



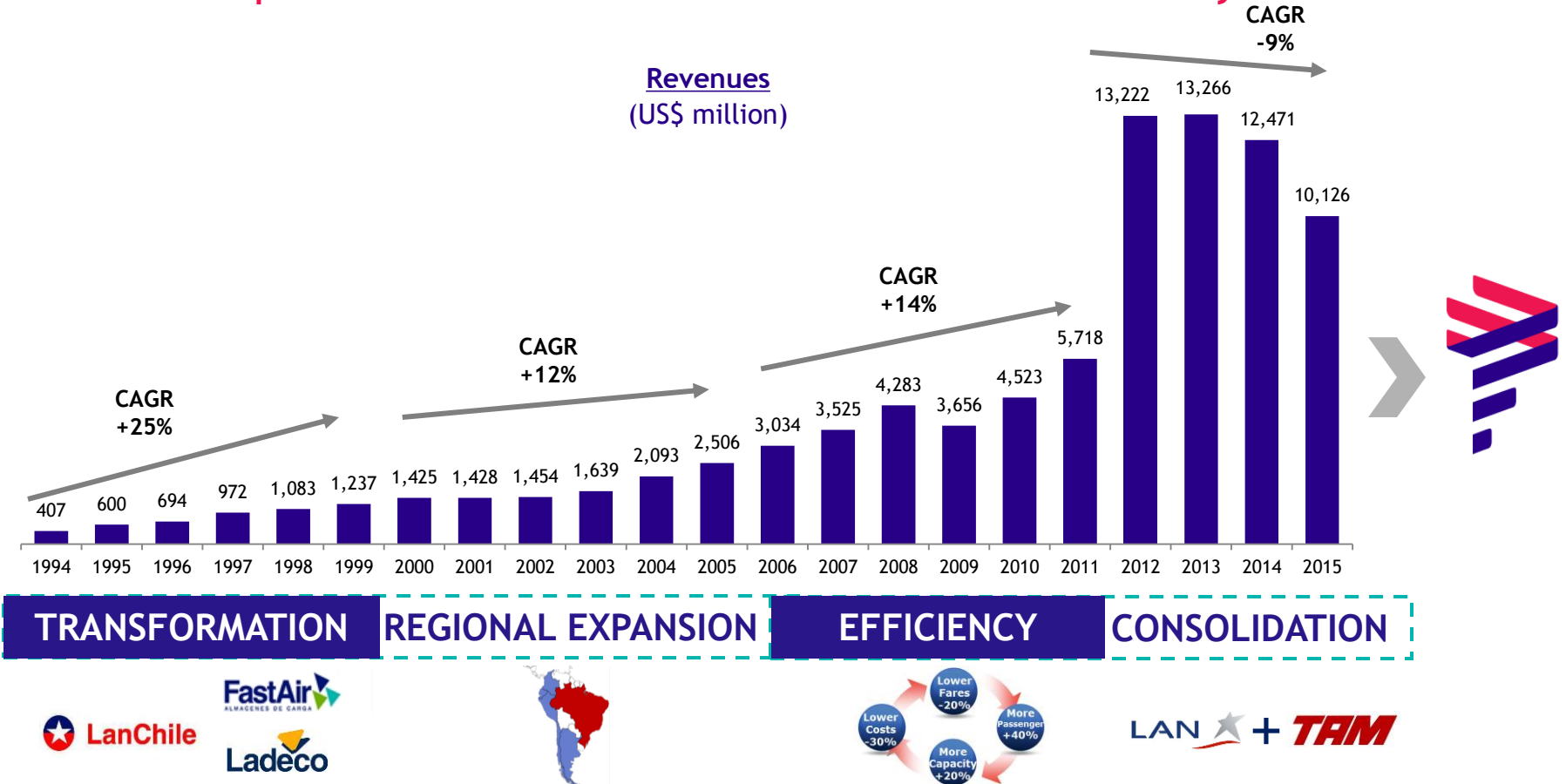
# UBS 14<sup>th</sup> Global Emerging Markets Conference

*New York, November 2016*

*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, 2015.*

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

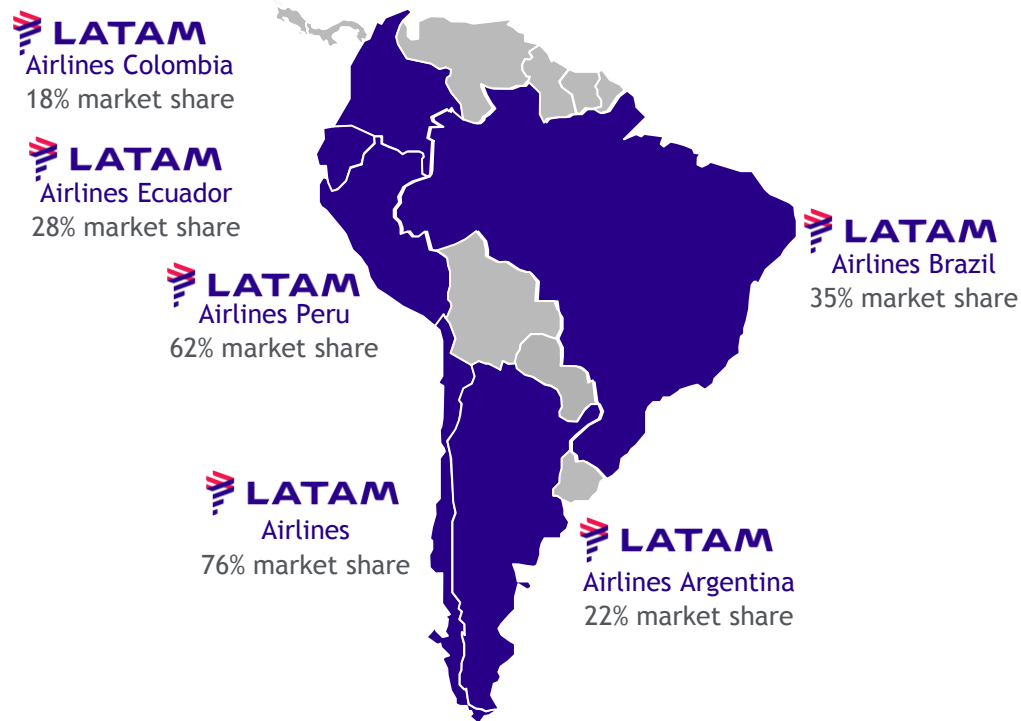
# LATAM Group's successful transformations define its history



