AIRFRANCE KLM

Investor day

11 September 2014

PERFORM 2020

Agenda

Setting the new ambitions	Alexandre de Juniac
Operational review	
Passenger hub activity	Alexandre de Juniac
Point-to-point passenger activity	Frédéric Gagey
Transavia *Q&A session*	Bram Gräber
Break	
Cargo	Camiel Eurlings
Maintenance *Q&A session*	Franck Terner
Financial framework	Pierre-François Riolacci
Conclusion	Alexandre de Juniac
Q&A session	
Lunch	
Afternoon: visit of Air France exhibition at Grand Palais	


AIRFRANCE KLM
Setting
the new ambitions
PERFORM 2020

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 ☑

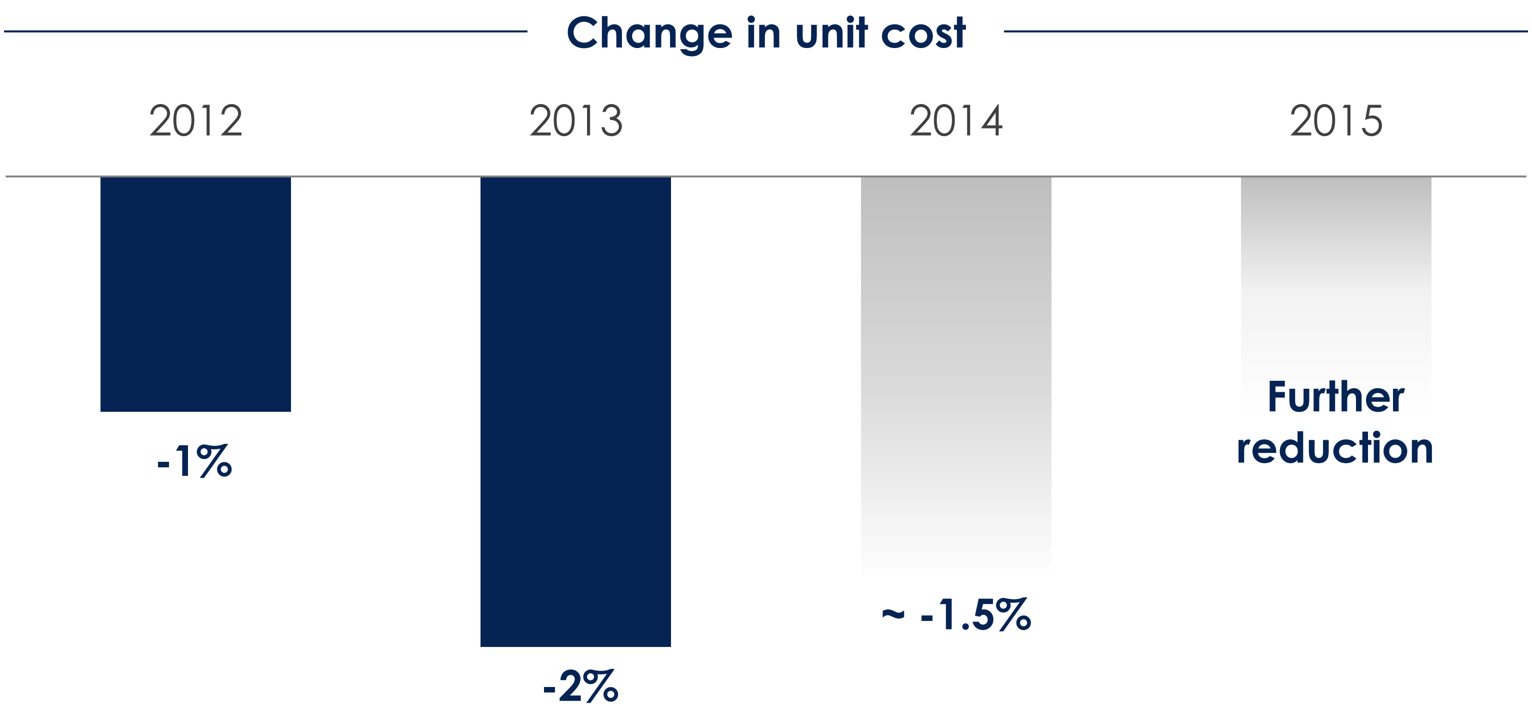
- Upscaling of long-haul offer through investment in product and new partnerships
- Short and medium-haul restructuring well underway
- Full-freighter activity significantly downsized

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

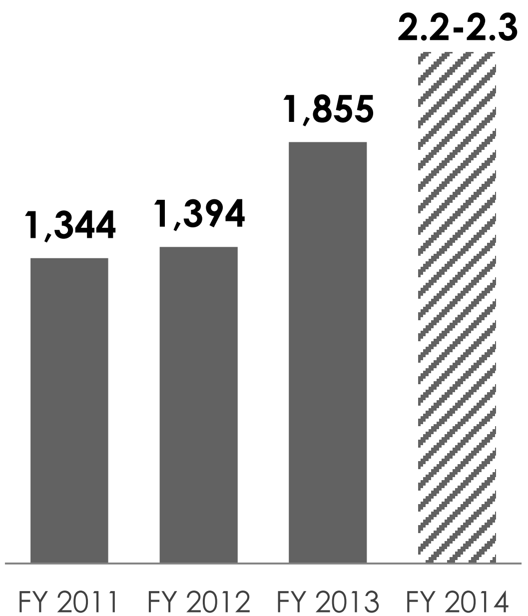


Annual costs reduced by over €1 billion in 3 years

… leading to a strong improvement in profitability and financial situation

Full Year EBITDA

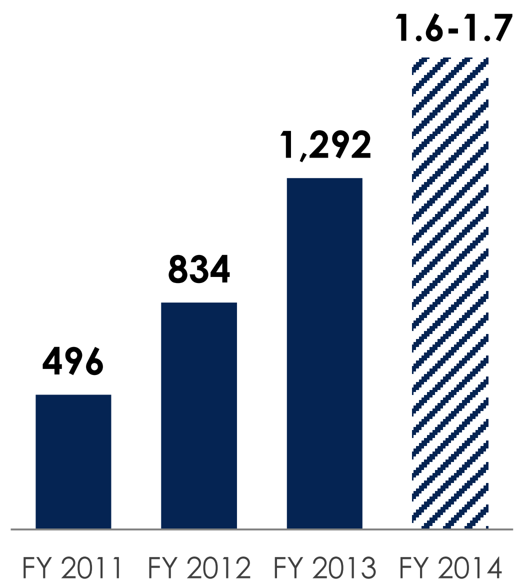
(€m)



FY 2014 vs FY 2011:
~€900m increase

Full Year Operating cash flow

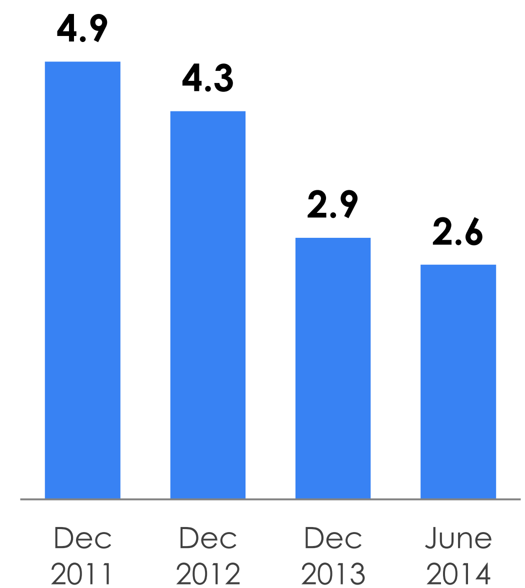
€m, before change in WCR and Voluntary Departure Plans



FY 2014 vs FY 2011:
~€1.2bn increase

Net debt/EBITDA ratio

sliding 12 months



June 2014 vs Dec 2011:
almost halved

Agenda

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A 5-year plan towards a strengthened enterprise model

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

Financial strength
Profitability
Investments

Employees
A committed workforce participating in the success of the group

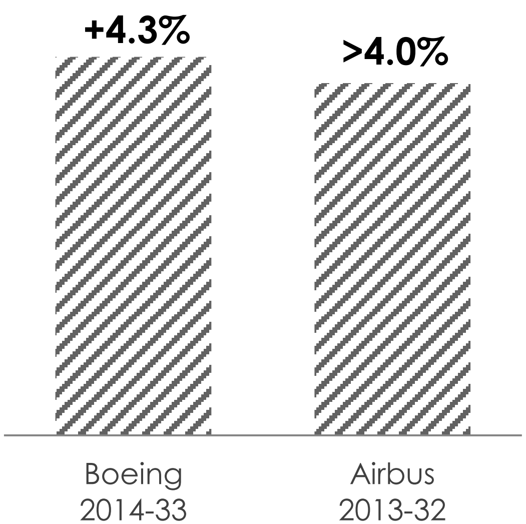
Shareholders
A de-risked group profile, delivering consistent growth and value for shareholders

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

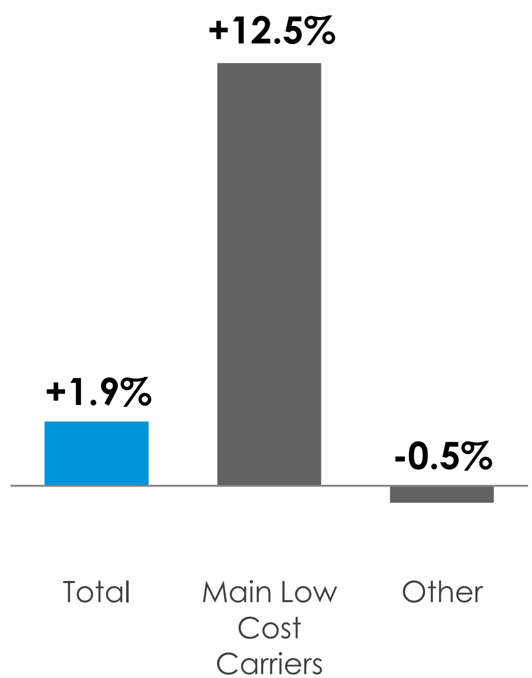
…but growth opportunities exist in our markets

Long-haul travel demand to/from Europe



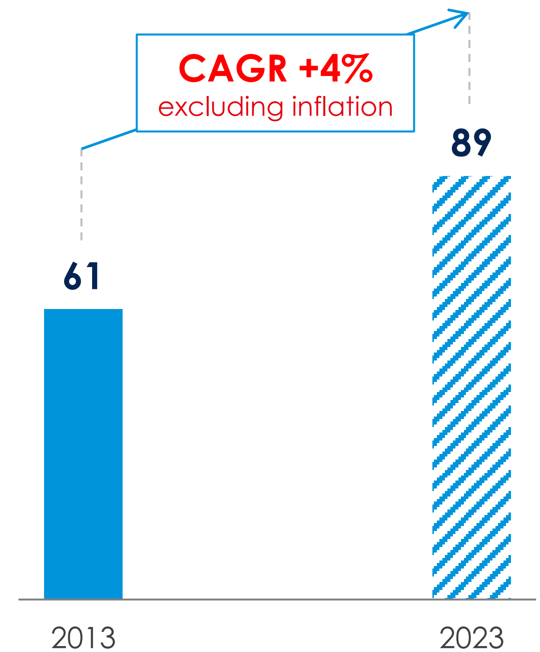
Short and Medium-Haul traffic within Europe

(2007-2013)



Maintenance

(total market in $bn)



Sources: Boeing, Airbus, Eurostat, Financial reports, SH&E

Air France-KLM will build on its strengths

Network

- Broadest 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

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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

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- 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

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Operational review

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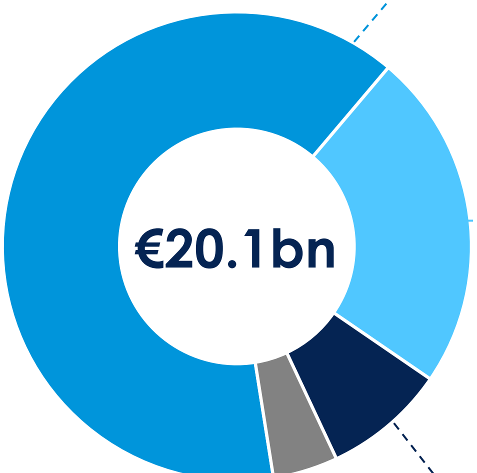
♦ Passenger hub business	Alexandre de Juniac
♦ Point-to-point activity	Frédéric Gagey
♦ Transavia development	Bram Gräber
♦ Cargo restructuring	Camiel Eurlings
♦ Maintenance	Franck Terner

Reminder: three operating platforms for passenger air transportation



	Traffic revenue (2013, €bn)	Operating profit (2013, €m)
Long-haul AIRFRANCE KLM	12.8 *64%*	+800m
Short & medium-haul hub feeding AIRFRANCE KLM	4.7 *23%*	-400m
Point-to-point AIRFRANCE HOP!	1.7 *9%*	-220m
Transavia transavia.com	0.9 *5%*	-23m

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Passenger hub business

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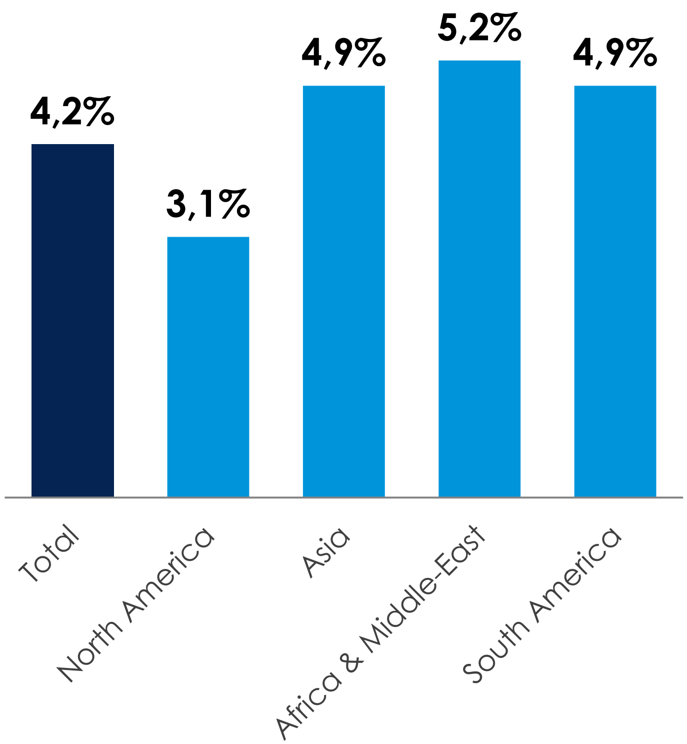
Well-positioned to benefit from structural growth in long-haul demand

