

Information meeting

12 September 2011



Full Year 2010-11 key data

April 2010-March 2011

		Revenues in € billions	Operating result in € millions
		18.10 +11.3%	-44 +874
		3.16 +29.5%	+69 +505
		1.03 +7.6%	+143 +62
		1.32 -0.6%	-46 -34

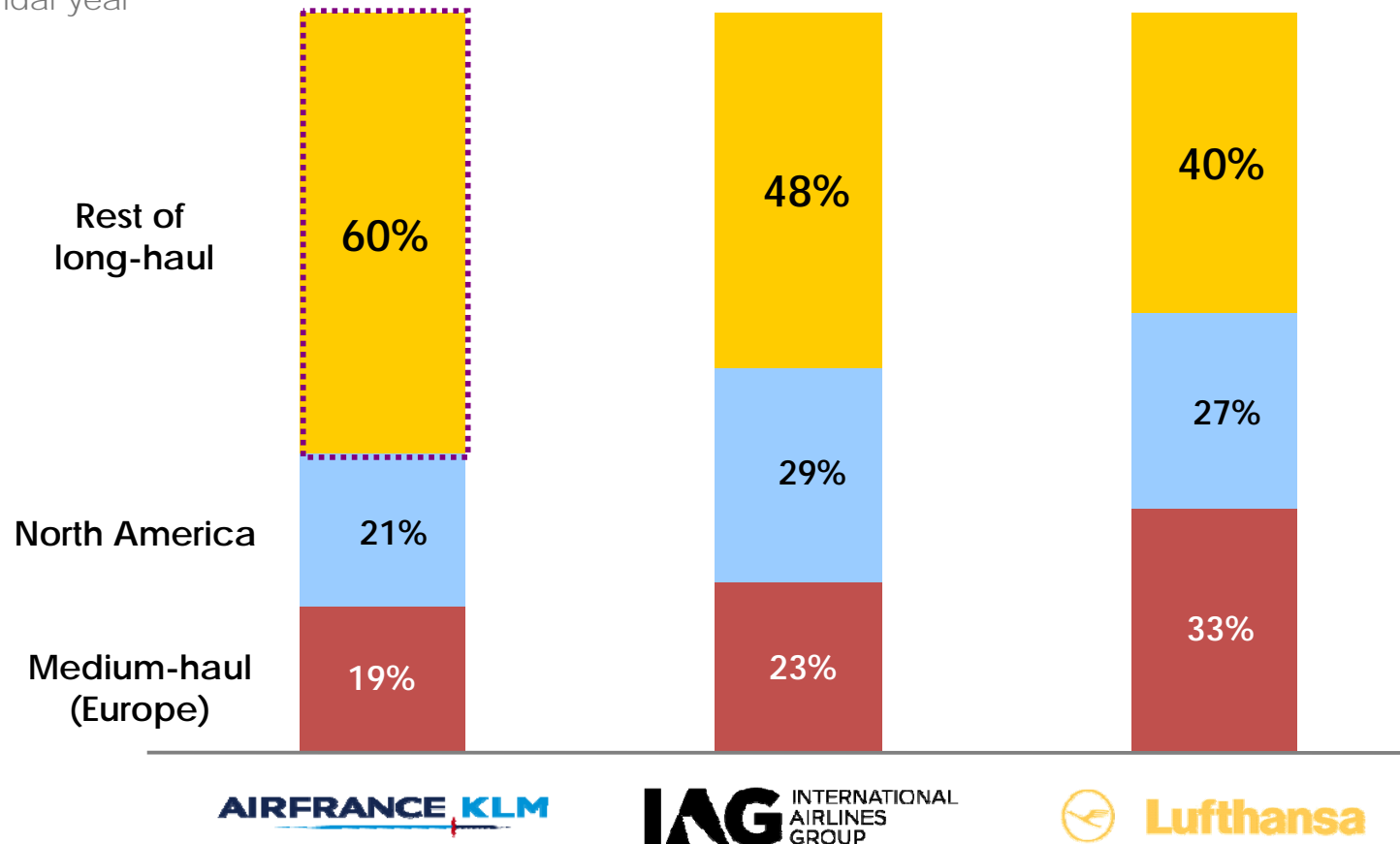
Reinforced strategic advantages and ongoing actions

- ✦ Strengthening our strategic advantages
 - ▶ Positions in high growth markets, especially China
 - ▶ Transatlantic JV
 - ▶ Cargo repositioning

