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**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM



## Corporate Update

January 2020

# 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 **38 million** members



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

69

LATAM

33

Gol Linhas  
Aereas

31

Avianca  
Holdings

23

Azul

22

Aeromexico

18

Volaris

10

Copa

Passengers carried during 2018<sup>1</sup> (million)

## Leading network in Latin America



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



**Multiple Bilateral Agreements**

BRITISH AIRWAYS

IBERIA

QANTAS  
Spirit of Australia

SWISS

QATAR  
AIRWAYS  
القطرية

CATHAY PACIFIC



JAPAN AIRLINES



Lufthansa

ANA

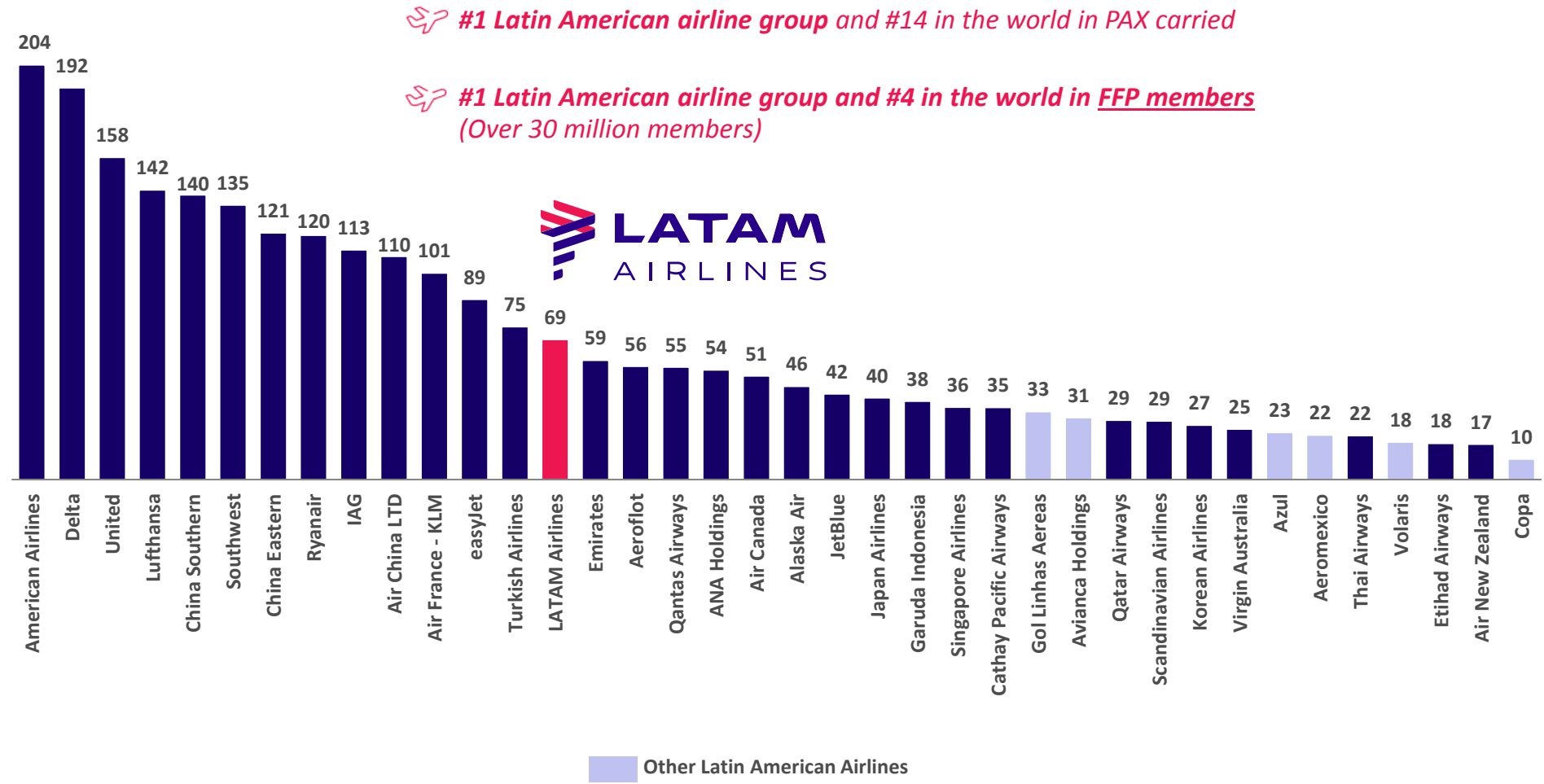
More than **140 destinations** in 27 countries:



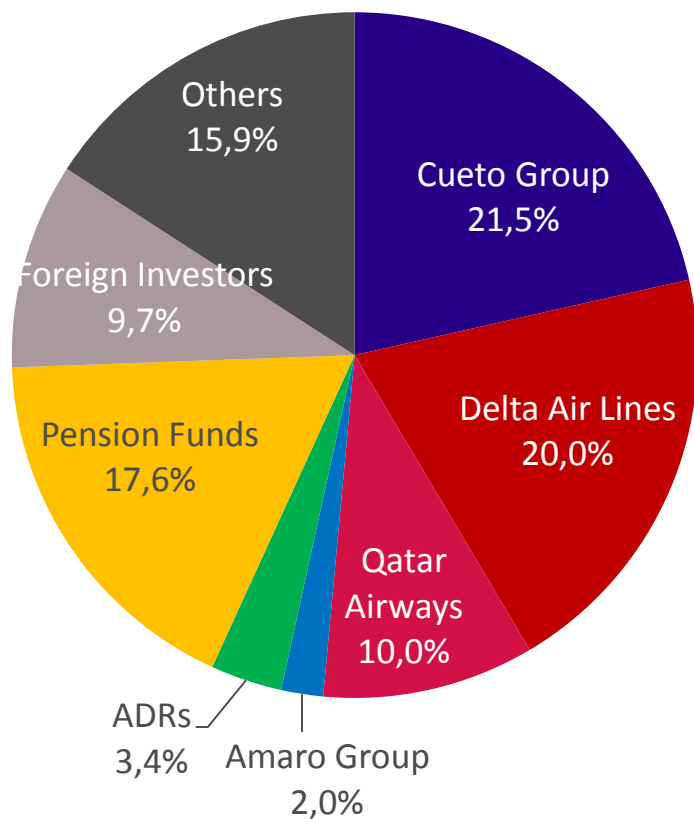
- Market Share<sup>2</sup>: 1° in Chile, Brazil and Peru, 2° in Argentina, Colombia and Ecuador
- Regional operations in South America and long-haul operations to 5 continents

# LATAM is amongst the largest airline groups in the world

PAX carried 2018<sup>1</sup> (million)



