

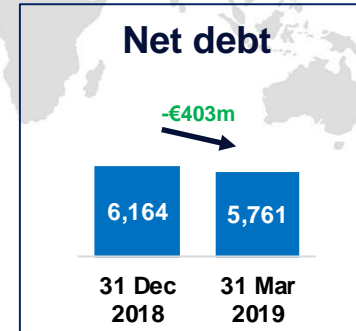
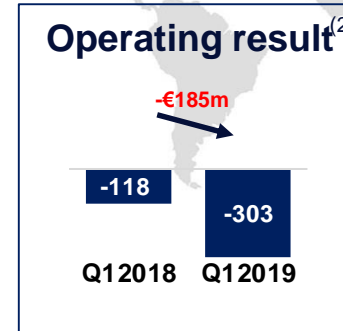
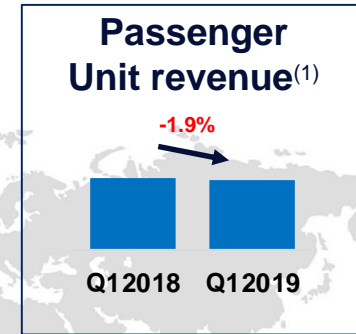
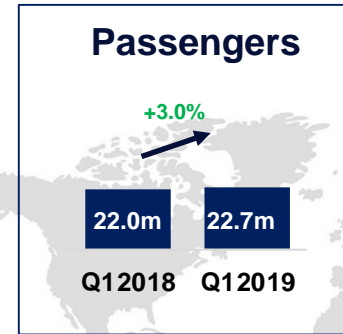
AIR FRANCE-KLM RESULTS PRESENTATION

First quarter 2019

3 May 2019

UNIT REVENUE PRESSURE IN FIRST QUARTER AS ANTICIPATED

- Continued passenger growth, load factor -0.3pt.
- As anticipated, pressure on unit revenue due to Easter shift and substantial capacity growth in the winter
- Operating result decrease reflecting unit revenue decline and fuel bill increase
- Further net debt reduction thanks to positive adjusted free cash flow generation
- Successful placement convertible bond OCEANE 0.125% €500 million
- Capital Market Day planned in November 2019



(1) Passenger Unit Revenue (RASK) = (Network Passenger traffic revenues + Transavia traffic revenues) / (Network Passenger ASK + Transavia ASK), at constant currency

(2) Q1 2018 operating result impacted by the Air France strike for -75 million euros



FINANCIAL REVIEW






FRÉDÉRIC GAGEY

Results at 31 March 2019

OPERATING RESULT AT - €303 MILLION, FURTHER NET DEBT REDUCTION OF €403 MILLION

	Q1 2019	Q1 2018	Change	Change at constant currency
Revenues (€ bn)	5.99	5.81	+3.1%	+2.0%
Fuel expenses (€ bn)	1.20	1.06	+13.2%	+5.9%
EBITDA (€ m)	424	621	-31.7%	-26.3%
Operating result (€ m)	-303	-118	-185m	-143m
Operating margin	-5.1%	-2.0%	-3.0 pt	-2.3 pt
Net income - Group part (€ m)	-320	-269	-51m	
Adjusted operating free cash flow (€ m)	241	142	+69.7%	
ROCE	9.0%	14.1%	-5.1 pt	
	31 Mar 2019	31 Dec 2018	Change	
Net debt (€ m)	5,761	6,164	-403m	
Net debt/EBITDA	1.4x	1.5x	-0.03 pt	

