



First nine months of 2023 Results Presentation



Transportes Aéreos Portugueses, S.A.

Lisbon, October 24th, 2023

9M 2023 Review

TAP AIRPORTUGAL



TAP positioned for continued strong performance

- **Sustained record results in the 9M with historical positive net income**, enhanced by strong Q3 results
- **Continued strong performance in revenue and yield** supported by key markets
- **Recurrent and consistent positive operating results** with strong operating margins
- **Capacity above 2019 levels** in spite operating less aircraft and operational challenges being addressed
- **Ongoing debt reduction** and further **deleveraging** to deliver financial sustainability
- **World leading airline recognition** through external awards



TAP presenting a record positive net income in 9M

Revenues

3Q 2023 vs. 3Q 2022

EUR 1,258m +12%

Recurring EBITDA

Margin

EUR 391m +40%

31%

Recurring EBIT

Margin

EUR 276m +81%

22%

Net Income

EUR 181m +EUR 69m

9M 2023 vs. 9M 2022

EUR 3,165m +30%

EUR 752m +47%

24%

EUR 401m +160%

13%

EUR 203m +EUR 294m

Key long-haul markets driving strong performance

North America

| | |
|------------------------|------------------|
| ASKs % vs.9M22 | +13% |
| Yield % vs.9M22 | +24% |
| Load factor 9M23 | 84% |
| Load factor vs.9M22 | +2.8 p.p. |

Europe

| | |
|------------------------|------------------|
| ASKs % vs.9M22 | +14% |
| Yield % vs.9M22 | +8% |
| Load factor 9M23 | 80% |
| Load factor vs.9M22 | +2.6 p.p. |

South America

| | |
|------------------------|------------------|
| ASKs % vs.9M22 | +23% |
| Yield % vs.9M22 | +12% |
| Load factor 9M23 | 86% |
| Load factor vs.9M22 | +2.2 p.p. |

Africa & Middle East

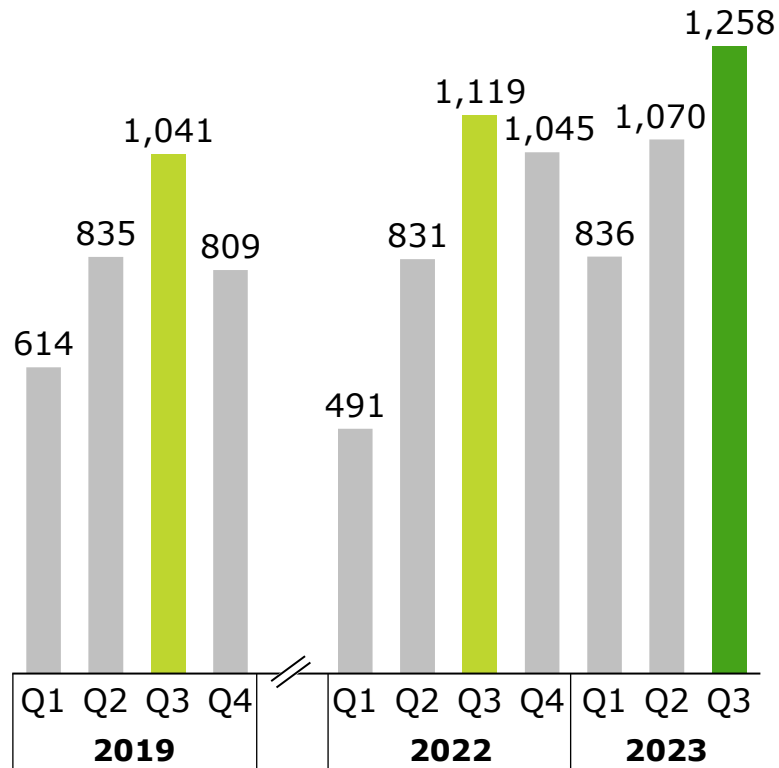
| | |
|------------------------|------------------|
| ASKs % vs.9M22 | +16% |
| Yield % vs.9M22 | +6% |
| Load factor 9M23 | 71% |
| Load factor vs.9M22 | +0.3 p.p. |

Flown allocatable passenger revenues (fare, fuel surcharge and flight related ancillaries)