# Ownership structure<sup>1</sup> and Board of Directors as of January 10, 2020



## Board of directors

Ignacio Cueto Plaza

Juan José Cueto Plaza

Henri Philippe Reichstul

Sonia J.S. Villalobos

Carlos Heller Solari

Nicolás Eblen Hirmas

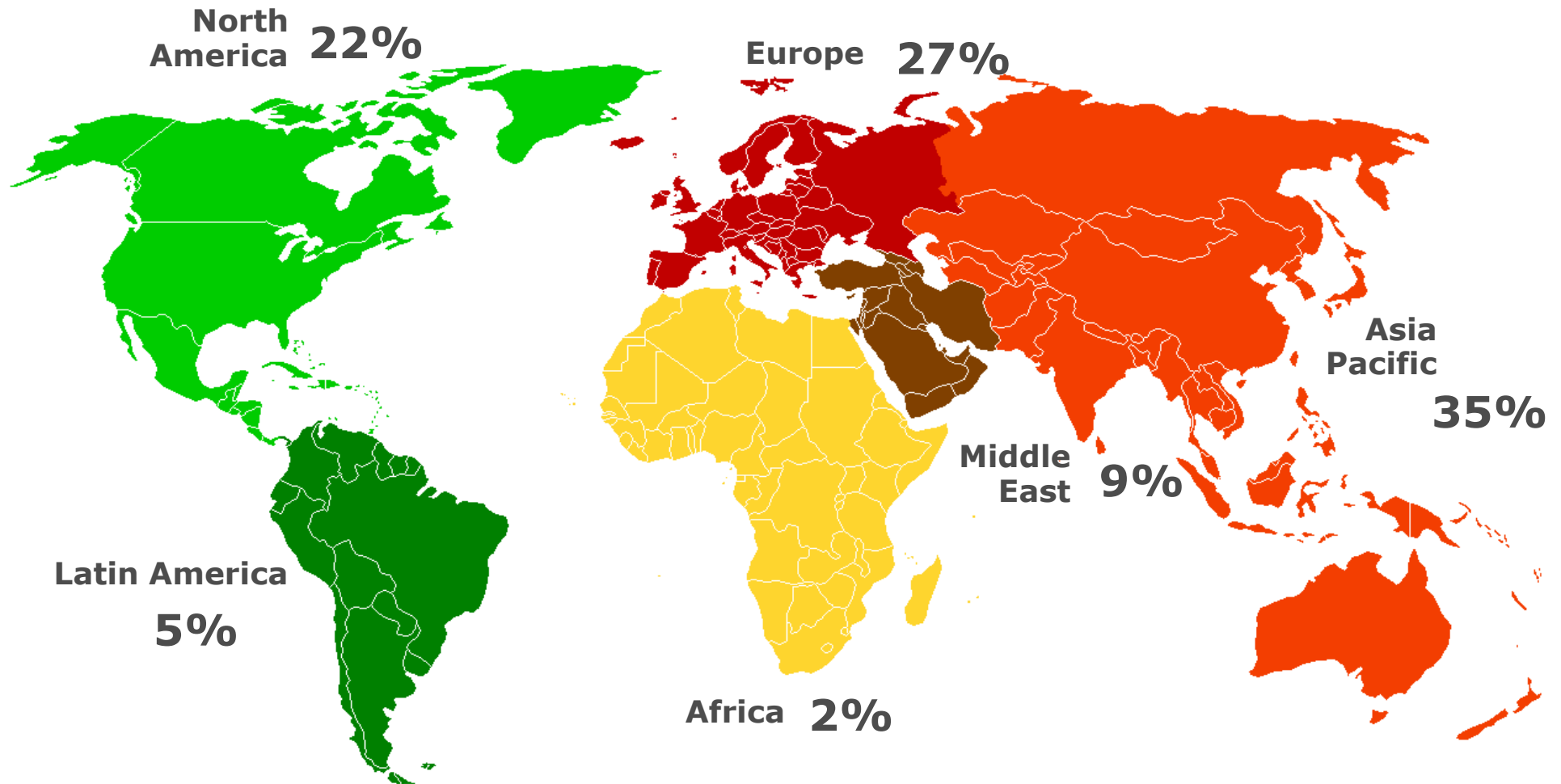
Giles Edward Agutter

Eduardo Novoa Castellón

Patrick Horn García

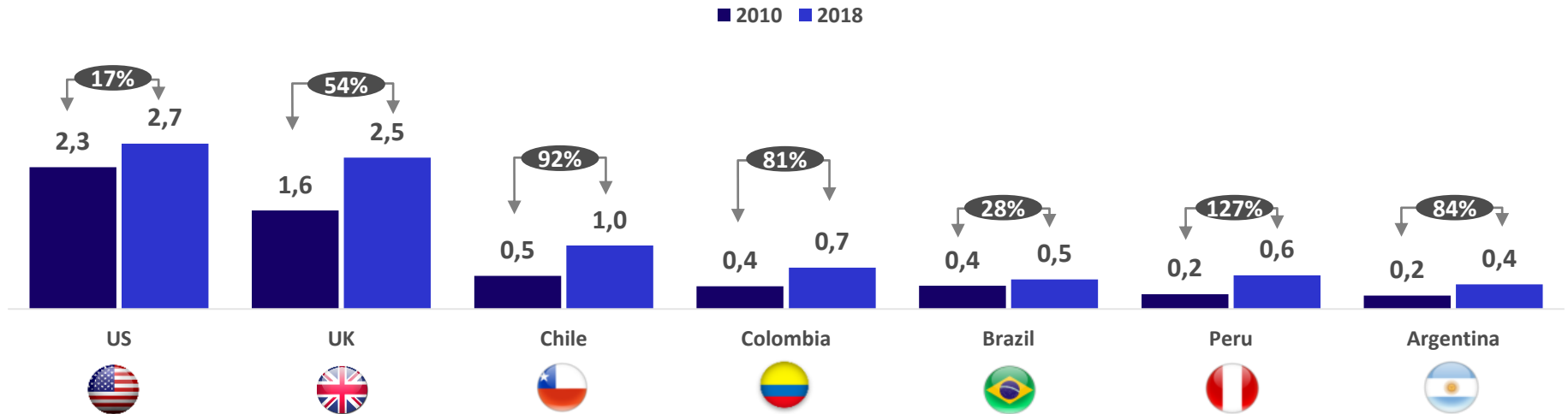
## Large region, little traffic

World share (%)<sup>1</sup>

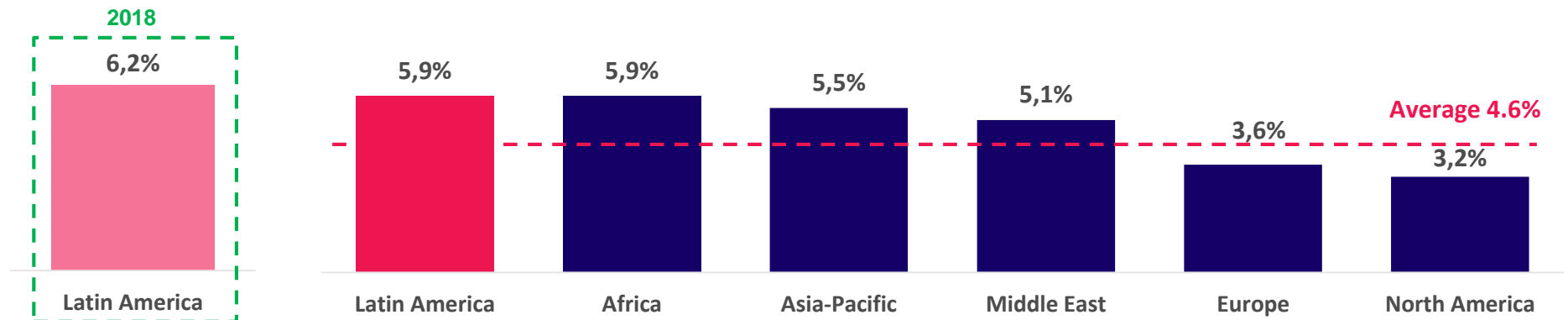


# LATAM is well positioned to capitalize on Latin America's growth potential

## Trips per capita<sup>1</sup>

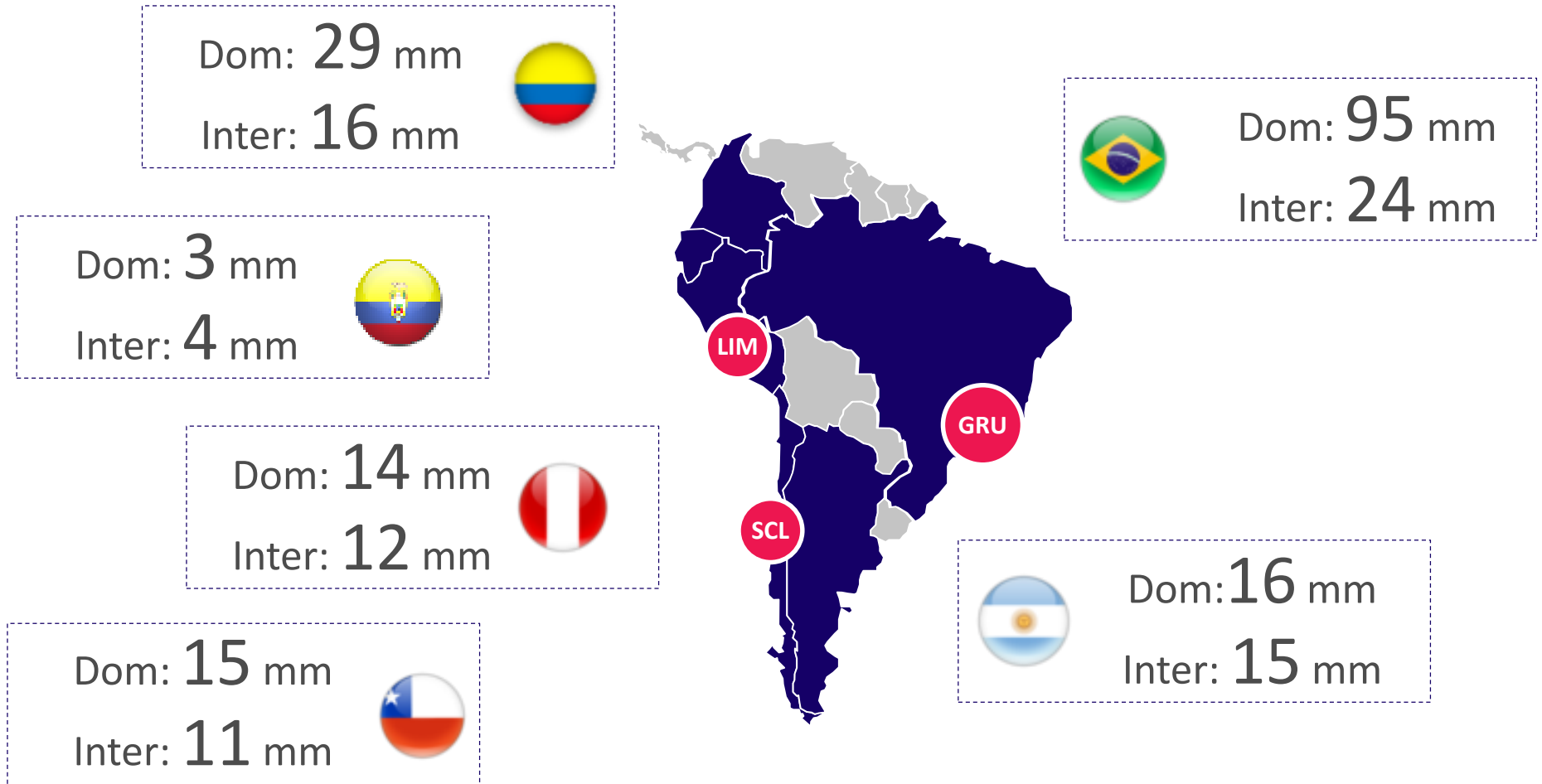


## RPKs growth 2019E – 2038E



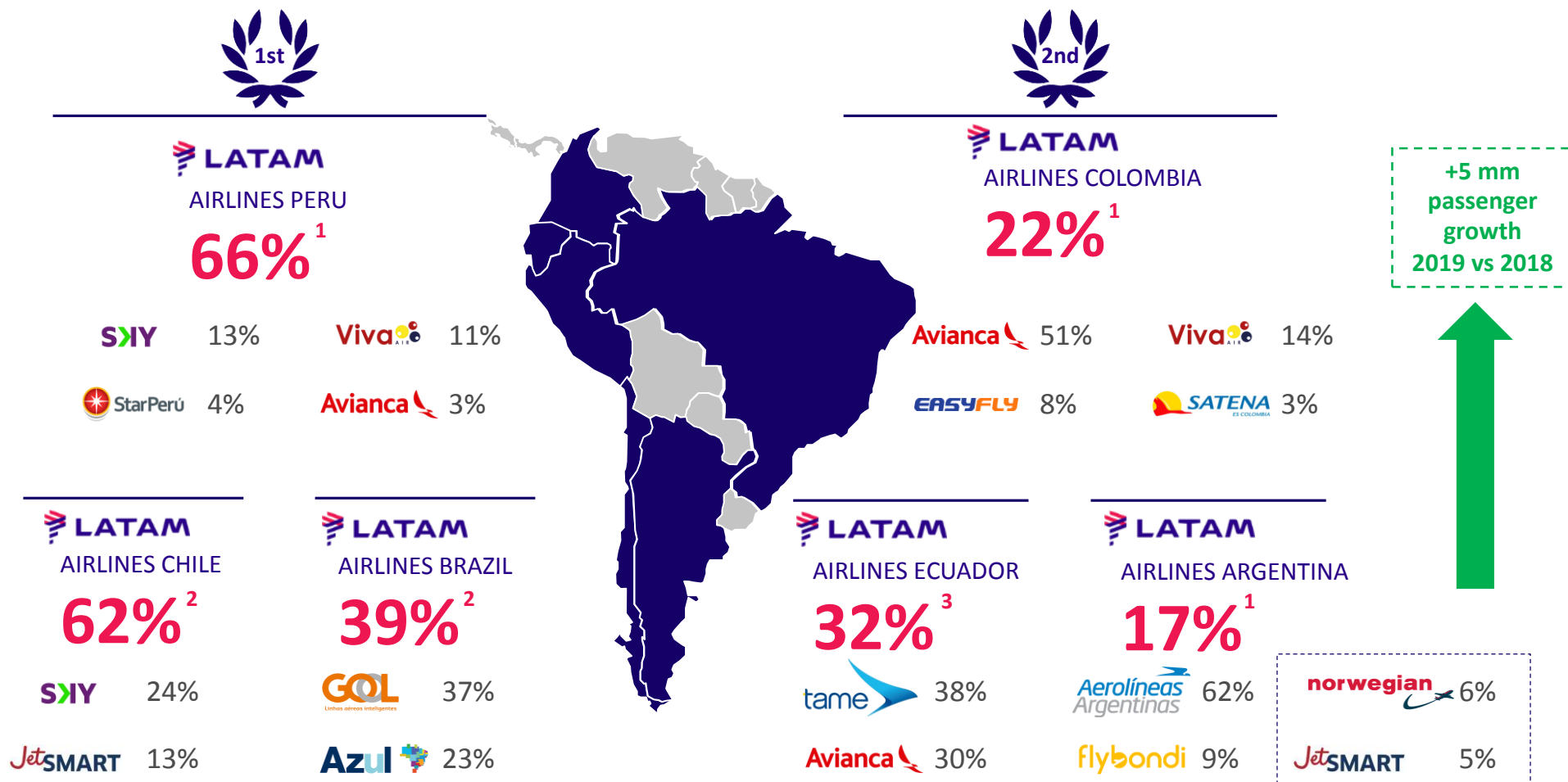
