Results presentation

Results at 31 March 2020

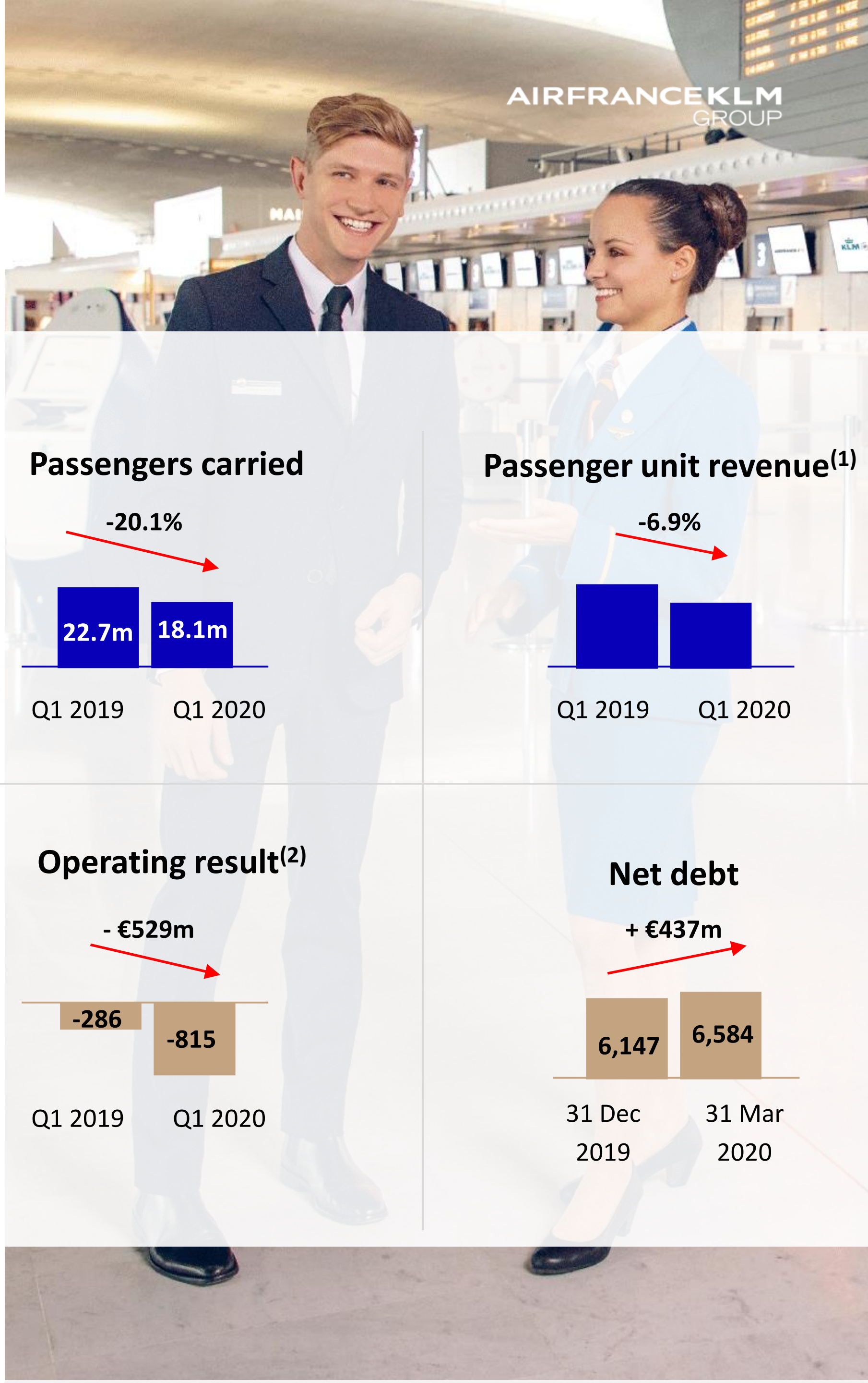
7 May 2020

Q1 2020 highlights

Benjamin Smith
Chief Executive Officer
Air France-KLM

Good performance in January and February, March strongly hit by Covid-19

- A strong start in January/February:
  - ✓ Passenger unit revenue up 0.8%
  - ✓ Group unit cost down 1.6% , at constant fuel and currency
- Acceleration of the Covid-19 crisis at the end of February, strongly impacting March 2020:
  - ✓ Capacity drop of-35%, and decline in load factor by 20pts
  - ✓ Group unit cost up 17% in March 2020
- A quick reaction of the Group with emergency measures, air bridge medical Cargo and repatriation flights and cash preservation measures
- Both French and Dutch states committed to importance of aviation industry and confirmed their support to the Group strategic directions, and environmental goals



(1) Passenger Unit Revenue (RASK) = (Network Passenger traffic revenues + Transavia traffic revenues) / (Network Passenger ASK +Transavia ASK), at constant currency

(2) 2019 results restated for LLP componentization accounting change and EU passenger compensation reclassification between revenues and external expenses

Results at 31 March 2020

Frédéric Gagey
Chief Financial Officer
Air France-KLM

Q1 2020 revenues down €922m and operating result down €529m, entirely caused by March 2020 operating result at - €560m

