



CFA Institute®

CFA Institute Research Challenge hosted by CFA Society Chile VALTAM Partners

The CFA Institute Research Challenge is a global competition that tests the equity research and valuation, investment report writing, and presentation skills of university students. The following report was prepared in compliance with the Official Rules of the CFA Institute Research Challenge, is submitted by a team of university students as part of this annual educational initiative and should not be considered a professional report.

Disclosures:

Ownership and material conflicts of interest

The author(s), or a member of their household, of this report does not hold a financial interest in the securities of this company. The author(s), or a member of their household, of this report does not know of the existence of any conflicts of interest that might bias the content or publication of this report.

Receipt of compensation

Compensation of the author(s) of this report is not based on investment banking revenue.

Position as an officer or a director

The author(s), or a member of their household, does not serve as an officer, director, or advisory board member of the subject company.

Market making

The author(s) does not act as a market maker in the subject company's securities.

Disclaimer

The information set forth herein has been obtained or derived from sources generally available to the public and believed by the author(s) to be reliable, but the author(s) does not make any representation or warranty, express or implied, as to its accuracy or completeness. The information is not intended to be used as the basis of any investment decisions by any person or entity. This information does not constitute investment advice, nor is it an offer or a solicitation of an offer to buy or sell any security.

Exhibit 1: LTM Overview

Share Price (30 Sep. 2025)	\$45.25
Market Capitalization	\$13,675m
Shares Outstanding (ADR)	302.2m
52 Week High	\$52.54
52 Week Low	\$25.04
Exchange	NYSE; BCS

Source: Bloomberg/Team Analysis

Exhibit 2: Valuation Results

Intrinsic Value (60%)	\$57.71
Relative Value (30%)	\$55.29
Precedent Trans. (10%)	\$61.89
Target Price	\$57.40
Upside	26.9%
Recommendation	BUY

Source: Bloomberg/Team Analysis

Exhibit 3: Financial Ratios

Ratios	FY 25F
Net Debt / EBITDA	1.25x
EBITDA Margin	15,09%
ROE	163%
Net Leverage	1.43x

Source: Bloomberg/Team Analysis

Exhibit 4: Historical Share Price

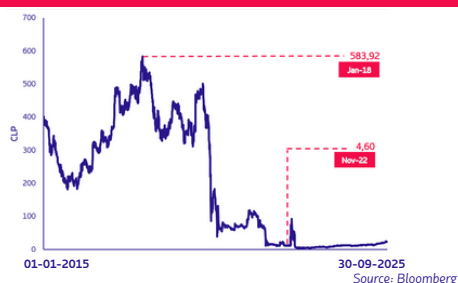


Exhibit 5: Market-Moving Events

Date	Event	Description
Jun-12	LAN-TAM merger	LAN's stock initially rose. Later LTM's stock price fell ~50% due to integration challenges.
Sep-19	Delta's acquisition	Delta's 20% stake sparked a stock surge and ended the AA alliance.
May-20	Chapter-11	Triggered by COVID-19, it erased most shareholder value through massive dilution.
Jul-24	NYSE Relisting	LTM announced the reopening of its ADR and NYSE, enhancing liquidity and market visibility.

Source: Team Analysis

Executive Summary

LATAM Airlines | From restructuring to resurgence

We initiate coverage on LATAM Airlines Group S.A. (NYSE: LTM; BCS: LTM) with a **BUY** recommendation based on a 12-month target price ("TP") of **\$57.40 per ADR** (equivalent to **CLP 27.58 per share** of Chilean listed stock ; as of valuation date \$1 USD = \$961 CLP), implying a **26.9% upside** to the last close of \$45.25 as of September 30, 2025, our valuation date. This blended TP represents a weighted mix of intrinsic and relative valuation methods.

LATAM Airlines Group S.A. (hereinafter "LTM") is the largest group in South America, commanding 42% market share in the intra-regional routes. It operates one of the continent's most extensive fleets, positioning it as a global player in both passenger and air cargo transportation. LTM has navigated through an unprecedented crisis marked by the pandemic and a full restructuring under Chapter 11, that curtailed capacity and profitability. The company emerged stronger, exhibiting exceptional resilience and solidifying its position as one of the most cost-efficient full-service carriers. LTM's new flight path is clear: a leaner, stronger, and more profitable airline ready to unlock sustained shareholder value.

Our assessment indicates that the market has significantly mispriced LTM's reward profile. The upside potential is driven by three key factors: (1) LTM's enhanced operational efficiency that secures unit cost ex-fuel stability in real terms, (2) unique ability to translate regional demand expansion into long-term market share and (3) the wide gap that persists between LTM's market valuation and its real operational performance.

1. Lean Cost Base, Thick Margins

LTM undertook a comprehensive financial and operational restructuring during the industry's most severe downturn, aiming to secure long-term efficiency and flexibility. The process centered on recalibrating fleet commitments and cost structures amidst shifting global market conditions, reshaping the foundation for future network and margin expansion.

Timing advantage and contractual reset: Following its Chapter 11 restructuring, LTM established a structurally leaner cost base, underpinned by strategic lease renegotiations at the demand trough, reducing fleet cash costs by over 40% versus pre-pandemic levels. This strategic timing allowed LTM to secure more advantageous rates before industry-wide lease rates surged 20-22% globally from FY23 onwards.

Structural cost discipline: Post-reorganization, real CASK (cost per available seat kilometer) was held 14% below inflation from pre-pandemic to FY24, enabling LTM to achieve a distance-adjusted unit cost 38.7% lower than major US and European peers as of 2Q25. The company widened its unit profitability by 102 bps and reduced the break-even load factor to 58%, supporting a 460 bps uplift in EBIT margin.

Fleet modernization: Its fleet renewal plan targets 15-20% better fuel efficiency and 20-25% higher capacity per unit, with a quarter of the narrowbody fleet to be NEO by 2026, driving margin accretion and scalable growth on a stable cost foundation.

2. A Structural Formula for Outperformance

LTM is uniquely positioned to capture a disproportionate share of the region's accelerating demand. While competitors navigate constraints, LTM's pan-regional dominance and network advantages allow it to absorb "orphaned" traffic, underpinning revenue growth significantly above the regional average.

Translating market share into dominance: LTM is set to outperform the region's +5.8% RPK growth (Brazil +8-10%). Its robust 41.5% market share (Aug-25) and slot incumbency in key hubs (CGH) allow it to capture this growth, with domestic market share projected to consolidate to 43% by 2030.

Structural growth opportunity in Brazil's reshaped market: Competitor restructuring (Azul's exit from 53 routes) has unlocked ~2.5bn ASKs of "orphaned capacity." We estimate LTM will capture ~52% of this, translating into more than 1bn incremental RPKs. This is supported by a powerful secular tailwind (0.65 trips per capita in South America vs. 2.6 in North America).

Key catalyst: LTM's growth is amplified by the Delta Joint Venture, which has already expanded North America capacity by +88% since 2022 (adding 14.5m passengers) and feeds high-yield premium traffic into the entire network.

3. Proof in Cash, Price to Follow

LTM remains undervalued despite a demonstrable turnaround. Post-restructuring, its profitability and cost metrics surpass industry benchmarks, yet trading multiples still embed a residual discount inconsistent with fundamentals. Current sensitivity scenarios indicate that a re-rating to sector-median multiples implies ~30% upside potential without requiring incremental execution gains.

Structural margin outperformance post-restructuring: LTM structurally reset its profitability base. EBITDA margins expanded from 1.5% in FY21 to 22.9% in FY24, exceeding both pre-pandemic levels and the industry median by +7.5pp. Peers improved only 5.6pp over the same period, confirming LTM's superior operating recovery and sustainability of margin leadership.

EV/EBITDA discount and asymmetric risk-reward: At 4.9x EV/EBITDA vs. sector median of 6.4x, the valuation gap persists despite normalized cash generation. A convergence to the median implies a ~43% growth in enterprise value translating to ~\$64 per ADR, while downside remains limited even under a bear-case multiple. The positive asymmetry in outcomes positions LTM as one of the most compelling re-rating candidates in the sector.

Historical compression of P/E multiple and upside path: LTM once traded at a premium three times the sector's P/E average pre-pandemic, but its current multiple of ~5.6x reflects a 74% compression versus 15% for peers. Partial normalization toward 8.8x would lift market capitalization by ~56%, restoring part of its historical valuation premium. This upside only requires a shift in perception recognizing that the company's recovery is not cyclical but structural.

Key Financials

Financial Ratios (US\$M)						Valuation Ratios				
Period	Q3 25	Q4 25F	FY26F	FY27F	FY28F	Market Multiples	LTM	Median	Low	High
Revenue	3,569	3,670	14,821	15,298	16,12	EV / EBITDA	4.97x	5.6x	4.8x	6.5x
Growth YoY (%)	8.6%	8.1%	6.4%	3.2%	5.4%	P / E	5.61x	7.9x	6.9x	12.4x
EBITDA	990	991	3,494	3,188	3,467	Precedent Transactions				
Free Cash Flow (FCFF)	785	496	1,472	1,138	1,282	EV / EBITDA	4.97x	6.15x	5.11x	8.46x
RPK (Revenue Passenger Kilometers)	37,441	38,011	155,343	157,602	162,330	EV / EBIT	9.10x	10.62x	8.76x	13.89x
Yield (US\$ cents)	8.3	8.3	8.3	8.4	8.6					

Source: Team Analysis

Business Description

LTM is Latin America's largest airline group with a diversified domestic and international network since its origins as LAN Chile in 1929. By 2024, LTM operated across 163 destinations and transported over 82m passengers (Exhibit 6). Formed through the strategic merger with TAM Brazil in 2012, the holding coordinates subsidiaries in Chile, Brazil, Peru, Colombia, and Ecuador, connecting the region with four continents through a fleet of 360 aircraft (as of Aug-25). Following a successful Chapter 11 process, LTM emerged with enhanced operational efficiency and financial resilience, delivering \$13.03bn in revenues in FY24 and an adjusted operating margin of 12.90% in 2Q25, (+390 bps YoY). These results reflect a leaner cost structure, disciplined capital allocation, and prudently profitable growth trajectory.

Business Strategy | Connecting Latin America efficiently and sustainably

LTM aims to capitalize on the limited penetration and substantial structural growth potential of the South American air lines' market by reinforcing its regional leadership and expanding its international presence through digital integration, operational excellence, sustainability and strategic alliances that extend its network without additional investment in capacity while enhancing connecting traffic across its hubs. The company focuses on delivering a differentiated premium experience supported by LATAM Pass program, which strengthens customer loyalty and travel personalization. LTM maintains a strategic focus on operational efficiency and financial resilience, underpinned by a rigorous post-restructuring plan delivering over \$1.3bn in annual cost savings through FY27. This reinforces the company's cost structure and compresses unit costs, enabling LTM to sustain a robust operational base and stay ahead of full-service international carriers (FSCs) seeking to expand their presence in South America.

Business Model | Elevating every journey

Segmentation and Revenue Routes: LTM operates as an integrated passenger and cargo business model, with LATAM Pass as a strategic asset. The passenger segment (86%) spans domestic and international operations across 27 countries under a FSCs model, operating from primary hubs in Santiago, São Paulo, and Lima (Exhibit 8). These revenues derive from ticket sales, ancillary services, and loyalty programs, driven by ASK (available seat kilometers), RPK (revenue passenger kilometers), load factor, and yields. Domestic operations in five key markets focus on reducing cost per ASK via fleet optimization, digitalization, and centralized operations, employing a lean cost approach to maintain competitive fares while promoting ancillary services through customizable options. Internationally, LTM offers short- and long-haul flights from major hubs, connecting 40 destinations. The airline provides differentiated products such as premium cabins and VIP lounge access, serving both business and leisure segments. Cargo segment (Exhibit 7) utilizes dedicated freighters and belly space on passenger aircraft to serve a diverse range of goods. Revenues are calculated based on ATK (available ton kilometers), RTK (revenue ton kilometers), load factor and yields, under a pricing grid of long-term agreements with product- and urgency-based surcharges.

Loyalty Program: LATAM Pass maintains 51m members as stated in its Aug-25 report. It blends earn-and-burn mechanisms with elite tiers that confer lounge access, priority services, and upgrades, generating two revenue routes: (1) miles accrued from ticket sales, recognized upon flight completion; and (2) miles sold to financial and commercial partners, recognized upon delivery with the equivalent tickets value component deferred until redemption. In 2024, it achieved a record-high NPS.

Strategic Alliances: LTM hold alliances with leading carriers like Delta Air Lines through a trans-American JV (joint venture), expanding its global reach, enhancing customer connectivity and operational synergies. Additionally, LTM holds key passenger agreements with 57 airlines, including Qatar Airways, British Airways, and Iberia; reinforcing its presence across Europe, North America, and Asia.

Fleet and Maintenance Operations: LTM operates one of the largest and youngest fleets in the region (Appendix 10), with a diverse mix of owned and leased aircraft. Maintenance is managed in-house by LATAM MRO (maintenance, repair, and overhaul), with over 4,000 technicians across centers in São Carlos (Brazil) and Santiago (Chile) covering nearly 90% of heavy maintenance. This strategy reduces third-party reliance, ensures quality control, and generates structural cost savings. LTM leverages idle capacity and technical expertise to provide MRO services to select third parties, generating complementary revenue. The company supports over 170-line maintenance locations and maintains 190 spare engines, ensuring operational continuity and high punctuality.

Industry Overview and Competitive Positioning

Airline Industry Overview

The global airline industry is navigating a phase of measured expansion, consolidating a robust recovery in traffic volumes above pre-pandemic benchmarks. RPKs registered 10.6% growth in FY24, while FY25 is projected to normalize at 5.8%, with Latin America reflecting similar trends (Exhibit 9). The sector remains a core economic engine, representing 3.9% of global GDP and supporting 86.5m jobs. Macroeconomic stability is gradually reemerging, with GDP forecasts at 3% for 2025 and 3.1% for 2026. Nonetheless, the backdrop warrants prudence monetary policy across major central banks remains restrictive; headline inflation endures selecting economies, and elevated geopolitical uncertainty persists. In Latin America, interest rates remain elevated, such as Selic at 15% in Brazil and Chile's TPM at 4.75%, rendering credit more expensive and tempering domestic travel recovery for airlines.

Passenger volumes are approaching historic highs, reaching 5bn globally, underpinned by resilient travel intentions. The Apr-25 IATA survey revealed that 40% of respondents intend to travel more and 47% expect to increase discretionary spending in the year, despite subdued confidence in Latin America (Ipsos Index at 49.4 in Aug-25). Leisure and experiential travel stay strong, highlighted by Brazil's 9.4% YoY domestic traffic growth in Jul-25, broadly in line with the 9.3% YoY increase in international traffic across Latin America. Aviation penetration remains a key lever for future growth: air travel in South America averages 0.65 trips per capita in 2024, significantly below developed markets; substantial long-term growth potential remains.

The COVID-19 crisis triggered an unprecedented dislocation; global passenger volumes contracted by 60.2% in 2020, and the industry posted net losses estimated at \$138bn. Emergency measures and travel restrictions forced large-scale operational restructurings, including Chapter 11 filings by key Latin American carriers, to preserve liquidity and reorganize balance sheets, have ushered in heightened capacity discipline and margin resilience. Air cargo demand surged 11.3% in 2024, eclipsing previous highs, though moderation is projected for 2025 with growth capped at 0.7%. This outlook reflects competition from ocean freight, ongoing trade volatility, and downward pressure on cargo yields amid expanding belly capacity in passenger flights (ATK +14.40% in 2024), which now accounts for 55% of air freight volumes (Exhibit 11). While Latin America's recovery in air cargo was more delayed, momentum is accelerating with 7.6% YoY growth in 1Q25. Concurrently, airline loyalty programs have become critical revenue engines, generating ~\$8.4bn in FY24, project twofold increase by FY33. Revenues from frequent flyer program redemptions have become a key liquidity source, underpinning strategic investments. Legacy carriers monetize loyalty through extensive networks and premium offerings, while low-cost carriers (LCC) cannot rely on price alone to secure customer loyalty.

Value drivers | Revenue and costs determinants

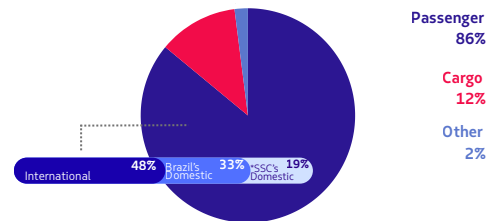
Global Demand for Flights: Demand remains the primary industry driver, underpinning revenue growth, fleet utilization, and pricing power. In Latin America, a resilient macroeconomic backdrop across Brazil, Mexico, Colombia, and Chile sustains this momentum despite inflationary headwinds, elevated policy rates, and episodic regulatory challenges. Passenger volumes in LAC (Latin America and the Caribbean) is projected to exceed 789m travelers this year, fueled by leisure travel and enhanced regional connectivity. Medium-term CAGR is expected to range between 4-5% through 2034, supported by network expansion, new routes, and post-pandemic normalization, even as macroeconomic and geopolitical risks continue to moderate the outlook.

Exhibit 6: Principal Routes Map



Source: Company Filings

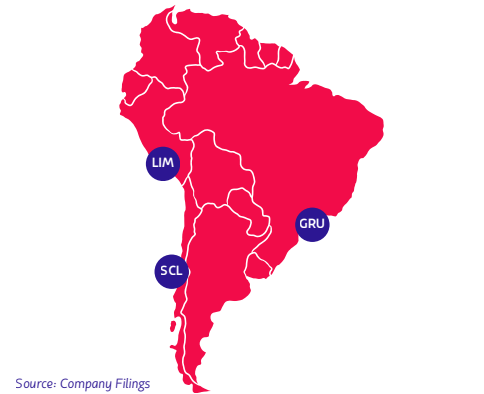
Exhibit 7: Revenue per Segment



Source: Company Filings/Team Analysis

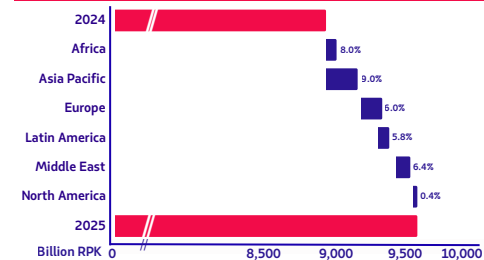
*Spanish Speaking Countries

Exhibit 8: LTM's Hub Strategy



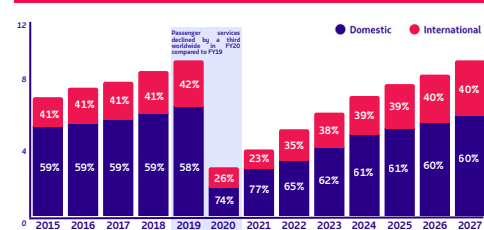
Source: Company Filings

Exhibit 9: Contribution to PAX Growth by Region



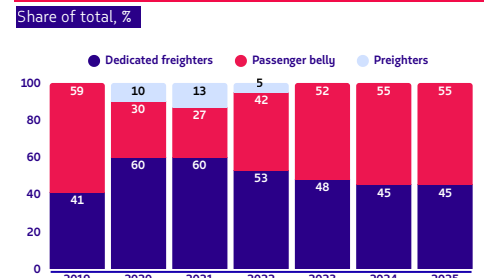
Source: IATA

Exhibit 10: Global Passenger Traffic (billions)



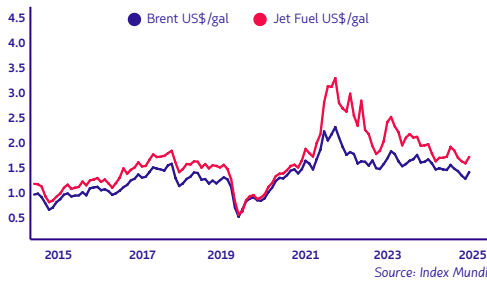
Source: Company Filings

Exhibit 11: International ACTK by Cargo Business



Source: IATA

Exhibit 12: Jet Fuel (\$US/Gal)

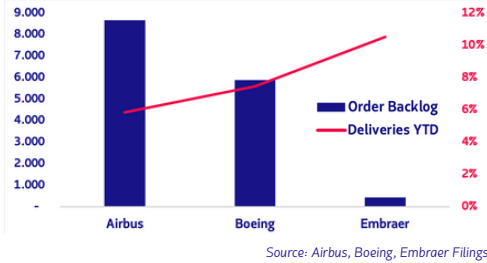


Fuel Prices: Jet fuel remains the single most influential component in airline cost structures, exerting direct pressure on unit cost shaping both fare strategies and decisions around fleet composition and hedging coverage. For 2025, IATA projects an average price of ~\$86/bbl, with a crack spread near \$17/bbl representing a 13% YoY decline relative to FY24 (Exhibit 12). This moderation provides partial relief across the sector's operating cost base. The downward adjustment reflects both tempered global demand and less restrictive oil supply dynamics, driven by a gradual quota increase from certain OPEC members. Following the price shock of FY22, current trends for FY25 point to a more benign fuel environment, a tailwind for margins.

Fleet Constraints Define the Industry Cycle: Production shortfalls at airframe and engine OEM's (original equipment manufacturer) keep aircraft deliveries remain about 30% below peak levels, with 2024 backlog exceeding 17,000 units, translating to over 12 years at current production rates. Annual fleet replacement slowed to 3% from a historical 5-6%, aging the fleet to an average of 16.3 years (+15.8% since 2019), increasing MRO costs. Maintenance turnaround times have extended up to a 300-day engine servicing, driving higher leasing and spare parts inventories.

Regulatory Frameworks: Policy conditions including regulatory heterogeneity, fiscal burdens, and limited hub infrastructure, directly influence CASK and capacity growth in the region. While the gradual adoption of open-skies frameworks expands connectivity, high regulatory costs disproportionately impact smaller carriers; larger players like LTM leverage scale and alliances to mitigate these financial and operational constraints. Sustained traffic growth is critically dependent on regional progress toward intergovernmental coordination and infrastructure modernization.

Exhibit 13: Aircraft Orders vs Backlog (YTD)



Competitive Position

Strength in Every Wing Across the South. LTM stands as the largest and most deeply penetrated domestic airline group in South America, operating national routes in five key markets. The company commands leading positions with 64% market share in Chile, 40% in Brazil, and 65% in Peru (Exhibit 14), significantly ahead of competitors such as Sky, JetSMART, Gol, and Azul. In Ecuador and Colombia, LTM ranks second behind Avianca, with local affiliates commanding 45% and 27% respectively of the domestic market. This underpins a robust recurring revenue base, enabling optimized operational asset redeployment and geographic risk diversification a competitive advantage difficult to replicate across the region. Within intra-South American routes, LTM controls ~42% of capacity share as of 2Q25, more than twice that of its nearest competitor. No other global FSC shows such regional dominance, intra-regional leaders in other markets hold only 8-20% shares, reinforcing LTM's positioning. Access to five distinct markets enables strategic asset deployment and capacity allocation aligned with prevailing supply-demand dynamics, maximizing revenue potential.

