

# Second Quarter 2016 Results Presentation

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*August, 2016*

12/08/2016



## Second Quarter 2016 Highlights



The Company reported a positive operating margin of 0.1% for second quarter 2016 and 5.0% for the first half 2016



Reduction of fleet assets for 2017 - 2018 by US\$ 1.1 billion through deferrals and redeliveries



LATAM reduced capacity in Brazil by 13.7%, the most of any Brazilian Airline, while increasing RASK measured in local currency by 6.2% year over year

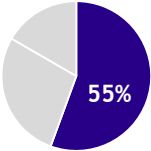
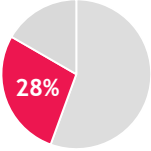
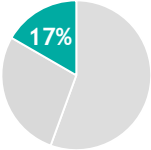


Qatar Airways will acquire up to 10% of LATAM's total shares through a capital increase. It will provide US\$ 613 million that will help to strengthen our balance

## Q2 2016 Financial Summary

(US\$ Millions)	2Q16	2Q15	Change	1H16	1H15	Change
Total Operating Revenues	<b>2.111</b>	2.413	-12,5%	<b>4.438</b>	5.204	-14,7%
Passenger	<b>1.707</b>	1.977	-13,7%	<b>3.665</b>	4.321	-15,2%
Cargo	<b>260</b>	334	-22,3%	<b>536</b>	685	-21,7%
Total Operating Costs	<b>-2.109</b>	-2.396	-12,0%	<b>-4.218</b>	-4.960	-15,0%
Operating Income	<b>1</b>	17	-92,4%	<b>220</b>	244	-9,7%
Operating Margin	<b>0,1%</b>	0,7%	-0,7pp	<b>5,0%</b>	4,7%	0,3pp
Net Income	<b>-92</b>	-50	85,2%	<b>10</b>	-90	-
Foreign exchange gains/(losses)	<b>76</b>	35	113,6%	<b>143</b>	-169	-
EBITDAR	<b>371</b>	381	-2,8%	<b>963</b>	974	-1,2%
EBITDAR Margin	<b>17,6%</b>	15,8%	1,8pp	<b>21,7%</b>	18,7%	3,0pp

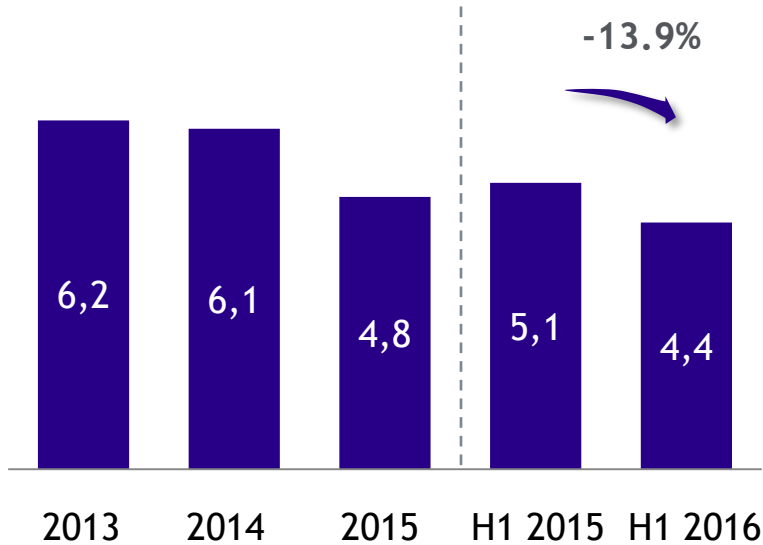
# LATAM Operating Statistics Q2 2016

	System Capacity	Capacity	Traffic	Load Factor	RASK (US Cents)
International (Long Haul & Regional)		+7.9%	+8.0%	84.6% (+0.1 p.p.)	5.4 (-17.0%)
Domestic Brazil		-13.7%	-11.9%	81.2% (+1.7 p.p.)	5.4 (-9.7%)
SSC Domestic		+7.2%	+8.4%	78.8% (+0.9 p.p.)	6.5 (-21.4%)
Passenger		+0.8%	+1.8%	82.7% (+0.8 p.p.)	5.4 (-14.3%)
Cargo		-6.1%	-13.3%	48.8% (-4.0 p.p.)	15.9 (-17.2%)

