

# First nine months of 2024 Results Presentation



Transportes Aéreos Portugueses, S.A.  
Lisbon, November 18<sup>th</sup>, 2024

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# 9M 2024 Review



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# 9M 2024 key highlights

- **Revenue increased by 3%**, driven by increased capacity and a higher load factor in the passenger business, along with increased activity in the maintenance segment.
- **Consolidation of operating results**, with the stabilization of recurring EBITDA and recurring EBIT margins compared to 9M23
- **Net Income of EUR 118M**, despite FX losses impact in Q2 and Q3
- **Stabilization of the Net Debt / EBITDA** ratio at 2.3x
- **Continued improvement in punctuality** with steady regularity, despite ATC constraints in Europe
- **Relevant subsequent events**: successfully concluded a senior notes offering (EUR 400m with 5.125% coupon) in November



# Q3 and 9M 2024 results

## Revenues

**Q3 2024** vs. Q3 2023

**EUR 1,284m** +2%

**9M 2024** vs. 9M 2023

**EUR 3,253m** +3%

## Recurring EBITDA

**EUR 372m** -5%

**EUR 745m** -1%

Margin

**29%**

**23%**

## Recurring EBIT

**EUR 239m** -14%

**EUR 378m** -6%

Margin

**19%**

**12%**

## Net Income

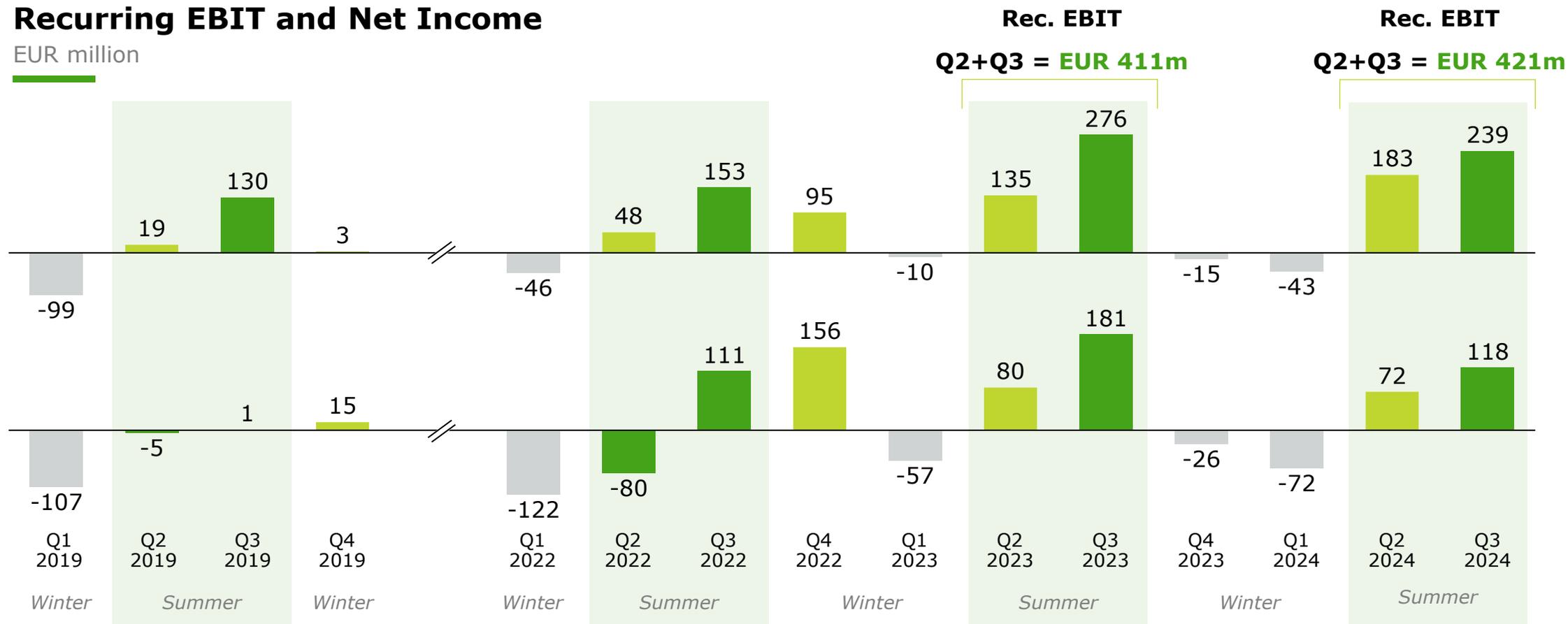
**EUR 118m** -EUR 63m

**EUR 118m** -EUR 85m

# Consistent operating results in 2023 and 2024...

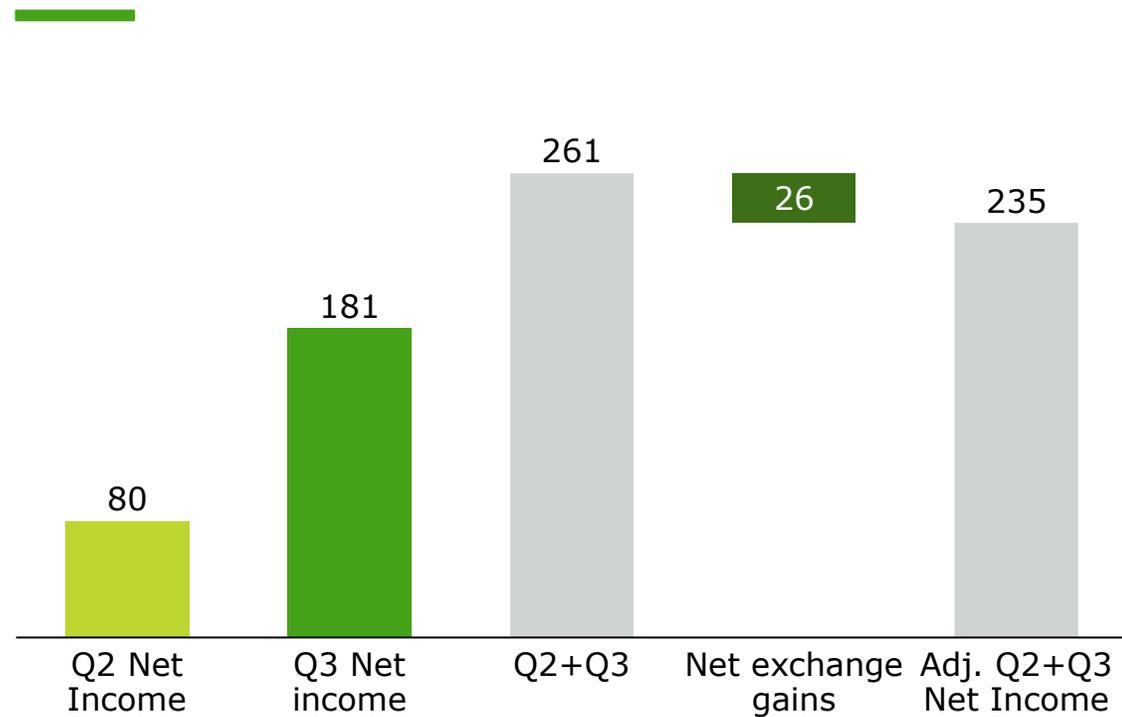
## Recurring EBIT and Net Income

EUR million

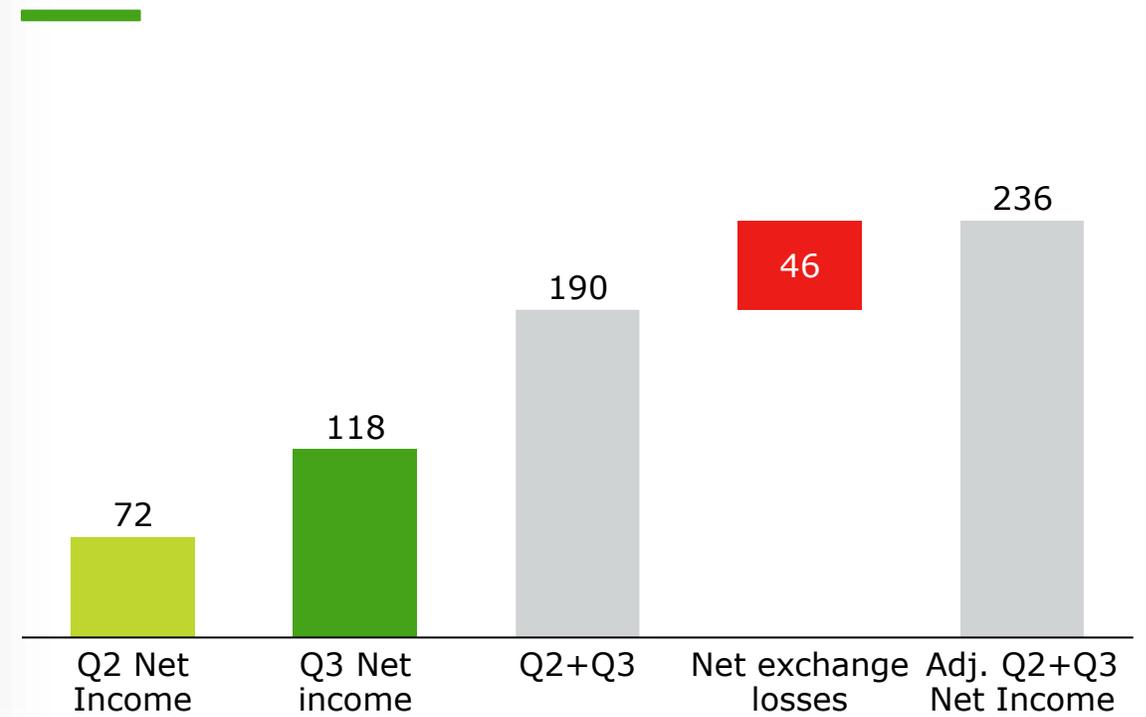


# ... and as well as in Net Income, not considering FX impacts

## Adjusted 2023 Q2+Q3 Net income



## Adjusted 2024 Q2+Q3 Net income



# Pressure on yields compensated by higher traffic

## North America

ASKs % vs.9M 23	<b>+6%</b>
Yield % vs.9M 23	<b>-2%</b>
Load factor 9M 24	<b>86%</b>
Load factor vs.9M 23	<b>+1.4 p.p.</b>

## Europe

ASKs % vs.9M 23	<b>-1%</b>
Yield % vs.9M 23	<b>+5%</b>
Load factor 9M 24	<b>82%</b>
Load factor vs.9M 23	<b>+2.1 p.p.</b>

