FULL YEAR 2016 RESULTS

16 February 2017

AIRFRANCE KLM

Results in line with target, main KPIs show improvement

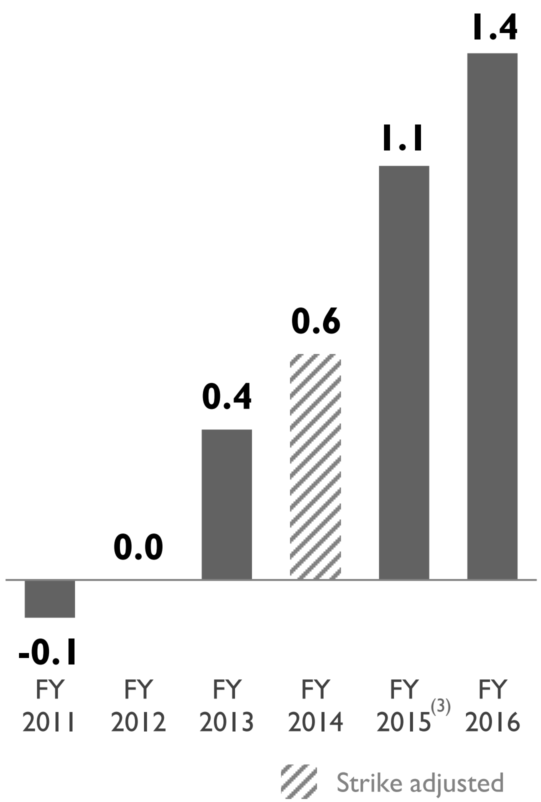
Review Full Year 2016

- Improvement in the main financial KPIs:
  - Operating income of €1,049m, up €558m like-for-like
  - Unit costs down 1.0% at constant fuel, currency and pension costs
  - Free cash flow after disposals of €693m
  - Adjusted net debt / EBITDAR at 2.9x
  - Net result of €792m, up €674m
- 93.4 million passengers carried, up 4.0%
- Terrorist attacks in Europe resulting in weak local flows to France

Fifth year of improvement in both P&L and debt ratio

Lease adjusted operating result(1)

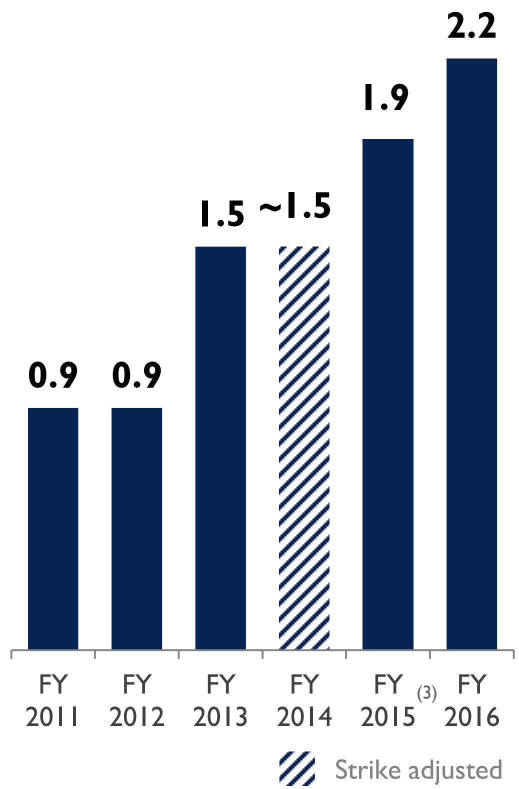
In €bn



- 2016 vs 2011: **+€1.5bn**

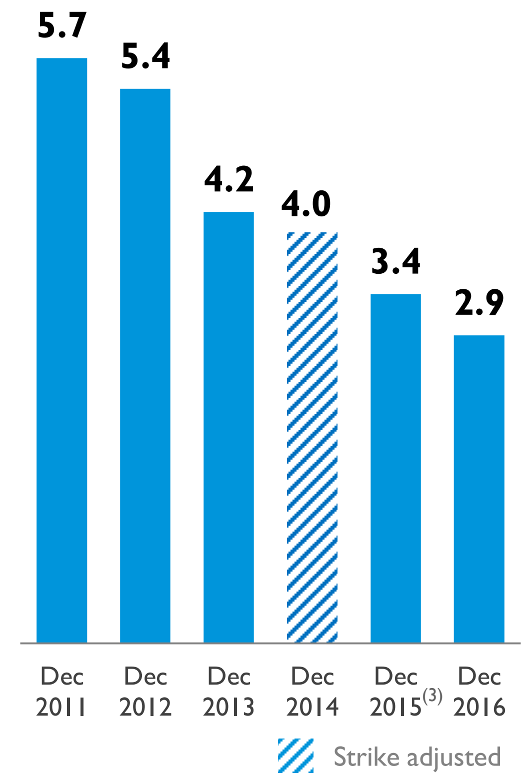
Operating cash flow(2)

In €bn



- 2016 vs 2011: **+€1.3bn**

Adjusted Net debt/EBITDAR ratio



- 2016 vs 2011: **-2.8**

(1) Operating results adjusted for interest portion (1/3) of operating leases
(2) Operating cashflow including VDP and change in WCR
(3) Reclassification of Servair as a discontinued operation

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Fourth Quarter KPIs contribute to the full year improvement like-for-like

In €m	Q4 2016	Q4 2015[(1)]	Change	Change Like-for-like[(2)]
Revenues	**6,086**	6,242	-2.5%	-2.3%
EBITDA[(3)]	**571**	532	+39m	+109m
Operating result	**94**	137	-43m	+27m
Operating margin	**1.5%**	2.2%	-0.7pt	+0.5pt
Lease adjusted operating result[(4)]	**186**	225	-39m	+31m
Lease adjusted operating margin	**3.1%**	3.6%	-0.5pt	+0.6pt
Net result, group share[(5)]	**362**	276	+86m	
Free cash flow after disposal[(3)]	**446**	67	+379m	

(1) Reclassification of Servair as a discontinued operation
(2) Like-for-like: excluding currency. Same definition applies in rest of presentation unless otherwise stated
(3) See definition in press release
(4) Operating results adjusted for interest portion (1/3) of operating leases
(5) Of which 270 million euros in 2016 resulting from the sale of 49.9% of the Servair share capital

Full Year 2016 result in line with targets, main KPIs show improvement

In €m	FY 2016	FY 2015[1]	Change	Change Like-for-like[2]
Revenues	**24,844**	25,689	-3.3%	-2.9%
EBITDA[3]	**2,714**	2,387	+327m	+606m
Operating result	**1,049**	780	+269m	+558m
Operating margin	**4.2%**	3.0%	+1.2pt	+2.3pt
Lease adjusted operating result[4]	**1,407**	1,122	+285m	+577m
Lease adjusted operating margin	**5.7%**	4.4%	+1.3pt	+2.4pt
Net result, group share[5]	**792**	118	+674m	
Operating cash flow[3]	**2,206**	1,867	+339	
Free cash flow after disposal[3]	**693**	925	-232m	
ROCE[3, 4]	**9.0%**	8.4%	+0.6pt	
Net debt at end of period	**3,655**	4,307	-652m	
Adjusted net debt / EBITDAR[3]	**2.9x**	3.4x	-0.5	

(1) Reclassification of Servair as a discontinued operation
(2) Like-for-like: excluding currency. Same definition applies in rest of presentation unless otherwise stated
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(4) Operating results adjusted for interest portion (1/3) of operating leases
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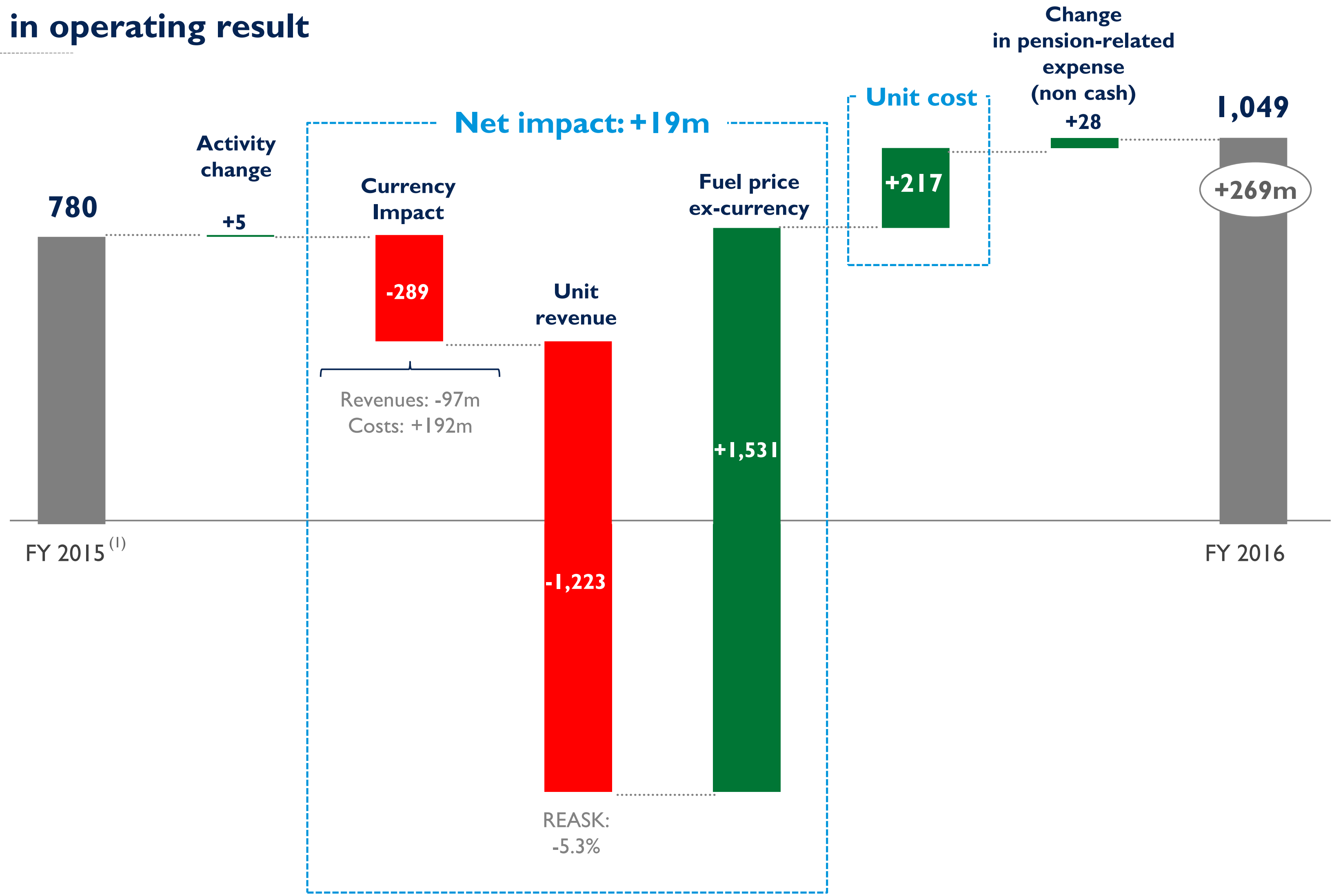
2016 operating result increase driven by fuel tailwind and good cost performance, despite unit revenue pressure and currencies

Change in operating result

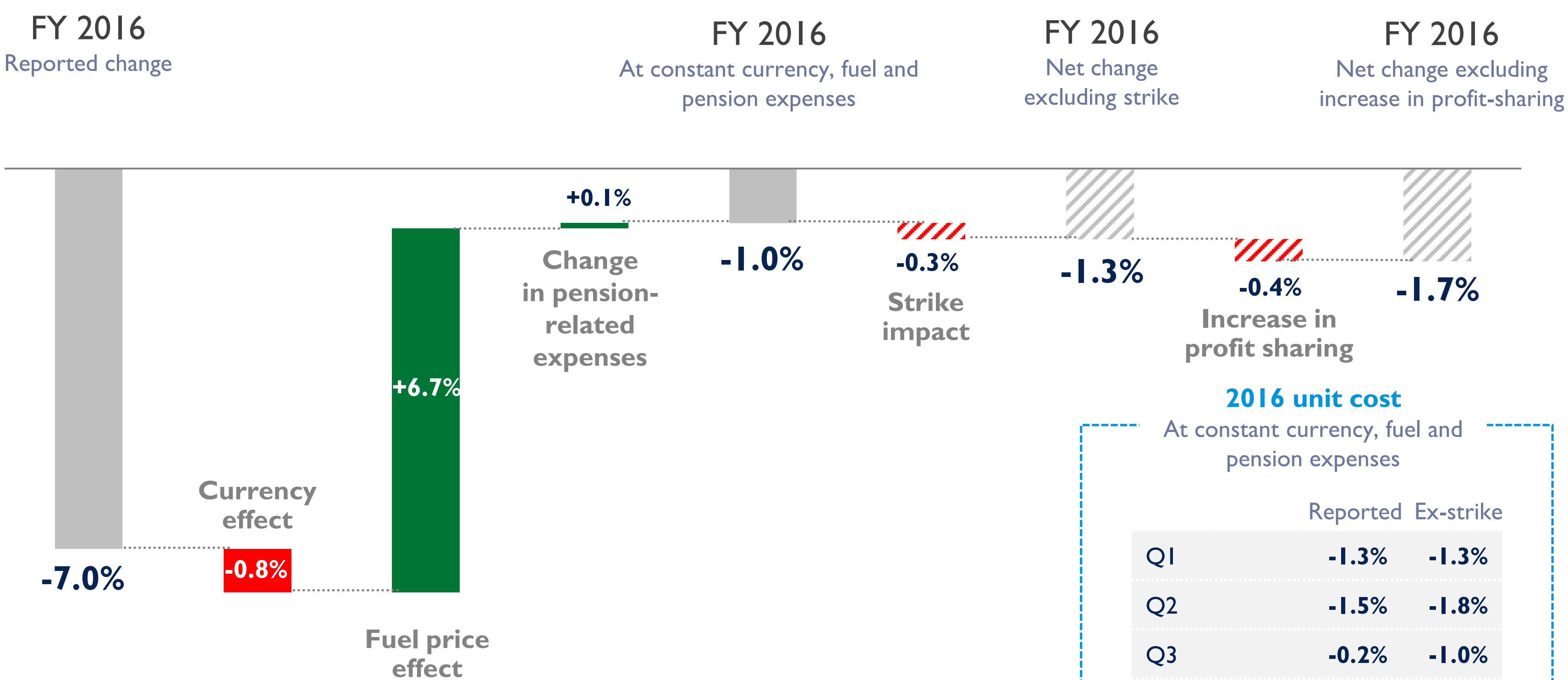
In €m



(1) Reclassification of Servair as a discontinued operation

Unit cost reduction: target of 1.0% achieved in 2016, down 1.7% excluding strike and profit-sharing scheme

Net Costs: €20,910m (-6.1%)
Capacity in EASK: 341,334m (+1.0%)
Unit cost per Equivalent Available-Seat Kilometer (EASK): 6.13 euro cents



2016 unit cost
At constant currency, fuel and pension expenses

	Reported	Ex-strike
Q1	-1.3%	-1.3%
Q2	-1.5%	-1.8%
Q3	-0.2%	-1.0%
Q4	-1.3%	-1.3%
FY 2016	-1.0%	-1.3%

