

# RESULTS

## Q1 2023

**AIRFRANCE****KLM**  
GROUP

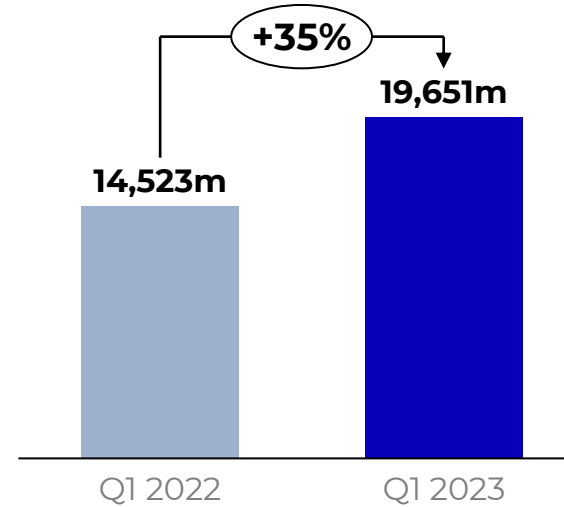
# Q1 2023 HIGHLIGHTS

Benjamin Smith – Chief Executive Officer Air France-KLM

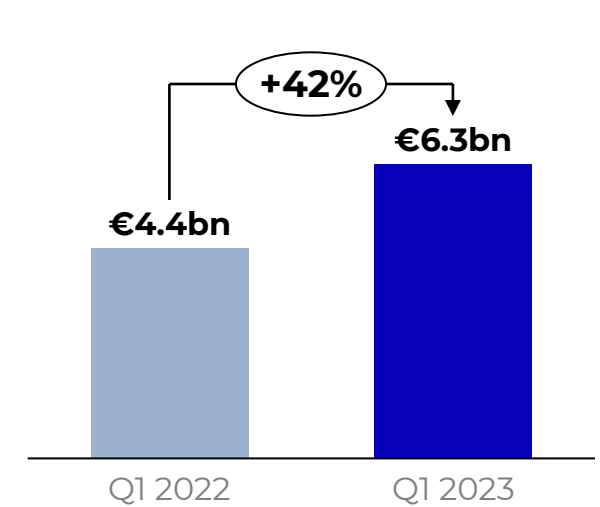
# STRONG COMMERCIAL MOMENTUM IN Q1, WITH ROBUST CASH FLOW GENERATION

- **Revenues up 42%** driven by strong and sustainable market demand
- **Strong Summer** sales generated a positive Adjusted Operating Free Cash Flow of €0.7bn
- **Solid €9.7bn cash at hand** after full settlement of French « PGE<sup>1</sup> »
- **Net debt reduction by €0.9bn** versus Dec 2022 resulting in **Net Debt/EBITDA ratio of 1.5x**
- **Operating result improved by +€44m** compared to Q1 2022 despite end of furlough scheme
- **Exit of State aid**, releasing the Group from associated restrictions

