

Gol Intelligent Airlines Inc.
Form 6-K
March 07, 2018

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For the month of March, 2018
(Commission File No. 001-32221) ,

GOL LINHAS AÉREAS INTELIGENTES S.A.
(Exact name of registrant as specified in its charter)

GOL INTELLIGENT AIRLINES INC.
(Translation of Registrant's name into English)

Praça Comandante Linneu Gomes, Portaria 3, Prédio 24
Jd. Aeroporto
04630-000 São Paulo, São Paulo
Federative Republic of Brazil
(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicated below the file number assigned to the
registrant in connection with Rule 12g3-2(b):

Earnings Release

Fourth Quarter 2017

In 4Q17, Brazil's #1 airline achieved a 13% EBIT margin – the highest in 6 years – while growing net revenues by 12%

Operating income for the quarter doubled, reaching R\$388 million

São Paulo, March 7, 2018 - GOL Linhas Aéreas Inteligentes S.A. (“GOL” or “Company”), (NYSE: GOL and B3: GOLL4), Brazil's #1 airline, announces its consolidated results for the fourth quarter of 2017 (4Q17) and for full year 2017. All information is presented in accordance with IFRS, in Brazilian Reals (R\$), and all comparisons are with the fourth quarter of 2016 (4Q16) and with full year 2016, respectively, unless otherwise stated.

Summary

Significantly improved operating indicators: for the quarter, RPKs increased by 8.0% (from 9.2 billion in 4Q16 to 9.9 billion in 4Q17), mainly due to a 6.2% increase in the number of passengers. GOL achieved this strong growth in demand despite its continued focus on pricing; average yield per passenger increased by 3.1% in the quarter compared to 4Q16, reaching 26.36 cents (R\$). Supply growth remained conservative, with ASKs increasing 3.5% compared to 4Q16 (driven by a 1.6% increase in take-offs and a 1.8% stage-length expansion). As a result, the average load factor in 4Q17 grew 3.4pp compared to 4Q16, reaching 81.0%.

For full year 2017, RPKs increased by 3.6% (primarily due to a 4.8% higher stage-length), with yields growing by 2.2%; ASKs increased by only 0.8%. Load factor was 79.7%, 2.2 pp increase compared to 2016.

GOL remained the industry leader in flight punctuality, with 92.5% of flights on-time in 4Q17 and 94.6% in 2017 according to Infraero.

Strong revenue growth: the combination of higher demand and improved pricing resulted in net revenue for the quarter of R\$3.0 billion, an increase of 11.8% compared to 4Q16. For full-year 2017 the figure was R\$10.6 billion, 7.2% higher than the prior year. GOL's current 2018 guidance is for net revenue of approximately R\$11 billion.

Controlled cost environment: total CASK in 4Q17 was 21.21 cents (R\$), just 1.4% higher than in 4Q16, in spite of a less benign jet fuel environment. GOL remains the cost leader in South America for the 17th consecutive year.

Continued margin expansion: GOL's EBIT margin continued to expand, reaching 13.0% in 4Q17, the highest fourth-quarter indicator since 2011 and a 5.6 pp improvement over 4Q16. Operating income (EBIT) in 4Q17 was R\$388.0 million, an increase of 95.7% compared to

4Q16.

For full year 2017, EBIT margin was 9.4%, a growth of 2.3 pp compared to 2016, and the operating income reached R\$1.0 billion. GOL's current 2018 guidance is for an EBIT margin of approximately 11%.

EBITDA margin was 17.8% in 4Q17 and 14.1% in 2017, a growth of 5.8 pp q-o-q and 2.5 pp y-o-y. EBITDAR margin was 25.5% in 4Q17 and 23.0% in 2017, an increase of 9.0 pp q-o-q and 1.3 pp y-o-y.

Balance sheet strengthening: net debt (excluding perpetual bonds) to LTM EBITDA was 3.0x in 4Q17, improving both versus the 3Q17 (3.4x) and the 4Q16 (4.2x). Total liquidity, including cash, financial investments, restricted cash and accounts receivable, totaled R\$3.2 billion, an increase of 51% versus 9/30/17 and up 66% versus 12/31/16. The combination of GOL's credit rating upgrades, successful notes offering, tender offers/redemptions and improved cash liquidity substantially increased the Company's financial flexibility while decreasing its blended cost of debt and increasing the average maturity of the Company's indebtedness. On January 30, 2018, GOL subsidiary GOL Finance priced an additional issue (re-tap offering) in the amount of US\$150 million of its Senior Notes due in 2025, with a coupon of 7.0% per year.

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GOL is providing preliminary guidance for 2019 on page 14 of this document.

