



# J.P. Morgan 2019 Global Emerging Markets Corporate Conference

*Miami, February 2019*

*This presentation may include forward-looking comments regarding the Company's business outlook and anticipated financial and operating results. These expectations are highly dependent on the economy, the airline industry, commodity prices, international markets and external events. Therefore, they are subject to change and we undertake no obligation to publicly update or revise any forward looking statements to reflect events or circumstances that may arise after the date of this presentation. More information on the risk factors that could affect our results are contained on our Form 20-F for the year ended December 31, 2017.*

*Information, tables and logos contained in this presentation may not be used without consent from LATAM Airlines Group S.A.*

# LATAM's long-term success is supported by its regional leadership

## Key Highlights



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



**143** destinations in 26 countries



**310 aircraft operating fleet<sup>1</sup>** with an average age of ~9 years



**69 million** passengers transported in 2018



**40,974 employees** distributed throughout 24 different countries

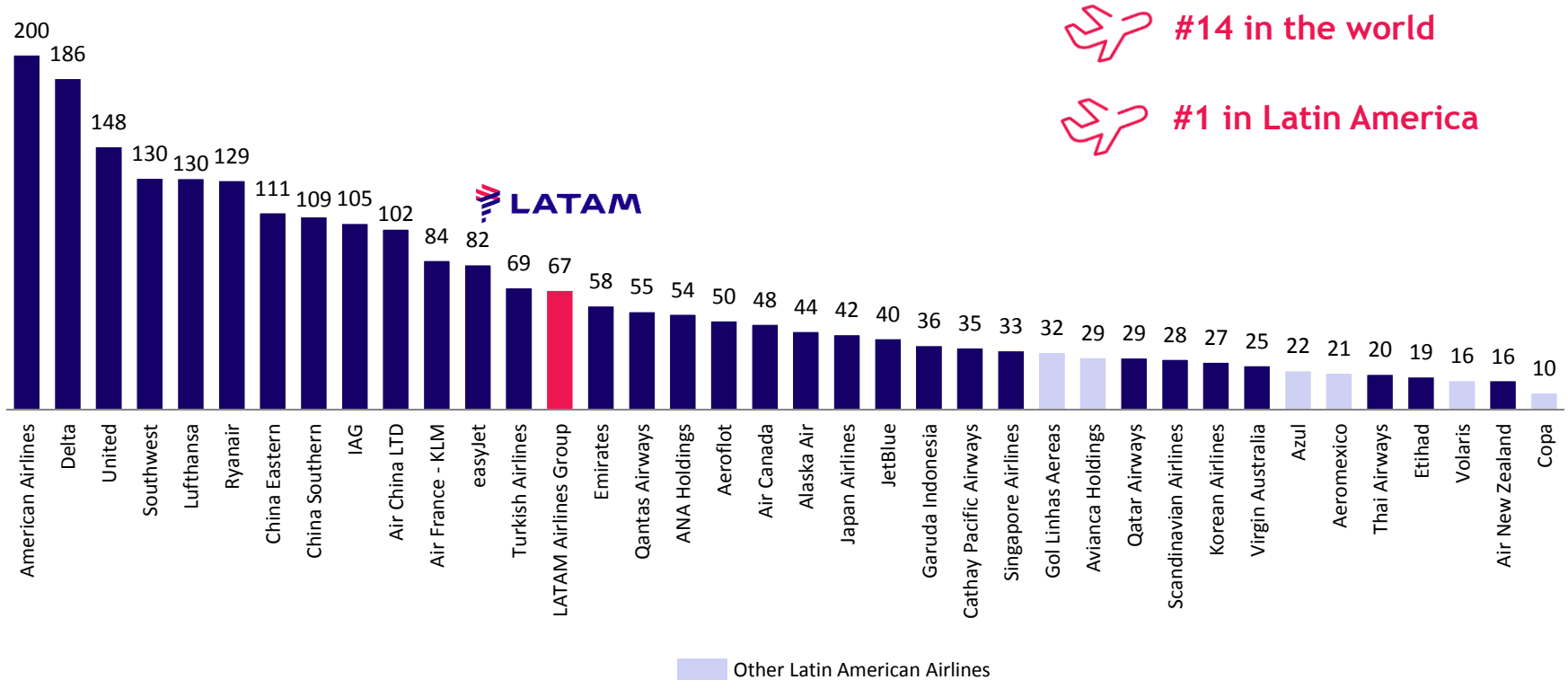


Leading frequent flyer and loyalty programs with **over 30 million members**



# LATAM is amongst the largest airline groups in the world

## Passengers carried 2017 (million)



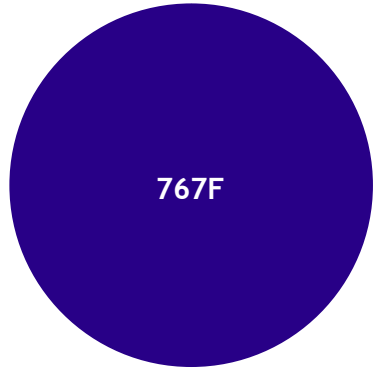
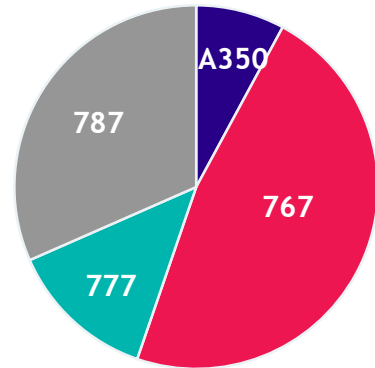
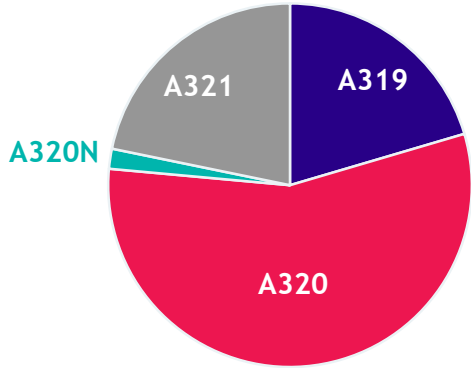
# Fleet: One of the most modern in Latin America & the world

