

# Third Quarter 2011 Results Presentation

October 26, 2011



*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, 2010.*

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I. 3Q 2011 FINANCIAL RESULTS

II. STRATEGIC INITIATIVES & FUTURE OUTLOOK

# Highlights 3Q 2011

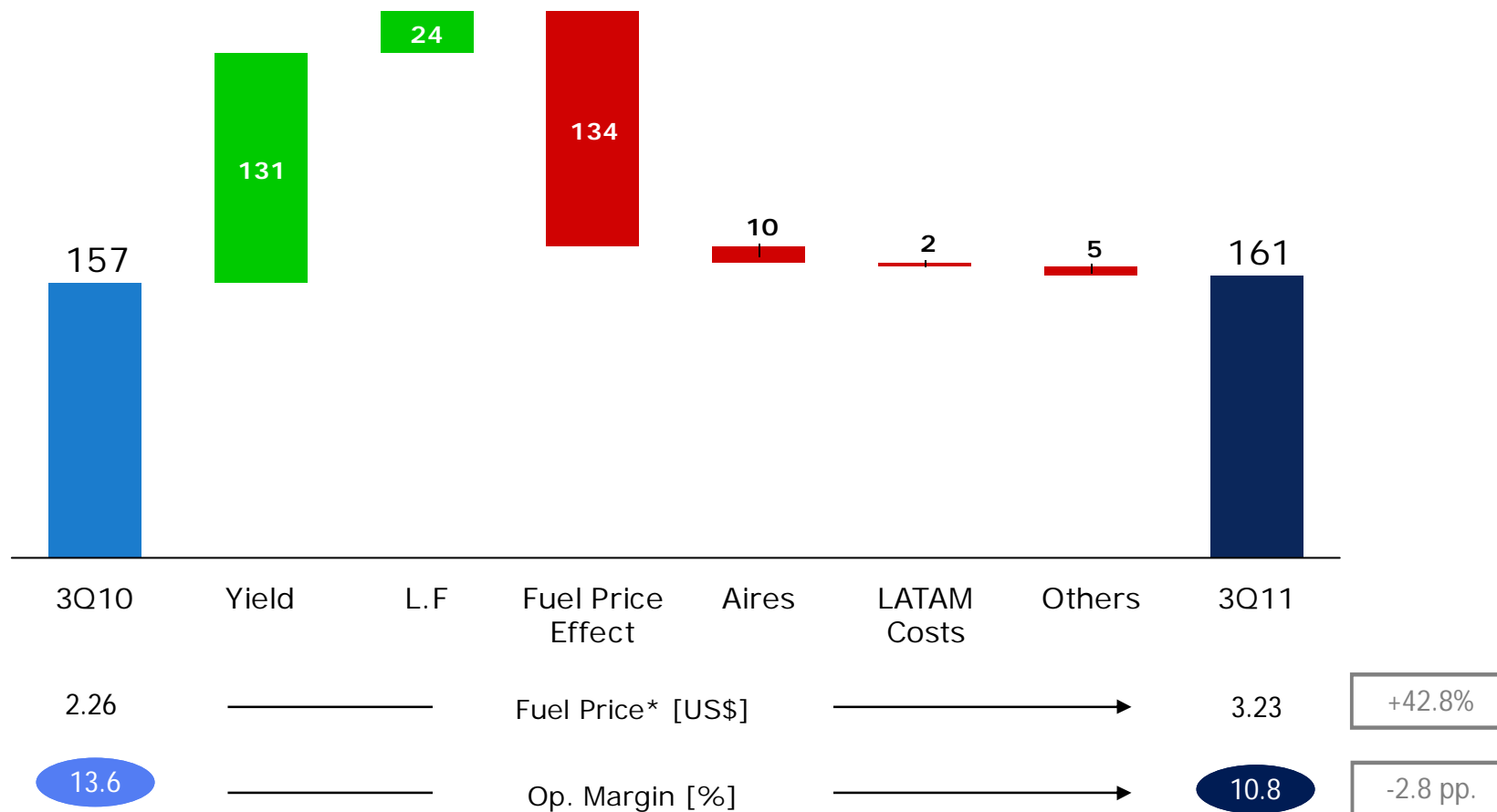
(US\$ million)	3Q 2010	3Q 2011	% Change (YoY)
<b>Total Revenues</b>	<b>1.152</b>	<b>1.487</b>	<b>29,0%</b>
Passenger Revenues	800	1.060	32,6%
Cargo Revenues	323	395	22,5%
<b>Total Operating Expenses</b>	<b>-996</b>	<b>-1.325</b>	<b>33,1%</b>
<b>Operating Income</b>	<b>157</b>	<b>161</b>	<b>2,9%</b>
Operating Margin	13,6%	10,8%	-2,7 pp
<b>Net Income</b>	<b>106</b>	<b>95</b>	<b>-11,0%</b>
<b>EBITDAR *</b>	<b>264</b>	<b>303</b>	<b>14,7%</b>
EBITDAR Margin	22,9%	20,4%	-2,5 pp

