Overview

- Resilient operating results in a challenging macro-economic context
- Net improved operating performance since 2012
- Leverage successfully taken down to investment grade like levels
- Group guidance for 2020-2024: Capacity growth +2 to +3% p.a.
- Commitment to Global Environmental Sustainability
- Group numerous unique strengths
  - France #1 world inbound destination
  - Schiphol Best-In-Class European hub

New 4-pillar strategy recently unveiled
- Optimize the operating model: Reduce operating costs and increase efficiency
- Refocus growth of passenger revenue on most profitable segments by leveraging hubs and powerful brand identities
- Continue to grow other group’s businesses and leverage customer data, Flying Blue, Cargo, and Engineering & Maintenance
- Continue to pragmatically evaluate consolidation opportunities
FY 2019 Results
2019 highlights

Labor stability
- Improved social dialogue based on trust, respect, transparency & confidentiality
- 37 staff agreements signed in 2019 for Air France and new CLAs for all KLM staff categories

Operational reliability
- Air France operational measures resulting in strongly-improved Arrival-punctuality.
- Customer satisfaction scores (NPS) at a record level for Air France and at a steady-state high level for KLM

Sustainability
- A step up in sustainability, launching new impactful initiatives by Air France-KLM
- Regaining the <Airline> world leader position 2019 in the Dow Jones Sustainability Index
2019 KPI targets achieved

Guidance 2019  Full Year 2019

**Unit cost**
*ex-currency at constant fuel price*
-1% to 0%  -0.9%

**Capex**
€3.2bn - €3.3bn  €3.3 bn

**Net Debt / EBITDA**
at/below 1.5x  1.5x

---

**Passengers carried**
-2.7%

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>101.4m</td>
<td>104.2m</td>
</tr>
</tbody>
</table>

**Group revenue**
+3.7%

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26.2bn</td>
<td>27.2bn</td>
</tr>
</tbody>
</table>

**Operating result**
-18.8%

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,405</td>
<td>1,141</td>
</tr>
</tbody>
</table>

**Net debt**
-€17m

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 2018</th>
<th>31 Dec 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,164</td>
<td>6,147</td>
</tr>
</tbody>
</table>

---

(1) 2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15.
Full Year operating result at €1,141m, with revenues +3.7% and fuel expenses +11.2%
Operating result at €1,141m with cost-efficiency measures offset by pressure on Cargo unit revenue and a higher fuel bill

FY 2019:
Operating result evolution in € m

2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15.
Revenue growth for all businesses, margin decline in Passenger airlines and a positive margin trend in Maintenance at 5.6%, +0.7pt

<table>
<thead>
<tr>
<th>Full Year 2019</th>
<th>Capacity (1)</th>
<th>Unit Revenue (2)</th>
<th>Revenues (€ m)</th>
<th>Change</th>
<th>Operating result (3) (€ m)</th>
<th>Change</th>
<th>Operating margin (3)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network</td>
<td>+2.5%</td>
<td>-0.4%</td>
<td>23,272</td>
<td>+2.6%</td>
<td>-293m</td>
<td>3.2%</td>
<td>-1.4 pt</td>
<td></td>
</tr>
<tr>
<td>Transavia</td>
<td>+1.7%</td>
<td>-10.7%</td>
<td>1,744</td>
<td>+9.3%</td>
<td>-14m</td>
<td>7.5%</td>
<td>-1.6 pt</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>+2.9%</td>
<td>-1.2%</td>
<td>2,138</td>
<td>+11.3%</td>
<td>+46m</td>
<td>5.6%</td>
<td>+0.7 pt</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>+2.9%</td>
<td>-1.2%</td>
<td>27,189</td>
<td>+3.7%</td>
<td>-264m</td>
<td>4.2%</td>
<td>-1.2 pt</td>
<td></td>
</tr>
</tbody>
</table>

(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) 2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15.
Growth in traffic +3.2% underpinned by load-factor improvements, mitigating yield pressure on unit revenue at -0.4%

