

AIR FRANCE KLM

First Quarter Results 2008-09

August 5th, 2008



Air France-KLM: Key features of the First Quarter

- ✦ Operating income strongly positive despite record fuel prices and slowing economic growth
- ✦ Premium class traffic remains dynamic
- ✦ Robust unit revenues excluding currency impact
- ✦ Strong improvement in cargo profitability
- ✦ Additional sources of cost-savings identified
- ✦ Balance sheet further reinforced
- ✦ Objective for Full Year 2008-09 confirmed

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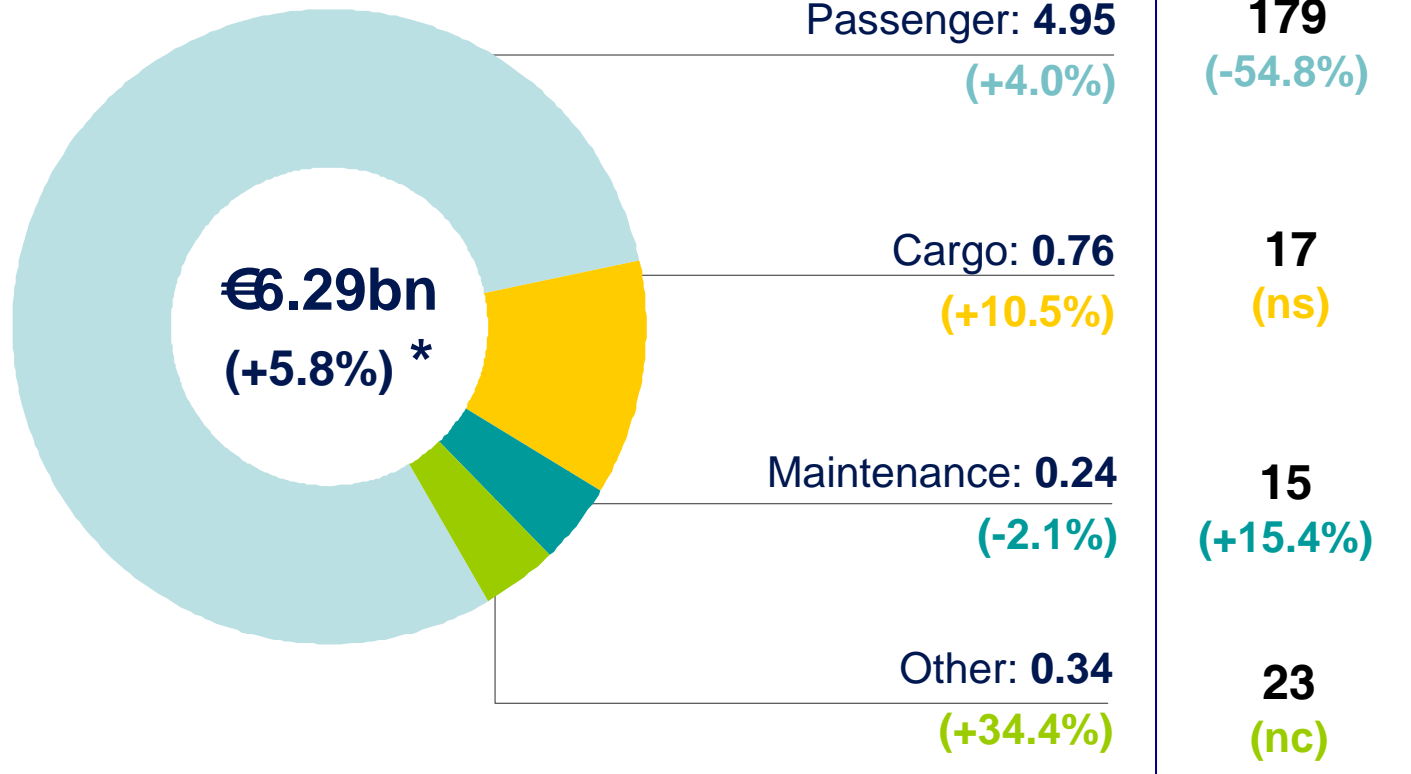
Activity

Pierre-Henri Gourgeon



Positive contribution from all businesses

Revenues
First Quarter 2008-09

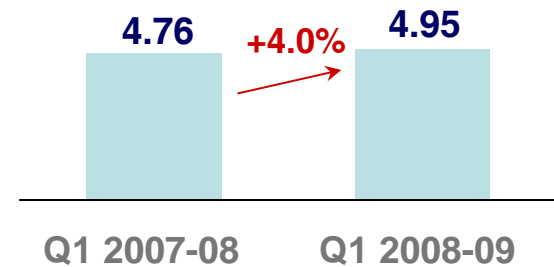


(*) After unfavourable currency impact of 3.9%

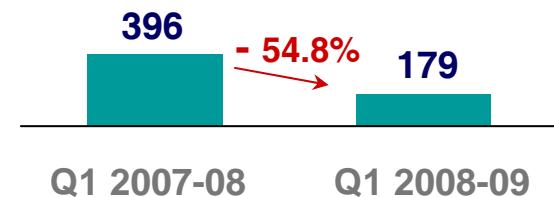
Passenger activity holds up well

- + Traffic up 3.7%
- + 19.7 million passengers (+2.2%)
- + Load factor at still high level of 80.3% (-1.1 point)
- + Resilient unit revenues excluding currency
- + Good level of operating income despite strong rise in fuel bill and economic slowdown

Total passenger revenues
(€ millions)



