



Credit update

January 2026

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OUTLINE

Executive Summary

Introduction to Air France-KLM

Business Highlights

Q3 2025 Trading update

Key Credit Highlights

Conclusion

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EXECUTIVE SUMMARY

AIR FRANCE-KLM, AN INTERNATIONAL CARRIER OPERATING A WORLDWIDE DIVERSIFIED NETWORK

- ✓ Offering extensive worldwide connectivity to 320 destinations together with 59 airline partners
- ✓ Expanding global footprint by a majority stake in the Scandinavia based airline SAS to be taken in H2 2026
- ✓ Fleet renewal accelerating, share of next generation aircraft end of September 2025 is 32%

STRONG STRATEGIC EXECUTION AND AGILITY AMID CURRENT MACRO UNCERTAINTY

- ✓ Inbound market attractiveness remains strong
- ✓ Continuous strong demand from premium segment in first, business and economy cabin

SOLID FINANCING STRUCTURE WITH ONGOING SIMPLIFICATION OF THE BALANCESHEET

- ✓ Strong liquidity with cash at end of €9.5bn end of September 2025
- ✓ Solid financial structure with leverage at the low end of the targeted 1.5 to 2x range
- ✓ Redemption in 2025 of the first Apollo hybrid (€500m) and the Hybrid Convertible Bond (€300m), replaced by a new market hybrid (€500m)
- ✓ Aiming to further reducing the stock of subordinated instruments, simplifying our balance sheet and creating flexibility

AMBITION TO REACH INVESTMENT GRADE ON BOTH RATINGS AGENCIES IN 2026-2028 PERIOD

- ✓ Continuous transformation throughout the company to structurally control cost
- ✓ Ongoing premiumization of the cabins driving up unit revenues

WITH A STRONG FOCUS ON CONTINUOUS CASH FLOW IMPROVEMENT

- ✓ Driven by EBITDA improvement
- ✓ Controlled capex mainly for fleet renewal and disciplined M&A
- ✓ YTD September 2025 recurring adjusted operating free cash flow improved by €700m vs last year
- ✓ Exceptionals (deferred social charges, wage tax and cargo claim) cash outflows ending in 2027
- ✓ Ambition to deliver significant positive adjusted operating free cash flow in the next years



SECTION 1: INTRODUCTION TO AIR FRANCE-KLM

AIR FRANCE-KLM IS A EUROPEAN CHAMPION

 98m Passengers Carried	 911k Tons of Cargo	 320 Destinations
 564 Aircraft	 3,000 Aircrafts Maintained for 200+ Airline Customers	 90 Countries Served


Powerful Partnerships



Key Financial Metrics

€31.5bn FY2024 Revenues (+4.8% vs. 2023)	€1.6bn FY2024 Operating Result (5.1% Op. Margin)	€0.3bn FY2024 Recurring Adj. Operating FCF
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Sustainability Leader



 Score B for Climate confirmed	 Gold medal recognition, top 97 th percentile	 Prime status confirmed
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27% new generation aircraft as per 31 December 2024

Solid Liquidity and Leverage Position

€9.4bn Cash at hand at FY2024	1.7x Leverage Ratio (Net Debt/EBITDA)	1.5x – 2.0x Ambition
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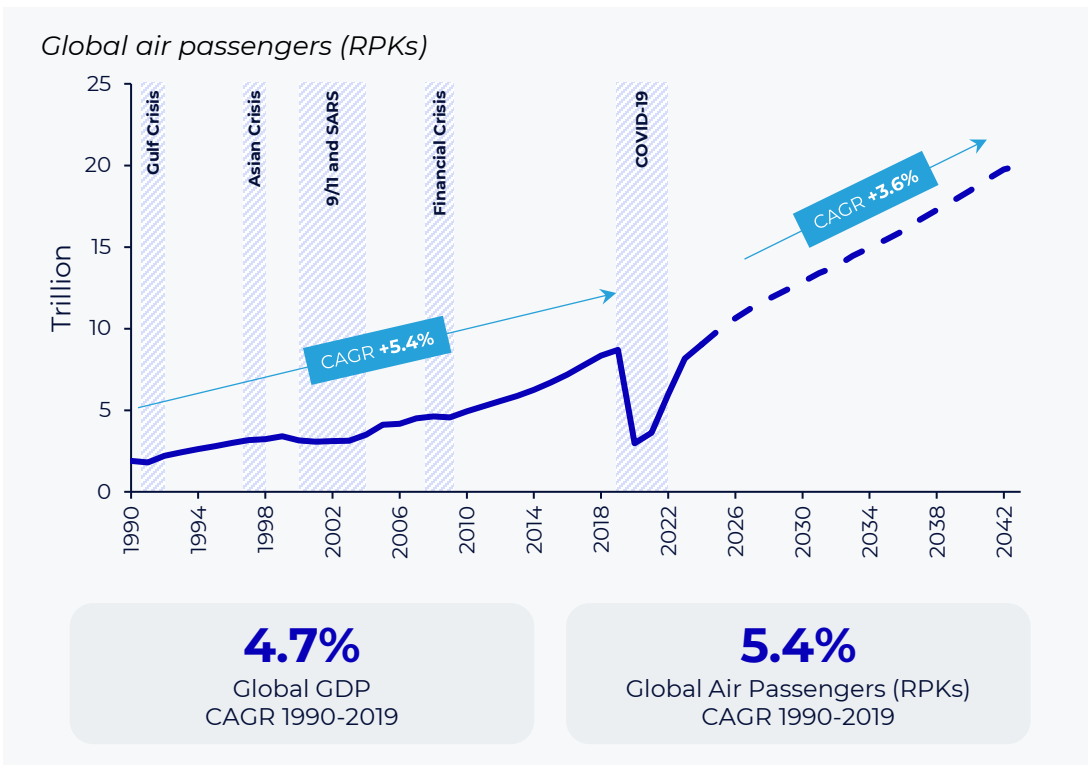
Strengthened credit profile
ratings reconfirmed in 2025

	'BBB-'/Stable
	BB+/Stable

Strong diversified network and financial performance supported by unique brands and customer proposition

THE AIR TRANSPORT INDUSTRY HAS PROVEN ITS RESILIENCE

Passenger traffic growth remains structurally above GDP over the long term



Steadiness despite evolving market conditions



The air transport industry has demonstrated its **ability to withstand crises**, with long term growth rebounding swiftly



Post-Covid traffic recovery with 2024 surpassing pre-pandemic levels



Resilience reinforced by strong fundamentals such as **global growth, urbanization and rising middle class income**



Air traffic growth expected to exhibit structurally higher growth than GDP, averaging ~3.6% annually from 2027-2043 (vs. 2.6% world GDP growth)



