



# Third Quarter 2017 Results Presentation

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Investor Relations

November 2017

# Third Quarter 2017 Highlights



Operating margin increased 3.2 p.p. YoY to 9.2% and net income reached US\$161 million



Total revenues increased 5.0% YoY in the third quarter due to yields improvement across all markets



New international destinations: Rome, Lisbon, Boston, and Tel Aviv<sup>(1)</sup>



Enhancing customer experience with Wifi in Brazil and stepping up our on-board dining offer for flights longer than 7 hours



Further deleveraging of the Company, reaching a leverage of 4.9x and liquidity of 19.6%<sup>(2)</sup>

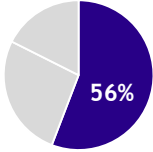
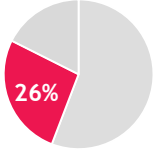
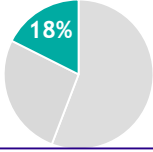
(1) Lisbon, Boston and Tel Aviv subject to regulatory approval

(2) Including RCF

# Third Quarter 2017 Financial Summary

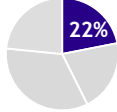
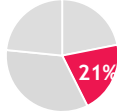
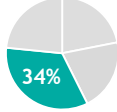
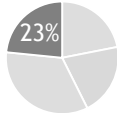
(US\$ Millions)	3Q17	3Q16	Change	9M17	9M16	Change
<b>Total Operating Revenues</b>	<b>2,645</b>	<b>2,520</b>	<b>5.0%</b>	<b>7,396</b>	<b>6,958</b>	<b>6.3%</b>
Passenger	2,225	2,100	6.0%	6,220	5,765	7.9%
Cargo	272	266	2.5%	782	802	-2.4%
Others	148	154	-4.0%	394	391	0.8%
<b>Total Operating Costs</b>	<b>-2,401</b>	<b>-2,367</b>	<b>1.4%</b>	<b>-6,952</b>	<b>-6,585</b>	<b>5.6%</b>
<b>Operating Income</b>	<b>244</b>	<b>152</b>	<b>60.2%</b>	<b>445</b>	<b>373</b>	<b>19.3%</b>
Operating Margin	9.2%	6.0%	3.2 p.p.	6.0%	5.4%	0.7 p.p.
<b>Net Income</b>	<b>161</b>	<b>5</b>	<b>3,287.2%</b>	<b>88</b>	<b>15</b>	<b>492.5%</b>
<b>EBITDAR</b>	<b>636</b>	<b>543</b>	<b>17.0%</b>	<b>1,635</b>	<b>1,506</b>	<b>8.6%</b>
EBITDAR Margin	24.0%	21.6%	2.5 p.p.	22.1%	21.6%	0.5 p.p.

# Third Quarter 2017 Operating Statistics

	System Capacity	Capacity	Traffic	Load Factor	RASK (US Cents)
International (Long Haul & Regional)		+3.9%	+3.9%	87.8% (+0.0 p.p.)	6.4 (+7.2%)
Domestic Brazil		-1.6%	+0.0%	83.7% (+1.3 p.p.)	6.6 (+7.0%)
SSC Domestic		-0.4%	+2.2%	81.7% (+2.1 p.p.)	7.1 (+7.4%)
Passenger		+1.6%	+2.6%	85.6% (+0.8 p.p.)	6.3 (+4.3%)
Cargo		-5.3%	+3.5%	54.2% (+4.6 p.p.)	17.3 (+8.2%)

