



— LATAM AIRLINES GROUP —

Fourth Quarter 2014 Results Presentation

March 2014

Highlights 2014



Restructured our balance sheet and reduced BRL exposure on TAM's balance sheet



Restructured our fleet plan, focusing on modern aircraft with new technology. Fleet commitments reduced by 1.8 bn for the next three years (2016-2018)



Arrival of five B787s and first flights to Miami and New York



Successful execution during the World Cup tournament in Brazil, with long term benefits for the airline industry



Transferred TAM's international operations to T3 at Guarulhos with improved connection times and largest VIP lounge in S.A.

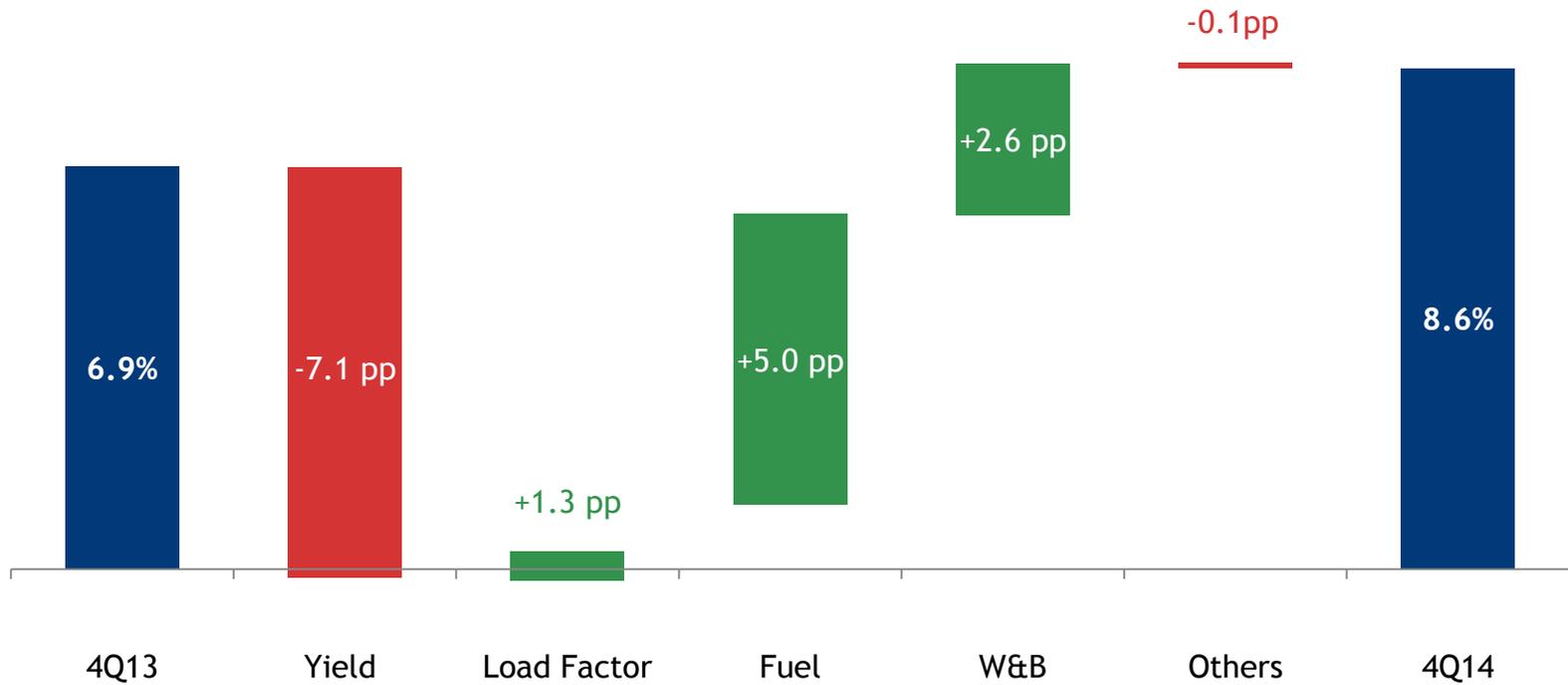


TAM joins oneworld, and oneworld becomes the global alliance for LATAM

4Q14 and 2014 Financial Summary

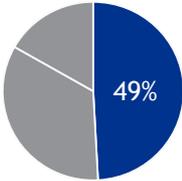
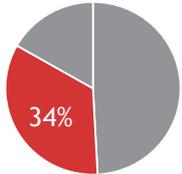
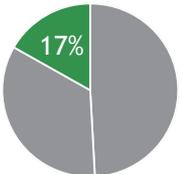
(US\$ Millions)	4Q14	4Q13	Change	2014	2013	Change
Total Operating Revenues	3.105	3.398	-8,6%	12.471	13.266	-6,0%
Passenger	2.526	2.836	-10,9%	10.380	11.062	-6,2%
Cargo	457	480	-4,7%	1.713	1.863	-8,0%
Total Operating Costs	-2.838	-3.163	-10,3%	-11.958	-12.622	-5,3%
Operating Income	267	235	13,7%	513	644	-20,3%
Operating Margin	8,6%	6,9%	1,7pp	4,1%	4,9%	-0,7pp
Net Income	98	-46	-313,1%	-110	-281	-60,9%
EBITDAR	643	611	5,2%	2.026	2.127	-4,7%
EBITDAR Margin	20,7%	18,0%	2,7pp	16,2%	16,0%	0,2pp

LATAM Airlines Group operating margin analysis