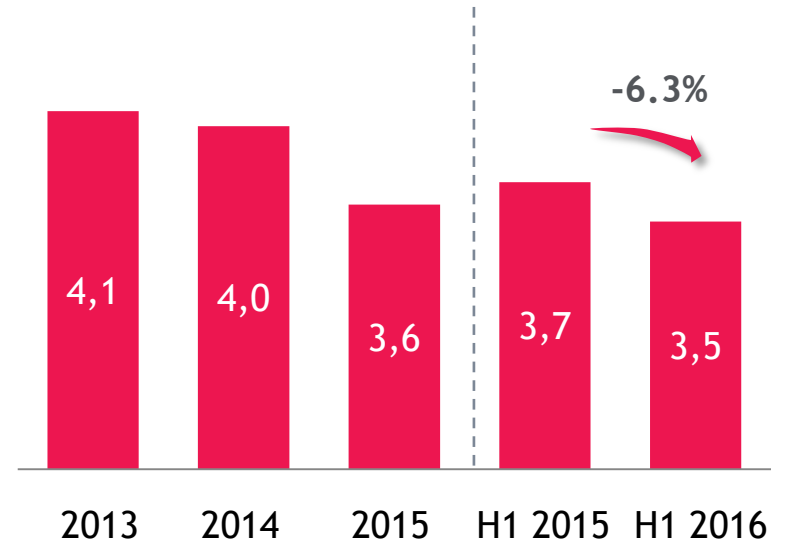
+6.2%  
in BRL

# Our strategy is delivering results

CASK-equivalent (US cents)

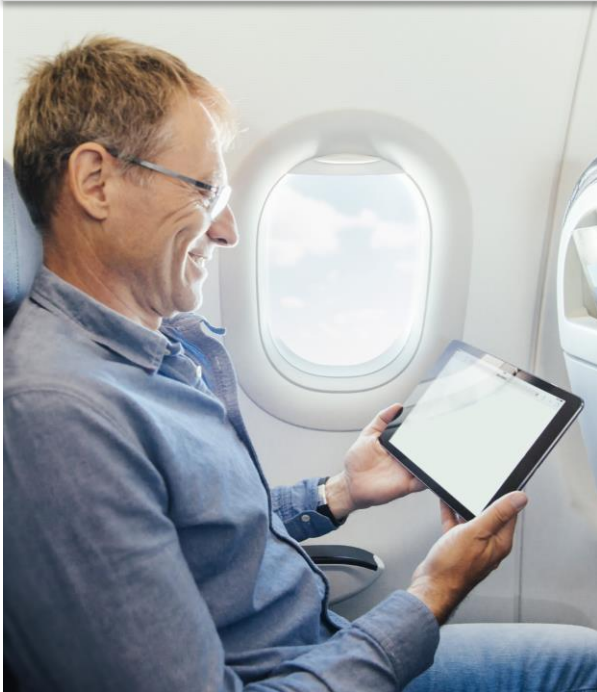


CASK-equivalent ex-fuel (US cents)