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



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

AIRFRANCE HOP! KLM transavia

- 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

AIRFRANCE

- Caring
- High quality
- Pleasure

KLM

- Friendly
- Reassuring
- Dutch openness

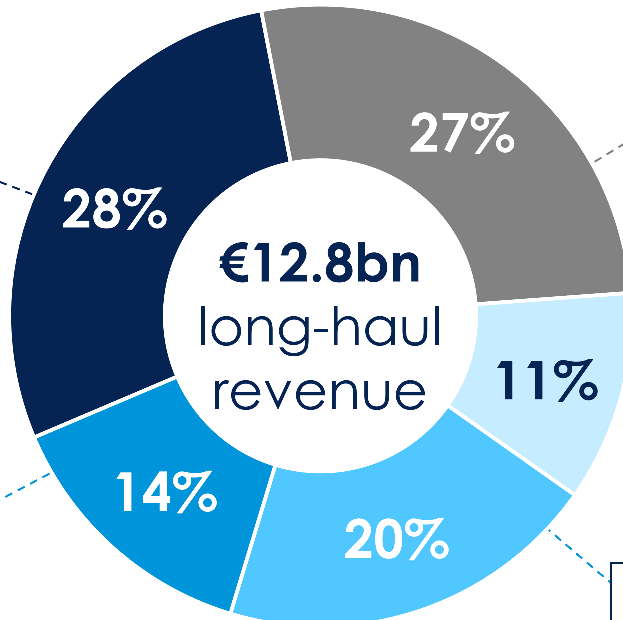
Broader access to growth thanks to balanced long-haul network with significant exposure to higher growth markets

North America

#1[(1)]	25[(1)]
Market position	Destinations

Asia-Pacific

#2	23
Market position	Destinations



Caribbean & Indian Ocean

#1	14
Market position	Destinations

Latin America

#2	11
Market position	Destinations

Africa & Middle-East

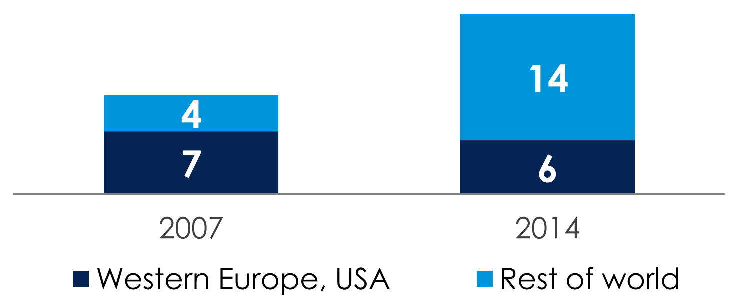
#1	46
Market position	Destinations

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

Developing long-haul partnerships in Asia-Pacific

- 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

SkyTeam members



Long-haul strategic partners

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

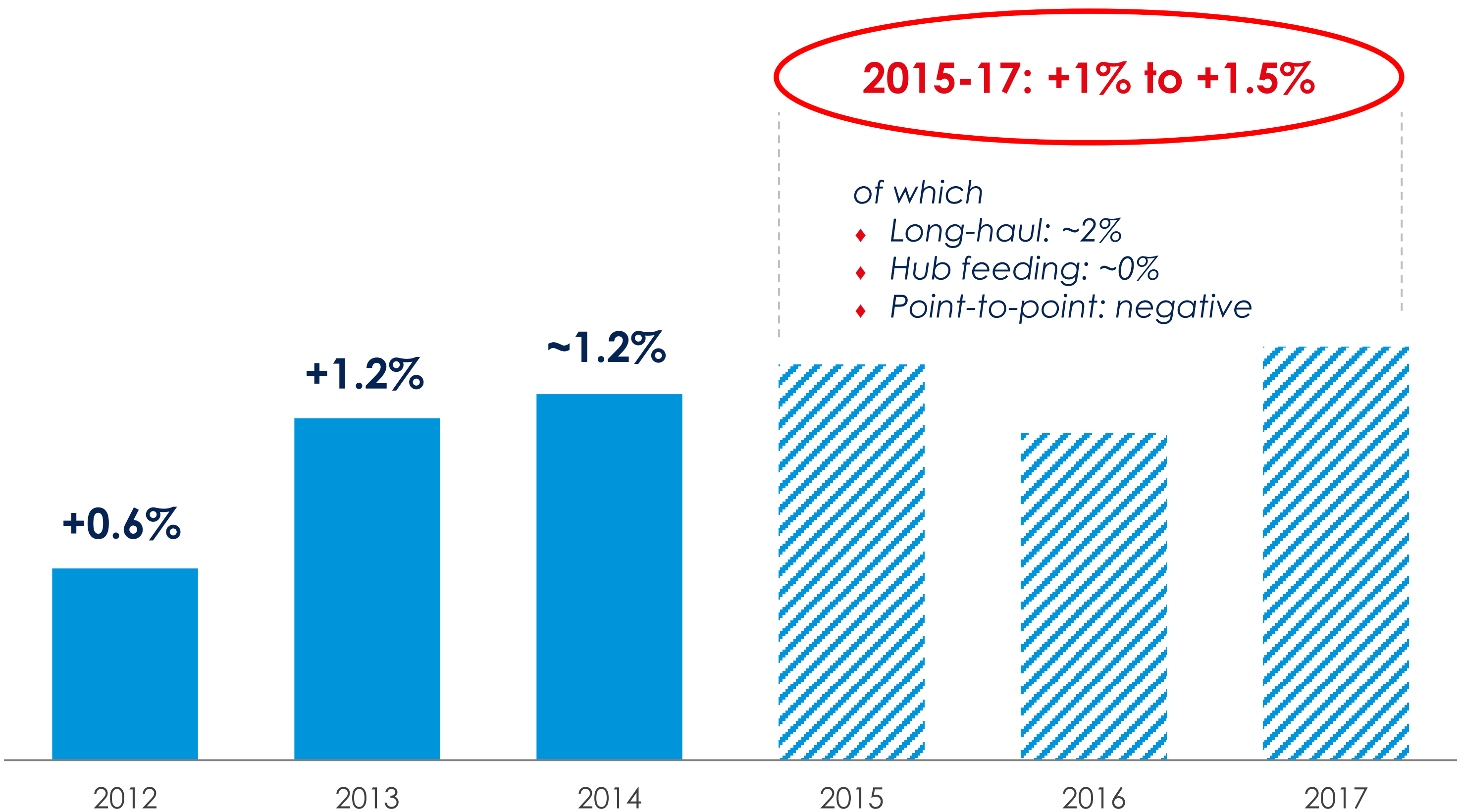
- Further efficiency initiatives
  - Adaptation of staffing to increased seasonality
  - "Avenir du hub" project including simplification of processes at CDG
  - Deployment of e-services/self-service
  - New medium-haul fleet densification project at CDG

- Stronger relationship with hub airports
  - To achieve further efficiency and improved customer experience

Maintaining ongoing capacity discipline

Capacity growth plan – passenger business

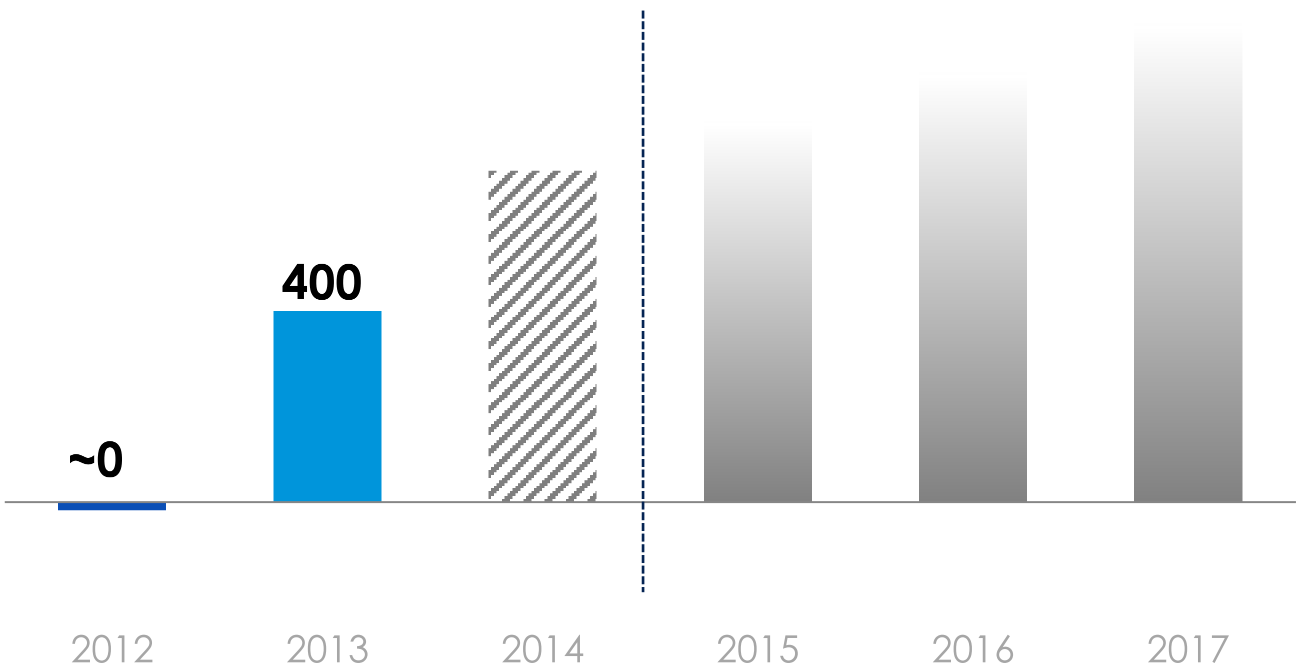
Change in passenger capacity



Perform 2020: further improvement in hub profitability

€ million

Hub(1) operating result



(1) Long-haul + short and medium-haul hub feeding

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Restructuring Air France's point-to-point network

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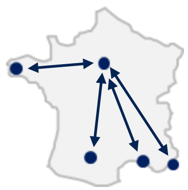
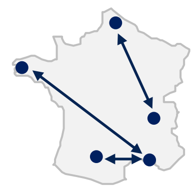
Air France's point-to-point network: a significant asset

- 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



77% Market-share Orly-Regions



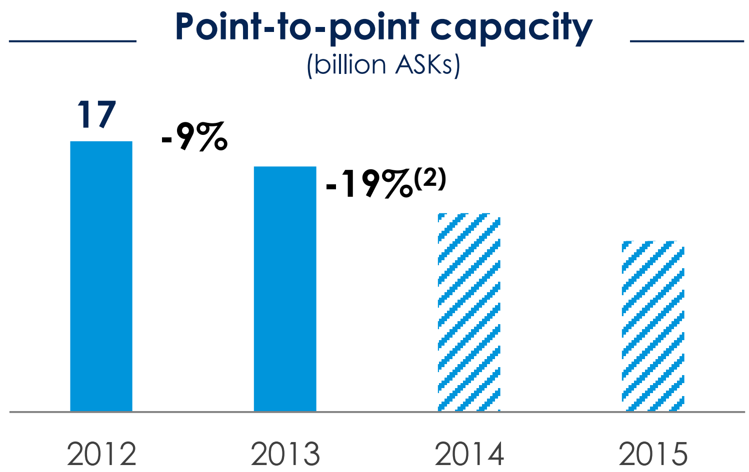
50% Market-share Inter-regional

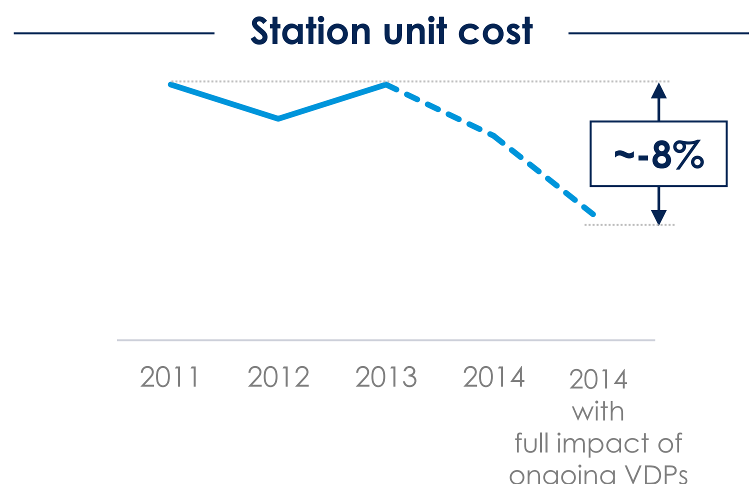
- Large customer base and dense network are key
  - Direct access to customers throughout France
  - Complete corporate offering, increased efficiency of the loyalty program
- A challenging, constantly changing, market
  - High-Speed Train development, LCC ambitions in France, car-pooling
  - Tools and 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[1]
  - Strong reduction of station unit cost despite lower activity
- Voluntary Departure Plans
  - Point-to-point FTEs in 2015: -14%[3] vs 2012





(1) Overall short and medium-haul
(2) Including impact of sale of CityJet
(3) 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

+5,8% **Point-to-point RASK ex currency** (H1 2014 vs. 2013)

