



— LATAM AIRLINES GROUP —

Second Quarter 2015 Results Presentation

August 2015

Q2 2015 Highlights

LATAM



- Cost per ASK equivalent excluding fuel decreased by 14%
- Improved profitability in operations outside of Brazil
- LATAM: The new brand for LAN and TAM Airlines
- Two financial transactions through which we raised a total of US\$1.5 billion

Environment

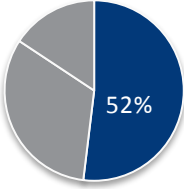
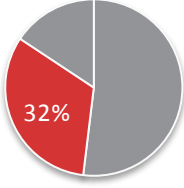
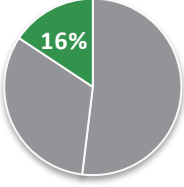



- Weak macroeconomic environment in Brazil: increase in inflation, decline in GDP expectations for 2015 and significant depreciation of the BRL
- Devaluations of Latin American currencies
- Weak cargo markets on the back of slowdown of economic growth
- Fuel prices decline by 37% vs. 2Q14

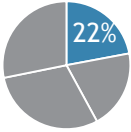

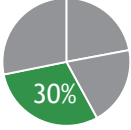
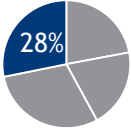
2Q15 Financial Summary

(US\$ Millions)	2Q15	2Q14	Change	1H15	1H14	Change
Total Operating Revenues	2.413	3.048	-20,8%	5.204	6.225	-16,4%
Passenger	1.977	2.528	-21,8%	4.321	5.217	-17,2%
Cargo	334	425	-21,3%	685	846	-19,0%
Total Operating Costs	-2.396	-3.032	-21,0%	-4.960	-6.097	-18,7%
Operating Income	17	15	12,1%	244	128	90,8%
Operating Margin	0,7%	0,5%	0,2pp	4,7%	2,1%	2,6pp
Net Income	-50	-59	-15,6%	-90	-100	-10,5%
EBITDAR	381	396	-3,8%	974	882	10,5%
EBITDAR Margin	15,8%	13,0%	2,8pp	18,7%	14,2%	4,6pp

LATAM Airlines Group Passenger Operations 2Q15

		<u>Capacity</u> (million ASK)	<u>Traffic</u> (million RPK)	<u>Load Factor</u>	<u>RASK</u> (US Cents)
<u>International</u> (Long Haul & Regional)		+2.9%	+2.1%	84.5% -0.7pp	6.4 -15.9%
<u>Domestic Brazil</u>		-0.5%	-1.9%	79.5% -1.2 pp	6.0 -34.4%
<u>SSC Domestic</u>		+4.3%	+5.4%	77.9% +0.8 pp	8.3 -7.0%
<u>Total</u>		+2.0%	+1.2%	81.8% -0.6 pp	6.3 -23.3%

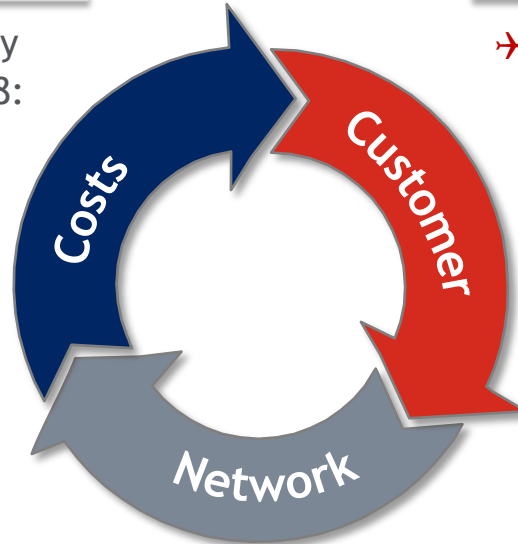
Operating Costs during 2Q15

		<u>US\$ (mm)</u>	<u>Variation vs. 2Q14</u>
<u>Wages & Benefits</u>		528	-14.3%
<u>Aircraft Costs</u>		480	-0.4%
<u>Others</u>		743	-21.4%
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<u>Operating Cost ex -fuel</u>		1,721	-14.2%
<u>Operating Cost per ASK-equivalent (US Cents)</u>		3.6	-13.8%
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<u>Aircraft Fuel</u>		675	-34.3%
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<u>Total Operating Cost</u>		2,426	-21.0%
<u>Operating Cost ASK-equivalent (US Cents)</u>		5.0	-20.7%