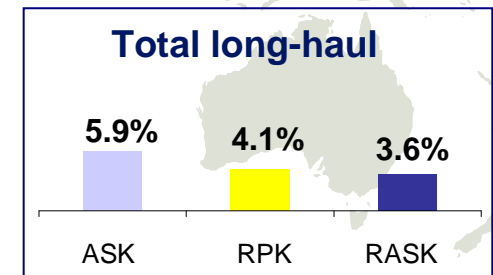
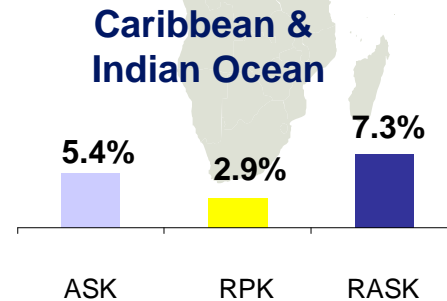
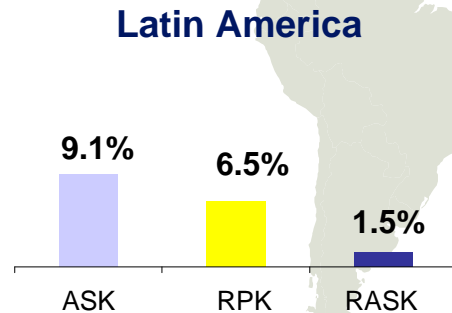
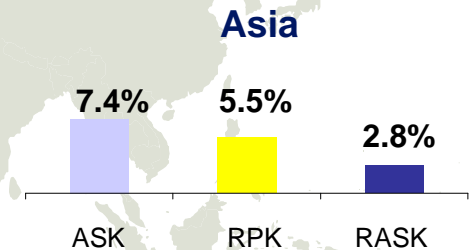
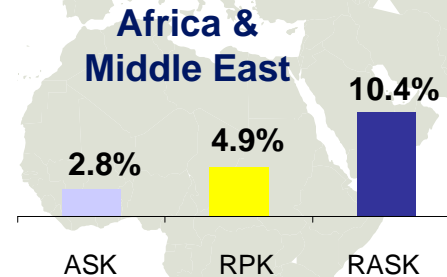
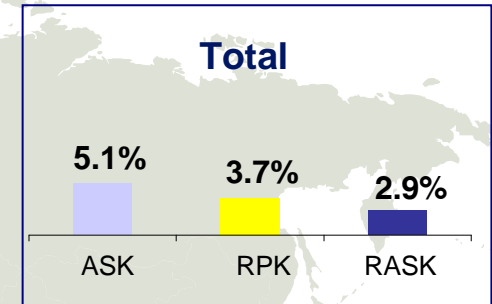
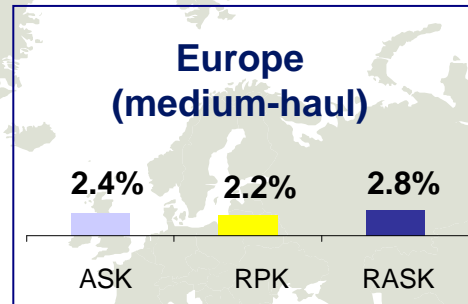
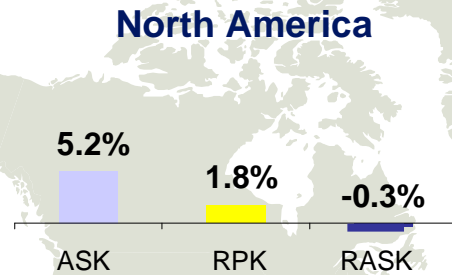
Passenger operating income
(€ millions)