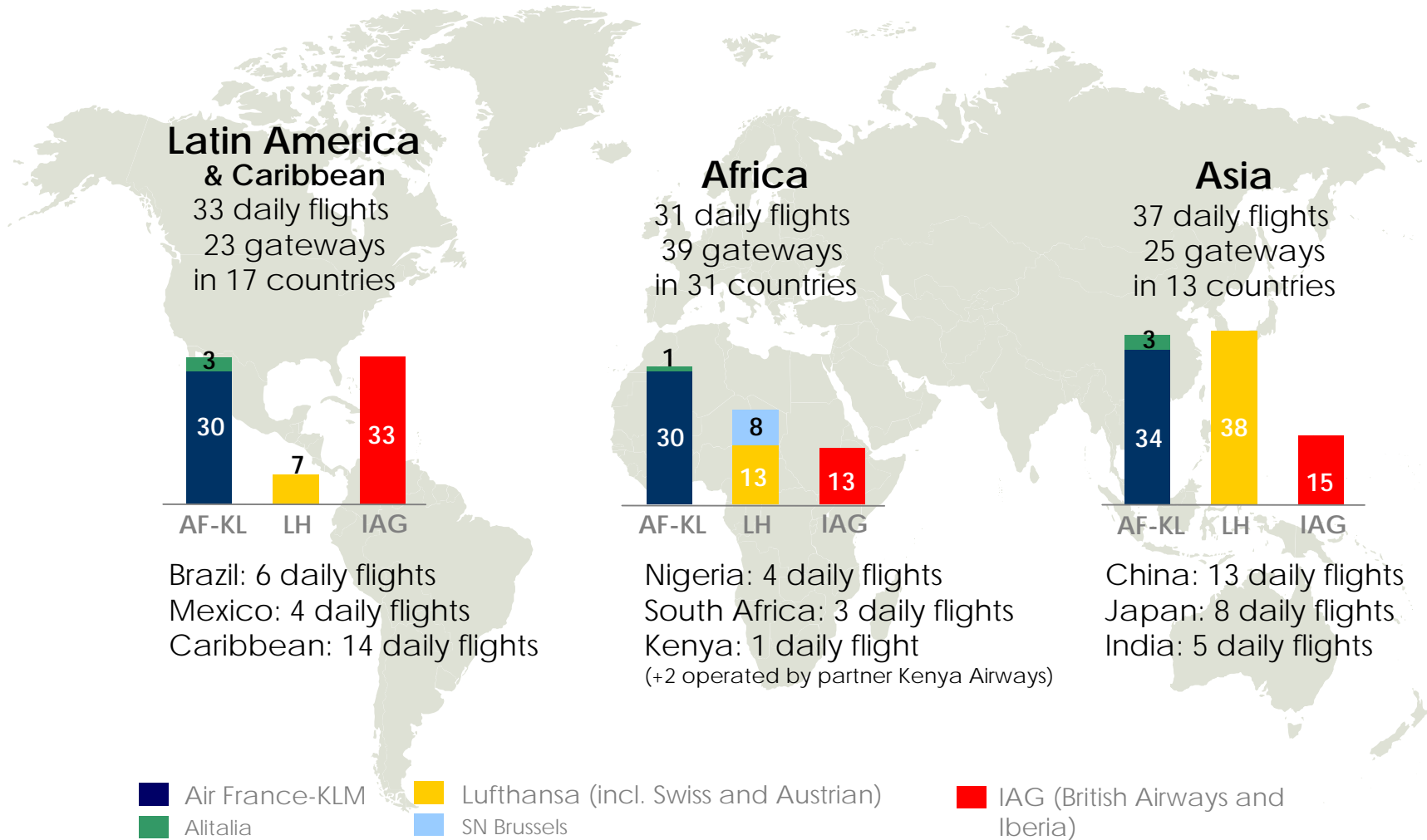
- ✦ Addressing current challenges
 - ▶ Medium-haul transformation
 - ▶ Cost reduction
 - ▶ Strict capacity management
 - ▶ Balance sheet gearing
 - ▶ Fuel price volatility

Air France-KLM: leading exposure to high growth markets...

Capacity in ASK
2010 calendar year



...with a strong presence in all key regions



Unique position in China

Own network

2005



Five routes

2011



Eight routes

2014



Over 12 routes

SkyTeam member partners



Joint ventures



Transatlantic Joint Venture with Delta: a unique asset

- + The number one operator on the North Atlantic
 - ▶ Revenues of €8.5 billion
 - ▶ 27% of capacity
 - ▶ 266 daily flights
 - ▶ 27 gateways in North America and Mexico, 33 in Europe
- + KLM 'economy comfort' product adopted by Delta
- + Reinforced governance
 - ▶ Coordinated 7 to 9% reduction in capacity for Winter 2011

Cargo restructuring accomplished

- + World's largest network of bellies and combis
 - ▶ Full freighter fleet reduced to 14 aircraft
 - ▶ 67% of capacity in bellies and combis
 - ▶ 33% in full freighter aircraft, operated as complement
- + Strict capacity management
 - ▶ Capacity up 2.9% in April-June 2011, excluding April 2010 airspace closure
 - ▶ Yield still resilient, up 1.5% in April-June 2011

Reinforced strategic advantages and ongoing actions

- ✦ Strengthening our strategic advantages
 - ▶ Positions in high growth markets, especially China
 - ▶ Transatlantic JV
 - ▶ Cargo repositioning

