

Quarterly Results April-June 2011

28 July 2011



A challenging quarter

- ✦ Activity, and particularly in June, strongly affected by the difficult situation in some important markets for the group (Africa, Middle-East and Japan)
 - ▶ **Operating loss of some €100 m**
- ✦ Strong rise in oil price
- ✦ Well controlled unit cost
 - ▶ **-3% (on a constant currency and fuel price basis)**

Key data of the Quarter

| | Quarter Apr-Jun 2011 | Quarter Apr-Jun 2010 |
|------------------------------|-------------------------|-------------------------|
| + Revenues | €6.22 bn | €5.72 bn |
| + EBITDAR | €503 m | €484 m |
| + Operating result | - €145 m | - €132 m |
| + Adjusted operating result* | - €73 m | - €64 m |
| + Net result | - €197 m | + €736 m |

(*) Adjusted for the portion of financial charges in operating leases (34%)

Activity



Key data by business

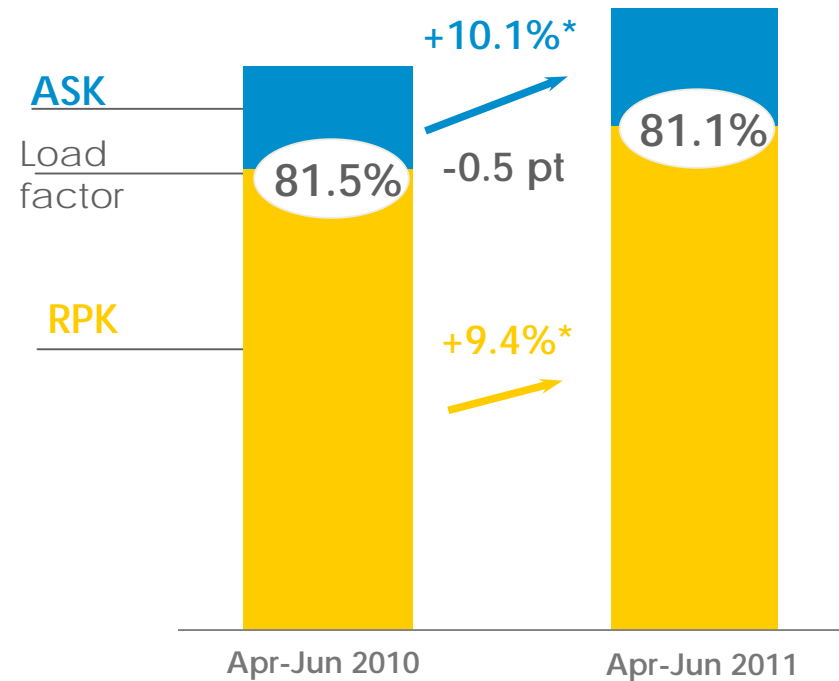
Apr-Jun 2011

| | | Revenues € billions | | Operating result € millions | |
|--|--|------------------------|-------|--------------------------------|------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | 4.80 | +9.9% | -140 | -142 |
| | | 0.8 | +3.2% | -14 | 11 |
| | | 0.26 | +7.4% | 23 | 20 |
| | | 0.36 | +6.6% | -14 | -21 |

Passenger

- + Increase in capacity of 5.2% adjusted for airspace closure in April 2010
- + Long-haul network impacted by instability in Africa and Middle East and nuclear disaster in Japan
 - ▶ ASK : +9.7%
 - ▶ RPK: +8.0%
- + Medium haul transformation continues to deliver
 - ▶ ASK: +11.6%
 - ▶ RPK: +15.4%

19.65 million passengers



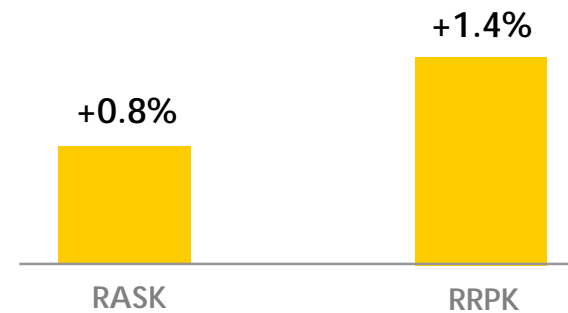
* Favourable comparison basis due to European airspace closure in April 2010 and progressive transfer of Martinair into the passenger business

Passenger: stable unit revenues despite external headwinds

- + Unit revenues up 0.8%* despite some 1.7% negative impact from geopolitical events
 - ▶ Long-haul RASK: +0.5%*
 - ▶ Medium-haul RASK: +0.6%*
- + Resistant long-haul premium revenues
 - ▶ Premium RASK: +3.7%*
 - ▶ Economy RASK: -0.1%*
- + Negative impact around € 96m at the EBIT level due to the geopolitical crises

