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Sustainability Indices**

In Collaboration with RobecoSAM

## Evercore ISI Global Airlines Symposium

New York, February 2020

# Leading group in air transport of passengers and cargo in Latin America

## Leading group of airlines in Latin America



**74 million** passengers carried in 2019



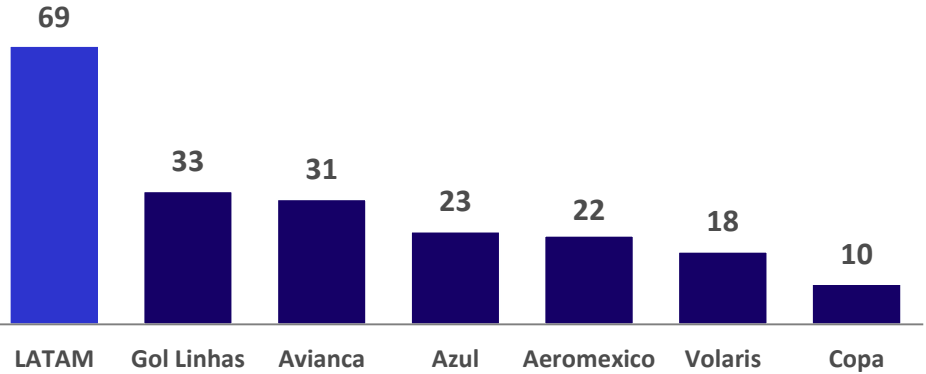
**Regional leader** in number of passengers carried



**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**



**Multiple Bilateral Agreements**

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

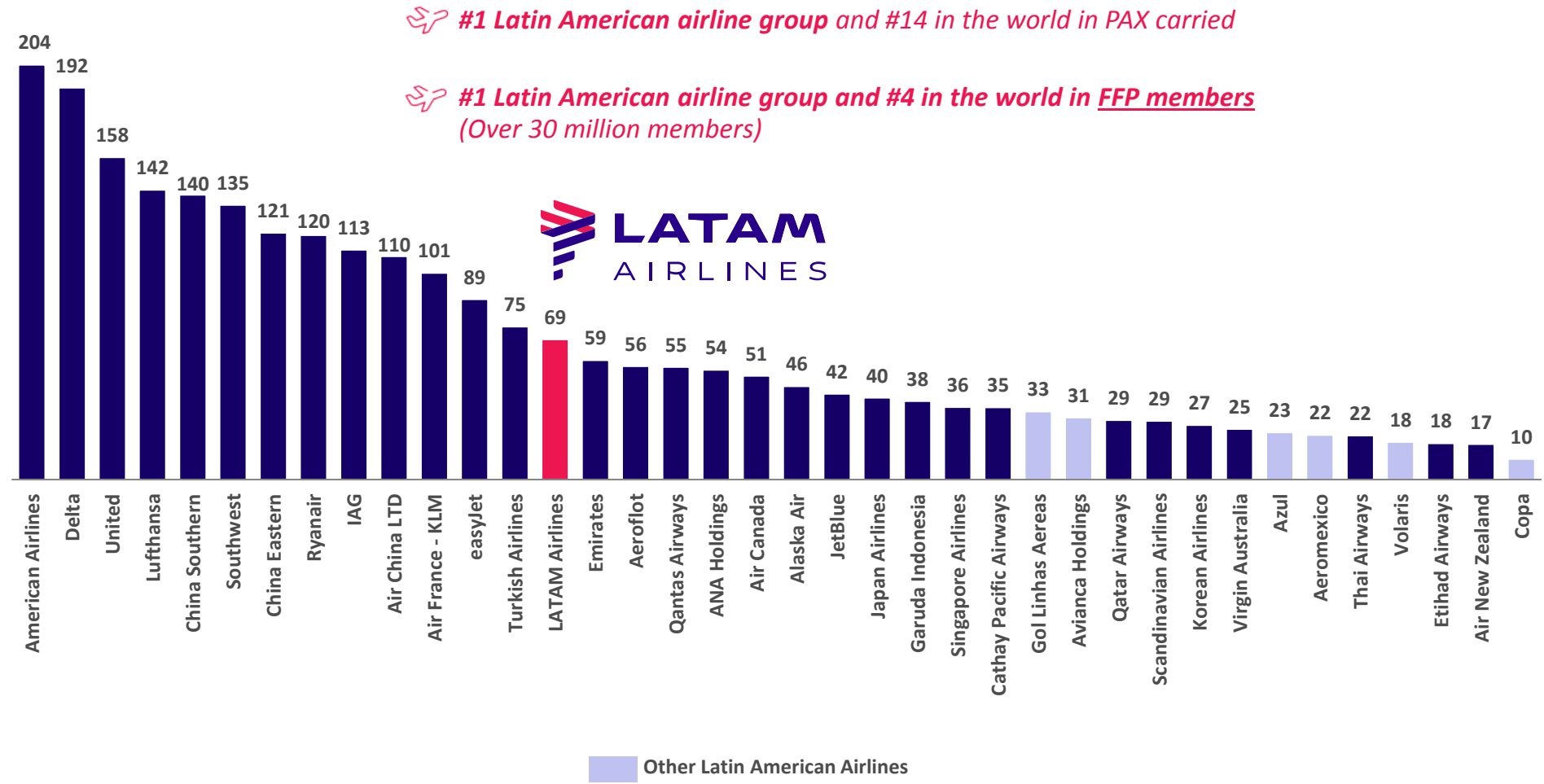


- Market Share<sup>2</sup>: 1° in Chile, Brazil and Peru, 2° in Argentina, Colombia and Ecuador
- Regional operations in South America and long-haul operations to 5 continents