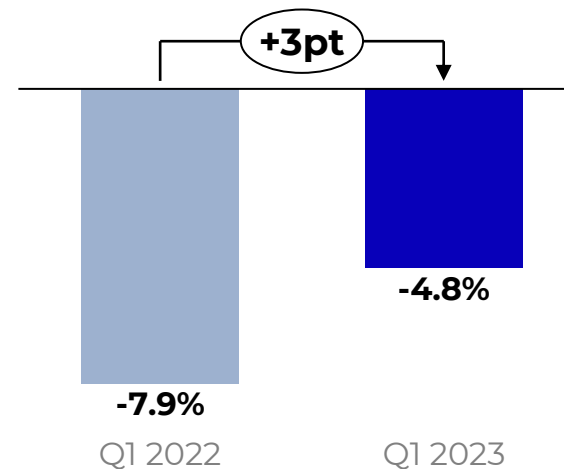
Passengers carried



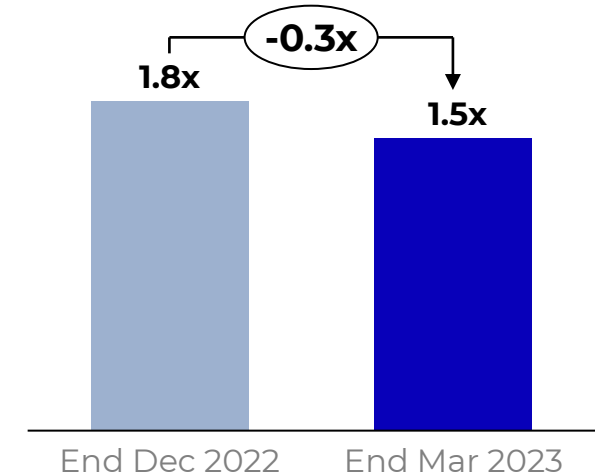
Group revenues



Operating margin



Ratio Net Debt/EBITDA



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

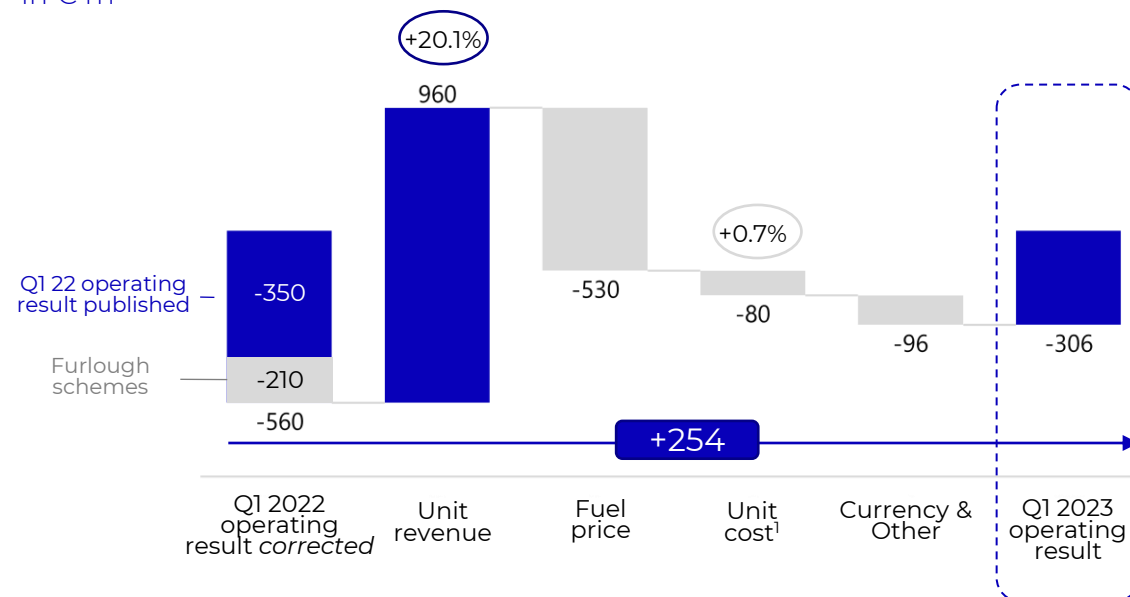
# Q1 2023 FINANCIAL RESULTS

Steven Zaat – Chief Financial Officer Air France-KLM

# OPERATING RESULT CORRECTED FROM FURLOUGH SCHEMES IMPROVED BY €254 MILLION

	Q1 2023	Q1 2022	Change
<b>Revenues (€ m)</b>	<b>6,329</b>	<b>4,445</b>	<b>+1,884m</b>
Operating expenses (€ m)	6,043	4,224	+1,819m
EBITDA (€ m)	286	221	+65m
<b>Operating result (€ m)</b>	<b>-306</b>	<b>-350</b>	<b>+44m</b>
Operating margin	-4.8%	-7.9%	+3.0 pt
Net income - Group part (€ m)	-344	-552	+208m

Operating result evolution  
In € m



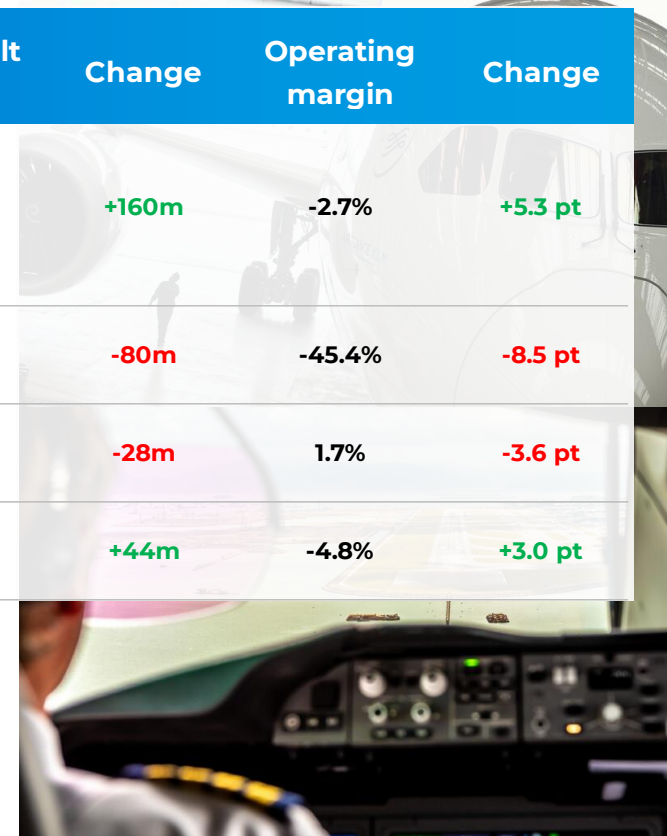
- Improvement driven by higher load factor and strong yield partly offset by higher fuel cost and inflation

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

# GROUP UNIT REVENUE UP 20% THANKS TO A DYNAMIC PASSENGER NETWORK BUSINESS PERFORMANCE



		Capacity <sup>1</sup>	Unit Revenue <sup>2</sup> Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
Network	AIRFRANCE / KLM	+17.9%	+38.3%	4,903	+64.3%	-149	+160m	-2.7%	+5.3 pt
	AIRFRANCE / KLM Martinair CARGO	+10.7% <sup>3</sup>	-34.9%	672	-26.1%				
Transavia	transavia	+38.5%	+9.7%	378	+52.0%	-172	-80m	-45.4%	-8.5 pt
Maintenance	AIRFRANCE INDUSTRIES / KLM Engineering & Maintenance			370	+24.4%	15	-28m	1.7%	-3.6 pt
Group	AIRFRANCE KLM GROUP	+19.8%	+20.1%	6,329	+42.4%	-306	+44m	-4.8%	+3.0 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)

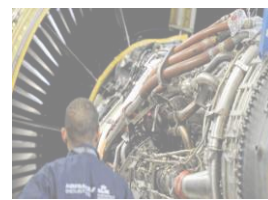
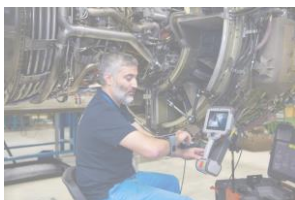
2) Unit revenues = revenue per ASK, Cargo unit revenues = Cargo revenue per ATK, Group unit revenue = (Network traffic revenues + Transavia traffic revenues) / (Network Passenger ASK + Transavia ASK).

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

# FURTHER ACCELERATION OF REVENUE GROWTH FOR BOTH AIRLINES

	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY
<b>AIRFRANCE</b> 	<b>+23%</b>	3,924	<b>+46%</b>	-181	<b>+182</b>	-4.6%	<b>+9 pt</b>
 <b>KLM</b>	<b>+15%</b>	2,522	<b>+32%</b>	-128	<b>-131</b>	-5.1%	<b>-5 pt</b>
<b>AIRFRANCE</b> <b>KLM</b> GROUP	<b>+20%</b>	6,329	<b>+42%</b>	-306	<b>+44</b>	-4.8%	<b>+3 pt</b>

