AIR FRANCE-KLM ROADSHOW DECK

September 2018

FIRST HALF 2018: OPERATING RESULT AT €228M, WITH -€335M STRIKE IMPACT, NET DEBT REDUCED BY -€315M

	H1 2018	H1 2017 (1)	Change	Change at constant currency
Revenues (€ bn)	**12.43**	12.33	+0.8%	+4.9%
EBITDA (€ m)	**1,670**	1,940	-270m	-216m
Operating result (€ m)	**228**	553	-325m	-277m
Operating margin	**1.8%**	4.5%	-2.7 pt	-2.4 pt
Net result, group share (€ m)	**-159**	450	-609m*	

** Net result, group share 2017 restated for IFRS16 contains a positive impact of €313 million due to an exchange rate gain on lease debt in USD. Excluding this impact, the Net result, group share is down €296 million compared to last year*

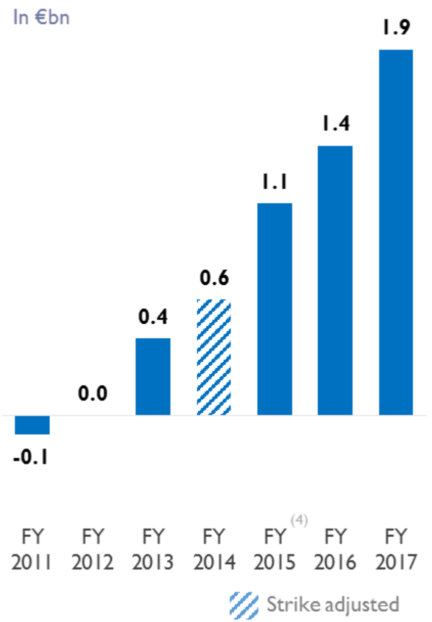
	H1 2018	H1 2017 (1)	Change
Adjusted operating free cash flow (€ m)(2)	**141**	658	-517m
ROCE *12 months trailing*	**12.4%**	12.3%	+0.1 pt

	H1 2018	31 Dec 2017	Change
Net debt (€ m)	**6,256**	6,571	-315m
Net debt/EBITDA *12 months trailing*	**1.4x**	1.4x	+0.0x

(1) Restated for implementation of new IFRS accounting standards
(2) Adjusted operating free cash flow = Operating free cash flow with deduction of repayment of lease debt

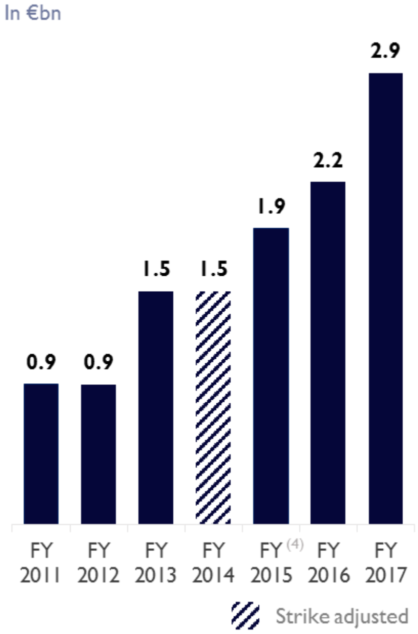
STRENGTHENING OF THE FINANCIAL STRUCTURE

Lease adjusted operating result(1)



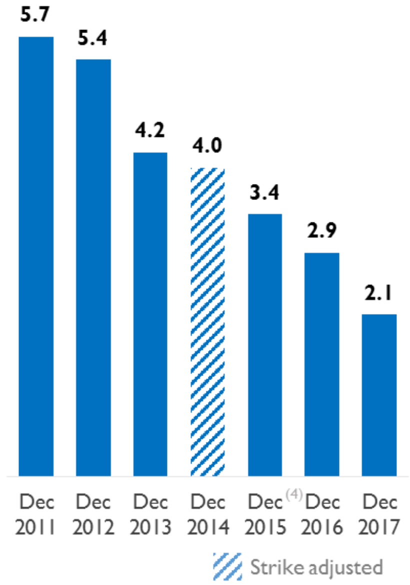
- **2017 vs 2011: +€2.0 bn**

Operating cash flow(2)



- **2017 vs 2011: +€2.0 bn**

Adjusted net debt / EBITDAR ratio(3)

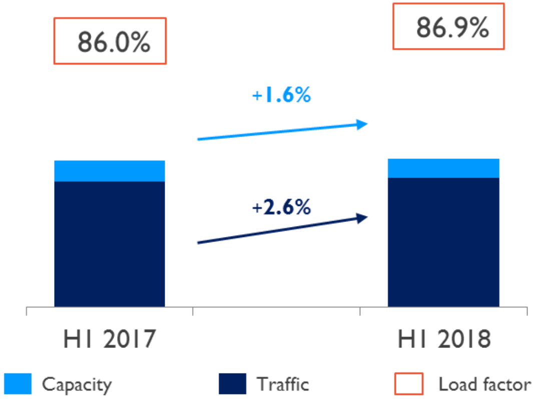


- **2017 vs 2011: -3.6**

(1) Operating results adjusted for interest portion (1/3) of operating leases
(2) Operating cashflow including VDP and change in WCR, before investments
(3) Adjusted net debt = net debt + 7x yearly operational lease costs
(4) Reclassification of Servair as a discontinued operation

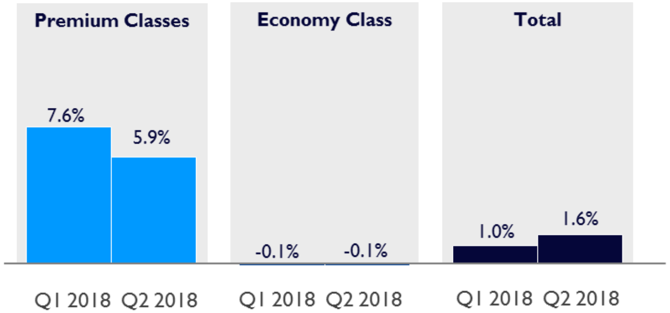
NETWORK: BOTH LONG HAUL AND MEDIUM HAUL CONTRIBUTING TO POSITIVE UNIT REVENUE PERFORMANCE

ACTIVITY



UNIT REVENUE EVOLUTION

AT CONSTANT CURRENCY



83.9 million
Passengers in 2017

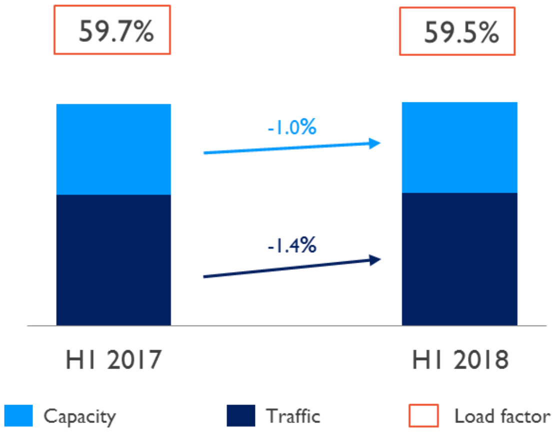
Employees:
54,000

Aircraft in operation:
471

AIRFRANCE KLM

NETWORK: CARGO INCREASE IN UNIT REVENUES DRIVES REVENUE GROWTH

ACTIVITY



- Replacement of three 747 Combi aircraft by 787s
- Unit Revenue up
  - > Market demand growth to and from Asia and Latin America