Rise in traffic across the whole network

First Quarter 2008-09

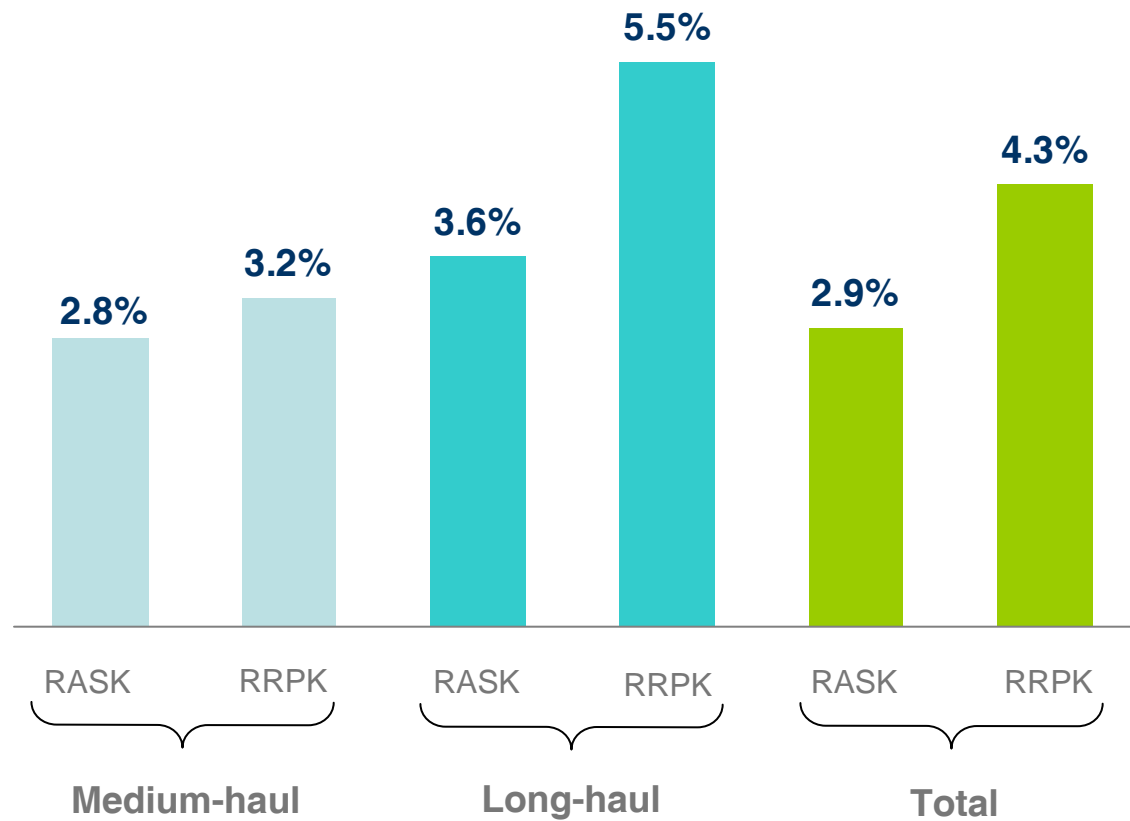
RASK excl. currency impact



Unit revenues hold up well

First Quarter 2008-09

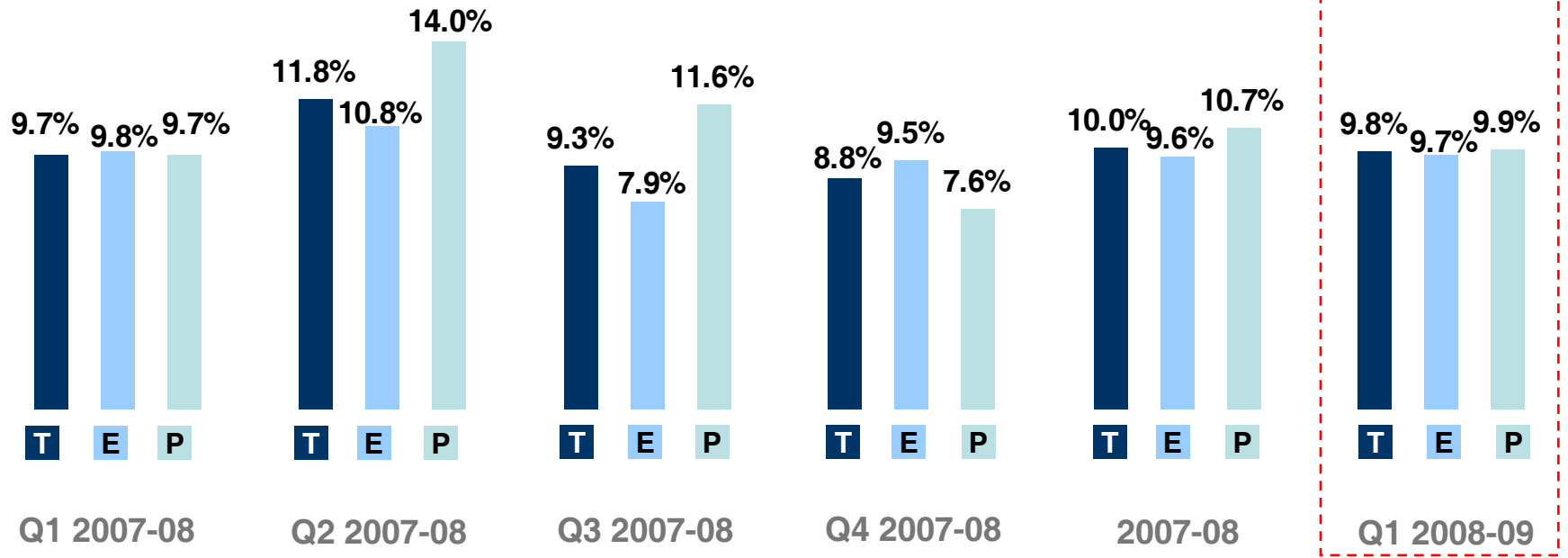
Unit revenues excluding currency impact



Premium class remains dynamic

Long-haul revenues

excluding currency impact



T Total **E** Economy class **P** Premium class

Cargo: Improvement in profitability

+ Operating environment

- ▶ Strong euro weighs on European exports
- ▶ Competition remains stiff in Asia
- ▶ Dynamic activity levels in Africa

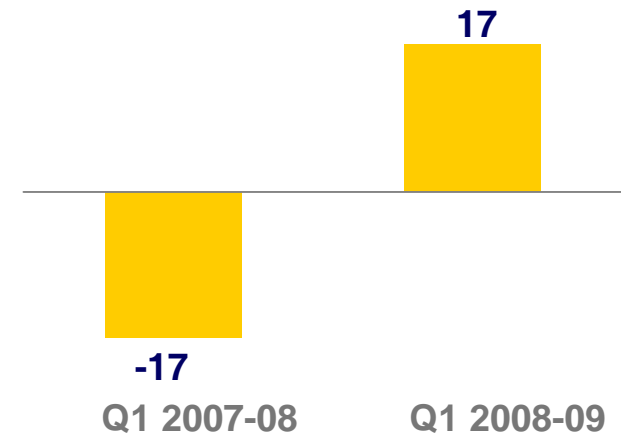
+ Air France-KLM

- ▶ Marked recovery in unit revenues
- ▶ Improvement in unit costs linked to the renewal of the Air France fleet

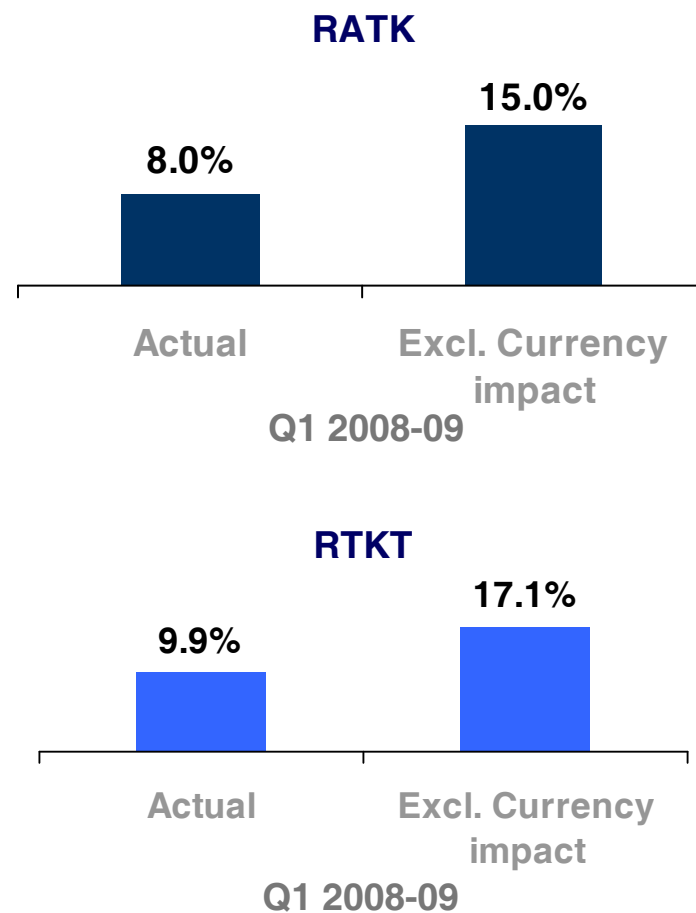
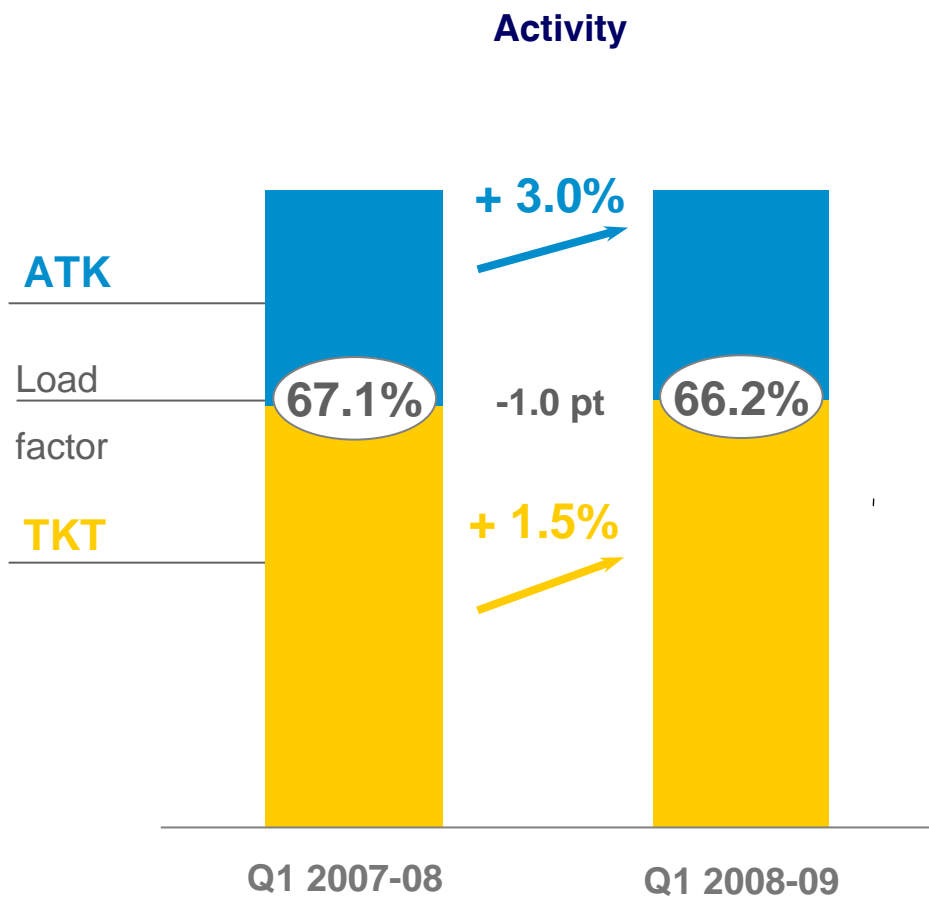
Total cargo revenues
(€ millions)