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>RASK ex cur.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ASK</td>
<td>RPK</td>
</tr>
<tr>
<td><strong>FY 2019</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>French domestic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-7.5%</td>
<td>-7.3%</td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>RPK</td>
<td>RASK ex cur.</td>
</tr>
<tr>
<td>Medium-haul hubs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.9%</td>
<td>4.7%</td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>RPK</td>
<td>RASK ex cur.</td>
</tr>
<tr>
<td>Total short &amp; medium-haul</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-7.5%</td>
<td>-7.3%</td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>RPK</td>
<td>RASK ex cur.</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2%</td>
<td>5.8%</td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>RPK</td>
<td>RASK ex cur.</td>
</tr>
<tr>
<td>Caribbean &amp; Indian Ocean</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-0.6%</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>RPK</td>
<td>RASK ex cur.</td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3%</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>RPK</td>
<td>RASK ex cur.</td>
</tr>
<tr>
<td>Latin America</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.4%</td>
<td>5.3%</td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>RPK</td>
<td>RASK ex cur.</td>
</tr>
<tr>
<td>Africa &amp; Middle East</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-2.3%</td>
<td>-1.3%</td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>RPK</td>
<td>RASK ex cur.</td>
</tr>
<tr>
<td>Total long-haul</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.9%</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td>ASK</td>
<td>RPK</td>
<td>RASK ex cur.</td>
</tr>
</tbody>
</table>
Network: Strong improvement in Air France operational and NPS performance, steady solid appreciation in KLM

Air France rated 7th airline in the On Time Performance (A14) 2019 worldwide ranking

All indicators improved for Air France, on the back of a successful “Cancel the cancellation” program

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completion factor %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departure punctuality D0 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missing luggage @CDG %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connection success @CDG %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missing luggage @CDG ‰</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Both airlines improved results in Q4 2019, with cost efficiency measures paying off for Air France resulting in a margin increase of +0.8pt.

<table>
<thead>
<tr>
<th>Q4 2019</th>
<th>Capacity change</th>
<th>Revenues (€ m)</th>
<th>Change YoY</th>
<th>Operating result (€ m)</th>
<th>Change YoY</th>
<th>Operating margin (1)</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIRFRANCE</td>
<td>+1.9%</td>
<td>4,056</td>
<td>+1.9%</td>
<td>-19</td>
<td>-0.5%</td>
<td>+0.8 pt</td>
<td></td>
</tr>
<tr>
<td>KLM</td>
<td>+2.1%</td>
<td>2,690</td>
<td>+1.4%</td>
<td>119</td>
<td>4.4%</td>
<td>+0.2 pt</td>
<td></td>
</tr>
<tr>
<td>AIRFRANCE KLM GROUP</td>
<td>+2.0%</td>
<td>6,618</td>
<td>+1.9%</td>
<td>96</td>
<td>1.5%</td>
<td>+0.6 pt</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>Capacity change</th>
<th>Revenues (€ m)</th>
<th>Change YoY</th>
<th>Operating result (€ m)</th>
<th>Change YoY</th>
<th>Operating margin (1)</th>
<th>Change YoY</th>
<th>Net debt (€ m)</th>
<th>Change 31 Dec 2018</th>
<th>Net debt / EBITDA (2)</th>
<th>Change 31 Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIRFRANCE</td>
<td>+3.7%</td>
<td>16,588</td>
<td>+4.6%</td>
<td>280</td>
<td>-41</td>
<td>1.7%</td>
<td>-0.3 pt</td>
<td>3,941</td>
<td>+384</td>
<td>1.8x</td>
<td>+0.1 pt</td>
</tr>
<tr>
<td>KLM</td>
<td>+1.9%</td>
<td>11,075</td>
<td>+1.7%</td>
<td>853</td>
<td>-238</td>
<td>7.7%</td>
<td>-2.3 pt</td>
<td>2,525</td>
<td>-301</td>
<td>1.3x</td>
<td>-0.0 pt</td>
</tr>
<tr>
<td>AIRFRANCE KLM GROUP</td>
<td>+2.9%</td>
<td>27,189</td>
<td>+3.7%</td>
<td>1,141</td>
<td>-264</td>
<td>4.2%</td>
<td>-1.2 pt</td>
<td>6,147</td>
<td>-17</td>
<td>1.5x</td>
<td>+0.1 pt</td>
</tr>
</tbody>
</table>