- ✦ Addressing current challenges
 - ▶ **Medium-haul transformation**
 - ▶ **Cost reduction**
 - ▶ **Strict capacity management**
 - ▶ **Balance sheet gearing**
 - ▶ **Fuel price volatility**

Medium-haul: ongoing transformation

+ Second year of NEO transformation plan

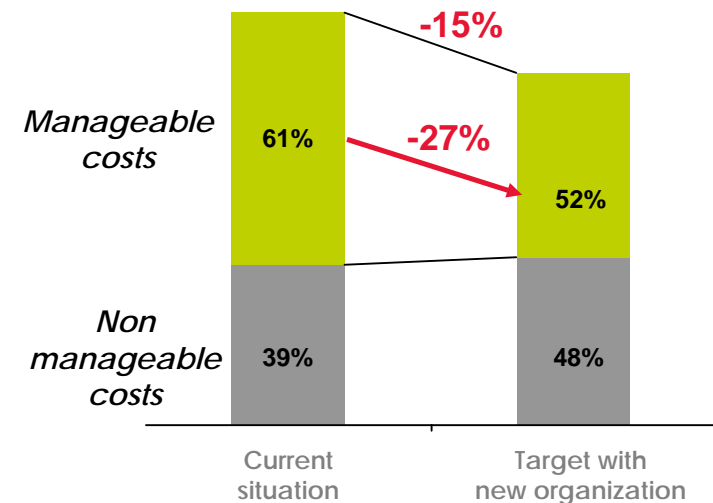
- ▶ Target: €500m operating income improvement over two years, of which more than €200m cost savings
- ▶ Product overhauled
- ▶ Network and fleet adjustments

neo
new european offer



+ “Provincial bases” project: a new model for regional cities

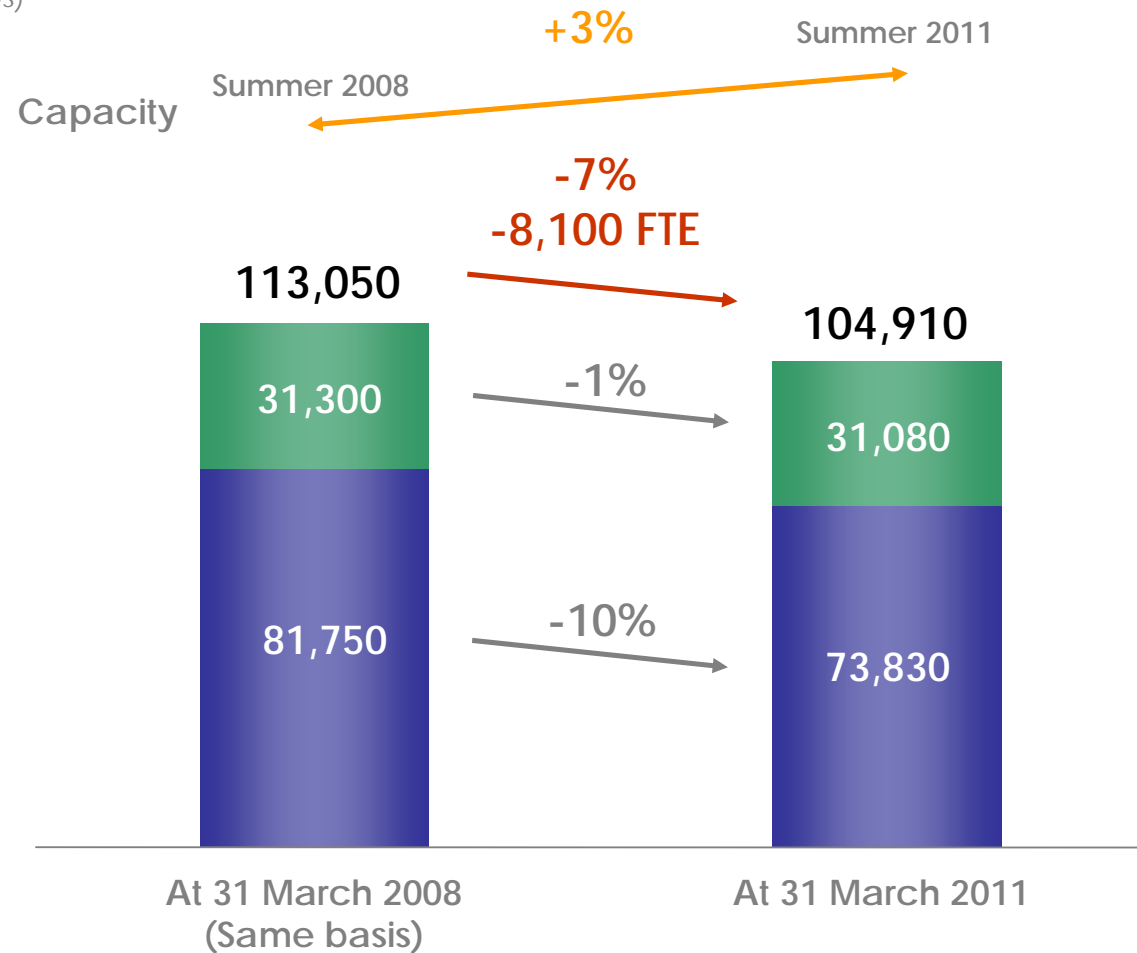
- ▶ Significant cost reduction
- ▶ High aircraft utilization
- ▶ Launch in Marseilles in October, with Toulouse, Nice and Bordeaux following in 2012
- ▶ Concept could be extended to Orly and Lyon



