



31 October 2012

Third Quarter 2012 Results

Highlights of the quarter

- + Rise in passenger revenues, but cargo revenues decline
- + Further reduction in unit costs
- + Improved operating result
- + Transform 2015 on track

Key data

| €m | Third quarter | | | Nine months | | |
|--|---------------|--------------|----------------|---------------|---------------|----------------|
| | 2012 | 2011 | % ch. | 2012 | 2011 | % ch. |
| Revenues | 7,184 | 6,789 | +6% | 19,329 | 18,335 | +5% |
| EBITDAR | 1,228 | 1,018 | +21% | 1,872 | 1,726 | +8% |
| EBITDA | 974 | 808 | +21% | 1,154 | 1,098 | +5% |
| Income from current operations | 506 | 397 | +27% | -157 | -151 | nm |
| Adjusted operating income ⁽¹⁾ | 592 | 468 | +26% | 87 | 63 | +39% |
| <i>Adjusted operating margin</i> | <i>8.2%</i> | <i>6.9%</i> | <i>+1.3 pt</i> | <i>0.5%</i> | <i>0.3%</i> | <i>+0.1 pt</i> |
| Net income, group | 306 | 14 | nm | -957 | -550 | nm |
| Net capex ⁽²⁾ | -185 | -307 | -40% | -785 | -998 | -21% |
| Operating free cash flow ^{(2) (3)} | 66 | -390 | nm | -73 | -360 | nm |
| Free cash flow ^{(2) (4)} | 75 | -370 | nm | 378 | -363 | nm |
| Net debt at end of period | - | - | - | 6,022 | | |

(1) Adjusted by the portion of financial costs within operating leases (34%)

(2) Including, during Q2, €175m in asset acquisitions not qualified as capex under IFRS standards

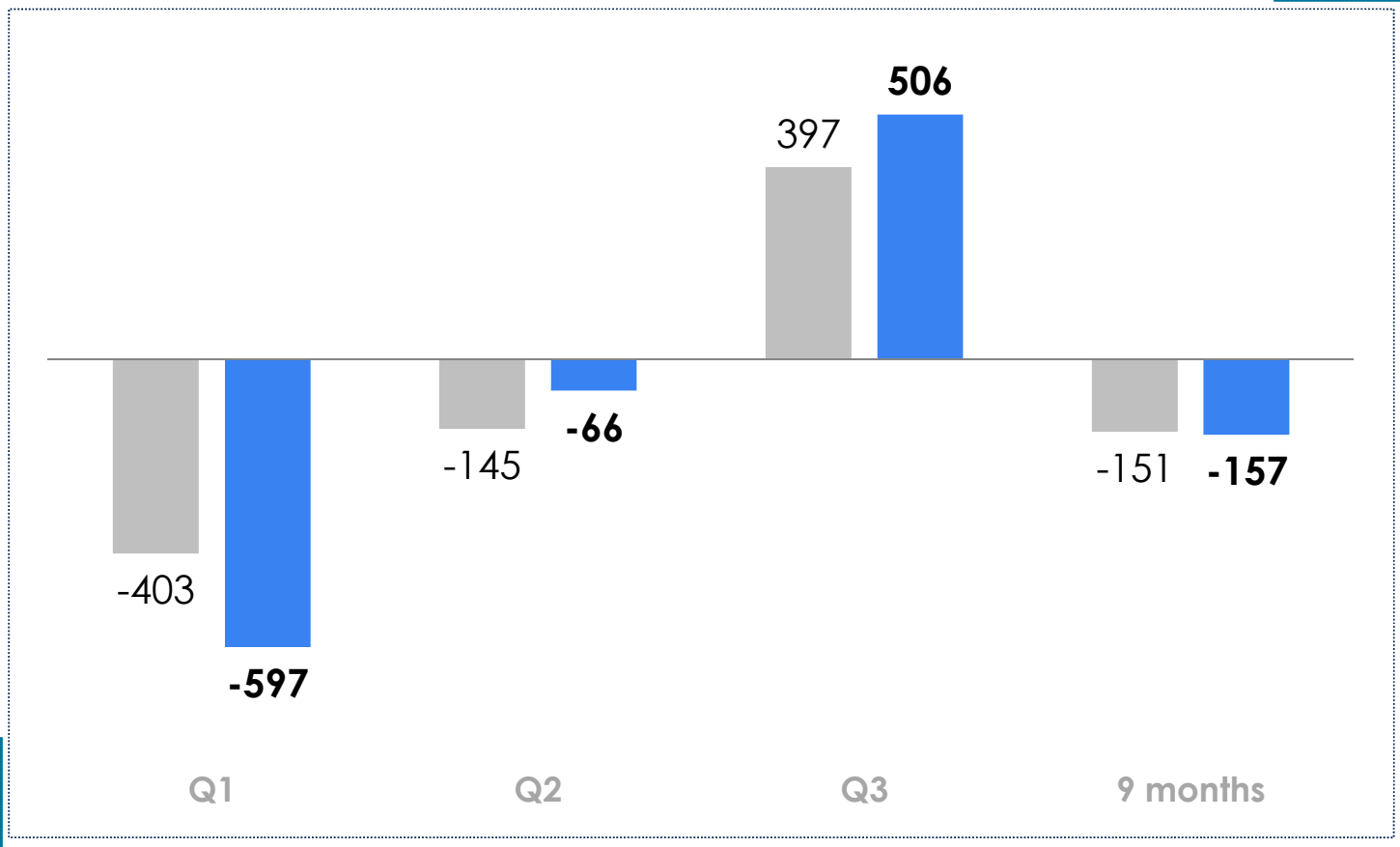
(3) Net cash flow from operating activities less net capex on tangibles and intangibles

(4) Operating free cash flow less net financial capex

Operating result by quarter

In € millions

- 2011
- 2012



Increase in fuel cost

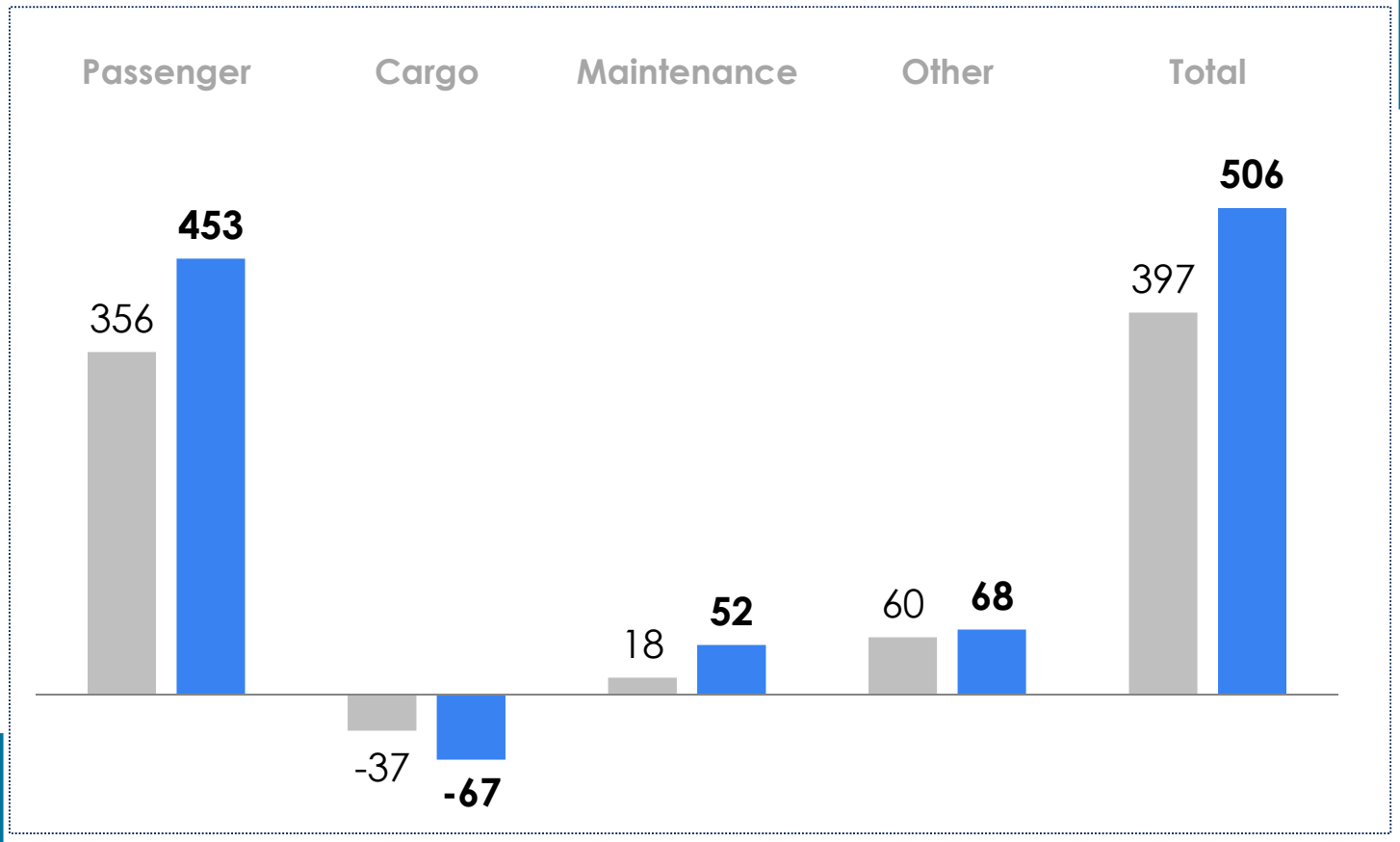
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Q3 operating result by business

