

Results presentation

Full Year 2019

20 FEBRUARY 2020



KLM



2019 highlights



Benjamin Smith
Chief Executive Officer
Air France-KLM



2019 highlights

Labor stability

- Improved social dialogue based on trust, respect, transparency & confidentiality
- 37 staff agreements signed in 2019 for Air France and new CLAs for all KLM staff categories



Operational reliability

- Air France operational measures resulting in strongly-improved Arrival-punctuality.
- Customer satisfaction scores (NPS) at a record level for Air France and at a steady-state high level for KLM



Sustainability

- A step up in sustainability, launching new impactful initiatives by Air France-KLM
- Regaining the <Airline> world leader position 2019 in the Dow Jones Sustainability Index





2019 KPI targets achieved

Guidance 2019 Full Year 2019



| | | |
|---|-----------|-------|
| Unit cost <i>ex-currency at constant fuel price</i> | -1% to 0% | -0.9% |
|---|-----------|-------|

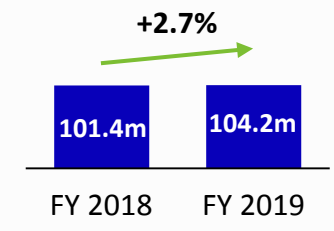


| | | |
|--------------|-----------------|---------|
| Capex | €3.2bn - €3.3bn | €3.3 bn |
|--------------|-----------------|---------|

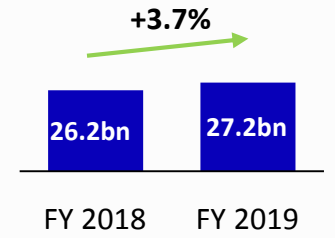


| | | |
|--------------------------|---------------|------|
| Net Debt / EBITDA | at/below 1.5x | 1.5x |
|--------------------------|---------------|------|

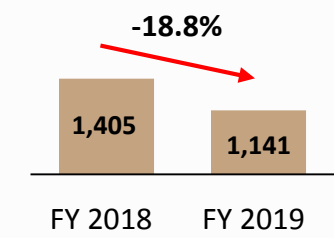
Passengers carried



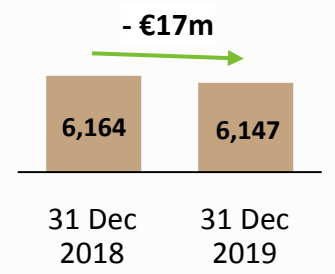
Group revenue



Operating result ⁽¹⁾



Net debt



(1) 2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15



Our Value Creation Model To be a European Champion

**CONTRIBUTING TO
THE UN SDG'S**

OUR RESOURCES OUR BUSINESS MODEL OUR VALUE CREATION 2019 PERFORMANCE

- PEOPLE**
85,000 engaged and professional employees and a diverse culture
- BRANDS**
Portfolio of attractive, strong brands and a common frequent flyer program "Flying Blue"
- FLEET & NETWORK**
An extensive network operated with an optimized fleet
- PARTNERSHIP**
A powerful network of suppliers and partnerships
- FINANCIAL**
A stable shareholding structure with the French and Dutch states, Delta Air Lines and China Eastern
- ENVIRONMENTAL**
An experienced and knowledgeable player in the industry committed to contributing to a positive change

AIRFRANCE KLM GROUP

AIRFRANCE / **KLM** **transavia**

SHOWCASING THE BEST OF FRANCE AROUND THE WORLD STRONG INNOVATIVE GLOBAL BRAND MAKING LOW COST FEEL GOOD

- EMPLOYEES**
Be the best place to work
- CUSTOMERS**
Exceed customer expectations
- SHAREHOLDERS**
Reach top financial performance
- PLANET & SOCIETY**
Contributing to UN sustainability goals

- EPS** ↗
- 40** HOURS OF TRAINING PER EMPLOYEE
- NPS** ↗
- 104M** CUSTOMERS
- 1.5X** NET DEBT/ EBITDA RATIO
- 4.2%** OPERATING MARGIN
- N° 1** IN DJSI
- 79.9 G/PAX / KM CO2**



Our Employees, #1 asset of the Group



| | | |
|--|---|---|
| <p>1</p>  | <p>are proud to work for the Group</p> | <ul style="list-style-type: none">Inclusive talent management, a company culture which fosters diversity and equality |
| <p>2</p>  | <p>are professional and engaged</p> | <ul style="list-style-type: none">Strong increase in the Employee Promoter Score +15% in 2019⁽¹⁾ |
| <p>3</p>  | <p>and are pushing our contribution to sustainability</p> | <ul style="list-style-type: none">Social partnerships with 5,000+ employees involved in volunteer work, skill-sharing and donation projects |

(1) Percentage change in the Employee Promoter Score (EPS) measured among Air France and KLM employees July to December 2019 period compared to last year



Our customers at the forefront of everything we do

Record levels of customer satisfaction in 2019



Best in class Customer Products

- Installation of Air France full flat beds in Business Class to end in 2021, KLM entire fleet done
- Wi-Fi connect will be available on 93% of fleet in 2020, 100% in 2021
- Lounge refurbishments, including KLM Crown lounge, Paris-Orly and Terminal 2F

Striving for excellence

- On Time Performance ranking Air France as 7th airline world-wide in 2019
- Record high customer satisfaction in 2019 for Air France with NPS score of 27 and KLM steady-state with NPS score of 41

Brands' sustainability commitments

- KLM as world's first airline introducing 'Fly responsibly' concept
- Replace single-use plastics on board Air France flights
- CO2 compensation for all French Domestic flights





Becoming a European champion reaching top financial performance

2020

2021

2022

2023

2024

Commitment to Global Environmental Sustainability

Optimize our Operating Model

Grow Profitable Passenger Revenue

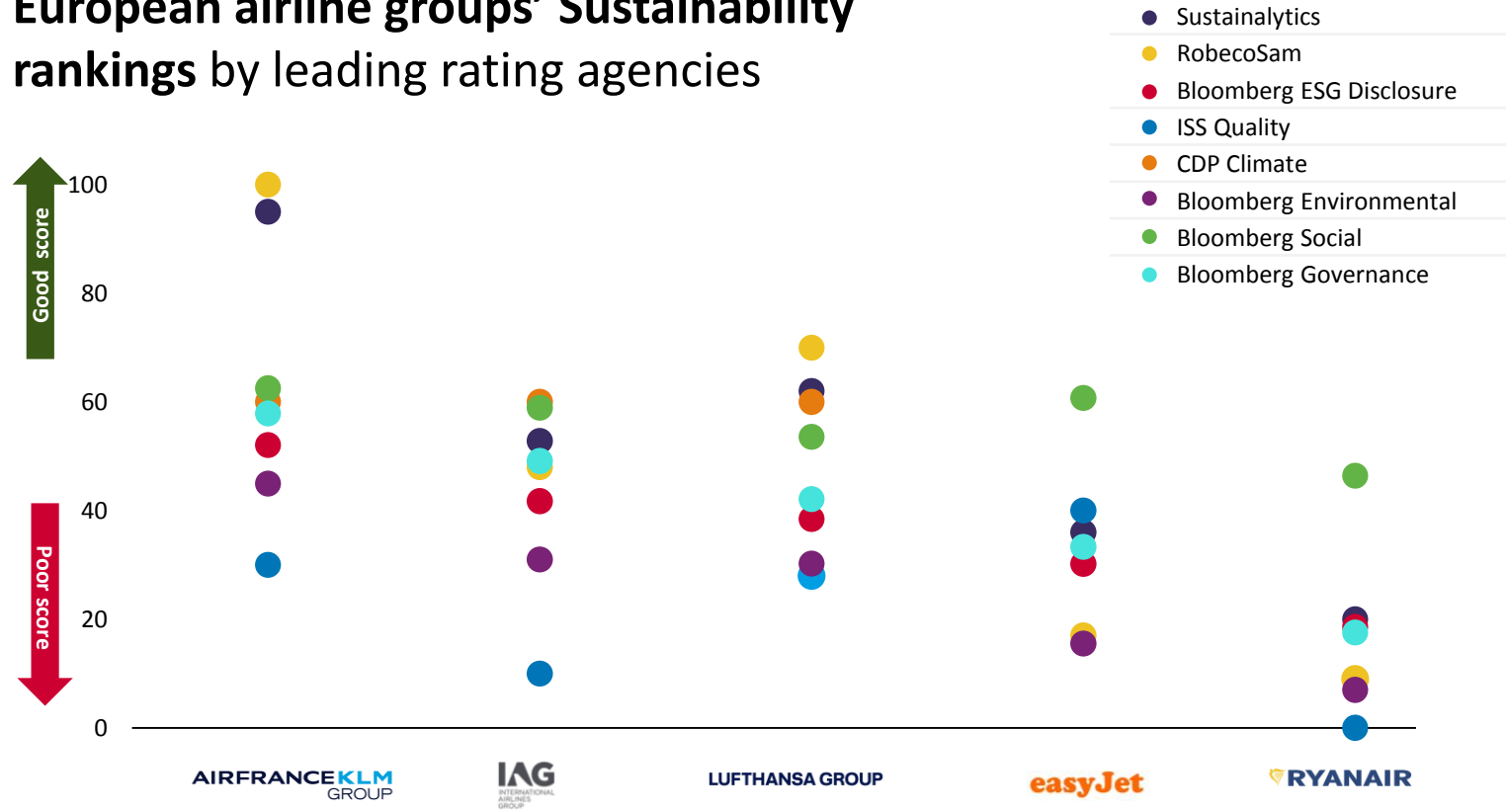
Leverage European Consolidation

Develop Customer Data, Flying Blue, Cargo and Engineering & Maintenance



Air France-KLM the leading airline group in 2019 on Sustainability

European airline groups' Sustainability rankings by leading rating agencies



No. 1 position in the DJSI

Top ranking for 15 years



Leader in the « Airline » sector

- Governance: best score
- Environment: best score
- Social: Europe best score



Source: Bloomberg 10 February 2020
(1) ISS Quality and CDP Climate scores have been normalised for ease of comparison

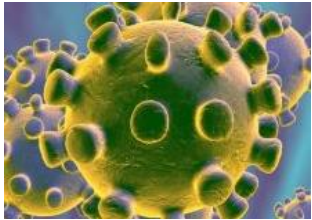


2020 outlook

Context



Supportive low industry capacity growth, strong traffic dataset in January, except for Cargo

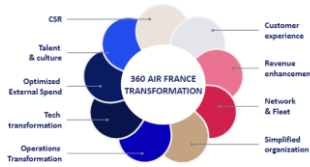


Covid-19 impacting Asian traffic and causing serious challenges for our Chinese partners



Lower fuel bill expected to partially mitigate Covid-19 impacts

2020 priorities



Execution of transformation plan at Air France



Pursuing fleet renewal program:

Phase-in:

Phase-out:

+5 Airbus 350

-2 Airbus 380

+4 Boeing 787

All A340/74C, ATR



Implementation of the transatlantic joint-venture between Air France-KLM, Delta & Virgin Atlantic as per 1 January 2020



