

AIRFRANCEKLM  
GROUP



**KLM**

# Results presentation

Results as of September 30, 2022  
October 28, 2022





# Q3 2022 highlights



*Benjamin Smith*  
*Chief Executive Officer*  
*Air France-KLM*

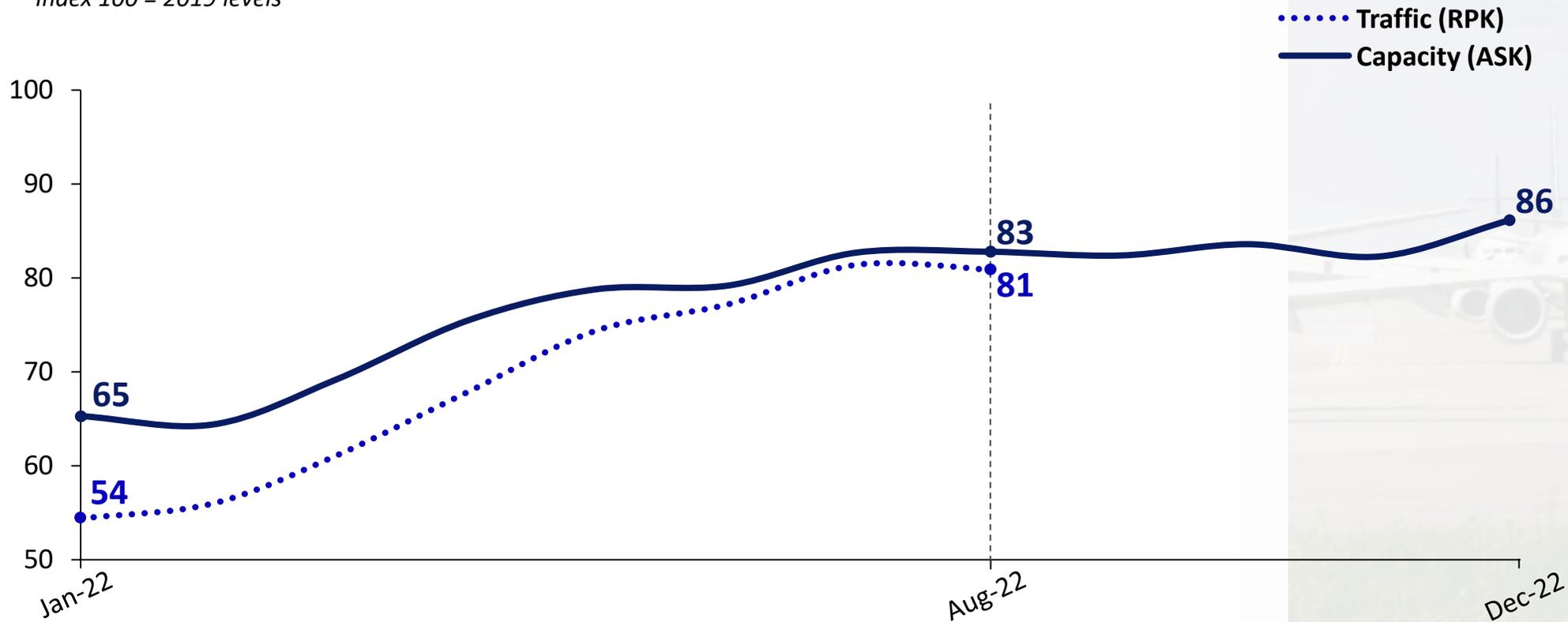




# Industry load factors closing on 2019 levels

## 2022 Capacity<sup>(1)</sup> & PAX Activity<sup>(2)</sup> evolution to/from Europe

Index 100 = 2019 levels



**Overall traffic catching up with capacity, closing load factors gap with 2019 levels**  
Supply to remain in line with demand despite volatile environment

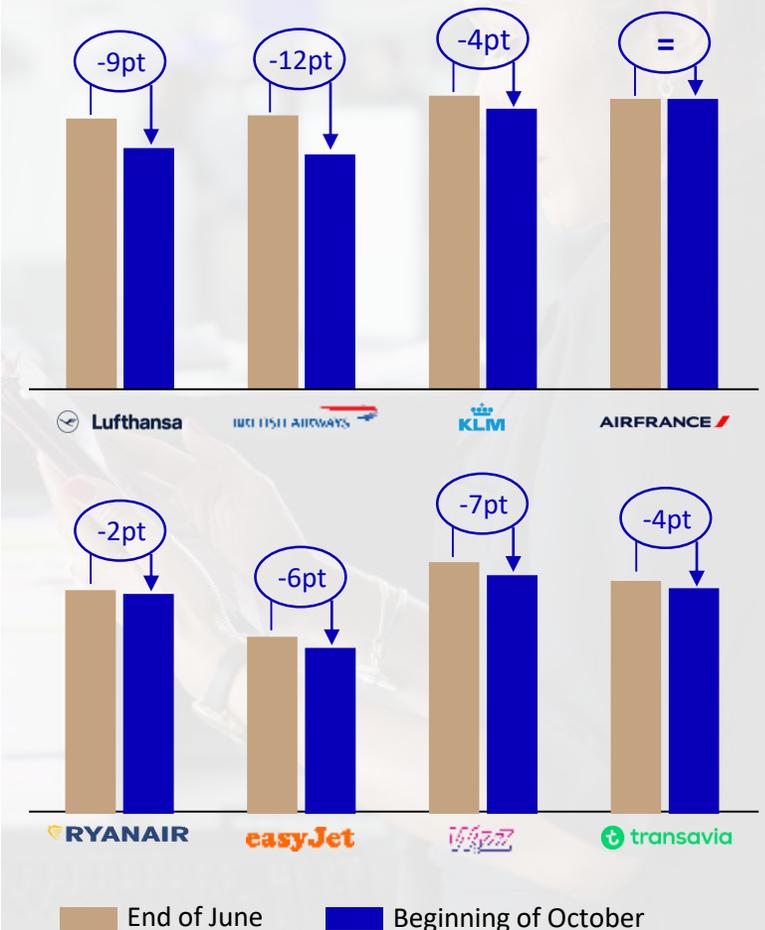


# Air France-KLM Group delivered on its Summer roadmap despite operational challenges

- Thanks to the engagement of all teams, anticipation and agility, **the Group was able to limit late cancellations**
- **Operations in France have proven more robust** compared to other countries, despite isolated disruptions in Paris
- **Schiphol remains in a challenging situation in a context of a very tight labor market conditions and imposed capacity restrictions to KLM**
- Disruptions **led to an additional €60M cost** in Q3, slightly lower than in Q2, to compensate customers and limit as much as possible the negative impact on their travel
- Additionally, the imposed capacity restrictions at Schiphol and strikes in France have led to **€225m missed revenues**

## Q3 2022 – Airlines Seat Capacity<sup>(1)</sup>

Index 100 = 2019 actuals



(1) Source OAG, operating capacity per airline, with imposed capacity restriction at Schiphol not included in figures and resulting in a further seats capacity reduction of -8 points for KLM

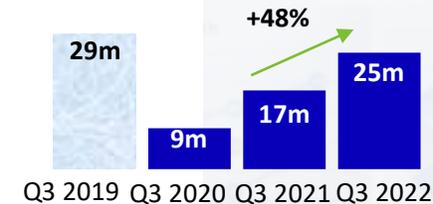


# STRONG RESULTS DRIVEN BY FAVORABLE TRAVEL DEMAND AND CONTINUED GROUP TRANSFORMATION

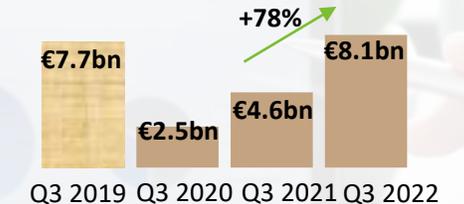
- **Positive Operating result of €1.0bn** above 2019 level
- **Load factor at 88%** with **group capacity at 89%** compared to 2019
- **Adjusted Operating Free Cash Flow €290m** thanks to **EBITDA of €1.7bn** fully compensating working capital, capex and lease payments
- **Positive net result of €0.5bn** further strengthening the balance sheet
- **Solid €12.3bn cash at hand** and strong net debt reduction by €2.3bn versus Dec 2021