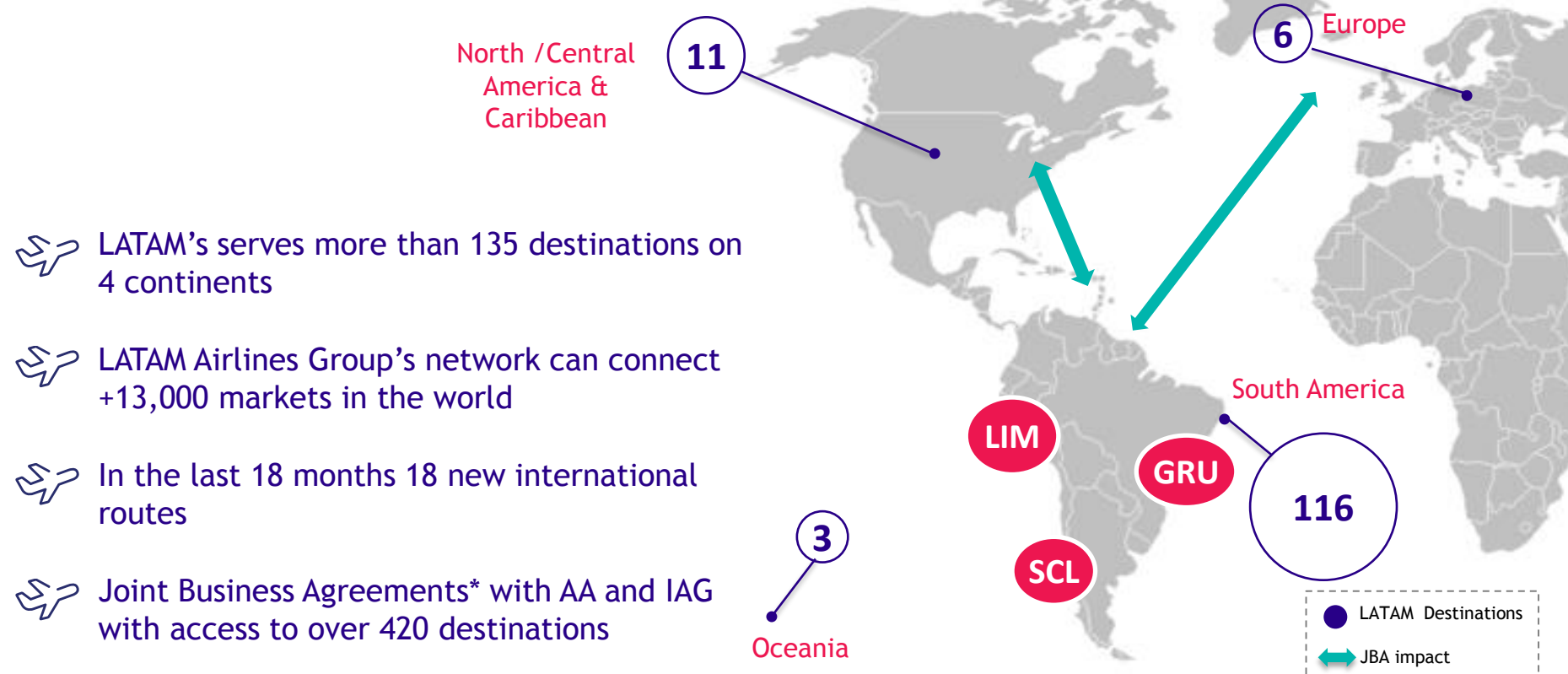
# LATAM Group: One Network, One Brand

## Unique regional LATAM Group platform

- ✈ 6 Home markets (~90% of regional traffic)
- ✈ ~50% Market share intra-regional flights
- ✈ 2x its next competitor in terms of revenues