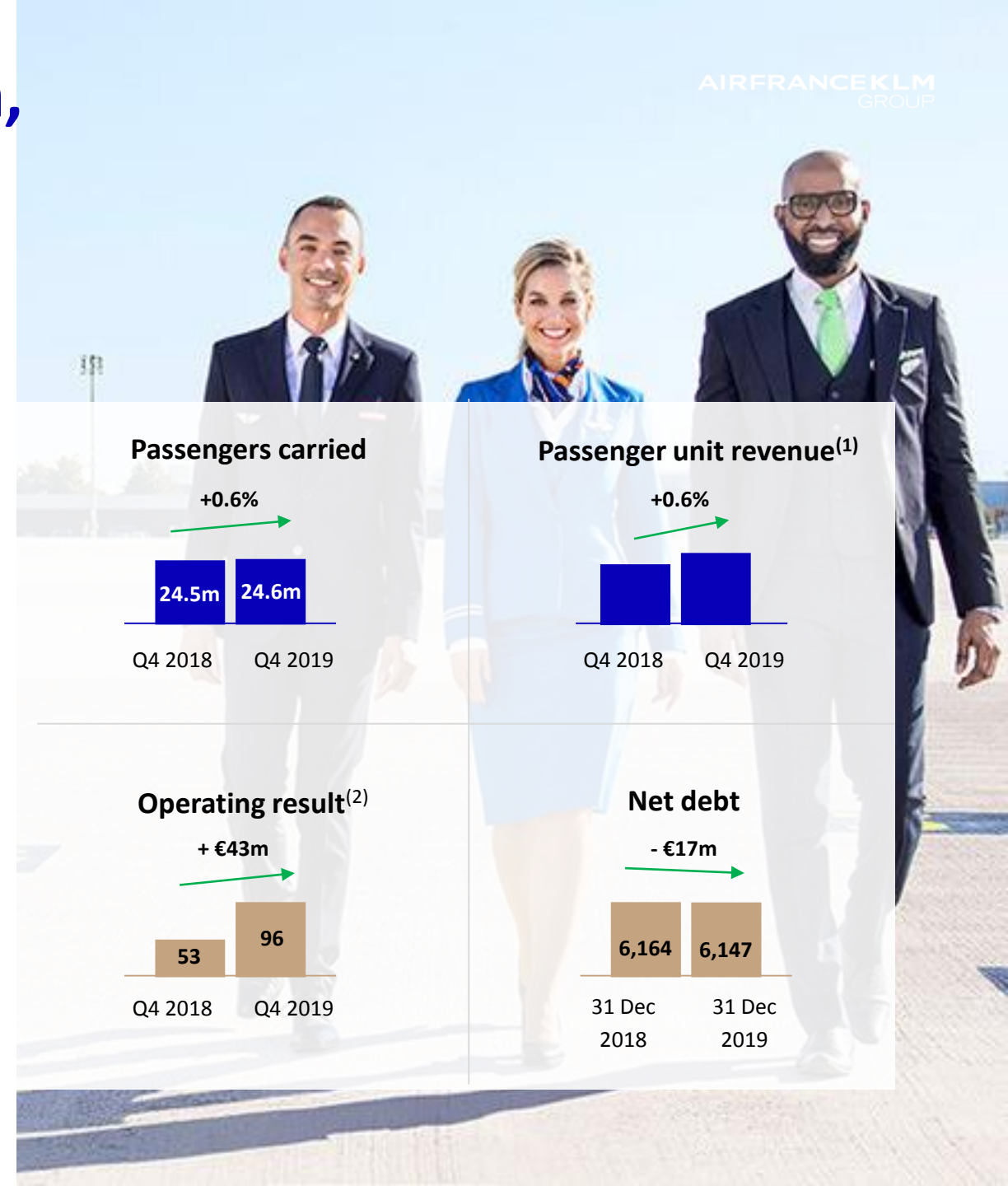
Results at 31 December 2019



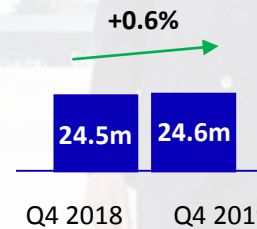
Frédéric Gagey
Chief Financial Officer
Air France-KLM

Operating result increased to €96m, good unit cost reduction at -1.5%

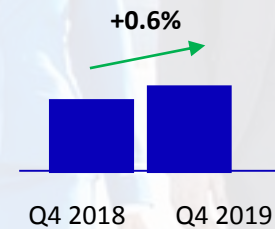
- Passenger unit revenue +0.6% with a very strong performance from Transavia +10.2% and Network Passenger unit revenue -0.2%, as expected
- Cargo under pressure, unit revenue -17.1% on lower traffic volumes
- Maintenance activity saw a strong margin improvement to 7.7%, +3.8pt
- Unit cost -1.5%, supported by cost-efficiency measures



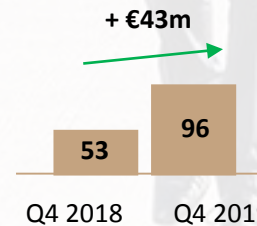
Passengers carried



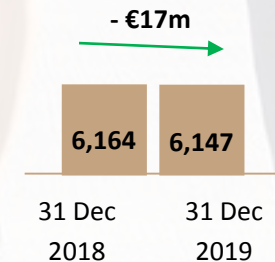
Passenger unit revenue⁽¹⁾



Operating result⁽²⁾



Net debt



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

(2) 2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15



Q4 2019 operating margin at 1.5%, +0.6pt

Net income positively impacted by currency hedge-portfolio

| | Q4 2019 | Q4 2018 | Change | Change at constant currency |
|--|---------|---------|---------|-----------------------------|
| Revenues (€ bn) | 6.62 | 6.50 | +1.9% | +0.5% |
| Fuel expenses (€ bn) | 1.39 | 1.34 | +4.3% | +0.1% |
| EBITDA (€ m) | 867 | 801 | +8.2% | +6.1% |
| Operating result (€ m) ⁽¹⁾ | 96 | 53 | +43m | +25m |
| Operating margin | 1.5% | 0.8% | +0.6 pt | +0.4 pt |
| Net income - Group part (€ m) ^(1,2) | 156 | -217 | +373m | |

(1) 2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15

(2) Net Income increase in Q4 mostly explained by a reverse of the Q3 temporarily stronger dollar impact

Maintenance and Transavia revenue growth, and margin improvement, offsetting ongoing pressure on Cargo



| Q4 2019 | | Capacity ⁽¹⁾ | Unit Revenue ⁽²⁾ Constant Curr. | Revenues (€ m) | Change | Operating result ⁽³⁾ (€ m) | Change | Operating ⁽³⁾ margin | Change |
|-------------|--|-------------------------|---|-------------------|--------|---|--------|------------------------------------|---------|
| Network | AIRFRANCE / KLM | +2.4% | -0.2% | 5,756 | +1.2% | 38 | -8m | 0.7% | -0.1 pt |
| | AIRFRANCE HOP | | | | | | | | |
| | AIRFRANCE / KLM Martinair CARGO | +2.3% | -17.1% | | | | | | |
| Transavia | transavia | -2.6% | +10.2% | 338 | +10.8% | -27 | +15m | -8.0% | +5.8 pt |
| Maintenance | AIRFRANCE INDUSTRIES / KLM Engineering & Maintenance | | | 515 | +5.1% | 90 | +43m | 7.7% | +3.8 pt |
| Group | AIRFRANCEKLM GROUP | +2.0% | -1.1% | 6,618 | +1.9% | 96 | +43m | 1.5% | +0.6 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)

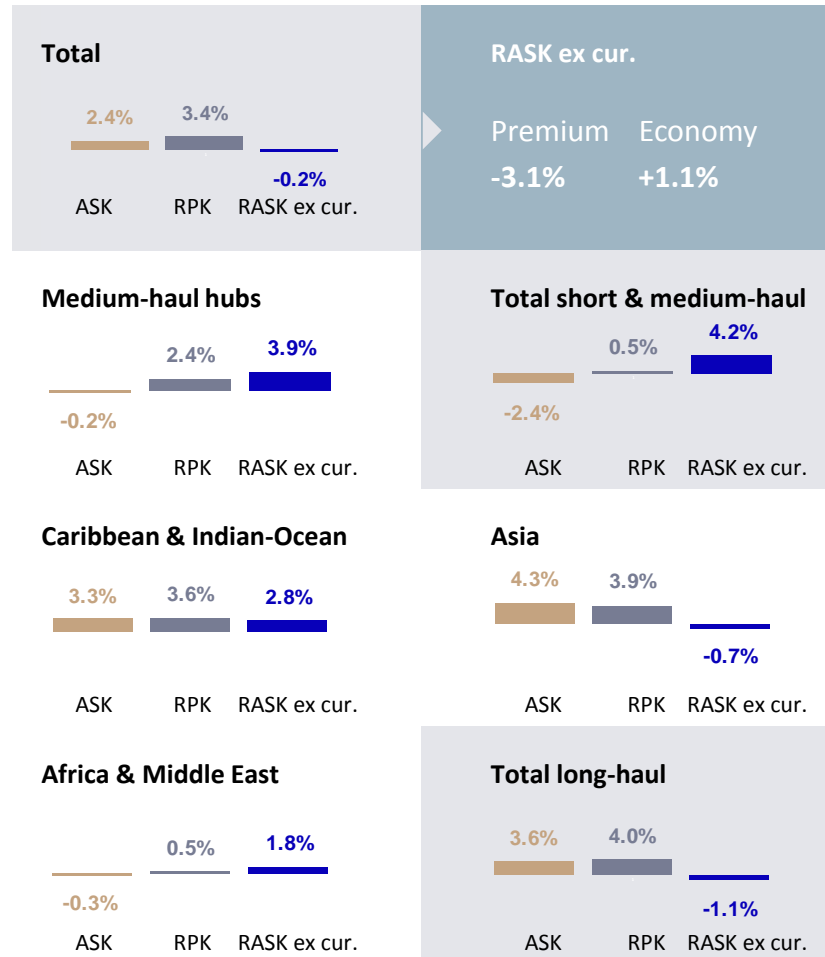
(2). Unit revenues = revenue per ASK, Cargo unit revenues = Cargo revenue per ATK, Group unit revenue = (Network traffic revenues + Transavia traffic revenues) / (Network Passenger ASK + Transavia ASK).

(3) 2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15



Network: Unit revenue -0.2% as expected, with strong performances from French domestic and Medium-haul.

