Information meeting

AIRFRANCE KLM

Agenda

- **Conclusion of Transform 2015**
- Key Perform 2020 initiatives
- Perform 2020 financial framework

Transform 2015: first phase of group turnaround accomplished

Strict capacity discipline ☑

Successful renegotiation of labour agreements ☑

Operational transformation ☑

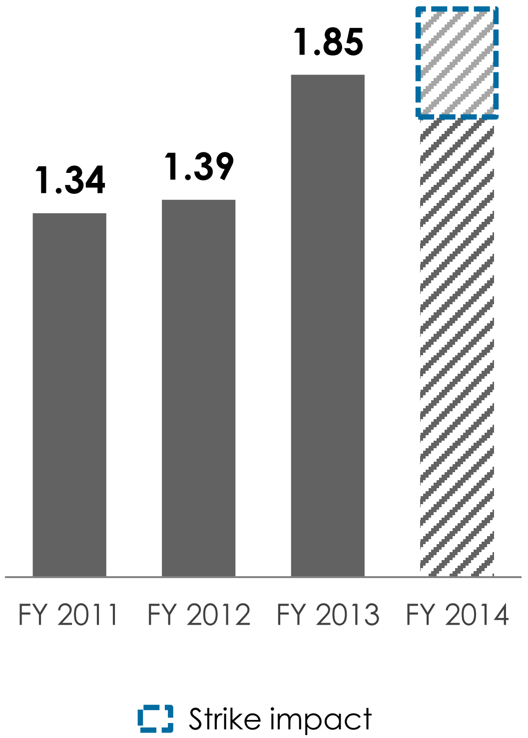
- Upscaling of long-haul offer through investment in product and new partnerships
- Short and medium-haul restructuring well underway
- Full-freighter activity significantly downsized

Financial targets delivered ☑

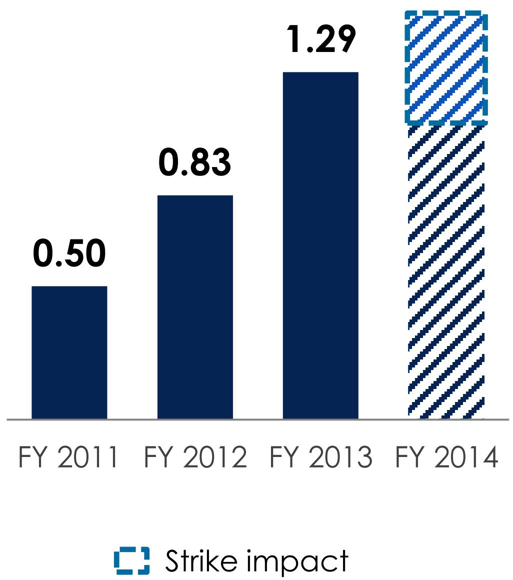
- Reduction in unit cost
- Significant improvement in profitability
- Improvement of financial situation

Transform 2015: strong improvement in profitability and financial situation

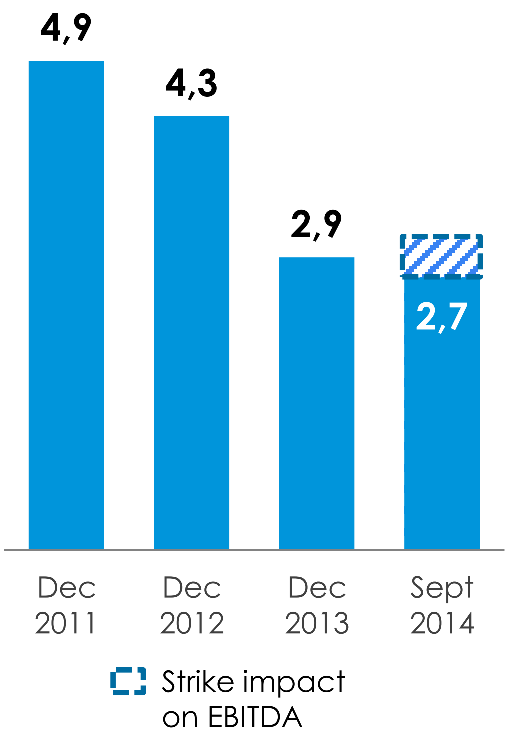
Full Year EBITDA
(€bn)



Full Year Operating cash flow
€bn, before change in WCR and Voluntary Departure Plans



Net debt/EBITDA ratio
trailing 12 months



Agenda

- Conclusion on Transform 2015
- **Key Perform 2020 initiatives**
- Perform 2020 financial framework

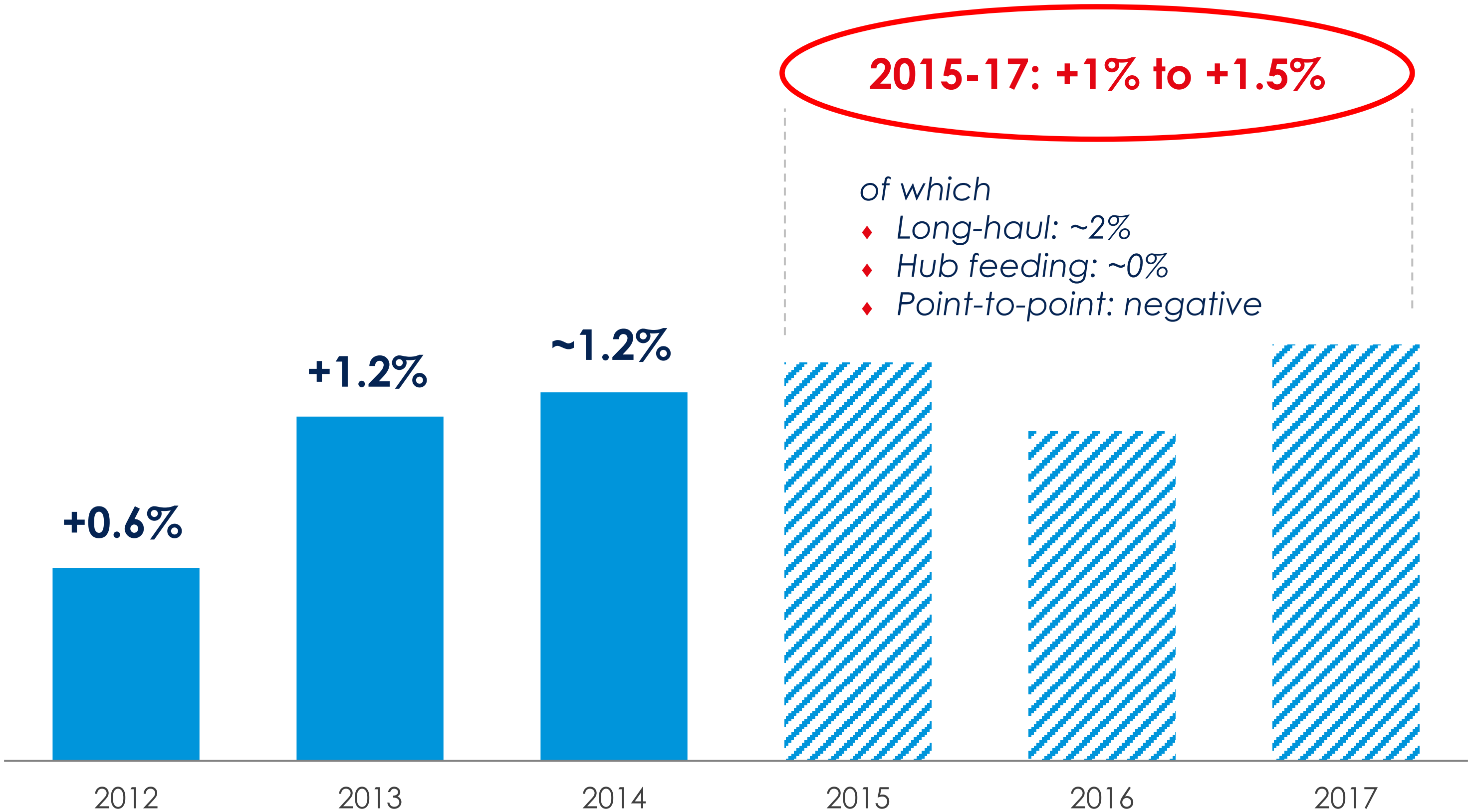
Perform 2020 priorities: growth and competitiveness

- Selective development to increase our share of growth markets
  - Smart growth in passenger hub business
  - Transavia development as a pan-European low-cost
  - Profitable service activities around the air transport industry
- Upgrade products and services to world-class level
  - Product and brand evolution to increase customer focus and capture new revenue opportunities
- Ongoing focus on competitiveness, within a framework of financial discipline
  - Capacity discipline
  - Cost reduction and more efficient processes, addressing underperforming activities
  - Strict capital discipline, to ensure increase in ROCE and deleveraging

Maintaining ongoing capacity discipline

Capacity growth plan – passenger business

Change in passenger capacity



Long-haul product: 2/3 of fleet equipped with new product by Summer 2017

New World Business Class already deployed on 22 KLM aircraft

- B777 fleet to follow as of September

First Air France 777 equipped
with new cabins launched in June 2014

- Strongly positive qualitative feedback

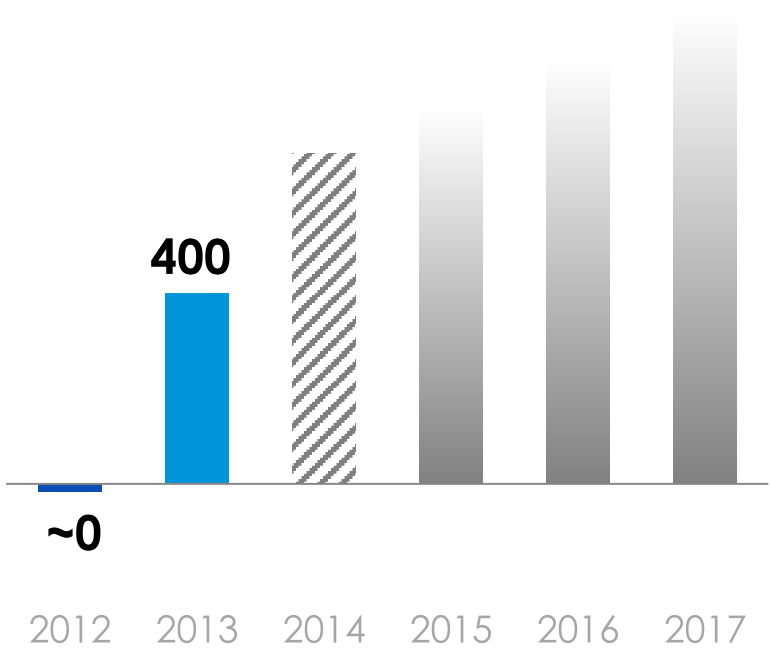
New Air France *La Première* suite launch in September 2014

