

# Half Year Results

April-September 2011



10<sup>th</sup> November 2011

## July to September 2011 quarter

- + Dynamic passenger volumes, but slowdown in cargo
- + Revenue levels insufficient to offset increase in fuel bill
- + Negative impact from volatility of major currencies
- + Comfortably positive operating result

# Key data for the Quarter

	Quarter July-Sept. 2011	Quarter July-Sept. 2010	Change
+ Revenues	€6.79bn	€6.65bn	+2.1%
+ EBITDAR	€1.02bn	€1.23bn	-17.4%
+ Operating result	€397m	€576m	-31.1%
+ Adjusted operating result*	€468m	€649m	-27.8%
+ Net result, group share	€14m	€290m	-95.2%

(\*) Adjusted for the share of financial costs in operating leases (34%)

# Activity



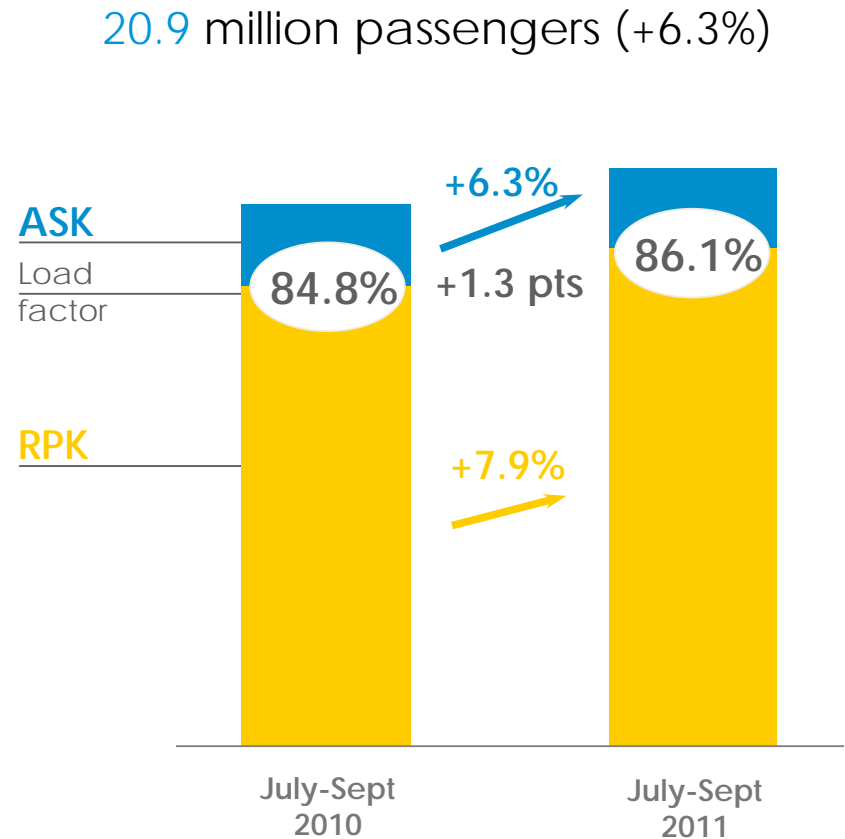
# Key data by business

July-September 2011

		Revenues In €bn	Operating result In €m	
<p><b>Passenger</b></p>	5.28	+2.9%	356	-97
<p><b>Cargo</b></p>	0.77	-1.7%	-37	-44
<p><b>Maintenance</b></p>	0.27	-5.6%	18	-43
<p><b>Other</b></p>	0.47	+4.0%	60	+5

# Passenger: increased load factor

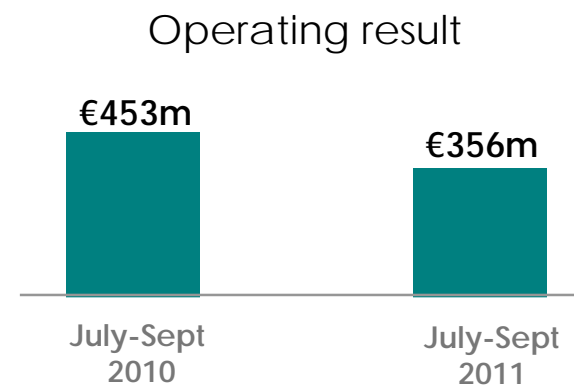
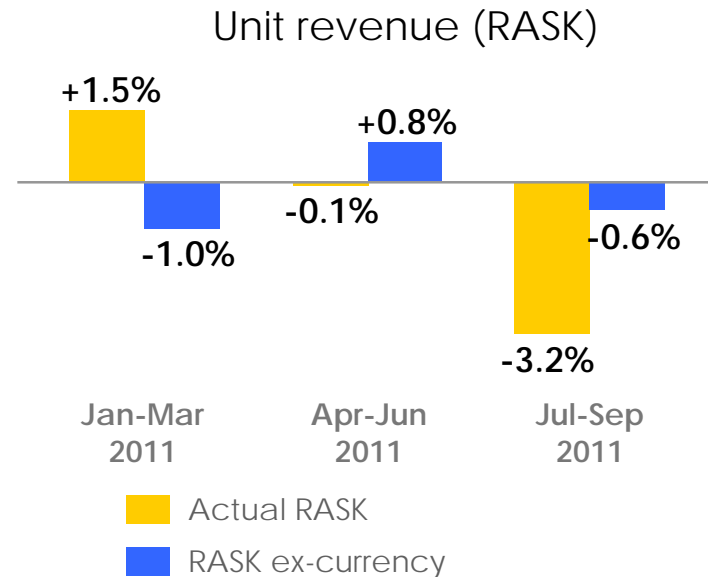
- + Productive capacity growth, focused on long-haul
  - ▶ Medium-haul ASK: +5.0%
  - ▶ Long-haul ASK: +6.6%, partly linked to deployment of densified B777s and A380
- + Major networks still feeling the impact of the crises:
  - ▶ Japan: -8%
  - ▶ Ivory Coast: -21%
  - ▶ Tunisia, Libya, Egypt and Syria: -40%
- + ...but recovery underway in Japan and Ivory Coast