32,826	—————	ASK (millions)	————— +1.8% —————>	33,433
2.27	—————	Brazilian real (US\$)	————— +11.9% —————>	2.54
3.48	—————	Fuel Price Ex-Hedge (US\$)	————— -15.6% —————>	2.94
235	—————	Op. Margin (US\$ mm)	————— +13.7% —————>	267

LATAM Airlines Group Passenger Operations 4Q14

		<u>Capacity</u> (million ASK)	<u>Traffic</u> (million RPK)	<u>Load Factor</u>	<u>RASK</u> (US Cents)
<u>International</u> (Long Haul & Regional)		+0.1%	+1.0%	85.1% +3.1pp	7.4 -6.8%
<u>Domestic Brazil</u>		+2.7%	+5.2%	83.0% +2.0 pp	8.2 -13.5%
<u>SSC Domestic</u>		+5.5%	+6.8%	83.0% +1.0 pp	9.2 -6.6%
<u>Total</u>		+1.8%	+3.3%	83.8% +1.2 pp	7.6 -12.5%

LATAM Airlines Group Cargo Operations 4Q14 - Revenue decreases 4.7%

<u>Cargo Operation</u>	<u>Revenues</u>	<u>Capacity</u> (million ATK)	<u>Traffic</u> (million RTK)	<u>Load Factor</u>
 		-3.6%	-2.9%	62.3% +0.4 pp
		<u>Yield based on RTKs</u> (US cents)	<u>Revenues per ATK</u> (US cents)	
		39.6 -1.8%	24.6 -1.2%	

- The Company continues with a rational and disciplined approach toward freighter capacity
- The Company materialized the lease of two of its 767-300Fs to another company operating in a different market for a period of three years.
- An additional 767-300F was also leased to this same operator starting in March 2015.

LATAM BRL and Fuel exposure

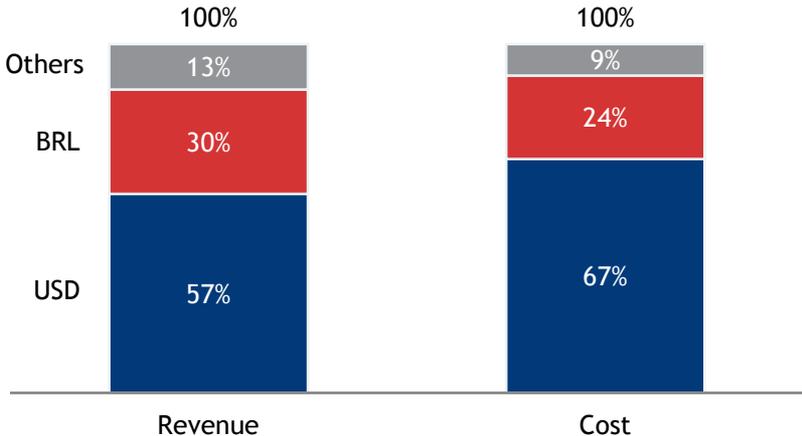
BRL operating exposure

- ➔ Gap between revenues and cost in BRL of 6pp
- ➔ Financial hedge of US\$375mm covering 1H15 BRL exposure at an average rate of BRL 2.83 per USD

