

First Quarter 2016 Results Presentation

May, 2016

12/05/2016



First Quarter 2016 Highlights



The Company reported an operating margin of 9.4% and a net income of US\$102 million, maintaining its operating margin guidance of 4.5% - 6.5% for FY2016



LATAM is adjusting its guidance for domestic capacity reductions in Brazil from 8% - 10% to a reduction of 10% - 12% for FY2016



Additional reduction of fleet assets of US\$2.0 to US\$3.0 billion over the next 18 months via aircraft sales, redeliveries and renegotiations of future deliveries



US\$ 325 million in a Revolving Credit Facility (RCF) in order to bolster liquidity given current volatile market conditions



LATAM was formally launched as the new brand of the Company, ready to give the world a new look and a global brand representing the best of South America

Q1 2016 Financial Summary

(US\$ Millions)	1Q16	1Q15	Change
Total Operating Revenues	2.328	2.791	-16,6%
Passenger	1.958	2.344	-16,4%
Cargo	276	350	-21,2%
Total Operating Costs	-2.109	-2.564	-17,8%
Operating Income	219	227	-3,5%
Operating Margin	9,4%	8,1%	1,3pp
Net Income	102	-40	-
Foreign exchange gains/(losses)	68	-205	-
EBITDAR	592	593	-0,2%
EBITDAR Margin	25,4%	21,3%	4,2pp

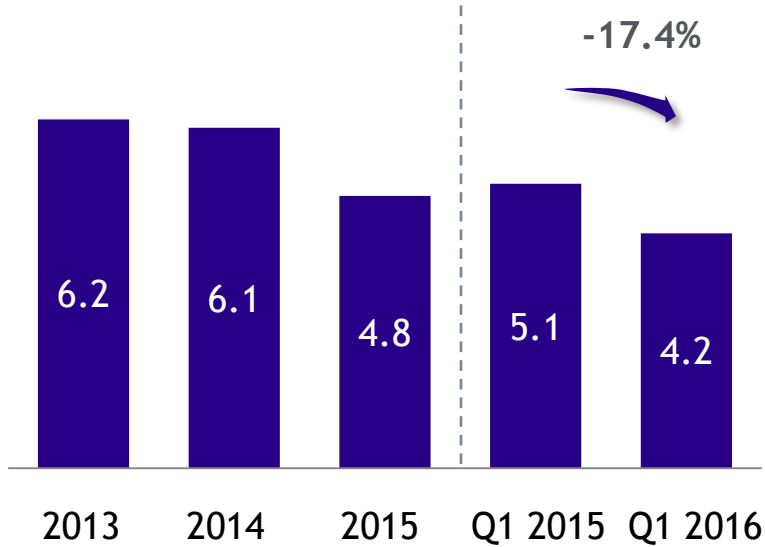
LATAM Operating Statistics Q1 2016

	System Capacity	Capacity	Traffic	Load Factor	RASK (US Cents)
International (Long Haul & Regional)		+9.4%	+10.5%	84.8% (+0.8 p.p.)	5.7 (-21.1%)
Domestic Brazil		-8.4%	-8.9%	82.5% (-0.5 p.p.)	5.0 (-24.6%)
SSC Domestic		+7.4%	+9.1%	83.7% (+1.3 p.p.)	7.3 (-16.3%)
Total		+3.3%	+4.0%	83.9% (+0.6 p.p.)	5.6 (-19.1%)