# Passenger: profitability affected by crises and rise in fuel price

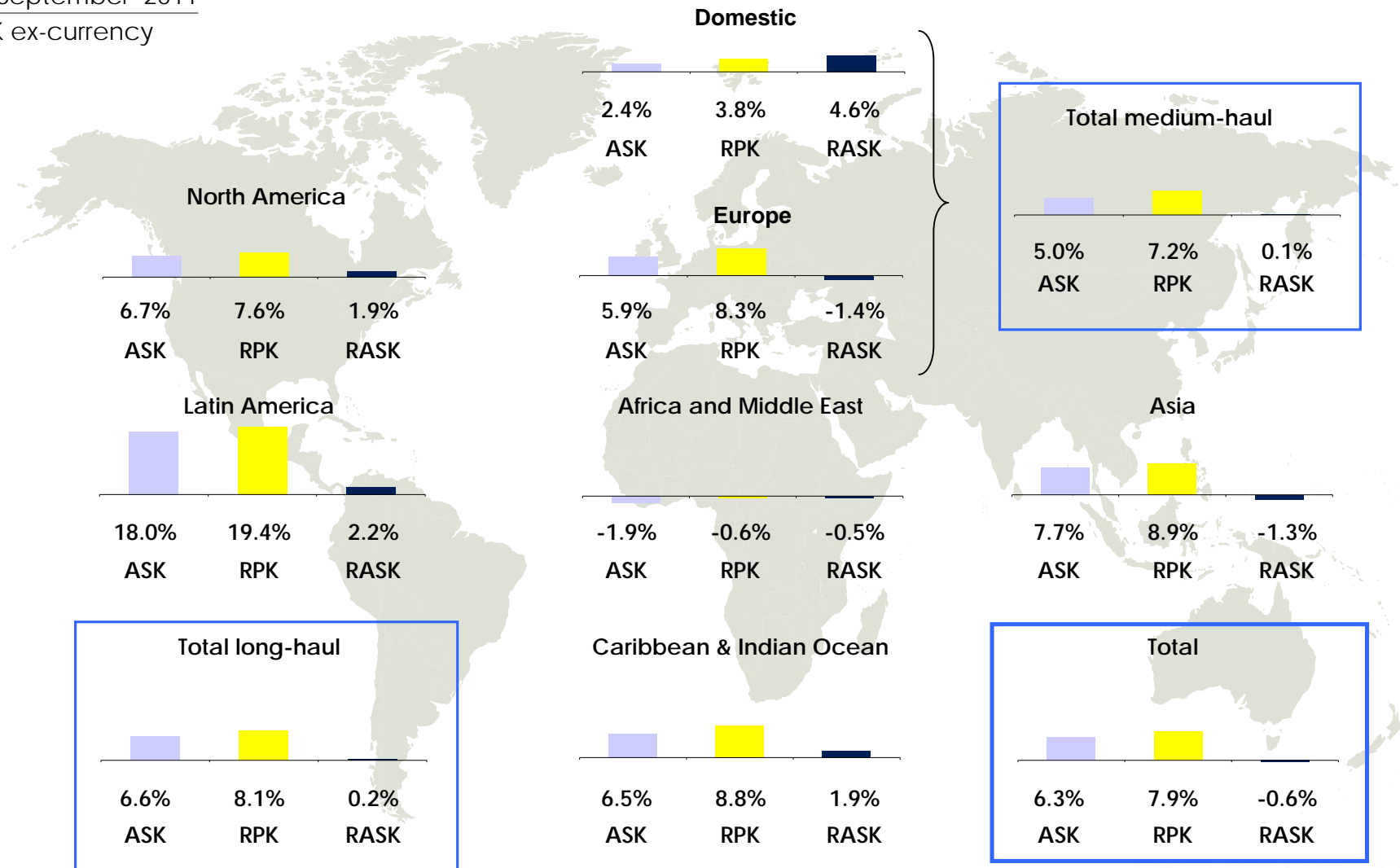
- + Negative exchange rate impact of 2.6% on quarterly revenues
- + Unit revenues down 0.6%\*
  - ▶ Long-haul RASK: +0.2%\* (premium: +6.5%, economy: -0.8%)
  - ▶ Medium-haul RASK: +0.1%\*
- + Sharp rise in the fuel bill
- + Impact from geopolitical crises of some €45m on operating result

(\*) Ex-currency



# Key data by network

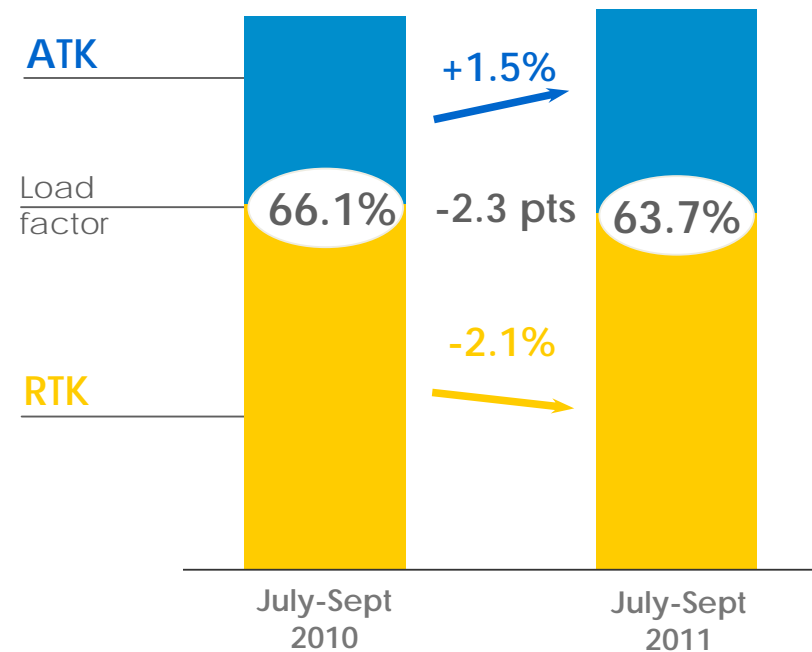
July-September 2011  
RASK ex-currency





# Cargo impacted by weaker global demand

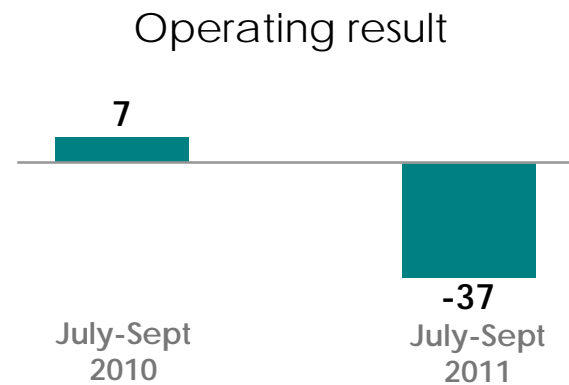
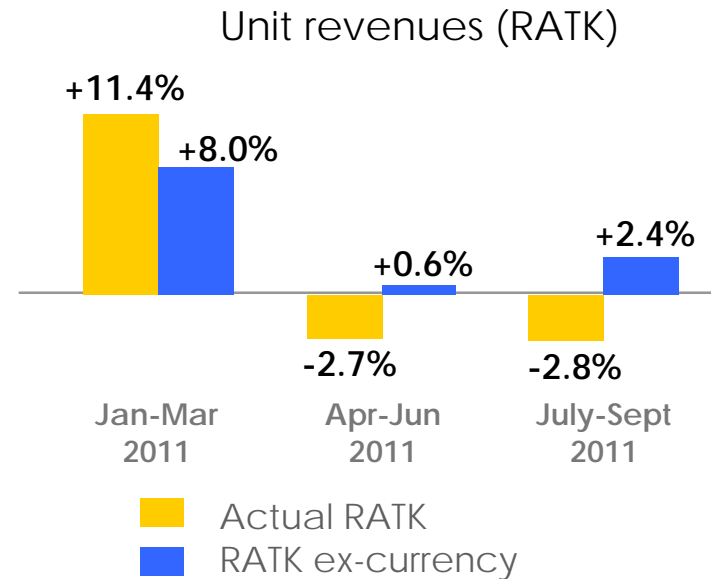
- + Sequential decline in monthly global cargo traffic (RTK) since May 2011\*
- + Overcapacity situation persists
  - ▶ Especially from major Asian markets (Hong-Kong, China)



