

Second Quarter 2017 Results Presentation

August 2017



Second Quarter 2017 Highlights



Revenues per ASK increased by 10.3% as a result of proactive capacity management. Operating revenues increased by 7.7%



Implementation of new domestic business model. Buy-on-board and New Sales Model deployed in all of LATAM's domestic markets



New international (13) and domestic (15) routes announced/launched during 2017



LATAM reduced its fleet by 7 aircrafts during the quarter to 322 aircrafts and reduced by US\$448 million its fleet commitments for 2019



Deleverage of the Company in the last 12 months, reaching a leverage of 5.2x and liquidity level of 21% of LTM revenues

Q2 2017 Financial Summary

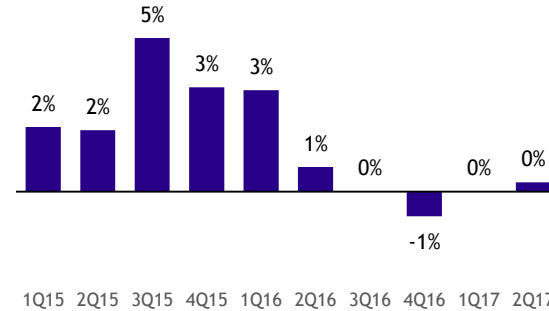
(US\$ Millions)	2Q17	2Q16	Change	1H17	1H16	Change
Total Operating Revenues	2,274	2,111	7.7%	4,751	4,438	7.1%
Passenger	1,888	1,707	10.6%	3,994	3,665	9.0%
Cargo	257	260	-1.3%	510	536	-4.8%
Others	129	144	-10.4%	246	237	3.9%
Total Operating Costs	-2,226	-2,109	5.5%	-4,551	-4,218	7.9%
Operating Income	48	1	-	200	220	-9.0%
Operating Margin	2.1%	0.1%	2.0 p.p.	4.2%	5.0%	-0.8 p.p.
Net Income	-138	-92	49.9%	-72	10	-
EBITDAR	445	371	20.0%	1,000	963	3.8%
EBITDAR Margin	19.6%	17.6%	2.0 p.p.	21.0%	21.7%	-0.7 p.p.

Proactive capacity management driving load factors and pricing

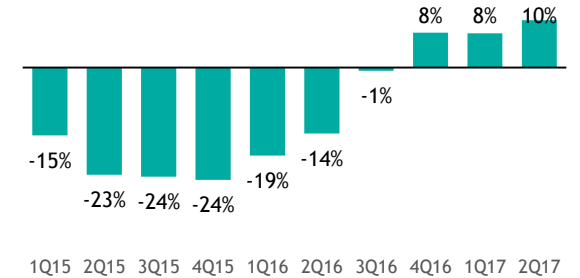
Passenger

- Sequential improvement in passenger trends for the last three quarters
- RASK improvement driven by higher yields across all LATAM's markets
- Healthy load factors reaching 84%

Capacity (ASK)



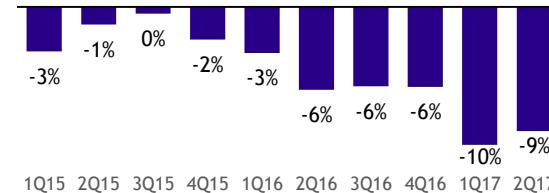
Passenger unit revenue growth (YoY)



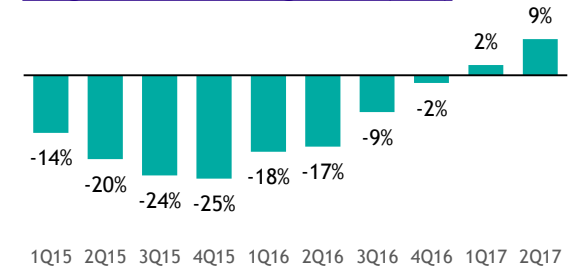
Cargo

- Better macroeconomic outlook in Brazil positively impacting cargo markets
- Continue working to adjust freighter capacity while focused on maximizing belly utilization

Capacity (ATK)



Cargo unit revenue growth (YoY)