Record and recurrent positive operating results

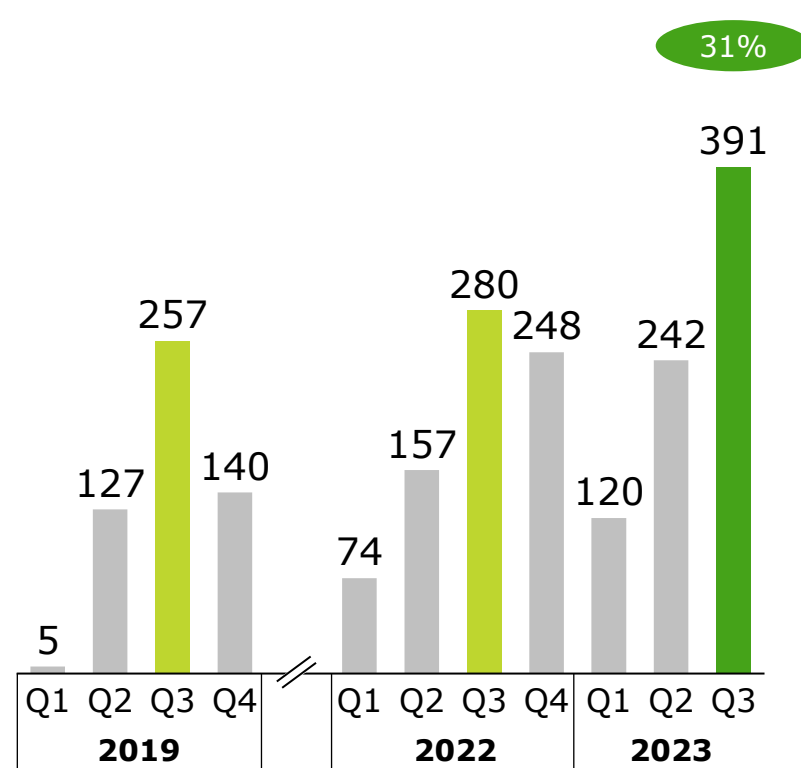
Revenues

EUR million



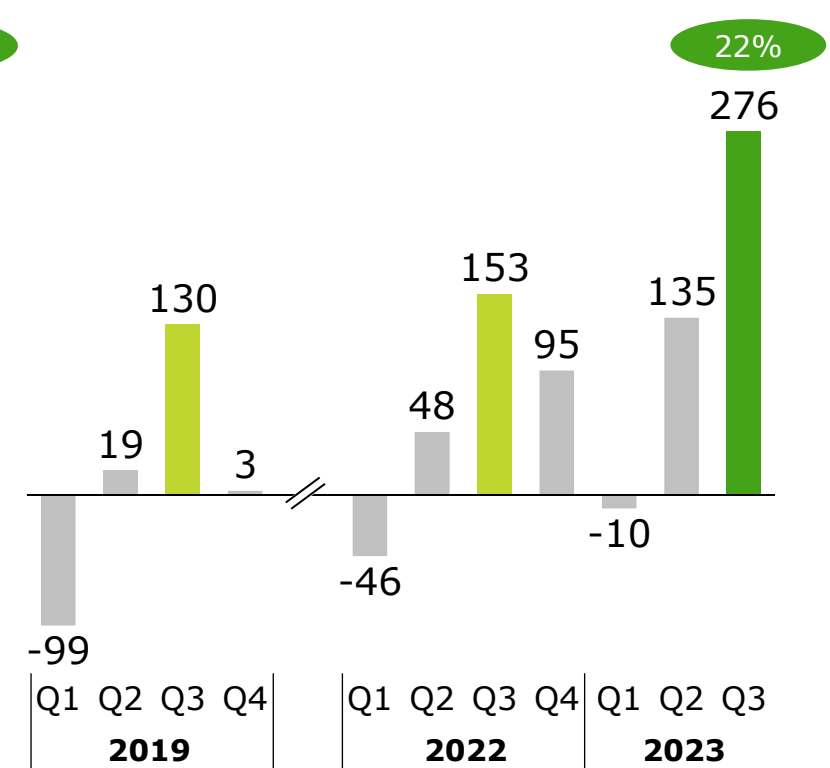
Recurring EBITDA

EUR million



Recurring EBIT

EUR million



xx% Margin over revenues

TAP distinguished as a world leading airline



2024 Four Star Global Airline



2023 Europe's Leading Airline to South America

2023 Europe's Leading Airline to Africa



3rd Best European Airline, 2023

13th Best World Airline, 2023

1st Safest European Airline, 2023

6th Safest World Airline, 2023

3Q and 9M 2023 Results

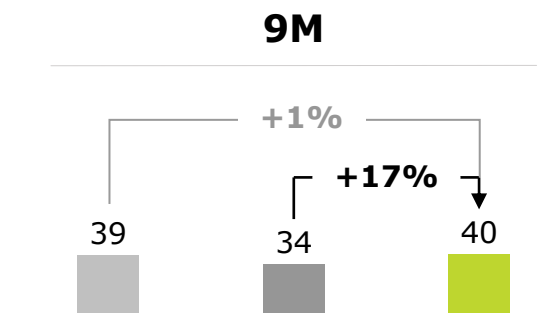
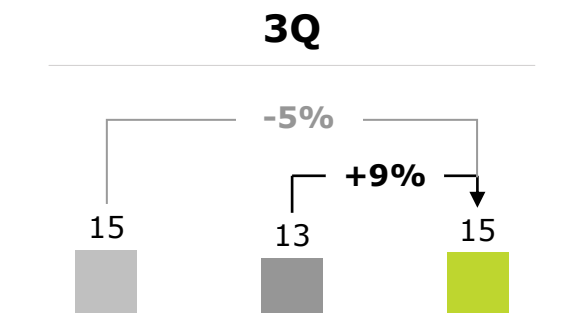
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ASKs above pre-crisis levels, passenger and flights recovering

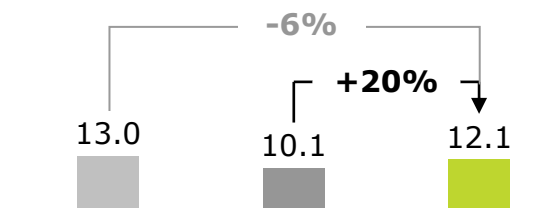
ASKs

Billions



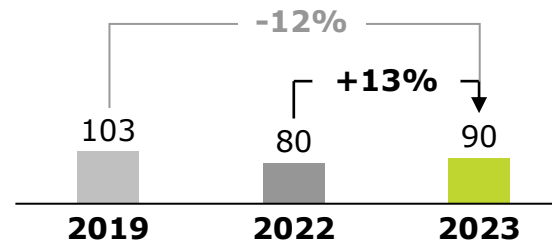
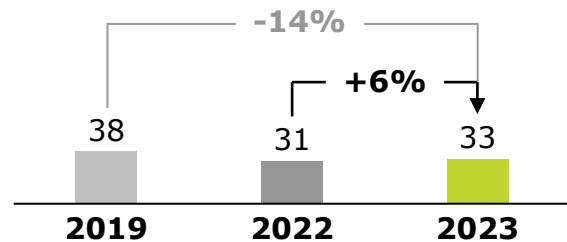
Passengers

