



— LATAM AIRLINES GROUP —

Fourth Quarter 2013 Results Presentation

March, 2014

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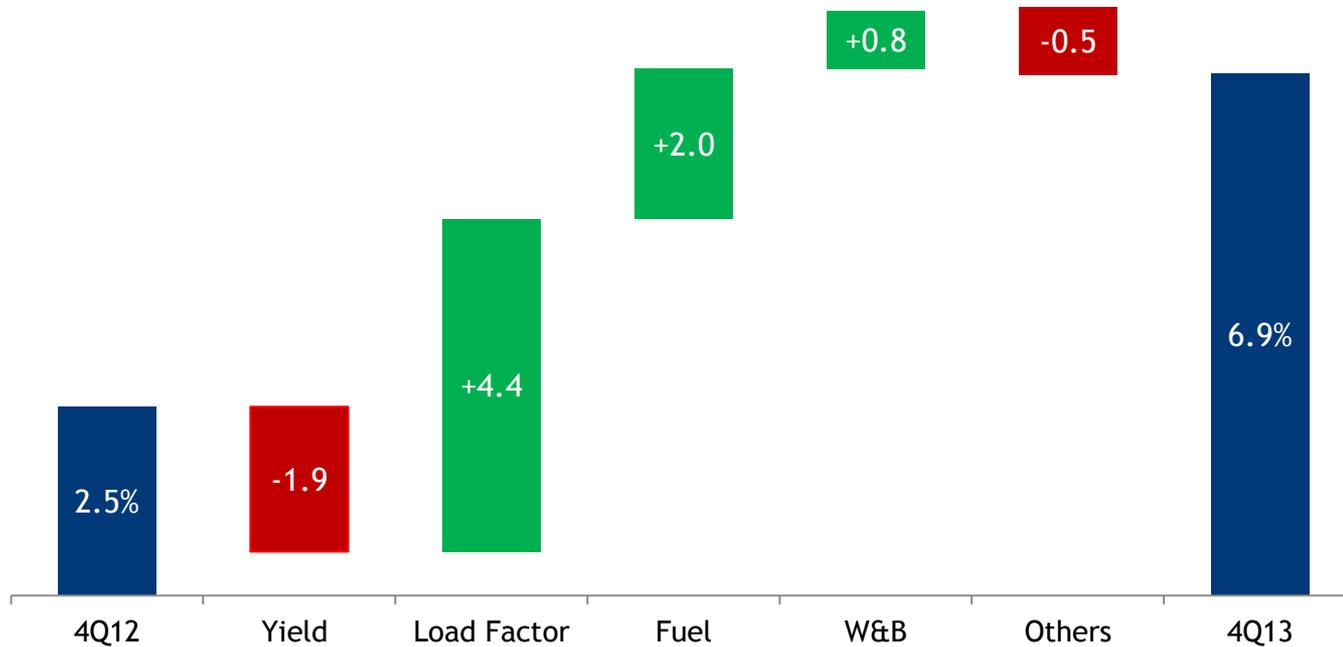
LATAM Airlines Group: FY 2013 and 4Q highlights

| (US\$ MM) | 4Q13 | 4Q12 | Change | FY-13 | FY-12 | Change |
|--|---------------|--------|--------|----------------|---------|--------|
| Total Revenues | 3,398 | 3,471 | -2.1% | 13,266 | 13,222 | 0.3% |
| Passenger Revenues | 2,836 | 2,859 | -0.8% | 11,062 | 11,017 | 0.4% |
| Cargo Revenues | 480 | 538 | -10.8% | 1,863 | 1,940 | -4.0% |
| Total Operating Expenses | -3,163 | -3,382 | -6.5% | -12,622 | -13,131 | -3.9% |
| Operating Income | 235 | 88 | 166.1% | 644 | 91 | 604.7% |
| Operating Margin | 6.9% | 2.5% | 4.4 pp | 4.9% | 0.7% | 4.2 pp |
| Operating Margin excluding non-recurrent costs | 7.4% | | | 5.1% | | |
| Net Income | -46 | -70 | -33.9% | -281 | -523 | -46.3% |
| EBITDAR* | 611 | 480 | 27.3% | 2,127 | 1,600 | 32.9% |
| EBITDAR Margin | 18.0% | 13.8% | 4.2 pp | 16.0% | 12.1% | 3.9 pp |
| EBITDAR Margin excluding non-recurrent costs | 18.5% | | | 16.2% | | |

