INFORMATION MEETING

2016

AIRFRANCE KLM

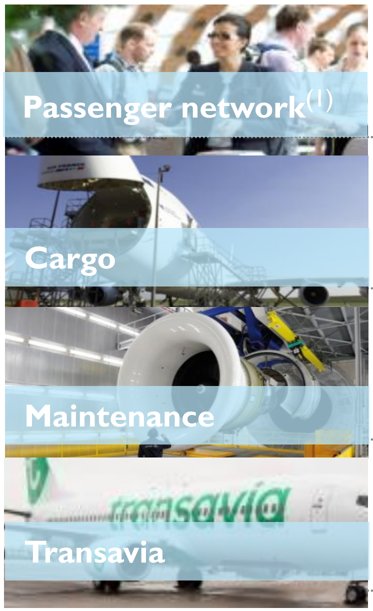
KEY MESSAGES

Key data: First Half 2016

In €m	Q2 2016	Q2 2015[1]	Change		H1 2016	H1 2015[1]	Change	
Revenues	**6,215**	6,558	-5.2%	↘	**11,820**	12,140	-2.6%	↘
Change like-for-like[2]			*-3.7%*	↘			*-2.6%*	↘
EBITDAR[3]	**991**	812	+179m	↗	**1,522**	1,036	+486m	↗
Change like-for-like[2]			*+226m*	↗			*+597m*	↗
EBITDA[3]	**728**	557	+171m	↗	**994**	531	+463m	↗
Change like-for-like[2]			*+211m*	↗			*+582m*	↗
Operating result	**317**	179	+138m	↗	**218**	-238	+456m	↗
Change like-for-like[2]			*+183m*	↗			*+580m*	↗
Net result, group share	**41**	-79	+120m	↗	**-114**	-638	+524m	↗
Adjusted net result[3]	**78**	75	+3m	=	**-24**	-431	+407m	↗
Operating free cash flow[3]	**177**	311	-134m	↘	**373**	265	+108m	↗
ROCE[3, 4]					**11.7%**	5.4%	+6.3pt	↗
Net debt at end of period					**4,042**	4,307[5]	-265	↘
Adjusted net debt / EBITDAR[3, 4]					**2.9x**	3.4x[5]	-0.5	↘

(1) Reclassification Servair as discontinued operations
(2) Like-for-like: excluding currency. Same definition applies in rest of presentation unless otherwise stated
(3) See definition in press release
(4) Trailing 12 months; EBITDAR and ROCE excluding September 2014 pilot strike
(5) At 31 December 2015

Contribution by business segment to First Half 2016 results



		Revenue (€bn)	Reported change[1] (%)	Change Like-for-like[1] (%)		Op. Result (€m)	Reported change[1] (%)	Change Like-for-like[1] (%)	
Passenger network[1]	80%	**9.41**	-2.6%	-2.4%	↘	**319**	+431	+531	↗
Cargo	9%	**1.04**	-15.7%	-15.5%	↘	**-116**	+25	+38	↗
Maintenance	7%	**0.87**	+11.6%	+9.9%	↗	**95**	+9	+9	↗
Transavia	4%	**0.48**	+7.3%	+7.3%	↗	**-75**	+0	+11	↗
Other						**-5**	-10	-8	
Total		**11.82**	-2.6%	-2.6%	↘	**218**	+456	+580	↗

(1) 2015 reclassification Servair as discontinued operations
(2) Passenger network: Air France, KLM and HOP!

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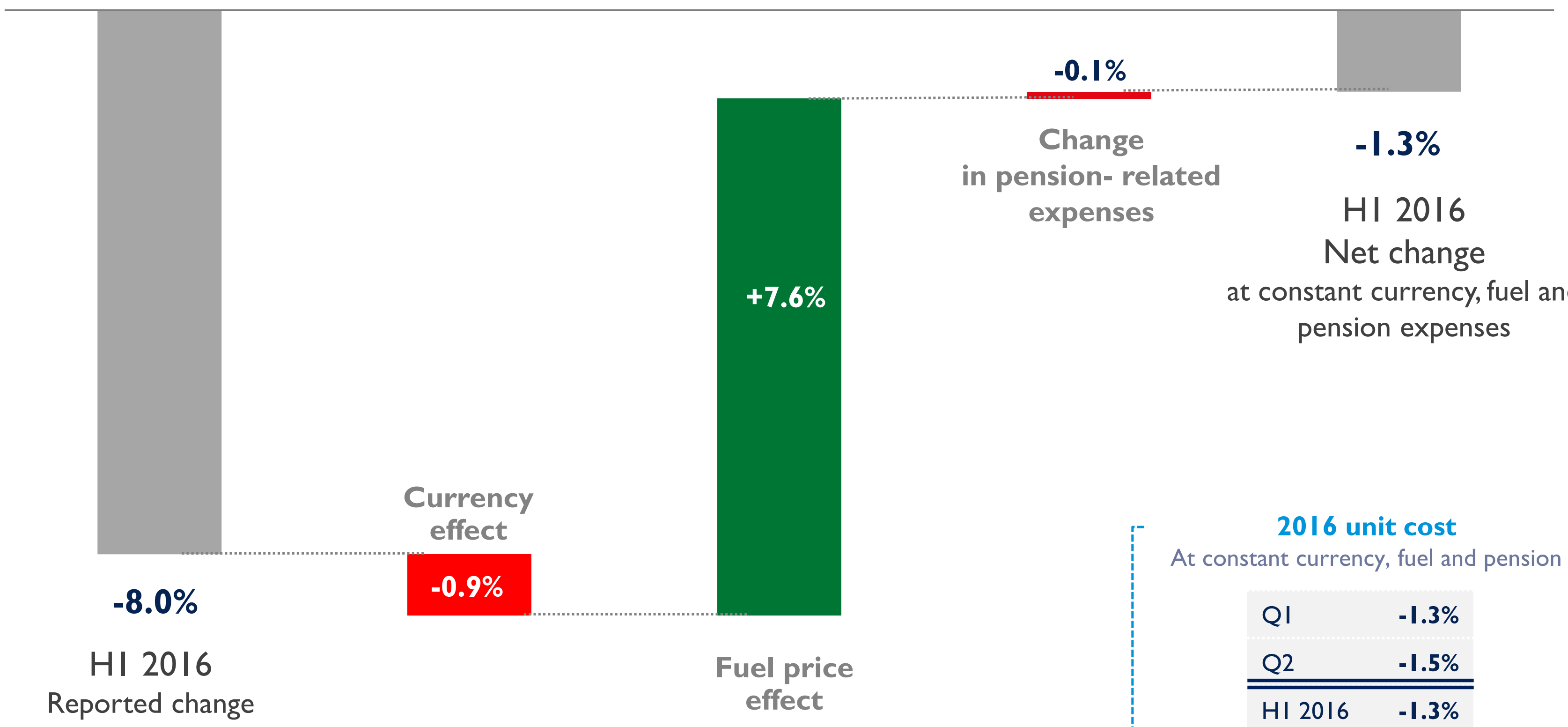
First Half 2016 unit cost at constant currency, fuel and pension expenses

Net Costs: €10,221m (-7.7%)
Capacity in EASK: 163,678m (+0.3%)
Unit cost per Equivalent Available-Seat Kilometer (EASK): 6.24 euro cents



2016 unit cost
At constant currency, fuel and pension

Q1	-1.3%
Q2	-1.5%
H1 2016	-1.3%

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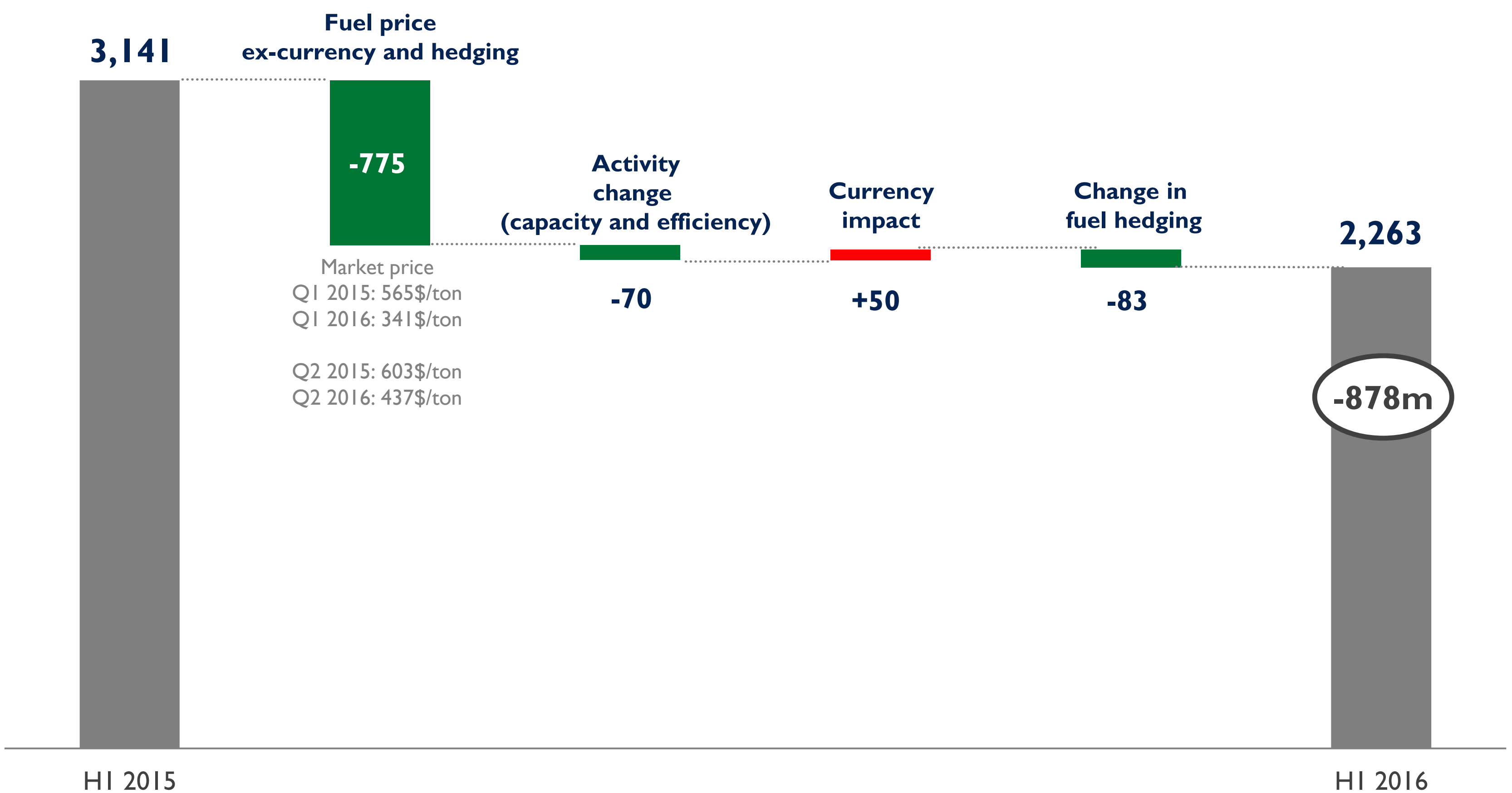
First Half 2016 fuel bill

Fuel bill

In €m



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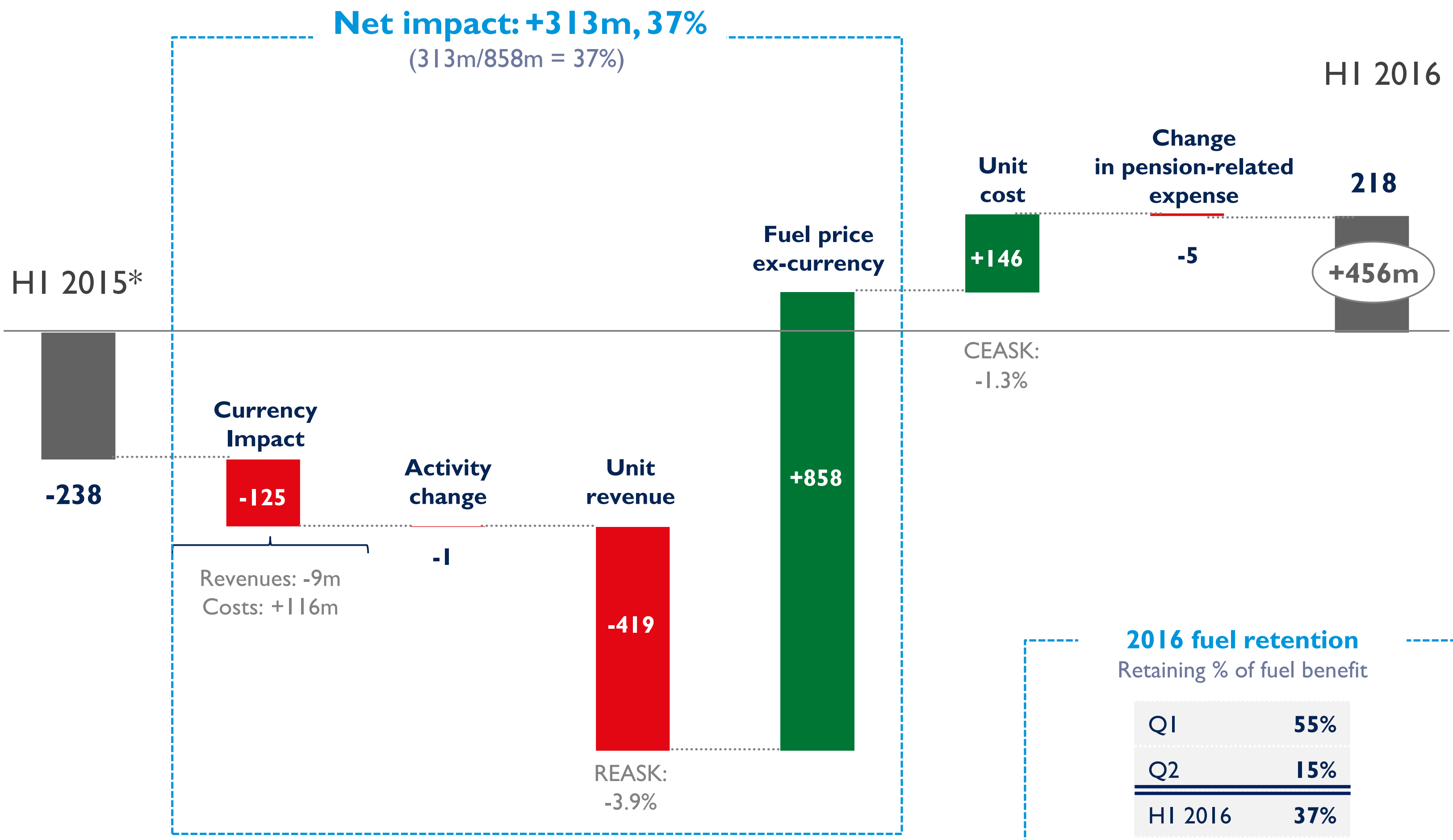
Operating result: retaining 37% of First Half 2016 fuel benefit