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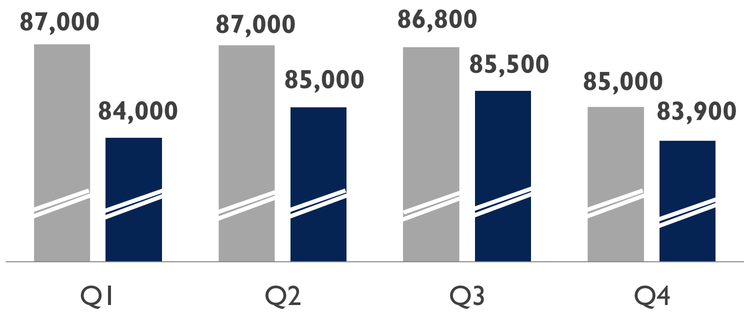
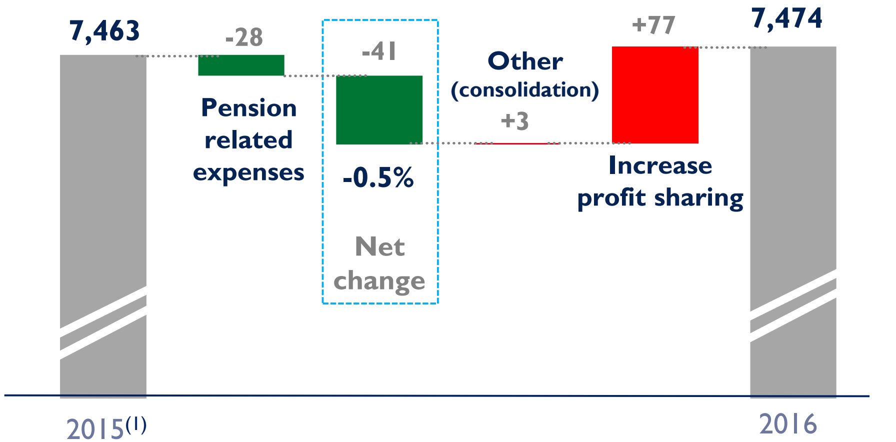
Decrease in number of staff, improved employee productivity

- Average headcount down 1,850 FTEs
- Decrease in FTEs in both airlines related to the restructuring efforts
- Increasing flexibility in employee costs due to profit sharing linked to airline profitability

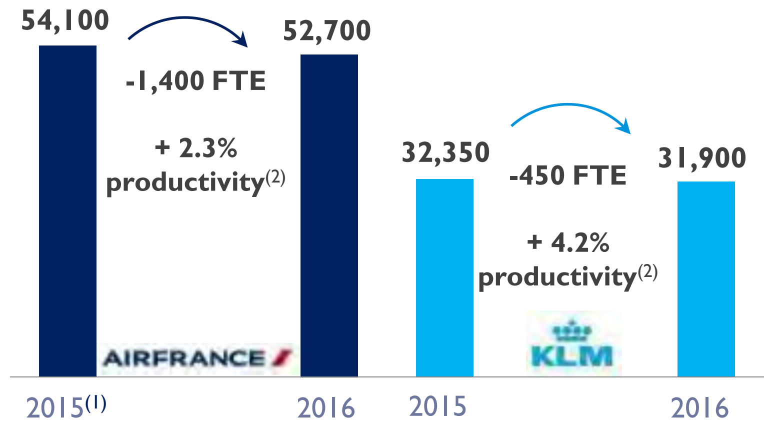
Staff numbers
including temporary staff



Change in total employee costs
In €m, including temporary staff



Staff numbers & productivity
including temporary staff

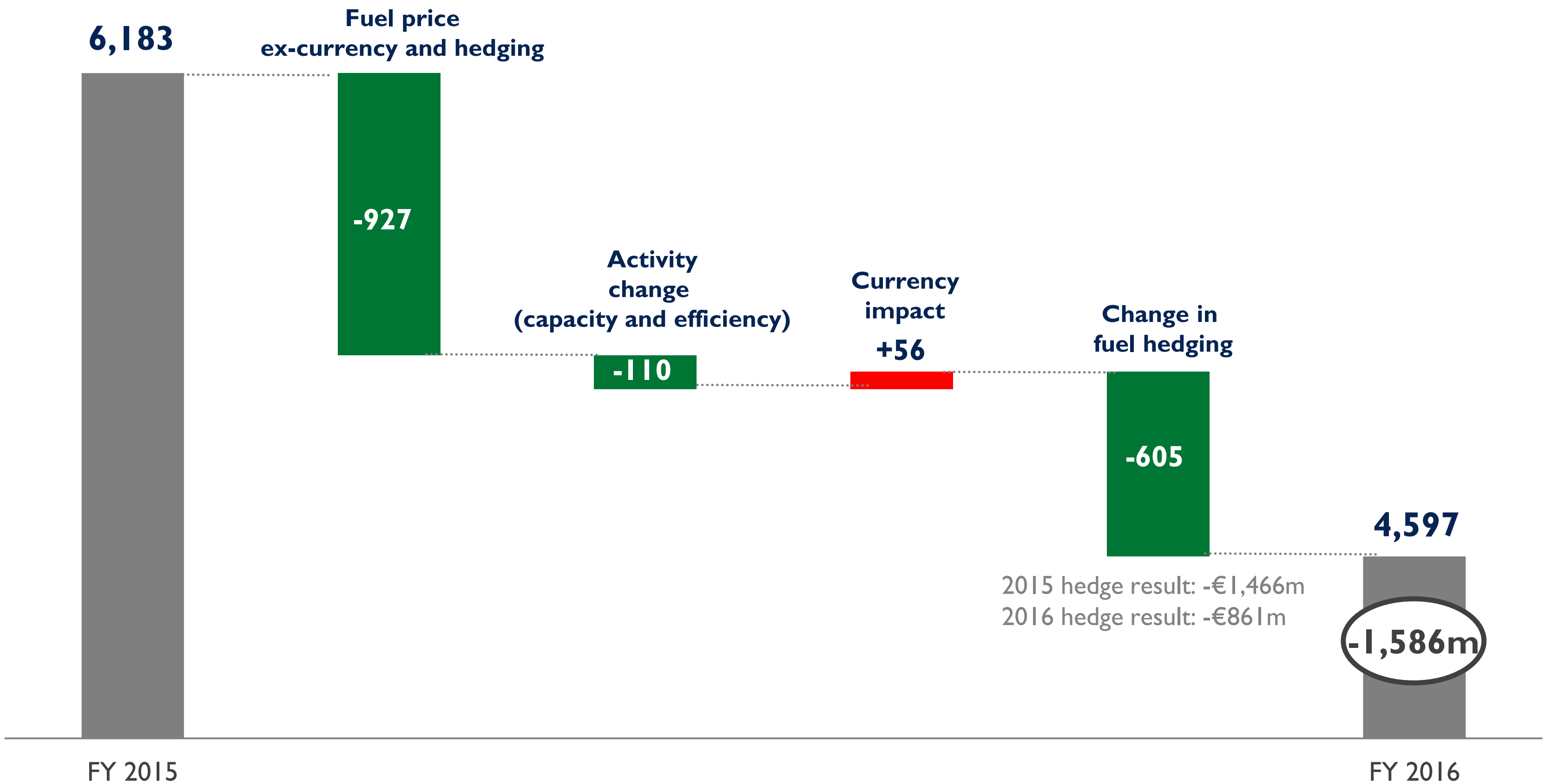


(1) Reclassification of Servair as a discontinued operation
(2) Productivity measured by EASK/FTE

Sharp fall in the 2016 fuel bill

Fuel bill

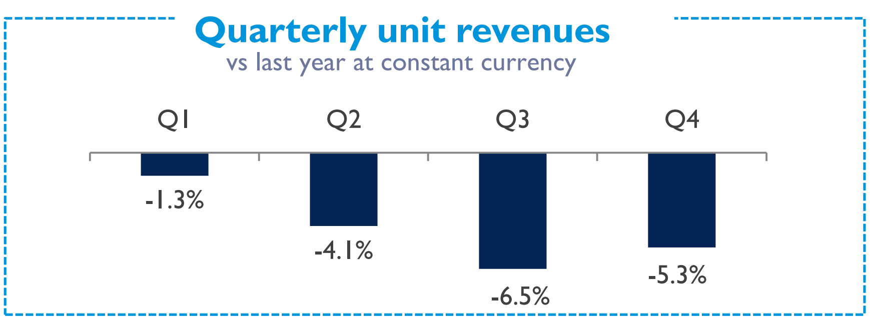
In €m



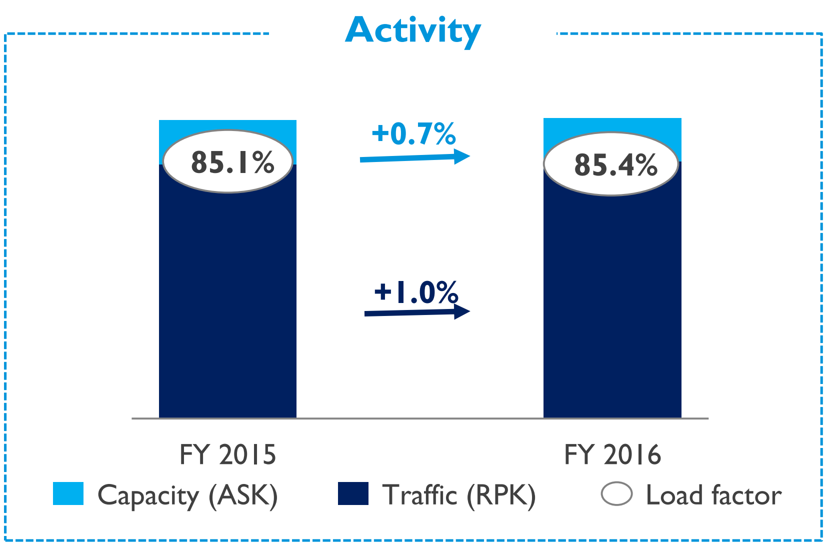
AIRFRANCE KLM

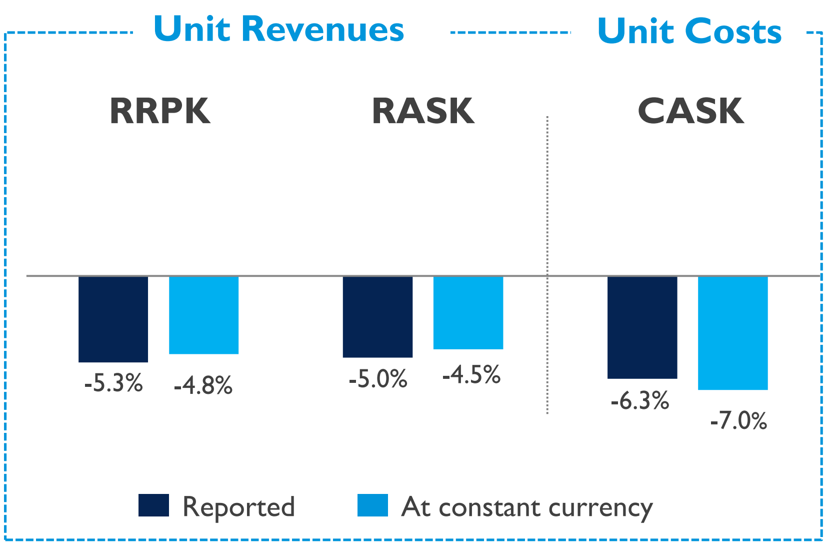
Strong passenger network performance despite headwinds

- Operating result at €1,057m, up €215m and €456m at constant currency
- Strict capacity discipline (+0.7%)
- Limited unit revenue decrease, in particular on Premium traffic, despite downward pressure reflecting weak supply-demand balance and soft local flows to France



  - Unit revenue: -4.5% at constant currency
    - Long-haul: -4.7%
      - Premium: -1.4%
      - Economy: -5.4%
    - Medium-haul unit revenue: -4.2%
- Strong growth in ancillary revenues
  - Paid options amounting to €515m, up 12%





Passenger network: Air France, KLM and HOP!

Full Year 2016: Passenger network unit revenue

North America

ASK	RPK	RASK nominal	RASK ex-cur.
2.2%	0.8%	-5.4%	-5.6%

Asia

ASK	RPK	RASK nominal	RASK ex-cur.
-4.2%	-3.3%	-5.6%	-5.6%

Caribbean & Indian Ocean

ASK	RPK	RASK nominal	RASK ex-cur.
6.6%	6.0%	-5.0%	-4.9%

Latin America

ASK	RPK	RASK nominal	RASK ex-cur.
1.0%	2.4%	-8.0%	-6.2%

Africa & Middle-East

ASK	RPK	RASK nominal	RASK ex-cur
1.5%	2.4%	-2.8%	-1.6%

Total long-haul

ASK	RPK	RASK nominal	RASK ex-cur.
0.6%	0.8%	-5.1%	-4.7%

TOTAL

ASK	RPK	RASK nominal	RASK ex-cur.
0.7%	1.0%	-5.0%	-4.5%

Medium-haul point-to-point

ASK	RPK	RASK nominal	RASK ex-cur.
-3.9%	-2.3%	0.9%	1.0%

Medium-haul hubs

ASK	RPK	RASK nominal	RASK ex-cur.
2.0%	3.0%	-6.2%	-5.4%

Total medium-haul

ASK	RPK	RASK nominal	RASK ex-cur.
0.9%	2.1%	-4.8%	-4.2%

Passenger network only: Air France, KLM and HOP!

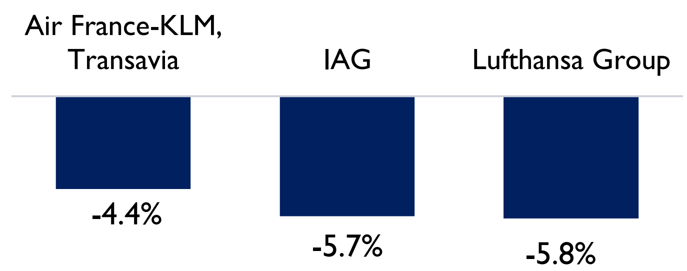
Efficient network and yield management leading to a limited unit revenue decrease compared to peers

- Unit revenues at constant currency resilient compared to peers:
  - Strict capacity discipline and smart network adaptation
  - Active yield management limiting downward pressure on unit revenues

- Supportive trend:
  - Product upgrade
  - Balanced network contribution to relative unit revenue performance
    - Strong competitive position in all regions

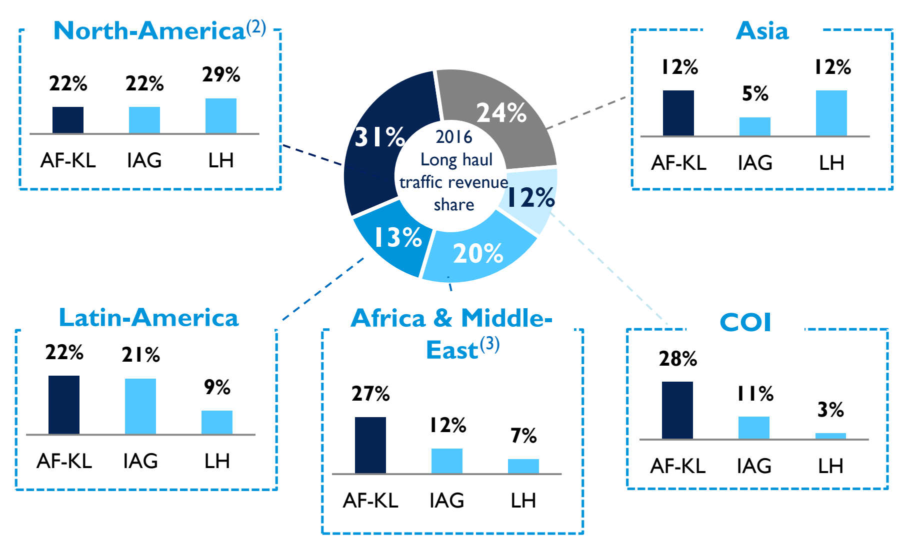
9 months YTD unit revenue at constant currency[1]

(RASK @ constant currency Jan-Sep 2016)



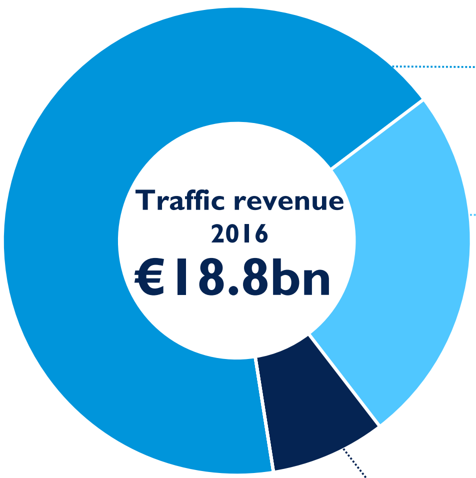
European long-haul market leader

FY 2016 market share per long-haul region from OAG



(1) Source: Company reports. Definition: Air France-KLM 'Passenger network + Transavia', Lufthansa 'Passenger Airline Group', IAG 'Passenger unit revenue'
(2) Including respective US partners
(3) Market share on Africa only

