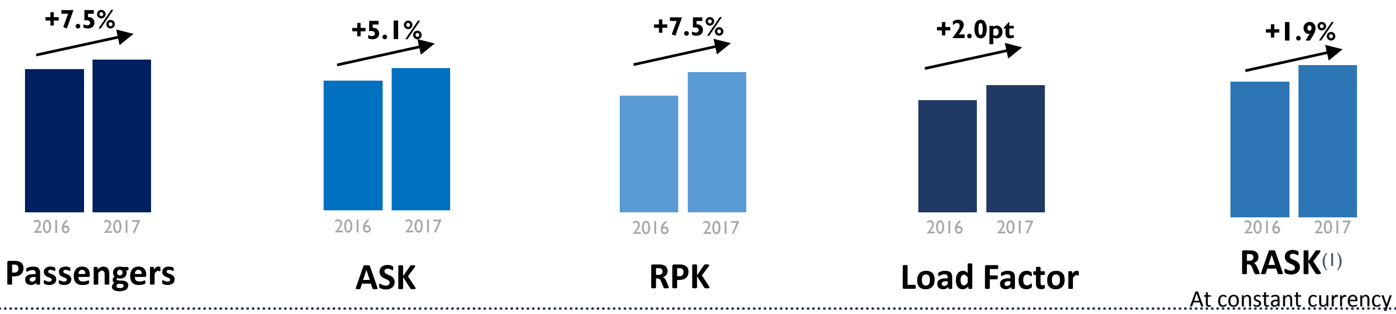
FIRST HALF 2017 RESULTS
28 July 2017

AIRFRANCE KLM

SECOND QUARTER 2017: IMPROVING RESULT DRIVEN BY SOLID TRAFFIC AND UNIT REVENUE PERFORMANCE

Second Quarter 2017: robust Group traffic statistics



Main financial KPIs improving

Trust Together strategic execution on track

- Major advances in strengthening network of alliances
- Air France Pilot agreement paving the way for the creation of Joon
- Air France Cabin crew signed 5-year labor agreement

(1) Group Revenue per Available Seat Kilometer (RASK) Passenger + Transavia at constant currency

FINANCIAL REVIEW

AIRFRANCE KLM

STRONG SECOND QUARTER 2017 PERFORMANCE DRIVEN BY SOLID TRAFFIC AND UNIT REVENUE INCREASE

Second Quarter 2017

	Q2 2017	Change	Change Like-for-like[1]
Revenues (€bn)	6.61	+6.3%	+5.4%
EBITDA (€m)	913	+185 m	+215 m
Operating result (€m)	496	+179 m	+210 m
Operating margin	7.5%	+2.4pt	+3.0pt
Lease adjusted operating result[2] (€m)	588	+184m	+218m
Lease adjusted operating margin	8.9%	+2.4pt	+3.0pt
Net result, group share (€m)	367	+326m	
Operating free cash flow (€m)	339	+162m	

(1) Like-for-like: excluding currency. Same definition applies in presentation unless otherwise stated
(2) Operating result adjusted for the interest portion (1/3) of the operating leases

FIRST HALF MAIN KPIs SHOW IMPROVEMENT

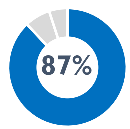
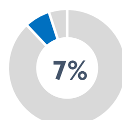
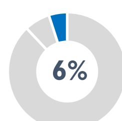
First Half 2017

	H1 2017	Change	Change Like-for-like
Revenues (€bn)	12.31	+4.2%	+3.5%
EBITDA (€m)	1,182	+188 m	+290 m
Operating result (€m)	353	+135 m	+239 m
Operating margin	2.9%	+1.0pt	+1.9pt
Lease adjusted operating result (€m)	540	+146m	+255m
Lease adjusted operating margin	4.4%	+1.1pt	+2.0pt
Net result, group share (€m)	151	+265m	
Operating free cash flow (€m)	668	+295m	
ROCE	10.0%	-1.7pt	
Net debt at end of period (€m)(1)	2,956	-699m	
Adjusted net debt (€m)(1)	10,712	-454m	
Adjusted net debt / EBITDAR(1)	2.7x	-0.2x	

(1) Compared to 31 December 2016

IMPROVING RESULTS DRIVEN BY NETWORK AND TRANSAVIA, MAINTENANCE STABLE

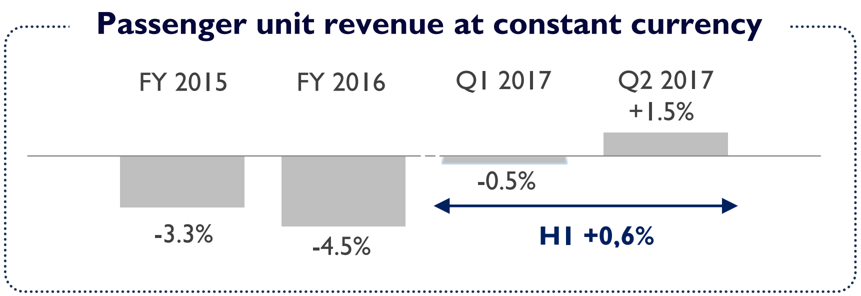
One Group, Three businesses

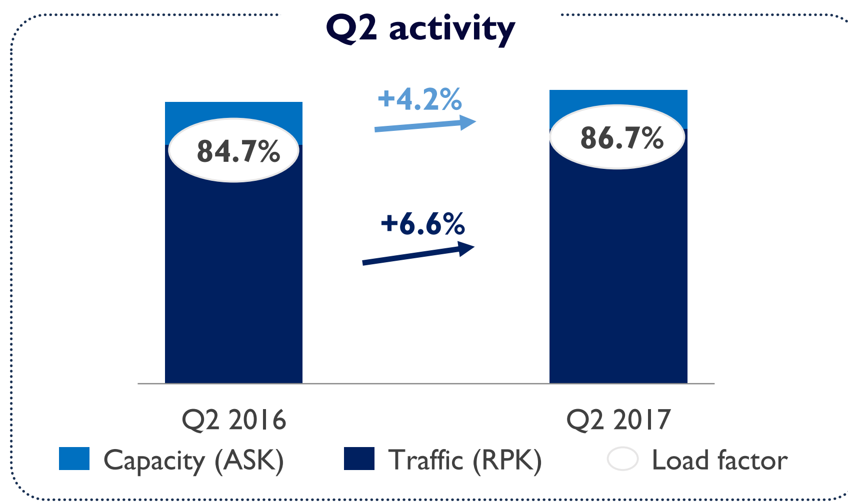
Second Quarter 2017		Revenues (€bn)	Reported change (%)	Operating Result (€m)	Reported change (€m)
Network[1]		5.75	+5.5%	409	+138
Maintenance		0.44	+1.1%	53	-4
Transavia		0.41	+26.3%	34	+46
Total		6.61	6.3%	496	+179

(1) Change in segment reporting as per Q1 2017 to 'Network result' : Passenger (Air France, KLM and HOP!) and Cargo

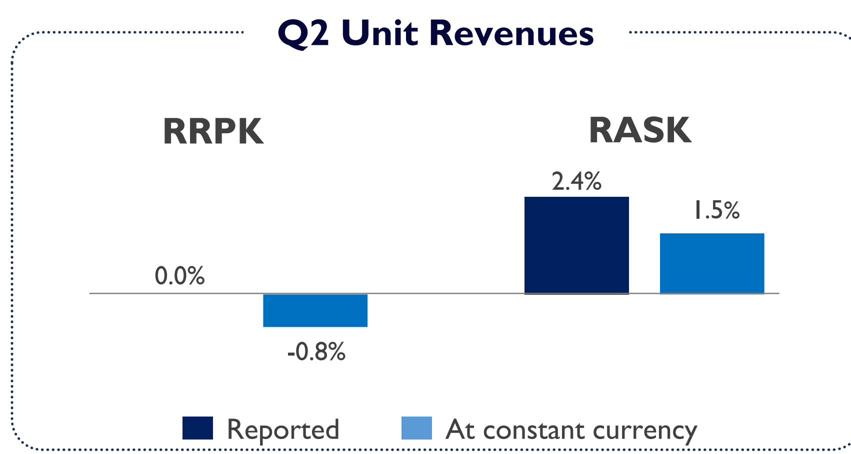
NETWORK: ROBUST SECOND QUARTER TRAFFIC NUMBERS CONFIRMING IMPROVEMENT IN PASSENGER UNIT REVENUE TREND

- **Confirmation of the improvement in unit revenue trend**





- **Strong premium class performance on long haul**
  - Premium unit revenues: 4.4%
  - Economy unit revenue: 2.2%

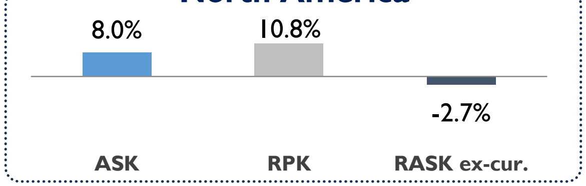


- **Strong growth in ancillary revenues**
  - First Half 2017 paid options amounting to €268m, up 9.9%

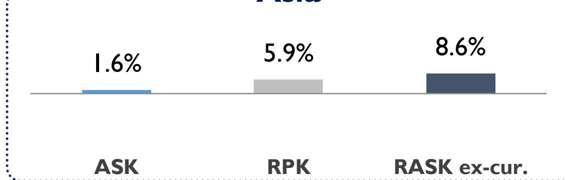
Passenger network: Air France, KLM and HOP!