Change in operating result

In €m



2016 fuel retention

Retaining % of fuel benefit

Q1	**55%**
Q2	**15%**
H1 2016	**37%**

* 2015 reclassification Servair as discontinued operations

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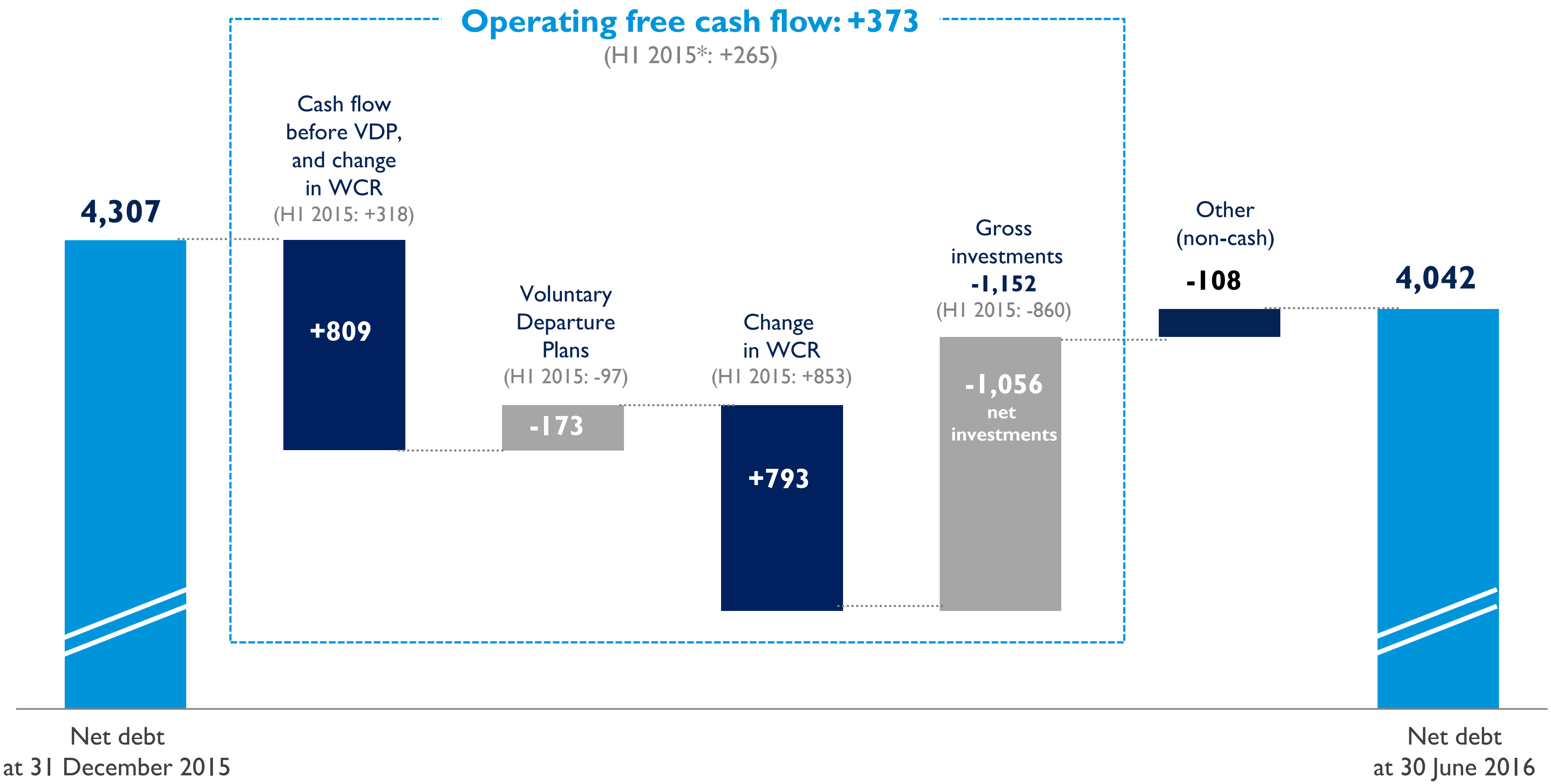
First Half 2016: further reduction in net debt

Analysis of change in net debt

In €m



* 2015 reclassification Servair as discontinued operations

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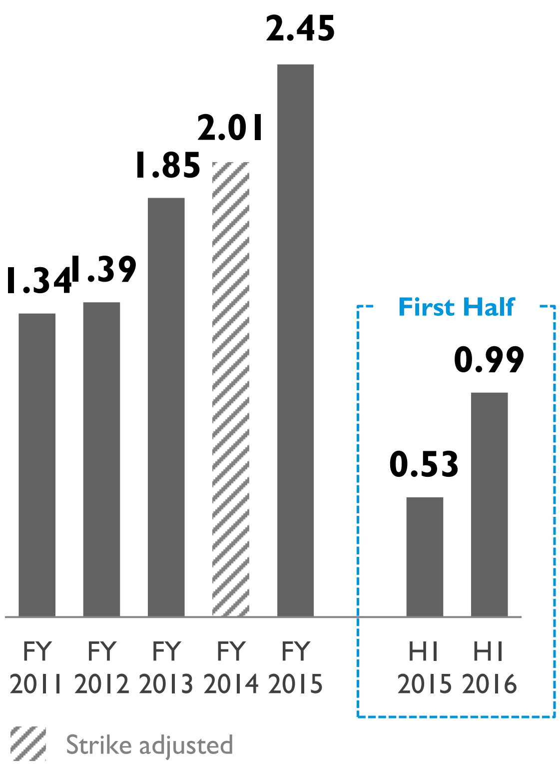
Strong improvement in financial situation

Full Year EBITDA

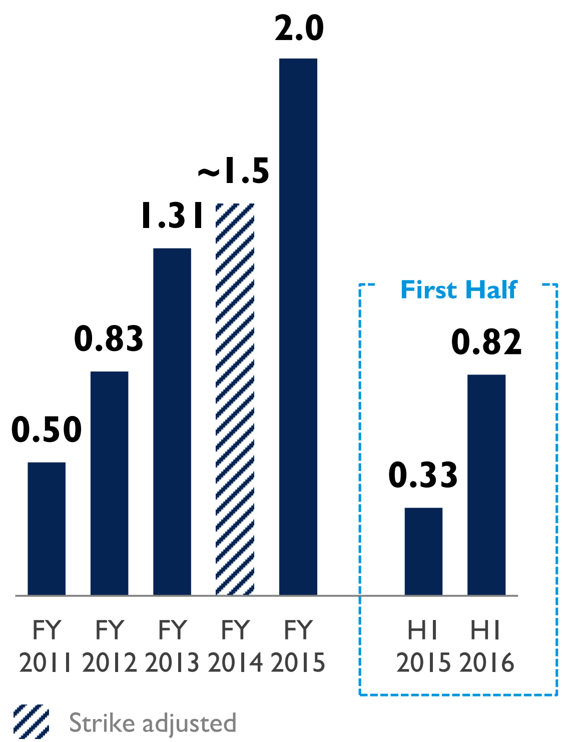
€bn



- 2015 vs 2011: **+€1,110m**
- H1 2016 vs H1 2015: **+€463m**

Operating cash flow

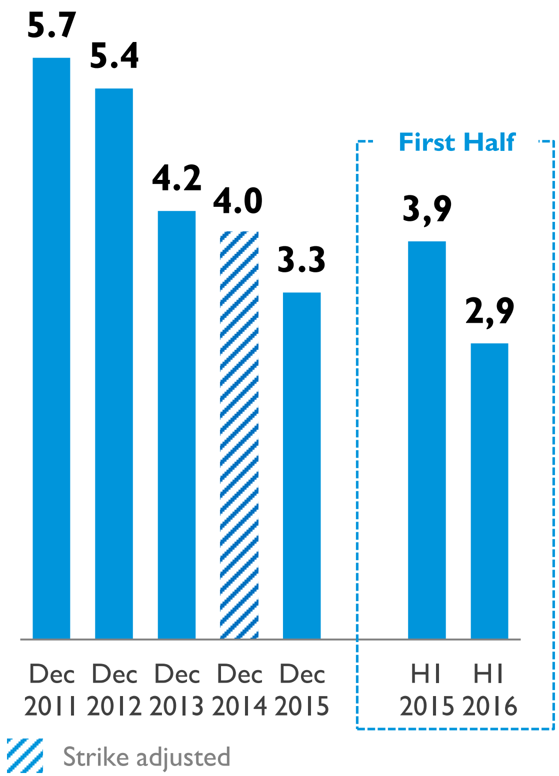
€bn, before change in WCR and Voluntary Departure Plans



- 2015 vs 2011: **+€1,500m**
- H1 2016 vs H1 2015: **+€495m**

Adjusted net debt/EBITDAR ratio

Trailing 12 months



- 2015 vs 2011: **-2.4**
- H1 2016 vs H1 2015: **-1.0**

Outlook for 2016

- High level of uncertainty regarding unit revenue and fuel price due to geopolitical, economical and airline industry capacity environment, and special concern about France as a destination
- Fuel bill savings in the coming quarters expected to be more than offset by downward pressure on unit revenue and negative currency impacts
- Continued unit cost[1] reduction, around 1% in 2016
- Strong capacity discipline[2] maintained
  - Passenger network: around +1%
  - Transavia: around +15%
  - Cargo: around -4%
- Free operating cash flow generation after disposals maintained between €0.6bn and €1.0bn
  - Operating cash flow depending on unit revenue development
  - Capex plan (between €1.8- € 2.0bn, including buying back aircraft under operating lease) and disposals (between €0.3- € 0.6bn) will be adjusted accordingly
- Further significant net debt reduction

(1) On a constant currency, fuel price and pension costs
(2) Capacity growth in % ASK Full Year 2016 vs Full Year 2015

Medium term financial objectives maintained

PERFORM 2020

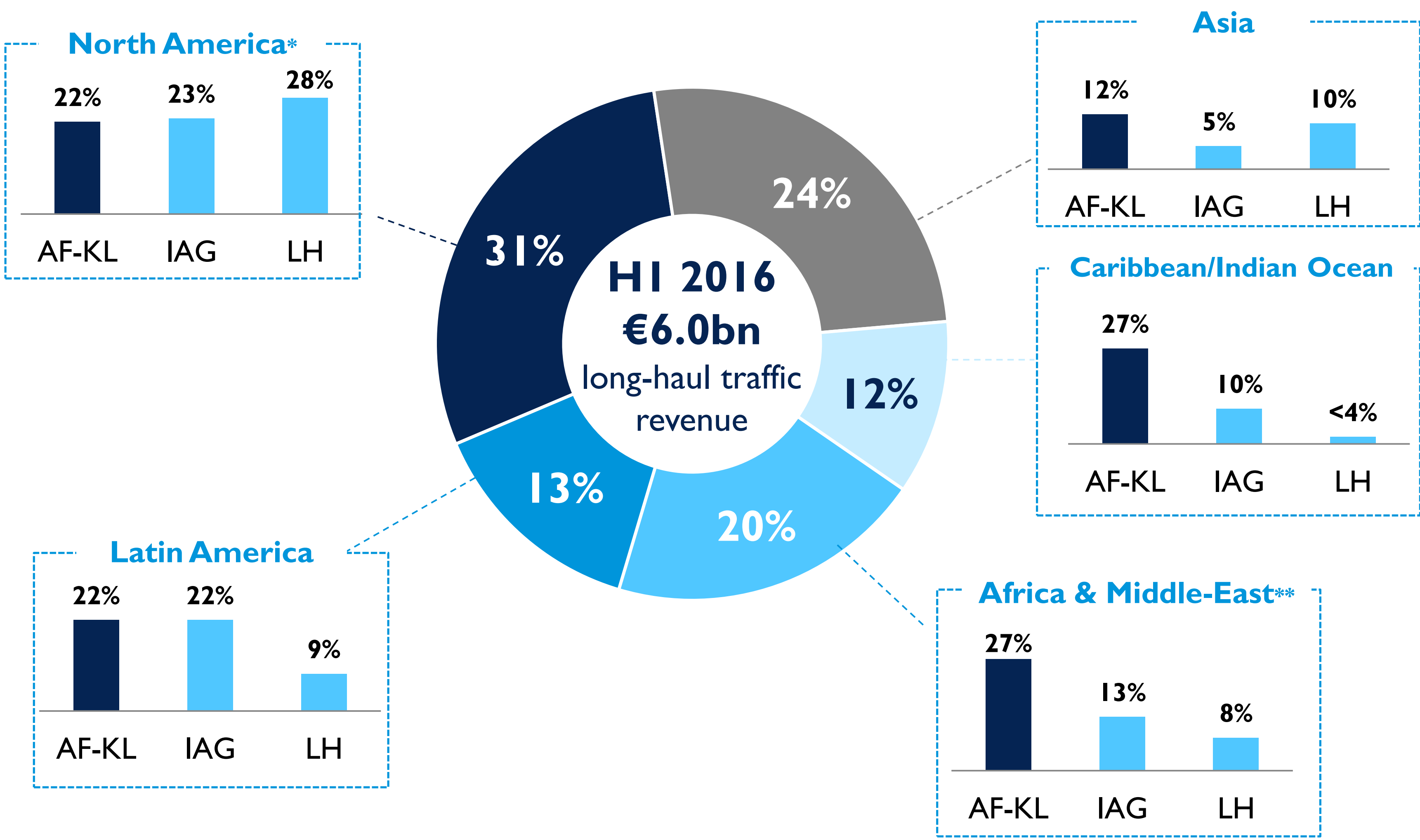
- Adjusted net debt[1] to EBITDAR[2] around 2.5 by end 2017
  - Existing business consistently generating positive free cash flow
- Unit cost reduction target of 1.5% per year over the medium term
- Consistent with a ROCE of 9 to 11% in 2017 and beyond

