


A short, thick red horizontal line.

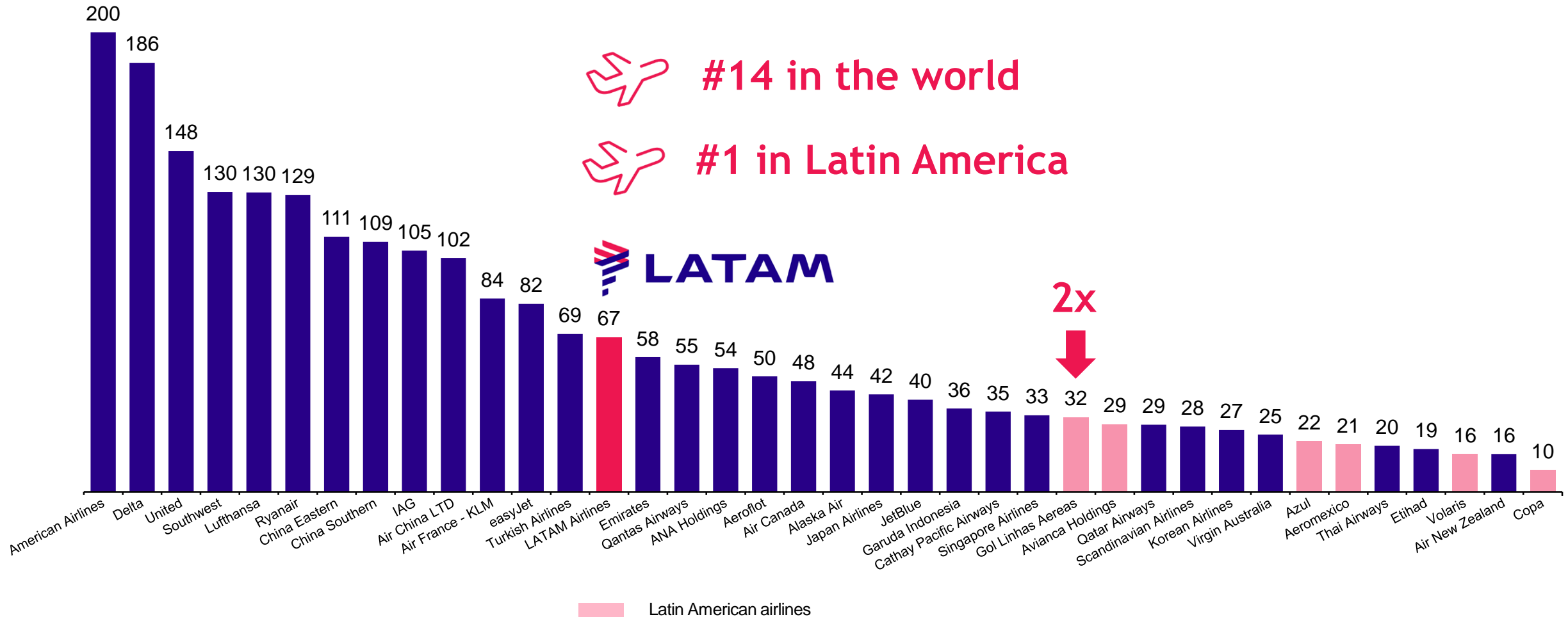
# LATAM transformation process

A large, stylized white graphic in the bottom left corner, resembling a wing or a stylized letter 'L' with multiple segments.

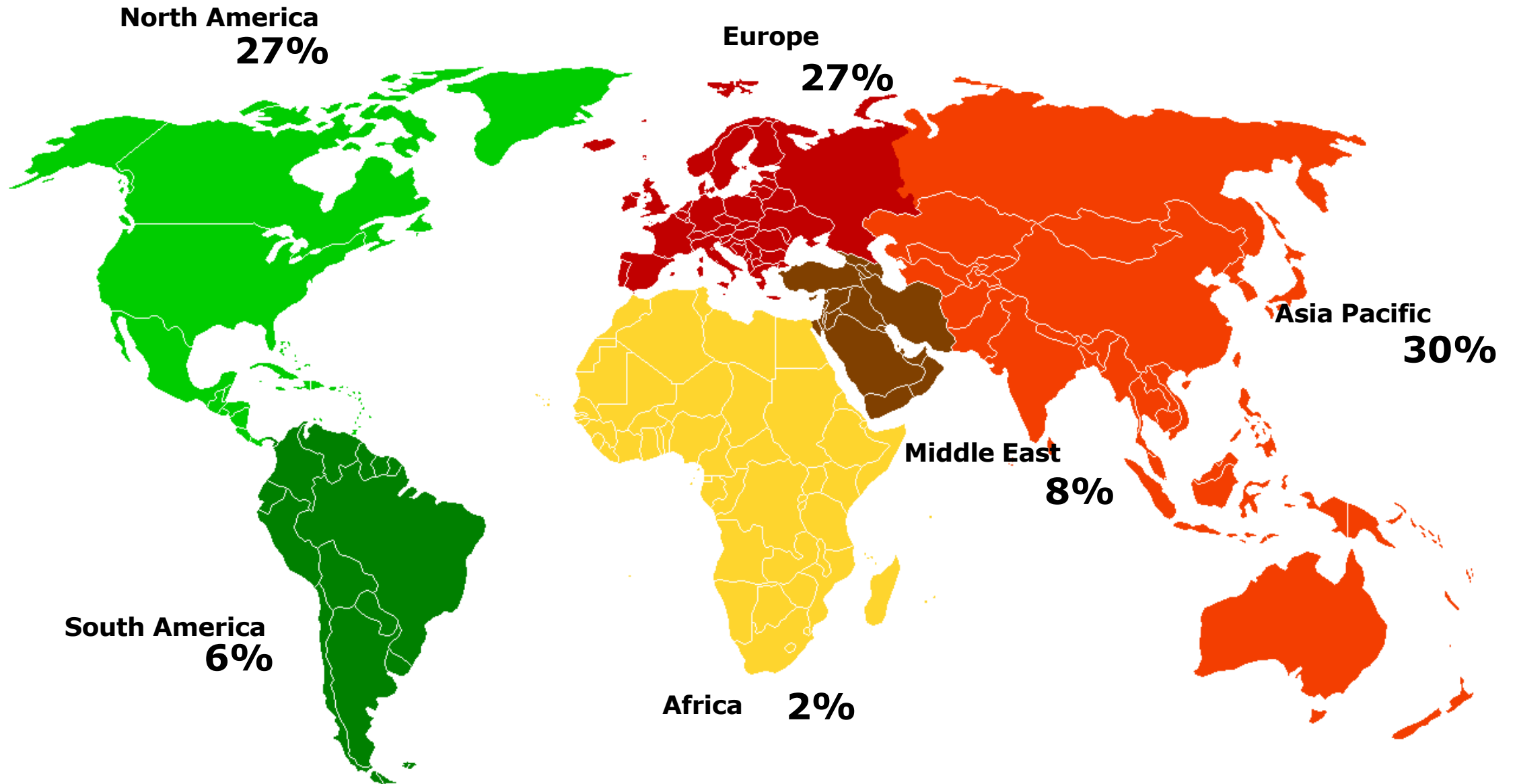
Enrique Cueto  
January 2019

# Amongst the largest airline groups in the world

PAX carried 2017 (million)