Paris hub feeding impacted by terrorist attacks

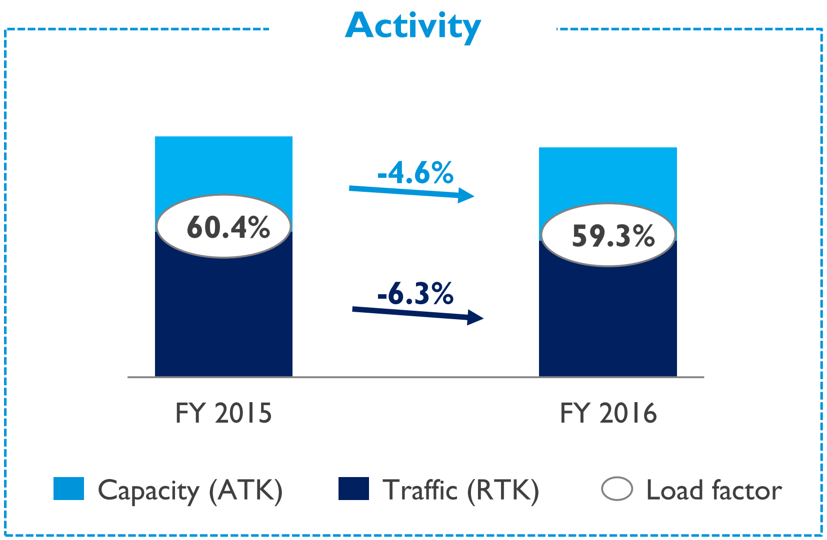


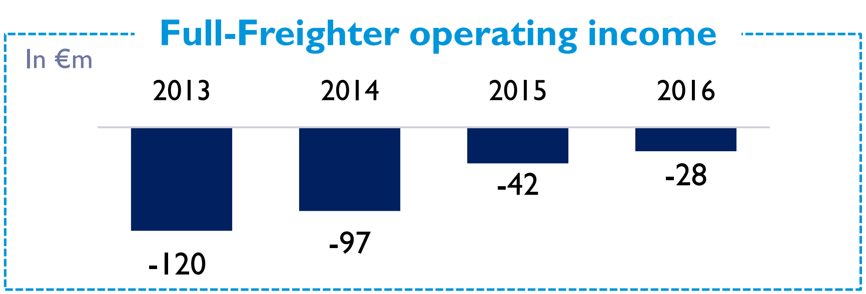
	Traffic revenue (2016, €bn)	Operating profit (estimates 2016, €m)	Change (vs 2015, €m)
Long-haul AIRFRANCE KLM	12.7 *67%*	1,300m	+250m
Medium-haul hub feeding AIRFRANCE KLM	4.7 *25%*	-200m	-60m
Point-to-point AIRFRANCE HOP!	1.5 *8%*	-50m	+20m

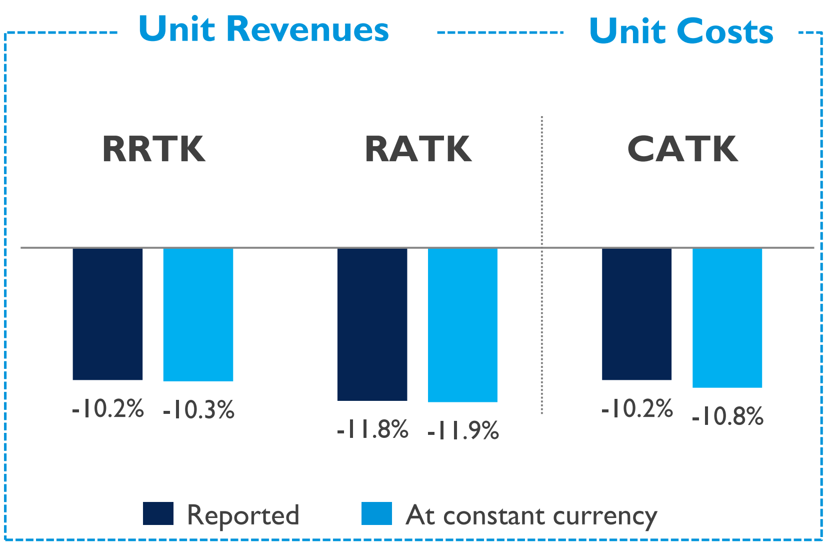
- Long-haul network profitability further increased despite the unit revenue pressure and the geopolitical environment
- Medium-haul hub feeding notably impacted by terrorism
  - Amsterdam hub feeding operating profit increased by €60m
  - Paris hub feeding operating profit decreased by €120m notably impacted by terrorist attacks
- Point-to-point restructuring on track, further reducing the losses

Gradual Cargo turnaround on the back of restructuring

- Persistently weak demand
  - Structural industry overcapacity, but market more resilient resulting in Q4 unit revenues less negative at -9.2%
  - 2016 yield higher than competition(1) especially to Africa and the Americas
- Restructuring on track, operating result improved by €17m like-for-like
  - Ex-fuel unit costs down 2.6% at constant currency
  - Headcount down 6.7%; productivity(2) up 2.3%
  - Full-Freighters down to 6, capacity down 24%





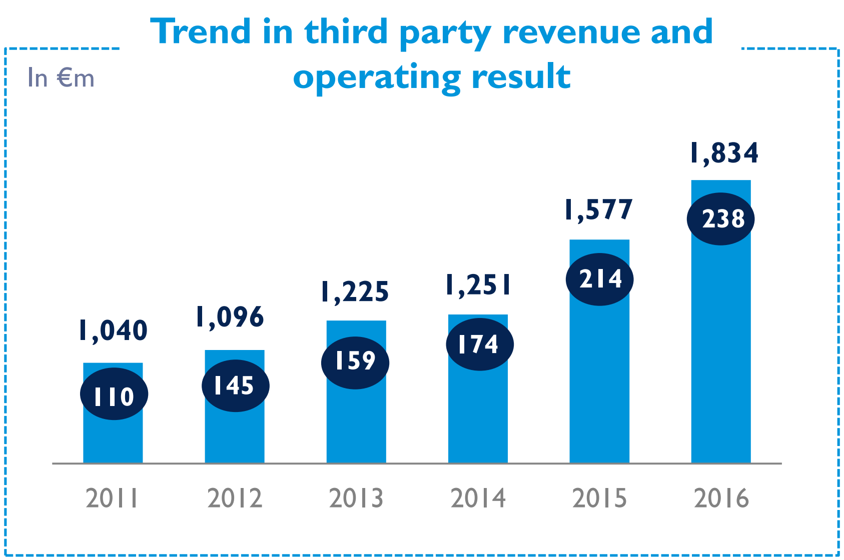


(1) Source: CASS/WACD
(2) Productivity measured in ATK/FTE

Engineering & Maintenance: strengthening the growth

- Third party revenue up 16%, of which
  - Engines +17%
  - Components +14%
- With developments on new products
  - GEnx contract with Xiamen Airlines for its Boeing 787-9s
  - Component support for AirAsia's fleet of A320neo
  - Component Support for Thai Airways and Air Caraïbes A350s
- Operating margin up 0.3pt, at 5.7%
  - Components / Engines: benefitting from growth in external revenues despite OEM supply chain pressures
  - Airframe: increase in contribution margin
  - Increased productivity
- Third party revenue growth enhancing overall profit margin

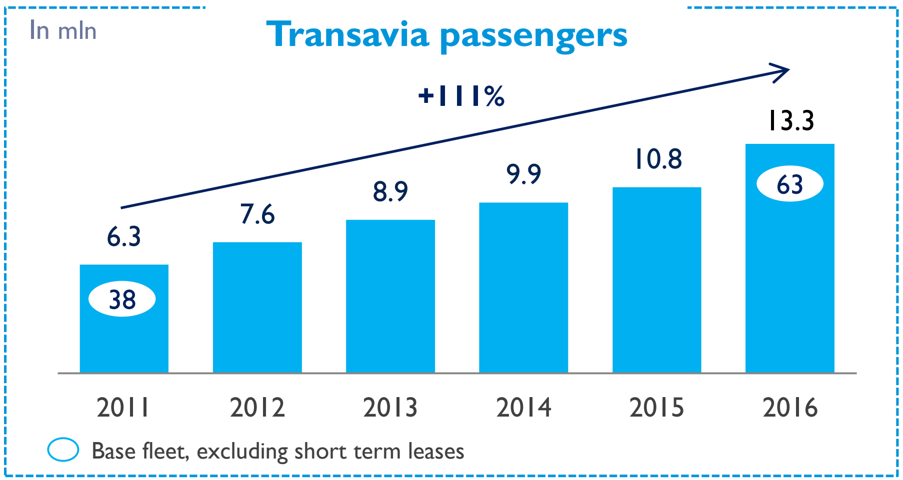
In €m	FY 2016	FY 2015	Change	Like-for-like
Total revenue	**4,182**	3,987	+4.9%	
Third party revenue	**1,834**	1,577	+16.3%	+15.3%
Operating result	**238**	214	+24	+22
Operating margin[1]	***5.7%***	*5.4%*	*+0.3pt*	*+0.3pt*



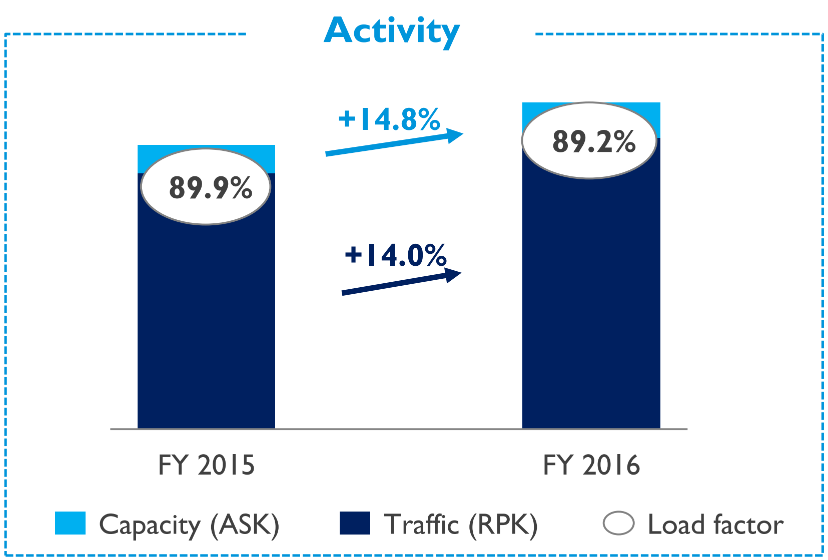
(1) Operating margin: operating result / total revenue

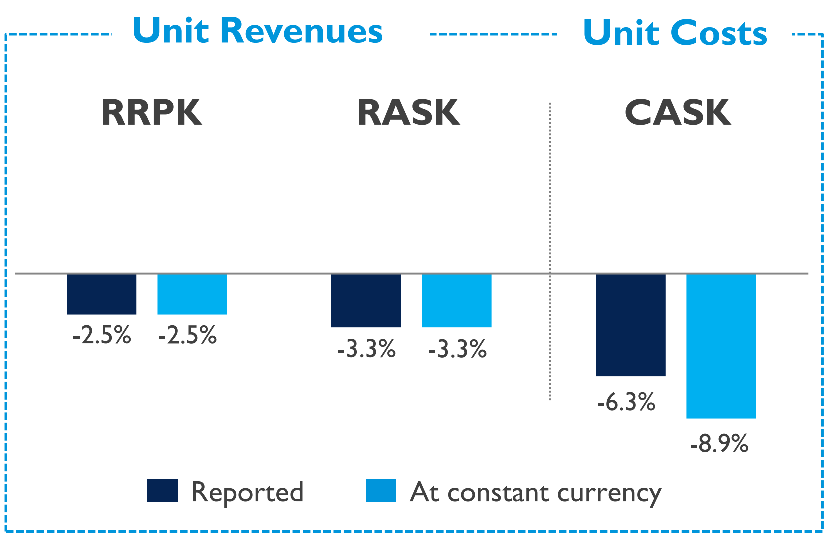
Transavia accelerated ramp-up on track resulting in break-even

- Operating result at break-even
- Revenues up 10.8% at €1.2bn
- 13.3 million passengers, up 23%, serving more than 100 destinations



- Capacity Transavia France up 23% and up 11% for Transavia Netherlands





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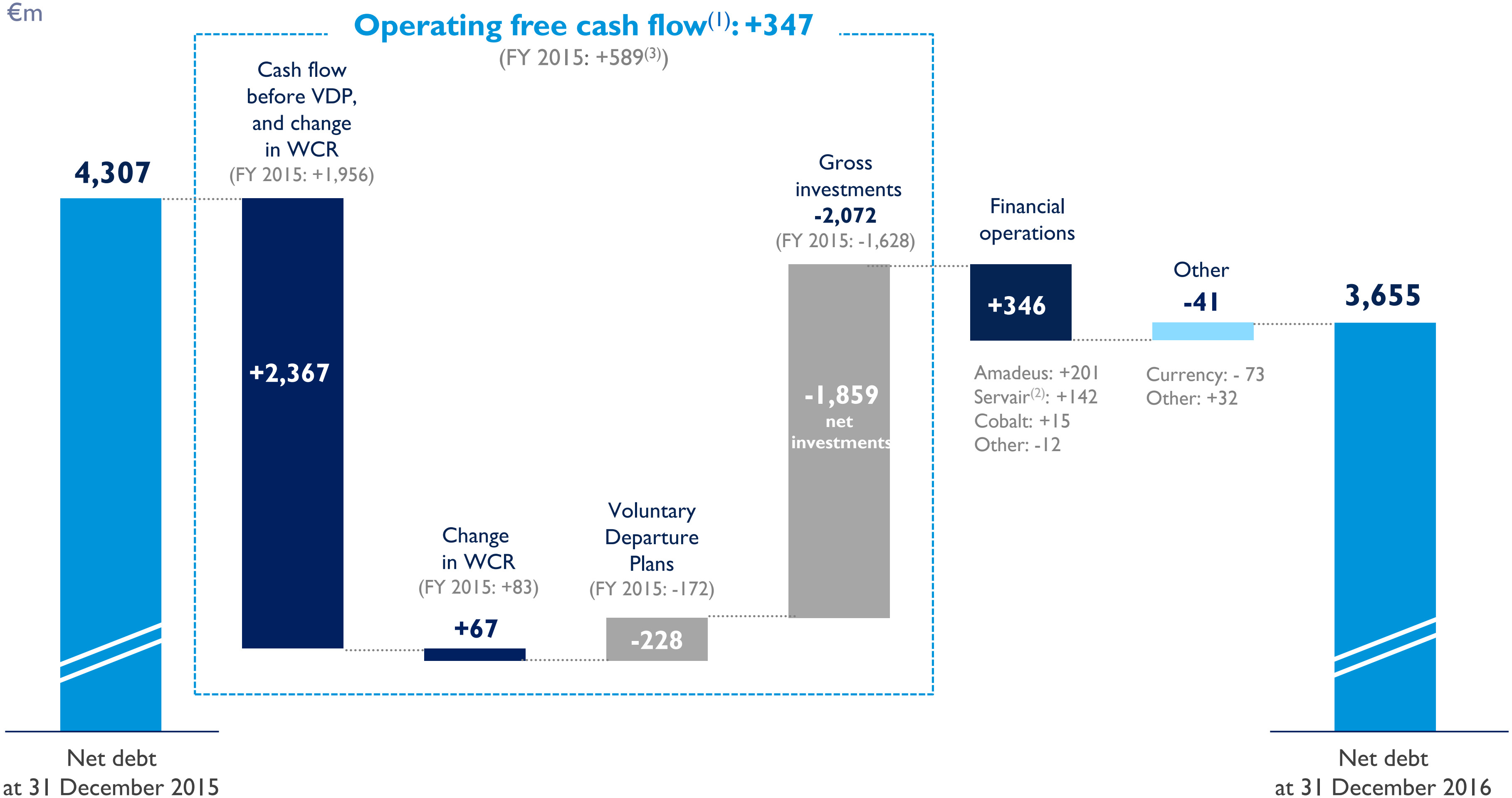
Further net debt reduction based on free cash flow generation

