

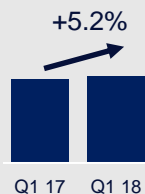
AIR FRANCE-KLM RESULTS PRESENTATION

First quarter 2018

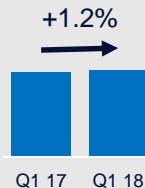
4th May 2018

FIRST QUARTER 2018: KEY HIGHLIGHTS

Strong ongoing demand



Passengers

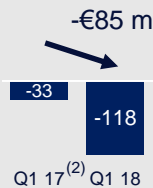


RASK⁽¹⁾

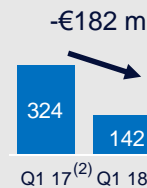
At constant currency

- Positive business environment in line with expectations
- First results from enhanced partnership with Jet Airways
- Continuing commercial momentum (Flying Blue, branded fares)

Results impacted by strike



Operating result



Adj. operating free cash flow⁽³⁾

- Strikes due to wage dispute impacting Air France result by around €75 m in Q1 2018
- KLM and Transavia performance improving
- Implementation of new accounting standards IFRS 9, 15 and 16

(1) Group Revenue per Available Seat Kilometer (RASK) Passenger + Transavia

(2) 2017 restated for implementation of accounting standards IFRS

(3) Adjusted operating free cash flow = Operating cash flow with deduction of repayment of lease debt

FINANCIAL REVIEW

First Quarter 2018

FIRST QUARTER 2018

	Q1 2018	Q1 2017 ⁽¹⁾	Change	Change at constant currency
Revenues (€ bn)	5.81	5.71	+1.8%	+5.9%
EBITDA (€ m)	621	648	-27 m	-42 m
Operating result (€ m)	-118	-33	-85 m	-105 m
Operating margin	-2.0%	-0.6%	-1.5 pt	-1.8 pt
Net result, group share (€ m)	-269	-143	-126 m	
Adjusted operating free cash flow (€ m) ⁽²⁾	142	324	-182 m	
ROCE ⁽³⁾	14.1%	9.8%	+4.3 pt	

	Q1 2018	31 Dec 2017 ⁽¹⁾	Change
Net debt (€ m)	6,282	6,567	-285 m

(1) 2017 restated for implementation of accounting standards IFRS 9, 15 and 16

(2) Adjusted operating cash flow = Operating cash flow with deduction of repayment of lease debt





(3) ROCE 12 months sliding, for new definition see press release

IFRS RESTATEMENT OF Q1 AND FULL YEAR 2017 CONSOLIDATED INCOME STATEMENT

In € m	First quarter 2017			Full year 2017 ⁽¹⁾			Impact by:
	Published accounts	Restated accounts	Change	Published accounts	Restated accounts	Change	
Revenues	5,709	5,705	-4	25,784	25,860	76	IFRS 15
External expenses	-5,155	-5,057	98	-21,432	-21,086	346	IFRS 15 & 16
Operating leases	-285	0	285	-1,088	0	1,088	IFRS 16
EBITDA	269	648	379	3,264	4,774	1,510	IFRS 15 & 16
Amortizations and depreciation	-412	-681	-269	-1,776	-2,837	-1,061	IFRS 16
Current operating income	-143	-33	110	1,488	1,937	449	IFRS 15 & 16
Cost of financial debt	-56	-140	-84	-214	-537	-322	IFRS 16
Operating income -/- cost of debt	-199	-173	26	1,273	1,400	127	IFRS 15 & 16
Other financial items	-31	46	77	116	582	466	IFRS 9 & 16
Income tax	9	-21	-30	229	74	-155	
Net result	-216	-143	73	-274	162	436	

(1) Full year 2017 restated accounts have not yet been audited and could be subject to changes

REVENUE GROWTH IN ALL BUSINESSES, NETWORK MARGIN IMPACTED BY STRIKE

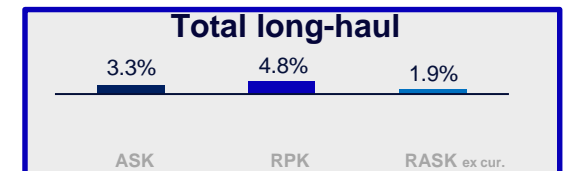
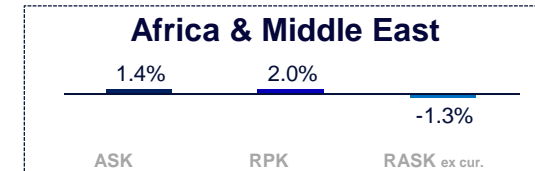
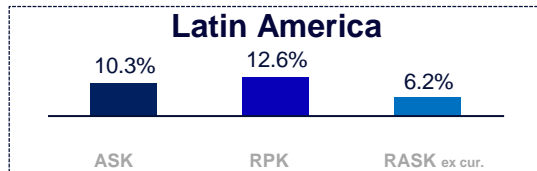
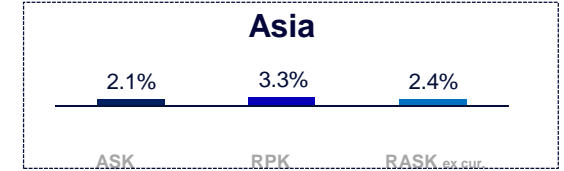
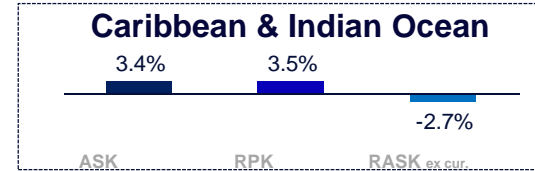
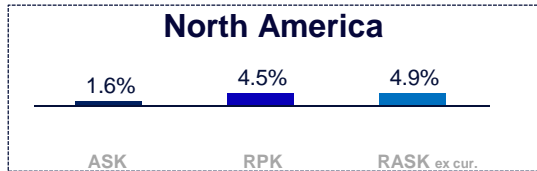
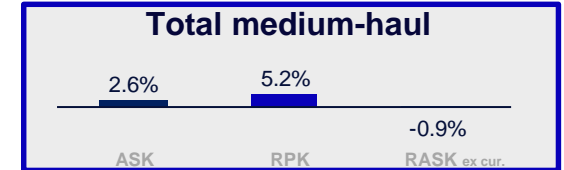
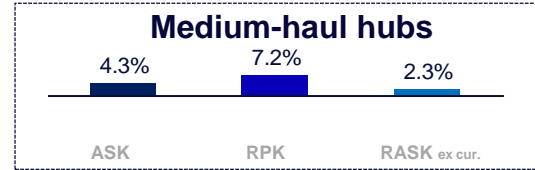
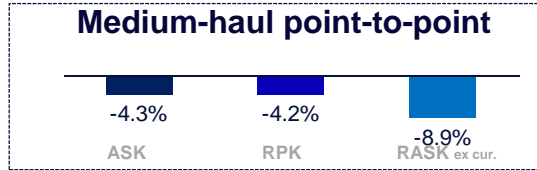
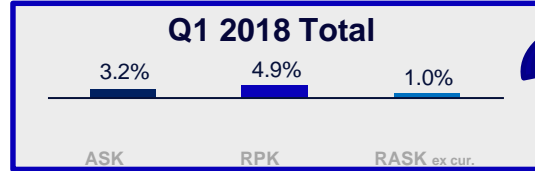
	Capacity ⁽¹⁾	Unit Revenue ⁽²⁾ Constant Currency	Revenues (€ m)	Change	Operating result ⁽³⁾ (€ m)	Change	Operating margin ⁽³⁾	Change	
Network		+3.2%	+1.0%	5,090	+0.8%	-86	-76 m	-1.7%	-1.5 pt
		+0.6%	+7.3%						
Transavia		+10.1%	+8.4%	235	+19.3%	-58	+7 m	-24.7%	+8.3 pt
Maintenance				471	+5.1%	27	-17 m	2.5%	-1.7 pt
Total				5,806	+1.8%	-118	-85 m	-2.0%	-1.5 pt