We continue to make progress on our strategic initiatives

Maximize Efficiency and Cost Reductions

- LATAM aims to reduce costs by up to **US\$800 million** by 2018:
 - Fuel, Fleet & Fees
 - Operational costs
 - Procurement
 - Distribution
 - Overhead
 - Others



Capture the Preference of Our Customers

- LATAM has created a competitive advantage through customer experience



Develop and Take Advantage of the Best Network of Destinations

- LATAM is the only airline group in the region with a local presence in six home markets and an international and intra-regional operation

Creating the best connectivity within, to and from South America

2Q15 new routes announcements

- Antofagasta - Lima: Dec -15
- Montevideo - Lima: Jan-16
- Santiago - Milan (Via Sao Paulo)
- Guarulhos - Barcelona

2Q15 new routes already operating

- Lima - Orlando
- Brasilia - Orlando
- Brasilia - Buenos Aires
- Sao Paulo - New York - Toronto

2% ASKs

21% ASKs

12% ASKs

65% ASKs

Lima

● Brasilia

● Sao Paulo

Santiago



Building brand leadership and distinctive customer experience



Enhancing passenger experience by providing the best service before and during the flight

Check-in unification



- Another step in the unification under an unique brand
- Implemented at 10 main airports

Self Bag-Tag



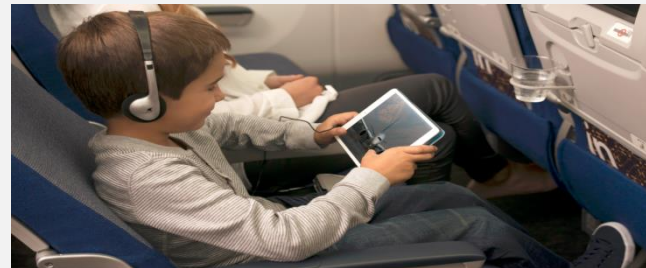
- Self-service and faster bag drop process
- Two airports testing in domestic and international flights.

Contingency and Contact Center



- Live Chat and Flight Status APP
- Improvements in customer satisfaction levels

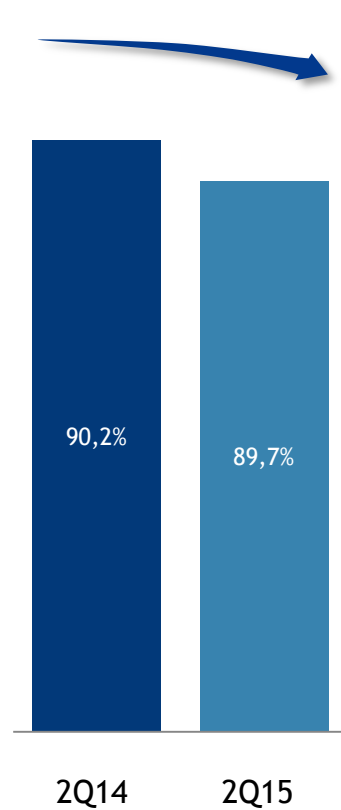
Investment in digital solutions



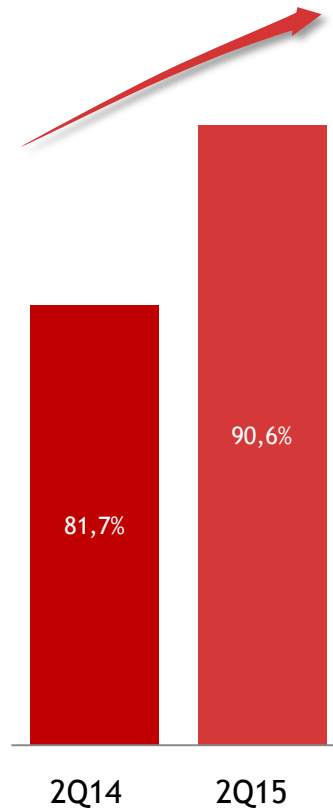
- APP for both LAN and TAM
- Wireless entertainment system for personal devices

