AIRFRANCE KLM

Full Year Results
2008-09

May 20th 2009

Agenda

Introduction	Pierre-Henri Gourgeon
Activity	Peter Hartman
Results	Philippe Calavia
Strategy and outlook	Pierre-Henri Gourgeon

Highlights of the year

Operating environment

- Deepening of the economic crisis since Autumn 2008
  - Sharp decline in business travel
  - Drop in international trade
- Extreme volatility in oil price and currencies
- Active consolidation process

Air France-KLM

- Resilient first half
  - Increase in passenger traffic
  - Efficient hedging policies
- Second half feels full effect of the economic crisis
  - Decline in both passenger and cargo traffic
  - Negative impact of hedging policies
- Strategic partnership with Alitalia and full acquisition of Martinair
- Anti-trust immunity obtained and implementation of the North Atlantic JV

Fourth Quarter results

- Deterioration in the operating environment, especially at the end of the quarter
- Further measures to adapt
  - Capacity reduced
  - Cost control reinforced
- Decline in turnover linked to fall in traffic and unit revenues…
- …partly offset by reduction in unit costs

Key data

	2008-09 Fourth Quarter		2008-09 Full Year	
Revenues:	€5.01bn	(12.2%)	€23.97bn	(0.6%)
Operating income:	-€574m	(nm)	-€129m	(nm)
Net income:	-€505m	(nm)	-€814m	(nm)

Activity

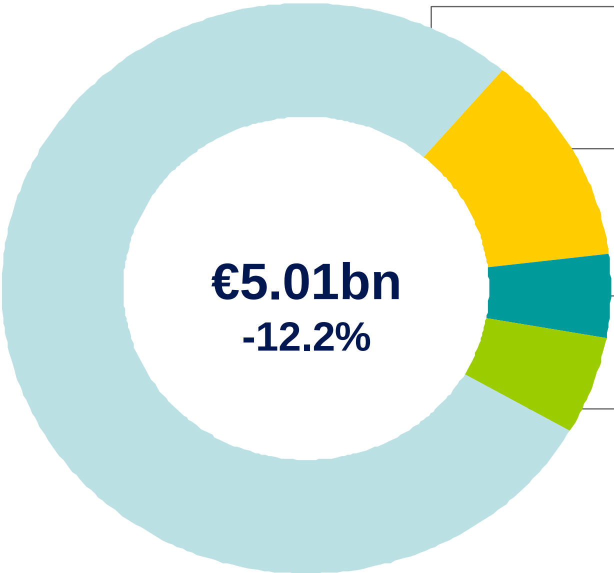
Peter Hartman

President and CEO, KLM

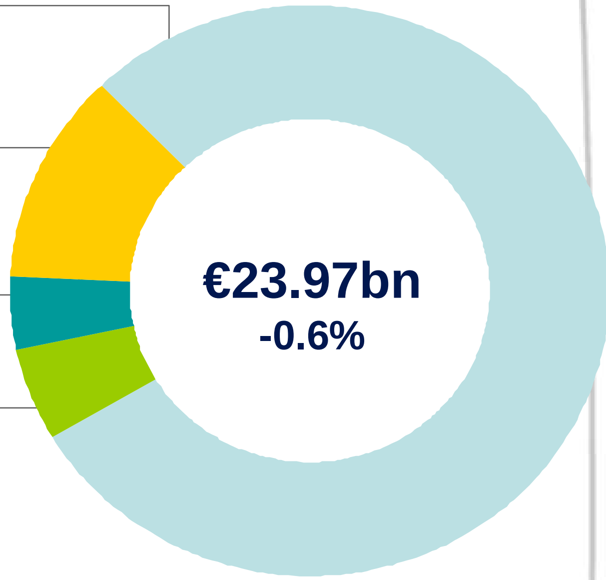
Breakdown of revenues

Q4 2008-09
€ millions

FY 2008-09
€ millions



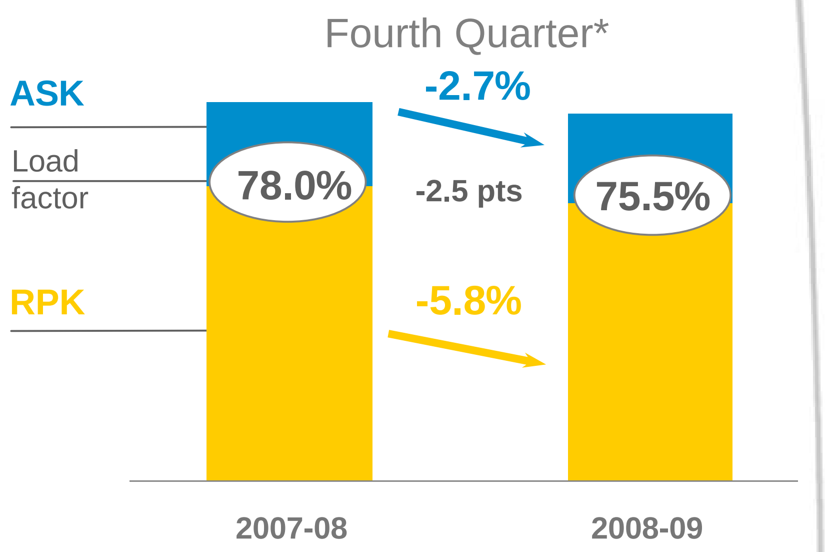
Q4 2008-09		Segment	FY 2008-09	
-14.3%	3,893	Passenger	-1.7%	18,832
-16.4%	602	Cargo	-2.4%	2,857
+1.2%	246	Maintenance	+0.5%	974
+30.0%	273	Other	+23.2%	1,307
+0.8%		Currency effect	-1.9%	

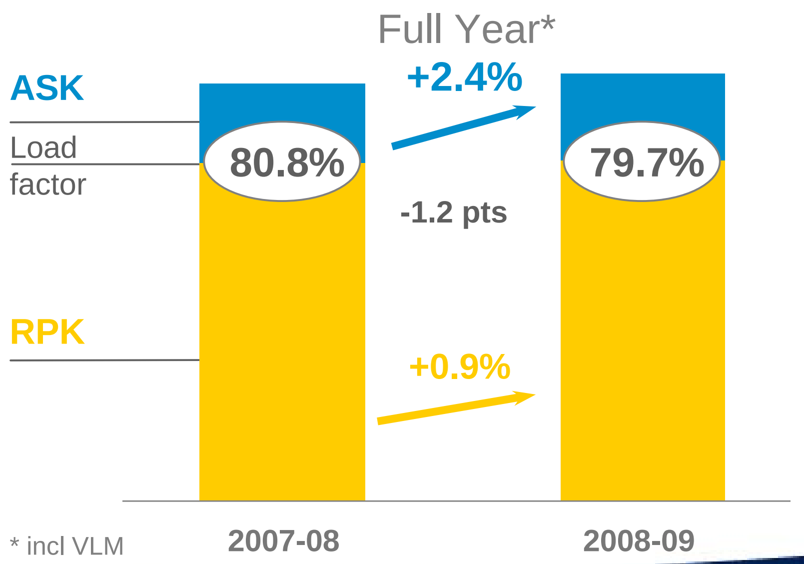


Passenger activity

- Fourth Quarter
  - Fall in traffic exceeds capacity reduction
  - Marked decline in business travel and deterioration in unit revenues
  - Europe, Asia and Caribbean networks especially affected

- Full Year 2008-09
  - More resilient than the sector as a whole

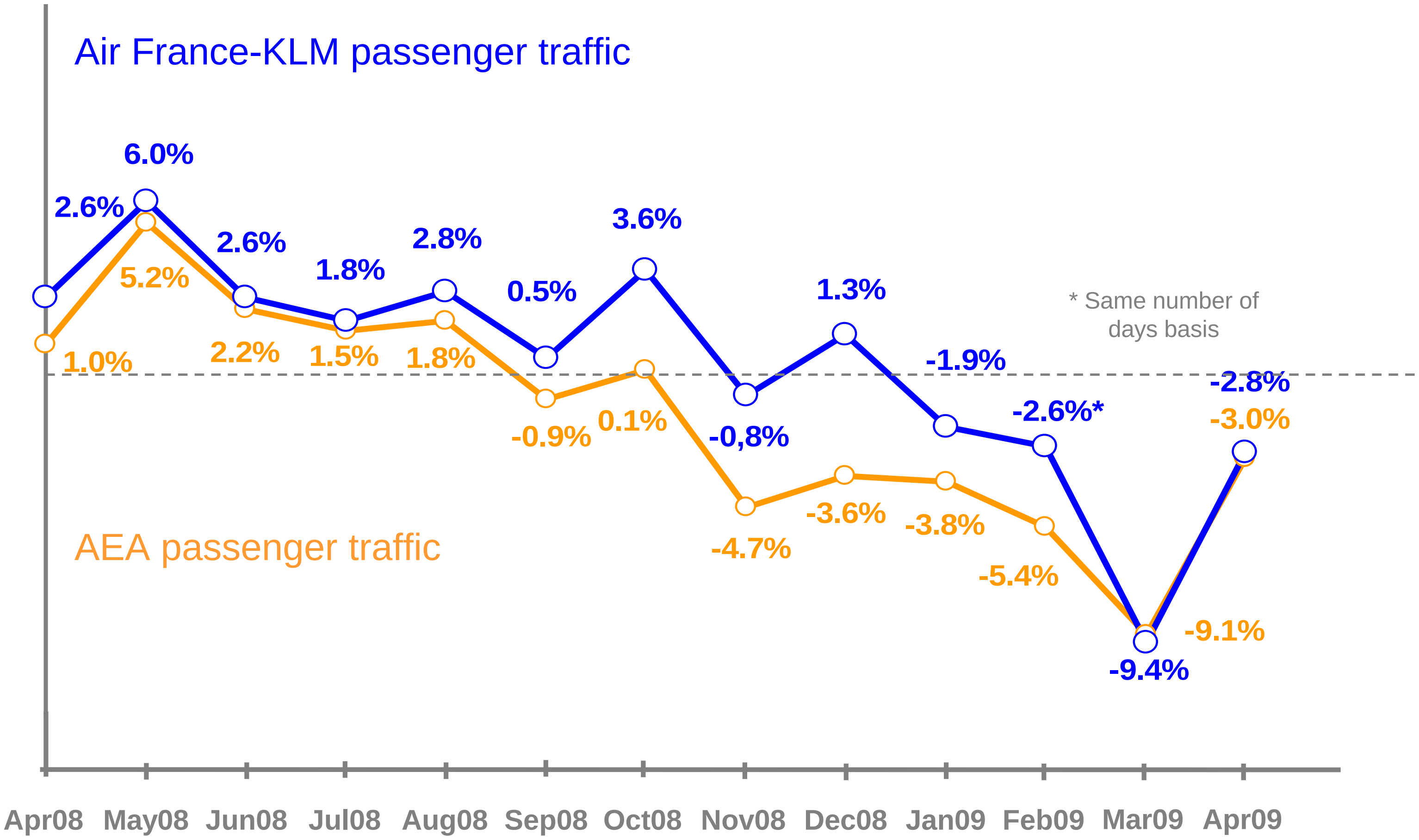




* incl VLM

Air France-KLM: traffic more resilient than the sector

RPK %



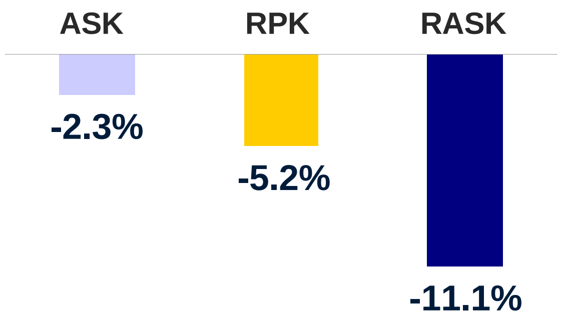
* AFKL data excludes impact of Air France strike of October 2007

European medium-haul network the most affected by drop in unit revenues in Q4

Q4 2008-09

RASK excl currency*

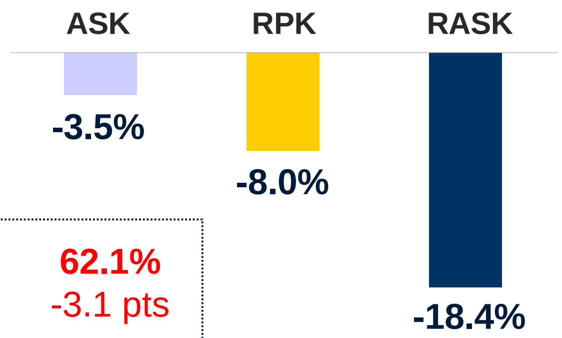
Long-haul



Load factor **79.4%** -2.4 pts

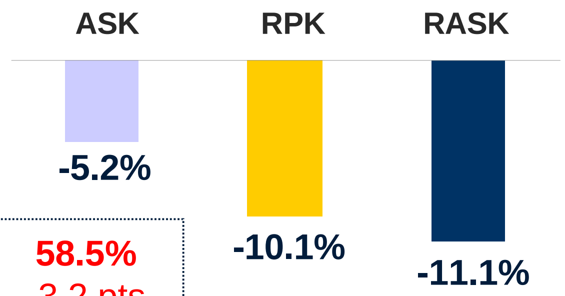
Medium-haul

Europe
(excl domestic)