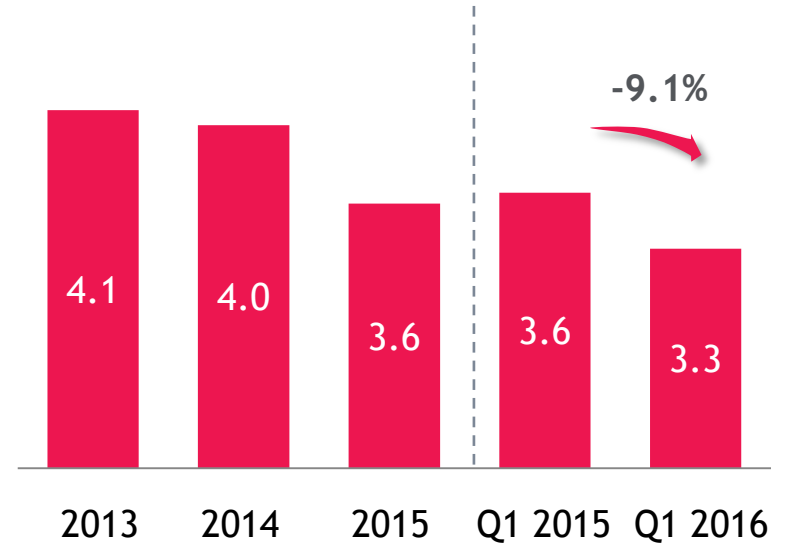
+2.9%
in BRL

Our strategy is delivering results

CASK-equivalent (US cents)



CASK-equivalent ex-fuel (US cents)



