

# Results presentation

Results as of March 31, 2022

May 05, 2022



# Q1 2022 highlights



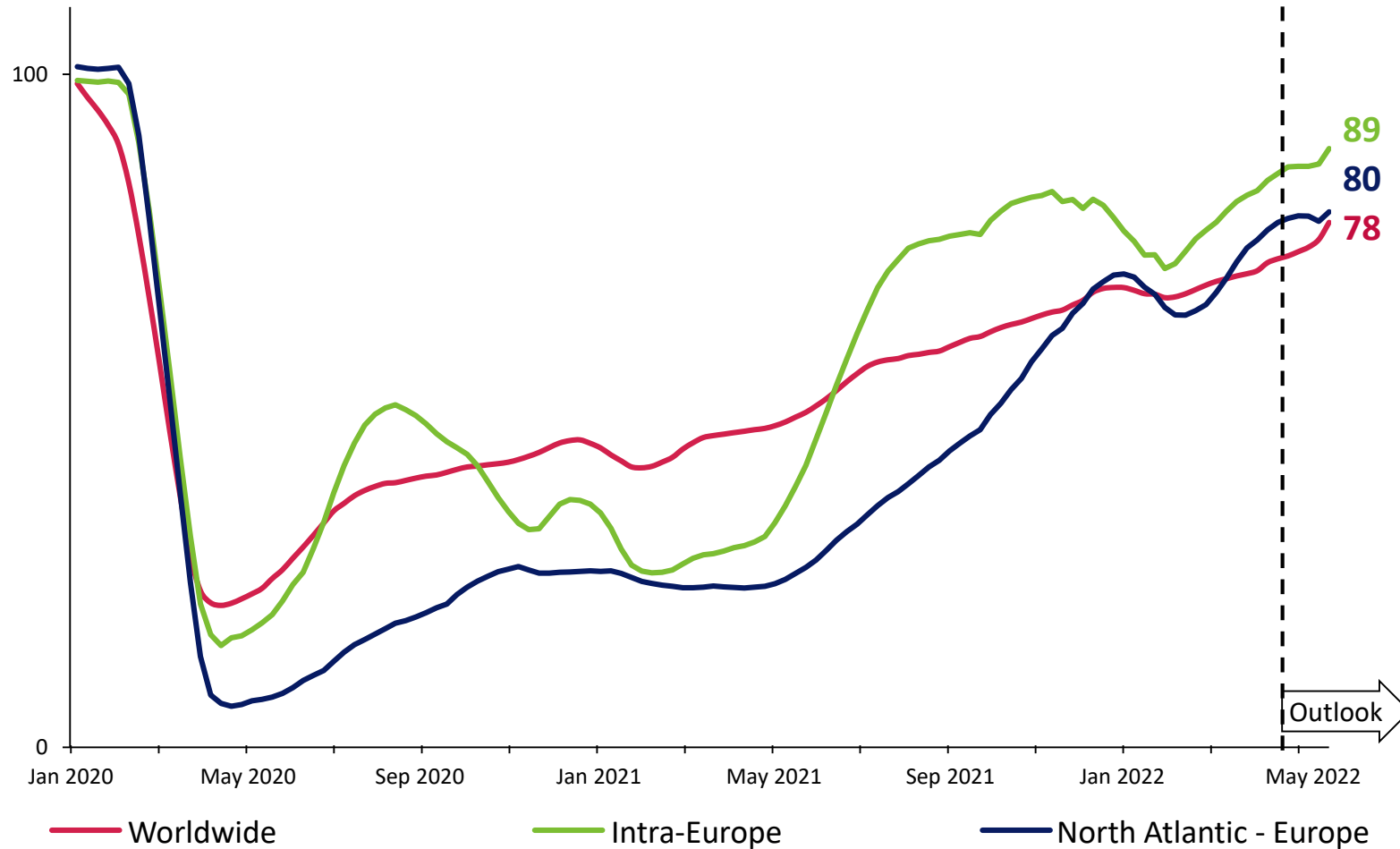
***Benjamin Smith***  
*Chief Executive Officer*  
*Air France-KLM*



# Industry capacity steadily ramping up towards 2019 levels

## Capacity evolution Worldwide, Intra-Europe and North Atlantic-Europe

index 100 = same capacity and same week in 2019 (ASK's)

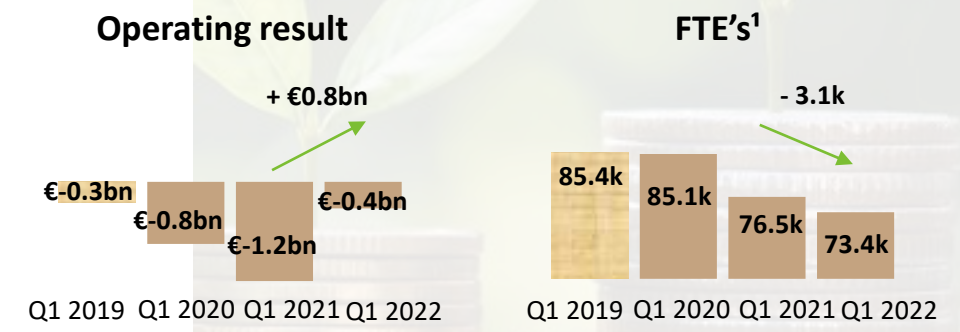
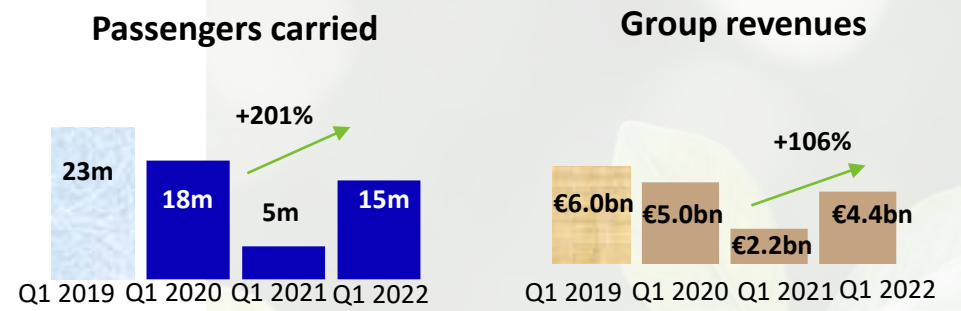


**Strong willingness to travel drives capacity recovery despite international context**



# In this context, Q1 results are promising and pave the way towards a strong Summer

- Positive EBITDA of €221m in Q1
- Positive Operating result above €30m in March, 80% load factor with capacity close to 80%
- Transformation well on track
- Strong bookings for Q2 and Q3 with more than €1bn of advanced tickets sale during Q1
- Solid €10.8bn cash at hand, thanks to a positive adj. operating free cash flow for the 4<sup>th</sup> quarter in a row



1) March figures



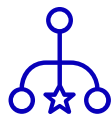
# Air France – KLM Group observes a fast booking recovery, a testimony of our customers' willingness to travel



