Santiago, September 16, 2022

Due Diligence Q&A

English:

JP Morgan acting on behalf of its financing syndicate has requested the following information from LATAM Airlines Group S.A.:

"After receiving multiple requests from investors on LATAM's cash fleet costs, we are requesting that LATAM make disclosure on this matter to help the market with the free cash flow calculation."

As a response, LATAM Airlines Groups S.A., has provided the following information:

"The fleet cash costs in 2023 is between approximately $700 to $800 million."

Español:

En calidad de su representación del sindicato de financistas, JP Morgan le solicitó a LATAM Airlines Group S.A. la siguiente información:

"Después de recibir muchos pedidos de parte de inversionistas sobre los costos de caja de la flota de LATAM, le solicitamos que LATAM hace público alguna información sobre el tema para poder ayudar al mercado con el cálculo del flujo de caja libre (free cash flow).

En respuesta, LATAM Airlines Group S.A. entregó la siguiente información:

"El costo de flota en términos de salida de caja en 2023 es entre aproximadamente US$700 y US$800 millones."

The group has successfully and comprehensively restructured its fleet, reducing it in size and complexity while adding flexibility and cost efficiencies

Fleet Reduction and Simplification

- Fleet reduced from 340 to 301 operating[1] aircraft
- Withdrawal of 1 aircraft type (A350)
- Consolidation of WB Brazil operation around B777 (recently retrofitted) and B787 (Boeing pilot commonality)

Flexibility

- PBH/interest only agreements provide liquidity and flexibility during demand recovery:
  - ~60% of NB fleet until 2022
  - ~50% of WB fleet until 2023
- Further cash flow flexibility can be derived from:
  - Balancing engine maintenance optimization and grounding of A319
  - Accelerating retirement of fleet types if required
  - Limit further WB commitments

Going forward, **annual cash flow savings of over 40%** vs. 2019[2]

1. As per LATAM's 2Q22 financial statements
2. LATAM's fleet cash cost in 2023 is between approximately US$700 and US$800 million.