

Third Quarter 2009-10 results

AIRFRANCE KLM

Activity

Highlights of the Third Quarter

- ✦ Slow recovery in activity levels in a still weak economic context
- ✦ Unit revenues up compared to previous quarters, but still below last year's levels
- ✦ Good performance on costs
- ✦ Significant reduction in fuel bill, with a limited impact from fuel hedges
- ✦ Cargo restructuring starts to bear fruit

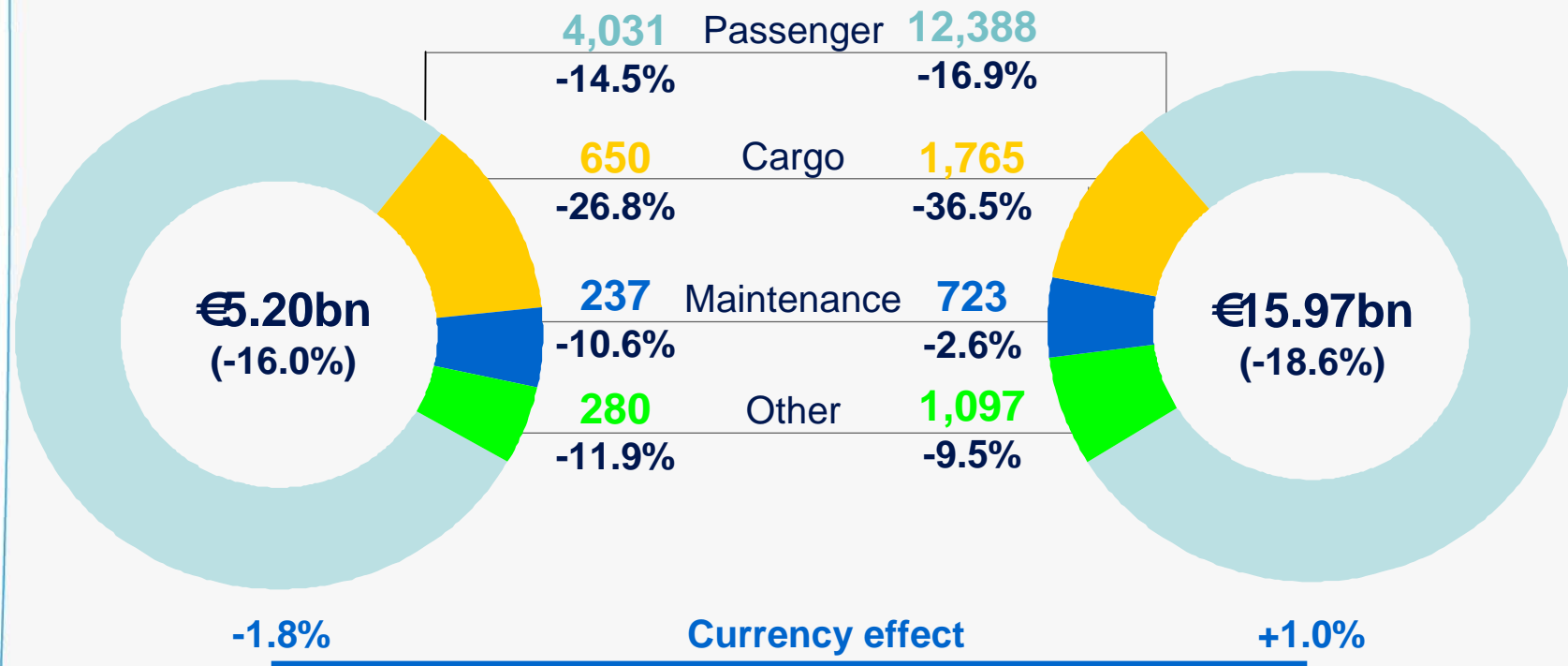
Revenues

October-December 2009

In € millions

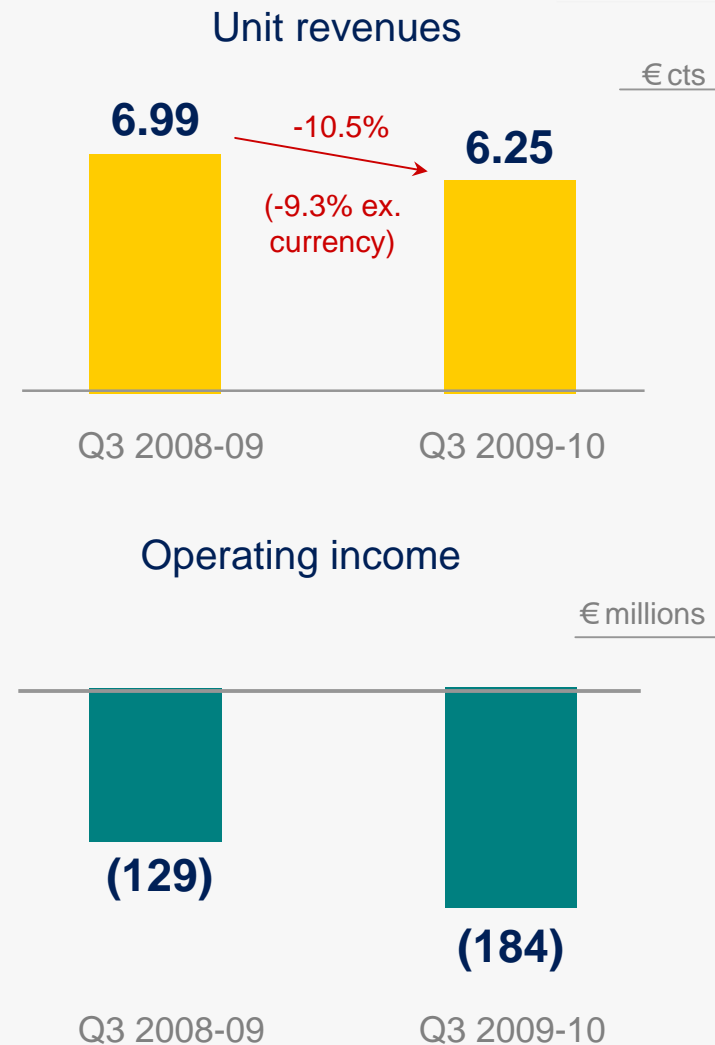
April-December 2009

In € millions



Passenger: still affected by decline in unit revenues

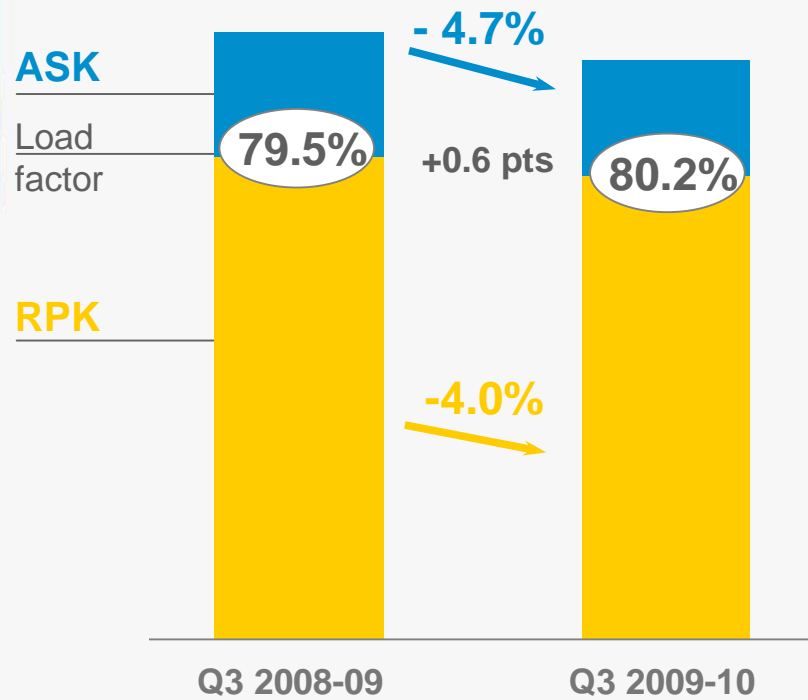
- ✦ Traffic declines less than capacity
- ✦ Improvement in load factor
- ✦ Unit revenues show slight recovery compared with previous two quarters, but remain well below the level of a year ago
- ✦ Promising launch for 'Premium Voyageur'



Further improvement in load factor in Q3...

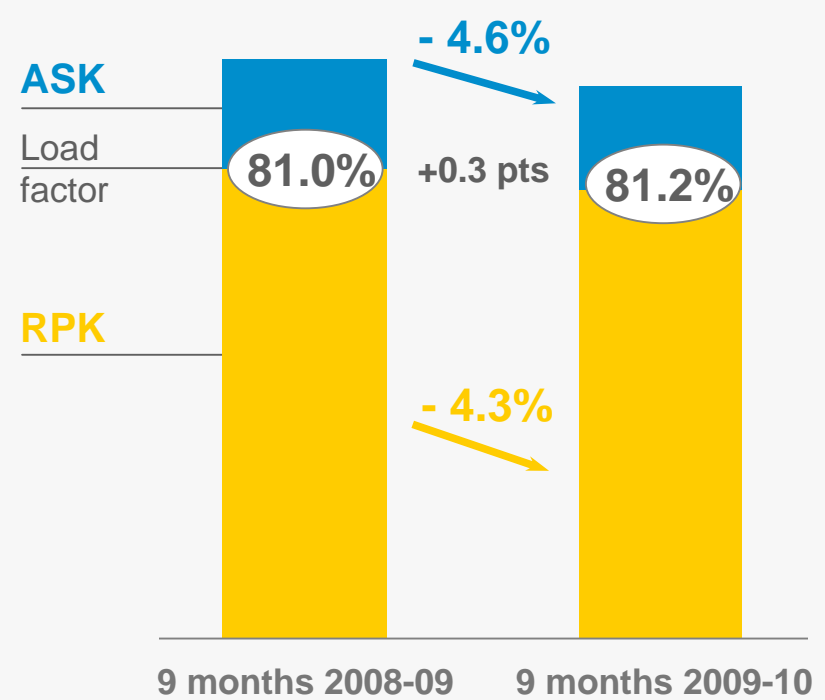
Q3 2009-10

17.3 million passengers (-4.5%)