Analysis of change in net debt

In €m



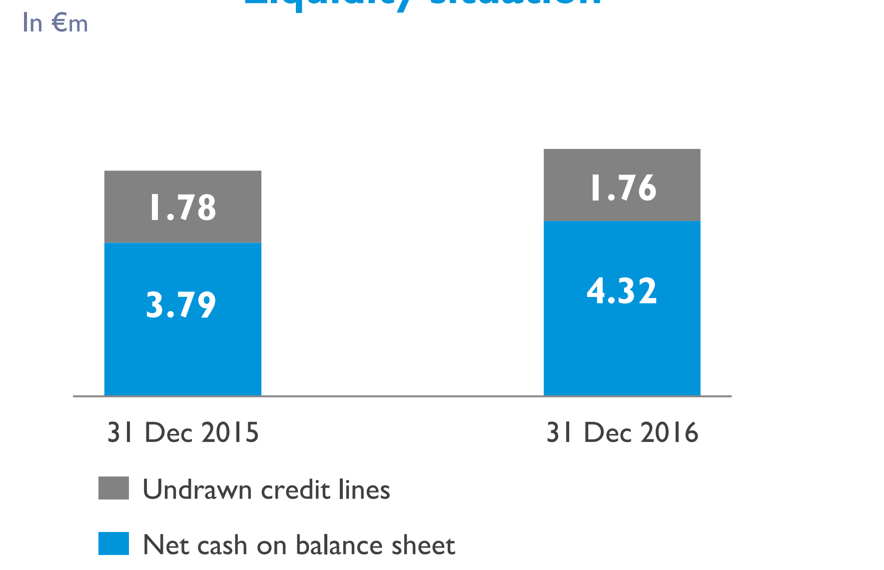
(1) Operating free cash flow excluding discontinued operations
(2) Net cash Servair: proceeds 49.9% minus Servair cash and transaction costs
(3) Reclassification of Servair as a discontinued operation

AIRFRANCE KLM

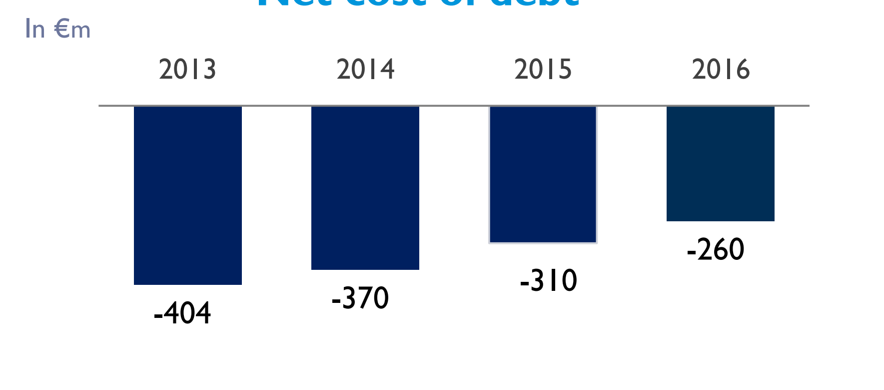
Further strengthening of liquidity and reduction in finance costs

- Bond financing operations amounting to €0.5 billion in 2016:
  - Successful placement of six-year bond raising €400m and of ten-year senior notes raising $145m
- Disposal operations amounting to €346m in 2016, mainly:
  - €201m cash-in from sale of Amadeus shares and €142m net cash-in from Servair transaction
- Finance costs continue to decrease
  - Net cost of debt down by €144m over past 3 years

Liquidity situation



Net cost of debt



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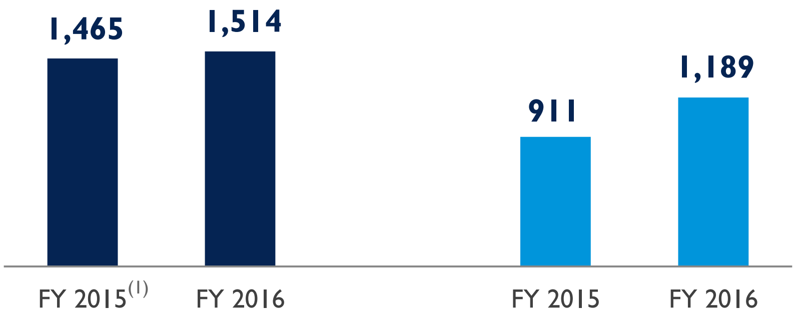
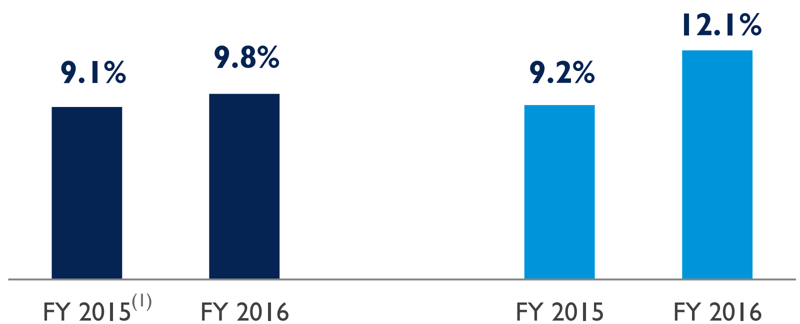
Both airlines contributing to the results

EBITDA

In €m

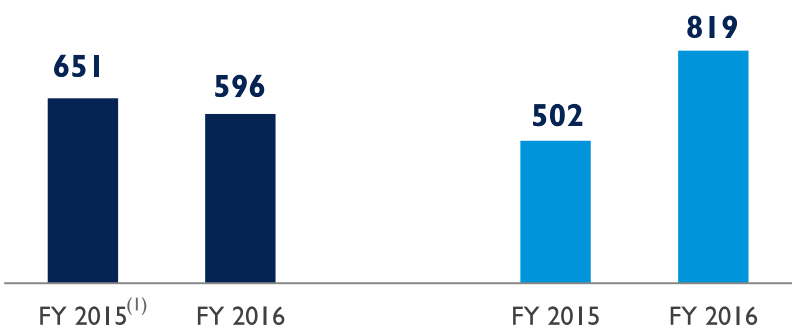


EBITDA margin

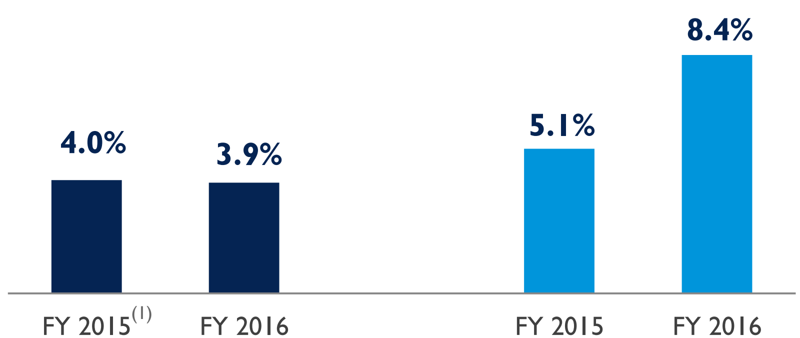


Lease adjusted operating result[2]

In €m



Lease adjusted operating margin[2]



AIRFRANCE KLM

(1) Reclassification of Servair as a discontinued operation
(2) Operating results adjusted for interest portion (1/3) operating leases

BUSINESS REVIEW

A strong group, four businesses, built around airlines Air France, KLM and Transavia

Passenger network

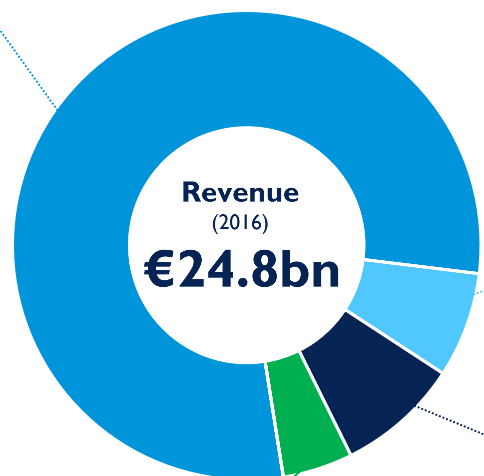
Revenues €19.7bn – Operating result €1,057m

- #1 European carrier with unrivaled network
- Strong feeding infrastructure
- High market shares on domestic markets

Transavia

Revenues €1.2bn – Operating result break-even

- # 1 low cost in the Netherlands and at Paris Orly
- Capturing growth in the European leisure market



Maintenance

Ext revenues €1.8bn – Operating result €238m

- A world leader in airline MRO
- Robust track record of growth and value creation with an increasing order book

Cargo

Revenues €2.1bn – Operating result -€244m

- Defending the Cargo business
- Maximising the contribution to the group

A strong governance, joint Air France-KLM teams to serve commercial ambitions

- To have a strong Group structure is mandatory in our very competitive environment
- An organization design based on pragmatism and on subsidiarity principle
- Governance strengthened by a reinforced CEO committee with the CEO and chairman of the Group and the two CEOs of airlines
- An efficient organization to maximize the revenues, based on joint teams for:
  - Passenger network activity:
    - Marketing and digital, international sales and yield management
  - Engineering & Maintenance
    - Strategy and sales
  - Cargo activity
    - Strategy and sales
- Support functions and back office integration
  - Shared service centers for back office activities
    - Budapest, Toulouse, Schiphol
  - Procurement

Trust Together: Air France-KLM regains the offensive with a new strategic plan

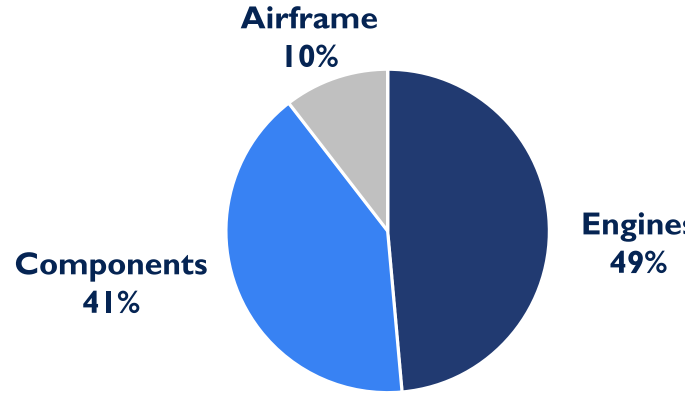
- Trust Together's objective is to address the strategic issues currently facing Air France-KLM with an ambitious project of growth and competitiveness
- Air France-KLM Group's ambition is to regain the offensive to return to a leadership position in the global air transport industry
  - Built around strong airlines Air France and KLM, coordinating two top-tier European hubs
  - The European pillar of the most integrated worldwide partnership
  - A major player in the Point-to-Point business within Europe to and from its home markets thanks, notably, to Transavia, the Group's low-cost vehicle
  - Perceived by its clients as the industry reference in terms of operational efficiency, product quality and customer intimacy through digitalization
  - A world leader in the airline MRO business, with an increasing order book
  - Defending its Cargo business in support of the passenger activities
- In order to reach the unit cost reduction, KLM will continue to implement the Perform 2020 initiatives, Air France will create within it's group a new company ('Boost' project)

A world leader in the airline MRO business

- AFI KLM E&M has developed a unique portfolio of know-how and engineering capabilities
  - 15 industrial sites
    - 7 in France and the Netherlands
    - 8 in other countries
  - 14,000 employees
  - 450 engine shop visits per year on 9 engine types
  - 1,300 aircraft under component support contracts

- Possessing international certification from all main aviation authorities allowing AFI KLM E&M to address the global Engineering & Maintenance market

External revenue breakdown



Innovation

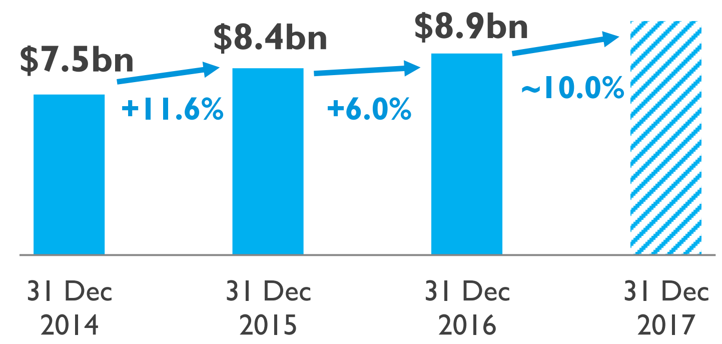
AFI KLM E&M is at the forefront of innovation and digital strategy. The "MRO Lab" initiative has resulted in numerous innovations such as "Prognos" a big data driven predictive maintenance program that enables lower maintenance costs and aircraft downtime

AIRFRANCE KLM

Engineering & Maintenance: strengthening the growth and value creation

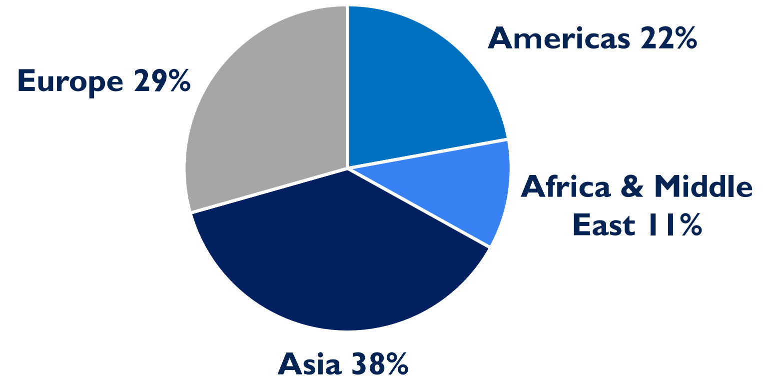
- Over 200 customers call on AF KLM E&M expertise
- Continue to follow its growth strategy and reinforce its global number 2 position
  - Further increase in the order book by +6%, targeting ~10% by end 2017
- Engines
  - Develop GEnx footprint while consolidating market shares on other very big engines
  - Implement the partnership with Safran on airfoils repair
- Components
  - Become a reference on A320neo and B737max component support
  - Develop market share on B787 and A350
- Aircraft
  - Offer total care package

Order Book



Order Book

Regional breakdown



Passenger activity: regaining the offensive

- Long-haul: target a profitable growth between 2% and 3% until 2020
  - Securing the growth and developing top line revenues within joint ventures and alliances
  - Continue to improve the competitiveness and the fleet utilization, and investment in the product
- Hubs: improving performance and sustainable feeding
  - Make operational robustness the key priority, continuing implementation of operational improvement programs at Air France and KLM hubs
  - Strengthening the CDG hub
  - Optimize coordination between KLM and Transavia at Schiphol Hub
- Point to point: fighting back from/to home markets
  - Transavia: Strengthen the position on home markets in France and the Netherlands
  - Rationalize the brand portfolio in France and adapt operational model for French Provincial stations
- Create within Air France a new company: Boost project
  - Company focused on ultra-competitive markets will enable the Group to go on the offensive and strengthen CDG feeding
  - Fleet of ~10 wide body aircraft by 2020
  - HR framework for this new company currently under negotiations with the unions

Developing top line revenues within joint ventures and alliances

- The European pillar of the most integrated worldwide partnership
  - Within the Skyteam alliance and other partners

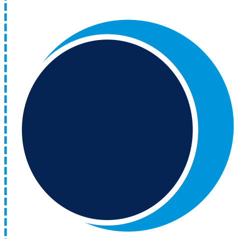
Our Partners

More than
168 **partners**
worldwide

Passenger Revenue

Scheduled passenger

€18.8bn



Partners' sales
€2.5bn

Air France KLM sales
€16.3bn

- Securing growth for the long-haul business
  - Deepen the alliances with strong partners on all key markets
  - Reinforce commercial integration with partners to benefit from joint distribution networks

Air France-KLM has been a front runner in digital innovation for years

2016, the year of Digital successes

€5bn of online sales in 2016, (+7% annually on average)

1 in every 3 tickets sold via AF.com and KLM.com

75% of AF and KLM travellers are self checked-in

More than 50% of all online interactions via mobile

18 million Facebook fans and **3.5 million** Twitter followers (Air France and KLM)

23,000 cases handled on the social media/week (Air France and KLM)

- Air France and KLM were among the first companies to launch social media servicing, offering customers a quick answer in more than 9 languages, 7/7.
- KLM was the first airline to offer its customers booking confirmation, check-in notification, boarding pass and flight status updates via Messenger in 2016. Air France will follow in Q2 2017.
- AF mobile app has been renewed in 2016. KL mobile app, live since 2016, is available on every devices, Both propose personalized interactions:
  - Follow my Bag in case of missing luggage at arrival
  - Air France press app and KLM press app. Air France was the first airline to launch a press and entertainment app in 2013.
  - Travel By Air France : a destination guide
  - E-boarding card
  - E-boarding card, real time information on flight status, luggage belt, boarding gate...
- 2016 was the year of massive investments for WIFI equipment on long haul fleet for Air France-KLM. Currently, 9 Boeing 787s are equipped.