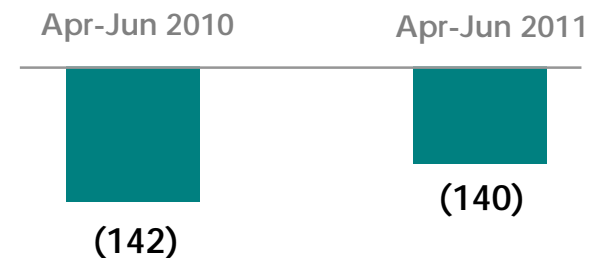
* Ex currency

Unit revenues ex currency



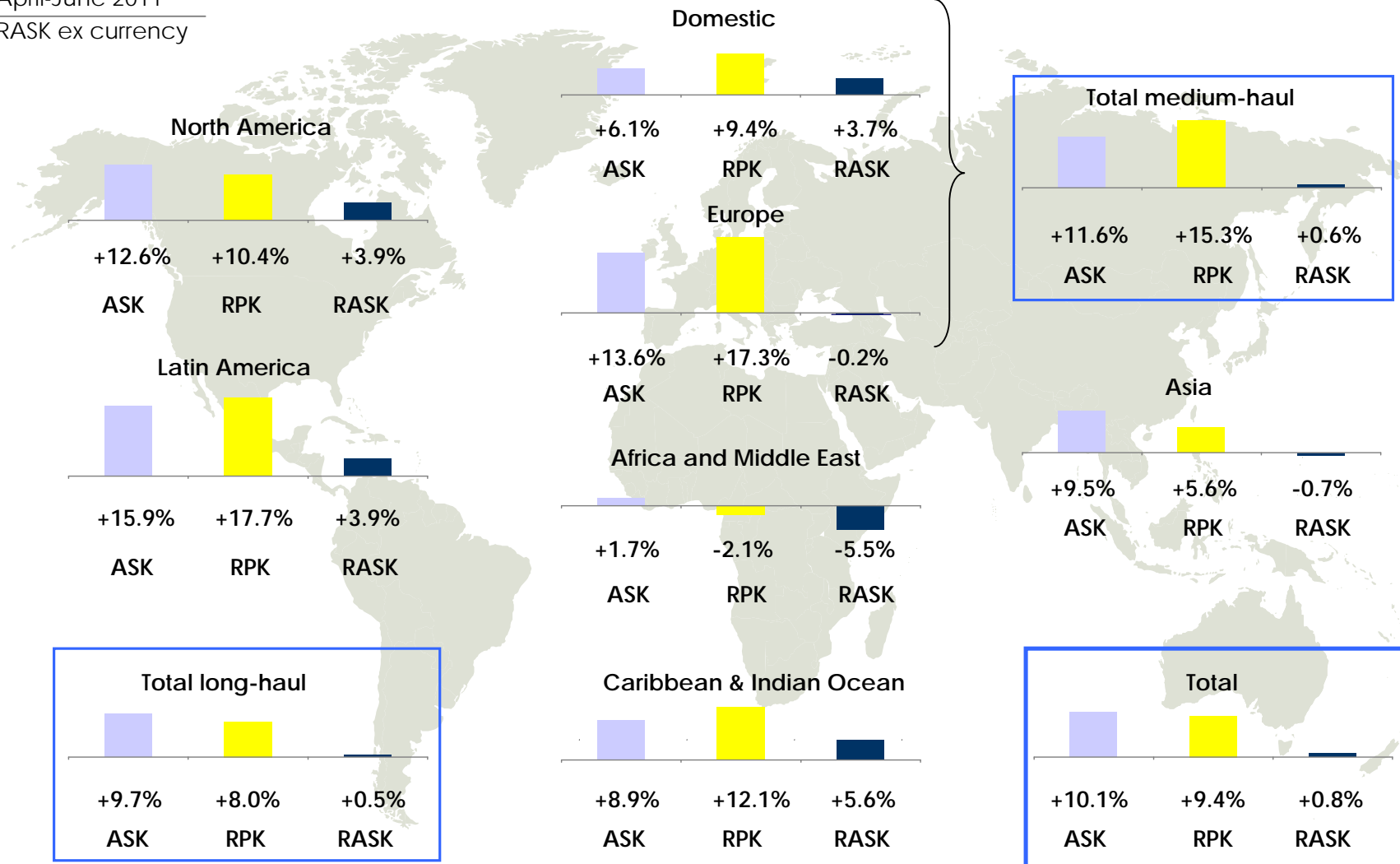
Operating result

€ millions



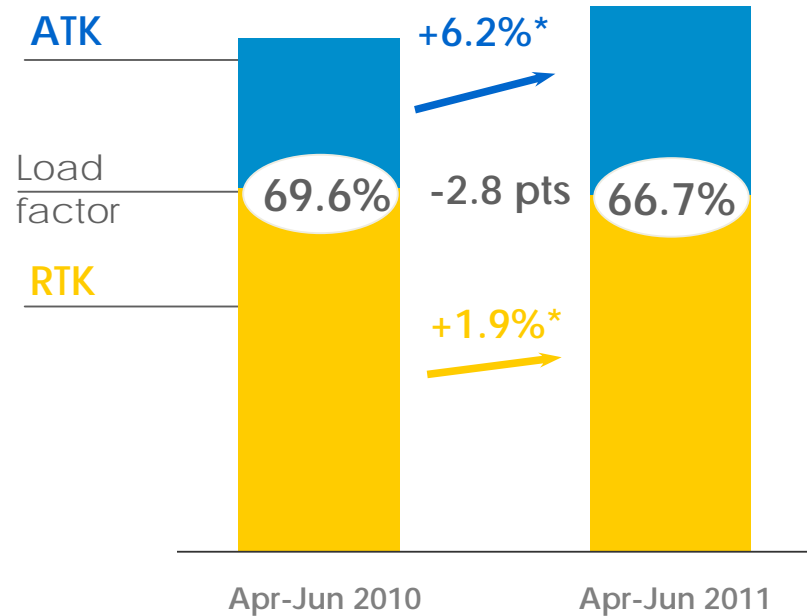
Key data by network

April-June 2011
RASK ex currency



Cargo

- + Increase in capacity of 2.9% adjusted for airspace closure in April 2010
- + Strict capacity control
 - ▶ Cargo and combis : +0.6%
- + Slowdown due to crises in Africa and Japan
- + Overcapacity on departures from China

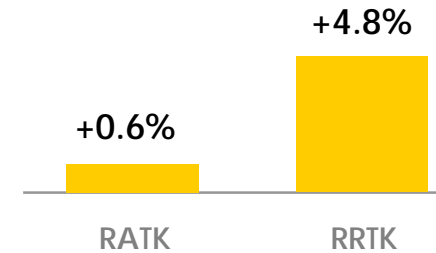


