

18 December 2014

Revision to 2014 EBITDA target, reinforcement of the Perform 2020 plan

During its meeting on 18 December 2014, the Air France-KLM Board of Directors reviewed the updated financial outlook for the fourth quarter 2014.

The Group is revising down its 2014 EBITDA target by an additional €200 million compared with the targets communicated on 8 July and 8 October. There are four factors behind this revision:

- The persistent weakness in unit revenues in several long-haul markets, witnessed since the summer and still prevailing in early December.
- The updating of the estimated impact of the Air France pilots' strike on the fourth quarter including, in particular, a higher-than-expected re-invoicing charge for passenger transportation by other airlines during the strike ('interline' invoicing).
- Due to new fiscal regulations, the group will not recognize in its 2014 EBITDA a positive pension cost adjustment that was previously expected. Any potential adjustment will be booked under 'other non-current income and expenses'.
- A limited fuel price effect in the fourth quarter, in view of the continued decline in the crude oil price which has fallen by more than that of jet fuel, of the structure of the procurement contracts and of the fuel hedging portfolio.

As announced in the third quarter results press release, with no impact on the principles of the Perform 2020 plan, the Group has decided to revise its 2015 and 2016 business plans to take into account the consequences of the pilots' strike and of the weaker unit revenue trend that has developed since the summer. The Group is thus planning further unit cost¹ reduction measures and a significant scale back in its investment plan.

Air France-KLM's Chairman and Chief Executive Officer, Alexandre de Juniac, made the following comments: *"The Perform 2020 dynamic is under way across all the Group's activities, based on the imperatives of an ongoing improvement in competitiveness and strict financial discipline. By significantly stepping up our cost-cutting efforts and adapting the investment plan, Air France-KLM can gain the resources and be well prepared to tackle 2015 despite the difficult competitive environment."*

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¹ Unit cost per EASK, on a constant currency, fuel price and pension expense basis.