



TAP's strong and solid story



Transportes Aéreos Portugueses, S.A.
September 2023

About TAP

TAP AIRPORTUGAL



Portugal's flag carrier and #1 commercial passenger airline



AIRPORTUGAL



EUR **3.5**bn

Revenues 2022

7.1%

Recurring EBIT Margin
in 2022

<5 years

Avg. Airbus NEO fleet age



53%

Market Share 2022
@ LIS airport



67%

Share of neo aircraft in
Airbus fleet



96

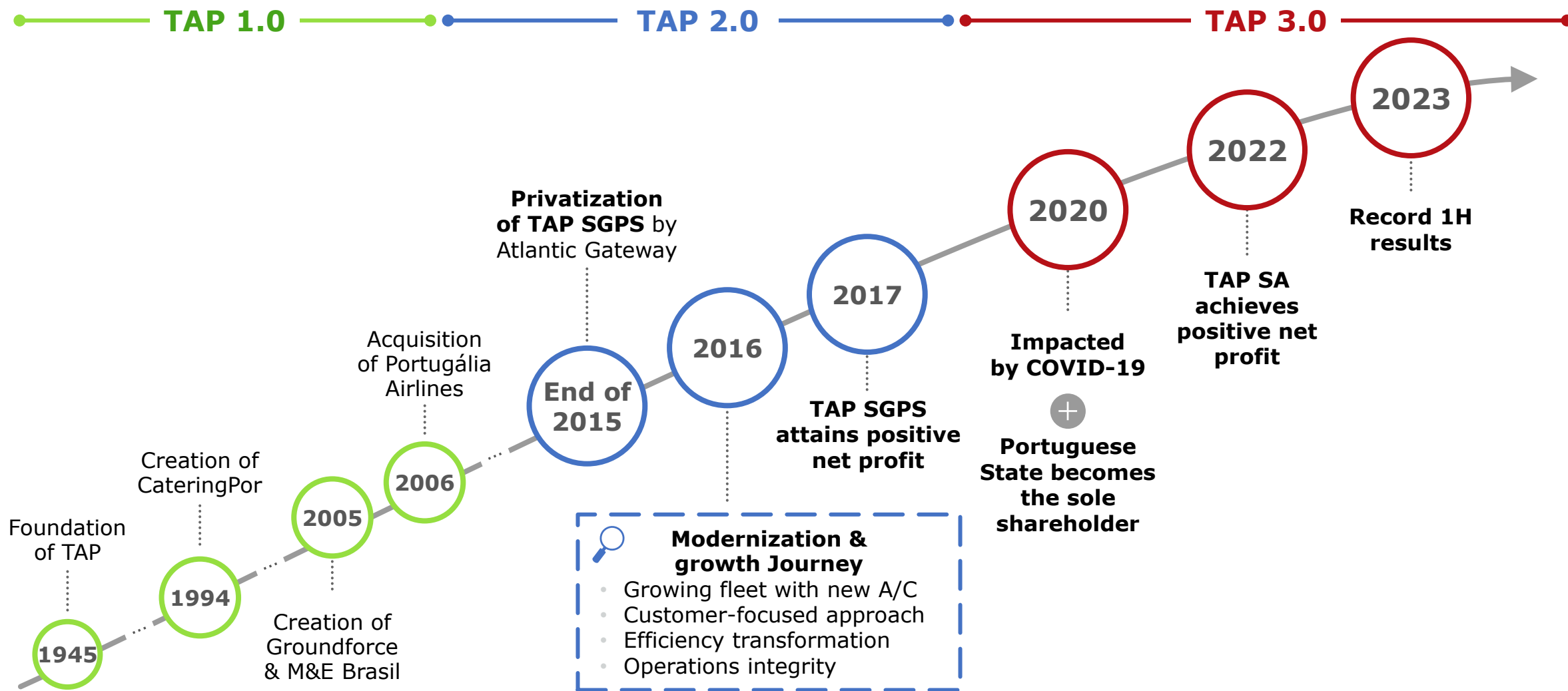
Passenger Aircraft
at 1H 2023



14m

Passengers 2022

New era for TAP on top of solid foundations and track-record



Note: Between 1972 and 2006 several other businesses of minor importance for TAP were created

TAP recognized as world leading Airline



3rd Best European Airline, 2023

13th Best World Airline, 2023

1st Safest European Airline, 2023

6th Safest World Airline, 2023



Europe's Leading Airline to South America
every year between 2014 to 2022

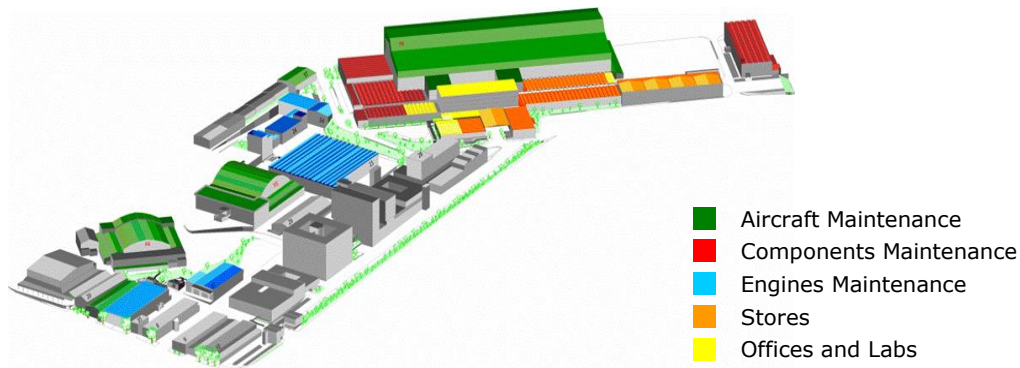
World's Leading Airline to South America
2009, 2010, 2011, 2012, 2018, 2019, 2020, 2021 and 2022

Europe's Leading Airline to Africa
every year between 2014 to 2022

World's Leading Airline to Africa
2011, 2012, 2018, 2019, 2020, 2021 and 2022

Inhouse maintenance division as key differentiator

Facilities and Capacity



TAP M&E facilities are conveniently located at Lisbon airport with a total building area of 71,200 m² which includes 3 hangars