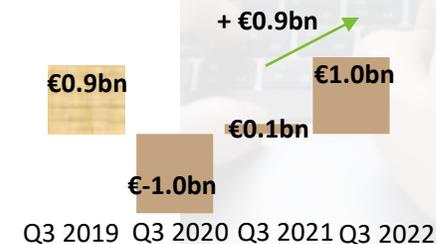
Passengers carried



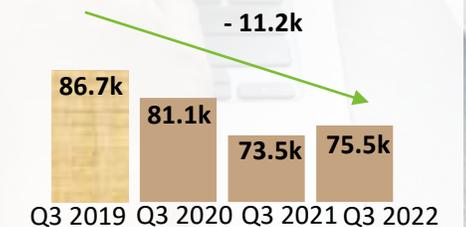
Group revenues



Operating result



FTE's<sup>(1)</sup>





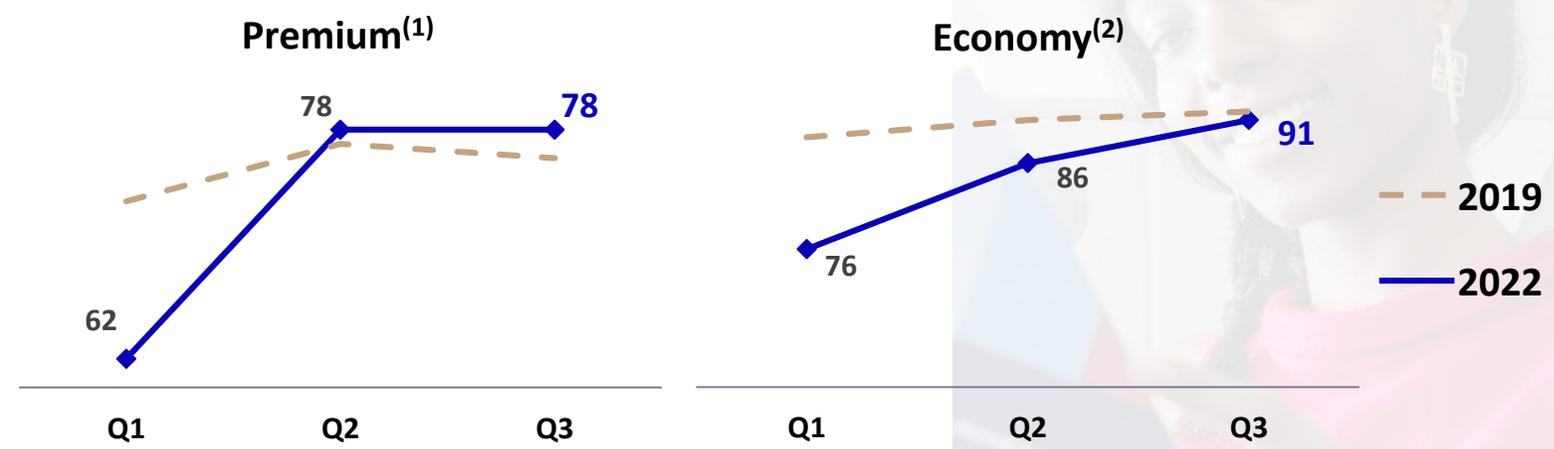
# Strong Summer demand materialized into high load factors



Global long haul load factors kept increasing on Q3, only 1 point from 2019 levels

## 2022 Load Factors

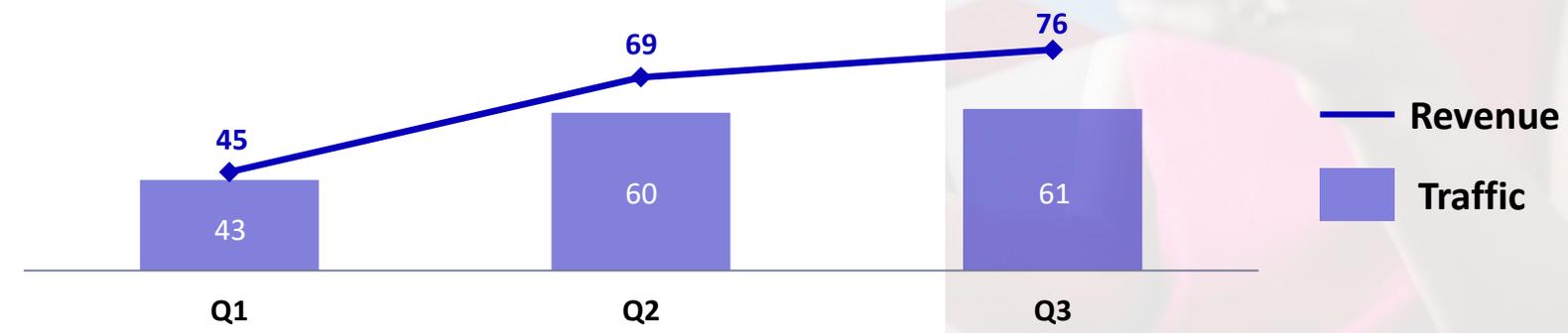
Air France & KLM Long Haul Passenger Network



Corporate revenue above index 75 compared to 2019 for Q3

## 2022 Corporate revenue & traffic<sup>(3)</sup>

Air France & KLM Total Passenger Network



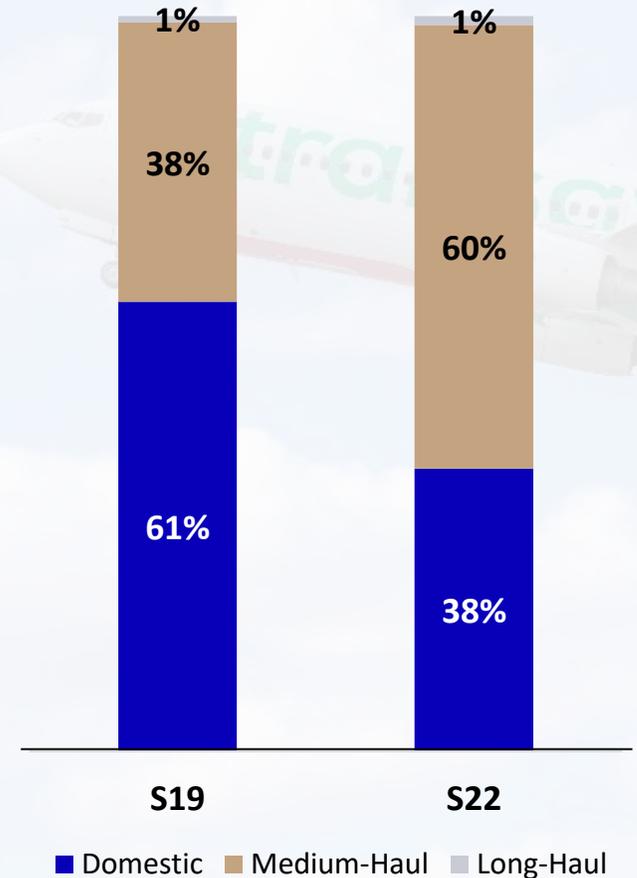
(1) Premium = First & Business ; (2) Economy = Premium Economy & Economy ; (3) Index vs. 2019



# Further network optimization out of Orly almost achieved

- **Restructuring of Orly slots portfolio almost complete** with partial handover to Transavia, sourcing profitable growth through **reinforced or new medium-haul service**<sup>(1)</sup>. Average number of seats per aircraft increased by more than 15%<sup>(2)</sup>
- Although not yet at full maturity, **significant profitability improvement of transferred slots**, with €30m results improvement of Air France point to point service<sup>(3)</sup>
- This new structure enabled Air France Group to **safeguard its slots portfolio** while adapting its network to French regulations<sup>(4)</sup>
- **Further optimization of Orly slots portfolio will continue with Domestic profitability remaining a priority**

Orly slots portfolio segmentation



(1) Six domestic routes kept and operated by Transavia; (2) Summer 22 compared to Summer 19, Domestic and Medium-Haul slots; (3) Q3 2022 compared to Q3 2019 (against constant fuel price and currency); (4) Ban of domestic flights if train alternative below 2h30 available



# The Group continues to invest in customer, partnership and environment



- **Operating margin above 10% for both airlines**
- **Launch of KLM Premium Comfort class**
- **Skytrax World Airline Awards: Air France best airline for the West European region<sup>(1)</sup>**