- On top of "Best first-class lounge in the world" Skytrax award

Smart growth in passenger hub business

- Stronger differentiation of brands
- Broader access to growth thanks to well-balanced long-haul network
- Building joint-ventures and strategic partnerships in all key markets, with a focus on Asia-Pacific
- Leverage dual-hub structure
- Further adapt medium-haul hub feeding network
- Efficiency initiatives in hub operations

Hub(1) operating result



(1) Long-haul + short and medium-haul hub feeding

Effective segmentation of short and medium-haul point-to-point

Business/network driven segment

- High network quality: destinations, schedule, frequency
- Differentiated offer and distribution per segment
- Includes attractive prices, especially to capture non-business travel

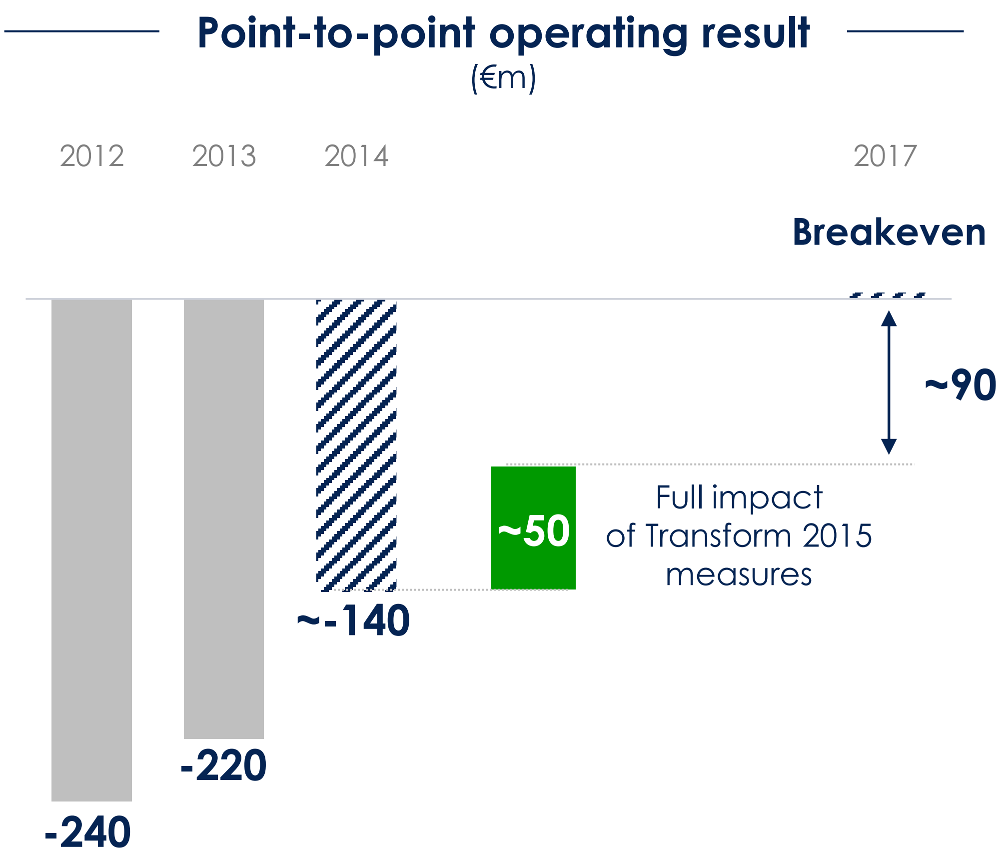
AIRFRANCE KLM HOP!

Leisure/price driven segment

- Route driven, point-to-point
- Simple, transparent offer, at sharp prices
- Options at a fee
- Direct distribution

transavia.com

Perform 2020: aiming for point-to-point breakeven in 2017



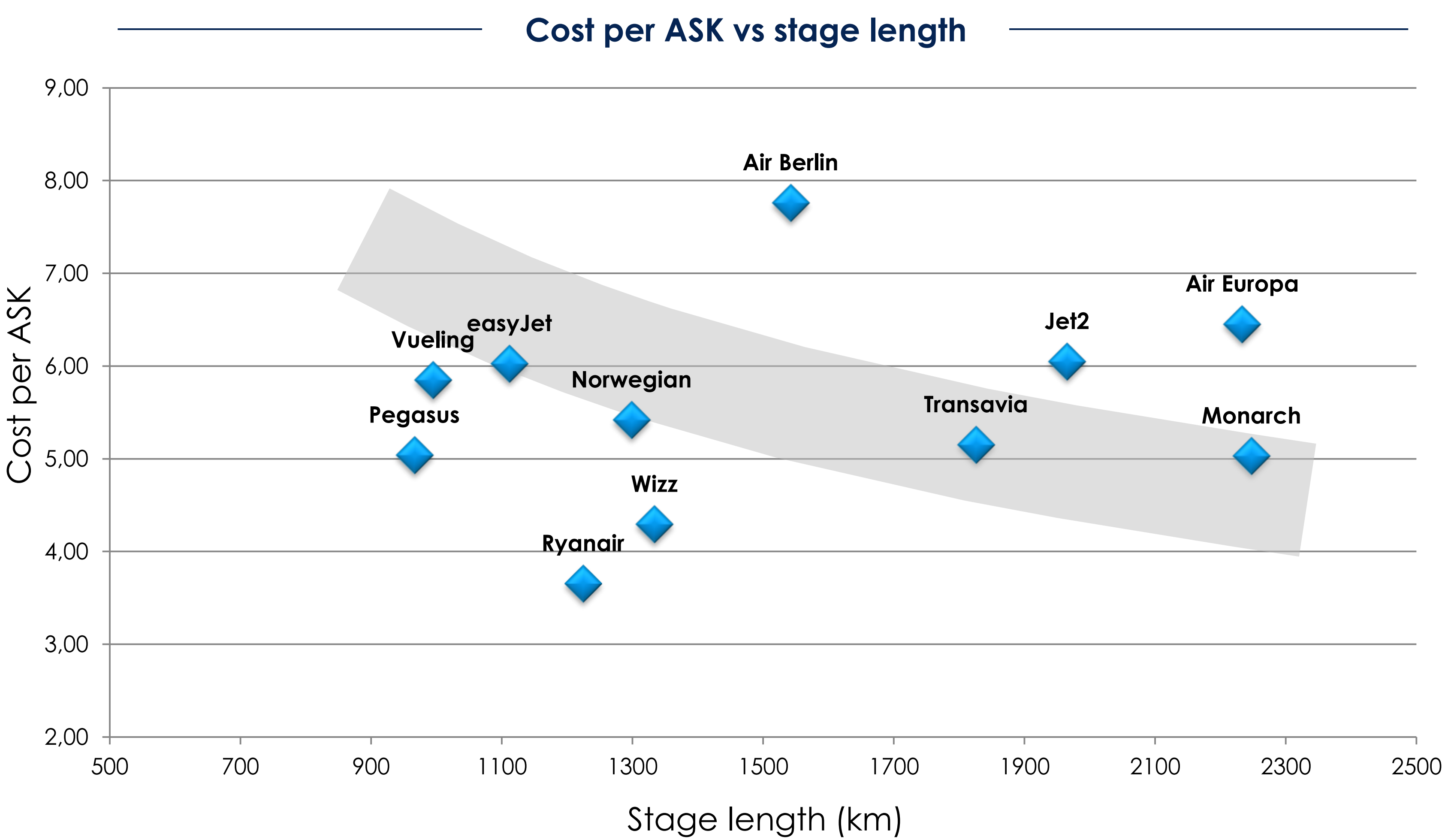
PERFORM 2020

1. Further restructuring of network
2. Further cost reduction
3. Repositioning of offer
4. Reorganization in single business unit

Breakeven in 2017 and profitable beyond

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

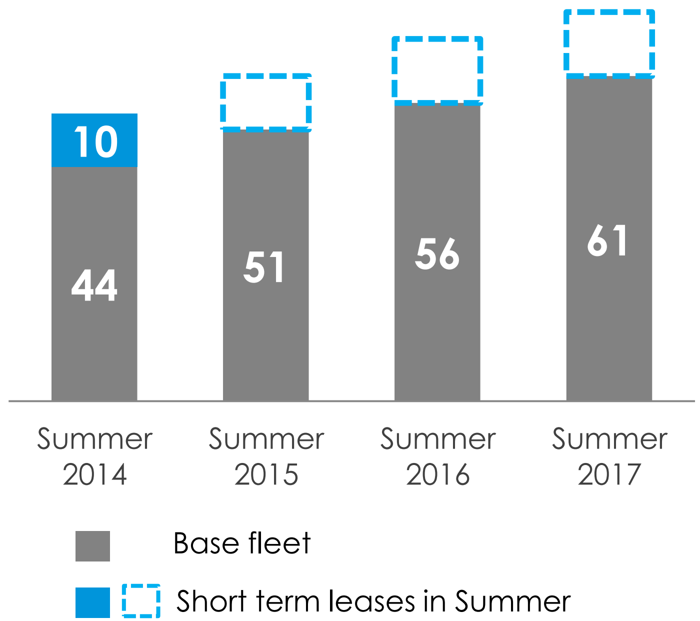
€ cents per ASK, 2013. Source: Airline business, financial reports



Transavia: a solid footprint in the fast growing leisure market, breakeven in 2017 and targeting profitability by 2018

- Continue fast growth in Orly
  - Already low cost leader in the Netherlands
  - Largest Low cost carrier at Orly in 2015
- Solid brand and product positioning
  - Enhanced “low fare plus” value proposition
- Leveraging group assets
  - Access to slots, especially at Orly
  - Link with Flying Blue
  - Air France-KLM brand endorsement
- Delivering medium-term operating margin above 5%
  - 2014-17 profitability impacted by on-going ramp-up