**Air France - KLM Network new bookings for summer already back index 100<sup>1</sup>, despite lower capacity**



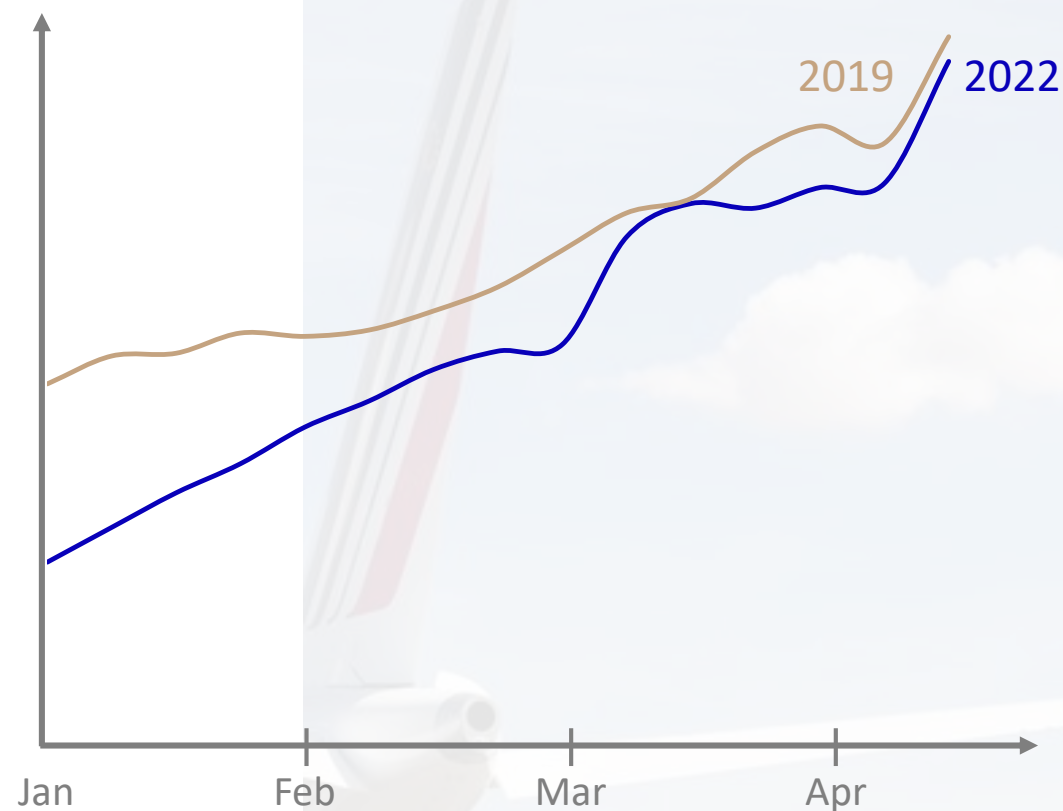
**Positive trend especially on the North Atlantic with booking load factor close to 2019 levels**



**Strong performance of direct online channel with more than 50% of tickets sold in Q1 (+12 pts versus 2019) driven by strong leisure demand**

## New Bookings per Week

*Air France & KLM Total Passenger Network*



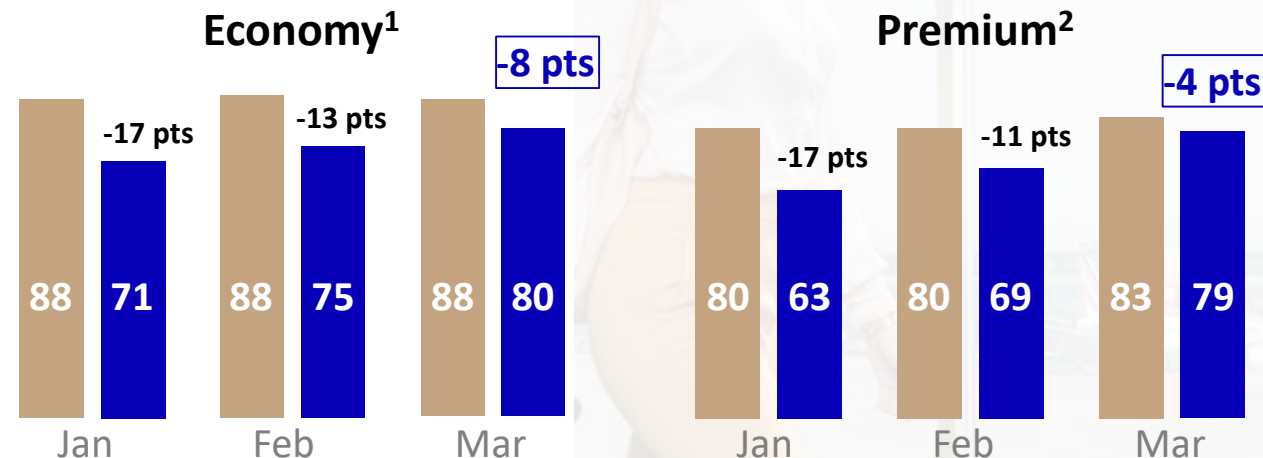


# Long haul load factor at 80% for both Economy and Premium classes in March 2022



## Q1 Load Factor

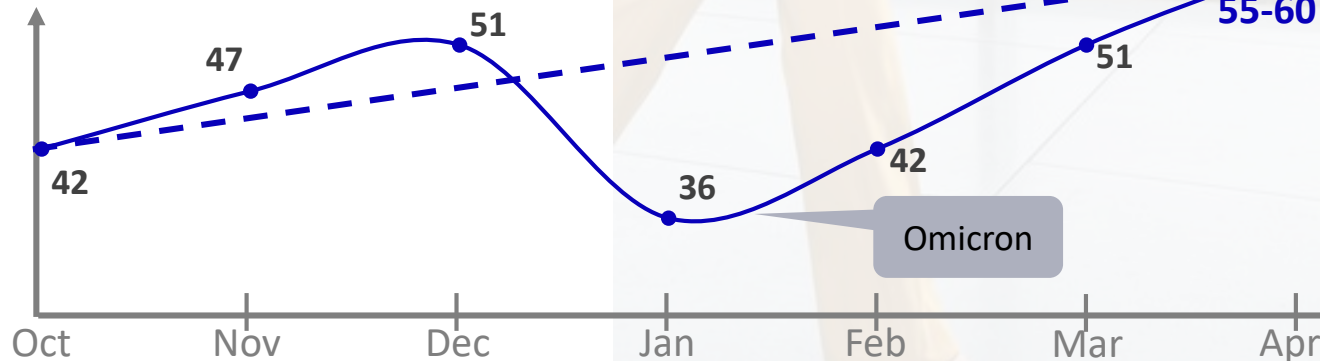
Air France & KLM Long Haul Passenger Network



- **Narrowing gap** vs 2019 with only 4 points gap for long-haul Premium classes in March
- **High yield leisure** demand for Premium classes

## Corporate revenue Winter 2021/22 vs Winter 2018/19 (index)

Air France & KLM Total Passenger Network



- Corporate travel ramping up**
- **North Atlantic** corporate travel already at index 70<sup>3</sup>
  - Strong performances of Long-haul and SME segments



# The Q1 performance is supported by dynamic business lines and tangible achievements



- Capacity at 75% of 2019
- Yield above 2019
- March long haul load factor at 80% for both premium and economy class

- Capacity close to 2019
- Yield far above 2019
- Fleet approaches 100 aircraft
- Domestic network plan 100% completed in Paris-Orly

