

Results presentation

Results as of December 31, 2021

February 17, 2022





FY 2021 highlights



Benjamin Smith
Chief Executive Officer
Air France-KLM



Air France-KLM's encouraging milestones in 2021 on the way to recovery...



POSITIVE EBITDA OF €745m



- Network passenger capacity increased from index 2019 **48% to 72%** during 2021
- Load factor growing from **40% to 71%** in 2021
- Medium-haul, Africa and Caribbean & Indian Ocean as the best performer



- **Load factor of 75%**
- Capacity close to 2019 levels in Q3 and Q4 thanks to **Transavia France growth**



- Outperforming previous years with **very strong yields and load factors** resulting in an **increase of 26% in unit revenue versus 2020**



- **Positive operating margin** at 3.1% in 2021

... with significant strategic achievements



Acceleration of our transformation to deliver our medium term targets



Historic combined Group deal with Airbus with more than 100 new generation aircrafts order resulting in fleet simplification and CO2 emission reduction



Commitment to reach zero net emission by 2050, SBTi commitment and first solicited ESG rating in the airline industry



Improved on-board product and lounges, 2022 APEX World class for KLM & 1st European airline for Air France at Skytrax 2021 Awards

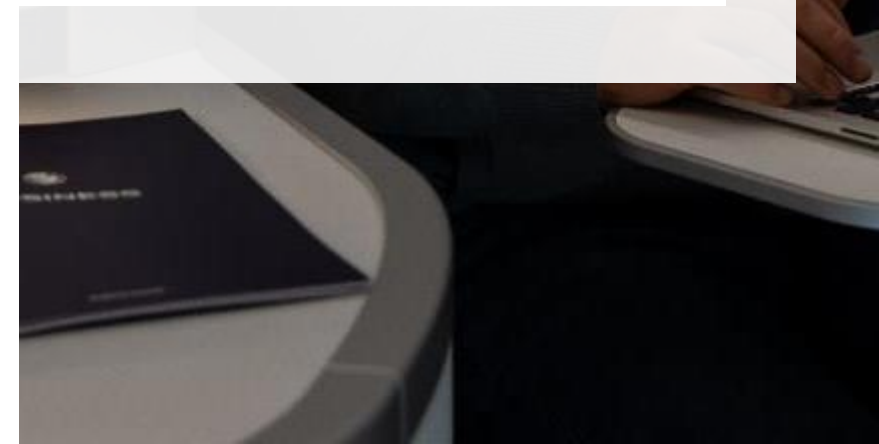
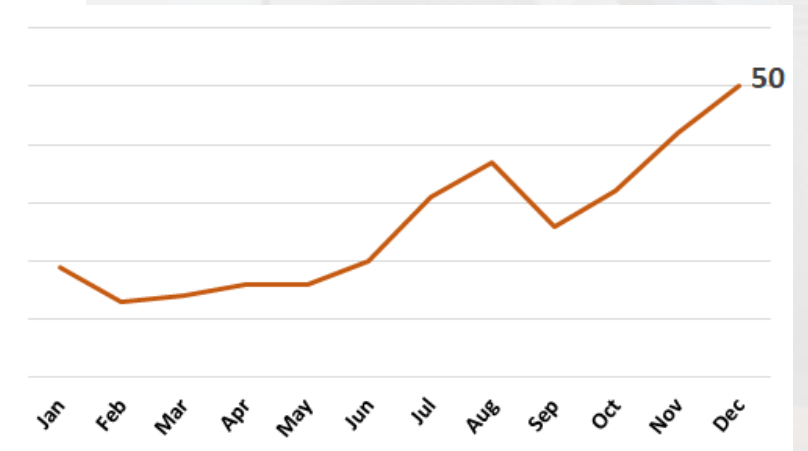


Gradual but steady rebound of Corporate traffic

- Corporate revenue 2021 **still low** compared to 2019 (Index 30), but with a **growing trend towards the end of the year** (Index 50 in December)
- Positive trend **driven by Long Haul**, thanks to a partial relaxation of the travel restrictions and the re-opening of US borders
- On the contrary, **Short and Medium Hauls hampered by the Omicron wave** (travel restrictions set by several corporations, home working, self-isolation of individuals, ...)
- Start of 2022 still affected by the sanitary situation, but the **trend is now positive again, driven by Small & Medium Enterprises**. Several major multinational companies are starting (or planning) to resume travels (eg: last week Total Energies lifted their internal partial travel freeze after 2 months).
- We continue to **strengthen our relationship with the accounts** to gain market shares and **prepare the future** (eg: focus groups with top accounts to co-design the corporate offer of tomorrow)



Long Haul corporate revenue 2021 vs. 2019 (Index)





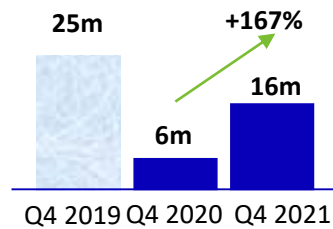
Q4 2021 Operating result above Q4 2019



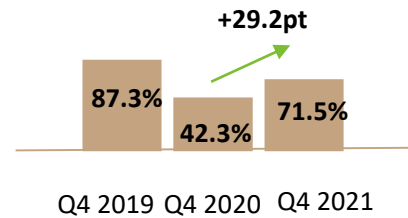
AIRFRANCE KLM GROUP

- Strong results improvements in Q4 2021 with positive operating results for the Network and Maintenance activities