Leading the Skies from South America. LTM effectively integrates a dominant domestic platform with significant international operation. Its expansive network spans over 160 destinations across 27 countries, with strategically located hubs that optimize both intercontinental and intraregional connectivity. LTM holds 79% market share on South America-Oceania routes and leads South American airlines on Europe routes with a 17% share (vs to 19% for IAG). The JV with Delta enables coordinated capacity and pricing in the South America-North America corridor, capturing a combined 35% share of seats throughout 2024, exceeding American Airlines' ~33% and United's ~15%, with higher per-passenger profitability and without proportional fleet expansion. This extensive and diversified network reduces reliance on any single market and bolsters LTM's resilience amid economic and geopolitical shocks.

Fueling structural cost leadership through strategic efficiency. LTM operates with a structurally lower cost base than its principal global full-service peers, a direct outcome of its Chapter 11 restructuring. The permanent efficiencies captured across fleet, maintenance, contract repricing, and process optimization have been translated into a consistently lower stage length adjusted CASK ex-fuel relative to its global peers. In FY24, LTM's adjusted CASK ex-fuel was 48.5% below the average of major U.S. and European FSCs. As of Jun-25, the cost gap persists, with peers posting CASK ex-fuel levels 63% higher on average. This structural cost advantage enables LTM to deliver a product and service broadly comparable to global leading operators while preserving a markedly more efficient unit cost position, reinforcing its competitive standing across both international and regional markets. (Thesis 1)

Flying Fresh Futures Guaranteed. LTM optimizes asset utilization by strategically combining available belly capacity on passenger flights with a dedicated fleet of 21 Boeing 767F freighters, enabling a focus on profitable routes and the consolidation of key hubs to maximize yield. The company leads with a 23% market share in the South America-Europe corridor, operating 15 weekly frequencies with a 25% capacity expansion projected for 2025. As the Americas' pioneer in obtaining the IATA CEIV Pharma certification in 2017, LTM has set rigorous standards for pharmaceutical logistics and cold chain management, complemented by CEIV certification for lithium battery transport, guaranteeing international safety few airlines can match. Its specialized FRESH program guarantees quality and traceability in perishable goods year-round, ensuring leadership in critical export corridors. This blend of capacity, regulatory excellence, and niche specialization underpins resilient margins through passenger cycle fluctuations, solidifying LTM's position as the trusted regional leader.

Loyalty at Scale, the premium flywheel. LTM runs the largest frequent flyer program in Latin America (over 51m members), a core asset for retention among corporate and premium travelers. LTM invests continually in fleet upgrades and digital innovation, deploying omnichannel services like mobile check-in, real-time tracking, and personalized support. With four VIP lounges operational and the region's largest opening soon in São Paulo, LTM enhances the premium experience; the carrier has been recognized as South America's Best Airline for six consecutive years and awarded Best Regional Lounge at the 2025 World Travel Awards, reinforcing its position in the region.

Exhibit 14: Market Share Aug-25

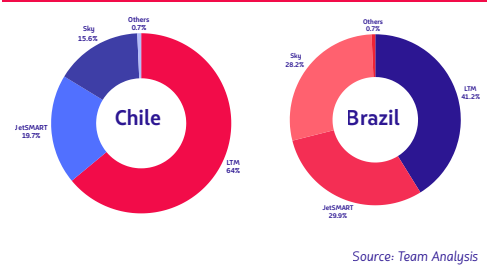


Exhibit 15: Porter's Forces

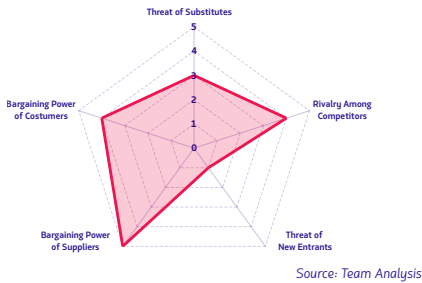
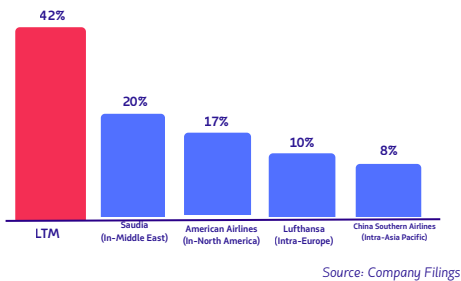


Exhibit 16: Regional Capacity Share (2Q25)



Investment Summary

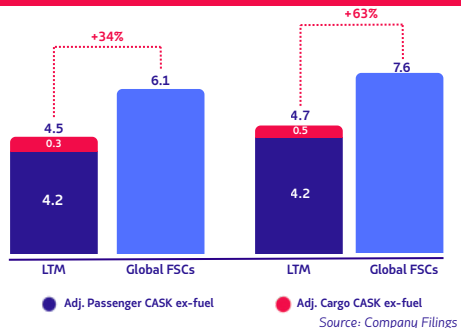
Thesis 1 | Structural Cost Reset Drives Durable Margin Expansion

We initiate coverage on LTM with a buy recommendation, citing its superior structural profitability and ability to execute. The company secured a 40% reduction in fleet cash cost versus FY19 through its Chapter 11 timing advantage, leading to an EBIT margin increase of 4.6 pp and substantial operating leverage. This cost discipline and fleet modernization position LTM for a sustained rerating driven by free cash flow acceleration and CASK stability.

1.1 Timing Advantage and Contractual Reset: LTM's decision to restructure in May-20 was strategically convenient, allowing to reset of its fixed cost base amid the global demand collapse (Appendix 18), renegotiating 65 leases and rejecting 42, securing historically low lease rates and maximizing fleet flexibility. This timing provided a significant contractual advantage; unlike regional competitors such as GOL, which restructured in 2024, LTM secured highly favorable agreements. Consequently, fleet cash costs were reduced over 40% versus FY19, with CASK ex-fuel remained essentially flat.

1.2 Structural Profitability and Operating Leverage: LTM has achieved and sustained efficient unit cost discipline within the global context. Between FY19-FY24, LTM successfully contained its operating unit cost (CASK) in real terms, reflecting a significant advance in post-restructuring efficiency. The CASK ex-fuel only increased by 5.1%, rising from 4.53 to 4.76 ¢/ASK, while cumulative USD-denominated inflation (CPI) over the same period reached 22.7%. This indicates that LTM operated with a real CASK ex-fuel that was 14.3% below inflation-adjusted expectations. Compared to global peers, LTM closed 2Q25 with an adjusted CASK (normalized for distance) ~63% lower than the average of leading FSCs in U.S. and Europe (Exhibit 16). This improvement results from a combination of factors, including successful lease renegotiations, reductions in fixed costs, fleet modernization, and the optimization of internal processes. From FY19 to FY24, the reduction in unit labor costs (due to reduced headcount) and in depreciation/amortization was 24.7% and 19.8% below inflation-adjusted growth, respectively. This structural compensation absorbed cost pressures in areas such as maintenance and ensured that total operational cost remained below the nominal inflationary pace, validating LTM's post-restructuring efficiency. At the same period, RASK (Revenue per ASK) grew steadily, from 7.00 to 8.25 ¢/ASK, amplifying unit profitability by 1.02 ¢/ASK, with a CAGR of 10.2%. This spread expansion reduced the break-even load factor (BELF) from 65% to 58% in FY24. Increased EBIT margin in 4.6%, shows an elasticity of about 450 bps per 100 bps change in the unit spread. The sensitivity between CASK ex-fuel and RASK in FY26 and FY30 scenarios confirms that small changes in the spread lead to proportional increases in EBIT (Exhibit 18).

Exhibit 17: Adj. CASK ex-fuel vs Global FSCs (¢)



1.3 Strategic Fleet Modernization: LTM's fleet renewal plan serves as a dual engine for driving structural cost efficiency and scalable growth. With a forward order book exceeding 120 next-generation aircraft, including A320neo family and B787-9 units, the plan aims to maintain low CASK ex-fuel through seat-mile fuel efficiency improvements of 15-20%. The new aircraft increase unit capacity by 20-25%, allowing LTM to expand ASK and RPK while optimizing slot use and capital productivity without proportional CAPEX increases. By 2026, nearly a quarter of the narrow-body fleet will be NEOs, establishing a step-change in marginal profitability. This strategy improves margins by growing volume over a stable CASK base, supporting sustainable rerating potential.

Thesis 2 | Dominant Regional Carrier Poised to Capture Accelerating Demand

LTM's unrivaled leadership across a structurally accelerating Latin American aviation market, spearheaded by Brazil as the core growth engine, but complemented by significant strength in SSCs (Spanish-Speaking Country) and enhanced international connectivity. LTM is uniquely positioned with strategic fleet advantages and network economies to capture disproportionate growth; particularly as key competitors navigate constraints. This pan-regional dominance allows LTM to solidify market share and capitalize on robust demand, underpinning strong future revenue growth.

2.1 Translating Market Share into Dominance. Latin America's air travel market is forecasted to grow 5.8% in revenue passenger kilometers RPK in 2025 (Exhibit 9), with Brazil leading the region at an 8-10% increase. LTM is uniquely positioned to capture a disproportionate share of this initial expansion due to its structural advantages, including a robust initial market share and strategic slot incumbency in key saturated airports (e.g., São Paulo CGH). Looking beyond 2025, LTM is strategically positioned to consolidate and expand its market share in Brazil's domestic segment, with projections showing an increase from 41% in 2026 to 43% by 2030 (Exhibit 20), supported by incremental ASK deployment and the execution of its fleet plan. This translates into sustained RPK growth, with LTM's domestic RPK in Brazil increasing from 49.3bn in 2026 to 54.7bn by 2030 (Exhibit 21), a compound annual growth rate of approximately 2.6% over the period. The capability to capture these RPKs is justified by LTM's slot dominance, which allows it to absorb demand as competitors reduce routes impacting high-yield corporate markets.

2.2 Structural growth opportunity in Brazil's reshaped market The restructuring of Brazil's airline sector has unlocked substantial opportunities for LTM to consolidate and expand its domestic network. Our internal modeling attributes the release of nearly 2.5bn ASKs to Azul's announced exit from 53 secondary domestic routes. This orphaned capacity represents a significant opportunity for LTM to absorb demand, given its structurally advantaged CASK (Exhibit 16) and entrenched slot preeminence. LTM's domestic market share reached 41.5% in Aug-25, a twelve-year high, uniquely positioning the carrier to profitably enter formerly less-profitable or competitor-abandoned routes. We estimate LTM can capture approximately 52% of this orphaned ASK, translating into more than 1bn RPK, incremental to organic growth (Exhibit 21). Currently, LTM operates up to 54 domestic destinations and serves over 128 distinct routes across Brazil, reinforcing its defensive position in critical slot-controlled hubs. While low-cost carriers continue to expand aggressively in Brazil and Argentina, applying pricing pressure especially in leisure and secondary markets, LTM's domestic strategy emphasizes ongoing unit cost reductions, fare family diversification, unveiling its new Premium Comfort Class and rapid expansion of ancillary revenue streams (e.g., baggage, seat selection). These efforts allow LTM to sustain blended yields above regional averages and stabilize margin conversion despite increasing low-cost competition. Looking ahead, the secular macro tailwinds remain strong: South America's air travel penetration stood at approximately 0.65 trips per capita in 2024 (Exhibit 19), significantly below developed markets such as North America, which averaged 2.6 trips per capita. This structural underpenetration affords LTM a compelling runway for sustained traffic growth over the coming decades. In Brazil, per capita air travel is projected to grow from 0.5 trips in 2024 to 1.1 by 2044, underpinning long-term demand trajectories that support LTM's strategic growth and market share consolidation.

2.3 Regional macro indicators remain constructive. Latin America is forecasted to grow by 2.0-2.4% GDP in 2025, led by the recovery in Brazil and Argentina. This supportive economic backdrop translates directly to financial performance through LTM's specific catalysts. This positive backdrop, combined with LTM's competitive advantages, translates directly to financial performance. Based on management disclosures and Delta JV reporting, it has enabled LTM to grow North America capacity by 88% since 2022, adding 9 new routes and over 14.5m PAX to system totals.

Thesis 3 | Market underappreciating LTM's post-restructuring ascent

LTM reflects a structural valuation gap arising from a persistent market mispricing. Following its post-Chapter 11 financial and operating transformation, the company now delivers profitability and cost-efficiency metrics above its peers. However, its market capitalization still reflects a residual discount inconsistent with its current fundamentals. A combined analysis of EV/EBITDA and P/E multiples reveals that the penalty applied by the market is steeper than for global peers. Sensitivity analysis indicates that a normalization of its multiple towards the sector median implies a potential re-rating of 29%, without requiring incremental operating outperformance.

3.1 Structural margin outperformance post-restructuring. In FY19, LTM reported an EBITDA margin of 21.3%, surpassing the median of its peers by 1.2%. Post-restructuring, the company has delivered a sustained margin expansion from 1.5% in FY21 to 22.9% in FY24, outpacing the industry median of 15.4% by +7.5 pp. (Exhibit 22). Over the same period, peers expanded margins by 5.6 pp, underscoring LATAM's stronger operating recovery. The current EBITDA margin also exceeds the company's pre-pandemic average, confirming a higher and more resilient profitability base.

3.2 EV/EBITDA discount and asymmetric risk-reward. As of Q325, according to the latest analyst consensus, LTM trades at an EV/EBITDA multiple of 4.92x, compared to the sector median of 6.36x. This discount persists despite normalized cash flow and improving margins. Assuming net debt remains constant at approximately \$4.57bn, convergence to the median multiple would increase enterprise value from \$15.86bn to \$24.08bn, resulting in a 43% uplift in the ADR price from \$45.25 to \$64.53 (Exhibit 24). Sensitivity analysis shows marked asymmetry: a bear case multiple of 4.19x implies a downside limited to -18% in ADR price (~\$37.31), whereas a bull case multiple of 7.35x implies upside of 49% in EV and 70% in ADR price. Even a prudent mid-cycle scenario of 5.62x yields a positive EV growth of 14%.

3.3 Historical Compression of P/E Multiple and Upside Path. LTM's P/E history reinforces the structural undervaluation thesis. Between FY16 and FY19, LTM traded at a P/E multiple three times above the industry average of 9.3x, reflecting a historical premium relative to peers. LTM's P/E multiple averaged 10.1x from FY23 through FY25, representing a 74% decline from pre-pandemic levels, whereas global peers only suffered a 15% discount. This indicates that while the broader sector was impacted by decreased air traffic, the market penalized LTM more than four times the sector's average compression, erasing the historical premium that stemmed from its operating profile. Partial convergence towards the sector's average multiple would raise LTM's forward P/E from 5.6x to approximately 8.8x, potentially lifting market cap by nearly 56%, based on forecasted FY25 earnings. This recompression does not require a fundamental shift but rather a reassessment of risk and margin sustainability consistent with current operational performance. Therefore, the P/E behavior throughout the cycle suggests the market still prices LTM as if its recovery phase remains incomplete even though financial and operating indicators now exceed the company's own historical benchmarks.

Financial Analysis

Profitability | Adapting margins in a volatile environment

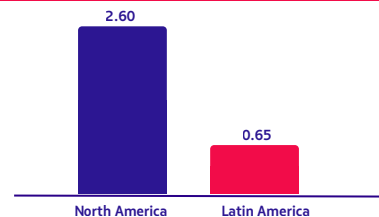
Flying Revenue Dynamics and Traffic Overview. Over the past decade, LTM's revenue profile has been marked by significant volatility, driven by the COVID-19 and the subsequent Chapter 11 restructuring process. Between FY16 - FY19, the company underwent a robust organic upcycle led by the passenger segment, which expanded at a 4.60% CAGR. Performance was supported by (1) capacity growth of 3.38% CAGR, underpinned by a key role of domestic SSC markets where ASK grew at a 4.66% CAGR, (2) yield improvement, contributing an additional +1.4 p.p. to top-line growth, and (3) slight load factor

Exhibit 18: EBIT Sensitivity (FY26)

		CASK Ex Fuel		
		4.50	4.73	4.97
RASK	0.07	\$1,630	\$1,197	\$764
	0.08	\$2,371	\$1,938	\$1,505
	0.09	\$3,112	\$2,679	\$2,246

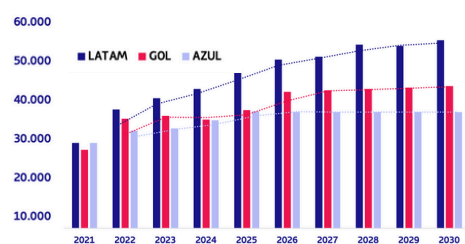
Source: Bloomberg/Team Analysis

Exhibit 19: Trips per Capita 2024



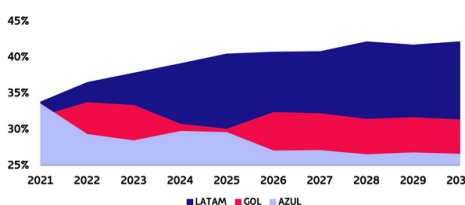
Source: IATA/Team Analysis

Exhibit 20: Domestic RPK Brazil



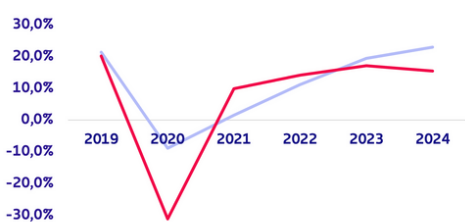
Source: Bloomberg/Team Analysis

Exhibit 21: Brazil Market Share



Source: ANAC/Team Analysis

Exhibit 22: EBITDA Margin (%)



Source: Bloomberg

Exhibit 23: EV/EBITDA Multiple

Period	LTM	Industry
FY2024	4.40x	5.81x
Q2 FY25	4.78x	6.01x
Q3 FY25	4.92x	6.36x

Source: Bloomberg

Exhibit 24: EV/EBITDA Scenario Analysis

EV/EBITDA	ADR Price	Up/Downside
4.19x	\$37.31	-18%
6.36x	\$64.53	+43%
7.35x	\$77.00	+70%

Source: Bloomberg/Team Analysis

Exhibit 25: Post-pandemic P/E Discount

Period	LTM	Industry
Pre-pandemic	38.53x	9.32x
Post-pandemic	10.10x	7.95x
Discount	-73.80%	-14.71%

Source: Bloomberg/Team Analysis

Exhibit 26: Domestic and International ASK

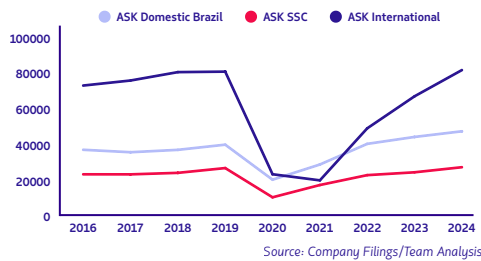


Exhibit 27: EBITDA Margin vs Jet Fuel Cost (\$/gal)

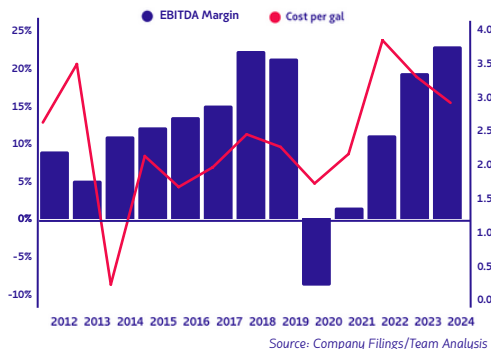


Exhibit 28: LTM and Peers CASK (¢/ASK)

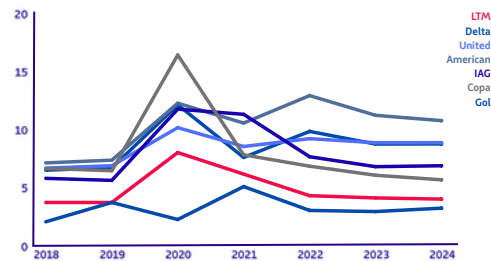


Exhibit 29: Dupont Analysis

M USD	2020	2021	2022	2023	2024
Net Profit Margin	-115.86%	-95.16%	14.30%	5.00%	7.61%
Asset Turnover	0.21x	0.34x	0.71x	0.84x	0.86x
ROA	-24.75%	-32.12%	10.11%	4.17%	6.53%
Equity Multiplier	52.86x	-3.05x	-3.78x	56.60x	25.50x
ROE	-	97.92%	-38.19%	236.24%	166.50%

Source: Company Filings/Team Analysis

Exhibit 30: Evolution of Value Creation (EVA)

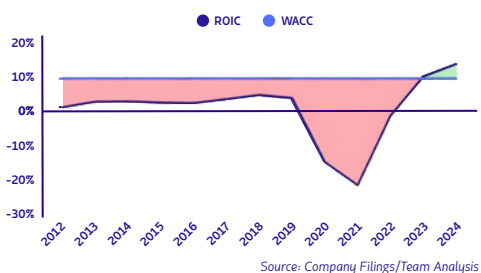


Exhibit 31: Liquidity Ratios

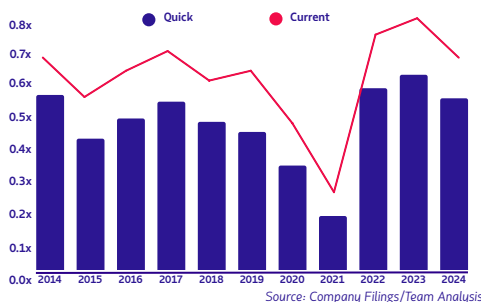


Exhibit 32: Liquidity Ratios Post-Chapter 11

Year	2022	2024
Quick Ratio	0.54x	0.51x
Current Ratio	0.69x	0.62x

Source: Company Filings/Team Analysis

contraction (-28 bp) as a tougher international environment characterized by local currency depreciation and heightened uncertainty, which drove international PLF (passenger load factor) down from 86.2% to 84.9%. COVID-19, represented the most severe stress test in aviation history, with LTM experiencing a drastic 62.6% reduction in ASK and a 69.90% YoY contraction in passenger revenues. Profitability compressed sharply, with EBITDAR margin at -8.88% and gross margin at -4.12% in FY20, figures further influenced by extraordinary item including asset impairment reversals and restructuring charges. Conversely, the cargo business acted as a countercyclical buffer: despite a 12.7% decline in RTK, cargo yields rose 30.20%, driving cargo revenues up by 13.7% and partially offsetting the passenger traffic downturn. Operating revenues surged 86.2% YoY in FY22, driven primarily by passenger traffic normalization. Between FY22 and FY24, passenger revenues expanded at a 21.3% 2Y CAGR, supported by a 17.8% increase in capacity (ASK), reaching 106% as of Dec-19 levels by FY24, and 19% CAGR in RPK, lifting load factors from 81.30% to 84.30%. The international segment led to this recovery, with load factors surpassing 86.30%, exceeding pre-pandemic levels. By FY24, profitability metrics reflected decisive structural gains, as gross margin improved to 26.6% and adjusted EBITDAR reached 22.9%, underscoring a more disciplined capacity deployment, enhanced fleet utilization, and a leaner cost structure relative to the pre-restructuring era. (Exhibit 27)

OPEX Profile and Operational Leverage Driving Profitability. LTM's cost structure mirrors the industry profile, with aircraft fuel (34.5%), followed by labor costs (15.3%), other rental and landing fees (12.8%), depreciation and amortization (12.6%), and other operational expenses. Prior to the COVID-19, LTM expanded its reported EBIT margin from 5.50% in FY16 to 7.50% in FY19. During chapter 11, the company achieved significant cost base reductions, including renegotiation of key contracts and fleet commitments, generating estimated annual savings of ~\$900m (38.10% lower cost) in FY20-FY21. The inherent operating leverage of the airline model, which, in LTM's case, magnified losses during the pandemic, turned into a tailwind in the recovery. Supported by disciplined capacity management and cost flexibility achieved through restructuring, this dynamic allowed revenue to rise 10.60% YoY in FY24, outpacing OPEX growth of 7.60% and expanding the EBIT margin by 270 bp. Despite a 13.50% increase in fuel consumption due to greater operational activity, fuel expense rose marginally by 0.60%, reflecting a 140 bp improvement in fuel efficiency (gallon per 1,000 ASK) and an effective fuel price of ~\$2.9 per gallon, net of hedging, with jet fuel price risk mitigated through a disciplined hedging program using swaps and options, representing an 11.43% decrease (see risk [M1])

Unit Profitability (RASK - CASK ex-fuel) as a key performance indicator. LTM has significantly enhanced its cost structure within the full-service segment, reflecting a sustained rationalization process following its financial restructuring. Between FY14 and FY19, the ex-fuel CASK was reduced from 8.84 to 4.53 ¢/ASK, and after COVID-19 shock it fell further from a FY21 peak of 8.9 to 4.8 ¢/ASK in FY24. This positions LTM below direct peers like Delta Air Lines (9.7 ¢/ASK) and American Airlines (9.1 ¢/ASK) and aligned with lower cost regional carriers such as GOL (Exhibit 28). Concurrently, RASK improved from 6.8 to 8.3 ¢/ASK, driven by network optimization, strategic hub management, and international traffic recovery. As a result, unit profitability (RASK-CASK ex-fuel) rose from a low of 0.22 cents in FY21 to 3.33 ¢/ASK in FY24, aligning with North American peers such as United (¢3.36) and Delta (¢3.56). This progression reflects normalized yields, fleet modernization, and labor efficiencies post-chapter 11, which have sustained margins amid regional inflationary pressures. With fuel prices stabilizing around \$2.8-3.0 per gallon and efficient consumption (~8.6 gallons per 1,000 ASK), the operating margin outlook remains stable to mild expansion. In relative terms, LTM operates with an ex-fuel CASK 45-60% below North American peers and under Copa Airlines (6.5¢/ASK), albeit with a RASK 30-35% lower than global FSCs underscoring clear revenue upside potential through enhanced pricing, international mix, and revenue management while maintaining cost discipline as a core value driver. At steady state, unit profitability is supported by (1) A structurally lighter cost base fostering resilience to demand shocks; (2) Gradual RASK expansion via revenue management and international mix optimization; and (3) Fleet and productivity synergies offsetting inflationary effects, targeting sustained spreads above 3.5 ¢/ASK by FY26.