(1) Passenger airlines capacity is Available Seat Kilometer, Cargo capacity is Available Ton 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

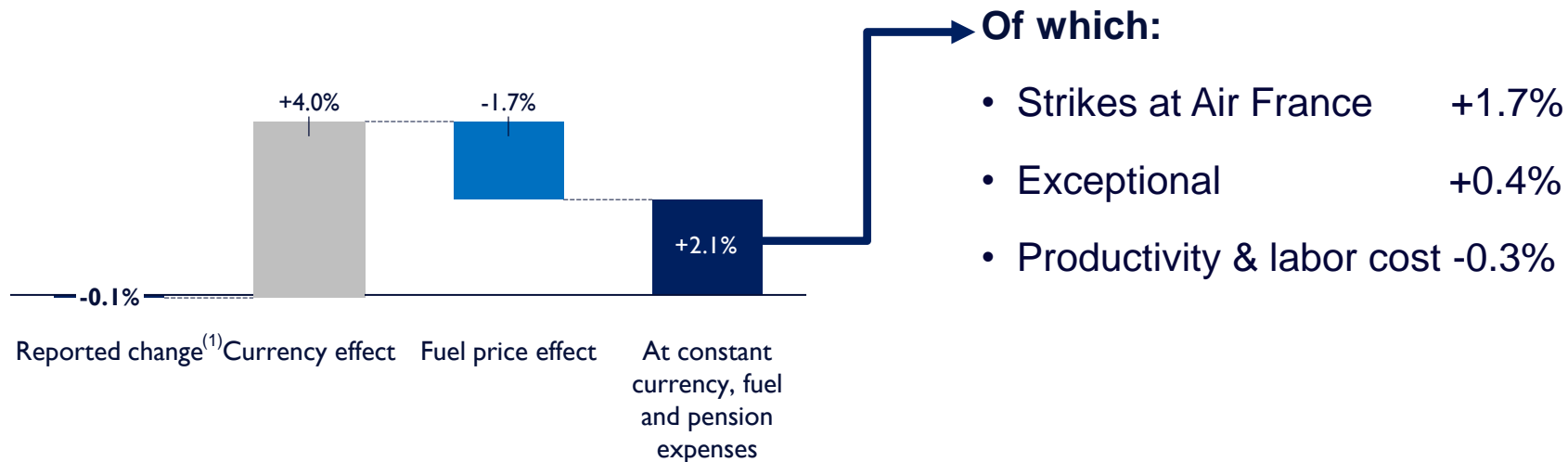
NETWORK: STRONG ONGOING DEMAND FOR LONG-HAUL AND HUBS, PRESSURE IN POINT-TO-POINT



SUCCESSFUL COMMERCIAL DEVELOPMENTS

- **Enhanced partnership with Jet Airways is delivering promising first results**
- **Successful introduction of branded fares, first period shows significant upsell rates**
- **Revamped Flying Blue program launched with positive feedback**
- **New distribution strategy implemented**
 - > As of 1 April 2018, Air France-KLM implemented a Distribution Surcharge for sales generated through GDS.
 - > In order to accompany the transition to the new NDC technology, Air France-KLM has also negotiated “private agreements” with Amadeus and Travelport that will enable their customers to access a private channel without additional distribution surcharge.