(\*) Source: IATA

# Cargo: ongoing strict capacity control

- + Control of full-freighter capacity
  - ▶ Full freighters: -3.2%,  
o/w -10% on Asia
  
- + Unit revenues ex-currency up 2.4%...
  - ▶ Strong, 5.1% negative impact on revenues
  
- + ...insufficient to offset rise in fuel bill

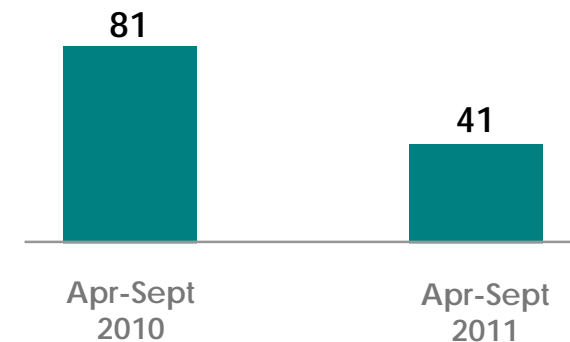


# Other businesses

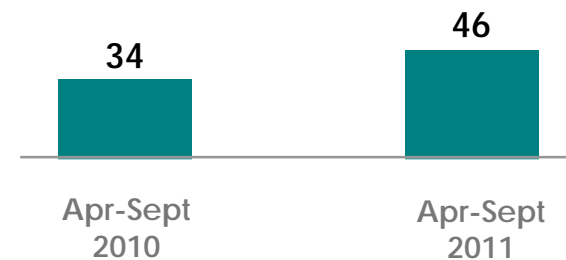
- + Maintenance business penalised by dollar weakness and additional costs linked to strike action at line maintenance (€23m)
- + Other activities
  - ▶ Leisure benefits from the cessation of Transavia Denmark and capacity reduction at Martinair
  - ▶ Catering: rise in both revenues and operating result

€ millions

## Maintenance operating result



## Other activities Operating result



# Results



# Second Quarter Results

€ millions

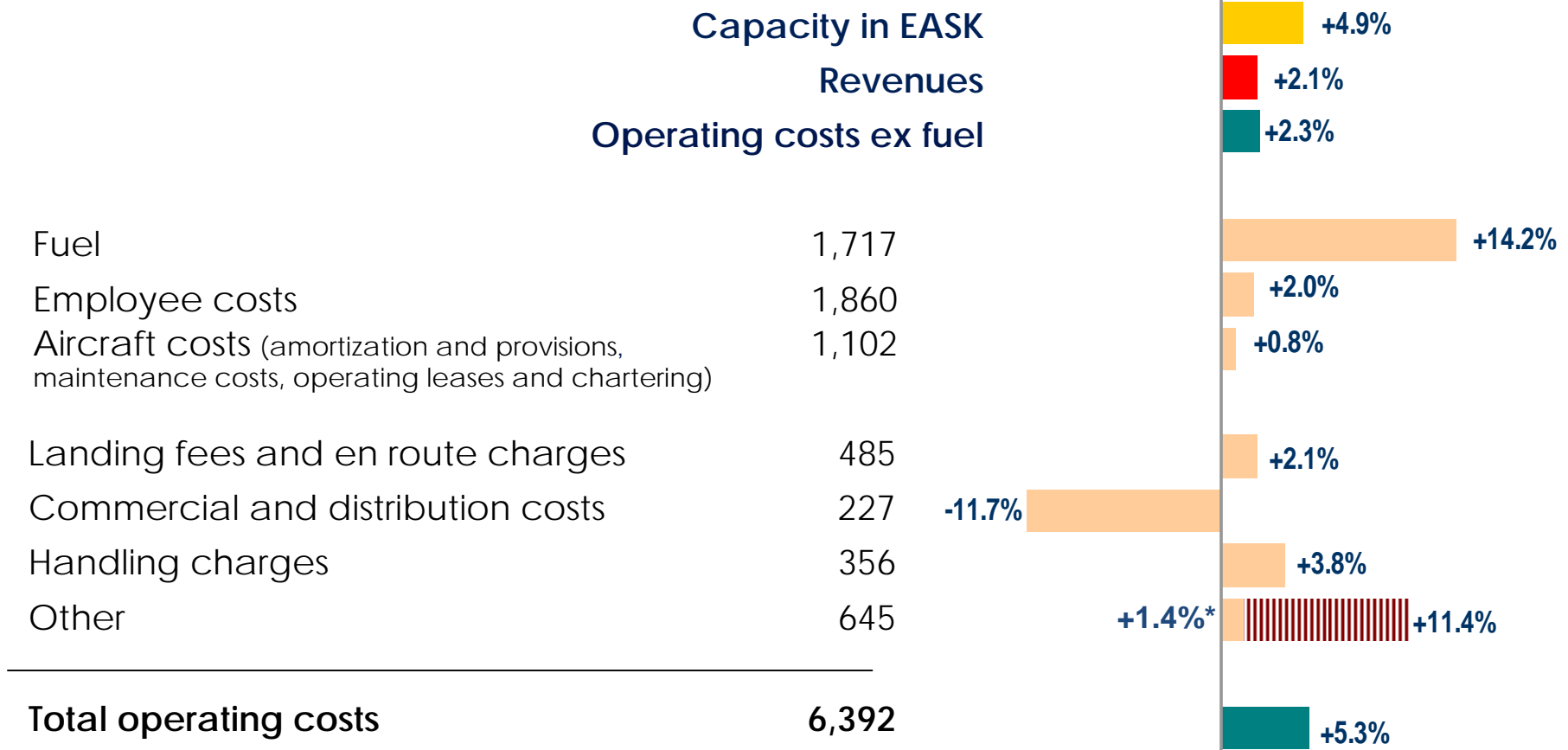
	Jul-Sep 2011	Jul-Sep 2010	% Ch
<b>Revenues</b>	<b>6,789</b>	<b>6,649</b>	<b>+2.1</b>
Operating costs	(6,392)	(6,073)	+5.3
EBITDAR	1,018	1,232	(17.4)
<b>Operating result</b>	<b>397</b>	<b>576</b>	<b>(31.1)</b>
<i>Adjusted operating result*</i>	<i>468</i>	<i>649</i>	<i>(27.8)</i>
Non current income and costs	(3)	(127)	nm
<b>Result from operating activities</b>	<b>394</b>	<b>449</b>	<b>(12.2)</b>
Net interest charge	(95)	(93)	+2.2
Other financial income and costs	(268)	41	nm
<i>o/w foreign exchange gains (losses), net</i>	<i>(125)</i>	<i>(8)</i>	<i>nm</i>
<i>o/w change in fair value of financial derivatives</i>	<i>(145)</i>	<i>(8)</i>	<i>nm</i>
Income tax	(9)	(103)	nm
Other	(8)	(4)	nm
<b>Net result, group share</b>	<b>14</b>	<b>290</b>	<b>nm</b>