DuPont | Decoding financial performance and capital efficiency

FY24 marks a neutral adjustment in LTM's return profile. ROE moderated from 236.24% in FY23 to 166.50% in FY24, driven primarily by financial deleveraging, as evidenced by the equity multiplier contracting from 56.6x to 25.5x following balance-sheet recapitalization. Concurrently, ROA improved from 4.17% to 6.53%, supported by +262 bps Net margin and efficient asset turnover of 0.84x in FY23 and 0.86x in FY24 (Exhibit 29). Over FY20-FY24, the DuPont decomposition indicates that volatility in ROE was mainly driven by swings in leverage, amplifying losses during negative results, with the equity multiplier reaching its highest point in FY22 amid a negative equity, significantly distorting the metric. FY23 was the point, as margin recovery and balance sheet strengthening took hold. Despite moderation in FY24, financial leverage remains elevated, underscoring the need for a continued transition to a more balanced capital structure while preserving operational improvements.

Reported ROA underscores structural gains in operational efficiency. Net profit margin experienced fluctuations, hitting a low during FY20-FY21 losses but peaking at 7.60% in FY24, supported by a strong EBIT margin. Between FY20-FY24, Asset turnover rose sharply from 0.21x to 0.86x, surpassing pre-pandemic levels and reflecting improved fleet and operational asset management. Looking ahead, sustained efficiency improvements are expected to translate into structurally higher ROA, reinforcing the sustainability of returns. In this context, the lower ROE is not a signal of weaker performance, but rather a shift toward more sustainable returns under an efficient operating model. Compared with peers, LTM historically underperformed the industry's average ROA since FY12 (except for FY22) but reversed this trend in FY24. While the sector average declined from 5.13% in FY23 to 4.35% in FY24, LTM's ROA rose from 4.17% to 6.53%, placing it above both the industry average and positioning it among the most profitable carriers in its peer set.

Since the LAN-TAM merger, LTM has endured a decade of sustained value erosion. However, significant equity destruction was observed in FY20 with EVA bottomed out at ~\$2.1bn, reflecting the severe disruption caused by returns below WACC and pandemic-related headwinds. By FY23, EVA was close to the break even point, setting the stage for a structural turnaround in FY24 as ROIC exceeded WACC by 418 bps, driving positive EVA generation of around \$344m. This shift highlights a structurally stronger operating model, underpinned by sustained CASK discipline (ex-fuel), tighter capacity planning, and prudent capital allocation (Exhibit 30). LTM's FY24 performance marks a transition from short-term financial recovery to consistent value creation, supported by improved profitability, a leaner cost base, and a more balanced capital structure.

Liquidity | Short-term flexibility and committed credit lines

Quick and Current Ratios. In the airline industry, current and quick ratios serve as key short-term liquidity metrics, yet their interpretation must be contextualized within sector-specific factors. LTM's current liabilities notably include (1) the current portion of IFRS 16 lease liabilities and (2) deferred revenues from advance ticket sales and frequent flyer LATAM Pass program; neither triggers immediate cash outflows at accounting maturity. For airlines, a meaningful quick ratio excludes not only inventories, but also assets held for sale, other current assets, and tax receivables, items that are less liquid than cash and trade receivables. This adjusted quick ratio better reflects the true immediate liquidity, which is usually low in airlines due to their capital-intensive, high fixed-cost structure. From FY14 to FY19, LTM's Current ratio fluctuated between 0.58x and 0.64x, consistent with typical industry negative working capital frameworks rather than stress signals. Under the strain of COVID-19, liquidity tightened substantially, with the Current ratio declining to 0.42x in FY20 and 0.21x in FY21, alongside a Quick ratio low of 0.31x and 0.16x respectively. However, these low liquidity ratios were not critical for LTM, particularly after renegotiating approximately half of its leasing contracts and rejecting 36% of its aircraft commitments as part of the restructuring process. That said, these ratios may overestimate liquidity stress if the secured cushion of undrawn credit lines and the recovery of operating cash flows are not considered into the analysis. Following its exit from Chapter 11 and the operational normalization in FY22, LTM's liquidity enhanced, with the Current ratio of 0.69x and Quick ratio of 0.54x, driven by cash rebuild and restructured current liabilities. By FY24, the Current ratio moderated to 0.62x, and Quick to 0.51x, primarily due to an increased current lease liability portion and higher deferred revenues from pre-sales (Exhibit 32).

Liquidity Buffer and Credit Lines. As of Dec-24, LTM's true liquidity cushion was substantiated by \$3.53bn in cash and equivalents, complemented by undrawn committed credit facilities, including two undrawn Revolving Credit Facilities (RCFs) of \$1.55bn and a Spare Engine Facility with US\$25M remaining capacity. The company complies with its minimum liquidity covenant of \$750m. This committed liquidity underpins operational continuity buffer despite low liquidity ratios and, alongside refinancings completed in FY24 and FY25, helps reduce financial expenses while maintaining LTM's dry powder. Moreover, as of Jun-25, LTM's liquidity, measured in total cash, marketable securities, and undrawn credit lines relative to trailing twelve-month revenue stood at 27.20%. This figure is above Delta (9.90%), American (19%) and other industry peers, while broadly in line with United (30.70%) and Copa (34.80%), positioning LTM at the upper end of the industry range. While this elevated liquidity reflects prudent capital management during its post-bankruptcy recovery, excess liquidity is expected to normalize over time as balance sheet repair continues, and the company prioritizes deleveraging and fleet investments.

Solvency | Strategic exposure and contingent liabilities

DIP and Exit Financing. The sharp decline in passenger volumes and cash flow stress led LATAM to file for Chapter 11 protection in May-FY20. Throughout the process, the company structured a three-tranche debtor in possession (DIP) facility: A (\$1.3bn), B (\$750m), and C (\$1.15bn); secured by aircraft, engines, the FFP (frequent flyer program) business, and strategic assets such as cargo, slots, and brand rights. This facility proved pivotal to maintaining operational continuity and access to credit through the peak of the pandemic. In Oct-22, the company completed its exit financing, repaying the DIP via a mix of Exit RCF (\$500m), Term Loan B of \$1.1bn at SOFR + 9.50%, and 2027-2029 notes with a 13.375% coupon. In Jul-24 it upsized and extended its revolving facilities, the Exit RCF to \$750m and RCF I to \$800m, both fully available by 1H25. During FY24, LTM refinanced its exit debt by issuing 2030 Notes (7.87%) for \$1.4bn, whose proceeds were used to prepay the Term Loan B and the 2027 Notes. In the same period, it renewed the Spare Engine Facility for \$300m, leaving \$1.575bn of committed dry powder. Strategic contractual management, including secured access to committed credit lines, renegotiated payment terms, maturity extensions, and comprehensive currency and interest rate hedging, further strengthened the company's liquidity position and balance sheet flexibility. The capital management continued through FY25 with the issuance of 2031 Notes at 7.62% to take out higher-coupon paper, reducing recurring interest. This reprofiling mitigates refinancing risk and smooths maturities; the fixed-rate mix shifted from 76% at year-end 2024 to 68% by Jun-25. A diversified blend of secured and unsecured instruments underpins a resilient funding platform and supports liquidity covenants. Consistent with this, FFO/Debt rose from 34.20% in FY23 to 42.30% in FY24 (derived from Standard and Poor's credit rating ratio), aligned with S&P's BB rating reinstated in Feb-25 and a target above 40%.

Net debt to EBITDAR. The leverage was elevated in 2012-2016 following the LAN-TAM merger, improved in 2017-2018, and rose to 4.18x in 2019 reflecting a 22% contraction in EBITDAR. It turned negative in 2020 at the peak of LTM's financial and operational stress. Post-restructuring and reprofiling, leverage declined sharply to 2.20x in FY23 and further to 1.74x in FY24, in line with higher EBITDAR generation and a healthier maturity curve. Gross debt to EBITDAR followed a similar path, from 5.8x in FY22 to 2.39x in FY24, consistent with a BB credit risk profile (Fitch).

Interest Coverage (EBIT/Interest Expense). This ratio remained moderate between FY12 and FY16, contracting sharply in FY20 on a collapse in EBIT and higher financing costs. By FY24, it had recuperated significantly to 1.75x, reflecting the company's strengthened ability to service interest obligations, supported by lower interest expenses following a series of refinancing transactions. The DSCR, defined as EBITDAR/(Interest + CPLTD), moved from 2.55x in 2016 to 5.15x in 2018, turned negative in 2020, and normalized to 3.22x in 2024. Collectively, these metrics point to a tangible improvement in near-term debt-service capacity and a sustainable post-restructuring leverage profile.

Equity | Deleveraged and Relisted

Recapitalization and Balance Sheet Repair. In Jul-22, LTM executed a comprehensive equity recapitalization, raising \$10.29bn, through (1) \$800m in cash equity and (2) \$9.49bn in contingent backstop shares to facilitate the conversion of the Series G, H, and I convertible notes. By Dec-2022, paid-in capital reached \$10.15bn with 604.6bn shares subscribed and paid, reversing negative equity and materially deleveraging the balance sheet through debt-to-equity conversion. At the end of FY23, conversions were substantially complete, with former creditors holding 64% of outstanding equity, legacy shareholders including Grupo Cueto retaining 5%, and the remainder held by strategic investors such as Delta Air Lines and Qatar Airways.

Relisting and Ownership Rotation. In Jul-24, the company relisted on the NYSE via a public secondary offering in which legacy creditors sold 19m ADSs at \$24 each. The transaction catalyzed follow-on secondary placements and orderly sell-downs by legacy holders, deepening liquidity while introducing a near-term overhang. Through FY25, at least five additional sales followed. Sixth Street reduced its stake from 24.1% to 16.5% by Sep-25 and, as a financial investor, is expected to continue monetizing its position. In contrast, strategic stakes held by Delta Air Lines, Qatar Airways and the Cueto Group remain stable, subject to lock-up restrictions through FY26 and supported by long-term commercial agreements and network synergies, which help anchor the shareholder base. Overall, creditor sell-downs expand free float and market depth, supporting valuation over the medium term, even as increased tradable supply may introduce short-term selling pressure.

Valuation

Our target price of **\$57.40 per ADR** (representing a 26.9% premium to the closing price as of September 30th, 2025) derived from a weighted average approach, assigning 60% to the intrinsic valuation (DCF), 30% to the relative valuation (trading multiples) and 10% to precedent transactions (Exhibit 38 & 39). We believe that this allocation appropriately captures LTM's underlying value, emphasizing its long-term cash flow generation capacity while recognizing its structural differences from other commercial airlines. At the same time, it incorporates market expectations embedded in trading multiples and transaction benchmarks, providing a balanced and comprehensive view of LTM's fair value (Appendix 15).

Discounted Cash Flow | Intrinsic Valuation

Structure: Our DCF applies a two-stage FCFF approach with an explicit forecast period through FY30, balancing forecast visibility with sufficient runway for post-restructuring normalization. The 6-year horizon captures (1) the gradual convergence of capacity and yields to pre-pandemic levels, (2) the completion of LTM's fleet renewal and refinancing cycle, and (3) the stabilization of margins as operating leverage matures. Terminal value is calculated using the perpetual growth method, capturing value generated beyond the direct forecast. Cash flows and terminal value are discounted as of 30th Sept-25 using the selected WACC rate, reflecting the company's risk profile and its capital structure (Appendix 7).

1. Weighted Average Cost of Capital: The discount rate applicable for LTM was calculated using: (1) cost of equity based on the Capital Asset Pricing Model, (2) after-tax cost of debt based on LTM's long-term debt and 10-year BB+ rated U.S. Industrials Corporate Bonds and (3) LTM's debt to equity ratio. Our nominal WACC rate resulted in **9.48%**, between a low-high range of 8.45% and 9.82% (Exhibit 37).

1.1 Cost of Equity (Ke): We estimated at **12.43%** (range 10.77% - 12.99%), using the modified CAPM. This model incorporates: (1) the risk-free rate as the 10-year U.S. Treasury yield of 4.15%, (2) the U.S. equity risk premium of 4.33%, and (3) a blended beta. To estimate β , we unlevered the betas of six sector comparables using the Hamada approach and re-levered them to LTM's target capital structure. Then blended this industry-derived beta with LTM's long-term observed market beta, enhancing statistical stability while capturing firm-specific sensitivity. This process delivered a beta of 1.38, consistent with the sector's cyclicality and LTM's post-restructuring leverage. No size premium was applied, while a country risk premium (CRP) of 2.29%, which derived from sovereign CDS spreads (net of U.S. risk), was considered and adjusted by relative volatility and revenue exposure by region (Appendix 7).

Exhibit 33: Debt Amortization Schedule

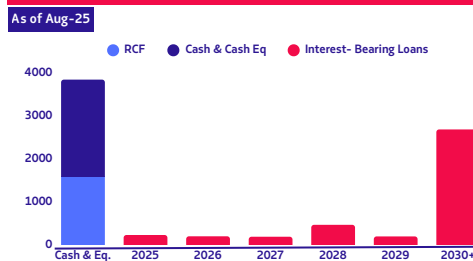


Exhibit 34: Net Debt/EBITDAR & Interest Coverage

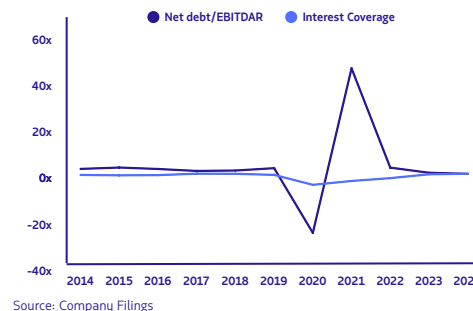


Exhibit 35: Debtor in Possession (DIP)

Tranches	Committed Amount	Main Investors
A	US\$ 1.3 Bn	Oaktree, Knighthead, Jefferies
B	US\$ 750 mn	Oaktree, Apollo
C	US\$ 1.15 Bn	Grupo Cueto, Grupo Eblen, Qatar Airways, Jefferies, Toesca

Source: Company Filings

Exhibit 36: Post Chapter 11 Financing

Financial Instrument	Total Amount
New Shares	US\$ 800m
Convertible Bond Serie H	US\$ 1,373bn
Convertible Bond Serie I	US\$ 6,816bn
Convertible Bond Serie G	US\$1,257bn

Source: Company Filings

Exhibit 37: Discount Rate

Cost of Equity	
Risk Free Rate	4.15%
Equity Risk Premium	4.33%
Country Risk Premium	2.29%
Beta	1.38
Total Cost of Equity	12.43%
Cost of Debt	
Bonds YTM (80%)	6.72%
Industry Corporate Bond Yield (BB+) (20%)	5.55%
Cost of Debt Before Tax	6.48%
Tax Rate (Chile)	27%
Cost of Debt after Tax	4.73%
Financial Structure	
Equity	61.60%
Debt	38.40%
WACC	9.48%

Source: Team Analysis

Exhibit 38: Valuation Results

Methodology	Weight	Price
DCF	60%	\$57.71
EV/EBITDA	30%	\$55.29
Precedent Transactions	10%	\$61.89
Target Price		\$57.40
Upside		26.9%

*As of close September 30, 2025

Source: Team Analysis

Exhibit 39: Valuation Football Field



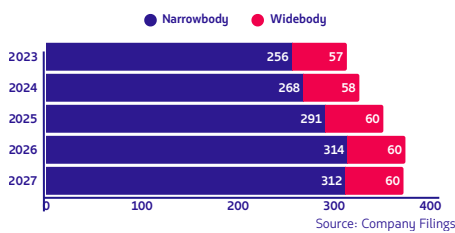
Source: Team Analysis

Exhibit 40: DCF Output

Enterprise Value	\$22.021
(Net Debt)	-\$4.571
(Non Controlling Interest)	-\$11
Equity Value	\$17.439
Shares Outstanding (ADR)	302.2m
Implied Share Price	\$57.71
Premium to Last Close	27.5%

Source: Team Analysis

Exhibit 41: LTM's Fleet Plan (units)



Source: Company Filings

Exhibit 42: Sensitivity ASK/YIELD

ASK %Δ	Yield				
	8.58	8.81	9.03	9.26	9.49
-10.0%	\$ 24.11	\$ 31.48	\$ 38.86	\$ 46.24	\$ 53.62
-5.0%	\$ 32.71	\$ 40.50	\$ 48.29	\$ 56.07	\$ 63.86
+0.0%	\$ 41.31	\$ 49.51	\$ 57.71	\$ 65.91	\$ 74.11
+5.0%	\$ 49.91	\$ 58.52	\$ 67.13	\$ 75.74	\$ 84.35
+10.0%	\$ 58.52	\$ 67.53	\$ 76.55	\$ 85.57	\$ 94.59

Source: Team Analysis

Exhibit 43: Sensitivity LF/Brent Price

Load Factor	Brent Price (US\$/bbl)				
	59.61	67.07	74.52	81.97	89.42
81.00%	\$ 61.12	\$ 56.40	\$ 51.68	\$ 46.96	\$ 42.24
82.75%	\$ 64.20	\$ 59.48	\$ 54.76	\$ 50.04	\$ 45.32
84.50%	\$ 67.15	\$ 62.43	\$ 57.71	\$ 52.99	\$ 48.27
85.75%	\$ 69.18	\$ 64.46	\$ 59.74	\$ 55.02	\$ 50.30
87.00%	\$ 71.16	\$ 66.44	\$ 61.72	\$ 57.00	\$ 52.28

Source: Team Analysis

Exhibit 44: Sensitivity WACC/g Rate

Growth Rate	WACC Rate				
	0.07	0.08	0.09	0.10	0.11
1.29%	\$ 71.27	\$ 59.53	\$ 50.77	\$ 44.01	\$ 38.66
2.04%	\$ 81.09	\$ 66.43	\$ 55.84	\$ 47.86	\$ 41.66
2.29%	\$ 84.90	\$ 69.03	\$ 57.71	\$ 49.26	\$ 42.74
2.64%	\$ 91.09	\$ 73.19	\$ 60.66	\$ 51.44	\$ 44.41
3.29%	\$ 105.03	\$ 82.19	\$ 66.89	\$ 55.96	\$ 47.81

Source: Team Analysis

1.2 Cost of Debt (Kd): We adopt a blended pre-tax cost of debt of 6.48%, based on the 6.72% yield to maturity of LTM's renegotiated long-term notes and weighted with the 10-year U.S. BB+ Industrials index at 5.55%, reflecting the company's better-than-expected recovery and improving credit outlook. This results in an after-tax cost of debt of **4.73%** (Appendix 8).

2. Revenue Projections: LTM's revenue is generated primarily from the passenger and cargo segments, complemented by other operational income. Our projections are built upon key operational drivers (e.g., ASK, RPK, yield, and load factor) that reflect industry recovery dynamics and company-specific strategic initiatives (Appendix 4 & 11).

2.1 Passenger Revenue: Passenger revenue is projected based on four primary operational drivers: ASK, RPK, PLF, and passenger yields. The crucial ASK increment is modeled distinctly across LTM's three core segments: Brazil Domestic, SSC Domestic, and International, with the international segment receiving significant focus as it represents ~49% of historical passenger revenue. Our model is anchored to management guidance, which projects a 10% growth rate for International ASK through FY25E. This reliance is justified by management's established execution track record, evidenced by the successful achievement of operational targets projected for 2Q25. ASK growth through FY27 is derived by using a bottom-up analysis of LTM's published fleet plan incorporating aircraft deliveries, retirements, seating configurations, and utilization estimates. From FY28 onwards, the methodology transitioned to a top-down approach linking ASK growth to RPK forecasts, utilizing a weighted average of the Boeing outlook, weighted regional GDP growth, and LTM's historical median RPK growth. The PLF is initially estimated to rise to 85%, driven by IATA projections and growing regional demand; this value is then assumed to converge linearly to 84.5% during the normalized period (FY28 onward), aligning with the 5-year historical median (excluding outlying years) of comparable airlines and reflecting the long-term optimal operational load factor. Finally, passenger yield for the FY26-FY27 period is estimated using a 10-year historical beta between yield and ICE Brent crude oil prices. Beyond FY27, yields are projected to grow in line with our expected long-term inflation rate of 2.29%.

2.2 Cargo Revenue: Cargo revenue, a historically resilient component of LTM's cash flow, is modeled using ATK and cargo yields. ATK capacity is strategically projected through two avenues: the dedicated freighter fleet and the belly-space utilization of the expanding passenger fleet (as per our ASK projections). The forecasted ATK increase is aligned with LTM's recent and aggressive network expansion; supported by the addition of 15 weekly cargo frequencies between Europe and South America, boosting total expected capacity by 25% as of Oct-25. This strengthens key trade corridors and enhances high-value service offerings (e.g., pharmaceuticals and perishables). Due to softening demand post-pandemic and the normalization of global supply chains, we project a short-term contraction in cargo yields of 100 bps in FY25/FY26, consistent with broader industry trends. However, yields are expected to stabilize above pre-pandemic levels, supported by the long-term structural growth of e-commerce in Latin America and the permanent increase in demand for a reliable fast air freight, versus fluctuating maritime service.