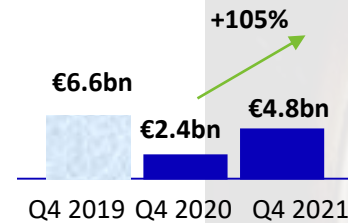
Passengers carried



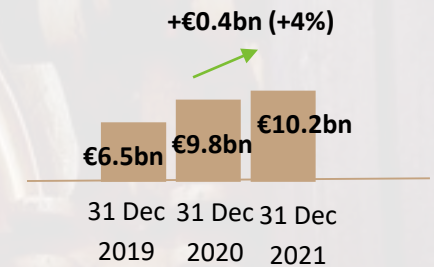
Passenger load factor



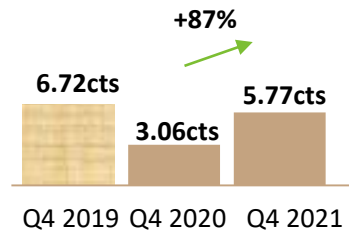
Group revenues



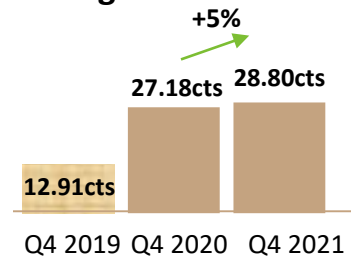
Cash at hand



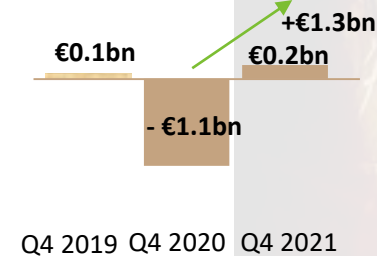
Passenger unit revenue



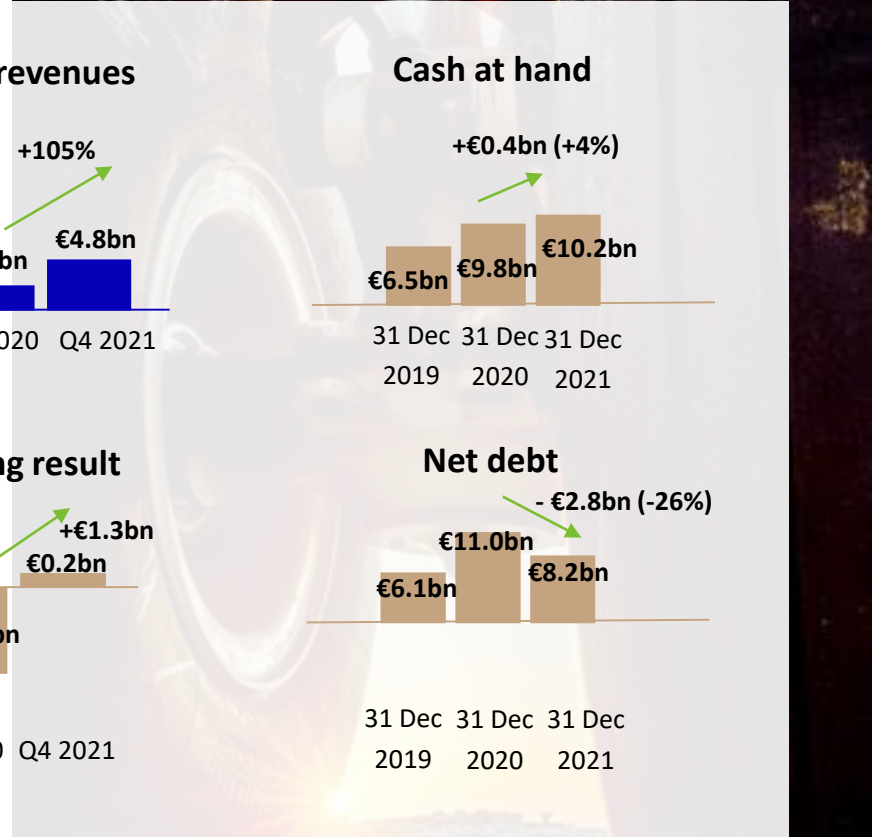
Cargo unit revenue



Operating result



Net debt





Results as of December 31, 2021

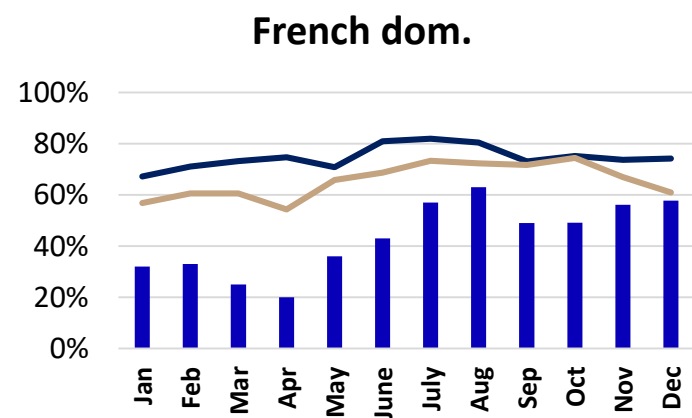
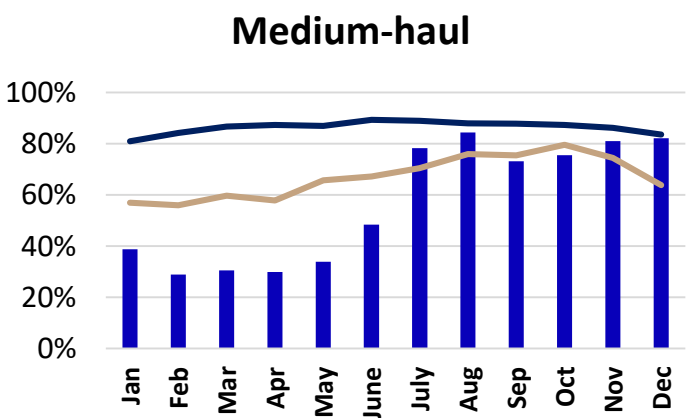
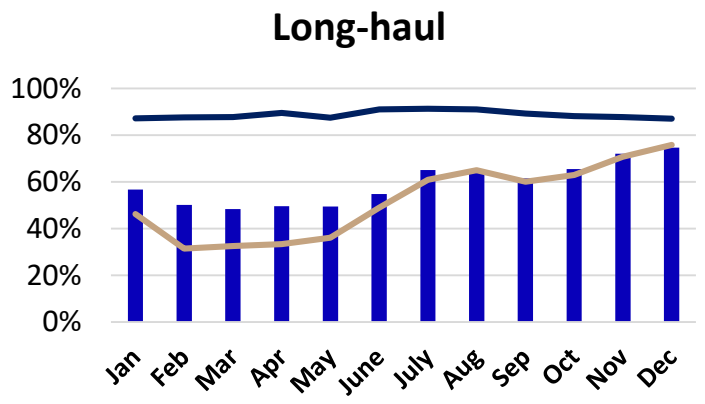
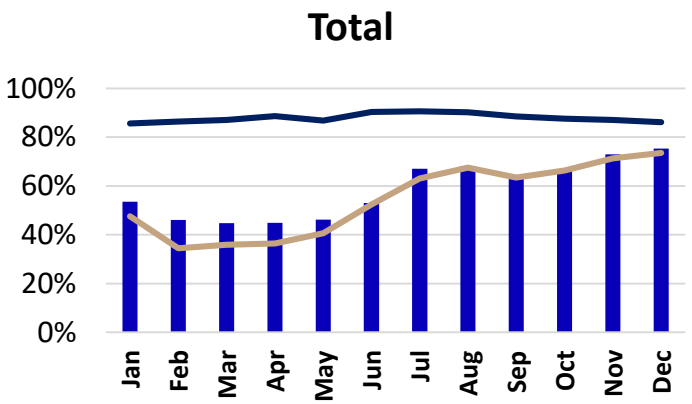


Steven Zaat
Chief Financial Officer
Air France-KLM

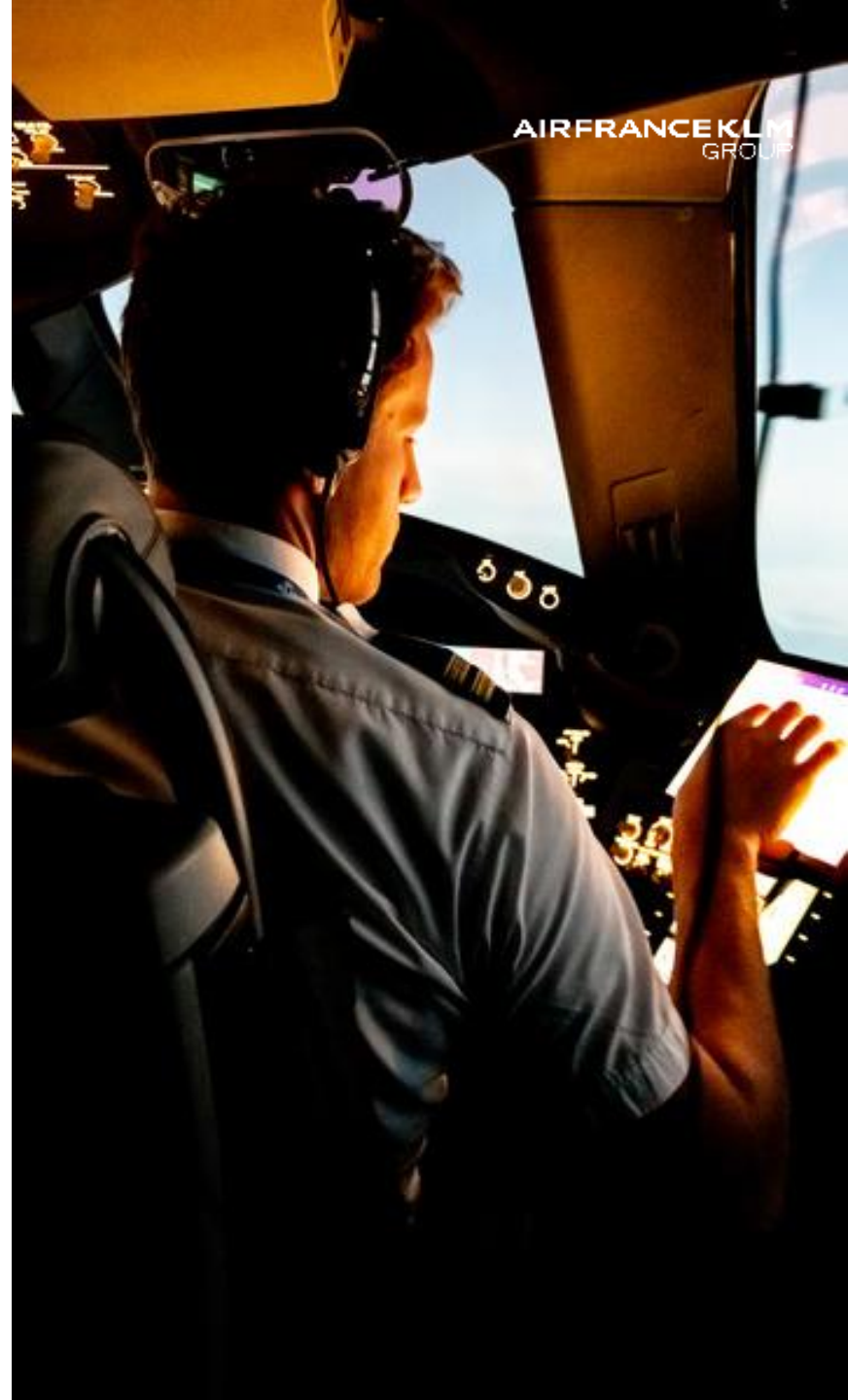


Network: Strong long haul performance

Lockdown impact visible in December for Medium haul and Domestic



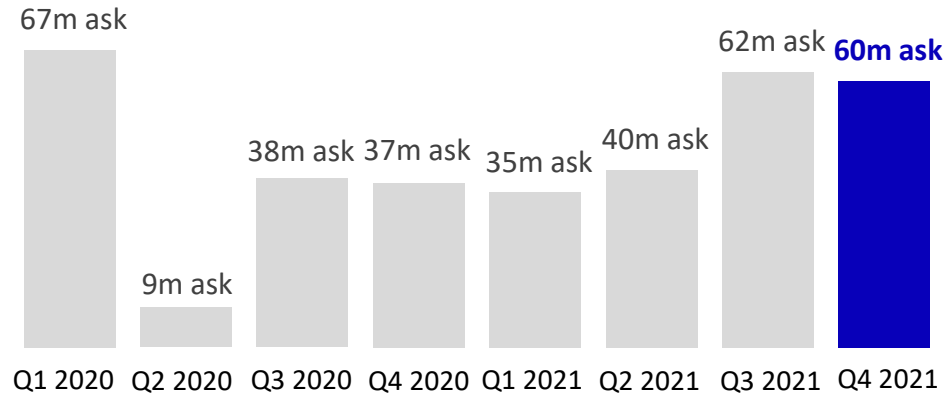
■ ASK index vs 2019
 — Load factor 2019
 — Load factor 2021



