

A close-up, low-angle shot of the cockpit of a white airplane, showing the two main windows and the windshield. The sky is blue with some clouds. The text 'INVESTOR DAY' is overlaid on the left side of the image.

# INVESTOR DAY

December 14, 2023

**AIRFRANCE**KLM  
GROUP

# TODAY'S AGENDA

TIMING	SESSION	SPEAKERS
	<b>Agenda</b>	M. Klinkers
	<b>Introduction</b>	B. Smith
	<b>Strategy</b>	B. Smith / A. Clark
	<b>Transformation</b>	B. Smith / A. Rigail / M. Rintel
	<b>Our people</b>	A. Rigail / M. Rintel
14:00 - 16:45	<b>Customer experience</b>	B. Smith / A. Rigail / M. Rintel
	<b>Flying Blue</b>	H. de Peyrelongue
	<b>Other Businesses Contributions</b>	B. Smith
	<b>Sustainability</b>	B. Smith
	<b>Financials</b>	S. Zaat
	<b>Sum-up</b>	B. Smith
16:45	17:30	<b>Q&amp;A</b>
17:30	19:00	<i>Cocktail</i>





# INTRODUCTION

## **BENJAMIN SMITH**

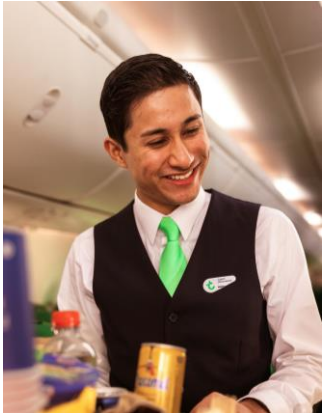
Chief Executive Officer Air France-KLM



# OUR PEOPLE BUILD OUR FUTURE AND OUR SUCCESS

We are thankful for the commitment of all our staff and for the trust of our customers and shareholders

**They are an integral part of our success**





# OUR PURPOSE ALIGNS BUSINESS STRATEGY WITH SUSTAINABLE CUSTOMER EXPECTATIONS FOR A BETTER TOMORROW



*“At the forefront of a more responsible European aviation, we unite people for the world of tomorrow”*

# OUR STRENGTHS SUPPORT OUR BUSINESSES AND ENABLE US TO DELIVER ON AIR FRANCE-KLM STRATEGY

78,000  
Passionate and  
Professional People



Three  
Powerful Brands



Powerful  
Partnerships



Networks  
Extensive and  
Complementary



Sustainable  
Initiatives and  
Commitments





WE HAVE DELIVERED  
ON WHAT WE PROMISED



# DURING OUR LAST INVESTOR DAY IN 2019, WE ANNOUNCED THE FOLLOWING INITIATIVES AS MAIN PRIORITIES

AIR FRANCE-KLM INVESTOR DAY – NOVEMBER 2019

## Summary of Key Initiatives Currently Underway

### Decreasing Unit Cost

More Flexible Labour Contracts	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span> <span style="background-color: #00a651; color: white; padding: 2px 5px;">Transavia</span>
Simplified Fleet	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span> <span style="background-color: #00a651; color: white; padding: 2px 5px;">KLM</span>
Next Generation Aircraft	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span> <span style="background-color: #00a651; color: white; padding: 2px 5px;">KLM</span>
More Efficient Domestic Network	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span>
Increased Aircraft Utilization	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span>
Operational Transformation	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span> <span style="background-color: #00a651; color: white; padding: 2px 5px;">KLM</span>
Simplified Organization & Processes	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span> <span style="background-color: #00a651; color: white; padding: 2px 5px;">KLM</span>
Leveraging Additional Group Synergies	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Group</span>

### Increasing Unit Revenue

Clarified Brand Strategy	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span>
Optimized Interior Configurations & Harmonized Products	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span> <span style="background-color: #00a651; color: white; padding: 2px 5px;">KLM</span>
Optimized Network & Aircraft Gauge	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span> <span style="background-color: #00a651; color: white; padding: 2px 5px;">KLM</span>
Refocused Market Positioning	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span>
Revised Orly Strategy	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span> <span style="background-color: #00a651; color: white; padding: 2px 5px;">Transavia</span>
Personalization & Ancillary Revenue	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Group</span>
Transavia Growth	<span style="background-color: #00a651; color: white; padding: 2px 5px;">Transavia</span>
Flying Blue & Increased Ancillary Revenue	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Group</span>
E&M and Cargo	<span style="background-color: #0056b3; color: white; padding: 2px 5px;">Air France</span> <span style="background-color: #00a651; color: white; padding: 2px 5px;">KLM</span>

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# WE HAVE SUCCESSFULLY DELIVERED ON THESE PROMISES (1/2)

## Reduce unit cost

		Status	Achievements since 2019
More flexible social contracts	Air France Transavia	✓	Stabilized social relations
Simplified fleet	Air France KLM	✓	From 12 to 6 aircraft families targeted by 2030
Next Generation Aircraft	Air France KLM	✓	From 5 to 21% new generation aircraft in fleet in 2023
More Efficient Domestic Network	Air France	✓	Air France Group domestic network restructuring
Increased Aircraft Utilization	Air France	✓	+4% long-haul available fleet utilization since 2019
Operational Transformation	Air France KLM	✓	€3bn structural benefits from transformation initiatives in 2024
Simplified Organization & Processes	Air France KLM	✓	
Leveraging Additional Group Synergies	Group	✓	

# WE HAVE SUCCESSFULLY DELIVERED ON THESE PROMISES (2/2)

## Increase unit revenue

Clarified Brand Strategy	Air France
Optimized Interior Configurations & Harmonized Products	Air France KLM
Optimized Network & Aircraft Gauge	Air France KLM
Refocused Market Positioning	Air France
Revised Orly Strategy	Air France Transavia
Personalization & Ancillary Revenue	Group
Transavia Growth	Transavia
Flying Blue & Increased Ancillary Rev.	Group
E&M and Cargo	Air France KLM

Status	Achievements since 2019
✓	Streamlined portfolio: Air France, KLM and Transavia
✓	Optimized cabins; upgraded & harmonized products
✓	Optimized gauge (e.g., A380 anticipated phase out, A220 phase-in) to optimize network & slot usage
✓	From 23 <sup>rd</sup> to 7 <sup>th</sup> Skytrax World Airline Ranking
✓	Paris-CDG airport as Air France main base; Paris-Orly airport as Transavia main base
✓	+38% ancillary revenue, to almost €1.5bn in 2023
✓	From 80 to 116 aircraft in 2023
✓	+32% Flying Blue rev. from partners in 2022 vs 2019
✓	Strategy clarified & key partnerships identified



# WE HAVE EMBARKED ON A SUCCESSFUL TRAJECTORY TOWARDS A MORE SUSTAINABLE GROWTH



Optimized the basics  
A simplified & optimized operating model



Stabilized social relations  
Our key values: Trust, Respect, Transparency, Confidentiality



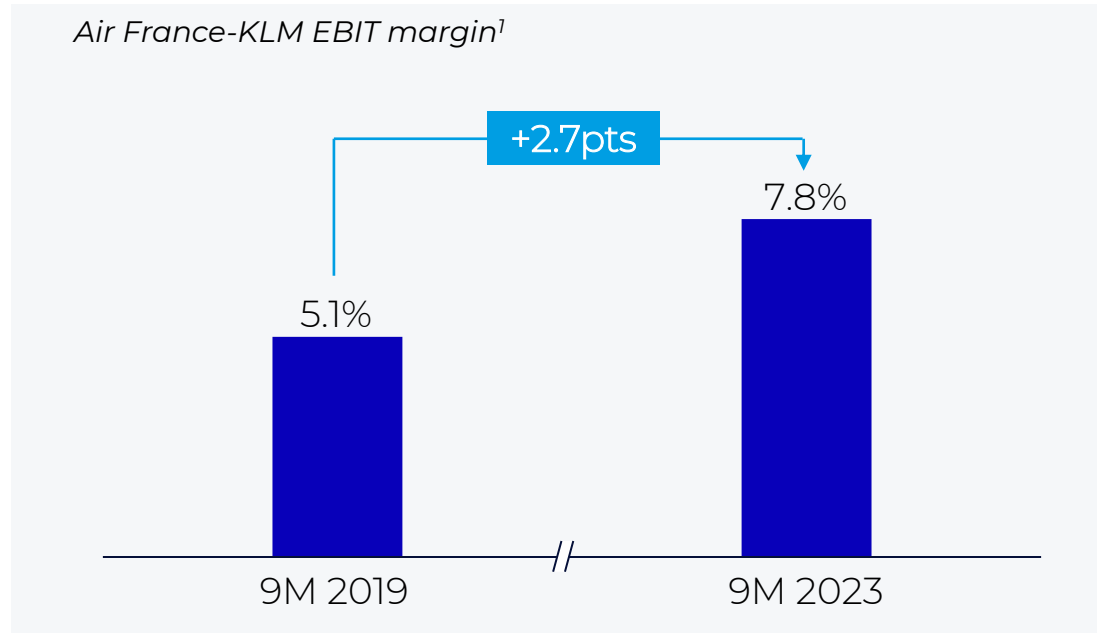
Destination Sustainability  
Industry-leading achievements & commitments



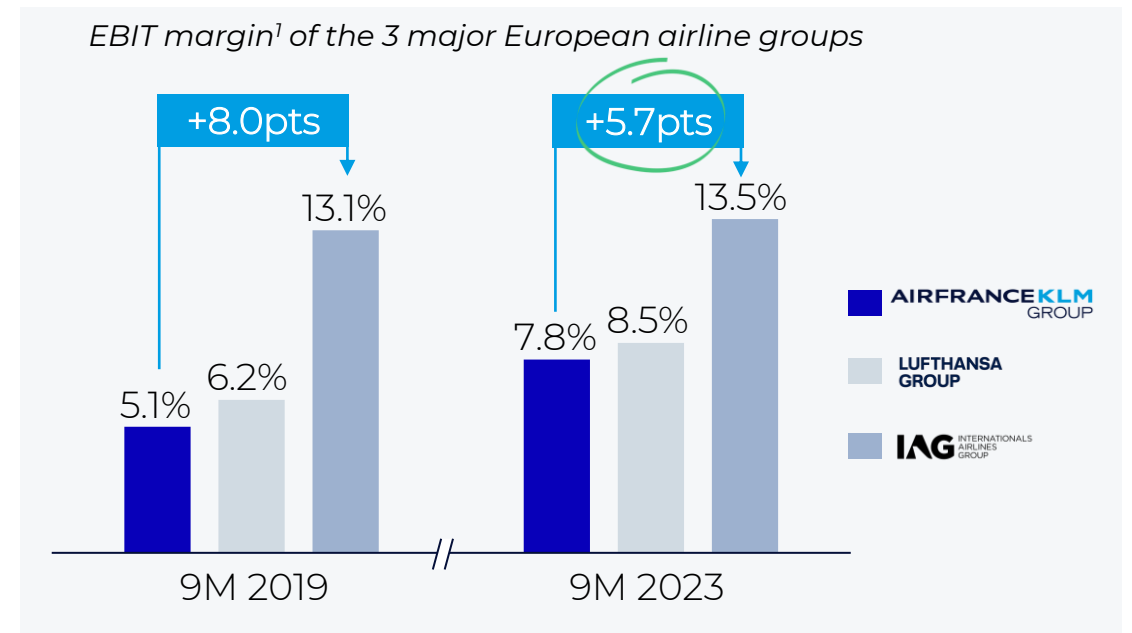
Ongoing transformation  
A successful delivery, including significant cost savings

# AIR FRANCE-KLM HAS MADE IMPORTANT STRUCTURAL STEPS TOWARDS POSITIONING ITSELF AS A LEADER

Solid progress made over the past 4 years...



... which allowed to reduce the profitability gap



**We need to further improve our competitiveness**  
to reach our medium-term targets and keep up with main European peers

1) Before exceptional items



# OUR STRATEGIC AMBITION



# WE CONTINUE TO REFINE OUR 2019 STRATEGY

## Our foundations

**STRONG ASSETS  
TO LEVERAGE**



**RESTORED  
BALANCE SHEET  
POST-COVID**



**GROUP-WIDE  
TRANSFORMATION  
ALREADY WELL  
UNDERWAY**

## Our strategic roadmap



Improve market position and strengthen business models



Boost profitability to join Europe's frontrunners



Maximise customer satisfaction and enhance brand value



Increase employee engagement and satisfaction

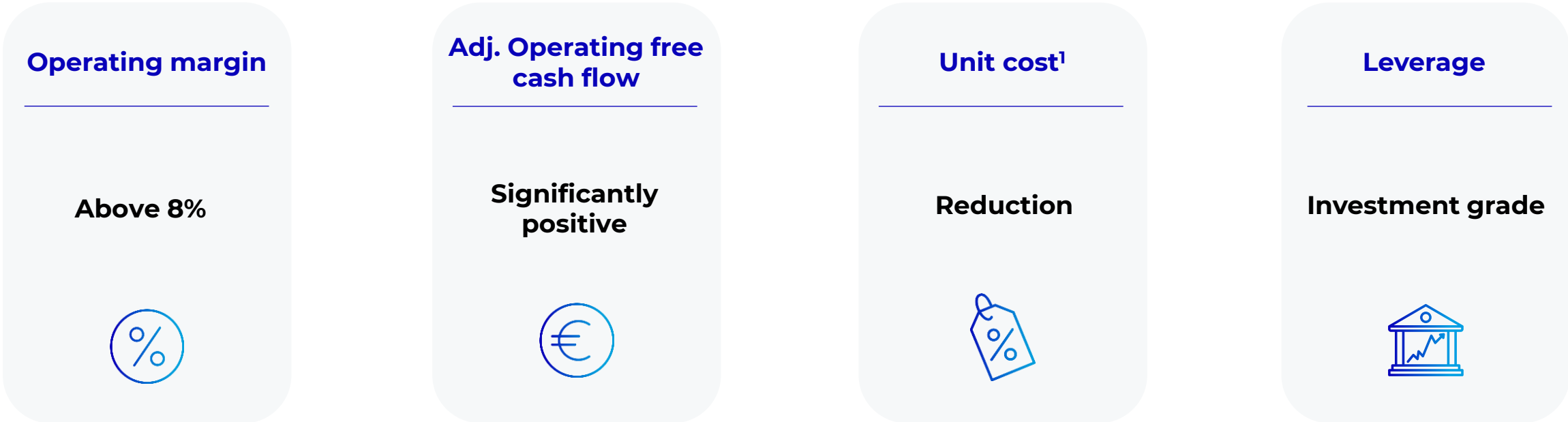


Lead the way in sustainable aviation



Leverage technology, innovation and data

# OUR STRATEGIC ROADMAP WILL TRANSLATE INTO AN AMBITIOUS FINANCIAL OUTLOOK FOR THE 2026-2028 PERIOD



1) At constant fuel price including SAF, constant currency and excluding Emission Trading Scheme cost (ETS)