Management's Comments on Results

We remain committed to providing the best flight experience to our customers, with a focus on high-quality, on time service. We were the airline with the lowest proportion of complaints registered at ANAC in 2017: only 7 for every 100,000 passengers transported. Additionally, according to Infraero, in 4Q17 we maintained our on-time leadership in Brazil for the 19th consecutive quarter, with 92.5% of GOL's flights (over 60,000) taking off on schedule.

"We expect to continue to drive our efficiency and technology advantage this year, as well as incorporating the new Boeing 737 MAX 8s in the second half of 2018. With a range of up to 6,500 km, the new 737 MAX 8 aircraft will allow GOL to offer non-stop flights from Brazil to any destination in Latin America, as well as to our recently announced destinations in Florida," commented Paulo Kakinoff, CEO.

GOL began the sale of tickets to Miami and Orlando, its first destinations in the United States, in January of 2018. The new service will be flown by our new Boeing 737 MAX 8 aircraft, and will start on November 4th of this year, with departures from Brasília and Fortaleza; these cities were chosen for their privileged geographic locations and connectivity with other GOL markets. Customers will have at their disposal all the convenience and comfort already offered on the Company's flights, including in-flight internet and entertainment, leather seats with ample leg room, and free on-board drinks and meals.

"We remain focused on offering the best experience in air transportation, providing exclusive services to our customers on new, modern aircraft that connect our main markets with the most convenient schedules. Over 100 aircraft in our fleet have already been retrofitted with eco-leather seats, and more than 80 have on-board Wi-Fi. We also offer our customers selfie check-in, GOL+Conforto seats, and an expanded menu of on-board products, while remaining a low-fare leader. We recently launched live on-board television on our entertainment platform, which is the most complete and modern in Latin America and also offers on-demand internet and a free entertainment catalog," concluded Kakinoff.

Financially, we continue to focus on reducing our cost of financing and improving our liquidity profile. In December 2017, through our subsidiary GOL Finance, we successfully completed a US\$500 million issuance of Senior Notes maturing in 2025, with a 7.00% coupon. In 4Q17, our net debt (ex-perpetual bonds) to LTM EBITDA ratio improved to 3.0x, and our total liquidity

increased to R\$3.2 billion.

“During 2017, we were upgraded by all three major rating agencies. Fitch and S&P raised our credit rating twice, ending the year at B, stable outlook, and B-, positive outlook, respectively. In December, Moody's upgraded GOL's corporate credit rating by four notches to B2, stable outlook. This is clear evidence that the market has now begun to acknowledge GOL's improved credit profile, the result of the successful right-sizing and capital structure optimization plan that the Company has executed in recent years,” said Richard Lark, CFO.

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We were lowest cost airline in the region for the 17th consecutive year, a result of our simplified operation with a single, standardized fleet (lower crew costs, intelligent spare parts management and best-in-class maintenance), and our lean and productive operations with reduced fixed costs. 4Q17 aircraft utilization was 12.4 block hours per day (an increase of 5.4% over 4Q16), and our load factor increased by 3.4 pp, reaching 81.0%, while our breakeven load factor decreased by 1.5 p.p. to 70.5%. "Our efficiency and cost advantage ensure our position as #1 airline in Brazil," Richard concluded.

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Operational and Financial Indicators