310 operating aircraft<sup>1</sup> with an average age of ~9 years

**Narrow body: 225**

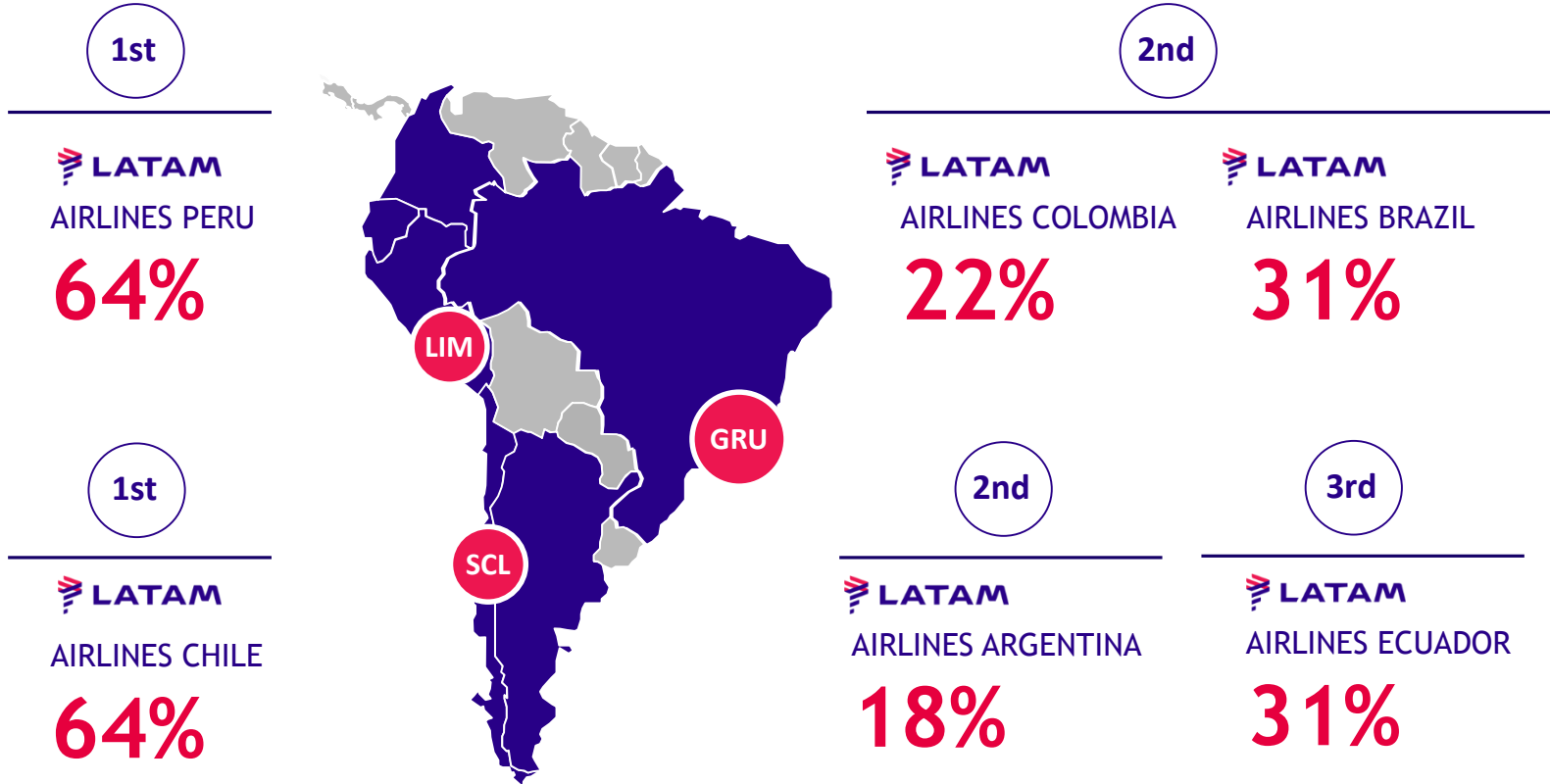
**Wide body (PAX): 76**

**Wide body (Cargo): 9**



<sup>1</sup> By September 30, 2018. Excludes 2 Airbus A330 and 2 Boeing 777 short-term leased from Wamos Air and Boeing respectively