Significant headcount adaptation through crisis

Equivalent full time employees (end of month)

- Ground staff (incl. temps)
- Pilots and cabin crew



Renewed focus on cost reduction

- ✦ Challenge 12 cost saving plan
 - ▶ €500m for calendar year 2011
- ✦ Additional measures recently decided
 - ▶ Reduction of capacity growth for winter 2011 and summer 2012 schedules
 - ▶ Pursuit of recruitment freeze and strict control of temporary hiring
 - ▶ Review of the organization model and production processes to structurally reduce costs and increase flexibility

Prudent capacity growth in coming winter

+ 2.4 point reduction in long-haul capacity growth, reduced to 2.7%*

▶ **Productive growth**

▶ Use of larger or densified aircraft (A380, B777-300)

▶ **Selective growth**

▶ Opening of seasonal routes: +3.4%

▶ Reduction in frequencies: -2.7%

▶ Opening of new routes: +2.0%

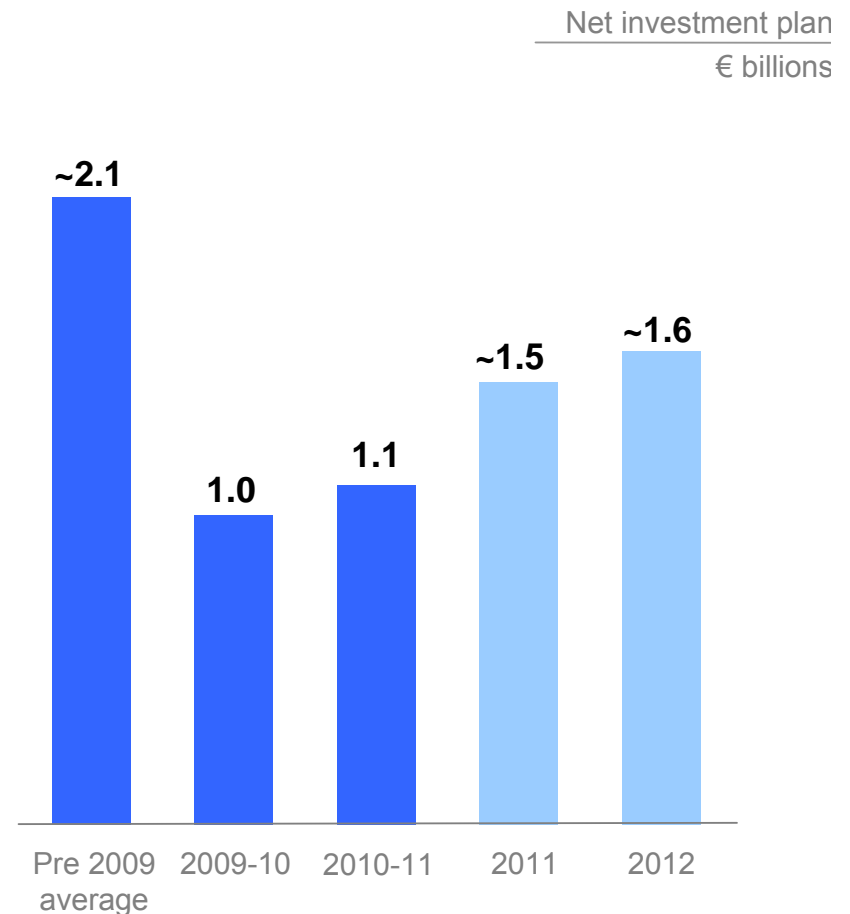
▶ Transatlantic Joint Venture reducing capacity 7 to 9%

+ Flexibility maintained

(*) Including Martinair activity previously included in leisure

Focus on free cash flow generation to bring gearing down to 0.5

- + Adapted investment plan
 - ▶ Replacement of 13 aircraft postponed after 2016
 - ▶ Young fleet (average age: 10 years)
- + Current 100-aircraft order under discussion
 - ▶ Primarily for replacement of ageing aircraft
 - ▶ Mix of firm orders and options
 - ▶ Deliveries between 2016 and 2026
- + Debt reduction will be the primary use for cash



Healthy cash position

- + Strong level of cash: €5.72bn
 - ▶ Cash on balance sheet at 30 June 2011: €3.87bn
 - ▶ Undrawn credit lines: €1.85bn
 - ▶ €1.6bn renewed in 2011 for 5 years

