Results Presentation
TAP Group
Lisbon, February 20, 2020
Disclaimer

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The financial information included in this presentation is not audited. TAP has not yet issued its audited financial statements for 2019, nor has the financial information included herein been legally certified by a certified public accountant.

TAP’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. TAP adopted on January 1, 2019 IFRS 16 – Leases, having selected the modified retrospective model as of the transition date, which does not foresee the restatement of the financial statements from previous years. 2018 Consolidated Financial Statements have not been adjusted for IFRS 16 effects, therefore they are not comparable to 2019 Consolidated Financial Statements.
Agenda

1. Transformation update
2. 2019 Results
3. Priorities for 2020
It has been 4 years since privatization
Starting point

In 2015, TAP had distinctive conditions …

- Geographic position of TAP’s hub
- Leading position in Europe-Brazil market
- Quality of the workforce
- Growth potential
Starting point
…but also structural challenges

- Increased competition from Low Cost Carriers
- Aged fleet requiring renewal
- Key markets slowing down
- Treasury difficulties and lack of capital
Key milestones in TAP's transformation

2016
- TAP Express (Regional)
- Regional Fleet renewal
- Hub restructuring
- Network redesign
- NPS introduction
- Portugal Stopover program
- Lisbon-Oporto air shuttle

2017
- Narrow-body retrofit (Densification)
- USA expansion
- Hub recovery (+50% share)
- Unbundling fares
- Aircraft financing
- Crew System optimization

2018
- Start of NEOs arrivals
- M&E Brasil turnaround
- Repatriation of 130 M€ from Angola
- +300 Pilots hired
- +1,000 Flight Attendants hired
- + 115 M€ Costs reduction
- Social peace (5 years)

2019
- Doubled USA footprint
- 30 new aircraft (70% of NEOs in the WB fleet)
- A321LR
- Bonds Issuance (575 M€)
- Positive result form M&E Brasil
- Fuel Hedging
- 100th Aircraft
- EconomyXtra
- 990 new Employees
- 11 new routes
Every incremental aircraft from TAP has a strong impact on the Portuguese economy

<table>
<thead>
<tr>
<th>TAP Air Portugal</th>
<th>Tourism</th>
<th>Other Sectors</th>
<th>Tax Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ 36 M€ of income</td>
<td>+ 29 M€ of income</td>
<td>+ 31 M€ of income</td>
<td>+ 24 M€ VAT, IRS(^1), IRC(^2), SS(^3)</td>
</tr>
<tr>
<td>+ 76 jobs</td>
<td>+ 567 jobs</td>
<td>+ 1,000 jobs</td>
<td></td>
</tr>
</tbody>
</table>

1. Personal Income Tax (IRS)
2. Corporate Income Tax (IRC)
3. Social Security (SS)
TAP is fundamental to the growth of the Portuguese economy

Number of passengers carried by TAP
Millions of passengers

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.6</td>
<td>11.7</td>
<td>14.3</td>
<td>15.7</td>
<td>17.1</td>
</tr>
</tbody>
</table>

+61%

Number of foreign tourists
Millions of visitants

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.1</td>
<td>12.5</td>
<td>14.5</td>
<td>15.2</td>
<td>16.3</td>
</tr>
</tbody>
</table>

+101%

~80% of international arrival by air

Tourism contribution to GDP
Percentage

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.9%</td>
<td>12.2%</td>
<td>12.6%</td>
<td>14.1%</td>
<td>14.6%</td>
</tr>
</tbody>
</table>

+23pp

TAP represents a weight of ~2% in Portugal’s GDP

---

1. First estimate of 2018
Source: Tourism of Portugal, Statistics Portugal, CTP
TAP also has a high social impact in Portugal

<table>
<thead>
<tr>
<th>Employment</th>
<th>Wages Increase</th>
<th>Tax Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>• TAP Group ended 2019 with more than 10.6 thousand direct employees in Portugal, from ~8.6 thousand in 2015 (2 thousand more)</td>
<td>• Employees hired in 2018 and 2019 represent a wage amount of ~80 M€/year</td>
<td>• During 2019, TAP paid 328 M€ in taxes and social contributions</td>
</tr>
<tr>
<td>• During 2019, 990 employees were hired</td>
<td>• TAP's personnel costs in Portugal exceeded 740 M€ in 2019, placing TAP among the largest employers in the country</td>
<td></td>
</tr>
<tr>
<td>• Strengthening of the Lisbon hub in international connections with strong generation of indirect employment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Employment wages increase tax contribution
TAP has today 2,000 more jobs in Portugal compared to 2015

