



— LATAM AIRLINES GROUP —

# Second Quarter 2012 Results Presentation

August 13, 2012

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*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, 2011.*

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# LATAM Airlines Group: Highlights 2Q 2012

(US\$ million)	LATAM	LAN	TAM 8 days
<b>Total Revenues</b>	<b>1,584</b>	<b>1,445</b>	<b>140</b>
Passenger Revenues	1,159	1,027	132
Cargo Revenues	390	382	8
<b>Total Operating Expenses</b>	<b>-1,561</b>	<b>-1,408</b>	<b>-154</b>
<b>Operating Income</b>	<b>23</b>	<b>37</b>	<b>-14</b>
Operating Margin	1.5%	2.6%	-9.9%
<b>Net Income</b>	<b>50</b>	<b>5</b>	<b>46</b>
<b>EBITDAR *</b>	<b>188</b>	<b>188</b>	<b>0</b>
EBITDAR Margin	11.9%	13.0%	0.3%

- LATAM Airlines Group 2Q 2012 results include LAN's results for the full quarter and TAM's results for June 23 through June 30, 2012.
- LATAM Airlines Group recorded Net Income of US\$50 million.

\* EBITDAR = Operating income + depreciation & amortization + aircraft rentals

# LAN Airlines: Highlights 2Q 2012

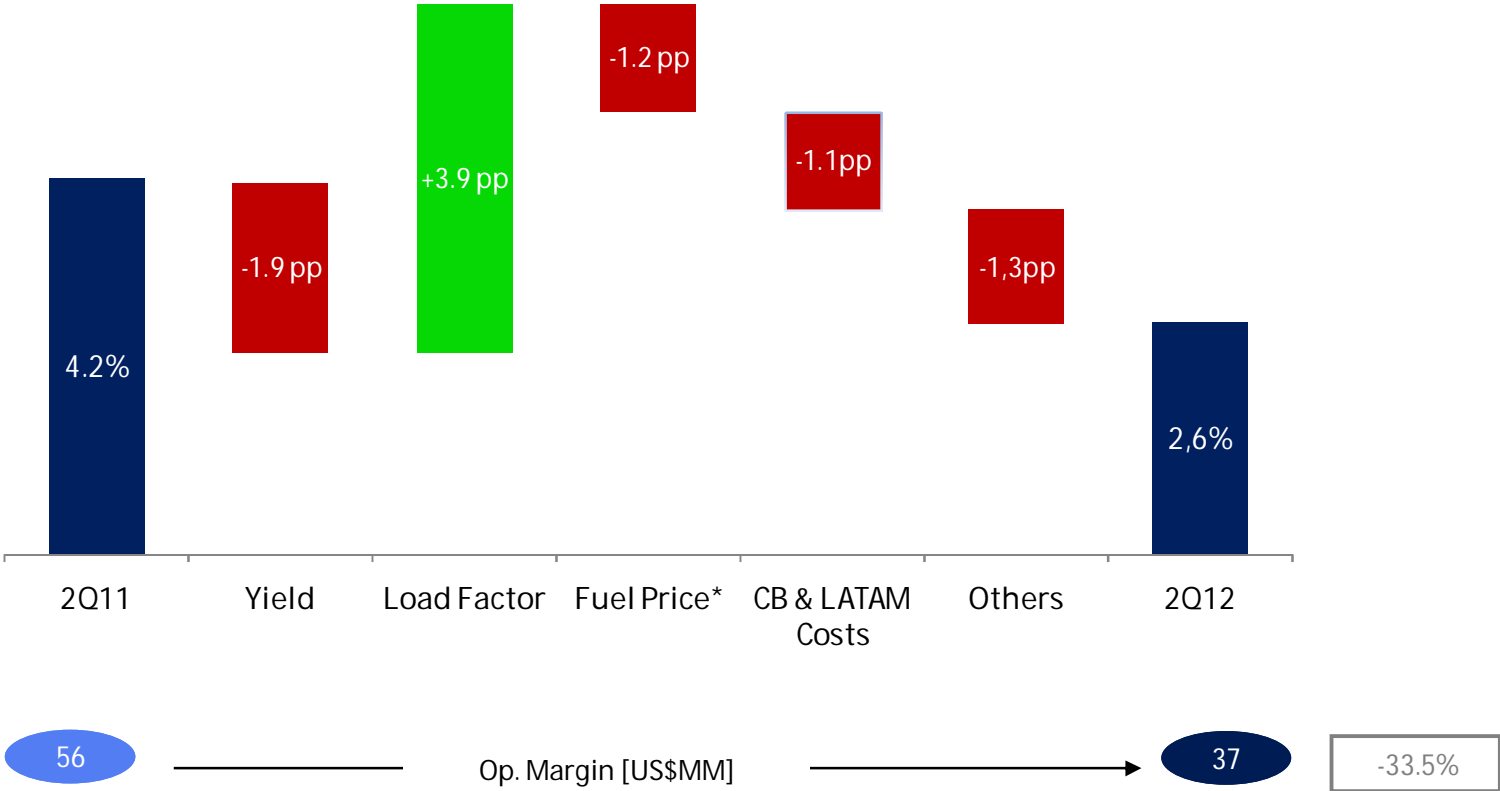
(US\$ million)	2Q 2011	2Q 2012	% Change (YoY)
<b>Total Revenues</b>	<b>1,332</b>	<b>1,445</b>	<b>8.5%</b>
Passenger Revenues	897	1,027	14.4%
Cargo Revenues	406	382	-6.0%
<b>Total Operating Expenses</b>	<b>-1,276</b>	<b>-1,408</b>	<b>10.3%</b>
<b>Operating Income</b>	<b>56</b>	<b>37</b>	<b>-33.5%</b>
Operating Margin	4.2%	2.6%	-1.6 pp
<b>Net Income</b>	<b>16</b>	<b>5</b>	<b>-67.5%</b>
<b>EBITDAR *</b>	<b>200</b>	<b>188</b>	<b>-6.2%</b>
EBITDAR Margin	15.0%	13.0%	-2.0pp