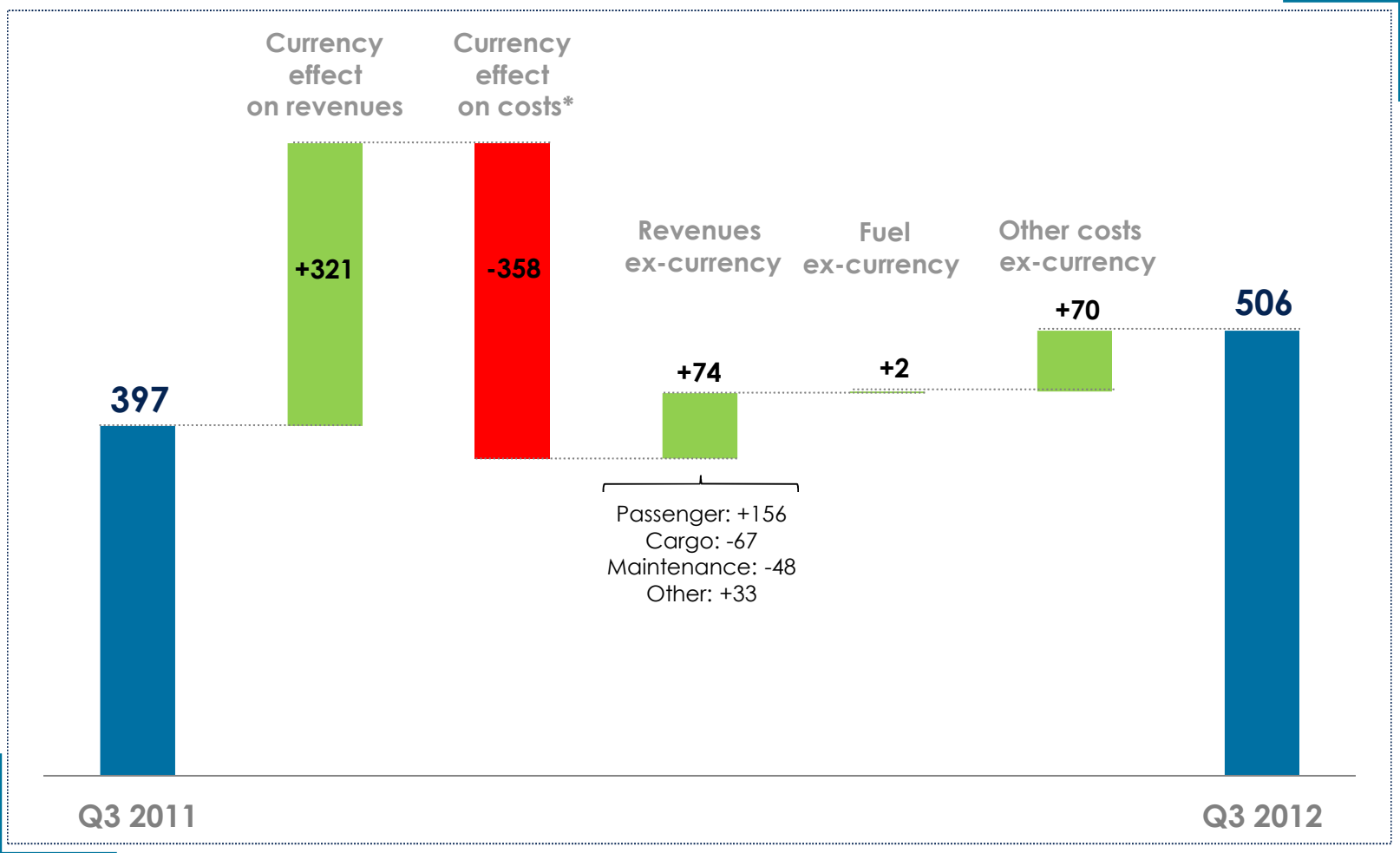
In € millions

- 2011
- 2012



Analysis of change in operating result

In € millions



* o/w positive effect of currency hedges: € 55m



Q3 revenues by business

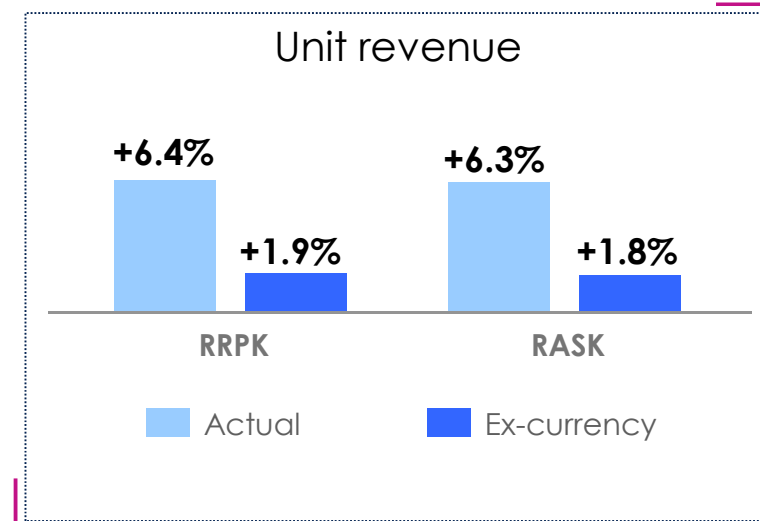
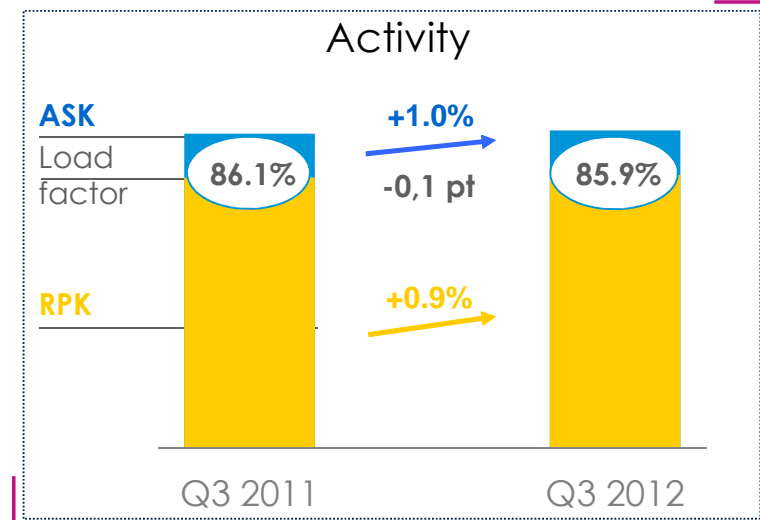
| | | € billions | Actual change | Ex-currency |
|--------------------|--|-------------|---------------|--------------|
| Passenger | | 5.69 | +7.9% | +2.8%* |
| Cargo | | 0.76 | -1.9% | -8.1% |
| Maintenance | | 0.26 | -5.9% | -15.8% |
| Other | | 0.48 | +1.7% | +7.5%* |
| Total | | 7.18 | +5.8% | +1.0% |