* Favourable comparison basis due to European airspace closure in April 2010

Cargo: capacity control limits decline in operating result

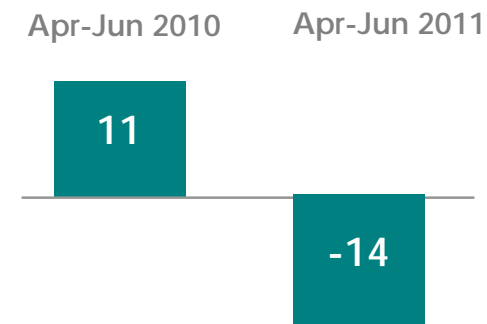
- + Negative currency effect of 3.2% on revenues
- + Yields remain resilient
 - ▶ +4.8% ex currency
- + Effective capacity control limits decline in operating result

Unit revenues ex currency



Operating result

€ millions



Other activities: strong performance by Maintenance

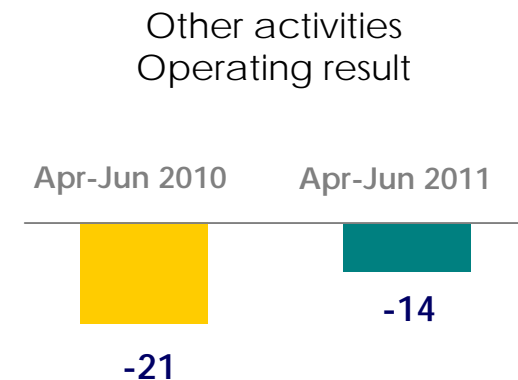
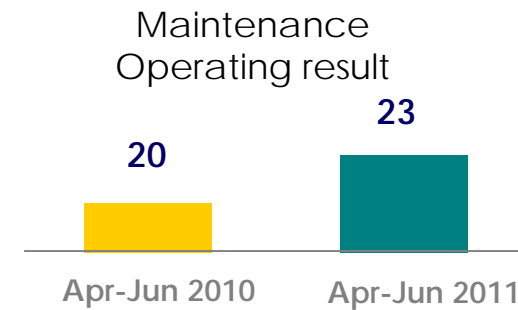
+ Maintenance

