

# LarrainVial 13th Annual Andean & Southern Cone Conference

*Santiago, March 2019*



*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, 2017.*

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# LATAM's long-term success is supported by its regional leadership

## Key Highlights



Leading network and platform in Latin America, with hubs in **Sao Paulo, Lima and Santiago**



**143** destinations in 26 countries



**310 aircraft operating fleet<sup>1</sup>** with an average age of ~9 years



**69 million** passengers transported in 2018



**41,170 employees** from 61 different countries

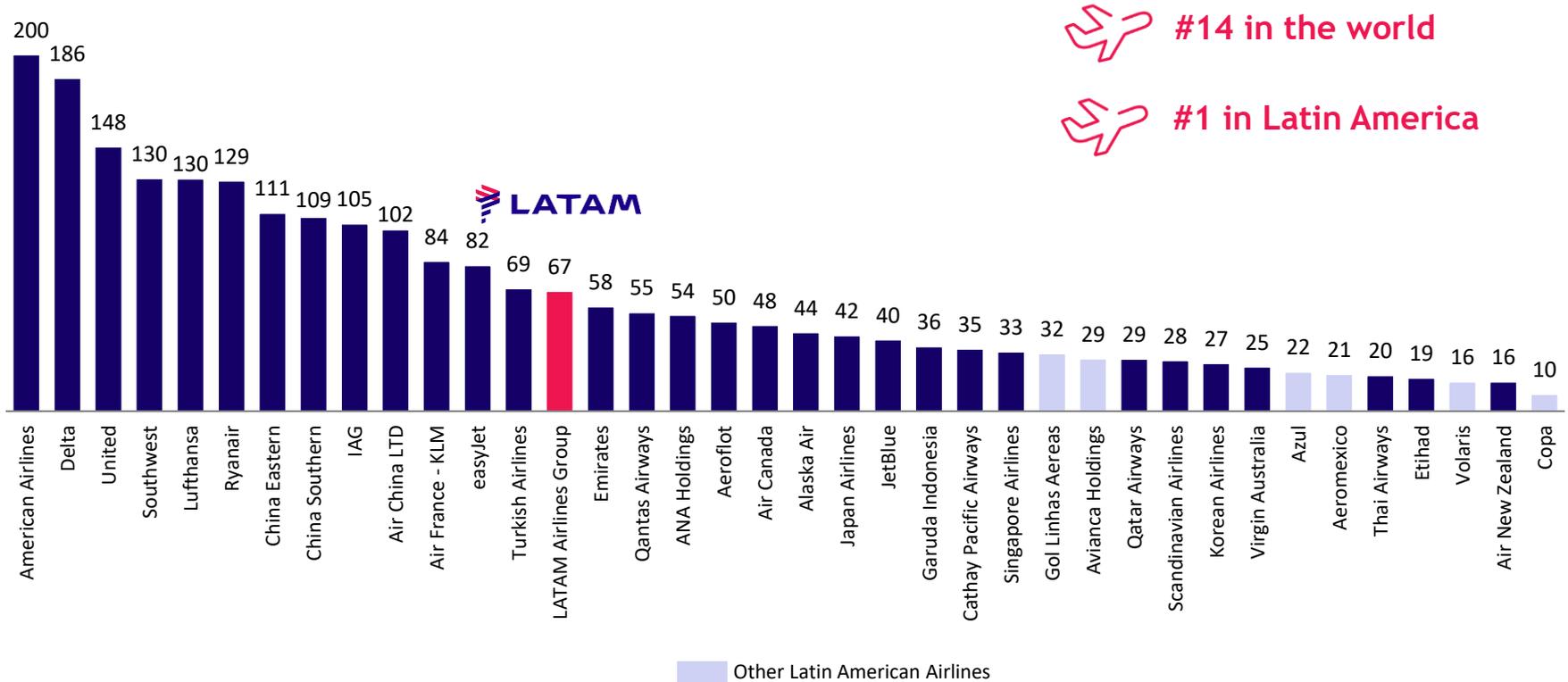


Leading frequent flyer and loyalty programs with **over 30 million members**



# LATAM is amongst the largest airline groups in the world

## Passengers carried 2017 (million)



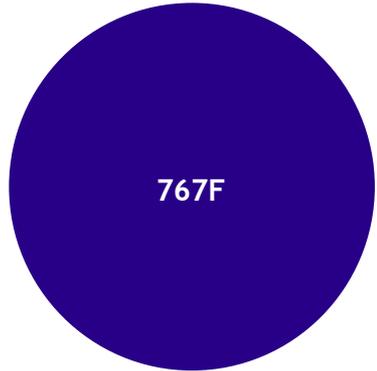
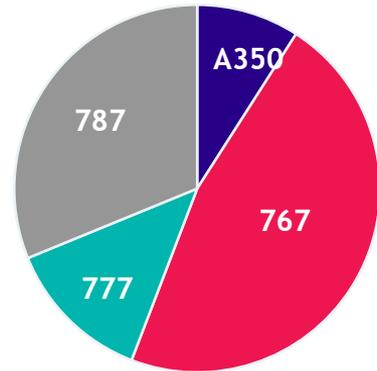
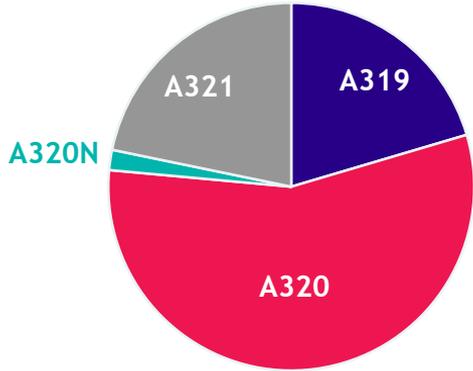
# Fleet: One of the most modern in Latin America & the world