We continue to improve our high levels of punctuality (15 Min)

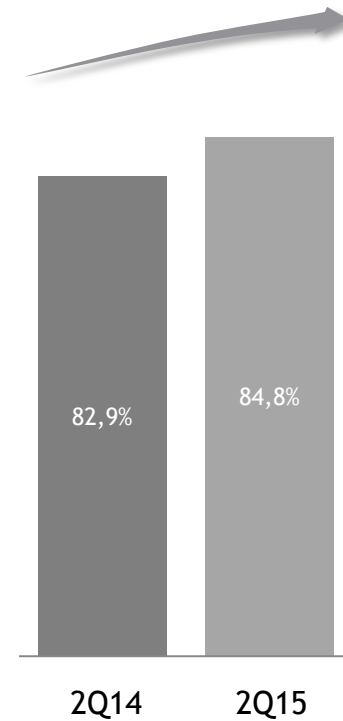
SSC Domestic



Brazil Domestic

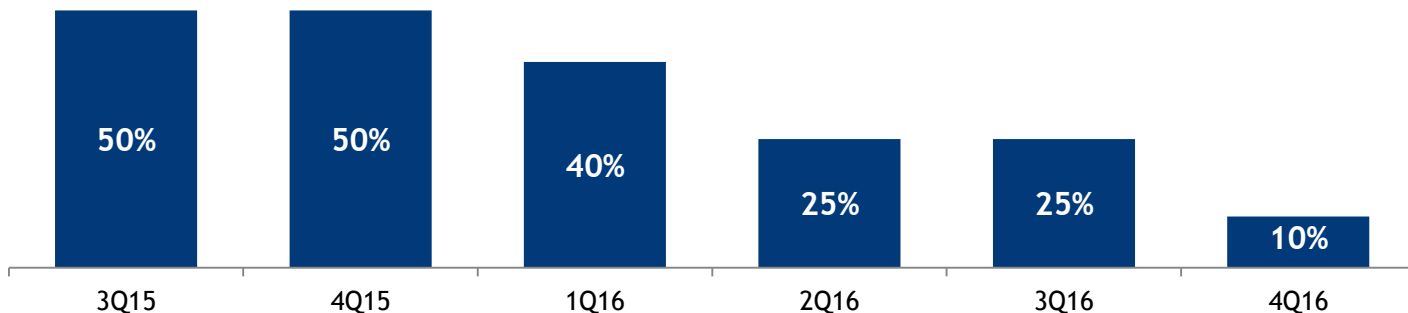


International

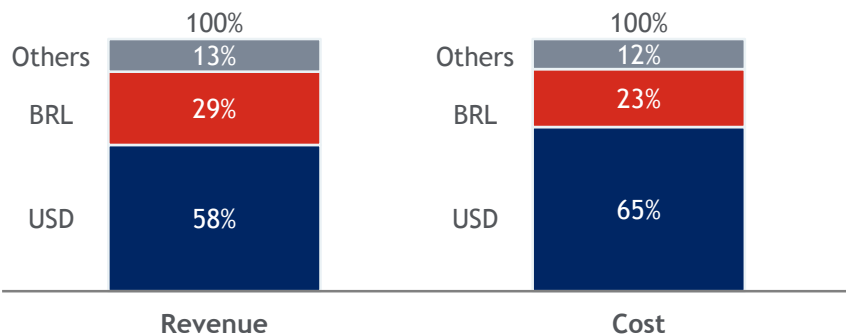


Managing Oil Price Exposure and FX Risk Exposure

LATAM has hedged approximately 42%⁽¹⁾ of its estimated fuel consumption for the next year⁽²⁾



LATAM FX rate composition (%)



