

A decorative graphic on the left side of the slide, consisting of three overlapping, slanted rectangular bars in shades of purple and magenta.

*Morgan Stanley Latin American Executive Conference*

# ***LATAM Airlines Corporate Update***

*January 2023*

Sustainability Award  
Bronze Class 2022

S&P Global

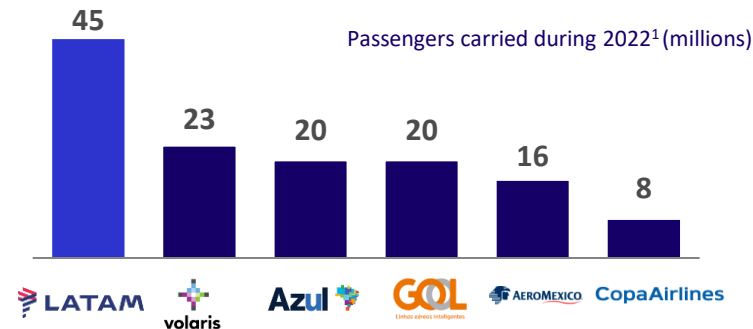


**LATAM: Latin America's leading airline group and global player**

## Key Success Factors

- Unique network of geographies and hubs to deliver unmatched passenger and cargo platforms
- Only South American air carrier group with global international operations - connecting the subcontinent with North America, Europe, Africa and Oceania
- Group of 7+ airlines operating under a single, recognizable brand and seamless passenger experience
- Unparalleled combined passenger-cargo operations
- Ability to deliver consistent financial results despite economic volatility across many South American markets
- Disciplined use of leverage to maximize operating flexibility
- Proven track record in successfully implementing transformational initiatives

## Leading airline group in Latin America and the world



**Only Long-Haul & Regional carriers based in Latin America**

## Leading cargo network in Latin America<sup>2</sup>



**Cargo business fits seamlessly within LATAM's overall network**

## Leading Frequent Flyer Program in South America



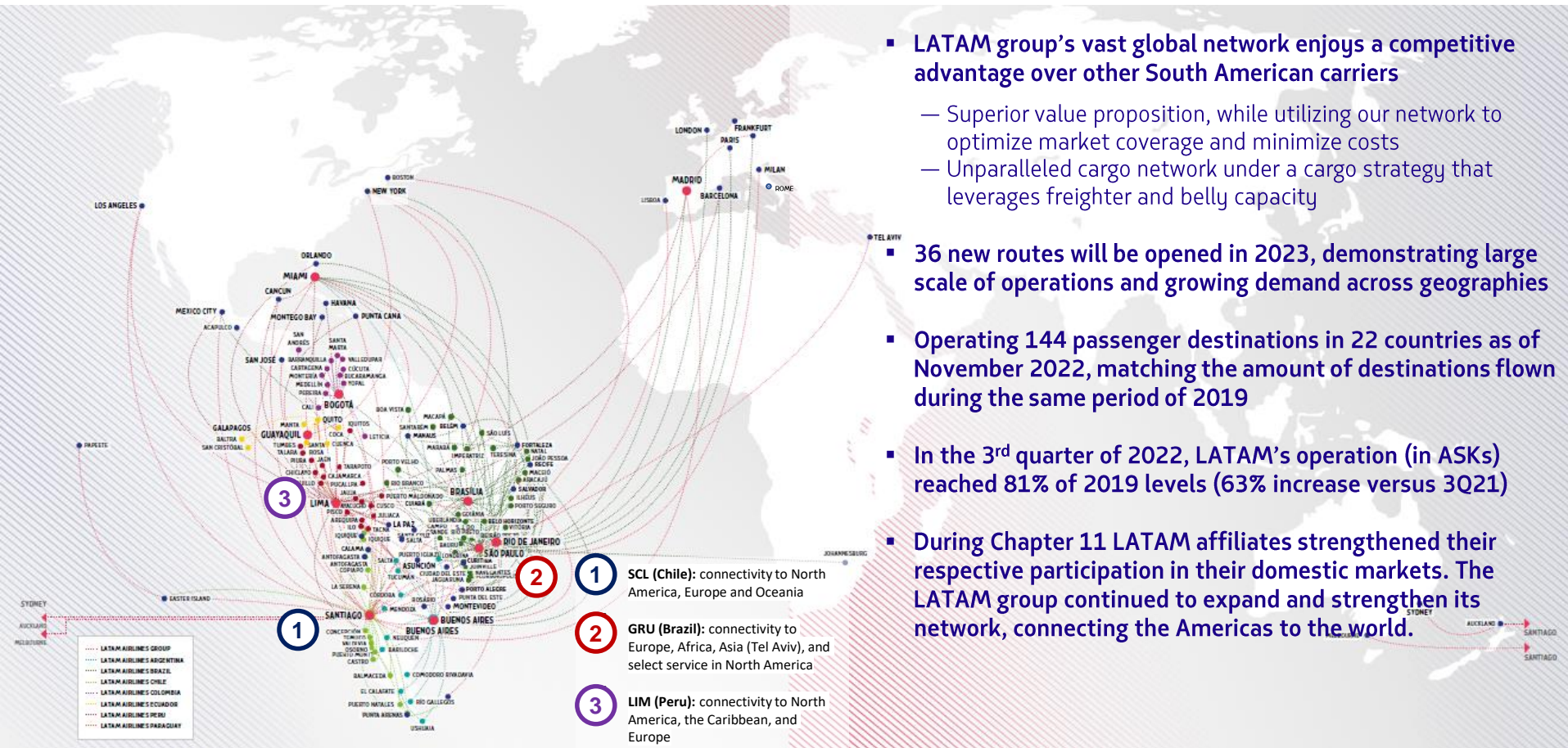
**Over 39 million members in 2021 (7<sup>th</sup> largest in the world)**