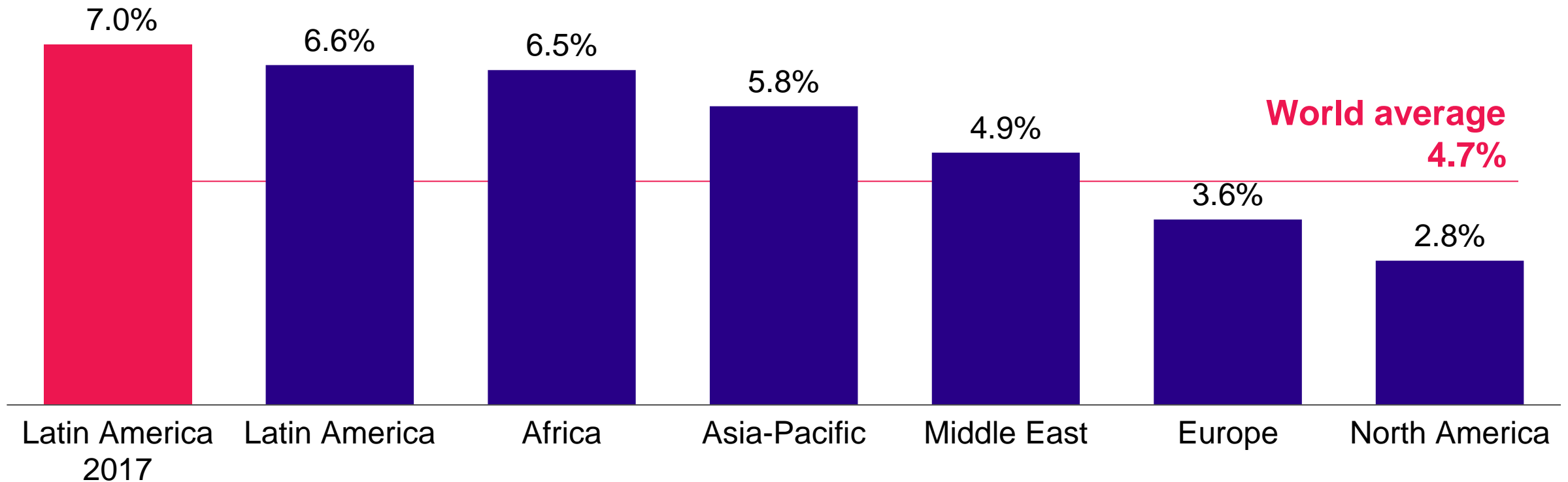


# Large region, little traffic



# Latin America is the region with the highest growth potential

## RPKs growth 2018 – 2037



# Our Mission

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Regional leaders ensuring long  
term sustainability

Growth and profitability

1	Safety & Security
2	Competitive Costs in all markets
3	Growth of Ancillaries & Cargo revenues
4	Continue growth of strong network
5	Become High Value Customer leader
6	Strong Frequent Flyer Program
7	Operational Excellence
8	Care of clients
9	Strong financials

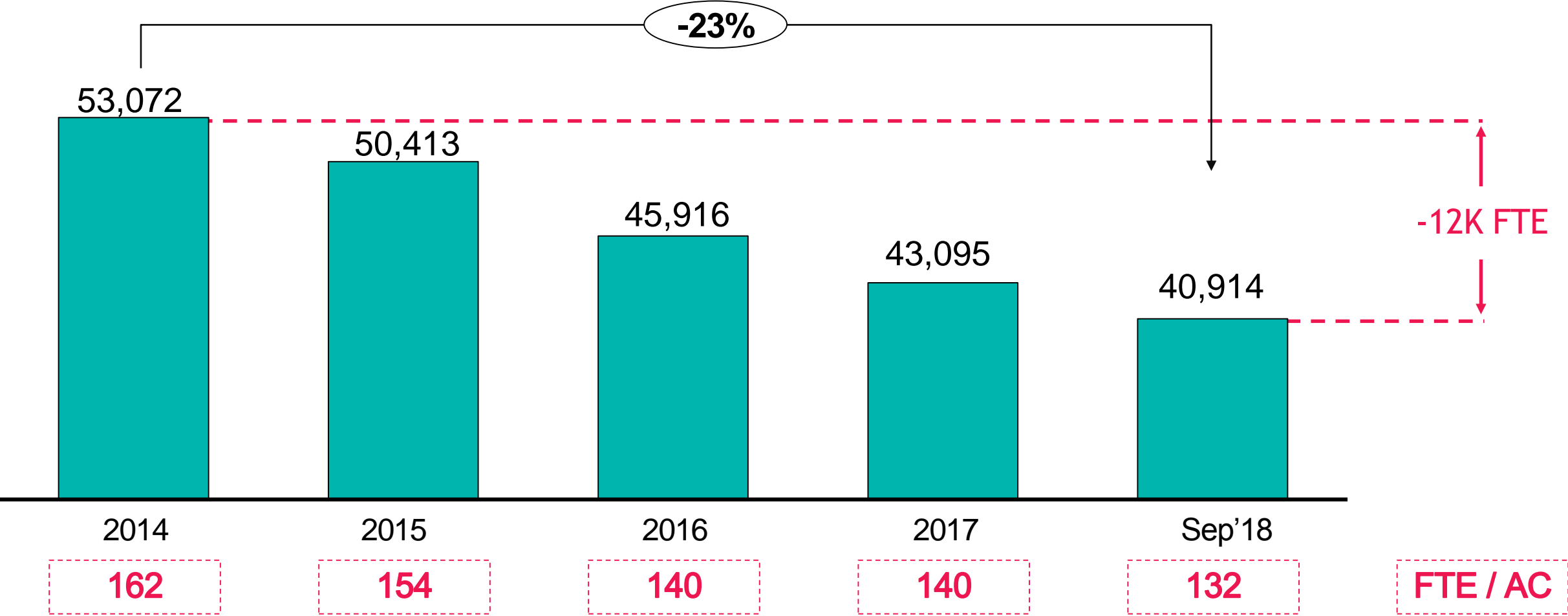
# Safety and Security is the most important of our success factors