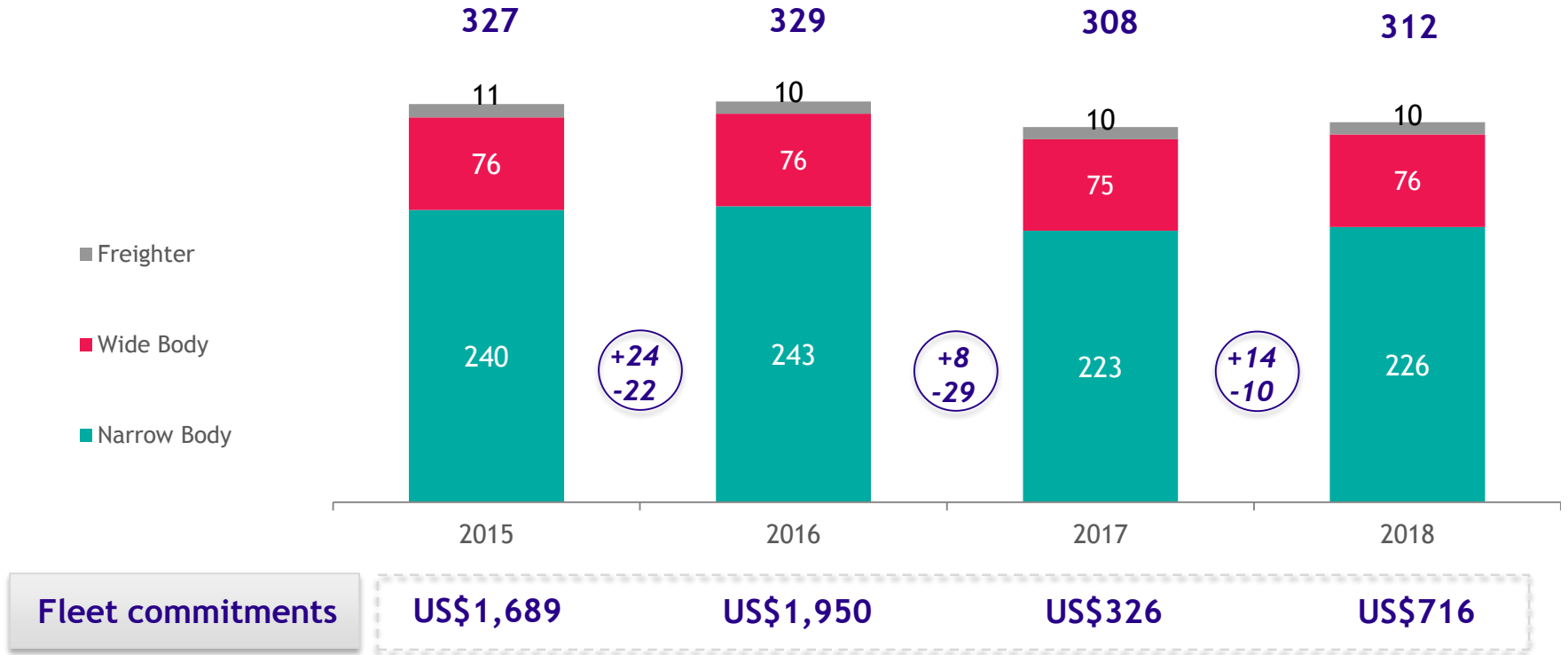
BRL  
3Q17: +2.3%

# Operating Costs Q3 2017

Total Costs US\$MM		3Q17	3Q16	Change
Wages & Benefits		526	519	+1.3%
Fleet Cost		497	499	-0.3%
Others		815	779	+4.7%
<b>Operating Costs ex fuel</b>		<b>1,839</b>	<b>1,797</b>	<b>+2.3%</b>
Op. Costs ex-fuel per ASK <sup>(1)</sup> (US¢)		3.6	3.5	+3.0%
Fuel Cost		562	570	-1.4%
<b>Operating Costs</b>		<b>2,401</b>	<b>2,367</b>	<b>+1.4%</b>
Op. Costs per ASK <sup>(1)</sup> (US¢)		4,6	4,6	+2,1%

