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**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM



## Deutsche Bank 2019 Airline One-on-One Day

September 2019

# 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



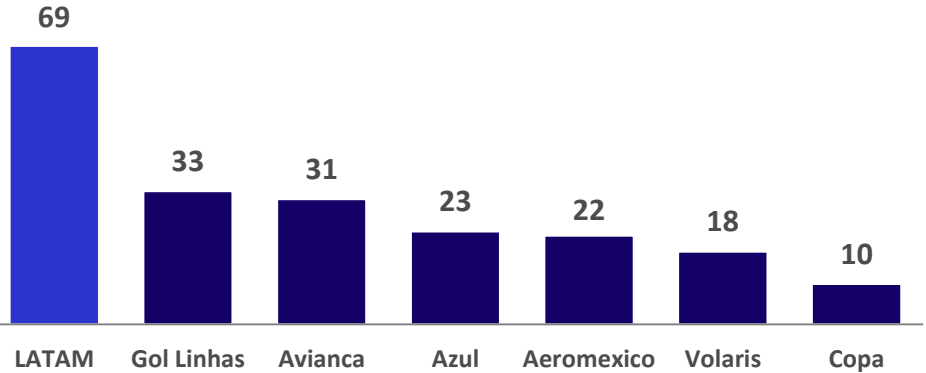
Regional leader in number of passengers carried



Leading frequent flyer and loyalty programs with over 30 million members



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



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



More than 140 destinations in 27 countries:

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



- The only oneworld Latin American operator



Oneworld Alliance



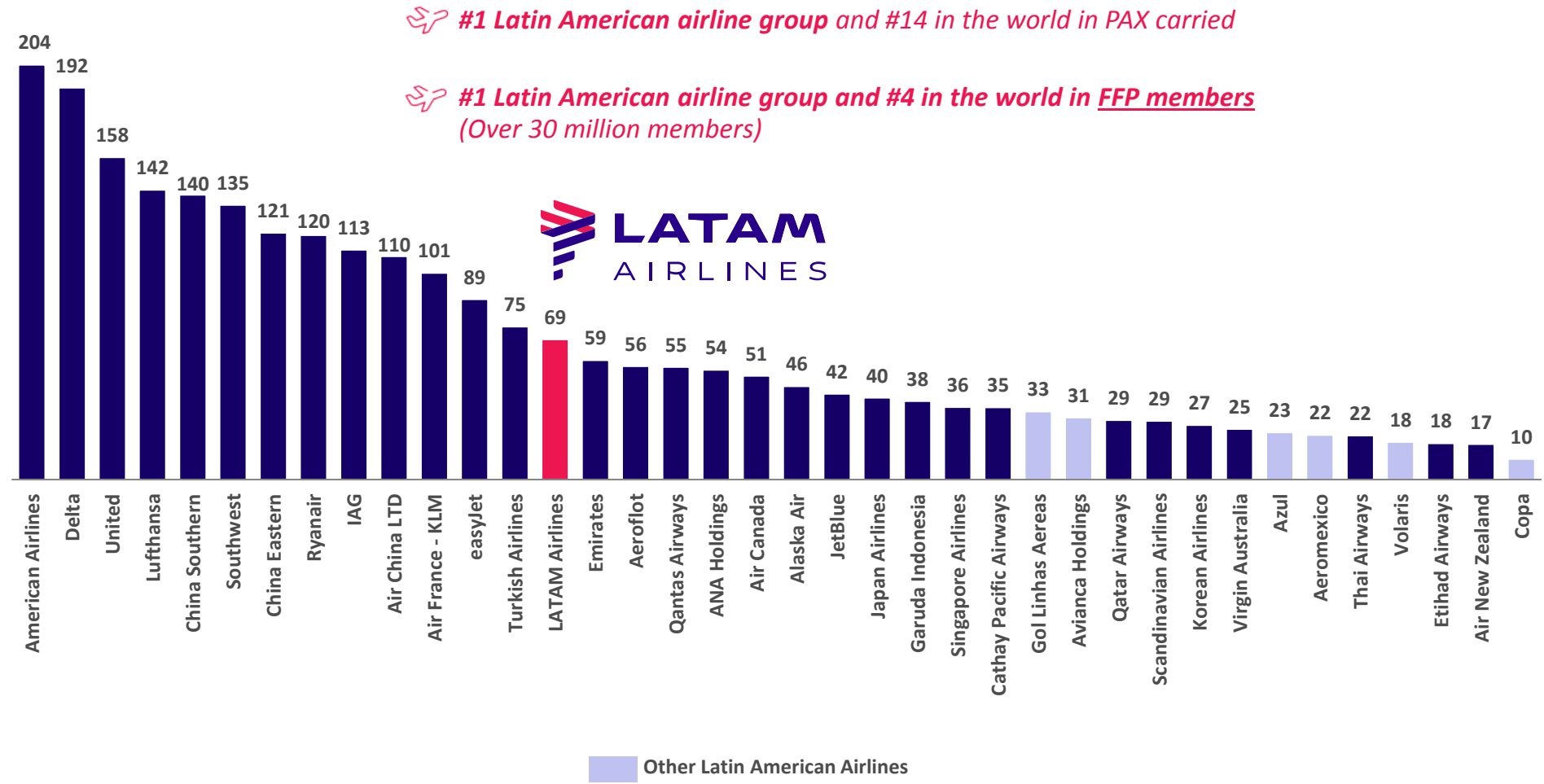
JAPAN AIRLINES



Source: Integrated Report 2018 and Bloomberg  
<sup>1</sup>Data as of December, 2018