# LATAM Group continues to strengthen its network through new routes and strategic alliances



✈ LATAM's serves more than 135 destinations on 4 continents

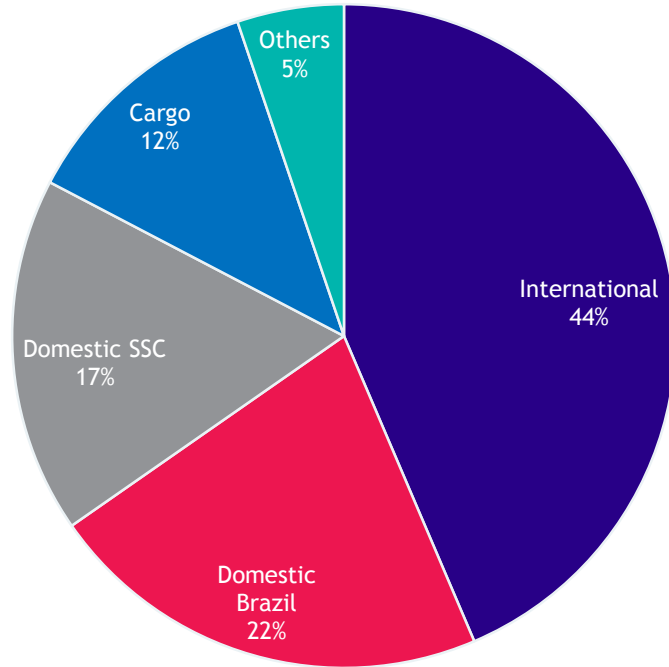
✈ LATAM Airlines Group's network can connect +13,000 markets in the world

✈ In the last 18 months 18 new international routes

✈ Joint Business Agreements\* with AA and IAG with access to over 420 destinations

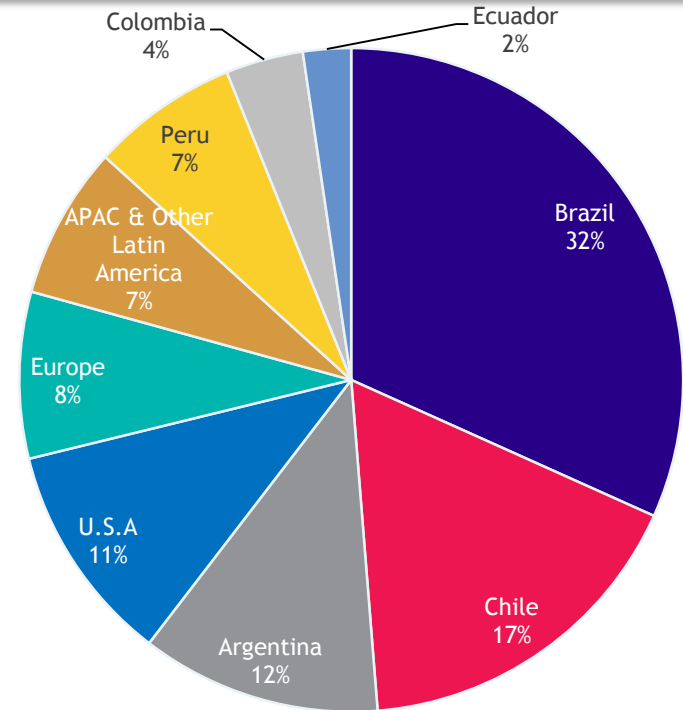
# LATAM has developed diversified sources of revenue

**LTM Revenue by Business Unit**



**Total = US\$9,365mm**

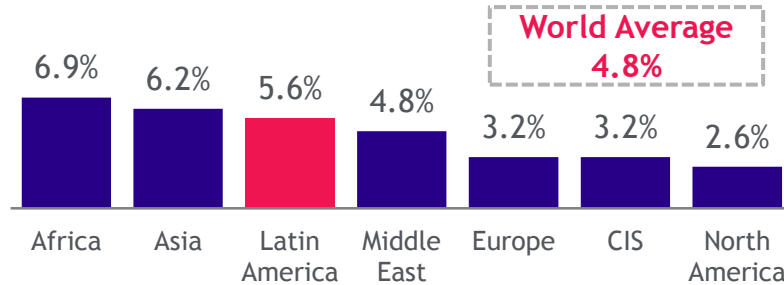
**LTM Revenue by Point of Sale**



**Total = US\$9,365mm**

# Latin America continues to offer significant growth potential

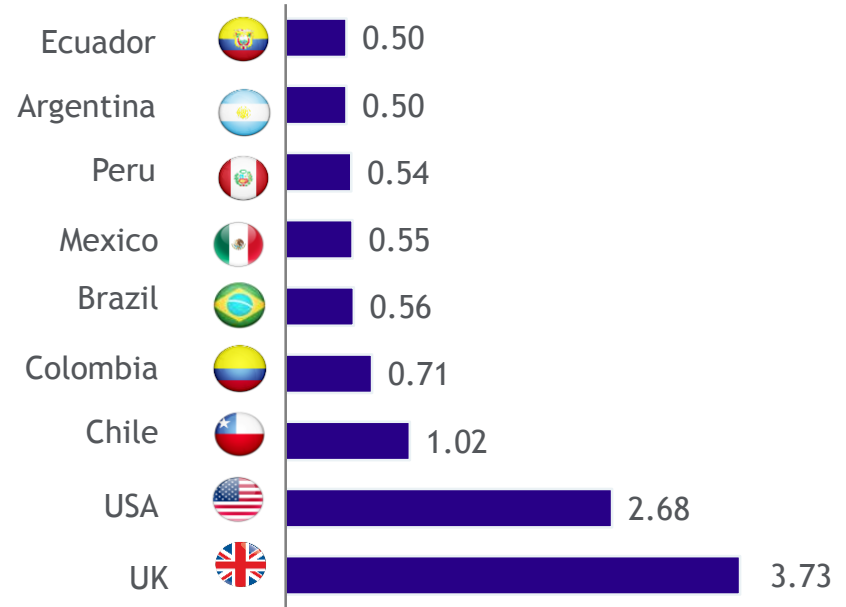
## Passenger traffic growth estimates (RPKs 2015-2035)