Q4 2019



- Premium at -3.1% in Q4 2019 with a strong comparable base (Q4 2017 +9.0%, Q4 2018 +1.1%) & mix effect (-1pt)
- Withstanding competitive pressure on local traffic flows, particularly Paris-New York
- Strong performance in Medium-haul hubs network underpinned by moderation in industry capacity growth
- Positive effects of rationalization measures in Domestic France network clearly visible
- North America unit revenues down, mainly due to ramp-up in our capacity and protection of our market-share
- Latin American improving trend, negative for now
- Strong performance to/from Japan, Korea and India



Network: Cargo market share resilient in context of strong **supply-demand imbalance**

Q4 2019

- Unit revenue under pressure at -17.1%. Effective cost control measures have partly mitigated the negative impact of Cargo revenues

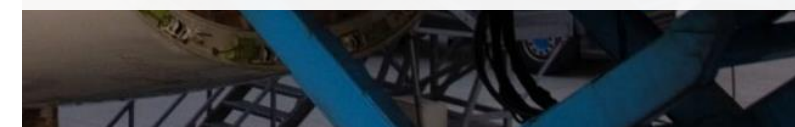
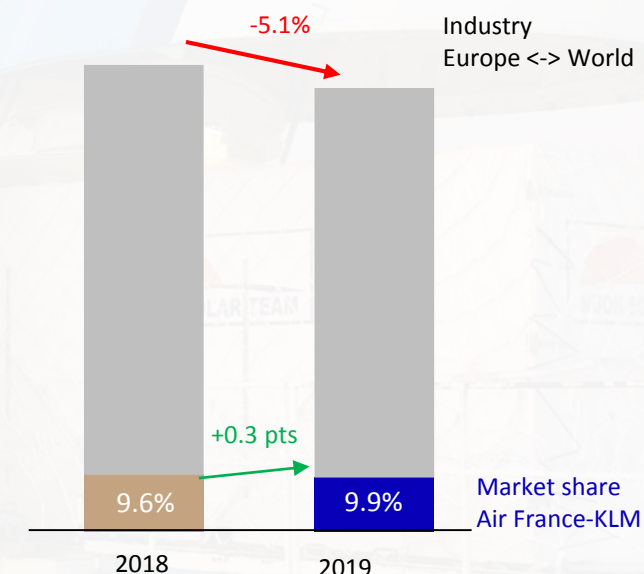
Full year 2019

- World-wide air freight (chargeable weight) had fallen for 14 consecutive months at the year end, with:
 - Geo-political uncertainties and trade tensions resulting in weak global freight demand, especially ex-Asia
 - Strong decline in demand from automotive industry
 - Opportunistic growth strategies from industry players after the strong market in H2 2017 and FY 2018 widening the supply-demand imbalance
- In this context Air France-KLM Cargo market share has been resilient, with growth realized on alternative flows partly mitigating ex Asia losses



Market evolution 2019

From Europe <-> World, compared to last year, chargeable weight





Transavia: Strong performance and demand in both home markets

Q4 2019

- Capacity growth was slightly negative at -2.6% due to the increase in cockpit training needed to prepare for future growth in Transavia France, foreseen to progressively increase over the course of the year 2020
- Unit revenue performance in Q4 2019 +10.2% supported by capacity moderation & strong demand in both home markets
- Confirmed granting of former Aigle Azur traffic rights for routes from France to Algeria

Full Year 2019

- Solid performance with revenue growth of +9.3% and operating result at €131m with a 7.5% operating margin
- Unit revenue +3% helped by strong demand in both France and the Netherlands and strong ancillary revenue (2019 €305m) growth at +13%
- Unit cost at constant fuel and currency +2.7% explained by temporary increase to fleet-related and non-performance costs



Maintenance: Solid trend with operating margin at 7.7%, +3.8pt



Q4 2019

- Operating result at €90m, +€43m, underpinned mainly by increased Engine activity for Third-parties

Order book

- Maintenance order book stood at \$11.5 billion at 31 December 2019
- Solid pipe-line of newly-signed contracts and new support on the new aircraft types ordered by the Group:
 - Airbus 220s with Pratt & Whitney engines
 - Airbus 350s with Rolls-Royce engines
- Revenue(external)-to-book turnover multiple of 5 years

Full year 2019

- Operating result at €260m, +€46m, with:
 - Positive contributions from all three business segments: Airframe, Engines and Components
 - Relentless focus from the teams on turn-around times and cost efficiencies drove margin improvements.
 - Future margin expansion by wide-ranging efficiency programs in all domains, innovation, digitalization and predictive maintenance (Prognos®)
- Third-party revenues at €2.1bn, +11.3%, confirmed the growth trend
- **ROCE at 7.6%**, +2.1pt compared to last year

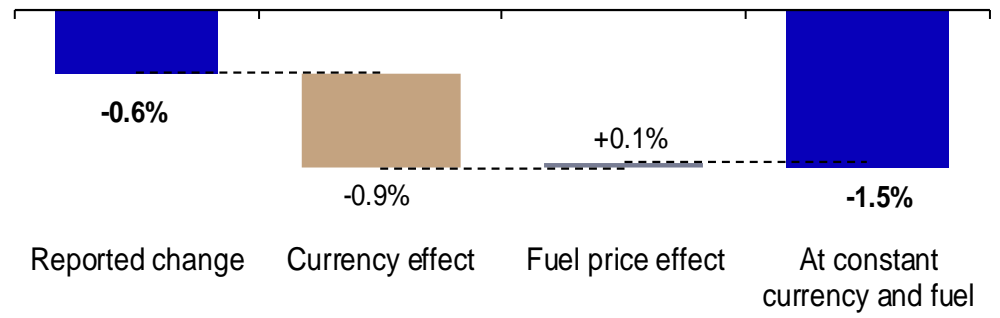


Q4 2019 unit cost -1.5%, delivering -0.9% improvement for Full Year 2019, consistent with guidance



Underlying unit cost evolution

Q4 2019

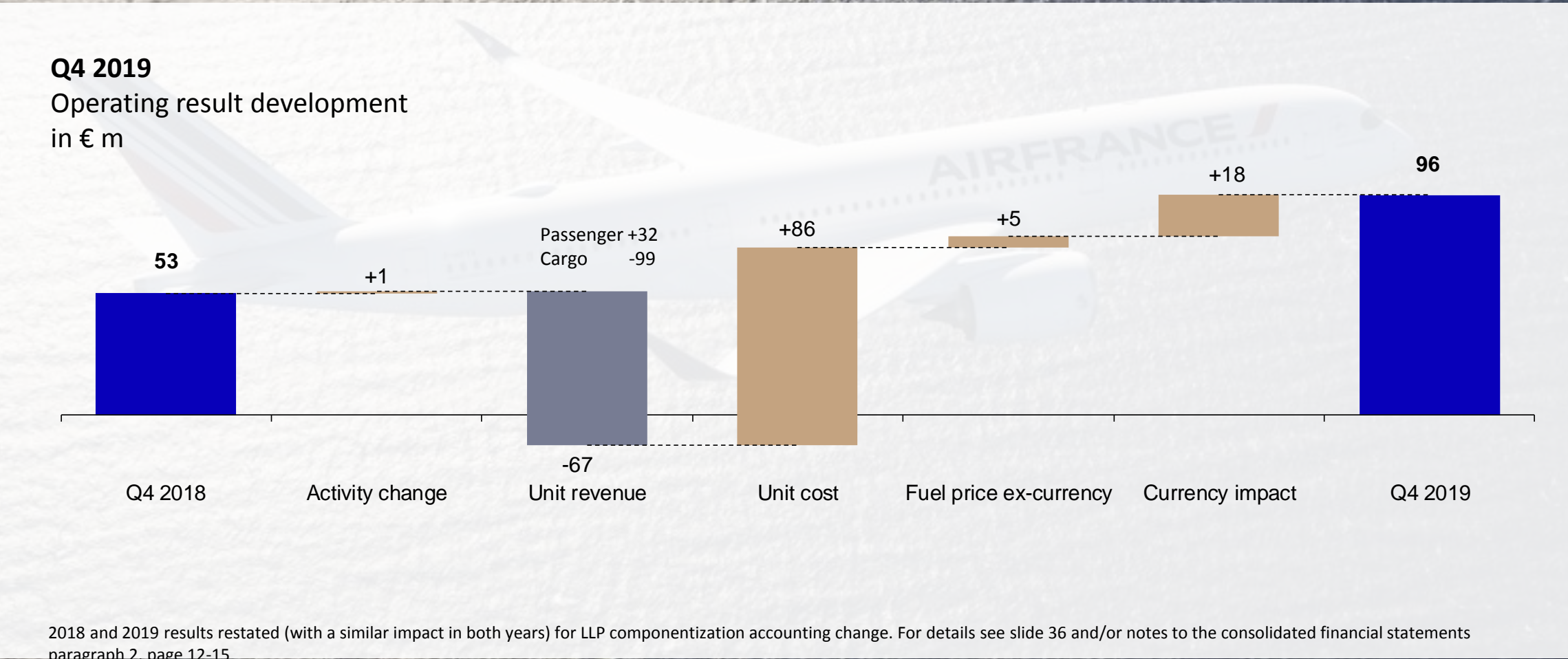


- Q4 2019 solid unit cost performance, with:
 - ✓ Labor wage pressure in both airlines, particularly KLM due to new CLA impacts
 - ✓ Countered with cost efficiency measures
- First realizations of ‘Simplification project’ measures at Air France, as outlined during the Investor Day





Improvement in operating result with a good unit cost performance offsetting the drop in Cargo unit revenue



2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15



Full Year operating result at €1,141m, with revenues +3.7% and fuel expenses +11.2%

| | FY 2019 | FY 2018 | Change | Change at constant currency |
|---|-------------|-------------|---------|--------------------------------|
| Revenues (€ bn) | 27.19 | 26.23 | +3.7% | +2.2% |
| Fuel expenses (€ bn) | 5.51 | 4.96 | +11.2% | +5.5% |
| EBITDA (€ m) | 4,128 | 4,293 | -3.8% | -3.3% |
| Operating result (€ m) | 1,141 | 1,405 | -18.8% | -17.7% |
| Operating margin | 4.2% | 5.4% | -1.2 pt | -1.0 pt |
| Net income - Group part (€ m) | 290 | 420 | -130m | |
| Adjusted operating free cash flow (€ m) | -385 | 115 | -500m | |
| ROCE 12 months sliding | 8.5% | 10.4% | -1.9 pt | |
| | 31 Dec 2019 | 31 Dec 2018 | Change | |
| Net debt (€ m) | 6,147 | 6,164 | -17m | |
| Net debt/EBITDA 12 months sliding | 1.5x | 1.4x | +0.1x | |



(1) 2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change.
For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15



Both airlines improved results in Q4 2019, with cost efficiency measures paying off for Air France resulting in a margin increase of +0.8pt

