

# RESULTS 2022

**AIRFRANCE****KLM**  
GROUP

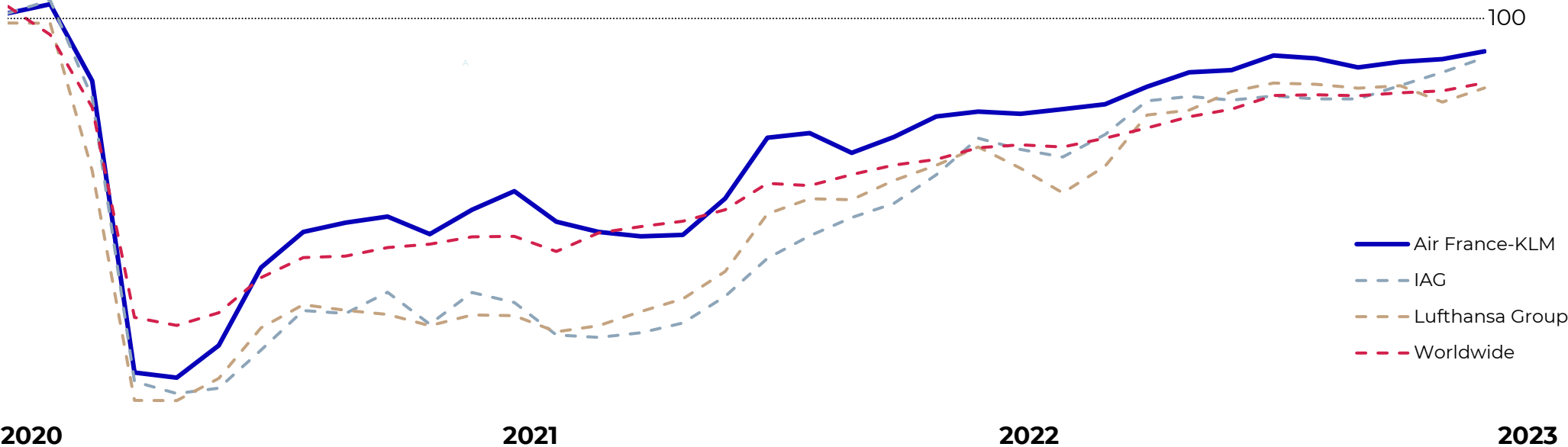
# FULL YEAR 2022 HIGHLIGHTS

Benjamin Smith – Chief Executive Officer Air France-KLM

# AIR FRANCE-KLM LED THE EUROPEAN RESTORATION, SUCCESSFULLY LEVERAGING THE UNPRECEDENTED SURGE IN DEMAND

## Evolution of capacity since January 2020

ASK index vs. 2019<sup>1</sup>



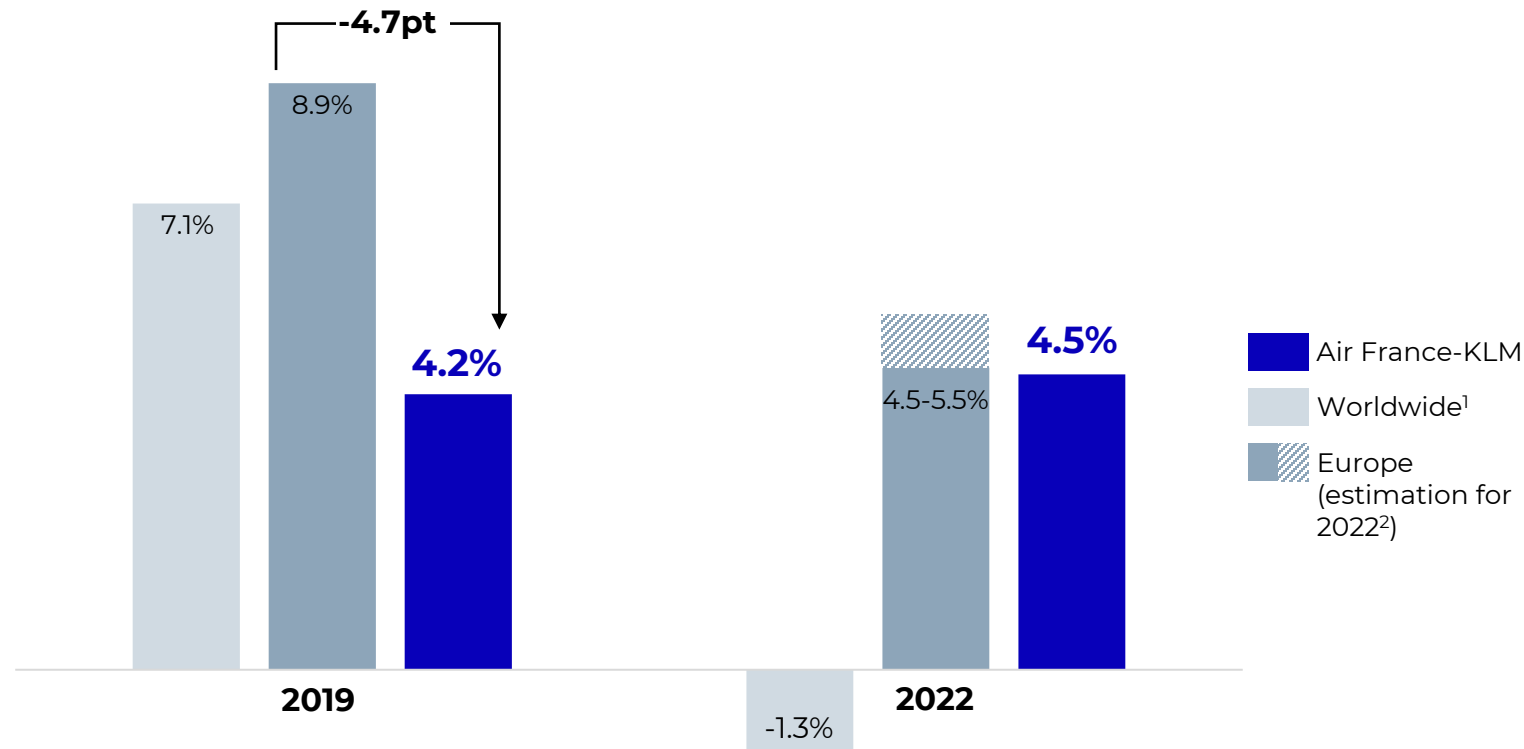
**Air France-KLM anticipated and led the European recovery, deploying the most ambitious offer restoration for its customers, tackling operational challenges linked to the demand surge**

1) Source OAG

# AIR FRANCE-KLM CLOSED ITS PROFITABILITY GAP WITH PEERS, BUILDING MOMENTUM AND STRENGTHENING ITS PERFORMANCE FOUNDATION

## Profitability evolution (2019 vs. 2022)

EBIT Margin



IATA forecasts show **disparities in the recovery** across the industry

**US and Europe carriers were at the forefront of the recovery**, led by a dynamic environment

Thanks to its **deep transformation, continuous improvement mindset and fit-for-market ambitious strategy**, Air France-KLM is closing on competition's profitability

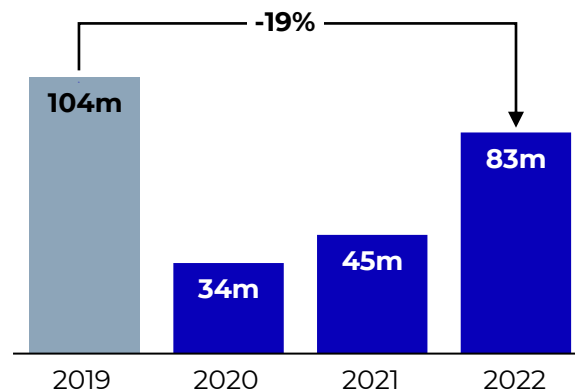
1) Source IATA

2) Source Bloomberg estimates for Lufthansa Group and IAG

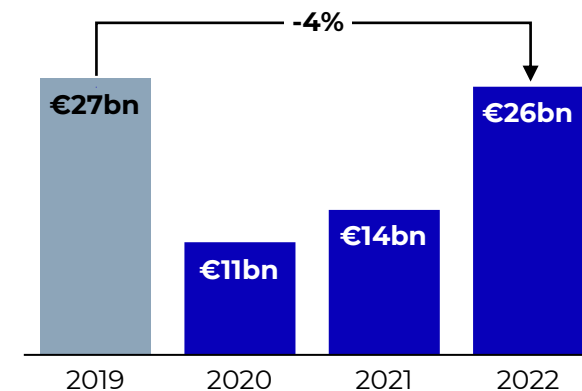
# 2022 AS A NEW REFERENCE FOR OUR GROUP

- **Positive Full Year operating result of €1.2bn**, above 2019 level
- **Adjusted Operating Free Cash Flow €1.9bn**
- **Positive net income of €0.7bn** further strengthening the balance sheet
- **Solid €10.6bn cash at hand** and strong net debt reduction by €1.9bn versus Dec 2021 resulting in **Net Debt/EBITDA ratio of 1.8x**
- **Total transformation savings €2.1bn** by the end of 2022