Number of Cabin Crew

- 2015: 2,373
- 2019: 3,786
- Change: +1,413

Number of Pilots

- 2015: 926
- 2019: 1,535
- Change: +609

Total number of Employees

- 2015: 8,615
- 2019: 10,617
- Change: +2,002

1,780
Cabin Crew Progressions
(2016 – 2019)

470
Pilots Progressions
(2016 – 2019)
More satisfied Employees
Results of the internal satisfaction survey

<table>
<thead>
<tr>
<th>Categories</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation and Benefits</td>
<td>+7pp</td>
</tr>
<tr>
<td>Collaboration and Communication</td>
<td>+7pp</td>
</tr>
<tr>
<td>Professional Development Opportunities</td>
<td>+6pp</td>
</tr>
<tr>
<td>Performance Management</td>
<td>+5pp</td>
</tr>
<tr>
<td>Respect and Recognition</td>
<td>+4pp</td>
</tr>
</tbody>
</table>

Implemented Measures

- 100% attendance
- Leadership meetings twice per year
- 360º Assessment
- Internal satisfaction survey
- Recognition:
  - Promotion to Control, Team Leader and Supervisor
  - NPS Top Performers
  - TAP Stars
TAP has a larger and more sustainable fleet...

Fleet growth with more 30 aircraft in 4 years
TAP’s Fleet 2015-19 (end of the period)

Fleet growth with focus on the new NEOs

- Reception of **30 NEOs** in 2019
- Reduction of the average age of the long-haul fleet **from 15.2 years**, by the end of 2018, **to 3.9 years**, by the end of 2019
- Single airline in the world to renew **70%** of its long-haul fleet in **1 year**
- **Introduction of the A321LR**, leveraging privileged geographical position
- Lower fuel consumption and **CO2 emissions**
- Higher quality and cabin comfort
… which enabled a significant expansion in activity

TAP has today 25% more flights

14 additional destinations

Number of flights (thousands)

Number of destinations

2015 2019

110 137

81 95

DUBLIN MACEIÓ

TEL AVIV NAPLES

COMPOSTELA TENERIFE

SAN FRANCISCO CONAKRY

MONTREAL TORONTO

CHICAGO BANJUL

WASHINGTON FLORENCE
TAP invested more than 1.5 Bn€ in 2019 on its fleet renewal

Before

After

+ 30 NEOs in 2019
At the same time, TAP has almost doubled the satisfaction of its customers

NPS\textsuperscript{1} increased from 22 to 38

Evolution of the main variables\textsuperscript{1}

- **On-Board Service**
  - 2017: 39.0
  - 2018: 45.9
  - 2019: 55.0

- **Boarding**
  - 2017: 31.6
  - 2018: 34.6
  - 2019: 40.0

- **Comfort**
  - 2017: 0.4
  - 2018: 4.8
  - 2019: 17.6

- **IFE**
  - 2017: -2.0
  - 2018: 3.5
  - 2019: 30.3

1. NPS D15
Fleet expansion was larger than foreseen in the strategic plan to take advantage of opportunities

Acceleration of the fleet expansion in 17 aircraft
TAP’s Fleet (end of the period)

Acceleration motivated by 3 factors

- Serve new unplanned routes and add supply capacity in Mainland Portugal and Islands
- Offset Brazil’s slowdown in 2018-2019 with USA growth
- Anticipate the fleet renewal to face the increase in fuel prices
- Increase expansion to North America, with 2.5x more weekly frequencies than planned

1. 2019P (Planned), 2019R (Real)
Expansion in North America is crucial to TAP's sustainability...

