

Second Quarter 2018 Results Presentation

August 21, 2018



Second Quarter 2018 Highlights



Challenging second quarter due to the macro environment and the negative impact of the strikes in Chile and Brazil



Following a peak of 13 aircraft on ground in June, the Group has been gradually restoring the operation of its Boeing 787s



Operating income of US\$6.5 million and operating margin of 0.3%



Cost per ASK excluding fuel improved 7.2% YoY



Fleet commitments for 2018 reduced by 30% to US\$507 million

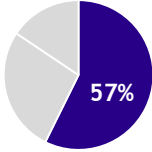
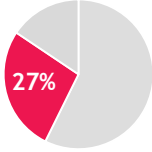
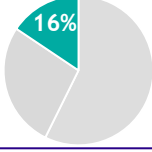


Adjusting 2018 guidance to an operating margin between 6.5% and 8.0%, and total capacity growth between 4% and 6%

Q2 2018 Financial Summary

(US\$ Millions)	2Q18	2Q17	Change	1H18	1H17	Change
Total Operating Revenues	2,357	2,274	3.7%	5,088	4,751	7.1%
Passenger	1,957	1888	3.6%	4,275	3,994	7.0%
Cargo	300	257	16.8%	596	510	16.7%
Others	101	129	-21.6%	218	246	-11.6%
Total Operating Costs	-2,351	-2,226	5.6%	-4,853	-4,551	6.6%
Fuel	686	511	34.3%	1,403	1,106	26.9%
Ex-fuel	1,665	1,715	-2.9%	3,450	3,445	0.1%
Operating Income	6	48	-86.6%	235	200	17.2%
Operating Margin	0.3%	2.1%	-1.8 p.p.	4.6%	4.2%	0.4 p.p.
Net Income (Loss)	-114	-138	-17.7%	-20	-72	-72.9%
EBITDAR	381	445	-14.3%	997	1,000	-0.3%
EBITDAR Margin	16.2%	19.6%	-3.4 p.p.	19.6%	21.0%	-1.4 p.p.

Second Quarter 2018 Operating Statistics

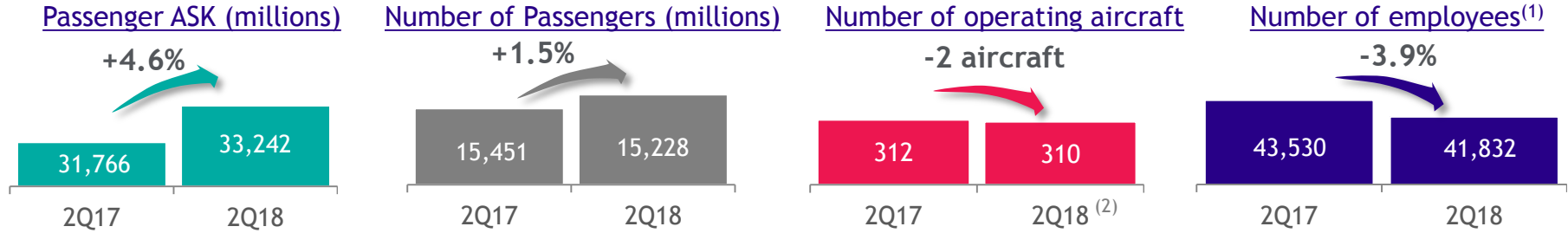
% YoY	System Capacity	Capacity	Traffic	Load Factor	RASK/RATK ¹ (US Cents)
International (Long Haul & Regional)		+5.3%	+1.8%	83.9% (-2.9 p.p.)	6.1 (+4.3%)
Domestic Brazil		+6.1%	+2.5%	77.2% (-2.7 p.p.)	5.6 (-9.7%)
SSC Domestic		0.0%	+1.1%	80.3% (+0.9 p.p.)	7.0 (-3.5%)
Passenger		+4.6%	+1.9%	81.5% (-2.2 p.p.)	5.9 (-1.0%)
Cargo		+7.5%	+9.5%	54.9% (+1.0 p.p.)	18.8 (+8.7%)

