



# First Quarter 2017 Results Presentation

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*Gisela Escobar*

Corporate Controller and Investor Relations  
Officer

May 2017

# First Quarter 2017 Highlights



LATAM's operating result reached US\$152 mm with an operating margin of 6.1%, while net income amounted US\$66 million



Operating revenues increased by 6.4%, as a result of proactive capacity management in all markets as well as the positive impact of currency appreciation



Progress in the implementation of new domestic business model. Buy-on-board service “Mercado LATAM” available in all of LATAM's domestic flights in Colombia, Peru, and Chile

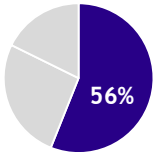
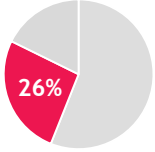
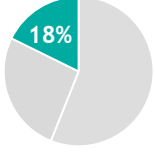


As of March 31<sup>st</sup>, LATAM's net debt totaled US\$7 billion, a decrease of US\$108 million compared to December 31th, 2016

# Q1 2017 Financial Summary

(US\$ Millions)	1Q17	1Q16	Change
<b>Total Operating Revenues</b>	<b>2,477</b>	<b>2,328</b>	<b>6.4%</b>
Passenger	2,106	1,958	7.6%
Cargo	254	276	-8.1%
Others	118	93	25.9%
<b>Total Operating Costs</b>	<b>-2,325</b>	<b>-2,109</b>	<b>10.3%</b>
<b>Operating Income</b>	<b>152</b>	<b>219</b>	<b>-30.5%</b>
Operating Margin	6.1%	9.4%	-3.3 p.p.
<b>Net Income</b>	<b>66</b>	<b>102</b>	<b>-35.9%</b>
Foreign exchange gains / (losses)	35	68	-47.9%
<b>EBITDAR</b>	<b>555</b>	<b>592</b>	<b>-6.3%</b>
EBITDAR Margin	22.4%	25.4%	-3.0 p.p.

# LATAM Operating Statistics Q1 2017

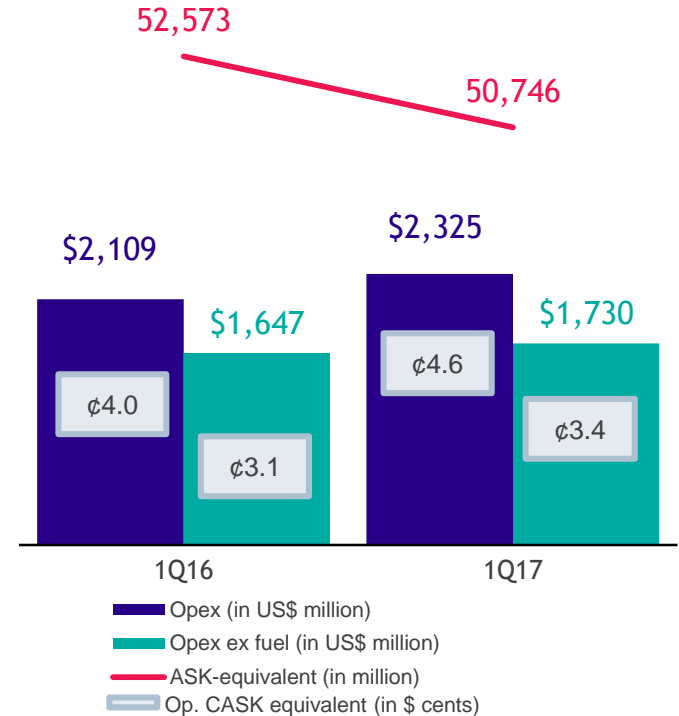
	System Capacity	Capacity	Traffic	Load Factor	RASK (US Cents)
International (Long Haul & Regional)		+4.5%	+6.2%	86.8% (+1.4 p.p.)	6.0 (+6.2%)
Domestic Brazil		-9.5%	-9.9%	82.3% (-0.4 p.p.)	6.3 (+24.6%)
SSC Domestic		+2.1%	+0.1%	80.9% (-1.6 p.p.)	7.0 (-4.4%)
Passenger		0.0%	+0.6%	84.7% (+0.5 p.p.)	6.1 (+7.5%)
Cargo		-10.2%	-7.3%	52.9% (+1.6 p.p.)	16.6 (+2.4%)

