

**Aeromexico (Q4 2025 Results)**  
**February 17, 2026**

Corporate Speakers

- Andres Conesa; Aeromexico; Chief Executive Officer
- Aaron Murray; Aeromexico; Chief Commercial Officer
- Ricardo Sanchez Baker; Aeromexico; Chief Financial Officer

Participants

- Duane Pfennigwerth; Evercore; Analyst
- Michael Lindenberg; Deutsche Bank; Analyst
- Guilherme Mendes; J.P. Morgan; Analyst
- Jens Spiess; Morgan Stanley; Analyst
- Filipe Nielsen; Citi; Analyst
- Pablo Monsivais; Barclays; Analyst

**PRESENTATION**

Operator^ Good morning and welcome to Aeromexico Fourth Quarter 2025 Financial Results. At this time, all participants are in a listen-only mode. There will be a question-and-answer session at the end with instructions given at that time. For the webcast participants, you may submit questions at any time during the call using the Ask a Question section on the webcast. As a reminder, today's conference is being recorded. Now I would like to turn the call over to Lucero Medina, Head of Investor Relations. Ms. Medina, you may begin.

Lucero Medina^ Thank you. Good morning. And thanks for joining us. Welcome to Grupo Aeroméxico's Fourth Quarter and Full Year 2025 Earnings Conference Call. Joining me today to discuss our results Andres Conesa, Chief Executive Officer, Aaron Murray, Chief Commercial Officer, and Ricardo Sanchez Baker, our Chief Financial Officer.

Before we get started, I would like to take this opportunity to remind you that during the course of this call, we will present results that are based on our unaudited consolidated financials, which remain subject to revision upon completion of our annual audit process and other developments arising between now and the time our 2025 year-end audit is finalized.

Accordingly, the financial results discussed today are based on information available to us as of the date of this call and are not a comprehensive final statement of our financial results for any period presented. In addition, we may make forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act regarding future events and our company's future performance. Such statements are subject to a number of risks uncertainties and assumptions. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this call.

Any forward-looking statements that we make today are based on assumptions as of today and our management's good faith beliefs with respect to the future events, but there can be no assurance given regarding our actual future results.

Furthermore, we undertake no obligation to update these statements as a result of more information or future events. We also caution you to consider the risk factors that could cause actual results, including those disclosed in our financial prospectus dated as of November 5th, 2025, relating to our initial public offering and other documents filed with or furnished to the SEC from time to time, differ materially from those in the forward-looking statements that may be made during this call.

For more information, please see the risks described in our published our fourth quarter 2025 earnings release, the final prospectus for IPO dated November 5th, 2025, with the SEC, and other documents that we may file with or furnish before the SEC from time to time.

During this call, we will present both IFRS and non-IFRS financial measures on an unaudited basis. We have included a reconciliation and explanation of adjustments and other considerations of our non-IFRS measures to the most comparable IFRS measures in our fourth quarter and full year 2025 unaudited earnings release. Our call is being webcast and available at [ir.aeromexico.com](http://ir.aeromexico.com). The earnings release is also available on the website. It is now my great pleasure to turn the call over to Andres Conesa.

Andres Conesa^ Thank you, Lucero, and good morning, everyone. We appreciate you joining us today. We are pleased to present our fourth quarter and full year 2025 results. These results reflect a strong year-end performance and underscore the consistent, disciplined execution of our team amid a challenging operating environment in 2025. The fourth quarter also confirmed the recovery momentum established in the prior quarter.

I would like to thank and recognize all Aeroméxico employees for their dedication and commitment. We truly have the best people in the industry, and their professionalism, teamwork, and unwavering focus on safety and service were essential in navigating a dynamic operating environment and achieving the results we present today.

Financially, the strength of our operations translated into record results, highlighting the stability and resilience of our operating model. Adjusted EBITDA margin reached 31%, the highest on record, while operating margin was 17%, representing the second strongest annual performance in the company's history. After a softer first half, demand strengthened meaningfully in the second half, particularly in the last quarter, supported by improving traffic trends across both domestic and international markets.

This improvement translated into higher load factors and stronger unit revenues. These results were delivered despite ongoing regulatory constraints affecting our U.S. operations, underscoring the effectiveness of our network discipline, revenue management actions, and continued focus on profitability.

Equally important, we continue to progress on our capital allocation priorities. During the year, we invested in fleet modernization to improve efficiency and reliability while also making targeted investments to enhance our customer experience. We fully deployed our new app in the last quarter of 2025 with enhancements for easier and faster check-in and trip management.