Air France-KLM is also a leader in Big Data

- In 2014, the Group has decided to invest heavily in Big Data
- Since 2015, Air France-KLM has had its own Big Data Platform, built internally, gathering data on 90 million annual customers
- In 2016, it was connected to all customer data sources in order to create a 360° customer view and enable personalization at each touchpoint generating additional revenues like
- Thanks to the major steps taken in 2015 and 2016, Air France-KLM already belongs to the few worldwide companies that collect and use their online and offline data to offer their customers personalized offers and services

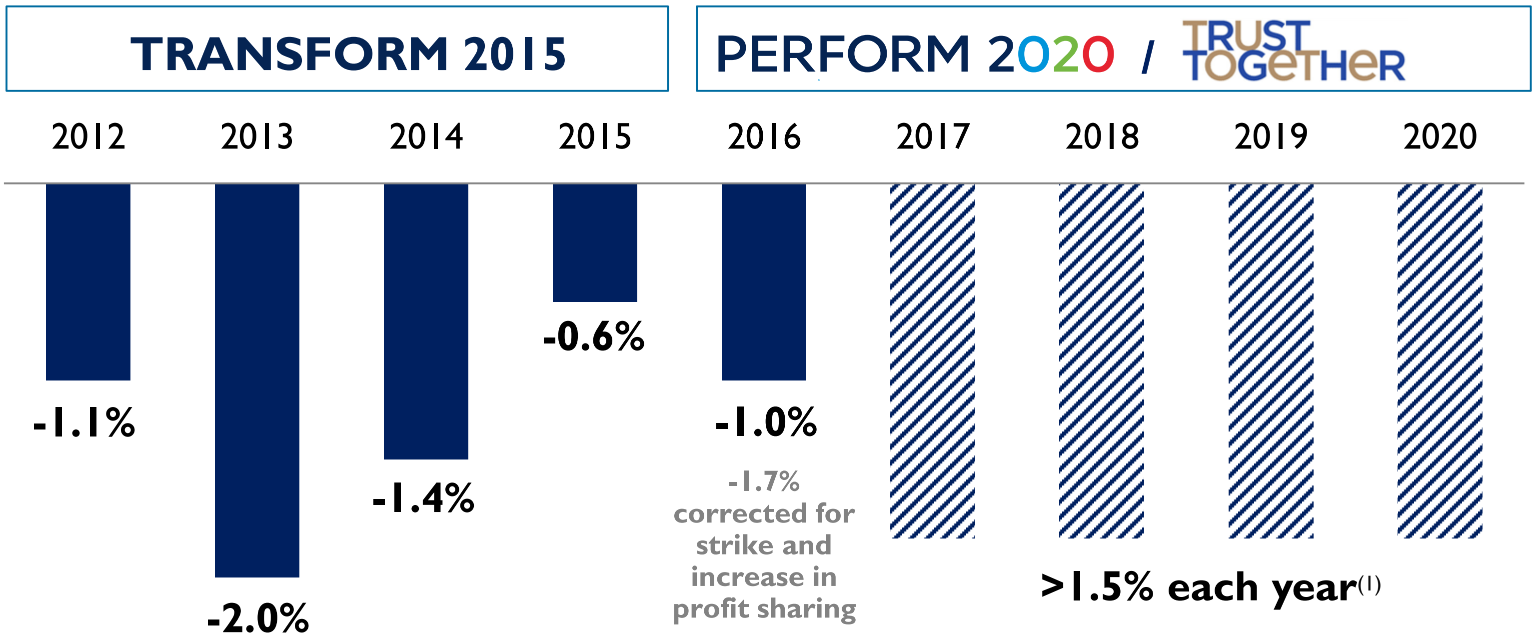
The acceleration in digital innovation and data sharp usage will support revenue and customer satisfaction

- Since 2013, +15%/year on investments in Digital and Big Data
- Focus in 2016, €55m was spent on Digital and Big Data for the Group
- €5bn of online sales in 2016 (+7% annually on average)
- By 2020, priority will be on data to leverage and personalize offers. The Group expects a minimum of €200m additional revenue.
- Based on these investments and on the product and service upgrade implemented by Air France since 2014 and KLM since 2013, the group ambition is to become the number one airline in Customer Intimacy by 2020

With a permanent focus on improving competitiveness

Net unit cost per EASK in € cents, at constant currency, fuel price and pension expense

Change in unit cost



- Perform 2020 competitiveness objectives confirmed

Unit cost reduction in excess of 1.5% per year between 2017 and 2020

- Union negotiation ongoing at Air France and KLM

(1) Graph for 2017-2020 period not to scale

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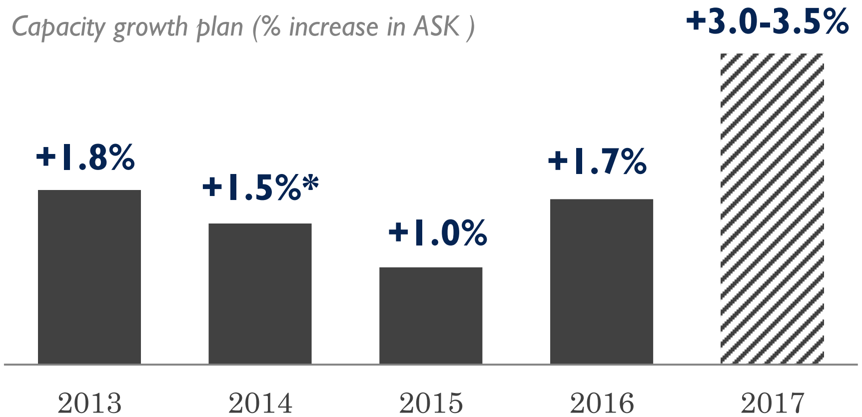
OUTLOOK

Smart growth in 2017 operations

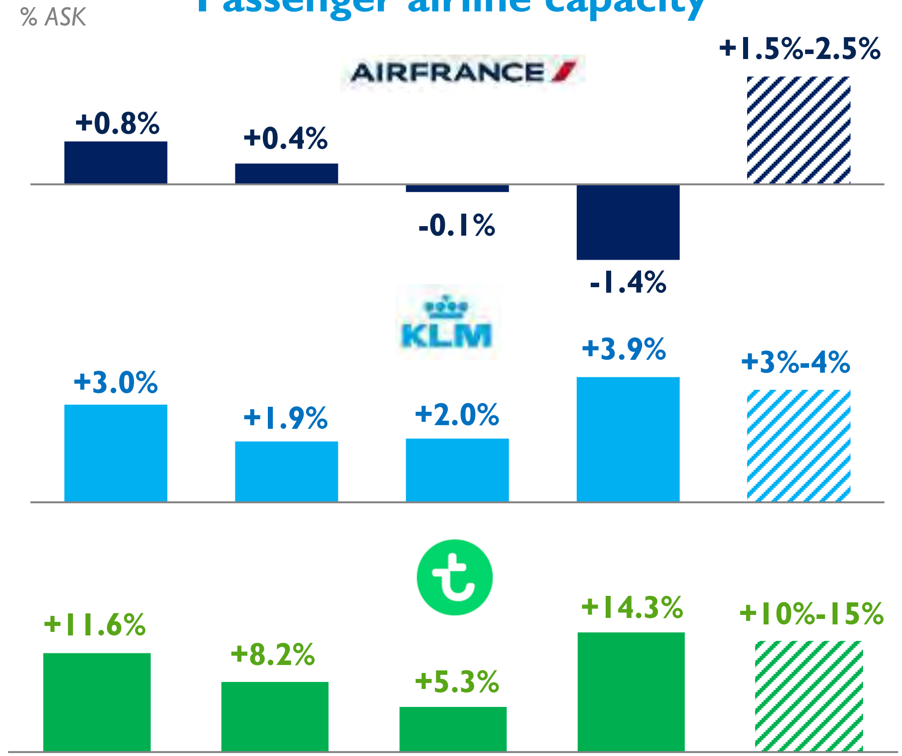
Passenger group capacity
(Air France, KLM, Transavia)

Capacity growth plan (% increase in ASK)



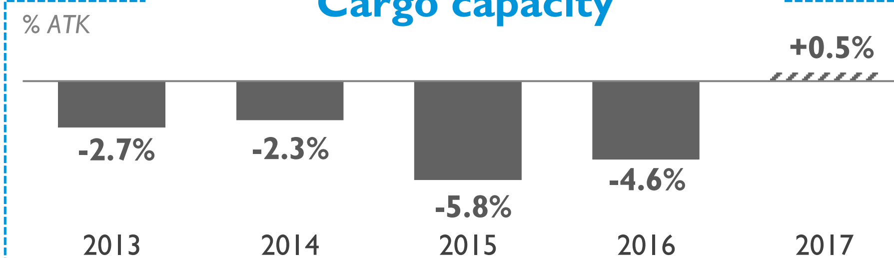
* Excluding strike impact

Passenger airline capacity



- Long-haul: regaining the offensive
  - Target to secure profitable growth of between 2% and 3% until 2020
- Medium-haul: improving performance and sustainable feeding
- Transavia: Focus on strengthening the position on home markets
- Cargo: defending the business in support of the passenger activities

Cargo capacity



Current trading update, a resilient start to 2017

- January 2017 traffic statistics confirm resilient start to the new year, despite strong First Quarter 2016 as comparable
  - Passenger unit revenue -0.7% vs January 2016
  - Transavia unit revenue -0.6% vs January 2016

- Long haul forward bookings ahead of last year over five months
  - All regions show improvement, notably strongest improvement in Asia and Latin America

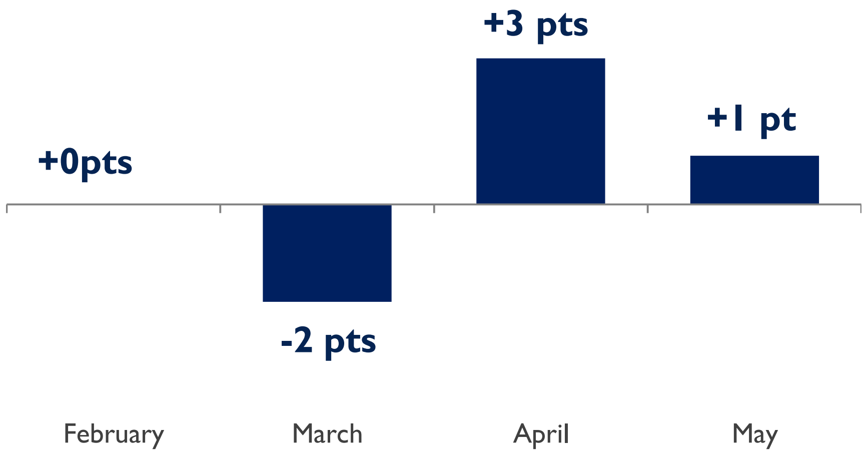
Group January 2017 traffic

(Air France, KLM, Transavia change vs January 2016)

Capacity (ASK)	+4.7%
Traffic (RPK)	+5.3%
Load factor	+0.5%
Passengers	+7.5%

Long haul forward bookings

(change vs 2016)



Unit cost reduction in excess of 1.5%

- Employee costs in both Air France and KLM will contribute to the targeted savings
  - Air France: Voluntary departure program (VDP) targeting 1,400 ground staff by end of Q1 2017
  - KLM: Continued implementation of High Performance Organization (HPO) and productivity resulting from ground staff and pilot CLAs
- Continue to improve fleet competitiveness
  - Seven 787s and two 777s will enter the fleet replacing the A340s at Air France and 747s at KLM, improving fuel efficiency
  - Renegotiation of operating lease contracts
  - Leverage fleet utilization rate to improve fleet unit cost
- Procurement
  - New contracts for baggage & ramp handling in CDG & ORY, Facility Management enhanced contracts , IT – Telecom contracts
- Reduction in air terminal navigation charges in France

➡ **Further unit cost reduction(1) in 2017 in excess of 1.5%**

(1) On a constant currency, fuel price and pension costs

Limited fuel bill increase in dollars in 2017 and 2018 based on current forward prices

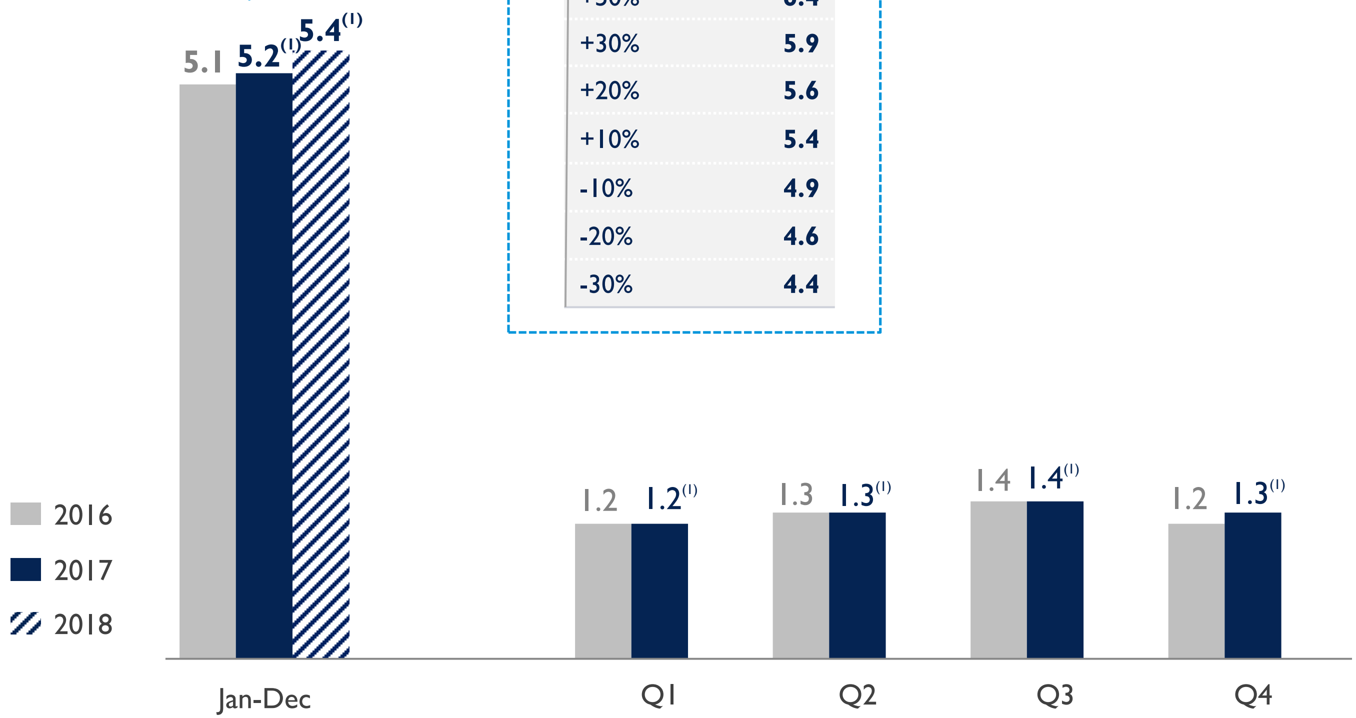
Fuel bill after hedging

In $bn

2016:
fuel bill $5.1bn/€4.6bn

2017:
fuel bill $5.2bn/€4.9bn(2)