BRL  
1Q17:+2.8%

# Operating expenses impacted by the appreciation of local currencies and high inflation rates in the region

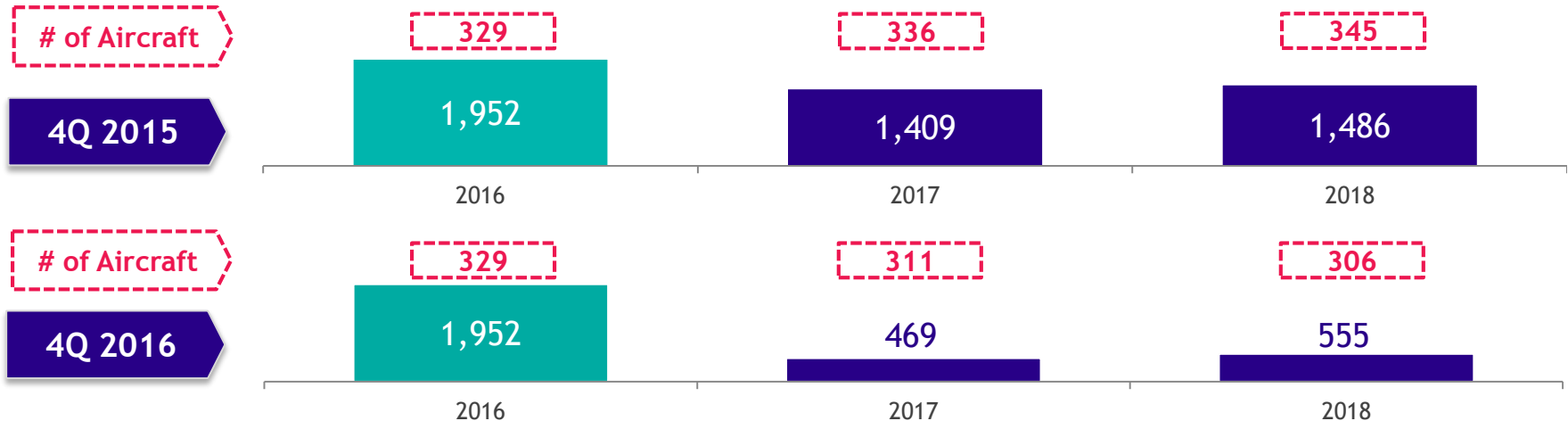
Total Costs US\$MM	1Q17	1Q16	Change
Wages & Benefits	525	488	+7.5%
Fuel Cost	595	461	+29.0%
Aircraft Cost	488	468	+4.3%
Others	717	691	+3.9%
<b>Operating Costs</b>	<b>2,325</b>	<b>2,109</b>	<b>+10.3%</b>
<b>Op. Costs ex-fuel</b>	<b>1,730</b>	<b>1,647</b>	<b>+5,0%</b>

Unit Costs US\$Cents	1Q17	1Q16	Change
CASK-equivalent ex-fuel	3.6	3.3	+7.4%
<b>ASKs-equivalent (mm)</b>	<b>50,746</b>	<b>52,573</b>	<b>-3.5%</b>



# Historically low fleet commitments for 2017 and 2018

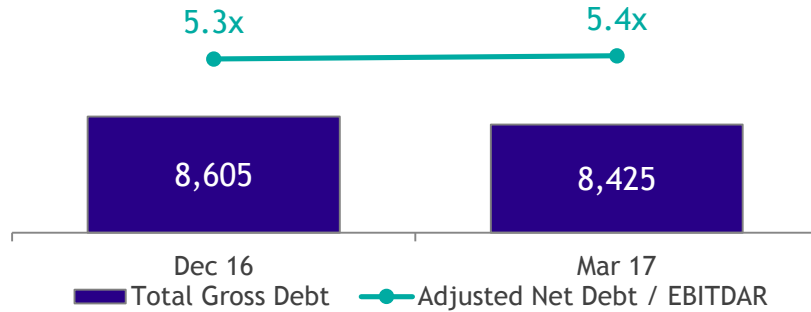
Reduction of \$2.2 bn in fleet assets for 2016-2018, in line with our announced target



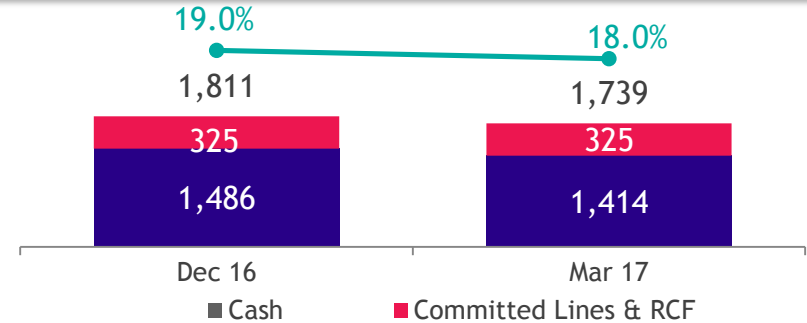
Lower fleet capex commitments 2017: \$940  
 +  
 Lower fleet capex commitments 2018: \$931  
 +  
 Aircraft re-deliveries or sales: \$315  
 =  
 Total fleet asset reductions: \$2,186