- **Launch of complementary SAF purchase option for customers**
- **Shaping the set-up of the cooperation with CMA CGM Air Cargo**



- **Transavia France in line with growth strategy (capacity index 148 vs. 2019)**
- **Transavia Netherlands is investing in the development of Lucy, a flight company that plans to fly fully electric aircraft**



- **Official signature of LEAP CBSA, allowing the Group to scale up its presence on the biggest engine MRO market**
- **Signing of various new customer contracts (Virgin Atlantic, ITA, China Airlines, ...)**



# Results as of September 30, 2022



**Steven Zaat**  
*Chief Financial Officer*  
*Air France-KLM*





# Revenues, operating result and margin above 2019 level despite lower capacity, high fuel price and increasing pressure on costs

	Q3 2022	Q3 2021 <sup>(1)</sup>	Q3 2019	Change versus 2021	Change versus 2019
<b>Revenues (€ m)</b>	<b>8,112</b>	<b>4,567</b>	<b>7,609</b>	<b>+3,545m</b>	<b>+503m</b>
Aircraft Fuel (€ m)	2,325	828	1,513	+1,497m	+812m
Salary cost (€ m)	1,897	1,408	2,011	+489m	-114m
Other operating expenses (€ m)	2,213	1,537	2,432	+676m	-219m
EBITDA (€ m)	1,677	794	1,653	+883m	+24m
<b>Operating result (€ m)</b>	<b>1,024</b>	<b>130</b>	<b>909</b>	<b>+894m</b>	<b>+115m</b>
<b>Operating margin</b>	<b>12.6%</b>	<b>2.8%</b>	<b>11.9%</b>	<b>+9.8 pt</b>	<b>+0.7 pt</b>
Net income - Group part (€ m)	460	-193	361	+653m	+99m



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



# Positive operating result for all business lines

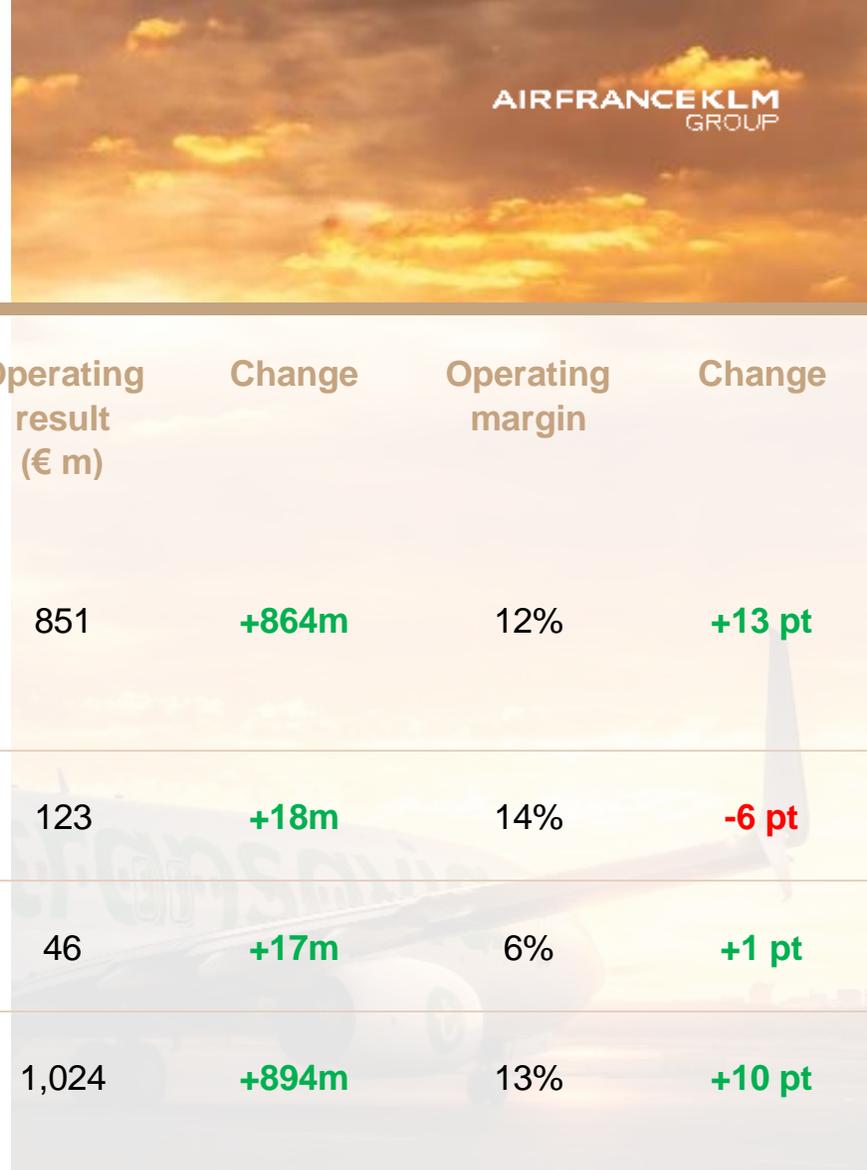
## Q3 2022 versus Q3 2021

		Capacity <sup>(1)</sup>	Unit Revenue <sup>(2)</sup> Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
Network		+29.3%	+55.5%	6,077	+105.6%	851	+864m	12%	+13 pt
		+15.9% <sup>(3)</sup>	-18.5%	830	-0.6%				
Transavia		+28.1%	+32.0%	855	+63.7%	123	+18m	14%	-6 pt
Maintenance				342	+38.6%	46	+17m	6%	+1 pt
Group		+29.1%	+37.9%	8,112	+77.6%	1,024	+894m	13%	+10 pt

(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





# Both airlines operating margin above 10%

Q3 2022 versus Q3 2021	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY
<b>AIRFRANCE</b> /	+42%	5,001	+78%	570	+616	11%	+13 pt
<b>KLM</b>	+14%	3,236	+71%	443	+274	14%	+5 pt
<b>AIRFRANCEKLM GROUP</b>	+29%	8,112	+78%	1,024	+894	13%	+10 pt

- Significant improvement in Operating result for both airlines with operating margin Air France above 2019 level

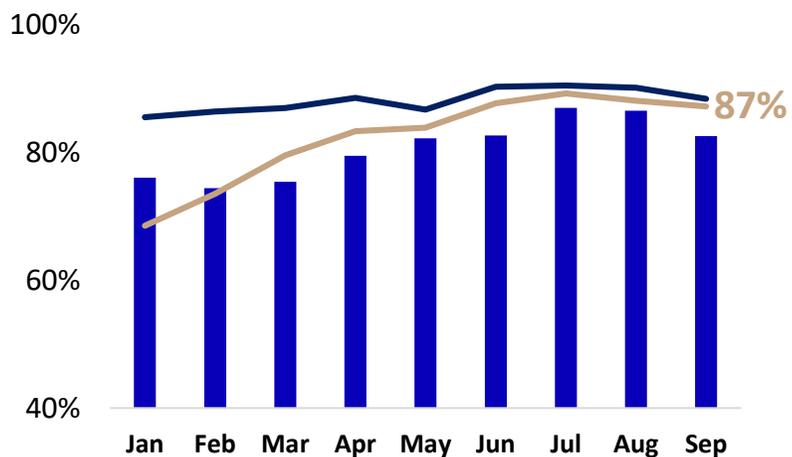
NB: Sum of individual airline results does not add up to Air France-KLM total due to intercompany eliminations at Group level



