

# Corporate Update



August 2021

**Sustainability Award**

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# Second Quarter 2021 Highlights of LATAM group

## Operations & Network



- Operated 30.9% of ASKs compared with the same quarter of 2019
- Operations were 24.9% of ASKs in April, rising to 36.9% of ASKs in June
- Forecast reaching over 50% capacity by the end of third quarter

## Cargo Business



- Revenues increased 37.5%, though total capacity decreased 28%, compared to 2019
- Cargo represented 41.7% of total revenues (vs. 11.4% in 2Q19)
- Freight capacity increased 24% vs 2019 with historic utilization levels
- Load factors reached 68.0%

## Financial & Chapter 11



- Liquidity of US\$2.3 billion as of June 30, 2021 (US\$1.5 bn in cash + US\$800 bn in undrawn DIP financing facility)
- Financial Debt's nominal value totaled US\$7.9bn
- Exclusivity period for LATAM to file Plan of Reorganization through September 15, 2021

## Recent Highlights

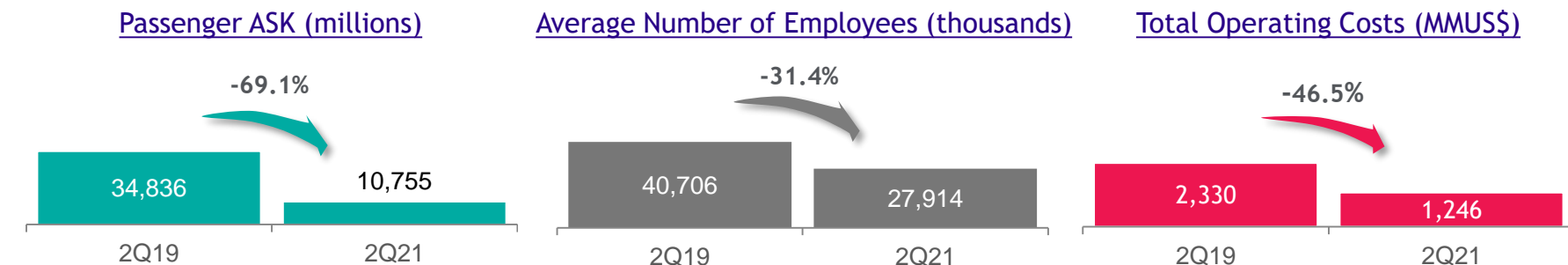


- Launch of long-term sustainability strategy which includes a carbon-neutral LATAM by 2050 and zero waste to landfills by 2027
- Recognized by Official Airline Guide (OAG) as most punctual in the world, based on OTP between January and June 2021
- Concluded negotiations and filed agreements to allow the group to reach 95% of its fleet needs

## Second Quarter 2021 Financial Summary

(US\$ Millions)	2Q21	2Q20	Change	2Q19	Change
Total Operating Revenues	<b>889</b>	572	55.4%	2,370	-62.5%
Passenger	456	123	270.6%	2,020	-77.4%
Cargo	370	319	16.1%	269	37.5%
Others	63	130	-51.7%	81	-22.4%
Total Operating Costs	<b>-1,246</b>	-1,267	-1.6%	2,330	-46.5%
Fuel	-267	-77	246.8%	-721	-62.9%
Ex-fuel	-979	-1,190	-17.7%	1,608	-39.1%
<b>Operating Income</b>	<b>-358</b>	-695	-48.5%	40	n.m.
Operating Margin	-40.3%	-121.5%	-81.2 p.p.	1.7%	-42.0 p.p.
<b>Net Income</b>	<b>-770</b>	-890	-13.5%	-63	n.m.
<b>EBITDA</b>	<b>-89</b>	-388	-77.1%	392	-122.7%
EBITDA Margin	-10.0%	-67.8%	57.8 p.p.	16.5%	-26.5 p.p.