Load factor **62.1%** -3.1 pts

Domestic

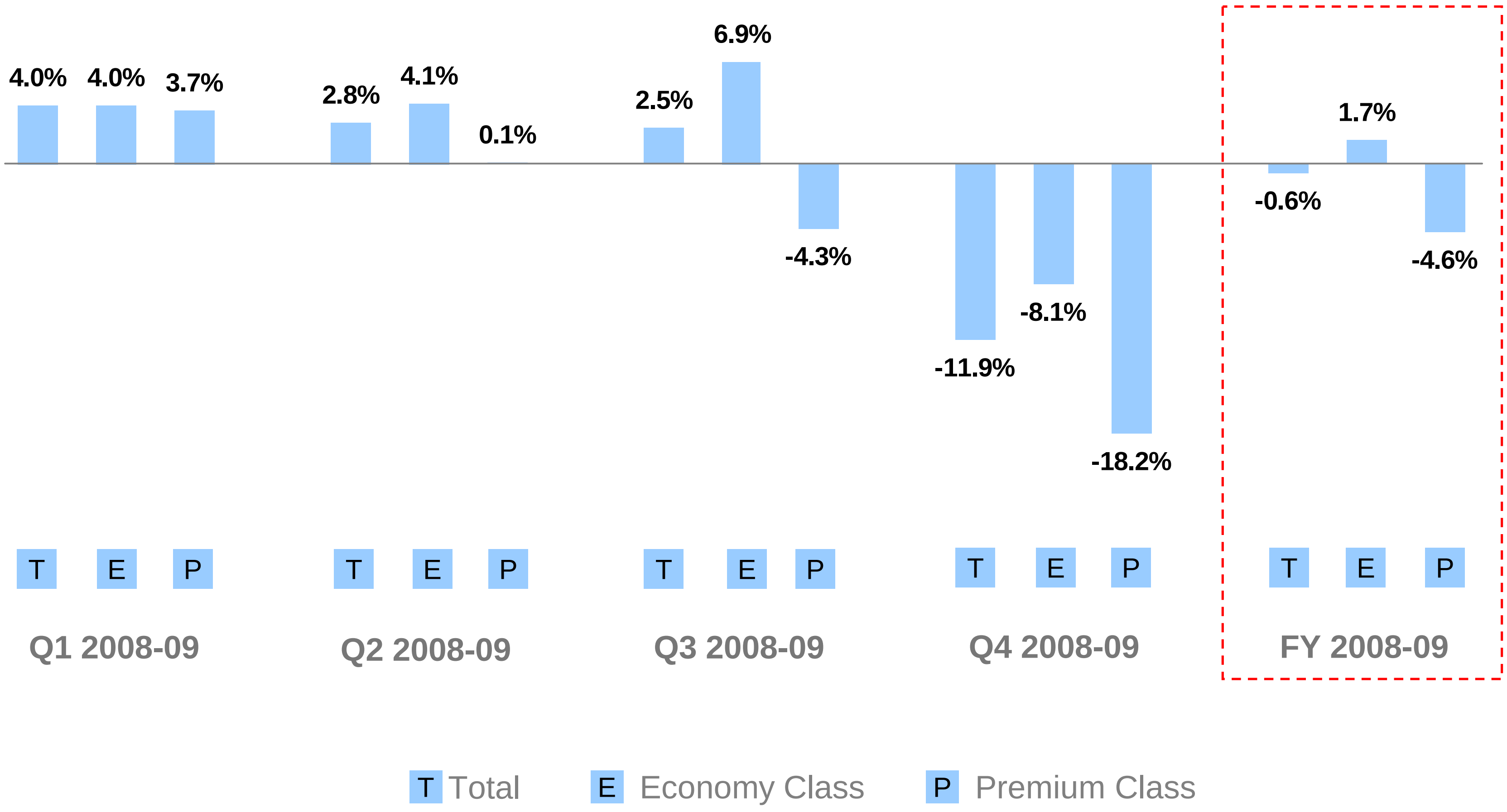


Load factor **58.5%** -3.2 pts

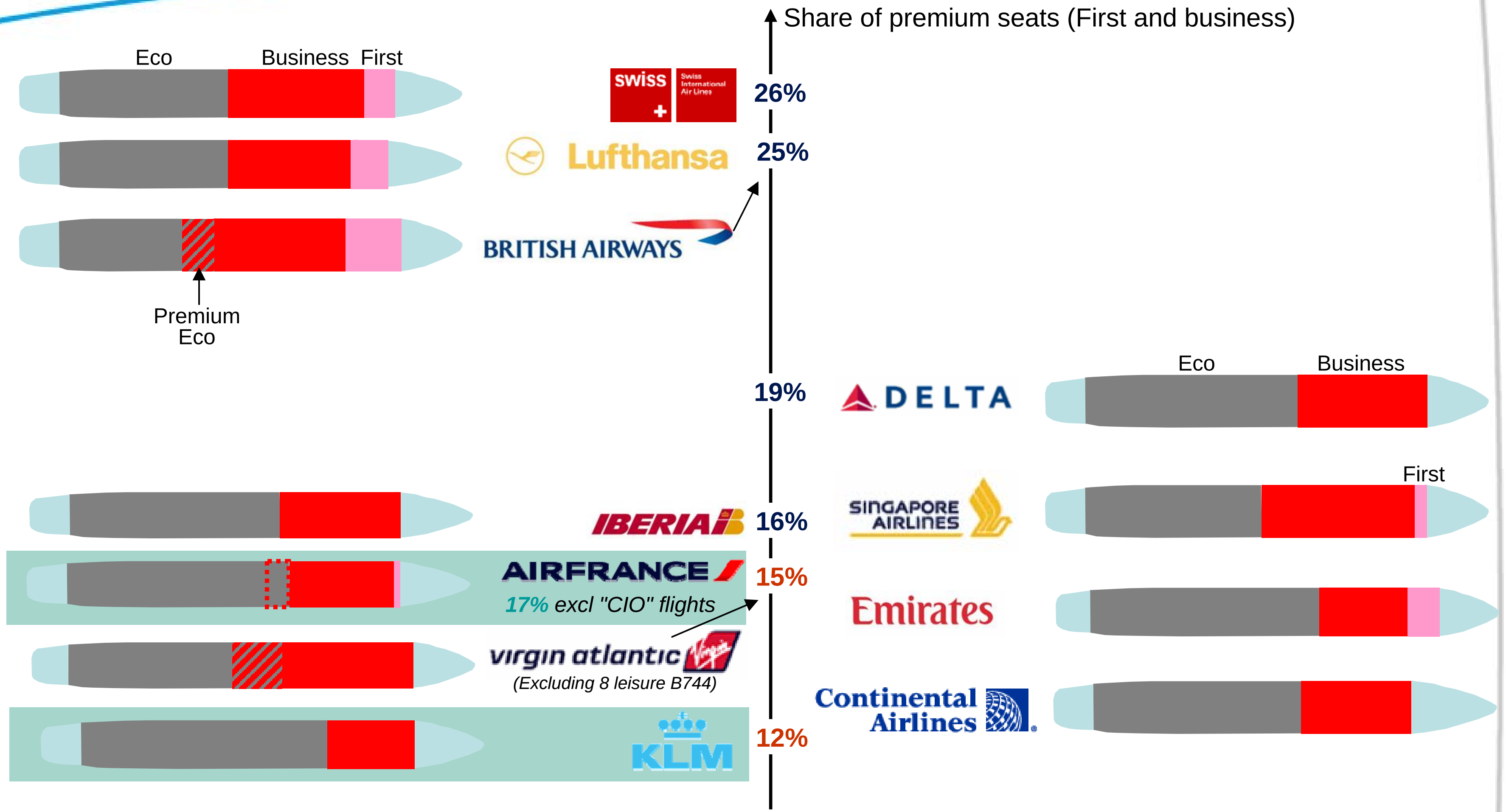
* Changes in unit revenues take into account the application of the new norm IFRIC 13 on the frequent flyer programs (2007-08 data restated for comparison purposes)

Weakening of premium class but resilience in economy

Long-haul RASK excl currency



Air France-KLM among the least exposed to weaker business traffic



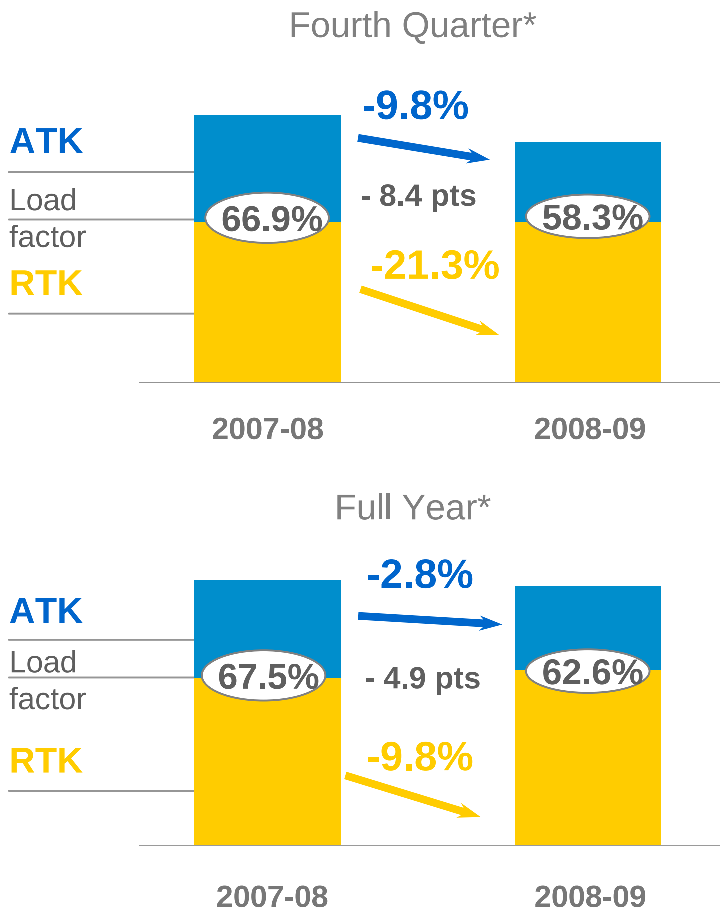
Proportion of premium seats and average cabin configuration for long-haul aircraft

NB: Introduction of 'Premium economy' class ( ) on AF flights in Winter 2009

Source: OAG band summer 08 flights from/to Europe ; companies

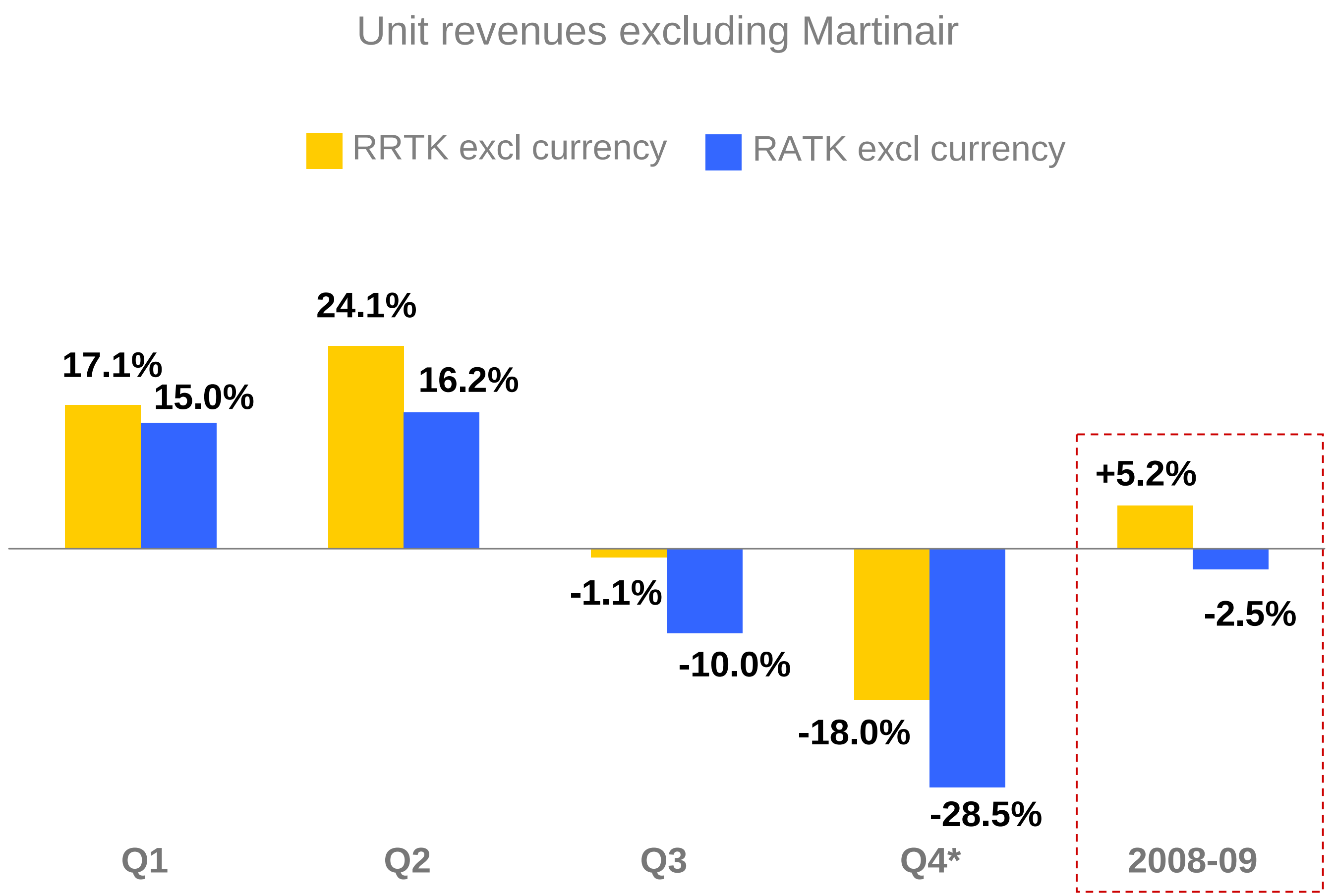
Decline in trade flows has severe impact on cargo