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



+1.3mm passenger growth in 2018



# Unique Leadership Position and Leading Regional Presence as a Key Competitive Advantage

## Within South America

LATAM  
AIRLINES

**43%**

1st

## South America - Asia Pacific

LATAM  
AIRLINES

**53%**

1st

## South America - North America

LATAM  
AIRLINES

**20%**

2nd

## South America - Europe

LATAM  
AIRLINES

**12%**

3rd

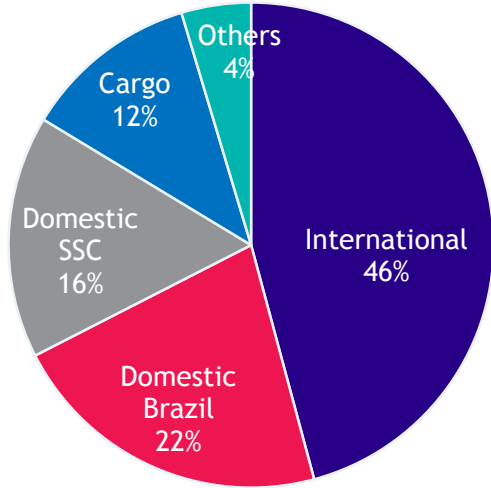


+399k  
passenger  
growth in  
2018

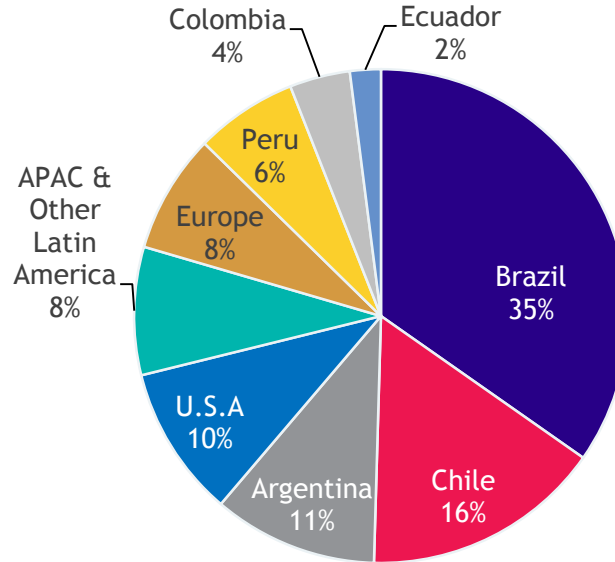


# The Group benefits from a diversified source of revenue

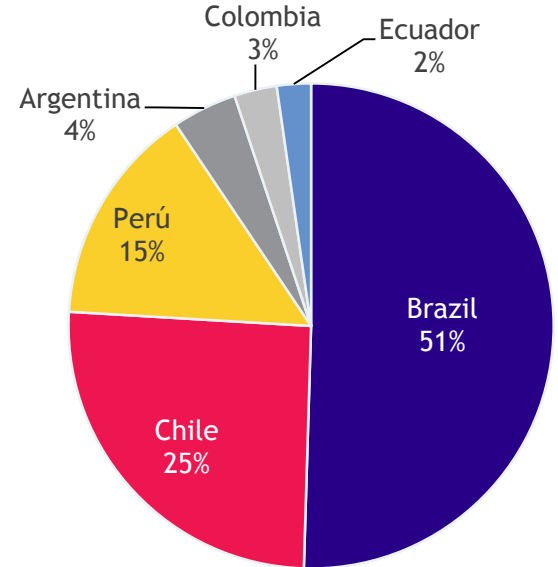
LTM Revenue by Business Unit



LTM Revenue by Point of Sale



LTM ASK by Country



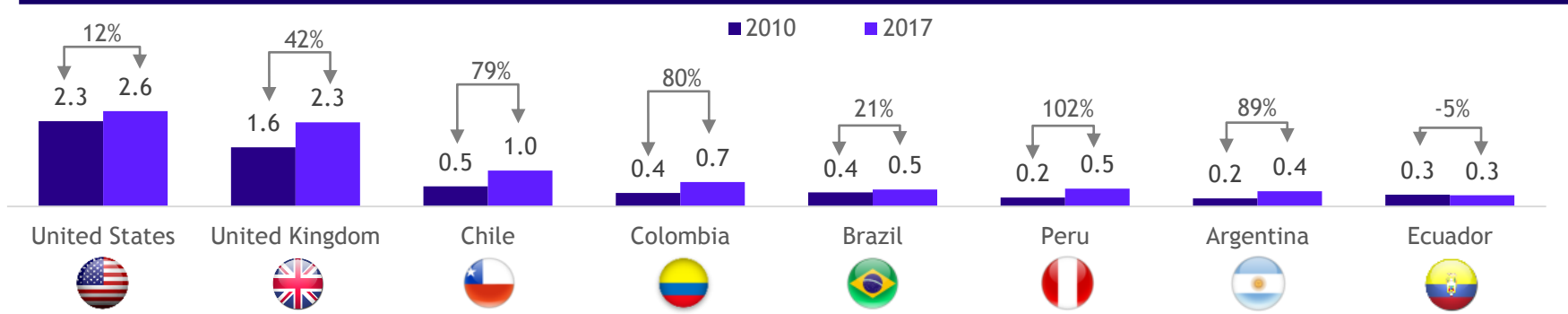
**Total revenue = US\$10.3 bn**

**Total ASK = 141.0 bn**

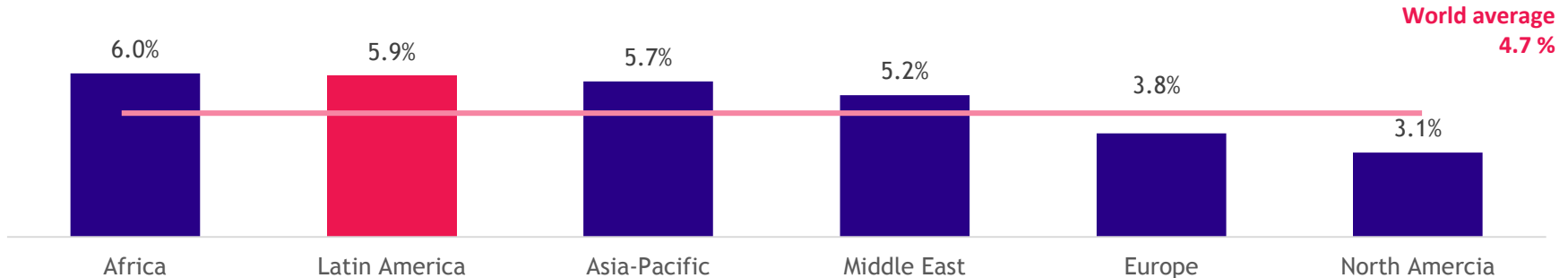


