



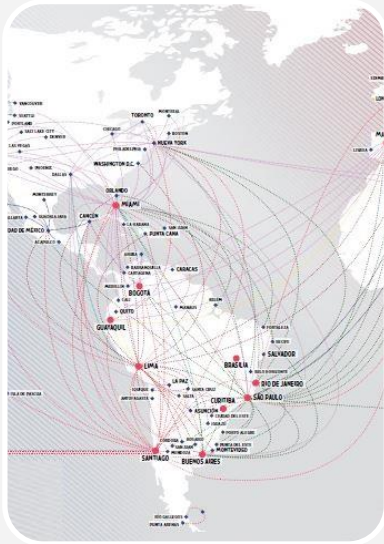
# Itau BBAs 12th Annual Latam CEO Conference

*New York, May 2017*

# Commitment to delivering results

| 2016                                                                    | 2017                                                                        |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| ✓ Macro-economic volatility in the region                               | ✓ Brazil macro recovery starting                                            |
| ✓ Focus on capacity discipline in Brazil                                | ✓ 2016 operating margin of 6.0% and first year of net profit since 2011     |
| ✓ Rightsizing fleet commitments in line with demand environment         | ✓ US\$2.2 billion reduction in fleet assets 2017-2018                       |
| ✓ Announced the redesign of our domestic business model                 | ✓ Implementation of new domestic business model started in February         |
| ✓ Applied for two JBAs: one with American Airlines and another with IAG | ✓ JBA's regulatory approval process in progress                             |
| ✓ \$608 million capital increase by Qatar                               | ✓ Balance sheet de-risking, leverage reduction to 5.4x and liquidity of 18% |