- Fourth Quarter
  - Weak unit revenues due to overcapacity
- Contrasted year
  - Slowdown in traffic offset by rise in unit revenues in H1 (fuel effect)
  - Significant decline in international trade flows and removal of fuel surcharges in H2



* excl Martinair

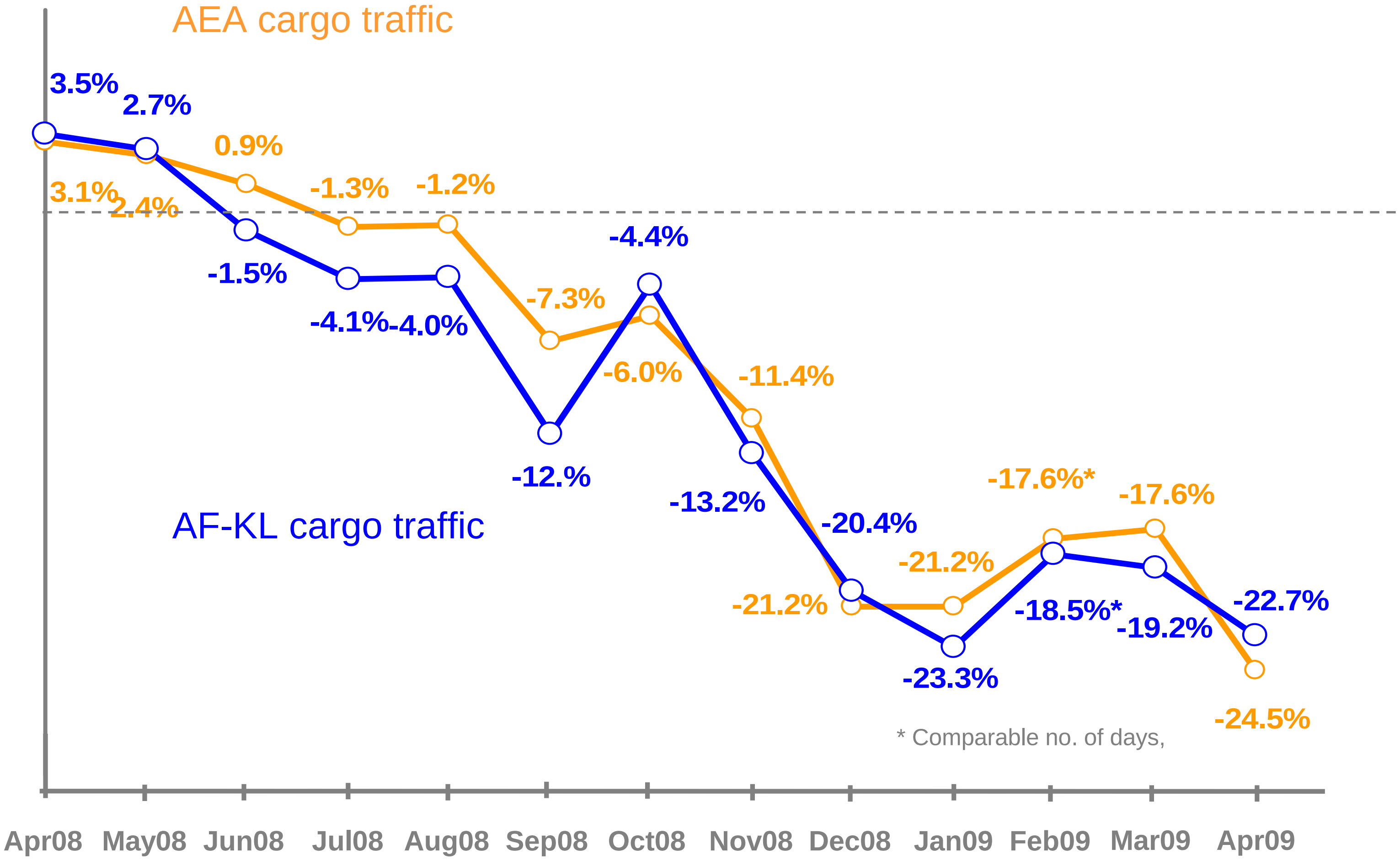
Sharp drop in unit revenues in H2



* Including Martinair: RRTK excl. currency -21.6%, RATK excl. currency -29.4%

Air France-KLM in line with sector as a whole

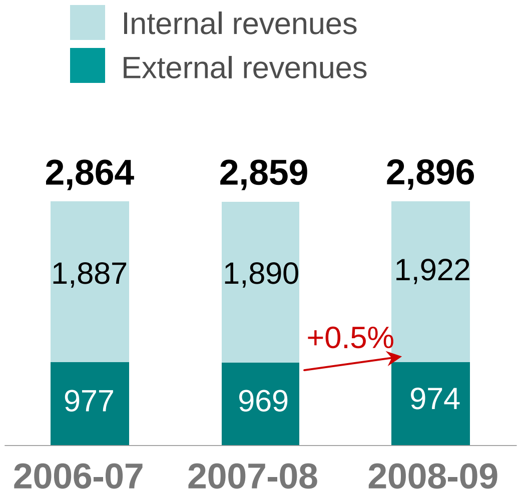
RTK % (excl. Martinair



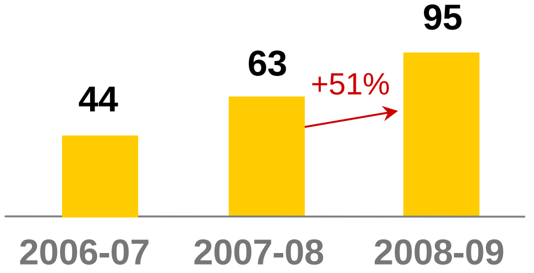
Maintenance: good performance in 2008-09

- Growth in revenues of 3% excluding currency impact
- Strong rise in operating income, mainly driven by the engines and components activity and the recovery of the airframe activity

Maintenance revenues
(€ millions)



Maintenance operating income
(€ millions)



Results

Philippe Calavia

CFO, Air France-KLM

Fourth Quarter results

€ millions	Q4 2008-09	Q4 2007-08*	Chg (%)
Revenues	**5,014**	**5,713**	**(12.2)**
Operating costs	(5,588)	(5,750)	(2.8)
EBITDAR	22	491	nm
Operating income / (loss)	**(574)**	**(37)**	**nm**
Other income and costs	(50)	(486)	nm
Net income/(loss) from operating activities	**(624)**	**(523)**	**nm**
Net interest charge	(46)	(20)	nm
Other financial income and costs	(96)	(32)	nm
Income tax	255	50	nm
Other	6	(9)	nm
Net income/(loss) group share	**(505)**	**(534)**	**nm**

* restated for interpretation of IFRIC 13

Fourth Quarter results excluding Martinair

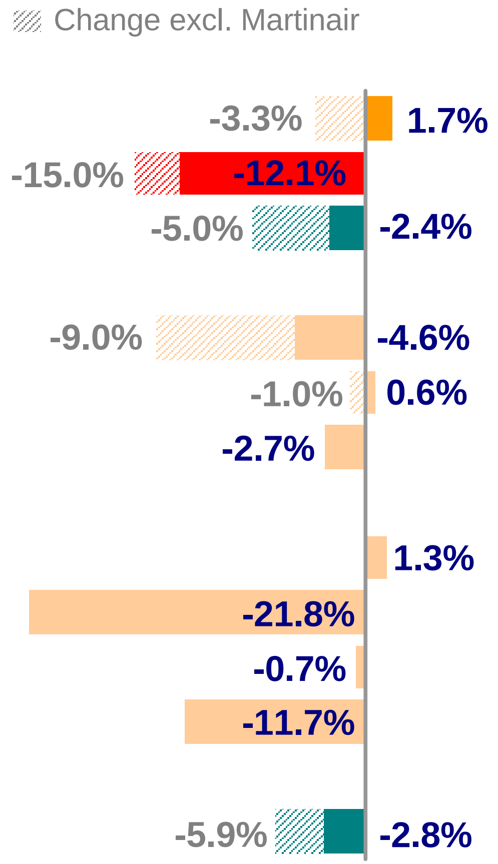
€ millions

	Q4 2008-09 (excl Martinair)	Q4 2007-08	Chg (%)
Revenues	**4,849**	**5,713**	**(15.0)**
Operating costs	(5,409)	(5,750)	(5.9)
Operating income/(loss)	**(561)**	**(37)**	**nm**
Net income/(loss) group share	**(486)**	**(534)**	**nm**

Analysis of Q4 operating costs

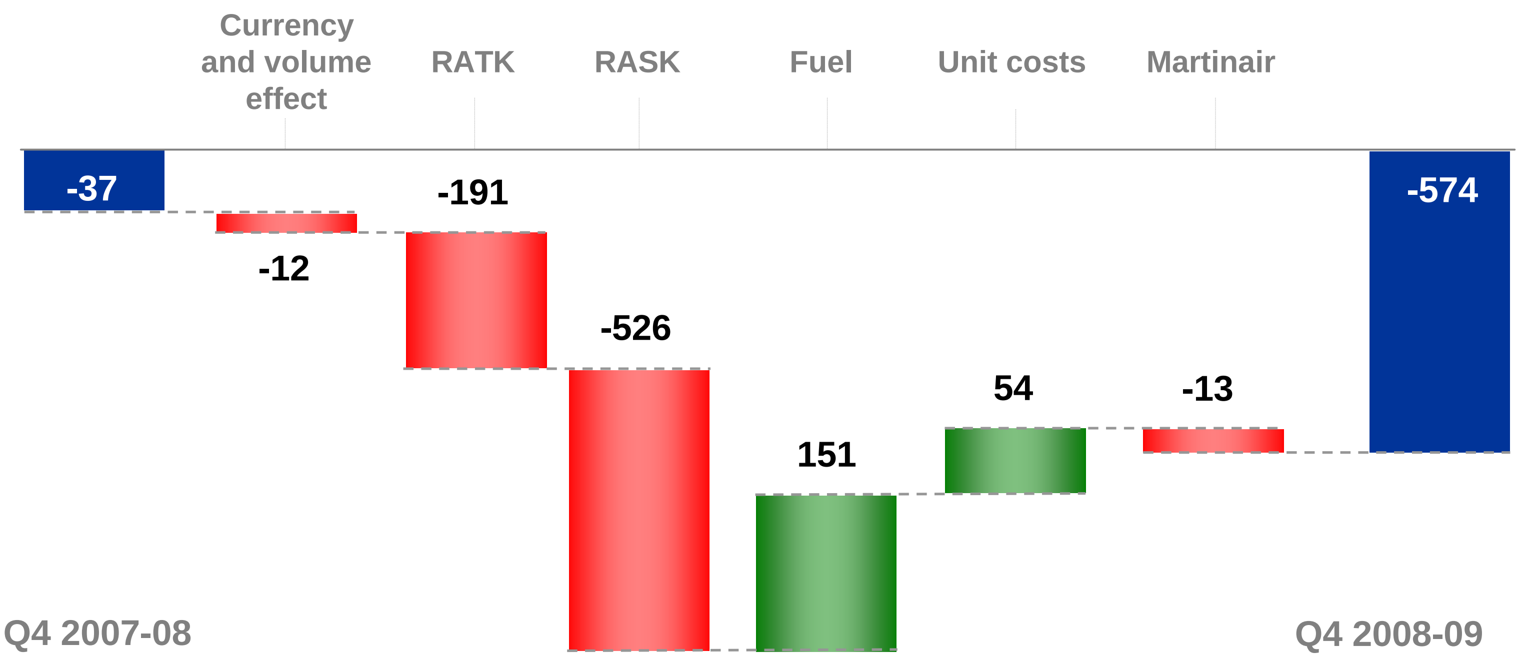
Q4 2008-09
€ millions

EASK	
Revenues	
Operating costs excl. fuel	
Fuel	1,134
Employee costs	1,819
Aircraft costs (amortisation and provisions, maintenance costs, operating leases and chartering)	1,019
Landing fees and route charges	420
Marketing and distribution	205
Handling charges	326
Other	665
Total operating costs	**5,588**