310 operating aircraft<sup>1</sup> with an average age of ~9 years

**Narrow body: 225**

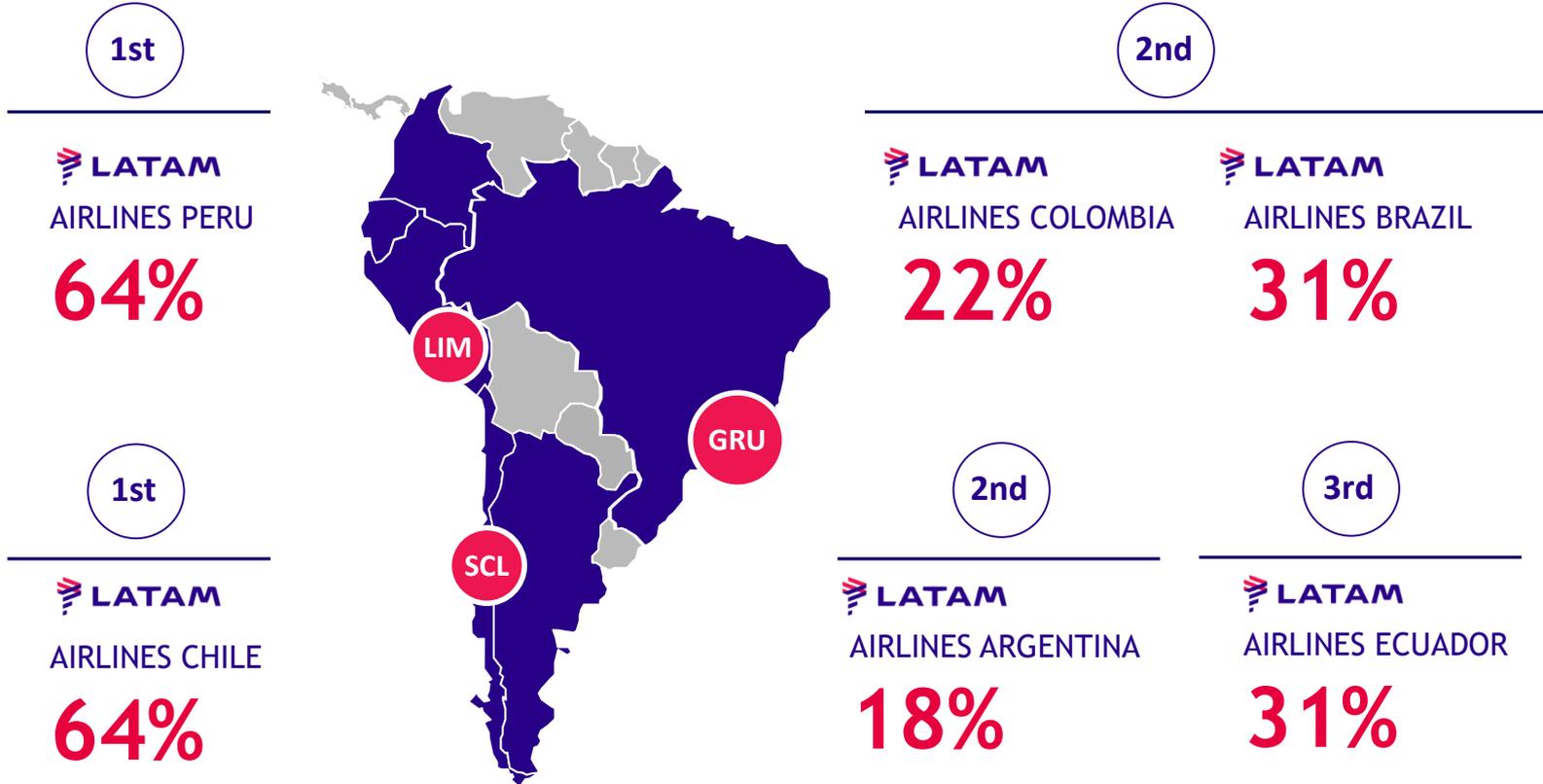
**Wide body (PAX): 77**

**Wide body (Cargo): 8**



<sup>1</sup> By December 31, 2018. Excludes 2 Boeing 777 short-term leased from Boeing Capital

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



+1.3mm passenger growth in 2018



# Unique Leadership Position and Leading Regional Presence as a Key Competitive Advantage

## Within South America

LATAM  
AIRLINES

**43%**

1st

## South America - Asia Pacific

LATAM  
AIRLINES

**53%**

1st

## South America - North America

LATAM  
AIRLINES

**20%**

2nd

## South America - Europe

LATAM  
AIRLINES

**12%**

3rd

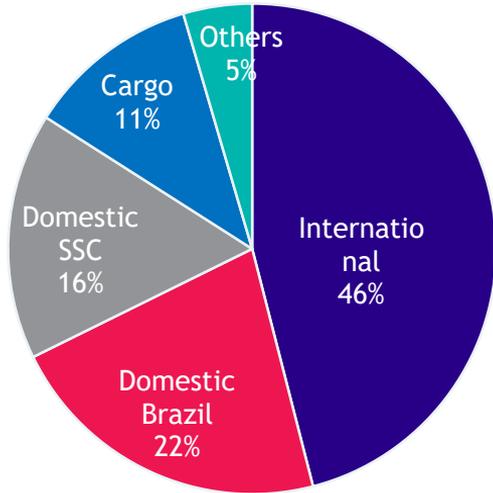


+399k  
passenger  
growth in  
2018



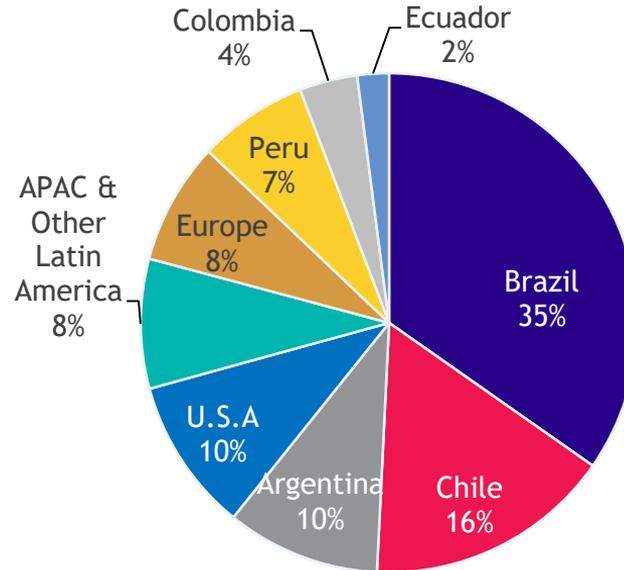
# The Company has Developed Diversified Sources of Revenue