AIRFRANCEKLM GROUP

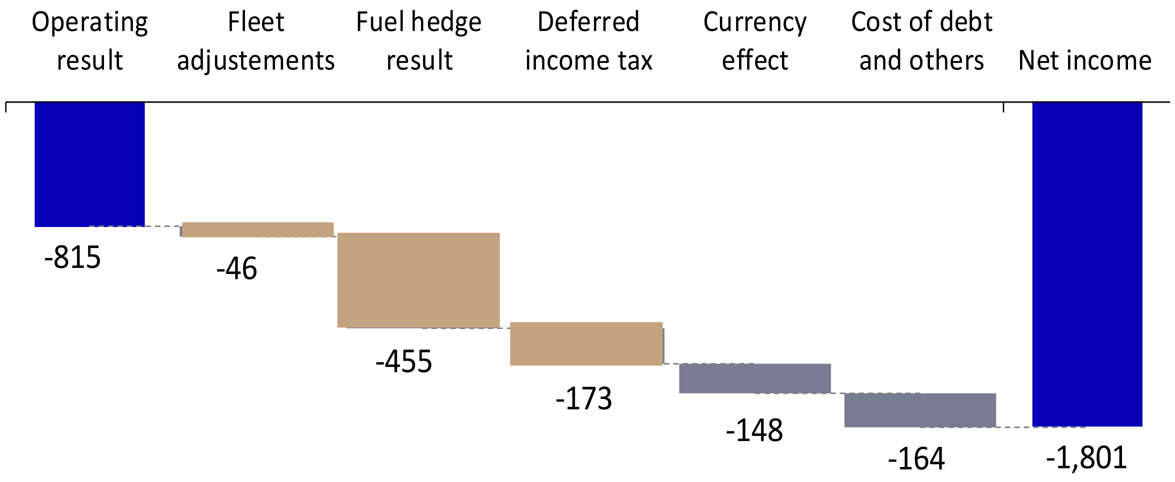
	Q1 2020	Q1 2019	Change	Change *at constant currency*
Revenues (€ m)	**5,020**	5,942	-922m	-992m
Fuel expenses (€ m)	**1,185**	1,201	-16m	+21m
EBITDA (€ m)	**-61**	443	-504m	-542m
Operating result (€ m) (1)	**-815**	-286	-529m	-567m
Operating margin	**-16.2%**	-4.8%	-11.4 pt	-12.1 pt
Net income - Group part (€ m) (2)	**-1,801**	-324	-1,477m	
Adjusted operating free cash flow (€ m)	**-825**	241	-1,066m	
ROCE *12 months sliding* (3)	**5.0%**	9.9%	-4.9 pt	

	31 Mar 2020	31 Dec 2019	Change
Net debt (€ m)	**6,584**	6,147	+437m
Net debt/EBITDA *12 months sliding*	**1.8x**	1.5x	+0.3x

(1) 2019 results restated for LLP componentization accounting change and EU passenger compensation reclassification between revenues and external expenses
(2) See page 6 of this presentation for further details
(3) The definition of ROCE has been revised to take into account the seasonal effects of the activity, see detail in press release

Q1 2020 net income including ~-€650m of Covid-19 exceptional accounting items

Q1 2020 Net income evolution



(1) As per decision announced in July 2019: impact of early phase-out of Airbus 380 aircraft is estimated at around €400m spread over period until 2022, €25m per quarter

Exceptional accounting items:

Fleet adjustments -€46m :
Impairment on 8 Boeing 747s -€21m
Accelerated depreciation on Airbus 380 -€25m[1]

Impact of fuel "Over hedge" -€455m:
As a result of capacity reductions and lower fuel consumption forecasts, the Group is in a position of over-hedging. The change in fair value, initially recognized in equity, has been recycled to "Other financial income and expenses"
(end March 2020 estimate for the remainder of 2020)

Deferred income tax:
Following the current COVID-19 crisis, the perspectives of recoverability within the seven years horizon have been downward revised leading to a write-off of €311 million of deferred tax assets for tax losses compared to the opening position of the fiscal year 2020 at the level of the French Tax.

Covid-19 crisis impacting all businesses

Q1 2020

		Capacity (1)	Unit Revenue (2) Constant Curr.	Revenues (€ m)	Change (3)	Operating result (€ m)	Change (3)	Operating margin	Change (3)
Network	AIRFRANCE KLM AIRFRANCE HOP	-10.5%	-8.1%	4,278	-16.7%	-729	-468m	-17.0%	-12.0 pt
	AIRFRANCE KLM Martinair CARGO	-7.8%	-10.0%						
Transavia	transavia	-16.0%	+13.1%	242	-1.6%	-82	-12m	-33.8%	-5.2 pt
Maintenance	AIRFRANCE INDUSTRIES KLM Engineering & Maintenance			493	-11.0%	-3	-48m	-0.3%	-4.1 pt
Group	AIRFRANCEKLM GROUP	-11.0%	-6.9%	5,020	-15.5%	-815	-529m	-16.2%	-11.4 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).

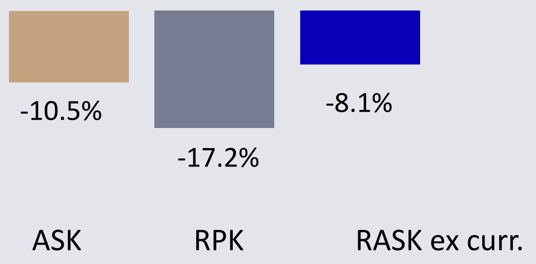
(3) 2019 results restated for LLP componentization accounting change and EU passenger compensation reclassification between revenues and external expenses

Passenger Network: Good start in January and February,
Q1 2020 down due to Covid-19 impact in March

Q1 2020:

Reduction of capacity and unit revenues down in all markets due to Covid-19 impact acceleration in March 2020

