



Third Quarter 2016 Results Presentation

Gisela Escobar

Senior Vice President Corporate Controller
and Investor Relations Officer

November 11th , 2016

Third Quarter 2016 Highlights



The Company reached a 6.0% operating margin, an increase of 1.3 percentage points compared to the third quarter of 2015



Revenues increased by 0.2% after eleven consecutive quarters of decline, reflecting a positive revenue trend in Brazil and a stronger currency environment



LATAM Airlines Brazil reduced capacity in domestic operations by 13.2%, while revenues per ASK increased by 8.6% during the quarter



Fleet commitments for 2017 will amount US\$482 million, the lowest in the history of LATAM, all of which will be operating leases



LATAM announced its new domestic model, which responds to the changing dynamics of customers and the industry

LATAM's operating income increased by 26%

(US\$ Millions)	3Q16	3Q15	Change	YTD16	YTD15	Change
Total Operating Revenues	2.520	2.515	0,2%	6.958	7.719	-9,9%
Passenger	2.100	2.114	-0,6%	5.765	6.434	-10,4%
Cargo	266	310	-14,3%	802	995	-19,4%
Others	154	91	68,2%	391	290	34,8%
Total Operating Costs	-2.367	-2.394	-1,1%	-6.585	-7.354	-10,5%
Operating Income	152	121	26,3%	373	365	2,2%
Operating Margin	6,0%	4,8%	1,3pp	5,4%	4,7%	0,6pp
Net Income	5	-113	-	15	-203	-
Foreign exchange gains / (losses)	-11	-242	-	133	-411	-
EBITDAR	543	487	11,6%	1.506	1.461	3,1%
EBITDAR Margin	21,6%	19,4%	2,2pp	21,6%	18,9%	2,7pp

Improved revenue trends in Q3 2016

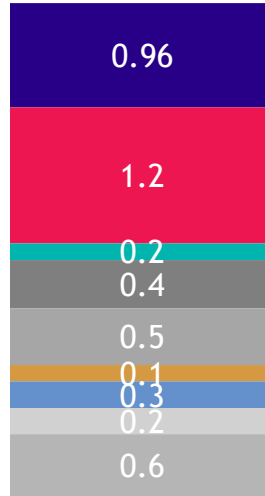
	System Capacity	Capacity	Traffic	Load Factor	RASK (US Cents)
International (Long Haul & Regional)		+4.9%	+7.2%	87.8% (+1.8 p.p.)	6.0 (-6.8%)
Domestic Brazil		-13.2%	-12.7%	82.4% (+0.5 p.p.)	6.2 (+8.6%)
SSC Domestic		+10.2%	+7.9%	79.6% (-1.7 p.p.)	6.6 (-18.3%)
Passenger		+0.0%	+1.1%	84.8% (+0.9 p.p.)	6.1 (-0.7%)
Cargo		-5.9%	-9.2%	49.6% (-1.8 p.p.)	16.0 (-8.9%)

BRL
3Q16:+1.8%
9M16:+3.6%

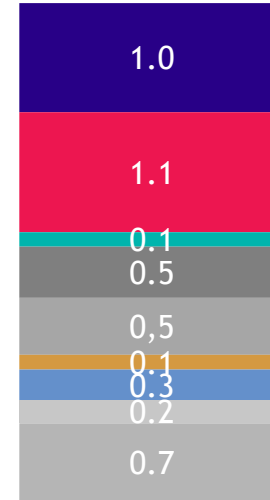
Operating costs decline by 1.1% and CASK-eq increases by 1.3%

- Other Operating Expenses
- Passenger Services
- Commissions to agents
- Other Rental and Landing Fees
- Aircraft maintenance
- Depreciation and Amortization
- Aircraft Rentals
- Aircraft fuel
- Wages and Benefits

3Q15 (US Cents)



3Q16 (US Cents)