NETWORK: SECOND QUARTER PASSENGER NETWORK SHOWING STRONG RECOVERY IN ASIA AND LATIN AMERICA

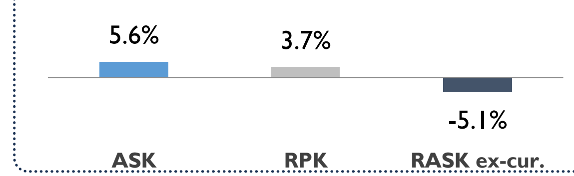
North America



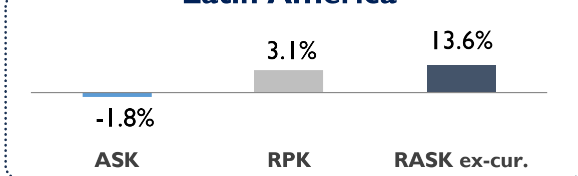
Asia



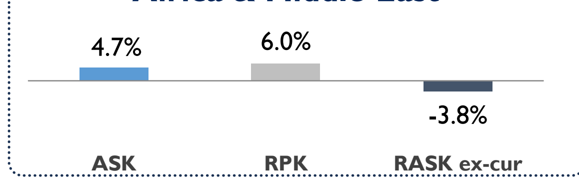
Caribbean & Indian Ocean



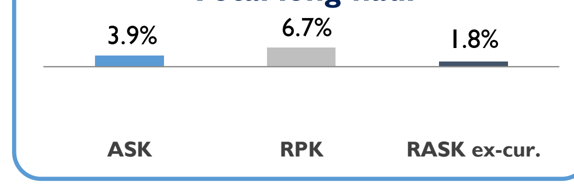
Latin America



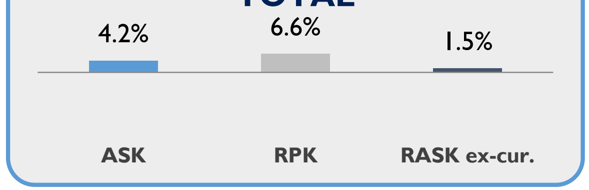
Africa & Middle-East



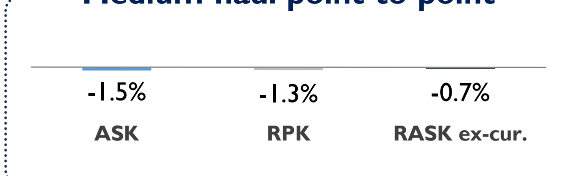
Total long-haul



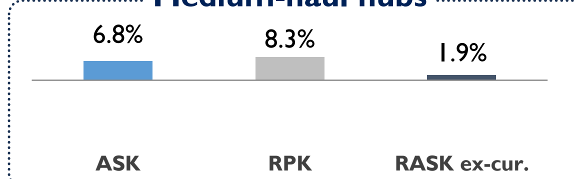
TOTAL



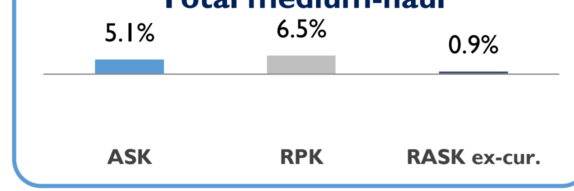
Medium-haul point-to-point



Medium-haul hubs



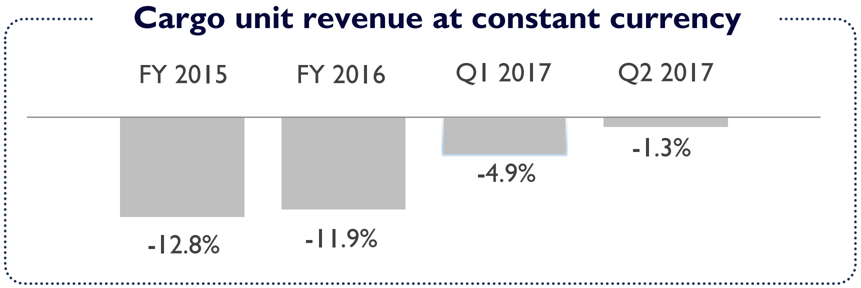
Total medium-haul



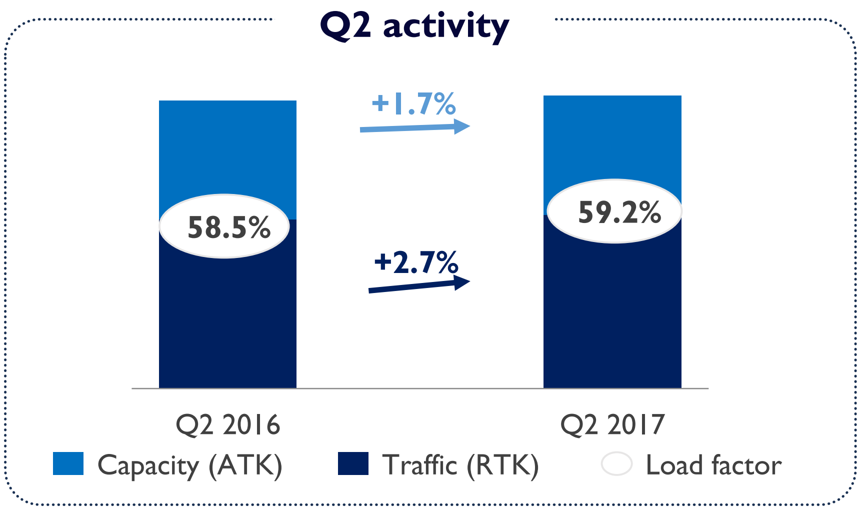
Passenger network: Air France, KLM and HOP!

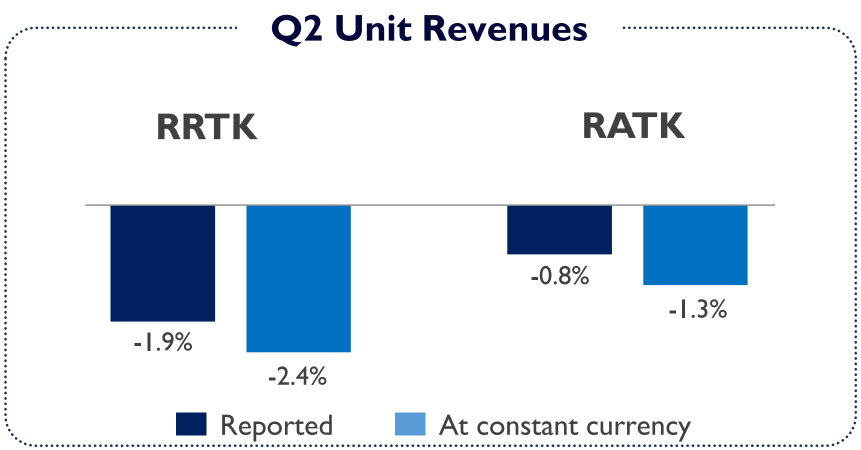
NETWORK: GRADUAL CARGO TURNAROUND

- **Performance improving**
  - > Positive traffic (RTK) and load factor increase
  - > Improvement in unit revenue trend compared to previous quarters, confirmed for coming quarter based on current outlook



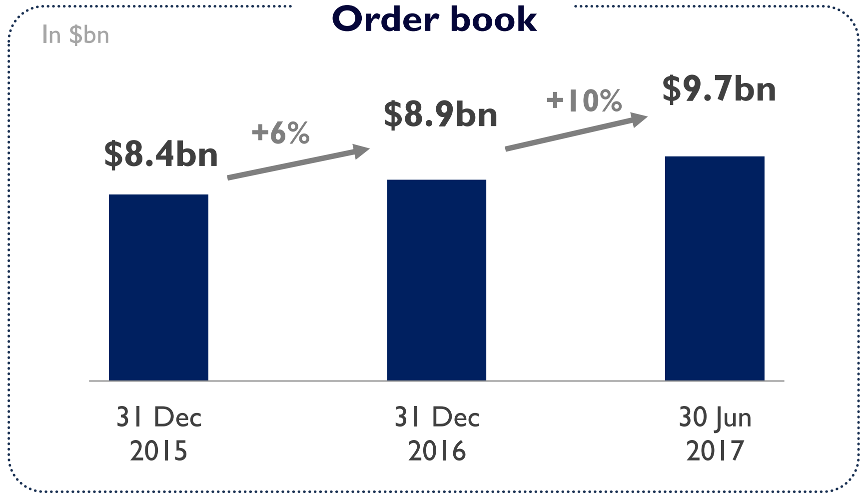
- **Investing in the future**
  - > New sorter operational at Amsterdam
  - > Leader in the industry on E-AWB and E-freight





MAINTENANCE: RECORD HIGH ORDER BOOK

- **Strong increase in order book of $0.8bn securing future growth**
  - Target ~10% growth achieved, driven by increase in both Engine and Component order book
  - New contracts signed include various A320NEO, 737NG, 787s component contracts
  - Military AWACS aircraft contract signed in July
- **OEM supply chain under pressure**

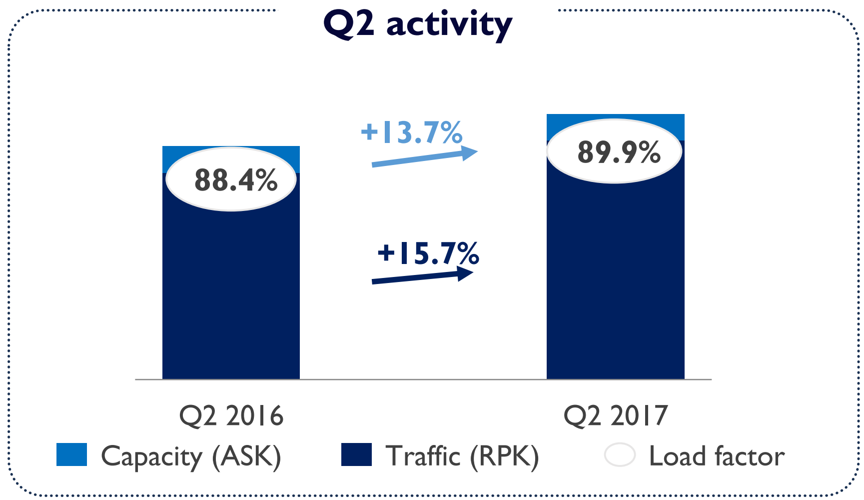


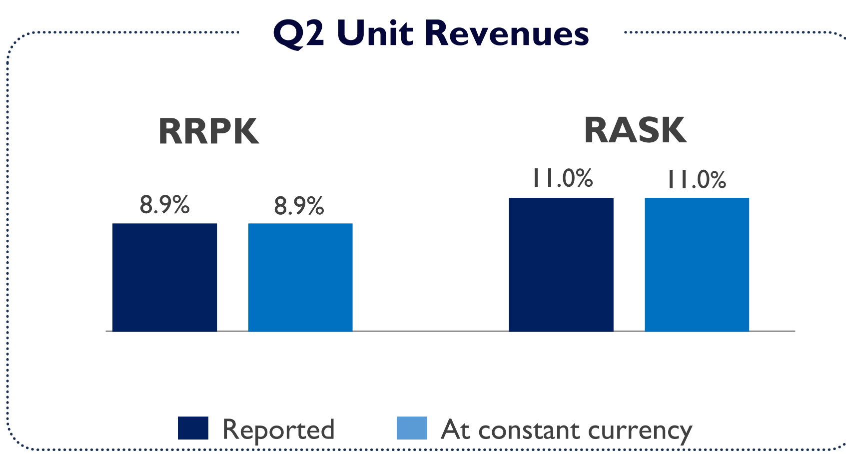
In €m	Q2 2017	Q2 2016	Change	Like-for-like
Total revenue	**992**	1,000	-0.8%	
Third party revenue	**440**	435	+1.1%	-0.8%
Operating result	**53**	57	-4	-7
Operating margin[(1)]	***5.3%***	*5.7%*	*-0.4pt*	*-0.7pt*