North America with 5 out of the 7 most profitable routes

Number of weekly frequencies to North America

Expected routes in 2020

<table>
<thead>
<tr>
<th>Route</th>
<th>Privatization plan</th>
<th>Real</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIS-MIA</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>LIS-BOS</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>LIS-IAD</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>LIS-EWR</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>LIS-JFK</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>LIS-ORD</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>LIS-SFO</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>OPO-EWR</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>LIS-YYZ</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>LIS-YUL</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>PDL-BOS</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

+ 7 routes

+ 45 weekly frequencies

Note: Based on the summer schedule (Summer Peak)
1. 3 routes in 2015, 9 routes in 2019 and 11 routes planned for 2020
… with the USA representing 13% of sales in 2019

1. Total ticket revenues (amounts paid by passengers and tickets issued in EUR)
The Portugal Stopover Program has been a success

Passenger growth
Thousands of passengers

<table>
<thead>
<tr>
<th>Year</th>
<th>Lisbon</th>
<th>Porto</th>
<th>Faro</th>
<th>Ponta Delgada</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>170</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>220</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The program has seen significant growth from 50 thousand passengers in 2017 to 220 thousand in 2019, with a substantial increase of 170 thousand passengers.
1 million additional seats per year in Portugal compared with 2015

Seats available
Thousands of seats

<table>
<thead>
<tr>
<th>Source: SRS Analyser</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIS-OPO (Air Shuttle)</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>577</td>
</tr>
<tr>
<td>+598</td>
</tr>
<tr>
<td>1,175</td>
</tr>
</tbody>
</table>

2015-2019
Improvement of punctuality and regularity in 2019 …

D15 Network (%)

- 2018: 58.4%
- 2019: 63.9%

5.5 pp

Regularity (%)

- 2018: 98.2%
- 2019: 99.2%

1.0 pp

Number of Delays > 2h

- 2018: 3,068
- 2019: 2,222

-28%

• End of the year impacted by:
  - Bad weather conditions (LVO) in Lisbon
  - ATC strikes in French airspace
  - Special incidence in the weeks before Christmas
... despite the constraints of infrastructure and airspace

D15 Network Punctuality (%)
Impact from LVO, Military and Congestion

- In Lisbon, +50% of the year was affected by weather conditions, military exercises or both
- ILS CAT III B for track 03 is not yet approved
- July 2019 - Agreement between NAV and Air Force to reduce the impact of exercises in Lisbon. It terminated in the end of September, resulting in an increase of affected days in October

Disruptions
Number of affected days

<table>
<thead>
<tr>
<th>Constraints</th>
<th>Military</th>
<th>Capacity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>LVO LIS</td>
<td>1.5 %</td>
<td></td>
<td>9.0 %</td>
</tr>
<tr>
<td>OTP 2019</td>
<td>63.9 %</td>
<td>74.4 %</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>51 k</td>
<td>88 k</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LVO LIS</th>
<th>Operational Restriction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>129</td>
<td></td>
<td>31</td>
</tr>
<tr>
<td>35</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
External recognition confirms strategic execution

**Frequent Traveler Awards**
- BEST GLOBAL PROMOTION
- BEST CUSTOMER SERVICE
- PROGRAM OF THE YEAR

**AirlineRatings**
2nd IN EUROPE & 13th IN THE WORLD
TOP 20 SAFEST AIRLINES 2020
1. Qantas
2. Air New Zealand
3. EVA Air
4. Etihad
5. Qatar Airways
6. Singapore Airlines
7. Emirates
8. Alaska Airlines
9. Cathay Pacific Airways
10. Virgin Australia
11. Hawaiian Airlines
12. Virgin Atlantic Airlines
13. **TP AIRPORTUGAL**
14. SAS
15. Royal Jordanian
16. Swiss
17. Finnair
18. Lufthansa
19. Aer Lingus
20. KLM

**USA TODAY 10Best**
1st IN EUROPE AND 6th IN THE WORLD
BEST ECONOMY CLASS 2020
1. American Airlines
2. AirAsia
3. Delta Air Lines
4. Southwest Airlines
5. JetBlue
6. **TP AIRPORTUGAL**
7. Emirates
8. Singapore Airlines
9. Virgin Atlantic
10. Cathay Pacific

**Airline Economics**
EUROPEAN DEBT DEAL OF THE YEAR
Issuance of 375 M€ in 5-year bonds with several prominent international institutional investors (American and European)
December 2019

**EUROPEAN DEBT DEAL OF THE YEAR**
TAP’s inaugural offer on the Portuguese bond market, issuing 200 M€ with Portuguese investors (retail and institutional).
June 2019

**EUROPEAN ISSUER OF THE YEAR**
TAP’s inaugural offer on the Portuguese bond market, issuing 200 M€ with Portuguese investors (retail and institutional).