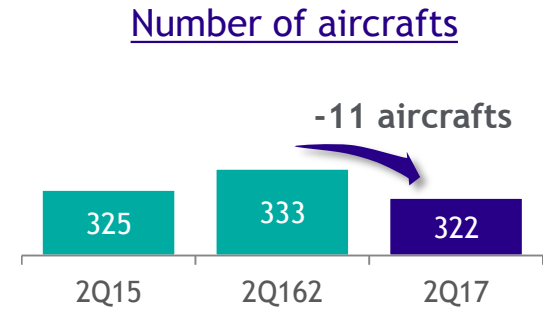
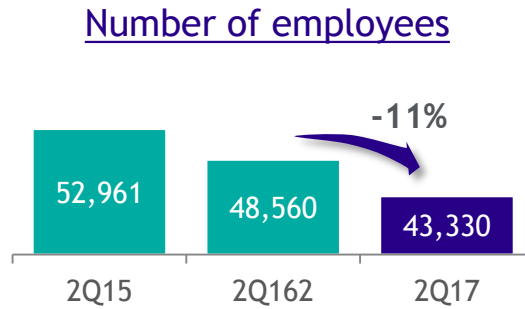
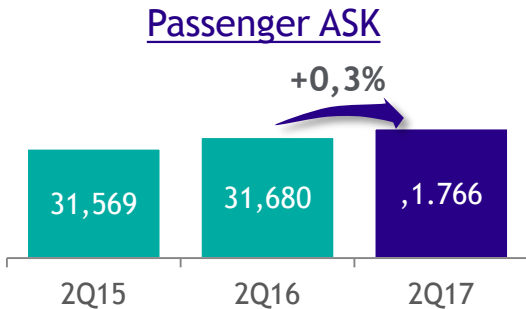
LATAM Operating Statistics Q2 2017

	System Capacity	Capacity	Traffic	Load Factor	RASK (US Cents)
International (Long Haul & Regional)		+3.1%	+5.0%	86.8% (+1.6 p.p.)	5.8 (+8.4%)
Domestic Brazil		-3.9%	-5.4%	79.9% (-1.3 p.p.)	6.2 (+16.3%)
SSC Domestic		-2.1%	-1.4%	79.4% (+0.6 p.p.)	7.3 (+11.1%)
Passenger		+0.3%	+1.1%	83.7% (+0.7 p.p.)	5.9 (+10.3%)
Cargo		-9.2%	+0.3%	53.9% (+5.1 p.p.)	17.3 (+8.7%)

BRL
2Q17: +3.5%

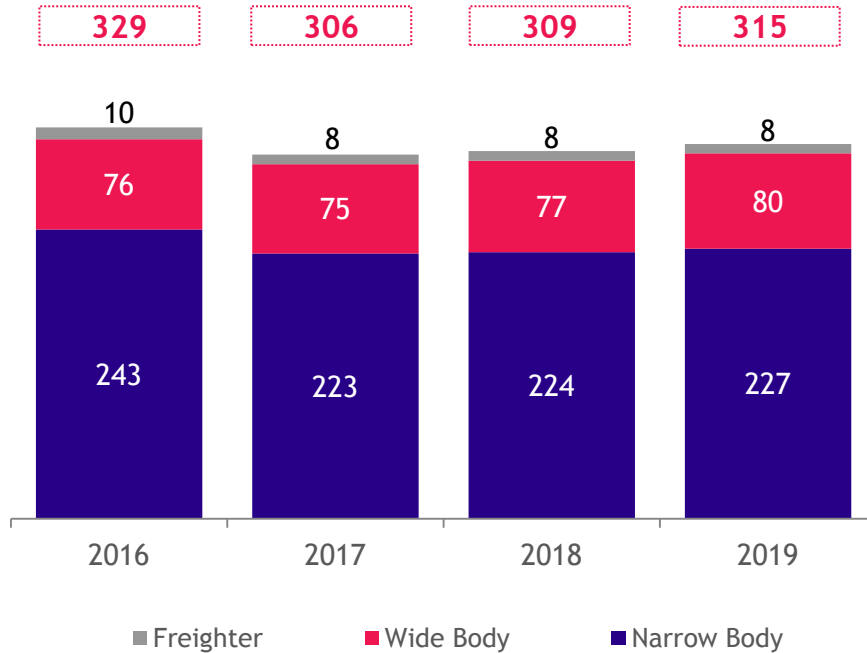
Total costs excluding fuel were up 4.5% in the second quarter