# Market size of LATAM's main markets

## Market size (number of passengers)



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

## Market Share (%)

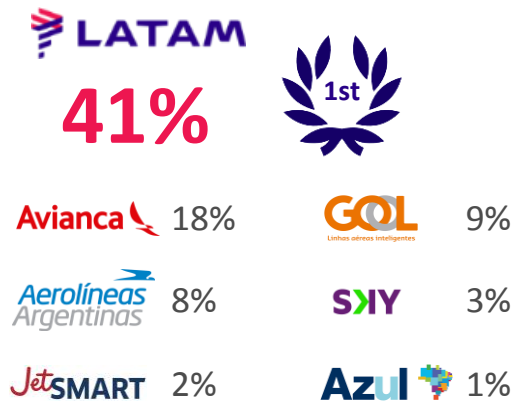




# International: Unparalleled network connecting Latin America

## Market Share (%)<sup>1</sup>

### Within South America



### South America - North America



### South America – Asia Pacific

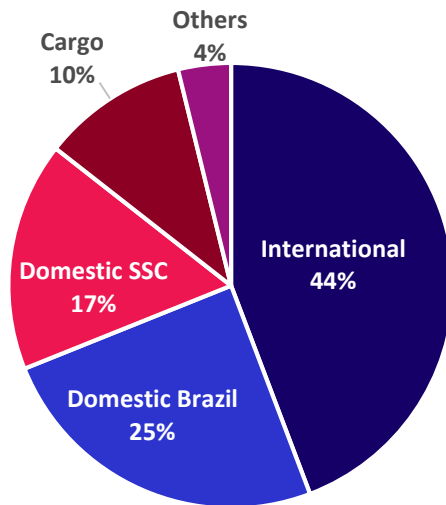


### South America – Europe



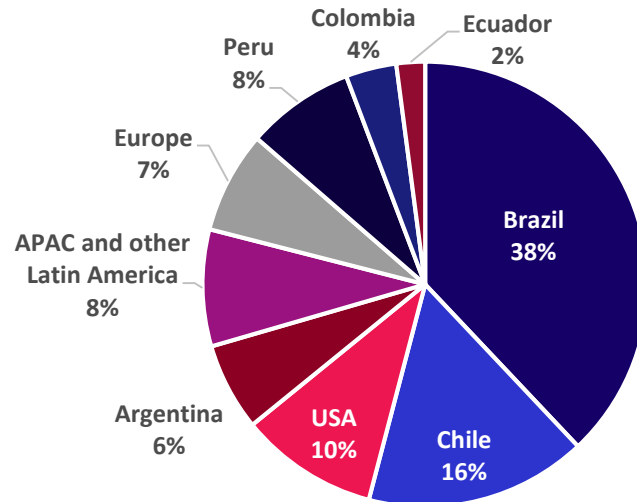
# Geographic diversification of LATAM Airlines Group and its subsidiaries

## LTM Revenue by Business Unit

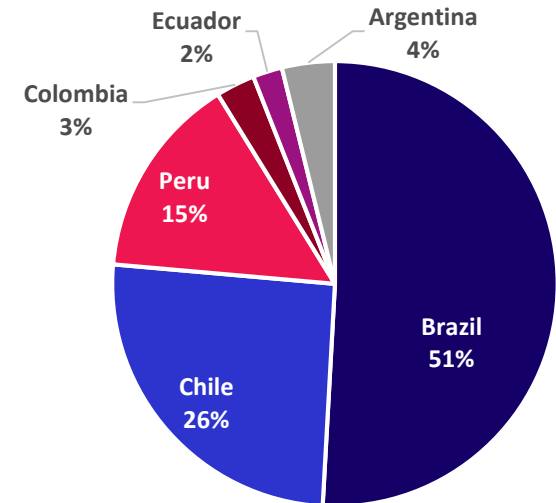


Total revenue = US\$ 10.3 bn

## LTM Revenue by Point of Sale



## LTM ASK by Country

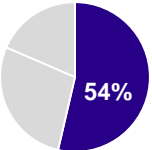