Cargo operating income
(€ millions)

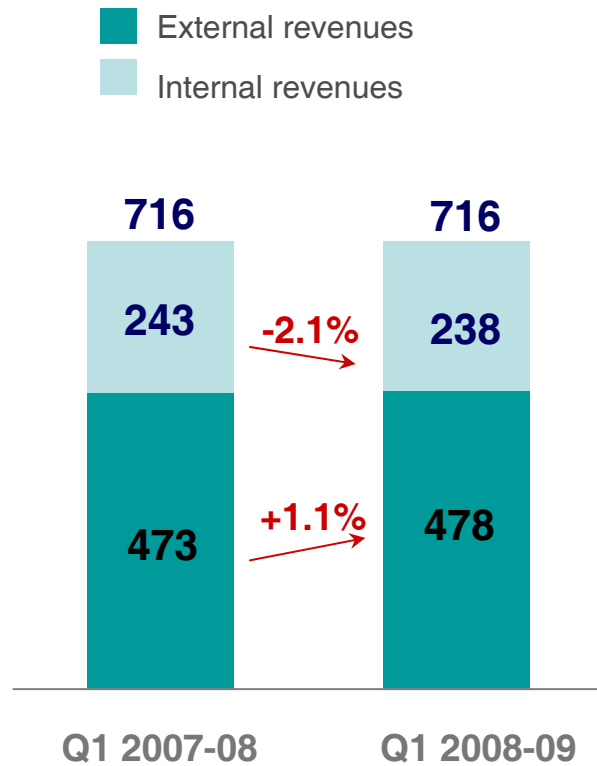


Strong recovery in cargo unit revenues

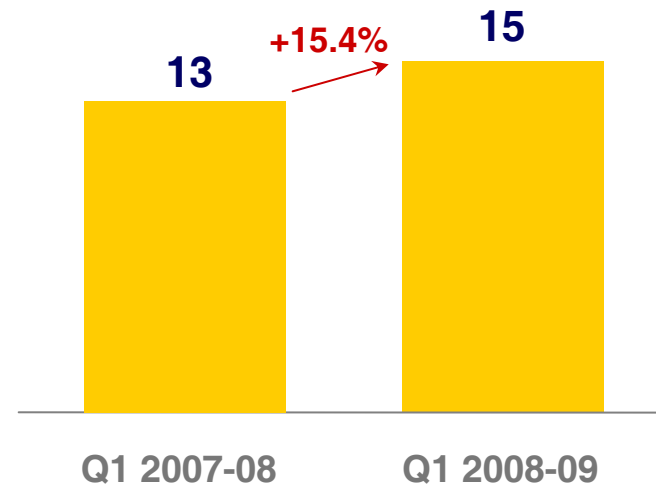


Maintenance: Better performance despite weak dollar

Maintenance revenues
(€ millions)



Maintenance operating income
(€ millions)



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Results

Philippe Calavia



First Quarter in line with our expectations

€ millions

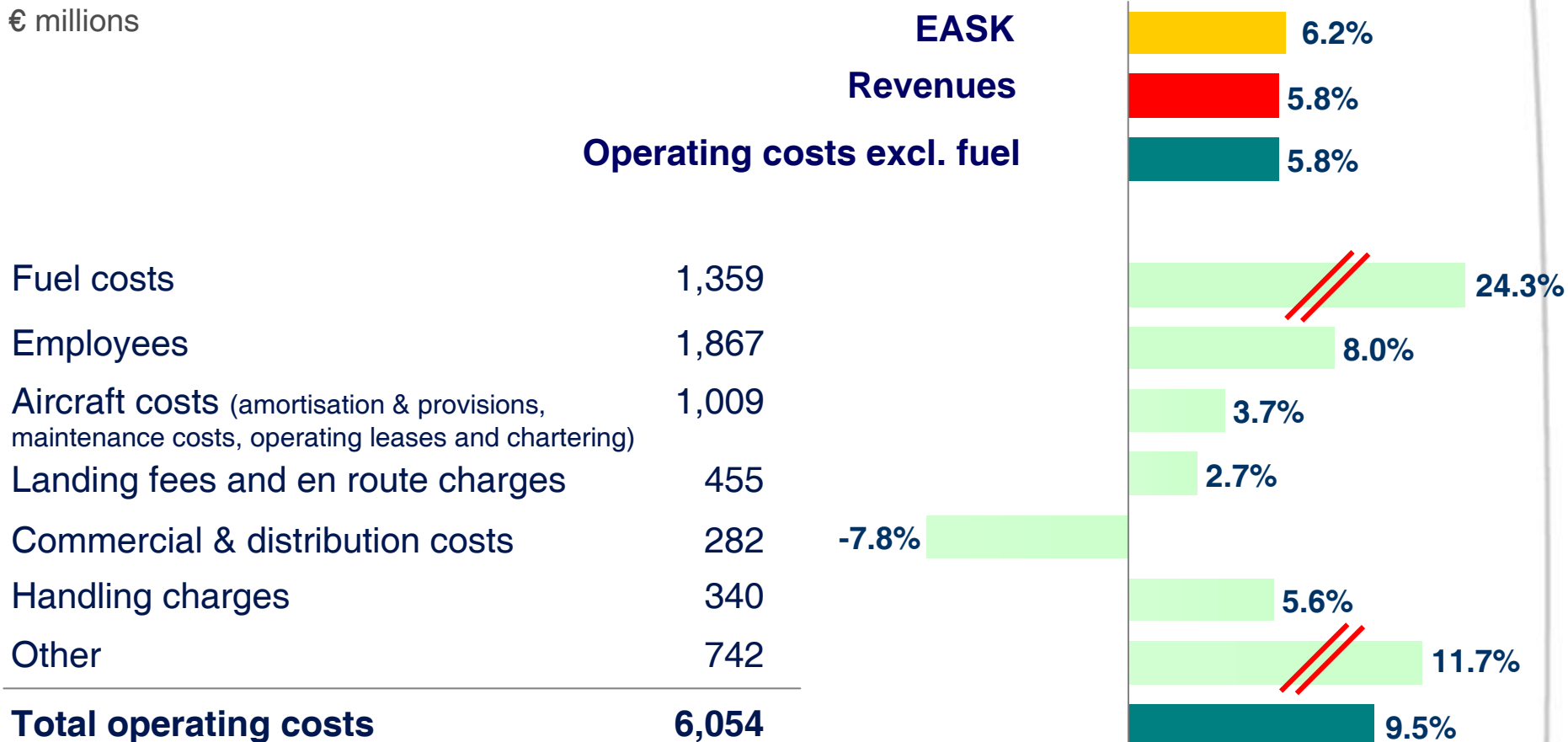
	30th June 2008	30th June 2007	Change
Revenues	6,288	5,945	+5.8%
Operating costs	(6,054)	(5,530)	+9.5%
Operating income	234	415	-43.6%
<i>Adjusted operating margin*</i>	4.5%	7.8%	-3.3pts
Other non-current income and charges	17	122	ns
Income from operating activities	251	537	-53.3%
Net interest charge	(11)	(31)	-64.5%
Other	3	83	ns
Income tax	(75)	(174)	-56.9%
Net income, group share	168	415	-59.4%