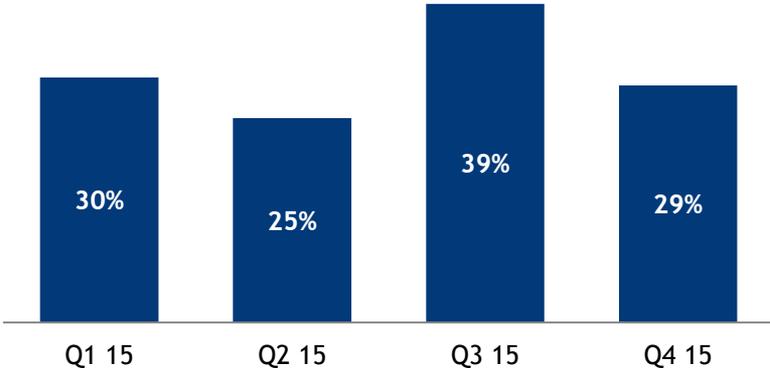
Fuel Exposure

- ➔ Full year position at current fuel prices (as of March 17th): loss of US\$215 million

LATAM FX rate composition (%)



LATAM Fuel Hedges (% of Consumption)



Guidance 2015

Guidance		2014A	2015E
ASK Growth	International (Long Haul & Regional)	(2%)	4% - 5%
	Brazil Domestic	(1%)	0%
	SSC domestic	4%	4% - 5%
	TOTAL	(1%)	2% - 4%
ATK Growth		(6%)	1% - 3%
Operating Margin		4.1%	6% - 8%

2015 Critical Success Factors

Network

- Focus capacity growth on higher yield routes, strengthening our network and consolidating our hub strategy
- Smart growth in our international operation through larger and more efficient aircraft
- Continued capacity discipline in the domestic Brazil operations



Customer experience

- Focus on product enhancement and strengthening our commercial presence within high yield segments



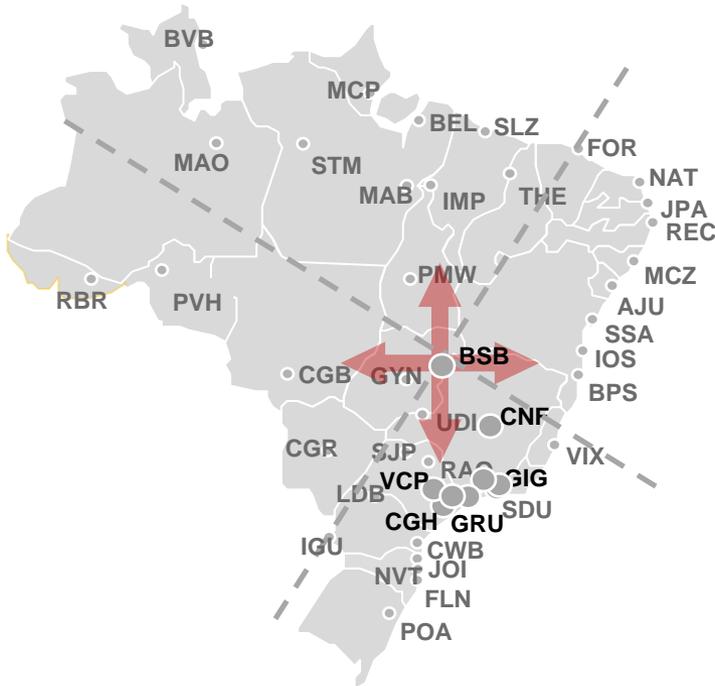
Cost efficiencies

- US\$650 million target cost reduction over 3 years, net of one-time costs
- We continue advancing with the restructuring of our fleet plan, phasing out the less efficient models, with better use of our assets and a more efficient fleet

Strengthening TAM's domestic network by consolidating its hubs

Brasilia is an attractive hub

- Strong local demand: 3rd largest market in Brazil and highest GDP/capita in South America
- Attractive geography for capturing flows
- Infrastructure to support a hub bank and further growth
- TAM has a strong competitive position with approx 45% market share of passengers
- TAM plans to add 9 domestic and 2 international destinations from Brasilia this year