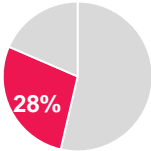
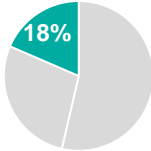


Total ASK = 147.9 bn

# Third Quarter 2019 Financial Summary

(US\$ Millions)	3Q19	3Q18	Change
Total Operating Revenues	<b>2,665</b>	2,492	6.9%
Passenger	<b>2,340</b>	2,107	11.1%
Cargo	<b>252</b>	279	-9.8%
Others	<b>73</b>	106	-31.0%
Total Operating Costs	<b>-2,396</b>	-2,271	5.5%
Fuel	<b>-717</b>	-747	-4.0%
Ex-fuel	<b>-1,679</b>	-1,524	10.2%
<b>Operating Income</b>	<b>269</b>	221	21.8%
Operating Margin	<b>10.1%</b>	8.9%	1.2 p.p.
<b>Net Income</b>	<b>86</b>	35	145.0%
EBITDA	<b>645</b>	565	14.1%
EBITDA Margin	<b>24.2%</b>	22.7%	1.5 p.p.

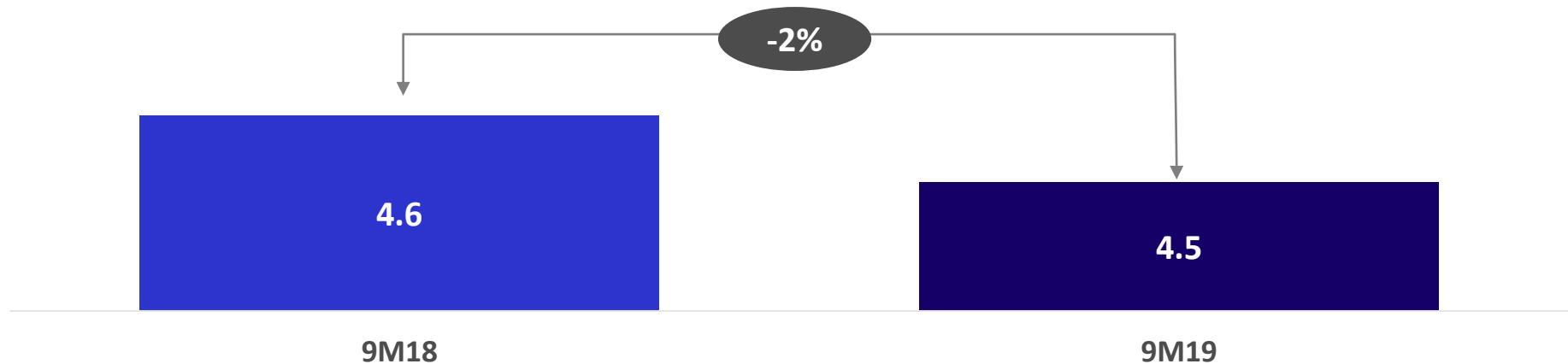
# Third Quarter 2019 Operating Statistics