Millions



Departures

Thousands



Comments

ASKs reached 95% and 101% of 2019 levels in 3Q and 9M despite smaller fleet

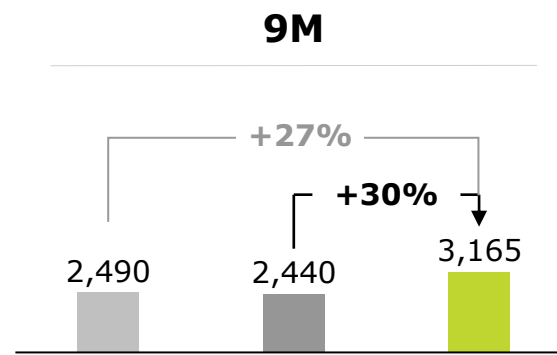
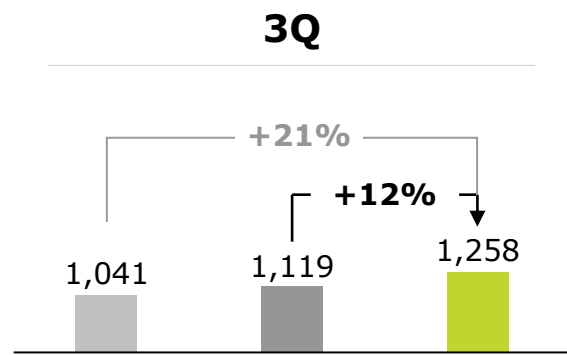
Steady growth in passengers versus 2022, reaching 90% and 94% of 2019 levels in 3Q and 9M

Departures still below pre-crisis levels, with 86% and 88% of 2019 values achieved in 3Q and 9M

Strong revenue growth based on strong RASK

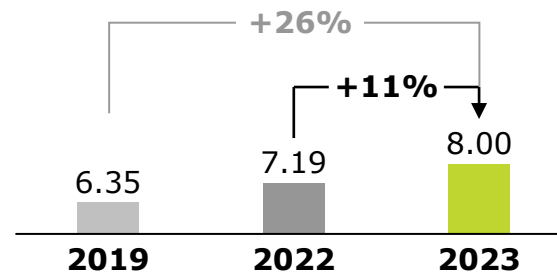
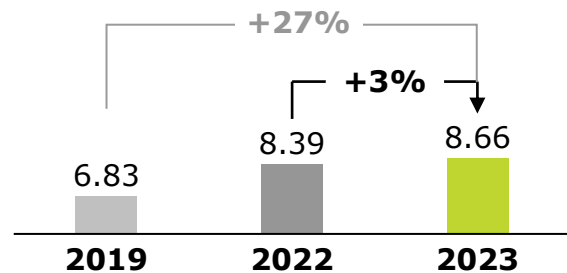
Total operating revenue

EUR Millions



RASK

EUR cents



Comments

Significant revenue growth over 2019 and 2022 values of ca. 30% in the 9M period

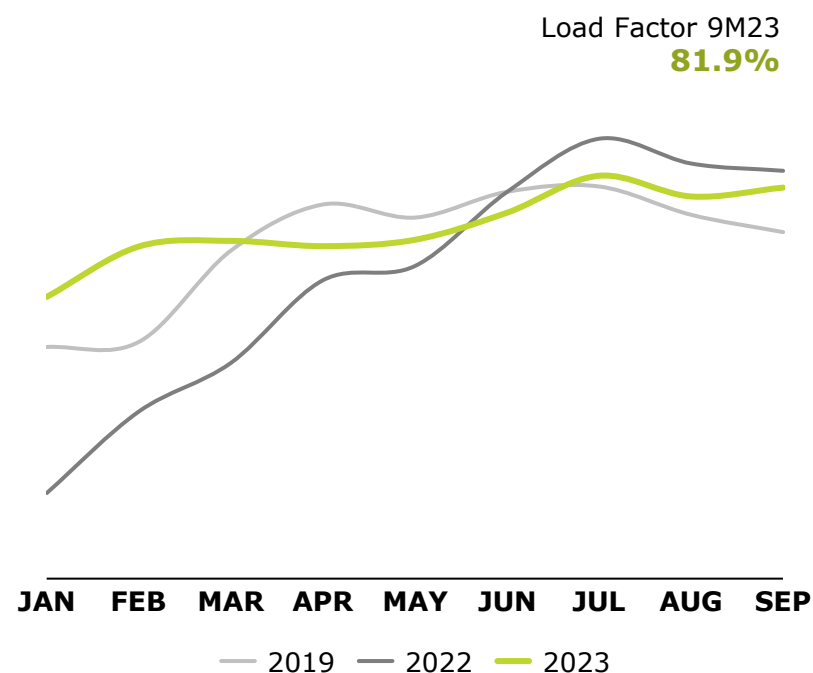
Passenger business representing 92% of total revenues

Constant increase in RASK, clearly above 2019 and 2022 levels driven by higher yields and strong load factors