- ▶ Engines and equipment remain dynamic
- ▶ Operating result up 15%

+ Leisure and catering

- ▶ Leisure: difficult tourist season due to uprisings in Egypt and Tunisia but improvement in operating result to -€11m versus -€20m
- ▶ Catering: improvement in revenues and operating result

€ millions



Results



Quarterly results

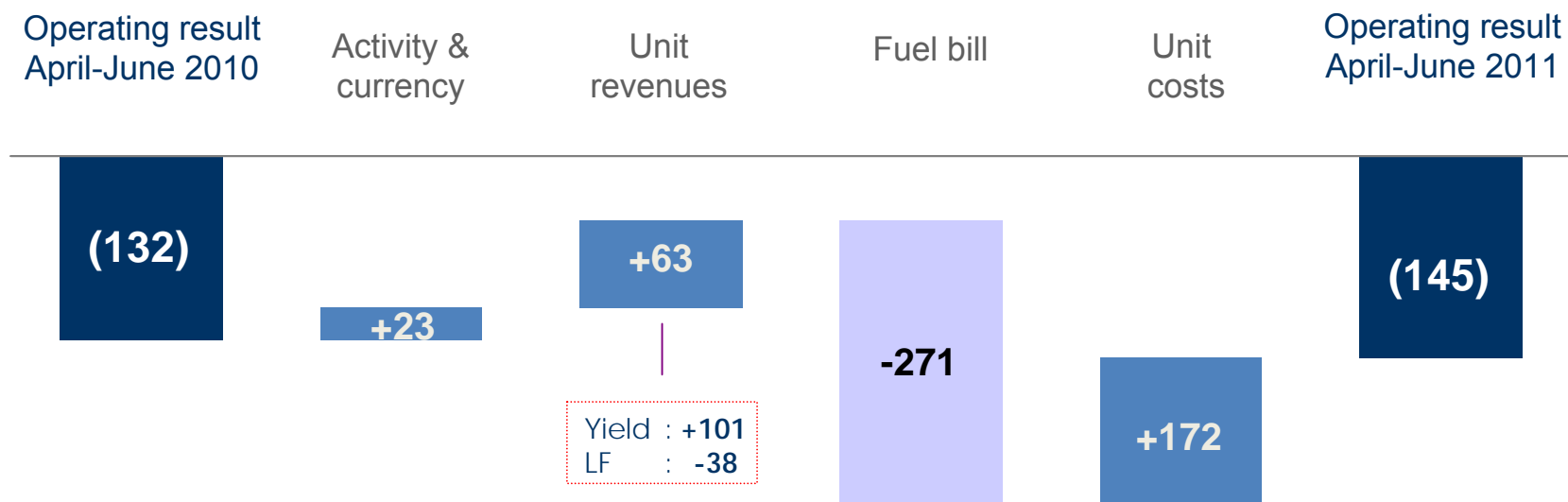
Quarter April-June
€ millions

| | April-June 2011 | April-June 2010 | % Ch |
|---|--------------------|-----------------------|-------------|
| Revenues | 6,220 | 5 721 | +8.7 |
| Operating costs | (6,365) | (5,853) | +8.7 |
| EBITDAR | 503 | 484 | +3.9 |
| Operating result | (145) | (132) | nm |
| <i>Adjusted operating result*</i> | <i>(73)</i> | <i>(64)</i> | nm |
| Non current income and expenses <i>o/w Amadeus</i> | 2 | 1,010 <i>1,030</i> | nm |
| Result from operating activities | (143) | 878 | nm |
| Net interest charge | (87) | (96) | nm |
| Other financial income and expenses | (29) | (113) | nm |
| Income tax | 81 | 93 | nm |
| Other | (19) | (26) | |
| Net result, group share | (197) | 736 | nm |

(*) Adjusted for the proportion of financial costs within operating leases (34%)

