Third Quarter 2014 Results Presentation

November 2014

GRUPO LATAM.
PASIÓN ES LO QUE NOS HACE VOLAR.

3Q14 and 9M14 Financial Summary

(US$ Millions)	3Q14	3Q13	Change	9M14	9M13	Change
Total Operating Revenues	**3,141**	3,361	-6.5%	**9,366**	9,869	-5.1%
Operating Income	**118**	255	-53.7%	**246**	409	-39.8%
Operating Margin	**3.8%**	7.6%	-3.8pp	**2.6%**	4.1%	-1.5pp
Net Income	**-108**	52	-307.0%	**-208**	-235	-11.5%
EBITDAR	**501**	621	-19.3%	**1,383**	1,516	-8.7%
EBITDAR Margin	**16.0%**	18.5%	-2.5pp	**14.8%**	15.4%	-0.6pp

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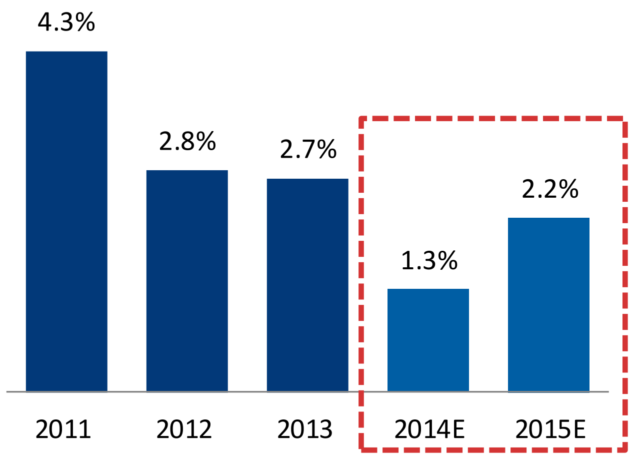
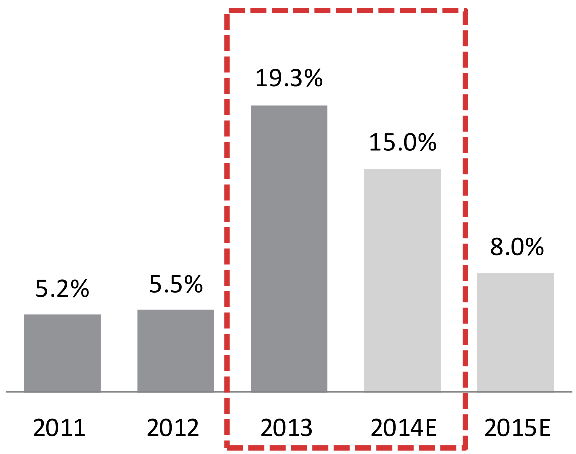
We are facing a weaker macroeconomic scenario in Latin America

Slower GDP growth rates in Latin America*



Strong currency depreciation**



Currency depreciation over the last three years

Source: Global Bank, IMF
(*) Note: average GDP growth Latin American countries
(**) Note: currency depreciation constructed with simple average ARS, BRL, CLP, COP, MXN, PEN and VEF