* At constant perimeter : restated for cessation of Martinair passenger activities

Passenger: activity and unit revenue in Q3

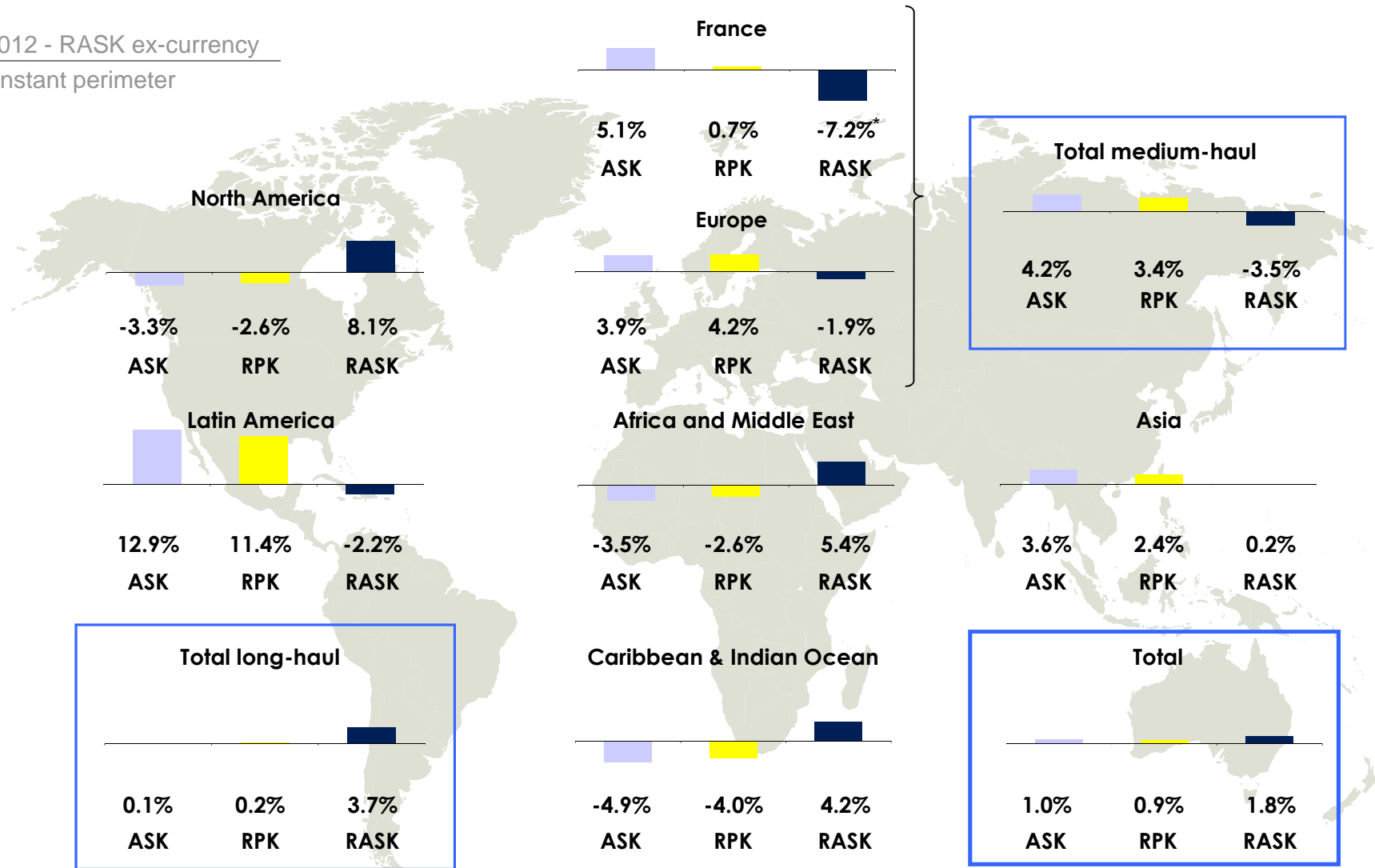
- + Limited capacity growth
- + RASK growth driven by long-haul:
 - ▶ Medium-haul RASK -3.5%*
 - ▶ Significant network mix effect on French network
 - ▶ Long-haul RASK +3.7%*
 - ▶ Premium +4.2%*
 - ▶ Economy +3.9%*

* Ex-currency



Unit revenue by network

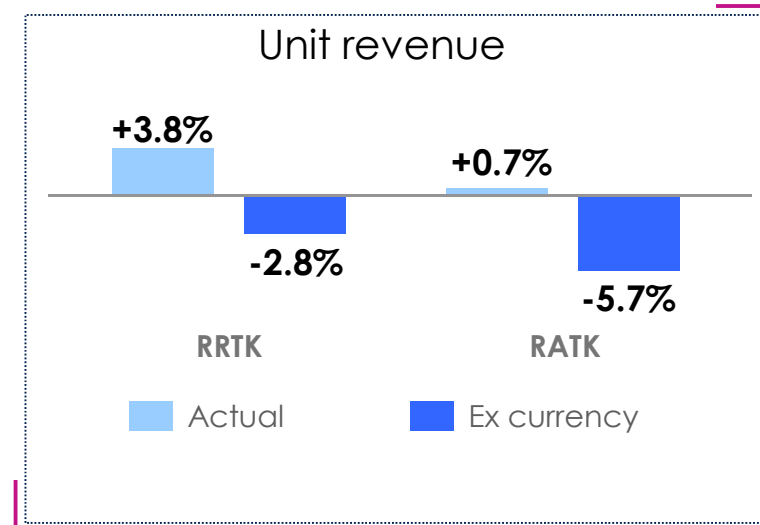
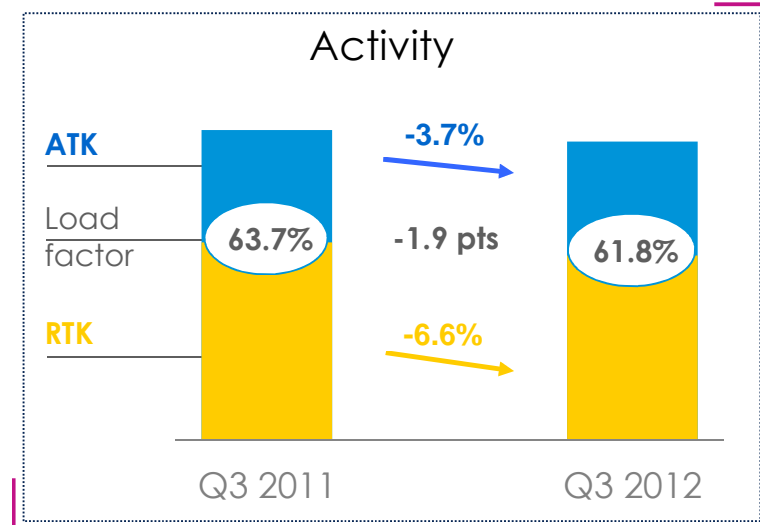
Q3 2012 - RASK ex-currency
At constant perimeter



