

# Corporate Update

## LATAM Airlines

Santiago  
ParapanAm



February 2024



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

This Presentation includes certain non-IFRS financial measures 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 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.

# Key Highlights

2023



## Leading airline group

- LATAM is the **leading airline group** in South America and global player
- Unique **value proposition** in the region
- Unique geographic, business and currency **diversification**



## Unparalleled network

- Unparalleled network, including the **JVA with Delta Air Lines**
- Pax: 148 destinations
- Cargo: 166 destinations
- **Commercial agreements** with airlines all around the world



## Best-in-class product

- **"Best airline in South America"** at the World Airline Awards by Skytrax
- **"Five Star Global Airline"** at APEX 2024 Awards
- **Most punctual airline** according to the OAG punctuality index<sup>[1]</sup>



## Record results<sup>[2]</sup> and 2024 outlook

- Total revenues: **US\$ 3.1 billion**
- Adj. operating margin: **13.4%**
- Year to date net income: **US\$ 499 million**
- Projected growth for 2024: **12% - 14%**
- Projected Adj. EBITDAR for 2024: **US\$ 2.6 - 2.9 billion**



## Unique cost and capital structure<sup>[2]</sup>

- Adj. Net Leverage: **2.1x**
- Liquidity: **US\$ 2.7 billion**
- Extremely competitive fleet cost
- Passenger CASK ex fuel of **US\$ 4.3 cents**

[1]: Among the twenty largest airlines, year to date as of September 30, 2023.

[2]: As of September 30, 2023.

# Unique

# Value Proposition<sup>[1]</sup>



## Unparalleled, Expansive Network

- Passenger operations to **148** destinations in **26** countries.
- Only group in the region with presence in five domestic markets and connectivity in four continents.
- Leading market share positions domestically and internationally.

## LATAM Cargo

- **166** cargo destinations including 18 exclusive freighter destinations.
- Fleet of 20 freighters, supporting the belly operations.

## Commercial Agreements

- **Commercial agreements** with airlines all around the world including Iberia, Qantas, Japan Airlines, etc.
- LATAM group and Delta Air Lines began implementing a **Joint Venture Agreement (JVA)** in 2022, allowing passengers access to more than 300 destinations.

## Leading Frequent Flyer Program

- 45+ million members.
- **Largest FFP in South America.**
- LATAM has five lounges in key cities across the region.



## Digitalization Focus

- **New website** launch promoting ancillaries and streamlining passenger services + digitalization of airport services
- Increased penetration of **digital sales channels** and closure of certain city-ticket offices.

## Best in Class Product and Service

- **Best Airline in South America** and **Five Star Global Airline.**
- **#1 in on-time performance** among global airlines.
- Renovated cabins in the narrow-body fleet and on board WI-FI implementation.



[1]: As of December 31, 2023.

# LATAM group has a unparalleled, expansive network

  
**148**<sup>[1]</sup>  
**Destinations**

  
**8**  
North America [2]

  
**8**  
Europe

  
**128**  
South America

  
**1**  
Africa

  
**3**  
Oceania

[1]: As of December 31, 2023.

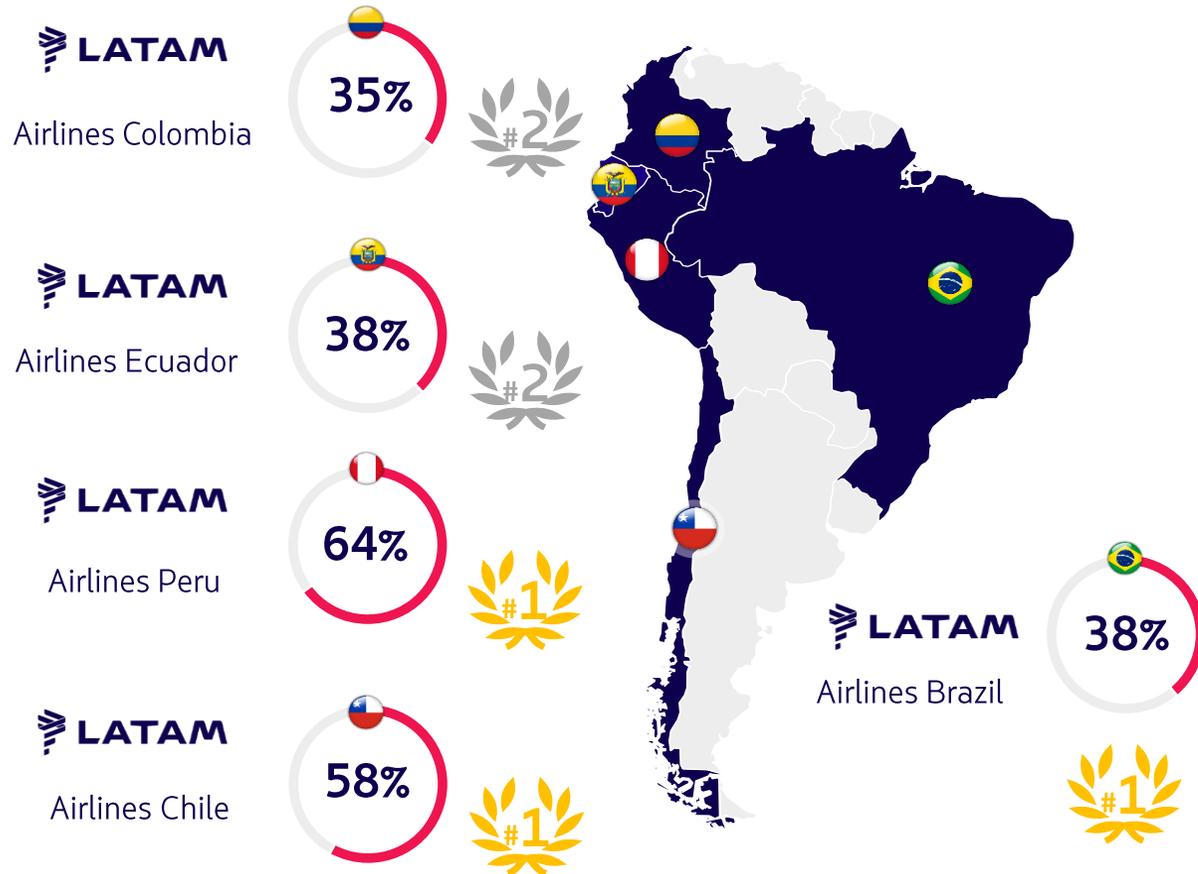
[2]: North America includes only US, Canada and Mexico