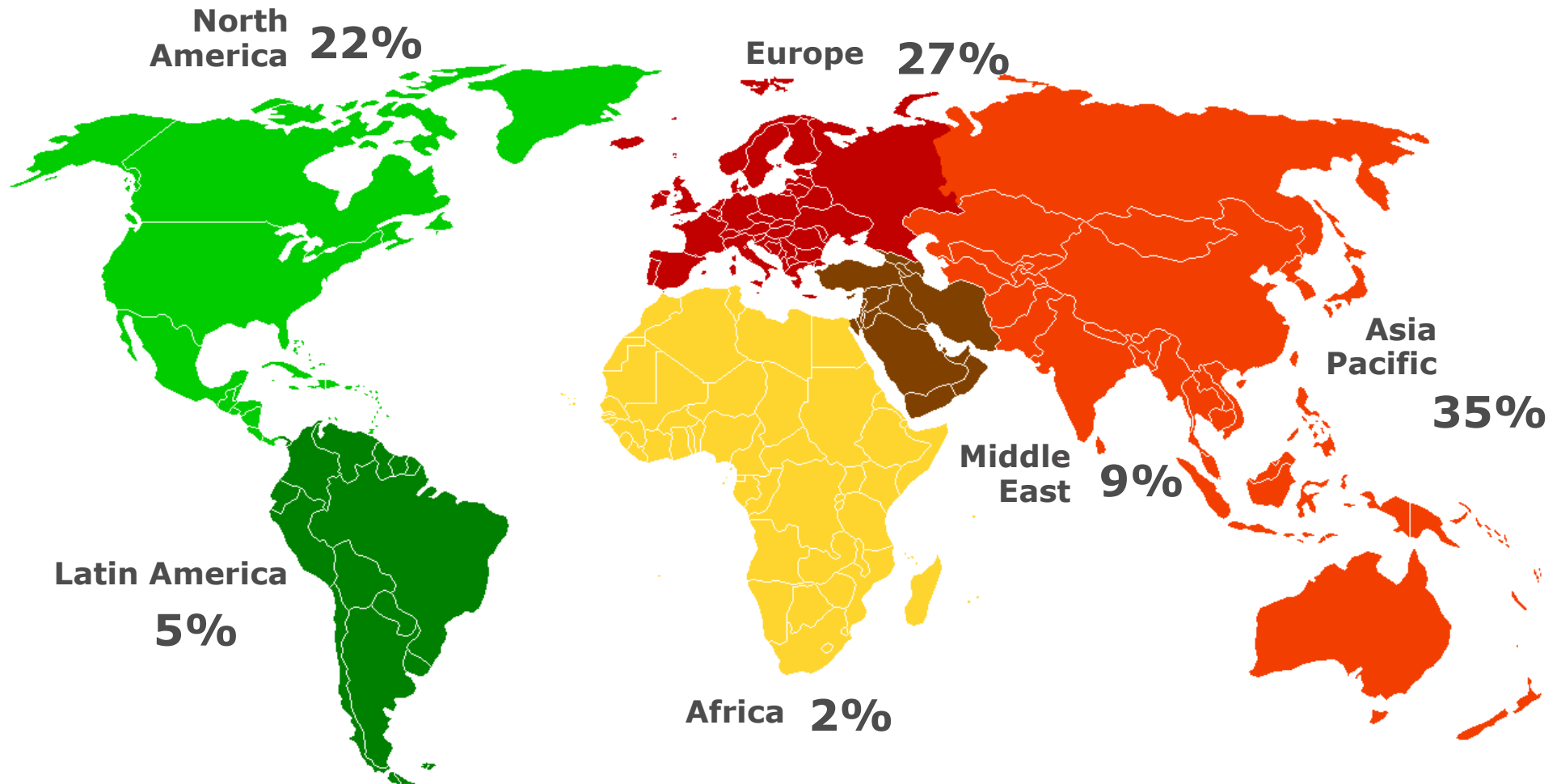
# LATAM is amongst the largest airline groups in the world