(1) Operating margin: operating result / total revenue

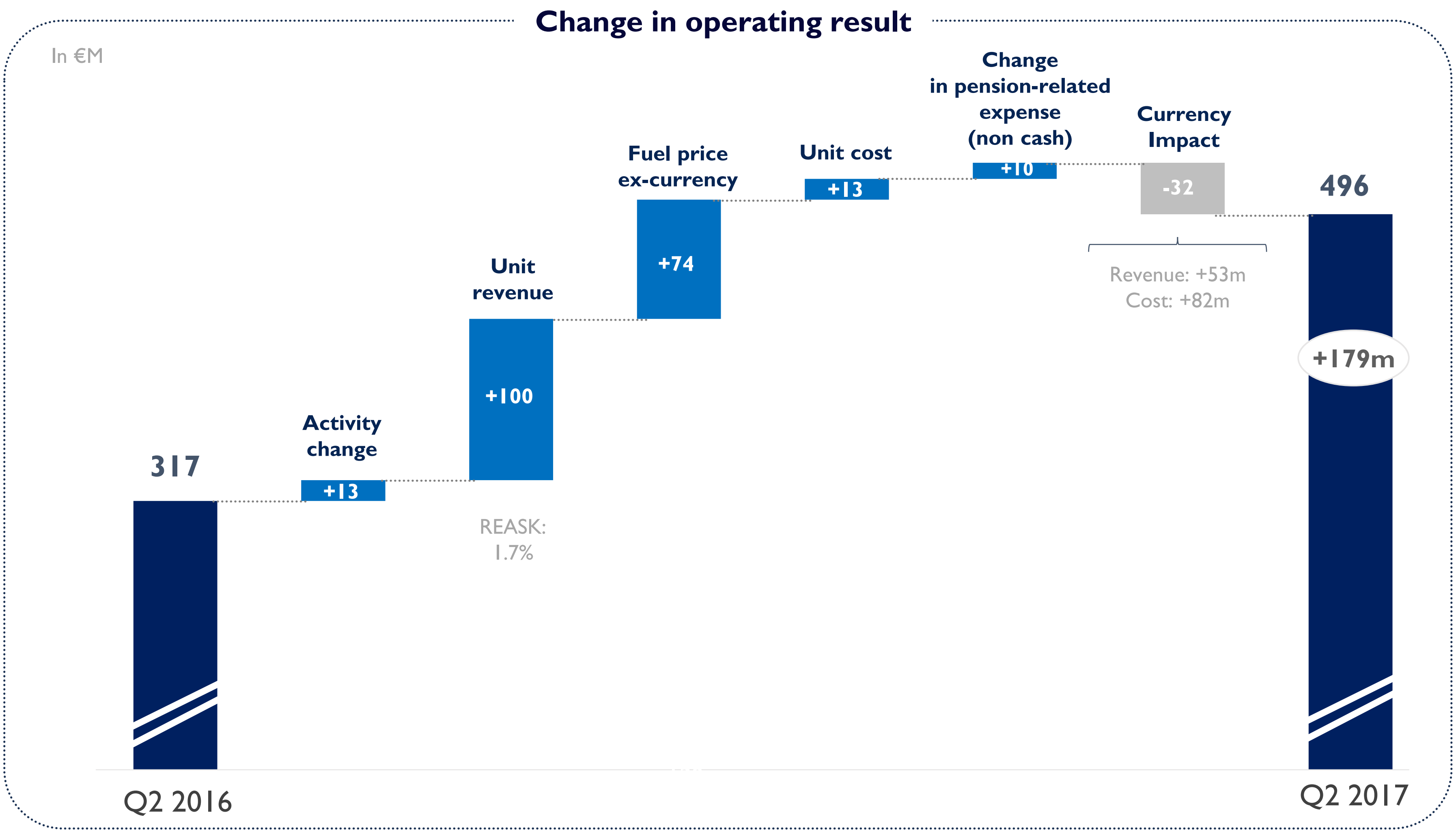
TRANSAVIA: ON TRACK FOR A POSITIVE RESULT IN 2017

- **4.4 million passengers, up 16%, driven by entire network**
  - > Capacity France +11.4%
  - > Capacity Netherlands +15.1%
- **Revenues up 26% at €408m**
  - > Transavia unit revenue is increasing in all markets: up 11.0%
- **Operating result at €34m, up €46m**
  - > Unit costs down -4.2% at constant currency, fuel and pension expenses
  - > On track for a positive result in 2017

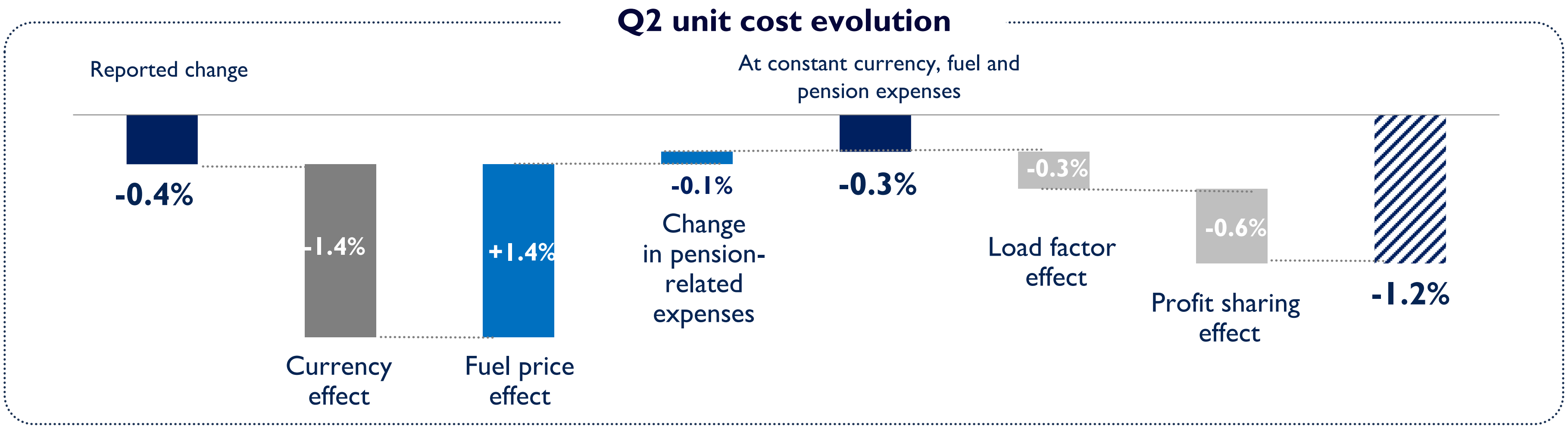


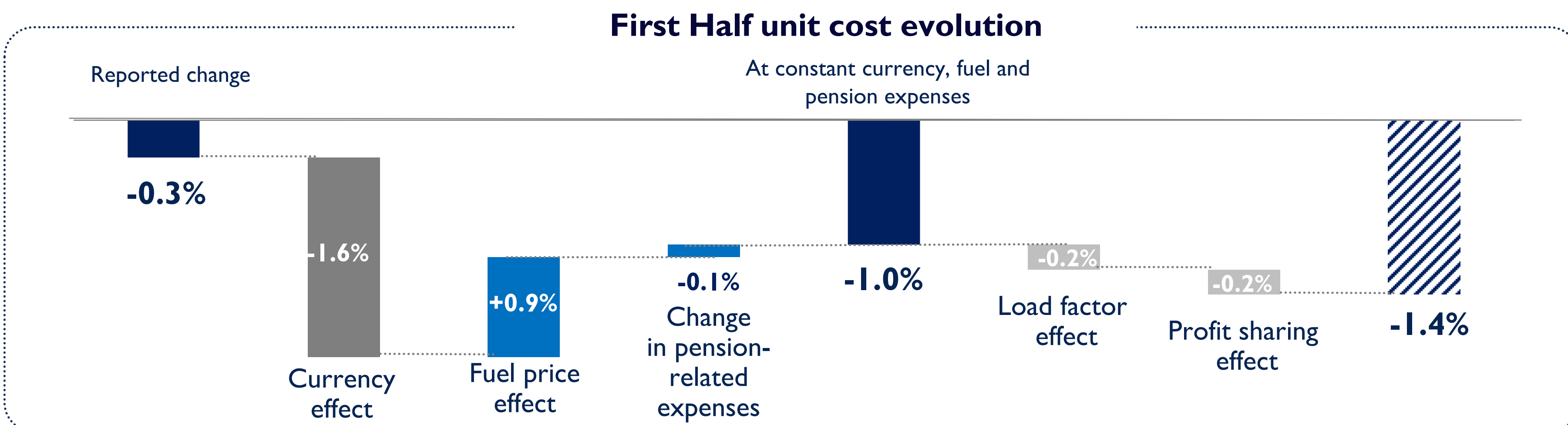


OPERATING RESULT DRIVEN BY SOLID TRAFFIC AND UNIT REVENUE PERFORMANCE



UNIT COST REDUCTION IMPACTED BY INCREASE IN LOAD FACTOR AND PROFIT SHARING



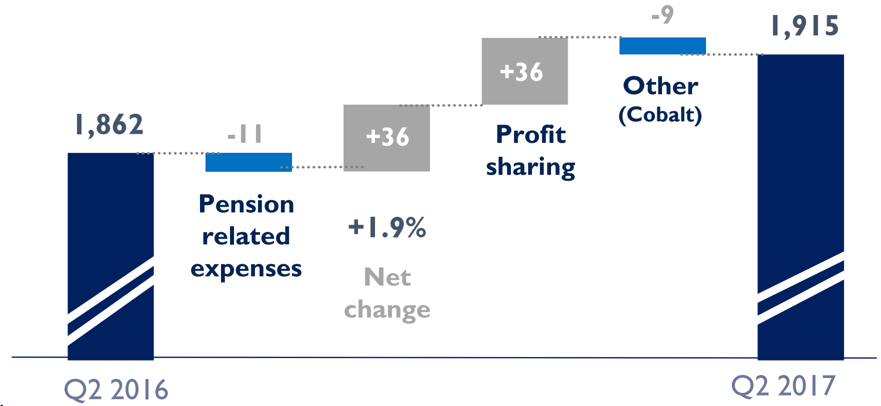


IMPROVED EMPLOYEE PRODUCTIVITY

- **Q2 average headcount down 700 FTEs compared to Q2 2016**
  - > Cabin crew increased by net 600 FTEs linked to capacity increase
- **Increase in productivity contributing to the unit cost decrease**
  - > Productivity +5.6% (capacity measured in EASK +4.7%)
- **Net change employee costs +1.9% and profit sharing + €36m**
  - > Seasonality and timing effect impacting Q2 employee costs.
  - > Full Year 2017 reported employee costs expected to be below +1.0% compared to last year