# Improvements and features launched in 2016

Preferred seat sales



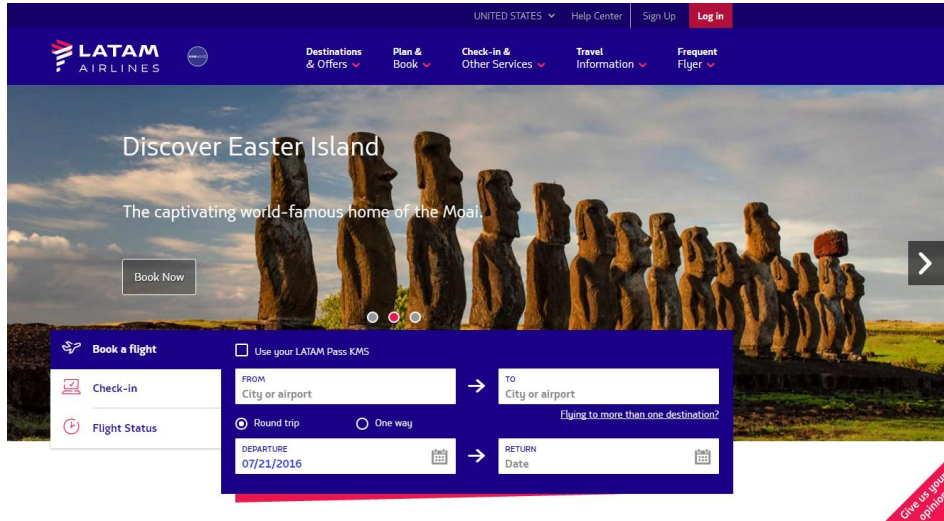
Cabin upgrade bidding



Wireless IFE 100% implemented



# Unique travel experience under one brand



19  
44

aircraft with new livery  
aircraft by year-end



15  
100%

airports with new signage  
completion in 2016



15  
100%

airports with new image  
implemented by Dec. '17

# We continue to strengthen our network with new routes beginning in 2016

## NETWORK



### New routes for 2016

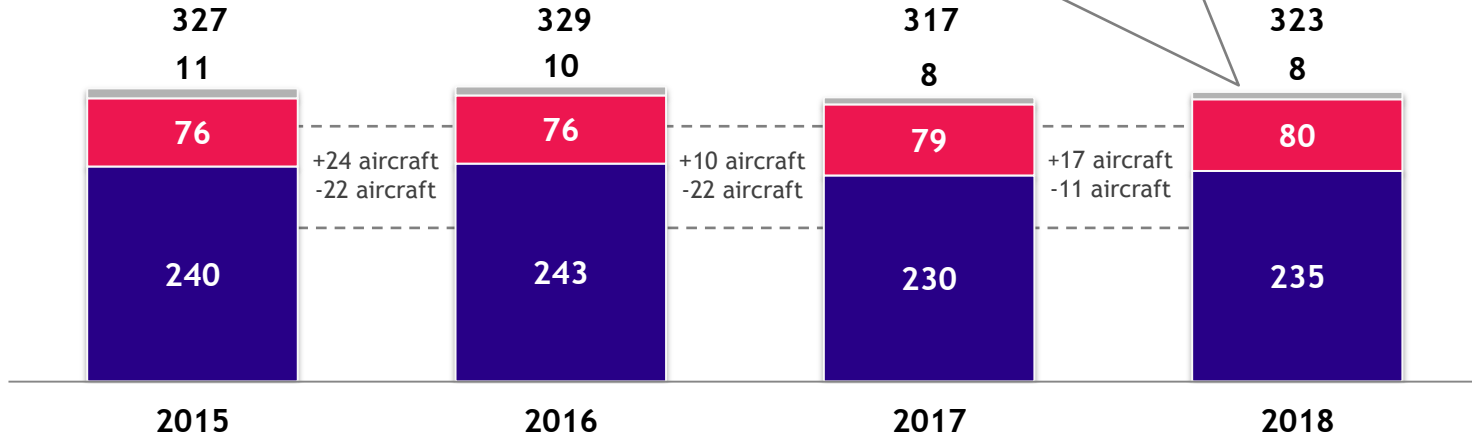
- Lima - Washington D.C.
- Lima - Montevideo
- Lima - Antofagasta
- Lima - Salta
- Lima - Rosario
- Lima - Barcelona
- Lima - Mendoza (2017)
- Lima - Cartagena (2017)
- Sao Paulo - Johannesburg
- Santiago - La Paz
- Santiago - Los Angeles





# LATAM Fleet Plan 2016 - 2018

Fleet Asset reductions  
 As of August 2016 US\$ 1.1 billion  
 Expected reduction US\$ 2.0-3.0 billion



Fleet Commitments (US\$mm)

■ Narrow Body ■ Wide Body ■ Freighters

1Q16 plan	1,689	1,952	1,409	1,486	(2016-2018) = US\$4.8B
2Q16 plan	1,689	1,952	728	1,337	(2016-2018) = US\$4.0B

Δ: (US\$ 829 million)

<sup>1</sup>The plan above may vary as the Company advances with its ongoing negotiations.

# Qatar Airways joins LATAM with a 10% stake and \$613 million capital injection



*“This investment recognizes LATAM's achievements and supports our projects for the future”*

Enrique Cueto  
CEO of LATAM Airlines Group

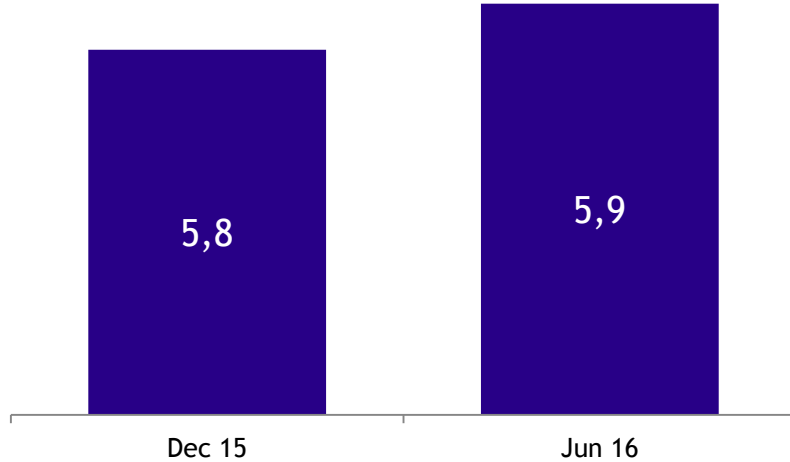


*“LATAM represents an exciting opportunity to invest and support the development of our long-term relationship”*

