## Agenda

<table>
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<th>Speaker</th>
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<tbody>
<tr>
<td><strong>Setting the new ambitions</strong></td>
<td>Alexandre de Juniac</td>
</tr>
<tr>
<td><strong>Operational review</strong></td>
<td></td>
</tr>
<tr>
<td>Passenger hub activity</td>
<td>Alexandre de Juniac</td>
</tr>
<tr>
<td>Point-to-point passenger activity</td>
<td>Frédéric Gagey</td>
</tr>
<tr>
<td>Transavia</td>
<td>Bram Gräber</td>
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<tr>
<td><strong>Break</strong></td>
<td></td>
</tr>
<tr>
<td>Cargo</td>
<td>Camiel Eurlings</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Franck Terner</td>
</tr>
<tr>
<td><strong>Financial framework</strong></td>
<td>Pierre-François Riolacci</td>
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<tr>
<td><strong>Conclusion</strong></td>
<td>Alexandre de Juniac</td>
</tr>
<tr>
<td><strong>Q&amp;A session</strong></td>
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<tr>
<td><strong>Lunch</strong></td>
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<tr>
<td>Afternoon: visit of Air France exhibition at Grand Palais</td>
<td></td>
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</tbody>
</table>
Setting the new ambitions
Agenda

- Transform 2015: first phase of group turnaround accomplished
- Key considerations for the next phase
- Perform 2020 priorities
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
Significant unit cost reduction...

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Change in unit cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>-1%</td>
</tr>
<tr>
<td>2013</td>
<td>-2%</td>
</tr>
<tr>
<td>2014</td>
<td>~ -1.5%</td>
</tr>
<tr>
<td>2015</td>
<td>Further reduction</td>
</tr>
</tbody>
</table>

Annual costs reduced by over €1 billion in 3 years
… leading to a strong improvement in profitability and financial situation

**Full Year EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>1,344</td>
<td>1,394</td>
<td>1,855</td>
<td>2.2-2.3</td>
</tr>
</tbody>
</table>

FY 2014 vs FY 2011: ~€900m increase

**Operating cash flow**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m, before change in WCR and Voluntary Departure Plans</td>
<td>496</td>
<td>834</td>
<td>1,292</td>
<td></td>
</tr>
</tbody>
</table>

FY 2014 vs FY 2011: ~€1.2bn increase

**Net debt/EBITDA ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Dec 2011</th>
<th>Dec 2012</th>
<th>Dec 2013</th>
<th>June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>4.9</td>
<td>4.3</td>
<td>2.9</td>
<td>2.6</td>
</tr>
</tbody>
</table>

June 2014 vs Dec 2011: almost halved
Agenda

♦ Transform 2015: first phase of group turnaround accomplished

♦ Key considerations for the next phase

♦ Perform 2020 priorities
A 5-year plan towards a strengthened enterprise model

**Customers**
- The carrier of choice in all the markets where we operate

**Employees**
- A committed workforce participating in the success of the group

**Shareholders**
- A de-risked group profile, delivering consistent growth and value for shareholders

**Financial strength**
- Profitability
- Investments
Context remains challenging…

- Weak economic situation in our core markets
- Tough competition, especially from LCCs and Gulf carriers
- Competitors continuing to improve their cost positions
- Unstable geopolitical environment in many of our markets
...but growth opportunities exist in our markets

**Long-haul travel demand to/from Europe**
- Boeing 2014-33: +4.3%
- Airbus 2013-32: >4.0%

**Short and Medium-Haul traffic within Europe** (2007-2013)
- Total: +1.9%
- Main Low Cost Carriers: +12.5%
- Other: -0.5%

**Maintenance** (total market in $bn)
- 2013: 61
- 2023: 89

CAGR +4% excluding inflation

Sources: Boeing, Airbus, Eurostat, Financial reports, SH&E
Air France-KLM will build on its strengths

**Network**
- Broadshest long-haul network out of Europe, especially to high growth markets
- 2 of the 4 largest hubs in the heart of Europe
- Unique portfolio of strategic partnerships in key markets

**Products and brands**
- Premium product and brand positioning

**Service activities**
- Strong presence in service activities around air transport
Agenda

- Transform 2015: first phase of group turnaround accomplished
- Key considerations for the next phase
- Perform 2020 priorities
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
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 de-leveraged balance sheet, delivering healthy ROCE
- Delivering growth and value to shareholders
Operational review
<table>
<thead>
<tr>
<th>Topic</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger hub business</td>
<td>Alexandre de Juniac</td>
</tr>
<tr>
<td>Point-to-point activity</td>
<td>Frédéric Gagey</td>
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<td>Maintenance</td>
<td>Franck Terner</td>
</tr>
</tbody>
</table>
**Reminder: three operating platforms for passenger air transportation**

