



Fourth Quarter 2016 Results Presentation

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Senior Vice President Corporate Controller
and Investor Relations Officer

March 16th , 2017

Fourth Quarter 2016 Highlights



Operating margin reached 7.6%, an improvement of 1.4 p.p. compared to 4Q15 and net income reached US\$54.3 million



Revenue increased by 6.7%, driven by passenger revenues and reflecting a positive trend in RASK



LATAM reduced domestic capacity in Brazil by 10.9%, as a result RASK increased by 34.8% in USD and 14.8% in BRL



Fleet assets reduction of US\$2.2 billion for 2016-2018. Fleet commitments for 2018 will amount US\$555 million, a reduction of US\$1.0 billion compared to Sep.16

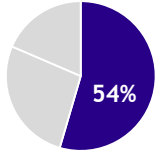
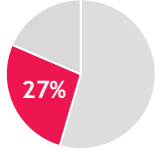
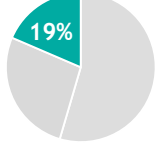


LATAM achieved a significant improvement in its balance sheet reaching 5.3x leverage and US\$1.8 billion of cash, including undrawn committed credit lines

LATAM's operating income increased by 10.5% during Q4 2016

(US\$ Millions)	4Q16	4Q15	Change	2016	2015	Change
Total Operating Revenues	2,569	2,407	6.7%	9,527	10,126	-5.9%
Passenger	2,112	1,976	6.9%	7,878	8,411	-6.3%
Cargo	309	335	-7.7%	1,111	1,329	-16.5%
Others	148	96	54.2%	539	386	39.7%
Total Operating Costs	-2,374	-2,258	5.2%	-8,959	-9,612	-6.8%
Operating Income	195	149	30.9%	568	514	10.5%
Operating Margin	7.6%	6.2%	1.4pp	6.0%	5.1%	0.9pp
Net Income	54	-16	-	69	-219	-
Foreign exchange gains / (losses)	-7	-57	-	126	-468	-
EBITDAR	591	512	15.5%	2,097	1,973	6.3%
EBITDAR Margin	23.0%	21.3%	1.7pp	22.0%	19.5%	2.5pp

Continued improvement in revenue trends in Q4 2016

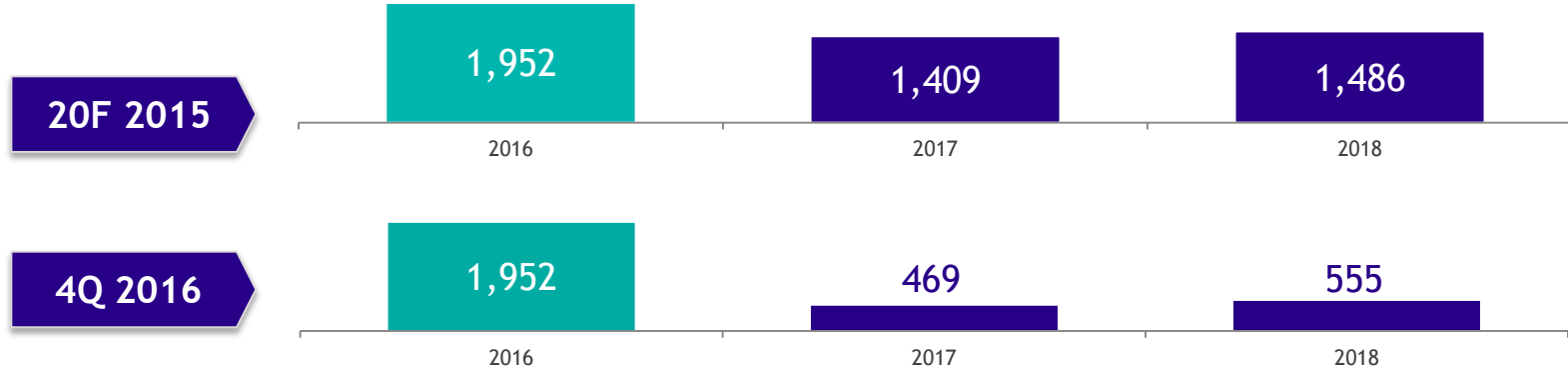
	System Capacity	Capacity	Traffic	Load Factor	RASK (US Cents)
International (Long Haul & Regional)		+2.2%	+4.4%	86.3% (+1.8 p.p.)	6.0 (+3.9%)
Domestic Brazil		-10.9%	-9.4%	83.2% (+1.4 p.p.)	6.9 (+34.8%) <small>BRL 4Q16: +14.8%</small>
SSC Domestic		+7.4%	+6.9%	81.2% (-0.4 p.p.)	7.2 (-9.5%)
Passenger		-0.8%	+0.7%	84.5% (+1.3 p.p.)	6.2 (+7.6%)
Cargo		-5.9%	-3.1%	57.0% (+1.7 p.p.)	18.2 (-1.9%)