In the coming months, we expect to complete several passenger experience enhancements including the rollout of new check-in models and reopening of our redesigned VIP lounges at Mexico City International Airport. Operationally, Aeroméxico maintained industry-leading

reliability and customer experience. For the second consecutive year, Cirium recognized us as the world's most on-time airline, Mexico [ph] number one globally for 2025. At the same time, our commitment to service quality continued to be recognized by both customers and the industry.

Last year, for the 7th consecutive year, we received the APEX Five Star Global Airline Award. And for the first time, we were also named APEX North America's Best Global Airline. Our team consistently upheld high service quality while safely transporting approximately 25 million passengers during the year, supported by a fleet of 165 operating aircraft at year-end, an increase of 17 aircraft compared to the prior year.

Aeroméxico was also recognized by the IATA through its Safety Management Systems Assessments. This distinction represents the highest level of recognition in operational safety and reflects the maturity and robustness of our safety and risk management framework. Aeroméxico is the first airline in Latin America and only the second airline in the Western Hemisphere to achieve this milestone.

Overall, we reinforce our commitment to offering a consistently superior travel experience and to remaining the only true premium product in Mexico, while continuing to increase long-term value for our shareholders. Aeroméxico's proven ability to adapt, execute, and perform across a wide range of operating conditions gives us confidence as we enter 2026.

Looking to the year ahead, we expect to build on the momentum generated in the second half of 2025. We plan to grow capacity around 4% with a disciplined approach to deployment, focusing on our most important resilient markets and prioritizing profitability. We maintain significant flexibility to respond to evolving demand conditions, including potential changes in operations at Mexico City Airport and possible industry consolidation in Mexico, which could result in the rationalization of unprofitable flying. In this dynamic environment, we remain confident in our capacity to generate strong and consistent results.

From a commercial standpoint, demand trends remain encouraging. Corporate and high-income leisure segments continue to perform strongly, with premium revenue now representing approximately 42% of total revenues, nearly 17 points above pre-pandemic levels. Building on this momentum, we are selectively expanding our long-haul network this year with the launch of Mexico City-Barcelona and Monterrey-Paris, further strengthening our premium-led network and connectivity to Europe.

In closing, Aeroméxico enters 2026 from a position of strength, supported by the best team in the industry and a clear long-term vision. We are all well-positioned to navigate change, capture opportunities, and create sustainable value for our customers, employees, and shareholders.

Before I conclude, I want to wish all the best to Glen Hauenstein, who has been part of our board of directors since 2022 and is retiring this month. A trajectory such as Glen is remarkable in every respect. Thank you, Glen, for all the contributions you have made to our company. With that, I will turn it over to Aaron to discuss our commercial performance in more detail. Thank you very much.

Aaron Murray^ Thank you, Andres , and good morning, everyone. I want to thank the entire Aeromexico team for their outstanding work during a challenging year. Their commitment to our customers is a true differentiator.

For full year 2025, passenger revenue declined 4.4% year-over-year, and passenger unit revenue declined 4.9% year-over-year, reflecting the impact of currency, economic and geopolitical headwinds earlier in the year. These headwinds were most pronounced in domestic border cities and the U.S. market, which prompted us to act early and right-size capacity to align with weaker demand in these geographies.

As we discussed last quarter, these actions, along with recovering demand, enabled sequential quarter-over-quarter improvement through the balance of 2025 resulting in performance towards the upper end of our fourth quarter revenue guidance. We delivered record-breaking performance in the fourth quarter, both in terms of passenger revenue and passenger unit revenue, which were up 4.3% and 6.2% year-over-year, respectively. This strength was experienced across domestic and all international regions.

Worth noting, our European performance was particularly strong in the fourth quarter, as we continue to experience a stretching of demand into traditionally weaker periods. Additionally, the USA portfolio continued to see improvement, with passenger unit revenue up 5% year-over-year in the fourth quarter, the third quarter in a row we experienced sequential improvement in unit revenue performance.

Turning to Premium. While both cabins delivered solid profit margins, Premium continues to lead revenue performance reflecting our customers' appetite for differentiated products and services. In the fourth quarter, premium unit revenue growth was six points above the main cabin on a year-over-year basis, driven by improvements in both paid load factor and yields. This performance is a direct result of the investments we've made in the premium experience and our continued progress in how we sell our premium products.