(1) Adjusted for the capitalization of operating leases (7x yearly expense)
(2) At constant currency, fuel price and pension cost

BUSINESS REVIEW

European long-haul market leader, balanced network

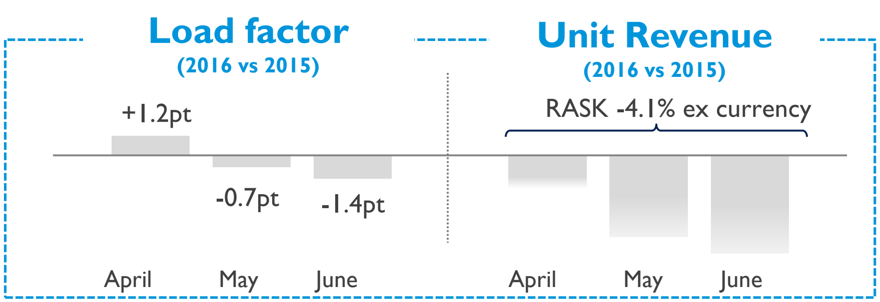
H1 2016 long-haul revenue, Winter 2015 market share per long-haul region from OAG



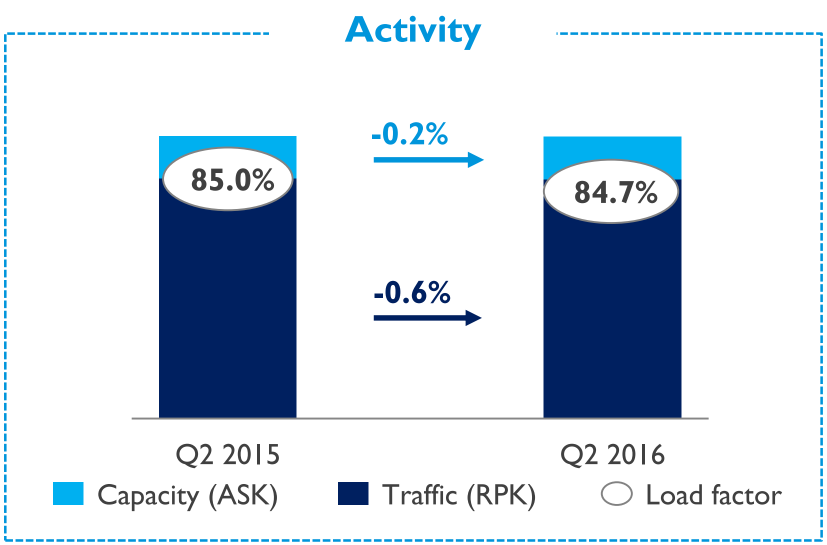
* Including respective US partners - ** Market share on Africa only

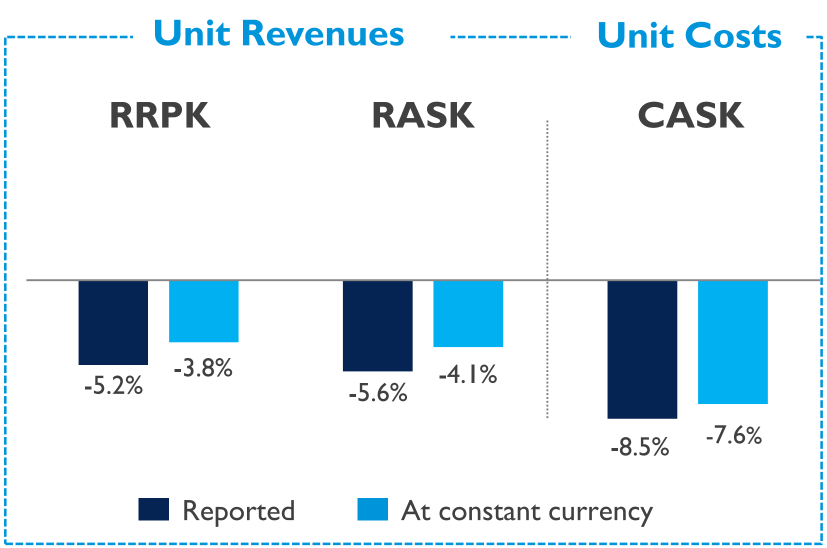
Passenger network activity in Second Quarter 2016

- Strict capacity discipline
  - Capacity stable (-0.2%)
- Continuous pressure on unit revenue
  - Unit revenue down 4.1% at constant currency:
    - Long-haul down 4.7%
      - Premium: -2.0% / Economy: -5.5%
    - Medium-haul unit revenue: down 4.0%
  - Impact of Air France pilot strike estimated around € 40m
  - Increasing industry capacity leading to downward pressures during the quarter



- Strong improvement in operating result
  - Up €156m like-for-like





NB: Passenger network: Air France, KLM and HOP!

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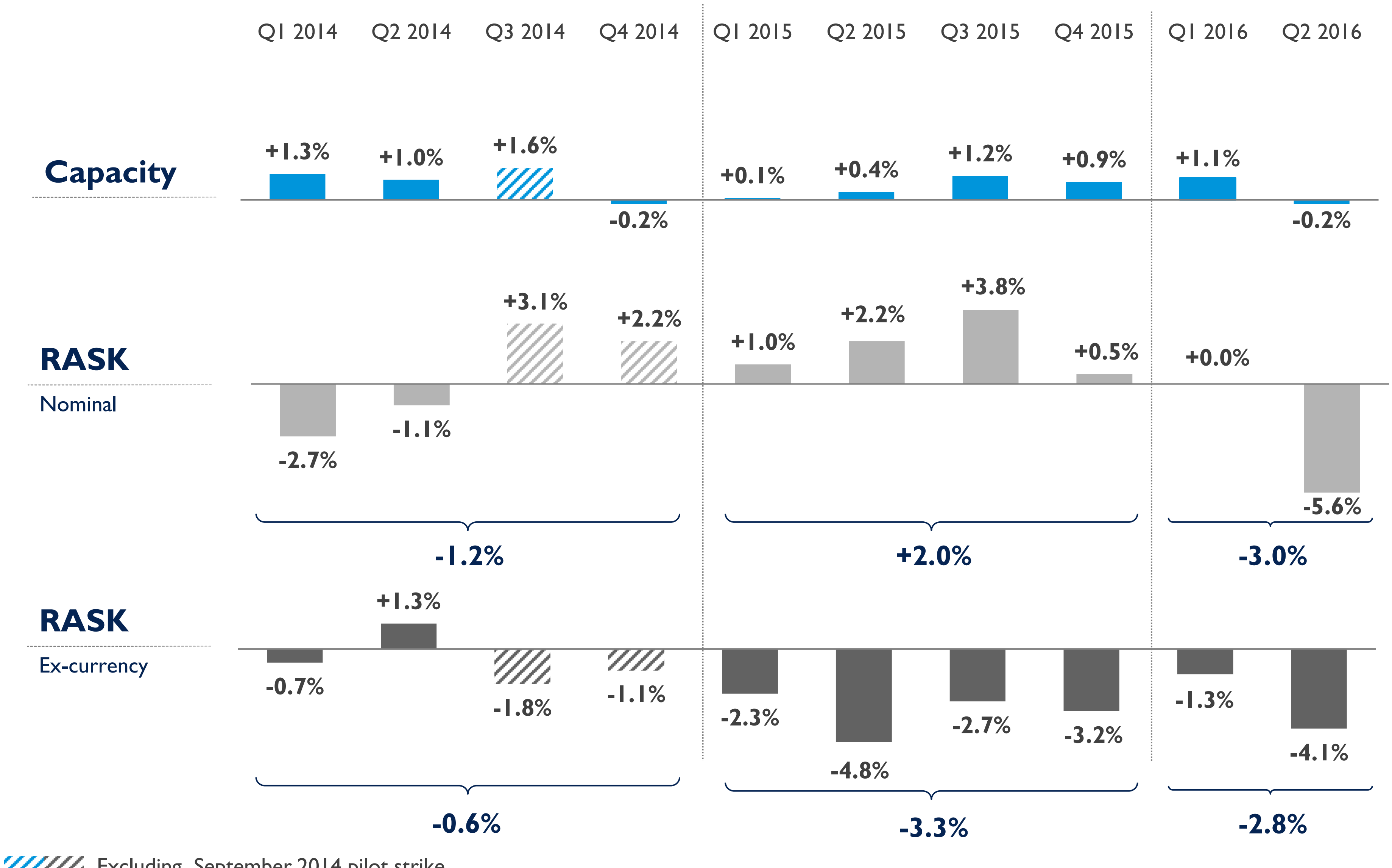
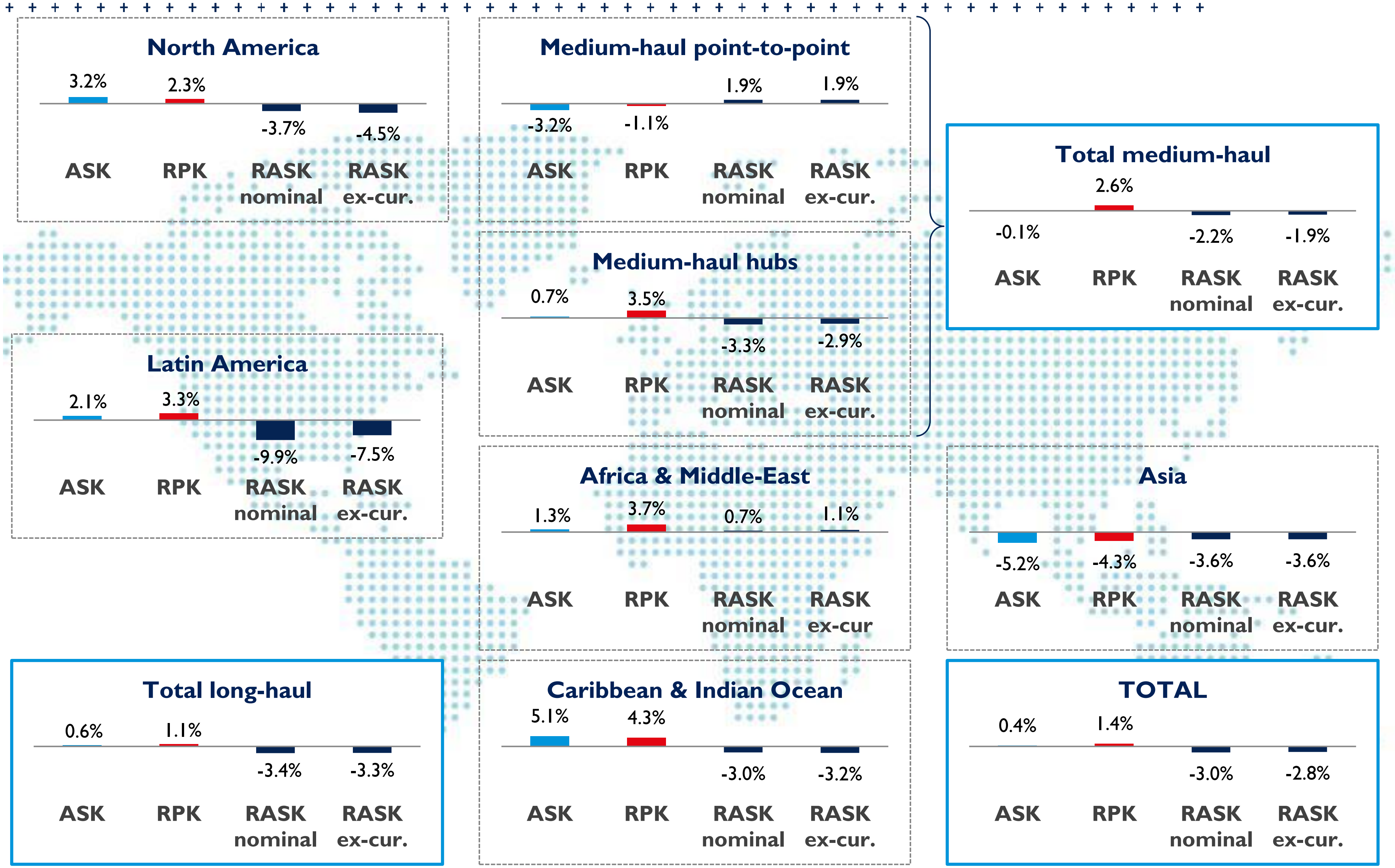
Passenger network capacity and unit revenue by quarter



NB: Passenger network only: Air France, KLM and HOP!

First Half 2016 Passenger network unit revenue by network



NB: Passenger network only: Air France, KLM and HOP!