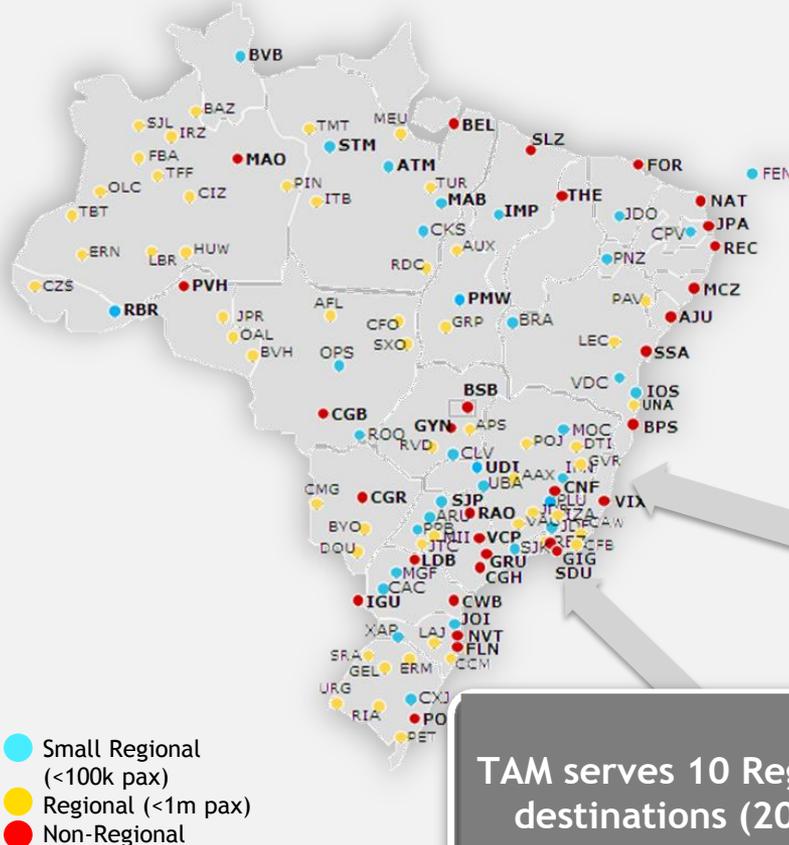


30 Destinations from/to BSB

170 City pairs through BSB

TAM expands its regional operations focused on high GDP cities

Brazil regional vs. non-regional airports



TAM's Regional strategy

- Connect regional cities with hubs
- Focus on better geographical competitiveness
- Target cities with high GDP per capita, population and low air transport alternatives
- Use efficient fleet of A319 aircraft
- Maximize partnership with Passaredo

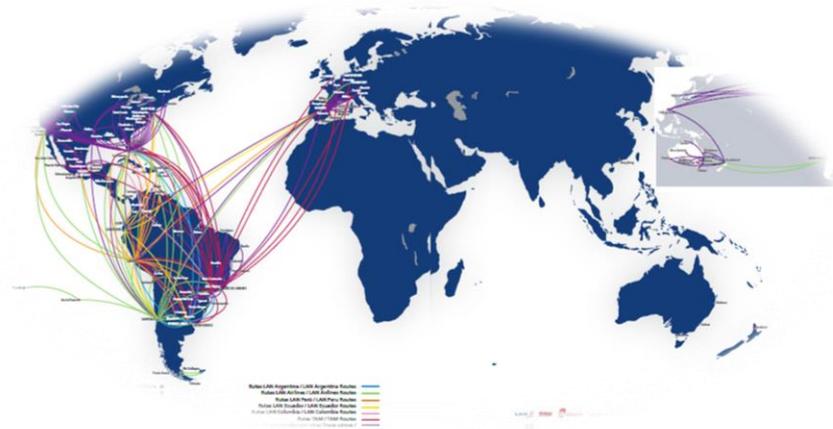
101 regional airports
32 non-regional airports

TAM serves 10 Regional destinations (2014)