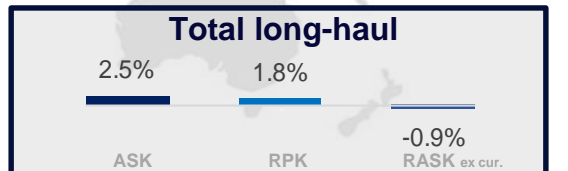
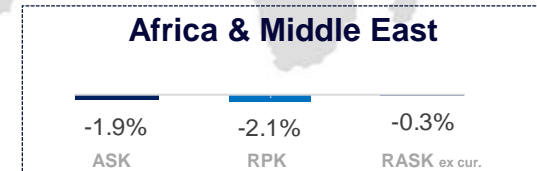
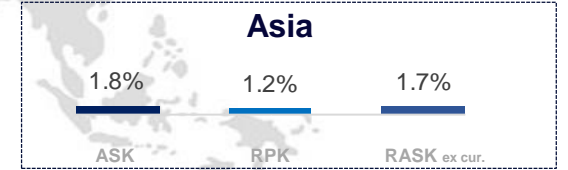
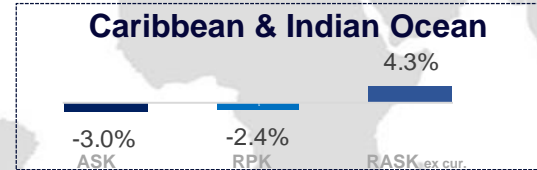
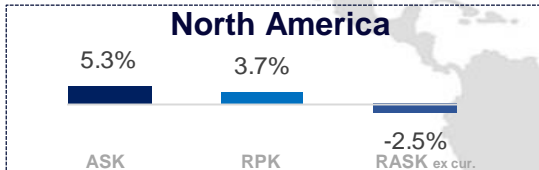
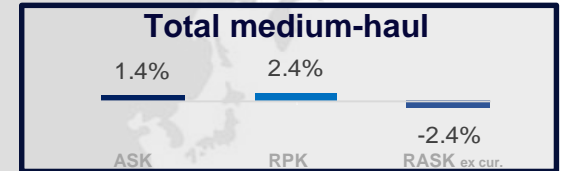
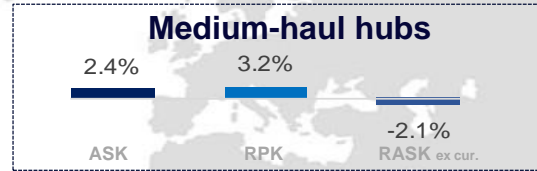
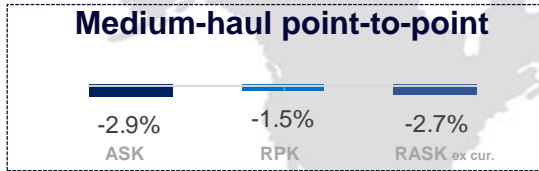
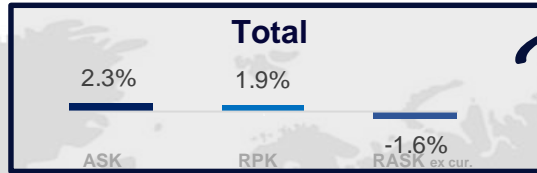
POSITIVE GROUP REVENUE DEVELOPMENT, MARGIN IMPROVEMENT FOR MAINTENANCE

		Capacity ⁽¹⁾	Unit Revenue ⁽²⁾ Constant Currency	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
Network		+2.3%	-1.6%	5,175	+1.7%	-279	-193m	-5.4%	-3.7 pt
		+1.4%	-4.0%						
Transavia		+11.4%	-3.5%	249	+6.0%	-71	-13m	-28.4%	-3.8 pt
Maintenance				554	+17.6%	47	+20m	4.0%	+1.5 pt
Group		+3.0%	-2.2%	5,986	+3.1%	-303	-185m	-5.1%	-3.0 pt

(1) To align with industry practice, the metric Equivalent Available Seat Kilometres (EASK) will not be used anymore. Capacity is defined as Available Seat Kilometers (ASK), except for Network Cargo capacity which is Available Ton Kilometers (ATK). Group capacity is defined as Passenger ASK (Network Passenger ASK + Transavia ASK)

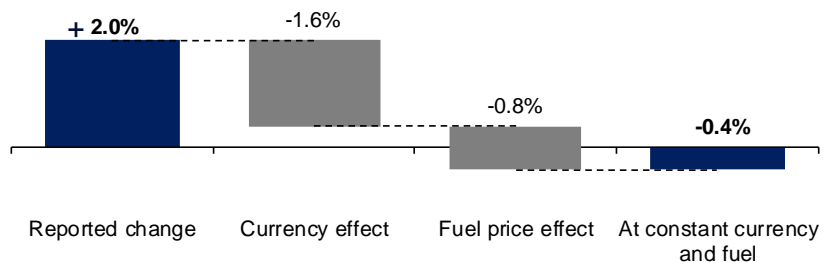
(2) Unit revenues = revenue per ASK, Cargo unit revenues = Cargo revenue per ATK, Group unit revenue = (Network passenger traffic revenues + Transavia traffic revenues) / (Network Passenger ASK + Transavia ASK).