<table>
<thead>
<tr>
<th>Operating Platform</th>
<th>Traffic Revenue (2013, €bn)</th>
<th>Operating Profit (2013, €m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transavia</td>
<td>0.9</td>
<td>-23m</td>
</tr>
<tr>
<td>Point-to-point</td>
<td>1.7</td>
<td>-220m</td>
</tr>
<tr>
<td>Short &amp; medium-haul hub feeding</td>
<td>4.7</td>
<td>-400m</td>
</tr>
<tr>
<td>Long-haul</td>
<td>12.8</td>
<td>+800m</td>
</tr>
</tbody>
</table>

- **Traffic Revenue**: €20.1bn
- **Operating Profit**:
  - Long-haul: +800m
  - Short & medium-haul: -400m
  - Point-to-point: -220m
  - Transavia: -23m
Passenger hub business
Well-positioned to benefit from structural growth in long-haul demand

Expected annual growth in long-haul market demand to/from Europe

- Total: 4.2%
- North America: 3.1%
- Asia: 4.9%
- Africa & Middle East: 5.2%
- South America: 4.9%

Air France-KLM

- Increased customer focus
- Upgraded product offer
- Leveraging brands and networks
- Long-haul partnerships, with focus on Asia-Pacific
- Further network optimization
- Strict capacity control to ensure profitable growth

Value creation through increased customer focus

♦ An improved and upgraded experience
  ✤ In flight
  ✤ On the ground, before and after flight
  ✤ In the digital space

♦ A stronger differentiation for each of our B2C brands

♦ In order to attract and secure the loyalty of higher contribution passengers
2015-17: customer experience improved thanks to €900m investment in product and service upgrade across all segments

→ 2/3 of long-haul fleet equipped with new product by Summer 2017
Sharper brands to reinforce difference, complementarity and customer preference

- Caring
- High quality
- Pleasure

- Friendly
- Reassuring
- Dutch openness
Broader access to growth thanks to balanced long-haul network with significant exposure to higher growth markets

North America
- #1 Market position
- 25 Destinations
- 28% of €12.8bn long-haul revenue

Asia-Pacific
- #2 Market position
- 23 Destinations
- 27% of €12.8bn long-haul revenue

Caribbean & Indian Ocean
- #1 Market position
- 14 Destinations
- 11% of €12.8bn long-haul revenue

Latin America
- #2 Market position
- 11 Destinations
- 14% of €12.8bn long-haul revenue

Africa & Middle-East
- #1 Market position
- 46 Destinations
- 20% of €12.8bn long-haul revenue

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

AIRFRANCE KLM

PERFORM 2020 Investor Day

24
A powerful global network of leading airline partners

Building joint-ventures and strategic partnerships in all key markets

Ongoing focus on Asia-Pacific
  - Chinese joint-ventures
  - Cooperation with Etihad
  - Investigating new partnership opportunities
Further network optimization initiatives...

- Further leverage dual-hub structure
  - Opening of long-haul destination from other hub eased by built-in network complementarity
  - Reinforces competitive position in long-haul markets
  - Implement more extensive code-sharing

- Investigate opportunities to adjust hub organization

- Further adapt medium-haul hub feeding network
  - Reduce capacity on weakest routes
  - Enhance portfolio of medium-haul destinations and frequencies
  - Increase medium-haul to medium-haul connections
…combined with efficiency initiatives in hub operations

♦ Further efficiency initiatives
  ✦ Adaptation of staffing to increased seasonality
  ✦ “Avenir du hub” project including simplification of processes at CDG
  ✦ Deployment of e-services/self-service
  ✦ New medium-haul fleet densification project at CDG

♦ Stronger relationship with hub airports
  ✦ To achieve further efficiency and improved customer experience
Maintaining ongoing capacity discipline

Capacity growth plan – passenger business

Change in passenger capacity

2015-17: +1% to +1.5%

of which:
- Long-haul: ~2%
- Hub feeding: ~0%
- Point-to-point: negative

<table>
<thead>
<tr>
<th>Year</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>+0.6%</td>
</tr>
<tr>
<td>2013</td>
<td>+1.2%</td>
</tr>
<tr>
<td>2014</td>
<td>~1.2%</td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>
Perform 2020: further improvement in hub profitability