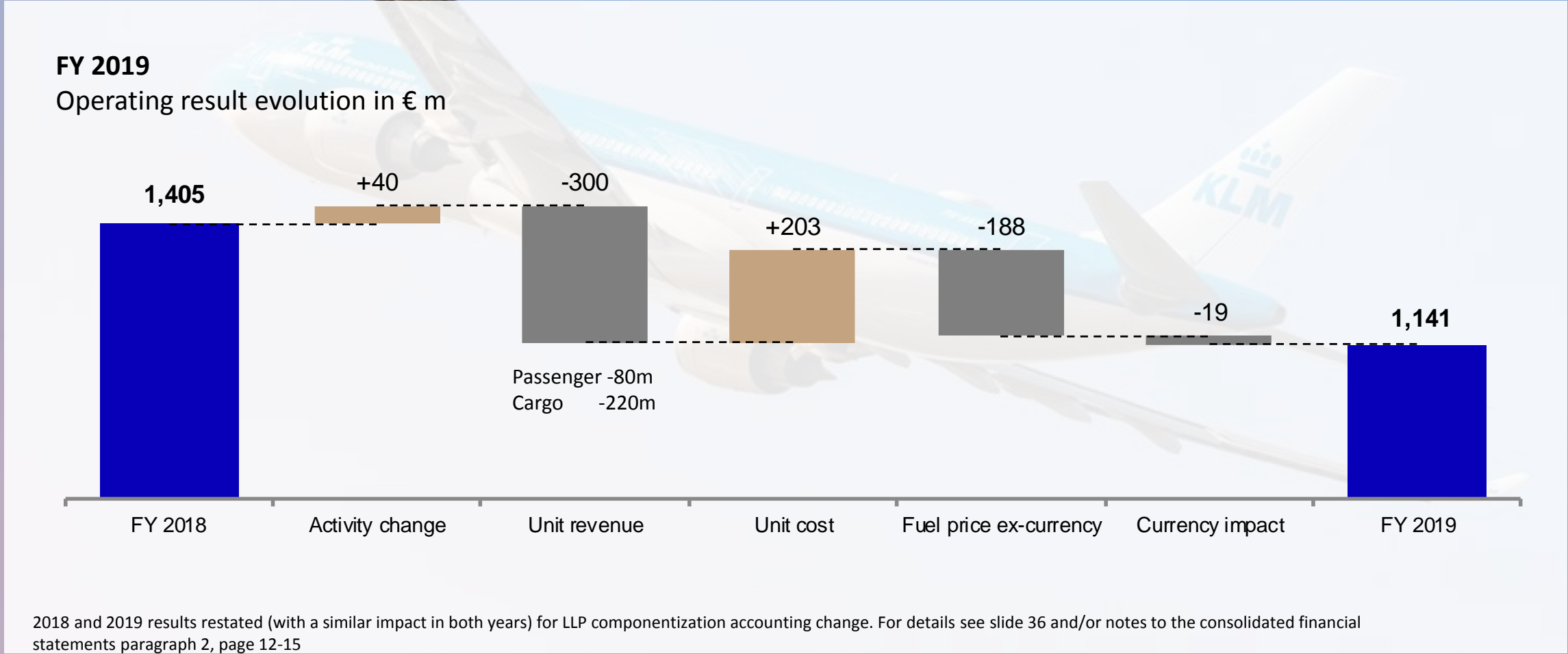
| Q4 2019 | Capacity change | Revenues (€ m) | Change YoY | Operating result ⁽¹⁾ (€ m) | Change YoY | Operating margin ⁽¹⁾ | Change YoY | | | | |
|------------------------------|-----------------|----------------|------------|---------------------------------------|------------|---------------------------------|------------|----------------|--------------------|----------------------------------|--------------------|
| AIRFRANCE / | +1.9% | 4,056 | +1.9% | -19 | +30 | -0.5% | +0.8 pt | | | | |
| KLM | +2.1% | 2,690 | +1.4% | 119 | +7 | 4.4% | +0.2 pt | | | | |
| AIRFRANCEKLM GROUP | +2.0% | 6,618 | +1.9% | 96 | +43 | 1.5% | +0.6 pt | | | | |
| FY 2019 | Capacity change | Revenues (€ m) | Change YoY | Operating result ⁽¹⁾ (€ m) | Change YoY | Operating margin ⁽¹⁾ | Change YoY | Net debt (€ m) | Change 31 Dec 2018 | Net debt / EBITDA ⁽²⁾ | Change 31 Dec 2018 |
| AIRFRANCE / | +3.7% | 16,588 | +4.6% | 280 | -41 | 1.7% | -0.3 pt | 3,941 | +384 | 1.8x | +0.1pt |
| KLM | +1.9% | 11,075 | +1.7% | 853 | -238 | 7.7% | -2.3 pt | 2,525 | -301 | 1.3x | -0.0pt |
| AIRFRANCEKLM GROUP | +2.9% | 27,189 | +3.7% | 1,141 | -264 | 4.2% | -1.2 pt | 6,147 | -17 | 1.5x | +0.1pt |

(1) 2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15

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



Operating result at €1,141m with cost-efficiency measures offset by pressure on Cargo unit revenue and a higher fuel bill

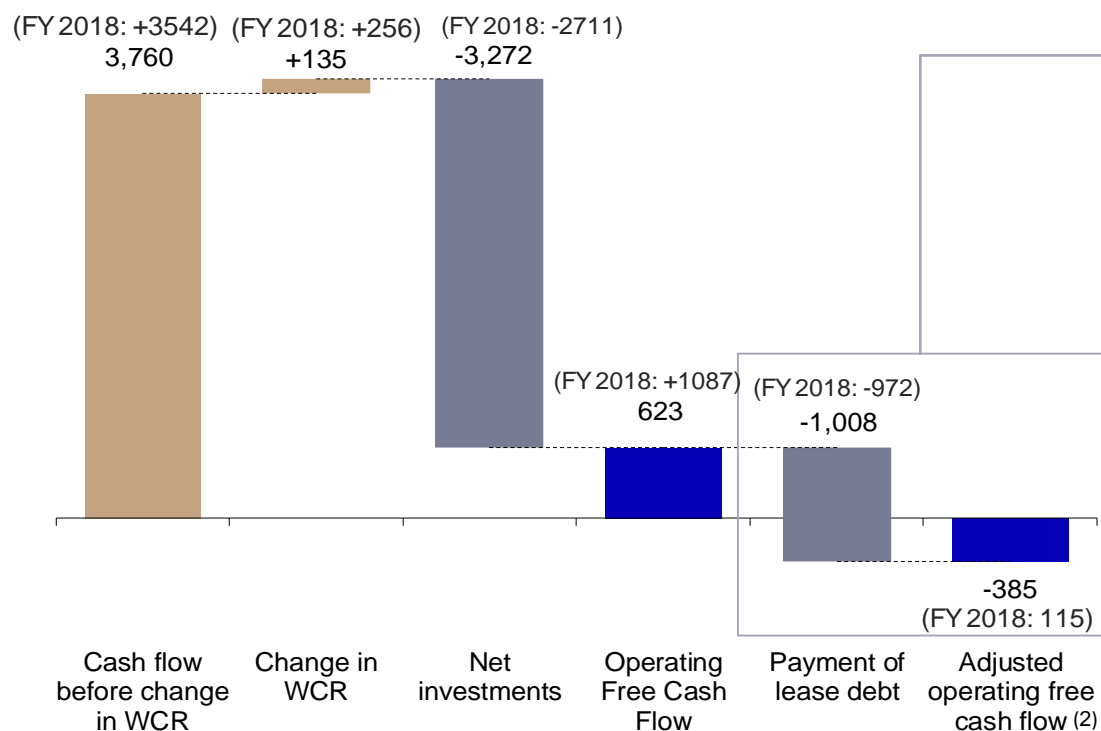




Net debt stable and Leverage ratio at full year guidance of 1.5x⁽¹⁾

FY 2019 Free cash flow evolution

In € m



Net debt stable

In € m



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

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



Outlook

Results at 31 December 2019



Network: Passenger unit revenue outlook for Q1 2020 impacted by Covid-19

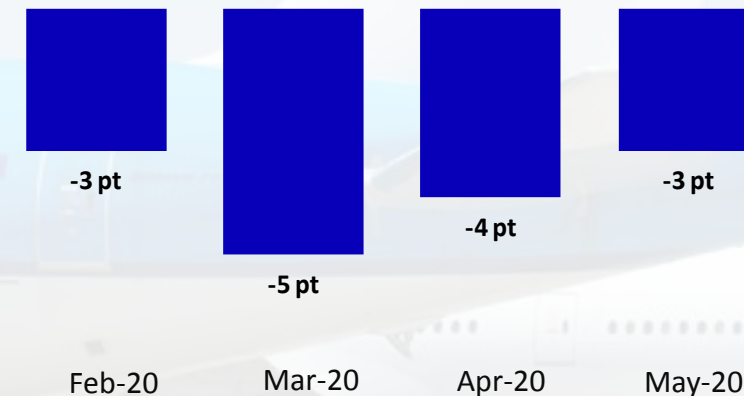
After a good performance with positive unit revenue in January, recent developments with regards to the Covid-19 have impacted the demand outlook, especially in the Asian network.

Due to Covid-19:

- Passenger network unit revenues now expected to be down for Q1 2020
- Cargo unit revenue under pressure in the first part of the year
- Impact on operating result (Feb-Apr 2020) estimated at between -€150 to -€200m, with:
 - Suspension of China operations in February-March and possible resumption of operations starting from April 2020⁽¹⁾
 - Negative impact for connecting traffic and weakness in rest of Asia taken into account
 - Variable cost savings as no redeployment so far is taken into account

(1) All flights to China were suspended as of 30 January 2020. Air France-KLM Group Mainland China network ASKs at 16.5 billion in 2019, representing 5.5% of the total Network Passenger activity

Long-haul forward booking load factor (change vs previous year)



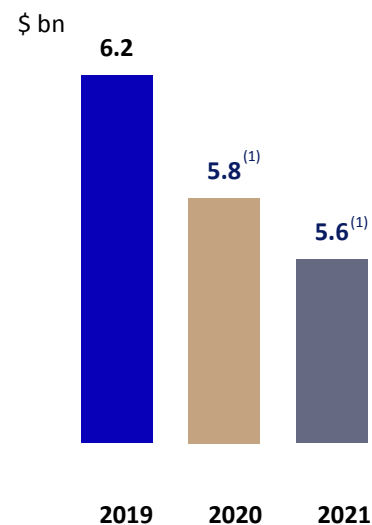
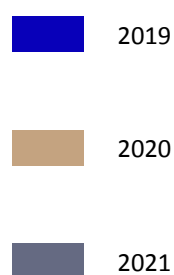


Fuel bill to decrease by €300m in 2020

2019:
Fuel bill €5.5bn⁽²⁾

2020:
Fuel bill €5.2bn⁽²⁾

2021:
Fuel bill €5.0bn⁽²⁾



Market price

| | 2019 | 2020 | 2021 |
|---|------|------|------|
| Brent (\$ per bbl) ⁽¹⁾ | 64 | 57 | 56 |
| Jet fuel (\$ per metric ton) ⁽¹⁾ | 682 | 605 | 611 |

| | Q4 19 | Q1 20 | Q2 20 | Q3 20 | Q4 20 |
|---|-------|-------|-------|-------|-------|
| Brent (\$ per bbl) ⁽¹⁾ | 62 | 59 | 57 | 57 | 57 |
| Jet fuel (\$ per metric ton) ⁽¹⁾ | 680 | 625 | 592 | 600 | 605 |