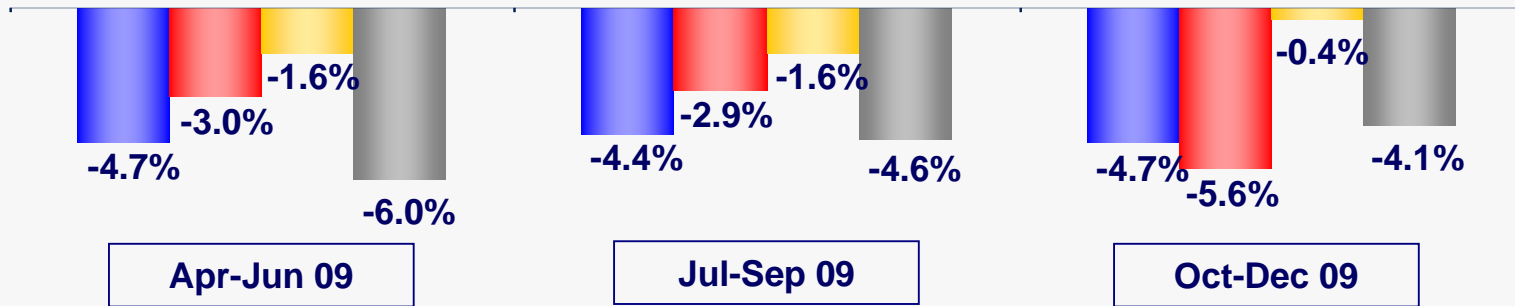
April-December 2009

55.6 million passengers (-5.1%)

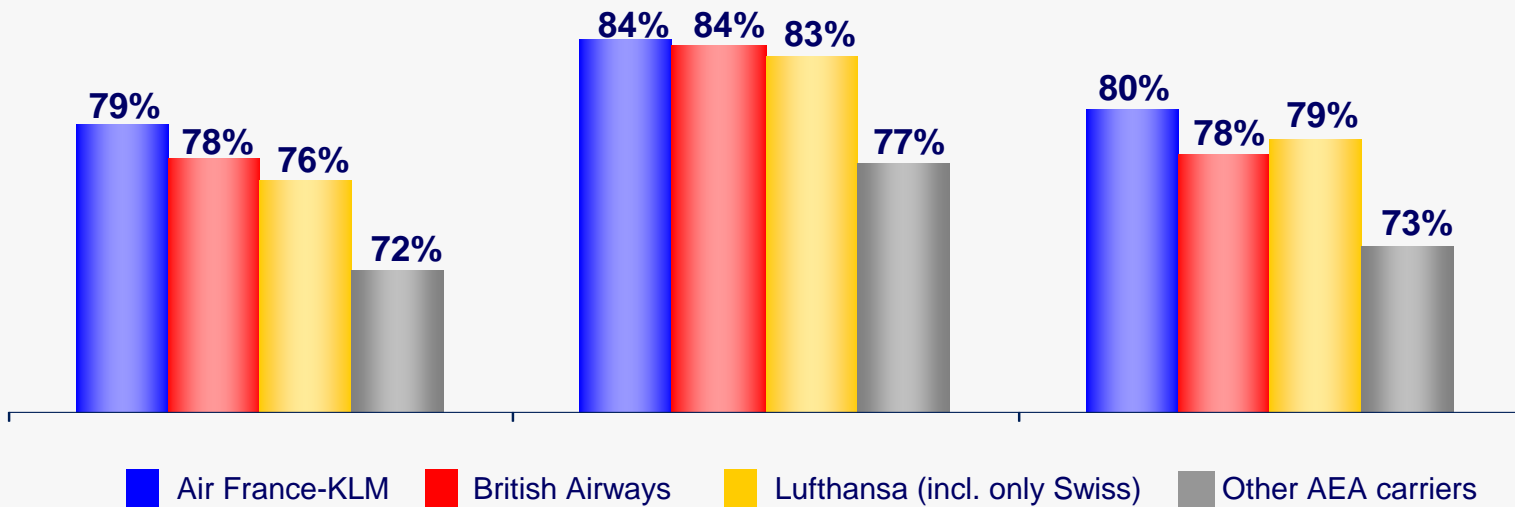


...thanks to capacity adaptation

Capacity adjustments (ASK)



Load factors



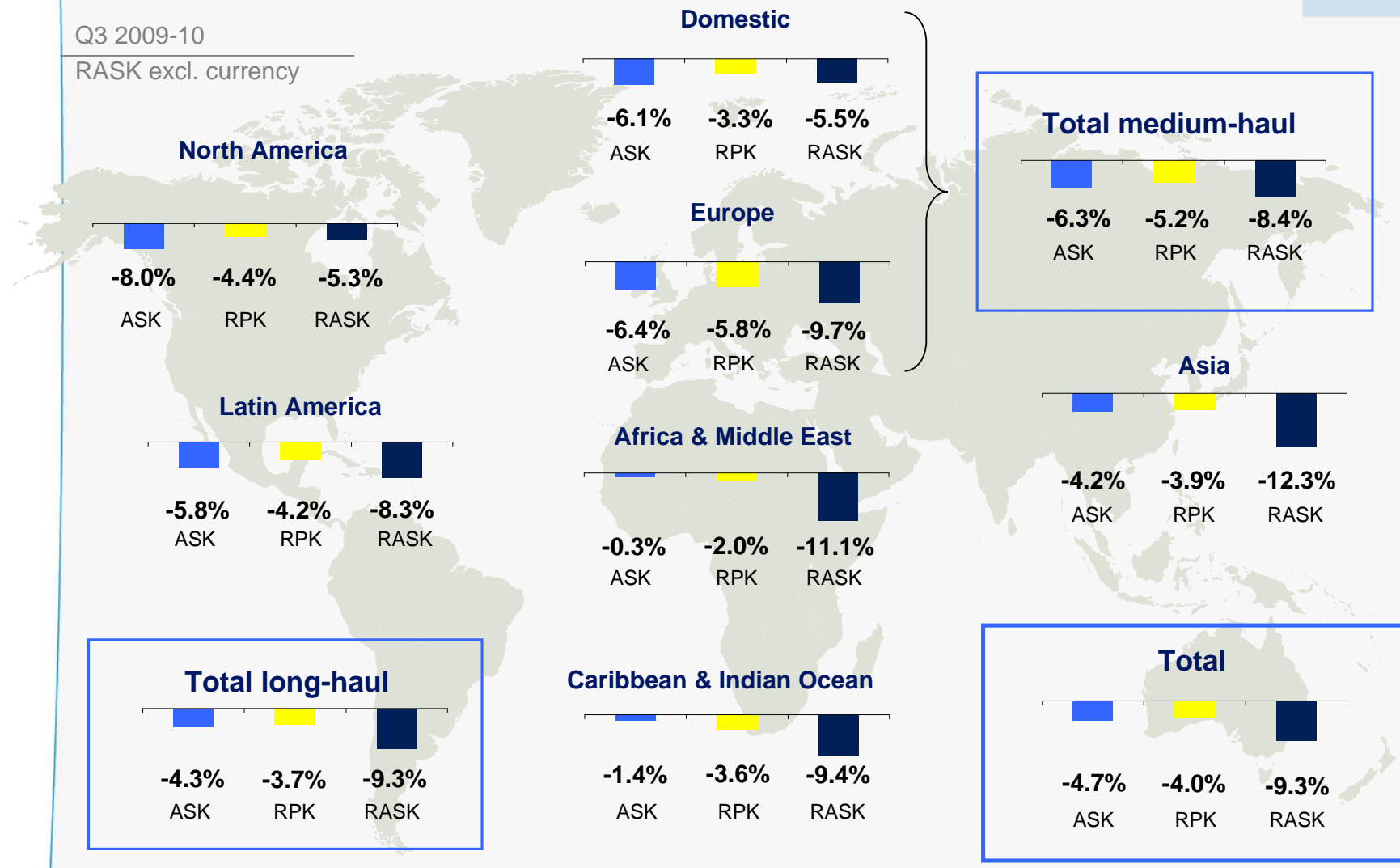
■ Air France-KLM
 ■ British Airways
 ■ Lufthansa (incl. only Swiss)
 ■ Other AEA carriers