€ million

(1) Long-haul + short and medium-haul hub feeding
Restructuring Air France’s point-to-point network

PERFORM 2020
Air France’s point-to-point network: a significant asset

- Air France point-to-point and HOP
  - €1.7 billion revenues, 15 million customers, 34 stations \(^{(1)}\)
  - 38 Airbus narrowbody aircraft and 61 regional aircraft \(^{(2)}\)

- Significant market share in France

- Large customer base and dense network are key
  - Direct access to customers throughout France
  - Complete corporate offering, increased efficiency of the loyalty program

- A challenging, constantly changing, market
  - High-Speed Train development, LCC ambitions in France, car-pooling
  - Tools and technology: digital tools, self-services, etc.

---

\(^{(1)}\) Full Year 2013  
\(^{(2)}\) Hop fleet: 82 aircraft, o/w 21 wetleased to serve CDG hub
Transform 2015: significant network restructuring and cost reduction measures…

- **Network restructuring**
  - Resizing of regional bases
  - Reduction of activity on multi-frequency domestic routes
  - Transfer of Orly slots to Transavia
  - Network and fleet at HOP

- **Productivity measures**
  - Daily aircraft utilization: +45 min vs 2012<sup>(1)</sup>
  - Strong reduction of station unit cost despite lower activity

- **Voluntary Departure Plans**
  - Point-to-point FTEs in 2015: -14%<sup>(3)</sup> vs 2012

---

<sup>(1)</sup> Overall short and medium-haul

<sup>(2)</sup> Including impact of sale of CityJet

<sup>(3)</sup> Excluding impact of sale of CityJet
...combined with commercial initiatives and reorganization of regional activity

♦ Product and brand
  ♦ Leisure offer: launch of MiNi fares
  ♦ Business offer: revamped pricing; Business motive traffic up 5% in H1 2014 vs H1 2013
  ♦ Discount pass: price reduction in January 2014 leading to 11% increase in number of pass holders
  ♦ New advertising campaign

♦ Launch of HOP

[Image: Point-to-point RASK ex currency (H1 2014 vs. 2013)]

[Image: +11% pass holders]

[Image: Launch of HOP]
Transform 2015: strong improvement in point-to-point operating result

Transform 2015

- Network optimization
- Cost reduction
- Commercial initiatives

Point-to-point operating result
(Air France + HOP, €m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-240</td>
<td>-220</td>
<td>~-140</td>
</tr>
</tbody>
</table>
Preparing the future of Air France group point-to-point

♦ Improve Air France group’s segmentation on the domestic network:
  ✦ Leverage our assets (network, improved offer, commercial attractiveness, brand awareness…)
  ✦ Continue adaptation: capacity, costs
  ✦ Improve the group’s reactivity and agility

♦ Rationalize Air France point-to-point and HOP operations through the creation of a single Business Unit

♦ Further expand Transavia on the leisure segment, first Orly-Europe, second Province-Europe
First lever: continue to restructure the network

- Reconfigure the Orly network by:
  - Optimizing the use of narrowbody and regional aircraft
  - Expanding Transavia while preserving its network agility

- Streamline the regional bases network by:
  - Optimizing schedules and use of narrowbody and regional aircraft
  - Closing unprofitable routes

Breakdown of point-to-point operating result

<table>
<thead>
<tr>
<th></th>
<th>Main shuttle routes</th>
<th>Secondary routes from Orly</th>
<th>Regional bases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 losses</td>
<td>~-140m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Point-to-point only

Losses concentrated on two types of routes
Second lever: 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)
Third lever: reposition Air France’s offer to further increase unit revenue

- Strengthen our promotional and brand presence
  - Break with Air France’s image of being an expensive airline
  - Leverage the new brand platform and visuals on domestic market
- Be more innovative with pricing and grow ancillary revenues
- Preserve high number of frequencies, a competitive asset
- Enhance the customer experience
  - Increase SkyPriority efficiency
  - Develop self-services
  - Improve inflight service experience
Fourth lever: re-organize Air France point-to-point and HOP

- Launch a new single Air France-HOP organization with multiple benefits:
  - Increase efficiency through a simpler organization
  - Increase consistency between HOP and Air France offers
  - Clarify the identity and scope of each brand