**BEST GLOBAL PROMOTION**
**BEST CUSTOMER SERVICE**
**PROGRAM OF THE YEAR**
**BEST INTERNATIONAL LOYALTY PROGRAM**

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**BEST INTERNATIONAL LOYALTY PROGRAM**

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**EUROPEAN ISSUER OF THE YEAR**
TAP’s inaugural offer on the Portuguese bond market, issuing 200 M€ with Portuguese investors (retail and institutional).
The transformation presents unquestionable results

Operating Income
EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2,475</td>
<td>3,253</td>
</tr>
</tbody>
</table>
| Margin, % | +31% | |%

Operating Result (EBIT)
EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-117</td>
<td>59</td>
</tr>
<tr>
<td>Margin, %</td>
<td>-4.7%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

EBITDAR
EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>113</td>
<td>477</td>
</tr>
<tr>
<td>Margin, %</td>
<td>+322%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

Net Income
EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-156</td>
<td>-106</td>
</tr>
<tr>
<td>Margin, %</td>
<td>-6.3%</td>
<td>-3.2%</td>
</tr>
</tbody>
</table>
Agenda

1. Transformation update
2. 2019 Results
3. Priorities for 2020
Investment of more than 1.5 Bn€ in the new fleet during 2019

NEOs’ BH weight

- NEOs represented a reduction of 8-19% in unit costs

Aircraft’s phase-in and phase-out

- TAP received approx. 40% of the entire Airbus’ A330-900 production of 2019 (16 out of 41 A330 produced)
- Costs of 55 M€ with aircraft’s phase-ins and phase-outs

Number of aircraft

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>88</td>
<td>93</td>
<td>105</td>
<td></td>
</tr>
</tbody>
</table>

Net effect

- 2018: +5
- 2019: +12
- 2020E: +6

1. BH weight in December
2. Source: Airbus - “Airbus delivers strong 2019 commercial aircraft performance”
Costs related with the transformation process were estimated at 55 M€

Aircraft phase-ins (30 aircraft)
- Aircraft certification process
- Increase in pilot training and variable costs related to the crew
- Unpredictability of the date for entry in operation, making it more difficult to plan and reducing utilization

Aircraft phase-outs (18 aircraft)
- Maintenance cost associated with the process of returning the aircraft to lessors
- TAP supports ownership and parking costs (without revenue) during the entire returning process
- Fleet renewal entails returning spare engines from the old aircraft, with costs comparable to the ones of returning the aircraft itself

31 M€  55 M€  24 M€
## Strong revenue recovery in 2H19 ...

### Evolution of Passenger Revenue

<table>
<thead>
<tr>
<th></th>
<th>1st Half</th>
<th>2nd Half</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger Revenue</strong></td>
<td>EUR billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1.3</td>
<td>1.5</td>
<td>2.8</td>
</tr>
<tr>
<td>2019</td>
<td>1.3</td>
<td>1.6</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Capacity</strong></td>
<td>Millions of ASKs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>22.3</td>
<td>24.7</td>
<td>47.0</td>
</tr>
<tr>
<td>2019</td>
<td>24.0</td>
<td>28.5</td>
<td>52.5</td>
</tr>
<tr>
<td><strong>Passengers</strong></td>
<td>Millions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>7.5</td>
<td>8.2</td>
<td>15.8</td>
</tr>
<tr>
<td>2019</td>
<td>7.9</td>
<td>9.2</td>
<td>17.1</td>
</tr>
<tr>
<td><strong>Unitary Revenue</strong></td>
<td>PRASK (EUR cents)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>5.55</td>
<td>5.90</td>
<td>5.73</td>
</tr>
<tr>
<td>2019</td>
<td>5.20</td>
<td>5.73</td>
<td>5.49</td>
</tr>
</tbody>
</table>

1. PRASK adjusted for average stage length

Strong revenue recovery in 2H19...