Gradual process towards a unified image



We continue to strengthen our network, as new routes will begin in 2016



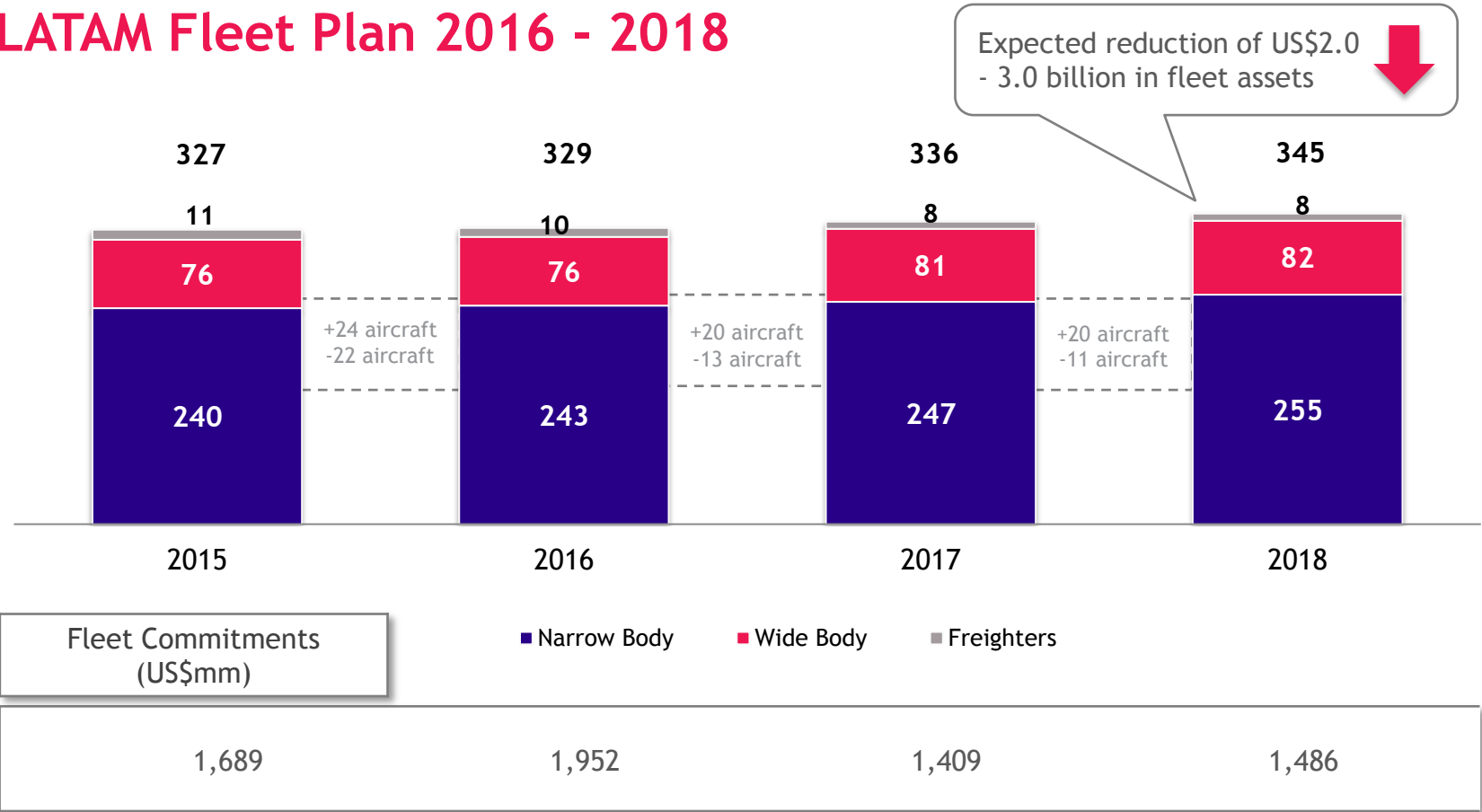
NETWORK

New routes for 2016

- Lima - Washington D.C.
- Lima - Montevideo
- Lima - Antofagasta
- Lima - Salta
- Lima - Rosario
- Lima - Mendoza (2017)
- Sao Paulo - Johannesburg



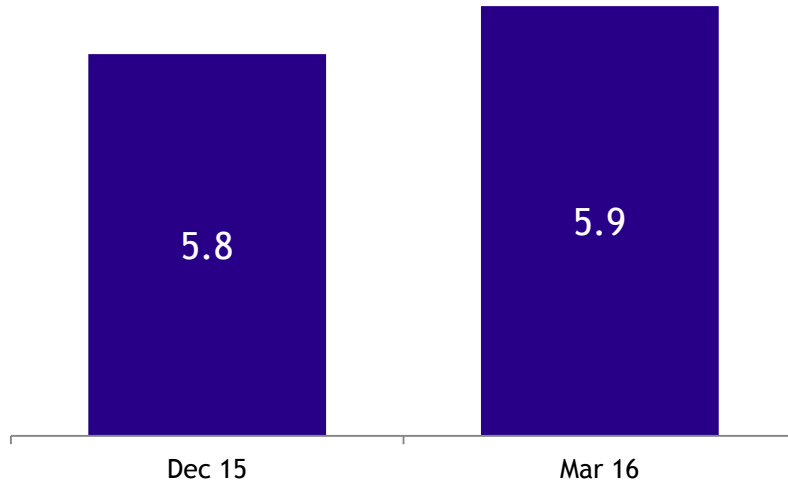
LATAM Fleet Plan 2016 - 2018



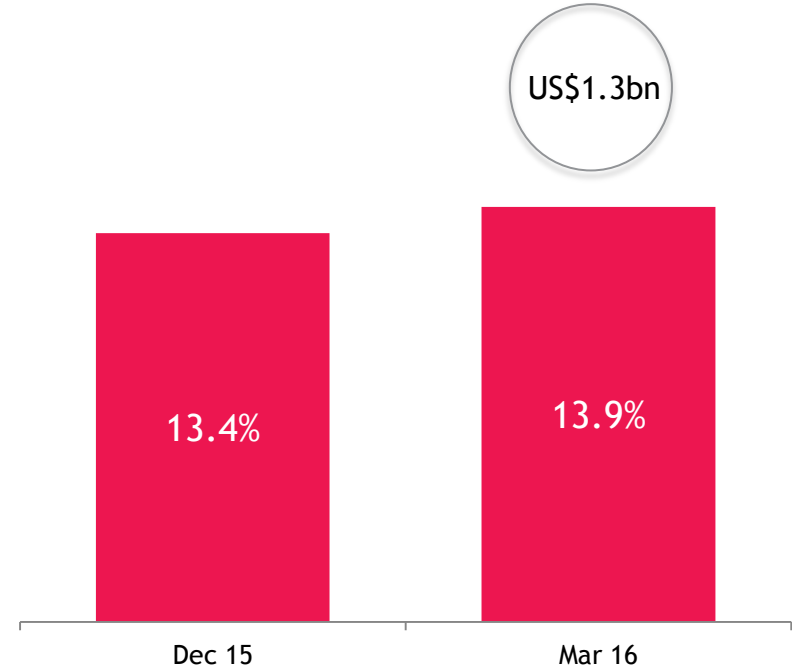
¹The plan above may vary as the Company advances with its ongoing negotiations.