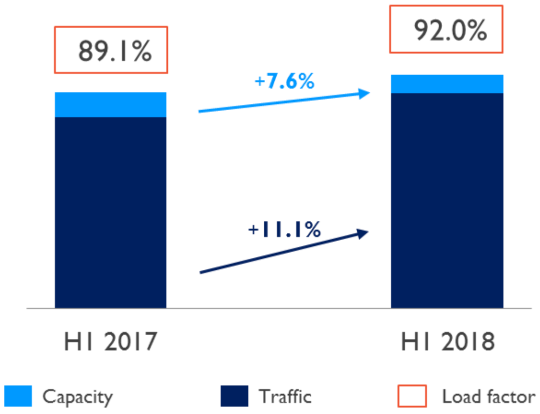
1.14 million
Tons Cargo in 2017

Employees:
4,300

6 full freighters in operation

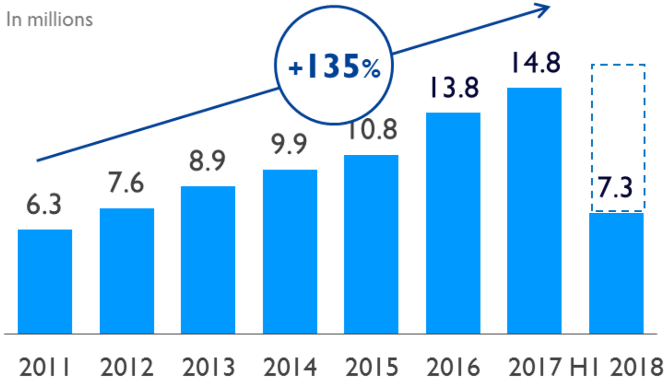
TRANSAVIA ACCELERATED GROWTH

ACTIVITY



PASSENGERS

In millions



14.8 million
Passengers in 2017

Employees:
2,900

Destinations:
> 100

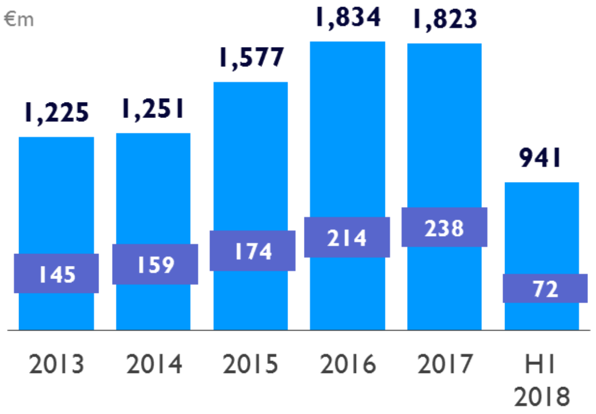
Netherlands and Paris-Orly:
Low cost n°1

AIRFRANCE KLM

A WORLD LEADER IN MAINTENANCE

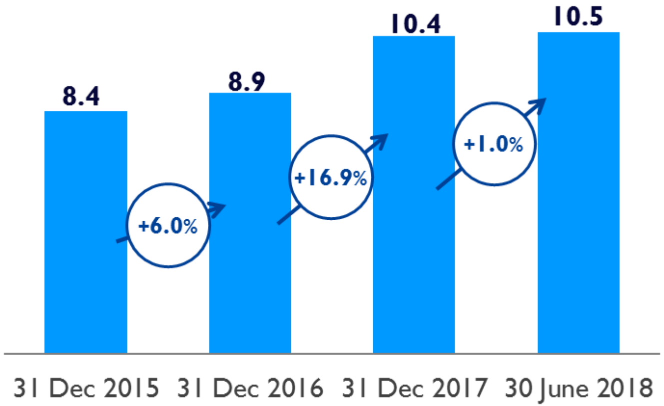
THIRD PARTY REVENUE AND OPERATING RESULT

In €m



ORDER BOOK

In $bn



World leader

Employees:
13,600

15 industrial sites

450 engine shop visits per year

1,300 aircraft under component support contracts

AIR FRANCE-KLM RESULTS PRESENTATION

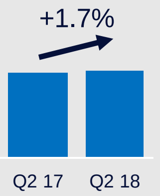
Results as at 30th of June 2018

1st August 2018

SECOND QUARTER 2018: KEY HIGHLIGHTS

Leveraging ongoing solid demand

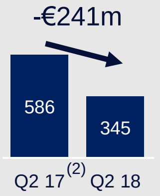
Passengers



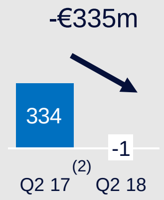
RASK(1)
At constant currency

- Demand remains positively oriented within a robust business environment
- Strong premium traffic unit revenue performance at constant currency
- Strong traffic growth and unit revenue increase for Transavia

Stable operating result before strike impact of - €260m



Operating result



Adj. operating free cash flow(3)

- Strikes impacted Air France operating result
- Higher pricing offset part of fuel and currency headwinds
- Net debt stable despite strike, high liquidity level

(1) Group Revenue per Available Seat Kilometer (RASK) Passenger + Transavia
(2) Restated for implementation of new accounting standards IFRS 9,15 and 16
(3) Adjusted operating free cash flow = Operating free cash flow with deduction of repayment of lease debt

AIRFRANCE KLM

FINANCIAL REVIEW

Results as at 30th of June 2018

SECOND QUARTER 2018: REVENUE UP AT CONSTANT CURRENCY, OPERATING RESULT AT €345M, WITH €260M STRIKE IMPACT

	Q2 2018	Q2 2017 (1)	Change	Change at constant currency
Revenues (€ bn)	**6.63**	6.63	+0.0%	+4.0%
EBITDA (€ m)	**1,048**	1,292	-244m	-173m
Operating result (€ m)	**345**	586	-241m	-171m
Operating margin	**5.2%**	8.8%	-3.6 pt	-2.9 pt
Net result, group share (€ m)	**109**	593	-484m *	

* Net result, group share 2017 restated for IFRS16 contains a positive impact of €254 million due to an exchange rate gain on lease debt in USD. Excluding this impact, the Net result, group share is down €230 million compared to last year

(1) Restated for implementation of new IFRS accounting standards

AIRFRANCE KLM

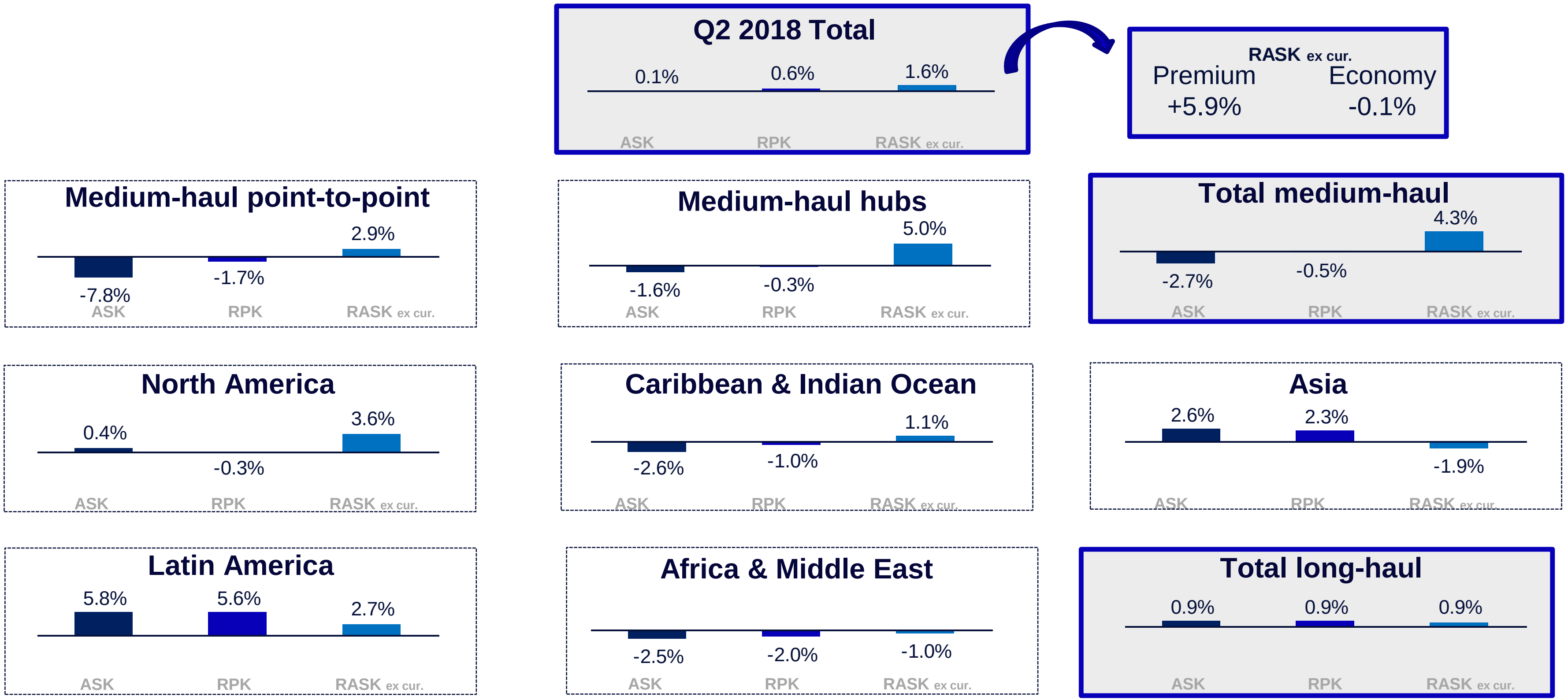
SECOND QUARTER 2018: POSITIVE UNIT REVENUE FOR NETWORK, STRONG REVENUE GROWTH FOR TRANSAVIA AND MAINTENANCE