# AIR FRANCE-KLM GROUP EXECUTIVE COMMITTEE



Benjamin Smith  
Air France-KLM  
CEO



Anne Rigail  
Air-France  
CEO



Marjan Rintel  
KLM  
CEO



Steven Zaat  
Air France-KLM  
CFO



Angus Clarke  
Air France-KLM  
CCO



Henri de Peyrelongue  
Air France-KLM  
Marketing<sup>1</sup>



Anne Brachet  
Air France-KLM  
E&M



Adriaan Den Heijer  
Air France-KLM  
Cargo



Oltion Carkaxhija  
Air France-KLM  
Strategy & Transfo.<sup>2</sup>



Constance Thio  
Air France-KLM  
HR & CSR



Pierre-Olivier Bandet  
Air France-KLM  
IT



Alexandre Boissy  
Air France-KLM  
Corporate Secretary

1) Includes focus on Flying Blue  
2) As from January 1, 2024





# STRENGTHEN OUR BUSINESS MODEL FOR SUCCESS



# STRUCTURAL CHANGES CALL FOR BUSINESS MODEL EVOLUTION

## Passenger traffic to surpass 2019 levels by early-2024

Global air passengers (RPKs), billions per month, IATA



## Demand challenged by evolving market conditions



**Sustainability** restated as a fundamental



**Structural growth drivers** despite challenging sanitary, geopolitical and economic context



Change in **customer behavior & awareness**

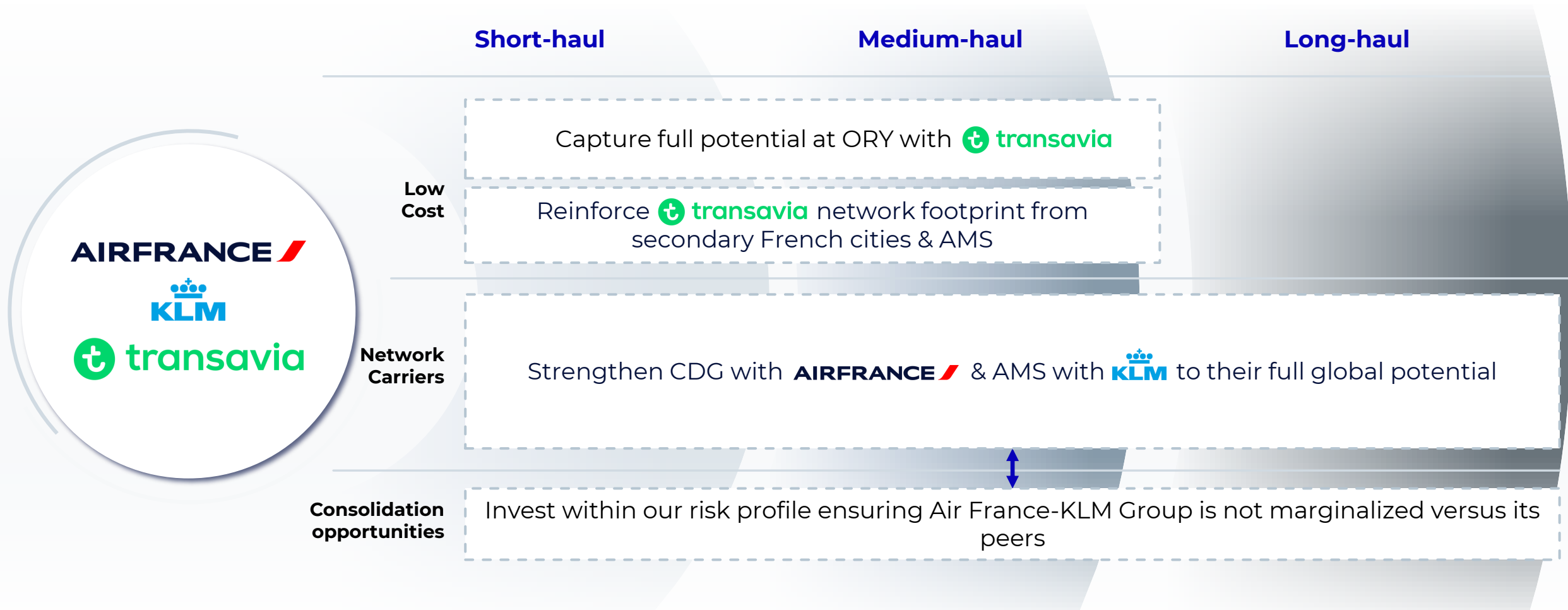


**Intense competition** on both long-haul and medium-haul networks



**Risk of competitive distortion** due to growing regulation

# NETWORK: AIR FRANCE-KLM GROUP AIRLINE BRANDS GO FORWARD STRATEGY



# TOGETHER, AIR FRANCE, KLM AND TRANSAVIA OFFER TRAVELLERS ONE OF THE WORLD'S MOST EXTENSIVE AND DIVERSIFIED NETWORKS

AIRFRANCE  from CDG



 from AMS



 transavia from ORY



 transavia from AMS



181  
Air France destinations from CDG

144  
KLM destinations from AMS

114  
Transavia destinations from ORY and AMS



# LONG-HAUL: STRENGTHEN OUR BEST-IN-CLASS GLOBAL DIVERSIFIED NETWORK

**AIRFRANCE** 

Focus on markets where our proposition generates value

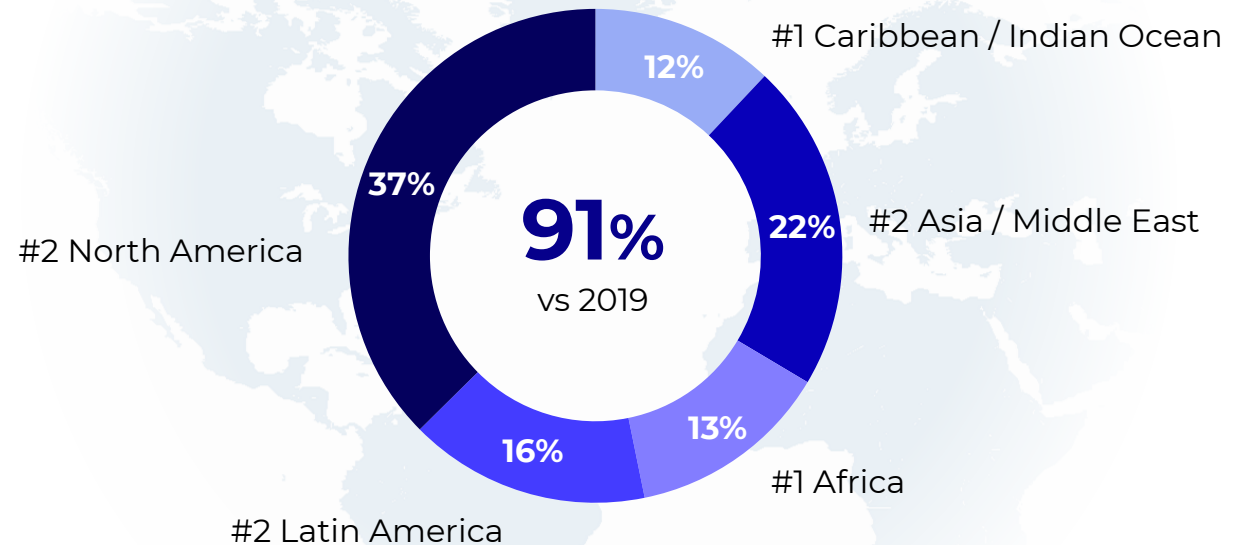


**Diversified network**  
for resilience and flexibility

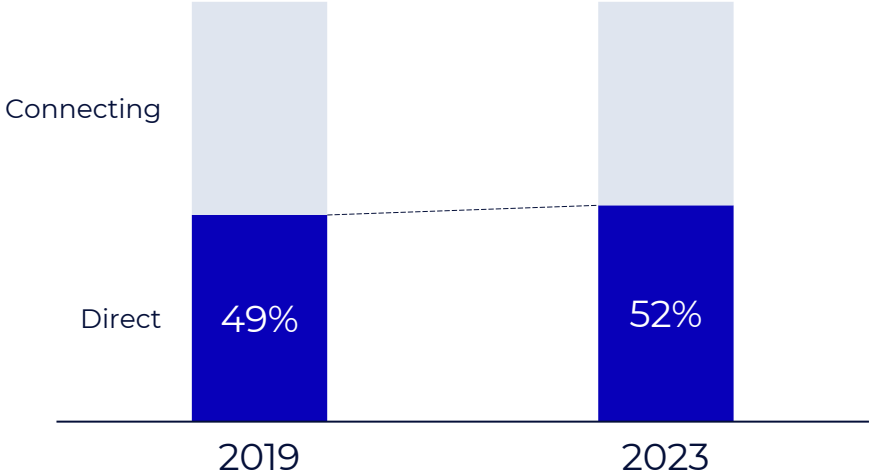


**Leading position** on key  
destinations to and from our  
bases

**Air France-KLM Capacity (in ASK) in Q3 2023**  
Ranking versus IAG and Lufthansa Group



# FOCUS PARIS-CDG AIRPORT: OUR TRAFFIC MIX HAS BEEN OPTIMISED ACCORDING TO PLAN



+3pts direct traffic type increase



+3pts premium market share



# SHORT & MEDIUM-HAUL: TRANSFORM LOSS-MAKING DOMESTIC NETWORK TO ADAPT TO NEW MARKET REALITY

## Medium-haul network



**Maintain** strong contribution to long-haul

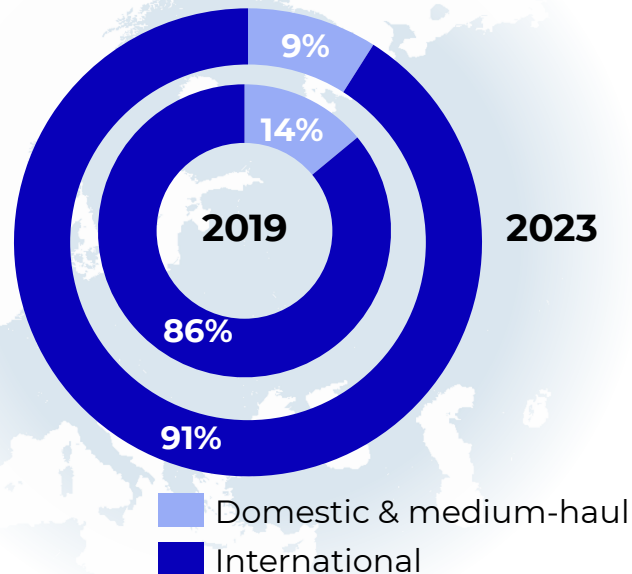


**Capture** potential of new generation fleet



**Rationalize** within changing context

## Air France and KLM short and medium-haul ASK capacity



## France domestic short-haul



**Adapt** to new customer behavior



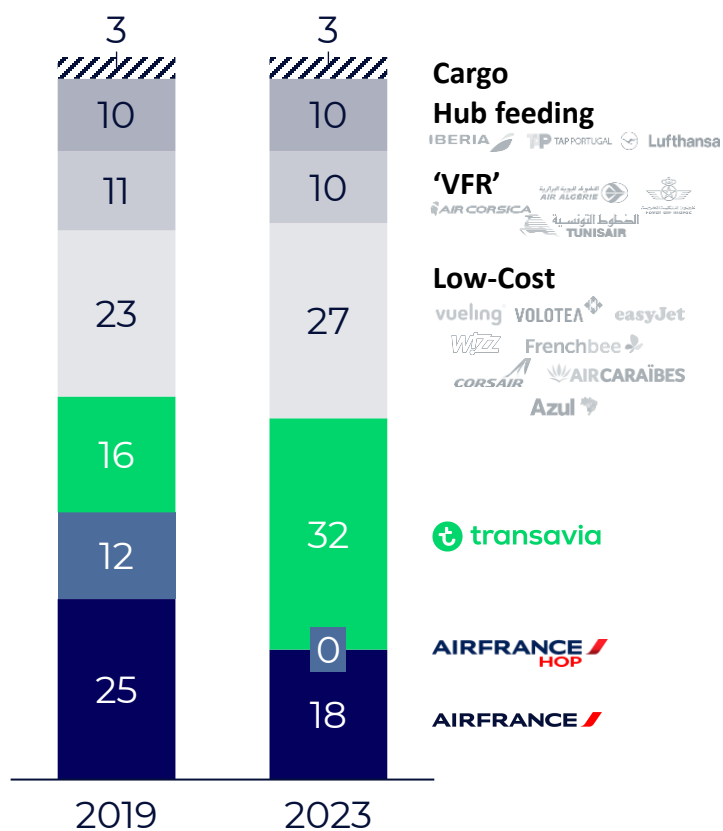
**Maintain** relevant long-haul feed



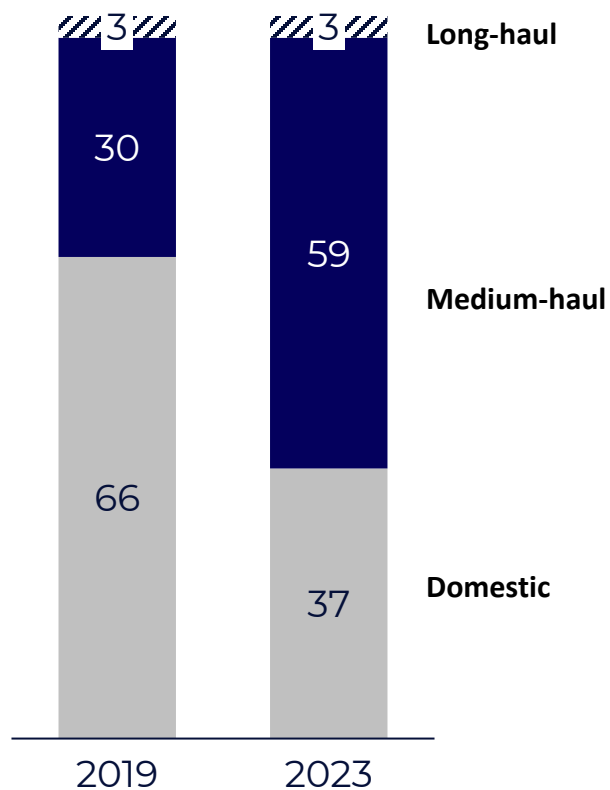
**Concentrate** Air France Paris ops at CDG Airport

# FOCUS PARIS-ORY AIRPORT: OUR STRATEGY HAS BEEN REVISED TO MATCH PRICE-SENSITIVE DEMAND AND VALUE-ADDED NETWORK

2019-23 slot split at Paris-Orly airport



Air France Group destinations split from Paris-Orly airport



At Orly, most of our competitors use a model optimized for point-to-point ('VFR' or low-cost)

This trend has been further accelerated by the rise of rail travel and video-conferencing



As a result, transavia's business model is perfectly suited to match the price-sensitive leisure and corporate demand at Orly



# ADAPT AND SECURE THE FUTURE OF AIR FRANCE DOMESTIC NETWORK FROM PARIS, WITH A SIMPLIFIED OPERATING MODEL

## French domestic market from Orly

Structurally loss-making market for Air France and **has been under restructuring**

**Positive but insufficient effect since 2019:** projected EBIT loss of c. €80m in 2023 on the “Navette” routes

We are responding to a rapidly **changing demand** while **providing a clearer offer**



**AIRFRANCE**   
at Paris-CDG

 **transavia**  
at Paris-Orly

## Air France Group at Summer 2026



*Exception for the JV between Air France and Air Corsica that would maintain its operation from Orly for the eventuality of the attribution of the next PSO by the OTC.*

# TRANSAVIA IS THE KEY ENABLER OF CURRENT GROUPWIDE MEDIUM-HAUL NETWORK TRANSFORMATION

## Complement Air France-KLM's full-service offer with a low-cost carrier

In line with medium-haul competitive landscape and consumer behaviour

## Manage transition phase

To secure slot transfer, phase-in new A320/A321neo and control transition costs

## Deliver profitable growth

By leveraging Transavia's network agility and competitive unit cost



# IN FRANCE, TRANSAVIA HAS A CLEAR ROADMAP TO DELIVER PROFITABLE GROWTH BY LEVERAGING ITS STRATEGIC POSITION AT ORLY AIRPORT

## A privileged slot portfolio at the strategic Paris-Orly



**25 million passengers**  
for the first 9 months of 2023 at ORY



**≈50% Orly slots**  
owned by Air France-KLM in a constrained airport (yearly 250k slots cap)



**Metro line 14** in 2024  
for direct access to Paris-center

## And key levers to activate



**Flying Blue**, with Miles and XPs available on all fares and top tier customers **recognition on board**



**Business travelers** benefit from a dedicated product (**Max fare**), part of corporate contracts



**Full A320neo**  
family brand-new fleet

## To become the low-cost market leader at Paris-Orly

Top 15 destinations <sup>1</sup>	#1 carrier	% Market share	#
Lisbon	TAP PORTUGAL	53%	#2
Madrid	IBERIA	56%	#3
Porto	transavia	58%	
Rome	vueling	41%	#3
Barcelona	vueling	84%	#2
Algiers	AIR ALGERIE	48%	#2
Tunis	TUNISAIR	47%	#2
Casablanca		69%	#2
Marrakech	transavia	56%	
Agadir	transavia	55%	
Malaga	vueling	53%	#2
Palma de Mallorca	transavia	46%	
Naples	easyJet	75%	#2
Djerba	transavia	79%	
Valencia	vueling	71%	#2

1) On routes on which Transavia France operates, by scheduled seats, October 2022 through September 2023 – Source: OAG

# TRANSAVIA'S STRATEGY TO LEAD DUTCH AND EUROPEAN LOW-COST MARKETS IS TWOFOLD, IN A SLOT-CONSTRAINED CONTEXT



## Solidify position as #1 LCC in the slot constrained Netherlands

- Upgauge fleet with A321neos
- Prioritize longer routes and explore new markets
- Reduce seasonality impact



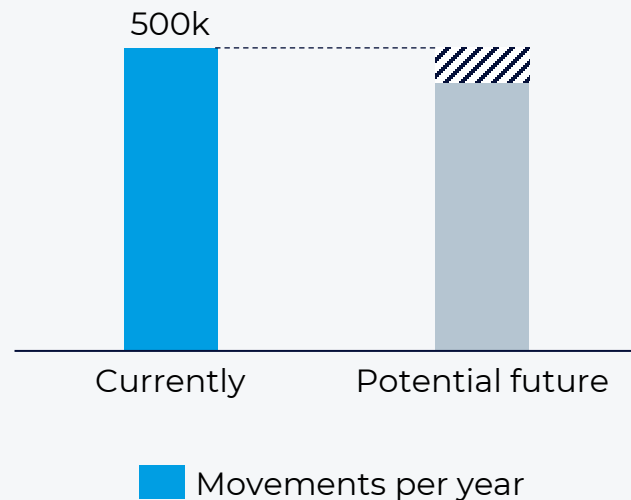
## Explore additional bases outside of the Netherlands



# FOCUS AMSTERDAM-AMS AIRPORT: MITIGATING POTENTIAL CAPACITY REDUCTION AT SCHIPHOL AIRPORT

## Balanced approach<sup>1</sup> related to noise

### Potential future movement capping at Amsterdam Schiphol Airport



## KLM's alternative

Further investment in new, cleaner and quieter aircraft



Improving quality of life in the surrounding of Schiphol

Flying smarter and quieter



### Alternative plan achieves:

- Ministry's target for noise reduction
- Avoidance of €1bn negative impact to Dutch society

## Mitigation of impact

Available levers if movement capping is implemented



### Flexibility to upgauging fleet

A350-900 → A350-1000  
A320neo → A321neo  
E190 → E195-E2



### Slot portfolio

Optimization within KLM Group



### Intermodality

- Current partnership with Thalys & Eurostar
- Expand further

<sup>1</sup>) Pending ruling by European Commission



# CONSOLIDATION: AIR FRANCE-KLM M&A APPROACH IS BASED ON SYNERGIES AND INTEGRATION COSTS



## Network

Market presence effect

Better connectivity & city relevance

Strengthen position in strategic areas



## Commercial

Shared commercial best practices

Cross-sales for products & services

Flying Blue benefits

Non-airline ancillaries (Holidays, etc.)

Engineering & Maintenance  
& Cargo growth opportunity



## Cost synergies

Fleet planning economies of scale

Central functions integration

Harmonized back-office systems

Capital structure optimization

# AIR FRANCE-KLM TO INVEST IN SAS THROUGH EQUITY TO ACHIEVE COMMERCIAL COOPERATION AS PART OF ITS CONSOLIDATION STRATEGY



**Air France-KLM to take a 19.9% non-controlling stake** in the share capital of the reorganized SAS AB



**Enhance the Group's footprint in the highly contributive Scandinavian market** by setting up a commercial cooperation

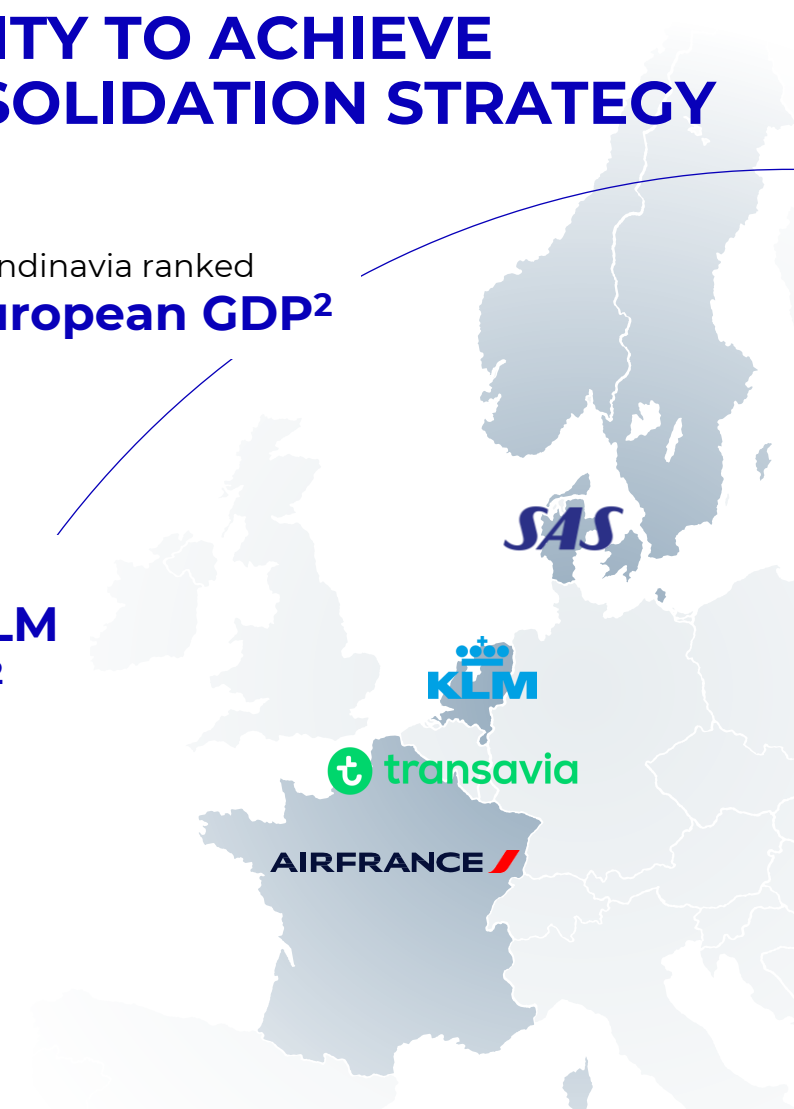


**Option for Air France-KLM to become a controlling shareholder** after a minimum of two years<sup>1</sup>

Scandinavia ranked **4<sup>th</sup> European GDP<sup>2</sup>**

Scandinavia ranked **5<sup>th</sup> Air France-KLM point of sales<sup>2</sup>**

**SAS, largest** Scandinavian<sup>3</sup> airline by passengers



1) The Consortium's investment remains subject to conditions including SAS' financial performance and regulatory approvals including, but not limited to, Restructuring approval from the European Commission, the US court overseeing in the Chapter 11 reorganization and, in respect of SAS AB, the Swedish court  
2) Number of passengers, 12-months rolling October 2022 to September 2023  
3) Scandinavia includes Denmark, Sweden and Norway



## **ANGUS CLARKE**

Executive Vice President and Chief Commercial Officer  
Air France-KLM

# ALLIANCES: A KEY ENABLER TO REINFORCE OUR GLOBAL PRESENCE AND IMPROVE PROFITABILITY

 **59** Code share partners

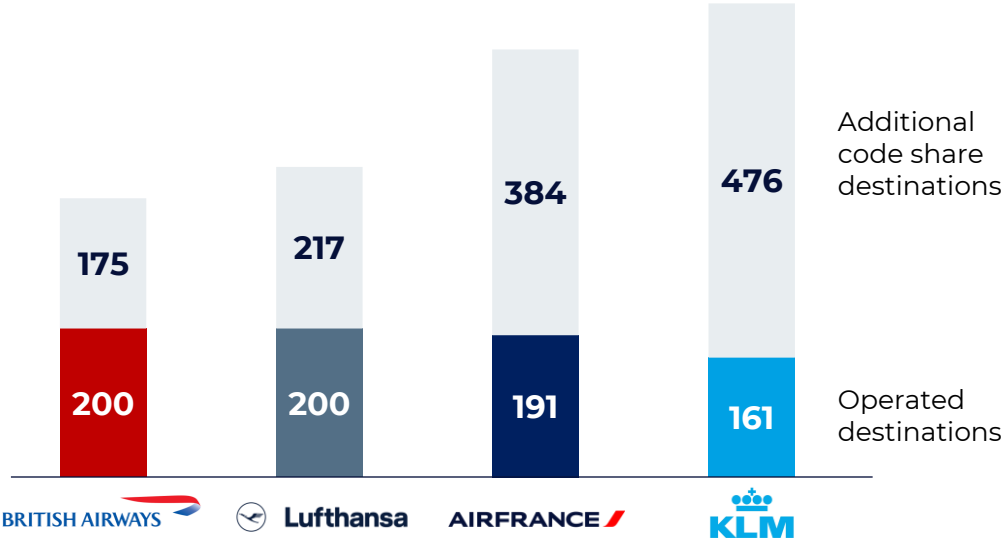
 **114** Interline agreements

 **6** Joint venture partners

 **Global alliance**

~25% of Air France-KLM's passenger revenue is sold by, or in connection with, a partner

## Leveraging on leadership to further extend Network Coverage<sup>1</sup>



<sup>1</sup>) As of July 2023, Air France Group and KLM Group



# STRONG MOMENTUM AND FOCUSED STRATEGY TO FURTHER DEVELOP THE PORTFOLIO AND DRIVE VALUE

Consolidate our position and lead the highly profitable North America flow

Reinforce Brazil & South America with GOL strategic partnership

Expand in Middle East with Etihad strategic partnership

Develop Asia with our JV partner China Eastern and our large partner portfolio

## Consolidate

**NORTH AMERICA**

DELTA virgin atlantic  
AEROMEXICO WESTJET

Partnership expanded

## Develop

**ASIA PACIFIC**

中國東方航空 CHINA EASTERN KOREAN AIR  
Aircalin malaysia airlines  
QANTAS Garuda Indonesia Bangkok Airways Vietnam Airlines  
+7 other code share partners