RESILIENT UNIT REVENUES FOR LONG-HAUL AND PREMIUM, DECLINE IN SHORT- AND MEDIUM-HAUL



UNIT COSTS IN LINE WITH FULL YEAR GUIDANCE

Underlying unit cost



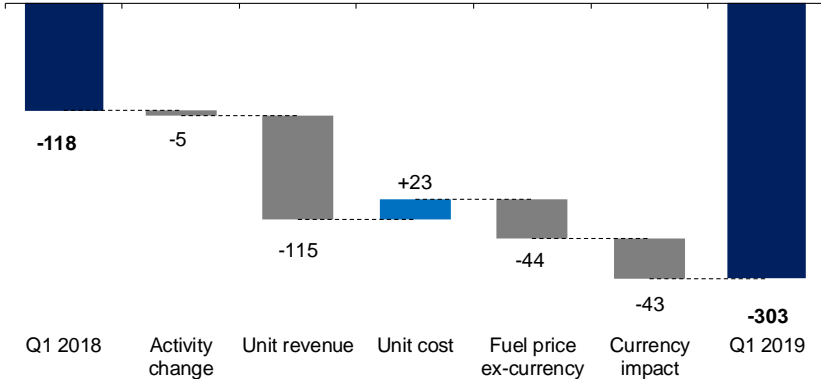
- Staff costs up 6.4%, explained by additional hirings for the capacity growth and the impact of the implemented wage agreements for Air France and KLM staff.
- Labor productivity improvement +1.7% (in ASK per FTE)
- KLM unit cost impacted by capacity 1.3% lower than planned due to weather and technical reasons