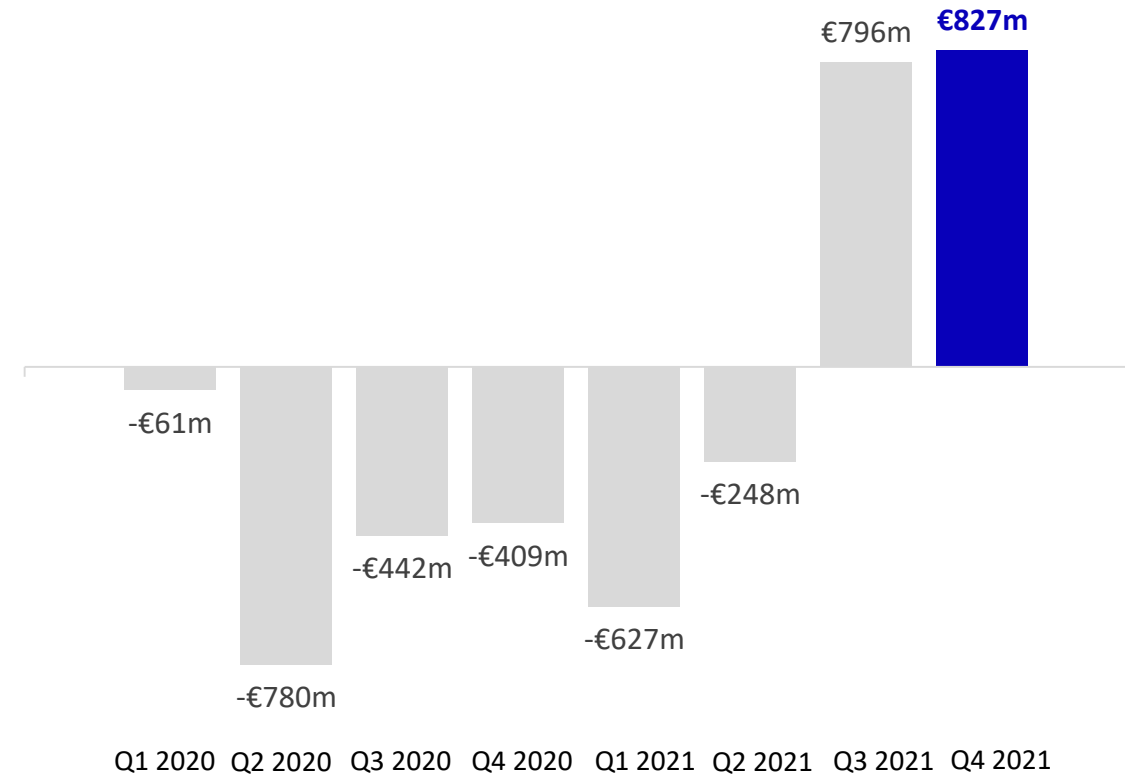


Strong EBITDA development in the second half of 2021

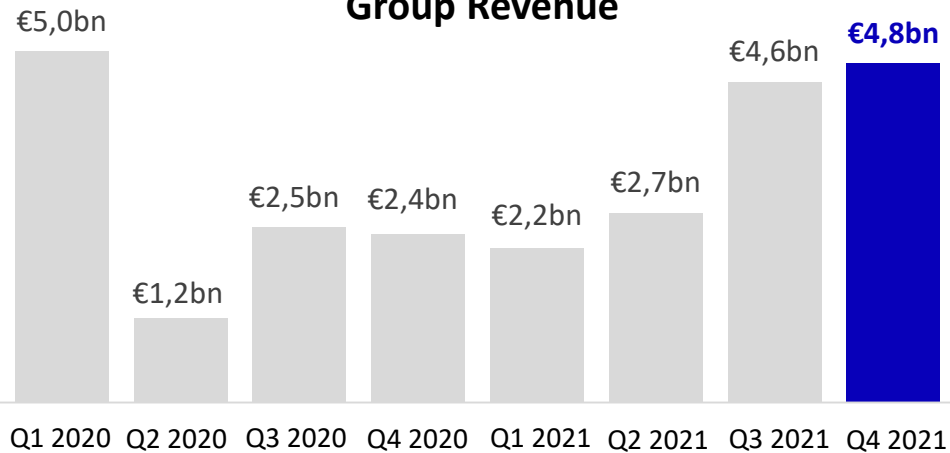
Capacity in ASK



EBITDA development



Group Revenue





Operating margin at 3.7%, above Q4 2019 level

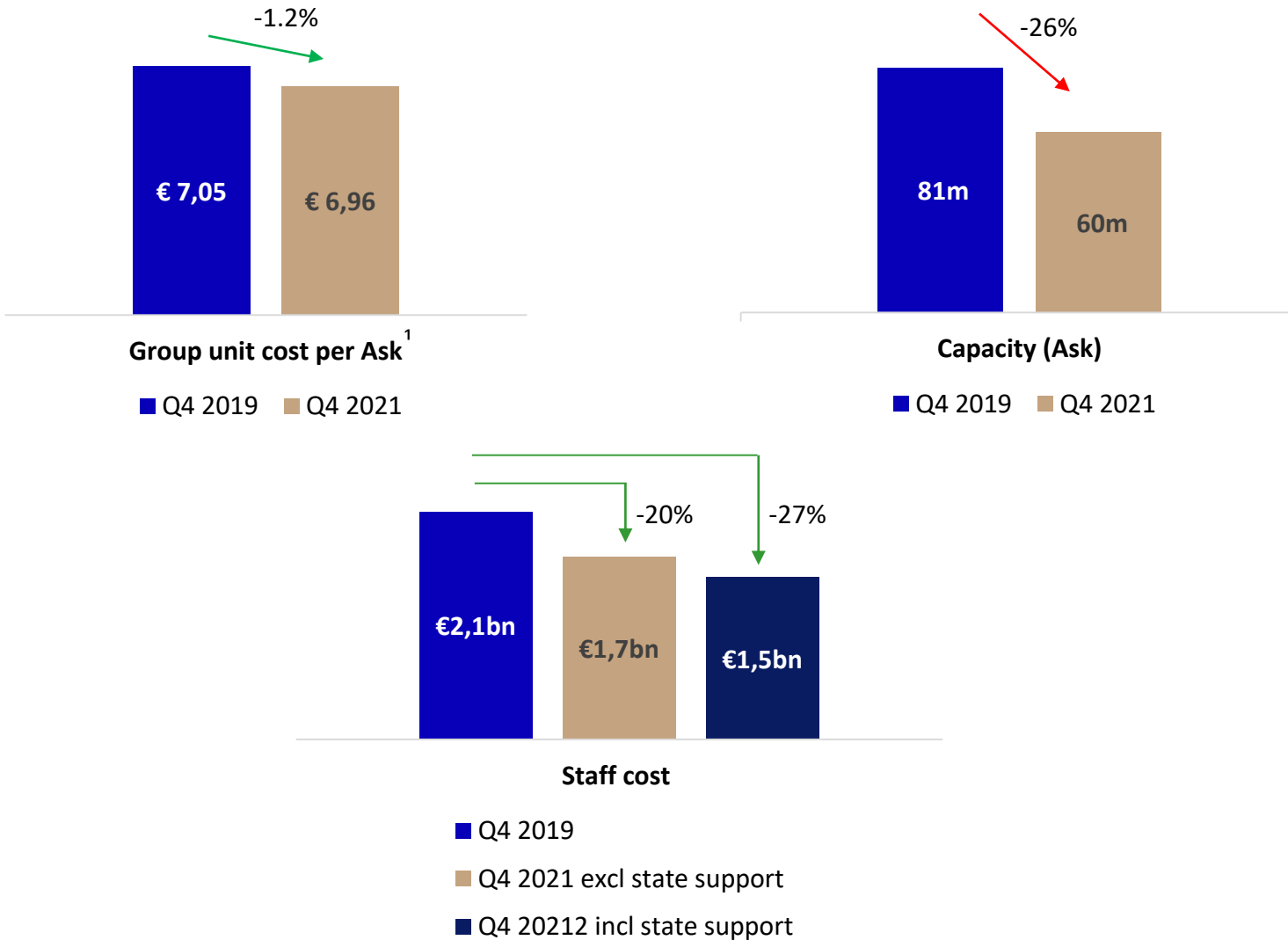
	Q4 2021	Q4 2020 ⁽¹⁾	Q4 2019	Change versus 2020	Change versus 2019
Revenues (€ m)	4,838	2,363	6,617	+2,475m	-1,779m
Fuel expenses (€ m)	937	506	1,393	+431m	-456m
EBITDA (€ m)	827	-409	865	+1,236m	-38m
Operating result (€ m)	178	-1,136	94	+1,314m	+84m
Operating margin	3.7%	-48.1%	1.4%	+51.8 pt	+2.3 pt
Net income - Group part (€ m)	-127	-1,001	155	+874m	-282m
Adjusted operating free cash flow (€ m)	225	-2,115	-505	+2,340m	+730m

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





Group Unit Cost down versus Q4 2019 despite 26% less capacity








(1) Fuel price after hedge Q4 2021 \$682, Q4 2019 \$691 and no currency correction



Network and Maintenance positive operating result

Q4 2021 versus Q4 2020

		Capacity ⁽¹⁾	Unit Revenue ⁽²⁾ Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
Network		+53.3%	+92.0%	3,223	+186.2%	146	+1,027m	3%	+47 pt
		+10.5% ⁽³⁾	+5.0%	1,020	+18.6%				
Transavia		+202.4%	+37.7%	326	+283.6%	-37	+56m	-11%	+98 pt
Maintenance				263	-8.1%	69	+246m	9%	+38 pt
Group		+61.8%	+40.5%	4,838	+104.7%	178	+1,314m	4%	+52 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





Q4: Positive operating result for both airlines

Q4 2021 versus Q4 2020	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY	Net debt (€ m)	Change 31 Dec 2020
AIRFRANCE /	+91%	2,950	+119%	52	+1,043	2%	+75 pt	4,911	-2,421
KLM	+36%	2,038	+79%	127	+278	6%	+20 pt	3,136	-400
AIRFRANCEKLM GROUP	+62%	4,838	+105%	178	+1,314	4%	+52 pt	8,216	-2,833

- Air France transformation plan resulting in a positive operating result
- KLM back on healthy operating margin thanks to swiftly implemented restructuring
- Improvement of operating result of both airlines versus Q4 2019, Air France +€71m and KLM +€8m

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





FY: Strong improvement in operating result for both airlines in the second half of 2021