# Consolidating LATAM as the leading airline in the region



Network  
Leadership



New Domestic  
Business Model

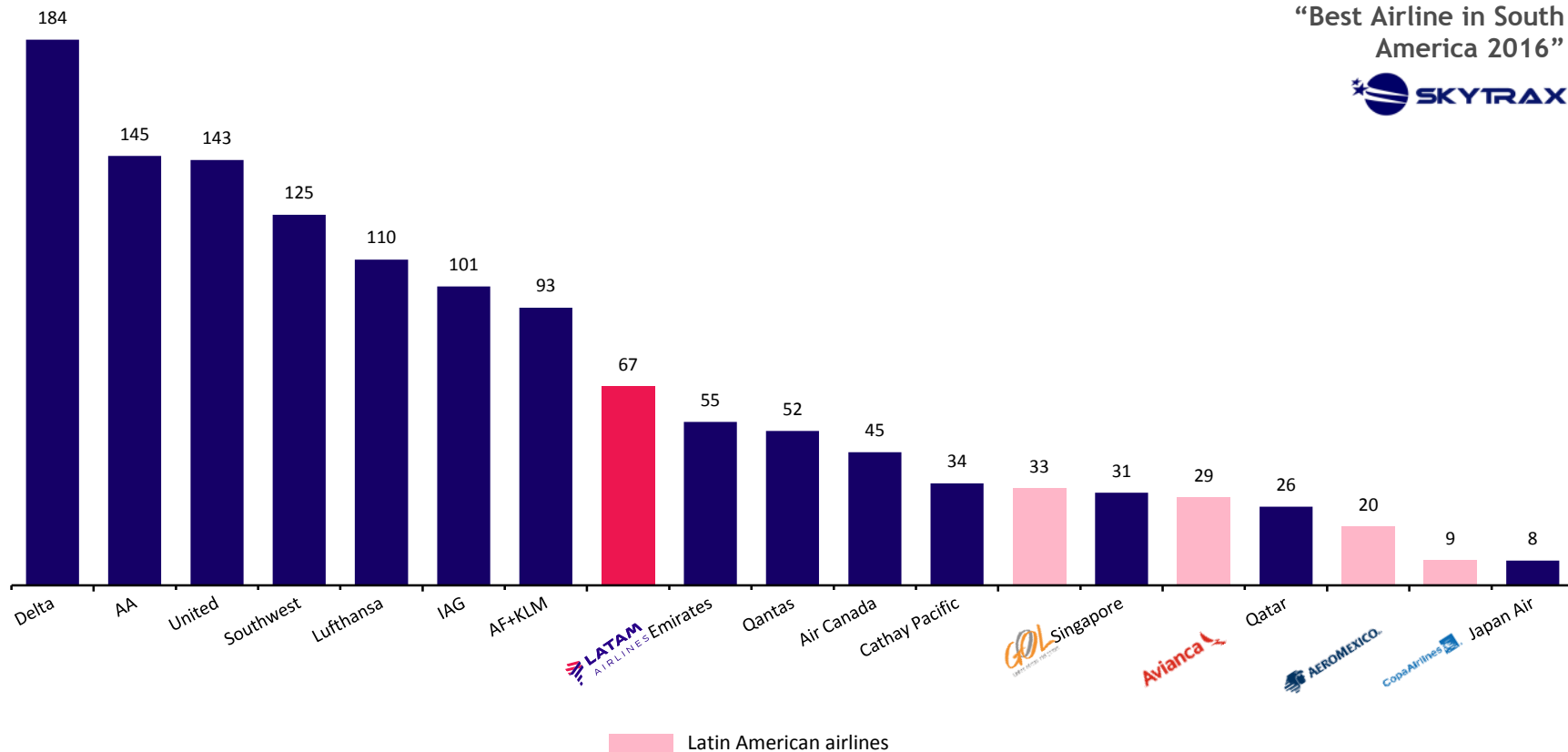


Cost  
Competitiveness



Improving  
Results

# Leader in Latin America and one of the largest airlines in the world

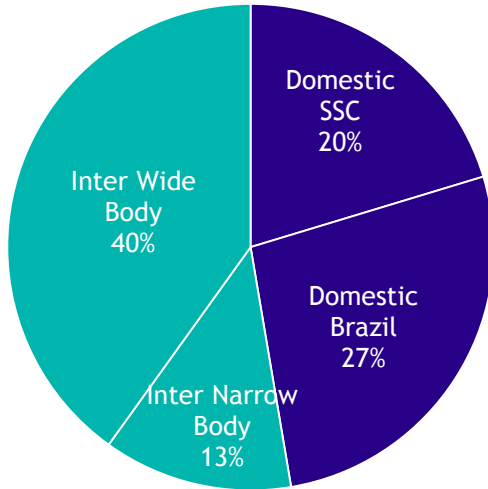


# LATAM Airlines Group: One Network One Brand

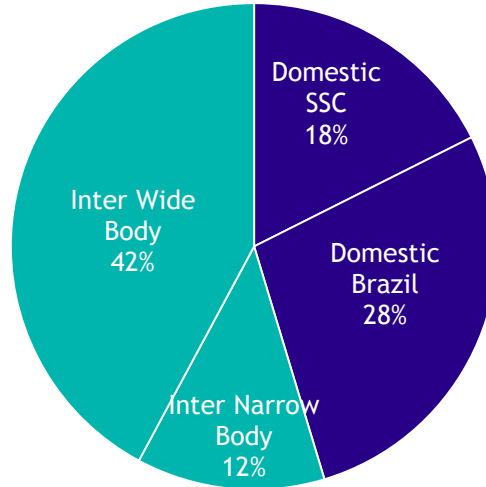


# Redesign of LATAM's business model for 77% of our passengers

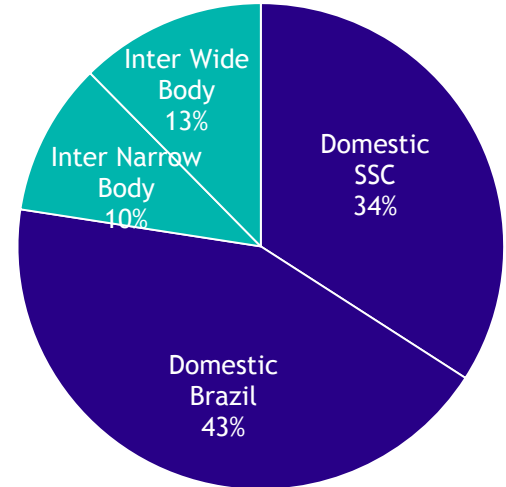
Revenue



Capacity (ASK)