- Work in project mode to ensure a smooth transition: implementation planned by Q1 2015
Perform 2020: aiming for point-to-point breakeven in 2017

Point-to-point operating result (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-240</td>
<td>-220</td>
<td>-140</td>
<td>Breakeven</td>
</tr>
</tbody>
</table>

-240

Breakeven in 2017 and profitable beyond

PERFORM 2020

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

Full impact of Transform 2015 measures

~90
Capturing growth in the European leisure market
Leisure market in Europe: growth and fragmentation

- European point-to-point demand growing

- Growth mainly benefiting low cost carriers
  - CAGR European market +2% versus Pan European low cost carriers ~+12.5%

- Market remains fragmented

---

**European traffic development**

- 2006-2013

<table>
<thead>
<tr>
<th>Year</th>
<th>CAGR European market</th>
<th>CAGR Pan European low cost carriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>~+12.5%</td>
<td>~+12.5%</td>
</tr>
</tbody>
</table>

**Intra European market shares**

- Ryanair
- LH group
- IAG group
- Easy Jet
- AFKL group
- Turkish Airlines
- Air Berlin incl. Niki
- TUI
- SAS
- Thomas Cook
- Norwegian
- Aeroflot
- Alitalia
- Wizz
- TAP
- Pegasus
- Aer Lingus
- Monarch
- Finnair
- Jet2
- Air Europa
- Other

---

(1) Source: Eurostat, airline traffic reports
(2) Capacity, 2012, source: Citi
Unit cost is the key factor in achieving profitable growth

€ cents per ASK, 2013. Source: Airline business, financial reports
Transavia development to ensure effective segmentation of short/medium-haul offer

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

Leisure/price driven segment
- Route driven, point-to-point
- Simple, transparent offer, at sharp prices
- Options at a fee
- Direct distribution
Positioning is mature, as a “pleasant low fare plus”

**Product**
- Simple, flexible one-way pricing with fares starting from €29
- Fully unbundled product, ancillaries at a fee
- Focus on innovation, especially on digital side
- Leveraging Air France-KLM assets

**Brand**
- Strong brand equity in the Netherlands, and growing in France
- Well positioned between LCCs and legacy brands
- High proportion of loyal customers, rapid growth of first time customers in France, Italy, Portugal

**Distribution**
- Strong direct sales via omni-channel digital platform
- Wide distribution network, including direct connection to GDSs and ultra low-cost distribution models
- Key relationships with local and European tour operators

High level of customer satisfaction
Successful ramp-up of Transavia in France
Transavia: A leader in the Netherlands, on track to become number one international airline at Paris-Orly by 2016

- ~2,000 employees
- 200 routes with 870 weekly frequencies to 85 destinations
- Bases in Amsterdam, Rotterdam, Eindhoven, Paris-Orly, Lyon and Nantes
- Mixing scheduled and charter operations
- Netherlands: market share above 20% and 98% brand awareness
- France: accelerated development and increased brand awareness
- Limited commercial presence in destination markets

Revenue breakdown

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>69%</td>
</tr>
<tr>
<td>France</td>
<td>31%</td>
</tr>
</tbody>
</table>

Transavia fleet

<table>
<thead>
<tr>
<th>Summer 2012</th>
<th>Summer 2013</th>
<th>Summer 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands (incl. summer lease)</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td>France (incl. summer wet lease from Air France)</td>
<td>34</td>
<td>34</td>
</tr>
</tbody>
</table>
Addressing the challenges in its home markets

- **Unit cost reduction**
  - Already comparable to other Low Cost Carriers
  - Launching plan targeting 15% cost reduction combined with simplification in the Netherlands
  - France: economies of scale following ongoing doubling of fleet

- **Adapting to faster than expected decline in Dutch charter market**

- **Need to absorb ramp-up costs linked to growth strategy in France**
  - 2012-14 capacity growth in France: +15% per year

**Revenue and operating result evolution (€m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>816</td>
<td>889</td>
<td>984</td>
</tr>
<tr>
<td>Change</td>
<td>-5</td>
<td>-1</td>
<td>-23</td>
</tr>
</tbody>
</table>

**Netherlands: operations mix evolution**

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charter</td>
<td>38%</td>
<td>53%</td>
<td>70%</td>
</tr>
<tr>
<td>Scheduled</td>
<td>62%</td>
<td>47%</td>
<td>30%</td>
</tr>
</tbody>
</table>
Moving to a more pan-European scale