UNIT COST IMPACTED MAINLY BY AIR FRANCE STRIKE



(1) 2017 restated for implementation of accounting standards IFRS

INCREASED PRODUCTIVITY SUPPORTED BY CAPACITY GROWTH

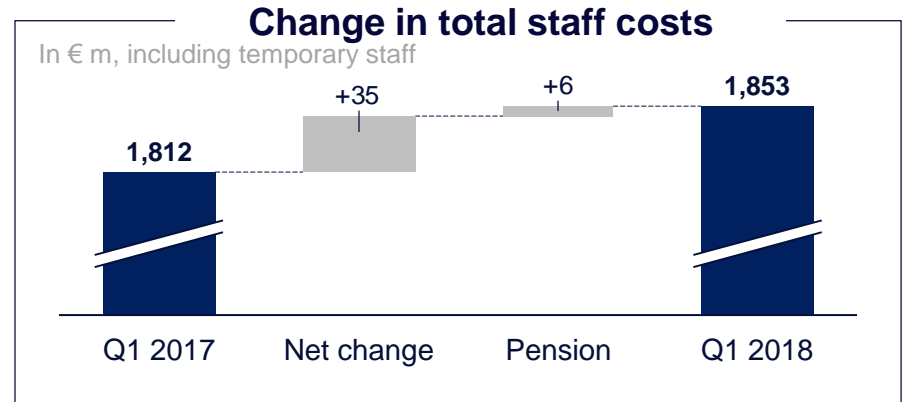
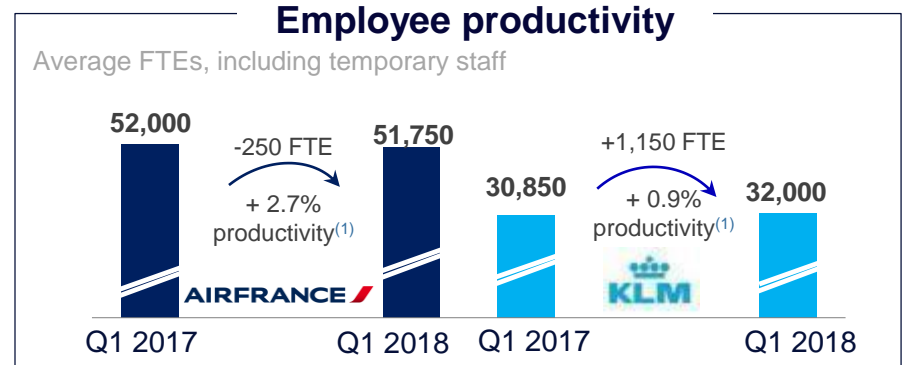
- **Continuous focus on productivity improvement:**

- > First quarter 2018 average FTEs at 83,750, up 900 FTEs compared to first quarter 2017 average

- -300 Ground staff FTEs
- +1100 Cabin and +100 cockpit FTEs due to capacity growth

- > Employee productivity⁽¹⁾ +2.1% in Q1 18 (capacity measured in EASK +3.3%)

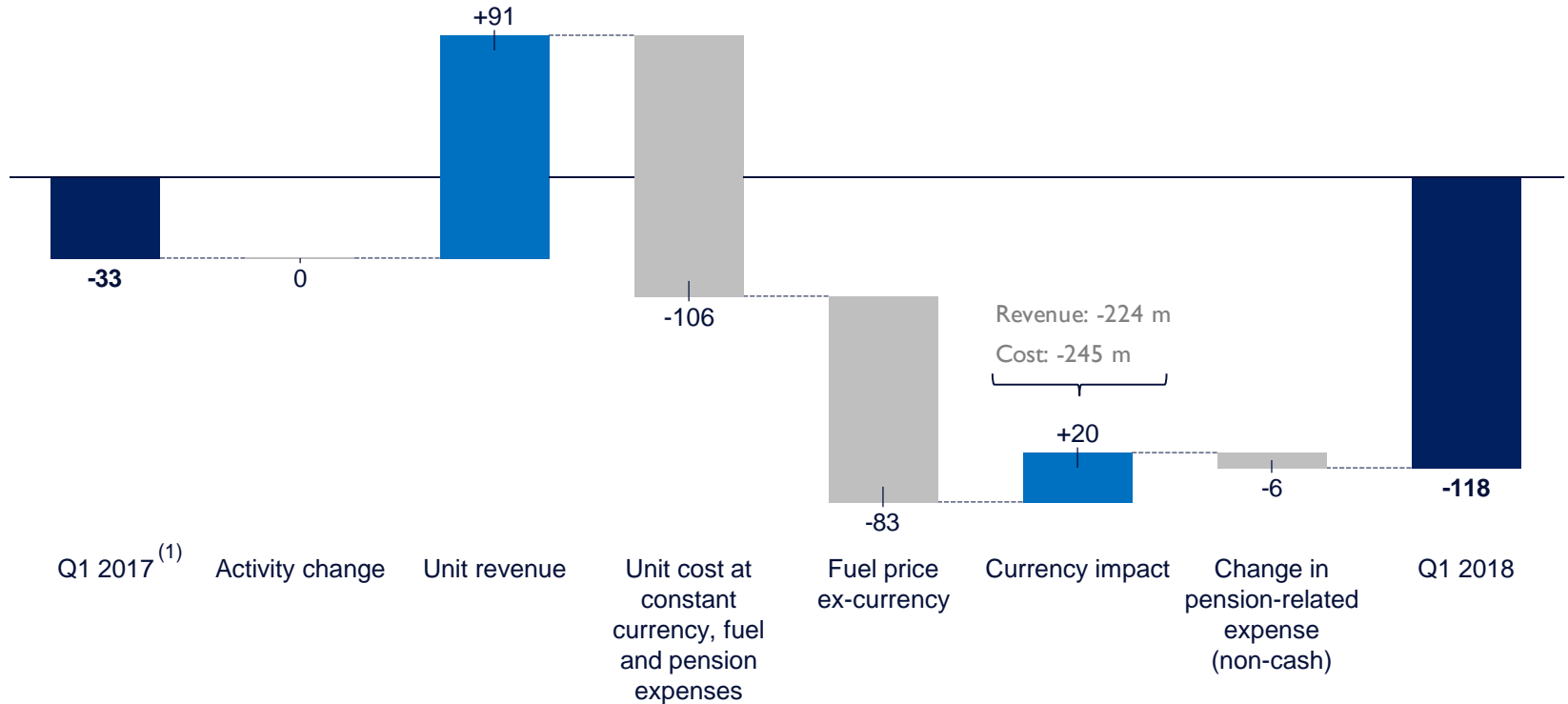
- **First quarter 2018 net change in staff cost +1.9% compared to last year**