	<u>Safety KPIs</u>	<u>% change 2015-2018</u>
➡	Flight incidents	-64%
➡	Ground damage	-62%
➡	Injuries Rate	-39%
➡	SPI Maintenance	-34%

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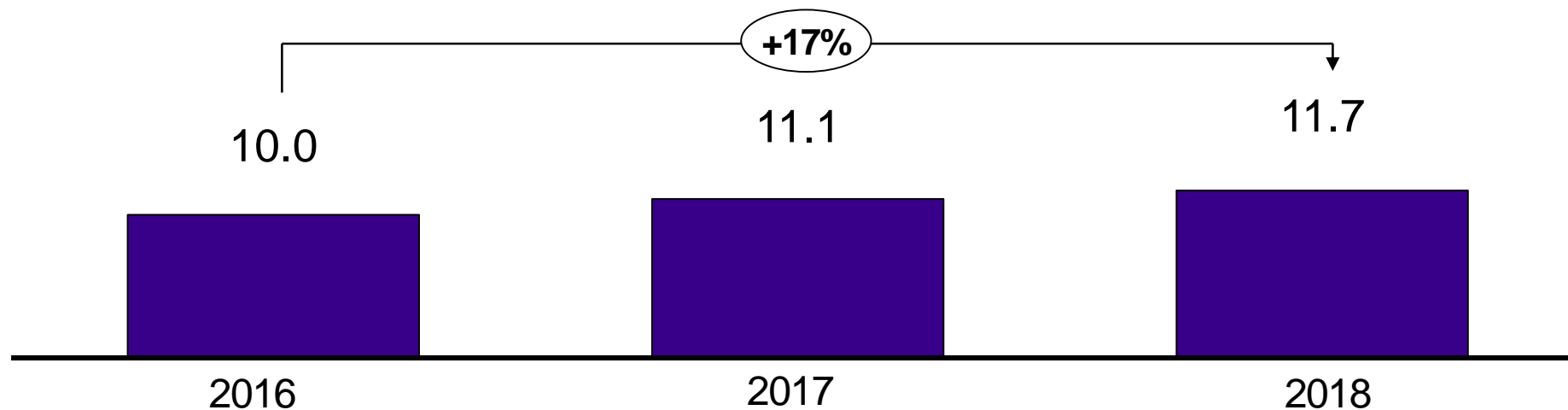