UNIT COST IMPROVEMENT MORE THAN OFFSET BY UNIT REVENUE, FUEL AND CURRENCY HEADWINDS

Operating result development

In € m

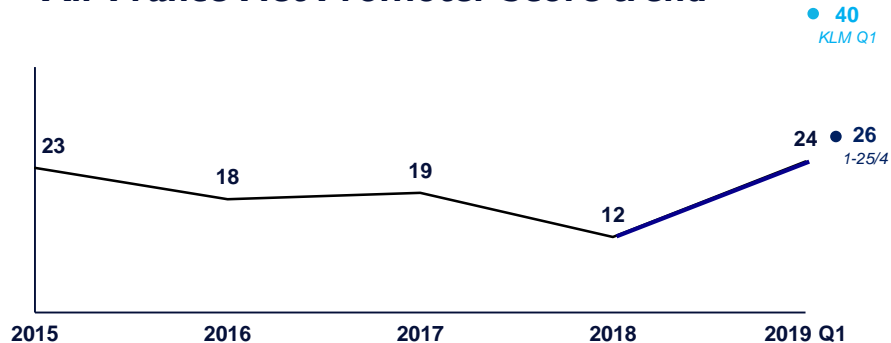


AIR FRANCE FIRST STEPS IN OPERATIONAL PERFORMANCE IMPROVEMENT

Air France reaches the top 10 in On Time Performance^{AI4} ranking



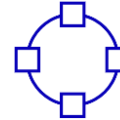
Air France Net Promoter Score trend



2019-2021 operational priorities



Schedule robustness
Additional fleet spare capacity





Airport processes



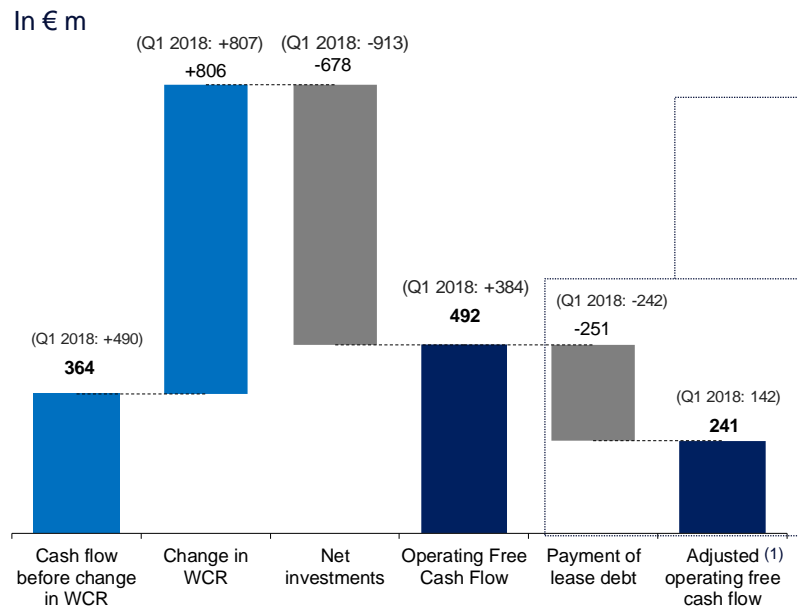
Real-time staff management tools

BOTH AIRLINES IMPACTED BY UNIT REVENUE PRESSURE AND FUEL BILL INCREASE

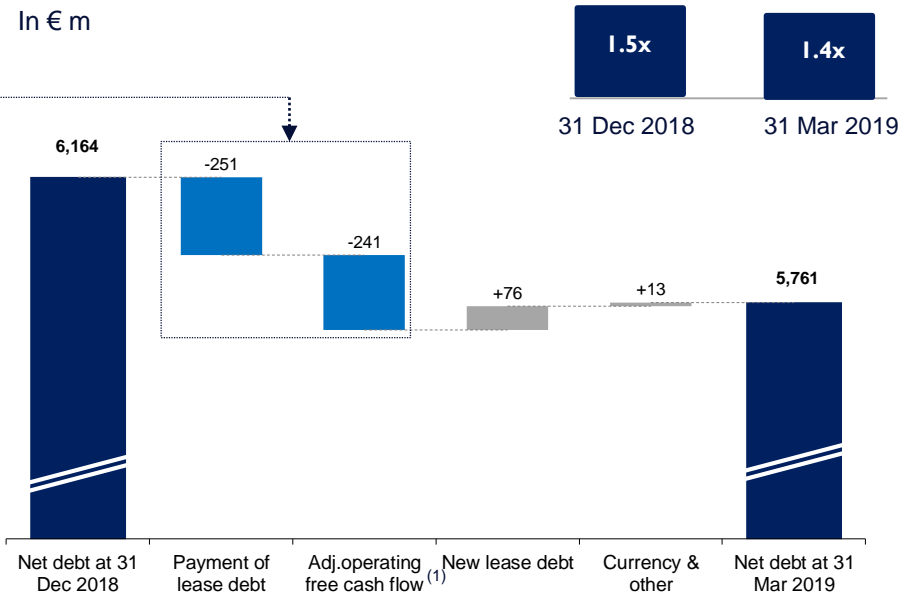
	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY	Net debt (€ m)	Change 31 Dec 2018	Net debt / EBITDA	Change 31 Dec 2018
AIRFRANCE 	+4.9%	3,698	+4.1%	-256	-78	-6.9%	-1.9 pt	3,481	-76	1.7x	-0.0 pt
	+0.5%	2,385	-0.1%	-56	-116	-2.3%	-4.5 pt	2,571	-255	1.3x	-0.1 pt
AIRFRANCE KLM GROUP	+3.0%	5,986	+3.1%	-303	-185	-5.1%	-3.0 pt	5,761	-403	1.4x	-0.0 pt

LEVERAGE STABLE

Free cash flow evolution



Net Debt evolution



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

(2) Net Debt / EBITDA: 12 months sliding, see calculation in press release



OUTLOOK

Results at 31 March 2019

SUMMER 2019 CAPACITY GROWTH AT A SLOWER PACE COMPARE TO LAST YEAR

Summer 2019 Group capacity

AIRFRANCE **KLM**
GROUP

AIRFRANCE 



Seats (ASK)
Change YoY

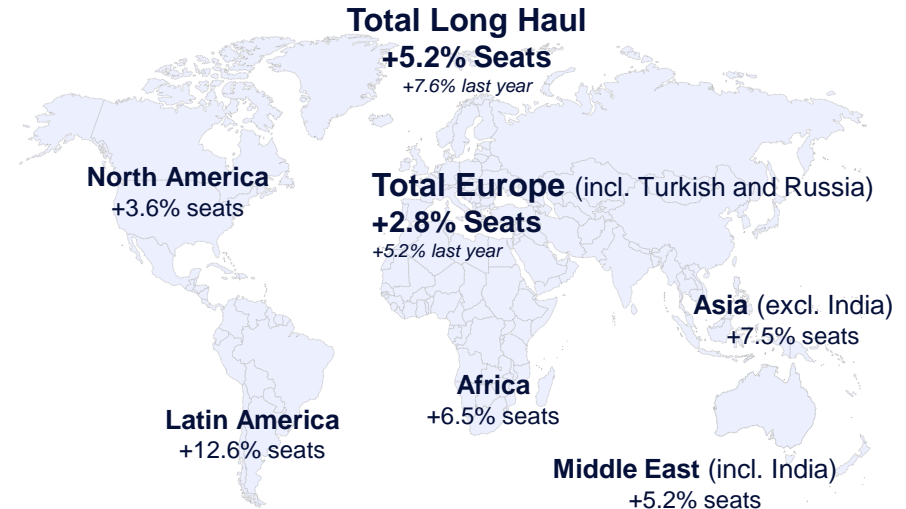
+3.7% (+3.7%)