# LATAM group affiliates are leaders in their domestic and international markets



## Domestic Affiliate Market Share

3Q 2023



## International Capacity Share

ASK 3Q 2023



# LATAM group and Delta Joint Venture Agreement: Successful first year



## Capacity

#1 in capacity share<sup>[1]</sup>

Capacity Share<sup>[1]</sup>  
Q3-23

35%

ASK<sup>[1]</sup>

In one year<sup>[2]</sup> of  
capacity between the  
Americas, more than  
any other carrier

24  
billion

Average daily flights<sup>[1]</sup>  
Q3-23 vs Q3-22

+47%

## Connectivity

6 New Routes launched since  
JV approval



- Sao Paulo - Los Angeles
- Medellin - Miami
- Orlando - Bogota
- Lima - Atlanta  
(First LATAM operation in Atlanta)



- Atlanta - Cartagena
- New York - Rio de Janeiro

## Operation

First profit sharing agreement  
in the region

Passengers  
Transported<sup>[1][2]</sup>

The fastest growing JV  
partnership in South America

3  
million

Flights<sup>[1][2]</sup>

Operated with 4 million seats  
between continents

15,000

Distance (km)<sup>[1][2]</sup>

Equivalent to the distance  
between Earth and Mercury

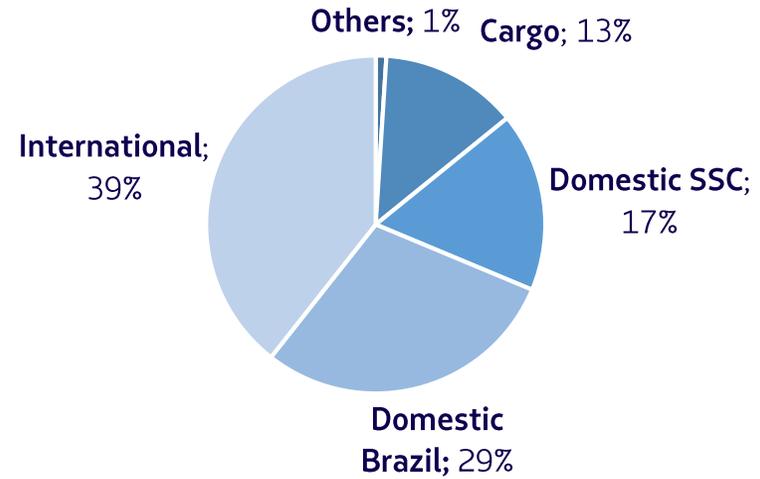
93  
million

[1]: Calculated in the countries where the JVA operates which includes Brazil, Colombia, Chile Peru, Paraguay, Uruguay, United States and Canada.

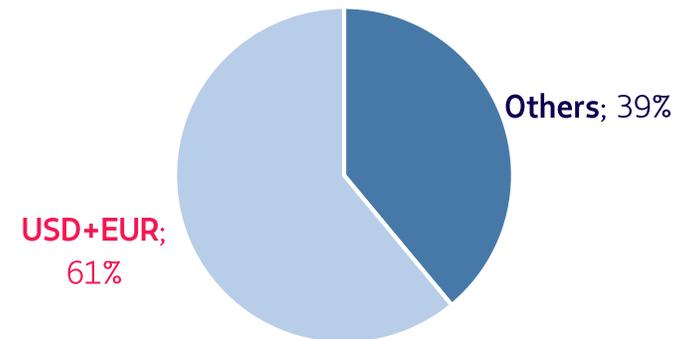
[2]: From Q3-2022 to Q3-2023

LATAM group has a diversified revenue structure and benefits from US Dollar and Euro revenues

### Last twelve months revenue by business unit



### Last twelve months of 2023 revenue by currency



# LATAM group is committed to its long-term sustainability strategy



## CLIMATE CHANGE

- ✓ **Goal:** Carbon neutral by 2050.
- ✓ **Goal:** Committed to not exceed total 2019 emissions and offsetting 50% of domestic emissions by 2030.
- ✓ **Goal:** Commitment to reach 5% of sustainable aviation fuel (SAF) as of 2030.