Number of employees

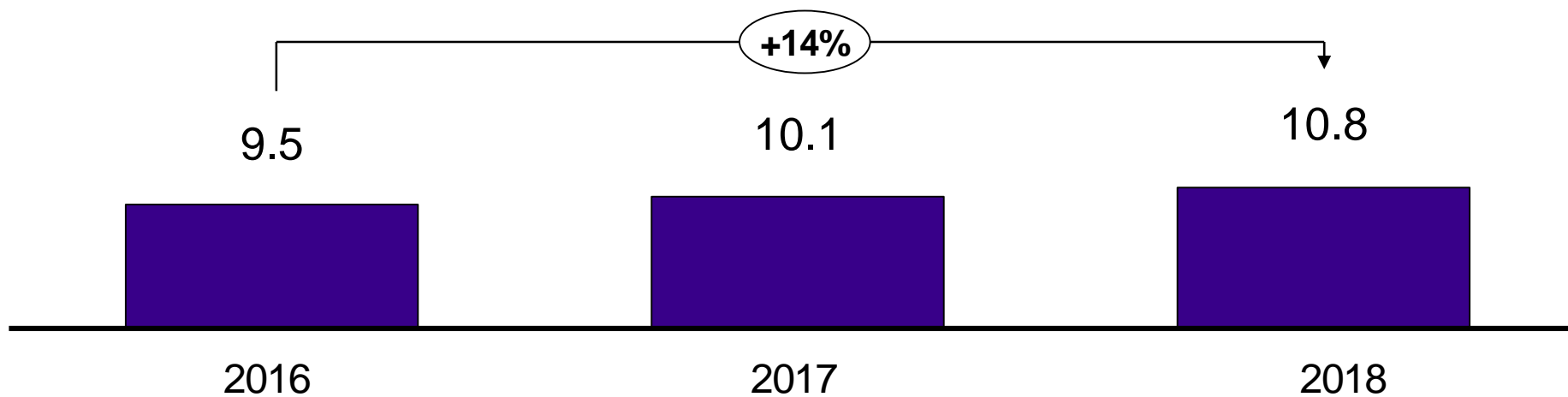


## Aircraft utilization (hours/day)

WB

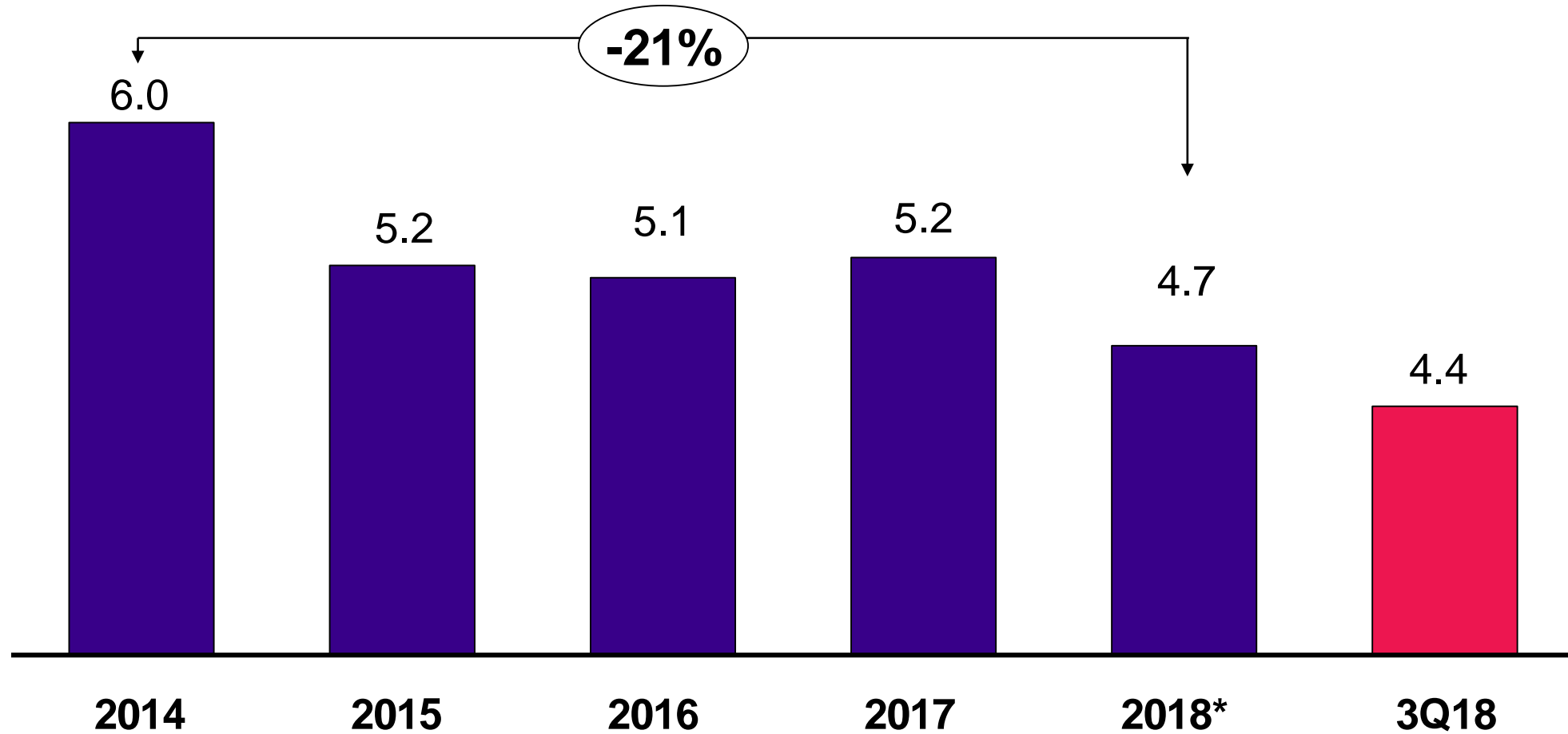


NB



# We have delivered on cost initiatives

## Consolidated CASK ex-fuel (US\$ cents)



(\*): January - September 2018  
Source: Public Company filings

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# Ancillary revenues increased more than 50% since the implementation of our new sales model, while passengers benefit from lower fares