Operating costs decreased by 0.2% excluding non recurring costs

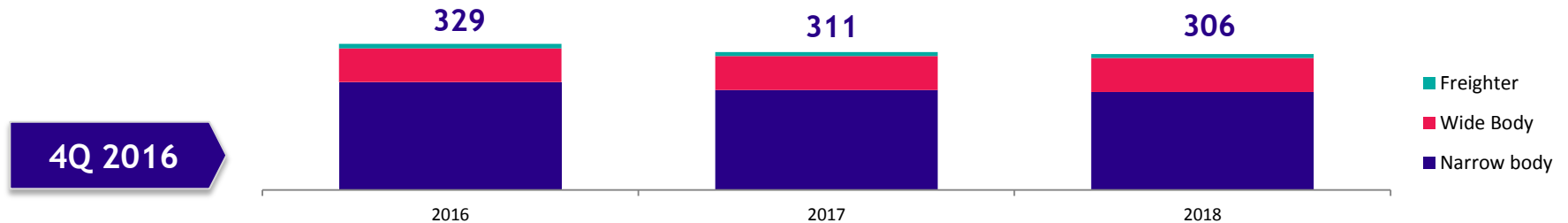
Total Costs US\$MM		4Q16	4Q15	Var YoY
Wages & Benefits	8.9% headcount reduction YoY	497	462	+7.6%
Fuel Cost	4.2% lower fuel price, including hedge	557	573	(2.8%)
Aircraft Cost	Redelivery of 21 aircraft in 2016	472	447	+5.6%
Others		848	776	+9.3%
Operating Costs		2,374	2,256	+5.2%
Non-Recurring Costs		121	8	+1,413%
OPEX ex non-recurring		2,253	2,250	0.2%
Unit Costs US\$ Cents		4Q16	4Q15	Var YoY
Cost per ASK-equivalent		4.7	4.4	+7.6%
Cost per ASK-equivalent ex non-recurring		4.6	4.3	+2.3%
ASKs-equivalent (millions)		52,079	53,499	-2.7%