- Strong demand environment
- Yield at historically high levels
- Order of 4 Airbus A350 FF
- Share online bookings at 70%

- Entered into exclusive negotiations for the purchase of CFMI LEAP engines and a repair license
- Increase of shop visits
- New MRO contracts



# Results as of March 31, 2022



**Steven Zaat**  
*Chief Financial Officer*  
*Air France-KLM*





# Positive EBITDA driven by a strong month of March






	Q1 2022	Q1 2021 <sup>(1)</sup>	Q1 2019	Change versus 2021	Change versus 2019
<b>Revenues (€ m)</b>	<b>4,445</b>	<b>2,161</b>	<b>5,942</b>	<b>+2,284m</b>	<b>-1,497m</b>
Aircraft Fuel (€ m)	996	463	1,201	+533m	-205m
Salary cost (€ m)	1,522	1,167	1,972	+355m	-450m
Other operating expenses (€ m)	1,706	1,159	2,326	+547m	-620m
<b>EBITDA (€ m)</b>	<b>221</b>	<b>-628</b>	<b>443</b>	<b>+849m</b>	<b>-222m</b>
Operating result (€ m)	-350	-1,180	-286	+830m	-64m
Operating margin	-7.9%	-54.6%	-4.8%	+46.7 pt	-3.1 pt
<b>Net income - Group part (€ m)</b>	<b>-552</b>	<b>-1,482</b>	<b>-324</b>	<b>+930m</b>	<b>-228m</b>

(1) Restated figures include the change in accounting principles for pensions (interpretation of IAS19)



# Increase in all businesses' revenues with Maintenance positive operating result

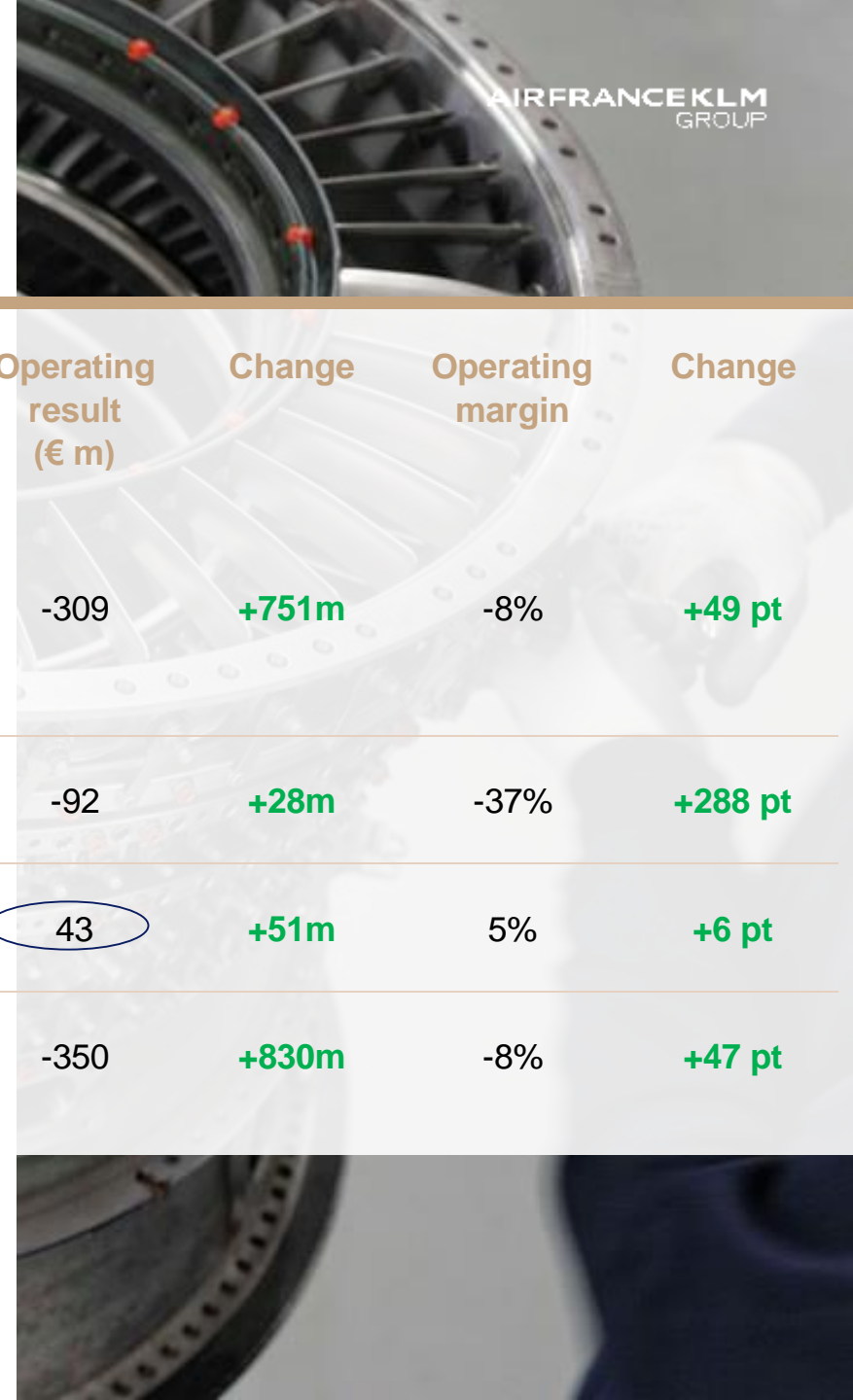
## Q1 2022 versus Q1 2021

	Capacity <sup>(1)</sup>	Unit Revenue <sup>(2)</sup> Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
<b>Network</b>	 +56.5%	+87.6%	2,983	+192.8%	-309	+751m	-8%	+49 pt
<b>Transavia</b>	 +10.7% <sup>(3)</sup>	-6.1%	910	+8.5%	-92	+28m	-37%	+288 pt
<b>Maintenance</b>	 +443.1%	+24.0%	249	+572.7%	-92	+28m	-37%	+288 pt
<b>Group</b>	 +67.8%	+31.1%	4,445	+105.7%	43	+51m	5%	+6 pt
<b>Group</b>	 +67.8%	+31.1%	4,445	+105.7%	-350	+830m	-8%	+47 pt

(1). 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 traffic revenues + Transavia traffic revenues) / (Network Passenger ASK + Transavia ASK)

(3) Capacity of passenger aircraft used for cargo only, is based on theoretical payload without passengers





# Both airlines improve significantly their operating results

Q1 2022 versus Q1 2021	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY
<b>AIRFRANCE</b> /	+98%	2,681	+100%	-363	<b>+478</b>	-14%	+49 pt
<b>KLM</b>	+38%	1,903	+105%	3	<b>+340</b>	0%	+36 pt
<b>AIRFRANCEKLM GROUP</b>	+68%	4,445	+106%	-350	<b>+830</b>	-8%	+47 pt