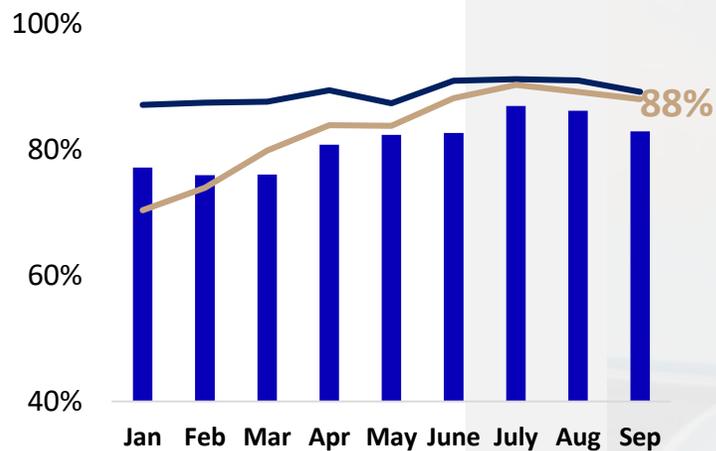


# Long-haul load factor close to 2019 levels

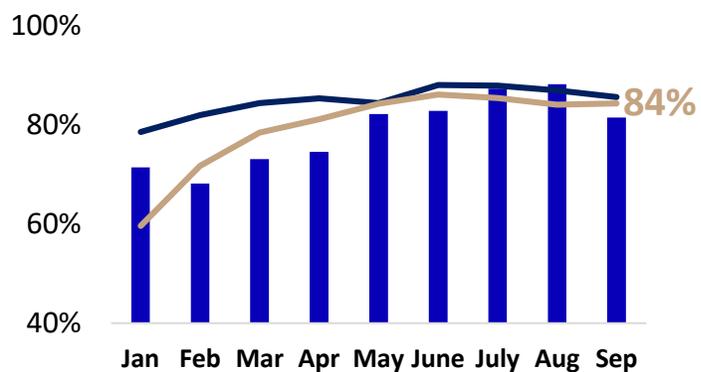
### Total network excl. Transavia



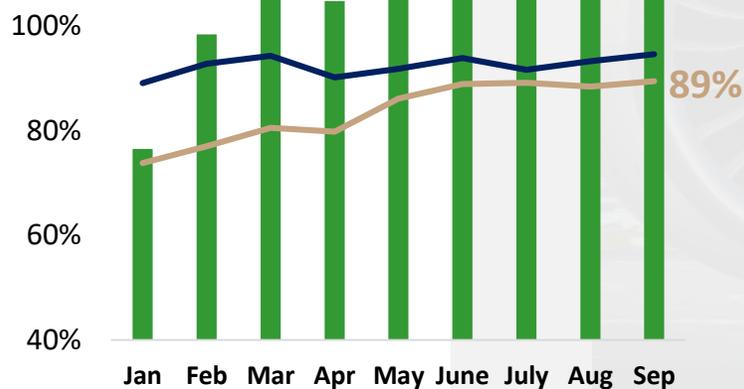
### Long-haul



### Short & Medium-haul excl. Transavia



### Transavia



ASK index vs 2019

Load factor 2019

Load factor 2022

Xx% September Load factor 2022





# Strong summer demand resulting in high yield across the diversified network

## Q3 2022 vs Q3 2019

Yield	
Premium	Economy
18%	22%

<h3>North America</h3> <p>91%</p> <p>3.6%      24.7%</p> <p>-0.5 pt</p> <p>ASK      Load Factor      Yield</p>	<h3>Caribbean &amp; Indian Ocean</h3> <p>89%</p> <p>22.2%      8.3%</p> <p>-1.1 pt</p> <p>ASK      Load Factor      Yield</p>	<h3>Total Long Haul</h3> <p>89%</p> <p>14.6%      27.8%</p> <p>-1.3 pt</p> <p>ASK      Load Factor      Yield</p>
<h3>South America</h3> <p>92%</p> <p>-15.7%      37.9%</p> <p>1.1 pt</p> <p>ASK      Load Factor      Yield</p>	<h3>Africa</h3> <p>87%</p> <p>-4.0%      21.2%</p> <p>-0.8 pt</p> <p>ASK      Load Factor      Yield</p>	<h3>Total Short &amp; Medium Haul</h3> <p>85%</p> <p>14.2%      17.7%</p> <p>-2.3 pt</p> <p>ASK      Load Factor      Yield</p>
<h3>Asia &amp; Middle East</h3> <p>86%</p> <p>-54.3%      46.8%</p> <p>-5.6 pt</p> <p>ASK      Load Factor      Yield</p>	<h3>Total</h3> <p>88%</p> <p>14.5%      24.4%</p> <p>-1.5 pt</p> <p>ASK      Load Factor      Yield</p>	

xx% Actual Load factor Q3 2022



# Unit cost up 2.9% while capacity is 11% below 2019

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



### Staff cost evolution



### FTE evolution



### Unit cost increase explained by:

- Increase of labor cost KLM
- Airport (+9% at Schiphol) and ATC charges increase
- Inflationary costs on outstations
- Customer compensations

### Transformation programs

- Air France : Continuing transformation program
- KLM adjusted staff levels in order to accommodate further capacity increase and release pressure on operations.

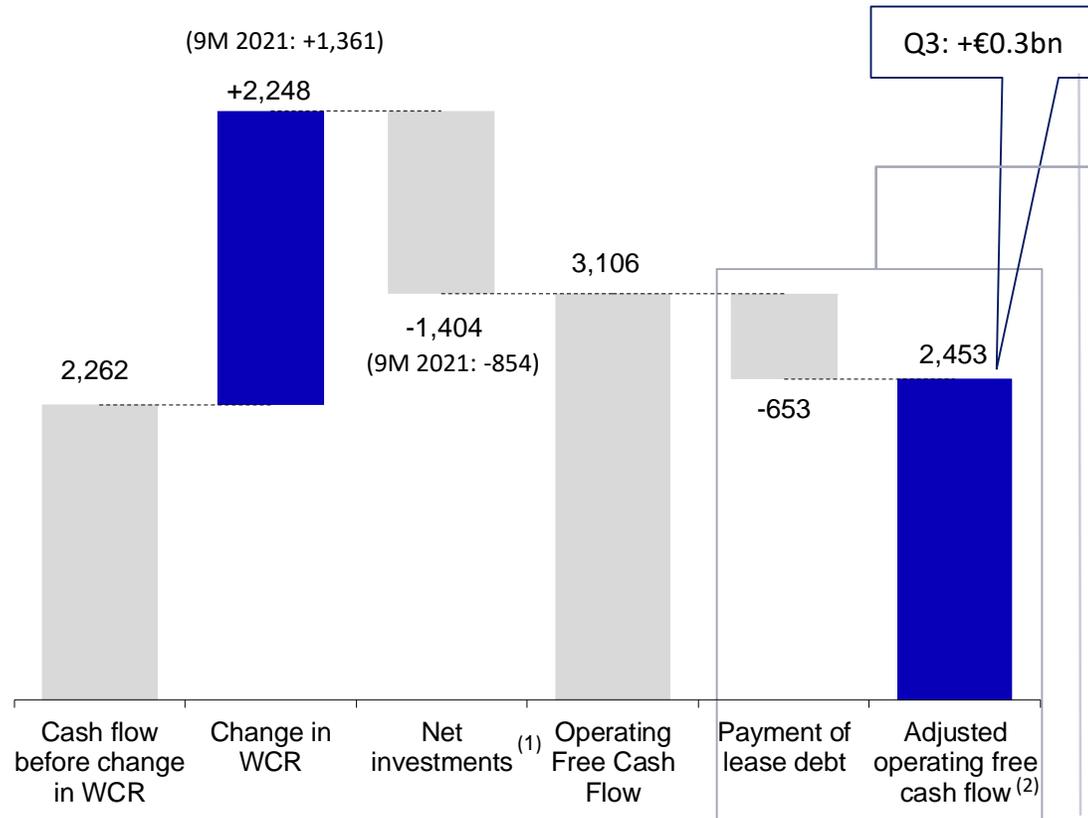
(1) Unit cost against constant fuel price and constant currency (USD & related currencies only) using the same methodology as the Unit cost calculation in press release