(1) Productivity measured by EASK/FTE

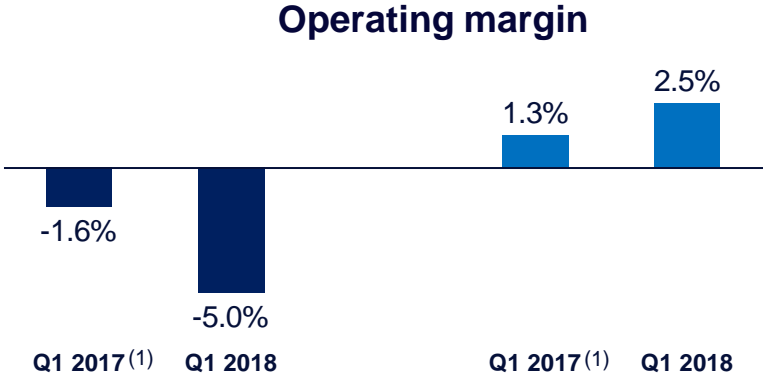
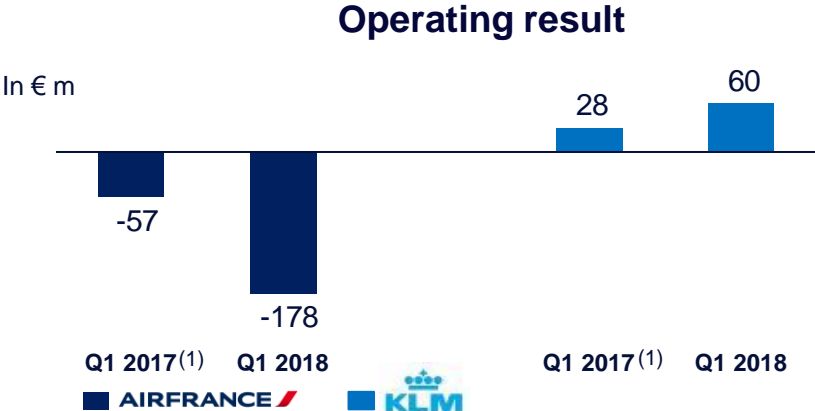
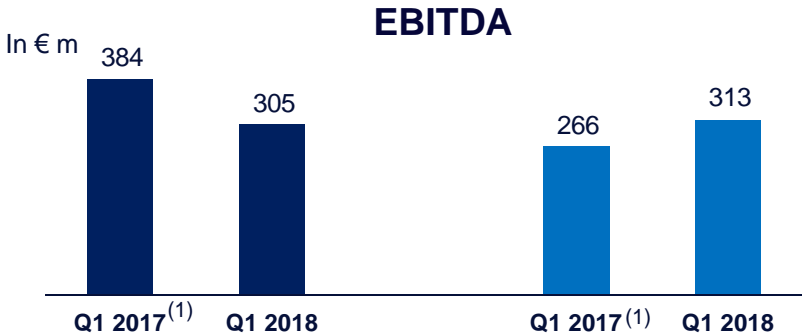
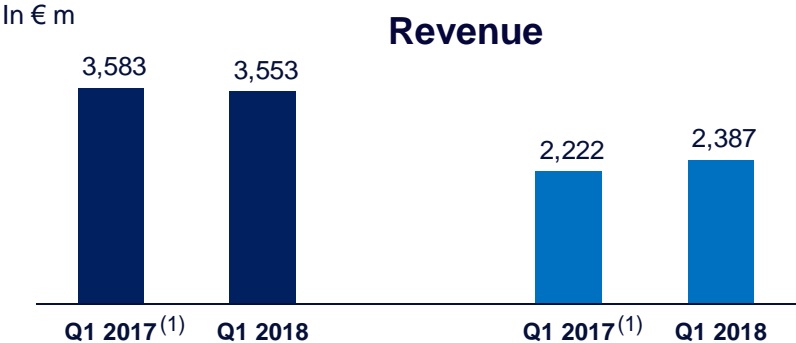
OPERATING RESULT DOWN - €85 M