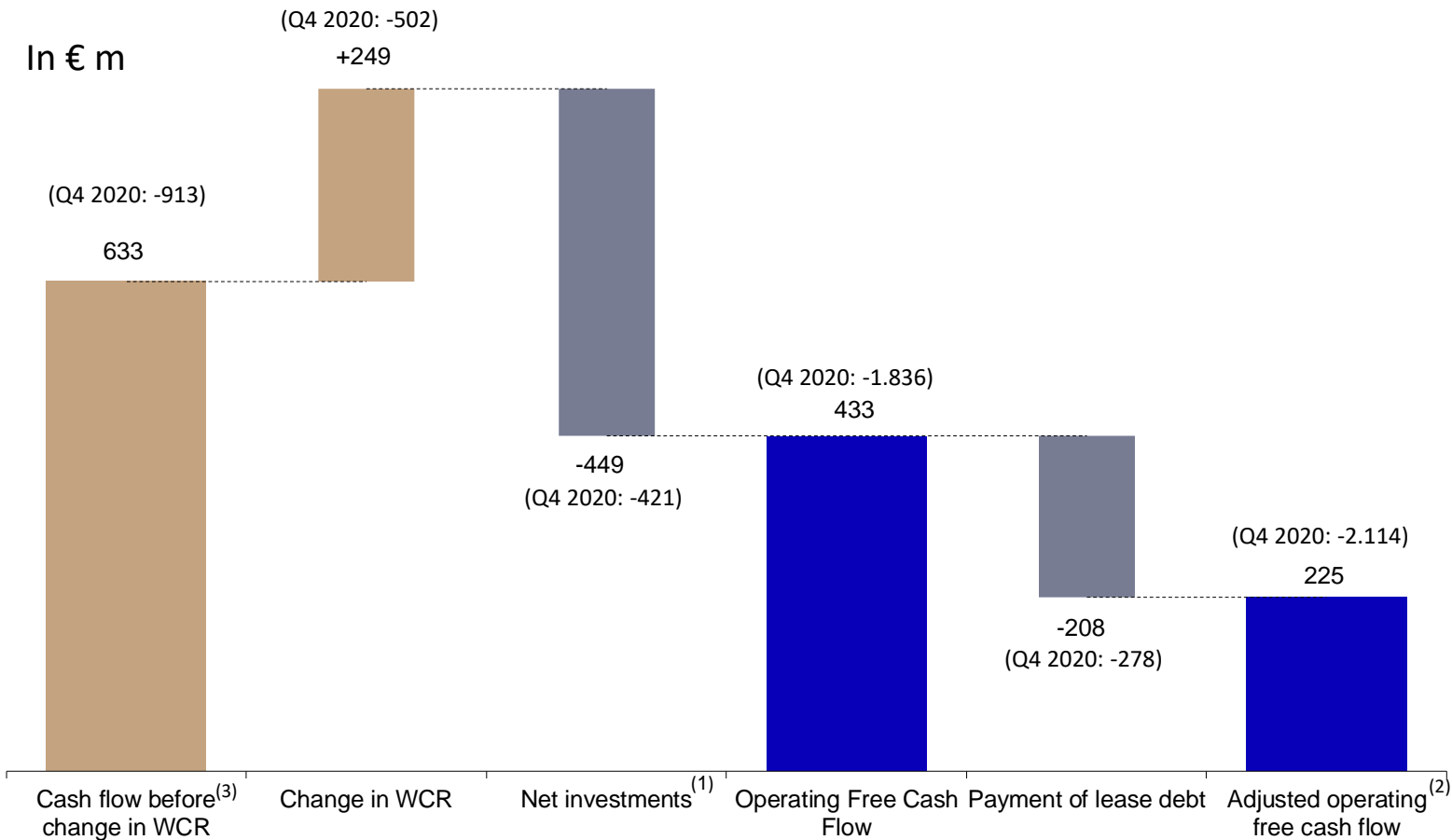
H1 2021 versus H1 2020	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY	Net debt (€ m)	Change 31 Dec 2020
AIRFRANCE	-14.0%	2,987	-16.4%	-1,409	187	-47.2%	-3 pt	4,413	-2,918
KLM	+11.4%	2,137	-24.8%	-522	246	-24.4%	+3 pt	3,760	+224
AIRFRANCEKLM GROUP	-2.7%	4,910	-20.8%	-1,934	436	-39.4%	-1 pt	8,344	-2,705
H2 2021 versus H2 2020	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY	Net debt (€ m)	Change 31 Dec 2020
AIRFRANCE	+84.0%	5,757	+102.6%	6	1,805	0.1%	+63 pt	4,911	-2,421
KLM	+41.5%	3,928	+72.4%	295	681	7.5%	+24 pt	3,136	-400
AIRFRANCEKLM GROUP	+62.2%	9,405	+92.4%	308	2,493	3.3%	+48 pt	8,216	-2,833

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



Adjusted Operating Free cash flow positive for the third quarter in a row

Q4 2021 Free cash flow evolution



(1) Net investments reduced by sale and leaseback transactions

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

(3) Including restructuring cash out of €78m

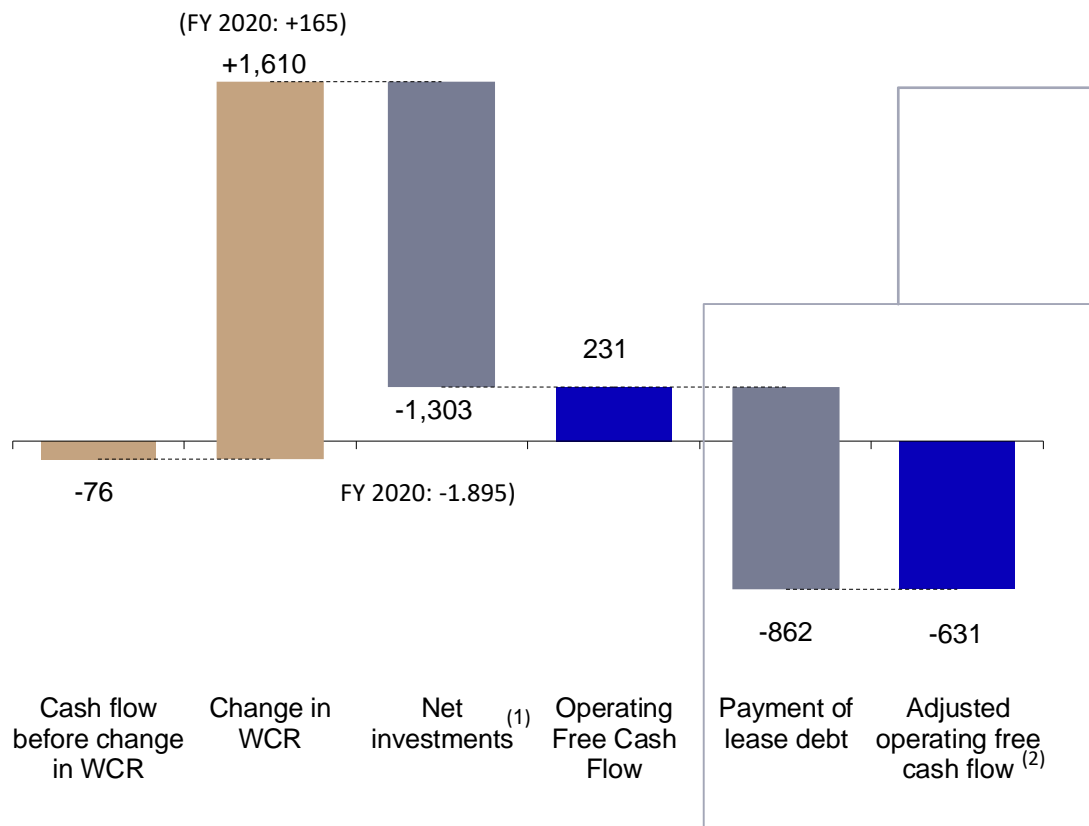




FY: Net debt reduced by €2.8bn

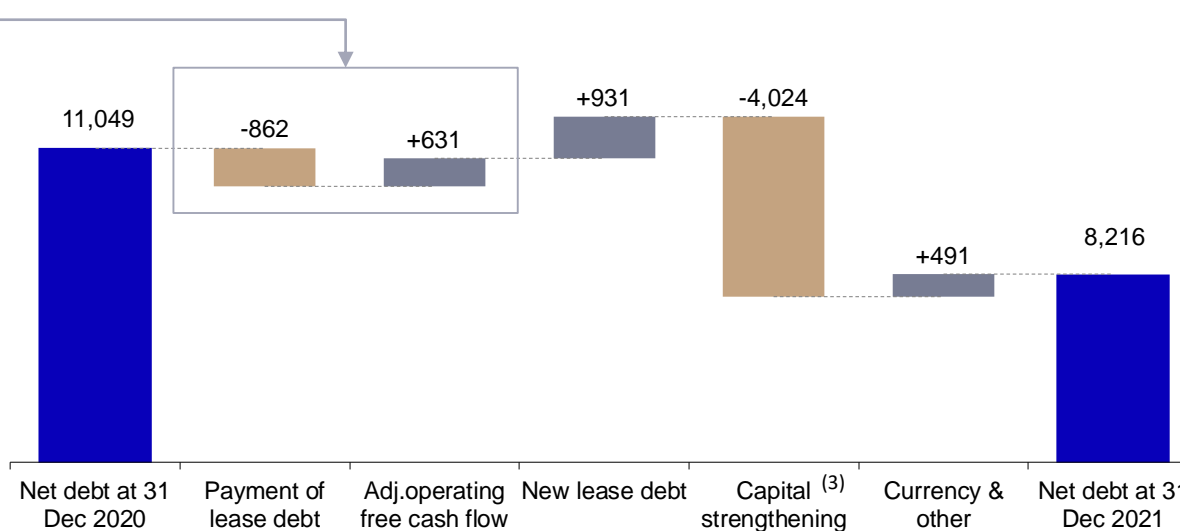
FY 2021 Free cash flow evolution

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

(3) Consist of €1bn capital increase and conversion of the €3bn French state loan into 3 perpetual bonds

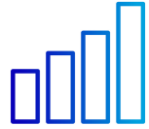


Measures under considerations to strengthen balance sheet

Air France-KLM now plans to start a new step of equity strengthening measures, which could consist in:

- a **capital increase** with pre-emptive rights for shareholders;
- an **issuance of quasi equity instruments** such as straight and convertible perpetual bonds in order to accelerate the reimbursement of the State supports;
- **additional equity strengthening measures**, including an potential ongoing project to refinance assets for an amount up to 500 million euros, through private perpetual bonds classified as equity.

In total, these equity and quasi-equity issuances could represent up to **4.0 billion euros**.



Existing reference shareholders are supportive of these equity strengthening measures; some of them will consider participating, amongst which the French State and the Dutch State on a pro rata and in-kind basis, through partial offset of their respective outstanding support



Air France-KLM is committed to **repaying the States aids** as soon as practicable to be relieved from the set of operational and strategic constraints of the European Commission's Temporary Framework



This new step in the recapitalization plan measures intends to further restore the equity position, and aims to reach a targeted Net debt / EBITDA ratio between **2.0x and 2.5x by 2023** (excluding the Dutch shareholder loan which is currently accounted as debt), depending notably on the sizing of the contemplated measures

Air France-KLM intends to remain flexible on the transaction structures, as well as on the sequencing and the sizing of each instrument depending on market conditions

Proceeds of the straight and convertible perpetual bonds issuances would be fully allocated to the repayment of the perpetual bonds held by the States, in alignment with article 77 bis of the European TF Covid19

Some of these measures are also subject to the approval of the European Commission as well as legal and regulatory approvals and market conditions.



