

Fourth Quarter 2017 Results Presentation

March 2018



Full Year 2017 Highlights



Operating income improved 25.8% YoY reaching US\$715MM, the highest amount in the history of LATAM



Deepest transformation in the history of LATAM



First year of revenue expansion since the combination between LAN and TAM, with RASK increases across all business units



Contained cost increase despite the 21.1% increase in fuel price, annual inflation and non-recurring costs



Strict investment discipline as part of the deleveraging strategy



Network expansion through 30 new routes during 2017 with strong focus in customer experience

Fourth Quarter 2017 Financial Summary

(US\$ Millions)	4Q17	4Q16	Change	2017	2016	Change
Total Operating Revenues	2,768	2,569	7.7%	10,164	9,527	6.7%
Passenger	2,275	2,112	7.7%	8,494	7,878	7.8%
Cargo	337	309	9.0%	1,119	1,111	0.8%
Others	156	148	5.5%	550	539	2.1%
Total Operating Costs	-2,498	-2,374	5.2%	-9,449	-8,959	5.5%
Operating Income	270	195	38.4%	715	568	25.8%
Operating Margin	9.8%	7.6%	2.2 p.p.	7.0%	6.0%	1.1 p.p.
Net Income	67	54	23.6%	155	69	124.4%
EBITDAR	660	591	11.7%	2,296	2,097	9.5%
EBITDAR Margin	23.9%	23.0%	0.8 p.p.	22.6%	22.0%	0.6 p.p.

Fourth Quarter 2017 Operating Statistics

	System Capacity	Capacity	Traffic	Load Factor	RASK (US Cents)
International (Long Haul & Regional)		+3.8%	+3.6%	86.1% (-0.2 p.p.)	6.3 (+5.6%)
Domestic Brazil		+0.9%	+2.7%	84.7% (+1.5 p.p.)	7.0 (+4.0%)
SSC Domestic		-0.2%	+1.2%	82.3% (+1.1 p.p.)	7.6 (+5.5%)
Passenger		+2.3%	+2.9%	85.1% (+0.5 p.p.)	6.5 (+5.3%)
Cargo		-3.6%	-1.1%	58.4% (+1.4 p.p.)	20.5 (+13.1%)

BRL
4Q17: +6.6%¹

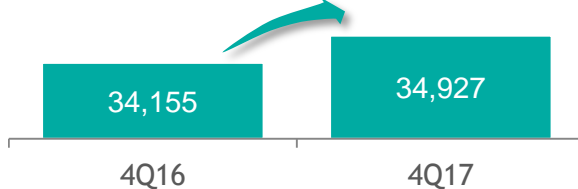
¹ Excluding proportional margin contribution from Multiplus

Total costs excluding fuel were up by 1.6% in the fourth quarter

Total Costs US\$MM	4Q17	4Q16	Change
Wages & Benefits	520	497	+4.7%
Fuel Cost	651	557	+16.9%
Fleet Cost	507	472	+7.4%
Others	819	848	-3.4%
Operating Costs	2,498	2,374	+5.2%
CASK	7.2	7.0	+2.9%
Operating Costs ex fuel	1,847	1,817	+1.6%
CASK ex-fuel	5.3	5.3	-0.6%