2.3 Other Operating Income: This category of income primarily comprises ancillary revenues and LATAM Pass loyalty program, projected as 1.75% of total passenger revenue, a ratio based on the historical contribution observed during normalized operating periods. This methodology assumes that the substantial growth in high-margin ancillary fees (e.g., baggage, seat selection) and the continuous expansion of the loyalty program will move in direct correlation with the core passenger business, reflecting LTM's efficient strategy to capture incremental revenue per passenger.

3. Operating Expense: We project OPEX under a CASK framework, separating fuel and non-fuel components and aligning cost drivers with operating scale. CASK ex-fuel is escalated year-by-year through FY27 using USD-denominated CPI projections, and thereafter using our long-term inflation anchor, reflecting baseline pressures partially offset by post-restructuring efficiencies; variable and semi-variable lines (e.g., manpower, maintenance, airport services) scale with capacity and utilization, while residual fixed items follow CPI. Fuel costs are derived from forecasting fuel consumption and prices; consumption being linked to ASK and a fuel-burn per ASK metric that improves 0.5% per year from FY26 onward due to fleet modernization, while prices follow the ICE Brent Crude Oil futures contracts translated to jet fuel through historical price correlations. While LTM employs hedging, we do not explicitly forecast hedge gains or losses due to disclosure constraints; the market forward curve is used as a policy-neutral proxy for long-term fuel cost. Lease and financing-related operating items reflect the fleet plan ramp and contract dynamics, preserving consistency between capacity, unit costs, and reported CASK.

4. Capital Expenditure: Our CAPEX model follows LTM's strategic fleet renewal (Exhibit 41) cycle and reconciles the value of fleet commitments with Net CAPEX. Near-term Net CAPEX (FY25-FY27) strictly follows management guidance and the confirmed fleet plan, totaling \$1.412m in 2025E, \$1.479m in 2026E, and \$1.535m in 2027E. This substantial spending is driven by the modernization cycle, which includes owned deliveries (85 A320neo and 15 B787), supplemented by agreed-upon aircraft under operating lease. This aggressive investment profile is explicitly designed to generate superior unit cost benefits, underpinned by a compelling implied project IRR. This return is validated by the direct operational savings associated with the new fleet, including ~25% lower fuel burn per B787, and the strategic revenue upside derived from optimizing the JV with Delta by offering newer, more attractive aircraft on key international routes, supporting higher RASK. Given the supply chain constraints, we have applied a slippage buffer to PDPs (pre-delivery payment) and deliveries. Following this short-term peak, long-term CAPEX (FY28-FY30) is modeled to normalize toward a maintenance level, consistent with sustaining a more efficient fleet and structural cost reduction.

5. Working Capital: Changes in NWC are projected based on historical operating patterns using key turnover indicators on a 360-day basis (DSO, DIH, and DPO). These metrics are assumed to remain stable over the forecast horizon, reflecting steady working capital efficiency. LTM operates with structurally negative NWC (~\$3.7bn), a common characteristic in the airline industry where high DPO levels and upfront ticket sales (deferred revenue) rather than offset receivables. This structure effectively provides a meaningful source of interest-free operational financing, supporting cash flow generation and contributing positively to FCF.

6. Terminal Value: Terminal value, which captures LTM's value beyond the explicit forecast period (FY30), is estimated by using the Gordon Growth Model. We apply a perpetual growth rate (g) to the final projected FCFF and discount it using the WACC. The perpetual growth rate is set at 2.29%, aligned with the long-term U.S. inflation outlook published by the Federal Reserve Bank of Cleveland. This assumption reflects the structural maturity of the airline industry and supports a conservative view in which LTM's long-term growth remains broadly in line with nominal GDP dynamics across its core markets, ensuring sustainable returns on incremental capital.

7. Cash Flows and Intrinsic Value: After discounting forecasted cash flows (Appendix 6) at the 9.48% WACC, the resulting enterprise value was adjusted to reflect the stockholder's available equity value. The target price resulting from this methodology is **\$57.71 for the ADR** (Exhibit 40), reflecting an upside of **27.53%** compared to the last closing price as of the valuation date.

Sensitivity | DCF

To validate the robustness of our DCF-derived target price of US\$57.71 per ADR, we conducted an integrated sensitivity and Monte Carlo simulation analysis to capture the valuation's exposure to both systematic and operational variables.

Deterministic Sensitivity. As shown in Exhibits 42-44, the DCF outcome is primarily driven by the discount rate (WACC) and fuel-related dynamics, followed by demand-side variables such as ASK, yield, and load factor. Testing a WACC range between 7.48% and 11.48% produced a valuation span from \$42.74 to \$84.90, underscoring the high elasticity of equity value to capital costs. Conversely, altering the perpetual growth rate between 1.29% and 3.29% yielded a narrower valuation band of \$50.77-66.89, confirming lower long-term sensitivity to terminal growth assumptions.

Operational Sensitivities. Exhibits 42-43 reveal a valuation range of \$38.86-76.55 when adjusting ASK (±10%) and \$41.31-74.11 yield (±5%), while variations in load factor (81-87%) generated a band of \$51.68-61.72 and Brent Price (\$60-89/bbl) \$48.27-67.15, highlighting the inverse correlation between fuel costs and shareholder value.

Stochastic Simulation. To incorporate simultaneous uncertainty, a Monte Carlo simulation (5,000 iterations) was executed (Appendix 17), varying seven key drivers: Yield, Load Factor, ASK, CASK ex-Fuel, ATK, Cargo Yield, and Fuel Expense. The resulting distribution yielded a mean value of \$57.71, $\sigma = 5.52$, and a 95% confidence interval of \$46.84-68.91. Near-zero skewness (0.01) and kurtosis (0.04) confirm statistical symmetry and limited tail risk.

Scenario Testing. Complementary bear and bull scenarios (Appendix 9) illustrate directional risk asymmetry, with downside to \$40.99 under sustained high fuel prices and low load factors, and upside to \$68.02 under the opposite macro and operational conditions. Overall, the analysis confirms that LATAM's equity value is most sensitive to fuel and cost-of-capital assumptions, while operational levers such as network optimization and disciplined capacity management act as secondary yet consistent mitigants of volatility.

Relative Valuation | Market Multiples

To capture market consensus and mitigate the cyclical nature inherent to the airline sector, a mid-cycle normalization framework was adopted incorporating annual data from 2018-2024 excluding 2020 due to its extraordinary pandemic distortion. This approach smooths short-term volatility and provides a structural benchmark of LTM's normalized earning capacity, preventing both overvaluation during peaks and undervaluation in troughs (Appendix 13).

Peer Group Selection. The peer group comprises major global Full-Service Carriers, United, Delta, American, and IAG; alongside key Latin American operators, Copa and GOL. This blended set is critical, as LTM operates with a dual identity: it competes internationally against global FSCs, while simultaneously defending its dominant domestic market shares. Including these distinct peers provides a comprehensive benchmark necessary to value LTM's blended operational profile (Appendix 12).

Multiple Selection. The analysis is anchored on the EV/EBITDA multiple, the most representative metric for capital-intensive industries, as it neutralizes differences in capital structure, facilitates cross-company comparability and mitigates accounting policy discrepancies across peers.

Application and Analysis: Applying the mid-cycle median multiple of 5.6x to LTM's normalized EBITDA yields an implied Enterprise Value of \$21.3bn. After deducting Net Debt (\$4.6bn) and Non-Controlling Interests (\$10.6m), the resulting Equity Value amounts to \$16.7bn. Divided by 302.2m ADR-equivalent shares (corresponding to 604.4bn ordinary shares adjusted at a 1:2,000 ratio), this results in an implied value of **\$55.29 per ADR**, a +22.2% premium to the market price of \$45.25 per ADR as of the valuation date (Exhibit 45).

Sensitivity tests illustrate the valuation's bandwidth (Appendix 15): the high-range multiple (6.5x) implies \$65.7 per ADR, while the low-range (4.8x) results in \$44.5 per ADR. LTM trades at 5.0x EV/EBITDA, modestly below the mid-cycle peer median (5.6x), reflecting a measured valuation discount. This positioning leaves headroom for convergence toward sector levels contingent on operating execution and balance-sheet discipline

Relative Valuation | Precedent Transactions

To estimate an implied valuation for LTM based on market evidence, a Precedent Transactions analysis was conducted using actual prices paid in comparable airline acquisitions (Appendix 14). Three relevant transactions were identified, and the target companies were Atlas Air, WestJet, and Virgin America, which share comparable operating and financial characteristics with LTM (Exhibit 46). Outlier adjustments were applied to mitigate bias and ensure representativeness within the sample.

We calculated trailing (Last 12 Months, LTM) enterprise value to **EBITDA multiples (EV/EBITDA)** as of each transaction's effective date, using this metric to isolate accounting and capital structure differences among the acquired companies. Based on the median multiple of **6.15x EV/EBITDA**, we derived an implied **ADR price of \$61.9**, representing an upside potential of **+37%** relative to the last close (\$45.25). The result does not include any control premium.

The Precedent Transactions approach adds robustness and empirical validation to the valuation framework, complementing both the Discounted Cash Flow and Market Multiples methodologies. By reflecting multiples effectively paid in actual transactions, this method provides a tangible reference for the market value that strategic acquirers have historically assigned to comparable assets in the global airline industry.

Investment Risks

Valuation Risks | Sensitivity & scenario analysis

We executed a Monte Carlo simulation (Appendix 17) to stress-test our recommendation by varying core operational and financial drivers such as yield, capacity, and cost structure. The resulting bull (\$73.57) and bear (\$40.17) price targets strongly reinforce our **BUY** recommendation. The valuation's robustness was confirmed via sensitivity analyses, focusing on fuel prices as the primary determinant of CASK.

Market Risks | Structural headwind

[M1] Dependency on Fuel Prices. LTM exhibits high exposure to the volatility of USGC 54-grade jet fuel prices. During FY24, fuel costs represented 34.50% of OPEX, a key component of CASK. Fuel prices are fundamentally tied to Brent crude; volatility is amplified by regional and global (Exhibit 48) factors such as (1) geopolitical disruptions and (2) currency impact across the region. Fuel is denominated in USD, yet a substantial portion of the LTM's revenue is collected in local currencies, creating an FX mismatch risk (see risk [M2]). **Valuation Impact:** Sustained increases in Jet Fuel prices that cannot be entirely passed through to fares will inherently compress profitability. A 10% increase in the average Brent price is projected to cause an EBITDA margin compression and subsequently reduce the target share price by ~9% (Exhibit 49). **Mitigant:** (1) Fuel hedging program to mitigate short-to-medium term volatility and protect against liquidity risk, while retaining the ability to benefit from potential downside fuel price movements. LTM maintains active hedge positions (futures and swaps) covering approximately 34% and 30% of projected consumption for Q325 and Q425, respectively. This provides visibility and stability for CASK. (2) investment in a fuel-efficient fleet that provides a structural competitive advantage, enabling the airline to sustain a CASK below the industry average (Exhibit 28).

[M2] Foreign Exchange Rate. LTM maintains a structural FX mismatch given its U.S. Dollar functional currency, contrasted with substantial local-currency revenue base. The primary source of this translational and transactional exposure lies in the BRL, which accounts for ~43% of LTM's consolidated revenues. **Valuation Impact:** 10% depreciation of BRL against USD reduces pre-tax earnings by \$54.7m (based on FY24 sensitivity), driven by the US\$-denominated OPEX and financial liabilities. **Mitigant:** LTM maintains FX derivative contracts, holding \$165m in notional BRL hedges as of FY24. Despite high historical correlation between BRL and other regional peers (CLP, COP) (Exhibit 50), LTM's geographical diversification provides a partial offset of FX shock.

[M3] Interest Rate. LTM financial results are subject to volatility arising from its US\$-denominated floating-rate debt exposure, which totals ~\$928m and is benchmarked against SOFR. In the current elevated interest rate environment (Exhibit 51), changes in Federal Reserve policy directly impact the LTM's interest expense. **Valuation Impact:** +100 bp in SOFR forward curve translates to a \$9.28m reduction in annual pre-tax earnings (company's FY24 sensitivity). **Mitigant:** Over 75% of total debt is fixed rate, primarily through capital market instruments and aircraft financing, effectively shielding most of the balance sheet. LTM utilizes interest rate derivatives to reduce the impact of potential future rate increases, actively managing cash flow volatility, and minimizing the erosion of net income from further rate hikes on the floating portion of its liability base.

[M4] Overhang Risk. Post-Chapter 11, LTM secured DIP financing that brought in strategic stakeholders: Strategic Value Partners Management Company and Sixth Value Partners, who together held 38% of the common shares as of Dic-24 (Exhibit 52). Three years after the exit, they initiated secondary sales of their equity positions for strategic purposes, exerting downward pressure on the share price. **Valuation Impact:** In Oct-25, SVP's 5% divestment caused a market capitalization loss of \$917m, a 5.90% fall. SSP retains a 16.50% stake (2.1bn shares, \$300-400m). Upon completion of the lock-up period, further sales could depress the P/E ratio from 12.10x to 10.20x in FY25F and 9.10x in FY26F, with LTM shares having represented 58% of total traded volume over the past year, highlighting the potential overhang effect. **Mitigant:** Operational performance has remained robust since the restructuring, while key shareholders: Delta Airlines, Grupo Cueto, and Qatar Airways, remain subject to sale restrictions until Nov-26, and are unlikely to sell due to their long history within the company, providing market confidence. Coupled with LTM's consistent execution and strengthened post-Chapter 11 track record, these factors suggest that any price impact from former creditor exits is likely temporary.

Exhibit 45: EV/EBITDA Relative Valuation

Base Case (USD\$m)	
Implied EV/EBITDA	5.62x
LTM 25E EBITDA	\$3,787
Enterprise Value	\$21,291
Equity Value	\$16,708
Implied Share Price	\$55.29
Premium to Last Close	22.2%

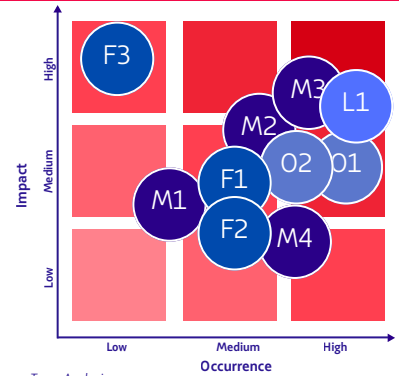
Source: Team Analysis

Exhibit 46: Precedent Transactions

Base Case (USD\$m)	
Implied EV/EBITDA	6.15x
Implied Share Price	\$61.89
Premium to Last Close	36.8%

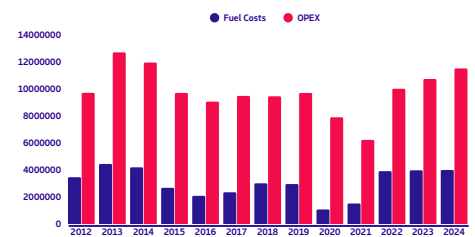
Source: Team Analysis

Exhibit 47: Risk Matrix



Source: Team Analysis

Exhibit 48: Fuel Price vs. OPEX (US\$ thousands)



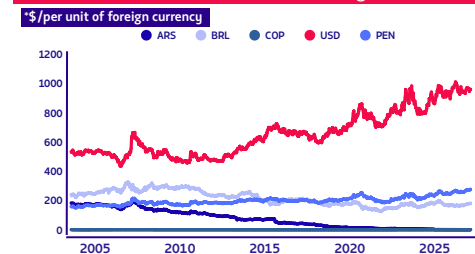
Source: Bloomberg

Exhibit 49: Brent Price Sensitivity

Brent Price	Share Price
-20%	\$67.15
-10%	\$62.43
0%	\$51.71
+10%	\$49.26
+20%	\$42.74

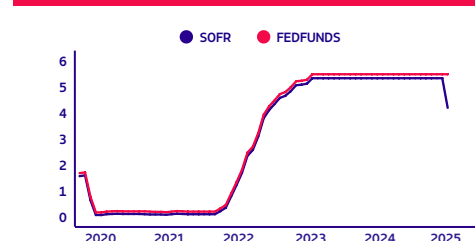
Source: Team Analysis

Exhibit 50: FX: Nominal Exchange Rates



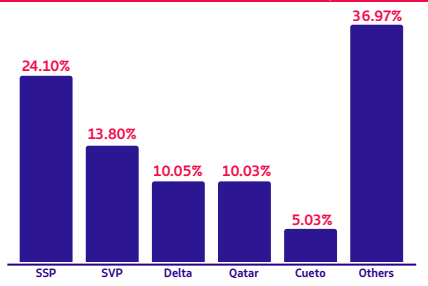
Source: Team Analysis

Exhibit 51: Interest Rate (%)



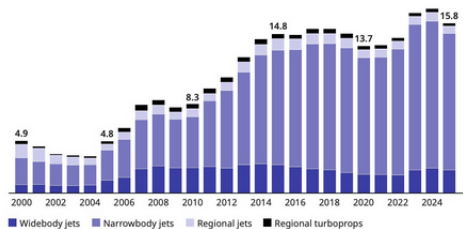
Source: Federal Reserve Bank of New York

Exhibit 52: Beneficial Ownership (%)



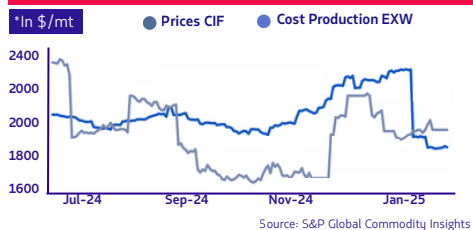
Source: Company Filings/Team Analysis

Exhibit 53: Commercial Aircraft Backlog



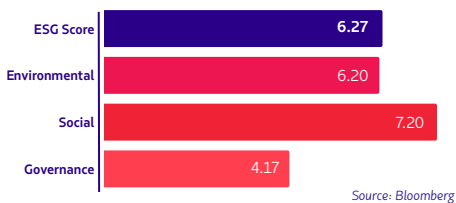
Source: Cirium, Oliver Wyman analysis

Exhibit 54: SAF Prices Above Production Costs



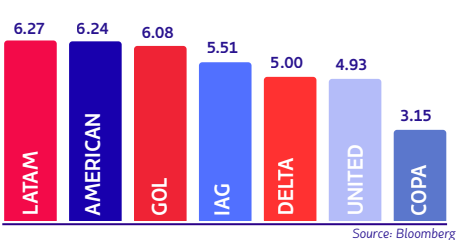
Source: S&P Global Commodity Insights

Exhibit 55: ESG Score 2025



Source: Bloomberg

Exhibit 56: Peer's ESG Score



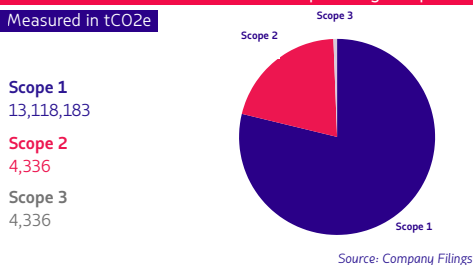
Source: Bloomberg

Exhibit 57: ESG Agencies' Scores

Morningstar	27.53/100 (medium)
S&P Global	67/100 - top 5 worldwide
World Benchmarking Alliance	16.3/100 ACT (just transition)
MSCI	-

Source: Morningstar/S&P/WBA

Exhibit 58: Total Carbon Footprint by Scope



Source: Company Filings

Operational Risks | Aviation resilience

[O1] Global Aircraft Shortage. Structural fleet supply constraint represents a production-to-backlog ratio exceeding 12 years at current output rates (Exhibit 53). The industry's annual fleet replacement rate is hovering near 3% (vs. the historical 5-6% benchmark), which materializes as persistent OEM delivery shortfalls and places a material constraint on the airline's ability to execute its planned ASK capacity growth. **Valuation Impact:** IATA estimates an incremental sector cost during FY25 of (1) 4.2bn from lower fuel efficiency attributable to an older, less efficient fleet. (2) \$3.1bn in higher MRO costs, and (3) \$4.0bn in leasing and inventory capital commitments. **Mitigant:** late-2024 wet lease agreement with Wamos Air as a temporary operational off-ramp, ensuring strict itinerary compliance. Delivery slots for the A320neo family (84 units) from FY25-FY30 and maintain orders for the B787-9 wide-body jet for FY28-FY30.

[O2] Supplier Dependency. LTM relies on a concentrated set of OEMs (Airbus and Boeing) and a limited pool of engine component suppliers. This concentration exposes the company to: (1) delivery delays affecting fleet renewal, (2) operational continuity risks from potential unavailability of aircraft or parts; (3) reputational exposure linked to supplier performance or perception. **Valuation Impact:** Extended maintenance input delays can trigger AOG events, resulting in revenue losses of \$10-150k per aircraft per day. **Mitigant:** (1) Supplier diversification through the acquisition of 74 Embraer E195-E2 aircraft, with deliveries beginning in 2H26, providing a hedge against OEM concentration. (2) A multi-year contract with Lufthansa Technik from FY25 to deploy AVIATAR, a predictive maintenance platform across 300+ Airbus and Boeing aircraft, reducing AOG risk through proactive issue detection and optimized maintenance scheduling.

Firm Risks | Maintaining Altitude Amidst Sector Volatility

[F1] Competition and Alliances. LTM operates within a highly competitive and fragmented market, marked by constant pressure on yields and profitability. The Group faces a dual threat: (1) regional LCCs enforcing aggressive fare competition and compressing margins across high-frequency routes, and (2) carriers with superior scale, liquidity, and implicit government support. **Valuation Impact:** Inability to maintain market share against subsidized peers could lead to an EBITDA margin of compression and downward revision in long-term growth forecasts. **Mitigant:** Strategic JV with Delta Airlines has driven a substantial expansion in market reach and operational capacity since its inception in 2022. Combined ASK has risen 88%, enabling over 62,000 flights and 14.5m passengers across 9 new routes connecting North and South America's key markets and access to more than 300 destinations between the United States, Canada and South America. Cargo synergies have proven accretive, with freight volume rising 356% to 2,093 tons as of 2025, underscoring enhanced asset utilization efficiency of the integrated network. This JV remains a key structural hedge, reinforcing LTM's competitive positioning and supporting earnings stability amid sector cyclicality.

[F2] Employee Disruptions. Derived from LTM's labor-intensive industry and dependence on specialized personnel, labor expenses account for 15.30% of total cost of sales in FY24. LTM faces a heightened risk of adverse consequences from collective labor actions, as roughly 46% of its workforce is unionized and covered by collective bargaining agreements. **Valuation Impact:** (1) Failure to successfully renegotiate collective agreements may trigger disruptions, impacting operations and reputation. This leads to a sharp increase in CASK due to mandatory compensation, re-accommodation expenses, higher turnover, and increased internal training costs. (2) Pressure to increase wages and employee benefits could result in a material rise in labor costs, reducing margins. **Mitigant:** LTM maintains a proactive approach to labor relations and compensation oversight, aiming to secure long-term, stable collective agreements. Labor relations between LTM, its employees, and their legal representatives are conducted through ongoing, constructive dialogue, resulting in agreements that benefit both parties and uphold operational efficiency, sustainability, and employee well-being. LTM continuously monitors potential labor conflicts and maintains contingency plans to mitigate the operational and financial impact of potential disruptions.