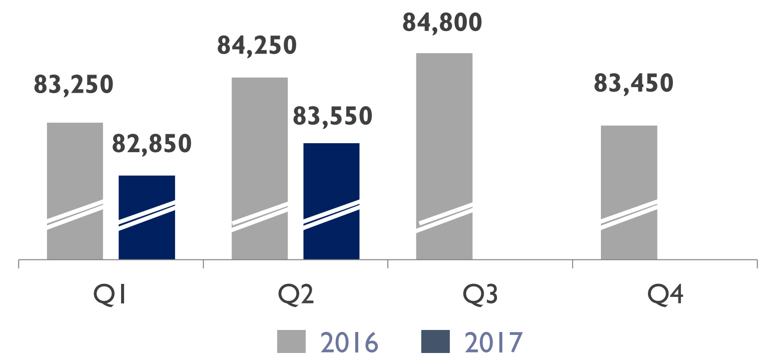
Change in total employee costs

In €m, including temporary staff



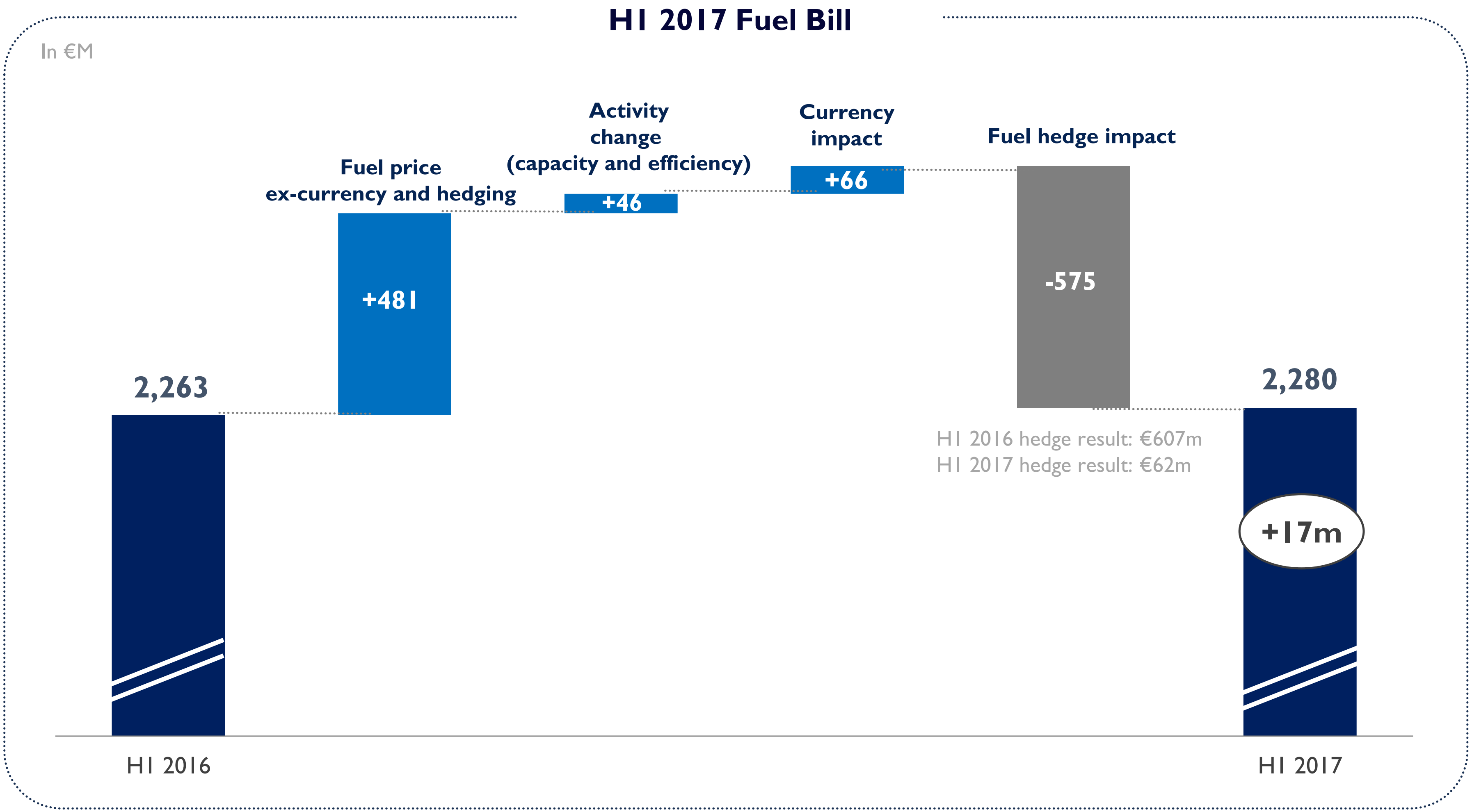
Staff numbers

Average FTEs, including temporary staff

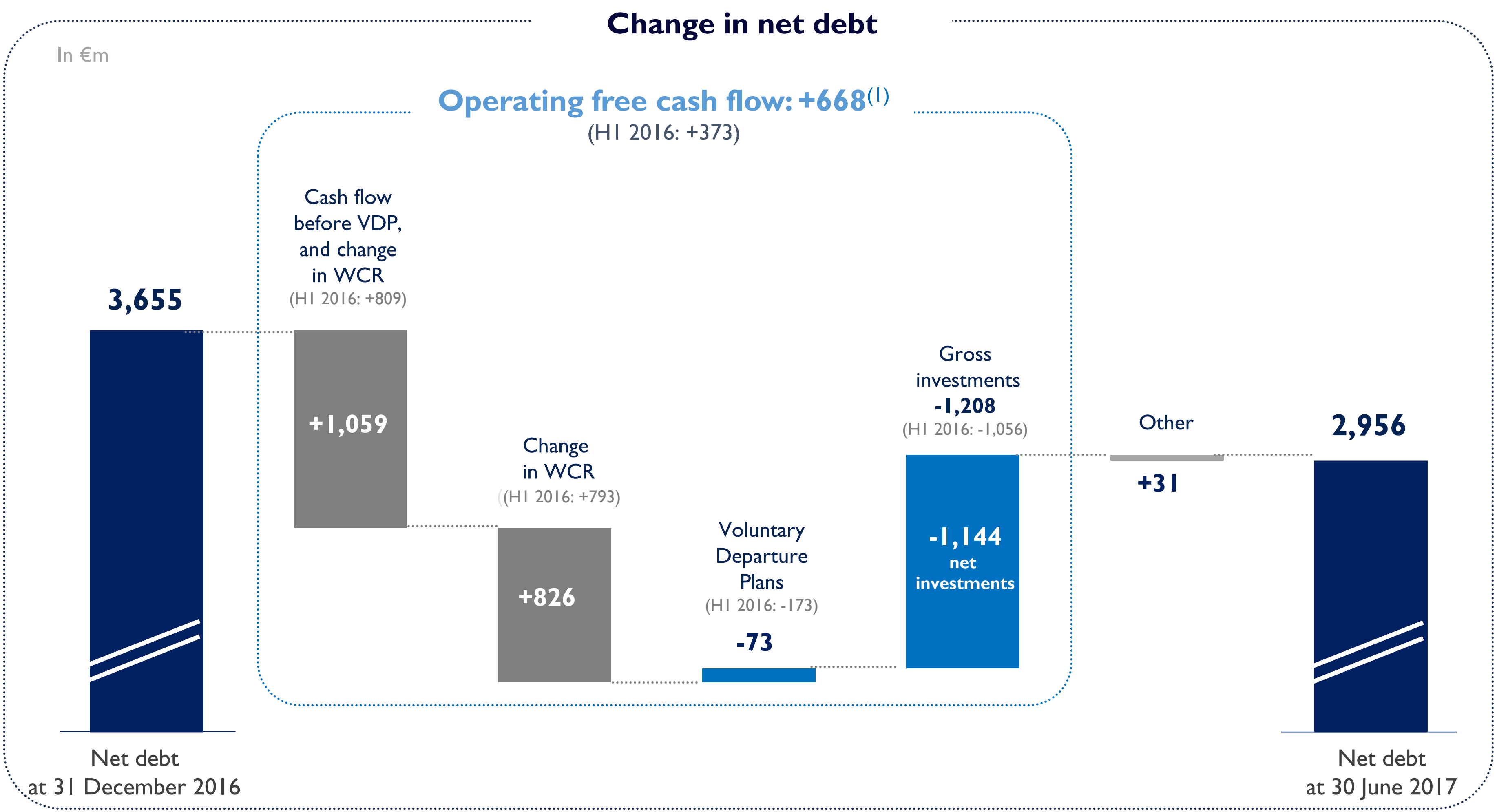


AIR FRANCE - KLM

STABLE FUEL BILL DURING FIRST HALF 2017

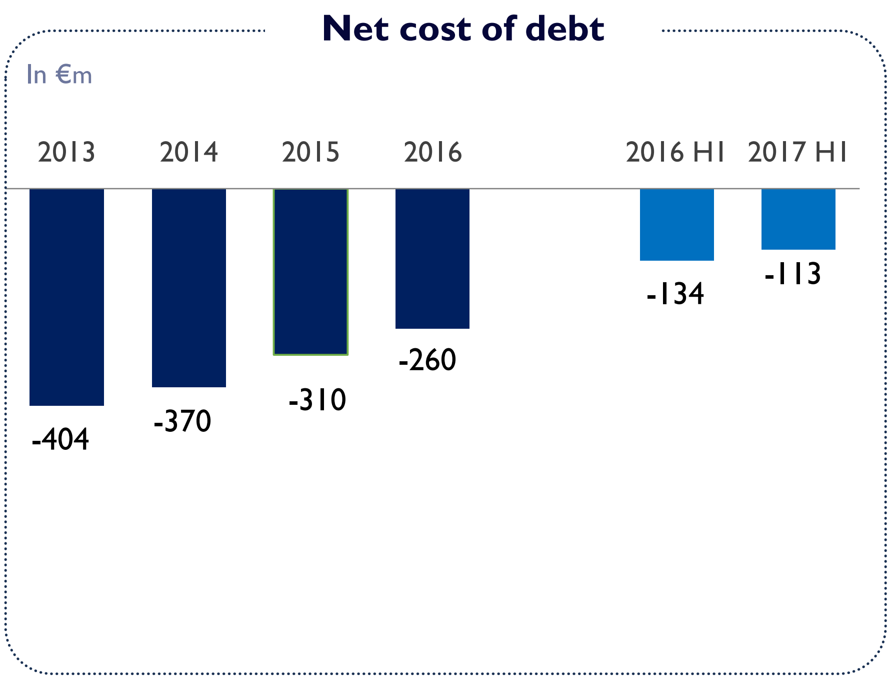


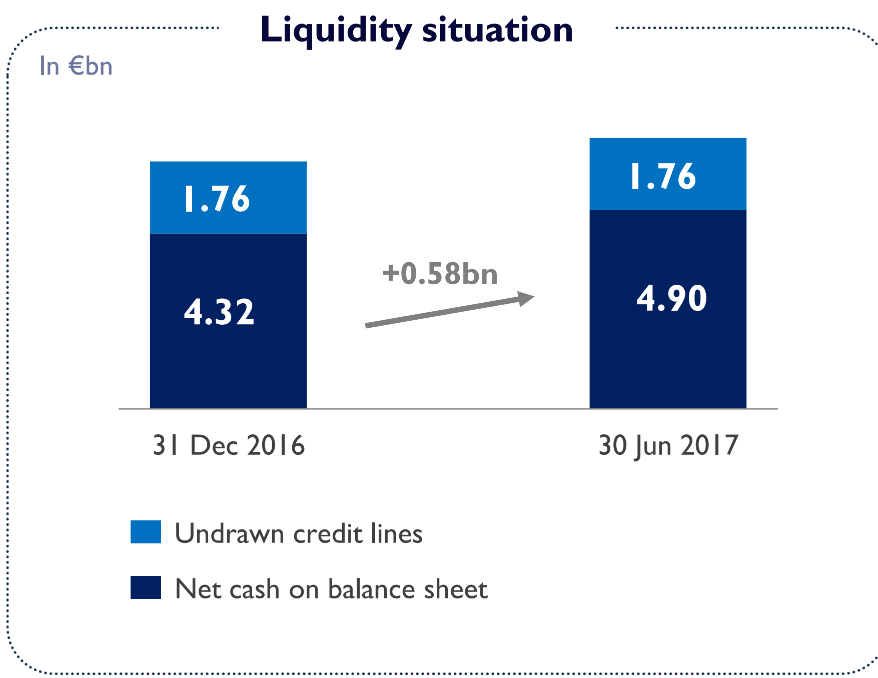
NET DEBT REDUCTION SUPPORTED BY IMPROVEMENT IN EBITDA AND WORKING CAPITAL



(1) See definition in press release

FURTHER STRENGTHENING OF LIQUIDITY AND CONTINUOUS DECREASE OF NET COST OF DEBT

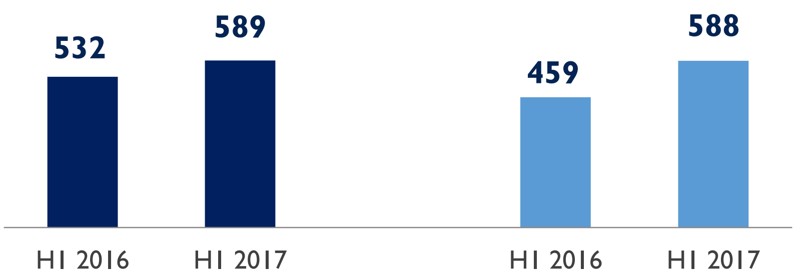




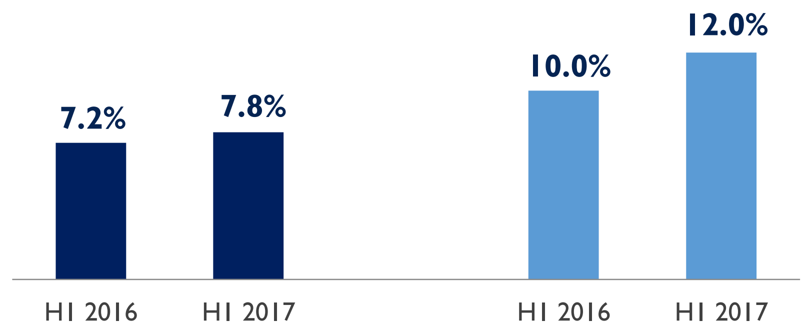
CONTRIBUTION BY AIRLINE TO FIRST HALF RESULTS

EBITDA

In €m

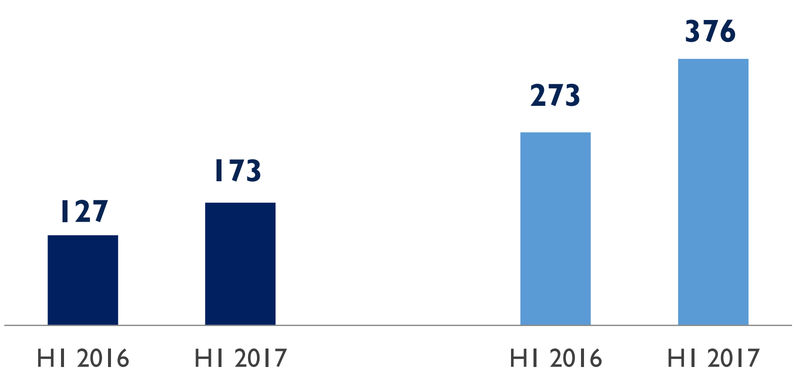


EBITDA margin

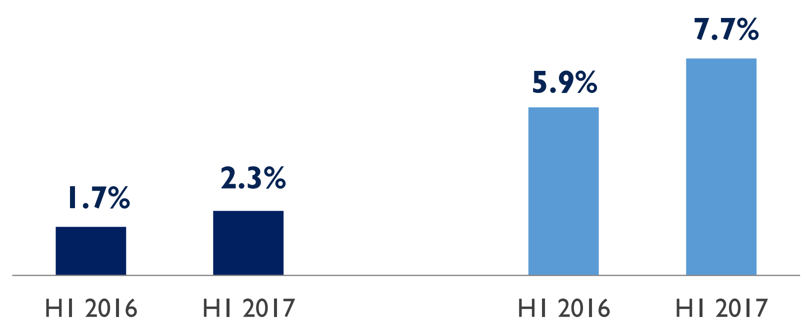


Lease adjusted operating result[(1)]