# LATAM is well positioned to capitalize on Latin America's growth potential

## Trips per capita 2017



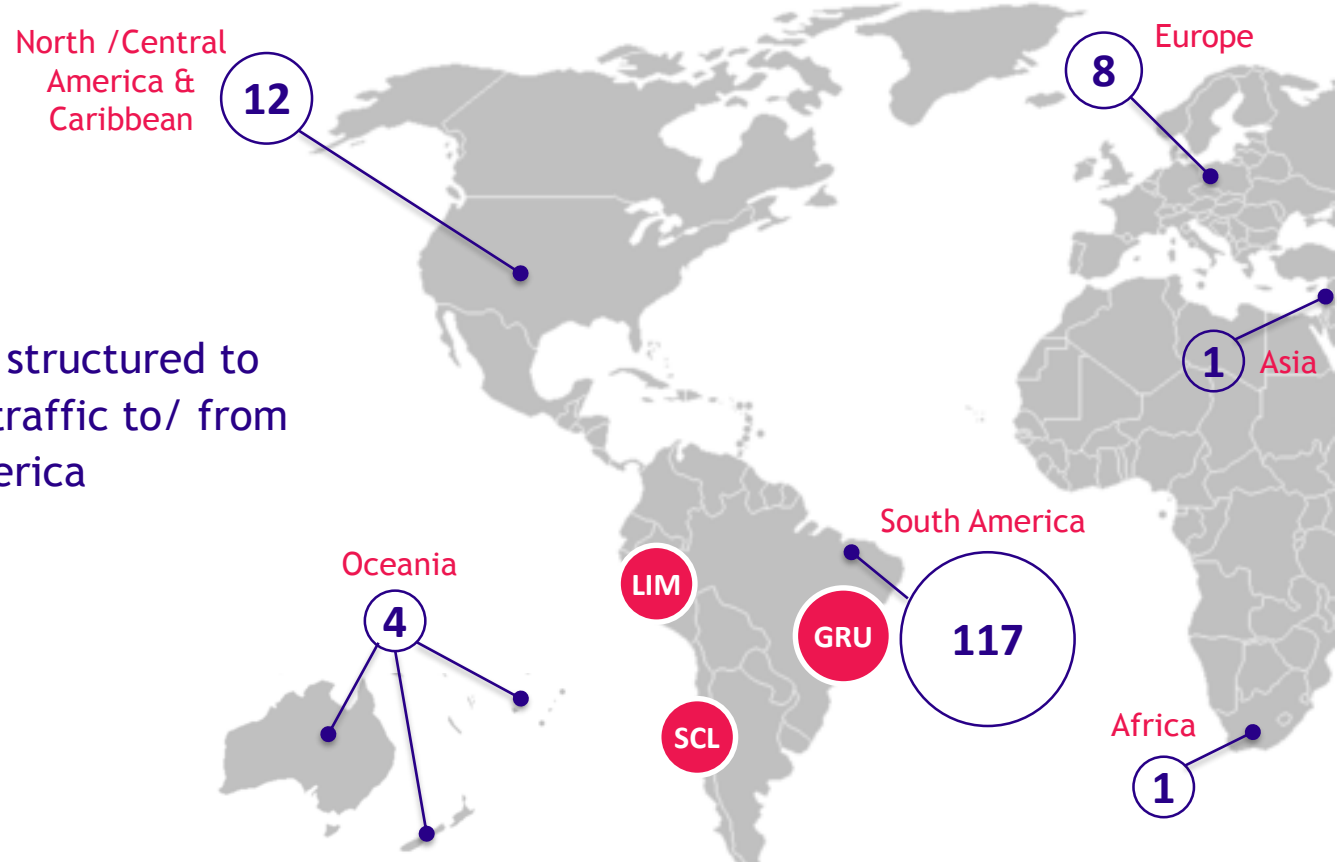
## RPKs growth 2018E – 2037E



# Latin America's strongest network supported by strong alliances



Network is optimally structured to serve and stimulate traffic to/ from and within South America



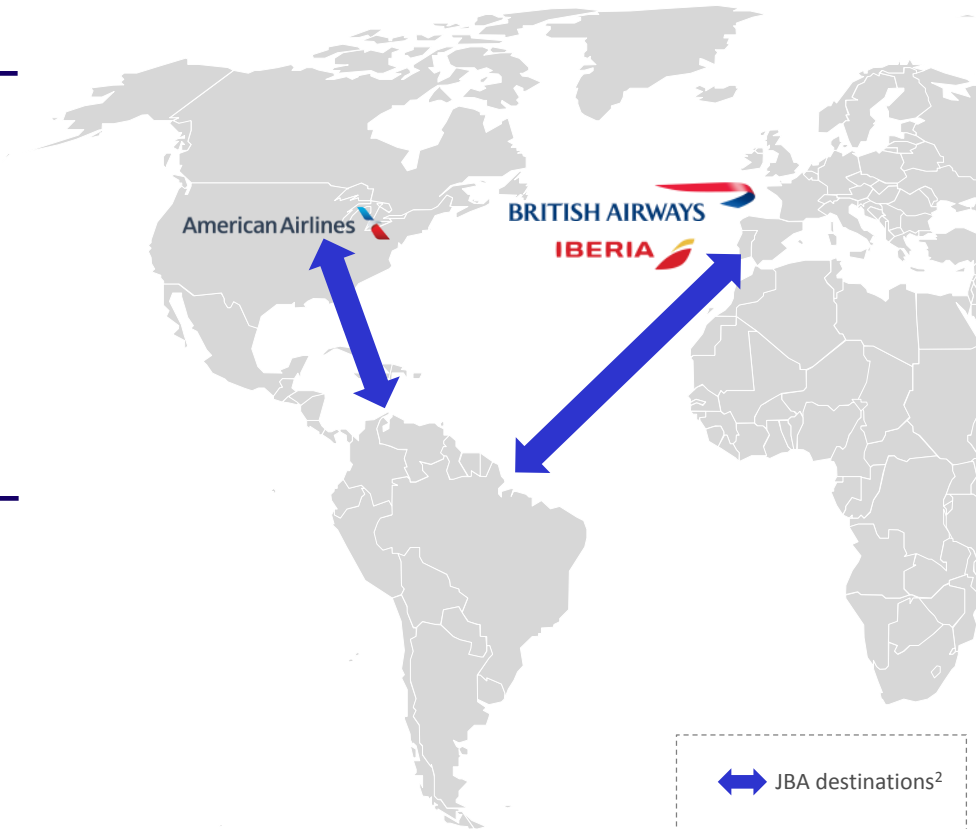
# Business model complemented by joint business agreements with leading airlines

## South America – North America

	Capacity share <sup>1</sup>
1 <sup>st</sup> American Airlines 	22%
2 <sup>nd</sup>  <b>LATAM</b>	20%
3 <sup>rd</sup> <b>UNITED AIRLINES</b> 	10%

## South America – Europe

	Capacity share <sup>1</sup>
1 <sup>st</sup> <b>AIRFRANCE</b>  <b>KLM</b>  <small>TRANSPORTEURS OFFICIELS OFFICIAL CARRIERS</small>	21%
2 <sup>nd</sup> <b>IAG</b> INTERNATIONAL AIRLINES GROUP	18%
3 <sup>rd</sup>  <b>LATAM</b>	12%