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



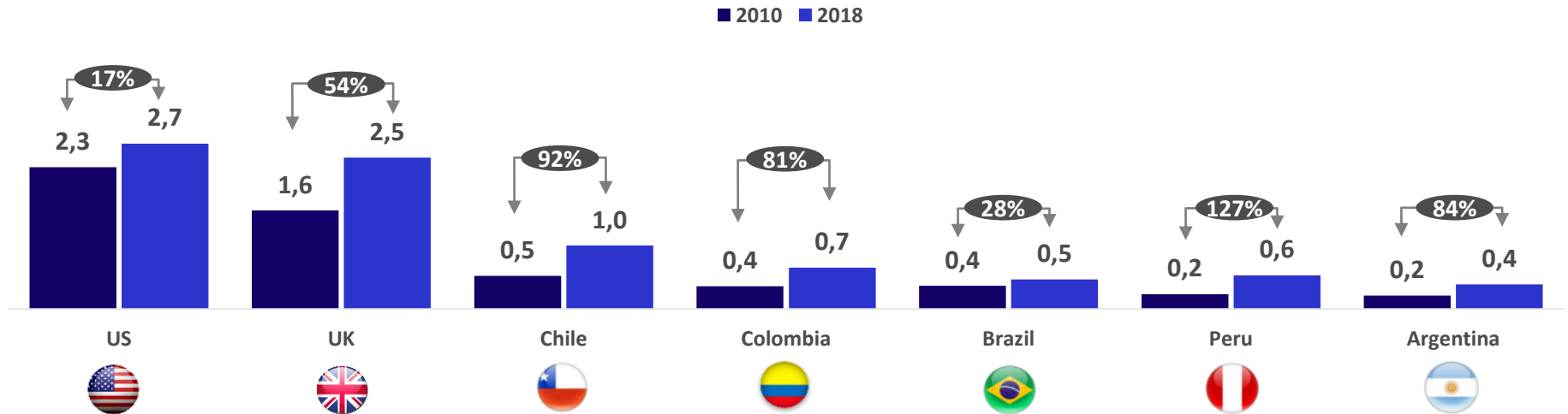
## Large region, little traffic

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

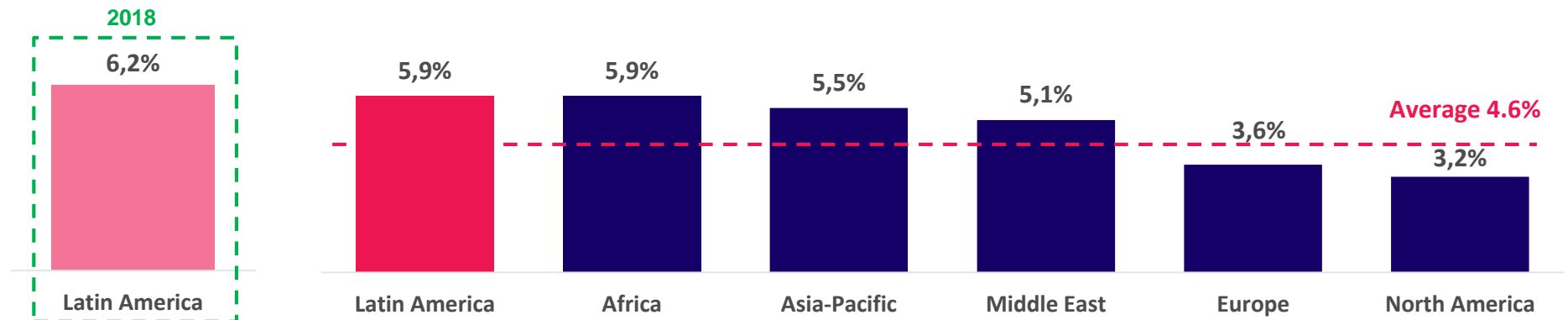


# LATAM is well positioned to capitalize on Latin America's growth potential

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



## RPKs growth 2019E – 2038E



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

## Market Share (%)



**LATAM**  
AIRLINES PERU

**66%**<sup>1</sup>

Market size 14mm

**LATAM**  
AIRLINES CHILE

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

Market size 15mm



**LATAM**  
AIRLINES COLOMBIA

**22%**<sup>2</sup>

Market size 29mm

**LATAM**  
AIRLINES BRAZIL

**39%**<sup>2</sup>

Market size 95mm

**LATAM**  
AIRLINES ECUADOR

**32%**<sup>3</sup>

Market size 3mm

**LATAM**  
AIRLINES ARGENTINA

**17%**<sup>1</sup>

Market size 16mm



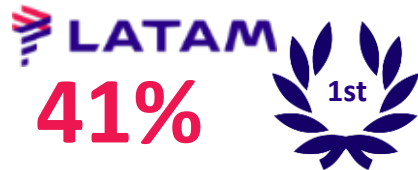
+5 mm  
passenger  
growth  
2019 vs 2018



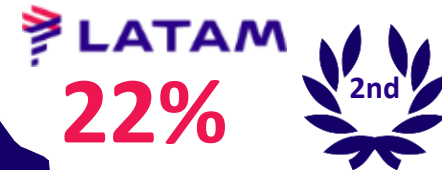
# International: Unparalleled network connecting Latin America

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

## Within South America



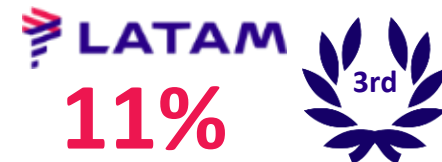
## South America - North America



## South America – Asia Pacific

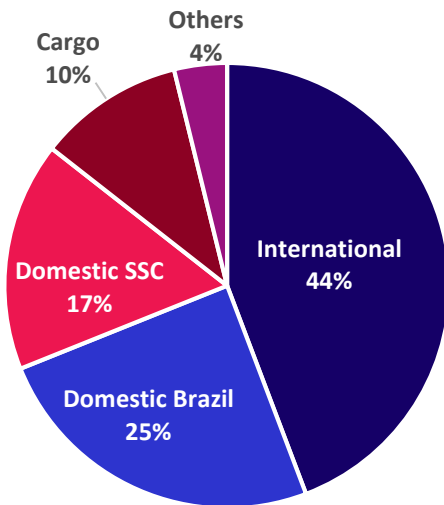


## South America – Europe



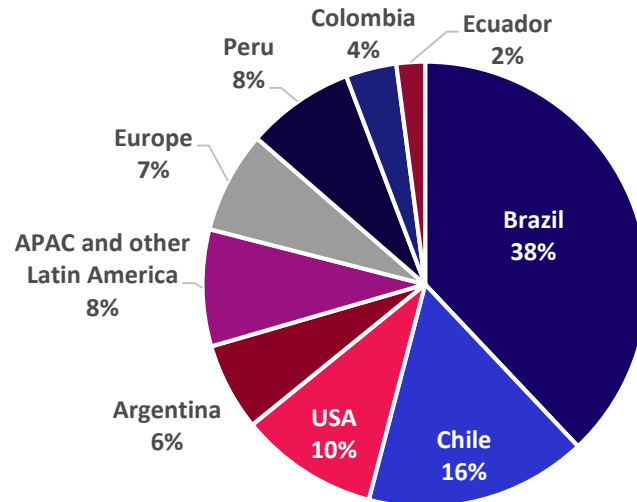
# Geographic diversification of LATAM Airlines Group and its subsidiaries