- **Passenger Revenue** increased from 1.3 billion in 2018 to 1.6 billion in 2019, showing a growth of 9%.
- **Capacity** increased from 22.3 millions of ASKs in 2018 to 28.5 millions in 2019, marking a growth of 15%.
- **Passengers** rose from 7.5 million in 2018 to 9.2 million in 2019, indicating a growth of 11%.
- **Unitary Revenue** (PRASK) decreased slightly from 5.55 euros in 2018 to 5.73 euros in 2019, showing a decrease of 3%.

Overall, there was a strong revenue recovery in 2H19, with positive growth rates in key metrics.
… in all regions

Evolution of Passenger Revenue by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2018</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Europe 1</td>
<td></td>
<td></td>
<td>+2%</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td></td>
<td>+15%</td>
</tr>
<tr>
<td>Brazil 2</td>
<td></td>
<td></td>
<td>-11%</td>
</tr>
<tr>
<td>Africa and Israel</td>
<td></td>
<td></td>
<td>+5%</td>
</tr>
</tbody>
</table>

1. Includes Mainland Portugal and Islands
2. Includes Venezuela
Revenue from cargo increases, despite the market downturn

Other revenue: Cargo

Operating Income\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>119</td>
</tr>
<tr>
<td>2018</td>
<td>135</td>
</tr>
<tr>
<td>2019</td>
<td>137</td>
</tr>
</tbody>
</table>

Cargo market context in 2019\(^2\)

FTKs Market (Demand) vs. ATKs Market (Supply)

\(^1\) Applying the concept of TAP’s 2018 Annual accounts to previous years
\(^2\) Source: IATA Economics – December Report, dated 05/02/2020 (Supply based on market ATKs; Demand based on market FTKs)
TAP doubled M&E Portugal’s business between 2015-19

Other revenues: Maintenance Portugal

**Operating Income**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR million</td>
<td>102.3</td>
<td>234.6</td>
<td>218.2</td>
</tr>
</tbody>
</table>

**Contribution**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR million</td>
<td>13.3</td>
<td>32.8</td>
<td>49.3</td>
</tr>
</tbody>
</table>

1. Applying the concept of TAP’s 2018 Annual accounts to previous years
2. Considering Operating Income from Maintenance to Third-Parties – Operating Costs from Maintenance to Third-Parties
3. Contribution margin of Business Units changed in 2018

**TAP M&E Portugal’s clients**

- Significant support to **fleet renewal**, given increased flexibility, lower costs and strong technical capability
- One of the few supplier of support services that is certified to maintain LEAP engines (new generation)
- 80% of revenues came from **engine maintenance**, both in 2018 as well as in 2019
M&E Brasil with positive EBITDAR and without transfer of funds

Operating revenue
EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>74.9</td>
<td>-32.0</td>
<td>42.9</td>
</tr>
</tbody>
</table>

EBITDAR¹
EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>-11.6</td>
<td>-30.1</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Restructuring in 2018
- Closure of the Porto Alegre base and concentration of operations in Rio de Janeiro
- Reduction of the workforce by more than 1,100 employees in 18 months

Transfer of funds
EUR million

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>94</td>
<td>76</td>
<td>61</td>
<td>44</td>
<td>45</td>
<td>15</td>
<td>21</td>
<td>46</td>
<td>30</td>
<td>0</td>
</tr>
</tbody>
</table>

¹. EBIT + Depreciation, amortization and impairment losses + Aircraft rents (Notes: Restructuring costs and other non-recurring items were 27.6 M€ in 2018 and 0.8 M€ in 2019; excluding these costs, EBITDAR would have been -2.5 M€ in 2018 and 3.9 M€ in 2019)
Significant decrease in CASK, mainly during 2H19