- Access to growth outside home markets
  - Initial list of 15-20 airports fitting criteria for base selection
  - Aiming to open 5-10 bases

- Synergies above €40m in 2017 within Transavia
  - Economies of scale on fixed costs, including IT
  - Broader customer case, brand awareness, Flying Blue
  - Slot portfolio

- Enhanced development flexibility thanks to bases in multiple markets

- Experienced team already in place
  - Leveraging Transavia staff and hiring additional executives with LCC experience
  - Actively preparing opening of new bases in 2015
2015-17 development plan will build on existing solid assets

- Continue fast growth in Orly
- Aiming to open 5-10 bases outside of home markets
  - Targeting #2 or #3 market position with 3 to 10 aircraft in each base
  - Building on existing links with home markets

- Solid brand and product positioning
  - Enhanced “low fare plus” value proposition: ‘pleasant’

- Leveraging group assets
  - Access to slots, especially at Orly
  - Link with Flying Blue
  - Air France-KLM brand endorsement
  - Group sales and distribution

Transavia fleet plan
(number of aircraft)

<table>
<thead>
<tr>
<th>Year</th>
<th>Base fleet</th>
<th>Short term leases in Summer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer 2014</td>
<td>10</td>
<td>44</td>
</tr>
<tr>
<td>Summer 2015</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Summer 2016</td>
<td>82</td>
<td>82</td>
</tr>
<tr>
<td>Summer 2017</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
Transavia in 2017: a solid footprint in the fast growing leisure market, targeting profitability by 2018

- Among Top 5 low cost carriers in Europe
  - Low cost leader in the Netherlands
  - Largest international airline at Orly
  - #2 or #3 in 5 to 10 markets outside France and the Netherlands
  - Above 20m passengers in 2017 (versus 9m in 2013)

- Delivering medium-term operating margin above 5%
  - 2014-17 profitability impacted by on-going ramp-up costs of new bases

- Reinforcing group position in European markets in the long-run

2014-17 target: €100m additional EBITDAR

Transavia EBITDAR target (€m)
Finalisation of cargo repositioning
Cargo faces a weak market with structural overcapacity

- No pick-up in air freight volumes since 2011
- Structural overcapacity
  - New generation passenger aircraft: 21 tons in a B777-300 vs 12 tons in a B747-400
  - Sea shipping gaining market share on certain routes and products
- Air-freight more and more belly dominated

Full-freighters remain effective on niche routes and products, and to support belly business
Transform 2015: significant fleet and unit cost reduction

- Reduction of full-freighter fleet
- Major initiatives on unit costs
  - 700 FTE reduction since 2011
  - Unit cost down ~7% over 3 years
- New commercial policy, including significant push on higher margin specialized products
- Operational performance and efficiency

Reduction in fleet and costs insufficient to offset weak revenues

---

**Cargo capacity and unit costs**

- Total cargo capacity
- Unit cost

---

**Operating Income (€m)**

- 2011: -60
- 2012: -230 (2)
- 2013: -202
- 2014: ~+80

---

(1) At constant currency
(2) Pro forma IAS19R
Perform 2020: 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
...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

<table>
<thead>
<tr>
<th>Year</th>
<th>Full-freighter operating result (€m)</th>
<th>Breakeven</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>-110</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2017 planned cargo capacity mix

- Bellies: 85% more than 100 destinations
- Full-freighter: 15% 5 efficient aircraft

Investor Day

AirFrance KLM
Capturing growth in Engineering & Maintenance
Worldwide Maintenance, Repair and Overhaul (MRO) market: three segmented businesses…

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market Size</th>
<th>Key Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airframe</td>
<td>$23bn</td>
<td>Three segments: line maintenance, heavy maintenance, modifications</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Majority of heavy maintenance now performed in lower labor cost countries (labor: 70% of costs)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long-term growth: ~3% excluding inflation</td>
</tr>
<tr>
<td>Components</td>
<td>$13bn</td>
<td>Service business: supply chain and repair</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Requires large investments in inventories and tooling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long-term growth: ~4% excluding inflation</td>
</tr>
<tr>
<td>Engines</td>
<td>$25bn</td>
<td>Parts represent 80% of cost</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long technology cycles</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 year+ contracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Requires large investments in facilities and training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long-term growth: ~4% excluding inflation</td>
</tr>
</tbody>
</table>