Stable load factors and higher yields driving revenue increase

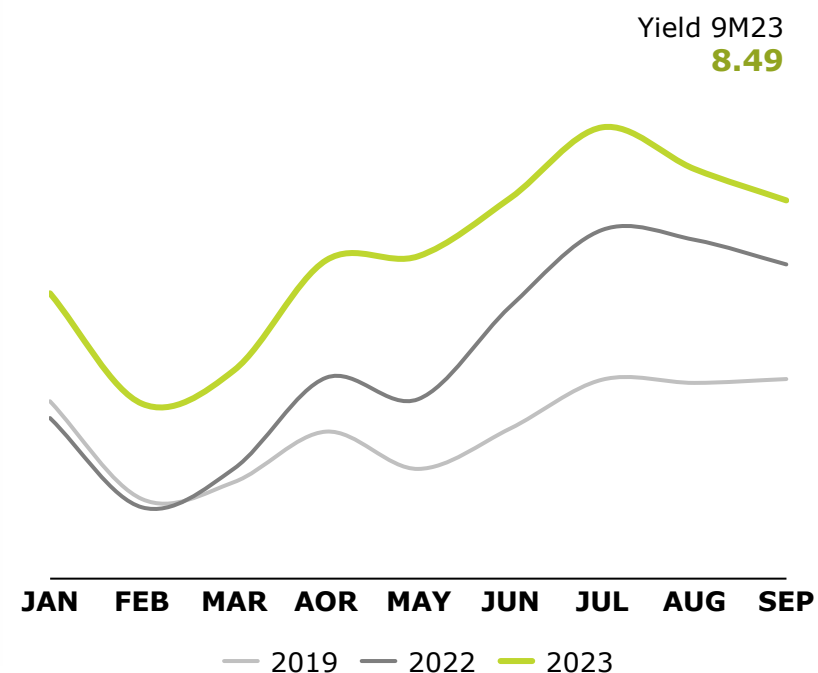
Load factors

In %



Yields

In EUR cents



Comments

Load factors stabilizing across the year, minimizing revenue seasonality

Yields with a significant and steady growth being on average about 15% above 2022 and 30% above 2019

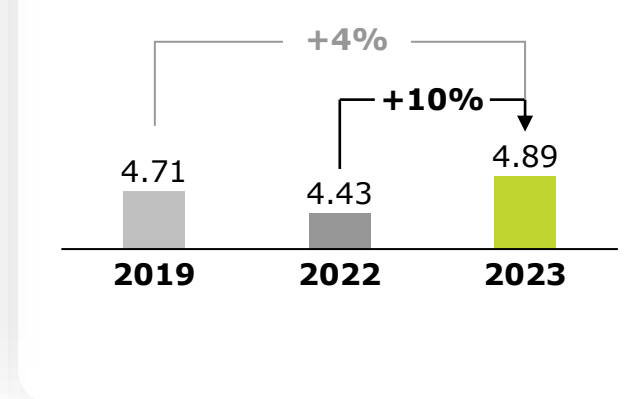
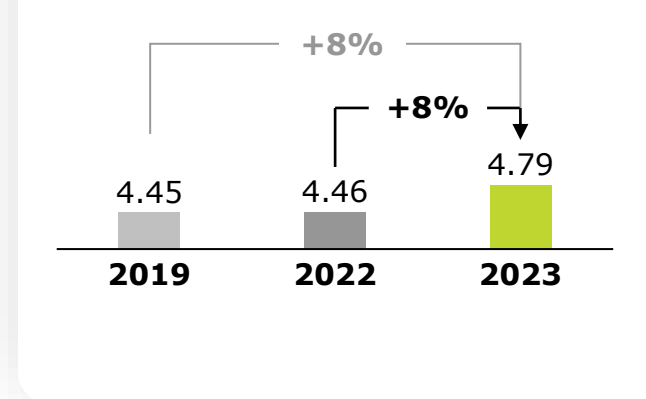
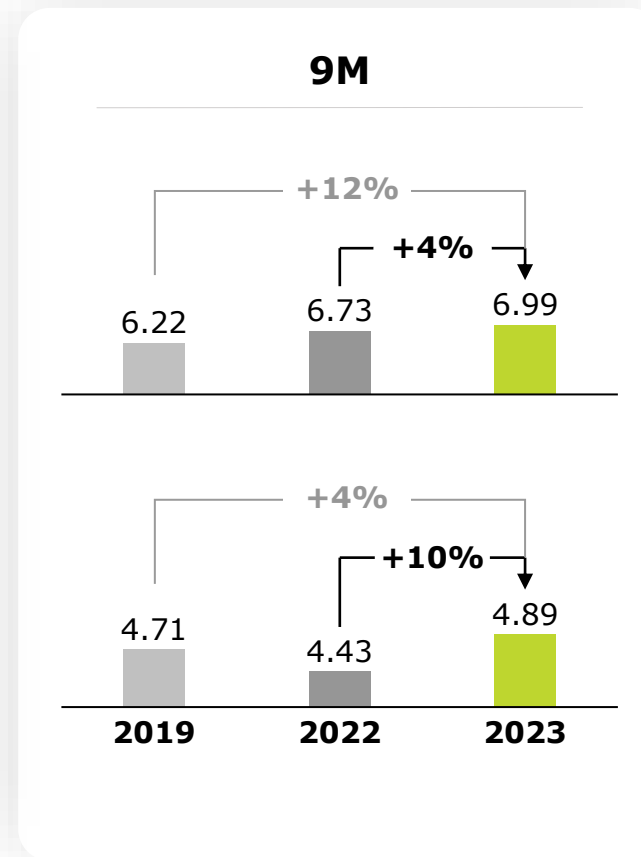
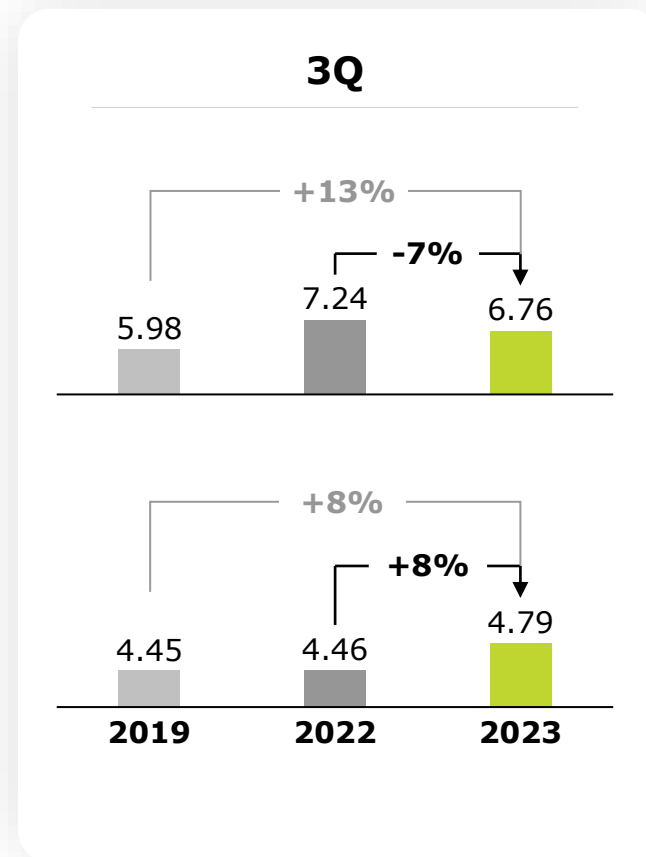
Rebuilding capacity and operational performance leading to higher unit costs

