

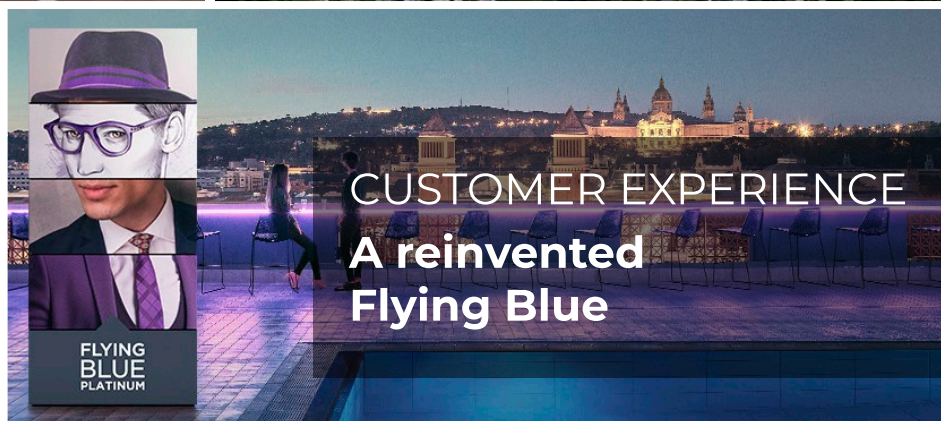
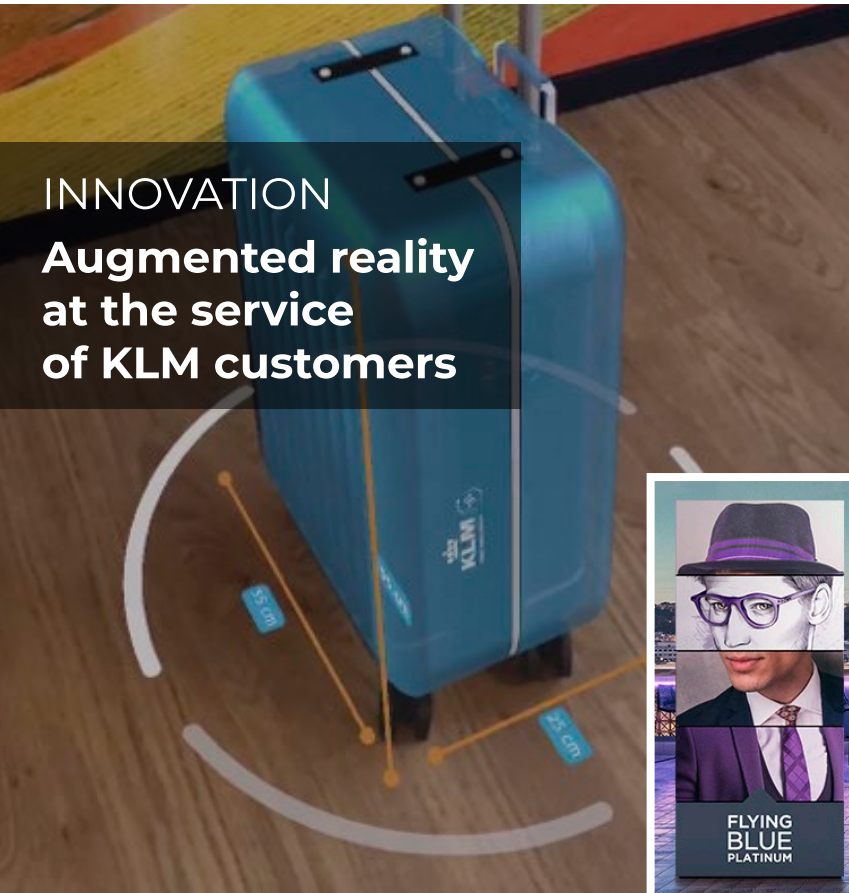


BENJAMIN SMITH

The new Chief Executive Officer of Air France-KLM



EDITORIAL
A word
from Frédéric
Gagey





BENJAMIN SMITH

Chief Executive Officer of Air France-KLM and Air France

On August 16, 2018, the Air France-KLM Board of Directors appointed Benjamin Smith Chief Executive Officer of Air France-KLM. Benjamin Smith was also appointed Chief Executive Officer of Air France on September 27, 2018, for a transition period to expire, at the latest, on December 31, 2018.

