

Good afternoon and thank you for joining us today. It is a great pleasure to be in this stage today, where so many leading figures for the industry have spoken. In its almost 30 years of history, this event it has become a well established forum for the industry's leading voices, allowing all its members to find common ground between airlines, airports, manufacturers, financing institutions and regulators to ensure we reach our common goal: the development of civil aviation.

Since Aeromexico is the flagship carrier of Mexico, I would like to start by sharing some insights on Mexico and the Mexican Aviation Industry, then briefly address some topics about what Aeromexico has become and finally the challenges and opportunities that the industry is currently facing.

Mexico is an outstanding country, with one of the largest economies in the world (our economy is currently the 15th largest in the world and 11th largest by purchasing power parity). Mexican economy has maintained a continuous growth trend in the past years, and is in place to become one of the top 10 economies in the next years. We already export more manufactured goods than all of Latin America combined and have sought to diversify our economy (currently have more trade agreements than any other country in the world).

In the past two decades a great trigger for the development of the North American region has been NAFTA, the treaty has helped develop a highly efficient and integrated supply chain that has helped develop US, Canada and Mexican economy (increase in intraregional trade flows vs 1994 of over 400%). Today NAFTA partners trade close to 2 billion USD in products per day, an astounding 108 million USD per hour.

The Mexico-US relationship has become particularly important: Our trade with US has grown 494% since NAFTA began in 1994 and today we trade over 1 million USD per second. Mexico has also become the second biggest market for US exports, more than China, Japan and Germany together. Trade in the region has focused mainly on manufacture and industry, counting as the most interdeveloped sectors the Automotive, Oil & gas, and food industry (for instance, to fully assemble a vehicle in the region, car parts need to cross the US-MEX border at least 8 times).

Returning to Mexico, our economic growth has been accompanied by strong demographics: a growing population (currently the 10th largest in the world and one of the youngest, with an average age of 26 years old). From the total population, middle class accounts for 47% (14.6 million) households and it is expected to reach about 3.8 million more by 2030, the fastest growing middle class in LATAM.

One of our strongest sectors in Mexican Economy is tourism. The sector accounts for around 2 million jobs and 10 billion USD for Mexican economy. Mexico is the 8th most visited country in the world and the 2nd in the Americas (only after USA), with about 30 million tourists every year. We attract tourists from all over the world, but mainly from USA, Canada and United Kingdom.

This in turn allows us to reflect on the development and current state of the Mexican airline industry. The increased presence of ULCCs such as Volaris and Viva, have had a similar effect in the market as the US witnessed in the 70's and Europe in the 90's with RyanAir. The past years have witnessed both consolidation within the market and also aggressive capacity addition. The Domestic industry has grown the past two years around 4 times the GDP (Mexican GDP grew 2.3% while the domestic industry grew 12.5%), leading to an increased penetration but also to a drop in fares (current growth rate that exceeds market's ability to catch up). The industry requires further consolidation and a lower paced growth.

Now, I would like to talk a bit about Aeromexico. We are the only full service carrier in Mexico, operating a hub and spoke model with our main hub in Mexico City. Founding members of SkyTeam and the only one flying long-haul markets in Europe, Asia and South America. Last year we transported around 20 million passengers.

While we are an airline of over 80+ years experience, we have worked harder in the past decade to build a strong and flexible business model, that allows us to manage risk and sustainability. We have built strategies that help us perform better through volatilities by enhancing our connectivity, building a solid fleet strategy and ensuring risk management.

First, I'd like to address our fleet flexibility. Our fleet consists of 133 aircraft (62 regional, 50 NB and 13 WB) and is one the youngest in the region (only 7.8 years). We proudly incorporated last year the best aircraft in the world, the 787-9, and plan to make our WB fleet strictly Dreamliners by 2018.

The underlying flexibility in our fleet plan is based on fleet simplification, timing of orders and leases and a balance between owned/leased fleet. Simplification: we are aiming to have only 3 fleet types in the medium term (E Jets, 737 and 787), which not only helps simplify maintenance and operations processes, but maximizes training and growth for our crew. Timing: a carefully calibrated strategy that combines staggered leases (63 in next 3 years) and purchase options, allowing us to grow up to 230 aircraft or decrease to almost 80 without touching owned fleet.

The second part of our flexible business model is the enhancement of our connectivity. While we historically have been an international and domestic airline, connecting Mexicans and Mexico to the world, we continue to increase our presence in international markets:

- Americas
 - We have 45 destinations in Mexico, 19 in the us, 15 in Latin America and 4 in Canada.
 - Strengthening our position in MX to become a hub and spoke carrier of North to South America and from Mexico to the world.
 - Getting ready to fulfill the hub needs for new Mexico City International Airport
- Asia
 - For over 10 years we have been the only Latin American airline with presence in Asia.
 - This summer we will also increase our presence in Asia, growing on NRT to daily and PVG from 3 to 5 weekly (flying back direct).
 - We will also commence our flight to Seoul, our 3rd destination (4 weekly frequencies).
- Europe:
 - Currently flying to 4 destinations: LHR, CDG, MAD and AMS, exclusively in Dreamliner fleet.
 - We began our MEX- LHR in 2012 and this May we will commence a weekly flight LHR-MEX.
 - In May we also plan to increase our presence in Europe with 12 weekly flights to Madrid, daily flights to CDG and AMS.

As part of this international leverage, the deep alliance we are building with Delta Air Lines will be of strategic value. Delta and Aeromexico have been long-time partners, with a relationship of over 20 years.

In 2015 we made a joint application for US-MEX Transborder JV, to maximize the market's potential and bring out the best in each other: from complementary location of hubs and differentiated positioning with key population segments to truly developing and enhanced product with the best in class service.

The Joint Venture is expected to launch during the 2Q17 and we expect to increase flights from 80 to more than 100 in the transborder market, bringing a structural benefit passengers and the industry with annual benefits calculated to be of around 100 million USD.

The JCA has been authorized by both US and Mexican authorities, but is still pending the application of remedies and their confirmation. I can't provide further detail about the launch of the cash tender offer (that will account for up to 32% of GAM) as we are currently under quiet period and Tender Offer remains open but we believe this investment displays their confidence in GAM and the prospects of our country.

Finally, through the diversification of our network we have also diversified our revenue streams (in the last period, our ancillaries increased 91.4% and Cargo 15% YoY) and managed to hedge against fuel price and exchange rate volatility (40 to 50% of our next 12 months fuel consumption is hedged with call and call spread options and our international revenues help offset the volatility from our USD denominated cost).

To wrap up, I will address the challenges and opportunities ahead. Our main challenges seem to mainly be due to external factors such as congested operation at our Hub, Mexico City Airport, which hurts our operating performance against other airlines in Latin America and hinders the possibility for capacity growth in the near future; while economic uncertainty, particularly exchange rate depreciation, consumer confidence and inflation could pose threats in the medium and short term. .

On the opportunities side we believe the New International Airport of Mexico City will bring strategic opportunities for the Mexican industry to further develop and will allow us to establish the best global hub in Latin America. It has been designed by award winning architect, Norman Foster, also architect for Hong Kong and Beijing International Airports. We are currently working on enhanced processes to optimize connectivity.

And finally, one of the greatest opportunities we see ahead is through our brand repositioning and increasingly tech and E focused strategy. We have renewed most of our platforms to provide both cutting edge technology and an all encompassing e-driven Ecosystem, that allows our passengers to have a differentiated and personalized experience.