LTM Revenue by Business Unit



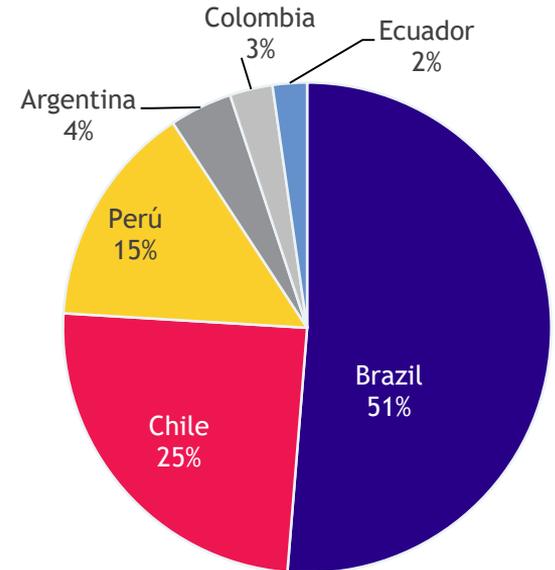
**Total = US\$10,368 mm**

LTM Revenue by Point of Sale



**Total = US\$10,368 mm**

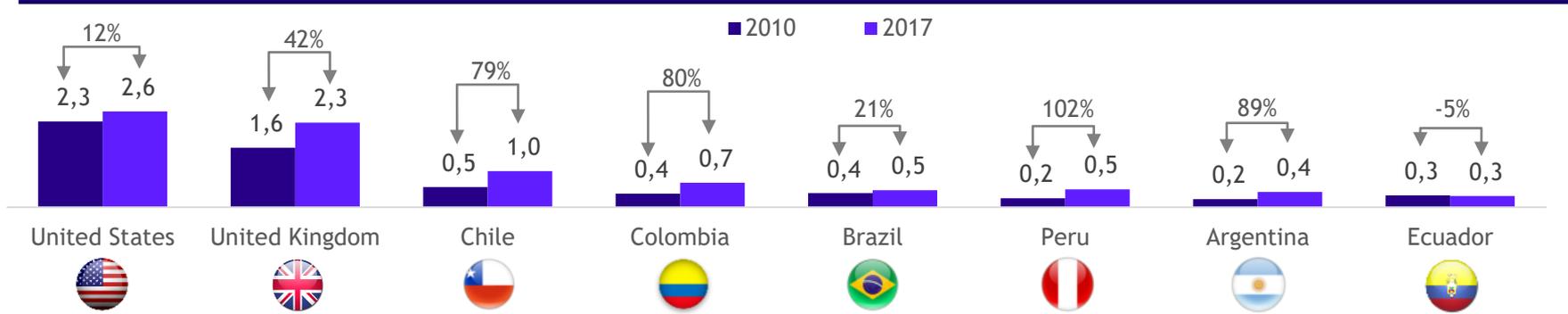
LTM ASK by Country



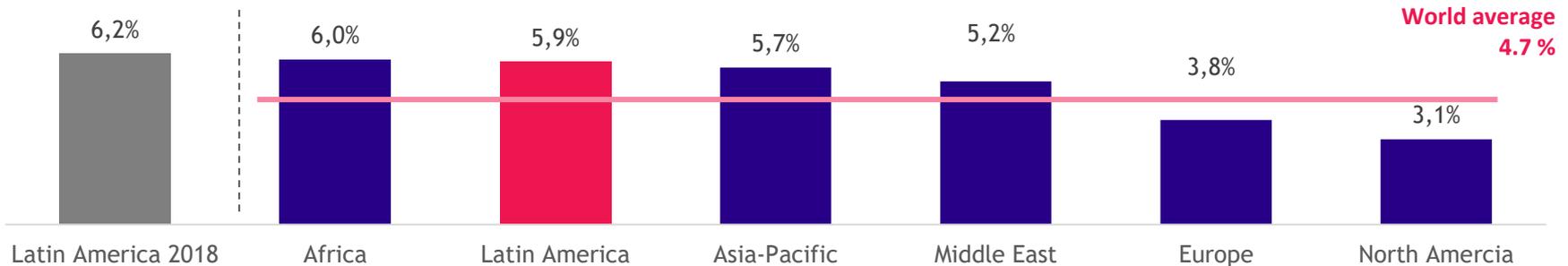
**Total = 143,265 million ASK**

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

## Trips per capita 2017



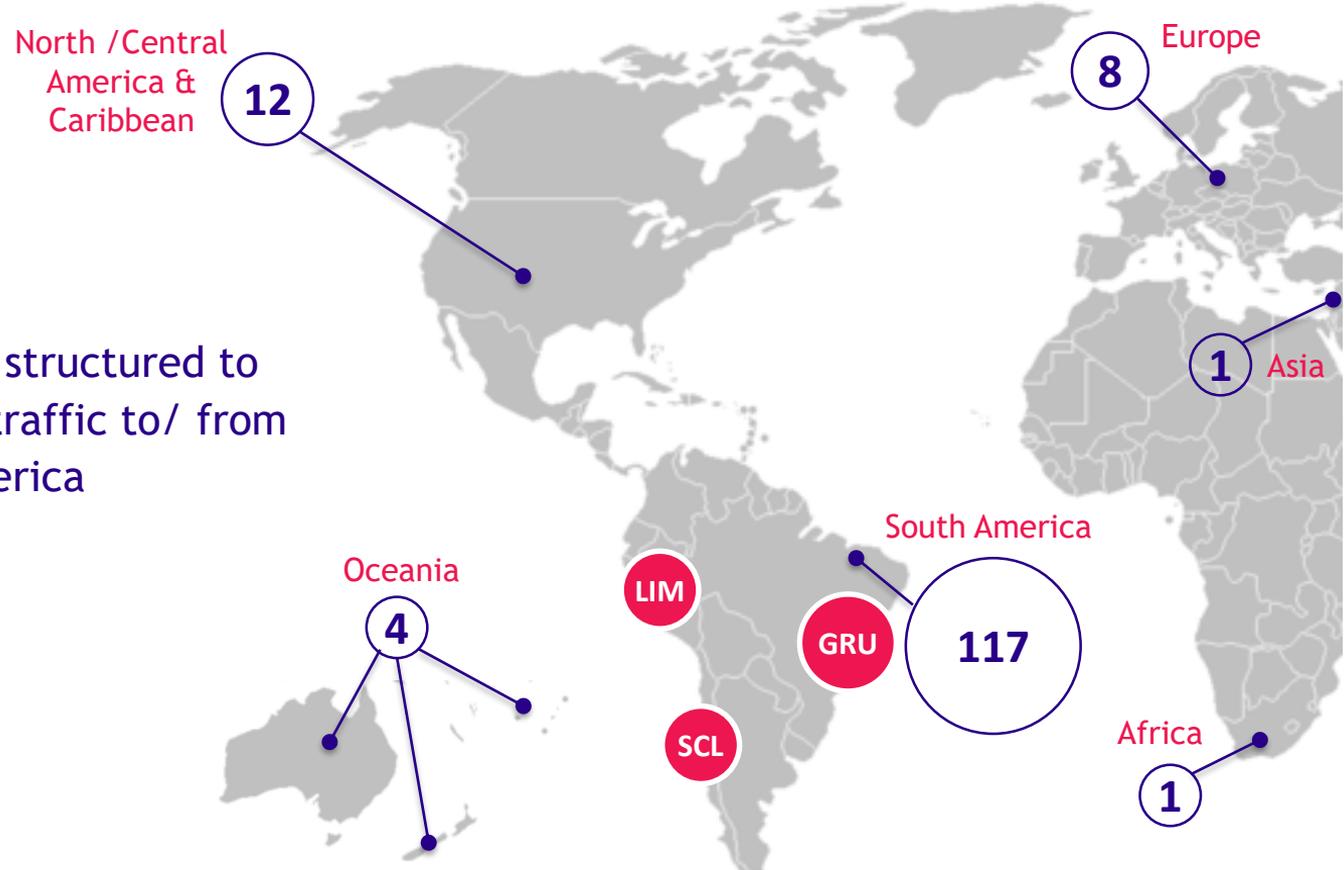