SECTION 2: BUSINESS HIGHLIGHTS

KEY DIFFERENTIATORS AND STRATEGIC HIGHLIGHTS OF AIR FRANCE-KLM

1	Extensive and diversified network footprint supported by strong airline partnerships	»»	320 DESTINATIONS	59 CODE SHARE PARTNERS
2	Fleet simplification strategy delivering strong environmental and financial benefits	»»	5-6 AIRCRAFT FAMILIES BY 2030	<i>Up to</i> 80% NEW GEN AIRCRAFT BY 2030
3	Scaled and growing customer loyalty program underpinning customer stickiness and revenue visibility	»»	30M FLYING BLUE MEMBERS	52% OF PASSENGER REVENUES GENERATED BY FLYING BLUE
4	Well-positioned to benefit from structural airline industry tailwinds	»»	+12% PREMIUM REVENUE VS. 2023	+24% ANCILLARY REVENUES VS. 2023

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

AIRFRANCE  from CDG



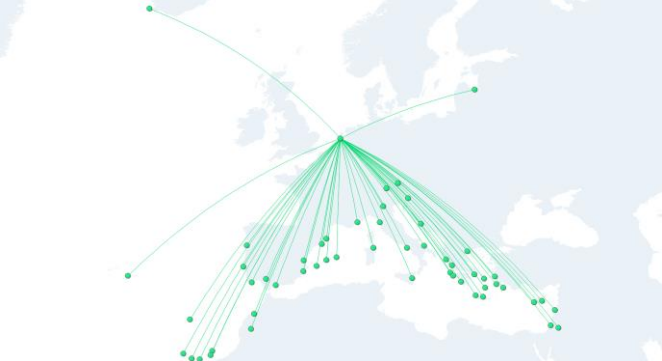
 from AMS



 transavia from ORY



 transavia from AMS



190
Air France destinations from CDG

167
KLM destinations from AMS

150
Transavia destinations from ORY
and AMS

AIR FRANCE-KLM PURSUES ITS FLEET SIMPLIFICATION EFFORTS

AIRFRANCE

Target fleet composition in 2030

777-300ER LONG-HAUL	
	
A350-900 LONG-HAUL	A350-F AIRFRANCE CARGO
	
A220-300 MEDIUM-HAUL	E170/190 AIRFRANCE HOP
	

+ replacement aircraft for A320/A321

End 2019: **11 aircraft families**

▼

End 2030 target: **5/6 aircraft families**

KLM

Target fleet composition in 2030

777 LONG-HAUL	A320/321neo MEDIUM-HAUL
	
787 LONG-HAUL	A350-F KLM CARGO
	
A350 LONG-HAUL	EMB-E1/E2 KLM Cityhopper
	

End 2019: **6 aircraft families**

▼

End 2030 target: **5 aircraft families**

transavia

Target fleet composition in 2030

A320/A321neo


End 2019: **1 aircraft family**

▼

End 2030 target: **1 aircraft family**

AIR FRANCE-KLM FLEET STRATEGY DELIVERS STRONG ENVIRONMENTAL AND FINANCIAL BENEFITS



60

A220 family firm orders for:



-10%

Unit costs¹

-20%

CO₂ emissions¹

% of new generation aircraft²



100

A320neo family firm orders for:



-10%

Unit costs¹

-15%

CO₂ emissions¹

5%

2019

27%

2024



99

A350 family² firm orders for:



-15%

Unit costs¹

-25%

CO₂ emissions¹

64%

2028

Up to 80%

2030



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

SCALED AND GROWING CUSTOMER LOYALTY PROGRAM UNDERPINNING CUSTOMER STICKINESS AND REVENUE GENERATION

Flyingblue
AIRFRANCE KLM

Best airline loyalty program

According to **points.me**, grading program the highest score "Great" on 5 out of 7 criteria

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

AIRFRANCE



transavia

...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 **12 co-branded cards ("CBC")**



100+ commercial partners spread over the world

Agreement to extend the global strategic partnership with American Express until September 2033



€811m

FY2024 Revenue



24.7%

FY2024 Operating margin



30m

members worldwide¹



52%

Revenue generated by the loyalty program²



5 sec

1 new member every 5 seconds



16m





Active members³



1) As of April 2025

2) Share of AF and KLM passenger revenue generated by the loyalty program

3) Defined as member having earned or redeemed Miles over past 36 months

WELL-POSITIONED TO BENEFIT FROM STRUCTURAL AIRLINE INDUSTRY TAILWINDS

Themes	Description and implications	Proof points 2024 vs. 2023	Impact
Global Shift Towards “Premiumization”	<ul style="list-style-type: none"> Rising customer demand for enhanced comfort and service quality Implication: Solid momentum in premium & direct sales 	<p>+12% Increase in premium revenue</p>	
Corporate Traffic Growth in Line with Group Capacity	<ul style="list-style-type: none"> Corporate traffic combined with premium leisure traffic improving load factor in premium cabins Implication: Corporate traffic contributes with significant higher yield value than non-corporate 	<p>+4% Increase in corporate revenue</p>	
Ancillary Revenue Upside	<ul style="list-style-type: none"> Stronger monetisation push driving growth in ancillary revenues Implication: Increased capture of customer wallet share 	<p>+24% Increase in ancillary revenue</p>	
Digitalization	<ul style="list-style-type: none"> Increased adoption of digital and AI in customer journey Implication: Acceleration of digital engagement and personalisation 	<p>+11% Increase in online direct sales</p>	