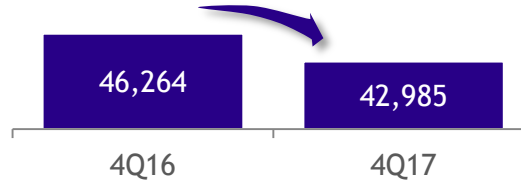
Passenger ASK

+2.3%



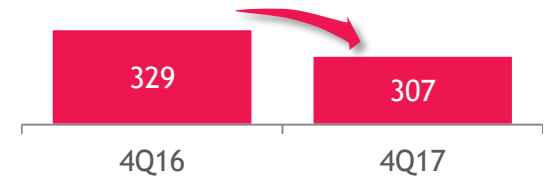
Number of employees⁽¹⁾

-7.1%



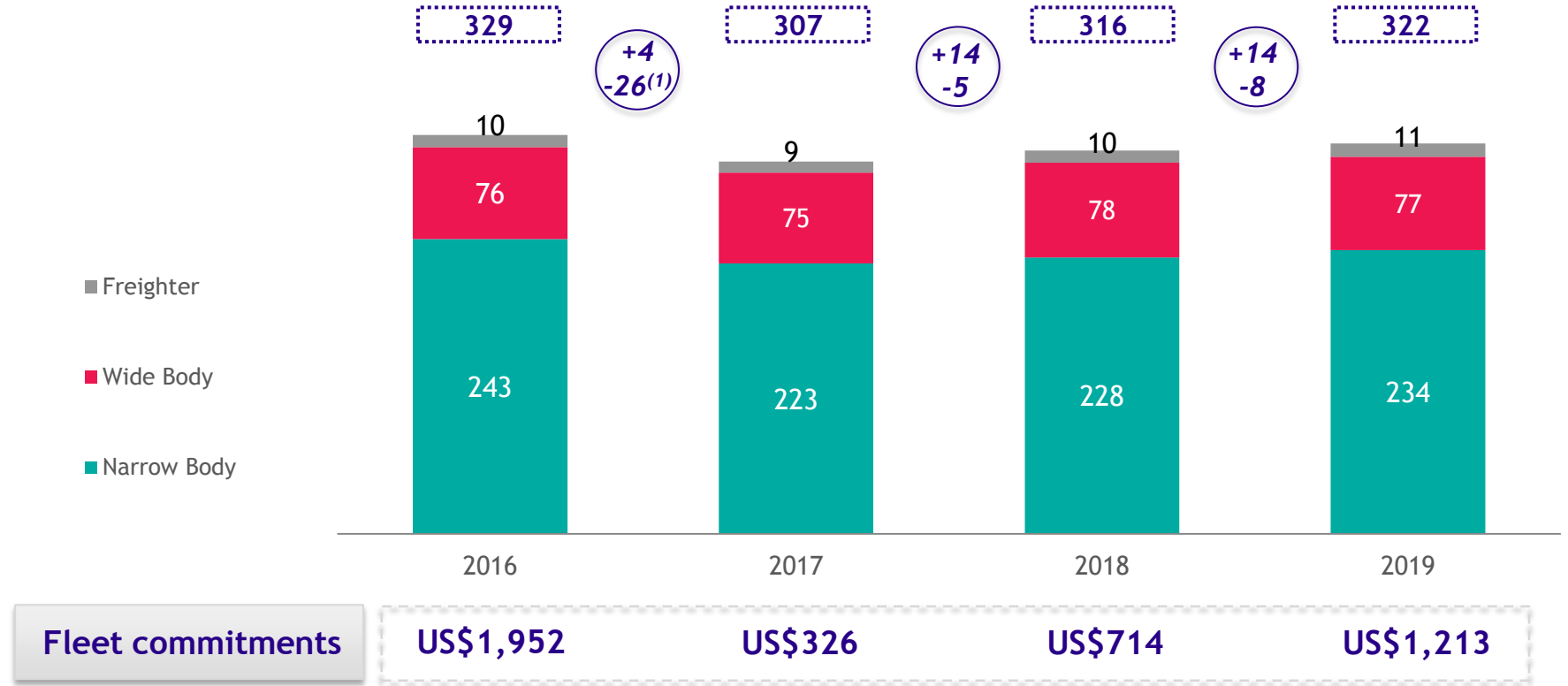
Number of aircrafts

-22 aircrafts



(1) Average

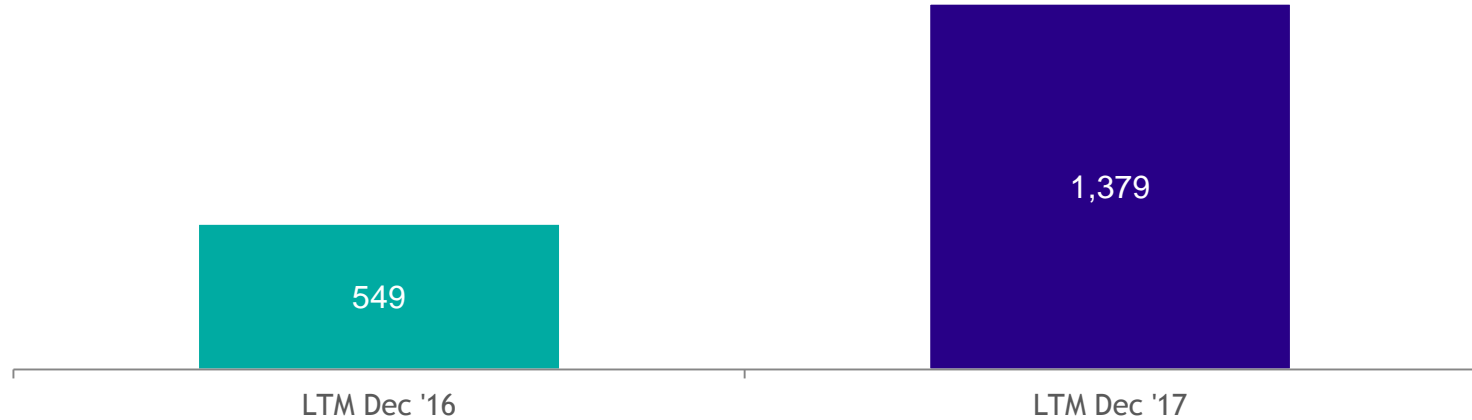
LATAM's operating fleet plan



(1) 21 redeliveries and 5 additional subleases

Significant improvements on operating cash flow generation

Free cash flow⁽¹⁾ (USD billion)



Better operational results providing higher cash flows



Positive impact from the negotiations related to our fleet plan