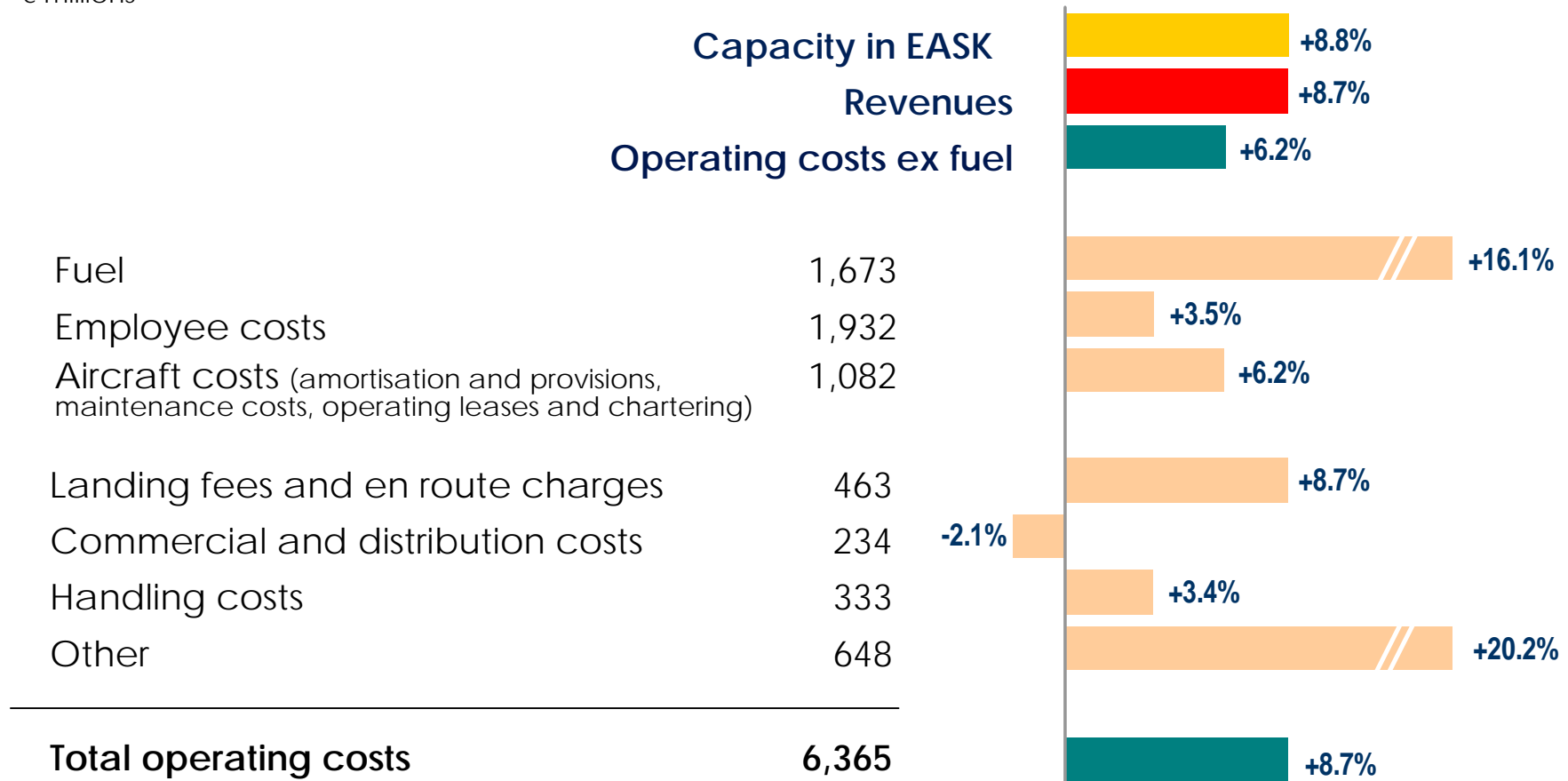
Change in operating result

€ millions



Quarterly operating costs

April-June 2011
€ millions

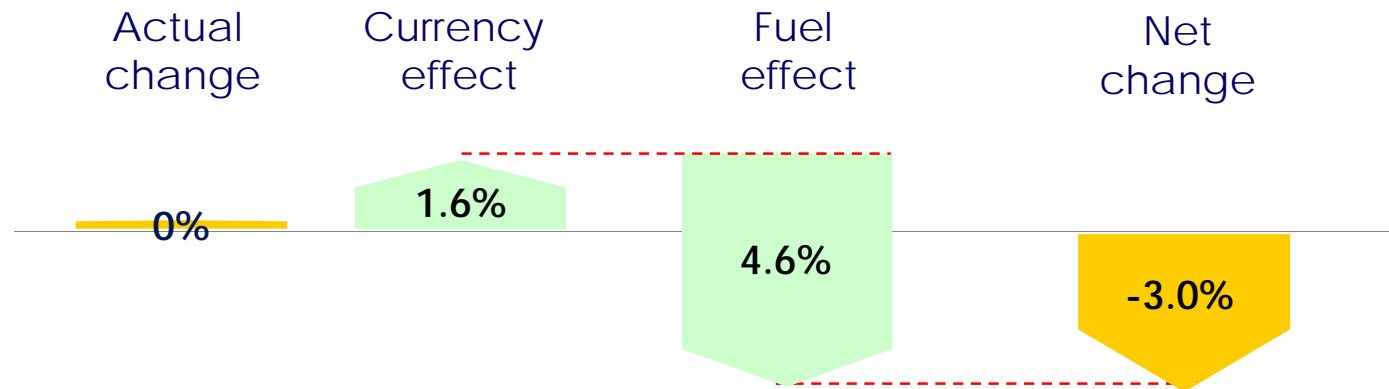


Unit costs under control

April-June 2011

Unit cost per EASK: **6.79 € cts**