- 3Q 2011 results reflect continued strong growth in passenger and cargo revenues
- LAN was able to offset higher fuel prices through higher yields and load factors
- Continued impact of turnaround in Colombia
- Higher non operating loss due to FX and settlement agreement with PAL

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

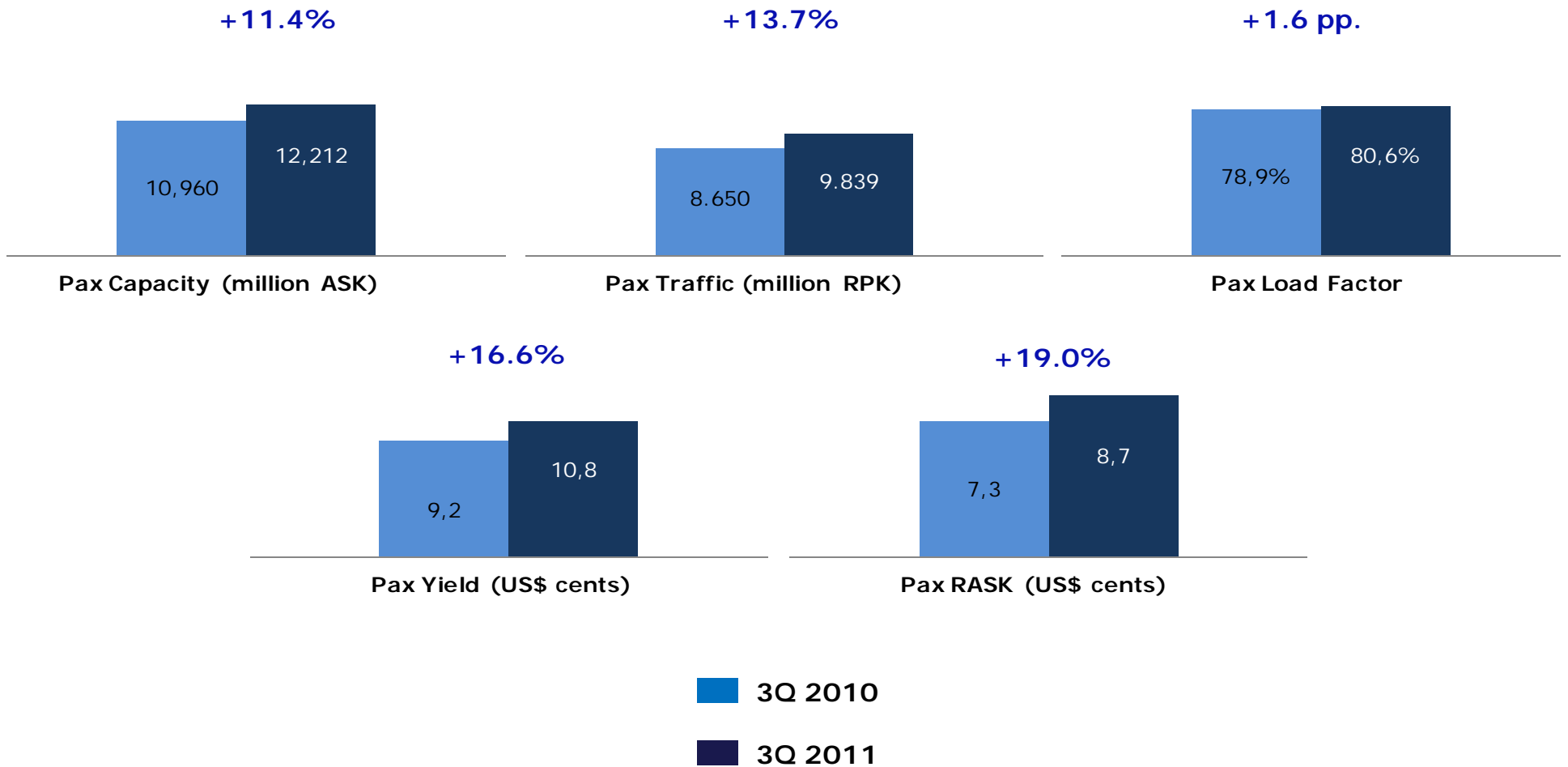
# 3Q 2011 - Operating Income Analysis

**Operating Income (US\$ MM)**

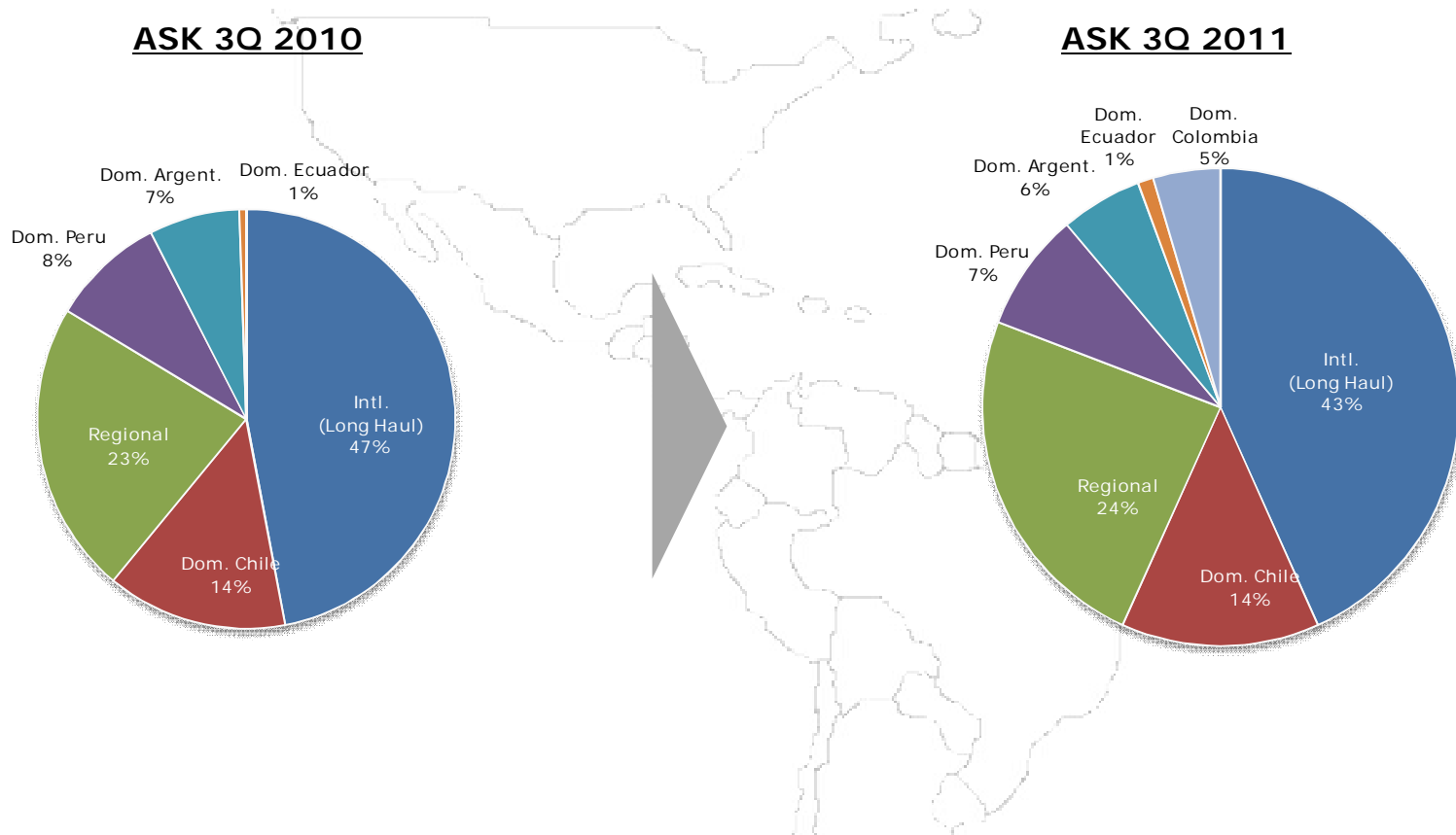


\*Fuel Price excluding hedging gains/losses.