 Strong tailwind
  Moderate tailwind

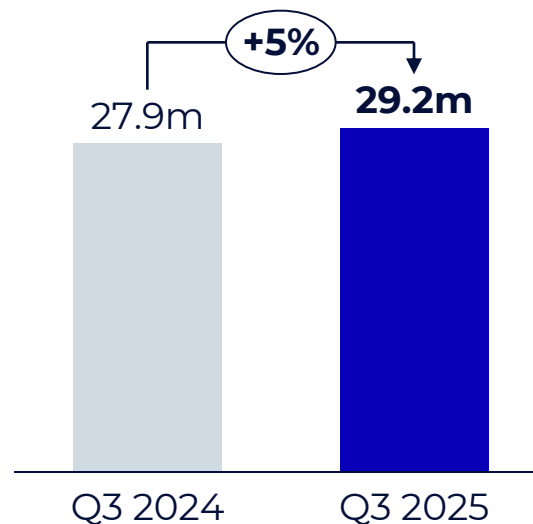


SECTION 3: Q3 2025 TRADING UPDATE

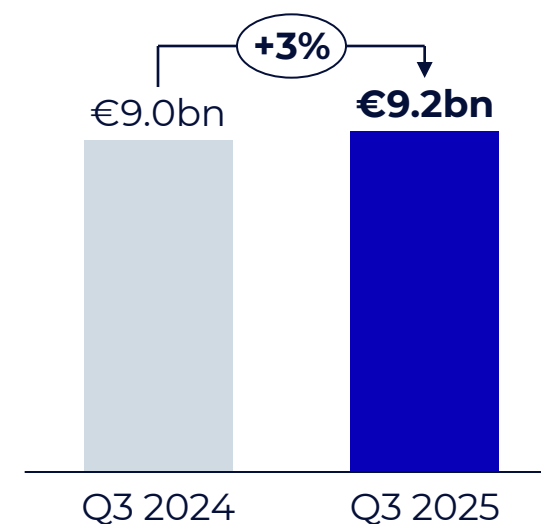
Q3: STABLE OPERATING MARGIN

- **Revenues up 3%**, versus last year, with passenger network unit revenue +0.5%¹, strong premium cabins performance and solid contribution from maintenance.
- **Unit cost increase moderating to +1.3%**, coming down as expected, despite increase in ATC and Airport charges.
- **Operating result improvement, up €23m** compared to Q3 2024, to **€1,203m**.
- **Leverage ratio at 1.6x.**
- **Strong YTD recurring adjusted operating free cash flow at €0.7bn**, up €0.7bn compared to YTD September 2024.
- **Fleet renewal accelerating**, +8pts YoY, with 32% next generation aircraft.

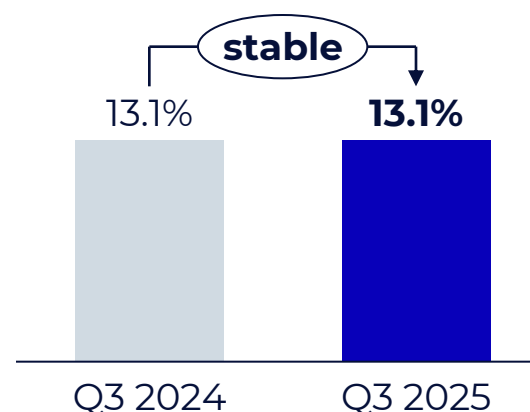
Passengers carried



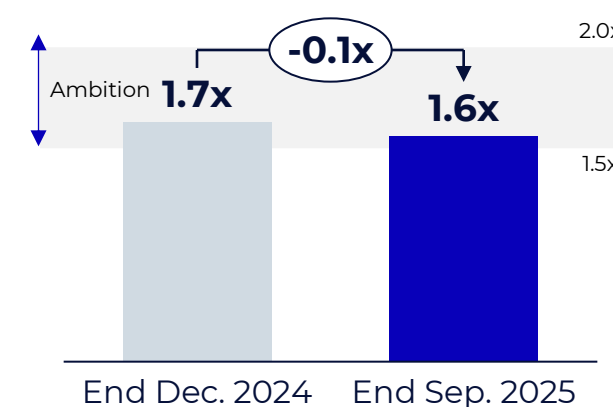
Group revenues



Operating margin



Leverage² Ratio

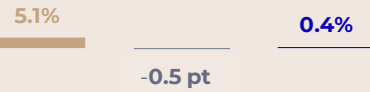


1) At constant currency
2) Net debt/Current EBITDA

UNIT REVENUE DEVELOPMENT AGAIN STRONG IN PREMIUM CABINS

Q3 2025 vs Q3 2024

Total
89%



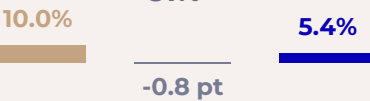
First & Business¹

77%



Premium Economy¹

81%



Economy¹

91%



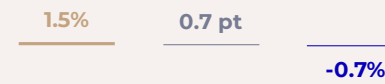
Total Long-Haul

89%



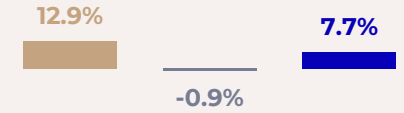
Short & Medium-Haul¹

86%



Transavia

88%



North America

89%



Caribbean & Indian Ocean

88%



Asia & Middle East

90%



Latin America

91%



Africa

88%



¹) Air France-KLM Passenger network, excluding Transavia

■ ASK

■ Load factor change

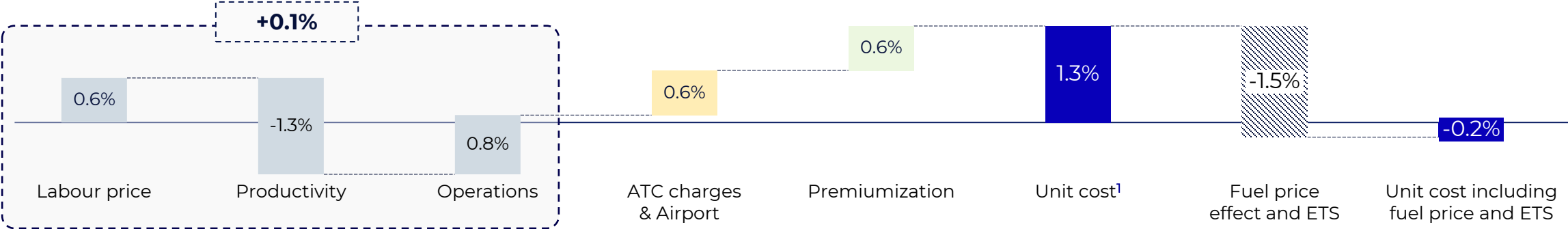
■ Yield ex currency

xx% Actual Load factor

UNIT COST UP 1.3%, AT THE LOWER END OF THE FULL YEAR GUIDANCE

Q3 Unit cost per ASK evolution

In % year-over-year



ATC charges & Airport, mainly driven by the 41% tariff increase at Schiphol

Unit cost up due to Premiumization of the cabin driving unit revenue gains

1) At constant fuel price including SAF, constant currency and excluding Emission Trading Scheme cost (ETS) against 2024

OUTLOOK 2025 RECONFIRMED

FY 2025

Group Capacity

+4-5% vs. 2024

Unit cost¹

Low single digit increase

Net Capex (c.80% fleet/fleet related)

€3.2 - €3.4bn

Net Debt/Current EBITDA

Between 1.5x and 2.0x



1) At constant fuel price including SAF, constant currency and excluding Emission Trading Scheme cost (ETS) against 2024