→ Net income 4Q13 includes a non operating foreign exchange loss of US \$142.6 millions mainly resulting from the 6,5% depreciation of the BRL, and for FY 2013 a non operating exchange loss of US \$ 482.2 million resulting from the 15,1% depreciation of the BRL

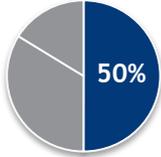
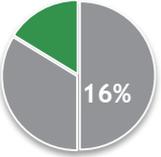
*Non-recurrent costs related to fleet restructuring

LATAM Airlines Group Operating Margin 4Q13

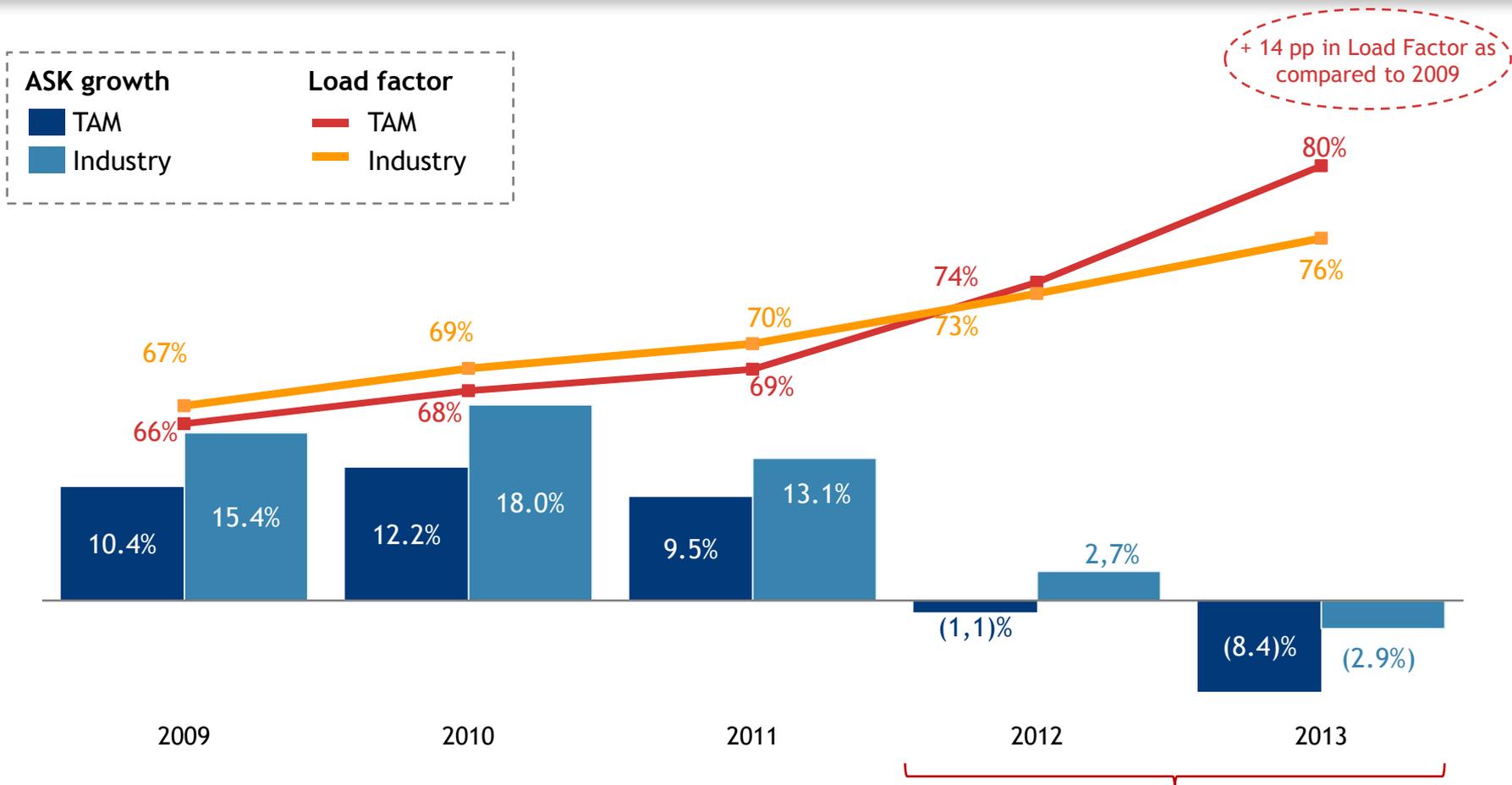


| | | | |
|---------|----------------------------|---------|---------|
| 131.691 | ASK (millions) | 132.186 | -4.5% |
| 2.06 | Brazilian real (US\$) | 2.27 | -10.6% |
| 3.70 | Fuel Price Ex-Hedge (US\$) | 3.48 | -6.2% |
| 88 | Op. Margin (US\$ millions) | 235 | +166.1% |

LATAM Airlines Group Passenger Operations 4Q13 - Revenue decreases 0.8%

| | | <u>Pax Capacity</u> (million ASK) | <u>Pax Traffic</u> (million RPK) | <u>Pax Load Factor</u> | <u>RASK</u> (US Cents) |
|--|---|--------------------------------------|-------------------------------------|------------------------|---------------------------|
| <u>International</u> (Long Haul & Regional) |  | -6.5% | +0.8% | +6.1 pp | 8.0 +7.0% |
| <u>Domestic Brazil</u> |  | -6.0% | -4.3% | +1.4 pp | 9.4 +2.0% |
| <u>SSC Domestic</u> |  | +6.1% | +8.9% | +2.0 pp | 9.8 -5.5% |
| <u>Total</u> |  | -4.5% | +0.2% | +3.9 pp | 8.6 +3.9% |

Domestic Brazil: Successful turnaround



- RASK + 11,3% in BRL in 4Q13 vs. 4Q12
- TAM's market share remained stable ~40%

International Passenger: Rationalization of operations