[F3] Pandemic Impact. A prospective pandemic can be categorized as a 'Black Swan' event, with far-reaching systemic implications. The global economy has experienced so far 9 major pandemic episodes over the past 250 years. Despite their relative infrequency, the magnitude and persistence of the shocks generated by such events underscore the relevance of this risk within LTM's long-term valuation frameworks. **Valuation Impact:** On March 18, 2020, in response to the COVID-19 outbreak announcement, LTM's share price experienced an unprecedented single-day decline of approximately 44%. **Mitigant:** During FY24, LTM had 12.46% of its total income derived from its cargo business unit. Given the segment's typically counter-cyclical nature, it serves as a crucial strategic buffer, helping to mitigate LTM's equity exposure to potential, pandemic-induced drops in passenger demand.

Legal & Regulatory Risks | Airspace control

[L1] Environmental Regulation. LTM faces significant upward pressure on OPEX due to stringent environmental mandates. Primarily driven by the mandatory use of SAF, which is 2x to 5x more expensive than jet fuel and whose production in Latin America is virtually non-existent (Exhibit 54). And by the CORSIA system, whose compliance costs were projected to increase by 43.80% FY24-FY25, coupled with the potential introduction of domestic carbon taxes. **Valuation Impact:** Commitment for SAF to represent 5% of total fuel consumption by FY30 will rise CASK in ~3.40%. **Mitigant:** (1) Structural efficiency through fleet modernization, 85% of committed aircraft in FY25-FY30 are fuel-efficient A320neo consuming 20% less fuel. (2) 5-year partnership with Fedepalma to promote SAF supply development and active collaborations with MIT and ProBioQAV.

Environmental, Social & Governance

In an era of growing environmental awareness and tightening regulatory standards, the aviation industry faces mounting pressure to demonstrate genuine progress in sustainability. LTM has gradually embedded ESG principles into its corporate strategy, aligning its initiatives with 11 of the United Nations SDGs and the broader commitments of IATA. LTM's 67-point S&P Global CSA score positioned it back into the Dow Jones Sustainability Index in 2024. These results reflect consistent progress in areas such as environmental efficiency, circular waste management, and social inclusion. Beyond regulatory compliance, LTM's ESG agenda emphasizes transparency and long-term resilience, signaling an effort to strengthen stakeholder trust through measurable decarbonization goals and continuous improvements in governance and disclosure practices.

Environmental | Four pillars, one flight path to sustainability

LTM's environmental governance operates under the IEnVA standard and operates with direct oversight from the Board's Sustainability and Strategy Subcommittee. This framework was validated by achieving 100% compliance with its Environmental Management System and secured ISO 14001:2015 certification in 2024.

Net-zero emissions by 2050. LTM's decarbonization roadmap, benchmarked against a 2019 operational baseline, includes achieving net-zero in Scope 1 direct emissions (99% of direct emissions) and offsetting 50% of domestic GHG emissions by 2030. Since the launch of its decarbonization pathways in 2010, LTM has already achieved a 7% cumulative fuel efficiency gain, mitigating 5.6m tons of CO2 to date. In 2024, total reported CO2e emissions reached 16.56m tons, reflecting a 13.20% increase YoY. This growth was outpaced by the 15.10% expansion in consolidated capacity, indicating a marginal but successful decoupling of emissions growth (Exhibit 59) from operational leverage and confirming an improvement in overall emissions efficiency. The carbon footprint remains overwhelmingly concentrated in direct Scope 1 sources (Exhibit 58), which account for 79% of total GHG. Given that 99% of the Scope 1 total is derived from aviation fuel consumption, this concentration underscores the critical dependence on SAF and fleet modernization for decarbonization. Indirect Scope 3 emissions represent 21% of the footprint, with 79% of that segment also linked to jet fuel use across the value chain. Scope 2 emissions (tied to electricity consumption) are financially and environmentally immaterial, contributing less than 1% to total GHG emissions. Fleet modernization is the primary driver of future emission reduction, expected to exceed 50% renewal by 2030 with next-generation aircraft that deliver 20-25% lower emissions per flight. This operational discipline is enhanced by the "LATAM Fuel Efficiency" program, which positions LTM's carbon intensity 12% below the industry average. Further optimization was achieved in 2024 with a 1% fuel consumption reduction supported by AeroShark technology.

SAF represents an essential long-term decarbonization enabler, given its potential to reduce emissions by up to 80% compared to conventional jet fuel. The Group aims to achieve a 5% SAF usage rate by 2030.

Energy Efficiency. LTM operates under an Energy Management System subject to internal and external audits verified by the Ministry of Energy and IATA. The company sources its energy from both renewable and non-renewable sources, maintaining strict compliance with international efficiency standards. LTM has implemented a series of energy efficiency initiatives, achieving measurable reductions in consumption intensity and strengthening the sustainability of its operational footprint. Between 2021-2024, total energy consumption declined from 63,379 MWh to 53,562 MWh, and energy intensity fell from 2.2 to 0.9 MWh/FTE, aligning operational efficiency with environmental stewardship.

Circular Economy. LTM has set a strategic target to divert 75% of non-hazardous solid waste from landfills by 2027, reinforcing its commitment to resource optimization. As of 2024, LTM has eliminated 97% of single-use plastics, reducing 1,738 tons of plastic. A total of 2,974 tons of waste was diverted from landfill, representing 57% of total reported waste. This includes 307 tons recovered through reuse and reduction initiatives and 2,667 tons valorized through recycling and composting processes. Key initiatives such as "Proyecto Fénix" for aircraft parts recovery, "Segundo Vuelo," "Recicla tu Viaje," and "Cero Desperdicios" leverage AI-driven analytics and process optimization to optimize waste segregation, recovery, and material repurposing.

Sustainable financing. LTM secured its commitment through the first Sustainability-Linked Loan in South America, valued at \$300m in 2024, by Credit Agricole CIP and BNP Paribas. This provides preferential interest rates contingent upon performance in the reduction of operational carbon intensity, specifically measured in CO2 tons per RTK. This transaction successfully integrates LTM's environmental performance with its financial strategy, enhancing its credibility and access to sustainable capital markets.

Biodiversity and ecosystems. LTM's "Commitment to Biodiversity and Zero Deforestation" aims to contribute to the preservation of ecosystems within its operational areas. Its strategy is designed to achieve a net positive impact on biodiversity. This framework requires the minimization of ecological impacts directly resulting from operations, and the promotion of responsible environmental management practices across internal processes. LTM has strengthened its due diligence mechanisms to prevent the procurement of materials originating from areas of active deforestation. In 2024, they executed the CO2Bio partnership, a strategic alliance focused on the conservation and restoration of savannas and forests. This initiative is categorized as a high-impact Nature-Based Solution, given that these specific ecosystems are identified as significant carbon sinks with high CO2 capture potential. Outcomes included the preservation of 278,903 hectares and the documented protection of over 2,000 species.

Social | Fueling the Americans' social engine

Workforce & Inclusion. LTM places strong emphasis on diversity, inclusion, and employee well-being as central pillars of its social strategy. As of 2024, the company employs 38,663 people across 21 countries. Women represent approximately ~40% of the workforce (Exhibit 62), aligning with the average for the global airline industry, showing consistent progress since the implementation of the Diversity and Inclusion Policy in 2021. LTM has also been tasked with promoting female leadership and monitoring gender-related KPIs. In 2024, LTM was recognized with "IMPULSA Female Talent Award" for its progress in gender inclusion within the aviation industry.

Workplace & Talent Development. LTM conducts annual Organizational Health Index Surveys to monitor employee engagement and organizational health, with 2024 results showing 79 points, an improvement of 15 points versus FY18 and eNPS reaching 81 points and surpassing its goal. The company's internal development program, provided over 1.6m hours of training during 2024, an average of 46.4 hours per employee, focusing on digital transformation, sustainability, and safety culture. LTM continues to prioritize internal mobility: 76% of open positions were filled through internal promotions, strengthening career continuity and retention across regions. The voluntary turnover rate stood at 3.65% in 2024, reflecting a favorable YoY reduction of 8 bp. Concurrently, total turnover rate improved, reaching 9.80% in 2024, a 100 bp improvement YoY.

Labor Standards & Safety. LTM maintains strict compliance with international labor conventions and Chilean employment law. The Safety, Quality, Health and Environment policy oversees workplace safety metrics and implements preventive measures across operations. FY24, LTM reported a total injury frequency rate of 0.52 per 100 employees, representing an improvement over 2023 and underscoring the effectiveness of the OSMS, SPI, and API. Additionally, LTM ensures compliance with IATA's global standards for operational safety and fair employment across subsidiaries in Chile, Brazil, and Peru. The compliance framework is currently tested by heightened labor tension, specifically with the SPL, where unresolved compensation issues post-Chapter 11 pose a material risk of operational disruption (see Risk [F2]).

Community Engagement. LTM strategically integrates social engagement through its flagship "Shared Value" pillar, aiming to foster social inclusion and environmental awareness across its operating communities. LTM leverages its core logistical capabilities for maximum impact: in 2024, the Group executed 47 social initiatives in partnership with NGOs and local governments, including providing essential logistical support for natural disaster relief. The "Avión Solidario" program serves as a dedicated asset utilization tool for social and environmental causes, providing pro-bono air transport capacity. In 2024, this program facilitated the transfer of nearly 5,000 individuals and 745 tons of humanitarian cargo. The most significant enhancement to LTM's social strategy is its adoption of a Social Return on Investment framework, transitioning to a system where impact is quantifiable and financially benchmarked.

Governance | Piloting the board

Board Composition and Diversity Profile. LTM's Board of Directors consists of nine principal members (see Appendix 21) elected by the Shareholders' Meeting through a cumulative voting process every two years for a two-year term. A mechanism designed to safeguard minority shareholder representation. Following the resignation of Mr. Bouk Van Geloven in Apr-24, the Board has been chaired by Mr. Ignacio Cueto, who has served as a Board member and President of LTM since April 2017 and brings over 30 years of experience in the airline industry. The Board demonstrates substantial collective expertise, with an average tenure of 4.2 years (as of Mar-25) and members ranging in age from 41 to 70, combining institutional continuity with a forward-looking strategic outlook. Moreover, the Board's composition reflects strong multinational expertise, encompassing members of Chilean, Brazilian, French, U.S., and Spanish nationalities (Exhibit 64). Nonetheless, the Board faces a pronounced gender diversity gap, with eight male and only one female director. This imbalance is further underscored by attendance data, as the sole female director recorded the second-lowest participation rate across both ordinary and extraordinary sessions, at 91%.

Board Remuneration. For 2024, non-executive directors received an annual remuneration of \$80,000 for attending Board sessions, reflecting a gender-neutral compensation policy applied uniformly across members. The sole exception to this structure is the Chairman of the Board, who receives double the standard remuneration, commensurate with the expanded fiduciary duties, oversight responsibilities, and time commitment inherent to the position. Directors Neruda, Moghbel, and Wulf, have waived their compensation for serving on the Board of Directors, the Board Committees, and their respective subcommittees

Management. The Senior Management team consists of ten members, with only one woman, indicating limited gender diversity at the executive level. The CEO functions as the principal executive officer, accountable directly to the Board of Directors for overall management and strategic execution. The operational framework is divided into six core divisions: Cargo, Customers, Commercial, Finance, Operations, and People, whose heads, along with other key VPs, comprise the Executive Committee. This Committee meets weekly to ensure alignment of corporate strategy, while each subsidiary retains its own management team to facilitate effective local execution within the Group's unified strategic framework.

Share Ownership. As of Dec-24, LTM maintains a diversified shareholder base with no single controlling entity. The principal shareholders include Sixth Street Partners, Strategic Value Partners, Delta Air Lines, Qatar Airways Investments, and the Cueto Group (Exhibit 52). The Cueto Group, led by Chairman Ignacio Cueto and Director Enrique Cueto, holds no differentiated voting rights. Together, these strategic investors have the right to nominate four of the nine board members, ensuring alignment between ownership interests and corporate governance.

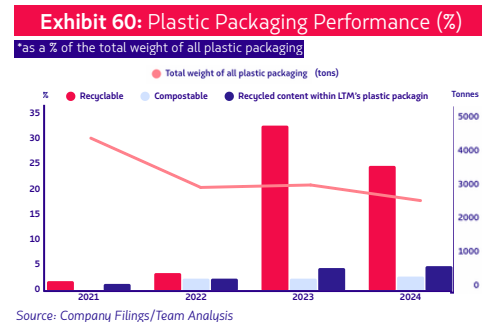
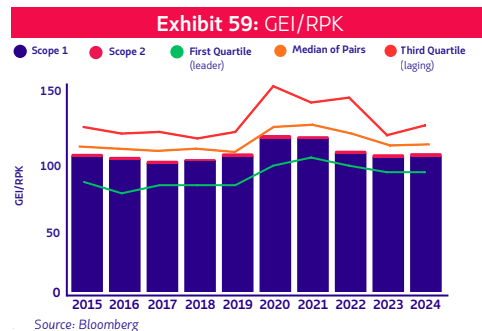
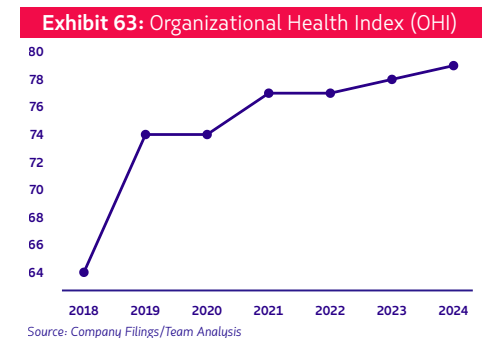
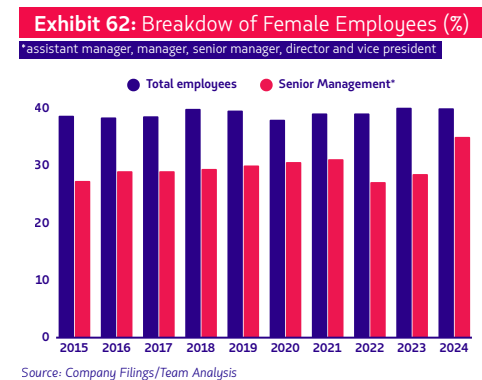


Exhibit 61: Company's Turnover

	2020	2021	2022	2023	2024
Voluntary Turnover	-	-	-	4.4%	3.6%
Total Turnover	53.7%	22.5%	11.4%	10.8%	9.8%

Source: Company Filings



Appendix 1: Glossary

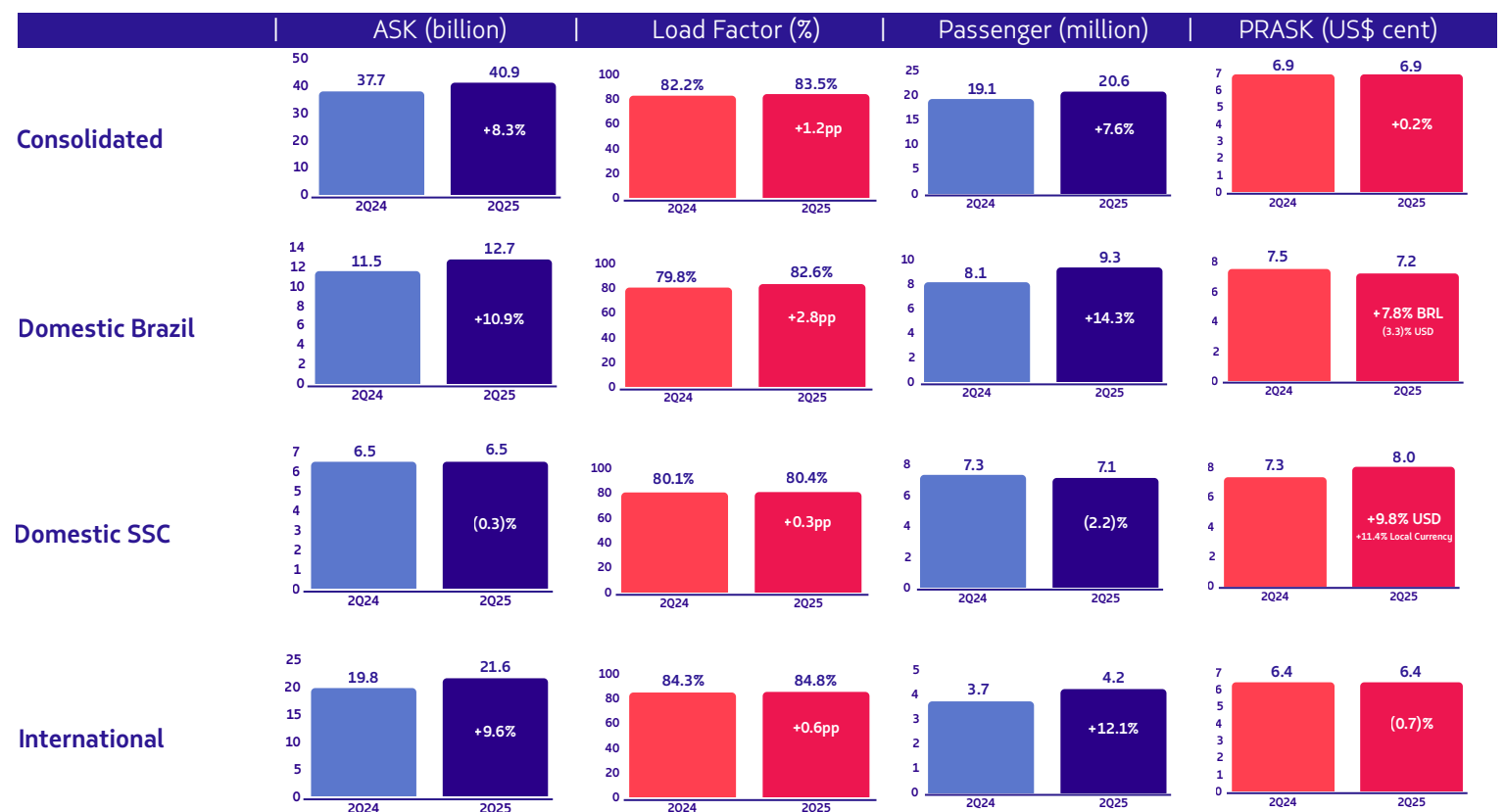
Acronym	Definition	Acronym	Definition
ASK	Available Seat Kilometers: measure of supply	LF/PLF/CLF	Load Factor; Passenger LF; Cargo LF: capacity utilization metric
CASK	Cost per ASK: key unit cost, operational efficiency	BELF	Break-Even Load Factor: minimum occupancy rate to avoid a loss.
ACTK	Available Cargo Tonne Kilometer: capacity metric	MRO	Maintenance; Repair & Overhaul: fleet servicing activity or facility
RPK	Revenue Passenger Kilometers: measure of demand	OEM	Original Equipment Manufacturer: Pratt & Whitney, Rolls-Royce, G.E.
RTK	Revenue Tonne Kilometer: volume of paying traffic	FSC/LCC	Full Service Carriers; Low Cost Carriers
RASK	Revenue per ASK: volume of paying traffic	Stage Length	Average flight distance: to adjust CASK
Yield	Average revenue per passenger kilometer	Belly Cargo	Cargo compartment located in the lower fuselage of passenger aircraft
FFP	Frequent Flyer Program: LATAM Pass loyalty program	ETV	Equivalent ticket value
Slot	Take-off and landing rights at constrained airports	EBITDAR	Earnings Before Interest, Taxes, Depreciation, Amortization, and Rentals
ADR	American Depositary Receipt: equivalent to 2,000 CLP shares		



Appendix 2: Capacity growth, load factors and passenger RASK

Operating Statistics	FY18A	FY19A	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26F	FY27F	FY28F	FY29F	FY30F
Passenger Revenue													
ASK	143,265	149,112	55,718	67,636	113,852	137,251	157,931	170,471	182,757	185,778	191,602	197,523	203,805
Load Factor	0.83	0.84	0.77	0.74	0.81	0.83	0.84	0.84	0.85	0.85	0.85	0.85	0.85
RPK	119,053	124,509	42,624	50,321	92,562	114,056	133,136	143,939	155,343	157,602	162,330	167,200	172,216
Yield	7.30	7.20	6.50	6.60	8.20	9.00	8.40	8.37	8.29	8.43	8.63	8.83	9.03
Cargo Revenue													
ATK	6,498	6,357	4,708	4,712	6,256	7,171	8,066	8,338	8,312	8,494	8,692	8,893	9,100
CTK	3,583	3,526	3,078	2,996	3,532	3,704	4,395	4,474	4,564	4,663	4,772	4,882	4,996
Load Factor	0.55	0.55	0.65	0.64	0.56	0.52	0.54	0.54	0.55	0.55	0.55	0.55	0.55
Yield	0.33	0.30	0.39	0.51	0.49	0.38	0.36	0.38	0.38	0.38	0.39	0.40	0.41
Other Operating Income													
Distribution Expenses	0.05	0.04	0.15	0.07	0.02	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Costs													
CASK Ex-Fuel	4.50	4.50	8.90	7.00	5.10	4.90	4.80	4.67	4.73	4.85	4.97	5.08	5.20
CASK	6.60	6.50	10.80	9.20	8.50	7.70	7.30	6.97	7.05	7.37	7.47	7.58	7.74
Operating expenses (Weight) Ex-Fuel													
Cost of Goods Sold / OPEX (%)	0.74	0.74	0.51	0.74	0.69	0.72	0.74	0.74	0.73	0.73	0.73	0.73	0.73
Distribution Expenses / OPEX (%)	0.10	0.09	0.04	0.06	0.07	0.09	0.08	0.07	0.07	0.07	0.07	0.07	0.07
General and Administrative Expenses / OPEX (%)	0.11	0.11	0.07	0.09	0.09	0.10	0.11	0.10	0.10	0.10	0.10	0.10	0.10
Other Operating Expenses / OPEX (%)	0.06	0.06	0.10	0.11	0.09	0.08	0.06	0.08	0.08	0.08	0.08	0.08	0.08
Other Income/Expense / OPEX (%)	(0.01)	(0.00)	0.27	(0.01)	0.06	0.01	0.00	0.00	0.01	0.01	0.01	0.01	0.01
Jet Fuel (Forecast)													
Fuel Expenses (Base Scenario)	-	-	-	-	-	-	-	3,848	4,229	4,683	4,789	4,932	5,180
Fuel Expenses (Bullish Scenario)	-	-	-	-	-	-	-	3,749	4,018	4,449	4,550	4,686	4,921
Fuel Expenses (Bearish Scenario)	-	-	-	-	-	-	-	3,948	4,441	4,917	5,029	5,179	5,439
Jet Fuel / OPEX (%)	0.32	0.30	0.13	0.24	0.39	0.37	0.36	0.31	0.33	0.34	0.33	0.33	0.33