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Second Quarter 2016 Passenger network unit revenue by network

North America

ASK	RPK	RASK nominal	RASK ex-cur.
0.5%	-0.6%	-5.7%	-4.9%

Medium-haul point-to-point

ASK	RPK	RASK nominal	RASK ex-cur.
-0.6%	1.0%	-1.0%	-1.0%

Total medium-haul

ASK	RPK	RASK nominal	RASK ex-cur.
1.0%	1.7%	-5.0%	-4.0%

Medium-haul hubs

ASK	RPK	RASK nominal	RASK ex-cur.
1.5%	1.8%	-6.1%	-4.8%

Latin America

ASK	RPK	RASK nominal	RASK ex-cur.
-0.2%	-0.6%	-14.0%	-10.2%

Africa & Middle-East

ASK	RPK	RASK nominal	RASK ex-cur
2.3%	1.4%	-3.4%	-1.7%

Asia

ASK	RPK	RASK nominal	RASK ex-cur.
-6.2%	-5.8%	-6.0%	-4.1%

Total long-haul

ASK	RPK	RASK nominal	RASK ex-cur.
-0.5%	-1.1%	-6.4%	-4.7%

Caribbean & Indian Ocean

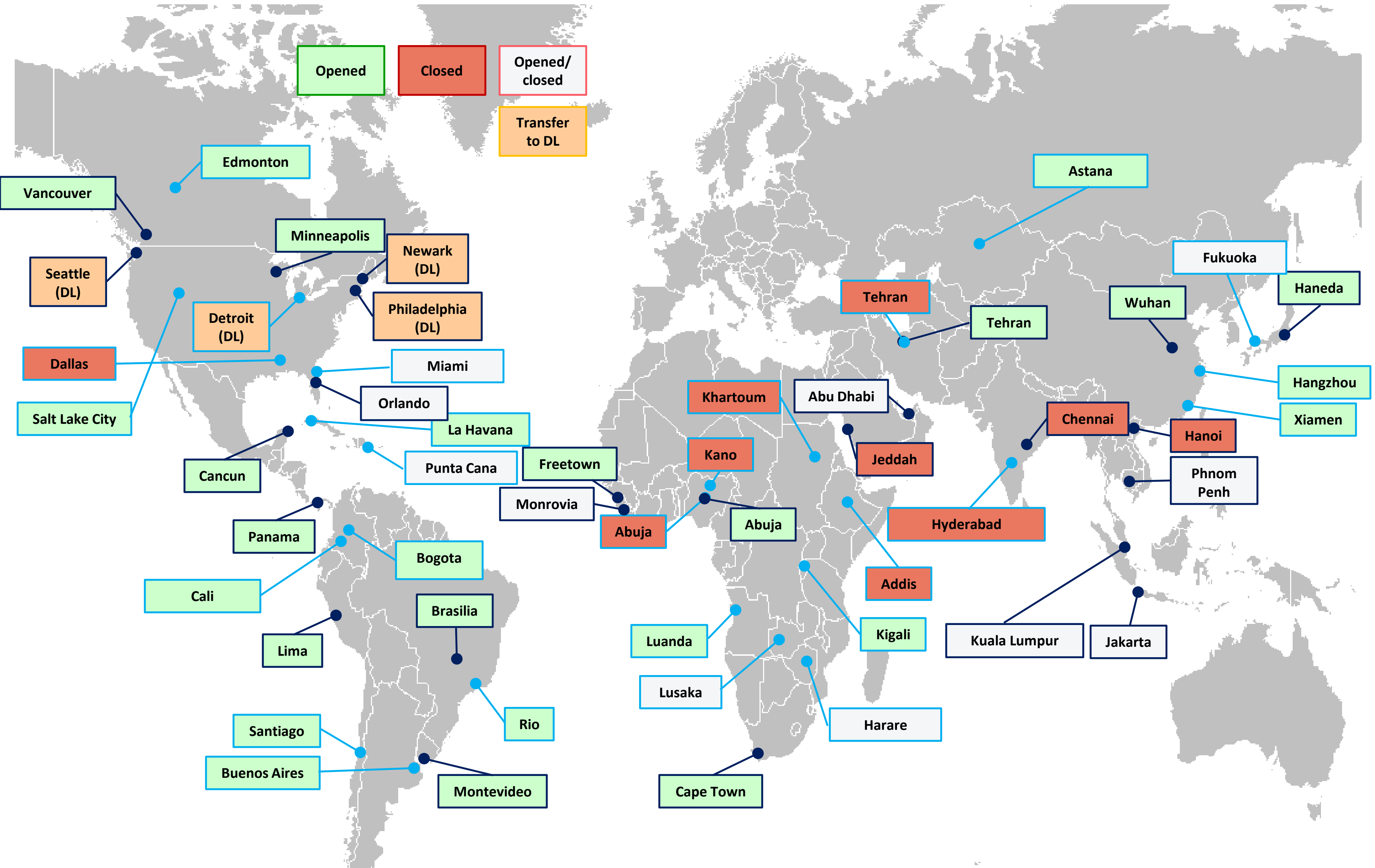
ASK	RPK	RASK nominal	RASK ex-cur.
6.5%	4.8%	-6.6%	-6.1%

TOTAL

ASK	RPK	RASK nominal	RASK ex-cur.
-0.2%	-0.6%	-5.6%	-4.1%

NB: Passenger network only: Air France, KLM and HOP!

Long-haul portfolio significantly changed between 2009 and 2016, with net addition of 12 routes



Passenger business: upgraded product offer

- Further deployment of new long-haul products
  - 37% of long-haul fleet equipped with new seats at 31 December 2015, targeting 51% at the end of 2016
  - Ongoing significant improvement in the customer satisfaction indicators* in 2015:
    +16 points for the Air France long-haul business Best cabin and +5 points for the overall KLM indicator
- Redesign of the medium-haul product
  - Air France medium-haul hub: all A319s equipped with new cabins at 31 December 2015 and A320 to be equipped before 30 June 2016
  - Upgrade customer offer by replacing Fokker 70 by Embraer aircraft
- Onboard Wi-Fi connectivity on the entire long-haul fleet from 2017

* Net Promoter Score

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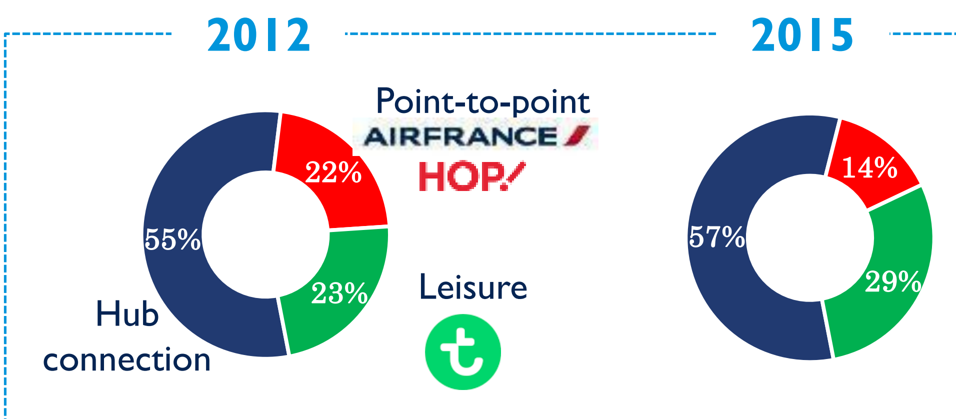
Passenger business: restructuring Air France's point to point activity well underway

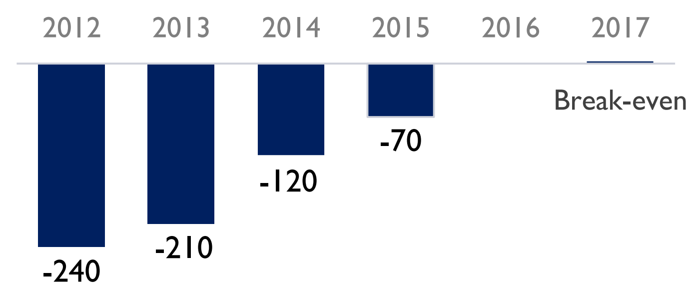
- Restructuring on track
  - Creation of single Hop! Air France business unit
    - Increasing efficiency and an optimized commercial and marketing strategy
  - Ongoing network restructuring and capacity reduction



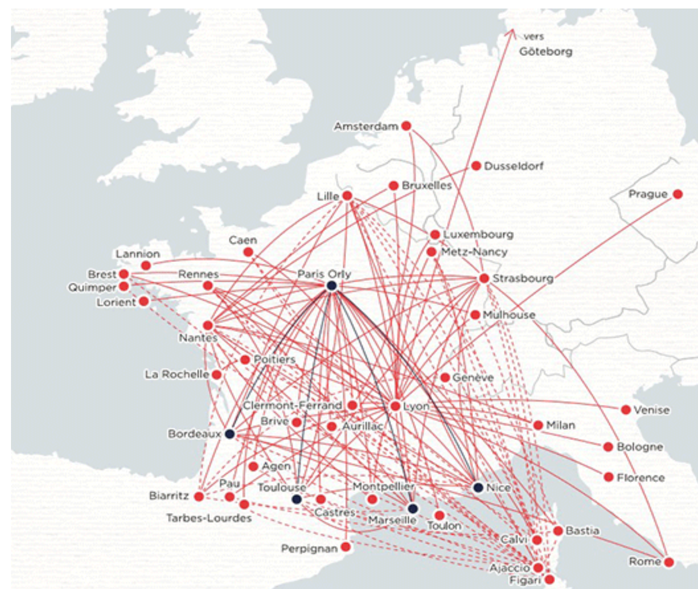
- Medium-term Perform 2020 target on track
  - Targeting break-even in 2017

Point to Point: operating income

In € million



Point to Point: Network Summer 2015



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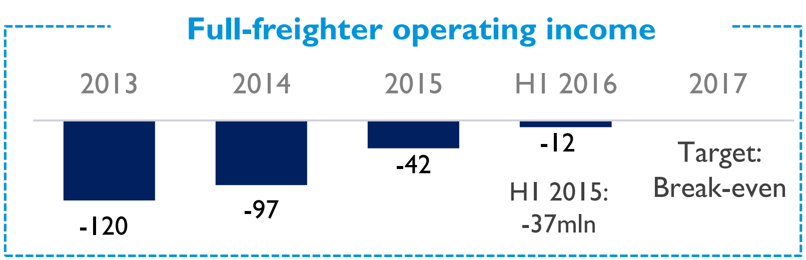
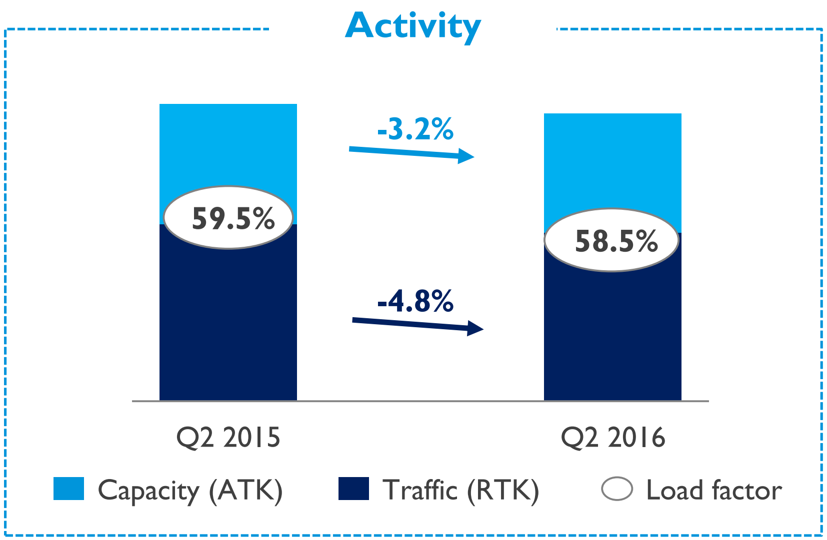
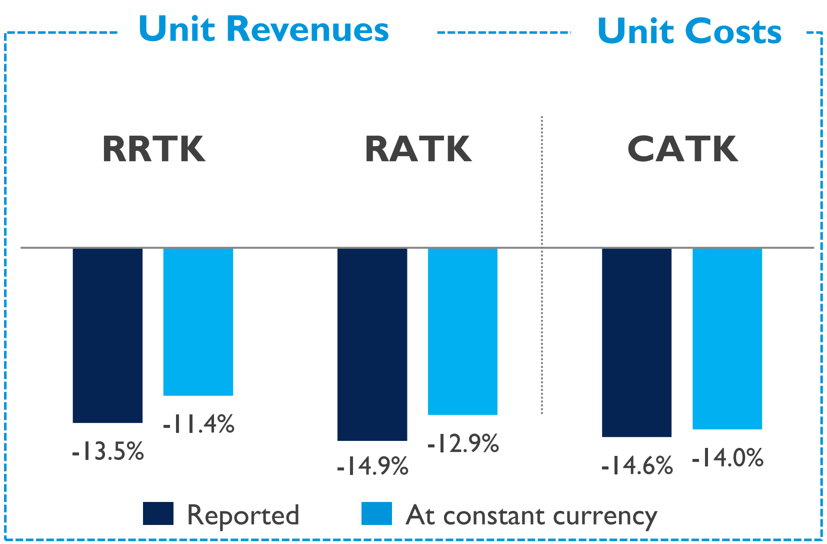
Cargo activity in Second Quarter 2016

- Persistently weak demand
  - Challenging economic environment, structural industry overcapacity
  - RATK down 12.9% at constant currency
- Ongoing restructuring on track
  - Ex-fuel unit costs down 5.4% at constant currency
    - Full-freighter capacity reduced by 25% vs H1 2015, down to 6 full-freighters in July 2016
    - FTE down 8.1% compared to H1 2015
    - On track to reach full freighter breakeven in 2017



