



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

Bank of America Merrill Lynch 2019 Emerging Markets Debt & Equity Conference

May | 2019



- 1** **Overview of LATAM Airlines Group**
- 2** **Results of the transformation plan**
- 3** **2019 and long-term strategy**
- 4** **Exhibits**

Leading group in air transport of passengers and cargo in Latin America

Leading group of airlines in Latin America



69 million passengers carried in 2018



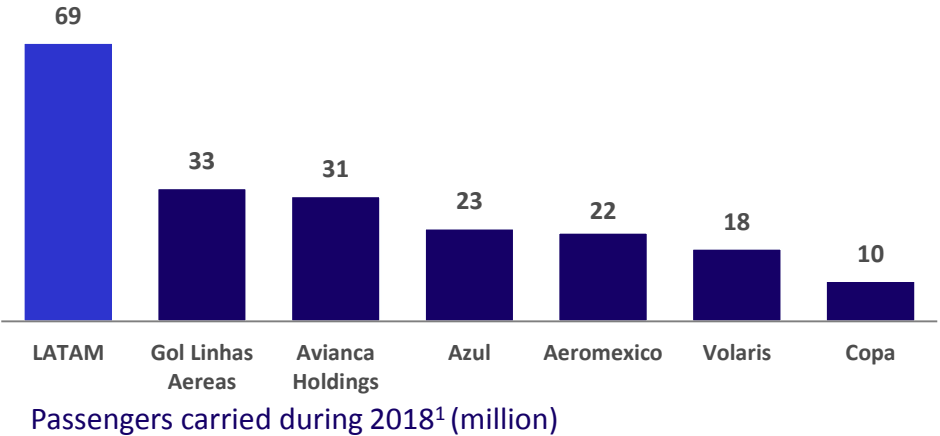
Regional leader in number of passengers carried



Leading frequent flyer and loyalty programs with over 30 million members



Over 300-aircraft fleet, with an average age of ~9 years



Leading network in Latin America



Leading network and platform in Latin America, with hubs in Sao Paulo, Lima and Santiago



More than 140 destinations in 27 countries:

- Market Share: 1° in Chile and Peru, 2° in Brazil, Argentina, Colombia and Ecuador
- Regional operations in South America and long-haul operations to 5 continents



- The only oneworld Latin American operator



Oneworld Alliance



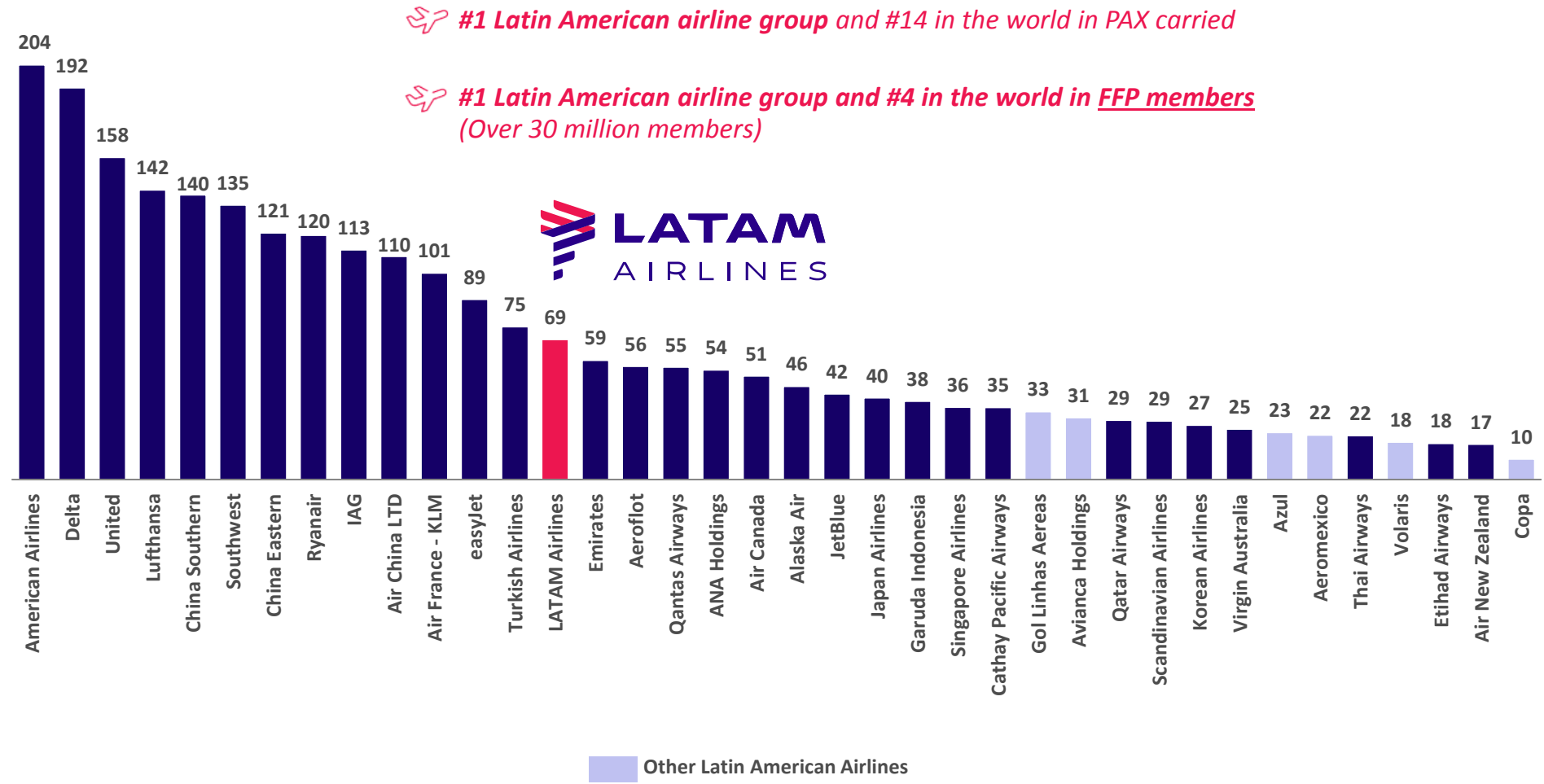
JAPAN AIRLINES



Source: Integrated Report 2018 and Bloomberg
¹Data as of December, 2018

LATAM is amongst the largest airline groups in the world

PAX carried 2018¹ (million)



Domestic: Leading market share across markets with positive passenger growth dynamics

Market Share (%)



LATAM
AIRLINES PERU
63%¹

Market size 13mm

LATAM
AIRLINES CHILE
62%²

Market size 13mm



LATAM
AIRLINES COLOMBIA
22%²

Market size 27mm

LATAM
AIRLINES BRAZIL
31%²

Market size 94mm

LATAM
AIRLINES ECUADOR
31%³

Market size 3mm

LATAM
AIRLINES ARGENTINA
14%¹

Market size 14mm



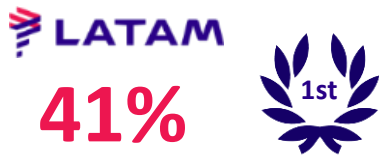
+1.6 mm
passenger
growth LTM
March 2019



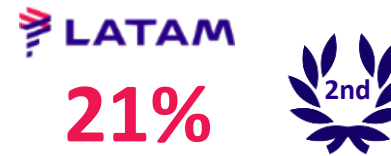
International: Unparalleled network connecting Latin America

Market Share (%)¹

Within South America



South America - North America



South America – Asia Pacific



South America – Europe



+399k
passenger
growth LTM
March 2019





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Strong results in 2018



Relevant challenges, including:

- Higher fuel cost (~US\$664 million¹)
- Currencies devaluation
- Cabin crew strike in Chile
- Truckers strike in Brazil
- Engine maintenance (Rolls-Royce engines issues)



Strong results during 2018 reflected in:

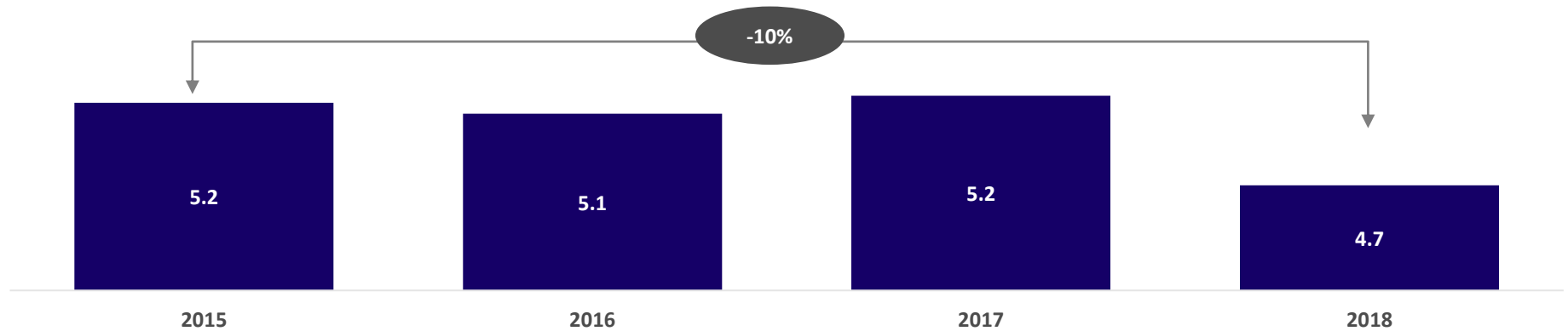
- Operating Revenue of US\$10.368 million
- EBITDAR of US\$2.225 million
- Free Cash Flow of US\$1.159 million
- Gross debt reduction of US\$1.800 million from 2015, US\$ 630 million in 2018



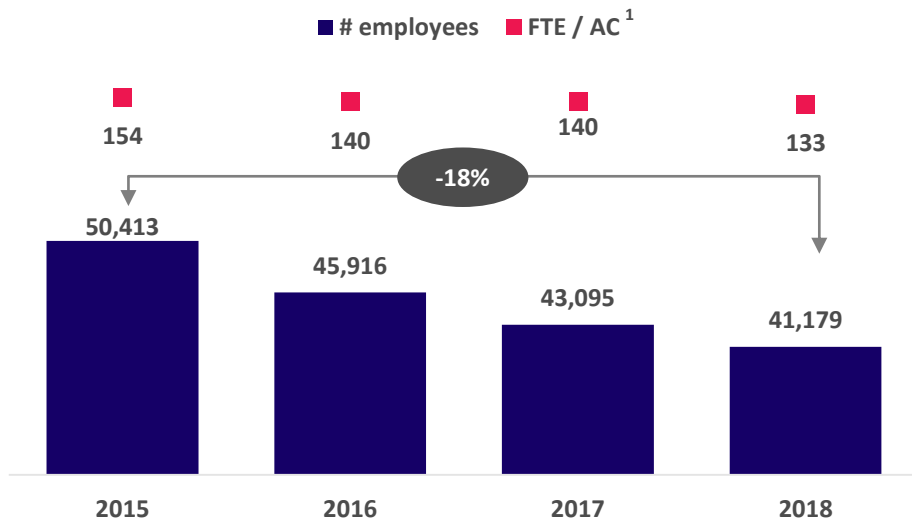
Cost cutting initiatives supported 2018 resilient margin profile

Delivering on cost initiatives to enhance operational performance

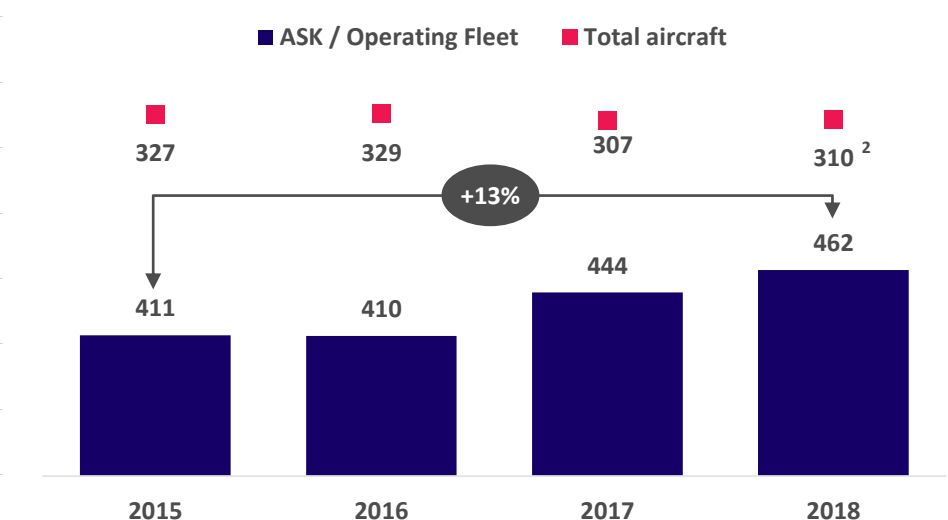
CASK Ex-fuel evolution (US\$ cents)



Reduction in the number of employees

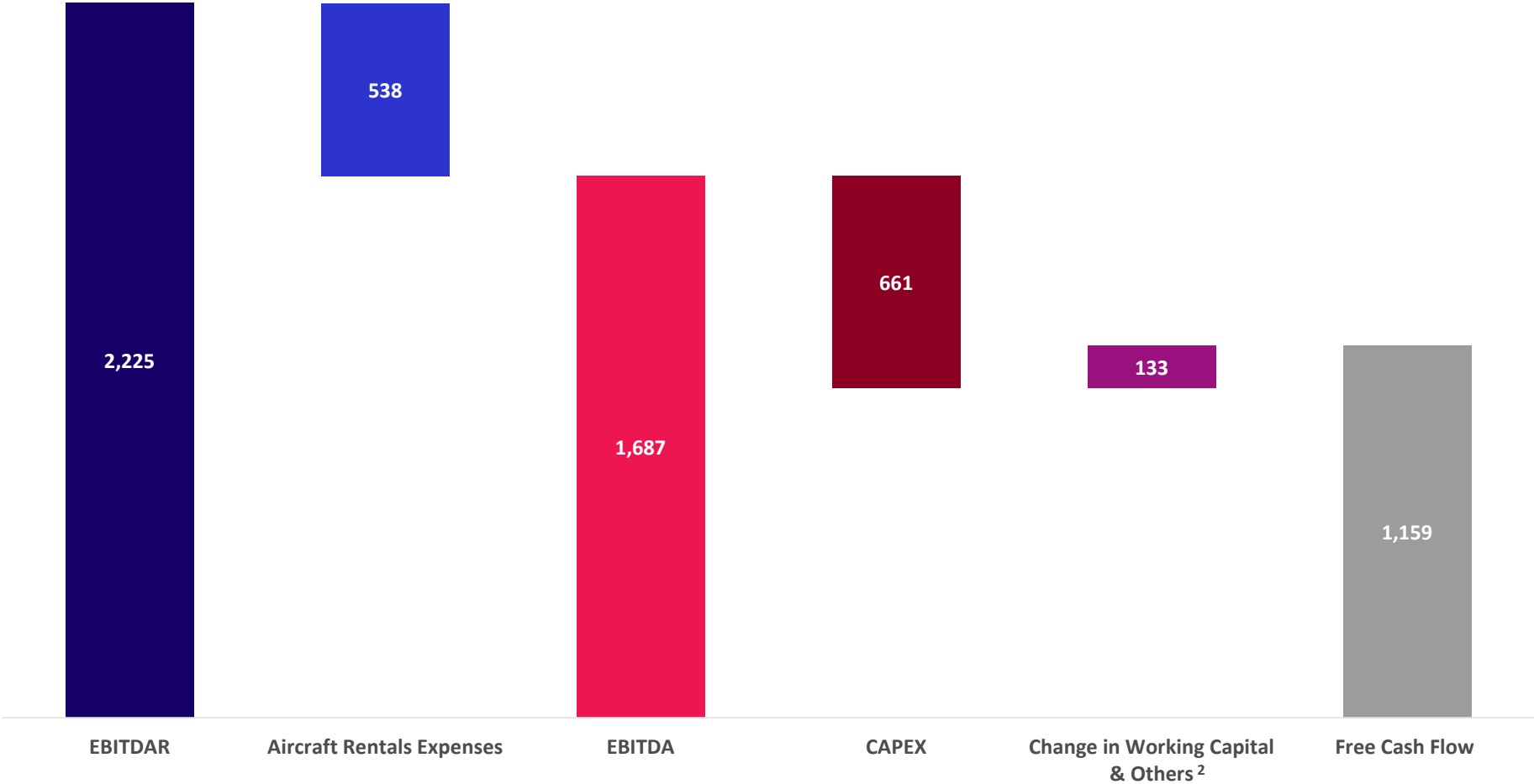


ASK / Operating Fleet (million ASK per Aircraft)