Competition to/within South America has increased significantly

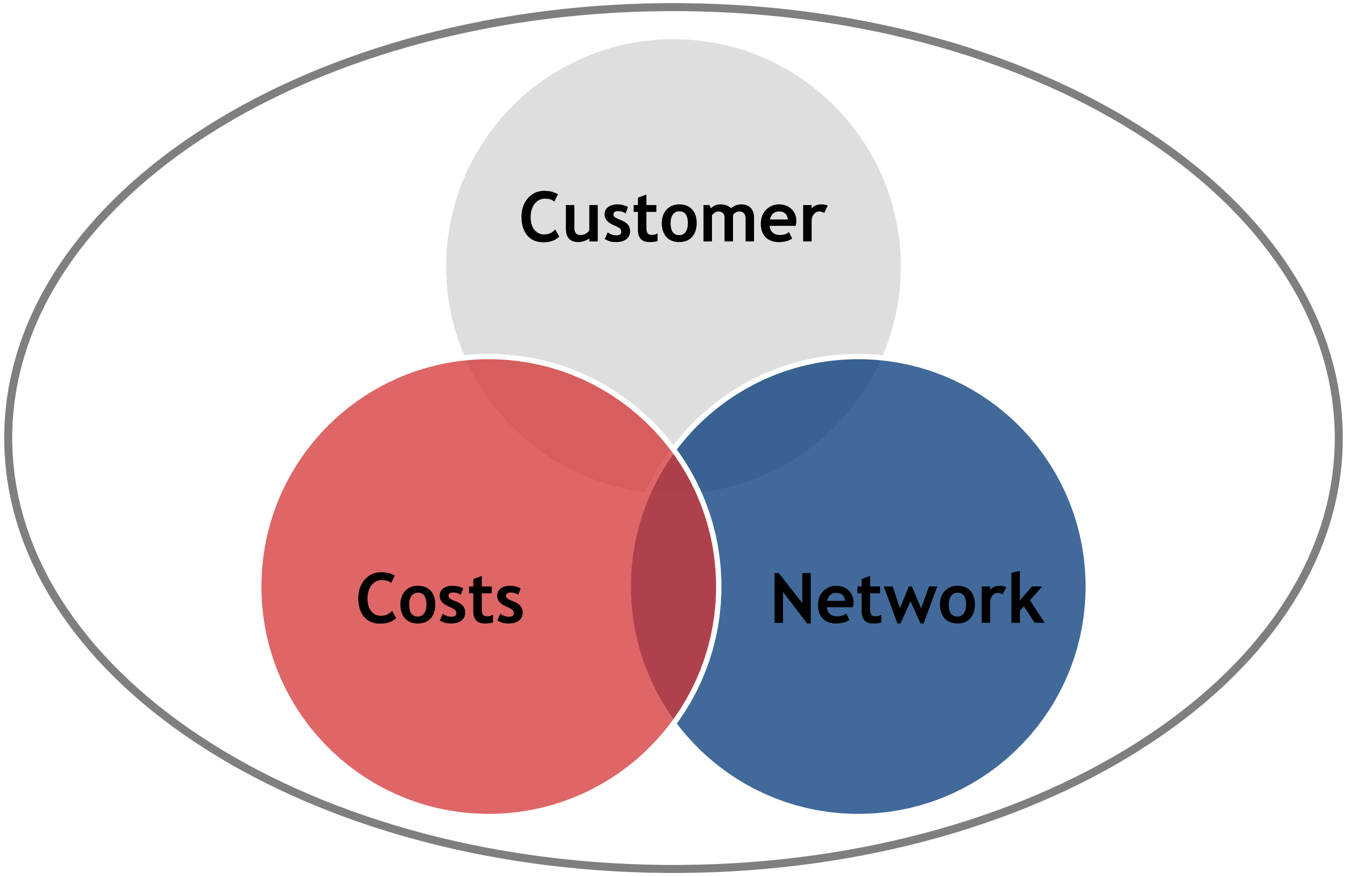
2014 ASK growth vs 2011

South America		United States*		Europe		Middle East	
Avianca	27%** ↑	American Airlines	42% ↑	Lufthansa	20% ↑	Emirates	88% ↑
GOL	11% ↑	DELTA	33% ↑	IBERIA / BRITISH AIRWAYS	-8% ↓	ETIHAD AIRWAYS	100% ↑
SKY Airline	170% ↑	UNITED	9% ↑	TAP PORTUGAL	11% ↑	QATAR AIRWAYS	1% ↑
				AirEuropa	75% ↑		
				AIR FRANCE / KLM	31% ↑		

Source: APG data, Company's traffic figures
(*)Note: measured as capacity between USA and Latin America
(**) Note: does not include other subsidiaries