(2) Excluding Transavia France

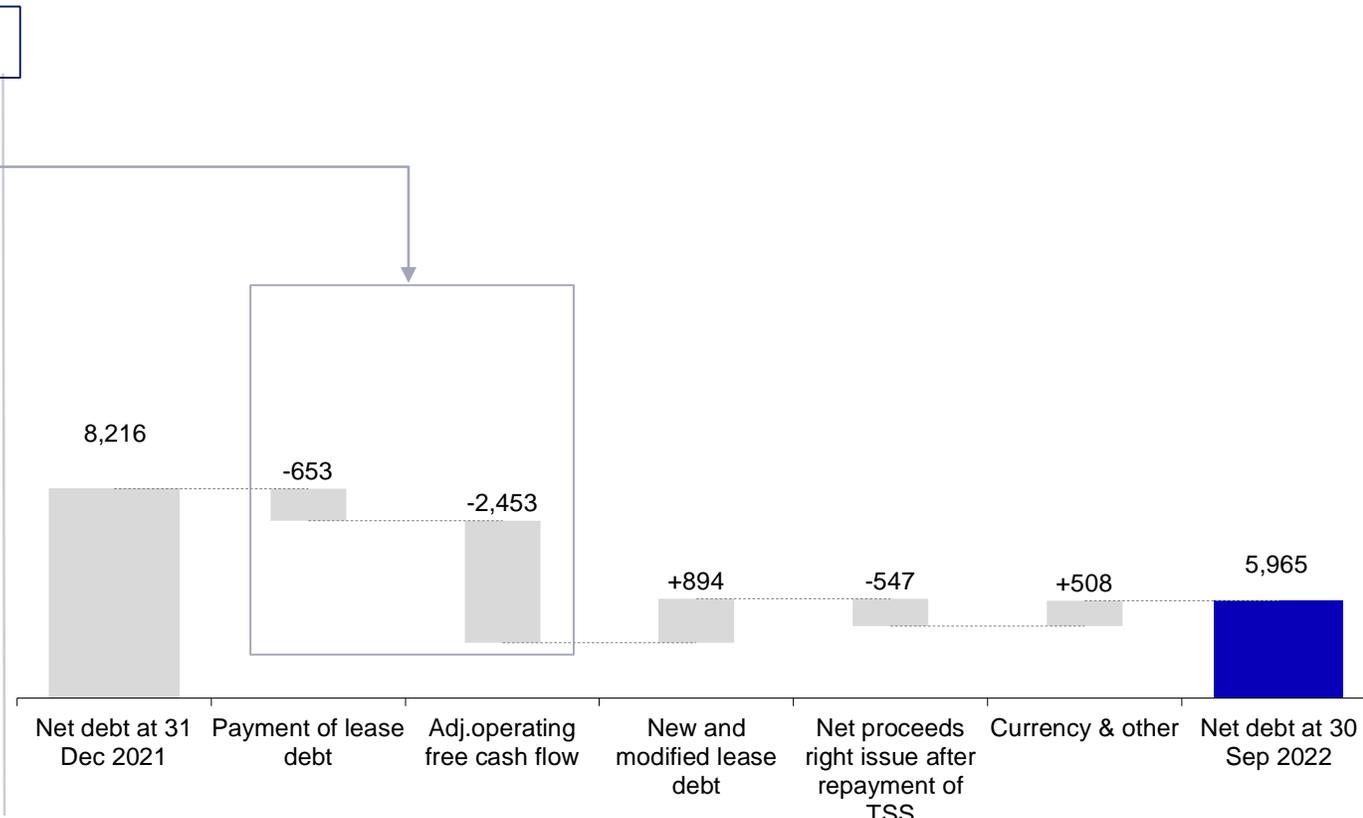


# Adjusted operating free cash flow positive in Q3 further reducing the net debt below €6bn

**9M 2022 Free cash flow evolution**  
In € m



**Net debt**  
In € m



(1) Net investments reduced by sale and leaseback transactions  
 (2) Adjusted operating free cash flow = Operating free cash flow after repayment of lease debt



# Air France-KLM keeps redeeming liquidity support while maintaining a solid cash position



## **December 2021**

Air France-KLM **redeemed 0.5 billion euros** of the outstanding 4 billion French State guaranteed loan provided by a syndicate of 9 Banks during Covid crisis (“PGE”).



## **June 2022**

KLM redeemed fully its RCF and Dutch State Loan for a total amount of **0.9 billion euros**

## **November 2022**

Air France-KLM pursuing deleveraging and reprofiling of its unsecured debt and will proceed with the partial and early redemption of the “PGE”. The redemption amount will be 1.0 billion euros out of the 3.5 billion euros outstanding. The remaining bank loan profile will incur no further expected redemption till May 2024, and will remain unchanged beyond (till May 2025) As a result, the Group will reduce its overall financial charges, and its exposure to floating rates.



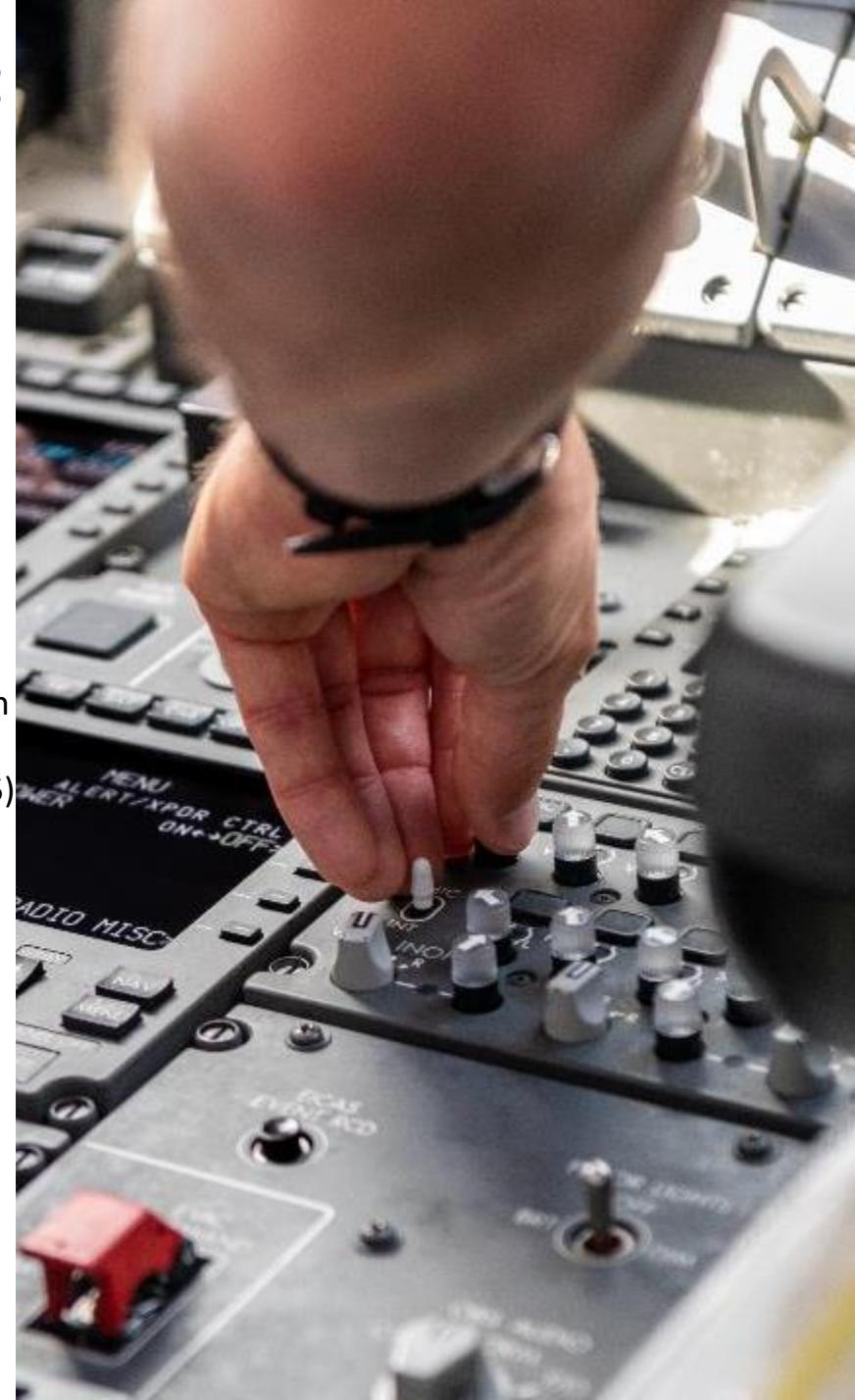
## **2022-2023**

Possible hybrid bonds issuances **up to €1.2bn** subject to market conditions



## **Ongoing**

Restoration of Group’s negative equity through **net profits generation** and further **assets monetization through quasi-equity projects**