Source: Companies, AEA

Activity by network

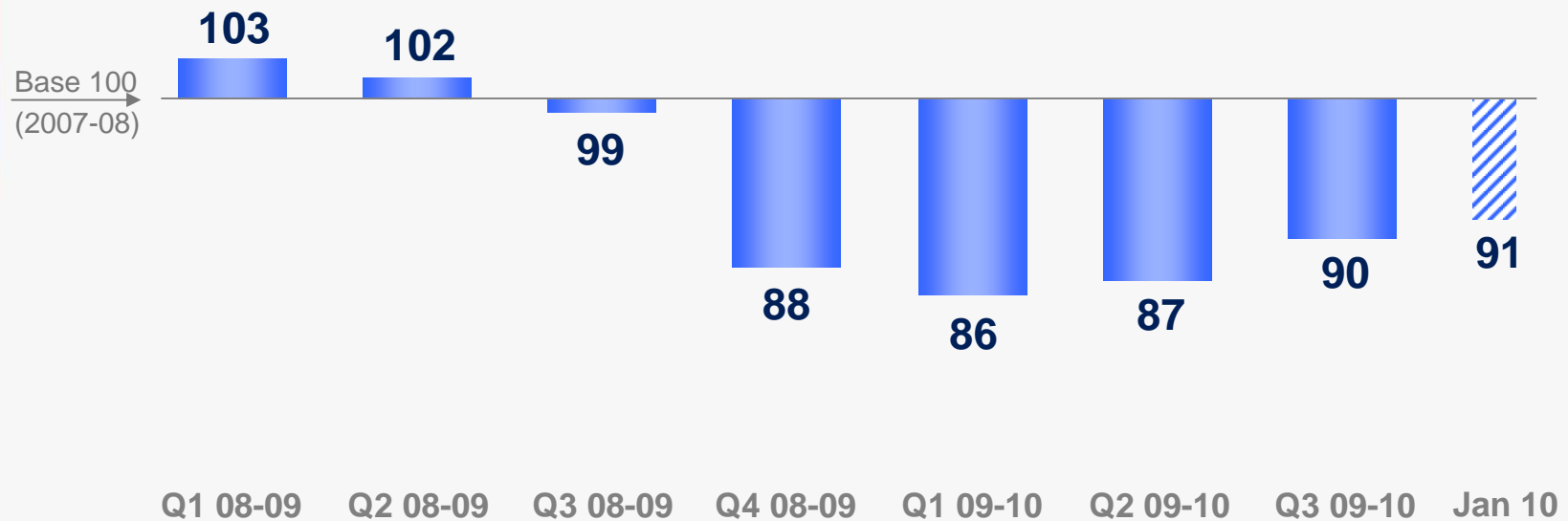
Q3 2009-10

RASK excl. currency

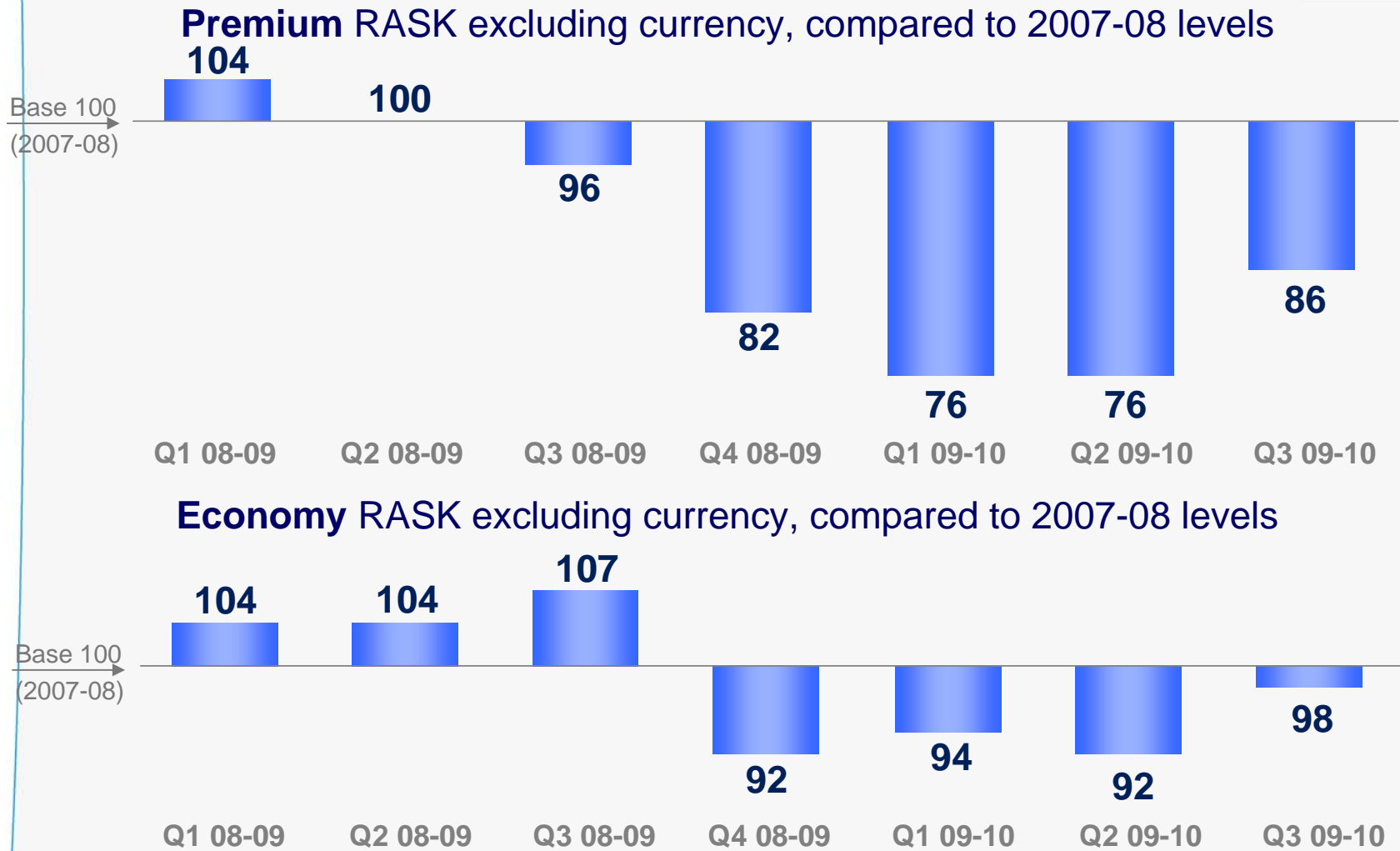


Unit revenues still below 2007-08 levels...

Unit revenues per ASK excluding currency compared to 2007-08 levels

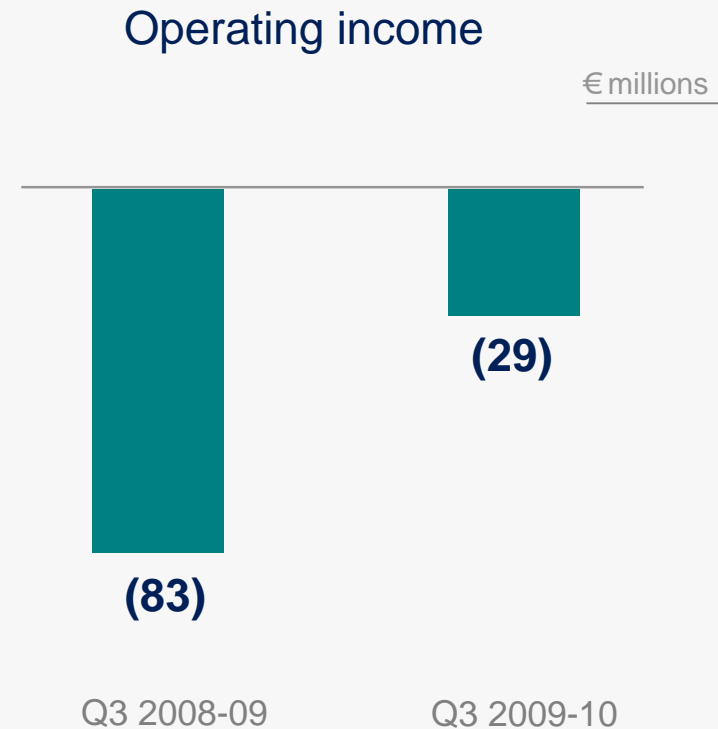


...despite recovery in long-haul



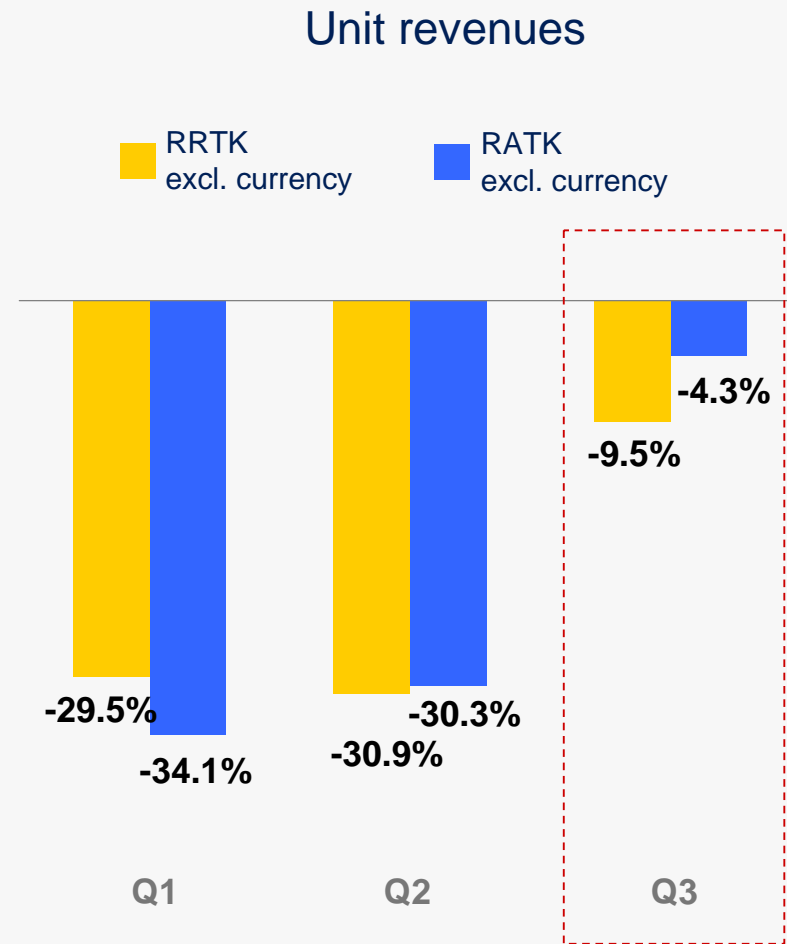
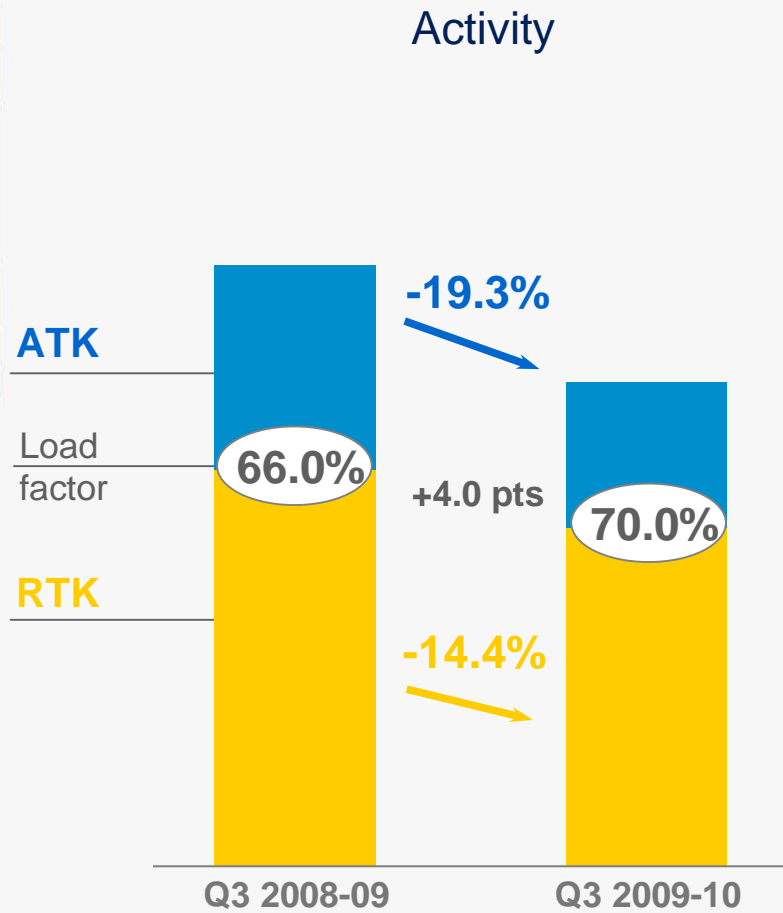
Cargo: restructuring starts to bear fruit

- ✦ 20% reduction in capacity, focus on bellies and combis
- ✦ Rise in tariffs has not impacted traffic
- ✦ Healthier load factors thanks to restocking in traditionally strong quarter
- ✦ Marked improvement in unit revenues versus previous two quarters