Hangar

- Capacity: 3 WB, 5 NB
- Area: 26,380 sqm

Components shop

- Capacity: 22,000 P/N per year
- Area: 13,500 sqm

Engine Shop

- Capacity: >100 Heavy Shop
- Visits per year
- Area: 8,700 sqm

Laboratories

- 21,000 calibrations per year
- Area: 2,000 sqm

Full range of services

Airframe

- Full base maintenance
- Line maintenance
- Structural repairs and Modifications
- Sharklet retrofit

Engines

- CFM 56 engine family repair and overhaul
- Leap 1A engine repair and overhaul
- In-house repair capability for over 80% of engine parts
- Field team support

Components

- Avionics
- Pneumatics
- Hydraulics
- Fuel Components
- Mechanical Accessories
- Emergency Equipment

Engineering

- Engineering and technical services
- CAMO (Part M)
- DOA (Part 21J)
- Training (Part 147)

Labs

- NDT
- Physical & Chemical
- Calibrations

TAP's network builds upon its natural strengths

Network strategy

- **Focus on Lisbon hub** and capturing key long-haul flows
 - ✓ Europe to Brazil
 - ✓ Central and Southern Europe to North America
 - ✓ Europe and North America to W/S Africa and the Islands
- **Reduce cost gap** to low-cost competitors in short-haul markets whilst leveraging hub advantages at Lisbon
- Deepen relationships with key strategic partners to **secure economies of scale** and improve access to non-Portuguese points of sale

Unique competitive position



Geographical position of Lisbon

Lisbon on the periphery of Europe, ideal for transatlantic hub connections – offering the **shortest and most cost-efficient transfers from Europe**



Ability to operate cost-efficient Narrow-Body aircraft on transcontinental routes

In addition to hub-and-spoke system strength, TAP can strategically and tactically deploy **Narrow-Bodies on transatlantic routes**



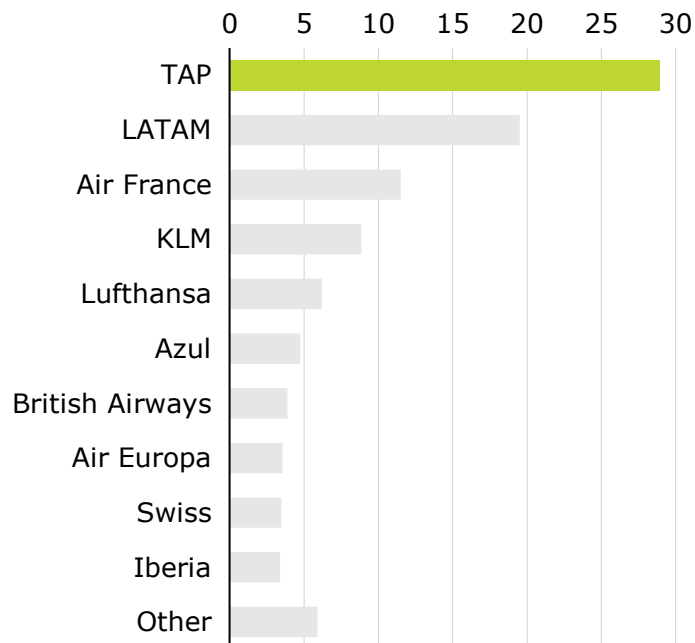
Cultural Ties

Well established **cultural, linguistic and historical ties in Brazil and Africa**, which are leveraged for sustainable passenger flows, as well as in North America and Venezuela with Portuguese communities

Natural gateway to Brazil and North America

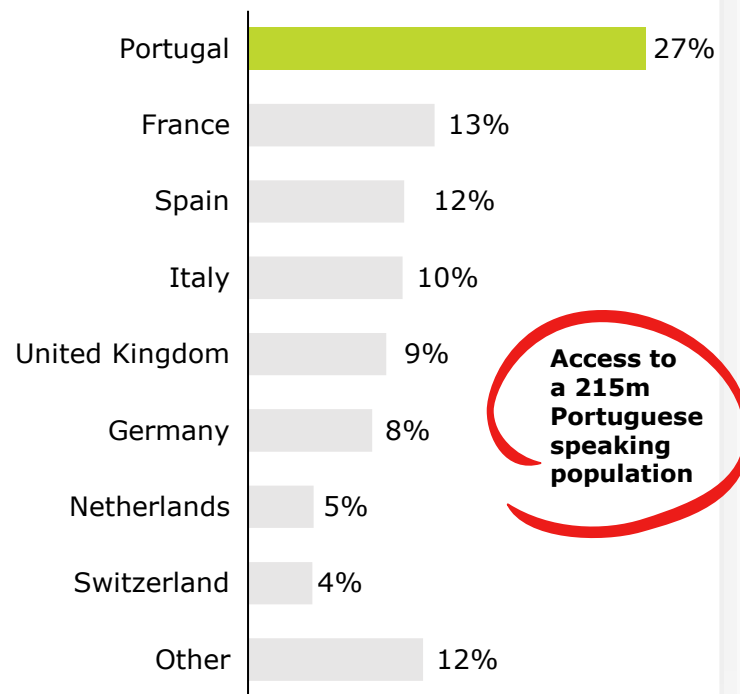
Market leader in Europe – Brazil traffic

Europe – Brazil market share, 2022



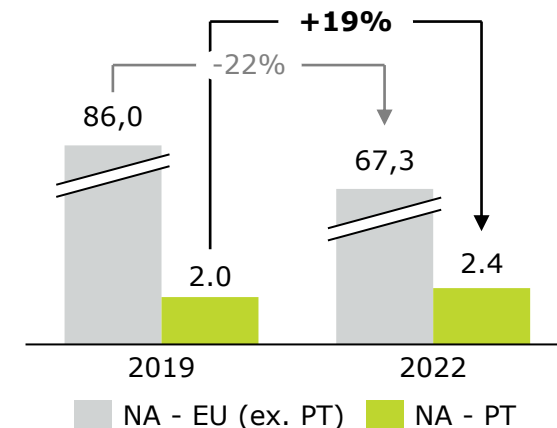
Airline and destination of choice for Brazilian passengers