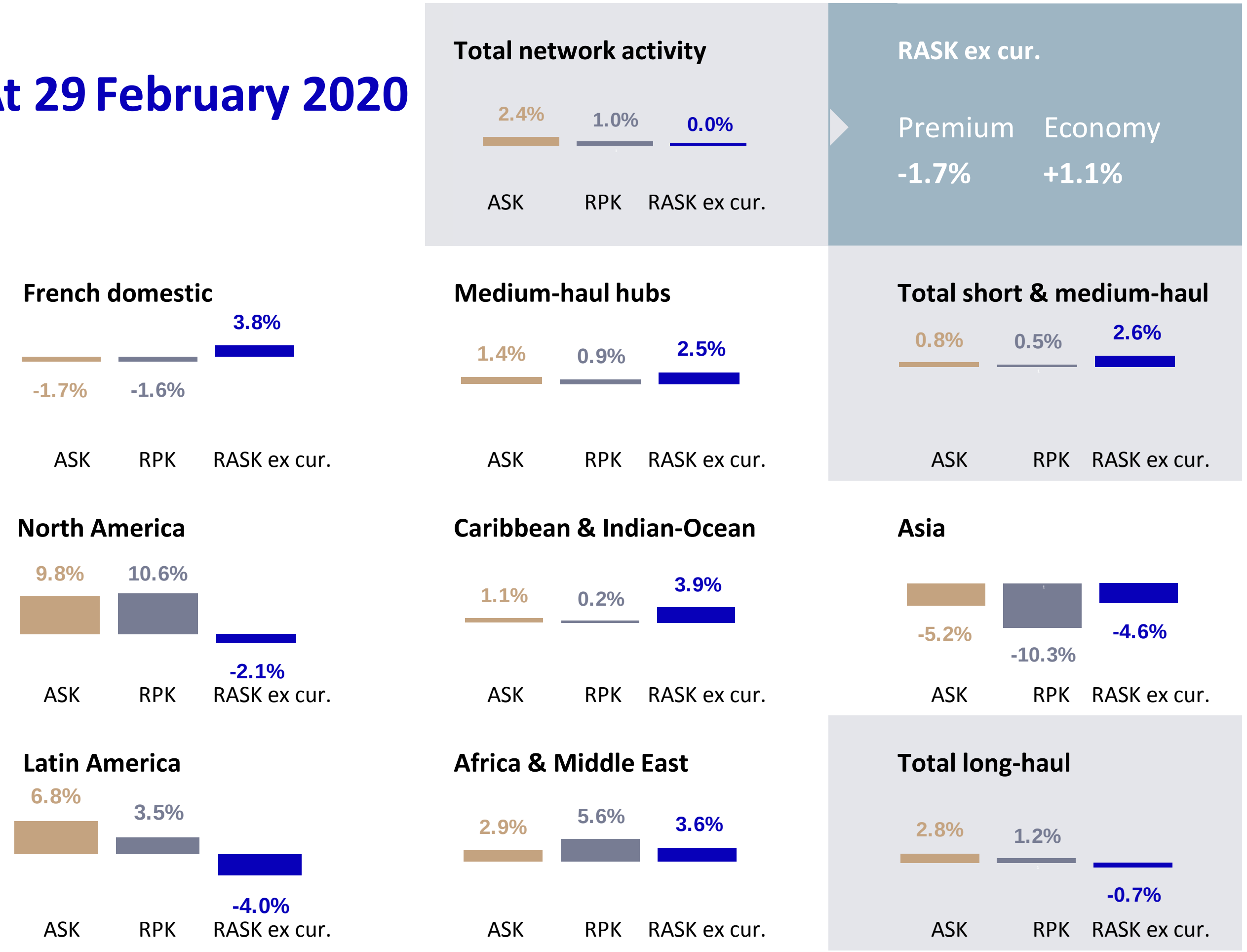
Total network activity Q1 2020



Until 29 February 2020:

- North America unit revenues slightly down due to high capacity growth (Asian fleet redeployment effect)
- Asian network already impacted by the Covid-19, all flights to China were suspended as of 30 January 2020.
- Strong performance in Medium-haul network thanks to moderate industry capacity growth and ongoing rationalization Domestic France network

At 29 February 2020



Both airlines results negatively impacted by Covid-19

Q1 2020	Capacity change	Revenues (€ m)	Change YoY (1)	Operating result (€ m)	Change YoY (1)	Operating margin	Change YoY (1)	Net debt (€ m)	Change 31 Dec 2019	Net debt / EBITDA (2)	Change 31 Dec 2019
AIRFRANCE	-11.7%	3,016	-17.8%	-536	-287	-17.8%	-11.0 pt	4,342	+401	2.3x	+0.5x
KLM	-10.0%	2,140	-9.7%	-275	-228	-12.9%	-10.9 pt	2,542	+17	1.5x	+0.2x
AIRFRANCEKLM GROUP	-11.0%	5,020	-15.5%	-815	-529	-16.2%	-11.4 pt	6,584	+437	1.8x	+0.3x

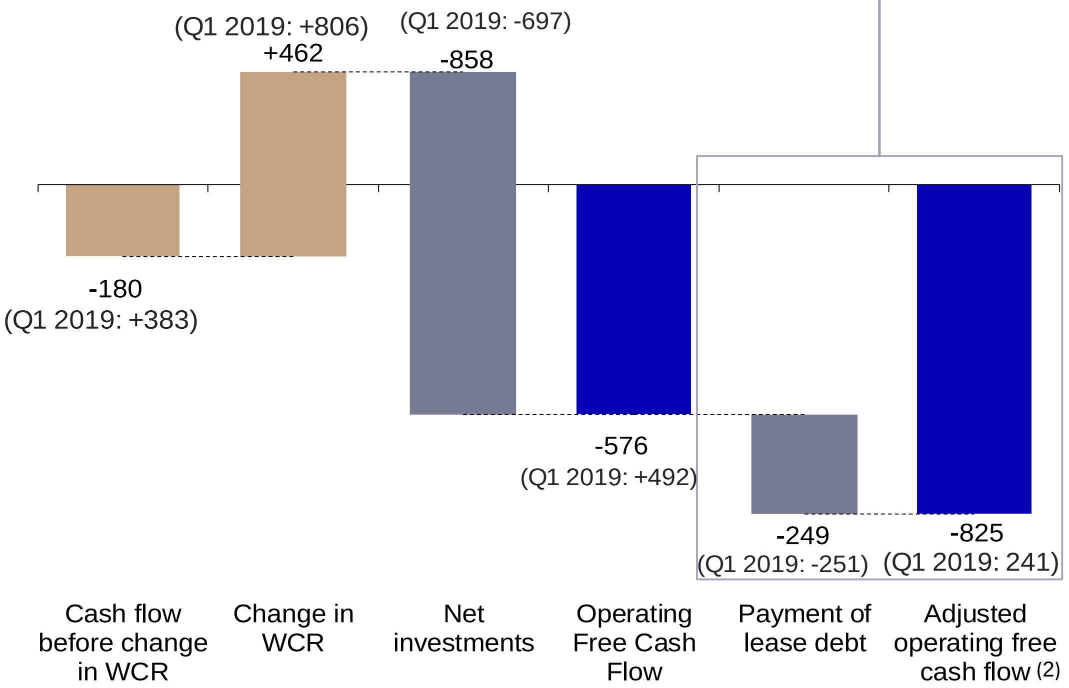
(1) 2019 results restated for LLP componentization accounting change and EU passenger compensation reclassification between revenues and external expenses
(2) Net Debt / EBITDA: 12 months sliding, see calculation in press release

