



# LATAM AIRLINES GROUP

## 5 Years Business Plan Projection

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*Subject to Applicable Confidentiality Agreements and Requirements*

August 2022

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## Use of Projections

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The assumptions and estimates underlying such financial forecast information are inherently uncertain and are subject to a wide variety of significant business, economic, competitive, and other risks and uncertainties. See "Forward Looking Statements" above. Actual results may differ materially from the results contemplated by the financial forecast information contained in this Presentation, and the inclusion of such information in this Presentation should not be regarded as a representation by any person that the results reflected in such forecasts will be achieved.

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# Use of Non-GAAP Financial Metrics and Other Key Financial Metrics

## Use of Non-GAAP Financial Metrics and Other Key Financial Metrics

This Presentation includes certain non-IFRS financial measures (including on a forward-looking basis) such as EBIT (which consists of earnings for the period before income taxes and financial costs and financial income), EBITDA (which consists of earnings for the period before income taxes and financial costs and financial income, plus depreciation and amortization expense) and EBITDAR (which consists of earnings for the period before income taxes and financial costs and financial income, plus depreciation and amortization expenses and rentals expenses). In addition EBIT margin which is calculated by dividing EBIT by total operating revenue) These non-IFRS measures are an addition to, and not substitute for or superior to, measures of financial performance prepared in accordance with an IFRS alternative to net income or any other measures derived in accordance with IFRS.

LATAM believes that these non-IFRS measures of financial results (including on a forward-looking basis) provide useful supplemental information to investors about LATAM. LATAM's non-IFRS measures may not be directly comparable to similarly titled measures of other companies.

## Certain Risks Related to LATAM

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The risks presented below are examples, among others, of certain of the general risks related to the LATAM's business, industry and operations and are not exhaustive. The list below is not exhaustive and you should review the risk factors and other disclosures contained in the Company's Annual Report and the Company's other filings with the SEC, including any future filings. These risks speak only as of the date of this Presentation and we make no commitment to update such disclosure. The risks highlighted in future filings with the SEC may differ significantly from and will be more extensive than the risks set forth in existing filings, which include but are not limited to:

- developments relating to our chapter 11 proceeding and our ability to effectively implement our plan of reorganization;
- uncertainty regarding the terms of our plan of reorganization;
- conflicting interests among the multiple parties on which our restructuring efforts depend;
- the sufficiency of our exit financing to allow us to continue our operations;
- our ability to obtain new financing upon our emergence from Chapter 11;
- unpredictability of the general economic, political and business conditions in our core markets of Chile, Brazil, other Latin American countries and the other geographic markets we serve;
- developments relating to the COVID-19 pandemic or any other pandemic and measures to address them;
- our ability to service our debt and fund our working capital requirements;
- future demand for passenger and cargo air services in Chile, Brazil, other countries in Latin America and the rest of the world;
- the strength of our relationships with customers and the acceptance of ancillary products and services;
- the state of the Chilean, Brazilian, other Latin American and world economies and their impact on the airline industry;
- the effects of competition in the airline industry;

## Certain Risks Related to LATAM

- future terrorist incidents, cyberattacks or related activities affecting the airline industry;
- future outbreak of diseases, or the spread of already existing diseases, affecting travel behavior and/or exports;
- natural disasters affecting travel behavior and/or exports;
- the relative value of the Chilean peso, Brazilian real and other Latin American currencies compared to other world currencies;
- inflation;
- competitive landscape;
- our capital expenditure plans and change in aircraft / engine retirement plan;
- changes in labor costs, maintenance costs and insurance premiums;
- fluctuation of crude oil prices and its effect on fuel costs;
- cyclical and seasonal fluctuations in our operating results;
- defects or mechanical problems with our aircraft and supply chain restrictions impacting operational standard;
- our ability to successfully implement our growth strategy;
- our ability to continue to implement cost initiatives;
- increases in interest rates; and
- changes in regulations, including regulations related to access to routes, limitation on specific service and product charges and tax and environmental regulations.

# *Company Overview*





## Company Overview

# LATAM – Latin America’s Leading Airline Group and Global Player

### LATAM Highlights of 2021

**#1**

Latin American Airline Group<sup>1</sup>

**#12**

Airline Group Globally by #  
transported passengers<sup>1</sup>

**#1**

Domestic Market Share of Affiliates  
in Brazil, Peru, Chile, and Ecuador<sup>2</sup>

**129**

Passenger Destinations Served  
Worldwide<sup>3</sup>

**#1**

Largest Cargo Business in Latin  
America, Connecting 22 Countries<sup>3</sup>

**#1**

Largest FFP in South America<sup>4</sup> and #7  
Largest Mileage Program Globally<sup>4</sup>,  
with 39mm Members<sup>5</sup>

#### Strategic and/or Commercial Agreements



### Business Overview

Unbeatable network and diversified business segments sets LATAM apart

**Passenger**  
(65% of  
Revenues)<sup>6</sup>

- Largest airline group in Latin America and major player globally
- Comprehensive network connecting the subcontinent with North America, Europe and Asia-Pacific
- >2x the next regional competitor in revenue and transported passengers
- #1 in punctuality globally in Mega Airlines category<sup>7</sup>
- #1 in Region and #2 Globally in sustainability<sup>8</sup>

**Cargo**  
(30% of  
Revenues)<sup>6</sup>

- Largest cargo player in Latin America
- 800k+ tons of cargo transported in 2021
- Revenue increased nearly \$500mm in 2021 vs. 2019
- Transported more than 300 million vaccines within the region

**Frequent  
Flyer  
Program**

- Largest Frequent Flyer program in Latin America
- Core differentiator driving significant customer retention
- Additional source of liquidity for the business
- Alliances with leading banks in each market

Source: Company filings. <sup>1</sup> Estimates based on companies’ public filings and news reports, measured by number of passengers transported in 2021. <sup>2</sup> ANAC Brazil’s website (as measured by RPKs), JAC Chile’s website (RPKs), DGAC Peru’s website (number of passengers carried), Diio.net for Colombia and Ecuador (ASKs) as of December 2021. <sup>3</sup> As of December 31, 2021. <sup>4</sup> Estimates based on companies’ public filings and news reports. <sup>5</sup> As measured by total number of members at the end of 2021. <sup>6</sup> Based on 2021 Revenue. <sup>7</sup> Official Airline Guide Punctuality List 2021. <sup>8</sup> S&P Global “The Sustainability Yearbook” 2021.



## Company Overview

# The Group Offers an Attractive Value Proposition

## Product & Service Recognitions



On Time Performance in 2021<sup>1</sup>



South American Airline for 2<sup>nd</sup> year in a row (2021)<sup>2</sup>



**+51 points in NPS in 2021**

Net Promoter Score up +11 and +18 points vs. 2020 & 2019 respectively<sup>3</sup>

## Sustainability

### S&P Global

The Sustainability Yearbook 2022



Most sustainable airline in region, and #4 worldwide | Bronze Class inclusion

The Sustainability Yearbook 2021



Most sustainable airline in region, and #2 worldwide | Silver Class inclusion

- Long-Term Sustainability Commitments
- Carbon neutral by 2050 (50% of domestic ops. by 2030)
- Zero waste to landfills by 2027
- Eliminate single-use plastics in all operations by 2023

### Expansive Network

- Best network in South America
- +129 passengers destinations serviced worldwide

### Cabin Segmentation

- Premium cabin in all flights
- Seat selection, carry-on and checked bag

### Digitalization

- Digitalization initiatives to improve customer experience
- Myriad of possible services and solutions available in a digital way (automatic check-in, personalized notifications, LATAM Wallet, etc.)

### Leading FFP

- 39+ million members
- Largest FFP in South America
- 7<sup>th</sup> Largest FFP in the world<sup>4</sup>
- 2x the size of next regional FFP<sup>4</sup>



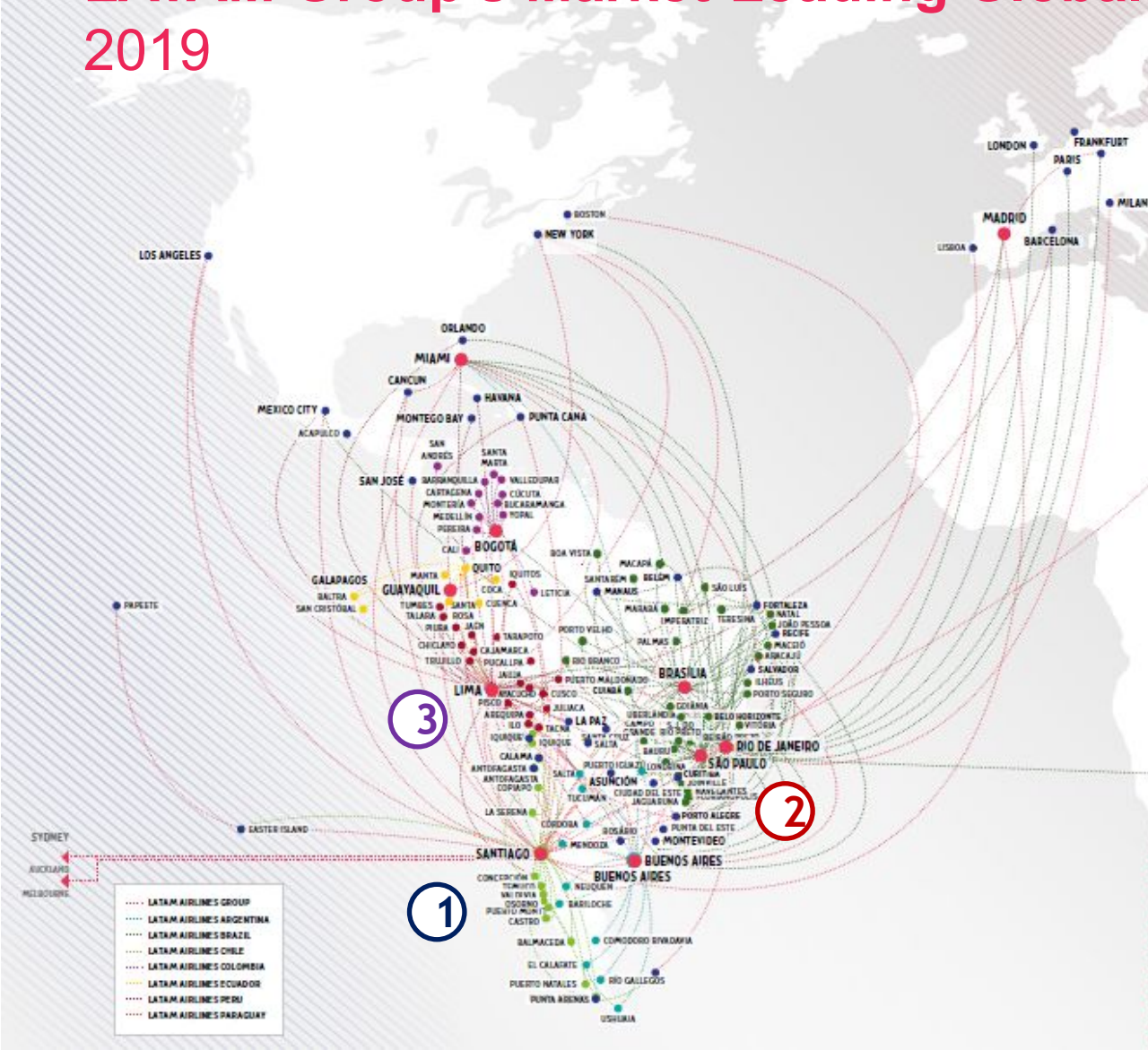
### Commercial Agreements



<sup>1</sup> OAG Punctuality List 2021. <sup>2</sup> Best South American Airline (Skytrax World Airline Awards 2021 and 2019). <sup>3</sup> Based on Companies' filings. <sup>4</sup> Estimates based on companies' public filings and news reports.