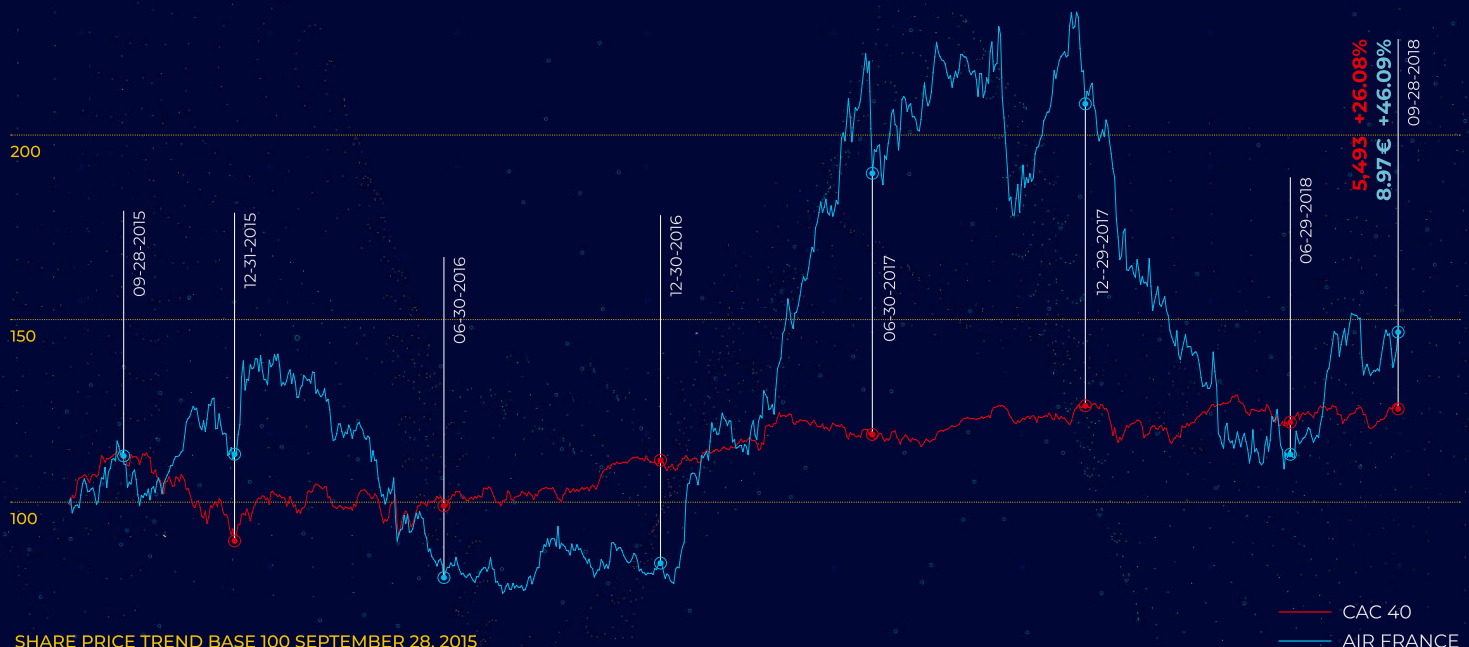
A reputed senior airline industry executive at international level, Benjamin Smith assumed his functions on September 17. He has spent his whole career in the air transport industry and had until now been President Airlines and Chief Operating Officer of Air Canada where he was a key player in the airline's economic and commercial development, its transformation and value creation for the company, its employees and its shareholders.

