RESILIENT FULL YEAR RESULT DESPITE STRIKE IMPACT AND FUEL INCREASE

- More than 100 million passengers carried in 2018, European leader for long-haul
- Successful expansion of Transavia in France and the Netherlands and solid growth trend of MRO third-party activity
- Significant progress in the social dialogue
  - Air France: finalization of labor agreements for all staff categories
  - KLM: new CLAs implemented for all staff categories

(1) Group revenues per Available Seat Kilometer (RASK) Passenger + Transavia
(2) Restated for implementation of new IFRS accounting standards
FINANCIAL REVIEW

FRÉDÉRIC GAGEY

Results at 31 December 2018
Q4 2018: REVENUE INCREASE OF +4.1% AND AN OPERATING RESULT AT €40 MILLION AFTER SIGNIFICANT FUEL IMPACT

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4 2017 (1)</th>
<th>Change at constant currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (€ bn)</td>
<td>6.54</td>
<td>6.28</td>
<td>+4.1%</td>
</tr>
<tr>
<td>EBITDA (€ m)</td>
<td>776</td>
<td>970</td>
<td>-20.0%</td>
</tr>
<tr>
<td>Operating result (€ m)</td>
<td>40</td>
<td>228</td>
<td>-82.4%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>0.6%</td>
<td>3.6%</td>
<td>-3.0 pt</td>
</tr>
<tr>
<td>Net income - Group part (€ m) (2)</td>
<td>-218</td>
<td>-928</td>
<td>+710m</td>
</tr>
</tbody>
</table>

(1) Restated for implementation of new IFRS accounting standards
(2) Net income - group part one-off elements in Q4 2017:
- Positive effect of €47 million after tax in Q4 2017 resulting from IFRS 16 restatement of lease debt in dollars
- Non current expense impact of €1.195 million after tax in Q4 2017 related to KLM pension plan de-recognition
Excluding these one-offs, the change in Net income - group part Q4 2018 is €-438 million compared to last year.
Q4 2018: REVENUE GROWTH SUPPORTED BY ALL BUSINESSES

<table>
<thead>
<tr>
<th>Capacity (1)</th>
<th>Unit Revenue (2)</th>
<th>Revenues (€ m)</th>
<th>Change</th>
<th>Operating result (€ m)</th>
<th>Change (3)</th>
<th>Operating margin</th>
<th>Change (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network</td>
<td></td>
<td>5,727</td>
<td>+3.7%</td>
<td>34</td>
<td>-82.9%</td>
<td>0.6%</td>
<td>-3.0 pt</td>
</tr>
<tr>
<td>Transavia</td>
<td></td>
<td>309</td>
<td>+12.0%</td>
<td>-42</td>
<td>+20.4%</td>
<td>-13.6%</td>
<td>-1.0 pt</td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td>490</td>
<td>+5.4%</td>
<td>46</td>
<td>-27.8%</td>
<td>3.8%</td>
<td>-2.0 pt</td>
</tr>
<tr>
<td>Group</td>
<td></td>
<td>6,538</td>
<td>+4.1%</td>
<td>40</td>
<td>-82.4%</td>
<td>0.6%</td>
<td>-3.0 pt</td>
</tr>
</tbody>
</table>

(1) Passenger airline capacity = Available Seat Kilometers, Cargo capacity = Available Ton Kilometers, Group capacity = Equivalent Available Seat Kilometers
(2) Unit revenues: Passenger airlines = revenue per Available Seat Kilometer, Cargo = revenue per Available Ton Kilometer, Group = revenue per Equivalent Available Seat Kilometer
(3) 2017 restated for implementation of the new IFRS accounting standards
Q4 2018: LONG-HAUL UNIT REVENUE SLIGHTLY POSITIVE WITH A STRONG ASIAN NETWORK PERFORMANCE, STABILITY IN THE MEDIUM-HAUL NETWORK