Passengers



## New domestic business model:

- ✓ Increase competitiveness vs. ULCC
- ✓ More growth
- ✓ Sustainable margins



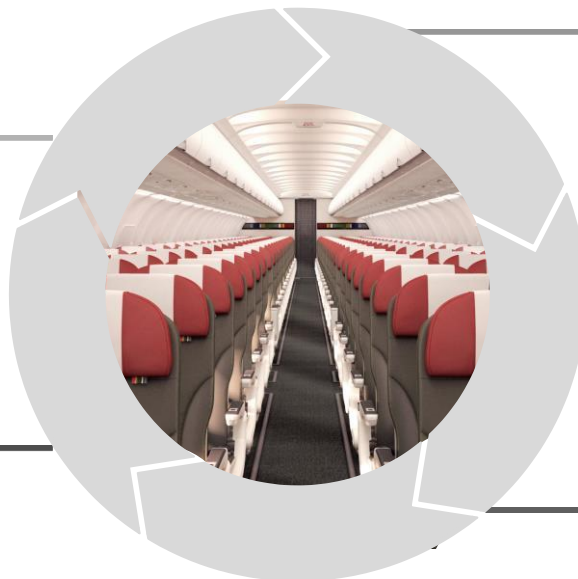
### Lower fares

Up to 20% reduction of base fares



### Lower costs

Lower sales costs  
Digital empowerment  
Buy on board  
Increased operational productivity  
Lower overhead costs



### More passengers



50% more domestic passengers by 2020

### More ancillaries



Clear opportunity for growth:  
First and second bag  
Changes / Flexibility  
Preferred seating