## LTM Revenue by Business Unit

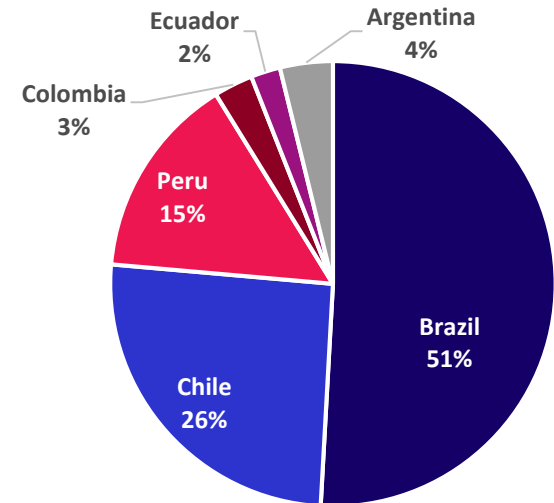


Total revenue = US\$ 10.3 bn

## LTM Revenue by Point of Sale



## LTM ASK by Country



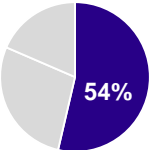
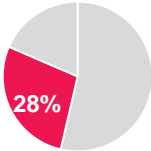
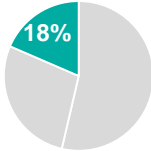
Total ASK = 147.9 bn



# Third Quarter 2019 Financial Summary

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

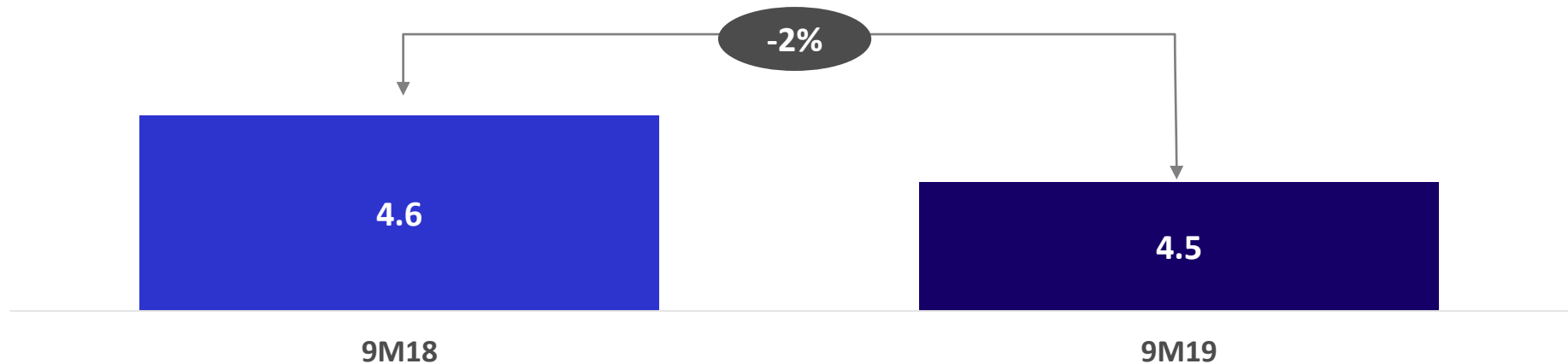
# Third Quarter 2019 Operating Statistics

% 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%)

