

RESULTS

Q2 2023

AIRFRANCE**KLM**
GROUP

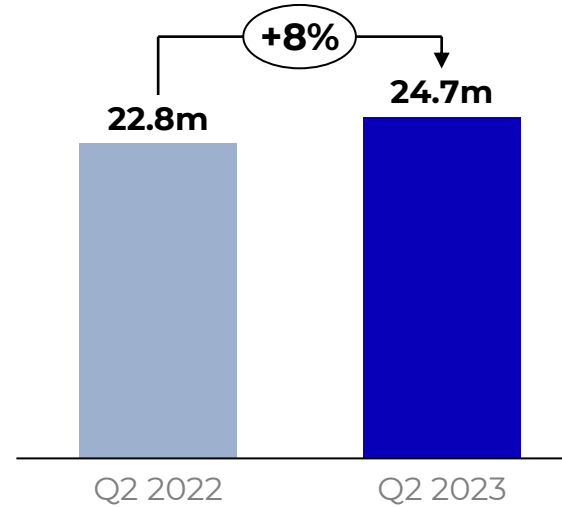
HIGHLIGHTS Q2 2023

Benjamin Smith – Chief Executive Officer Air France-KLM

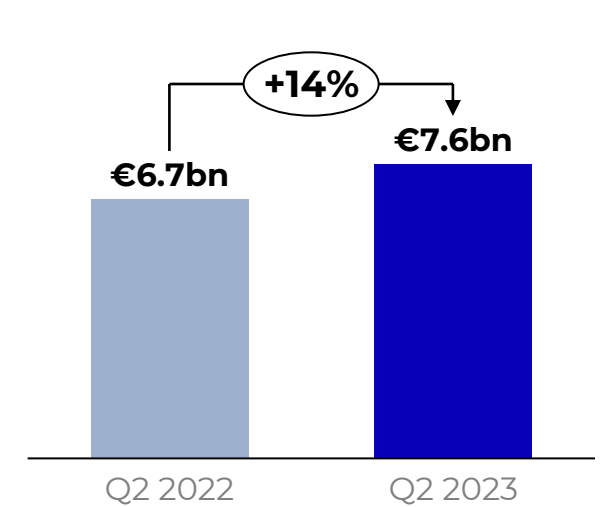
STRONG Q2 OPERATING MARGIN AND FURTHER DELEVERAGING

- **Revenues up 14%** driven by strong and sustainable market demand
- **Operating result improved by +€347m** compared to Q2 2022
- **Group operating margin at 9.6%**
- Positive Adjusted Operating Free Cash Flow of **€0.6bn**
- **Net debt reduction by €1.4bn** versus Dec 2022 resulting in **Net Debt/EBITDA ratio of 1.2x**
- **Further progress on equity restoration** through quasi-equity financing operations

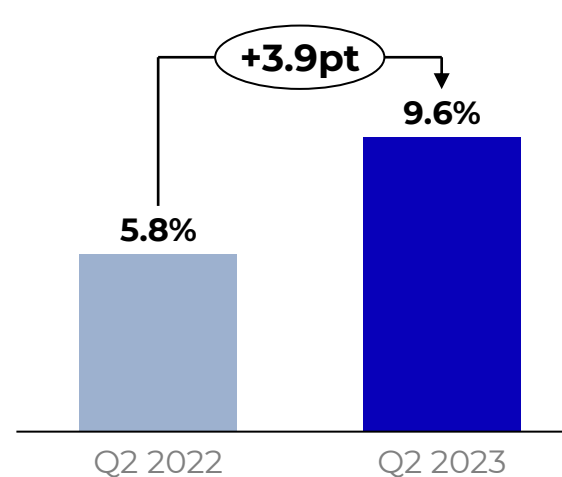
Passengers carried



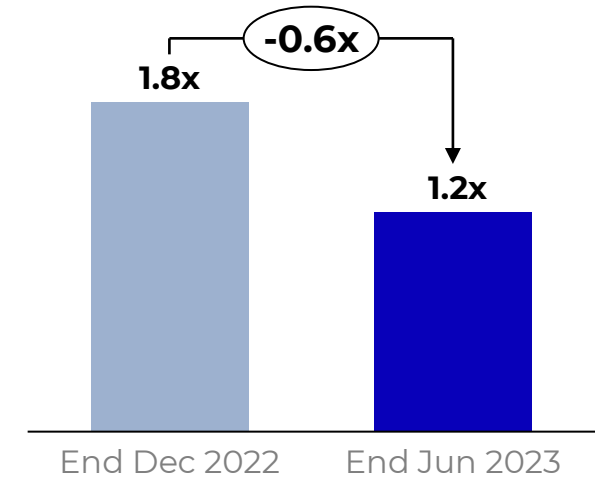
Group revenues



Operating margin



Ratio Net Debt/EBITDA



AIR FRANCE-KLM SOLIDIFIED ITS OPERATIONAL ROBUSTNESS WHILE CONTINUOUSLY INVESTING IN CUSTOMER JOURNEY

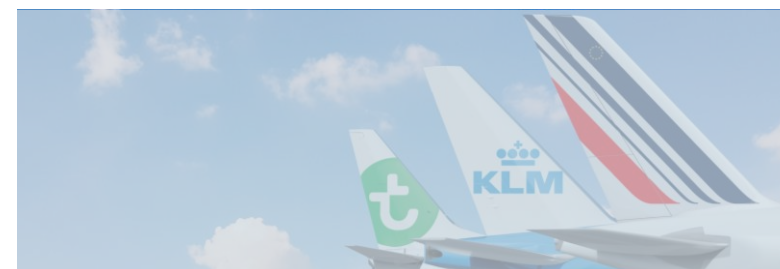
Operational robustness at our main bases has significantly improved compared to last year despite more passengers carried and external events

Steady operations at Schiphol since May holidays

Continuous Improvement of operational processes (e.g. closer feedback loops, agile resources management)

Going forward, multiple initiatives are underway with our partners to keep strengthening our operations and customer care such as:

- Improving the **robustness of luggage flow** for connecting customers
- Investing further in **tooling for a seamless customer journey** (e.g. automated border control, self-service & recovery processes, kiosks updates)
- Training of internal staff and worldwide external providers to **solidify and harmonize the delivery of our customer promise**



>98% Q2 2023 COMPLETION FACTOR¹

+2,900 FTE²

permanent & temporary
+5% compared to Q2 2022

-200,000 CALLS RECEIVED

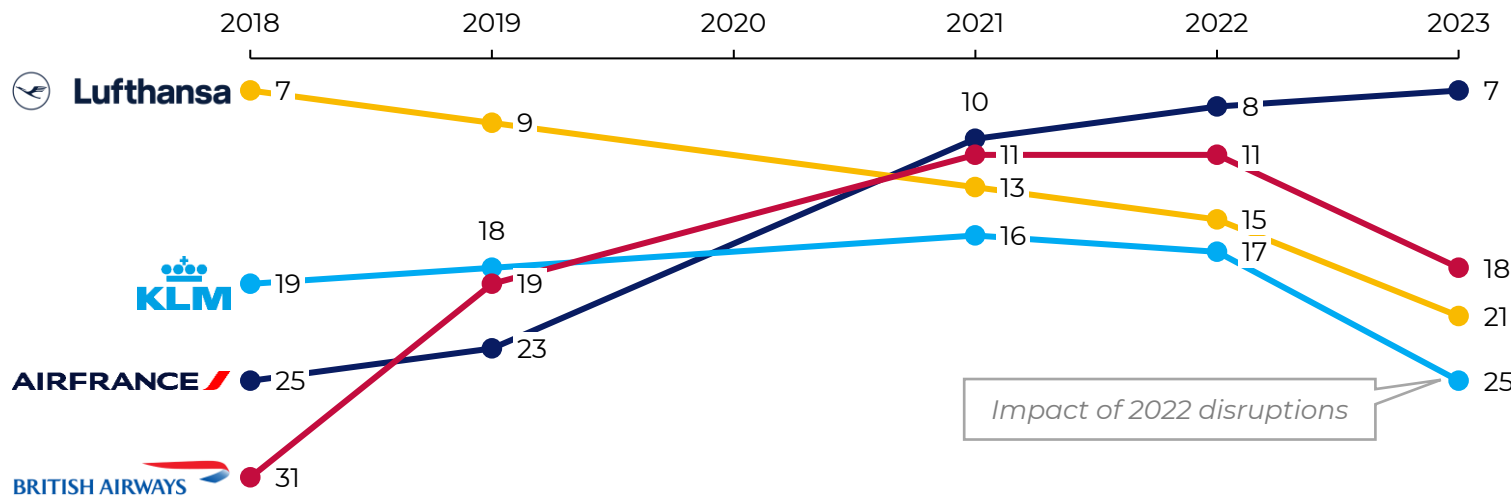
compared to Q2 2022

1) All causes, program reference at D-3;