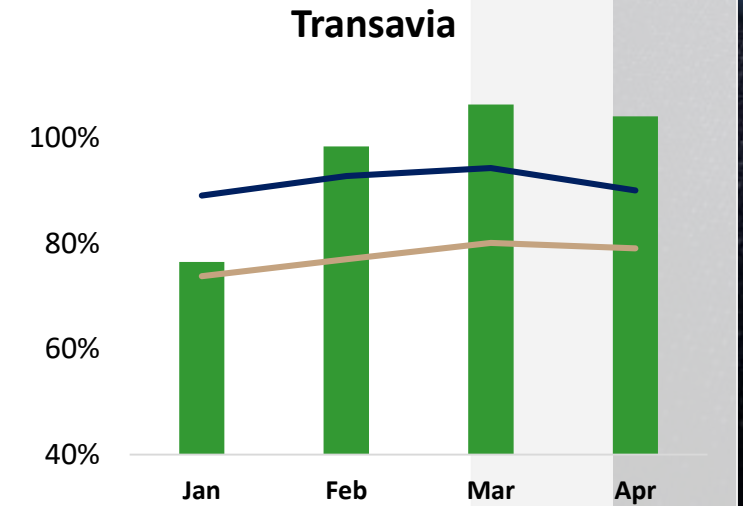
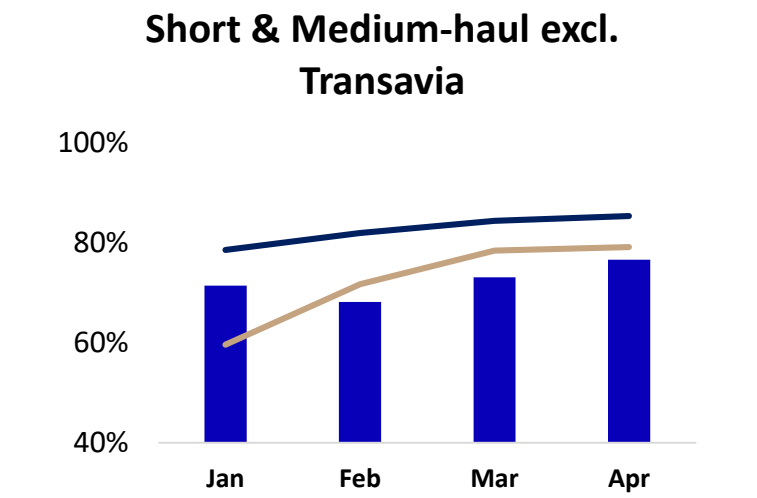
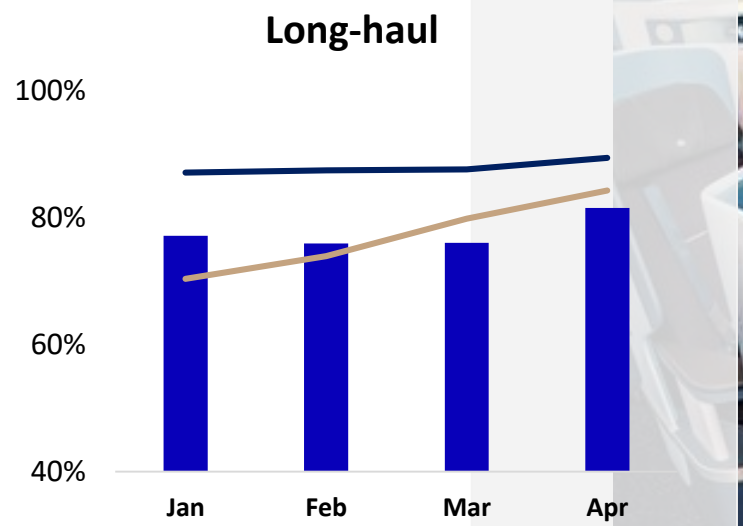
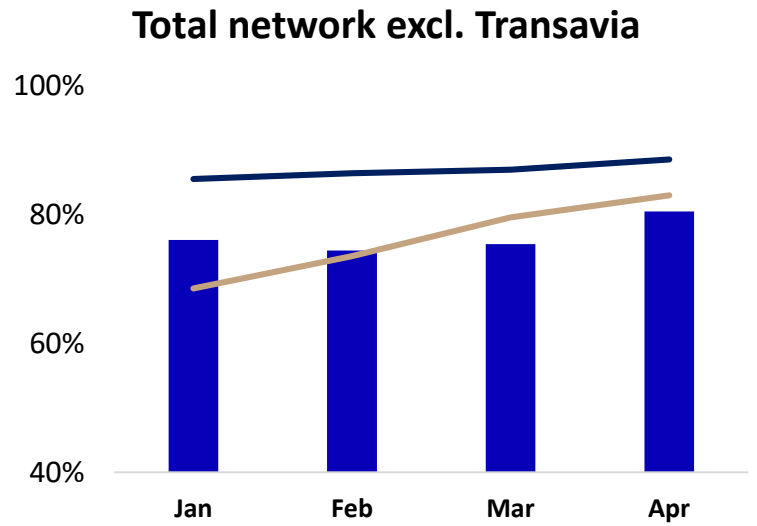
- Significant improvement in Operating result for both airlines
- Air France more impacted by Omicron in January
- Positive operating result KLM thanks to strong improvement in load factor
- Different government support on wages scheme

NB: Sum of individual airline results does not add up to Air France-KLM total due to intercompany eliminations at Group level





# Load factor gap is narrowing versus 2019 while growing capacity

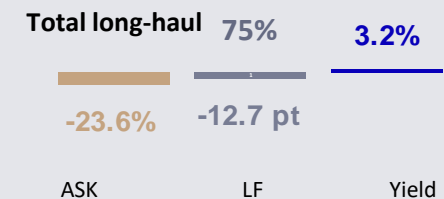
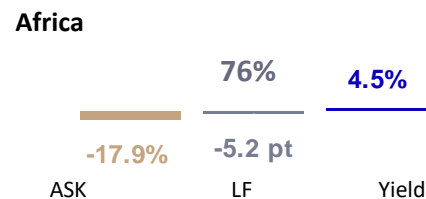
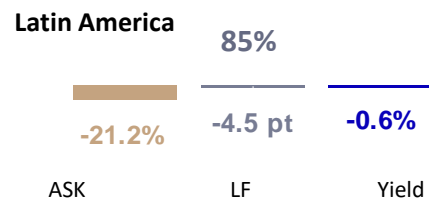
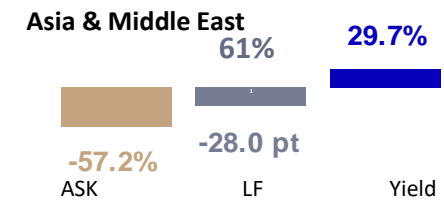
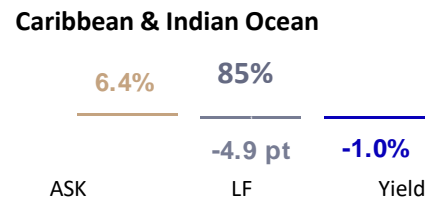
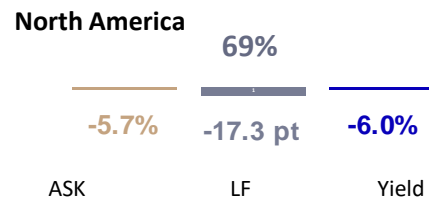
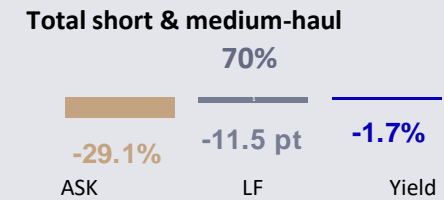
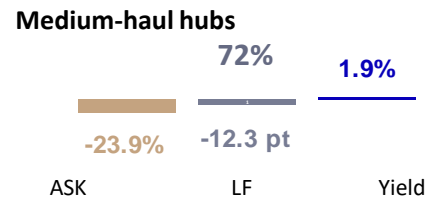
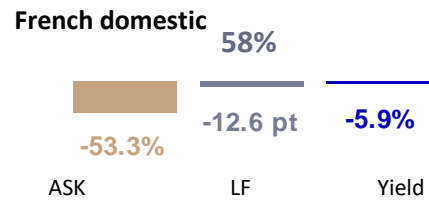
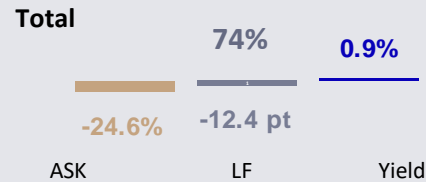