# Outlook

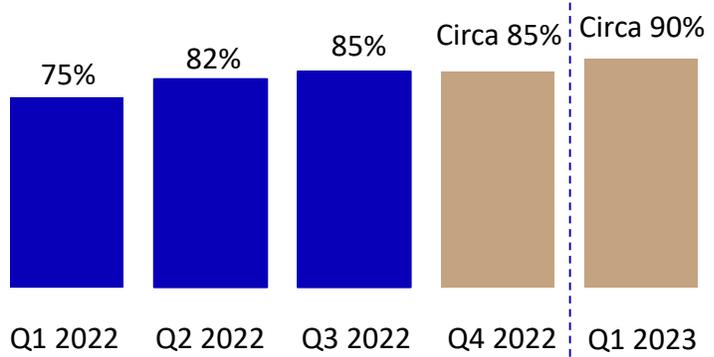
Results as of September 30, 2022



# Air France-KLM continues to increase capacity levels for winter



## Network Passenger capacity in ASK versus 2019



### Network:

- Q4 2022 capacity reduced to circa 85% due to imposed capacity ban on departing passengers at Schiphol

### Transavia:

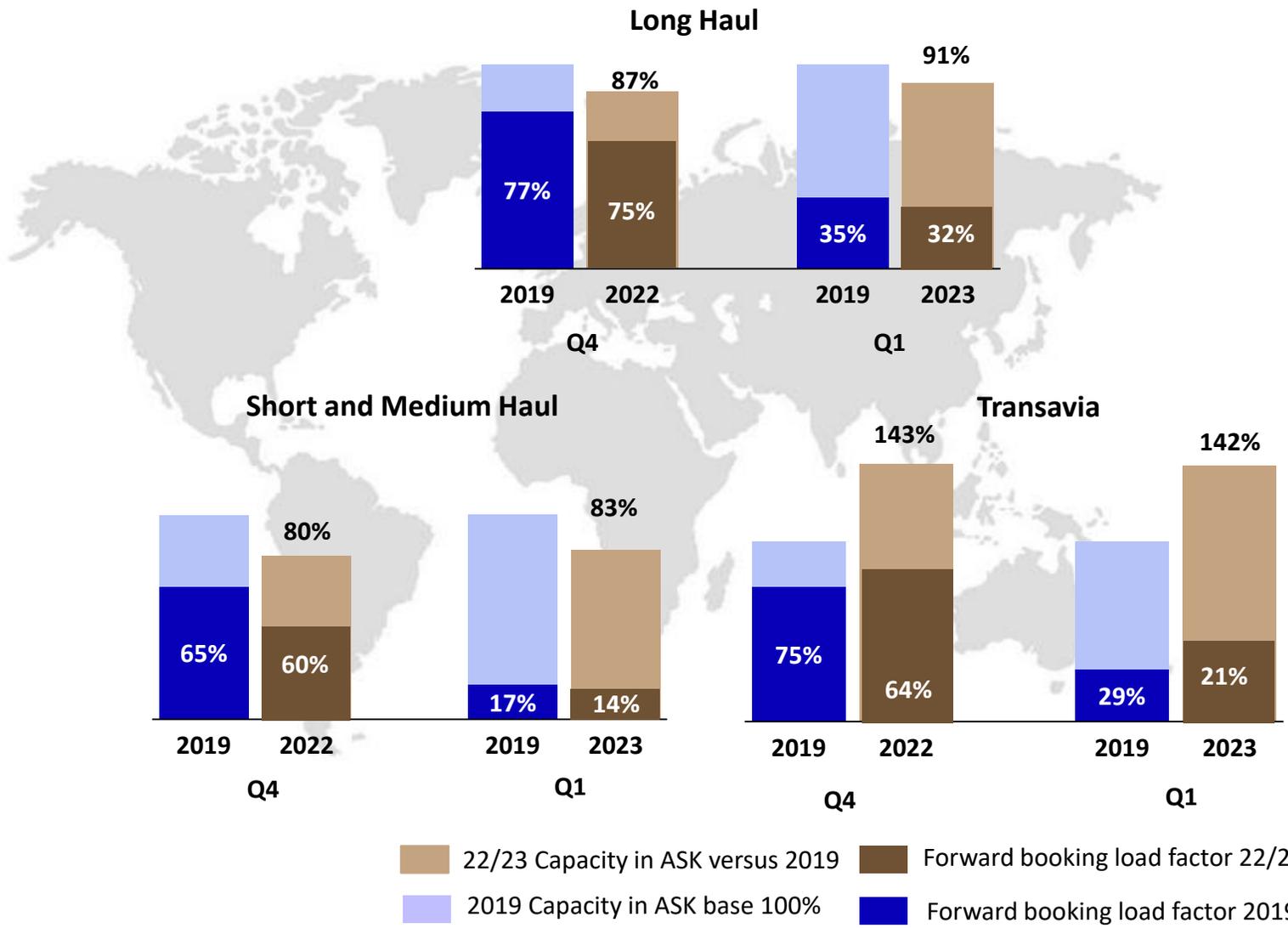
- French Domestic capacity reduced on the HOP/Air France side, however partly compensated by Transavia France growth
- Transavia capacity above index 140 for Q4 2022

### Yield:

- Healthy yield environment for the winter season expected

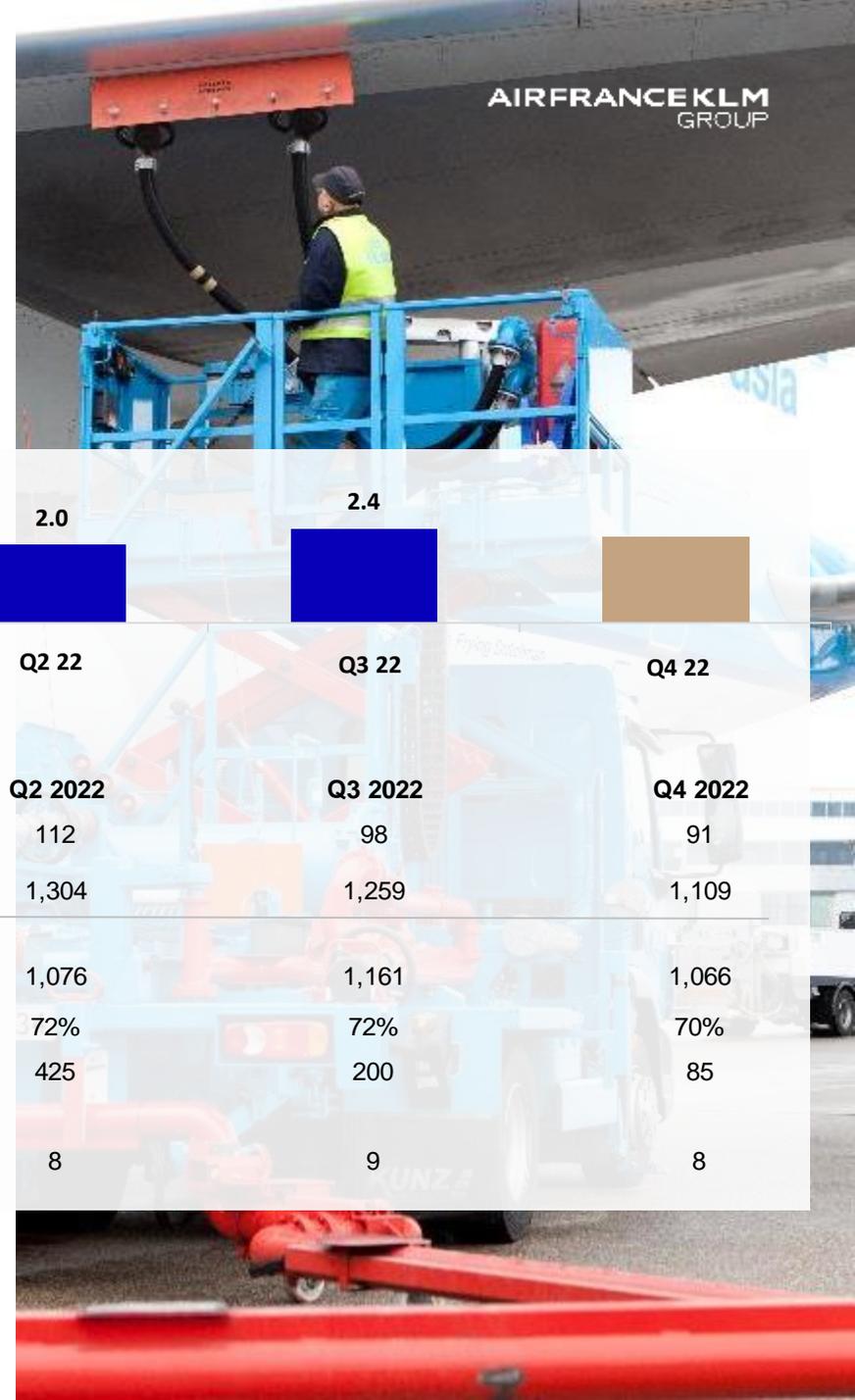
## Network Passenger capacity and booking