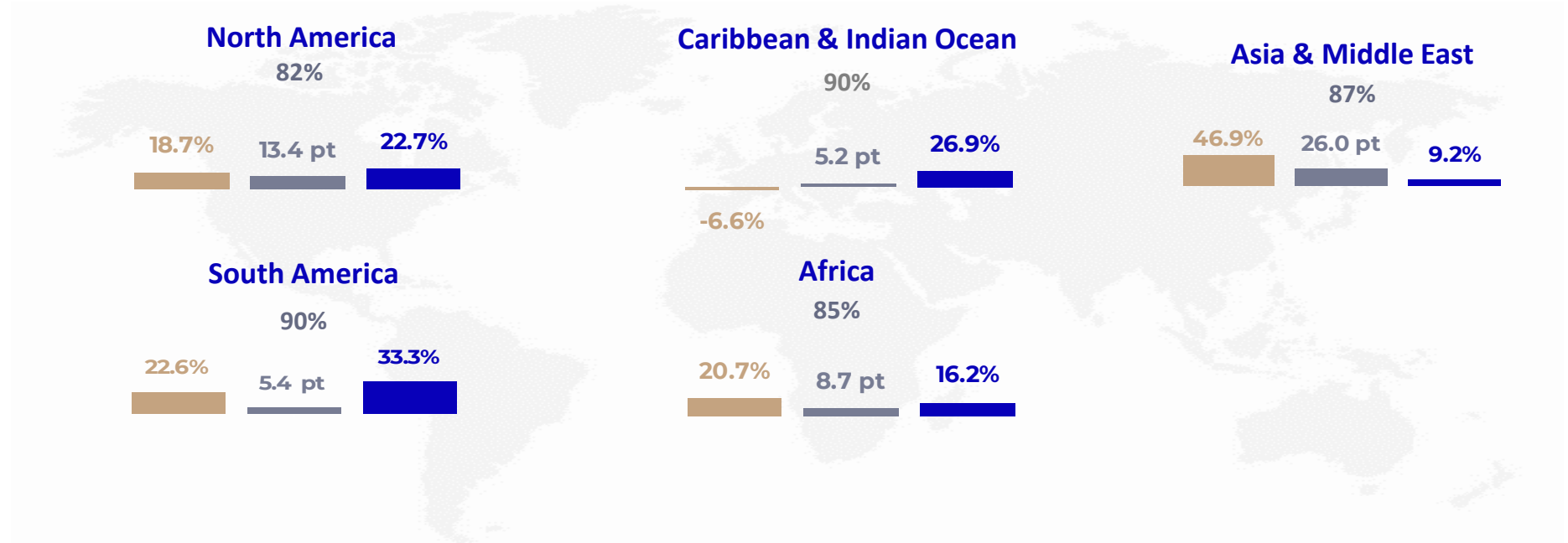
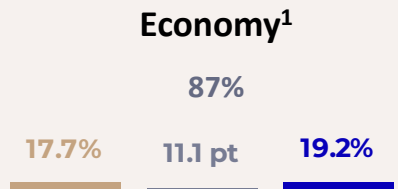
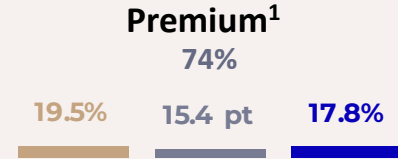
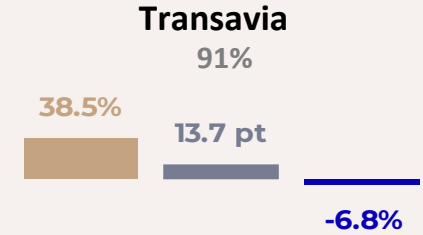
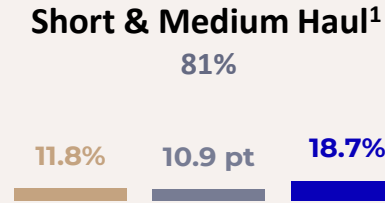
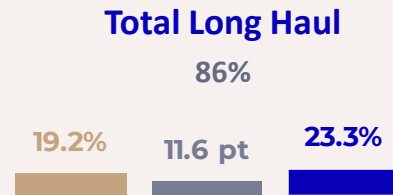
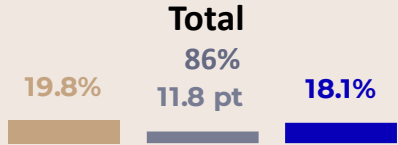
- Furlough schemes accounted for €210m in Q1 2022 (€140m for KLM, €70m for Air France)
- Air France's structural transformation efforts result in further improving operating margin however French domestic network needs further optimization due to lower (corporate) demand
- Capacity adjustments due to tight labour market impacting Schiphol and KLM and further complications due to supply chain and deployability of the Embraer 195-E2



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

# CONTINUED STRONG YIELD ENVIRONMENT WHILE CAPACITY INCREASED

## Q1 2023 vs Q1 2022



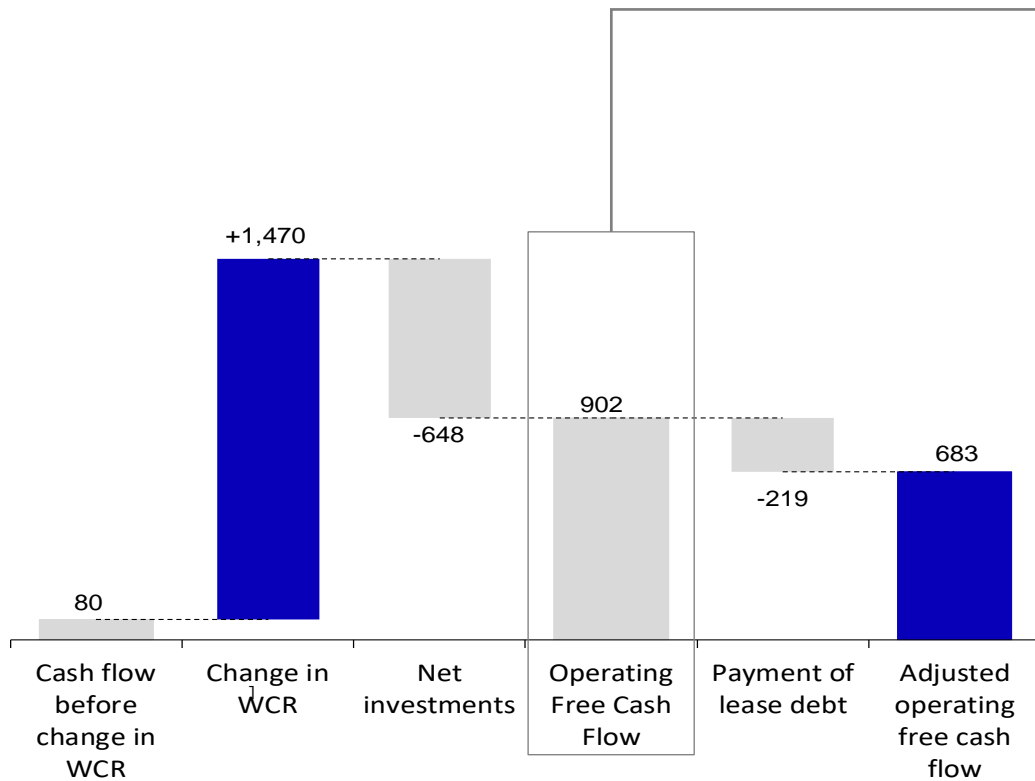
■ ASK   
 ■ xx pt Load factor change   
 ■ Yield   
 xx% Actual Load factor Q1 2023