Success factors

We want a majority of the people flying within South America to choose LATAM



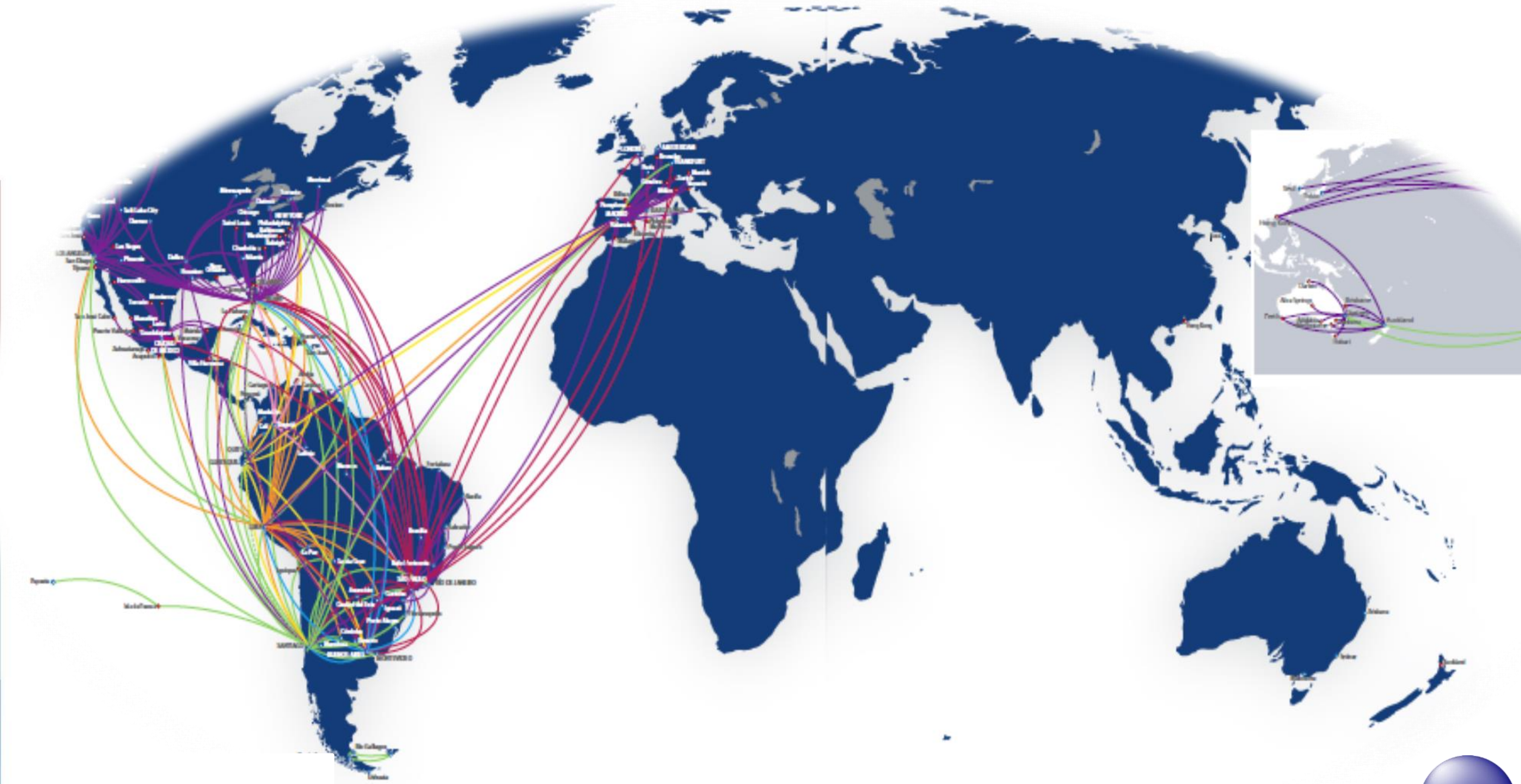
Customer: We will seek to have the preference of our customers

