



— LATAM AIRLINES GROUP —

## First quarter 2013 Results Presentation

May 15, 2013

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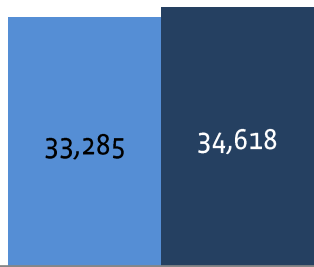
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# LATAM Airlines Group: Highlights 1Q 2013

(US\$ million)	1Q12 Pro Forma	1Q13	% Change (YoY)
<b>Total Revenues</b>	<b>3,360</b>	<b>3,409</b>	<b>1.5%</b>
Passenger Revenues	2,829	2,871	1.5%
Cargo Revenues	476	460	-3.2%
<b>Total Operating Expenses</b>	<b>-3,315</b>	<b>-3,295</b>	<b>-0.6%</b>
<b>Operating Income</b>	<b>46</b>	<b>114</b>	<b>149.8%</b>
Operating Margin	1.4%	3.4%	2.0 pp
<b>Net Income</b>	<b>84</b>	<b>43</b>	<b>-48.9%</b>
<b>EBITDAR</b>	<b>436</b>	<b>512</b>	<b>17.3%</b>
EBITDAR Margin	13.0%	15.0%	2.0 pp

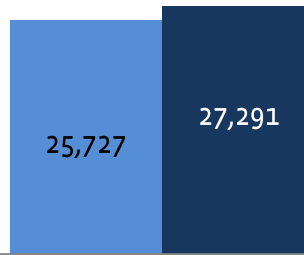
# LATAM Airlines Group: Passenger Operations - Revenue increased 1.5%

**+4.0%**



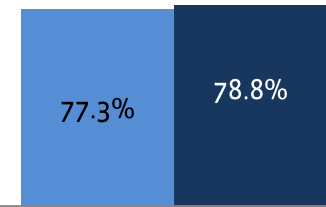
Pax Capacity (million ASK)

**+6.1%**



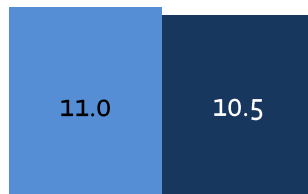
Pax Traffic (million RPK)

**+1.5 pp.**



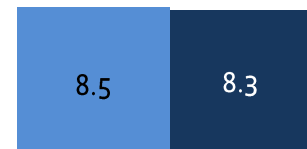
Pax Load Factor

**-4.3%**



Pax Yield (US\$ cents)

**-2.4%**



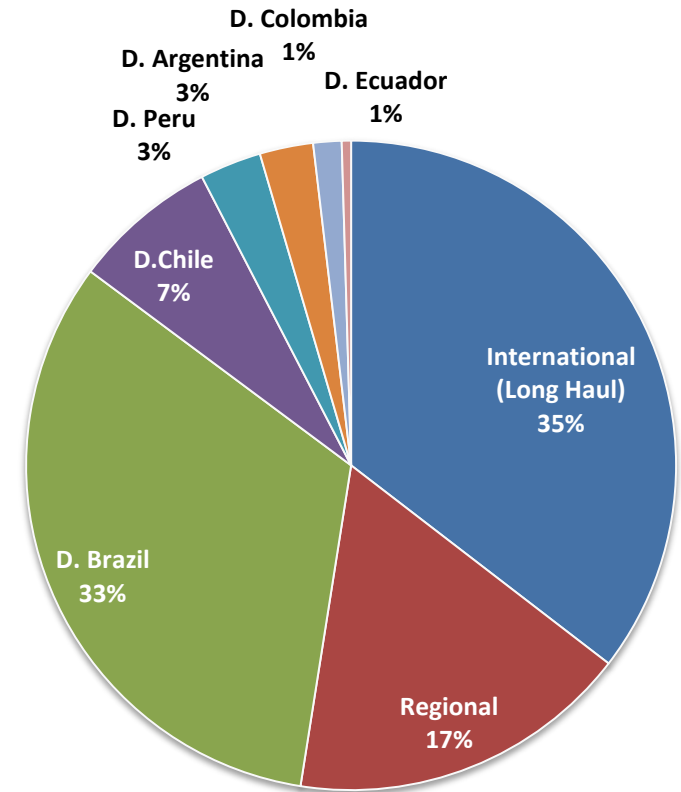
Pax RASK (US\$ cents)