- Operating result improved by €21m like-for-like





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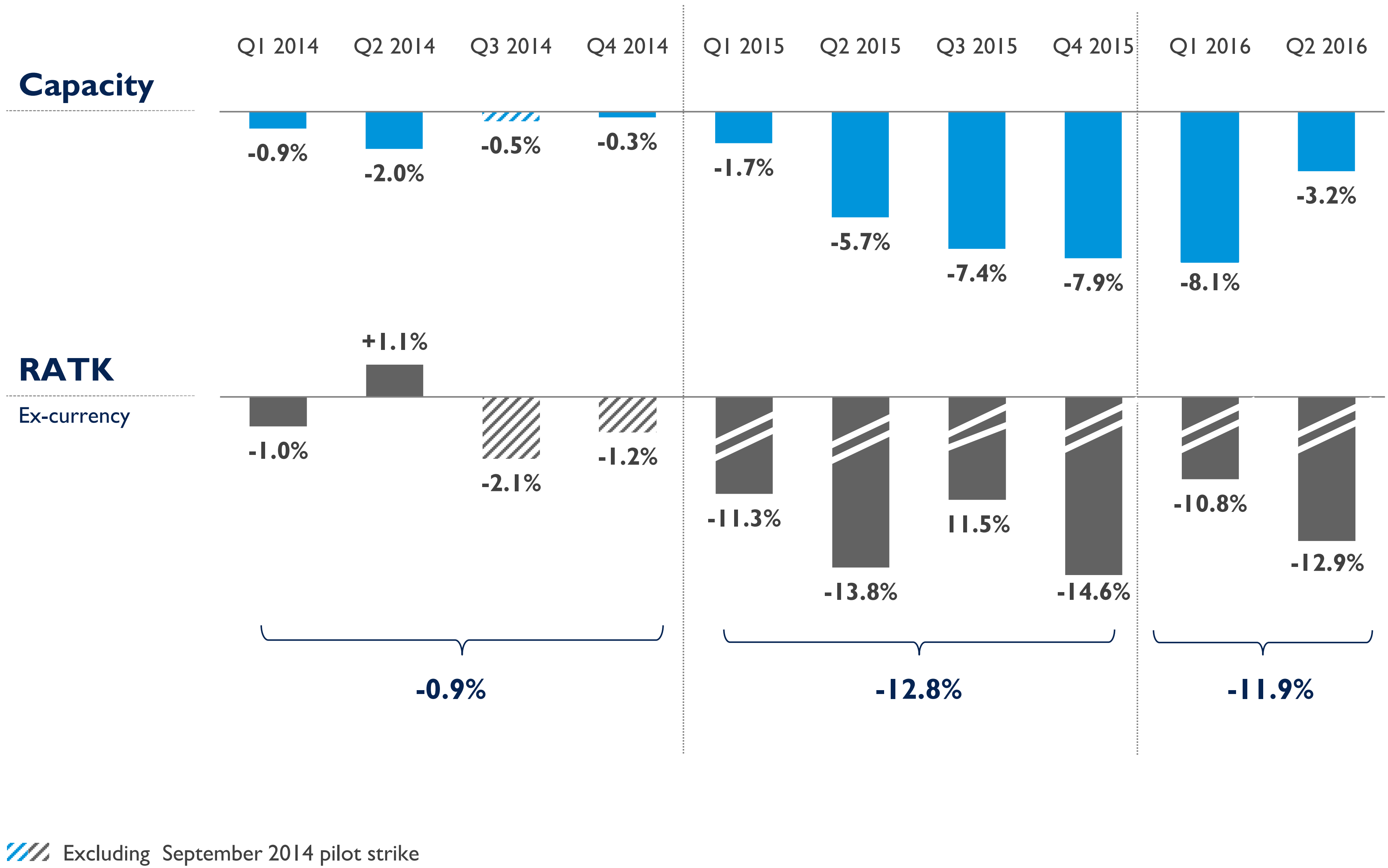
Cargo capacity and unit revenue by quarter



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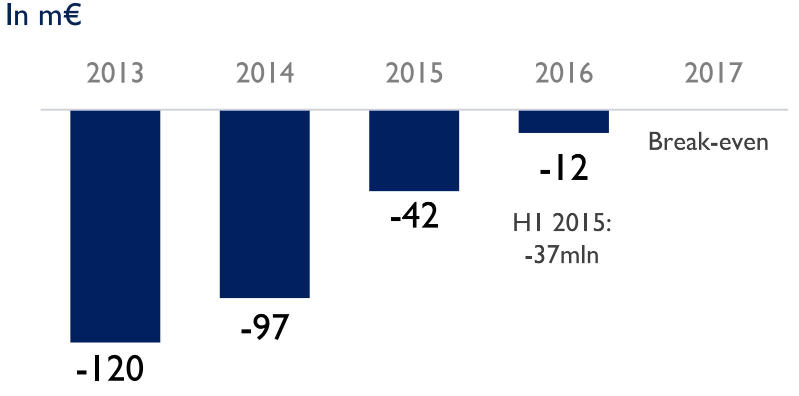
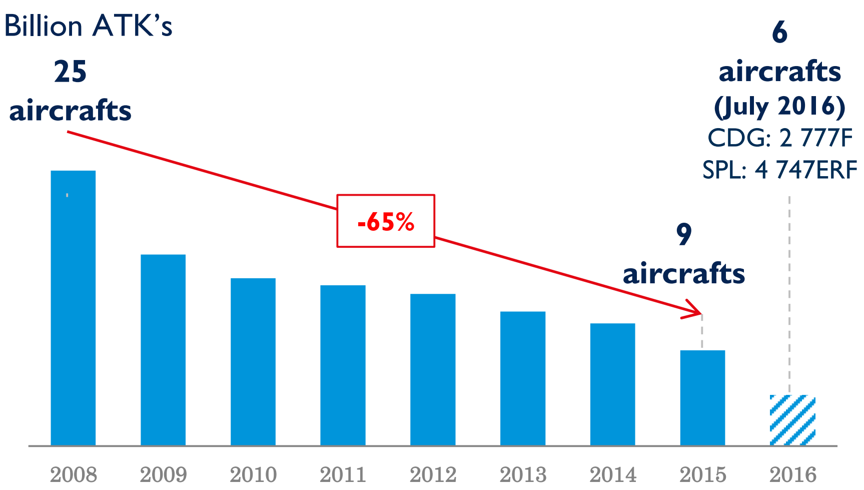
Cargo: restructuring on track

- Persistently challenging economic context for cargo activity, particularly structural industry overcapacity
  - Additional capacity by increased passenger aircraft (bellies)
  - Pricing environment dictated by non-hedged players resulting in ongoing pressure on RATK
- Restructuring on track
  - Full freighter capacity reduced by 25% during H1 2016
  - Cargo FTE`s reduced 8.1% vs H1 2015
- Medium-term targets Perform 2020 on track
  - On track to reach full freighter breakeven in 2017

Full-Freighter operating income



Full-Freighter capacity



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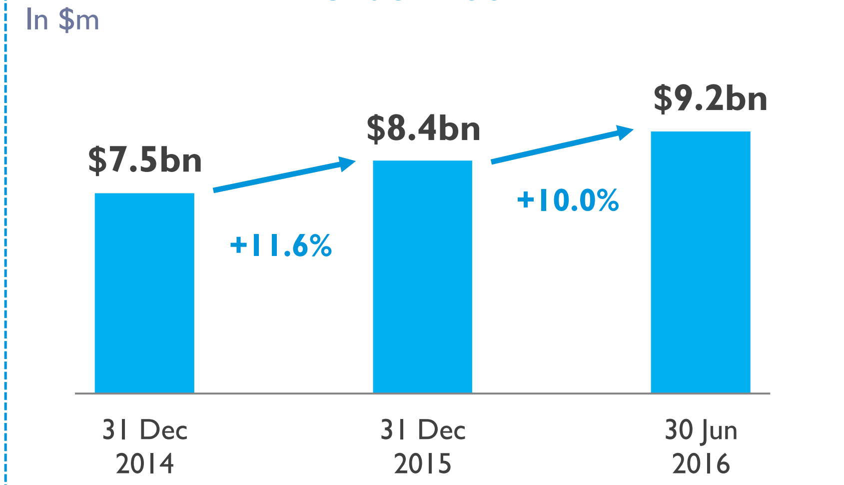
Maintenance activity in Second Quarter 2016

- Third party revenue up 10%, and up 12.9% like-for-like
- Further increase in the order book
  - New engine support contracts for CFM and GEnx as well as components support contracts for A350 and B777
- Operating margin above 5%
  - Change in business mix from mature contracts to new growth
  - OEM supply chain under pressure in engine business

Order Book



In €m	**Q2 2016**	Q2 2015	Change	Like-for-like
Total revenue	**1,000**	999	+0.1%	
Third party revenue	**435**	395	+9.8%	+12.9%
Operating result	**57**	51	+6	+9
Operating margin	***5.7%***	*5.1%*	*+0.6pt*	*+0.9pt*

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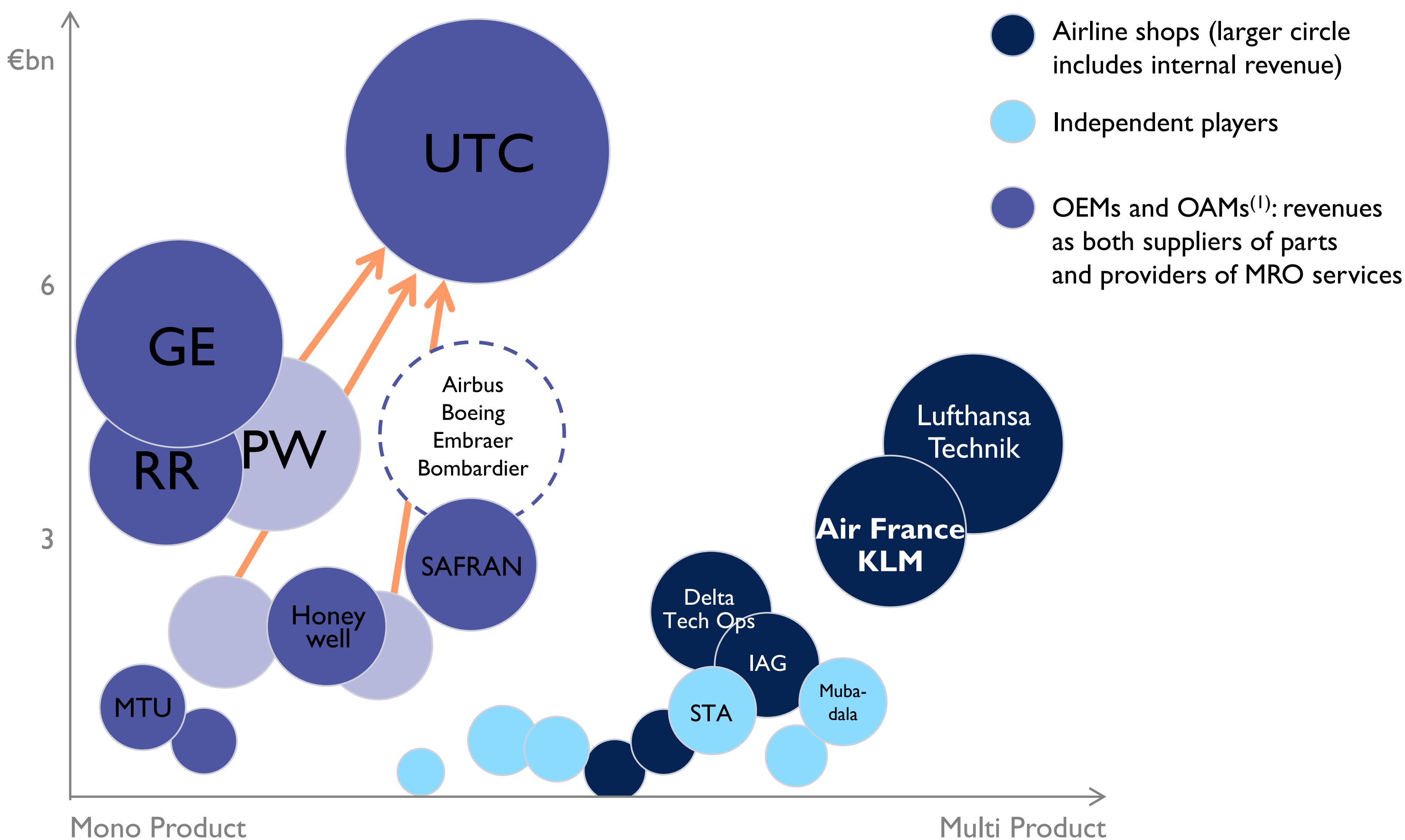
Maintenance: a market addressed by three types of players

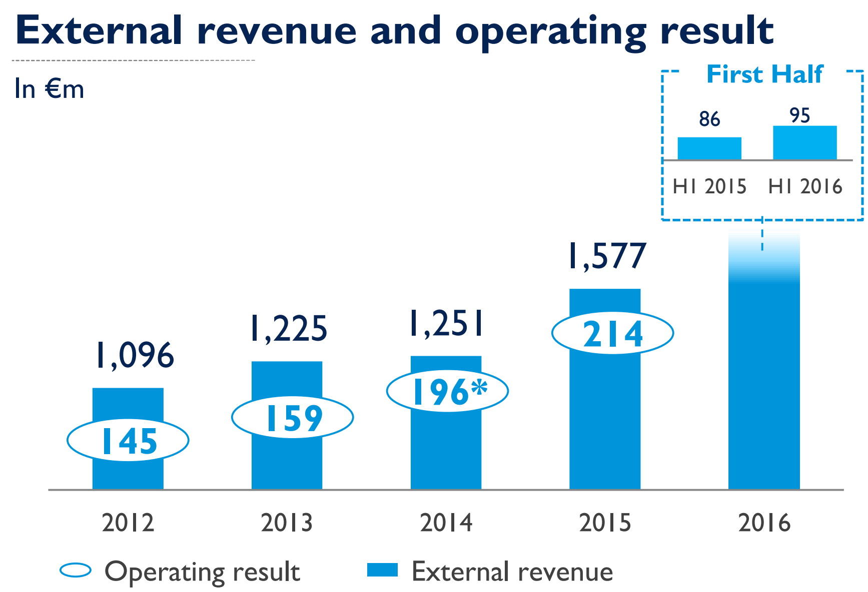
MRO providers by revenues and product scope

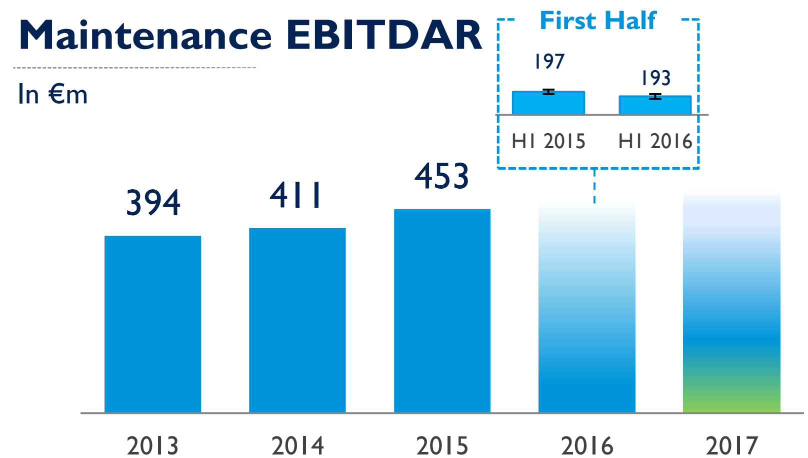


(1) OEM: Original Equipment Manufacturer,
OAM: Original Aircraft Manufacturer

Maintenance: profitable growth

- Front runner in providing next generation maintenance
  - Development of new products (B787, A350, GEnX)
    - First commercial success for long-term maintenance of GEnX engines
  - New shop facility in Roissy for next-generation aero structures
- Opening of a MRO Lab in Singapore for developing R&D innovation
- Medium-term Perform 2020 target on track:
  - 2014-2017 target: additional €50m to €80m EBITDAR