(1) 2013, source: SH&E
...addressed by three types of players

MRO providers by revenues and product scope

- **OEMs and OAMs**: revenues as both suppliers of parts and providers of MRO services
- **Airline shops**: larger circle includes internal revenue
- **Independent players**

---


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

---

**PERFORM 2020 Investor Day**
Consolidation is ongoing in the aviation industry, also in MRO

Component MRO Spending Distribution
B777 versus B787

SupPLIER consolidation tier 1 supply chain model
Redefined system architectures

AF + KL

Iberia + BA

LH + Austrian

Delta + Northwest

LH + Swiss

United + CO

Avianca + Taca

AA + US

LAN + TAM

EasyJet

China South

Emirates

Turkish

Air China

Ryanair

Source: ICF SH&E, Airframer, Teal Group
AFI KLM E&M: a leader in multi-product MRO...

- 15 industrial sites
  - 7 in France and the Netherlands
  - 8 in other countries
- 14,000 employees
  - 12,000 in France and the Netherlands
  - 2,000 in other countries
  - 700,000 training hours per year
- Handling 1,200 aircraft departures per day for group fleet
- 450 engine shop visits per year on 9 engine types
- 200 Fan Thrust Reverser overhauls per year
- 1,300 aircraft under component support

External revenue breakdown

- Engines 49%
- Components 36%
- Airframe 15%

External revenue and operating result evolution

- Revenue CAGR: +8%

1,040 1,096 1,225

2011 2012 2013

(1) 2013
...with a worldwide network of strong brands
Transform 2015 has ensured a strong improvement in maintenance unit cost

**Maintenance unit cost evolution**

(€ per hour, index 100 in 2011)

<table>
<thead>
<tr>
<th>Year</th>
<th>Escalation</th>
<th>Efficiency</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>100</td>
<td>16.4</td>
<td>93.5</td>
</tr>
<tr>
<td>2014</td>
<td>22.9</td>
<td>93.5</td>
<td>93.5</td>
</tr>
</tbody>
</table>
Rapid growth of order book secures significant share of future revenues

Growth of order book

Dec 2011: €3.3bn
Dec 2012: €3.8bn
Dec 2013: €4.4bn
30 June 2014: €5.1bn

Order book by region (at 30 June 2014)

Europe: 34%
Americas: 24%
Asia-Pacific: 33%
Africa Middle-East: 9%
Key market trends support growth opportunity for the group

<table>
<thead>
<tr>
<th>Market trends</th>
<th>Key factors of success</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing market growth</strong>, especially in emerging countries, with “shift to the East”</td>
<td>♦ Maintain competitive edge as one of the few large players able to respond large/complex customer requests</td>
</tr>
<tr>
<td><strong>Customer airlines consolidating</strong> and demanding “long term full fleet deals” with more sophisticated buying criteria</td>
<td>♦ Group continues to make targeted investments in know-how, state-of-the-art facilities, and global network</td>
</tr>
<tr>
<td><strong>New fleet technology</strong>, new industry standards demanding quite different capabilities</td>
<td>♦ Business scale (own fleet and external customers) key in relationship with OEMs</td>
</tr>
<tr>
<td><strong>Suppliers consolidating</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Risk of supplier monopoly</strong> with consequences for airlines (cost) and MRO providers</td>
<td></td>
</tr>
</tbody>
</table>
### Engines: leverage overall business position

#### Segment context

- **6%**(1) annual market growth on group engine types portfolio
- Large engines require significant investment in new facilities and know-how
- Challenging market for CFMI engines
- OEMs applying strict license policies
- Group already well established in large engine segment
  - Leader in large GE engine maintenance
  - Recognized for repair innovation
  - Strong increase in order book

#### PERFORM 2020 priorities

- Accommodate the rising proportion of Very Big Engines
- Develop small engine volume
- Develop parts repair and trading businesses

---

(1) Excluding inflation, source: SH&E
Components: significantly increase market share in a growing market

Segment market trends

- 5\%(1) annual growth on aircraft types serviced by group
- Customers require geographical proximity
  - Focus on Americas (volume) and Asia/China (growth)
- Growing competition from OEMs

PERFORM 2020 priorities

- Continue to increase market share
- Develop network through targeted acquisitions
- Control costs

---

(1) Excluding inflation, source: SH&E
Perform 2020 ambitions

“Be the benchmark player on the market, leveraging a powerful global network”

Engines
Leverage overall business position

Components
Significantly increase market share in a growing market

Airframe
Further reduce cost of group fleet airframe maintenance while guaranteeing airworthiness, continuity, quality and service level