1) Air France-KLM network, excluding Transavia

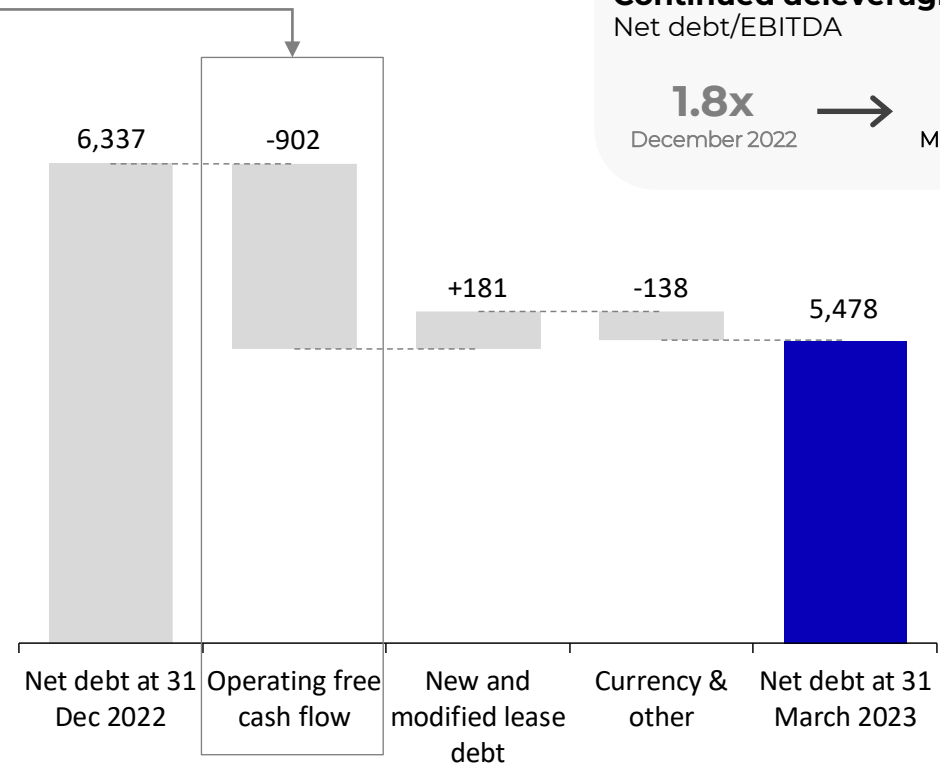


# POSITIVE ADJUSTED OPERATING FREE CASH FLOW DRIVEN BY STRONG SUMMER TICKET SALES

Q1 2023 Free cash flow evolution  
In € m



Net debt  
In € m



**Solid Cash at hand at end March** €9.7bn

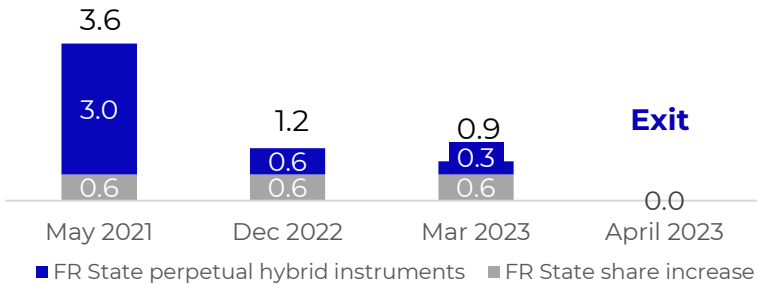
**Continued deleveraging**  
Net debt/EBITDA

**1.8x** → **1.5x**  
December 2022 → March 2023

1) Following the change in accounting principles for the CO<sub>2</sub> quotas in March 2023, purchases of ETS quotas now appear in the working capital and no longer in the investment cash flows. (Q1 2022: €32m in capex; Q1 2023: €84m in the working capital)

# AIR FRANCE-KLM IS NOW RELIEVED FROM STATE AID SUPPORT AND RELATED RESTRICTIONS

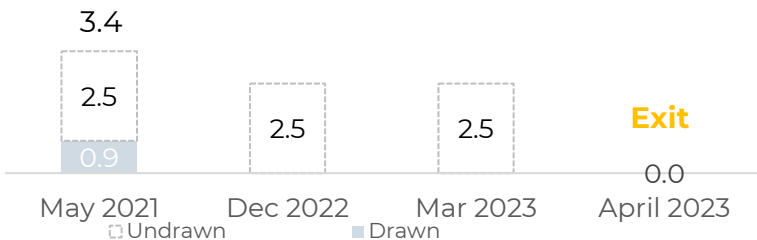
## Exit from French state recap aid



## Full redemption of French PGE



## Cancellation of Dutch direct loan and RCF



### January 2023

Successful issuance of Sustainability-Linked Bonds, for a total aggregate amount of €1.0bn

### 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 and by using €1.5bn liquidity

Repayment and refinancing of €300 million of the outstanding €600 million perpetual hybrid bonds held by the French State

### April 2023

Repayment and refinancing of the €300 million remaining perpetual hybrid bonds held by the French State and payment of a compensation to the French State

Air France-KLM & Air France combined, and KLM implemented **two new Sustainability-Linked Revolving Credit Facilities (RCF)** for a total amount of €2.2bn

- KLM cancelled both the remaining direct loan and the existing credit facility guaranteed by the Dutch State
- Pursuant to this cancellation, conditions attached to this aid no longer apply

### April 2023

All these steps resulted in the full exit of the French Recapitalization State Aid under the EU Covid-19 Temporary Framework

### 2023


Air France-KLM entered into exclusive discussions with Apollo Global Management for a €500 million quasi equity financing into an affiliate owning MRO assets. Meanwhile, the Group received several non-binding offers on quasi equity financing supported by the Loyalty Program. Discussions are still ongoing with potential investors.

1) "Prêt Garanti par l'Etat" - Bank loan guaranteed by the French State  
 2) Similarly to the one raised by AF on a pool of spare engines in July 2022