### More capacity



Increased utilization  
Larger aircraft  
Higher load factor

# Implementation to be completed in 2017



Colombia



Peru



Chile



Ecuador



Argentina



Brazil



## Buy on Board



Feb 15



Mar 15



Apr 26

May

Jun

Jun



## First Bag/Branded Fares



June

May

May

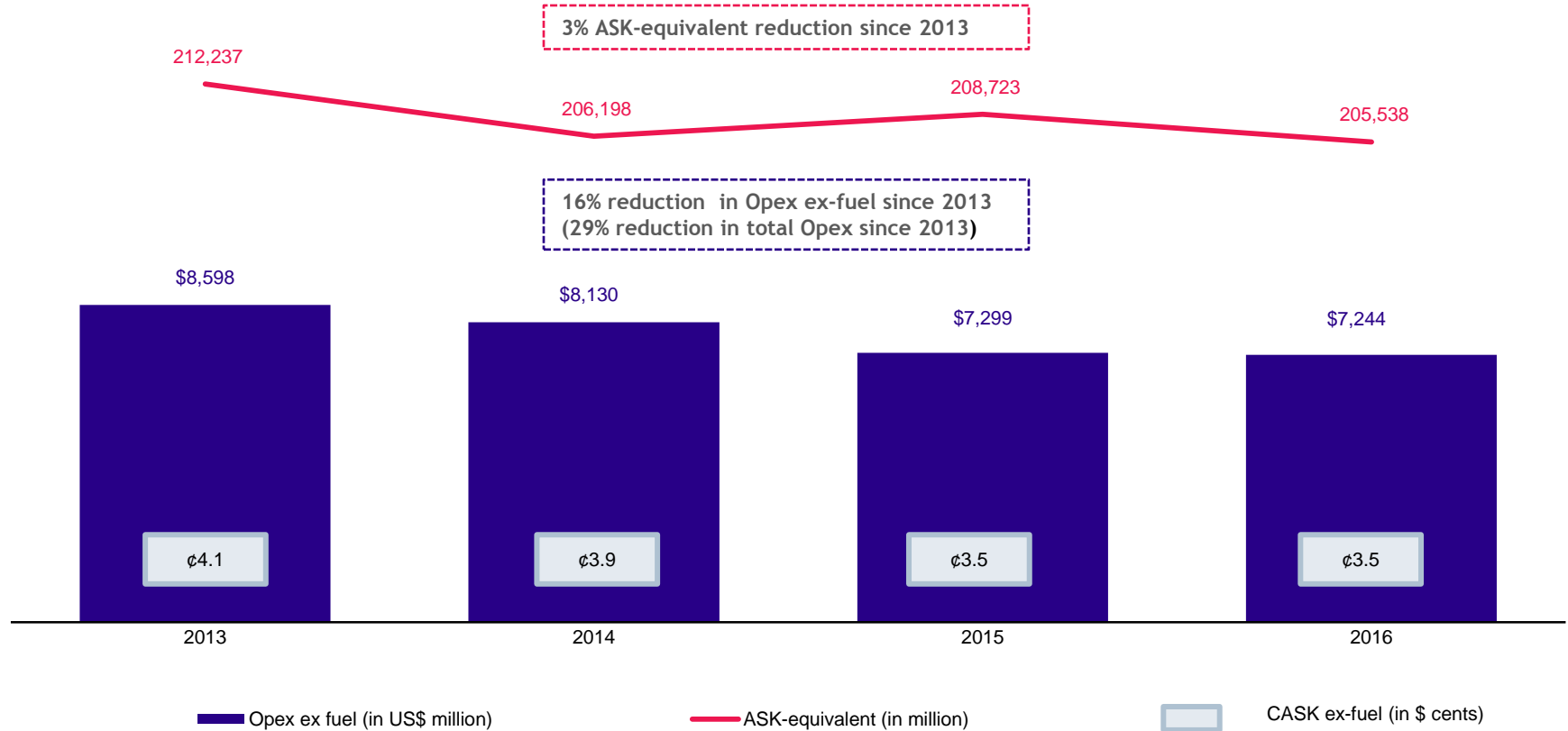
June

n.a.