% YoY	System Capacity	Capacity (ASK)	Traffic (RPK)	Load Factor	RASK/RATK (USc) <sup>1</sup> (% YoY)
International (Long Haul & Regional)		-4.1%	-1.8%	85.2% (+2.0 p.p.)	6.0 (+0.5%)
Domestic Brazil		+9.8%	+10.4%	82.1% (+0.5 p.p.)	7.4 (+22.7%)
SSC Domestic		+9.5%	+9.3%	81.3% (-0.2 p.p.)	6.5 (-9.5%)
Passenger		+1.8%	+3.2%	83.6% (+1.1 p.p.)	6.2 (+9.1%)
Cargo <sup>2</sup>		+0.1%	+0.8%	53.6% (+0.4 p.p.)	15.8 (-6.2%)

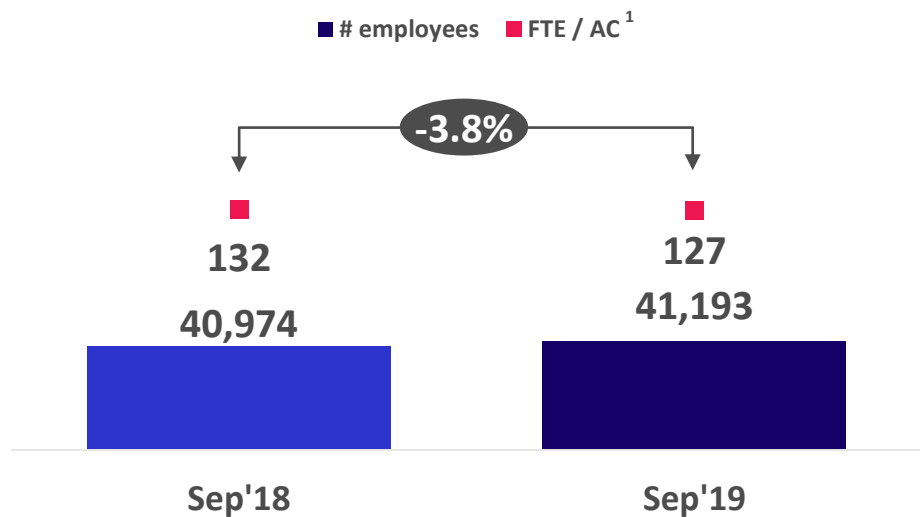
BRL  
3Q19: +24.3%

# Delivering on cost initiatives to enhance operational performance

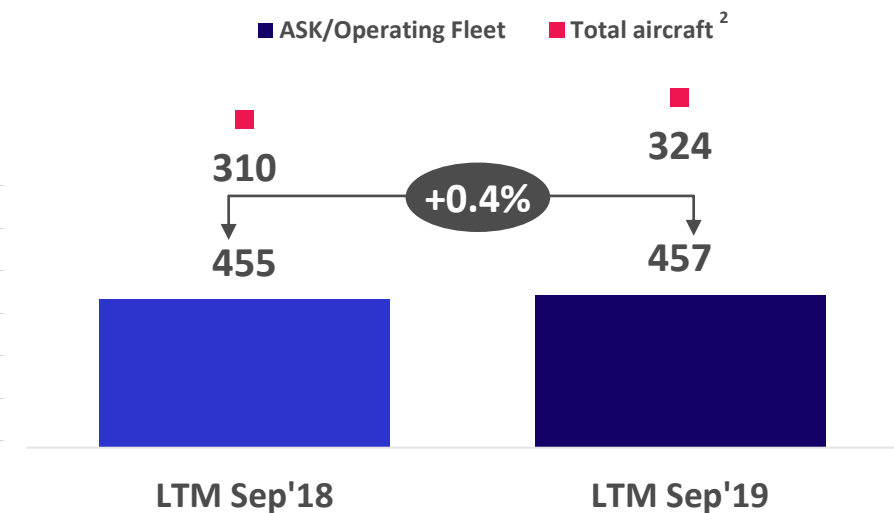
## CASK Ex-fuel evolution (US\$ cents)






## Number of Employees



## ASK / Operating Fleet (million ASK per Aircraft)



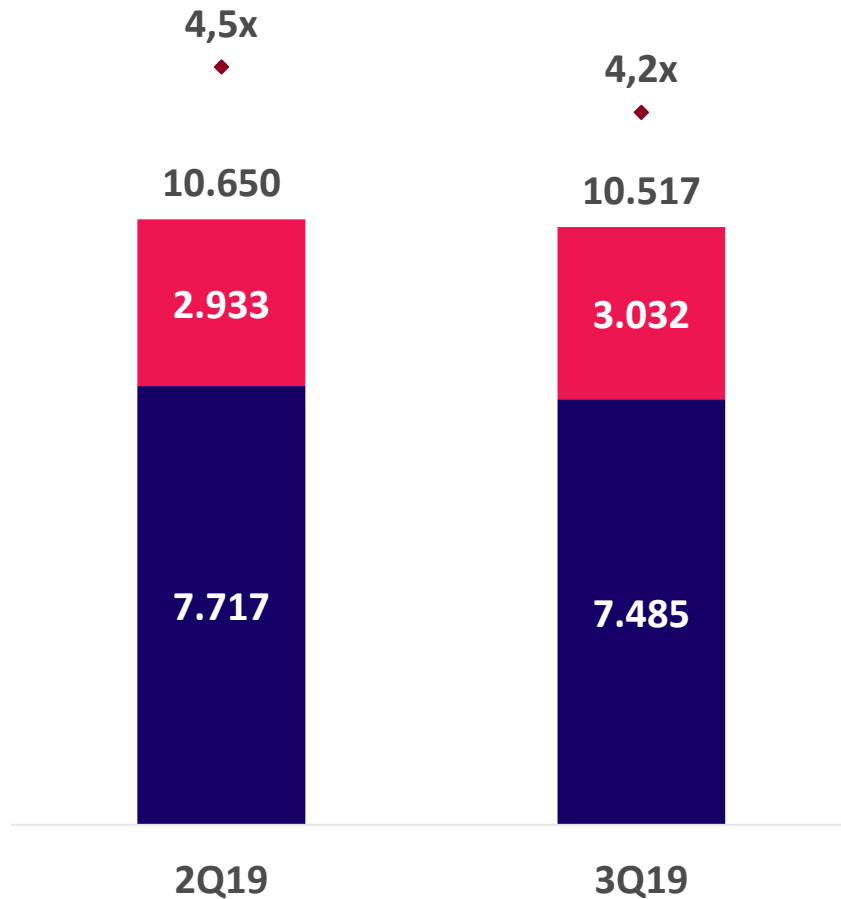
# Guidance 2020

		2019E	2020E
<b>Passengers (ASK)</b> 	<b>International</b>	0%	0% - 2%
	<b>Domestic Brazil</b>	8%	7% - 9%
	<b>Domestic Spanish-speaking countries</b>	11%	6% - 8%
	<b>Total</b>	4%	3% - 5%
<b>Cargo (ATK)</b> 		-2%	4% - 6%
<b>Operating Margin (%)</b> 		~7%	7.0% - 8.5%