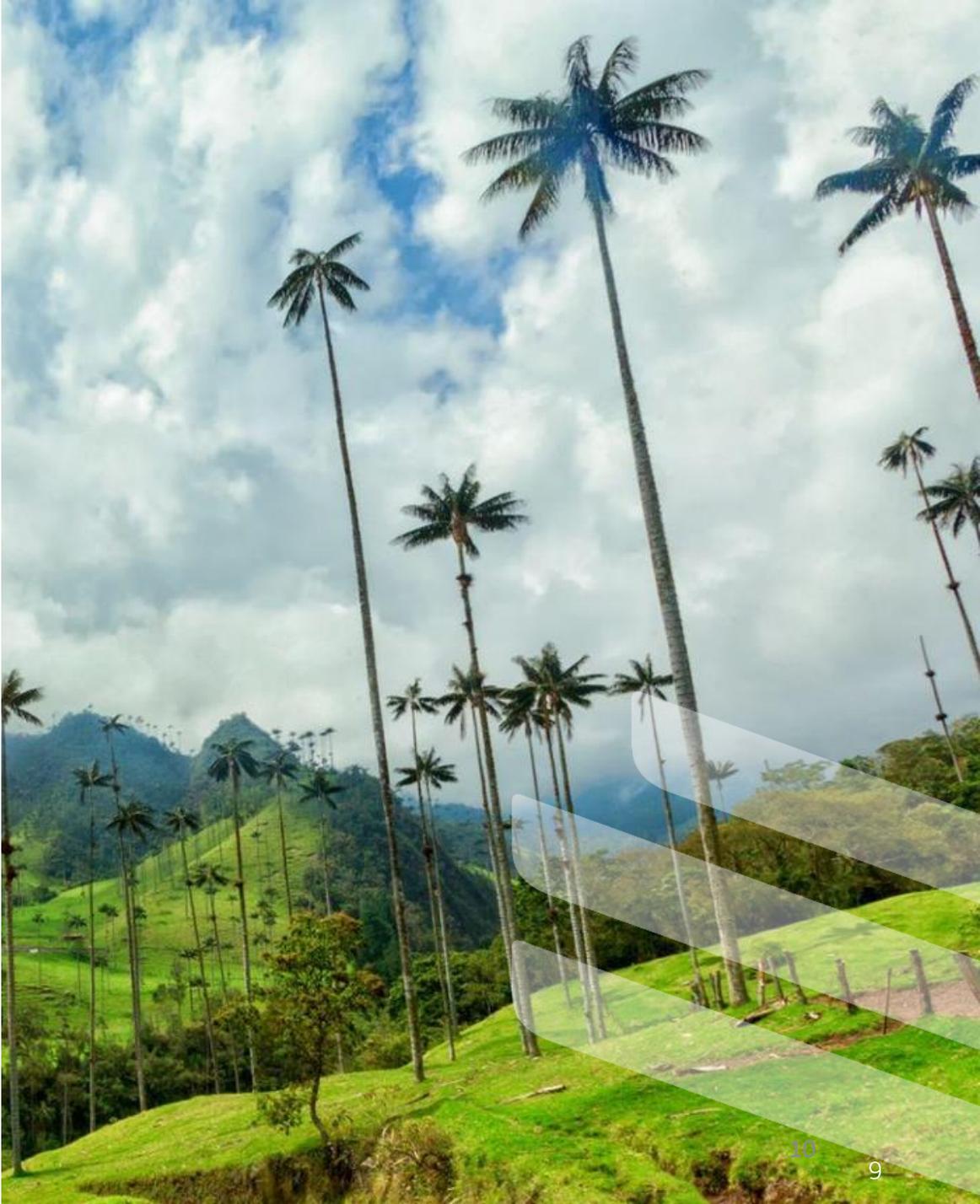
## CIRCULAR ECONOMY

- ✓ **Goal:** Adapt business to circular economy model, becoming a group with zero waste to landfills by 2027.
- ✓ **Goal:** 100% reduction single use plastics in 2023.



## SHARED VALUE

- ✓ “Avion Solidario” Program to support communities in health, environmental and natural disaster related issues.

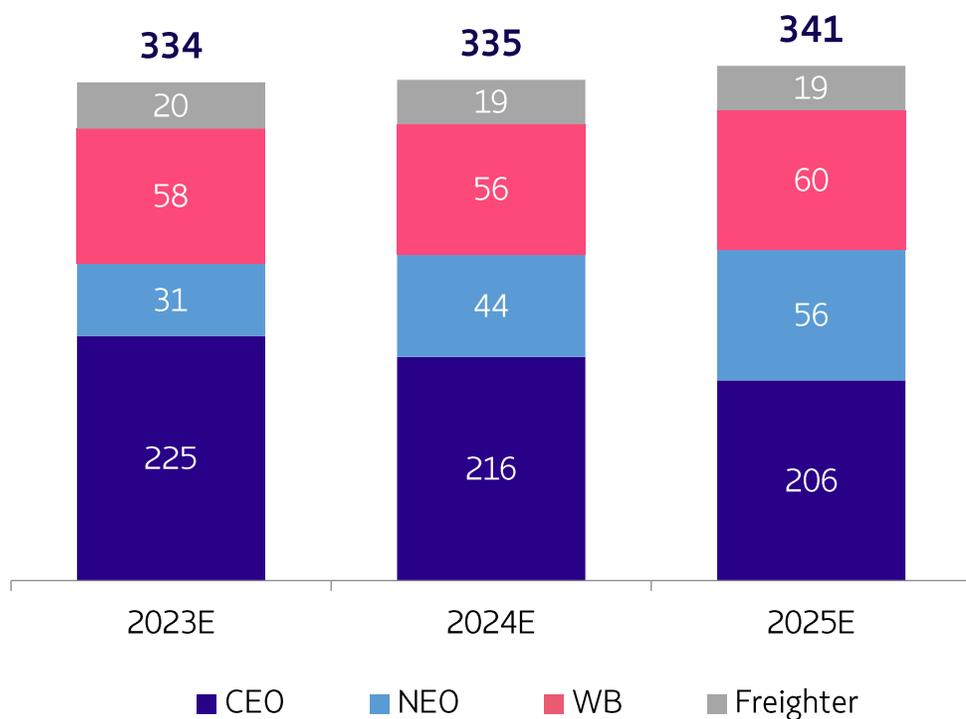


# Disciplined investments focusing on next-generation fleet



## Fleet Plan

(as of end of each year)



### Aircraft reception during third quarter:

The operation has been enhanced by the arrival of eleven aircraft, consisting of:

- Four wide-body aircraft
- Seven narrow-body aircraft, including the first A321Neo

### Efficient fleet:

- NEO fleet to nearly double by 2025
- NEO aircraft replacing older CEO fleet, reflecting efficiency in cost and contributing to LATAM's carbon emission reduction objective