<table>
<thead>
<tr>
<th></th>
<th>1st Half</th>
<th>2nd Half</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Unit Cost</td>
<td>6.84</td>
<td>6.33</td>
<td>6.79</td>
</tr>
<tr>
<td>CASK¹ (EUR cents)</td>
<td>-7%</td>
<td>-10%</td>
<td>-9%</td>
</tr>
<tr>
<td>Fuel Unit Cost</td>
<td>1.55</td>
<td>1.47</td>
<td>1.64</td>
</tr>
<tr>
<td>CASK Fuel¹ (EUR Cents)</td>
<td>-5%</td>
<td>-13%</td>
<td>-10%</td>
</tr>
</tbody>
</table>

- 9% reduction equivalent to savings of ~250 M€
- Equivalent to savings of ~75 M€

Weight of NEO Aircraft
Percentage of Block Hours

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0.2%</td>
<td>17.3%</td>
<td>+17.1pp</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4%</td>
<td>34.7%</td>
<td>+31.3pp</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.8%</td>
<td>26.6%</td>
<td>+24.8pp</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Adjusted for stage length
Operational restrictions with high impact on passenger compensation costs

Costs with IROPs per passenger

- Compensation costs in 2019 were approximately twice the ticket price, with the largest difference observed in Europe, with a compensation cost of almost 2.5x the ticket price

Evolution of irregularity costs (IROPs)

1. Lufthansa, Air France and Iberia in 2018
2. Sample of ~8,000 compensation payments from January 2019 to June 2019
2H19 allowed positive operating results in 2019

**EBITDAR**¹

<table>
<thead>
<tr>
<th></th>
<th>1st Half</th>
<th>2nd Half</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR million</td>
<td>68.3</td>
<td>104.7</td>
<td>211.4</td>
</tr>
<tr>
<td>Margin</td>
<td>4.5%</td>
<td>8.3%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

**Operating Result (EBIT)**

<table>
<thead>
<tr>
<th></th>
<th>1st Half</th>
<th>2nd Half</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR million</td>
<td>-47.4</td>
<td>143.1</td>
<td>211.4</td>
</tr>
<tr>
<td>Margin</td>
<td>-3.1%</td>
<td>8.3%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

**Weight of NEO Aircraft**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Block Hours</td>
<td>0.2%</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

¹ EBIT + Depreciation, amortization and impairment losses + Aircraft rents
2H19 with positive net income

Net Income
EUR million

<table>
<thead>
<tr>
<th></th>
<th>1st Half</th>
<th>2nd Half</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>-90.0</td>
<td>-119.7</td>
<td>-118.0</td>
</tr>
<tr>
<td>% Margin</td>
<td>-5.9%</td>
<td>-1.6%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>% Margin</td>
<td>-8.1%</td>
<td>0.8%</td>
<td>-3.2%</td>
</tr>
</tbody>
</table>

Weight of NEO Aircraft
Percentage of Block Hours

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight of NEO Aircraft</td>
<td>0.2%</td>
<td>17.3%</td>
<td>3.4%</td>
<td>34.7%</td>
<td>1.8%</td>
<td>26.6%</td>
</tr>
<tr>
<td>% Change</td>
<td>+17.1pp</td>
<td>+31.3pp</td>
<td>+24.8pp</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TAP reduced debt burden to nearly half, increasing average maturity

**Reduction of debt burden by 40%**
- Net Leverage (Net Debt/Adjusted EBITDAR)\(^1\)
  - 12.0x in 2015
  - 6.4x in 2019
  - -47% reduction

**Debt maturity increased to 4.6 years**
- Average maturity of debt (years)\(^2\)
  - < 1 in 2015
  - 2.8 in 2015
  - 4.6 in 2019
  - +64% increase

**Strengthening of cash position**
- Cash & cash equivalents (EUR million)
  - 137 in 2015
  - 435\(^4\) in 2019
  - +218% increase

---

1. Net Leverage includes capitalized aircraft rents 7x, and excludes convertible bonds; 2. Excludes operational leasings; 3. November 2015; 4. If bank overdrafts were considered, the cash balance would amount to 434 M€.
Agenda

1. Transformation update
2. 2019 Results
3. Priorities for 2020
Priorities for 2020

- Consolidate investment in the North American market
- Expand sales originated in Europe
- Improve revenue management processes
- Stabilize headcount and training process of pilots and crew
- Continue to invest in internal satisfaction improvement
- Improve operating margin
- Further strengthen the Company's balance sheet