(1) 2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see slide 36 and/or notes to the consolidated financial statements paragraph 2, page 12-15
(2) Net Debt / EBITDA: 12 months sliding, see calculation in press release
**Net debt stable** and Leverage ratio at full year guidance of 1.5x\(^{(1)}\)

**FY 2019 Free cash flow evolution**

<table>
<thead>
<tr>
<th>Cash flow before change in WCR</th>
<th>Change in WCR</th>
<th>Net investments</th>
<th>Operating Free Cash Flow</th>
<th>Payment of lease debt</th>
<th>Adjusted operating free cash flow (^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,760</td>
<td>623</td>
<td>-385</td>
<td>+135</td>
<td>-3,272</td>
<td>-1,008</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Net Debt / EBITDA: 12 months sliding, see calculation in press release

\(^{(2)}\) Adjusted operating free cash flow = Operating free cash flow with deduction of repayment of lease debt

**Net debt stable**

<table>
<thead>
<tr>
<th>Net debt at 31 Dec 2018</th>
<th>Payment of lease debt</th>
<th>Adj. operating free cash flow</th>
<th>New lease debt</th>
<th>Currency &amp; other</th>
<th>Net debt at 31 Dec 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,164</td>
<td>-1,008</td>
<td>+385</td>
<td>+607</td>
<td>-1</td>
<td>6,147</td>
</tr>
</tbody>
</table>
OUTLOOK
Network: Passenger unit revenue outlook for Q1 2020 impacted by Covid-19

After a good performance with positive unit revenue in January, recent developments with regards to the Covid-19 have impacted the demand outlook, especially in the Asian network.

Due to Covid-19:
- Passenger network unit revenues now expected to be down for Q1 2020
- Cargo unit revenue under pressure in the first part of the year
- Impact on operating result (Feb-Apr 2020) estimated at between -€150 to -€200m, with:
  - Suspension of China operations in February-March and possible resumption of operations starting from April 2020 (1)
  - Negative impact for connecting traffic and weakness in rest of Asia taken into account
  - Variable cost savings as no redeployment so far is taken into account

### Long-haul forward booking load factor
(change vs previous year)

<table>
<thead>
<tr>
<th></th>
<th>Feb-20</th>
<th>Mar-20</th>
<th>Apr-20</th>
<th>May-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>-3 pt</td>
<td>-5 pt</td>
<td>-4 pt</td>
<td>-3 pt</td>
</tr>
</tbody>
</table>

(1) All flights to China were suspended as of 30 January 2020. Air France-KLM Group Mainland China network ASKs at 16.5 billion in 2019, representing 5.5% of the total Network Passenger activity.
Fuel bill to decrease by €450m in 2020

(1) Based on forward curve at 28 February 2020. Sensitivity computation based on 2020 fuel price, assuming constant crack spread between Brent and Jet Fuel. Jet fuel price including into plane cost
(2) Assuming average exchange rate on US dollar/Euro of 1.11 for 2020 and 1.12 for 2021
Currency impact on revenues and costs
In € m

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

FY 2020 guidance update 2 March 2020
Currency impact FY 2020: +€100m, based on spot €/$ 1.11
Net operational exposure hedging for 2020:
USD ~58%
JPY ~57%
GBP ~69%

Revenues and costs per country
FY 2019

<table>
<thead>
<tr>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency impact on revenues</td>
<td>65</td>
<td>108</td>
<td>122</td>
</tr>
<tr>
<td>Currency impact on costs, including hedging</td>
<td>-19</td>
<td>92</td>
<td>68</td>
</tr>
<tr>
<td>Currency impact on operating result</td>
<td>92</td>
<td>68</td>
<td>87</td>
</tr>
</tbody>
</table>
Unit cost ex-currency at constant fuel price between -1% and 0%

- 2020 unit cost trend for Air France foreseen to be more than at target
- KLM unit cost performance impacted by Pension plan\(^1\) and new CLAs
- Negative cost implications related to Covid-19 are foreseen due to lower-than-planned capacity growth and expenses for disruptions

- Simplification plan measures on track for 2020:
  - Transformation well underway in Group and Airlines, foreseen to deliver over €90m of structural savings in 2020
  - Over 150 identified simplification and optimization projects started in 2020

(1) Lower discount rate for KLM Ground Pension fund (2019: 1.85%, 2020: 1.15%) €70m
Summary of Full Year 2020 guidance