(\*) Adjusted for the share of financial costs in operating leases (34%)

# Second Quarter operating costs

July-September 2011

€ millions



(\*) Excluding currency hedging

# First Half Results

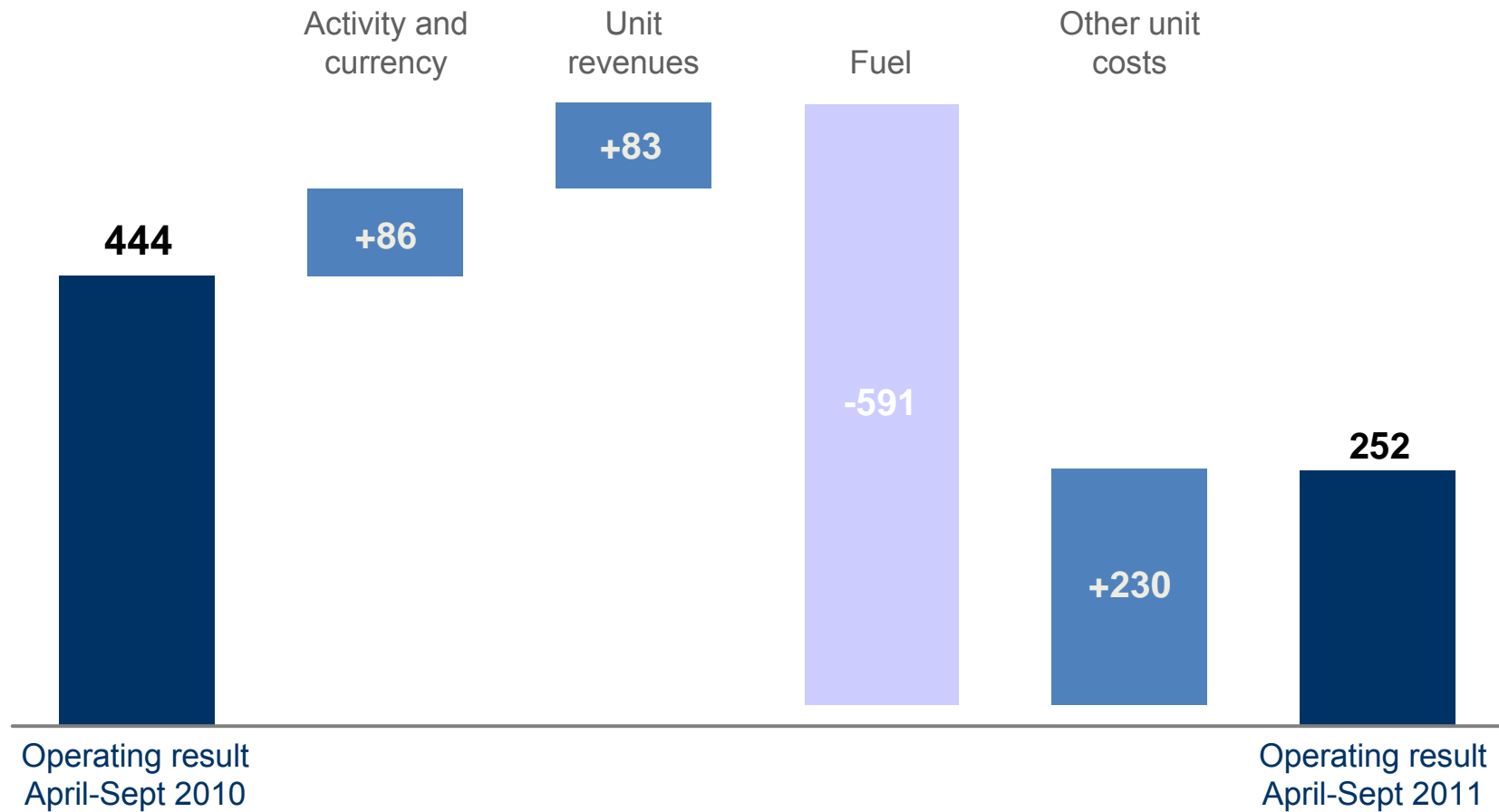
€ millions

	Apr-Sep 2011	Apr-Sep 2010	% Ch
<b>Revenues</b>	<b>13,009</b>	<b>12,370</b>	<b>+5.2</b>
Operating costs	(12,757)	(11,926)	+7.0
EBITDAR	1,521	1,716	(11.4)
<b>Operating result</b>	<b>252</b>	<b>444</b>	<b>(43.2)</b>
<i>Adjusted operating result*</i>	<i>395</i>	<i>585</i>	<i>(32.5)</i>
Non current income and costs <i>o/w Amadeus</i>	(1)	883 <i>1,030</i>	nm
<b>Result from operating activities</b>	<b>251</b>	<b>1,327</b>	<b>nm</b>
Net interest charge	(182)	(189)	(3.7)
Other financial income and costs	(297)	(72)	nm
Income tax	72	(10)	nm
Other	(27)	(30)	nm
<b>Net result, group share</b>	<b>(183)</b>	<b>1,026</b>	<b>nm</b>

(\*) Adjusted for the share of financial costs in operating leases (34%)