		Capacity (1)	Unit Revenue (2) Constant Currency	Revenues (€ m)	Change	Operating result (3) (€ m)	Change	Operating margin (3)	Change
Network	AIRFRANCE KLM HOP! JOON	+0.1%	+1.6%	5,696	-1.2%	236	- 245m	4.1%	-4.2 pt
	AIRFRANCE KLM Martinair CARGO	-2.5%	+6.3%						
Transavia	transavia	+6.1%	+4.5%	453	+11.0%	61	+ 17m	13.5%	+2.7 pt
Maintenance	AIRFRANCE INDUSTRIES KLM Engineering & Maintenance			471	+6.8%	46	- 16m	4.6%	-1.7 pt
Group	AIRFRANCE KLM	+0.4%	+2.1%	6,625	0.0%	345	- 241m	5.2%	-3.6 pt

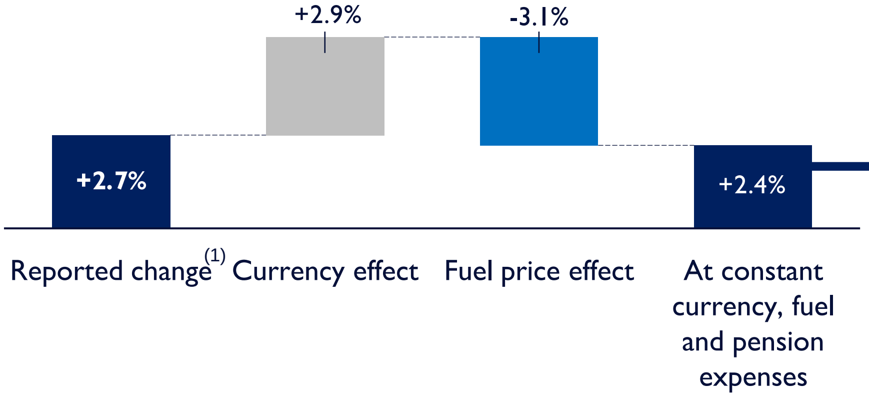
(1) Passenger airlines capacity is Available Seat Kilometer, Cargo capacity is Available Ton Kilometer, Group is Equivalent Available Seat Kilometer
(2) Unit Revenue: Passenger airlines is Revenue per Available Seat Kilometer, Cargo is Revenue per Available Ton Kilometer, Group is Revenue per Equivalent Available Seat Kilometer
(3) 2017 restated for implementation of new IFRS accounting standards

AIRFRANCE KLM

SECOND QUARTER 2018: LONG HAUL, HUBS AND POINT-TO-POINT CONTRIBUTING TO POSITIVE UNIT REVENUE PERFORMANCE



SECOND QUARTER 2018: UNIT COST ON TRACK FOR FULL YEAR TARGET RANGE OF 0 TO +1%



- **Of which strikes at Air France +3.1%.**
  - *Strikes had a -4.5% negative impact on planned capacity for Air France and -2.5% for the total Group*
- **Q2 2018 underlying structural unit cost savings of -0.7%.**

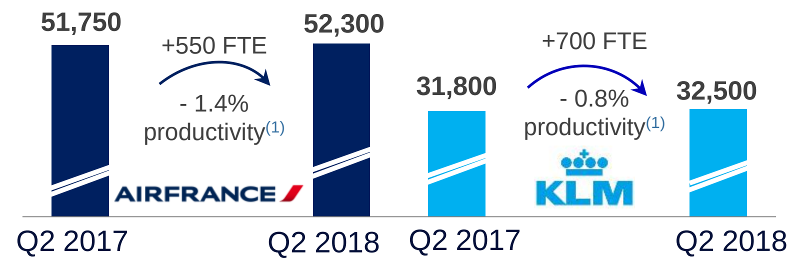
(1) 2017 restated for implementation of new IFRS accounting standards

PRODUCTIVITY IMPACTED BY CAPACITY LOWER THAN PLANNED

- **Average FTEs at 84,800, up 1,250 FTEs compared to last year's average:**
  - > +700 Ground, of which +450 at KLM
  - > +400 Cabin and +150 Cockpit FTEs due to planned capacity growth
  - > Employee productivity[(1)] -1.1% in Q2 18 (capacity measured in EASK +0.4%)
- **Net change in staff cost +2.0% compared to last year:**
  - > HOP!: Merger of pilot CLAs completed
  - > KLM: Cockpit and Ground staff CLAs in progress and expected to be concluded after Summer

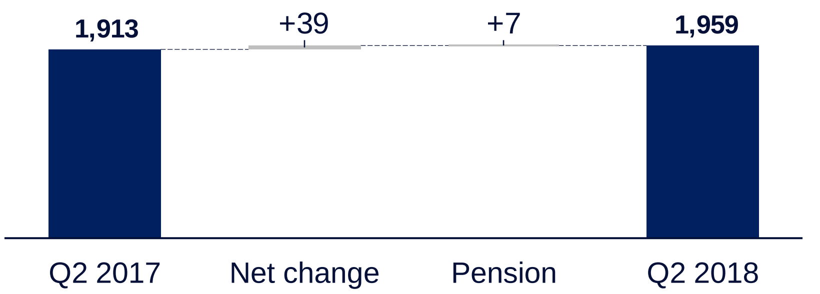
Employee productivity

Average FTEs, including temporary staff



Change in total staff costs

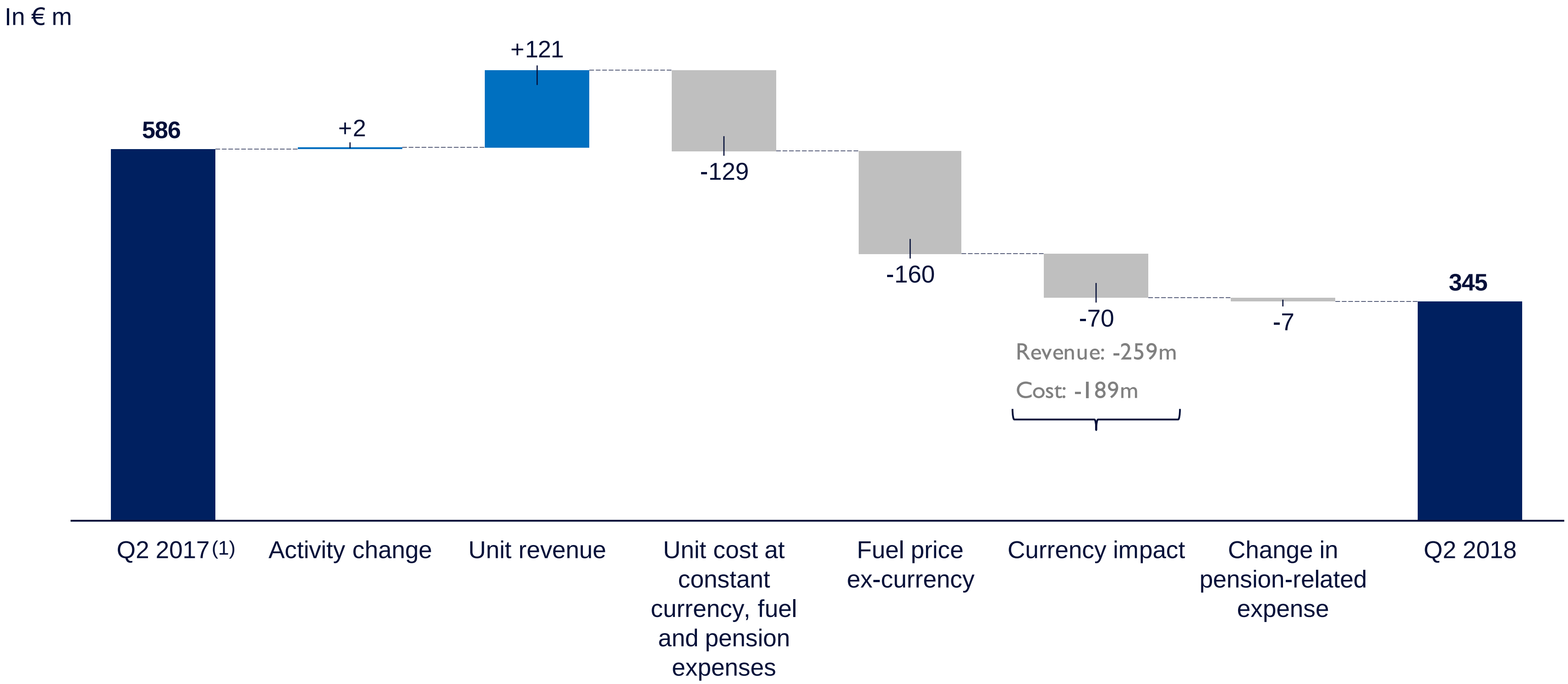
In € m, including temporary staff



(1) Productivity measured by EASK/FTE

AIRFRANCE KLM

OPERATING RESULT DOWN -€241M DUE TO STRIKES, HIGHER UNIT REVENUES PARTLY OFFSET FUEL AND CURRENCY HEADWINDS



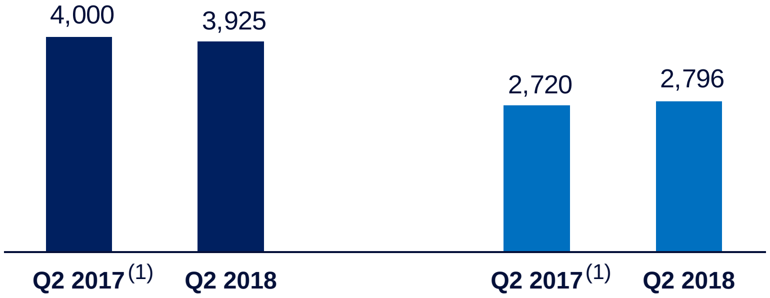
(1) Restated for implementation of new IFRS accounting standards