Appendix 3: Capacity growth, load factors and passenger RASK



Appendix 4: Income Statement

Millions of USD	FY18A	FY19A	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26F	FY27F	FY28F	FY29F	FY30F
Passenger Revenue	8,709	9,006	2,714	3,342	7,636	10,215	11,233	12,030	12,878	13,289	14,016	14,767	15,558
Cargo Revenue	1,186	1,064	1,210	1,542	1,726	1,425	1,600	1,695	1,717	1,775	1,858	1,945	2,035
Revenue	9,895	10,070	3,924	4,884	9,363	11,641	12,833	13,724	14,595	15,065	15,874	16,712	17,594
Other Operating Income	473	361	411	227	154	149	201	204	226	233	246	259	273
Total group Net revenue	10,368	10,431	4,335	5,111	9,517	11,790	13,034	13,928	14,821	15,298	16,120	16,971	17,866
Cost of Goods Sold (Ex - Fuel)	(4,790)	(5,022)	(3,468)	(3,474)	(4,218)	(4,873)	(5,454)	(5,941)	(6,287)	(6,551)	(6,918)	(7,295)	(7,700)
Jet Fuel	(2,983)	(2,929)	(1,045)	(1,490)	(3,886)	(3,943)	(4,112)	(3,848)	(4,229)	(4,683)	(4,789)	(4,932)	(5,180)
Gross Profit	2,595	2,480	(179)	148	1,413	2,973	3,468	4,138	4,304	4,064	4,412	4,743	4,987
Distribution Expenses	(615)	(580)	(294)	(292)	(427)	(587)	(606)	(712)	(958)	(1,019)	(1,064)	(1,113)	(1,173)
General and Administrative Expenses	(736)	(735)	(500)	(439)	(576)	(683)	(824)	(1,018)	(1,296)	(1,378)	(1,439)	(1,506)	(1,587)
Other Operating Expenses	(356)	(423)	(693)	(536)	(532)	(533)	(460)	(793)	(1,085)	(1,153)	(1,205)	(1,260)	(1,328)
Other Income /Expense	53	12	(1,875)	31	(347)	(91)	(36)	(42)	(184)	(196)	(205)	(214)	(226)
Operating expenses (without adjustments) (Ex-Fuel)	(9,428)	(9,678)	(7,875)	(4,710)	(6,099)	(6,768)	(7,381)	(8,507)	(8,653)	(9,016)	(9,522)	(10,041)	(10,597)
Operating expenses (without adjustments) (Inc-Fuel)	-	-	-	(6,200)	(9,985)	(10,711)	(11,493)	(12,355)	(12,883)	(13,700)	(14,311)	(14,973)	(15,777)
Gain (loss) on Sale of Assets	-	-	-	-	(345)	-	-	-	-	-	-	-	-
Impairment of Goodwill	-	-	(1,729)	-	-	-	-	-	-	-	-	-	-
Asset Write Down	-	-	(37)	-	-	-	-	-	-	-	-	-	-
OPEX (Adjusted)	(9,428)	(9,678)	(6,109)	(6,200)	(9,640)	(10,711)	(11,493)	(12,355)	(12,883)	(13,700)	(14,311)	(14,973)	(15,777)
EBIT	940	753	(1,774)	(1,089)	(123)	1,078	1,541	2,102	1,938	1,598	1,809	1,998	2,089
Interest Income	53	26	50	21	141	125	142	50	38	29	33	37	44
Financial Costs	(539)	(590)	(587)	(806)	(942)	(698)	(882)	(484)	(485)	(495)	(505)	(511)	(521)
Foreign Exchange	(38)	(33)	(48)	131	26	86	173	(33)	(33)	(33)	(33)	(33)	(33)
Gain/(Loss) from Inflation	(1)	(15)	9	(5)	(1)	5	20	-	-	-	-	-	-
EBT Excl. Unusual Items	416	142	(2,350)	(1,747)	(900)	596	994	1,636	1,458	1,100	1,304	1,491	1,580
Restructuring Charges	-	-	(990)	(2,337)	1,680	-	-	-	-	-	-	-	-
Financial Claims	-	-	-	-	491	-	-	-	-	-	-	-	-
Gains resulting from the settlement of Chapter 11 claims	-	-	-	-	420	-	-	-	-	-	-	-	-
Gain (loss) on Sale of Assets	-	-	-	-	(345)	-	-	-	-	-	-	-	-
Impairment of Goodwill	-	-	(1,729)	-	-	-	-	-	-	-	-	-	-
Asset Write Down	-	-	(37)	-	-	-	-	-	-	-	-	-	-
EBT	416	142	(5,106)	(4,084)	1,346	596	994	1,636	1,458	1,100	1,304	1,491	1,580
Income Tax Expense	(74)	54	550	(569)	(9)	(15)	(16)	(180)	(523)	(431)	(488)	(539)	(564)
Net Income	342	196	(4,556)	(4,653)	1,337	582	977	1,456	935	668	816	952	1,016

Appendix 5: Balance Sheet

Millions of USD	FY18A	FY19A	FY20A	FY21A	FY22A	FY23A	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Current Assets													
Inventories	279	354	324	287	478	593	439	472	444	452	471	492	518
Taxes Receivable	69	29	42	41	33	47	40	44	45	46	47	48	49
Other Current Assets	299	818	432	256	297	288	233	414	496	708	724	741	758
Accounts Receivable And Other Receivables	1,163	1,244	599	882	1,008	1,386	1,164	1,074	1,461	1,501	1,582	1,666	1,753
Cash Equivalents And Marketable Securities	1,082	1,073	1,696	1,047	1,217	1,715	1,958	1,989	1,252	968	1,090	1,229	1,473
Other Financial Assets - Short Term	384	500	50	101	504	175	67	181	186	191	195	200	205
Total Current Assets	3,276	4,018	3,144	2,614	3,536	4,203	3,900	4,174	3,884	3,866	4,110	4,376	4,756
Non-Current Assets													
Property Plant & Equipment - Net	12,502	12,920	10,730	9,490	8,412	9,091	10,187	11,271	12,123	12,233	12,632	13,039	13,749
Deferred Income Tax Asset (Long-Term)	274	236	565	15	6	5	11	9	9	10	10	10	10
Goodwill	2,294	2,210	-	-	-	-	-	-	-	-	-	-	-
Other Noncurrent Assets	228	205	127	125	148	169	89	134	138	142	145	148	152
Accounts Receivable - Long-Term	5	5	5	12	13	13	12	13	13	13	14	14	14
Intangible Assets Excluding Goodwill	1,441	1,448	1,047	1,019	1,080	1,152	1,000	1,073	1,205	1,315	1,345	1,376	1,407
Other Financial Assets (Long-Term)	59	47	33	16	16	34	54	30	31	32	33	33	34
Total Non-Current Assets	16,803	17,070	12,507	10,677	9,675	10,464	11,353	12,531	13,519	13,744	14,178	14,620	15,367
Total Assets	20,079	21,088	15,650	13,292	13,211	14,667	15,253	16,704	17,403	17,610	18,288	18,996	20,123
Current Liabilities													
Payables	1,675	2,223	2,323	5,501	1,628	1,773	2,146	2,352	2,425	2,590	2,699	2,819	2,969
Short-Term Borrowings	1,794	1,886	3,056	4,453	803	596	635	685	705	722	739	756	773
Other Current Liabilities	2,455	2,835	2,089	2,333	2,642	3,302	3,489	2,971	2,957	2,906	2,973	3,041	3,110
Income Taxes Accrued/Payable	4	12	1	1	1	2	6	3	3	3	3	3	3
Short-Term Provisions	5	5	24	28	15	15	14	18	19	19	20	20	20
Total Current Liabilities	5,932	6,961	7,492	12,315	5,089	5,688	6,291	6,028	6,108	6,240	6,433	6,638	6,876
Non-Current Liabilities													
Long Term Debt	8,359	8,530	7,804	5,949	5,979	6,342	6,515	6,723	6,365	5,963	6,302	6,605	7,285
Pension/Postretirement Liabilities	82	94	74	56	93	123	167	172	177	182	186	190	194
Other Noncurrent Liabilities	645	851	702	512	420	349	140	359	369	379	387	396	405
Deferred Tax Liabilities (Long-Term)	787	617	384	341	345	382	313	357	367	376	385	393	402
Provisions For Liabilities And Charges	303	286	588	713	928	927	624	763	786	805	824	843	862
Accounts Payable To Related Parties	-	-	396	-	-	-	-	-	-	-	-	-	-
Long-Term Accounts Payable	529	619	652	472	326	419	492	485	548	585	610	637	671
Total Noncurrent Liabilities	10,706	10,998	10,601	8,043	8,092	8,541	8,251	8,860	8,612	8,289	8,693	9,064	9,819
Total Liabilities	16,638	17,959	18,092	20,358	13,180	14,229	14,542	14,888	14,719	14,530	15,126	15,702	16,696
Equity													
Minority/Non Controlling Interests	80	(2)	(7)	(10)	(12)	(12)	(12)	(9)	(15)	(20)	(25)	(30)	(36)
Common Stock	3,146	3,146	3,146	3,146	13,298	5,004	5,004	5,004	5,004	5,004	5,004	5,004	5,004
Treasury Stock	(0)	(0)	(0)	(0)	(0)	-	-	-	-	-	-	-	-
Retained Earnings	219	352	(4,194)	(8,841)	(7,502)	464	1,148	2,120	2,728	3,129	3,619	4,190	4,800
Other Equity	-	-	-	-	0	0	0	0	0	0	0	0	0
Other Reserve	(4)	(368)	(1,388)	(1,362)	(5,754)	(5,018)	(5,429)	(5,298)	(5,033)	(5,033)	(5,435)	(5,870)	(6,340)
Total Shareholders Equity	3,441	3,129	(2,442)	(7,067)	31	438	711	1,817	2,684	3,080	3,162	3,293	3,427
Total Shareholders Equity Excluding Minority	3,361	3,131	(2,436)	(7,057)	42	450	723	1,826	2,699	3,100	3,187	3,323	3,463
Total Liabilities and Shareholders Equity	20,079	21,088	15,650	13,292	13,211	14,667	15,253	16,704	17,403	17,610	18,288	18,996	20,123

Appendix 6: Free Cash Flow to the Firm

Millions of USD	FY21A	FY22A	FY23A	FY24A	Q1 25	Q2 25	Q3 25	Q4 25	FY26F	FY27F	FY28F	FY29F	FY30F
Revenue	5,111	9,517	11,789	13,034	3,411	3,279	3,569	3,670	14,821	15,298	16,120	16,971	17,866
Growth YoY (%)	17.9%	86.2%	23.9%	10.6%	2.7%	8.2%	8.6%	8.1%	6.4%				

Appendix 7: Cost of Equity

Re-Levered Beta			
Parameter	Low	High	Median
Market Cap	61.60%	61.60%	61.60%
Debt	38.40%	38.40%	38.40%
Tax Rate (Chile)	27%	27%	27%
Unlevered Industry Beta	0.47	0.96	0.89
Re-Levered Industry Beta	0.68	1.40	1.30

Beta				
Input	Low	High	Median	Weighting
Re-Levered Industry Beta	0.68	1.40	1.30	50%
Latam Beta	1.33	1.62	1.47	50%
Beta	1.00	1.51	1.38	100%

Country & Equity Risk Premium			
Country /Region	CRP CDS	ERP	Weighting
Spanish Speaking Countries	3.11%	-	36%
Brazil	2.44%	-	40%
USA	0.00%	4.33%	11%
Europe	0.16%	-	7%
Asia Pacific and rest of Latam	3.14%	-	5%
Total	2.29%	4.33%	100%

Risk Free Rate		
Input	Rate	Weighting
10 Year US Government Bond	4.15%	100%
Risk Free Rate	4.15%	100%

LTM's cost of equity (Ke) for the DCF was calculated using a modified Capital Asset Pricing Model (CAPM), as this framework is best suited for valuing an emerging market corporation with global operations and USD-denominated securities (ADR). This model delivered our forecast period Ke of 12.43%.

Alternative models were considered and rejected. The Dividend Discount Model (DDM) was deemed unreliable due to LTM's inconsistent dividend history and the suspension of payments during its Chapter 11 restructuring, making any stable growth (g) assumption speculative. The Fama-French 3-Factor Model (FF3M) was also discarded, as its factors are empirically derived from U.S. stock data and do not reliably explain the volatility of emerging market equities, especially those (like airlines) subject to distinct, non-U.S. cyclical factors. The following modified CAPM equation was used:

$$Ke = \text{Risk-Free Rate (Rf)} + \beta * (\text{Equity Market Risk Premium (EMRP)}) + \text{Country Risk Premium (CRP)}$$

Cost of Equity (CAPM)			
Parameter	Low	High	Median
Risk Free Rate	4.15%	4.15%	4.15%
Equity Risk Premium	4.33%	4.33%	4.33%
Country Risk Premium	2.29%	2.29%	2.29%
Beta	1.00	1.51	1.38
Cost of Equity (CAPM)	10.77%	12.99%	12.43%

1. Risk-Free Rate (Rf): The 10-year U.S. Treasury yield was used as the risk-free rate, set at 4.15%. Although LTM is a Latin American company, the U.S. rate is the standard industry practice for this valuation for three reasons: **(1)** LTM's ADRs are listed on the NYSE and valued in USD; **(2)** its major liabilities (aircraft leases, public debt) and a significant portion of its revenue (international cargo, Delta JV) are USD-denominated; and **(3)** it provides a stable "risk-free" base, allowing us to isolate and separately model emerging market risk via the Country Risk Premium. The spot rate of 4.15% was used for the forecast period, as it reflects current capital market conditions. For the terminal period, we assume this rate normalizes to a long-term average.

2. Beta (β): LTM's beta was determined to be 1.38 by triangulating and blending two distinct calculations: **(1)** a "bottom-up" comparable companies beta and **(2)** a "top-down" historical market beta. **Comparable Beta (Bottom-Up):** We identified six sector comparables (e.g., American Airlines, IAG, GOL) with similar cyclical exposure. We unlevered each peer's observed beta using the Hamada formula to remove the effect of their unique capital structures. The median unlevered beta was then re-levered using LTM's target capital structure (D/E), not its current one, to reflect a normalized, post-restructuring leverage profile. **Historical Beta (Top-Down):** LTM's long-term observed market beta was calculated via regression against the S&P 500. These two resulting betas were blended. This approach enhances statistical stability (dampening the noise of LTM's own post-Chapter 11 trading history) while capturing firm-specific sensitivity to market movements. The 1.38 beta is consistent with the airline sector's high cyclicality and LTM's post-restructuring operating leverage. For the terminal period, the beta is trended down towards the industry median, reflecting a long-term stabilization of the firm.

3. Equity Market Risk Premium (EMRP): The EMRP was set at 4.33%. This represents the forward-looking, implied premium for holding U.S. equities over the 10-year U.S. Treasury. This premium corresponds directly to our choice of the U.S. Treasury as the risk-free rate. This figure is used for both the forecast and terminal periods, as it represents the long-term mature market premium.

4. Country Risk Premium (CRP): A fundamental component of our modified CAPM, the CRP captures the specific, non-diversifiable risk of operating in Latin America. We derived a blended, revenue-weighted CRP of 2.29%. This was calculated by source, using the sovereign Credit Default Swap (CDS) spreads for LTM's key markets (Brazil, Chile, Peru, etc.) net of the U.S. CDS spread. This CDS-based method is superior to using bond yield spreads as it isolates default risk. And application, because the resulting country-specific premiums were not applied wholesale. Instead, they were weighted based on LTM's geographic revenue exposure and adjusted by the relative volatility of each country's equity market versus its bond market. This "lambda-adjusted" weighting correctly reflects that LTM is a pan-regional entity, not a pure-play on a single (and more volatile) emerging market.

Appendix 8: Cost of Debt

Weighted Average YTM													
Ticker	Ask YTM	Bid YTM	Coupon Rate	Maturity Date	Series	Credit Rating	Maturity Type	Announce rrency	Ask Price	Face Value (MMUSD)	Weight	YTM	
LTMCI	6.67%	6.72%	7.88%	15/04/2030	REGS	BB+	CALLABLE	01/10/2024	USD	9.000	1400	32%	6.70%
LTMCI	6.70%	6.74%	7.63%	07/01/2031	REGS	BB+	CALLABLE	24/06/2025	USD	104.06	800	18%	6.72%
LTMCI	6.71%	6.74%	7.88%	15/04/2030	144A	BB+	CALLABLE	01/10/2024	USD	104.51	1400	32%	6.72%
LTMCI	6.70%	6.78%	7.63%	07/01/2031	144A	BB+	CALLABLE	24/06/2025	USD	104.06	800	18%	6.74%
Weighted Average YTM													6.72%

LTM's pre-tax cost of debt (Kd) was calculated using a forward-looking, market-based approach to accurately reflect the company's new capital structure and credit profile following its Chapter 11 exit. Our methodology resulted in a blended pre-tax Kd of 6.48% for the forecast period, which translates to an after-tax cost of debt of 4.73%. Alternative methods, such as using the historical effective interest rate (interest expense / average debt), were considered and explicitly rejected. This historical "book" cost is backward-looking and fails to capture the significant repricing of LTM's risk, rendering it obsolete for a forward-looking DCF valuation. Our Kd is derived from a weighted blend of two primary, market-driven inputs:

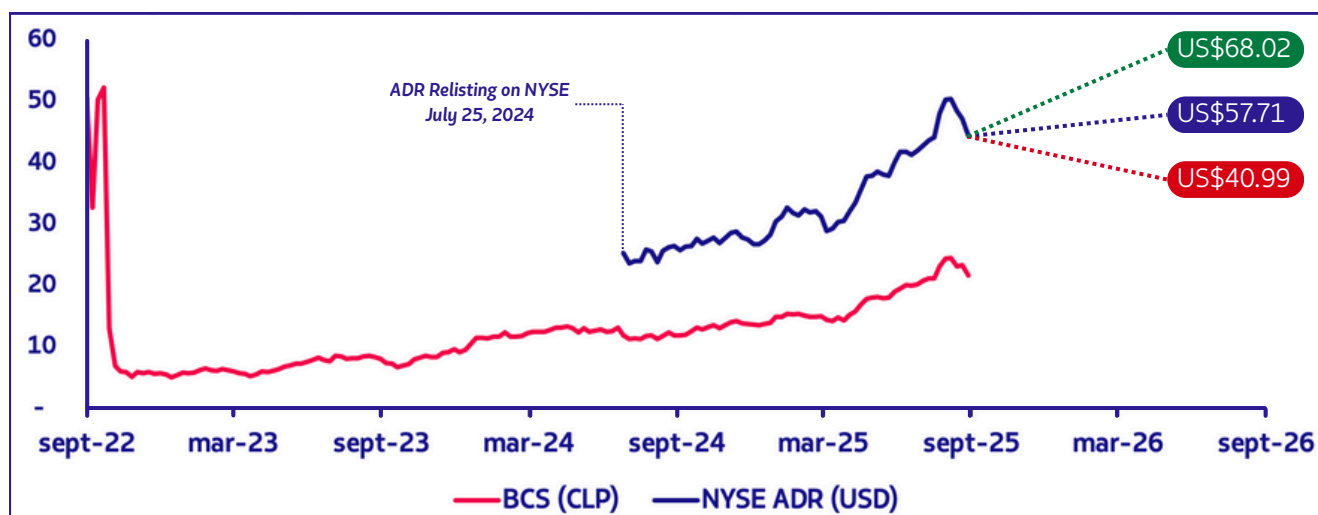
(1) Firm-Specific Yield to Maturity (YTM) on LTM Public Notes (6.72%): This is the most critical input as it represents the actual, observable, market-implied cost of debt for LTM today. We used the 6.72% YTM on LTM's renegotiated long-term senior notes. This yield reflects the return currently demanded by capital markets to hold LTM's debt, embedding the most up-to-date market consensus on its specific credit risk, liquidity, and post-restructuring operating outlook. For the explicit forecast period, this input was heavily weighted (~80%) as it is the most current and defensible data point.

(2) Normalized Index Spreads (5.55%): To complement the firm-specific YTM, we used the 10-year U.S. BB+ Industrials index yield of 5.55%. This serves as a vital, forward-looking proxy for LTM's normalized cost of debt. A core component of our investment thesis is LTM's better-than-expected recovery and improving credit outlook. While LTM's current YTM (6.72%) is accurate, it may still contain a residual "stigma" or illiquidity premium from its recent emergence from bankruptcy. The BB+ index at 5.55% represents the normalized market cost for a company with this improving, non-investment-grade profile. This input was weighted at ~20% in the forecast period to balance the current reality (the YTM) with our forward-looking thesis (convergence toward the index).

Finally, the pre-tax Kd of 6.48% is tax-effected using LTM's statutory tax rate of 27% to arrive at the 4.73% after-tax cost of debt used in our WACC calculation.

Industry Corporate Bond Yield		
Index	Rate	Weighting
Industrials BB+ Corporate Bonds (10 yr)	5.55%	100%
Total	5.55%	100%

Cost of Debt		
Input	Rate	Weighting
Cost of Debt	6.72%	80.00%
Industry Corporate Bond Yield (BB+)	5.55%	20.00%
Cost of Debt	6.48%	100%



Bear case | \$40.99 per ADR

Our bear case scenario envisages a regional "hard landing" macroeconomic environment, coupled with irrational post-restructuring competition and severe exogenous cost pressures, which collectively neutralize LTM's structural advantages. The assumptions underpinning this are as follows. **(1) Sustained Commodity Price Shock:** We assume a renewed and sustained rise in energy costs. This is driven by a high Brent crude price of US\$69.8/bbl for FY26 (stemming from renewed geopolitical conflicts or production cuts), combined with new environmental maritime regulations (IMO 2020/2025) tightening the supply of middle distillates, which could keep the jet fuel price elevated. This pressure results in a 5% increase versus our base case and directly compressing the RASK-CASK spread, overwhelming the efficiency gains from LTM's new fleet. **(2) Deterioration in Demand and Competitor Irrationality:** We model a sharp deterioration in the demand environment, led by a GDP contraction in Brazil and a failed stabilization in Argentina, causing a freeze in corporate travel budgets and a sharp decline in leisure VFR (Visiting Friends & Relatives) traffic. This macro weakness is dangerously compounded by irrational competitor behavior. We assume GOL and Azul, exiting their respective restructuring processes, prioritize regaining market share over profitability. They flood key domestic routes with excess capacity, triggering a region-wide fare war. **(3) Passenger Load Factor (PLF) Compression:** LTM is caught in this negative dynamic. The weak demand (consumers are price-sensitive) combined with industry overcapacity makes it impossible to pass on high fuel costs to passengers. LTM is forced to choose between ceding market share or participating in the fare war. In this scenario, it does the latter, but the resulting lower fares are insufficient to stimulate the weak macro demand. This results in the Group's consolidated Passenger Load Factor (PLF) falling by an average of 3.23 percentage points (pps) throughout the forecasted period to stabilize at a multi-year low of 82.0%. **(4) Failure of Strategic Theses:** In this scenario, LTM's key advantages are nullified. The "Offensive" strategy to capture routes abandoned by competitors proves highly margin-dilutive, as these secondary routes fail to mature and operate at severely low PLFs. Furthermore, the CASK benefits from fleet modernization are entirely consumed by the spike in fuel costs, demonstrating that LTM's profitability is not fully insulated from exogenous shocks. We arrive at a bear case valuation of US\$40.99 per ADR, implying a 9.42% downside to the last closing price as of the valuation date.