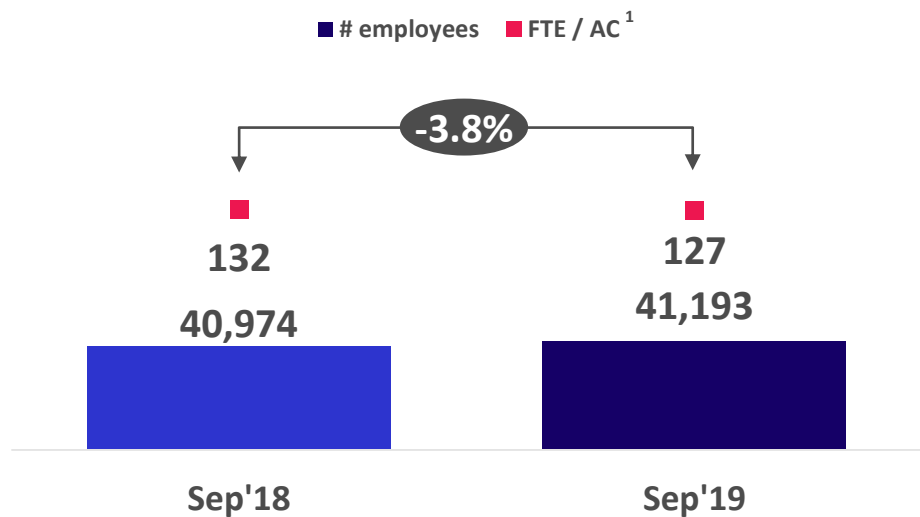
BRL  
3Q19: +24.3%

# Delivering on cost initiatives to enhance operational performance

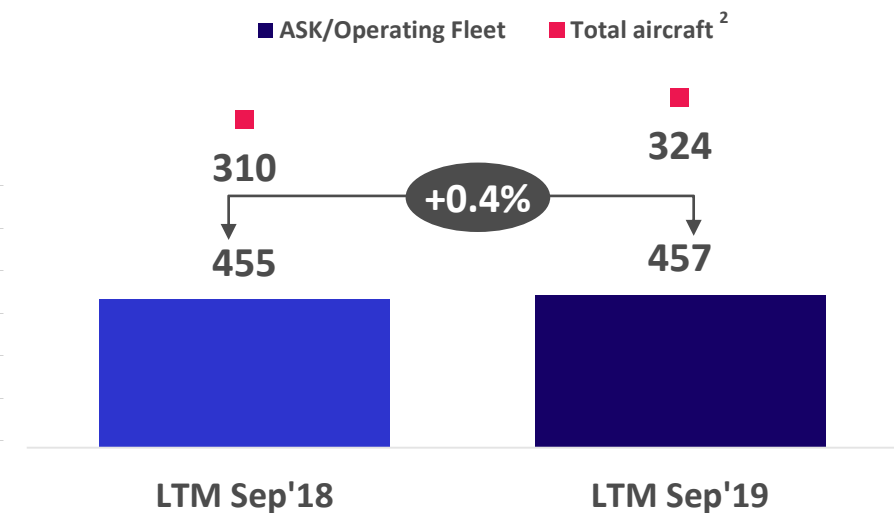
## CASK Ex-fuel evolution (US\$ cents)