## RPKs growth 2018E – 2037E



# Latin America's strongest network supported by strong alliances



Network is optimally structured to serve and stimulate traffic to/ from and within South America



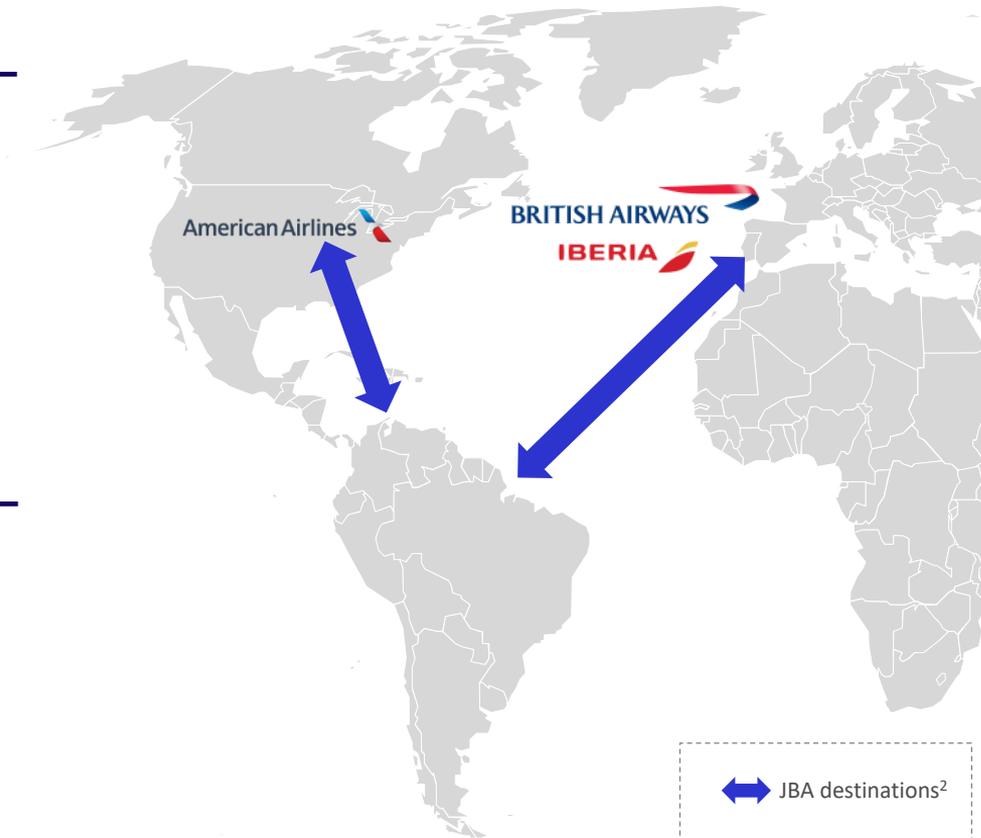
# Business model complemented by joint business agreements with leading airlines

## South America – North America

	Capacity share <sup>1</sup>
1 <sup>st</sup> American Airlines 	22%
2 <sup>nd</sup>  <b>LATAM</b>	20%
3 <sup>rd</sup> <b>UNITED AIRLINES</b> 	10%