- + Balanced debt structure
 - ▶ 75% secured by assets, 25% bonds
 - ▶ €566m of perpetual debt
 - ▶ 71% of debt at fixed rate, more than 85% in euros

- + Smooth debt repayment profile

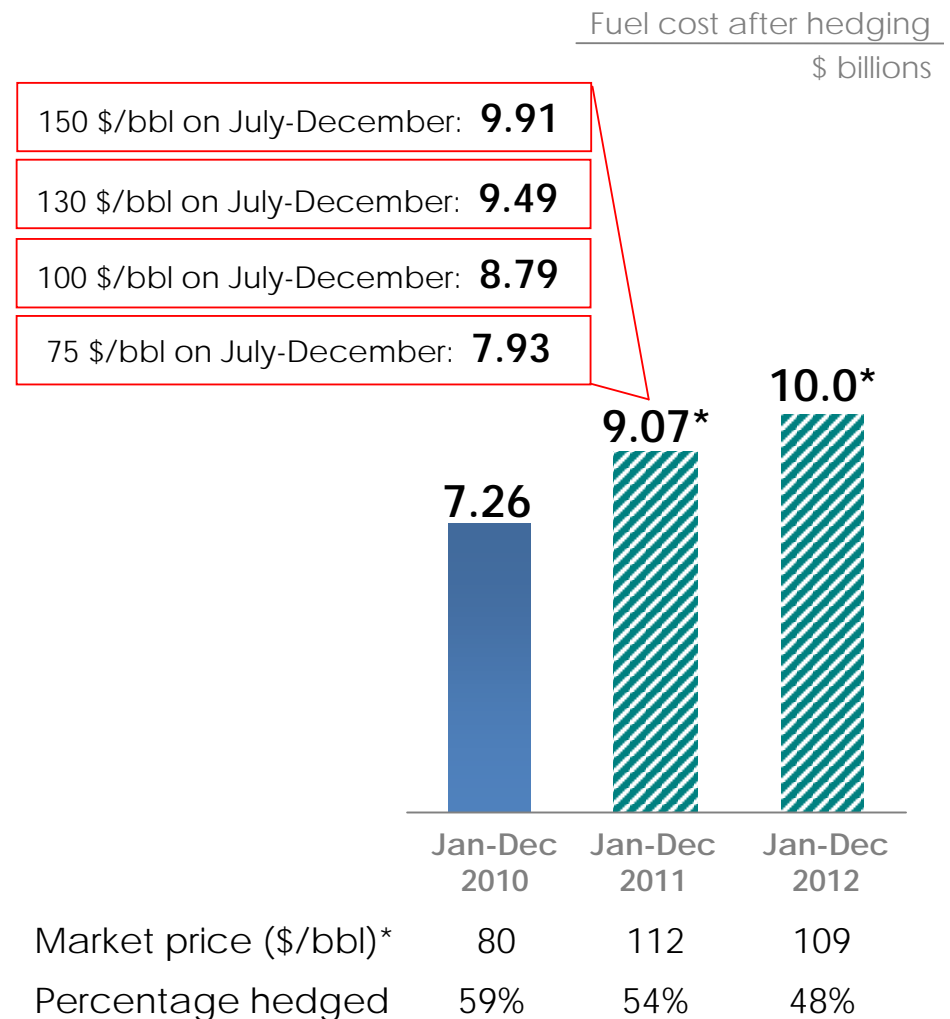
- + Holding in Amadeus
 - ▶ Current market value above 800 million euros

Fuel hedging policy designed to handle higher jet fuel volatility

- + Hedging horizon and volumes reduced
 - ▶ From 4 years to 2 years
 - ▶ From 2 years of consumption to 85% of one year of consumption

- + Portfolio includes more capped instruments in case of oil price fall

- + Tracking of 'value at risk' indicator
 - ▶ Evolution may trigger portfolio restructuring