# Total Operating Costs decreased 46.5% versus 2019



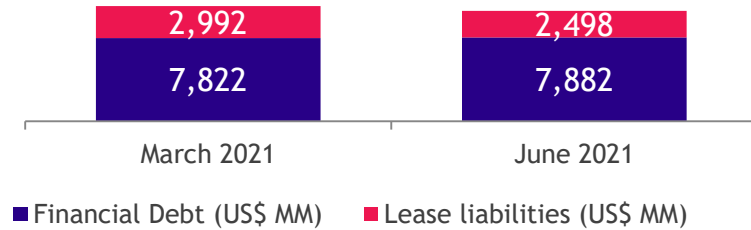
Total Costs US\$MM	2Q21	2Q20	Change	2Q19	Change
Fuel Cost	267	77	246.8%	721	-62.9%
Wages & Benefits	232	174	33.4%	432	-46.3%
Fleet Cost <sup>1</sup>	372	447	-16.7%	460	-19.1%
Others <sup>2</sup>	360	569	-36.7%	716	-49.8%
Operating Costs	1,246	1,267	-1.6%	2,330	-46.5%

1) Includes cost of Depreciation & Amortization + Aircraft Maintenance. PBH variable fleet cost not reflected in P&L due to IFRS accounting standards, but has resulted in reduced cash flows.

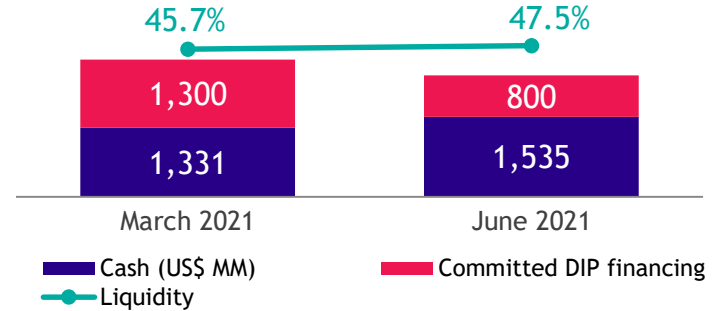
2) Includes cost of Commissions to Agents + Other Rental and Landing Fees + Passenger Services + Other Operating Expenses

# Second Quarter 2021 Credit Metrics

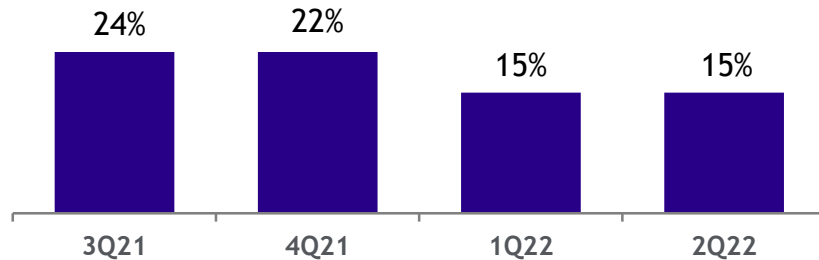
## Financial Debt Position



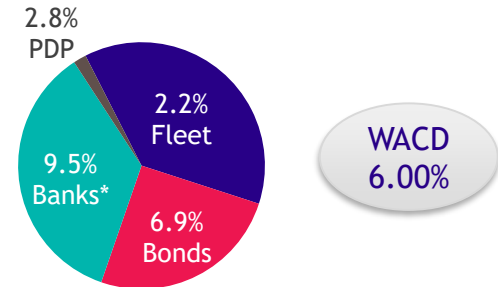
## Cash and Equivalents as % of LTM revenues



## Fuel Hedge (% consumption)



## Cost of Debt as of June 30, 2021



## Highlights Chapter 11 Process - LATAM

**May 26, 2020:** Filing for Chapter 11 by LATAM Airlines Group S.A and subsidiaries from Chile, Peru, Colombia, Ecuador and USA