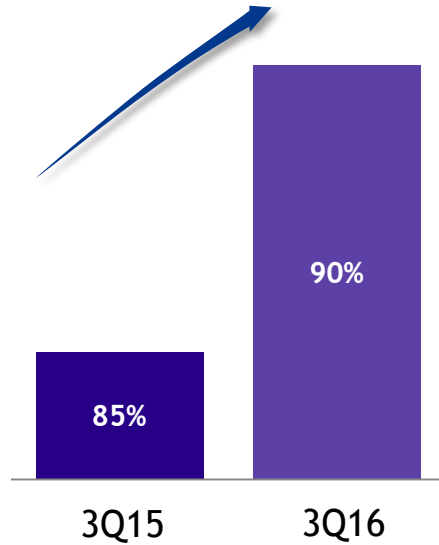


Var YoY (%)

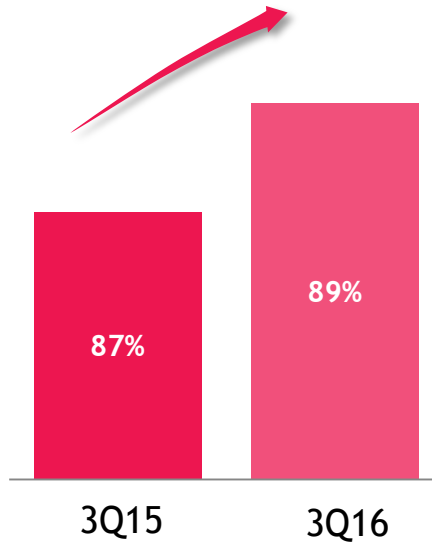
Cost per ASK-equivalent (US\$ Cents)	4.7	4.7	+1.3%
Cost per ASK-equivalent ex fuel (US\$ Cents)	3.6	3.4	+6.0%
ASKs (millions)	34,522	34,528	0.0%
ATKs (millions)	1,765	1,661	-5.9%
ASKs-equivalent (millions)	53,104	52,015	-2.1%