2018:
Fuel bill $5.4bn/€5.0bn(2)



2017 sensitivity

% change in $ per bbl

+50%	6.4
+30%	5.9
+20%	5.6
+10%	5.4
-10%	4.9
-20%	4.6
-30%	4.4

		Jan-Dec	Q1	Q2	Q3	Q4
2017 MARKET PRICE	Brent ($ per bbl)(1)	56	56	57	57	57
	Jet fuel ($ per metric ton)(1)	535	522	531	540	546
	% of consumption already hedged	54%	57%	56%	55%	48%

(1) Based on forward curve at January 27th 2017. Sensitivity computation based on January-December 2017 fuel price, assuming constant crack spread between Brent and Jet Fuel

(2) Assuming average exchange rate of 1.07 US dollar per euro for full year 2017 and 2018

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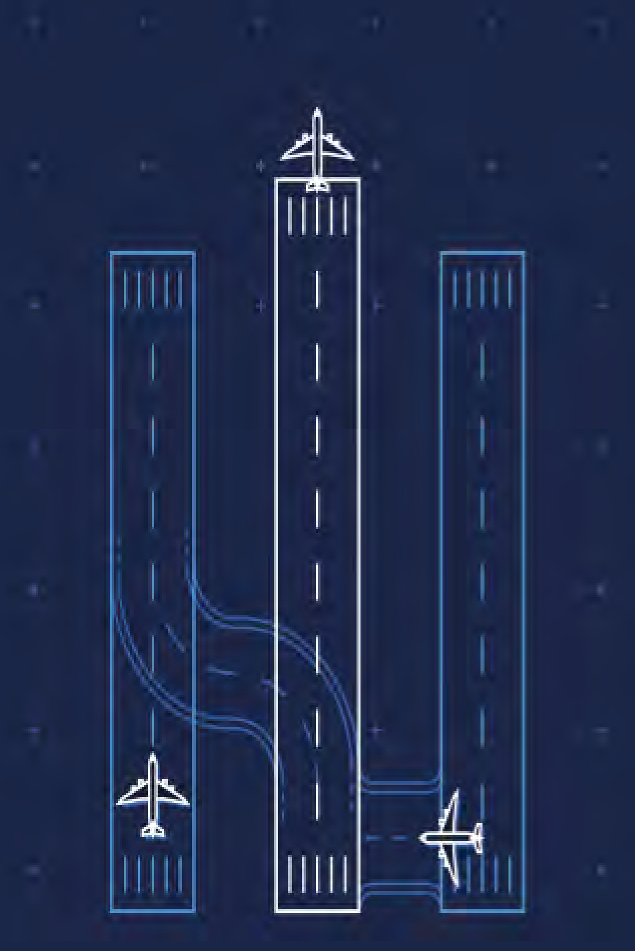
Summary outlook for 2017

- High level of uncertainty regarding unit revenue and fuel price due to geopolitical, economical and airline industry capacity environment
- Resilient start to 2017
- Passenger capacity measures in ASKs at Group level up between 3.0% and 3.5%
- Continued unit cost(1) reduction, in excess of 1.5% between 2017 and 2020
- Limited fuel bill increase in dollars in 2017 and 2018 based on current forward prices
- Strict capex discipline
  - Positive free cash flow before disposals
  - Capex plan between €1.7- € 2.2bn
- Further net debt reduction
  - Adjusted net debt(2) to EBITDAR below 2.5x mid cycle by end 2020

(1) On a constant currency, fuel price and pension costs
(2) Adjusted for the capitalization of operating leases (7x yearly expense)

Q&A SESSION



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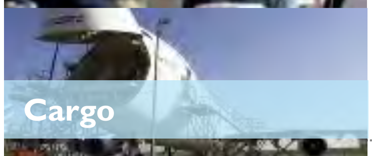
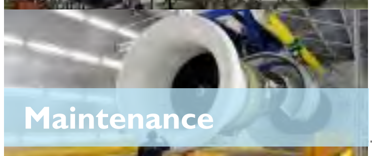
APPENDIX

Positive contribution from each business segment to the improvement in Full Year 2016 operating result

		Revenues (€bn)	Reported change(1) (%)	Change Like-for-like(1) (%)	Op. Result (€m)	Reported change(1) (€m)	Change Like-for-like(1) (€m)
Passenger network(2)	79%	19.68	-4.2%	-3.7%	1,057	+215	+456
Cargo	8%	2.07	-14.7%	-14.7%	-244	+1	+17
Maintenance(3)	7%	1.83	+16.3%	+15.3%	238	+24	+22
Transavia	5%	1.22	+10.8%	+10.8%	0	+35	+68
					-2	-6	-4
Total		**24.84**	-3.3%	-2.9%	**1,049**	+269	+558

(1) Reclassification of Servair as a discontinued operation
(2) Passenger network: Air France, KLM and HOP!
(3) Maintenance: external revenues only

Contribution by business segment to Fourth Quarter 2016 results

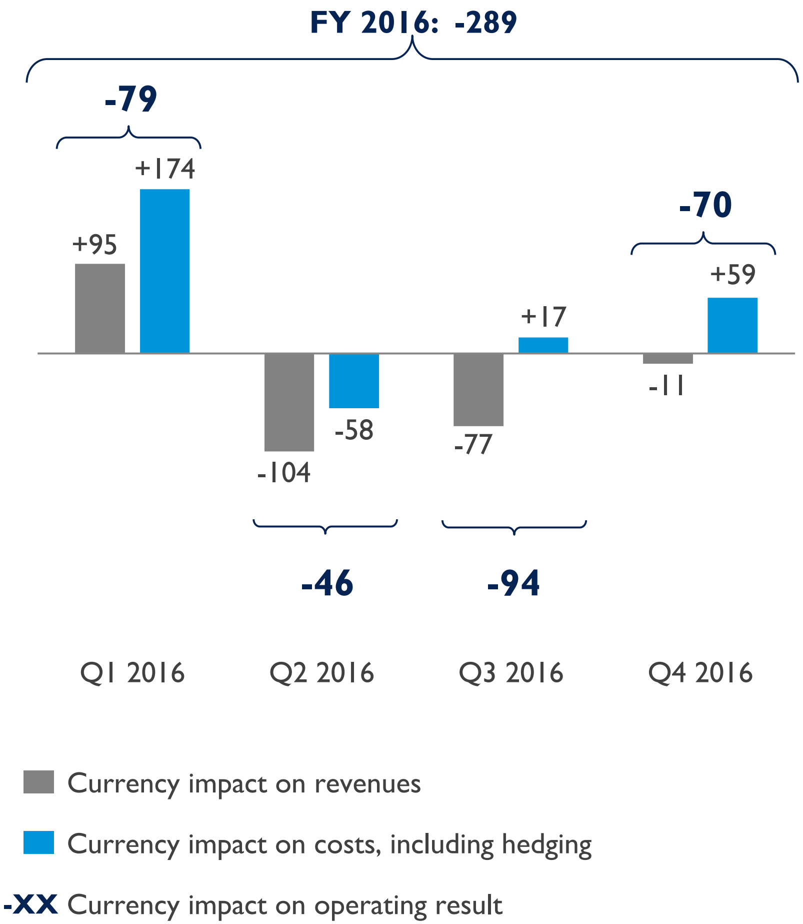
	Share	Revenues (€bn)	Reported change[(1)] (%)	Change Like-for-like[(1)] (%)	Op. Result (€m)	Reported change[(1)] (€m)	Change Like-for-like[(1)] (€m)
 Passenger network[(1)]	79%	**4.80**	-3.7%	-3.3%	**74**	-82	-20
 Cargo	9%	**0.55**	-10.8%	-11.7%	**-28**	-5	-6
 Maintenance	8%	**0.49**	+13.3%	+12.3%	**66**	+19	+18
 Transavia	4%	**0.25**	+18.4%	+18.3%	**-17**	+20	+30
Other					**-1**	+5	+5
Total		**6.09**	-2.5%	-2.3%	**94**	-43	+27

(1) Reclassification of Servair as a discontinued operation
Passenger network: Air France, KLM and HOP!

Negative currency impact on the operating result

Currency impact on revenues and costs

In €m



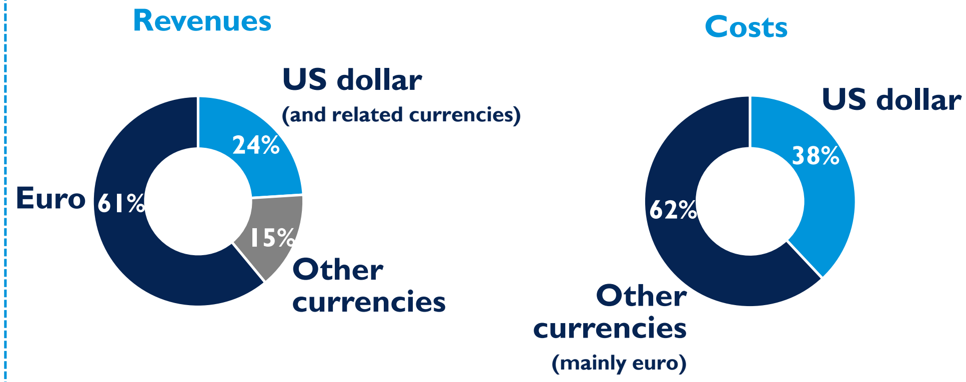
FY 2017

FY 2017 guidance

- FX headwind FY 2017 estimated between €150m - €200m based on spot €/$ 1.07
- Hedging policy on USD, GBP and JPY: ~50% net operational exposure 2017

Revenues and costs per currency

FY 2016



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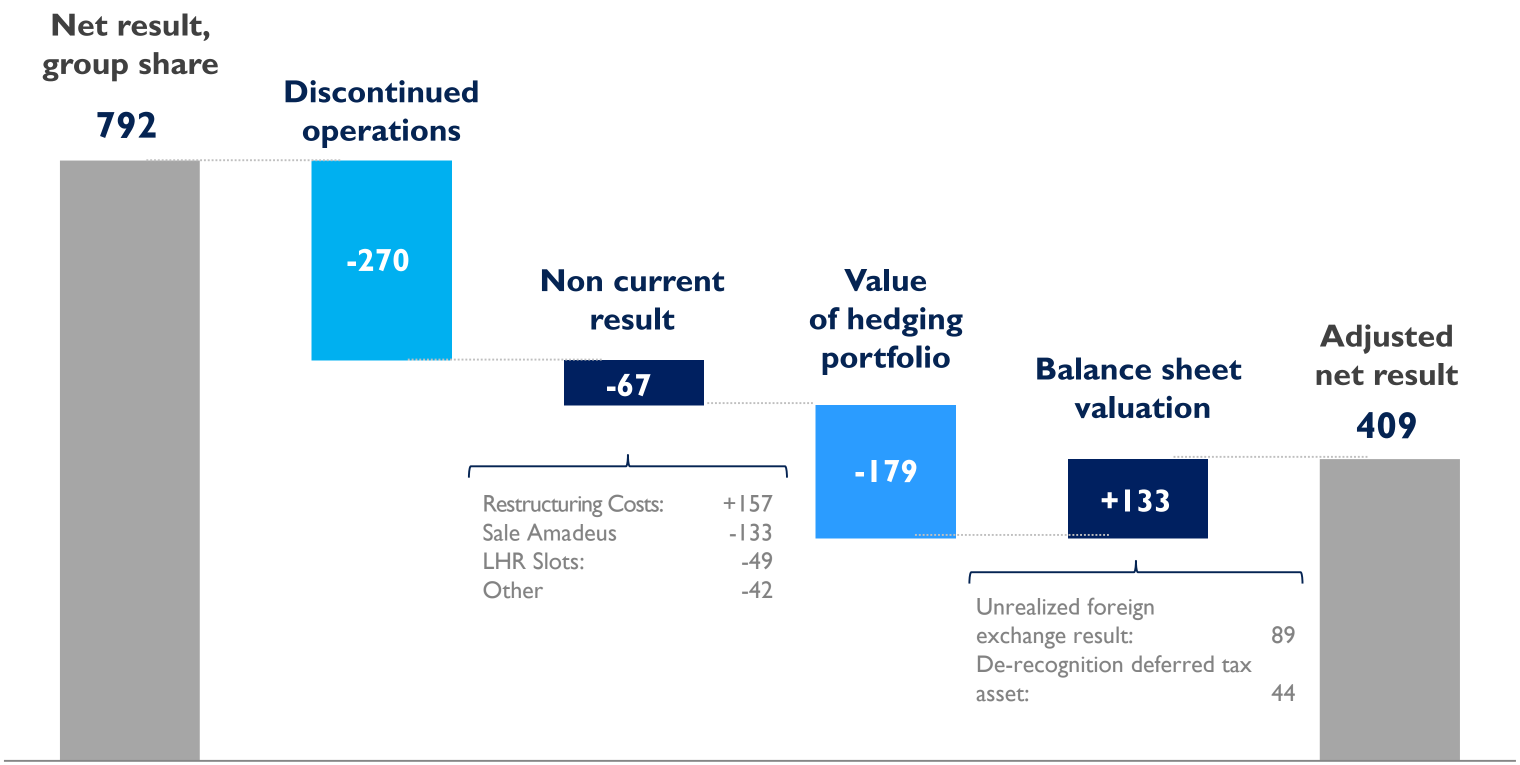
Full Year 2016 adjusted net result