* Significant network mix effect. Ex-currency RASK Orly/CDG alone: -2.2%

Cargo: activity and unit revenue in Q3

- + Ongoing strict capacity control
 - ▶ Q3: full freighters: -9%,
o/w -31% on Asia
- + Decline in volume exceeds reduction in capacity
- + Industry overcapacity situation persists
 - ▶ Especially from major Asian markets
- + Capacity adjustments stepped up in coming months



Other businesses

| Maintenance €m | Third quarter | | | Nine months | | |
|----------------------------|---------------|------------|------------|--------------|--------------|------------|
| | 2012 | 2011 | % ch. | 2012 | 2011 | % ch. |
| Third party revenue | 256 | 272 | -6% | 779 | 767 | +2% |
| <i>Ex currency</i> | | | -16% | | | -8% |
| Total revenue | 759 | 779 | -3% | 2,332 | 2,316 | +1% |
| Other | | | | | | |
| Third party revenue | 476 | 468 | +2% | 1,030 | 1,077 | -4% |
| <i>o/w Transavia</i> | 368 | 330 | +12% | 732 | 667 | +10% |
| <i>o/w other</i> | 108 | 111 | -3% | 298 | 324 | -8% |

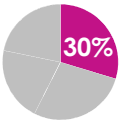
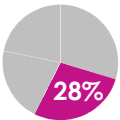
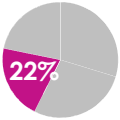
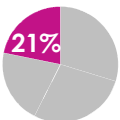
Maintenance

- ▶ Improved result despite temporary slowdown in engines activity
- ▶ Q3 2011 result impacted by costs linked to strike action at line maintenance (€23m)

Transavia

- ▶ Dynamic revenues
- ▶ Improved operating result

Q3: change in operating costs

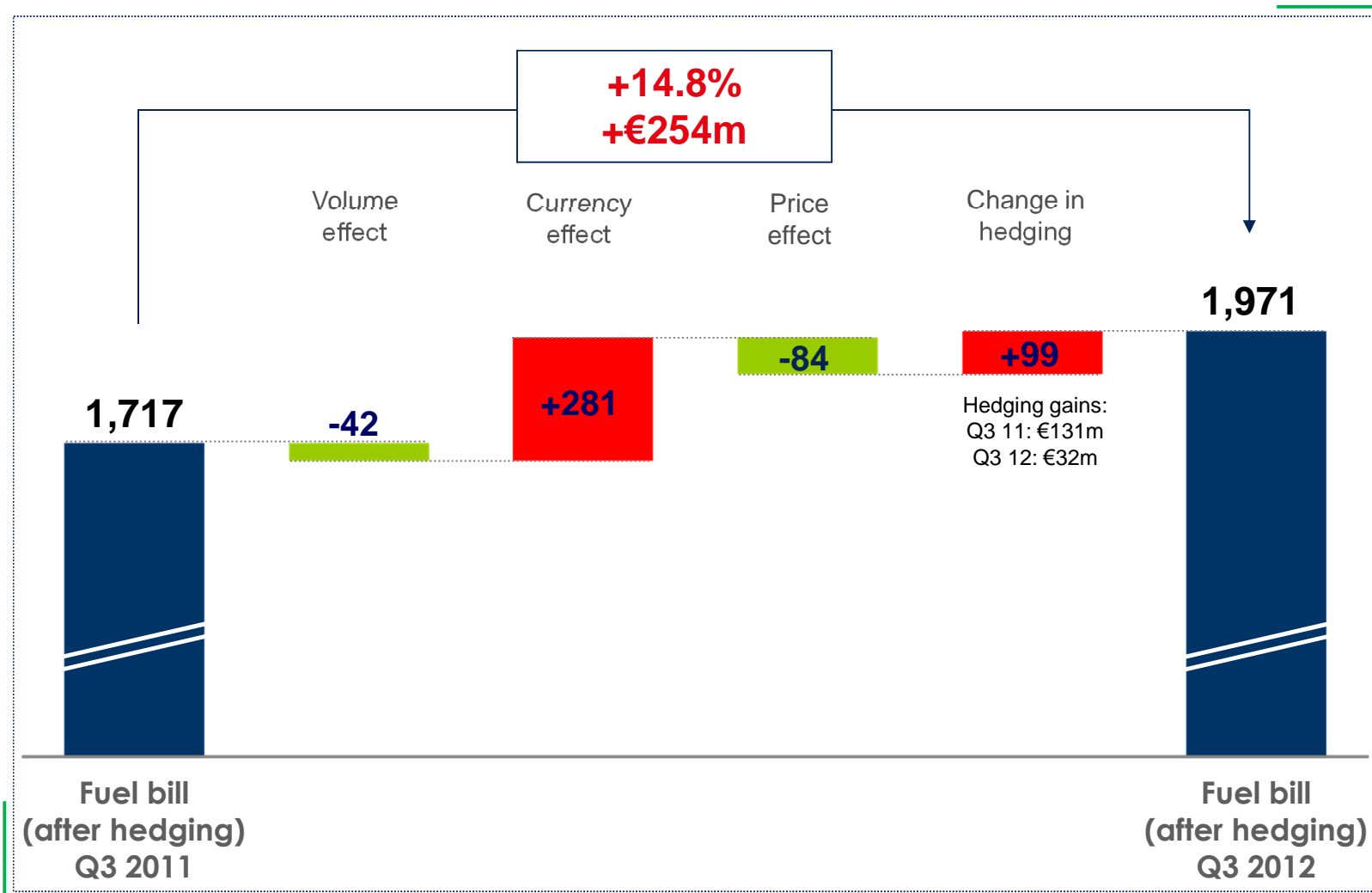
| | € millions | Actual change | Ex-currency |
|--|--------------|---------------|--------------|
|  Fuel | 1,971 | +14.8% | -0.1% |
|  Employee costs | 1,882 | +1.2% | +0.8% |
|  Other manageable costs* | 1,456 | -4.5% | -9.2% |
|  Other costs** | 1,419 | +8.1% | +2.8% |
| Total | 6,678 | +4.5% | -1.1% |
| Operating costs ex-fuel | 4,707 | +0.7% | -1.5% |

* Catering, handling charges, maintenance, commercial and distribution and other external expenses

