

## FINANCIAL YEAR 2009-10

### FIRST QUARTER

- ▶ Significant drop in cargo business
- ▶ Sharp decline in passenger unit revenues
- ▶ Negative effect of fuel hedges on operating result
- ▶ Cost reduction limits the impact of the decline in revenues
- ▶ Strong liquidity at 5.7 billion euros

Global economic activity has stabilised at unprecedented low levels, leading to a sharp decline in volumes and unit revenues. The airline sector has been particularly affected, resulting in sharp declines in volumes and unit revenues. Revenues in the passenger business were down 18.7% and in cargo by 41.5%, leading to a drop of 20.5% in total group revenues to 5.17 billion euros. Moreover, the results of the First Quarter were affected by a negative fuel hedging impact of 252 million euros.

Despite this difficult environment, the group benefits from a high level of liquidity of 5.7 billion euros including 1.2 billion euros in credit facilities. During the quarter, Air France-KLM had a successful 661 million euro convertible bond issue, while on 28<sup>th</sup> July, KLM extended the term of its 530 million euro credit facility from July 2010 to July 2012, with the possibility of a further prolongation to July 2013.

### Key data

In euro millions	Quarter to 30 <sup>th</sup> June 30th			
	2009	2008 Restated and proforma <sup>1</sup>	Change	2008 published
Revenues	5,169	6,505	(20.5%)	6,288
EBITDAR	112	814	(86.2%)	816
Operating income/(loss)	(496)	201	nm	234
Income/(loss) from operating activities	(496)	217	nm	251
Pretax income/(loss) of consolidated companies	(612)	211	nm	251
Net income/(loss), group share	(426)	149	nm	168
Restated net income/(loss) <sup>2</sup>	(431)	132	nm	nm
Earnings/(loss) per share	(1.45)	0.54	nm	0.57
Diluted earnings/(loss) per share	(1.45)	0.51	nm	0.54

The group's results do not include its 25% holding in Alitalia, which will be integrated by the equity method as of the Second Quarter on the basis of the previous quarter's results. Alitalia reported its First Half results in line with its budget. These results are encouraging in the context of the difficult trading environment currently experienced by the airline industry.

<sup>1</sup> Restated for the application of IFRIC 13 and proforma Martinair (see attached table)

<sup>2</sup> Refer to calculation method on page 117 of the Reference Document and page 6 of the Update of the Reference Document 2008-09

## Activity

### Capacity reduction

Passenger activity in the quarter April to June 2009 remained weak with a 5.8% decline in traffic. A 4.7% reduction in capacity limited the decline in the load factor to 0.9 points at 79.4%. As in previous months, the decline in premium class unit revenues was particularly pronounced, while in economy class they proved more resilient. In total, unit revenues per available seat kilometre (RASK) fell 14.8%. Revenues of the passenger division fell 18.7% to 4.01 billion euros.

Despite a reduction in capacity of 17.2%, cargo suffered a sharp decline in traffic of 22.7%, and a drop in unit revenues per transported tonne kilometer of 25%. Revenues for the period declined 41.5% to 547 million euros.

### Unit revenues contained

Despite a 7.1% reduction in production measured in equivalent available seat kilometers (EASK), unit cost per EASK was down 3.9% and was stable on a constant currency and fuel price basis, and excluding the impact of the additional pension fund charge. Operating costs declined 10.1% to 5.66 billion euros. Excluding fuel they dropped 6.4% thanks to the 148 million euros in costs savings realised under the 'Challenge 12' programme.

Reductions in operating costs were achieved in all areas:

- The fuel bill declined by 329 million euros to 1.14 billion (-22.5%) under the combined effect of a 10% decline in volume, a negative currency impact of 15% and a drop in fuel prices limited to 27% by the hedging effect.
- Employee costs were down 1.3% to 1.9 billion euros. Excluding an additional 34 million euro charge to the Air France and KLM pension funds, the decline would have been 3.1%, in line with a 1.9% reduction in headcount (106,800 at 30<sup>th</sup> June 2009 versus 108,800 at 30<sup>th</sup> June 2008 proforma).
- Distribution and other costs declined 19.5% and 16.2% respectively.

The operating loss stood at 244 million euros excluding the negative impact of the fuel hedges of 252 million euros (-496 million euros after the impact of the hedges, compared with income of 201 million euros at 30<sup>th</sup> June 2008). The adjusted operating loss<sup>1</sup> was 434 million euros at 30<sup>th</sup> June 2009 against income of 256 million euros a year earlier.

