

LATAM AIRLINES GROUP REPORTS A 10.5% IMPROVEMENT IN OPERATING INCOME AND NET INCOME OF US\$69.2 MILLION FOR FULL YEAR 2016

Santiago, Chile, March 15, 2017 – LATAM Airlines Group S.A. (NYSE: LFL; IPSA: LAN), the leading airline group in Latin America, announced today its consolidated financial results for the fourth quarter ended December 31, 2016. “LATAM” or “the Company” makes reference to the consolidated entity, which includes passenger and cargo airlines in Latin America. All figures were prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in U.S. dollars. The Brazilian real / US dollar average exchange rate for the quarter was BRL 3.29 per USD.

HIGHLIGHTS

- LATAM Airlines Group reported an operating margin of 7.6% for fourth quarter 2016, an improvement of 1.4 p.p. over the same quarter in 2015, and net income of US\$54.3 million, a US\$70.6 million improvement over the fourth quarter 2015. The improvement in operating results was driven by a 6.7% increase in total revenues, reflecting a positive revenue per ASK trend in domestic and international routes in Brazil as well as a stronger Brazilian currency.
- Total revenues in fourth quarter 2016 reached US\$2,569.3 million showing an improvement of 6.7%, mainly driven by an increase of 6.9% in passenger revenue, after nine consecutive quarters of decline. This revenue improvement consolidates and further improves third quarter’s positive trend in revenue per ASK. For full year 2016, revenues reached US\$9,527.1 million, a decrease of 6.0% compared to the same period 2015, with the decline of 14.7% occurring during the first half of the year, while increasing by 3.4% during the second half of 2016.
- LATAM Airlines Brazil continues to see positive resulting from the strategy of adjusting passenger capacity on both domestic and international routes in the Brazilian market, with a significant increase in revenues per ASK. Domestic capacity was reduced by 10.9% during the fourth quarter, and consequently revenues per ASK increased by 34.8% as compared to the same quarter of 2015, driven by a 14.8% increase in RASK in BRL as well as by the 14.3% average appreciation of the Brazilian Real. Furthermore, LATAM Airlines Brazil reduced capacity on international routes between Brazil and the US, reaching a reduction of approximately 36% during the fourth quarter compared to the same period last year.
- For the full year 2016, operating income reached US\$567.9 million, an increase of 10.5% compared with 2015. Operating margin reached 6.0%, 0.9 p.p. above full year 2015, and in line with the upper bound of the guidance provided by the Company. Net income reached US\$69.2 million for the year 2016, compared to a net loss of US\$219.3 million for 2015, showing a positive net income for the first time since 2011.
- During the quarter, the Company made significant progress in its plan to reduce total fleet assets and fleet commitments, reaching the lowest fleet commitment levels in the recent history of LATAM for 2017 and 2018. LATAM reduced fleet commitments for 2018 by US\$1,039 million and it will also reduce existing fleet assets by returning additional aircraft as compared to the previous quarter fleet plan. With this, the Company will have reached US\$2.2 billion reduction in fleet assets for 2016–2018, in line with our previously announced plans to achieve a decrease of US\$2.0 to US\$3.0 billion in our expected fleet assets by 2018.
- During 2016, the Company achieved a significant improvement in its balance sheet deleveraging to 5.3x as compared to 5.8x in 2015. Furthermore, liquidity reached US\$1.8 billion including undrawn committed credit lines, representing 19% of last twelve months revenues. Liquidity was bolstered by

the US\$608.4 million capital increase that was completed in December 28, 2016, through which Qatar Airways acquired 10% of LATAM's total shares.

MANAGEMENT COMMENTS ON FOURTH QUARTER 2016

The year 2016 was challenging for LATAM, with weakening regional economies and recession in Brazil, devalued local currencies and high inflation rates in certain countries. In this context, LATAM continues to be the best positioned airline group in Latin America to respond to these deteriorated conditions, as we continue to improve margins, cash flow generation and deleveraging its balance sheet, showing the resilience of its business model. Furthermore, Qatar's investment recognizes LATAM's achievements and supports our project for the future, strengthening our conviction that we are on the right path to reach our goals.

Management has been proactive to address these economic challenges focusing on the aspects under our control. We continue to pursue initiatives to further reduce costs, which were accelerated during the year and resulted in an 8.9% headcount reduction, as well as productivity increases on various fronts. We also successfully restructured its fleet commitments, adapting fleet deliveries to the current demand environment in the region, reaching historically low levels of fleet commitments for 2017, with no cash out requirements.