+4.0% (+4.2%)

+3.2% (+3.0%)

Summer 2019 industry capacity

(Seats from Europe)



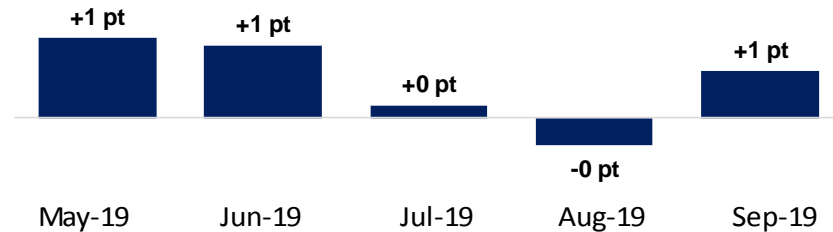
Source : OAG analyzer - snapshot 17th March 2019 - operating non-stop scheduled flight- physical seats

AIRFRANCE 
GROUP

REVENUE OUTLOOK

Long-haul forward booking load factor

(change vs previous year)



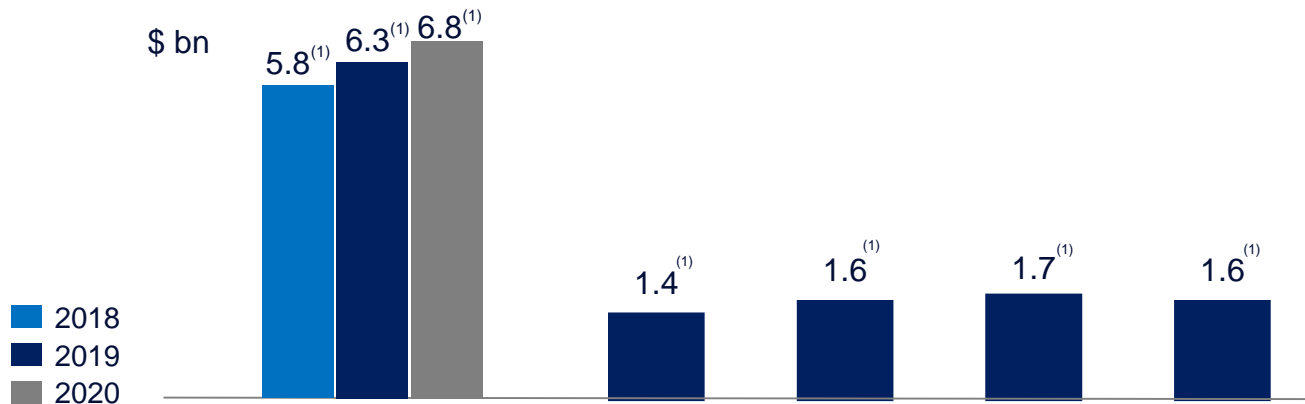
Based on the current data for Passenger network:

- Long-haul forward booking load factors from May to September are on average higher compared to last year.
- Network passenger unit revenues at constant currency expected to slightly improve compared to last year for the second quarter 2019, with positive long haul unit revenues largely offset by negative point-to-point unit revenues.