## South America – Europe

	Capacity share <sup>1</sup>
1 <sup>st</sup> <b>AIRFRANCE</b>  <b>KLM</b>  <small>TRANSPORTEURS OFFICIELS OFFICIAL CARRIERS</small>	21%
2 <sup>nd</sup> <b>IAG</b> INTERNATIONAL AIRLINES GROUP	18%
3 <sup>rd</sup>  <b>LATAM</b>	12%



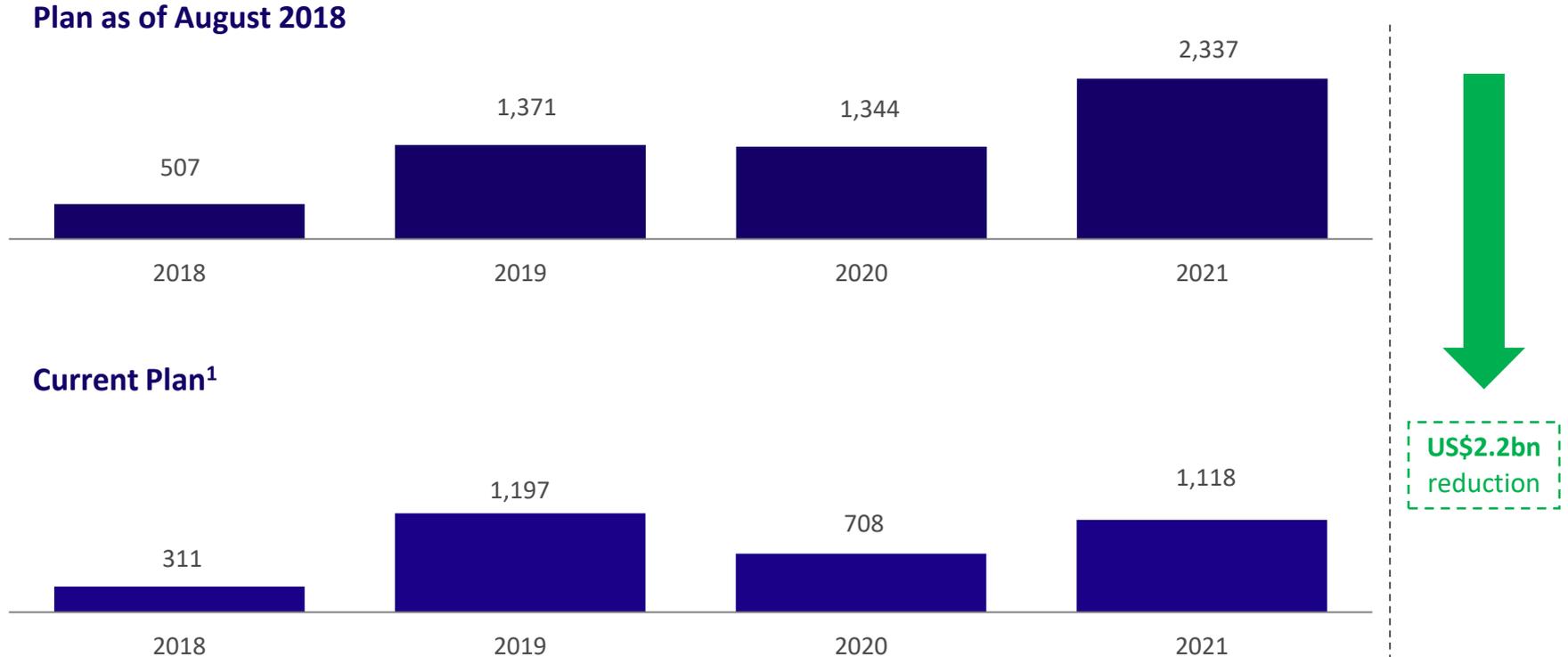
 JBA destinations<sup>2</sup>

1 Market Share (ASK): December 2018 (Diio Mi).

2 JBA with American subject to US-DoT authorization.

# Successful reduction of our fleet commitments

## Right-sized fleet plan (US\$ in million)



# Passengers are in the center of our decision making process

Transforming the cabin experience



US\$400 million in cabin retrofits in approximately 2 years

Comfort, segmentation & efficiency

Intention to acquire the minority stake in Multiplus



Tender offer announced between March 1<sup>st</sup> – April 1<sup>st</sup>, 2019

4<sup>th</sup> largest frequent flyer program in the world with over 30 million members