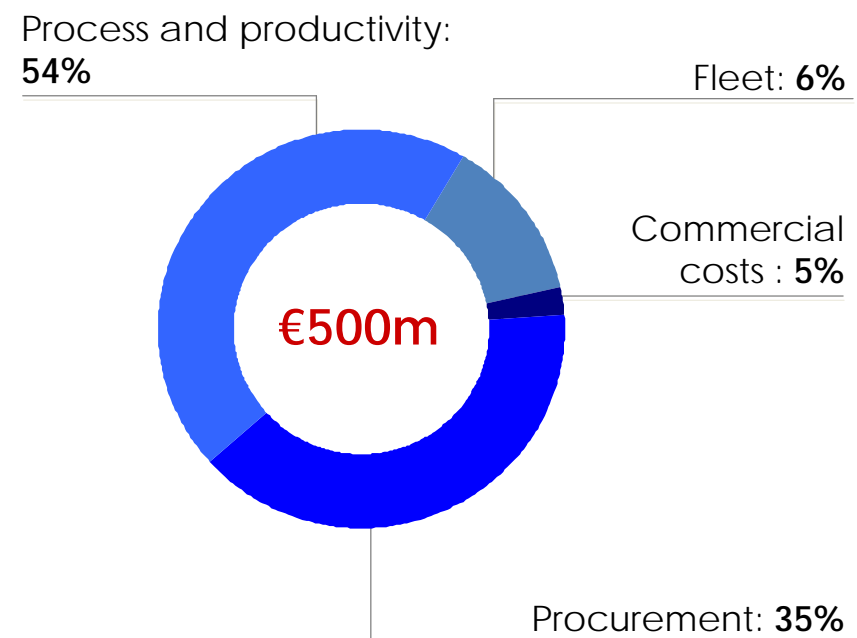
Capacity in EASK : **+8.8%**



'Challenge 12' revised up

- + €129m in savings over the quarter and €288m from the beginning of the year
- + Objective revised up from €470m to €500m for 2011