# Change in operating result

€ millions

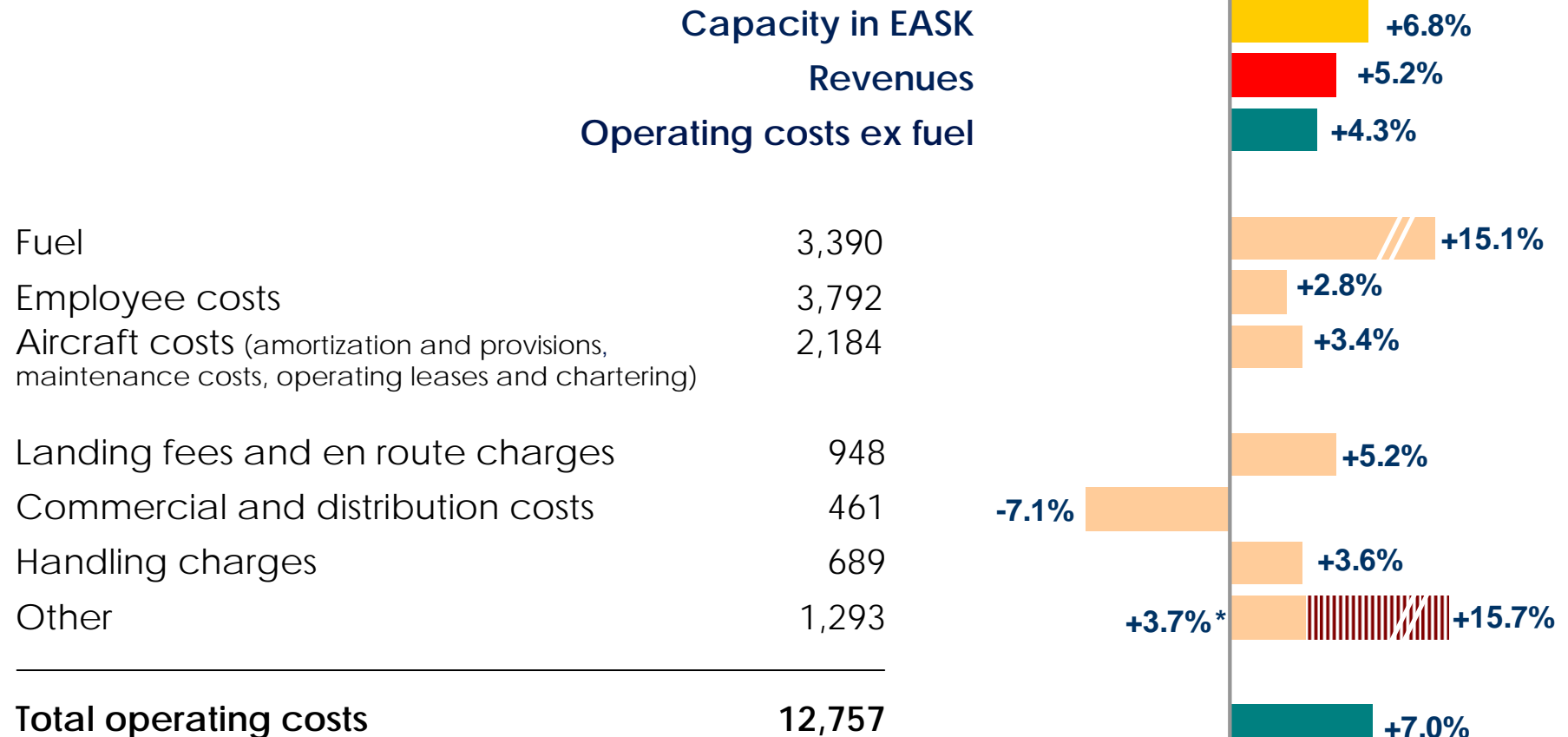




# First Half operating costs

April-September 2011

€ millions



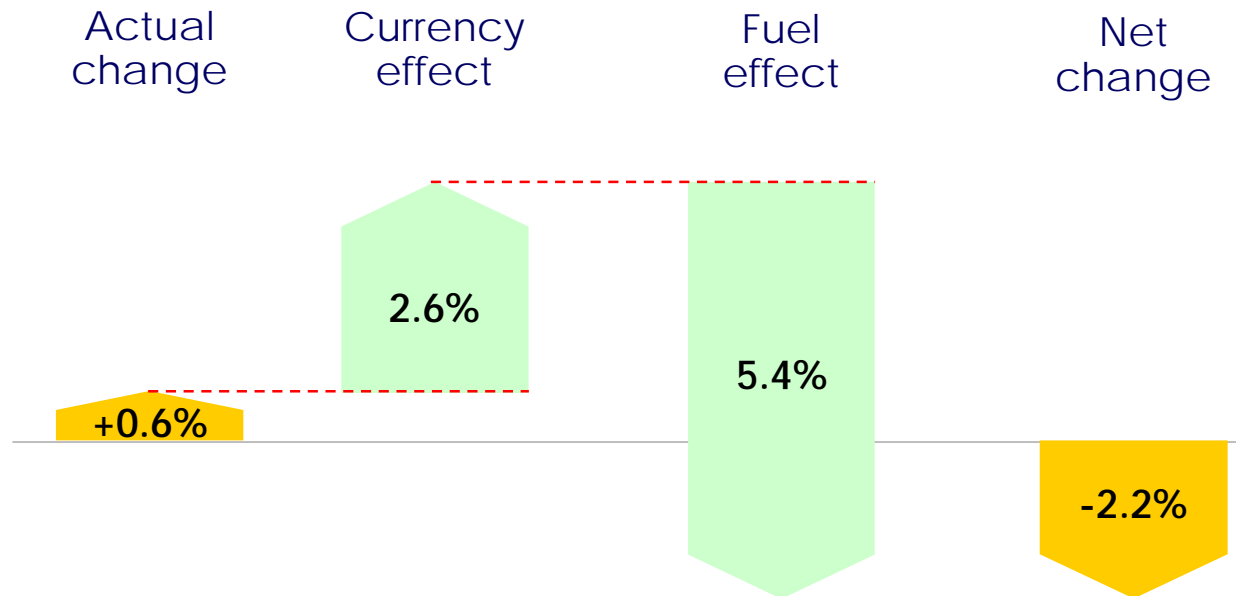
(\*) Excluding currency hedging

# Reduction in unit costs

April-September 2011

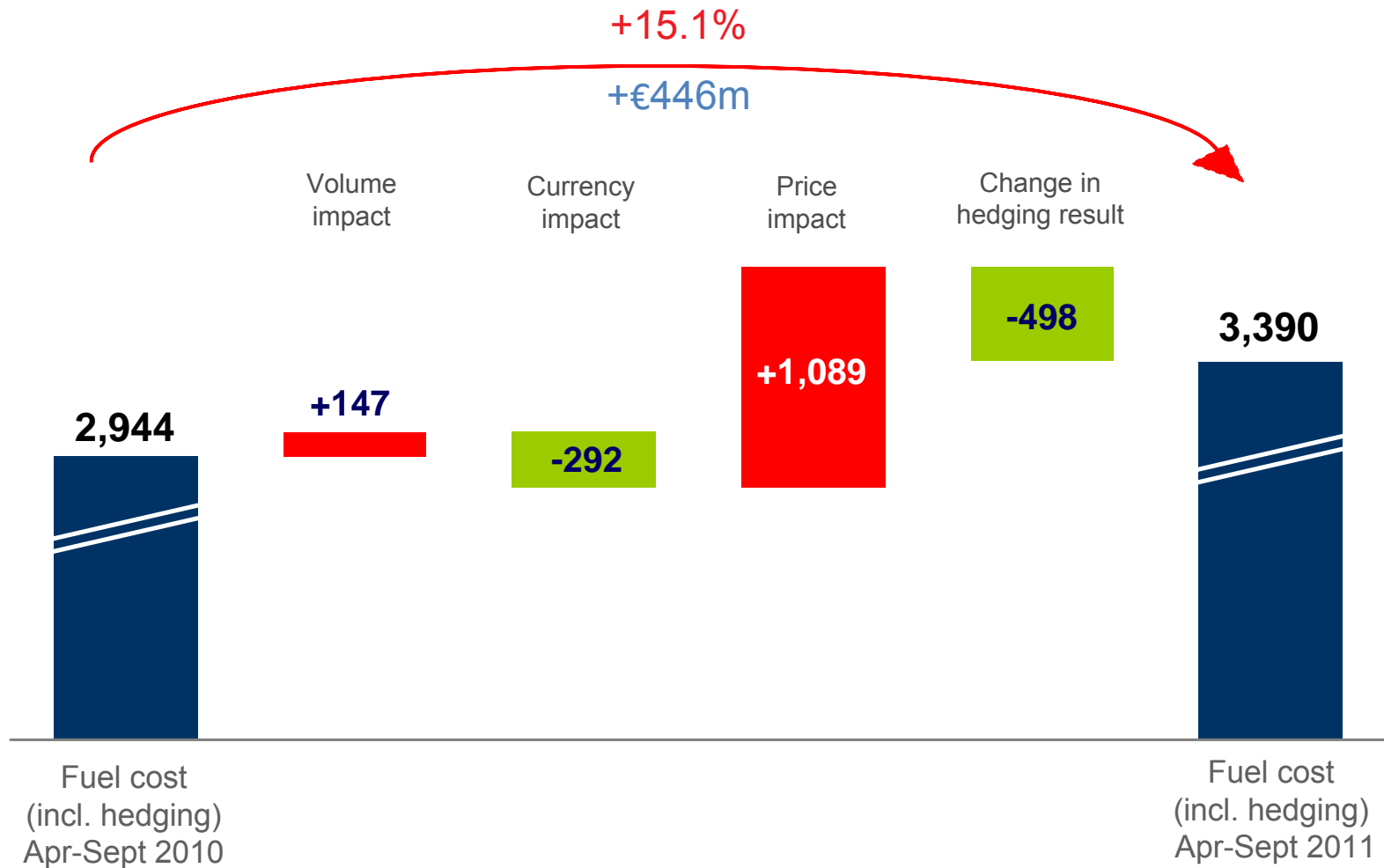
Unit cost per EASK: **6.56 € cts**

Capacity in EASK: **+6.8%**



# Sharp rise in fuel price partly offset by hedging and currency

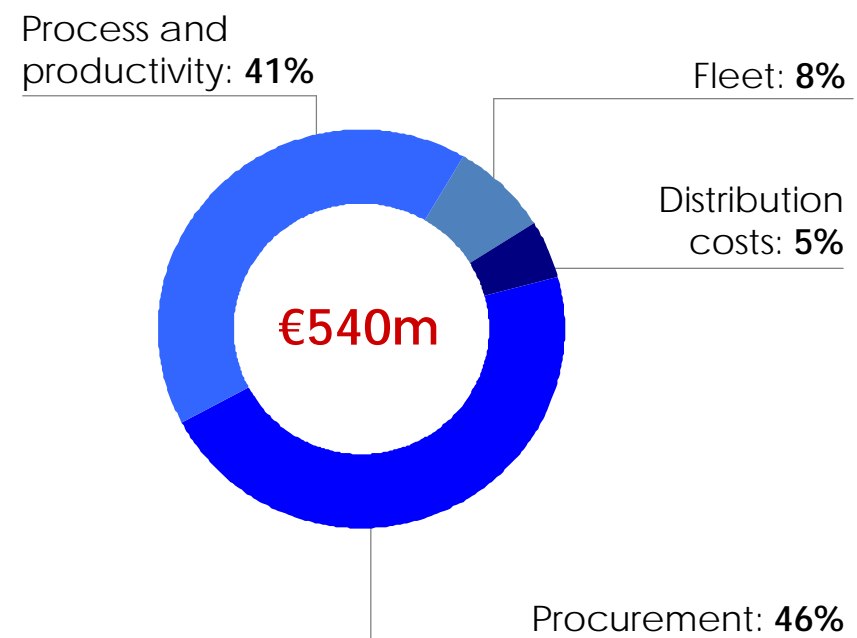
April-September  
€ million



# Challenge 12 revised upwards

- ✦ €106m in savings over the July-September quarter, and €394m from the beginning of the calendar year
- ✦ Objective revised up from €500m to €540m for calendar year 2011

Breakdown of savings for calendar year 2011



# Nine month results

€ millions	Jan-Sept. 2011	Jan-Sept. 2010	% Ch
<i>Unaudited</i>			
<b>Revenues</b>	<b>18,335</b>	<b>17,391</b>	<b>+5.4</b>
