

# First Quarter 2018 Results Presentation

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May 9, 2018



# First Quarter 2018 Highlights



Operating income improved 50% YoY, reaching US\$229MM. Operating margin reached 8.4%



Total revenues increased 10.2% in the first quarter due to yields improvement and more passengers across all markets



Cost per ASK increased 4.6% YoY, mainly due to 20.6% increase in total fuel expenses. Cost per ASK ex-fuel increased by only 0.2% YoY



Moody's upgraded LATAM's corporate rating from B1 to Ba3. Fitch ratings affirmed LATAM's corporate rating at B+, upgrading the outlook to positive.

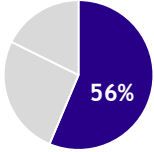
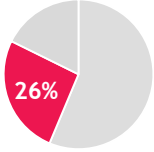
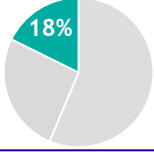


LATAM's shareholders approved a dividend distribution of US\$46.6 million, to be paid on May 17, 2018

# First Quarter 2018 Financial Summary

(US\$ Millions)	1Q18	1Q17	Change
<b>Total Operating Revenues</b>	<b>2,731</b>	<b>2,477</b>	<b>10.2%</b>
Passenger	2,318	2,106	10.1%
Cargo	296	254	16.6%
Others	117	118	-0.7%
<b>Total Operating Costs</b>	<b>-2,502</b>	<b>-2,325</b>	<b>7.6%</b>
<b>Operating Income</b>	<b>229</b>	<b>152</b>	<b>50.1%</b>
Operating Margin	8.4%	6.1%	2.3 p.p.
<b>Net Income</b>	<b>94</b>	<b>66</b>	<b>43.2%</b>
<b>EBITDAR</b>	<b>616</b>	<b>555</b>	<b>11.0%</b>
EBITDAR Margin	22.6%	22.4%	0.2 p.p.

# First Quarter 2018 Operating Statistics

	System Capacity	Capacity	Traffic	Load Factor	RASK/RATK <sup>1</sup> (US Cents)
International (Long Haul & Regional)		+3.4%	+4.0%	87.2% (+0.5 p.p.)	6.6 (+9.2%)
Domestic Brazil		+1.9%	+2.1%	82.3% (+0.1 p.p.)	6.7 (+6.1%)
SSC Domestic		+2.8%	+4.7%	83.6% (+1.5 p.p.)	7.3 (+4.0%)
<b>Passenger</b>		<b>+2.9%</b>	<b>+3.6%</b>	<b>85.3%</b> (+0.6 p.p.)	<b>6.5</b> (+7.0%)
<b>Cargo</b>		<b>+5.0%</b>	<b>+8.8%</b>	<b>54.8%</b> (+1.9 p.p.)	<b>18.4</b> (+11.0%)

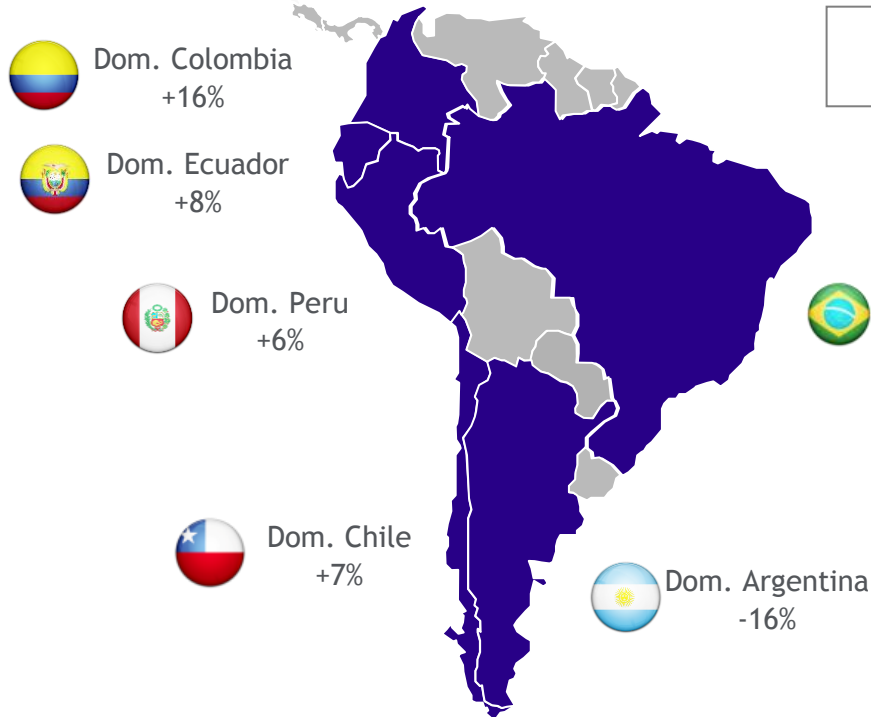
BRL<sup>2</sup>  
1Q18: +8.7%

<sup>1</sup> RASK by business unit include ticket revenue, breakage, excess baggage fee, frequent flyer program contribution and other revenues. Total passenger RASK considers reported passenger revenues