## Number of Employees



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



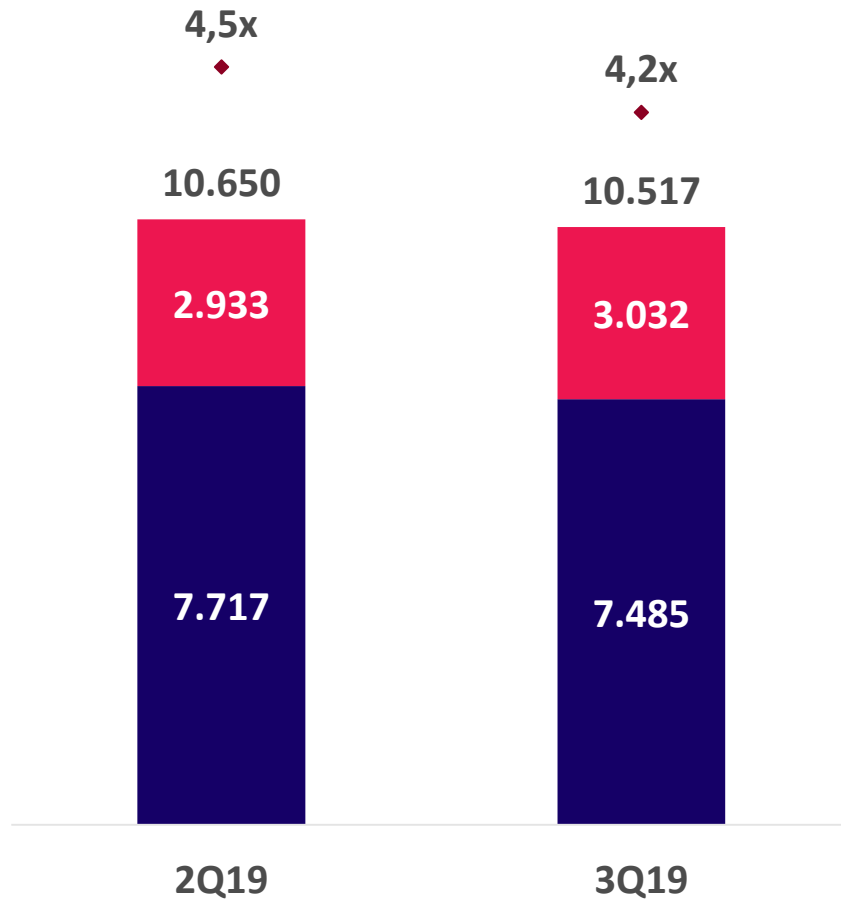
# Guidance 2020

		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

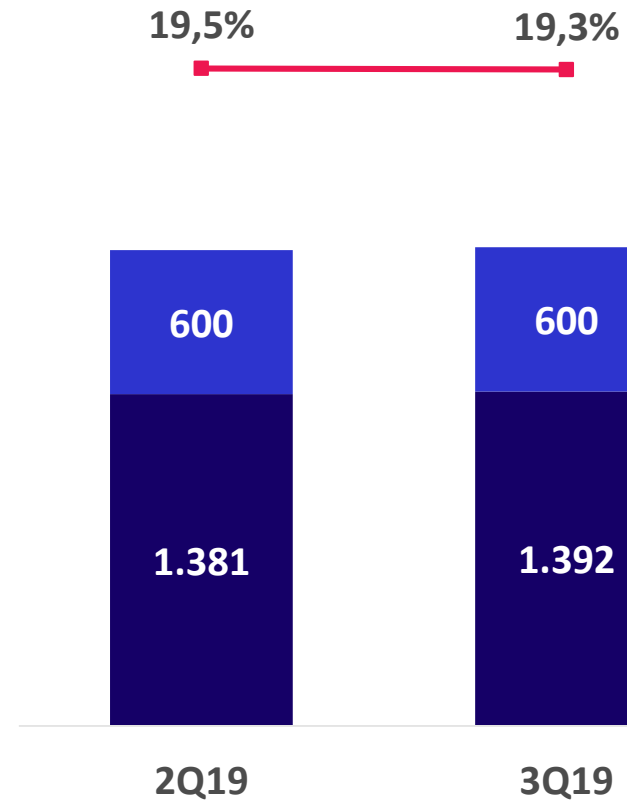
## Financial Debt and Leverage

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



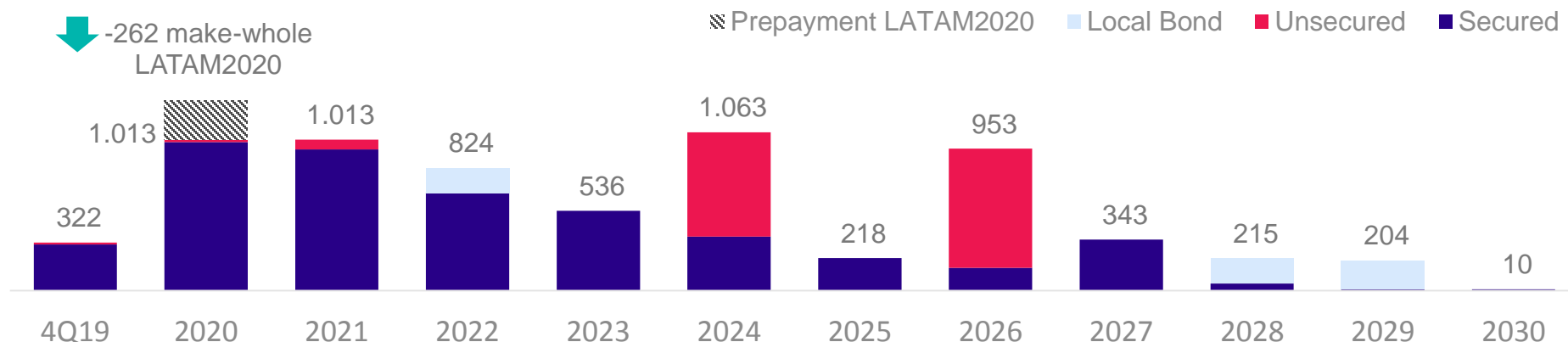
## Liquidity

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

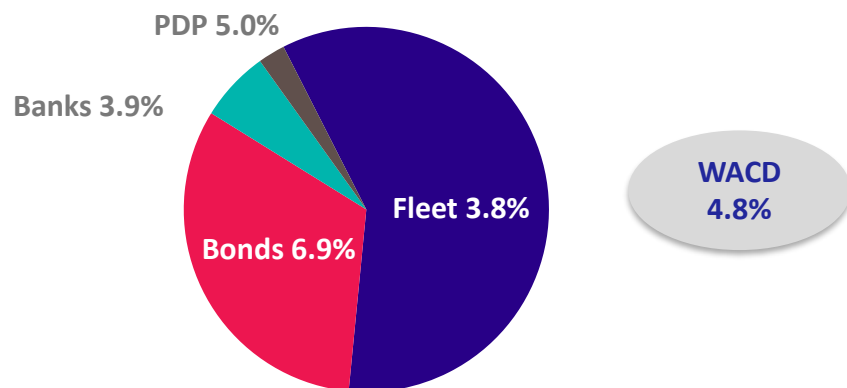


# Proactively reshaping our debt profile

## 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

MOODY'S

Ba3

S&P Global  
Ratings

BB-

Fitch  
Ratings

BB-



July 10, 2019

# 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

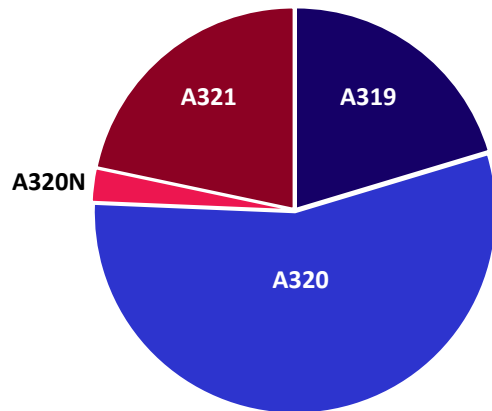
**Joint venture**, code sharing agreement and **\$350 million** from Delta to support transition costs for strategic partnership