Operating costs	(18,486)	(17,444)	+6.0
EBITDAR	1 726	1 793	(3.7)
<b>Operating result</b>	<b>(151)</b>	<b>(53)</b>	<b>ns</b>
<i>Adjusted operating result*</i>	<i>63</i>	<i>150</i>	<i>-58.4</i>
Non current income and costs <i>o/w Amadeus</i>	(104)	622 <i>1 030</i>	ns
<b>Result from operating activities</b>	<b>(255)</b>	<b>569</b>	<b>ns</b>
Net interest charge	(273)	(280)	(2.5)
Other financial income and costs	(230)	(166)	ns
Income tax	242	239	ns
Other	(34)	(27)	ns
<b>Net result, group share</b>	<b>(550)</b>	<b>335</b>	<b>ns</b>
<i>Restated net result</i>	<i>(400)</i>	<i>(373)</i>	<i>ns</i>

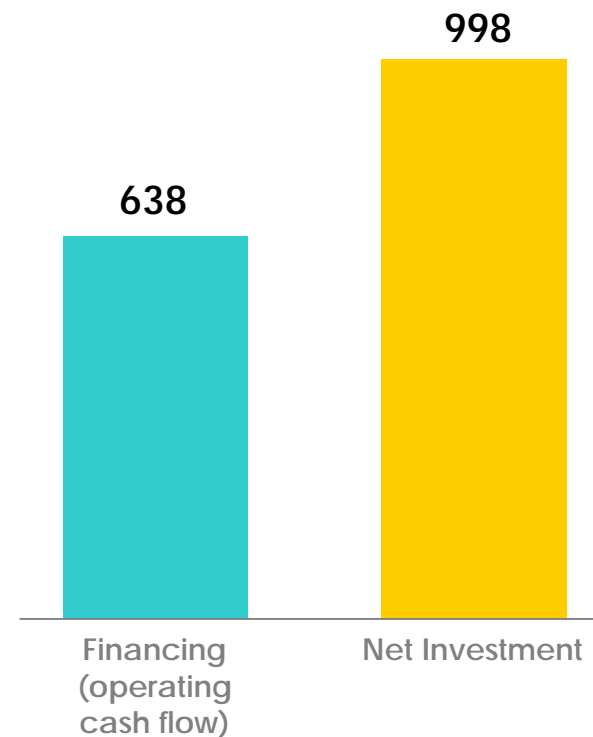
(\*) Adjusted for the share of financial costs in operating leases (34%)

# Nine month cash flow

€ millions

- + Operating cash flow of €638m for the nine months
- + Net investments of €1.3 bn planned in calendar year 2011

Nine month cash flow  
(January-September 2011)