Analysis of Q4 operating result

€ millions



Full Year results

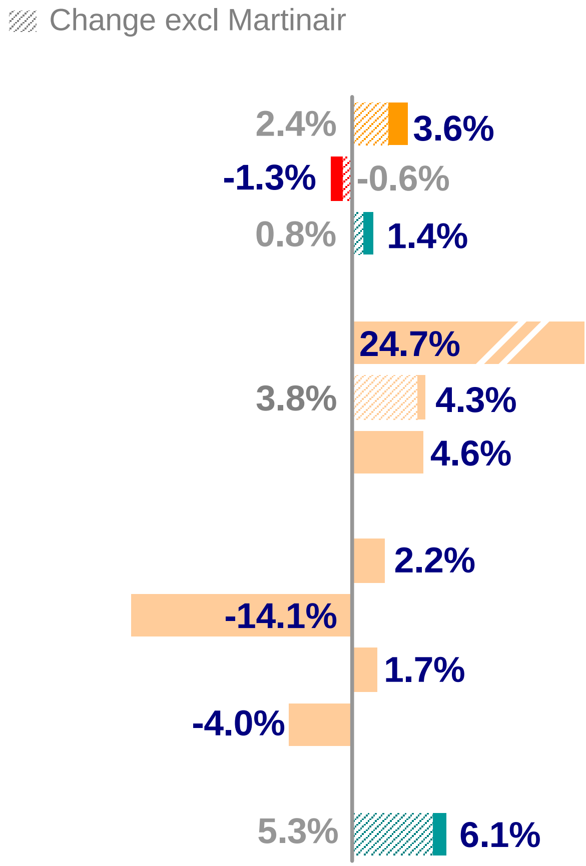
€ millions	31 Mar 2009	31 Mar 2008	% ch
Revenues	**23,970**	**24,123**	**(0.6)**
Operating costs	(24,099)	(22,709)	6.1
EBITDAR	**2,211**	**3,779**	**(41.5)**
Operating income/(loss)	**(129)**	**1,414**	**nm**
*Adjusted operating income**	*91*	*1,622*	*nm*
Other income and costs	(64)	(133)	(5.2)
Income from operating activities	**(193)**	**1,281**	**nm**
Net interest charge	(100)	(99)	2.0
Other financial income and costs	(911)	(24)	nm
Income tax	439	(359)	nm
Other	(49)	(43)	(13.9)
Net income/(loss) group share	**(814)**	**756**	**nm**

* Adjusted for the share of financial charges within operating leases (34%) for comparaison

Analysis of FY 2008-09 operating costs

Full Year 2008-09
€ millions

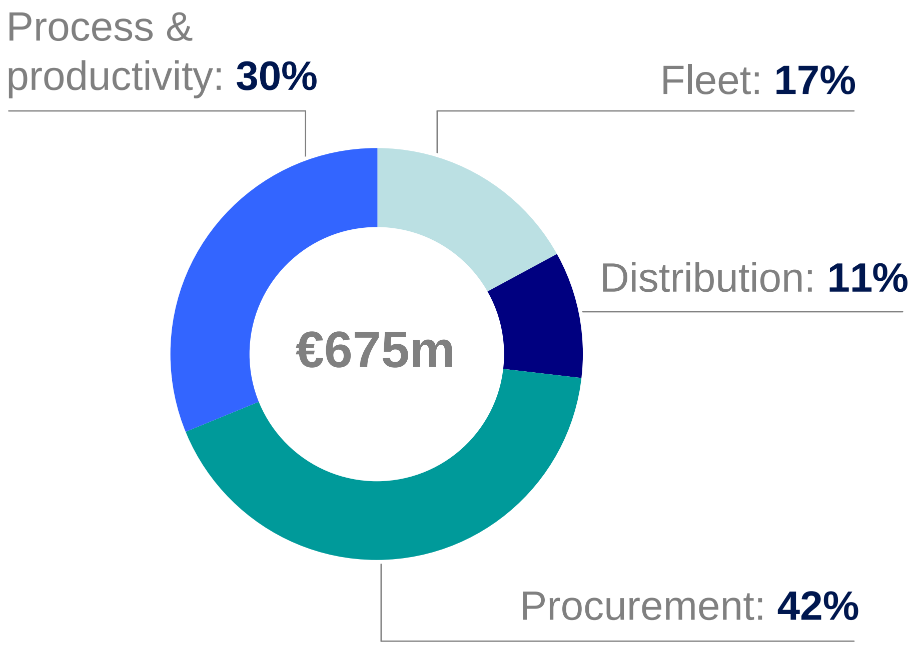
EASK	
Revenues	
Operating costs excl. fuel	
Fuel	5,702
Employee costs	7,317
Aircraft costs (amortisation and provisions, maintenance costs, operating leases and chartering)	4,112
Landing fees and route charges	1,793
Marketing and distribution	1,010
Handling charges	1,353
Other	2,812
Total operating costs	**24,099**



Cost-savings target attained

- **€185m** in savings realised in Q4
- Full year target of **€675m** reached, versus initial target of **€430m**