* Adjusted by the proportion of operating leases within financial charges (34%)

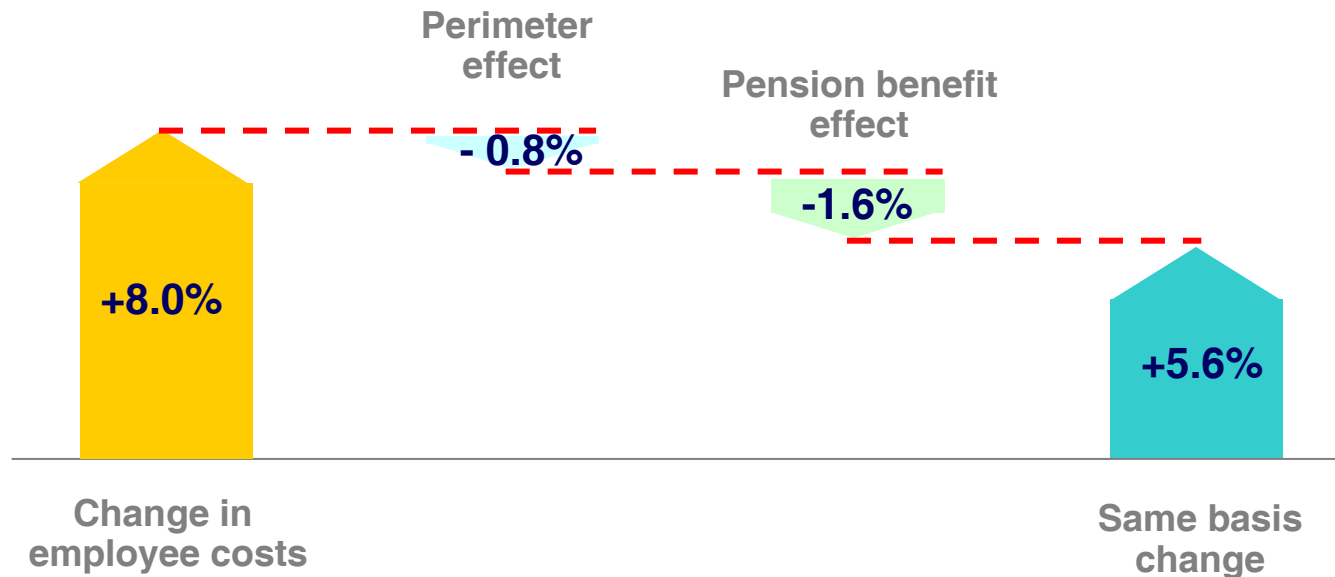
Breakdown of operating costs

First Quarter 2008-09

€ millions



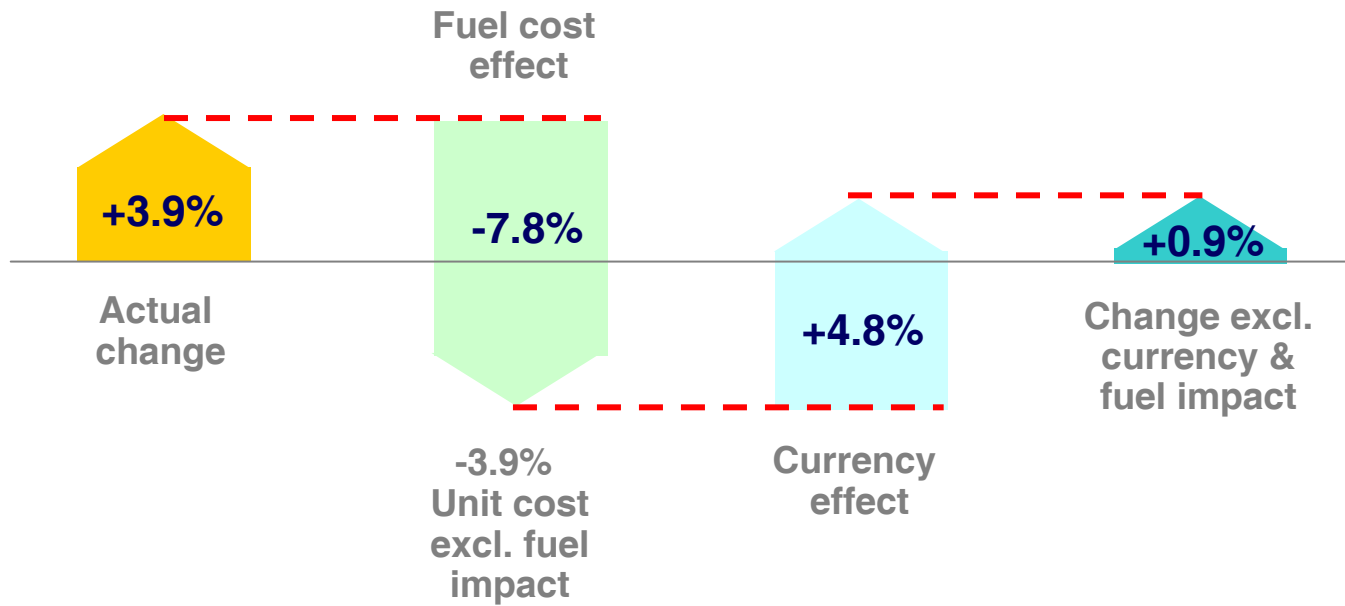
Change in employee costs



- + Perimeter effect: AirChef, Transavia and VLM
- + Pension benefit effect: 1 point increase (4.5% to 5.5%) in pension benefit discount rate following sub-prime crisis