Cash flow generation over US\$ 1.0 billion

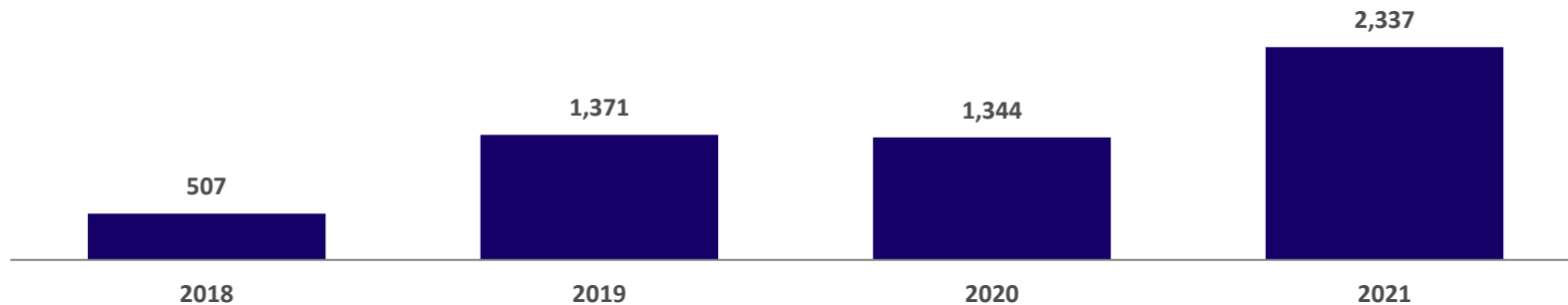
Free Cash Flow¹ 2018 (US\$ million)



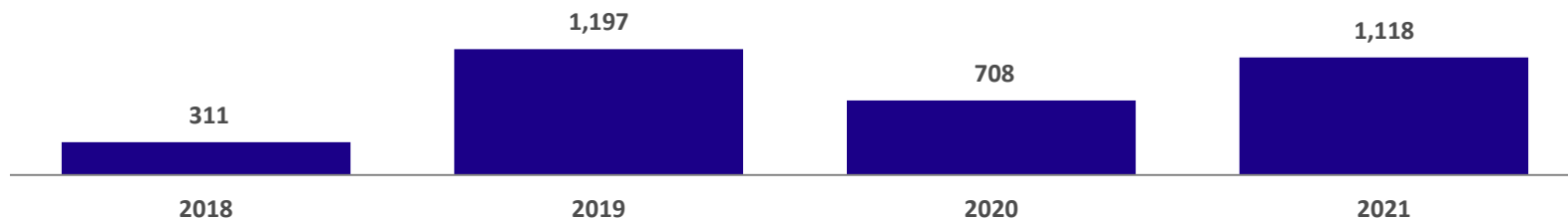
Successful reduction of our fleet commitments

Right-sized fleet plan (US\$ million)