LATAM PLAY



+100 Movies

+300 TV Shows

+2800 Songs

Internet

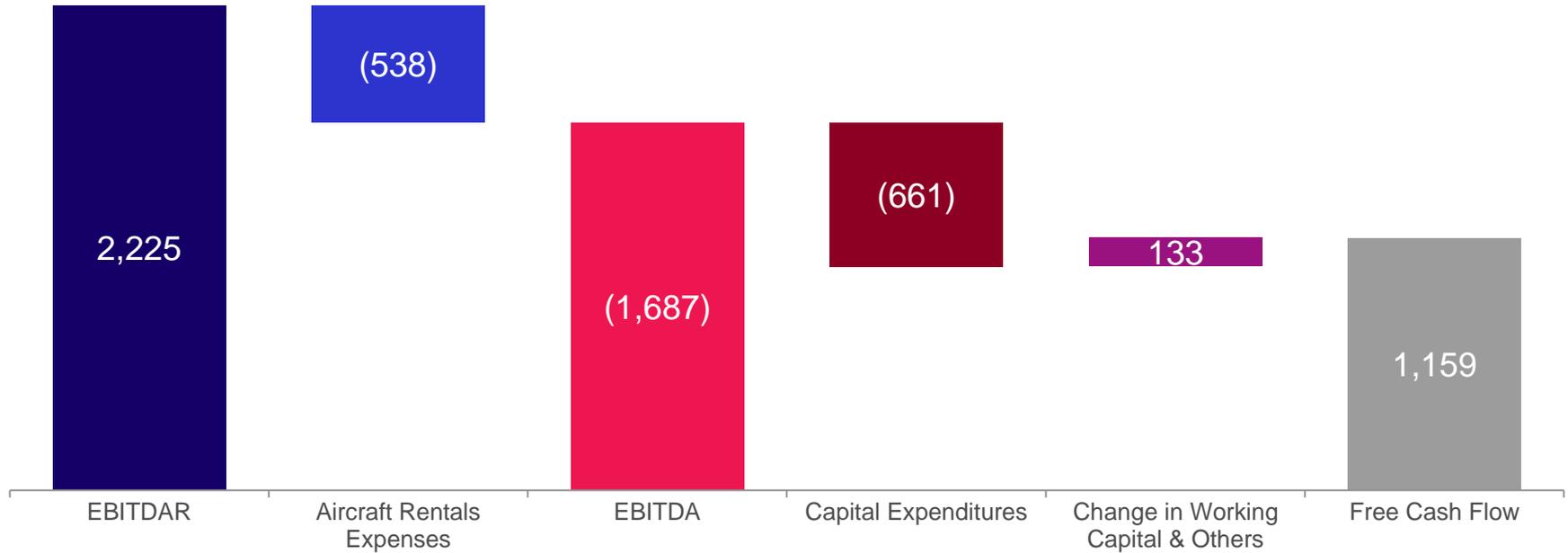
Live TV

# Q4 2018 Financial Summary

(US\$ Millions)	4Q18	4Q17	Change	FY18	FY17	Change
<b>Total Operating Revenues</b>	<b>2,788</b>	<b>2,768</b>	<b>0.8%</b>	<b>10,368</b>	<b>10,164</b>	<b>2.0%</b>
Passenger	2,327	2,275	2.3%	8,709	8,494	2.5%
Cargo	312	337	-7.4%	1,186	1,119	6.0%
Others	149	156	-4.5%	473	550	-14.0%
<b>Total Operating Costs</b>	<b>-2,493</b>	<b>-2,498</b>	<b>-0.2%</b>	<b>-9,663</b>	<b>-9,449</b>	<b>2.3%</b>
Fuel	832	651	27.9%	2,983	2,319	28.6%
Ex-fuel	1,661	1,847	-10.1%	5,019	5,284	-6.3%
<b>Operating Income</b>	<b>295</b>	<b>270</b>	<b>9.2%</b>	<b>705</b>	<b>715</b>	<b>-1.3%</b>
Operating Margin	10.6%	9.8%	0.8 p.p.	6.8%	7.0%	-0.2 p.p.
<b>Net Income (Loss)</b>	<b>149</b>	<b>67</b>	<b>121.3%</b>	<b>182</b>	<b>155</b>	<b>+17.1%</b>
Foreign Exchange Gains/Losses	-12	-67	NM	-158	-19	678%
<b>EBITDAR</b>	<b>675</b>	<b>660</b>	<b>2.2%</b>	<b>2,225</b>	<b>2,296</b>	<b>-3.1%</b>
EBITDAR Margin	24.2%	23.9%	0.3 p.p.	21.5%	22.6%	-1.1 p.p.