* Excluding strike impact

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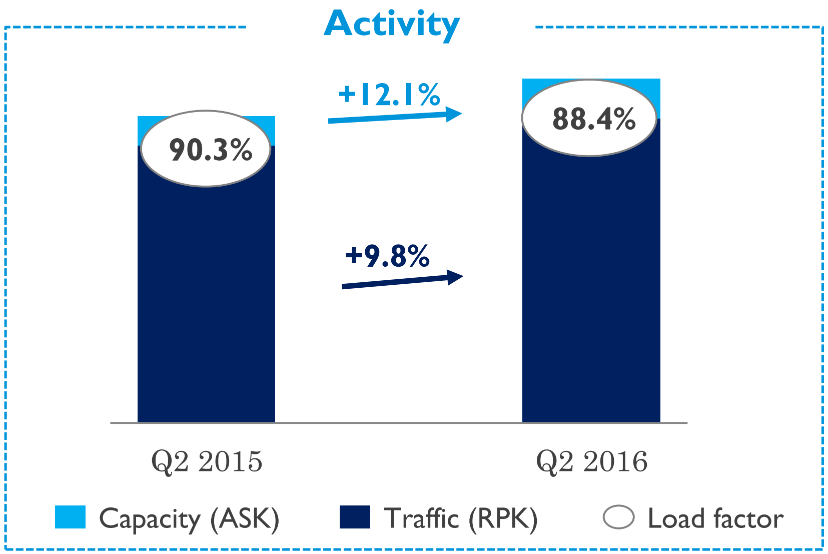
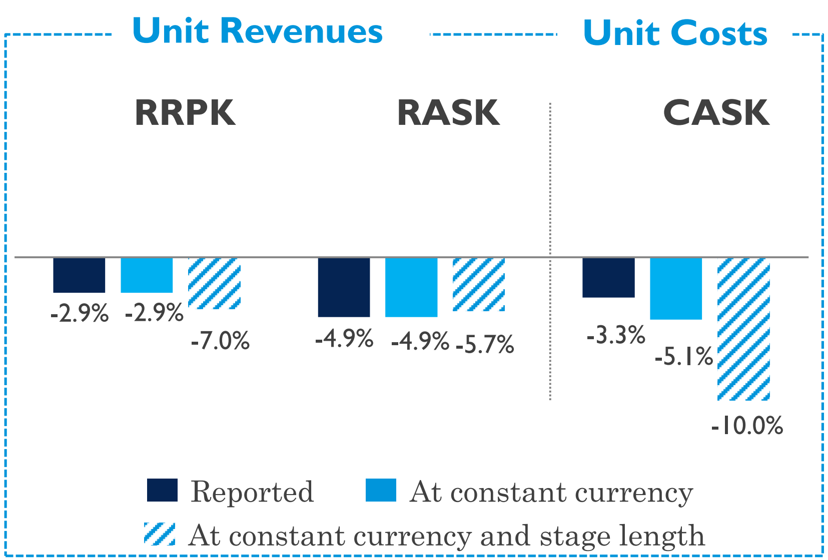
Transavia activity in Second Quarter 2016

- 3.8 million passengers, up 22%, serving more than 100 destinations
  - Number 1 Low Cost Carrier in the Netherlands and number 2 at Paris
- Negative impact on revenues due to geopolitical unrest and intensified competition
- Accelerated ramp-up in France on track
  - Capacity up 30%
- Munich base operational since 25th March 2016
  - 4 aircraft in operation
- Operating result stable like-for-like





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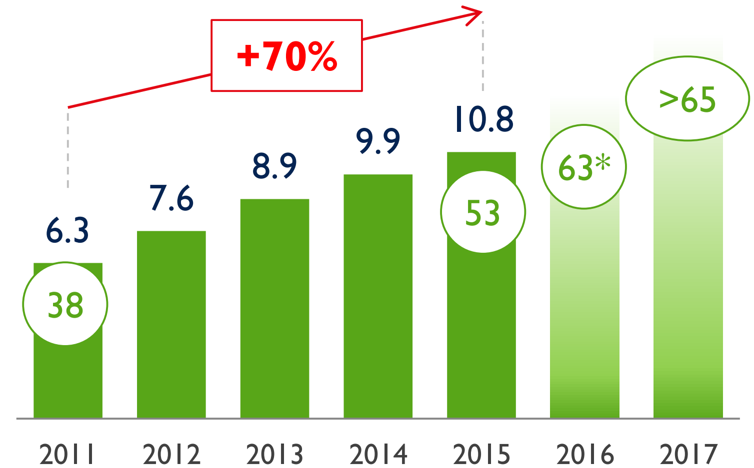
Accelerated development of Transavia

- Number 1 international Low Cost Carrier in the Netherlands and number 2 in Paris
  - More than 100 destinations in Summer 2016
- Opening of a new base in Munich as from March 2016
  - 101 weekly flights throughout the 2016 summer season
- Medium-term Perform 2020 target on track
  - Targeting break-even in 2017

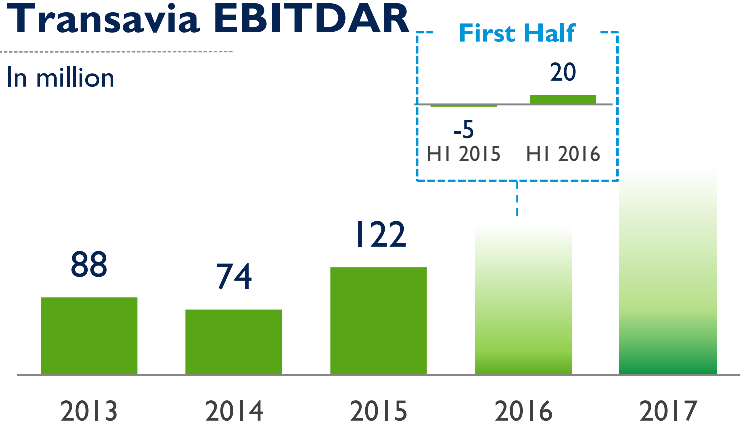
Transavia passengers

In million



Transavia EBITDAR

In million



* As per 30 June 2016

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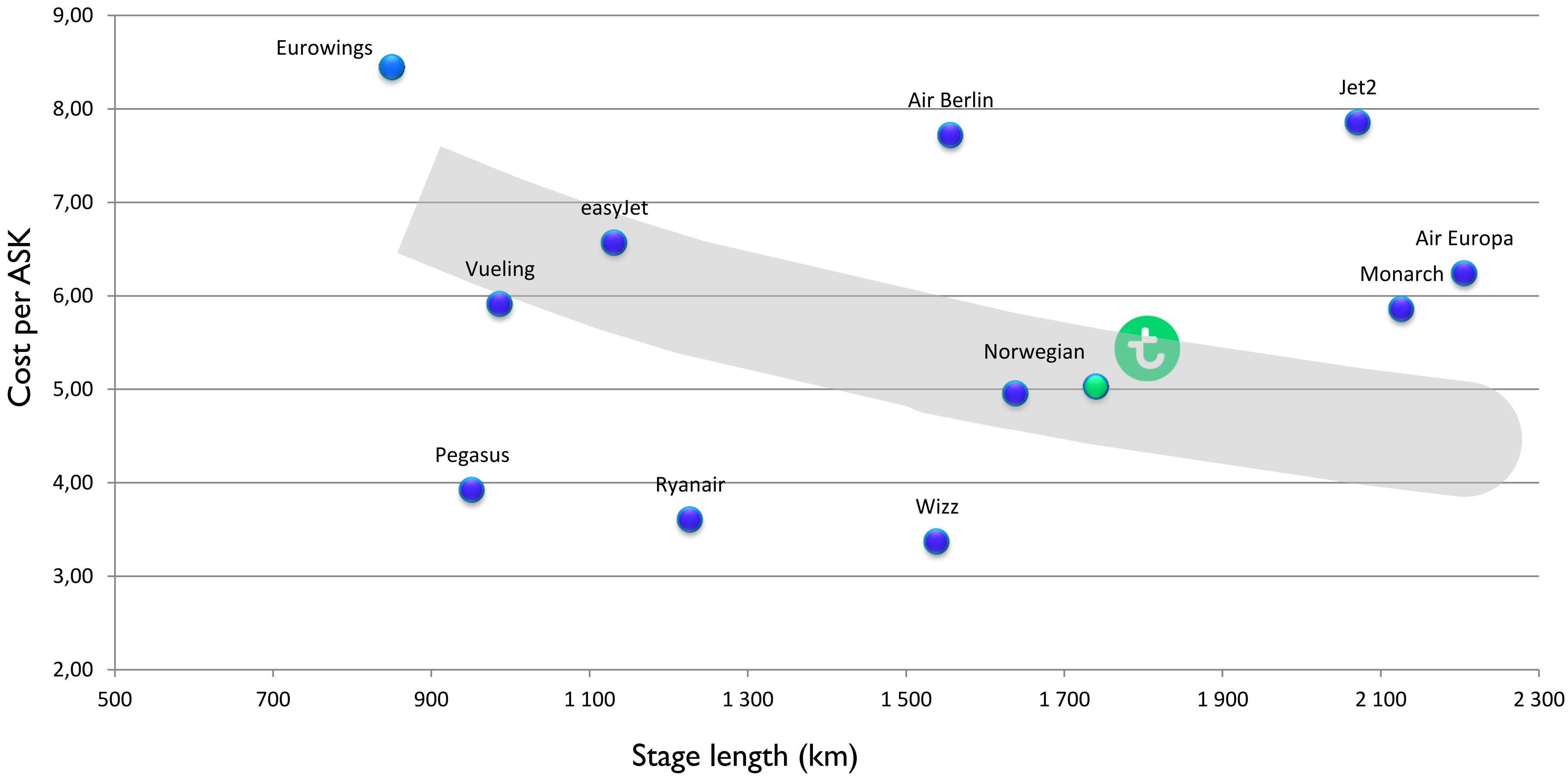
Short and medium-haul low-cost market: unit cost is the key factor in achieving profitable growth

Cost per ASK vs stage length

In € cents per ASK, 2015[1]



(1) Source: Airline business, financial reports

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APPENDIX

Social agenda

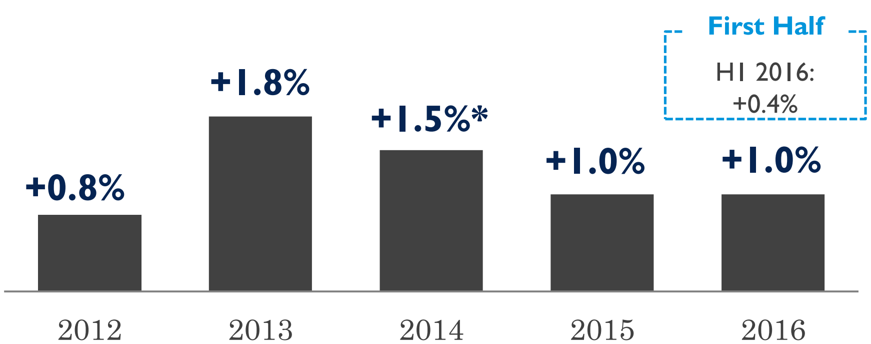
- Air France
  - Voluntary departure plans (VDP): reduction target of 1,405 positions for Ground staff between Sep. 2016 and March 2017, and 200 positions for Cabin crew in the 4th Quarter 2016
  - Current CLA negotiations
    - Cabin CLA: the end of the current agreement (31 oct 16) should be postponed for several months, in order to take into account the new plan guidelines
    - Cockpit CLA: Agreement to suspend Transform measures until 1 November 2016 and proposal to suspend until 1 February 2017. Relaunching the negotiation process in early November for an agreement improving competitiveness and enabling growth.
- KLM
  - Perform 2020: new CLA's and implementation of High Performance Organization in 2016
  - Current CLA negotiations
    - Ground: KLM and ground staff unions reached a collective labour agreement for ground staff. This agreement has already been signed by three of the five unions.
    - Final and integral proposal by KLM have not led to a deal yet. Negotiations are in final phase.
    - Cabin: Discussion with cabin unions regarding adjustment of the pension scheme. CLA negotiations will start after this has been solved. Discussion on plan for crew composition launched.
    - Cockpit: current CLA negotiated in 2015 and valid until January 1, 2018. Discussion with cockpit union regarding the funding agreement of the pension scheme.