<table>
<thead>
<tr>
<th>Region</th>
<th>Total</th>
<th>Medium-haul hubs</th>
<th>North America</th>
<th>Caribbean &amp; Indian Ocean</th>
<th>Africa &amp; Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Premium</td>
<td>Economy</td>
<td>Premium</td>
<td>Economy</td>
<td>Premium</td>
</tr>
<tr>
<td>ASK</td>
<td>3.2%</td>
<td>-2.3%</td>
<td>5.3%</td>
<td>0.4%</td>
<td>10.5%</td>
</tr>
<tr>
<td>RPK</td>
<td>3.5%</td>
<td>-2.3%</td>
<td>5.1%</td>
<td>0.8%</td>
<td>9.6%</td>
</tr>
<tr>
<td>RASK ex cur.</td>
<td>-0.1%</td>
<td>-1.2%</td>
<td>-0.7%</td>
<td>0.4%</td>
<td>-5.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Total medium-haul</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASK</td>
<td>2.0%</td>
</tr>
<tr>
<td>RPK</td>
<td>1.1%</td>
</tr>
<tr>
<td>RASK ex cur.</td>
<td>-0.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Total long-haul</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASK</td>
<td>3.6%</td>
</tr>
<tr>
<td>RPK</td>
<td>4.1%</td>
</tr>
<tr>
<td>RASK ex cur.</td>
<td>0.2%</td>
</tr>
</tbody>
</table>
Q4 2018 UNIT COSTS DOWN -0.9%, FULL YEAR UNIT COSTS AT +0.6% IN LINE WITH GUIDANCE

- Q4 2018 cost efficiencies offsetting wage inflation including retroactive booking
- Full Year 2018 unit cost +0.6% within guided target range, and -0.2% net of strike impact

Underlying unit cost

Q4 2018

Reported (1) change
Currency effect
Fuel price effect
Pension effect
At constant currency, fuel and pension expenses

(1) 2017 restated for implementation of the new IFRS accounting standards
Q4 2018: LABOR PRODUCTIVITY IMPROVED, IMPLEMENTATION OF ANNUAL WAGE AGREEMENTS AT AIR FRANCE

- Q4 staff cost +3% and +1% excluding retroactive booking of the new Air France labor agreement

- Employee productivity +2.2% in Q4 (with capacity +3.7%)

**Employee productivity**
Average FTEs, including temporary staff

- **Q4 2017**
  - 51,600 FTE (+3.0% productivity\(^1\))

- **Q4 2018**
  - 52,450 FTE (+350 FTE)
  - 32,350 FTE (+1.3% productivity\(^1\))

---

(1) Productivity measured in EASK/FTE
FULL YEAR OPERATING RESULT AT €1.3 BILLION, FURTHER NET DEBT REDUCTION OF €195 MILLION

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2017 (1)</th>
<th>Change at constant currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (€ bn)</td>
<td>26.51</td>
<td>25.87</td>
<td>+2.5%</td>
</tr>
<tr>
<td>EBITDA (€ m)</td>
<td>4,217</td>
<td>4,763</td>
<td>-11.5%</td>
</tr>
<tr>
<td>Operating result (€ m)</td>
<td>1,332</td>
<td>1,923</td>
<td>-30.7%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>5.0%</td>
<td>7.4%</td>
<td>-2.4 pt</td>
</tr>
<tr>
<td>Net income - Group part (€ m) (2)</td>
<td>409</td>
<td>163</td>
<td>+151%</td>
</tr>
<tr>
<td>Adjusted operating free cash flow (€ m)</td>
<td>115</td>
<td>677</td>
<td>-83.0%</td>
</tr>
<tr>
<td>ROCE</td>
<td>9.8%</td>
<td>14.4%</td>
<td>-4.6 pt</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2018</th>
<th>31 Dec 2017 (1)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt (€ m)</td>
<td>6,164</td>
<td>6,359</td>
<td>-195m</td>
</tr>
<tr>
<td>Net debt/EBITDA</td>
<td>1.5x</td>
<td>1.3x</td>
<td>+0.13 pt</td>
</tr>
</tbody>
</table>