# LATAM is amongst the largest airline groups in the world

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



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

## Market Share (%)



**LATAM**  
AIRLINES PERU

**62%**<sup>1</sup>

Market size 13mm

**LATAM**  
AIRLINES CHILE

**62%**<sup>2</sup>

Market size 15mm



**LATAM**  
AIRLINES COLOMBIA

**23%**<sup>2</sup>

Market size 28mm

**LATAM**  
AIRLINES BRAZIL

**34%**<sup>2</sup>

Market size 94mm

**LATAM**  
AIRLINES ECUADOR

**31%**<sup>3</sup>

Market size 3mm

**LATAM**  
AIRLINES ARGENTINA

**16%**<sup>1</sup>

Market size 15mm



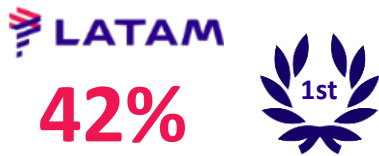
**+2.0 mm**  
passenger  
growth  
1H19 vs 1H18



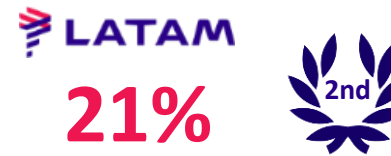
# International: Unparalleled network connecting Latin America

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

## Within South America



## South America - North America



## South America – Asia Pacific



## South America – Europe

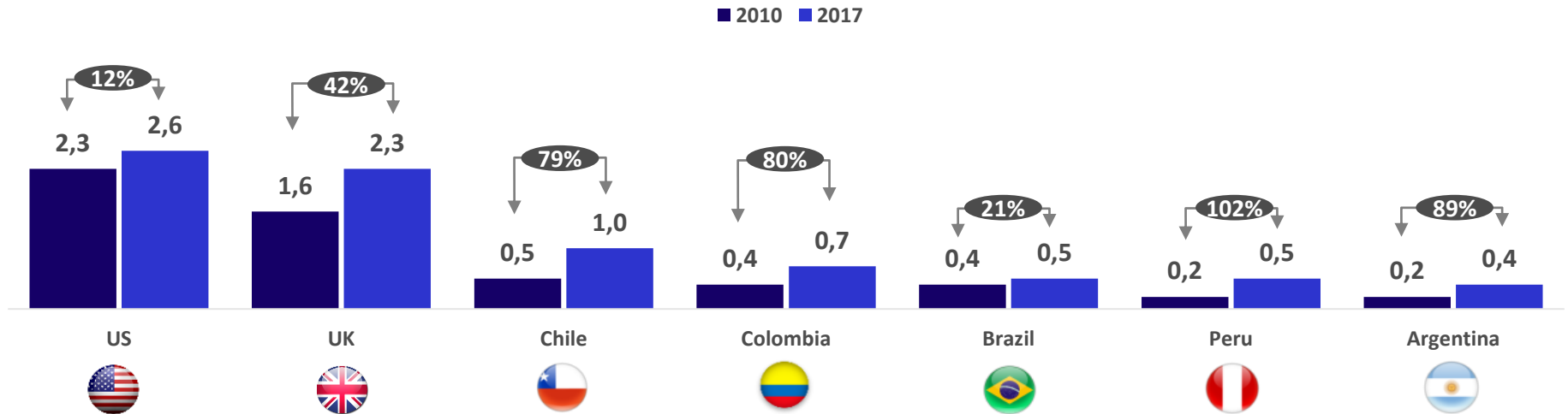


+285k  
passenger  
growth  
1H19 vs 1H18

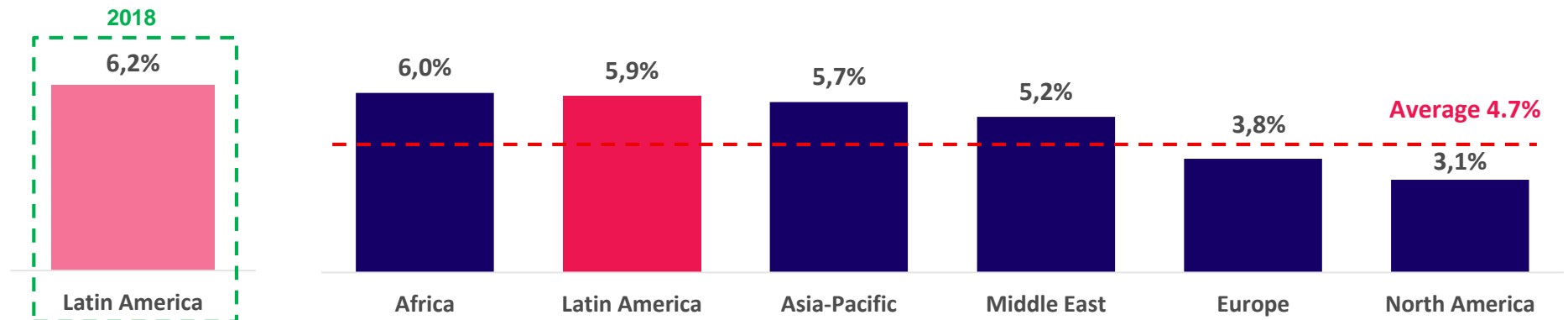


# LATAM is well positioned to capitalize on Latin America's growth potential

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

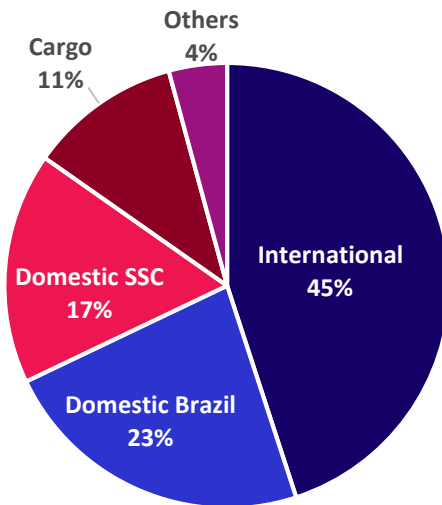


## RPKs growth 2018E – 2037E



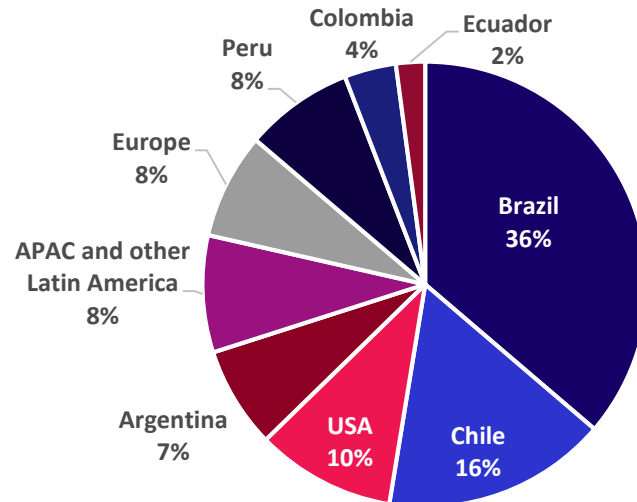
# Geographic diversification of LATAM Airlines Group and its subsidiaries

## LTM Revenue by Business Unit

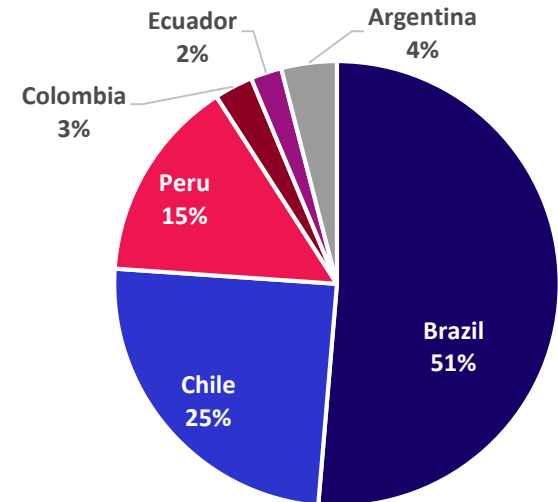


Total revenue = US\$ 10.2 bn

## LTM Revenue by Point of Sale



## LTM ASK by Country



Total ASK = 146.0 bn

# Results of the transformation plan

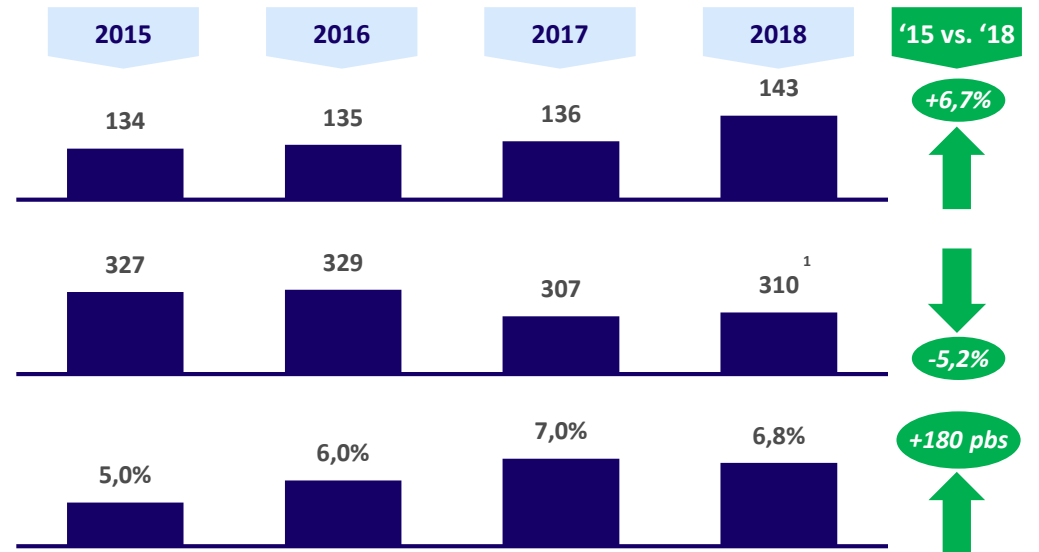
1

Focus on improving operational performance while solidifying the business model resilience ...