★ Rationalize capacity on long haul routes

- 52% ASK reduction on routes from Rio de Janeiro in Dec 2013 vs. Dec 2012
- 11% reduction in long haul ASK in Dec 2013 vs. Dec 2012



★ Strengthen Sao Paulo Hub at Guarulhos Airport

- Improvement in itineraries: change of slots has been approved by the Brazilian authorities.



★ Replace TAM's oldest Airbus A330 aircraft with Boeing 767s = lower CASK and improved product

- As of Dec 2013, 9 Airbus A330 of TAM were grounded.



★ Code share agreements between TAM and American Airlines

- As of Dec 2013, TAM has implemented code share with 37 destinations in North America, leaving TAM with better connectivity and network. Furthermore, AA can offer 17 additional destinations through TAM.

LATAM Airlines Group Cargo Operations 4Q13 - Revenue decreases 10.8%

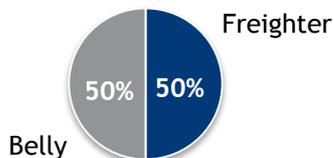
Cargo Revenues

Cargo Capacity (million ATK)

Cargo Traffic (million RTK)

Cargo Load Factor

Cargo Operation



-6.2%

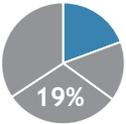
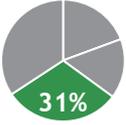
-4.0%

+1.4 pp

| | | | |
|---|---------------------------------------|------|--------------|
| → | <u>Yield based on RTKs (US cents)</u> | 40.3 | -7.1% |
| → | <u>Revenue s per ATK (US cents)</u> | 24.9 | -4,9% |

- ★ Optimization of belly capacity as main focus and reduction of freighter capacity
- ★ New sale and optimization opportunities in the domestic Brazil business
- ★ Operational & cost efficiencies (LEAN methodology, back office organization)
- ★ Cargo network optimization