<sup>2</sup> Excluding proportional margin contribution from Multiplus

# Increasing demand across the region

## Passengers transported First Quarter 2018 (% Change YoY)



Domestic + 3%	+	International + 5%	=	Total LATAM + 4%
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+ 600.000 additional passengers

85.3% Load Factor

11 new routes<sup>1</sup> inaugurated in 1Q18

<sup>1</sup> Excluding seasonal routes

# Cost per ASK excluding fuel increased by only 0.2%

Total Costs US\$MM	1Q18	1Q17	Change
Wages & Benefits	515	525	-2.0%
Fuel Cost	718	595	+20.6%
Fleet Cost	489	488	+0.2%
Others	781	717	+8.9%
Operating Costs	2,502	2,325	+7.6%
CASK	7.0	6.7	+4.6%
Operating Costs ex-fuel	1,784	1,730	+3.1%
CASK ex-fuel	5.0	5.0	+0.2%

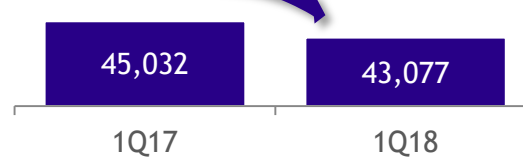
Passenger ASK

+2.9%



Number of employees<sup>(1)</sup>

-4.3%



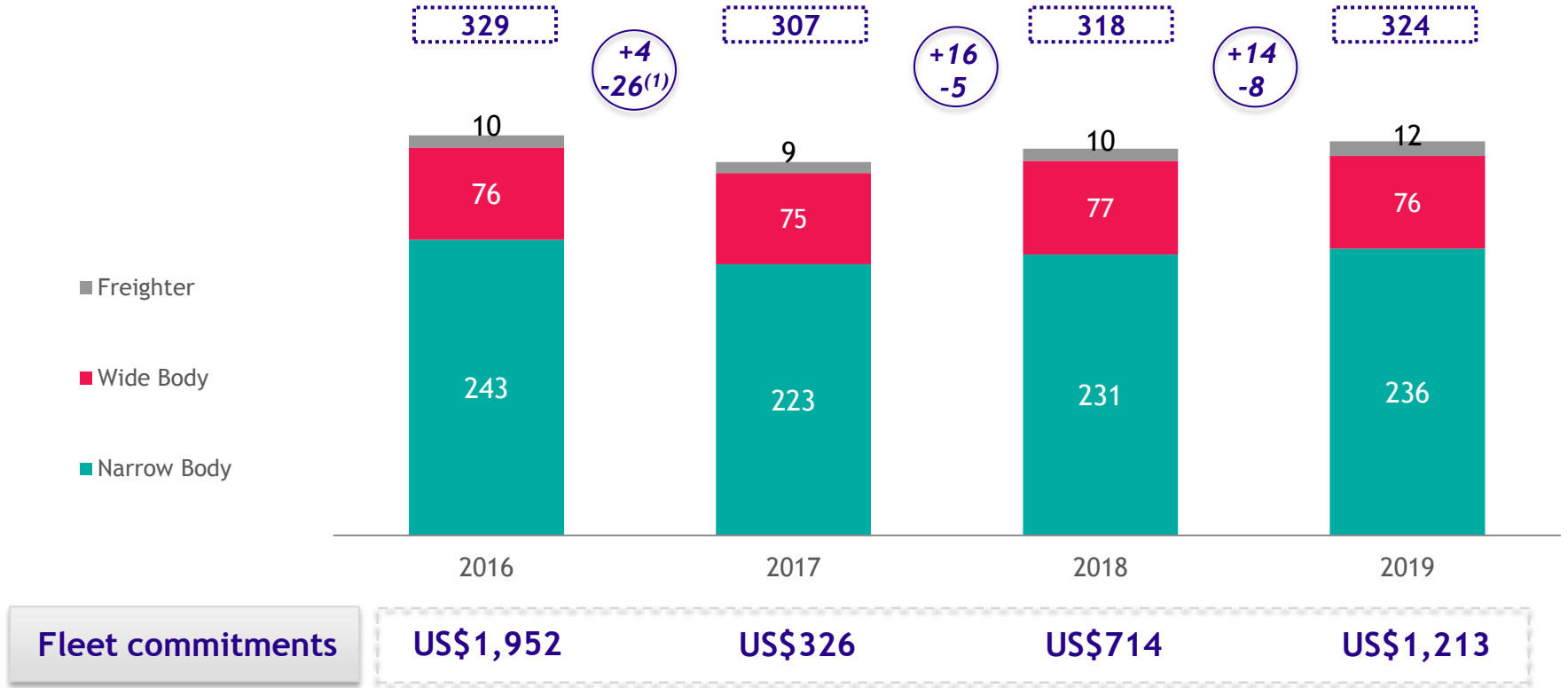
Number of aircrafts

-10 aircrafts