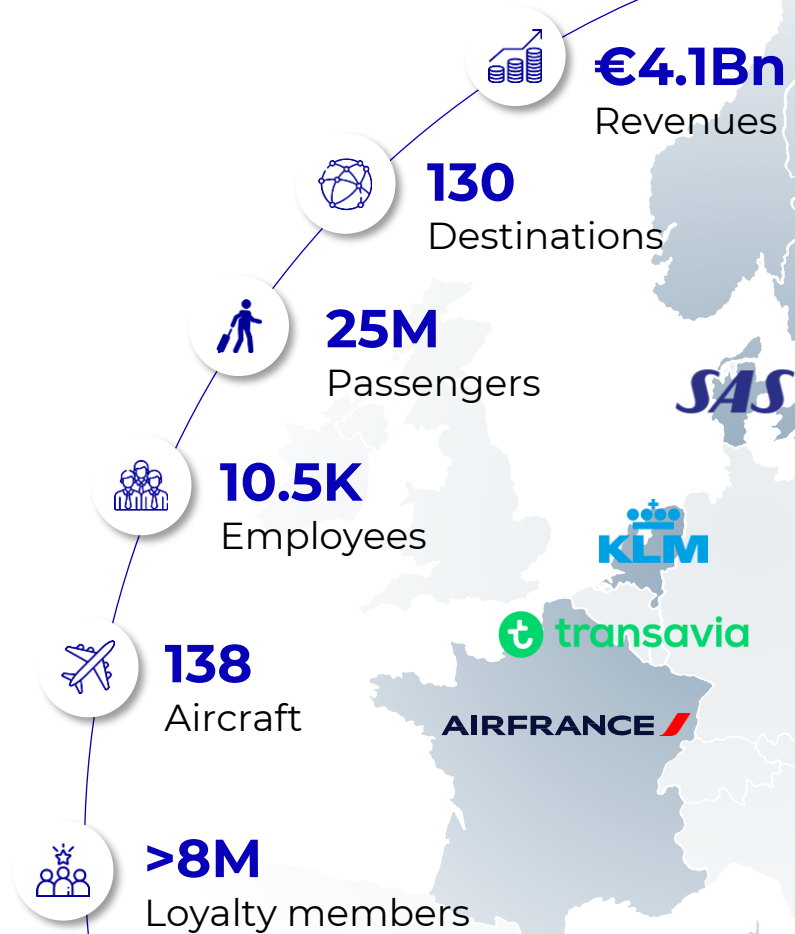
AIR FRANCE-KLM TO TAKE A MAJORITY STAKE IN SAS IN H2 2026

19.9%

60.5%

Intention to acquire the stakes held by Castlelake and Lind Invest¹

¹. Subject to EU approval





SECTION 4: KEY CREDIT HIGHLIGHTS

AIR FRANCE-KLM KEY CREDIT HIGHLIGHTS IN MOTION



1

Navigated well through the pandemic and **emerged with improved figures with sustained Operating margin growth** through **operational discipline and transformation initiatives**

2

Improving free cashflow generation supporting **strong liquidity position**

3

Leverage at 1.6x¹ Net Debt/EBITDA, in line with targets and supporting **Investment Grade ambition**

4

Credit ratings illustrating our **ongoing transformation** and an **improved financial structure**

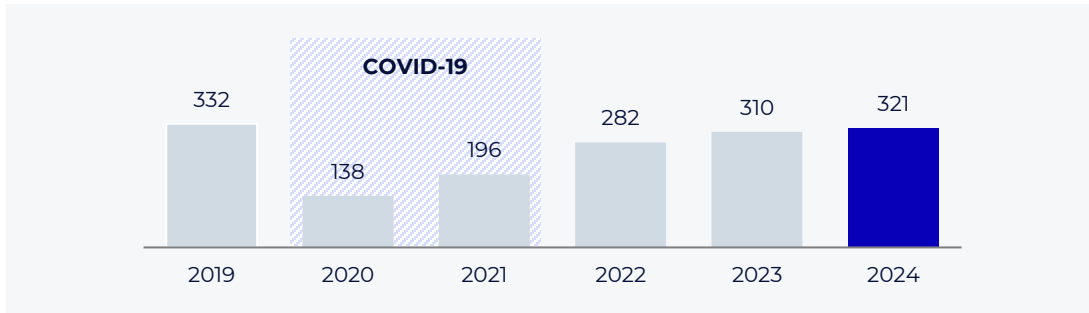
5

Ambitious **medium-term targets**

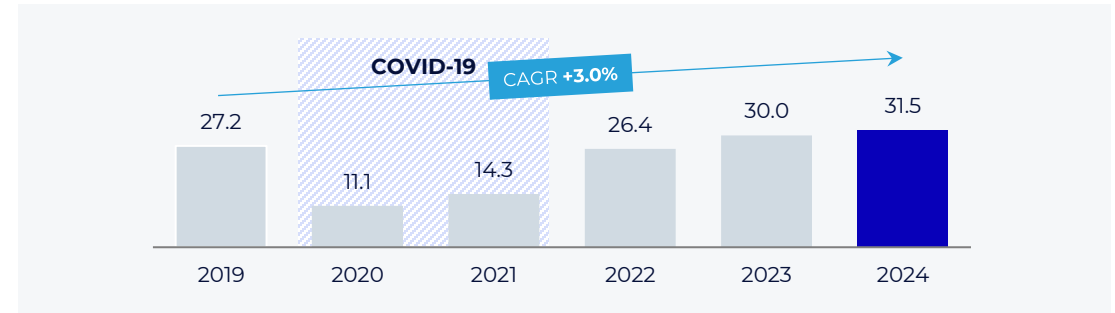
1) As of end of September 2025

1 NAVIGATED WELL THROUGH THE PANDEMIC AND EMERGED WITH IMPROVED FIGURES

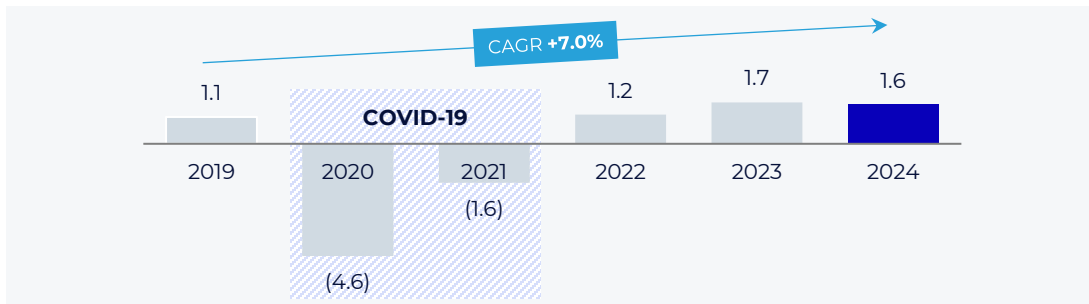
Capacity (m ASKs)