Source: Integrated Report 2019 and Bloomberg

<sup>1</sup>Data as of 3Q 2022.

<sup>2</sup>Metrics as of September 30, 2022.

# LATAM group's market-leading global network connects within the region and to the world



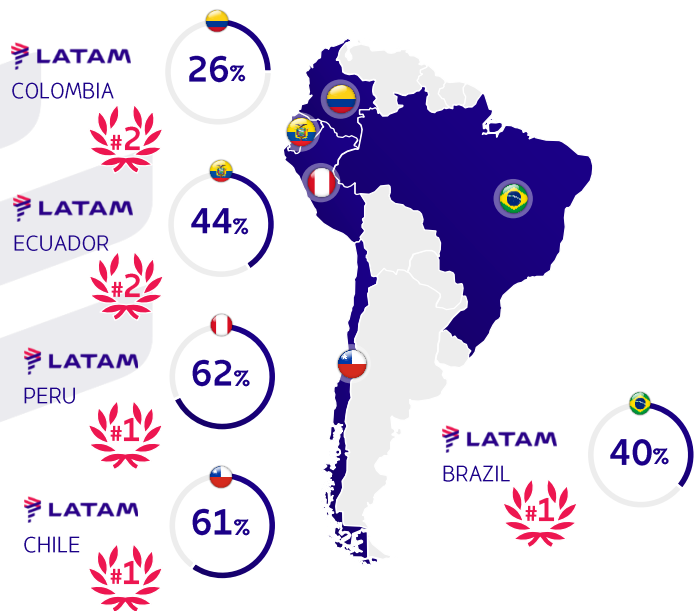
- LATAM group's vast global network enjoys a competitive advantage over other South American carriers
  - Superior value proposition, while utilizing our network to optimize market coverage and minimize costs
  - Unparalleled cargo network under a cargo strategy that leverages freighter and belly capacity
- 36 new routes will be opened in 2023, demonstrating large scale of operations and growing demand across geographies
- Operating 144 passenger destinations in 22 countries as of November 2022, matching the amount of destinations flown during the same period of 2019
- In the 3<sup>rd</sup> quarter of 2022, LATAM's operation (in ASKs) reached 81% of 2019 levels (63% increase versus 3Q21)
- During Chapter 11 LATAM affiliates strengthened their respective participation in their domestic markets. The LATAM group continued to expand and strengthen its network, connecting the Americas to the world.