# Current Financial Situation

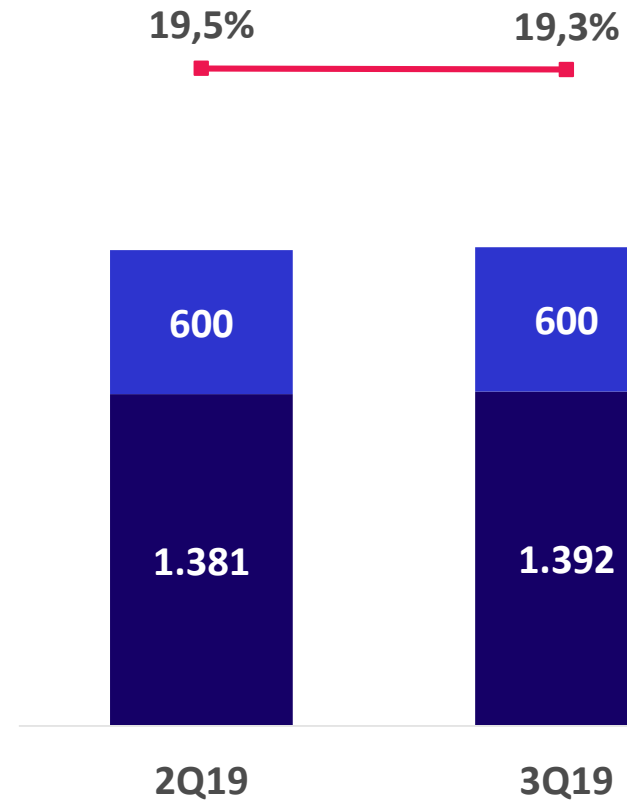
## Financial Debt and Leverage

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



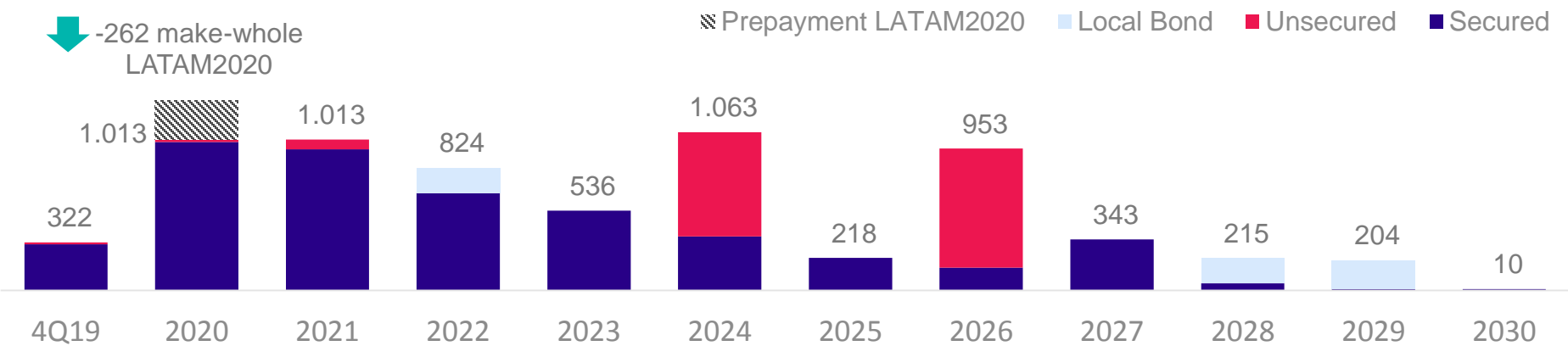
## Liquidity

- RCF (US\$ million)
- Cash and Equivalents (US\$ million)
- Liquidity<sup>1</sup>

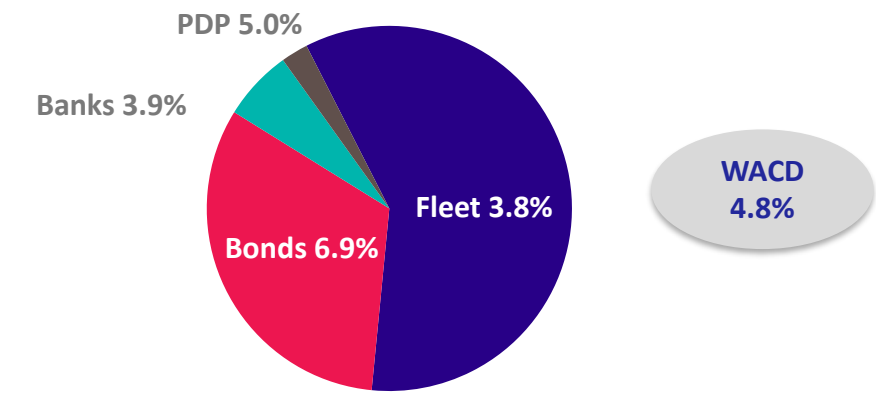


# Proactively reshaping our debt profile

Debt maturity profile<sup>1</sup> (US\$ million) as of September 30, 2019<sup>2</sup>



Debt type as of September 30, 2019



Rating agencies





# Partnership LATAM – Delta: Strategic Agreement

## Tender Offer

Delta invested **\$1.9 billion for a 20 percent** stake in LATAM through a public tender offer at \$16 per share, which was completed on January 3, 2019

## Airplane Purchase

Delta will acquire **four A350 aircraft** from LATAM and assume LATAM's commitment to purchase **10 additional aircraft** to be delivered beginning in 2020

## Commercial

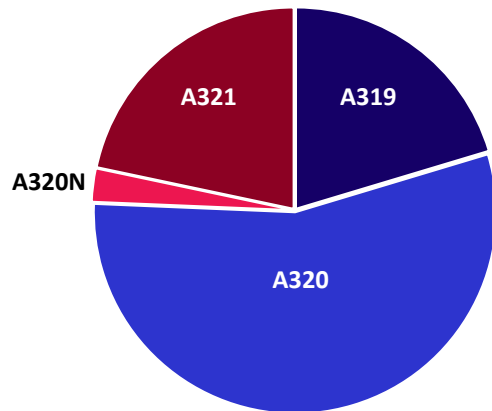
**Joint venture**, code sharing agreement and **\$350 million** from Delta to support transition costs for strategic partnership