Transavia fleet plan
(number of aircraft)

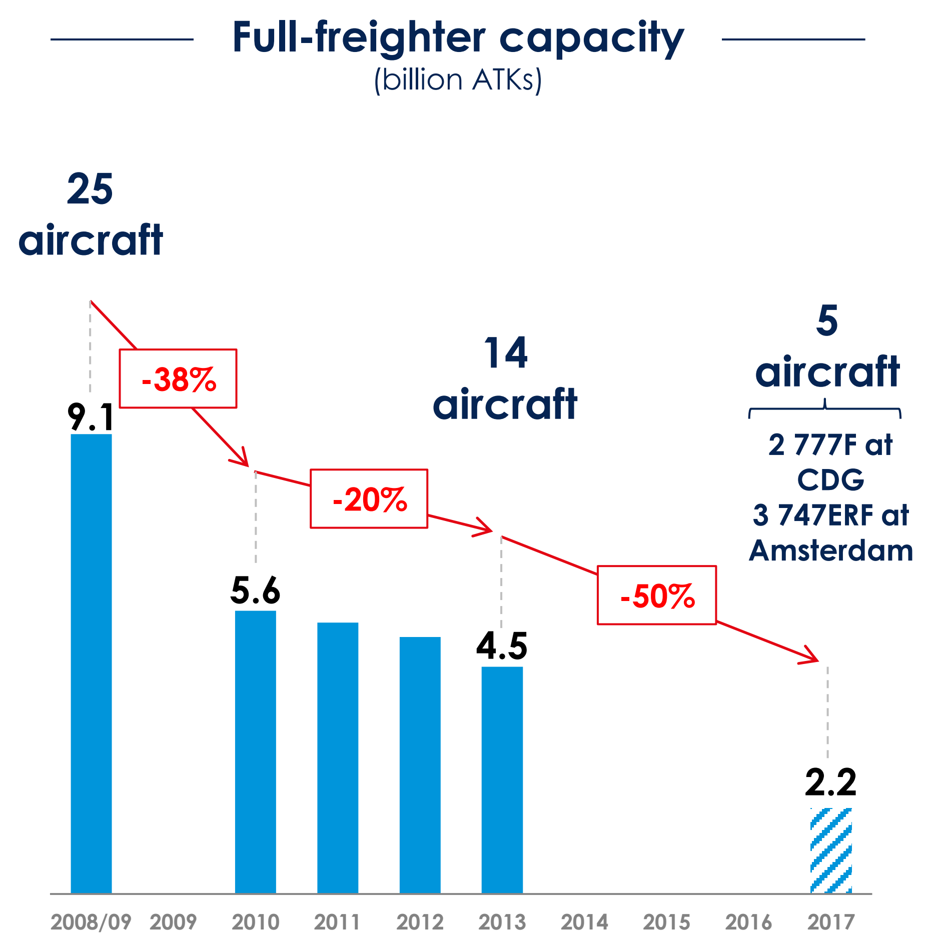


2014-17 target: €100m additional EBITDAR

Further full-freighter fleet reduction in Amsterdam…

- Accelerated phase out of 5 MD11s in Amsterdam
  - On top of phase-out of 5 full-freighters already decided in October 2013
- Phasing out of MD11 rather than B747-ERF
- Maintaining a small full-freighter fleet as important commercial lever to maintain revenue premium in bellies
- Planned ~400 employee reduction achieved mainly through internal mobility
  - Expecting limited restructuring cost

3 full-freighters in operation in Amsterdam by 2016



AIRFRANCE KLM 10 YEARS

…ensuring return to full-freighter profitability by 2017

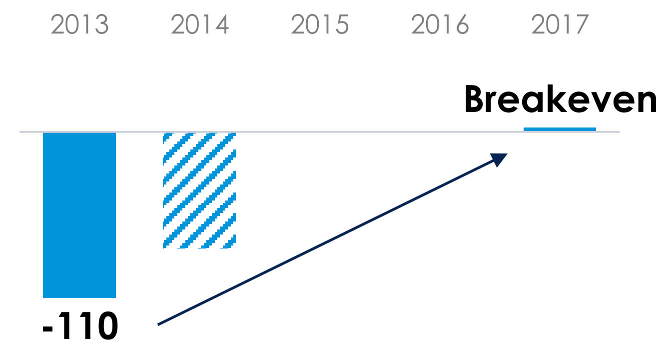
PERFORM 2020

- An extensive belly network
- Complemented by 5 full-freighter aircraft representing less than 15% of capacity
- Strong focus on specialized products
- Investments in state-of-the-art IT infrastructures and E-developments
- Further cost reduction and expansion of partnerships

A major player in the European cargo sector, with very limited exposure to full-freighter volatility

Full-freighter operating result

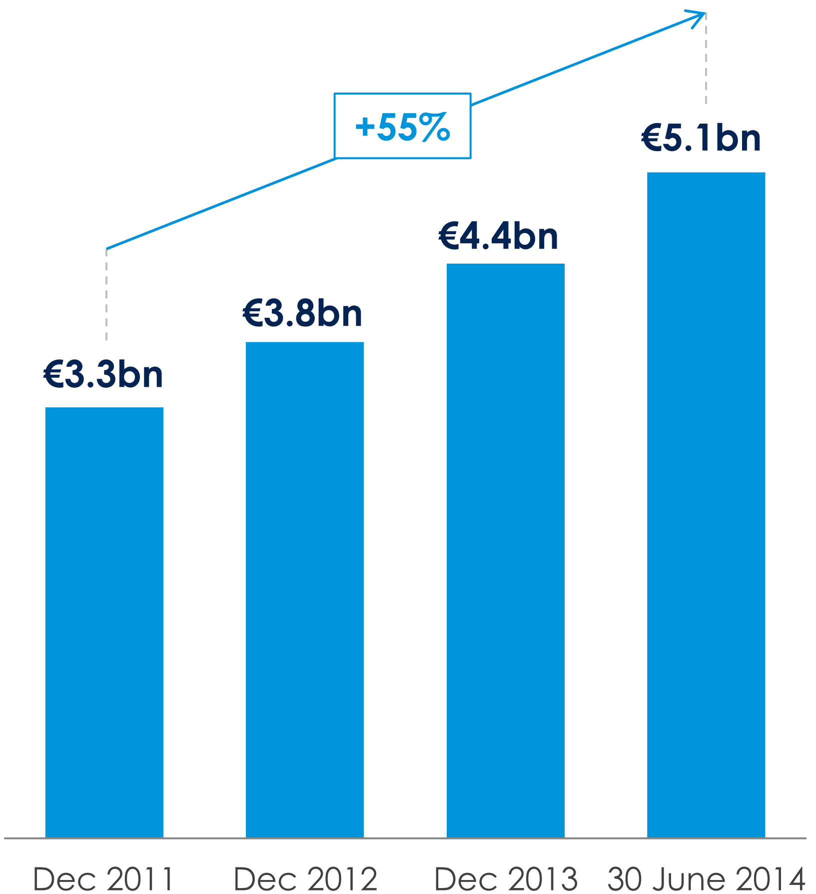
(€m)



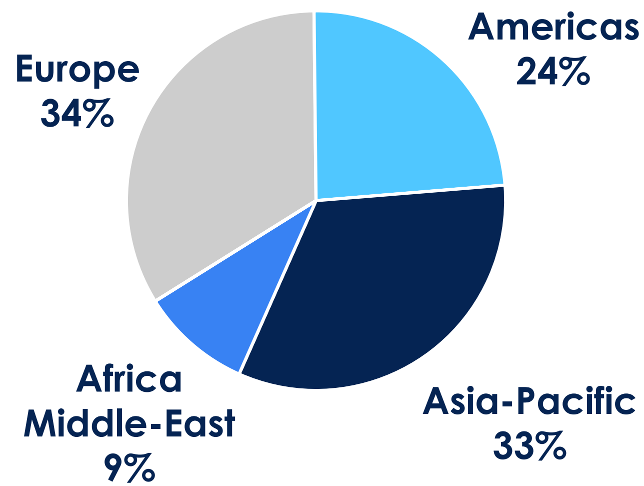
2017 planned cargo capacity mix

Maintenance: rapid growth of order book secures significant share of future revenues

Growth of order book



Order book by region
(at 30 June 2014)



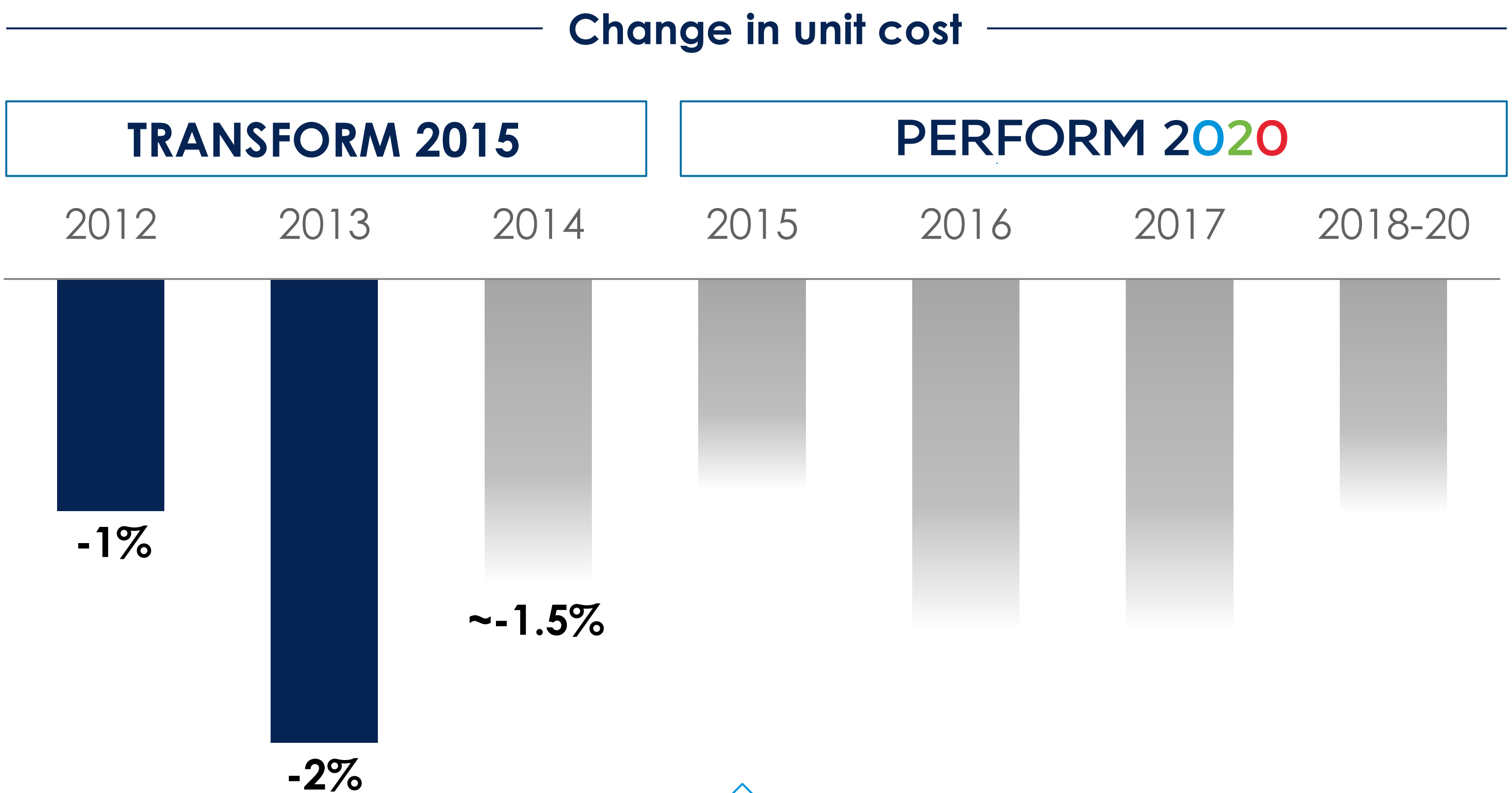
2014-17 target: €50 to €80m additional EBITDAR contribution