(1) Restated for implementation of new IFRS accounting standards
(2) Net income - group part one-off elements in FY2017:
- Positive effect of €386 million after tax in FY2017 resulting from IFRS 16 restatement of lease debt in dollars
- Non current expense impact of €1,428 million after tax in 2017 related to KLM pension plan de-recognition
Excluding these one-offs, the change of Net income - group part FY2018 is -€796 million compared to last year.
RESILIENT RESULTS DESPITE STRIKE IMPACT AND FUEL INCREASE, SUBSTANTIAL MARGIN AT TRANSAVIA

### FY 2018

<table>
<thead>
<tr>
<th>Capacity (1)</th>
<th>Unit Revenue (2)</th>
<th>Constant Currency</th>
<th>Revenues (€ m)</th>
<th>Change</th>
<th>Operating result (€ m)</th>
<th>Change (3)</th>
<th>Operating margin</th>
<th>Change (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Network</strong></td>
<td></td>
<td></td>
<td>22,943</td>
<td>+1.6%</td>
<td>994</td>
<td>-36.1%</td>
<td>4.3%</td>
<td>-2.6 pt</td>
</tr>
<tr>
<td><strong>Transavia</strong></td>
<td><strong>transavia</strong></td>
<td></td>
<td>1,611</td>
<td>+12.2%</td>
<td>139</td>
<td>+18.0%</td>
<td>8.6%</td>
<td>+0.4 pt</td>
</tr>
<tr>
<td><strong>Maintenance</strong></td>
<td></td>
<td></td>
<td>1,920</td>
<td>+6.6%</td>
<td>195</td>
<td>-22.5%</td>
<td>4.5%</td>
<td>-1.6 pt</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>AIRFRANCE KLM</strong></td>
<td>GROUP</td>
<td>26,515</td>
<td>+2.5%</td>
<td>1,332</td>
<td>-30.7%</td>
<td>5.0%</td>
<td>-2.4 pt</td>
</tr>
</tbody>
</table>

(1) Passenger airline capacity = Available Seat Kilometers, Cargo capacity = Available Ton Kilometers, Group capacity = Equivalent Available Seat Kilometers
(2) Unit revenues: Passenger airlines = revenue per Available Seat Kilometer, Cargo = revenue per Available Ton Kilometer, Group = revenue per Equivalent Available Seat Kilometer
(3) 2017 restated for implementation of the new IFRS accounting standards
NETWORK REVENUE INCREASE DRIVEN BY HIGHER UNIT REVENUES AND OPERATING RESULT IMPACTED BY STRIKES

• Q4 2018 Passenger unit revenues -0.1% at constant currency, including the negative impact of protest movements in France

• Full Year Passenger unit revenues at +1.1% at constant currency despite negative strike effect

• Ancillaries revenues at €650 million, +10.8% in 2018 compared to last year

• Q4 2018 Cargo maintains positive unit revenues (RATK) +1.3% at constant currency and Full Year 2018 at 5.2%, particularly driven by strength in Asia, North America and Europe

• Both full freighters and bellies deliver an increased positive contribution to the Network result compared to last year
• Best result since launch of Transavia: operating result of €139 million and operating margin above 8% in the two companies, of which Transavia France 9.1%

• Accelerated capacity growth in fourth quarter 2018 +14.4%, ending 2018 with growth of +8.4%, of which +21% in France

• Transavia’s cost structure is well aligned with the low-cost business model:
  ✓ Maximizing use of aircraft, a single aircraft type
  ✓ Simplicity of the product and fares, multiple options
  ✓ Light organizational structure, outsourcing non-core activities, strong synergies between the two subsidiaries
Several large contracts won for NextGen components and Engines

Third-party revenues maintain solid growth trend, margin pressure partly due to one-offs

For 2019, focus on margin through better optimization of the turn-around-time and first effects of selective tendering