Benjamin Smith said: **"I am very enthusiastic about this new opportunity. Air France and KLM are both airlines that are well known worldwide for the professionalism and commitment of their teams. I am well aware of the competitive challenges currently facing the Group, but I am convinced that its**

*airline teams have all the strengths to succeed in the global air transportation market. I am very confident in the Group's ability to become one of the world's leading sector players within the next few years. I look forward to earning the trust and respect of all the Air France-KLM teams, working together to win in this highly competitive and fast-changing customer service industry. **Customer satisfaction is at stake on every flight, every single day.** I am approaching this new challenge with my passion for the aviation sector and with my deep willingness to listen to all the teams at the service of the ambitious task set for me by the Board of Directors. I have spent my entire career in this industry and **I am convinced that the teams of the Air France-KLM Group are its strongest assets for its future success."***

MY SHARES

AIR FRANCE-KLM SHARE PRICE FROM 09-28-2015 TO 09-28-2018



A WORD FROM FRÉDÉRIC GAGEY

Chief Financial Officer
of the Air France-KLM Group



I am delighted to again be in touch with you via this totally revisited, 100% digital, shareholders' newsletter.

As you know, our Group experienced a number of major events during the first quarter 2018, with a labor dispute at Air France leading to Mr. Jean-Marc Janailac stepping down as Chairman and Chief Executive Officer.

The Board of Directors of Air France-KLM then decided to put in place a transitional governance structure: Anne-Marie Couderc assumed the functions of non-executive Chairman of Air France-KLM while a Management Committee, composed of Franck Turner, CEO of Air France, Pieter Elbers, CEO of KLM, and myself as CEO of Air France-KLM, steered the Group's strategy and activities.



Anne-Marie Couderc
Non-executive Chairman
of the Air France-KLM Group
and of Air France

On September 17, 2018, following his appointment by the Board of Directors, Benjamin Smith assumed his functions as Chief Executive Officer of Air France-KLM.

Concerning the Group's activity, the industry context has remained buoyant and dynamic since the beginning of the year and Air France-KLM has proven able to benefit from this positive environment with:

- substantial traffic on departure from the hubs
- strong demand in the 'premium' segment
- a positive unit revenue trend.

The Group thus carried 49 million passengers in the first half 2018, i.e. 2.8% more than in 2017.

The Group's financial results benefited from its ability to optimize its revenues, backed by the expertise of its teams and its joint-ventures and partnerships with other airlines. The operating result stood at €228 million. Excluding the strike impact, it remained stable on the previous year.

The revenues of the passenger network business amounted to more than €10.7 billion. The increase in ticket prices partially offset the increased fuel cost. The 'low-cost' activity, operated by Transavia, continued to see strong growth: **more than 7.3 million passengers carried and an increase in the operating result.** The maintenance business also continued its development, notably with third-party airlines.

These performances enabled Air France-KLM to continue to improve its financial structure:

net debt stood at €6.3 billion at June 30, 2018, down by €315 million over the first half.

KEY DATA

 522 AIRCRAFT*	 116 COUNTRIES	 98.7 M PASSENGERS	 1.1 M TONS TRANSPORTED
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314 DESTINATIONS*




FOUNDER MEMBER

JOINT-VENTURES

TRANS-ATLANTIC & ASIAN

34 MILLION FOLLOWERS

92 MILLION DOWNLOADS

3 MILLION MESSENGER MESSAGES

3 AF - KLM - TRANSAVIA CHATBOTS

APPLICATIONS:



FLYINGBLUE

15 MILLION MEMBERS

72 MILLION MILES EARNED

80,595 EMPLOYEES*




18 MILLION

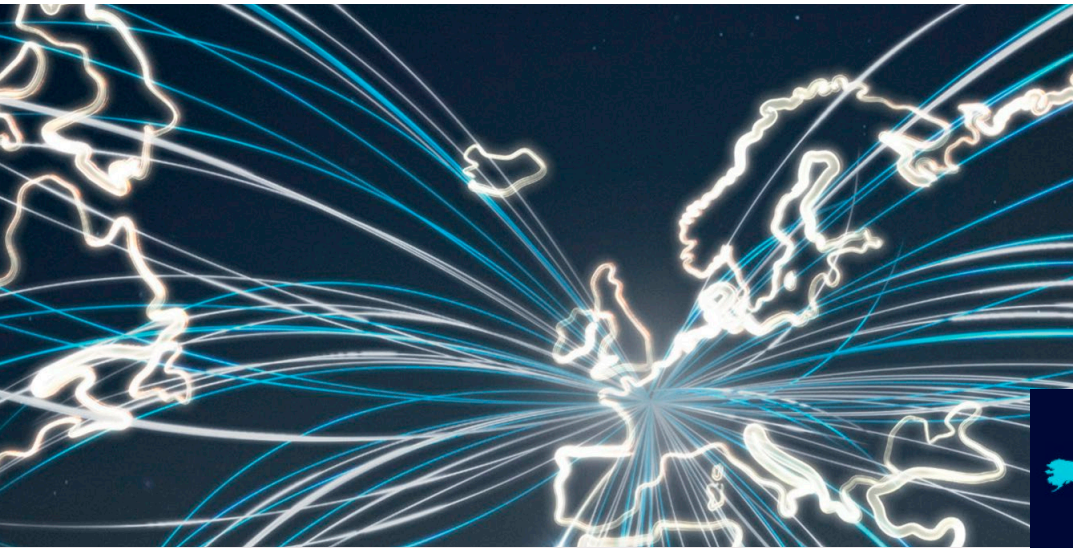
FLYINGBLUE MILES DONATED TO NGOS BY OUR CUSTOMERS

[CLICK HERE](#)



2017 data unless otherwise stated
* At March 31, 2018

NETWORK



2018 SUMMER SEASON, A RECORD: 78 NEW ROUTES

In 2018, the Group is pursuing its growth by offering 314 destinations in 116 countries, including 78 new routes this summer across its network. This record number in its history marks the Group's determination to grow and be even more offensive in all its markets.



on departure from both the hubs and the French regions. The Group is also reinforcing its short and medium-haul network by significantly increasing the number of flight frequencies.

For the 2018 Summer season (from March 25 to October 27, 2018), Air France-KLM has increased its capacity by 4.1% compared to the previous Summer season, with this growth being driven by the Transavia low-cost activity (+10.6%), the long-haul passenger network activity (+3.9%) and the short and medium-haul passenger network activity (+1.4%).

In its long-haul network, Air France-KLM is offering nine new routes relative to the 2017 Summer season. On departure from Paris-Charles de Gaulle: Nairobi (Kenya), Seattle (United States), Taipei (Taiwan), along

with San José (Costa Rica), Fortaleza (Brazil) and Mahé (Seychelles) with Joon. On departure from Amsterdam-Schiphol: Fortaleza (Brazil) and Mumbai (India). On departure from Pointe-à-Pitre: Atlanta (United States).

On its short and medium-haul network, the Group is offering 45 new routes relative to the Summer 2017 season

Joon is also pursuing its growth on the medium-haul network with four destinations on departure from Paris-Charles de Gaulle: Naples and Rome (Italy), Oslo (Norway) and Istanbul (Turkey).

Transavia is developing its network from all its bases in France (Orly, Lyon, Nantes) and the Netherlands (Amsterdam, Rotterdam, Eindhoven) with 24 new routes.

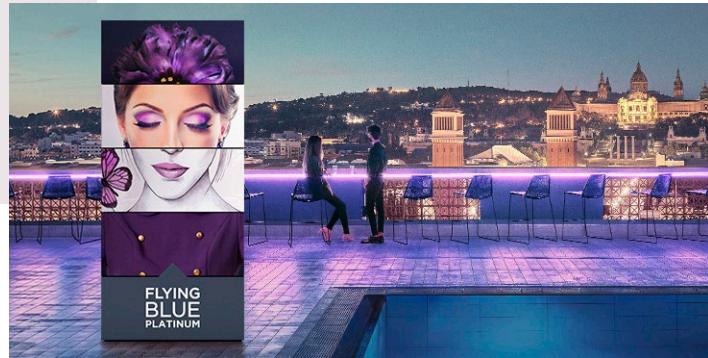


CUSTOMER EXPERIENCE

A REINVENTED FLYING BLUE LOYALTY PROGRAM IN 2018

Since April 1, 2018, Flying Blue, Air France-KLM's frequent flyer program, has offered more simplicity and flexibility when using the program, a clearer reward scale and more choice for using Miles. Program members now earn Miles for every euro spent: on the flights marketed by Air France, KLM, HOP! and Joon, including on the purchase of options like extra baggage allowance, À La Carte Menus and more comfortable seating.