BRL²
2Q18: -0.5%

¹ 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

² Excluding proportional margin contribution from Multiplus

Cost per ASK excluding fuel decreased by 7.2% YoY



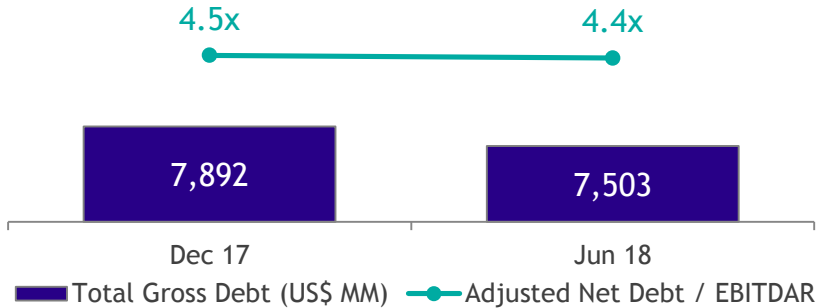
Total Costs US\$MM	2Q18	2Q17	Change
Wages & Benefits	436	453	-3.7%
Fuel Cost	686	511	+34.3%
Fleet Cost	487	519	-6.2%
Others	742	743	-0.1%
Operating Costs	2,351	2,226	+5.6%
CASK	7.1	7.0	+0.9%
Operating Costs ex-fuel	1,665	1,715	-2.9%
CASK ex-fuel	5.0	5.4	-7.2%

(1) Average

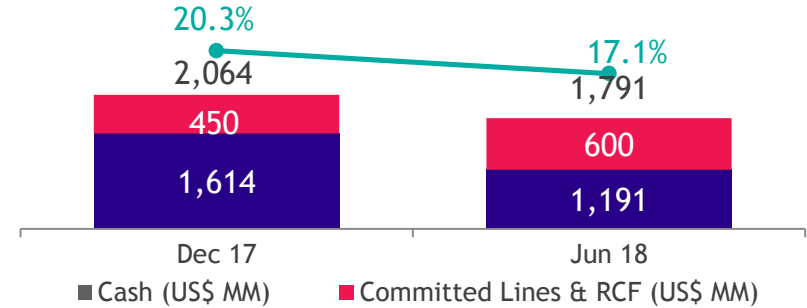
(2) Excluding 4 Airbus A330 and 1 Boeing 747 subleased to Wamos Air