RPK GOL – Total	9,896	9,161	8.0%	37,230	35,928	3.6%
RPK GOL – Domestic	8,879	8,230	7.9%	33,246	32,031	3.8%
RPK GOL – International	1,017	931	9.2%	3,984	3,897	2.2%
ASK GOL – Total	12,213	11,800	3.5%	46,694	46,329	0.8%
ASK GOL – Domestic	10,863	10,568	2.8%	41,459	41,104	0.9%
ASK GOL – International	1,350	1,232	9.6%	5,235	5,226	0.2%
GOL Load Factor – Total	81.0%	77.6%	3.4 p.p	79.7%	77.5%	2.2 p.p
GOL Load Factor - Domestic	81.7%	77.9%	3.9 p.p	80.2%	77.9%	2.3 p.p
GOL Load Factor - International	75.3%	75.6%	-0.3 p.p	76.1%	74.6%	1.5 p.p
Average Fare (R\$)	303.23	288.96	4.9%	283.73	265.21	7.0%
Revenue Passengers - Pax on board ('000)	8,606	8,106	6.2%	32,380	32,623	-0.7%
Aircraft Utilization (block hours/day) ⁵	12.4	11.7	5.4%	12.1	11.2	8.1%
Departures	64,910	63,860	1.6%	250,654	261,514	-4.2%
Total Seats ('000)	10,872	10,697	1.6%	41,953	43,640	-3.9%
Average Stage Length (km)	1,103	1,084	1.8%	1,094	1,043	4.8%
Fuel Consumption (mm liters)	364	350	4.1%	1,379	1,391	-0.9%
Full-time Employees (at period end)	14,532	15,261	-4.8%	14,532	15,261	-4.8%
Average Operating Fleet ⁶	111	112	-1.3%	109	117	-6.9%
On-time Departures	92.5%	94.0%	-1.5 p.p	94.6%	94.8%	-0.2 p.p
Flight Completion	98.8%	98.3%	0.4 p.p	98.5%	94.2%	4.3 p.p
Passenger Complaints (per 1000 pax)	1.62	1.73	-6.3%	1.45	1.99	-27.4%
Lost Baggage (per 1000 pax)	2.09	2.15	-3.2%	2.06	2.23	-7.6%
Net YIELD (R\$ cents)	26.36	25.57	3.1%	24.67	24.14	2.2%
Net PRASK (R\$ cents)	21.35	19.85	7.6%	19.67	18.72	5.1%
Net RASK (R\$ cents)	24.38	22.58	8.0%	22.65	21.30	6.3%
CASK (R\$ cents) ⁴	21.21	20.93	1.4%	20.53	19.79	3.7%
CASK ex-fuel (R\$ cents) ⁴	14.47	15.17	-4.6%	14.35	13.97	2.7%
Breakeven Load Factor	70.5%	72.0%	-1.5 p.p	72.3%	72.1%	0.2 p.p
Average Exchange Rate ¹	3.2466	3.2953	-1.5%	3.1925	3.4878	-8.5%
End of period Exchange Rate ¹	3.3080	3.2591	1.5%	3.3080	3.2591	1.5%
WTI (avg. per barrel. US\$) ²	55.30	49.29	12.2%	50.85	43.44	17.1%
Price per liter Fuel (R\$) ³	2.26	1.94	16.4%	2.09	1.94	8.1%
	0.46	0.38	22.1%	0.41	0.33	24.7%

Gulf Coast Jet Fuel (avg. per liter.
US\$)²

1. Source: Central Bank; 2. Source: Bloomberg; 3. Fuel expenses/liters consumed; 4. Including results on the return of aircraft under finance lease contracts, sale-leaseback transactions and tax regularization program expenses; 5. Change on methodology from flight hours to block hours per day between 1Q17 and 2Q17; 5. and 6. Average operating fleet excluding sub-leased aircraft and those under MRO.

*Certain variation calculations in this report may not match due to rounding.

Domestic market - GOL

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In this quarter, GOL's domestic supply increased by 2.8% over 4Q16. Demand increased by 7.9% in 4Q17, and load factor reached 81.7%, an increase of 3.9 p.p. when compared to 4Q16.

In 2017, domestic supply expanded 0.9% in comparison to 2016, while demand had an increase of 3.8% in the same period. Load factor improved by 2.3 p.p, reaching 80.2% in 2017.

GOL transported 8.1 million domestic passengers in the quarter, representing an increase of 6.8% when compared with the same period in 2016. The Company is the leader in terms of transported passengers in Brazil's domestic aviation market.

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International market - GOL

GOL's international supply increased by 9.6% in the quarter compared to 4Q16. In 2017, The Company showed an increase of 0.2% when compared to 2016.

International demand increased 9.2% in 4Q17 when compared to 4Q16 and was up 2.2% in for 2017 when compared to 2016. International load factors in 4Q17 were 75.3%, decreasing 0.3 p.p. over 4Q16. In 2017, load factors reached 76.1%, a growth of 1.5 p.p. in relation to 2016. During the quarter, GOL transported 0.5 million passengers in the international market, an increase of 6.5% when compared to the fourth quarter of 2016.

Volume of Departures and Total seats - GOL

The total volume of GOL departures was 64,910, an increase of 1.6% in 4Q17 over 4Q16. Flights totaled 250,654 departures for 2017, down 4.2% when compared to 2016, due to the rationalization of our network carried out in May 2016.

The total number of seats available to the market was 10.9 million in the fourth quarter of 2017, an increase of 1.6% over the same period of 2016. In 2017, the total number of seats was 42.0 million seats, a decrease of 3.9% over 2016.

PRASK, Yield and RASK

Net PRASK increased by 7.6% in the quarter when compared to 4Q16, reaching 21.35 cents (R\$), due to the growth of net passenger revenue of 11.4% in the quarter. In 2017, net PRASK reached 19.67 cents (R\$), an increase of 5.1% compared to 2016.

Our Net RASK was 24.38 cents (R\$) in 4Q17, an increase of 8.0% over 4Q16. In 2017, it was 22.65 cents (R\$), an increase of 6.3% over the same period of 2016.

Net *yield* increased by 3.1% in 4Q17 compared to 4Q16, reaching 26.36 cents (R\$), largely due to the 4.9% increase in our average fare. In 2017, net *yield* increased by 2.2% when compared to 2016, reaching 24.67 cents (R\$).