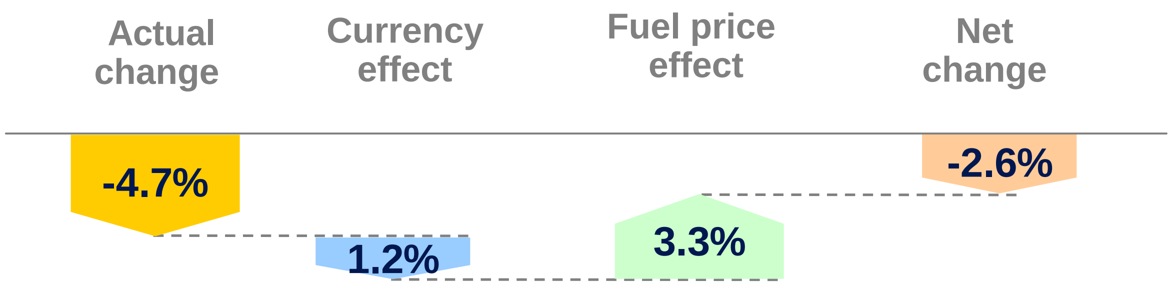
Breakdown of savings at 31st March 2009



Cost-savings program leads to reduction in unit costs

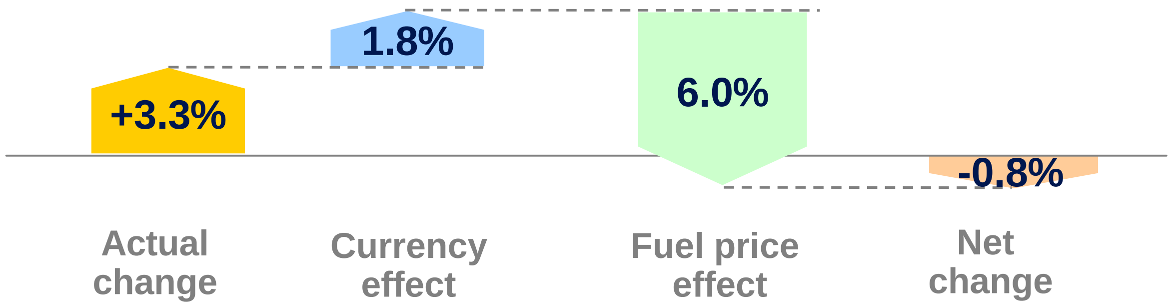
Q4 2008-09*

Unit cost per EASK: **6.35 € cents**



Full Year 2008-09*

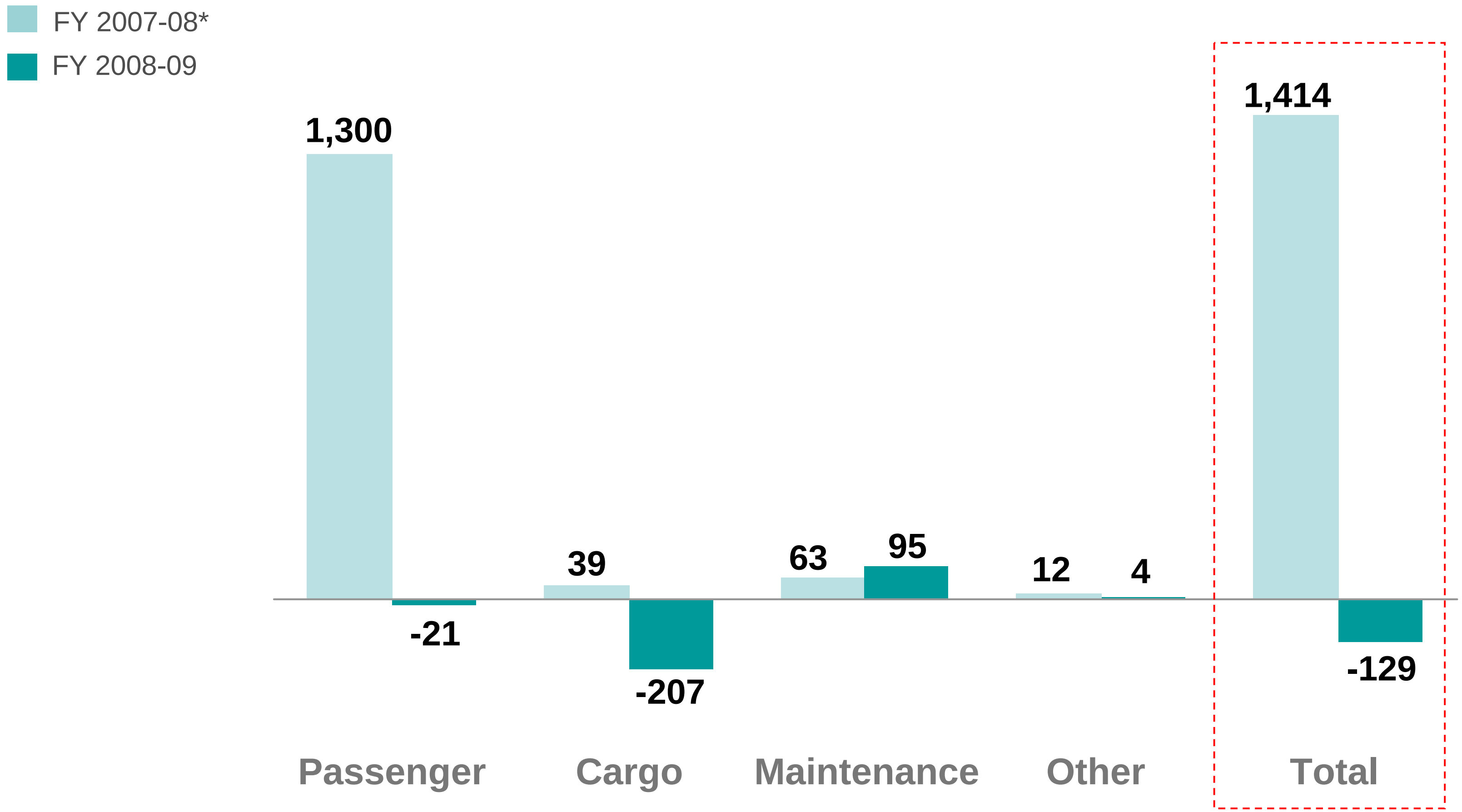
Unit cost per EASK: **6.57 € cents**



* incl Martinair

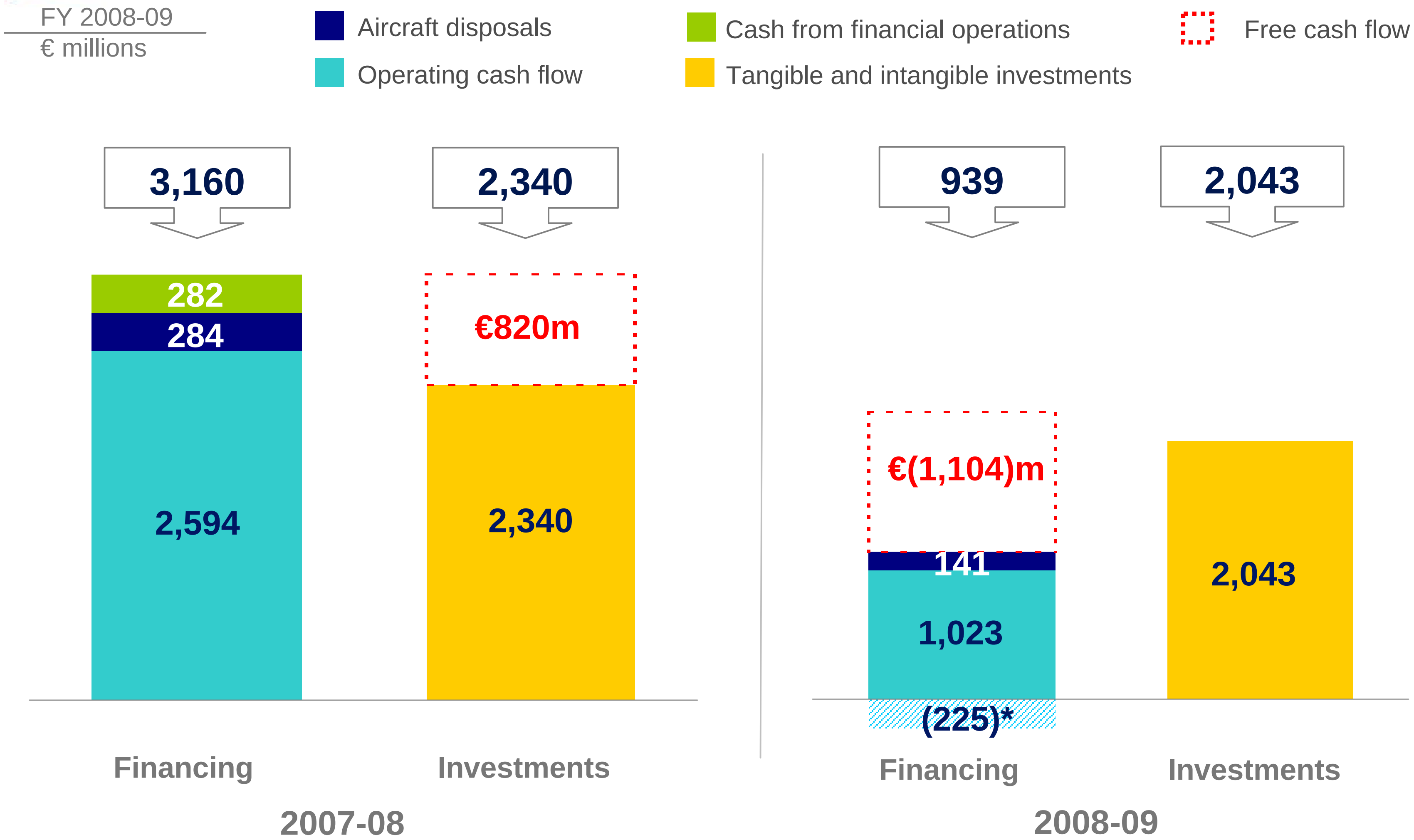
Breakdown of operating income by business

FY 2008-09
€ millions



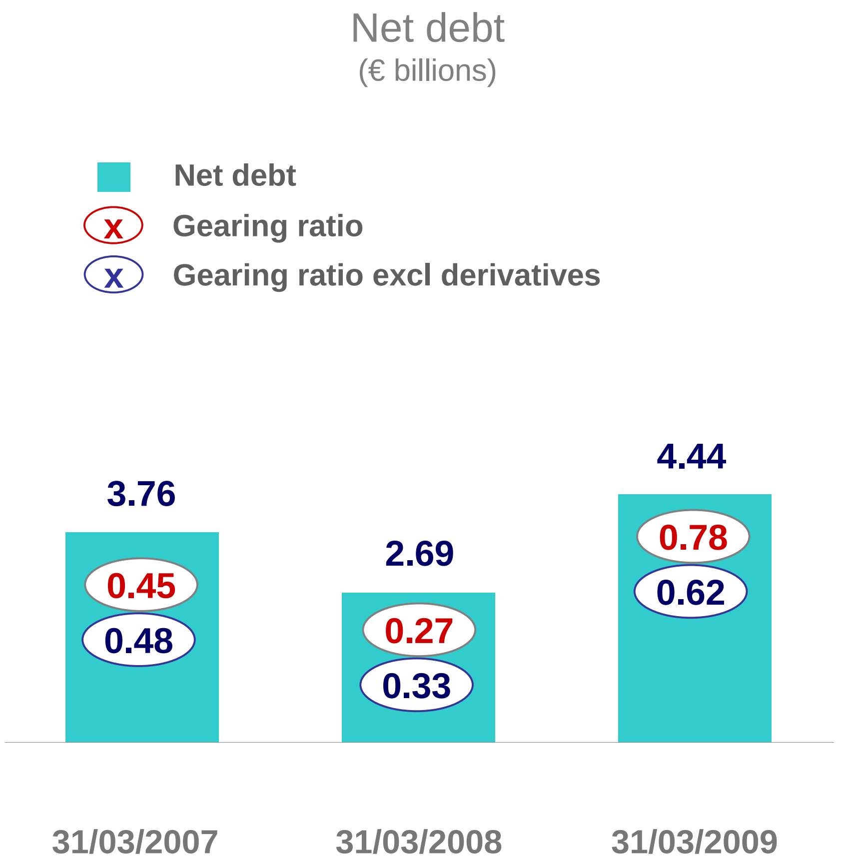
* restated for IFRIC 13

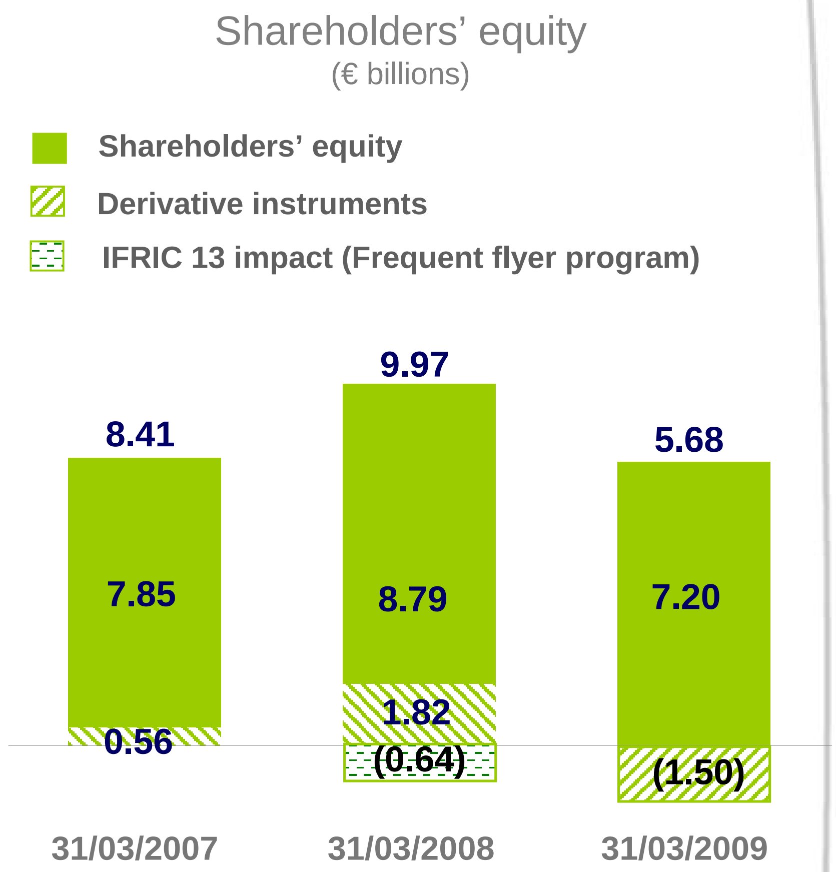
FY 2008-09: Negative free cash flow



* Cargo fine

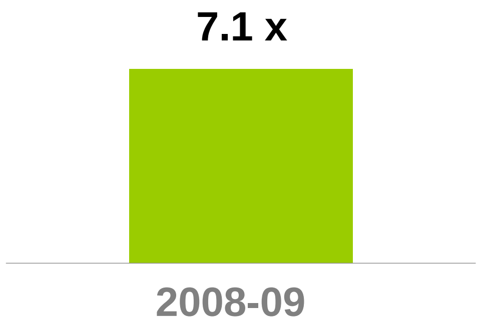
Robust balance sheet



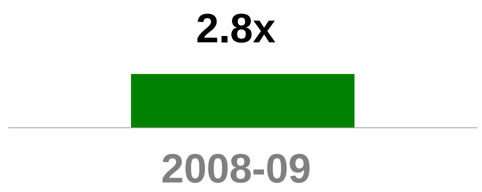


Satisfactory financial ratios

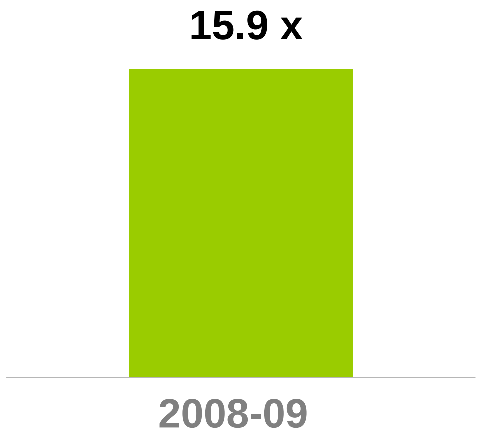
EBITDAR / net adjusted interest costs*



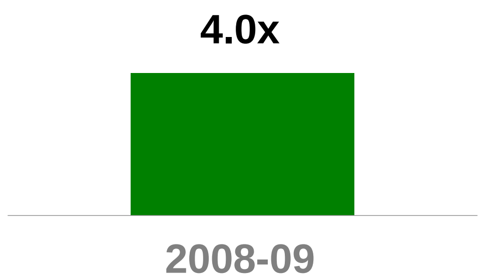
Net debt/EBITDA



EBITDA / net interest costs



Net adjusted debt/EBITDAR



* Adjusted for the share of financial charges within operating leases (34%)

Strategy and outlook

Pierre-Henri Gourgeon
CEO, Air France-KLM

Adapting to the current environment while maintaining a platform for future growth

- Reinforcement of measures to counter the crisis
  - Reduction in capacity in both passenger and cargo
  - Adaptation of the workforce to current activity levels
  - Reinforcement of 'Challenge 12' cost-savings program
  - Reduction in the investment plan
  - Securing the financing of the fleet
  - Reducing fuel costs

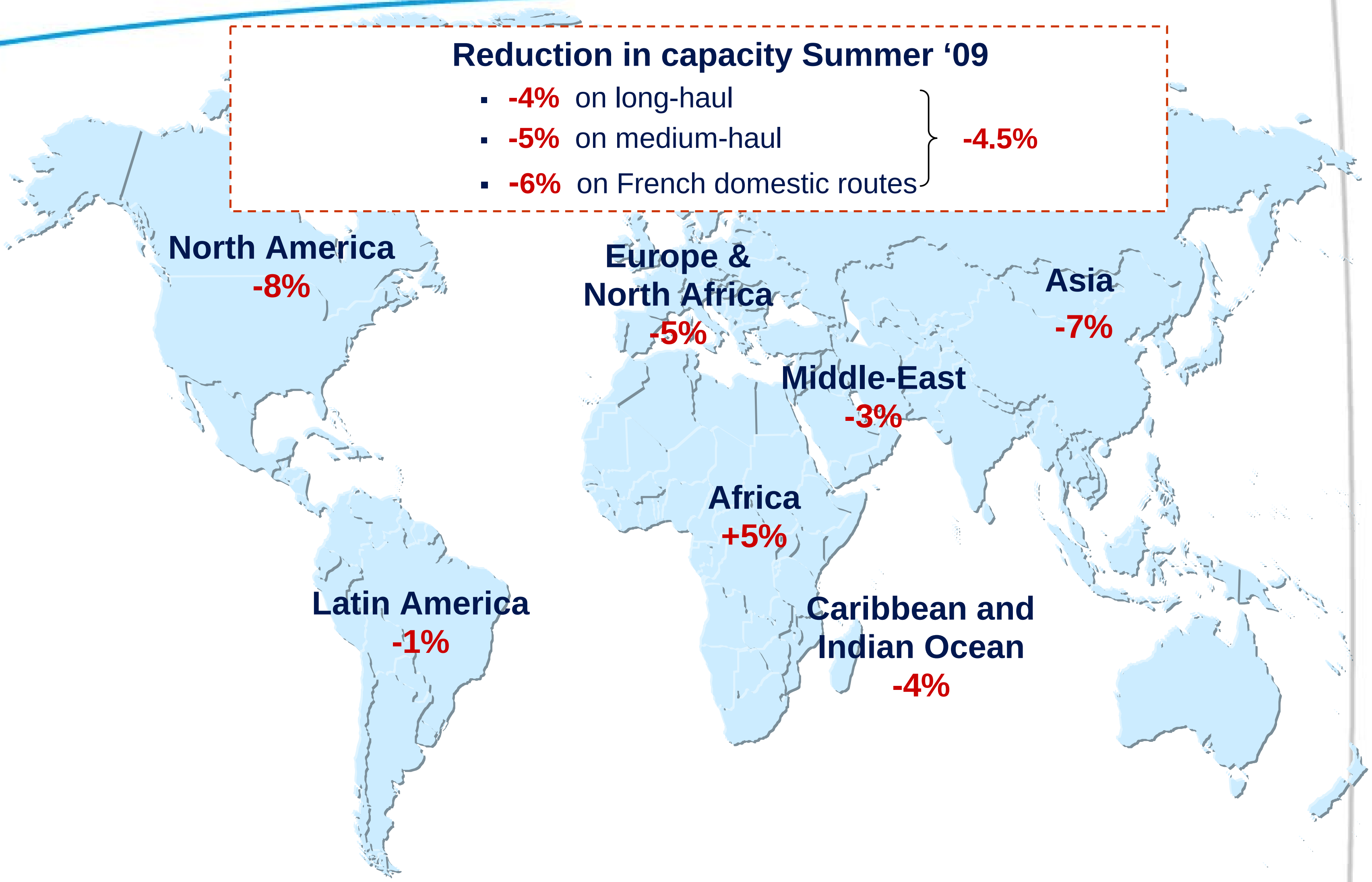
- Our future sources of growth
  - North Atlantic joint-venture
  - Strategic partnerships
  - Development of SkyTeam
  - Ongoing focus on customer satisfaction