Changes &  
cancelation fees



Excess Weight



1st Bag



Seat selection



Upgrade Bid



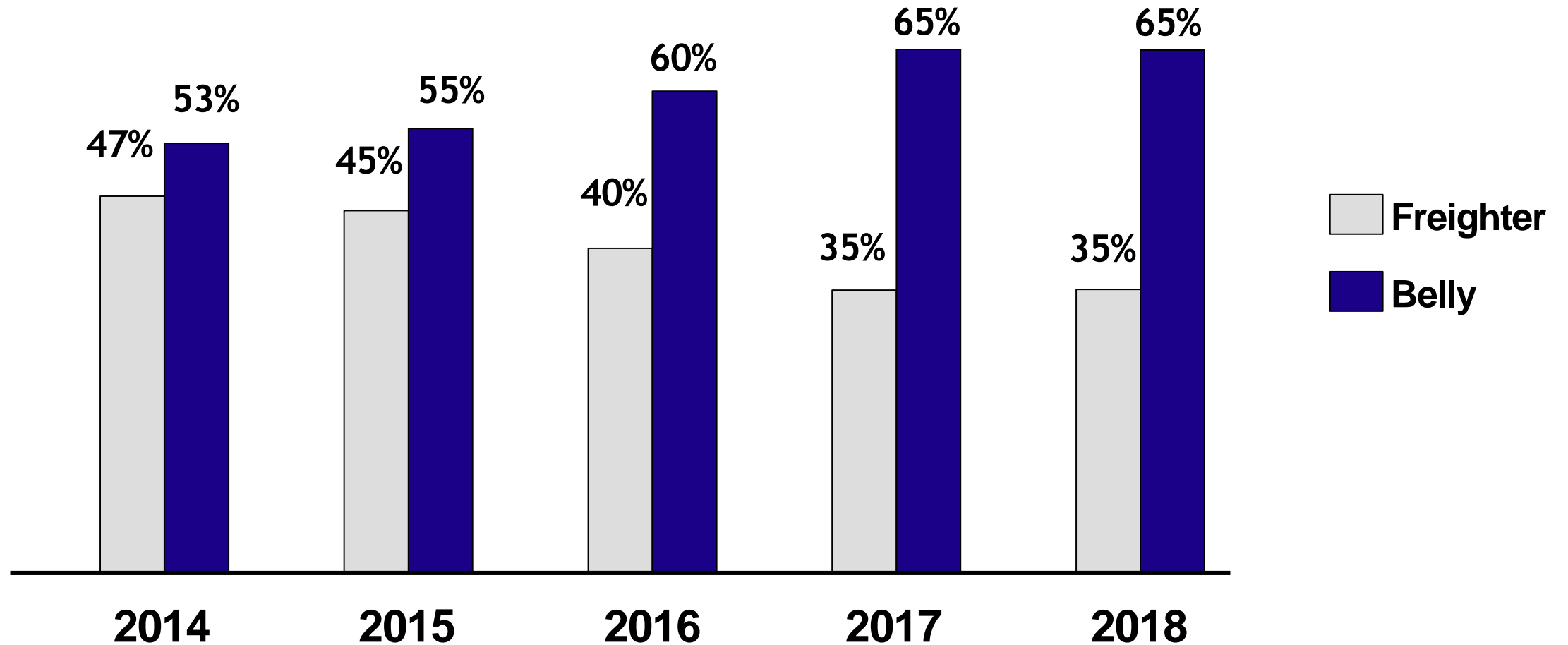
Same-day Flight  
Change



LATAM+ Seats



# Improving competitiveness by improving the belly vs freighter mix



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# Clear HUB strategy

## HUB metrics

## % change 2015-2018



# Routes from HUBs

+28%



% Total ASKs

+19%



Capacity share

### GRU

 LATAM 33%

 GOL 10%

### SCL

 LATAM 53%

 SKY 7%

### LIM

 LATAM 44%

 Avianca 15%



# Joint Business agreements with American Airlines and IAG

## How does it work?

Revenue sharing

Metal neutral

Integrated network  
management

Passenger and cargo

## What are the benefits?

+420 destinations

More direct routes

Higher utilization

## Next steps?

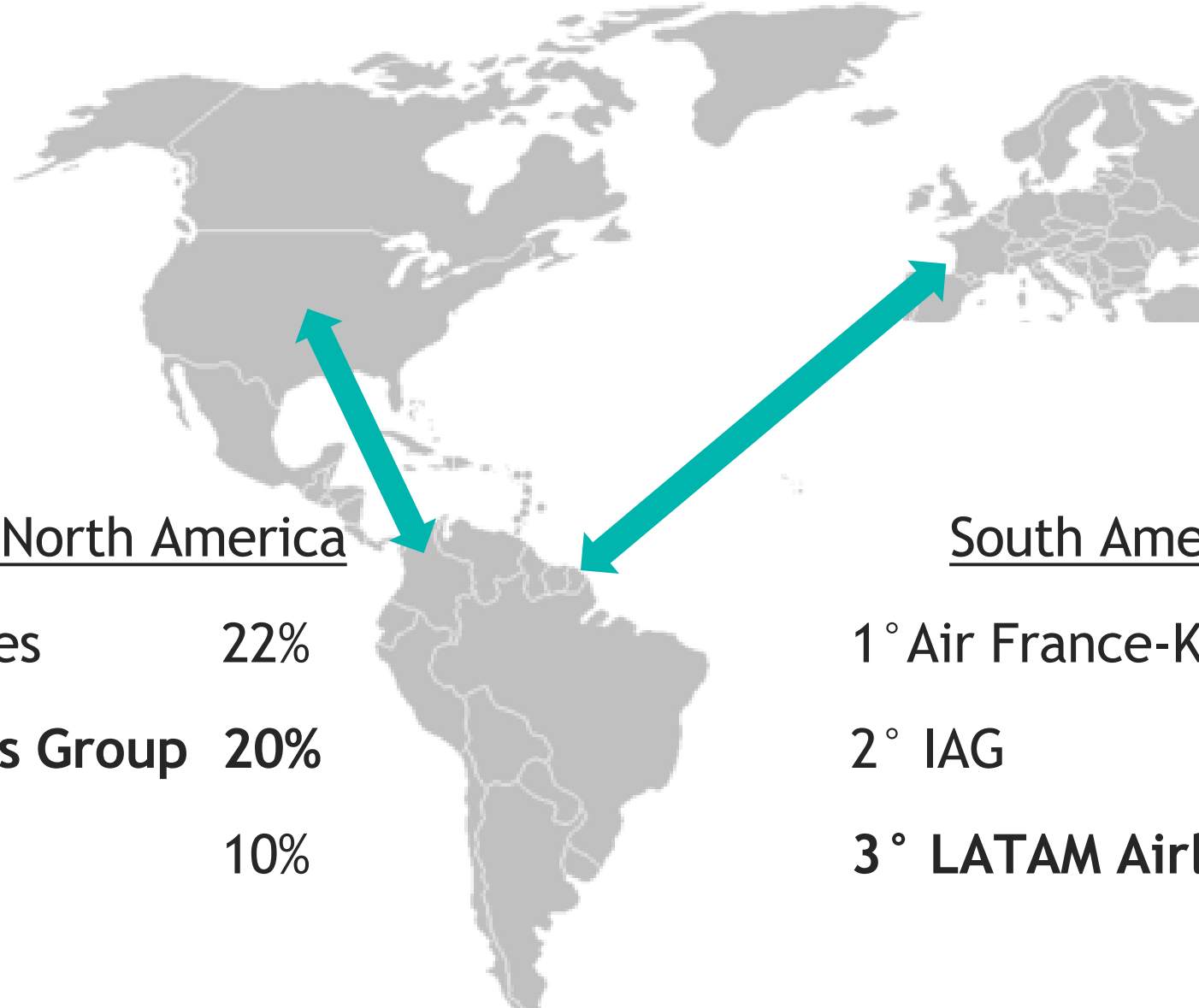
Supreme Court of Chile

American Airlines:  
DoT in the US

IAG: evaluating  
implementation



# Capacity share



## South America - North America

1° American Airlines	22%
2° LATAM Airlines Group	20%
3° United	10%

## South America - Europe

1° Air France-KLM	21%
2° IAG	18%
3° LATAM Airlines Group	12%

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Asiento  
Assento

**LATAM<sup>+</sup>**

Exclusivo *Filas 1 a 7*

**New Cabin Experience**

**VIP Lounges**

**Wi-Fi On Board / WIFE**

**New Food on Board**

**Seat Assignment Process**

**New FFP categories**

**Stronger Network**

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# Integration of the loyalty programs across our network



## Benefits from potential Multiplus transaction

**+30** million members

**2x** the size of next regional FFP

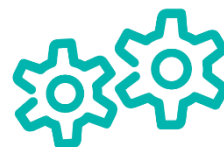
**4<sup>th</sup>** Largest FFP in the world



Revenue management



CRM and Data Analytics



Synergies



Unified value proposition

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# On-time performance

## TOP 20 MEGA AIRLINES BY OTP



January 2019

Rank	Coverage	Airline name	Code	OTP 2018
1	90.7%	LATAM Airlines Group	LA	85.60%
2	89.6%	All Nippon Airways	NH	84.43%
3	97.6%	Japan Airlines	JL	83.99%
4	99.5%	Delta Air Lines	DL	83.08%
5	99.6%	Alaska Airlines	AS	82.61%
6	87.4%	IndiGo	6E	81.70%
7	99.5%	Southwest	WN	78.20%
8	99.6%	United Airlines	UA	78.06%
9	99.7%	American Airlines	AA	77.65%
10	98.3%	British Airways	BA	75.78%



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# Focus on customer experience