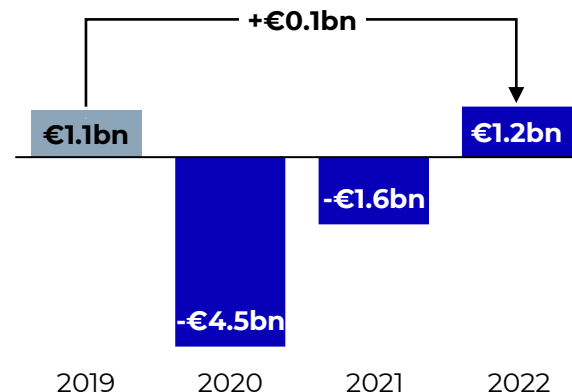
### Passengers carried



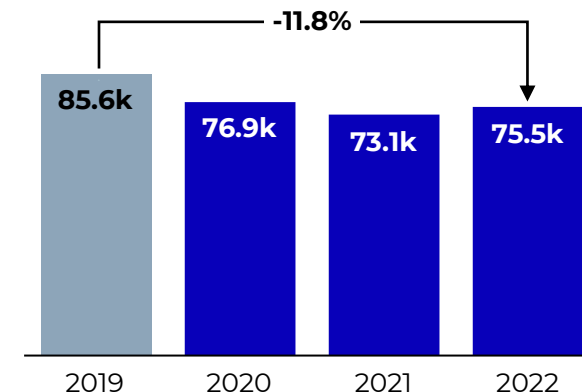
### Group revenues



### Operating result



### FTE's<sup>1</sup>



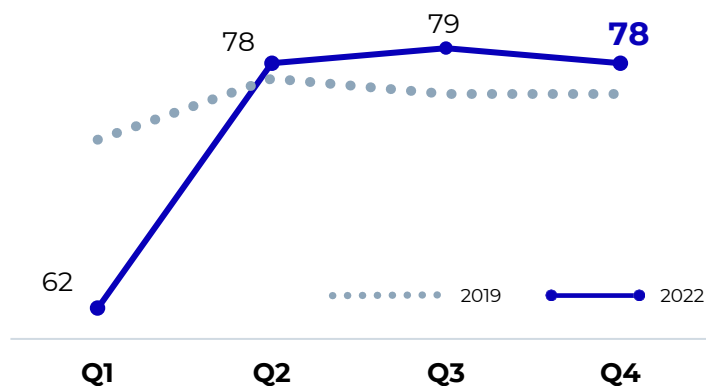
1) December snapshot

# AGILE AND PERSISTENT RECOVERY FOR OUR PASSENGER NETWORK

## Evolution load factors and Corporate indicators

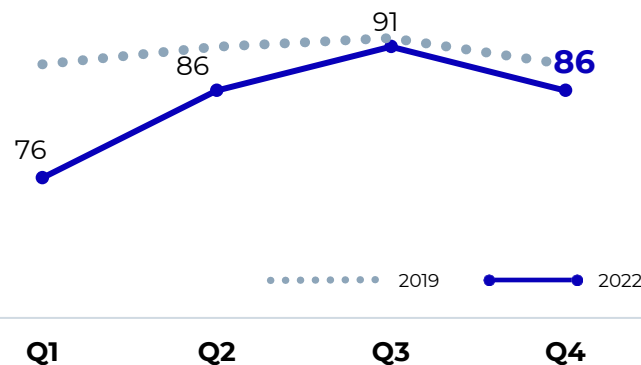
### Load Factors Premium<sup>1</sup> cabins

Air France & KLM Long Haul Passenger Network



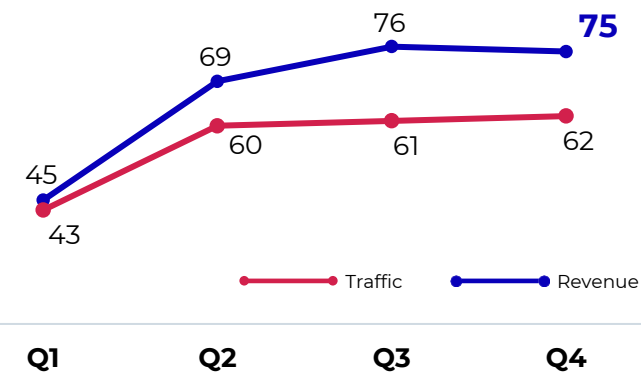
### Load Factors Economy<sup>2</sup> cabins

Air France & KLM Long Haul Passenger Network



### 2022 Corporate Revenue & Traffic<sup>3</sup>

Air France & KLM Passenger Network



## Air France-KLM performance acceleration across all levers

**12% revenues from partnerships<sup>4</sup>**

+1.6pt vs. 2019

**€800m ancillaries revenues**

+7% vs. 2019

**Agile & Flexible network**

& resources allocation

1) Premium = First & Business

2) Economy = Premium Economy & Economy

3) Index vs. 2019

4) Partner enabled revenues are considered here and are the sum of Network Contribution (issued by Air France-KLM, flown on at least one Air France-KLM flight) and Net Transport Revenue (issued by Partner Airline, flown on Air France-KLM flights)

# A SUCCESSFUL YEAR SUPPORTED BY ALL OUR BUSINESSES WITH CONCRETE ACHIEVEMENTS



**Fleet size close to 100 aircraft** & more than 40 new destinations vs. 2019

**Financial trajectory in line with the roadmap**

**A320neo training and preparation right on path** to start operations by end of 2023



**Renewal of full freighter fleet** with 8 A350F firm orders

Digital transformation drives **record online bookings** (above 70%)

**10-year cooperation agreement with CMA CGM Group**



**Finalization of CFMI LEAP Engine CBSA<sup>1</sup>:** solidifying our position as world-leading engine MRO provider

**Signature of Pratt & Whitney and Rolls Royce** contracts, allowing Air France-KLM to expand its capabilities

**Signed significant number of 3<sup>rd</sup> party customer contracts**

1) CBSA: CFMI Branded Service Agreement for LEAP 1A (A320neo) and 1B (737 Max) engines

# Q4 2022 FINANCIAL RESULTS

Steven Zaat – Chief Financial Officer Air France-KLM

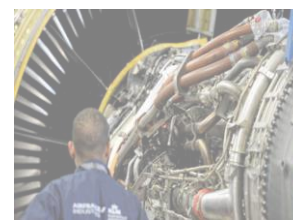


# HIGHEST Q4 REVENUE IN HISTORY AND OPERATING MARGIN ABOVE 2019 LEVEL

	Q4 2022	Q4 2021 <sup>1</sup>	Q4 2019	Change versus 2021	Change versus 2019
<b>Revenues (€ m)</b>	<b>7,128</b>	<b>4,838</b>	<b>6,615</b>	<b>+2,290m</b>	<b>+513m</b>
Aircraft Fuel (€ m)	2,057	937	1,394	+1,120m	+663m
Salary cost (€ m) <sup>2</sup>	2,049	1,526	2,108	+523m	-59m
Other operating expenses (€ m)	2,236	1,547	2,248	+689m	-12m
EBITDA (€ m)	786	828	865	-42m	-79m
<b>Operating result (€ m)</b>	<b>134</b>	<b>179</b>	<b>94</b>	<b>-45m</b>	<b>+40m</b>
<b>Operating margin</b>	<b>1.9%</b>	<b>3.7%</b>	<b>1.4%</b>	<b>-1.8 pt</b>	<b>+0.5 pt</b>
Net income - Group part (€ m)	496	-126	155	+622m	+341m