We continue to work tirelessly to improve profitability and further improve our free cash flow generation, creating value for all our stakeholders while maintaining a solid cash position and continue deleveraging the Company. Over the coming years, we expect further improvement on this front as we continue working on strengthening our operations, implementing our new domestic business model and seeking approval for our Joint Business Agreements (JBAs) with American Airlines and IAG (British Airways and Iberia). On this front, on March 8th, the administrative court of economic defense of CADE (Administrative Council for Economic Defense) in Brazil approved the JBA between LATAM Airlines Group and IAG, representing the final stage in this jurisdiction of its evaluation process that began in June 2016.

Regarding our new travel model for domestic services, the implementation will continue gradually over the coming months. During the second quarter, LATAM will start to implement a branded fare model with clear attributes differentiation and payable ancillaries to provide to our customers more accessible prices and more alignment to their needs. With this new offering, our passengers will have the ability to personalize their travel experience by having the option to add checked luggage, select their seats, change their flight, and vary the amount of accrued kilometers or points in the Frequent Flyer Programs, among others.

Furthermore, one of the most visible changes for our passengers is the sale on board in domestic flights. "Mercado LATAM", the new service of purchase on board of beverages and food, is already implemented in all of LATAM's domestic flights in Colombia and in Peru. It will be implemented gradually in Chile, Argentina, Ecuador and Brazil over the coming months. The objective is to improve the travel experience of our passengers who can access, according to their preferences, to a wide gastronomic selection of more than 50 products. Additionally, since December 2016 the affiliate carriers of LATAM Airlines Group (with the exception of LATAM Airlines Brazil's domestic and regional flights) are charging for the oversized bags such as surfboards, TVs, among others, consistently with the current dynamics of the industry.

The Company continues developing digital initiatives to empower passengers by providing them a digital experience with end-to-end control of their reservation. Passengers of LATAM Airlines Chile and LATAM Airlines Brasil can now change their flights without calling the Contact Center, and during 2017 this service will be gradually expanded to the other subsidiaries that are part of the LATAM Airlines Group. Additionally, our passengers will be able to advance or delay the flight on the same day of the travel, providing more flexibility to their journey.

MANAGEMENT DISCUSSION AND ANALYSIS OF FOURTH QUARTER 2016 RESULTS

Total revenues in fourth quarter 2016 totaled US\$2,569.3 million compared to US\$2,407.0 million in fourth quarter 2015. The increase of 6.7% is a result of a 6.9% increase in passenger revenues, showing an improvement for the first time after nine consecutive quarters of passenger revenue decline, reflecting a positive revenue per ASK trend in domestic and international routes in Brazil as well as a stronger Brazilian currency. Additionally, revenues were boosted by a 54.2% increase in other revenues, partially offset by a decrease of 7.7% in cargo revenues. Passenger and cargo revenues accounted for 82.2% and 12.0% of total operating revenues, respectively, in fourth quarter 2016.

Total revenues for full year 2016 reached US\$9,527.1 million compared to US\$10,125.8 million in 2015. The decrease of 5.9% is a result of a 6.3% and 16.5% decrease in passenger and cargo revenues, respectively, partially offset by a 39.7% increase in other revenues. Passenger and cargo revenues accounted for 82.7% and 11.7% of total operating revenues, respectively, for the full year 2016.

Passenger revenues increased 6.9% during the quarter as a result of a 7.6% increase in consolidated passenger unit revenue (RASK) offsetting the 0.8% capacity decrease, when compared to fourth quarter 2015. The RASK increase was driven by a 6.1% increase in yields, while load factors showed an improvement of 1.3 p.p. to 84.5%. The yield recovery during this quarter was primarily driven by the improvement in yields in Brazil domestic and internationally, partially offset by weaker demand in the Spanish Speaking markets.

Revenues per ASK for LATAM's main passenger business units are shown in the table below:

Business Unit	For the three month period ended December 31					
	RASK (US cents)		ASK (millions)		Load Factor	
	4Q16	% Change (YoY)	4Q16	% Change (YoY)	4Q16	% Change (YoY)
Domestic SSC	7.2	-9.5%	6,335	7.4%	81.2%	-0,36 pp
Domestic Brazil	6.9	34.8% *	9,194	-10.9%	83.2%	1,39 pp
International	6.0	3.9%	18,626	2.2%	86.3%	1,78 pp
Total	6.2	7.6%	34,155	-0.8%	84.5%	1,32 pp

*RASK in domestic Brazil increased 14.8% when measured in BRL

Note: revenues include ticket revenue, breakage, excess baggage fee, frequent flyer program revenues and other revenues

During the fourth quarter 2016, demand in the airline group's Spanish speaking country affiliates (SSC, which includes LATAM Airlines Chile, LATAM Airlines Peru, LATAM Airlines Argentina, LATAM Airlines Colombia and LATAM Airlines Ecuador), which accounts for a 21.2% of total passenger revenues, showed an increase of 6.9% in passenger traffic as measured in RPKs. However, despite stable local currencies during the quarter, RASK continued under pressure mainly due to a weaker macroeconomic scenario which has impacted demand throughout the region combined with a more competitive environment. Passenger capacity as measured in ASKs grew by 7.4% during the quarter, while load factors showed a decrease of 0.4 p.p. to 81.2%.