Agenda

- Conclusion on Transform 2015
- Key Perform 2020 initiatives
- **Perform 2020 financial framework**

Continuous reduction in unit cost: targeting a further reduction of 1 to 1.5% per year

Net unit cost per EASK in € cents, at constant currency, fuel price and pension expense

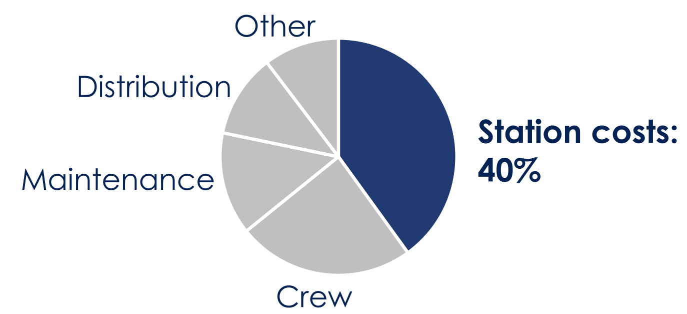


Target: -1 to -1.5% per year

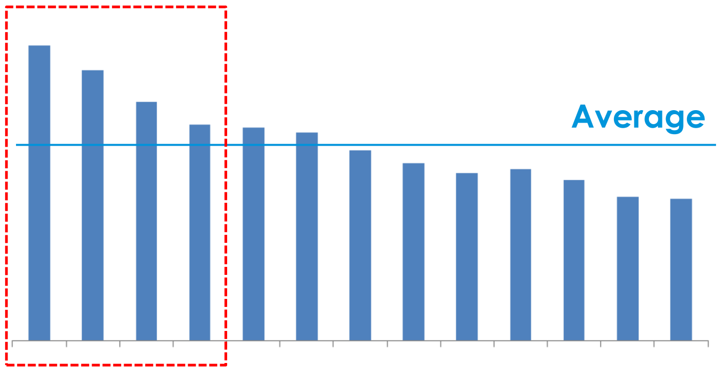
Example: point-to-point cost reduction, with a focus on stations

- Rationalize processes
  - Working hours, back offices…
- Take additional measures to adapt to seasonality
- Develop subcontracting
  - Subcontracting is an efficient way to reduce operating costs
  - The most efficient stations have already introduced partial subcontracting

Point-to-point manageable cost structure



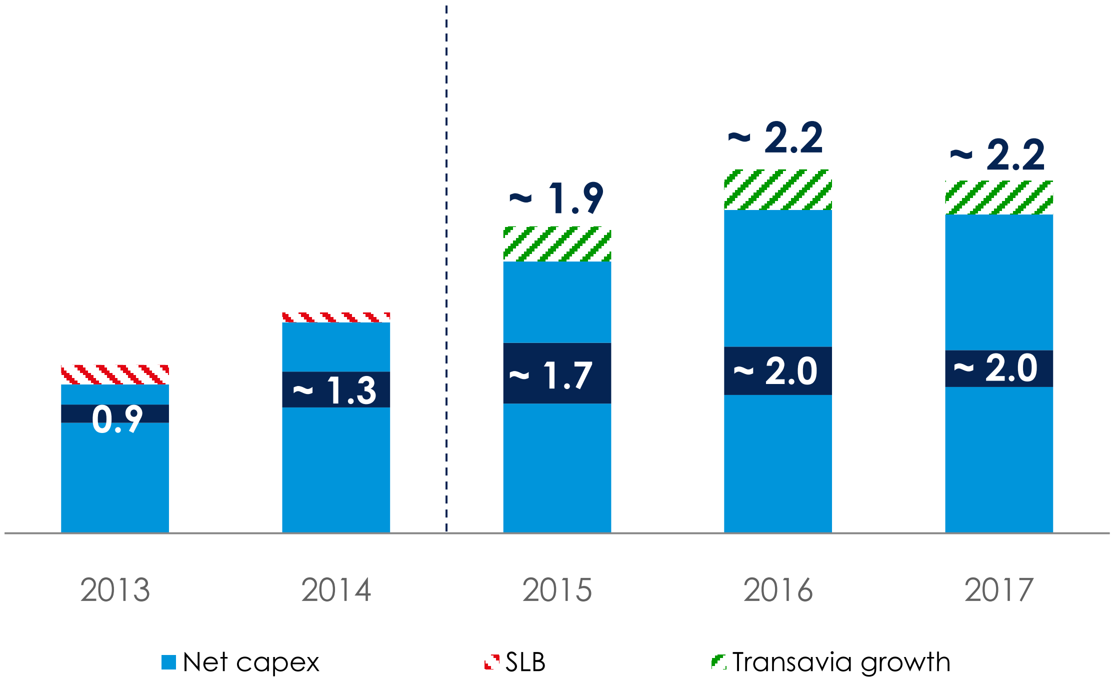
Station costs range
(€ per turnaround, Average = 100)



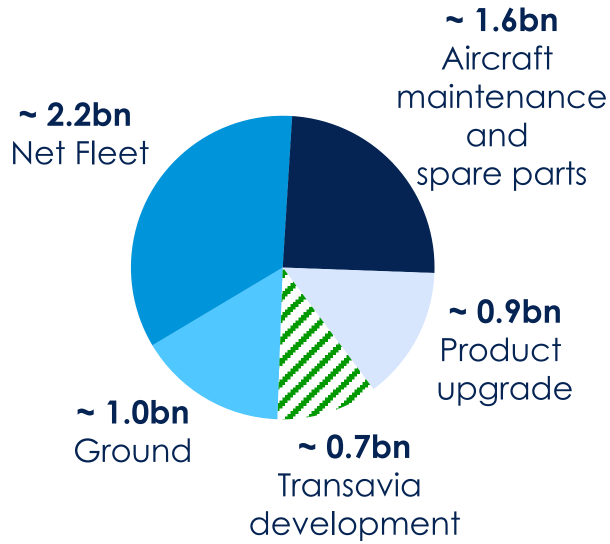
Selective capex management

€ billion

Investment plan



2015-2017 capex plan breakdown



Total 2015-17 capex ~ €6.4bn

A pragmatic approach to development opportunities

Growth opportunities

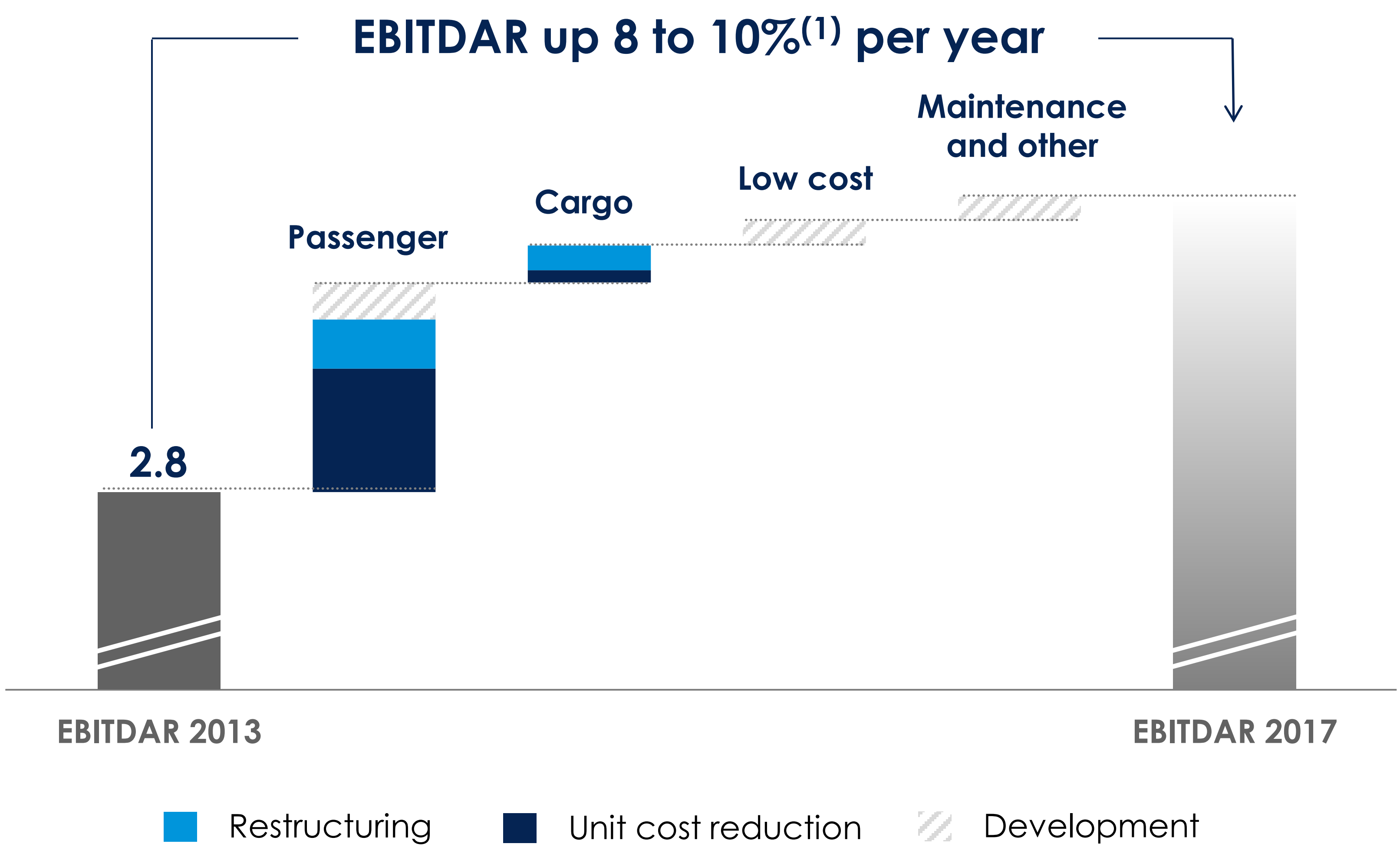
- Further development of Transavia low cost activity
- Expansion of maintenance business
- Higher capacity growth in core business, depending on market conditions
- Selective investments in efficiency