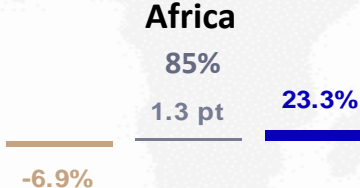
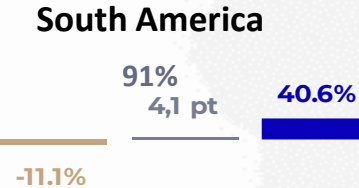
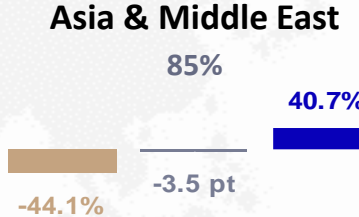
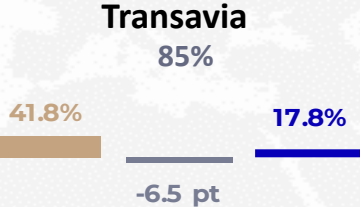
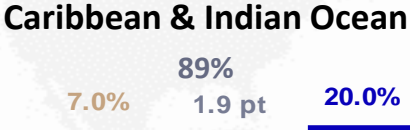
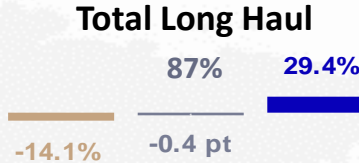
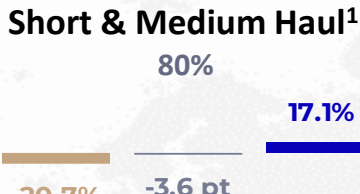
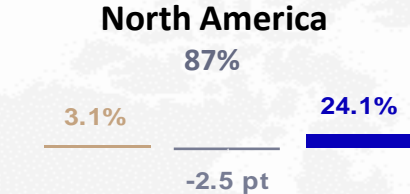
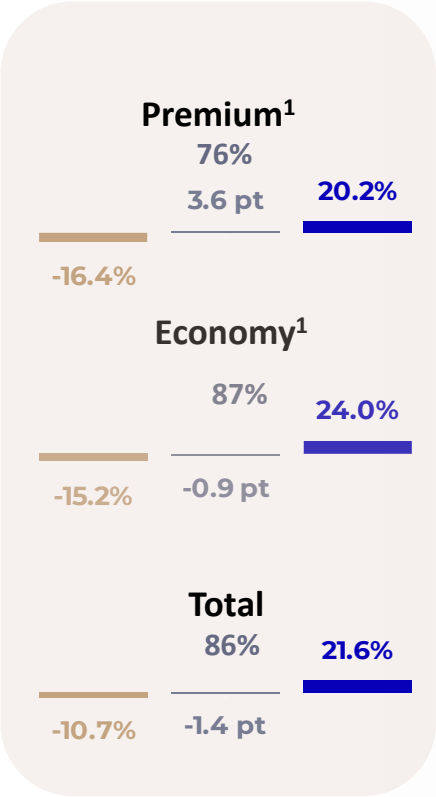
1) Restated figures include the change in accounting principles for pensions (interpretation of IAS19)

2) Furlough schemes accounted for €159m in Q4 2021, €4m in Q4 2022



# STRONG YIELDS ON OUR DIVERSIFIED NETWORK




Q4 2022 vs Q4 2019



■ ASK    
 xx pt Load factor change    
 ■ Yield    
 xx% Actual Load factor Q4 2022

1) Air France-KLM network, excluding Transavia

# AIR FRANCE OPERATING MARGIN WELL ABOVE 2019 WHILE CAPACITY RESTRICTIONS AT SCHIPHOL HAMPERED KLM PERFORMANCE

Q4 2022 versus Q4 2021	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY	2019 operating margin
	+31%	4,541	+54%	144	+92	3.2%	+1 pt	-0.5%
	+9%	2,758	+35%	-2	-129	-0.1%	-6 pt	4.4%
	+21%	7,128	+47%	134	-45	1.9%	-2 pt	1.4%

- Air France's structural transformation efforts resulting in positive and improved operating margin
- Capacity restrictions at Schiphol resulted in €170m lost revenues
- Furlough schemes accounted for €159m in Q4 2021, €4m in Q4 2022

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

# FULL YEAR 2022 FINANCIAL RESULTS

Steven Zaat – Chief Financial Officer Air France-KLM

# A SUCCESSFUL YEAR IN A CHALLENGING CONTEXT RESULTING IN A POSITIVE NET INCOME



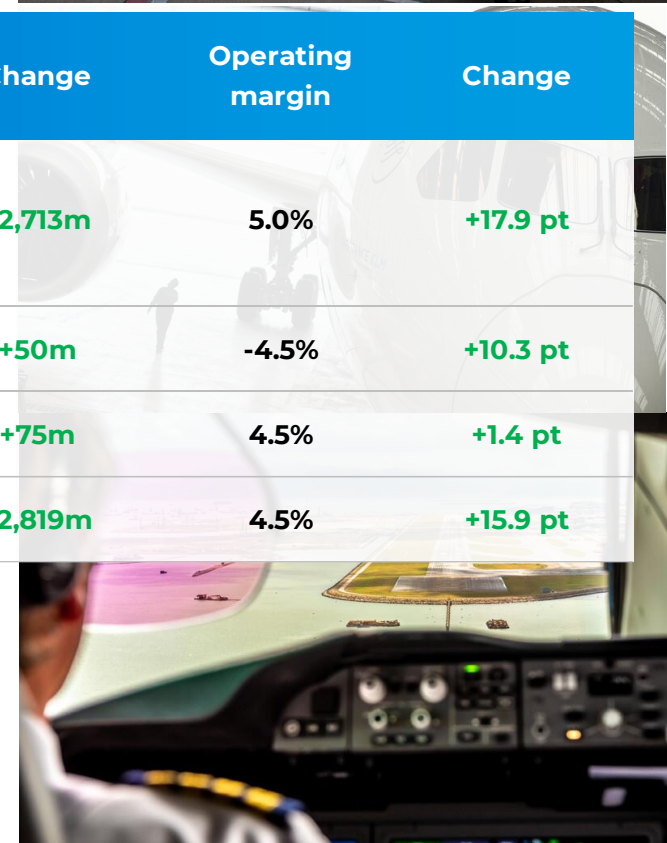
	FY 2022	FY 2021	FY 2019	Change versus 2021	Change versus 2019
<b>Revenues (€ m)</b>	<b>26,393</b>	<b>14,315</b>	<b>27,187</b>	<b>+12,078m</b>	<b>-794m</b>
Aircraft Fuel (€ m)	7,241	2,748	5,510	+4,493m	+1,731m
Salary cost (€ m)	7,289	5,340	8,139	+1,949m	-850m
Other operating expenses (€ m)	8,248	5,482	9,410	+2,766m	-1,162m
EBITDA (€ m)	3,615	745	4,128	+2,870m	-513m
<b>Operating result (€ m)</b>	<b>1,193</b>	<b>-1,626</b>	<b>1,141</b>	<b>+2,819m</b>	<b>+52m</b>
Operating margin	4.5%	-11.4%	4.2%	+15.9 pt	+0.3 pt
<b>Net income - Group part (€ m)</b>	<b>728</b>	<b>-3,292</b>	<b>290</b>	<b>+4,020m</b>	<b>+438m</b>



# STRONG CONTRIBUTION FROM ALL BUSINESS LINES WITH CONTINUED INVESTMENTS IN TRANSAVIA'S GROWTH



FY 2022 vs. FY 2021		Capacity <sup>1</sup>	Unit Revenue <sup>2</sup> Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
Network	AIRFRANCE / KLM	+39.4%	+56.4%	19,254	+122.2%	1,131	+2,713m	5.0%	+17.9 pt
	AIRFRANCE / KLM Martinair CARGO	+15.6% <sup>3</sup>	-19.5%	3,502	-2.4%				
Transavia	transavia	+85.9%	+19.9%	2,218	+119.3%	-100	+50m	-4.5%	+10.3 pt
Maintenance	AIRFRANCE INDUSTRIES / KLM Engineering & Maintenance			1,389	+35.8%	163	+75m	4.5%	+1.4 pt
Group	AIRFRANCE KLM GROUP	+44.2%	+29.5%	26,393	+84.4%	1,193	+2,819m	4.5%	+15.9 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