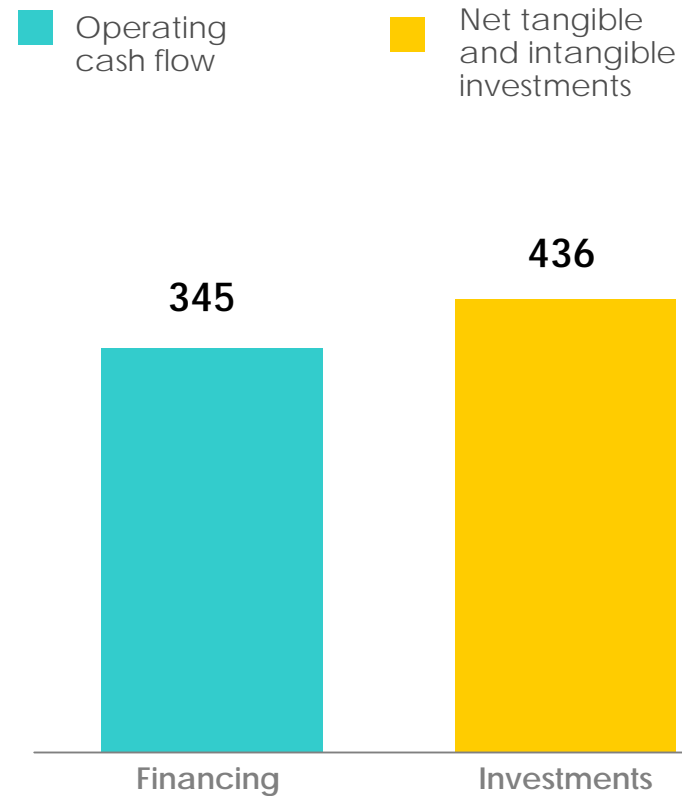
Breakdown of savings in 2011



Operating cash flow of €345m

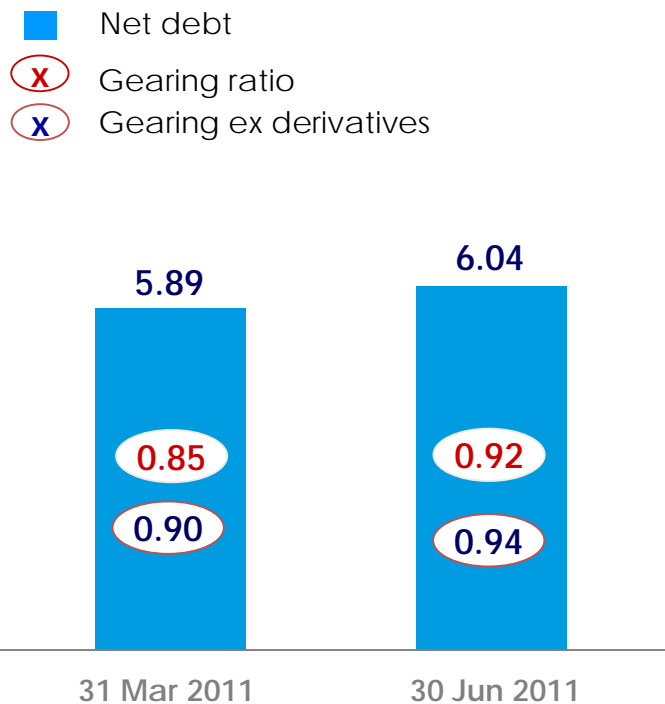
- + Operating cash flow of €345m
- + Cash of €3.9bn after reimbursing €500 m credit line
- + Credit lines available: €1.85bn o/w € 1.6bn renewed for 5 years at Air France and KLM in 2011

€ millions

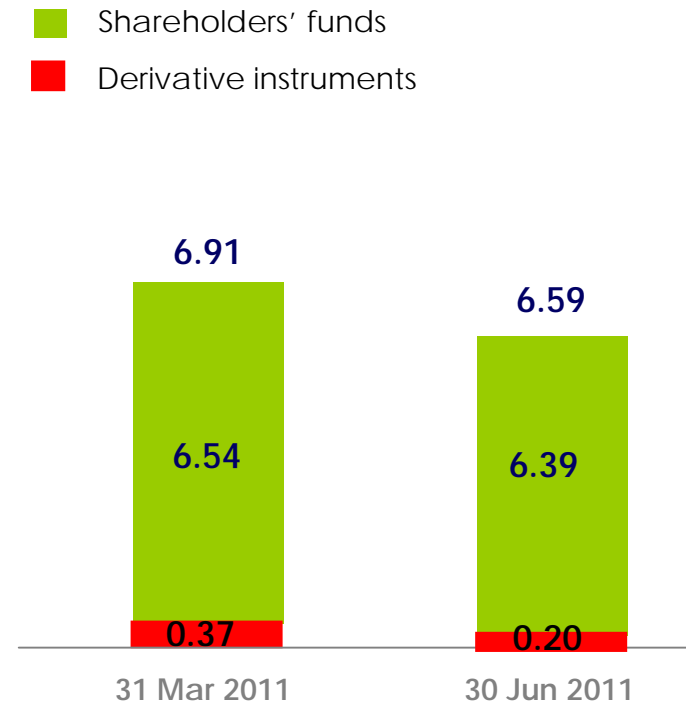


Financial position

Net financial debt
(€ billions)