# Q1 2017 credit metrics

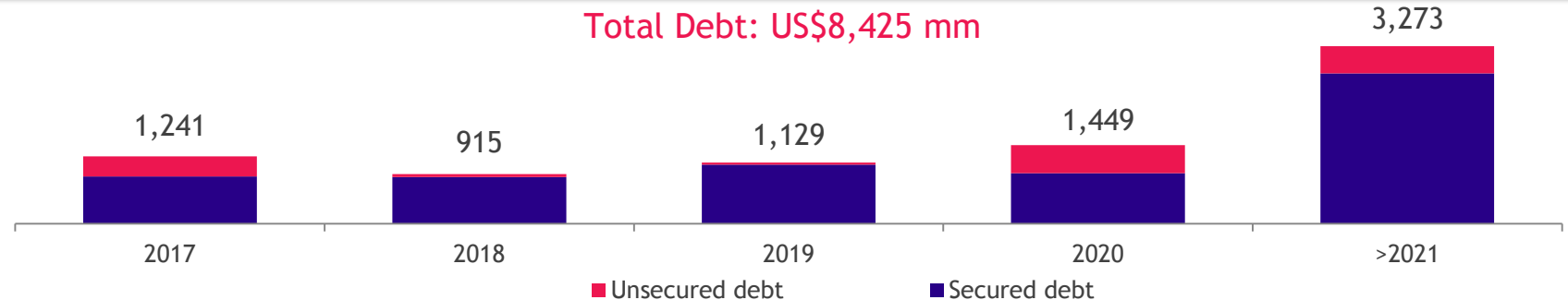
## Adjusted Net Debt<sup>(1)</sup>/EBITDAR LTM



## Cash and Equivalents as % of LTM revenues



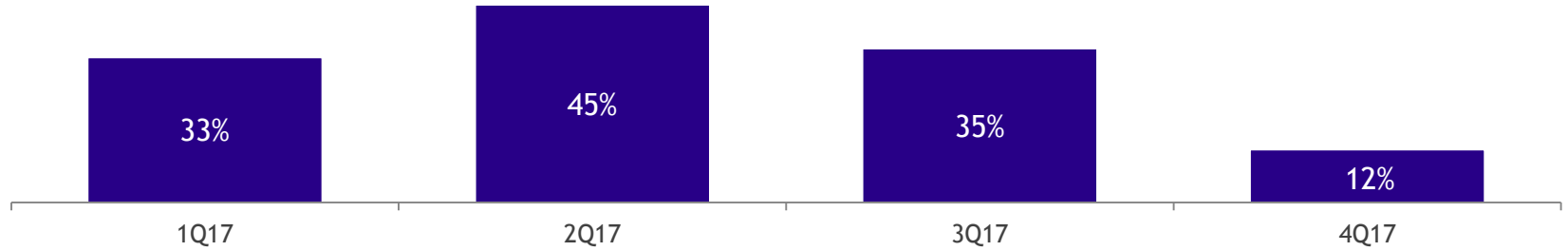
## Debt maturity profile (US\$MM) as of March 31, 2017<sup>2</sup>



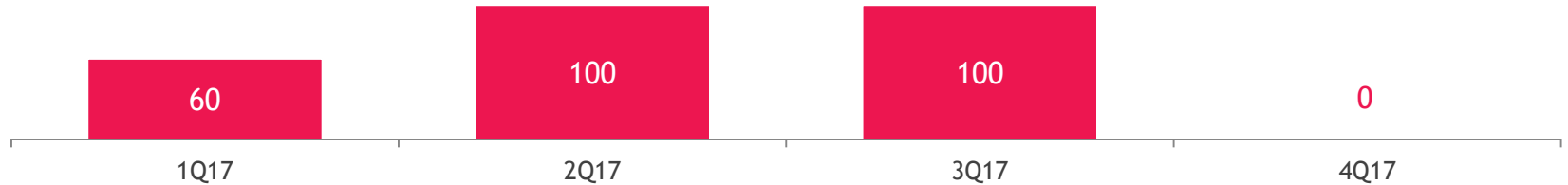
(1) Adjusted for the capitalization of operating leases (7x yearly expense) (2) The debt maturity profile does not include PDP and short term rolling debt.

# Fuel and FX hedging portfolio

LATAM Fuel Hedge for the next 12 months



LATAM BRL Hedge for the next 12 months (USD Million)



<sup>1</sup>Company information as of May, 2017.



“Mercado LATAM” welcomed on implemented markets




# Nuevo MERCADO LATAM

Available in Colombia, Peru and Chile

Implemented by July in Argentina, Brazil and Ecuador



# Guidance 2017: disciplined approach is providing results

Guidance 2017			
Passenger (ASK)		International	0% - 2%
		Domestic Brazil	(2%) - 0%
		Domestic Spanish Speaking Countries	4% - 6%
		Total	0% - 2%
Cargo (ATK)			(12%) - (10%)
Operating Margin (%)			6% - 8%

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