✓ ASK LTM (billion)

✓ Operational Fleet (units)

✓ EBIT Margin (%)<sup>2</sup>

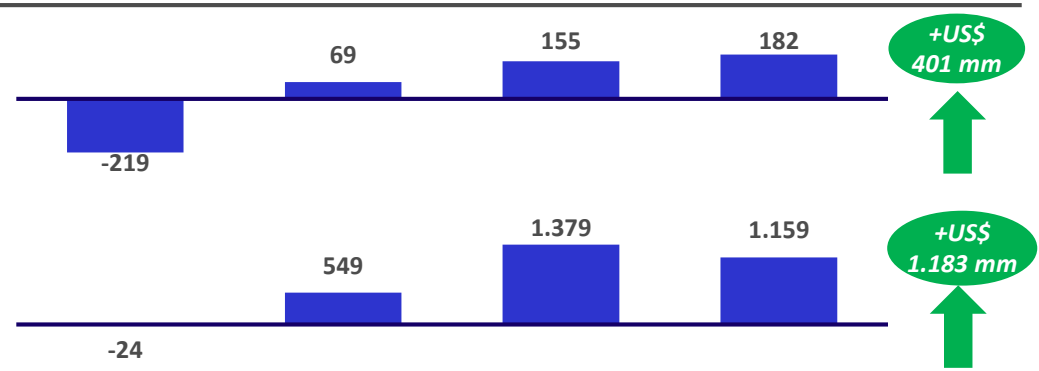


2

Has proven to be a compelling path to drive profitability and cash generation ...

✓ Net Income LTM (US\$ million)

✓ Free Cash Flow (US\$ million)<sup>3</sup>

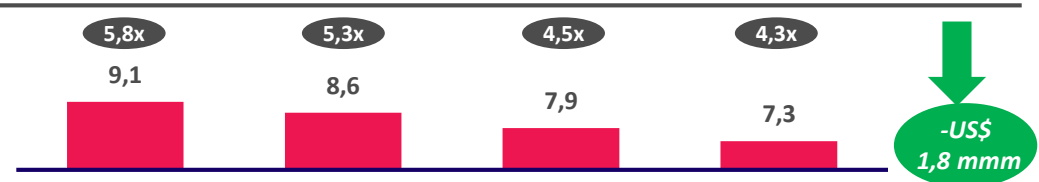


3

Maintaining a rigorous financial discipline for continuous de-leveraging

Adjusted net financial leverage (x)<sup>4</sup>

✓ Financial Debt (US\$ billion)

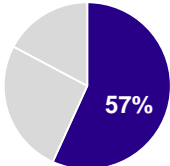
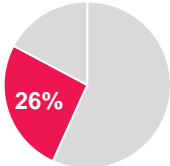
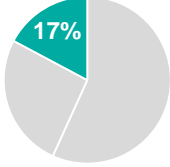




## Second Quarter 2019 Financial Summary

(US\$ Millions)	2Q19	2Q18	Change
Total Operating Revenues	<b>2,370</b>	2,357	0.5%
Passenger	<b>2,020</b>	1,957	3.2%
Cargo	<b>269</b>	300	-10.2%
Others	<b>81</b>	101	-19.9%
Total Operating Costs	<b>-2,330</b>	-2,305	1.1%
Fuel	<b>-721</b>	-686	5.2%
Ex-fuel	<b>-1,608</b>	-1,619	-0.7%
<b>Operating Income</b>	<b>40</b>	53	-23.7%
Operating Margin	<b>1.7%</b>	2.2%	-0.5 p.p.
<b>Net Income</b>	<b>-63</b>	-208	-69.8%
EBITDA	<b>392</b>	390	0.5%
EBITDA Margin	<b>16.5%</b>	16.5%	0.0 p.p.

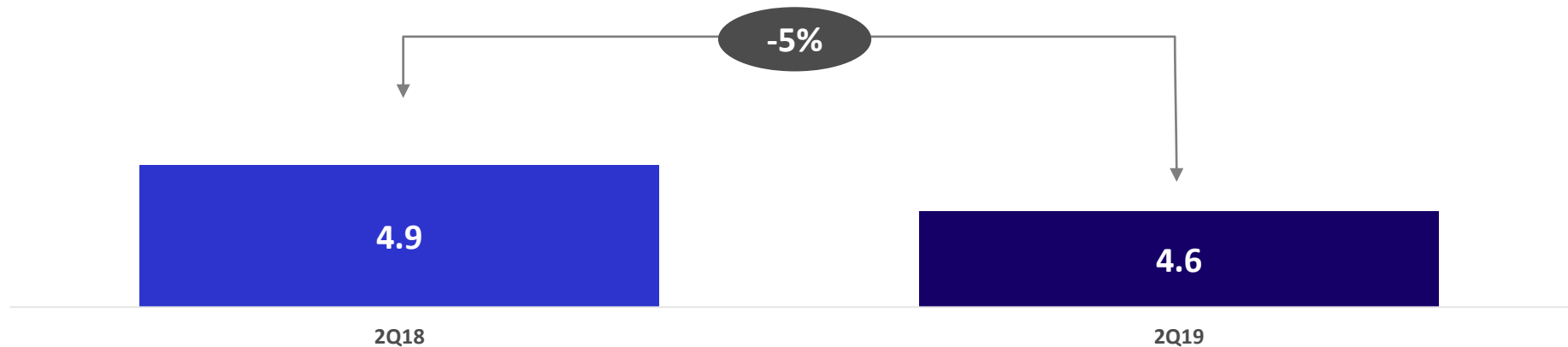
## Second Quarter 2019 Operating Statistics