Passenger: rapid reduction in capacity to adapt to market conditions

Reduction in capacity Summer '09

- **-4%** on long-haul
- **-5%** on medium-haul
- **-6%** on French domestic routes

$\left.\begin{array}{l} \text{-4\% long-haul} \\ \text{-5\% medium-haul} \end{array}\right\}$ **-4.5%**



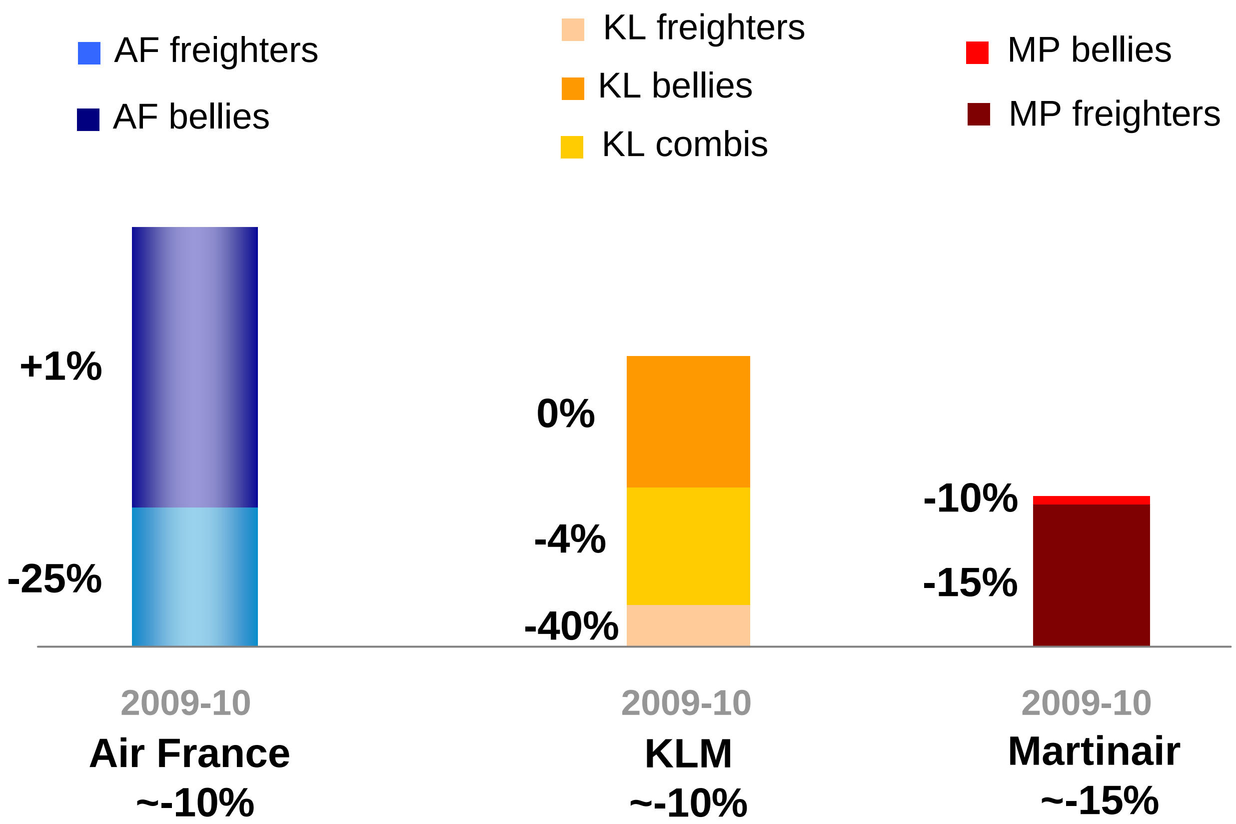
Cargo: integration of Martinair…

- Buyout of Martinair…
  - Predominantly cargo activity (75% of revenues)
  - Annual revenues of some 700 million euros
  - Operational fleet of 13 aircraft including 9 freighters

- …allows us to
  - Coordinate capacity management at Amsterdam Schiphol
  - Optimise the organisation of the networks
  - Develop synergies between the three carriers

…allows for coordinated capacity reduction

Capacity reduction (-11%) mainly through grounding of 6 freighters



Adaptation of the workforce to lower activity levels

- In 2008-09
  - Recruitment and temporary recruitment halted
  - Retirement facilitated
  - Reinforcement of professional mobility initiatives

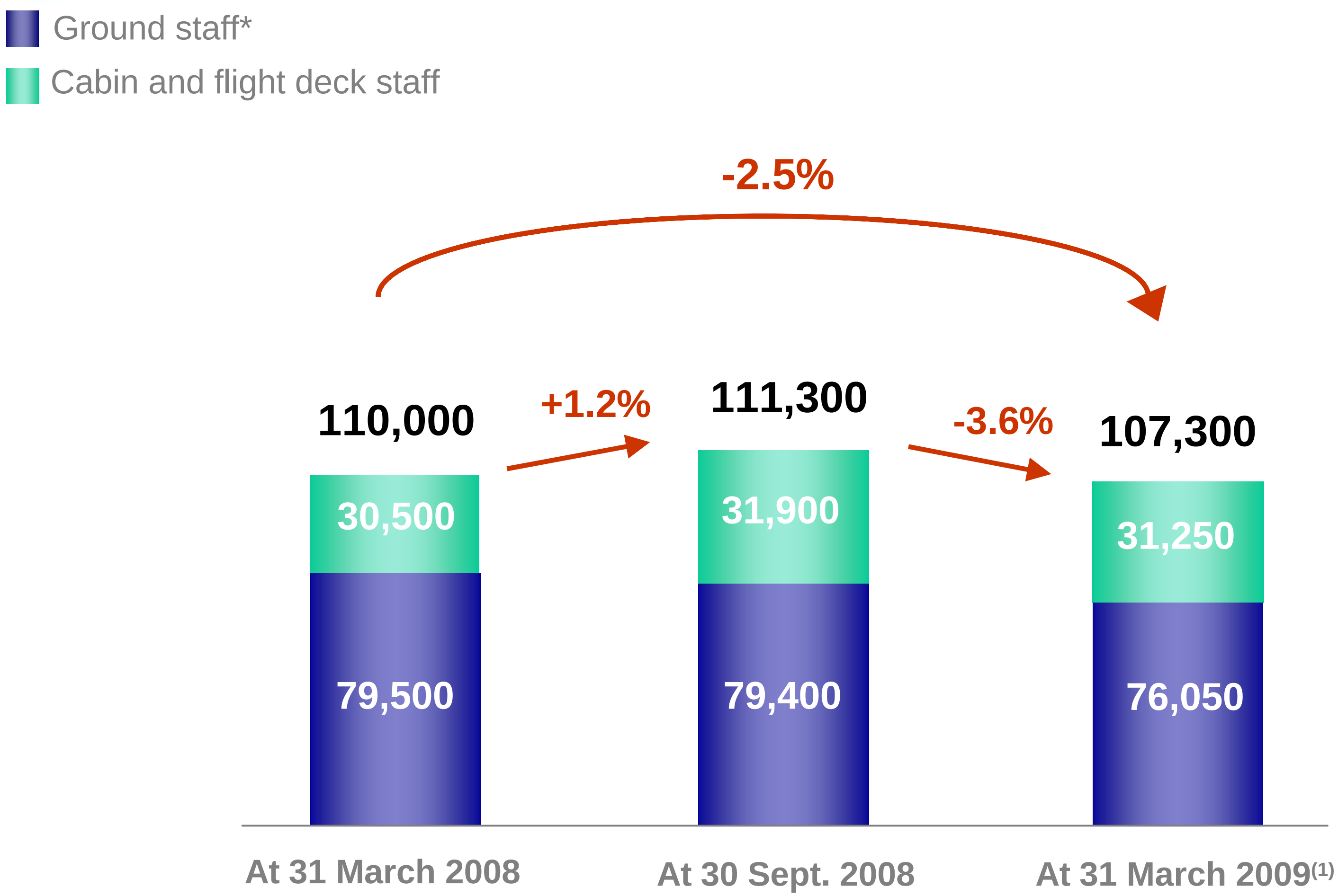
- **2.5% headcount reduction**
- **Reduction in employee costs* in Q4**

- In 2009-10
  - Wage agreements concluded at Air France and KLM
    - 0.8% at AF effective 2009
    - 1.25% at KLM effective 2010
  - Flexible employee policies aimed at reducing costs without affecting our expertise
    - Retirement facilitated
    - Professional and geographic mobility
    - Greater flexibility in terms of career breaks and sabaticals
    - Development of part-time working

- **3% headcount reduction**
- **Reduction in employee costs* over the FY****

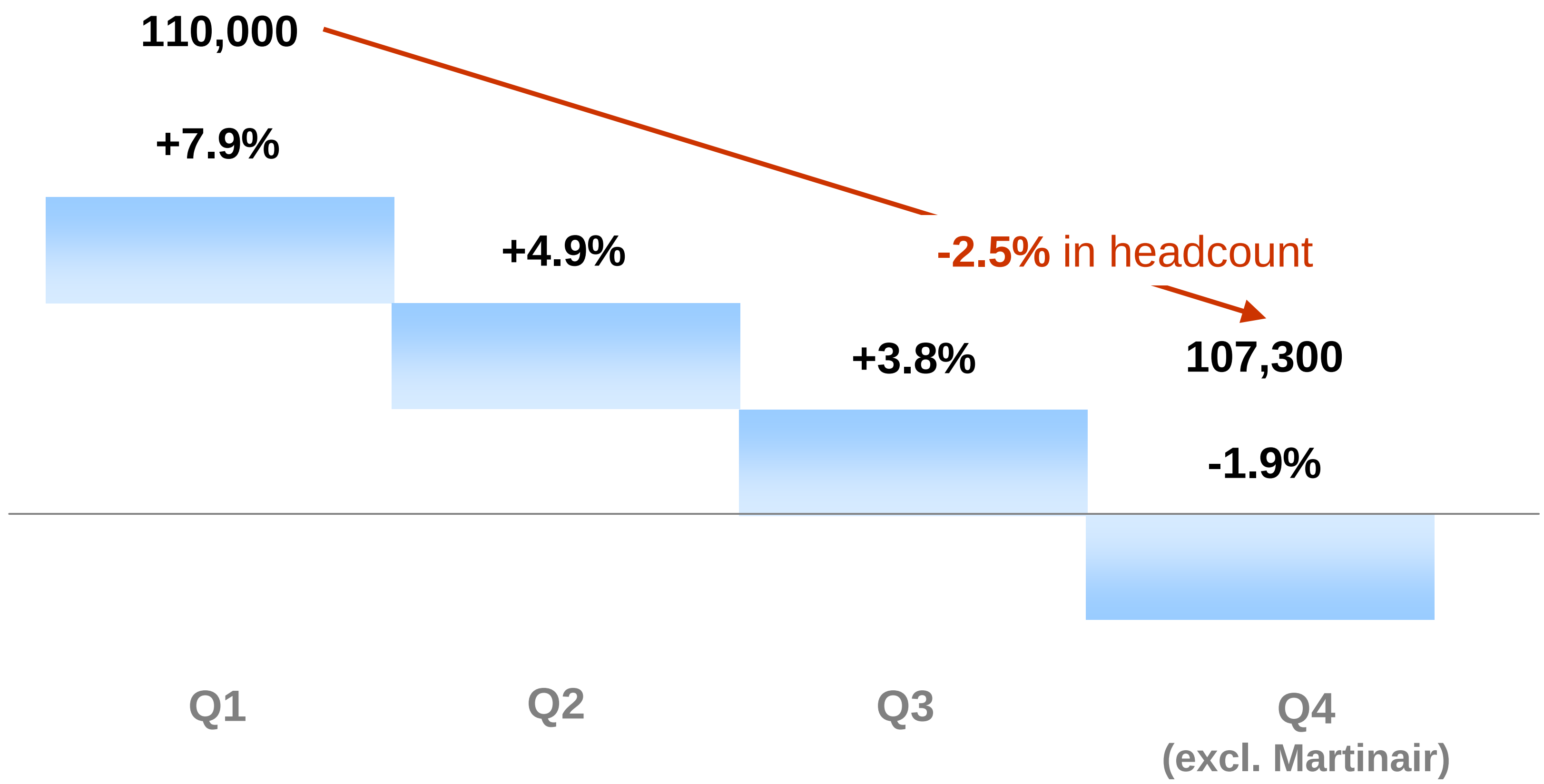
* Including temporary employees
** excluding KLM pension fund