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Income statement in IFRS (R\$ MM)

Net operating revenues	2,978.3	2,664.0	11.8%	10,576.0	9,867.3	7.2%
Passenger	2,608.2	2,342.3	11.4%	9,185.8	8,671.4	5.9%
Cargo and Other	370.1	321.7	15.0%	1,390.2	1,195.9	16.2%
Operating Costs and Expenses	(2,590.5)	(2,469.3)	4.9%	(9,586.8)	(9,169.5)	4.6%
Salaries, wages and benefits	(433.2)	(480.3)	-9.8%	(1,708.1)	(1,656.8)	3.1%
Salaries, wages and benefits	(311.4)	(299.6)	3.9%	(1,224.4)	(1,188.1)	3.1%
- Operations						
Salaries, wages and benefits	(121.8)	(180.7)	-32.6%	(483.7)	(468.7)	3.2%
- Other						
Aircraft fuel	(822.9)	(678.7)	21.2%	(2,887.7)	(2,695.4)	7.1%
Taxes on aircraft fuel	(127.4)	(112.4)	13.3%	(455.8)	(439.3)	3.7%
Aircraft Fuel (ex-taxes)	(695.4)	(566.3)	22.8%	(2,431.8)	(2,256.1)	7.8%
Aircraft rent	(227.1)	(120.4)	88.6%	(939.7)	(996.9)	-5.7%
Sales and marketing	(186.1)	(168.5)	10.4%	(590.8)	(556.0)	6.3%
Landing fees	(176.2)	(170.7)	3.2%	(664.2)	(687.4)	-3.4%
Passenger costs	(112.1)	(100.9)	11.2%	(437.0)	(461.8)	-5.4%
Services Provided	(264.9)	(199.6)	32.7%	(874.7)	(753.5)	16.1%
Maintenance materials and repairs	(58.1)	(203.3)	-71.4%	(368.7)	(593.1)	-37.8%
Depreciation and amortization	(143.6)	(121.9)	17.8%	(505.4)	(447.7)	12.9%
Other	(166.3)	(225.0)	-26.1%	(610.3)	(320.9)	90.2%
Equity Income	0.3	3.4	-91.7%	0.5	(1.3)	NM
Operating Result (EBIT)	388.0	198.2	95.7%	989.8	696.5	42.1%
EBIT Margin	13.0%	7.4%	5.6 p.p	9.4%	7.1%	2.3 p.p
Financial Results	(422.6)	(163.6)	158.3%	(918.8)	664.9	NM
Interest on loans	(153.6)	(173.9)	-11.7%	(727.3)	(787.7)	-7.7%
Gains from financial investments	48.2	30.9	55.7%	119.9	152.7	-21.5%
Exchange and monetary variations	(230.7)	(27.2)	748.2%	(70.5)	1,376.5	NM
Derivatives net results	(13.9)	38.6	NM	(5.7)	(156.8)	-96.4%
Other expenses (revenues) net	(72.6)	(32.0)	126.6%	(235.1)	80.2	NM
Income (Loss) before income taxes	(34.6)	34.6	NM	71.0	1,361.4	-94.8%
Pre-tax Income Margin	-1.2%	1.3%	NM	0.7%	13.8%	-13.1 p.p
Income Tax	98.5	(64.8)	NM	307.2	(259.1)	NM
Current income tax	(42.2)	(68.7)	-38.6%	(239.8)	(257.9)	-7.0%

Deferred income tax	140.6	3.9	3,535.6%	547.1	(1.1)	NM
Net income (loss)	63.9	(30.2)	NM	378.2	1,102.4	-65.7%
Net Margin	2.1%	-1.1%	NM	3.6%	11.2%	-7.6 p.p
Minority Interest	58.1	72.7	-20.0%	359.0	252.7	42.1%
Net income (loss) after minority interest	5.7	(102.9)	NM	19.2	849.6	-97.7%
Net Margin after minority interest	0.2%	-3.9%	NM	0.2%	8.6%	-8.4 p.p
Earnings per Share (EPS) after minority interest R\$	0.02	(0.30)	NM	0.06	2.45	-97.8%
Weighted average shares outstanding MM	347.7	347.2	0.1%	347.7	347.2	0.1%
Earnings per ADS Equivalent in US\$	0.01	(0.90)	NM	0.03	1.41	-97.5%
Weighted average ADSs outstanding MM	173.9	173.6	0.1%	173.9	173.6	0.1%

* Certain calculations may not match due to rounding.

Net revenue

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Earnings Release

Fourth Quarter 2017

Net revenue in 4Q17 reached R\$3.0 billion, an increase of 11.8% when compared to 4Q16, with RPKs increasing by 8.0%, from 9,161 million in 4Q16 to 9,896 million in 4Q17.