High level of staff commitment
Innovation
Customer excellence

2014-17 target: €50 to €80m additional EBITDAR contribution, coming from both internal growth and targeted acquisitions
Financial framework
Transform 2015: Strong EBITDA improvement through cost reduction

**Reported EBITDA 2011**: ~1.3

**Restated EBITDA 2011**: ~1.1

**Impact of pension accounting (incl. IAS19R)**: -200m

**Unit cost reduction**: ~1.1

**Currency** ~-200m

**Fuel price** ~-400m

**Unit revenues** ~600m to ~700m

**Environment** ~600m

**Reported EBITDA 2014**: 2.2 to 2.3

€ billion
Net debt reduction thanks to strict capex control

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash flow before VDP</th>
<th>Operating Free cash Flow (1)</th>
<th>Net Capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>883</td>
<td>47</td>
<td>898</td>
</tr>
<tr>
<td>2013</td>
<td>1,662</td>
<td>538</td>
<td>941</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Cash flow before VDP

Operating Free cash Flow (1)

VDP

Net Capex

VDP ~160

Net Capex ~1,3
Managing economic performance

**Profitability**
- EBITDAR (and EBIT)
- Adjusted net income

**Value creation**
- ROCE
- Profit growth
- Dividend

**Cash flow generation**
- Financial discipline
- Strict capex control

**Capital structure**
- Net debt level
- Adjusted net debt/ EBITDAR
Future financial framework: base business

♦ Revenues
  ✦ Capacity discipline
  ✦ Cautious outlook for revenue growth

♦ Costs / profitability
  ✦ Restructuring of underperforming activities
  ✦ Operating cost reduction

♦ Capital discipline
  ✦ Selective capex management
  ✦ Free cash flow generation
Our aim: to ensure continuous reduction in unit cost

- Rigorous organization building on Transform 2015 experience
- Bottom up approach defined for each management unit ("cluster")
- Use of benchmarks for each cluster
- Project management office at group level
- Systematic follow-up process
A deep transformation of the business mix

<table>
<thead>
<tr>
<th>Year</th>
<th>Medium-haul capacity (ASK)</th>
<th>Cargo capacity (ATK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hub connection</td>
<td>55%</td>
<td>Point-to-point</td>
</tr>
<tr>
<td></td>
<td>23%</td>
<td>Transavia</td>
</tr>
<tr>
<td>Full-freighters</td>
<td>31%</td>
<td>Bellies</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hub connection</td>
<td>~+5%</td>
<td>Point-to-point</td>
</tr>
<tr>
<td></td>
<td>46%</td>
<td>Transavia</td>
</tr>
<tr>
<td>Full-freighters</td>
<td>~-60%</td>
<td>Bellies</td>
</tr>
<tr>
<td></td>
<td>~+6%</td>
<td>~+130%</td>
</tr>
</tbody>
</table>
Leveraging key contributors beyond traditional efforts on operational excellence and external cost

**Operational excellence**
- Renewal of long-haul fleet
- Fleet densification
- Smarter processes
- Activity by activity benchmarking

**Restructuring**
- Point-to-point
- Cargo
- Smaller underperforming business units

**External cost reduction**
- Procurement: make or buy
- Fleet optimization
- IT and overheads
- G&A
- ...

**Labor cost and productivity**
- Amendments to Collective Labor Agreements: “productivity and flexibility for growth”
- Internal mobility as process change enabler
Targeting a further unit cost reduction of 1 to 1.5% per year

Change in unit cost

<table>
<thead>
<tr>
<th>TRANSFORM 2015</th>
<th>PERFORM 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1%</td>
<td>~-1.5%</td>
</tr>
</tbody>
</table>

Target: -1 to -1.5% per year
Cautious long-haul fleet plan in line with strict capacity discipline, benefiting from first phase of fleet renewal.