European market sizes from Brazil, 2022

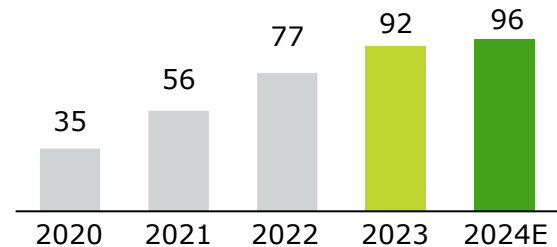


Increasing exposure to North American market

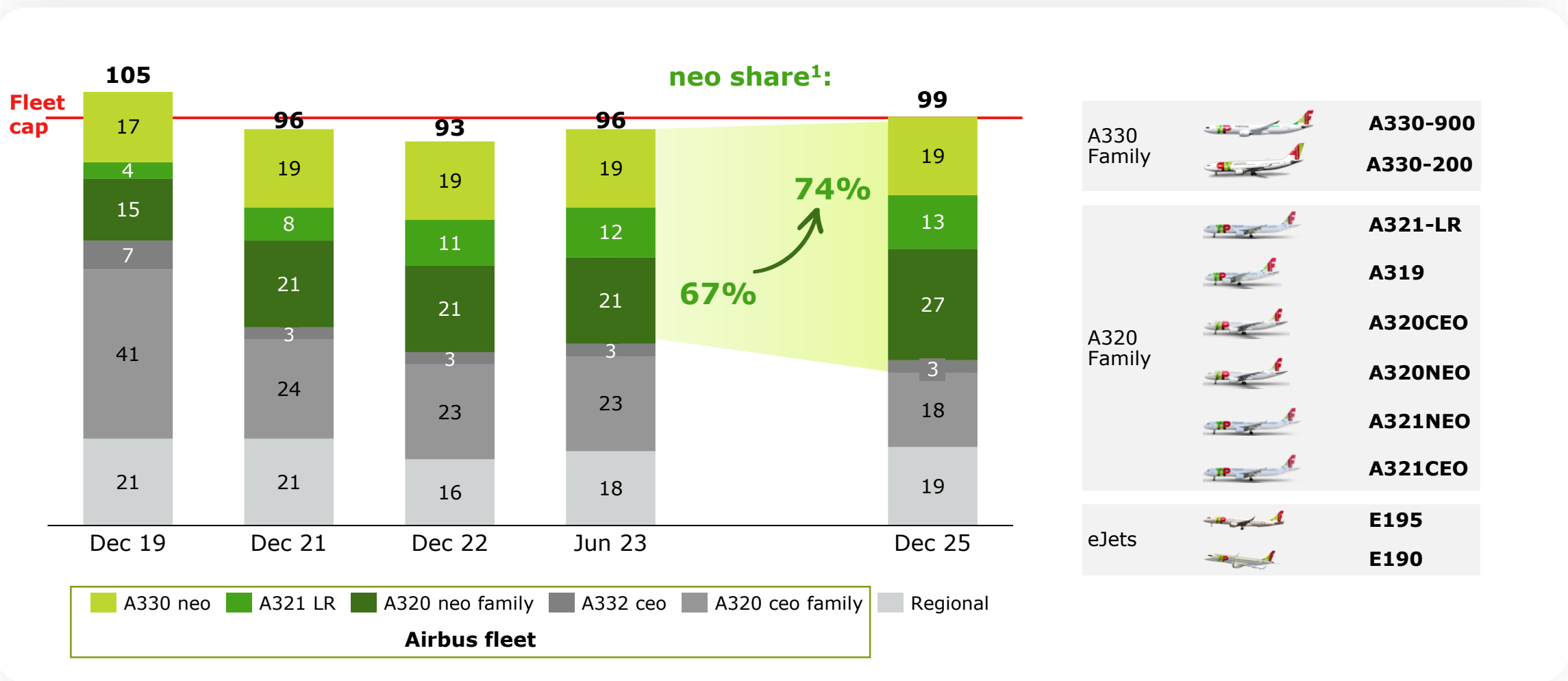
Passenger flows N. America - Europe



TAP Number of Frequencies to NA



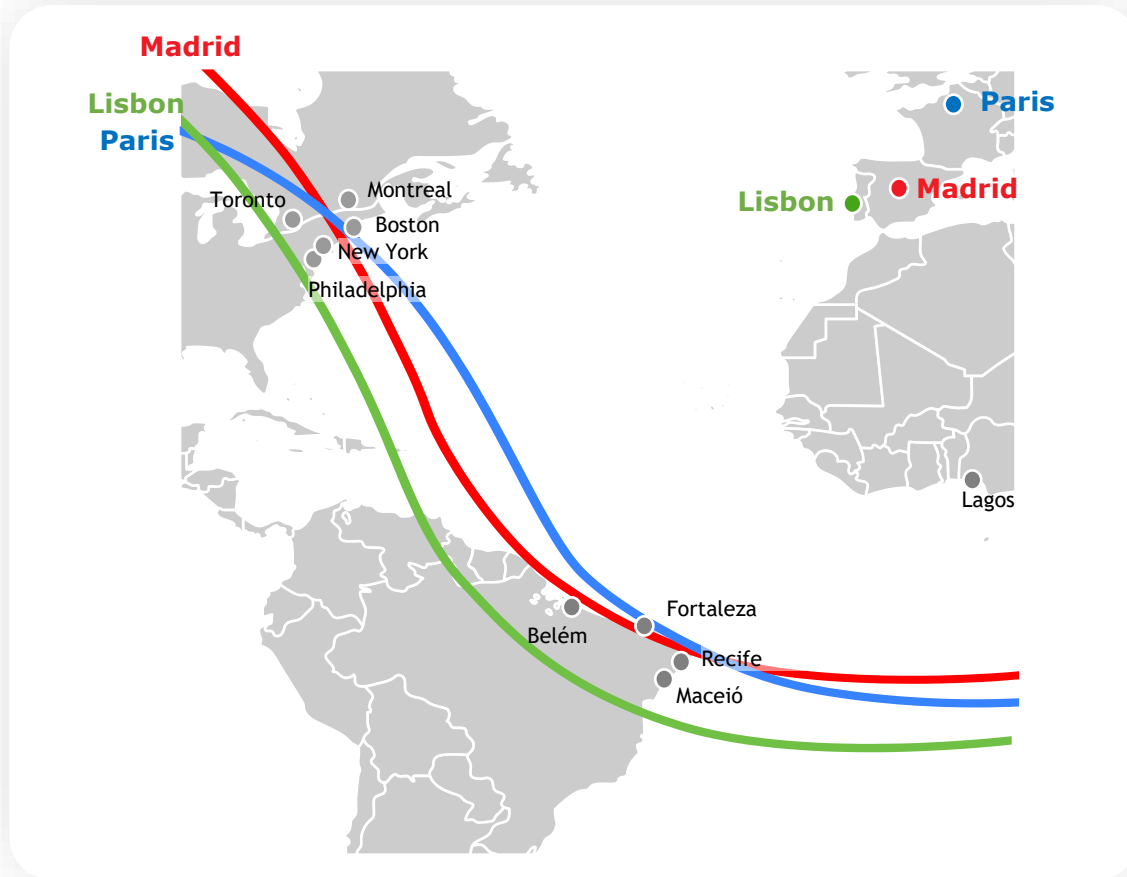
Modernized and more efficient operating passenger fleet