## South America

ASKs % vs.9M 23	<b>+8%</b>
Yield % vs.9M 23	<b>-4%</b>
Load factor 9M 24	<b>85%</b>
Load factor vs.9M 23	<b>-1.1 p.p.</b>

## Africa & Middle East<sup>1</sup>

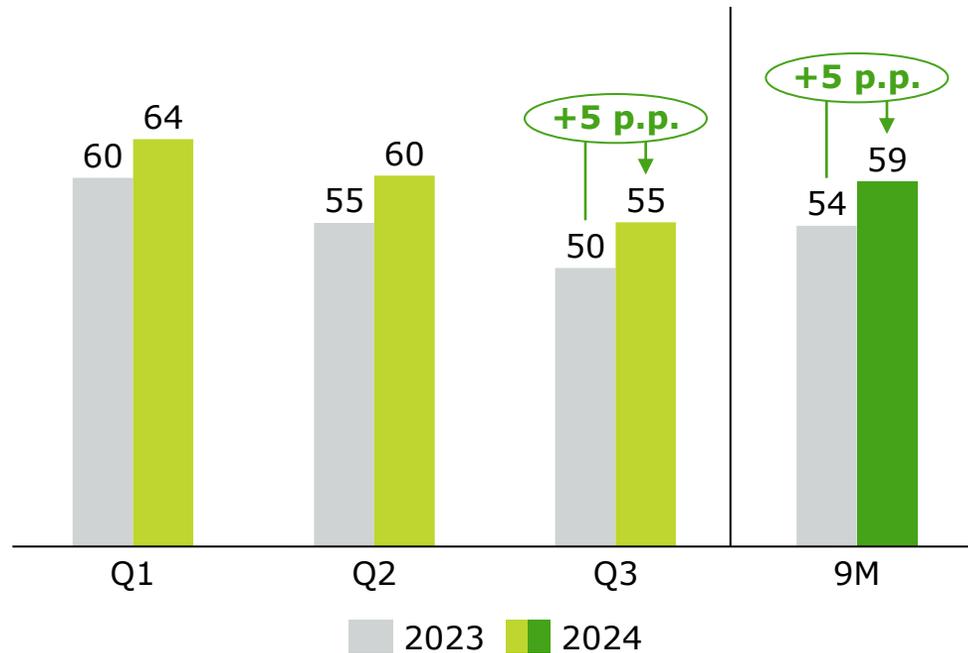
ASKs % vs.9M 23	<b>-10%</b>
Yield % vs.9M 23	<b>-5%</b>
Load factor 9M 24	<b>72%</b>
Load factor vs.9M 23	<b>+0.9 p.p.</b>

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

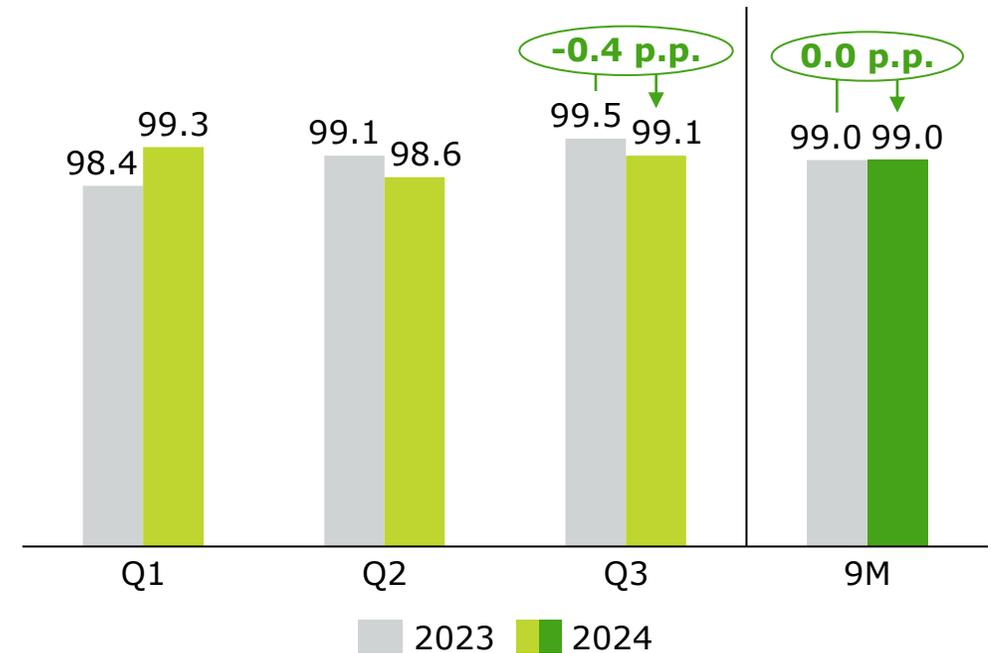
<sup>1</sup>Impacted by the end of the Tel Aviv route in Q4 2023