Outlook

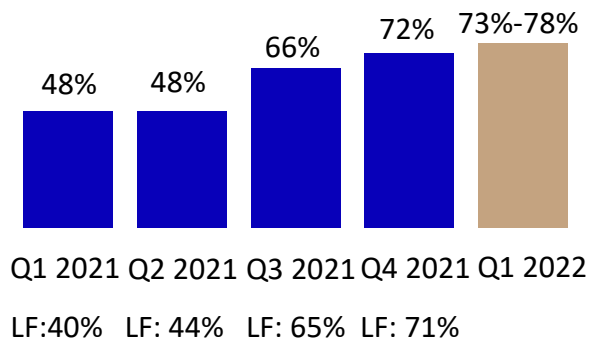
Results as of December 31, 2021



Air France and KLM estimate to reach in Q1 2022 capacity levels of 73% to 78% versus Q1 2019



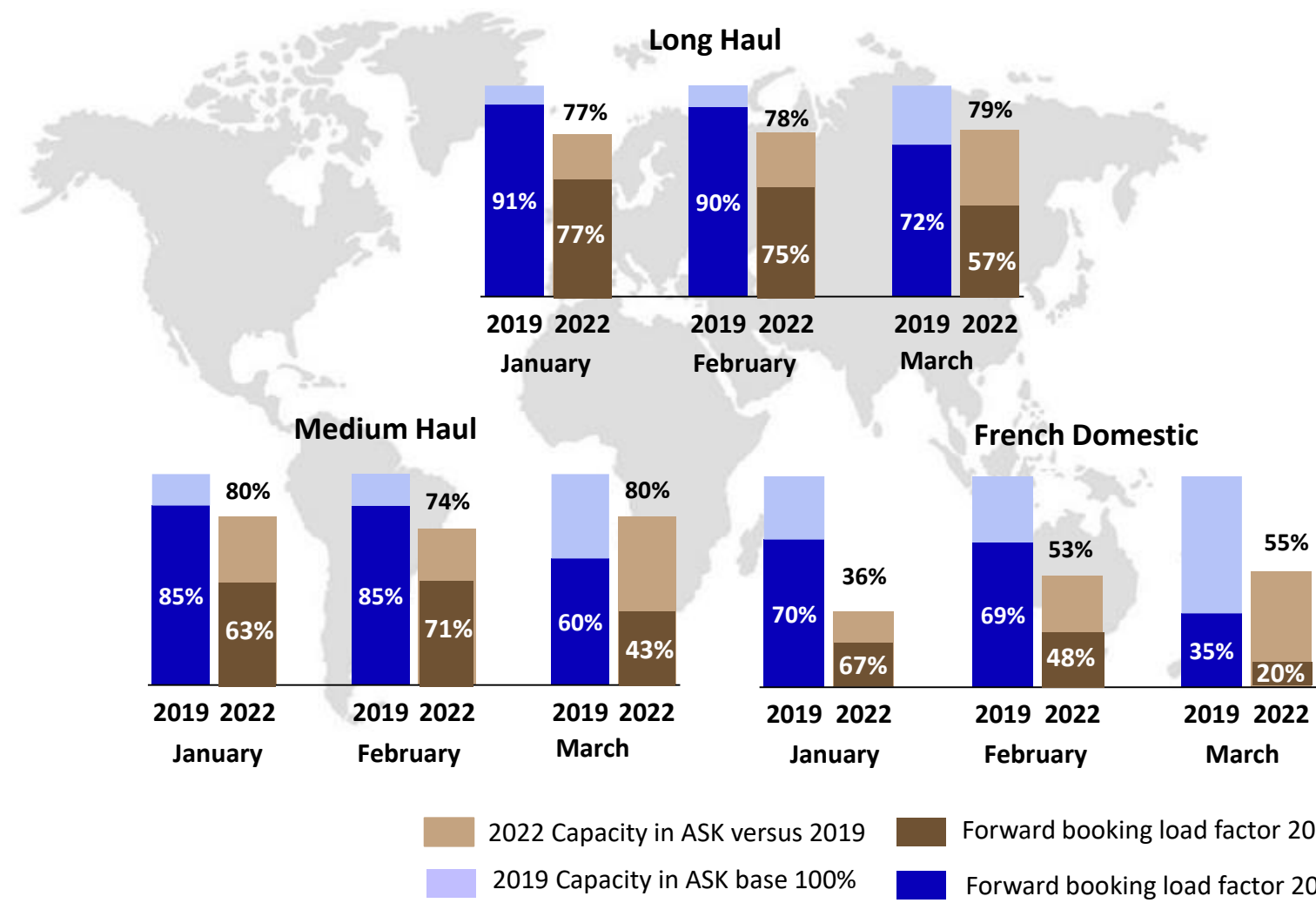
Network Passenger capacity in ASK versus 2019



- Q4 capacity in line with guidance provided during Q3 results presentation
- For FY 2022 no guidance yet due to uncertainty concerning sanitary situation and reopening of Japan and China

Network Passenger capacity and booking

Snapshot of the 14th February 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



Cash at hand at a sufficient level of €10.2bn

€10.2bn cash at hand end of December

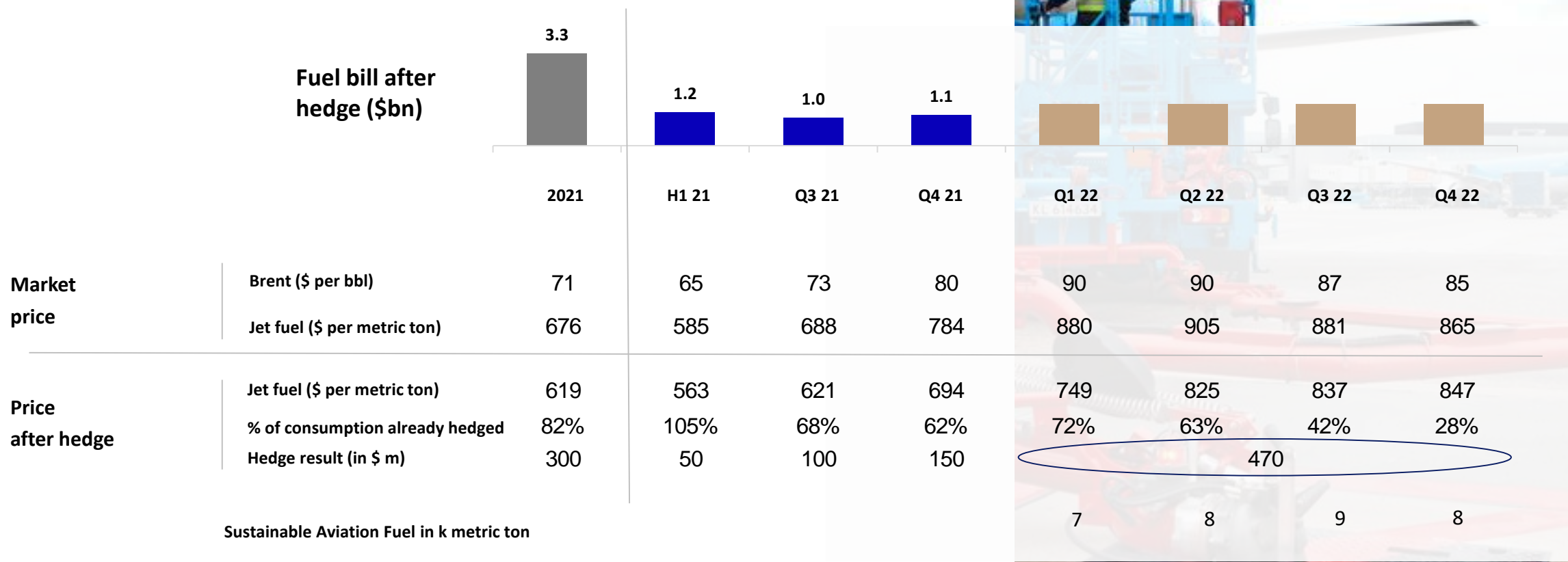


- Q1 EBITDA expected to be around break-even in the current international context
- FY 2022 Net Capex spending estimated at circa €2.5bn, which is 80% fleet & fleet related and 20% IT/ground





Positive hedge result of \$470m estimated in 2022



Based on forward curve at 14 February 2022. Jet fuel price including into plane cost



Restructuring plan of KLM implemented, Air France continuing transformation while delivering €100m higher structural benefits versus previous plan

Labour cost



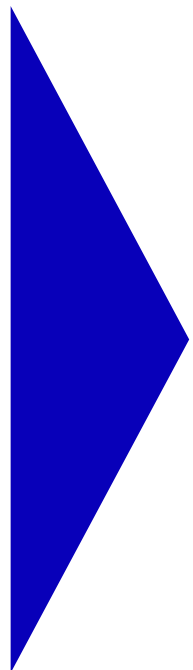
Fleet, suppliers and procurement



Fuel efficiency



Other operating cost



-€800m

Structural benefits by end 2021
versus 2019

-5.5k FTE, -17%

by end 2021

Reduction of labor benefits (up to -20%)
NOW mechanism
2 months in Q4 2021
and entire Q1 2022



-€1.4bn

Structural benefits by end 2022
*-€1.0bn by end 2021
versus 2019*

-8.5k FTE, -17%

by end 2022,
-7.8k (-16%) FTE by the end of December 2021

Long term partial activity in place until end of 2022

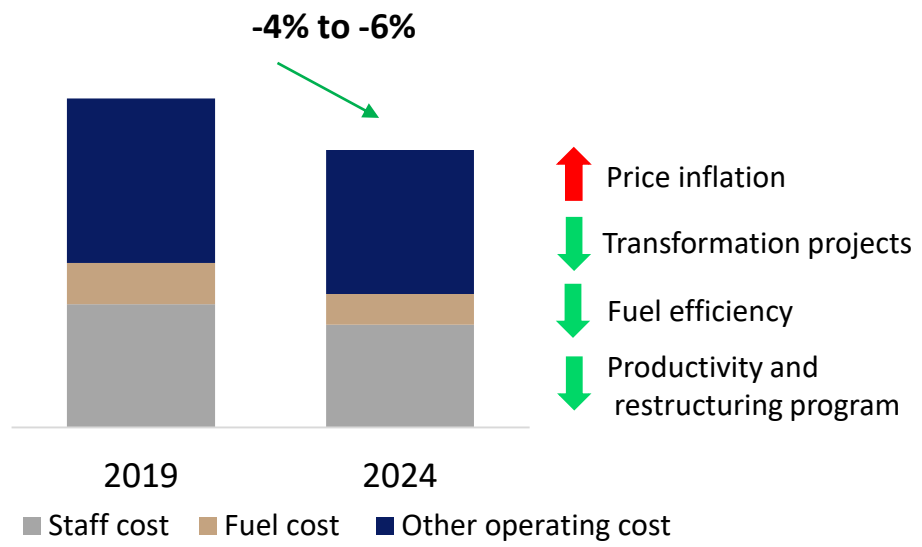
(1) Excluding Transavia France



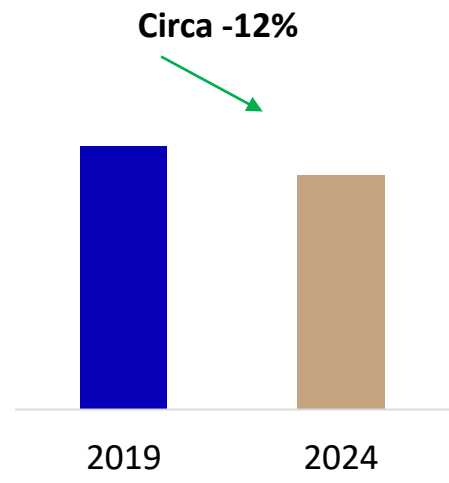
Group unit cost down 4% to 6% at constant fuel price when capacity are back to 2019 level, thanks to the restructuring and transformation projects

