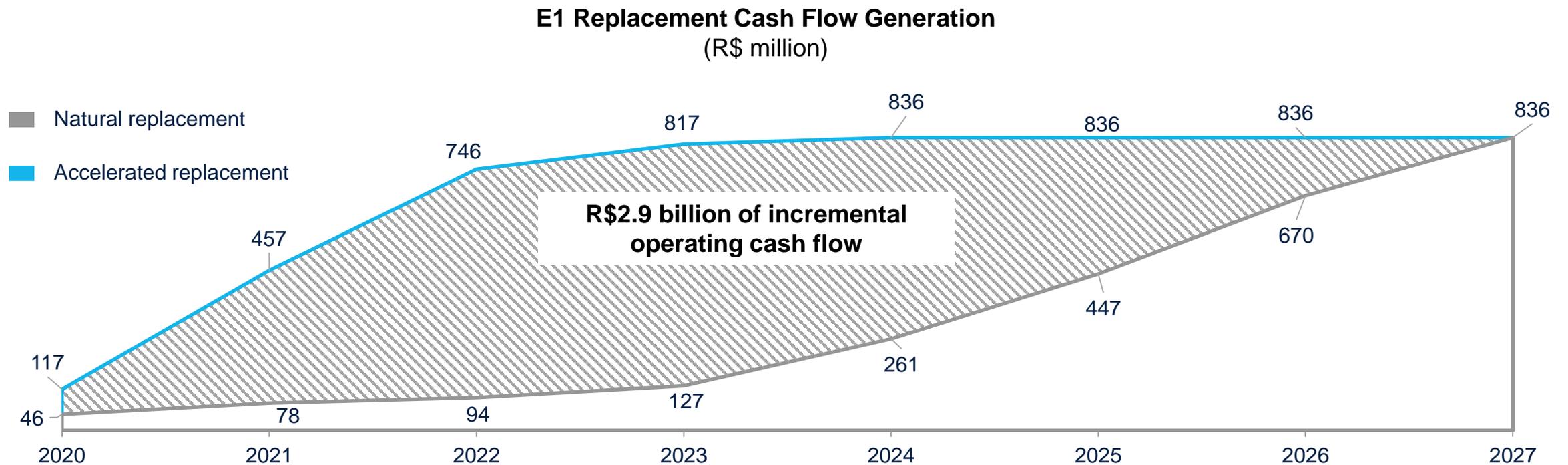
	LOT	Breeze Group
E1s subleased	18 firm + up to 14 options	Up to 28 firm
Phase-out	2020-2022	
Lease conditions	Economically equivalent	
Term	End of original lease contract**	

E1 PHASE-OUT SCHEDULE (ACTUAL VS ACCELERATED)



TRANSACTION ECONOMICS

- Economics of E2 and sublease revenue more than offset incremental costs of accelerating E2 deliveries:
 - Estimated R\$4.8 billion incremental EBITDA from 2020 to 2027 or R\$16 million per E1 replaced (annualized basis)
 - Estimated incremental operating cash flow of ~R\$2.9 billion between 2020 and 2027



ESTIMATED NON-CASH IMPAIRMENT

- Impairment charge estimated at ~US\$13-14 million per aircraft:
 - Difference between book value and expected recoverable amount
 - Recoverable amount based on third party valuations, sublease rent, and specific circumstances including aircraft age, maintenance requirements and aircraft condition
 - 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 associated with the E1s
 - One-time charge expected to be recognized in 4Q19

	E1 Model	Number of aircraft	Total impairment (US\$ million)	Impairment per aircraft (US\$ million)	Average age
American Airlines	E190	20	201	10.1	11.3
Copa	E190	19	188.6	9.9	11.7
JetBlue	E190	30	362	12.1	10.2
Azul	E195	53	700 – 750	13 – 14	6.9