Conditions

- Strict hurdle rate for new investments
- Deleveraging remains our priority
- Allocating dedicated sources of funding to each project

Perform 2020 delivering significant increases in profitability

€ billion



(1) At constant currency, fuel price and pension cost

Medium-term financial objectives (2017)

- EBITDAR up 8 to 10% per year[1]
- Adjusted net debt[2] to EBITDAR[2] below 2.5
  - Existing business consistently generating positive free cash flow
  - Significant growth operations funded through dedicated resources

Consistent with a ROCE[2] of 9 to 11% in 2017 and beyond

(1) At constant currency, fuel price and pension cost
(2) See press release for definition

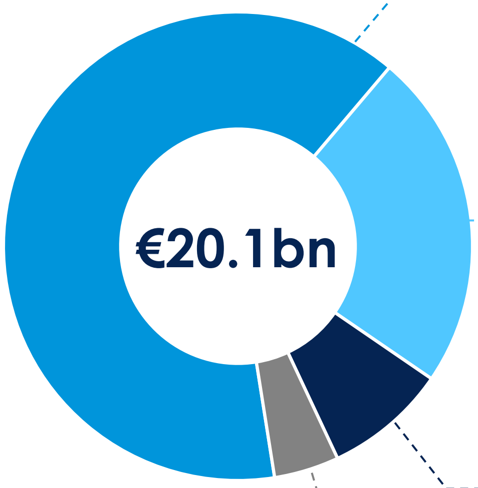
Air France-KLM in 2020

PERFORM 2020

- Long-haul operations at the center of a global network of world class partners
- An efficient short and medium-haul business including a strengthened low-cost operation
- A more balanced portfolio of service activities around the air transport industry: cargo, maintenance and catering
- A strong brand portfolio addressing all customer segments
- A de-risked business and a deleveraged balance sheet, delivering healthy ROCE
- Delivering growth and value to shareholders

Appendix

Three operating platforms for passenger air transportation

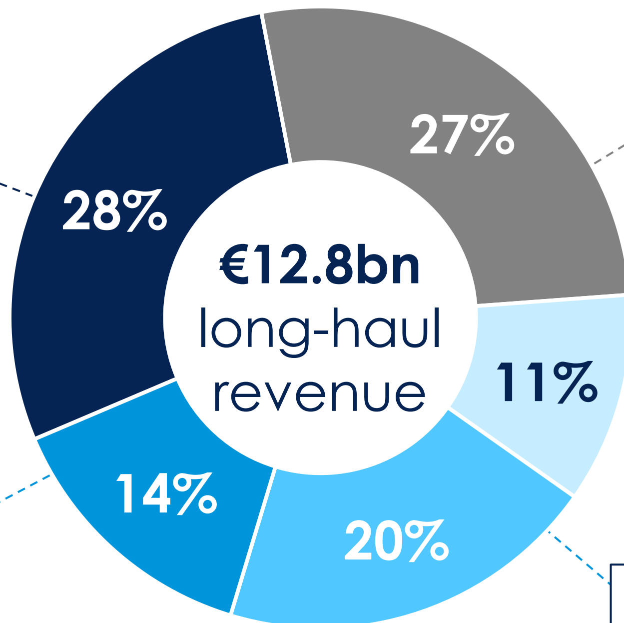


	Traffic revenue (2013, €bn)	Operating profit (2013, €m)
Long-haul	12.8 *64%*	+800m
Short & medium-haul hub feeding	4.7 *23%*	-400m
Point-to-point	1.7 *9%*	-220m
Transavia transavia.com	0.9 *5%*	-23m

Broader access to growth thanks to balanced long-haul network with significant exposure to higher growth markets

North America
#1 (1) Market position | **25** (1) Destinations

Asia-Pacific
#2 Market position | **23** Destinations



Caribbean & Indian Ocean
#1 Market position | **14** Destinations

Latin America
#2 Market position | **11** Destinations

Africa & Middle-East
#1 Market position | **46** Destinations

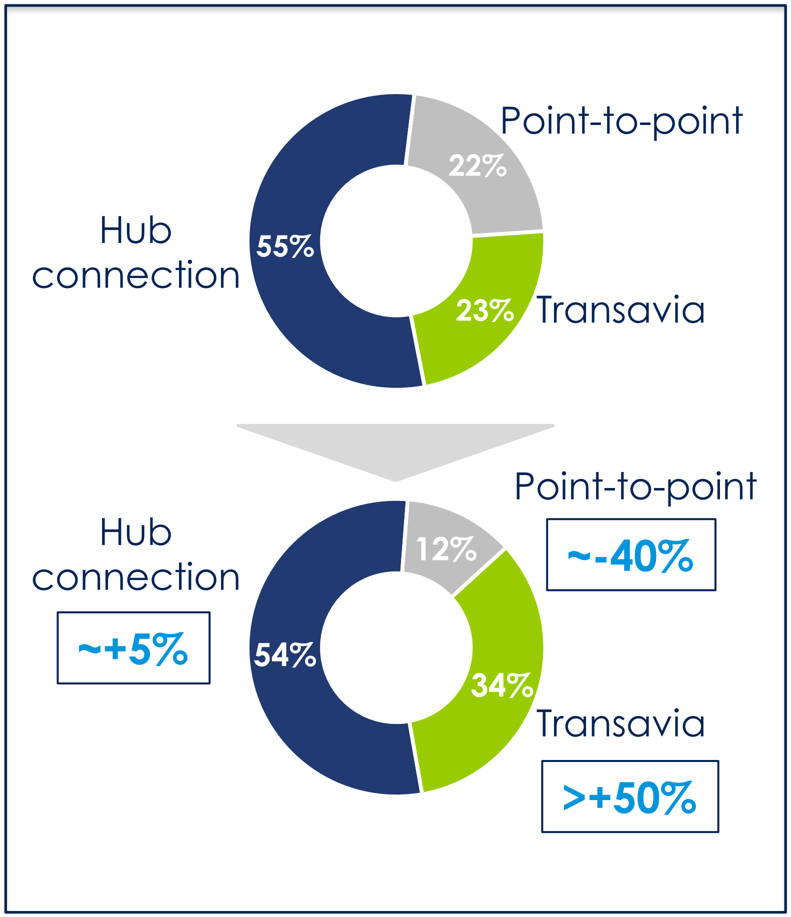
(1) Including flights and destinations served by Delta as part of JV, Summer 2013 data

A deep transformation of the business mix

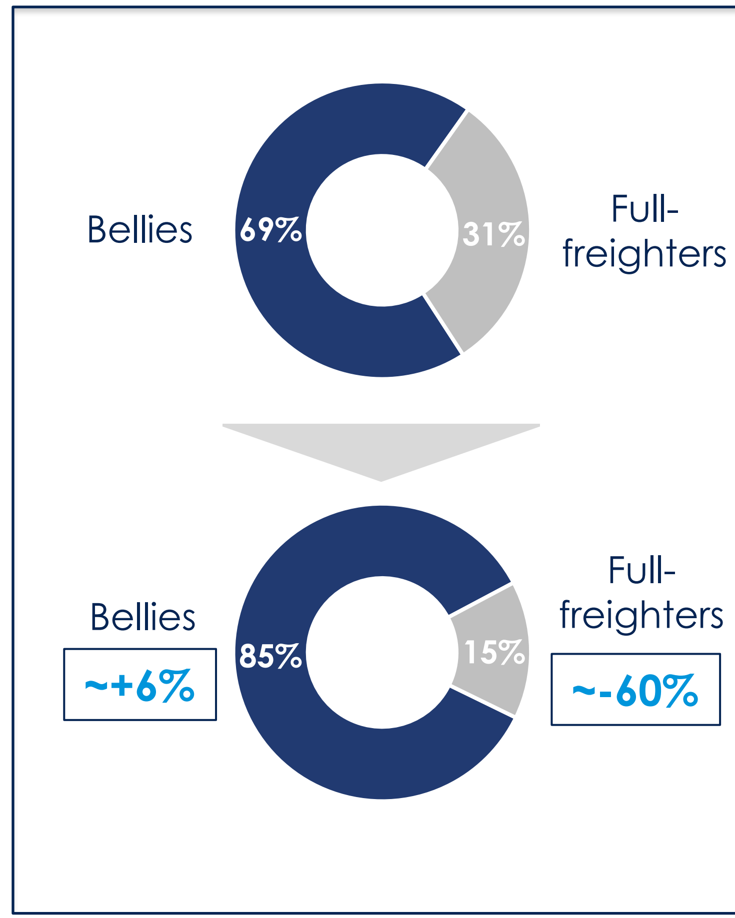
2012

2017

Medium-haul capacity
(ASK)