Revenue (€bn)



Operating Profit (€bn)



Net Debt / EBITDA (x)

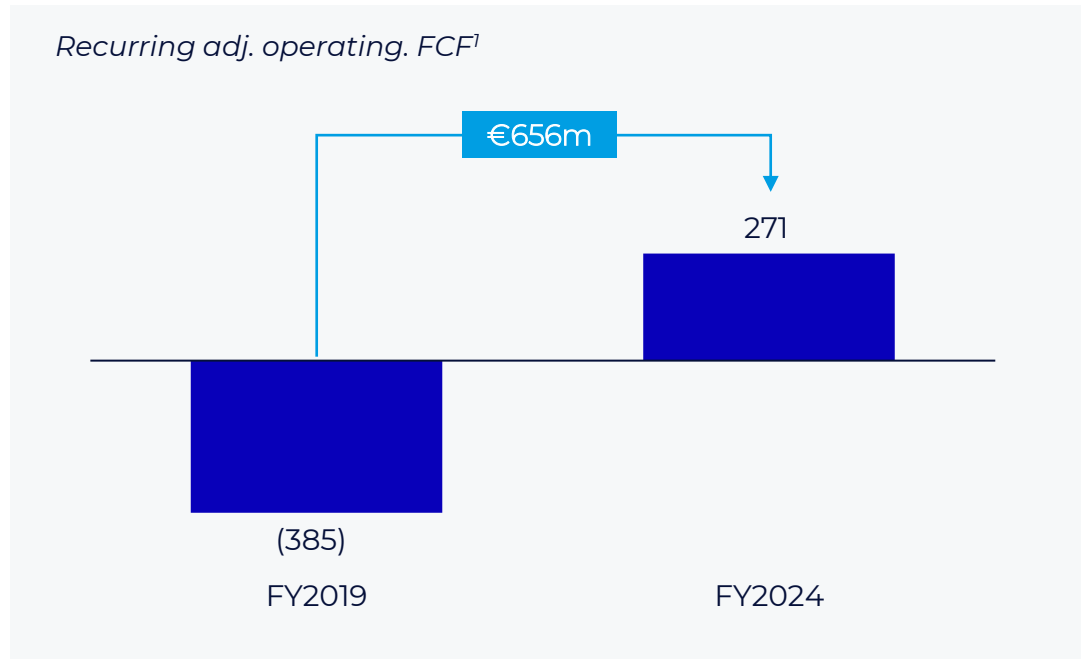


Air France-KLM has delivered revenue growth and profitability through the cycle with leverage in the target range

Note: CAGR for Passenger Carried shown since 2020. n/m = not meaningful.

2 IMPROVING FREE CASHFLOW GENERATION SUPPORTING STRONG LIQUIDITY POSITION

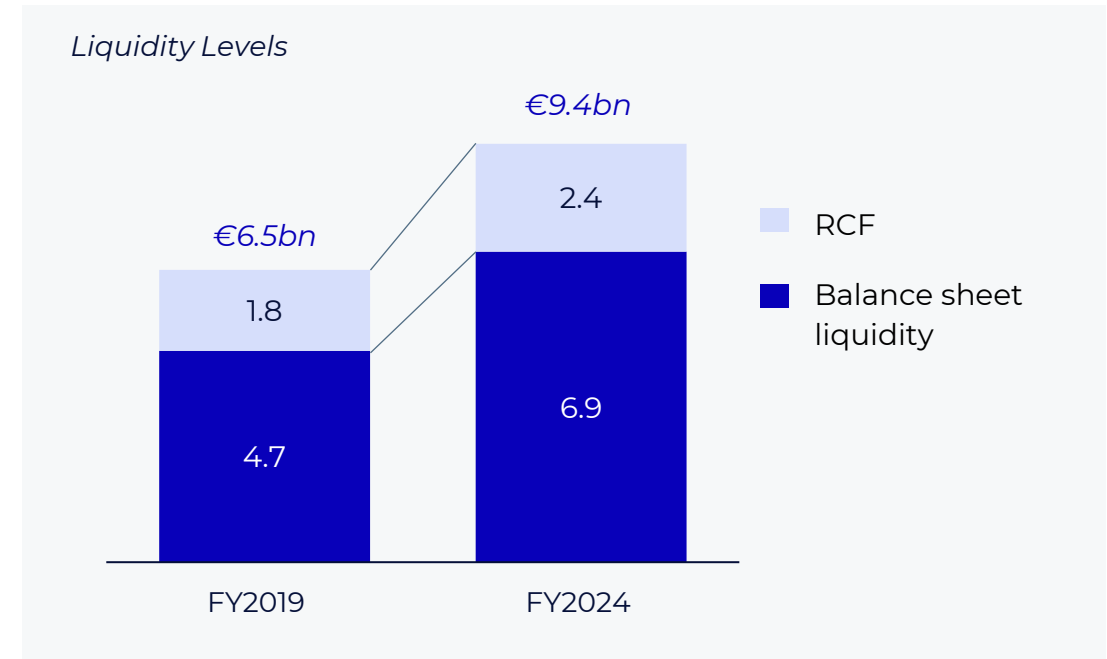
Improvement in operating free cash flow



Achieved positive recurring adjusted FCF in 2024 despite headwinds impacting operating margin

1) Operating free cash flow post exceptionals and payment of lease debt and net interest