Total Costs US\$MM	2Q17	2Q16	Change
Wages & Benefits	453	446	+1.4%
Fuel Cost	511	468	+9.1%
Fleet Cost	519	456	+13.9%
Others	743	739	+0.6%
Operating Costs	2,226	2,109	+5.5%
Operating Costs ex fuel	1,715	1,641	+4.5%

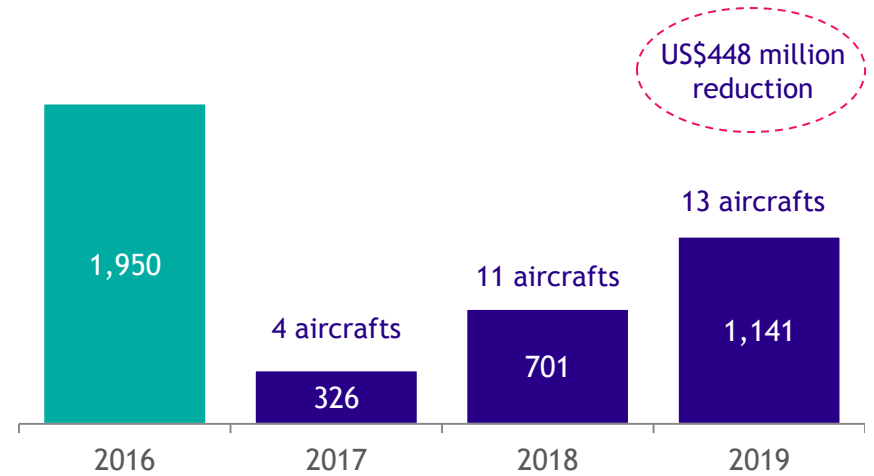


Rightsizing fleet plan

Fleet plan

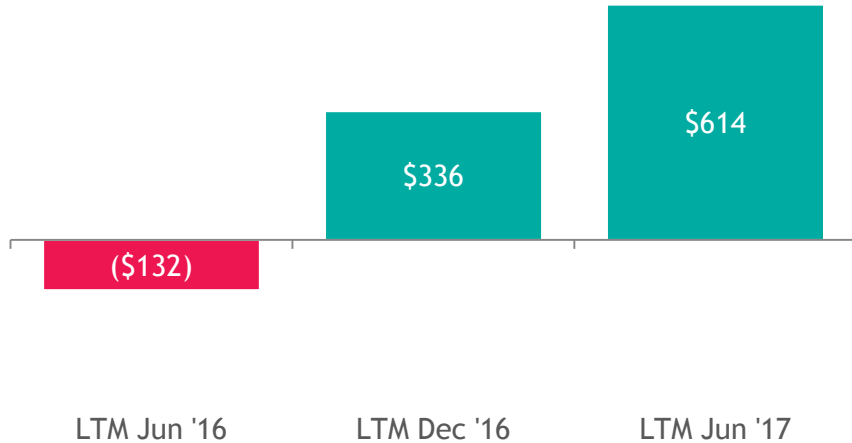


Fleet commitments (US\$ million)



Focus on operating cash flow generation

Free cash flow¹ (USD million)



Better operational results providing higher cash flows



Positive impact from the negotiations related to our fleet plan

Continue improving main credit metrics and adjusting our fleet

	(US\$ Million)	June 30, 2017	June 30, 2016	vs. 1H 2016
Cash & Cash equivalents	Cash & cash equivalents	1,706	1,234	+472
	RCF & committed credit lines	375	19	+356
	Liquidity ⁽¹⁾	21.1%	13.4%	+7.7pp
Leverage	Net Debt	6,987	7,721	-734
	Adjusted Net Debt	11,189	11,499	-310
	EBITDAR(LTM)	2,134	1,962	+172
	Leverage ⁽²⁾	5.2x	5.9x	-0.7x
Fleet	Fleet commitments '17-'18	1,027	2,065	-1,038
	Fleet by the end of 2018	309	323	-14

(1) % of last twelve months revenues. Includes RCF.