2) Year-to-date June 30 2023, Scope Air France-KLM Group

WE REMAIN COMMITTED TO INVESTING IN OUR CUSTOMERS TO UPHOLD HIGH PREMIUM STANDARDS AND LIVE UP TO OUR CUSTOMER PROMISE

Ranking Skytrax World Airline Awards¹



Air France & KLM certified as a 5-Star Airline by APEX
Only legacy carriers Group with all airlines 5 stars



KLM certified as a World Class Airline by APEX
Only 8 airlines worldwide



Air France voted best airline in Western Europe by SkyTrax
Position 7th worldwide

Q2 Updates

First KLM flight with World Business Class (WBC) seats Boeing 777 in June & **Premium Comfort** available on entire Boeing 787 fleet

Growing footprint of **new business cabin & recliner Premium Eco seat** including the refurbishment of the last 12 777s and starting from July 23, new A350 cabins for Air France

New Inflight Entertainment content offer on Air France flights from July 23' & **New Signature Chefs** from Paris with Thierry Marx and from outstations in Canada and Singapore

Meals on KLM WBC prepared onboard by Brazilian Top Chef **Rodrigo Oliveira**

¹) Source Skytrax ratings website / Apex aero awards

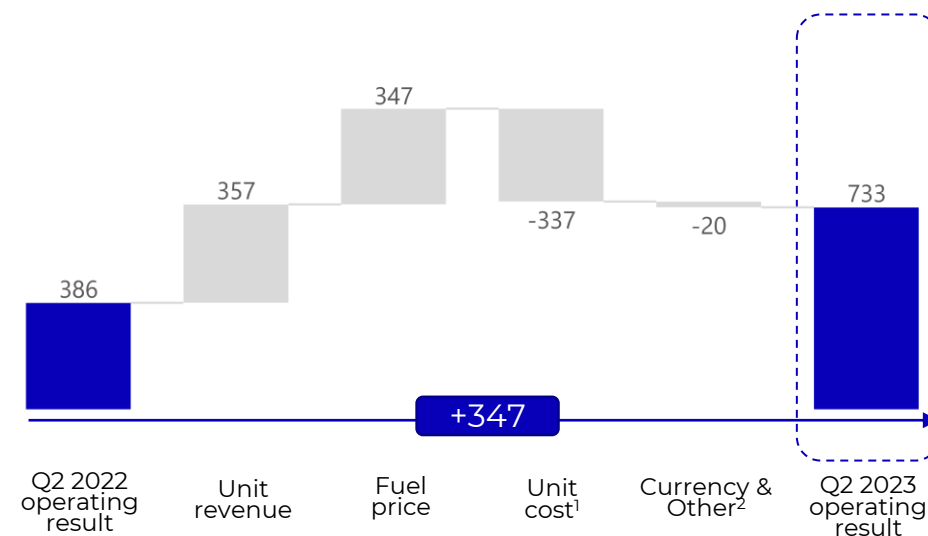
Q2 2023 FINANCIAL RESULTS

Steven Zaat – Chief Financial Officer Air France-KLM

STRONG Q2 OPERATING MARGIN DRIVEN BY ROBUST UNIT REVENUE

	Q2 2023	Q2 2022	Change
Revenues (€ m)	7,624	6,707	+917
Operating expenses (€ m)	6,296	5,776	+520
EBITDA (€ m)	1,328	931	+397
Operating result (€ m)	733	386	+347
Operating margin	9.6%	5.8%	+3.9 pt
Net income - Group part (€ m)	604	324	280

Operating result evolution
In € m








Improvement driven by higher load factor, strong yield and lower fuel cost partly offset by inflation which started to rise in H2 2022

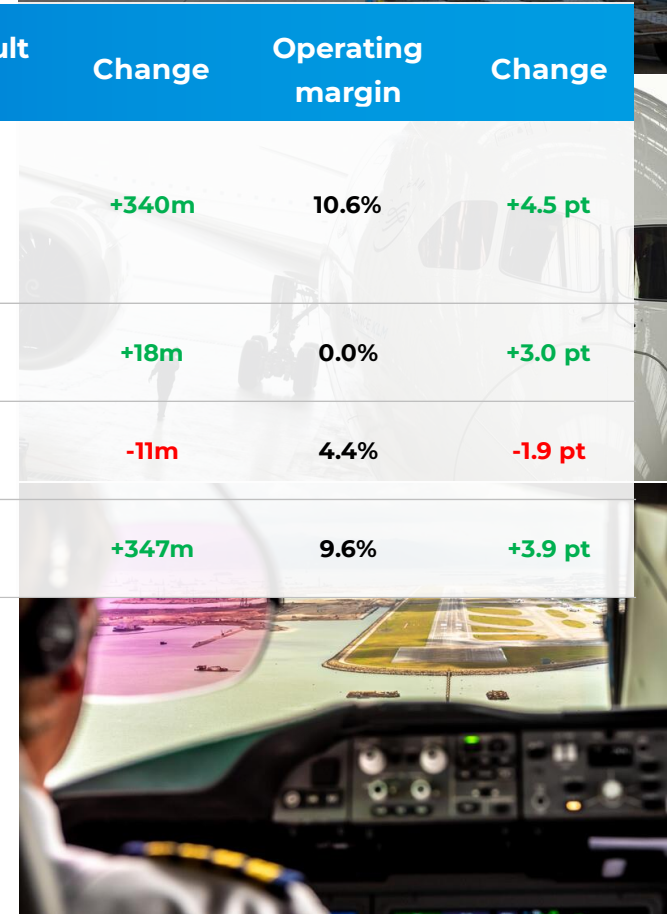
1) Unit cost at constant fuel, constant currency and excluding furlough
2) Including Q2 2022 furlough contribution of €42m

RESULTS DRIVEN BY STRONG PASSENGER NETWORK PERFORMANCE



Q2 2023 vs Q2 2022

		Capacity ¹	Unit Revenue ² Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
Network		+8.1%	+13.1%	5,913	+22.3%	692	+340m	10.6%	+4.5 pt
		+6.5% ³	-42.1%	606	-33.9%				
Transavia		+9.6%	+8.8%	712	+18.4%	0	+18m	0.0%	+3.0 pt
Maintenance				384	+11.3%	46	-11m	4.4%	-1.9 pt
Group		+8.3%	+5.4%	7,624	+13.7%	733	+347m	9.6%	+3.9 pt





Air France-KLM passenger network + cargo = network

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)

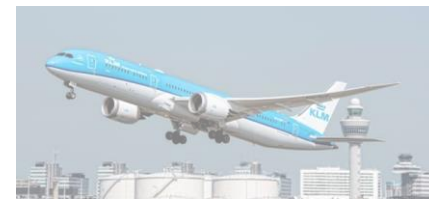
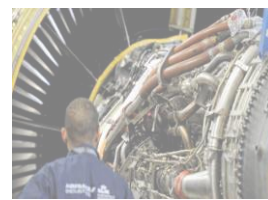
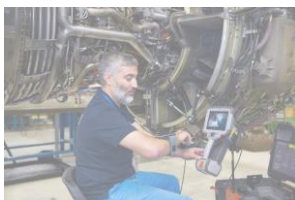
2) Unit revenues = revenue per ASK, Cargo unit revenues = Cargo revenue per ATK, Group unit revenue = (Network traffic revenues + Transavia traffic revenues) / (Network Passenger ASK + Transavia ASK).