<table>
<thead>
<tr>
<th>In €m</th>
<th>FY 2018</th>
<th>FY 2017</th>
<th>Change</th>
<th>At constant currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>4,349</td>
<td>4,155</td>
<td>+4.7%</td>
<td></td>
</tr>
<tr>
<td>Third-party revenues</td>
<td>1,920</td>
<td>1,801</td>
<td>+6.6%</td>
<td>+11.0%</td>
</tr>
<tr>
<td>Operating result</td>
<td>195</td>
<td>252</td>
<td>-57 m</td>
<td>-42 m</td>
</tr>
<tr>
<td>Operating margin</td>
<td>4.5%</td>
<td>6.1%</td>
<td>-1.6 pt</td>
<td>-1.4 pt</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In $m</th>
<th>31 Dec 2018</th>
<th>31 Dec 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order book(1)</td>
<td>11,400</td>
<td>10,800</td>
<td>+600 m</td>
</tr>
</tbody>
</table>

(1) Order book is the cumulative value of signed contracts with external customers and may differ from the order book accounting definition in the financial statements
AIR FRANCE RESULT IMPACTED BY STRIKES, KLM DELIVERS A SOLID RESULT IN LINE WITH LAST YEAR’S PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capacity</td>
<td>Revenues (€ m)</td>
<td>Change</td>
<td>Operating result (€ m)</td>
<td>Change</td>
<td>Operating margin</td>
<td>Change</td>
</tr>
<tr>
<td>AIRFRANCE</td>
<td>+2.5%</td>
<td>16,073</td>
<td>+1.2%</td>
<td>266</td>
<td>-69.2%</td>
<td>1.7%</td>
<td>-3.8 pt</td>
</tr>
<tr>
<td>KLM</td>
<td>+2.3%</td>
<td>10,955</td>
<td>+5.0%</td>
<td>1,073</td>
<td>-0.5%</td>
<td>9.8%</td>
<td>-0.5 pt</td>
</tr>
<tr>
<td>AIRFRANCE KLM GROUP</td>
<td>+2.4%</td>
<td>26,515</td>
<td>+2.5%</td>
<td>1,332</td>
<td>-30.7%</td>
<td>5.0%</td>
<td>-2.4 pt</td>
</tr>
</tbody>
</table>

2017 restated for implementation of the new IFRS accounting standards
POSITIVE ADJUSTED OPERATING FREE CASH FLOW DESPITE THE STRIKES

**FY 2018**

\[ \text{€ m} \]

- **Cash flow before VDP and change in WCR**
  - (FY 2017: +3949)
  - 3,596

- **Change in WCR**
  - (FY 2017: +291)
  - +246

- **Voluntary Departure Plans**
  - (FY 2017: -141)
  - -130

- **Net investments**
  - (FY 2017: -2438)
  - -2,625

- **Operating Free Cash Flow**
  - (FY 2017: +1661)
  - 1,087

- **Payment of lease debt**
  - (FY 2017: -984)
  - -972

- **Adjusted operating free cash flow**
  - (FY 2017: 677)
  - 115

---

(1) **Adjusted operating free cash flow = Operating free cash flow with deduction of repayment of lease debt**
NET DEBT REDUCED BY €195 MILLION YOY, INCLUDING REPURCHASE OF €197 MILLION OF HYBRID BONDS

In € m

Net debt at 31 Dec 2017 6,359
Payment of lease debt -972
Adj. operating free cash flow -115
New lease debt +439
Repurchase hybrid (including premium) +211
Currency & other +242
Net debt at 31 Dec 2018 6,164

NET DEBT REDUCED BY €195 MILLION YOY, INCLUDING REPURCHASE OF €197 MILLION OF HYBRID BONDS

Net Debt evolution

In € m

Net debt at 31 Dec 2017 6,359
Payment of lease debt -972
Adj. operating free cash flow -115
New lease debt +439
Repurchase hybrid (including premium) +211
Currency & other +242
Net debt at 31 Dec 2018 6,164

1.3x
31 Dec 2017

1.5x
31 Dec 2018

Net Debt / EBITDA

Liquidity situation

In € bn

31 Dec 2017 6.4
Cash & Cash Equivalents 1.7
Undrawn credit lines 4.7
31 Dec 2018 5.4
Cash & Cash Equivalents 1.8
Undrawn credit lines 3.6