International passenger revenue totaled R\$389.8 million, or 13.1% of total net revenue for the quarter, when compared to the R\$342.1 million registered in the same period of 2016.

Cargo revenues and others, which comprises; cargo, revenues from Smiles Program, franchise and excess baggage, represented R\$370.1 million in 4Q17, an increase of 15.0% compared to 4Q16. The increase in demand for cargo services is related to the improvement in Brazil's economic activity.

Load factor increased by 3.4 p.p. to 81.0% in the quarter, due to higher demand growth compared to the increase in ASKs.

Average fares increased by 4.9%, from R\$289 to R\$303, due to an increase in passenger revenue of 11.4%. In 2017, the average fare reached R\$284, a growth of 7.0% compared to 2016.

Operating expenses

The total CASK grew by 1.4%, compared to 4Q16, from 20.93 cents (R\$) to 21.21 cents (R\$), mainly reflecting mainly the increase in the price per liter of jet fuel. CASK ex-fuel decreased 4.6% when compared to 4Q16, due to lower maintenance, materials and repairs and lower salaries, wages and benefits, partially offset by an increase in the purchase of products and tickets for Smiles customers and reimbursements from flights cancellations.

Operating expenses per ASK, ex-fuel, decreased by 4.6% to 14.47 cents (R\$). The breakeven load factor decreased by 1.5 p.p., reaching 70.5% vs. 72.0% in 4Q16, due to yield growth of 3.1% in the quarter. The breakdown of GOL's operating costs and expenses is as follows:

Salaries, wages and benefits	(433.2)	(480.3)	-9.8%	(1,708.1)	(1,656.8)	3.1%
Salaries, wages and benefits - Operations	(311.4)	(299.6)	3.9%	(1,224.4)	(1,188.1)	3.1%
Salaries, wages and benefits - Other	(121.8)	(180.7)	-32.6%	(483.7)	(468.7)	3.2%
Aircraft fuel	(822.9)	(678.7)	21.2%	(2,887.7)	(2,695.4)	7.1%
Taxes on aircraft fuel	(127.5)	(112.4)	13.3%	(455.9)	(439.3)	3.7%

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Aircraft Fuel (ex-taxes)	(695.4)	(566.3)	22.8%	(2,431.8)	(2,256.1)	7.8%
Aircraft rent	(227.1)	(120.4)	88.6%	(939.7)	(996.9)	-5.7%
Sales and marketing	(186.1)	(168.5)	10.4%	(590.8)	(556.0)	6.3%
Landing fees	(176.2)	(170.7)	3.2%	(664.2)	(687.4)	-3.4%
Passenger costs	(112.1)	(100.9)	11.2%	(437.0)	(461.8)	-5.4%
Services	(264.9)	(199.6)	32.7%	(874.7)	(753.5)	16.1%
Maintenance, materials and repairs	(58.1)	(203.3)	-71.4%	(368.7)	(593.1)	-37.8%
Depreciation and Amortization	(143.6)	(121.9)	17.8%	(505.4)	(447.7)	12.9%
Other operating expenses	(166.3)	(225.0)	-26.1%	(610.3)	(320.9)	90.2%
Total operating expenses¹	(2,590.5)	(2,469.3)	4.9%	(9,586.8)	(9,169.5)	4.6%
Operating expenses ex-fuel¹	(1,767.6)	(1,790.5)	-1.3%	(6,699.1)	(6,474.1)	3.5%

Salaries, wages and benefits	(3.55)	(4.07)	-12.9%	(3.66)	(3.58)	2.3%
Salaries, wages and benefits - Operations	(2.55)	(2.54)	0.4%	(2.62)	(2.56)	2.2%
Salaries, wages and benefits - Other	(1.00)	(1.53)	-34.9%	(1.04)	(1.01)	2.4%
Aircraft fuel	(6.74)	(5.75)	17.1%	(6.18)	(5.82)	6.3%
Taxes on aircraft fuel	(1.04)	(0.95)	9.5%	(0.98)	(0.95)	2.9%
Aircraft Fuel (ex-taxes)	(5.70)	(4.80)	18.6%	(5.20)	(4.87)	6.9%
Aircraft rent	(1.86)	(1.02)	82.2%	(2.01)	(2.15)	-6.5%
Sales and marketing	(1.52)	(1.43)	6.7%	(1.27)	(1.20)	5.4%
Landing fees	(1.44)	(1.45)	-0.3%	(1.42)	(1.48)	-4.1%
Passenger costs	(0.92)	(0.85)	7.4%	(0.94)	(1.00)	-6.1%
Services	(2.17)	(1.69)	28.2%	(1.87)	(1.63)	15.2%
Maintenance, materials and repairs	(0.48)	(1.72)	-72.4%	(0.79)	(1.28)	-38.3%
Depreciation and amortization	(1.18)	(1.03)	13.8%	(1.08)	(0.97)	12.0%
Other operating expenses	(1.36)	(1.91)	-28.6%	(1.31)	(0.69)	88.7%
CASK¹	(21.21)	(20.93)	1.4%	(20.53)	(19.79)	3.7%
CASK excluding fuel expenses¹	(14.47)	(15.17)	-4.6%	(14.35)	(13.97)	2.7%

GOL Linhas Aéreas Inteligentes S.A.