% YoY	System Capacity	Capacity (ASK)	Traffic (RPK)	Load Factor	RASK/RATK (USc) <sup>1</sup> (% YoY)
International (Long Haul & Regional)		+3.3%	+6.0%	86.1% (+2.1 p.p.)	5.4 (-12.1%)
Domestic Brazil		+1.3%	+4.8%	79.9% (+2.7 p.p.)	6.7 (+18.7%)
SSC Domestic		+16.4%	+15.2%	79.5% (-0.8 p.p.)	6.5 (-7.3%)
Passenger		+4.8%	+7.1%	83.3% (+1.8 p.p.)	5.8 (-1.5%)
Cargo <sup>2</sup>		-1.6%	+0.8%	55.8% (+1.3 p.p.)	17.7 (-2.2%)

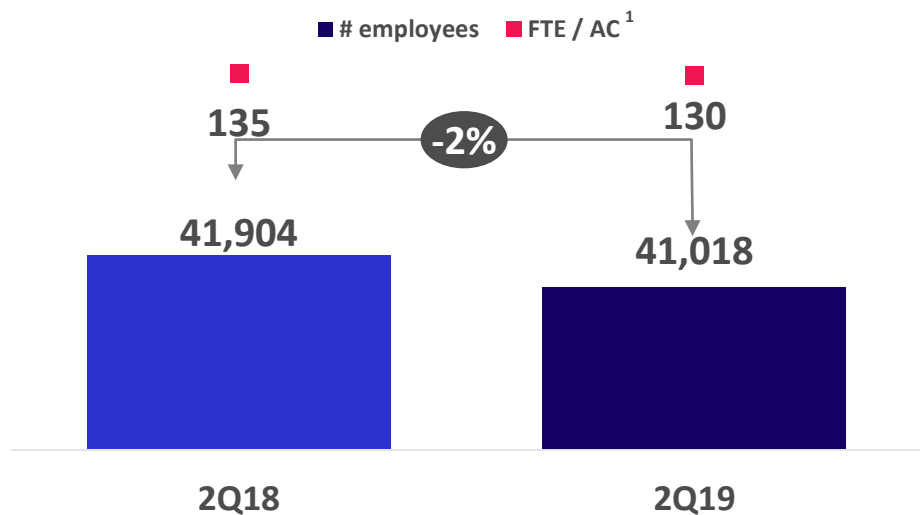
BRL  
2Q19: +29.5%

# Delivering on cost initiatives to enhance operational performance

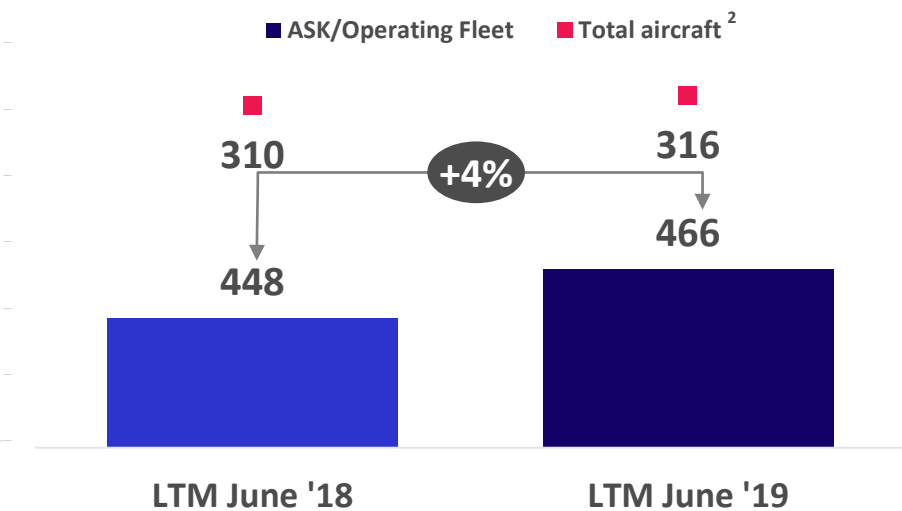
## CASK Ex-fuel evolution (US\$ cents)