1. Share of neo aircraft of Airbus fleet

Able to deploy capacity at lower cost and risk with the A321 LR

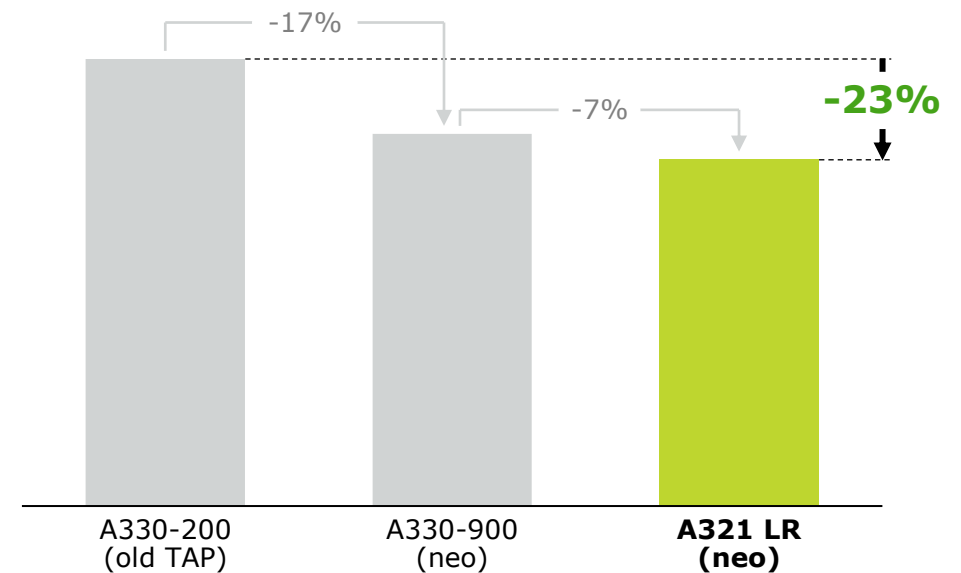
Advantage in range



Fuel burn cost advantage

(LIS-FOR example)

Fuel burn per BH per seat

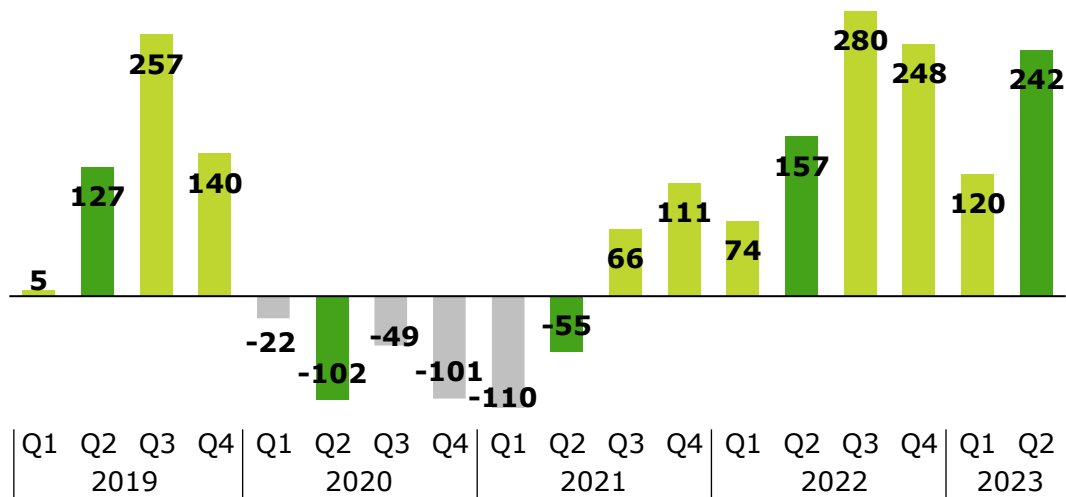


Focus on consistent operating results and deleveraging

Consistent operating results

Recurring EBITDA

EUR million

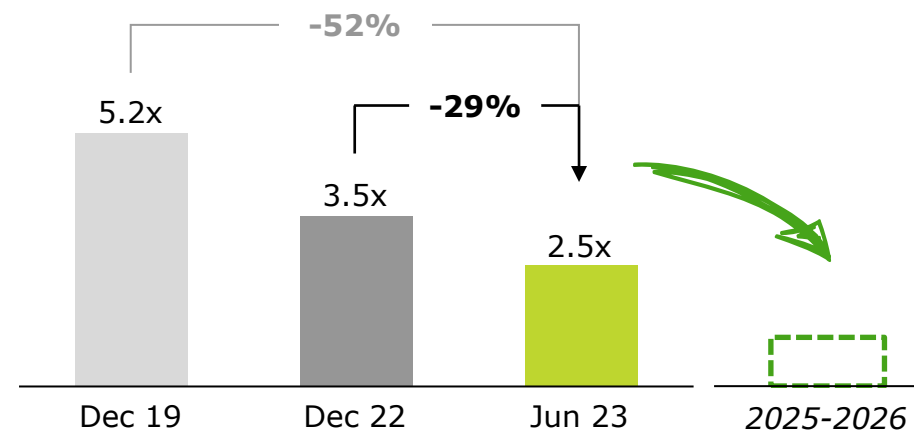


8th consecutive quarter with positive EBITDA, supporting TAP positive trajectory

Deleveraging path

Leverage

Net debt / EBITDA¹



- Driven by net debt reduction aligned with improved profitability
- Continued deleveraging in place