LATAM Credit Metrics

Adjusted Net Debt⁽¹⁾/EBITDAR LTM



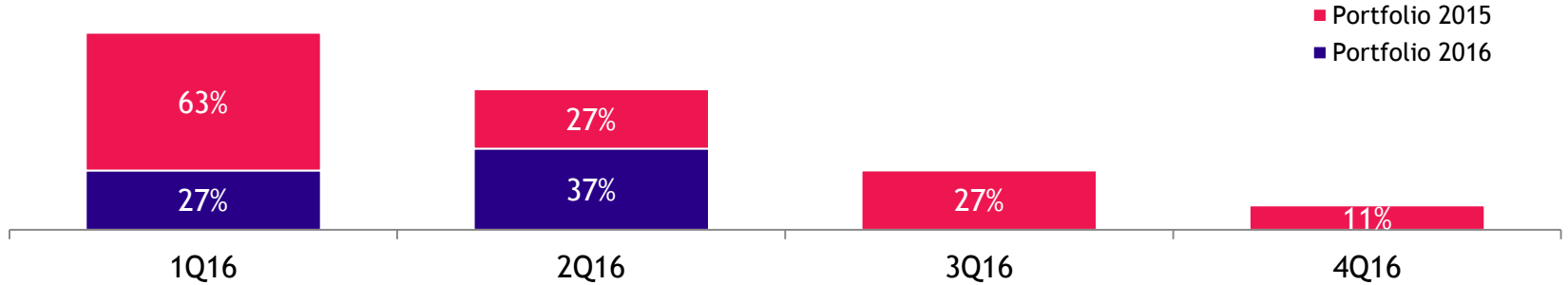
Cash and Equivalents as % of LTM revenues



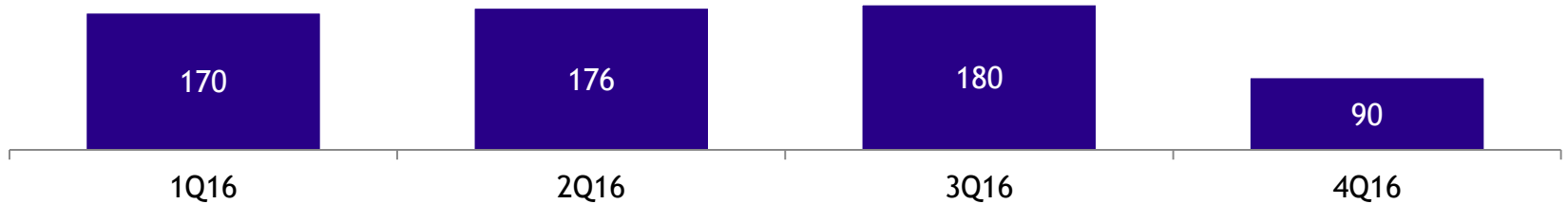
(1) Adjusted for the capitalization of operating leases (7x yearly expense)

Fuel and FX exposure

LATAM Fuel Hedge for 2016



LATAM FX Hedge for 2016



Guidance 2016

		2016	
		Previous Guidance	New Guidance
ASK Growth (Passenger)	Total Network	(1%) - 2%	(1%) - 1%
	International	3% - 5%	3% - 5%
	Brazil Domestic	(8%) - (10%)	(10%) - (12%)
	SSC Domestic	6% - 8%	6% - 8%
ATK Growth (Cargo)		0% - (2%)	(2%) - (4%)
Operating Margin		4.5% - 6.5%	4.5% - 6.5%

Thank you



www.latamairlinesgroup.net

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