Plan as of August 2018



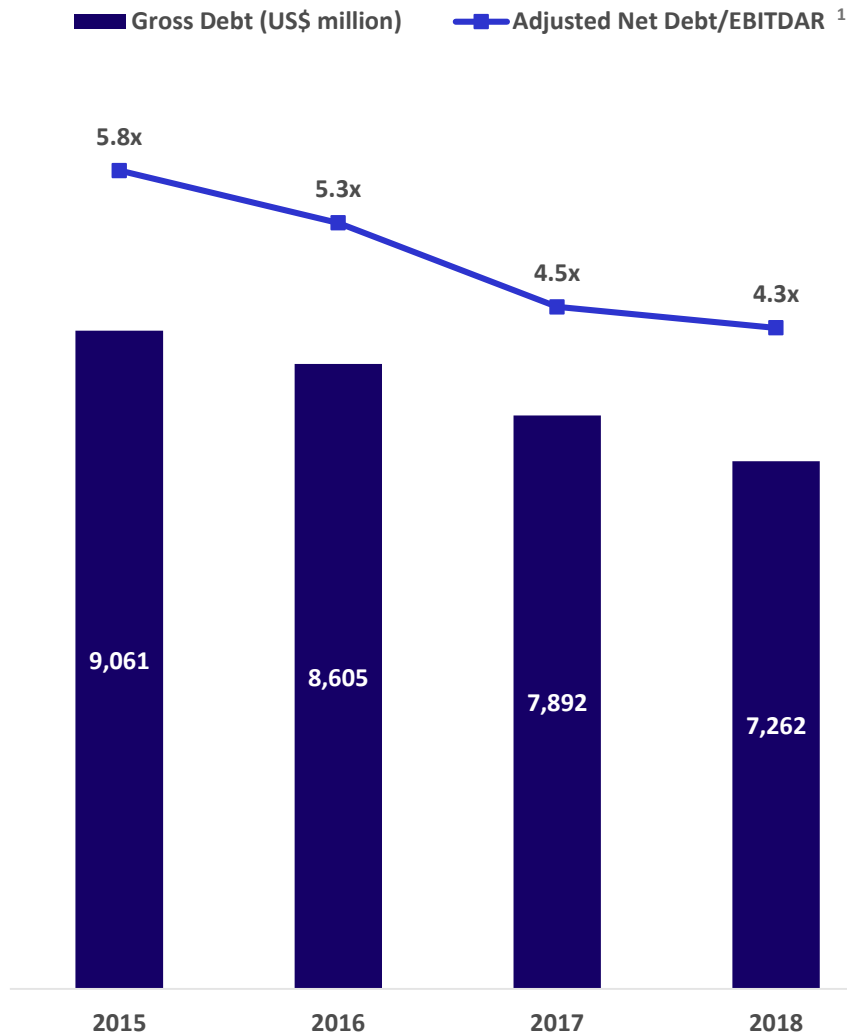
Current Plan¹



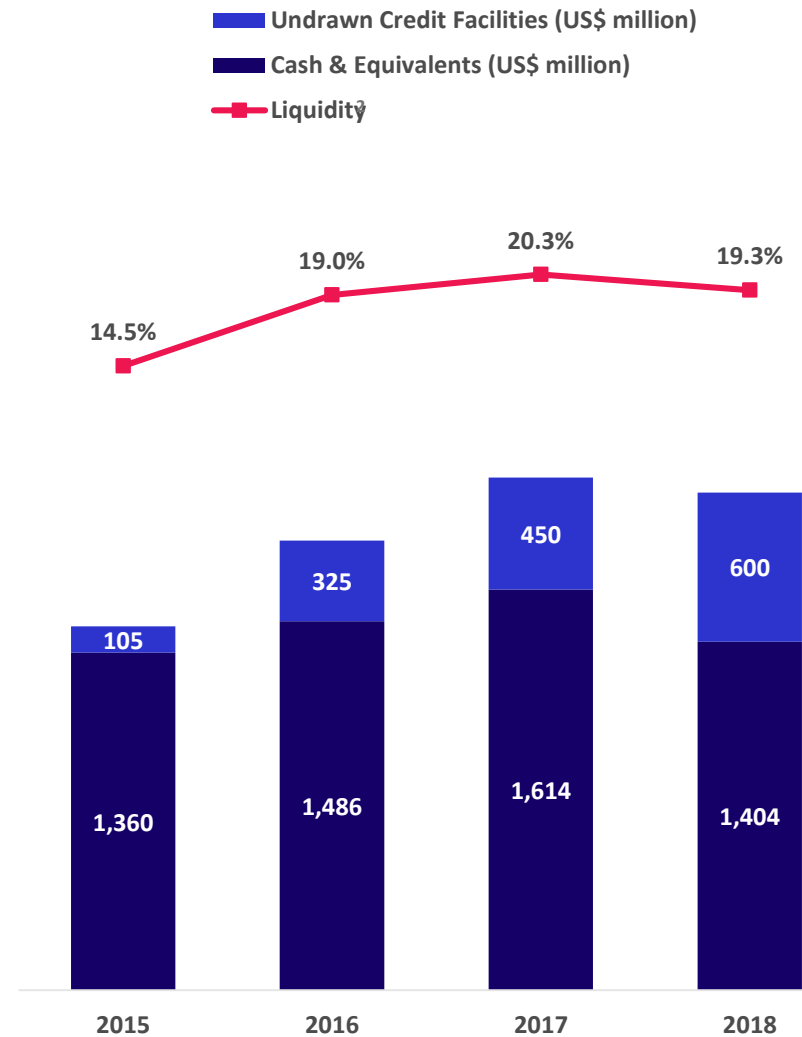
US\$ 2.2 bn
reduction

Continuous de-leveraging trend and stronger balance sheet

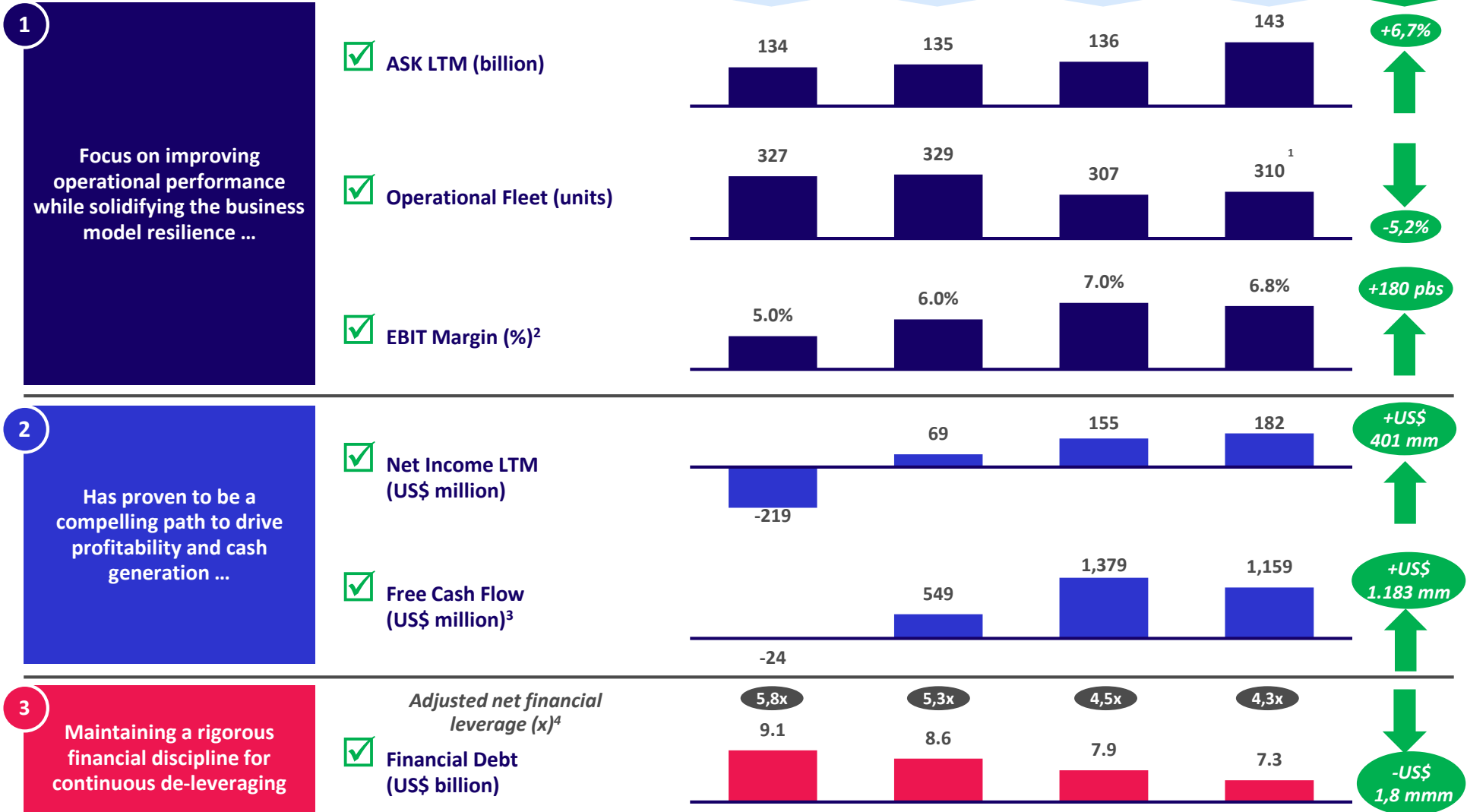
Gross Debt and leverage



Liquidity



Results of the transformation plan



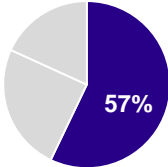
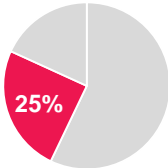
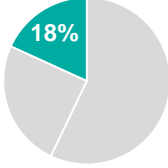


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First Quarter 2019 Financial Summary

(US\$ million)	1Q19	1Q18	Change (%)
Total Operating Revenues	2,525	2,731	-7.5%
Passenger	2,168	2,318	-6.5%
Cargo	263	296	-10.9%
Others	94	117	-19.6%
Total Operating Costs	-2,443	-2,462	-0.7%
Fuel	-747	-718	4.0%
Ex-Fuel	-1,697	-1,744	-2.6%
Operating Income	82	270	-69.6%
Operating Margin	3.3%	9.9%	-6.6 p.p.
Net Income	-60	92	n.a.
EBITDA	434	619	-30.0%
EBITDA Margin	17.2%	22.7%	5.5 p.p.

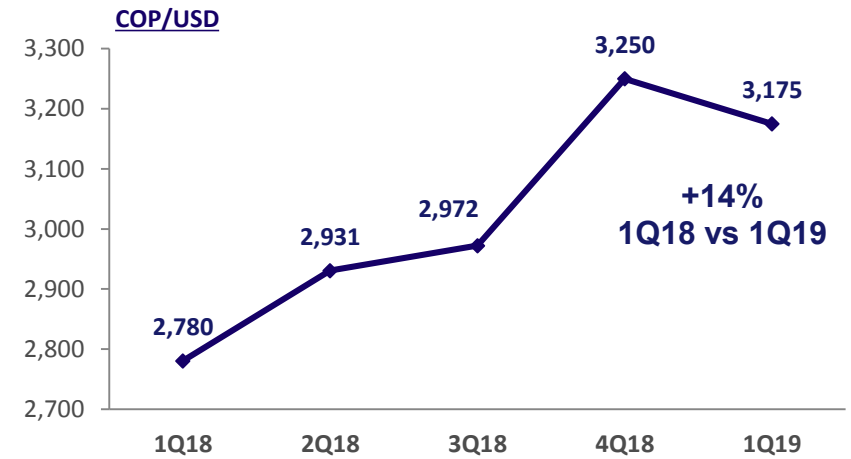
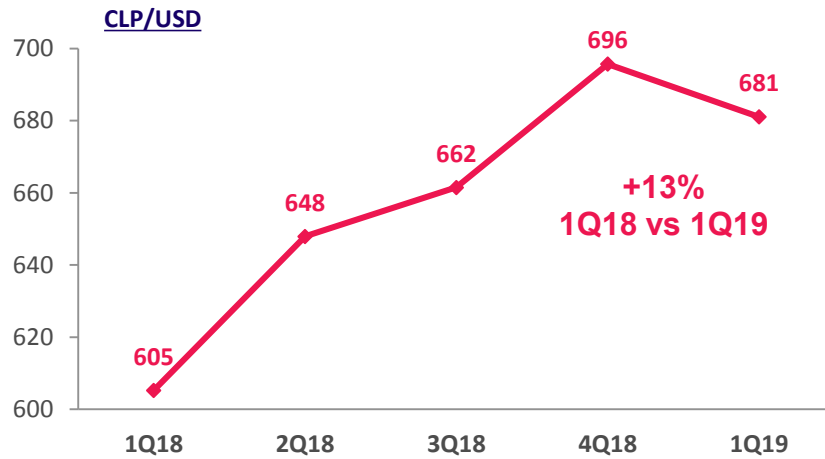
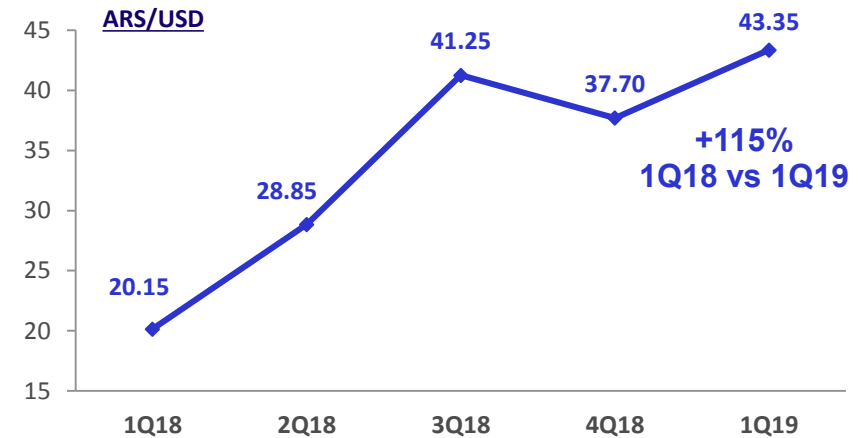
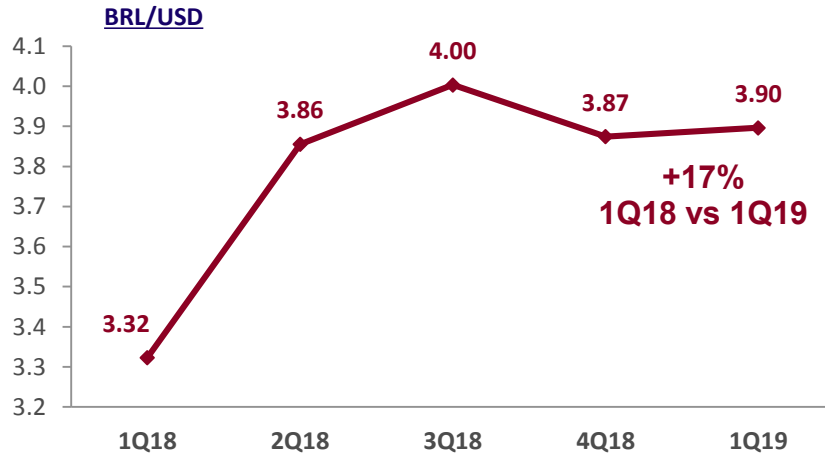
First Quarter 2019 Operating Statistics