# A SLIGHT INCREASE OF UNIT COST ALTHOUGH 15% LESS CAPACITY

## Unit cost<sup>1</sup> evolution



## Staff cost evolution



## FTE evolution

**AIRFRANCE** <sup>2</sup>

**-16% FTE**

Versus December 2019

  
**KLM**

**-9% FTE**

Versus December 2019

### Unit cost increase explained by:

- CLA effects for AF and KLM
- Airport charges (c.+20% at Schiphol vs. 2019)
- Inflationary pressure on ATC charges and handling costs
- Customer compensations

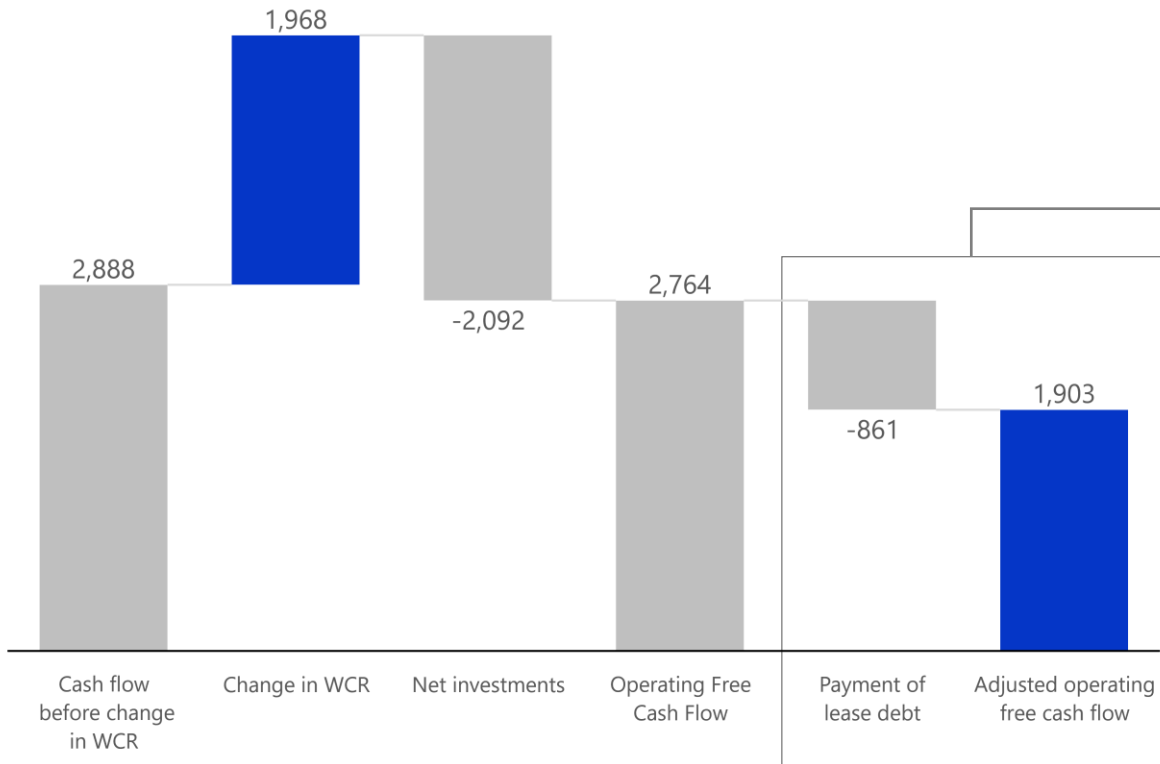
### Transformation programs

- Air France: successful structural transformation program
- KLM: successful adaptation to crisis but recruiting staff in order to prepare capacity development and stable operations

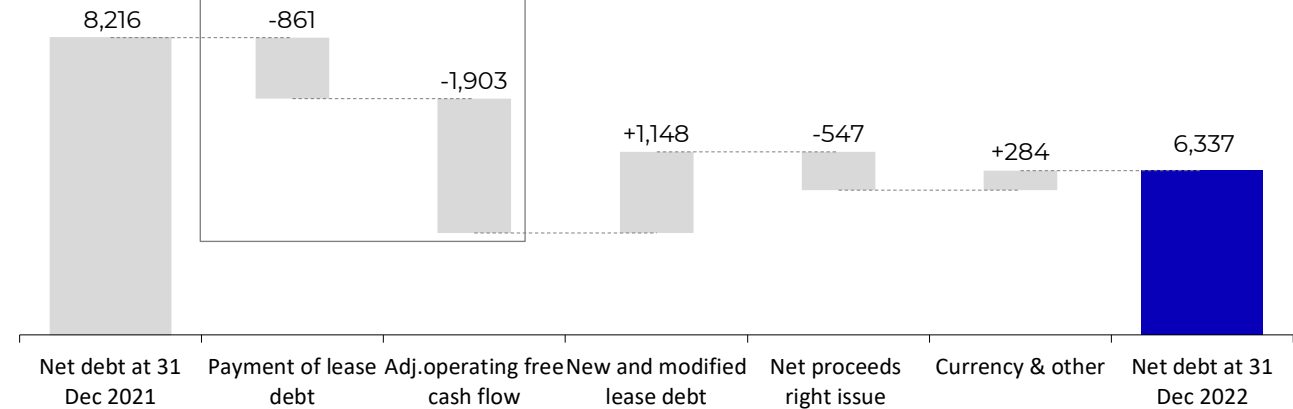
1) Unit cost against constant fuel price and constant currency (USD & related currencies only) using the same methodology as the Unit cost calculation in press release  
2) Excluding Transavia France

# ADJUSTED OPERATING FREE CASH FLOW POSITIVE LEADING TO A NET DEBT/EBITDA RATIO AT 1.8X

2022 Free cash flow evolution  
In € m



Net debt  
In € m



## Continued deleveraging

Net debt/EBITDA

**11.0x** → **1.8x**  
2021 → 2022



# AIR FRANCE-KLM CONTINUED REDEEMING LIQUIDITY SUPPORT WHILE MAINTAINING A SOLID CASH POSITION

2021- 2022 Redemption of €4.9bn liquidity support rebalancing the Group's debt profile

- ✓ **December 2021**  
**Redemption of €0.5bn** of the bank loan guaranteed by the French State, "PGE", through liquidity
- ✓ **June 2022**  
**€2.3bn Right issue, redeeming €1.6bn** of the French State's perpetual hybrid instruments
- ✓ **June 2022**  
**Full redemption of €0.9bn from KLM** of the RCF and Dutch State Loan
- ✓ **July 2022**  
**Quasi-equity financing** for AF pool of spare engines resulting in **€0.5bn** proceeds. Fully allocated to further redeem the French State's perpetual hybrid instruments
- ✓ **November 2022**  
**Redemption of €1.0bn** of the bank loan guaranteed by the French State, "PGE", through liquidity  
**Redemption of €0.3bn** of the French State's perpetual hybrid instruments through Hybrid Convertible Bond emission

# IN 2023, AIR FRANCE-KLM WILL CONTINUE TO STRENGTHEN ITS BALANCE SHEET

2023



**March 2023**

**Full redemption of the outstanding €2.5bn of the PGE<sup>1</sup>** by using the €1.0bn proceeds of the Sustainability-Linked Bond which was issued in January and by using €1.5bn liquidity



**April 2023**

Air France & Air France-KLM combined and KLM intends to implement **two new Sustainability Linked Revolving Credit Facilities (RCF)**



**2023**

Aside of net profit generation, Air France-KLM intends to restore the balance sheet by means of :

- **non dilutive initiatives** such as **quasi-equity** financing instruments<sup>2</sup> (similarly to the one raised by AF on a pool of spare engines in July 2022), supported by **Loyalty Program** and/or **MRO** assets and/or **straight hybrid bonds**.