<table>
<thead>
<tr>
<th></th>
<th>Guidance 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capacity</strong></td>
<td></td>
</tr>
<tr>
<td>Passenger</td>
<td>+2.0% to +3.0%</td>
</tr>
<tr>
<td>Transavia</td>
<td>+4% to +6%</td>
</tr>
<tr>
<td><strong>Fuel</strong></td>
<td>-€450m</td>
</tr>
<tr>
<td><strong>Currency</strong></td>
<td></td>
</tr>
<tr>
<td>on operating result</td>
<td>+€100m</td>
</tr>
<tr>
<td><strong>Unit cost</strong></td>
<td></td>
</tr>
<tr>
<td>ex-currency at constant fuel price</td>
<td>-1% to 0%</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>€3.6bn</td>
</tr>
<tr>
<td><strong>Net debt/EBITDA</strong></td>
<td>Circa 1.5x</td>
</tr>
</tbody>
</table>

(1) Capacity implications due to the Covid-19 related flight suspensions are foreseen to reduce capacity growth to at or below the lower-end of this guided range.

(2) Negative cost implications related to the Covid-19 foreseen due to lower-than-planned capacity growth and disruption cost.
Debt reimbursement profile at 31 December 2019

Debt reimbursement profile\(^{(1)}\)
In € m

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>850</td>
</tr>
<tr>
<td>2021</td>
<td>600</td>
</tr>
<tr>
<td>2022</td>
<td>400</td>
</tr>
<tr>
<td>2023</td>
<td>500</td>
</tr>
<tr>
<td>2024</td>
<td>450</td>
</tr>
<tr>
<td>2025+</td>
<td>2,000</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Excluding operating lease debt payments and KLM perpetual debt.

New 5 year bond issue for €750m with a 1.875% annual coupon & Tender offer accepted for June 2021 and October 2022 bond issues amounting to €350m, completed in January 2020.
Key Financial Achievements
Leverage Successfully Taken Down
to Investment Grade Like Level

Air France-KLM successfully deleveraged post-crisis years
Net Debt/EBITDA trailing 12 months(1)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Debt/EBITDA (€ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>5.4</td>
</tr>
<tr>
<td>2013</td>
<td>4.2</td>
</tr>
<tr>
<td>2014</td>
<td>4.0</td>
</tr>
<tr>
<td>2015</td>
<td>3.4</td>
</tr>
<tr>
<td>2016</td>
<td>2.9</td>
</tr>
<tr>
<td>2017</td>
<td>1.3</td>
</tr>
<tr>
<td>2018</td>
<td>1.4</td>
</tr>
<tr>
<td>2019</td>
<td>1.5</td>
</tr>
</tbody>
</table>

(1) Pre-IFRS16 restatement as per 2017, Restatement 2018 and 2019 for LLP accounting change, Adjusted Net Debt/EBITDAR, with Adjusted net debt = Net Debt + 7 times yearly operating lease costs
(2) Air France-KLM and IAG end of December 2019 (IAG Source: press release 28 February 2020)
(3) Lufthansa Group end of June 2019
Strong Focus on Unit cost Reduction and Increasing Productivity

Unit Costs reduction evolution
At constant currency, fuel price

FTE reduction and productivity improvement

(1) Productivity measured as 1000 Available Seat Kilometers / Average FTE
(2) 2016 FTE reduction includes partly disposal of Servair
Improved Operating Performance
Though Not Yet Up to the Level of Peers

Operating result evolution\(^{(1)}\)

\[
\begin{array}{ccccccc}
0 & 0.4 & 0.2 & 1.1 & 1.4 & 1.9 & 1.4 \\
\end{array}
\]

\(\text{in € bn}\)

Operating margin evolution versus peers

\(\text{Revenues in € bn}\)

\(\text{Operating margin (1)}\)

\(\text{Source: Companies published results}\)

---

\(^{(1)}\) IFRS16 restatement as per 2017, Pre-IFRS16 Operating result adjusted for the interest portion (1/3) of the operating leases. Restatement 2018 and 2019 for LLP accounting change.