# Passenger Business - Revenue Increases 32.6% in 3Q 2011

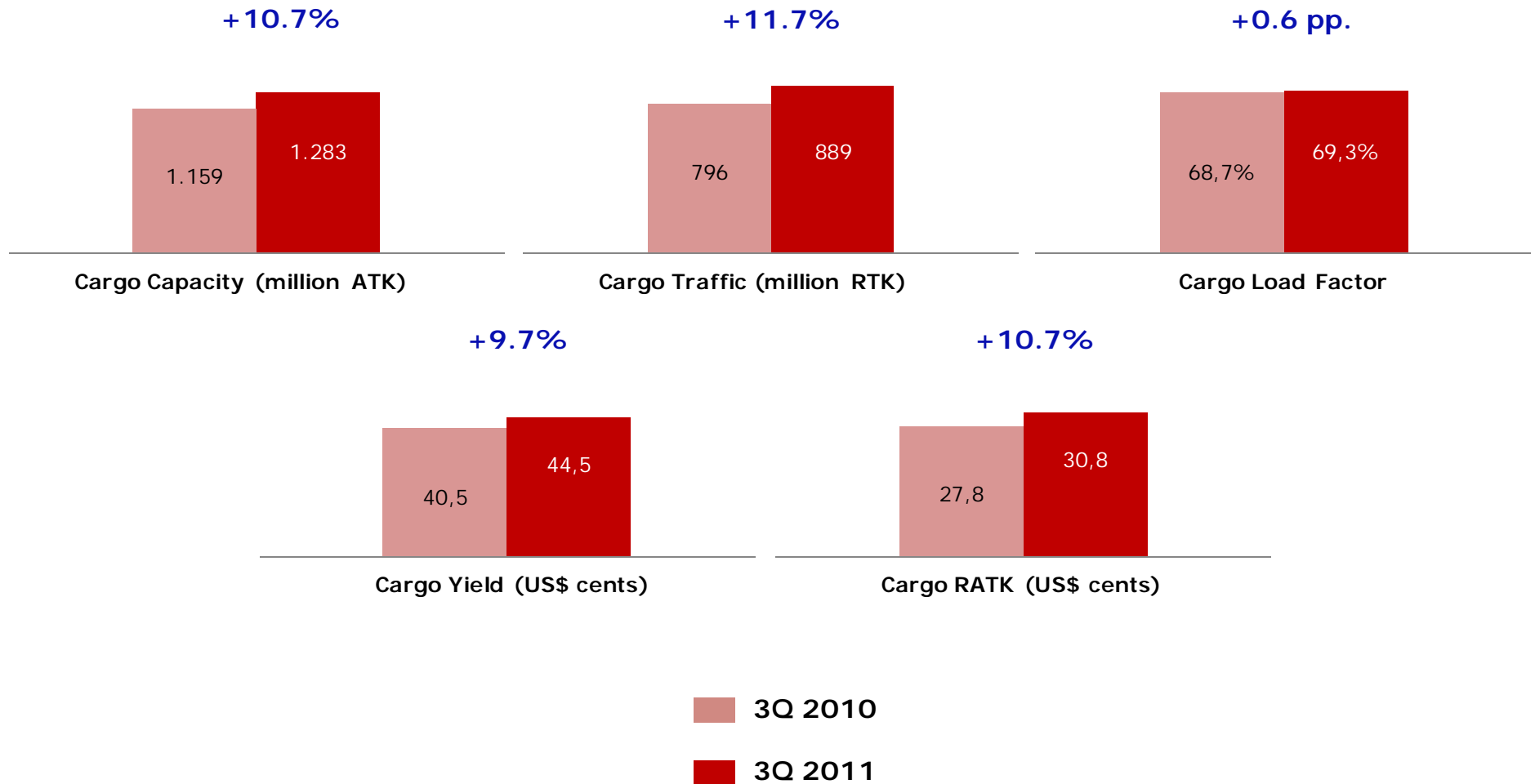


# Passenger Business - Capacity growth 3Q 2011












<b>Growth in ASK (3Q11 vs. 3Q10)</b>	
International (Long Haul)	2.0%
Regional	17.6%
Chile Domestic	11.2%
Peru Domestic	1.3%
Argentina Domestic	-12.5%
Ecuador Domestic	122.5%
<b>Total</b>	<b>11.4%</b>