+11% pass holders

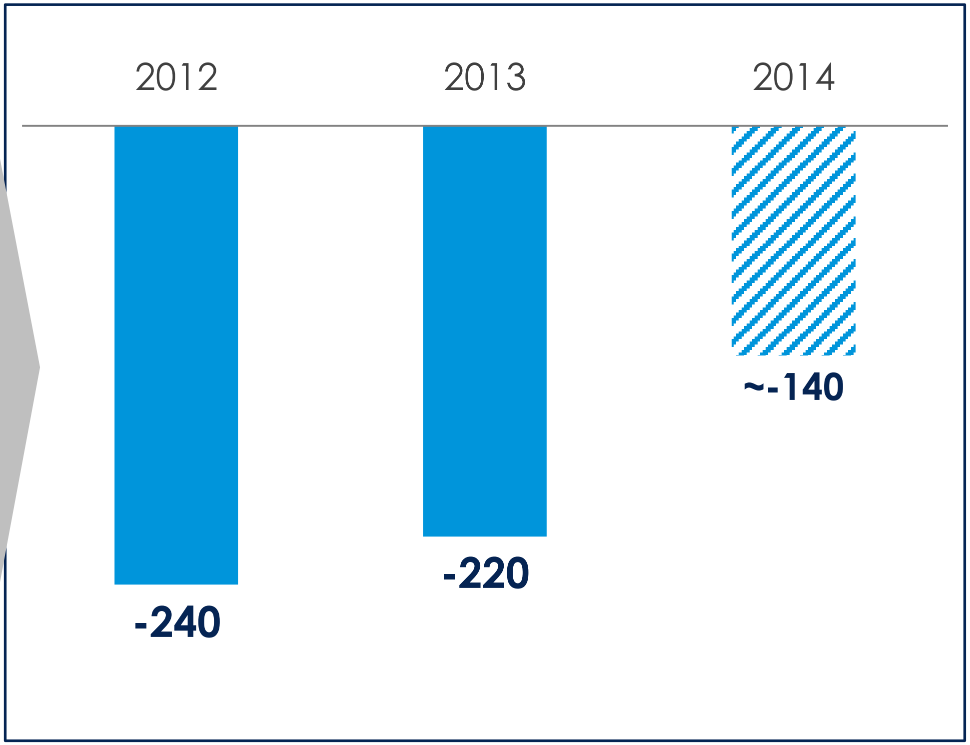
Transform 2015: strong improvement in point-to-point operating result

Transform 2015

- **Network optimization**
- **Cost reduction**
- **Commercial initiatives**

Point-to-point operating result

(Air France + HOP, €m)



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

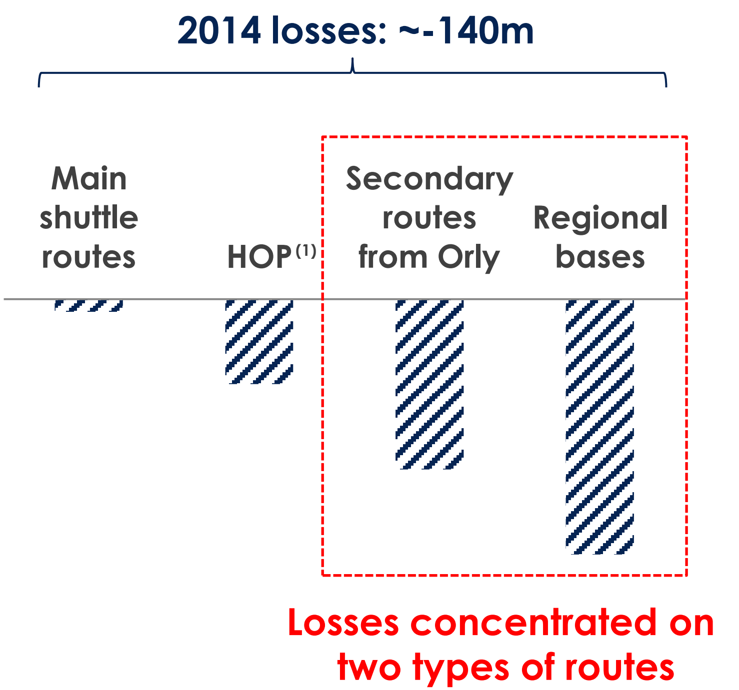
- Further expand Transavia on the leisure segment, first Orly-Europe, second Province-Europe

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
(€m)

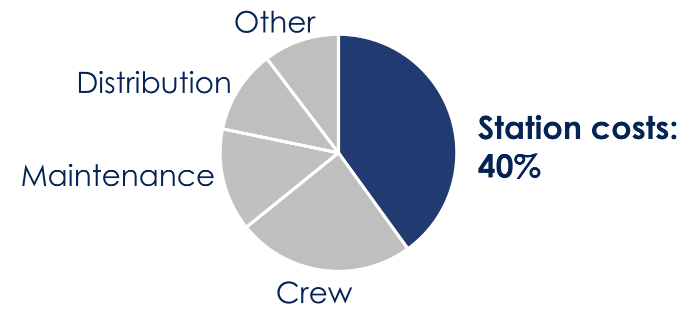


(1) Point-to-point only

Second lever: cost reduction, with a focus on stations

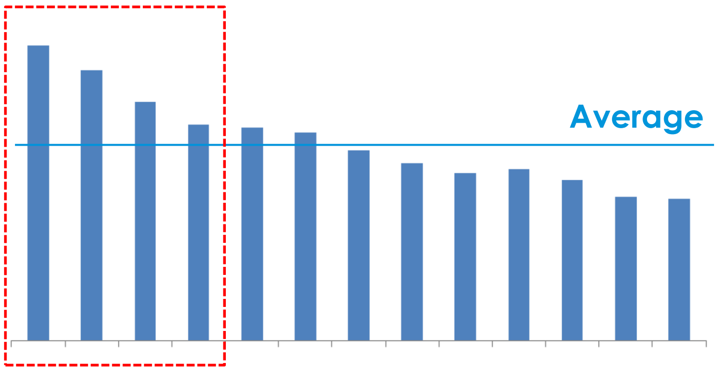
- Rationalize processes
  - Working hours, back offices…
- Take additional measures to adapt to seasonality
- Develop subcontracting
  - Subcontracting is an efficient way to reduce operating costs
  - The most efficient stations have already introduced partial subcontracting

Point-to-point manageable cost structure



Station costs range

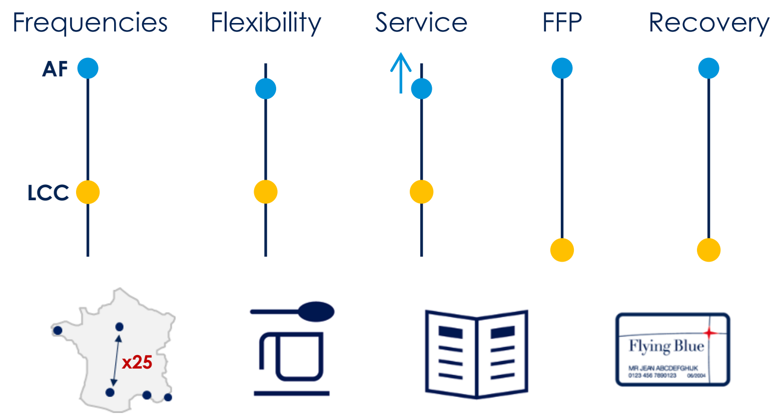
(€ per turnaround, Average = 100)



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

AF "value for money" vs. LCC



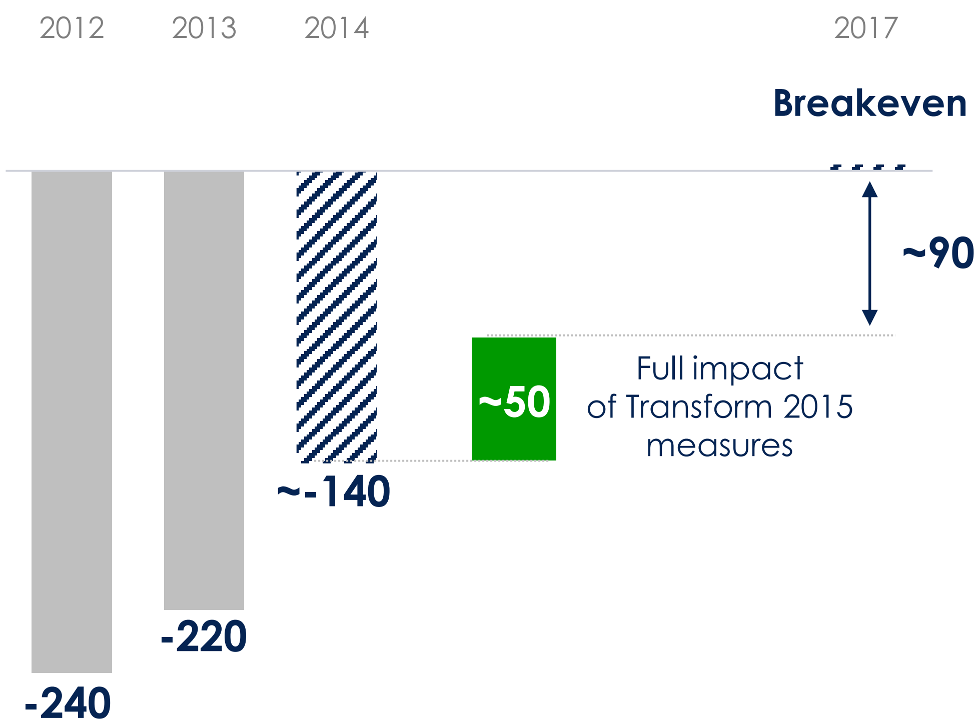
Fourth lever: re-organize Air France point-to-point and HOP

- 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)



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AIRFRANCE KLM HOP! transavia AIRFRANCE INDUSTRIES KLM Engineering & Maintenance AIRFRANCE KLM CARGO Martinair cargo SERVAIR

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

Breakeven in 2017 and profitable beyond

Capturing growth in the European leisure market

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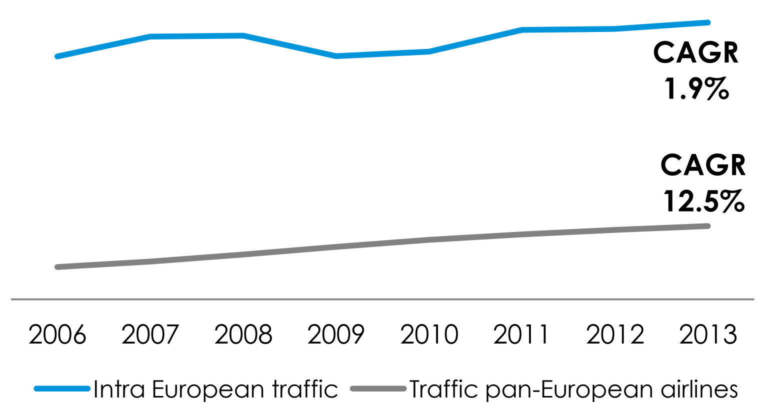
Leisure market in Europe: growth and fragmentation

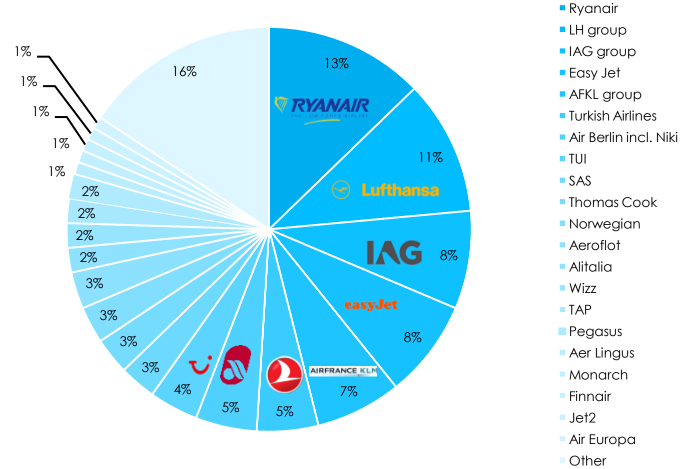
- European point-to-point demand growing
- Growth mainly benefiting low cost carriers
  - CAGR European market +2% versus Pan European low cost carriers ~+12.5%
- Market remains fragmented

European traffic development(1)

2006-2013



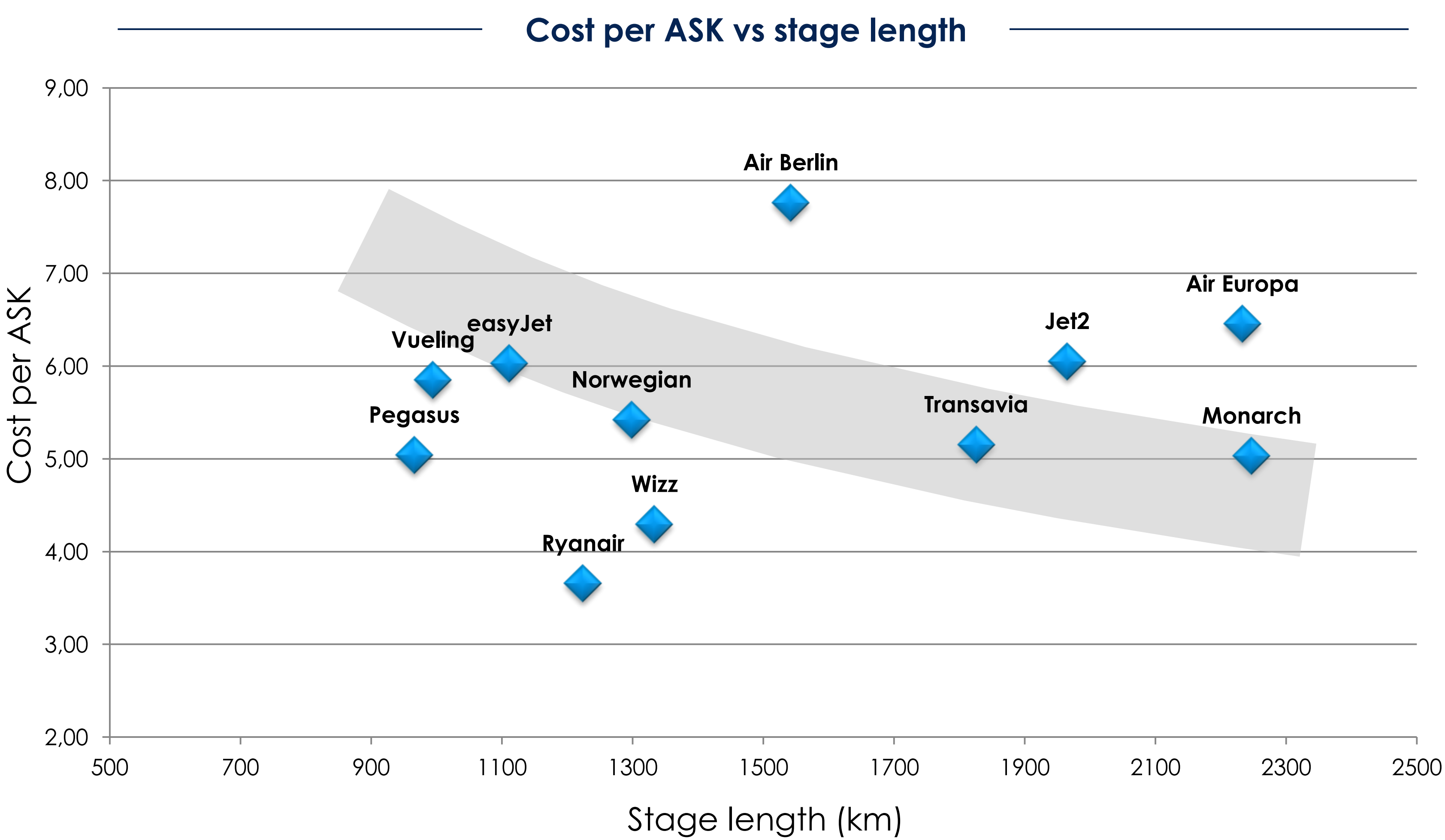
Intra European market shares(2)



(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

AIRFRANCE KLM HOP!