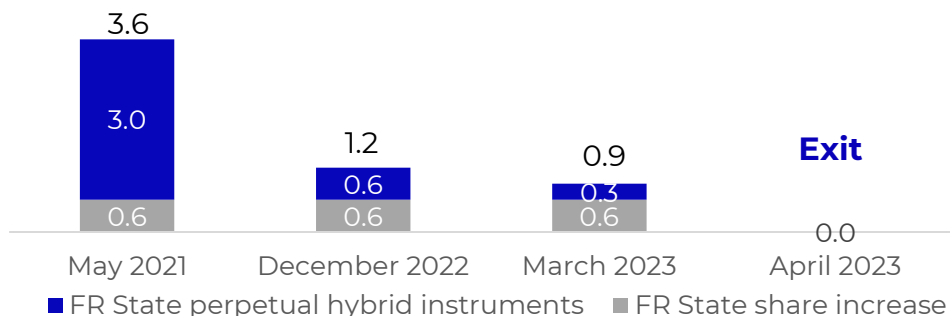
1) "Prêt Garanti par l'Etat" - Bank loan guaranteed by the French State

2) Subject to compliance with EU State Aid Temporary Framework, if applicable

# AIR FRANCE-KLM TO BE FULLY RELEASED FROM CURRENT STATES SUPPORT

In €bn

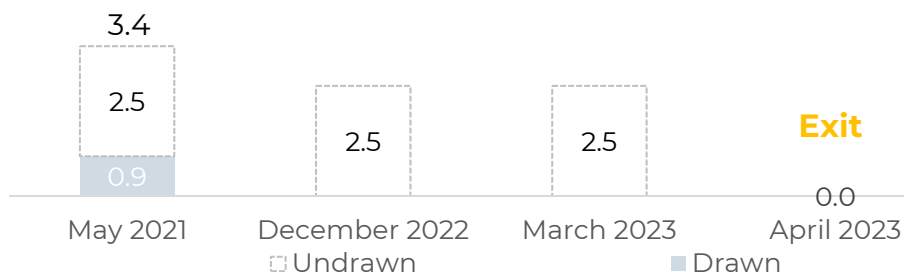
## French State Recap Aid (EU Temporary Framework)



## French State guaranteed bank loan « PGE »



## Dutch State Facility and Dutch State guaranteed bank RCF



The remaining €1.2bn French State Recapitalization Aid, granted under EU State Aid Covid Temporary Framework, is currently composed by:

- €600m French State perpetual hybrids instruments.
- €600m shares, acquired by the French State as part of the May 2021 right issue.

As of **April 19<sup>th</sup>, 2023**<sup>1)</sup>, Air France-KLM intends to fully exit this current €1.2bn French State recapitalization Aid and its related bans.

Following the approval on February 16<sup>th</sup>, 2023, by the EU Commission of a French State Compensation Aid without any bans, the Group will achieve this exit of the French Recapitalization Aid through the following steps:

- **March 2023:** Air France-KLM will redeem and refinance **€300m** of French State perpetual bonds into French State perpetual hybrid instruments without bans attached, enabling to cross the 75% redemption threshold of the Recapitalization French State Aid.
- **As of April 19<sup>th</sup>, 2023:** The rest of the c.**€300m** French State perpetual hybrid instruments and the remuneration associated to the State aid will be redeemed and refinanced similarly. **The Group will settle all final obligations** related to the exit of the remaining Recapitalization Aid without change needed of the capital structure.


KLM intends to exit the **current Dutch State framework with banks & State loans being replaced by a Sustainability Linked Revolving Credit Facility.**

1) 2-years anniversary date of the granting of the French State recapitalization aid

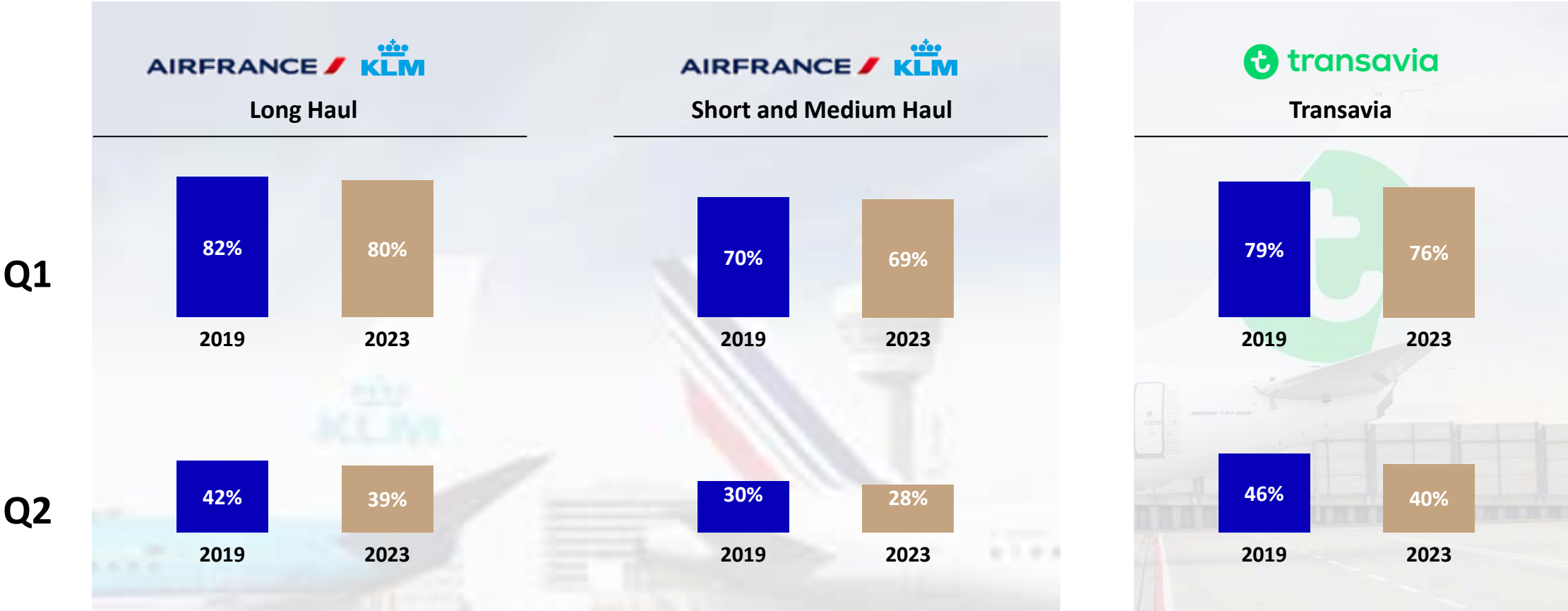
# OUTLOOK

Steven Zaat – Chief Financial Officer Air France-KLM

# AIR FRANCE-KLM WILL CONTINUE TO INCREASE CAPACITY IN 2023 AND WILL REACH 2019 LEVELS BY THE END OF THE YEAR

Capacity in ASK versus 2019		FY 2022	Q1	Q2	H2	FY 2023
	Total network	82%	c.90%	c.90%	c.95%	90-95%
	Long Haul	83%	c.90%	c.90%	c.95%	90-95%
	Short and medium Haul	80%	c.80%	c.85%	c.90%	85-90%
	Transavia	114%	c.135%	c.125%	>135%	c.135%
	AF-KLM Group	85%	90-95%	90-95%	>95%	95-100%