## 9M 2016 Growth Year over Year

Pax:	11.2%	8.7%	3.6%	6.7%	3.7%	3.3%	5.9%
Cargo:	5.3%	0.0%	-5.8%	0.0%	5.6%	0.8%	2.0%
	Middle East	Asia Pacific	Latin America	Africa	Europe	North America	World Average

## Trips per capita

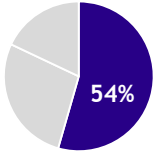
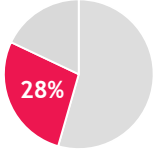
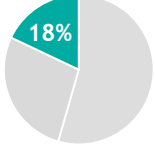


# LATAM Airlines Group consolidated financial results

(US\$ Millions)	3Q16	3Q15	Change	YTD16	YTD15	Change
Total Operating Revenues	<b>2.520</b>	2.515	0,2%	<b>6.958</b>	7.719	-9,9%
Passenger	<b>2.100</b>	2.114	-0,6%	<b>5.765</b>	6.434	-10,4%
Cargo	<b>266</b>	310	-14,3%	<b>802</b>	995	-19,4%
Others	<b>154</b>	91	68,2%	<b>391</b>	290	34,8%
Total Operating Costs	<b>-2.367</b>	-2.394	-1,1%	<b>-6.585</b>	-7.354	-10,5%
Operating Income	<b>152</b>	121	26,3%	<b>373</b>	365	2,2%
Operating Margin	<b>6,0%</b>	4,8%	1,3pp	<b>5,4%</b>	4,7%	0,6pp
Net Income	<b>5</b>	-113	-	<b>15</b>	-203	-
Foreign exchange gains/(losses)	<b>-11</b>	-242	-	<b>133</b>	-411	-
EBITDAR	<b>543</b>	487	11,6%	<b>1.506</b>	1.461	3,1%
EBITDAR Margin	<b>21,6%</b>	19,4%	2,2pp	<b>21,6%</b>	18,9%	2,7pp



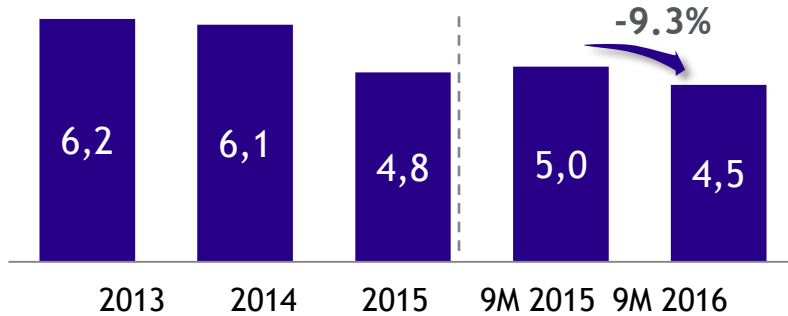
# Improved revenue trends in Q3 2016

	System Capacity (% of total ASK)	Capacity (ASK) (Chg. %)	Traffic (RPK) (Chg. %)	Load Factor % (Chg. p.p.)	RASK (US\$ cents) (Chg. %)
International (Long Haul & Regional)		+4.9%	+7.2%	87.8% (+1.8 p.p.)	6.0 (-6.8%)
Domestic Brazil		-13.2%	-12.7%	82.4% (+0.5 p.p.)	6.2 (+8.6%)
SSC Domestic		+10.2%	+7.9%	79.6% (-1.7 p.p.)	6.6 (-18.3%)
Passenger		+0.0%	+1.1%	84.8% (+0.9 p.p.)	6.1 (-0.7%)
Cargo		-5.9%	-9.2%	49.6% (-1.8 p.p.)	16.0 (-8.9%)

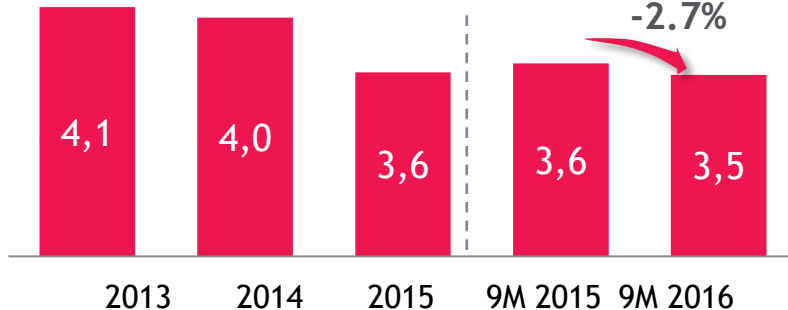
BRL  
3Q16:+1.8%  
9M16:+3.6%

# Cost Initiatives: Our strategy is delivering results

CASK-equivalent (US cents)



CASK-equivalent ex-fuel (US cents)



And there is more work to be done...