### Capacity growth:

- Most of capacity growth will come by fleet upgauging
- Confident in ability to execute our capacity plan going forward

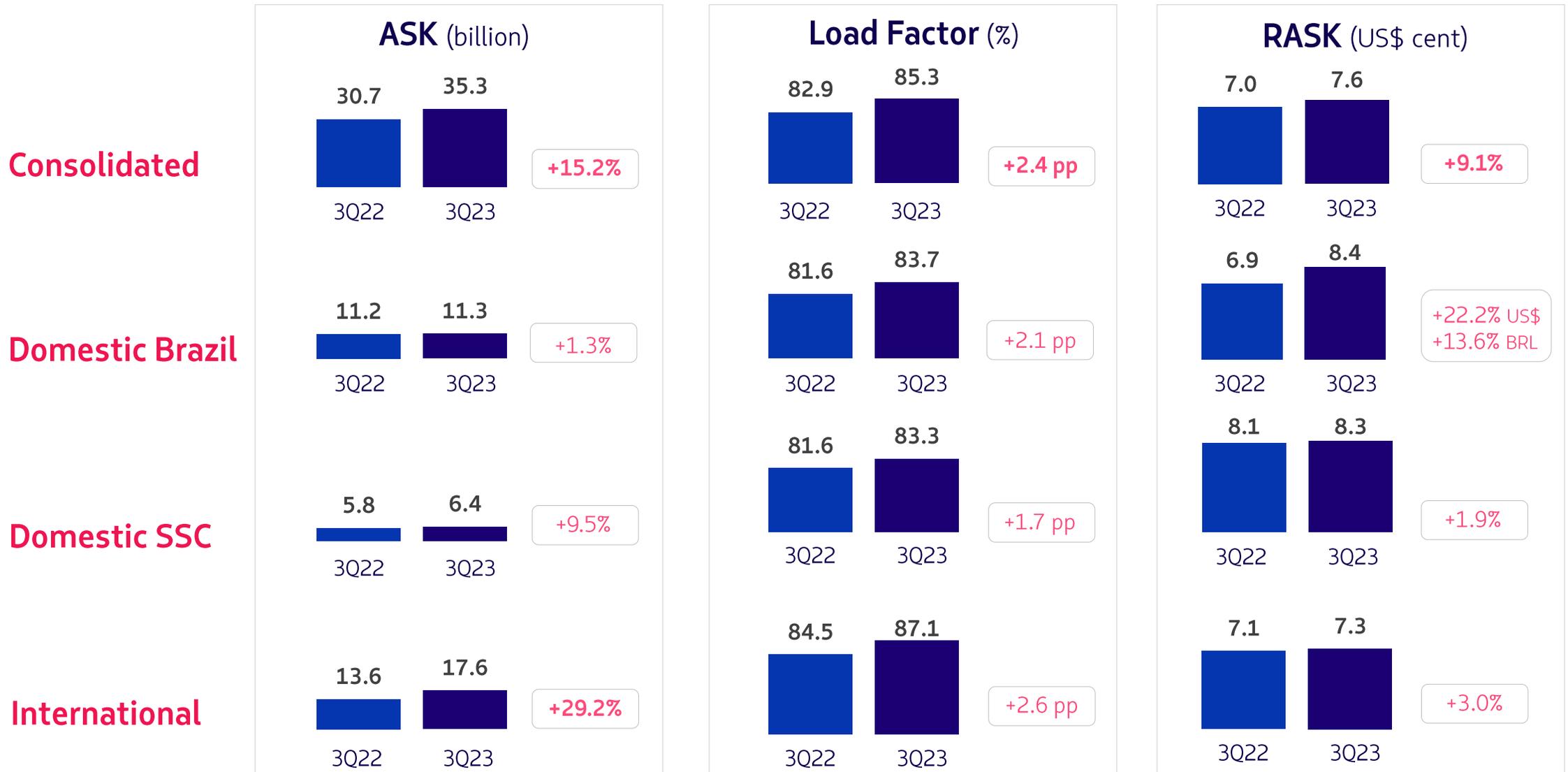
### Cost

- Fleet cost will remain extremely competitive in the coming years as contracts were extended on average for 7-8 years