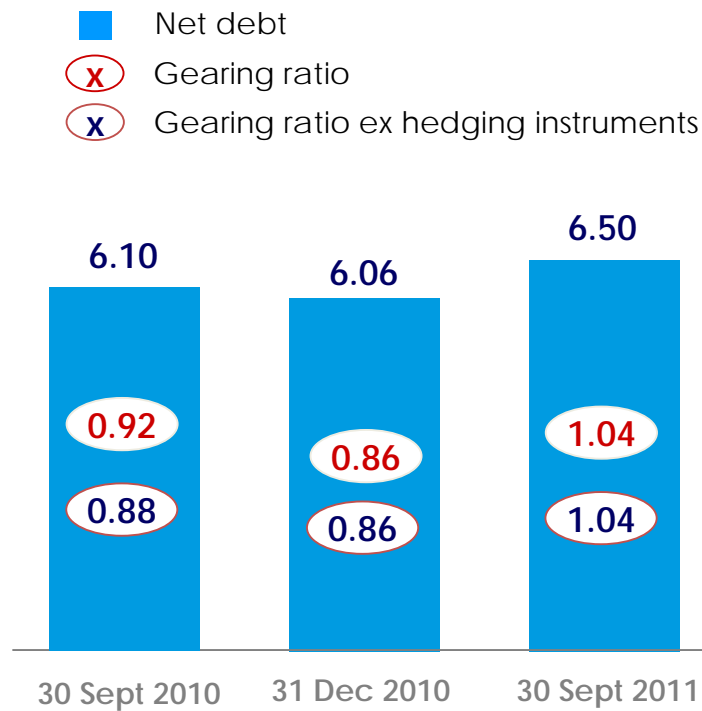


# High level of cash

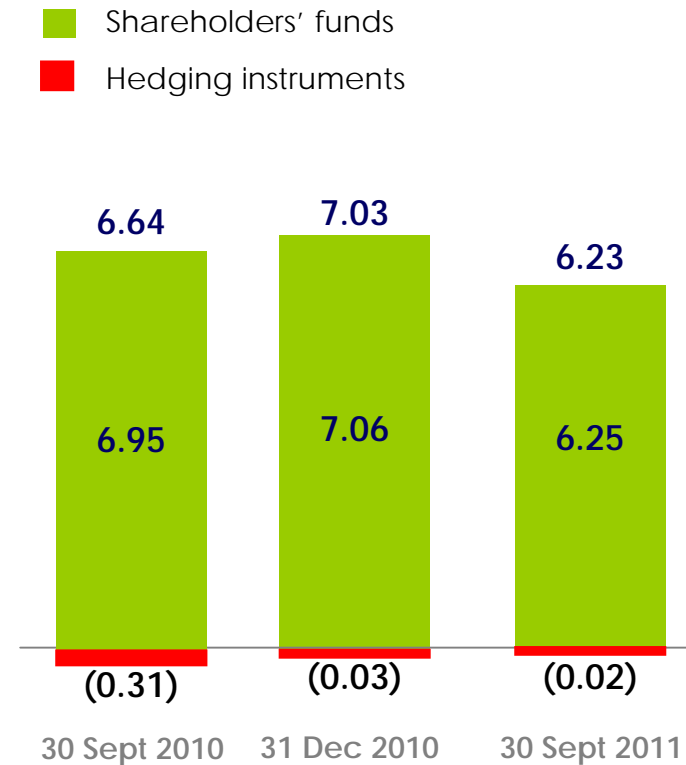
- ✦ Cash of €3.4bn at 30 September 2011
- ✦ Undrawn credit lines of €1.85bn
  - ▶ Air France: €1.06bn to 2016
  - ▶ KLM: €540m to 2016
  - ▶ Air France-KLM: €250m to 2017
  - ▶ Two covenants
    - ▶ EBITDAR divided by net interest charge + 1/3 of operating leases (>2.5 for Air France and for KLM, >1.5 for Air France-KLM)
    - ▶ Non current assets not pledged as collateral > unsecured net debt
- ✦ 15% holding in Amadeus
  - ▶ Current market value above 800 million euros

# Financial position

Net financial debt  
(€ billions)





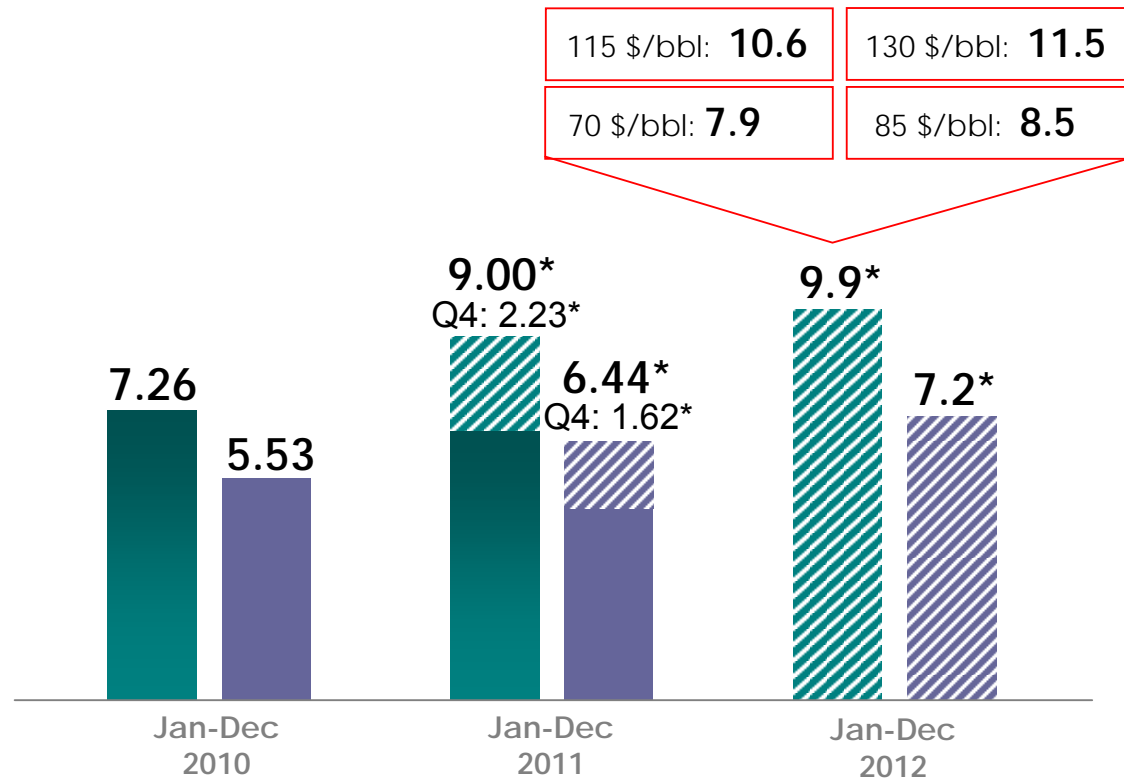
Shareholders' Funds  
(€ billions)