Further operational labor productivity

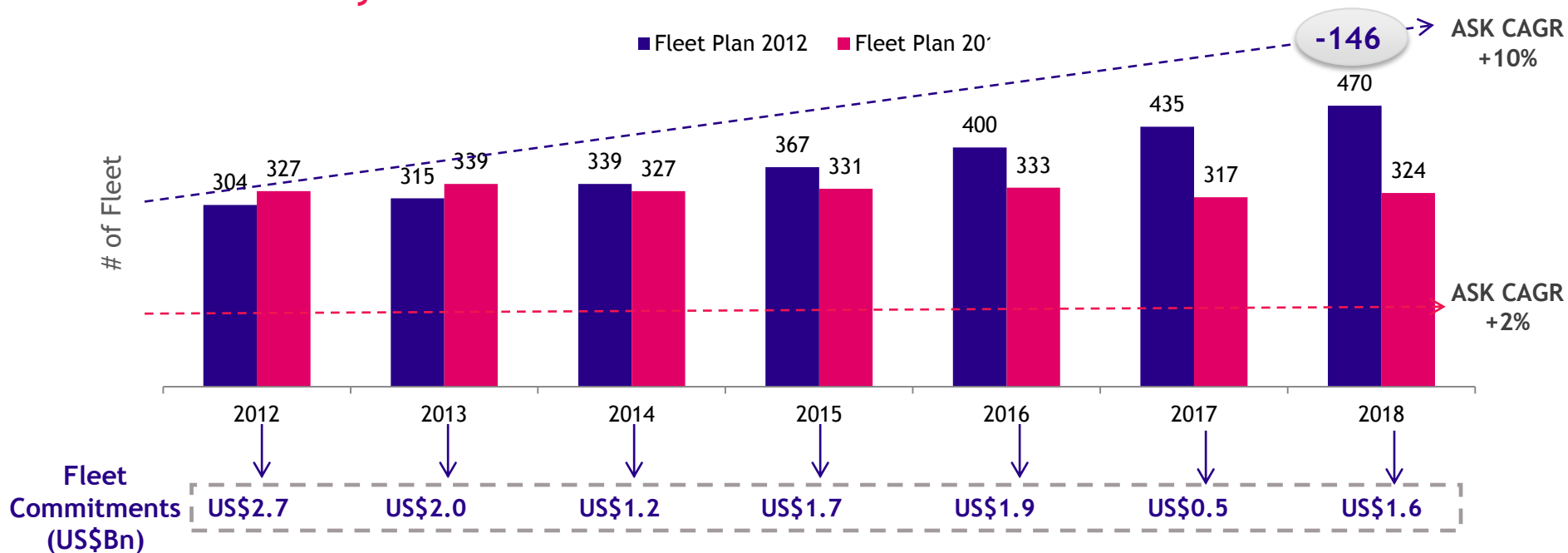


Efficiencies in overhead and support functions, procurement and administrative and selling expenses



New business model for our domestic operations

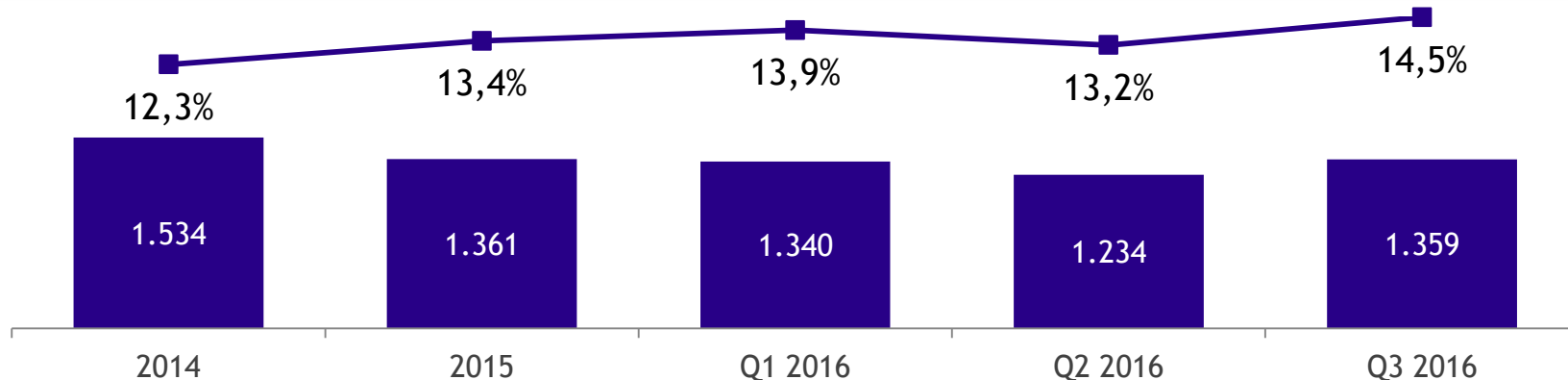
# LATAM Group has a flexible asset delivery platform to withstand market volatility



✓ Reduction of fleet commitments for 2012-2018 by **US\$4.7 billion** and historically low going forward