JV restarted

## Expand

**MIDDLE EAST AND INDIA**

الإتihad ETIHAD AIRWAYS IndiGo  
السعودية SAUDIA MEA

New partnership

## Leverage

**CENTRAL & SOUTH AMERICA**

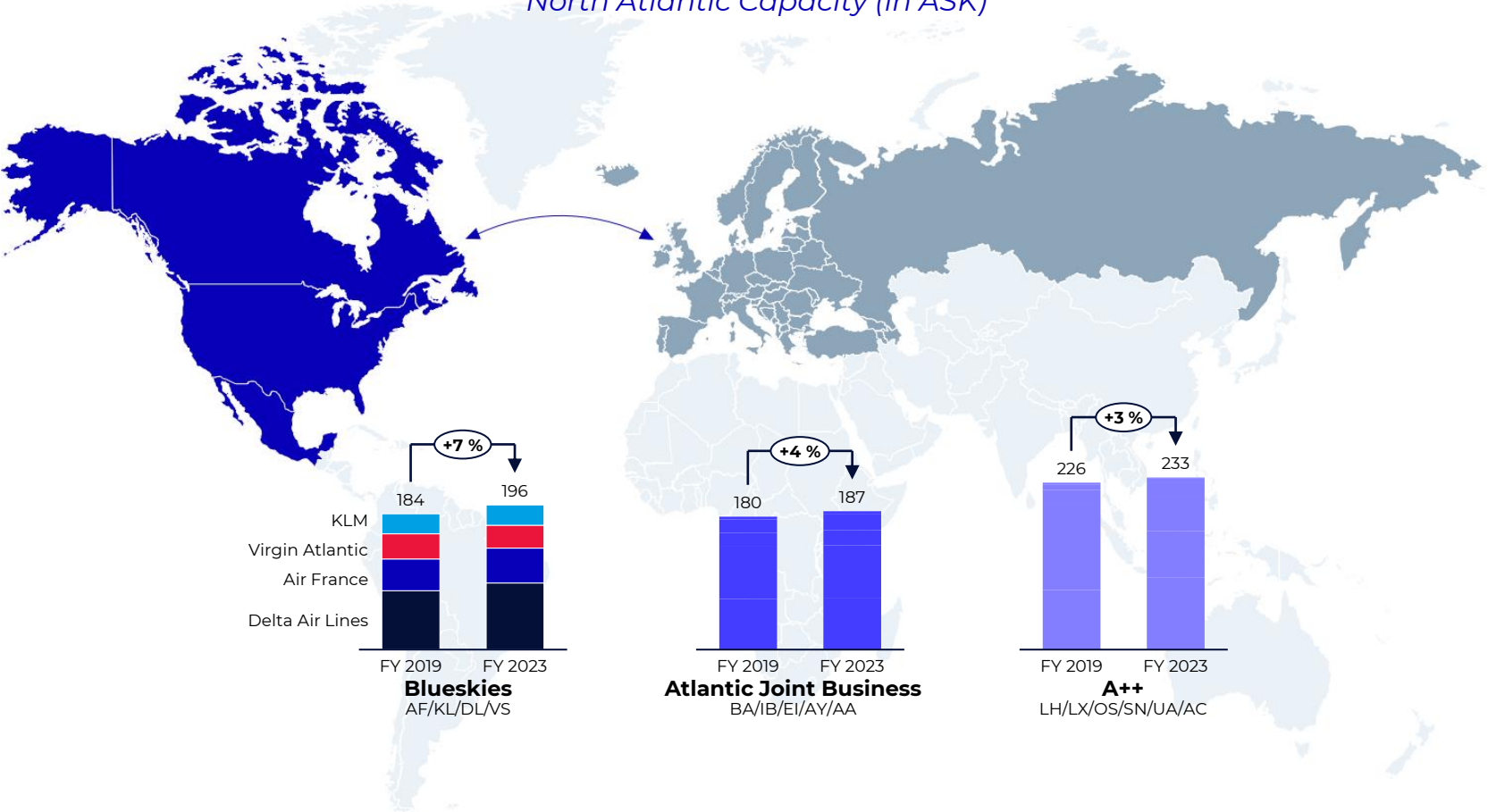
Aerolíneas Argentinas GOL  
Avianca Copa Airlines

Exclusive partnership renewed for 10 years

# OUR TRANSATLANTIC JV AND ALLIANCE ARE IDEALLY POSITIONED TO CONSOLIDATE AND LEAD THE MOST PROFITABLE MARKET WORLDWIDE

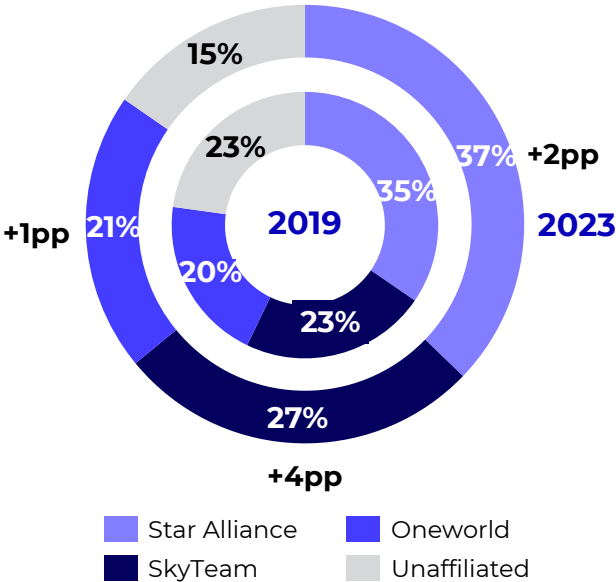
## Joint-ventures

North Atlantic Capacity (in ASK)

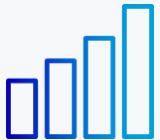


## Alliances

North Atlantic Capacity (in ASK)



# FLEET: OUR STRATEGY IS KEY TO ACHIEVING OUR NETWORK, FINANCIAL AND ENVIRONMENTAL TARGETS



Better financials

Lower carbon impact



Better customer satisfaction



# OUR FLEET STRATEGY DELIVERS STRONG CONTRIBUTION TO OUR ENVIRONMENTAL ROADMAP WHILE GENERATING SUBSTANTIAL FINANCIAL BENEFITS



**60**

A220 family firm orders for:



**-10%**

Unit costs<sup>1</sup>

**-20%**

CO<sub>2</sub> emissions<sup>1</sup>



**100**

A320neo family firm orders for:



**-10%**

Unit costs<sup>1</sup>

**-15%**

CO<sub>2</sub> emissions<sup>1</sup>



**99**

A350 family<sup>2</sup> firm orders for:



**-15%**

Unit costs<sup>1</sup>

**-25%**

CO<sub>2</sub> emissions<sup>1</sup>

% of new generation aircraft<sup>2</sup>

5%  
2019

21%  
2023

37%  
2025

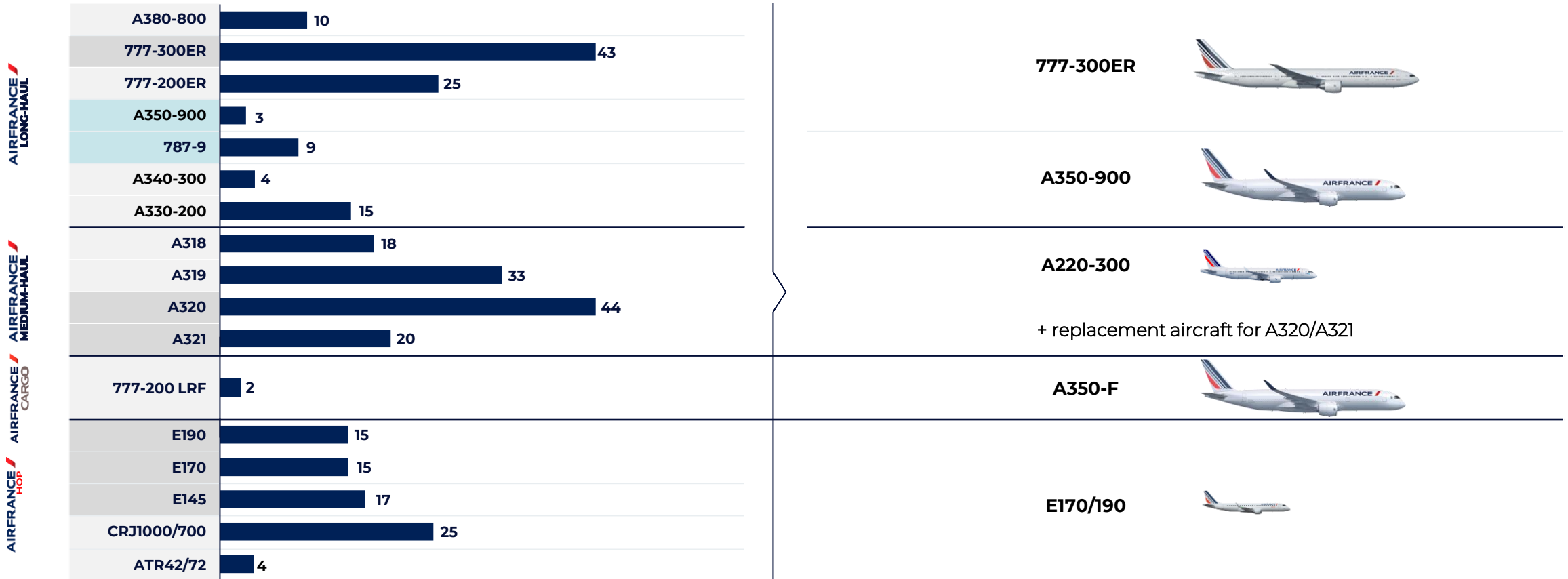
64%  
2028

81%  
2030



1) Compared to previous generation aircraft; 2) Including A350 Full Freighters.

# AIR FRANCE GROUP PURSUES FLEET SIMPLIFICATION EFFORTS, WITH ONLY 5 TO 6 AIRCRAFT FAMILIES BY 2030



End 2019 – 11 aircraft families

Potential target end 2030 – 5/6 aircraft families

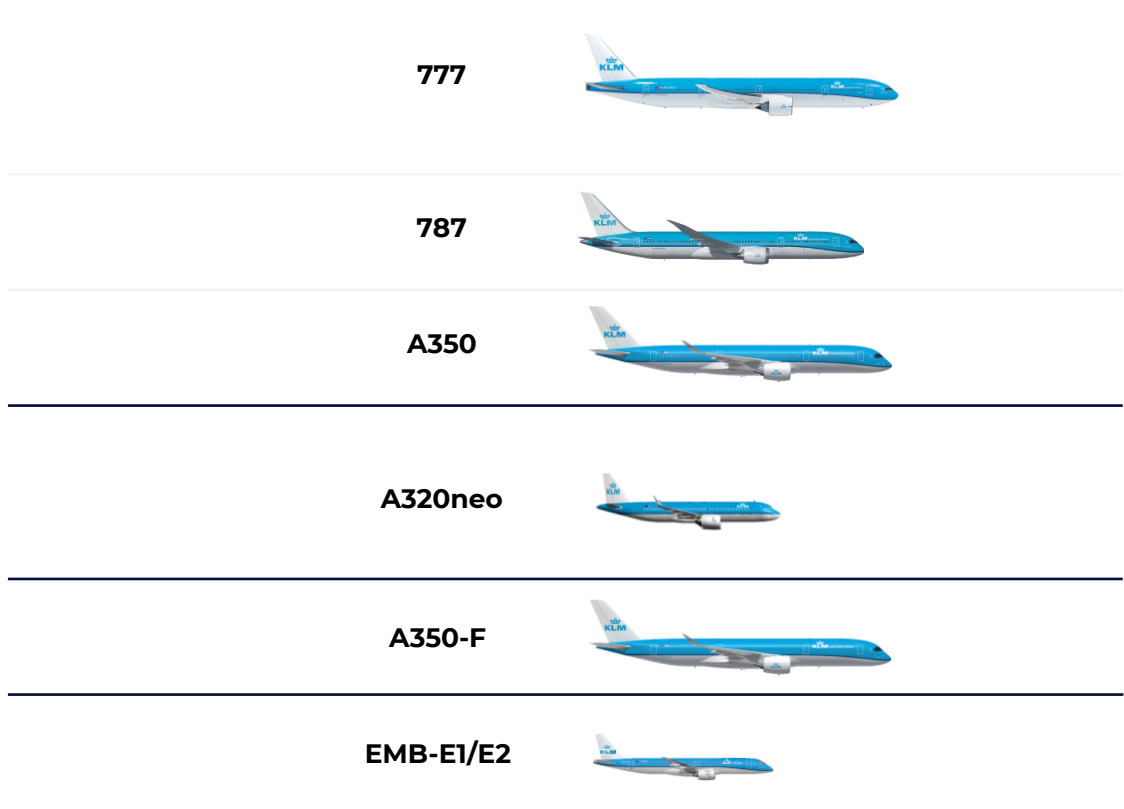
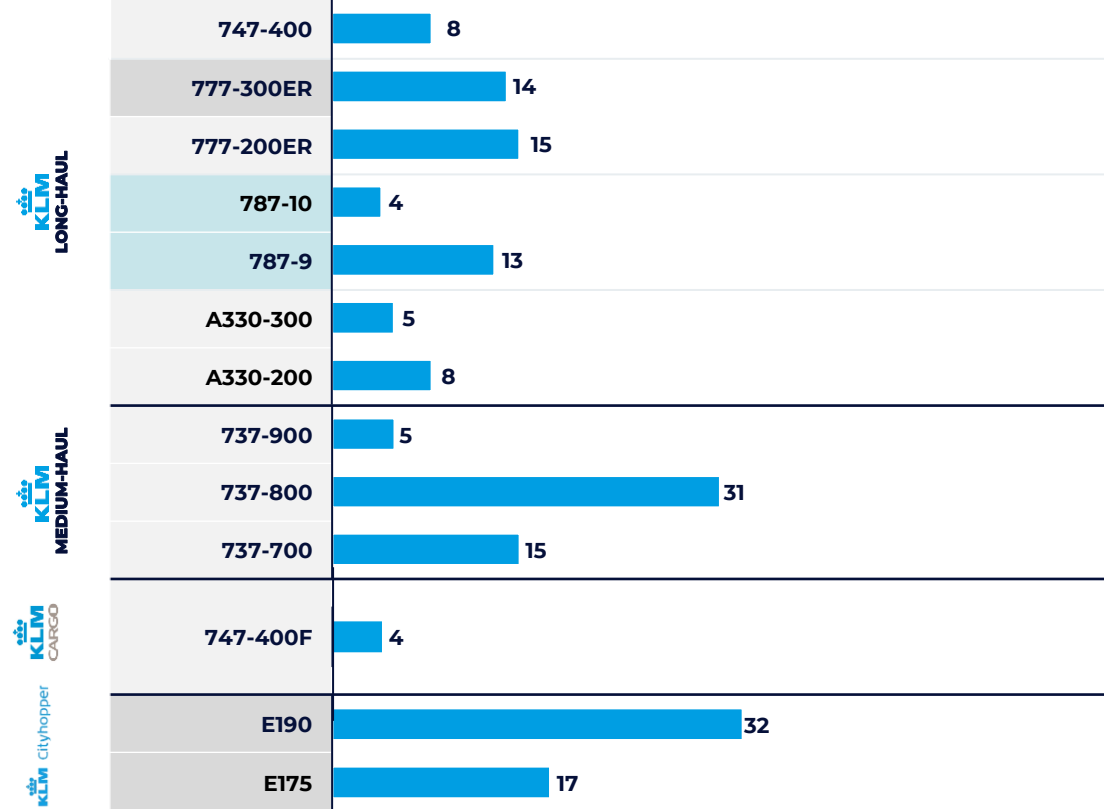
New Gen Aircraft

To be confirmed or identified for replac.

Phased-out or phase out scheduled



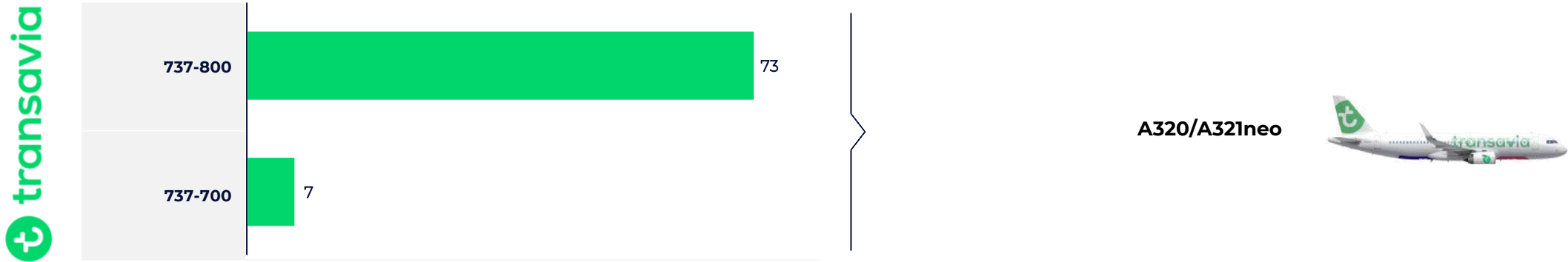
# KLM GROUP UPGAUGES AND MODERNIZES FLEET, IN A SLOT-CONSTRAINED CONTEXT



End 2019 – 6 aircraft families      Potential target end 2030 – 5 aircraft families

New Gen Aircraft
To be confirmed or identified for replac.
Phased-out or phase out scheduled

# TRANSAVIA GRADUALLY REPLACES ITS 737 FLEET WITH MORE COST-EFFECTIVE AND FUEL-EFFICIENT A320/A321NEO



End 2019 – 1 aircraft family      Potential target end 2030 – 1 aircraft family

Phased-out or phase out scheduled



# CONTINUE DELIVERING OUR TRANSFORMATION PLAN

## **BENJAMIN SMITH**

Chief Executive Officer  
Air France-KLM

## **ANNE RIGAIL**

Chief Executive Officer  
Air France





## **MARJAN RINTEL**

Chief Executive Officer  
KLM



# AIR FRANCE-KLM CONTINUES ITS TRANSFORMATION EFFORTS

Actioning key levers...

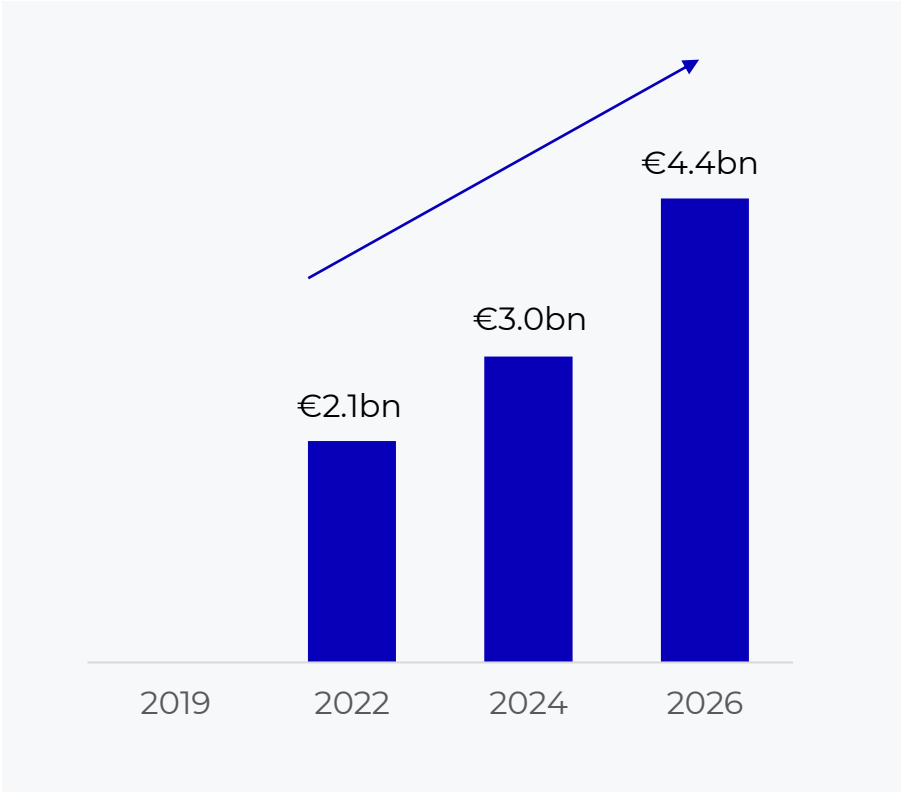
-  **Simplification**
-  **Synergies**
-  **Revenues initiatives**
-  **Cost Savings**

...through ambitious roadmap...

**700+**   
**Initiatives & Projects**

 **Across**  
**ALL**  
**Business Units**

...to achieve structural benefits<sup>1</sup>



1) Structural benefits includes revenue initiatives and all operating cost efficiency gains, excluding CPI & CLA effects. Adjusted for capacity evolutions



**AIRFRANCE** 

**AIRFRANCE****KLM**  
GROUP



# AIR FRANCE HAS ALREADY DELIVERED MORE THAN 50% OF ITS TRANSFORMATION PLAN

## Examples of achievements over the 2020-2023 period



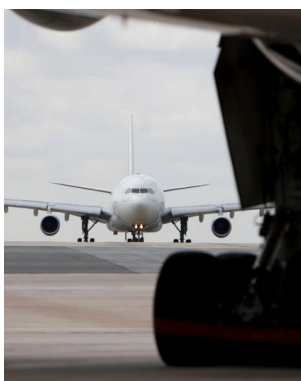
### Network optimization

- Restructuring of the domestic network (Orly and regions) and growth of Transavia France
- Intermodality: strengthening the Air France – SNCF partnership



### Review of processes and organizations following redundancy scheme

- Transform Local Ground Operational Management
- Reorganization of engine workshops (Single Roof project)



### Constant review of external spending

- Group synergies: launch of joint RFPs for logistics activities
- Set up of an "inflation observatory" reporting system at purchasing level



### Selective outsourcing of transactional or non-differentiating activities

- Business Partner model / center of expertise implementation
- Development of Shared Services Center for Finance and Procurement

# AIR FRANCE IS PURSUING ITS TRANSFORMATION EFFORT WITH A CLEAR ROADMAP



## Simplification

- Optimization of key resource allocation
- Synergies & mutualisation
- Automation



## Cost Optimization

- Core/Non-core activities
- Integrated operations planning
- Discipline on external expenses
- Real Estate footprint



## Revenues

- New high-margin products & services
- Customer follow-up and quality of service



## Strategy

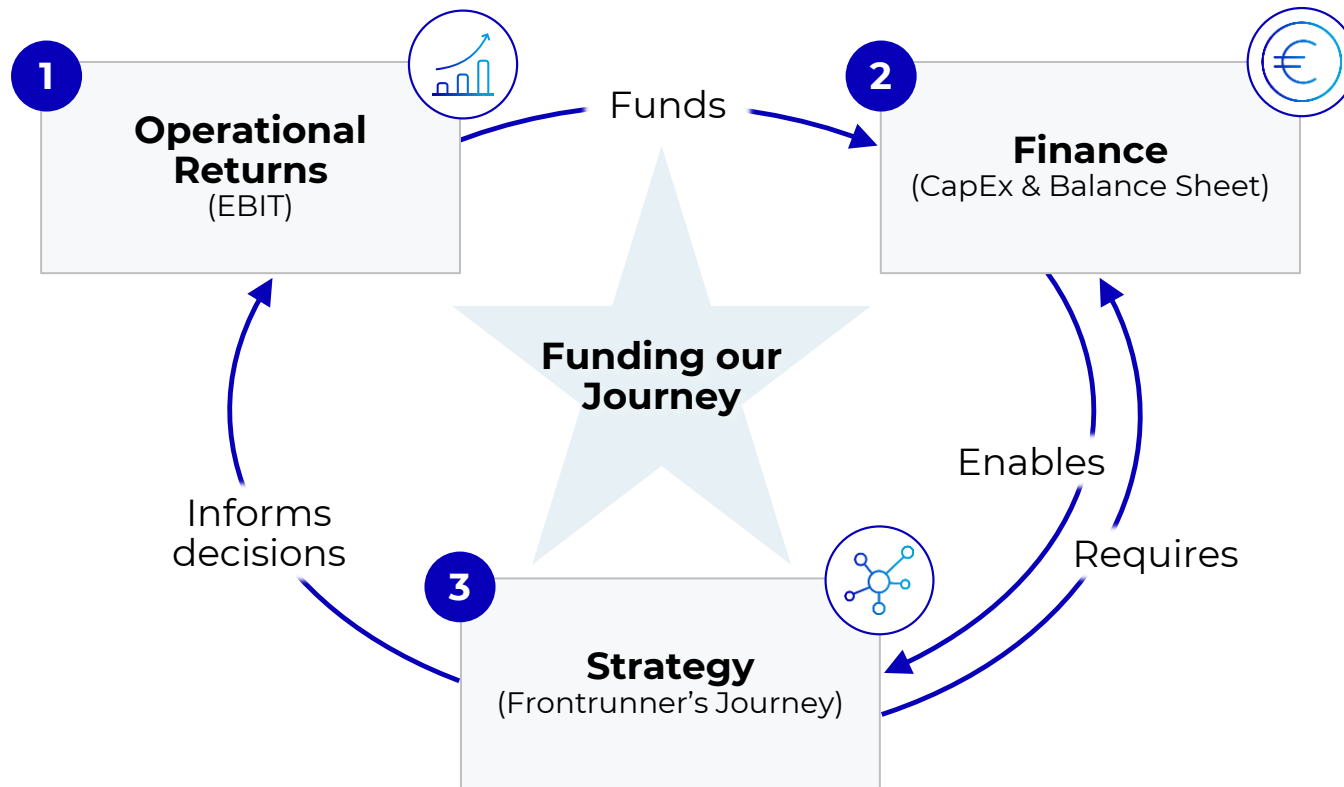
- Renewed Fleet and Cabins' densification
- Domestic restructuring





# 'FUNDING OUR JOURNEY' IS THE INTEGRAL PLAN THAT TIES OPERATIONAL RETURNS, FINANCE, AND STRATEGIC EFFORTS TOGETHER

Links and interactions between the 3 pillars...