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

FURTHER REVENUE GROWTH FOR BOTH AIRLINES

Q2 2023 vs Q2 2022	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY
AIRFRANCE 	+8%	4,667	+15%	482	+349	10.3%	+7.1 pt
 KLM	+8%	3,111	+12%	257	-5	8.3%	-1.2 pt
AIRFRANCE KLM GROUP	+8%	7,624	+14%	733	+347	9.6%	+3.9 pt

- Air France performance is mainly stemming from a strong unit revenue performance on the long-haul network. Operating result up €349m compared to last year
- At KLM, operation stabilized despite supply chain, tight labor market and fleet issues at KLM Cityhopper and Transavia Netherlands



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

FAVORABLE DEMAND SUPPORT SOLID YIELD ENVIRONMENT WHILE CAPACITY INCREASED

Q2 2023 vs Q2 2022

Total
88%



Total Long Haul

88%



Short & Medium Haul¹

85%



Transavia

89%



Premium¹

76%



North America

90%



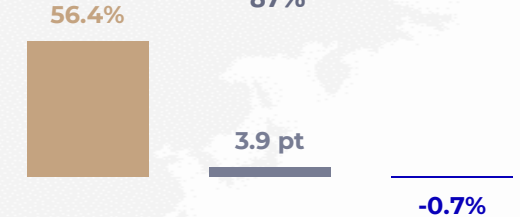
Caribbean & Indian Ocean

88%



Asia & Middle East

87%



Economy¹

89%



South America

89%



Africa

85%

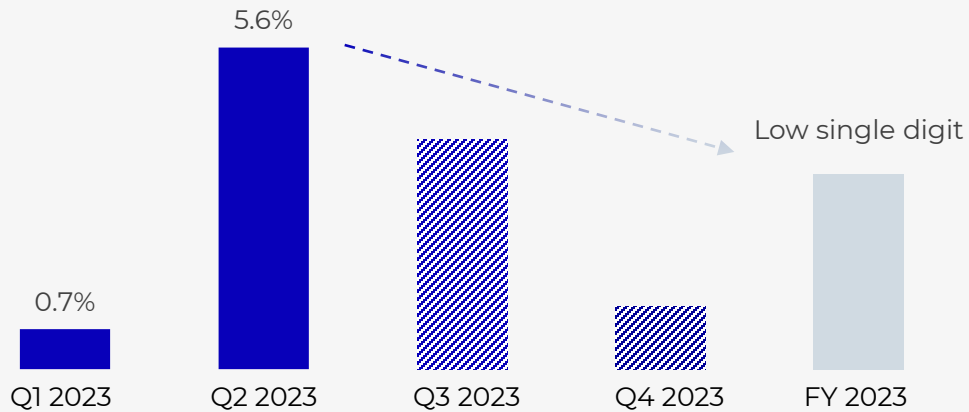


1) Air France-KLM network, excluding Transavia

ASK xx pt Load factor change Yield xx% Actual Load factor

UNIT COST DEVELOPMENT

2023 Quarterly unit cost¹ per ASK evolution
In % year-over-year



Q2 Unit cost development:

- Inflation impact mainly started as per Q3 2022
- Increase in airport charges in the Netherlands as per April 2023 (+12%)
- New salary increases as per Q4 2022 in France and in the Netherlands

Expected impact on Unit cost¹ evolution in 2023 vs previous outlook

Non-structural or compensated in the results include:

- Capacity decrease
- Increase in profit sharing
- Load factor higher than anticipated

More structural increases:

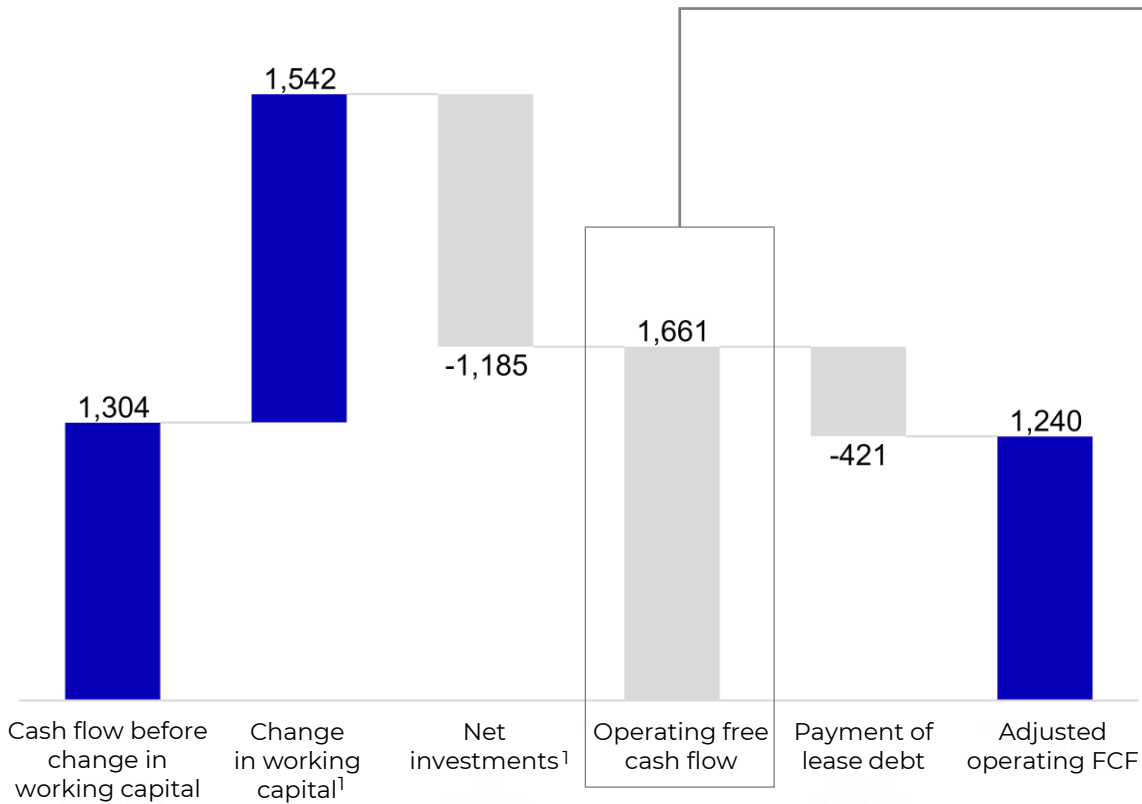
- Salaries (new CLA for Air France and Transavia – KLM still ongoing discussions)
- ETS