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## Digital

- Mobile app
- LATAM Play



## Airports

- +600 kiosks
- Self-bag tag
- Bag track



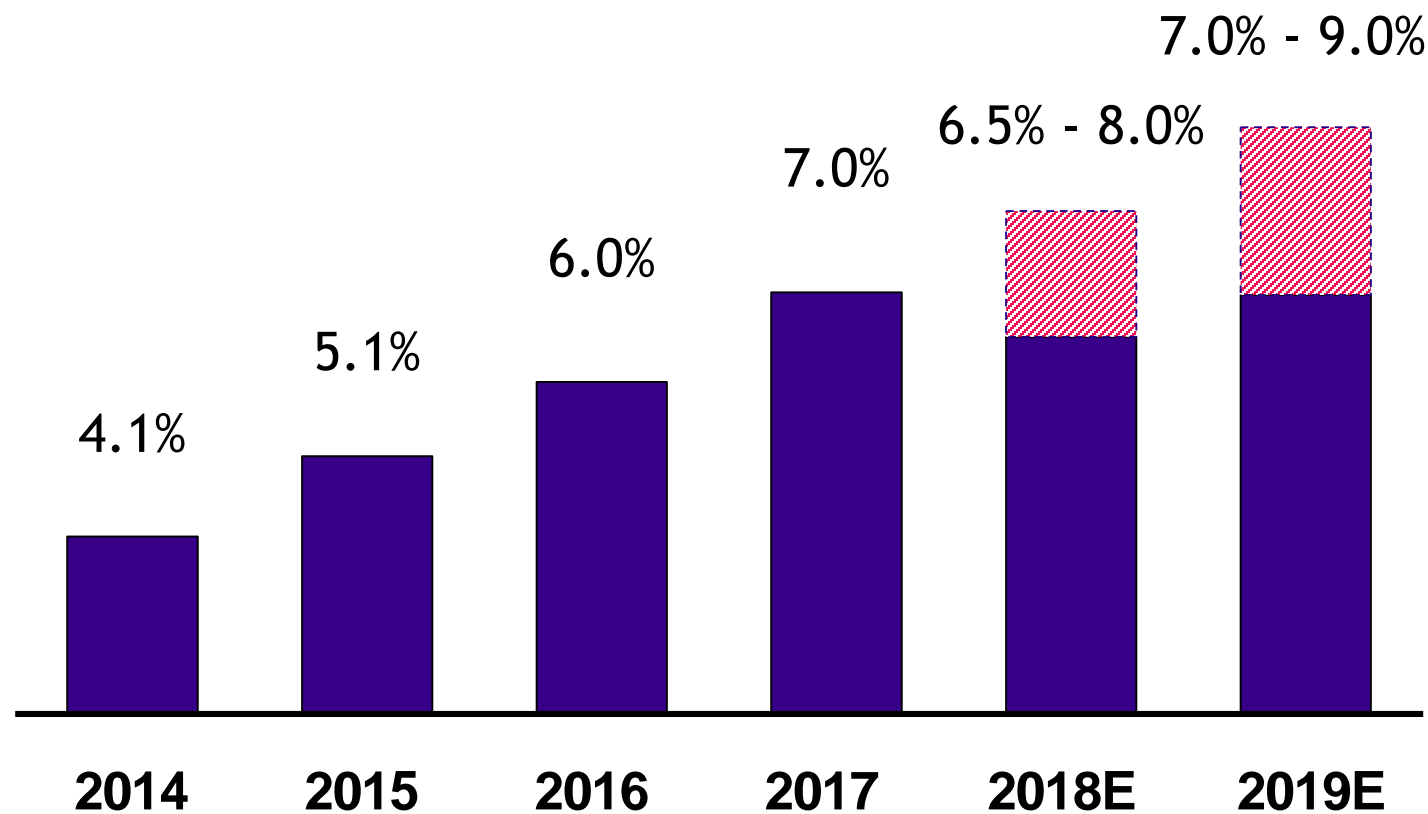
## On-board

- Cabins investment
- Mercado LATAM
- New menu LH flights

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# We have consistently delivered operating margin improvements since 2014