## Reduction in the Number of Employees



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



# Guidance 2019

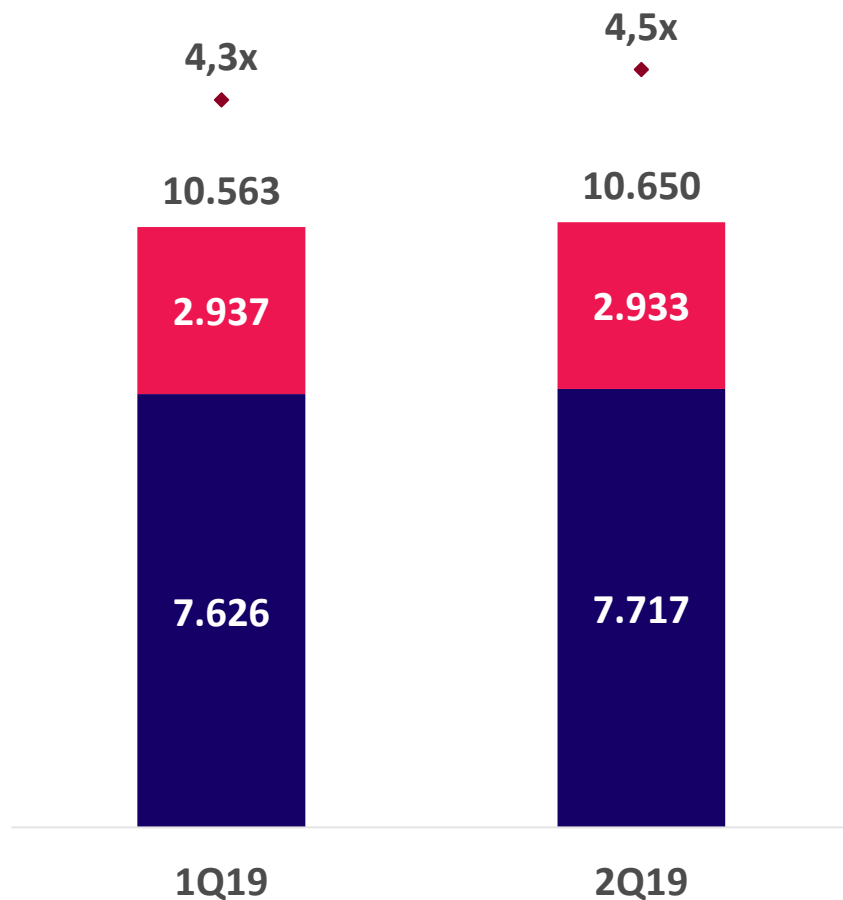
		Previous Guidance	New Guidance	
<div>Passengers (ASK) </div>	International	3% - 5%	0% - 2%	↓
	Domestic Brazil	2% - 4%	5% - 7%	↑
	Domestic Spanish-speaking countries	8% - 10%	8% - 10%	
	Total	4% - 6%	3% - 5%	↓
<div>Cargo (ATK) </div>		1% - 3%	0% - 2%	↓
<div>Operating Margin (%) </div>		7% - 9%	7% - 9%	

# Current Financial Situation

## Financial Debt and Leverage

■ Financial Debt (US\$ million) ■ On Balance Leases (IFRS 16)

◆ Net Debt / EBITDA LTM

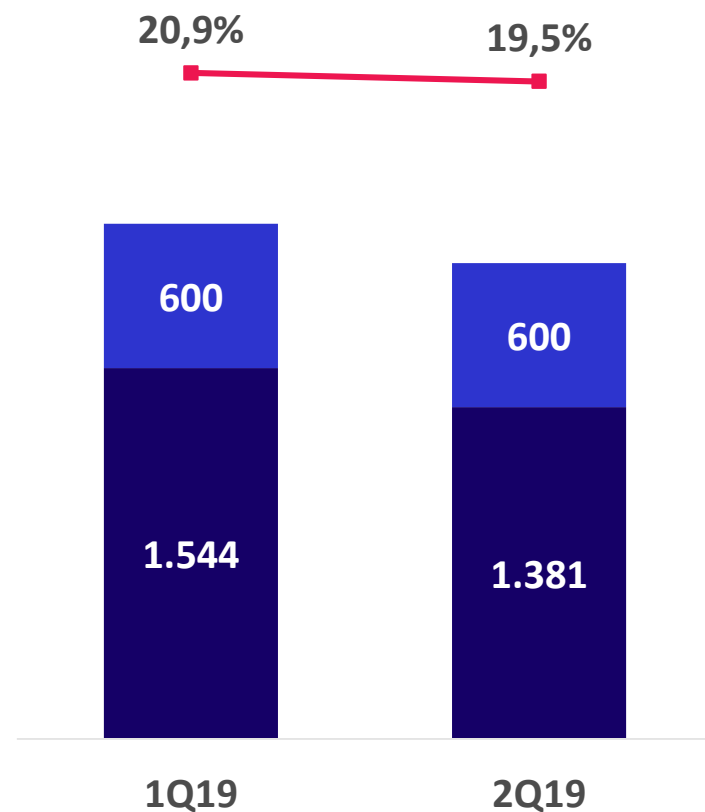


## Liquidity

■ RCF (US\$ million)