# LATAM Financial Ratios

## Cash and Equivalents as % of LTM revenues (US\$ Millions)

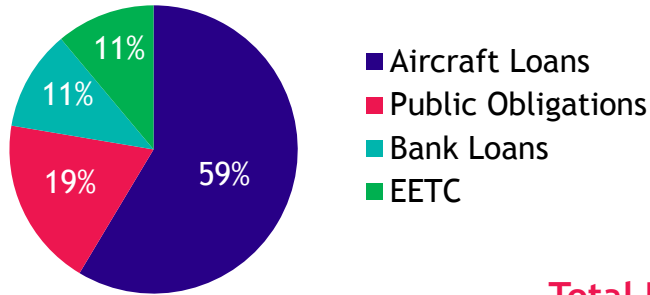


## Adjusted Net Debt / Adjusted EBITDAR

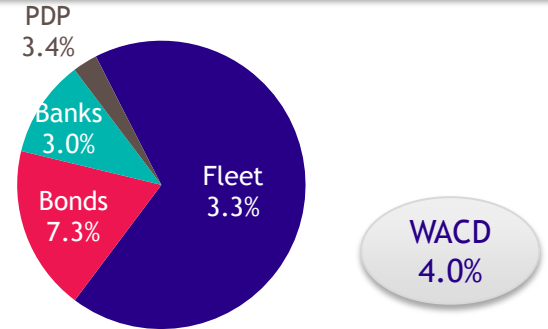


# LATAM Debt Profile

Debt by type as of September 30, 2016

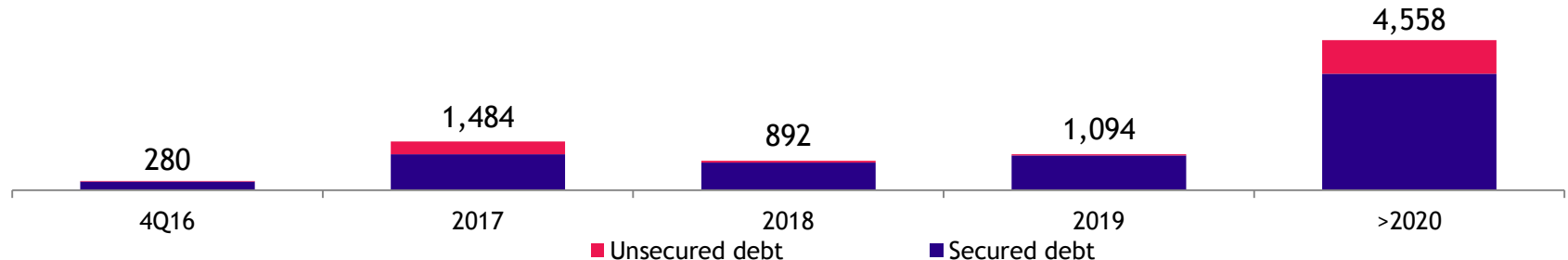


Cost of debt as of September 30<sup>th</sup>, 2016



Total Debt: US\$9,088 mm

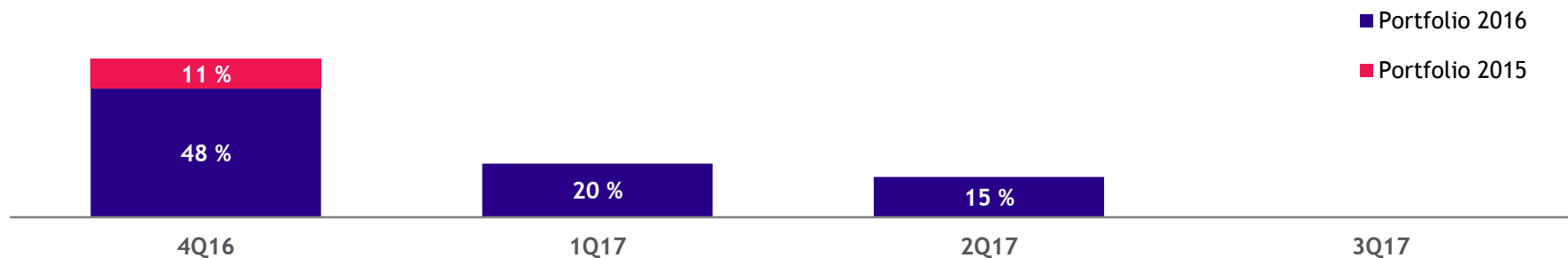
Debt maturity profile (US\$MM) as of September 30<sup>th</sup>, 2016<sup>1</sup>



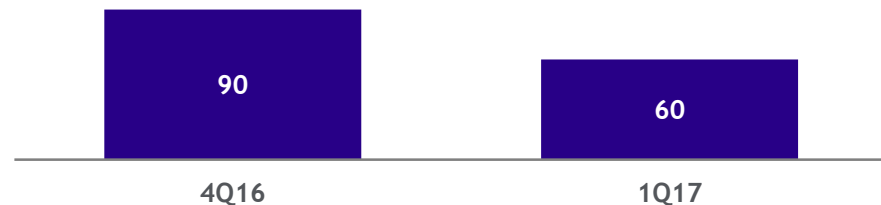
<sup>1</sup>The debt maturity profile does not include PDP and short term rolling debt.

# Risk management

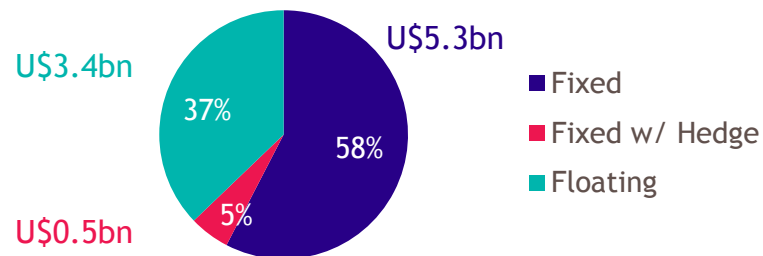
## LATAM Fuel Hedge (% consumption)



## LATAM BRL Hedge (US\$MM)



## Reduced exposure to floating rates



# Outlook for 2016

Guidance		2015A	2016E
ASK Growth	International (Long Haul & Regional)	6.4%	3% - 5%
	Brazil Domestic	-2.5%	(10%) - (12%)
	SSC domestic	4.8%	6% - 8%
	<b>TOTAL</b>	<b>3.1%</b>	<b>(1%) - 1%</b>
ATK Growth		-1.9%	(2%) - (4%)
Operating Margin		5.1%	5.5% / 6.5%

# Main Takeways



Maintained Operating Margins : 5.4% Operating Margin in 9M'16 vs. 4.7% in 9M'15, despite challenging macro conditions



Capacity reduction of 12% in Brazil domestic operation 9M2016, the most of any Brazilian airline