■ ASK index vs 2019    — Load factor 2019    — Load factor 2022



# Overall yield development positive thanks to fare adjustment and dynamic demand

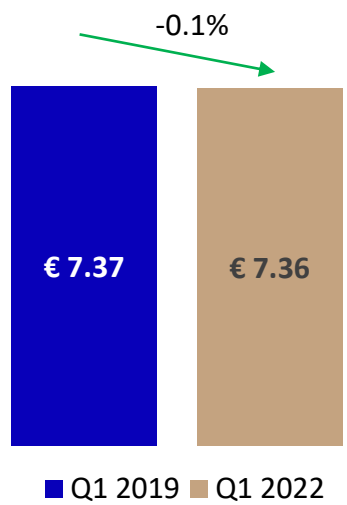
## Q1 2022 vs Q1 2019



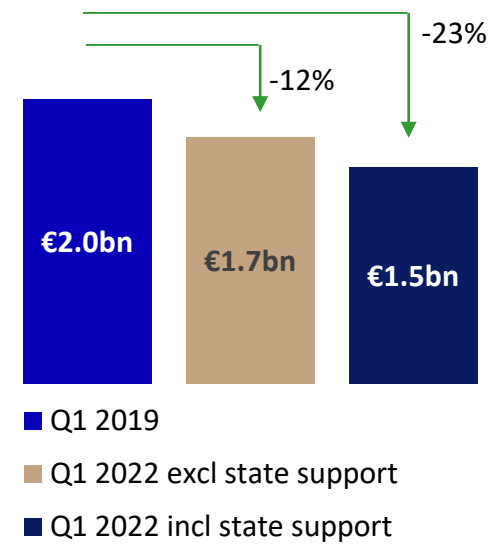


# Thanks to transformation programs, unit cost down while group capacity 23% below 2019

### Unit cost evolution<sup>2</sup>



### Staff cost evolution



### FTE evolution



### Transformation programs

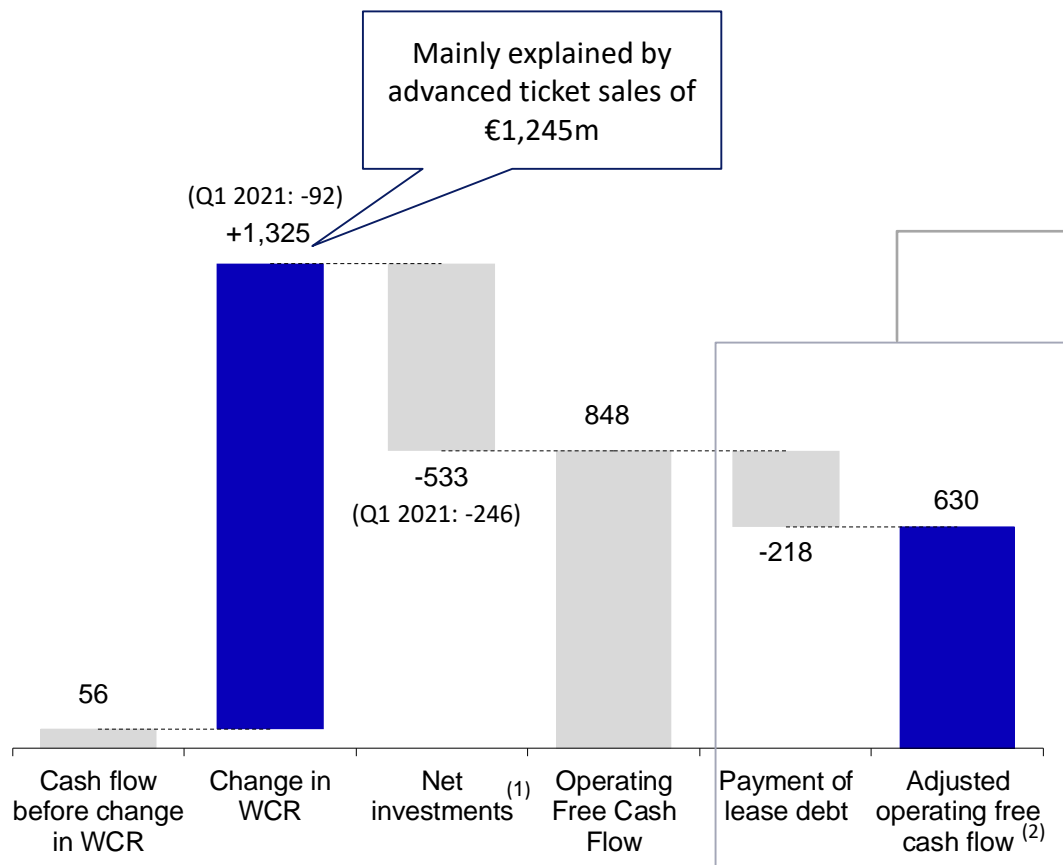
- Air France<sup>1</sup>: -400 FTE during Q1 and another -300 FTE to go in 2022, resulting in total of -8.5k FTE (-17%) versus 2019
- KLM adjusted staff levels in order to accommodate further capacity increase

(1) Excluding Transavia France  
 (2) Unit cost against constant fuel price and constant currency