# LATAM Group's Market-Leading Global Network

## 2019



- LATAM group's vast global network enjoys a competitive advantage over other South American carriers
  - Customers are offered a superior value proposition, while LATAM utilizes the network to optimize market coverage and minimize costs
  - Unparalleled network for cargo, combining freighter with passenger operations under a cargo strategy that leverages freighter and belly capacity
- Operating units serve both domestic and regional travel<sup>1</sup>
- LATAM group's international operations are based out of 3 hubs
- +30 new routes opened in 2021, demonstrating large scale of operations and growing demand across geographies
- Destinations operated and capacity continue to recover in 2022, with destinations covered as of July 2022 reaching 96% of 2019 levels, and ASKs for June 2022 reaching 74% of 2019 levels

- ① **SCL (Chile):** connectivity to North America, Europe and Oceania
- ② **GRU (Brazil):** connectivity to Europe, Africa, Asia (Tel Aviv), and select service in North America
- ③ **LIM (Peru):** connectivity to North America, the Caribbean, and Europe

Note: Data as of 2019; LATAM Argentina ceased operation in 2020. Appraisal value of slots at JFK and LHR of US\$ 35 million as of December 2021. Appraisal value of passenger and cargo brands and IP \$615 million as of January 2022. <sup>1</sup> Excluding Paraguay





# LATAM Group's Leading Market Share in Domestic and International Markets

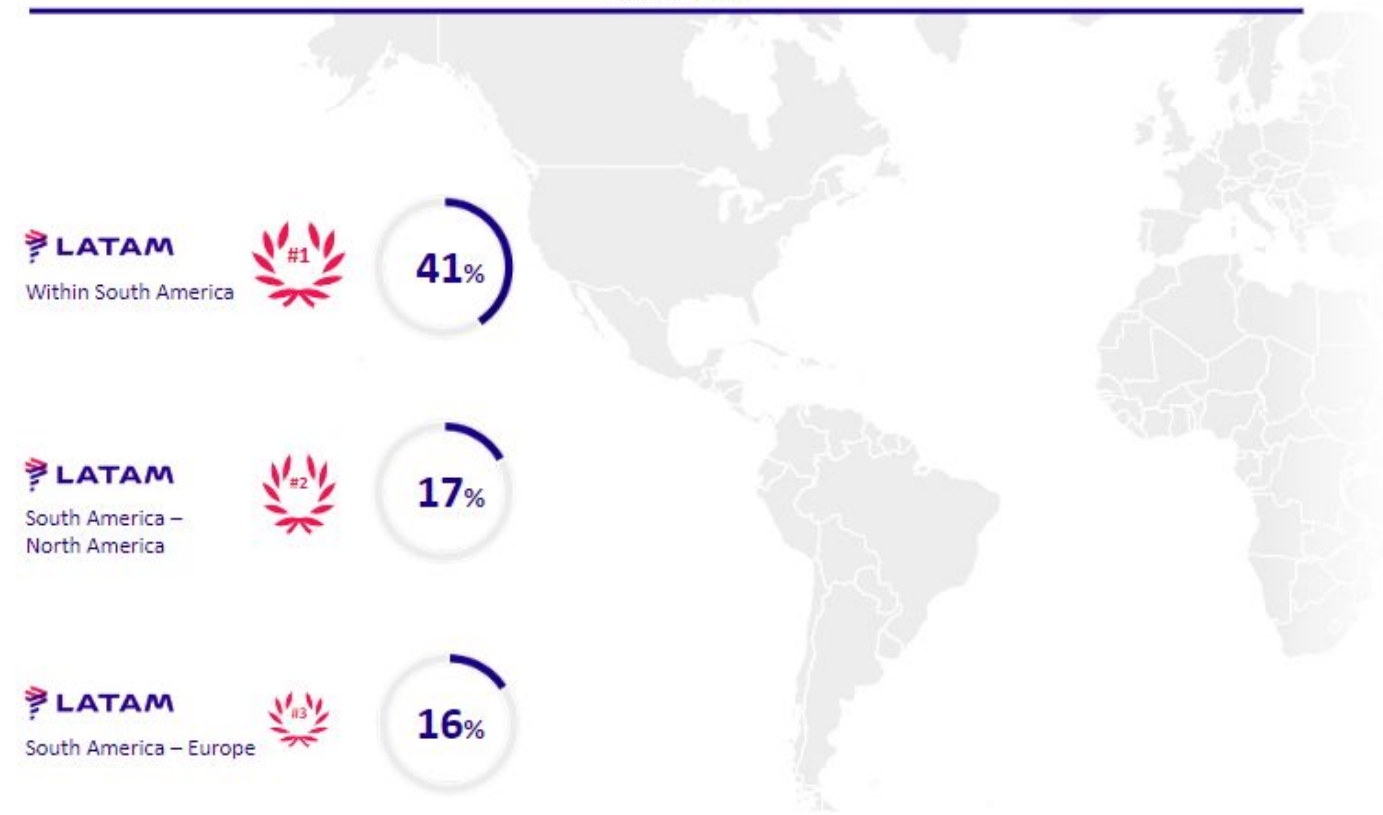
## Domestic Affiliate Market Share<sup>1</sup>

Dec 2021



## International Capacity Share<sup>2</sup>

ASK Dec 2021



Leading market share across domestic markets and unparalleled network connecting Latin America to the rest of the world

Note: LATAM Argentina ceased operation in 2020.

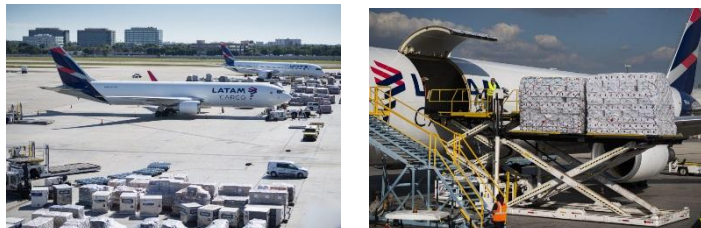
Source: <sup>1</sup> ANAC Brazil's website (as measured by RPKs), JAC Chile's website (RPKs), DGAC Peru's website (number of passengers carried), Diio.net for Colombia and Ecuador (ASKs) as of December 2021; <sup>2</sup> Diio.net measured in ASKs as of December 2021

# Cargo Business Overview

## Resiliency During COVID-19 Pandemic

### Overview

- **LATAM group is the largest cargo player in Latin America, with leading share in key import and export markets**
  - Combined passenger and freighter network supports operational flexibility
  - Efficiency advantage based on
    - ① Network design
    - ② Optimal freighter fleet (B767)
    - ③ Handling optimization & productivity
  - Services ~137 destinations across 22 countries
  - Largest cargo facilities located in MIA, a natural gateway for imports and exports to/from Latin America and the United States

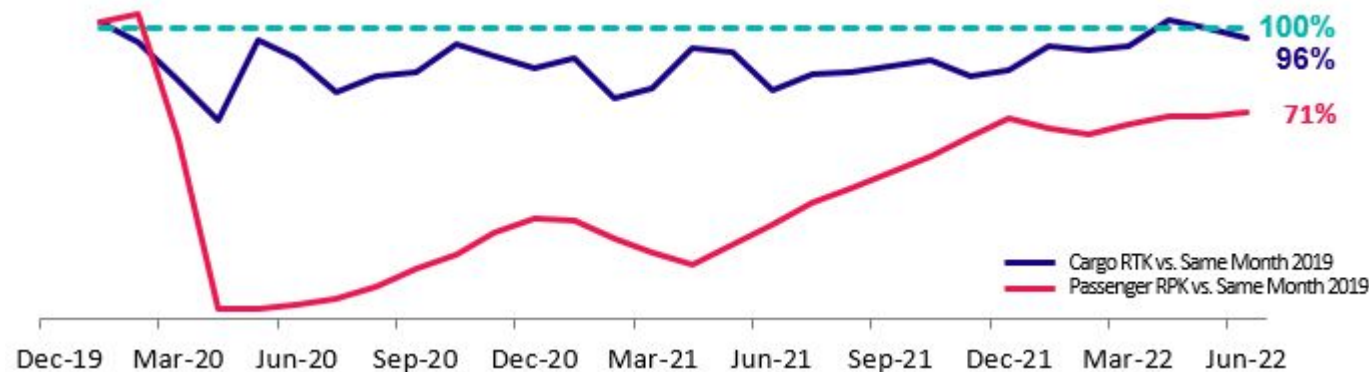


- **Resilient business helped offset some of the impact of the COVID-19 pandemic**
  - Revenues increased 53% from 2019 to LTM Q1'22
  - Traffic consistently near 2019 levels
- **Fleet expansion underway**
  - Conversion of 10 B767 passenger aircraft into freighters, increasing to a fleet of up to 21 freighters by the end of 2023

### Cargo Revenue (US\$mm) and Percentage of Total Revenue (%)



### Cargo RTK vs. Passenger RPK as Percentage of 2019



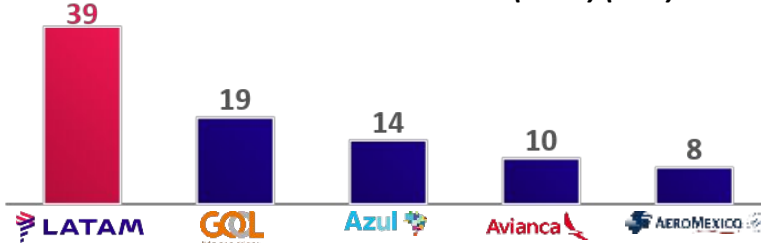
## Overview of LATAM

# Frequent Flyer Program Overview

LATAM Pass is at the Core of LATAM

Largest FFP in South America and 7<sup>th</sup>  
largest FFP in the world<sup>1</sup>

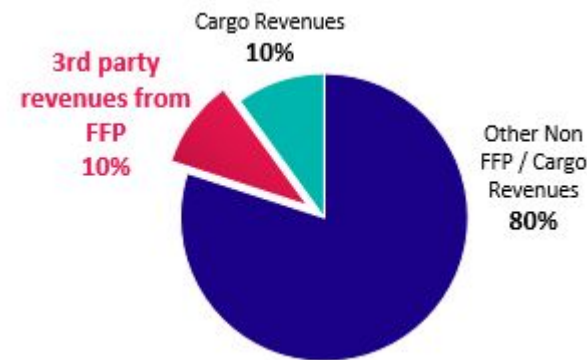
# members vs. Latin American airlines (2021) (mm)