Earnings Release

Fourth Quarter 2017

¹ Including results on the return of aircraft under finance lease contracts, sale-leaseback transactions and tax regularization program expenses.

* Certain variation calculations in this report may not match due to rounding.

GOL Linhas Aéreas Inteligentes S.A.

Earnings Release

Fourth Quarter 2017

Aircraft fuel per ASK increased by 17.1% compared to 4Q16 to 6.74 cents (R\$), mainly due to a 16.4% increase in the price of the fuel liter and higher total consumption in liters.

Salaries, wages and benefits per ASK decreased by 12.9% to 3.55 cents (R\$) over 4Q16, mainly due to a 4.8% reduction in total employees and the lower cost of provision for profit sharing.

Aircraft rent per ASK increased by 82.2% in relation to 4Q16, to 1.86 cents (R\$), mainly due to the reversal of a provision for rent reduction accounted for during the last quarter of 2016. Without this effect, rental costs would have increased by 4.3% in the quarterly comparison.

Sales and marketing per ASK increased 6.7% in relation to 4Q16, to 1.52 cent (R\$), impacted by the increase in costs with sales incentives and with the new campaign #NOVAGOL.

Landing fees per ASK decreased by 0.3% compared to 4Q16 to 1.44 cents (3.2% in nominal terms), due to the increase in departures by 1.6% in the quarter, partially offset by the increase of ASK by 3.5% in the quarter.

Passenger costs increased 7.4% in relation to 4Q16, to 0.92 cents (R\$) (11.2% in nominal terms), due to the increase in expenses related to reimbursement of tickets, accommodation and flights cancellations.

Services Provided per ASK increased by 28.2% in relation to 4Q16, to 2.17 cents (R\$) (32.7% in nominal terms), mainly due to increased purchases of products and tickets from partnership companies to be redeemed in the Smiles program.

Maintenance materials and repairs per ASK fell by 72.4% in relation to 4Q16, to 0.48 cents (R\$) (-71.4% in nominal terms), due to higher efficiency in maintenance processes, a reduction the capitalization of maintenance costs for APUs and landing gear, and lower costs for checks for aircraft returns.

Depreciation and amortization per ASK increased 13.8% in relation to 4Q16, to 1.18 cents (R\$) (17.8% in nominal terms), due to the depreciation of maintenance with capitalized engines.

Other expenses per ASK decreased 28.6% to 1.36 cents (R\$) compared to 1.91 cents (R\$) in 4Q16, (-26.1% in nominal terms), due to the non-recurring cost with write-off of property, plant and equipment and intangible assets that occurred in 4Q16.

Operating result

Operating income (EBIT) in the fourth quarter was R\$388.0 million, an increase of 95.7% compared to the same period in 2016. In terms of operating margin, 4Q17 had a margin of 13.0%, an increase of 5.6 p.p. in relation to 4Q16. On a per available seat-kilometer basis, EBIT was 3.18 cents (R\$) in 4Q17, compared to 1.68 cents (R\$) in 4Q16 (increase of 89.1%).

EBITDA in 4Q17 totaled R\$531.6 million in the period, an increase of 66.1% over 4Q16. The impact of the increase in RASK 1.80 cent (R\$) and 0.28 cent (R\$) increase in CASK resulted in an increase in EBITDA per available seat-kilometer to 4.35 cents (R\$) in 4Q17, increase of 1.64 cents (R\$) compared to 4Q16.

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EBITDAR in 4Q17 totaled R\$758.7 million in the period, an increase of 72.3% over 4Q16. On a per available seat-kilometer basis, EBITDAR was 6.21 cents (R\$) in 4Q17, compared to 3.73 cents (R\$) in 4Q16 (an increase of 66.4%).

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Net Revenues	24.38	22.58	8.0%	22.65	21.30	6.3%
Operating Expenses	(21.21)	(20.93)	1.4%	(20.53)	(19.79)	3.7%
EBIT	3.18	1.68	89.1%	2.12	1.50	41.0%
Depreciation and Amortization	(1.18)	(1.03)	13.8%	(1.08)	(0.97)	12.0%
EBITDA	4.35	2.71	60.4%	3.20	2.47	29.7%
EBITDA Margin	17.8%	12.0%	5.8 p.p	14.1%	11.6%	2.5 p.p
Aircraft Rent	(1.86)	(1.02)	82.2%	(2.01)	(2.15)	-6.5%
EBITDAR	6.21	3.73	66.4%	5.21	4.62	12.8%
EBITDAR Margin	25.5%	16.5%	9.0 p.p	23.0%	21.7%	1.3 p.p

¹ 2017 full-year includes R\$107 million non-recurring expenses from Tax Regularization Program; * Certain calculations may not match due to rounding.