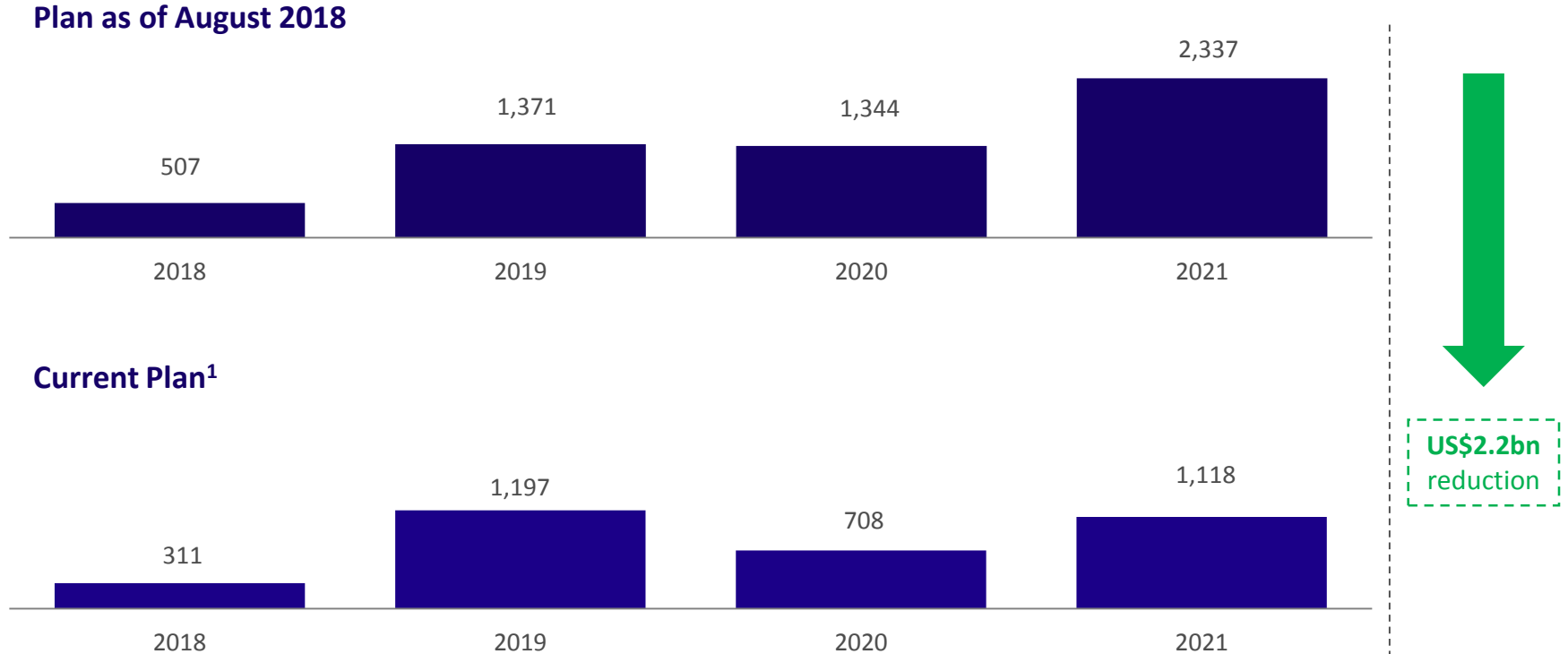
 JBA destinations<sup>2</sup>

1 Market Share (ASK): December 2018 (Diio Mi).

2 JBA with American subject to US-DoT authorization.

# Successful reduction of our fleet commitments

## Right-sized fleet plan (US\$ in million)



# Transforming the cabin experience



22 Wide-body aircraft being upgraded



150 Narrow-body aircraft being upgraded

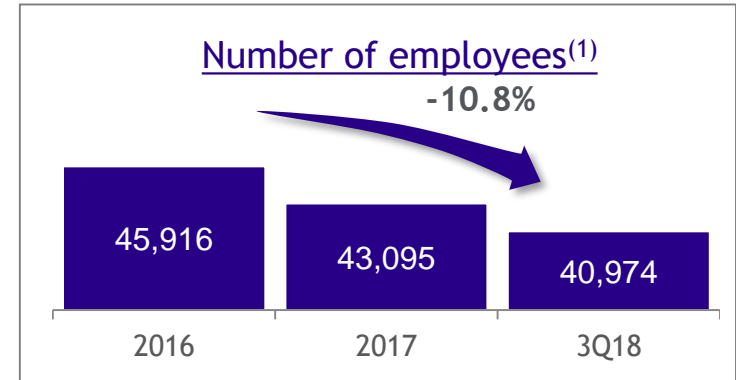
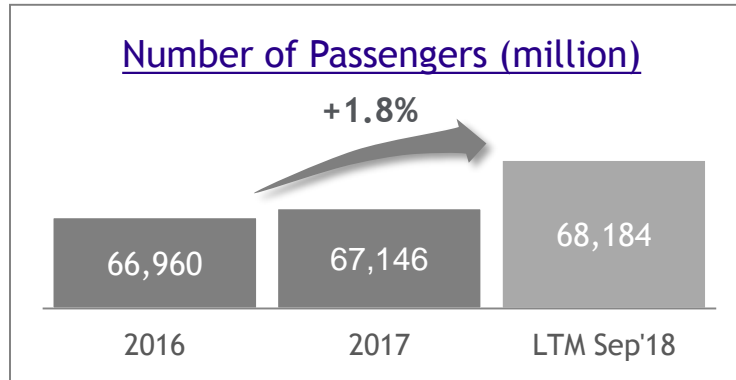
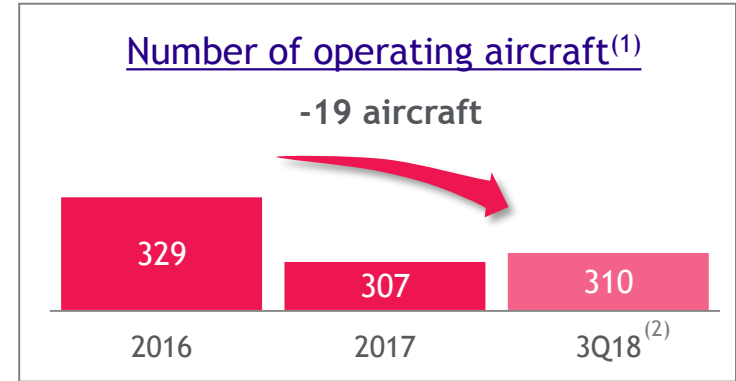
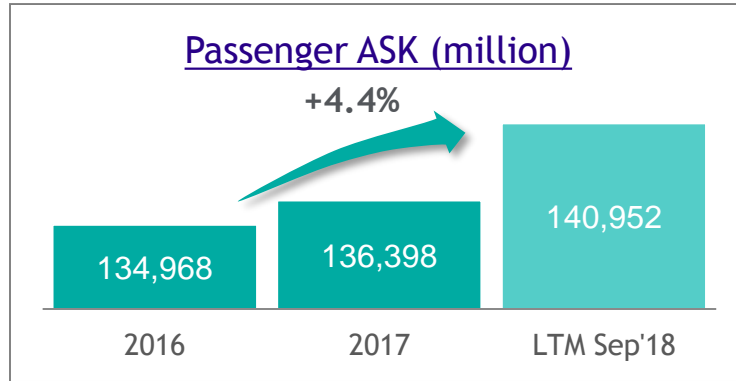