\(^{(2)}\) Air France-KLM Group operating margin is adjusted for strike impact €335m in 2018.
Building A European Champion Based on a New Value-Focused Model
Air France-KLM has Numerous Unique Strengths

Our Core Assets

- Three Powerful BRANDS
- 85 000 Engaged and Professional PEOPLE
- Extensive and Complementary NETWORKS
- Powerful PARTNERSHIPS

Our Unique Competitive Advantages

- **France**: #1 Inbound Destination in the World
- **Schiphol**: Best-In-Class European Hub
- **Joint Commercial Teams** and Revenue Production
Our Value Creation Model
To be a European Champion

**OUR RESOURCES**

**PEOPLE**
85,000 engaged and professional employees and a diverse culture

**BRANDS**
Portfolio of attractive, strong brands and a common frequent flyer program “Flying Blue”

**FLEET & NETWORK**
An extensive network operated with an optimized fleet

**PARTNERSHIP**
A powerful network of suppliers and partnerships

**FINANCIAL**
A stable shareholding structure with the French and Dutch states, Delta Air Lines and China Eastern

**ENVIRONMENTAL**
An experienced and knowledgeable player in the industry committed to contributing to a positive change

**OUR BUSINESS MODEL**

**AIRFRANCE**
Showcasing the best of France around the world

**KLM**
Strong innovative global brand

**Transavia**
Making low cost feel good

**OUR VALUE CREATION**

**Employees**
Be the best place to work

**Customers**
Exceed customer expectations

**Shareholders**
Reach top financial performance

**Planet & Society**
Contributing to UN sustainability goals

**2019 PERFORMANCE**

**EPS**
40 hours of training per employee

**NPS**
104M customers

**Net Debt/EBITDA Ratio**
42% operating margin

**No. 1 in DJSI**
79.9 g / PAX / KM CO2

**Contributing to the UN SDG’s**
Our Employees, #1 asset of the Group

1. are proud to work for the Group
   - Inclusive talent management, a company culture which fosters diversity and equality

2. are professional and engaged
   - Strong increase in the Employee Promoter Score +15% in 2019\(^{(1)}\)

3. and are pushing our contribution to sustainability
   - Social partnerships with 5,000+ employees involved in volunteer work, skill-sharing and donation projects

\(^{(1)}\) Percentage change in the Employee Promoter Score (EPS) measured among Air France and KLM employees July to December 2019 period compared to last year
Our customers at the forefront of everything we do

Record levels of customer satisfaction in 2019

Best in class Customer Products
• Installation of Air France full flat beds in Business Class to end in 2021, KLM entire fleet done
• Wi-Fi connect will be available on 93% of fleet in 2020, 100% in 2021
• Lounge refurbishments, including KLM Crown lounge, Paris-Orly and Terminal 2F

Striving for excellence
• On Time Performance ranking Air France as 7th airline world-wide in 2019
• Record high customer satisfaction in 2019 for Air France with NPS score of 27 and KLM steady-state with NPS score of 41

Brands’ sustainability commitments
• KLM as world’s first airline introducing ‘Fly responsibly’ concept
• Replace single-use plastics on board Air France flights
• CO2 compensation for all French Domestic flights
Becoming a European champion reaching top financial performance

<table>
<thead>
<tr>
<th>Year</th>
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Commitment to Global Environmental Sustainability

Optimize our Operating Model

Grow Profitable Passenger Revenue

Leverage European Consolidation

Develop Customer Data, Flying Blue, Cargo and Engineering & Maintenance
Air France-KLM the leading airline group in 2019 on Sustainability

European airline groups’ Sustainability rankings by leading rating agencies

Source: Bloomberg 10 February 2020
(1) ISS Quality and CDP Climate scores have been normalised for ease of comparison

No. 1 position in the DJSI
Top ranking for 15 years

Leader in the « Airline » sector
• Governance: best score
• Environment: best score
• Social: Europe best score
New Financial Strategic Framework
2020 - 2024
Mid-Cycle Operating Margin Reaching 7-8%

Air France-KLM operating profit evolution (€m)

Operating Margin: 4%

2019 Operating Result: +€1,141m

Target Mid-Cycle Operating Margin: 7-8%

2024 Target Operating Result: €2,500m

Additional Group Synergies and other businesses: +€100m

Air France-KLM Group: +€250m

Company sourced consensus as per 21 October 2019 for full year 2019 as published on https://www.airfranceklm.com/en/finance/financial-information/consensus