# LATAM group has leading market shares in domestic and international markets



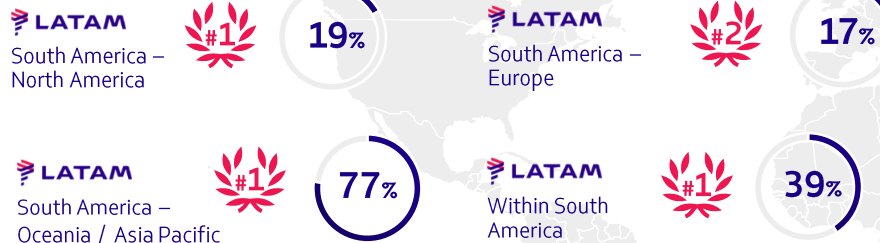
## Domestic Affiliate Market Share<sup>1</sup>

September 2022

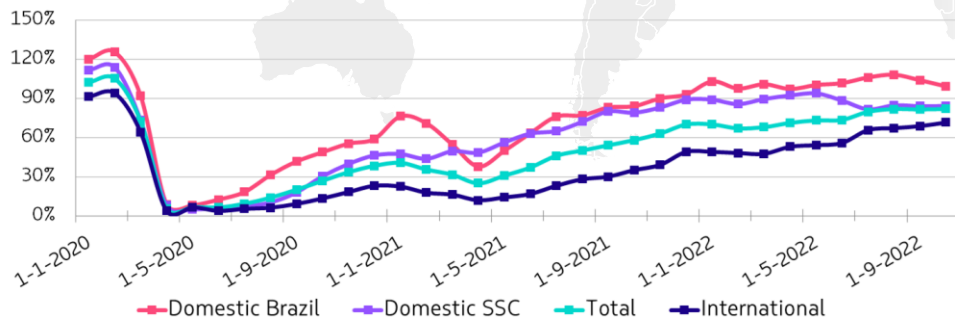


## International Capacity Share<sup>2</sup>

ASK September 2022



## Capacity (ASKs) vs 2019 Levels (%)



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

Note: LATAM Airlines Argentina ceased operations in 2020. South America's capacity shares calculated considering the countries where the group counts with domestic operations (i.e. Brazil, Chile, Peru, Ecuador and Colombia).

Source: 1 ANAC Brazil's website (RPKs), JAC Chile's website (RPKs), DGAC Peru's website (number of passengers carried), Diio.net for Colombia and Ecuador (ASKs) as of September 2022; 2 Diio.net measured in ASKs as of September 2022.

# LATAM group continues to invest in its world-class value proposition



- ✓ **BEST AIRLINE IN SOUTH AMERICA 2022** – Skytrax (3rd consecutive year) & World Travel Awards (7th consecutive year)



- ✓ **RECORD LEVELS OF CLIENT SATISFACTION** – +16 points vs pre-pandemic in Net Promoter Score (NPS)

- ✓ **RECOGNIZED AS THE MOST PUNCTUAL GROUP OF AIRLINES IN THE WORLD** (2018, 2019 and 2021 by Official Airline Guide in Mega Airlines category)

- ✓ **KEY STRATEGIC INVESTMENTS**

## I. FLEET RENOVATION

- Wide-body homologation (A350 aircraft removal)
- Incorporation of 86 Airbus A320-Neo family (more efficient use of fuel) and 2 Boeing 787-9 until 2029

## II. FREIGHTER AIRCRAFT STRATEGY

- Increase from 11 to 20 freighter aircrafts by 2024 (Boeing 767 passenger aircraft conversion)

## III. CABIN RETROFITS

- Cabin densification, renovation and standardization
- Incorporation of Premium Economy class to all narrow-body aircraft

## IV. DIGITAL TRANSFORMATION

- New website launch and digitalization of airport services
- Increase penetration of digital sales channels and closure of certain city-ticket offices