** Chartering, aircraft operating leases, landing fees, amortization, depreciation and provisions

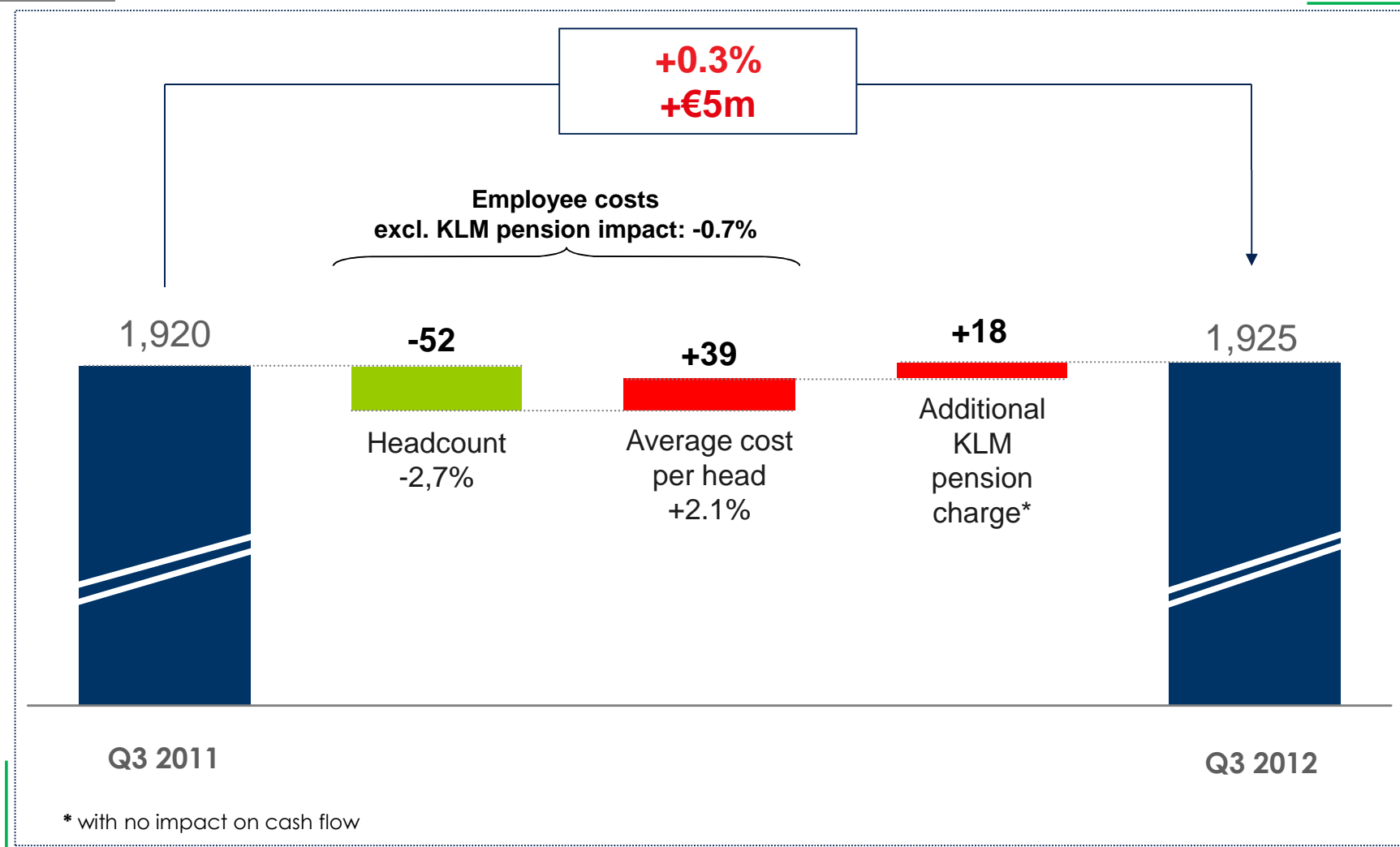
Q3: analysis of change in fuel bill

In € millions



Q3: analysis of change in employee costs (including temporary staff)