# Further increase in punctuality, with regularity remaining stable

## OTP - D15<sup>1</sup>



## Regularity<sup>1,2</sup>



1. Including only regular flights (excludes cargo only & charters)
2. Operational window cancellations

# Q3 and 9M 2024 Results



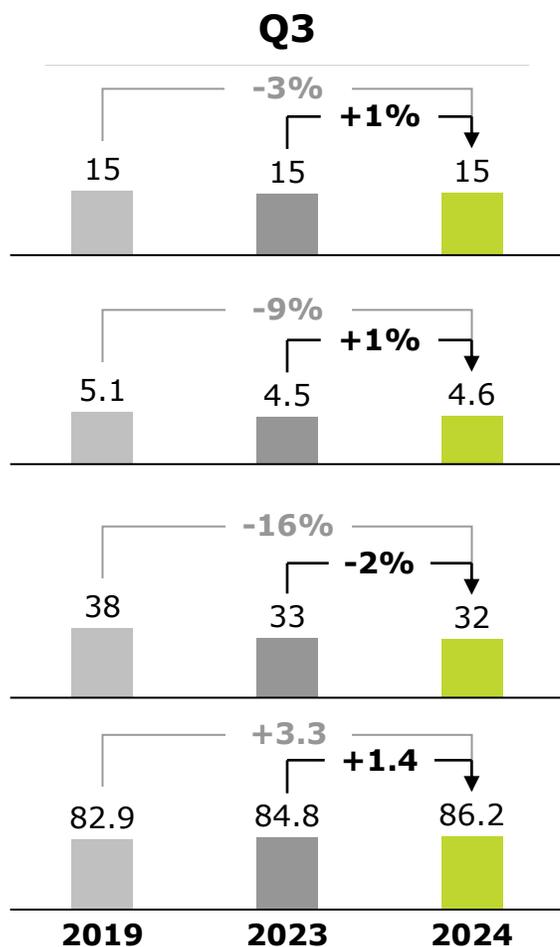
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# Steady increase in capacity, passengers and load factor vs 2023

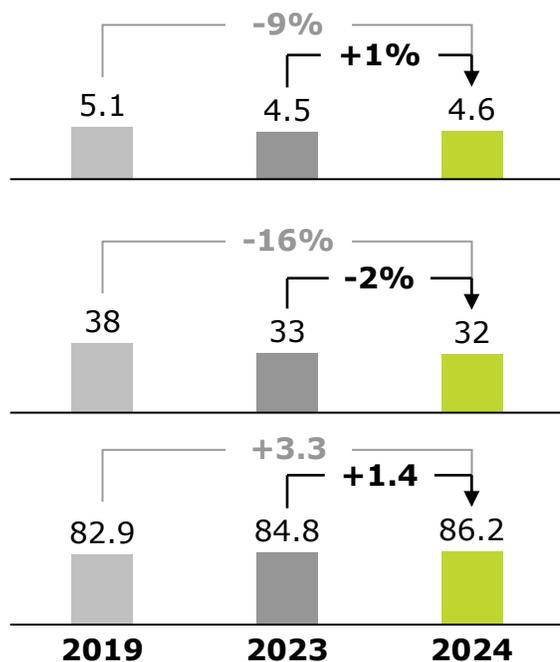
## ASKs

Billions



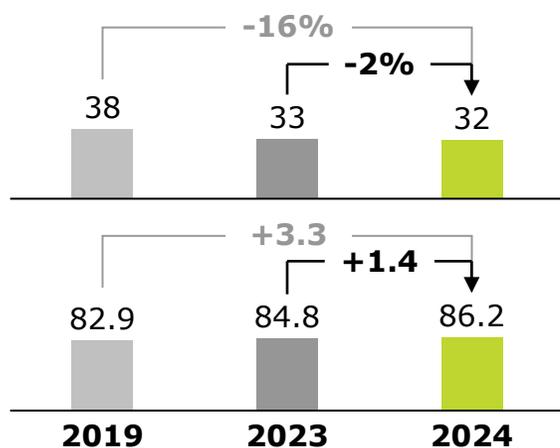
## Passengers

Millions



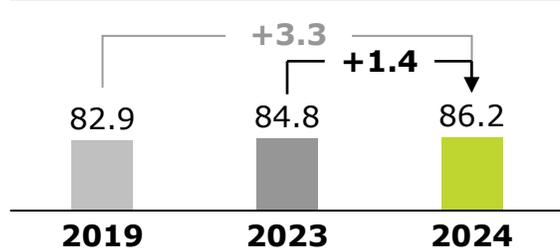
## Departures

Thousands



## Load factor

%



## Comments

ASKs increase vs 2023 and above 2019 levels in 9M, reaching 103%, despite smaller operating fleet

Number of passengers increasing vs 2023 and recovering vs 2019, reaching 91% and 95% in Q3 and 9M

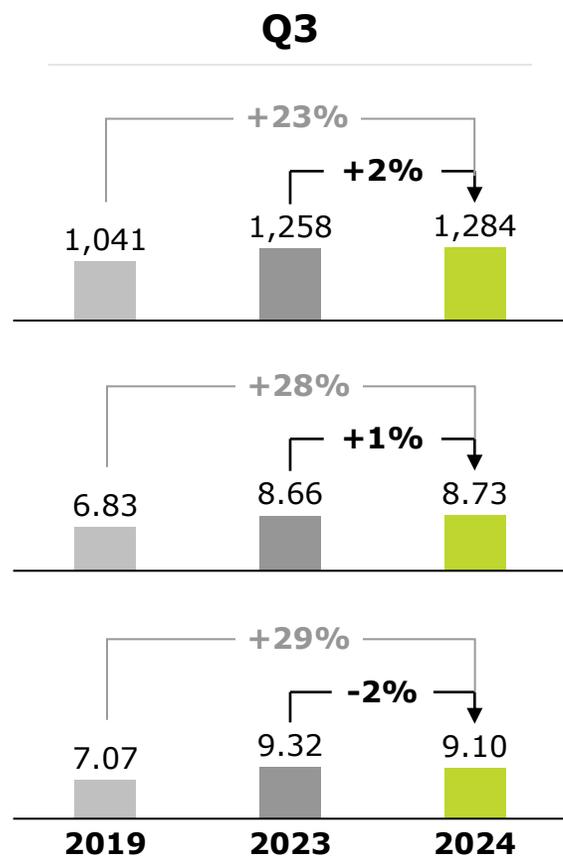
Slight decrease in departures vs 2023, and still below 2019, given a smaller operating fleet