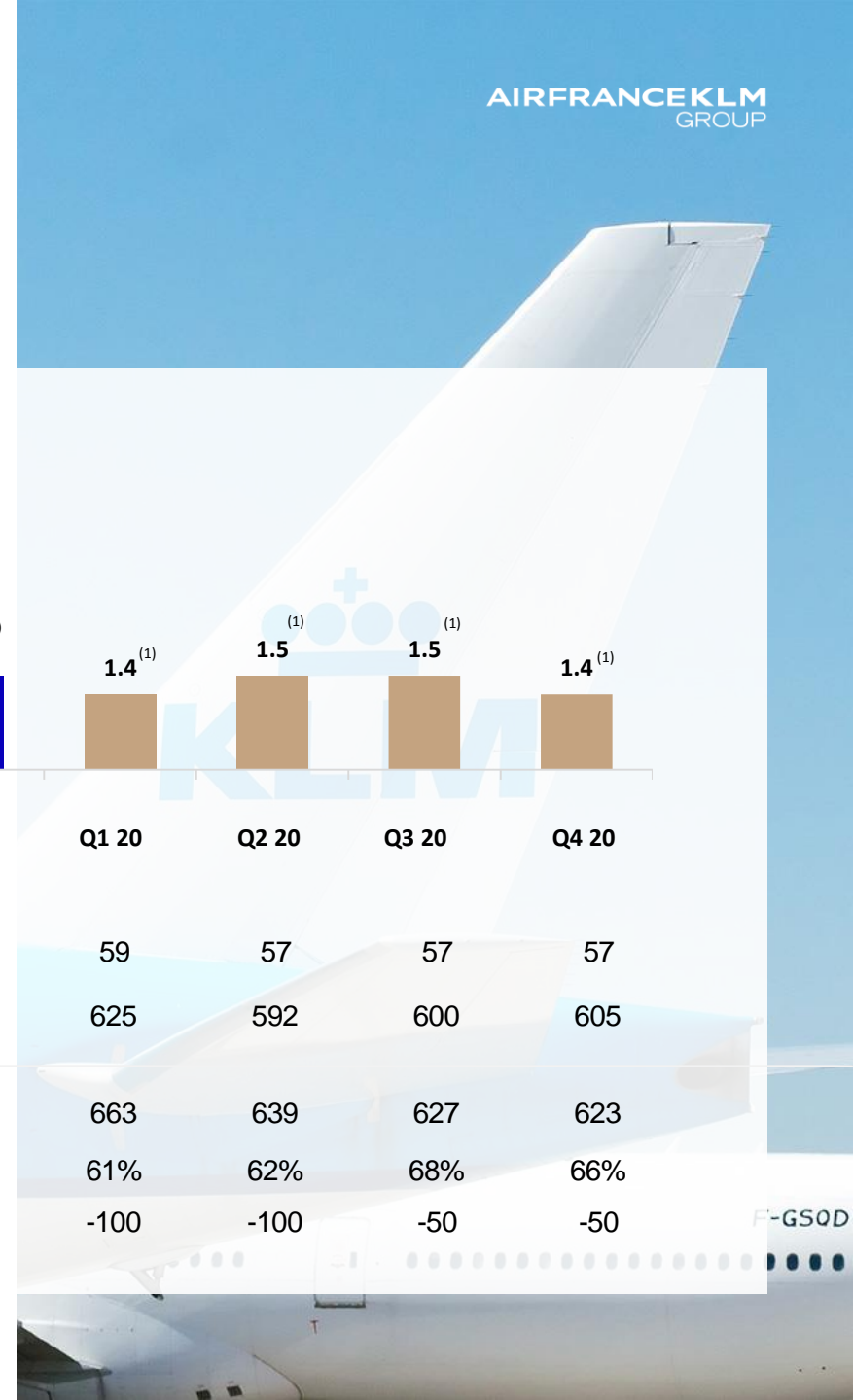
Price after hedge

| | 2019 | 2020 | 2021 |
|---|------|------|------|
| Jet fuel (\$ per metric ton) ⁽¹⁾ | 678 | 637 | 615 |
| % of consumption already hedged | 60% | 65% | 32% |
| Hedge result (in \$ m) | 50 | -300 | -50 |

| | Q4 19 | Q1 20 | Q2 20 | Q3 20 | Q4 20 |
|---|-------|-------|-------|-------|-------|
| Jet fuel (\$ per metric ton) ⁽¹⁾ | 692 | 663 | 639 | 627 | 623 |
| % of consumption already hedged | 61% | 61% | 62% | 68% | 66% |
| Hedge result (in \$ m) | -50 | -100 | -100 | -50 | -50 |

(1) Based on forward curve at 14 February 2020. Sensitivity computation based on 2020 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 1.11 for 2020 and 1.12 for 2021



F-GSQD



Unit cost ex-currency at constant fuel price between -1% and 0%

- 2020 unit cost trend for Air France foreseen to be more than at target
- KLM unit cost performance impacted by Pension plan⁽¹⁾ and new CLAs
- Negative cost implications related to Covid-19 are foreseen due to lower-than-planned capacity growth and expenses for disruptions



- **Simplification plan measures on track for 2020:**
 - Transformation well underway in Group and Airlines, foreseen to deliver over €90m of structural savings in 2020
 - Over 150 identified simplification and optimization projects started in 2020



(1) Lower discount rate for KLM Ground Pension fund (2019: 1.85%, 2020: 1.15%) €70m



Summary of Full Year 2020 guidance

| | | Guidance 2020 |
|---|-----------|-------------------------------|
| Capacity | Passenger | +2.0% to +3.0% ⁽¹⁾ |
| | Transavia | +4% to +6% |
| Fuel | | -€300m |
| Currency | | -€50m |
| Unit cost ex-currency at constant fuel price | | -1% to 0% ⁽²⁾ |
| Capex | | €3.6bn |
| Net debt/EBITDA | | Circa 1.5x |

(1) Capacity implications due to the Covid-19 related flight suspensions are foreseen to reduce capacity growth to at or below the lower-end of this guided range.

(2) Negative cost implications related to the Covid-19 foreseen due to lower-than-planned capacity growth and disruption cost





Q&A

Results at 31 December 2019



Appendix

Results at 31 December 2019



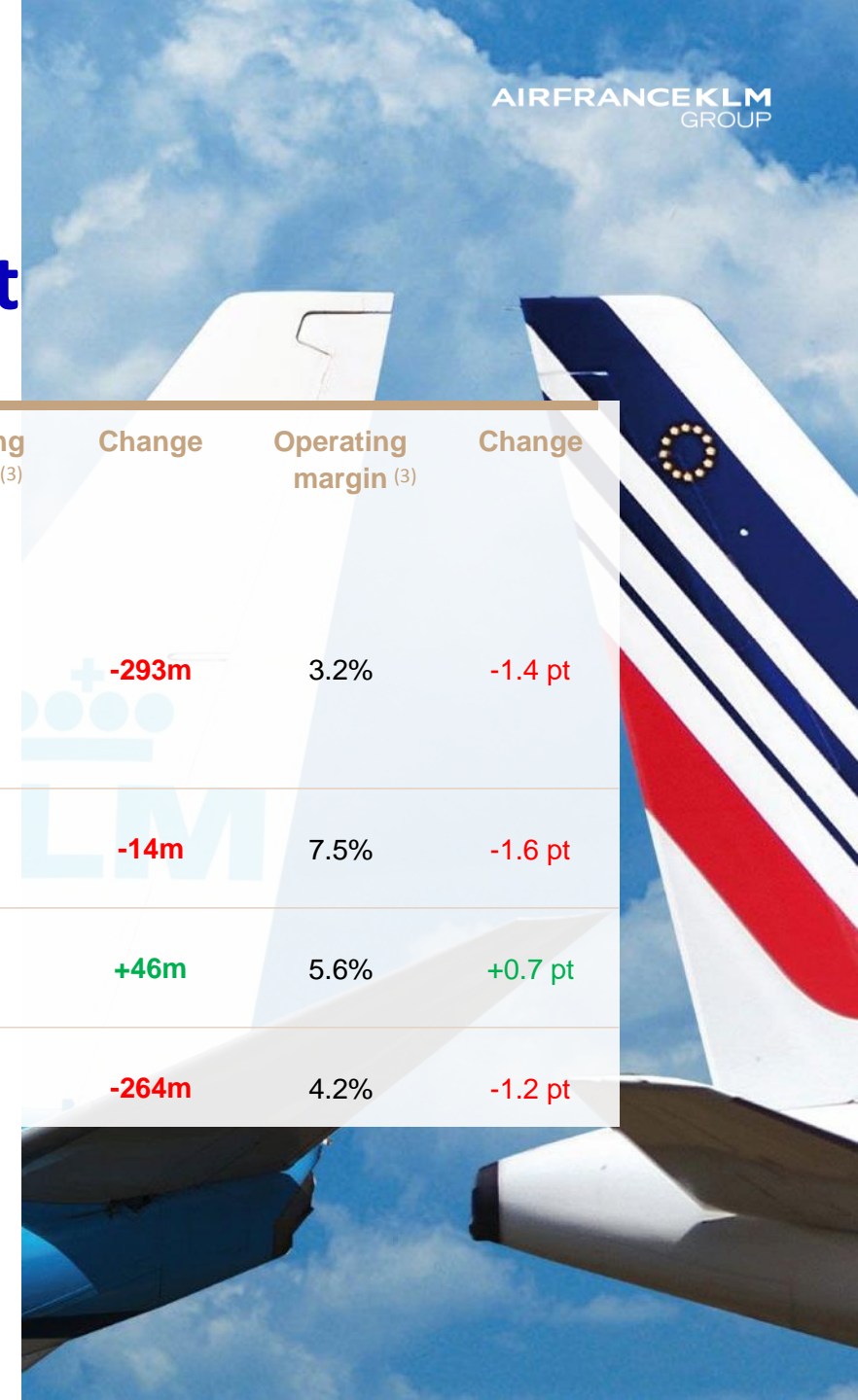
Revenue growth for all businesses, margin decline in Passenger airlines and a **positive margin trend in Maintenance at 5.6%, +0.7pt**

| Full Year 2019 | | Capacity ⁽¹⁾ | Unit Revenue ⁽²⁾ Constant Curr. | Revenues (€ m) | Change | Operating result ⁽³⁾ (€ m) | Change | Operating margin ⁽³⁾ | Change |
|----------------|--|-------------------------|---|-------------------|--------|---|--------|------------------------------------|---------|
| Network | AIRFRANCE / KLM AIRFRANCE HOP | +2.5% | -0.4% | 23,272 | +2.6% | 749 | -293m | 3.2% | -1.4 pt |
| | AIRFRANCE / KLM Martinair CARGO | +1.7% | -10.7% | | | | | | |
| Transavia | transavia | +6.5% | +3.0% | 1,744 | +9.3% | 131 | -14m | 7.5% | -1.6 pt |
| Maintenance | AIRFRANCE INDUSTRIES / KLM Engineering & Maintenance | | | 2,138 | +11.3% | 260 | +46m | 5.6% | +0.7 pt |
| Group | AIRFRANCEKLM GROUP | +2.9% | -1.2% | 27,189 | +3.7% | 1,141 | -264m | 4.2% | -1.2 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) 2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15





Growth in traffic +3.2% underpinned by load-factor improvements, mitigating yield pressure on unit revenue at -0.4%

| FY 2019 | Total | | | RASK ex cur. | | |
|------------------------|-------------------------------------|--------------|--------------|--------------------------------------|--------------|--------------|
| | ASK | RPK | RASK ex cur. | Premium | Economy | |
| | 2.5% | 3.2% | -0.4% | -0.7% | -0.3% | |
| French domestic | Medium-haul hubs | | | Total short & medium-haul | | |
| -7.5% | -7.3% | -0.3% | 2.9% | 4.7% | 0.6% | 1.0% |
| ASK | RPK | RASK ex cur. | ASK | RPK | RASK ex cur. | ASK |
| | | | | | | |
| North America | Caribbean & Indian Ocean | | | Asia | | |
| 5.2% | 5.8% | -1.0% | -0.6% | 0.6% | 4.2% | 3.3% |
| ASK | RPK | RASK ex cur. | ASK | RPK | RASK ex cur. | ASK |
| | | | | | | |
| Latin America | Africa & Middle East | | | Total long-haul | | |
| 6.4% | 5.3% | -7.2% | -2.3% | -1.3% | 2.9% | 3.3% |
| ASK | RPK | RASK ex cur. | ASK | RPK | RASK ex cur. | ASK |
| | | | | | | |
| | | | | | | -0.4% |
| | | | | | | RASK ex cur. |