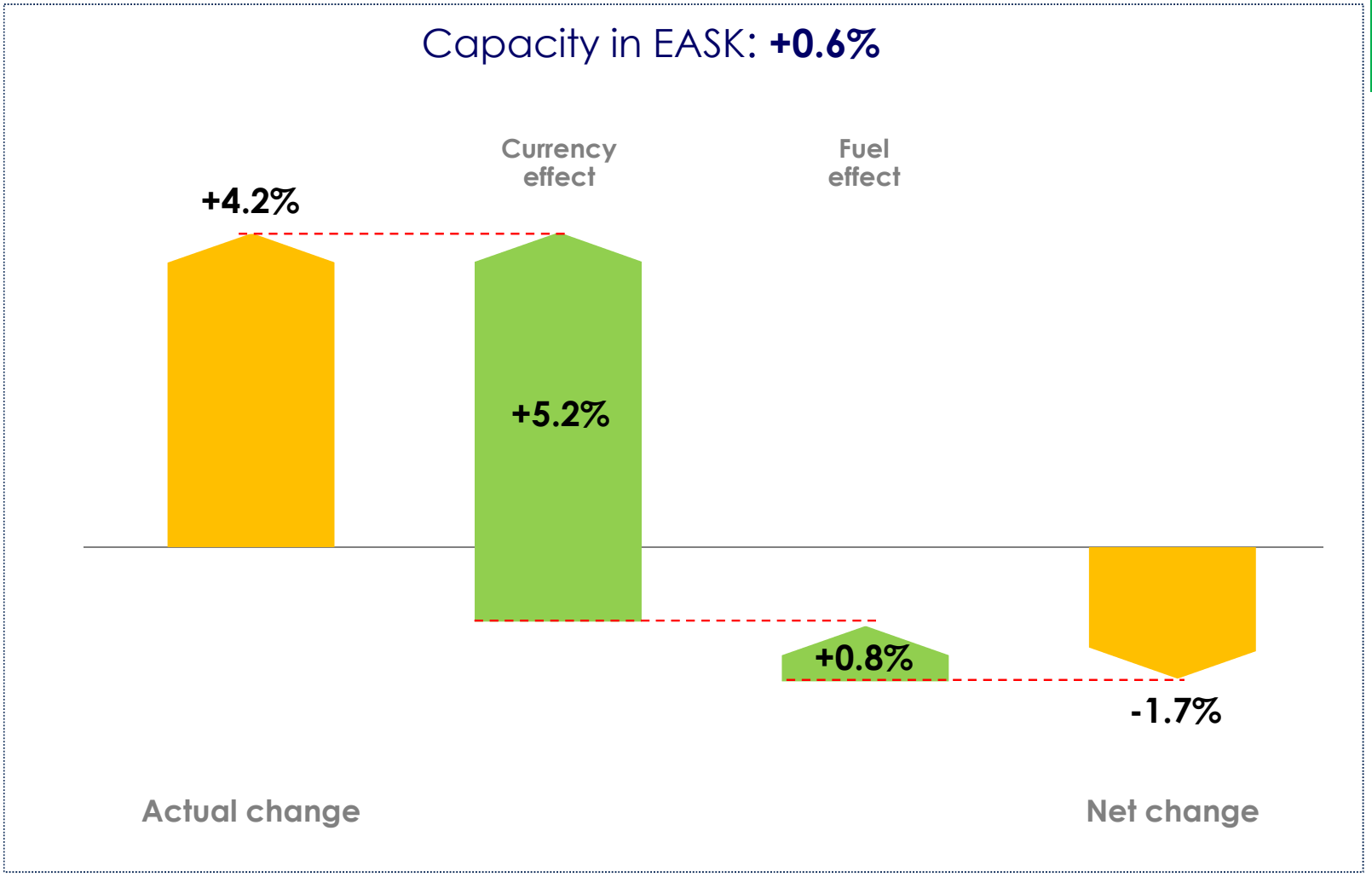
In € millions



Q3 unit cost lower thanks to Transform 2015

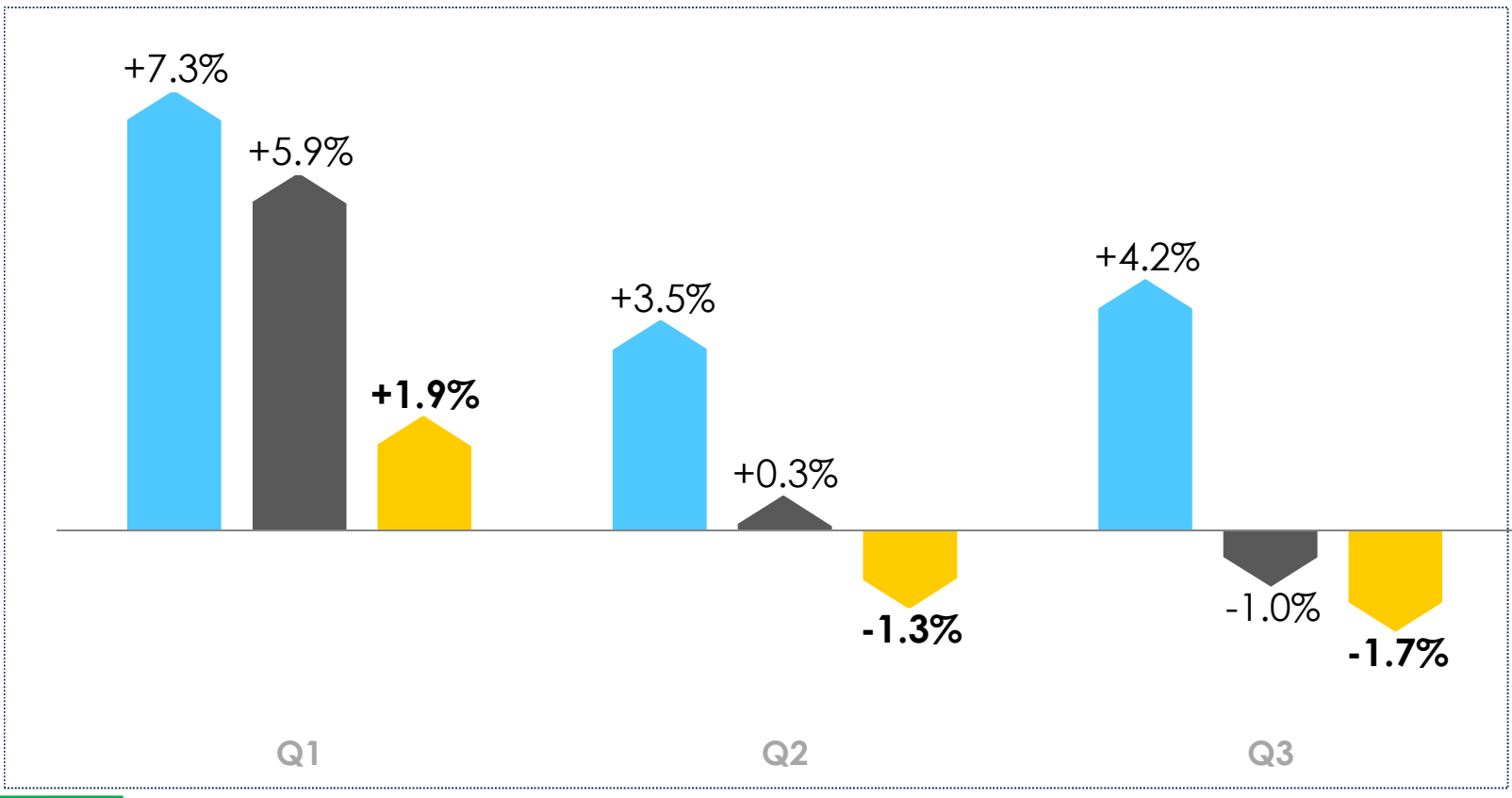
July-Sept 2012

Unit cost per EASK : 6.69 € cts



Unit costs by quarter

- Actual change
- Ex-currency
- Ex-currency and at constant fuel price



Capacity in EASK: **+5.1%** **-0.1%** **+0.6%**

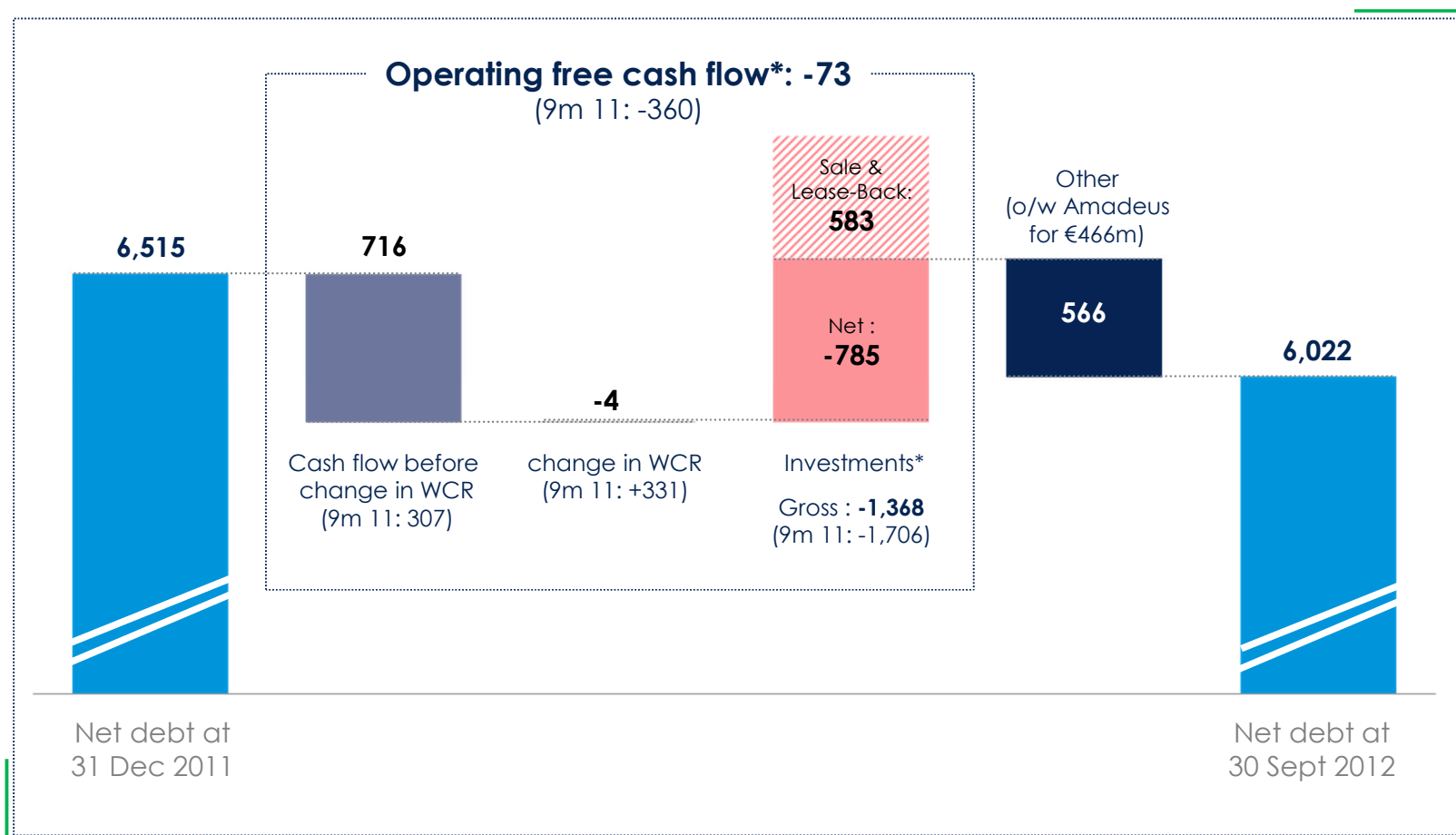


Net result

| €m | Third quarter | | | Nine months | | |
|---|---------------|------------|-------------|-------------|-------------|------------|
| | 2012 | 2011 | % ch. | 2012 | 2011 | % ch. |
| Income from current operations | 506 | 397 | +27% | -157 | -151 | +4% |
| Non current income and expenses | -181 | -3 | | -463 | -104 | |
| <i>o/w Amadeus operation</i> | 0 | 0 | | 97 | 0 | |
| <i>o/w impairment of goodwill</i> | -168 | 0 | | -168 | 0 | |
| <i>o/w restructuring</i> | 0 | 7 | | -372 | 5 | |
| Income from operating activities | 325 | 394 | -18% | -620 | -255 | nm |
| Net cost of financial debt | -94 | -95 | | -264 | -273 | |
| Net foreign exchange | 3 | -125 | | -29 | -88 | |
| Change in fair value of financial assets and liabilities | 210 | -145 | | 58 | -142 | |
| Income taxes | -147 | -9 | nm | -58 | 242 | nm |
| Share of profit (losses) of associates, minority interest | 11 | -6 | | -49 | -31 | |
| Net income, group | 306 | 14 | nm | -957 | -550 | nm |