On the loyalty front, we saw further growth in the percentage of our customers that participate in our loyalty program. In the fourth quarter, we reached a new record of 37%, up 7 points year-over-year and a 13-point improvement since the program's reacquisition and rebranding in 2023. Supported by ongoing investments in the loyalty experience, we continue to leverage our rewards program to deepen relationships while delivering value to our customers.

Regarding our co-brand partnerships, we are excited to be launching our new credit card program with Inbursa effective June 1st, 2026. Along with American Express, these partnerships are designed to deepen customer engagement, expand loyalty participation and support long-term value creation across the Aeromexico Rewards ecosystem.

Turning to outlook. Ricardo will walk through the details of our guidance, but we are seeing encouraging demand trends early in 2026. To highlight the strength, the week ending January 25th delivered the highest weekly revenue sales performance within the first quarter in the company's history. In addition to core demand, we continue to see benefits from our revenue initiatives, including our next evolution of branded fares launched in the first quarter, enhancements to our retailing and merchandising capabilities, and the successful rollout of our new app.

In closing, Aeromexico's performance in 2025 reflects our ability to execute effectively and adapt as conditions evolve. The momentum we built through the year positions us well to carry that profitable and sustainable growth into 2026. I'll now turn the call over to Ricardo.

Ricardo Sanchez Baker^ Thank you, Aaron, and good morning, everyone. To begin, I want to echo Andres and Aaron in thanking the whole Aeromexico team for their outstanding dedication. Thanks to their hard work, we have achieved impressive results across finance, operations, and service. The team's pursuit of excellence continues to drive our success, and our strong fourth quarter and full year performance (inaudible).

Our 2025 financial results demonstrate the strength of our business model. We achieved industry-leading performance, including a record-high quarterly EBITDA in the fourth quarter. For the full year, operating income reached the second-highest annual result in the company's history.

As noted in previous quarterly reports, market conditions improved throughout the year, leading to higher traffic levels and enhanced unit revenues by year-end. In this context, Aeromexico reported total revenue of \$5.4 billion in 2025, representing a 2% increase over 2024 when excluding extraordinary nonrecurring items.

The 2024 nonrecurring items comprised one-time benefits from compensation received from Boeing due to the grounding of the 737 MAX, as well as revenue from expired tickets associated with prior commercial flexibility initiatives. Total revenue during the fourth quarter reached \$1.4 billion, representing a 3% increase compared to last year when extraordinary nonrecurring items are excluded.

From a cost perspective, full year 2025 performance benefited from disciplined execution, continued efficiency initiatives, and improved fuel consumption per ASM. These positive factors were counterbalanced by increased labor costs due to collective bargaining renegotiations, higher depreciation associated with fleet growth, IPO-related expenses, and the appreciation of the Mexican peso during the second half of the year, which raised peso-denominated costs. As a result, CASM excluding fuel rose by a moderate 1.8% year-over-year.

During the fourth quarter, we recorded extraordinary income generated from the sale of TechOps, a maintenance joint venture equally owned by Aeroméxico and Delta. Both companies made this investment to capitalize on market opportunities. Importantly, this transaction does not change how we maintain our aircraft or operate our fleet. We continue to rely on long-term maintenance agreements that support the reliability, efficiency, and safety of our operation.

Adjusted EBITDA for the full year reached \$1.7 billion with a 31% margin, the highest margin in the company's history. For the fourth quarter, adjusted EBITDA reached \$502 million with a margin of 35%, the highest quarterly EBITDA on record. Excluding the TechOps transaction and IPO-related expenses, adjusted EBITDA for the full year reached \$1.6 billion with a 30% margin, and adjusted EBITDA for the fourth quarter was \$435 million with a 30% margin.

Full-year operating income was \$928 million with a 17% margin, the second best annual performance in the company's history. Fourth quarter operating income totaled \$303 million

with a margin of 21%, representing a record fourth quarter performance. Excluding the TechOps transaction and IPO-related expenses, operating income for the full year reached \$861 million with a 16% margin, and for the fourth quarter, it totaled \$236 million with a 16% margin.

In 2025, we maintain a robust cash flow generation, delivering full-year operating cash flow of \$913 million. This level of cash generation reflects the strength of our underlying operations and provided the financial flexibility to continue executing both our deleveraging strategy on our investment programs. Financial debt was reduced by \$63 million during the fourth quarter and by \$156 million over the full year, ending the year with an adjusted net debt-to-EBITDA ratio of 1.8 times.