Capacity discipline: smart growth in passenger operations

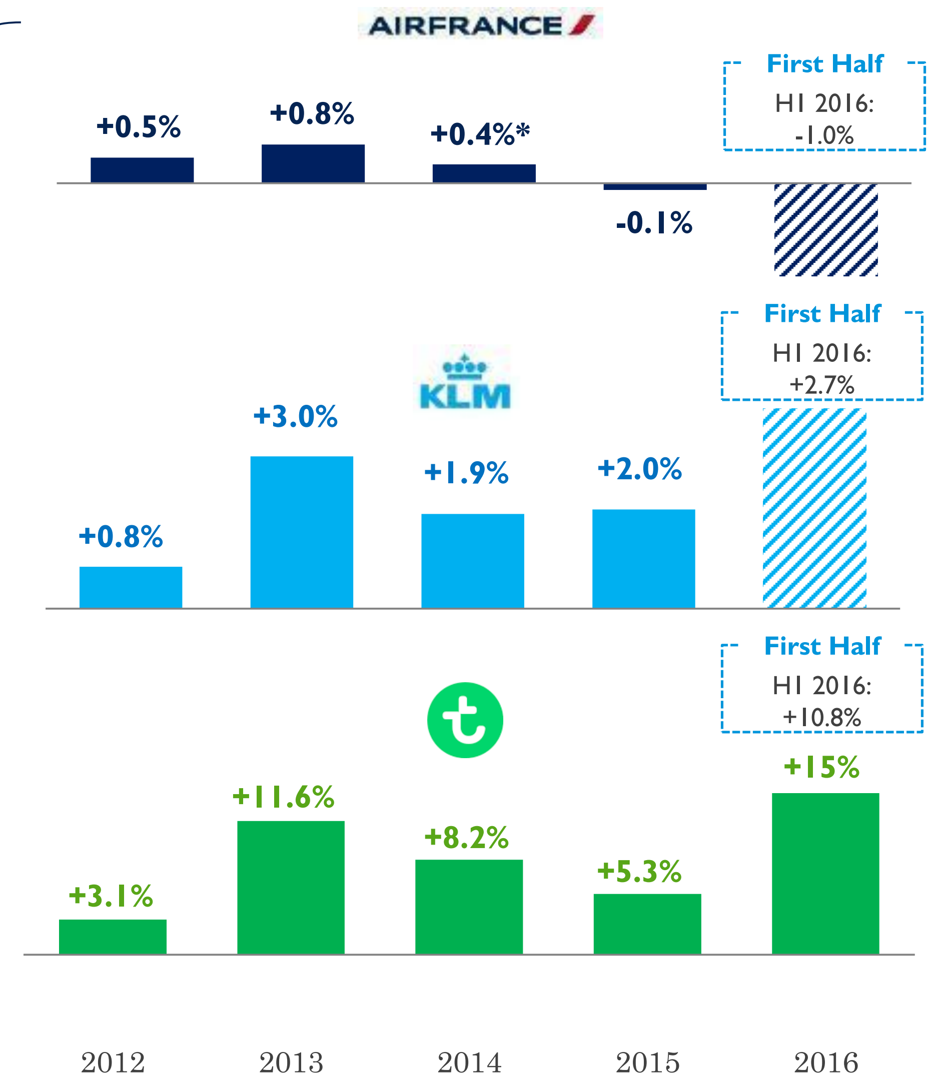
Capacity growth plan (% increase in ASK)

Total group passenger activity

(Air France, KLM, HOP!, Transavia)



- Strong capacity discipline maintained



* Excluding strike impact

Update on 2016 fuel bill

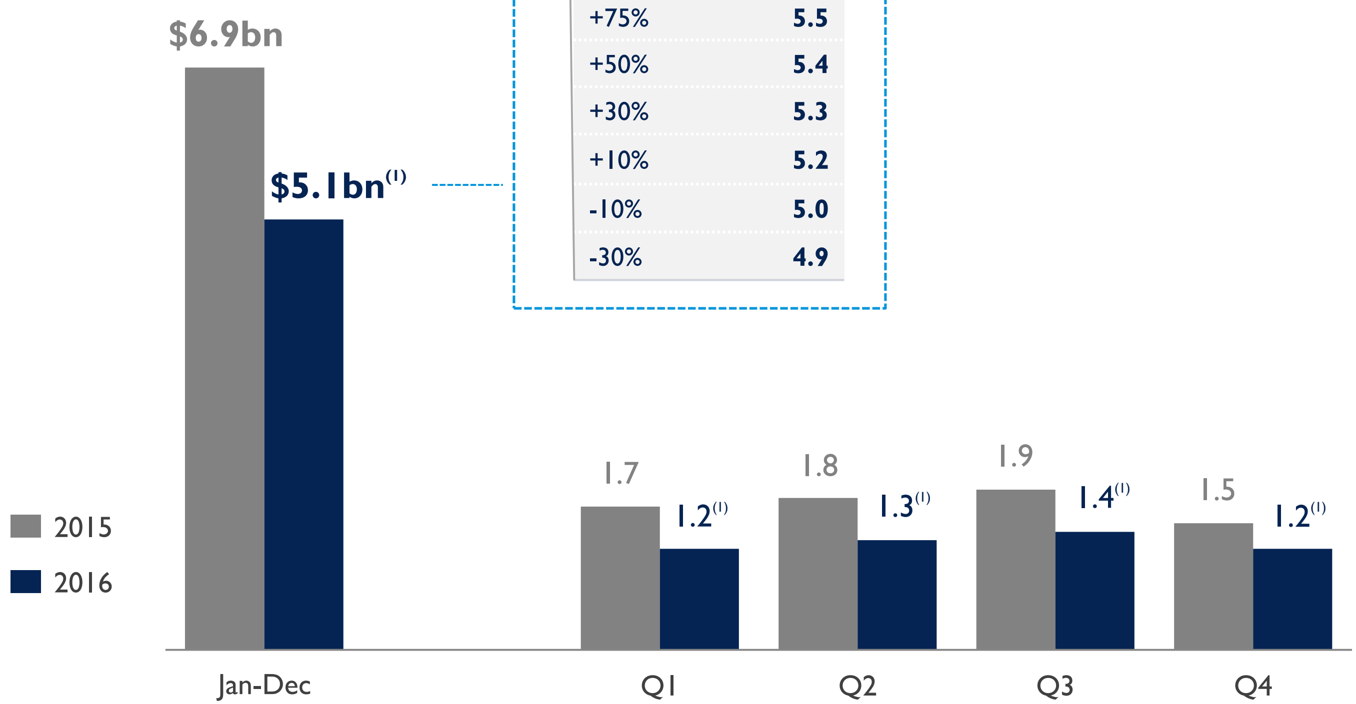
Fuel bill after hedging

In $bn

2015:
fuel bill $6.9bn/€6.2bn

2016:
fuel bill $5.1bn/€4.6bn(2)

2017:
fuel bill $4.9bn/€4.4bn(2)



2016 sensitivity
% change in $ per bbl

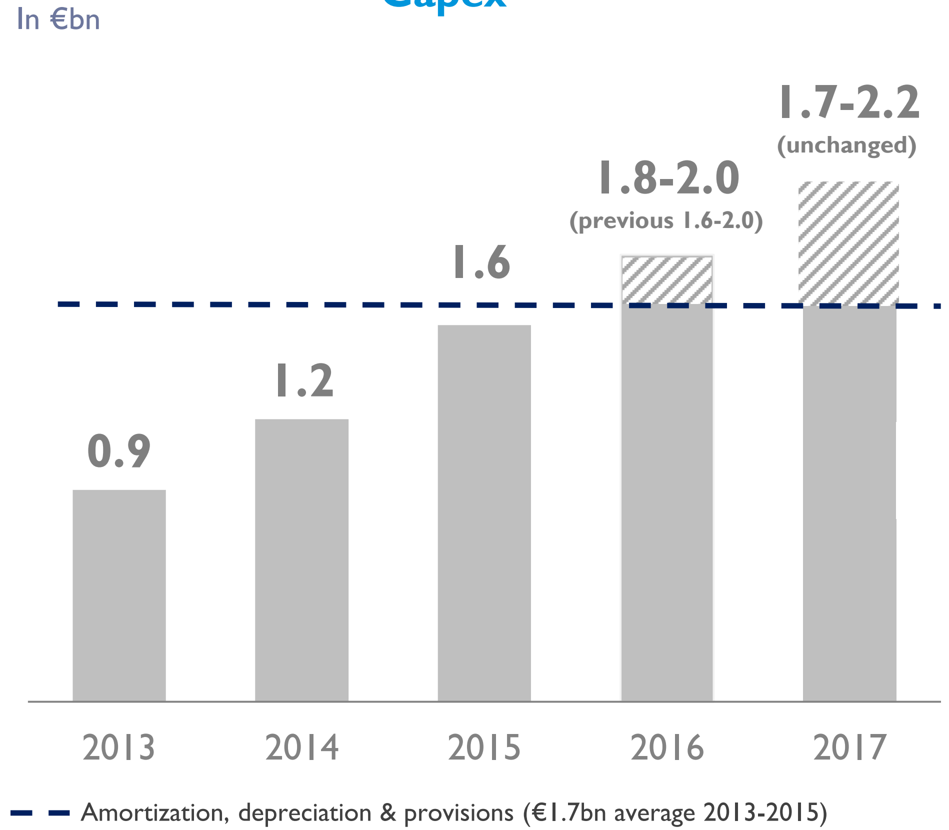
+100%	**5.7**
+75%	**5.5**
+50%	**5.4**
+30%	**5.3**
+10%	**5.2**
-10%	**5.0**
-30%	**4.9**

		Jan-Dec	Q1	Q2	Q3	Q4
2016 MARKET PRICE	Brent ($ per bbl)(1)	45	35	44	48	50
	Jet fuel ($ per metric ton)(1)	422	341	413	448	462
	% of consumption already hedged	75%			80%	81%

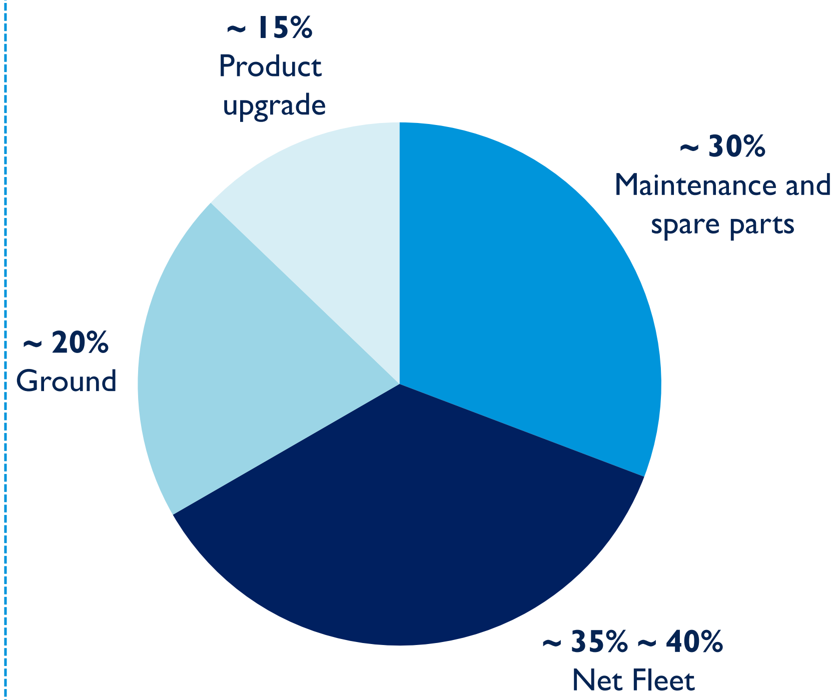
(1) Based on forward curve at July 15th 2016. Sensitivity computation based on July-December 2016 fuel price, assuming constant crack spread between Brent and Jet Fuel
(2) Assuming average exchange rate of 1.11 US dollar per euro for Jul-December year 2016 and Full Year 2017

Disciplined investment growth

Capex

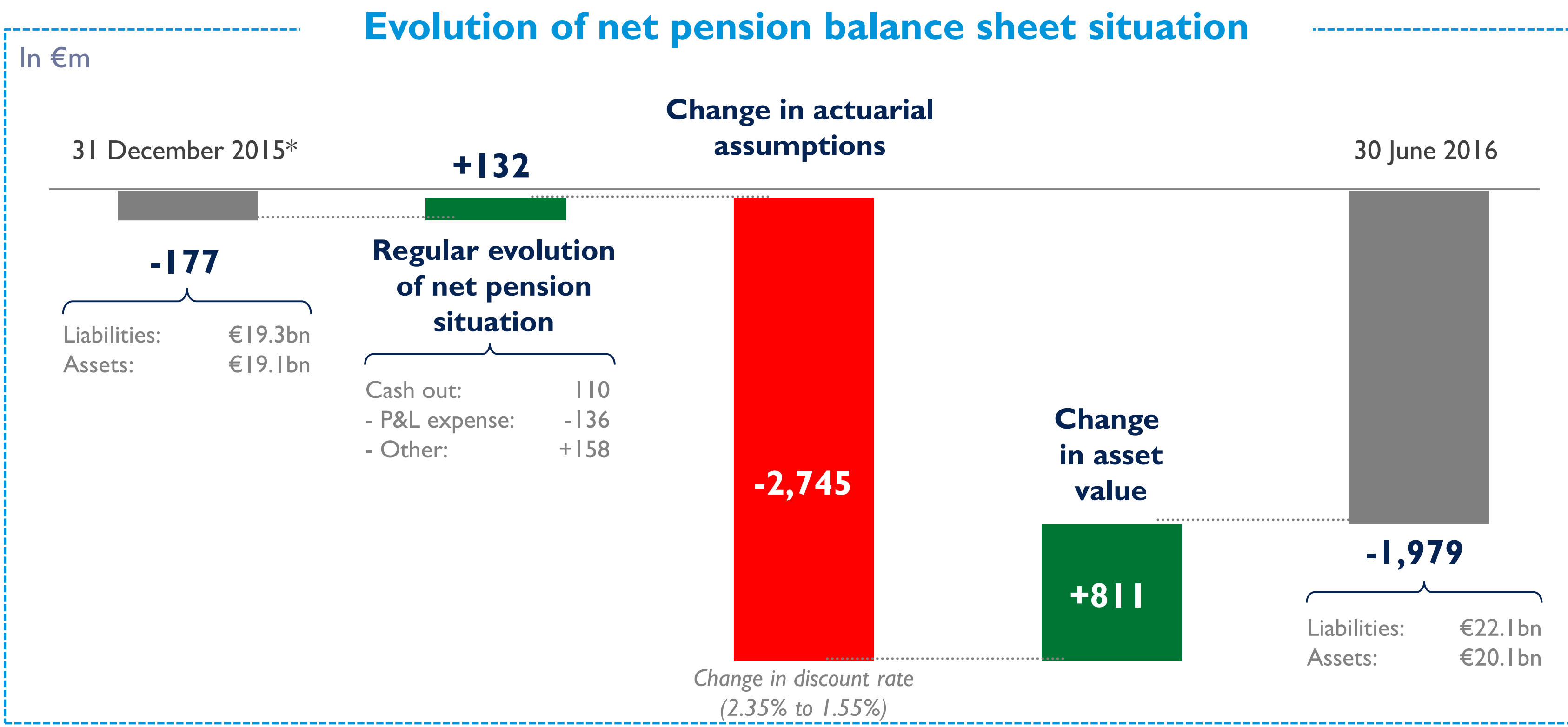


2016-2017 Capex plan breakdown



- Guidance 2016: free operating cash flow generation after disposals maintained between €0.6bn and €1.0bn.
  - Flexibility: capex (between €1.8bn-€2.0bn including buying back of aircraft under operating lease) and disposals (between €0.3bn-€0.6bn)