Aug

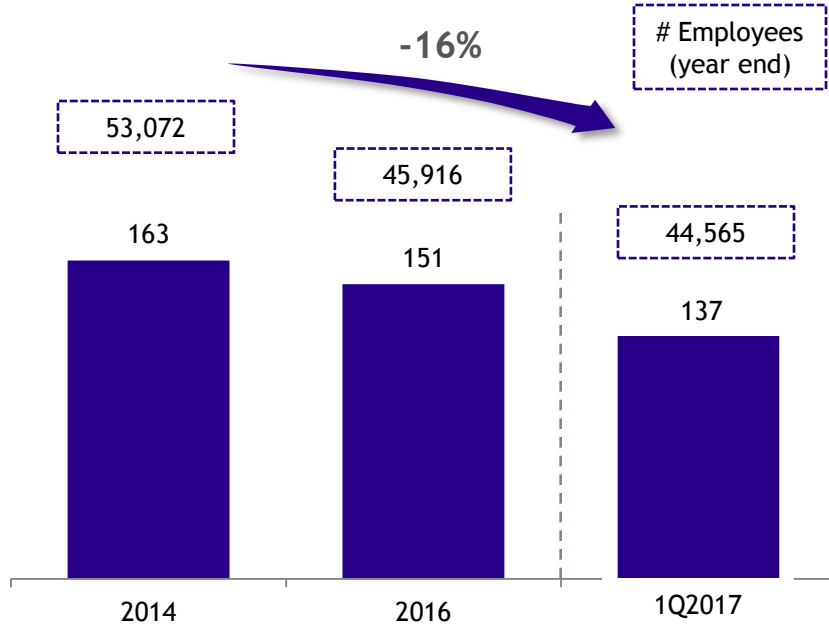


# Consistent drive for cost efficiency

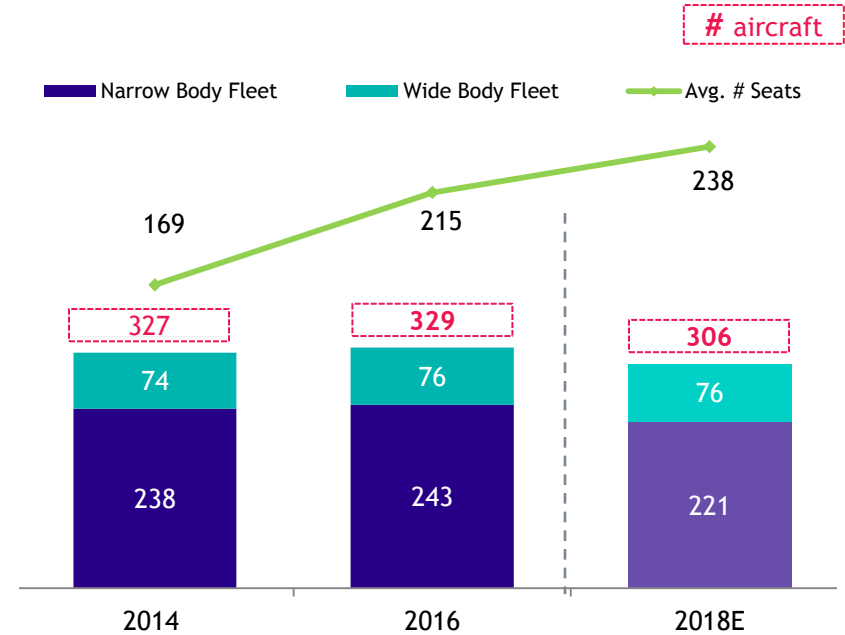


# Focus on increasing productivity

## Employees<sup>(1)</sup>/Aircraft



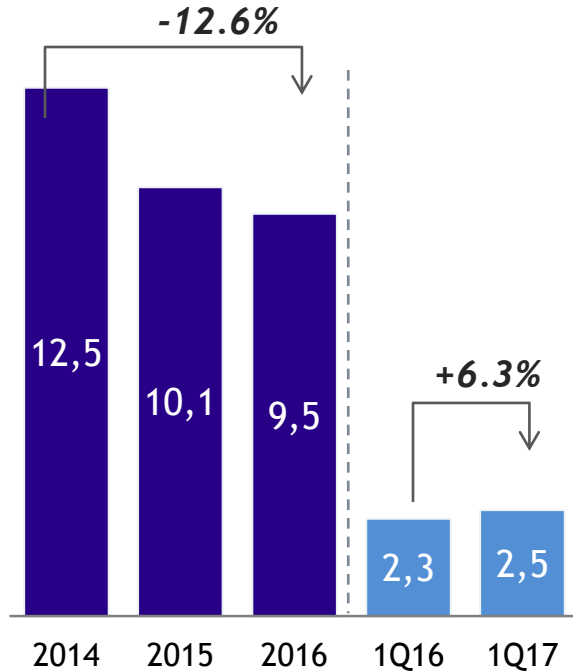