Leisure/price driven segment

- Route driven, point-to-point
- Simple, transparent offer, at sharp prices
- Options at a fee
- Direct distribution

transavia.com

Positioning is mature, as a “pleasant low fare plus”

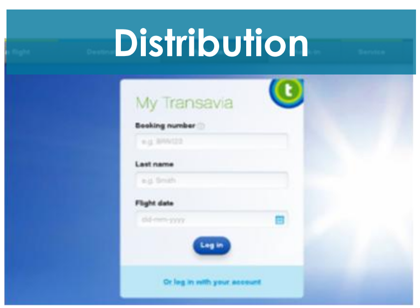
Product

- 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

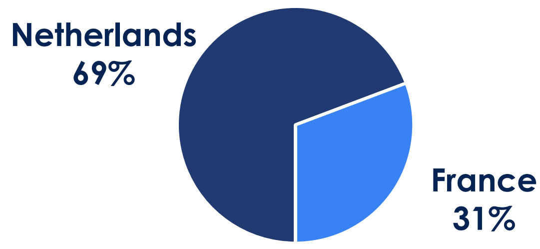
➔ **High level of customer satisfaction**
Successful ramp-up of Transavia in France

(1) June 2014

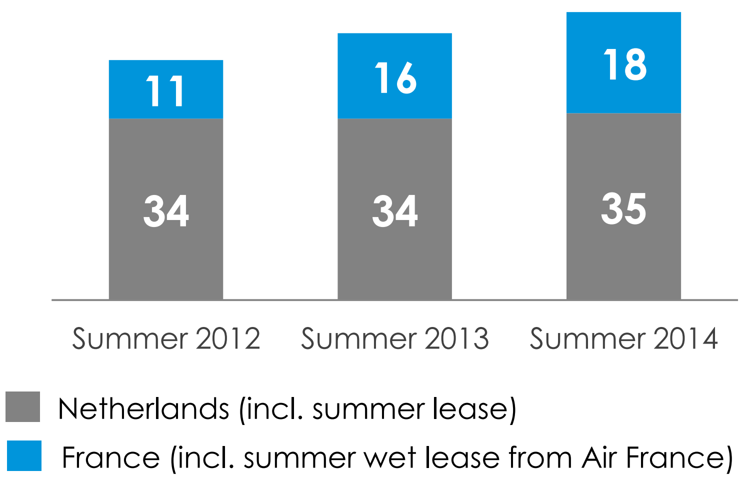
Transavia: A leader in the Netherlands, on track to become number one international airline at Paris-Orly by 2016

- ~2,000 employees
- 200 routes with 870 weekly frequencies to 85 destinations(2)
- 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(1)



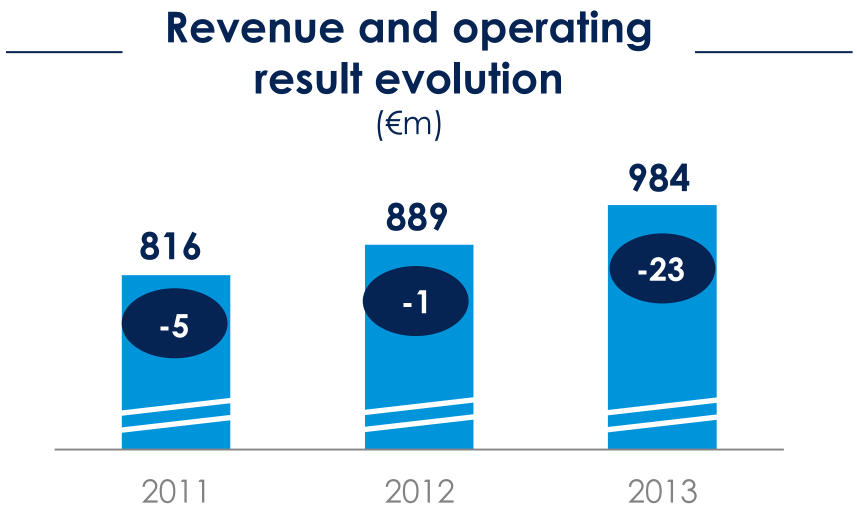
Transavia fleet
(number of aircraft)

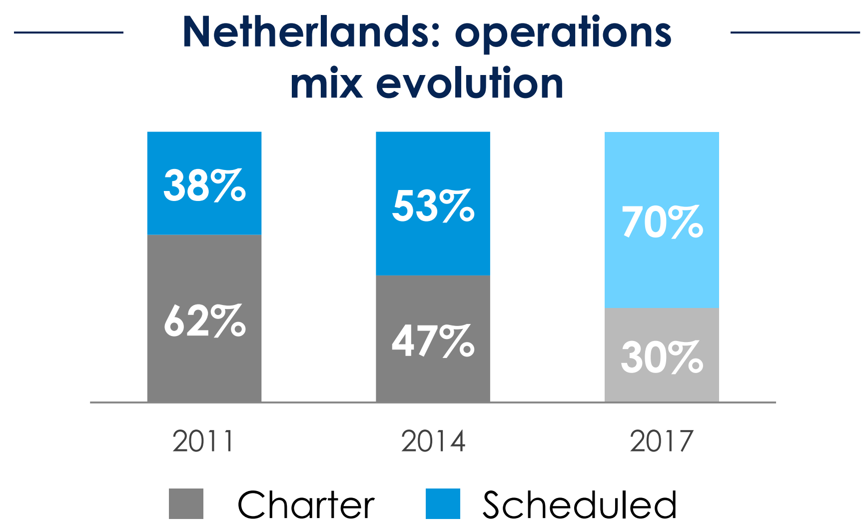


(1) 2014 target
(2) July 2014

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





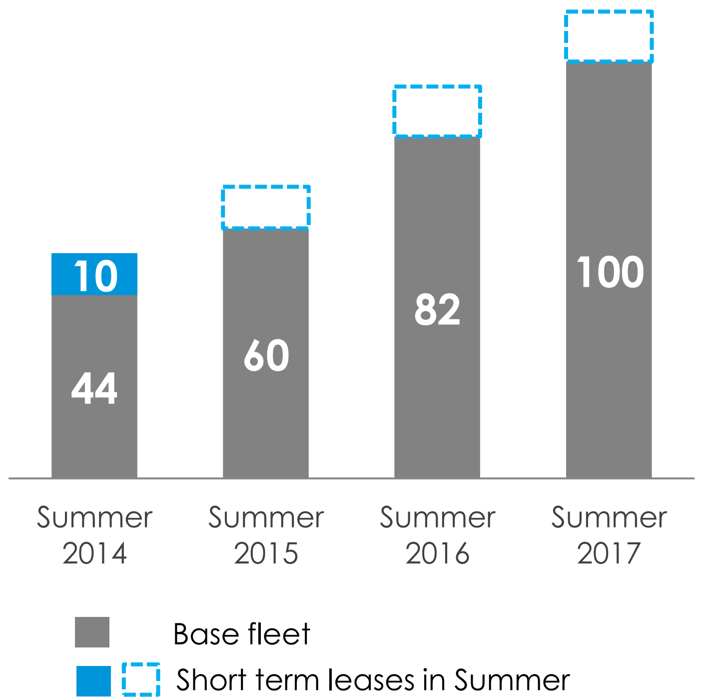
Moving to a more pan-European scale

- ☑ 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)

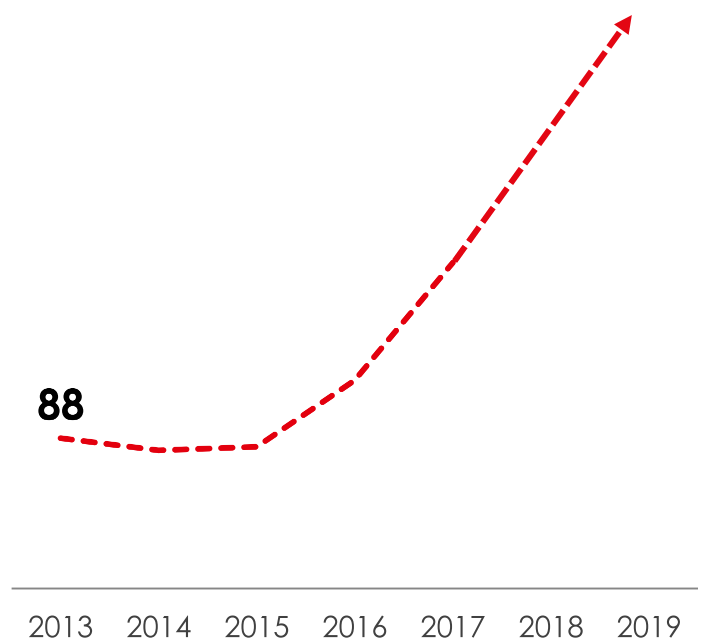


Transavia in 2017: a solid footprint in the fast growing leisure market, targeting profitability by 2018

- 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

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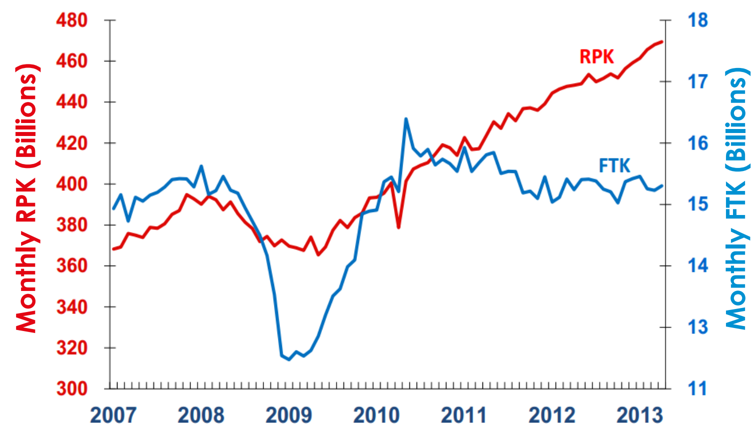
Cargo faces a weak market with structural overcapacity

- 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

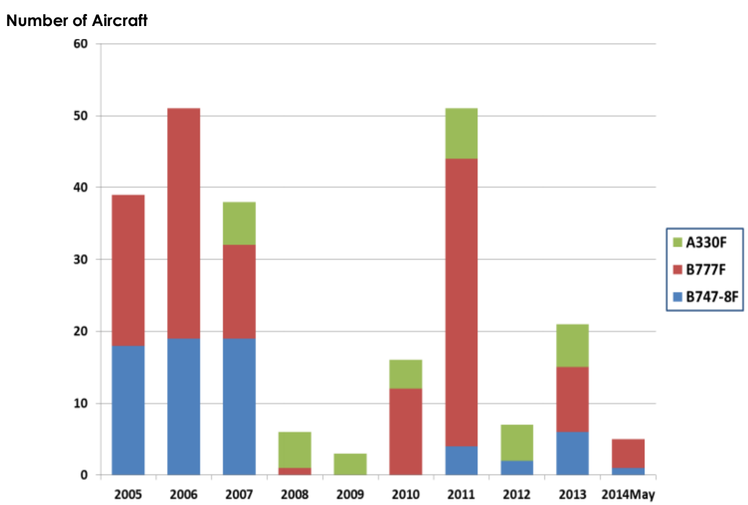
Full-freighters remain effective on niche routes and products, and to support belly business

Air freight and passenger volumes

(Seasonally Adjusted)



Orders for Large Freighters

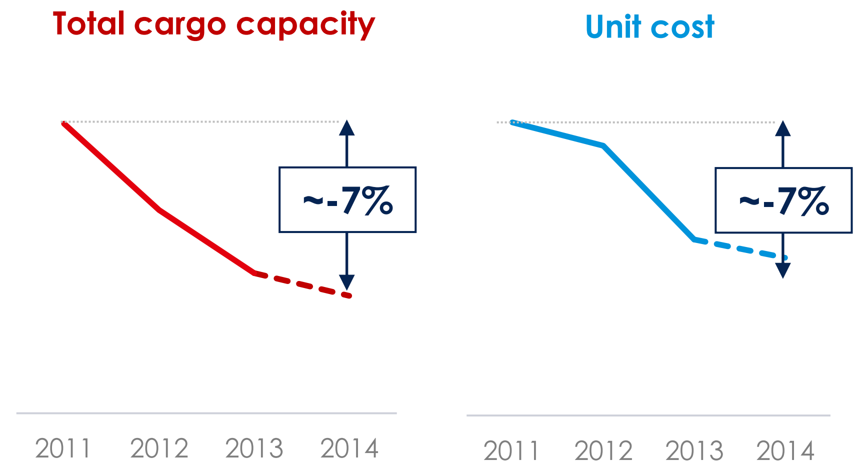


Transform 2015: significant fleet and unit cost reduction

- 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

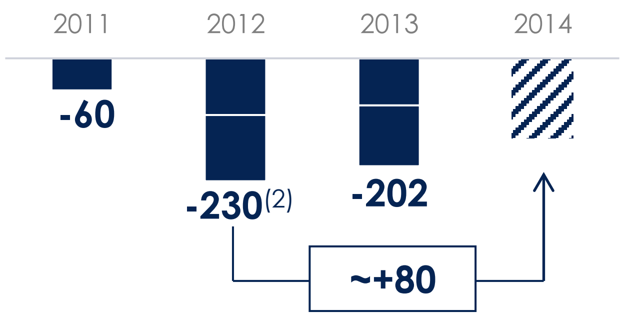
Reduction in fleet and costs insufficient to offset weak revenues

Cargo capacity and unit costs[1]



Operating Income

(€m)