AIRFRANCE KLM

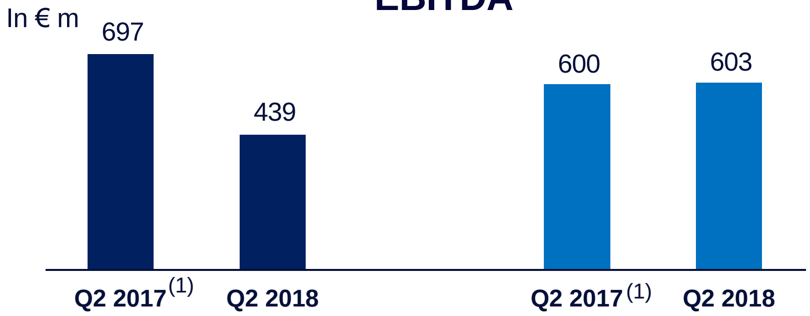
SECOND QUARTER 2018: KLM EBITDA STABLE AND OPERATING RESULT CLOSE TO LAST YEAR

In € m

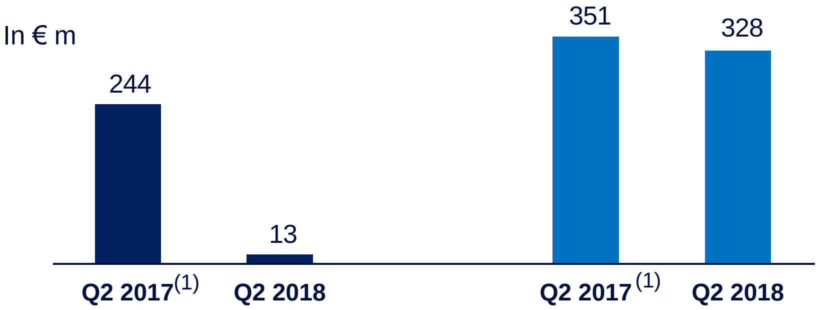
Revenue



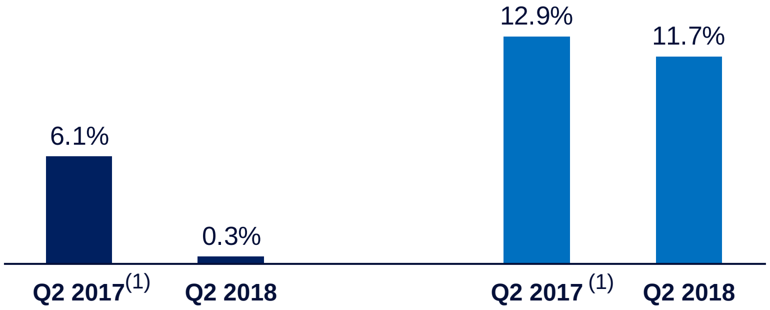
EBITDA



Operating result

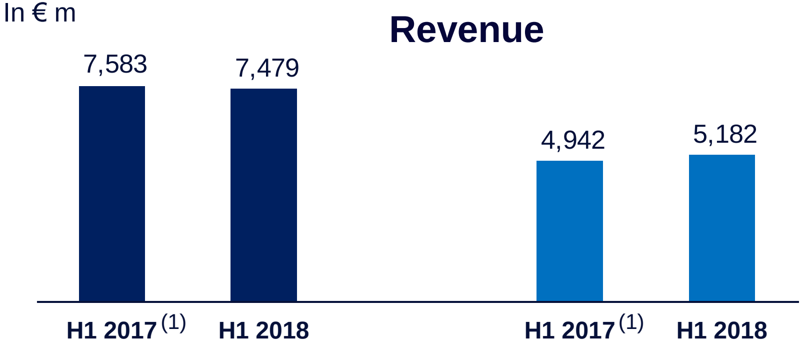


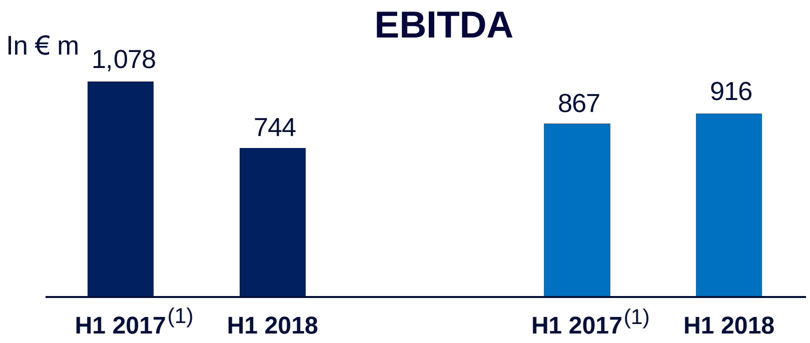
Operating margin

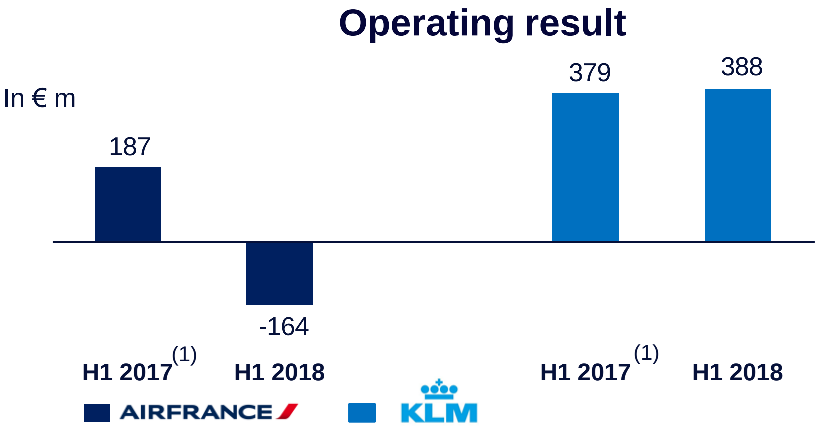


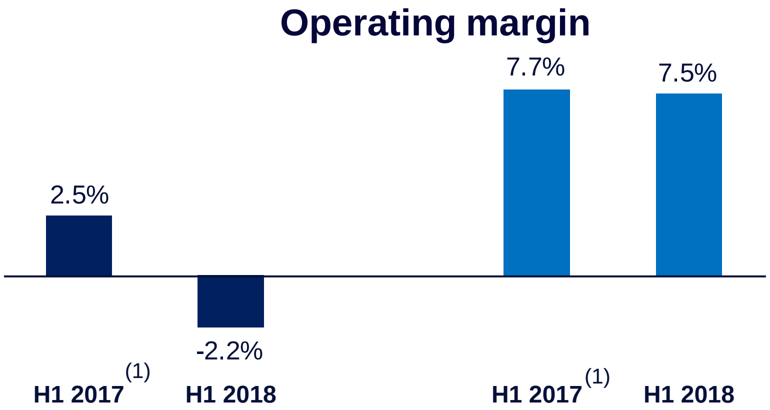
(1) Restated for implementation of new IFRS accounting standards