We continue to improve on-time performance

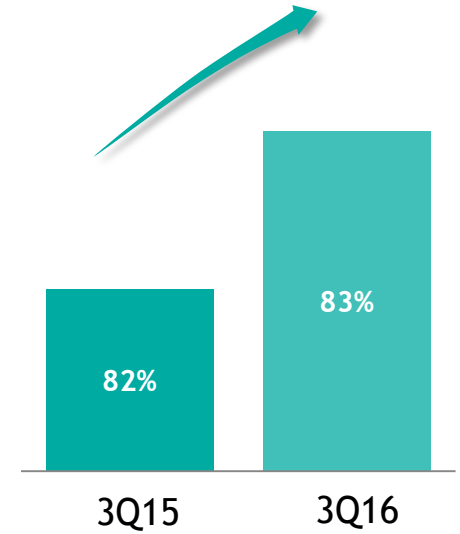
SSC Domestic



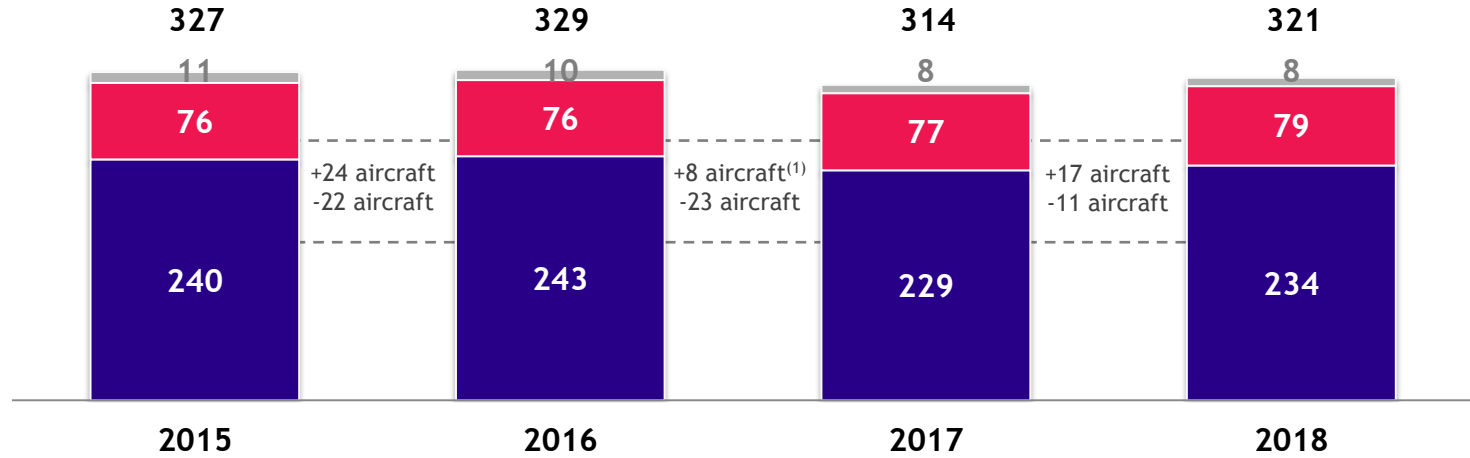
Brazil Domestic



International



LATAM continues right-sizing fleet commitments



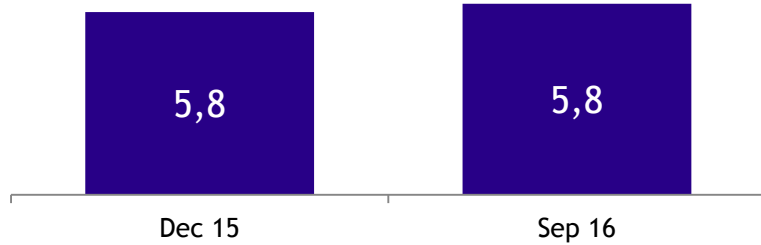
Fleet Commitments (US\$mm)	2015	2016	2017	2018
3Q16 plan	1,689	1,952	482	1,594

✓ Reduction of fleet commitments of US\$4.7 billion for 2017-2018 over the past year

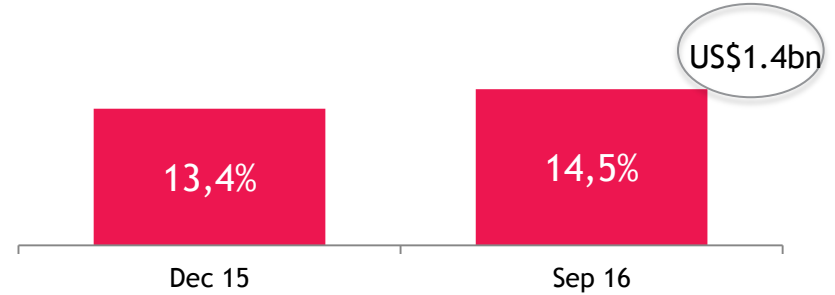
(1) Includes the return of one B777F that is currently subleased to a third party