Net debt up €437m and leverage ratio at 1.8x(1)

- Initial cash-preservation measures, including March Capex reduced to €82m (€776m till end Feb 2020). FY 2020 Capex forecast at €2.4bn, compared to €3.6bn in the previous guidance
- Amadeus shares disposal €356m

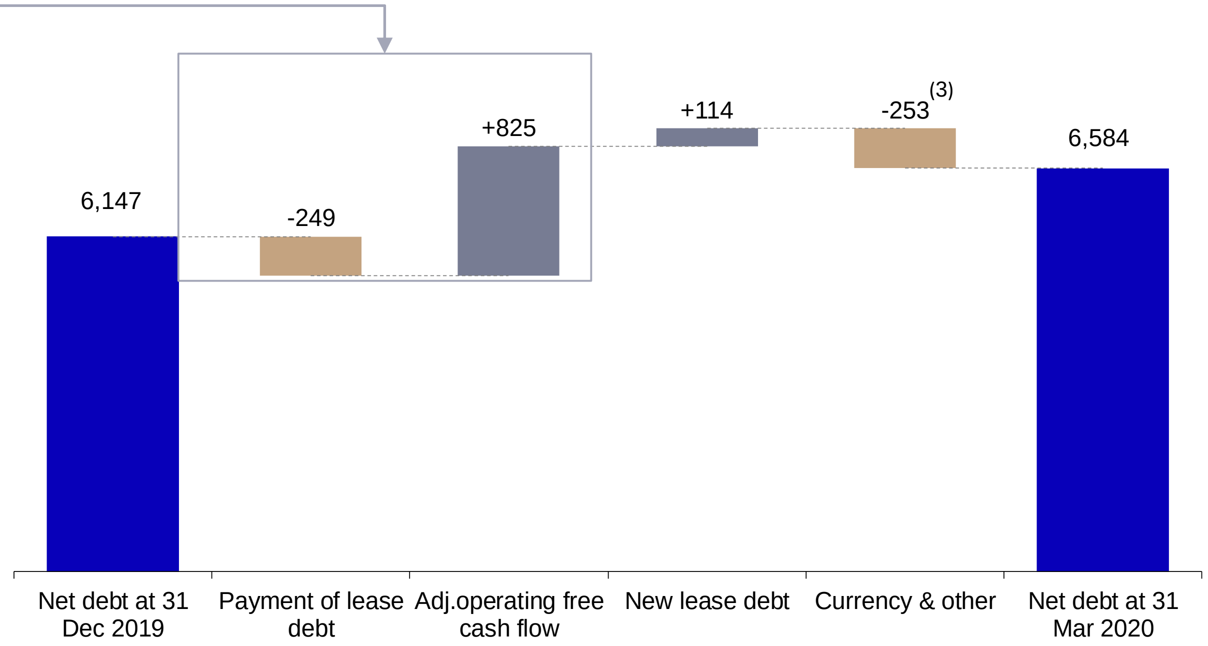
Q1 2020 Free cash flow evolution

In € m



Net debt

In € m



(1) Net Debt / EBITDA: 12 months sliding, see calculation in press release
(2) Adjusted operating free cash flow = Operating free cash flow after repayment of lease debt

(3) Including €356m of Amadeus shares disposal

Covid-19 implications

Results at 31 March 2020

The Group has implemented swift & extensive measures in response to the Covid-19 crisis

Safety customers & employees, duty to society:

- Implement highest safety standards for frontline operation staff, crew and customers to counter virus transmission risks
- Operating special flights for repatriation of citizens
- Setup of “air bridge” for essential medical supplies, in close cooperation with the French and the Dutch governments
- Maintaining the essential links with territories

Operational measures:

- Network schedule adaptation with strong capacity reductions (March -35%, Q2 2020 ~-95% incl. Transavia at-100%)
- Cargo demand resilient, swiftly deployed additional freighter capacity (revenue impact Q2-Q3 2020 foreseen to be resilient)
- Maintenance third party activity continuing when and where possible (Q2 2020 ~45%)

Quick and effective cash protection measures implemented

Operational cash cost savings:

- Swift capacity reductions, variable part delivering ~50% cost savings
- Estimated savings at 350 million euros per month in the second quarter 2020 from Group partial activity and crew variable pay reduction
- Cost measures totaling €500 million in 2020, further revisions ongoing, termination of most of the temporary contracts