% YoY	System Capacity	Capacity (ASK)	Traffic (RPK)	Load factor	RASK/RATK (USc) ¹ (% YoY)
International (Long haul & Regional)		+8.1%	+5.5%	85.1% (-2.2 p.p.)	5.6 (-15.2%)
Domestic Brazil		+1.5%	+1.3%	82.1% (-0.2 p.p.)	6.2 ² (-7.2%)
SCC Domestic		+9.6%	+10.3%	84.2% (+0.5 p.p.)	6.5 (-10.4%)
Passenger		+6.7%	+5.2%	84.2% (-1.1 p.p.)	5.7 (-12.3%)
Cargo		-0.4%	+1.9%	56.0% (+1.3 p.p.)	16.4 (-10.6%)

BRL
1Q19: +7.3%

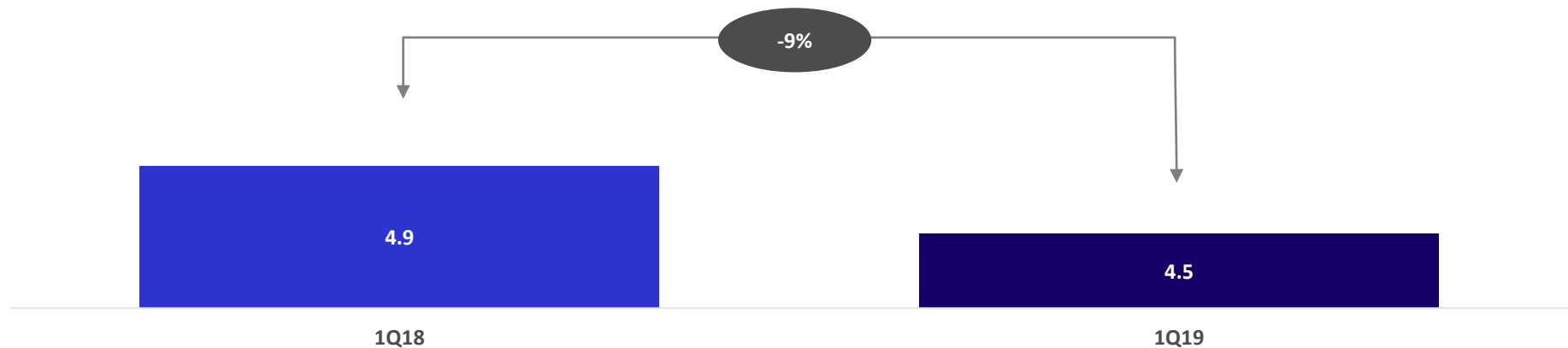
Devaluation of currencies affected international demand and domestic sales USD conversion

Foreign Exchange Variation (%)

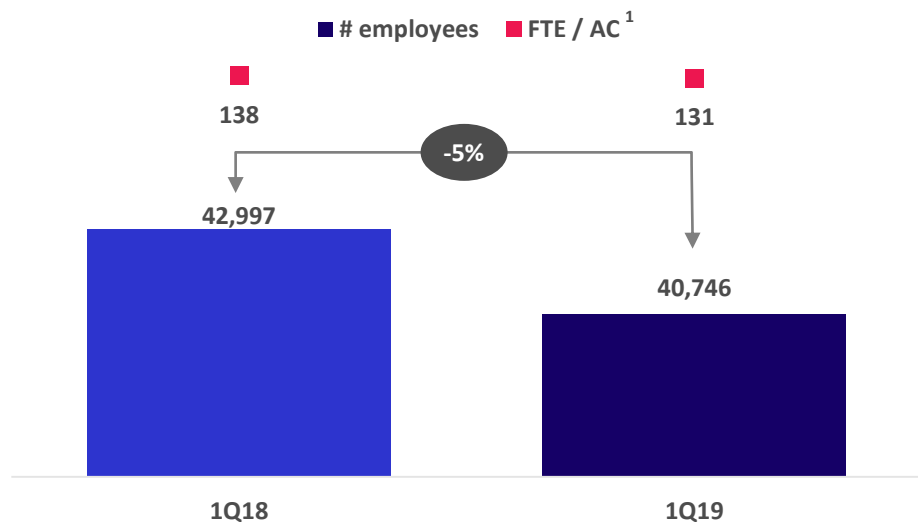


Delivering on cost initiatives to enhance operational performance

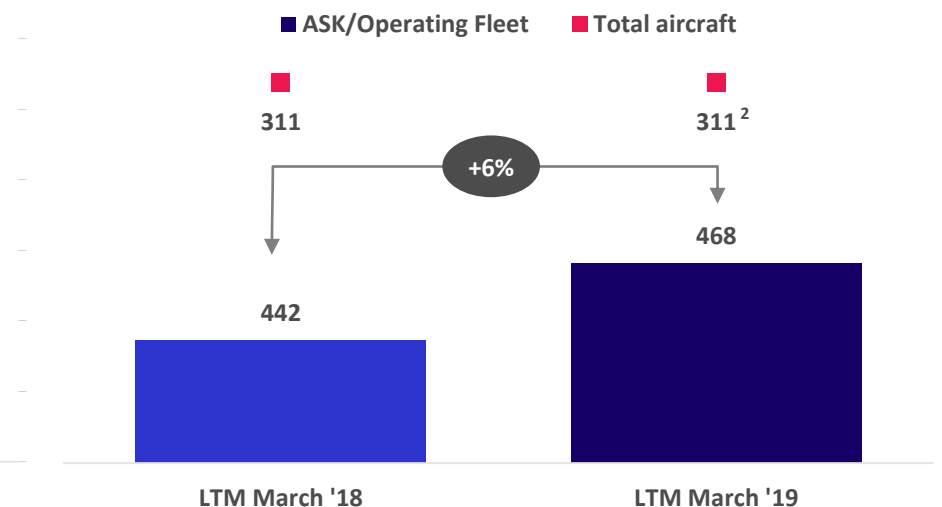
CASK Ex-fuel evolution (US\$ cents)