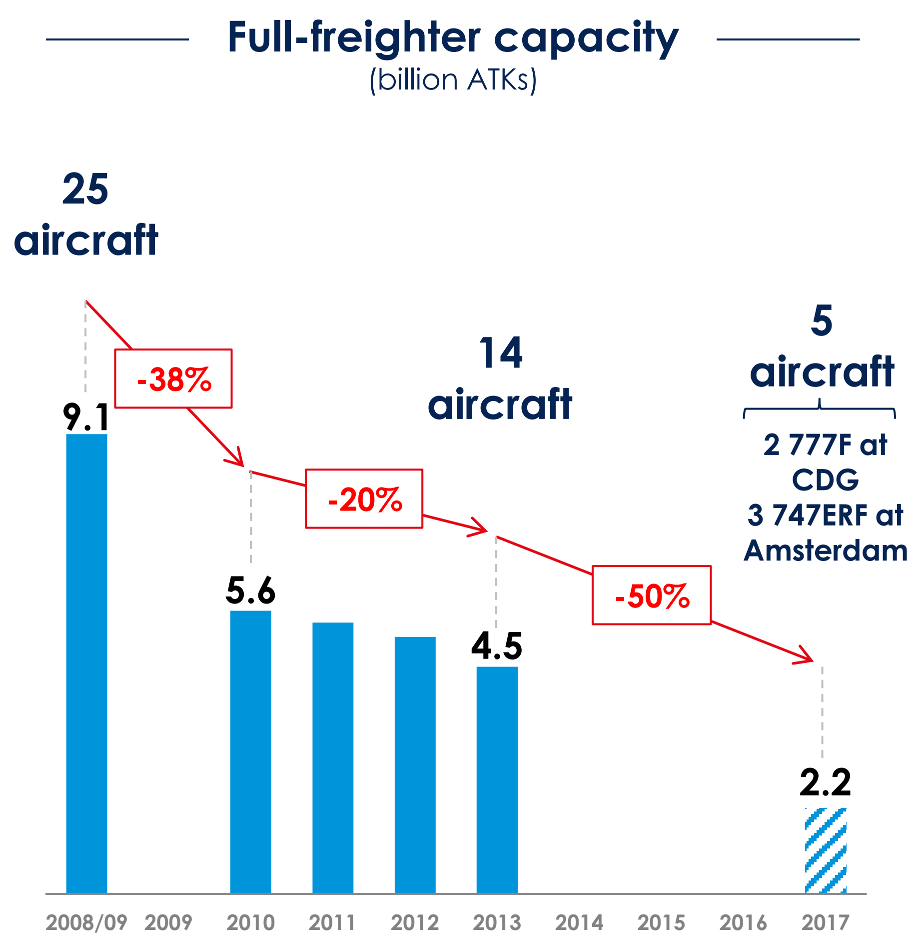


(1) At constant currency
(2) Pro forma IAS19R

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



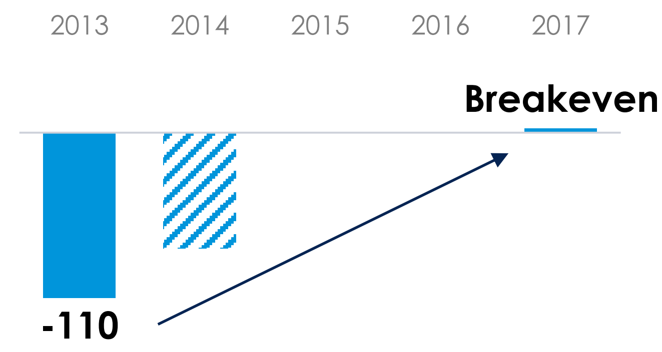
…ensuring return to full-freighter profitability by 2017

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

Full-freighter operating result
(€m)



2017 planned cargo capacity mix

AIRFRANCE KLM

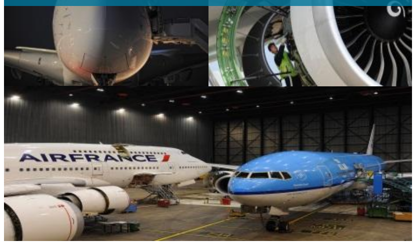
Capturing growth in Engineering & Maintenance

PERFORM 2020

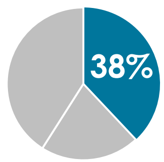
Worldwide Maintenance, Repair and Overhaul (MRO) market: three segmented businesses…

Market size[1]

Airframe



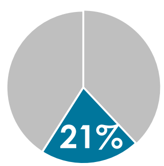
$23bn



- Three segments: line maintenance, heavy maintenance, modifications
- Majority of heavy maintenance now performed in lower labor cost countries (labor: 70% of costs)
- Long-term growth: ~3% excluding inflation[1]

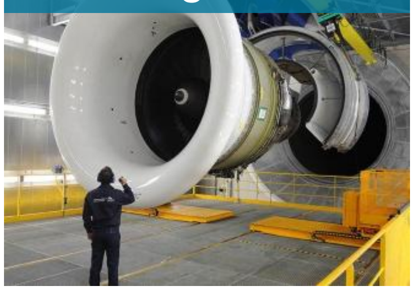
Components

$13bn

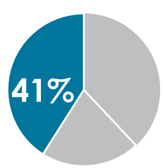


- Service business: supply chain and repair
- Requires large investments in inventories and tooling
- Long-term growth: ~4% excluding inflation[1]

Engines



$25bn

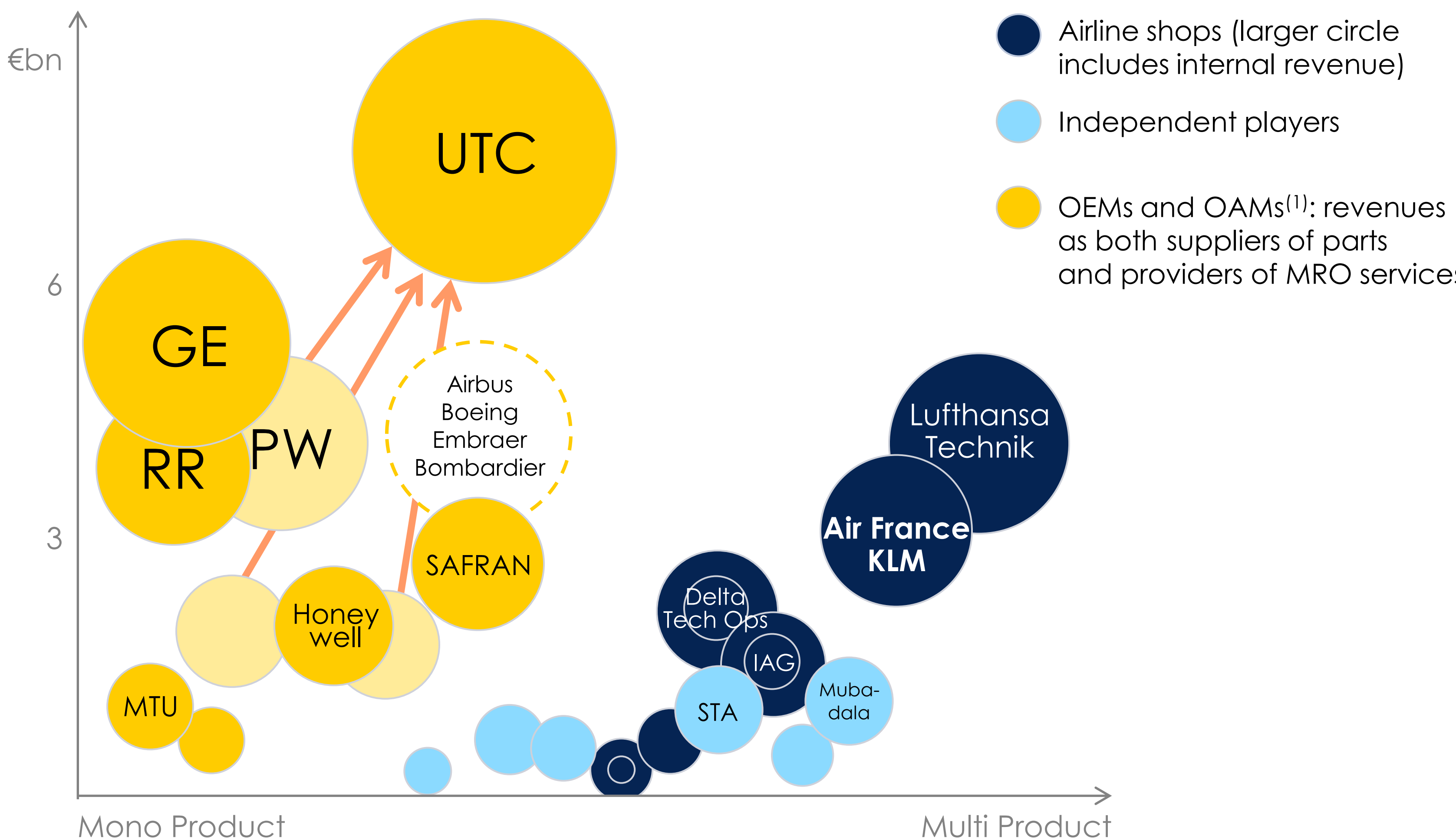


- Parts represent 80% of cost
- Long technology cycles
- 10 year+ contracts
- Requires large investments in facilities and training
- Long-term growth: ~4% excluding inflation[1]

(1) 2013, source: SH&E

…addressed by three types of players

MRO providers by revenues and product scope



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

Consolidation is ongoing in the aviation industry, also in MRO

AF + KL

Iberia + BA

LH + Austrian

Delta + Northwest

LH + Swiss

United + CO

Avianca + Taca

AA + US

LAN + TAM

EasyJet

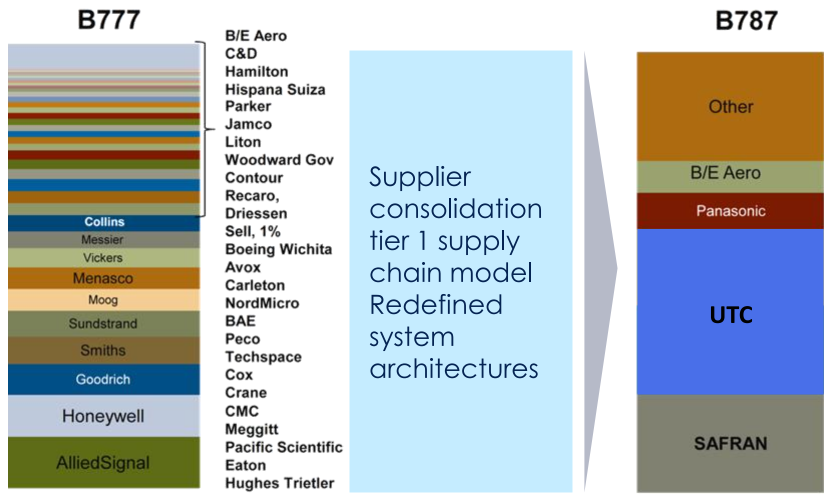
China South

Emirates

Turkish

Air China

Ryanair



Component MRO Spending Distribution
B777 versus B787

LHT + Philippine + Hawker + AMECO + HEICO + MALEV +…

AFI + KLM E&M + EPCOR + KLM UK + AMG +…

STA + SAS Comp.

STA + EADS EFW

TAP M&E + VEM

Mubadala + SRT + GAMCO + GMF

GA Telesis + Finnair eng.

AAR + Airinmar

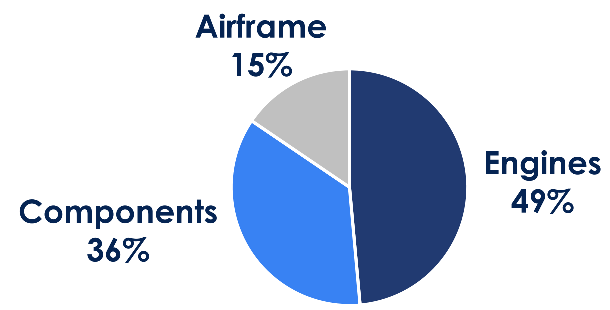
HAECO + Timco

AJW + Aveos comp.

AFI KLM E&M: a leader in multi-product MRO…

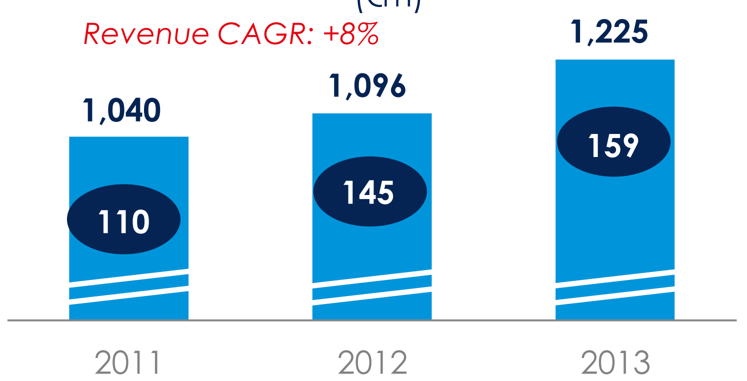
- 15 industrial sites
  - 7 in France and the Netherlands
  - 8 in other countries
- 14,000 employees
  - 12,000 in France and the Netherlands
  - 2,000 in other countries
  - 700,000 training hours per year
- Handling 1,200 aircraft departures per day for group fleet
- 450 engine shop visits per year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

External revenue breakdown[(1)]