**June 2020:** Signing of Stipulation letters and power by the hour (PBH) fleet payment scheme started

**June 10, 2020:** Delisting from New York Stock Exchange (NYSE)

**June 17, 2020:** Announced indefinite cessation of operations in Argentina

**July 9, 2020:** LATAM Airlines Brazil filed for Chapter 11

**September 18, 2020:** DIP Financing was approved for US\$2.45 billion

**October 8, 2020:** First DIP Financing draw for half of the funds committed at this date, amounting to US\$ 1.15 billion

**June 23, 2021:** Second DIP Financing draw for US\$500 million

**September 15, 2021:** Deadline of exclusivity period to file Plan of Reorganization

**November 8, 2021:** Deadline for voting upon the Plan of Reorganization

# Other Chapter 11 Process Milestones

## **Fleet renegotiations:**

- Conclusion of various fleet negotiations and Court filings, allowing LATAM to reach approximately 95% of its fleet needs with largely favorable outcomes - lower rent payments, extended variable payment periods, extended payment periods.

## **Agreement finalized with Boeing:**

- Terminate orders for four B787 aircraft and one B777F aircraft without penalties and receive two Boeing 787 Dreamliner aircraft in the fourth quarter of 2021 or first quarter of 2022.

## **Agreement finalized with Airbus:**

- Postponing deliveries up to three years from the originally scheduled delivery dates
- Eliminating deliveries in 2020 and 2021
- Cancellation of two A350 deliveries, in line with LATAM's decision to retire its A350 fleet
- Total purchase order of 70 aircraft through 2028 of Airbus 320 Neo family

## **Aircraft sale:**

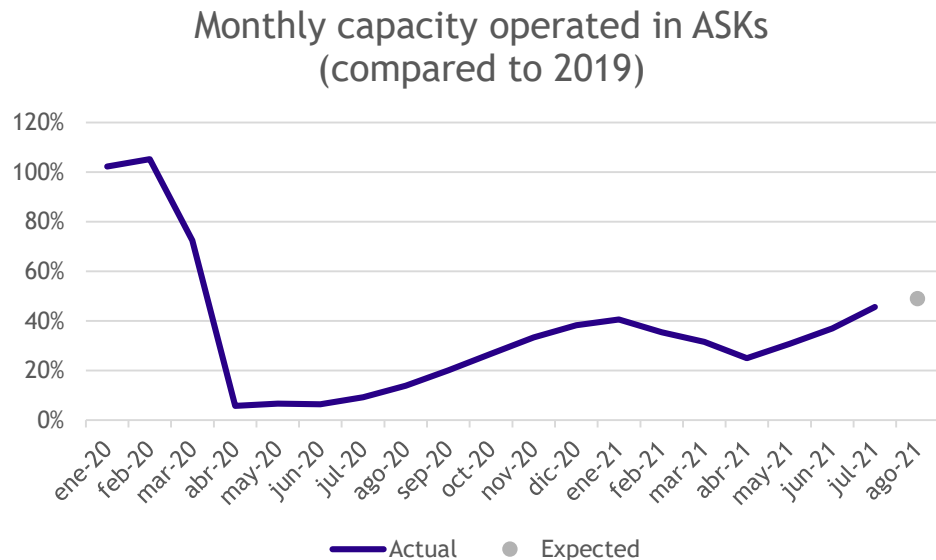
- Approval of sale of nine B767 aircraft to Jetran