EBIT	388.0	198.2	95.7%	989.8	696.5	42.1%
EBIT Margin	13.0%	7.4%	5.6 p.p	9.4%	7.1%	2.3 p.p
EBITDA	531.6	320.1	66.1%	1,495.2	1,144.2	30.7%
EBITDA Margin	17.8%	12.0%	5.8 p.p	14.1%	11.6%	2.5 p.p
EBITDAR	758.7	440.5	72.3%	2,434.9	2,141.2	13.7%
EBITDAR Margin	25.5%	16.5%	9.0 p.p	23.0%	21.7%	1.3 p.p

¹ 2017 full-year includes R\$107 non-recurring expenses from Tax Regularization Program; * Certain calculations may not match due to rounding.

Net income (loss)	63.9	(30.2)	NM	378.2	1,102.4	-65.7%
(-) Income taxes	98.5	(64.8)	NM	307.2	(259.1)	NM
(-) Net financial result	(422.6)	(163.6)	158.3%	(918.8)	664.9	NM
EBIT	388.0	198.2	95.7%	989.8	696.5	42.1%
(-) Depreciation and amortization	(143.6)	(121.9)	17.8%	(505.4)	(447.7)	12.9%
EBITDA	531.6	320.1	66.1%	1,495.2	1,144.2	30.7%
(-) Aircraft rent	(227.1)	(120.4)	88.6%	(939.7)	(996.9)	-5.7%
EBITDAR	758.7	440.5	72.3%	2,434.9	2,141.2	13.7%

*In accordance with CVM Instruction 527, the Company presents the reconciliation of EBIT and EBITDA, whereby: EBIT = net income (loss) plus income and social contribution taxes and net financial result; and EBITDA = net income (loss) plus income and social contribution taxes, net financial result, and depreciation and amortization. We also show the reconciliation of EBITDAR, given its importance as a specific aviation industry indicator, whereby: EBITDAR = net income (loss) plus income and social contribution taxes, the net financial result, depreciation and amortization, and aircraft operating lease expenses; * Certain variation calculations in this report may not match due to rounding

Net financial result

Net financial expense was R\$422.6 million, an increase of R\$259.0 million compared to 4Q16. Interest expense decreased R\$20.3 million versus 4Q16, to R\$153.6 million. Net income from derivatives decreased R\$52.5 million over 4Q16, mainly due to lower gains from hedging operations.

| **Interest expense** totaled R\$153.6 million in 4Q17, a decrease of 11.7% over 4Q16. In 2017, interest expenses totaled R\$727.3 million, a reduction of 7.7% when compared to 2016.

| **Net exchange and monetary variation** totaled a loss of R\$230.7 in 4Q17, due to the devaluation of the Brazilian Real vs. the US Dollar (final exchange rate for the period), which depreciated from R\$3.2591 at December 31, 2016 to R\$3.3080 at December 31, 2017.

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| **Gains from financial investments** totaled R\$48.2 million in 4Q17, an increase of 55.7% over 4Q16, explained by higher gains on financial investments and investment funds.

| **Net result of derivatives** was a negative result of R\$13.9 million in 4Q17, in comparison to a positive result of R\$38.6 million in 4Q16.

| **Other financial expenses** totaled a negative result of R\$72.6 million in 4Q17, in comparison to a negative R\$32.0 million in 4Q16, result of expenses from the issuance of Senior Notes due 2025 and payments related to the tender offer for the Senior Notes due 2020 and Senior Notes due 2022.

Hedge result

The Company uses hedge accounting to account for some of its derivative instruments. In 4Q17, GOL registered a loss of R\$8.1 million from hedge operations.

Subtotal - Designated for Hedge Accounting	-	(3.3)	(3.3)
Subtotal – Not Designated for Hedge Accounting	(4.8)	-	(4.8)
Total	(4.8)	(3.3)	(8.1)
<i>OCI (net of taxes, on December 31, 2017)*</i>	35.5	(114.8)	(79.3)

*OCI (Other Comprehensive Income) or Statement of Comprehensive Income (loss) is a transitional account where positive and negative fair value adjustments of derivatives recorded as hedge accounting, designated as effective for hedging cash flow. GOL records the fair value of hedges due in future periods whose aim is to protect cash flow

Financial Result	(13.4)	(2,8)	(16.2)
Operating Result	8.6	(0.5)	8.1
Total	(4.8)	(3.3)	(8.1)

| **Fuel:** fuel hedge operations were made through derivative contracts of call options and "zero cost collars" (calls bought and puts sold) tied to the WTI, and totaled a loss of R\$4.8 million in 4Q17.

| **Interest:** swap operations to protect the cash flow of contracted leases, whose installments to be paid are exposed to the volatility of the Libor rate until receiving aircraft, totaled losses of R\$3.3 million in 4Q17.