In € m



(1) Restated post implementation of accounting standards IFRS

AIR FRANCE IMPACTED BY STRIKE AND DOMESTIC MARKET, KLM IMPROVING AND BENEFITTING FROM ROBUST DEMAND



Q1 2017⁽¹⁾ Q1 2018

Q1 2017⁽¹⁾ Q1 2018

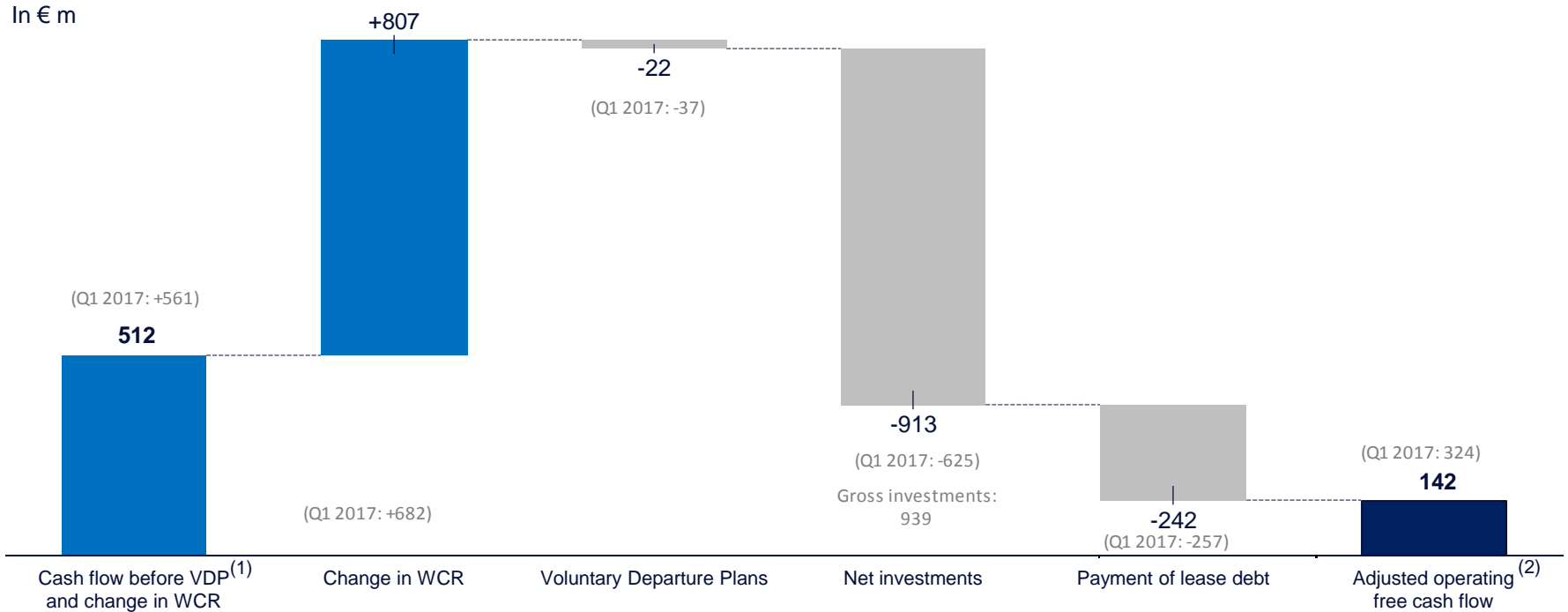
Q1 2017⁽¹⁾ Q1 2018

Q1 2017⁽¹⁾ Q1 2018



(1) Restated post implementation of accounting standards IFRS

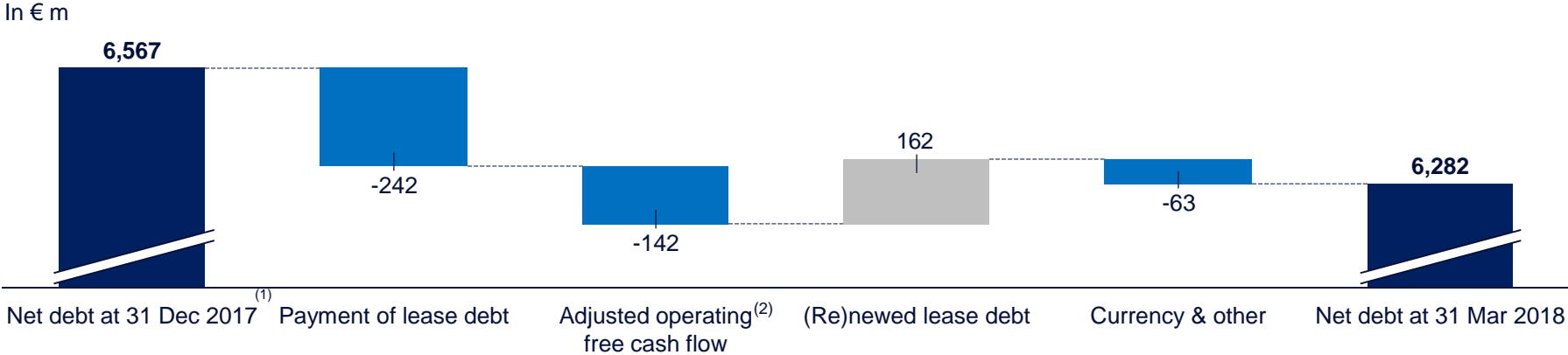
ADJUSTED OPERATING FREE CASH FLOW + €142 M



(1) Restated post implementation of accounting standards IFRS

(2) Adjusted operating cash flow = Operating cash flow with deduction of repayment of lease debt

BALANCE SHEET CONTINUES TO IMPROVE



Change in Net Debt / EBITDA⁽³⁾

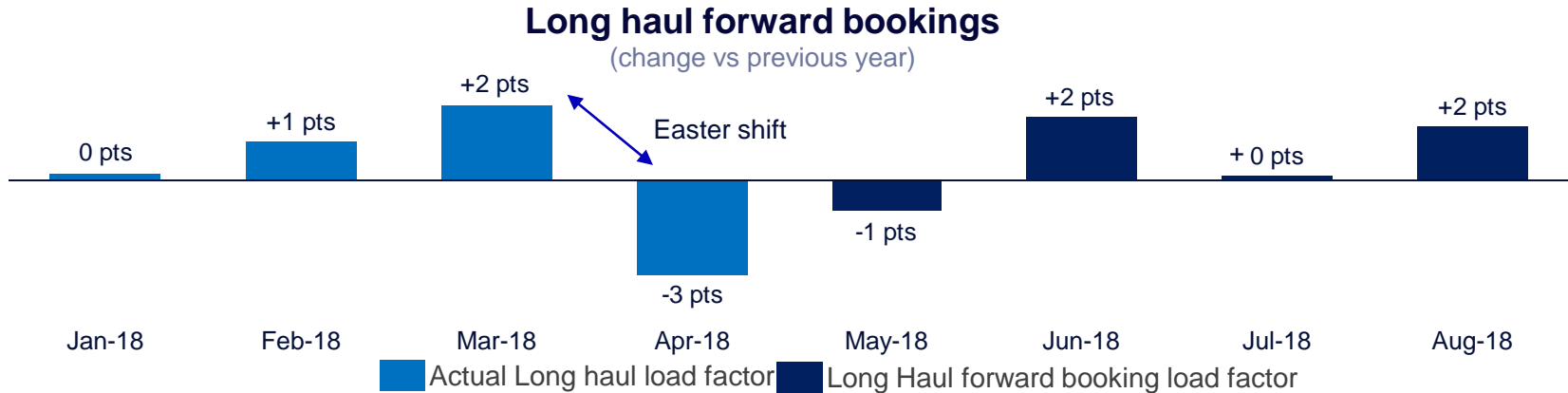


(1) 2017 restated for implementation of accounting standards IFRS
 (2) Adjusted operating cash flow = Operating cash flow with deduction of repayment of lease debt
 (3) Net Debt / EBITDA: see calculation in press release. EBITDA 12 months sliding 14