The operating loss excluding fuel hedges breaks down as follows:

- Passenger activity: -141 million euros (-338 million euros including the fuel hedge impact).
- Cargo activity: -153 million euros (-197 million euros including the fuel hedge impact).
- Other activities: +20 million euros (+9 million euros including the fuel hedge impact).
- Maintenance: +30 million euros.

The net interest charges rose 11 million euros to 56 million due to lower financial income, while the cost of gross debt was stable. Other financial income and costs amounted to a negative 60 million euros, including a positive currency result of 43 million euros and a negative impact of relating to the change in fair value of hedging instruments of 102 million euros. After a tax credit of 195 million euros and a negative contribution from associates of 10 million euros, the net loss amounted to 426 million euros against income of 149 million a year earlier. Net loss per share and diluted net loss per share both stood at 1.45 euros against earnings per share and diluted earnings per share of 0.54 euros and 0.51 euros per share respectively at 30<sup>th</sup> June 2008.

---

<sup>1</sup> Adjusted for the portion of operating leases relating to financial charges (34%). See calculation method on page 117 of the Reference Document.

## Solid financial position

Investments net of disposals amounted to 133 million euros at 30th June 2009 (478 million at 30th June 2008). Cash flow was a negative 271 million euros of which 97 million euros relating to derivative instruments not classified as hedges. The change in working capital requirement was a negative 102 million euros. The group's financial position remains strong with cash of 4.5 billion euros and available credit lines of 1.2 billion euros.

Shareholders' funds amounted to 6.10 billion euros, up 407 million euros versus 31st March 2009, with the negative impact of the fair valuation of hedging instruments down from 1.5 billion euros to 0.73 billion euros during this period. Net debt stood at 4.81 billion euros (4.44 billion at 31st March 2009). The gearing ratio<sup>1</sup> was stable at 0.79 versus 0.78 at 31 March 2009.

## Outlook for the Full Year

We have continued to adapt to the economic environment. A further 5% annualised reduction in cargo capacity is planned for the Winter season, with the grounding of four full freighters, taking to 10 aircraft the reduction in the cargo fleet since the start of the crisis. The group is also undertaking a review of the medium-haul network, both in terms of destinations and products, and the outcome of this process will be implemented at the beginning of 2010. At the same time, we continue to adapt our employee headcount to current levels of activity.

If the scenario of a stabilisation in the global economy, followed by a gradual recovery at the end of 2009 is confirmed, the trend in unit revenues could be as follows:

- In the passenger business, a further deterioration in the Second Quarter, albeit at a slower pace than in the First; a stabilisation in the Second Half relative to the Second Half of 2008-09 which was already impacted by the crisis.
- In cargo, a continuation of the current trend followed by a progressive stabilisation in the Second Half.

---

<sup>1</sup> See calculation method on page 118 of the Reference Document

## Agenda

### Friday 31<sup>st</sup> July 2009:

- ▶ audio-web conference at 15 00h GMT (16 00h CET)
- ▶ to join the call dial 44(0)20 7162 0125 (password: AKH)
  - US: 1 334 323 6203 (password: AKH)
- ▶ to view the presentation, go to the following website:  
**<http://airfranceklm.momentys.com> (password: AKHQ1)**

**Recording:** 44 (0)20 7031 4064 (code: 832205)  
US: 1 954 334 0342 (code: 832205)

## Contact

Dominique Barbarin  
SVP Investor Relations  
Tel: +33 1 41 56 88 60  
email: [do barbarin@airfrance.fr](mailto:do barbarin@airfrance.fr)

## Information by business

### Passenger business

	Quarter to 30 <sup>th</sup> June		
	2009	2008*	Change
Traffic (RPK millions)	50,467	53,348	(5.8)%
Capacity (ASK millions)	63,578	66,741	(4.7)%
Load factor	79.4%	80.2%	(0.9) pts
Total revenues (€ m)	4,013	4,937	(18.7)%
Revenues from scheduled passenger business (€ m)	3,815	4,699	(18.8)%
Unit revenue per RPK (€ cts)	7.56	8.78	(13.9)%
Unit revenue per RPK ex currency	-	-	(15.6)%
Unit revenue per ASK (€ cts)	6.00	7.04	(14.8)%
Unit revenue per ASK ex currency	-	-	(16.5)%
Unit cost per ASK (€ cts)	6.46	6.73	(4.0)%
Unit cost per ASK on constant currency and fuel price basis	-	-	(0.3)%
Operating income /(loss) (€ m)	(338)	165	nm