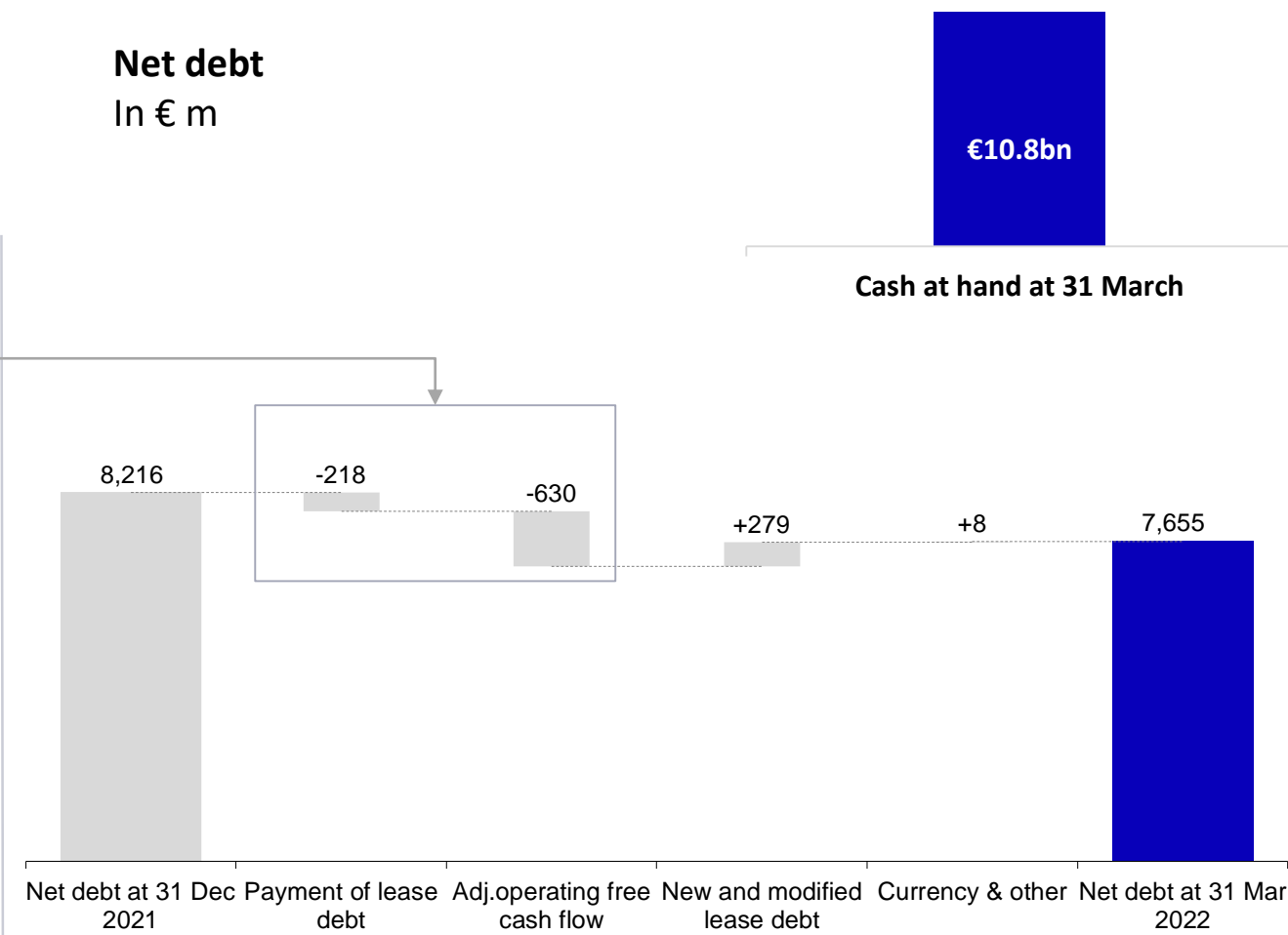


# The strong sales of Q1 generated positive adjusted operating free cash flow, enabling a reduction of Net Debt by €550m

### Q1 2022 Free cash flow evolution In € m



### Net debt In € m



(1) Net investments reduced by sale and leaseback transactions  
 (2) Adjusted operating free cash flow = Operating free cash flow after repayment of lease debt



# Air France-KLM made progress on the equity strengthening measures



Thanks to KLM's strong performance, **KLM's State backed RCF** has been **partly repaid** on May 3rd for **311 million euros**. In addition, KLM expects to strengthen its balance sheet with positive results. Further equity measures are being contemplated for the coming year.



Progress has been made on **refinancing up to 500 million euros of Air France's assets**, mainly through quasi-equity to redeem French State aid. Air France is currently engaged in advanced discussions with various partners.



**The Group is closely monitoring capital strengthening measures** such as capital increase with pre-emptive rights for shareholders, as well as the issuance of quasi equity instruments such as straight and convertible perpetual bonds, **to further restore equity and accelerate the State aid redemption.**

In total, these measures including the refinancing of Air France's assets could represent up to **4.0 billion euros**. The timing and sizing of each transaction will depend on market conditions and remain subject to the approval of the European Commission as well as legal and regulatory approvals.





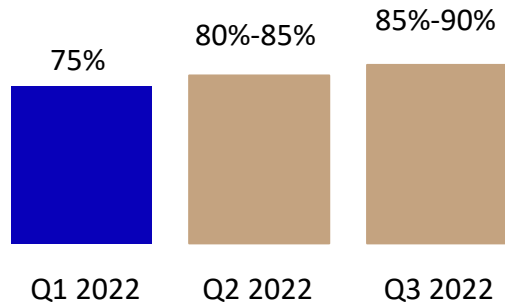
# Outlook

## Results as of March 31, 2022



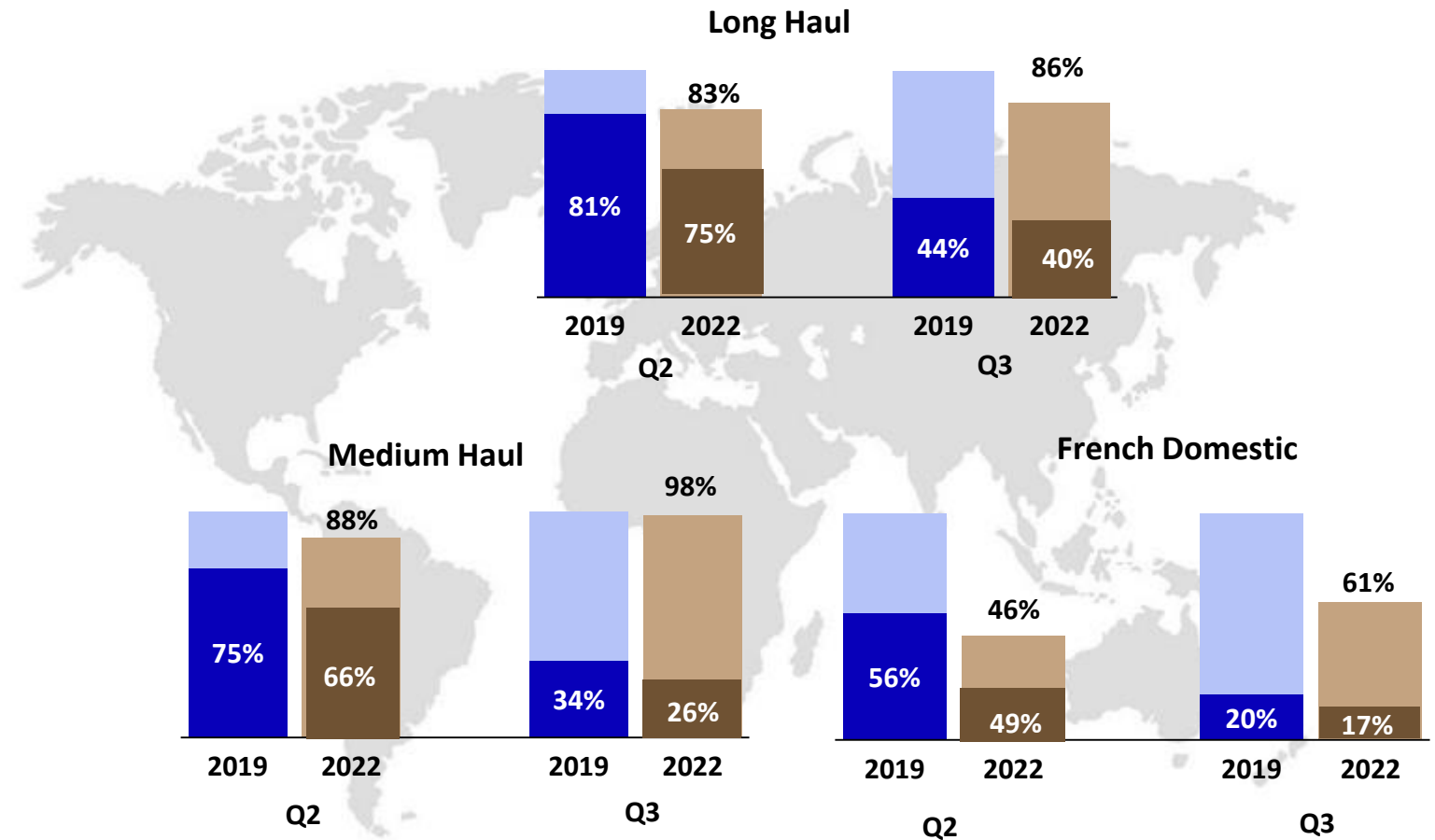
# Air France-KLM estimate to reach capacity levels of 85% to 90% during peak summer