Snapshot of the 23rd of October 2022 and 2019





# The fuel hedging policy will result in \$1.0bn savings in 2022



		2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
<b>Market price</b>	Brent (\$ per bbl)	71	97	112	98	91
	Jet fuel (\$ per metric ton)	676	922	1,304	1,259	1,109
<b>Price after hedge</b>	Jet fuel (\$ per metric ton)	619	745	1,076	1,161	1,066
	% of consumption already hedged	82%	74%	72%	72%	70%
	Hedge result (in \$ m)	300	265	425	200	85
<b>Sustainable Aviation Fuel in k metric ton</b>			8	8	9	8

Based on forward curve at 21 October 2022. Jet fuel price including into plane cost



# Outlook 2022 and 2023

	Q4 2022	FY 2022	Q1 2023
<b>Capacity<sup>1</sup></b>			
<b>Air France-KLM network</b>	Circa 85%	Circa 80%	Circa 90%
<b>Transavia</b>	Above index 140%	Circa 115%	Above index 140%
<b>Operating result</b>		Above €900m <sup>2</sup>	
<b>Capex</b>		€2.3bn	



1) ASK capacity versus 2019  
 2) Based on fuel forward curve at 21 October 2022 and under currently foreseen circumstances



# Q3 2022 highlights

## Conclusion



*Benjamin Smith*  
*Chief Executive Officer*  
*Air France-KLM*





# Major contracts signed to secure future SAF procurement of the Group

- **Two multi-year binding contracts with SAF providers Neste and DG Fuels to source 1.6 million tons SAF**, a first step by the Group towards achieving its 10% SAF incorporation targets by 2030 which will cover approximately 3 of those 10%
- **Average of 80% CO<sub>2</sub> emission reduction and compliant with strict sourcing policy**
  - ✓ Do not compete with human food or animal feed supply
  - ✓ Not derived from palm oil
  - ✓ RSB or ISCC+ certified
- By committing to long-term fuel purchases, **Air France-KLM support the development of SAF production, still in its infancy worldwide<sup>(1)</sup>**

**destination  
sustainability**   
AIRFRANCEKLM  
GROUP

**-30% CO<sub>2</sub> emissions per  
passenger/km**  
by 2030 compared to 2019

**10% SAF worldwide**  
by 2030

(1) In 2021, SAF production represented 0.01% of the world's fuel consumption



# Conclusion

1

Our activity keeps recovering and materializes further into strong profitability

- **Group revenues +€500m above 2019 level**, with a capacity gradually increasing
- **Load factors close to 2019 level**
- **Strong improvement of our operating margin** at 12.6%, above 2019 level (12.0%)

2

We are on the right path to improve our financial trajectory

- Air France-KLM maintains a **solid cash position** having available **€12.3bn cash at hand**
- **Deleveraging will actively continue** (upcoming partial and early redemption of the French “PGE”)
- **Further reduction of net debt**, down by €2.3bn compared to end of 2021

3

In an increasingly challenging global environment...

- **Uncertain macro environment** due to persistent geopolitical tensions
- **Limited visibility on the impact of the upcoming potential macro economic slowdown**
- **Growing inflationary pressure**

4

Air France KLM set to accelerate its transformation and deliver on its decarbonization roadmap

- **Internal transformation and optimization of our operating model** remains one of the Group’s priority
- **Maintain trust and transparency with our employees**
- **Ramp-up of SAF purchase agreements** to achieve our 10% SAF incorporation targets by 2030





# Appendix

Results as of September 30, 2022



# 9M: Operating result in line with 2019

	9M 2022	9M 2021 <sup>(1)</sup>	9M 2019	Change versus 2021	Change versus 2019
<b>Revenues (€ m)</b>	<b>19,264</b>	<b>9,477</b>	<b>20,572</b>	<b>+9,787m</b>	<b>-1,308m</b>
Aircraft Fuel (€ m)	5,184	1,811	4,118	+3,373m	+1,066m
Salary cost (€ m)	5,239	3,813	6,031	+1,426m	-792m
Other operating expenses (€ m)	6,012	3,935	7,160	+2,077m	-1,148m
EBITDA (€ m)	2,829	-82	3,263	+2,911m	-434m
<b>Operating result (€ m)</b>	<b>1,060</b>	<b>-1,804</b>	<b>1,046</b>	<b>+2,864m</b>	<b>+14m</b>
<b>Operating margin</b>	<b>5.5%</b>	<b>-19.0%</b>	<b>5.1%</b>	<b>+24.5 pt</b>	<b>+0.4 pt</b>
Net income - Group part (€ m)	232	-3,164	135	+3,396m	+97m

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





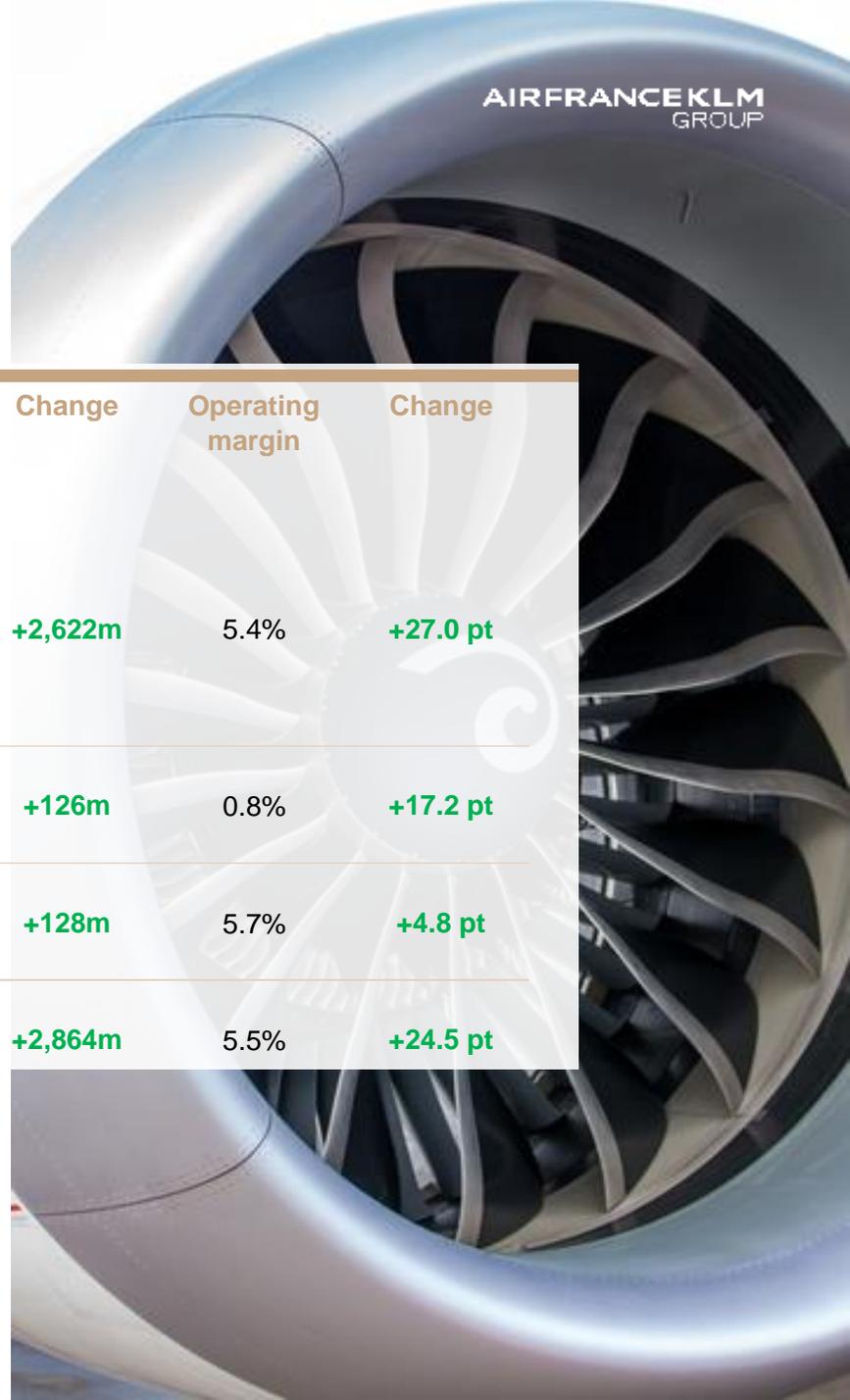
# 9M: All businesses showing a positive operating result