Total investment of US\$400 million in cabin retrofits in approximately 2 years



New seat design and LOPA<sup>1</sup>. Comfort, segmentation & efficiency

# Profitable and selective growth

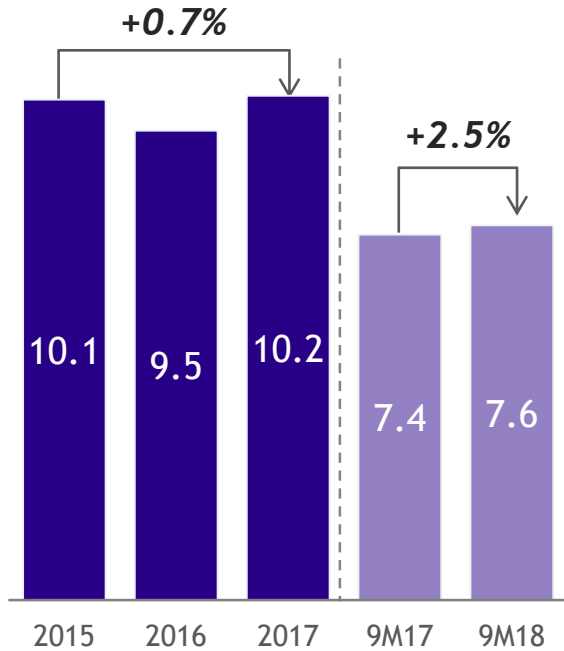


(1) End of period

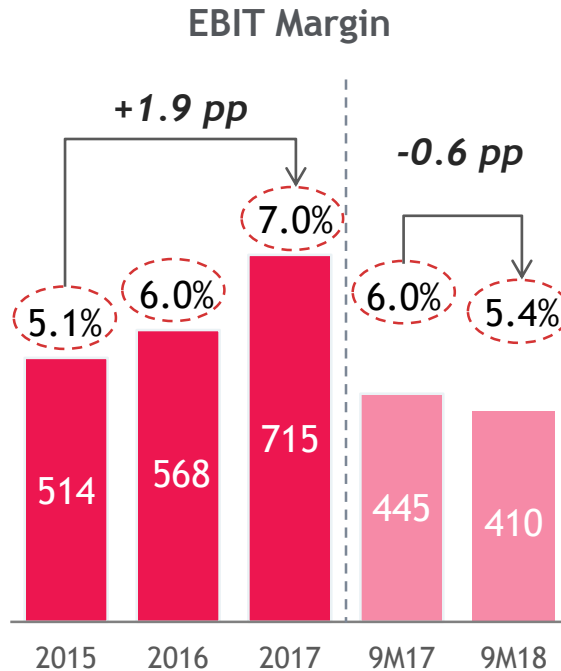
(2) Excluding 2 Airbus A330 and 2 Boeing 777 leased to Wamos Air and Boeing respectively

# Results reflect the resilience of our business model

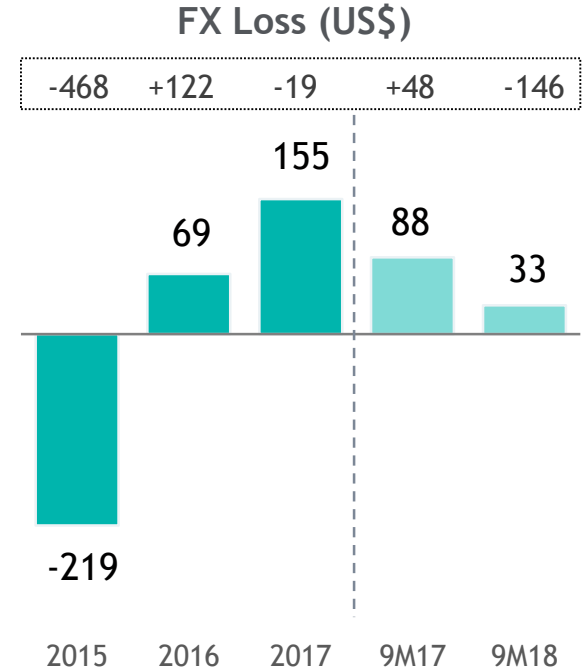
Operating Revenues (US\$Bn)



EBIT (US\$mm)

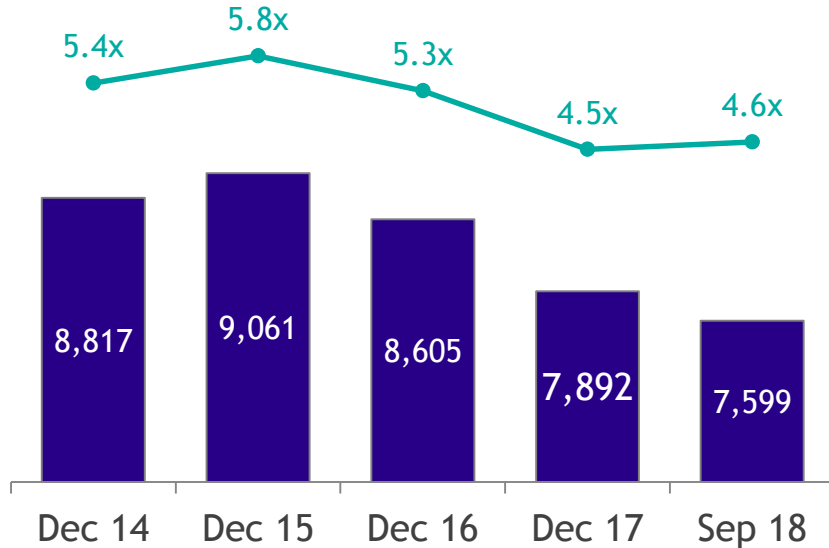


Net income (US\$mm)