Continue improving main credit metrics and adjusting our fleet

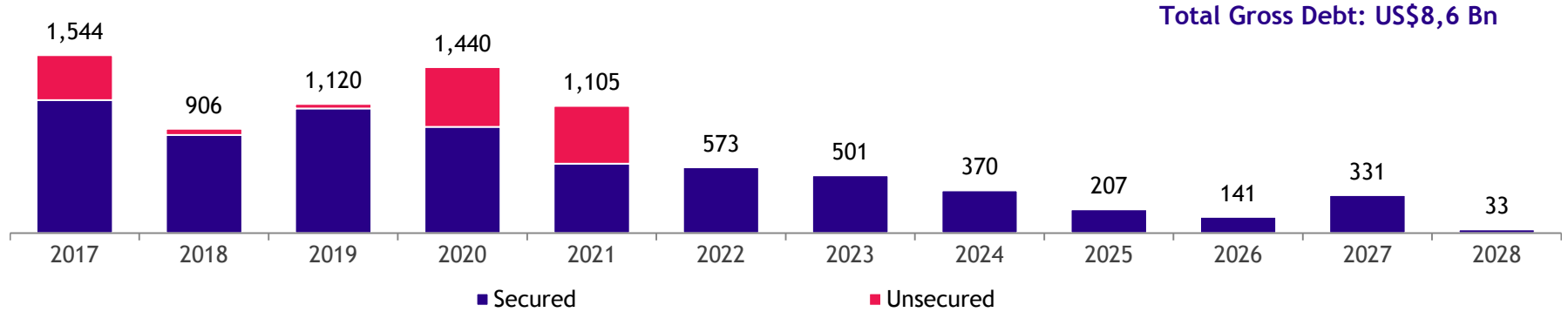
		(US\$ Million)	December 31, 2017	December 31, 2016	Changes
Cash & Cash equivalents	Cash & cash equivalents		1,614	1,486	+128
	RCF & committed credit lines		450	325	+125
	Liquidity ⁽¹⁾		20.3%	19.0%	+1.3pp
Leverage	Net Debt		6,277	7,119	-841
	Adjusted Net Debt		10,334	11,101	-767
	EBITDAR(LTM)		2,296	2,097	+199
	Leverage ⁽²⁾		4.5x	5.3x	-0.8x

(1) % of last twelve months revenues. Includes RCF.

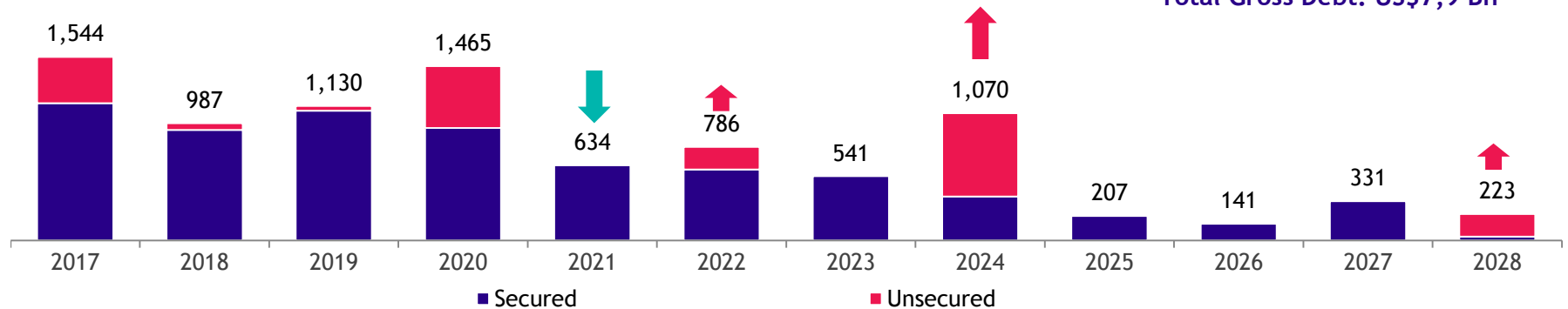
(2) Adjusted for the capitalization of operating leases (7x yearly expense)