AIRFRANCE KLM GROUP

Unit cost evolution at constant fuel price



Group FTE evolution¹



(1) Excluding Transavia France

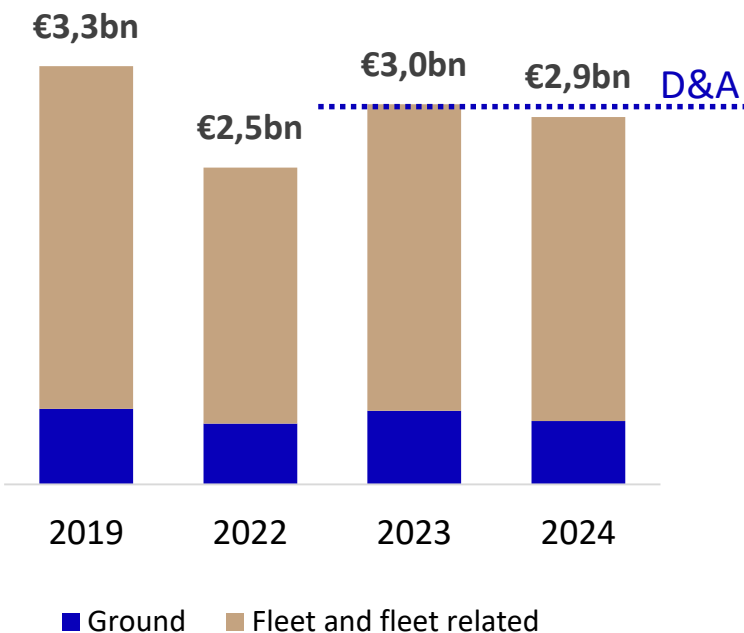


Capex reduced to an average of €2.8bn per year with an ambitious fleet renewal program



AIRFRANCEKLM
GROUP

Net Capital expenditure



- Capex¹ in line with yearly depreciation and amortization (D&A) which is at 2019 levels
- Reduced from initial €4bn (2019 Investor Day)
- 50% of operating lease for the coming years
- Reduction of operating lease cash out versus 2019

(1) Including the proceeds on disposal of property, plant, equipment and intangible assets



Air France-KLM Group medium term operating margin objective unchanged

Guidance elements



1. Capacity back to 2019 levels in 2024
2. Unit cost down 4% to 6% at constant fuel price when capacity are back to 2019 level
3. Operating margin at 7-8% as of 2024
4. Adjusted Operating Free Cash Flow expected to be positive in 2023 excluding exceptionals⁽¹⁾
5. Net debt / EBITDA circa 3x in 2023 to be lowered to 2x to 2.5x depending on the sizing of the second step of recapitalization sizing

(1) Exceptionals include the payment of the cargo claim and the deferrals of social charges accumulated during the Covid-19 period





Strategic highlights



Benjamin Smith
Chief Executive Officer
Air France-KLM



Successful execution of strategic plan, paving the way to a sustained position as a European aviation leader





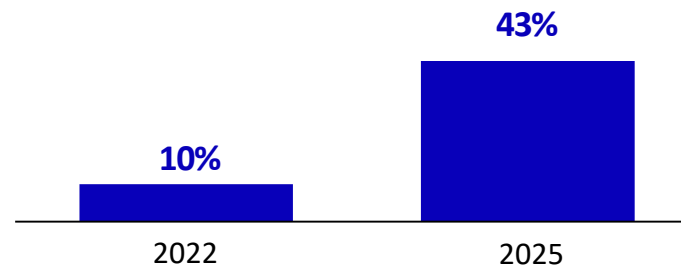
Ramp up of our sustainability levers to live up to our commitments

LEAD THE WAY IN SUSTAINABLE AVIATION

- Reach -50% CO2 emissions on French domestic network in 2024¹, **one of the most ambitious environmental target in Europe**
- Sustain our fleet renewal trajectory with **high fuel-efficient aircrafts**
- **Increase SAF blending to reach 5% in 2030**, leveraging the success of our Corporate offers (already 70 corporate contracts signed) and Voluntary offers, with **systematic SAF contribution** in ticket pricing as a foundation
- **Pursue all other levers at our disposal**, such as eco-piloting, ground equipment electrification, and carbon offsetting

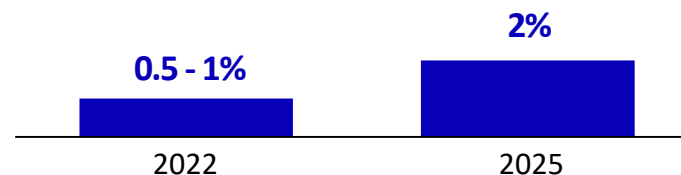
Group Next Generation Aircrafts

Group fleet %



Group SAF volume uptake commitments

SAF % of total fuel volume



Our Next Generation aircrafts provide at least **-15% CO2 emission reduction** compared to old generation aircrafts



A350



787-9/-10



A220-300



A320/321neo



E2-195

(1) Compared to CO2 emissions on the French domestic network in 2019



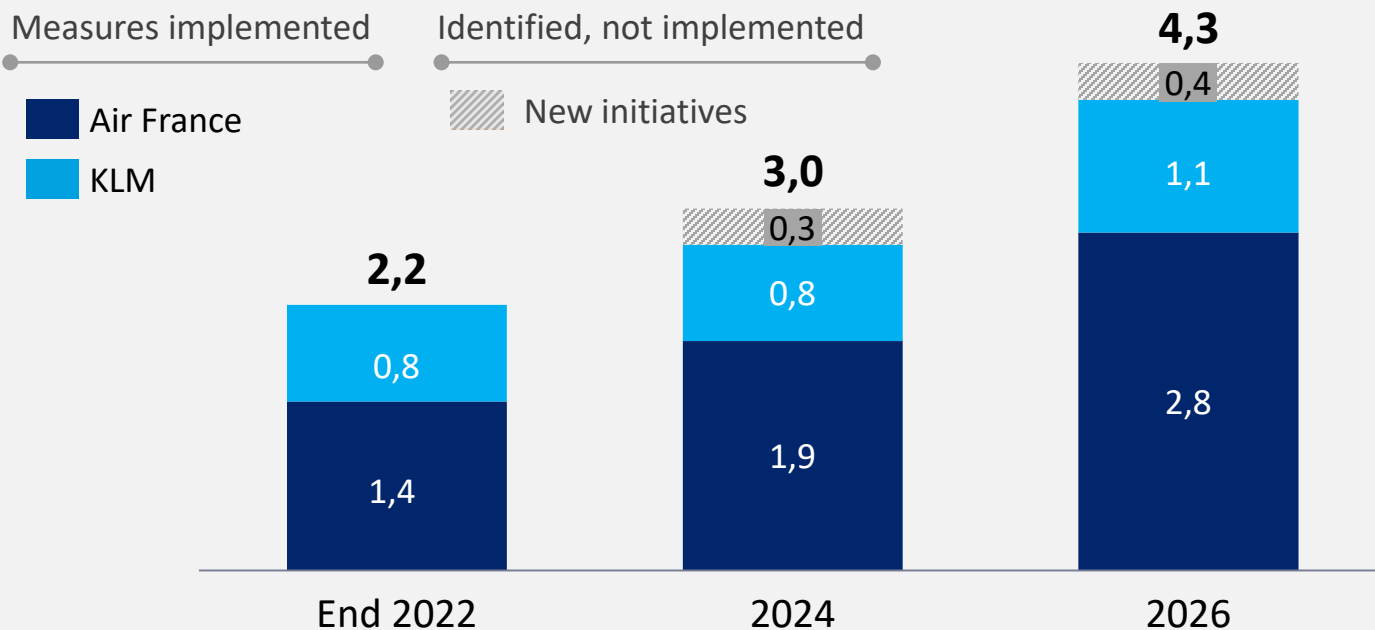
Accelerated & expanded transformation programs, with more than €4bn of benefits by 2026

AIRFRANCE KLM GROUP

OPTIMIZE OUR OPERATING MODEL

Transformation program benefits

in € billion EUR





Transformation well underway to achieve a 7-8% operating margin by 2024

OPTIMIZE OUR OPERATING MODEL

Initiative	Savings per 2024	Key Examples
External spend optimization	€0.5bn	<ul style="list-style-type: none"> ✓ Reduction of external cost ✓ Restructuration of the French domestic network
Labor cost reduction	€1.4bn	<ul style="list-style-type: none"> ✓ ~12% FTE reduction in 2024¹ ✓ Simplification of the organization
Fleet fuel efficiency	€0.4bn	<ul style="list-style-type: none"> ✓ Fleet renewal ✓ ~30% of New Generation aircrafts in 2024
New revenue streams	€0.4bn	<ul style="list-style-type: none"> ✓ Flying Blue Pay & Increase program partners ✓ Offer Innovation: personalization, ancillaries
New initiatives not yet implemented	~€0.3bn	<ul style="list-style-type: none"> ✓ Procurement: sourcing, demand, specification ✓ Additional group synergies