Long-haul fleet plan

- **‘New’ generation aircraft**
  - (787, A350)

- **Current generation aircraft**
  - (777, A330, A380)

- **‘Old’ generation**
  - (747-400, A340-300, MD11)

- **‘Old’ generation fleet halved by 2017**
Smart fleet strategy

- Operating leases providing strong flexibility
  - Flexibility to reduce up to 50 aircraft within next 6 years based on current contractual conditions

- Maintaining leadership in long-haul fleet efficiency
  - Fleet renewal delivering 3-4% unit cost reduction by 2020

- Choice of capex vs. operating lease based on operational drivers
  - Example: Transavia integrating used aircraft when attractive

Operating lease flexibility

![Operating lease flexibility chart]

<table>
<thead>
<tr>
<th>Year</th>
<th># Aircraft</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>78</td>
</tr>
<tr>
<td>2015</td>
<td>60</td>
</tr>
<tr>
<td>2016</td>
<td>50</td>
</tr>
<tr>
<td>2017</td>
<td>40</td>
</tr>
<tr>
<td>2018</td>
<td>30</td>
</tr>
<tr>
<td>2019</td>
<td>20</td>
</tr>
<tr>
<td>2020</td>
<td>10</td>
</tr>
</tbody>
</table>
Limited increase in fleet capex in spite of initial phase of long-haul fleet renewal

€ billion

Fleet capex

<table>
<thead>
<tr>
<th>Period</th>
<th>Average gross fleet investments</th>
<th>Average gross SLB &amp; Sales proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007/08-2011</td>
<td>~ 1.2</td>
<td>~ 0.6</td>
</tr>
<tr>
<td>2012-2014</td>
<td>~ 0.5</td>
<td>~ 0.4</td>
</tr>
<tr>
<td>2015-2017</td>
<td>~ 0.7</td>
<td></td>
</tr>
</tbody>
</table>
Selective capex management

Investment plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Net capex</th>
<th>SLB</th>
<th>Transavia growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>~1.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>~1.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>~2.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>~2.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2015-2017 capex plan breakdown

- ~2.2bn Net Fleet
- ~1.0bn Ground
- ~0.9bn Product upgrade
- ~0.7bn Transavia development
- ~1.6bn Aircraft maintenance and spare parts

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
To sum up

- Consistent and ongoing focus on cost reduction
- Strict approach to capex, including smart fleet strategy
- Funding base business from own cash flow
- A pragmatic and disciplined approach to development opportunities
- Credit ratios remain our priority
Perform 2020 delivering significant increases in profitability

EBITDAR up 8 to 10%\(^{(1)}\) per year

- Maintenance and other
- Low cost
- Cargo
- Passenger

€ billion

EBITDAR 2013

Restructuring
Unit cost reduction
Development

EBITDAR 2017

2.8

(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
## Calculation of Full Year 2013 ROCE

<table>
<thead>
<tr>
<th>Capital Employed</th>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill and intangible assets</td>
<td>1,133</td>
</tr>
<tr>
<td>Flight equipment</td>
<td>9,391</td>
</tr>
<tr>
<td>Other property, plant and equipment</td>
<td>1,819</td>
</tr>
<tr>
<td>Investments in equity associates</td>
<td>177</td>
</tr>
<tr>
<td>Financial assets (excluding shares, marketable securities and financial deposits)</td>
<td>128</td>
</tr>
<tr>
<td>Provisions (excluding pension, cargo litigation and restructuring)</td>
<td>-1,106</td>
</tr>
<tr>
<td>Working capital excluding derivatives</td>
<td>-4,905</td>
</tr>
</tbody>
</table>

### Capital Employed before operating leases

<table>
<thead>
<tr>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flight equipment under operational leases (operating leases x 7)</td>
</tr>
</tbody>
</table>

### Average Capital Employed (average between opening & closing balance sheet)

<table>
<thead>
<tr>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,758</td>
</tr>
</tbody>
</table>

### Average Capital Employed (A) corrected for Alitalia (no stake at closing)

<table>
<thead>
<tr>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,655</td>
</tr>
</tbody>
</table>

### Adjusted results from current operations

<table>
<thead>
<tr>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>+440</td>
</tr>
</tbody>
</table>

### Dividends received

<table>
<thead>
<tr>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>-9</td>
</tr>
</tbody>
</table>

### Share of profits/(losses) of associates

<table>
<thead>
<tr>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>-211</td>
</tr>
</tbody>
</table>

### Tax recognized in adjusted net result

<table>
<thead>
<tr>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>-20</td>
</tr>
</tbody>
</table>

### Adjusted result from operations

<table>
<thead>
<tr>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
</tr>
</tbody>
</table>

### Adjusted result from operations (B) corrected for Alitalia

<table>
<thead>
<tr>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>401</td>
</tr>
</tbody>
</table>

### ROCE (B/A)

<table>
<thead>
<tr>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9%</td>
</tr>
</tbody>
</table>