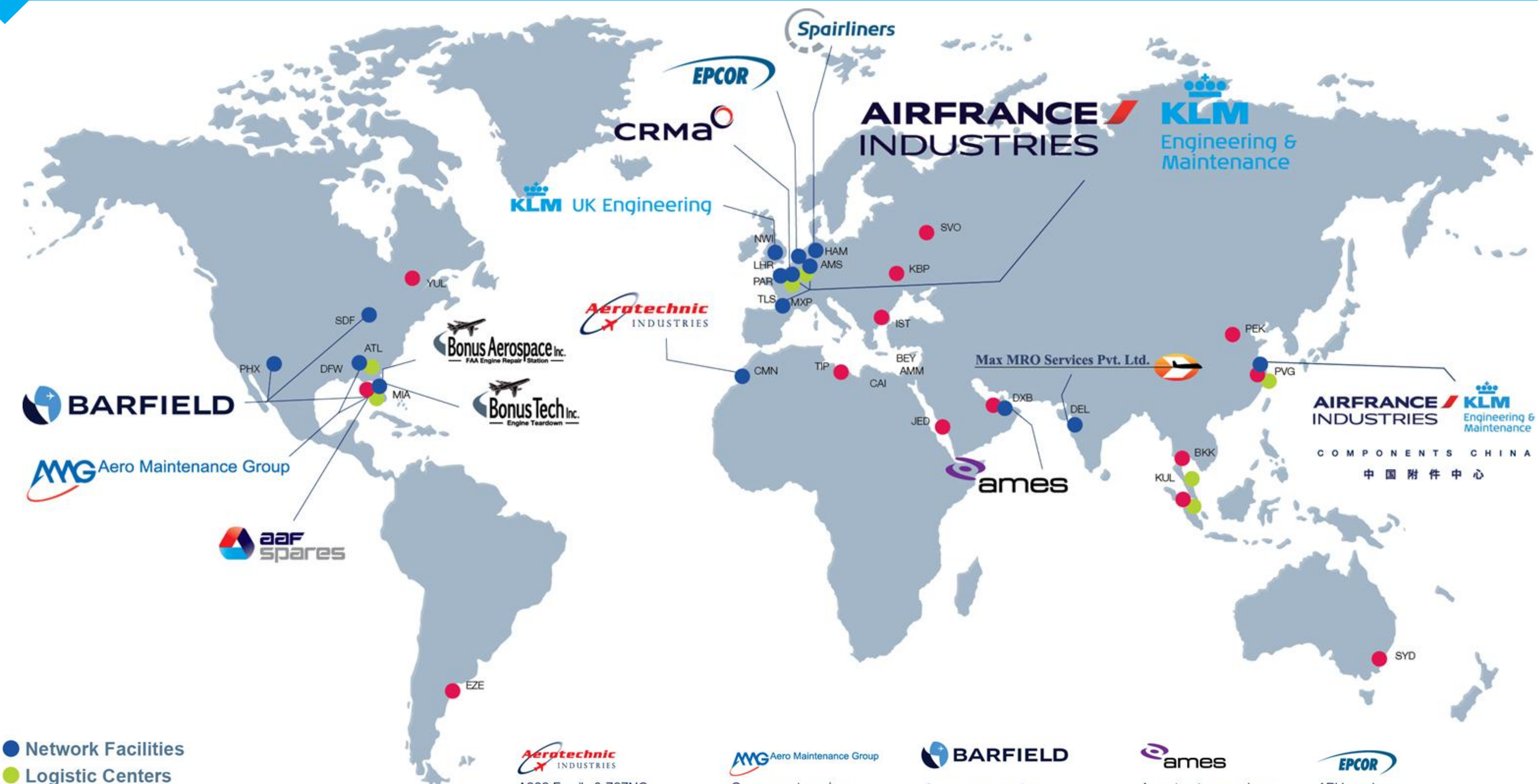
External revenue and operating result evolution

(€m)



(1) 2013

…with a worldwide network of strong brands



Aerotechnic Industries
A320 Family & 737NG
Airframe services

AMG Aero Maintenance Group
Component services

BARFIELD
Component services,
GSTE & Distribution

ames
Aerostructure services

EPCOR
APU services
Pneumatic component services

CRMA
Engine parts repair
Component services

KLM UK Engineering
Airframe services

Spairliners
A380 & Ejet component services

aaf spares
Component Sales & Leasing

Max MRO Services Pvt. Ltd.
Component services

Bonus Tech Inc.
Engine tear-down

Bonus Aerospace Inc.
Engines JT8 & PW4000

AIRFRANCE INDUSTRIES KLM Engineering & Maintenance COMPONENTS CHINA 中国附件中心

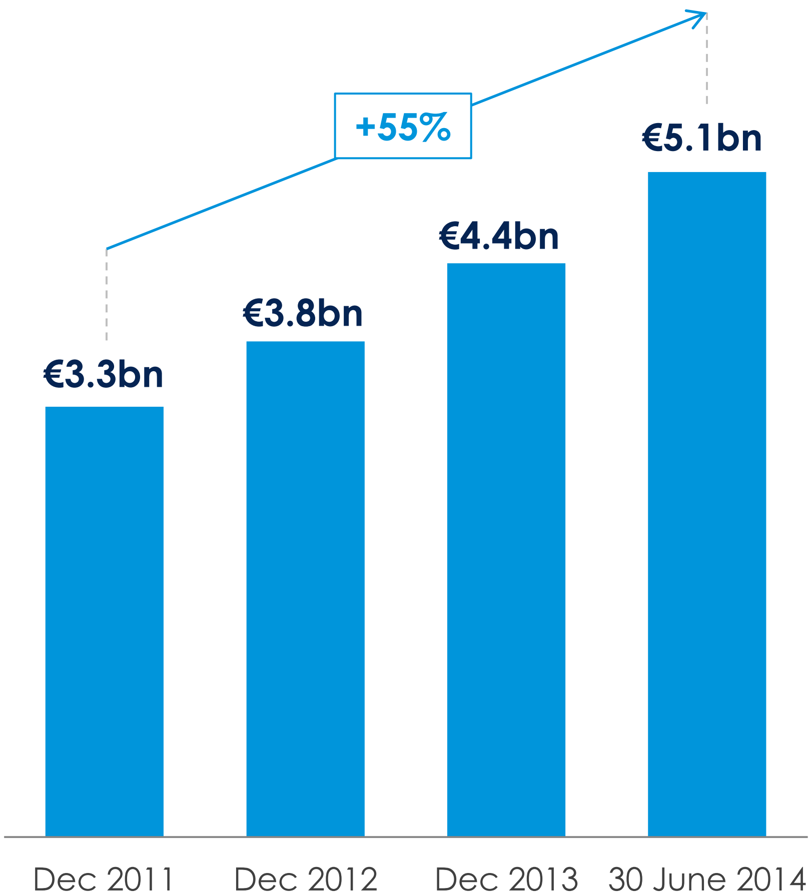
Transform 2015 has ensured a strong improvement in maintenance unit cost

Maintenance unit cost evolution

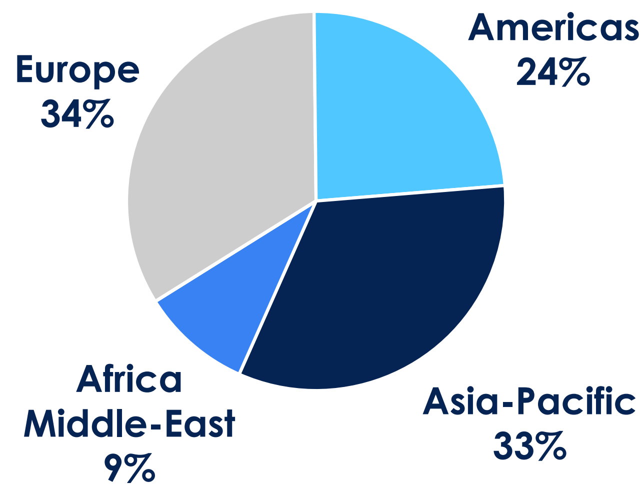
(€ per hour, index 100 in 2011)

Rapid growth of order book secures significant share of future revenues

Growth of order book



Order book by region
(at 30 June 2014)



Key market trends support growth opportunity for the group

Market trends

Continuing market growth, especially in emerging countries, with "shift to the East"

Customer airlines consolidating and demanding "long term full fleet deals" with more sophisticated buying criteria

New fleet technology, new industry standards demanding quite different capabilities

Suppliers consolidating

Risk of supplier monopoly with consequences for airlines (cost) and MRO providers

Key factors of success

- Maintain competitive edge as one of the few large players able to respond large/complex customer requests
- Group continues to make targeted investments in know-how, state-of-the art facilities, and global network
- Business scale (own fleet and external customers) key in relationship with OEMs

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

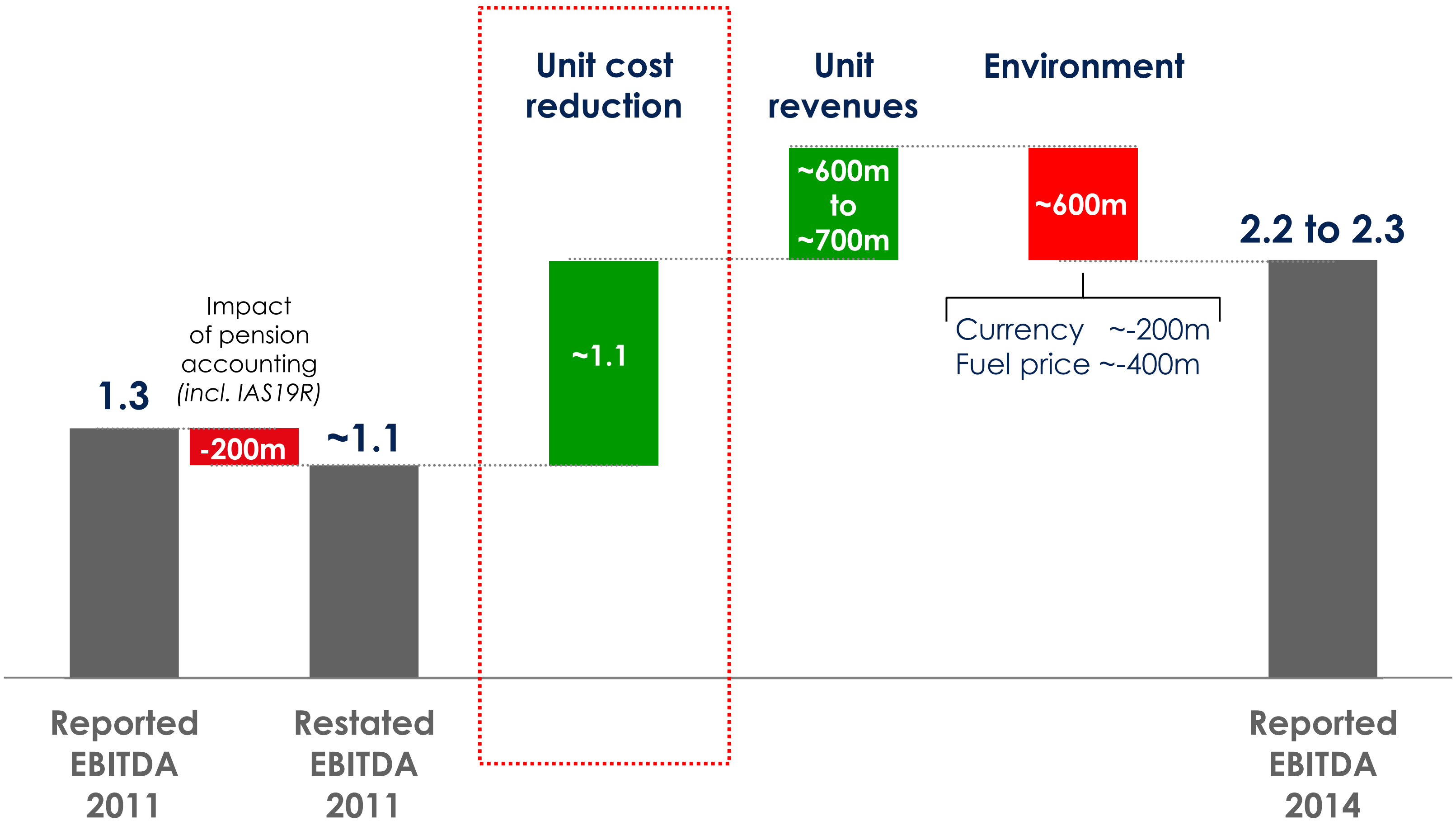
AIRFRANCE KLM

Financial framework

PERFORM 2020

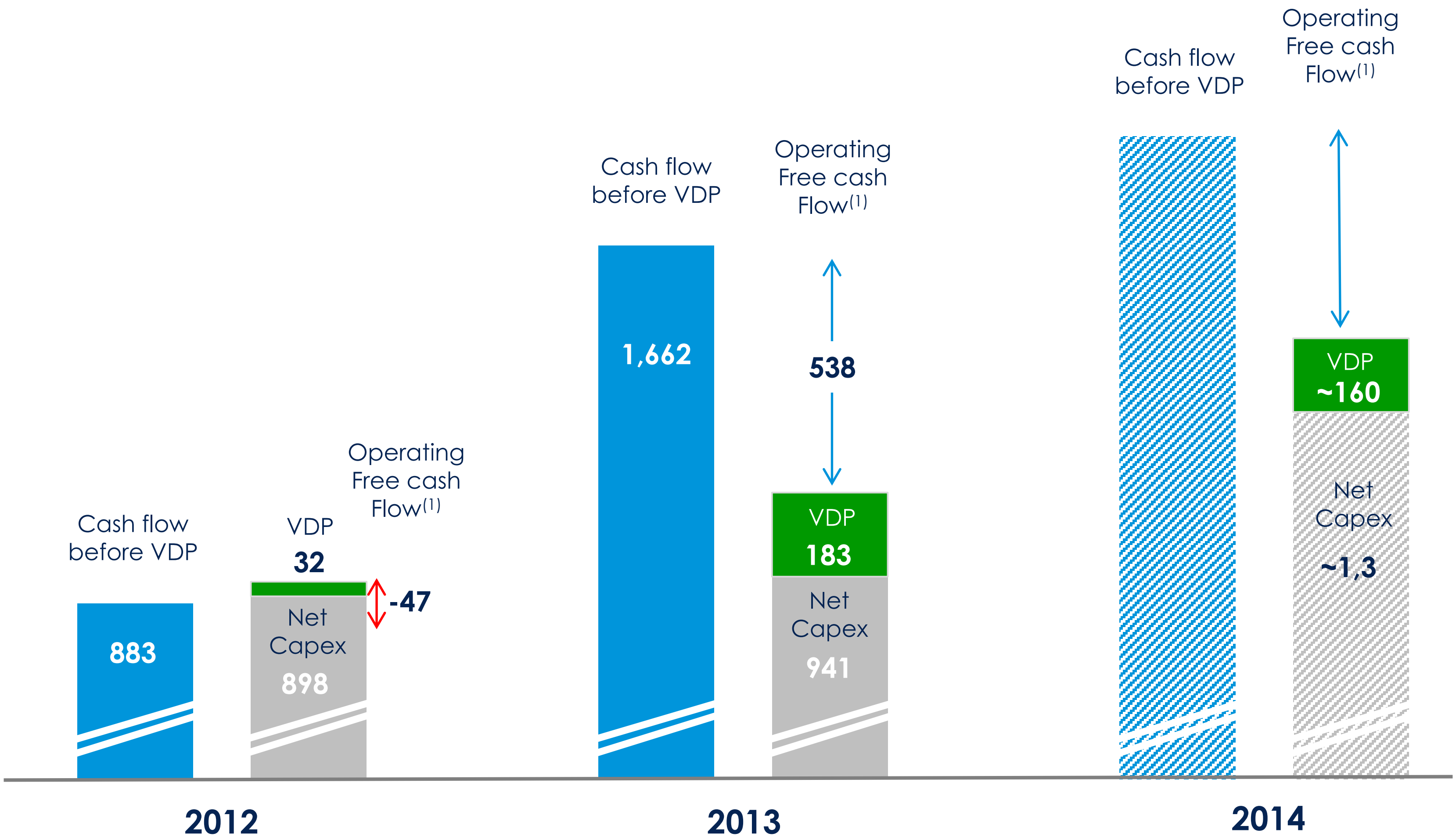
Transform 2015: Strong EBITDA improvement through cost reduction