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

TAP has executed three JOLCOs in the past

CS-TNL

AC Type	 A320
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Phase in	May 2000
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BoL	May 2000
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Call option	Mar 2010
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EoL	May 2015
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In Service

CS-TJE

AC Type	 A321
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Phase in	Aug 2000
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BoL	Oct 2000
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Call option	Set 2010
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EoL	Oct 2012
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In Service

CS-TJF

AC Type	 A321
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Phase in	Jan 2001
----------	-----------------

BoL	Jan 2001
-----	-----------------

Call option	Dec 2010
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EoL	Jan 2013
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In Service

TAP executed all call options acquiring the 3 AC, that are currently in TAP fleet

Upcoming financing RFP for 2024 deliveries

Focus on JOLCO financing

- TAP has a **backlog of 24 A320neo** Family aircraft to be delivered until 2028
- **TAP's aircraft financing strategy** is geared towards **asset ownership**, with the long-term target of achieving a 50/50 split between operating and finance leases (current fleet is 80% op. Leases)
- **JOLCO financing will be TAP's priority** for upcoming new aircraft deliveries
- A Financing **RFP will be launched in October for 3 A320neo** to be delivered in 2024 (June, September, November)
- TAP expects to mandate a financier in January 2024



2Q and 1H 2023 Results

TAP AIRPORTUGAL



Strong results due to solid commercial performance

- **Record results in the 1H with historical positive net income**, driven by strong Q2 results
- **Record performance in revenue and yield** supported by key markets
- **Consistent positive operating results** to minimize volatility and uncertainty
- **Capacity restored** despite operating less aircraft and operational challenges being fixed
- **Ongoing** and further **deleveraging**



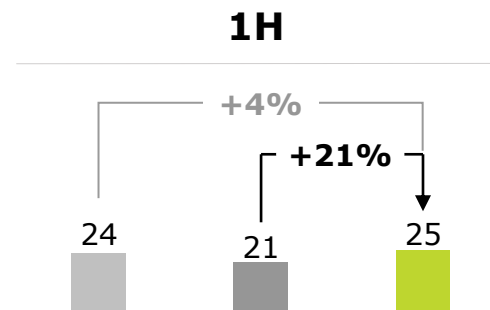
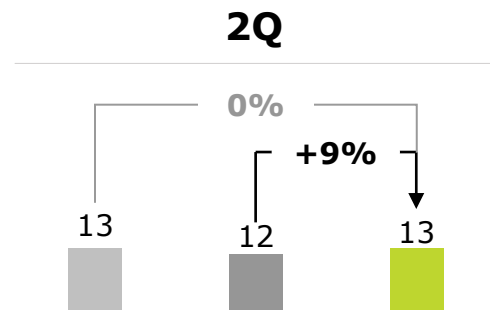
TAP recording a historical positive net income in 1H

	2Q 2023	vs. 2Q 2022	1H 2023	vs. 1H 2022
Revenues	EUR 1,070m	+29%	EUR 1,906m	+44%
Recurring EBITDA Margin	EUR 242m 22.6%	+54%	EUR 362m 19.0%	+57%
Recurring EBIT Margin	EUR 135m 12.6%	+181%	EUR 124m 6.5%	>1,000%
Net Income	EUR 80m	+EUR 161m	EUR 23m	+EUR 225m

Pre-crisis capacity restored with other metrics recovering

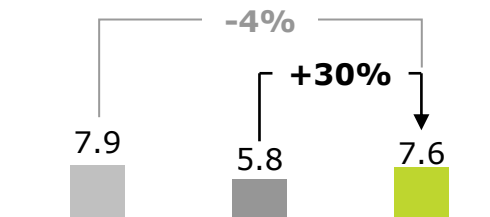
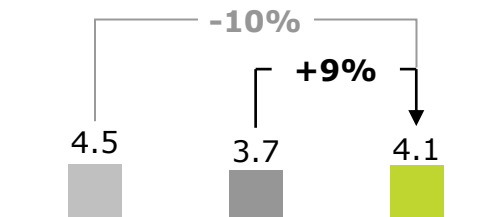
ASKs

Billions



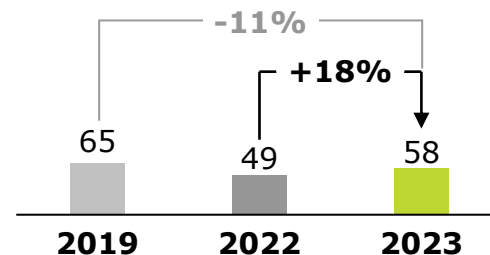
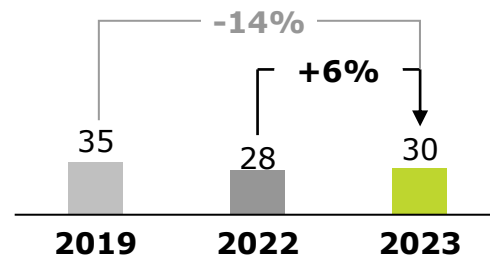
Passengers