\* Restated for the application of IFRC13

### Cargo business

	Quarter to 30 <sup>th</sup> June		
	2009	2008*	Change
Traffic (RTK millions)	2,741	3,544	(22.7)%
Capacity (ATK millions)	4,338	5,242	(17.2)%
Load factor	63.2%	67.6%	(4.5) pts
Total cargo business revenues (€ m)	544	930	(41.5)%
Revenues from the transportation of cargo (€ m)	511	882	(42.1)%
Unit revenue per RTK (€ cts)	18.65	24.89	(25.1)%
Unit revenue per RTK ex currency (€ cts)	-	-	(29.5)%
Unit revenue per ATK (€ cts)	11.78	16.83	(30.0)%
Unit revenue per ATK ex currency	-	-	(34.1)%
Unit cost per ATK (€ cts)	16.04	16.36	(2.0)%
Unit cost per ATK at constant exchange rate and fuel price	-	-	4.6%
Operating income/(loss) (€ m)	(197)	16	nm

\* Proforma Martinair

### Maintenance

The maintenance business recorded revenues of 246 million euros in the first quarter of 2009-10 against proforma revenues of 243 million euros at 30<sup>th</sup> June 2008. Operating income amounted to 30 million euros (16 million euros proforma at 30<sup>th</sup> June 2008).

### Other activities

Revenues from other activities stood at 365 million euros against proforma revenues of 396 million euros at 30<sup>th</sup> June 2008, a decline of 7.6% linked mainly to the leisure activity. During the quarter, the leisure activity of Martinair reduced its capacity by 25.7%. Operating income amounted to 9 million euros (versus 4 million euros proforma at 30<sup>th</sup> June 2008). Excluding the impact of fuel hedges, operating income would have been 20 million euros.

## Reconciliation table for First Quarter 2008-09 results

	<b>30<sup>th</sup> June 2008</b>
Published revenues	6,288
Impact of IFRIC 13	(14)
Impact of Martinair	231
<b>Restated proforma revenues</b>	<b>6,505</b>
Published operating costs	6,054
Impact of Martinair	250
<b>Proforma operating costs</b>	<b>6,304</b>
Published operating income	234
Impact of IFRIC 13	(14)
Impact of Martinair	(19)
<b>Restated proforma operating income</b>	<b>201</b>
Published pretax income of consolidated companies	251
Impact of IFRIC 13	(14)
Impact of Martinair	(19)
<b>Restated proforma pretax income of consolidated companies</b>	<b>201</b>
Published income tax	(75)
Impact of IFRIC 13	4
Impact of Martinair	7
<b>Restated proforma income tax</b>	<b>(64)</b>
Published net income, group share	168
Impact of IFRIC 13	(10)
Impact of Martinair	(9)
<b>Restated proforma net income, group share</b>	<b>149</b>

**AIR FRANCE-KLM GROUP**

Aircraft											Fleet as of 30 June 2009					
	AF	Brit Air	City Jet	Régional	VLM	Transavia	KLM	KLM Cityhop.	Transavia	Martinair	Owned	Finance lease	Operating lease	Total	In operation	Change / 3/31/09
B747-400	13						22			21	7	7	35	34	-1	
B777-300	30						3			17	5	11	33	33	5	
B777-200	25						15			15	8	17	40	40		
B767-300									6	3		3	6	4	-2	
B737 900							5				2	3	5	5		
B737-800						7	21		19		20	27	47	47	1	
B737-700							4		10		9	5	14	14		
B737-400							11			6		5	11	10	-2	
B737-300							10			7		3	10	10		
A340-300	19									10	3	6	19	19		
A330-200	15						10			5	7	13	25	25	-1	
A321	23									12		11	23	23	2	
A320	65									47		18	65	63	-2	
A319	45									22	4	19	45	45		
A318	18									18			18	18		
MD11							10			8		2	10	10		
B747-400 cargo	9						2		6	5	3	9	17	9	-5	
B747-200 cargo	3									3			3			
B777- cargo	2										2		2	2		
MD-11-CF									4	3		1	4	4		
MD-11-F									3	2		1	3	3		
AVRO RJ 85			27							15		12	27	23	-2	
BAE146-200/300			1							1			1			
Canadair Jet 700		15								6	9		15	15		
Canadair Jet 100		15								5	8	2	15	15		
Embraer 190				8				5		4	1	8	13	13	2	
Embraer 170				5						4	1		5	5	2	
Embraer 145				28						6	16	6	28	28		
Embraer 135				9						4	3	2	9	9		
Embraer 120				4						4			4			
Fokker 100		13		8				20		27		14	41	33	-4	
Fokker 70				2				24		23	3		26	26	1	
Fokker 50					18			12		20		10	30	28	-2	
<b>Total Air France-KLM Group</b>	<b>267</b>	<b>43</b>	<b>28</b>	<b>64</b>	<b>18</b>	<b>7</b>	<b>113</b>	<b>61</b>	<b>29</b>	<b>19</b>	<b>323</b>	<b>111</b>	<b>215</b>	<b>649</b>	<b>613</b>	<b>-8</b>