Our investment continues to focus on enhancing customer experience and optimizing operational efficiencies, supported by strategic investments in technology and infrastructure. Our fleet was strengthened with the addition of 17 MAX aircraft, while capacity was managed with discipline. The incorporation of these aircraft allows us to benefit in the future from greater operating leverage as we steadily increase aircraft utilization to match increased market demand.

We returned over \$200 million to shareholders through capital disbursements in 2025, bringing total distributions since December 2023 to approximately \$1.3 billion. These reimbursements demonstrate the company's commitment to deliver shareholder value while maintaining balance sheet strength. As of December 31st, cash and cash equivalents totaled \$1 billion. If we include our undrawn revolving facility of \$200 million, total liquidity stood at approximately \$1.2 billion, representing 23% of last 12-month revenues.

Looking ahead, the Mexican economy is expected to grow between 1.2% and 1.5% in 2026, according to consensus estimates from various financial institutions. In this environment, we intend to increase ASM capacity by 3% to 5% over the full year. This growth will begin to take shape from the second quarter onwards since the first quarter still reflects a high baseline for 2025.

We are confident 2026 will be another strong year. We expect revenue to grow in the range of 7.5% to 9.5%, while adjusted EBITDA margins are expected to range between 28.5% and 30.5%. And income -- operating income margins are expected to range between 15% and 17% respectively.

Turning to the first quarter of 2026, we expect total revenue to grow in the range of 10% to 12% year-over-year, supported by continued strength in demand and effective commercial execution. Adjusted EBITDA margin for the first quarter of 2026 is expected to range between 26% and 28%, while operating income margin is expected to range between 11% and 13%, reflecting continued focus on profitability and disciplined execution.

In closing, our latest results demonstrate strong execution, disciplined financial management, and the ability to deliver outstanding performance even in a complex operating environment. We enter 2026 with a solid balance sheet, strong liquidity, and a dedicated commitment to profitable and sustainable growth, giving us confidence in our positive outlook for the year. Thank you very much. We are now ready to answer any questions that you may have.

## QUESTIONS AND ANSWERS

Operator^ Thank you. (Operator Instructions) The first question comes from Duane Pfennigwerth with Evercore. Your line is now open.

Duane Pfennigwerth^ Thank you. Good morning. It's nice to be on the call with you. Just a couple questions. First, on the demand impacts related to FX, can you speak to purchasing power dynamic in Mexico? Obviously, the comps are very easy in front of us, so it may be tough to measure, but are you seeing a pickup in demand from a stronger peso and maybe highlight what you've seen in prior periods, maybe how much of a lag there is between, you know, when the currency moves and maybe when you see that knock-on effect to improving demand.

Andres Conesa^ Hi, Duane. Nice to see you. Nice to hear you. Let me make a brief comment and then (inaudible). As we've expressed in the past, we have a natural hedge. So we have a match between our revenue and our expenses in dollars. But, you know, there is a second-order effect that when -- with a stronger peso, we see a pickup in demand for travel, as was the case in the previous stage of strong peso appreciation. So that effect with a very strong peso as we're seeing today, can be relevant and shift demand to the right.

And that at the end translates into -- and that's going probably stressing what we are seeing for the first Q as it was explained on the guidance. Revenues will grow 10% to 12%. EBIT is going to grow more or less the same around 10%. So margins do -- probably you can see some negative impact on margins from peso because of the higher revenue based in dollar. EBITDA and EBIT are growing significantly as well, positive cash flow generation, for example. So with that, let me turn to Aaron or Ricardo if they want to complement.

Aaron Murray^ Yes, just in terms of what we're seeing in terms of demand, there's no doubt a stronger peso it drives demand for us. And in terms of the timing of seeing that historically, it's actually rather quickly. I mean, our booking curve is a little condensed here, and so we do see a strong (inaudible) short order.

When I look at the first quarter, which we have a really good view on, though, our unit revenue growth isn't just because of current demand. Even when you strip out from an FX perspective, we're growing the business on an FX-neutral basis as well. So definitely stronger peso is leading the demand and driving our strong first quarter guidance.

Duane Pfennigwerth^ Thanks for that. And then just for my follow-up, can you speak to opportunities to deleverage the business? What will be your priorities for debt paydown over the balance of 2026? And thanks for taking the questions.