FIRST HALF 2018: IMPROVEMENT IN KLM EBITDA AND OPERATING RESULT





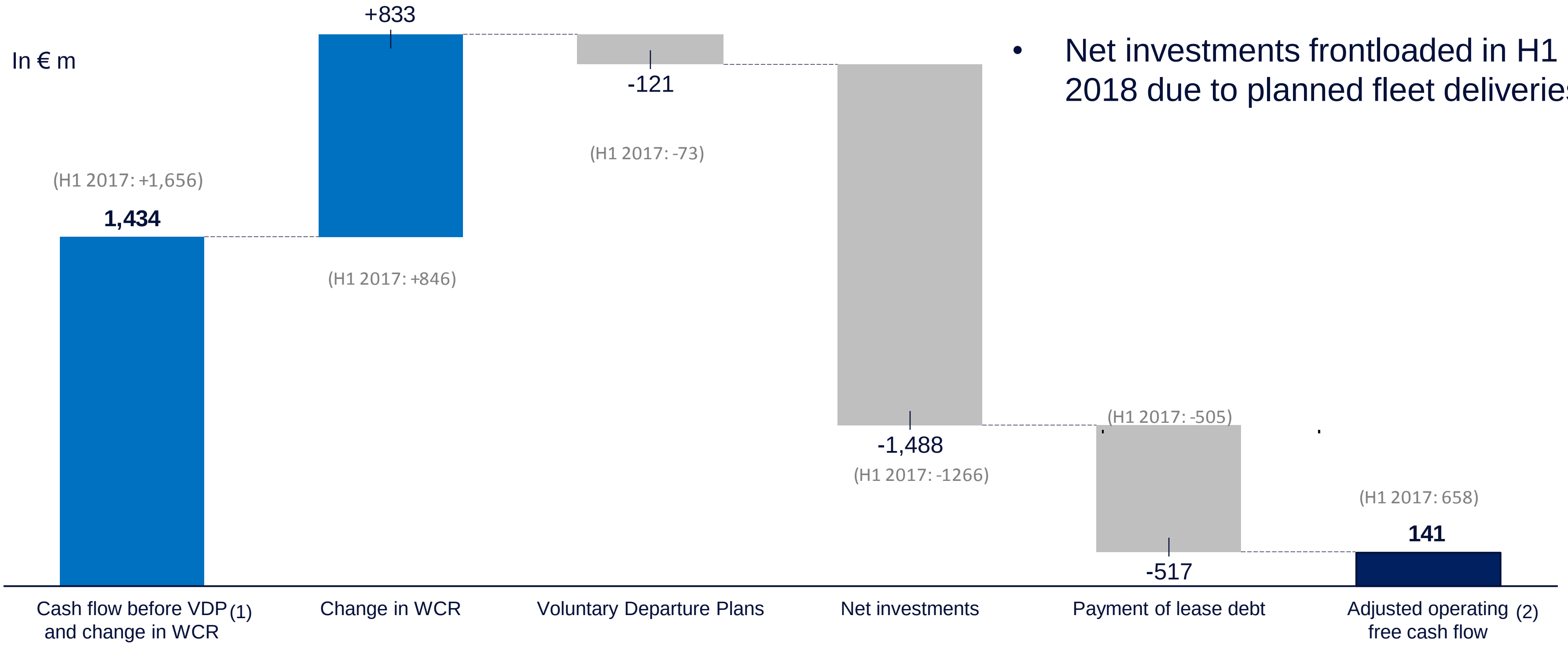




(1) Restated for implementation of new IFRS accounting standards

AIRFRANCE KLM

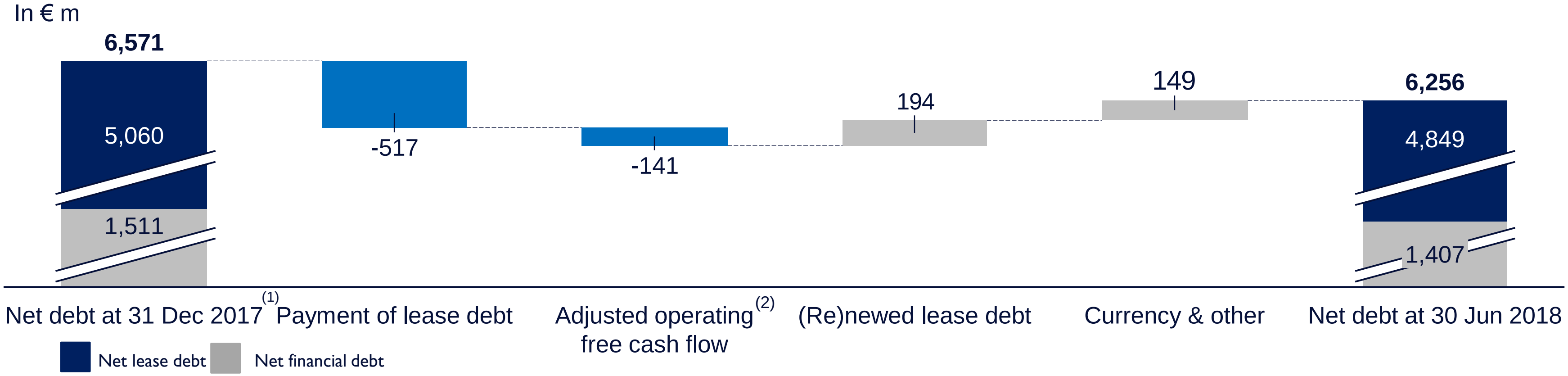
FIRST HALF 2018: ADJUSTED OPERATING FREE CASH FLOW €141M



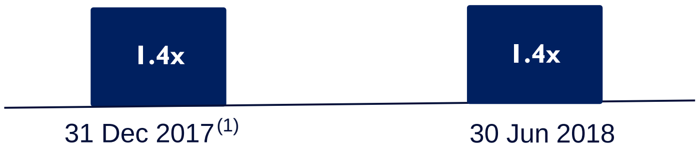
- Net investments frontloaded in H1 2018 due to planned fleet deliveries

(1) Restated for implementation of new IFRS accounting standards
(2) Adjusted operating free cash flow = Operating free cash flow with deduction of repayment of lease debt

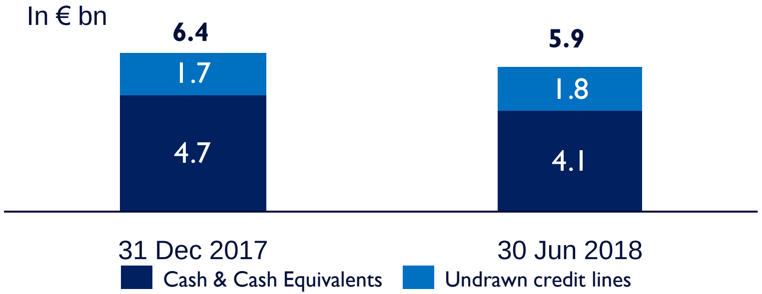
BALANCE SHEET CONTINUES TO IMPROVE



Change in Net Debt / EBITDA[3]



Liquidity situation



(1) 2017 restated for implementation of new IFRS accounting standards
(2) Adjusted operating free cash flow = Operating free cash flow with deduction of repayment of lease debt
(3) Net Debt / EBITDA: see calculation in press release. EBITDA 12 months sliding

AIRFRANCE KLM

STRATEGY UPDATE

Results as at 30th of June 2018

PHASE-IN OF NEW EFFICIENT FLEET ACCORDING TO PLAN

Aircraft	In operation 31-Dec-17	30-Jun-18	Trend Medium term
B747	13	12	↘
B777	97	97	=
B787	15	18	↗
A380	10	10	=
A340	7	6	↘
A330	28	28	=
Total long haul	170	171	
B737	118	124	↗
A321/20/19/18	118	116	↘
Total short and medium haul	236	240	
ATR72/42	21	15	↘
Canadair jet	25	25	=
Embraer 190/175/145/135	82	89	↗
Total Regional	128	129	
Total Air France-KLM Group	**534**	**540**	

Excluding Air France-KLM cargo fleet

- Current fleet plan 2017-2020:
  - Passenger: phase-in of “Next Generation” wide body B787 & A350 and pursuing phase-out of B747 & A340
  - Transavia France to grow up to 40 B737 by 2020
  - Increase existing fleet utilization
- Preparing RFPs for long term renewal of medium-haul fleet
- Regional fleet: decrease of ATRs

EXTENDED NORTH ATLANTIC JOINT-VENTURE ON TRACK FOR IMPLEMENTATION APRIL 1ST 2019

Ambition: expand and strengthen the most powerful North Atlantic JV with Air France-KLM, Delta and Virgin Atlantic

- 25% capacity share between Europe and North America
- 300+ daily flights
- Solid margin generation

Implementation roadmap on track

Contracting & regulatory filings

- Definitive JV agreement signed on May 15th between Air France - KLM, Delta and Virgin Atlantic
- Air France-KLM, Delta and Virgin Atlantic filed with the US authorities for Anti-Trust Immunity on July 20th 2018

JV launch & future developments *(under discussion)*

- Strategic cooperation between Air France – KLM and Virgin Atlantic on other parts of the world *(e.g. Europe, Asia, Africa)* under discussion to leverage a worldwide combined offer for our customers
- Ongoing work to ensure seamless customer experience across the JV

FURTHER PROGRESS WITHIN OUR CHINESE PARTNERSHIPS

Towards an extended joint-venture with our equity partner China Eastern

- Strengthening of partnership in line with China Eastern's investment in Air France-KLM:
  - > Enhanced joint-venture between Air France-KLM and China Eastern aiming at implementation in 2019, leading to the extension of the current scope of Paris/Amsterdam-Shanghai to Paris-Wuhan and Paris-Kunming routes
  - > Cooperation in MRO with a contract for the component repair of China Eastern's B787-9s