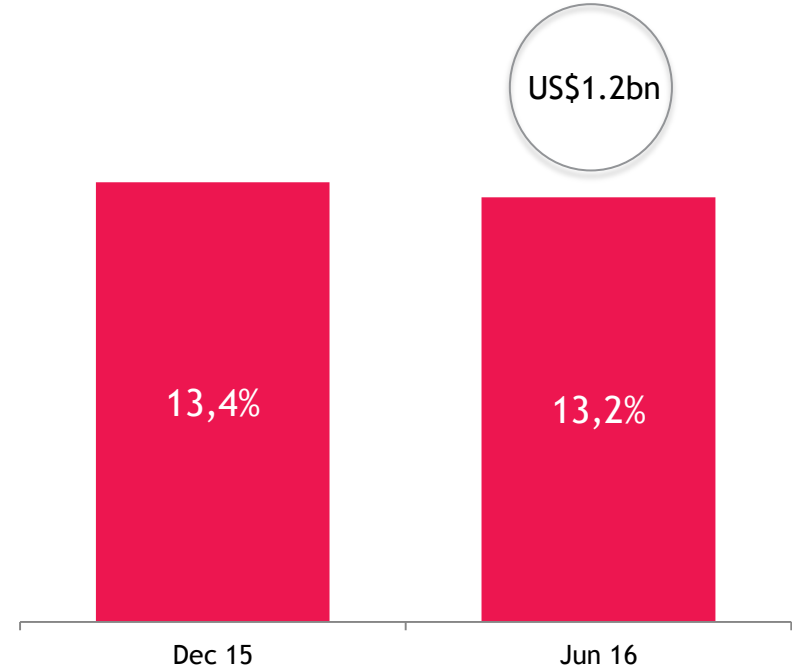
Akbar al Baker  
Group Chief Executive of Qatar Airways

# LATAM Credit Metrics

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



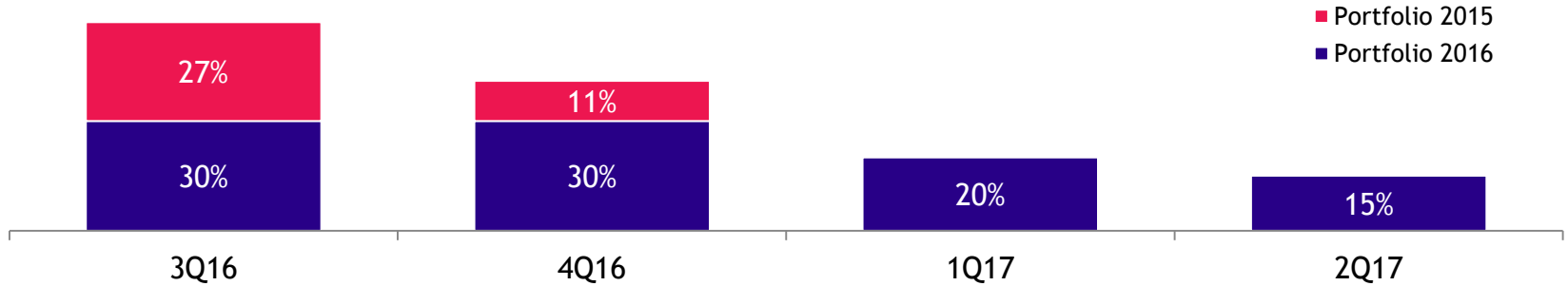
Cash and Equivalents as % of LTM revenues



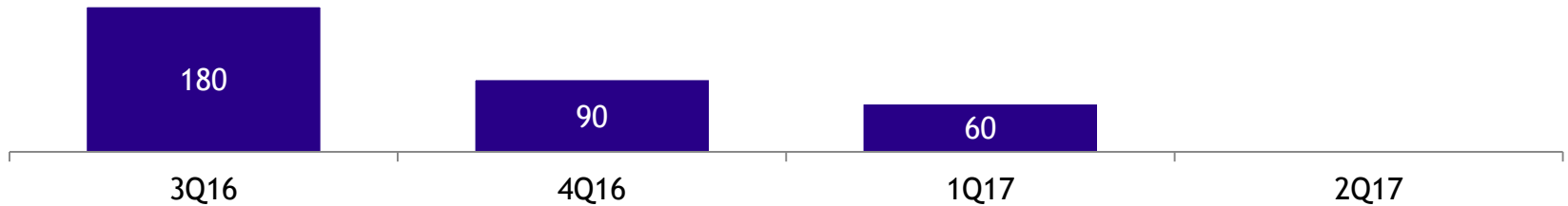
(1) Adjusted for the capitalization of operating leases (7x yearly expense)

# Fuel and FX exposure

LATAM Fuel Hedge for the next 12 months



LATAM BRL Hedge for the next 12 months



# Guidance 2016

Guidance		2016
<b>ASK Growth (Passenger)</b>	<b>Total Network</b>	<b>(1%) - 1%</b>
	International	3% - 5%
	Brazil Domestic	(12%) - (10%)
	SSC domestic	6% - 8%
<b>ATK Growth</b>		<b>(4%) - (2%)</b>
<b>Operating Margin</b>		<b>4.5% - 6.5%</b>

Thank you



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