FUEL BILL INCREASE BY €650 MILLION IN 2019, EXPLAINED BY RISE IN OIL PRICE AND HEDGE IMPACT COMPARED TO 2018

2018:
Fuel bill €4.9bn⁽²⁾
2019:
Fuel bill €5.6bn⁽²⁾
2020:
Fuel bill € 5.9bn⁽²⁾



		2018	2019	2020	Q1 19	Q2 19	Q3 19	Q4 19
Market price	<i>Brent (\$ per bbl)</i> ⁽¹⁾	72	69	66	64	71	70	69
	<i>Jet fuel (\$ per metric ton)</i> ⁽¹⁾	738	710	721	669	714	724	729
Price after hedge	<i>Jet fuel (\$ per metric ton)</i> ⁽¹⁾	651	686	719	650	673	702	717
	% of consumption already hedged	60%	61%	41%	62%	62%	61%	60%
	Hedge result (in \$ m)	800	200	0	50	100	50	0

(1) Based on forward curve at 26 April 2019. Sensitivity computation based on 2019 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 1.13 for 2019 and 1.15 for 2020

FULL YEAR GUIDANCE CONFIRMED

		Guidance 2019
Capacity	Passenger	+2.0% to +3.0%
	Transavia	+9% to +11%
Fuel		+€650m
Currency		Neutral effect
Unit cost	ex-currency at constant fuel price	-1% to 0% ⁽¹⁾
Capex		€3.2bn
Net Debt / EBITDA		below 1.5x

(1) To align with industry practice, the metric EASK will not be used anymore as of 2019.
 New Unit Cost definition will be: Net cost per Available Seat Kilometer at constant currency and fuel
 The impact of this change should be approximately -0.1pt for 2019