Modelling assumptions:
- Excluding Fuel Price, Currency FX and Industry yield development effects.
- Objectives per airline are net amounts (including offsets against base-case price inflation and capacity growth).
- Inflation assumption of 1.5% per annum, as per Eurozone Consumer price index 2020-2024. Source: Oxford Economics, updated August 2019.
- Air France-KLM Group Available Seat Kilometer (ASK) growth assumption mid-point of guidance range +2 to +3% per annum from 2020-2024.
CAPEX 2020-2024 Underpinning Objective

to Rejuvenate Fleet & Improve Ownership Ratio

Capex investment 2020-2024
Before leases
In € bn

Fleet rejuvenation
Air France-KLM group fleet projection of average years of age

Improvement ownership ratio and lease debt reduction

Capex 2020-24:
• Profitability uplift
• Improved fleet age & ownership ratio

Guidance 2020: €3.6bn after operating leases

Net Fleet
Capitalized Maintenance
Spare Parts incl. third-party growth
Aircraft Modifications
Ground & IT innovation

Average ~4.0

2019
2020-24

2019
2022
2024

Long-term objective 33%
Leased ratio 66%

(1) Air France-KLM Group portion of fleet under operational lease versus the total fleet
Financial Structure Robustness
Leverage Ratio to Remain ~1.5x

**Adjusted Operating Free Cash Flow**
positive medium-term mid-cycle

**Increasing cash generation by execution of strategic plans**
- Positive Operating Free Cash Flow foreseen throughout 2020-24
- Adjusted Operating Free Cash Flow turns positive as foreseen progressive profitability uplift materializes

**CAPEX investment requirements 2020-24**
- New generation fleet and phase-out A380
- Transformation plans

**Net Debt/EBITDA projection ~1.5x**

Net debt evolution positively impacted by reduced portion of lease debt and increased profitability
- Progressive profitability uplift by execution of strategic plans
- Lease debt repayments

Progressive improvement foreseen in Debt to Equity ratio

---

(1) Adjusted operating free cash flow = Operating free cash flow with deduction of repayment of lease debt
(2) Including foreseen near-term incidentals
- Cargo claim (negative) (2020)
- Sale of Amadeus and Servair stakes (positive) (2020)
KLM Actual growth will depend on slot growth opportunities in the Netherlands.
Strict Cost Control

Turn-Around Plans to Deliver Unit Cost Reduction in Average of -1% per Annum

Net cost break-down

Net cost RTM 2019\(^{(1)}\)

- Fuel efficiency
- Wage inflation
- Productivity
- Price inflation
- Transformation projects

- Other revenues
- Commercial cost
- Operating cost
- Other cost
- Depreciation
- Maintenance cost
- Salary cost
- Fuel

Cost control targeted to exceed inflationary pressure

Unit cost objective 2020-24

Unit cost at constant fuel and currency

Average -1% p.a.

Despite an upward inflationary trend

(1) Rolling Twelve Months 2019, from 1 October 2018 till 30 September 2019
(2) Inflation as per Eurozone Consumer price index 2020-2024. Source: Oxford Economics, updated August 2019
## Group Objectives and Guidance

### Objectives medium-term (2024)

<table>
<thead>
<tr>
<th>Company</th>
<th>Objective</th>
<th>Margin</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air France KLM Group</td>
<td>Operating margin mid-cycle</td>
<td>7-8%</td>
<td></td>
</tr>
<tr>
<td>Air France</td>
<td>Operating margin mid-cycle</td>
<td>7-7.5%</td>
<td></td>
</tr>
<tr>
<td>KLM</td>
<td>Operating margin mid-cycle</td>
<td>9-10%</td>
<td></td>
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</table>

### Guidance elements (period 2020 till 2024)

- Capacity growth: +2 to +3% p.a.
- Unit cost average: -1% p.a.
- Capex average: ~€4.0bn p.a.
- Net debt/EBITDA: ~1.5x
Appendix
Air France Signed a New Pilot Agreement Permitting Increased Flexibility in Commercial and Fleet Strategy

Previously, an agreement was in place with Air France pilots regulating the growth of Air France in relation to KLM, based on three metrics:

- Capacity (ASK)
- Block Hours
- Number of Long Haul Aircraft

While Block Hours and number of aircraft directly affect pilot employment, the ASK metric has no direct link with pilot activity. This KPI forced Air France to make financially punitive fleet & product decisions.