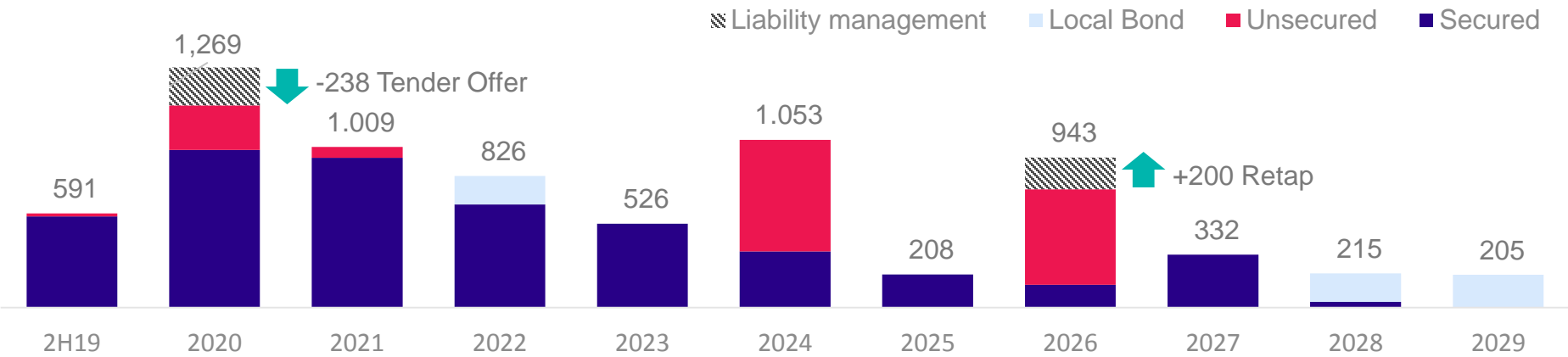
■ Cash and Equivalents (US\$ million)

— Liquidity<sup>1</sup>

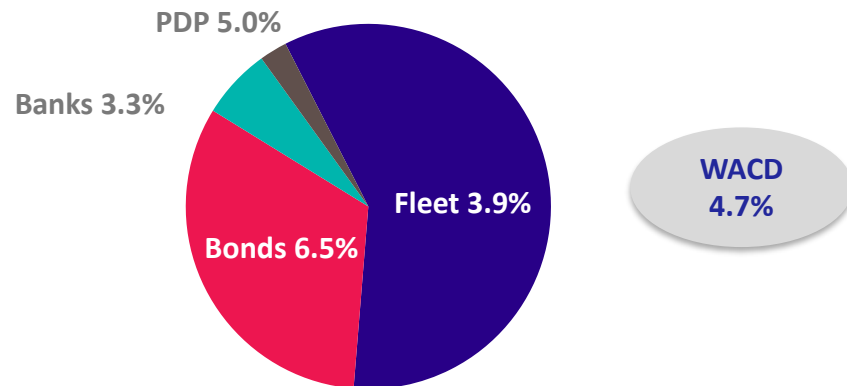


# Proactively reshaping our debt profile

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



## Debt type as of June 30, 2019



## Rating agencies

MOODY'S	Ba3
S&P Global Ratings	BB-
Fitch Ratings	BB-  July 10, 2019

# 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



8 retrofitted aircraft already in operation

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



- **+30** million members
- **4<sup>th</sup>** Largest FFP in the world
- Unified value proposition
- Revenue management

## Worldwide recognition

**Best Airline in South  
America**

**Best on-time  
performance**



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



"Most punctual airline  
group in the world<sup>1</sup>"