## EBIT Margin (%)



## Challenges 2018

Higher fuel price

Currencies devaluation

Cabin crew strike in Chile

Truckers strike in Brazil

Engine maintenance

# We adjusted our fleet commitments

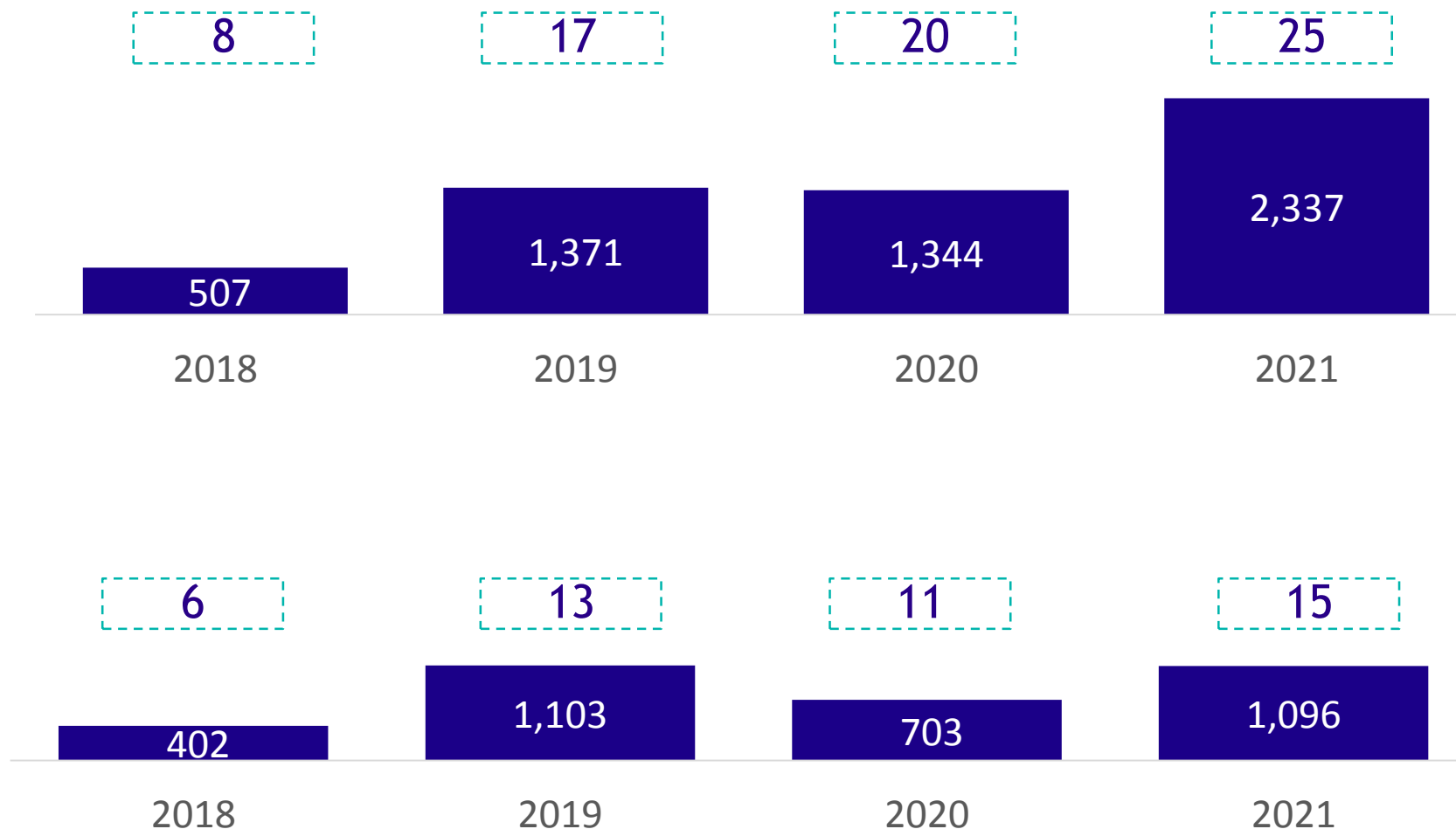
## Right-sized Fleet plan

US\$ million

August 2018

Current Plan

# aircraft deliveries



US\$2.3bn  
reduction

# We are transforming our cabin experience



22 Wide-body aircrafts



150 Narrow-body aircrafts



New fleet deliveries: NB, WB

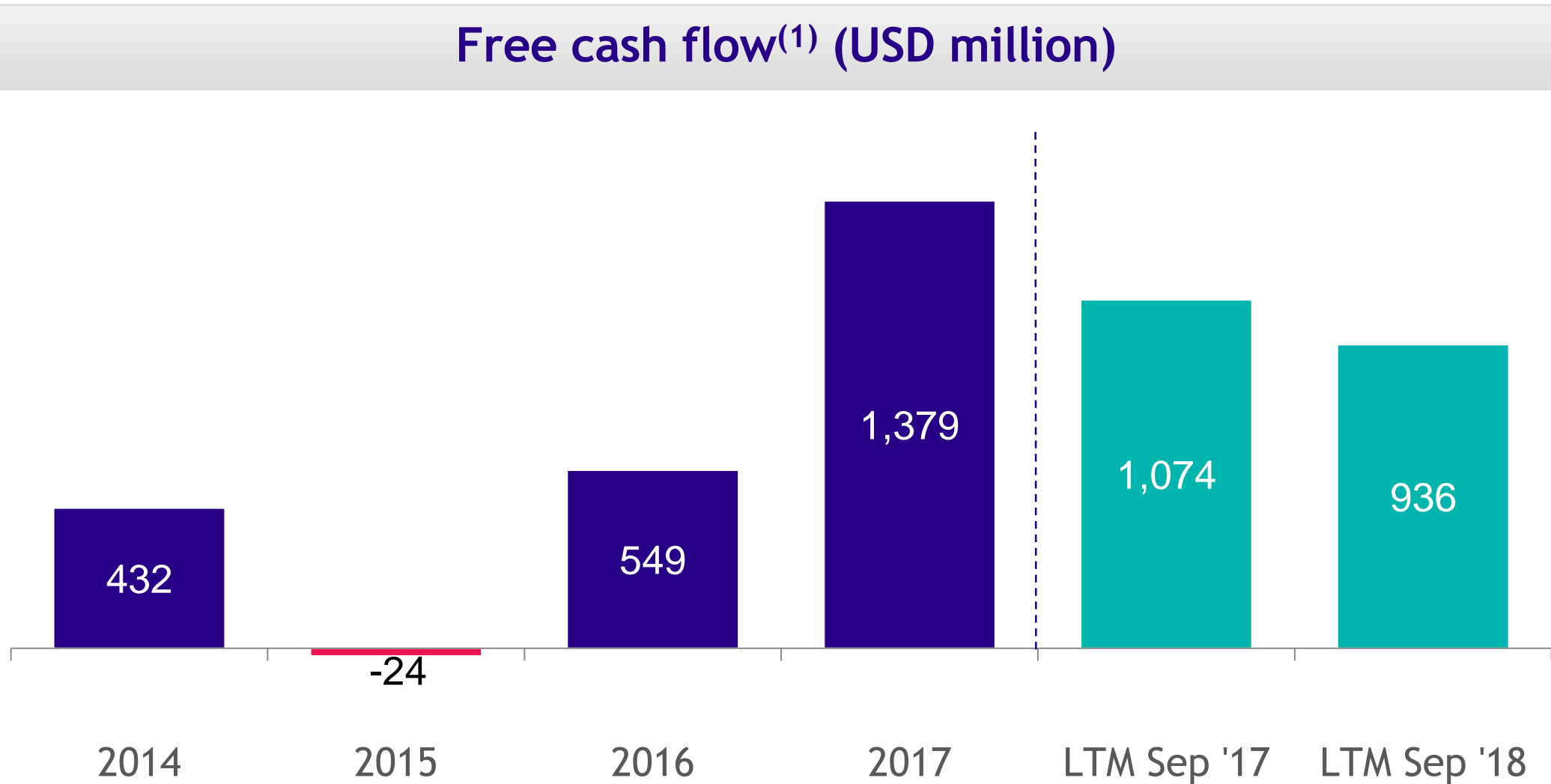


Total investment of US\$400 million in Cabin retrofits



News seat design and LOPA. Comfort, Segmentation & Efficiency

# Significant free cash flow generation over the last three years

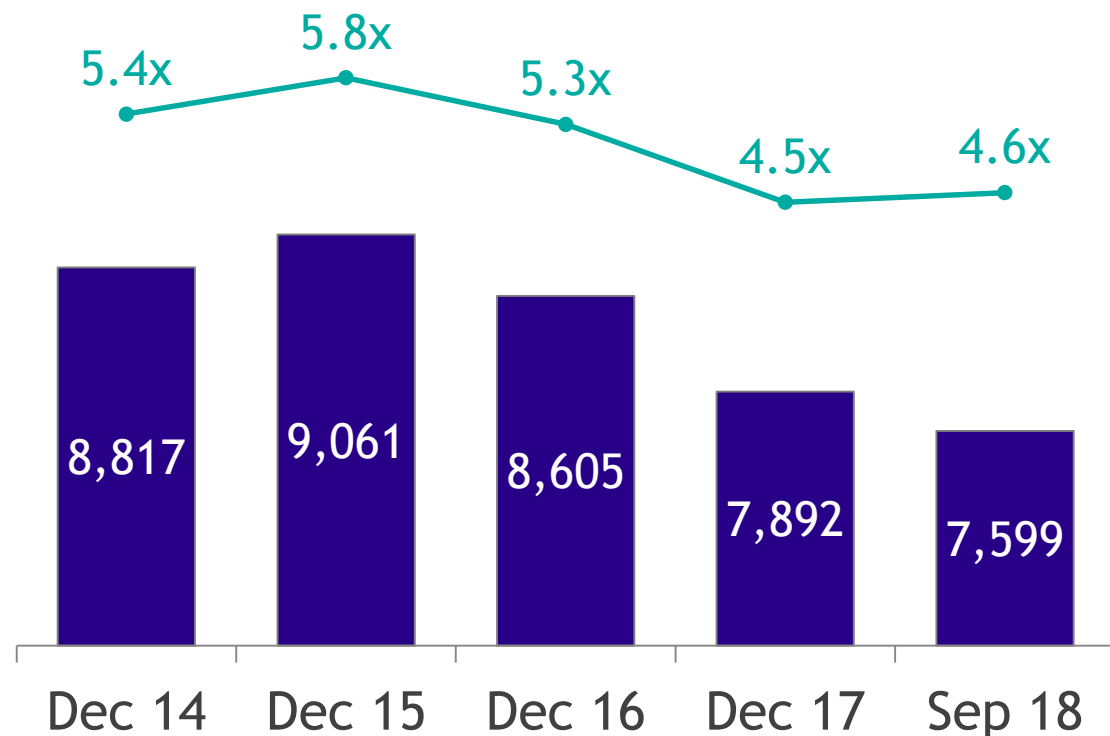