**Strong, improving  
results in the first  
nine months of the  
year 2023**

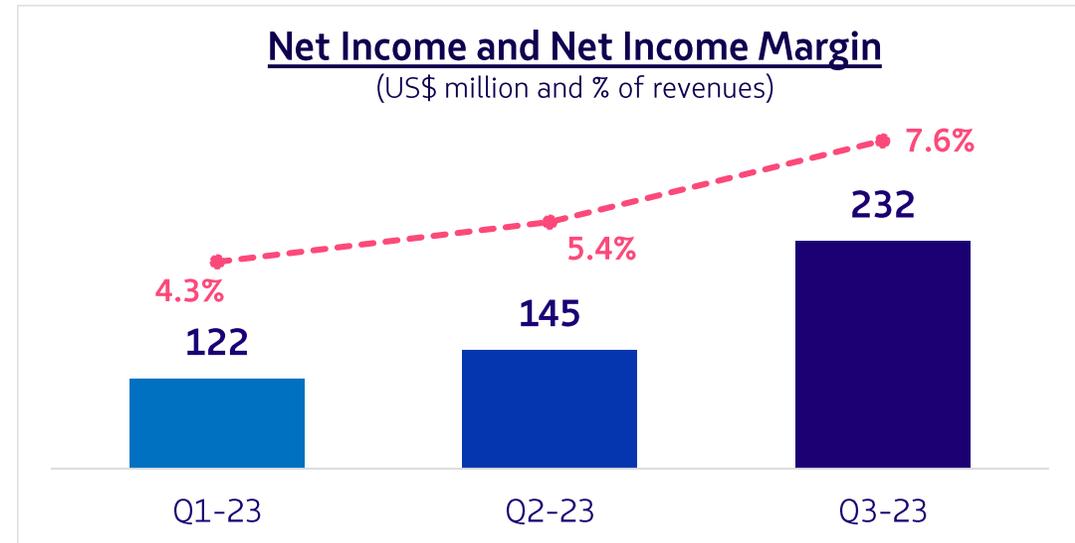
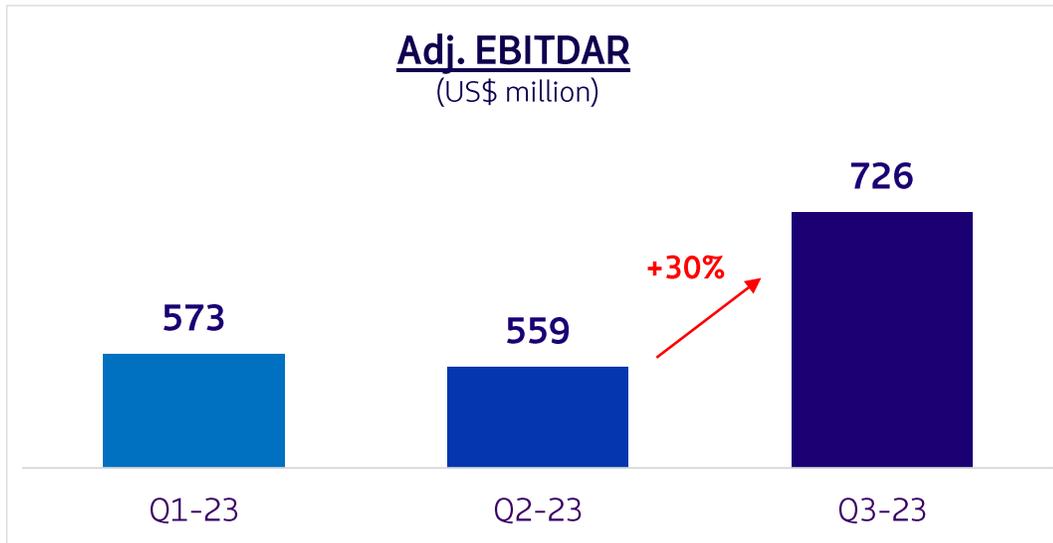
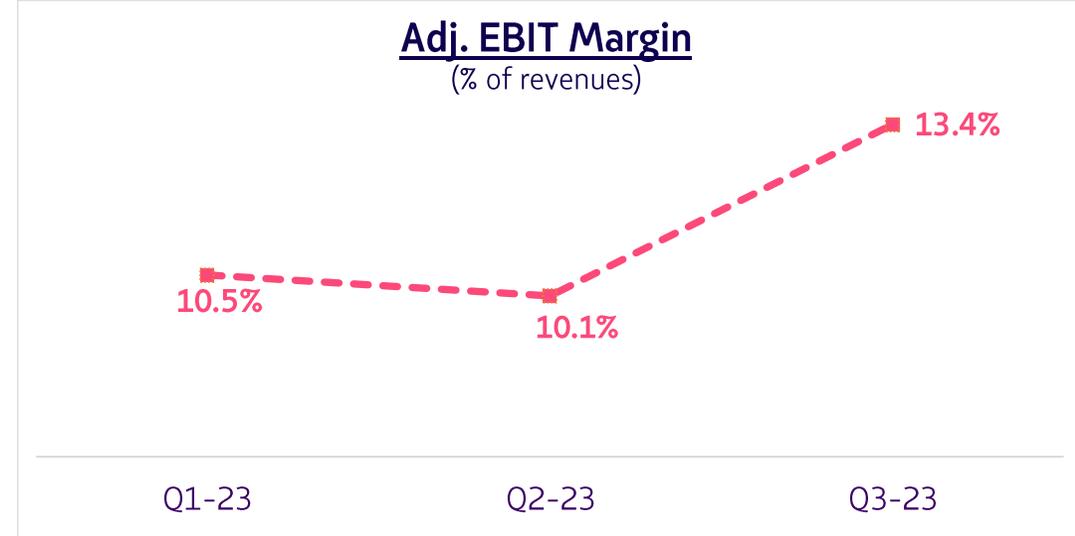
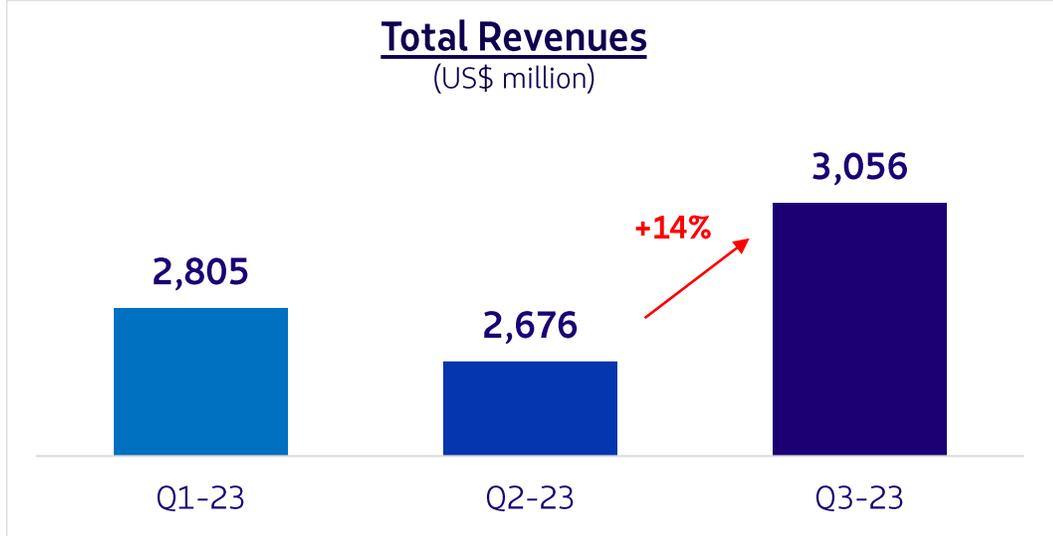


