

Roissy, 16 March 2020

Noting continuation of the COVID-19 crisis, Air France-KLM takes exceptional measures

The COVID-19 crisis has continued to spread in recent days, leading many countries to take increasingly stringent measures in an attempt to slow the rate of spread of the epidemic. Some countries have imposed constraints on the movement of travellers from France, the Netherlands or more broadly from Europe. In France, the transition to a level 3 public health emergency requires the closure of all non-essential services since last weekend.

Faced with these growing restrictions on the possibility of travelling and a strong downward trend in demand which has resulted in a drop in traffic and sales over the last few weeks, the Air France-KLM Group is obliged to gradually reduce its flight activity very significantly over the next few days, with the number of available seat kilometers (ASK) potentially decreasing between -70% and -90%.

This reduction in capacity is currently scheduled to last two months, and the Group will continue to monitor the evolution of the situation on a daily basis and adjust it if necessary.

As a result of this reduction in capacity, Air France will ground its entire Airbus 380 fleet and KLM its entire Boeing 747 fleet.

To deal with this situation, the Group has already taken a number of strong measures to secure its cash flow:

- Additional savings measures have been identified, which will generate €200 million in 2020
- An initial review of the investment plan has reduced the capital expenditure plan by €350 million, to which will be added the impact of the decline in activity on the amount of maintenance investments
- Air France and KLM will be consulting with their elected employee representatives on measures to take into account the impact of the expected decline in activity, including a project to implement partial activity
- Last week, the Air France-KLM Group drew a revolving credit facility for a total amount of €1.1 billion and KLM drew a revolving credit facility for a total amount of €665 million. As of March 12, the Group and its subsidiaries had more than €6 billion in cash and cash equivalents

In spite of the measures taken, the deterioration of the environment linked to the epidemic and the sharp reduction in its activity that has resulted today lead the group to forecast a sharply deteriorated financial trajectory compared to the outlook presented at the publication of its annual results. Indeed, the Group estimates that the drop in revenues from the Passenger business resulting from the reduction in capacity will only be offset by around 50% by the drop in variable costs before cost savings measures.

In this extremely difficult context, the Air France-KLM Group has welcomed the statements made by the French and Dutch governments, which have each indicated that they were studying all possible means to support the Group.

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