OUTLOOK

2018

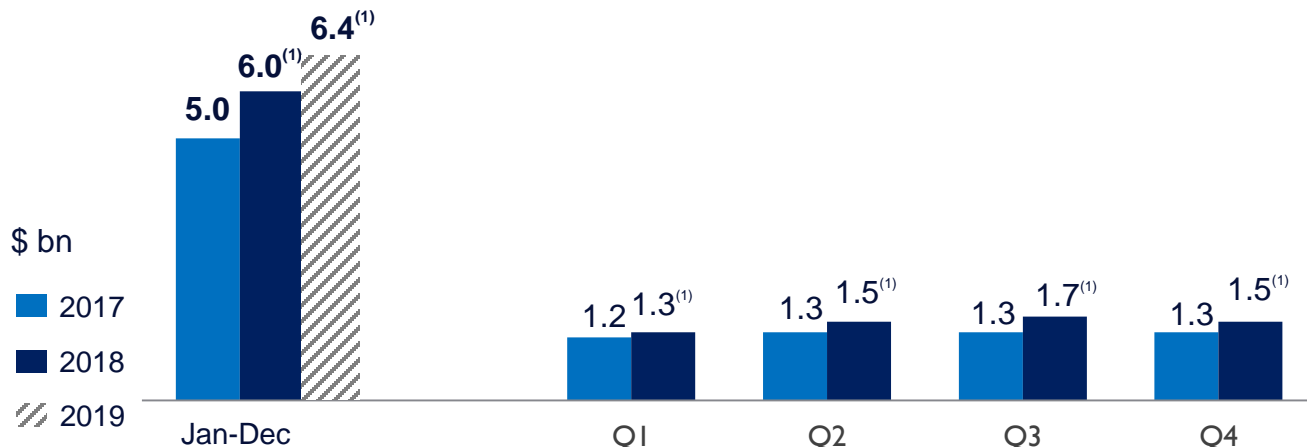
REVENUE OUTLOOK



- Long haul forward booking load factors ahead of last year on average for the next four months
- Based on current outlook, Q2 2018 unit revenues are expected to be flat at constant currency versus last year

FUEL BILL INCREASE ESTIMATED AT + €350 M

2017:
fuel bill €4.5 bn
2018:
fuel bill €4.9 bn⁽²⁾
2019:
fuel bill €5.1 bn⁽²⁾



MARKET PRICE	Brent (\$ per bbl) ⁽¹⁾		71	67	73	72	71
		Jet fuel (\$ per metric ton) ⁽¹⁾		681	647	699	692
	% of consumption already hedged		59%	62%	62%	55%	58%
	Hedge result (in \$ m)		750	150	250	200	150

(1) Based on forward curve at April 27th 2018. Sensitivity computation based on 2018 fuel price, assuming constant crack spread between Brent and Jet Fuel

(2) Assuming average exchange rate of US dollar per euro 1.23 for 2018 and 1.25 for 2019

FULL YEAR 2018 GUIDANCE

	Previous guidance 2018	New Guidance 2018		
Capacity	Passenger	+3% to +4%	+2.5% to +3.5%	> Downwards adjustment due to Air France strikes
	Transavia	+6% to +7%	+6% to +7%	> Unchanged
Fuel	+€150 m	+€350 m	> Reflecting expected further increase of oil price throughout the year	
Currency	€0 to €50 m tailwind	Circa €100 m headwind	> Euro strengthening compared to other currencies	
Unit cost at constant currency, fuel and pension-expense	-1.0 to -1.5%	0% to +1.0%	> Adjusted target including strike related cost and associated lower capacity	
Capex	€2.0 bn to €2.5 bn	€2.0 bn to €2.5 bn	> Unchanged	
Debt		Net debt below 2017	> Net Debt 31 Dec 2018 expected to decrease compared to 31 Dec 2017	

With strike effects estimated at least at 300 million euros integrated in the above guidance elements and taking into account fuel and currency headwinds, the full year 2018 operating result is expected to be notably below 2017

APPENDIX

First Quarter 2018

IFRS RESTATEMENT FOR 2017 BALANCE SHEET AND Q1 2017 OPERATING FREE CASH FLOW

Balance sheet restatement per 31 Dec 2017 ⁽¹⁾

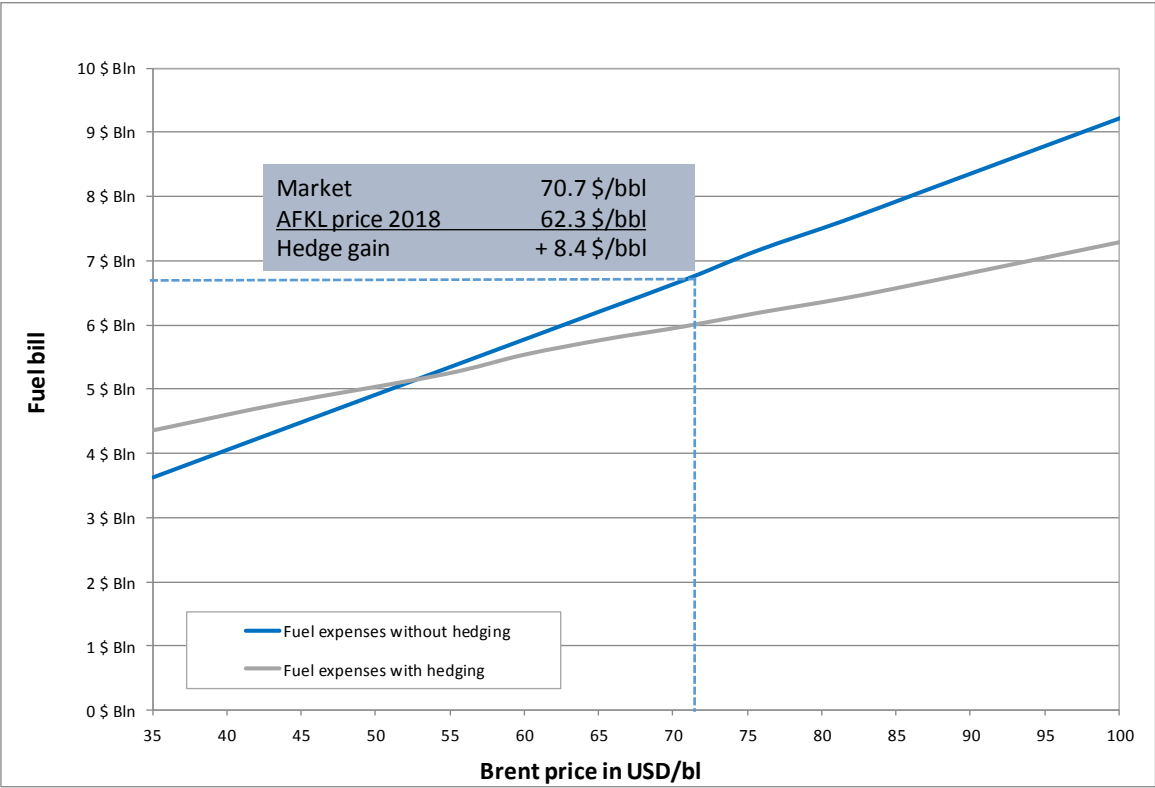
In € bn	Published accounts	Restated accounts	Change		Published accounts	Restated accounts	Change
<u>Asset</u>	24.4	30.2	5.8	<u>Liabilities & Equity</u>	24.4	30.2	5.8
Fixed Assets: equipments	11.4	11.1	-0.3	Equity	3.0	2.5	-0.5
Fixed Assets: right of use	0.0	5.9	5.9	Liabilities	21.4	27.7	6.3
Deferred tax asset	0.2	0.5	0.2	Lease debt	0.0	5.1	5.1
				Provision maintenance	2.2	3.2	1.0