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



CLIMATE  
CHANGE



CIRCULAR  
ECONOMY



SHARED  
VALUE

**MOST SUSTAINABLE AIRLINE IN THE REGION**  
(AND 4<sup>TH</sup> IN THE WORLD)  
S&P Corporate Sustainability Assessment

**BRONZE CATEGORY**  
Sustainability Yearbook 2022

**Sustainability Award**  
Bronze Class 2022  
**S&P Global**

GOALS

Carbon neutral airline group by 2050

Committed to not exceeding total 2019 emissions and offsetting 50% of domestic emissions by 2030

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

# The JVA between LATAM group and Delta will connect the Americas like never before



- **Fully approved** by all regulatory authorities on September 30, 2022.
- Integration of both of LATAM group and Delta networks.
- Access to more than **300 destinations** between the US/Canada and South America.
- New route offerings, more connections and reciprocal loyalty benefits.



- Both airlines will be able to jointly share corporate accounts and pricing strategy, within the scope of the JVA\*.
- Applies to passenger and cargo operations between the integrated network.
- Deeper loyalty program value proposition and access to “high value customers”.



- First **profit sharing agreement** between North American and South American carriers.
- Leading airline partnership between the two regions.
- LATAM group + Delta would be the **largest player** in the JVA's scope between North America and South America in total capacity share as of June 2022.

\*Within the scope of the JV (flights between the U.S./Canada and Brazil, Chile, Colombia, Paraguay, Peru and Uruguay).

Note: South America's capacity shares calculated considering the countries where the group counts with domestic operations (i.e. Brazil, Chile, Peru, Ecuador and Colombia).

# On November 3rd, 2022, LATAM successfully emerged from Chapter 11 with improved cost and capital structures

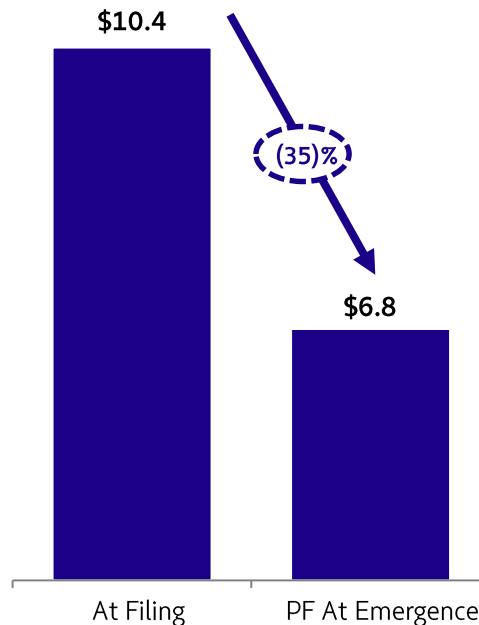


- ✓ Over **US\$1 billion** in cost saving initiatives vs 2019
- ✓ Over **40% fleet cash cost savings** vs 2019
- ✓ Capital Structure: approximately **US\$6.8 bn in debt** and **US\$10.3 bn in equity**
- ✓ Liquidity: **US\$2.2 bn** (25% of LTM revenues)

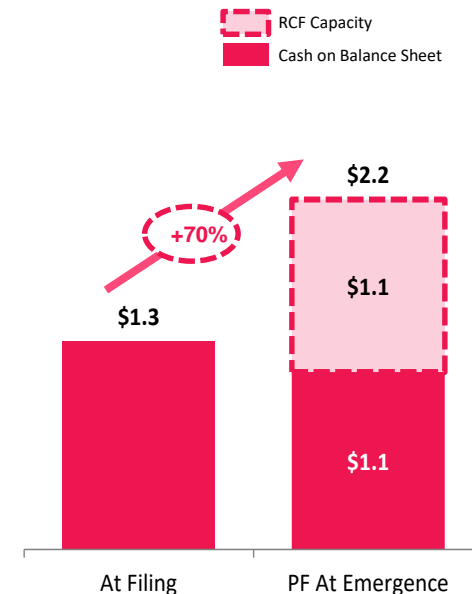
## Key Cost Saving Initiatives

- Business simplification
- Rightsized and more efficient fleet
- Headcount reduction of approximately 25%
- Improved vendor and supplier contracts
- Passenger CASK ex Fuel<sup>1</sup> of US\$4.0 cents in 3Q22, below 2019 levels (-3.1%)

### 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> "At Emergence" is pro forma for financing transactions related to emergence. Cash balance based on assumed cash as of 12/31/2022 based on publicly available information; <sup>3</sup> Includes cash & cash equivalents and revolving credit facility capacity.