Ricardo Sanchez Baker^ Yes. Hi, Duane, this is Ricardo. I mean, in terms of the leveraging, as you know, in terms of financial debt, we basically only have the senior secured notes that were issued in November of 2024. We don't think right now it would be a good opportunity to do something there.

We have some small debt associated to financial leases for aircraft fleet that will mature in the next few months, so that is going to finish. But really for us, in terms of the leveraging, the big opportunity comes on the present value of the leases. As we have mentioned before, last year, we received 17 aircraft. These aircraft are already included in both our P&L and in

the balance sheet in terms of the present value of the leases. But we are not really going to grow in the next couple of years in terms of aircraft.

So basically, the amortizations that are going to be paid or associated to the present value of the leases are going to be reflected in lower leverage. So that's where we see also a big opportunity as we put these assets into more use. Even that we already have the ownership cost in our P&L and that we have the liabilities in our balance sheet, as we produce more revenue with these aircraft, definitely we will see lower leverage through higher EBITDA and also through more amortization of this debt. And also higher liquidity at the end because of the same reason, so it's a combination of all the factors.

Duane Pfennigwerth^ Thank you.

Operator^ Thank you. And our next question will come from Michael Lindenberg with Deutsche Bank. Your line is open.

Michael Lindenberg^ Oh, hey. Good morning, team. I have two questions here. Just one with respect to the sale of your MRO JV. Who was that sold to? And does Delta still own the other 50%? And as I recall, I believe it was actually a bit of a profit center, or maybe it wasn't. How does that change the P&L, whether you no longer get the pickup in the JV or maybe your maintenance expenses now go up?

Ricardo Sanchez Baker^ Yes. Thank you, Michael. I mean, yes, the MRO facility, as you might remember, around 10 years ago, both Delta and Aeroméxico decided to establish a joint venture to provide maintenance services in Querétaro to Delta, Aeroméxico, and third parties. After several years of operation, and particularly after the COVID crisis, in 2022, we decided to transfer all operations, management, and employees and also all permits and licenses to a third-party that was actually operating the business. And the revenue that both Delta and Aeroméxico received was only associated to the lease of the facilities, the lease of the hangar [ph].

That's why we saw a good opportunity last year and actually in negotiations led by Delta, we decided to divest and sell our business. So both Delta and Aeromexico, we both sold. And that resulted in this profit of \$71 million in the P&L. I mean, what we will be losing going forward is just basically the lease amount that we were obtaining from this, which is really not material.

And it's important to mention that in terms of maintenance, since we transferred these operations to these third parties since 2022, we have been operating with a commercial agreement that gives us very competitive maintenance rates. We service there our E190s and our 737NGs. And we do in-house the 737 MAX and the 787. So also, as we have grown more in the MAX aircraft, we rely less and less on Querétaro. So that's why we thought it was a good opportunity to sell.

Michael Lindenberg^ Oh, that's great. That makes sense. And then very helpful. Then just my second question is that we're now at a point where your antitrust-immunized joint venture with Delta, it's business as usual given the ruling by U.S. courts. But can you just update us on where things stand with respect to the restrictions from the two Mexico cities to the U.S.? It seems like that those flights are still being restricted, but that the restriction that was

contemplated about cargo has actually not been put into effect. Can you just update us on what's going on there? Thanks for taking my question.

Ricardo Sanchez Baker^ Hi, Michael. Good to hear from you. (Inaudible) of the U.S. courts, we were allowed to keep this API with Delta. As you know, and we've explained before, this has to do not with Aeroméxico or with Delta, but on the argument by the U.S. government that the Mexican government is not complying with the Open Skies Agreement. And it's mainly due to cargo, as the cargo-based companies were moved from AICM to AIFA.

What I know from talking to our government is that talks have been going very well between the two. So we expect this issue to be behind us relatively soon. As part of that, also, and this is public information, these cargo companies were offered the possibility to do some flying from AICM. And most of them, if not all, decided to stay in AIFA because for cargo-related operations, probably AIFA is a better airport than AICM. And maybe just a few cargo operations will move.

So again, once that issue is solved, because the other two that were in the table that had to do with the slots being returned to a couple of U.S. operators and how the slot management is done in Mexico City, that already has been resolved. So it was only this third issue. We are okay because we deployed all of our U.S. routes from the metropolitan area in Mexico City before. So this year we're okay. We hope this issue will be solved. Obviously, if this extends beyond '26, we would have an issue, right? Because it would not allow us to grow from Mexico City, but we think that it's very, very unlikely.