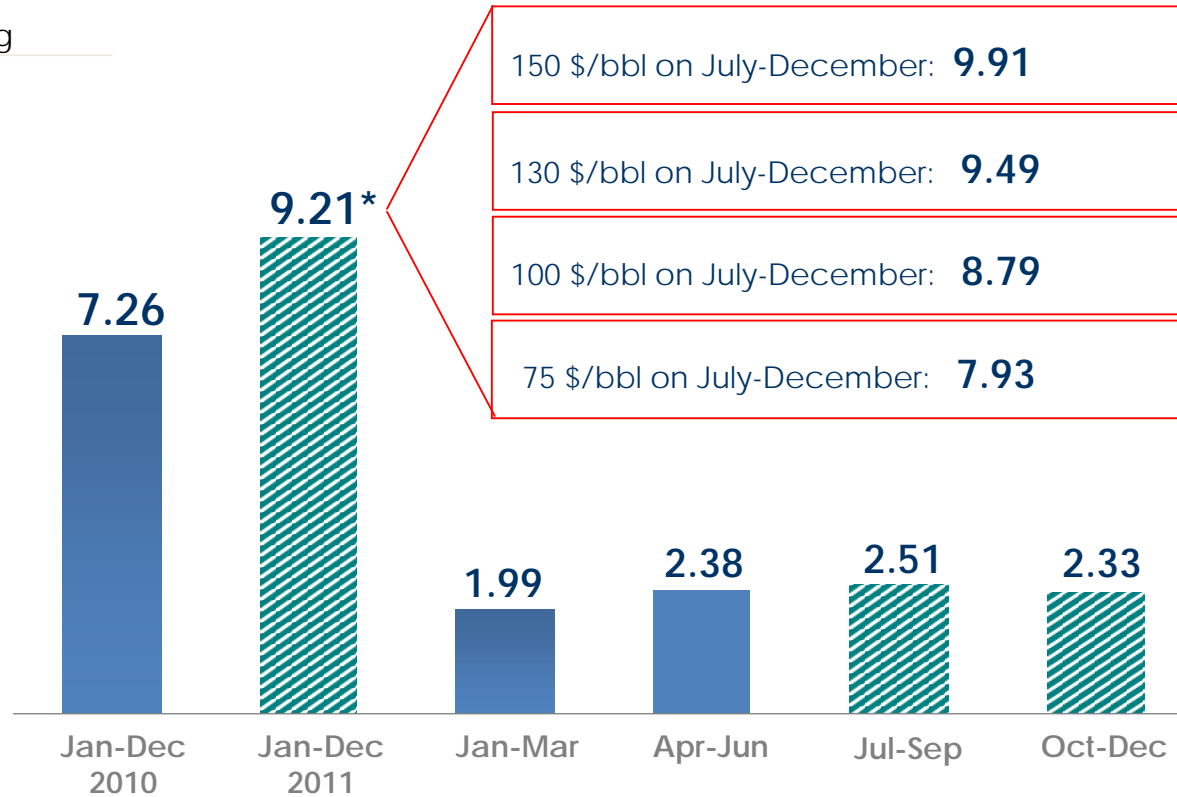


Shareholders' funds
(€ billions)



Fuel bill for calendar year 2011

Fuel cost after hedging
\$ billions



| | | | | | | |
|-----------------------|----|-----|-----|-----|-----|-----|
| Market price (\$/bbl) | 80 | 115 | 105 | 117 | 118 | 119 |
| Percentage hedged | 59 | 54 | 52 | 49 | 55 | 59 |

(*) forward curve at 22 July 2011

Outlook



Outlook for calendar year 2011

- + Operating environment remains uncertain
 - ▶ Japan, Africa and Middle East markets continue to be affected by the crises
 - ▶ Uncertainty created by Eurozone crisis
 - ▶ High level of fuel prices and euro volatility

- + Winter season 2011: 2.4 point reduction in long-haul capacity growth, reduced to 2.7%*
 - ▶ Productive growth
 - ▶ Use of larger or densified aircraft
 - ▶ Selective growth
 - ▶ Opening of seasonal routes: +3.4%
 - ▶ Reduction in frequencies: -2.7%
 - ▶ Opening of new routes: +2.0%

- + The group continues to target a positive operating result in calendar year 2011

* incl. Martinair passenger activity previously included in leisure

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28 July 2011



Appendices



Calculation of net debt

| <u>€ millions</u> | 30 Jun 2011 | 31 Mar 2011 |
|--|--------------|---------------|
| Current and non-current financial debt | 10,482 | 10,788 |
| Deposits on leased aircraft | (516) | (455) |
| Currency hedges on debt | 38 | 36 |
| Interest not yet due | (100) | (119) |
| = Total financial debt | 9,904 | 10,250 |
| Cash and cash equivalents | 3,221 | 3,717 |
| Investments of over three months | 574 | 574 |
| Triple A deposits | 171 | 197 |
| Bank overdrafts | (100) | (129) |
| = Net cash | 3,866 | 4 359 |
| Net financial debt | 6,038 | 5,891 |
| Consolidated shareholder' funds | 6,594 | 6,906 |
| Net debt / Equity | 0.92 | 0,85 |
| <i>Net debt / equity ex derivative instruments</i> | <i>0.94</i> | <i>0,90</i> |

Restated net result

€ millions

| | <u>Apr-Jun 2011</u> | <u>Apr-Jun 2010</u> |
|---|---------------------|---------------------|
| Net result, group share | (197) | 736 |
| Income tax | (81) | (93) |
| = Net result, group share before tax | (278) | 643 |
| Non recurrent items* | (2) | 1,010 |
| Non-cash part of value of hedging instruments | (22) | (5) |
| = Restated et result, group share before tax | (302) | (372) |
| - Income tax | 90 | 120 |
| Restated et result, group share | (222) | (252) |

(*) Income and charges accounted for between the current operating result and the result of operating activities. April-June 2010, mainly capital gain on Amadeus of 1.03 billion euros