Change in operating costs 4Q13

| | | <u>US\$ (mm)</u> | <u>Actual change</u> |
|---|--|------------------|----------------------|
| <u>Wages & Benefits</u> |  | 610 | -4.9% |
| <u>Aircraft Costs excl. non recurring costs*</u> |  | 483 | -1.0% |
| <u>Others</u> |  | 966 | -3.6% |
| <hr/> | | | |
| <u>Operating Cost ex -fuel</u> | | 2,059 | -3.4% |
| <u>Operating Cost per ASK-equivalent (US Cents)</u> | | 3.9 | -3.0% |
| <hr/> | | | |
| <u>Aircraft Fuel</u> |  | 1,086 | -13.2% |
| <hr/> | | | |
| <u>Total Operating Cost</u> | | 3,145 | -7.0% |
| <u>Operating Cost ASK-equivalent (US Cents)</u> | | 5.9 | -5.9% |

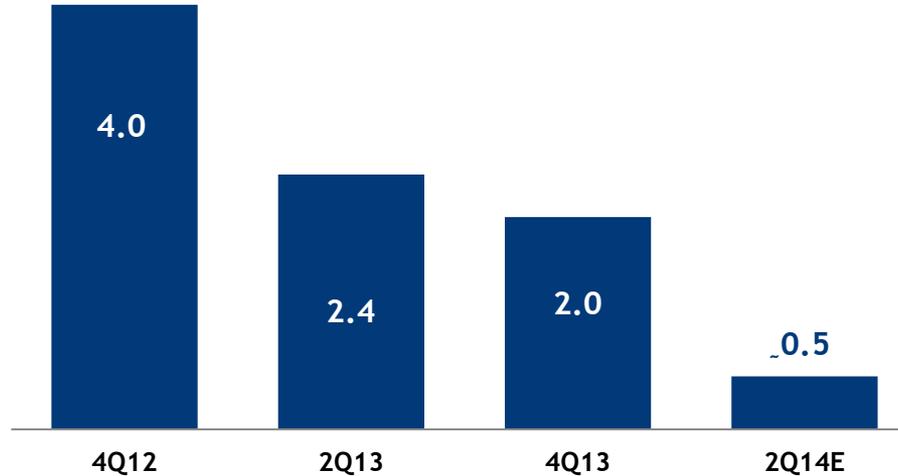
* Aircraft costs include Depreciation and Amortization, Aircraft Rentals and Aircraft Maintenance.

LATAM balance sheet exposure mainly driven by BRL

Balance Sheet Exposure

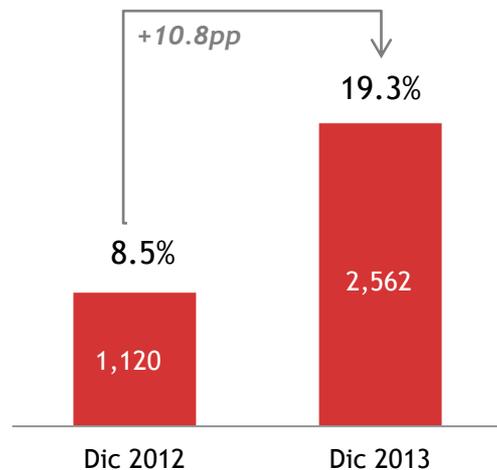
- ✈ Balance sheet exposure reduced by:
 - Moving aircraft and related debt from TAM to LATAM balance sheet
 - Reducing TAM's debt in USD
- ✈ Reduce exposure to approximately US\$ 0,5 billion by June 2014

Balance sheet exposure (US\$bn)

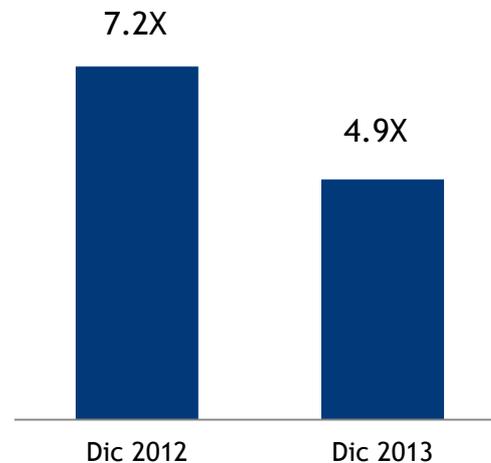


Significant improvement in our main Financial Ratios

Cash & equiv. as % LTM revenues
(US\$mm)



Adjusted net debt / LTM EBITDAR
(US\$mm)



- Rights offering of 62 million primary shares. Proceeds raised US \$940 million.
- Placement of 144A/Reg S Securitized bond in the amount of US \$450 million.