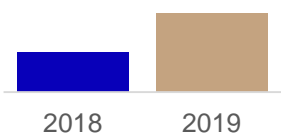
Network: Strong improvement in Air France operational and NPS performance, steady solid appreciation in KLM

Air France rated 7th airline in the On Time Performance (A14) 2019 worldwide ranking

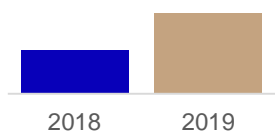


All indicators improved for Air France, on the back of a successful “Cancel the cancellation” program

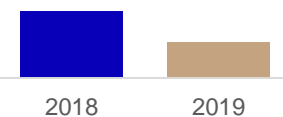
Completion factor %



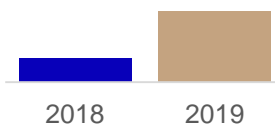
Departure punctuality D0 %



Missing luggage @CDG %

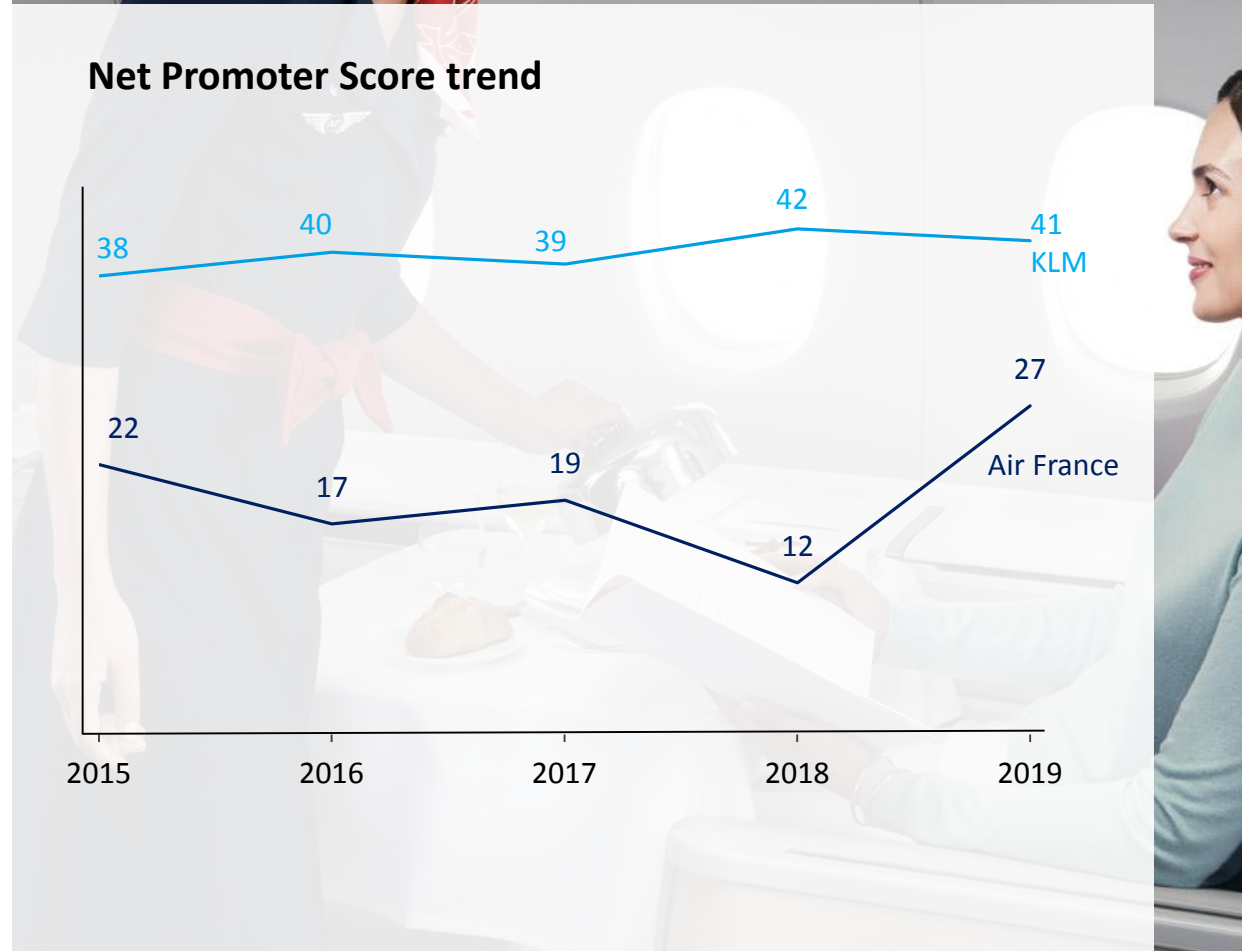
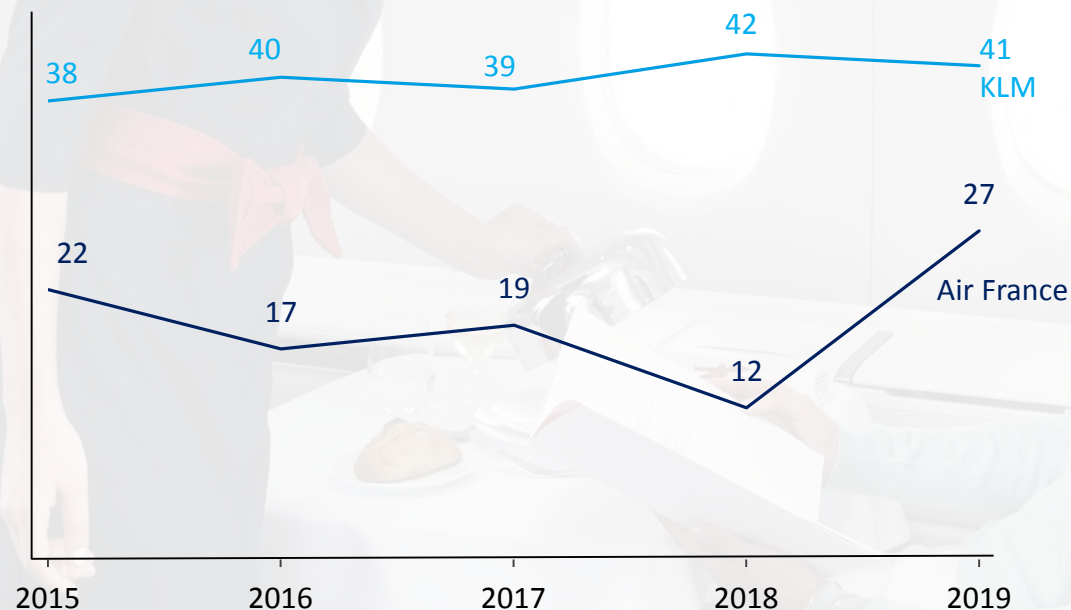


Connection success @CDG %



AIRFRANCEKLM GROUP

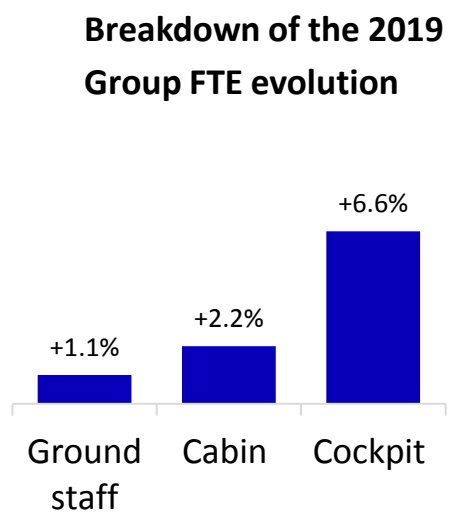
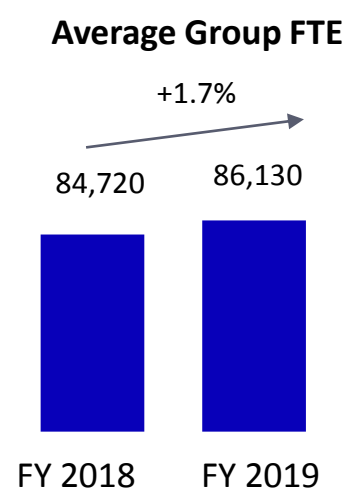
Net Promoter Score trend



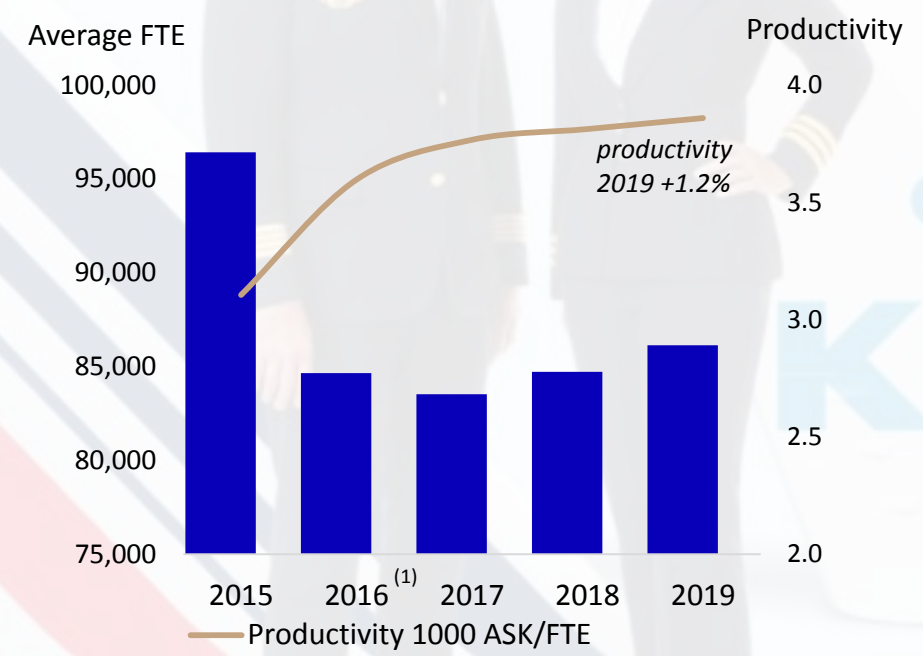


Ramp-up of pilot hiring in 2019 to support the future growth, labor costs +4.9% as per implementation of annual wage agreements

- Labor cost +4.9% in 2019, implementation of wage agreements in Air France and KLM and additional hires for the capacity growth



FTE and productivity evolution



(1) 2016 FTE reduction includes partial disposal of Servair



Life Limited Parts (LLP) change in accounting treatment

- IT improvements in systems enhance capability to track more precisely the useful lives of Life Limited Parts, triggering a change in accounting treatment
- Life Limited Parts are major aircraft and engine components which are now capitalized and amortized over their useful lives expressed in cycles
- Impact on Operating result of +€70m for Full Year 2019 and +€73m for Full Year 2018