- Differentiated passenger experience

- Use of technology in most of the passengers' processes

- Building a single brand, culture, product and value proposition

Network: We will develop the best network of destinations



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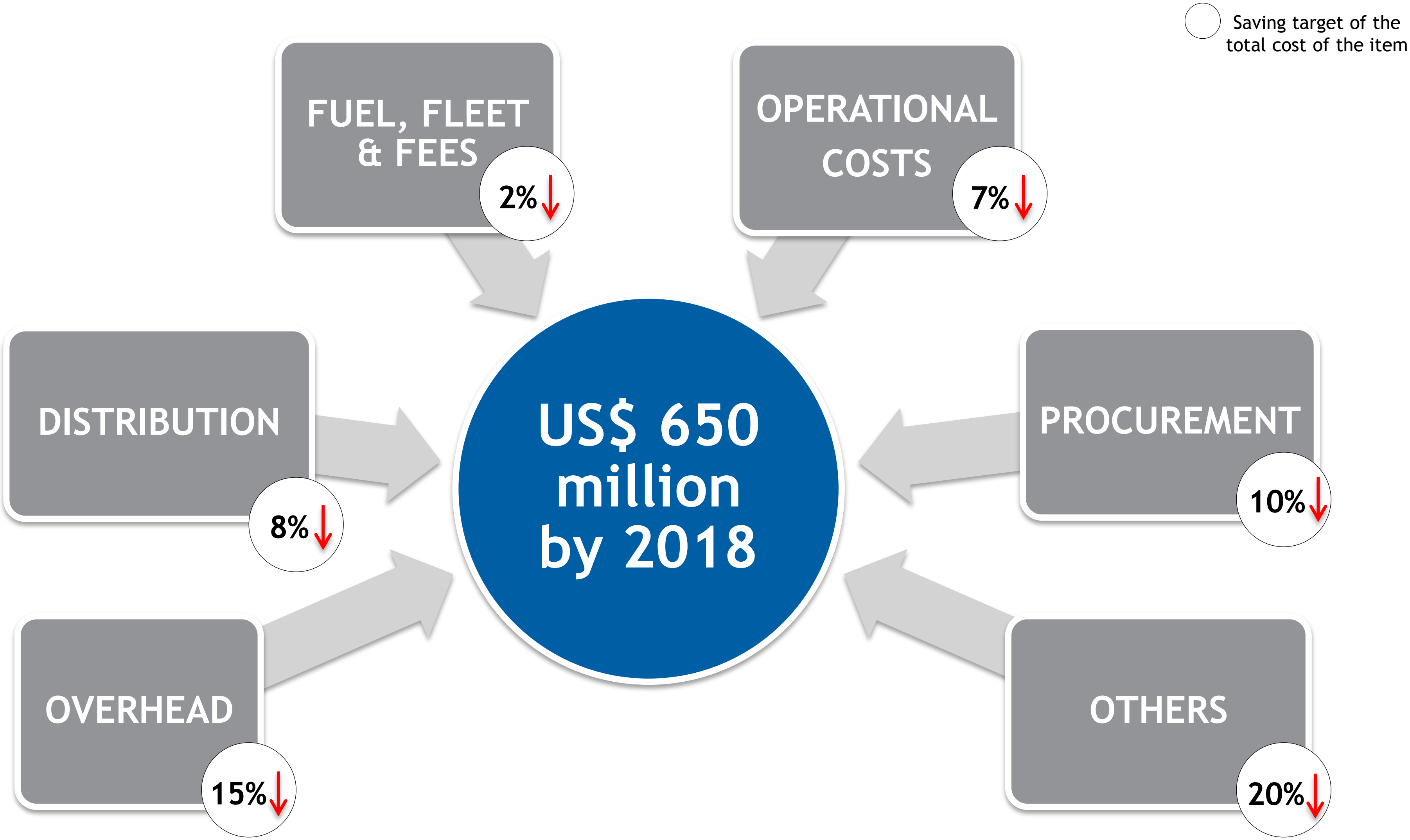
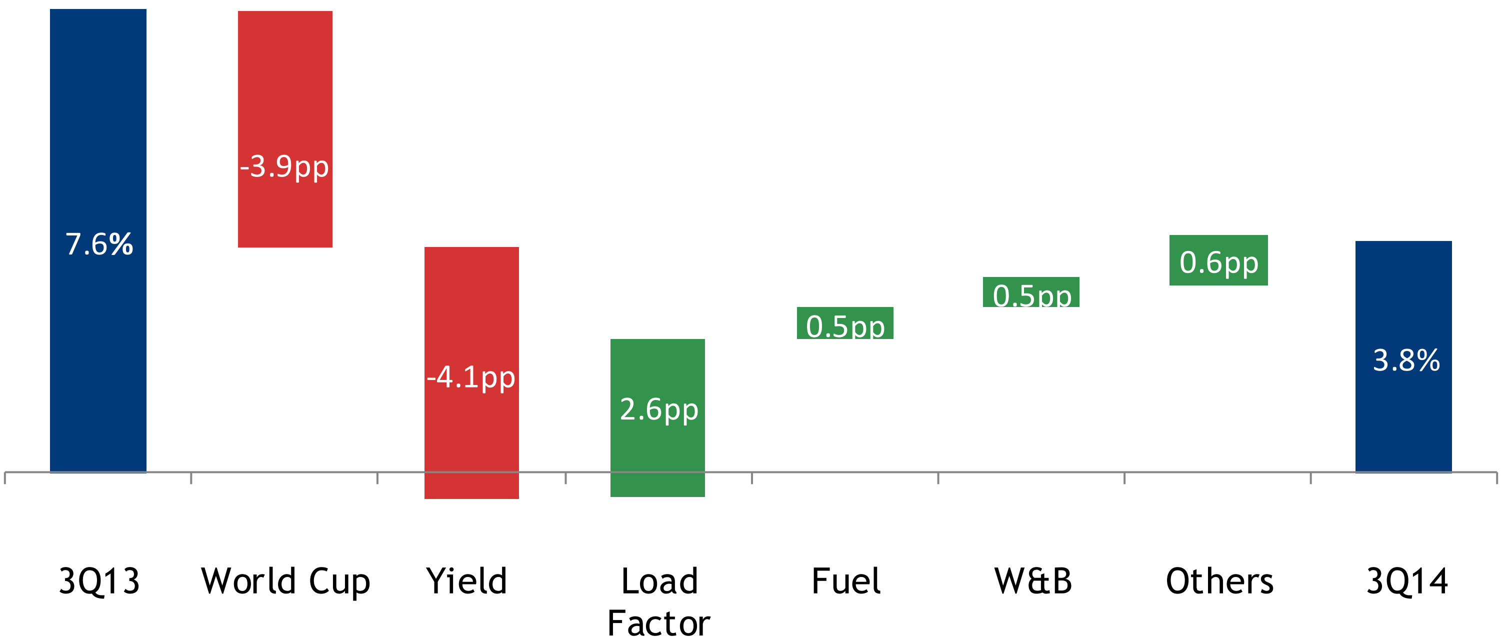
Costs: We will focus on efficiency and cost reduction