Calculation of FY 2016 adjusted net result

In €m



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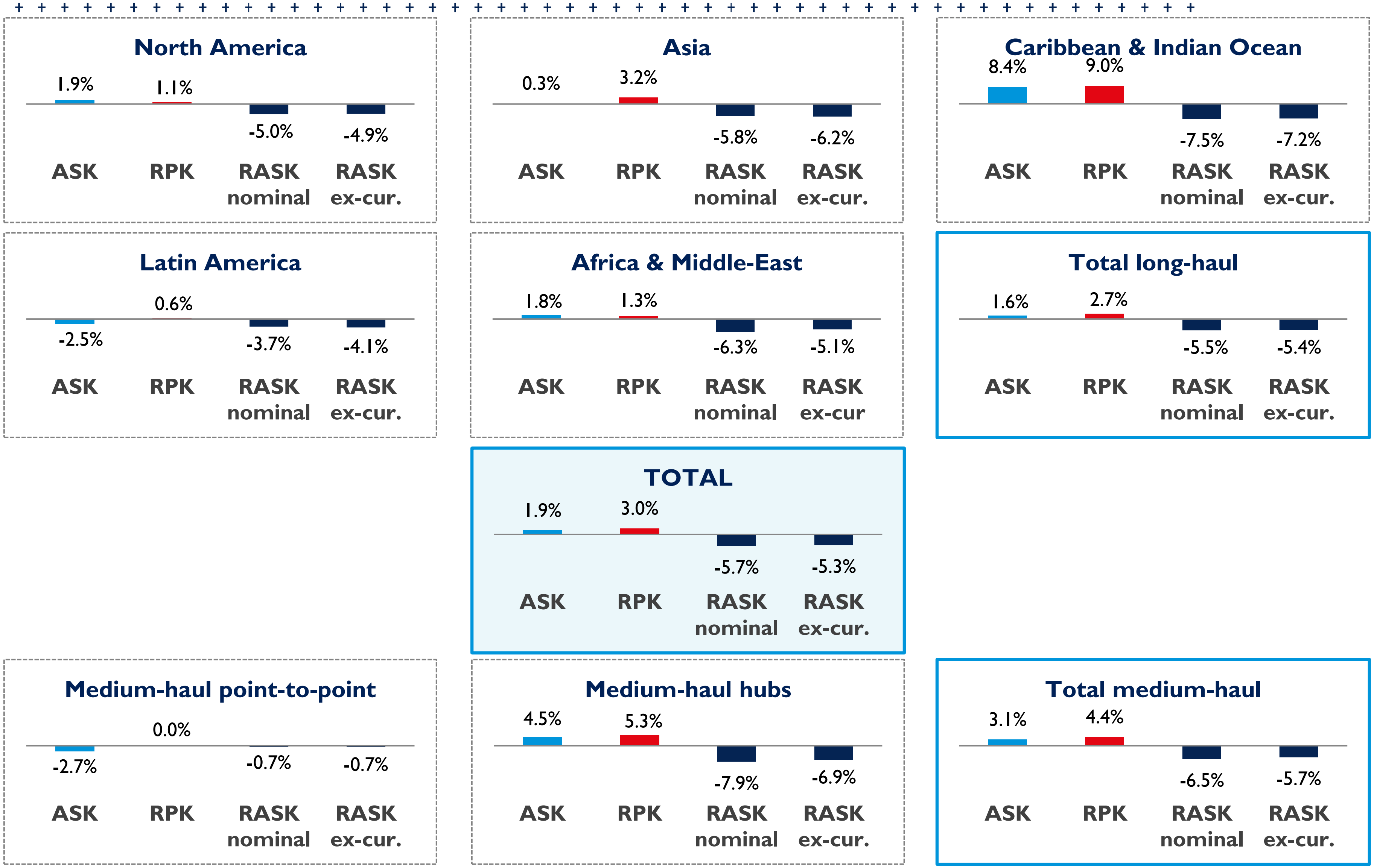
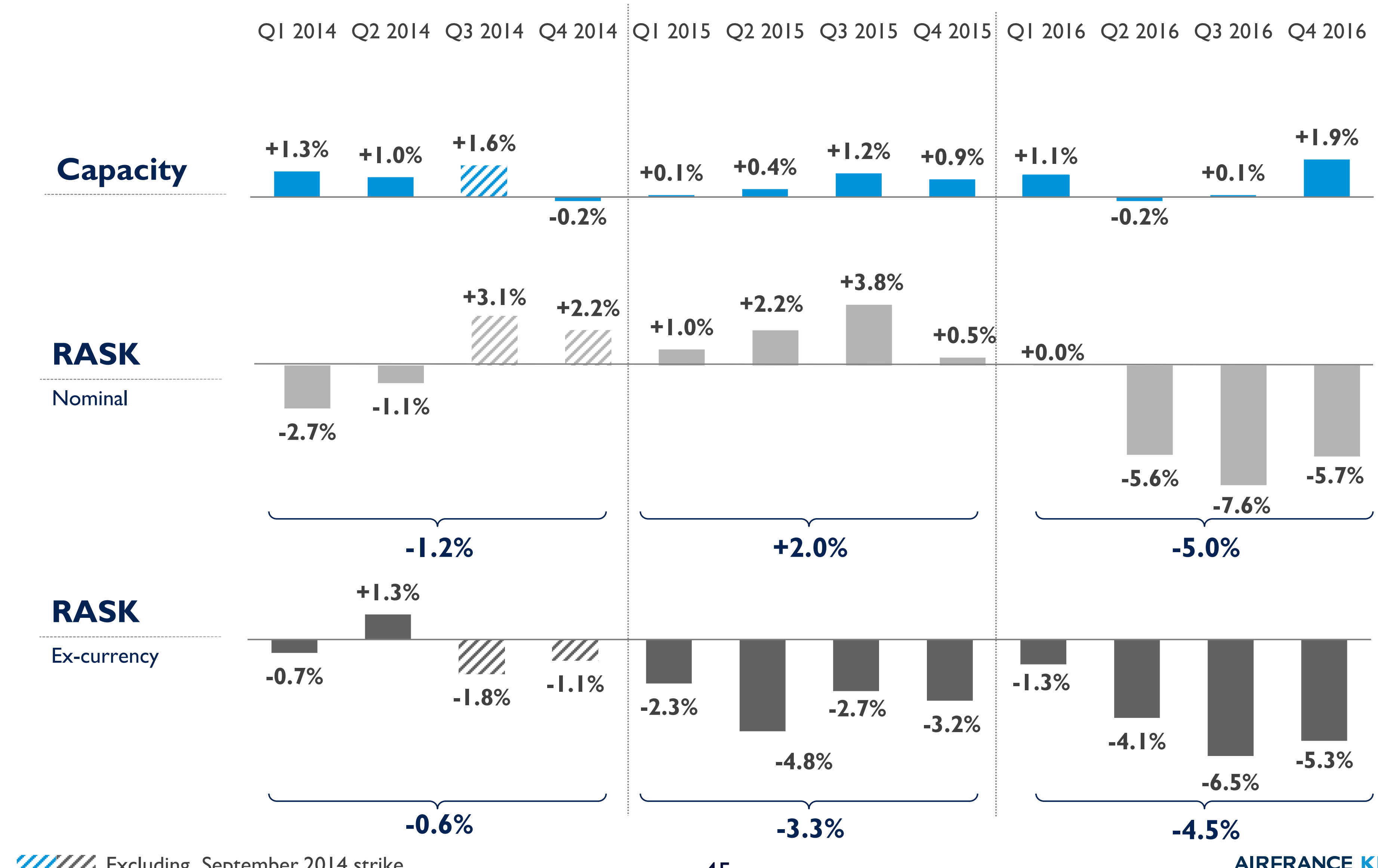
Fourth Quarter 2016 Passenger network unit revenue by network



NB: Passenger network only: Air France, KLM and HOP!

Passenger network capacity and unit revenue by quarter



Passenger network: Air France, KLM and HOP!

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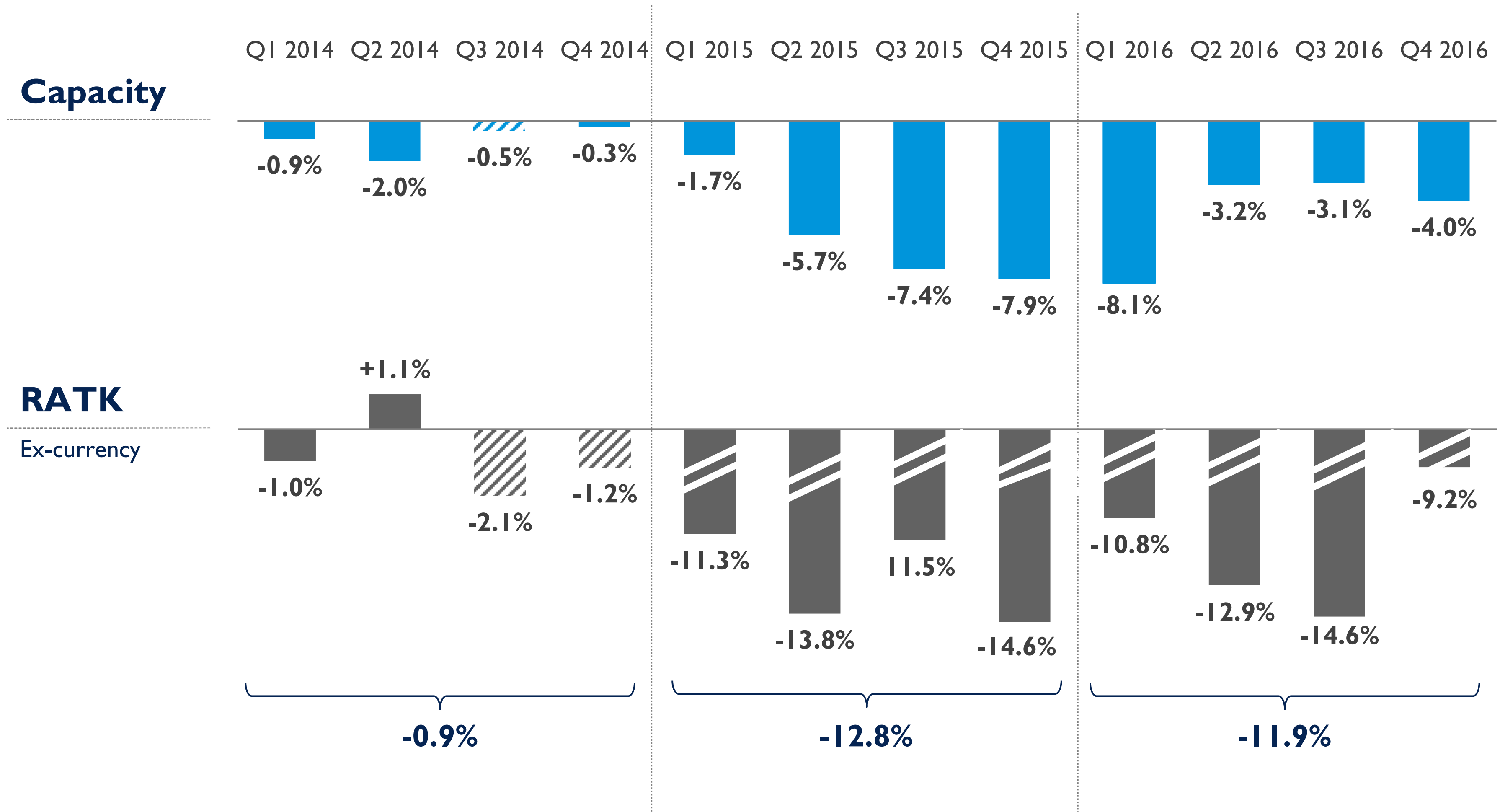
Cargo capacity and unit revenue by quarter



Excluding September 2014 strike

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Total operating costs continued to fall in 2016

		In €m	Reported change[1]	Change at constant currency
31%	**Total employee costs**	**7,474**	+0.1%	+0.3%
28%	**Supplier costs[2]** *excluding fuel and purchasing of maintenance services and parts*	**6,773**	-0.2%	+0.5%
13%	**Aircraft costs[3]**	**3,162**	+3.2%	+2.5%
10%	**Purchasing of maintenance services and parts**	**2,469**	+4.1%	+3.2%
-3%	**Other income and expenses** *including capitalized production*	**-680**	-28.9%	-15.3%
	Operating costs ex-fuel	**19,198**	**+2.5%**	**+1.8%**
19%	**Fuel**	**4,597**	-25.7%	-26.3%
	Grand total of operating costs	**23,795**	**-4.5%**	**-5.2%**
	Capacity (EASK)			*+1.0%*

(1) Reclassification of Servair as a discontinued operation
(2) Catering, handling, commercial and distribution charges, landing fees and air-route charges, other external expenses, excluding temps
(3) Chartering (capacity purchases), aircraft operating leases, amortization, depreciation and provisions

Q4 2016: change in operating costs

		In €m	Reported change[1]	Change at constant currency
32%	**Total employee costs**	**1,931**	+2.7%	+2.9%
28%	**Supplier costs**[2] *excluding fuel and purchasing of maintenance services and parts*	**1,654**	+0.6%	+0.9%
14%	**Aircraft costs**[3]	**852**	+11.4%	+11.0%
10%	**Purchasing of maintenance services and parts**	**622**	-13.0%	-13.8%
-2%	**Other income and expenses** *including capitalized production*	**-157**	-40.3%	-28.3%
	Operating costs ex-fuel	**4,902**	**+3.4%**	**+2.4%**
18%	**Fuel**	**1,090**	-20.0%	-20.8%
	Grand total of operating costs	**5,992**	**-1.9%**	**-2.8%**
	Capacity (EASK)			+2.4%

(1) Reclassification of Servair as a discontinued operation
(2) Catering, handling, commercial and distribution charges, landing fees and air-route charges, other external expenses, excluding temps
(3) Chartering (capacity purchases), aircraft operating leases, amortization, depreciation and provisions

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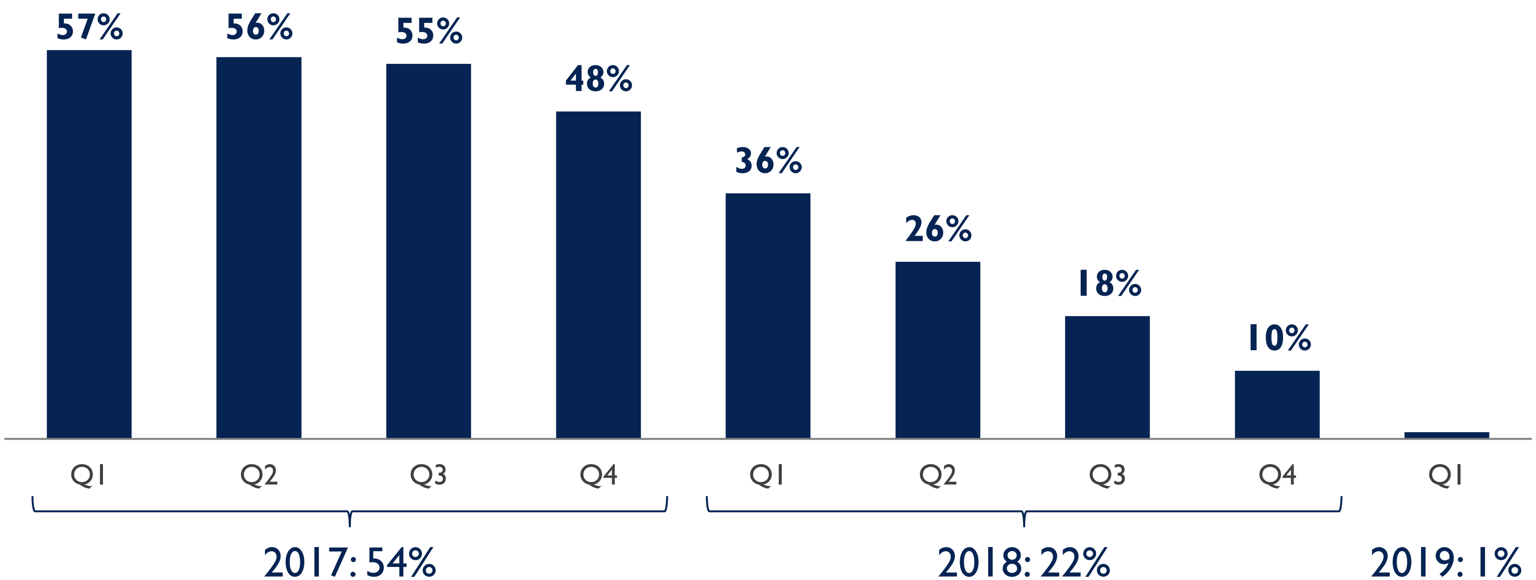
Update on fuel hedging