Example: Paris/Amsterdam - Singapore

- Same aircraft: Boeing 777-300ER
- Same block time: 12 hours 30 minutes
- +35% ASK for KLM due to cabin configuration (Air France: 296 seats | KLM: 408 seats)

A New, More Flexible Agreement Has Been Signed Between Air France and SNPL Pilots

ASK metric is replaced by a new KPI based on Maximum Seating Capacity of aircraft. Restrictions regarding maximum number of aircraft at Transavia France (TO) have been lifted.

Air France is now able to make optimal fleet and product decisions, to extract maximum value and profit.
## Summary of Key Initiatives Currently Underway

And Estimated Operating Result Impact

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<td>Clarify Brand and Product Portfolio</td>
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<td>Implement Personalized Travel Journeys</td>
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<td>Flying Blue: Leading Loyalty Platform</td>
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Air France Turn-Around – Priorities

Optimize our Operating Model

- Simplification focus
  - +€400m
  - Operations transformation
  - Transversal (Organization, External spend, IT)
  - French domestic restructuring

- Fleet renewal
  - +€300m
  - A380 replacement
  - A220 phase-in
  - A350/787 phase-in

- Revenue mix optimization
  - +€200m
  - CDG hub consolidation (incl. cabin LOPA improvement)
  - Revenue enhancement (including CRD, Ancillary), Brand & product portfolio

Grow Profitable Passenger Revenue

Operating result +€900M

- Simplification focus
- Fleet renewal
- Revenue mix optimization
Focus on Simplification

Ambitious action plan has already started...

Accelerate implementation of transformation projects: some highlights

External spend
- Implement “Control tower” on spends and contracts
- Enforce speed savings: review of contracts
- Optimize marketing, training, catering, outstations, maintenance costs
- Accelerate channel shift

Organization simplification
- Simplify processes and break silos, with specific focus on overheads and support functions (delayering, mutualization)
- Improve operational performance
- Optimize fuel consumption
- Optimize full flight simulators usage

IT
- Improve prioritization and standardization
- Develop further agility in innovation projects for efficiency and time to market delivery

... And will deliver steadily until 2024

Net impact of transformation projects (after inflation)

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<thead>
<tr>
<th>Year</th>
<th>Impact</th>
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<tbody>
<tr>
<td>2020</td>
<td>€80m</td>
</tr>
<tr>
<td>2021</td>
<td>€165m</td>
</tr>
<tr>
<td>2022</td>
<td>€260m</td>
</tr>
<tr>
<td>2023</td>
<td>€350m</td>
</tr>
<tr>
<td>2024</td>
<td>€400m+</td>
</tr>
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Operations Transformation
Air France Turn-Around —Timeline

Timeline

% completion

100%

2020 2022 2024

Simplification focus
Revenue mix optimization
Fleet renewal

Medium-term objectives

- Deliver sufficient operating margin to ensure profitable growth
- Operating margin objective mid-cycle at 7-7.5%
KLM Strengthening of the Success Model – Priorities

Optimize our Operating Model

- Focus on cost and operational excellence
  - Operational excellence
  - External spend management
  - Margin improvement initiatives
  - +€60m

Grow Profitable Passenger Revenue

- Fleet renewal
  - E195 phase in
  - B737 replacement
  - Long Haul fuel efficiency
  - Long Haul optimization
  - +€130m

- Revenue mix optimization
  - Revenue management
  - Revenue enhancement (including Customer Reach and Distribution, Ancillary)
  - +€60m

- Operating result +€250M
KLM Strengthening of the Success Model - Timeline

Objective medium term

- Further grow KLM’s successful model, including continuous focus on cost
- Operating margin objective mid-cycle at 9-10%

Timeline
% completion

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<th>Revenue mix optimization</th>
<th>Fleet renewal</th>
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<tr>
<td>2020</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2022</td>
<td>20%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>2024</td>
<td>100%</td>
<td>80%</td>
<td>100%</td>
</tr>
</tbody>
</table>

+€250m
100%