(*) Forward curve at 2 September 2011

Outlook for calendar year 2011

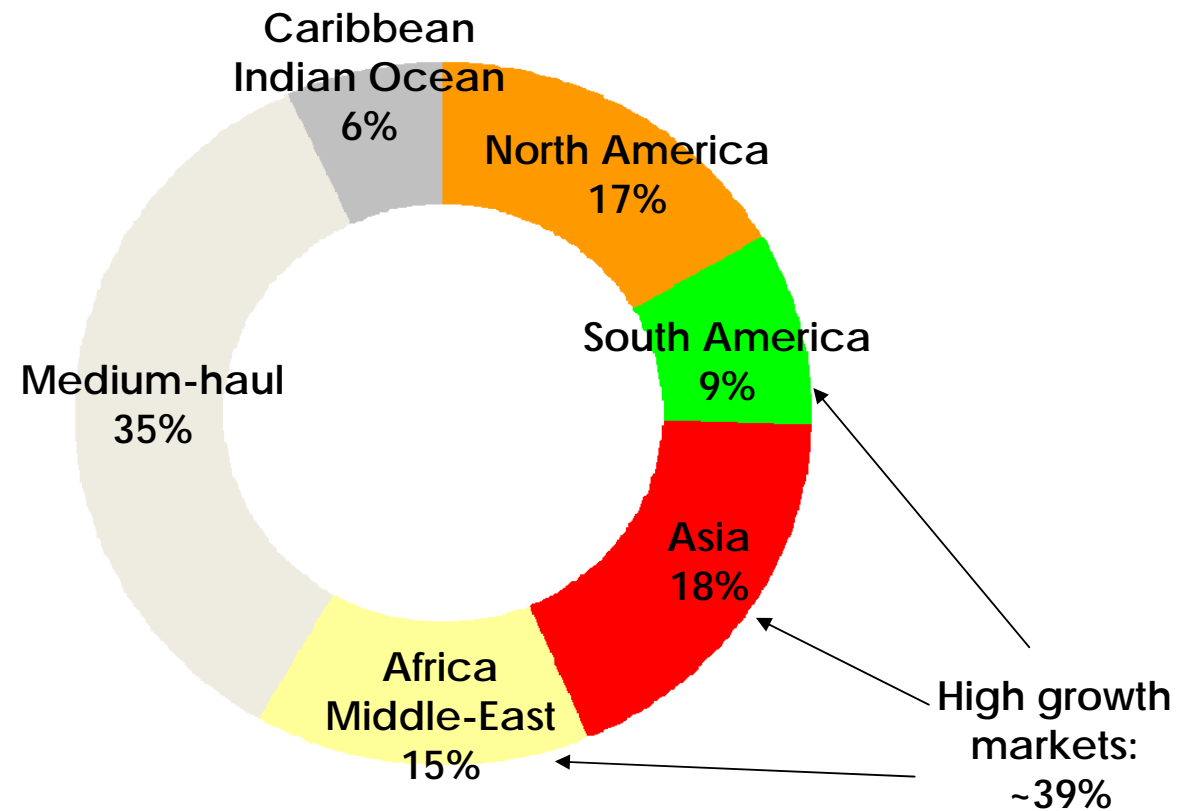
- ✦ Operating environment remains uncertain
 - ▶ Japan, Africa and Middle East markets continue to be affected by the crises
 - ▶ Uncertainty created by Eurozone crisis
 - ▶ Fuel prices at high levels and Euro volatility

- ✦ The group continues to target a positive operating result in calendar year 2011