Income tax

On March 10th and September 19th of 2017, our subsidiary GLA subscribed the Tax Regularization Program (PRT), which allowed the partial settlement of taxes with tax losses. In March, the payment option chosen by GLA was the reduction of 76% of the debt with the use of tax credits on tax losses and the payment of 24% of the debt in 24 monthly installments adjusted by the SELIC rate from the month of subscription. In September 2017, to pay 5% of total debt in five monthly installments and the remaining amount with tax losses carryforward after reducing interest by 90% and fines by 70%. For most of its debits, GLAI chose to pay 20% of total debt in three installments and the remainder in 36 monthly installments, reducing interest by 50%, fines by 80% and legal charges by 100%. As a result, the Company used tax loss carryforwards for an amount of R\$225.0 million, which was recorded in net income for the period.

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Income tax in the fourth quarter of 2017 totaled R\$98.5 million (positive), due to an increase of R\$140.6 million in deferred income tax.

On July 1, 2017, Smiles S.A merged into Smiles Fidelidade S.A, and, based on financial projections, recognized income tax on tax losses and social contribution on deferred negative basis, totaling R\$193.0 million.

GLA has tax credits on net operating loss carryforwards of approximately R\$1.4 billion. In view of recent events in Brazil, economic instability, fluctuations in the U.S. dollar exchange rate and other variables that affected the projections of future results, GLA did not recognize a deferred tax asset in relation to its total net operating loss carryforwards. The Company (GLAI) has tax credits of R\$62.5 million, of which R\$58.7 million are related to tax loss carry forwards and R\$3.8 million related to temporary differences, with realization supported by GOL's long-term plan.

Net income and Earnings per Share (EPS)

In 4Q17, net income (after minority interest) recorded R\$5.7 million, representing a positive margin of 0.2%, compared to a net loss of R\$102.9 million recorded during 4Q16. During 4Q17, we had the higher negative exchange rate variation, expenses related to the issuance of 7.0% Senior Notes due 2025, and payments related to the Tender Offer of our Senior Notes due 2020 and Senior Notes 2022.

For 2017 net income was R\$19.2 million with a net margin of 0.2%, compared to a profit of R\$849.6 million and a net margin of 8.6% in the previous year. In 2016, GOL accounted gains from exchange variation of R\$1.4 billion, while in 2017, exchange variation losses were R\$70.5 million.

Net income (loss)	63.9	(30.2)	NM	378.2	1,102.4	-65.7%
Minority Interest	58.1	72.7	-20.0%	359.0	252.7	42.1%
Net income (loss) after minority interest	5.7	(102.9)	NM	19.2	849.6	-97.7%
Weighted average shares outstanding	347.7	347.2	0.1%	347.7	347.2	0.1%
EPS in R\$ before minority interest	0.18	(0.09)	NM	1.09	3.17	-65.7%
EPS in R\$ after minority interest	0.02	(0.30)	NM	0.06	2.45	-97.8%
Weighted average ADS outstanding	173.9	173.6	0.1%	173.9	173.6	0.1%

Earnings per ADS in US\$ before min. interest	0.11	(0.26)	NM	0.68	1.82 -62.6%
Earnings per ADS in US\$ after min. interest	0.01	(0.90)	NM	0.03	1.41 -97.5%

¹ Non-onerous transfer of preferred shares related to the premiums granted to the beneficiaries under the Company's Restricted Share Plan ("Plan"), after the vesting period, as defined in the Plan.

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Earnings per share after minority interest were positive R\$0.02 in 4Q17 and positive R\$0.06 for the year of 2017. The number of shares used for calculation was 347,718,938 in 4Q17 and 347,242,172 in 4Q16, considering the ratio of 35 common shares per preferred share.

Net income reported by ADS after the minority interest was US\$0.01 in 4Q17 and US\$0.03 for the year of 2017. The weighted average number of ADSs was 173.9 million in 4Q17 and 173.6 million in 4Q16, according to the current ratio of the number of preferred shares per ADS (2:1), effected in November, 2017.

Net income and Earnings per Share (EPS) adjusted

Adjusted net income (loss)	192.4	(30.2)	NM	506.7	1,102.4	-54.0%
Minority Interest	58.1	72.7	-20.0%	359.0	252.7	42.1%
Adjusted net income (loss) after minority interest	134.2	(0.1)	NM	147.7	3.24	52.1%
Weighted average shares outstanding	347.7					