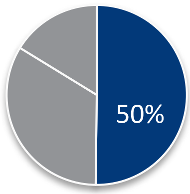
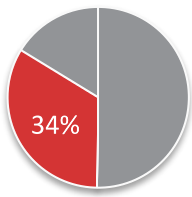
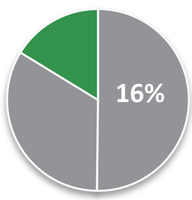


LATAM Airlines Group operating margin 3Q2014



33,035	ASK (millions)	32,880	-0.5%
2.29	Brazilian real (US$)	2.27	-1.3%
3.44	Fuel Price Ex-Hedge (US$)	3.39	-1.5%
255	**Op. Margin (US$ mm)**	**118**	**-53.7%**

LATAM Airlines Group Passenger Operations 3Q14 – Revenues decreases 6.9%

		Pax Capacity (million ASK)	Pax Traffic (million RPK)	Pax Load Factor	RASK (US Cents)
International (Long Haul & Regional)		-0.3%	+3.6%	+3.3 pp	7.7 -6.3%
Domestic Brazil		-2.2%	-2.4%	-0.2 pp	8.3 -11.5%
SSC Domestic		+2.7%	+7.2%	+3.4 pp	9.2 -5.2%
Total		-0.5%	+2.1%	+2.1 pp	8.0 -6.5%

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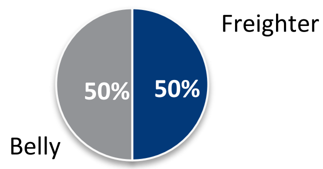
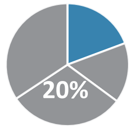
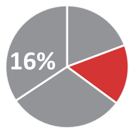
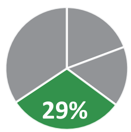
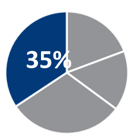
LATAM Airlines Group Cargo Operations 3Q14 – Revenue decreases 5.9%

	Cargo Revenues	Cargo Capacity (million ATK)	Cargo Traffic (million RTK)	Cargo Load Factor
Cargo Operation		-4.8%	-1.9%	+1.8 pp