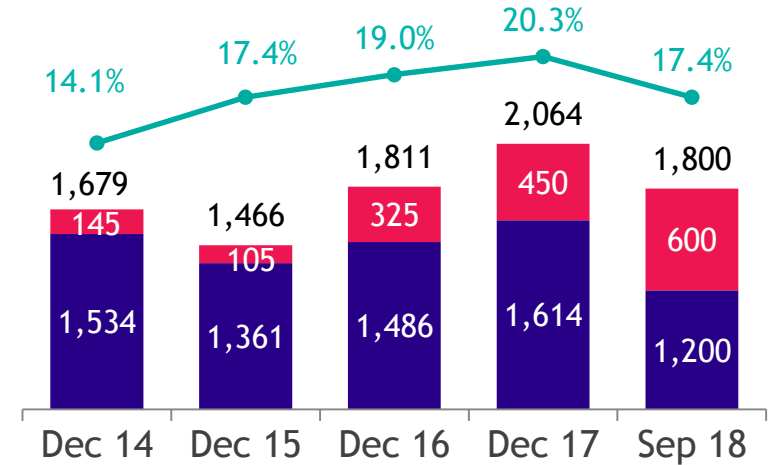


# Continuous deleveraging trend and stronger balance sheet

## Gross Debt<sup>1</sup> and leverage



## Liquidity



■ Total Gross Debt (US\$ MM)    ● Adjusted Net Debt / EBITDAR

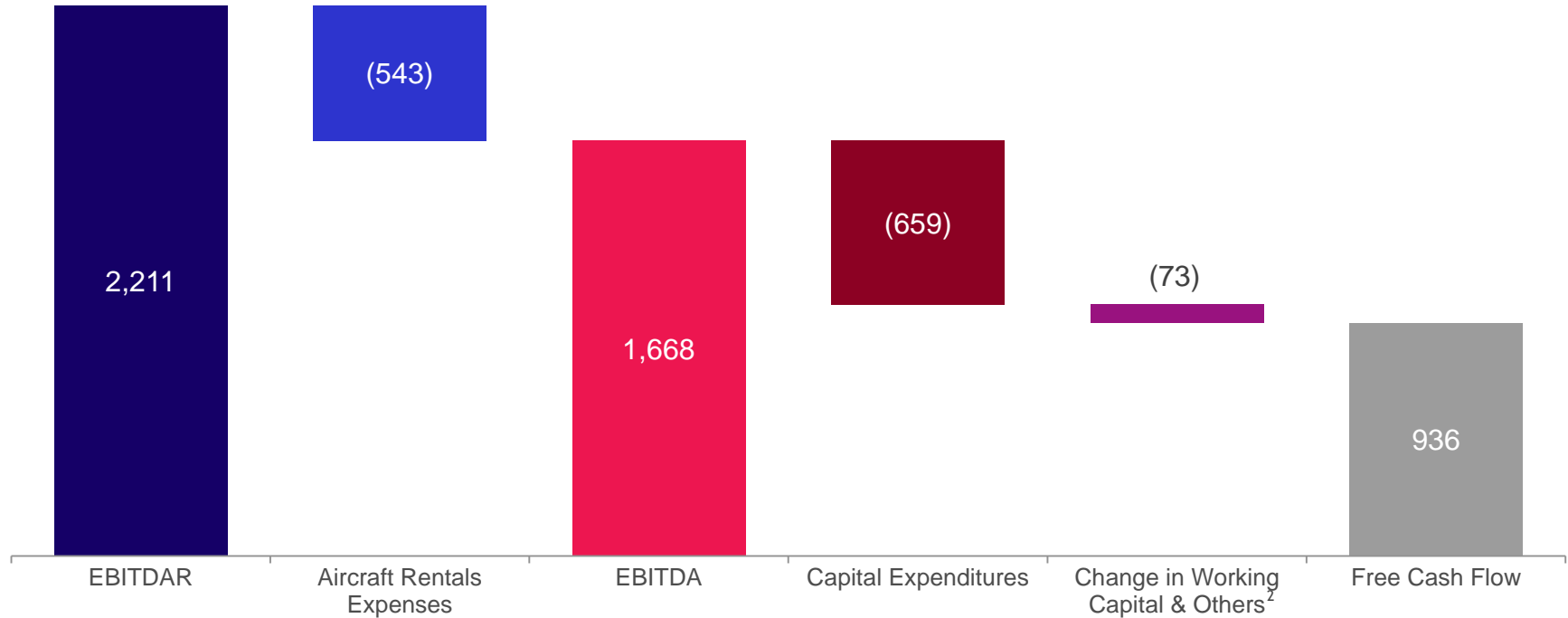
■ Committed Lines & RCF (US\$ MM)    ■ Cash (US\$ MM)    ● Liquidity

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

Source: Public Company filings



# Strong free cash flow<sup>1</sup> generation



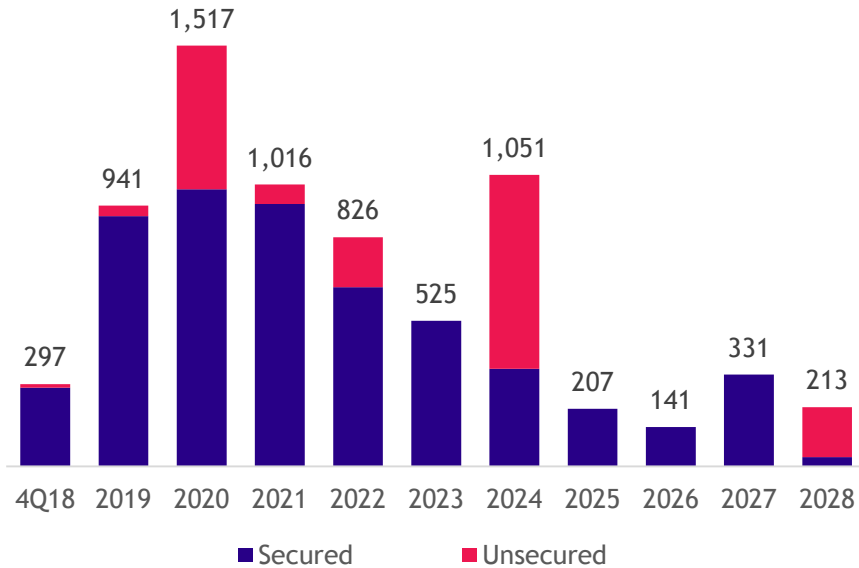
Source: LATAM's published financial statements

<sup>1</sup> Free Cash Flow defined as Cash Flow from Operating Activities less Cash Flow used in Investing Activities.