- 2Q 2012 show strong passenger demand, with a 4.5 point increase in load factor.
- Operating margin impacted by weaker cargo demand and the ongoing development of LAN Colombia domestic operations.
- 2Q 2012 results also include one-time costs of US\$7.1 million related to certain collective bargaining process and US\$9.2 million related to the business combination with TAM.

\* EBITDAR = Operating income + depreciation & amortization + aircraft rentals

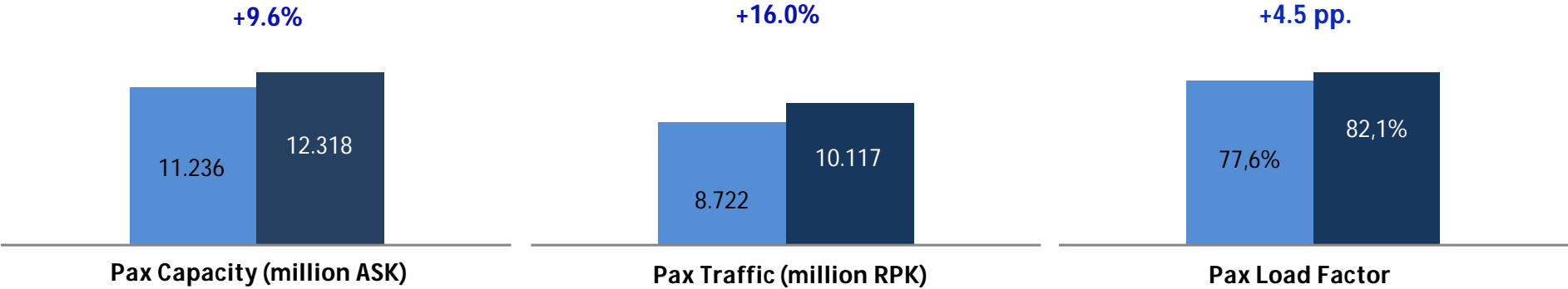
# LAN Airlines: Operating Margin Analysis

Operating Margin (%)