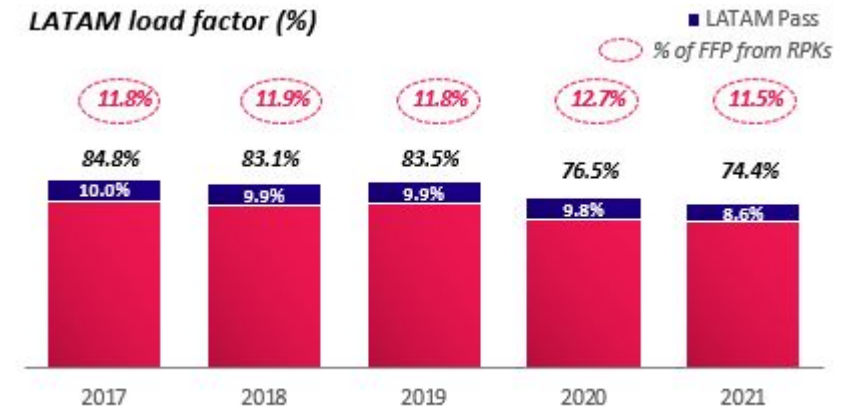
- Consolidation of LATAM Pass and Multiplus created the largest FFP in the region
- In 2019, LATAM acquired the remaining 27% stake in Multiplus to have the program fully aligned with its strategy

## Strong revenue and profit contributor to LATAM

LATAM revenue breakdown (2019)



LATAM load factor (%)



## LATAM Pass benefits drives engagement with high value customers

LATAM VIP lounge (Santiago)



- Newly opened Santiago VIP lounge is the largest one in South America

	Premium Access in all flights	LATAM & associate airlines lounges	Premium boarding	Preferential support	Special services	Courtesy upgrade with coupons	LATAM + seat	Seat selection	Checked bags
Gold & Gold plus	✓	✗	✓	✗	✗	✓	✗	✓	✗
Platinum	✓	✓	✓	✗	✗	✓	✓	✓	✗
Black	✓	✓	✓	✓	✗	✓	✓	✓	✓
Black Signature	✓	✓	✓	✓	✓	✓	✓	✓	✓

- LATAM Pass includes multiple offerings from Gold to Black Signature categories, improving customer experience and maximizing retention



## Company Overview

# Frequent Flyer Program Overview (Cont'd)

Compelling Value Proposition for Customers Driving Significant Engagement

## Broad network of commercial agreements...

Airline commercial agreements	Non-air commercial agreements	US White label
	<div data-bbox="901 412 1187 536">6 co-brands</div> <div data-bbox="901 544 1187 668">+25 financial partners</div> <div data-bbox="901 675 1187 799">+100 commercial partnerships</div> <div data-bbox="1200 412 2051 799">  </div>	<ul style="list-style-type: none"> <li>Leading promoter of LATAM credit cards in the U.S. market</li> <li>Looking to offer them at every touch point with passengers</li> </ul> 

## ... with various ways of earning and redeeming miles...

### Ways to Earn Miles

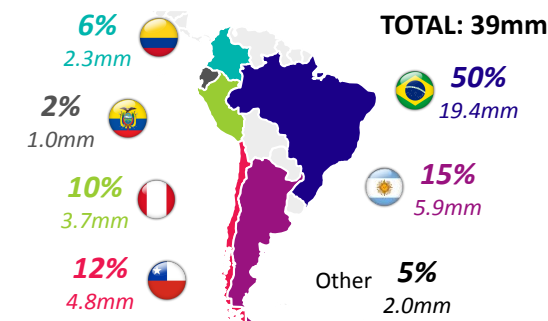
- ✓ Spending on co-branded cards
- ✓ Spending on services or products of commercial partners
- ✓ Flying with LATAM Airlines or our partner airlines
- ✓ LATAM Pass direct miles purchases

### Ways to Redeem Miles

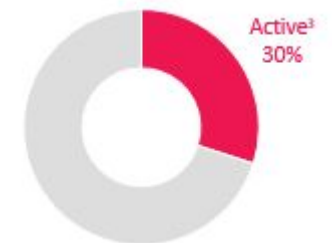
- ✓ Air travel
- ✓ Hotel stays
- ✓ Rental cars
- ✓ Products on catalogue

## ... catering to a diverse and engaged member base

### Member breakdown by geography<sup>1</sup>



### Active member breakdown<sup>2</sup>



<sup>1</sup> As measured by total number of members at the end of 2021. <sup>2</sup> Data as of December, 2021. <sup>3</sup> Active members refers to members who have earned or redeemed miles at least once in the past 24 months

# Frequent Flyer Program Overview (Cont'd)

Financial Profile Combining Stable Revenues from Non-Airline Partners with High Cash Flow Generation

## Diversified cash flow streams

- Miles sold to airline and non-airline partners (including financial institutions) provide liquidity to the business and have a positive effect on working capital

## Low cost base

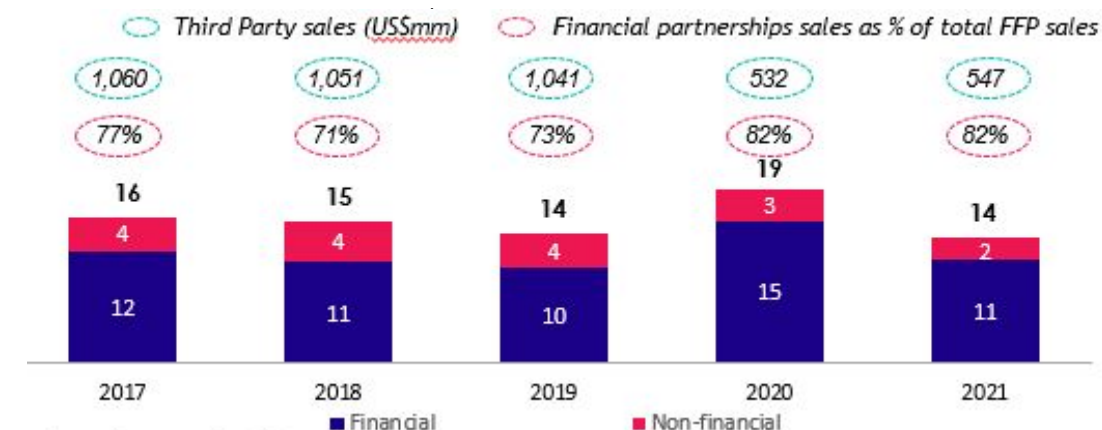
- Efficient and digitalized platform, integrated with LATAM's infrastructure
- Low redemption cost from targeted offerings to utilize and enable capacity at a marginal cost
- Advanced analytics initiatives to increase miles revenue and reduce member churn (dynamic pricing for non-ticket redemption, optimal promotional price)

## High margin profile

- Profitable margin streams from spread on air and non-air redemption, breakage, financial float and a low cost base
- Multiplus EBITDA margin range before taken private averaged 25% between 2015 and 2017<sup>1</sup>

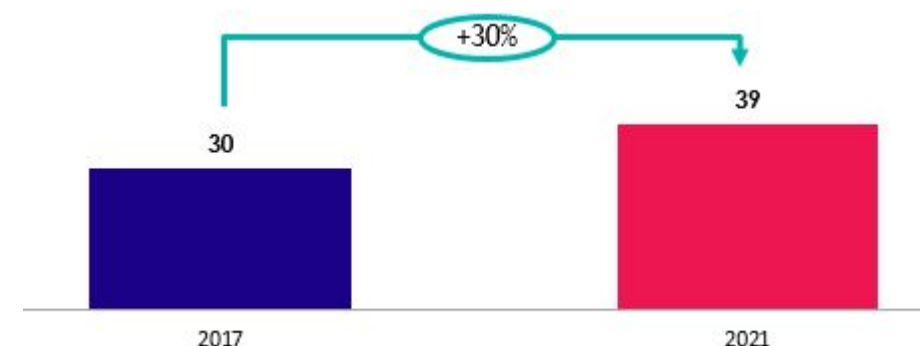
<sup>1</sup> Based on Multiplus information disclosed in 2015-2017 Annual Reports

## 3<sup>rd</sup> Party Sales / passengers carried (US\$)



Note: Figures above may not foot due to rounding

## Members (mm)







Company Overview

LATAM launched a long-term sustainability strategy with the goal of carbon neutrality by 2050



CLIMATE CHANGE



CIRCULAR ECONOMY



SHARED VALUE











GOALS				
Committed not to exceed 2019 net emissions and compensate 50% of domestic emissions by 2030	Carbon neutral airline group by 2050	Aim to have 5% of 2030 total fuel consumption come from Sustainable Aviation Fuel, primarily sourced from the region	Adapt business to a circular economy model, becoming a group with zero waste to landfills by 2027	Eliminate single-use plastics by 2023

# Key Strategic Focus on Sustainability

Through its ESG strategy, LATAM Airlines will measure, monitor and report on its sustainable development impact and advance the United Nations Sustainable Development Goals

## Development Initiatives

## United Nations Sustainable Development Goals (UN SDGs) targets

<b>Transport Infrastructure:</b>	<p>Improve the <b>quality of transport infrastructure</b> and services by:</p> <ul style="list-style-type: none"> <li>Serving 284 routes, of which 62 are uniquely served by LATAM Airlines and 12 connect peripheral and urban areas</li> <li>Transporting ~ 40 mm passengers per year and over 800,000 tonnes of cargo per year</li> </ul>	<ul style="list-style-type: none"> <li>9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</li> </ul> 
<b>Climate Change:</b>	<p>Foster <b>climate change mitigation</b> by:</p> <ul style="list-style-type: none"> <li>Reaching 2.3% of Sustainable Aviation Fuels (SAF) as % of total fuels by 2029</li> <li>Implementing efforts to reduce CO<sub>2</sub> emissions per 1000 ATK by ~ 22% by 2030</li> <li>Saving ~ 25 mm gallons of fuel by 2027 through increased fuel efficiency</li> <li>Reducing Scope1 GhG emissions by ~ 13% by 2029, achieving carbon neutrality by 2050</li> <li>Avoiding 1.3 mm tonnes of GhG emissions through carbon offsets purchases in 2027, reducing and offsetting the equivalent to 50% of domestic operations by 2030</li> <li>Obtaining 80% of the carbon credits purchased in 2027 from projects preserving the natural ecosystems in South America</li> </ul>	<ul style="list-style-type: none"> <li>9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies</li> <li>13.2: Integrate climate change measures into national policies, strategies and planning</li> <li>15.1: Ensure the conservation, restoration and sustainable use of terrestrial ecosystems</li> <li>15.2: By 2020, promote sustainable management of all types of forests</li> </ul>   
<b>Circular Economy:</b>	<p>Increase <b>environmental sustainability</b> by:</p> <ul style="list-style-type: none"> <li>Reducing white paper consumption</li> <li>Eliminating single use plastics by 2023</li> <li>Increasing the amount of recycled, reused and sustainable material used in its operations</li> </ul>	<ul style="list-style-type: none"> <li>12.2: By 2030, achieve the sustainable management and efficient use of natural resources</li> <li>12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</li> </ul> 
<b>Job creation:</b>	<p>Support <b>job creation</b> and monitor progress by:</p> <ul style="list-style-type: none"> <li>Providing over 900,000 annual hours of training to employees</li> <li>Supporting over 29,000 jobs through operational activities<sup>2</sup></li> <li>Employing ~ 36% of women as % of total employees and ~ 30% of women in executive positions as % of total executives</li> </ul>	<ul style="list-style-type: none"> <li>4.3: By 2030, ensure equal access for women and men to affordable and quality technical, vocational and tertiary education, including university</li> <li>5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</li> <li>8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work</li> </ul>   
<b>Governance:</b>	<p>Foster <b>corporate and institutional governance</b> by:</p> <ul style="list-style-type: none"> <li>Developing 15 alliances as part of the <i>Solidarity Plane Program</i> focused on areas as health, environment and natural disaster relief</li> <li>Complying under international standards as IEnvA and IOSA<sup>1</sup></li> <li>Publishing an annual sustainability report and participating in annual sustainability assessments</li> </ul>	<ul style="list-style-type: none"> <li>12.6: Encourage companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</li> <li>17.3: Mobilize additional financial resources for developing countries</li> <li>17.16: Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships to support the achievement of the SDGs</li> </ul>  

<sup>1</sup> IEnvA: IATA Environmental Assessment; IOSA: IATA Operational Safety Audit; <sup>2</sup> As of 1Q 2022

Source: Company information; The development outputs statements and projections reflect various assumptions by the Group.