Reduction in the Number of Employees



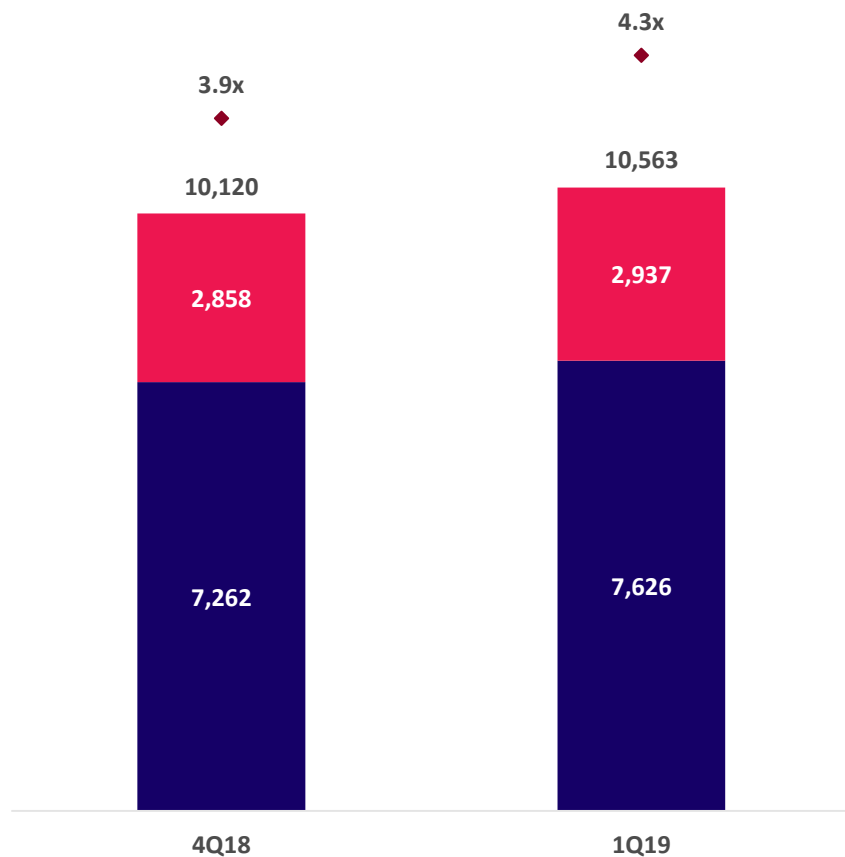
ASK / Operating Fleet (million ASK per Aircraft)



Current Financial Situation

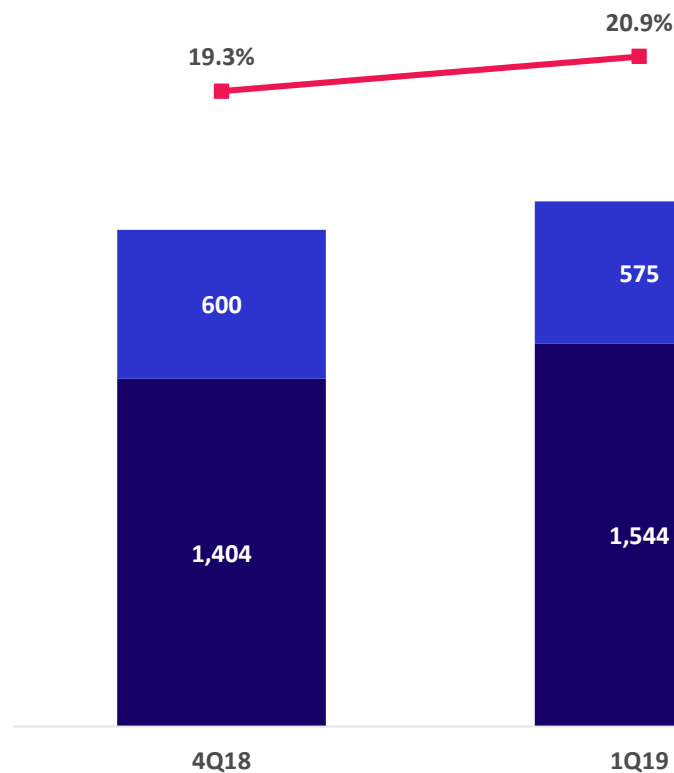
Financial Debt and Leverage

- Financial Debt (US\$ million) ■ On Balance Leases (IFRS 16)
- ◆ Net Debt / EBITDA LTM