Michael Lindenberg^ Okay. Great. Thanks for everything.

Operator^ Thank you. And our next question will come from Guilherme Mendes with J.P. Morgan. Your line is open.

Guilherme Mendes^ Yes. Thank you. Good morning, everybody. Andres, Aaron, Ricardo, Lucero, thanks so much for taking my question and congrats on the results. I have two follow-ups. The first one, it's on the guidance. Can you share the assumptions using for FX and jet fuel prices, please? And the second point, back to Ricardo's point that you guys don't need extra planes to keep growing, that you still have some idle capacity there. How should we think about how much you can grow and for how long without getting additional planes in the coming years? Thank you.

Ricardo Sanchez Baker^ Yes. Thanks, Guilherme. In terms of the assumption that we have from the guidance, what we are including in terms of FX is an average for the year of around 18.3 pesos per dollar. So that's our assumption. And in terms of fuel, it's basically a rent [ph] Brent of around \$69 per barrel. So those are basically our assumptions with a crack spread that is roughly around 25 per barrel.

So as mentioned before, what we estimate is that the economy is going to grow between 1.2% to 1.5%. And given the income elasticity that we have seen in the past where (inaudible) GDP growth, that's why we think we can grow on a healthy basis between 3% to 5%. And that's what we have included in our plan to make sure that we can grow, but grow profitable.

Andres Conesa^ Hi, Guilherme. Good to hear from you as well. Base growth going forward for this year, we are expecting to receive three MAXs and a couple of 787s. So we will end

up the year with roughly with 170 planes. That behind the growth in the midpoint of the range of 4% will allow us in 2026 to continue with this type of growth say in the neighborhood of 5% for the next couple of years beyond '26. So we wouldn't need any additional planes to say have an accumulated growth for the next three years of say 15% to 20%, '26, '27, and '28. Beyond that, we would need to get additional capacity to continue this growth trend.

Guilherme Mendes^ Very clear. Thank you both.

Operator^ Thank you. The next question will come from Jens Spiess with Morgan Stanley. Your line is open.

Jens Spiess^ Hi, everybody. Yes. So I have two follow-up questions. One, the question that Michael did on the regulatory situation in Mexico. Just to be clear, at the moment, you're still not able to add new routes to the U.S. from the Mexico City airport. Basically, what needs to happen? Is the government to lift that restriction? And at the end of the day, I was trying to understand, is it really negative or net positive for you guys?

Because I guess it's a negative in the sense that it hinders a bit your capacity deployment in the future. But on the other hand, it also creates this scarcity which you are probably in the best position to capitalize on. So just trying to pick your brain on how you're viewing this whole situation.

And my second question is a follow-up to Guilherme's question on the assumptions. I'm just trying to understand what is your load factor and RASM assumption embedded in your guidance? It seems that -- I mean, you're increasing capacity by around 4% while revenues are growing by around 8%. I guess part of it is FX, but I don't know, it seems that you're probably also assuming an increase in prices. So just trying to understand, get more granularity on the guidance. Thank you.

Aaron Murray^ Yes. I'll take the DOT one. Yes, thanks for the question. So yes, I mean, we would need the government -- the U.S. DOT to lift that restriction to grow. So you're correct in that right now we are in a situation where we can't add new routes from Mexico City metropolitan area.

Is that a net negative? I'd say in the short-term, and I'll go back to what Andres talked about. When we've grown a ton to the US from Mexico City since we moved back into CAT 1, so I'd say roughly a 30% to 35% capacity growth. So on the positive end, we have invested a ton of capacity into the transborder market over the last couple of years. So I think that's worth noting.

In terms of restrictions going forward, is it limiting? You saw that we were excited about adding Mexico City to San Juan, Puerto Rico. We had to cancel that close in. Of course, that's not a positive. We would love to enter that market. But when you look out at 2026 growth and our plans, I would call it a slight negative to neutral given how much we've grown in the transborder market over the last couple of years. That's how I'd answer that piece.

And then as far as the guidance, Ricardo, I'll go ahead and take that in terms of what our expectations are for full year '26 at a global level. It's really going to be driven in the form of yields, right? Our plan in particular as we move through the balance of the year is a yield-

driven growth. At the end of the year, load factor expected to be in the flattish range and in the middle of our guidance. That's not true for the first quarter as we lap some of the challenges that we faced last year. But given the larger capacity growth at the tail end of the year, the net result will be call it neutral on load factor and the majority, the vast majority of our revenue growth will be in the form of yields.