€ billion



Net debt reduction thanks to strict capex control

€ million



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

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

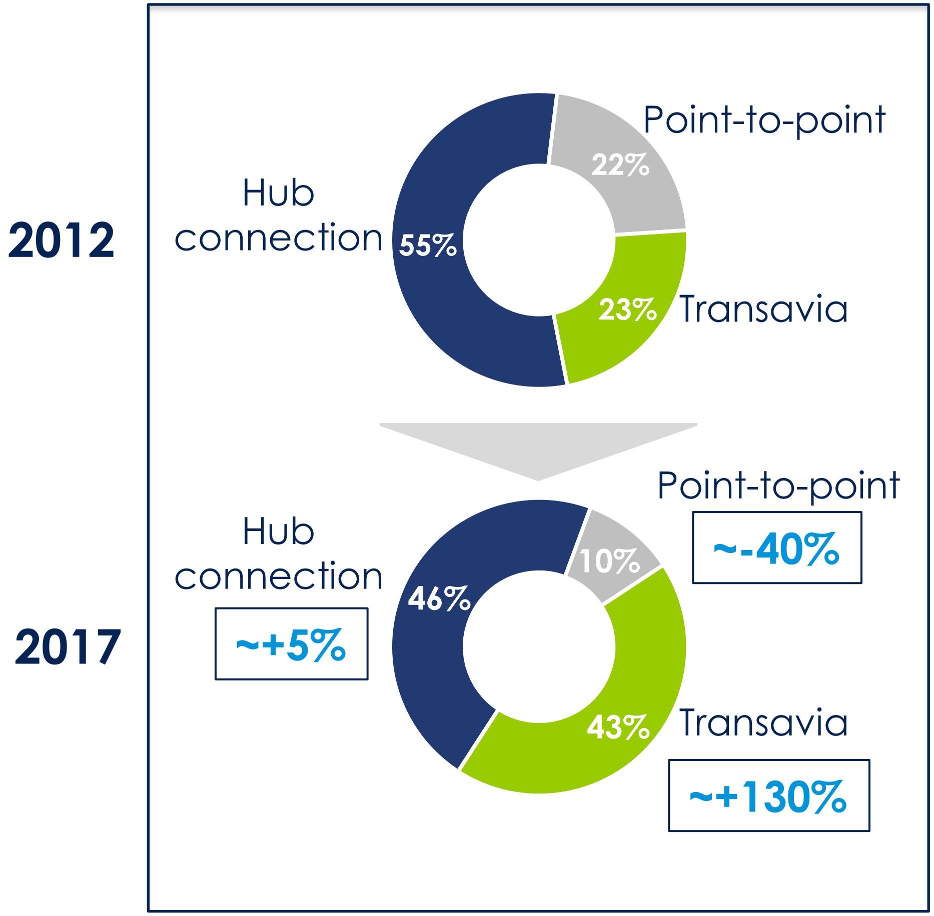
Our aim: to ensure continuous reduction in unit cost

- 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

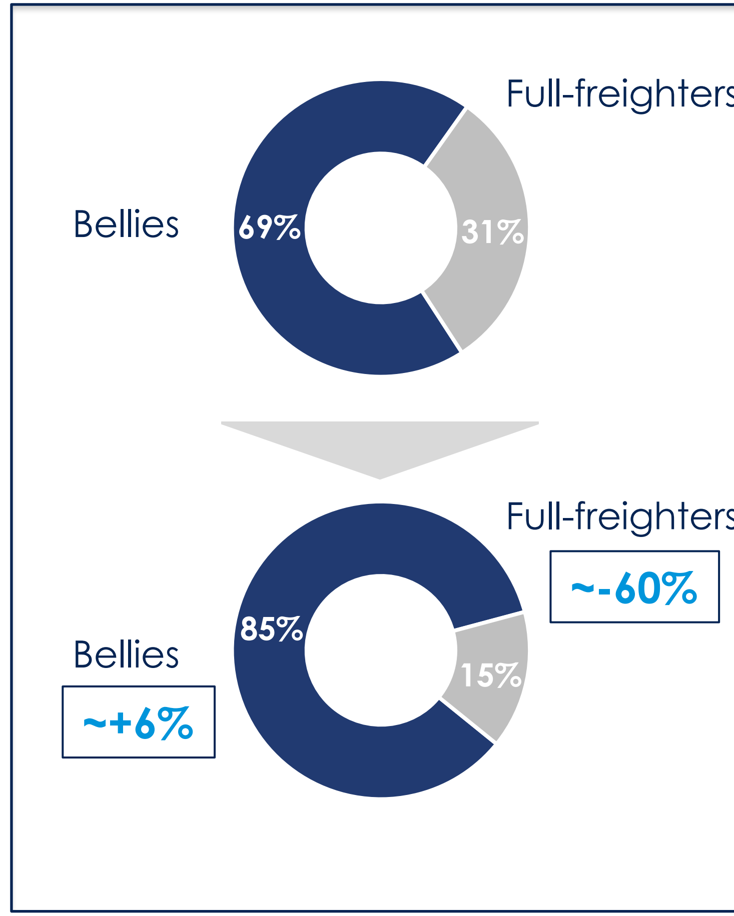
Organization and mapping of projects

A deep transformation of the business mix

Medium-haul capacity
(ASK)



Cargo capacity
(ATK)



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

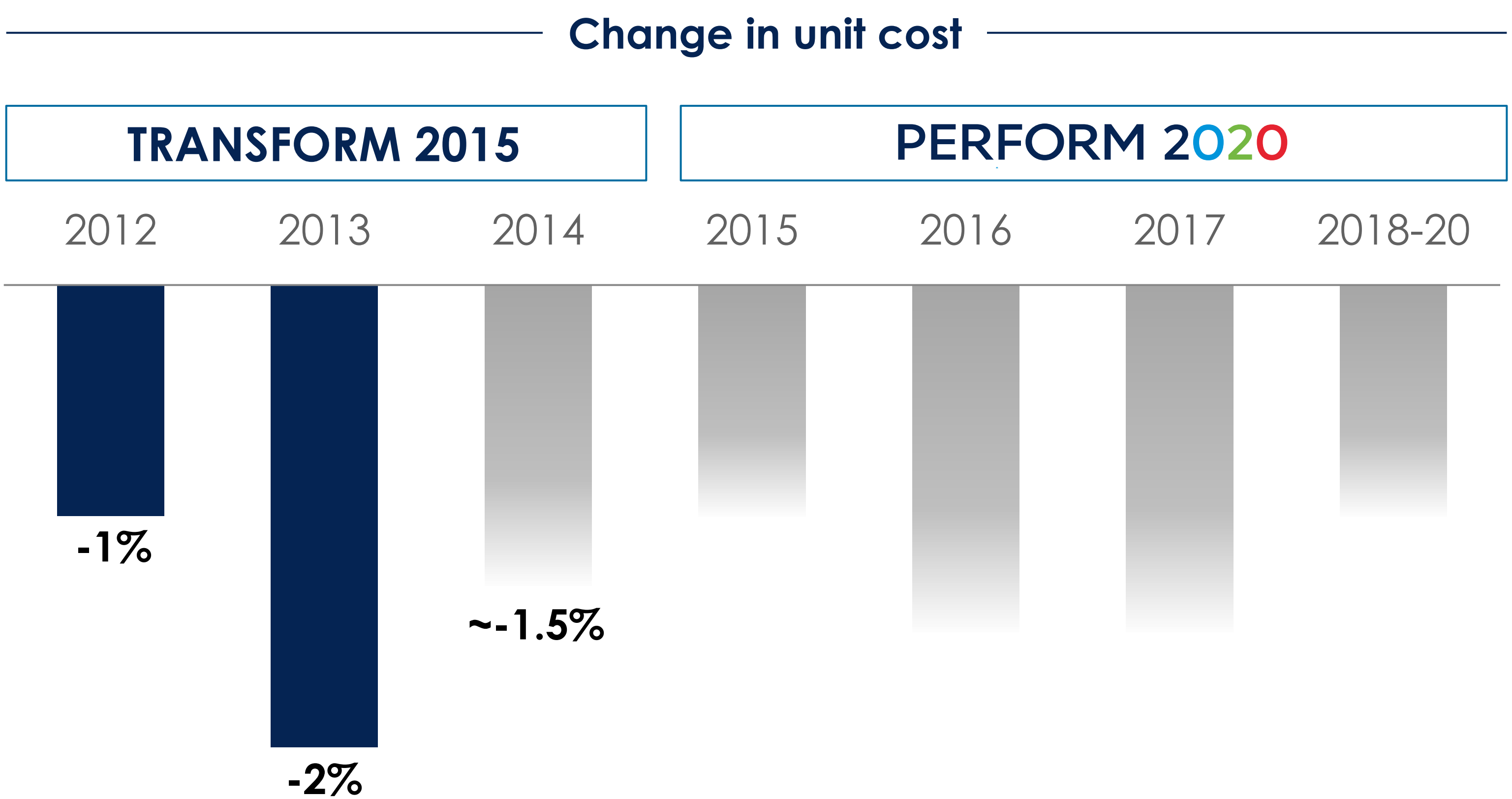
- Procurement: make or buy
- Fleet optimization
- IT and overheads
- G&A
- …

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

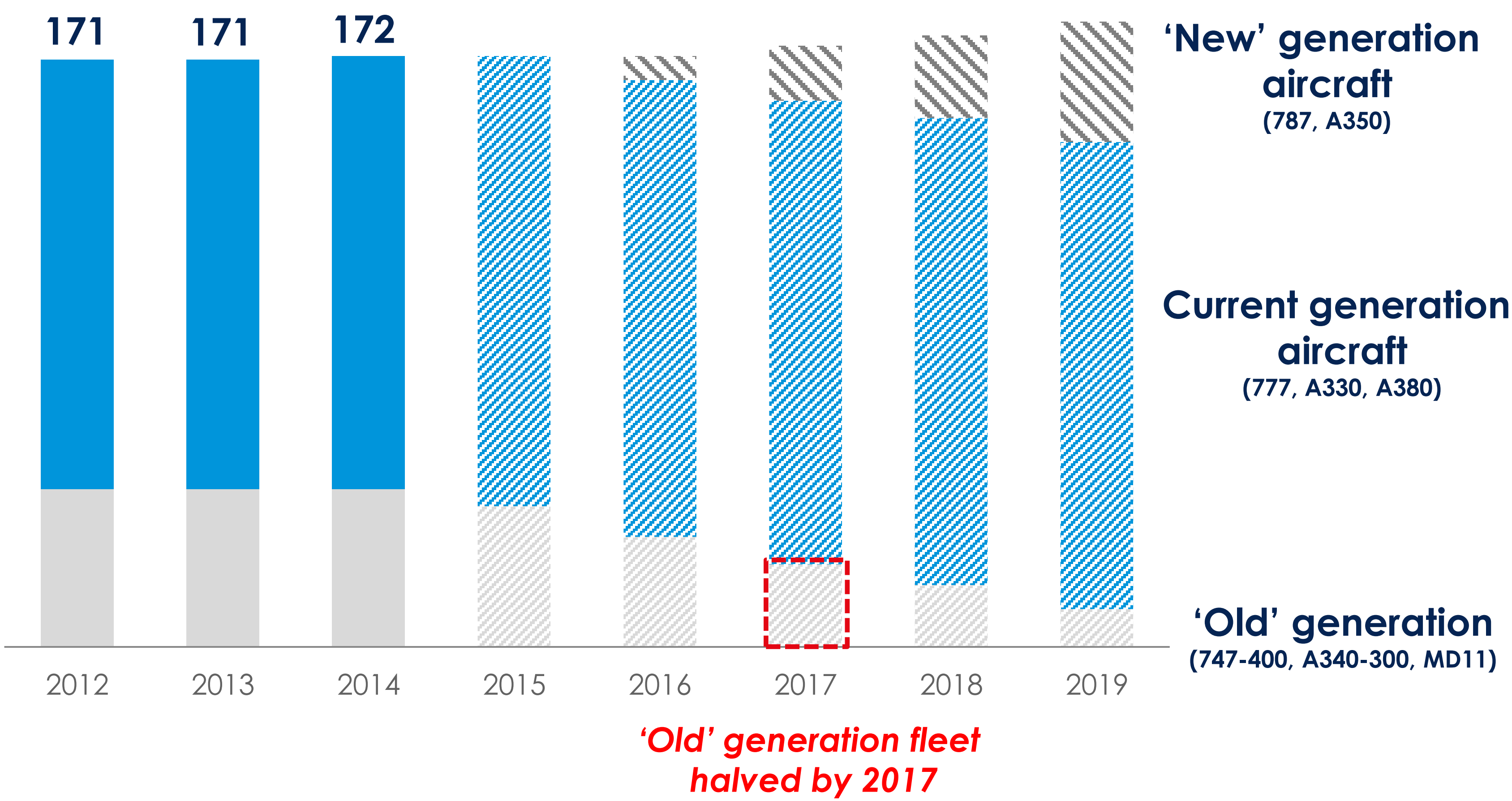
Net unit cost per EASK in € cents, at constant currency, fuel price and pension expense



Target: -1 to -1.5% per year

Cautious long-haul fleet plan in line with strict capacity discipline, benefiting from first phase of fleet rewewal