## Company Overview

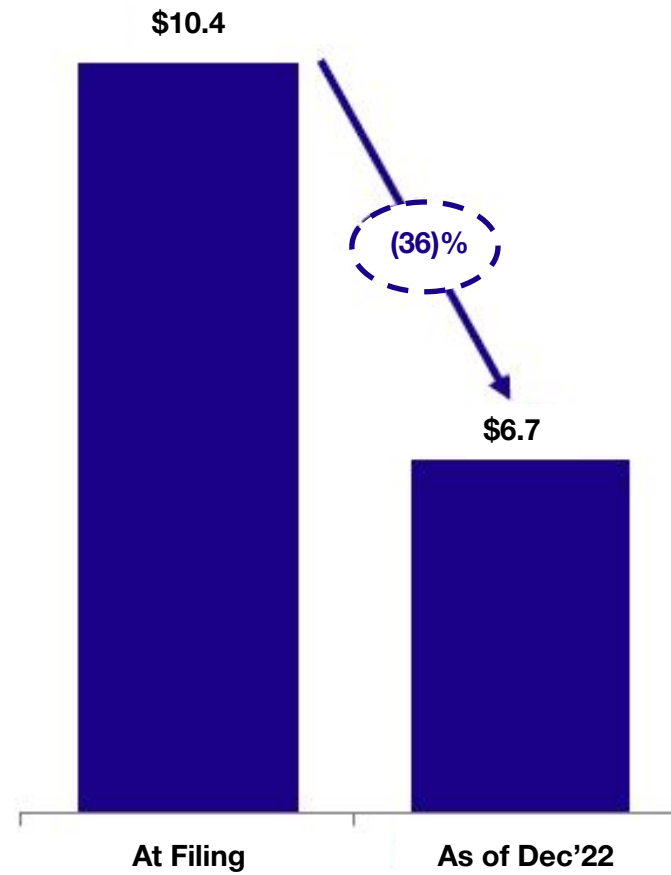
# LATAM is Ready to Emerge from Chapter 11 Stronger than Ever

Operational actions and balance sheet improvements position LATAM to continue leading the airline sector in Latin America

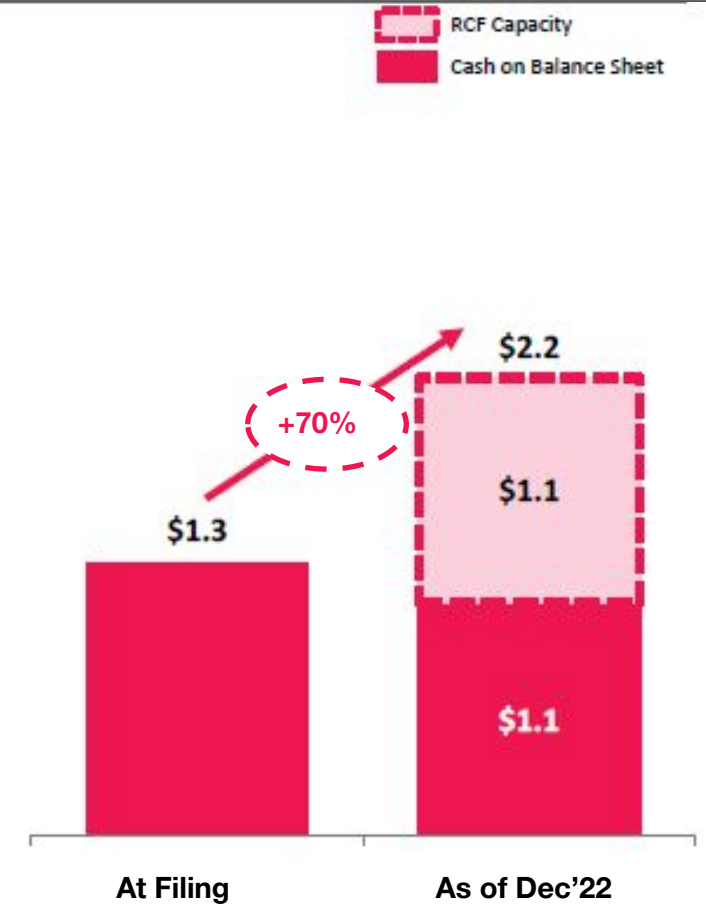
## Cost Structure

- **Wages and benefit savings**
  - Reduced FTE by 12k<sup>4</sup>
- **Rationalized and more efficient fleet**
  - Reduced from 341 to 301<sup>5</sup>
  - PBH / Interest only arrangements provide flexibility during recovery
  - Lower cost operations
- **Improved vendor and supplier contracts**
  - Renegotiated approximately 1,000 contracts
  - Rejected non-competitive contracts
- **Expected 2H'22 Passenger CASK ex Fuel excluding PBH reaching US\$ 4,2 cents**

## Gross Debt (US\$bn)<sup>1,2</sup>



## Liquidity (US\$bn)<sup>1,2,3</sup>



Note: May not sum due to rounding; <sup>1</sup> "At Filing" refers to 5/25/2020 petition date debt balances; <sup>2</sup> "As of Dec'22" is pro forma for financing transactions related to emergence. Cash balance based on assumed cash as of 12/31/2022 under publicly available business plan and remains subject to the impact of the ongoing claims reconciliation process on cash at hand and the outcome of such transactions, and may vary upon emergence.; <sup>3</sup> Includes cash & cash equivalents and revolving credit facility capacity; <sup>4</sup> Refers to 1Q 2020 vs. 2Q 2022; <sup>5</sup> Refers to Q1 2020 vs. Q2 2022

# ***Key Criteria Supporting the Updated Business Plan***

## Key Criteria

# Key criteria supporting the Updated Business Plan

- Demand recovery is assumed sustained
- Corporate segment recovery in line with previous assumptions
- Competitor publicly available capacity information assumed for competitive landscape
- Regulatory environment assumed stable
- Potential changes in tax and environmental regulations not included
- Maintaining operational high standard
- Digital enablers supporting costs initiatives delivered on time

# ***Demand / Capacity Updated Business Plan***

# LATAM's capacity plan was determined upon two main inputs: the expectation of market demand recovery based on observed trend as of July, 2022 and the anticipated competitive landscape

- LATAM completed a thorough analysis to develop market demand and capacity plan assumptions



**1 Market Demand Recovery** + **2 Competitive Landscape** = **Capacity Plan**

- Estimated recovery and growth of market demand; forecast at segment level (country, length of haul and type of travel)
- Market demand recovery aligned with Industry forecast<sup>(1)</sup>. 5% higher when compared to previous BP

- LATAM has made assumptions around competitor capacity
- Competitor publicly available capacity information is one of the key inputs informing LATAM capacity deployment in each market

- Capacity Plan by market is based on the Demand-Supply equilibrium which results from the Market Demand Recovery and the Competitive Landscape

# A “bottom-up” approach was followed to assess the Market Demand Recovery

For each of the key affiliate markets and segments that LATAM group serves ...

- Brazil
- Chile
- Colombia
- Ecuador
- Peru



... demand (RPK) recovery and growth forecasted by length of haul and customer type of travel

## Length of haul

- Domestic – at country Level
- Regional – from given country to/within South America and Caribbean
- Long haul – from given country to Europe, North America and Asia Pacific

## Travel type

- Business
- Leisure
- Visiting Friends and Relatives (“VFR”)

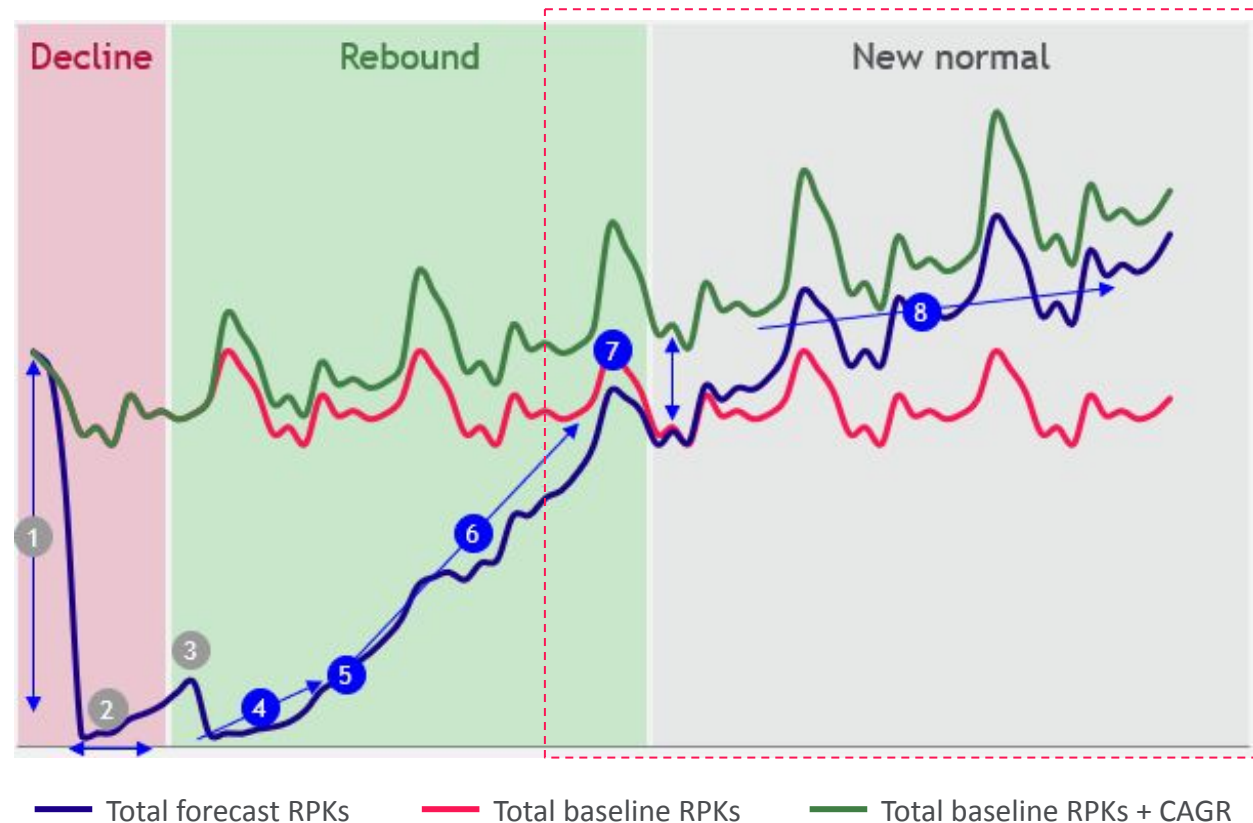


# A market demand recovery framework was developed which identifies initially 3 phases. All businesses are in Rebound and New Normal phases

