Corporate Presentation

Premier Cargo Alliance

Miami, FL
February 25th, 2015
AGENDA

- LATAM Airlines in figures
- Cargo Unit
- Business Update
The Company

We are one of the ten largest passenger and cargo airlines in the world.

**PAX:** 135+ destinations in 22 countries

**Cargo:** 144+ destinations in 27 countries

- **53 thousand** Employees
- **60,000,000** Passengers
- **13.3 billion** USD
- **1.2 million** Tons
LATAM is a leader in the South American airline space

- LAN Colombia
  Bogota, 2010
- LAN Ecuador
  Guayaquil, 2003
- LAN Peru
  Lima, 1999
- TAM Airlines
  Sao Paulo, 1976
- LAN Airlines
  Santiago, 1929
- TAM Paraguay
  Asuncion, 1996
- LAN Argentina
  Buenos Aires, 2005

- 7 Home markets (~90% of regional traffic)
- ~50% Market share intra-regional flights
- 3x its next competitor in terms of revenues
Our Business Units

**LAN**

**Cargo**
- 143 destinations
- 15 aircraft in operation
- 1.2 million tons
- US$1.7bn annual revenues

13%

**Domestic SSC**
- 70 Destinations
- 5 countries
- 71 aircraft in operation
- 20.2 million passengers
- US$1.9bn annual revenues
- 16% of total ASKs

15%

**TAM**

**Domestic Brazil**
- 40 destinations
- 107 aircraft in operation
- 33.5 million passengers
- US$3.9bn annual revenues
- 33% of total ASKs

30%

**International Passenger**
- 24 destinations
- 125 aircraft in operation
- 13.5 million passengers
- US$5.1bn annual revenues
- 51% of total ASKs

40%

- OCEANIA: 1%
Cargo Unit
Our Cargo Unit in Figures

Revenue by Geographic Area 2013

- U.S.A. 36%
- LATIN AMERICA 39%
- EUROPE 15%
- ASIA 7%
- CENTRAL AMERICA 2%
- REST OF THE WORLD <1%
- OCEANIA 1%

2013 Percentages by Region- Gross Revenues
Composition of Air Cargo Markets

Perishables  Urgent  General Cargo  Valuables

Demand is extremely sensitive to route and direction (e.g. SCL-MIA ≠ MIA-SCL)
Air Cargo in Latin America

Operational efficiencies must be obtained by managing unbalanced flows and seasonal fluctuations

Source: Boeing World Air Cargo Forecast 2012 – 2013
Business Model

<table>
<thead>
<tr>
<th>Passenger Flights</th>
<th>Freighter Flights</th>
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</table>
| **STABILITY AND FREQUENCY**
Ensures a consistent service level | **FLEXIBILITY AND VERSATILITY**
Allows adjustment of supply levels |

% of revenue (post-merger)

| ~50% | ~50% |
LATAM Airlines became one of the largest cargo airlines in the world...

Source: 2013 Financial Statements of each company. Excludes integrated competitors such as FedEx, UPS, DHL, TNT.
...providing significant revenue diversification for LATAM Airlines...

<table>
<thead>
<tr>
<th>Number</th>
<th>Company</th>
<th>% Cargo</th>
<th>% Others</th>
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<tbody>
<tr>
<td>9</td>
<td>LATAM</td>
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Source: 2013 Financial Statements of each company.
...and a leading position in key markets...

- **USA - Latin America (RT). Market Share**: ~63%
- **Europe - Latin America (RT). Market Share**: ~76%
- **Domestic Brazil Market Share**: ~50%

**USA Markets:**
- MIA-Brazil/SCL/LIM
- SCL/LIM/COL/UIO-MIA

**Europe Markets:**
- EUR-VCP/GRU/CWB
- EUR-SCL/COL/LIM/UIO/BRA-EUR

Source: Internal Estimations and Customs Reports. H1 2014
LATAM Airlines Fleet

- **PASSENGER AIRCRAFT**: 312
- **FREIGHTERS**: 12
- **Total Aircraft**: 324
Network

International passenger and cargo destinations.

International cargo only destinations.

International cargo destinations in Brazil.

More than 40 domestic destinations in Brazil.
LATAM Cargo’s International Strategy is anchored in three main pillars

LATAM Airlines Vision: be one of the three best airlines in the world.

- **Enhanced client experience**
  - Product portfolio development
  - Robust SLA’s
  - Improved customer interactions

- **Network Optimization & Development**
  - Leveraging belly capacity
  - Disciplined capacity management
  - Smart asset utilization (ie. Freighter supporting belly)

- **Execution Excellence**
  - Lean & reliable operations
  - Seamless connectivity
Market Overview 2014

Context

- Weak regional cargo markets
- Increased competition from regional and international cargo carriers

LATAM Cargo

- Focus on optimizing belly capacity

ATK distribution by business unit (LAN → LATAM)

- LAN: 30% Belly, 70% Freighter
- LATAM: 45% Belly, 55% Freighter

Rational and disciplined approach towards freighter capacity

- No additional orders
- Expiration of leases
- Leasing 3 B767F to other carrier
Update on Capacity & Fleet

Capacity Evolution 2012-2015
ATKs by type (2012 = 100)

Freighter Fleet 2012-2015
Number of Aircraft

- Passenger bellies to remain key growth driver in 2015, freighter capacity to remain roughly flat
- 25% reduction in B767 fleet helps match supply and demand without major itinerary adjustments
## Market Outlook 2015

<table>
<thead>
<tr>
<th>Flows</th>
<th>% Growth YoY</th>
<th>Drivers</th>
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<tbody>
<tr>
<td>NAM-SA</td>
<td>2-4%</td>
<td>• Recovery in imports to Brazil after World Cup</td>
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<tr>
<td>EUR-SA</td>
<td>4-5%</td>
<td>• Expected growth in auto industry</td>
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<td>• Increased cargo from Asia</td>
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<tr>
<td>SA-NAM</td>
<td>1-3%</td>
<td>• Steady growth of main commodities offset by very weak seed season</td>
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<tr>
<td>SA-EUR</td>
<td>3-5%</td>
<td>• Growth led by COL and ECU exports</td>
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</table>
Introducing new freighter operation AMS/BSL –GRU-EZE-SCL

- Direct dedicated freighter ex BSL supports pharma operation

- Only direct freighter alternative into GRU ex EUR
Asia Project (ECTSA)

Opportunity

Build a setup that would enable us to offer a virtual online service from main Asian origins to Latin America.

- Reliability
- Visibility & Traceability
- Service Recovery Protocol
- Flexible shipping units

Enhanced Cargo Transfer and Service Agreement

Korean Air Cargo

Air China Cargo

Cathay Pacific Cargo
Thank You

Premier Cargo Alliance

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February 25th, 2015