Headcount reduced by 3.6% since the beginning of the crisis



(1) Excluding Martinair
* incl. temps

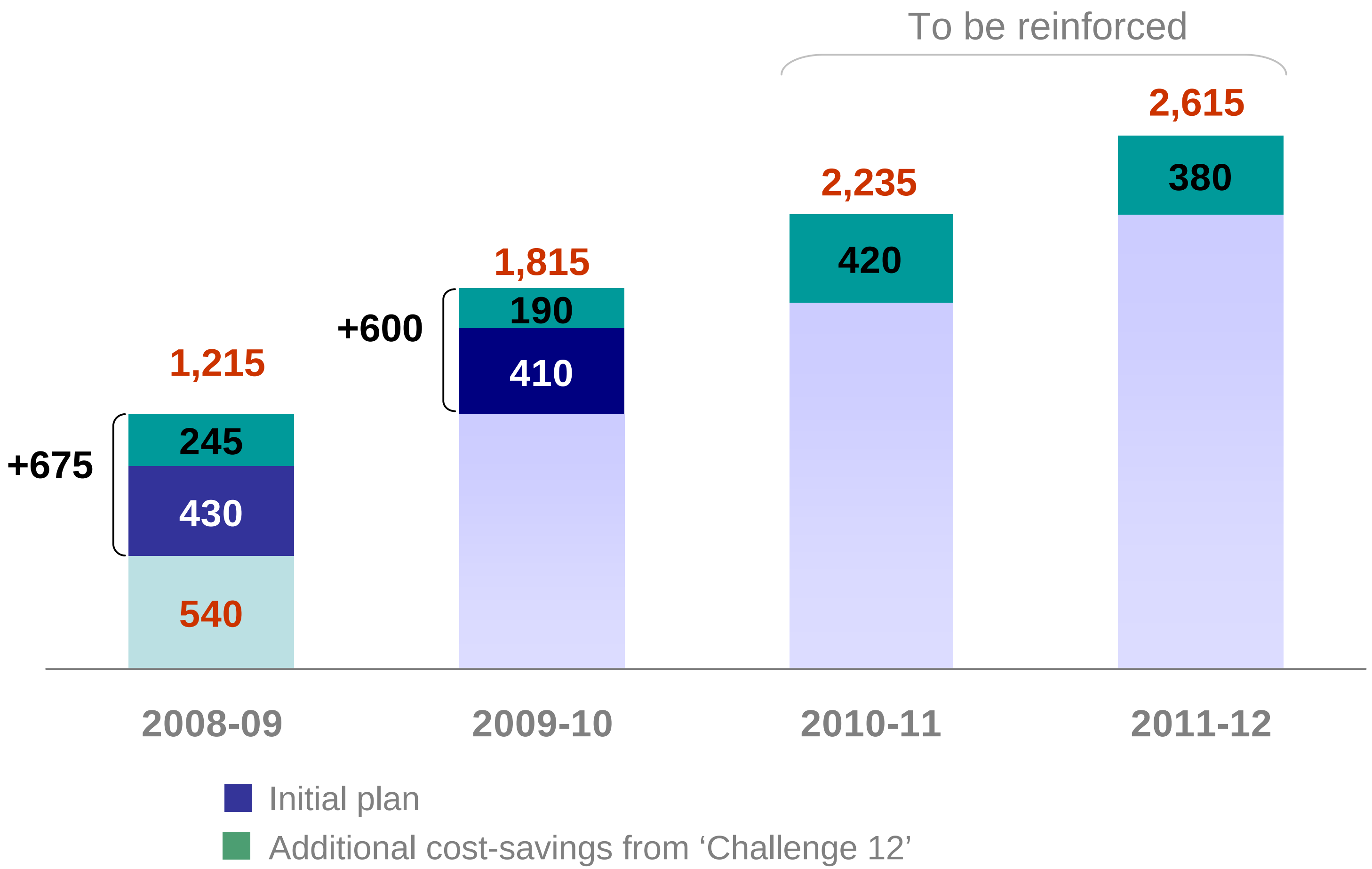
Change in employee costs* in 2008-09 in line with the reduction in headcount