In the domestic Brazil passenger operations, which represents a 28.9% of total passenger revenues, LATAM Airlines Brazil continues to adjust capacity resulting in a significant improvement during the quarter with revenues per ASK increasing by 34.8% in USD and 14.8% in BRL. Domestic capacity was reduced by 10.9% and traffic as measured in RPKs decline by 9.4% in fourth quarter 2016 as compared to the same quarter of 2015. As a result, load factor increased 1.4 p.p. to 83.2%.

The airline group's capacity on international routes, which represents a 49.9% of total passenger revenues, increased by 2.2% during the quarter. LATAM Airlines Brazil has continued to reduce capacity on routes with

weaker demand, specifically between Brazil and the US. As a result of capacity adjustments and the stronger demand environment related to the appreciation of the Brazilian currency, RASK on those routes increased during the quarter compared to the same period last year. On the other hand, LATAM Airlines Group and its affiliates have added capacity on routes between Spanish Speaking Countries and the US and Europe. Traffic increased by 4.4%, with passenger load factors growing by 1.8 p.p. to 86.3%. Revenues per ASK in international passenger operations increased by 3.9% as compared to the fourth quarter of 2015 reflecting an improved revenue trend.

Cargo revenues decreased by 7.7% in the quarter, driven by a 3.1% decline in cargo traffic and a 4.8% decline in cargo yields as compared to the fourth quarter of 2015. Exports to North America were mainly impacted by lower production in the salmon industry as well as a decrease of certain products as flowers and Asparagus, partially offset by an improvement in imports from North America and Europe to Brazil, as a result of the appreciation of the Brazilian Real. As a result, cargo revenues per ATK declined 1.9% as compared to the same quarter of the previous year.

LATAM and its affiliates continue working to adjust freighter capacity, while focused on maximizing the belly utilization of the passenger fleet. In the fourth quarter cargo capacity, as measured in ATKs, declined 5.9%, which includes a 13.2% reduction of freighter operations, resulting in a load factor of 57.0%, which represents an improvement of 1.7 percentage points as compared to the fourth quarter 2015.

Other revenues increased by 54.2% reaching US\$147.9 million during fourth quarter 2016. This growth is primarily due to gains on aircraft sales and leaseback transactions as well as an increase in revenues derived from aircraft leases.

Total **operating expenses** in the fourth quarter reached US\$2,374.1 million, a 5.2% increase as compared to the same period of 2015. This increase is explained by US\$121.0 million of non-recurring costs associated mainly to fleet sales and redeliveries, severance payments, among others. Cost per ASK equivalent (including net financial expenses) excluding non-recurring costs increased by 2.3% when compared to the same period 2015. Although the Company continues with the implementation of its ongoing costs reductions efforts, the increase in unit costs this quarter reflects the negative impact of high inflation rates in the region, the appreciated local currencies, and the 2.7% decline in capacity as compared to the fourth quarter 2015.

Changes in operating expenses were mainly due to the following:

- **Wages and benefits** increased by 7.6% mainly explained by the increase of US\$44.0 million in severance payments and performance bonuses during the fourth quarter 2016 as compared to the same period 2015. Excluding these effects, wages and benefits costs declined by 2.0% driven by the 6.1% decline in headcount, partially offset by the appreciation of local currencies during the period, especially the Brazilian real.
- **Fuel costs** decreased by 2.8% mainly as a result of a 3.6% decrease in the gallons consumed during the period as compared to the fourth quarter of 2015 as well as a fuel hedge gain recognized during the quarter, which totaled US\$4.4 million, relative to a US\$40.5 million loss in the fourth quarter 2015, partially offsetting the 7.3% increase in the average fuel price per gallon (excluding hedge) as compared to the fourth quarter of 2015. At the same time, the Company recognized an US\$2.8 million loss related to foreign currency hedging contracts, mainly Brazilian real, compared to a US\$7.6 million gain recognized in the same period of last year.
- **Commissions to agents** increased by 11.5% mainly due to the negative impact of the 14.3% average appreciation of the Brazilian real in passenger commissions at LATAM Airlines Brazil, and in line with the 6.9% increase in passenger revenues.