# The group improved its capacity, load factor and RASK versus previous year across all business segments with a healthy demand environment

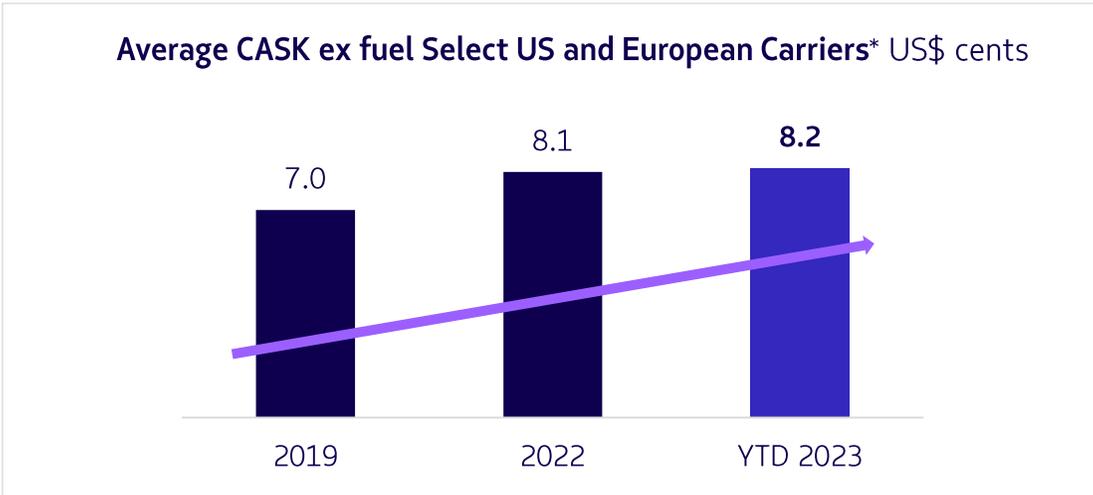
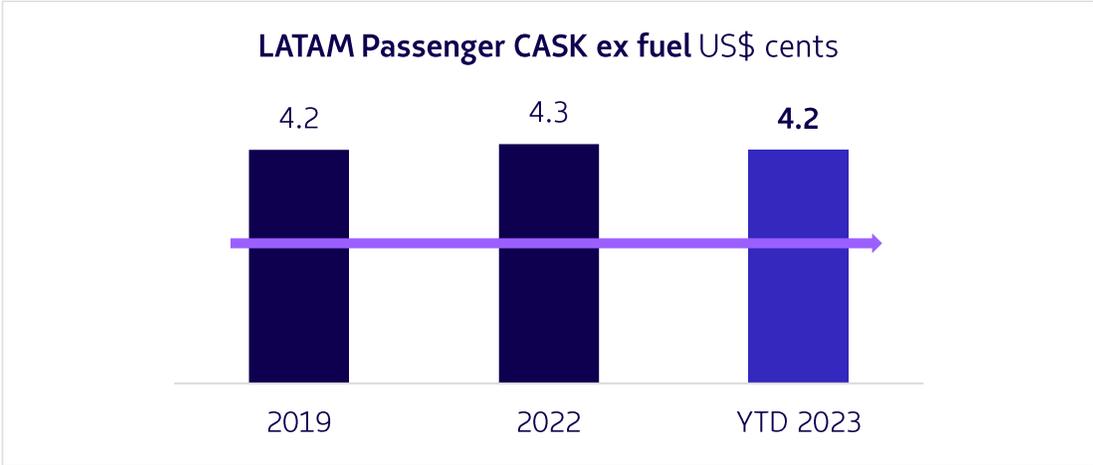


Note: Domestic Brazil refers to LATAM Airlines Brazil domestic operations. Domestic Spanish speaking countries refers to domestic operations of LATAM Airlines Chile, LATAM Airlines Colombia, LATAM Airlines Ecuador and LATAM Airlines Peru. International operations refers to international operations of LATAM Airlines Brazil, LATAM Airlines Chile, LATAM Airlines Colombia, LATAM Airlines Ecuador and LATAM Airlines Peru

# Outperforming results: Best quarter of the year from top to bottom line



# LATAM's cost structure is significantly more efficient after Chapter 11



- **Over US\$1.3 billion in cost savings** initiatives implemented in 2020 and 2021.
- During the third quarter, LATAM group reported a **Passenger CASK ex fuel of US\$4.3 cents and US\$4.2 cents** for the first nine months of 2023, offsetting the region's high inflation in past three years.
- In contrast to the average CASK ex-fuel of US and European carriers, LATAM's unit costs are contained.
- Fleet cash cost reduced by over 40% versus 2019 level and estimating a **total fleet cost (operating + finance leased aircraft) of approx. US\$800 million for 2023.**



Note: LATAM CASK ex fuel for the first nine months of 2023 was US\$4.7 cents. Passenger CASK ex fuel excludes cargo costs associated with belly and freighter operations, variable Aircraft Rental expenses (non-cash P&L effect) and CIP expenses.  
\* CASK ex fuel information comes from Financial Statements and Bloomberg. The selected US and European carriers are American Airlines, Delta Air Lines, United Airlines, Southwest Airlines, AirFrance/KLM, Lufthansa and IAG.