Customer centric value proposition

Smart growth and network diversification

- LIM-CUN 7 to 11 frequencies per week
- LIM-PUJ 7 to 10 frequencies per week
- LIM-HAV 3 to 7 frequencies per week
- GRU-CUN 1 - 3 frequencies per week
- BOG-CUN 7 frequencies per week
- LIM-ORL 7 frequencies per week
- GRU-BCN 3 frequencies per week
- SCL-MIL (TBD)
- GRU-YTO (TBD)



Focus on product enhancement



- B787 Cost per ASK is 12% lower than B767
- A350 Cost per ASK is 25% lower than A330
- B787-9 has 66 extra seats vs B787-8 (-13% CASK)

Building brand leadership and distinctive customer experience

Unifying our customer's experience



Cabin Unification

- **Design for Narrowbody**
 - A321s and some A320s
- **Design for Widebody**
 - New cabin inspired on our new B787-9 with colors and textures of the region



Harmonization of our in-flight service

- **TAM incorporates Premium Business**
 - The best of LAN and TAM
 - More differentiation
 - New procedures and standards



VIP Lounge

- **Network of LATAM's VIP Lounges: EZE, BOG and GRU**
- **Opening soon in Santiago, Chile.**

Building brand leadership and distinctive customer experience

Digital

We value the time of our clients

APP LAN and TAM

- +500.000 Downloads
- 20 countries
- IOS - Android



If we know it, your know it

Flight Status in website and telephones

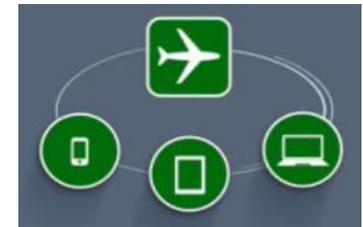
- More and better information.
- Information in the event of contingencies



Our passengers choose when and how to be connected

Use of electronic devices throughout the flight

- First in the region to allow the use of mobile devices in "airplane mode" throughout the entire flight.



More in-flight entertainment options

Wireless system for personal devices

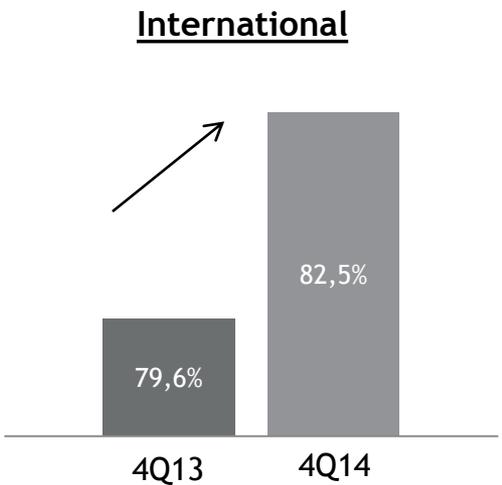
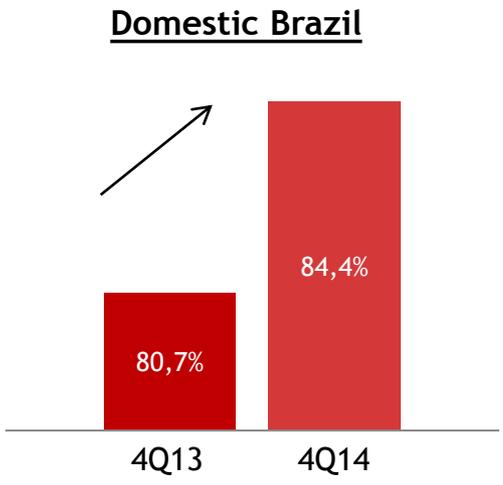
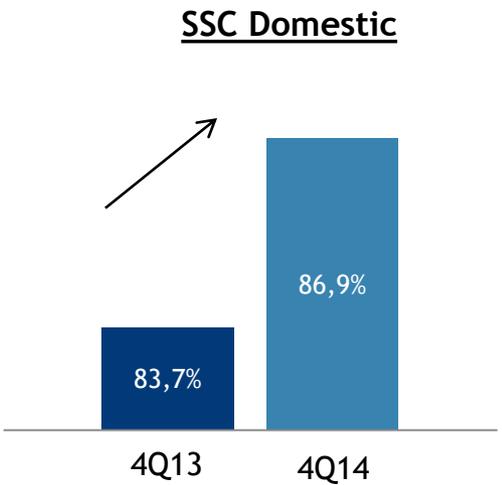
- First in the region with a wireless in-flight entertainment system
- Long and short haul operations