...that contribute to each other

- 1 Running the business** generates returns (EBIT) and cash-flow, which are in-turn used to **fund CapEx**
- 2 Investments enable our strategy**, but also require guidance from it to **specify** and **prioritise**
- 3 Strategy** programs **require resources** and guide **how the business operates** (to generate financial returns)

# KLM TRANSFORMATION FOCUSES ON THREE MAJOR BUCKETS OF VALUE



## Increase revenue & utilization

- Reduce staff shortages in Ops and E&M
- Improve fleet health and availability
- Improve planning and procurement to overcome supply chain issues



## Cost & productivity optimization

- Reduce absenteeism
- Review core versus non-core activities
- Rationalize real-estate footprint
- Improve engine asset management



## Strategic initiatives

- Reduce fuel cost through optimized tooling and AI models
- Optimize fleet utilization and availability







# ENGAGE OUR EMPLOYEES IN THE GROUP'S JOURNEY

## **ANNE RIGAIL**

Chief Executive Officer  
Air France

## **MARJAN RINTEL**

Chief Executive Officer  
KLM





**AIRFRANCE** 

**AIRFRANCE**KLM  
GROUP

# AIR FRANCE PRIORITIES ON PEOPLE DEVELOPMENT



## Social dialogue

Ensure conditions for **permanent social dialogue**

- Adjustment of collective labor agreements in line with the deployment of our strategy



**26 agreements signed in 2023**



## Employee satisfaction and engagement

Support **employee engagement**

- Local action plans on working conditions
- Local budget to encourage team proximity
- Collective pride on transversal events (90 years, Paris 2024...)



**0.47% resignation rate (2022)**



## Resources management

Execute **Recruitment** plans & Leverage **Talent management**

- Diversification of recruitments for short-staffed jobs (mechanics, data)
- Reskilling programs and dedicated trainings to solve local overstaffing issues
- Young Graduates Next Gen program

**Strong Employer Brand attractiveness<sup>1</sup>**

**#1** on transport sector / **#3** all sectors



## Diversity & inclusion

Ensure **equal conditions and opportunities** to all staff in line with our societal commitments

- Female Talents action plans
- Campaign against harassment and discrimination
- Strong societal engagement



**Female action plan: 46%** among staff / **39%** among executives

**Equal conditions: 6%** disabled staff

1) 2022-2023 "L'Etudiant" preferred company ranking





# KLM PRIORITIES ON PEOPLE DEVELOPMENT



## Labor agreements

- **CLA's are signed** for a two-year period with Cabin, Cockpit and Ground staff
- Provide **stability and clarity** for our staff in the near future



## Employee satisfaction

- Results of the 1<sup>st</sup> new **KLM employee survey**

**79%** **engagement score:** strong across all divisions and above global benchmark

**81%** **of employees feel happy** in their jobs



## Investing in the workplace

- **Lifting equipment** in the baggage halls – now at 50%, targeting 100% by April 2024
- On our way to further **automate processes** with unloading devices and robots
- **Full electrification** of ground operations at Schiphol Airport



## Addressing Diversity & Inclusion

- **Gender balance** targets in place for coming years
- KLM awarded as **Ambassador of Workplace Pride** and LGBTIQ+ Inclusion
- 'Unbiased recruitment' continues after successful pilot at E&M
- **Employee Resource Groups** representing various groups:







# ENHANCE CUSTOMER EXPERIENCE AND INCREASE BRAND RECOGNITION

## **BENJAMIN SMITH**

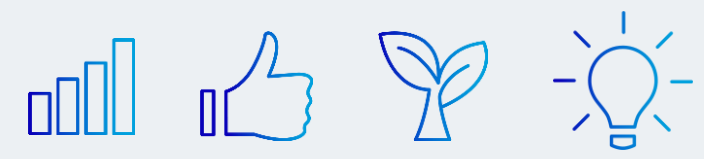
Chief Executive Officer  
Air France-KLM

## **ANNE RIGAIL**

Chief Executive Officer  
Air France

## **MARJAN RINTEL**

Chief Executive Officer  
KLM



# A COMPREHENSIVE PORTFOLIO OF THREE RECOGNIZED BRANDS, WITH UNIQUE IDENTITIES AND POSITIONING

**AIRFRANCE** 







 **transavia**



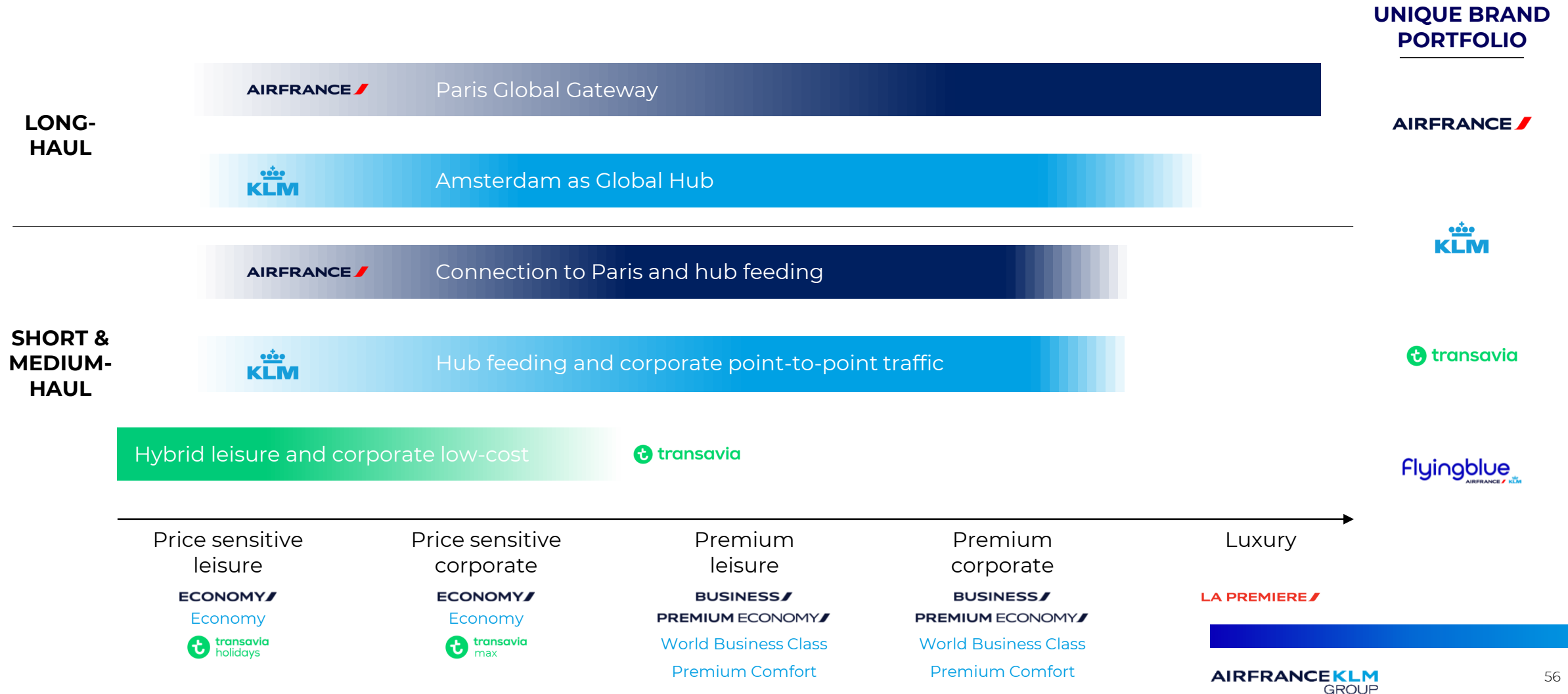
**Showcasing the Best of  
France Around the World**

**Pioneering global  
aviation since 1919**

**We Make Low Cost  
Feel Good**

*A SHARED DNA OF CUSTOMER CENTRICITY*

# EACH BRAND ADDRESSES A WELL-DEFINED AND COMPLEMENTARY MARKET SEGMENT, IN LINE WITH PASSENGER DEMAND





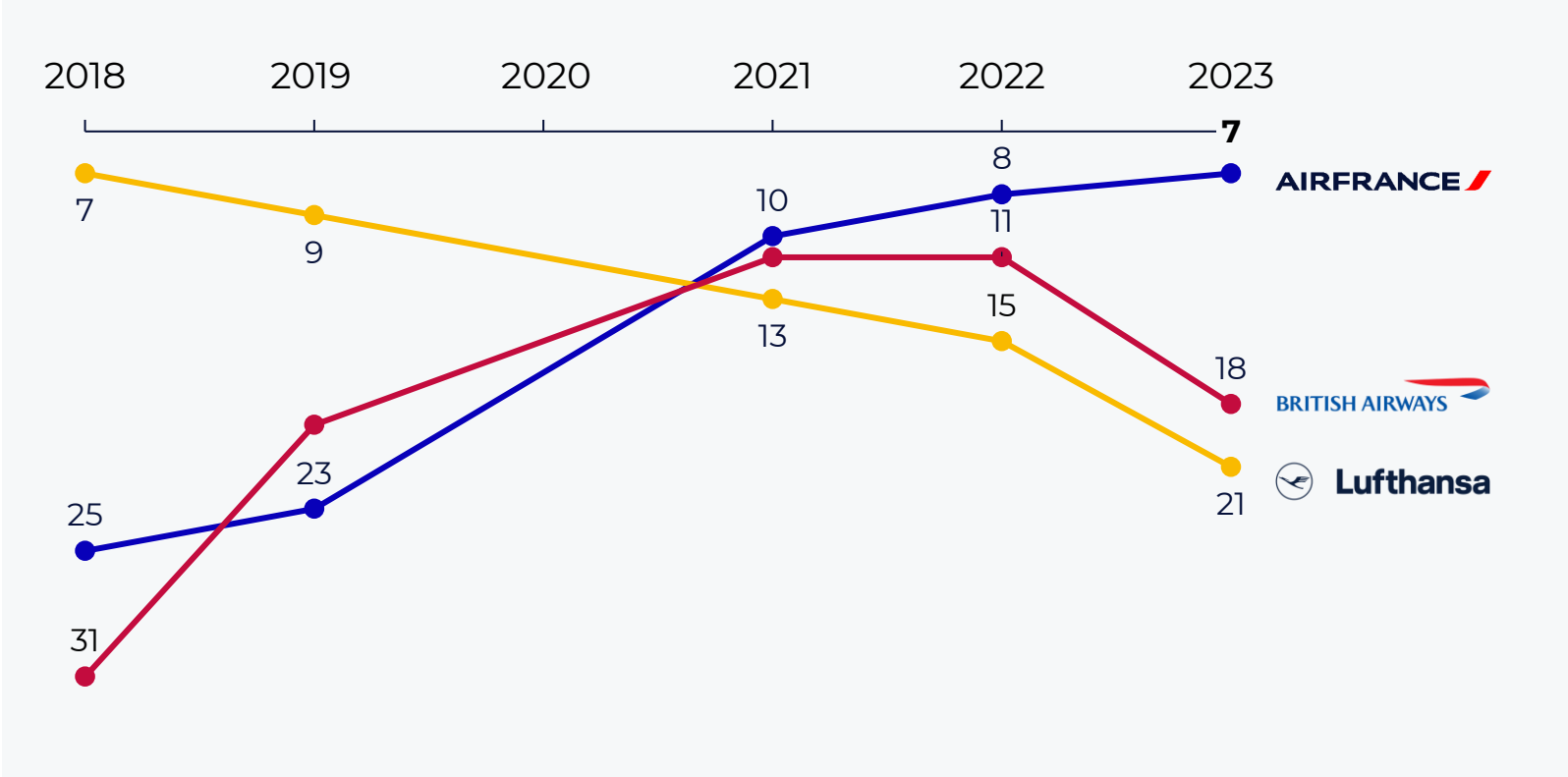


**AIRFRANCE** 

**AIRFRANCE**KLM  
GROUP

# CONTINUED INVESTMENT IN THE BRAND AND CUSTOMER EXPERIENCE HAS ENABLED AIR FRANCE TO ESTABLISH ITSELF AS A EUROPEAN LEADER

Ranking Skytrax World Airline



For the third year running, Air France was voted **best airline in Western Europe**

And 3 rewards for **LA PREMIERE**

# IMPROVING GLOBAL AIRFRANCE / CUSTOMER EXPERIENCE IS ONE OF OUR TOP PRIORITIES



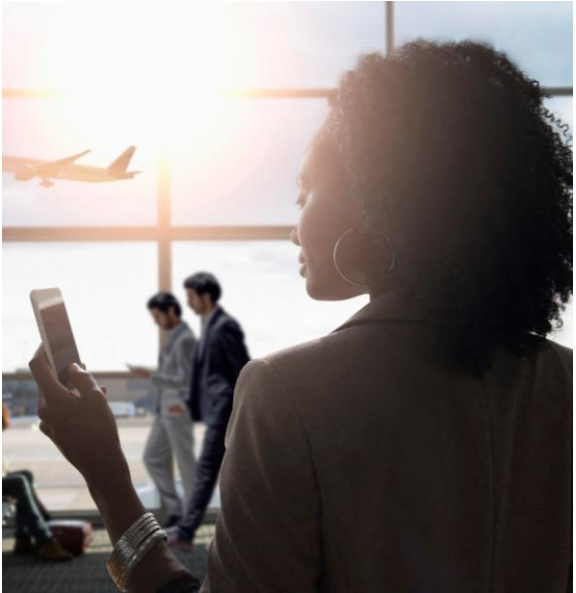
**BRAND**



**PREMIUMIZATION**



**OPERATIONAL EXCELLENCE**



**INVEST FOR THE FUTURE**



# LEVERAGING AIRFRANCE BRAND TO MAKE IT EVEN MORE DESIRABLE

Strengthen Brand differentiation based on:



**Air France unique French heritage**



**Premium customer experience**



**AIRFRANCE  <sup>1</sup>**  
**industry leading sustainability commitments and actions**



**Strong communication opportunities: 90 years celebration and Paris 2024 Olympic Games**

1) Air France ACT is a program underlining Air France CO2 emissions reduction strategy

**LA PREMIERE**

# SHOWCASES THE BEST OF AIR FRANCE ELEGANCE AND EXCELLENCE

## Service Awarded

- Best First-Class in Europe 2023
- Best First-Class Lounge worldwide 2023
- Best First-Class Onboard dining worldwide 2023



## A new Ambition

- More exclusive ground experience
- New cabin with 3 modular and totally private suites
- More aircraft/more destinations from 2025



# AIRFRANCE / KLM / KEYS UPGRADING ITS PRODUCTS TO LEVEL UP ITS PREMIUM CLASSES AND MAINTAIN ECONOMY CLASS COMPETITIVE

## Along the journey experience



### Lounge upgrades

- Catering
- Comfort
- Design



### Partner services

- Luggage door-to-door
- Concierge

## Cabin experience



New First-Class cabins in 2024



New Business class cabins



New Premium Economy class cabins

## Onboard services



Improve Wi-Fi



Redesigned in-flight entertainment system




Extend French excellence catering

# FURTHER ENHANCE OPERATIONAL EXCELLENCE AND OVERALL CUSTOMER EXPERIENCE

Terminal	Flight	Class	Time	
ZE	A	theure		
2F	A	theure		
106	ZE	A	theure	
6023	ZE	A	theure	
ZE	A	theure		
ZE	A	theure		
2E	A	theure		
DL 6640	2F	A	theure	
1	A	theure		
DL 8508	2E	A	theure	
SU 3193	2F	A	theure	
AF 5200	2E	A	theure	
AF 6874	2C	A	theure	
1	Reland			
79	1			
402	2E	A	theure	
3464	3	A	theure	
100	CZ 7023	2F	A	theure


Operational robustness

## Deliver on our flight schedules



- Spare aircraft availability
- Supply chain
- Crew resources


## Strengthen our on-time performance



- Schedule design
- Resources




## Ensure a smooth passenger journey



- Additional automated border control gates in CDG and extension of number of countries eligible
- Connecting processes

## Focus on preparing for the 2024 Olympic & Paralympic games



- Sizing and resources
- Luggage process
- Passengers with reduced mobility



# EMPHASIZE A MORE SUSTAINABLE TRAVEL EXPERIENCE IN LINE WITH EVOLVING CUSTOMERS' NEEDS



Renew **fleet**



Extend **sustainable catering**



Promote **SAF options**



Strengthen **caring attitude** towards customers with special needs



Optimize CO<sub>2</sub> footprint of **operations**



Integrate **societal evolutions** in our customer relations



Develop **intermodality**







# FURTHER STRENGTHEN



KLM 104 YEARS DUTCH AT HEART



BRINGING PEOPLE TOGETHER



PIONEERING SUSTAINABLE AVIATION



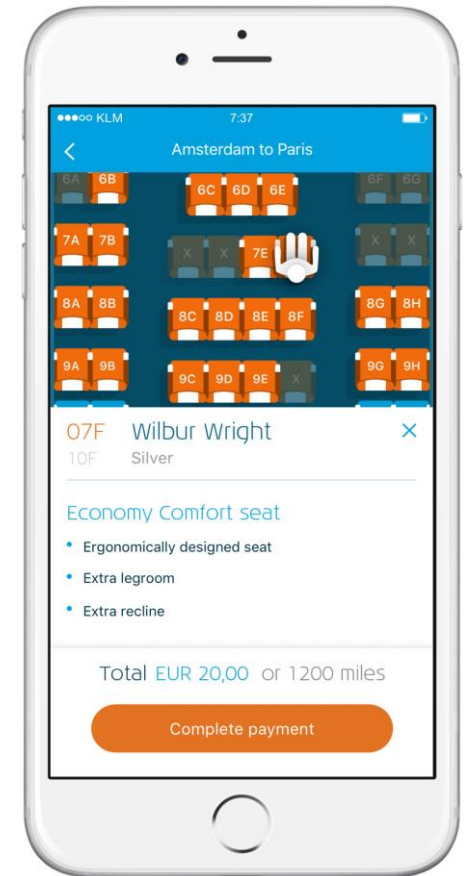
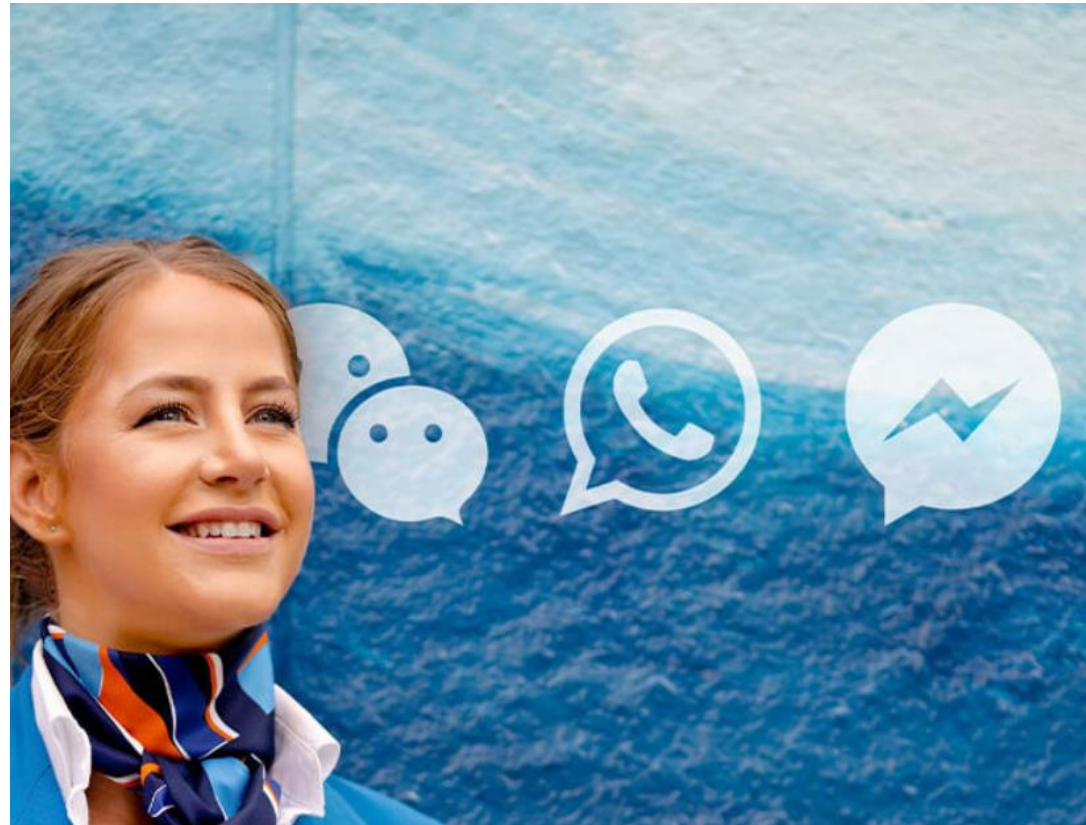
# IMPROVING CUSTOMER INTIMACY THROUGH THE USE OF DATA & AI