Extended Debt Maturity⁽¹⁾ Profile and Lowered Cost of Debt

Debt maturity by December 31, 2016



Debt maturity⁽²⁾ by December 31, 2017

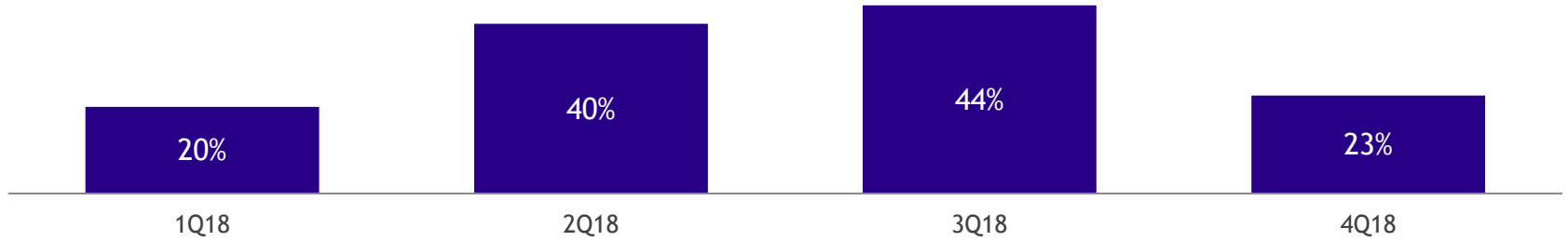


(1) Does not include PDPs nor Short Term Debt

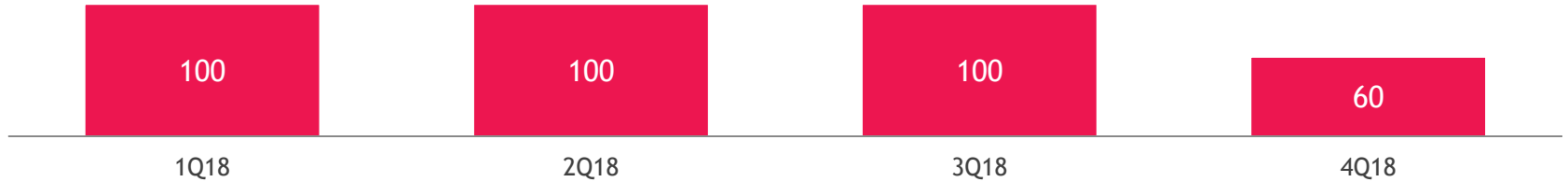
(2) Does not consider US\$500 MM of TAM21's liability management in 2017

Fuel and FX hedging portfolio

LATAM Fuel Hedge (% estimated fuel consumption)



LATAM BRL Hedge (US\$ mm)