Aircraft	AF	Brit Air	City Jet	Régional	VLM	Transavia	KLM	KLM Cityhop.	Transavia	Martinair	Owned	Finance lease	Operating lease	Total	In operation	Change / 3/31/09
<b>Long-haul</b>	102						60			6	79	30	59	168	165	1
<b>Medium-haul</b>	151					7	51		29		112	35	91	238	235	-1
<b>Freighter</b>	14						2			13	13	5	11	29	18	-5
<b>Regional</b>		43	28	64	18		61				119	41	54	214	195	-3
<b>Total Group</b>	<b>267</b>	<b>43</b>	<b>28</b>	<b>64</b>	<b>18</b>	<b>7</b>	<b>113</b>	<b>61</b>	<b>29</b>	<b>19</b>	<b>323</b>	<b>111</b>	<b>215</b>	<b>649</b>	<b>613</b>	<b>-8</b>

## Income Statement for the Q1 2009-10

### INCOME STATEMENT FROM APRIL 1, 2009 TO JUNE 30, 2009

In € millions

	1 <sup>st</sup> quarter (April to June)		
	2009-10	2008-09 (adjusted and pro forma)	Variation
<b>SALES</b>	<b>5 169</b>	<b>6 505</b>	<b>-20,5%</b>
Other revenues	1	0	na
<b>EXTERNAL EXPENSES</b>	<b>-3 345</b>	<b>-3 879</b>	<b>-13,8%</b>
Aircraft fuel	-1 136	-1 465	-22,5%
Chartering costs	-125	-172	-27,3%
Aircraft operating lease costs	-182	-161	13,0%
Landing fees and en route charges	-450	-468	-3,8%
Catering	-124	-126	-1,6%
Handling charges and other operating costs	-331	-357	-7,3%
Aircraft maintenance costs	-264	-273	-3,3%
Commercial and distribution costs	-231	-287	-19,5%
Other external expenses	-502	-570	-11,9%
Salaries and related costs	-1 880	-1 905	-1,3%
Taxes other than income taxes	-63	-64	-1,6%
Amortization and depreciation	-423	-430	-1,6%
Provisions	-3	-22	na
Other income and expenses	48	-4	na
<b>INCOME FROM CURRENT OPERATIONS</b>	<b>-496</b>	<b>201</b>	<b>na</b>
Sales of aircraft equipment	1	4	na
Sales of subsidiaries		3	na
Other non-current income and expenses	-1	9	na
<b>INCOME FROM OPERATING ACTIVITIES</b>	<b>-496</b>	<b>217</b>	<b>na</b>
Income from cash and cash equivalents	31	78	-60,3%
Cost of financial debt	-87	-89	-2,2%
<i>Net cost of financial debt</i>	<i>-56</i>	<i>-11</i>	<i>409,1%</i>
Foreign exchange gains (losses), net	43	2	na
Change in fair value of financial assets and liabilities	-98	7	na
Other financial income and expenses	-5	-4	na
<b>INCOME BEFORE TAX</b>	<b>-612</b>	<b>211</b>	<b>na</b>
Income taxes	195	-64	na
<b>NET INCOME OF CONSOLIDATED COMPANIES</b>	<b>-417</b>	<b>147</b>	<b>na</b>
Share of profits (losses) of associates	-10	4	na
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>-427</b>	<b>151</b>	<b>na</b>
Net income from discontinued operations			
<b>NET INCOME FOR THE PERIOD</b>	<b>-427</b>	<b>151</b>	<b>na</b>
Minority interest	1	-2	na
<b>NET INCOME FOR THE PERIOD - GROUP</b>	<b>-426</b>	<b>149</b>	<b>na</b>