Digitization, social media and customer experience are all an integral part of the KLM brand



By using artificial intelligence, KLM makes conversations with our customers even more timely, correct and personal



# FULL FOCUS ON FURTHER ENHANCING CUSTOMER EXPERIENCE



**INVEST IN PRODUCTS  
& SERVICES**



**RECOVER OPERATIONAL  
STABILITY**



**FURTHER STRENGTHEN  
SCHIPHOL HUB**



**INVEST FOR THE FUTURE**



## CONTINUE TO INVEST IN OUR ONBOARD PRODUCT..



**Renewing Business Class** on Boeing 777 with direct aisle access and privacy doors



**Continued Premium Comfort roll-out**, being very well received by customers



**Wi-Fi stability improvement** and further roll-out



# ... AND IN OUR CROWN LOUNGES FOR OUR CUSTOMERS



**Upgrade** of our **KLM-branded lounges** with specific developments for our **most loyal customers**

# RECOVER OPERATIONAL STABILITY AND LEVERAGE SCHIPHOL HUB



## Operational robustness



### Deliver flight schedule and restore network potential

- Spare aircraft availability
- Supply chain
- Crew resources



### Work towards operational excellence

- Ensure resources in all operational departments
- Robust schedule and process design



## Passenger experience



### Ensure a smooth passenger journey

- Clear and on-time communication
- Enhance self-service functionalities
- New kiosks with better functionalities



### Strengthen transfer experience at Schiphol

- Short connection pass to ensure stress-free transfer at Schiphol
- Information provided on inbound flight

# INVEST IN A SUSTAINABLE AND INCLUSIVE TRAVEL IS AT THE CORE OF OUR DNA AND PASSENGER EXPECTATIONS



Renew **fleet** and **develop SAF options**



Develop **intermodality**



Extend **sustainable catering** and **reduce waste**



Special attention for **passengers with specific needs**



**Gender neutrality** in digital channels



(pre-order) A la carte





 transavia

**AIRFRANCE**KLM  
GROUP

# TRANSAVIA IS EXPANDING ITS OFFER TO INCLUDE ITS NEW ENLARGED NETWORK AND CUSTOMER BASE

## Leisure and VFR



Strengthen leadership on **Mediterranean destinations**, develop **winter network**



**Transavia Holidays**, to increase leisure wallet share



**Develop other ancillaries** (baggage, seat, etc.)

## Corporate



Address **corporate demand from Paris-Orly**



**Flying Blue** earning and burning

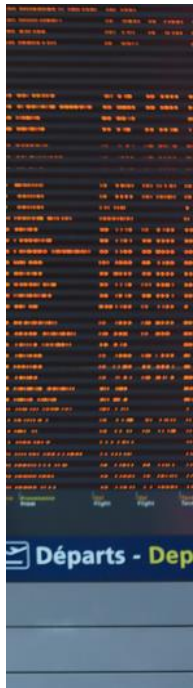


**MAX fare**, dedicated product to Business travelers

Development of a high contribution corporate business will lead to a **twin-engine revenue model**



# FURTHER IMPROVE OPERATIONAL PERFORMANCE AND PASSENGER EXPERIENCE IN A FAST-PACED GROWTH CONTEXT



## Operational robustness



### Organisation

- Investment in integral planning and continuous improvement



### Fleet growth

- Progressive phase-in of A320neo family aircraft starting 2023



### Mitigation

- Crew, planning and fleet buffers in case of disruptions



## Passenger experience



### Cabin

- A320neo deployment with new cabin design and seat



### Onboard experience

- Onboard platform, catering, USB ports



### Flying Blue

- Loyalty recognition for Flying Blue members, especially top tier customers



“2nd Best Low-Cost Airlines in Europe 2023” and “6<sup>th</sup> in the World” by Skytrax



# FLYING BLUE AS A BUSINESS CONTRIBUTION



**HENRI DE PEYRELONGUE**

Executive Vice President Marketing Air France-KLM

# FLYING BLUE IS A LEADING EUROPEAN LOYALTY PROGRAM



The loyalty program of the Group's airlines...

**AIRFRANCE**



...featuring more than 40 airline partners...

including



...and an extensive network of non-airline partners




European loyalty program with the highest number of co-branded card partners with **13 co-branded cards ("CBC")**



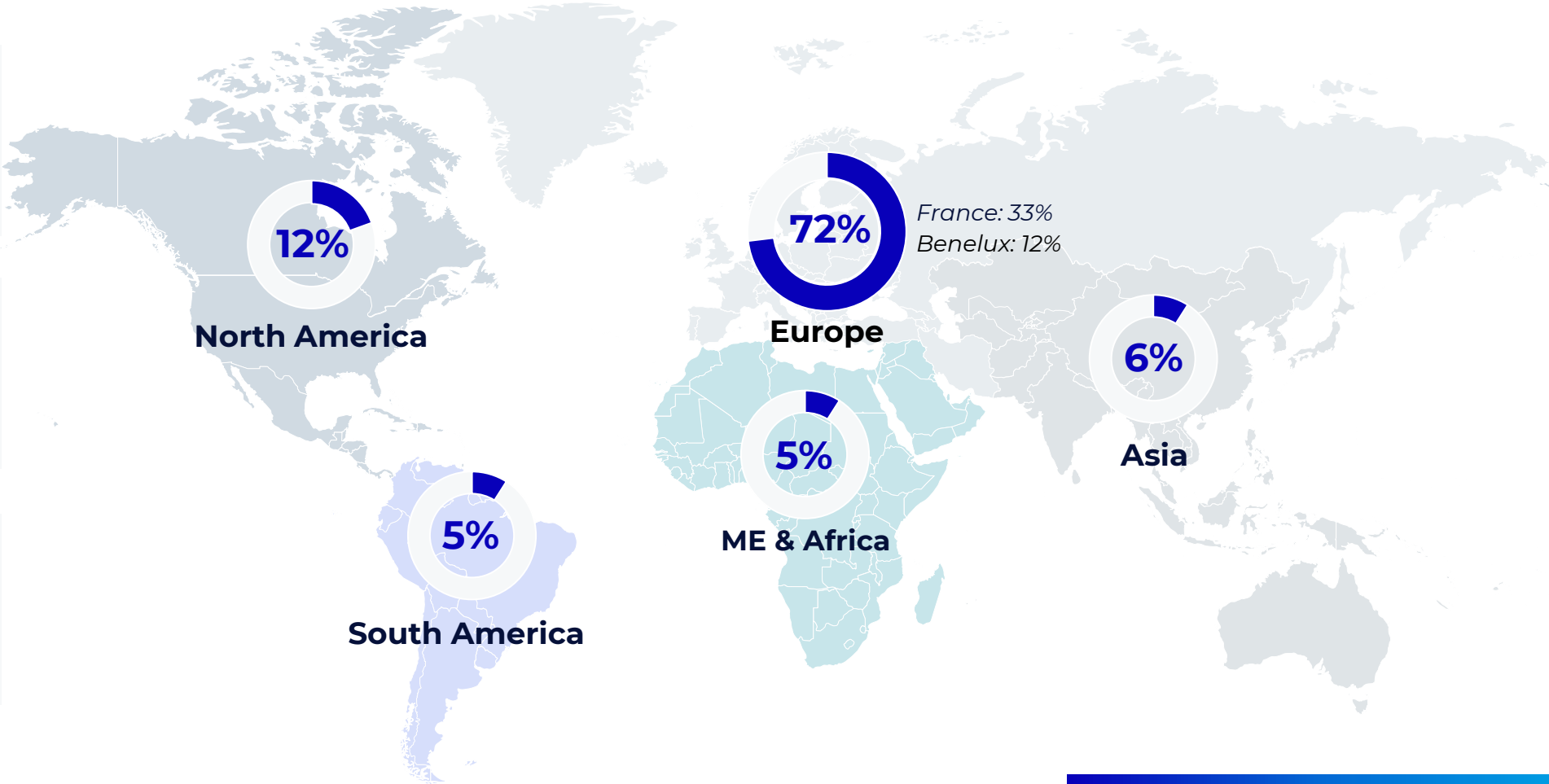
**100+ commercial partners** spread over the world

# ITS AFFLUENT MEMBER BASE IS SPREAD OUT GLOBALLY AND GROWS STEADILY

 **22m**  
members worldwide<sup>(1)</sup>

 **6 sec**  
1 new member every 6 seconds<sup>(1)</sup>

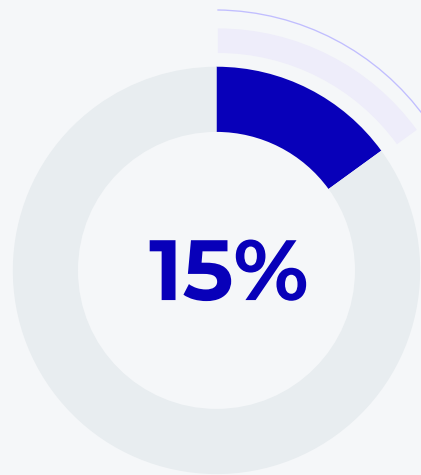
 **13m**  
Active members<sup>(1)(2)</sup>



1) As of October 2023  
2) Defined as member having earned or redeemed Miles over past 36 months

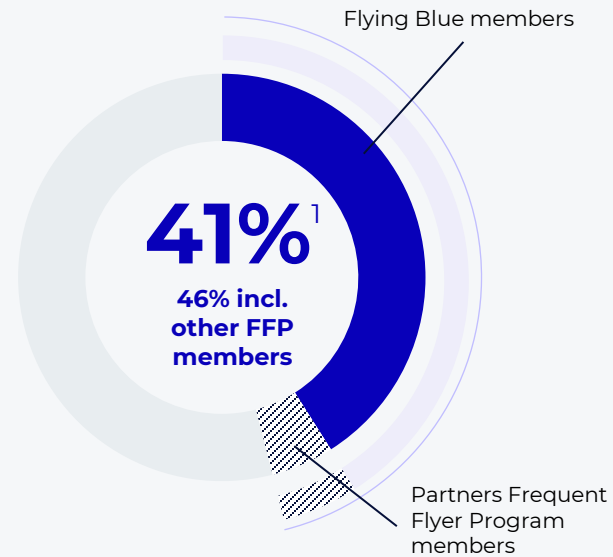
# FLYING BLUE SHOWS GREAT FINANCIAL PERFORMANCE AND STRONG IMPACT ON MEMBERS BEHAVIOR

## Financial performance

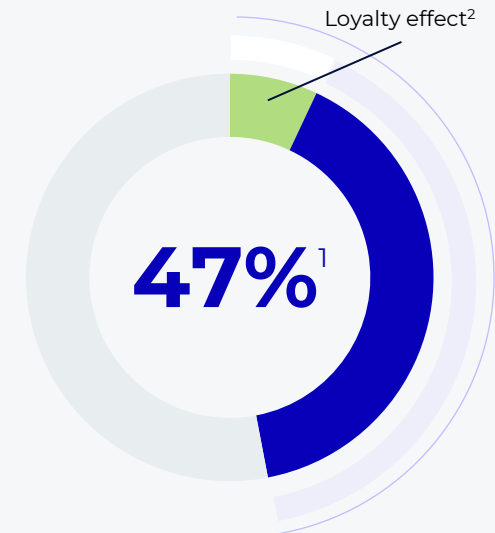


direct contribution of Flying Blue to the 2022 Group EBIT

## Members behavior



of 2023 flight coupons sold on Air France and KLM flown by Frequent Flyer Program members



of 2023 Air France and KLM Net Traffic Revenues generated by Flying Blue members including **€1bn+** of **incremental loyalty effect** revenue

1) Company data for Jan 23 – Oct 23 and estimation for Q4 23

2) Company study 2019 based on methodology validated by VU Amsterdam University assessed c. 7% of Operating Revenue incrementally generated by loyalty effect



# FLYING BLUE GROWTH AMBITION IS BEING LEVERAGED TO SERVE AIR FRANCE-KLM FINANCIAL PRIORITIES



- As announced on 30<sup>th</sup> November 2023, a **€1.5bn quasi-equity financing** has been raised thanks to a **dedicated Air France-KLM subsidiary** encapsulating the Miles business of Flying Blue
- On top of reinforcing Group's equity, this setup enables to **consolidate** and **further grow related business** while putting a scalable structure in place

# THE STRATEGY SUSTAINING THE GROWTH IS ALREADY PUT INTO ACTIONS DELIVERING PROMISING RESULTS



- 1 Steer **customer behavior** while **rewarding sustainable choices**
- 2 Higher **value proposition of the program**
- 3 Engaging customer in their **daily life**

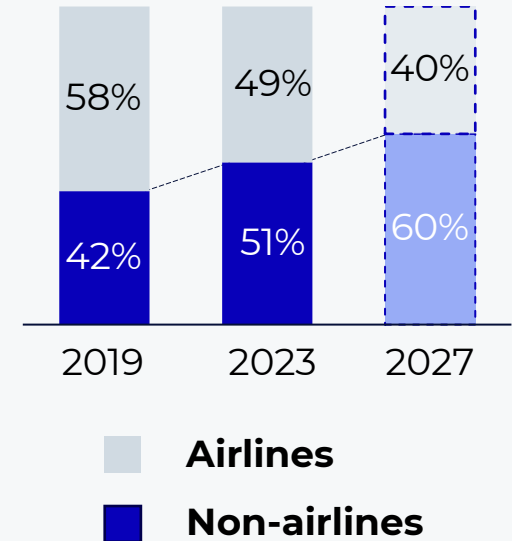
First airline group to reward customer Sustainable Aviation Fuel voluntary purchase with **XP** (status Miles) inducing a 800% SAF take-up rate increase amongst FB members.

Improved Miles redemption possibilities:

- **Cash & Miles** for ancillaries
- **Attractive redemption opportunities** targeted at US points to Miles conversion market

Enlarged **non-air partnerships** portfolio and **development of co-branded cards in new markets** with improved benefits. Airline group with the **highest number of CBC** internationally

Projected sales of Miles split



# THE PARTNERSHIPS PORTFOLIO ENLARGEMENT AMBITION IS PURSUED ACROSS VARIOUS VERTICALS

## 1. Financial partners



New CBC in Canada with BRIM



Taking advantage of dynamic 'points to Miles' conversion market especially in the US

## 2. Travel related partners



Renewed group-wide partnership with Hertz (including Transavia)



New partnership with Etihad Airways

## 3. Day-to-day partners



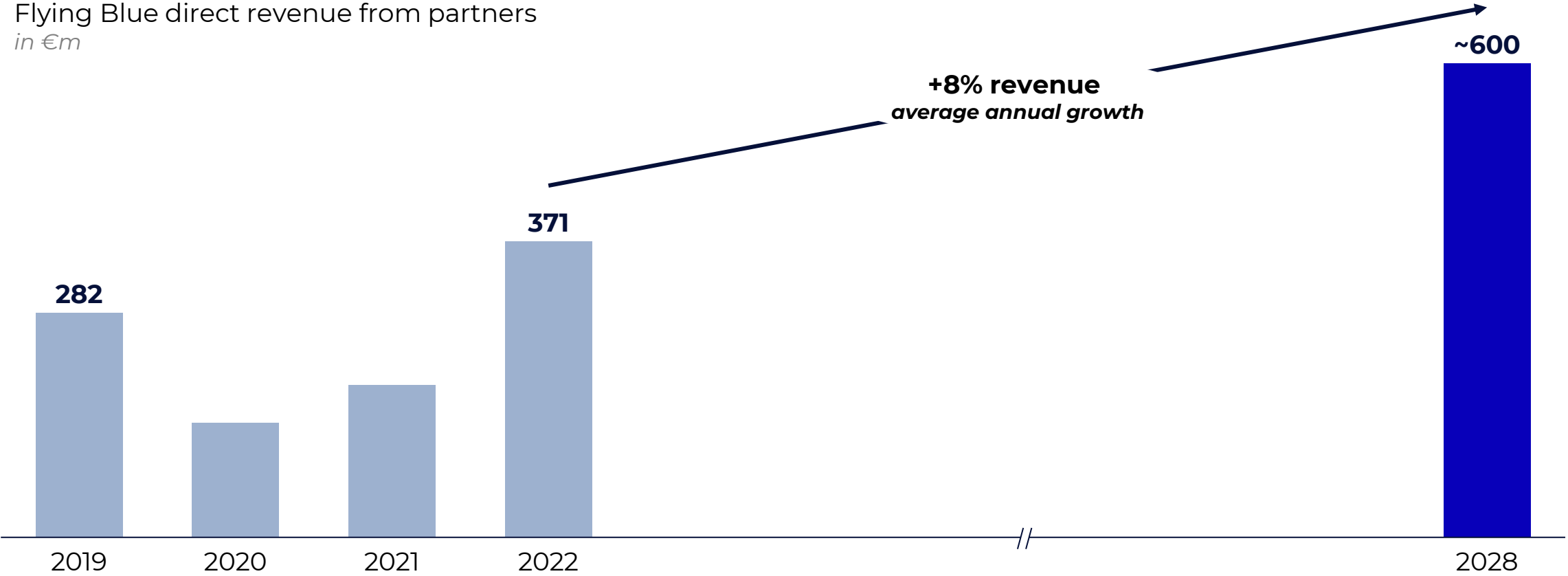
Earn Miles on Amazon launched June 23



Innovative partnership with a monthly rent payment reward program in the US

# FLYING BLUE CURRENT STRATEGY IS SET TO REACH 8% DIRECT PARTNERS REVENUE GROWTH PER YEAR OVER NEXT 6 YEARS

Flying Blue direct revenue from partners  
in €m





# LEVERAGE ENGINEERING & MAINTENANCE AND CARGO CONTRIBUTIONS



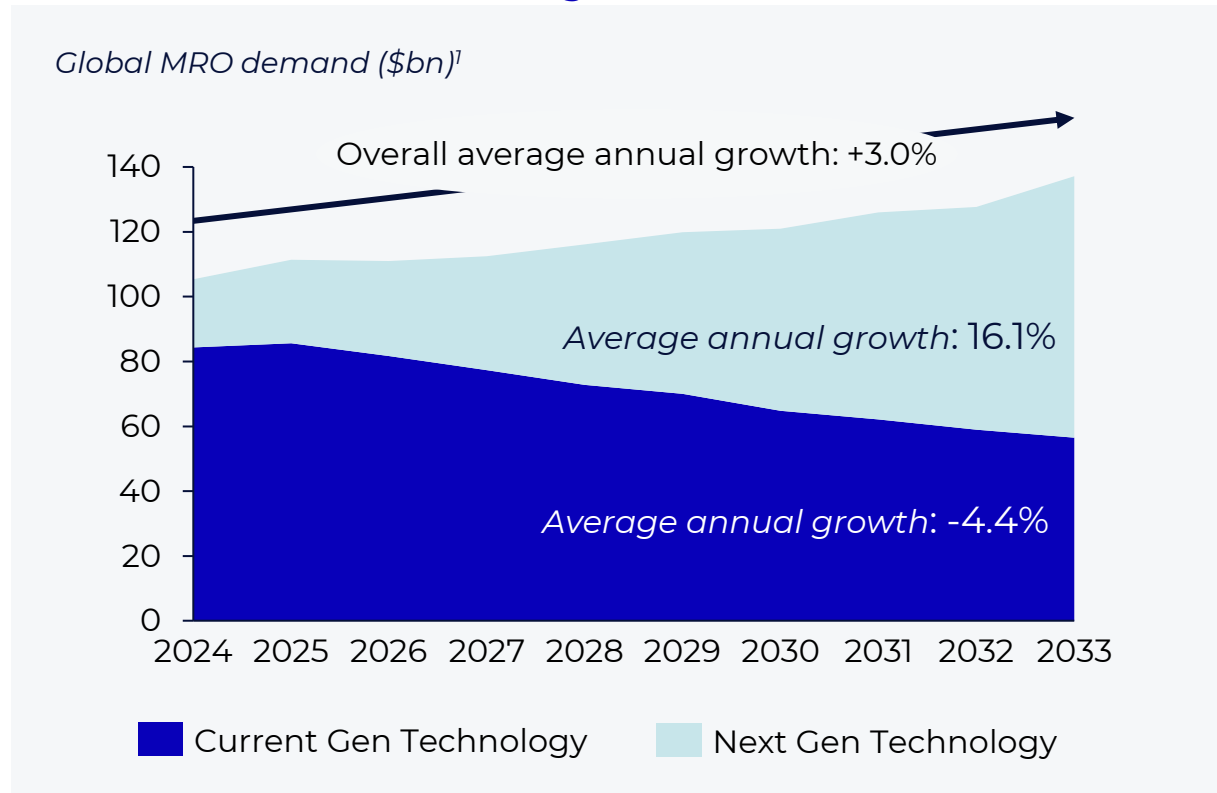
**BENJAMIN SMITH**

Chief Executive Officer Air France-KLM



# MRO INDUSTRY BACK ON A GROWTH TRACK, SUPPORTED BY TRAFFIC RECOVERY AND FLEET RENEWAL

MRO market expected to grow together with global fleet



**Fleet renewal and next-generation aircraft engines** are redefining the market



Global **supply chain and staffing challenges** are putting pressure on E&M performance and airline operations