■ 1Q12 ■ 1Q13

# LATAM Airlines Group: Diversified passenger capacity growth



## ASK 1Q 2013

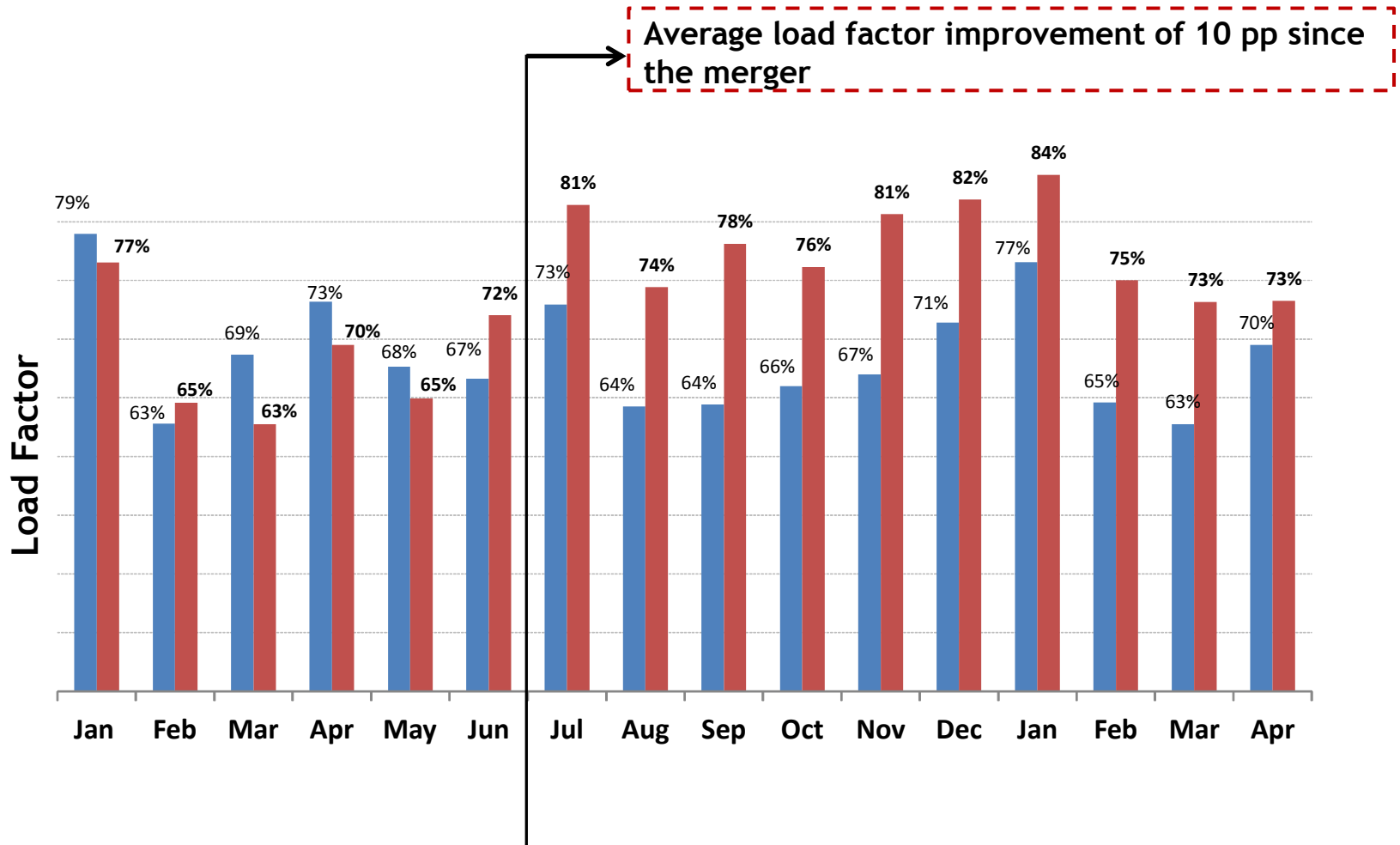


### Growth in ASK (1Q13 vs. 1Q12)

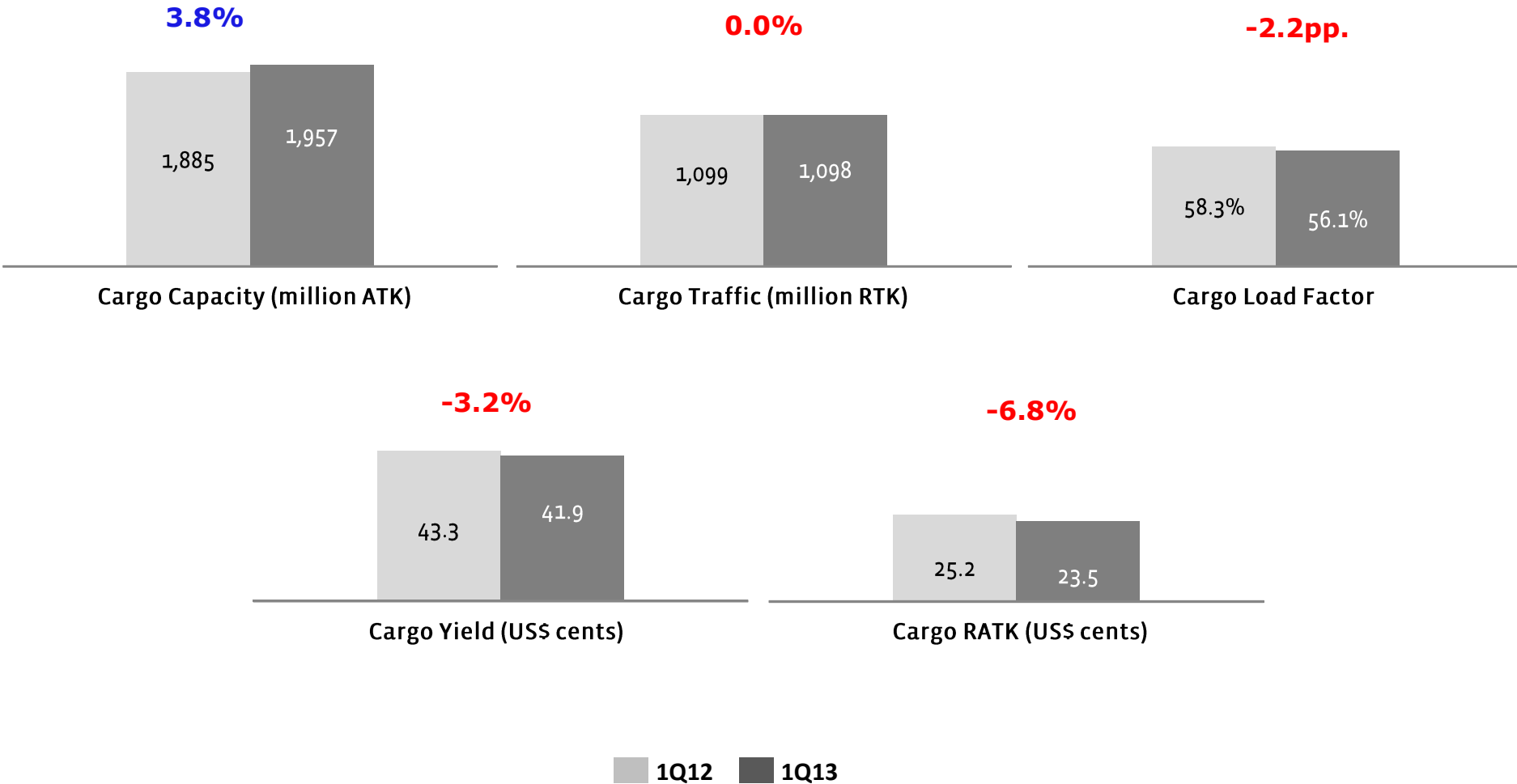
**4,0%**

International (Long Haul & Regional)	12,3%
Brazil Domestic	-9,2%
Chile Domestic	16,4%
Peru Domestic	16,3%
Argentina Domestic	-0,1%
Colombia Domestic	-6,1%
Ecuador Domestic	20,8%