- **Depreciation and amortization** increased by 7.8% due to the negative impact of the appreciation of the Brazilian real during the fourth quarter, as well as an increase in amortization expenses of our intangible assets of TAM's brand.
- **Other rental and landing fees** increased by 3.4% mainly due to an increase in aeronautical rates.
- **Passenger service** expenses increased by 4.6% despite the decrease of 1.0% in the number of passenger transported, explained by a lower comparison base due to a reversal of US\$3.7 million related to catering expenses in fourth quarter 2015. Excluding this effect, passenger services declined 0.5%.
- **Aircraft rentals** increased by 11.5% as a result of the incorporation of more modern aircraft under operating leases. The Company had more Airbus A321s, Boeing 787s and Airbus A350 this year while reducing the number of Airbus A320s, Airbus A330s and Boeing 767s relative to the fourth quarter of 2015, bringing the total number of leased aircraft to 110, as compared to 107 during the same period of 2015.
- **Maintenance expenses** continued to decrease this quarter by 9.5% due to efficiencies related to the renewal of our fleet partially offset by higher aircraft redelivery costs related to the Company's fleet rightsizing initiatives.
- **Other operating expenses** increased by 14.4%, mainly driven by certain non-recurring items as mentioned above, including US\$53.5 million related to fleet sales and redeliveries.

Non-operating results

- **Interest income** increased by 107.8% to US\$21.8 million in fourth quarter 2016 from US\$10.5 million in the same period 2015 mainly due to the reduction of the investments market value in Argentina. This reduction in the market value was related to the local currency depreciation in Argentina in December 2015.
- **Interest expense** increased by 5.9% to US\$105.8 million in fourth quarter 2016 from US\$99.9 million, mainly due to the recognition of non-cash expenses related to prepayment of the revolving credit facility.
- Under **Other income (expense)**, the Company recognized a US\$81.8 million net loss, including US\$68.0 million of aircraft redelivery costs, and US\$7.2 million in foreign exchange losses. This compares to the US\$124.0 million loss in other income (expense) in the fourth quarter of 2015, which included the recognition of a US\$71.0 million provision mainly related to aircraft redelivery costs, and a foreign exchange loss of US\$57.1 million.

Net Income increased from a loss of US\$16.3 million on fourth quarter 2015 to a gain of US\$54.3 million in the same period 2016 mainly explained by an increase of US\$46.0 million in the operating result as well as a US\$50.0 million lower foreign exchange loss compared with same period 2015, partially offset by 42.2% decrease in the positive income taxes as compared to the same period 2015.

LIQUIDITY AND FINANCING

At the end of the fourth quarter 2016, LATAM reported US\$1,486 million in cash and cash equivalents, including certain highly liquid investments accounted for as other current financial assets, equivalent to 15.6% of net revenue of the last twelve months. Furthermore, the Company's liquidity position is also enhanced by US\$325 million in undrawn revolving credit facility (RCF) line, which was totally available as of December 31, 2016.

Additionally, on December 28, 2016, LATAM announced the successful conclusion of its capital increase, in which 60.8 million shares were subscribed at a price of US\$ 10 per share, generating proceeds of approximately US\$608 million with Qatar Airways completing its acquisition of 10% of LATAM.

Fleet commitments for 2017 amount US\$469 million, all of which are pre-arranged operating leases, being the lowest amount in the recent history of LATAM. For 2018, our fleet commitments have been substantially reduced to US\$555 million, a reduction of US\$1,039 million compared with September 2016. The Company continues to adjust its fleet to the current demand environment improving its cash flow generation for the coming periods, and its balance sheet position.

Additionally, LATAM expects to have non-fleet CAPEX, including intangible assets, of approximately US\$500 million per year, including fleet and non-fleet maintenance, expenditures on spare engines, fleet components, and new business model implementation costs, among others.

LATAM's financial debt during the fourth quarter 2016 totaled US\$8,605 million, a decrease of US\$457 million as compared to same period 2015. For 2017, the Company has debt maturities of approximately US\$1,543 million.

The main objective of LATAM Airlines Group Hedge Policy is to protect medium term liquidity risk from fuel price increases and BRL depreciation, while participating of benefits from fuel price reduction and BRL appreciation. Accordingly, the Company hedges a portion of its estimated fuel consumption and Brazilian real operating exposure. Hedge positions per quarter for the next twelve months are shown in the table below:

	1Q17	2Q17	3Q17	4Q17
Hedge positions				
Estimated Fuel consumption	33%	45%	19%	0%
Brazilian reais operational exposure (US\$ million) ⁽¹⁾	60	100	100	0

(1) Estimated Brazilian reais annual operational exposure US\$600 million.

LATAM FLEET PLAN

LATAM continues to take a flexible approach to its fleet plan, adapting to operational requirements and market conditions. The confirmed reductions currently amount to US\$2.2 billion, in line with the Company's previously announced plans to achieve a decrease of US\$ 2.0 – 3.0 billion in our expected fleet assets by 2018.

These reductions will improve the balance sheet and create flexibility to better respond to market conditions over the coming years. The benefits of these reductions will be seen over the next years starting in 2017 in the form of lower leasing expenses and capital expenditures, along with a decreased need for financing, improving the Company's cash flow generation and strengthening our balance sheet.