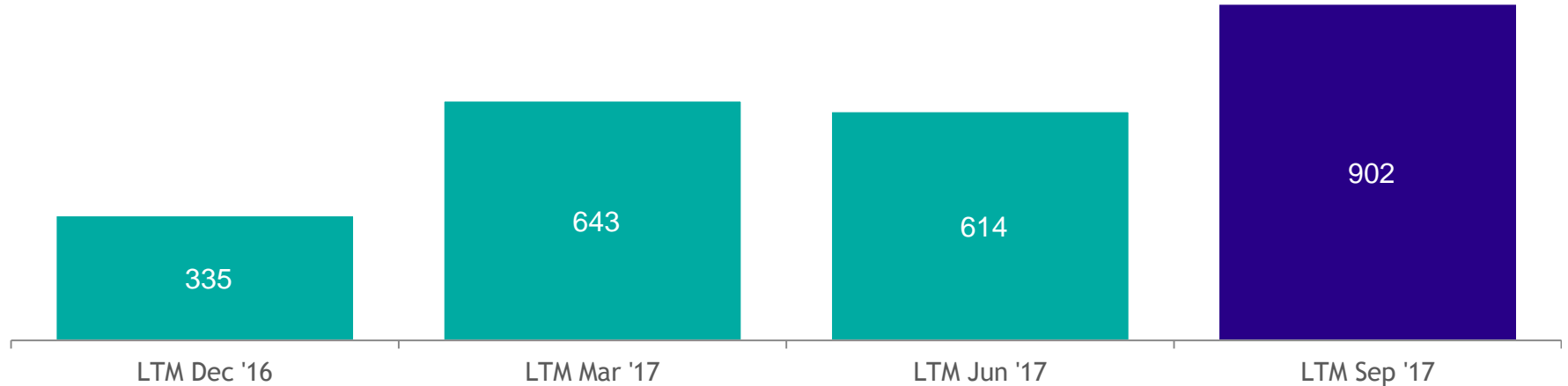
(1) ASK equivalent (sum of passenger ASKs and the quotient of cargo ATK and 0.095)

# Adapting our fleet to changes in demand environment



# Significant improvements on operating cash flow generation

Free cash flow<sup>(1)</sup> (USD million)



Better operational results providing higher cash flows

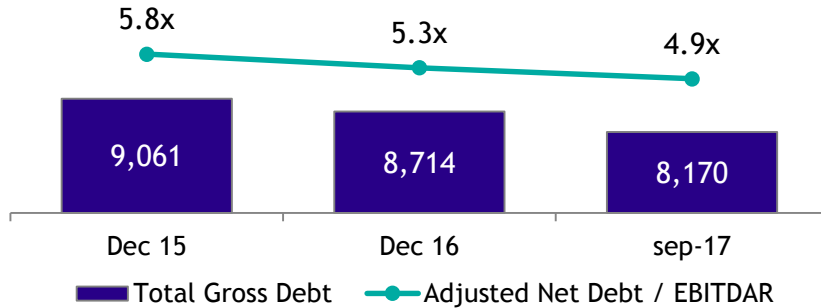


Positive impact from the negotiations related to our fleet plan

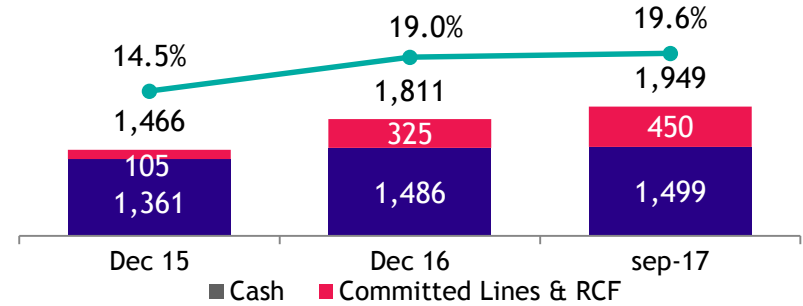
(1) Operating cash flow net of investments including pre-delivery payments (PDPs)

# Third Quarter 2017 financial metrics

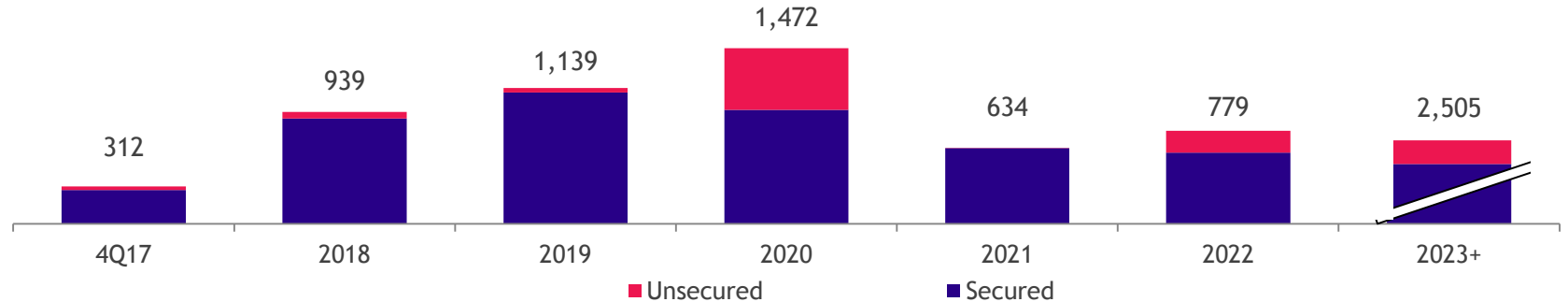
## Adjusted Net Debt<sup>(1)</sup>/EBITDAR LTM