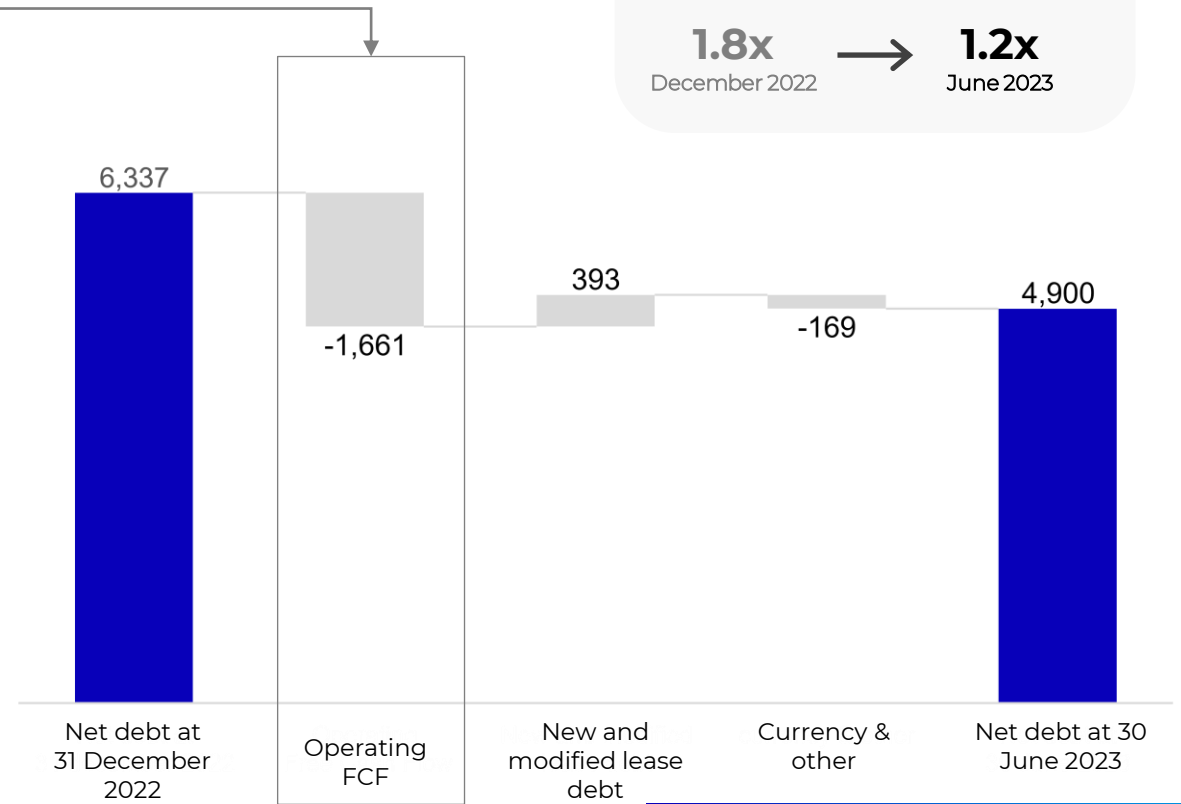
1) Against a constant fuel price, constant currency and excluding furlough contribution versus 2022

H1: POSITIVE ADJUSTED OPERATING FREE CASH FLOW DRIVEN BY STRONG SUMMER TICKET SALES

H1 2023 Free cash flow evolution
In € m



Net debt
In € m



Solid Cash at hand at end June €10bn

Continued deleveraging
Net debt/EBITDA




1.8x → **1.2x**
December 2022 → June 2023

1) Following the change in accounting principles for the CO₂ quotas in March 2023, purchases of ETS quotas now appear in the working capital and no longer in the investment cash flows

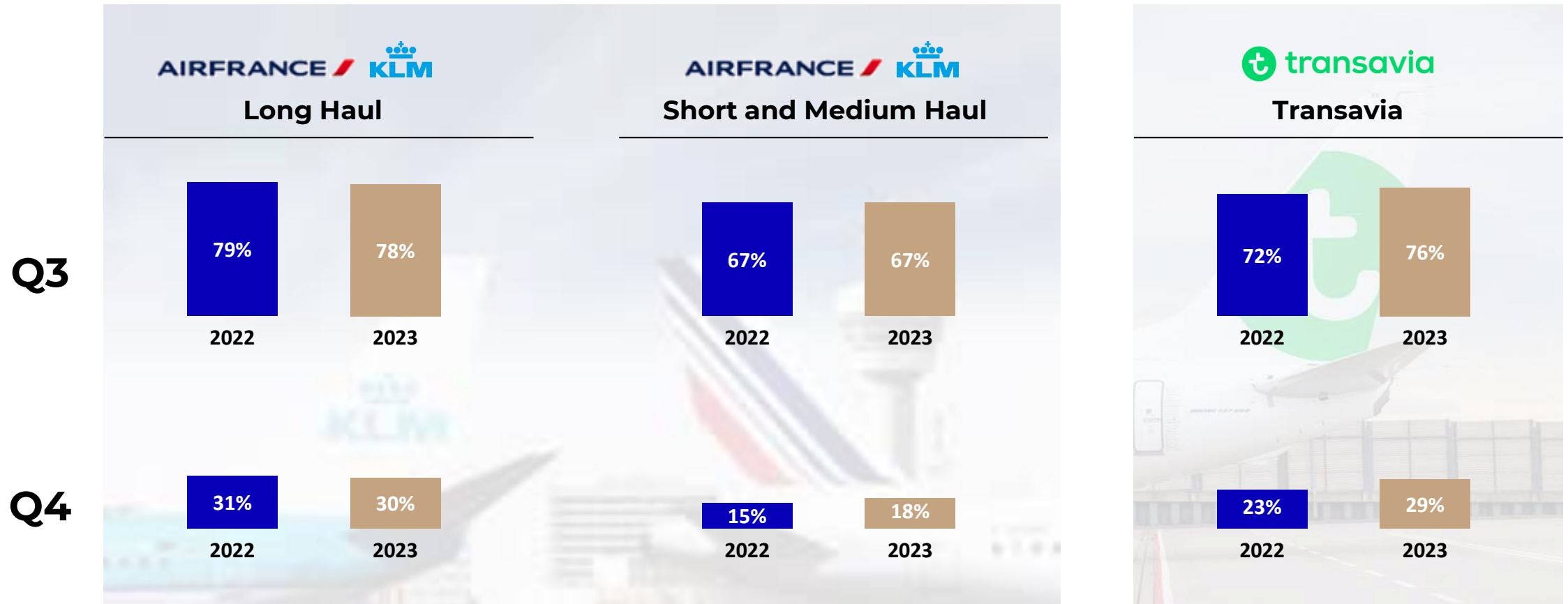
OUTLOOK

Steven Zaat – Chief Financial Officer Air France-KLM

FULL YEAR 2023 CAPACITY OUTLOOK

Capacity in ASK versus 2019		Q1	Q2	Q3	Q4	FY 2023
	Total network	89%	88%	c.90%	90-95%	c.90%
	Long Haul	91%	90%	c.90%	c.95%	90-95%
	Short and medium Haul	79%	83%	c.90%	c90%	85-90%
	Transavia	131%	120%	125-130%	>135%	130-135%
	AF-KLM Group	92%	92%	c.95%	>95%	c.95%

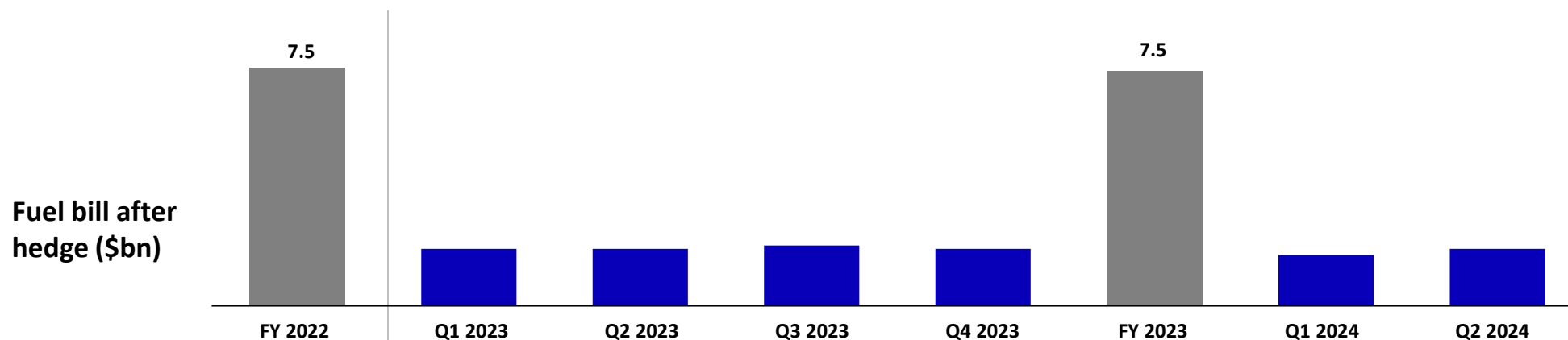
FORWARD BOOKING IN LINE WITH Q3 2022 AND ALREADY ABOVE Q4 2022 IN A STRONG YIELD ENVIRONMENT