# Domestic Brazil: Continued capacity discipline



# LATAM Airlines Group: Cargo Operations - Revenue decreases 3.2%



# 1Q 2013- Cost Analysis

Costs (US\$ Millions)	1Q13	1Q12 (Proforma)	Variation (%)		Main Impacts
Wages & Benefits	617	667	-8%		Positive impact of a 13% average depreciation of real
Fuel Costs	1,245	1,209	+3%		Mainly driven by a 1.5% increase in consumption
Commission to Agents	90	115	-22%		22.9% decrease in average commissions
Depreciation & Amortization	291	286	+2%		Net incorporation of 37 aircraft
Other Rental & Landing Fees	359	339	+6%		Increase in handling costs and aeronautical rates
Passenger Service	85	82	+3%		More passengers transported
Aircraft Rentals	107	104	+2%		More aircraft classified as operating leases
Maintenance Expenses	108	104	+4%		Larger fleet
Other Operating Expenses	393	408	-4%		Lower sales costs and costs related to reservations and IT systems
<b>Total Costs</b>	<b>3,295</b>	<b>3,315</b>	<b>-0,6%</b>		



# Passenger, Cargo and Cost synergies on track

## Passenger Operations

- CADE approves TAM codeshare with American Airlines
- TAM will join oneworld in 2014



## Cargo Operations

- Marketing under the brand **TAM CARGO** in Brazil
- Infrastructure development in Guarulhos and Congonhas airports creating cargo hubs.



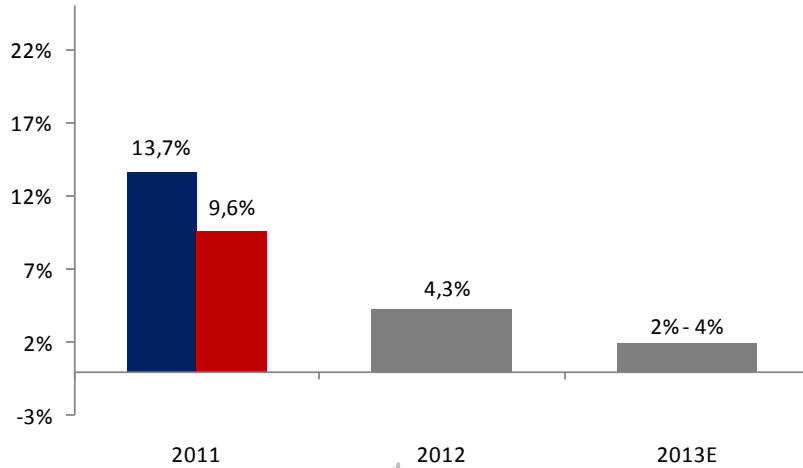
## Costs Synergies

- Renegotiations of fuel contracts have been completed in all airports.
- Joint negotiation of contracts with different suppliers.
- Exchange of best practices within the company.
- Reduction of duplicate functions in the commercial structure.
- Standardization of the company's product.