(1) Average

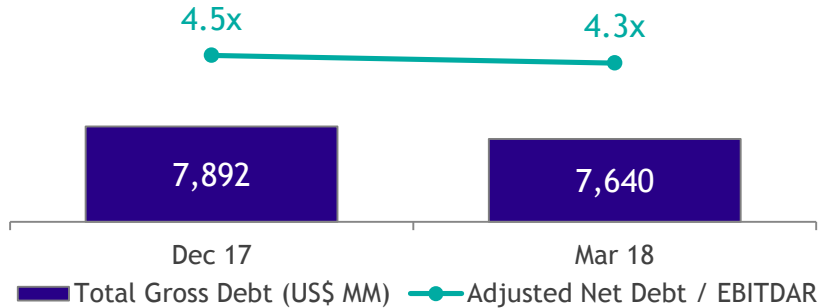
# LATAM's operating fleet plan



(1) 21 redeliveries and 5 additional subleases

# First quarter 2018 credit metrics

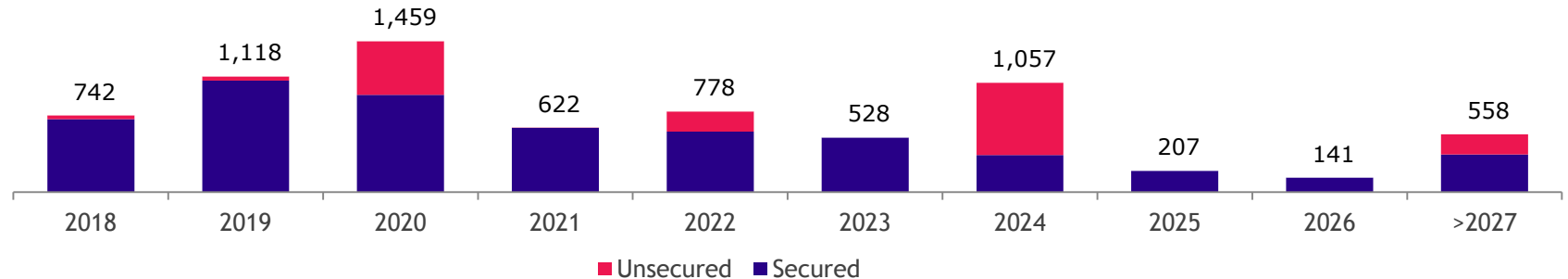
## Adjusted Net Debt<sup>(1)</sup>/EBITDAR LTM



## Cash and Equivalents as % of LTM revenues



## Debt maturity profile (US\$MM) as of March 31, 2018<sup>2</sup>

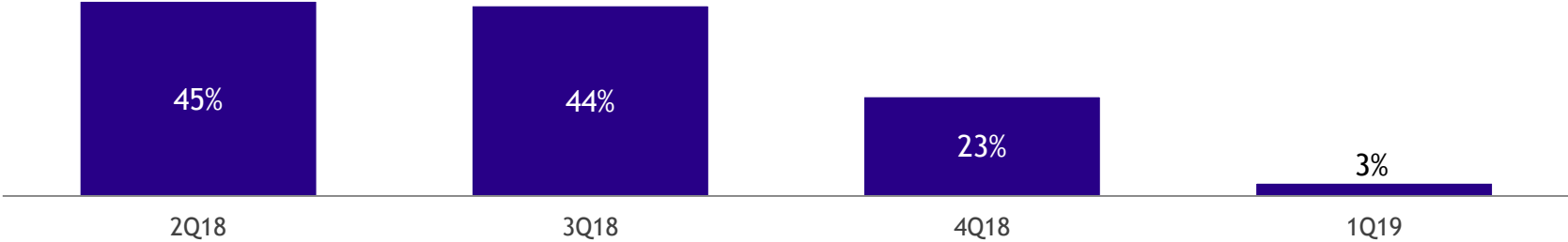


(1) Adjusted for the capitalization of operating leases (7x yearly expense) (2) The debt maturity profile does not include PDP and short term rolling debt.



# Fuel and FX hedging portfolio

LATAM Fuel Hedge (% estimated fuel consumption)



LATAM BRL Hedge (US\$ MM)



Passenger (ASK)		International	6% - 8%
		Domestic Brazil	2% - 4%
		Domestic Spanish Speaking Countries	6% - 8%
		Total	5% - 7%
Cargo (ATK)			1% - 3%
Operating Margin (%)			7.5% - 9.5%

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