Stable credit metrics

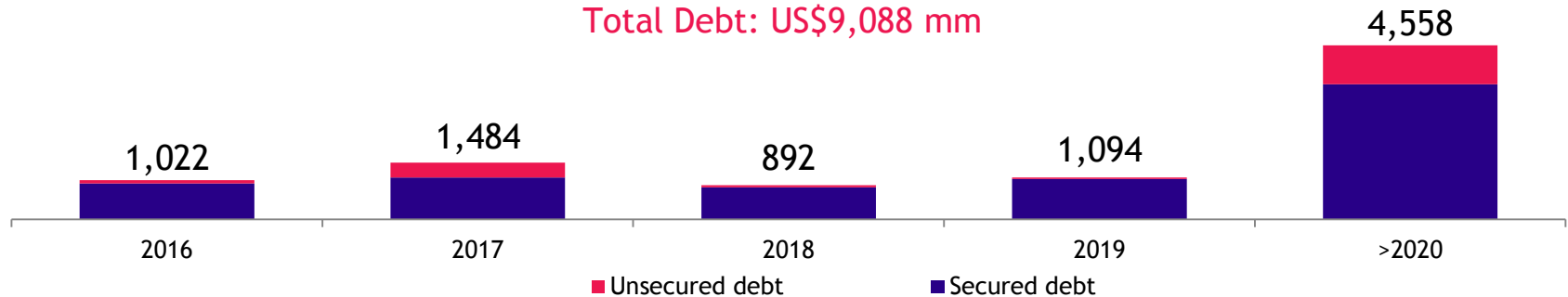
Adjusted Net Debt⁽¹⁾/EBITDAR LTM



Cash and Equivalents as % of LTM revenues



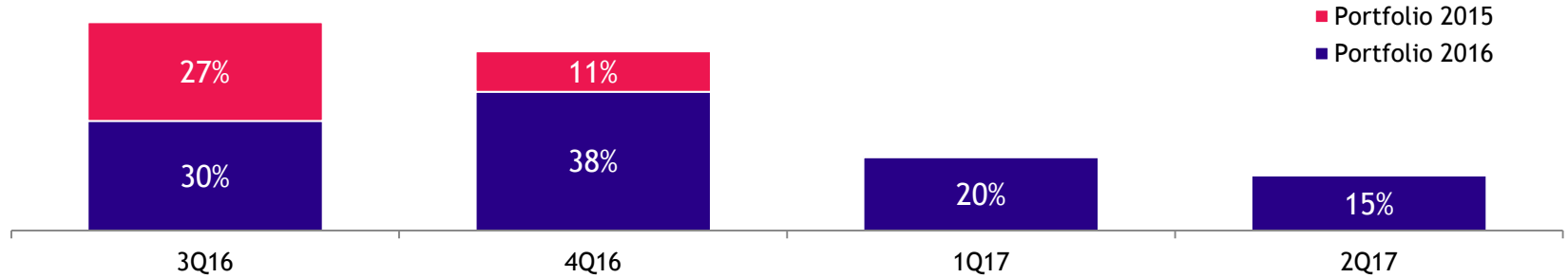
Debt maturity profile (US\$MM) as of September 30, 2016²



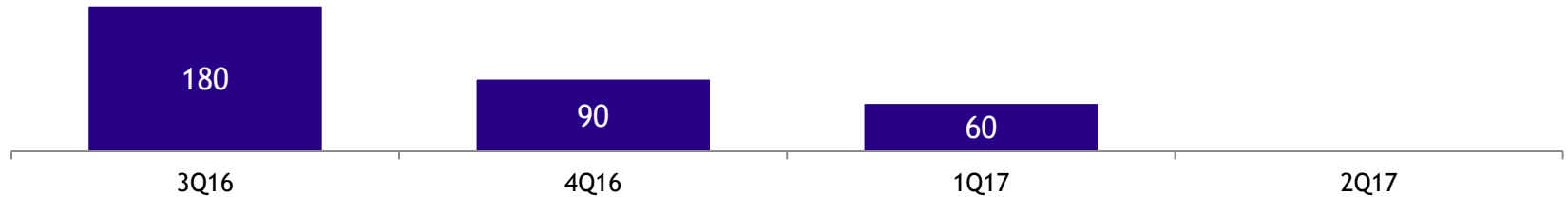
(1) Adjusted for the capitalization of operating leases (7x yearly expense) (2) The debt maturity profile does not include PDP and short term rolling debt.

LATAM manages Fuel and FX exposure

LATAM Fuel Hedge for the next 12 months



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



¹Company information as of August, 2016.