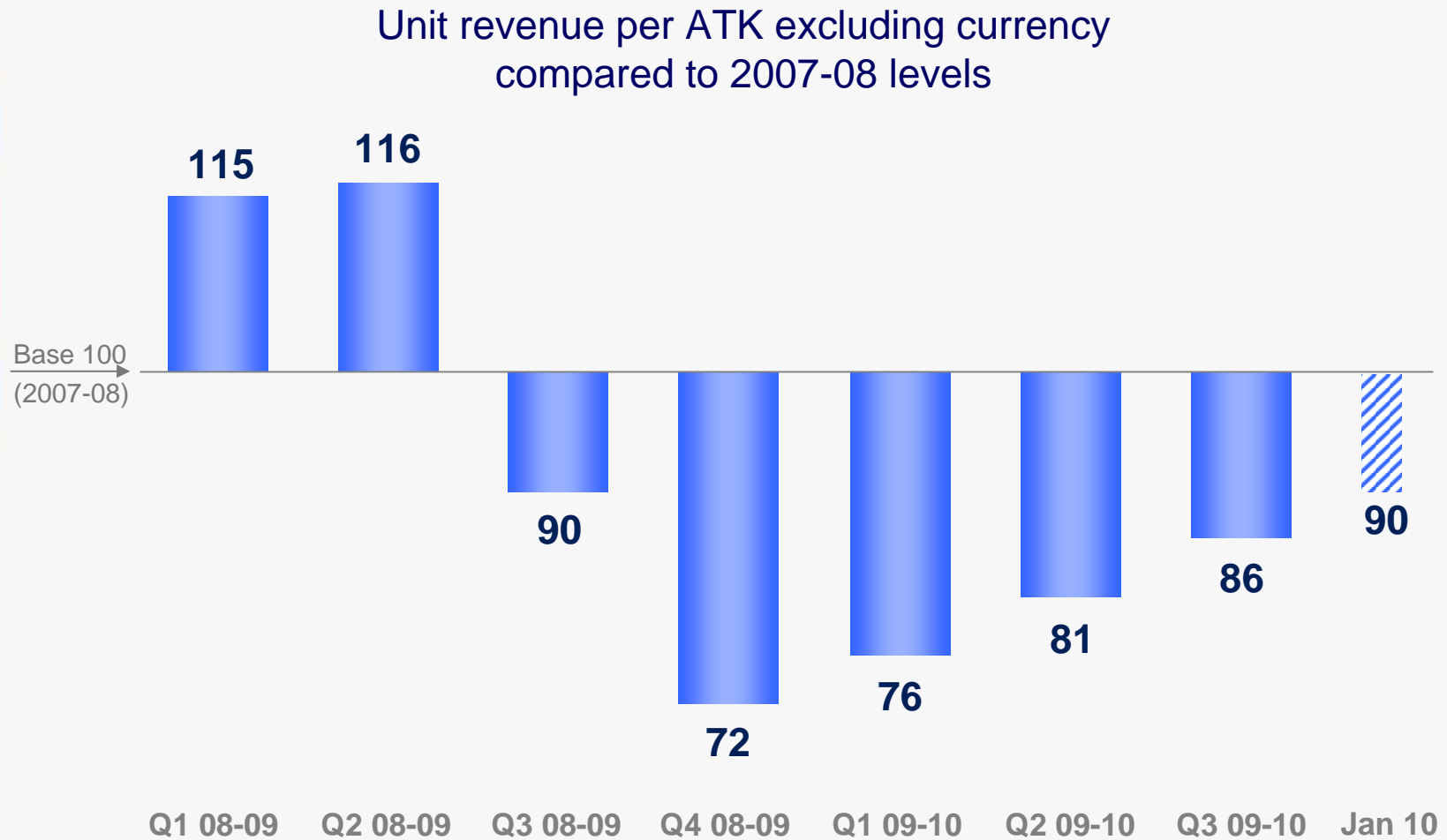


Strong improvement in load factor

Q3 2009-10



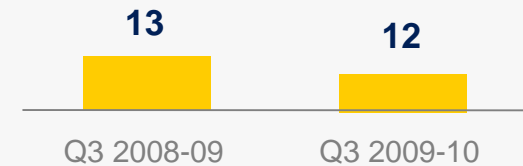
Marked improvement in unit revenues



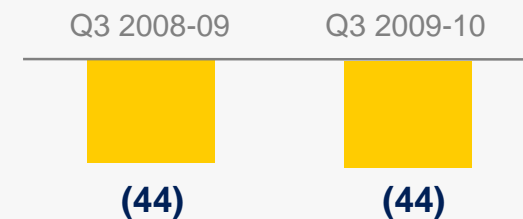
Maintenance and other

- ✦ Maintenance: stable operating income despite 11% decline in revenues linked to exchange rates
- ✦ Other businesses
 - ▶ Leisure: slight improvement
 - ▶ Catering: stable

Maintenance operating income
(€ millions)



Other businesses, operating income
(€ millions)



Results

Philippe Calavia

Third Quarter results

October-December

€ millions

	Q3 2009-10	Q3 2008-09 Pro forma *	Change %
Revenues	5,198	6,188	(16.0)
Current operating costs	(5,443)	(6,431)	(15.4)
EBITDAR	367	387	(5.2)
Operating income	(245)	(243)	(0.8)
<i>Adjusted operating income**</i>	<i>(186)</i>	<i>(182)</i>	<i>(1.7)</i>
Income from operating activities	(256)	(304)	15.8
Net interest charge	(87)	(34)	nm
Other financial income and costs	(48)	(385)	nm
Income tax	96	215	nm
Other	-	-	-
Net income, group share	(295)	(508)	41.9

*Application of IFRIC 13 and consolidation of Martinair

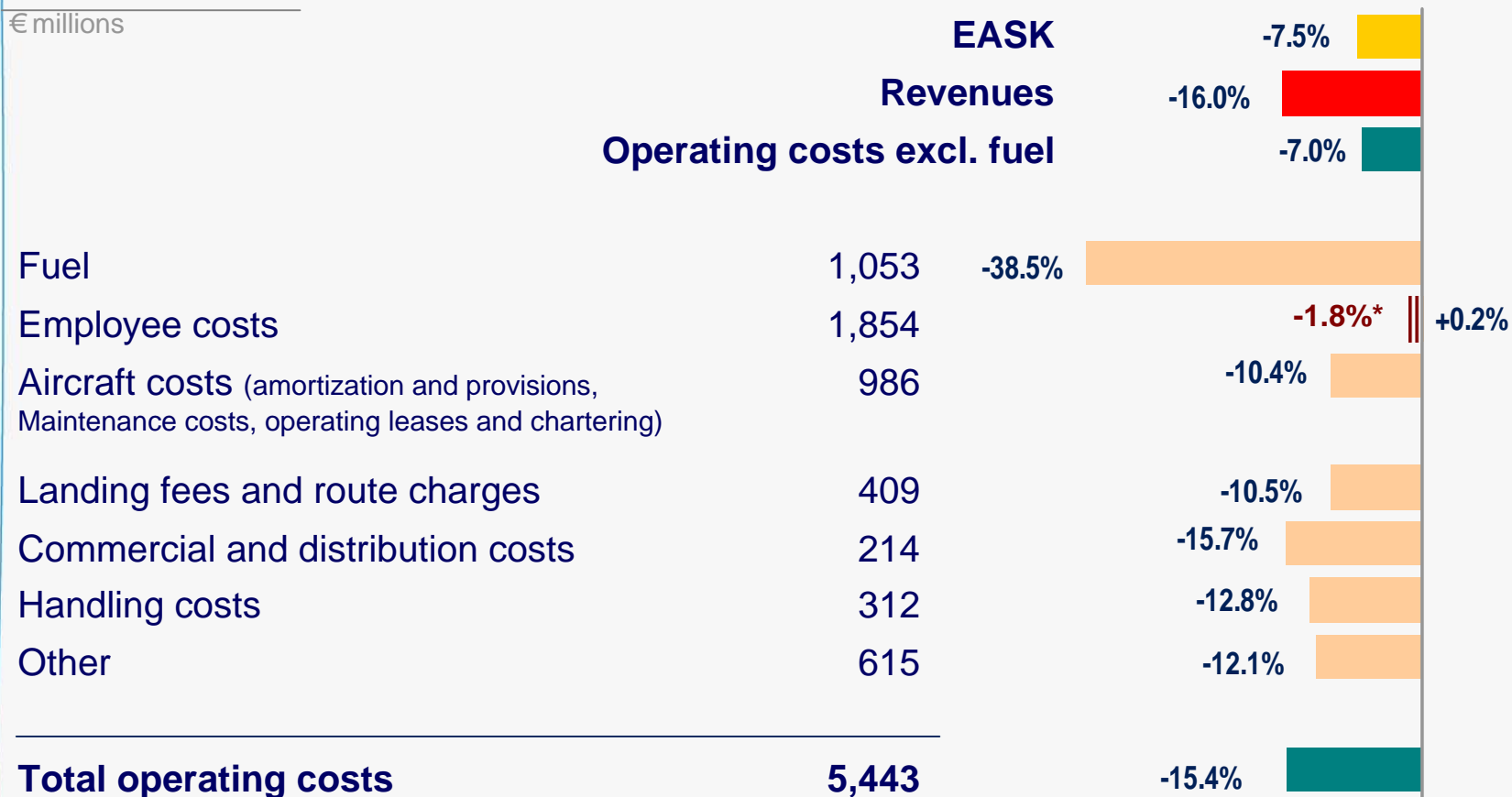
**Adjusted for the share of financial costs of operating leases (34%)

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Third Quarter operating costs

October-December 2009

€ millions



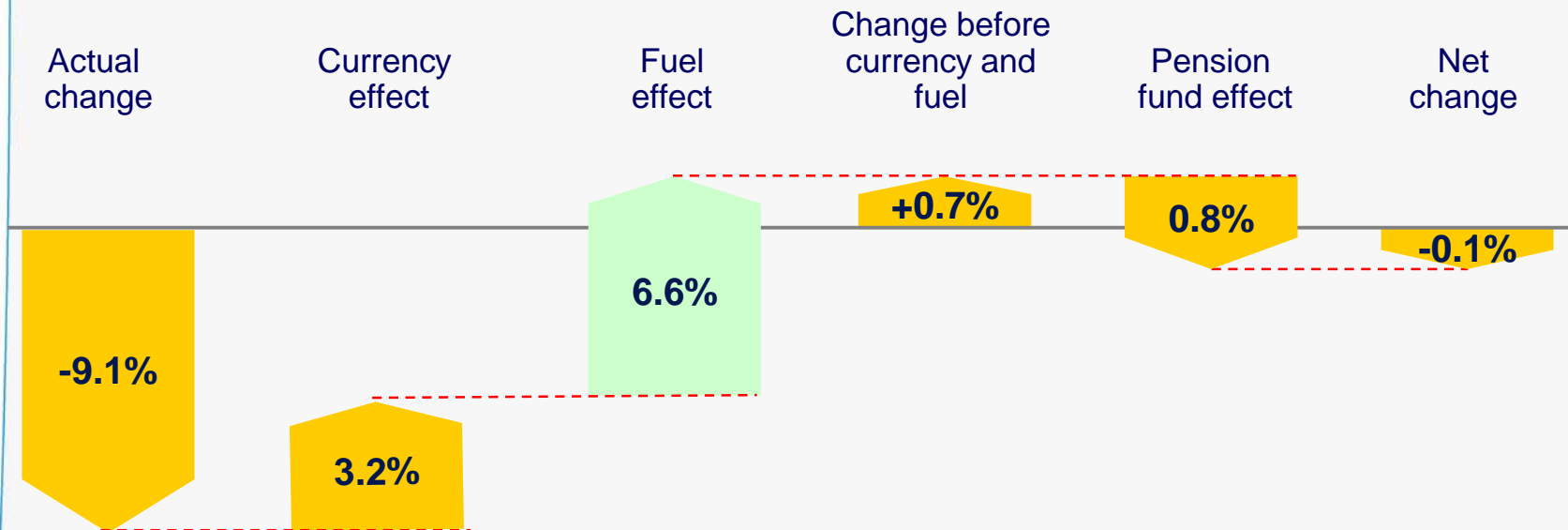
* Excl. pension fund impact

Unit costs contained despite 7.5% drop in capacity

October-December 2009

Unit cost per EASK: 6.31 €cts

EASK: -7.5%



Results for the first nine months

April-December

€ millions

	9m 2009-10	9m 2008-09 Pro forma*	Change %
Revenues	15,973	19,633	(18.6)
Current operating costs	(16,761)	(19,284)	(13.1)
EBITDAR	1,034	2,213	(53.3)
Operating income	(788)	349	nm
<i>Adjusted operating income**</i>	<i>(605)</i>	<i>519</i>	<i>nm</i>
Income from operating activities	(874)	328	nm
Net interest charge	(213)	(56)	nm
Other financial income and costs	(99)	(821)	nm
Income tax	337	213	nm
Other	(19)	4	nm
Net income, group share	(868)	(332)	nm