# 324<sup>1</sup> aircraft operating fleet with an average age of ~9,0 years

## Narrow body: 241

Owned<sup>2</sup>: 163 aircraft

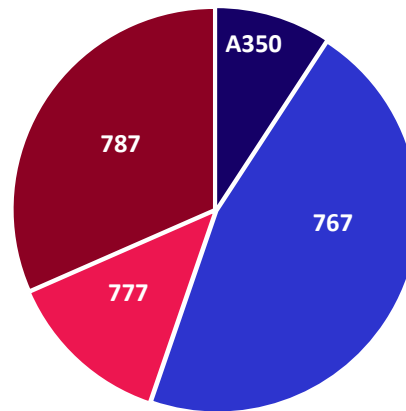
Leases<sup>3</sup>: 78 aircraft



## Wide body (PAX): 74

Owned<sup>2</sup>: 49 aircraft

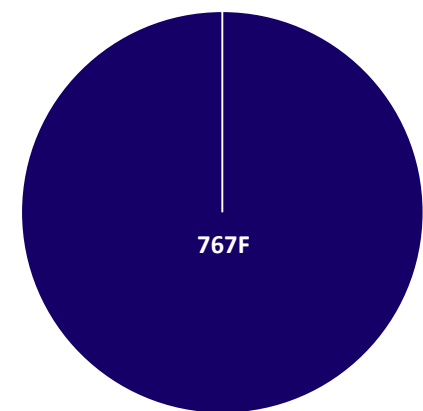
Leases<sup>3</sup>: 25 aircraft



## Wide body (Cargo): 9

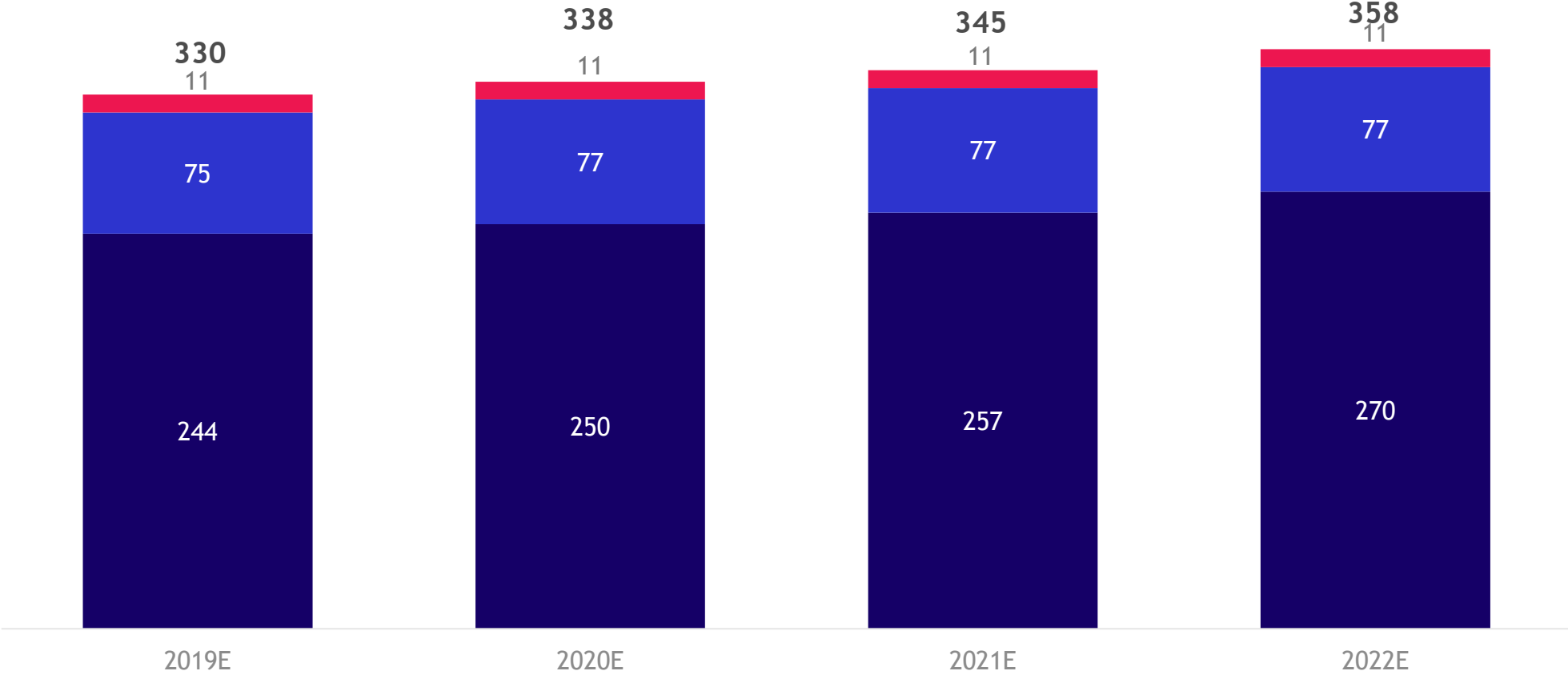
Owned<sup>2</sup>: 8 aircraft

Leases<sup>3</sup>: 1 aircraft



Fleet Plan 2019E-2022E

■ Narrow Body   ■ Wide Body   ■ Freighter



Fleet Commitments (US\$mm)

1,197	796	889	619
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# Refocusing investments to passenger experience and loyalty

Cabin experience (US\$400 million in cabin retrofits in 2 years)



22 Wide-body aircraft and 150 Narrow-body aircraft



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

## Acquisition of Multiplus (~US\$300 million)



- **+38** million members
- **4<sup>th</sup>** Largest FFP in the world
- Unified value proposition
- Revenue management



Source: [www.latamairlinesgroup.net](http://www.latamairlinesgroup.net)

## Worldwide recognition

**Best Airline in South America**



**Best**  
"Business Class"  
"Business Class Lounge"  
"Economy Class"

**Best on-time performance**



**"Most punctual global network airline in the world in 2019"**

# Key takeaways

**1**

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

**2**

**Delivered resilient operational and financial results despite challenges**

**3**

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

**4**

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

**5**

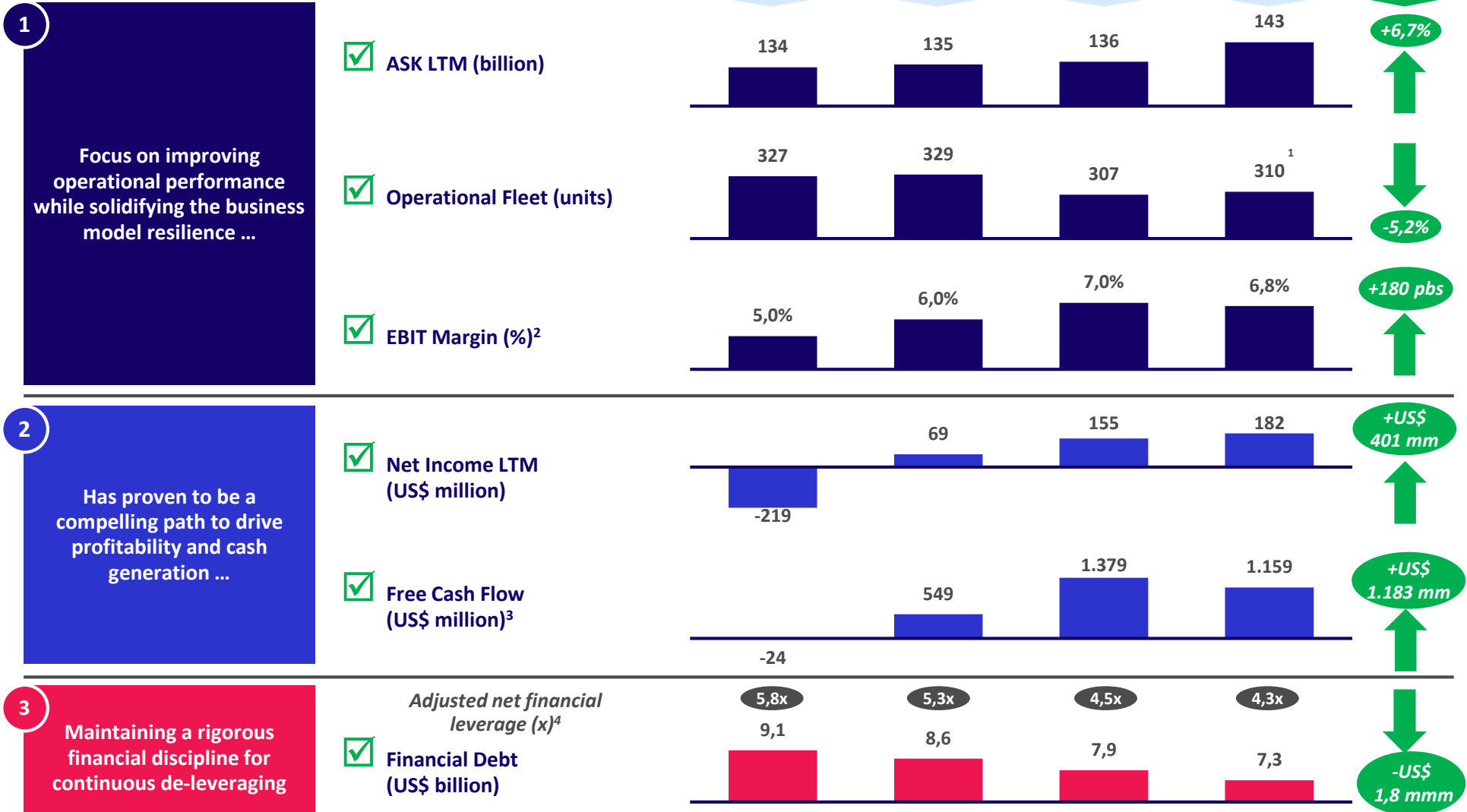
**Future performance anchored on an unique network strategy and positive business dynamics**