Recurring CASK

EUR cents

Recurring CASK ex-fuel

EUR cents



Comments

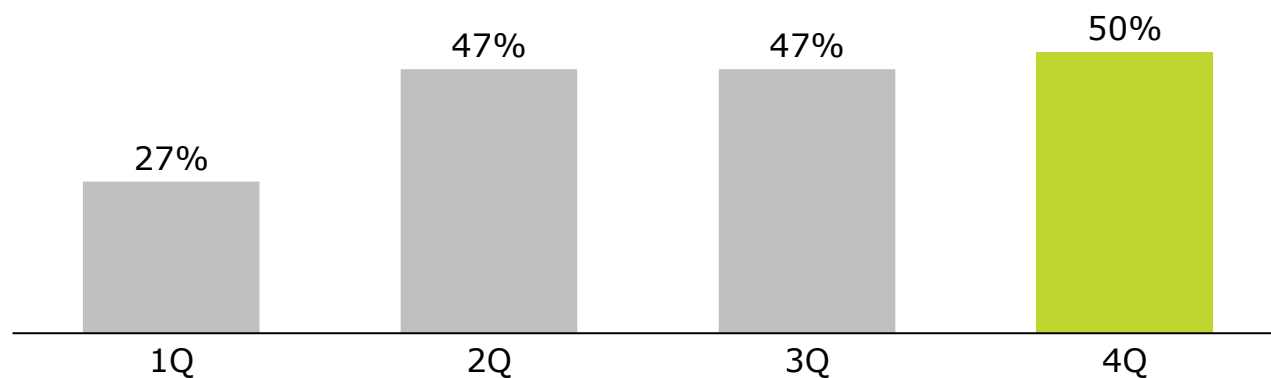
9M CASK increase over 2022 impacted by employee costs, supply costs, and backlog of operational/IROPS challenges

CASK ex-fuel increased on 3Q and 9M versus 2022 mainly due to higher employee and traffic costs, versus 2019 mainly due to traffic costs

FY 2023 expected fuel costs at EUR 1bn

Fuel Hedging

Hedge ratio



Expected volume
(in k tons)

| | | | | |
|----|-----|-----|-----|-----|
| 1Q | 258 | 287 | 322 | 286 |
|----|-----|-----|-----|-----|

Blended rate¹
(in EUR / t)

| | | | | |
|----|-----|-----|-----|-----|
| 1Q | 882 | 763 | 844 | 837 |
|----|-----|-----|-----|-----|

Comments

TAP pursues a flexible hedging strategy based on a combination of statistical market model and fundamental analysis

Current hedge ratio for the full year is around 43%, with 4Q 2023 protection levels at c.50%, in line with hedging policy thresholds in place

1. Based on forward jet fuel prices and forward FX rates as of October 10, 2023.

Increased operating profits coupled with increased margins

Recurring EBITDA¹

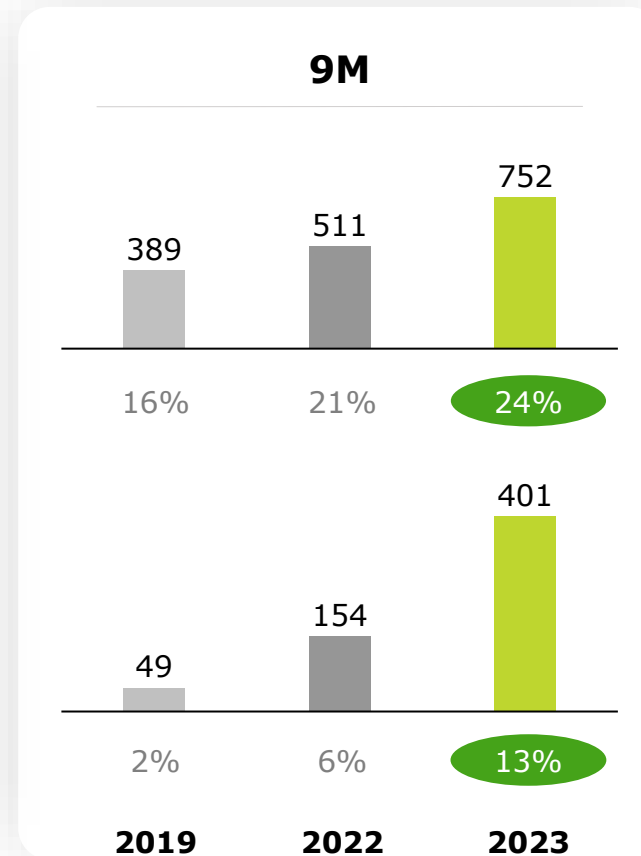
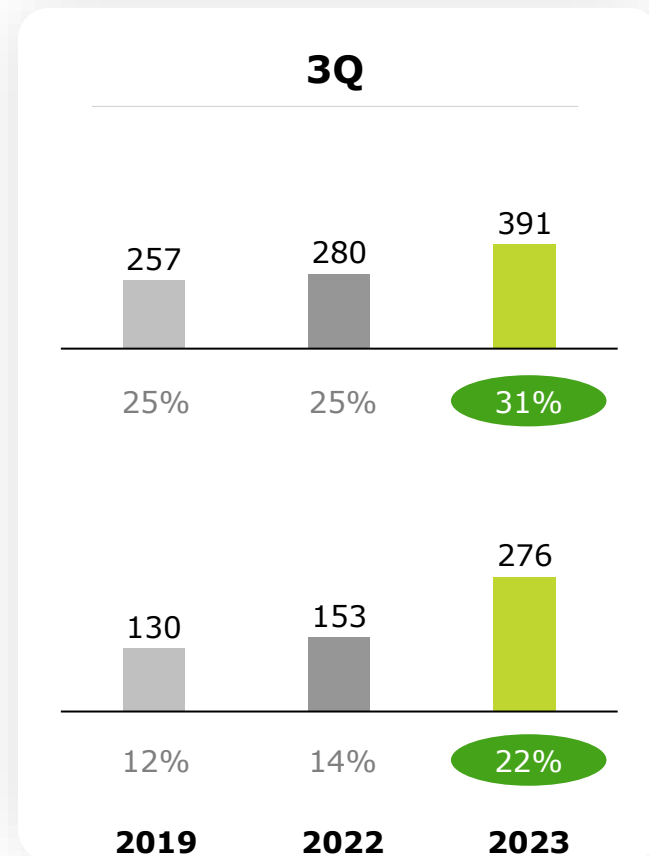
EUR million