\* Includes fuel hedges

# LAN Airlines: Passenger Business – Revenue Increases 14%



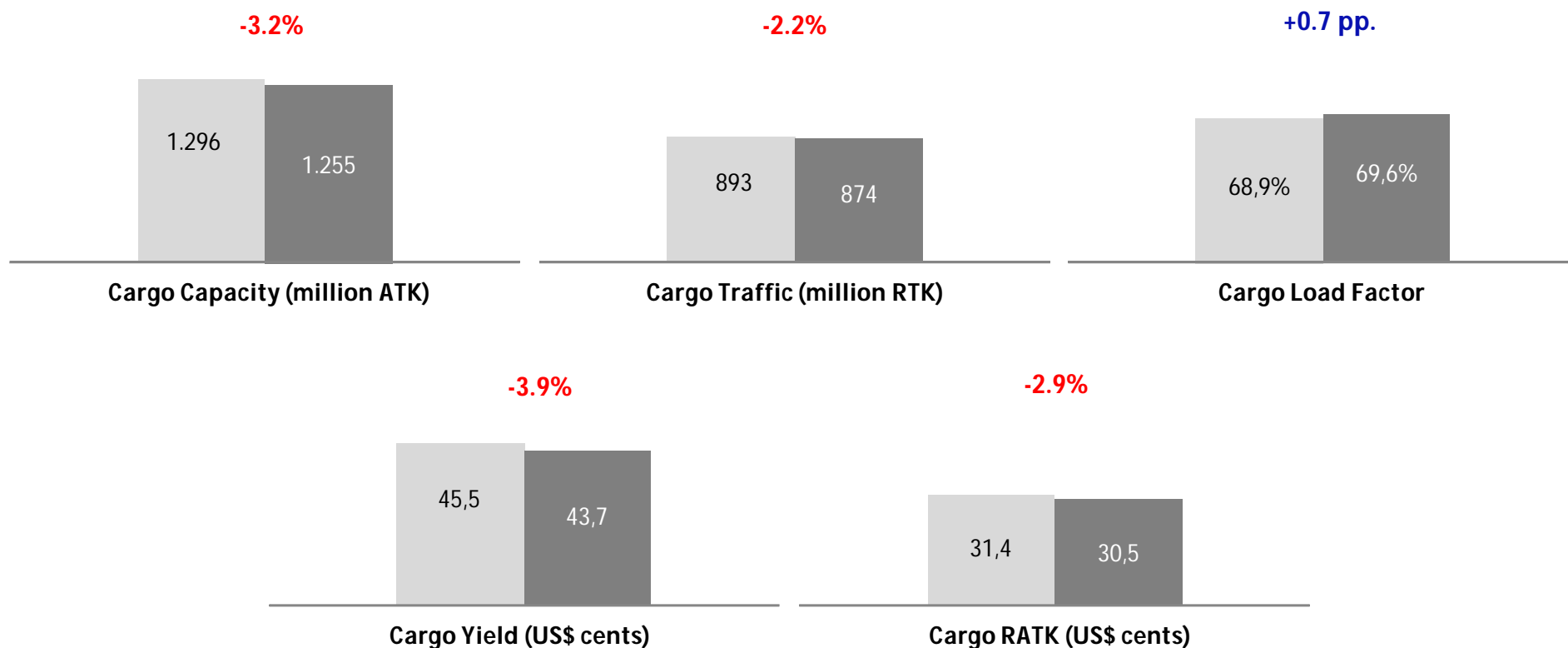
■ 2Q 2011  
■ 2Q 2012

# LAN Airlines: Diversified Passenger Capacity Growth



■ 2Q 2011  
 ■ 2Q 2012

# LAN Airlines: Cargo Business – Revenue Decreases 6%



■ 2Q 2011  
■ 2Q 2012



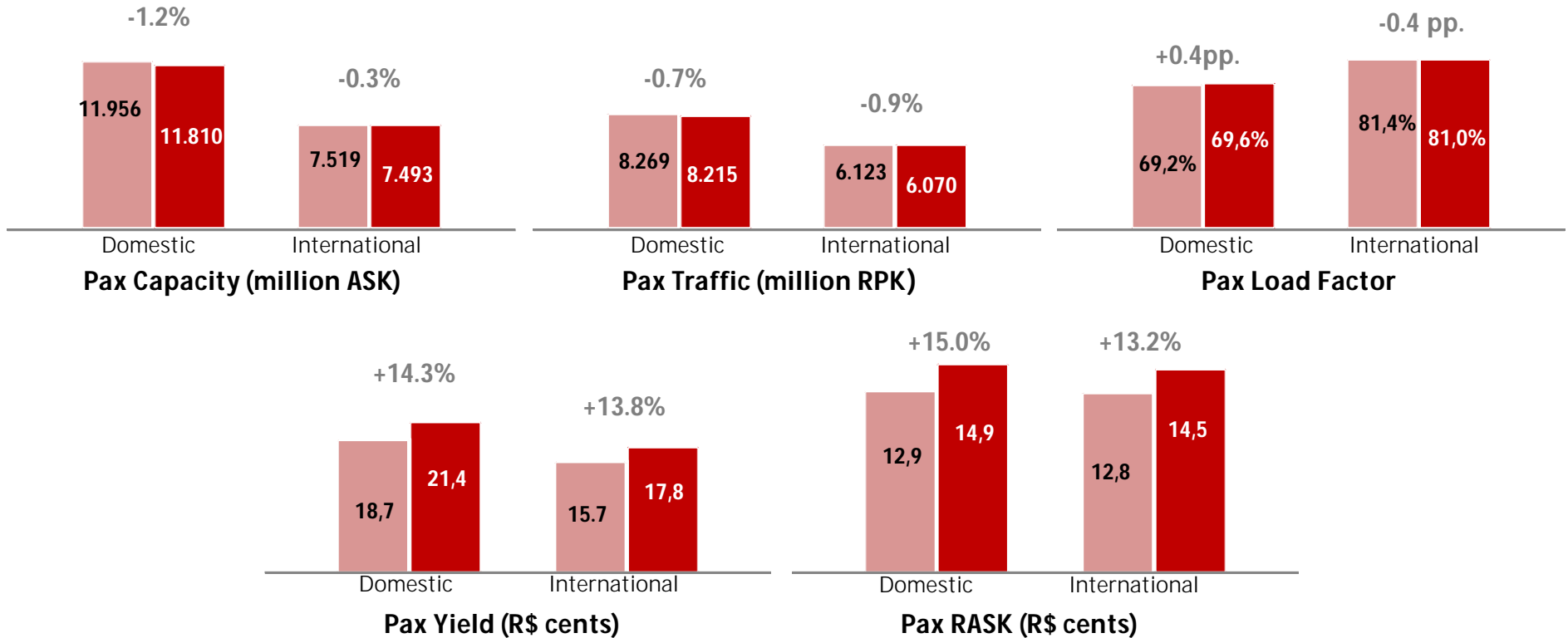
# TAM: Highlights 2Q 2012

(R\$ million)	2Q 2011	2Q 2012	% Change (YoY)
<b>Total Revenues</b>	<b>3,053</b>	<b>3,231</b>	<b>5.8%</b>
Passenger Revenues	2,506	2,838	13.3%
Cargo Revenues	282	189	-33.1%
<b>Total Operating Expenses</b>	<b>-3,044</b>	<b>-3,515</b>	<b>15.5%</b>
<b>Operating Income</b>	<b>9</b>	<b>-284</b>	<b>-3317.0%</b>