Evolution of unit costs

First Quarter 2008-09
Unit cost per EASK: **6.51€ cts**



'Challenge 10': €190m in additional savings in 2008-09

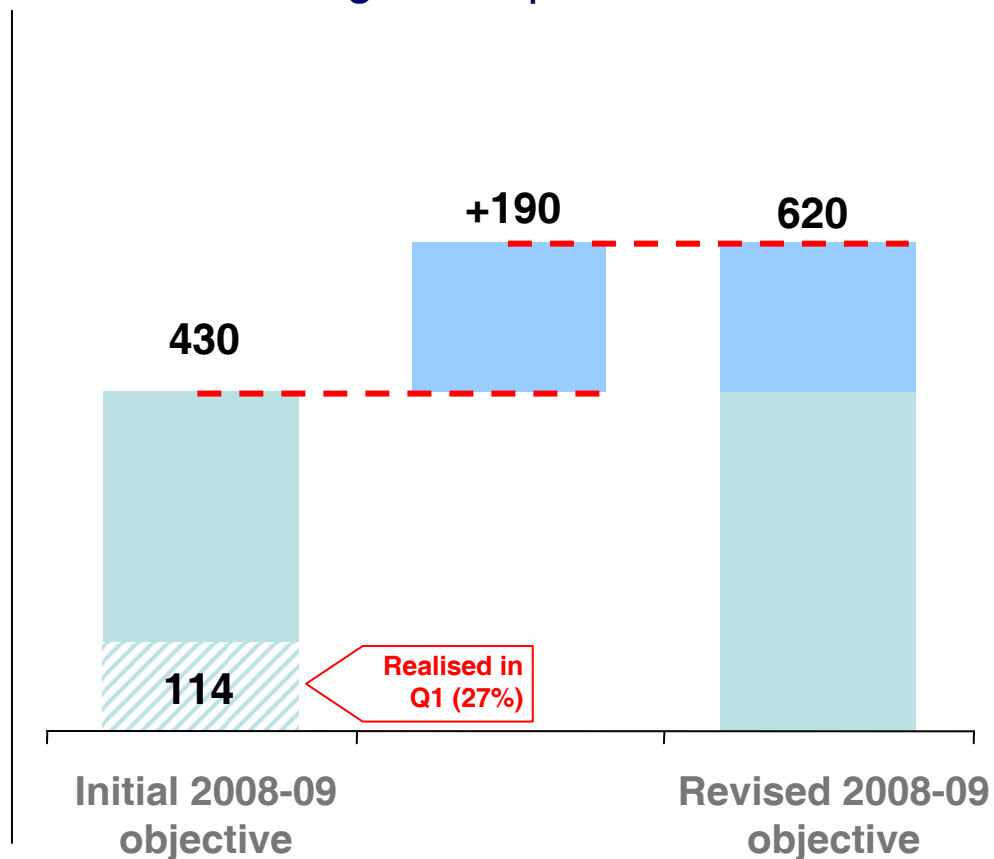
€ millions

- + €114m in savings realised in Q1
- + Further savings identified over the next three quarters
 - + €20m improvement relative to the initial plan
 - + €170m in additional savings, versus previous estimate of €150m



Objective for FY 2008-09 of €620m versus €430m

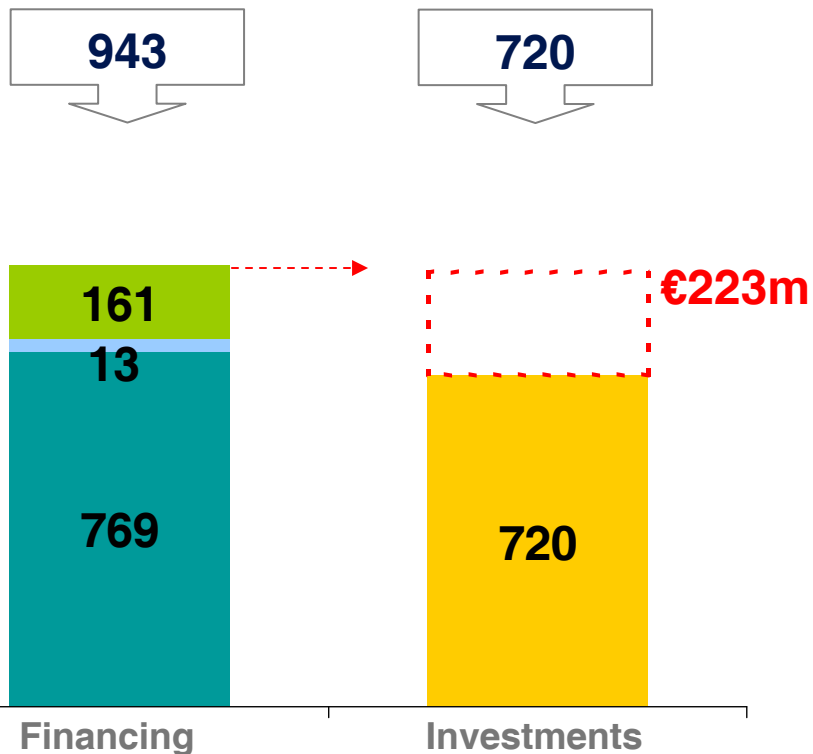
Challenge 10: Upward revision



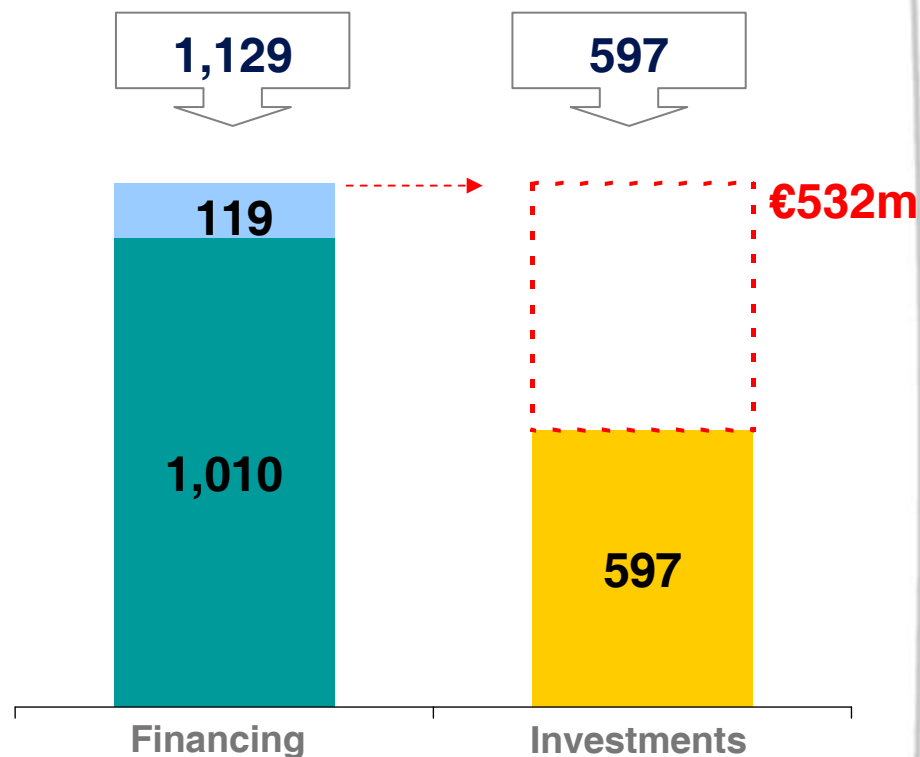
Available cash flow of €532m

First Quarter 2008-09
(€ millions)

- Cash from financial operations ■
- Aircraft disposals ■
- Operating cash flow ■
- Tangible and intangible investments ■
- Available cash flow —



2007-08



2008-09

Balance sheet further reinforced

Net financial debt
(billion Euros)

Shareholders' funds
(billion euros)