Cashflow restatement Q1 2017 ⁽¹⁾

In € m		Published accounts	Restated accounts	Change
Operating free cash flow	↑	329	581	252
Cash flow from financing activities	↓	-192	-444	-252
Change in cash and cash equivalents	→	126	126	0

(1) Only accounts impacted by new accounting standards IFRS

FUEL BILL SENSITIVITY

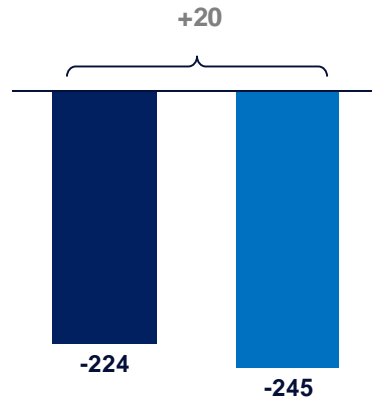


Based on forward curve at April 27th 2018. Sensitivity computation based on 2018 fuel price, assuming constant crack spread between Brent and Jet Fuel. Assuming average exchange rate of US dollar per euro 1.23 for 2018.

CURRENCY IMPACT ON OPERATING RESULT

Currency impact on revenues and costs

In € m



Q1 2018

■ Currency impact on revenues

■ Currency impact on costs, including hedging

-XX Currency impact on operating result

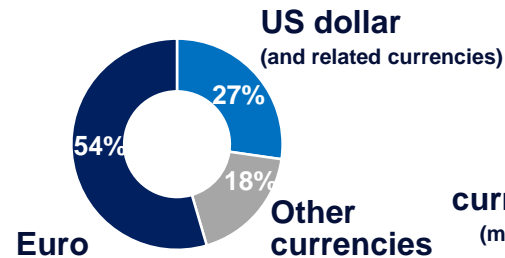
FY 2018 guidance

- FX FY 2018 estimated circa €100 m headwind, based on spot €/€ 1.23
- Hedging policy on USD, GBP: ~60% and JPY ~40% net operational exposure 2018