Cargo capacity
(ATK)

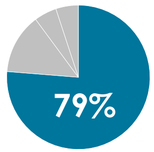
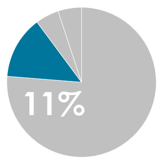
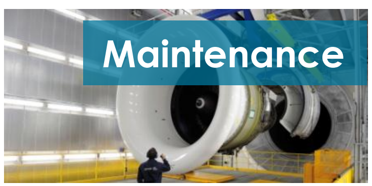
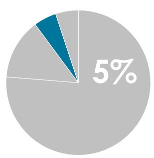
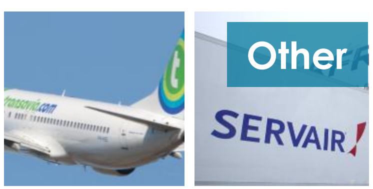
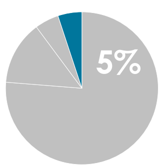


Nine months 2014: key data

In € millions	Q3 2014	Q3 2013[1]	Change	9m 2014	9m 2013[1]	Change
Revenues	**6,695**	7,175	-6.7%	**18,700**	19,397	-3.6%
Change like-for-like[3]			*+0.2%*			*+0.4%*
EBITDA[2]	**682**	1,079	-397m	**1,273**	1,473	-200m
Change like-for-like(3)			*-21m*			*+222m*
Operating result	**247**	641	-394m	**40**	193	-153m
Change like-for-like(3)			*-18m*			*+267m*
Net result, group share	**100**	148	-48m	**-514**	-651	+137m
Adjusted net result[2]	**111**	372	-261m	**-231**	-314	+83m
Operating free cash flow[2]	**-158**	-66	-92m	**-75**	496	-571m
Net debt at end of period[2]				**5,273**	5,348[4]	-75m

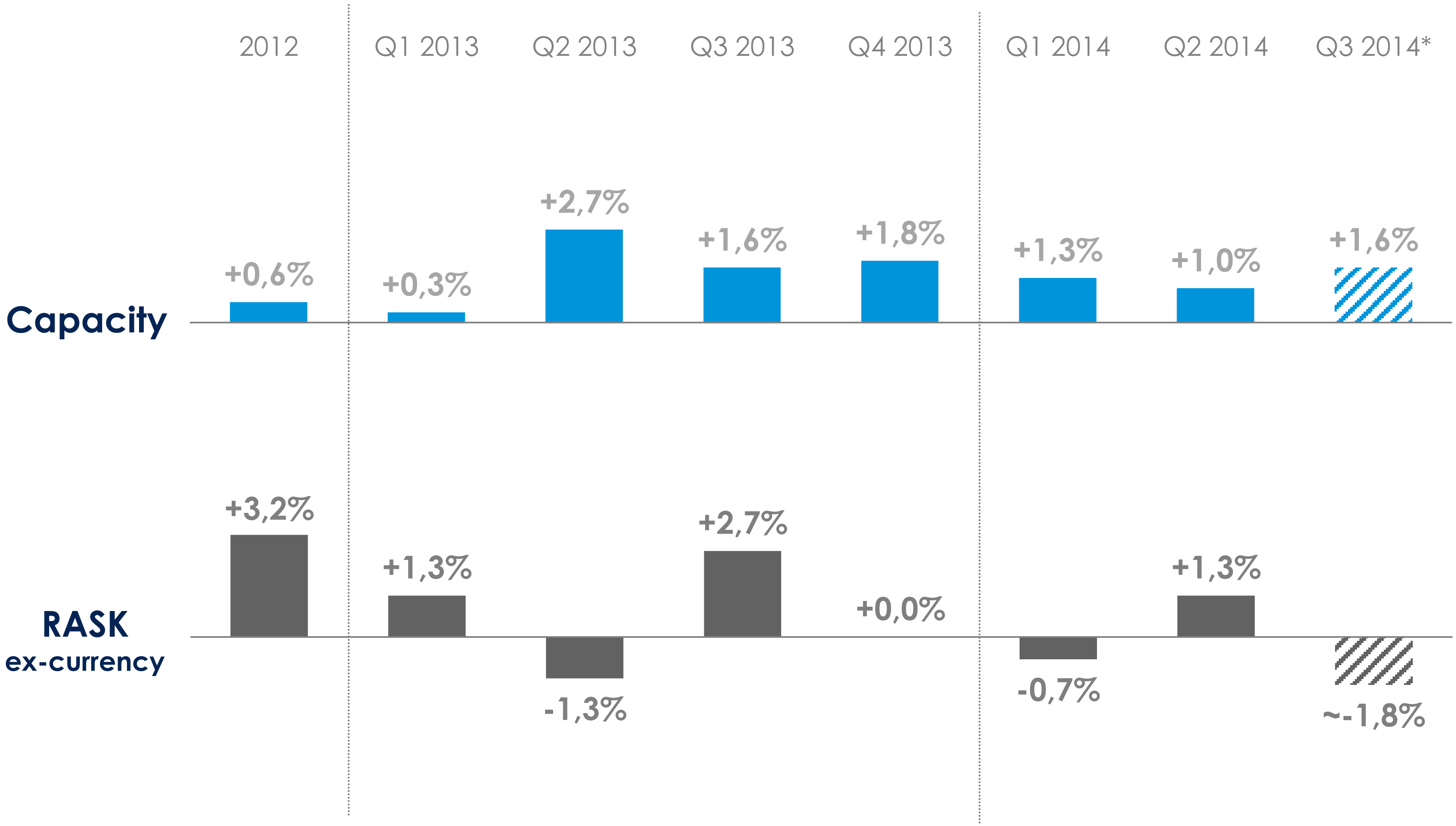
(1) 2013 restated for IFRIC 21, CityJet reclassified as discontinued operation
(2) See definition in press release
(3) Like-for-Like: at constant currency, eliminated for strike impact
(4) Net debt at 31st December 2013

Nine months 2014: Contribution by business segment

		Revenue (€ bn)	Reported Change (%)	Change Like for like[1] (%)	Op. result (€m)	Change (€m)	Change Like for like[1] (€m)
 Passenger	 79%	14.71	-3.7%	+0.8%	88	-145	+226
 Cargo	 11%	1.97	-6.0%	-2.3%	-181	+3	+24
 Maintenance	 5%	0.90	-3.5%	-0.5%	113	+2	+31
 Other	 5%	1.13	1.7%	+1.5%	20	-13	-14
	Total	**18.70**	**-3.6%**	**+0.4%**	**40**	**-153**	**+267**

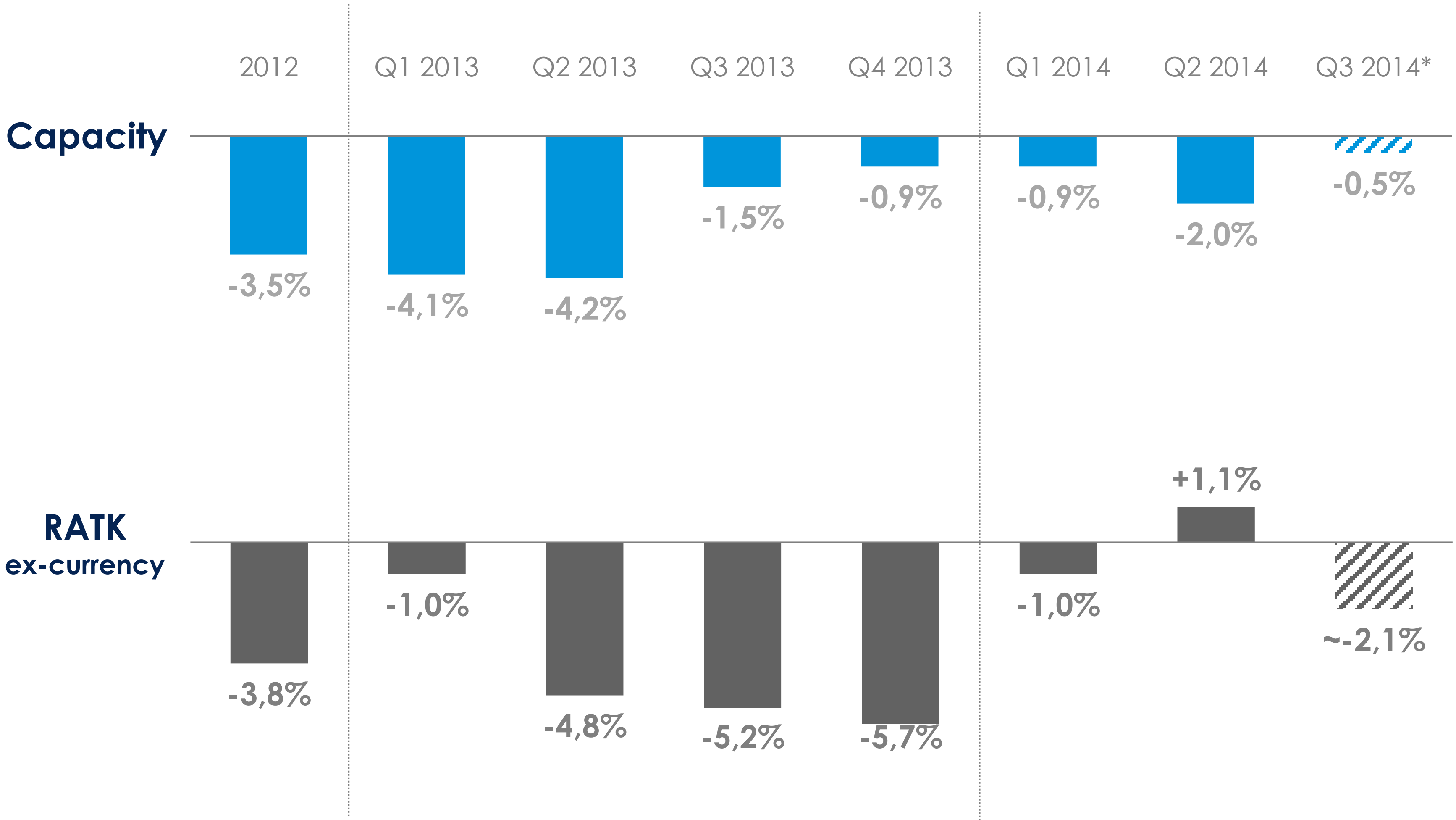
(1) Like-for-Like: at constant currency, excluding impact of pilot strike