Operating Margin	0.3%	-8.8%	-9.1 pp
<b>Net Income</b>	<b>60</b>	<b>-928</b>	<b>-1640.1%</b>
<b>EBITDAR *</b>	<b>287</b>	<b>30</b>	<b>-89.6%</b>
EBITDAR Margin	9.4%	0.9%	-8.5 pp

- 2Q 2012 results impacted by the 23% depreciation of the Brazilian real and a decrease on consolidated revenues from Multiplus.
- Non-operating results reflect a foreign exchange loss of R\$845.9 million, and the negative mark-to-market of fuel hedging derivatives in the amount of R\$93.6 million.

\* EBITDAR = Operating income + depreciation & amortization + aircraft rentals

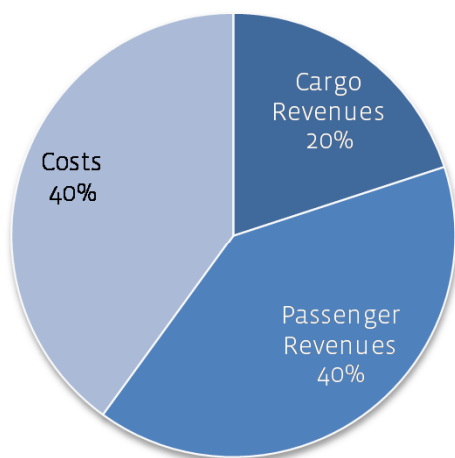
# TAM: Passenger Business – Revenue Increases 13%