## Consolidated Balance Sheet

Assets	In € millions	June 30, 2009	March 31, 2009
Goodwill		400	400
Intangible assets		572	559
Flight equipment		11 911	12 125
Other property, plant and equipment		2 303	2 313
Investments in equity associates		423	446
Pension assets		2 547	2 499
Other financial assets <i>(which includes € 748 million of deposits related to financial leases as of June 30, 2009, € 740 million as of March 31, 2009)</i>		952	938
Deferred tax assets		714	811
Other non-current assets		626	629
<b>Total non current assets</b>		<b>20 448</b>	<b>20 720</b>
Assets held for sale		104	93
Other short term financial assets <i>(which includes € 299 million of deposits related to financial leases and investments between 3 months and 1 year as of June 30, 2009, € 538 million as of March 31, 2009)</i>		333	580
Inventories		540	527
Trade accounts receivable		2 139	2 038
Income tax receivables		3	2
Other current assets		925	1 065
Cash and cash equivalents		4 106	3 748
<b>Total current assets</b>		<b>8 150</b>	<b>8 053</b>
<b>Total assets</b>		<b>28 598</b>	<b>28 773</b>
<b>Liabilities and equity</b>	<i>In € millions</i>	<b>June 30, 2009</b>	<b>March 31, 2009</b>
Issued capital		2 552	2 552
Additional paid-in capital		765	765
Treasury shares		(105)	(124)
Reserves and retained earnings		2 835	2 429
<b>Equity attributable to equity holders of Air France-KLM</b>		<b>6 047</b>	<b>5 622</b>
Minority interest		56	54
<b>Total Equity</b>		<b>6 103</b>	<b>5 676</b>
Provisions and retirement benefits		1 356	1 334
Long-term debt		8 303	7 864
Deferred tax		404	339
Other non-current liabilities		1 614	2 170
<b>Total non-current liabilities</b>		<b>11 677</b>	<b>11 707</b>
Liability related to assets held for sale		7	7
Provisions		457	480
Current portion of long-term debt		1 527	1 353
Trade accounts payable		1 931	1 887
Deferred revenue on ticket sales		3 362	3 048
Current tax liabilities		10	11
Other current liabilities		3 377	4 322
Bank overdrafts		147	282
<b>Total current liabilities</b>		<b>10 818</b>	<b>11 390</b>
<b>Total liabilities</b>		<b>22 495</b>	<b>23 097</b>
<b>Total liabilities and equity</b>		<b>28 598</b>	<b>28 773</b>

## Consolidated Statement of Cash Flows

<i>In € millions</i>	<b>2009</b>	<b>2008</b>
<b>Period from April 1 to June 30,</b>		<b>(adjusted)</b>
Net income for the period – Group	(426)	158
Minority interests	(1)	2
Amortization, depreciation and operating provisions	426	432
Financial provisions	5	3
Gain on disposals of tangible and intangible assets	(1)	(20)
Loss / (gain) on disposals of subsidiaries and associates	-	(3)
Derivatives – non monetary result	(5)	(12)
Unrealized foreign exchange gains and losses, net	(47)	(10)
Share of (profits) losses of associates	10	6
Deferred taxes	(194)	52
Other non-monetary items	(38)	(158)
<b>Subtotal</b>	<b>(271)</b>	<b>450</b>
(Increase) / decrease in inventories	(18)	(60)
(Increase) / decrease in trade receivables	(112)	(249)
Increase / (decrease) in trade payables	55	343
Change in other receivables and payables	(27)	526
<b>Net cash flow from operating activities</b>	<b>(373)</b>	<b>1 010</b>
Acquisitions of subsidiaries and investments in associates, net of cash acquired	(9)	(5)
Purchase of property, plant and equipment and intangible assets	(640)	(597)
Proceeds on disposal of subsidiaries and investments in associates	-	4
Proceeds on disposal of property, plant and equipment and intangible assets	507	119
Dividends received	1	-
Decrease (increase) in investments, net between 3 months and 1 year	192	(82)
<b>Net cash used in investing activities</b>	<b>51</b>	<b>(561)</b>
Issuance of long-term debt	995	3
Repayments on long-term debt	(51)	(47)
Payment of debt resulting from finance lease liabilities	(145)	(220)
New loans	(19)	(12)
Repayments on loans	36	25
Dividends paid	-	(1)
<b>Net cash flow from financing activities</b>	<b>816</b>	<b>(252)</b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b>(1)</b>	<b>-</b>
<b>Change in cash and cash equivalents and bank overdrafts</b>	<b>493</b>	<b>197</b>
Cash and cash equivalents and bank overdrafts at beginning of period	3 466	4 209
Cash and cash equivalents and bank overdrafts at end of period	3 959	4 406