1) Excludes cargo related costs and double counting cost of Aircraft Rentals (PBH)

# Third Quarter 2022 Highlights of LATAM group



## Operations & Network



- Operation (in ASKs) reached 81% of 2019 levels.
- Healthy **load factor of 82.9%** (-0.7 p.p. versus 2019).
- In a context of strong demand for air travel, passenger yields increased 14.2% versus 2019.
- Two cargo freighters were incorporated to our fleet during the quarter, totaling 16 freighters.

## Financial Results



- US\$2,587 million in **revenues, almost in line with 2019** (-2.9%) and +97% vs 3Q21
  - Passenger revenues 8.3% versus 2019 (+134.6% vs 3Q21).
  - Cargo revenues +63.9% compared to 2019 (+14.1% vs 2Q21).
- Positive operating result of US\$63.1 million (vs -US\$691.9 million in 3Q21) and **US\$399.4 million EBITDAR** (vs US\$-144.9 in 3Q21).

## Sustainability



### Climate Change:

- Expansion of the sustainability ambassadors program in Brazil.

### Shared Value:

- Launch of “Baltra, free of plastics” campaign in Ecuador.

### Circular Economy:

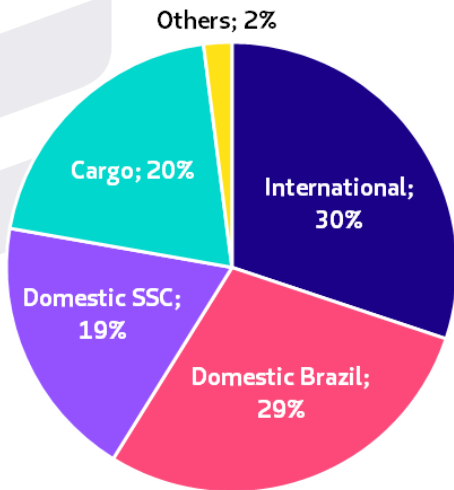
- Advancement of a 75% reduction in our commitment of eliminating single-use plastics from operations in 2023.