LATAM Airlines Group fleet restructuring plan

Passenger Fleet composition

| | 2013 | 2018 |
|------------------------|------------|------|
| Q200 | 7 | - |
| Q400 | 3 | - |
| B737 | 5 | - |
| A318 | 0 | - |
| A319 | 54 | (-) |
| A320 | 160 | (+) |
| A321 | 10 | (++) |
| Shot haul fleet | 239 | |
| A330 | 20 | - |
| A340 | 6 | - |
| B767 | 43 | (-) |
| B787 | 5 | (++) |
| A350 | - | (++) |
| B777 | 10 | - |
| Long haul fleet | 84 | |
| Total | 323 | |

Drivers of new investment

✈ Efficiency

- **A320 neo** Cost per ASK is **6%** lower than A320
- **A321 neo** Cost per ASK is **13%** lower than A320
- **B787** Cost Per ASK is **12%** lower than LAN B767
- **A350** Cost per ASK is **25%** lower than TAM A330

✈ Growth

- ~11 new aircraft needed every year from 2013-2018 for growth

✈ Renewal of aging fleet

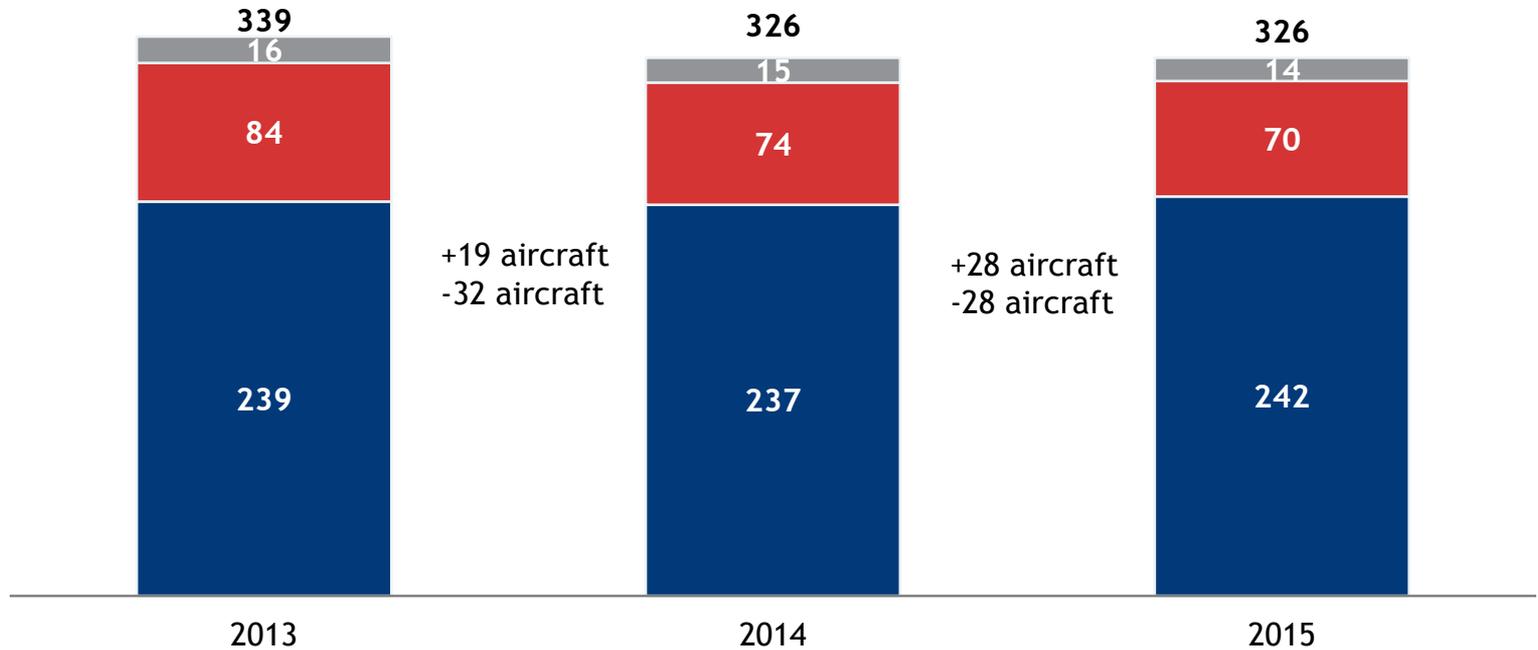
- Maintain average fleet age of ~7 years