During 2016, LATAM took delivery of 24 aircrafts and returned 23 aircrafts, ending the year with an operating fleet of 329 aircrafts. By the end of 2017, the Company will operate a total fleet of 311 aircraft, and it will have 7 aircrafts under subleasing contracts.

At year end	2015	2016	2017E	2018E
Passenger Aircraft				
Narrow Body				
Airbus A319-100	50	48	45	45
Airbus A320-200	154	146	126	116
Airbus A320 Neo	-	2	7	11
Airbus A321-200	36	47	47	47
Airbus A321 Neo	-	-	-	2
TOTAL	240	243	225	221
Wide Body				
Airbus A330-200	10	-	-	-
Boeing 767-300	38	37	36	36
Airbus A350-900	1	7	7	9
Boeing 777-300 ER	10	10	10	7
Boeing 787-8	10	10	10	10
Boeing 787-9	7	12	14	14
TOTAL	76	76	77	76
Cargo Aircraft				
Boeing 777-200F	3	2	1	1
Boeing 767-300F	8	8	8	8
TOTAL	11	10	9	9
TOTAL FLEET	327	329	311	306
Subleases				
Airbus A320-200	-	-	5	5
Boeing 777-200F	1	-	1	1
Boeing 767-300F	3	3	1	1
TOTAL	4	3	7	7
Fleet Commitment (US\$ millions)	1,689	1,950	469	555

Note: This table does not include 4 A350-900 that will be subleased to Qatar for periods of between six and 12 months during 2017 and 2018. Does not include two B777-200F (one currently leased to a third party), three A330 and one A320 that were reclassified from property plant and equipment to hold for sale.

GUIDANCE

Capacity growth guidance for 2017 remains unchanged (see table below). In addition, the Company maintains its guidance for an operating margin of between 6.0% and 8.0% for full year 2017.

		2016		2017
		Guidance	Actual	Guidance
ASK Growth (Passenger)	Total Network	(1%) - 1%	0.6%	0% - 2%
	International	3% - 5%	5.6%	0% - 2%
	Brazil Domestic	(12%) - (10%)	(11.5%)	(2%) - 0%
	SSC Domestic	6% - 8%	8.0%	4% - 6%
ATK Growth (Cargo)		(4%) - (2%)	(5.3%)	(12%) - (10%)
Operating Margin		5.5% - 6.5%	6.0%	6.0% - 8.0%

LATAM filed its quarterly financial statements for the three month period ended December 31, 2016 with the *Superintendencia de Valores y Seguros* of Chile on March 15, 2017. These financial statements will be available in Spanish and English languages at <http://www.latamairlinesgroup.net>.

About LATAM Airlines Group S.A.

LATAM Airlines Group is Latin America's leading airline group with one of the largest route networks in the world, offering air services to around 140 destinations in 25 countries, and is present in six domestic markets in Latin America: Argentina, Brazil, Chile, Colombia, Ecuador and Peru, in addition to its international operations in Latin America, Europe, the United States, the Caribbean, Oceania and Africa.

The company Employing over 46,000 people worldwide, operating more than 1,400 flights per day and transporting 67 million passengers per year.

LATAM Airlines Group has one of the youngest and most modern fleets in the world. Its 317 aircraft average an age of less than seven years and feature the latest variants including the Boeing 787, Airbus A350, A321 and A320neo.

LATAM Airlines Group (formerly LAN Airlines) comprises subsidiaries in Peru, Argentina, Colombia and Ecuador as well as LATAM CARGO and its subsidiaries; in addition to TAM S.A and its subsidiaries, TAM Linhas Aéreas S.A. (LATAM Airlines Brasil) and its business units TAM Transportes Aéreos Del Mercosur S.A. (LATAM Airlines Paraguay) and Multiplus S.A.

LATAM is the brand adopted by LATAM Airlines Group member airlines and is being rolled-out in its products and services, as part of a gradual integration plan.

LATAM Airlines Group is the only airlines group in Latin America and one of two worldwide to be part of the Dow Jones Sustainability 'World' Index. In 2016, it was recognized by the index for sustainable practices, based on economic, social and environmental criteria, for the third consecutive year.

LATAM Airlines Group shares are traded on the Santiago Stock Exchange and the New York Stock Exchange in the form of ADRs.

For any commercial or brand related query, visit www.latam.com. Further financial information is available via www.latamairlinesgroup.net

Note on Forward-Looking Statements

This report contains forward-looking statements. Such statements may include words such as "may" "will," "expect," "intend," "anticipate," "estimate," "project," "believe" or other similar expressions. Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. These statements are based on LATAM's current plans,, estimates and projections and, therefore, you should not place undue reliance on them. Forward-looking statements involve inherent known and unknown risks, uncertainties and other factors, many of which are outside of LATAM's control and difficult to predict. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. These factors and uncertainties include in particular those described in the documents we have filed with the U.S. Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them, whether in light of new information, future events or otherwise.