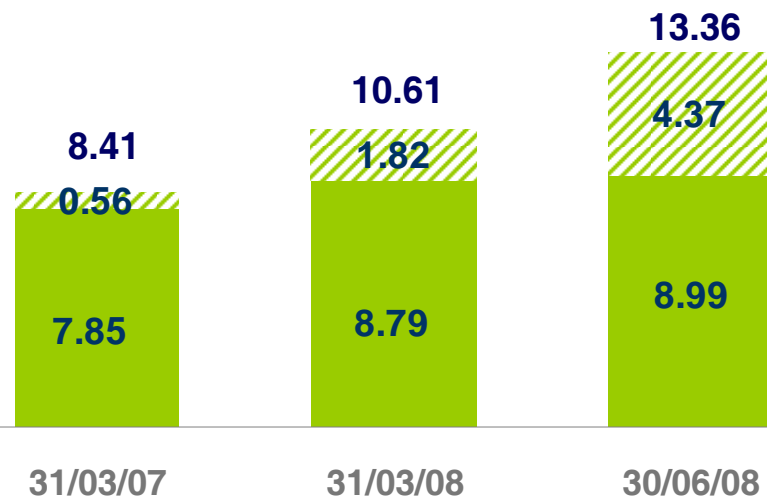
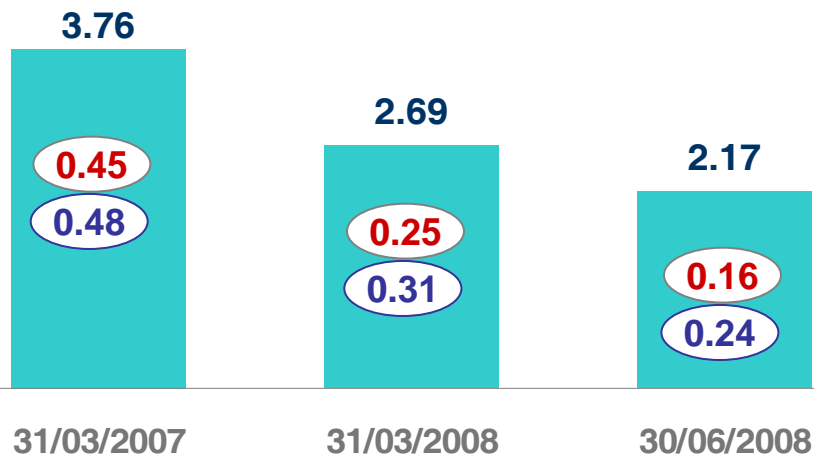
Net debt

Gearing ratio

Gearing ratio ex derivatives

Shareholders' funds

Derivative instruments



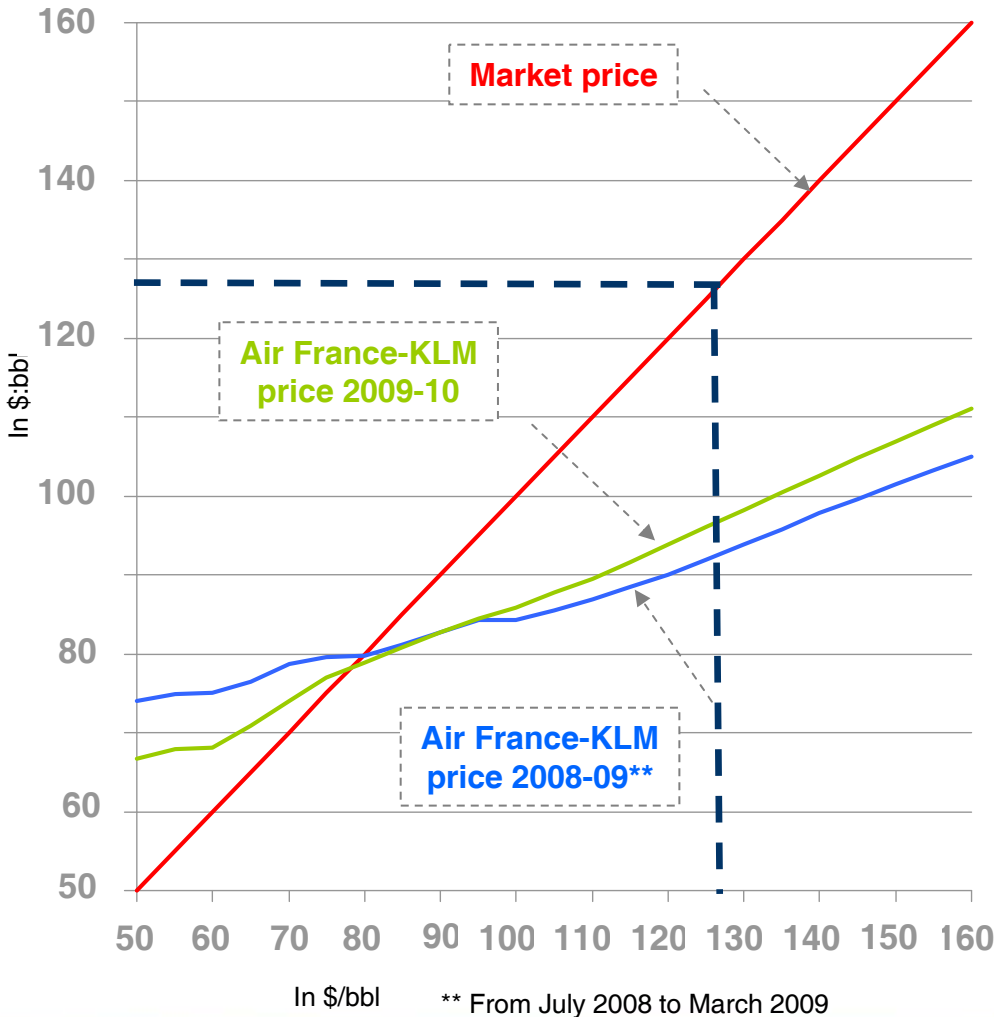
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Outlook