- Consolidated financial statements 2019 and 2018 restated, see the press release

| | |
|---|---|
| Revenues | = |
| Other income and expenses | ↑ |
| EBITDA | ↑ |
| Amortization, depreciation and provisions | ↓ |
| Income from current operations | ↑ |
| Other financial income and expenses | ↓ |
| Income before tax | = |
| Net income | = |



Main financial operations foreseen for 2020

Executed

- New 5 year bond issue for €750m with a 1.875% annual coupon & Tender offer accepted for June 2021 and October 2022 bond issues amounting to €350m, completed in January 2020
- Disposal of Amadeus shares +€356m completed in January 2020

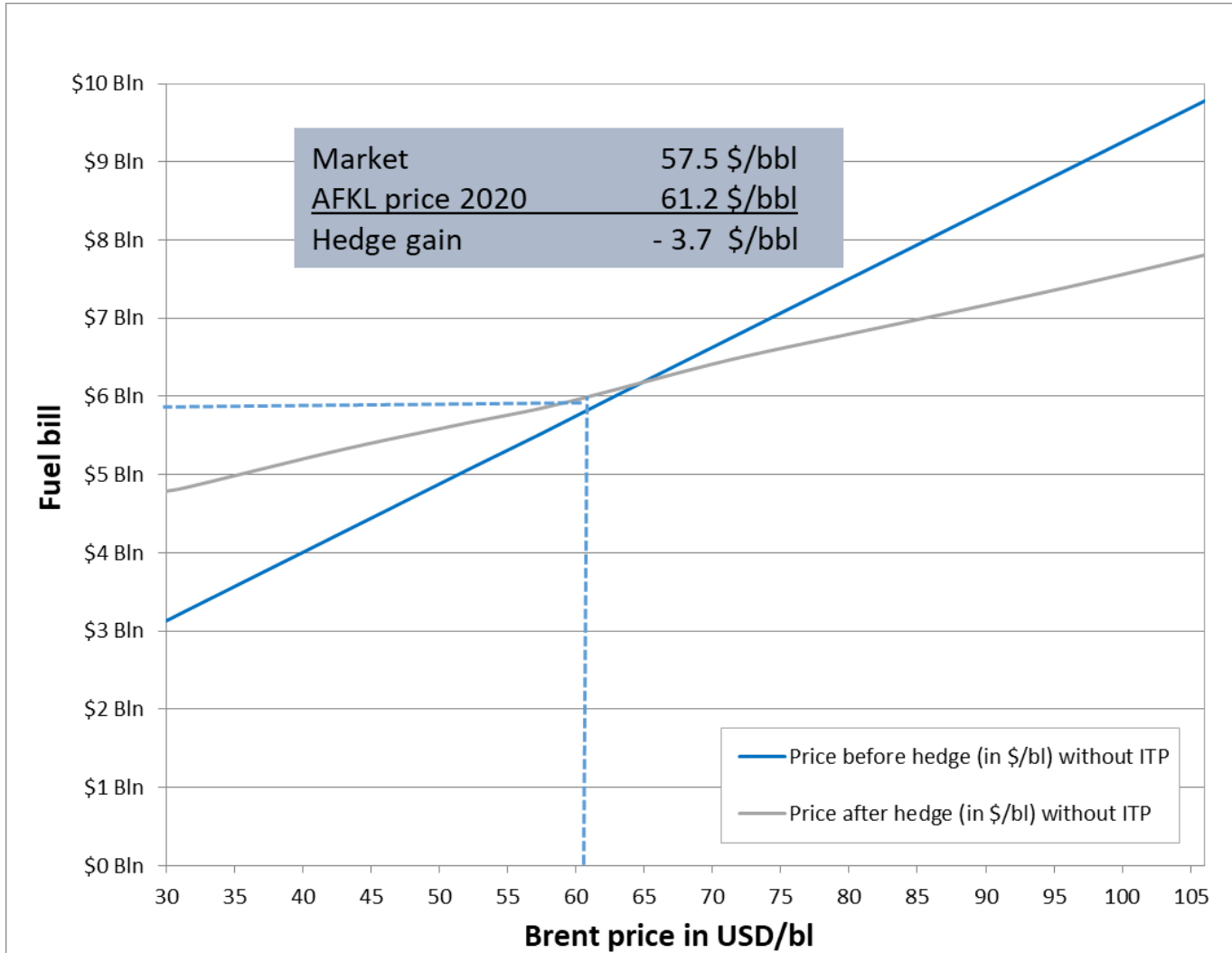
Foreseen

- Repurchase of Air-France KLM Hybrid Unsecured Bond AFKL 6.25% Perp -€403m (net debt increase), Oct 2020
- Cargo claim final settlement payment provisioned at -€341m, foreseen in Q3 2020





Fuel bill sensitivity for Full Year 2020



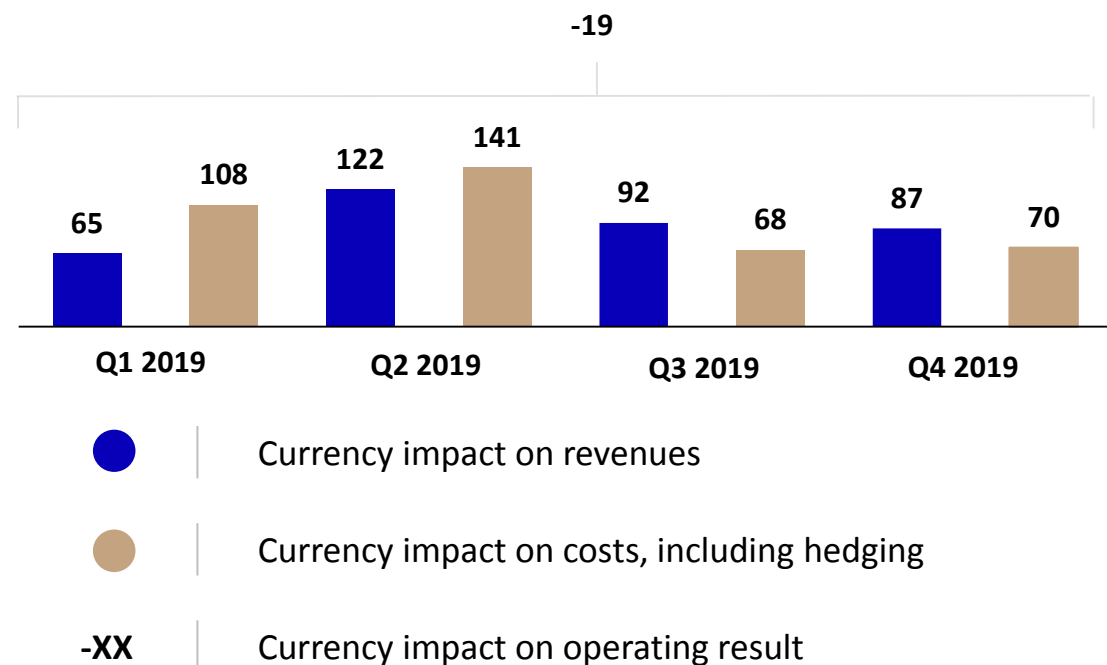
Based on forward curve at 14 February 2020. Sensitivity computation based on 2020 fuel price, assuming constant crack spread between Brent and Jet Fuel. Jet fuel price including into plane cost. Assuming average exchange rate on US dollar/Euro of 1.11 for 2020 and 1.12 for 2021.





Currency impact on operating result

Currency impact on revenues and costs
In € m

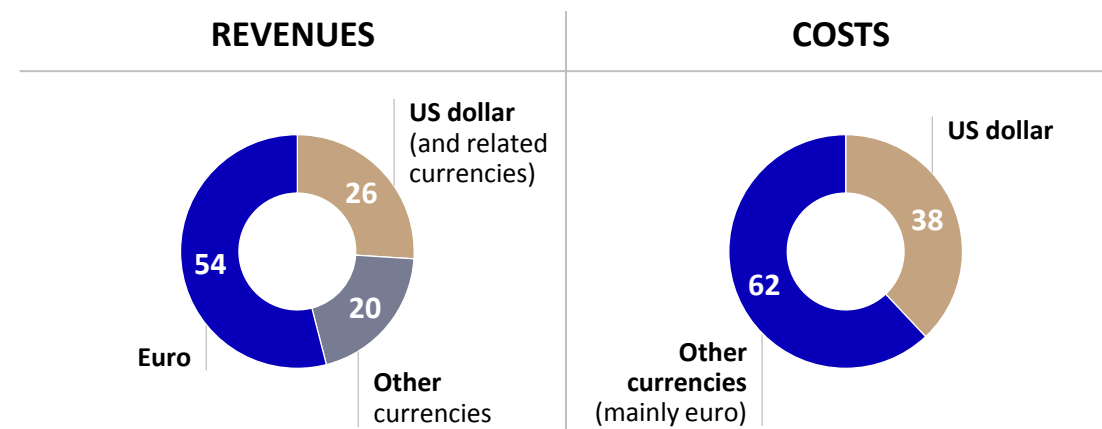


FY 2020 guidance

Currency impact **FY 2020**: -€50m, based on spot €/ \$ 1.10
Net operational exposure hedging **for 2020**:

USD ~58% **JPY ~57%** **GBP ~69%**

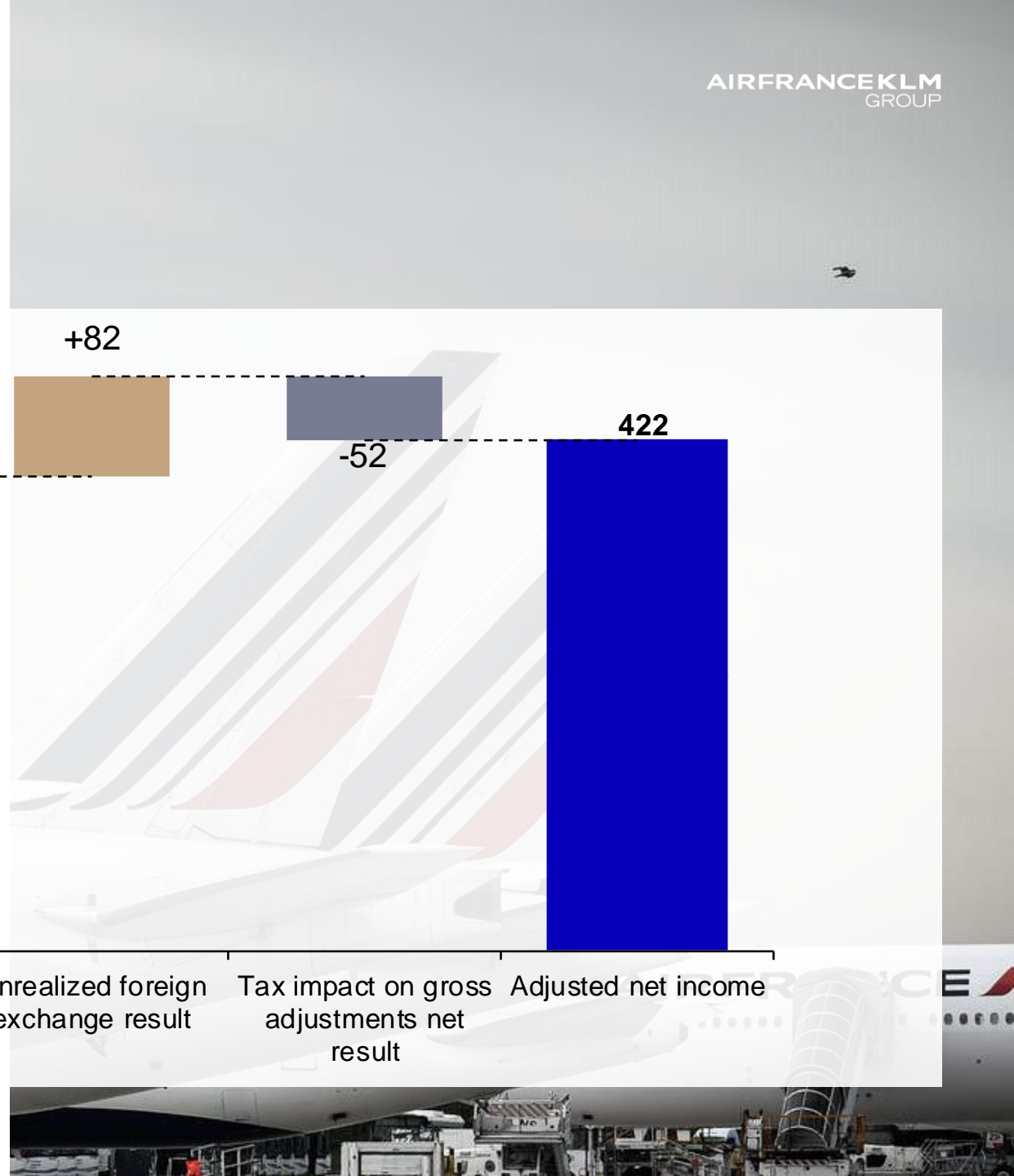
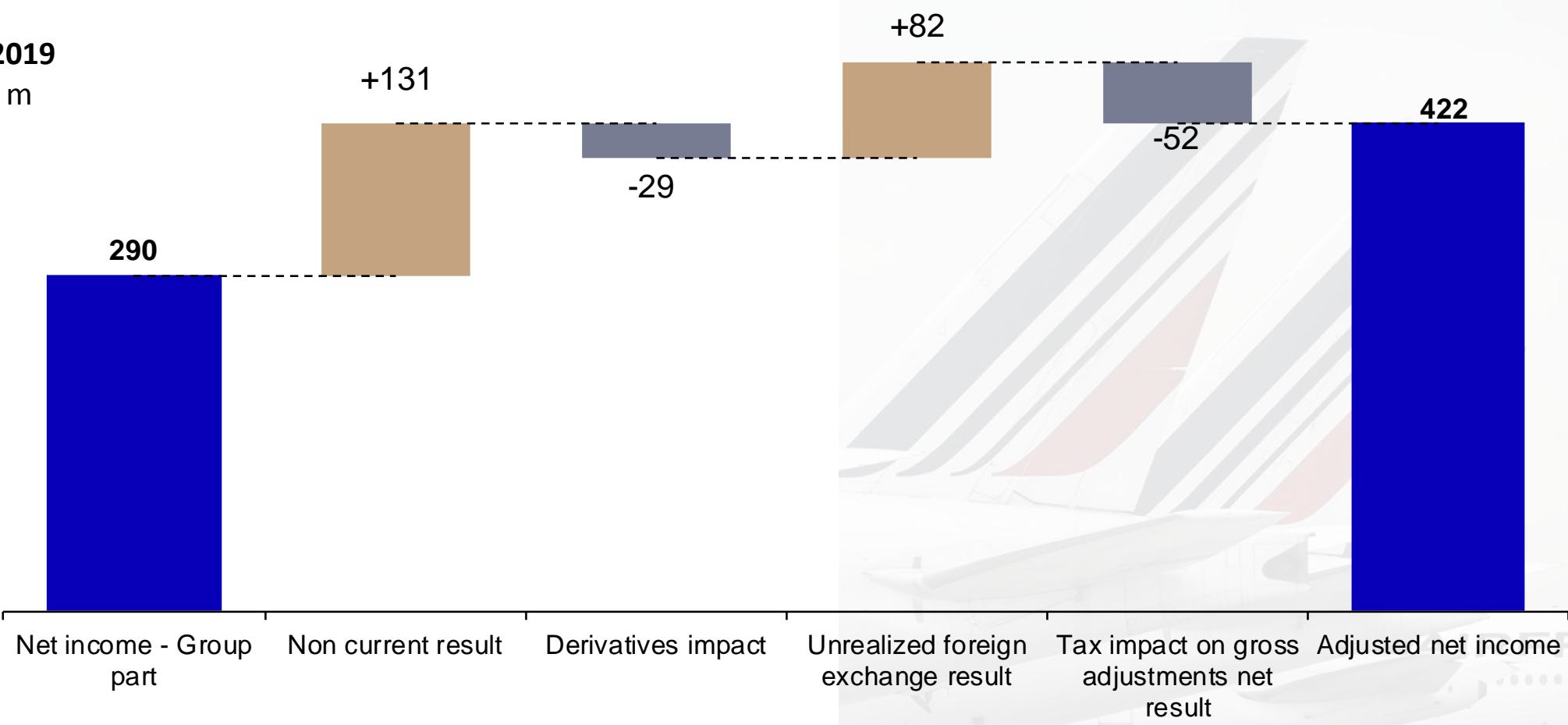
Revenues and costs per country FY 2019





Adjusted net income of the Group

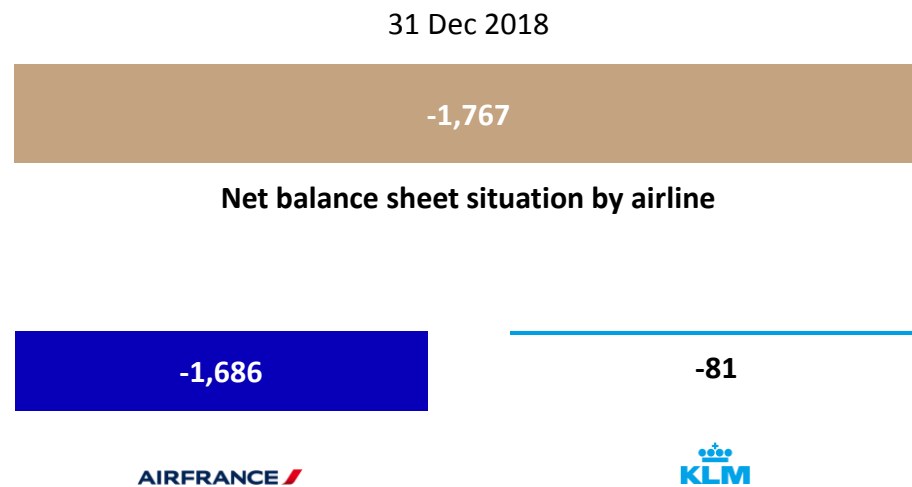
FY 2019
In € m





Pension details at 31 December 2019

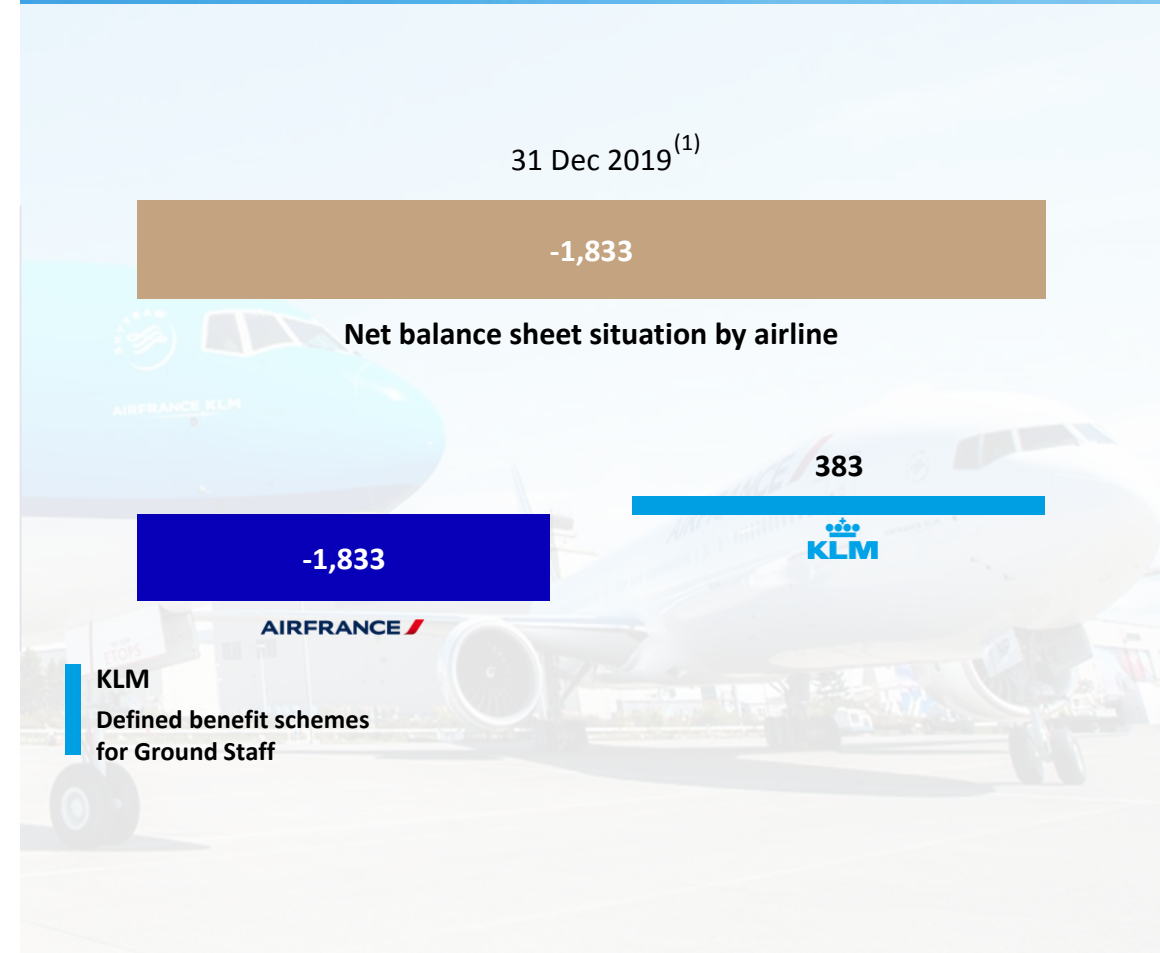
In € m



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



KLM

Defined benefit schemes for Ground Staff

(1) Re-measurement of defined benefit pension plans is composed of €1,290m related to the difference between the expected and actual return on assets 2018: -€379m and -€1.289m related to the change in actuarial assumptions 2018: €188m



Debt reimbursement profile at 31 December 2019

Debt reimbursement profile⁽¹⁾

In € m



Bonds issued by Air France-KLM

| | |
|------------------------|---|
| September 2021: | March 2026: |
| AFKL 3.875% (€600m) | AFKL 0.125% (€500m, Convertible « Océane ») |
| October 2022: | December 2026: |
| AFKL 3.75% (€400m) | 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.
 New 5 year bond issue for €750m with a 1.875% annual coupon & Tender offer accepted for June 2021 and October 2022 bond issues amounting to €350m, completed in January 2020