Bull case | \$68.02 per ADR

Our bull case scenario assumes a "goldilocks" environment, where a robust regional recovery, continued competitor capacity discipline, and normalizing commodity costs allow LTM to fully capitalize on its structural advantages. The assumptions underpinning this are as follows. **(1) Rapid Normalization of Energy Costs:** We model a significant fuel price tailwind. This is driven by a moderation of Brent crude to US\$63.2/bbl for FY26 (due to a resolution in key geopolitical conflicts or increased non-OPEC+ supply). This results in an all-in fuel price discount of 5.0% for LTM, which acts as a direct accelerant to the RASK-CASK spread expansion. **(2) Robust Macro Demand and Rational Competition:** We assume Brazil's GDP growth outperforms consensus forecasts and Argentina's stabilization plan is successful, unlocking significant pent-up VFR and corporate demand. Crucially, we assume competitors (GOL, Azul) emerge from restructuring financially constrained and focused on "rational" behavior, prioritizing their own profitability and high-margin routes rather than initiating fare wars. This creates a tight capacity environment across the region. **(3) Sustained Passenger Load Factor (PLF) Expansion:** The combination of strong macro demand and industry-wide capacity discipline grants LTM superior pricing power. LTM is able to fully leverage its "slot moat" in critical, saturated hubs (CGH, SCL, LIM) to push both price and ancillary revenue. The structural advantages of its network and the Delta JV allow it to capture the highest-yield passengers. This results in the Group's consolidated Passenger Load Factor maintaining itself at 85%, reaching a sustained historical high. This high PLF, combined with strong yields, drives significant RASK expansion and maximizes operating leverage. **(4) Flawless Execution of Strategic Theses:** In this scenario, LTM's strategies fire on all cylinders. The fleet modernization plan not only delivers its CASK ex-fuel benefits, but these benefits are amplified by the lower all-in fuel price. The Delta JV matures faster than expected, feeding high-yield premium passengers into the network, which helps drive the PLF expansion. LTM's "Offensive" into secondary routes proves successful, as the strong macro environment supports rapid route maturation. We arrive at a bull case valuation of US\$68.02 per ADR, implying a 50.33% premium to the last closing price as of the valuation date.

Appendix 10: Fleet Size (As of Q2 25)

Passenger Aircraft	Quantity	Seats
Narrowbody		
Airbus A320-200	135	180
Airbus A319-100	40	144
Airbus A321-200	49	222
Airbus A320 NEO	42	180
Airbus 321-Neo	15	222
Widebody		
Boeing 777-300 ER	10	410
Boeing 767-300ER	9	233
Airbus A330-200	3	268
Boeing 787	37	302
Total	340	
Cargo Aircraft		
Boeing 767-300F	20	52.45 Tons
Total Fleet	360	

Appendix 11: Pro-Forma Assumptions

Passenger Revenue	
Capacity (ASKs)	Capacity is built bottom-up from LTM's fleet plan, incorporating deliveries, retirements, seat configuration, and operational availability. The passenger fleet expands from 351 aircraft in 2025E to 392 by 2027E, driven by the entry of the Embraer E195-E2 and the progressive renewal into the A320neo family, partially offset by the phase-out of older Ceo units. Wide-body capacity remains broadly stable (B787: 38→41; Other: 22→19). ASK growth follows this transition: +7.2 % in 2026E, and +1.7 % in 2027E. Mechanically, total ASKs are computed as Average Seats (000s) multiplied by the average flight-distance factor, 2.47 (000 km per seat per year), resulting in approximately 170,471 → 182,757 → 185,778 million seat-km (2025E, 2026E, 2027E). From 2028 onwards, long-term capacity growth is capped at 3.0 %, a triangulated value derived from three reference anchors: (i) Boeing's 2025–2044 Latin America passenger traffic CAGR of 4.3 %, (ii) weighted real average GDP growth of 2.3 % (IMF WEO, Oct-2025), and (iii) LATAM's historical median RPK growth of 4.6 %. The 3 % cap ensures macro-consistency with the region's long-term growth potential while remaining conservative relative to industry projections. Boeing's forecast is used solely as an upper-bound reference.
Load Factor	Group PLF converges toward an optimal steady-state level derived from industry peers rather than LATAM's own historical average. The reference level (84.5 %) is obtained as the average of the median load factors for full-service comparables (UAL, DAL, CPA, AAL, IAG) across four normalized fiscal years (2018, 2019, 2023, 2024), excluding the pandemic period. This benchmark represents a sustainable utilisation rate under mature demand conditions. Accordingly, we assume 84.4 % in 2025E, rising to 85.0 % in 2026E on residual demand strength and delivery delays, then converging linearly to 84.5 % by 2030E (annual path: 84.4 → 85.0 → 84.8 → 84.7 → 84.6 → 84.5).
Yield	Passenger yield was estimated via regression against quarterly ICE Brent (2015–2025), producing an economically consistent $\beta = 0.19$. While the sample size limits statistical inference, this sensitivity is supported by empirical literature showing a structural link between fuel prices and airfares (Wadud, 2015), confirming a partial yet persistent cost pass-through mechanism in the airline industry. The forecast path, aligned with the ICE Brent Crude Oil futures curve (c/ASM), is 8.37 (2025E), 8.29 (2026E), 8.43 (2027E), 8.63 (2028E), 8.83 (2029E), and 9.03 (2030E). Beyond 2027, yield growth is indexed to long-term U.S. inflation (~2.29% p.a.), assuming FX translation effects net out over the horizon.
Freight Revenue	
Capacity (CTKs)	Cargo traffic projections are derived from a revenue-weighted GDP model linking LATAM's geographic revenue exposure to each market's real GDP growth outlook (IMF, 2025–2030). The forecast begins in 2025, projecting growth for subsequent years, and incorporates management guidance for Q3–Q4 2025 to capture near-term operational momentum. This approach reflects the structural correlation between air-freight volumes and macroeconomic activity across LATAM's key markets. Applying this GDP-weighted growth to baseline 2025 CTK volumes yields projected totals of 4,474 → 4,564 → 4,663 → 4,772 → 4,882 → 4,996 (000 t-km, 2025E–2030E), corresponding to 2.0 % growth in 2025E, 2.2 % in 2026E, and 2.3 % from 2027E onward. Growth primarily reflects the expected rebound in regional trade and incremental utilisation of passenger belly-hold capacity, as LATAM rationalises its dedicated freighter fleet from 20 to 19 aircraft between 2025E and 2027E — consistent with management's emphasis on efficiency and fuel optimisation within the cargo business.
Load Factor	The cargo load factor is expected to stabilise at ~55%, in line with pre-pandemic structural averages and reflecting balanced capacity deployment and resilient intra-regional trade flows. We set 2025E at 54%, rising to 55% from 2026E onward, which corresponds to the historical median and is assumed to represent the long-run optimal utilisation for LATAM's cargo network.
Yield	Cargo yield dynamics were modeled through a regression on quarterly ICE Brent prices (2015–2025), yielding an economically consistent elasticity of $\beta = 0.13$. Although the limited sample constrains statistical interpretation, the result aligns with empirical evidence documenting a stable long-term relationship between fuel prices and freight rates (Wadud, 2015). This supports a partial yet consistent cost pass-through mechanism within the cargo segment. Projected yields, aligned with the ICE Brent Crude Oil futures curve (c/ASM), remain broadly stable at 8.3¢ through 2027, gradually rising to 8.5¢ in 2028, 8.7¢ in 2029, and 8.9¢ in 2030, consistent with the long-term U.S. inflation anchor of approximately 2.3% p.a. Exchange-rate translation effects are assumed to offset over the forecast horizon.
Other Revenue	
Other Revenue	Other revenue comprises ancillary and non-core business streams, including the LATAM Pass loyalty program, LATAM Travel, joint venture commissions, and minor asset-related income. To ensure consistency, this segment is modeled as 1.75% of total Passenger Revenue, a ratio derived from the five-year historical average (FY2018–FY2023, excluding pandemic years 2020–2021). The measure captures the aggregate contribution of ancillary services and loyalty income to passenger operations, assuming proportional growth with overall traffic and fare dynamics. Given its limited volatility and dependence on passenger volumes, the ratio is held constant across the forecast horizon.
Operating Expenses	
Cost of Goods Sold	The CASK ex-Fuel projection was developed bottom-up, decomposing each cost line under Cost of Sales and assigning an operational or macroeconomic driver to ensure consistency with LATAM's cost dynamics. All figures are expressed in USD, using annual USD-CPI forecasts through FY27 (2.9% in FY26, 2.5% in FY27) and a 2.29% long-term anchor thereafter. Wages & Benefits grow with USD inflation, reflecting moderate wage indexation and efficiency retention following post-Chapter 11 restructurings. Commissions track nominal inflation as the mix between agency and direct digital sales remains stable, capturing tariff updates and third-party pass-through costs. Aircraft Maintenance scales with fleet size and utilization, with inflation serving as a proxy for material and labor escalation, tempered by newer, more efficient aircraft. Aircraft Rentals remain marginal following the phase-out of PBH contracts and are indexed to long-term inflation, while Other Rentals & Landing Fees follow USD CPI, incorporating inflation-linked tariff revisions and handling fee adjustments across LATAM's main hubs. Depreciation & Amortization are modeled separately from cash OPEX, held broadly constant in real terms and scaled to ASK growth, consistent with IFRS 16 accounting for right-of-use assets. Passenger Services are escalated by USD CPI, mirroring normalized catering and onboard service costs post-COVID recovery, and Other Airline Costs — covering ground handling, insurance, and communications — are conservatively increased by USD inflation. Overall, variable and semi-variable buckets (labor, maintenance, airport services) scale with capacity and utilization, while fixed residuals evolve with inflation, yielding a cost trajectory that balances inflationary drift with retained post-restructuring efficiencies.
Fuel Expense	Fuel expense is projected with a transparent Volume × Price methodology. Volume is tied to capacity through the historical fuel-burn-per-ASK series (ASMs per gallon / gallons per 100 ASK). Beginning in FY26, we apply a conservative 0.5% annual improvement in burn per ASK to reflect fleet modernization and operational efficiencies. Price is anchored to the ICE Brent futures curve and translated to jet fuel using normalized historical differentials; the 2025 base assumes US\$285.99/bbl, consistent with a Brent median of US\$69.96/bbl (converging toward US\$71.6/bbl by 2030). Under these inputs, 2025 base-case expenses track stable quarterly volumes (~347–348 million gallons) and the intra-year price profile, yielding US\$973.95m (Q1), US\$886.81m (Q2), and US\$993.83m (Q3 and Q4). Rolling the model forward on the futures path and the efficiency wedge produces a base trajectory of US\$4.23bn (2026E) → US\$4.68bn (2027E) → US\$4.79bn (2028E) → US\$4.93bn (2029E) → US\$5.18bn (2030E), consistent with moderate ASK growth and broadly stable real fuel costs. Scenario bands are obtained by shifting Brent within the observed forward-curve dispersion and the jet differential: Bullish implies ~US\$944m/quarter in 3Q25 and 4Q25, and US\$4.02–4.92bn for 2026E–2030E; Bearish implies ~US\$1.04bn/quarter in 3Q25 and 4Q25, and US\$4.44–5.44bn over 2026E–2030E. We do not model hedging P&L separately; the futures curve serves as a policy-neutral proxy for long-term fuel costs, keeping the projection auditable, economically grounded, and conservative on efficiency.
Balance Sheet	
Property, Plant & Equipment	PPE was projected as a function of revenue, anchored on historical averages between 77–81% of revenue. The ratio gradually declines from 81% in FY25 to 77% by FY30, reflecting ongoing fleet modernization, higher asset utilization, and capital efficiency post-Chapter 11. This top-down anchor is consistent with LATAM's transition toward a more balanced mix of owned and leased aircraft under IFRS 16, where incremental growth in PPE primarily stems from owned fleet additions.
Depreciation	Depreciation was modeled as a percentage of the PPE base, averaging 13.1%, in line with LATAM's historical depreciation intensity and accounting treatment under IFRS 16. This approach captures the stable amortization of right-of-use assets and the gradual replacement of older aircraft by newer, more efficient units. Depreciation thus scales proportionally with fleet expansion rather than inflation, ensuring consistency with underlying asset roll-forward dynamics.
CAPEX	CAPEX projections follow LATAM's disclosed guidance and firm orders for 24 Embraer E195-E2 aircraft. These deliveries were incorporated through 2027, with total CAPEX modeled to converge toward Depreciation levels beyond FY28, reflecting a steady-state reinvestment phase. The financing structure assumes LATAM's historical fleet funding mix—primarily operating leases and long-term debt financing—modeled as a 12-year lease-equivalent structure at 5% nominal interest with quarterly capitalization, consistent with market benchmarks for BB-rated issuers. This framework yields a CAPEX/Depreciation ratio stabilizing near 100% from FY27 onward, consistent with a mature fleet replacement cycle and disciplined capital allocation policy.

Appendix 12: Peers Description

UNITED AIRLINES HOLDINGS (USA)

Founded in 1931 and headquartered in Chicago, United operates one of the world's largest international route networks, spanning the Americas, Europe, and Asia. Its global scale and diversified demand base make it a relevant benchmark for capacity and profitability cycles.

DELTA AIR LINES (USA)

Established in 1925 in Atlanta, Delta is among the most profitable full-service carriers worldwide. Its disciplined cost structure, leading transatlantic presence, and balanced exposure to corporate and leisure segments provide a strong efficiency reference for LTM.

AMERICAN AIRLINES GROUP (USA)

Founded in 1930 and based in Fort Worth, Texas, American Airlines maintains the largest passenger network globally. Its higher leverage and sensitivity to demand cycles frame the upper bound of risk in the full-service carrier universe.

INTERNATIONAL AIRLINES GROUP (UK / SPAIN)

Created in 2011 through the merger of British Airways and Iberia, IAG operates across Europe, North America, and Latin America. Its diversified portfolio of subsidiaries offers a valuable reference for global network integration and post-crisis restructuring efficiency.

COPA HOLDINGS (PANAMA)

Founded in 1947 and headquartered in Panama City, Copa operates a high-frequency hub-and-spoke model connecting the Americas. Its consistent margins and efficient regional connectivity provide a Latin American benchmark for structural profitability.

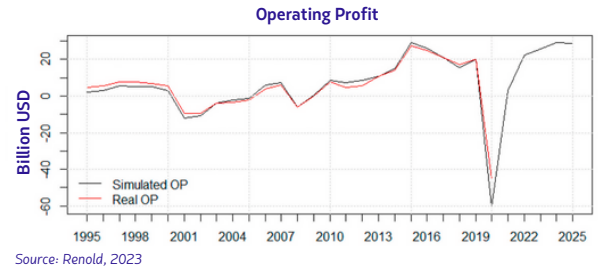
GOL LINHAS AÉREAS (BRAZIL)

Established in 2001 and based in São Paulo, GOL is a leading Brazilian carrier with a focus on domestic operations. After emerging from its own Chapter 11 restructuring in 2024, it offers a relevant regional comparison for post-restructuring performance within Brazil's competitive market.



Appendix 13: Relative Valuation - Market Multiples

Company	Market Cap	EV	Sales	EBITDA	EBITDAR	EV/EBITDA
United Airlines	\$18,229	\$36,386	\$44,107	\$7,082	\$9,641	5.1x
Delta Airlines	\$30,049	\$48,994	\$48,795	\$8,715	\$10,902	5.6x
Copa Holdings	\$3,633	\$4,341	\$2,836	\$673	\$673	6.4x
American Airlines	\$11,542	\$42,536	\$47,370	\$6,556	\$9,194	6.5x
Gol Linhas Aereas	\$5,252	\$25,535	\$14,532	\$2,173	\$1,986	3.2x
IAG	\$12,493	\$19,058	\$24,882	\$4,861	\$5,208	4.2x
Median						5.6x



The airline industry is **inherently cyclical**, as profitability expands during economic upturns and contracts sharply in downturns due to high operating leverage and exposure to macro variables such as GDP growth and jet fuel prices. As shown in the chart on the right (Renold, 2023), both, observed and simulated global operating profits move in cyclical waves around a long-term equilibrium, showing steep declines in 2001, 2009, and 2020 followed by mean-reverting recoveries.

According to **Damodaran (2012)**, valuations in cyclical industries should be based on normalized or mid-cycle earnings to avoid distortions from temporary peaks or troughs. Using a single-period profit figure risks overstating value during expansion phases and understating it in contractions. Instead, intrinsic value should reflect the company's sustainable earning capacity across an entire business cycle, smoothing cyclical volatility while preserving structural profitability trends. In line with this principle, our valuation framework applies a mid-cycle normalization to the peer set's financial data to derive representative trading multiples. The process was conducted as follows:

(1) Data Period Selection: Annual financial data for each peer company was collected from FY18 through FY24.

(2) Exogenous Shock Exclusion: FY20 was excluded from the dataset, as it represents an exogenous "black swan" event rather than a typical cyclical trough. Its inclusion would artificially depress normalized earnings and distort comparability across peers.

(3) Normalization and Multiple Derivation: For each peer, the median revenue and EBITDA values across the selected period (FY18, FY19, FY21–FY24) were computed. The median was preferred over the mean as it is less sensitive to post-crisis rebound outliers. These normalized financials were used to calculate each peer's mid-cycle trading multiple, which better reflects sustainable, through-cycle valuation levels.

This approach mitigates short-term volatility and ensures that the peer group comparison captures structural profitability across the cycle, aligning with academic guidance and industry best practices for cyclical sectors.

Appendix 14: Relative Valuation - Precedent Transactions

Target Company	Acquiring Company	Announcement Date	Total Announced Value (US\$M)	Target Enterprise Value	Announced Equity Value (US\$M)	Market Value of Equity	Target EV / EBITDA
Atlas Air Worldwide Holdings	Multiple acquirers	08/04/2022	4,603	4,577	2,902	2,877	5.2x
WestJet Airlines Ltd	Onex Corp	05/13/2019	2,621	3,552	2,621	2,675	5.1x
Virgin America Inc	Alaska Air Group	04/04/2016	2,169	2,251	2,169	2,394	9.8x
Median							6.15x

To complement our intrinsic valuation, we employed a Precedent Transactions Analysis (PTA) to provide an empirical, market-based validation for LTM's valuation. From an academic standpoint, relying solely on a DCF model can isolate an analysis from market realities. The PTA, as a form of relative valuation, provides a crucial "reality check." Unlike a public market comparable analysis, which reflects volatile, day-to-day public sentiment on minority stakes, the PTA reflects the actual prices paid by sophisticated strategic and financial acquirers to gain full control of an asset. This methodology is particularly relevant for the airline industry and LTM for two primary reasons:

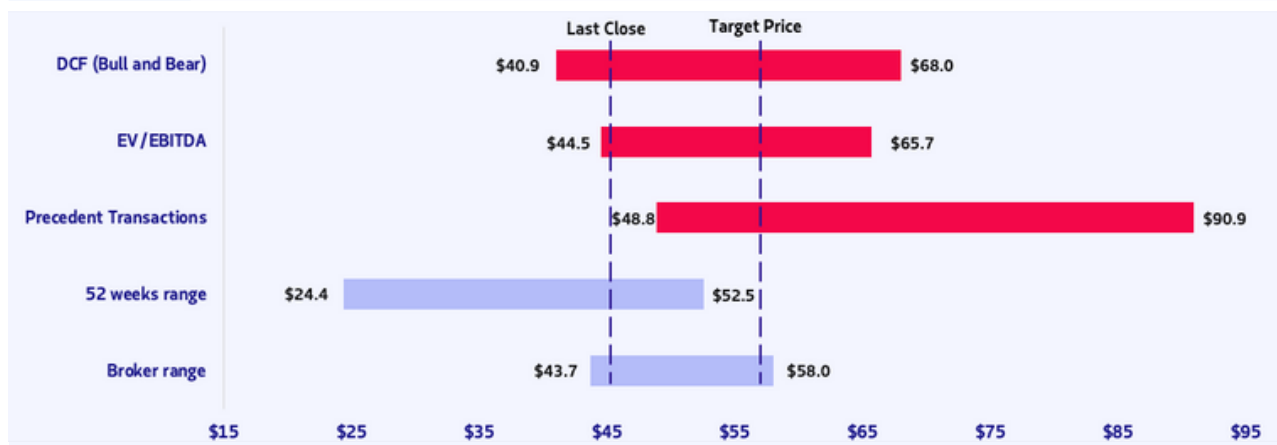
(1) Cyclical and Strategic Asset Value: Airlines are capital-intensive, cyclical assets. Public markets often misprice airlines based on short-term sentiment (e.g., fuel price volatility, near-term demand fluctuations), a core tenet of our mispricing argument. The PTA, however, captures the price a sophisticated buyer is willing to pay to secure long-term control of scarce, strategic assets, such as slot portfolios in saturated hubs (CGH, SCL), established route networks, and high-value loyalty programs, which are fundamental to LTM's competitive moat.

(2) Neutralizing Accounting & Capital Structure: The airline industry is characterized by significant accounting complexities, particularly following the adoption of IFRS 16 (operating leases) and divergent depreciation policies. The PTA allows us to select metrics (e.g., EV/EBITDA or EV/EBITDAR) that neutralize these accounting and capital structure differences, providing a cleaner comparison of core operating profitability.

To estimate an implied valuation for LTM, we analyzed prices paid in comparable airline acquisitions. Three relevant transactions were identified, and the target companies were Atlas Air, WestJet, and Virgin America. We calculated trailing (Last 12 Months, LTM) enterprise value to EBITDA multiples (EV/EBITDA) as of each transaction's effective date, using this metric to isolate accounting and capital structure differences among the acquired companies. This approach adds robustness and empirical validation to the valuation framework, complementing both the Discounted Cash Flow and Market Multiples methodologies.

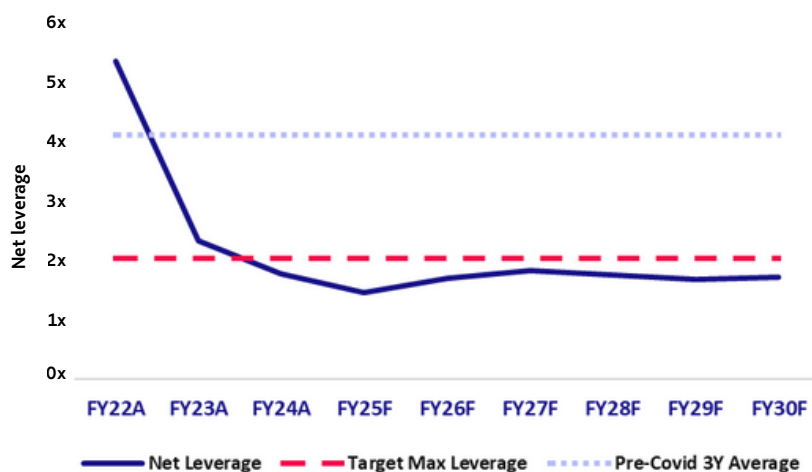
Appendix 15: Valuation Matrix

		DCF	EV/EBITDA	Precedent Transactions	52 Weeks Range	Broker Range
Blended Valuation \$57.40	High	\$68.02	\$65.70	\$90.92	\$52.54	\$58.00
	Base	\$57.71	\$55.29	\$61.89	\$34.41	\$53.87
	Low	\$40.99	\$44.52	\$48.82	\$24.38	\$43.70
	Weighting	60%	30%	10%	0%	0%



Our 12-month price target is derived from a 60% DCF, 30% Market Multiples (Comps), and 10% Precedent Transactions (PTA) blend. This weighting is intentionally driven by our thesis: the DCF (60%) is primary, as it is the only method that captures our forward-looking view of LTM's structural cost reset (Thesis 1 & 2). Market Multiples (30%) are included as a sanity check against current sentiment, but are capped, as our thesis argues the market is mispricing the stock (Thesis 3). Precedent Transactions (10%) receive minimal weight, as available comps are dated and have limited relevance.