LATAM Airlines Group S.A.
Consolidated Financial Results for the fourth quarter 2016 (in thousands of US Dollars)

	For the three month period ended December 31		
	2016	2015	% Change
REVENUE			
Passenger	2,112,404	1,976,243	6.9%
Cargo	309,054	334,883	-7.7%
Other	147,854	95,882	54.2%
TOTAL OPERATING REVENUE	2,569,312	2,407,008	6.7%
EXPENSES			
Wages and Benefits	-496,525	-461,605	7.6%
Aircraft Fuel	-557,018	-573,190	-2.8%
Comissions to Agents	-74,637	-66,922	11.5%
Depreciation and Amortization	-246,564	-228,821	7.8%
Other Rental and Landing Fees	-285,166	-275,754	3.4%
Passenger Services	-76,116	-72,760	4.6%
Aircraft Rentals	-149,379	-134,000	11.5%
Aircraft Maintenance	-76,510	-84,547	-9.5%
Other Operating Expenses	-412,229	-360,257	14.4%
TOTAL OPERATING EXPENSES	-2,374,144	-2,257,856	5.2%
OPERATING INCOME	195,168	149,152	30.9%
<i>Operating Margin</i>	7.6%	6.2%	1.4 pp
Interest Income	21,802	10,490	107.8%
Interest Expense	-105,773	-99,865	5.9%
Other Income (Expense)	-81,755	-123,951	-34.0%
INCOME BEFORE TAXES AND MINORITY INTEREST	29,442	-64,174	-145.9%
Income Taxes	34,136	59,226	-42.4%
INCOME BEFORE MINORITY INTEREST	63,578	-4,948	-1384.9%
Attributable to:			
Shareholders	54,345	-16,256	-434.3%
Minority Interest	9,233	11,308	-18.3%
NET INCOME	54,345	-16,256	-434.3%
<i>Net Margin</i>	2.1%	-0.7%	2.8 pp
Effective Tax Rate	115.9%	-92.3%	208.2 pp
EBITDA	441,732	377,973	16.9%
<i>EBITDA Margin</i>	17.2%	15.7%	1.5 pp.
EBITDAR	591,111	511,973	15.5%
<i>EBITDAR Margin</i>	23.0%	21.3%	1.7 pp.

LATAM Airlines Group S.A.
Consolidated Financial Results for the full year ended December (in thousands of US Dollars)

	For the twelve month period ended December 31		
	2016	2015	% Change
REVENUE			
Passenger	7,877,715	8,410,614	-6.3%
Cargo	1,110,625	1,329,431	-16.5%
Other	538,748	385,781	39.7%
TOTAL OPERATING REVENUE	9,527,088	10,125,826	-5.9%
EXPENSES			
Wages and Benefits	-1,951,133	-2,072,805	-5.9%
Aircraft Fuel	-2,056,643	-2,651,067	-22.4%
Comissions to Agents	-269,296	-302,774	-11.1%
Depreciation and Amortization	-960,328	-934,406	2.8%
Other Rental and Landing Fees	-1,077,407	-1,109,826	-2.9%
Passenger Services	-286,621	-295,439	-3.0%
Aircraft Rentals	-568,979	-525,134	8.3%
Aircraft Maintenance	-366,153	-437,235	-16.3%
Other Operating Expenses	-1,422,625	-1,283,221	10.9%
TOTAL OPERATING EXPENSES	-8,959,185	-9,611,907	-6.8%
OPERATING INCOME	567,903	513,919	10.5%
<i>Operating Margin</i>	6.0%	5.1%	0.9 pp
Interest Income	74,949	75,080	-0.2%
Interest Expense	-416,336	-413,357	0.7%
Other Income (Expense)	47,358	-532,757	-108.9%
INCOME BEFORE TAXES AND MINORITY INTEREST	273,874	-357,115	-176.7%
Income Taxes	-163,204	178,383	-191.5%
INCOME BEFORE MINORITY INTEREST	110,670	-178,732	-161.9%
Attributable to:			
Shareholders	69,220	-219,274	-131.6%
Minority Interest	41,450	40,542	2.2%
NET INCOME	69,220	-219,274	-131.6%
<i>Net Margin</i>	0.7%	-2.2%	2.9 pp
Effective Tax Rate	-59.6%	-50.0%	-9.6 pp
EBITDA	1,528,231	1,448,325	5.5%
<i>EBITDA Margin</i>	16.0%	14.3%	1.7 pp.
EBITDAR	2,097,210	1,973,459	6.3%
<i>EBITDAR Margin</i>	22.0%	19.5%	2.5 pp.