A single joint-venture between Air France, KLM, China Southern and Xiamen Airlines

- Merger of the two existing joint-ventures to create a single one
- Scope includes Paris-Guangzhou and Amsterdam-Beijing, Chengdu, Guangzhou, Hangzhou and Xiamen
- Cooperation in MRO with engine maintenance for Xiamen Airlines' B787 fleet. Other fields of cooperation include airport handling and catering

DELIVERING ON OUR PARTNERSHIP STRATEGY, DISCUSSIONS ON EXTENDING COOPERATION WITH AIR EUROPA

NEW

AirEuropa

Discussions with **Air Europa** aiming at a joint-venture cooperation between Europe and Central/South America, strengthening joint position on this network

GOL Linhas aéreas inteligentes

Discussions on new **phase of our partnership** *(Q1 2019)*
Recent achievements include launch of Fortaleza hub and joint SME program in Brazil

JET AIRWAYS

The **enhanced cooperation** announced in November 2017 is progressing at a fast pace on network, revenue management and sales cooperation

QANTAS

Customer-oriented tactical cooperation

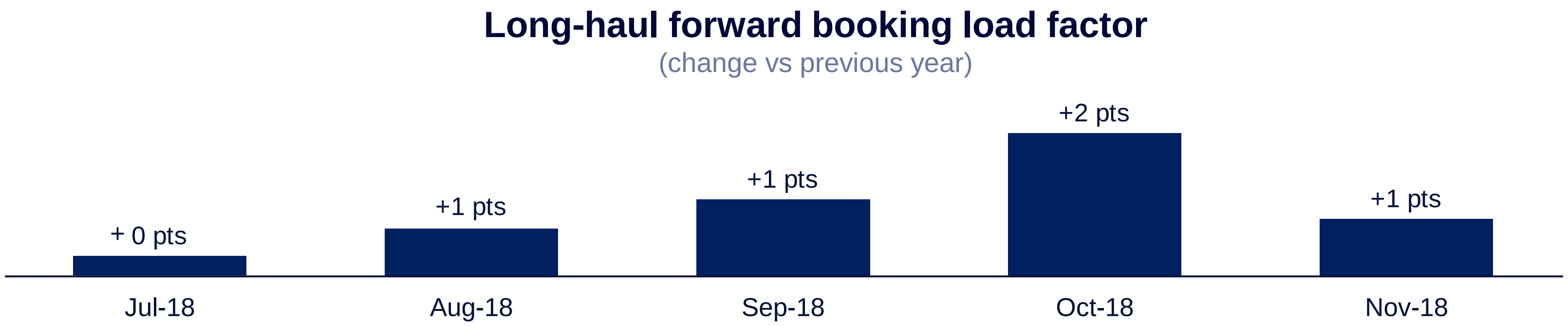
- Resuming Air France – Qantas codeshare *via* Singapore and addition of Hong Kong
- Extension to KLM *(Singapore only)*

AIRFRANCE KLM

OUTLOOK

2018

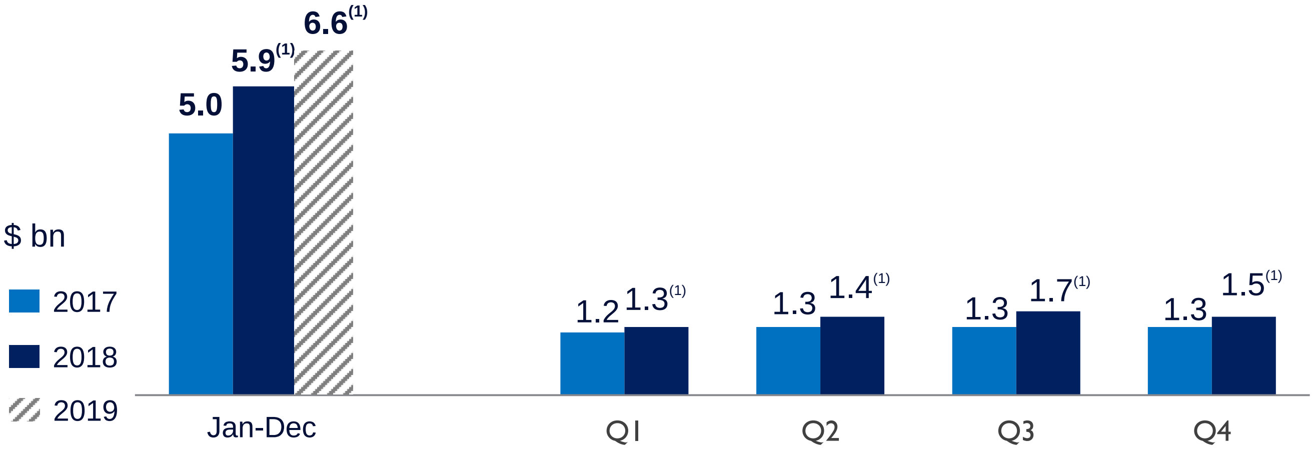
REVENUE OUTLOOK



- Long-haul forward booking load factors ahead of last year for the next four months
- Based on current outlook, Q3 2018 and thus Full Year 2018 unit revenues are expected to be above last year at constant currency

FUEL BILL INCREASE ESTIMATED AT €450M IN 2018

2017:
fuel bill €4.5bn
2018:
fuel bill €5.0bn(2)
2019:
fuel bill €5.5bn(2)



		Jan-Dec	Q1	Q2	Q3	Q4
Market price	*Brent ($ per bbl)(1)*	*73*	*67*	*75*	*75*	*75*
	Jet fuel ($ per metric ton)(1)	*748*	*697*	*754*	*767*	*770*
Price after hedge	Jet fuel ($ per metric ton)(1)	656	625	636	674	683
	% of consumption already hedged	60%	62%	64%	55%	58%
	Hedge result (in $ m)	850	150	250	250	200

(1) Based on forward curve at 27 July 2018. Sensitivity computation based on 2018 fuel price, assuming constant crack spread between Brent and Jet Fuel. Jet fuel price including into plane cost
(2) Assuming average exchange rate on US dollar/Euro of 1.19 for 2018 and 1.20 for 2019

FULL YEAR GUIDANCE

		Previous guidance 2018	New Guidance 2018	
Capacity	**Passenger**	+2.5% to +3.5%	*Unchanged*	
	Transavia	+6% to +7%	+8% to +9%	*Slightly accelerated growth forTransavia to benefit from dynamic market demand*
Fuel		+€350 m	+€450 m	*Reflecting expected further increase in oil price*
Currency		Circa €100m headwind	Circa €150m headwind	*Strengthening of the USD to the Euro*
Unit cost at constant currency, fuel and pension-expense		0% to +1.0%	*Unchanged*	
Capex		€2.0 bn to €2.5 bn	*Unchanged*	
Debt		Net debt below 2017	*Unchanged*	

APPENDIX

Results per 30th of June 2018

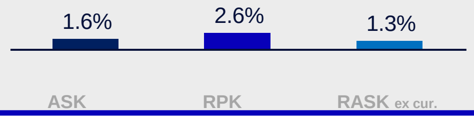
FIRST HALF 2018: NETWORK RESULTS IMPACTED BY STRIKES, GROWTH OF REVENUES IN TRANSAVIA AND MAINTENANCE

		Capacity (1)	Unit Revenue (2) Constant Currency	Revenues (€ m)	Change	Operating result (3) (€ m)	Change	Operating margin (3)	Change
Network	AIRFRANCE KLM HOP! JOON	+1.6%	+1.3%	10,786	-0.3%	150	- 321m	1.4%	-3.0 pt
	AIRFRANCE KLM Martinair CARGO	-1.0%	+6.8%						
Transavia	transavia	+7.6%	+5.5%	688	+13.7%	3	+ 23m	0.4%	+3.7 pt
Maintenance	AIRFRANCE INDUSTRIES KLM Engineering & Maintenance			941	+5.7%	72	- 34m	3.5%	-1.8 pt
Group	AIRFRANCE KLM	+1.8%	+1.9%	12,432	+0.8%	228	- 325m	1.8%	-2.7 pt

(1) Passenger airlines capacity is Available Seat Kilometer, Cargo capacity is Available Ton Kilometer, Group is Equivalent Available Seat Kilometer
(2) Unit Revenue: Passenger airlines is Revenue per Available Seat Kilometer, Cargo is Revenue per Available Ton Kilometer
(3) 2017 restated for implementation of accounting standards IFRS

FIRST HALF 2018: BOTH LONG HAUL AND MEDIUM HAUL CONTRIBUTING TO POSITIVE UNIT REVENUE PERFORMANCE

H1 2018 Total

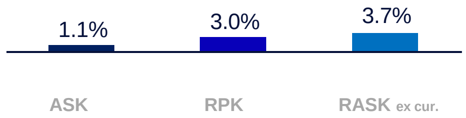


RASK ex cur.