Appendix

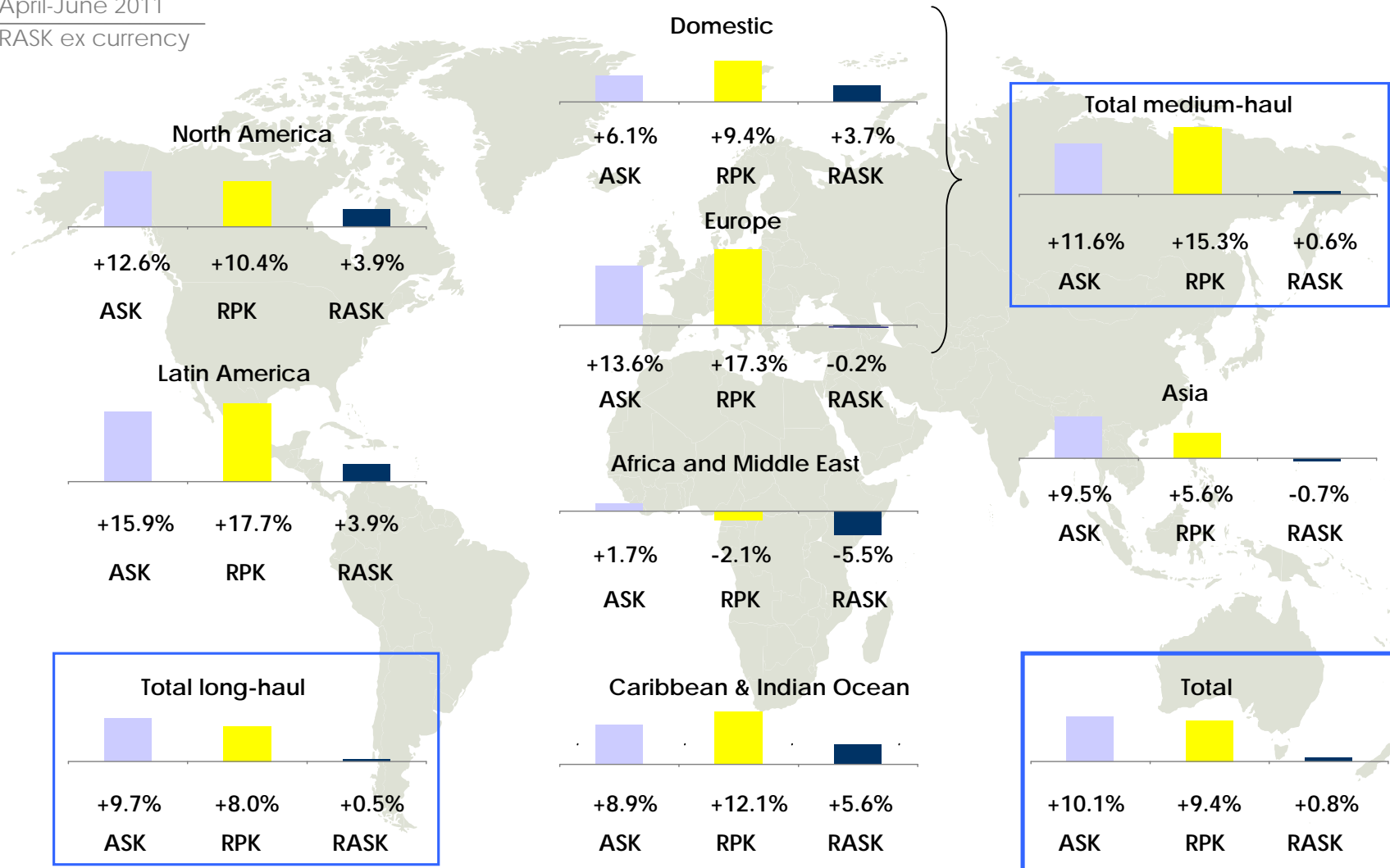


Passenger revenue per destination – 12m 2010-11



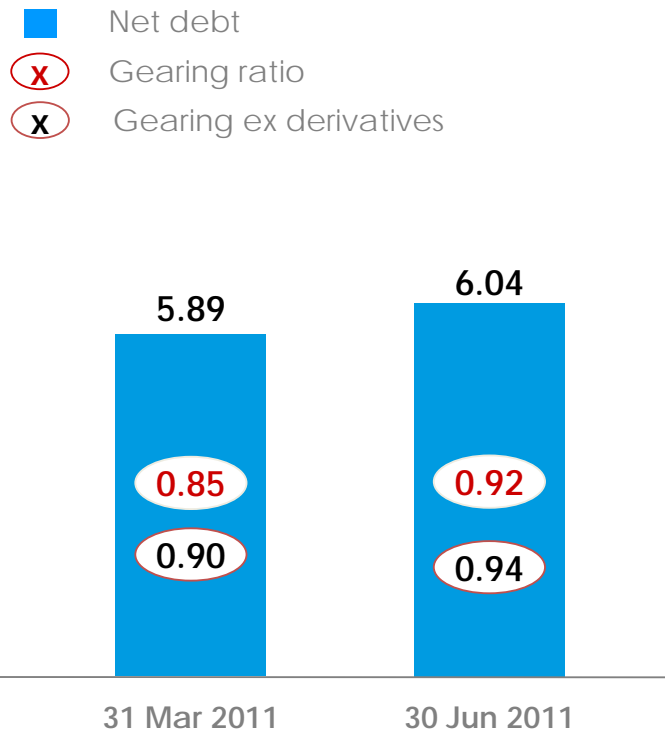
Key passenger data by network, April-June 2011