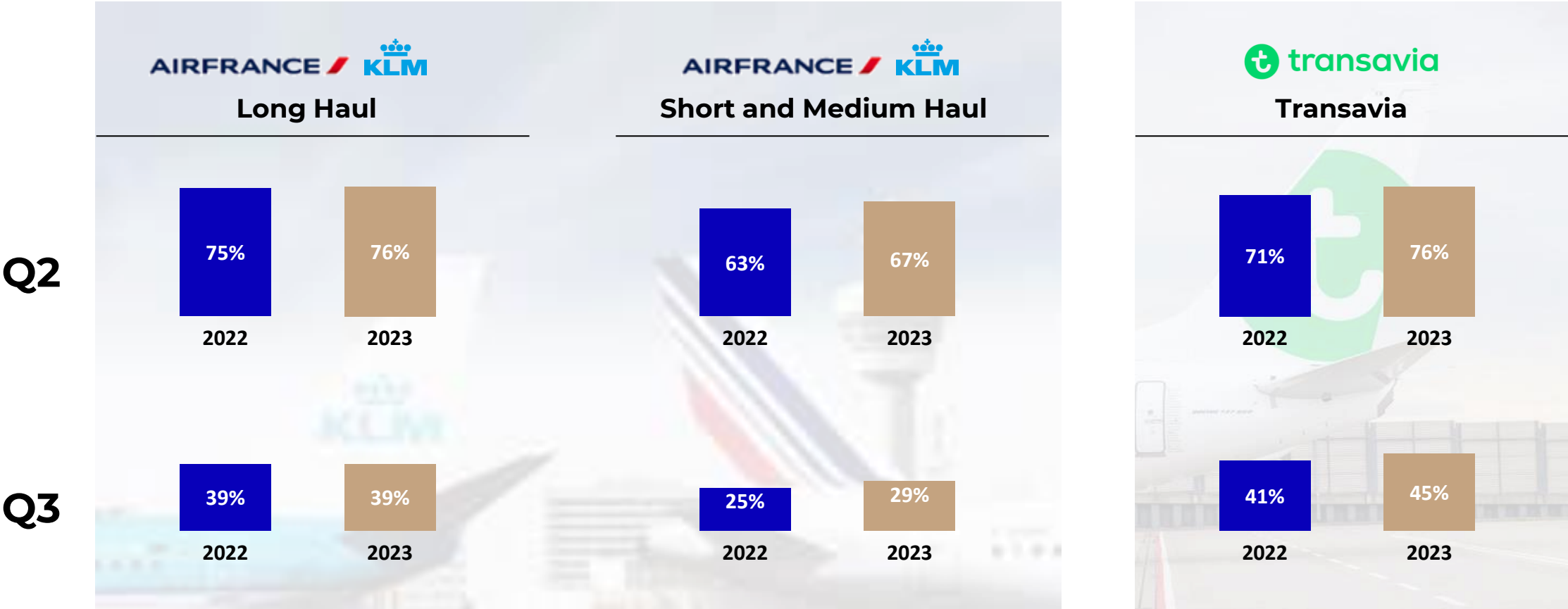
# OUTLOOK

Steven Zaat – Chief Financial Officer Air France-KLM

# FULL YEAR 2023 CAPACITY OUTLOOK

Capacity in ASK versus 2019		Q1 2023	Q2	Q3	Q4	FY 2023
	Total network	89%	c.90%	c.90%	c.95%	90-95%
	Long Haul	91%	c.90%	c.90%	c.95%	90-95%
	Short and medium Haul	79%	80-85%	c.90%	90-95%	85-90%
	Transavia	131%	120-125%	c.130%	>135%	c.135%
	AF-KLM Group	92%	90-95%	c.95%	>95%	c.95%

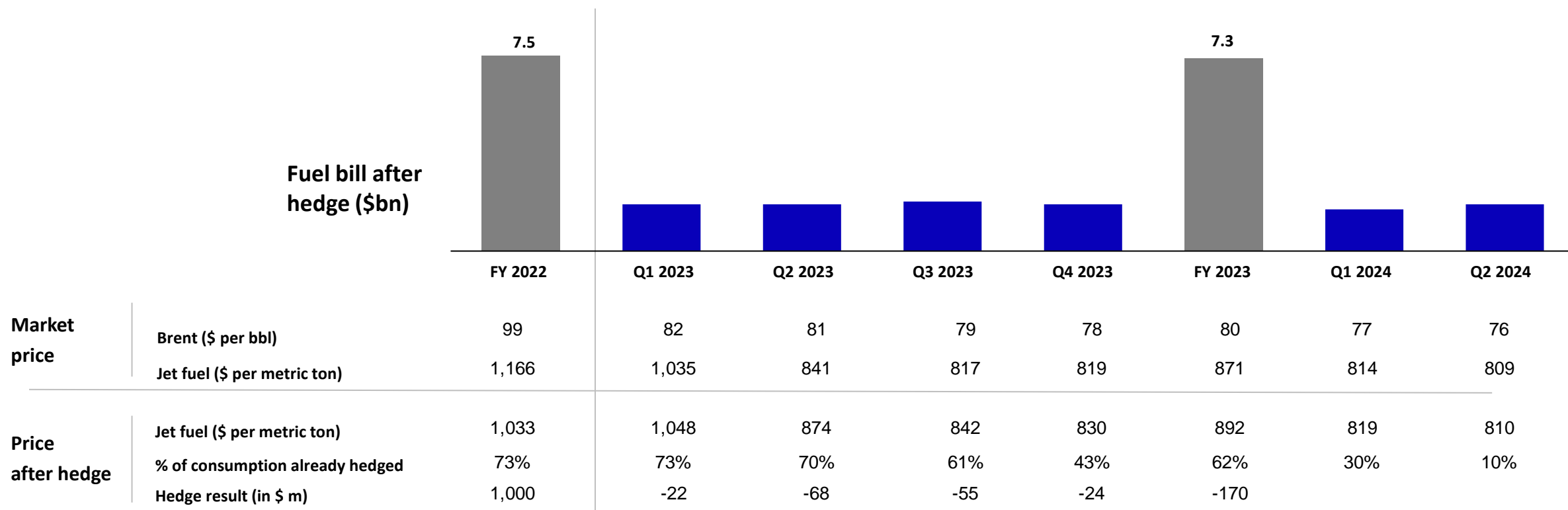
# FORWARD BOOKING AHEAD OF LAST YEAR IN A VERY STRONG YIELD ENVIRONMENT



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

Snapshot of the 28<sup>th</sup> of April 2023 and 2022

# THE FUEL HEDGING POLICY REMAINS UNCHANGED AND COVERS MORE THAN 60% OF 2023 FUEL CONSUMPTION



Based on forward curve at 28 April 2023.  
Jet fuel price including into plane cost

# OUTLOOK 2023

	Q2 2023	FY 2023
<b>Group Capacity<sup>1</sup></b>	90-95%	c.95%
<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