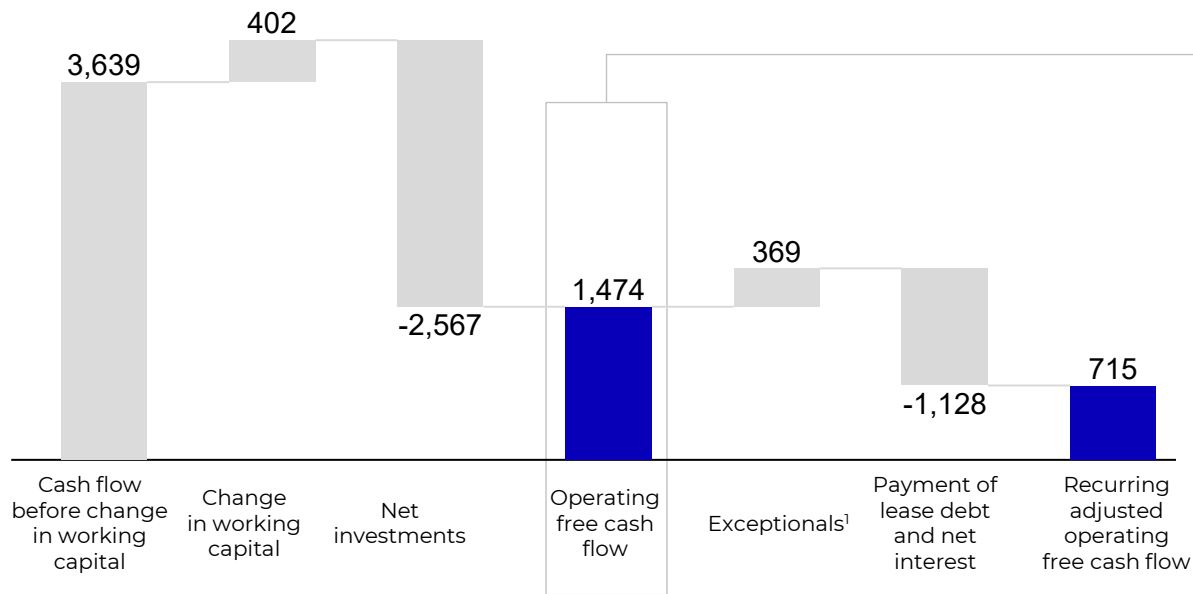
Solid Liquidity level



Targeted liquidity level: c.€6-8bn

3 STRONG OPERATING FREE CASH FLOW

9-months 2025 Free cash flow evolution (In € m)



Operating free cash flow: €1,474m vs. €28m in 9m 2024

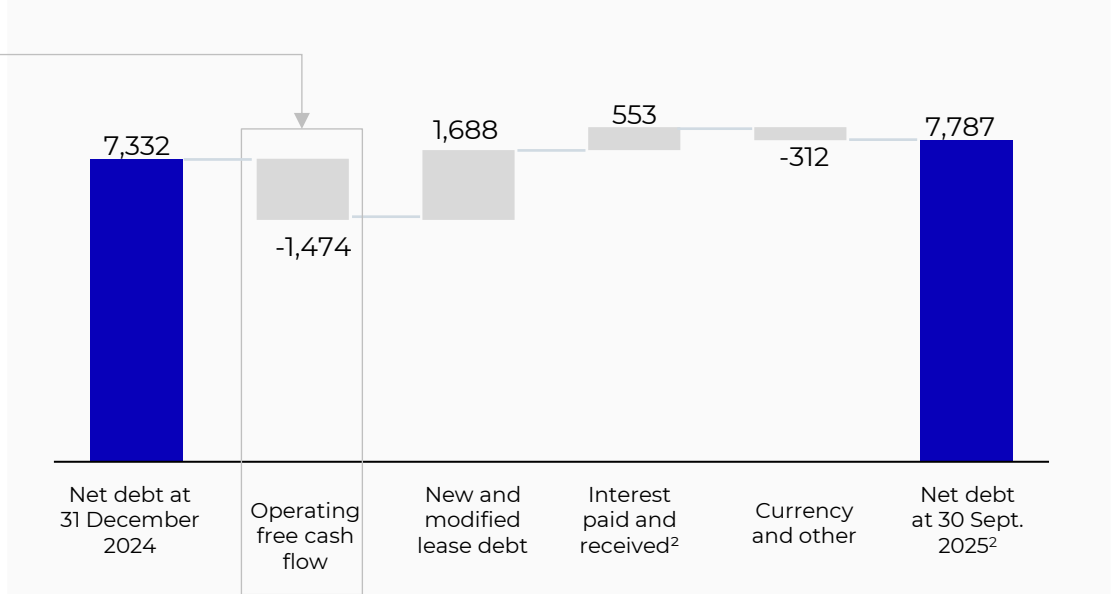
Change in working capital negatively impacted by €369m deferred social charges and wage taxes ('exceptionals')

Recurring adjusted operating FCF: €715m vs. €23m LY. Improvement driven by EBITDA.

Adjusted operating free cash flow = recurring adjusted operating free cash flow corrected for exceptionals

1) Deferred social charges & wage taxes inherited from the pandemic
 2) Including hybrid coupons

9-months 2025 Net debt evolution (In € m)



Net debt broadly stable when excluding €369m exceptionals impact

New and modified lease debt 75% of the increase linked to the phase-in of new generation aircraft

BALANCE SHEET MANAGEMENT DRIVING FINANCIAL COST DOWN



Leverage ratio¹ at 1.6x at end-September 2025



Cash at hand at €9.5bn well above targeted liquidity level **between €6bn and €8bn**



Successful €0.5bn 5-year senior bond issuance in August with 3.75% fixed annual coupon



Ongoing simplification of AF-KLM balance sheet,

- Strategy to **reduce the stock of subordinated instruments in our balance sheet**
 - Redemption in July of the perpetual bonds (€0.5bn) issued by an ad hoc operating affiliate of Air France owning spare engines to Apollo (*coupon: 6.0%*)
 - Announcement in October of **full redemption² of Hybrid Convertible Bond** on November 24
- **Net result generation** to further strengthen the balance sheet



1) Net debt/Current EBITDA

2) It is hereby reminded that holders of the HC Bonds retain the right to exercise their entitlement to receive new and/or existing Air France-KLM shares, in accordance with Article 2.2

4

CREDIT RATINGS 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

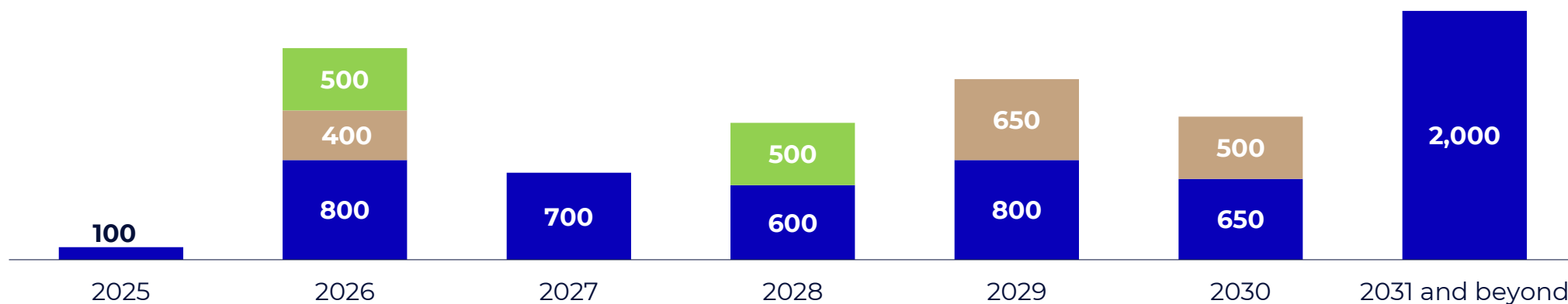
- Issuer Credit Rating of **'BB+'/Stable**
- Senior Unsecured Notes rating of **'BB+'**



