

Investor Day at Paris CDG on December 10th, 2012

On the occasion of its Investor Day, Air France-KLM will provide an update on the Transform 2015 plan and confirm its targets of a two billion euro reduction in net debt and a 10% reduction in ex-fuel unit costs at 31st December 2014 versus 31st December 2011. The group will also show that the plan should enable it to generate, in 2015, an operating margin of 6 to 8%, comparable to that of its peers, on the basis of the cost reduction plans they have announced.

During the morning session, the following key topics will be covered:

- In view of the economic context, the group will announce a further reduction of capex compared with the plan presented last July: minus 300 million Euros in 2013 and minus 200 million Euros in 2014.
- The group will confirm that, in total, the Transform 2015 measures will enable a drop in employee costs of 400 million* Euros in 2014 compared with 2011. In the framework of the voluntary departure plan of Air France, 735 departures have already been finalised.
- The mobilisation of all levers (reduction of the fleet in operation by 34 aircraft, network, productivity, product, operational efficiency) should return the medium-haul business to break-even in 2014 (versus a loss of 700 million Euros in 2011).
- The group will also present its new marketing ambitions, designed to improve the offer throughout the service chain, from the point of reservation to after-sales service, to develop ancillary revenues and offer a ground and in-flight experience positioning the group at the highest standards.

The day will conclude with a visit to the recently opened M Hall of Terminal 2E, which also contributes to the improvement of the offer of Air France at CDG.

Finally the group will update on the application of IAS19R relating to pensions. As previously indicated, this norm will have a negative impact on the opening equity at 1st January 2013 of 1.1 billion Euros based on the balance sheet at 31st December 2011, but it will have no cash impact. Elsewhere, Air France stands to benefit from the French 'competitiveness tax credit' to the tune of 45 million Euros in 2013 and 70 million Euros in 2014, but with no immediate impact on cash flow. Finally the decision of the European Commission to limit ETS to intra-European flights for 2012 will enable the group to reduce the provision it has already accounted for.

The Investor Day presentations are available on the website: airfranceklm-finance.com. A replay of the morning session will be available as of 8pm CET today.

** Including temps and on a constant pension charge basis at KLM*

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