Q&A

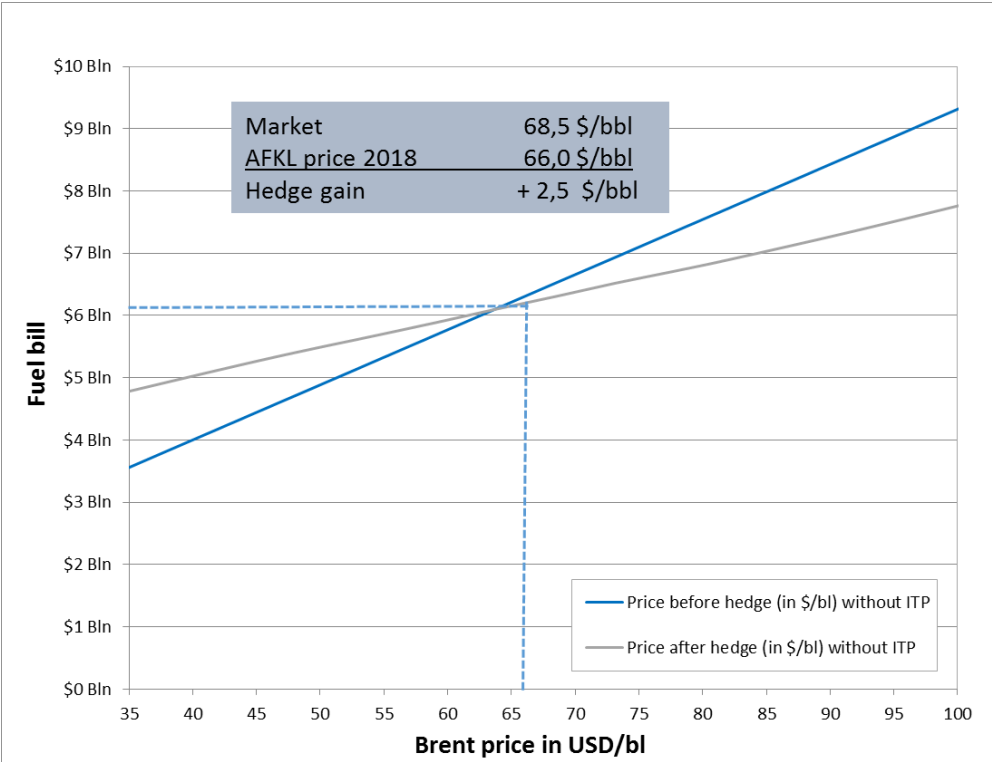
Results at 31 March 2019



APPENDIX

Results at 31 March 2019

FUEL BILL SENSITIVITY FOR FULL YEAR 2019

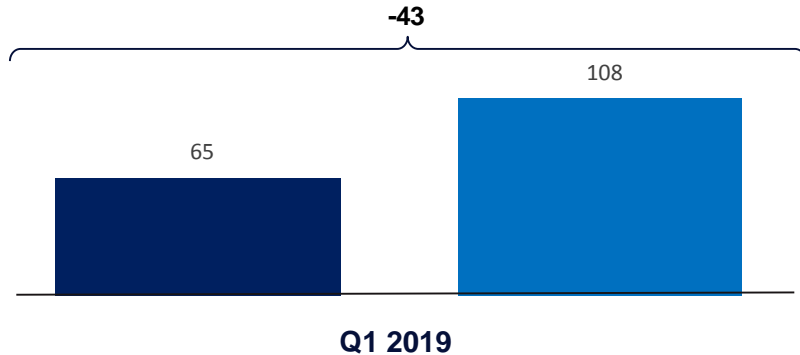


Based on forward curve at 26 April 2019. Sensitivity computation based on 2019 fuel price, assuming constant crack spread between Brent and Jet Fuel. Jet fuel price including into plane cost
 Assuming average exchange rate on US dollar/Euro of 1.13 for 2019 and 1.15 for 2020

CURRENCY IMPACT ON OPERATING RESULT

Currency impact on revenues and costs

In € m



■ Currency impact on revenues

■ Currency impact on costs, including hedging

-XX Currency impact on operating result

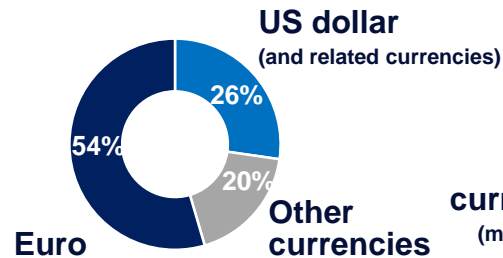
FY 2019 guidance

- Currency impact FY 2019: no effect, based on spot €/€ 1.13
- Net operational exposure hedging for 2019:
 - > USD ~60%
 - > JPY ~50%
 - > GBP ~75%