Reduction of US\$2.2 billion in fleet assets for 2016-2018

Historically low fleet commitments

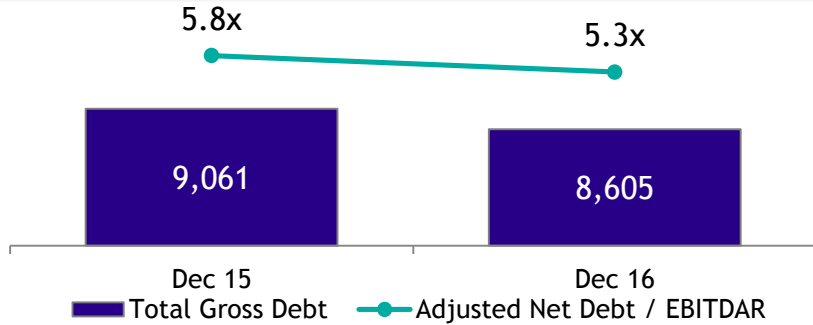


Fleet plan reduces number of aircraft, improving fleet utilization

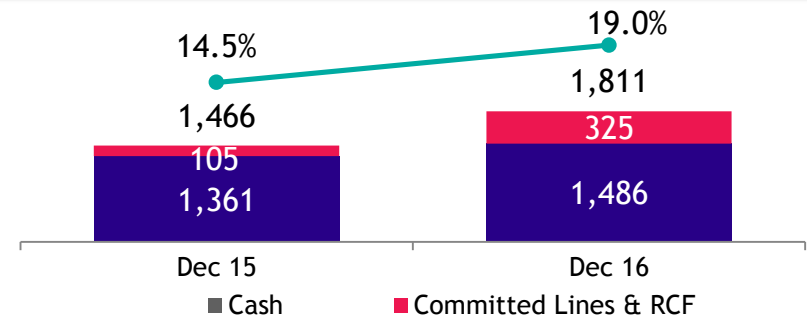


Improvement in liquidity and leverage during 2016

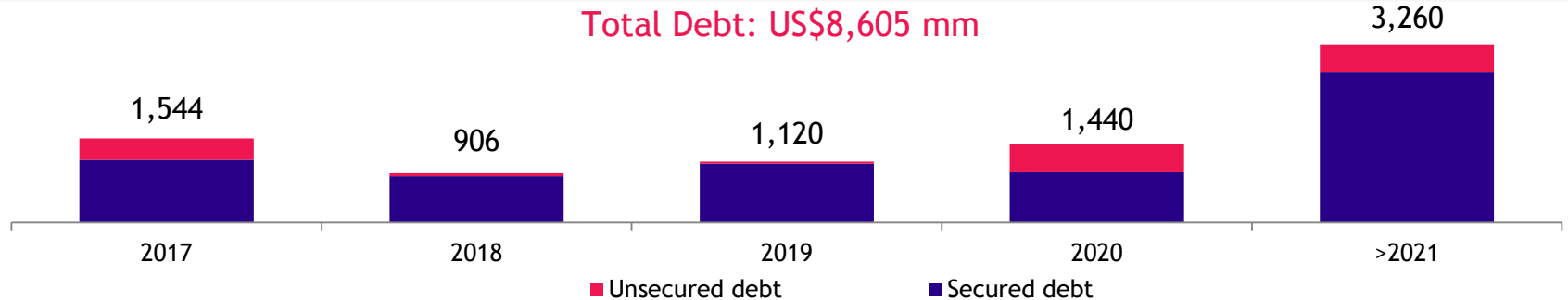
Adjusted Net Debt⁽¹⁾/EBITDAR LTM



Cash and Equivalents as % of LTM revenues



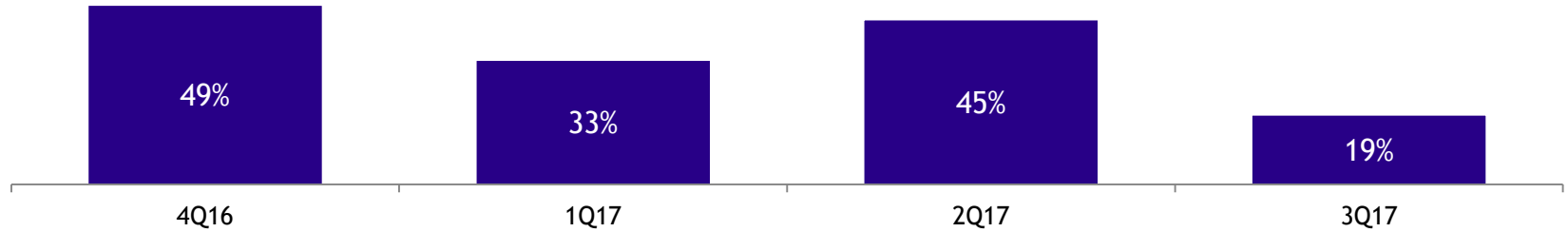
Debt maturity profile (US\$MM) as of December 31, 2016²



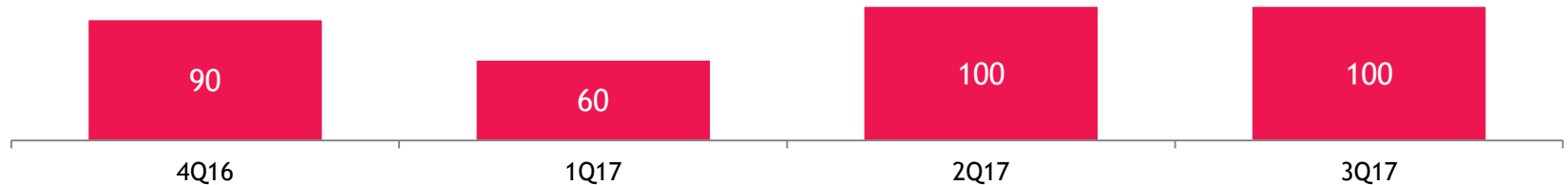
(1) Adjusted for the capitalization of operating leases (7x yearly expense) (2) The debt maturity profile does not include PDP and short term rolling debt.

Fuel and FX hedging portfolio

LATAM Fuel Hedge for the next 12 months



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



¹Company information as of August, 2016.

New business model for domestic markets

Cabin upgrade bidding



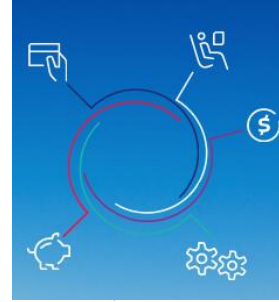
“Economy +” seats



2nd bag (SSCs)



Announcement new travel model for domestic markets



MERCADO LATAM



1H17

Oversized baggage



2016

2017

Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar

		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%



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