(1) Cash flow from operating activities - Cash flow used in investing activities

Source: Public Company filings

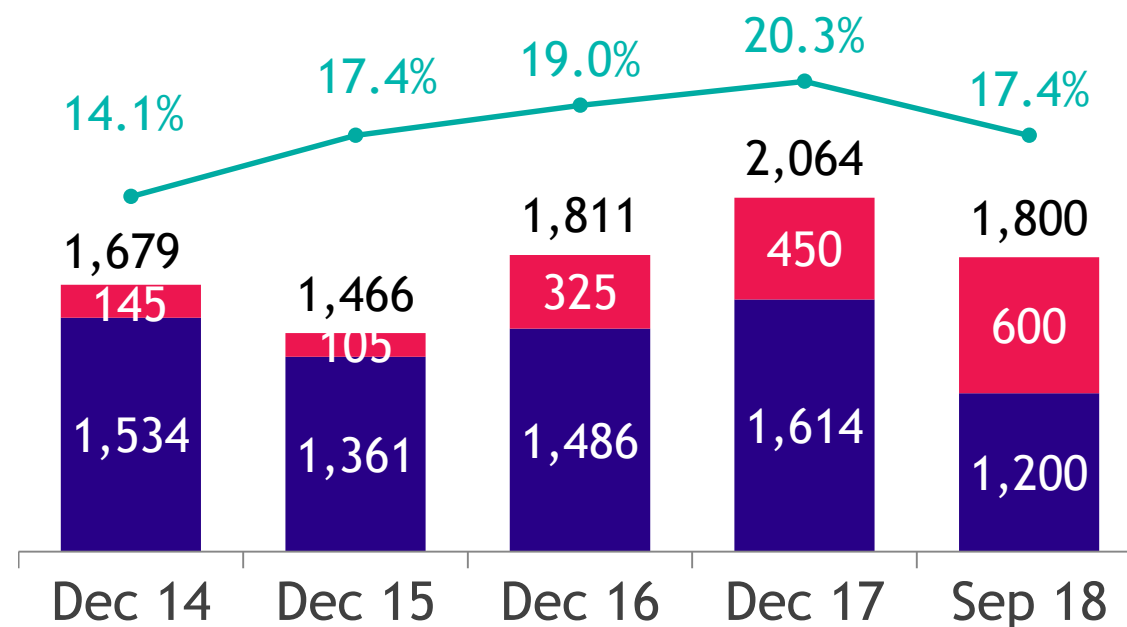
# Strengthening our balance sheet

## Adjusted Net Debt<sup>(1)</sup>/EBITDAR LTM



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

## Cash & Equivalents as % of LTM revenues



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

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

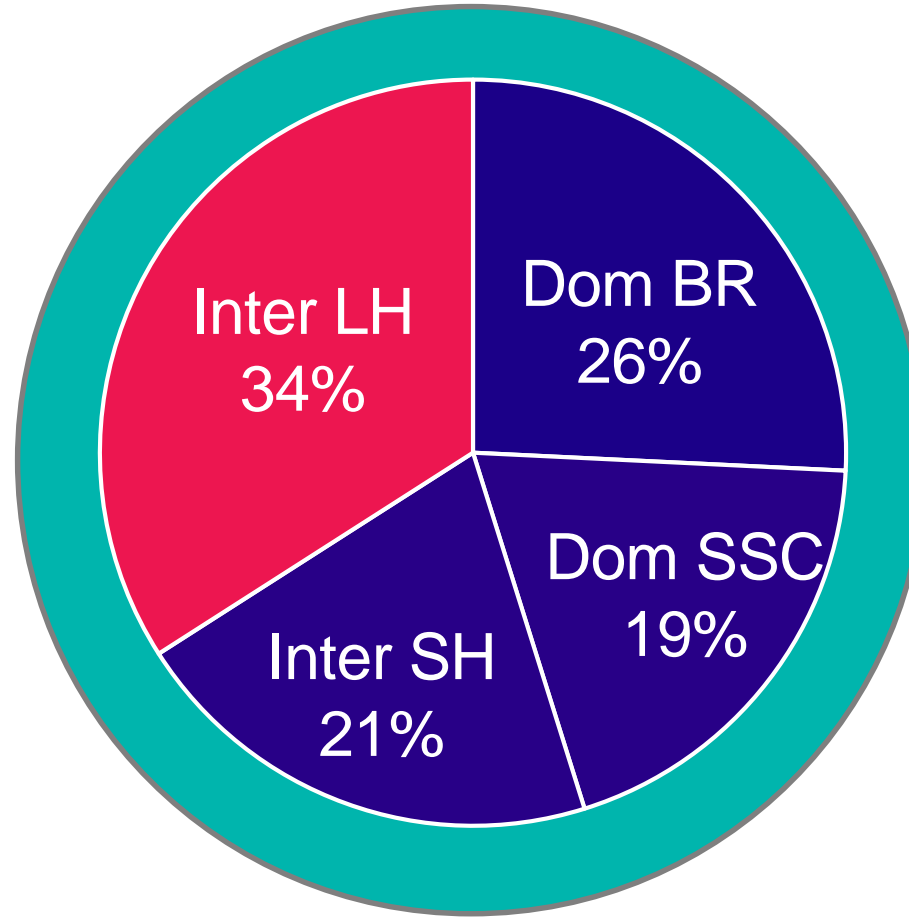
Source: Public Company filings



## Passenger Revenue Breakdown<sup>1</sup>

### Long Haul Strategy

1. Network
2. JBAs
3. HVC proposition



### Short Haul Strategy

1. Cost efficiency
2. Ancillary
3. Segmentation

Safety and security

Strong financials

Strong FFP

Operational excellence

Care of clients