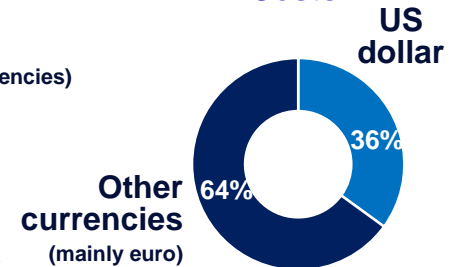
Revenues and costs per currency

FY 2018

Revenues

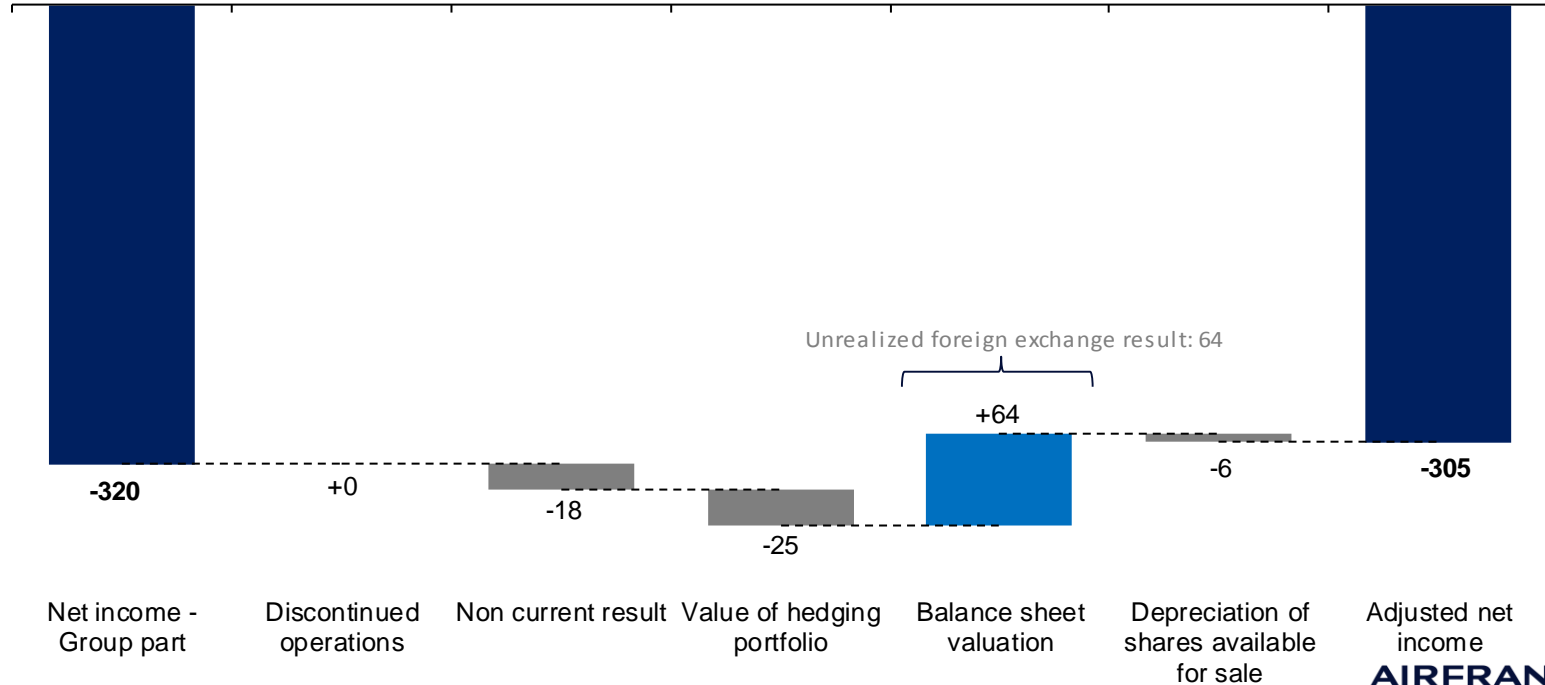


Costs



ADJUSTED NET INCOME OF THE GROUP AT 31 MARCH 2019

In € m



PENSION DETAILS AT 31 MARCH 2019



Air France

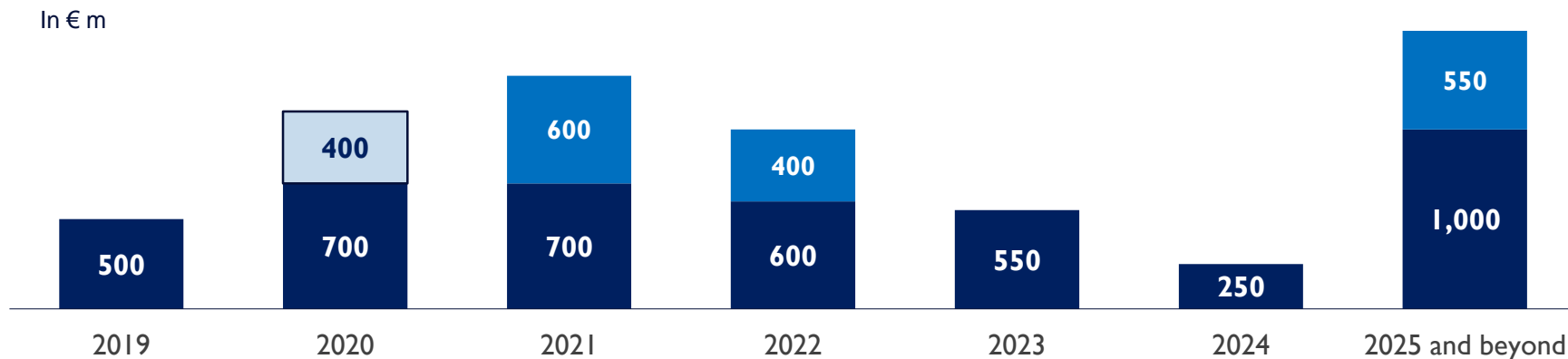
- Air France end of service benefit plan (ICS): pursuant to French regulations and the company agreement, every employee receives an end of service indemnity payment on retirement (no mandatory funding requirement). ICS represents the main part of the Air France position
- Air France pension plan (CRAF):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

KLM

- Defined benefit schemes for Ground Staff

DEBT REIMBURSEMENT PROFILE AT 31 MARCH 2019

Debt reimbursement profile⁽¹⁾



■ Bonds issued by Air France-KLM
 June 2021: AFKL 3.875% (€600m)
 October 2022: AFKL 3.75% (€400m)
 March 2026: AFKL 0.125% (€500m, Convertible « Océane »)
 December 2026: AFKL 4.35% (\$145m)

■ Air-France KLM Hybrid Unsecured Bond :
 AFKL 6.25% Perp Call 2020 (€403m)
■ Other Long-term Debt : AF and KLM Secured Debt,
 mainly “Asset-backed” (Net Deposits)

(1) Excluding operating lease debt payments and KLM perpetual debt