■ Forward booking load factor 2022
 ■ Forward booking load factor 2023

Snapshot of the 24th of July 2023 and 2022

THE FUEL HEDGING POLICY REMAINS UNCHANGED AND COVERS CIRCA 70% OF 2023 FUEL CONSUMPTION



		FY 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Market price	Brent (\$ per bbl)	99	82	78	80	80	80	79	78
	Jet fuel (\$ per metric ton)	1,166	1,042	849	888	893	914	867	854
Price after hedge	Jet fuel (\$ per metric ton)	1,033	1,055	882	894	894	927	869	856
	% of consumption already hedged	73%	73%	71%	70%	59%	68%	43%	26%
	Hedge result (in \$ m)	1,000	-22	-67	-15	-2	-106		

Based on forward curve at 24 July 2023.
Jet fuel price including into plane cost

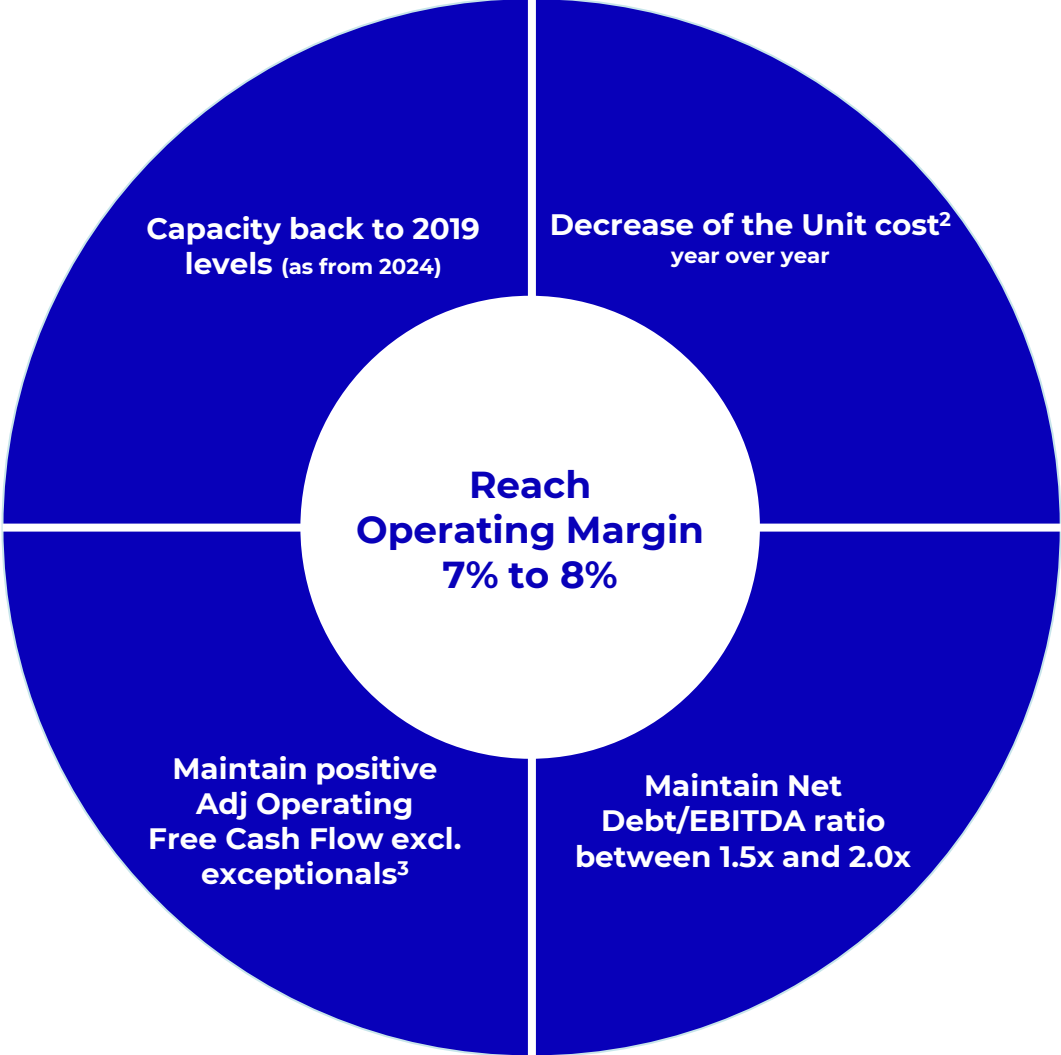
OUTLOOK 2023

	FY 2023
Group Capacity¹	c.95%
Unit cost² vs. 2022	Low single digit increase
Net Capex	€3.0bn



1) ASK capacity versus 2019
2) Against a constant fuel price, constant currency and excluding furlough contribution

MEDIUM TERM OUTLOOK¹



1) Refers to 2024-2026 period
2) At constant fuel price including SAF, constant currency and excluding Emission Trading Scheme cost (ETS)
3) Exceptionals include the payment of the cargo claim and the deferrals of social charges; pensions and wage taxes accumulated during the Covid 19 period

FOCUS ON LOYALTY

Benjamin Smith – Chief Executive Officer Air France-KLM

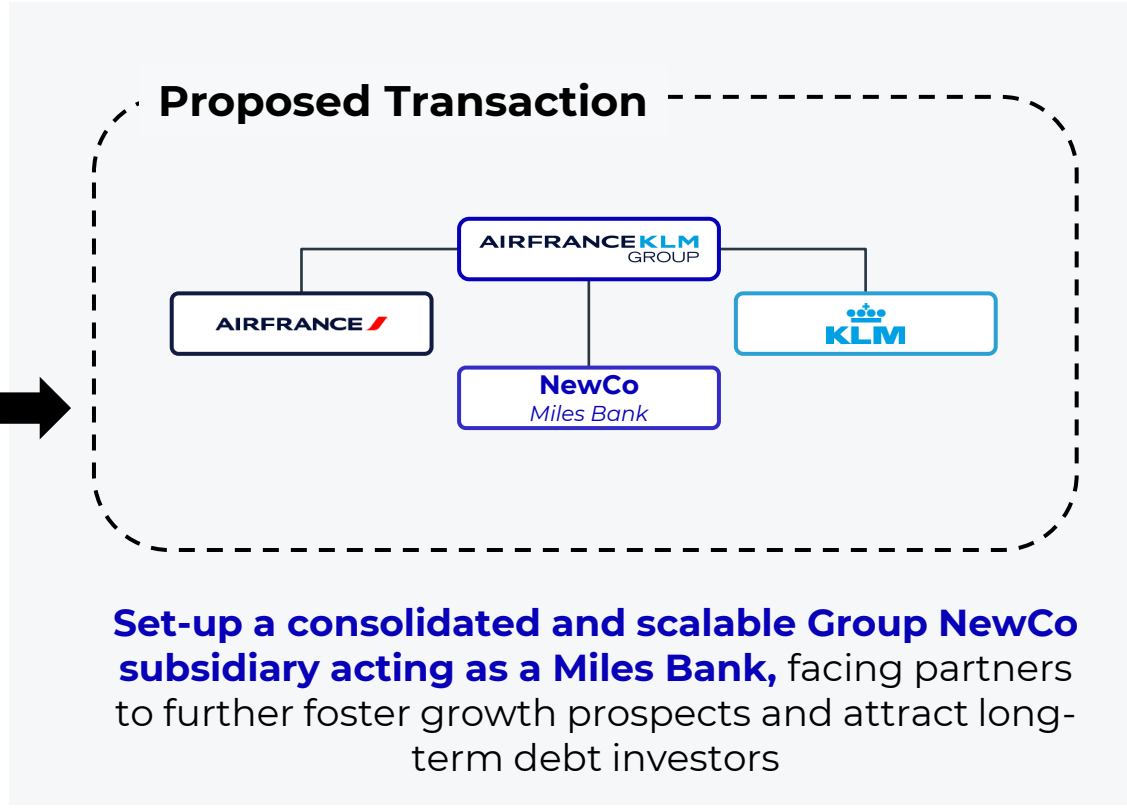
Steven Zaat – Chief Financial Officer Air France-KLM