Higher load factors in 2024 when compared to 2023 and 2019

# Increased revenue driven by higher traffic

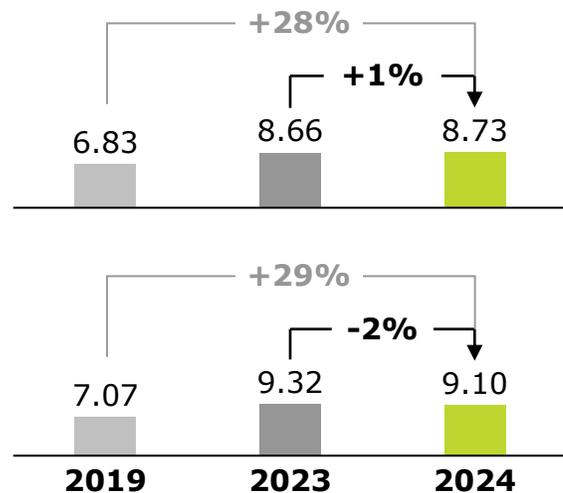
## Total operating revenue

EUR million



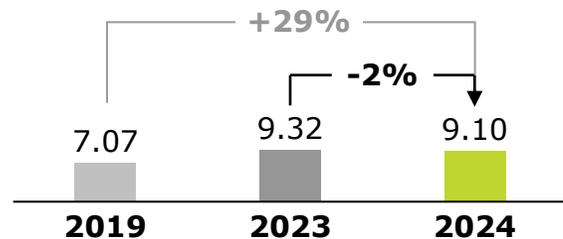
## RASK

EUR cents



## Yield

EUR Cents



## Comments

Increase in revenue in 2024 vs 2023, driven by higher capacity and load factor in the passenger segment (+EUR 52m in 9M) and higher engine shop activity in the Maintenance segment (+EUR 47m in 9M)

Increase in Maintenance unit revenue offsetting PRASK decrease in 9M (-EUR 0.04 cents / -0,5%), contributing to stable RASK

Yield decrease in Q3 vs 2023 impacting 9M overall performance

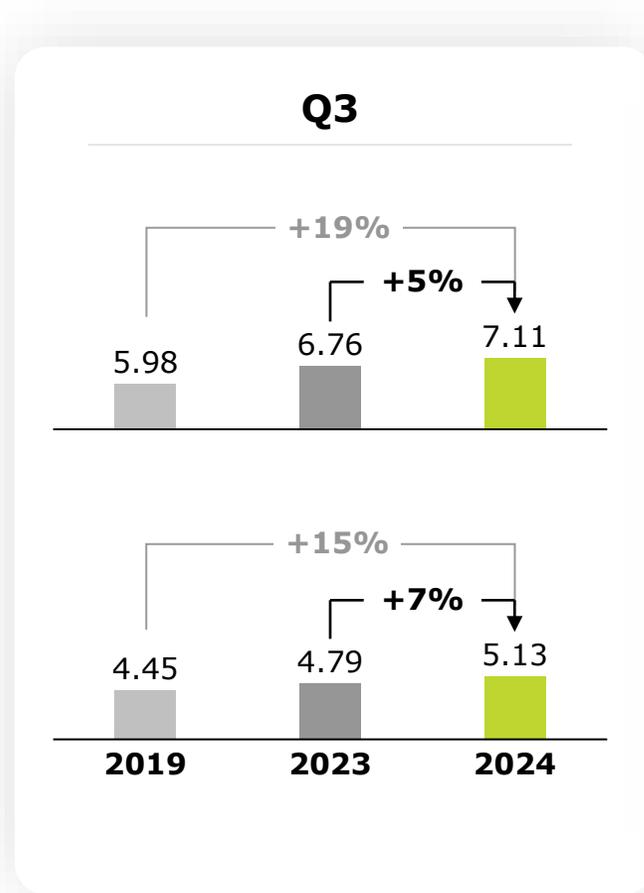
# Unit cost rise due to new CLAs, partly offset by operational savings

## Recurring CASK

EUR cents

## Recurring CASK ex-fuel

EUR cents



### Comments

Q3 CASK and CASK ex-fuel increase over 2023 due to higher unit employee costs and D&A, only partially offset by lower traffic operating costs (ACMI and IROPs)