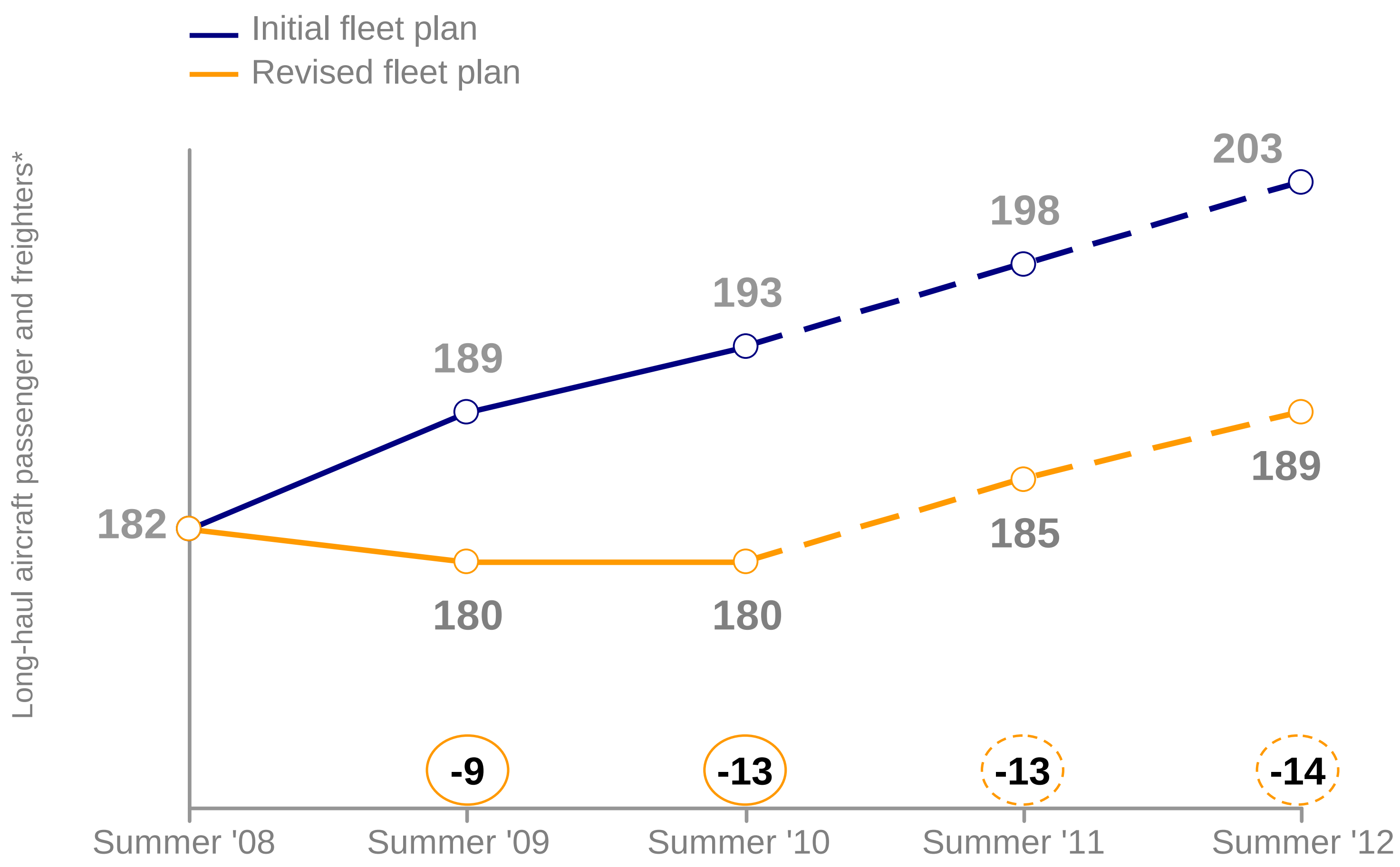
* Employee cost incl temps

‘Challenge 12’ cost-savings program

€ millions



Adjustment in new aircraft delivery schedule…

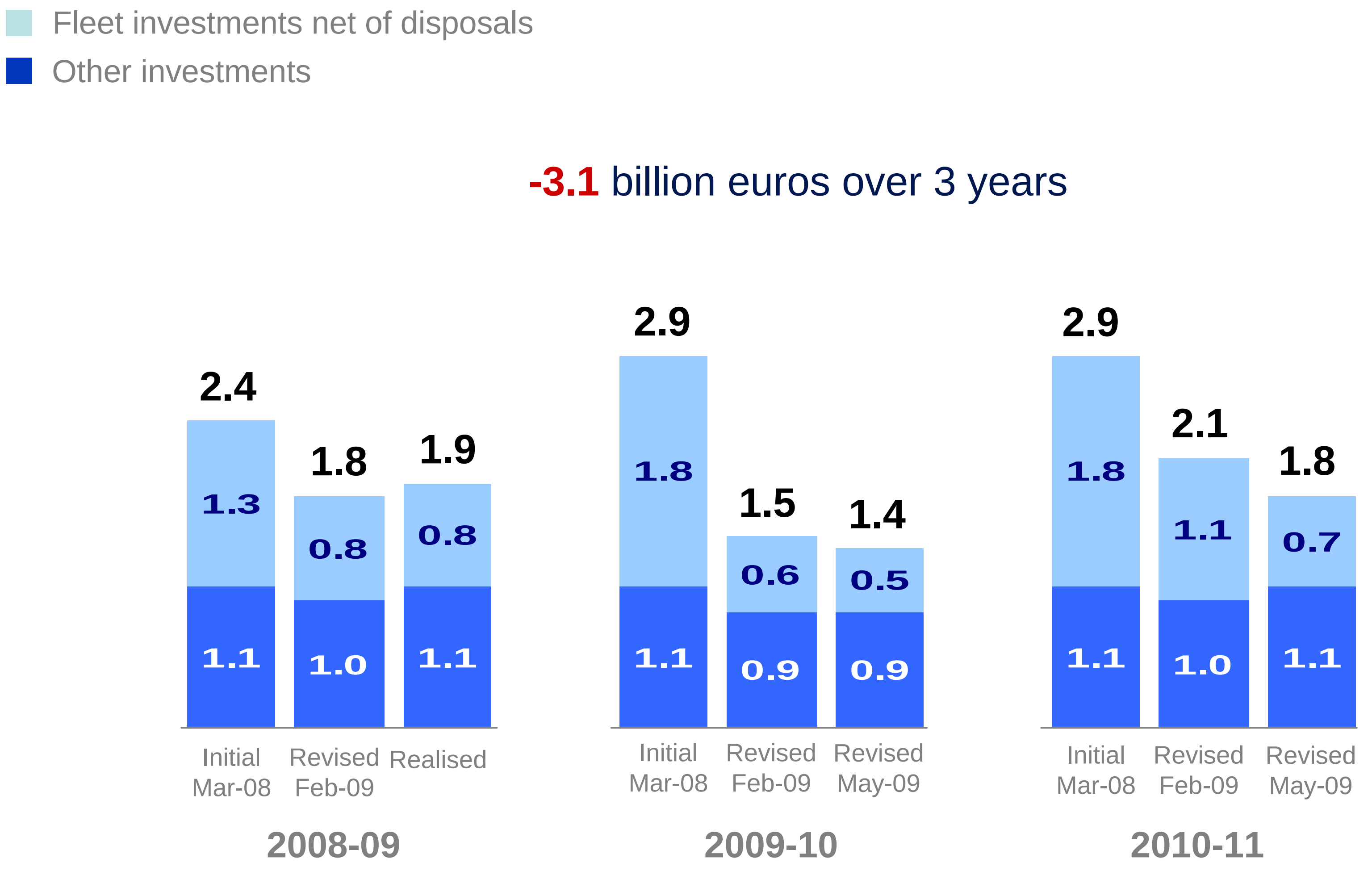


* Including Martinair

…and investment plan

€ millions

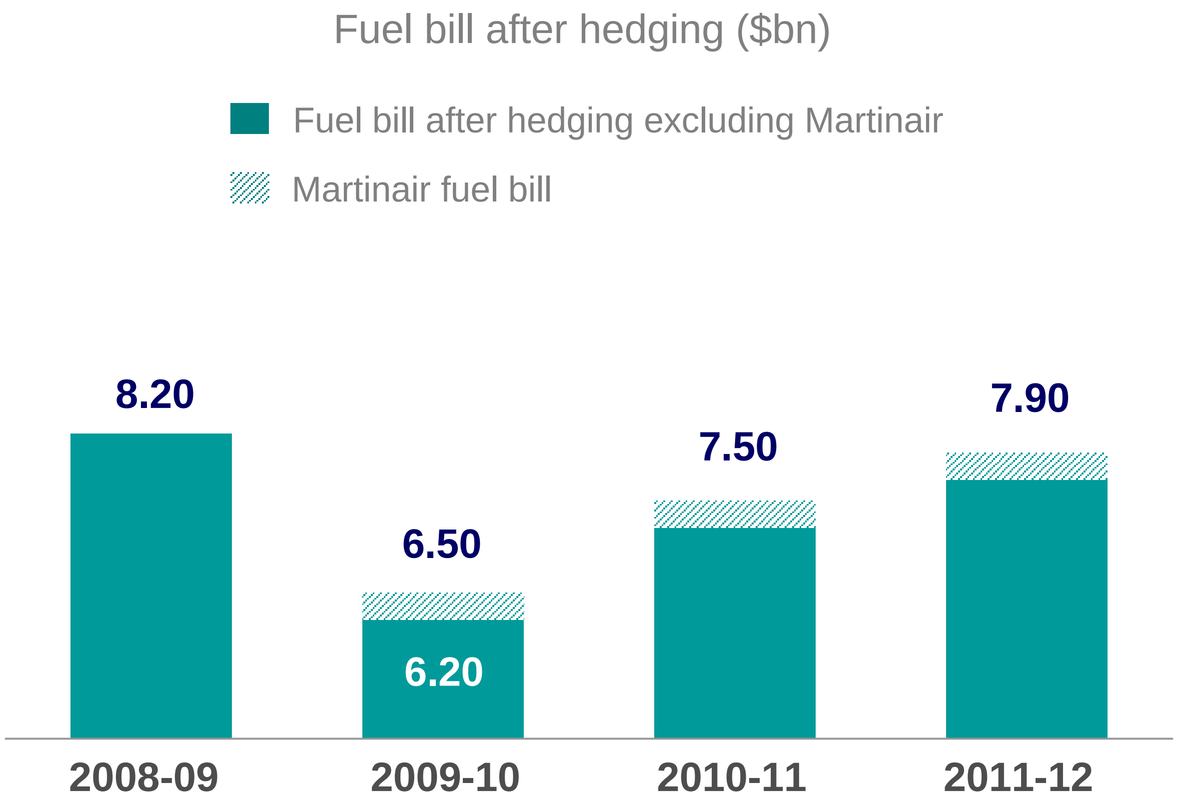
-3.1 billion euros over 3 years



High level of financial resources

- Available cash of 4.3 billion euros
  - 17.5% of revenues
- Available credit lines of 1.24 billion euros
  - Air France: 700 million euros after drawing down 500 million in October 2008 with 24 banks, expiring July 2012
  - KLM: 540 million euros with 11 banks, expiring July 2010
  - Air France-KLM: 250 million euros expiring October 2017
  - Covenants respected
- Available financing for aircraft
  - 38 un-encumbered aircraft, of which 28 under 6 years old
- Debt repayment schedule limited to some 800 million euros per annum, for current and next two years

$1.9 billion reduction in fuel bill in 2009-10 on a same consolidation basis



	2008-09	2009-10	2010-11	2011-12
Futures*	86$	61$	68$	72$
Hedged level	75%	44%	17%	18%

* Forward curve at May 14, 2009

Our growth drivers

- North Atlantic joint-venture
- Strengthening our strategic partnerships
- New organisation of SkyTeam
- Customer offer remains at the heart of our strategy

North Atlantic joint-venture operational as of April 2009

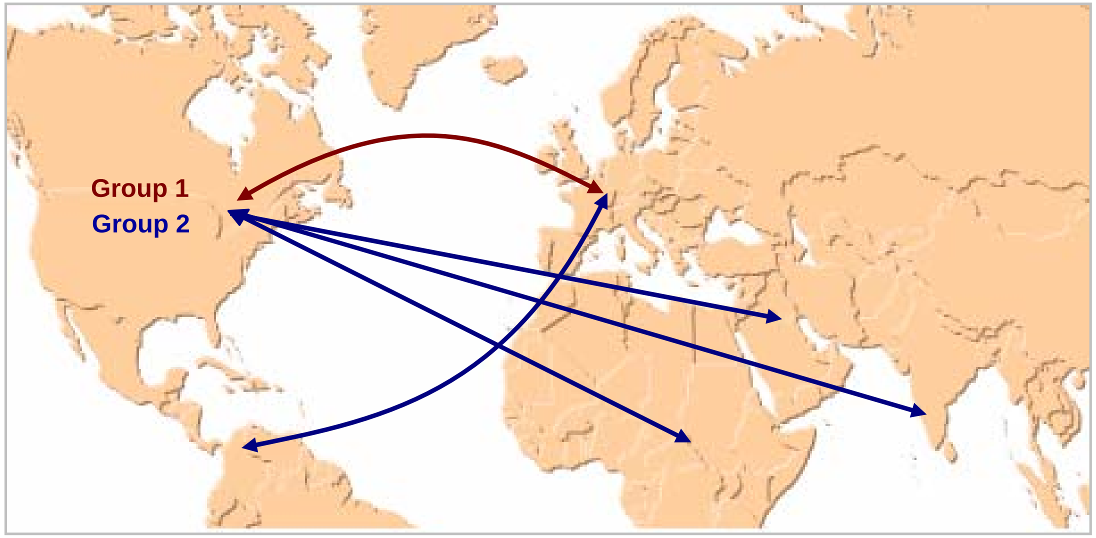
- JV between the European and US market leaders
  - 10 year contract with three-year renegotiation period
  - Governance via an executive commitee, a management committee and working groups

- The most powerful operator on the North Atlantic
  - Market share of 25%
  - $12bn in revenues
  - 220 daily flights in 2008
  - 6 main hubs: Paris, Amsterdam, Atlanta, Detroit, Minneapolis, New York

- Improvement of some 145 million euros in performance of the network for the Air France-KLM group

Scope organised into two groups of routes

- Group 1 (fully integrated cooperation)
  - USA / Canada / Mexico ← → Europe



- Group 2 (close coordination)
  - USA / Canada / Mexico ← → Mediterranean / India / Gulf States/ Africa
  - Europe ← → Central America + Colombia, Venezuela, Peru and Ecuador

Strategic partnership with Alitalia

- Air France-KLM took a 25% stake in January 2009
  - Accounted via the equity method as of 31 March 2009
  - No impact on 2008-09 results

- Alitalia Q1 (January-March 2009) in line with its budget

- Estimated synergies of 360 million euros in year 2 or 3 of which 160 million for Air France-KLM

SkyTeam alliance reinforced operationally

- SkyTeam: Number two global alliance with 19% market share
- Setting up of a centralised entity to manage the alliance based in Amsterdam
- Regrouping of SkyTeam members at LHR T4 in Autumn 2009
- New SkyTeam livery for one or two aircraft in each fleet

Ongoing investment in customer offer

Mobile phone check-in
on all medium-haul
destinations

New Air France livery

'Premium Voyageur' class on long-haul

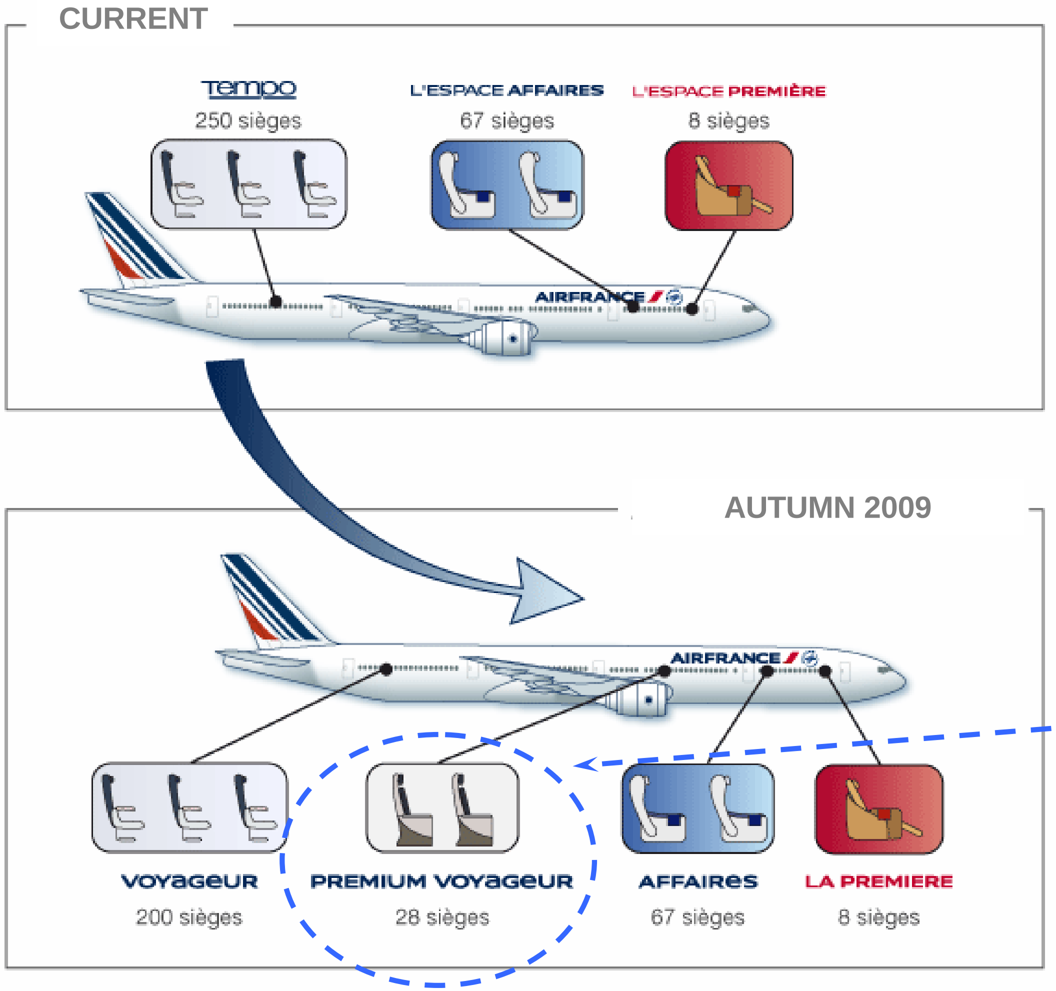
New KLM
unifom

'Smartboarding'
being trialled on
Paris-Amsterdam route

Premiere
lounge at CDG

New 'Premium Voyageur' class

EXAMPLE OF CHANGE IN 777-300ER CABIN CONFIGURATION



To conclude

- Difficult trading conditions in the first half and low visibility on the second
- However some signs of stabilisation in our operating environment
  - Since January for cargo and March for passenger
- We continue to take appropriate measures to protect our business
  - Capacity reduction
  - Protecting our cash
  - Adapting our workforce and reducing costs
- We continue to benefit from our strong fundamentals
  - AMS and CDG combination: our strongest advantage in the crisis
  - Continuing to take advantage of consolidation opportunities

Full Year Results
2008-09

May 20th 2009

Appendices

Calculation of net debt

€ millions	31st Mar 09	31st Mar 08
Current and non-current financial debt	9,137	7,748
Deposits on leased aircraft	(496)	(537)
Debt currency and hedging instruments	51	151
= Gross financial debt	**8,692**	**7,362**
Cash and cash equivalents	3,748	4,381
Investments over 3 months	430	185
Triple A deposits	352	279
Bank current accounts	(282)	(172)
= Net cash	**4,248**	**4,673**
Net debt	**4,444**	**2,689**
Consolidated shareholders' funds	**5,696**	**9,975**
Net debt / shareholders' funds	**0.78**	**0.27**
Net debt / shareholders' funds excl. derivatives	***0.62***	***0.33***

Simplified RoCE calculation

	31 March 09	31 March 08*
Shareholders' equity excl KLM pension funds (€928m) and derivatives	6,273	7,228
Operating leases x 7	4,522	4,277
Net debt	4,444	2,689
Capital employed	**15,239**	**14,194**
Adjusted operating income after tax	**62**	**1,071**
RoCE after tax	**0.4%**	**7.5%**

* Restated for the impact of the interpretation of IFRIC 13 at 31 March 2009