Ricardo Sanchez Baker^ And just as Aaron mentioned, Jens, we expect, I mean, yields to grow even FX-adjusted, given that we are seeing strong recovery in some of the segments that were weaker last year and others remained -- other segments remained strong. And there's also some FX factor, as you mentioned. The average foreign exchange of last year was around 19.3 pesos per dollar, and we are including in our guidance 18.3. So there's an appreciation that, of course, also has some impact on the revenue rate.

Jens Spiess^ All right, perfect. Appreciate it, guys.

Operator^ Thank you. And the next question is going to go to Filipe Nielsen with Citi. Your line is now open. Filipe, your line is now open.

Filipe Nielsen^ Hey, thanks. Thanks for the space [ph] to ask questions. Good morning, everyone. So I have two questions, two follow-ups on my side. One is related to the guidance still. So looking at costs and looking especially at ex-fuel costs now, how should we think about the different lines evolving throughout the year? You guided for quite strong top line growth, but the -- on the margin side, we see a stable environment for the year. How should we see that developing in terms of the impact of FX in wages or maintenance, or how should we think about that evolving on the ex-fuel guidance.

And my second one is related to premium. So you presented a significant growth of premium share in your revenue. Just wondering, how should we expect like further increases? Where should this improve stabilize? Do you have any sense on the share going forward? Thanks.

Ricardo Sanchez Baker^ Hi, thank you, Filipe. I will start with the cost part and then I'll give Aaron the floor to discuss on the premium revenues. On the cost side, as you mentioned, there are several factors that are embedded in our guidance. So one is, yes, in 2026, and we saw already in 2025, we saw the full impact, for example, of our labor negotiations that took place in 2024. That was already reflected in 2025. So for 2026, on the labor side, basically increases in line with inflation.

However, since these are peso-denominated costs, there is an impact on the cost side of the stronger peso that also brings up our cost. The other variable similar to what we saw last year is the annualization of these ownership costs that we have given the 17 MAX aircraft that have been incorporated to our fleet. So that's also putting some slight pressure on our cost side. So that's why overall, as you mentioned, we have top revenue growth, but we have some impact on the cost side and margins are relatively stable.

Important to mention that there's also a mathematical impact that Andres described on the margins as we have the exchange rate appreciation our revenue base goes up and just given -- even though our EBITDA on absolute levels are protected because we have this natural hedge between our revenues and costs, given that the revenue base is higher, margins are (inaudible) by the exchange appreciation. So that's also part of the math that is behind the guidance.

And before allowing Aaron to take the second question, the other, Filipe, important aspect as we mentioned, is this operational leverage. Today, we have the capacity to fly significantly more than what we have, as I mentioned before, for the next couple of years. So taking aside any impact of the strong peso, as we produce more ASKs, we see there is an opportunity in the next two to three years to see good numbers on the CASK ex-fuel because of this operational leverage as well.

Aaron Murray^ Yes. On the premium side, I think it's important to start out actually that while we're seeing what everybody is seeing in the industry coming out of the pandemic really is just an appetite for better experiences, premium products and services. It's worth pointing out when you look at cabin (inaudible), the margins aren't that different between our main cabin and our premium cabin. Premium cabin is a little bit higher, but no, we don't have a situation where we're breaking even or losing money in the main cabin and making all our money in the premium cabins. That's a little bit different than maybe some of the industry.

With that being said, there's no doubt the last four years our premium cabins continue to grow. In fact, the stat we track internally, it's very interesting that Andres highlighted, is the percent of our passenger revenue that comes in the forms of premium products, products above our main cabin. So that would even include some flexibility. And that hit 42% this year. Pre-pandemic, that number was in the mid-20s. So roughly 17-point growth there. So you can see us monetizing that.

So no doubt consumer behavior trends have adjusted, but also at the same time, our ability to retail and to sell premium products and services, whether that be directly through our own app and website or the types of programs we have with our third-party distributors. Those things have been focused on premium and we're getting much better at selling premium products. So what does the future hold? Our plan and what we expect to see is a continued appetite for premium products and services. And I think our ability to get better at selling those and presenting those right to consumers will allow premium revenue to probably grow at a slightly faster clip than main cabin.

Filipe Nielsen^ Great. This is also very clear. Thank you.