# UPDATE & OUTLOOK

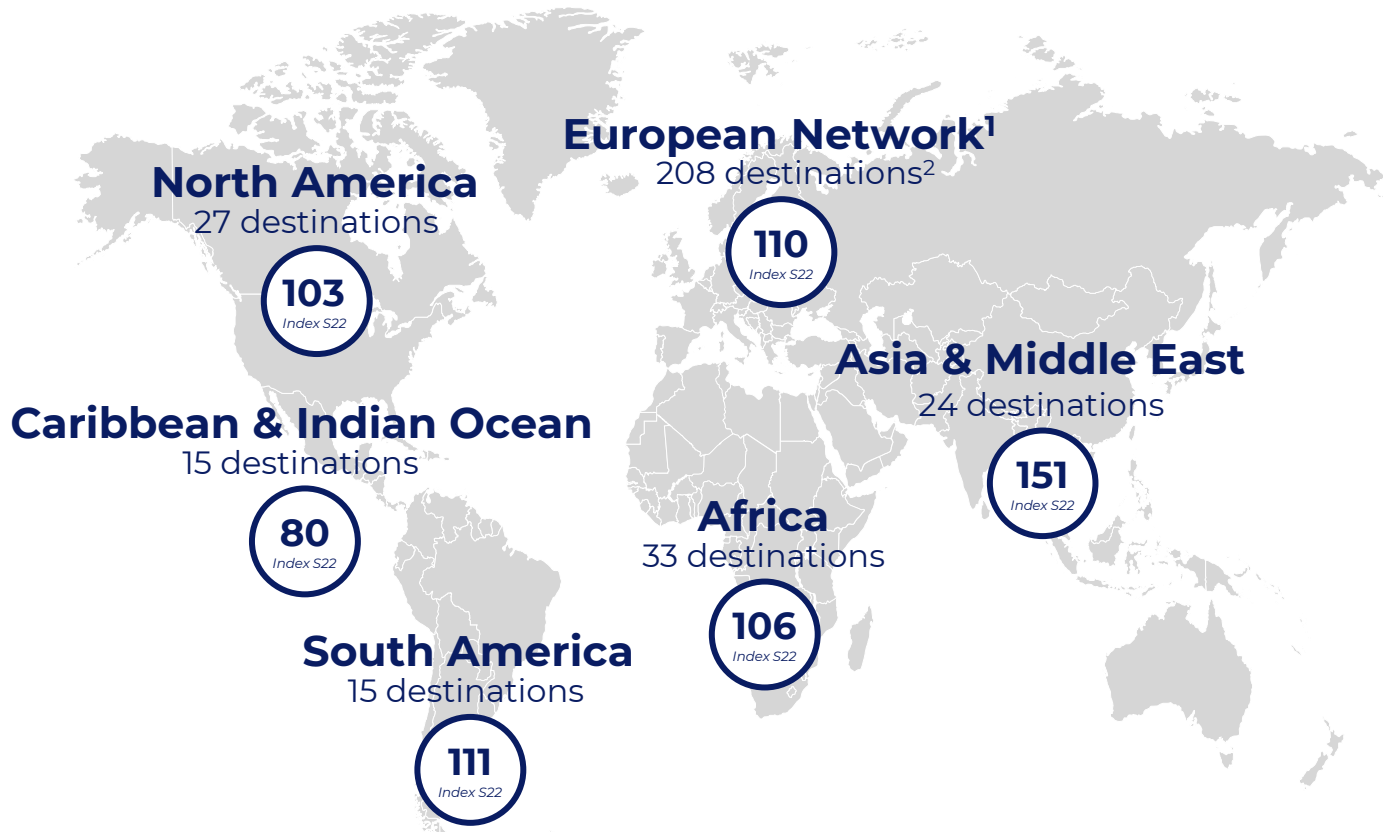
Benjamin Smith – Chief Executive Officer Air France-KLM



# OPTIMIZED AND DIVERSIFIED NETWORK TO SEIZE MARKET OPPORTUNITIES AND DRIVE OUR SUMMER PERFORMANCE

## Summer 2023 Capacity & Destinations overview

Air France-KLM Group, capacity ASKs



**North America:** Opening of Ottawa and extension of daily Newark  
**Asia:** Continuation of capacity recovery  
**Africa:** Opening of Dar es Salaam  
**Medium Haul:** 31 seasonal routes from CDG and Orly airports



**Asia:** Continuation of capacity recovery  
**Africa:** 7 daily destinations  
**Europe:** Gearing up to 2019 levels in Summer



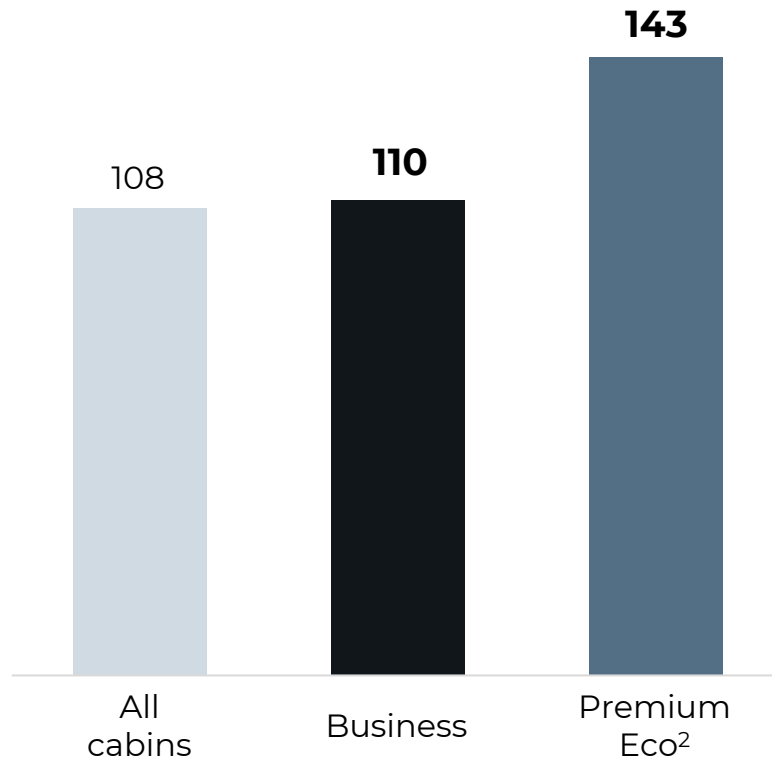
**Netherlands:** growth on strategic routes to Greece, Spain and Portugal  
**France:** capacity increase and new European destinations from French provinces

1) Combination of Air France and KLM Short & Medium haul networks and Transavia networks  
 2) BEY, CAI, DKR and DXB operated by Transavia but not included in European network destinations