DEBT REDEMPTION PROFILE AT 30 SEPTEMBER 2025

Debt reimbursement profile⁽¹⁾

In €m



Bonds issued by Air France-KLM

June 2026:
AFKL 3.875% (€300m, initially €500m)

December 2026:
AFKL 4.35% \$145m

May 2029:
AFKL 4.625% (€650m)

Aug 2030:
AFKL 3.75% (€500m)

Other long-term Debt: AF and KLM Secured Debt, mainly "Asset-backed"

Sustainability-Linked Bonds

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

(1) Excluding operating lease debt payments, KLM perpetual debt, Air France perpetual quasi-equity, accrued interest and sale and repurchase agreements for CO₂ quotas

5 AIR FRANCE-KLM'S OUTLOOK FOR THE 2026-2028 PERIOD

The infographic consists of four vertical white panels with blue icons at the top, set against a background of an airplane in flight. The first panel on the left features a percentage icon and the text 'Operating margin' and 'Above 8%'. The second panel features a Euro symbol icon and the text 'Adj. Operating free cash flow' and 'Significantly positive'. The third panel features a price tag icon and the text 'Unit cost¹' and 'Reduction'. The fourth panel on the right features a bank building icon and the text 'Leverage' and 'Investment Grade'.

Metric	Outlook
Operating margin	Above 8%
Adj. Operating free cash flow	Significantly positive
Unit cost ¹	Reduction
Leverage	Investment Grade

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



CONCLUSION

TO CONCLUDE

WELL POSITIONED TO BENEFIT FROM AIR TRAFFIC GROWTH

- ✓ Strong recognized brands and Loyalty program
- ✓ Diversified passenger network and modern fleet
- ✓ Mature Cargo and Maintenance businesses
- ✓ Expanded global footprint (ongoing proceedings to take majority stake in SAS)

STRONG STRATEGIC EXECUTION

- ✓ Continuous transformation throughout the company to structurally control cost
- ✓ Ongoing premiumization of the cabins driving up unit revenues

AGILITY AMID CURRENT MACRO UNCERTAINTY

- ✓ Strong inbound market attractiveness
- ✓ Strong demand from premium segment in first, business and economy cabin
- ✓ Driving profitability growth and improved cash flow

SOLID FINANCIAL STRUCTURE

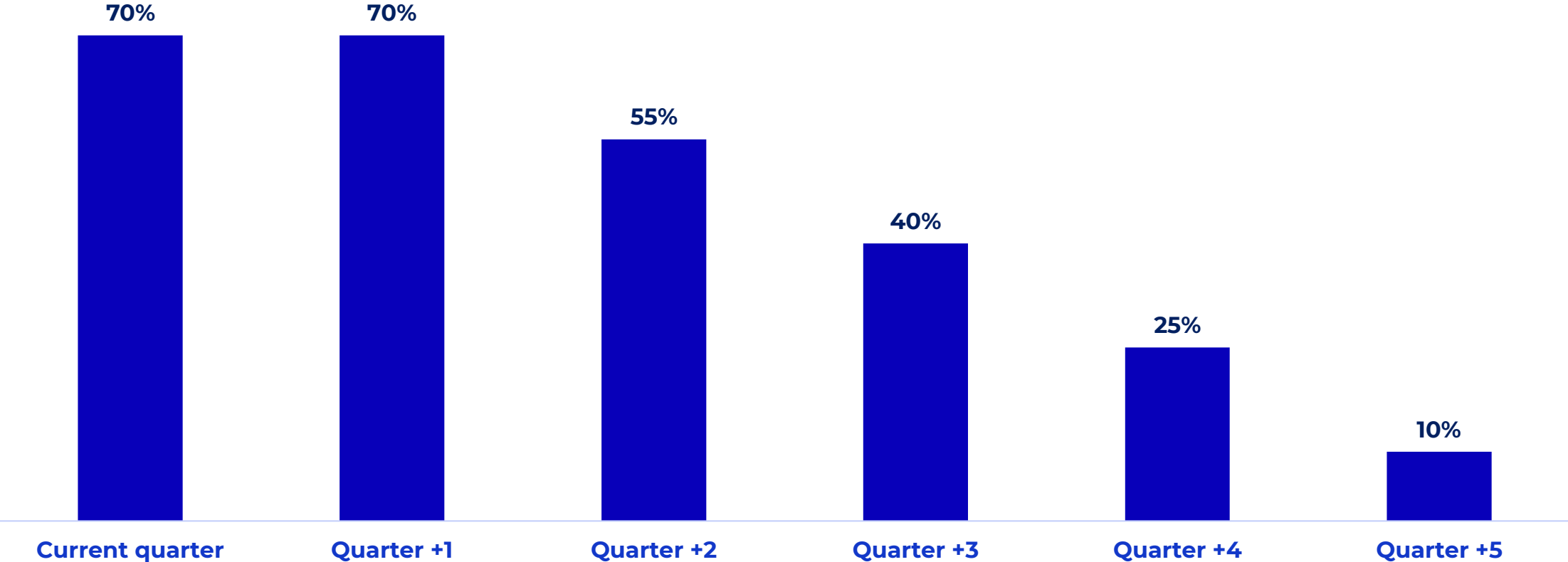
- ✓ Reduced the stock of hybrid instruments by €300m in 2025 and intend continuing to reduce in 2026
- ✓ Simplifying our balance sheet
- ✓ Maintaining a solid liquidity level
- ✓ Further strengthening AF-KLM's rating profile