# 2013 Estimated capacity expansion

## LATAM Airlines Passenger ASK Growth

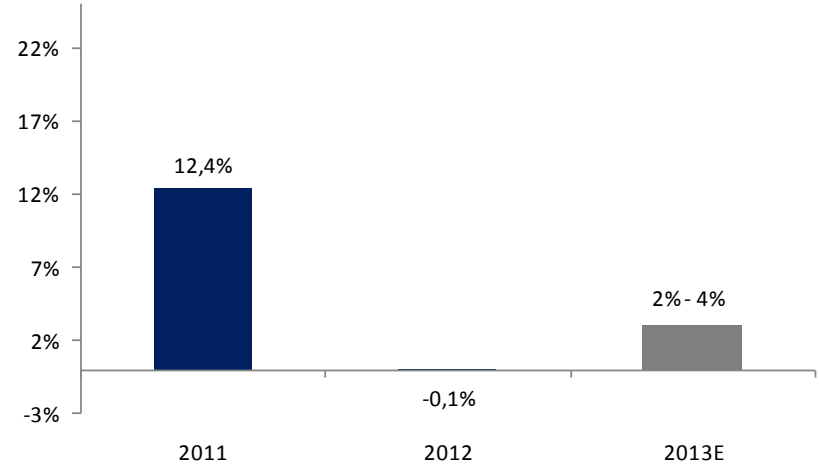


**Domestic Brazil ASKs**  
-1.1%

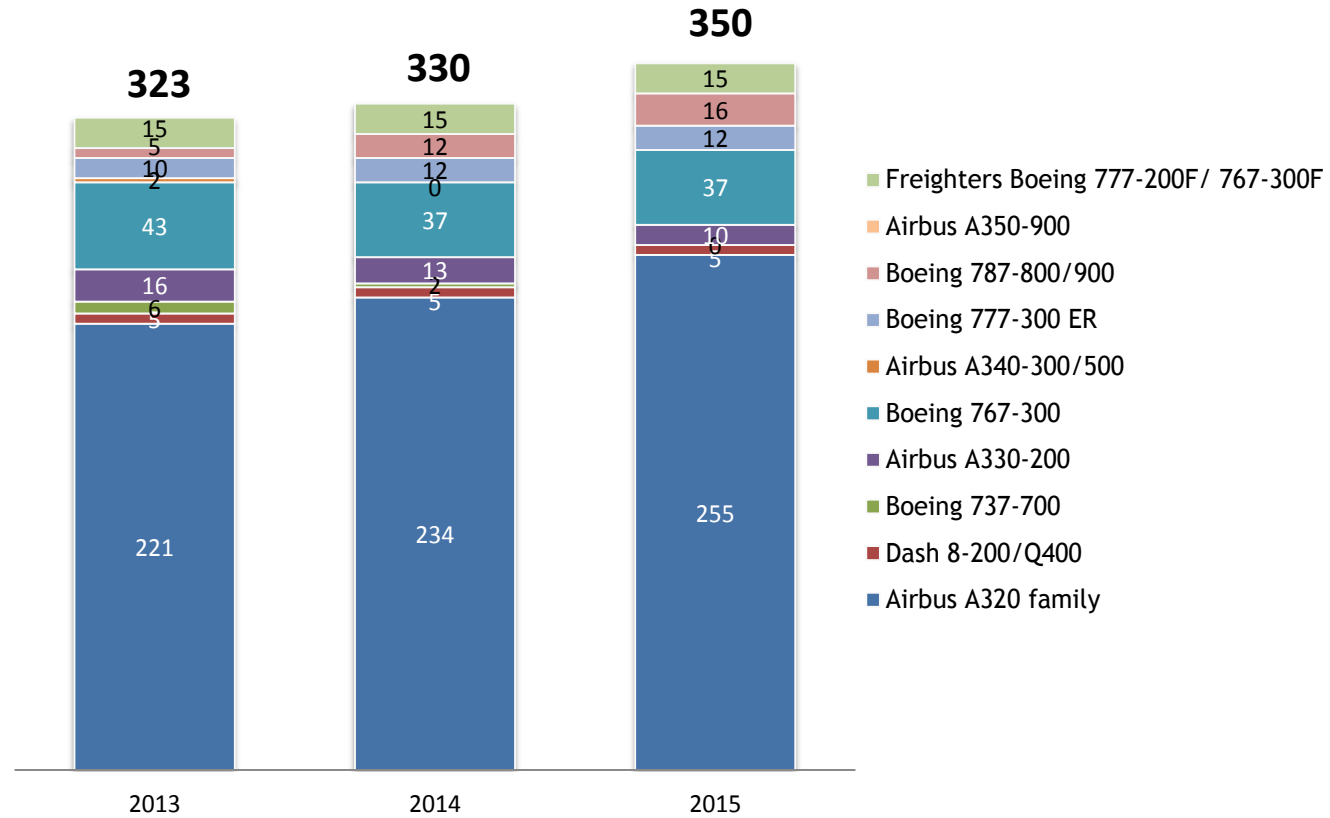
**Domestic Brazil ASKs**  
-5% and -7%

■ LAN ■ TAM ■ LATAM

## LATAM Airlines Cargo ATK Growth



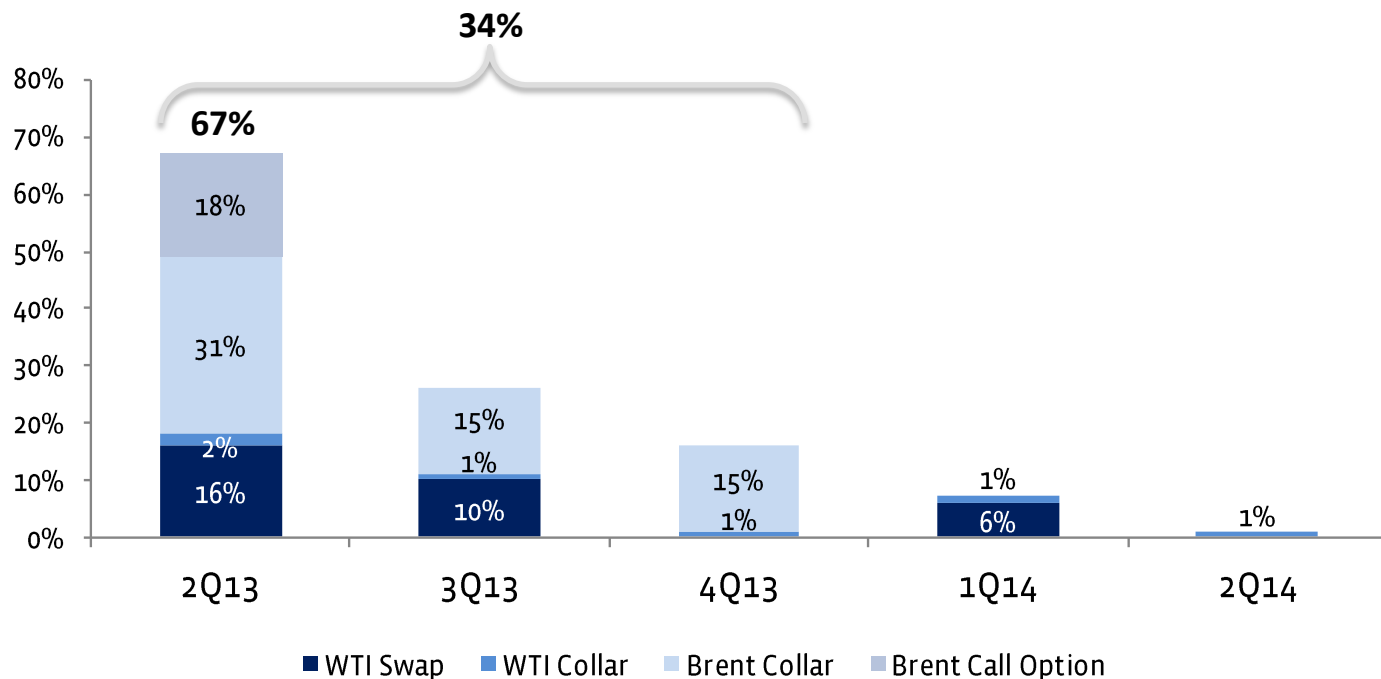
# LATAM Airlines Group fleet plan 2013 - 2015



Fleet Capex US\$ Million	2013	2014	2015
	US\$ 2,047	US\$ 1,993	US\$ 806

# LATAM Airlines Group fuel hedges

**LATAM Fuel Hedges**  
(% of consumption)



	2Q13	3Q13	4Q13	1Q14	2Q14
BRENT Band 115@80		15%	15%		
BRENT Band 120@85	67%				
BRENT Band 118@86					
BRENT Band 103@91		11%	1%		
BRENT Band 110@90				6%	
BRENT Band 103@90				1%	1%

**Notes:**

- values are Brent equivalents
- hedging position as of May 14, 2013



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