Second quarter 2018 credit metrics

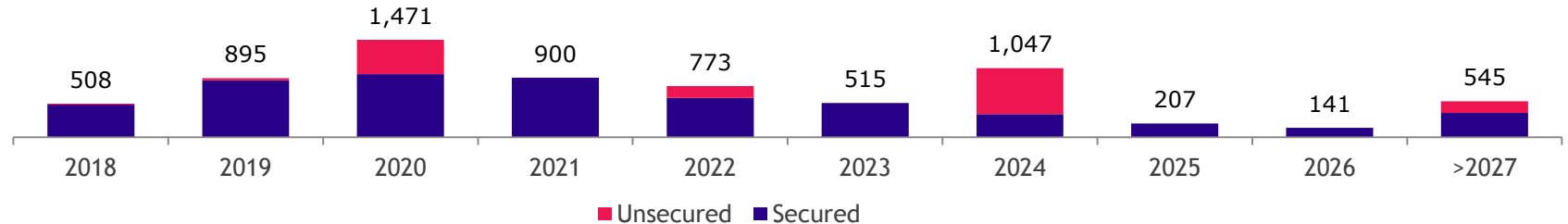
Adjusted Net Debt⁽¹⁾/EBITDAR LTM



Cash and Equivalents as % of LTM revenues

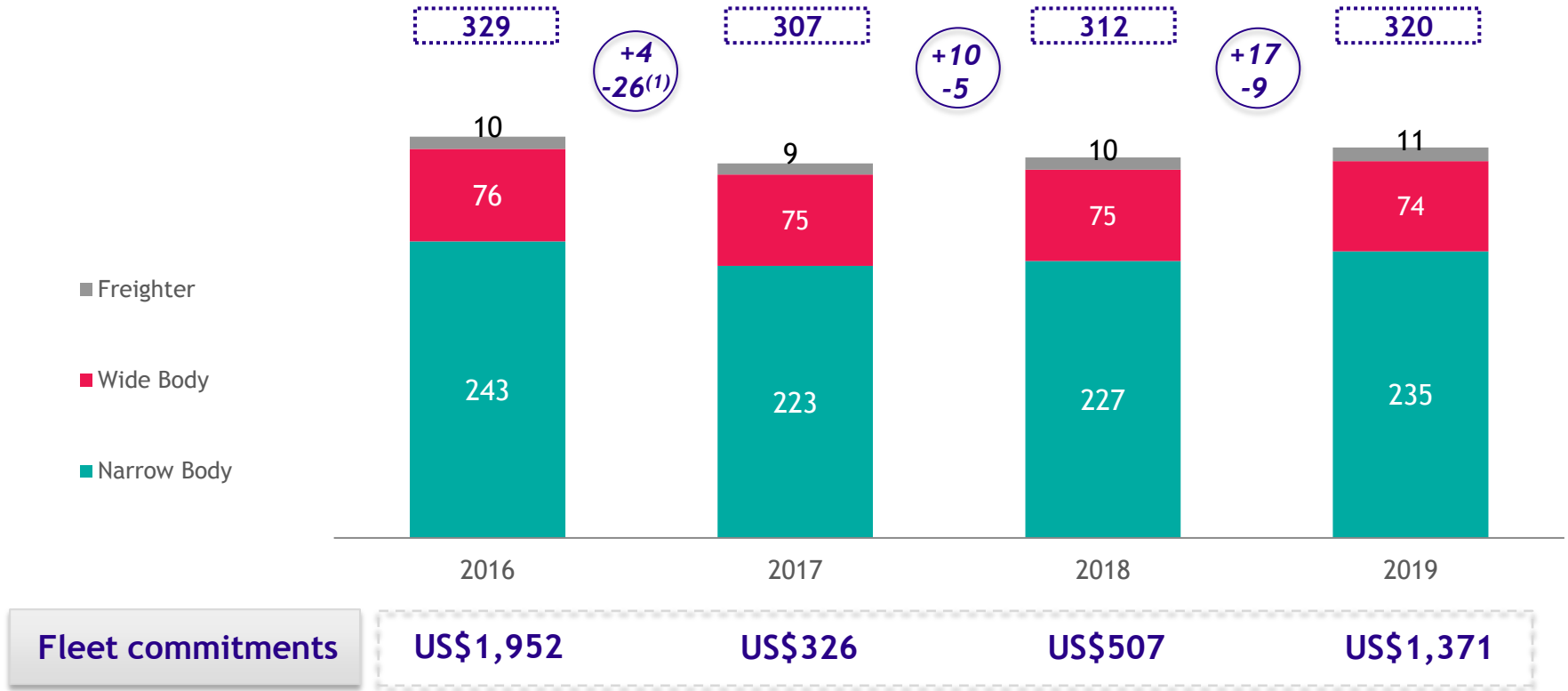


Debt maturity profile (US\$MM) as of June 30, 2018²



(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.

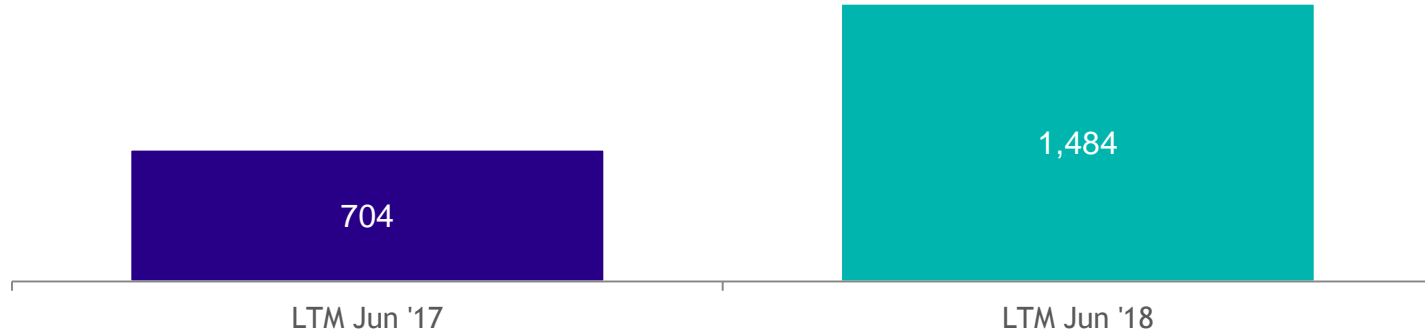
LATAM's operating fleet plan



(1) 21 redeliveries and 5 additional subleases

Significant improvement in operating cash flow generation

Free cash flow⁽¹⁾ (USD million)



Better operational results providing higher cash flows



Positive impact from the negotiations related to our fleet plan

LATAM Cabin Experience Transformation Plan



9 Boeing 777 + 10 Boeing 767



+150 Airbus A320 and A321



New fleet deliveries



Total investment of US\$400 million for the next three years



Upgraded cabins to better serve our passengers: more options, flexibility and personalization



First aircraft by the end of 2018

Continuously strengthening our network through new routes and strategic alliances