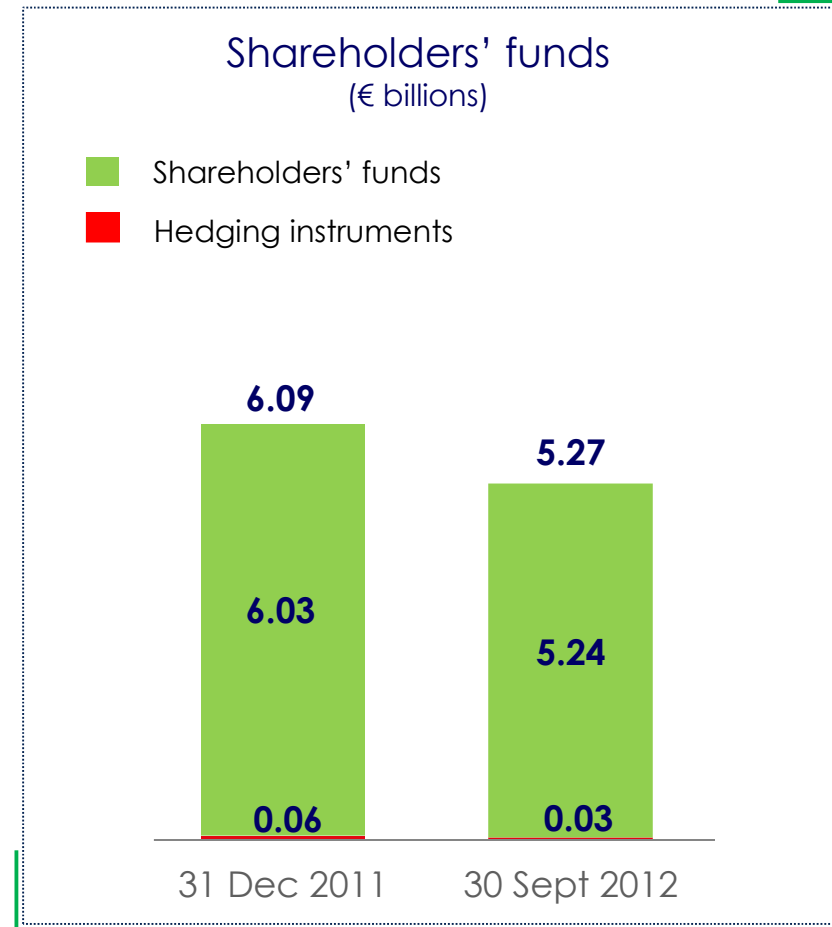
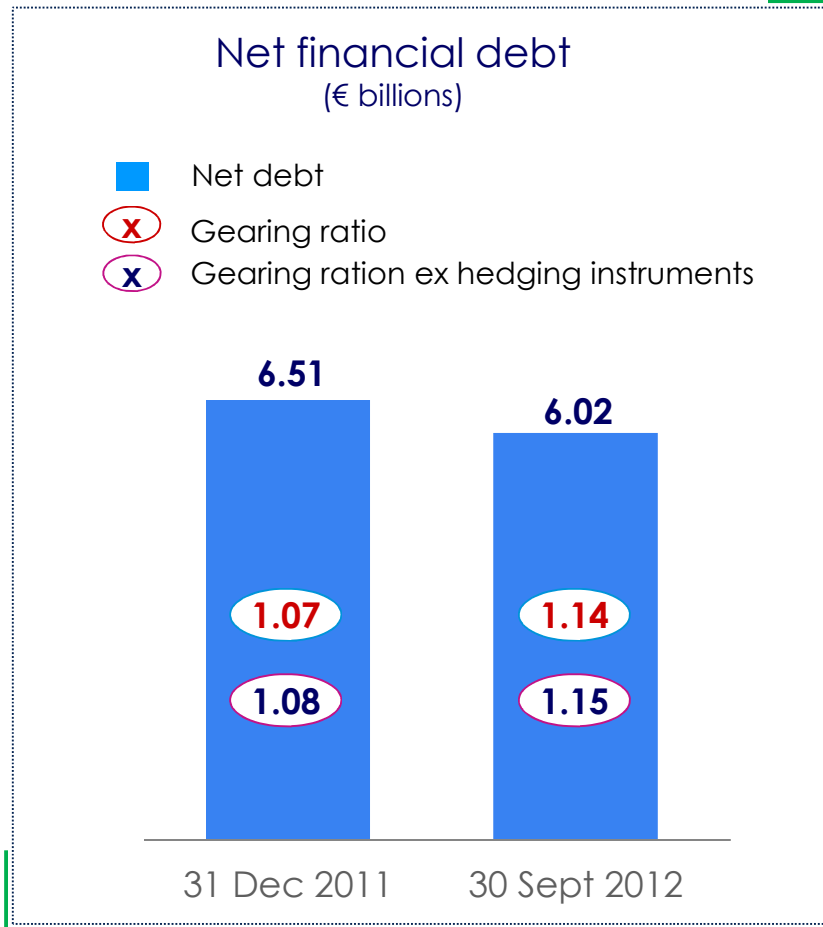
Change in debt over 9 months

In € millions

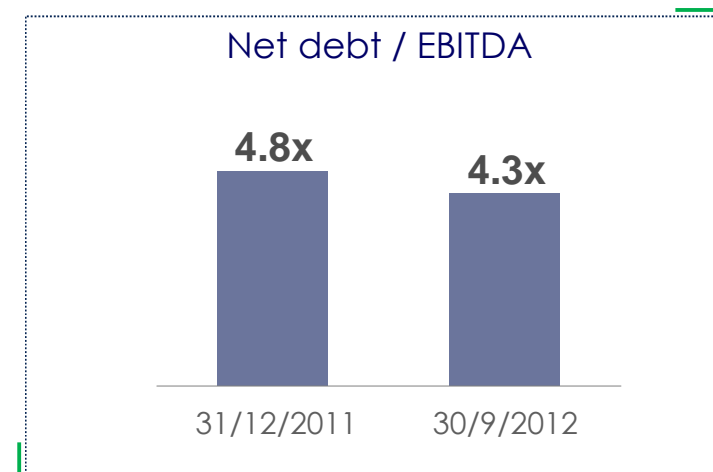
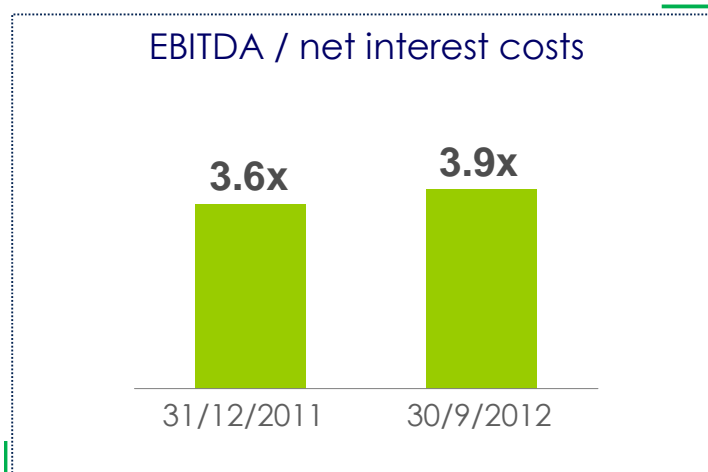
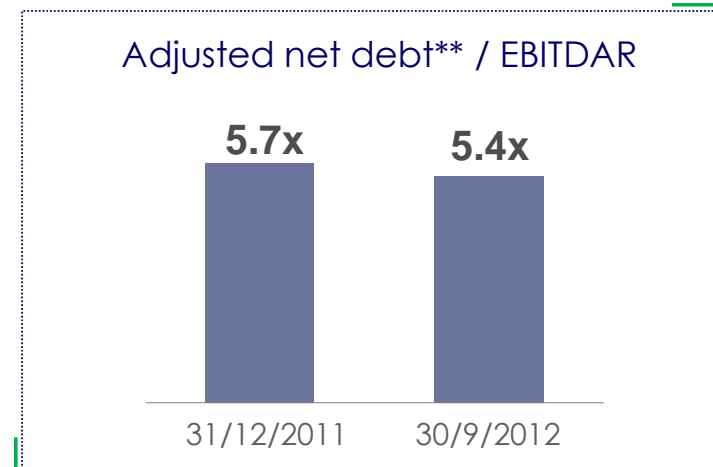
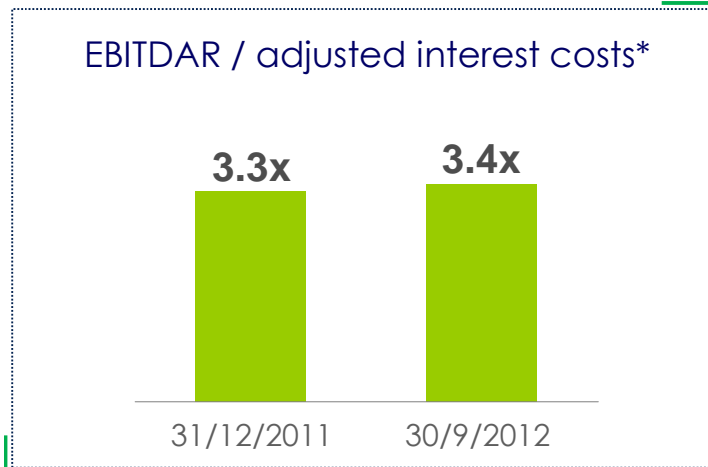