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

Generating more passenger choices for all our customers



Carry-on baggage
1 bag up to 10kg



Checked baggage
1 bag up to 23kg



Seat reservation



Seats with more space



Ticket changes



Ticket refund



Mileage accrual

PROMO	LIGHT	PLUS	TOP
A tarifa mais baixa.	Pague apenas pelo que quer usar.	Voe com os benefícios de sempre.	A tarifa mais completa e flexível.
A partir de R\$30¹	A partir de R\$30¹		2 peças de até 23 kg.
Gratuito ²	Gratuito ²		
A partir de R\$29³	A partir de R\$29³	A partir de R\$29³	⁴
	Antes da data do voo R\$ 150 + Diferença tarifária	Antes da data do voo R\$ 150 + Diferença tarifária	Apenas diferença tarifária
	Depois da data do voo R\$ 200 + Diferença tarifária	Depois da data do voo R\$ 200 + Diferença tarifária	
		50%	100%



Buy-on-Board and New Sales Model implemented in our domestic markets



5 million passengers already tried the Buy-on-Board service



2 million passengers flying under the new sales model



25% of daily passengers in SSCs flying with discounted fares



449 self attendance kiosks for check-in and to check baggage

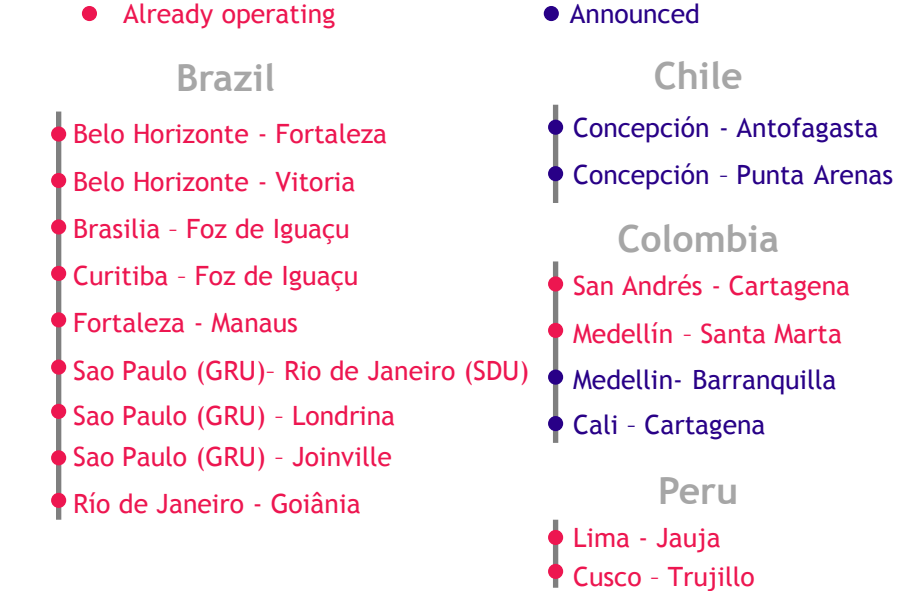
71 airports with self attendance kiosks

Strengthening our hubs and starting point-to-point routes on domestic markets

2017 International routes






2017 Domestic routes



- Strengthen the network to secondary cities in Argentina
- New destinations: Melbourne & San José (Costa Rica)
- New routes between Brazil - US

- Point-to-point domestic routes

Guidance 2017: disciplined approach is providing results

		2017 Guidance	New guidance
Passenger (ASK) 	International	0% - 2%	3% - 5%
	Domestic Brazil	(2%) - 0%	(3%) - (1%)
	Domestic Spanish Speaking Countries	4% - 6%	2% - 4%
	Total	0% - 2%	1% - 3%
Cargo (ATK) 		(12%) - (10%)	(12%) - (10%)
Operating Margin (%) 		6% - 8%	6% - 8%

Closing remarks

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