✈ During 2013, this process has generated non-recurring costs of US \$29 million

LATAM's fleet plan: Focus on fleet renewal

Total aircraft at the end of the year

■ Narrow Body ■ Wide Body ■ Freighters



Fleet Commitments
US\$ bn

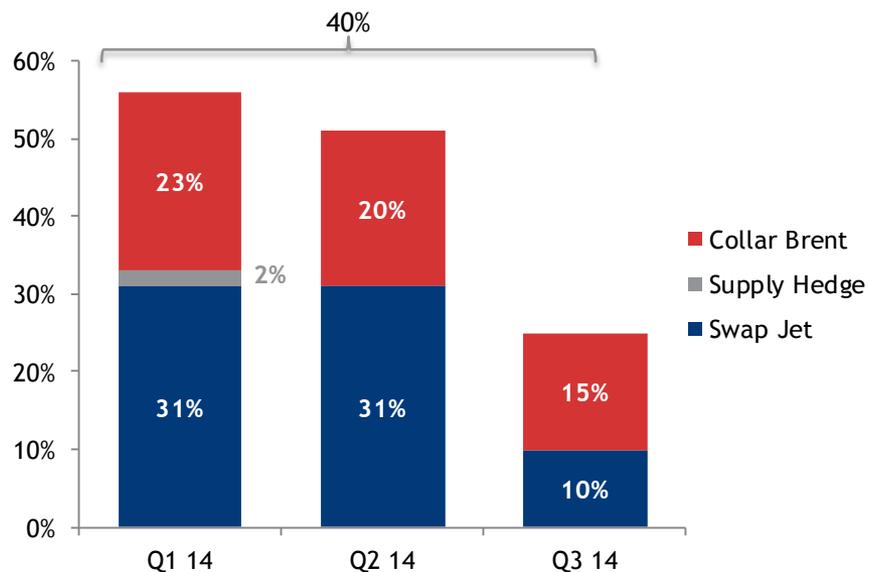
1.95

1.17

1.89

LATAM Airlines Group fuel hedges

LATAM Fuel Hedges
(% Total consumption hedge)



| HEDGE LATAM (US\$/Bbl) | Strike pond. | Q1 14 | Q2 14 | Q3 14 |
|------------------------|--------------|-------|-------|-------|
| SWAP JET | 122 | 31% | | |
| SWAP JET | 121 | | 31% | |
| SWAP JET | 120 | | | 10% |
| COLLAR BRENT | 115@87 | 23% | | |
| COLLAR BRENT | 114@90 | | 20% | |
| COLLAR BRENT | 112@90 | | | 15% |
| SUPPLY HEDGE | 117* | 2% | | |
| | | 56% | 51% | 25% |

Notes:

- Values are Brent equivalents
- Hedging position as of March 12, 2014

2014 Guidance

| Guidance | | 2014 |
|---|--------------------------------------|-----------|
| ASK Growth | International (Long Haul & Regional) | (2%) / 0% |
| | Brazil Domestic | 0% |
| | SSC domestic | 6% / 8% |
| | TOTAL | (1%) / 1% |
| <hr/> | | |
| ATK Growth | | (2%) / 0% |
| Operating Margin (excluding non-recurring costs related to fleet restructuring) | | 6% / 8% |
| <hr/> | | |
| Assumptions | | |
| Average exchange rate (BRL/USD) | | 2.40 |
| Jet Fuel Price (US\$/bl) | | 120 |