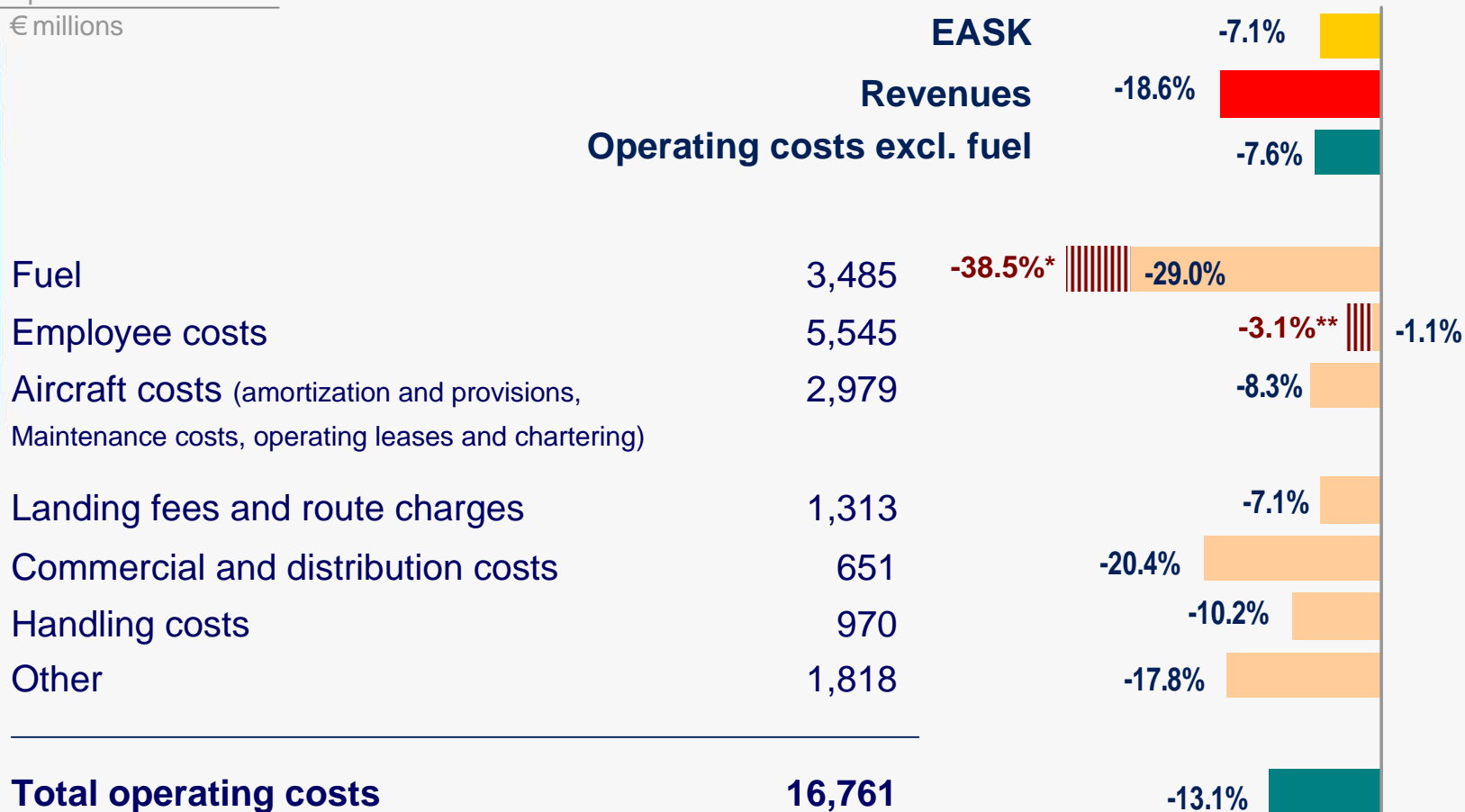
*Application of IFRIC 13 and consolidation of Martinair

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

Operating costs for the first nine months

April-December 2009

€ millions



* Excl. fuel impact

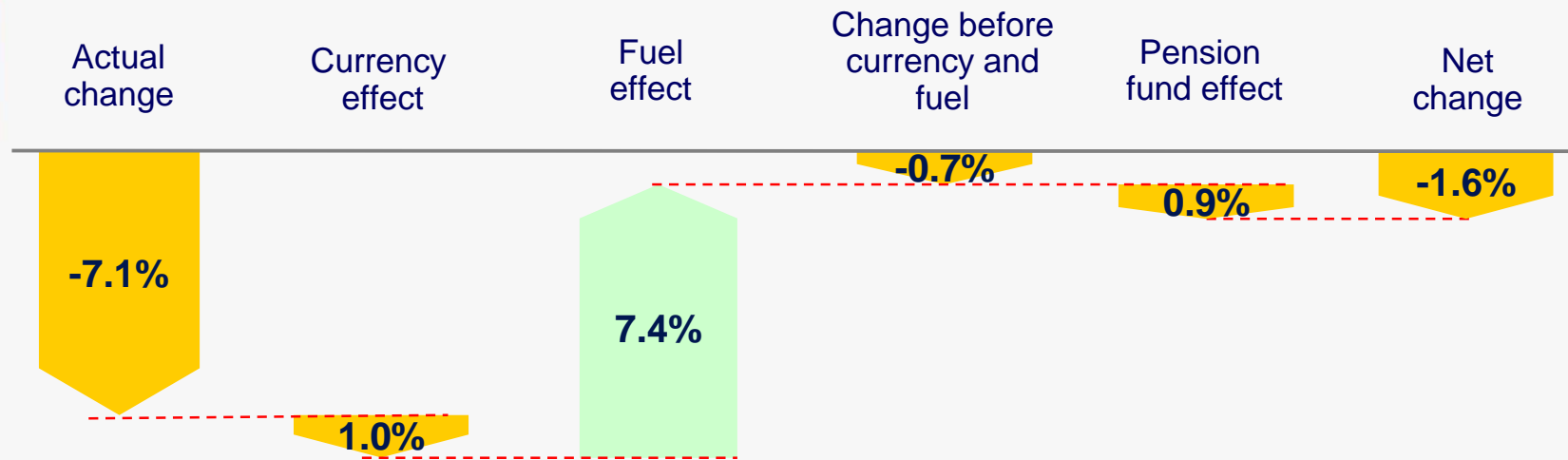
** Excl. pension fund impact

Unit costs in the first nine months

April-December 2009

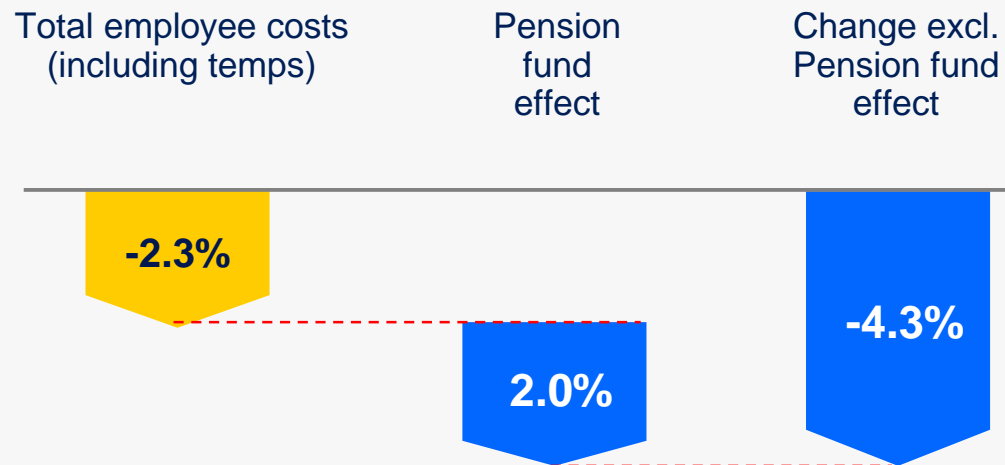
Unit cost per EASK: 6.11 €cts

EASK: -7.1%



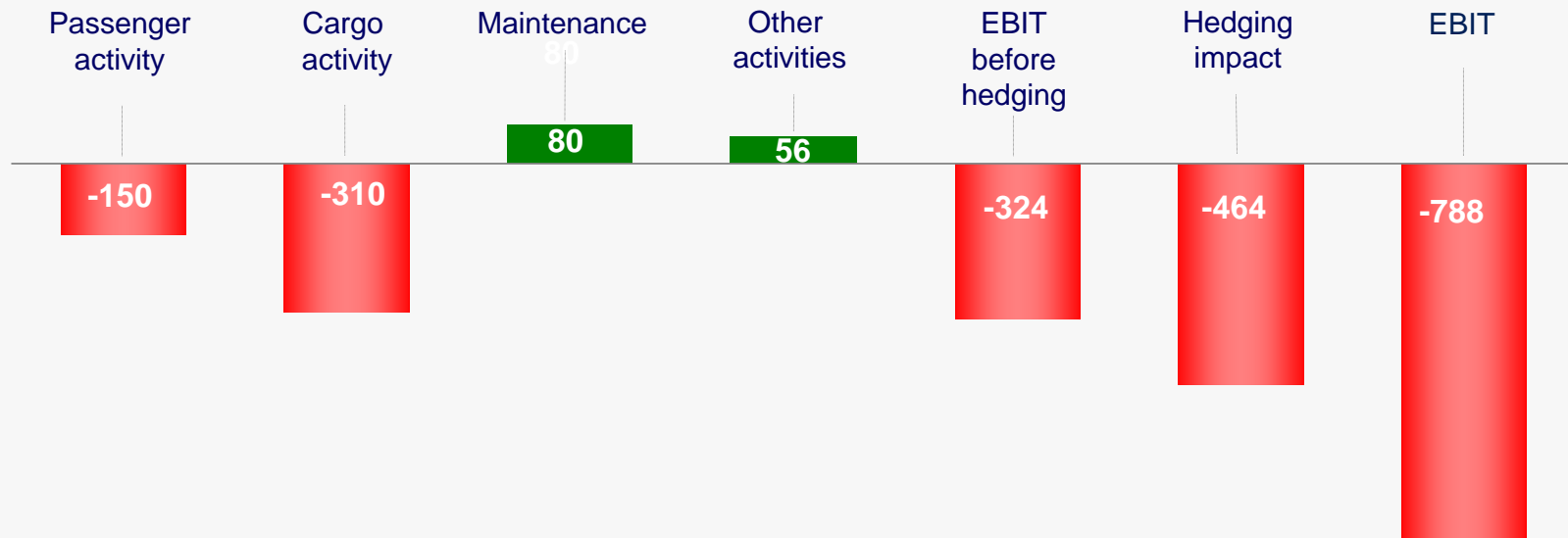
Total employee costs

April-December 2009



Analysis of 9 months operating result

April-December 2009
€ millions



Update on 'Challenge 12'