# Cargo Business - Revenue Increases 22.5% in 3Q 2011



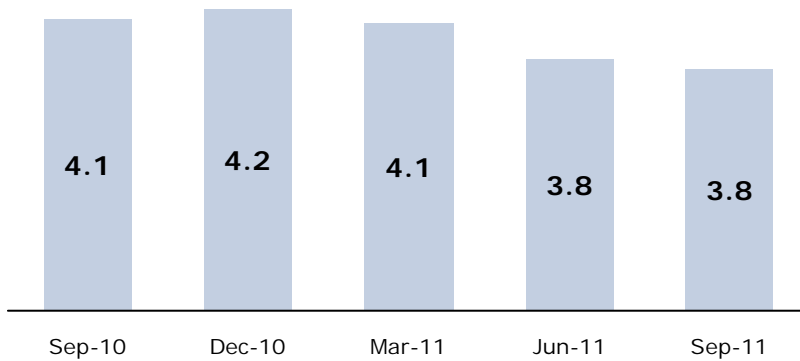


## 3Q 2011- Cost Analysis

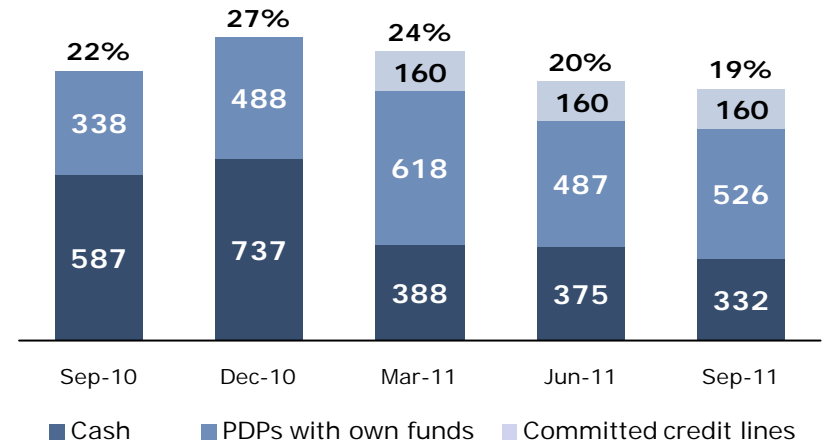
<b>Costs (US\$ millions)</b>	<b>3Q11</b>	<b>3Q10</b>	<b>Variation (%)</b>		<b>Main Impacts</b>
Wages & Benefits	268	203	32%		Increased headcount, AIREs, and appreciation of Latin American currencies
Fuel Costs	462	294	57%		Higher fuel costs
Commissions to Agents	55	45	23%		Increase in passenger and cargo traffic revenues
Depreciation & Amortization	99	83	19%		Delivery of 12 A320 Family Aircraft
Other Rental & Landing Fees	166	155	7%		Higher handling costs and aeronautical rates
Passenger Service	35	31	13%		More passengers transported
Aircraft Rentals	43	24	77%		Incorporation of 23 Aircraft of Aires, 3 B767F and 5 Airbus A320 Fam Aircraft
Maintenance Expenses	51	32	60%		Larger fleet, including AIREs
Other Operating Expenses	147	128	15%		Commercial and distribution system expenses
<b>Total Costs</b>	<b>1,325</b>	<b>996</b>	<b>33%</b>		