Significant Cost Reduction in 9M'16 vs. 9M'15: -9.3% in CASK equivalent (-2.7% ex-fuel)



Cash position of US\$1.4 billion as of September 2016 and stable leverage



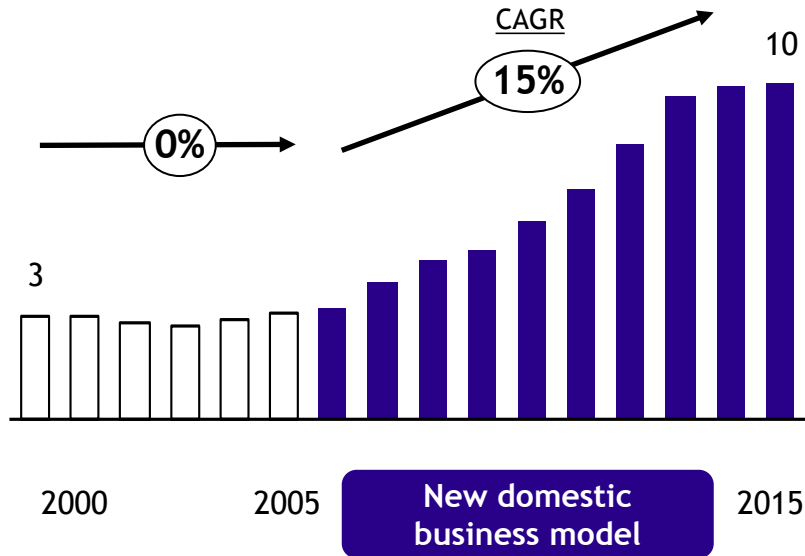
Reduction of Fleet Deliveries: 2017 no cash out related to fleet capex



# New domestic passenger business model

# LATAM has driven passenger growth in its domestic markets

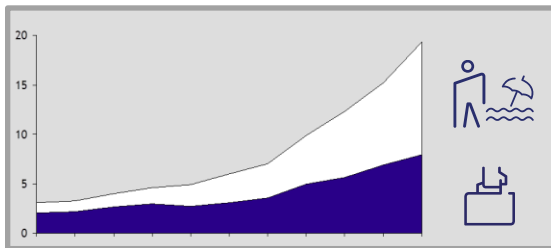
## Passenger Evolution Chile (Industry, MM)











## Domestic passenger operations

	LATAM Market Share Jun-16	Industry Pax(1) CAGR 2005-2015
Brazil	35%	11%
Chile	78%	10%
Peru	63%	12%
Argentina	27%	8%
Colombia	19%	12%
Ecuador	37%	11%

# The current industry context provides an opportunity



Estándar	Leisure Plus	Business Plus
	  	   
○ 82,99 € <small>Quedan 3 asientos a este precio</small>	○ 123,99 €	○ 207,99 €
○ 117,99 € <small>Quedan 3 asientos a este</small>	○ 158,99 €	○ 242,99 €

1

Strong growth coming from price sensitive leisure clients, which are increasingly taking a major part of the market

2

Competitors increasingly adopting the low-cost model

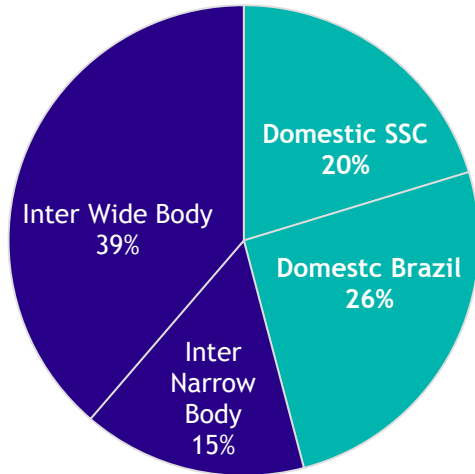
3

The sales model of the industry is changing:

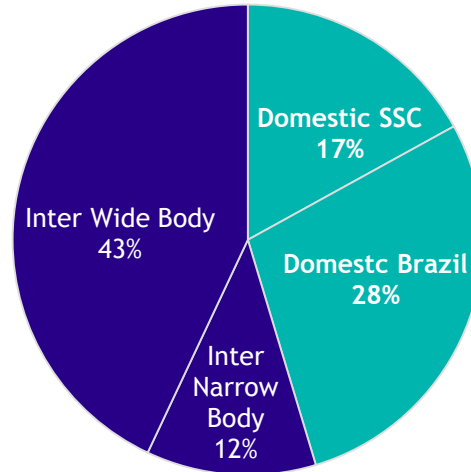
- ✓ Simple and transparent ticket sales model
- ✓ Ancillary revenues

# Redesign of domestic passenger business model for 78% of our passengers and 45% of our capacity

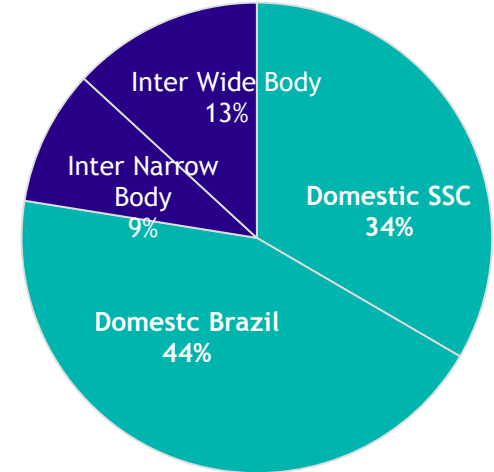
Revenue



Capacity (ASK)