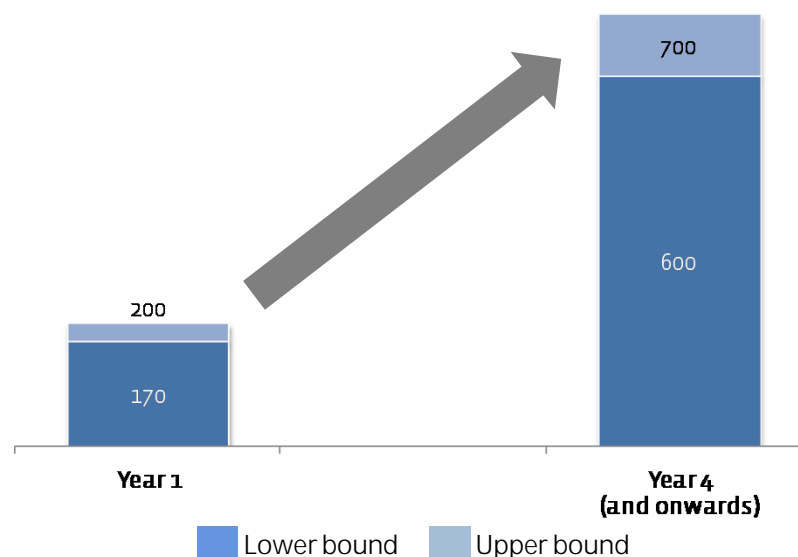
2Q 2011  
 2Q 2012

# Estimated US\$600 – 700 Million in Synergies

## Synergy Breakdown



## Synergy Schedule (US\$ millions)



- Estimated annual synergies of **US\$600 to US\$700 million**, expected to be fully achieved beginning four years after the business combination.
- **US\$170 to US\$200 million** may be achieved within the first year after the business combination.
- One-time costs of approximately **US\$200 million**.

# Synergy Update

## International Passenger Operations

- ➔ Fare combinability
- ➔ Cross selling: offering our customers a single network in a one-stop shop
- ➔ Code shares on various international routes
- ➔ Frequent Flyer Programs

## Cargo Operations

- ➔ Integration of cargo operations
- ➔ Investment in cargo infrastructure in Brazil
- ➔ Integration of TAM belly capacity with LAN Cargo



**TAM**  
A STAR ALLIANCE MEMBER

1. NOVA BUSCA 2. VOO(S) 3. PASSAGEI

**PASSO 2 - SELECCIONA SEUS VOOS**

Selecione abaixo o voo e o preço. Para compras envolvendo Código Promocional, desconto já excluindo impostos e taxa(s). Todos os preços estão em R\$.

**I. Seleccione o(s) voo(s):**

**IDA**  
DE: SANTIAGO PARA: CONCEPCION - DOMINGO, 12 DE AGOSTO DE 2012

Busca pelas tarifas mais baratas

TARIFAS DE IDA COM PREÇO SIMILAR.

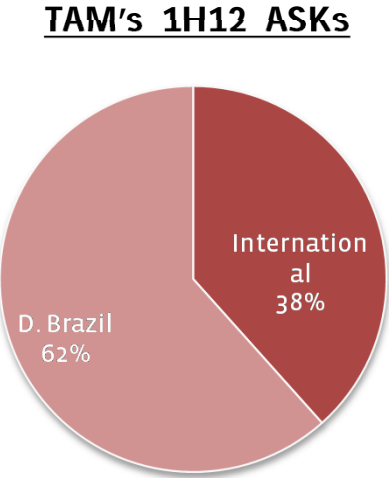
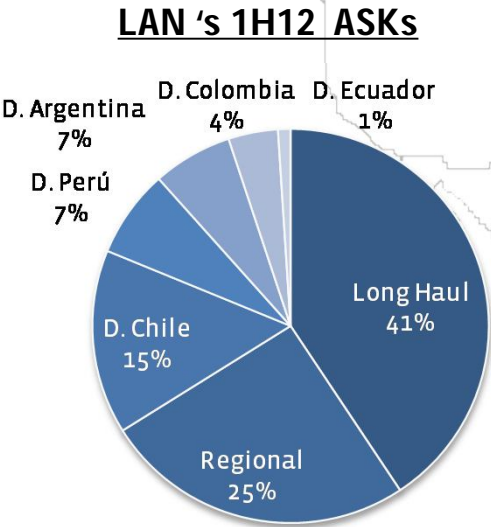
Esgotado	R\$ 432,95	R\$ 432,95	R\$ 432,95	R\$ 432,95
Sex 10 Ago	Sáb 11 Ago	Dom 12 Ago	Seg 13 Ago	Ter 14