10 Youtube channels on board

- Second airline in the world
- 120 min content
- Monthly updates

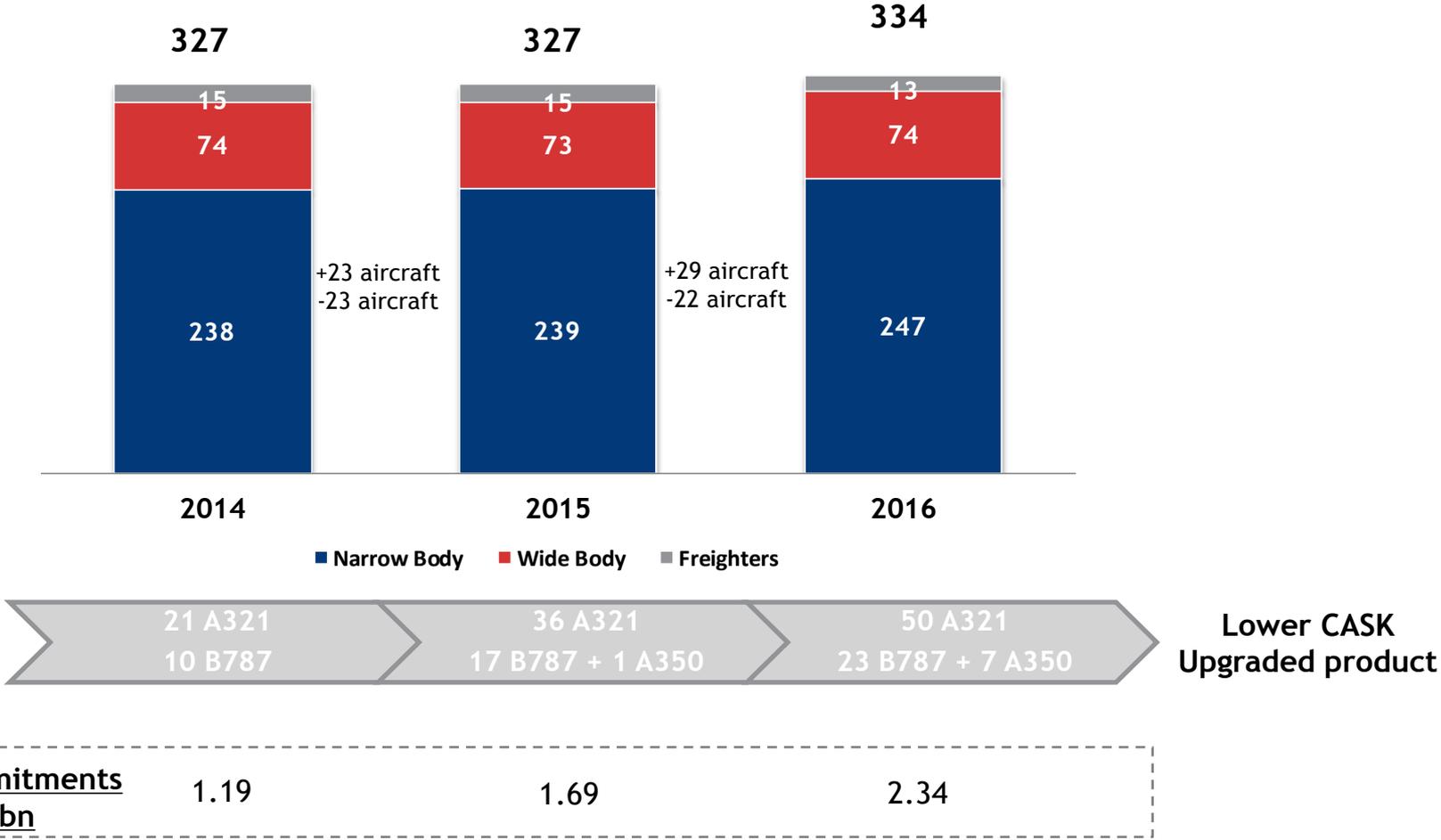


We continue to improve our high levels of punctuality (15 Min)



LATAM's fleet plan: focus on fleet renewal

Total aircraft at the end of the year





Thank you



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