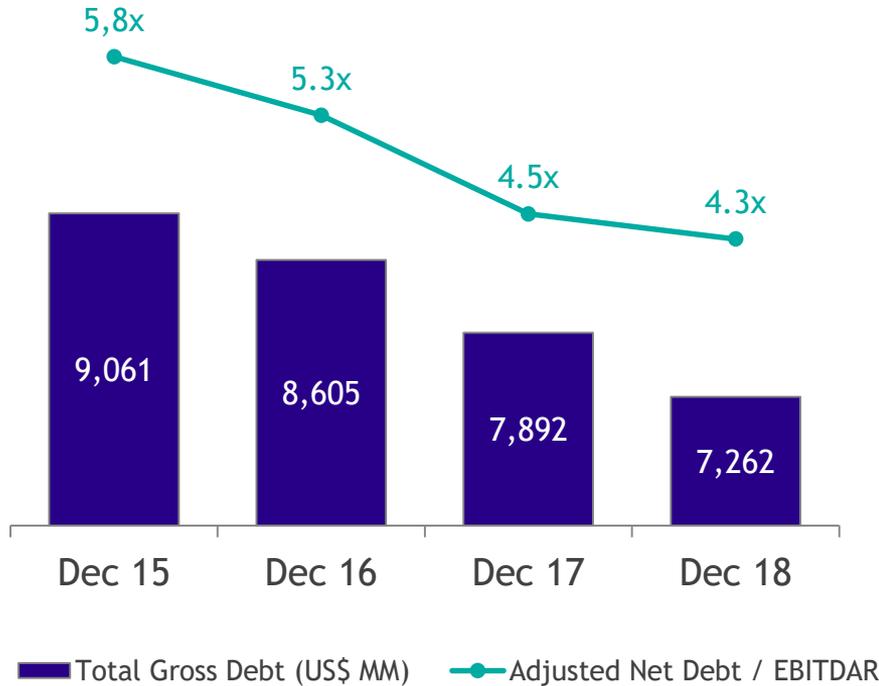
# Strong free cash flow generation

US\$ million

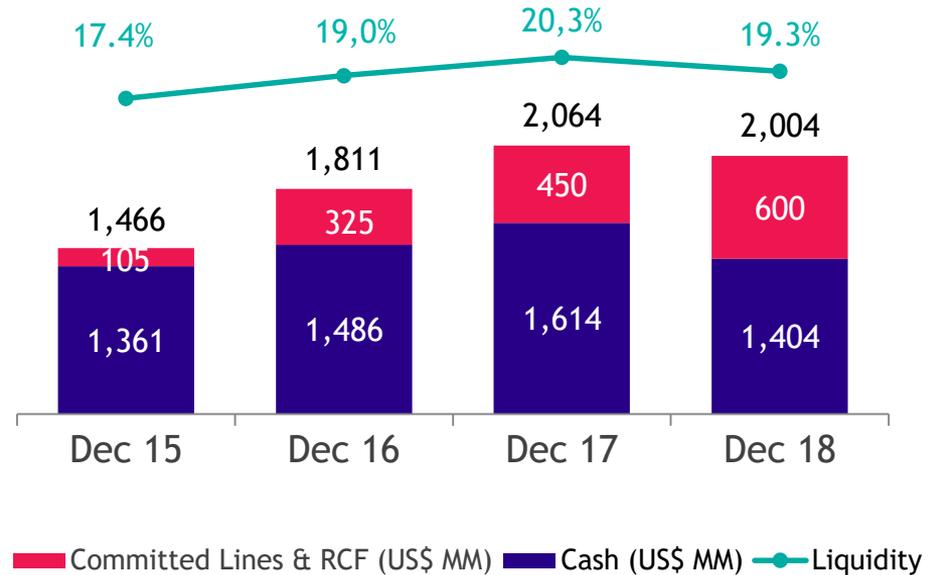


# Continuous deleveraging trend and stronger balance sheet

## Gross Debt<sup>1</sup> and leverage



## Liquidity

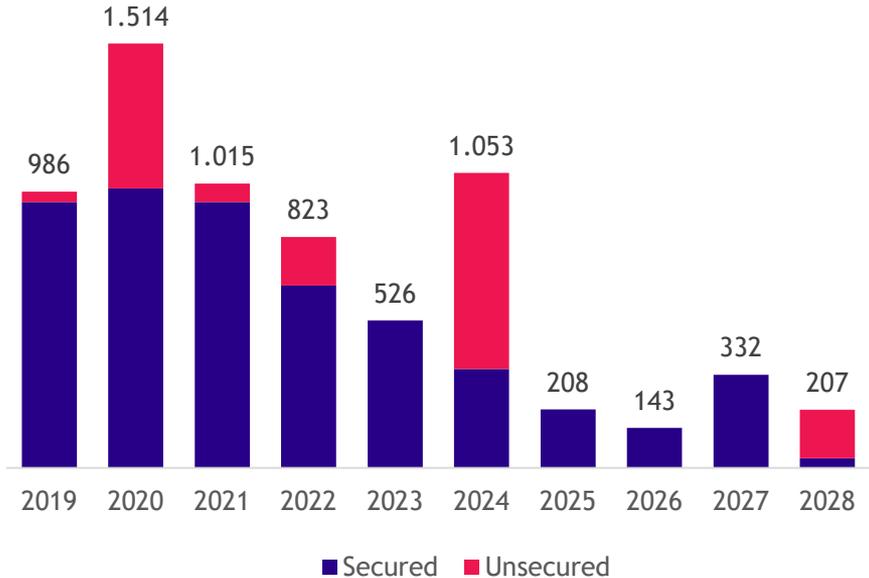


1. Adjusted for the capitalization of operating leases (7x yearly expense)

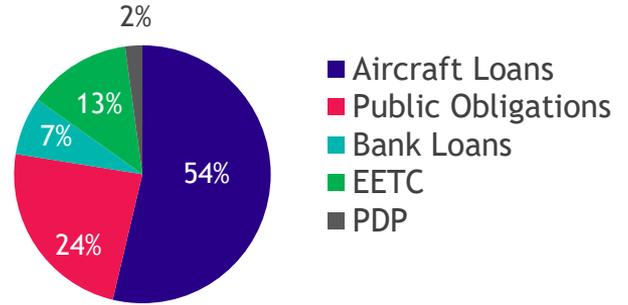
Source: Public Company filings

# Debt maturity profile and structure

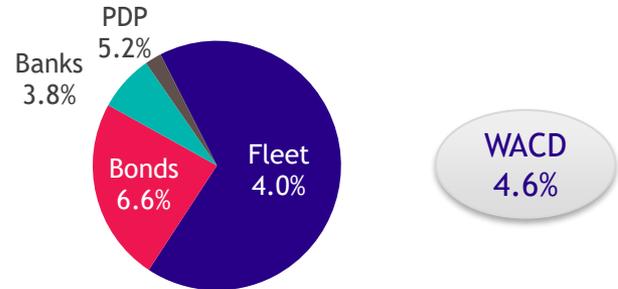
Debt maturity profile (US\$MM) as of December 31, 2018<sup>1</sup>