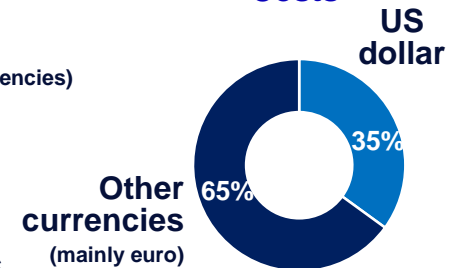
Revenues and costs per currency

FY 2017

Revenues

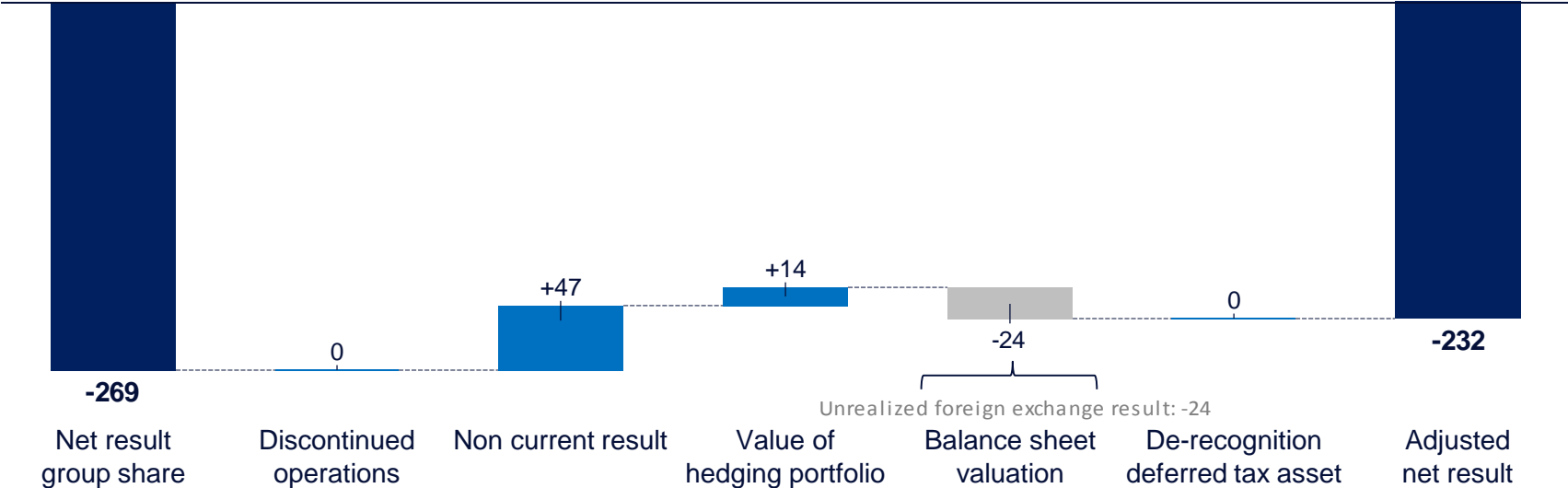


Costs

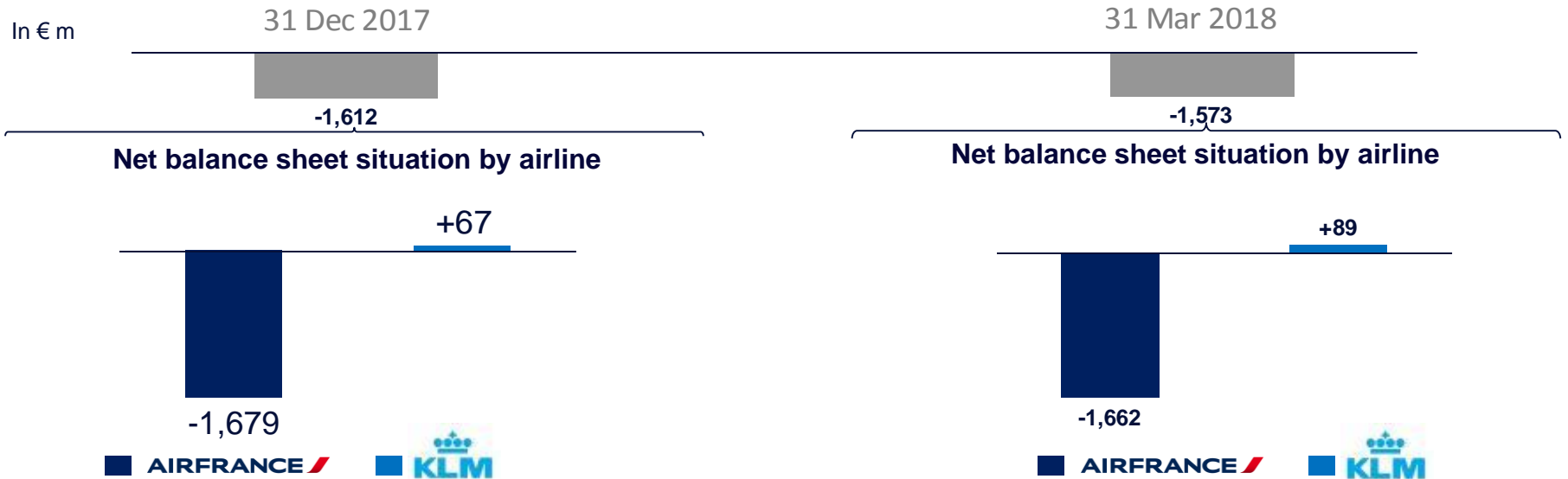


ADJUSTED NET RESULT AT 31 MARCH 2018

In € m



PENSION DETAILS AT 31 MARCH 2018



Air France

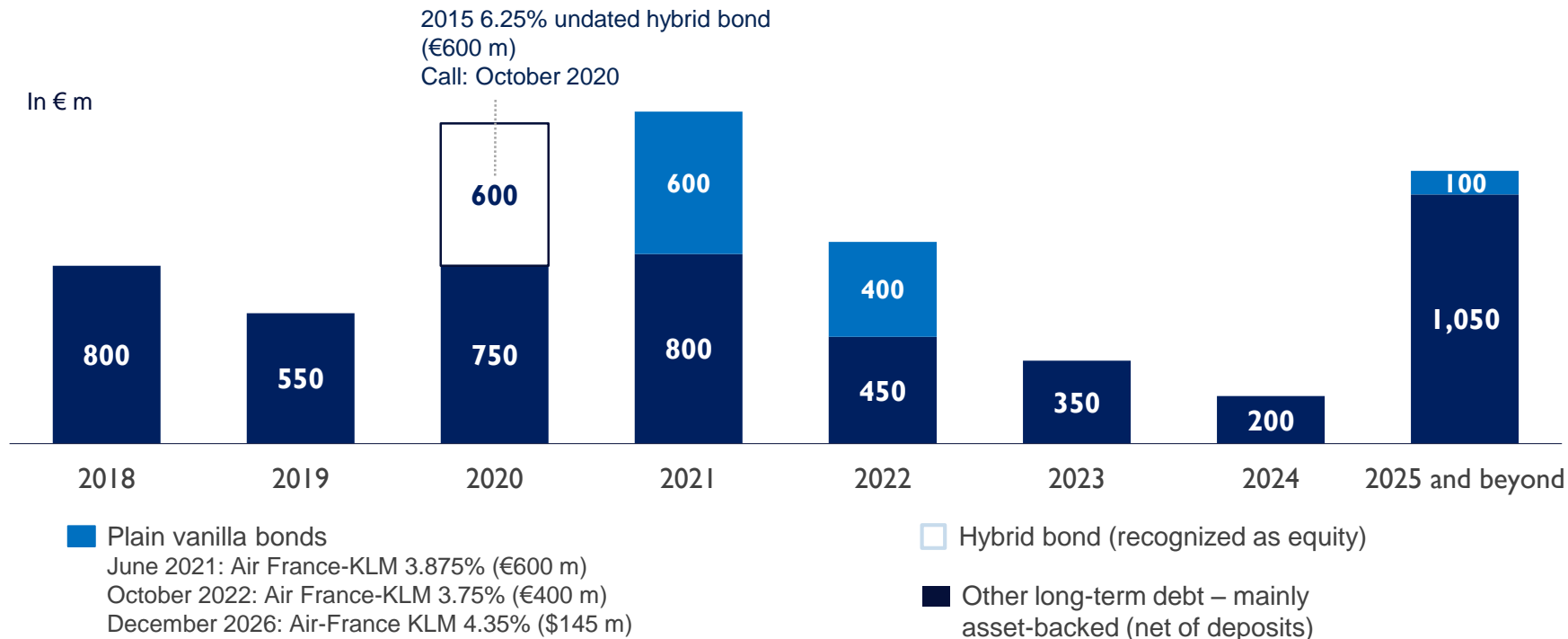
- Air France end of service benefit plan (ICS): pursuant to French regulations and the company agreement, every employee receives an end of service indemnity payment on retirement (no mandatory funding requirement). ICS represents the main part of the Air France position
- Air France pension plan (CRAF):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

KLM

- Defined benefit schemes for Ground Staff

FINANCIAL DEBT REIMBURSEMENT PROFILE AT 31 MARCH 2018

Debt Reimbursement Profile⁽¹⁾



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