## Phases

Illustrative

### Segment "A" RPKs



## Logic & Variables

- 1 Trough (% of 2019): Lowest point of demand during crisis
- 2 Start of recovery (months): Time at which rebound starts
- 3 Double dip: Deceleration/Decline in demand due to second waves
- 4 Initial monthly recovery rate (pp): Slope of the rebound phase
- 5 Inflection point (month): Point at which recovery slope changes after border reopening/vaccination milestone reached
- 6 Accelerated monthly recovery rate (pp) = Observed initial rate X multiplier: Slope of the rebound phase after "inflection point"
- 7 New normal gap (pts): % of 2019 demand that doesn't come back
- 8 Post-crisis CAGR (%): Growth rate once new normal demand reached

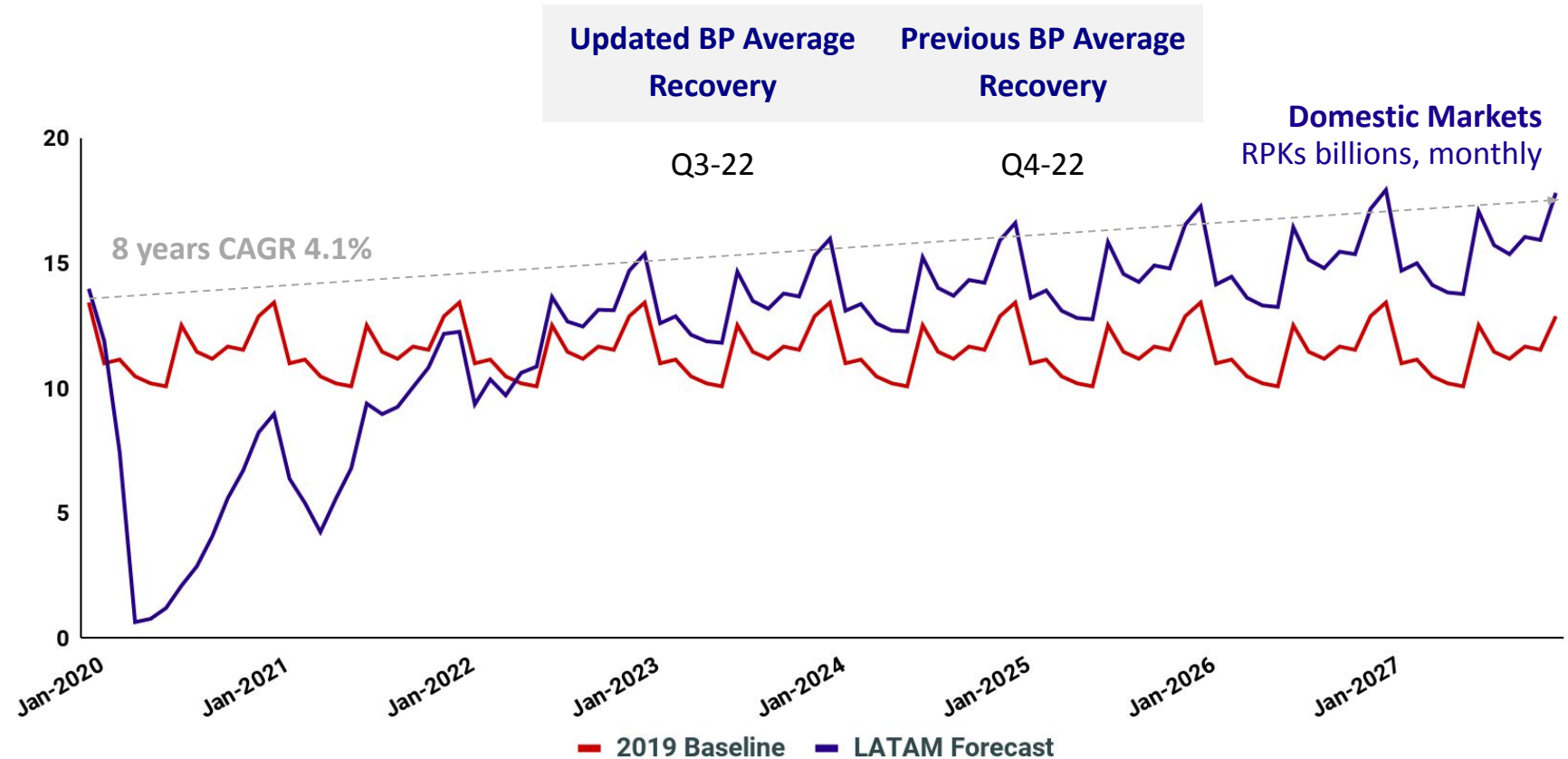
# Demand in affiliate domestic markets expected to reach 2019 levels during 2022, one quarter faster recovery compared to Previous Business Plan

## Demand Recovery Assumptions: Domestic Markets

- All domestic markets are expected to reach 2019 levels by the end of 2022

### Domestic Recovery

Country	2019 RPK (billion)	Forecasted recovery to 2019 RPKs
Brazil	88	Q3 2022
Chile	15	Q4 2022
Peru	9	Q4 2022
Colombia	12	Q1 2022
Ecuador	1	Q3 2022

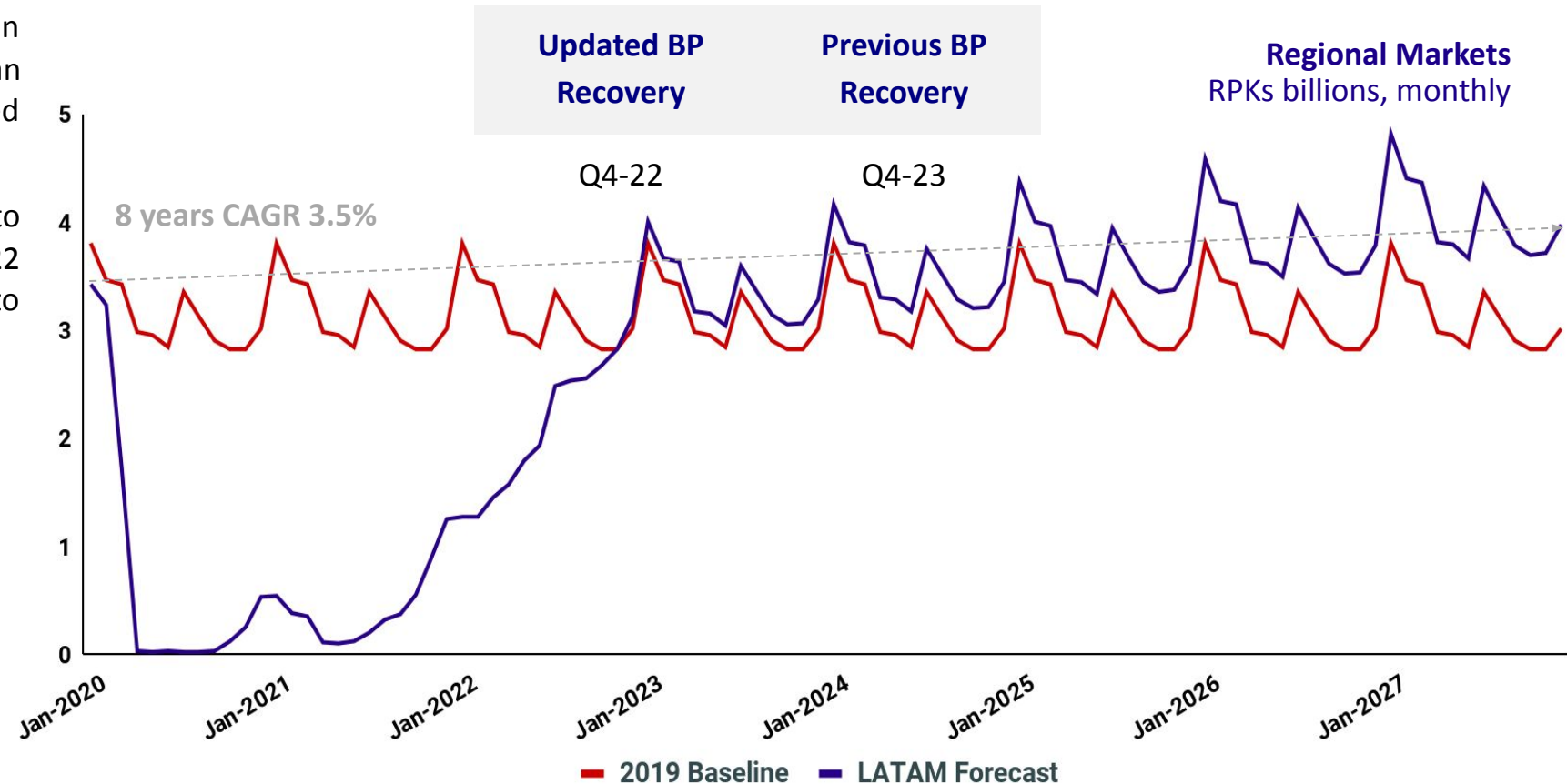


Notes: Domestic Markets consider domestic Brazil, Chile, Colombia, Ecuador and Peru | Consulting firm's global air traffic demand scenarios updated as of Jul'22 and internal network planning framework and analysis

# Demand in regional markets is expected to recover to 2019 levels by Q4'22

## Demand Recovery Assumptions: Regional Market

- Faster recovery in regional RPKs than anticipated in the previous Business Plan (referring to the 5 years projections filed on a Form 6-K on September 9, 2021)
- Based on current trends, recovery to 2019 levels is forecasted by Q4 2022 assuming travel restrictions continue to be lifted