Source : 1) Aviation Week Intelligence Network

# AS A PROFITABLE WORLD-LEADING MULTI-PRODUCT MRO PROVIDER, AIR FRANCE-KLM E&M IS A KEY ASSET FOR THE GROUP

## Air France-KLM E&M in 2023

**3,000**  
aircraft supported

**12,800**  
employees

**200+**  
customer airlines

**€8.9bn<sup>1</sup>**  
order book

**€3.0bn<sup>2</sup>**  
total revenues

**€1.2bn<sup>2</sup>**  
external revenues



1) As per 31 October 2023; 2) 9m 2023 figures

# CONTINUOUSLY INVESTING IN OUR NEXT GENERATION PRODUCT PORTFOLIO, INCLUDING HIGH-MARGIN DIGITAL SERVICES

## Engines

LEAP <sup>1</sup>	GE <sup>2</sup>
PW 1500G <sup>3</sup>	Trent XWB <sup>4</sup>

- LEAP Market expected to be the largest engine MRO market as of 2028
- GE<sup>2</sup> market is maturing further

## Components

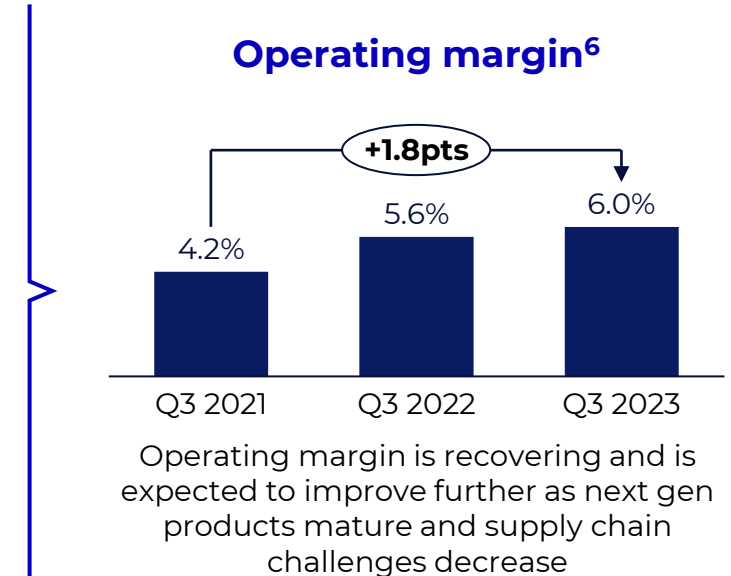
A220	A320	737
A350	787	

- Exclusive negotiations with Airbus for creation of joint venture dedicated to A350 component support<sup>5</sup>

## Digital

*Prognos*<sup>®</sup>  
Predictive maintenance

- Various Prognos<sup>®</sup> services for Aircraft, Engines & APU generate significant value to our regular MRO offering

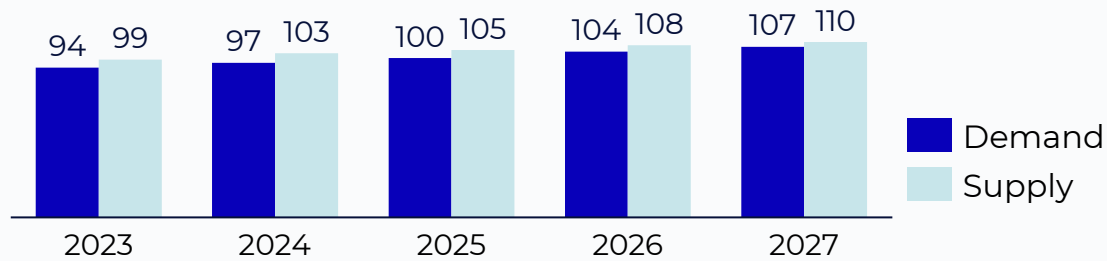


Our strategy is to support the aircraft types Air France-KLM flies as well as to seize strong market opportunities that generate value

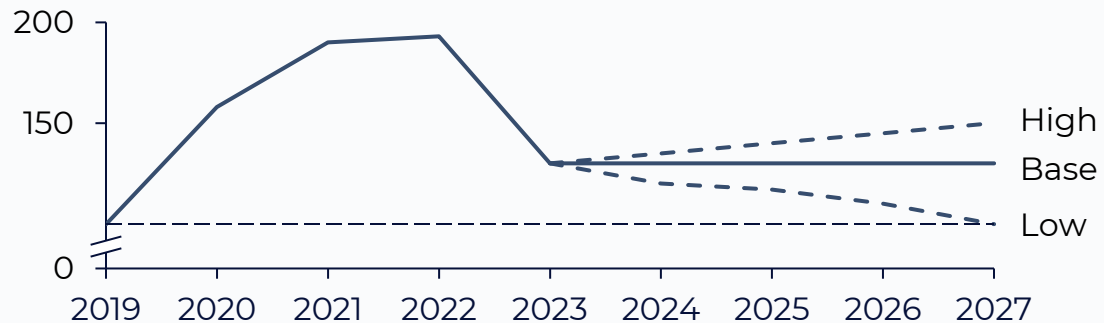
1) Leading Edge Aviation Propulsion by CFM, powering Airbus A320neo family and Boeing 737 MAX; 2) General Electric next-generation, powering Boeing 787; 3) Pratt & Whitney 1500 Geared Turbo Fan, powering Airbus A220; 4) Trent eXtra Wide Body by Rolls Royce, powering Airbus A350; 5) Subject to approval by relevant authorities; 6) Margin on total (external + internal) revenue

# AIR CARGO VOLUMES EASED, AS A RESULT OF GEOPOLITICAL SITUATION, MACROECONOMIC TRENDS AND RESURGENCE OF BELLY CAPACITY

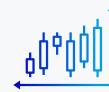
**Air cargo demand and supply projection (index to 2019) <sup>1</sup>**



**Air cargo yields projection and scenarios (index to 2019) <sup>1</sup>**



Global air cargo **capacity has almost recovered at 2019 level this year**



**Market demand remains uncertain** in the short-term, with early signs of business confidence recovery



Air cargo yields have reduced from the heights of 2021, although **they are still ~ 30% above 2019 levels**



**Trade should remain a long-term** driver for airfreight growth

<sup>1</sup>) Source: IATA, WACD, McKinsey analysis



# AIR FRANCE-KLM CARGO REMAINS A STRONG PLAYER IN A RAPIDLY CHANGING MARKET

## Air France-KLM Cargo in 2023

**#2 and #3**  
European Cargo  
Hubs<sup>1</sup>

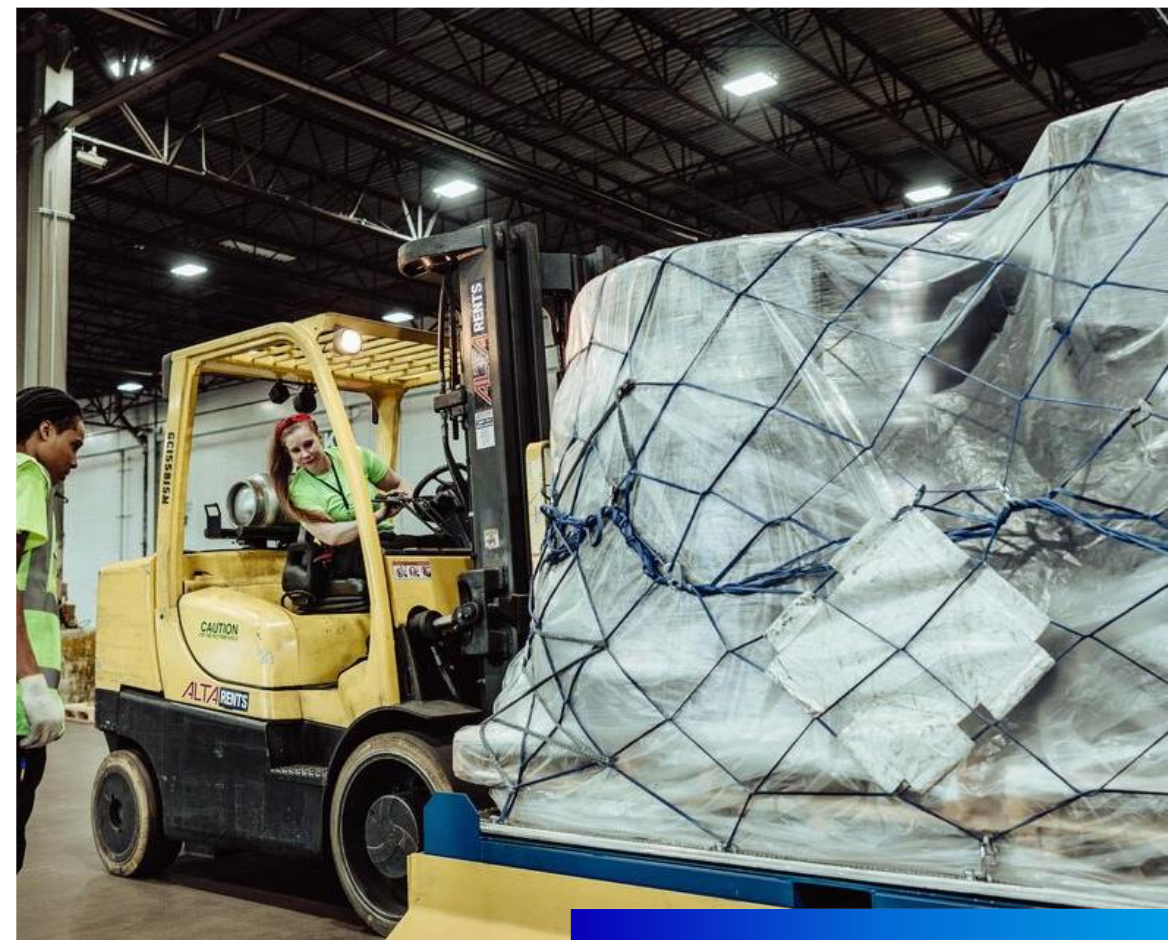
**120+** direct  
intercontinental  
connections

**€1.5bn**  
traffic revenues<sup>2</sup>

**0.6m**  
freight tons<sup>2</sup>

**77%** of initial  
bookings online

**3,200 employees**



1) Excluding integrator airlines and hubs  
2) 9m 2023 figures



# CARGO VISION 2030: BECOMING A LEADER IN SUSTAINABLE AIRFREIGHT, WHILE DELIVERING BEST-IN-CLASS CUSTOMER EXPERIENCES



## Customer centricity

Strong local presence, close to our customers



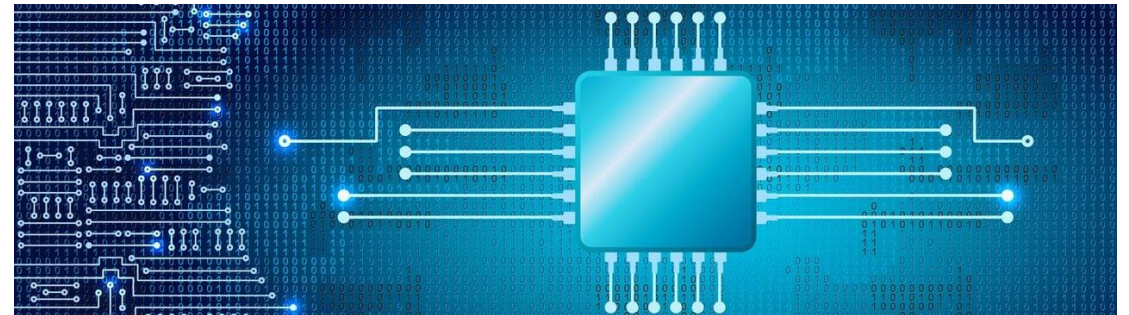
## Increasingly decarbonized operations

Fuel efficient fleet and SAF<sup>1</sup> supported by customers



## Global footprint

Through passenger network, full freighter fleet and partners



## Technological advancement

Building on industry-leading innovation programs

1) Sustainable Aviation Fuel



# LEAD THE WAY IN SUSTAINABLE AVIATION



# MAJOR LEVERS TO REACH AIR FRANCE-KLM'S EMISSION REDUCTION TARGETS BY 2030



2030



-30%  
CO<sub>2</sub> / RTK (vs 2019)

# OUR FLEET RENEWAL STRATEGY DELIVERS STRONG CONTRIBUTION TO OUR ENVIRONMENTAL ROADMAP



**A220** family firm orders for:  
**AIRFRANCE** 



**A320neo** family firm orders for:  
 **transavia**  **KLM**



**A350** family<sup>2</sup> firm orders for:  
**AIRFRANCE**  **KLM** 

CO<sub>2</sub> emissions<sup>1</sup>

**-20%**

**-15%**

**-25%**

NOX emissions<sup>1</sup>

between **-30%** and **-40%**

Noise<sup>1</sup>

between **-34%** and **-50%**

% of new generation aircraft<sup>2</sup>

5%  
2019

21%  
2023

37%  
2025

64%  
2028

81%  
2030



1) Compared to previous generation aircraft; 2) Including A350 Full Freighters. Order subject to Board approval



# LEVERAGE EFFICIENCY IN OUR OPERATIONS AND ADDITIONAL COMMERCIAL MEASURES IN OUR DECARBONIZATION TRAJECTORY

## Main levers currently identified



### OPERATIONAL

- **Eco-piloting & speed flying**
- **Aircraft performance improvement** (maintenance, engine wash, aircraft washing, reduce APU usage...)
- **Weight reduction** (OEM suppliers, catering quantities, type of seat...)



### COMMERCIAL

- **Load factor** (potential network impact)
- **Cabin layout optimization**
- **Product on board (IFE)**



# AIR FRANCE-KLM IS LEADING THE JOURNEY TO REACH AT LEAST 10% SAF INCORPORATION IN 2030



### EUROPEAN MANDATORY SAF APPLIED TO AIR FRANCE-KLM AVERAGE BLENDING RATIO FORECAST

2022	
2023	
2025	1.2%
2030	3.9%
2035	13%
2050	46%

### AIR FRANCE-KLM EXTERNAL COMMITMENTS

*World's 1<sup>st</sup> SAF user (17% of global prod.)*

**0.6% SAF BLENDING RATIO**

*World's 1<sup>st</sup> SAF user (16% of global prod.)*

**1% SAF BLENDING RATIO**

**2.2% SAF BLENDING RATIO**

**-10% CO2/RTK (vs'19)**

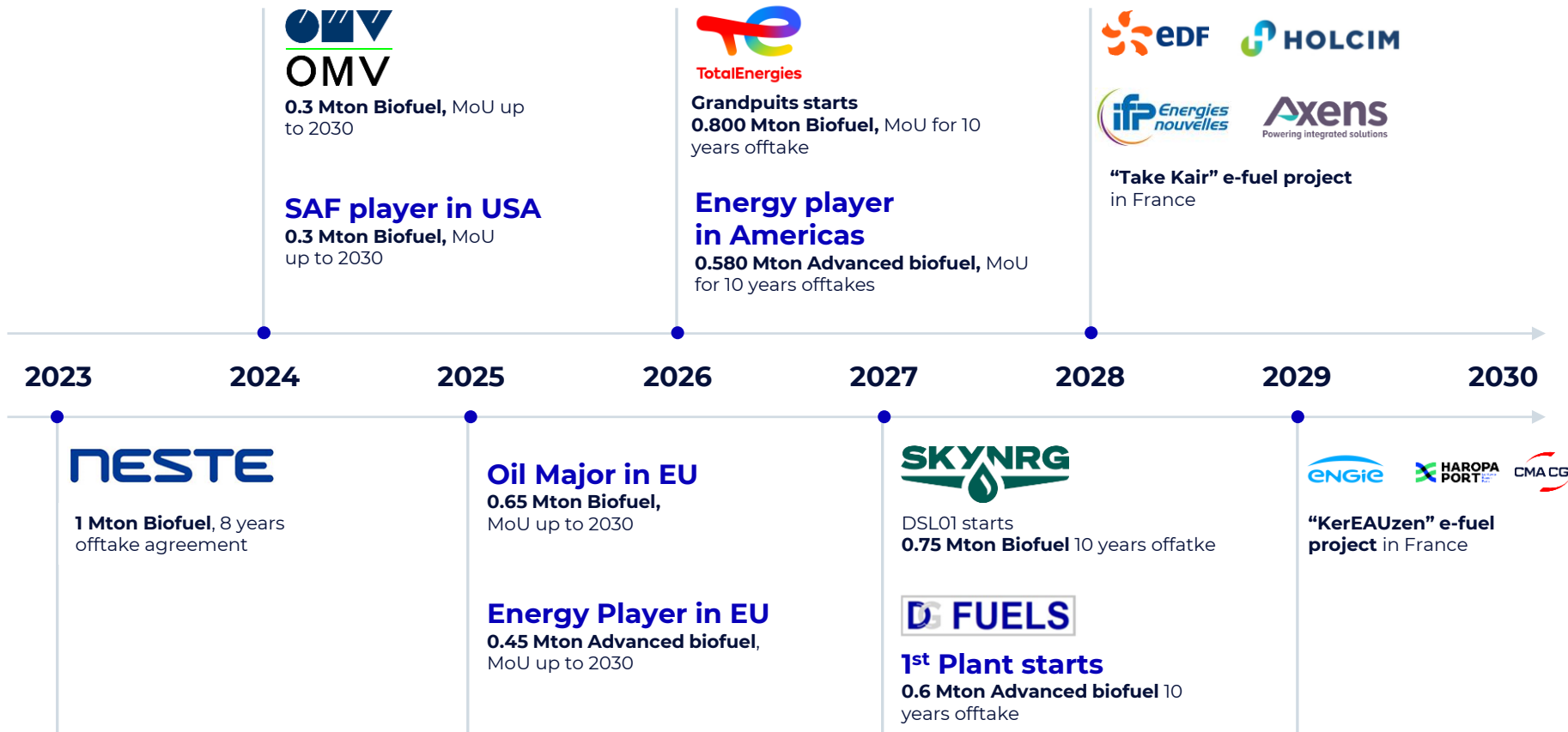
**Min 10% SAF BLENDING RATIO**

**-30% CO2/RTK (vs '19) – SBTi**

**Net Zero carbon emissions**

# AIR FRANCE-KLM SOURCING INITIATIVES TO REACH 2030 SAF TARGET KEEPING FLEXIBILITY IN VOLUMES TO MATCH OUR DEMAND

## Air France-KLM possible offtakes – Key SAF Projects start-up date



## Air France-KLM sourcing strategy

- We have prospects covering our needs for 2030 volumes, including e-Fuels projects in Europe
- Our strategy relies on materializing the contracts based on best:



Price



Availability



Quality



# OUR FINANCIAL JOURNEY

**STEVEN ZAAT**

Chief Financial Officer Air France-KLM



THE GROUP HAS EXECUTED  
AN ACCELERATED  
TRANSFORMATION  
SINCE 2019...