# Key takeaways

**1**

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

**2**

**Delivered improving and 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**



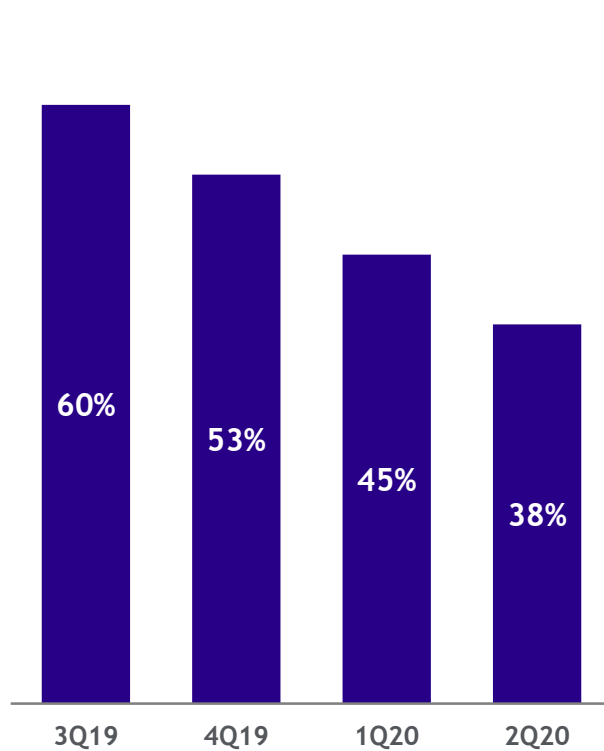




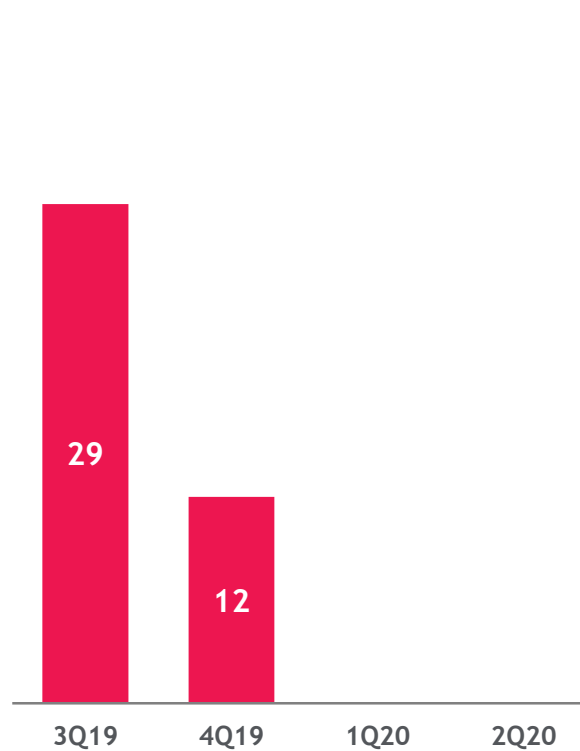
**Exhibits**

# Financial hedging strategy to protect medium term operational margin

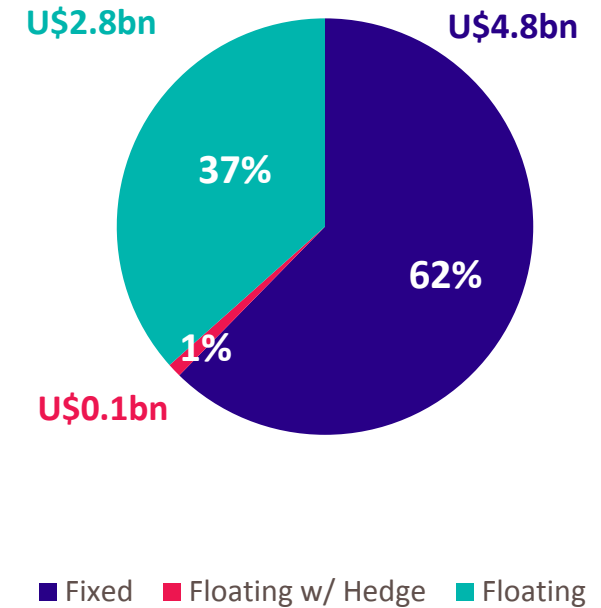
Fuel Hedge (% consumption)<sup>1</sup>



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



Reduced exposure to floating rates<sup>2</sup>

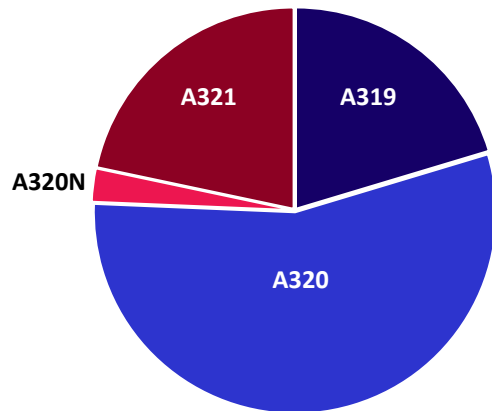


# 316<sup>1</sup> aircraft operating fleet with an average age of ~9,0 years

## Narrow body: 233

Owned<sup>2</sup>: 161 aircraft

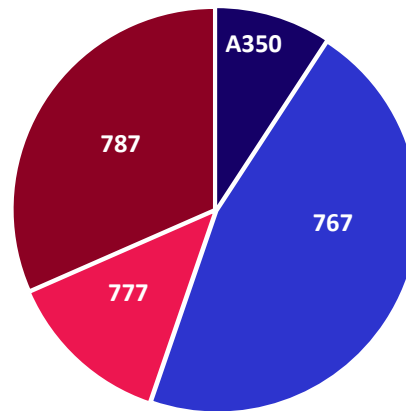
Leases<sup>3</sup>: 72 aircraft



## Wide body (PAX): 74

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

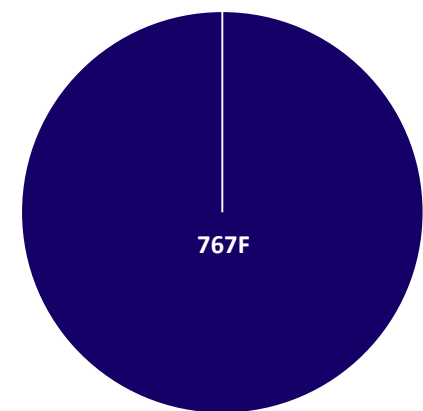
Leases<sup>3</sup>: 25 aircraft



## Wide body (Cargo): 9

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

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



# First Half 2019 Financial Summary

(US\$ Millions)	1H19	1H18	Change
Total Operating Revenues	<b>4,895</b>	5,088	-3.8%
Passenger	<b>4,188</b>	4,275	-2.0%
Cargo	<b>533</b>	596	-10.5%
Others	<b>175</b>	218	-19.7%
Total Operating Costs	<b>-4,773</b>	-4,765	0.2%
Fuel	<b>-1,468</b>	-1,403	4.6%
Ex-fuel	<b>-3,305</b>	-3,361	-1.7%
<b>Operating Income</b>	<b>122</b>	323	-62.1%
Operating Margin	<b>2.5%</b>	6.4%	-3.9 p.p.
<b>Net Income</b>	<b>-123</b>	-116	6.3%
EBITDA	<b>826</b>	1,009	-18.2%
EBITDA Margin	<b>16.9%</b>	19.8%	-2,9 p.p.



**Thank you!**