# Solid Financial Position

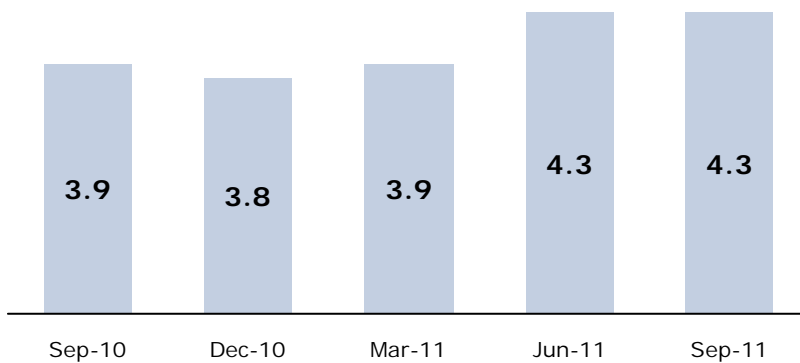
## EBITDAR/ Interest expenses



## Liquidity (US\$ mm) (% of revenues LTM)



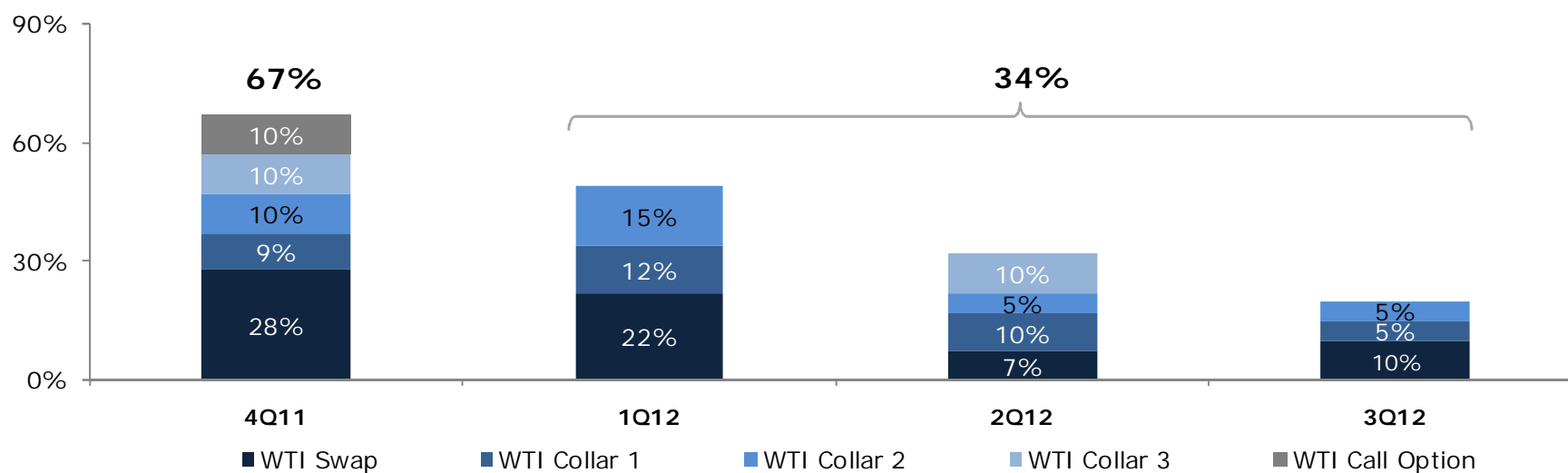
## Adj. Debt/ EBITDAR



LAN remains one of the few investment grade airlines in the world

# Fuel Hedge

**Fuel Hedge**  
(% of consumption)



→ WTI Swap:	\$94.1	\$94.5	\$85.3	\$86.4
→ WTI Collar 1:	\$60 / \$90	\$70 / \$95	\$75 / \$95	\$75 / \$100
→ WTI Collar 2:	\$75 / \$100	\$75 / \$95	\$75 / \$97	\$70 / \$93.6
→ WTI Collar 3:	\$71 / \$95	—	\$70 / \$91.9	—
→ WTI Call Option:	\$130	—	—	—

\*Hedge at 25/10/2011

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I. 1Q FINANCIAL RESULTS