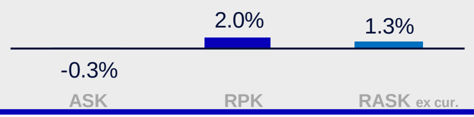
Premium	Economy
+5.4%	0.3%

Medium-haul point-to-point

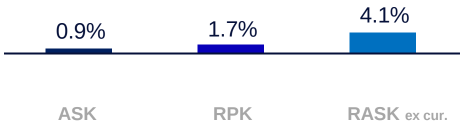
Medium-haul hubs



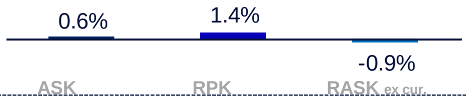
Total medium-haul



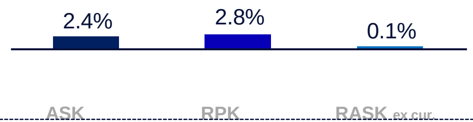
North America



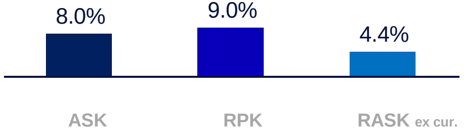
Caribbean & Indian Ocean



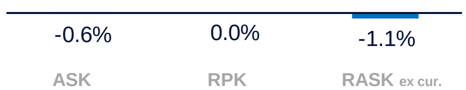
Asia



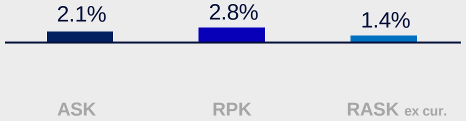
Latin America



Africa & Middle East

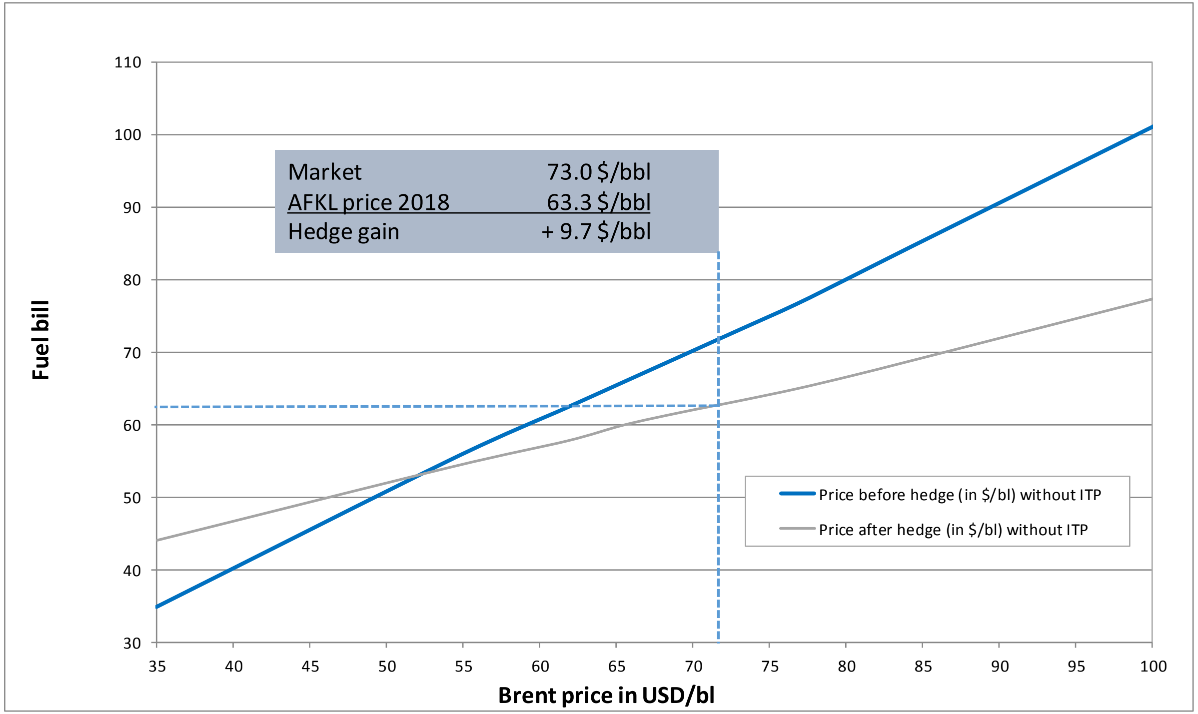


Total long-haul



AIRFRANCE KLM

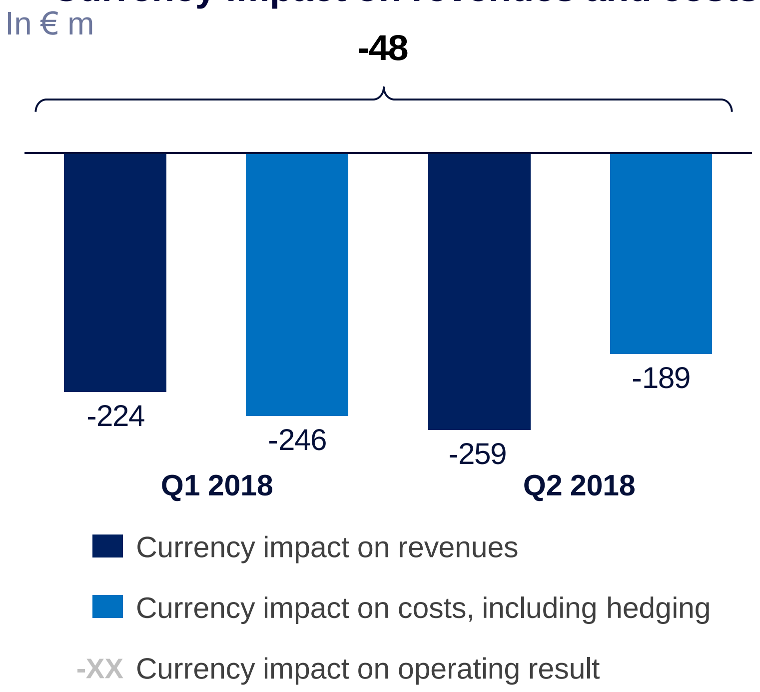
FUEL BILL SENSITIVITY FULL YEAR 2018



Based on forward curve at 27 July 2018. Sensitivity computation based on 2018 fuel price, assuming constant crack spread between Brent and Jet Fuel
Assuming average exchange rate on US dollar/Euro of 1.19 for 2018