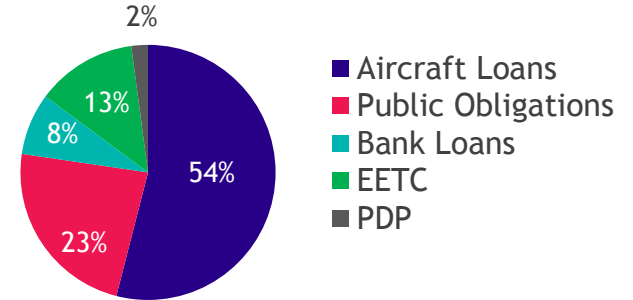
<sup>2</sup> Change in working capital, tax expense, intangibles, interest income, sale of fixed assets, other cash outflows and other items including variation in exchange rates.

# Debt maturity profile and structure

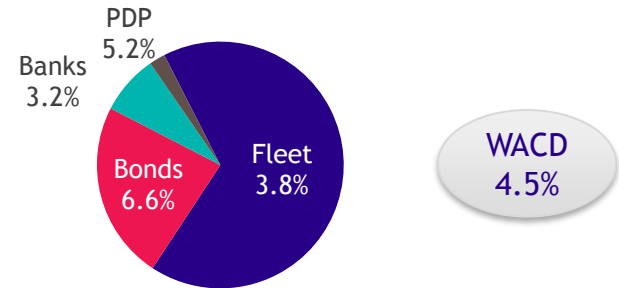
Debt maturity profile (US\$MM) as of September 30, 2018<sup>1</sup>



Debt by type as of September 30, 2018<sup>2</sup>



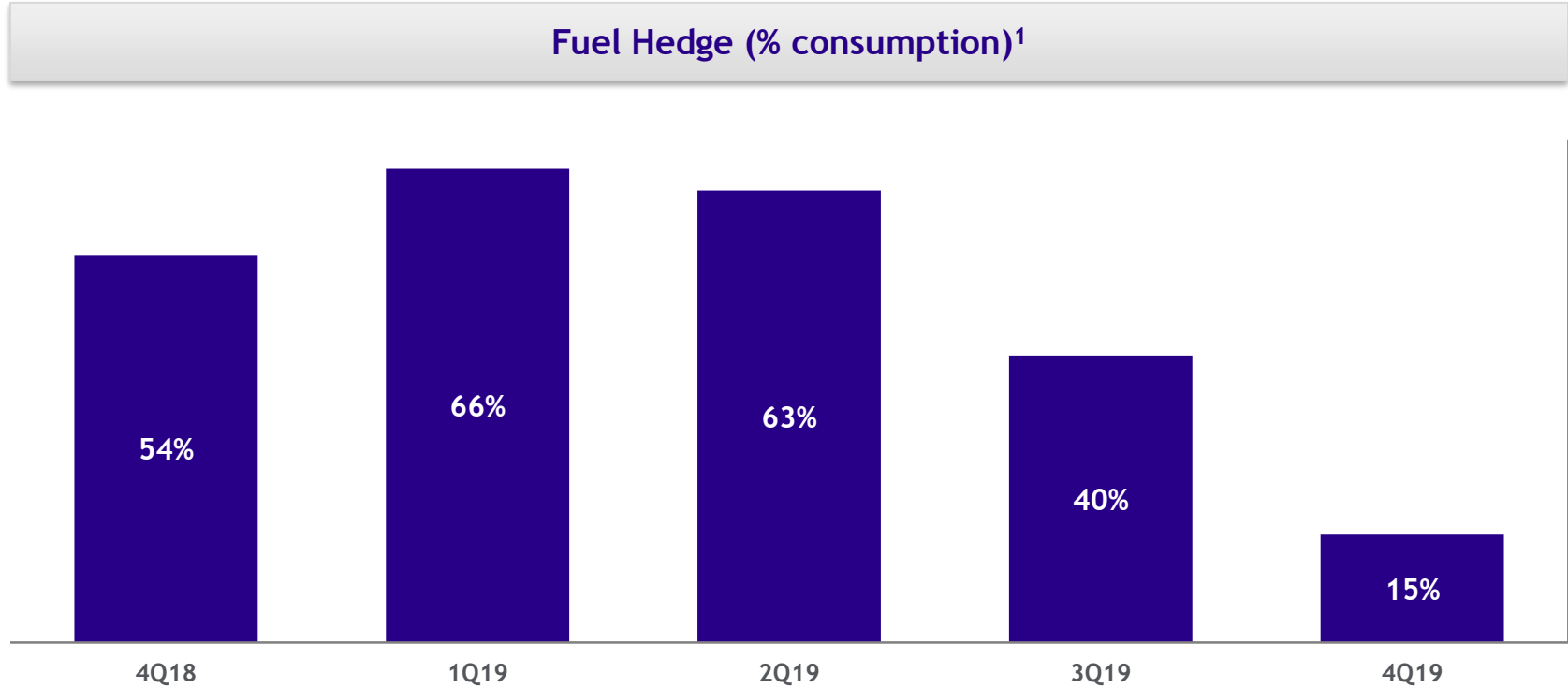
Cost of debt as of September 30, 2018<sup>2</sup>



1. The debt maturity profile does not include PDP and short term rolling debt. Source: 3Q18 Conference Call presentation




2. Source: 3Q18 Financial Statements

# Hedging strategy to support operational margin resilience



1. As of January 2019

# Guidance

		2018E	2019E
Passenger (ASK) 	International	6.1%	3% - 5%
	Domestic Brazil	3.7%	2% - 4%
	Domestic Spanish Speaking Countries	3.5%	8% - 10%
	Total	5.0%	4% - 6%
Cargo (ATK) 		4.3%	1% - 3%
Operating Margin (%) 		6.5% - 8.0%	7% - 9%



# J.P. Morgan 2019 Global Emerging Markets Corporate Conference

*Miami, February 2019*