LATAM Airlines Group S.A.
Consolidated Operational Statistics

	December 31			December 31		
	2016	2015	% Change	2016	2015	% Change
System						
ASKs-equivalent (millions)	52,079	53,499	-2.7%	205,538	208,723	-1.5%
RPKs-equivalent (millions)	39,086	39,198	-0.3%	150,110	151,478	-0.9%
Overall Load Factor (based on ASK-equivalent)%	75.1%	73.3%	1.8 pp	73.0%	72.6%	0.5 pp
Break-Even Load Factor (based on ASK-equivalent)%	71.6%	71.4%	0.2 pp	71.2%	71.3%	-0.1 pp
Yield based on RPK-equiv (US Cent)	6.2	5.9	5.1%	6.0	6.4	-6.9%
Operating Revenues per ASK-equiv (US Cent)	4.6	4.3	7.6%	4.4	4.7	-6.3%
Costs per ASK-equivalent (US Cent)	4.7	4.4	7.6%	4.5	4.8	-5.1%
Costs per ASK-equivalent ex fuel (US Cents)	3.7	3.3	10.1%	3.5	3.5	0.8%
Fuel Gallons Consumed (millions)	299.4	310.6	-3.6%	1,185.5	1,221.1	-2.9%
Fuel Gallons Consumed per 1,000 ASKs-equivalent	5.7	5.8	-1.0%	5.8	5.9	-1.4%
Fuel Price (with hedge)	1.9	1.9	-1.0%	1.7	2.2	-22.2%
Fuel Price (without hedge)	1.9	1.7	7.3%	1.7	2.0	-16.6%
Average Trip Length (km)	1,692.1	1,663.8	1.7%	1.7	1.6	3.2%
Total Number of Employees (average)	48,336	51,466	-6.1%	49,619	52,887	-6.2%
Total Number of Employees (end of the period)	45,916	50,413	-8.9%	45,916	50,413	-8.9%
Passenger						
ASKs (millions)	34,155	34,444	-0.8%	134,968	134,167	0.6%
RPKs (millions)	28,872	28,662	0.7%	113,627	111,510	1.9%
Passengers Transported (thousands)	17,063	17,227	-1.0%	66,960	67,835	-1.3%
Load Factor (based on ASKs) %	84.5%	83.2%	1.3 pp	84.2%	83.1%	1.1 pp
Yield based on RPKs (US Cents)	7.3	6.9	6.1%	6.9	7.5	-8.1%
Revenues per ASK (US cents)	6.2	5.7	7.6%	5.8	6.3	-6.9%
Cargo						
ATKs (millions)	1,703	1,810	-5.9%	6,704	7,083	-5.3%
RTKs (millions)	970	1,001	-3.1%	3,466	3,797	-8.7%
Tons Transported (thousands)	255	271	-5.9%	944	1,009	-6.4%
Load Factor (based on ATKs) %	57.0%	55.3%	1.7 pp	51.7%	53.6%	-1.9 pp
Yield based on RTKs (US Cents)	31.9	33.5	-4.8%	32.0	35.0	-8.5%
Revenues per ATK (US Cents)	18.2	18.5	-1.9%	16.6	18.8	-11.7%

LATAM Airlines Group S.A.
Consolidated Balance Sheet (in thousands of US Dollars)

	As of December 31 2016	As of December 31 2015
Assets:		
Cash, and cash equivalents	949,327	753,497
Other financial assets	712,828	651,348
Other non-financial assets	212,242	330,016
Trade and other accounts receivable	1,107,889	796,974
Accounts receivable from related entities	554	183
Inventories	241,363	224,908
Tax assets	65,377	64,015
Non-current assets and disposal groups held for sale	337,195	1,960
Total current assets	3,626,775	2,822,901
Property and equipment	10,498,149	10,938,657
Goodwill	2,710,382	2,280,575
Intangible assets other than goodwill	1,610,313	1,321,425
Other non-current assets	752,575	737,860
Total non-current assets	15,571,419	15,278,517
Total assets	19,198,194	18,101,418
Liabilities and shareholders' equity:		
Other financial liabilities	1,839,528	1,644,235
Trade and other accounts payables	1,593,068	1,483,957
Tax liabilities	14,286	19,378
Other non-financial liabilities	2,775,309	2,493,402
Total current liabilities	6,222,191	5,640,972
Other financial liabilities	6,796,952	7,532,385
Accounts payable	359,391	417,050
Other provisions	422,494	424,497
Deferred tax liabilities	915,759	811,565
Employee benefits	82,322	65,271
Other non-financial liabilities	213,781	272,130
Total non-current liabilities	8,790,699	9,522,898
Total liabilities	15,012,890	15,163,870
Share capital	3,149,564	2,545,705
Retained earnings	366,404	317,950
Treasury Shares	(178)	(178)
Other reserves	580,870	(6,942)
Equity attributable to the parent company's equity holders	4,096,660	2,856,535
Minority interest	88,644	81,013
Total net equity	4,185,304	2,937,548
Total liabilities and equity	19,198,194	18,101,418