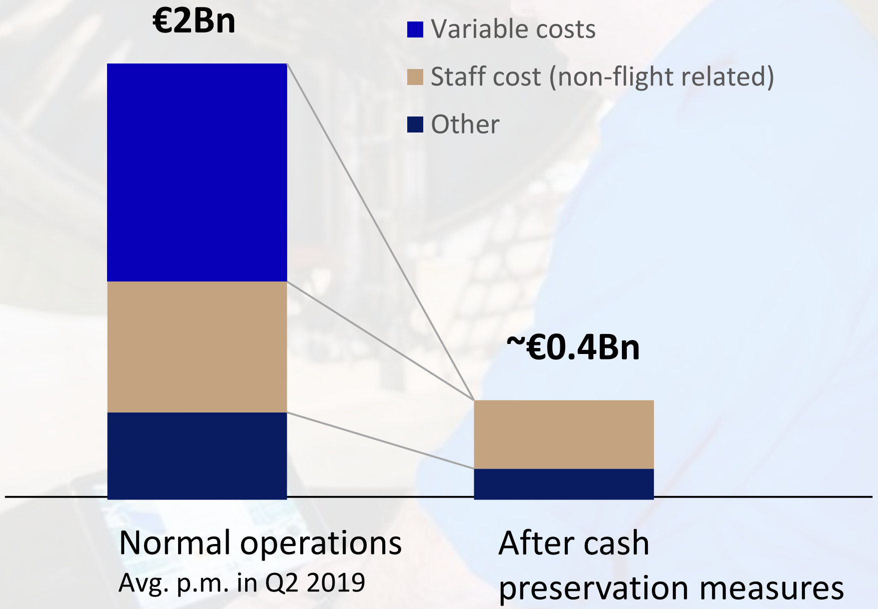
Capex reductions:

- Capital expenditure plan 2020 reduced by -€1.2bn to €2.4bn compared to €3.6bn previous guidance, of which €0.9bn was already engaged
- Including deferral of 3 A350s to 2021. Remaining fleet deliveries 2020 primarily under financing arrangements

Other Cash protection measures:

- Tax and social charges payments deferral beyond 2020: €570m and further deferrals of suppliers payables
- Establishment of a customer voucher policy in line with industry practice

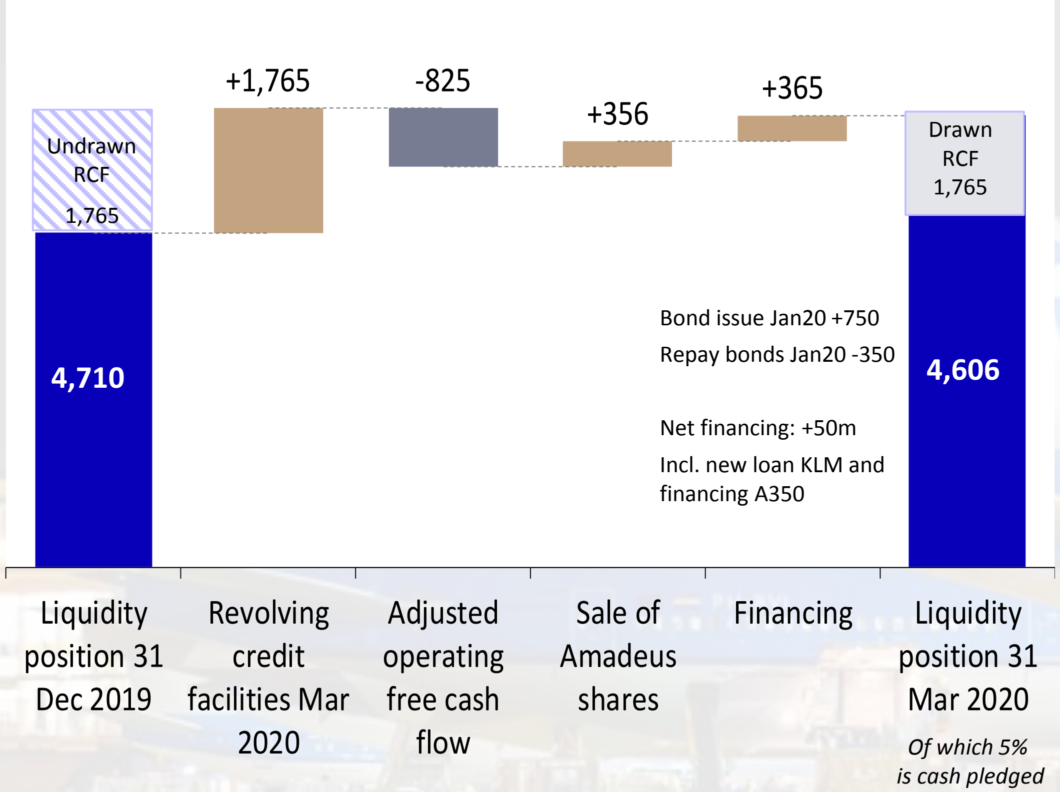
Operational cash cost burn after protection measures ~€400 million per month in Q2 2020 (1)



1) Based on EBITDA assuming no flight operations for Q2 2020, excluding leases, working capital change, Investment and financing cash flows

Liquidity position of €6.4 bn at 31 of March 2020, requiring additional funding by Q3 2020

Liquidity evolution stable in Q1 2020



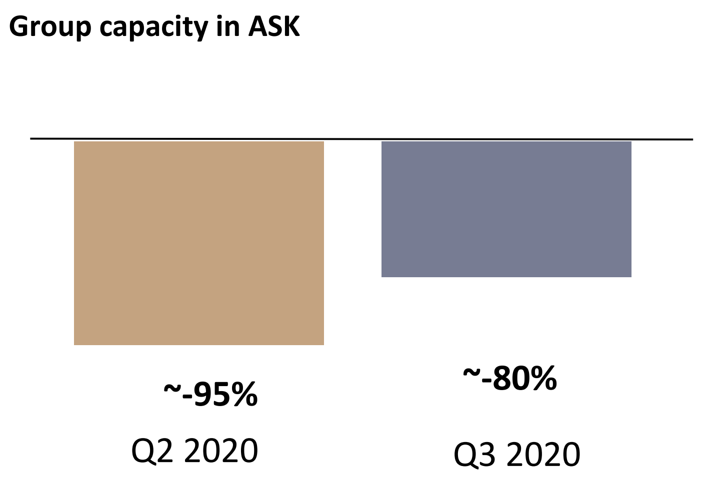
Liquidity requirement foreseen in Q3 2020:

- Ongoing operational cash cost burn after protection measures ~€400 million per month in Q2 2020 + financial & other cash impacts (1)
- Capex currently at €2.4Bn for 2020
- Working Capital risk at end March 2020 estimated at ~€2.5bn, mainly from deferred ticket revenues
- Repayment of currently drawn revolving credit facilities €1.8Bn foreseen in 2020

1) including: secured financing & lease debt (principal & interests) payments, hybrid bond Oct2020 €0.4Bn, Cargo claim expected Q3 2020 €0.4Bn

High level of uncertainty on the duration of the Covid-19 crisis and impact on the macro-economic environment

The Group anticipates based on current best insights a progressive lifting of border restrictions in 2020, enabling a slow capacity resumption in Summer 2020



Full Year 2020 outlook:

- The Group withdraws it's earlier 2020 guidance elements
- The Group foresees significantly negative EBITDA in Full Year 2020, as a result of the Covid-19 crisis implications
- Q2 2020 Current Operating Income loss will be significantly higher than in Q1 2020

Initial financing package of €7bn secured and approved by EU to meet future financial obligations and ensure recovery of activity beyond the current crisis

AIRFRANCE

€4 Bln Bank loan to Air France-KLM Group to support Air France

- Provided by a pool of 9 French & International banks and 90% guaranteed by the French State
- 1 year + 1 or 2 year extension option, priced at cost of financing

€3 Bln Shareholder loan to Air France-KLM Group, to support Air France

- Direct loan from the French state
- Term 4 year + 2x1 year extension option
- Subordinated to the bank loan
- Linked to transformation plan including economic, financial and environmental commitments

KLM

Package to KLM under discussion

- Discussions with the Dutch authorities and banks are ongoing
- Dutch government stated €2 Bln to €4 Bln to support KLM through a combination of state aid and bank loan

Accelerated deployment of the Group's strategic orientations in order to reach the best global standards in terms of competitiveness

AIRFRANCEKLM GROUP

The strategic plan started to deliver

Unit costs reduction

	AIRFRANCE	KLM
Q4 2019	-1.8%	-0.8%
till Feb 2020	-2.9%	+0.5%

37+ new agreements signed with employees in 2019

In view of current crisis, we will drastically accelerate and intensify strategic plan elements

- Optimization of Internal Airline Processes, including reduced support functions
- Extensive revision of the scope of the French domestic market to ensure structural economic profitability
- Revise Paris-Orly strategy including larger role for Transavia and development of Transavia in other French cities

A concerted approach by management & staff to confront the Covid-19 crisis

AIRFRANCEKLM GROUP

A shared responsibility among all staff to reduce costs and increase the profitability of the Group through improved operational processes, adjustment of the scope of unprofitable activities and greater flexibility

- French working counsel letter to express support to management
- Initial strong support of SNPL France for Paris-Orly strategy and Transavia development
- Top management voluntarily reduces salary and bonus

Management will conduct negotiations with elected employee representatives for all categories of staff:

- Negotiate and amend agreements permitting cost savings and increased flexibility to help achieve the objectives of the transformation plan
- Resizing the organization and staffing to adapt to lower post-crisis activity levels

A new transformation to adapt to the reality of the post-Covid-19 crisis world

Adapt to reality of the new post-Covid-19 crisis environment in the airline sector

- A prolonged negative impact on passenger demand, not expected to recover to pre-crisis levels before several years
- Global resizing of the Groups' long and medium-haul network to post-Covid-19 demand, capacity plan for 2021 at least -20% with further flexibility compared to 2019
- Earlier phase-out of the Boeing 747 and Airbus 340,[(1)] Airbus 380 under study

1) Air France decided on 6 May to early phase-out the Airbus 340. Non-current result impact in Q2 2020 is estimated at around €70 million

Ensure economic and financial sustainability over the medium and long term

- A reduction in fixed costs to be in line with our new reality
- Capex 2020 reduced to €2.4bn and medium-term Capex will be revised for future development of demand & flexibility needs
- New plan with financial trajectory to restore profitability and strengthening of financial structure as an integral important part of the Government backed financial supports

An ambitious environmental roadmap reinforced by the opportunity to restructure Domestic market and Paris Orly by Transavia

French domestic network

Reduce the volume of CO_2 emissions from metropolitan flights by 50% by the end of 2024 compared to 2019

A drastic reduction in all domestic routes on which there is an alternative by train lasting less than 2 hours and 30 minutes (except for flights feeding Paris-Charles de Gaulle Hub)

Continued offsetting of CO_2 emissions (regulatory and voluntary on 100% of our domestic flights)

Environmental ambition

50% reduction in CO_2 emissions per passenger/km on its entire network, in 2030 compared with 2005

Objective of 2% incorporation of sustainable alternative fuels by 2025, as set out in the national roadmap

Summary Covid-19 implications & decision making to secure the Group future

AIRFRANCEKLM GROUP

1) A promising start 2020
Positive unit revenue
Efficient cost measures
New strategic plan

3) Quick and swift actions taken
Safety customers & employees
Operational, >95% grounding fleet
Cash preservation measures

5) New action plan
Full disclosure by Summer 2020
Accelerating existing plan
New post-crisis measures
Financial ambitions

