

Air France-KLM Investor Day

Air France-KLM 's seventh Investor Day took place on 23rd and 24th October 2008.

In his opening remarks, Pierre-Henri Gourgeon, Deputy CEO, reminded investors of Air France-KLM's key competitive advantages – a strong and balanced network based around two efficient hubs, a modern and flexible fleet and a robust balance sheet, which will ensure it will not only weather more difficult operating conditions, but emerge as one of the winners within the airline industry. At the same time, Mr Gourgeon spoke of the need to adapt to an environment of lower growth, which will necessitate adjustments in capacity and the cost base.

Air France-KLM showcased the new airport infrastructures at Roissy-Charles de Gaulle Airport, which will help make the Paris hub a model of excellence in Europe. It took the opportunity to congratulate Aéroports de Paris and Schiphol Airport on their new strategic alliance.

Air France-KLM gave an update on the Asian and Latin American businesses, highlighting the benefits of the group's balanced network in which gives it a presence on markets where growth will remain robust in future years.

Leo van Wijk, chairman of SkyTeam focused on the North Atlantic joint-venture between Air France-KLM and its US partners, Delta and Northwest, which will be launched next Spring, a full year ahead of schedule.

Philippe Calavia, Group CFO, reminded investors of Air France-KLM's strong financial position, with its low gearing ratio and a cash position of over 5 billion euros at mid-October plus available credit lines of some 2 billion euros, of which only 500 million euros have been drawn down. In spite of the recent drop in the oil price, a positive factor for the economy and the group, the group's hedging remains positive. Air France-KLM will pursue its hedging policy, taking advantage of current oil price weakness.

'Challenge 10' the group-wide cost-saving programme has already been augmented by 190 million euros during the current year, and recent decisions have been approved to increase it by a further 100 million euros. Work is underway on a new cost-saving plan, the first estimates of which call for cumulative cost-savings of an additional 700 to 800 million euros by 2011-2012, and 1.1 to 1.2 billion euros by 2013-14. The group will also review its investment program in order to adapt to the decline in capacity and protect its balance sheet.

Concluding the day, Jean-Cyril Spinetta, Chairman and CEO of Air France-KLM reiterated the group's objective of maintaining its profitability through the cycle.