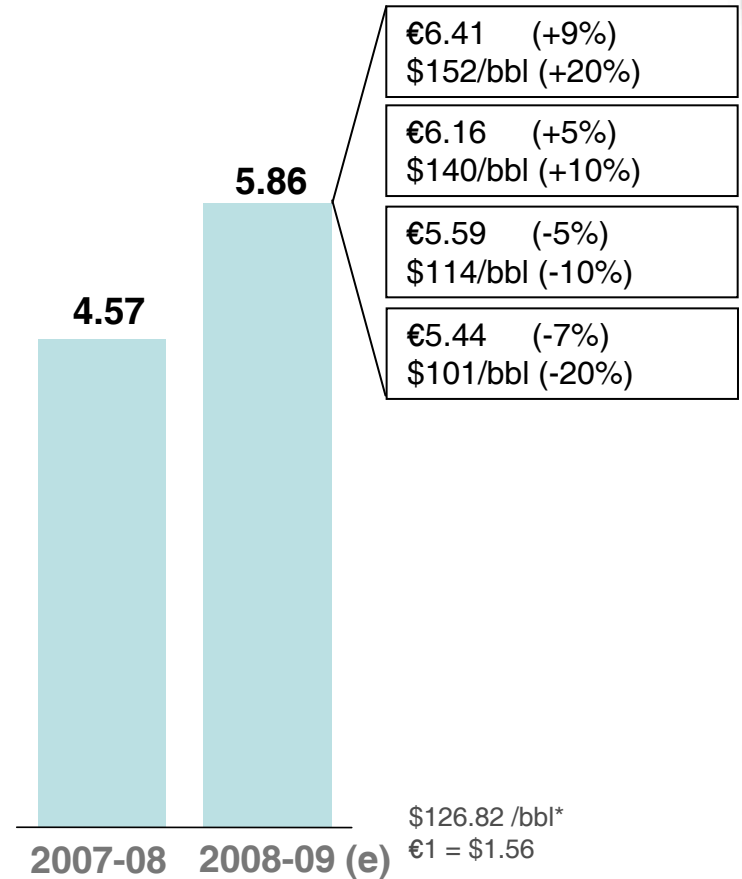


Update on fuel bill

Air France-KLM hedges
(in \$/bbl)



Fuel cost after hedging
in € billions



*Forward price at 25 July 2008

Air France-KLM: Adjustment to capacity plans

- ✦ Winter season 2008: +2%
- ✦ Summer season 2009: +2%

Objective for Full Year 2008-09 confirmed

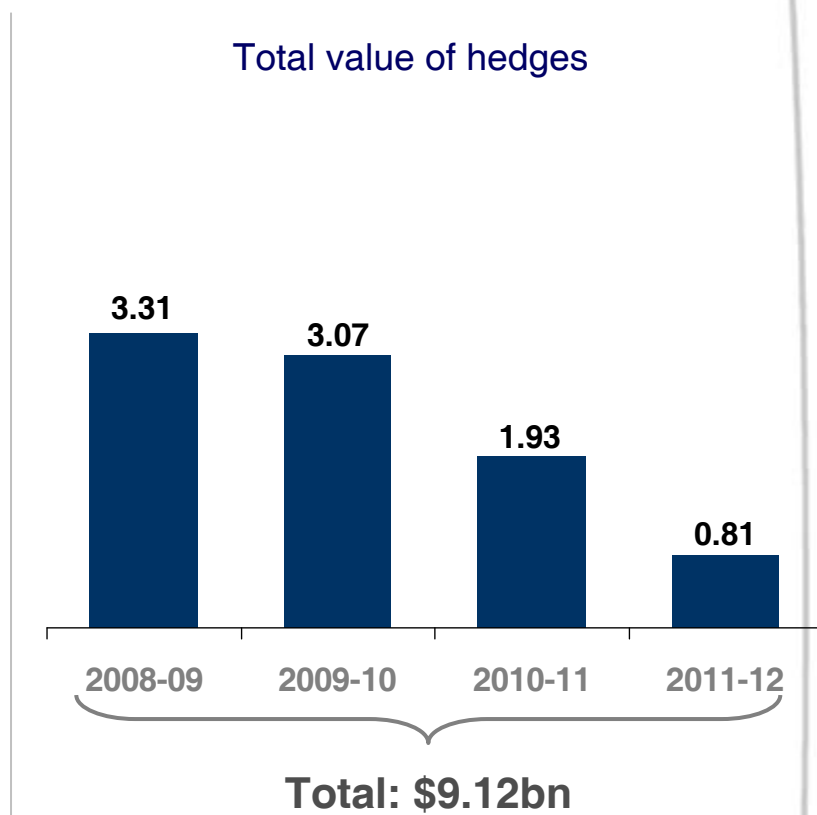
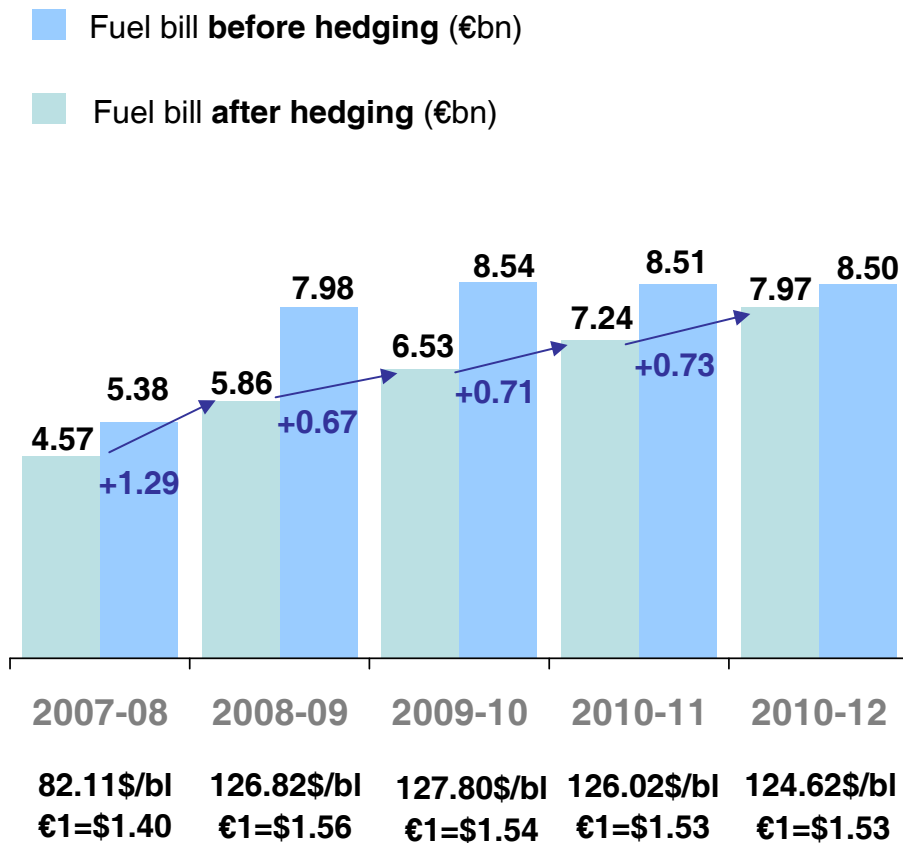
First Quarter results are in line with our objective of positive operating income of the order of 1 billion euros for Full Year 2008-09

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Appendices



Among the most efficient fuel hedging policies



*Forward price at 25 July 2008

Calculation of net debt

<u>€ millions</u>	30th June 08	31st March 08
Current and non-current financial debt	7,594	7,819
- Accrued interest not yet due	80	71
- Deposits on leased aircraft	814	816
+ Currency hedging instruments	145	151
= Gross financial debt	6,845	7,083
Cash and cash equivalents	4,610	4,381
+ Liquid assets over three months	268	185
- Bank current accounts	204	172
= Net cash	4,674	4,394
Net financial debt	2,171	2,689
Capitaux propres consolidés	13,356	10,614
Net debt / Equity	0.16	0.25
<i>Net debt / Equity excluding derivatives</i>	<i>0.24</i>	<i>0.31</i>