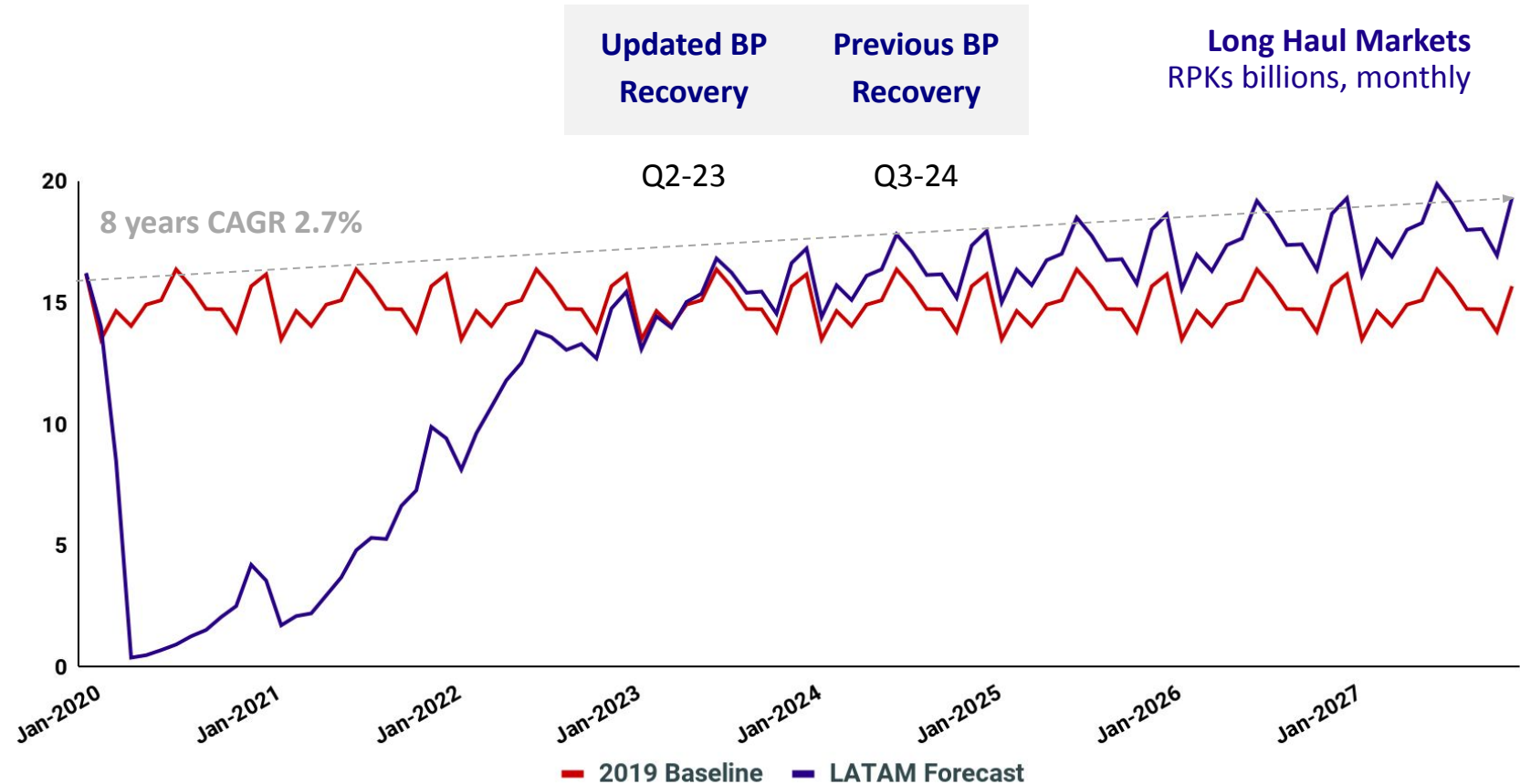


Note: Includes Regional pairs (country to country within South America) | Consulting firm's global air traffic demand scenarios updated as of Jul'22 and internal network planning framework and analysis

# Based on current trends, long-haul travel demand is the slowest to recover, expected to reach 2019 levels in ~Q2 2023

## Demand Recovery Assumptions: Long-Haul Market

- Long haul travel is not expected to reach 2019 RPKs until Q2-23 due to travel restrictions and the change in business travel habits
- Pent up demand has been driving a faster recovery compared to previous Business Plan during the last months
- It is expected that business travel will have a permanent structural gap of approximately 15%
- Based on current trends, we estimate that by 2027, the long-haul market (including demand associated with the Delta Airlines joint venture) is forecast to recover 121% of 2019 RPK levels



## Business Plan's Jet Fuel assumptions based on market consensus

- Macroeconomic variable assumptions were based on market consensus guidance from multiple international and regional banking institutions, publicly-available information, and in certain cases, internally-developed assumptions
- Annual average Jet Fuel prices were forecasted based on view from banking institutions. In the absence of guidance suggesting specific factors that would affect future prices, Jet Fuel per barrel in the Business Plan is assumed to remain flat at US\$ 100 per barrel from 2024 onwards

FUEL	Units	2019	2020	2021	2022	2023	2024	2025	2026	2027
JET FUEL	USD/gal	1.86	1.10	1.69	3.43	3.10	2.38	2.38	2.38	2.38
JET FUEL	USD/bbl	78.3	46.6	71.0	144.0	130.0	100.0	100.0	100.0	100.0

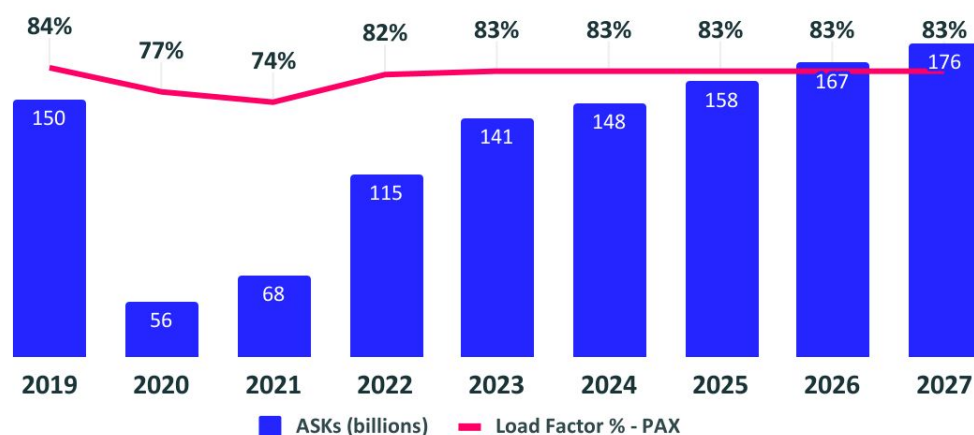
# *Updated Business Plan*



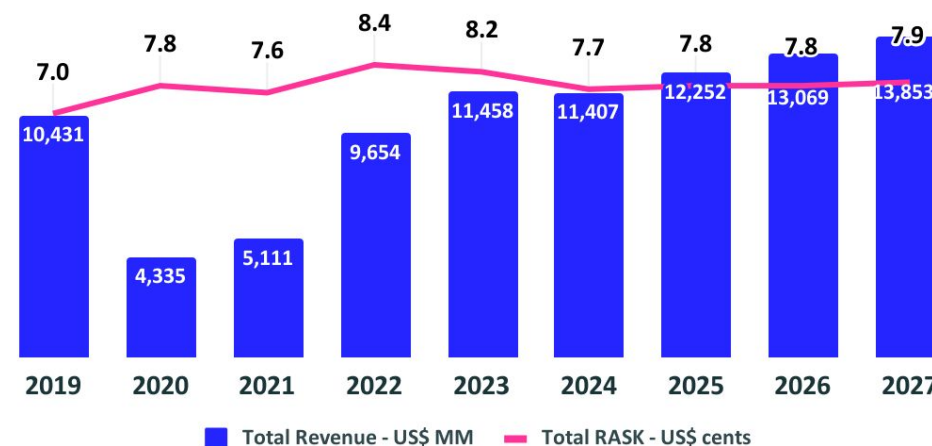
## Current expectations are that Total Revenues increase approximately 30% when compared to pre-COVID levels, reaching an estimated US\$ 13.9 billions in 2027

- Based on available information and current trends, LATAM estimates that it will return to 2019 capacity levels by 2024 when ASKs reach approx. 148 billion, driven primarily by demand recovery in affiliate domestic markets
- LATAM forecasts that the group will fly 176 billion ASKs in 2027, an assumption based on the continuing recovery in demand in the later years, primarily in the international segment
- Total RASK is expected to increase 13% by the end of the forecast period compared to 2019. The updated Business Plan assumes an important growth in Ancillary revenues as we expect this industry trend to continue. Total Revenue per ASK reduced in 2023 and 2024 driven in part by fuel price reduction assumption

### Passenger Operating Statistics Assumptions



### Total Revenue and RASK Assumptions

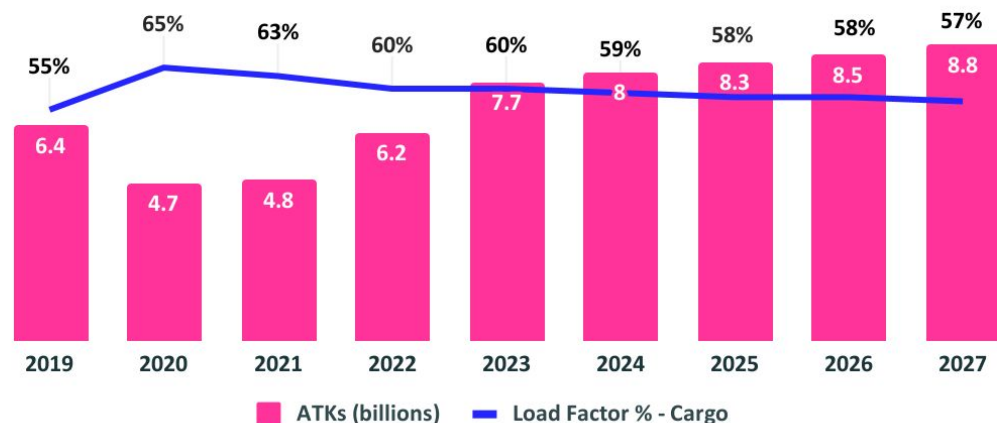


Note: Revenue projections based on trend as of July 2022 and internal analysis. Total Revenues include Passenger, Cargo and Other Revenues

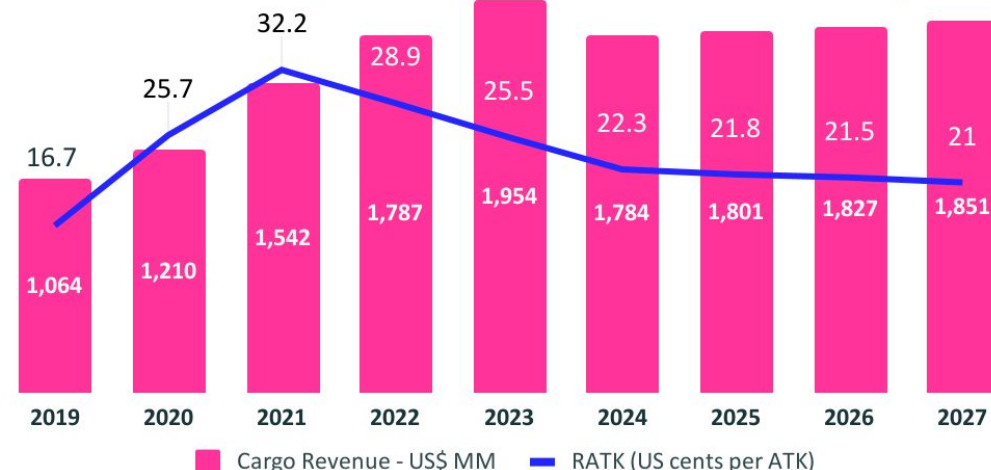
## Cargo expected to use freighter capacity growth to compensate for the impact in belly capacity during the recovery period

- LATAM cargo affiliates business strategy reflected in the plan continues being “Belly-Supporting Freighter”
- Based on current trends, capacity expected to return to 2019 level by end of 2023 due to additional belly and freighter capacity available to move cargo
- Additional cargo conversions during the period are expected to increase to 19 cargo freighters. Freighter ATK capacity expected to grow approximately 100% (2027 vs. 2019). Total ATKs capacity expected to grow roughly 40%, driven by the Long-Haul passenger demand recovery and wide body additional capacity
- Cargo revenues are expected to grow from US\$ 1.1 billion in 2019 to an estimated US\$ 1.9 billion in 2027. System load factor and RATK expected to remain higher than 2019, mainly due to fuel price increase passthrough