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

## Narrow body: 241

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

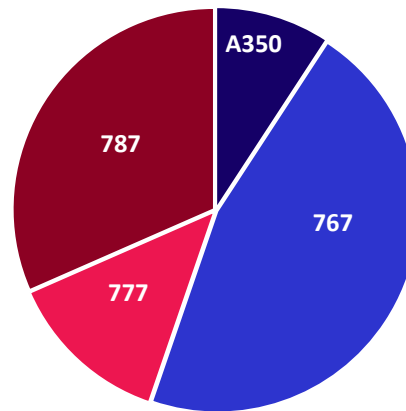
Leases<sup>3</sup>: 78 aircraft



## Wide body (PAX): 74

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

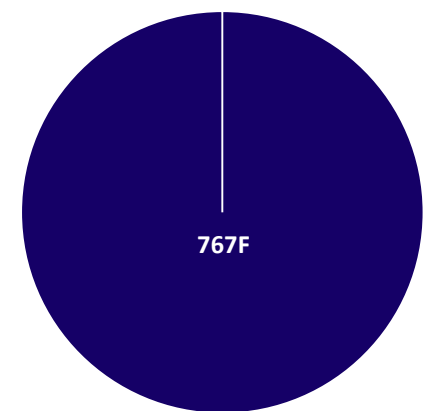
Leases<sup>3</sup>: 25 aircraft



## Wide body (Cargo): 9

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

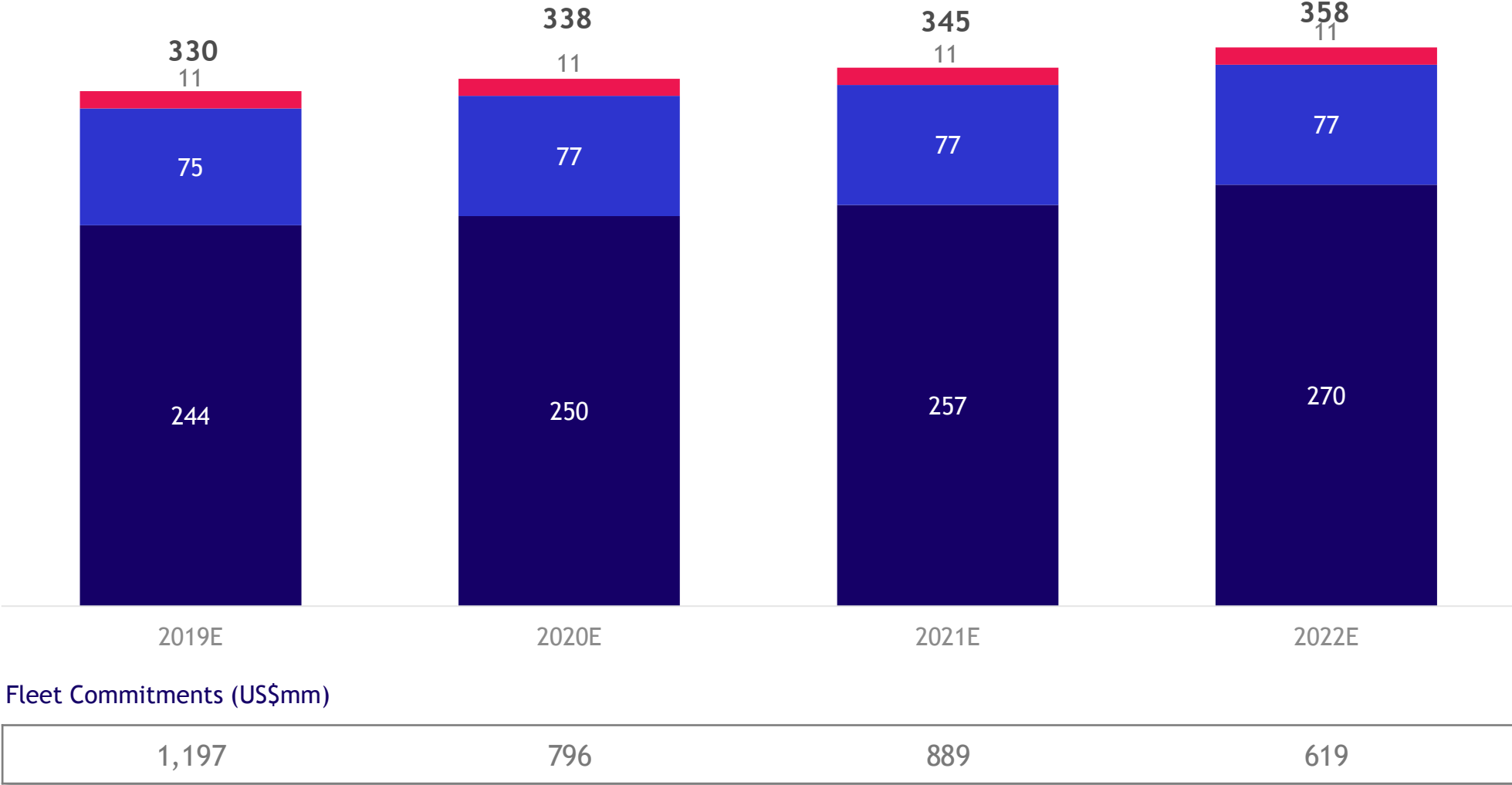
Leases<sup>3</sup>: 1 aircraft





# Fleet Plan 2019E-2022E

■ Narrow Body   ■ Wide Body   ■ Freighter



# 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)



- **+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  
“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**

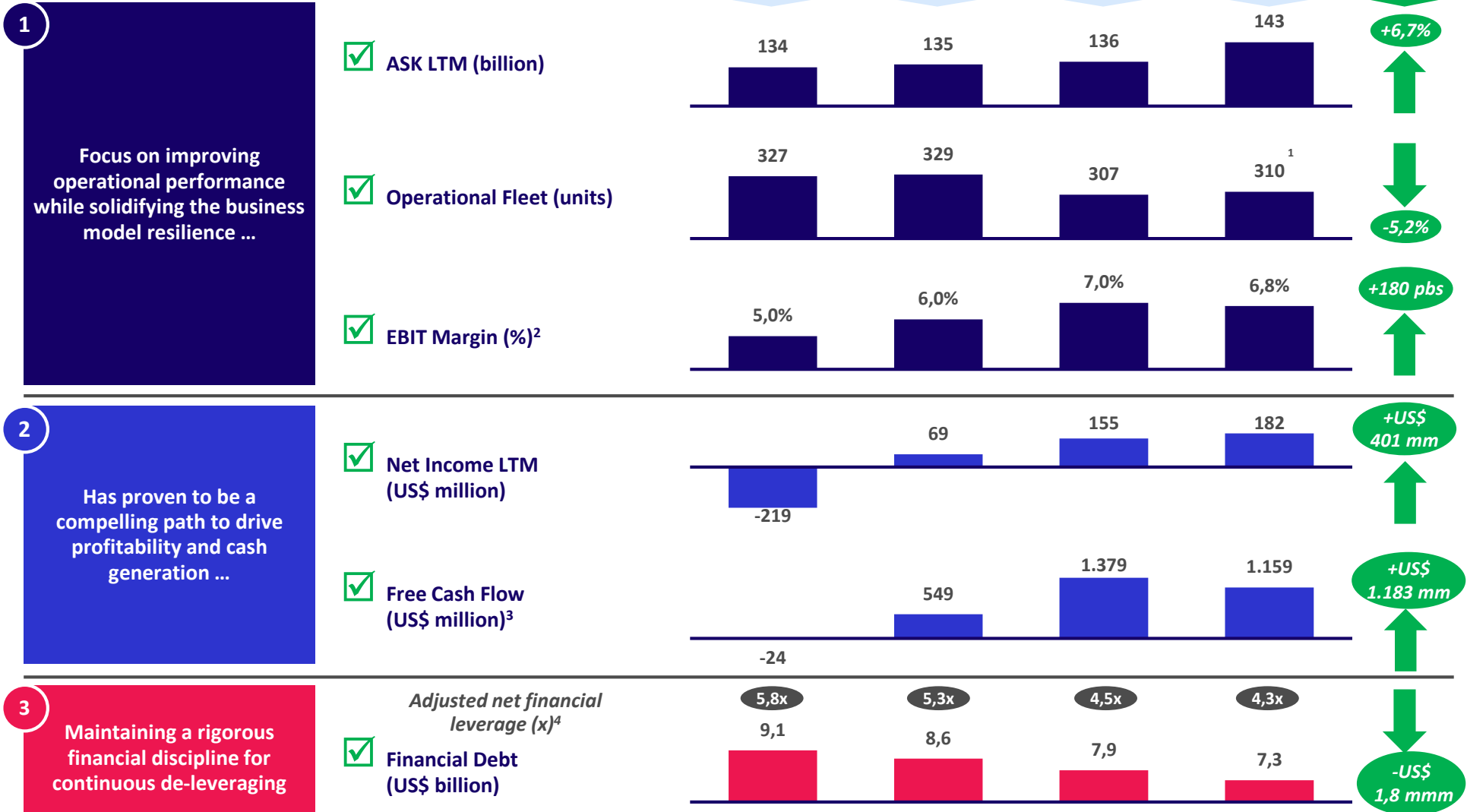
**Future performance anchored on an unique network strategy and positive business dynamics**