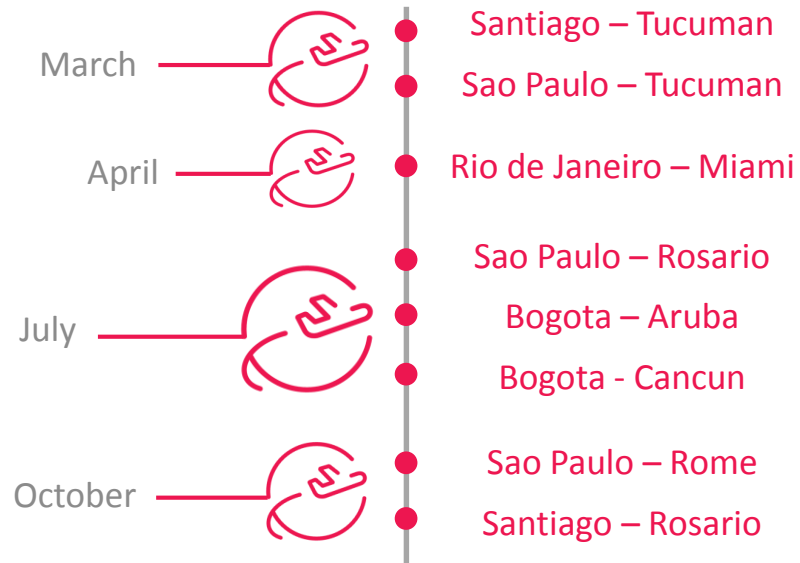
Liquidity

- RCF (US\$ million)
- Cash and Equivalents (US\$ million)
- Liquidity¹

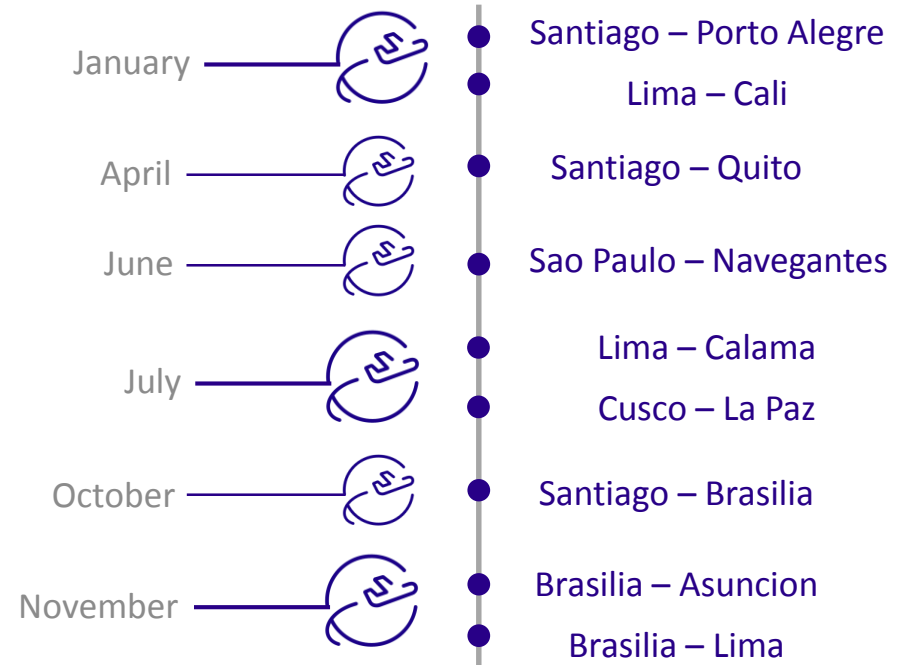


Network adjustments based on current demand environment

Removed






New



Other Adjustments

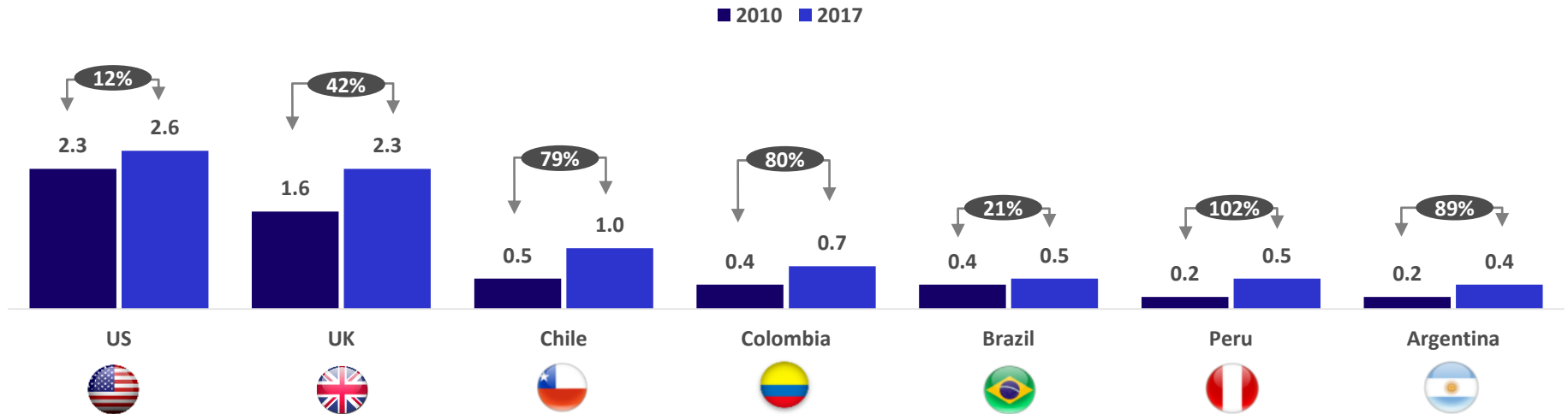
Sao Paulo to Munich and Lima to Montego Bay have been postponed

Guidance 2019

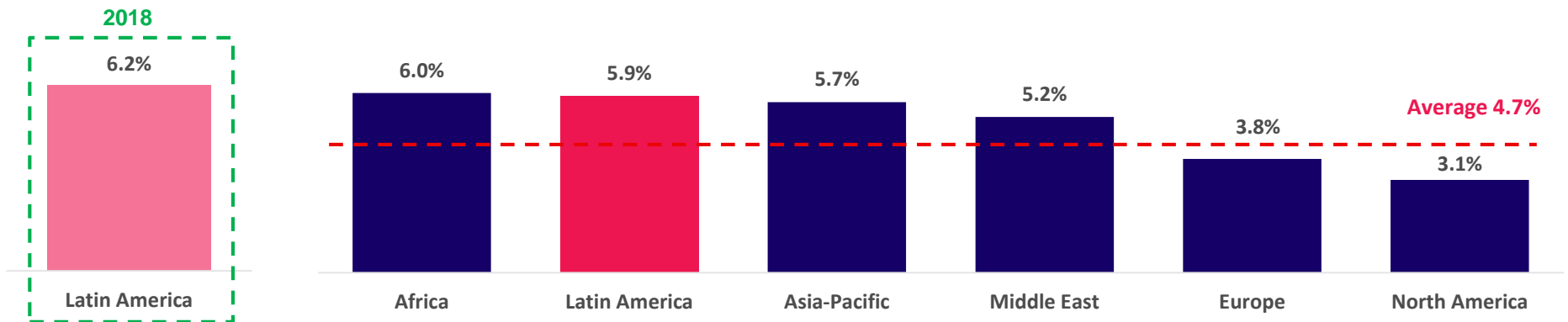
		Previous Guidance	New Guidance
<div>Passengers (ASK) </div>	International	3% - 5%	0% - 2%
	Domestic Brazil	2% - 4%	5% - 7%
	Domestic Spanish-speaking countries	8% - 10%	8% - 10%
	Total	4% - 6%	3% - 5%
<div>Cargo (ATK) </div>		1% - 3%	0% - 2%
<div>Operating Margin (%) </div>		7% - 9%	7% - 9%

LATAM is well positioned to capitalize on Latin America's growth potential

Trips per capita¹

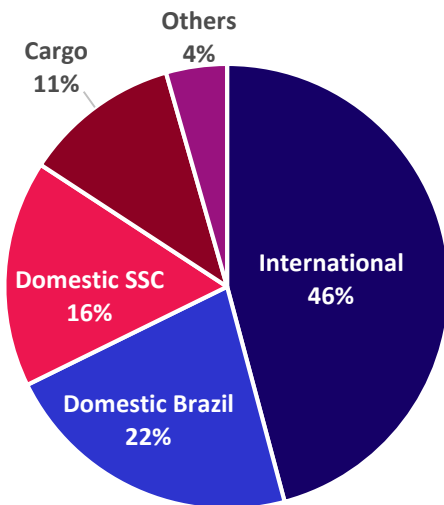


RPKs growth 2018E – 2037E



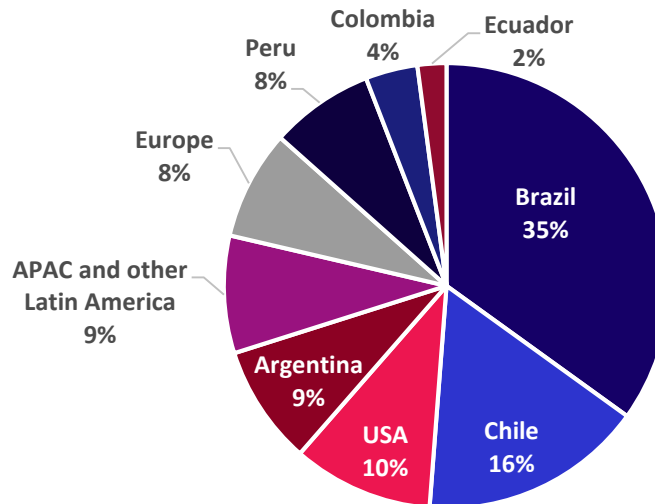
Geographic diversification of LATAM Airlines Group and its subsidiaries

LTM Revenue by Business Unit

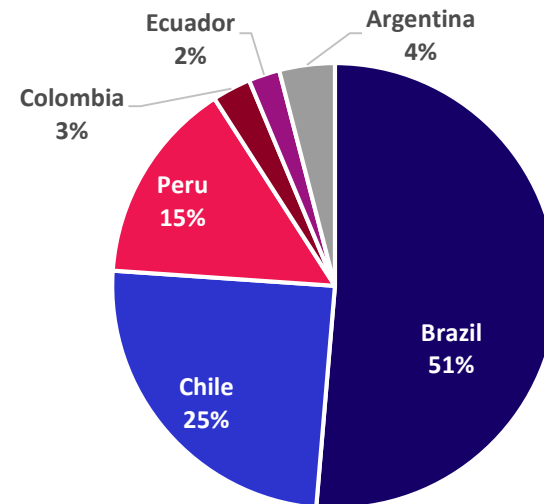


Total revenue = US\$ 10.2 bn

LTM Revenue by Point of Sale^{1,2}



LTM ASK by Country²



Total ASK = 146.0 bn

Refocusing investments to passenger experience and loyalty

Cabin experience



Total investment of US\$400 million in cabin retrofits in approximately 2 years



22 Wide-body aircraft and 150 Narrow-body aircraft



New seat design and layout of passenger accommodation; comfort, segmentation & efficiency



3 retrofitted aircraft already in operation

Acquisition of Multiplus by LATAM Airlines BR.



- **+30** million members
- **4th** Largest FFP in the world
- Unified value proposition
- Revenue management

Worldwide recognition

**Best South American
Global Airline**

Outstanding Food Service



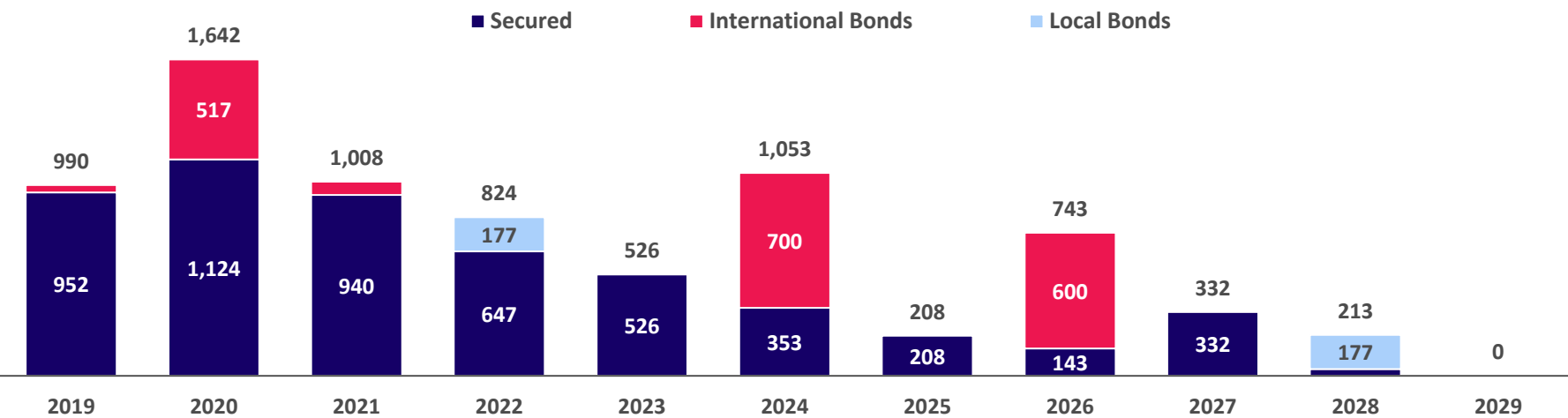
Best
"Seat Comfort"
"Cabin Service"
"Catering Service"
"Entertainment"
"Wi-Fi"