**AIRFRANCE** **KLM**  
Network Passenger capacity in ASK versus 2019



- Transavia capacity above index 100 for Q2 and Q3 2022
- Healthy yield environment for the remainder of 2022 with strong summer demand resulting in yield levels above 2019

Network Passenger capacity and booking  
Snapshot of the 02<sup>nd</sup> of May 2022 and 2019



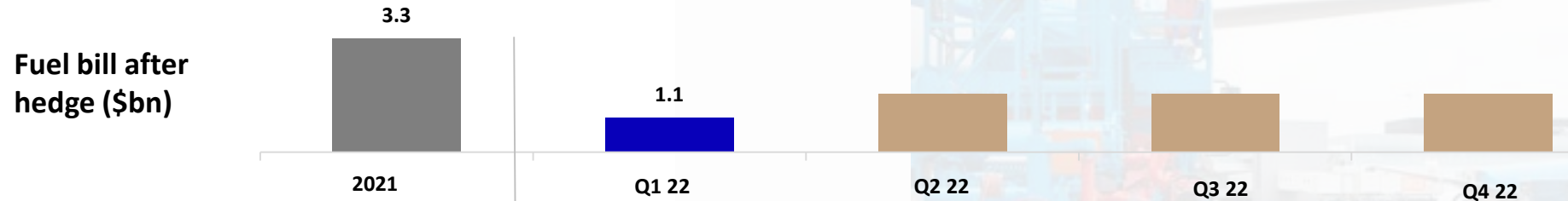
2022 Capacity in ASK versus 2019
  Forward booking load factor 2022  
 2019 Capacity in ASK base 100%
  Forward booking load factor 2019



# The hedging policy should result in \$950m savings in 2022



AIRFRANCE KLM GROUP



		2021	Q1 2022	Q2 2022	Q3 2022	Q1 2022
<b>Market price</b>	Brent (\$ per bbl)	71	97	106	102	97
	Jet fuel (\$ per metric ton)	676	922	1,297	1,189	1,089
<b>Price after hedge</b>	Jet fuel (\$ per metric ton)	619	745	1,089	1,091	1,034
	% of consumption already hedged	82%	74%	72%	70%	43%
	Hedge result (in \$ m)	300		950		
<b>Sustainable Aviation Fuel in k metric ton</b>			7	8	9	8



Based on forward curve at 29 April 2022. Jet fuel price including into plane cost



# Outlook 2022

	Q2	Q3	FY
<b>Capacity</b>	<b>Air France-KLM network</b>	80 to 85%	85 to 90%
	<b>Transavia</b>	Above index 100	Above index 100
<b>Operating result</b>	Break-even	Significant positive	
<b>Capex</b>			€2.5bn





# Conclusion



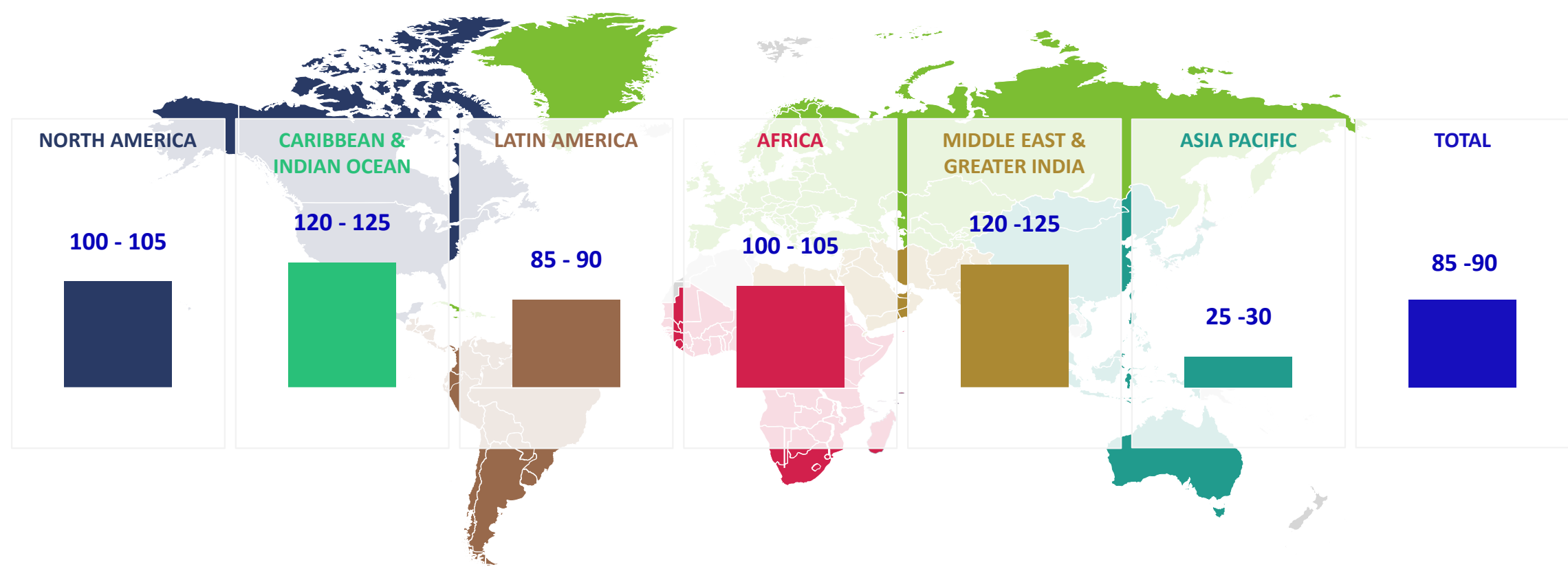
***Benjamin Smith***  
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*Air France-KLM*



# Air France-KLM Group long haul capacity out of Europe for Summer 22 deployed to capture best opportunities

Long Haul Air France-KLM Group Capacity, Summer 22 index vs Summer 19

Long Haul ASK, bi-directional



Note: Europe geographical scope includes Israel, Russian Federation, Turkey, Uzbekistan, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan and Greenland  
Source: OAG