## Cash and Equivalents as % of LTM revenues



## Debt maturity profile<sup>(2)</sup>



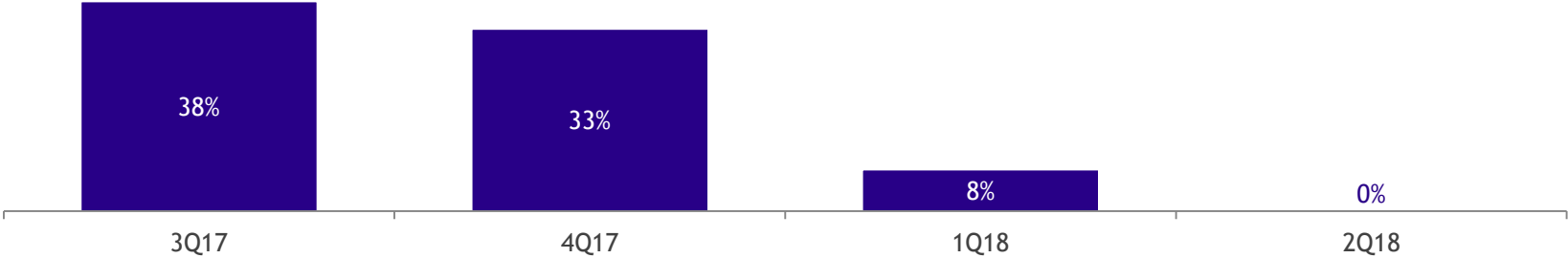
(1) Adjusted for the capitalization of operating leases (7x yearly expense)

(2) Do not include revolving short term debt nor PDP Financing.

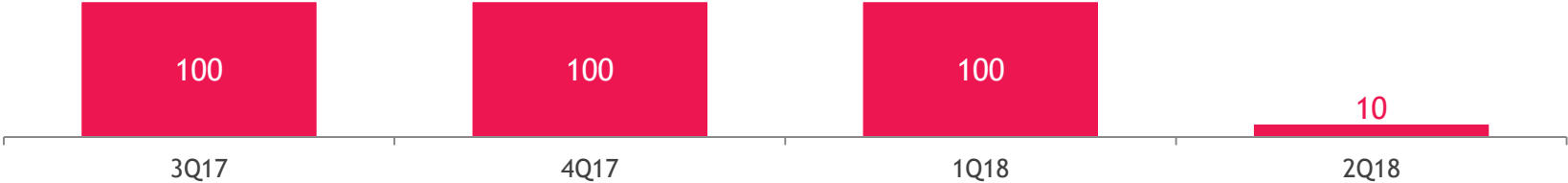


# Fuel and FX hedging portfolio

LATAM Fuel Hedge



LATAM BRL Hedge (US\$ mm)



# Leveraging Latin America's Strongest Network

**Rome**



**Lisbon<sup>1</sup>**



**Boston<sup>1</sup>**

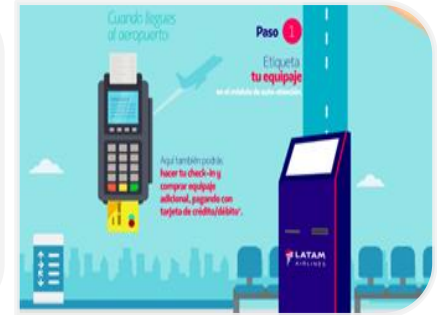


**Tel Aviv<sup>1</sup>**



# Committed to offering our passengers an unrivalled travel experience

Implementations  
on Track



Recent  
Developments



# Delivering value for our passengers and for the communities

## Five Stars



Named by passengers as ‘Five Star Global Airline’ for its in-flight experience

## Leading in the Americas






MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



Listed as DJSI “World” category for 4th consecutive year

# Guidance 2017: disciplined approach is providing results

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



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