Operator^ Thank you. (Operator Instructions) Our next question will come from Pablo Monsivais with Barclays. Your line is open.

Pablo Monsivais^ Hi, good morning for taking my question. My first question is in terms of the Viva and Volaris merger. Andres, you mentioned in your remarks that you're expecting some rationalization of the capacity. So it is fair for us to think that if this deal is approved, we should start to see a more supportive yield environment for 2027 going forward for the domestic market? That's my first question.

And my second question is in terms of the utilization hours, average utilization for your aircraft that started operations last year. Do we have some room of opportunity there to increase that utilization and have that incremental operating leverage? Thank you.

Andres Conesa^ Thank you, Pablo. On the first -- good to talk to you. On the first question, as you know, this was announced at the end of last year. I believe they formally submitted the request. So we're just in the first stages of learning of what's the view of the authorities for this potential transaction. So let's wait and see what will happen.

Again, you know that this type of transactions, as it was the case, for example, in our case when we did the JV with Delta, it was subject to remedies. So we need to wait and see what will be the remedies imposed on this transaction. So once we have that, we can probably get back and tell you with more detail what our view and what will be the impact on us going forward.

But what we will do is, and that's regardless of what happens with this potential merge, is to continue investing in our product. As we have been very insistent on the past, this very strong cash flow generation continues to invest around \$500 million of CapEx to enhance the product. We are in the process, again, of investing heavily in our wide-bodies in the airport technology.

Model is successful, and if we continue to do it regardless of what happens on the other side, I also want to stress that they have a different business model than the one that we have. There is a slight overlap, but we are a full-service carrier and it's way different. So we will be successful, again, regardless of what's the outcome on the other transaction.

And on the utilization, just -- let me give you some 36,000 feet view. The wide-bodies are working as intensively as you can. They have a very high utilization rate. But also the completion factor on the 787s and on the rest of the fleet is amazing. We had the best completion factor in the world in 2025. There is room to improve the utilization, particularly on the narrow-body fleet, both on the 190s and on the 737s, again, because demand was not there, we have the aircraft.

Obviously, we also do not have all the crews to produce if they are utilized more efficiently. So as we deploy this 4% expansion in the next year or so, we will gradually be able to again use more intensively the narrow-bodies. That's roughly where we are.

Ricardo Sanchez Baker^ Yes. Thank you, Pablo. Thank you, Andres . Just to complement Andres , I mean, we see definitely opportunities to have more utilization, but important to highlight that we don't want to stress the operation, but just basically take the level of utilization back to what we had in 2024 when we were the most punctual airline in the world.

We were again the most punctual airline in 2025, but we do see opportunities in terms of the narrow-body fleet, as Andres mentioned. Right now, Arabias [ph] utilization is around nine hours. And we think we can get closer to 2024 levels that were closer to 10 hours. So that's why just by doing that, we have the opportunities to grow significantly in the next two to three years.

Pablo Monsivais^ And I mean is that already embedded in the guidance or it's just on the upper range?

Ricardo Sanchez Baker^ I mean, it's partially there because I mean, growth is between 3% to 5%, but that growth is not enough to take full advantage of this opportunity. That's why, as Andres mentioned, this opportunity will still bring benefits in '27 and '28. Unless we see more growth opportunities, then this will take longer to reflect on the P&L and balance sheet.

Andres Conesa^ Okay. Let me just complement. I think this is a very relevant point. And as you know, I mean, we continue and it's on top of the agenda, our offering from Mexico City,

it's the most important aspect of our product on AICM. And we've grown through upgaging. There may be the case that we have more slots there, more operations per hour, and we have a fair share of those slots. But we also are seeing other opportunities outside Mexico City. We are analyzing a few of them.

So again, we are not ready to launch any additional service outside Mexico City. But we feel there are a significant number of ones in the medium-term. And later in the year we may be ready to do it. So as part of this expansion of the company going forward, that's another big area that we are exploring.

Pablo Monsivais^ Perfect. Thank you very much.

Operator^ Thank you. And I am showing no further questions in the queue at this time. I will now turn the call back over to Andres Conesa, CEO, for closing remarks.

Andres Conesa^ Well, thank you for joining the call. Let us know if you have additional questions here, Lucero, Alejandro [ph], and all the team and Aaron, Ricardo, and myself are ready to handle any additional questions you may have. Thank you. And looking forward to seeing you in the next quarter. Goodbye.

Operator^ This concludes today's conference call. Thank you for participating. And you may now disconnect.