Millions



Departures

Thousands



Comments

Despite smaller fleet, ASKs reached 100% and 104% of 2019 levels in 2Q and 1H

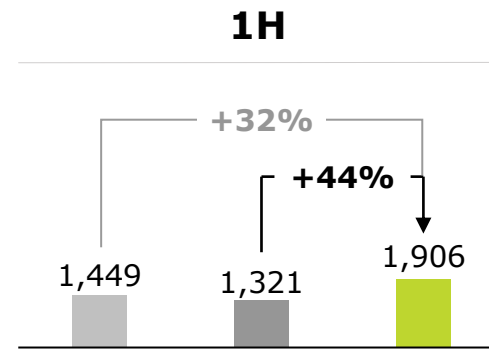
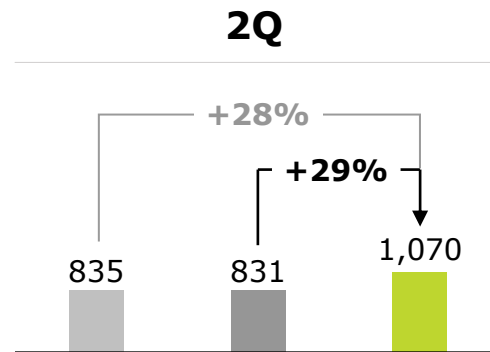
Growth in number of passengers versus 2022, reaching 90% and 96% of 2019 levels in 2Q and 1H

86% and 89% of 2019 departures achieved in 2Q and 1H

Record revenues growth based on strong RASK

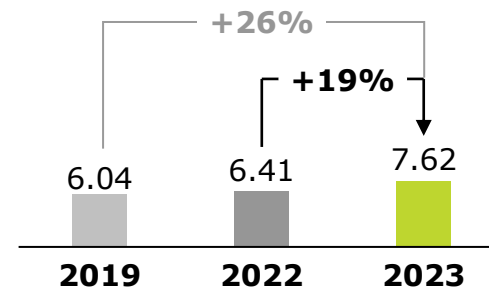
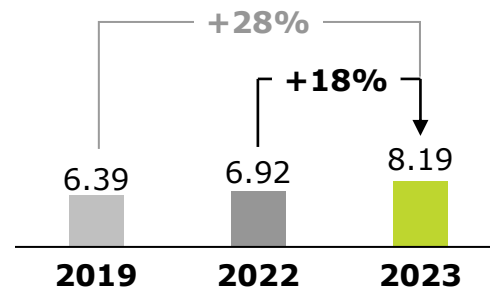
Total operating revenue

EUR Millions



RASK

EUR cents



Comments

Revenues grew significantly and were 28% above pre-crisis level in 2Q and 32% above in 1H

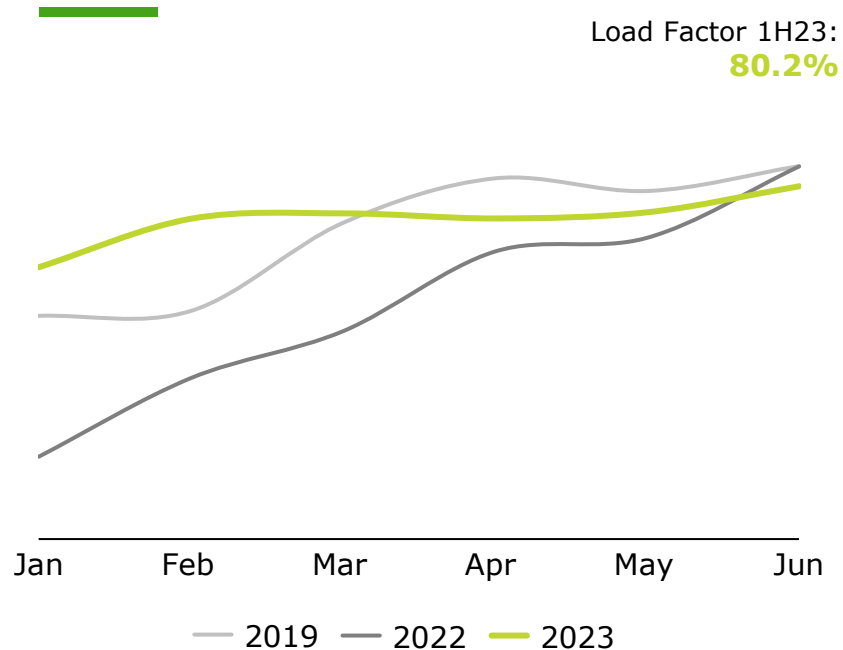
Passenger business represents about 90% of total revenues

Unit revenues clearly above 2019 and 2022 levels driven by higher yields and strong load factors

Revenue driven by stable load factors and higher yields

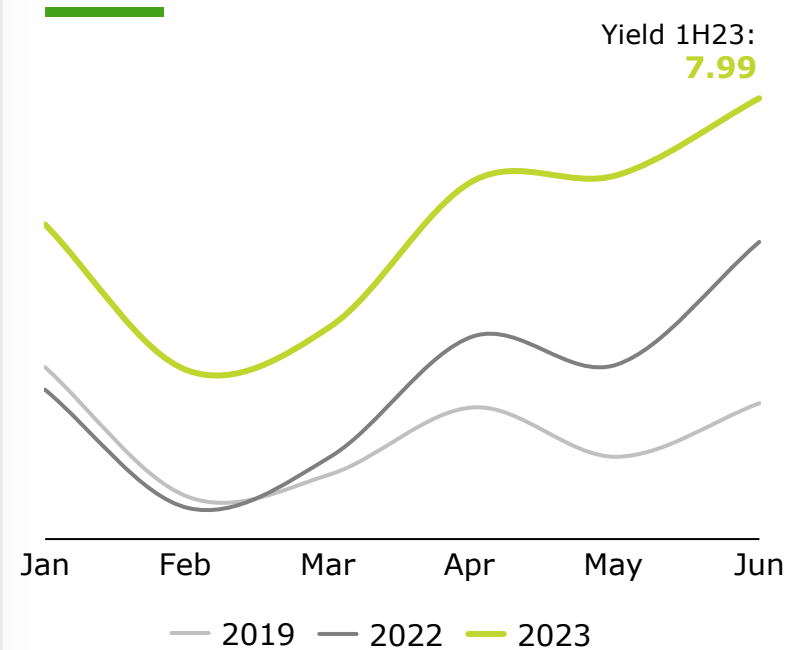
Load factors

In %



Yields

In EUR cents



Comments

Load factors stabilizing across the semester with a slight increase in the summer months

Yields with a significant growth being on average about 20% above 2022 and 25% above 2019

Strong performance particularly on key long-haul markets

North America

% Revenue 1H23	20%
ASKs % vs.1H22	+11%
Yield % vs.1H22	+32%
Load factor 1H23	82%
Load factor vs.1H22	+5.5 p.p.