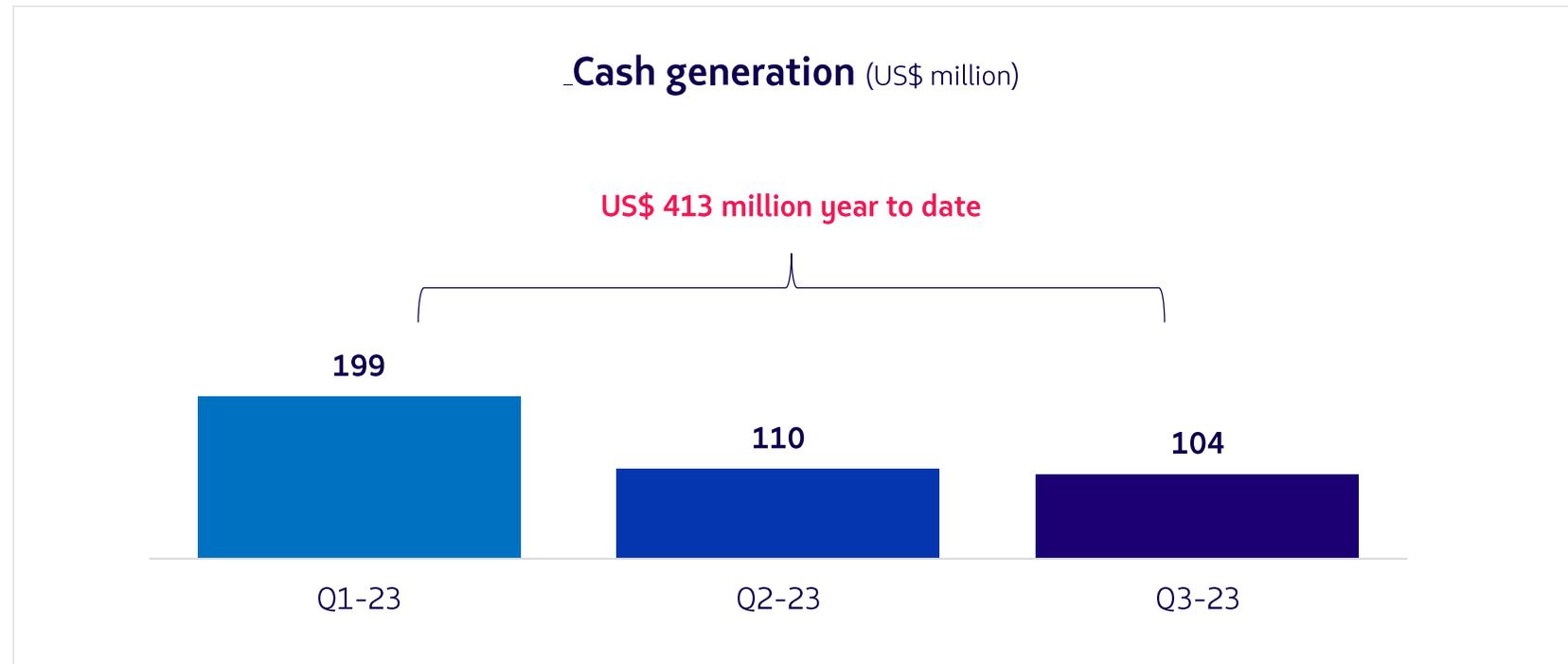


# Strong cash generation

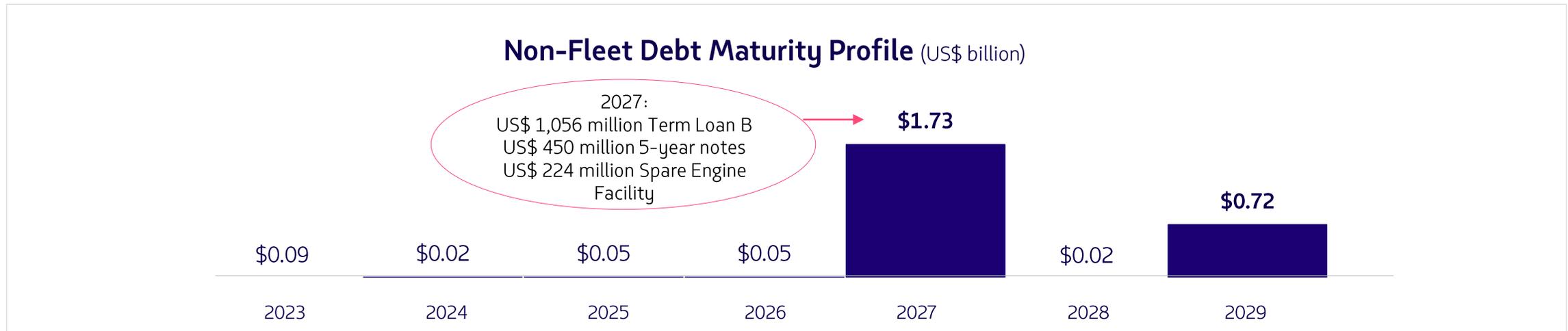
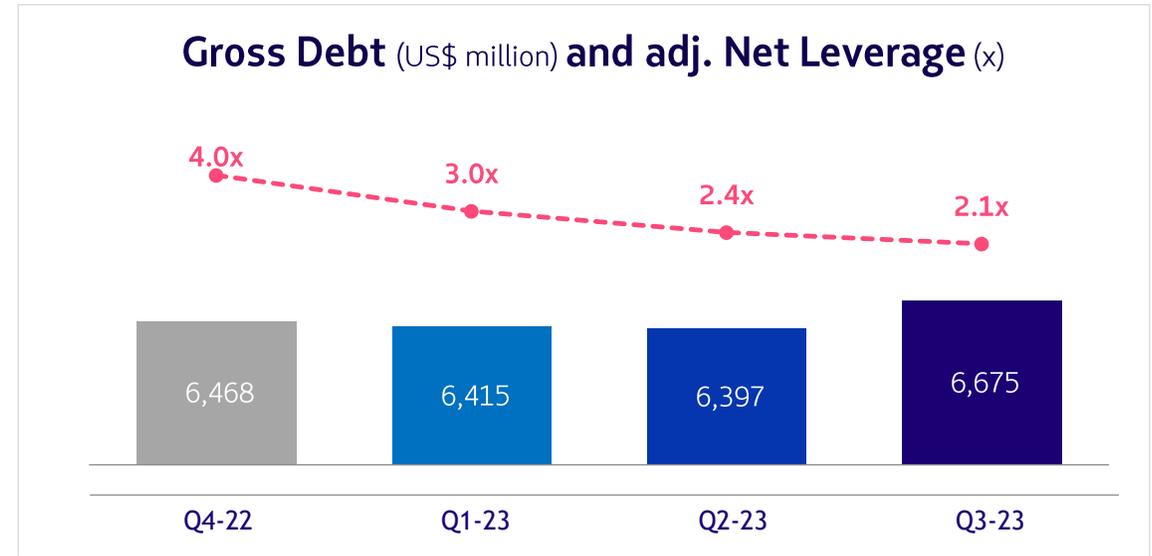
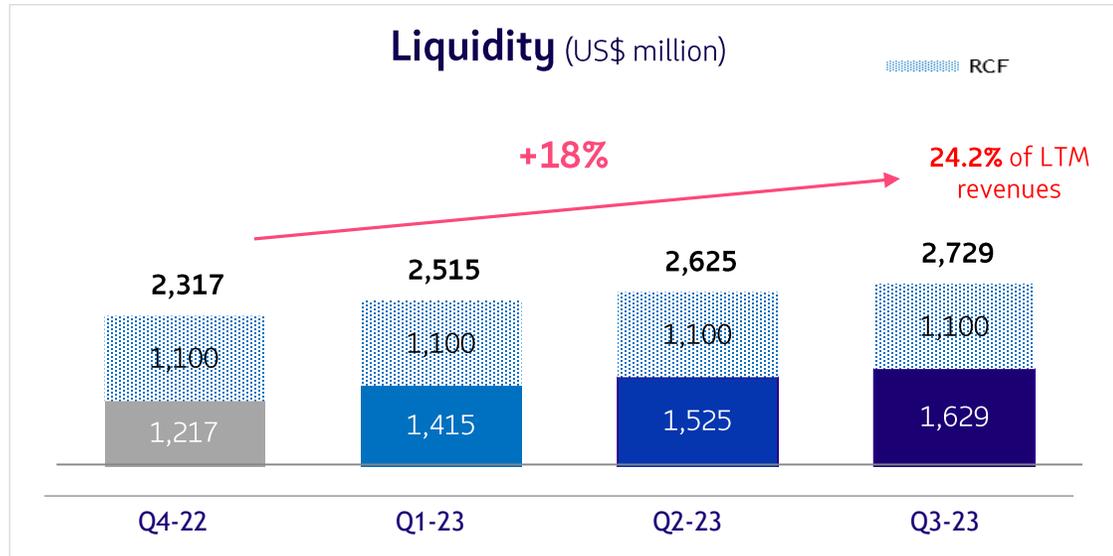
*Differentiating factor in the region*

## LATAM group generated US\$104 million cash in the third quarter, totaling US\$413 million year to date

- Consistent and solid cash generation each quarter during this year, as a result of all the cost savings initiatives fully implemented during the reorganization process and strong focus on profitability.



# Quarter-over-quarter balance sheet improvement with a historic adj. leverage ratio of 2.1x



# LATAM group projects 12% to 14% growth in its passenger operations in 2024

Indicator	Guidance	2024E
Operating Indicators	Total ASK Growth vs 2023	12% - 14%
	Domestic Brazil ASK Growth vs 2023	7% - 9%
	Domestic Spanish Speaking Countries ASK Growth vs 2023	12% - 14%
	International ASK Growth vs 2023	16% - 18%
	Total ATK Growth vs 2023	10% - 12%
Financial Indicators	Revenues (US\$ billion)	12.4 - 12.8
	CASK ex fuel (US\$ cents)	4.8 - 5.0
	Adjusted Passenger CASK ex fuel <sup>1</sup> (US\$ cents)	4.3 - 4.5
	Adjusted EBIT (US\$ billion)	1.25 - 1.50
	Adjusted EBIT Margin <sup>2</sup>	10.5% - 12.5%
	Adjusted EBITDAR <sup>2</sup> (US\$ billion)	2.6 - 2.9