FLYING BLUE: AN ASSET DRIVING REVENUES AND GROWING CUSTOMER LOYALTY

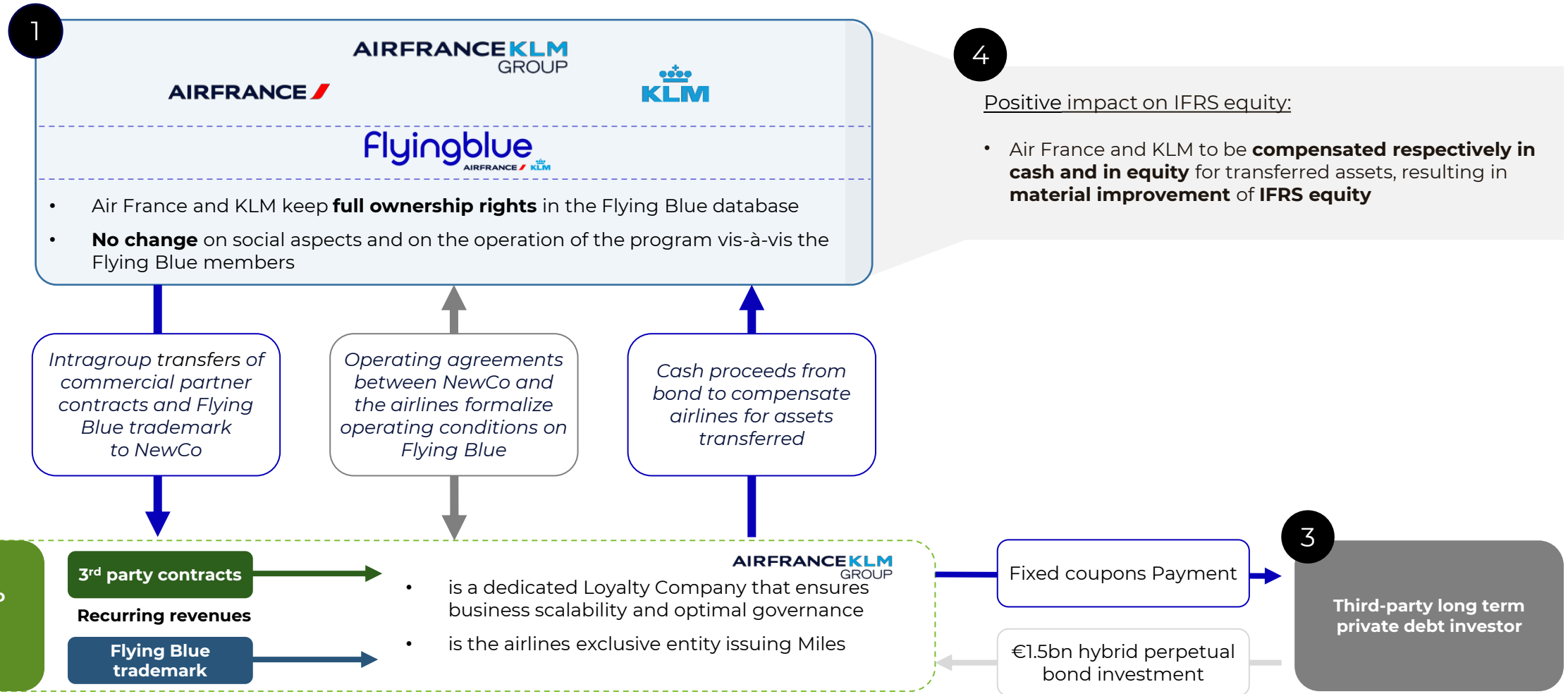
Flying Blue, a strong asset for the Group...



... that is leveraged further



PROPOSED TRANSACTION: LEVERAGE THE PROGRAM'S MILES ISSUANCE ACTIVITIES TO RAISE €1.5BN QUASI-EQUITY FINANCING



UPDATE & OUTLOOK

Benjamin Smith – Chief Executive Officer Air France-KLM

AIR FRANCE-KLM IS STEADILY EXECUTING ON ITS AMBITIOUS SUSTAINABILITY ROADMAP AND IMPROVES FURTHER ITS ESG RATING

Sustainable Aviation Fuel (SAF)

Support to develop the French e-Fuel sector dedicated to air transport :

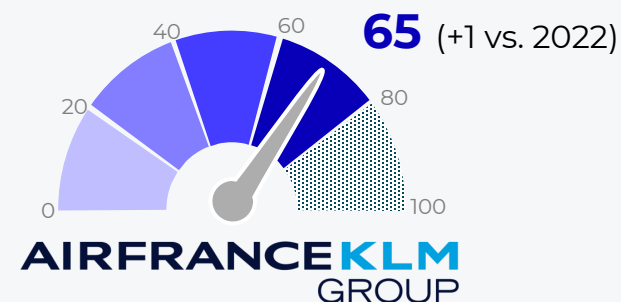
- **MoUs with EDF and Engie** for 2nd generation e-SAF fuel supply
- **Support of multi-partners project “Take Kair”²**

Air France-KLM is expanding its SAF supply sources through new MoUs signed with SAF+ Consortium, Raven, Sumitomo and UNIPER



ESG Ratings¹

S&P Global Ratings



Increased ESG Evaluation reflecting our **improved governance** and **preparedness to be fit for the future**

1) Publication April 28th, 2023. On a scale of 1 to 100, but airlines can reach 80 maximum only due to the nature of their business

2) MoU signed between EDF, Holcim, IFPEN (IFP Energies Nouvelles) and Axens

CONCLUSION

Continued strong momentum in Q2...