9M 2022 versus 9M 2021	Capacity <sup>(1)</sup>	Unit Revenue <sup>(2)</sup> Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change	
<b>Network</b>		<b>+48.7%</b>	<b>+69.8%</b>	13,896	<b>+155.3%</b>	894	<b>+2,622m</b>	5.4%	<b>+27.0 pt</b>
		<b>+17.8%</b> <sup>(3)</sup>	<b>-16.4%</b>	2,658	<b>+3.5%</b>				
<b>Transavia</b>		<b>+104.9%</b>	<b>+24.1%</b>	1,705	<b>+148.9%</b>	13	<b>+126m</b>	0.8%	<b>+17.2 pt</b>
<b>Maintenance</b>				984	<b>+29.4%</b>	147	<b>+128m</b>	5.7%	<b>+4.8 pt</b>
<b>Group</b>		<b>+54.3%</b>	<b>+35.8%</b>	19,264	<b>+103.3%</b>	1,060	<b>+2,864m</b>	5.5%	<b>+24.5 pt</b>

(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).

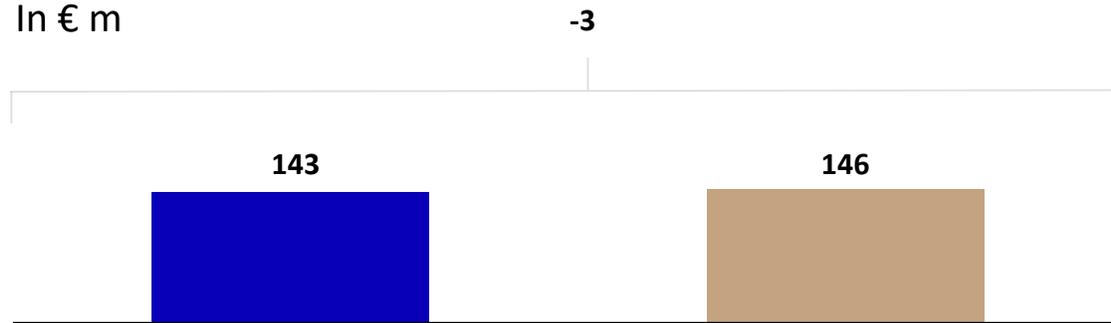
(3) Capacity of passenger aircraft used for cargo only, is based on theoretical payload without passengers





# Currency impact on operating result

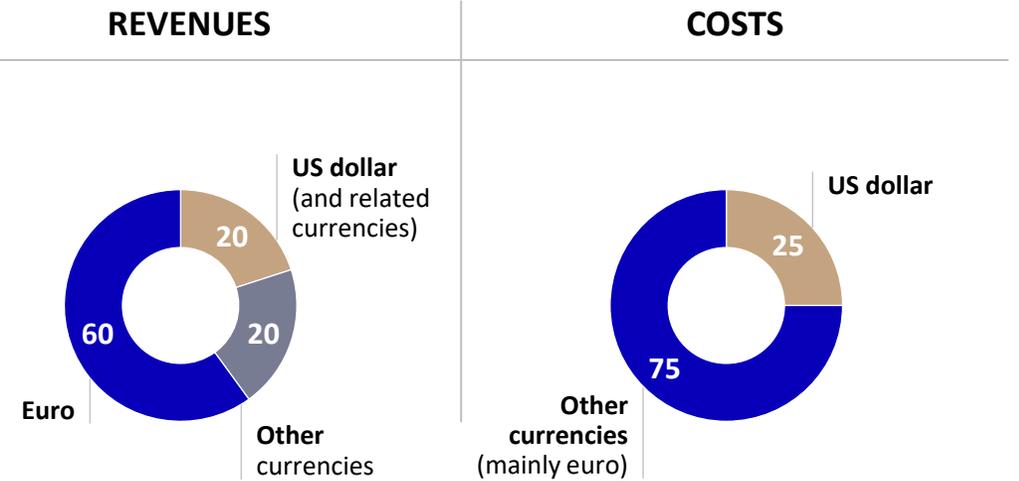
Currency impact on revenues and costs  
In € m



Q3 2022

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

## Revenues and costs per currency FY 2021

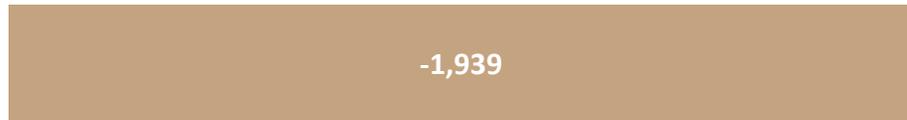




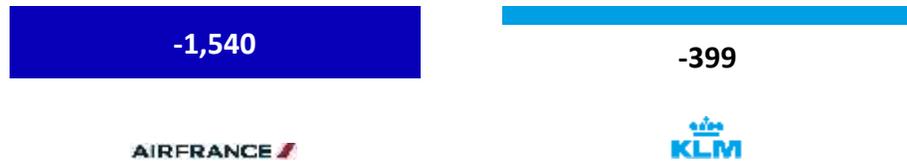
# Pension details as of September 30, 2022

In € m

Dec 31, 2021



Net balance sheet situation by airline



## Air-France

**France end of service benefit plan (ICS):** pursuant to French regulations and the company agreement, every employee receives an end of service indemnity payment on retirement (no mandatory funding requirement). ICS represents the main part of the Air France position

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

AIRFRANCE KLM GROUP

Sep 30, 2022



Net balance sheet situation by airline



## KLM Defined benefit schemes

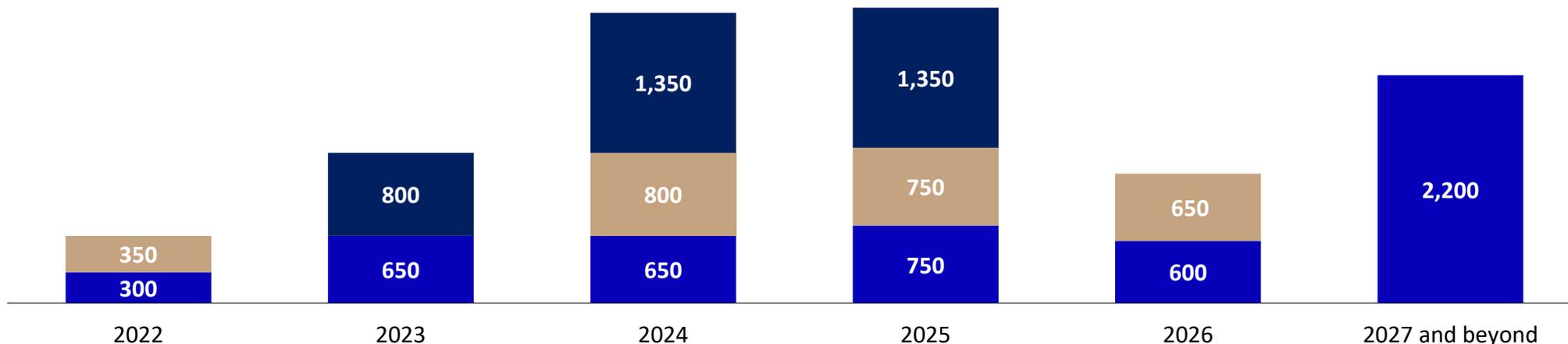
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# Debt redemption profile at 30 September 2022

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

In €m



### Bonds issued by Air France-KLM

#### October 2022:

AFKL 3.75% (€350m)<sup>2</sup>

#### March 2024:

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

#### January 2025

AFKL 1.875% (€750m)

#### December 2026:

AFKL 4.35% \$145m (€145m)

#### June 2024-26:

AFKL 3.0% €300m in 2024

AFKL 3.875% €500m in 2026

### French state aid package

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

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

### Other long-term Debt: AF and KLM

Secured Debt, mainly "Asset-backed"

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

(2) In October the AF-KLM bond 3.75% (€350m) has been fully redeemed

(3) In November 2022 the partial and early redemption of the "PGE" will change the redemption profile.