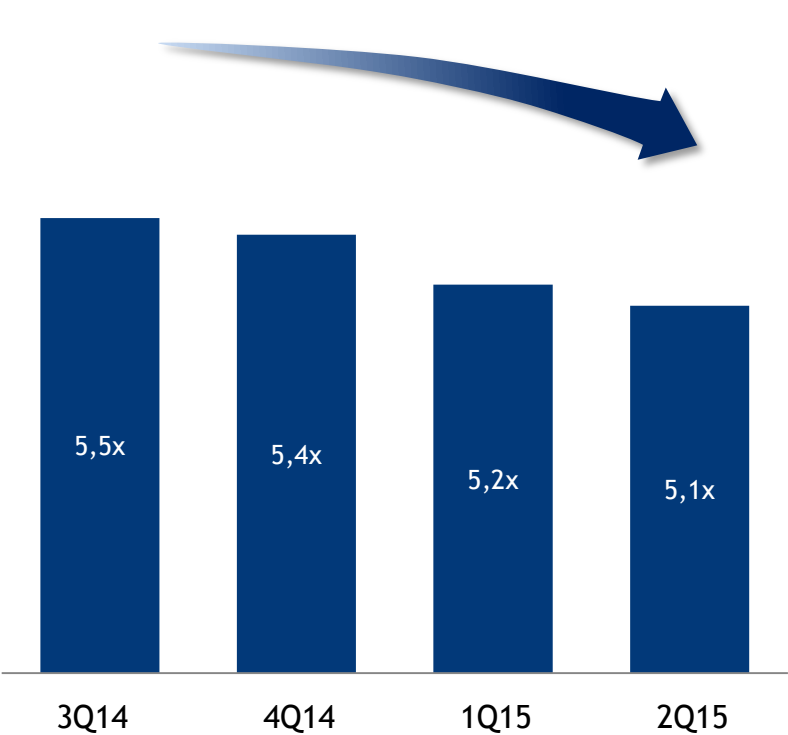
Operating exposure⁽²⁾

- Gap between revenues and costs in BRL of 6 p.p.
- Financial Hedge of:
 - ✓ US\$310mm covering 2H15 BRL exposure at an average rate of BRL 3.20 per USD.
 - ✓ US\$ 5mm covering 1Q16 BRL exposure at an average rate of BRL 3.46 per USD.

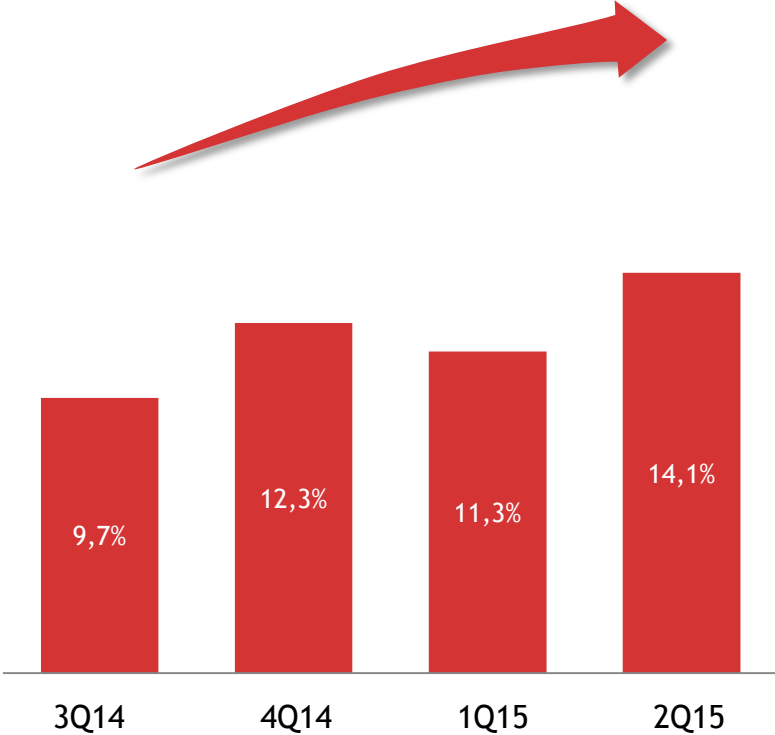
1. 42% hedged between Jul-2015 and Jun-2016 (twelve months)
 2. Company estimates as of August 10th, 2015.