## # Aircraft and Average Seats



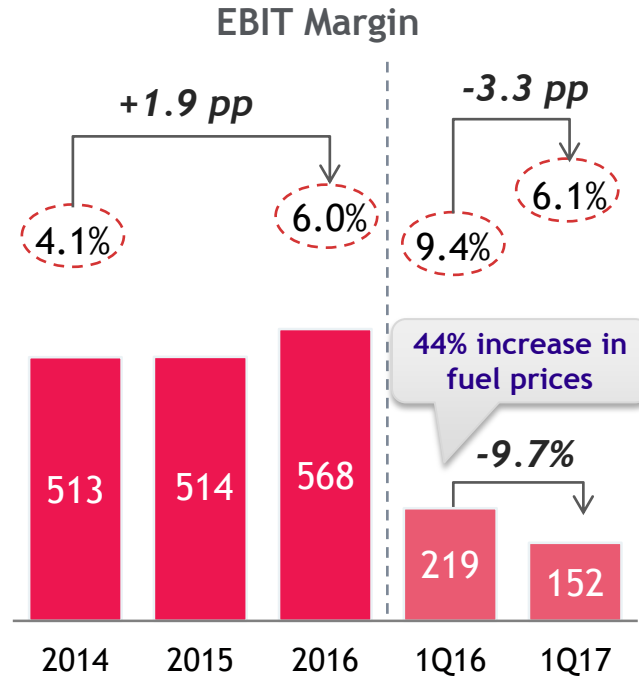
✓ One time costs 2016: US\$58 million in aircraft re-deliveries and US\$89 million in severance payments

# Results reflect the resilience of our business model

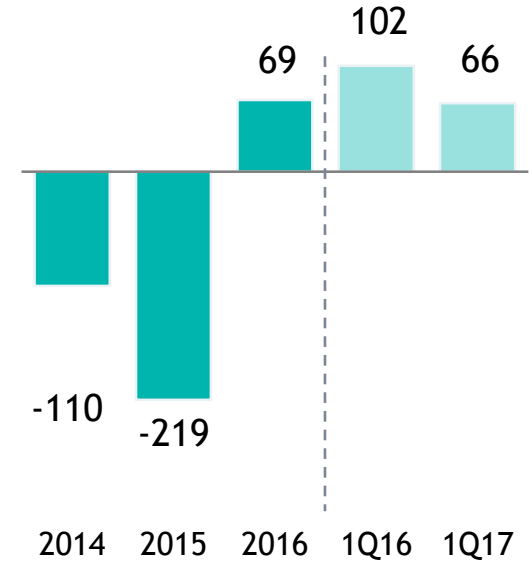
## Operating Revenues (US\$Bn)