LATAM Airlines Group S.A.
Consolidated Statement of Cash Flow Direct Method (in thousands of US Dollars)

	As of December 31, 2016	As of December 31, 2015
Cash flow from operating activities		
Cash collections from operating activities		
Proceeds from sales of goods and services	9,918,589	11,372,397
Other cash receipts from operating activities	70,359	88,237
Payments for operating activities		
Payments to suppliers for goods and services	(6,756,121)	(7,029,582)
Payments to and on behalf of employees	(1,820,279)	(2,165,184)
Other payments for operating activities	(162,839)	(351,177)
Interest Received	11,242	43,374
Income Taxes refunded (paid)	(59,556)	(57,963)
Other cash inflows (outflows)	(209,269)	(184,627)
Net cash flows from operating activities	992,126	1,715,475
Cash flow used in investing activities		
Other cash receipts from sales of equity or debt instruments of other entities	2,969,731	519,460
Other payments to acquire equity or debt instruments of other entities	(2,706,733)	(704,115)
Amounts raised from sale of property, plant and equipment	76,084	57,117
Purchases of property, plant and equipment	(694,370)	(1,569,749)
Amounts raised from sale of intangible assets	1	91
Purchases of intangible assets	(88,587)	(52,449)
Other cash inflows (outflows)	843	10,576
Net cash flows used in investing activities	(443,031)	(1,739,069)
Cash flow from (used in) financing activities		
Amounts raised from issuance of shares	608,496	-
Amounts raised from long-term loans	1,820,016	1,791,484
Amounts raised from short-term loans	279,593	205,000
Loans repayment	(2,121,130)	(1,263,793)
Payments of finance lease liabilities	(314,580)	(342,614)
Dividends paid	(41,223)	(35,032)
Interest paid	(398,288)	(383,648)
Other cash inflows (outflows)	(229,163)	(99,757)
Net cash flows from (used in) financing activities	(396,279)	(128,360)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	152,816	(151,954)
Effects of variations in the exchange rate on cash and equivalents	43,014	(83,945)
Net increase (decrease) in cash and cash equivalents	195,830	(235,899)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	753,497	989,396
CASH AND CASH EQUIVALENTS AT END OF PERIOD	949,327	753,497

LATAM Airlines Group S.A.
Consolidated Balance Sheet Indicators (in thousands of US Dollars)

	As of December 31 2016	As of December 31 2015
Total Assets	19,198,194	18,101,418
Total Liabilities	15,012,890	15,163,870
Total Equity	4,185,304	2,937,548
Total Liabilities and Shareholders equity	19,198,194	18,101,418
Debt		
Current and long term portion of loans from financial institutions	7,582,559	7,685,765
Current and long term portion of obligations under capital leases	1,022,361	1,340,638
Other liabilities current and long term portion	0	35,042
Total Gross Debt	8,604,920	9,061,445
Cash and cash equivalents	-1,486,318	-1,361,119
Total Net Debt	7,118,602	7,700,326
Plus: 7 x last twelve months'aircraft rent	3,982,853	3,675,938
Adjusted Net Debt	11,101,455	11,376,264

(*) Note: Includes minority interest

LATAM Airlines Group S.A.
Main Financial Ratios

	As of December 31 2016	As of December 31 2015
Cash and Equivalents as % of LTM revenues	15.6%	13.4%
Adjusted Gross Debt (US\$ thousands)	12,587,773	12,737,383
Adjusted Gross Debt / EBITDAR (LTM)	6.0	6.5
Adjusted Net Debt (US\$ thousands)	11,101,455	11,376,264
Adjusted Net Debt / EBITDAR (LTM)	5.3	5.8

**LATAM Airlines Group S.A.
Consolidated Fleet**

As of December 31, 2016			
	Off-Balance	On-Balance	Total
Passenger Aircraft			
Airbus A319-100	12	36	48
Airbus A320-200	53	93	146
Airbus A320- Neo	1	1	2
Airbus A321-200	17	30	47
Airbus A330-200	-	-	-
Airbus A350-900	2	5	7
Boeing 767-300	3	34	37
Boeing 777-300 ER	6	4	10
Boeing 787-8	4	6	10
Boeing 787-9	8	4	12
TOTAL	106	213	319
Cargo Aircraft			
Boeing 777-200F	2	-	2
Boeing 767-300F	3	8	11
TOTAL	5	8	13
TOTAL FLEET	111	221	332

Note: This table includes three B767-300F that Latam is currently leasing to a third party, does not include two B777-200F (one currently leasing to a third party), three A330 and one A320 that were reclassified from property plant and equipment to held for sale.