9M CASK lower increase due to positive impact of fuel unit cost

# Consolidation of operating results

## Recurring EBITDA<sup>1</sup>

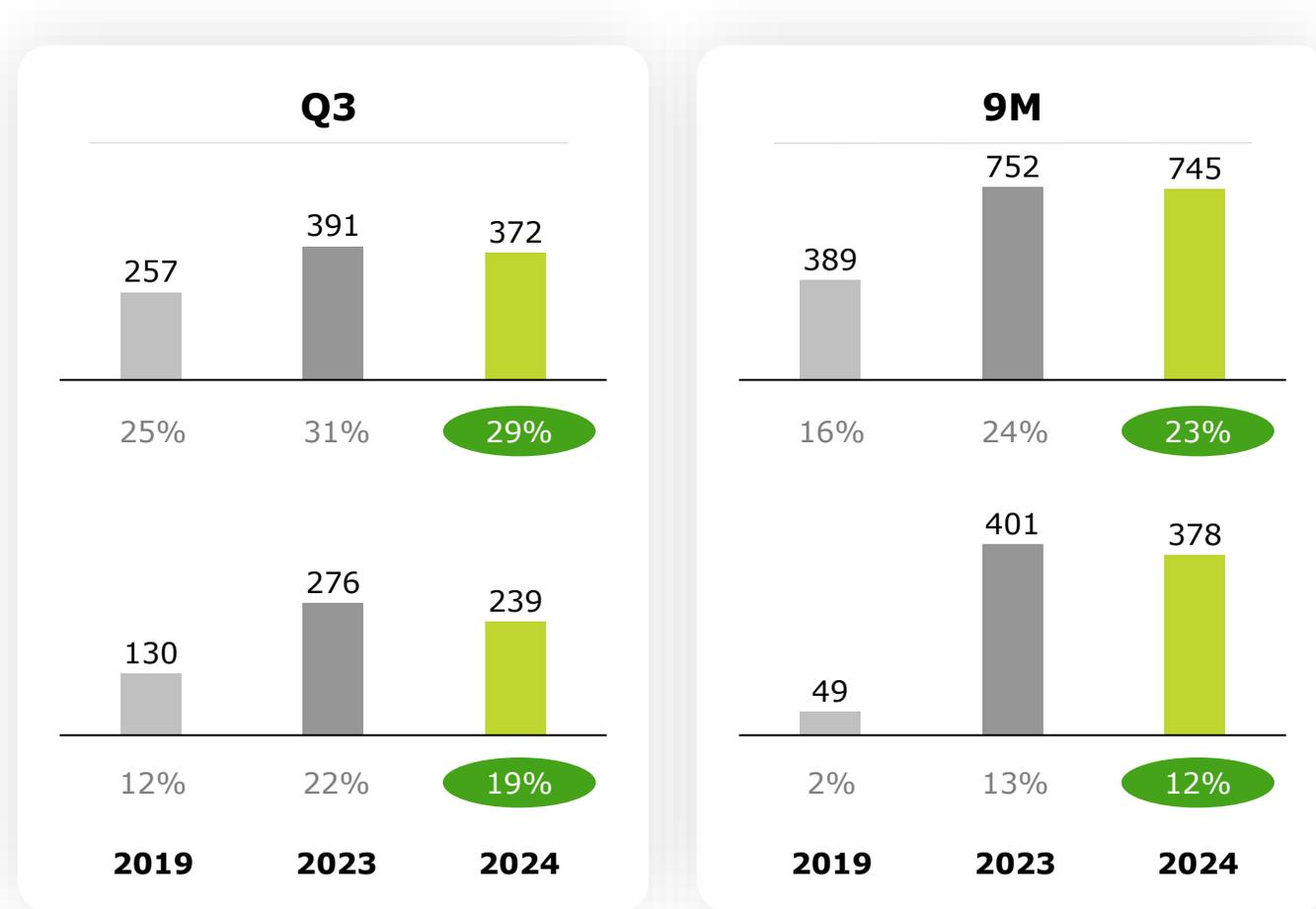
EUR million

Margin

## Recurring Operating Result<sup>2</sup> (EBIT)

EUR million

Margin



## Comments

9M24 operating results decrease vs 2023, but in line as Recurring EBITDA and Recurring EBIT margins are 1 p.p. below 2023 levels

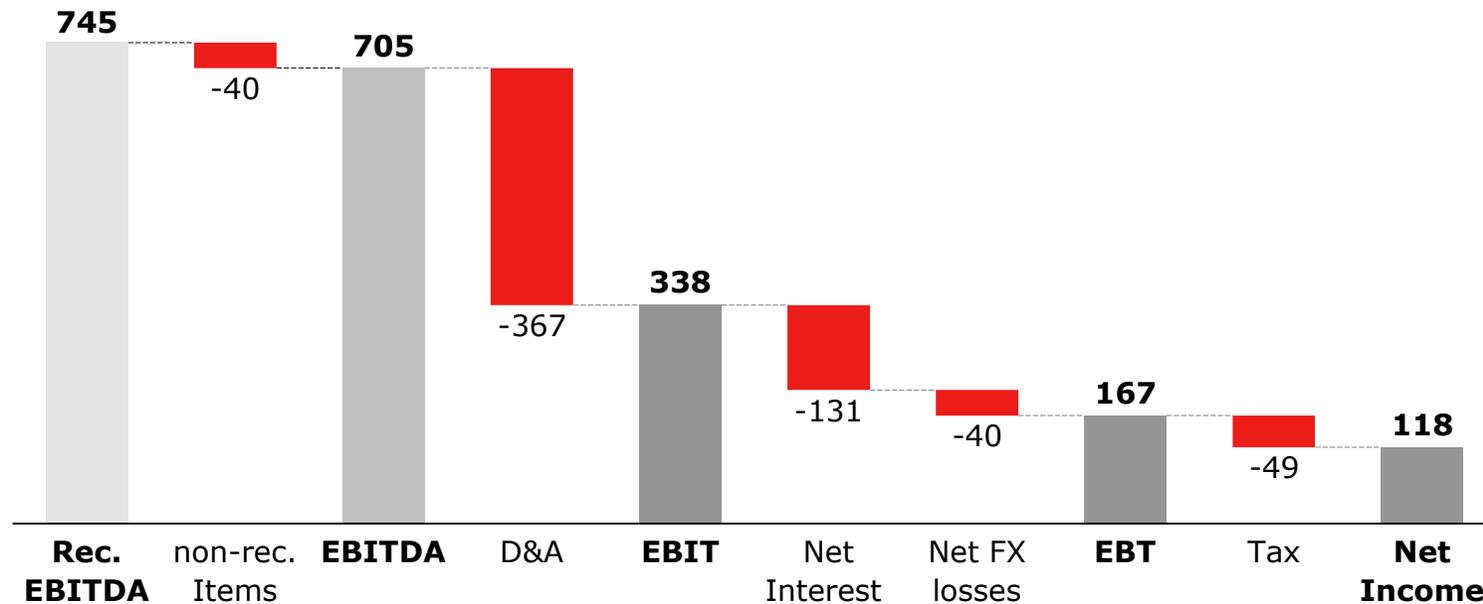
1. Recurring EBITDA = Operating Result + Depreciation, Amortization and impairment losses + Restructuring + Other Non-Recurring items