## EBIT (US\$mm)

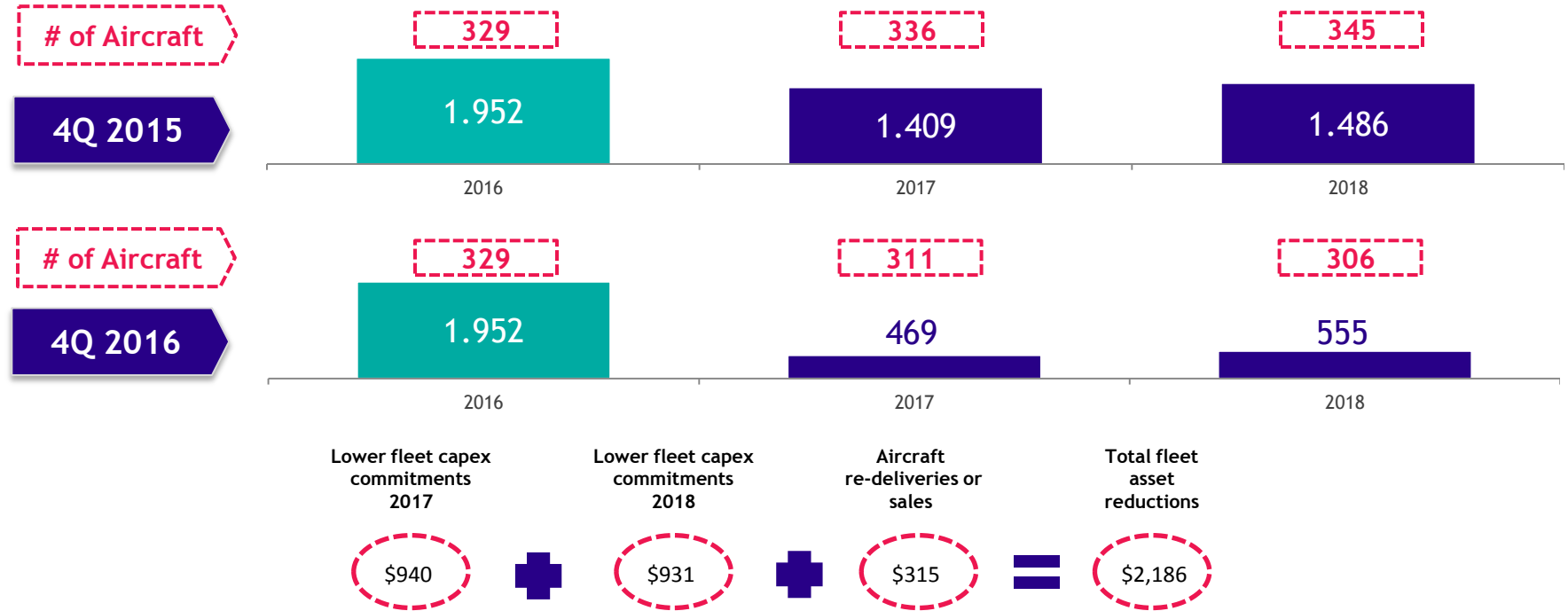


## Net income (US\$mm)



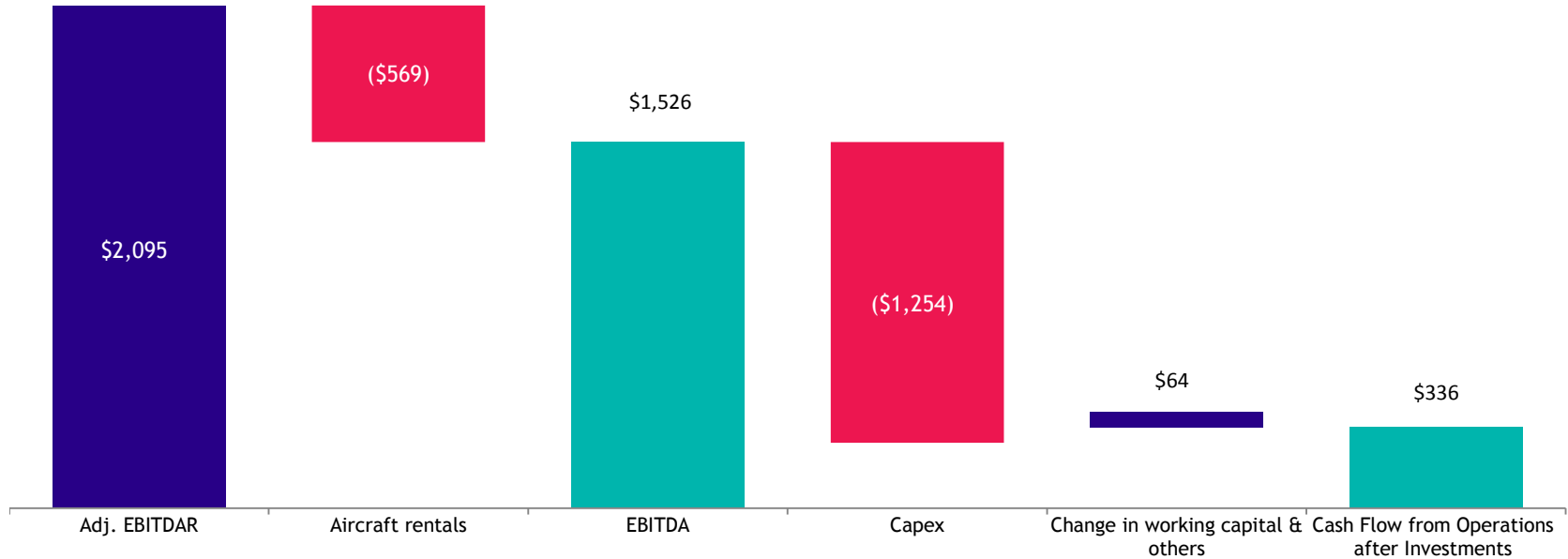
# Historically low fleet commitments for 2017 and 2018