In €m



Lease adjusted operating margin[(1)]

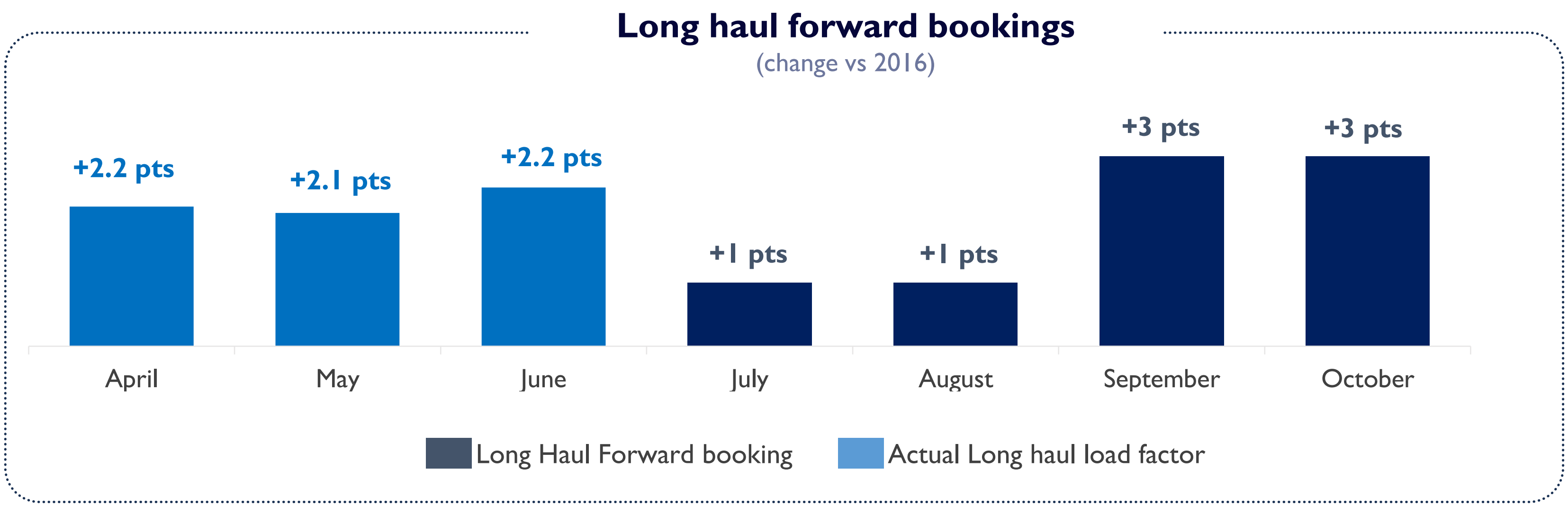


AIRFRANCE KLM

(1) Operating results adjusted for interest portion (1/3) operating leases

OUTLOOK

PASSENGER NETWORK: A CONTINUATION OF THE IMPROVEMENT IN TREND



- **Forward bookings for the coming four months:**
  - Long haul forward booked load factor ahead of last year for coming four months
  - All regions contributing to the improvement in trend
- **Based on current outlook, the variation in unit revenue at constant currency is expected to be slightly up compared to last year for the Second Half 2017**

FUEL BILL DOWN €100 MILLION IN SECOND HALF 2017 BASED ON CURRENT FORWARD PRICES

2016:
fuel bill \$5.1bn/€4.6bn

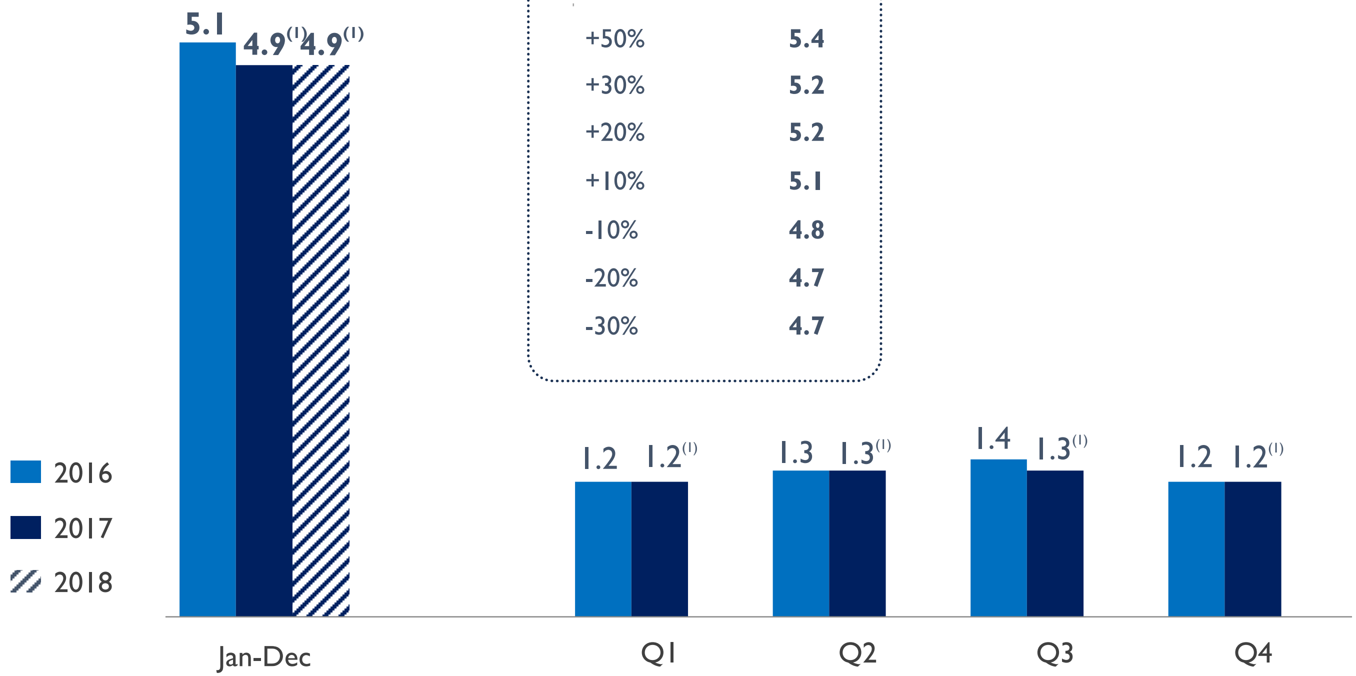
2017:
fuel bill \$4.9bn/€4.5bn(2)

2018:
Fuel bill \$4.9bn/€4.4bn(2)

2017 sensitivity

% change in \$ per bbl

+50%	**5.4**
+30%	**5.2**
+20%	**5.2**
+10%	**5.1**
-10%	**4.8**
-20%	**4.7**
-30%	**4.7**



		Jan-Dec	Q1	Q2	Q3	Q4
2017 MARKET PRICE	Brent (\$ per bbl)(1)	51	55	51	49	50
	Jet fuel (\$ per metric ton)(1)	490	514	485	481	482
% of consumption already hedged					63%	61%

(1) Based on forward curve at July 14th 2017. Sensitivity computation based on July-December 2017 fuel price, assuming constant crack spread between Brent and Jet Fuel
(2) Assuming average exchange rate of 1.12 US dollar per euro for July-December 2017 and full year 2018

OUTLOOK FOR 2017

- **Passenger Group capacity measured in ASKs up between 3.0% and 3.5% in 2017**
  - Second half 2017: Passenger Network +2.5%-3.0% and Transavia +5%-6%
- **Despite the negative effects of the increased load factor and profit sharing on the unit cost evolution, the Group is expecting a unit cost reduction for 2017 between 1.0% and 1.5%**
- **Fuel bill down €100m in Second Half 2017 based on current forward prices**
- **Strict capex discipline**
  - Positive free cash flow before disposals
  - Capex plan between €1.7- € 2.2bn in 2017, expected at the high end of the range
- **Further net debt reduction and improvement in adjusted net debt to EBITDAR ratio**
  - Adjusted net debt to EBITDAR below 2.5x mid cycle by end 2020
  - The adjusted net debt to EBITDAR ratio is expected to improve at 31 December 2017 compared to the previous year

STRATEGIC UPDATE

STRENGTHENING AIR-FRANCE KLM ALLIANCES BY CREATING THE MOST POWERFUL COMMERCIAL AND EQUITY PARTNERSHIP

Creating the most powerful partnership

- Building an enlarged North Atlantic partnership reinforced by capitalistic ties
  - Combination of Air France KLM/Delta and Delta/Virgin Atlantic joint ventures
  - Air France-KLM to acquire 31% of existing Virgin Atlantic shares
  - Delta to acquire a 10% stake in Air France-KLM through a reserved capital increase subject to the EGM shareholder approval
- Further developing and securing the access to the growing Chinese market and to Shanghai with China Eastern
  - Further enhancing commercial cooperation and deepening of partnership
  - China Eastern to acquire a 10% stake in Air France-KLM through a reserved capital increase subject to the EGM shareholder approval

Strategically compelling

- Consistent with Trust Together priorities to bolster profitable growth
- Providing unprecedented and unrivalled offer for customers travelling between Continental Europe and the UK and North America
- Securing access to the rapidly growing Chinese market

Financially attractive

- Enlarged North Atlantic partnership projected yearly significant synergies (mainly incremental revenues)
- Total reserved capital increase size of €751 million to reinforce Air France-KLM balance sheet and and finance the purchase of the stake in Virgin Atlantic

ALLOWING AIR FRANCE-KLM TO BE THE EUROPEAN PILLAR OF THE MOST POWERFUL COMMERCIAL AND EQUITY PARTNERSHIP

— Existing agreements and equity partnership

— New/expanded agreements + equity partnership

CURRENT JOINT VENTURE WITH DELTA: BEST MODEL OF SUCCESSFUL PARTNERSHIP IN THE AIRLINE INDUSTRY

First joint-venture to be implemented in the airline industry

- KLM and Northwest Airlines worldwide pioneers in 1997, followed by Air France and Delta in 2008
- Post AF-KLM and DL-NW mergers, comprehensive joint-venture agreement in 2009 and integration of Alitalia in 2010

A powerful partnership

- $12 billion of annual revenues
- 250 daily transatlantic flights
- 500 destinations in Europe and North America
- 20% of the total transatlantic capacity
- High margin generation

Strong governance to manage the joint-venture

- Strategy definition by a steering committee
- Joint network planning and development
- Integrated pricing and revenue management unit based in Amsterdam
- Sales delegation and joint contracting