January/February — **March** — **April** — **May** — **Summer 2020**

2) Acceleration Covid-19 crisis:
Globally imposed travel restrictions & EU border closures
Lockdown measures in home markets

4) Secure liquidity
Financing packages
Backed by French & Dutch states
According EU regulatory framework

Q&A

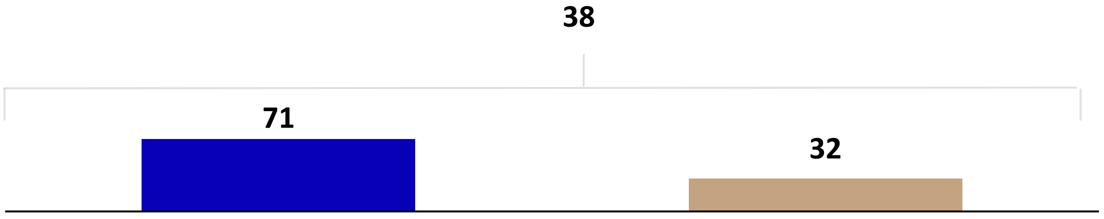
Results at 31 March 2020

Appendix

Results at 31 March 2020

Currency impact
on operating result

Currency impact
on revenues and costs
In € m



Q1 2020

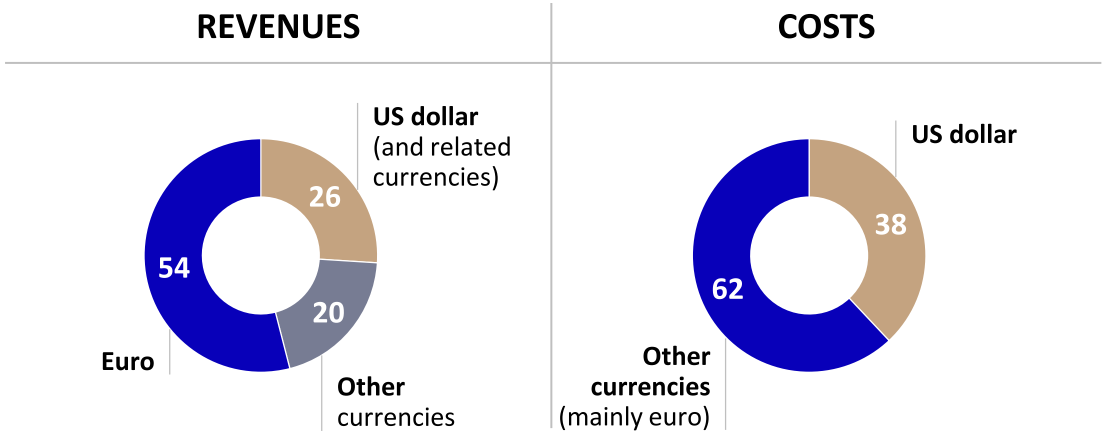
- Currency impact on revenues
- Currency impact on costs, including hedging
- **XX** Currency impact on operating result