# Destination Sustainability : the Group's strengthened sustainability ambition

## for environment

**-30% CO<sub>2</sub> emissions per passenger/km** by 2030 compared to 2019<sup>1</sup>

**10% SAF worldwide** by 2030

## for people & culture

**33% women within the Group Executive Committee** by 2030

**40% of the top 10% management level positions to be held by women** by 2030

(1) This trajectory is based on a scientific assessment method developed by the independent reference organization SBTi (Science-Based Target initiative). The validation of the Air France-KLM target by SBTi is expected by the end of 2022





# Conclusion



## March accelerates the recovery

Operating result above €30m in March



## Excellent indicators for Summer 2022

Capacity and bookings narrowing with 2019



## Destination sustainability

An ambitious new path







# Appendix

Results as of March 31, 2022





# Currency impact on operating result

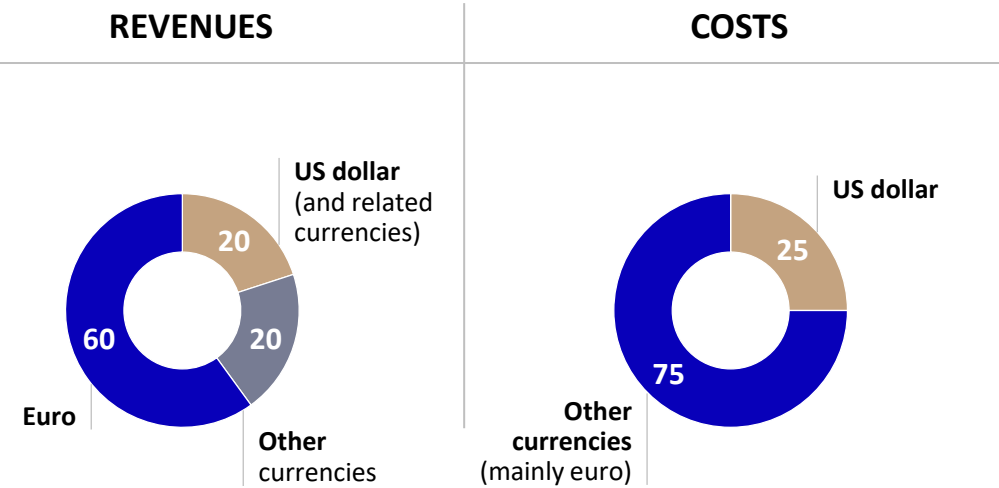
Currency impact on revenues and costs  
In € m



Q1 2022

- Currency impact on revenues
- Currency impact on costs, including hedging
- XX** Currency impact on operating result

## Revenues and costs per currency FY 2021





# Pension details as of March 31, 2022

In € m

Dec 31, 2021



Net balance sheet situation by airline



AIRFRANCE

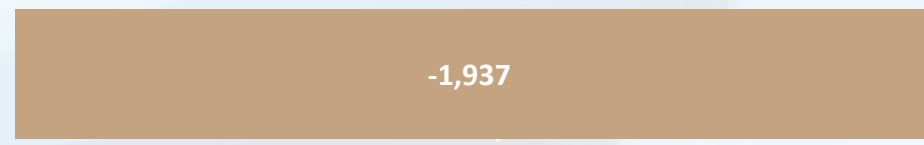
KLM

### Air-France

**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

Mar 31, 2022



Net balance sheet situation by airline



AIRFRANCE

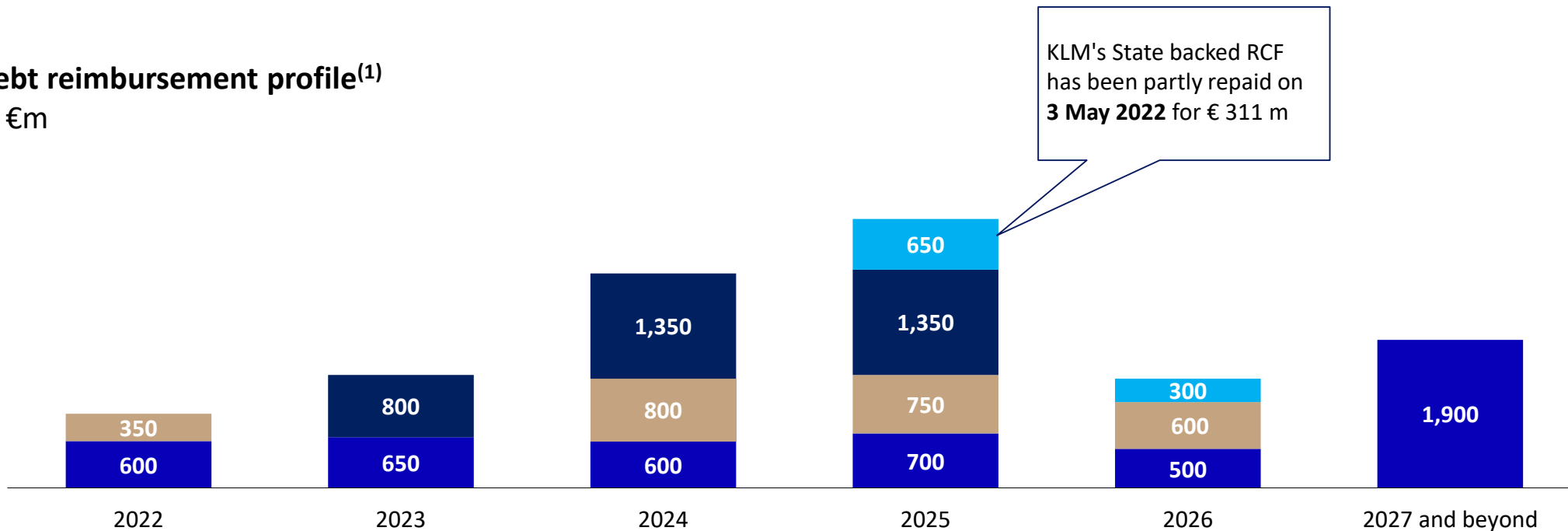
KLM

### KLM Defined benefit schemes



# Debt redemption profile at 31 March 2022

## Debt reimbursement profile<sup>(1)</sup> In €m



KLM's State backed RCF has been partly repaid on **3 May 2022** for € 311 m

### Bonds issued by Air France-KLM

#### October 2022:

AFKL 3.75% (€350m)

#### March 2024:

AFKL 0,125% (€500m, Convertible « Océane »)

#### January 2025

AFKL 1.875% (€750m)

#### December 2026:

AFKL 4.35% \$145m (€118m)

#### June 2024-26:

AFKL 3.0% €300m in 2024  
AFKL 3.875% €500m in 2026

### French state aid package

State aid package consists in €4.0bn of banks loan guaranteed by the French State (€500m reimbursed in 2021) and €3.0bn of French State loan

French state loan of €3.0bn has been converted in perpetual quasi-equity in April 2021

### Dutch state aid package

State aid package consists in €2.4bn of banks loan guaranteed by the Dutch State (RCF) and €1.0bn of Dutch State loan

Amount displayed correspond to the drawing as of date

### Other long-term Debt: AF and KLM Secured Debt, mainly "Asset-backed"

(1) Excluding operating lease debt payments, KLM perpetual debt, and Air France perpetual quasi-equity