APPENDICES

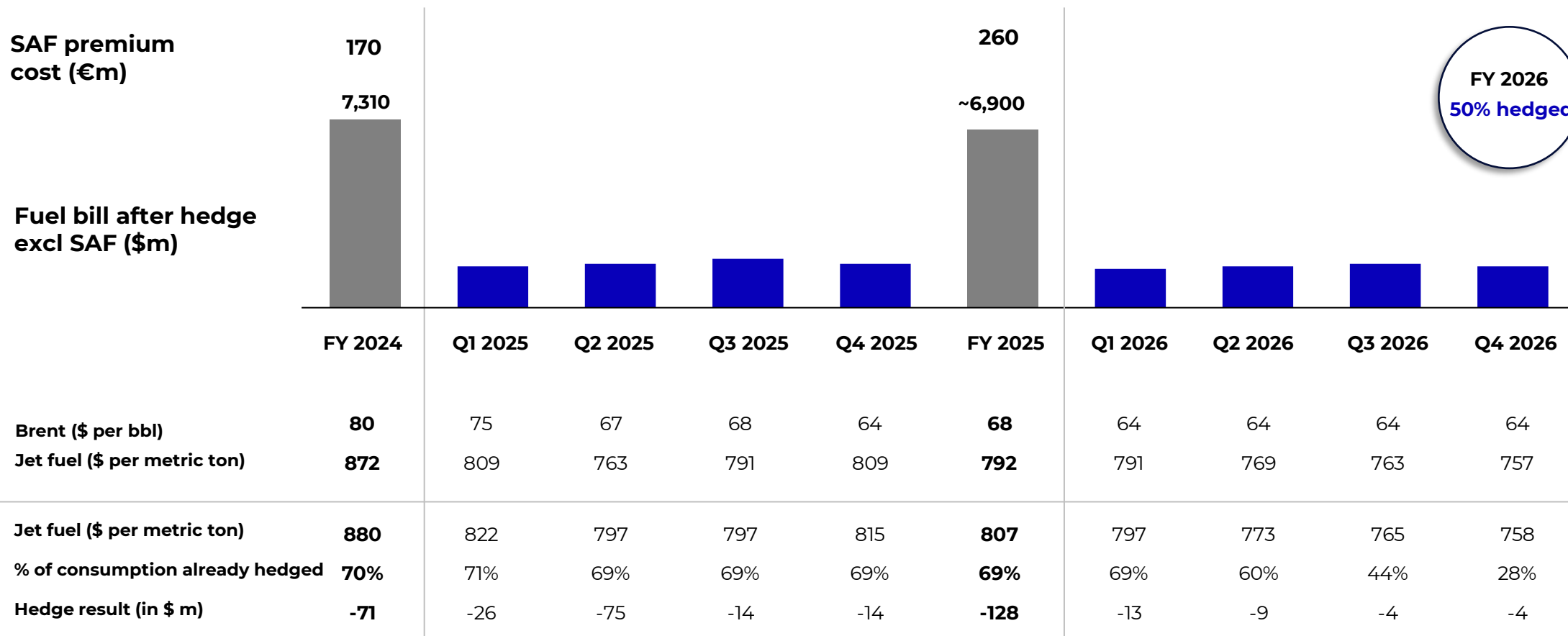
ROLLING FUEL HEDGING POLICY¹



1) At the beginning of the quarter

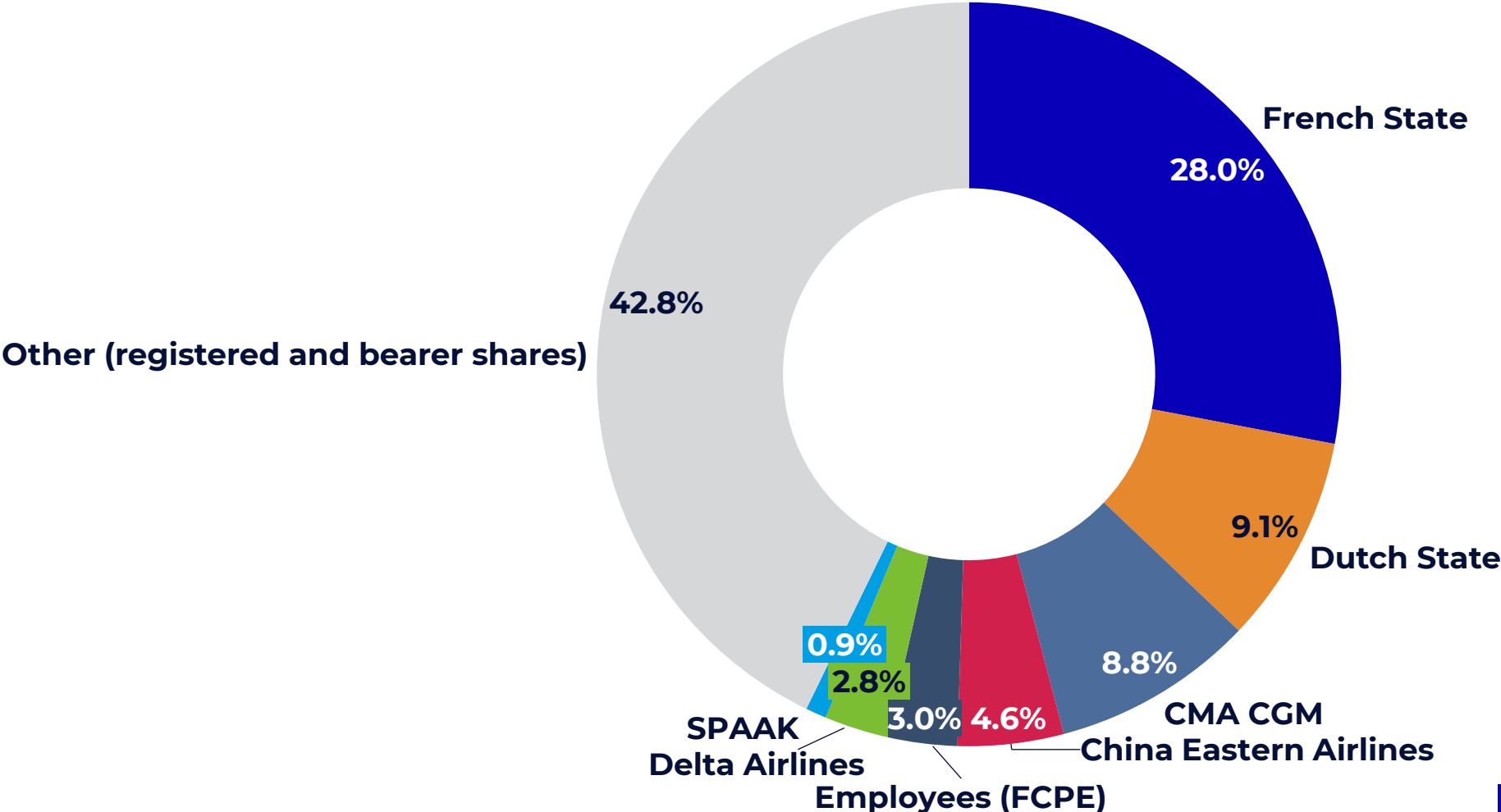
HEDGING STRATEGY REDUCES 2025 FUEL BILL AMID CAPACITY GROWTH

70% HEDGED IN 2025 AND 50% IN 2026



Based on forward curve at 3rd November 2025.
Jet fuel price including into plane cost, excluding SAF premium.

SHAREHOLDING STRUCTURE AS OF 30 JUNE 2025





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