Passenger capacity and unit revenue per quarter



* Excluding pilot strike impact

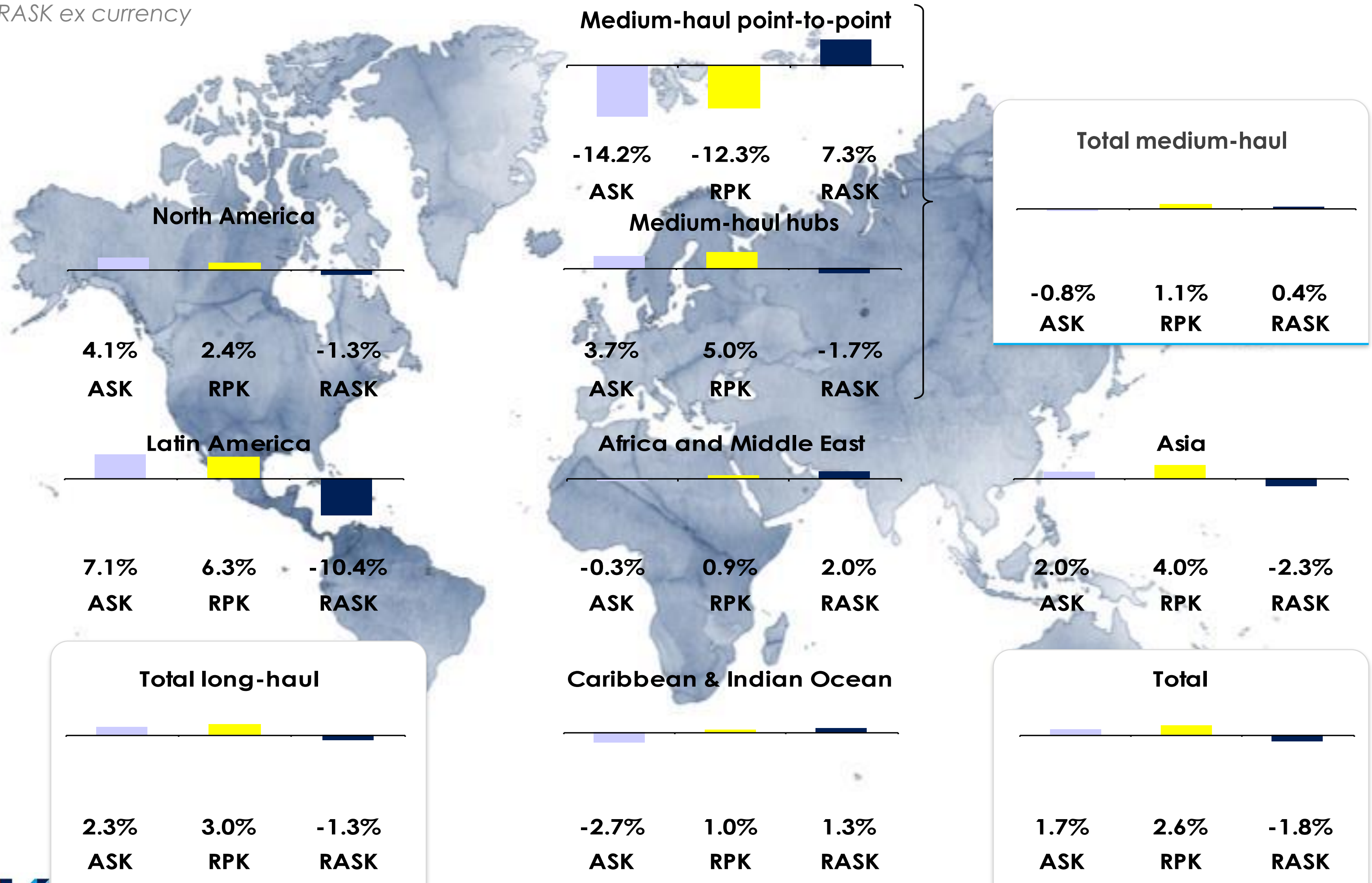
Cargo capacity and unit revenue per quarter



* Excluding pilot strike impact

Passenger unit revenue by network in Third Quarter *excluding pilot strike impact*

RASK ex currency



AIRFRANCE KLM 10 YEARS

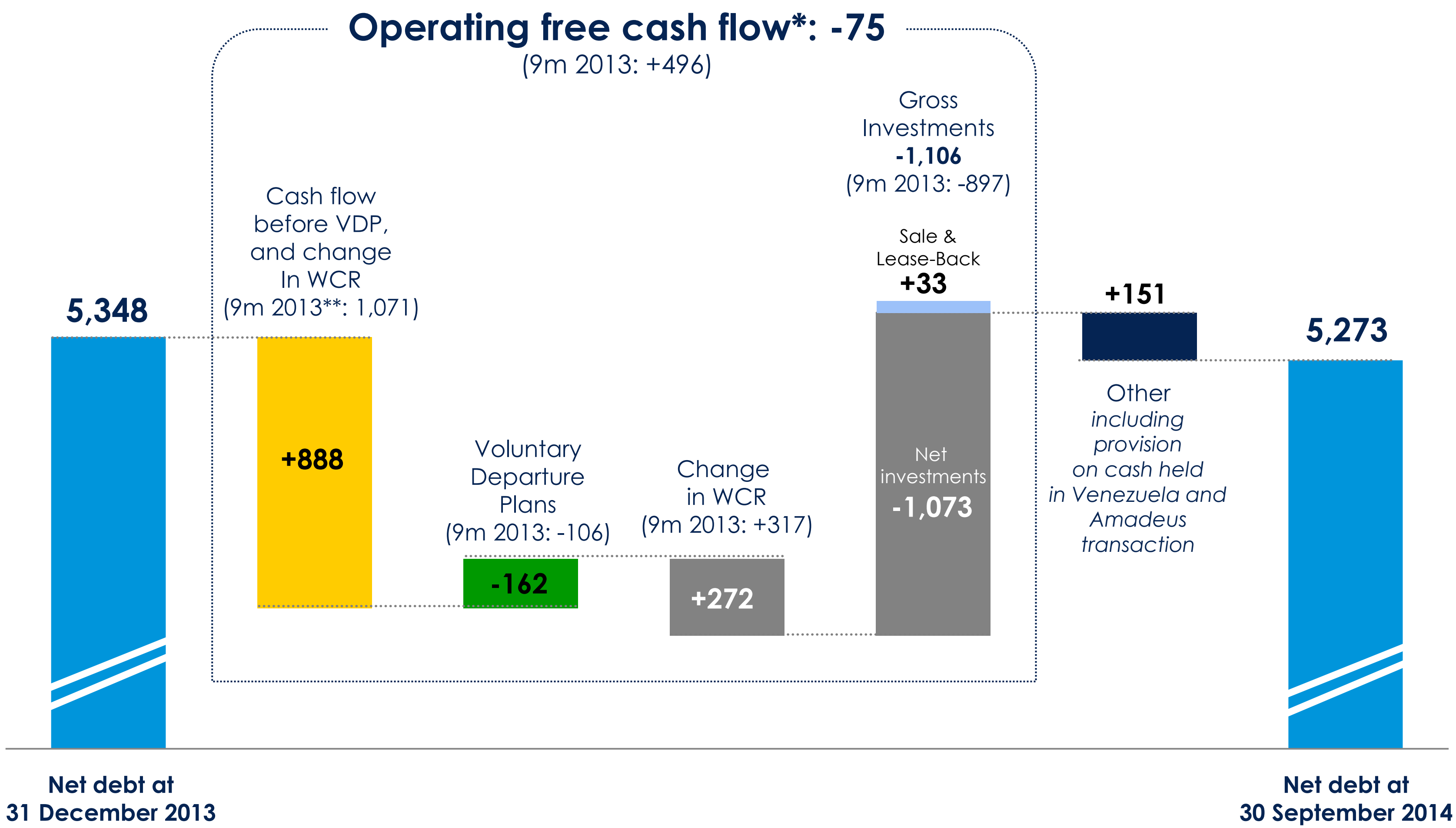
Nine months 2014: Change in operating costs

		€m	Reported change	Change at constant currency	Like-for-like[4]
30%	**Total employee costs** *including temps*	**5,651**	-3.1%	-3.0%	
26%	**Supplier costs**[1] *excluding fuel and purchasing of maintenance services and parts*	**4,723**	+0.6%	+1.7%	
12%	**Aircraft costs**[2]	**2,208**	-5.0%	-3.2%	
5%	**Purchasing of maintenance services and parts**	**979**	0.4%	3.2%	
	Operating costs ex-fuel[3]	**13,734**	**-1.6%**	**-0.9%**	**-1.0%**
26%	**Fuel**	**4,926**	-6.1%	-2.7%	-0.8%
	Grand total of operating costs	**18,660**	**-2.8%**	**-1.4%**	**-0.9%**
	Capacity (EASK)			*-0.5%*	*+1.4%*

(1) Catering, handling charges, commercial and distribution, landing fees and air-route charges, other external expenses, excluding temps
(2) Chartering (capacity purchases), aircraft operating leases, amortization, depreciation and provisions
(3) Including other taxes, other revenues, other income and expenses
(4) like-for-like: at constant currency, excluding strike impact

Operating free cash flow in 9 months 2014

Analysis of change in net debt through 9 months 2014, in million euros

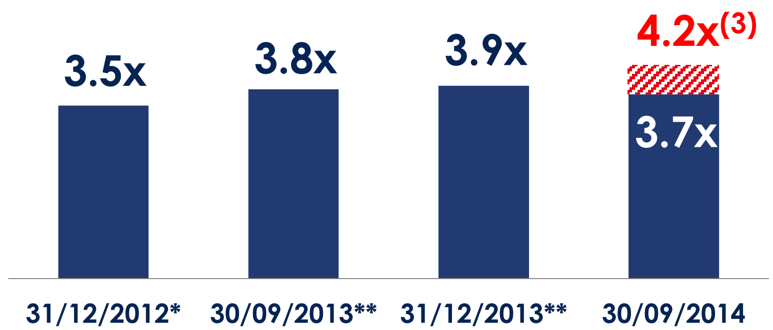


* Net cash flow from operating activities less net capex on tangibles and intangibles. All amounts excluding discontinued operations. See definition in press release