VIRGIN ATLANTIC: A LARGE PLAYER ON THE NORTH ATLANTIC ROUTES

A recognized company	• 5.4 million passengers carried in 2016 to 30 destinations, with a fleet of 39 aircraft • More than 9,000 employees
Leading European airline in the attractive North Atlantic market	• North Atlantic is the richest premium travel market in the word generating a quarter of the world's premium revenues • 4th largest European player on the North Atlantic routes, preceded only by British Airways, Lufthansa and Air France
Strategic slot portfolio at London Heathrow airport	• Second airline by capacity in London Heathrow, largest airport in Europe • 26 daily slot pairs at LHR • Constrained airport capacity supporting yield premium
High level of integration with Delta, key Air France-KLM partner	• In addition to their shareholding ties, Delta and Virgin forged and effective transatlantic partnership serving numerous North American destinations • Joint marketing and sales, coordinated pricing, revenue management network planning and scheduling for UK-US routes

STRENGTHENING OF OUR NORTH ATLANTIC JOINT VENTURE WITH DELTA AND VIRGIN ATLANTIC

An extended North Atlantic alliance combining Air France-KLM/Delta and Delta/Virgin Atlantic joint ventures*

- Integration of the Air France-KLM/Delta and the Virgin/Delta joint ventures in one single joint venture
- The scope of the joint venture will be the current Transatlantic joint venture, providing unprecedented and unrivalled offer for customers travelling between Continental Europe and the UK and the United States, Canada and Mexico
- Offering more growth potential for the parties
- Three parties sharing bottom line value as per relative size
- Concept of associate membership enabling other parties to join at a later stage
- Extended joint venture duration to 15 years
- Expected significant yearly synergies for the joint-venture : new code shares to and from London, sales coordination, partnership extension, cost synergies

* Subject to shareholders and regulatory approvals

CONTINUING TO REINFORCE OUR POSITION IN ASIA

A strong partnership connecting India to Europe and North America

- Enlarged code share partnership with Jet Airways over the past two years, connecting India and North America through 3 European hubs
- 12 daily flights from India to Europe connecting to 81 daily flights to North America through 3 major hubs CDG/AMS/LHR

Code share agreement with leading airlines in Asia

- Looking for additional opportunities of cooperation to sustain our presence on growing markets

An extended network in the Chinese market

TWO JOINT VENTURE PARTNERSHIPS IN CHINA

中國東方航空 CHINA EASTERN

Joint venture with Air France-KLM on the routes Amsterdam/Paris-Shanghai

€530million revenue in 2016, of which €405million for Air France-KLM

Skyteam member

Delta holds a 3.2% stake in China Eastern

中国南方航空 CHINA SOUTHERN

Joint venture with Air France on the route Paris-Guangzhou

China Southern and Xiamen Airlines are in joint venture with KLM on the routes Amsterdam-Beijing/Guangzhou/Xiamen /Hangzhou/Chengdu and London-Guangzhou

Ambition to merge the two separate joint ventures in a single one with same scope

€480million revenue in 2016, of which €217million for Air France-KLM

Skyteam member

American Airlines, member of OneWorld, holds a 2% stake in China Southern

STRENGTHENING OUR JOINT VENTURE WITH CHINA EASTERN AIRLINES

Further enhancing commercial cooperation and deepening of partnership

- Securing Air France-KLM European leadership position in Shanghai, largest business market in China
- Short term cooperation enhancement: enlarge joint-contracting, network and price coordination, joint commercial tooling, non commercial synergies
- Consistent with Delta partnership strategy
- Preserving the current joint ventures with China Southern

ESTABLISH EQUITY LINKS TO CEMENT COMMERCIAL AGREEMENTS

KEY TRANSACTION TERMS

An investment in a joint-venture partner: Virgin Atlantic

AIRFRANCE KLM

£220m

31%

virgin atlantic

Investment conditions	• Price of £220 million • Brexit put option together with Delta • Same number of Directors as Delta
Next steps	• Closing in 2018, subject to appropriate regulatory approvals

KEY TRANSACTION TERMS

Reserved capital increases

	Stake	Amount raised subscription price €10
DELTA	10%	€375m
中國東方航空 CHINA EASTERN	10%	€375m
Total	**20%**	**€751m**

Value accretion of 8%* through the partnership between Air France, Delta and Virgin

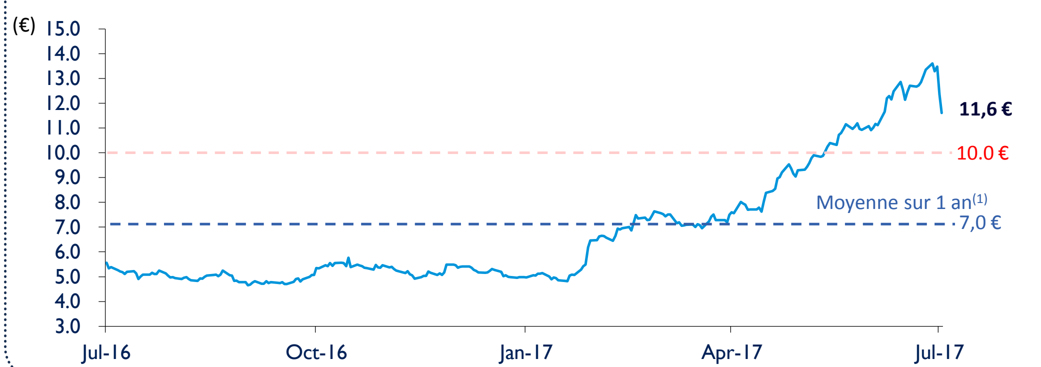
Pre-tax annual synergies increasing from €35m to €95m

Investment conditions	• Same conditions for Delta and China Eastern • 5 year period lock-up and stand-still
Next steps	• Convene EGM early September 2017 to approve the reserved capital increase and board Directors' appointments • AMF visa on the prospectus

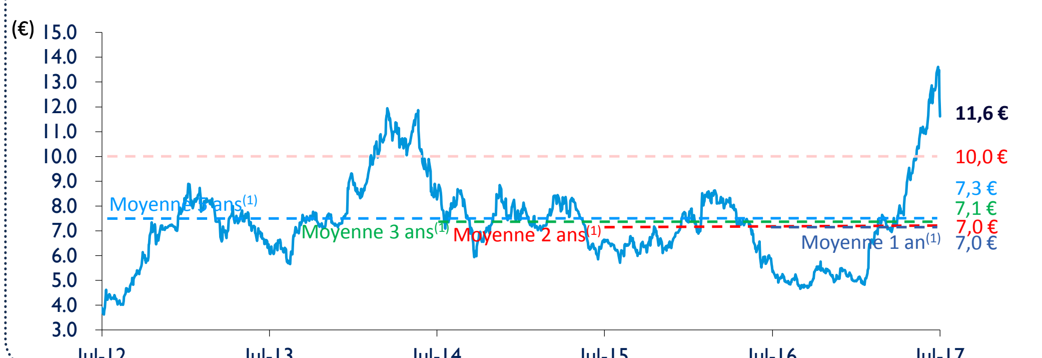
(1) Assuming 37.5m new shares in AF-KLM issued to DL in exchange of a 10% stake (reserved capital increase) - 1.09 USD/EUR exchange rate, 0.86 GBP/EUR exchange rate

A PREMIUM TO THE HISTORICAL AVERAGE OF AIR FRANCE-KLM SHARE PRICE

AF-KLM share price performance over the past 12 months



AF-KLM share price performance over the past 5 years



Subscription price: 10€

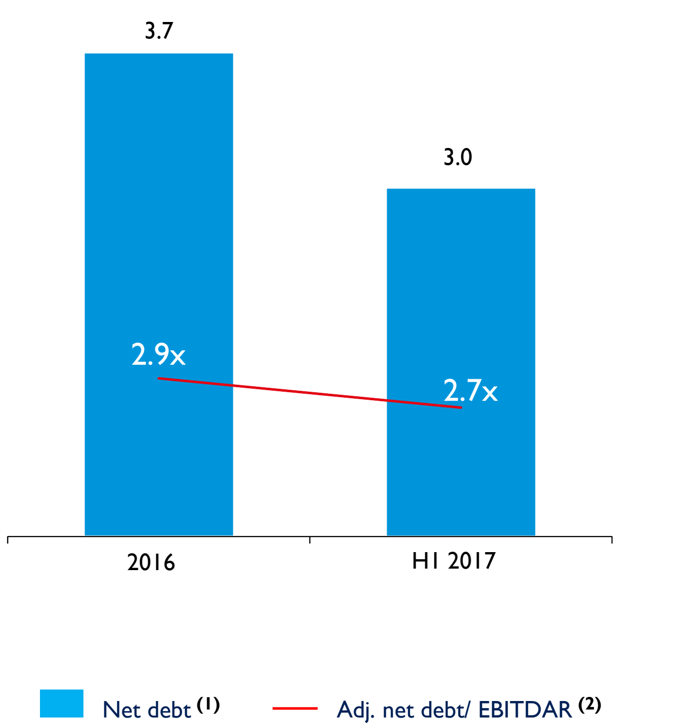
- 42% premium relative to the average share price over the last 12 months*
- 11% premium relative to the average share price since the announcement of the 2016 annual results (16th February 2017) *

- Air France-KLM share price performance since 1-Jan.-17: +133%

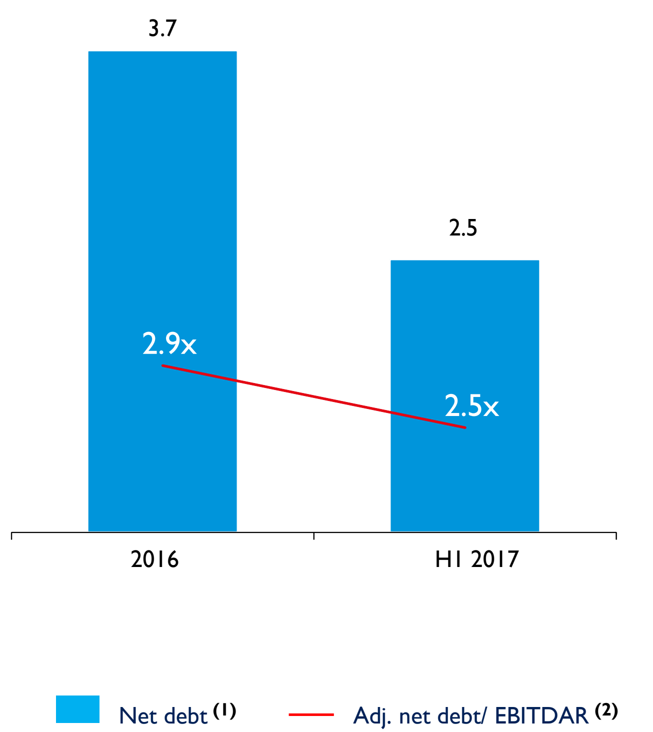
* As of 26 July 2017

RESERVED CAPITAL INCREASE ALLOWING FURTHER LEVERAGE REDUCTION

AF-KLM net financial debt pre proceeds (€m)



AF-KLM net financial debt post proceeds (€m)



(1) adjusted net debt includes operating leases capitalized at 7x
(2) sliding 12 months

REINFORCING STRATEGIC POSITIONING AND ATTRACTIVENESS TO INVESTORS

	DELTA	中國東方航空 CHINA EASTERN
Offering AF-KLM greater opportunities for profitable growth	• Reinforcing AF-KLM's ability to leverage its access to the largest markets in the world, Europe and North America • Opportunity to combine strengths with Virgin and Delta in the UK • New joint-venture platform allowing for other parties to join at a later stage, offering AF-KLM further network expansion	• Secured access to the rapidly growing Chinese market • Further positioning AF-KLM as the airline of choice for customers flying between Europe and China