April-December 2009

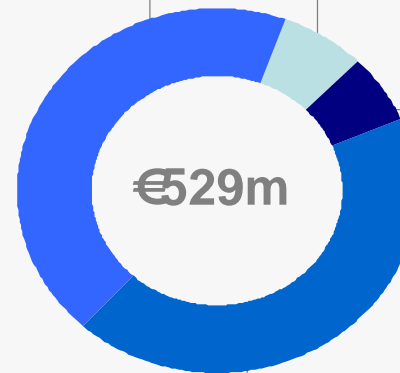
- + **€179m** in savings achieved in third quarter
- + **€529m** in savings achieved in the first nine months
- + Objective of **€700m** for FY 2009-10

Breakdown of savings over 9 months

Process & productivity: 43%

Fleet: 6%

Distribution costs: 7%

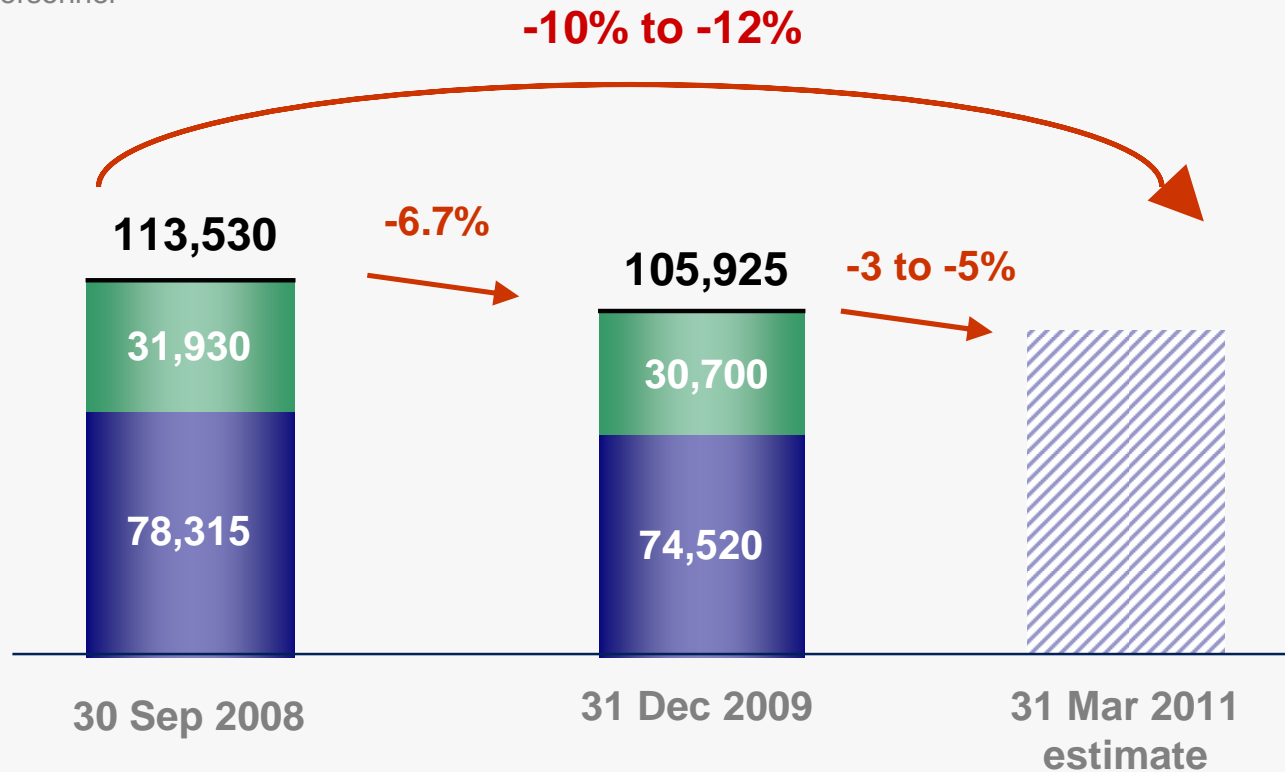


Procurement: 44%

Headcount significantly adapted since the onset of the crisis

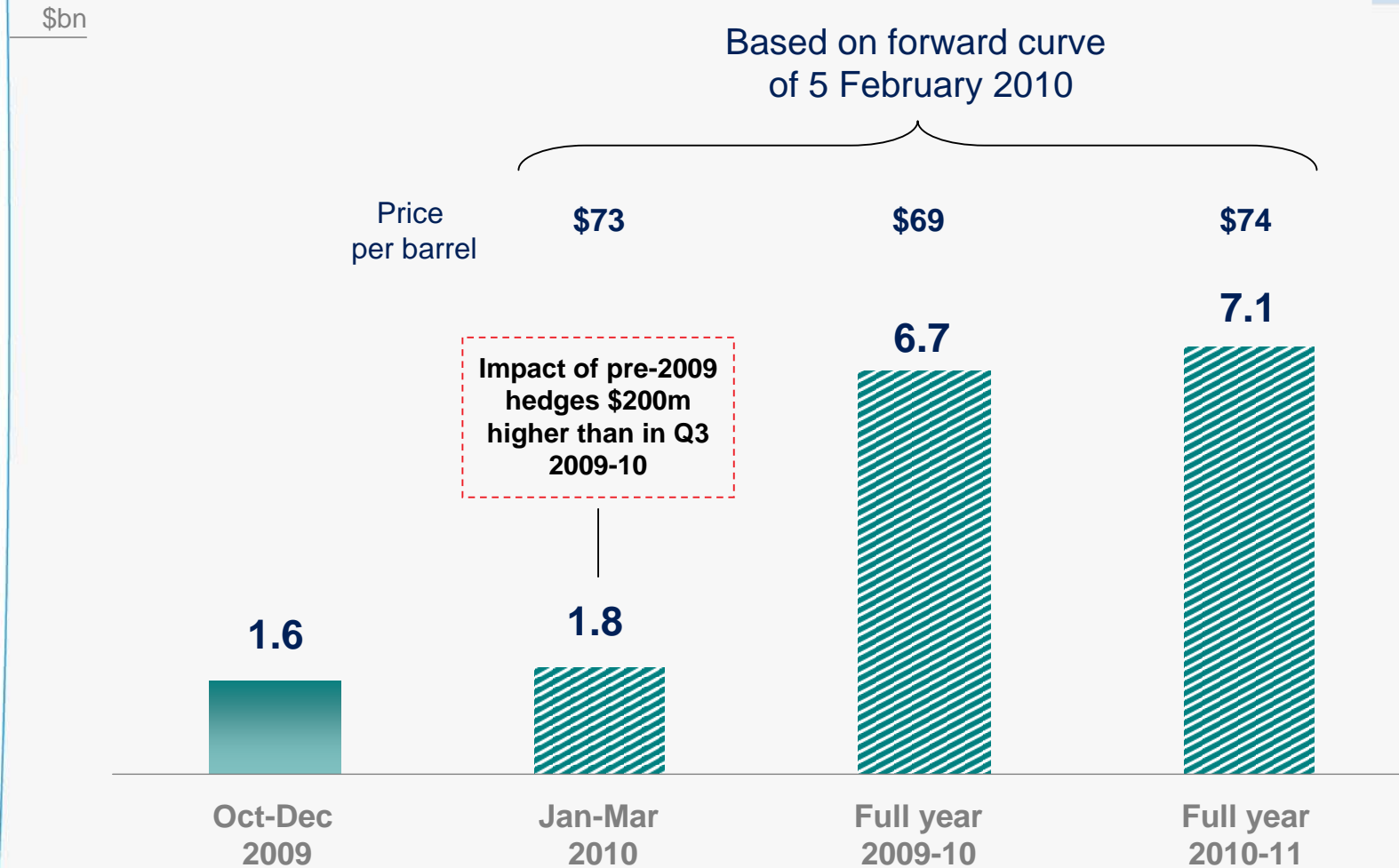
Equivalent full time employees

- Ground staff (incl. temps)
- Flight personnel



Voluntary redundancy plan (1,680 people)
progressing in line with expectations

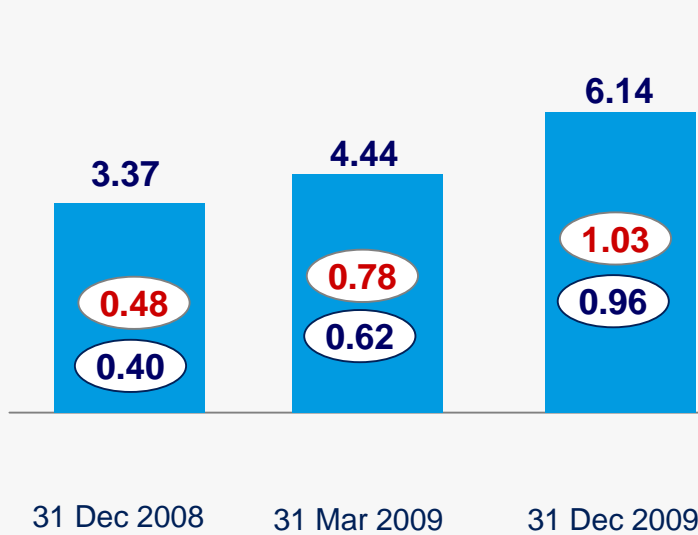
Update on fuel bill



Gearing ratio

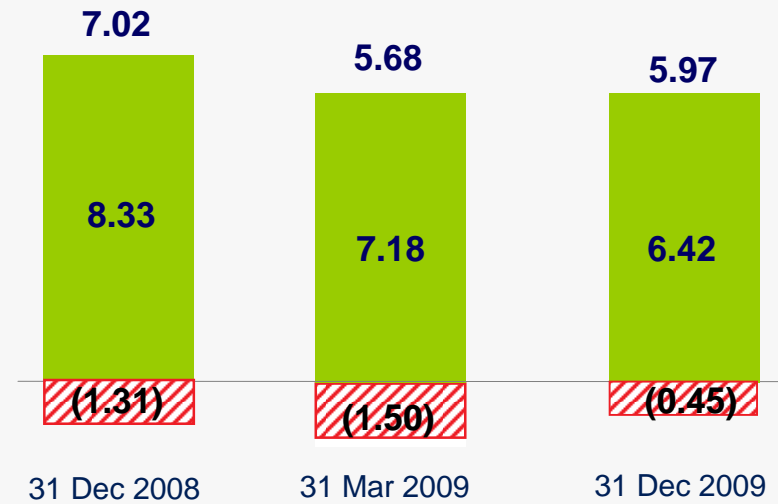
Net financial debt
(€billions)