**Voos Diretos**

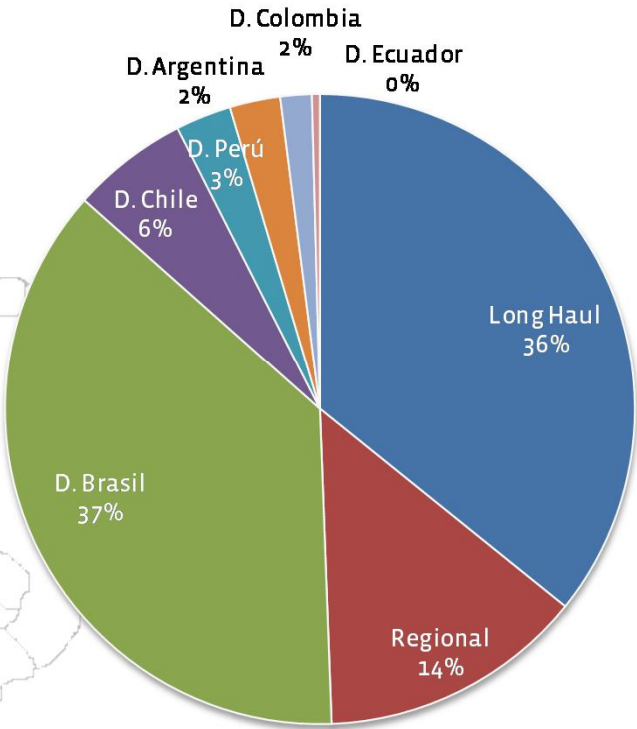
DE:	PARA:	VOO:	DURACÃO:
08:20 SCL	09:35 CCP	LA0205	1:15
Operado por: LANEXPRESS			
12:40 SCL	13:50 CCP	LA0209	1:10
Operado por: LANEXPRESS			
14:00 SCL	15:10 CCP		

Vuelos	Salida	Llegada	Duración	
<b>TAM LA 6035</b> → Boeing 777	22:35 (LHR)	10:35 (01 septiembre) (SCL)	17:00 hrs.	Agotado
Conexión en Sao Paulo				
<b>LAN LA 759</b> → Airbus 319				
<b>TAM LA 6035</b> → Boeing 777	22:35 (LHR)	12:40 (01 septiembre) (SCL)	19:05 hrs.	Agotado
Conexión en Sao Paulo				
<b>LAN LA 755</b> → Boeing 767				