April-June 2011
RASK ex currency

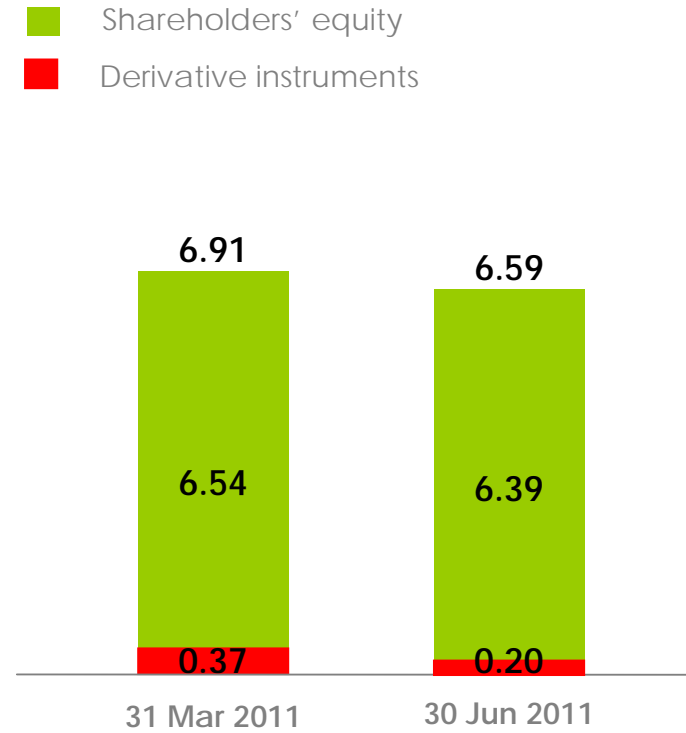


Gearing ratio

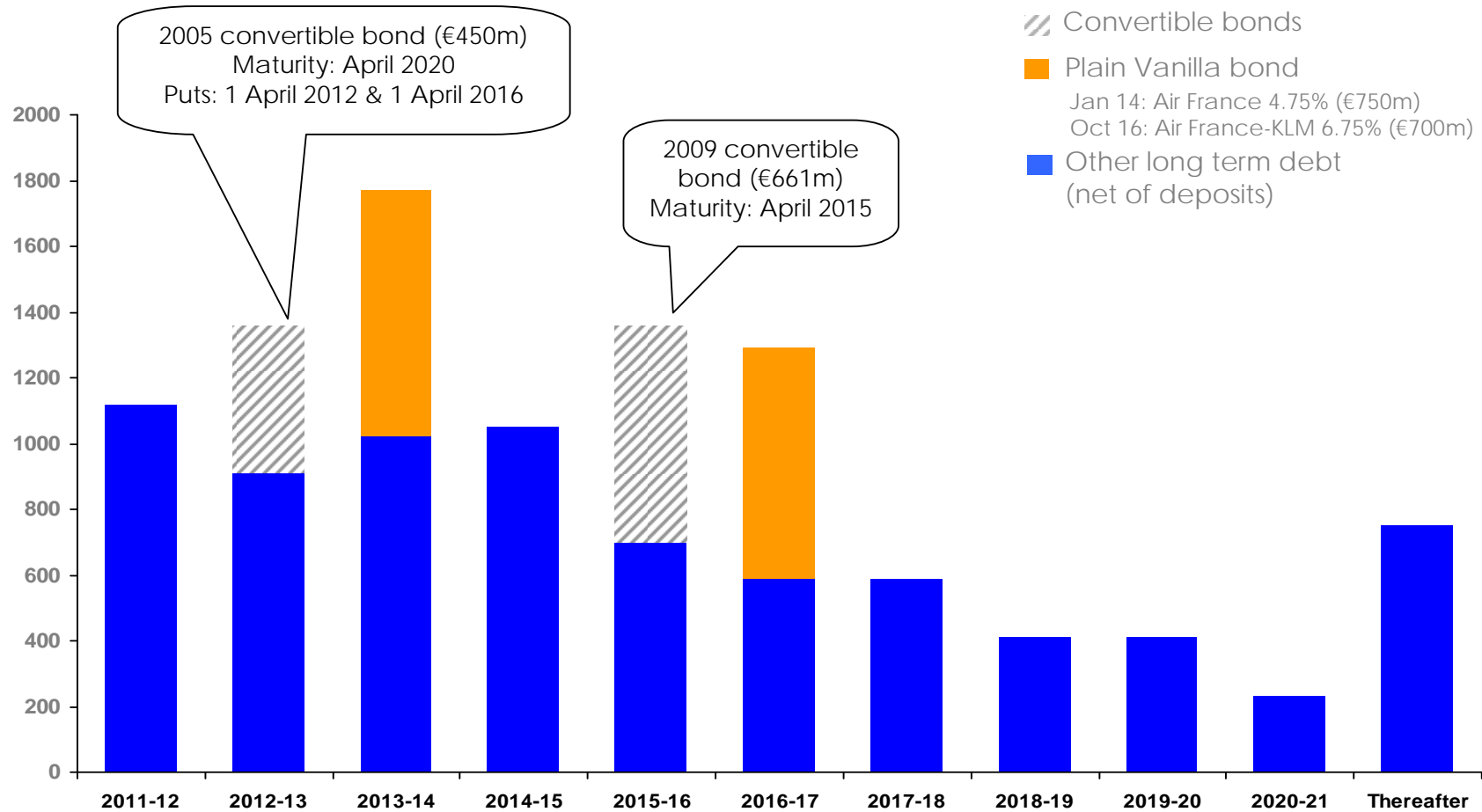
Net financial debt
(€ billions)



Shareholders' equity
(€ billions)



Debt repayment schedule at 1 April 2011*



(*) In € millions, net of deposits on financial leases

Calculation of net debt

<u>€ millions</u>	<u>30 June 2011</u>	<u>31 March 2011</u>
Current and non current financial debt	10,482	10,788
Deposits on leased aircraft	(516)	(455)
Currency hedges on debt	38	36
Interest not yet due	(100)	(119)
= Total financial debt	9,904	10,250
Cash and cash equivalents	3,221	3,717
Investments of over three months	574	574
Triple A deposits	171	197
Bank overdrafts	(100)	(129)
= Net cash	3,866	4,359
Net financial debt	6,038	5,891
Consolidated shareholders' funds	6,594	6,906
Net debt / Shareholders' funds	0.92	0.85
<i>Net debt / Shareholders' funds ex hedging instruments</i>	<i>0.94</i>	<i>0.90</i>