Making AF-KLM more attractive to investors

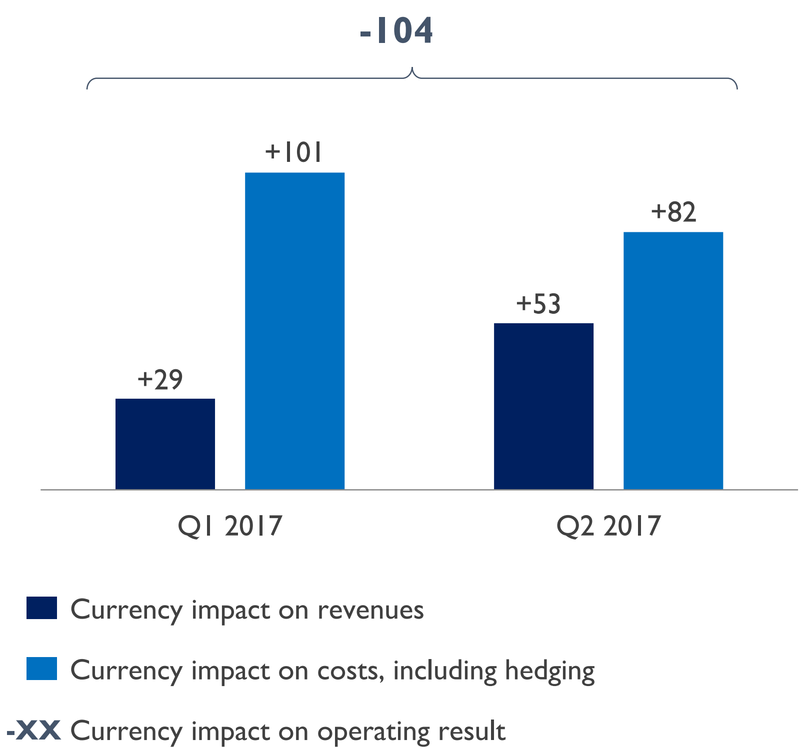
- Improving Air France-KLM's financial structure and reducing its leverage
- Securing joint-venture cash flows for the long-term
- Improving strategic positioning, making AF-KLM the European reference

APPENDIX

NEGATIVE CURRENCY IMPACT ON THE OPERATING RESULT

Currency impact on revenues and costs

In €m



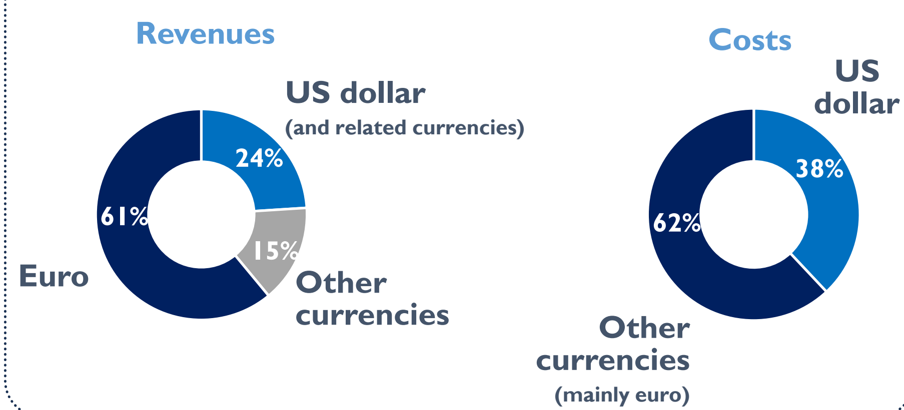
FY 2017

FY 2017 guidance

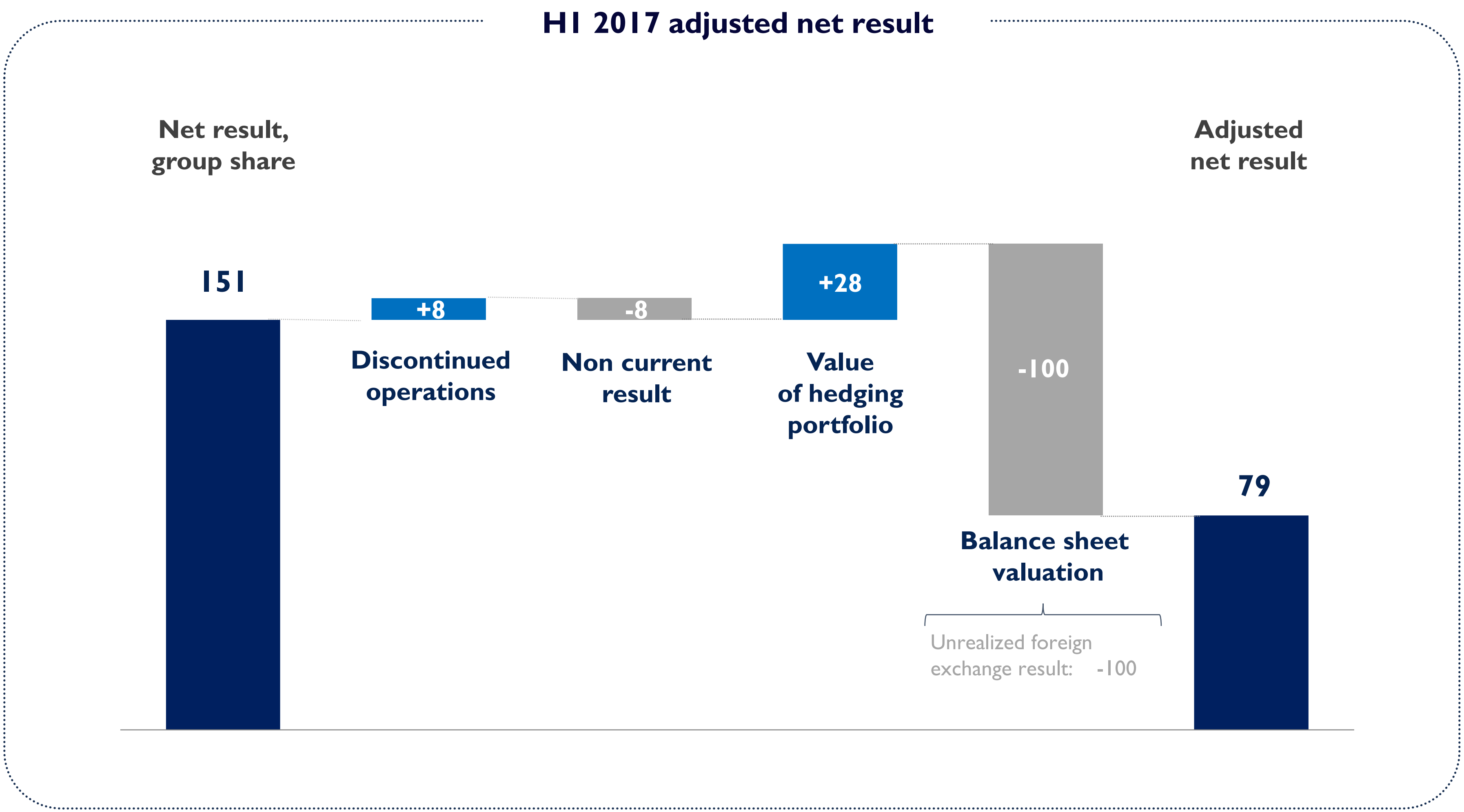
- FX headwind FY 2017 estimated around €150m based on spot €/$ 1.12
- Hedging policy on USD, GBP and JPY: ~50% net operational exposure 2017