CURRENCY IMPACT ON OPERATING RESULT

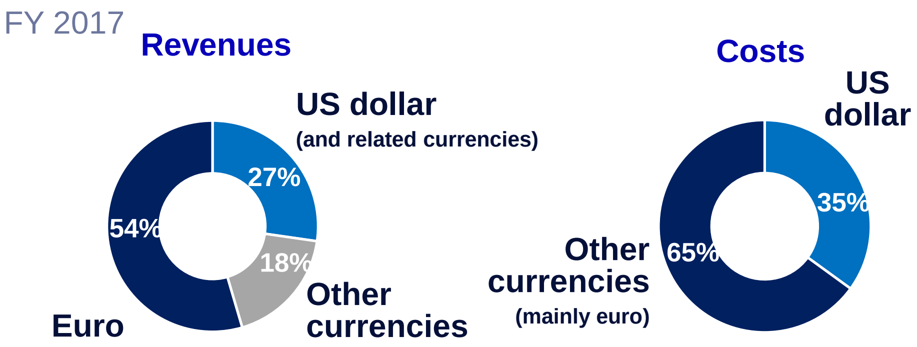
Currency impact on revenues and costs



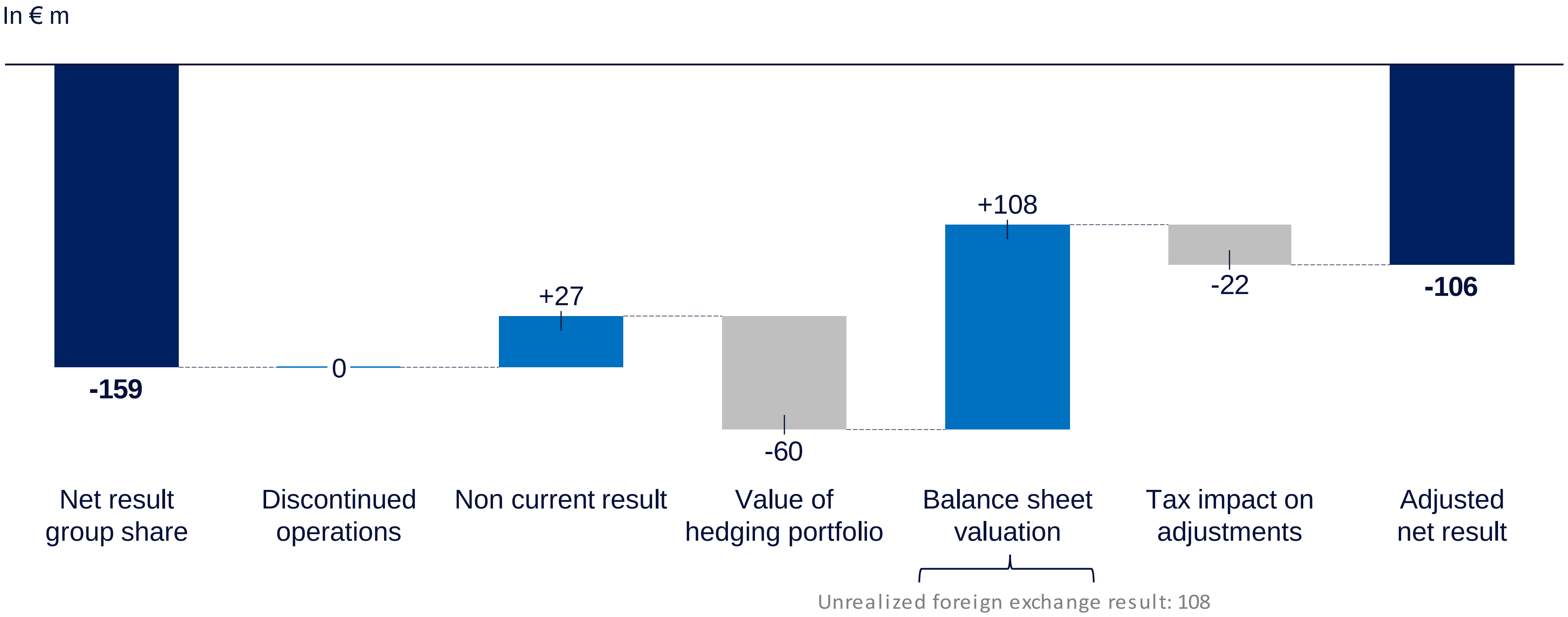
FY 2018 guidance

- FX FY 2018 estimated circa €150m headwind, based on spot €/$ 1.18
- Hedging policy on USD, GBP: ~60% and JPY ~40% net operational exposure 2018

Revenues and costs per currency



ADJUSTED NET RESULT AT 30 JUNE 2018



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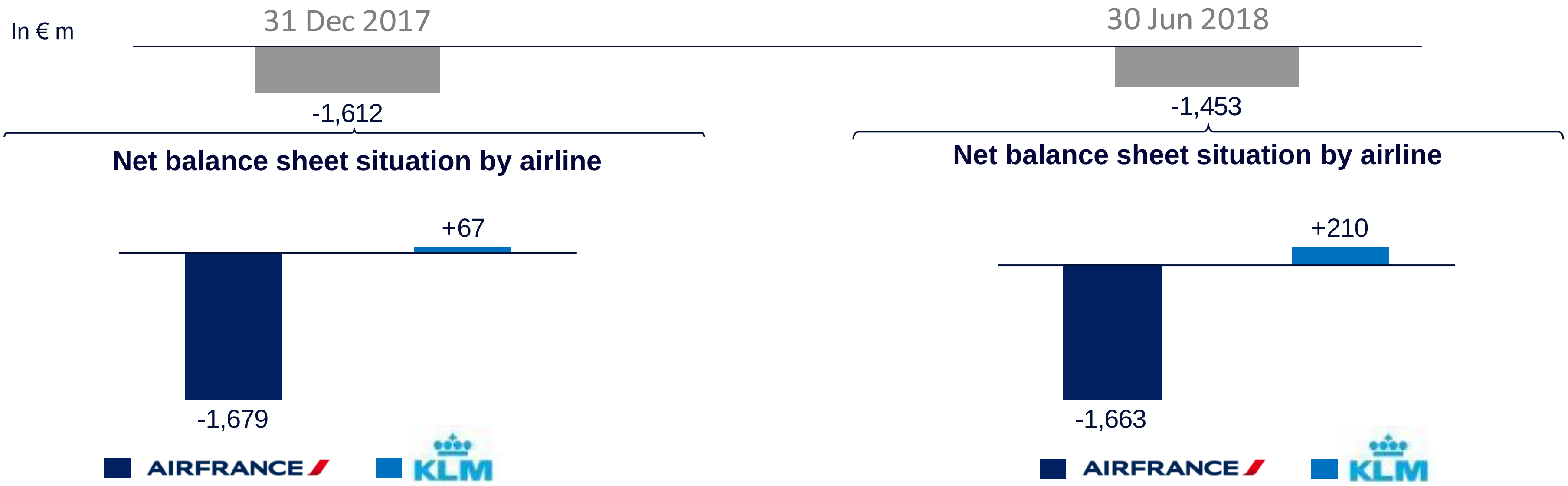
PENSION DETAILS AT 30 JUNE 2018



Air France

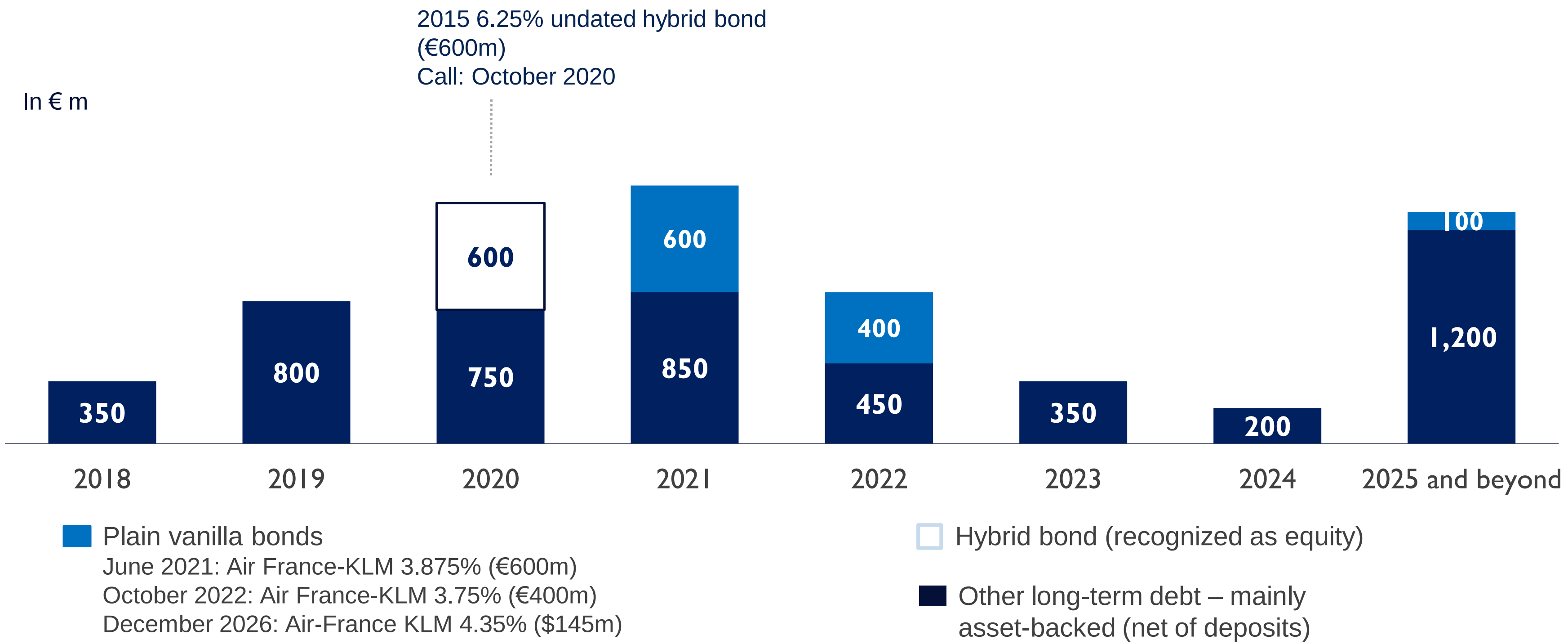
- Air France end of service benefit plan (ICS): pursuant to French regulations and the company agreement, every employee receives an end of service indemnity payment on retirement (no mandatory funding requirement). ICS represents the main part of the Air France position
- Air France pension plan (CRAF): related to ground staff affiliated to the CRAF until 31 December, 1992

KLM

- Defined benefit schemes for Ground Staff

FINANCIAL DEBT REIMBURSEMENT PROFILE AT 30 JUNE 2018

Financial debt reimbursement profile[1]



(1) Net of deposits on financial leases and excluding Operating lease debt payments and KLM perpetual debt

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