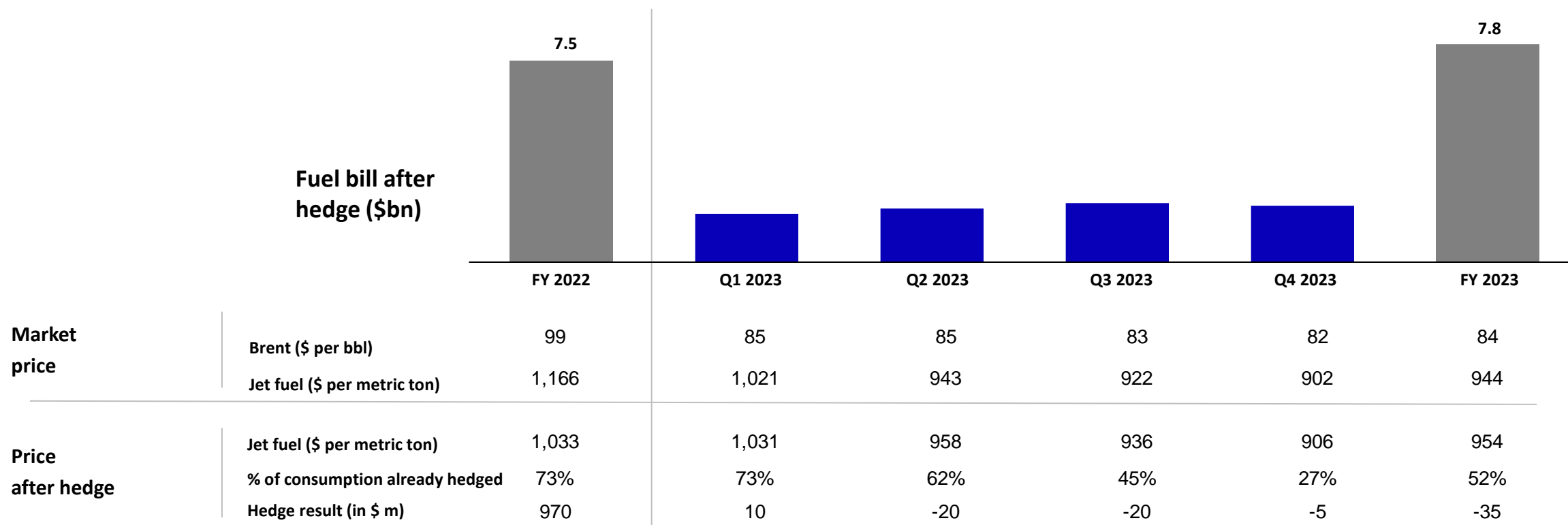
# ENCOURAGING BOOKING PATTERN WITHIN A ROBUST YIELD ENVIRONMENT



Forward booking load factor 2019
  Forward booking load factor 2023

Snapshot of the 13<sup>th</sup> of February 2023 and 2019

# THE FUEL HEDGING POLICY REMAINS UNCHANGED AND COVERS ALREADY 50% OF 2023 FUEL CONSUMPTION



Based on forward curve at 13 February 2023. Jet fuel price including into plane cost

# OUTLOOK 2023

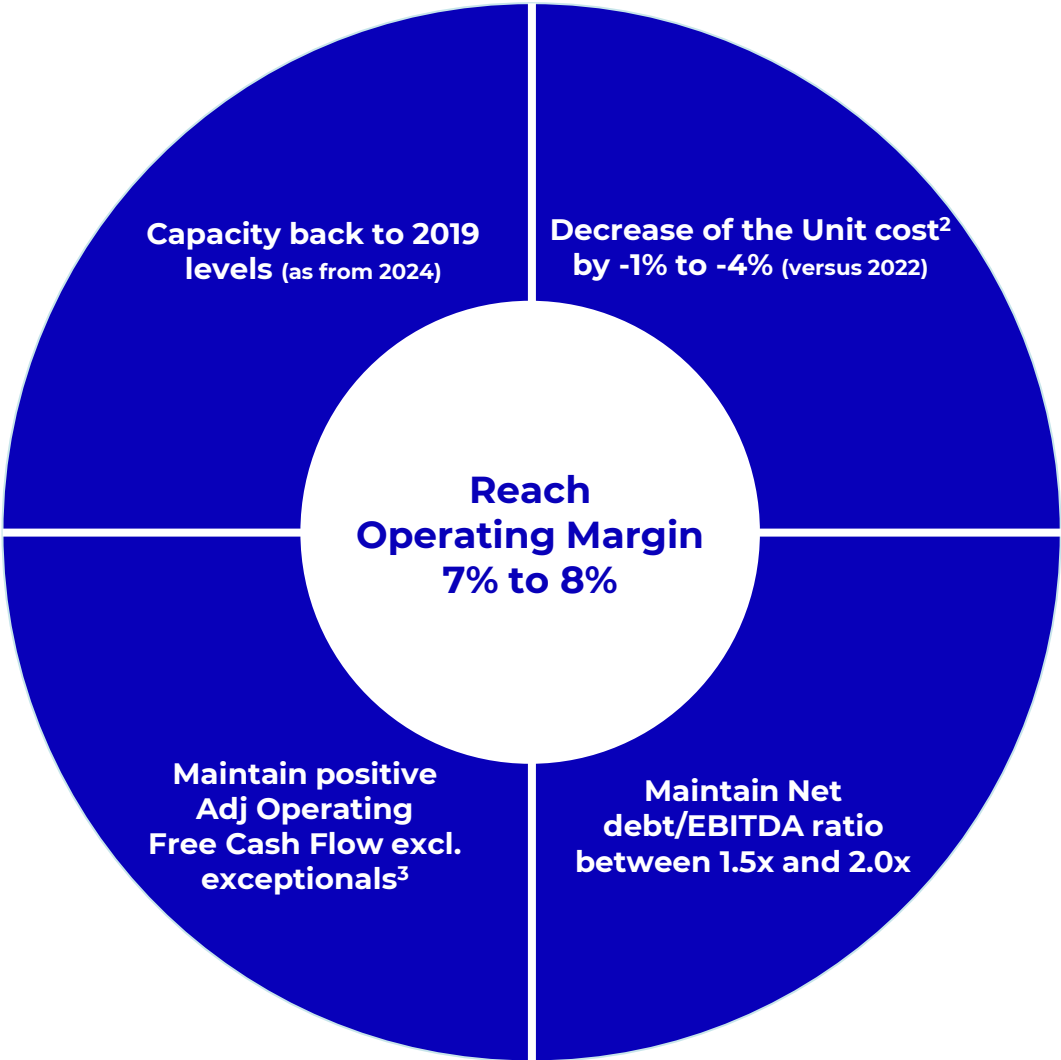
	Q1 2023	FY 2023
<b>Group Capacity<sup>1</sup></b>	90-95%	95-100%
<b>Unit cost<sup>2</sup> vs. 2022</b>		Stable
<b>Net Capex</b>		€3.0bn



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



# MEDIUM TERM OUTLOOK<sup>1</sup>



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 and wage taxes accumulated during the Covid 19 period

# UPDATE & OUTLOOK

Benjamin Smith – Chief Executive Officer Air France-KLM

# INVESTMENTS SECURED IN FLEET TO DRIVE SUSTAINABLE TRANSITION AND OFFER BEST-IN-CLASS EXPERIENCES TO OUR CUSTOMERS

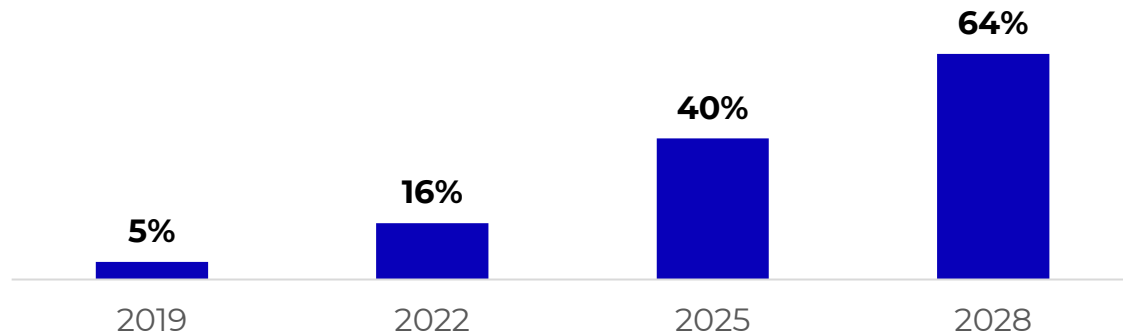
## Fleet Modernization ongoing...