- **Operational robustness has significantly improved**
- **Double-digit growth in revenues** driven by strong and sustainable market demand, resulting in **9.6% operating margin**
- **Robust cash flow generation** allowing continued deleveraging
- Meaningful **progress made on restoring the Group's equity** through non-dilutive initiatives highlighting the value of the Group's assets (Flying Blue, Maintenance assets)



... putting the Group in a good position to accelerate its strategic roadmap

- **H2 capacity to keep growing** to 95% by end of 2023 and reach 100% in 2024
- **Sustained business momentum expected in H2** with strong post-Summer booking activity
- **Relentless focus made on balance sheet consolidation and equity restoration**, to give the Group a solid foundation for future growth
- **Sustainability driving the strategic agenda**, with next gen aircraft along with acceleration of SAF procurement contracts

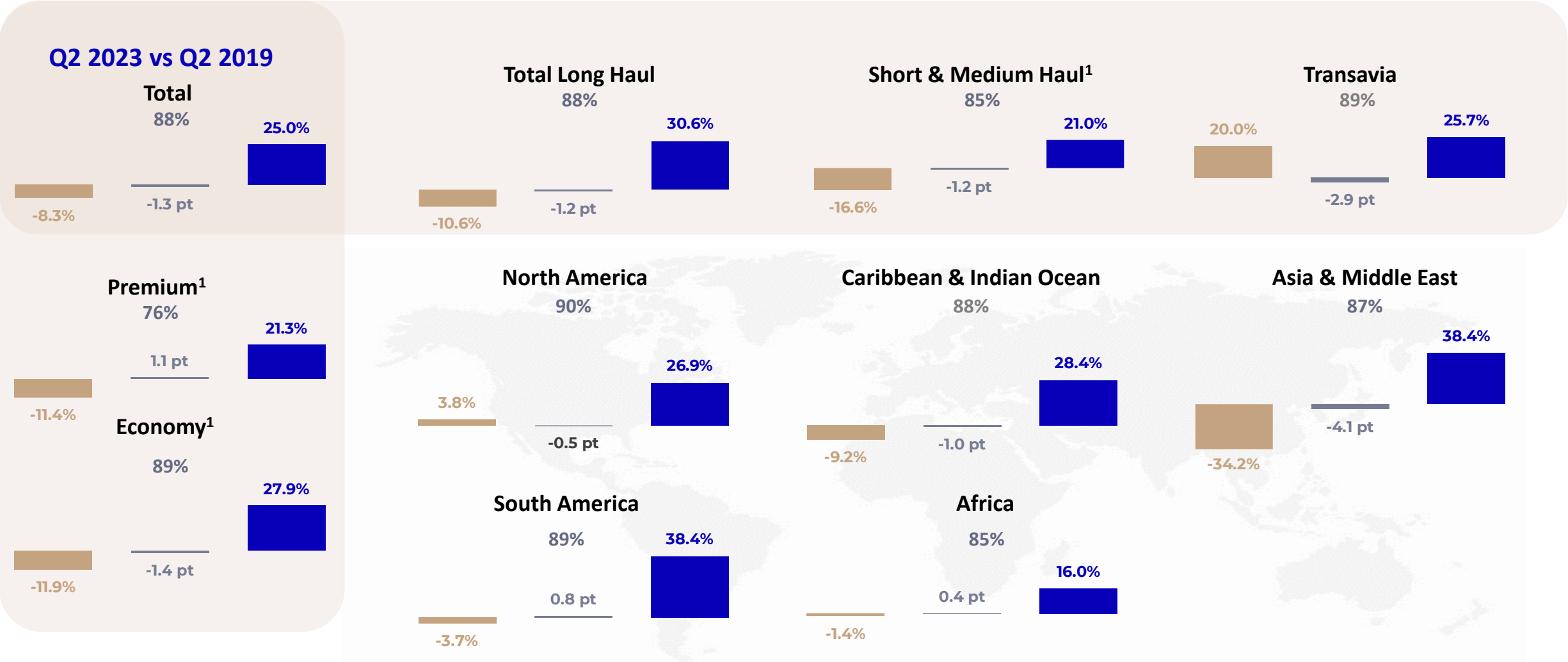


SAVE THE DATE!

AIR France-KLM 2023 INVESTOR DAY
November 7th, 2023
Paris city center

APPENDIX

STRONG YIELD ENVIRONMENT WHILE CAPACITY RECOVERS



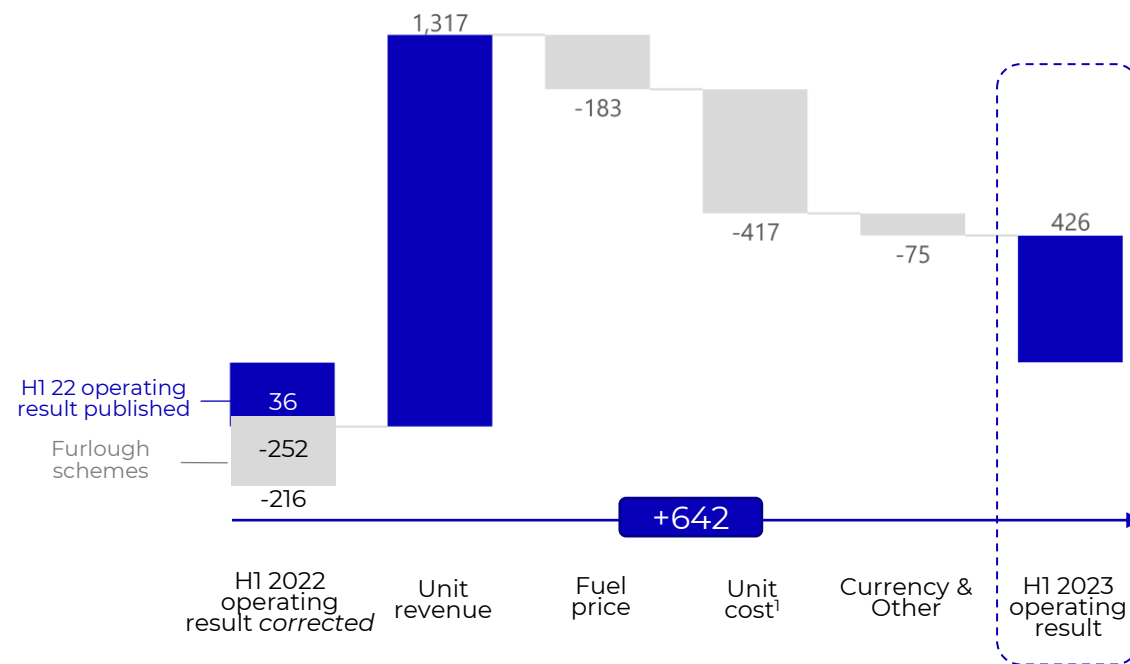
1) Air France-KLM network, excluding Transavia

■ ASK
 ■ Yield
 xx pt Load factor change
 xx% Actual Load factor

H1 2023 OPERATING RESULT DEVELOPMENT

	H1 2023	H1 2022	Change
Revenues (€ m)	13,953	11,152	+2,801
Operating expenses (€ m)	12,339	10,000	+2,339
EBITDA (€ m)	1,614	1,152	462
Operating result (€ m)	426	36	390
Operating margin	3.1%	0.3%	+2.7 pt
Net income - Group part (€ m)	260	(228)	488

Operating result evolution
In € m








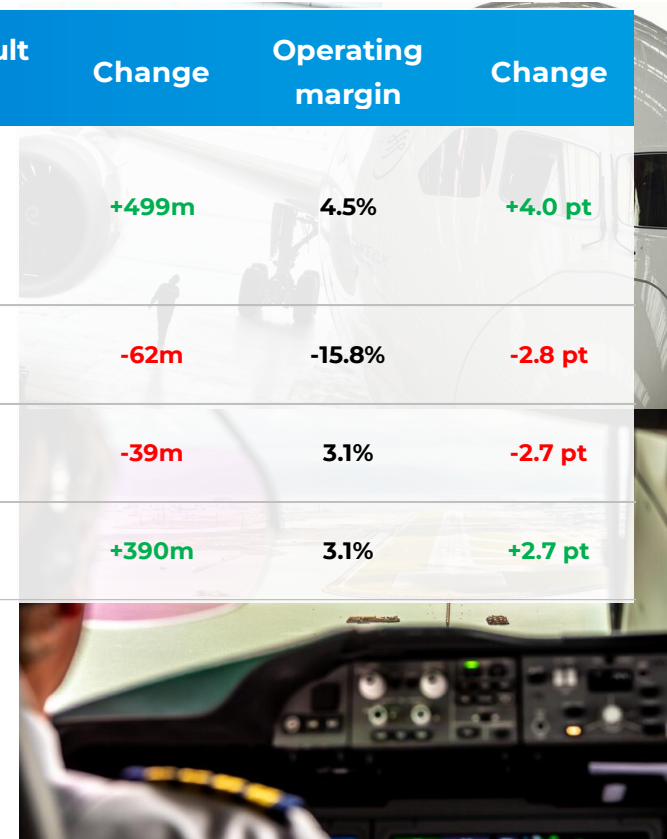
1) Unit cost at constant fuel, constant currency and excluding furlough