Members can also use Miles to reserve up to the last seat available for sale on the flights operated and marketed by Air France, KLM, HOP!, Joon and Transavia and, if they are short of the Miles needed to book a flight to the destination of their choice, they can also pay up to 25% of the ticket price in cash.



Lastly, to move from one level to another, Flying Blue is introducing Experience Points or XPs, calculated based on the type of flight (domestic, medium-haul or long-haul 1,2, 3) and travel cabin. They determine the membership level and enable customers to benefit from additional advantages as they progress within the program.

Adapted to simplify the member experience and reinforce the program's attractiveness, the new Flying Blue supports the Group's commercial offensive and its personalization strategy at the service of customers.

CROWDFUNDING IN MILES, A WORLD FIRST FOR FLYING BLUE!



DONATE MILES

& HELP OTHERS GO FURTHER 

Since April 1, Flying Blue members have been able to donate their Miles to ten innovative start-ups who can convert them into airline tickets to promote themselves globally and attend the international events and trade fairs - like Dublin or the Las Vegas CES - that are vital

to their development. Flying Blue is the first frequent flyer program at global level to offer this service for the benefit of start-ups.

The young entrepreneurs are selected by Flying Blue in liaison with the Air France and KLM Innovation departments.

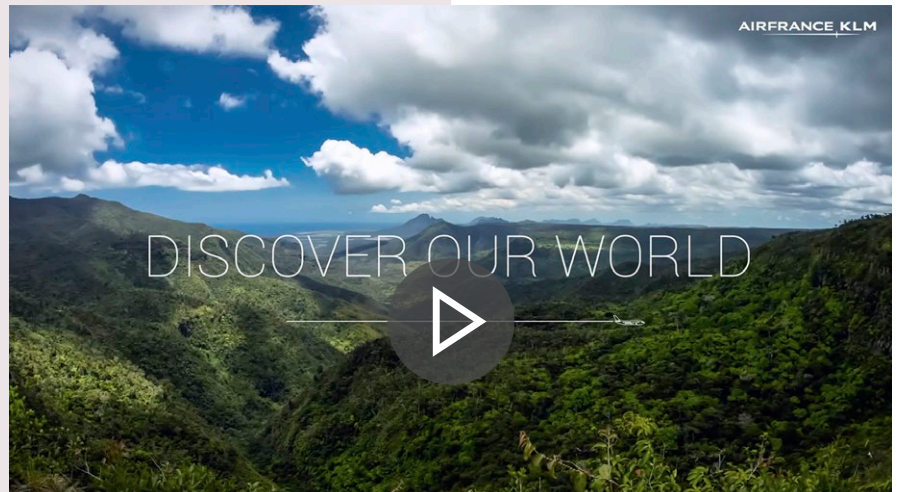
For the second wave of crowdfunding in 2018, some ten innovative start-ups were selected on either the basis of pitches made within the framework of the StarTech Factory or because they were the winners of Viva Technology or the major AfricArena challenge.

No sooner launched than more than 50,000 Miles had been generously donated by members.

SUSTAINABLE DEVELOPMENT

AIR FRANCE-KLM'S COMMITMENTS

For the Air France-KLM Group, corporate social responsibility has long been a priority: all the Air France-KLM teams are aware of our role and responsibilities and mobilize on a daily basis around building the ever-more-responsible travel of the future.



To respond to the growing demand for transportation, our development is based on the unceasing reconciliation of economic performance, social progress and respect for the environment.

It is by factoring even more sustainability into our operations, creating a progress dynamic with individual employees and identifying innovative solutions in all our areas of activity, while listening to each of our customers and inviting them to accompany us that we are able to reinvent our business in line with the changes in our society and its expectations.

By linking mankind, economies and cultures, we can make a positive contribution, at our level, to a more inclusive and responsible society and lend concrete support to the United Nations Sustainable Development Goals.