# LATAM group has a diversified revenue structure and relevant US Dollar and Euro revenues



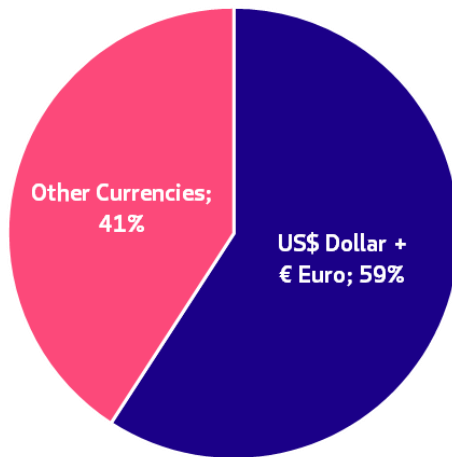
## LTM Revenues by Business Unit

LTM 3Q 2022



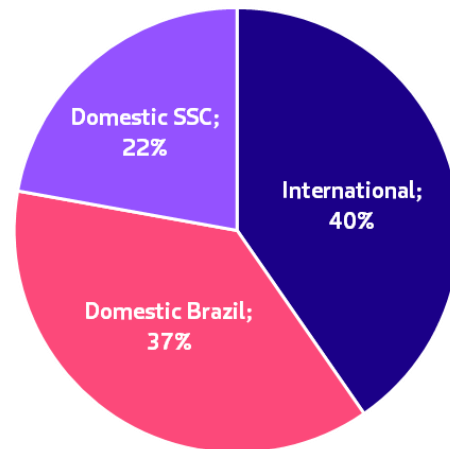
## LTM Total Revenues by Currency\*

LTM 3Q 2022



## LTM Passenger Capacity Breakdown

LTM 3Q 2022

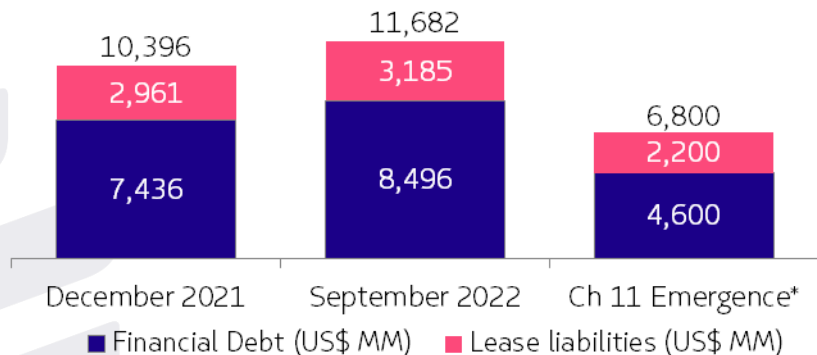


\* US Dollar and Euro revenues consider revenues received in those currencies as well as revenues that were priced in those currencies but received in local currency at the time of reception.

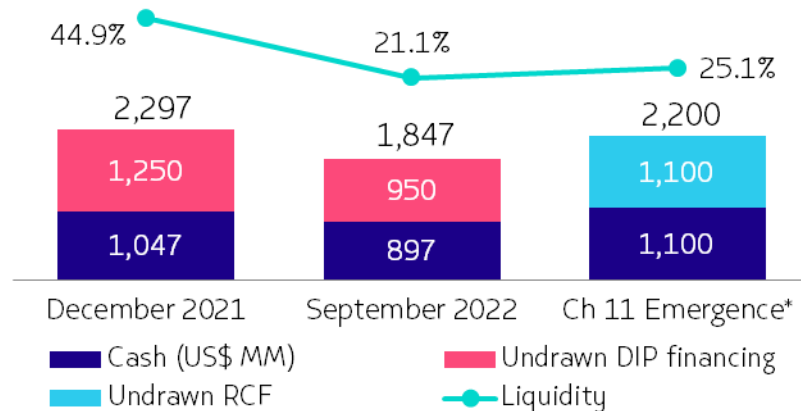
# Third Quarter 2022 Credit Metrics



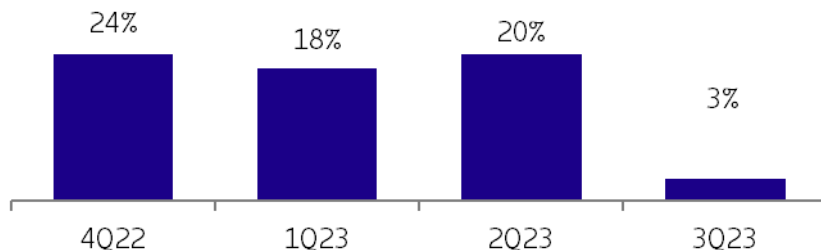
## Financial Debt Position



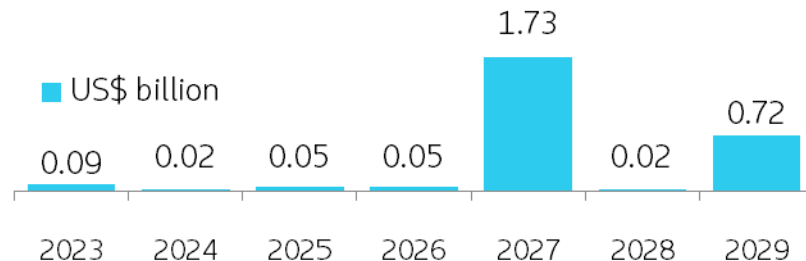
## Liquidity as % of LTM revenues



## Fuel Hedge (% consumption)



## Pro-Forma Non-Fleet Debt Profile - Maturities



Source: Financial Statements September 2022

Note: The Pro-Forma Non-Fleet Debt Profile includes PDP financing and Spare Engine Facility amortizations.

\*Approximate numbers, according to pro-forma figures.

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