Margin

Recurring Operating Result² (EBIT)

EUR million

Margin



Comments

Ability to increase operating results and increase operating margins at the same time due to an improved commercial performance and cost management

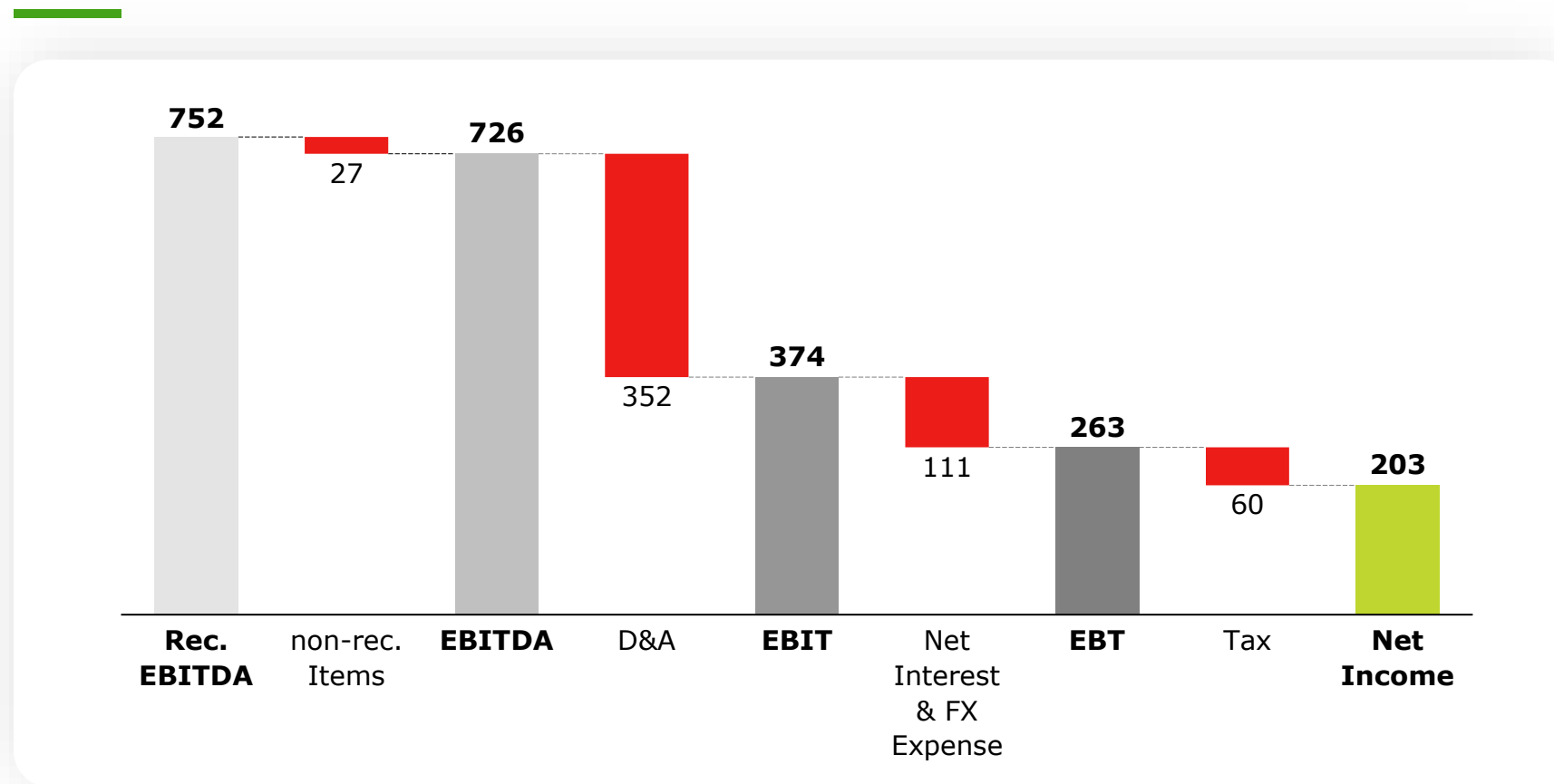
1. Recurring EBITDA = Operating Result + Depreciation, Amortization and impairment losses + Restructuring + Other Non-Recurring items