# PREMIUM STRATEGY AND POSITIONING TAILORED TO FIT HIGH YIELD MARKET DEMAND

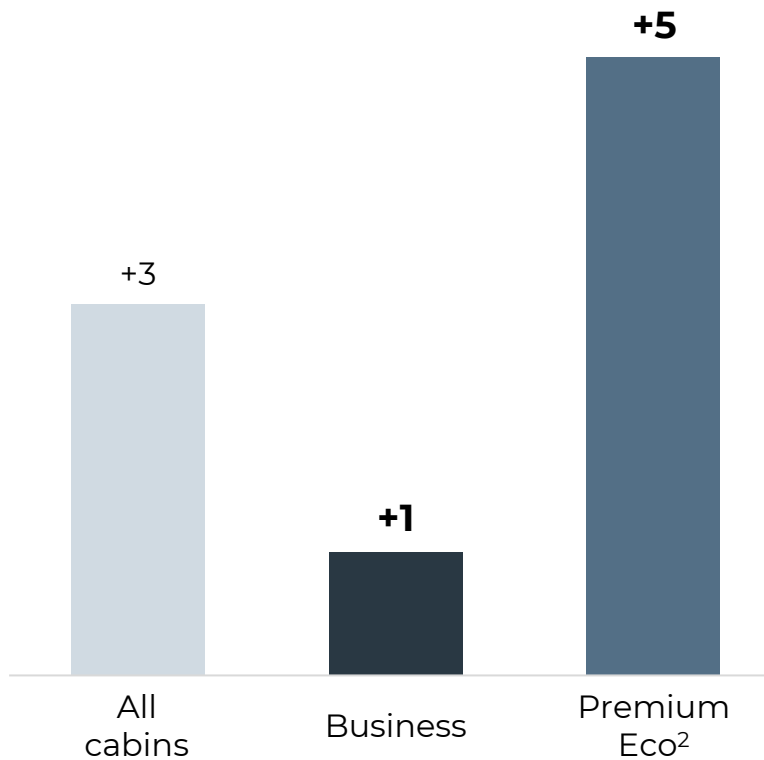
## Capacity evolution

Air France-KLM long haul network, S23 vs. S22 (index)



## Booking Load Factor evolution

Air France-KLM long haul network, S23 vs. S22 (difference), at same snapshot date<sup>1</sup>



**1.7% non-Economy seats share increase** on our long-haul network vs. S22

**Dynamic trend on premium leisure demand** driven by unwavering willingness to travel

**Strong Yield for Summer period**

1) April 14<sup>th</sup>

2) Air France: Premium Economy cabin; KLM: Premium Comfort cabin

# CONCLUSION

## ✔ What we have achieved this quarter

## 🔍 What is ahead

### Restoring our balance sheet

**Exit of all State aid**, releasing the Group from associated restrictions

**Continued deleveraging**, at 1.5x at the end of March, compared to 1.8x end of 2022

**Successful closing of several ESG-linked bonds and RCFs**, to align Groups' financial tools to decarbonization trajectory

Entered into exclusive negotiations with Apollo Global Management for a **€500m quasi equity financing on MRO assets**

### Delivering our strategic roadmap

**Strong Summer ticket sales** fuelling FCF generation, supported by a **strong yield** environment

**Further industrialization of E&M LEAP engines capabilities** following CFMi CBSA<sup>1</sup> license end of 2022

Operational implementation of our promising **strategic long-term air cargo partnership with CMA CGM**

**Continued social dialogue** including signature of a new 5-year collective agreement for Air France Cabin Crew

Further **balance sheet consolidation through non dilutive initiatives** such as quasi-equity financing instruments supported by Loyalty Program and/or straight hybrid bonds

All teams are gearing up to **deliver a busy Summer season** driven by a robust commercial momentum, leveraging an optimized and diversified group network

**New generation aircraft**, including our 1<sup>st</sup> A320/321neo, to join the fleet in 2023, supporting our sustainability roadmap

Further implementation of our **transformation program** in line with our competitiveness ambition

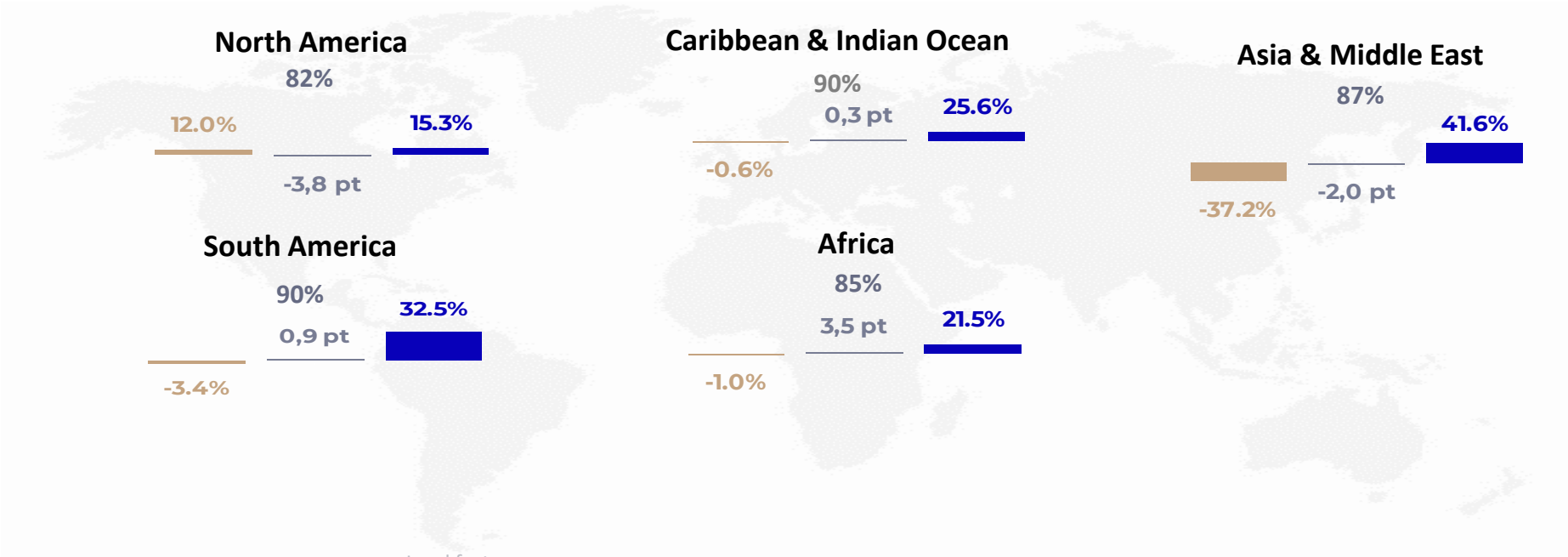
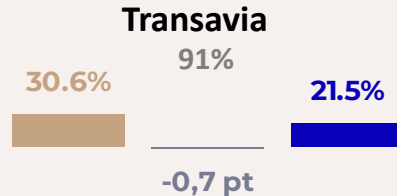
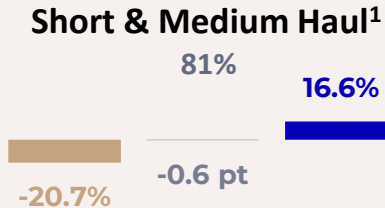
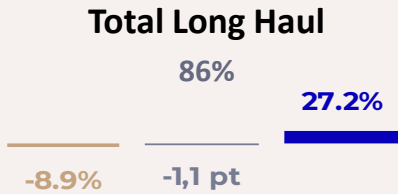
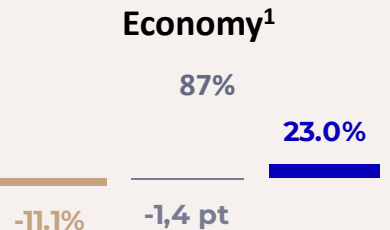
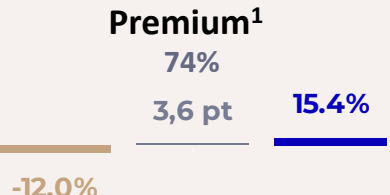
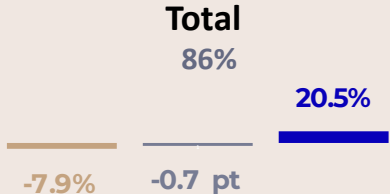
1) CBSA: CFMI Branded Service Agreement for LEAP 1A (A320neo) and 1B (737 Max) engines