Key Credit Metrics

Adjusted Net Debt⁽¹⁾/EBITDAR LTM



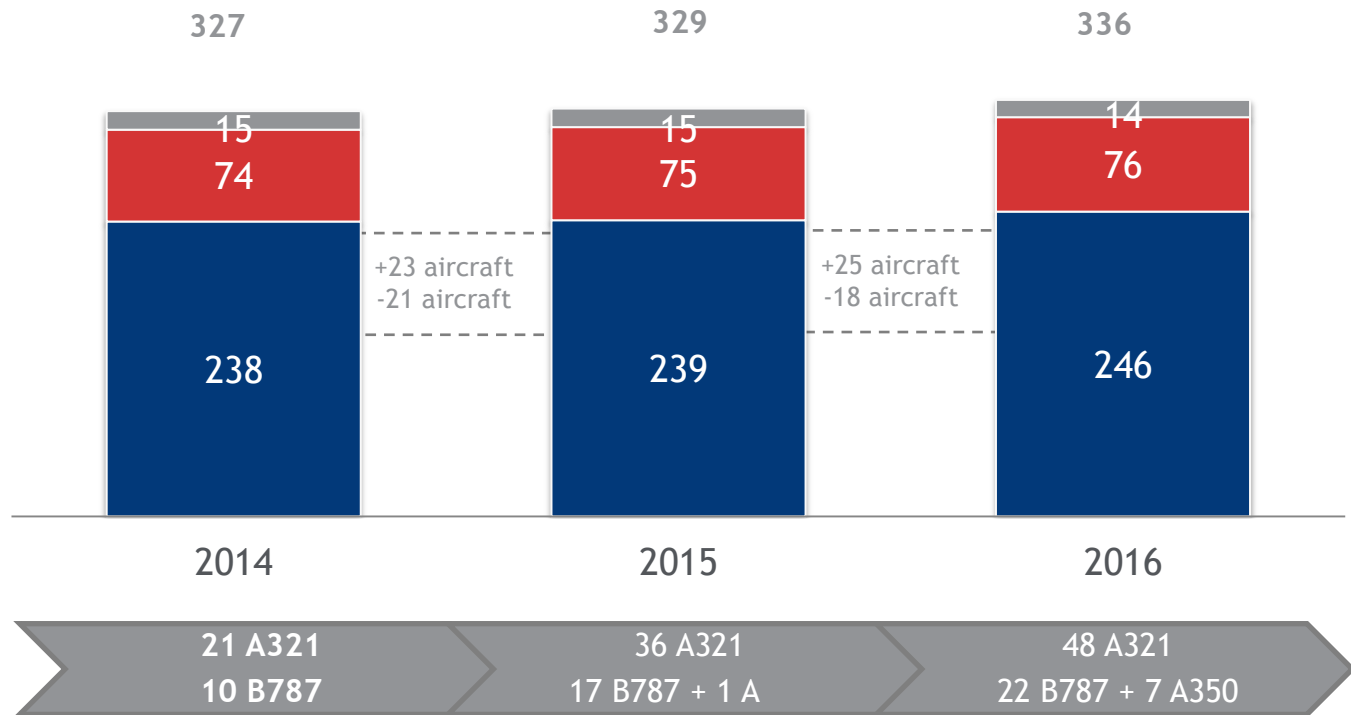
Cash and Equivalents as % of LTM revenues



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

LATAM's fleet plan: focus on fleet renewal

Total aircraft at the end of the year



Fleet Commitments
US\$ bn

1.19

1.69

2.00

Guidance 2015

Guidance		Previous	Revised
ASK Growth	International (Long Haul & Regional)	4% - 6%	4% - 6%
	Brazil Domestic	0%	(4%) - (2%)
	SSC domestic	4% - 6%	4% - 6%
	TOTAL	2% - 4%	2% - 4%
ATK Growth		(2%) - 0%	(2%) - 0%
Operating Margin		6% - 8%	3.5% - 5%

Thank you



Investor Relations - InvestorRelations@lan.com - www.latamairlinesgroup.net