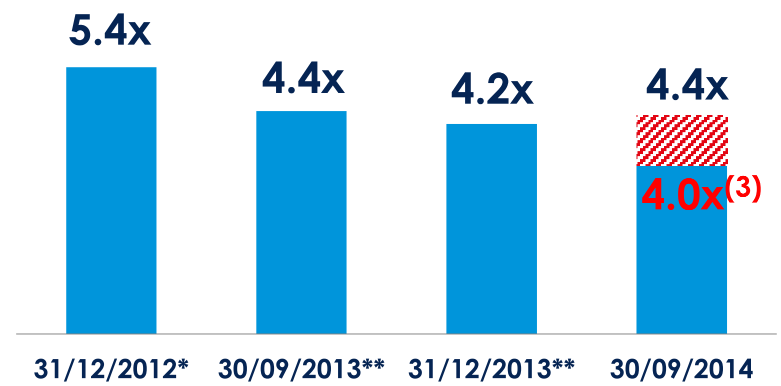
** 2013 restated for IFRIC 21, CityJet reclassified as discontinued operation

Financial ratios at 30 September 2014, trailing 12 months

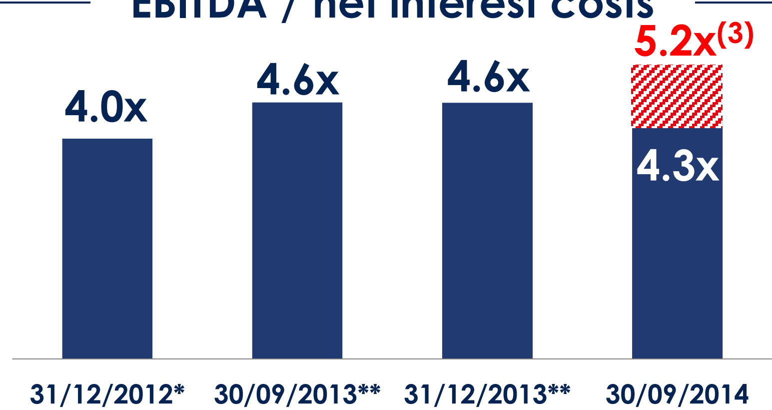
EBITDAR / adjusted net interest costs(1)



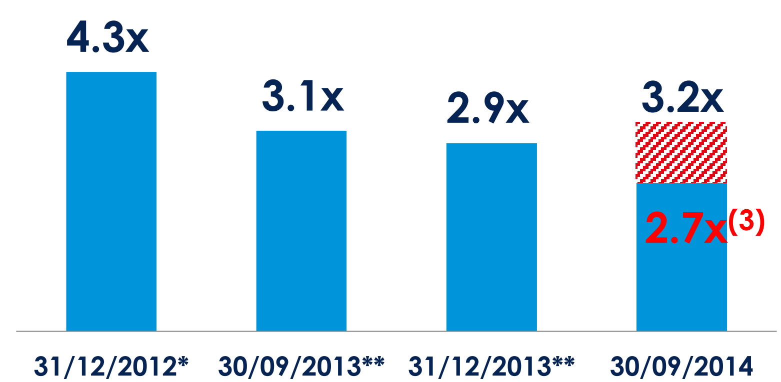
Adjusted net debt(2) / EBITDAR



EBITDA / net interest costs



Net debt / EBITDA



Strike adjusted (EBITDA(R) only, net debt not corrected for strike)

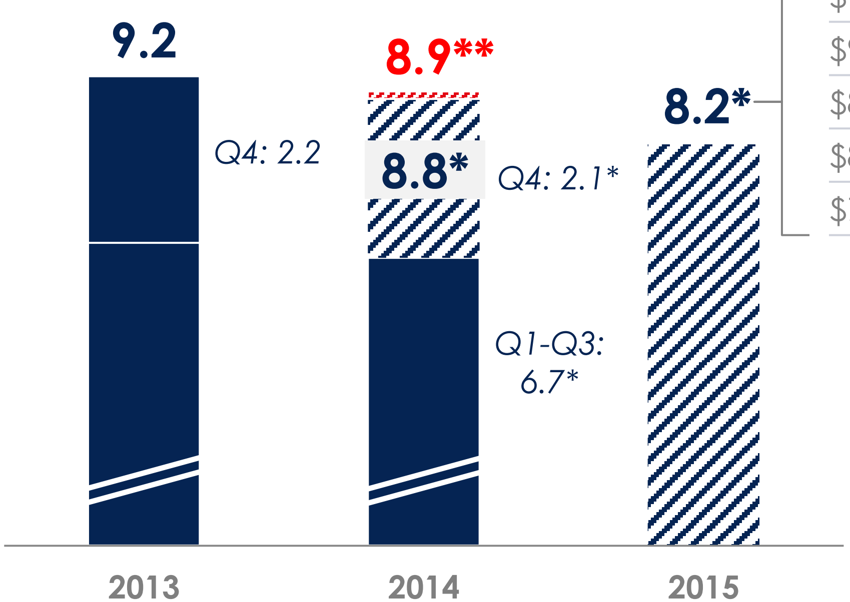
* IAS19 Restated
** Restated for IFRIC 21, CityJet reclassified as discontinued operation
(1) Adjusted by the portion of financial costs within operating leases (34%)
(2) Adjusted for the capitalization of operating leases (7x yearly expense)
(3) Excluding strike impact on EBITDA(R) (net debt unchanged)

Outlook for Full Year 2014

- Positive effects of Transform 2015
- Launch of several key Perform 2020 initiatives
  - Stable passenger capacity in Winter season, including a significant further reduction of point-to-point capacity
  - 4 full-freighter aircraft leaving the fleet by March 2015
  - Negotiation with pilots on Transavia development in France
- Impact of pilot strike and challenging operating environment: around €500m on 2014 EBITDA

Update on fuel bill

Fuel bill after hedging, in billion dollars

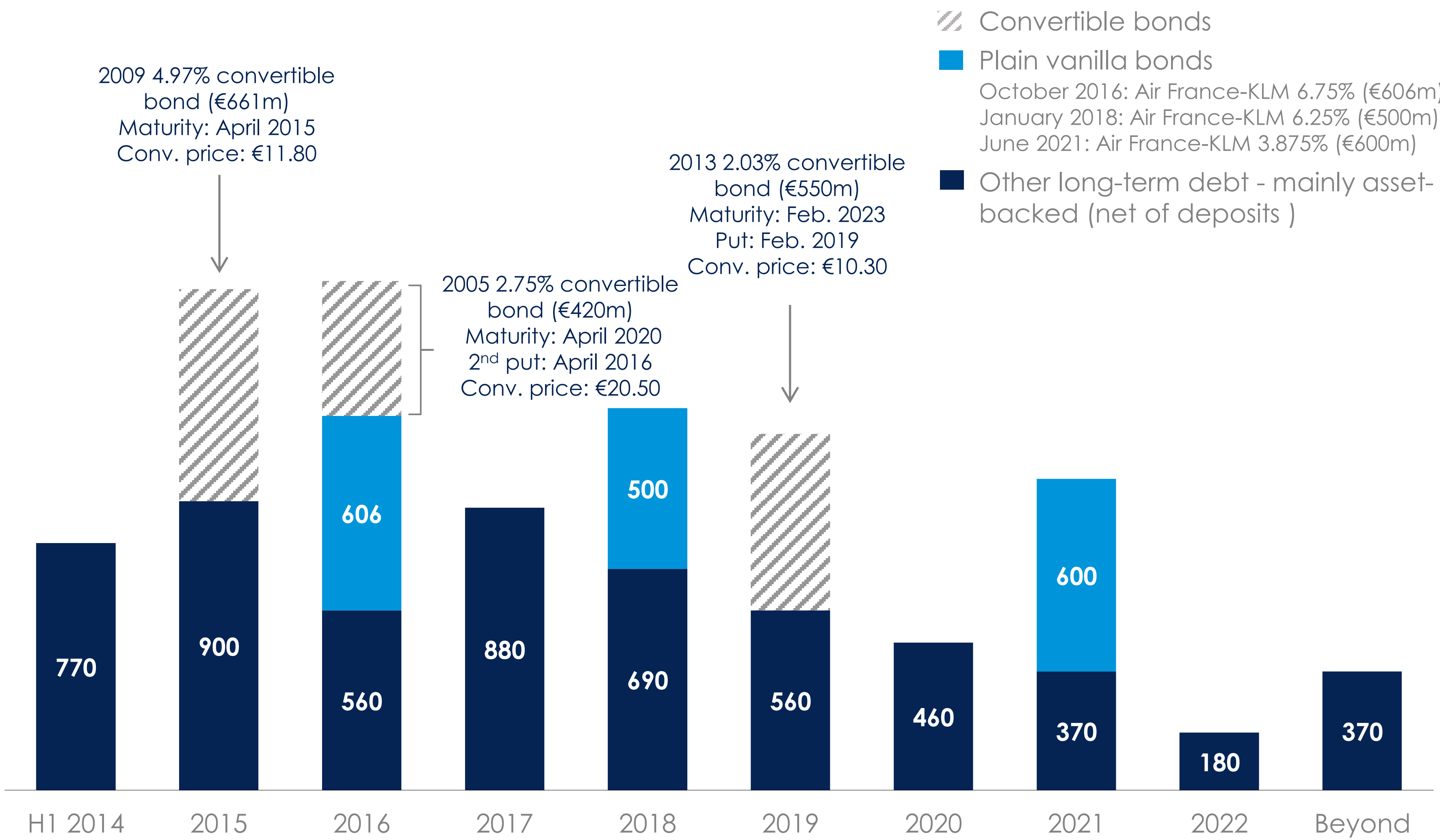


$107/bbl	9.2
$98/bbl	8.6
$89/bbl	8.2
$80/bbl	7.9
$71/bbl	7.5

	2013	2014	2015
Market price - Brent ($ per bbl)*	109	**102**	**89**
Market price - Jet fuel ($ per metric ton)*	990	**925**	**826**
% of consumption already hedged		**Q4: 70%**	**55%**

* Based on forward curve at 17 October 2014
** Excluding strike impact

Debt reimbursement profile at 30 June 2014*



* In € millions, net of deposits on financial leases and excluding KLM perpetual debt (€570m)