FY 2020 guidance suspended due to uncertainty Covid-19 crisis

Net operational exposure hedging **based on 2019:**

USD ˜58% **JPY ˜57%** **GBP ˜69%**

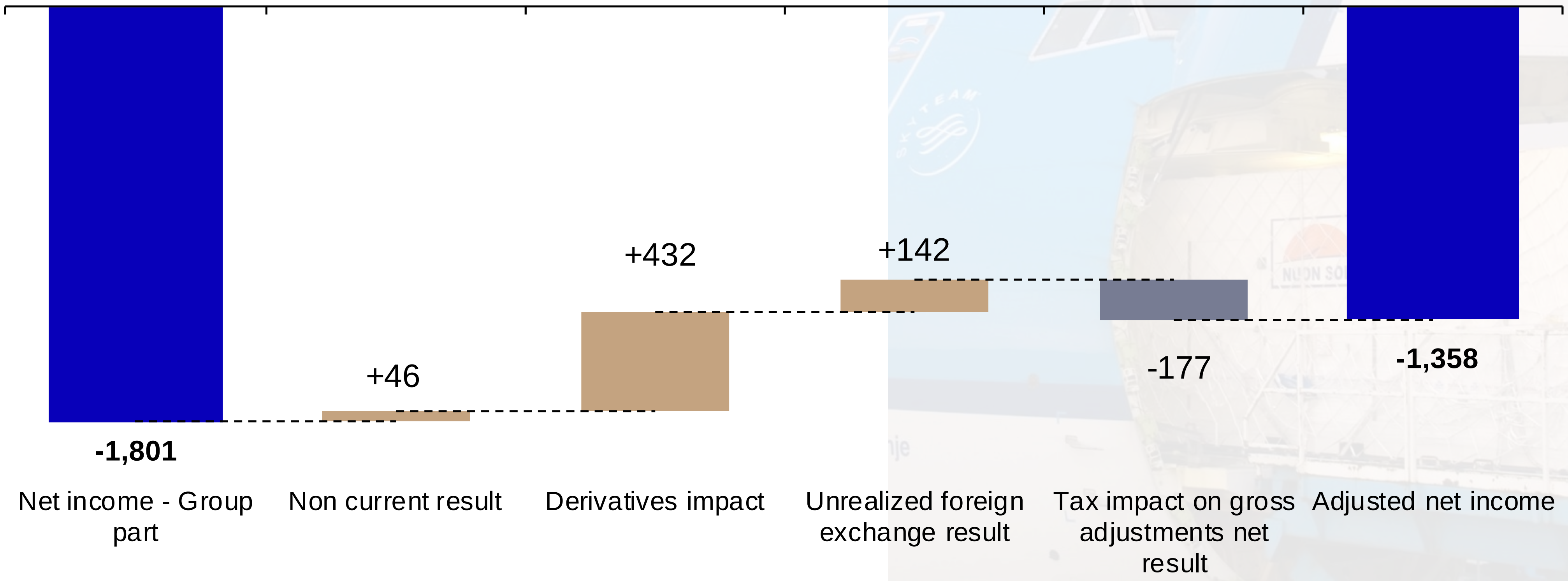
Revenues and costs per country
FY 2019



Adjusted net income of the Group

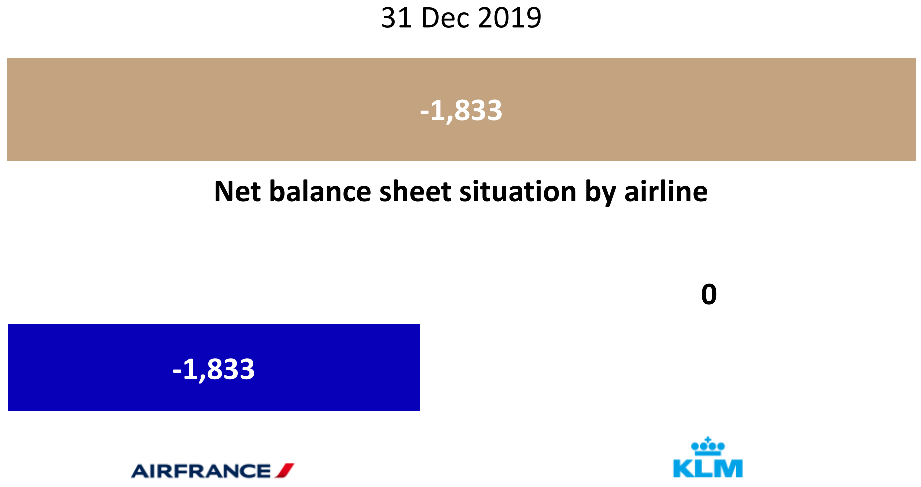
Q1 2020

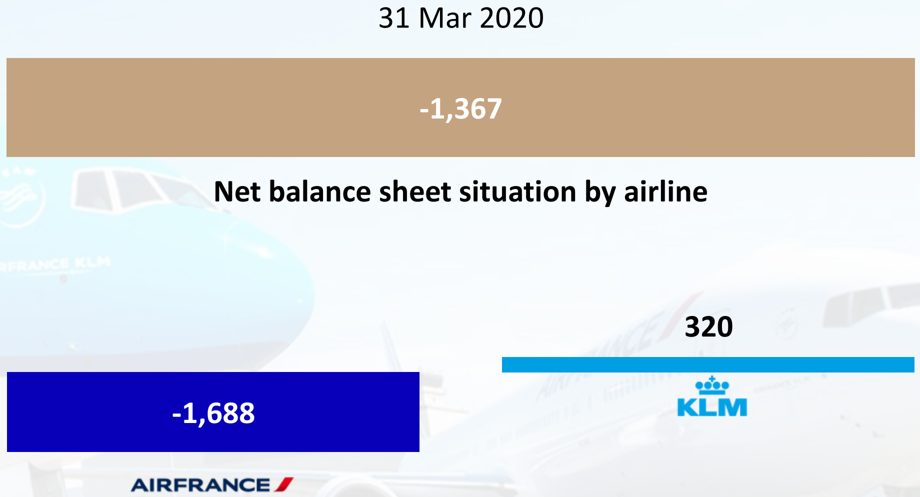
In € m



Pension details
at 31 March 2020

In € m





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

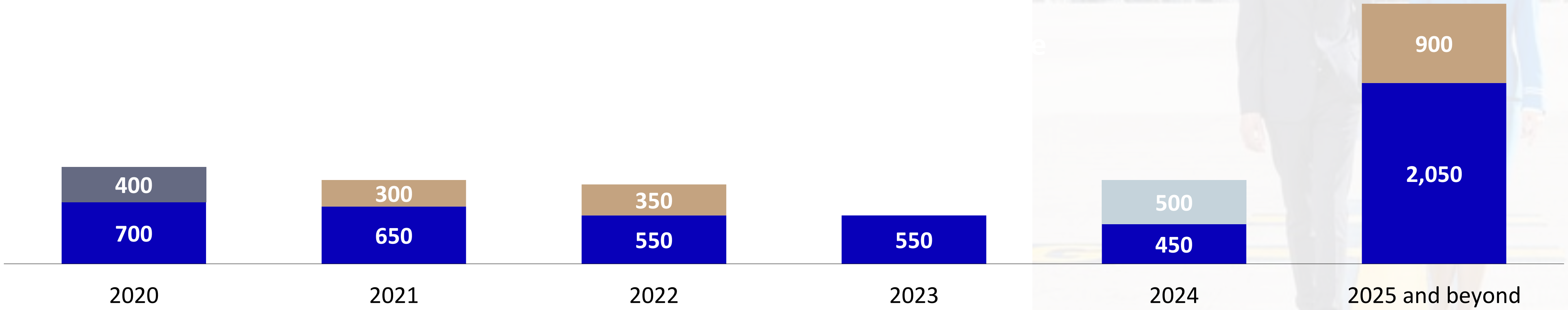
KLM

Defined benefit schemes for Ground Staff

Debt reimbursement **profile at 31 March 2020**

Debt reimbursement profile(1)

In € m



Bonds issued by Air France-KLM

June 2021:

AFKL 3.875% (€300m)

October 2022:

AFKL 3.75% (€350m)

January 2025

AFKL 1.875% (€750m)

December 2026:

AFKL 4.35% ($145m)

Air-France KLM Hybrid Unsecured Bond:

AFKL 6.25% Perp Call 2020 (€403m)

Other Long-term Debt : AF and KLM Secured Debt, mainly “Asset-backed” (Net Deposits)

Air France-KLM convertible bond

March 2024 AFKL 0.125%

(€500m, Convertible « Océane »)

(1) Excluding RCF, 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