Reduction of \$2.2 bn in fleet assets for 2016-2018, in line with our announced target



# Focus on operating cash flow generation

## 2016 free cash flow generation (in USD million)

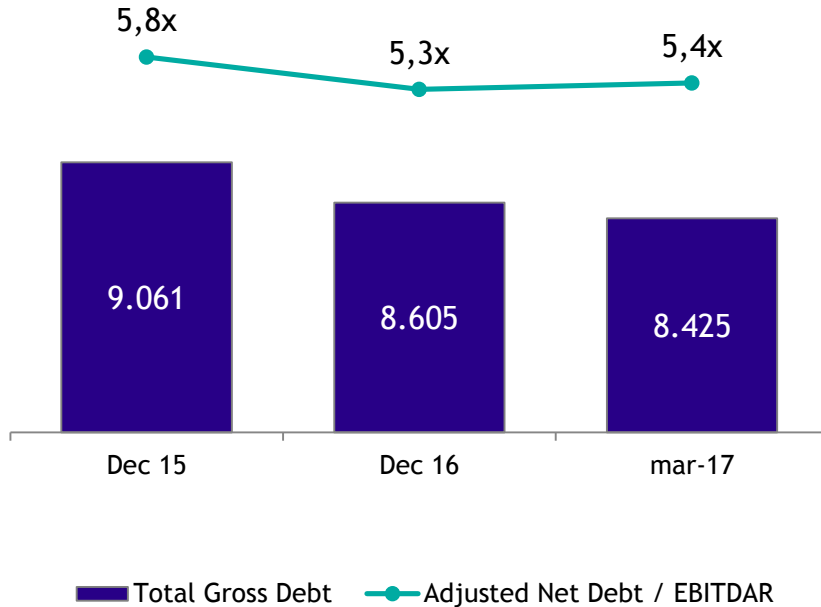


Source: Company filings.

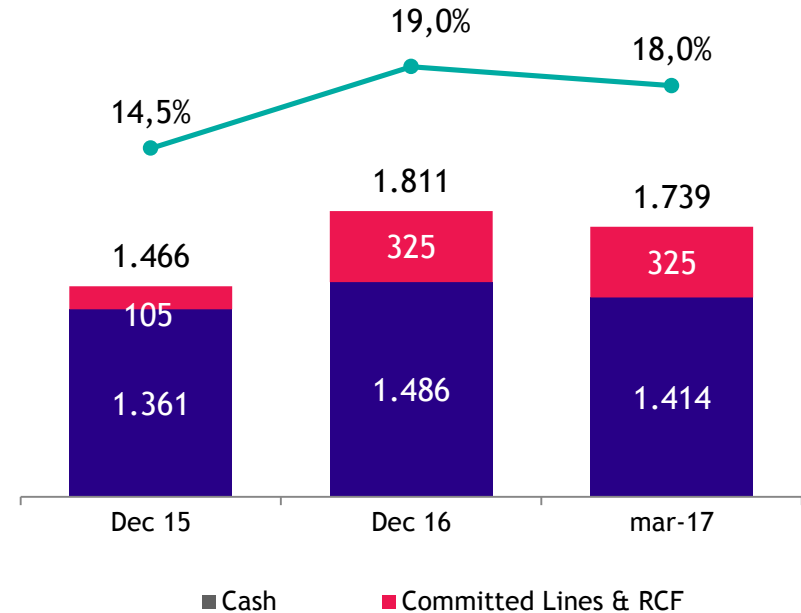
(1) Does not include aircraft pre delivery payments (PDP) and short term rolling debt.

# Improvement in liquidity and leverage

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



## Cash and Equivalents as % of LTM revenues



*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, 2016.*

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