Younger fleet

SHAREHOLDER'S APPROVAL REQUIRED - RELATED PARTY TRANSACTION

- Sublease agreement with Breeze Aviation Group to be submitted for shareholders approval:
 - U.S. start-up airline founded by our controlling shareholder
 - Approved by Azul's corporate governance committee and board of directors
 - Transaction conducted under arm's length conditions with economic terms equivalent to LOT sublease contract
- Independent third party verification:
 - Azorra Aviation, independent consultant specialized in Embraer: verified that (i) economic terms of each transaction fairly reflect market; (ii) LOT and Breeze transactions provide substantially comparable economic benefits; and (iii) Azul's analysis is reasonable and supports decision
 - EY, independent auditors: agreed-upon procedures to verify inputs used in Company's analysis

Azul Shareholder's Meeting:

Date: March 2nd

Time: 10am local time

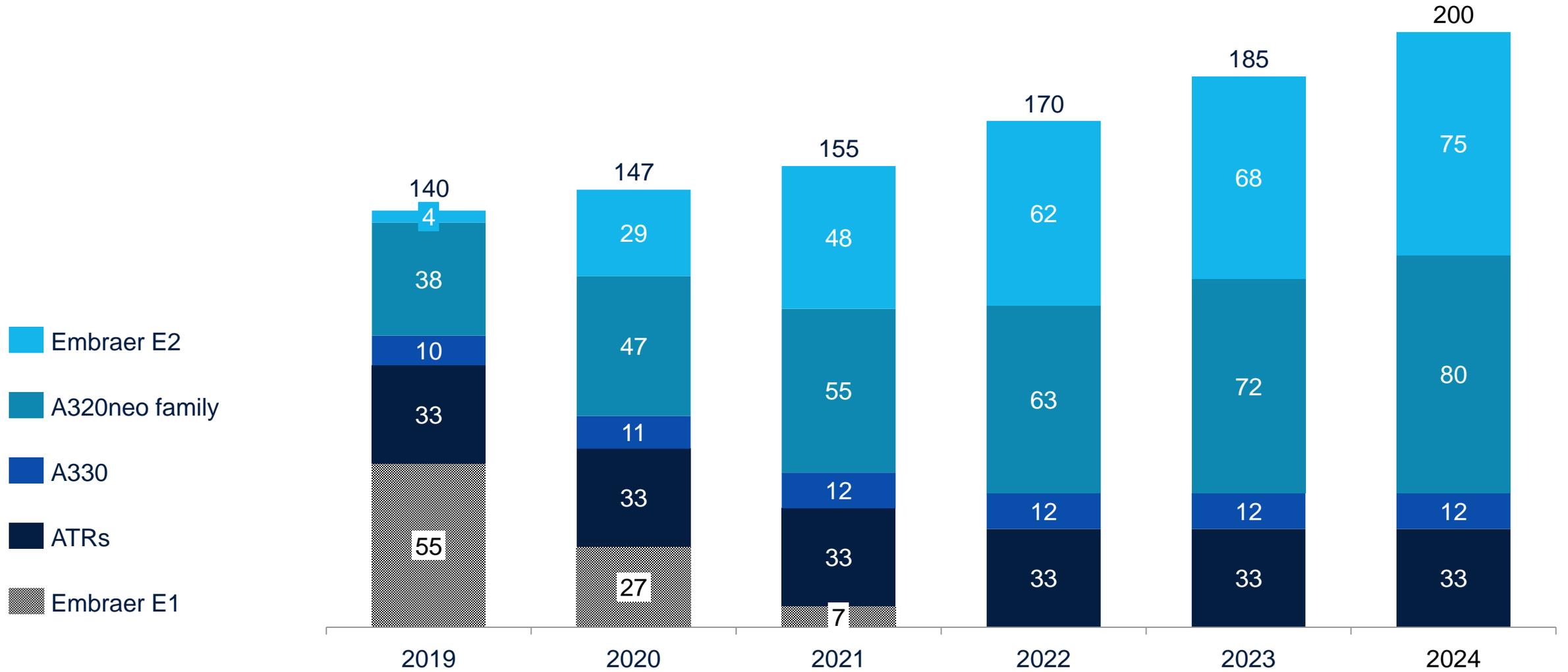
Location: Azul headquarters

For more information visit

www.voeazul.com.br/IR



FIVE- YEAR OPERATING FLEET PROJECTION





INVESTOR RELATIONS

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