Appendix 16: Net Leverage: Historical Evolution and Forward Outlook



LTM's Net Leverage Analysis

Our analysis projects LTM Adjusted Net Leverage trajectory based on forecasted balance sheets and free cash flows from 3Q25 through FY30F. The pre-COVID average (FY2017–FY2019), shown as the light-blue dashed line, represents the group's pre-restructuring capital structure (~4.1x). Leverage peaked at 5.27x in FY2022, immediately after emerging from Chapter 11.

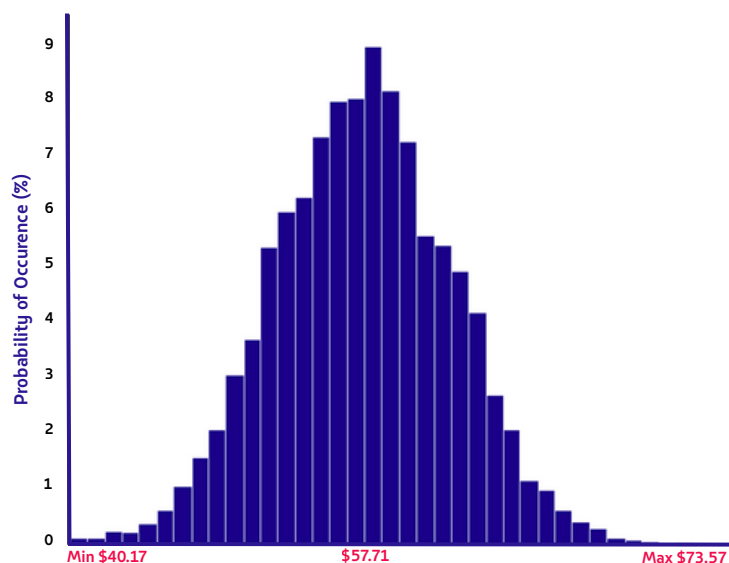
The projected curve (blue line) indicates a stable capital structure with moderate re-leveraging as LTM normalizes fleet investments and shareholder distributions. Leverage remains contained between 1.4x and 1.7x through FY30F — well below the company's formal financial-policy ceiling of < 2.0x, consistent with its long-term balance-sheet discipline.

According to the Corporate Update – August 2025, LTM's 2025 guidance targets an adjusted net leverage ≤ 1.5x, which our model already meets in FY25F.

The analysis highlights LTM's restored balance-sheet resilience, maintaining investment-grade-aligned leverage metrics and adequate flexibility to support ongoing fleet renewal and network expansion.

(Source: LATAM Airlines Group, Corporate Update – August 2025 [ir.latam.com])

Appendix 17: Monte Carlo Simulation



Key Statistics	
Max	73.57
Min	40.17
Mean	57.71
Std Dev.	5.52
Skewness	0.01
Kurtosis	0.04
Iterations	5000

Variable (FY30)	σ / μ
Yield	44 bp
Load Factor	34 bp
ASK	103 bp
Cask Ex-Fuel	104 bp
ATK	72 bp
Load Factor Cargo	21 bp
Yield Cargo	55 bp
Fuel expense	250 bp

Percentile	Target Price
1.0%	44.77
2.5%	46.84
5.0%	48.51
10.0%	50.41
15.0%	51.74
20.0%	52.92
25.0%	53.87
30.0%	54.76
35.0%	55.62
40.0%	56.38
45.0%	57.16
50.0%	57.81
55.0%	58.54
65.0%	59.87
70.0%	60.66
75.0%	61.55
80.0%	62.57
85.0%	63.64
90.0%	65.02
95.0%	67.13
97.5%	68.91
99.0%	71.21

A Monte Carlo simulation was executed to statistically validate our DCF valuation, incorporating 5,000 iterations across LTM's most sensitive drivers — Yield, Load Factor, ASK, CASK ex-Fuel, ATK, Cargo Yield, and Fuel Expense. Input volatilities were calibrated from forward-looking analysis and Bull/Bear case ranges, assuming independent normal distributions. The simulation yielded a mean intrinsic value of US\$57.71 (σ = 5.52), with a 95 % confidence interval of US\$46.84–68.91. Near-zero skewness (0.01) and kurtosis (0.04) indicate a symmetric, low-tail-risk distribution. These results confirm the robustness of our base-case assumptions and a balanced risk-reward profile, validating the stability of LTM's intrinsic value even under simultaneous multi-variable uncertainty.

Appendix 18: Chapter 11 Entrance and Exit Timeline

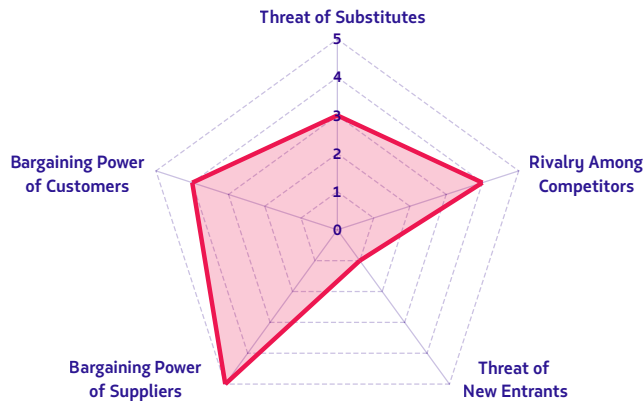


The accompanying timeline illustrates the staggered entry of major Latin American carriers into the U.S. Chapter 11 restructuring process.

LTM's strategic entry into Chapter 11. LTM decision to file on May 26, 2020, precisely at the trough of global air travel demand, was a pivotal strategic move. At that point, only Avianca faced similar conditions, while carriers such as GOL and Azul entered the process later, after demand had already begun to recover. By capitalizing on the unprecedented collapse in passenger volumes, LTM was able to aggressively restructure its fixed-cost base, including renegotiating or rejecting unfavorable aircraft lease agreements under highly distressed market conditions. As a result, the Group emerged with a structurally more efficient and resilient cost position (demonstrated by real-term CASK ex-fuel stability), securing a lasting competitive advantage over regional peers currently navigating their transformations in a more uncertain and less favorable environment.

Appendix 19: Porter's Five Forces Analysis

- 0 - No threat
- 1 - Very low
- 2 - Low
- 3 - Moderated
- 4 - High
- 5 - Very high



Threat of Substitutes: MODERATED

The threat of substitutes varies by segment. It is low for long-haul and intercontinental travel, where air transport remains essential. Conversely, the threat is high for medium- and short-haul corporate travel, driven by the post-pandemic adoption of teleconferencing and virtual collaboration tools, which provide cost-efficient alternatives with near-zero marginal cost. The cargo segment experiences low substitution risk, given limited feasible alternatives for time-sensitive or high-value freight.

Rivalry Among Competitors: HIGH

Competitive intensity in the Latin American aviation market is substantial. The sector is characterized by persistent price pressure from expanding LCCs, which compels LTM to continuously optimize domestic cost structures. Although LTM maintains a network advantage in long-haul and international operations, high market transparency (facilitating easy fare comparison) and low customer switching costs imply competitive pressures on margins. The presence of other legacy carriers on key international routes sustains elevated rivalry, underscoring ongoing margin constraints.

Threat of New Entrants: VERY LOW

The likelihood of new competitors entering the market remains minimal due to extreme barriers to entry. Capital requirements constitute the most significant obstacle, as fleet acquisition and infrastructure demand investments in the multi-billion-dollar range. Regulatory hurdles and certifications are lengthy (18-24 months) and resource-intensive, further discouraging entry. Moreover, LTM's established network effects and expansive loyalty program base (millions of active members) create a durable competitive moat, costly and time-consuming for new entrants to replicate.

Bargaining Power of Suppliers: VERY HIGH

Supplier power is structurally elevated, driven by market concentration and dependency on critical inputs. The primary exposure arises from aircraft manufacturers (Airbus and Boeing), whose duopoly status confers substantial leverage over pricing and delivery schedules, reinforced by their >90% share of new aircraft deliveries and the high switching costs faced by LTM. Jet fuel price volatility further compounds input risk; as a standardized commodity, it limits the airline's ability to mitigate short-term cost fluctuations. Additionally, reliance on specialized MRO providers holding unique certifications grants these suppliers significant contractual leverage, directly impacting operational cost efficiency and margin stability.

Bargaining Power of Customers: HIGH

Customer power is significant due to information transparency and abundant alternatives. Passengers can effortlessly compare fares and schedules across online platforms, heightening price sensitivity and eroding perceived differentiation in basic service tiers. Low switching costs and the proliferation of LCCs grant consumers considerable influence over yield management, compelling LTM to actively manage pricing, promotions, and loyalty incentives.

Appendix 20: LATAM's SWOT Analysis

S	LTM holds the leading competitive position in South American aviation, with dominant share in Brazil and a network optimized to drive incremental revenue and capacity utilization. The completion of the Chapter 11 restructuring strengthened the balance sheet and embedded a structurally lower cost base (stable real CASK and an expanding RASK-CASK spread), supported by a fleet renewal plan that enhances operational efficiency and capital productivity. The cargo division provides counter-cyclical revenue streams and reinforces cash flow resilience. Furthermore, the joint venture with Delta enables increased monetization of international traffic and strengthens geographic diversification of earnings.	W	A meaningful portion of LTM's cost structure is USD-denominated while a material share of revenue is driven by highly volatile local currencies, exposing operating margins to FX swings. Despite improved leverage and liquidity, residual perception from the restructuring process keeps LTM's cost of capital above global peers. Network concentration in a limited number of saturated hubs-particularly in São Paulo-may constrain future efficiencies if regulatory changes tighten slot controls. In addition, despite ongoing modernization, fleet availability remains partially dependent on engine supply dynamics and delayed aircraft deliveries.
O	South America remains structurally underpenetrated in air travel, with demand projected to grow above the global average. LTM is well-positioned to capture this upside given its scale advantage and multi-domestic platform. The introduction of new-generation narrow-body aircraft supports profitable deployment in secondary markets, expanding feeder traffic into long-haul routes, a key driver of incremental ROIC. Consolidating competitive dynamics in Brazil and other domestic markets, combined with weaker financial positions of regional peers, create opportunities for market share and margin expansion through operating leverage. Digital initiatives and loyalty monetization further enhance RASK and ancillary revenue growth.	T	Persistent inflation and regulatory-driven cost pressures including potential environmental taxation could erode post-restructuring cost advantages. Growing LCC competition may compress yields in price-sensitive segments and challenge spread expansion in weaker macro environments. The business remains exposed to Latin American political and economic volatility, which could impair cash conversion and incremental capacity deployment. Global supply chain disruptions in the aerospace industry also present risks to fleet plan execution and ASK growth.

Appendix 21: Board of Directors

Name & Position	Background
Ignacio Cueto Plaza - Chairman of the Board	Ignacio Cueto has over 30 years of experience in the airline industry. He has held multiple leadership roles within LATAM and its predecessors, including President of LAN Cargo, CEO of the Passenger Division, and President & COO of LAN until the 2012 merger with TAM. Throughout his career, he led the expansion of LATAM's regional affiliates and the establishment of strategic alliances across South America. As of December 31, 2024, Mr. Cueto, through the Cueto Group, held a 5.03% ownership stake in LATAM Airlines Group.
Bornah Moghbel - Vice-Chairman of the Board	Bornah Moghbel has served as Vice-Chairman of LATAM Airlines Group since November 2022. He is Co-Founder and Partner at Sixth Street, a global investment firm specializing in capital solutions and asset investing. With extensive experience in corporate and financial markets, Moghbel previously worked at Silver Point Capital and UBS Investment Bank. He holds a B.A. in Economics, with high honors, from the University of California, Berkeley.
Enrique Cueto - Director of the Board	Enrique Cueto has been a member of LATAM Airlines Group's Board since April 2020 and previously served as the company's CEO from the LAN-TAM merger in 2012 until 2020. With over three decades in the airline industry, he also led LAN Airlines and Fast Air Cargo earlier in his career. Cueto holds a degree in Economic Sciences from the Pontifical Catholic University of Chile and serves on the Board of Endeavor Chile. He is part of the Cueto Group, which collectively owns 5.03% of LATAM's outstanding shares.
Federico Curado - Director of the Board	Frederico Curado has served as an independent director of LATAM Airlines Group since November 2022. He also sits on the boards of Transocean and ABB, chairing key governance and compensation committees. Previously, he was CEO of Embraer (2007-2016) and Ultrarap (2017-2021). Curado holds a B.Sc. in Mechanical-Aeronautical Engineering from the Aeronautics Institute of Technology (ITA) and an Executive MBA from the University of São Paulo, Brazil.
Antonio Gil Nievas - Director of the Board	Antonio Gil Nievas has served on LATAM Airlines Group's Board since November 2022 and is also a director at Sociedad Química y Minera de Chile (SQM). With over 25 years of experience in global finance and management, he previously led Moneda Asset Management as CEO, overseeing more than US\$10.5 billion in assets. He also held senior executive roles at JP Morgan and worked as a consultant at BCG. Gil Nievas holds a BSc and MSc in Industrial Engineering from ICAI (Universidad Pontificia Comillas, Spain) and an MBA from Harvard Business School, as well as completing the Stanford Executive Program.
William Wulf - Director of the Board	William Wulf was appointed to the LATAM Airlines Group Board on April 25, 2024. He is a Managing Director and key member of the North American investment team at Strategic Value Partners (SVP). His background is highly specialized, encompassing previous experience within the Special Situations Groups at Goldman Sachs across both the Americas and Europe. With a Master's degree in Financial Engineering from Columbia University, his profile underscores a strong institutional focus on value management and corporate restructuring within the post-Chapter 11 entity.
Michael Neruda - Director of the Board	Michael Neruda has served on LATAM Airlines Group's Board since November 2022. A Partner at Sixth Street, he heads the firm's Restructuring and Distressed Investing division, focusing on opportunities that combine public market expertise with private capital solutions. Before joining Sixth Street in 2015, he worked at Watershed Asset Management, MHR Fund Management, Silver Point Capital, and Merrill Lynch. Neruda holds a B.S. in Management Science and Engineering from Stanford University and is a CFA Charterholder. He has also served on several corporate boards, including Neiman Marcus and Stallion Infrastructure Services.
Sonia J. S. Villalobos - Director of the Board	Sonia J.S. Villalobos has served on LATAM Airlines' Board since 2018. A Brazilian national, she also sits on the Boards of Petrobras and Telefónica Vivo. She is the founding partner of Villalobos Consultoria and a finance professor at Insper. Holding a Master's in Finance, she was the first professional in Latin America to earn the CFA charter, reflecting her distinguished career in investment management and corporate governance.
Alexander D. Wilcox - Director of the Board	Alexander Wilcox has served on LATAM Airlines Group's Board since 2020. Based in the U.S., he brings over two decades of aviation leadership, having co-founded JetBlue Airways and currently serving as CEO of JSX, North America's top-rated air carrier by NPS. A Henry Crown Fellow at the Aspen Institute and YPO Gold member, Wilcox holds a BA in Political Science and English from the University of Vermont and has been a licensed pilot since 1987.

Appendix 22: Senior Management Team

Name & Position	Background
Roberto Alvo - CEO LATAM Airlines Group	Alvo has been CEO since March 2020, bringing two decades of operational command and deep institutional knowledge. Previously he served as CCO, overseeing passenger/cargo revenue streams, and holds an MBA (IMD) to buttress his engineering background.
Ramiro Alfonsín - Commercial Vice-President	Alfonsín transitioned to CCO from nearly 9 years as CFO, where he navigated LTM's Chapter 11 and subsequent NYSE re-listing. His tenure is anchored by prior experience in investment banking and senior financial roles within the energy sector.
Ricardo Bottas - Vice President of Finance	Bottas provides nearly 3 decades of diversified executive experience across highly regulated sectors, including Energy, O&G, Insurance, and Healthcare. He specializes in corporate finance and M&A, having spent 12 years as CEO/CFO in competitive Brazilian public markets.
Emilio Del Real - Vice President of People	Del Real, is VP of People at LATAM Airlines since 2005, previously held HR leadership roles at D&S and Unilever. He holds a psychology degree from Universidad Gabriela Mistral.
Juan Carlos Menció - Vice President of Legal and Compliance	Menció, VP of Legal & Compliance since 2014. Previously he served as General Counsel for North America and Cargo Operations. He holds a BBA in International Finance and Marketing from the University of Miami and a Juris Doctor from Loyola University.
Paulo Miranda - Vice President of Clients	Miranda, VP of Customers since 2019. he has over 20 years of aviation experience, having held leadership roles at Delta Air Lines and Gol Linhas Aéreas. He holds a Bachelor's degree in Business Administration from University of Minnesota.
Hernan Pasman - Vice President of Operations and Maintenance	Pasman, VP of Operations, Maintenance & Fleet since 2015. Previously he held leadership roles at LAN Airlines, including CEO of LAN Colombia. He is an Industrial Engineer from ITBA and holds an MBA from Kellogg Graduate School of Management.
Juliana Ríos - Vice President of IT & Digital	Ríos, VP of IT & Digital since 2021 leads the company's digital transformation initiatives. She has over 20 years of experience in finance and aviation, and holds a Bachelor's degree in Business Administration and an MBA in Corporate Management from IBMEC.
Andrés Bianchi - CEO LATAM Cargo Group	Bianchi, CEO of LATAM Cargo 2017. Previously he held multiple leadership roles, including VP of Commercial, Network, and Finance. He holds a BBA from Pontificia Universidad Católica de Chile and an MBA from The Wharton School, University of Pennsylvania.
Juan José Tohá - Director of Corporate Affairs and Sustainability	Tohá, holds his position since 2019. He leads public affairs, external communications, and sustainability strategy. Journalist with specialization in sustainability from University of Oxford, and a Master's and PhD in Communication from Universidad Autónoma de Barcelona.

References

- International Monetary Fund. World Economic Outlook: Global Economy in Flux, Prospects Remain Dim. IMF, Oct. 2025. [World Economic Outlook, October 2025: Global Economy in Flux, Prospects Remain Dim](#)
- Wadud, Zia. "Imperfect Reversibility of Air Transport Demand: Effects of Air Fare, Fuel Prices and Price Transmission." Transportation Research Part A: Policy and Practice, vol. 78, 2015. [Imperfect reversibility of air transport demand: effects of air fare, fuel prices and price transmission - White Rose Research Online](#)
- Boeing. Commercial Market Outlook 2025–2044. The Boeing Company, 2025. [2025-commercial-market-outlook.pdf](#)
- Federal Reserve Bank of Cleveland. Inflation Expectations. Cleveland Fed. <https://www.clevelandfed.org/indicators-and-data/inflation-expectations>. Accessed 21 sept. 2025.
- International Air Transport Association (IATA). IATA. n.d., https://www.iata.org/. Accessed 31 Oct. 2025.
- Banco Central de Chile. "Serie PRE_TCO – Indicadores." Banco Central de Chile, n.d., https://si3.bcentral.cl/indicadores/secure/Serie.aspx?gcode=PRE_TCO¶m=RABmAFYAWQB3AGYAaQBUEkALQAZADUAbgBNAGgAaAAkADUAVwBQAC4AbQBYADAARwBOAGUAYwBjACMAQQBaAHAARgBhAGcAUABTAGUAdwA1ADQAMQA0AE0AawBLAF8AdQBDACQASABzAG0AXwA2AHQAawBvAFcAZwBKAeAwAegBzAF8AbgBMAHIAYgBDAC4ARQA3AFUAVwB4AFIAWQBhAEEAOABkAHkAZwAxAEERAA=. Accessed 31 Oct. 2025.
- Latin American & Caribbean Air Transport Association (ALTA). "Press Releases." ALTA, n.d., https://alta.aero/en/media-center/press-releases/. Accessed 31 Oct. 2025.
- LATAM Airlines Group S.A. "SEC Filings." Investor Relations – LATAM Airlines, n.d., https://ir.latam.com/English/results-center/sec-filings/default.aspx. Accessed 31 Oct. 2025.
- "EFE: 4020290 (10 Jul. 2019)." Los Angeles Times en Español, 10 July 2019, https://www.latimes.com/espanol/noticias-mas/articulo/2019-07-10/efe-4020290-15594558-20190710. Accessed 31 Oct. 2025.
- "La alianza entre GOL y Azul se cae y el reinado de LATAM en Brasil se mantiene." La Tercera – Pulso, n.d., https://www.latercera.com/pulso/noticia/la-alianza-entre-gol-y-azul-se-cae-y-el-reinado-de-latam-en-brasil-se-mantiene/. Accessed 31 Oct. 2025.
- El Mercurio Inversiones. n.d., https://www.elmercurio.com/inversiones/. Accessed 31 Oct. 2025.
- "LATAM revela su guidance para 2025: EBITDA podría crecer más de 10%." Diario Financiero, n.d., https://www.df.cl/empresas/industria/latam-revela-su-guidance-para-2025-ebitda-podria-crecer-mas-de-10-y. Accessed 31 Oct. 2025.
- Diario Financiero (DF). n.d., https://www.df.cl/. Accessed 31 Oct. 2025.
- Comisión Económica para América Latina y el Caribe (CEPAL). Estudio Económico de América Latina y el Caribe 2025: Movilización de recursos. CEPAL, 2025, https://www.cepal.org/es/publicaciones/82263-estudio-economico-america-latina-caribe-2025-movilizacion-recursos. Accessed 31 Oct. 2025.
- International Monetary Fund (IMF). World Economic Outlook Update: July 2025. IMF, 29 July 2025, https://www.imf.org/es/Publications/WEO/Issues/2025/07/29/world-economic-outlook-update-july-2025. Accessed 31 Oct. 2025.
- McKinsey & Company. The State of Aviation 2025. McKinsey, 2025, https://www.mckinsey.com/~media/mckinsey/industries/travel/our%20insights/the%20state%20of%20aviation%202025/the-state-of-aviation-2025-final.pdf. Accessed 31 Oct. 2025.
- Federal Reserve Bank of New York. "Secured Overnight Financing Rate (SOFR)." New York Fed, n.d., https://www.newyorkfed.org/markets/reference-rates/sofr. Accessed 31 Oct. 2025.
- "Delta and LATAM Report 68% Growth in Flights Two Years into Joint Venture." Delta News Hub, n.d., https://news.delta.com/delta-and-latam-report-68-growth-flights-two-years-joint-venture. Accessed 31 Oct. 2025.
- Embraer. "Orders & Deliveries." Embraer Commercial Aviation, n.d., https://www.embraer.com/eca/orders-deliveries/en/. Accessed 31 Oct. 2025.
- Airbus. "Orders and Deliveries." Airbus Commercial Aircraft, n.d., https://www.airbus.com/en/products-services/commercial-aircraft/orders-and-deliveries. Accessed 31 Oct. 2025.
- Boeing. "Commercial – Orders & Deliveries." Boeing Commercial Airplanes, n.d., https://www.boeing.com/commercial#orders-deliveries. Accessed 31 Oct. 2025.
- Sustainalytics. "ESG Risk Ratings." Sustainalytics, 2025, <https://www.sustainalytics.com/esg-data>.