		2016 Guidance
ASK Growth (Passenger)	Total Network	(1%) - 1%
	International	3% - 5%
	Brazil Domestic	(12%) - (10%)
	SSC Domestic	6% - 8%
ATK Growth (Cargo)		(4%) - (2%)
Operating Margin		5.5% - 6.5%

Main Takeaways



Maintained Operating Margins : 5.4% Operating Margin in 9M'16 vs. 4.7% in 9M'15, despite challenging macro conditions



Capacity reduction of 12% in Brazil domestic operation 9M2016, the most of any Brazilian airline



Significant Cost Reduction in 9M'16 vs. 9H'15: -9.3% in CASK equivalent (-2.7% ex-fuel)



Cash position of US\$1.4 billion as of September 2016 and stable leverage



Reduction of Fleet Deliveries: 2017 no cash out related to fleet capex

New Domestic Model

Enrique Elsaca

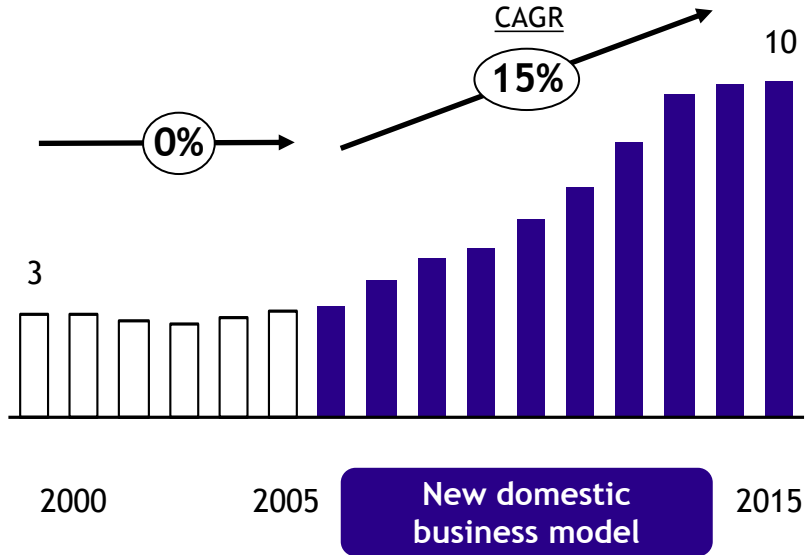
*Senior Vice President for Spanish Speaking
Countries*

November 11th , 2016



LATAM has driven passenger growth in its domestic markets

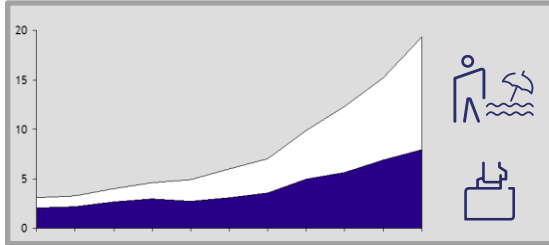
Passenger Evolution Chile (Industry, MM)



Domestic passenger operations

	LATAM Market Share Jun-16	Industry Pax(1) CAGR 2005-2015
Brazil	35%	11%
Chile	78%	10%
Peru	63%	12%
Argentina	27%	8%
Colombia	19%	12%
Ecuador	37%	11%

The current industry context provides an opportunity



Estándar	Leisure Plus	Business Plus
<input type="radio"/> 82,99 € <small>Quedan 3 asientos a este precio</small>	<input checked="" type="radio"/> 123,99 €	<input type="radio"/> 207,99 €
<input type="radio"/> 117,99 € <small>Quedan 3 asientos a este</small>	<input type="radio"/> 158,99 €	<input type="radio"/> 242,99 €

1

Strong growth coming from price sensitive leisure clients, which are increasingly taking a major part of the market

2

Competitors increasingly adopting the low-cost model

3

The sales model of the industry is changing:

- ✓ Simple and transparent ticket sales model
- ✓ Ancillary revenues

LATAM is renewing its domestic business model to increase competitiveness and ensure sustainability in the long term



Considering the new domestic model, we redefined LATAM's value proposition keeping its heritage and adding differentiators



Thank you



www.latamairlinesgroup.net

InvestorRelations@latam.com

11/11/2016