## **Claims Reconciliation:**

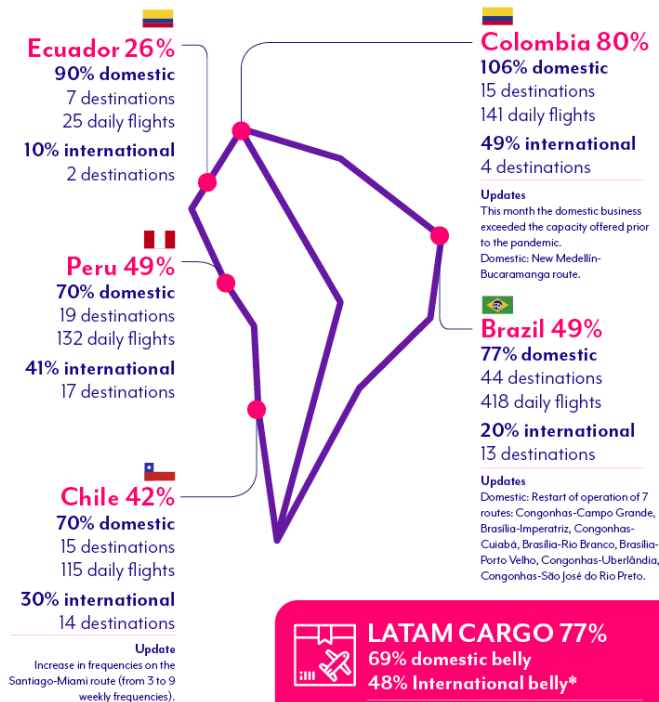
- A total of approximately 6,300 claims for a total approximate value of US\$123.5 billion were filed against the debtors, of which approximately 2,170 claims for a total value of US\$23 billion have been objected to or resolved through claims withdrawals, stipulations and court orders.

# Gradual Operational Recovery, Highly Dependent on Travel Restrictions

Fourth consecutive month of operational ramp up projected



Forecast of 49% of 2019 ASKs in August



**LATAM CARGO 77%**

69% domestic belly

48% International belly\*

\*Belly: merchandise transported in the cargo hold (lower deck) of the plane.



# Vaccination roll-out and travel restrictions

	Argentina	Brazil	Chile	Colombia	Ecuador	Peru
<b>Vaccination progress</b> (total population)	22.20%	23.85%	68.13%	29.40%	26.60%	20.90%
<b>Vaccination progress</b> (completion of program in target population)	62.28%	29.81%	83.25%	39.20%	57.30%	28.30%
<b>Vaccines administered</b>	36,851,592	166,498,229	25,456,282	31,769,498	14,700,000	16,000,000
<b>Approved vaccines</b>	Sputnik V, AstraZeneca, Sinopharm, Covishield and Pfizer	Jenssen, Sinovac, AstraZeneca and Pfizer	Sinovac, AstraZeneca, Pfizer and Cansino and Sputnik V	Sinovac, Jenssen AstraZeneca and Pfizer	Sinovac, AstraZeneca and Pfizer	Pfizer, Sinopharm and AstraZeneca
<b>National travel restrictions</b>	<b>Permitted</b> Essential travel only. Permit required, depending on local government	<b>Permitted</b>	<b>Permitted</b> National travel permitted according to status of local district in "step-by-step" plan. Reduced restrictions for inoculated population with <i>mobility pass</i> . Slot and capacity constraints.	<b>Permitted</b>	<b>Permitted</b> Galapagos requires a negative PCR test -96 hours prior to departure	<b>Permitted</b> Travel affidavit required
<b>International travel restrictions</b>	<b>Borders closed until September 4</b> Limited international capacity operating to serve nationals and residents.	<b>Borders open</b> Negative PCR test -72 hours prior to departure. Passengers from UK, India and South Africa not permitted	<b>Borders open for Chileans and residents with mobility pass</b> Special exceptions for international passengers. (negative PCR test -72 hours prior to departure / 10-day home quarantine for mobility pass holders or 10 days in transit hotel / insurance)	<b>Borders open</b> PCR test no longer required for entry.	<b>Borders open</b> Negative PCR test -72 hours prior to departure or Covid-19 vaccination certificate	<b>Borders open</b> Negative PCR/antigen test - 72 hours prior to departure. Passengers from Brazil, India and South Africa not permitted. Nationals/residents travelling from these countries need to quarantine for 14 days

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