2. Recurring EBIT = Operating Result + Restructuring + Other Non-Recurring items.

Record positive net income achieved

9M 2023 Net Income bridge

EUR million



Comments

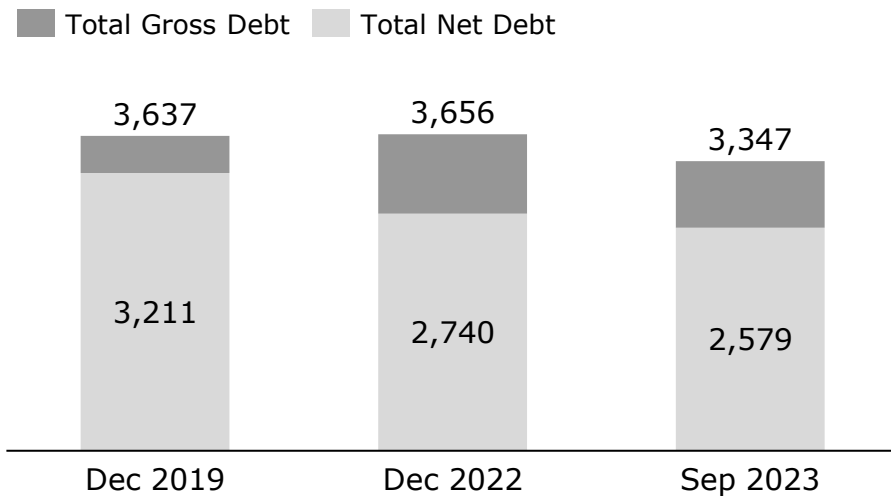
Record net income achieved due to strong commercial performance, despite cost increase

Positive effect from currency movements due to hedging strategy in the context of financial risk management

Ongoing debt reduction and deleveraging

Financial Debt Position

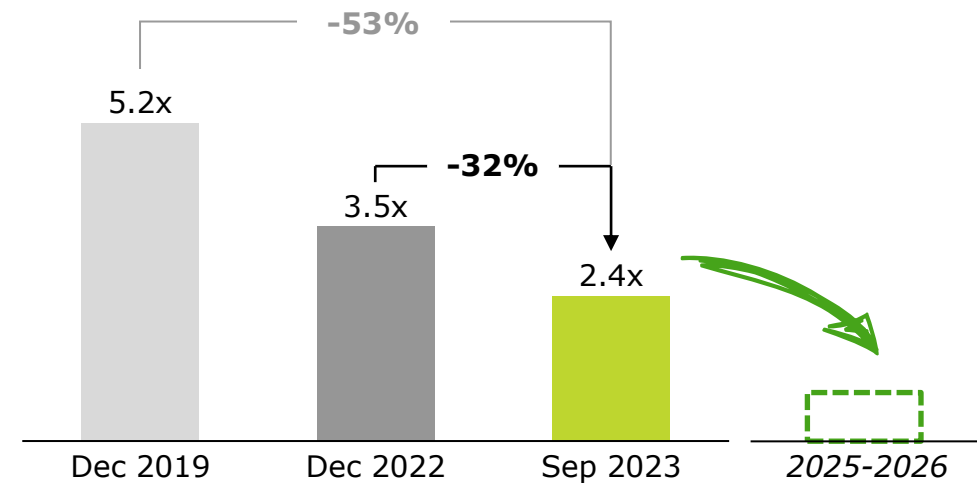
EUR million



- Decrease in gross debt mainly related to Bond payment in EUR 200m
- 71% of debt is fixed rate

Leverage

Net Debt / EBITDA¹



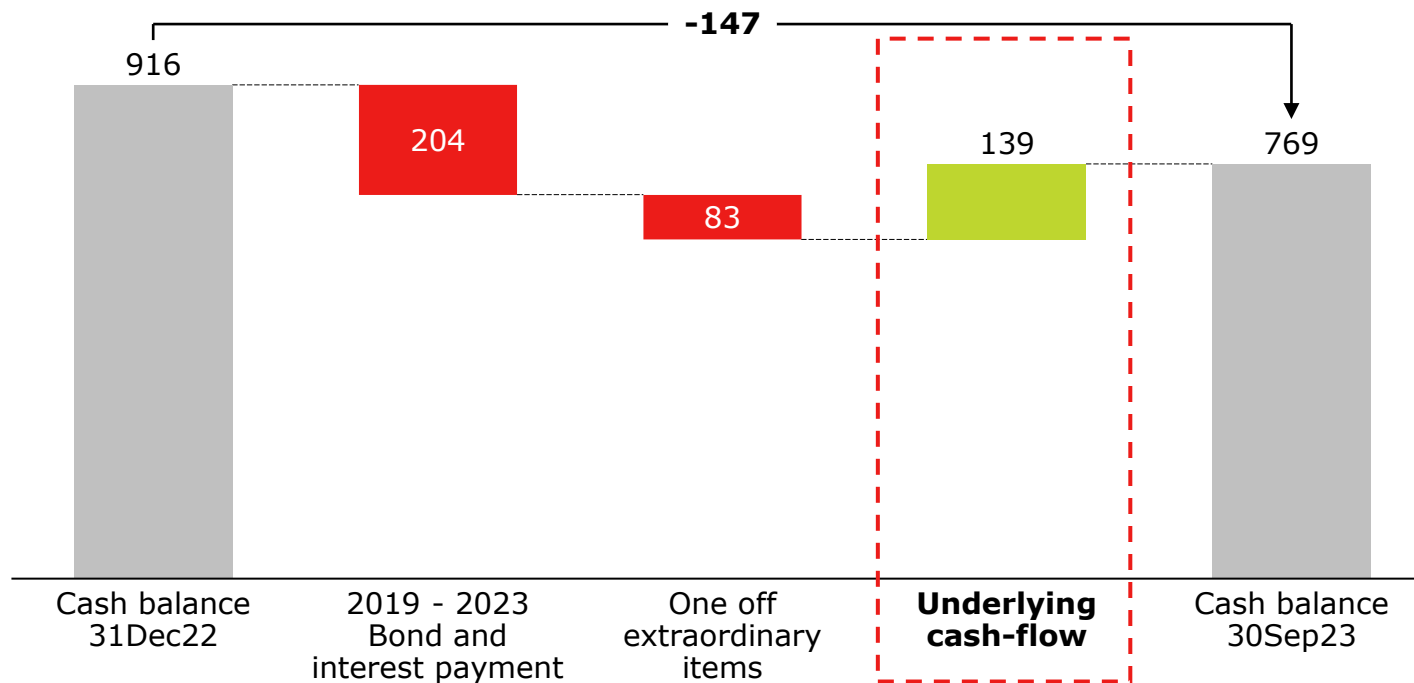
- Positive combination of net debt reduction aligned with improved profitability
- Clear deleveraging plan in place