# WE OVERCAME THE COVID CRISIS AND PAVED THE WAY FOR THE FUTURE

## Rebuilt equity



- Cumulative €10bn net losses in 2020-2021
- **2 capital increases**, raising **€3.3bn**
- **€3.5bn of quasi-equity**
- **Around €2.0bn** net result generated in 2022 and 9m23
- **Restored equity** by end 2023

## Continued transformation



- **>€2.0bn structural benefits secured** end 2022
- Relative cost performance improved against competition

## Secured liquidity



- A minimum of **€8.5bn cash at hand**
- 2 credit facilities adding **€2.2bn liquidity**
- **€1.8bn** refinancing
- **€8bn** covid-related aid repaid

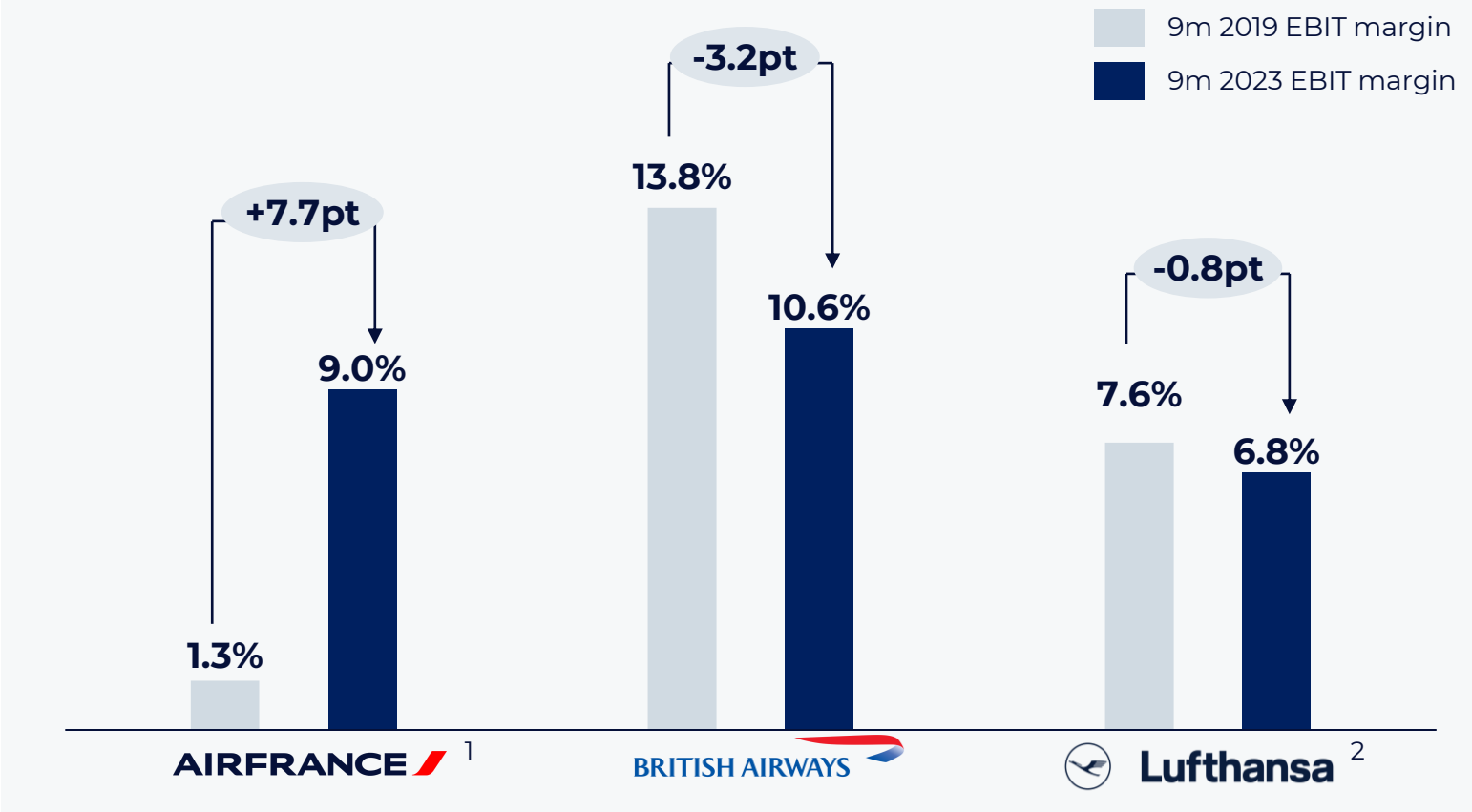
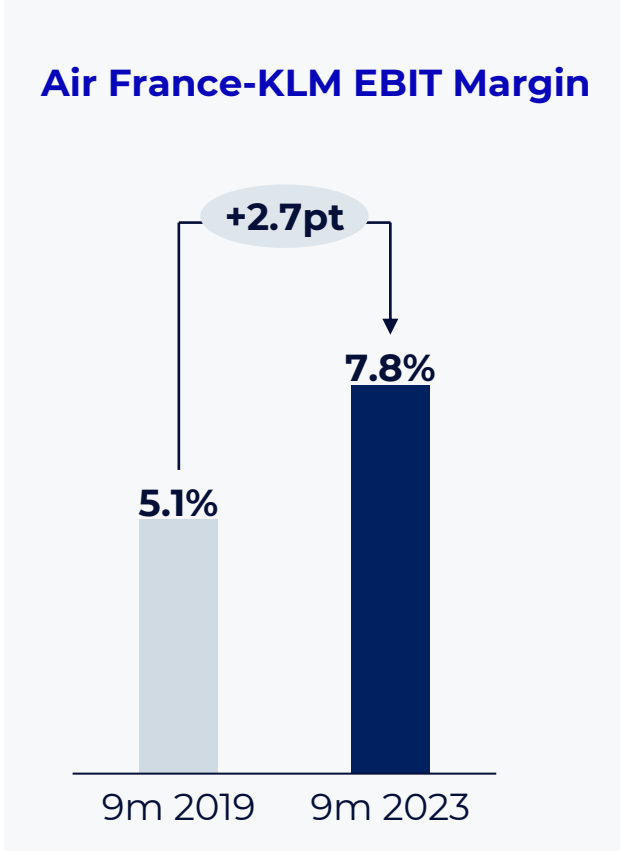
## Sustainable investments



- Significant capital expenditures reduction, below €2.0bn during 2020 and 2021 while **continued to phase in next generation aircraft, 21% end of 2023**



# THE DEEP TRANSFORMATION AT AIR FRANCE IS PAYING OFF AND BRIDGED THE GAP WITH COMPETITION



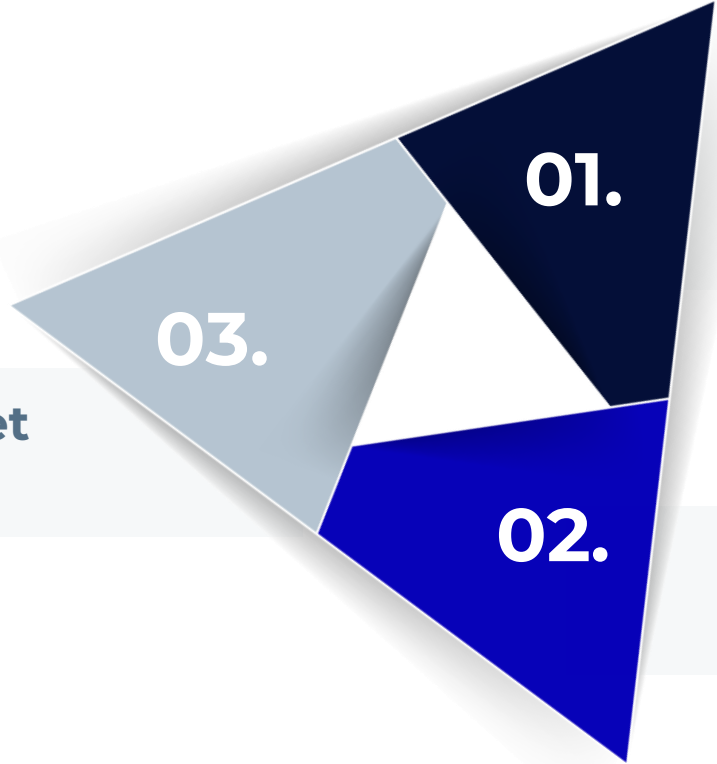
1) Air France network = Passenger business + cargo business excluding Transavia France

2) Lufthansa = Lufthansa German Airlines + Logistics Business Segment



... WHICH CREATES A  
FOUNDATION FOR A NEW  
FINANCIAL AMBITION

# OUR KEY FINANCE PRIORITIES TO DELIVER OUR AMBITION

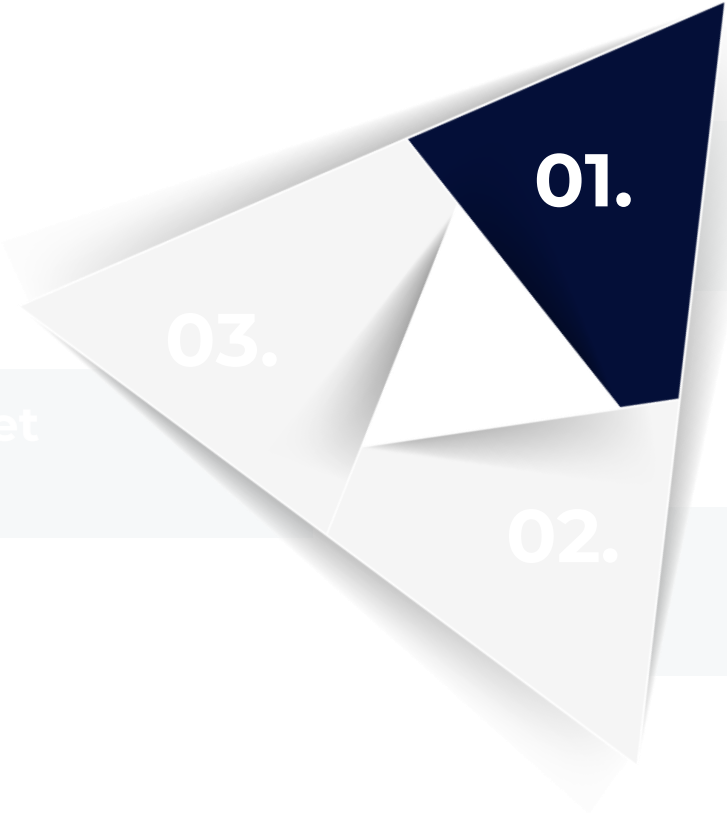


**Cost effectiveness and continuation of transformation efforts**

**Optimized balance sheet and capital structure**

**Disciplined capital allocation supporting our sustainability trajectory**

# OUR KEY FINANCE PRIORITIES TO DELIVER OUR AMBITION



**01. Cost effectiveness and continuation of transformation efforts**

Optimized balance sheet and capital structure

02. Disciplined capital allocation supporting our sustainability trajectory



# AIR FRANCE-KLM CONTINUES ITS TRANSFORMATION EFFORTS

Actioning key levers...



**Simplification**



**Synergies**



**Revenues initiatives**



**Cost Savings**

...through ambitious roadmap...

700+

**Initiatives & Projects**

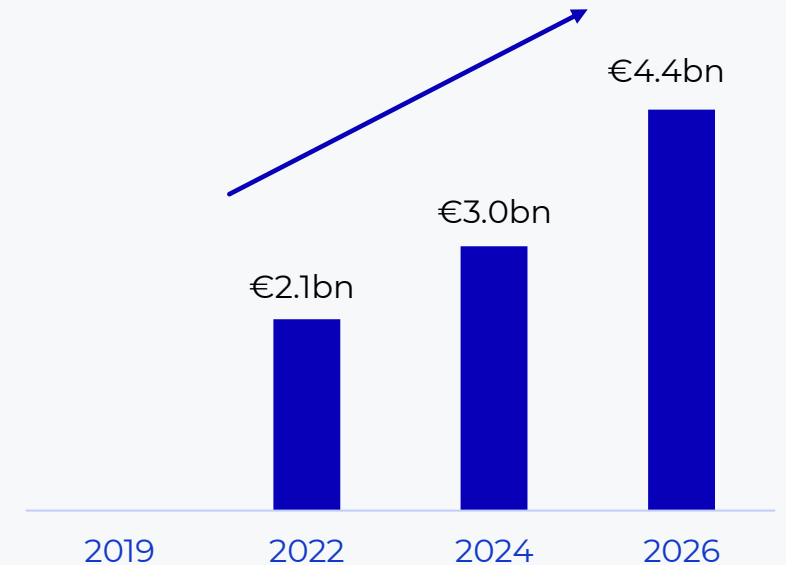
Across

**ALL**

**Business Units**



Cumulative structural benefits since 2019



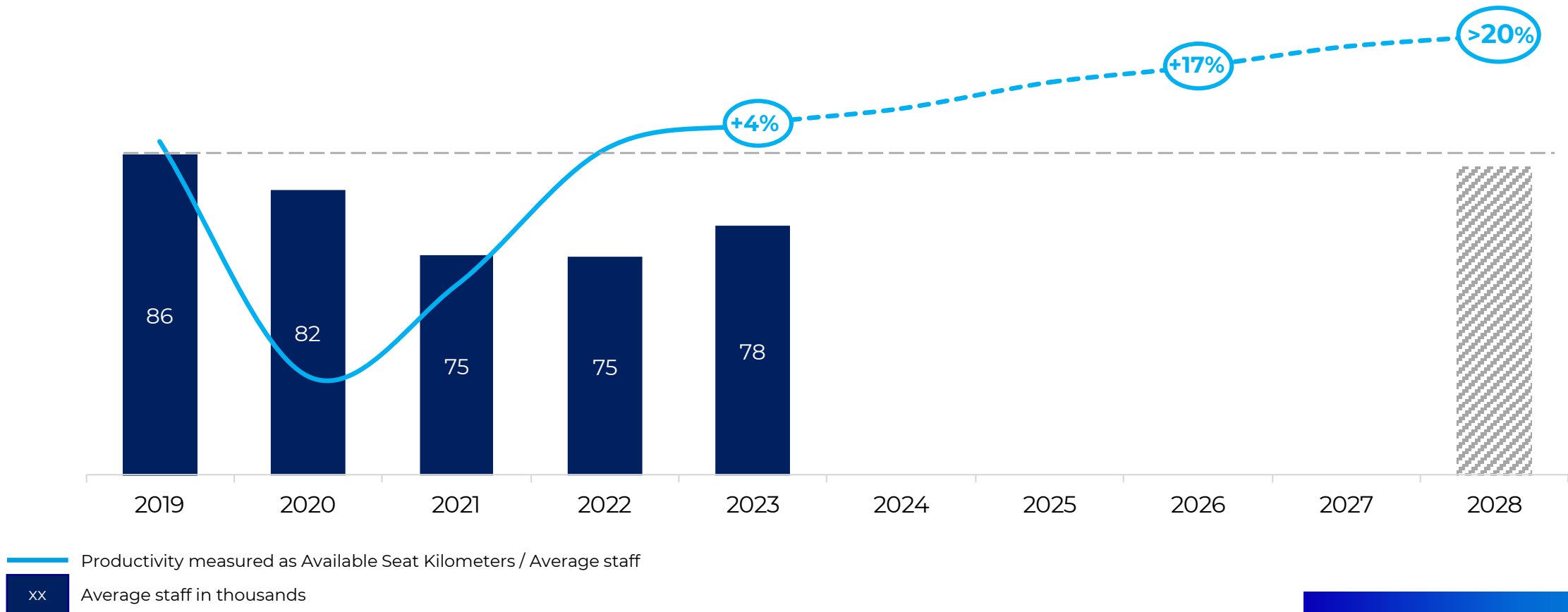
1) Structural savings includes revenue initiatives and all operating cost efficiency gains, excluding CPI & CLA effects adjusted for capacity evolutions.





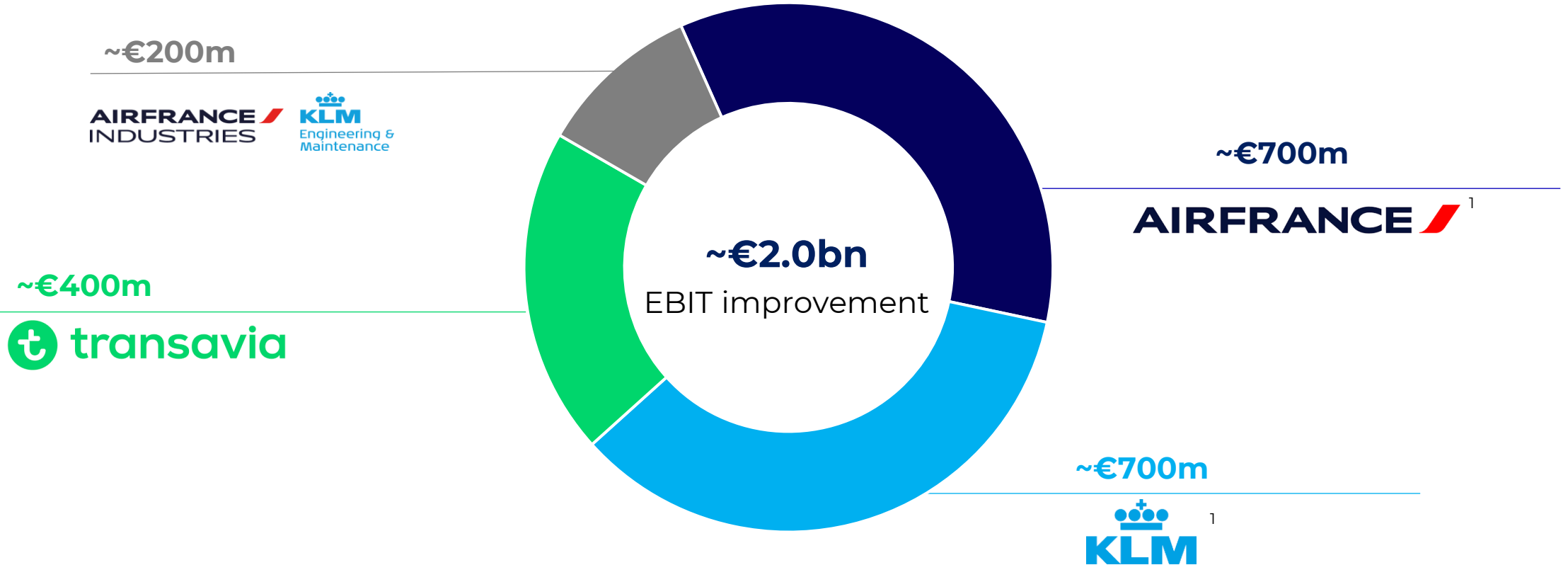
# PRODUCTIVITY WILL IMPROVE IN 2028 BY MORE THAN 20% WITH LESS STAFF COMPARED TO 2019

## Productivity development over the period 2019-2028





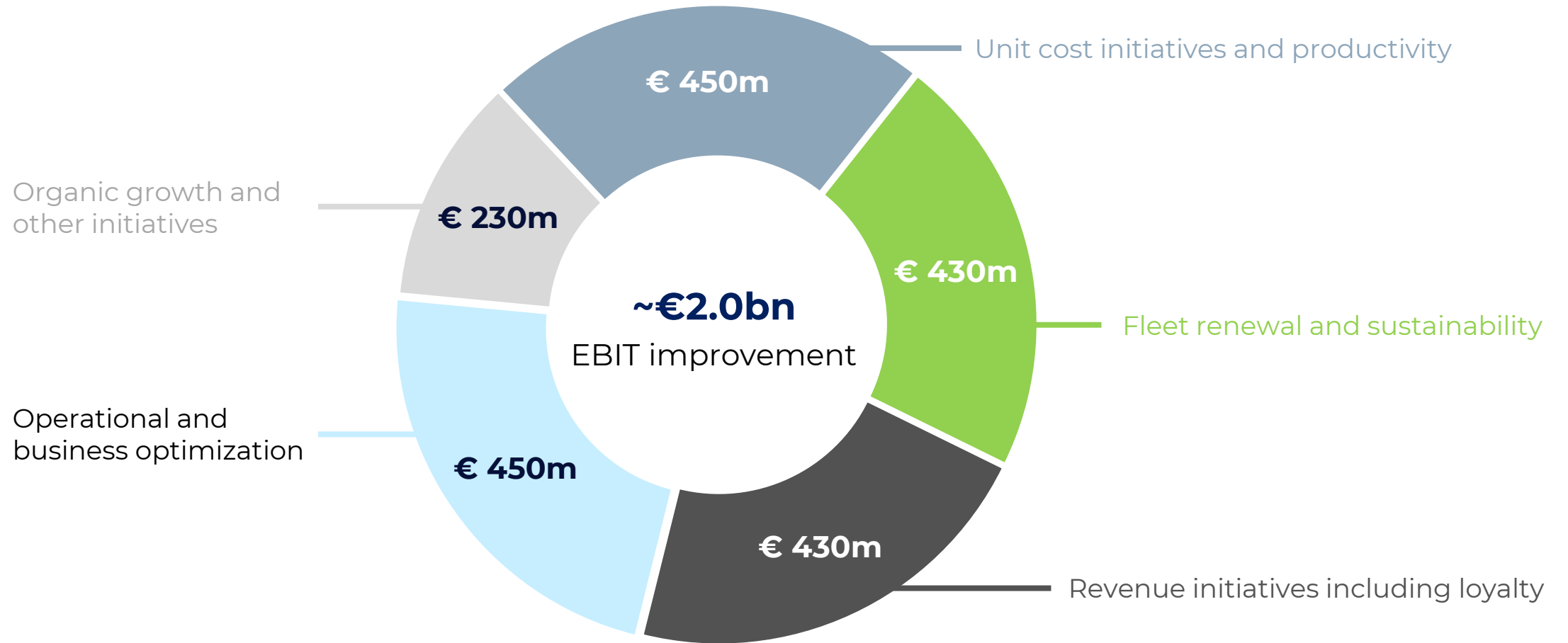
# GROUP EBIT GRADUALLY TO IMPROVE BY €2.0BN OVER THE PERIOD WITH ALL BUSINESSES CONTRIBUTING