Year end comparison 2022 vs. 2019



## ... with a growing share of New Gen aircraft

Percentage of New Gen aircraft in Air France-KLM fleet



1) Mainly resulting from fleet modernization and operational procedures improvement

**-40%**

Average reduction in noise footprint compared to the 2000s<sup>1</sup>

**-15% to -25%**

Lower CO<sub>2</sub> emissions compared to previous generation aircraft

### Customer experience

State-of-the-art cabins  
Enhanced comfort and on-board experience

# INVESTMENTS SECURED IN CABINS FOR AN ENHANCED AND FURTHER HARMONIZED EXPERIENCE ACROSS THE GROUP

## Harmonization of our Long-Haul Business product

### Air France Business Class

100% Full Flat by end 2023  
& 'Full flat, Full privacy, Full  
access' on 777 & A350



### KLM World Business Class

Direct Aisle access with JAMCO  
seats already on 787 & fully rolled-  
out on 777 by Q1 2024 (including  
privacy door on 777)



## Harmonization of our Long-Haul Premium Eco product

### Air France Premium Economy

Recliner seats on all A350 and  
select on 777-300

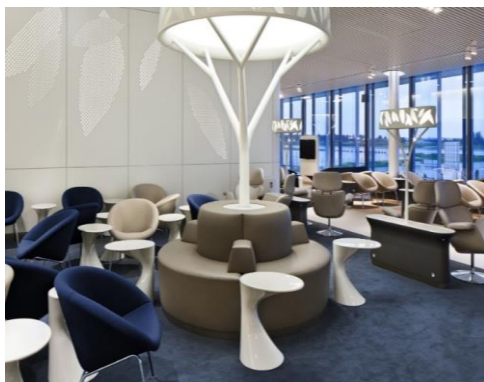


### KLM Premium Comfort

From September 2022 on 777  
and 787 & fully rolled-out by Q1  
2024



# INVESTMENTS SECURED AT ALL STAGES OF THE CUSTOMER JOURNEY TO ACHIEVE HIGH PREMIUM STANDARDS



## Lounges

**Air France** CDG T2E M & Munich refurbishment. **Improved catering** with signature dishes offer in all CDG lounges. **Refurbishment** planned for Cayenne and San Francisco in 2023

**KLM upgrades** lounges at Toronto and Houston for **April 2023**



## Digital

**Almost 50% of flight segments sold with direct online channels** (+10pts vs. 2019)

**Accelerate NDC deployment** to offer more personalized offers



## On Board

**Air France** and **KLM** to launch by end of 2023 **common Wifi Portal** and **new IFE offer**

**Air France** Business 2<sup>nd</sup> meal & pre-selection and specific offer for Premium Economy class by end of 2023



## Customer Service

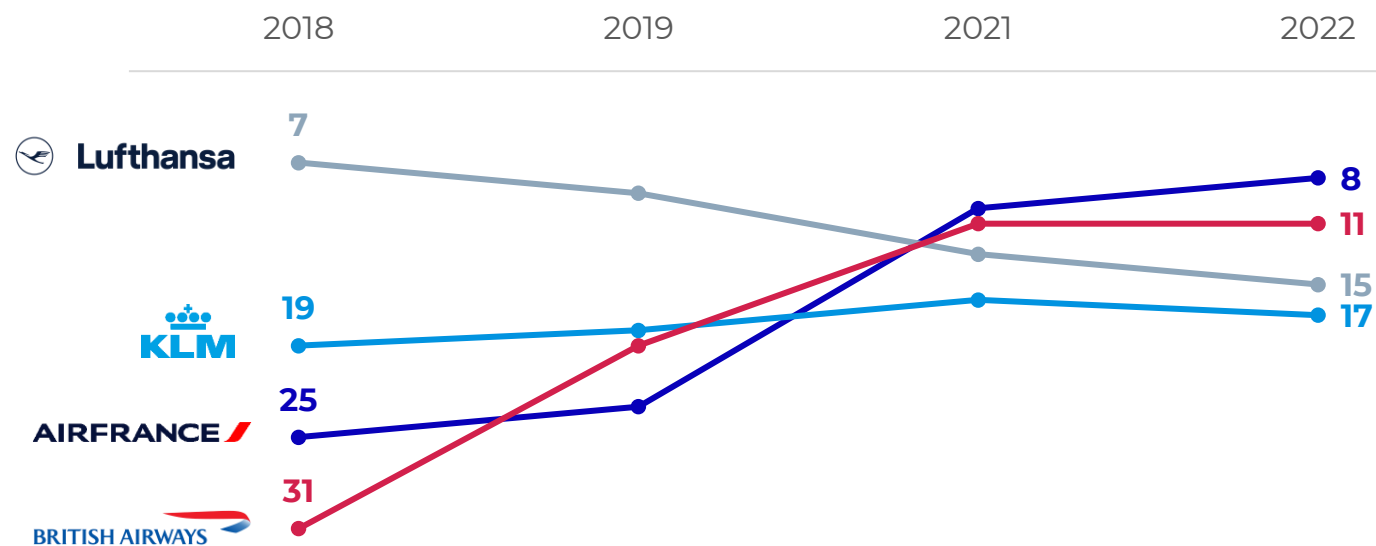
Continue to focus staff training on **customer centricity**

**Enabling optimal and flexible self-service** for customers

# AIR FRANCE-KLM TEAMS AWARDED FOR THEIR EXCEPTIONAL DEDICATION TO THEIR CUSTOMERS

## Ranking Skytrax World Airline Awards<sup>1</sup>

Per year



**Air France**  
+17 ranks vs 2018

**KLM**  
+2 ranks vs 2018



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

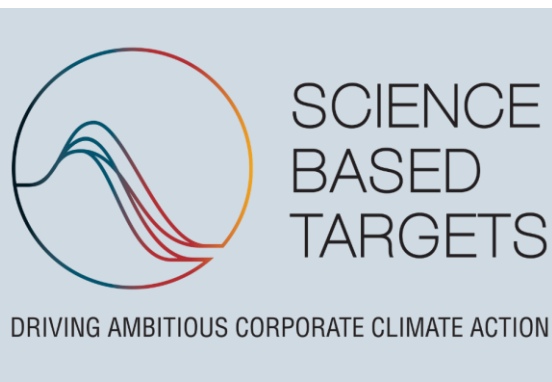


**Air France voted best airline in Western Europe** for the 2<sup>nd</sup> year running & **also moved up to 8<sup>th</sup> position** in the Skytrax global ranking

1) Source Skytrax ratings website / Apex aero awards

# OUR 2022 COMMITMENTS AND ACTIONS CHART A PATH TO SUSTAINABILITY EXCELLENCE

## SBTi Validation

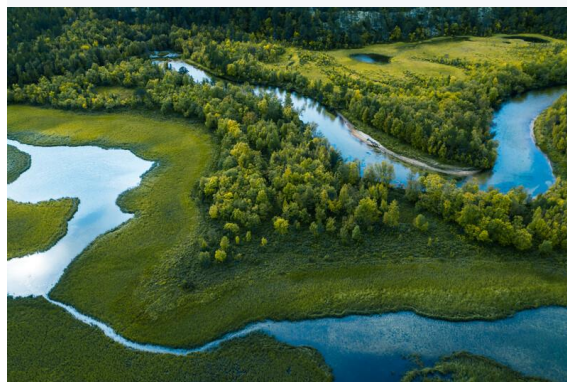


**Air France-KLM 2030 CO<sub>2</sub> emissions reduction target** is in line with the “well-below 2°C trajectory”, consistently with the Paris agreement

## Investments

Currently **investing over €2bn annually for the acquisition of New Generation aircraft**

Two key long-term **off-take SAF agreements** signed in November 2022, **securing 3%** of our minimum 10% SAF ambition by 2030



## €1bn Sustainability-Linked Bonds



**1<sup>st</sup> Euro issuance in the airline sector** attached to 2025<sup>1</sup> and 2030<sup>2</sup> Group targets

## Air & Train Connectivity

**Air France & SNCF** offer 100% digital solution & 33 destinations on French domestic

**KLM & Thalys** 14x per day Brussels & Antwerp – AMS

**KLM & NS** tickets from AMS as ancillary



1) -10% CO<sub>2</sub> emission per passenger/km vs. 2019  
2) -30% CO<sub>2</sub> emissions per passenger/km vs. 2019

# CONCLUSION

## TURNING THE PAGE OF COVID WITH LANDMARK RESULTS AND ACHIEVEMENTS IN 2022

- **An exceptional rebound in our activity**, driven by all our airlines and businesses, with a historic Q4 and a FY22 operating margin above 2019
- **Major financial operations** successfully completed to both restore our equity and consolidate our balance sheet, demonstrating investor confidence in AFKL prospects
- **More than €4.9bn State aids and support redeemed** in 2021-2022
- Landmark deals secured, including a **strategic commercial partnership with CMA CGM Group** for our cargo business
- Significant milestones on our Sustainability roadmap