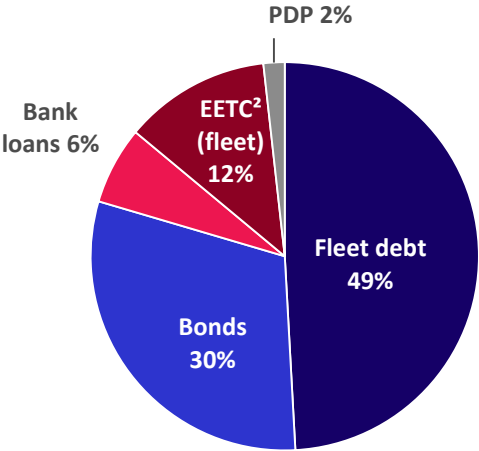
**"Best catering
service" in South
America**

Debt maturity profile and structure

Debt maturity profile¹ (US\$ million)



Debt type as of March 31, 2019



Rating agencies

MOODY'S	Ba3
S&P Global Ratings	BB-
Fitch Ratings	B+

Main takeaways

1 LATAM is the leading and largest airline group in Latin America with an unmatched network

2 Delivered improving and resilient operational and financial results despite challenges

3 Successful implementation of transformational initiatives including (i) a rigorous cost cutting program, (ii) reduction of fleet commitments (iii) acquisition of minority stake in Multiplus, and (iv) transforming the cabin experience

4 Disciplined financial policy focused on continuous de-leveraging and balance sheet strengthening

5 Unaltered clear long-term strategy with customer focus



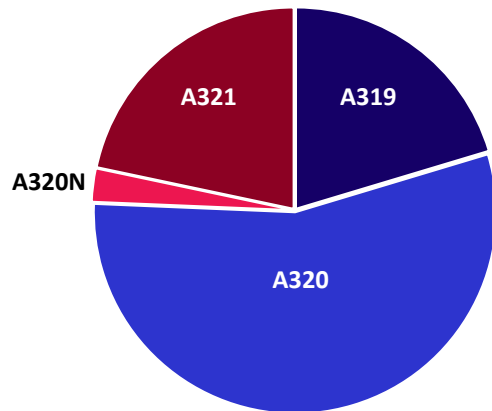
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311¹ aircraft operating fleet with an average age of ~8,9 years

Narrow body: 226

Own²: 160 aircraft

Leases³: 66 aircraft



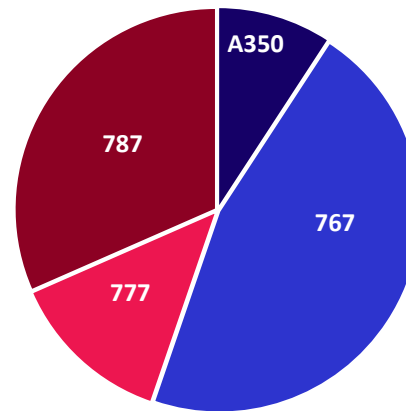
Airbus A320N



Wide body (PAX): 76

Own²: 51 aircraft

Leases³: 25 aircraft



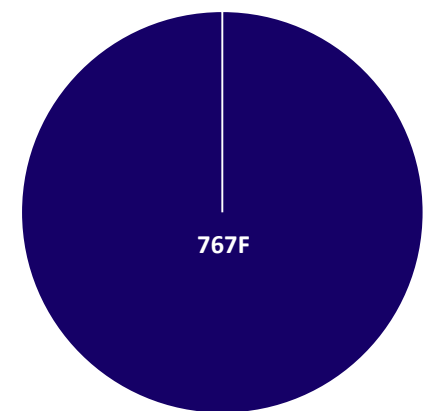
Boeing 787-9



Wide body (Cargo): 9

Own²: 8 aircraft

Leases³: 1 aircraft

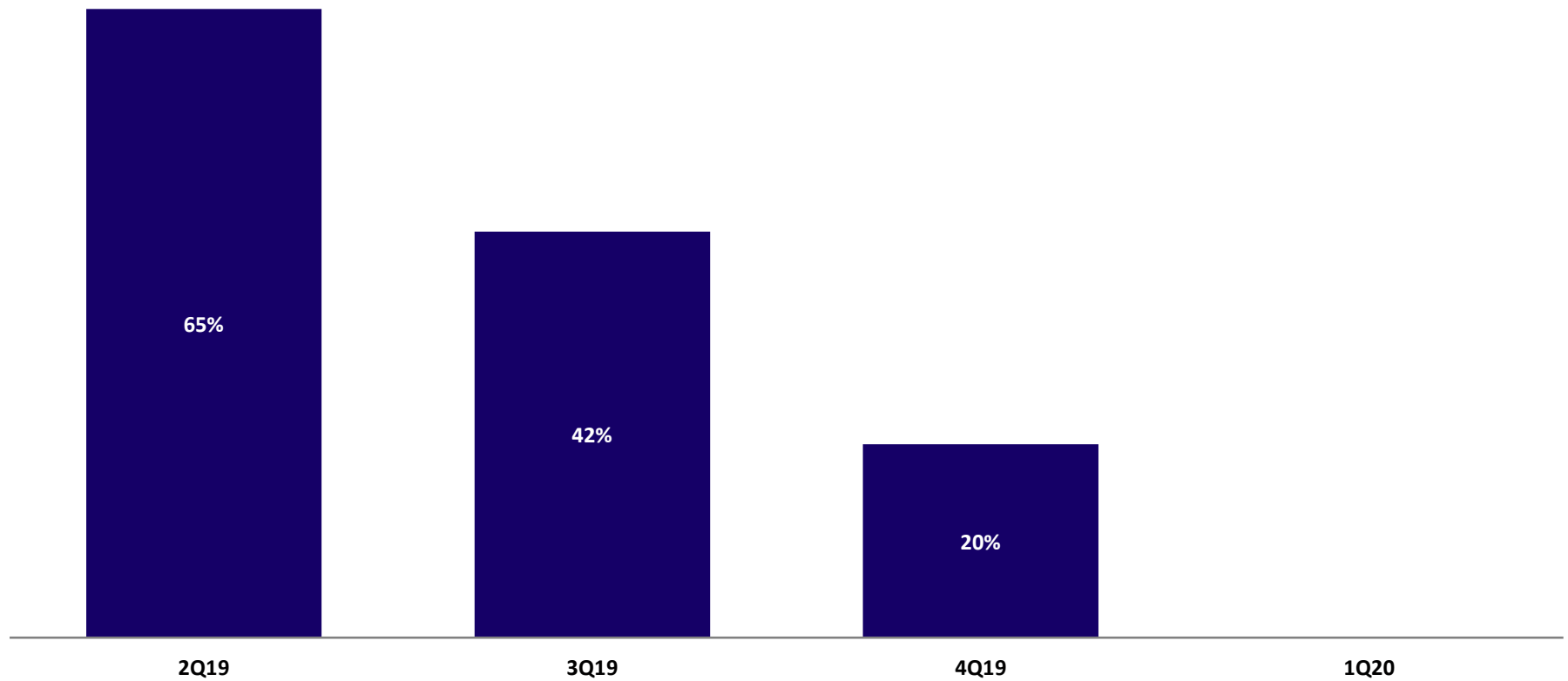


Boeing 767F



Hedging strategy to support operational margin resilience

Fuel Hedge (% consumption)¹





Thank you!