Cargo Operating Statistics Assumptions



Cargo Revenue and RATK Assumptions





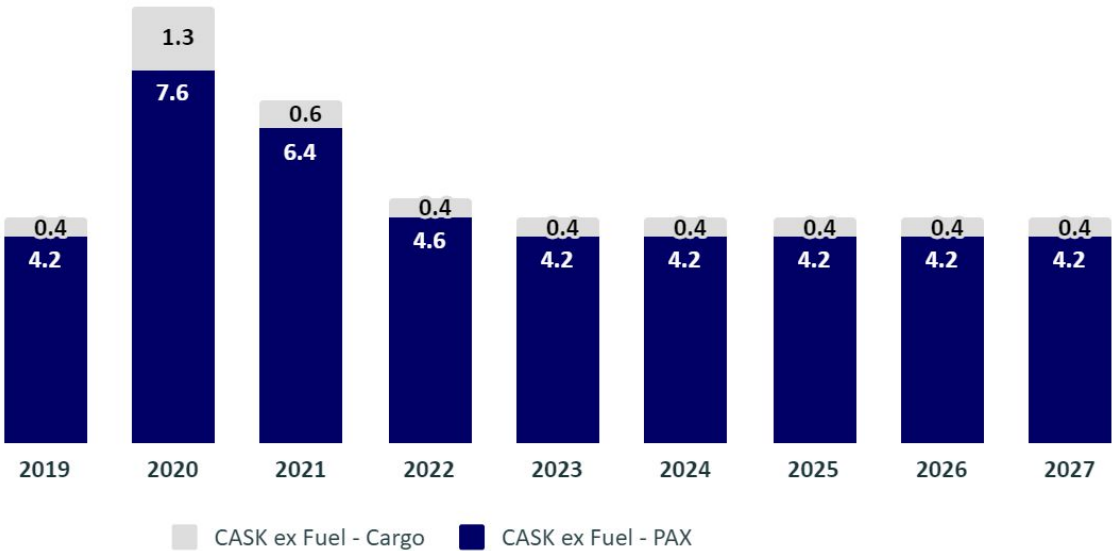


# LATAM’s cost-cutting measures during the pandemic are driving a decrease in the Company’s operating costs, ex Fuel, expected to return to 2019 levels in 2023

- Passenger CASK in 2023 is expected to significantly offset cost escalation and inflation. Majority of 2022 CASK reduction from measures already implemented and improved fixed cost leverage based on run rate volumes
- LATAM has executed on several key initiatives to reduce its CASK ex Fuel, including:
  - Reducing headcount by 27% from 42,000 FTEs in 2019 to 30,600 in June 2022
  - Negotiating usage based/interest only terms across the majority of LATAM’s fleet, which extension out into 2023 for Wide Body fleet, and securing reductions in fixed rates (operating leases) thereafter
  - Outsourcing various functions, including airport support staff, effectively converting a fixed cost structure to a variable, more efficient one
  - Renegotiated over one thousand contracts with vendors and suppliers resulting in lower or more variable rate structures
  - Implementing process efficiencies and automation throughout digital levers across all passenger journey experience: direct sale penetration, airport automation and post sale resolution
  - In addition, LATAM is expecting to identify other costs initiatives that allow for cash containment

CASK in US\$ cents

CASK ex Fuel 2019 - 2027



(US\$ Cents)		2022	2023	2024	2025	2026	2027
Adjusted Passenger CASK		4.6	3.9	3.8	3.7	3.7	3.7

CASK ex Fuel adjusted by real inflation from 2022 to 2027



**Based on recent trends and assumptions, LATAM forecasts an EBIT in 2024 that could exceed US\$ 1 bn, continuing to grow thereafter, achieving an EBIT margin of 12% by 2027**

## Forecast Income Statement

- In 2019, LATAM flew 150 billion ASKs and reported revenue of US\$ 10.4 billion and EBITDA of US\$ 2.2 billion
- LATAM's capacity, measured in ASKs, fell to 56 billion in 2020, a 63% decrease compared to 2019. Subsequent waves of COVID-19, and the associated restrictions on travel, continued to impact demand until early 2022
- Based on current trends and assumptions, the updated Business Plan Projections assumes that a recovery to pre-COVID demand (and revenue) will occur faster than expected in the short term and similar to the previous Business Plan in the long term, led by LATAM's domestic markets, followed by international travel (both regional and long-haul)
- EBIT and EBITDA margins expected to structurally improve post-recovery relative to pre-pandemic, driven by Cargo and Ancillary revenues, further expansion of Frequent Flyer Program and continue focus on cost cutting

EBITDAR consists of earnings for the period before income taxes and financial costs and financial income, plus depreciation and amortization expenses and rentals expenses

## EBIT Forecast Assumptions

US\$ MM	2019	2020	2021	2022	2023	2024	2025	2026	2027
Passenger + Other	9,366	3,125	3,570	7,867	9,505	9,624	10,452	11,241	12,002
Cargo	1,064	1,210	1,542	1,787	1,954	1,784	1,801	1,827	1,851
<b>Total Revenues</b>	<b>10,431</b>	<b>4,335</b>	<b>5,111</b>	<b>9,655</b>	<b>11,458</b>	<b>11,407</b>	<b>12,252</b>	<b>13,069</b>	<b>13,853</b>
Fuel Expenses	(2,929)	(1,045)	(1,488)	(4,092)	(4,394)	(3,599)	(3,783)	(3,946)	(4,149)
Ex Fuel Expenses	(6,760)	(4,955)	(4,743)	(5,774)	(6,421)	(6,773)	(7,172)	(7,573)	(8,022)
<b>Total Expenses</b>	<b>(9,689)</b>	<b>(6,000)</b>	<b>(6,231)</b>	<b>(9,866)</b>	<b>(10,815)</b>	<b>(10,372)</b>	<b>(10,955)</b>	<b>(11,519)</b>	<b>(12,171)</b>
<b>EBIT</b>	<b>742</b>	<b>(1,665)</b>	<b>(1,119)</b>	<b>(211)</b>	<b>643</b>	<b>1,035</b>	<b>1,297</b>	<b>1,550</b>	<b>1,682</b>
EBIT margin	7.1%	-38.4%	-21.9%	-2.2%	5.6%	9.1%	10.6%	11.9%	12.1%
<b>EBT</b>	<b>137</b>	<b>(5,096)</b>	<b>(2,782)</b>	<b>1,821</b>	<b>47</b>	<b>296</b>	<b>661</b>	<b>787</b>	<b>1,051</b>
<b>EBITDA</b>	<b>2,212</b>	<b>(276)</b>	<b>46</b>	<b>960</b>	<b>1,894</b>	<b>2,414</b>	<b>2,772</b>	<b>3,086</b>	<b>3,310</b>
EBITDA margin	21.2%	-6.4%	0.9%	9.9%	16.5%	21.2%	22.6%	23.6%	23.9%
<b>EBITDAR</b>	<b>2,212</b>	<b>(276)</b>	<b>167</b>	<b>1,158</b>	<b>2,003</b>	<b>2,429</b>	<b>2,773</b>	<b>3,087</b>	<b>3,310</b>
EBITDAR margin	21,2%	-6,4%	3,3%	12,0%	17,5%	21,3%	22,6%	23,6%	23,9%
<b>ASKs in billions</b>	<b>150</b>	<b>56</b>	<b>68</b>	<b>115</b>	<b>141</b>	<b>148</b>	<b>158</b>	<b>167</b>	<b>176</b>

# Operational cash flow expected to exceed US\$ 2 billion from 2023 onwards

## Free Cash Flow Forecast

### Operational Cash Flows

- Based on current trends and assumptions, LATAM expects to double previous BP EBIT Projection in 2023, and is expected that EBIT could exceed US\$ 1 billion EBIT in 2024 and double digit EBIT margin in 2025

### Changes in Working Capital

- General:** Forecasted working capital in the period 2022 to 2027 reflects the recovery in LATAM's operations to pre-pandemic levels
- Working capital in 2022 includes expected adjustments to balance sheet due emergence from Chapter 11
- Working capital accounts are forecasted based on days of sales ("DSO"), days inventory on-hand ("DIO"), days of payables ("DPO") and days of deferred revenue ("DDR")

US\$ MM	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenues	10,431	4,335	5,111	9,655	11,458	11,407	12,252	13,069	13,853
Expenses	(9,689)	(6,000)	(6,231)	(9,866)	(10,815)	(10,372)	(10,955)	(11,519)	(12,171)
<b>EBIT</b>	<b>742</b>	<b>(1,665)</b>	<b>(1,119)</b>	<b>(211)</b>	<b>643</b>	<b>1,035</b>	<b>1,297</b>	<b>1,550</b>	<b>1,682</b>
D&A	1,470	1,389	1,165	1,172	1,251	1,379	1,475	1,536	1,628
Operational Rentals	-	-	121	197	109	15	-	-	-
<b>EBITDAR</b>	<b>2,212</b>	<b>(276)</b>	<b>167</b>	<b>1,158</b>	<b>2,003</b>	<b>2,429</b>	<b>2,773</b>	<b>3,087</b>	<b>3,310</b>
Working Capital	787	(80)	(51)	(1,141)	134	4	108	151	173
Operational Rentals	-	-	(121)	(197)	(109)	(15)	-	-	-
Tax	(45)	(66)	(9)	(18)	(20)	(14)	(89)	(198)	(236)
<b>Operational Cash Flow</b>	<b>2,954</b>	<b>(422)</b>	<b>(14)</b>	<b>(199)</b>	<b>2,008</b>	<b>2,404</b>	<b>2,791</b>	<b>3,039</b>	<b>3,247</b>

EBITDAR consists of earnings for the period before income taxes and financial costs and financial income, plus depreciation and amortization expenses and rentals expenses

Operational Rentals consists on Pay By Hour ("PBH") fleet operational leases

# Capital expenditures include fleet growth, maintenance and projects, as well as key customer facing transformations: i.e. cabin retrofit and digital experience

## Free Cash Flow: Capital Expenditures Assumptions

- Cash Fleet Capex: represents aircraft financial leases
- Non Cash Fleet CAPEX: includes present value of the right to use aircraft under operating lease agreements, as per IFRS16 . All of the arrivals from 2022 onwards are assumed to be financed through operating leases.
- Non-Fleet Capex: includes the maintenance of engines (both on and off-balance)<sup>1</sup>, the purchase of spare parts, and investment in projects, intangible and components. 2024 includes Cabin Retrofit over US\$ 300 million
- Others: PDP, Asset Sales and others
- Based on the assumptions in the updated Business Plan and current estimates, Free Cash Flow is forecasted to exceed US \$1 billion in 2026
- Non Cash Fleet Debt: this line reverses the outflows included in capex relating to operating leases under IFRS16 (i.e. the present value of the right to use aircraft under operating leases) as they are non-cash items

US\$ MM	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Operational Cash Flow</b>	<b>2,954</b>	<b>(422)</b>	<b>(14)</b>	<b>(199)</b>	<b>2,008</b>	<b>2,404</b>	<b>2,791</b>	<b>3,039</b>	<b>3,247</b>
Cash Fleet Capex	(601)	-	-	-	-	-	-	-	-
Non Cash Fleet Capex	(700)	-	(537)	(374)	(1,098)	(448)	(740)	(750)	(1,020)
Non-Fleet Capex	(1,206)	(426)	(846)	(915)	(1,165)	(1,301)	(1,068)	(1,024)	(1,068)
Others	309	26	124	89	50	8	(66)	(183)	(374)
<b>Investment Cash Flow</b>	<b>(2,198)</b>	<b>(400)</b>	<b>(1,259)</b>	<b>(1,200)</b>	<b>(2,213)</b>	<b>(1,740)</b>	<b>(1,874)</b>	<b>(1,958)</b>	<b>(2,462)</b>
<b>Free Cash Flow</b>	<b>756</b>	<b>(822)</b>	<b>(1,273)</b>	<b>(1,399)</b>	<b>(205)</b>	<b>664</b>	<b>917</b>	<b>1,080</b>	<b>785</b>
Non Cash Fleet Debt	700	-	537	374	1,098	448	740	750	1,020
<b>Adj. Free Cash Flow<sup>1</sup></b>	<b>1,456</b>	<b>(822)</b>	<b>(736)</b>	<b>(1,025)</b>	<b>893</b>	<b>1,111</b>	<b>1,657</b>	<b>1,831</b>	<b>1,805</b>

(1) Adj. Free Cash Flow represents Free Cash Flow + Non Cash Fleet Debt

Note: Assumptions relating to, among other things, cash position and liquidity remain subject to change due to, among other things, the impact of the ongoing claims reconciliation process on cash at hand and the outcome of the Company's emergence financing transactions, and may vary upon emergence.