	Adjusted EBITDAR Margin <sup>2</sup>	21% - 23%
	Liquidity <sup>3</sup> (US\$ billion)	2.8 - 3.0
	Financial Net Debt <sup>4</sup> (US\$ billion)	5.3 - 5.5
	Financial Net Debt/Adjusted EBITDAR (x)	1.8x - 2.0x
<b>Assumptions</b>		
	Average exchange rate (BRL/USD)	5.1
	Jet fuel price (US\$/bbl)	100





# Third Quarter Takeaways

-  LATAM is the leading airline group in South America and global player with a unique value proposition in the region.
-  Consolidated capacity increased by 15.2%, mainly driven by our international operations and accompanied by healthy load factors, boosted by the Joint Venture with Delta Air Lines and the launch of new routes.
-  The group stands out for its financial solidity and consistency. Third quarter adjusted operating margin of 13.4% and net income of US\$232 million and US\$499 million year to date.
-  Strong balance sheet with a total cash generation of US\$104 million in the period, resulting in a total liquidity of US\$2.7 billion and adjusted leverage (net debt/adj. EBITDAR) of 2.1x.
-  Passenger CASK ex fuel year to date of 4.2 cents, the same than 2019, offsetting the region's high inflation in recent years, along with an extremely competitive fleet cost.



# Corporate Update

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ParapanAm



November 2023