(1) Restated for implementation of the new IFRS accounting standards and restated again for 2017 base compared to previous reporting by -€212 mln correction on IFRS leases, due to a revision of accounting for real-estate contracts
(2) Adjusted operating free cash flow = Operating free cash flow with deduction of repayment of lease debt
(3) Net Debt / EBITDA: 12 months sliding, see calculation in press release
OUTLOOK

Results at 31 December 2018
REVENUE OUTLOOK

Based on the current data for Passenger network:

- Long-haul forward booking load factors from February to April are on average stable compared to last year, and positively oriented for the early summer,
- First quarter passenger unit revenues at constant currency expected below last year, due in part to the Easter shift.
FUEL BILL INCREASE BY €650 MILLION IN 2019, EXPLAINED BY DIFFERENCE IN HEDGE IMPACT COMPARED TO 2018

2018:
Fuel bill €4.9bn\(^{(2)}\)

2019:
Fuel bill €5.6bn\(^{(2)}\)

2020:
Fuel bill €5.8bn\(^{(2)}\)

---

Based on forward curve at 15 February 2019.

Sensitivity computation based on 2019 fuel price, assuming constant crack spread between Brent and Jet Fuel. Jet fuel price including into plane cost

Assuming average exchange rate on US dollar/Euro of 1.18 for 2018, 1.14 for 2019 and 1.17 for 2020

---

(1) Based on forward curve at 15 February 2019. Sensitivity computation based on 2019 fuel price, assuming constant crack spread between Brent and Jet Fuel. Jet fuel price including into plane cost

(2) Assuming average exchange rate on US dollar/Euro of 1.18 for 2018, 1.14 for 2019 and 1.17 for 2020
CAPEX SUPPORTING THE GROUP’S AMBITION

Capex breakdown 2019

- New fleet
- Ground & IT innovation
- Maintenance
- Spare parts
- Cabin modifications

€3.2bn planned

2019 Capex compared to former medium-term guidance:
- E&M business expansion for spare parts +€ 150 m
- Aircraft modifications +€ 150 m
- Transavia accelerated fleet expansion +€ 100 m
- Operating lease shop visit + € 250 m

(IFRS16 impact without cash incidence)

Aircraft type | Entry 2019
---|---
787 | 6
A350 | 3
737 | 4
## FULL YEAR GUIDANCE

<table>
<thead>
<tr>
<th>Category</th>
<th>Actual 2018</th>
<th>Guidance 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger</strong></td>
<td>+2.1%</td>
<td>+2.0% to +3.0%</td>
</tr>
<tr>
<td><strong>Transavia</strong></td>
<td>+8.4%</td>
<td>+9% to +11%</td>
</tr>
<tr>
<td><strong>Fuel</strong></td>
<td>+€450m</td>
<td>+€650m</td>
</tr>
<tr>
<td><strong>Currency</strong></td>
<td>€183m headwind</td>
<td>Neutral effect</td>
</tr>
<tr>
<td><strong>Unit cost</strong> ex-currency at constant fuel price</td>
<td>+0.6%</td>
<td>-1% to 0%</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>€2.6bn</td>
<td>€3.2bn</td>
</tr>
<tr>
<td><strong>Net Debt / EBITDA</strong></td>
<td>1.5x</td>
<td>below 1.5x</td>
</tr>
</tbody>
</table>

(1) To align with industry practice, the metric EASK will not be used anymore as of 2019. New Unit Cost definition will be: Net cost per Available Seat Kilometer at constant fuel and currency. The impact of this change should be approximately -0.1% for 2019.
## A STRONG POSITION IN THE COMPETITIVE AIRLINE MARKETPLACE

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft</td>
<td>548</td>
</tr>
<tr>
<td>Destinations</td>
<td>318 in 118 countries</td>
</tr>
<tr>
<td>Full-time employees</td>
<td>88,800</td>
</tr>
<tr>
<td>Passengers carried in 2018</td>
<td>101m+</td>
</tr>
<tr>
<td>Cargo transported in 2018</td>
<td>1.1m</td>
</tr>
<tr>
<td>Aircraft maintained for 200+ clients</td>
<td>2,000</td>
</tr>
<tr>
<td>New routes added in 2018</td>
<td>74</td>
</tr>
</tbody>
</table>
A STRONG POSITION IN THE COMPETITIVE AIRLINE MARKETPLACE