H1 2023 VERSUS H1 2022 BUSINESSES PERFORMANCE



H1 2023 vs H1 2022

		Capacity ¹	Unit Revenue ² Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
Network		+12.6%	+22.4%	10,816	+38.3%	542	+499m	4.5%	+4.0 pt
		+8.4% ³	-38.3%	1,279	-30.0%				
Transavia		+19.5%	+7.6%	1,089	+28.2%	-172	-62m	-15.8%	-2.8 pt
Maintenance				753	+17.4%	62	-39m	3.1%	-2.7 pt
Group		+13.5%	+10.9%	13,953	+25.1%	426	+390m	3.1%	+2.7 pt





Air France-KLM passenger network + cargo = network

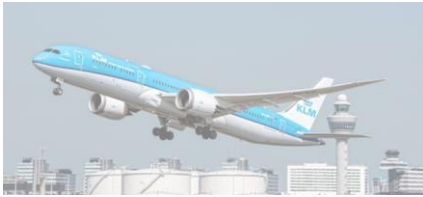
1) Capacity is defined as Available Seat Kilometers (ASK), except for Network Cargo capacity which is Available Ton Kilometers (ATK). Group capacity is defined as Passenger ASK (Network Passenger ASK + Transavia ASK)

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

H1 2023 VERSUS H1 2022 AIRLINES PERFORMANCE

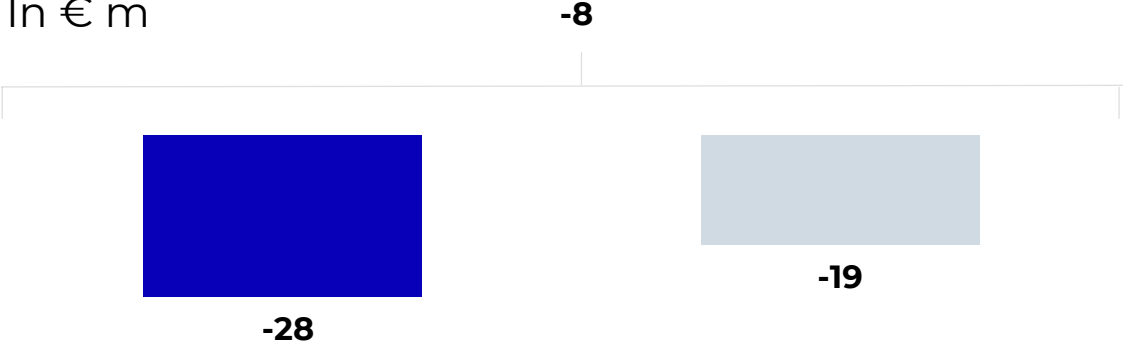
H1 2023 vs H1 2022	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY
AIRFRANCE 	+15%	8,591	+27%	301	+531	3.5%	+6.9 pt
	+11%	5,632	+20%	129	-136	2.3%	-3.4 pt
AIRFRANCE KLM GROUP	+14%	13,953	+25%	426	+390	3.1%	+2.7 pt



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

CURRENCY IMPACT ON OPERATING RESULT

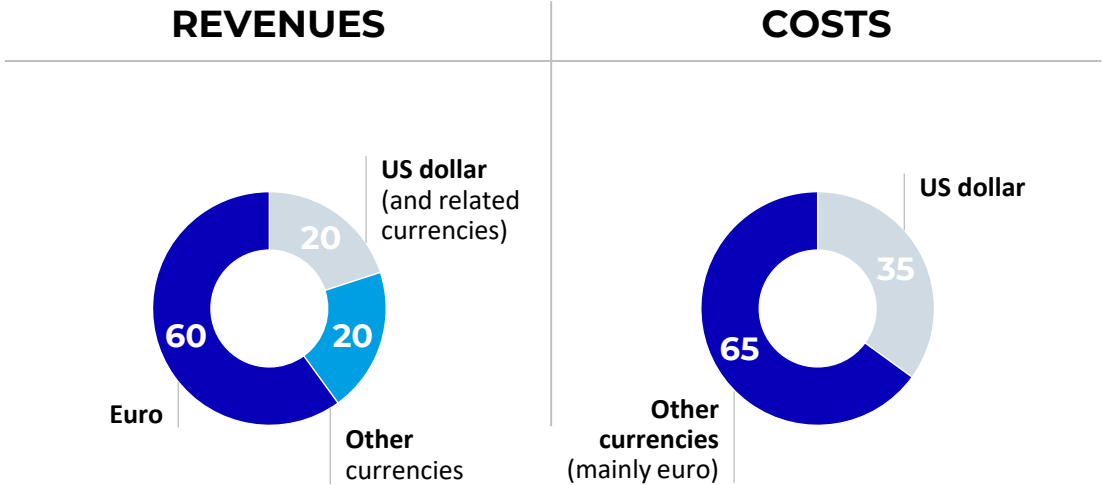
Currency impact on revenues and costs In € m



Q2 2023

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

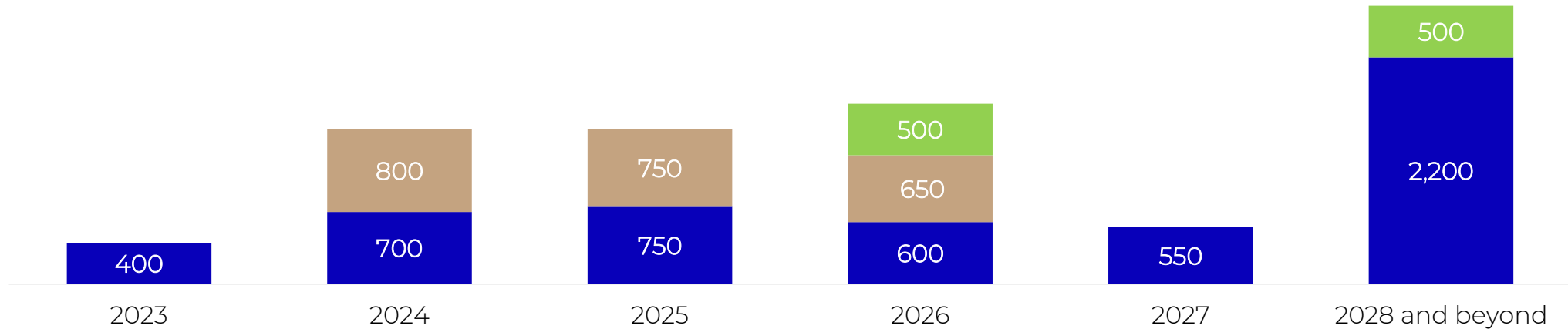
Revenues and costs per currency FY 2022



DEBT REDEMPTION PROFILE AT 30 JUNE 2023

Debt reimbursement profile⁽¹⁾

In €m



Bonds issued by Air France-KLM

March 2024:

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

June 2024:

AFKL 3.0% €300m

January 2025

AFKL 1.875% (€750m)

June 2026:

AFKL 3.875% (€500m)

December 2026:

AFKL 4.35% \$145m (€133m)

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

Sustainability-Linked Bonds

2026: 7.250% (€500m)

2028: 8.125% (€500m)

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



Investor Relations department

Michiel Klinkers

Michiel.klinkers@airfranceklm.com

Marouane Mami

mamami@airfranceklm.com