We are proud to figure, for the fourteenth year running, in the World ranking of the Dow Jones Sustainability Index (DJSI) and to be the only airline in the European ranking. As a recognized airline leader, we are directing our efforts towards mobilizing the whole industry around a series of ambitious goals.

I invite you to learn more about our Group via our video and to prepare for immediate takeoff on a virtual flight bound for our corporate social responsibility actions and commitments by clicking [here](#).

Anne-Sophie Le Lay

Corporate Secretary, of the Air France-KLM Group and Air France

-20% REDUCTION IN CO₂ EMISSIONS BY 2020 (RELATIVE TO 2011)

INNOVATION

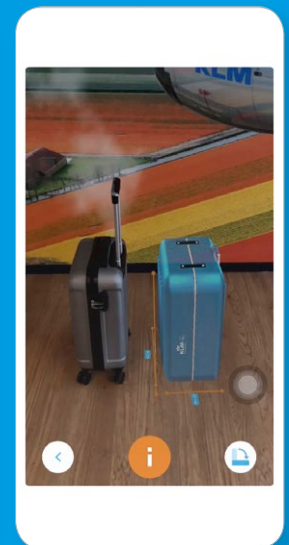
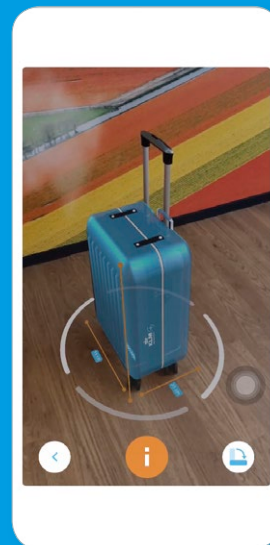
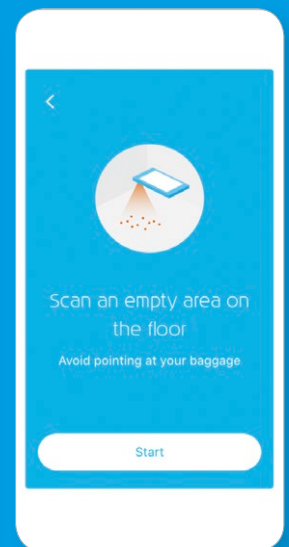
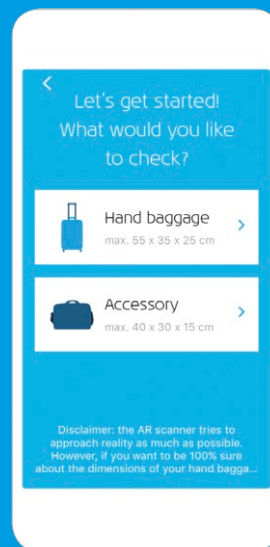
AUGMENTED REALITY AT THE SERVICE OF KLM CUSTOMERS

From now on it will be very easy for KLM passengers with a telephone camera to see whether their hand baggage is the correct size.

KLM is using Augmented Reality (AR) for this new service. KLMs AR hand baggage check uses a transparent, virtual KLM suitcase, which indicates the permitted dimensions for hand baggage on board.

AR technology makes it possible for a virtual image to be placed in reality and to be used interactively. This makes it easy for you a passenger to check at home whether their hand baggage is of the correct size. The KLM App uses Apple's AR technology.

KLM is also one of a group of leading companies that use Apple's Augmented Reality-technology to provide customer services in the KLM App. KLM will continue to develop and improve the service in the future, so that it grows in line with the latest AR technology available. The hand baggage check is available in the KLM App for iOS users.



[Click here to learn more](#)



AGENDA

Oct. 07, 2018

85 years of Air France



Mid-October 2018

Announcement
of the Winter schedule

Oct. 31, 2018

Third quarter
results



Regional meetings

**Information meetings,
in partnership with the financial
press, exclusively for individual
shareholders of the
Air France-KLM Group**

Nov. 12, 2018

Bordeaux

in partnership with *Le Revenu*

Dec. 06, 2018

Strasbourg

in partnership with *Investir*

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