Outstanding professionalism and commitment of the Group employees

Paris-CDG & Amsterdam-Schiphol: 2 of the largest connecting hubs in Europe

Strong presence in all major markets

Leverage our powerful competitive advantages

The European pillar of the leading global airline partnership, which includes Delta and China Eastern

The largest network between Europe and the rest of the world

AIRFRANCE KLM GROUP
A STRONG POSITION IN THE COMPETITIVE AIRLINE MARKETPLACE…

…relying on strong brands benefiting from exceptional reputations

- Globally recognized as premium airline
- Strong French home market
- Connecting passengers

- An efficient network airline
- Primarily focused on connecting customers
- A unique Dutch identity

- The Group’s low-cost business
- Point-to-point flights to Europe from the Netherlands and France
- Leader in hospitality, service and digital services
THREE PRIORITIES LAYING THE FOUNDATION TO REGAIN THE LEADING POSITION IN EUROPE

| Conclusion of **new, balanced labor agreements** at Air France | • Representing **a major step** towards **rebuilding confidence and trust**  
• Enabling necessary **flexibility** to implement future commercial strategy |
|---|---|
| **Simplified governance** to support the Group’s ambition | • **Key goals:**  
• Simplify and accelerate decision processes  
• Maximize overall value for the Group and all its entities  
• **Creation of a CEO committee:** Benjamin Smith, Pieter Elbers, Anne Rigail and Frédéric Gagey |
| **Develop a go forward strategy** | • **First initiatives**  
• Improving and simplifying Air France-KLM’s brand portfolio and product offer  
• Simplifying and optimizing the fleet  
• Boosting our competitiveness |
SIMPLIFYING AND STRENGTHENING AIR FRANCE-KLM’S BRAND PORTFOLIO

From several over-lapping brands to a simplified brand portfolio

Objective: provide greater clarity for customers and more consistency with the Group’s global commercial product offer

- Decision to integrate Joon employees and aircraft into Air France, the latest cabin crew agreements enable Air France to retain Joon’s cost savings through other means
- Air France regional fleet, currently under the HOP! brand, will wear the Air France HOP livery
SIMPLIFYING AND STRENGTHENING AIR FRANCE-KLM’S OFFER THROUGH NETWORK OPTIMIZATION

Long-haul network

- Air France destinations
- Destinations with at least one full flat flight per day
- La Première destinations with at least one flight per day
SIMPLIFYING AND STRENGTHENING AIR FRANCE-KLM’S OFFER THROUGH NETWORK OPTIMIZATION

Long-haul network

KLM destinations
DELIVERING THE BEST PRODUCT OFFER TO OUR CLIENTS

• **Right-sized cabins** and more **efficient aircraft interior configurations**, to **serve each market segment** with appropriate gauge and product

• **Aircraft retrofit** to latest cabin standards to be **accelerated**
  • First Air France Airbus 330 retrofitted on line two weeks ago
  • Airbus 380 retrofit to be launched in 2020
  • All aircraft retrofit completed at KLM

• **Flight connectivity** in all the Group’s long-haul fleet in 2020
### SIMPLIFYING AND OPTIMIZING THE FLEET

<table>
<thead>
<tr>
<th>LONG-HAUL FLEET</th>
<th>MEDIUM-HAUL FLEET</th>
<th>REGIONAL FLEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fuel efficient aircraft: 6 Boeing 787 and 3 Airbus 350 to enter the combined fleet in 2019, more to come in the following years</td>
<td>• Tender offer to be launched in 2019</td>
<td>• Phase out of ATRs in 2020</td>
</tr>
<tr>
<td>• Ongoing phase out of the remaining Air France Airbus 340 in 2020 and KLM Boeing 747 in 2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• A380 fleet to decrease from 10 to 7 aircraft at the expiry of the leases in 2020 and 2021</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The strategy of upgrading and simplifying the product offer and optimizing the fleet aims to **reinforce the Group’s competitiveness**, and we will go further:

- Achieve **Air France profitability** in order to increase its margin to industry standards
- Improve the **operational robustness**, reducing fleet constraints and adding spare aircraft at Air France
- Control our **infrastructure costs**, improving the **relationship with ADP** and **Schiphol airports**
  - Reopening discussions with ADP for **new terminal T4**, to improve the customer experience and operational performance
  - Maximise **societal support** for growing KLM at Schiphol
- In **Europe**, implementation of the **conditions for a level playing field**
Results at 31 December 2018
APPENDIX

Results at 31 December 2018
LONG-HAUL AND MEDIUM-HAUL HUBS CONTRIBUTING TO POSITIVE UNIT REVENUE PERFORMANCE

FY 2018

Medium-haul point-to-point

-3.3% ASK  -1.4% RPK  -2.6% RASK ex cur.

Medium-haul hubs

1.7% ASK  2.2% RPK  2.8% RASK ex cur.

Caribbean & Indian Ocean

0.1% ASK  0.9% RPK  -0.4% RASK ex cur.

Latin America

8.6% ASK  8.7% RPK  0.0% RASK ex cur.

North America

3.0% ASK  3.4% RPK  2.9% RASK ex cur.

Africa & Middle East

-1.6% ASK  -0.7% RPK  0.3% RASK ex cur.

Asia

2.1% ASK  2.8% RPK  2.0% RASK ex cur.

Total medium-haul

0.8% ASK  1.6% RPK  1.5% RASK ex cur.

Total long-haul

2.4% ASK  3.1% RPK  1.2% RASK ex cur.

Premium RASK ex cur. +3.5%

Economy RASK ex cur. +0.6%
Q4 2018 POSITIVE OPERATING RESULT AT €40 MILLION WITH UNIT COST SAVINGS OFFSETTING PART OF HIGHER FUEL BILL

In € m

Q4 2017 (1) Activity change Unit revenue Unit cost Fuel price ex-currency Currency impact Change in pension-related expense Q4 2018

FY 2017 (1) Activity change Unit revenue Unit cost Fuel price ex-currency Currency impact Change in pension-related expense FY 2018

(1) Restated for implementation of the new IFRS accounting standards
CURRENCY IMPACT ON OPERATING RESULT

Currency impact on revenues and costs
In € m

-224
-246
-259
-190
-128
-40
-12
35

Q1 2018  Q2 2018  Q3 2018  Q4 2018

-XX Currency impact on operating result

FY 2019 guidance

- Currency impact FY 2019: no effect, based on spot €/$ 1.14
- Net operational exposure hedging for 2019:
  - USD ~60%
  - JPY ~50%
  - GBP ~75%

Revenues and costs per currency

FY 2018

Revenues

US dollar (and related currencies)
54%
26%
20%

Other currencies
54%
26%
20%

Costs

US dollar
36%

Other currencies (mainly euro)
64%
ADJUSTED NET INCOME OF THE GROUP AT 31 DECEMBER 2018

In € m

Unrealized foreign exchange result: 23
### Pension Details at 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2017</th>
<th>31 Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net balance sheet situation by airline</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Air France</strong></td>
<td>-1,612</td>
<td>-1,767</td>
</tr>
<tr>
<td><strong>KLM</strong></td>
<td>67</td>
<td>-81</td>
</tr>
</tbody>
</table>

#### 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 31 December 1992.

#### KLM
- Defined benefit schemes for Ground Staff.
**DEBT REIMBURSEMENT PROFILE AT 31 DECEMBER 2018**

**Debt reimbursement profile**

*In €m*

- **2019**: 800
- **2020**: 750
- **2021**: 600
- **2022**: 400
- **2023**: 350
- **2024**: 200
- **2025 and beyond**: 1,350

- **Plain vanilla bonds**
  - June 2021: Air France-KLM 3.875% (€600m)
  - October 2022: Air France-KLM 3.75% (€400m)
  - December 2026: Air-France KLM 4.35% ($145m)

- **Hybrid bond (recognized as equity)**

- **Other long-term debt – mainly asset-backed (net of deposits on financial leases)**

(1) Excluding operating lease debt payments and KLM perpetual debt