# APPENDIX

Results as of March 31<sup>st</sup>, 2023

# STRONG YIELDS ENVIRONMENT WHILE CAPACITY RECOVERS

## Q1 2023 vs Q1 2019

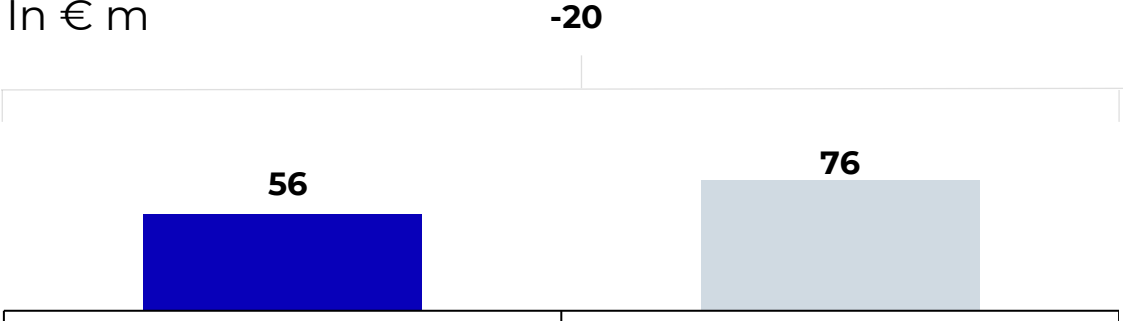


1) Air France-KLM network, excluding Transavia

■ ASK    xx pt Load factor change    ■ Yield    xx% Actual Load factor Q1 2023

# CURRENCY IMPACT ON OPERATING RESULT

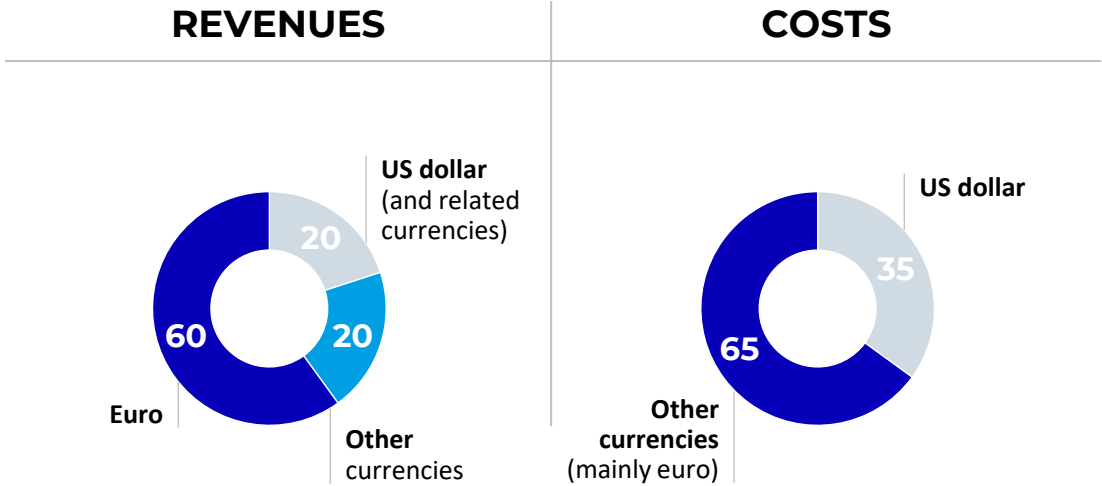
**Currency impact**  
on revenues and costs  
In € m



Q1 2023

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

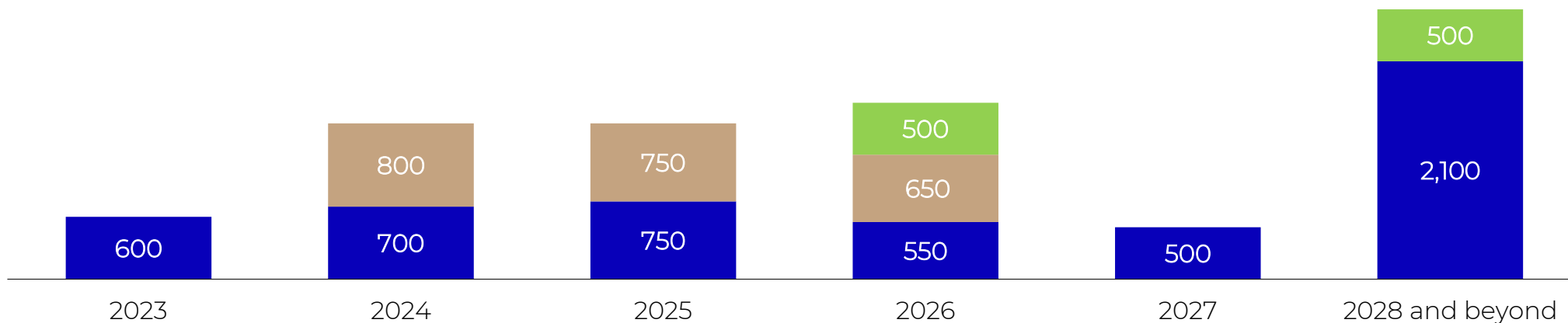
## Revenues and costs per currency FY 2022



# DEBT REDEMPTION PROFILE AT 31 MARCH 2023

## 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)

### 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

**AIRFRANCE**KLM  
GROUP