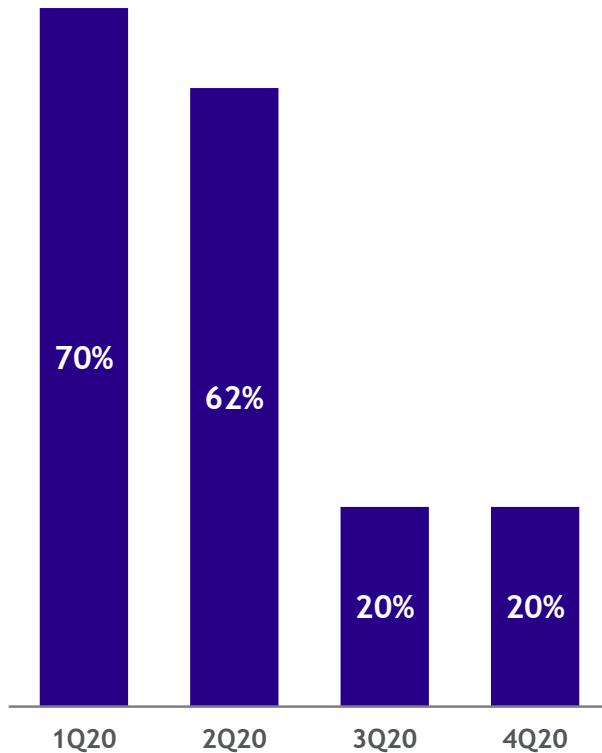
**Exhibits**

# Results of the transformation plan

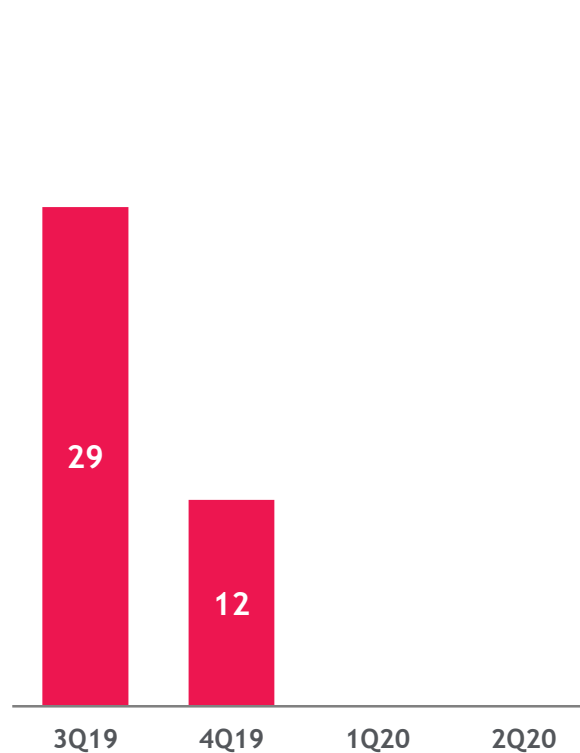


# Financial hedging strategy to protect medium term operational margin

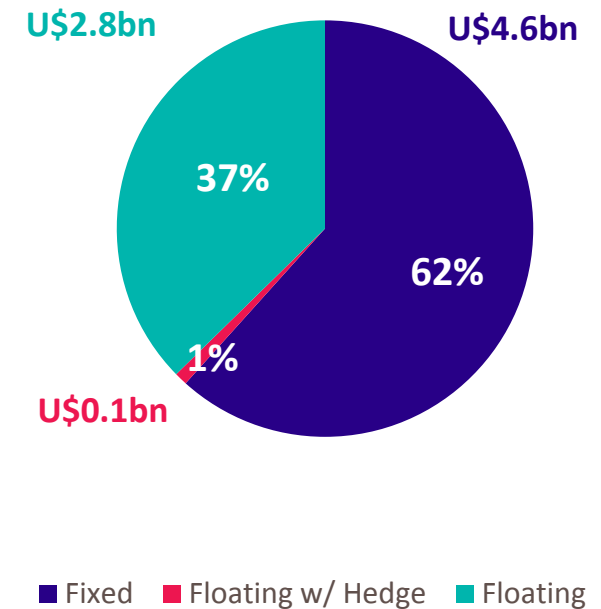
Fuel Hedge (% consumption)



BRL Hedge (US\$MM)<sup>1</sup>



Reduced exposure to floating rates





# Year-to-date 2019 Financial Summary

(US\$ Millions)	9M19	9M18	Change
Total Operating Revenues	7,560	7,580	-0.3%
Passenger	6,528	6,382	2.3%
Cargo	784	874	-10.3%
Others	248	324	-23.4%
Total Operating Costs	-7,169	-7,036	1.9%
Fuel	-2,185	-2,151	1.6%
Ex-fuel	-4,984	-4,885	2.0%
<b>Operating Income</b>	<b>391</b>	<b>544</b>	<b>-28.1%</b>
Operating Margin	5.2%	7.2%	-2.0 p.p.
<b>Net Income</b>	<b>-37</b>	<b>-80</b>	<b>-54.4%</b>
EBITDA	1,470	1,574	-6.6%
EBITDA Margin	19.4%	20.8%	-1,4 p.p.

# Year-to-date 2019 Operating Statistics

% YoY	System Capacity	Capacity (ASK)	Traffic (RPK)	Load Factor	RASK/RATK (USc) <sup>1</sup> (% YoY)
International (Long Haul & Regional)		+2.3%	+3.1%	85.4% (+0.7 p.p.)	5.7 (-8.7%)
Domestic Brazil		+4.3%	+5.6%	81.4% (+1.0 p.p.)	6.8 (+10.9%)
SSC Domestic		+11.5%	+11.3%	81.7% (-0.1 p.p.)	6.5 (-9.3%)
Passenger		+4.4%	+5.1%	83.7% (+0.6 p.p.)	5.9 (-2.0%)
Cargo <sup>2</sup>		+0.2%	+2.4%	55.2% (+1.2 p.p.)	16.6 (-6.8%)

BRL  
9M19: +21.0%



**Thank you!**