1) Excluding Transavia and Maintenance activities

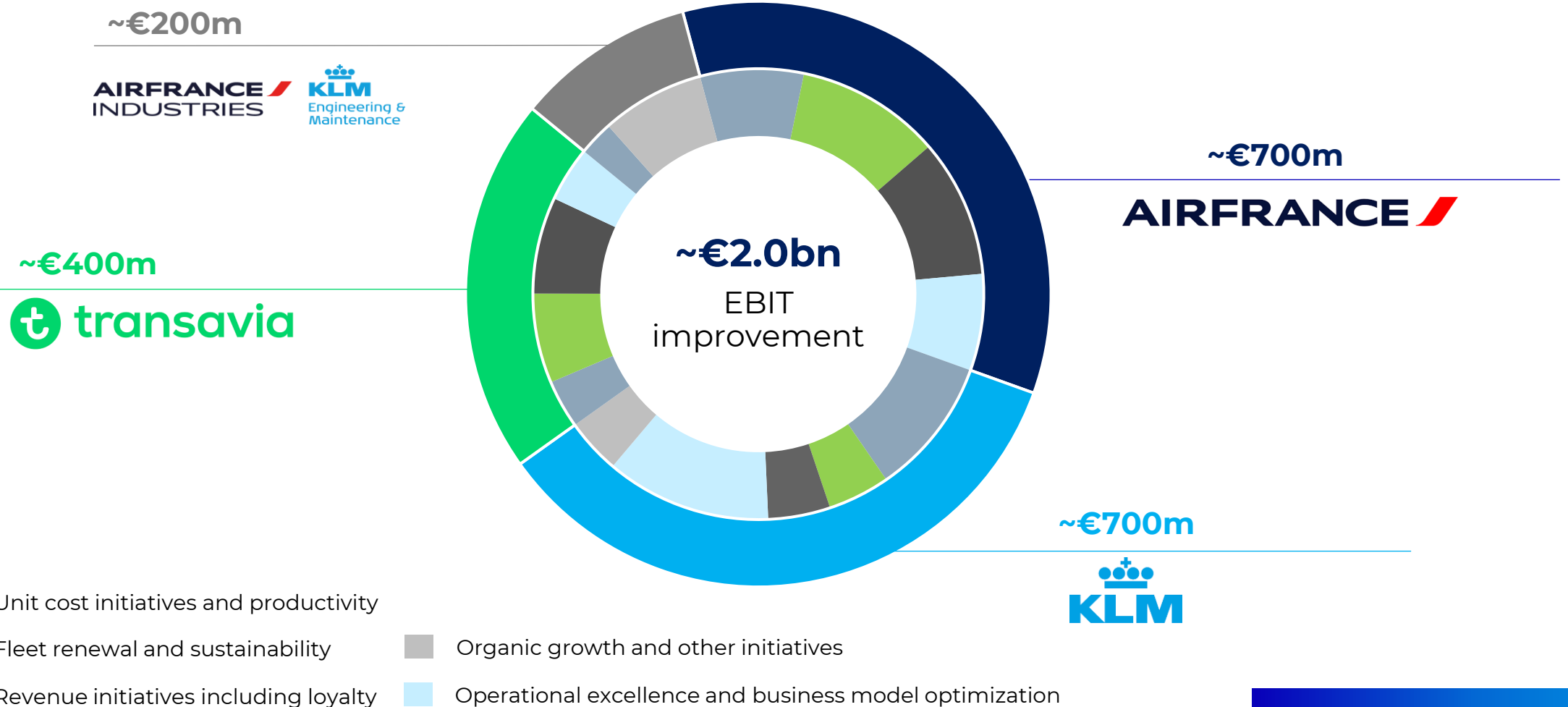


## SEVERAL INITIATIVES BOOSTING THE EBIT IMPROVEMENT





# MANY INITIATIVES WITHIN THE BUSINESSES GRADUALLY DRIVING THE €2.0BN EBIT IMPROVEMENT

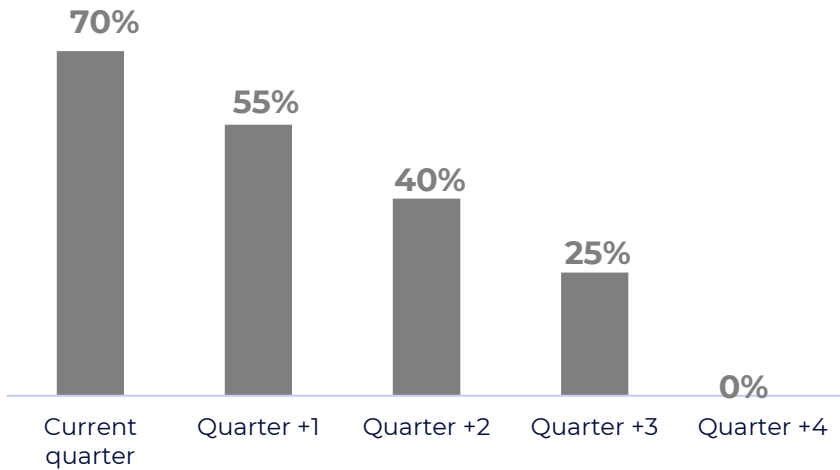


- Unit cost initiatives and productivity
- Fleet renewal and sustainability
- Revenue initiatives including loyalty
- Organic growth and other initiatives
- Operational excellence and business model optimization

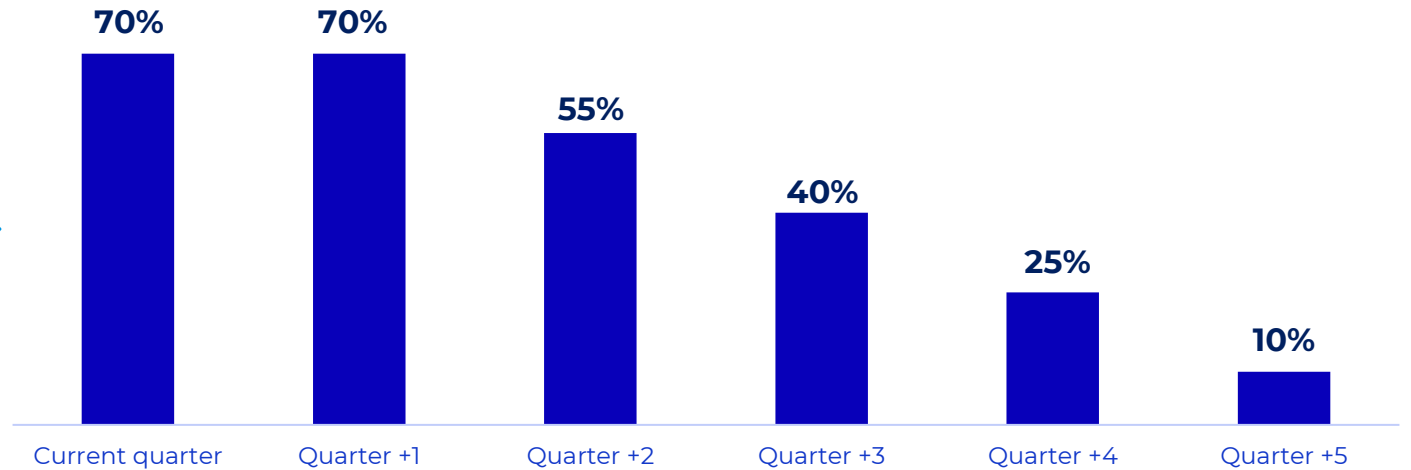


# NEW HEDGING POLICY INCREASES HEDGE MATURITIES AND WILL ADD 20% HEDGING ON 1 YEAR CONSUMPTION

Current rolling fuel hedging policy<sup>1</sup>



New rolling fuel hedging policy<sup>1</sup> as per end of Q1 2024



- Increase the maturity of the portfolio by 2 quarters to limit volatility
- Total exposure over 1 year consumption will move to 68% vs. 48% currently

<sup>1</sup>) At the beginning of the quarter



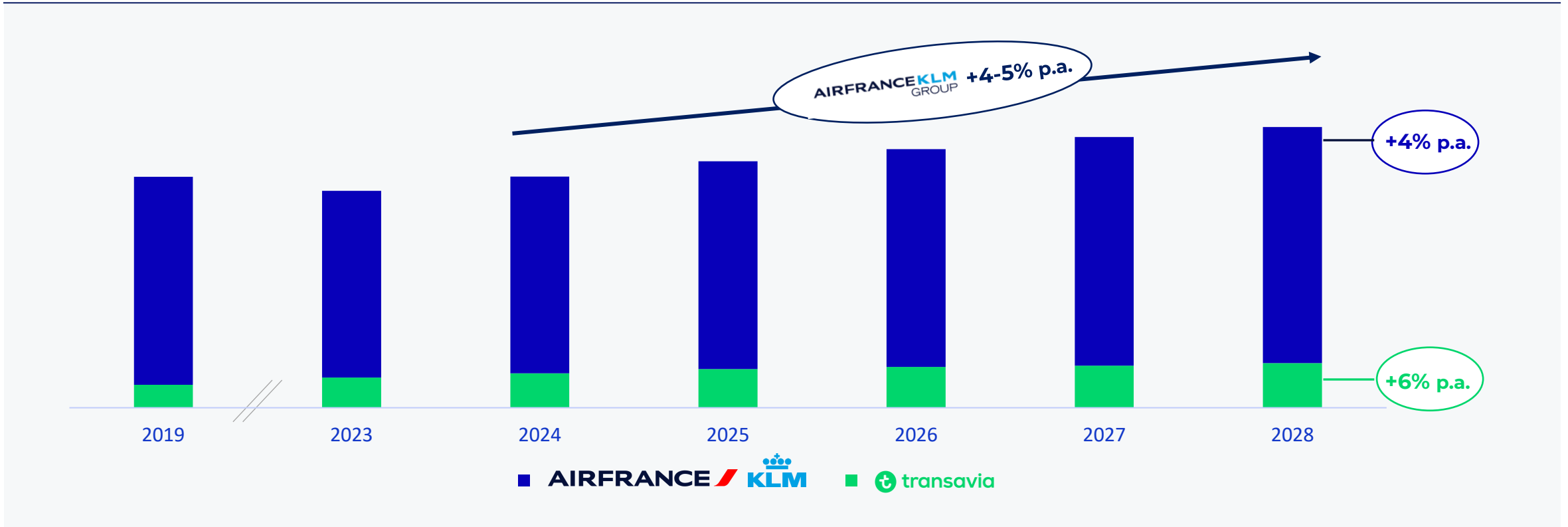
# OUR KEY FINANCE PRIORITIES TO DELIVER OUR AMBITION





# CAPACITY WILL BE BACK AT 2019 LEVEL IN 2024 AND THEN STEADILY INCREASE EVERY YEAR

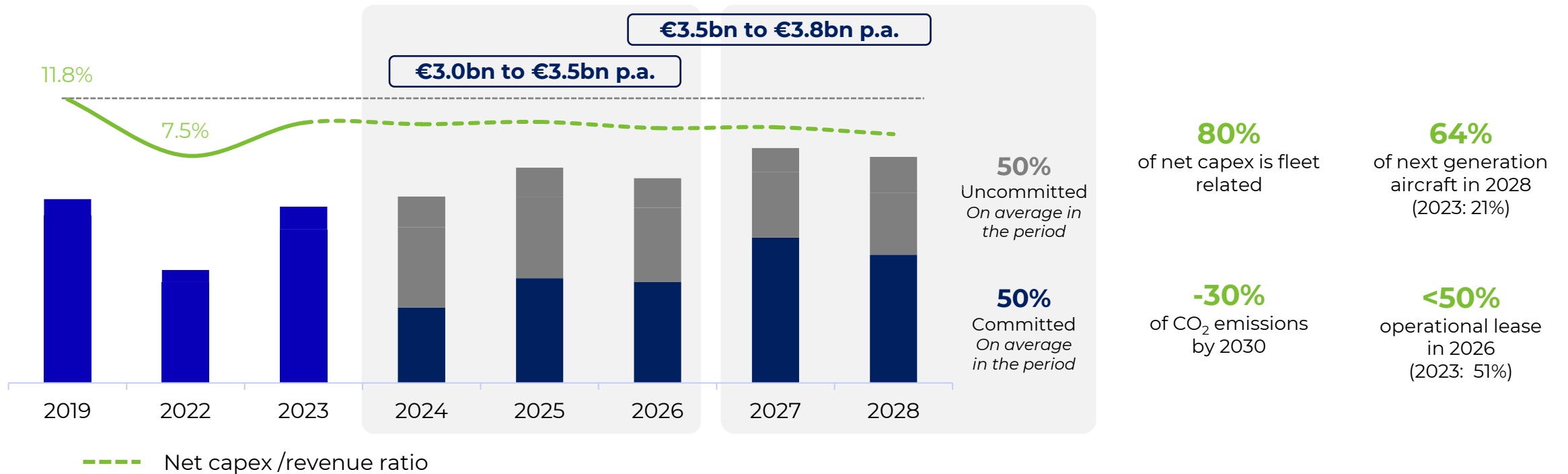
Capacity growth in ASK over the period





# NET CAPITAL EXPENDITURES DRIVEN BY FLEET RENEWAL AND MAINTENANCE

A sustained level of net capex/revenue ratio over the upcoming period and in line with our ESG ambitions



▶ Net capital expenditures are mainly driven by fleet renewal and will support our sustainability trajectory, increase our EBIT levels and customer satisfaction

# OUR KEY FINANCE PRIORITIES TO DELIVER OUR AMBITION





# INAUGURAL CREDIT RATING ILLUSTRATING OUR ONGOING TRANSFORMATION AND AN IMPROVED FINANCIAL STRUCTURE

FitchRatings

- Long Term Issuer Rating of **'BBB-'/Stable**
- Senior Unsecured Long Term Debt rating of **'BBB-'**



S&P Global  
Ratings

- Issuer Credit Rating of **BB+/Stable**
- 2028 Senior Unsecured Notes rating of **'BB+'**

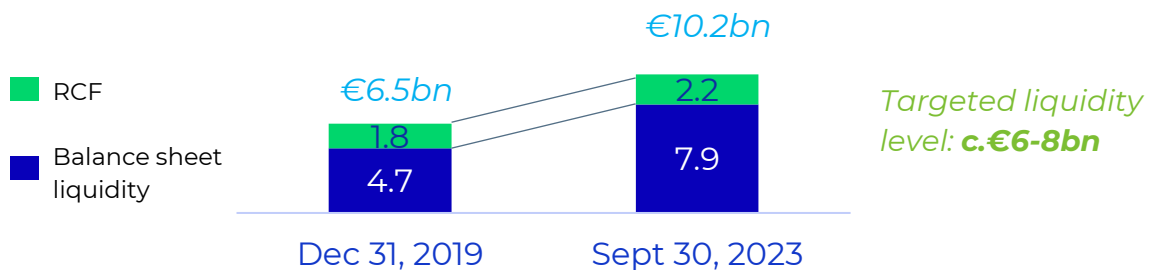






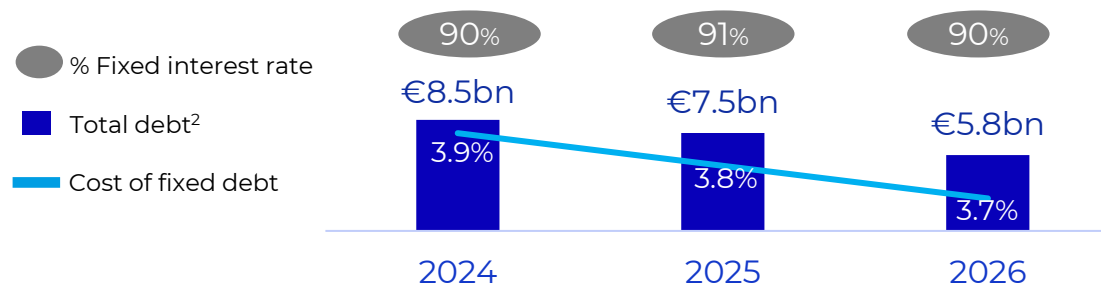
# FINANCIAL STRUCTURE

## Solid liquidity level



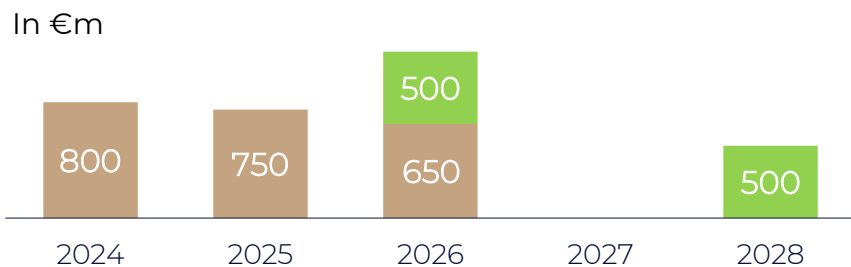
- Sustainability-linked RCF<sup>1</sup> of Air France/Air France-KLM committed until 2026
- ESG-linked RCF<sup>1</sup> of KLM committed until 2027
- RCF linked to our CO<sub>2</sub> emissions reductions targets

## Gross debt<sup>2</sup> 90% fixed at favorable interest rates



- Rating provides opportunity to further optimize cost of financings
- Average interest coupon on hybrid instruments: 6.7% in 2024-2026 period

## Bonds profile smoothed over the period



### Bonds issued by Air France-KLM

- March 2024:** 0,125% (€500m, Convertible « Océane »)
- June 2024:** 3.0% (€300m)
- January 2025:** 1.875% (€750m)
- June 2026:** 3.875% (€500m)
- December 2026:** 4.35% \$145m (€136m)

### Sustainability-Linked Bonds





- 2026: 7.250% (€500m)
- 2028: 8.125% (€500m)

1) With 2 one-year extensions  
2) Gross debt including aircraft and excluding hybrids



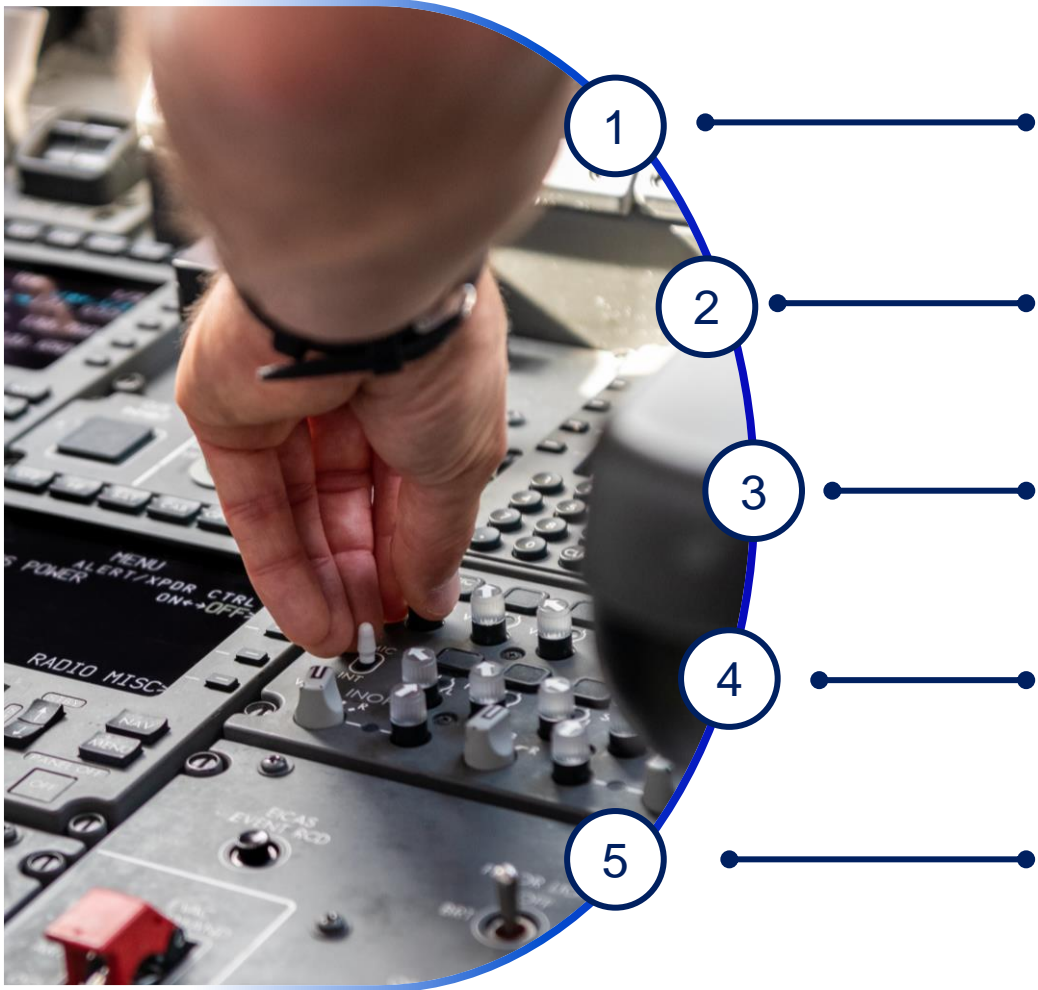
# OUTLOOK

# A FURTHER IMPROVEMENT EXPECTED FROM 2026 ONWARDS

	2024-2026 Confirmed	2026-2028 New ambition
 <b>Operating margin</b>	7% to 8%	<b>Above 8%</b>
 <b>Adj. Operating free cash flow</b>	Positive <sup>2</sup>	<b>Significantly positive</b>
 <b>Unit cost<sup>1</sup></b>	Reduction	<b>Reduction</b>
 <b>Leverage</b>	1.5x-2.0x	<b>Investment grade</b>

1) At constant fuel price including SAF, constant currency and excluding Emission Trading Scheme cost (ETS)  
 2) Excluding exceptionals which include the payment of the cargo claim and the deferrals of social charges; pensions and wage taxes accumulated during the Covid 19 period

# KEY FINANCIAL TAKEAWAYS



1

**Increased ambition** and outlook revised **upwards for 2026-2028**

2

**€2.0bn additional EBIT improvement** over the period with contribution from all businesses

3

**Disciplined capital allocation** with flexibility in capital expenditures and cash level

4

**Inaugural ratings** showcasing our improved financial structure

5

**Deliver shareholders return** through increased free cash flow generation






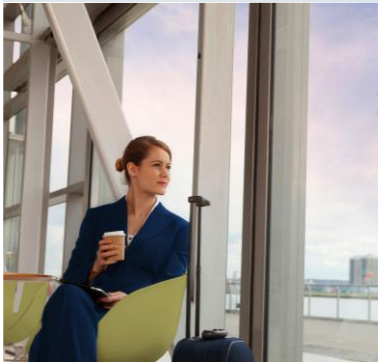
# CONCLUSION

## **BENJAMIN SMITH**







Chief Executive Officer Air France-KLM



# KEY MESSAGES FROM TODAY

Airlines	Network	Fleet	Customers
			

**An ambitious transformation roadmap  
across all businesses to deliver sustained results**

## KEY BUSINESS & FINANCIAL TAKEAWAYS

Boost our profitability

**Above 8% operating margin  
by 2026-2028**

Accelerate transformation efforts

**€4.4bn structural benefits  
by 2026**

Lead on sustainability

**10% SAF by 2030      81% next-gen  
aircraft by 2030**



# Q&A

**AIRFRANCE****KLM**  
GROUP



# **INVESTOR**

DECEMBER 14<sup>TH</sup> 2023  
PARIS, FRANCE

# **DAY**



## Investor Relations department

**Michiel Klinkers**

Michiel.klinkers@airfranceklm.com

**Marouane Mami**

Marouane.mami@airfranceklm.com