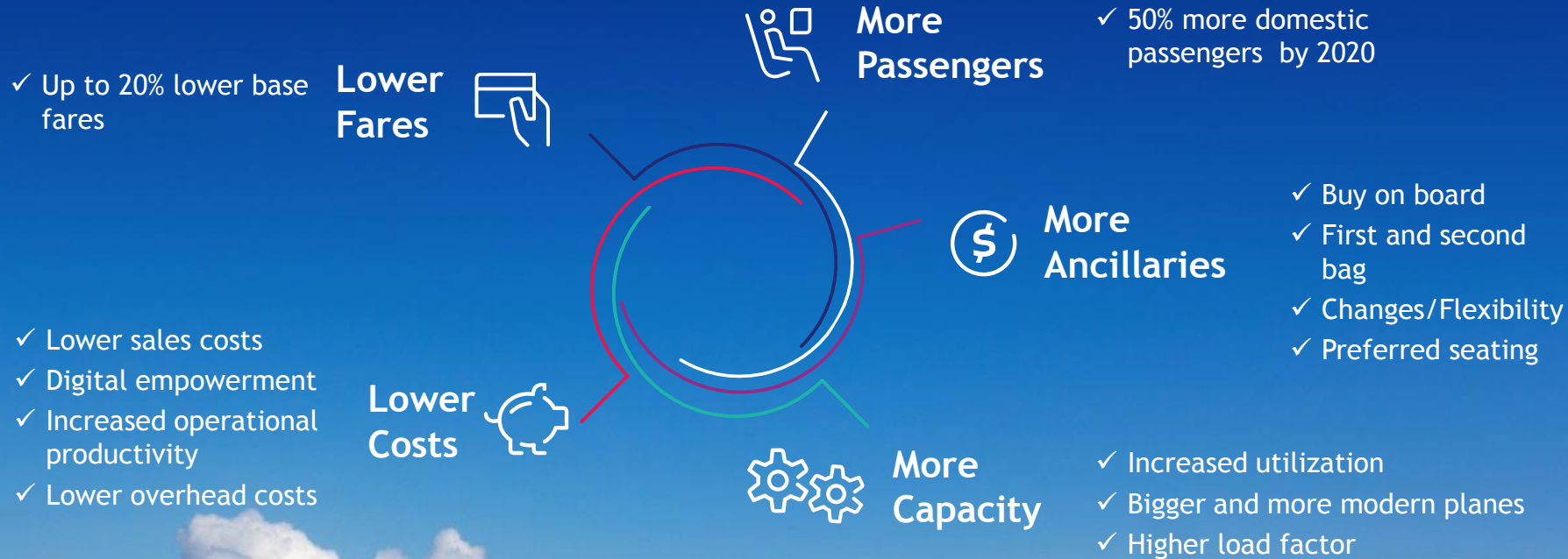
Passengers



- ✓ Increased ancillary revenues opportunities
- ✓ Sustainable Growth

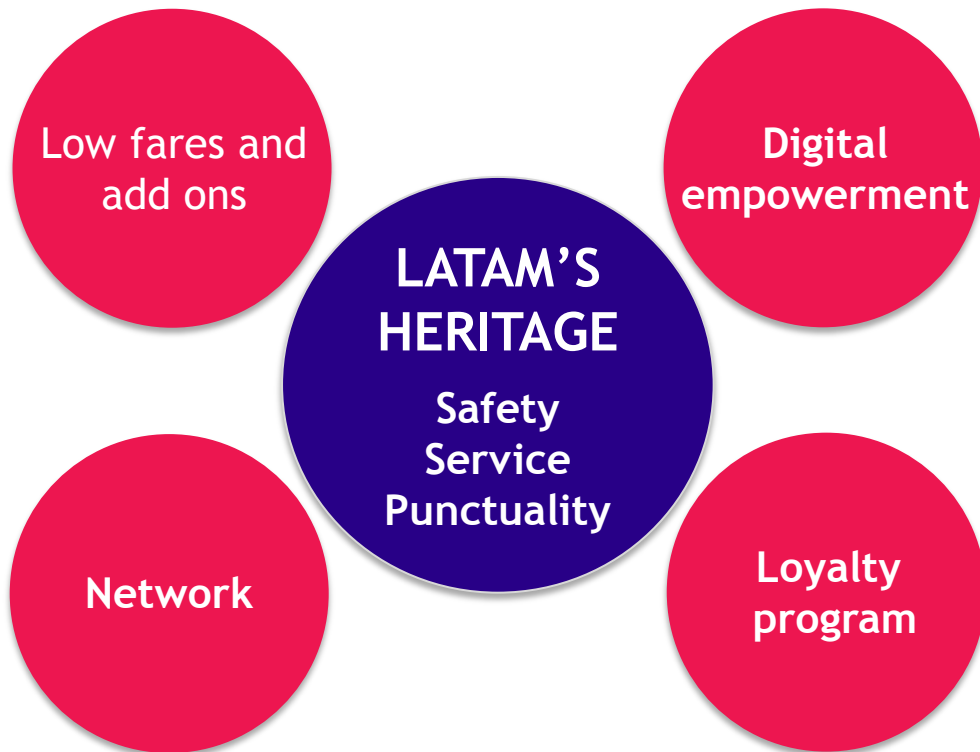
- ✓ Efficiencies & cost savings
- ✓ Improved Competiveness

# LATAM is renewing its domestic business model to increase competitiveness and ensure sustainability in the long term



Considering the new domestic model, we redefined LATAM's value proposition keeping its heritage and adding differentiators

## Value Proposition





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