1. Net Debt / EBITDA = Net financial debt + Lease liabilities without purchase option - Brazil flown receivables & other cash equivalents / Recurring EBITDA trailing 12 months

Strong cash flow generation in spite liquidity reduction

Liquidity

Cash & Equivalents, EUR million



Comments

Robust year-to-date underlying cash-flow due to good financial and commercial performance, in spite the repayment of the 2019-2023 bond and significant one-off extraordinary items as well as the normal cash consumption seasonal pattern in the third quarter

Outlook

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Outlook remains strong



Teams reengaged with most **CLAs signed**



Booked load factors remain strong showing resilient demand



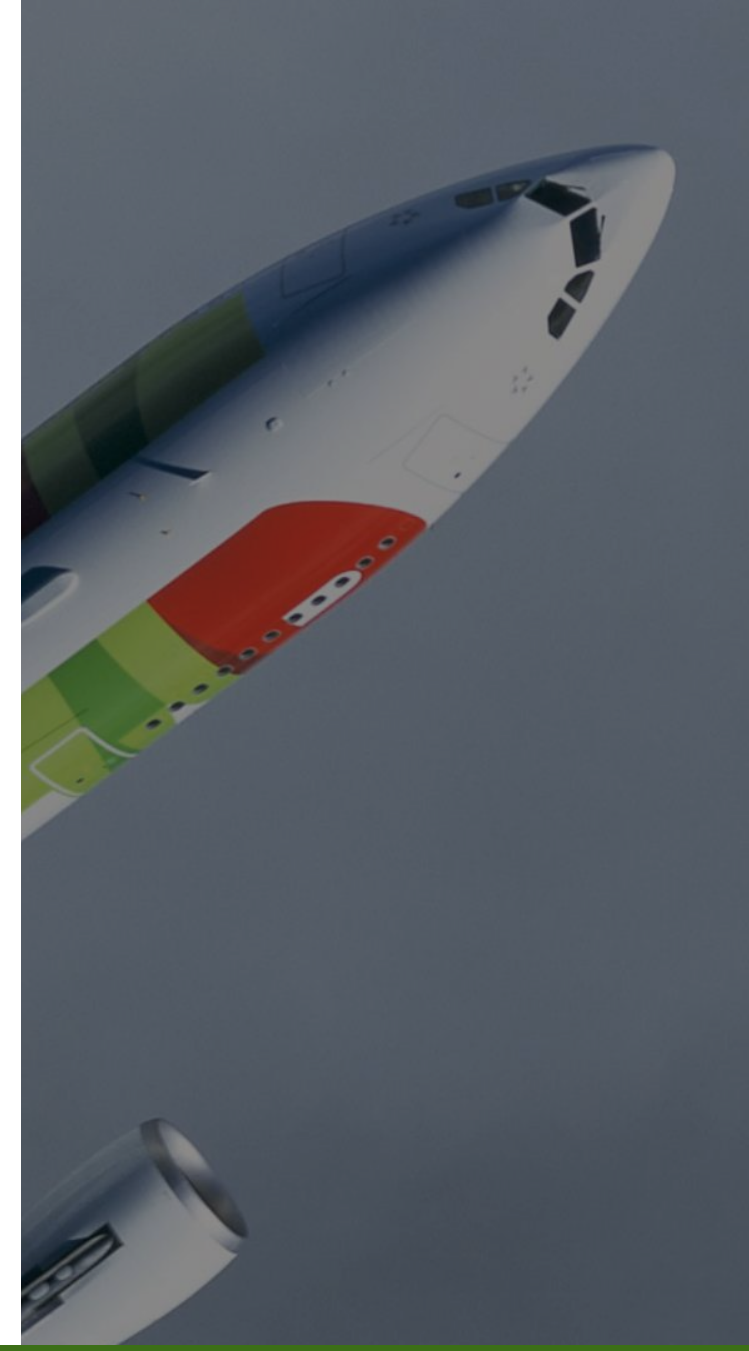
Yields steady growth on key markets in comparison to previous year



Transformation and efficiency projects **on track**



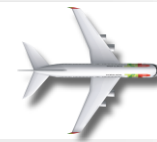
SAF project underway



Unchanged strategic roadmap in order to..

- **Improving our operations** with focus on OTP and regularity
- **Investing in our people and our customers** for increased satisfaction and engagement
- Maintaining our **focus on our key markets and strategy**
- **Capitalizing on our record results** and ensuring consistency
- Improving our **cash-flow generation** and continue our **deleverage path**

... transform TAP into a sustainably profitable airline



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