- Net debt
- ⓧ Gearing ratio
- ⓧ Gearing ratio excluding hedging instruments



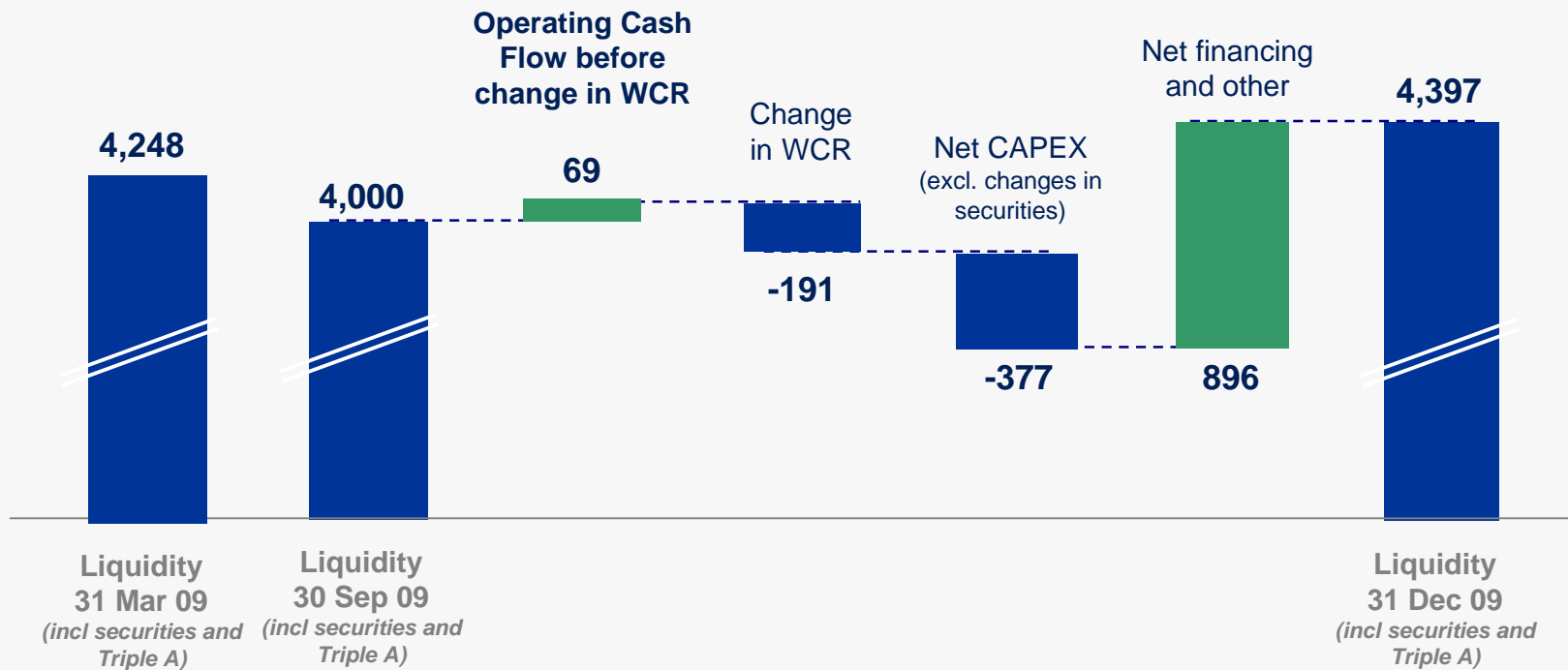
Shareholders' funds
(€billions)

- Shareholders' funds
- ▨ Hedging instruments



Stable liquidity position

€ millions

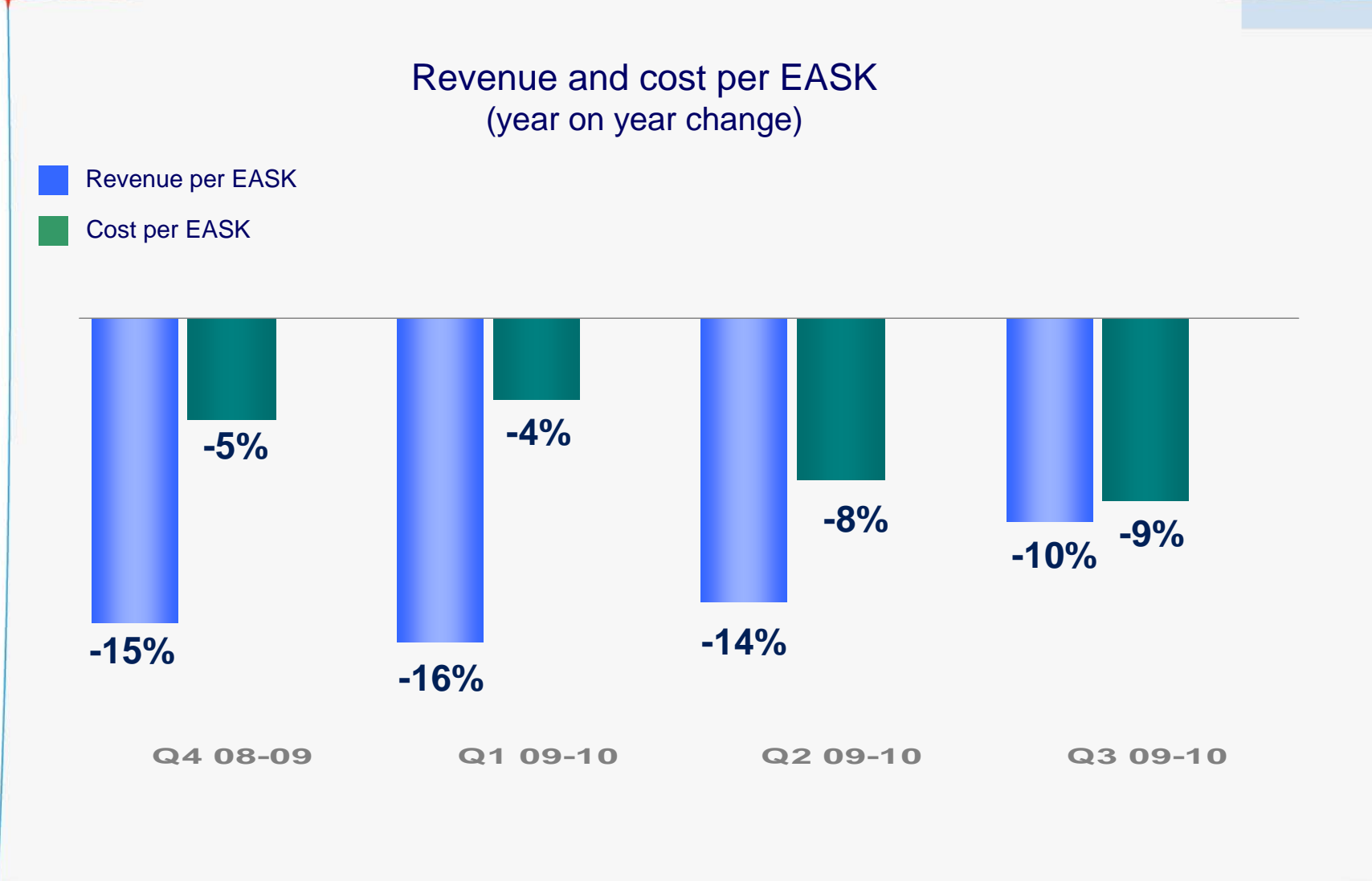


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Outlook

Pierre-Henri Gourgeon

Costs progressively adapted to revenue levels



2010-11 will benefit from adaptation measures underway

★ Enhanced competitiveness

- ▶ Medium-haul transformation: €500m in 2011-12, of which €350m in 2010-11
- ▶ Cargo restructuring: loss reduced by half in 2010-11, break-even in 2011-12
- ▶ North Atlantic joint-venture: operational since April 2009, €145m in 2011-12
- ▶ Headcount reduction, reinforcement of 'Challenge 12', and further synergies between Air France and KLM

★ New product roll-out

- ▶ Three A380s in service by Summer '10: €45m over full year
- ▶ 'Premium Voyageur' and 'Economy Comfort': €140m over full year, of which half in 2010-11
- ▶ New medium-haul offer rolled out on 1st April 2010