Yield based on RTKs (US cents)	39.5	-4.1%
Revenues per ATK (US cents)	23.1	-1.1%

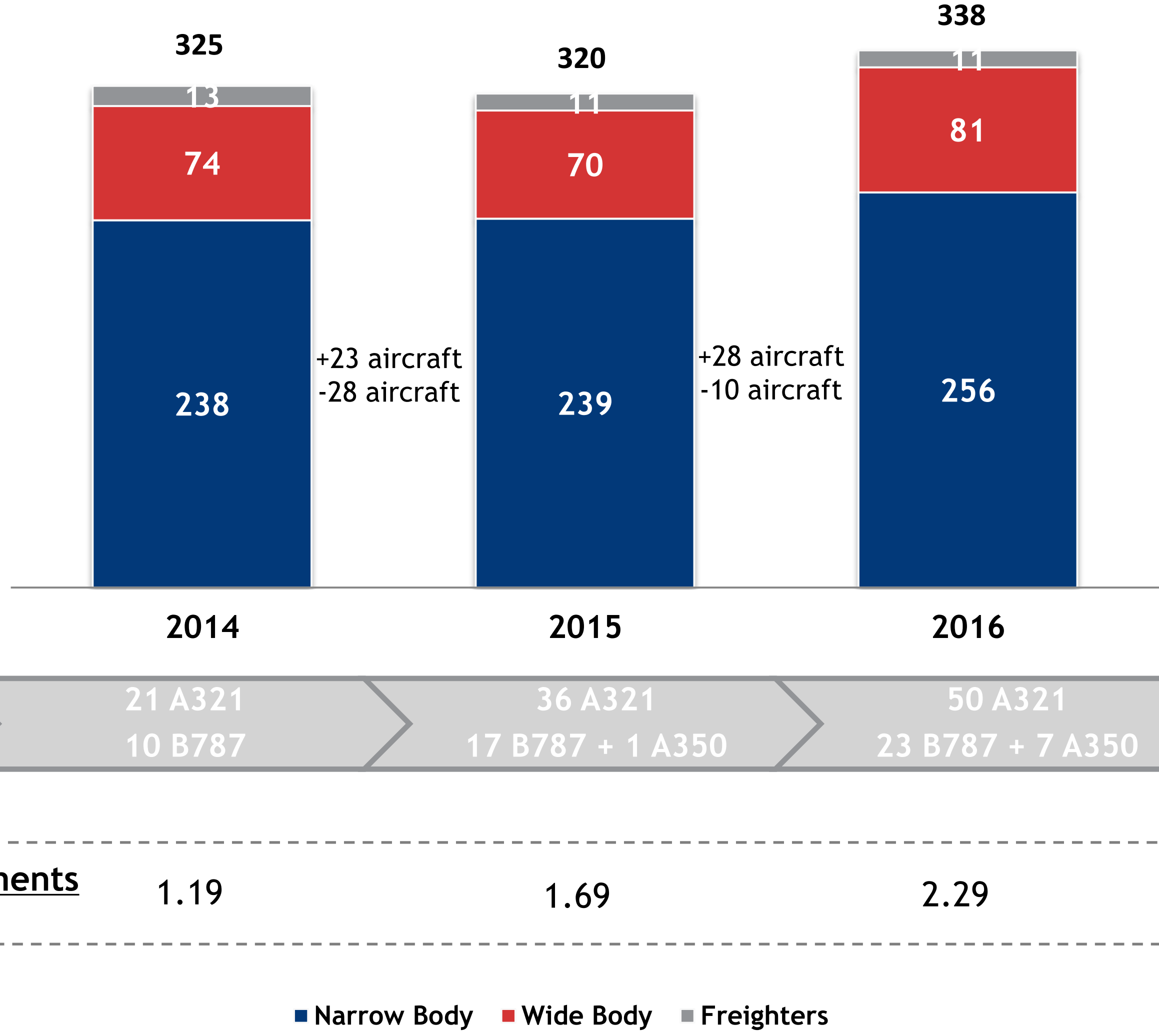
- The Company continues with a rational and disciplined approach toward freighter capacity
- We are in the process of leasing three of our B767 freighter aircraft to an operator outside the region

Operating Costs during 3Q14

			US$ (mm)	Variation vs. 2Q13
Wages & Benefits			607	-2.8%
Aircraft Costs			498	+3.6%
Other		Commisions to agents	96	-15.7%
		Other rental and landing fees	330	-1.6%
		Passenger services	80	+2.3%
		Other operating expenses	364	-12.6%
Operating Cost ex -fuel			1,975	-3.6%
Operating Cost per ASK-equivalent (US Cents)			3.8	-1.6%
Aircraft Fuel			1,048	-0.8%
Total Operating Cost			3,023	-2.6%
Operating Cost ASK-equivalent (US Cents)			5.9	-0.6%

LATAM's fleet plan: focus on fleet renewal

Total aircraft at the end of the year



2014	2015	2016	
21 A321 10 B787	36 A321 17 B787 + 1 A350	50 A321 23 B787 + 7 A350	**Lower CASK** **Upgraded product**

Fleet Commitments US$ bn	1.19	1.69	2.29

2014-2015 Guidance

		2014	2015
ASK Growth	Total Network	-2 / 0%	2% / 4%
	International (Long Haul & Regional)	-3% / -1%	4% / 6%
	Brazil Domestic	-2% / 0%	0%
	SSC Domestic	3% / 5%	4% / 6%
ATK Growth		-5% / -3%	1% / 3%
Operating Margin	(FY 2014)	~4% / 5%	

Thank you

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