A transformation year for LATAM

Implemented



Launched in all domestic markets within six months



Segmented customer offering through branded-fares



700 self-service kiosks in 80 airports to date



New premium menu in international long-haul flights

Announced



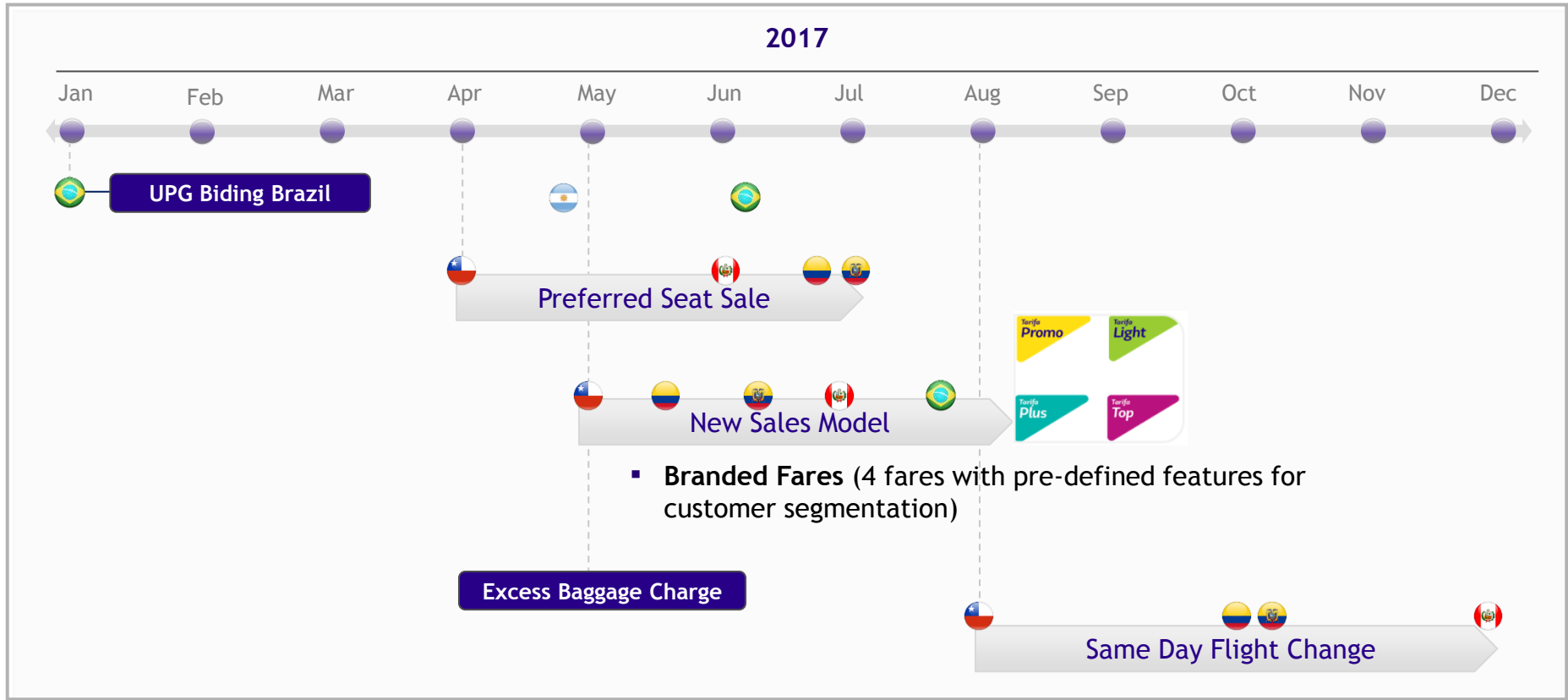
Wi-Fi in Brazil's narrow-body flights



Wide-body cabin retrofit



Strong focus on ancillary initiatives



Latin America's Biggest Network

30 New Routes during 2017 and new destinations for 2018

2017 Domestic routes

Brazil

- Belo Horizonte - Fortaleza
- Belo Horizonte - Vitoria
- Fortaleza - Manaus
- Sao Paulo (GRU) - Joinville
- Sao Paulo (GRU) - Londrina
- Sao Paulo (GRU) - Rio de Janeiro (SDU)
- Sao Paulo (GRU) - Uberlândia
- Sao Paulo (CGH) - Bauru
- Río de Janeiro (GIG) - Goiânia

Chile

- Concepción - Antofagasta
- Concepción - Punta Arenas

Colombia

- Cali - Cartagena
- Medellín - Santa Marta
- Medellín - Barranquilla
- San Andrés - Cartagena

Peru

- Cusco - Trujillo⁽¹⁾
- Lima - Jauja

2017 International routes

LIM

- Cartagena
- Mendoza
- Tucumán
- Río de Janeiro

GRU

- Bariloche⁽¹⁾




SCL

- Melbourne
- Neuquén
- Orlando⁽¹⁾
- Rosario
- San Juan
- Santa Cruz
- Tucumán

Others

- Río de Janeiro - Orlando

Guidance 2018

		2017	2018 guidance
Passenger (ASK) 	International	3.8%	6% - 8%
	Domestic Brazil	(3.6%)	2% - 4%
	Domestic Spanish Speaking Countries	(0.1%)	6% - 8%
	Total	0.9%	5 - 7%
Cargo (ATK) 		(7.1%)	1% - 3%
Operating Margin (%) 		7.0%	7.5% - 9.5%

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