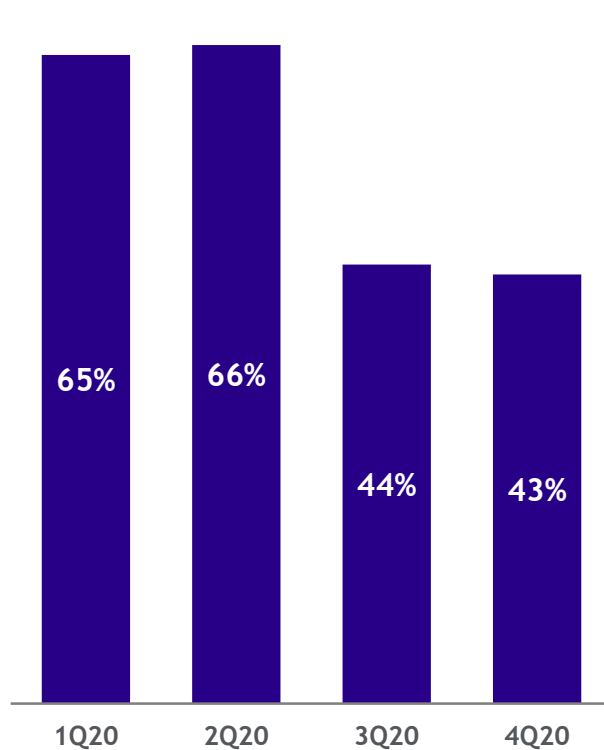
**Exhibits**

# Results of the transformation plan

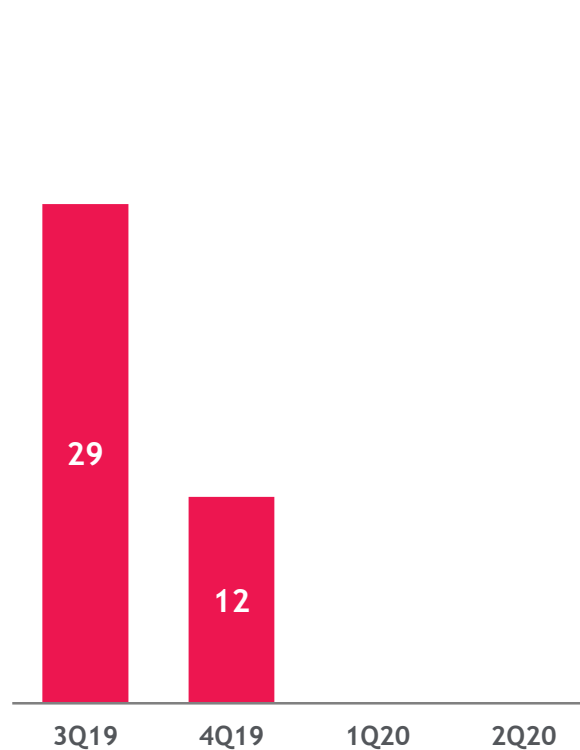


# Financial hedging strategy to protect medium term operational margin

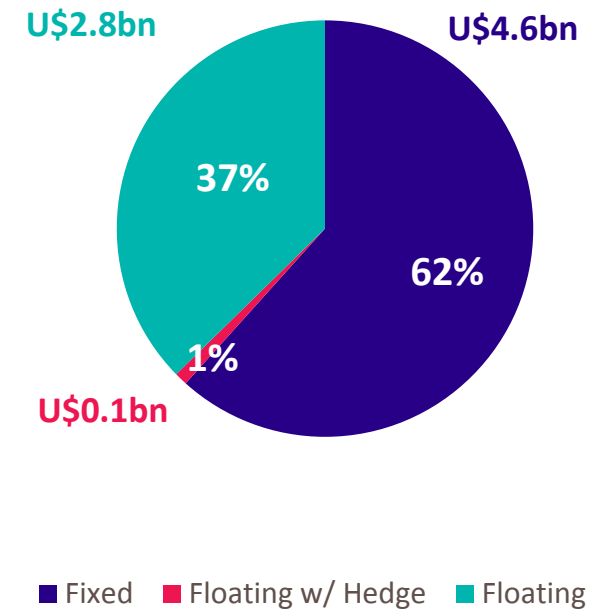
Fuel Hedge (% consumption)



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!**