Revenues and costs per currency

FY 2016

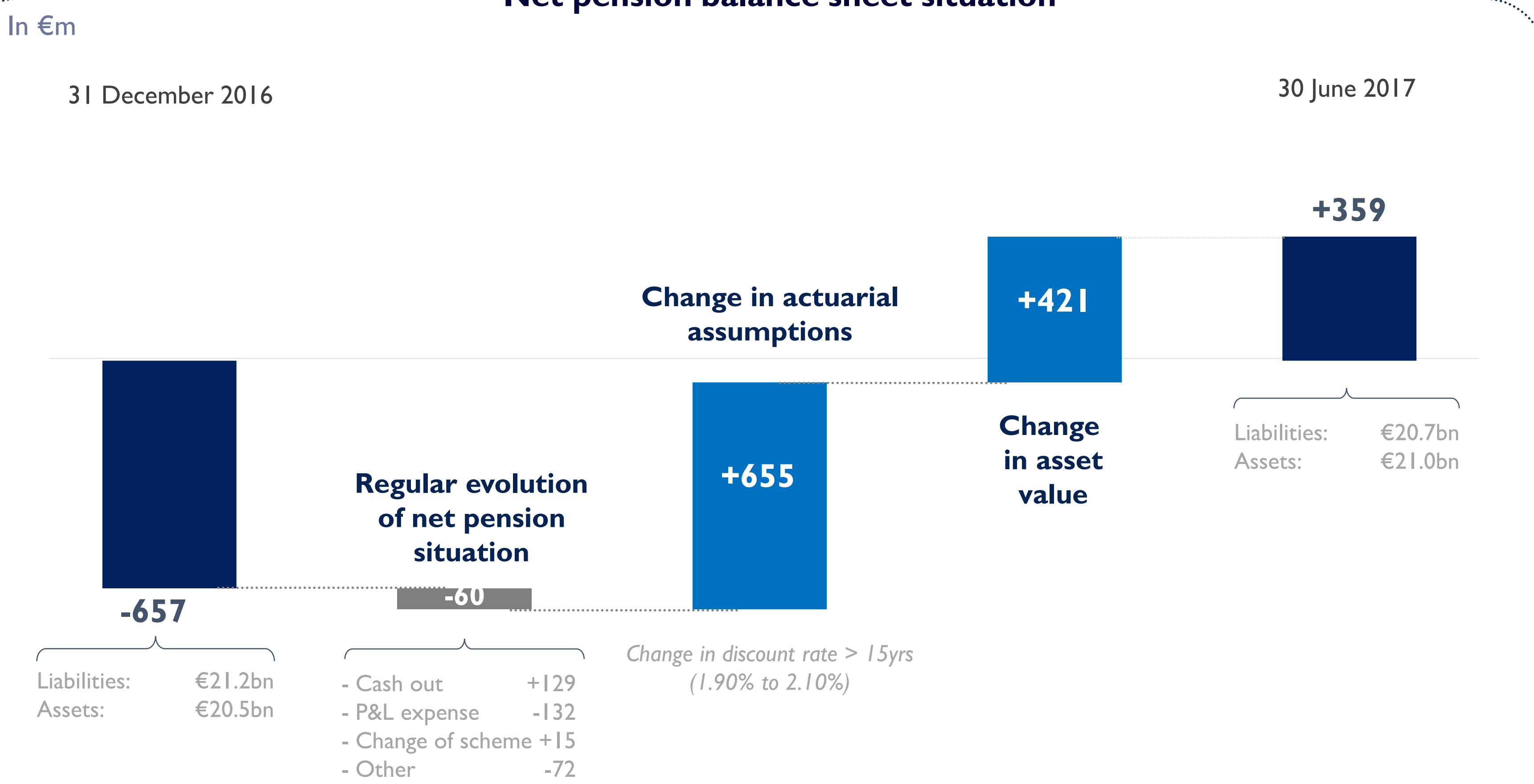


FIRST HALF 2017 ADJUSTED NET RESULT

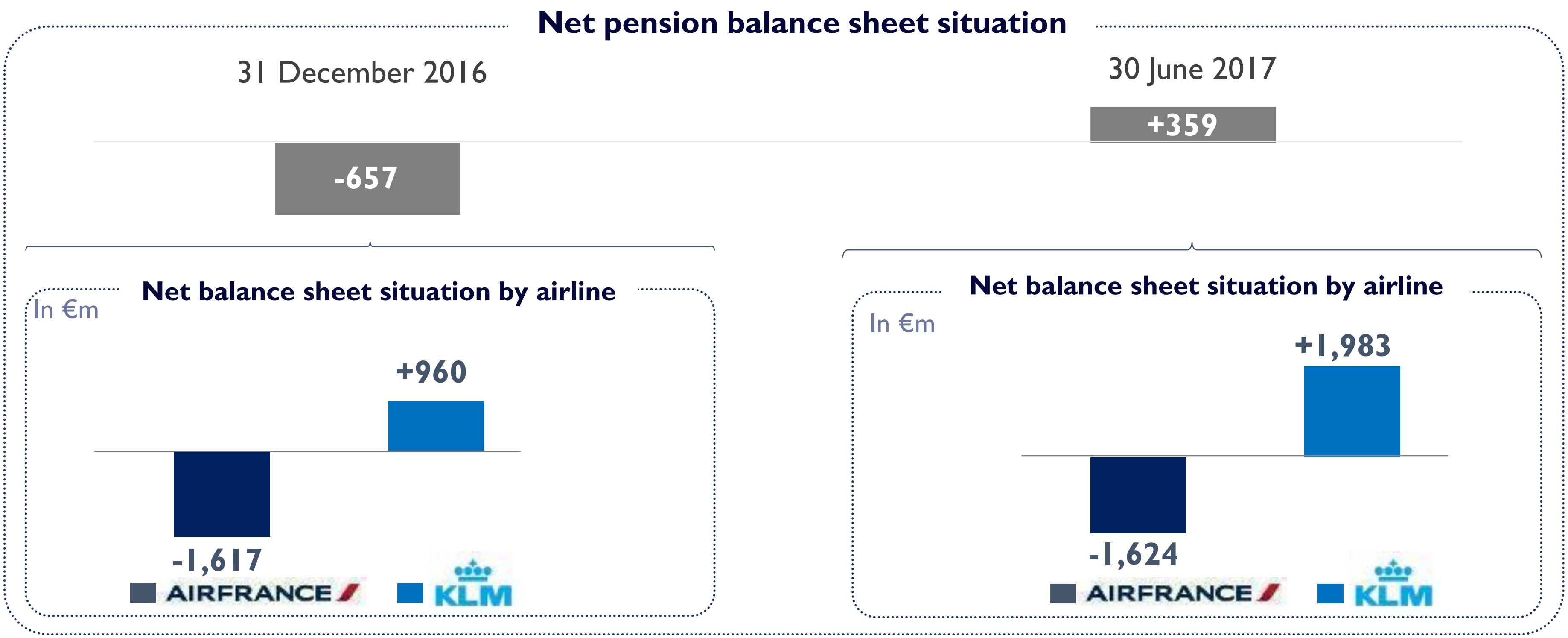


PENSION UPDATE

Net pension balance sheet situation



PENSION DETAILS AT 30 JUNE 2017



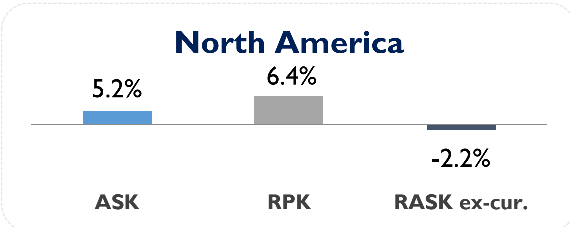
Air France

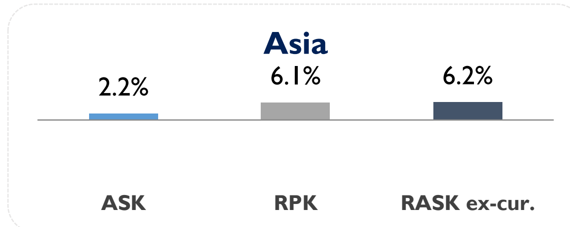
- Air France end of service benefit plan (ICS): Pursuant to French regulations and the company agreement, every employee receives an end of service indemnity payment on retirement (no mandatory funding requirement). ICS represents the main part of the Air France position
- Air France pension plan (CRAF): related to ground staff affiliated to the CRAF until December 31st, 1992

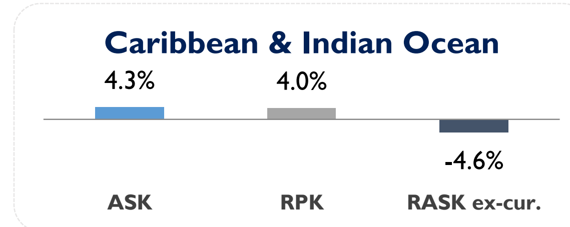
KLM

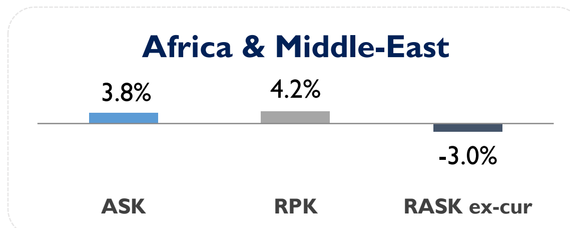
- Defined benefit schemes for Pilots, Cabin crew and Ground staff

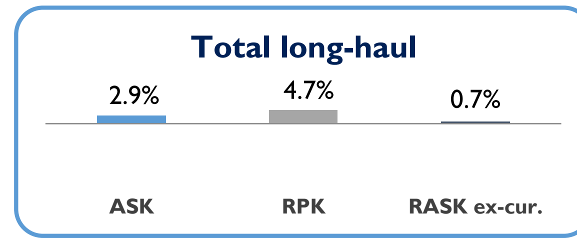
NETWORK: FIRST HALF PASSENGER NETWORK RECOVERY IN ASIA AND LATIN AMERICA

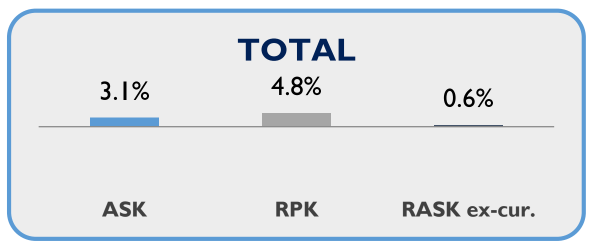


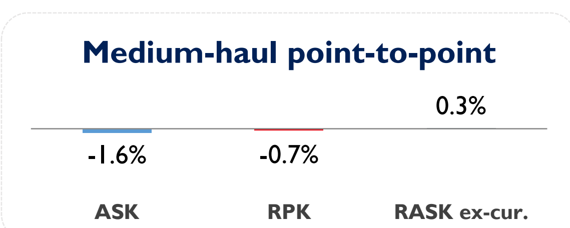


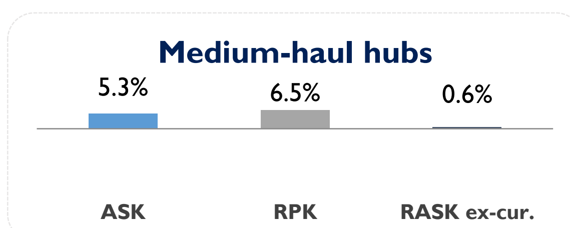


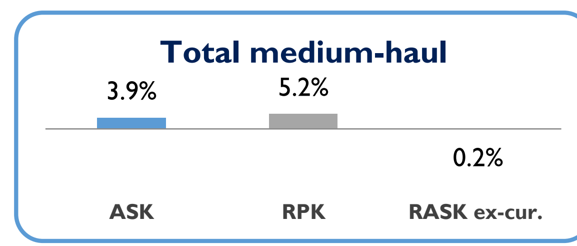






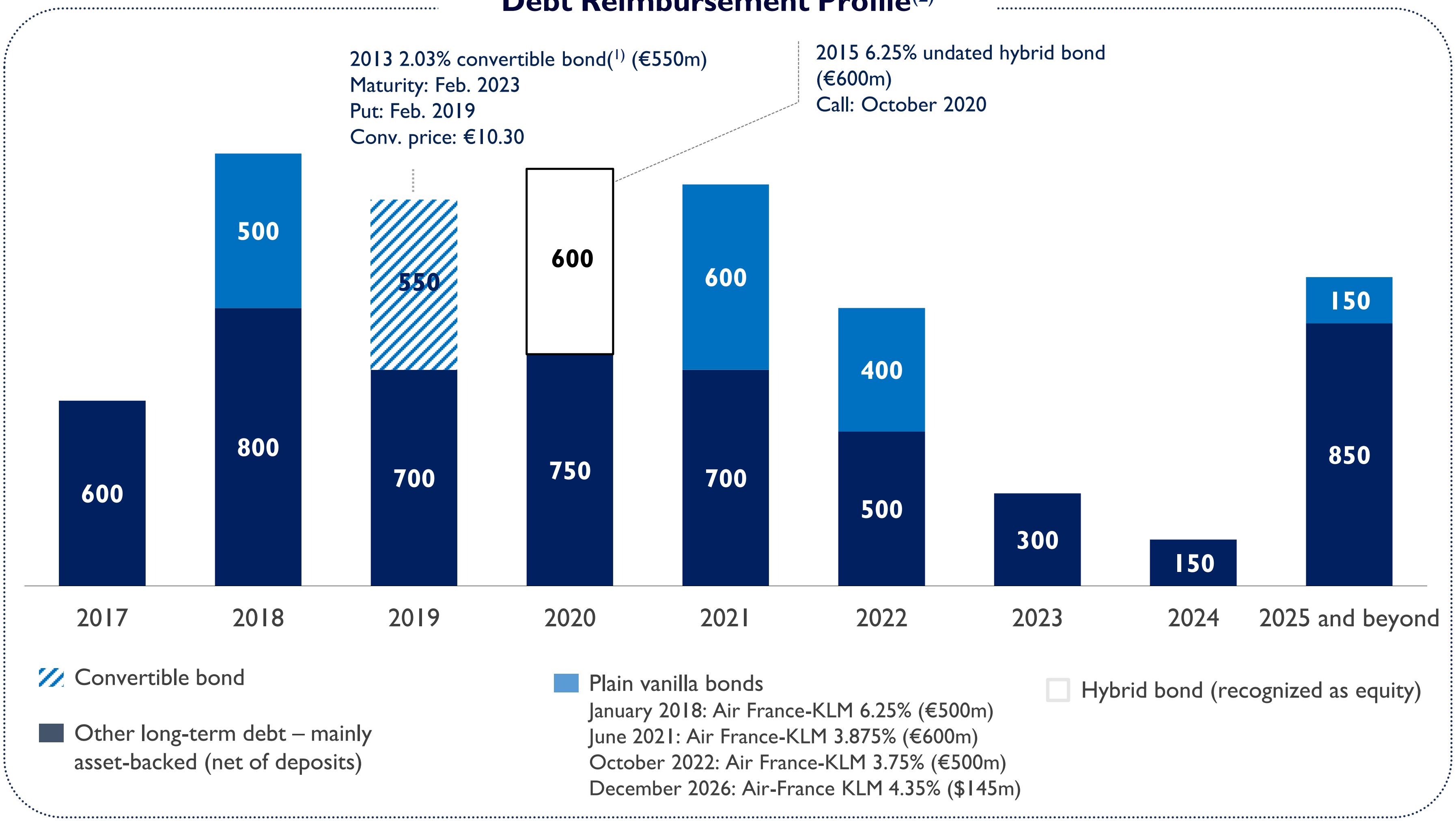






DEBT REIMBURSEMENT PROFILE AT 30 JUNE 2017

Debt Reimbursement Profile(2)



(1) If share price exceeds 130% of the nominal value, i.e. €13.39 for a period of consecutive 10 days, Air France-KLM may proceed with a mandatory reimbursement in return for cash via the exercise of a call.
(2) In € million, net of deposits on financial leases and excluding KLM perpetual debt (€m)