Financial information reflects cash outflows in different lines for on and off-balance. On-balance engine capex recorded under investing cash flow and operational engine capex under change in working capital (cash flow from operation)

# Estimated Annual Fleet cash out saving approx. 40% vs 2019

## Fleet reduction until 2022

- Rejection of 26 aircraft
- Retirement of 11 older NB
- 15 B767s taken out of operation
- Addition of 8 new leases into the fleet (2 A320, 1 B787-9)

## Fleet simplification

- Withdrawal of 1 WB fleet type (A350)
- Consolidation of Brazil operation with B777 and B787

Aircraft Type	Fleet as of Petition Date	Net +/-	End of Year Fleet					
			2022	2023	2024	2025	2026	2027
<b>NB</b>	<b>249</b>	<b>(15)</b>	<b>234</b>	<b>244</b>	<b>223</b>	<b>237</b>	<b>234</b>	<b>246</b>
A319	46	(6)	40					
A320	141	(13)	128					
A320neo	13	4	17					
A321	49	-	49					
A321neo	-	-	-					
A321XLR	-	-	-					
<b>WB</b>	<b>79</b>	<b>(23)</b>	<b>56</b>	<b>56</b>	<b>59</b>	<b>59</b>	<b>61</b>	<b>61</b>
A350	13	(13)	-					
B767	30	(15)	15					
B777	10	-	10					
B787-8	10	-	10					
B787-9	16	5	21					
<b>Pax Fleet</b>	<b>328</b>	<b>(38)</b>	<b>290</b>	<b>300</b>	<b>282</b>	<b>296</b>	<b>295</b>	<b>307</b>
<b>Freighter</b>	<b>12</b>	<b>4</b>	<b>16</b>					
<b>Total Fleet</b>	<b>340</b>	<b>(34)</b>	<b>306</b>	<b>322</b>	<b>301</b>	<b>315</b>	<b>314</b>	<b>326</b>
(-) Pending Sales	-	-						
(-) Pending Conversions	-	(6)						
<b>Operational Fleet</b>	<b>340</b>	<b>(40)</b>	<b>306</b>	<b>322</b>	<b>301</b>	<b>315</b>	<b>314</b>	<b>326</b>

# Based on current trends, positive Cash Flow from 2023 onwards are expected

## Expected Financing Cash Flows

- Non Cash Fleet Debt: this line reverses the outflows included in capex relating to operating leases under IFRS16 (i.e. the present value of the right to use aircraft under operating leases) as they are non-cash items
- Expected dividends paid pursuant to the statutory requirement of 30%, assuming offsets of cumulative net losses
- Liquidity<sup>2</sup>: includes the cash on hand plus available revolver capacity of US\$ 1.1 billion. Liquidity from 2023 onwards is expected to be at or above 20% of LTM revenues

US\$ MM	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Free Cash Flow</b>	<b>756</b>	<b>(822)</b>	<b>(1,273)</b>	<b>(1,399)</b>	<b>(205)</b>	<b>664</b>	<b>917</b>	<b>1,080</b>	<b>785</b>
Non Cash Fleet Debt	700	-	537	374	1,098	448	740	750	1,020
<b>Adj. Free Cash Flow</b>	<b>1,456</b>	<b>(822)</b>	<b>(736)</b>	<b>(1,025)</b>	<b>893</b>	<b>1,111</b>	<b>1,657</b>	<b>1,831</b>	<b>1,805</b>
Debt Amortizations (Net)	(440)	1,443	225	(3,037)	(279)	(548)	(657)	(673)	(713)
Dividend payments	(55)	(1)	-	-	-	(10)	(62)	(139)	(165)
Interest & Others	(907)	(384)	(139)	4,080	(511)	(549)	(601)	(581)	(653)
<b>Financing Cash Flow</b>	<b>(1,402)</b>	<b>1,058</b>	<b>86</b>	<b>1,043</b>	<b>(789)</b>	<b>(1,107)</b>	<b>(1,320)</b>	<b>(1,393)</b>	<b>(1,531)</b>
<b>Total Cash Flows</b>	<b>54</b>	<b>236</b>	<b>(649)</b>	<b>18</b>	<b>104</b>	<b>4</b>	<b>338</b>	<b>438</b>	<b>273</b>
<b>Ending Cash</b>	<b>1,459</b>	<b>1,696</b>	<b>1,047</b>	<b>1,066</b>	<b>1,170</b>	<b>1,174</b>	<b>1,511</b>	<b>1,949</b>	<b>2,222</b>
Liquidity	20%	69%	45%	22%	20%	20%	21%	23%	24%

(1) Debt amortization net of debt increase, not considering the non cash fleet debt

(2) Assumptions relating to, among other things, cash position and liquidity remain subject to change due to, among other things, the impact of the ongoing claims reconciliation process on cash at hand and the outcome of the Company's emergence financing transactions, and may vary upon emergence

# Expected Net leverage of 2.6x in 2024, expected liquidity over 20% from 2023 onwards

## Debt and Liquidity Forecast

- As a consequence of updated Business Plan assumptions and the Chapter 11 process, debt reduced from US\$ 10.4 billion in 2019 to < 7 billion in Dec'22
- Expected reduction of leverage levels in 2023 relative to 2019
- Net Leverage of approximately 2.6x in 2024 would strengthen LATAM's capital structure
- Expected deleveraging thought forecast period due to strong operational cash flow and disciplined investment
- Liquidity over 20% in all the projected period considering the revolver credit facility available

US\$ MM	2019	2020	2021	2022	2023	2024	2025	2026	2027
Debt	10,367	11,150	11,061	6,702	7,570	7,474	7,575	7,666	7,989
Fleet Debt	7,690	6,350	4,818	3,977	4,686	4,612	4,735	4,849	5,170
Non Fleet	2,677	4,800	6,243	2,725	2,884	2,862	2,840	2,817	2,819
EBITDAR	2,212	-276	167	1,158	2,003	2,429	2,773	3,087	3,310
<b>Cash</b>	<b>1,459</b>	<b>1,696</b>	<b>1,047</b>	<b>1,066</b>	<b>1,170</b>	<b>1,174</b>	<b>1,511</b>	<b>1,949</b>	<b>2,222</b>
Net Debt	8,908	9,454	10,014	5,636	6,400	6,301	6,064	5,717	5,767
Gross Leverage	4,7x	NA	240,5x	5.8x	3.8x	3.1x	2.7x	2.5x	2.4x
<b>Net Leverage</b>	<b>4.0x</b>	<b>NA</b>	<b>217.7x</b>	<b>4.9x</b>	<b>3.2x</b>	<b>2.6x</b>	<b>2.2x</b>	<b>1.9x</b>	<b>1.7x</b>
<b>Liquidity (%)</b>	<b>20%</b>	<b>67%</b>	<b>45%</b>	<b>22%</b>	<b>20%</b>	<b>20%</b>	<b>21%</b>	<b>23%</b>	<b>24%</b>

Notes: Fleet Debt: Fleet related debt + IFRS non-financial debt | Financial Debt: Nominal Debt without reducing structuring costs | Net Leverage calculated as Net Debt / EBITDAR



# Estimated Sources and Uses - Upon Exit and Emergence

## Estimated Sources and Uses as of September 30th, 2022

Sources	US\$ MM
Bonds / Term loans	2,250
Junior DIP	1,143
<b>Total</b>	<b>3,393</b>

Uses	US\$ MM
DIP <sup>1</sup> repayment	2,929
DTE <sup>2</sup> Fees & Expenses	118
Additional Cash	346
<b>Total</b>	<b>3,393</b>

## Estimated Sources and Uses as of October 14th, 2022<sup>3</sup>

Sources	US\$ MM
Convert C	3,269
Convert B	1,373
Equity Right Offering	800
Spare Engine Facility	273
<b>Total</b>	<b>5,715</b>

Uses	US\$ MM
USD Bonds repayment	1,519
Existing RCF repayment	600
Brazil Financial Debt repayment	298
Fees & Others	743
Administrative Claims	240
Spare Engine Facility	273
Subsidiary Claims	471
Junior DIP	1,150
Cash Distribution Payment	250
Additional Cash	171
<b>Total</b>	<b>5,715</b>

(1) DTE: DIP to Exit

(2) RCF: Revolving Credit Facility

(3) Sources and uses information remains subject to change as due to, among other things, the impact of the ongoing reconciliation process on cash at hand and the outcome of the Company's financing emergence financing transactions, and may vary upon emergence



# Estimated Balance Sheet Pro Forma as of December 2022

## Expected Balance Sheet Pro Forma as of December 2022<sup>2</sup>

- Assuming exit financing in September 30th and effective date October 14th, 2022
- Updated Business Plan Balance Sheet as of December 2022
- Cash & cash equivalents and Debt does not include fully available US\$ 1,1 billion Revolving Credit Facility

### US\$ MM

### Dec 22 Proforma

Cash & cash equivalents	1,066
Financial assets	182
Accounts receivables	1,175
Inventory	342
PP&E	9,904
Other assets	364
<b>Total Assets</b>	<b>13,033</b>

Accounts payable	1,696
Deferred revenue	2,802
Debt	6,599
DIP	0
Other liabilities	1,369
<b>Total Liabilities</b>	<b>12,465</b>

<b>Total Shareholders' Equity</b>	<b>568</b>
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<b>Total Liabilities + Shareholders' Equity</b>	<b>13,033</b>
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(1) Debt represents nominal accounting debt as of December 2022. It does include structuring costs as per IFRS

(2) Pro forma estimates and assumptions remain subject to change due to, among other things, the impact of the ongoing claims reconciliation process on cash at hand and the outcome of the Company's emergence financing transactions, and may vary upon emergence.



# LATAM AIRLINES GROUP

## 5 Years Business Plan Projection

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*Subject to Applicable Confidentiality Agreements and Requirements*

August 2022