Pension update

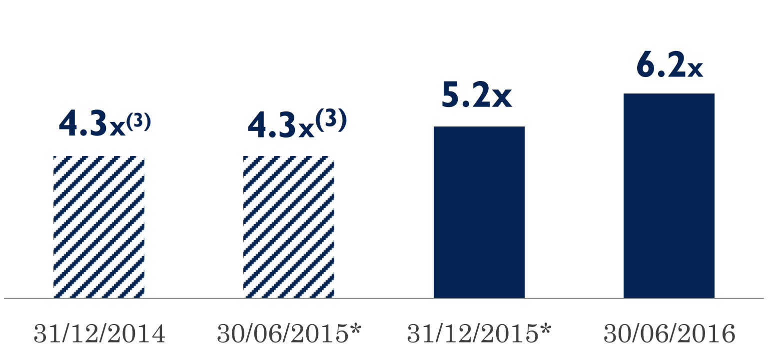


- Financing agreement regarding KLM pilots pension scheme
  - Current funding agreement could result in a significant additional contribution to reach required coverage ratio to be able to grant indexation
  - Intention of the Group is to modify this funding agreement

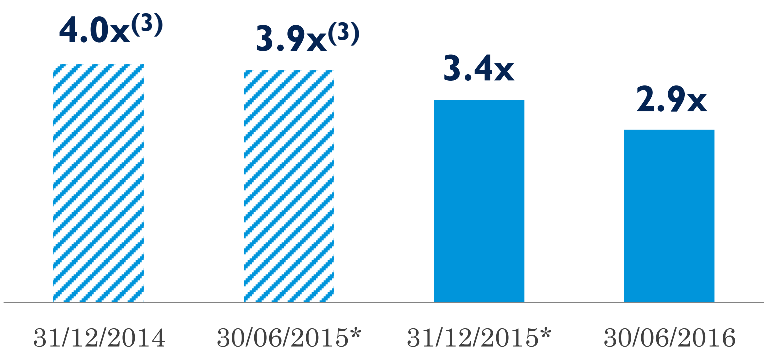
* 2015 reclassification Servair as discontinued operations

Financial ratios at 30 June 2016

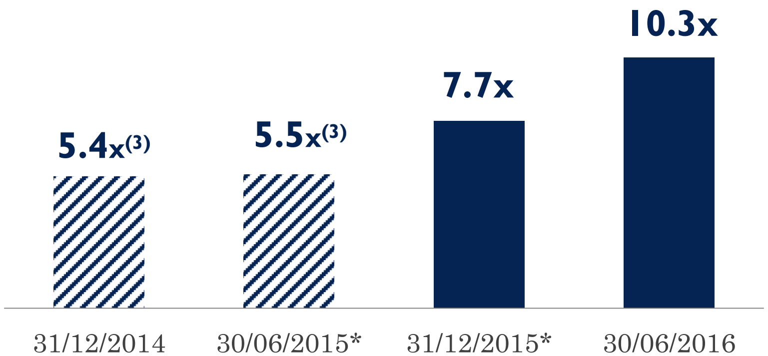
EBITDAR/adjusted net interest costs[1]



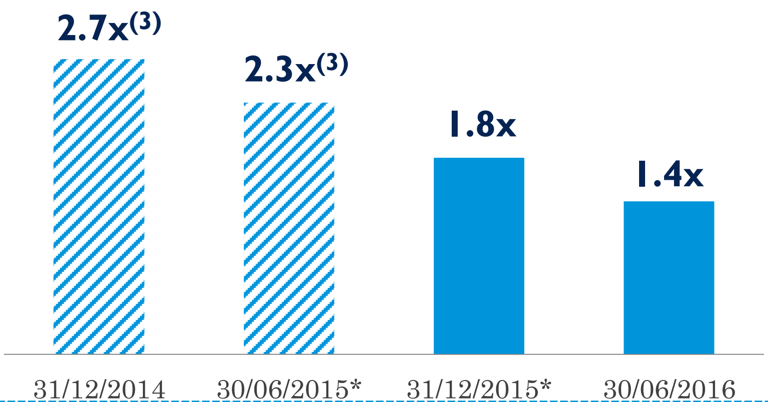
Adjusted net debt[2]/EBITDAR



EBITDA/net interest costs



Net debt/EBITDA



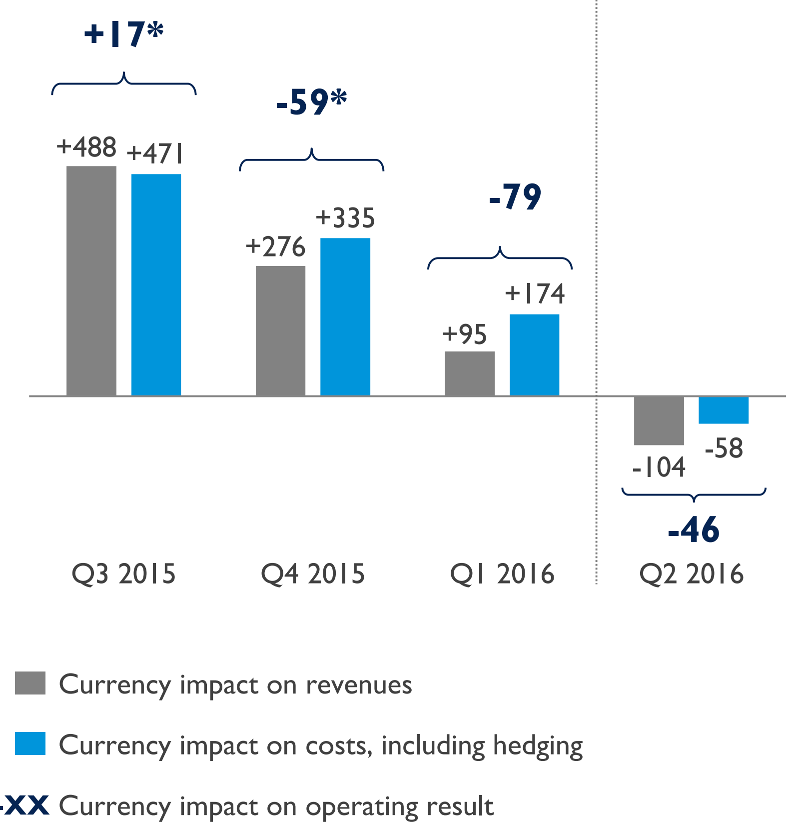
Excluding 2014 strike

* Servair reclassified as discontinued operation
(1) Adjusted by the portion of financial costs within operating leases (34%)
(2) Adjusted for the capitalization of operating leases (7x yearly expense)
(3) Excluding 2014 strike impact on EBITDA(R).Reported adjusted net debt / EBITDAR of 4.7x at 31 December 2014 and 4.5x at 30 June 2015. Reported net debt / EBITDA of 3.4x at 31 December 2014 and 2.9x at 30 June 2015

Second Quarter: negative currency impact on the operating result

Currency impact on revenues and costs

In €m



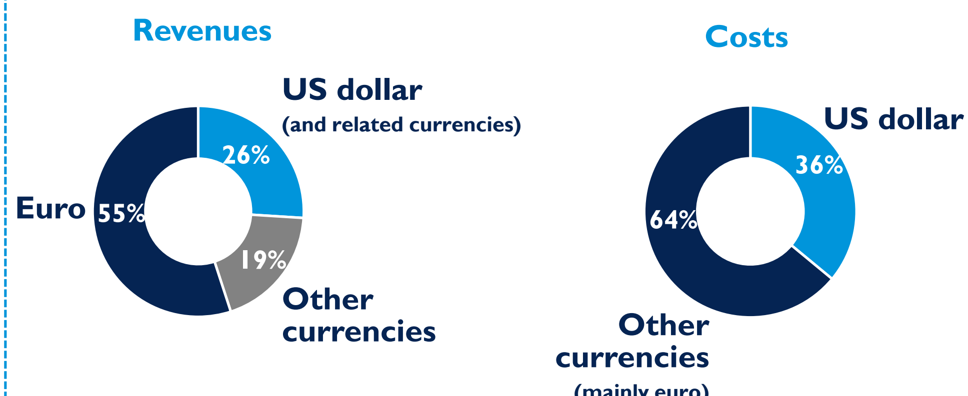
GBP exposure

FY 2016 exposure

- Group exposure GBP
  - Long approximately GBP 600mln (revenues only)
  - Hedging one-year rolling 40%
- Estimated negative FX impacted post-*Brexit* around EUR 25mln for FY 2016

Revenues and costs per currency

FY 2015



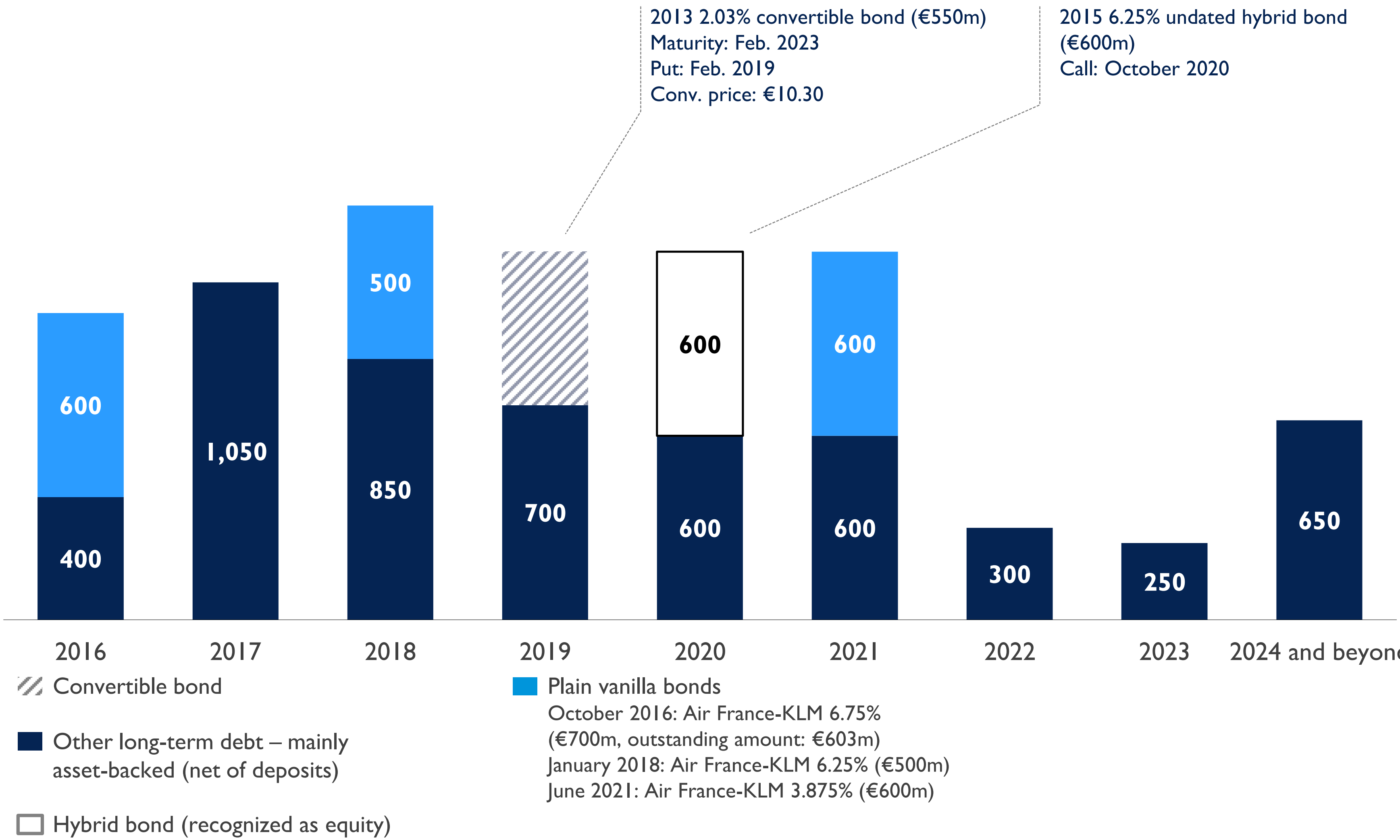
* Currency impact calculated on a strike adjusted base

First Half 2016: change in operating costs

		In €m	Reported change(1)	Change at constant currency
32%	**Total employee costs**	**3,705**	-1.0%	-0.9%
28%	**Supplier costs(2)** *excluding fuel and purchasing of maintenance services and parts*	**3,295**	-1.8%	-1.2%
13%	**Aircraft costs(3)**	**1,519**	+1.9%	+0.8%
11%	**Purchasing of maintenance services and parts**	**1,246**	+7.4%	+6.1%
-4%	**Other income and expenses** *including capitalized production*	**-427**	-17.4%	-5.8%
	Operating costs ex-fuel	**9,338**	**+1.1%**	**+0.4%**
20%	**Fuel**	**2,263**	-28.0%	-29.1%
	Grand total of operating costs	**11,601**	**-6.3%**	**-7.1%**
	Capacity (EASK)			*+0.3%*

(1) 2015 reclassification Servair as discontinued operations
(2) Catering, handling, commercial and distribution charges, landing fees and air-route charges, other external expenses, excluding temps
(3) Chartering (capacity purchases), aircraft operating leases, amortization, depreciation and provisions

Debt reimbursement profile at 30 June 2016(1)



(1) In € million, net of deposits on financial leases and excluding KLM perpetual debt (€617m)