* Net cash flow from operating activities less net capex on tangibles and intangibles. Including, during Q2, €175m in asset acquisitions not qualified as capex under IFRS standards

Financial position



Financial ratios at 30th Sept 2012, sliding 12 months



* Adjusted by the portion of financial costs within operating leases (34%)

** Adjusted for the capitalisation of operating leases (7x yearly charge)

Good level of liquidity

- + Cash of €3.4 billion at 30th September 2012
 - ▶ After €400m pledged for convertible bond swap operation

- + Undrawn credit lines of €1.85bn
 - ▶ Air France: €1.06bn until 2016
 - ▶ KLM : €540m until 2016
 - ▶ Air France-KLM: €250m until 2017
 - ▶ Covenants respected

Transform 2015 on track

| | 9m-12 | FY 2012 targets |
|---|---------------------|-----------------------------|
| <input checked="" type="checkbox"/> Strict capacity discipline | +1,0% | +0,9% |
| <input checked="" type="checkbox"/> Gross capex reduction | -€300m vs 9m-11 | -€500m vs 2011 |
| <input checked="" type="checkbox"/> Unit cost reduction* | -0,5% | -0,5% to -0,7% |
| <input checked="" type="checkbox"/> New labor agreements signed | Air France mainline | KLM Air France regionals |
| <input checked="" type="checkbox"/> Net debt reduction | -€500m | Reduction in net debt |

* Ex-currency and at constant fuel price

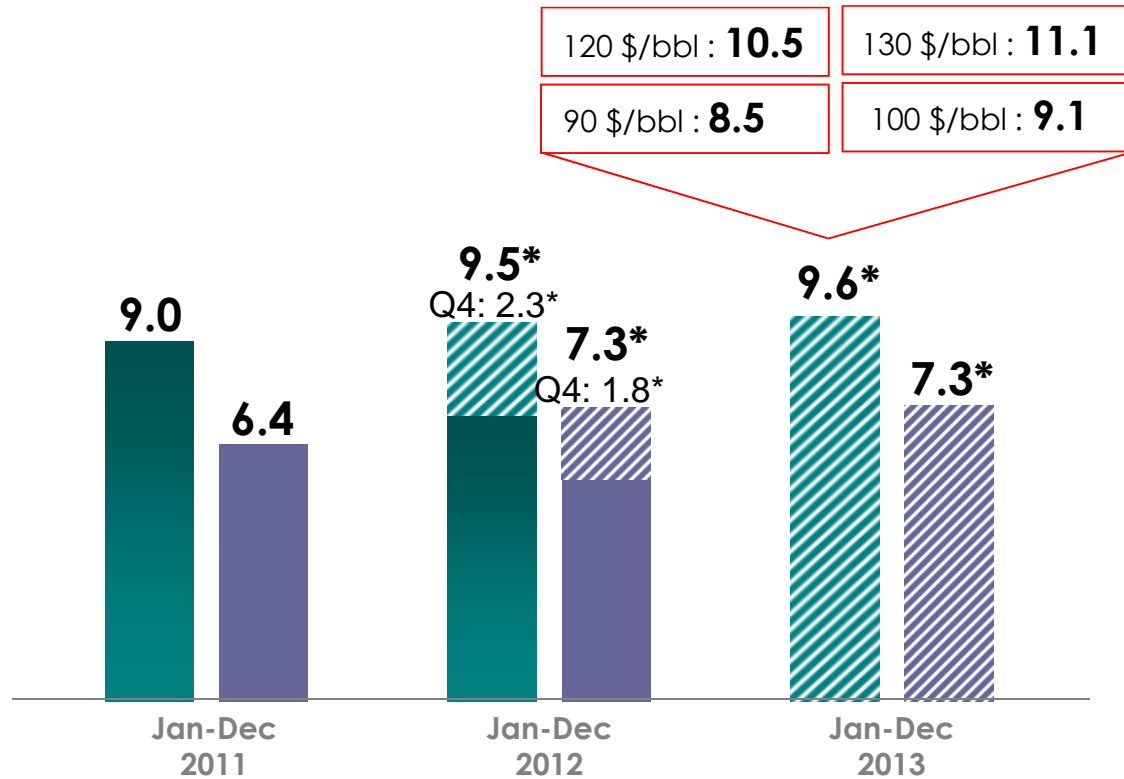


Outlook 2012



Fuel bill update

■ ▨ Fuel bill after hedging in \$bn
■ ▨ Fuel bill after hedging in €bn



| | Market price | \$ / bbl* | € / bbl* | Jan-Dec 2011 | Jan-Dec 2012 | Jan-Dec 2013 |
|--|---------------------------------|-----------|----------|--------------|--------------|--------------|
| | | 111 | 80 | | 112 | 106 |
| | | | | | 87 | 82 |
| | % of consumption already hedged | | | | Q4: 71% | 56% |

(*) Forward curve at 19 October 2012 : €/ \$ exchange rate of 1.30 on Q4 2012. 1.31 on 2013

Outlook

- + Difficult economic environment in Europe, but good level of activity in the other markets

- + Ongoing impact of Transform 2015

- + Targets confirmed for FY 2012:
 - ▶ Second half 2012 operating result above 195 million euros realized in second half of 2011
 - ▶ Net debt at 31 December 2012 lower than at the end of 2011



Appendices

Net debt calculation

€ millions

| | 30 Sept. 2012 | 31 Dec. 2011 |
|---|---------------|--------------|
| Current and non-current financial debt | 10,572 | 10,402 |
| Deposits linked to financial debt | (640) | (491) |
| Financial assets pledged (OCEANE swap) | (393) | (393) |
| Currency hedge on financial debt | 0 | 4 |
| Accrued interest | (120) | (122) |
| = Financial debt | 9,419 | 9,400 |
| Cash and cash equivalents | 2,697 | 2,283 |
| Marketable securities | 346 | 359 |
| Available cash pledges | 235 | 235 |
| Deposits (Triple A) | 159 | 165 |
| Bank overdrafts | (40) | (157) |
| = Net cash | 3,397 | 2,885 |
| Net debt | 6,022 | 6,515 |
| Consolidated shareholders' funds | 5,269 | 6,094 |
| Net debt / shareholders' funds | 1.14 | 1.07 |
| Net debt / shareholders' funds excluding derivatives | 1.15 | 1.08 |