Percentage of fuel consumption hedged

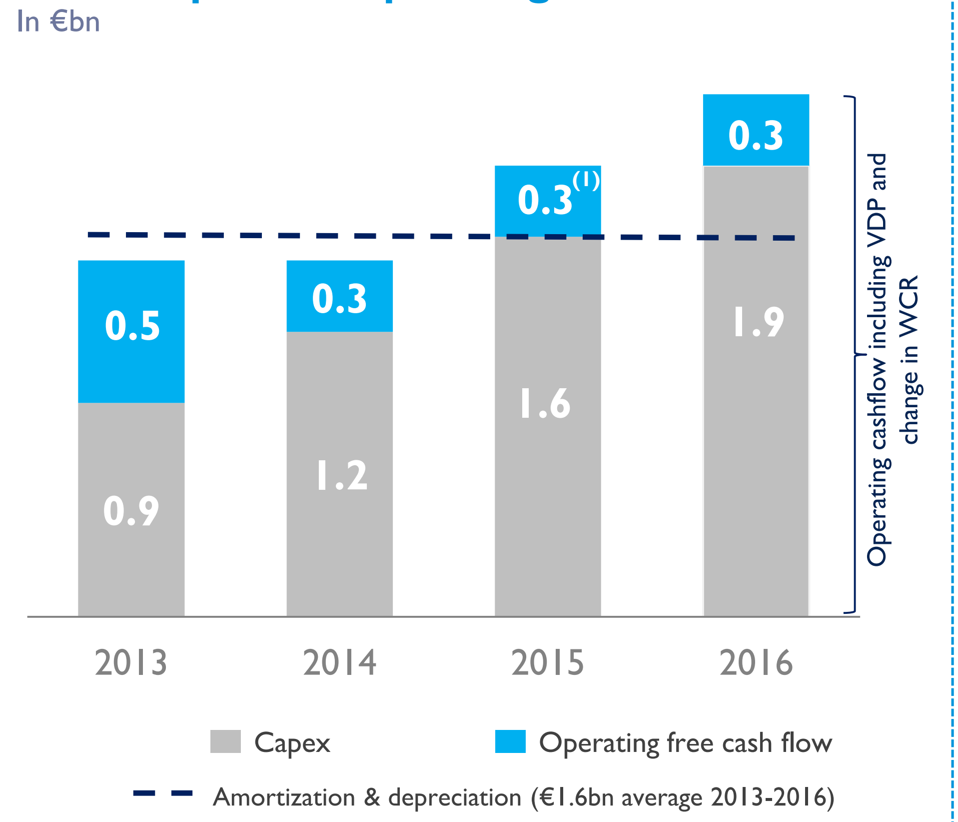
At 27 January 2017



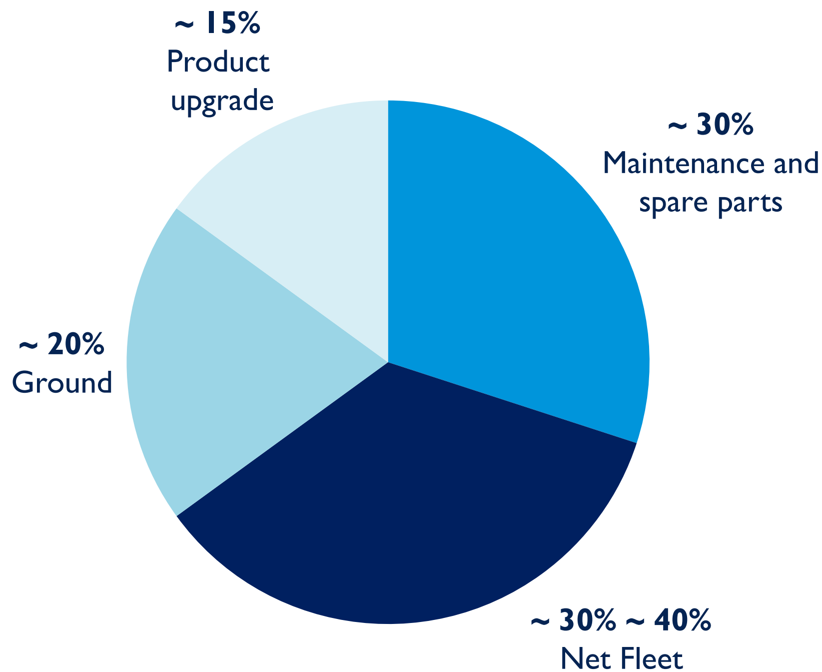
- Reminder: review of the fuel hedging strategy at January 1st 2016:
  - Reduction in size of portfolio (~10%): stop hedging fuel for the Cargo activity
  - Introduction of a premium budget to buy options
  - Enhancing the correlation of the hedging portfolio with the fuel bill: use of underlying Jet fuel by default instead of Brent

Disciplined and flexible investment growth

Capex and operating free cash flow



2016 capex plan breakdown



- Strict capex discipline
  - Positive yearly free cash flow before disposals for 4 consecutive years
  - Maintained capex discipline

(1) Operating free cash flow is adjusted for LHR slots sale in October 2015, which is accounted for in net investments as intangible asset disposal

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Fleet investments

- Continued improvement in fleet competitiveness
  - Joint fleet approach targeting synergies and homogenous fleet
  - Fleet renewal program resulting in fuel efficiencies and lower maintenance costs

Fleet renewal 2016

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- Phase out last B747s
- Start phase out A340s
- Phase in first B787

KLM

- Replacing B747 by B787
- Continue to phase out F70s

  - Leverage fleet utilization rate and financing to improve fleet unit cost
- Improve move up-market of products and services

Group fleet overview

Aircraft	In operation 31/12/16	Trend
B747	17	↘
B777	95	↗
B787	8	↗
A380	10	=
A350		↗
A340	10	↘
A330	28	=
Total Long-Haul	**168**	
B737	111	↗
A321/20/19/18	117	=
Total Short and Medium-Haul	**228**	
ATR72	10	=
ATR42	12	↘
Canadair Jet	25	=
Embraer 190/175/145/135	74	↗
Fokker 70	11	↘
Total Regional	**132**	
Total Air France-KLM Group	**528**	

Positive unit revenue contribution from product upgrade

- Further deployment of new long-haul products increasing customer satisfaction
  - 82% of Air France B777s concerned and 77% of KLM log-haul fleet equipped with new seats at 31 December 2016
- Redesign of the medium-haul product on track
  - Air France medium-haul hub: all A319s, A320s and A321s equipped with densified new cabins by April 2017
  - KLM Cityhopper: upgrade customer offer by replacing Fokker 70 by Embraer aircraft
- Perceived by our clients as the industry reference in terms of product quality and customer intimacy
  - Air France: 2016 Customer Relations Prize awarded by Kantar BearingPoint (transport sector)
  - KLM: " The most punctual airline in the world" (FlightStats)

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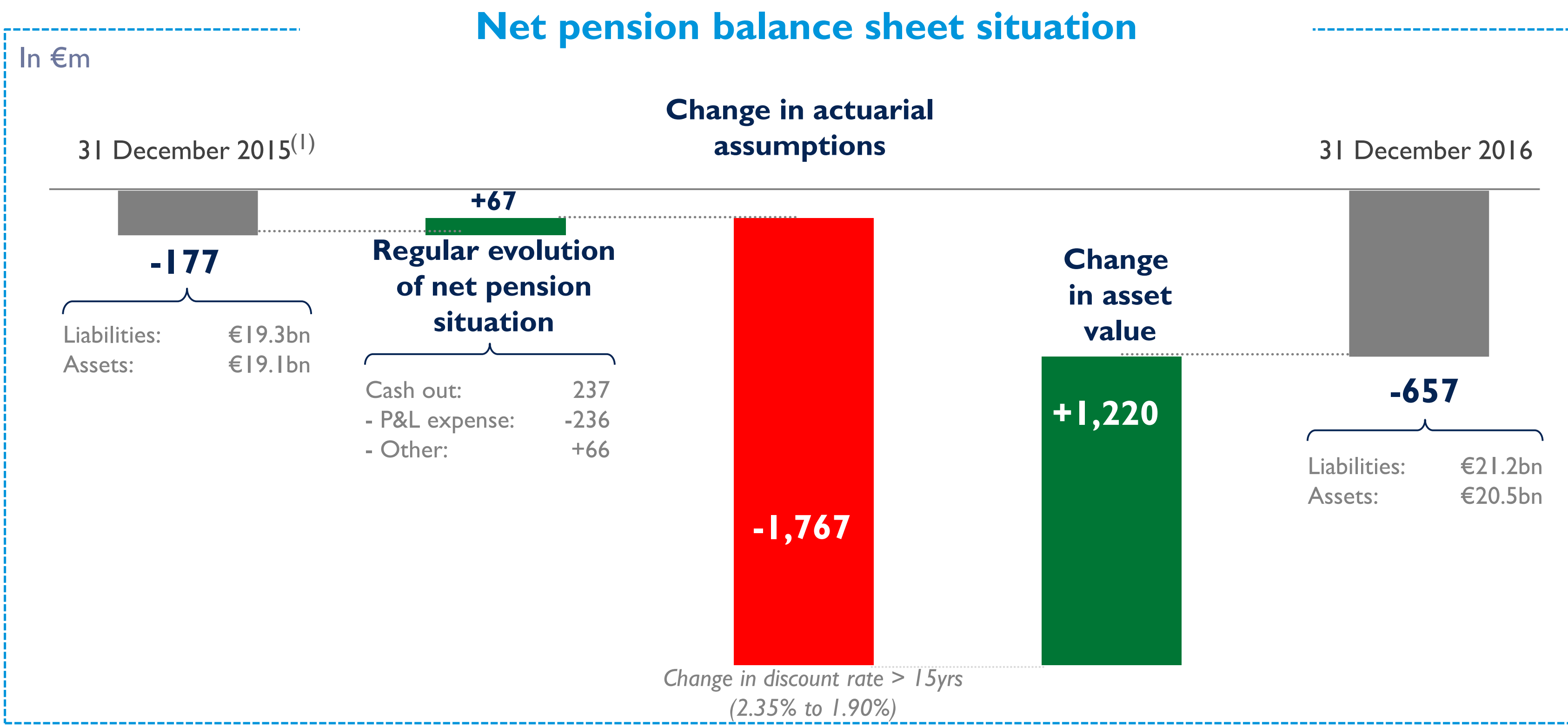
Pension update

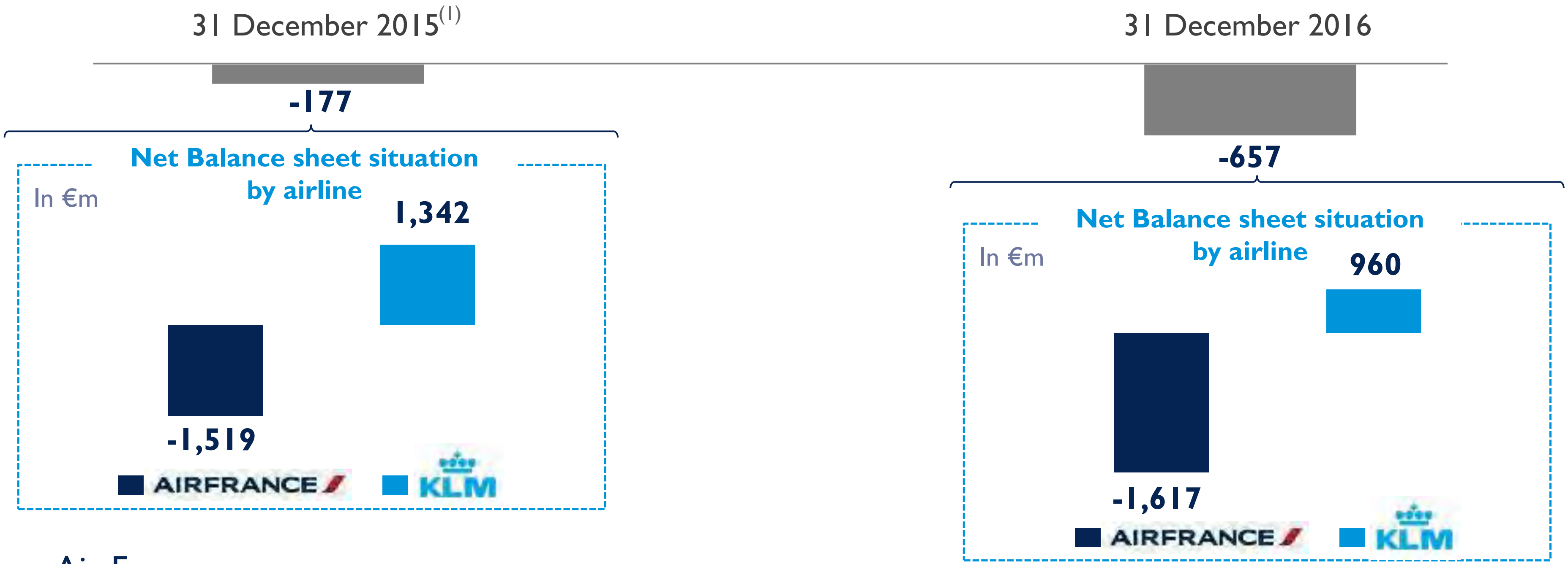


(1) Reclassification of Servair as a discontinued operation

Pension details at 31 December 2016

Net pension balance sheet situation

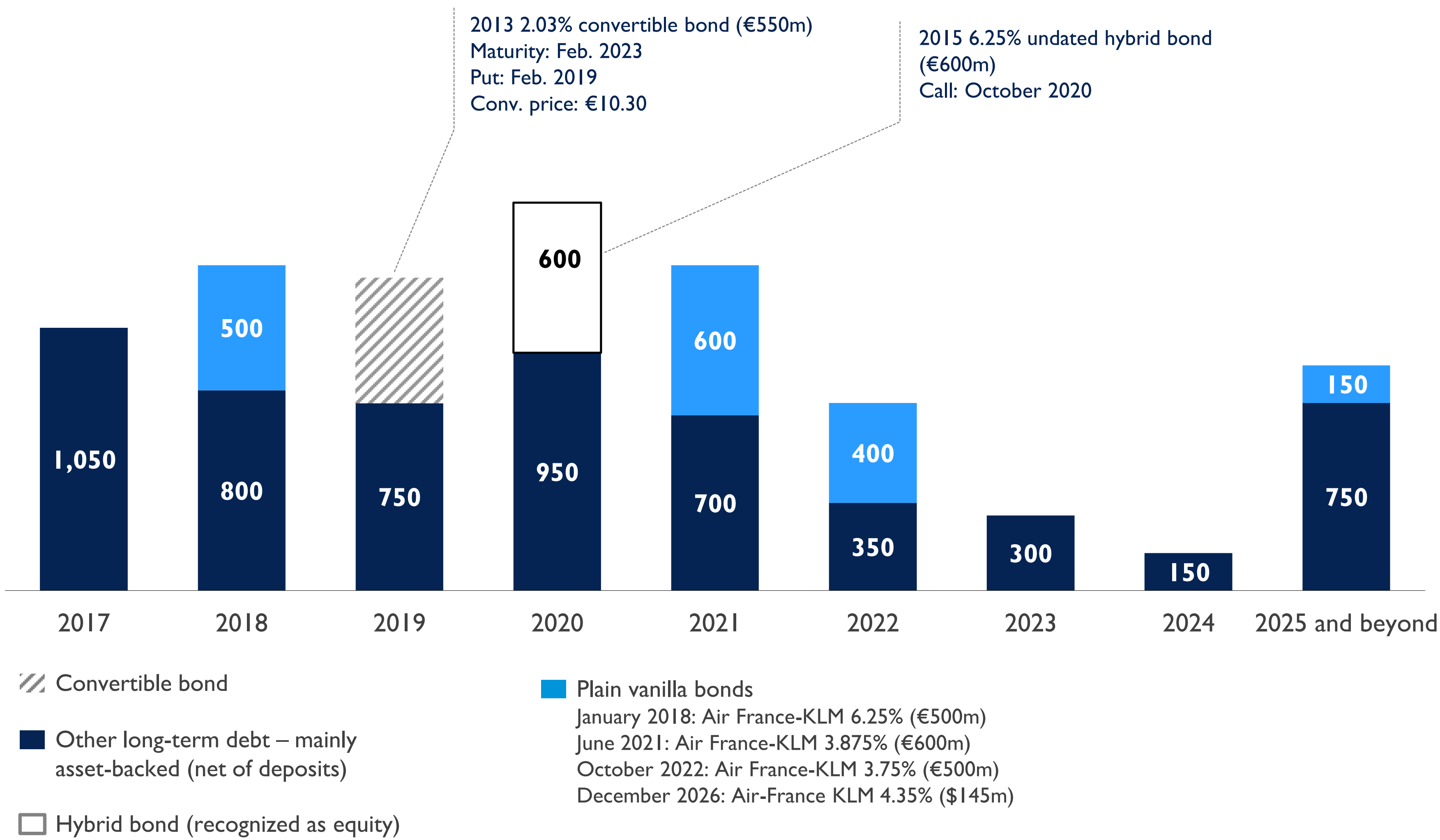
In €m



- 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 December 31st, 1992
- KLM
  - Defined benefit schemes for Pilots, Cabin crew and Ground staff

(1) Reclassification of Servair as a discontinued operation

Debt reimbursement profile at 31 December 2016(1)



(1) In € million, net of deposits on financial leases and excluding KLM perpetual debt (€632m)

Finalizing the agreement for the sale of 49.9% of Servair's share capital

- Reclassified as a discontinued operation as at 1 January 2016 according to IFRS 5
  - Following the acquisition of Gategroup by HNA on 22 December 2016, Air France and Gategroup finalized the agreement for the sale to Gategroup of 49.99% of the Servair share capital and the transfer of its operational control for an enterprise value of 475 million euros (100% basis). This sale became effective as of 30 December 2016, and the new Board of Directors controlled by Gategroup took office as of 1 January 2017.
  - The structure of the transaction enables Air France to account for 50% of Servair's net result using the equity method

Servair (100%)	**FY 2016**	FY 2015	Variation
Total revenue	**824**	797	+3.4%
Third party revenue	**402**	370	+8.6%
EBITDA	**56**	60	-4
Operating result	**50**	36	+14