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

# Net income of EUR 118M

## 9M 2024 Net Income bridge

EUR million



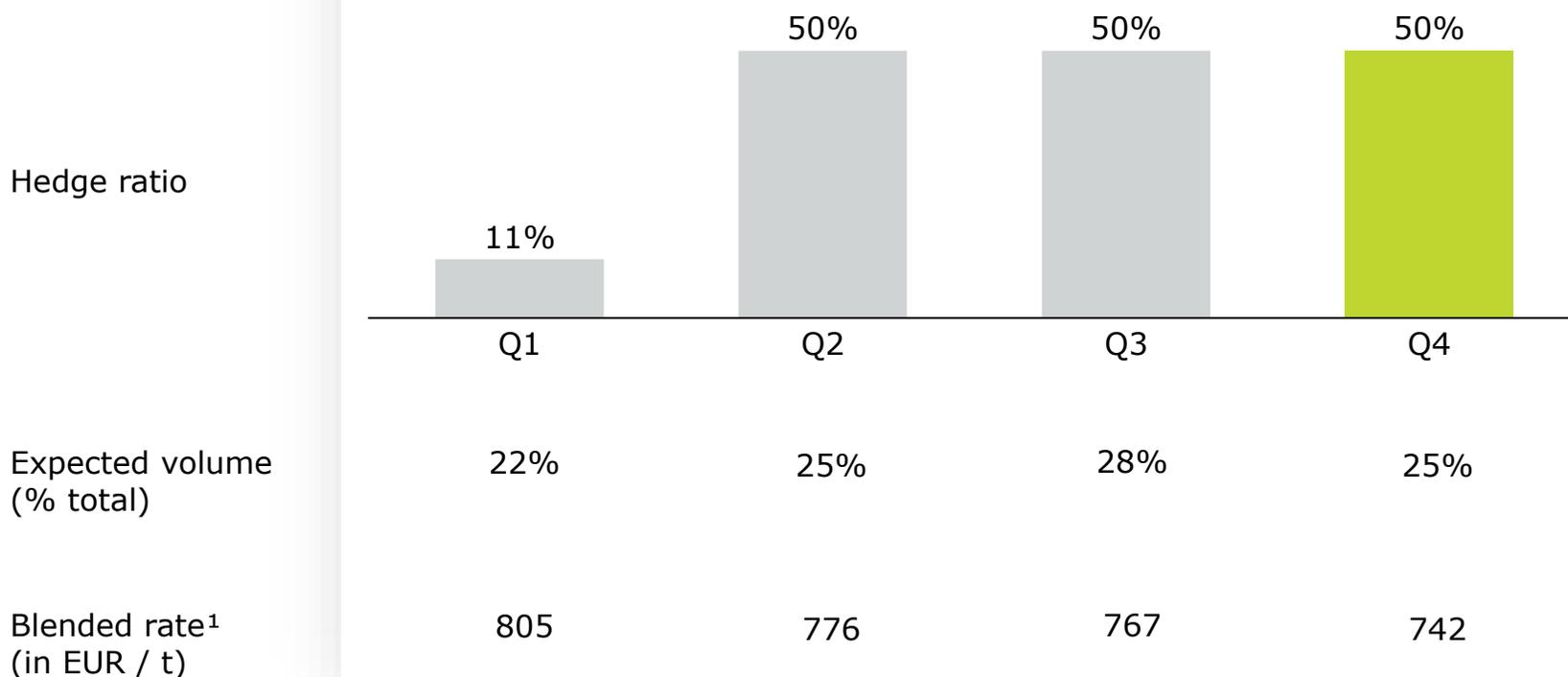
### Comments

9M24 net income based on the consolidation of operating margins, despite cost increase