€3bn of structural benefits by end of 2024



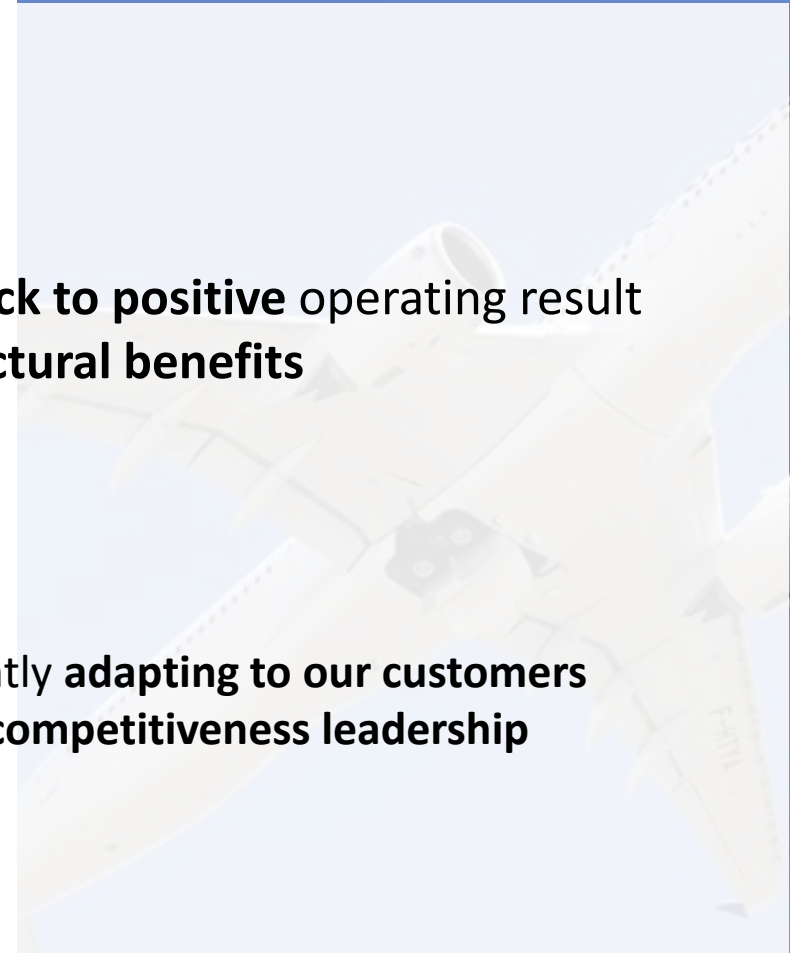
Conclusion

We achieved significant milestones in 2021...

We **ramped-up of capacity** and **load factors** across the network
Our **cargo activity continued to outperform** and **MRO activity is back to positive** operating result
We continued our **restructuring efforts** resulting in substantial **structural benefits**
Our airlines are recognized as **airlines of choice**

... and keep our eyes on the future

We follow our **strategic plan** - our compass - at a steady pace while constantly **adapting to our customers**
We execute a **historical transformation** across our Group to ensure future **competitiveness leadership**
We strengthen our **sustainable commitments** and **execute our roadmap**
We, all Air France-KLM employees, are our #1 asset





Appendix

Results as of December 31, 2021

AIRFRANCEKLM
GROUP



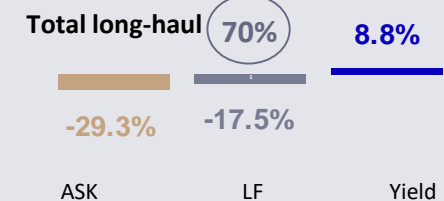
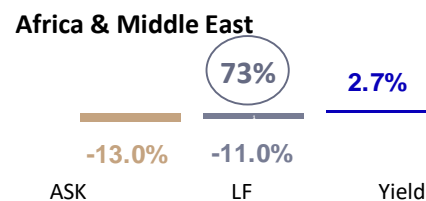
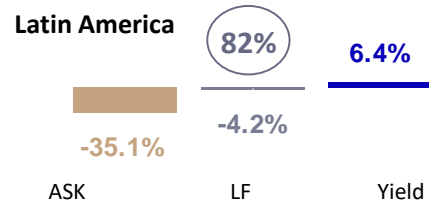
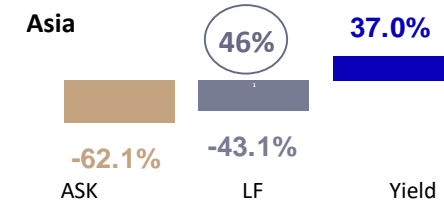
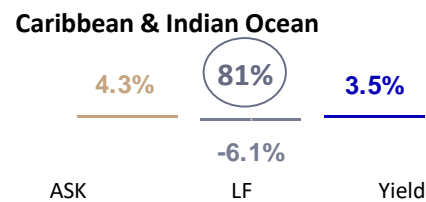
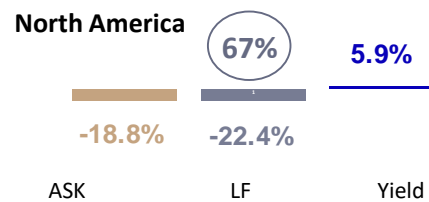
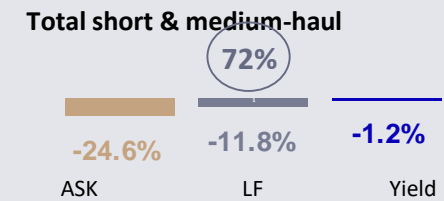
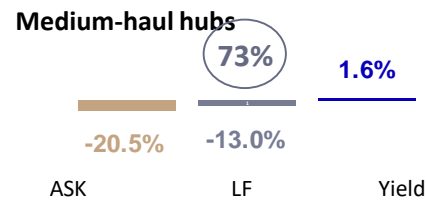
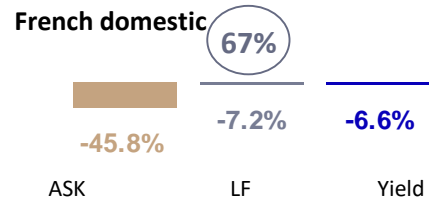
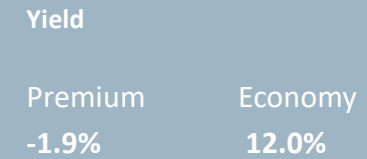
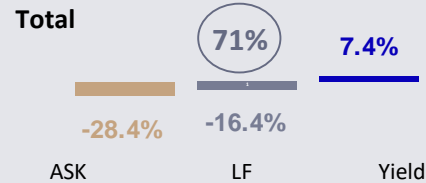
Bem-vindo
Bienvenue
Welcome
Bienvenidos
Welkom
Benvenuto
Willkommen
Καλώς ήρθατε
Hoş geldiniz
Velkommen
Dobrodošli
ברוכים הבאים
Vítáme vás
Добре дошли
أهلاً وسهلاً
Üdvözöljük
Welkom
Bienvenue
Welcome





Yield total network above Q4 2019

Q4 2021 vs 2019



xx% Actual Load factor Q4 2021








FY: EBITDA positive

	FY 2021	FY 2020 ⁽¹⁾	Change	Change at constant currency
Revenues (€ bn)	14,315	11,088	+3,227m	+3,434m
Fuel expenses (€ bn)	2,748	2,392	+356m	+488m
EBITDA (€ m)	745	-1,695	+2,440m	+2,445m
Operating result (€ m)	-1,626	-4,554	+2,928m	+2,932m
Operating margin	-11.4%	-41.1%	+29.7 pt	+30.5 pt
Net income - Group part (€ m)	-3,292	-7,100	+3,808m	
Adjusted operating free cash flow (€ m)	-631	-5,661	+5,030m	

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



FY: Strong performance of Cargo and Maintenance positive operating result

FY 2021 versus FY 2020		Capacity ⁽¹⁾	Unit Revenue ⁽²⁾ Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
Network		+27.4%	+5.2%	8,666	+30.5%				
						-1,582	+2,140m	-12.9%	+27.5 pt
		+13.3% ⁽³⁾	+25.8%	3,588	+39.7%				
Transavia		+51.0%	+14.6%	1,011	+66.9%	-150	+149m	-14.8%	+34.5 pt
Maintenance				1,023	-18.1%	88	+631m	3.1%	+22.1 pt
Group		+29.5%	+7.1%	14,315	+29.1%	-1,626	+2,928m	-11.4%	+29.6 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).

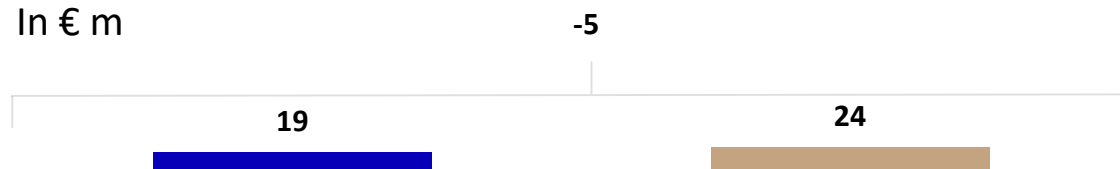
(3) Capacity of passenger aircraft used for cargo only, is based on theoretical payload without passengers





Currency impact on operating result

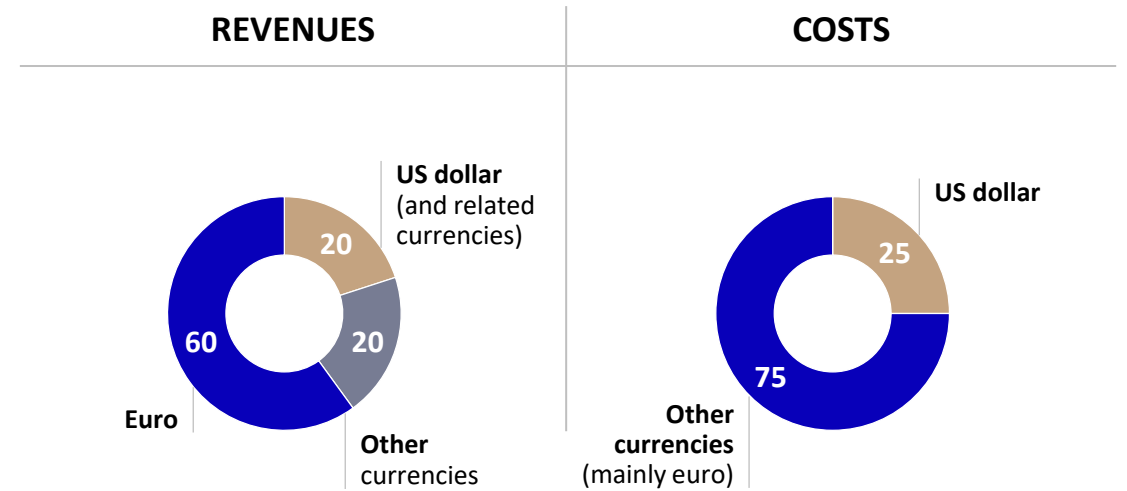
Currency impact on revenues and costs
In € m