South America

% Revenue 1H23	30%
ASKs % vs.1H22	+32%
Yield % vs.1H22	+18%
Load factor 1H23	85%
Load factor vs.1H22	+6.0 p.p.

Europe

% Revenue 1H23	40%
ASKs % vs.1H22	+19%
Yield % vs.1H22	+8%
Load factor 1H23	79%
Load factor vs.1H22	+5.8 p.p.

Africa & Middle East

% Revenue 1H23	10%
ASKs % vs.1H22	+23%
Yield % vs.1H22	+11%
Load factor 1H23	69%
Load factor vs.1H22	+2.4 p.p.



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

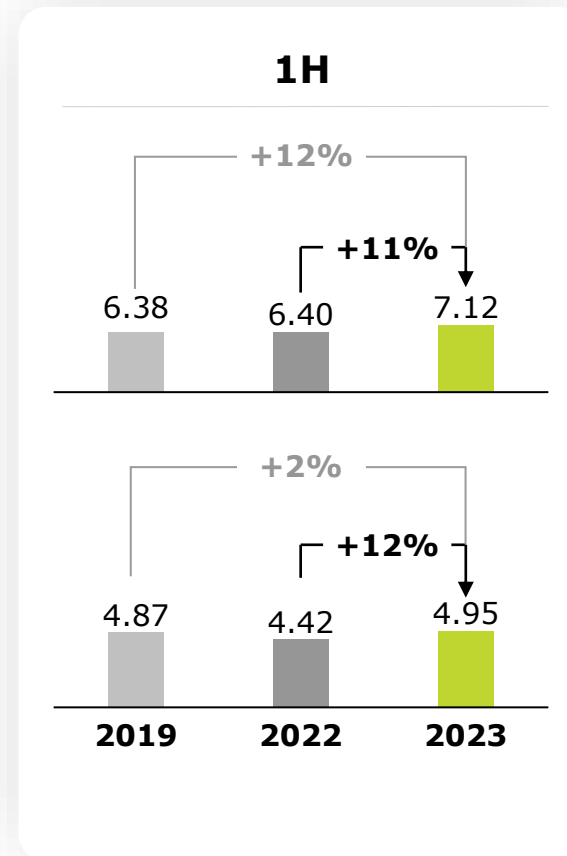
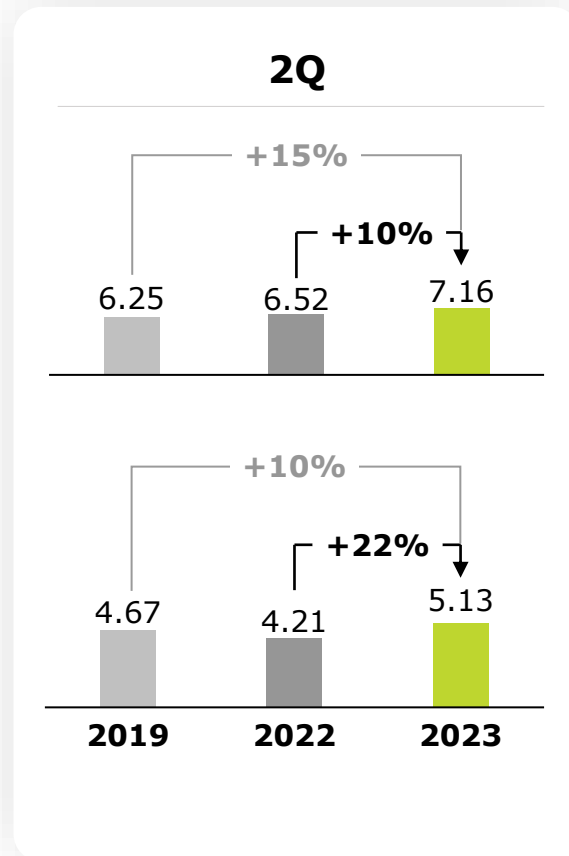
Unit cost increase to restore capacity and operational performance in an inflation scenario

Recurring CASK

EUR cents

Recurring CASK ex-fuel

EUR cents



Comments

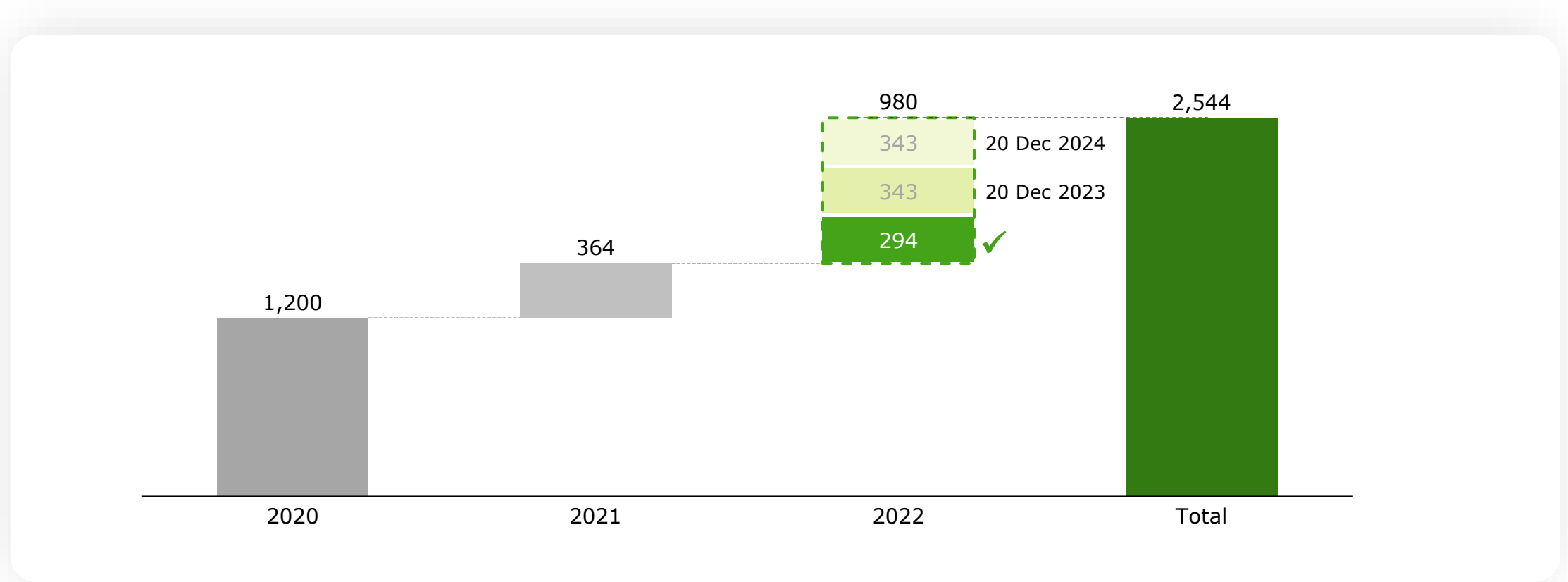
Year-on-year CASK development impacted by further increased fuel prices, supply costs, employee costs and backlog of operational/IROPS challenges