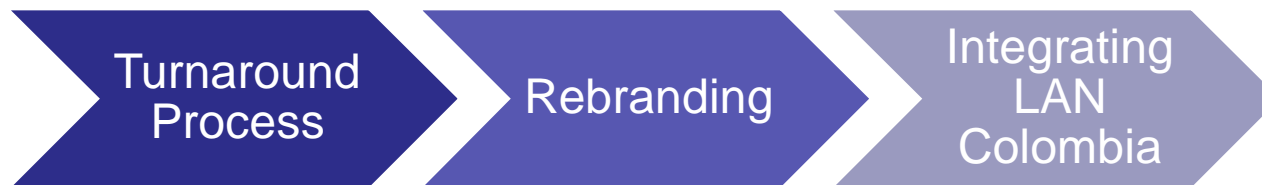
II. STRATEGIC INITIATIVES & FUTURE OUTLOOK

# Colombian Market: Rebranding AIRES

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- LAN brand in Colombia will be launched in December 2011
- During November, the first 3 LAN A320s will be operating in Colombia's domestic market



# LATAM Airlines Group: Next Steps

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## Antitrust Approvals:

- Germany (July 2011)
- Italy (August 2011)
- Chilean TDLC (September 2011)
- Spain (October 2011)



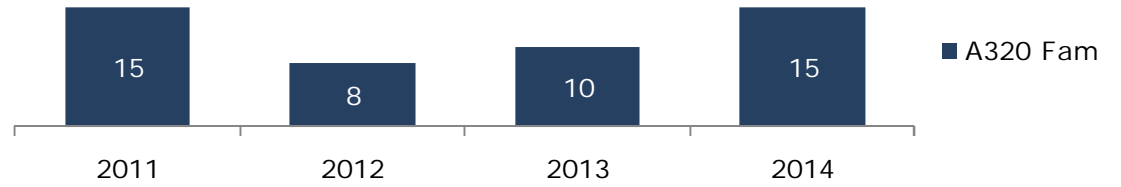
## Next Steps:

- Filings (SEC,CVM,SVS)
- Shareholders meetings
- Exchange Offer & Closing (end of 1Q 2012)