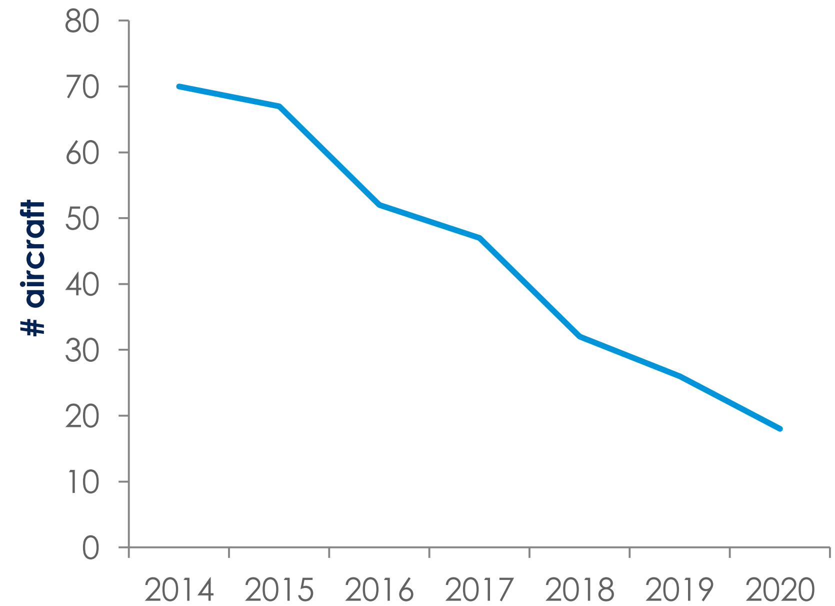
Long-haul fleet plan



Smart fleet strategy

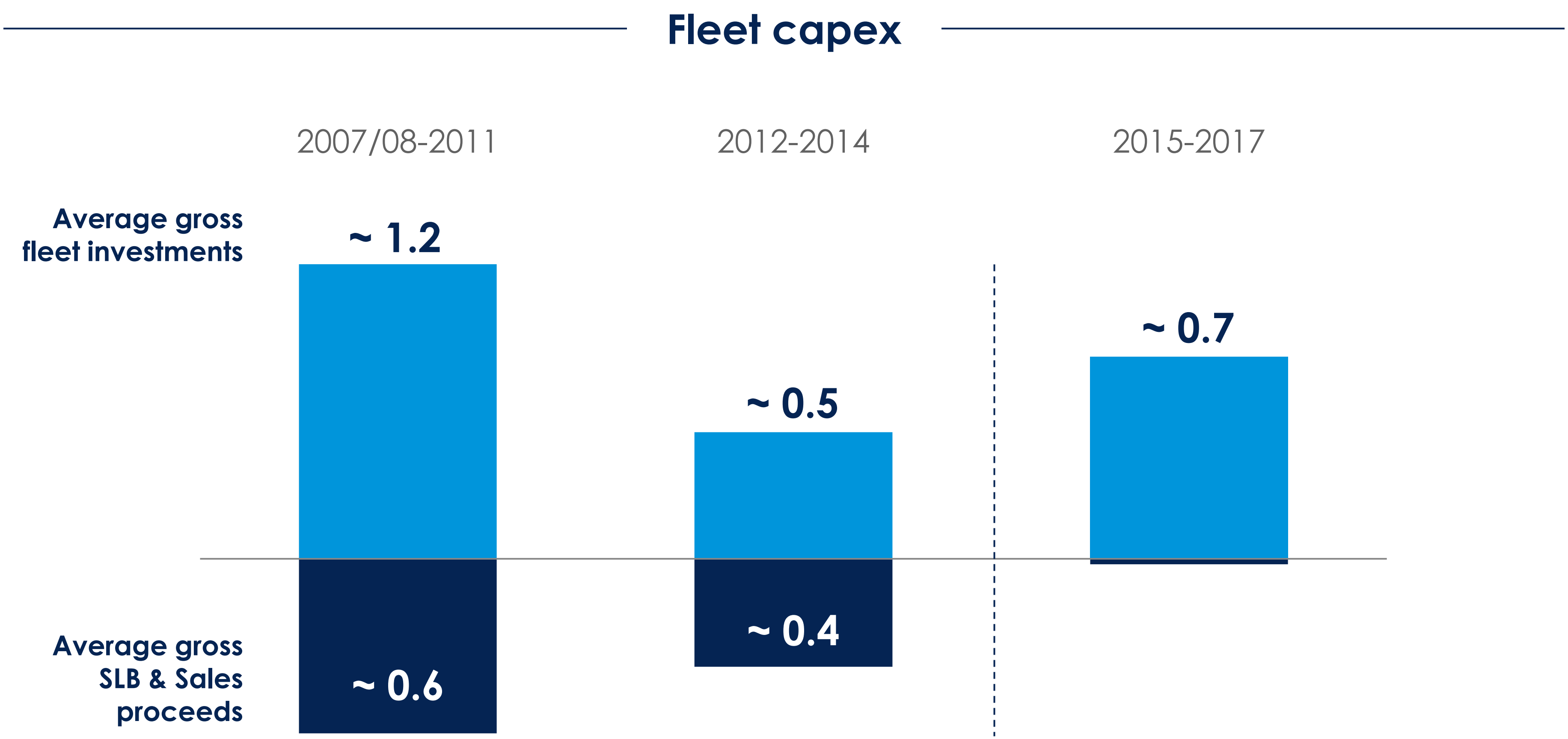
- Operating leases providing strong flexibility
  - Flexibility to reduce up to 50 aircraft within next 6 years based on current contractual conditions
- Maintaining leadership in long-haul fleet efficiency
  - Fleet renewal delivering 3-4% unit cost reduction by 2020
- Choice of capex vs. operating lease based on operational drivers
  - Example: Transavia integrating used aircraft when attractive

Operating lease flexibility



Limited increase in fleet capex in spite of initial phase of long-haul fleet renewal

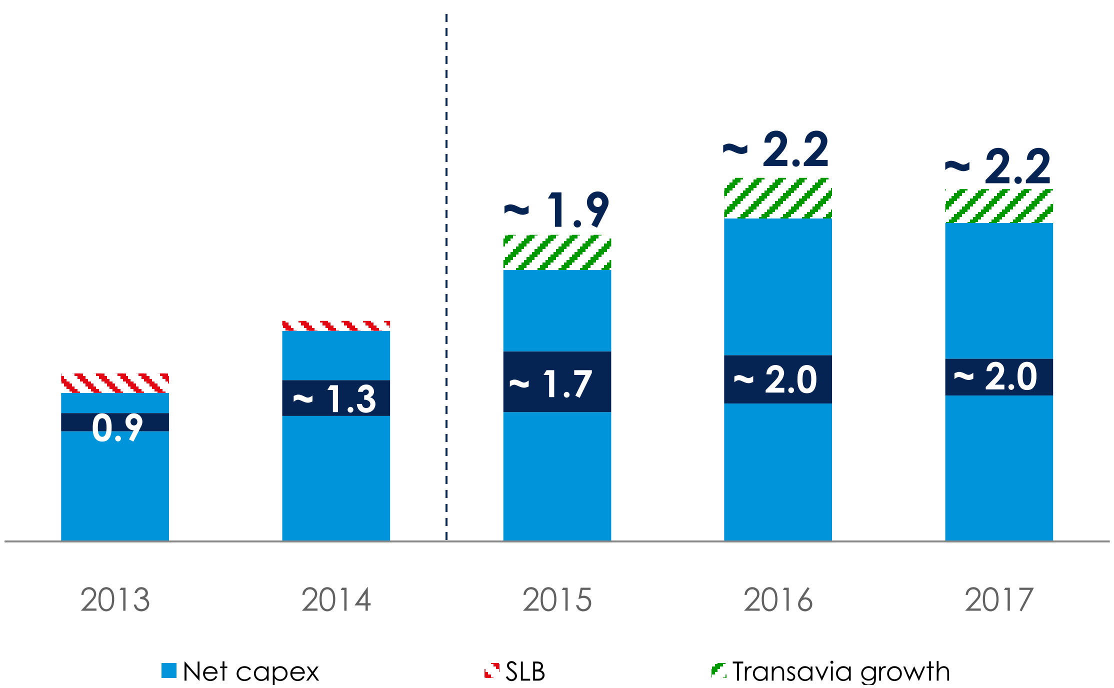
€ billion



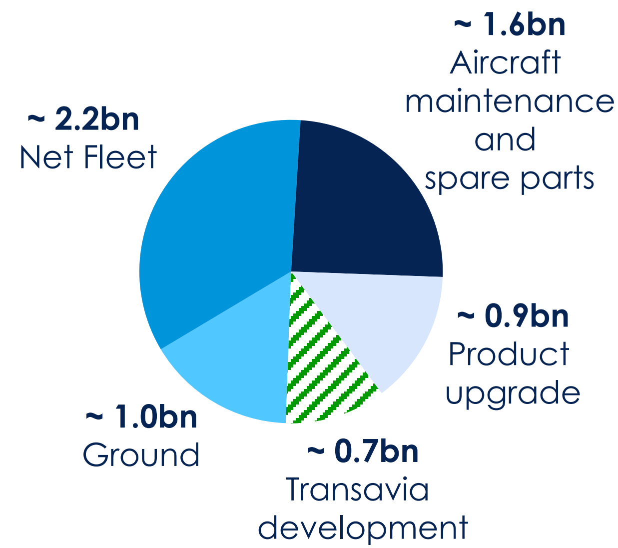
Selective capex management

€ billion

Investment plan



2015-2017 capex plan breakdown



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

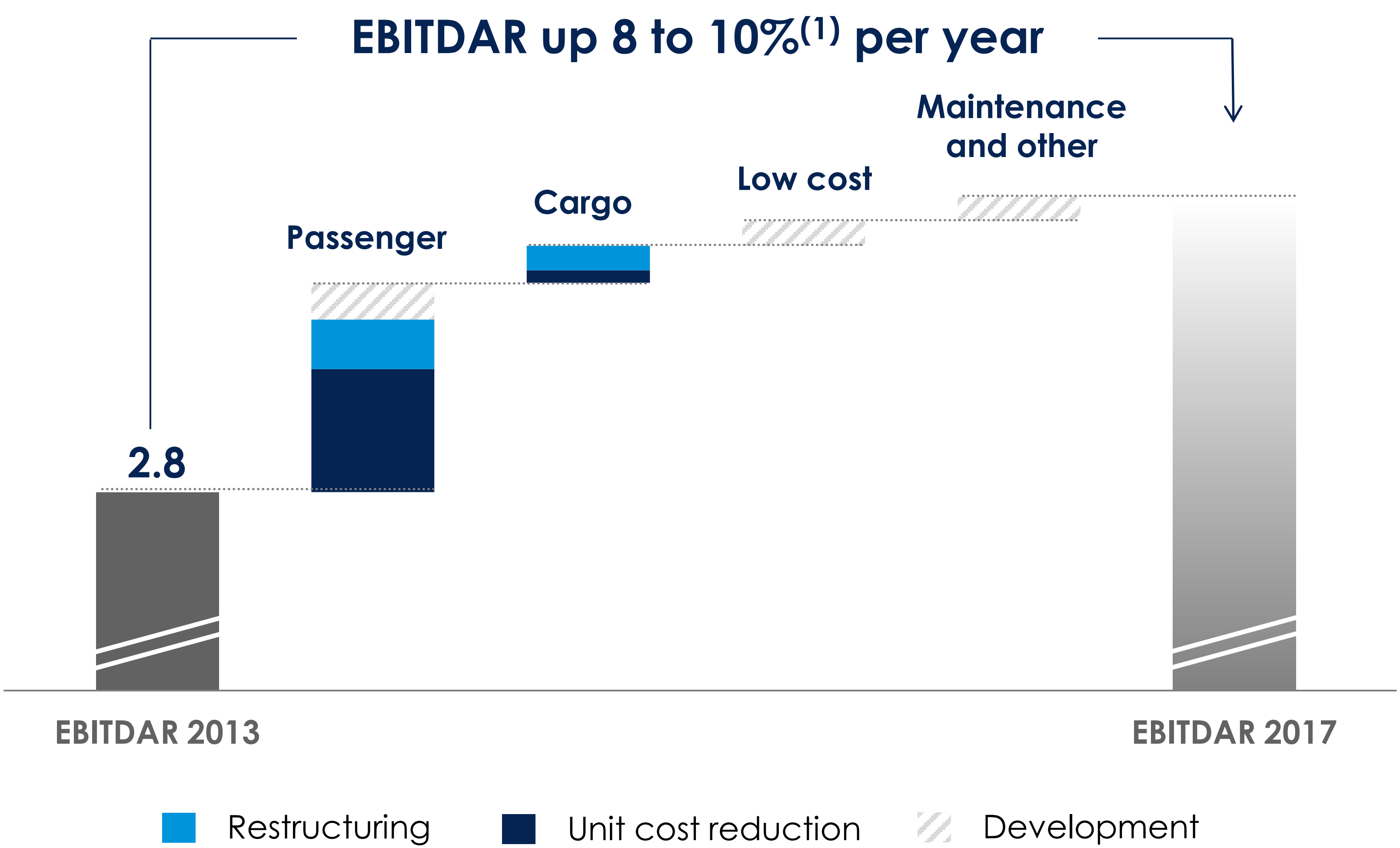
- Strict hurdle rate for new investments
- Deleveraging remains our priority
- Allocating dedicated sources of funding to each project

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

€ billion



(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

Conclusion

PERFORM 2020

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


AIRFRANCE KLM
Q&A
PERFORM 2020

Calculation of Full Year 2013 ROCE

In € millions	31 Dec 2013
Capital Employed	
Goodwill and intangible assets	1,133
Flight equipment	9,391
Other property, plant and equipment	1,819
Investments in equity associates	177
Financial assets (excluding shares, marketable securities and financial deposits)	128
Provisions (excluding pension, cargo litigation and restructuring)	-1,106
Working capital excluding derivatives	-4,905
Capital Employed before operating leases	**6,637**
Flight equipment under operational leases (operating leases x 7)	6,391
Average Capital Employed (average between opening & closing balance sheet)	**13,758**
Average Capital Employed (A) corrected for Alitalia (no stake at closing)	**13,655**
Adjusted results from current operations	+440
Dividends received	-9
Share of profits/(losses) of associates	-211
Tax recognized in adjusted net result	-20
Adjusted result from operations	**200**
Adjusted result from operations (B) corrected for Alitalia	**401**
ROCE (B/A)	**2.9%**