Q4 2021

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

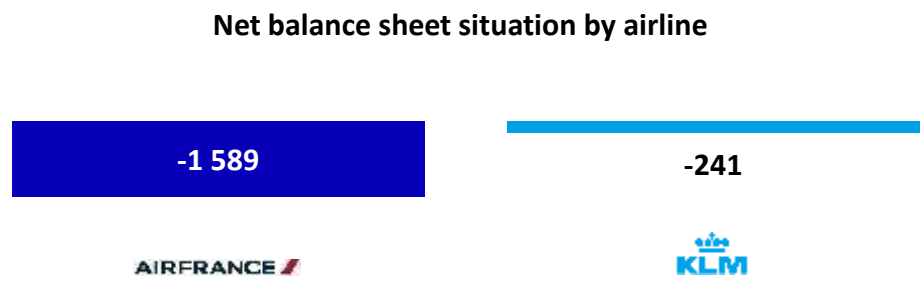
Revenues and costs per currency FY 2021



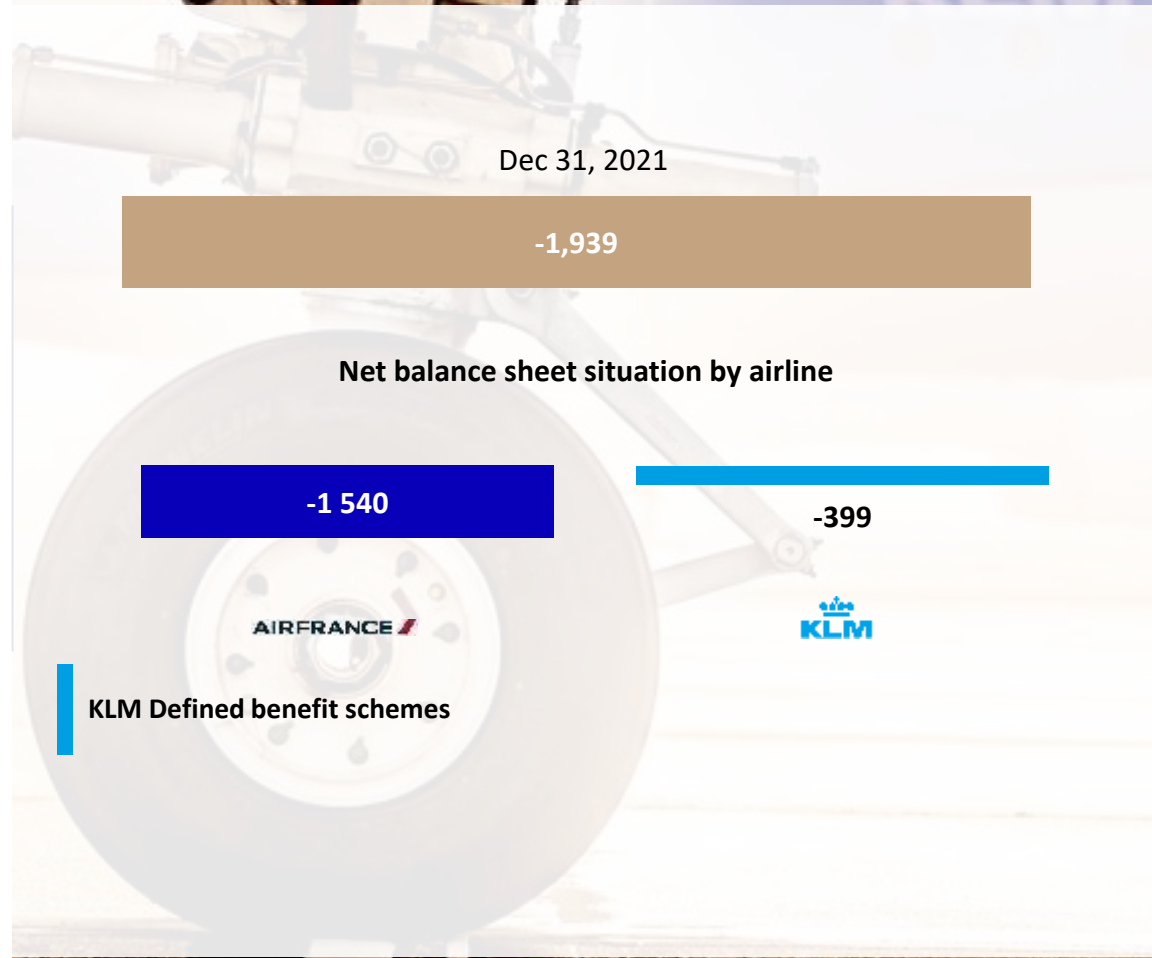
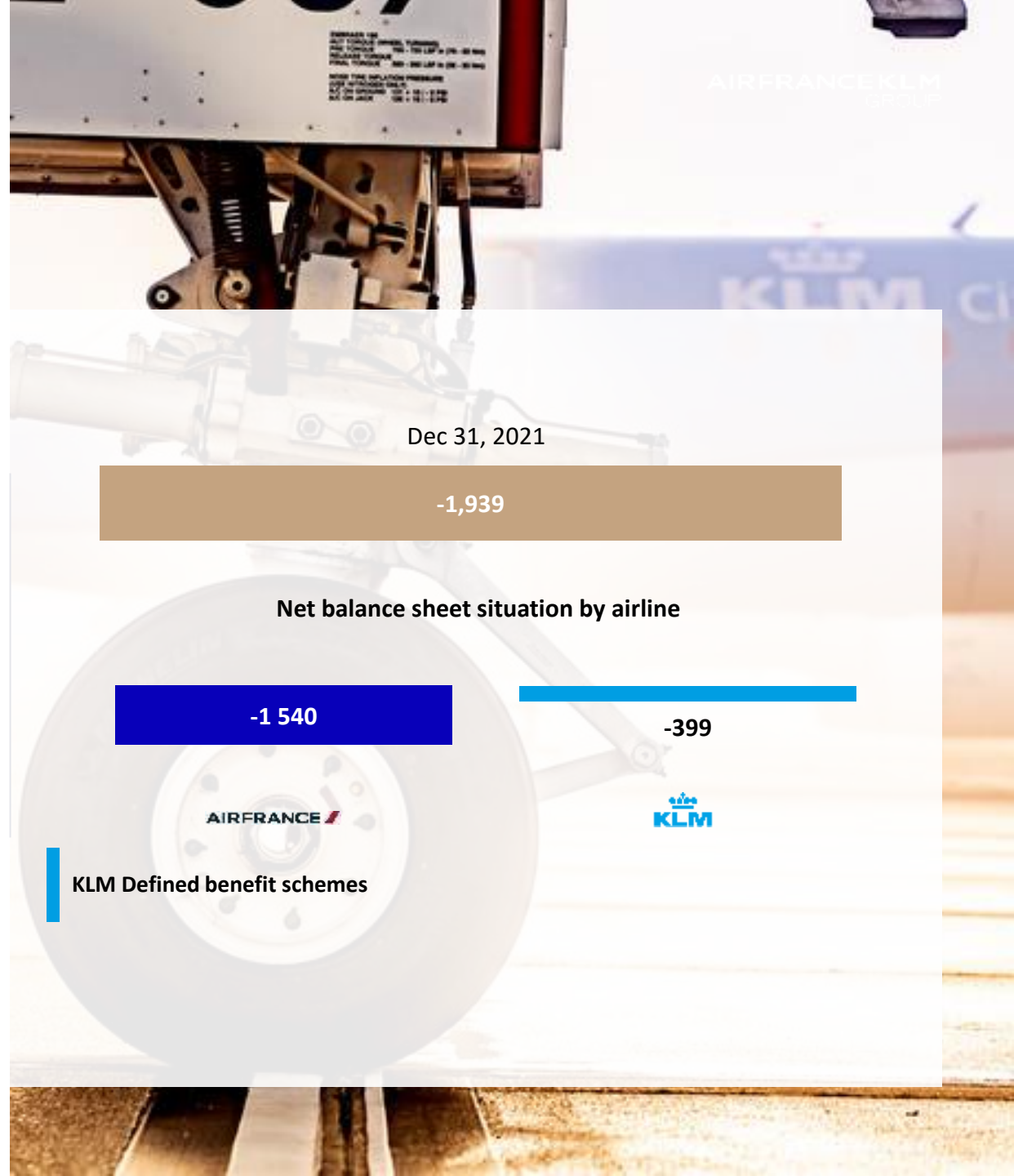


Pension details as of December 31, 2021

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

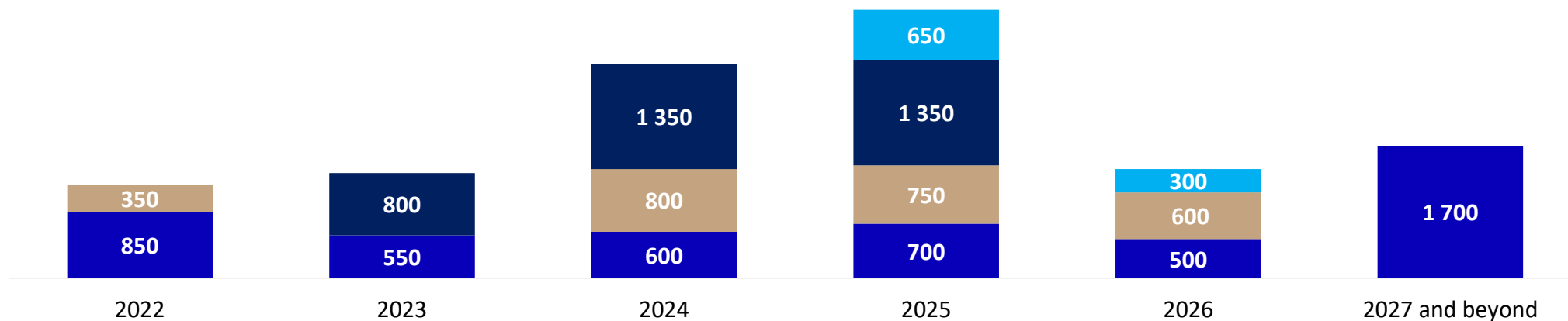




Debt redemption profile at 31 December 2021

Debt reimbursement profile⁽¹⁾

In €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