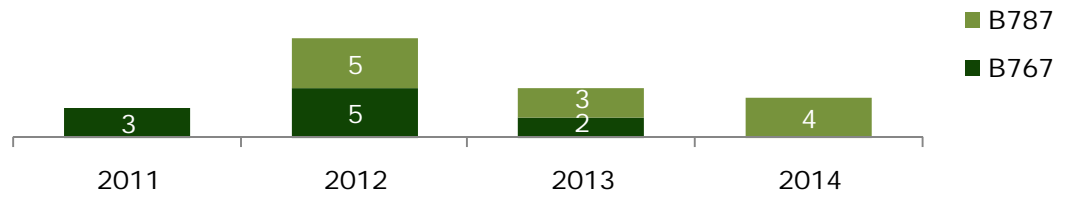


# Net Fleet Deliveries 2011 - 2014

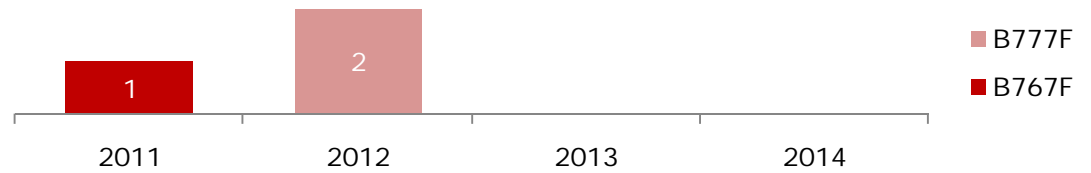
## Short Haul



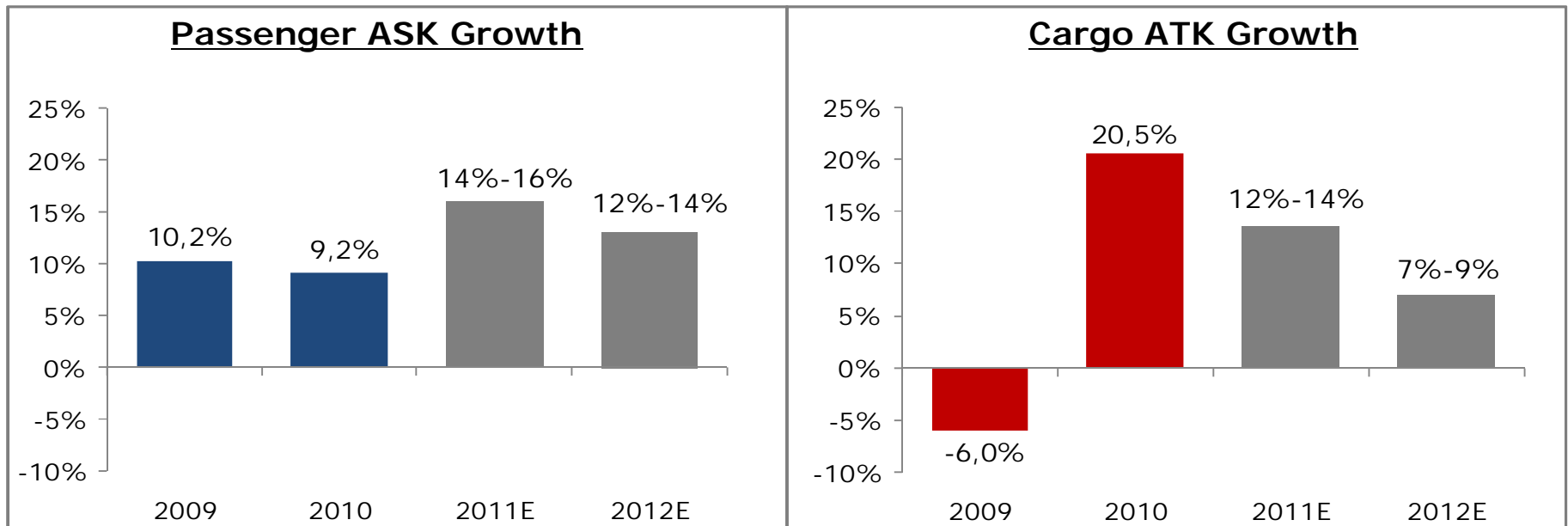
## Long Haul



## Cargo



# 2011- 2012 Estimated Capacity Expansion





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