Significant negative impact of FX losses

# FY 2024 expected fuel costs at EUR 1bn

## Fuel Hedging



## Comments

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

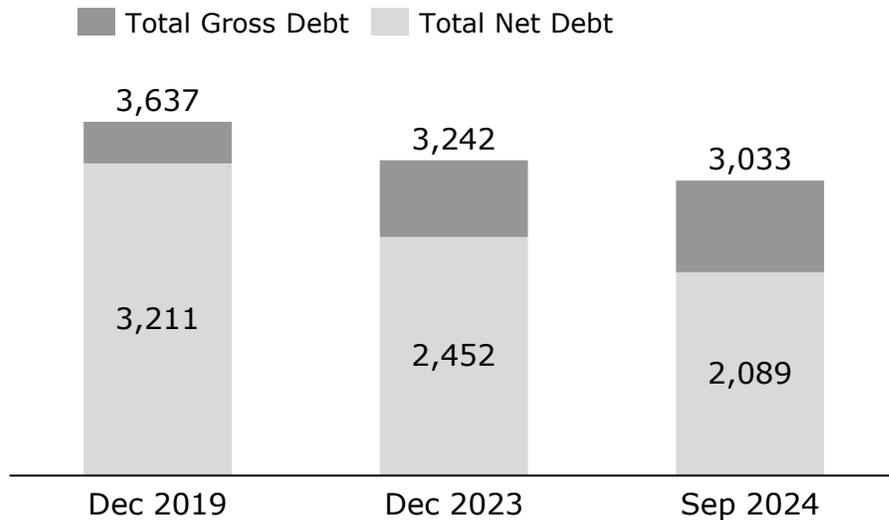
Current hedge ratio for the full year is around 41%, with Q4 2024 levels fully aligned with the policy in place

1. Based on forward jet fuel prices and forward FX rates as of November 7, 2024.

# Ongoing debt reduction and deleveraging

## Financial debt position

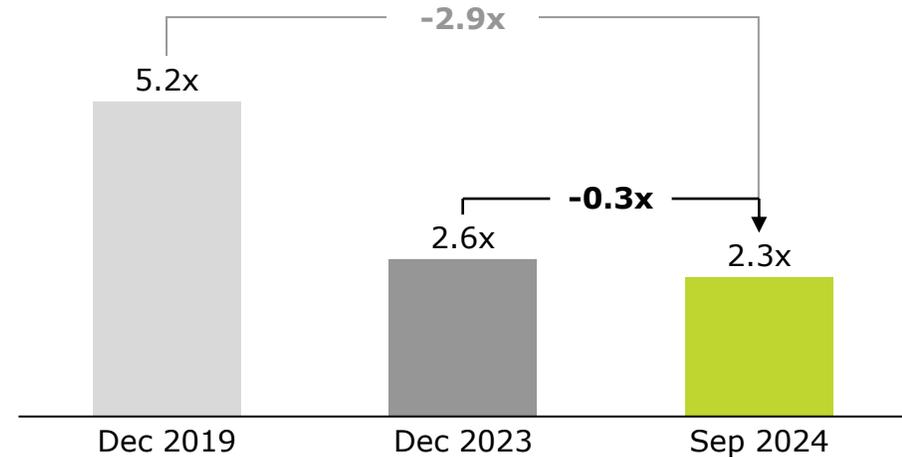
EUR million



- Decrease in gross debt mainly related to lower operating leases (-EUR 203m)
- 68% of financial debt is fixed rate

## Leverage

Net debt / EBITDA<sup>1</sup>



- 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 & other cash equivalents / Recurring EBITDA trailing 12 months

# Outlook



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# Key highlights for Q4'24



**Forward booking load factors slightly above previous year**  
expecting to compensate pressure on yields



**Successfully concluded a EUR 400m senior notes offering with a 5.125% coupon**, optimizing the financing structure and complying with the Restructuring Plan commitments



**Ongoing fleet investment and up-gauging** with the delivery of 2 new A320 NEO, replacing 2 A320fam CEO



**Ongoing investment in Brazil** with the new route to Manaus, increasing to 13 destinations, of which 9 exclusive<sup>1</sup> for TAP



Commitment to **the strategic roadmap**

1. Destinations served only by TAP in Europe – Brazil traffic, either by non-stop flights, or flights with one commercial stop without changing aircraft



# Senior notes offering, with significant credit value creation

## Senior notes offering

Transaction summary	
<b>Principal amount</b>	EUR 400m
<b>Coupon</b>	5.125% at Par
<b>Tenor</b>	5 year
<b>Call protection</b>	NCL, 6m par
<b>Use of proceeds</b>	Alongside cash from balance sheet, to refinance existing senior notes, repay Portuguese banks loan and pay related fees and expenses
<b>Rationale</b>	Optimize financing structure and comply with the Restructuring Plan commitments

## Credit value creation

	Senior notes 2019-2024	Senior notes 2024-2029
Credit Rating	BB- / B2	BB- / Ba3
Yield to Maturity	5.75% <sup>1</sup>	5.125%
Government Benchmark <i>German Bund</i>	-0.59% <sup>2</sup>	2.245% <sup>3</sup>
<b>Spread</b>	<b>634 bps</b>	<b>288 bps</b>

**346 bps  
improvement**

1. Yield to maturity of the 2024 Senior Notes issuance on 22-Nov-19 based on 5.625% coupon and 99.463 purchase price
2. Refers OBL 0% due October 18, 2024. Bloomberg as of November 22, 2019
3. Refers to OBL 2.500% due October 11, 2029. Bloomberg as of October 30, 2024

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The logo for TAP Air Portugal, featuring the letters 'TAP' in a stylized font. The 'T' is green, the 'A' is light green, and the 'P' is red. To the right of 'TAP' is the text 'AIR PORTUGAL' in a bold, black, sans-serif font.

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