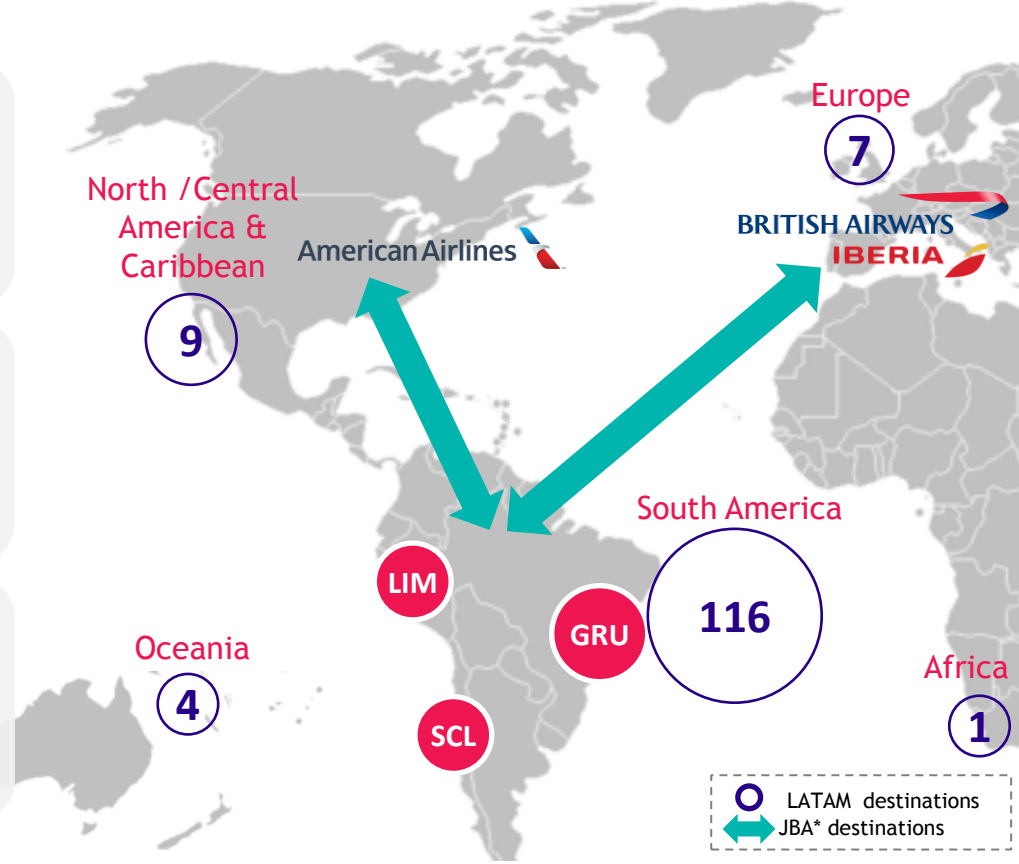
Las Vegas



Boston



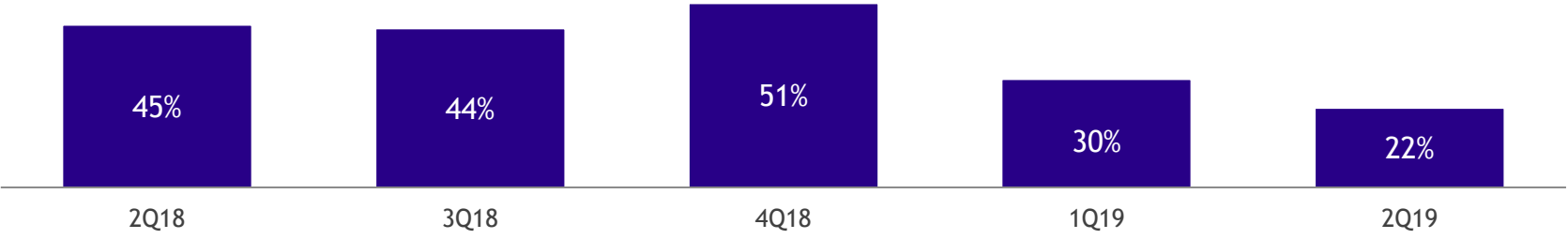
Munich



* Subject to regulatory approval in Chile and in the US

Fuel and FX hedging portfolio




LATAM Fuel Hedge (% estimated fuel consumption)



LATAM BRL Hedge (US\$ MM)



2018 Guidance

		Previous Guidance	Updated Guidance
Passenger (ASK) 	International	6% - 8%	5% - 7%
	Domestic Brazil	2% - 4%	2% - 4%
	Domestic Spanish Speaking Countries	6% - 8%	4% - 6%
	Total	5% - 7%	4% - 6%
Cargo (ATK) 		1% - 3%	1% - 3%
Operating Margin (%) 		7.5% - 9.5%	6.5% - 8.0%

Second Quarter 2018 Results Presentation

August 21, 2018