Outlook

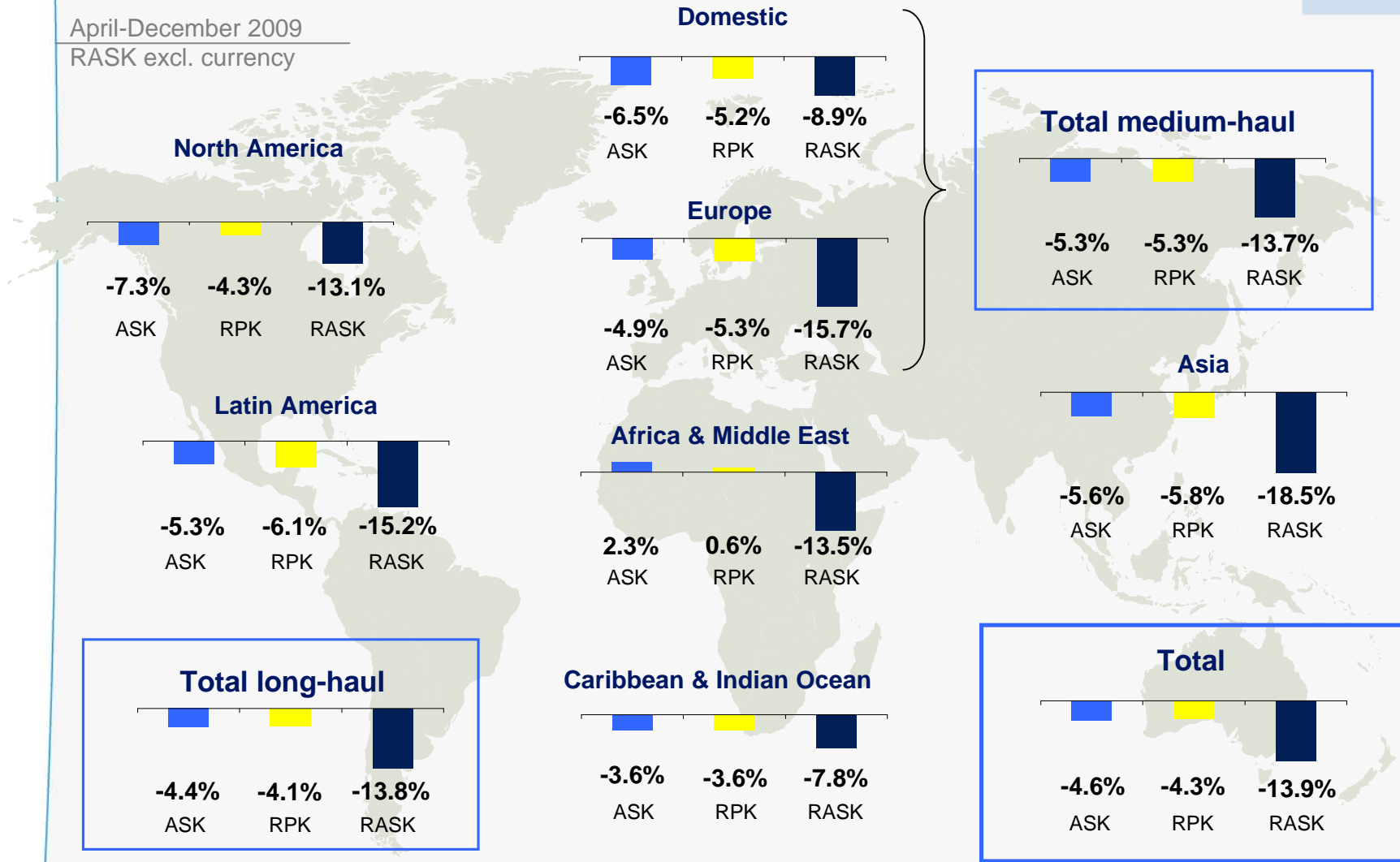
- ✦ 2009-10: Q4 operating result expected at similar level to last year, due to:
 - ▶ Lower capacity (passenger: -2%, cargo: -7%)
 - ▶ Later than expected pick-up in unit revenues
 - ▶ Fuel bill some \$300m higher than last year

- ✦ 2010-11: Objective of break even before impact of pre-2009 fuel hedges

Appendices

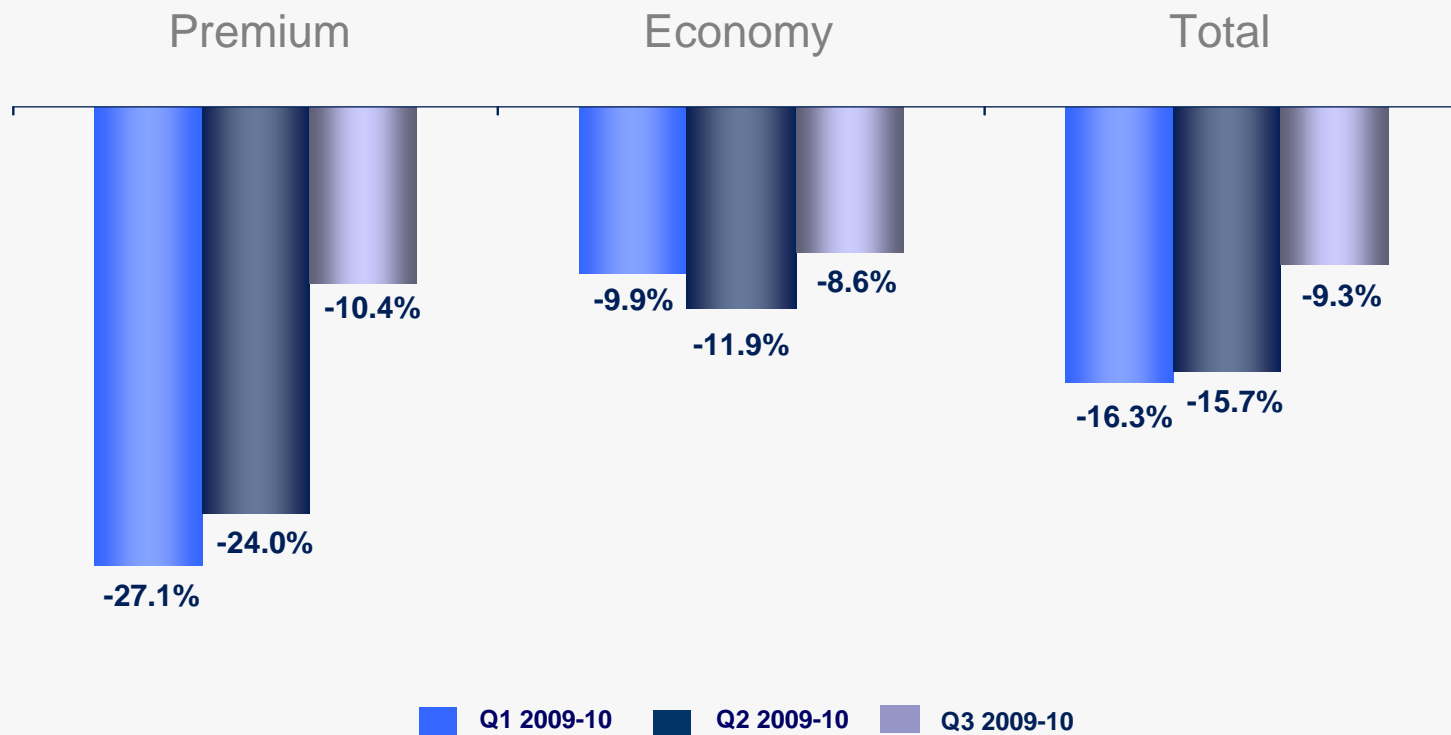
First Nine Months unit revenues

April-December 2009
RASK excl. currency



Year on year long-haul unit revenue trend

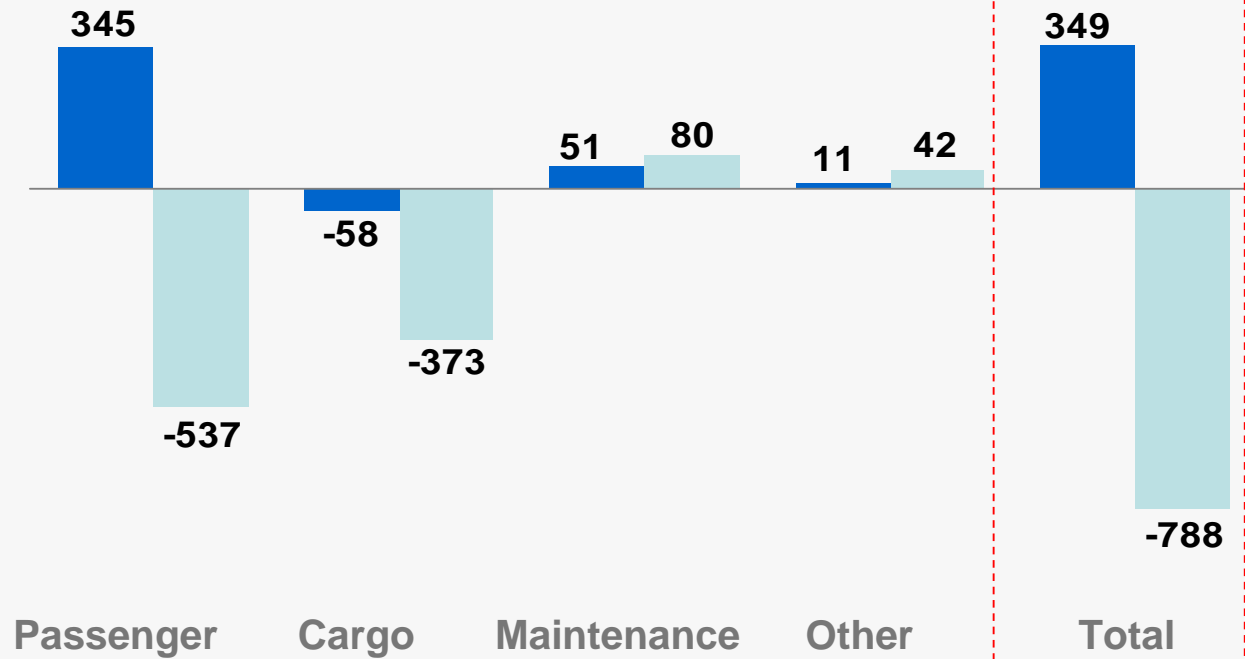
RASK excl. currency



Breakdown of operating income by business

April-December
€ millions

■ At end December 2008
■ At end December 2009



Calculation of net debt

In € millions

	31 Dec 09	31 March 09
Current and non-current financial debt	10,958	9,137
Deposits on leased aircraft	(486)	(496)
Currency hedging instruments	61	51
= Gross financial debt	10,553	8,692
Cash and cash equivalents	3,750	3,748
Cash deposits of over three months	378	430
Triple A deposits	312	352
Bank current accounts	(44)	(282)
= Net cash	4,396	4,242
Net financial debt	6,137	4,444
Consolidated shareholders' funds	5,968	5,676
Net debt / Equity	1.03	0.78
Net debt / Equity excl. hedging instruments	0.96	0.62

Reconciliation of Q3 2008-09 results

In € millions	Q3 2008-09	9m 2008-09
Published revenues	5,973	18,956
IFRIC 13 impact	(14)	(38)
Martinair impact	229	715
Restated proforma revenues	6,188	19,633
Published operating costs	6,167	18,511
Martinair impact	264	773
Proforma operating costs	6,431	19,284
Published operating income	(194)	445
IFRIC 13 impact	(14)	(38)
Martinair impact	(35)	(58)
Restated proforma operating income	(243)	349
Published pretax income of consolidated companies	(652)	(438)
IFRIC 13 impact	(14)	(38)
Martinair impact	(57)	(73)
Restated proforma pretax income of consolidated companies	(723)	(549)
Published income tax	203	(184)
IFRIC 13 impact	4	11
Martinair impact	8	18
Restated proforma income tax	215	213
Published net income, group share	(505)	(309)
IFRIC 13 impact	(10)	(27)
Martinair impact	7	4
Restated proforma net income, group share	(508)	(332)