## EMERGING STRONGER POST CRISIS, FURTHER LEVERAGING ON OUR TRANSFORMATION PROGRAM

- **Intention of full exit from current State support and EU temporary framework constraints as of April 2023**, giving us back our full financial flexibility and strategic autonomy
- **Group's equity to be restored** and overall balance sheet consolidated through further non-dilutive initiatives
- **Continued ramp-up of our network capacities**, expected to return to 2019 level by end 2023
- **Ambitious sustainability roadmap on all levers with notably further investment in new gen aircraft**, including our first A320neo/A321neo to be delivered in 2023
- **Further implementation of our transformation program** in line with our competitiveness ambition

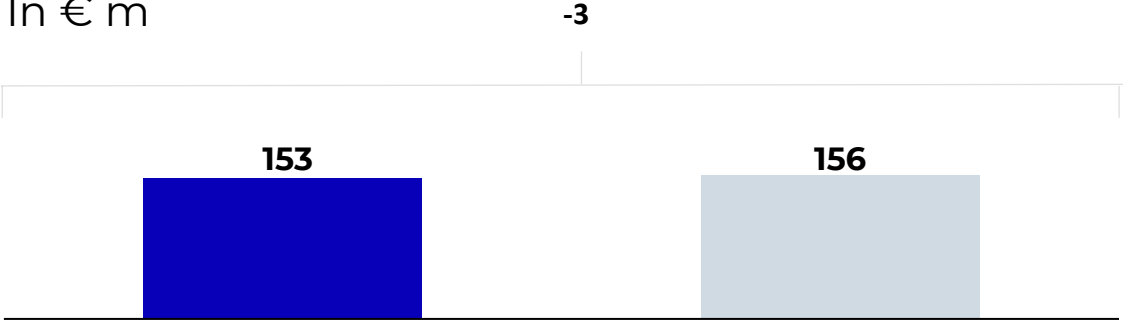


# APPENDIX

Results as of December 31<sup>st</sup>, 2022

# CURRENCY IMPACT ON OPERATING RESULT

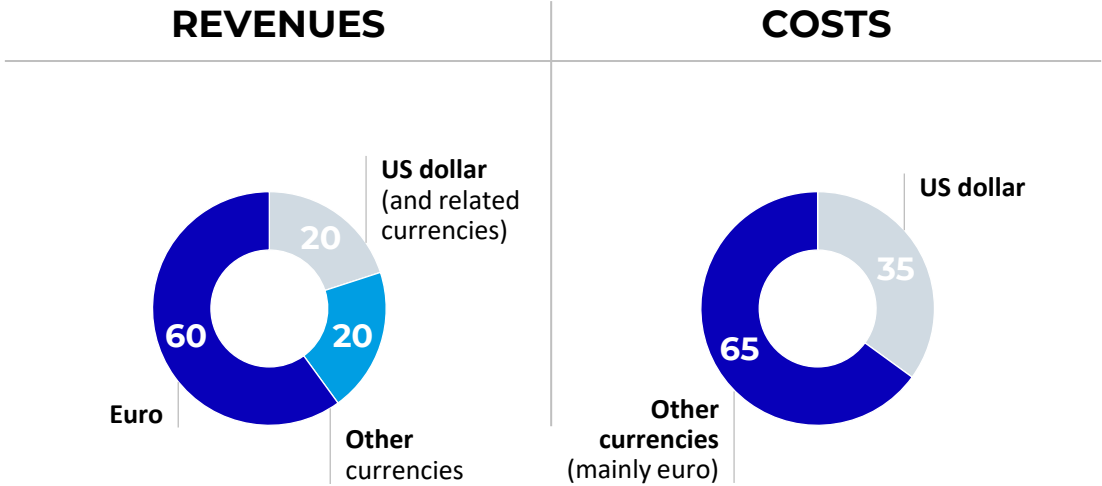
## Currency impact on revenues and costs In € m



Q4 2022

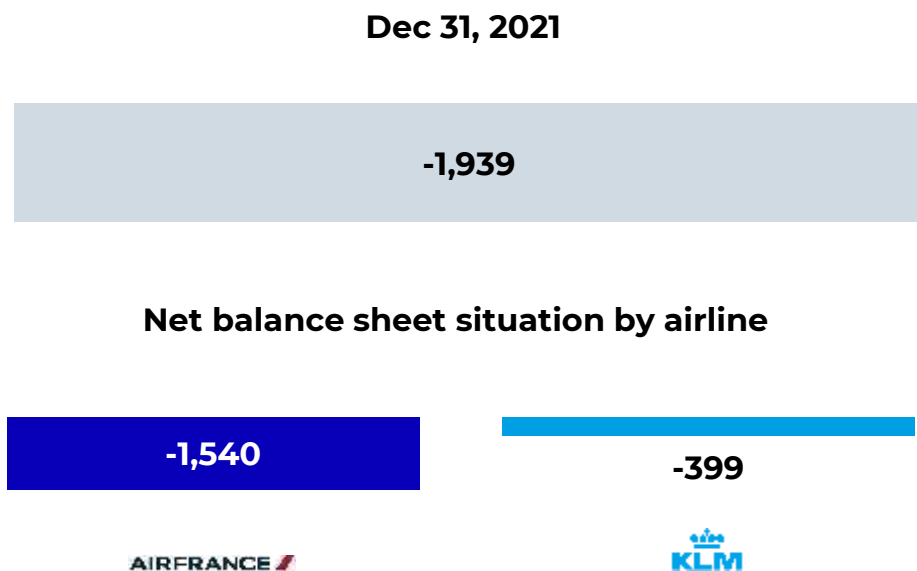
- Currency impact on revenues
- Currency impact on costs, including hedging
- XX Currency impact on operating result

## Revenues and costs per currency FY 2022



# PENSION DETAILS AS OF DECEMBER 31, 2022

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

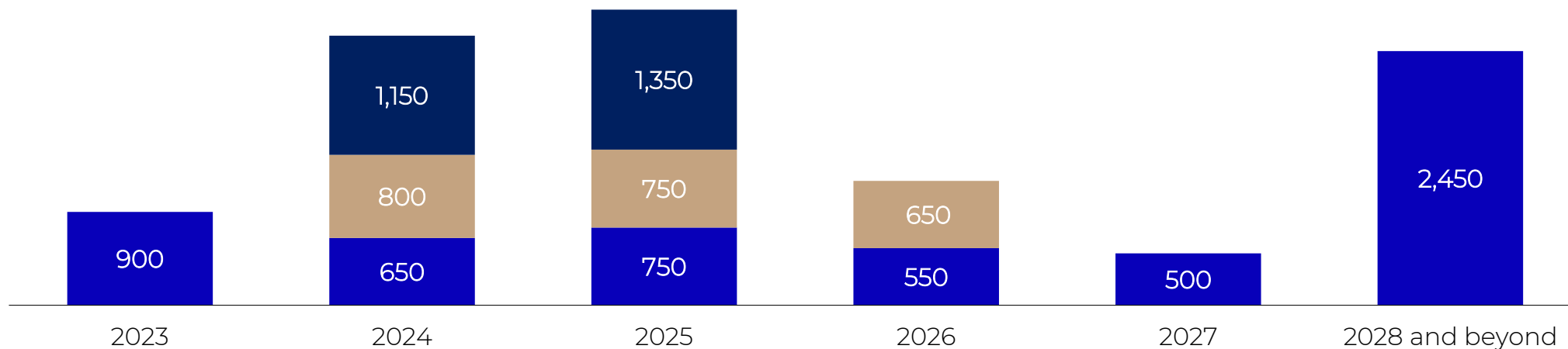
**Air France pension plan (CRAF):** related to ground staff affiliated to the CRAF until 31 December 1992

## KLM Defined benefit schemes

# DEBT REDEMPTION PROFILE AT 31 DECEMBER 2022

## Debt reimbursement profile<sup>(1)</sup>

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 (€145m)

### French state aid package

State aid package consists in €4.0bn of banks loan guaranteed by the French State (€500m reimbursed in 2021, €1,0bn reimbursed in November 2022)<sup>3</sup> and €3.0bn of French State loan

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

### 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

**AIRFRANCE****KLM**  
GROUP