# Fuel bill update

-  Fuel bill in billions of dollars after hedging
-  Fuel bill in billions of euros after hedging



		2010	2011	2012
Market price	In \$ per bbl*	80	111	108
	In € per bbl*	60	80	79
% of covered consumption			Q4: 57%	52%

(\*) Forward curve at 27 October 2011 : EUR/USD exchange rate of 1.38 over Q4 2011, 1.37 over 2012

# Outlook for calendar year 2011

- ✦ Difficult economic environment
  - ▶ Impact on international trade and business confidence
  - ▶ Currency volatility
  - ▶ High fuel price
- ✦ The group anticipates a negative operating result for the October-December quarter, and therefore for calendar year 2011\*

(\*) Positive operating result for April to December 2011

# Conclusion and Q&A



# Appendices



# Calculation of net financial debt

€ millions

	30 Sept 2011	31 March 2011
Current and non current financial debt	10,498	10,788
Deposits on leased aircraft	(509)	(455)
Currency hedges on debt	18	36
Interest not yet due	(124)	(119)
<b>= Total financial debt</b>	<b>9,883</b>	<b>10,250</b>
Cash and cash equivalents	2,879	3,717
Investments of over three months	509	574
Triple A deposits	155	197
Bank overdrafts	(159)	(129)
<b>= Net cash</b>	<b>3,384</b>	<b>4,359</b>
<b>Net financial debt</b>	<b>6,499</b>	<b>5,891</b>
<b>Consolidated shareholders' funds</b>	<b>6,227</b>	<b>6,906</b>
<i>Net debt / Shareholders' funds</i>	<i>1.04</i>	<i>0.85</i>
<i>Net debt / Shareholders' funds ex hedging instruments</i>	<i>1.04</i>	<i>0.90</i>

# Restated net result

€ millions

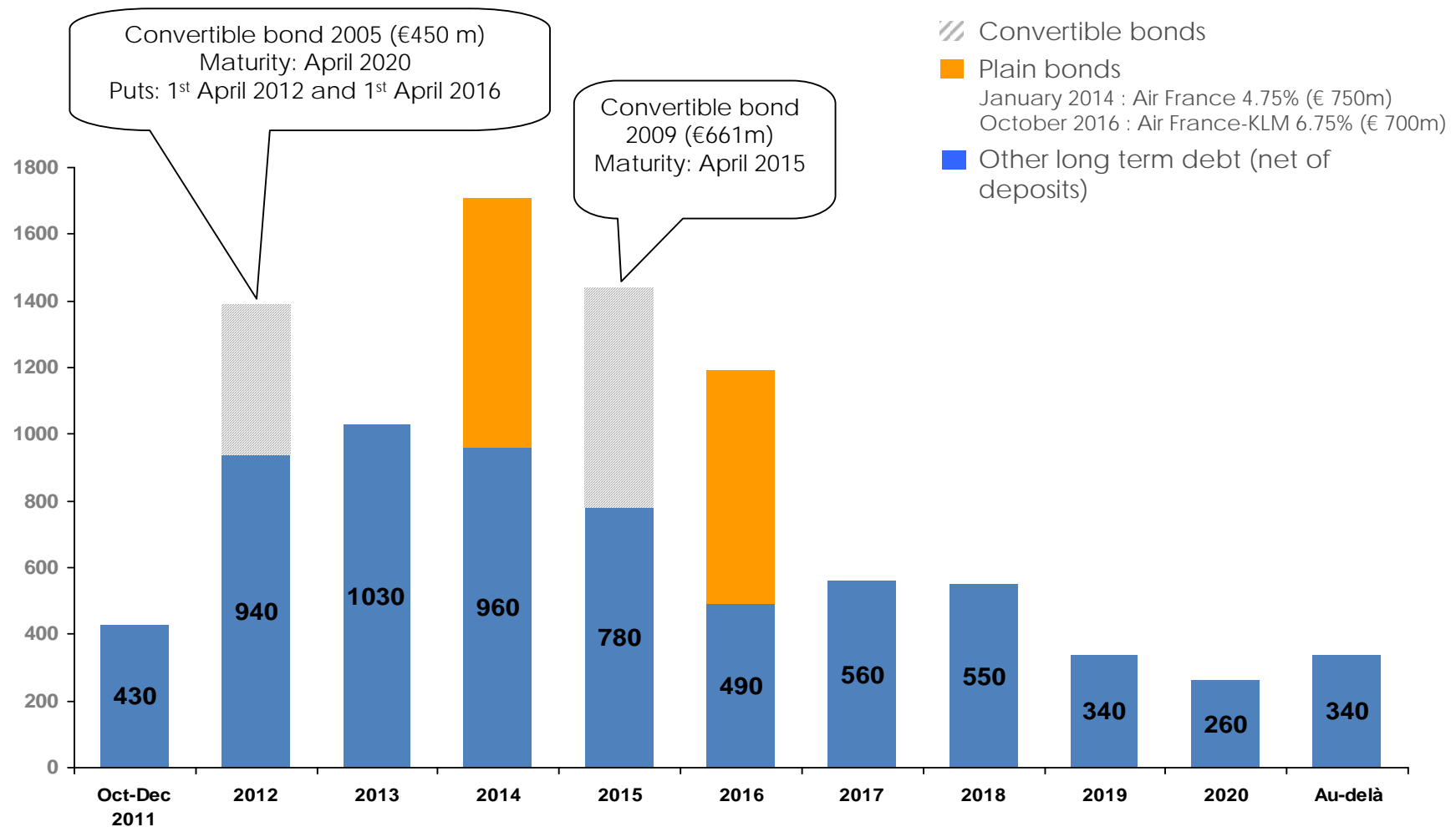
	Q2 2011	Q2 2010	H1 2011	H1 2010
<b>Net result, group share</b>	<b>14</b>	<b>290</b>	<b>(183)</b>	<b>1,026</b>
+ Income tax	9	103	(72)	10
<b>= Net result, group share before income tax</b>	<b>23</b>	<b>393</b>	<b>(255)</b>	<b>1,036</b>
+ Non recurring items*	3	127**	1	(883)***
+ Non monetary part of value of hedging instruments	129	(9)	107	(14)
<b>= Restated net result, group share, before income tax</b>	<b>155</b>	<b>511</b>	<b>(147)</b>	<b>139</b>
- Income tax	(38)	(145)	53	(35)
- Non recurrent items of associates	-	-	-	-
<b>Restated net result, group share</b>	<b>117</b>	<b>366</b>	<b>(94)</b>	<b>104</b>

\* Non recurring items: income and costs accounted for between the current operating result and the result from operating activities

\*\* Additional provision for cargo fine

\*\*\* Of which capital gain of 1.03 billion euros from revaluation of Amadeus following its listing and additional provision for cargo fine

# Debt reimbursement schedule at 30 September 2011\*



(\* In million euros, net of deposits on financial leases and excluding KLM perpetual debt (€630 m))