# LATAM Airlines Group Passenger Capacity Diversification

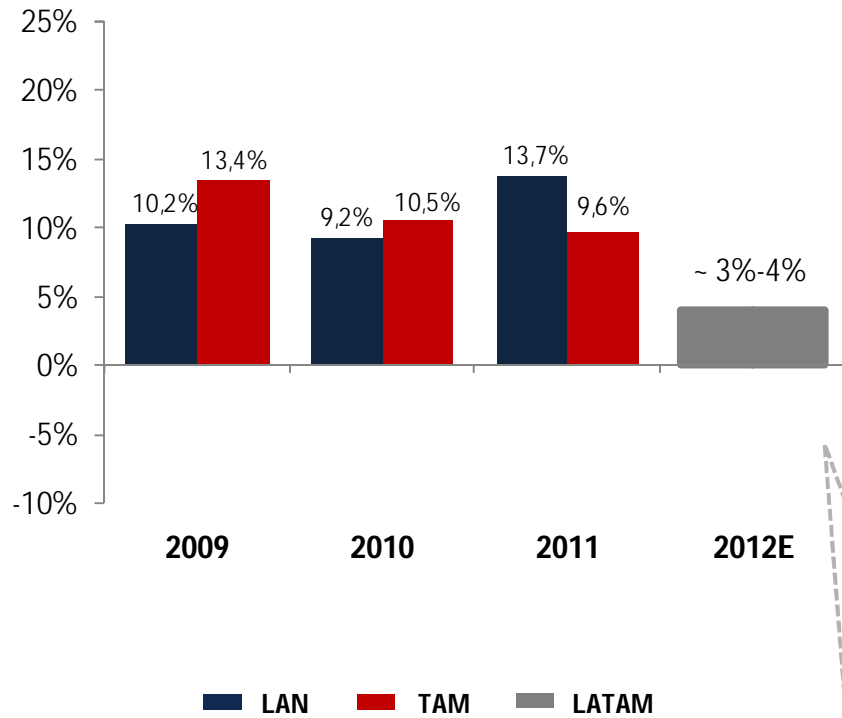


**LATAM Airlines Group ASK 1H 2012**



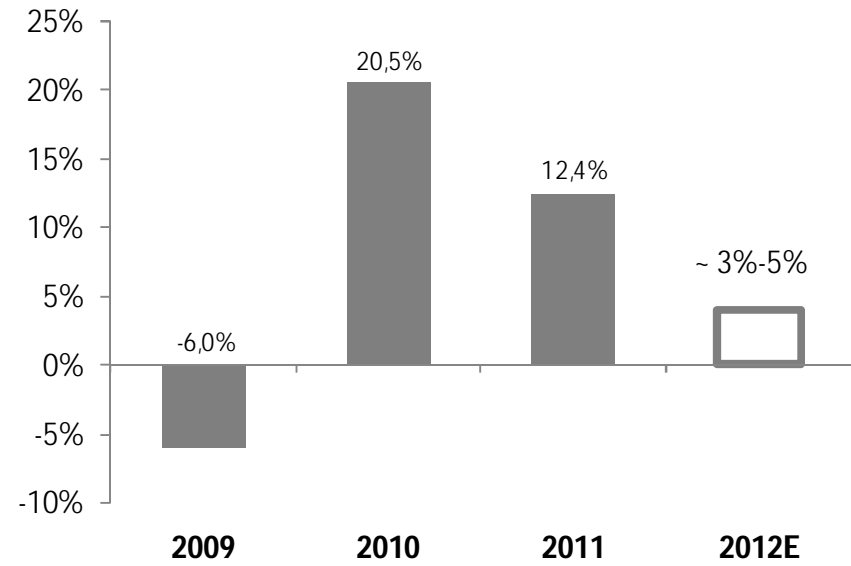
# 2012 Estimated Capacity Expansion

## LATAM Airlines Passenger ASK Growth



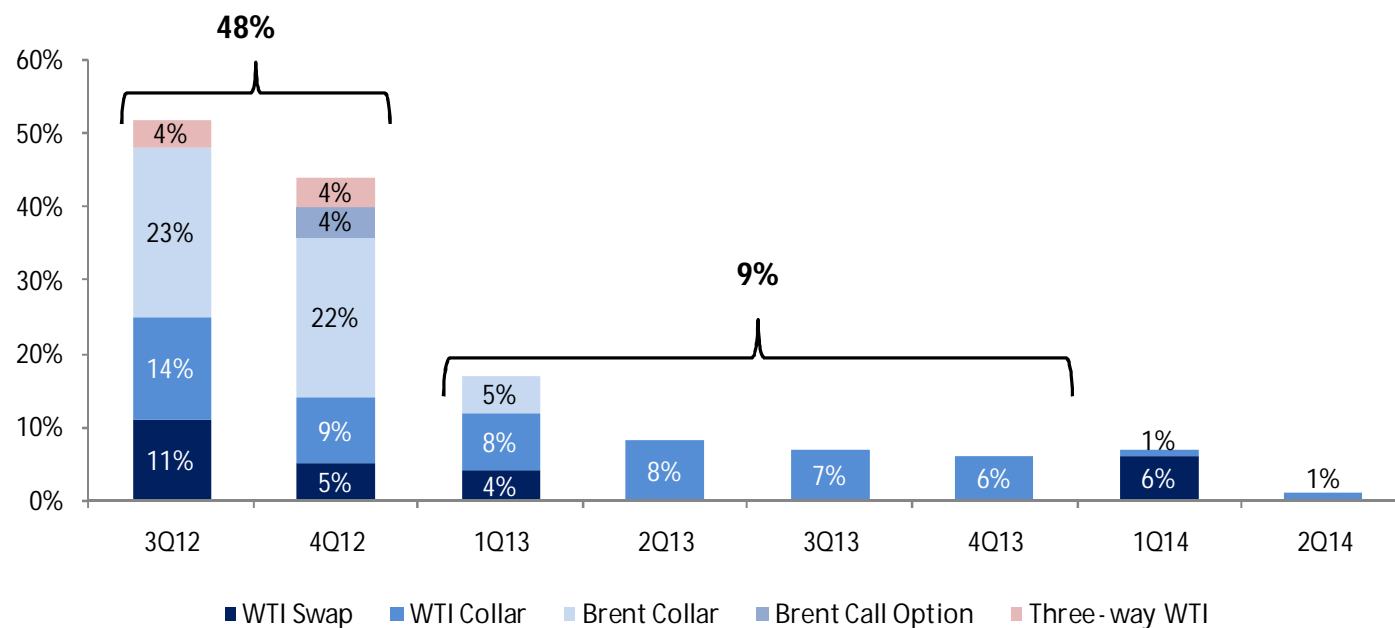
**Domestic Brazil ASKs**  
-2% ~ -3%

## Cargo ATK Growth (LAN only)



# LATAM Airlines Group Fuel Hedges

**LATAM Fuel Hedges**  
(% of consumption)

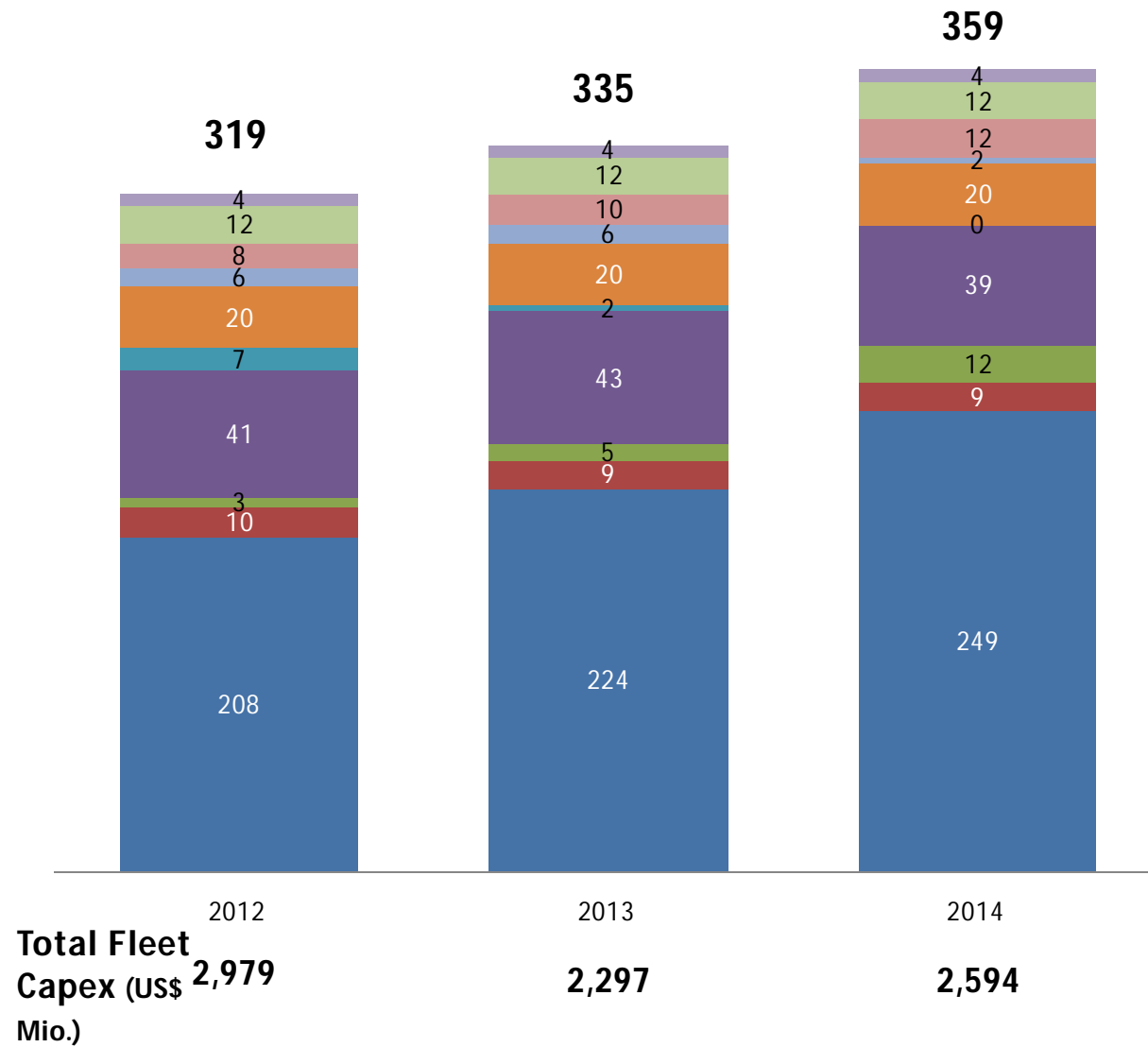


		3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
WTI Band	107@83	52%							
WTI Band	109@82		44%						
WTI Band	114@85			17%					
WTI Band	117@87				8%				
WTI Band	119@87					7%	6%		
WTI Band	110@80							7%	
WTI Band	93@80								1%

Note: hedging position as of July 9, 2012

\* Values are WTI equivalents (for actual Brent values it is necessary to add \$15.0)

# LATAM Airlines Group Fleet Plan 2012 - 2014



- Boeing 777-200F Cargo
- Boeing 767-300F Cargo
- Boeing 777-300 ER
- Boeing 737-700
- Airbus A330-200
- Airbus 340-300/500
- Boeing 767-300ER
- Boeing 787
- Dash 8-200
- Airbus A320 Fam







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