CASK ex-fuel increased slightly versus 2019, mainly due to higher unit traffic costs and D&A

Equity Capital Increase of EUR 980m subscribed on 27 Dec 2022

Restructuring Aid

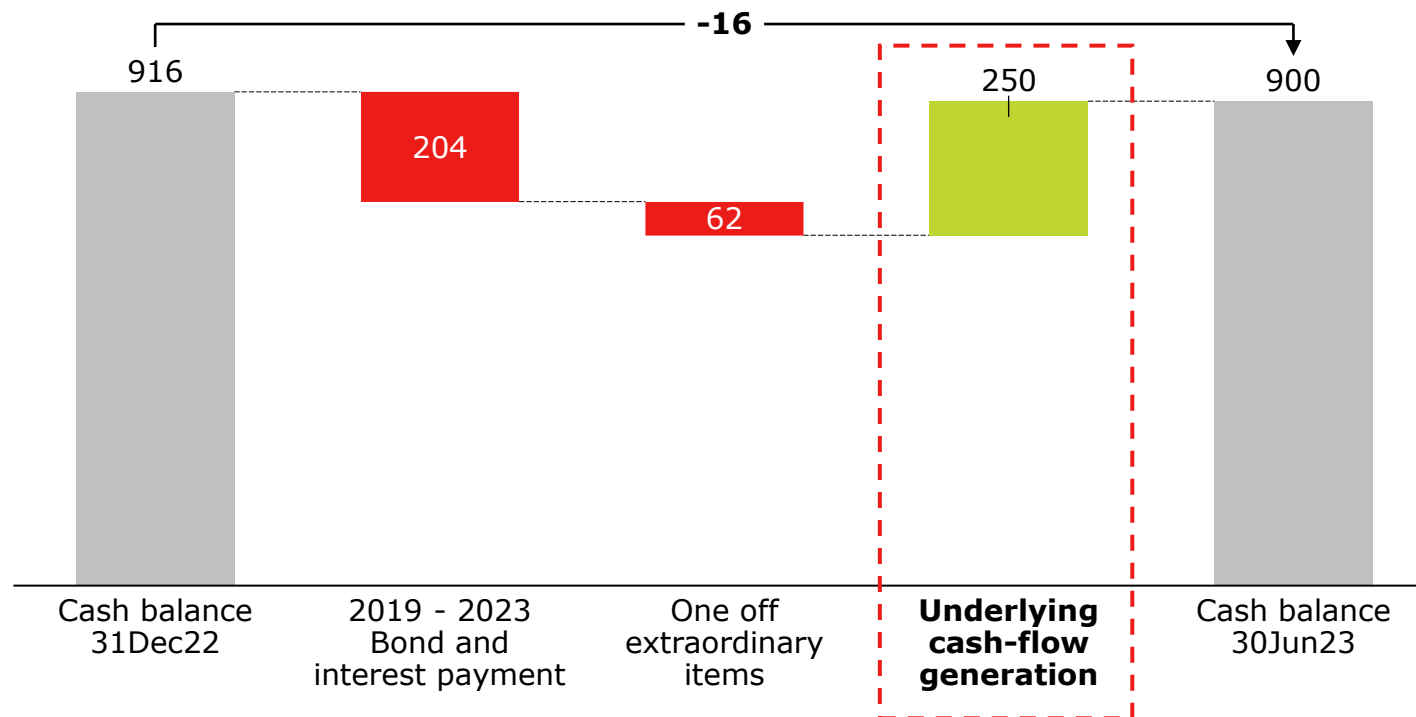
EUR million



Strong cash flow generation

Liquidity

Cash & Equivalents, EUR million



Comments

Strong underlying cash-flow due to good operational performance, almost offsetting the impact of repayment of the 2019-2023 bonds and its interests as well as the one-off extraordinary items

Outlook

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Strong outlook for a stronger future



Booked load factors remain strong



Yields growing on key markets in comparison to previous year



Transformation and efficiency projects **under deployment**



Cost reduction and **operational efficiency improvement** through OEM contracts renegotiation, namely with Rolls-Royce



Fully committed to **carbon neutral emissions** and **ESG best practices**



Forward looking in MRO and Sustainability

Restoring leading M&E capabilities



M&E is at the heart of TAP's operations, providing MRO services to internal and external customers.



The global MRO demand is expected to grow, but challenges need to be addressed.



M&E has extensive expertise and capabilities, but can improve its positioning in the market capturing growth opportunities



M&E needs to address future market trends and dynamics to become a world-class service provider.



TAP is embarking on a strategic review of M&E to enhance capabilities and improve operational efficiency

Developing SAF strategy



SAF is a cleaner alternative to traditional aviation fuels and could be the major lever to decarbonize the aviation industry.



TAP is committed to sustainability and aims to attain net-zero carbon emissions before 2050.



TAP is reinforcing its commitment to replacing fossil fuels with SAFs, which can represent a significant reduction in CO2 emissions over its life cycle.



TAP carried out the first flight in Portugal fueled with SAF in July 2022.



The company is developing a bold medium and long-term strategy and action plan to fulfill its ambitions in this field

Clear strategic roadmap in order to..

- **Improving our operations** with focus on on-time performance 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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Q&A

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Thank You

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