Debt by type as of December 31, 2018<sup>2</sup>



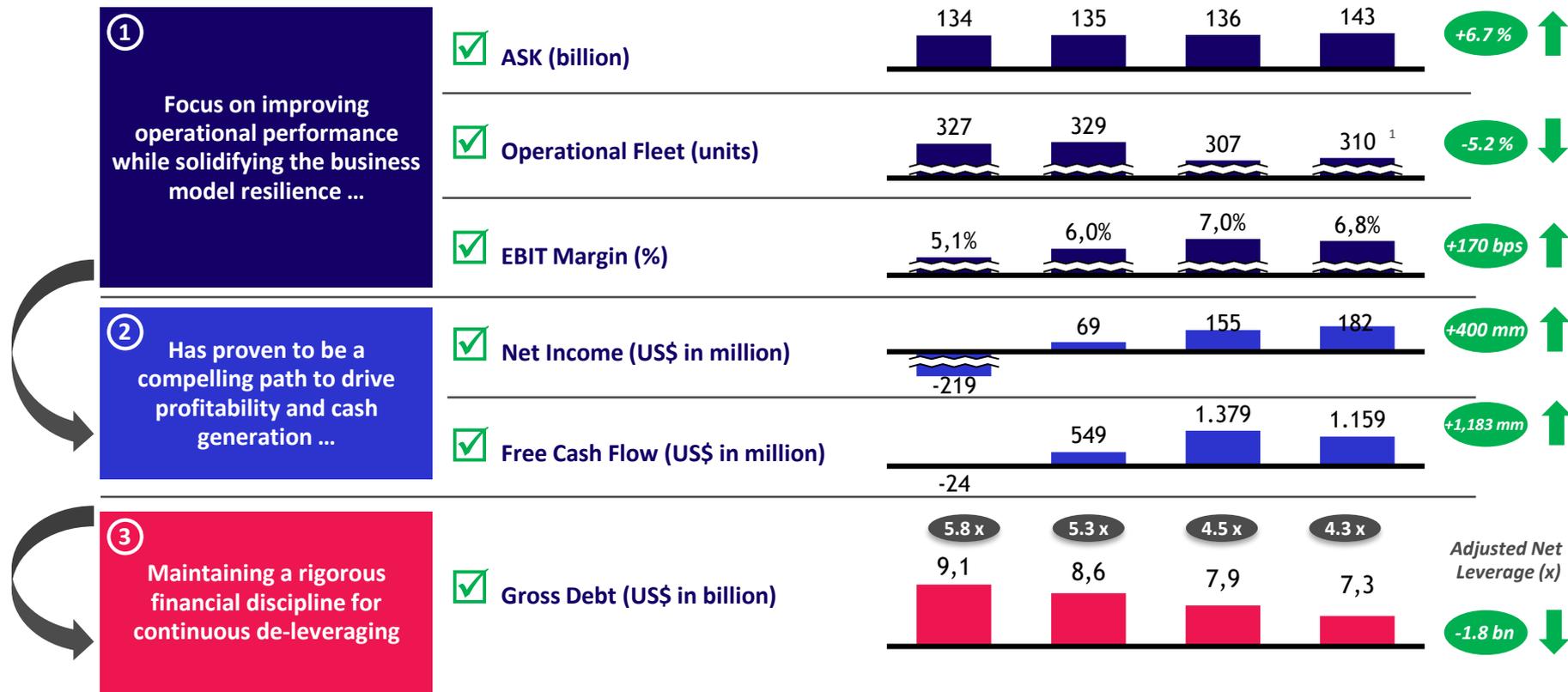
Cost of debt as of December 31, 2018<sup>2</sup>



1. The debt maturity profile does not include PDP and short term rolling debt.

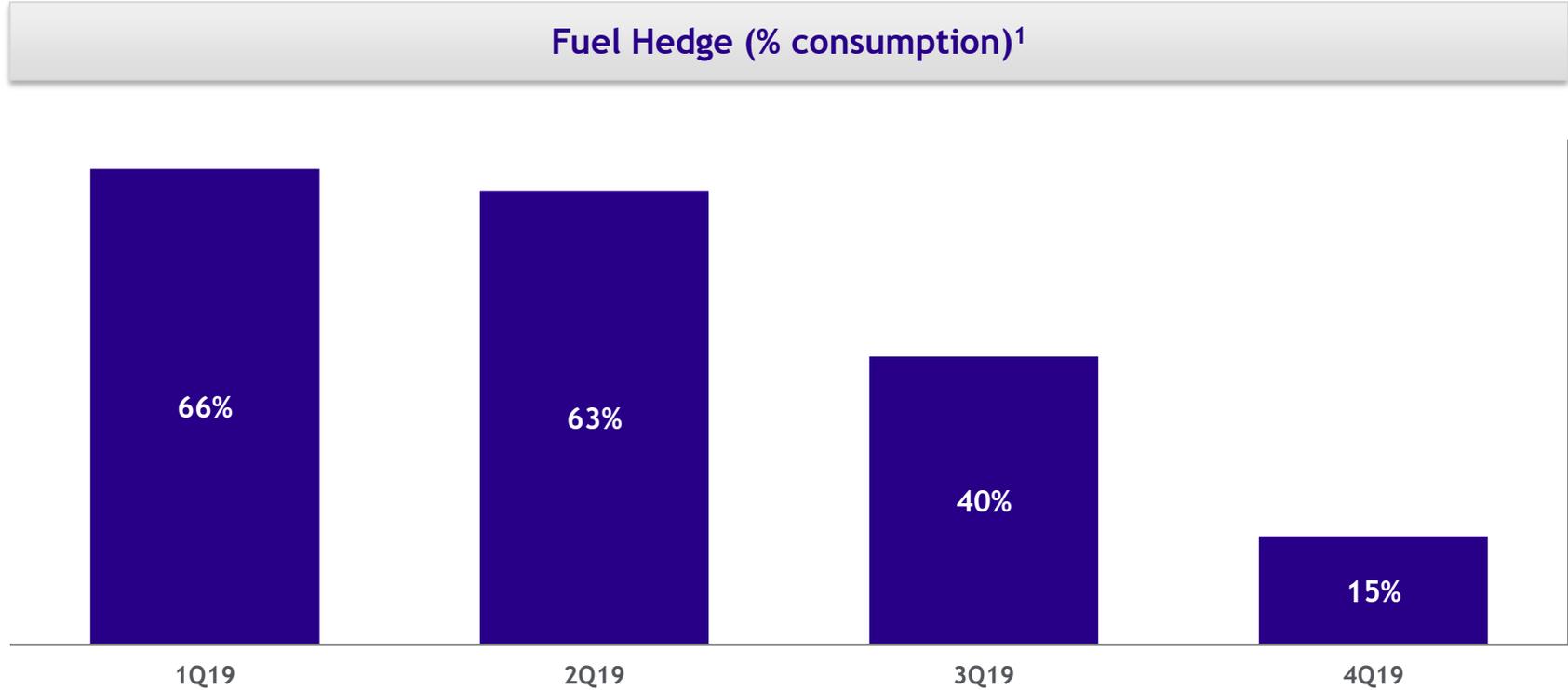
2. Source: 2018 Financial Statements

# Successfully delivered on a transformational plan to enhance LATAM's performance



<sup>1</sup> Excludes 2 short-term leased aircrafts, as of December 2018.

# Hedging strategy to support operational margin resilience



1. As of March 2019

# Guidance

		2018	2019E
Passenger (ASK) 	International	6.1%	3% - 5%
	Domestic Brazil	3.7%	2% - 4%
	Domestic Spanish Speaking Countries	3.5%	8% - 10%
	Total	5.0%	4% - 6%
Cargo (ATK) 		4.3%	1% - 3%
Operating Margin (%) 		6.8%	7% - 9%

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