

FIRST QUARTER 2020
Operating result at -815 million euros, strongly impacted by the Covid-19 crisis
FIRST QUARTER 2020

A strong performance at the start of the year with passenger unit revenue up +0.8% end of February 2020. March 2020 however was strongly impacted by the expansion of the virus and consequential globally imposed travel restrictions to counter the spread of the Covid-19 virus. This influenced negatively the first quarter 2020 results:

- Revenue at 5,020 million euros, down 922 million compared to last year
- Unit cost at constant currency and fuel reduced by 1.6% end of February 2020, and then up 3.5% end of March 2020
- Operating result at -815 million euros, down 529 million euros compared to last year, entirely caused by March 2020 with an operating result at -560 million euros¹
- Net income at -1,801 million euros, including Covid-19 related over hedging -455 million euros, release of deferred tax assets -173 million euros and impairment of Boeing 747 aircraft -21 million euros
- Net debt/EBITDA ratio at 1.8x, compared to 1.5x at the end of 2019

RAPID RESPONSE TO THE COVID-19 OUTBREAK

- Implementation of the highest sanitary safety standards for frontline operation staff, crew and customers to counter virus transmission risks. The Group operated special flights for repatriation of citizens, setup of an “air bridge” for essential medical supplies, in close cooperation with the French and Dutch governments and is maintaining the essential links with territories
- Swift adjustments in network and capacity, March 2020 capacity down 35% and around 95% of planned capacity to be suspended for the second quarter 2020
- Quick and effective cash protection measures implemented, costs reduced by 500 million euros on 2020, Capex reduced to 2.4 billion euros for 2020 and positive impact of partial activity implementation and crew variable pay reduction estimated at 350 million euros per month in the second quarter 2020
- Liquidity injections of 7 billion euros benefiting to Air France through a bank loan guaranteed by the French state and a direct shareholder loan from the French state. Ongoing discussions with the Dutch state concerning KLM support
- As an integral part of the financing packages the Group will build a new transformation plan to ensure economic and financial sustainability over the medium and long term with integration of new ambitious environmental goals. This new plan will be communicated in summer 2020.

OUTLOOK

High level of uncertainty on the duration of the Covid-19 crisis and impact on the macro-economic environment. The Group withdraws its earlier 2020 guidance elements. The Group now anticipates:

- Progressive lifting of border restrictions in 2020, enabling a slow capacity resumption in Summer 2020, with capacity for the second and third quarter 2020 around respectively -95% and -80% compared to previous year
- A prolonged negative impact on passenger demand, not expected to recover to pre-crisis levels before several years
- A fleet repositioning including structural capacity reduction of at least -20% in 2021 compared to pre-crisis 2019 level

The Group foresees significantly negative EBITDA in full year 2020 and a significantly higher current operating income loss in the second quarter than in the first quarter 2020.

| Air France-KLM Group | First Quarter | |
|---|---------------|--------|
| | 2020 | Change |
| Passengers (thousands) | 18,111 | -20.1% |
| Passenger Unit revenue per ASK ² (€ cts) | 5.80 | -6.9% |
| Operating result (€m) | -815 | -529 |
| Net income – Group part (€m) | -1,801 | -1,477 |
| Adj. operating free cash flow (€m) | -825 | -1,066 |
| Net debt at end of period (€m) | 6,584 | 437 |

¹ 2019 results restated for LLP componentization accounting change and EU passenger compensation reclassification between revenues and external expenses

² Passenger unit revenue is the aggregate of Passenger network and Transavia unit revenues, change at constant currency

The Board of Directors of Air France-KLM, chaired by Anne-Marie Couderc, met on 6 May 2020 to approve the financial statements for the first quarter 2020.

Benjamin Smith, Chief Executive Officer of the Air France-KLM Group, said: "The Air France-KLM Group had a promising start to the first quarter in line with the objectives of the strategic plan presented in November 2019. However, the acceleration of the Covid-19 crisis in March had a strong impact on the Group's first quarter results. I would like to thank our teams for their exceptional mobilization in this unprecedented crisis. The Air France-KLM Group has adapted rapidly, by implementing health safety measures essential to our staff and customers, reducing our costs to preserve our liquidity, continuously adjusting our flight schedule, and the many repatriation flights and flights to transport medical equipment. Uncertainties remain regarding the evolution of Covid-19 and we must be cautious in the assumptions of recovery in the coming months. Nevertheless, the commitment to financial support of the French and Dutch governments to our Group, as well as that our banking partners participating in these schemes, is a strong testimony of their confidence in our ability to weather this crisis and rebuild. We are working on a renewal plan to ensure that the Air France-KLM Group regains its competitiveness in a deeply shaken world and reaffirms its leadership in the sustainable transition of air transport. These new orientations will be presented in the coming months."

Business review

Network: First quarter 2020 operating result down 468 million euros impacted by Covid-19

| Network | First Quarter | | |
|-------------------------|---------------|--------|--------------------------|
| | 2020 | Change | Change constant currency |
| Total revenues (€m) | 4,278 | -16.7% | -17.5% |
| Scheduled revenues (€m) | 4,070 | -16.8% | -17.7% |
| Operating result (€m) | -729 | -468 | -500 |

First quarter 2020 revenues decreased by 17.7% at constant currency to 4.07 billion euros. The operating result amounted to -729 million euros, a 500 million euros decrease at constant currency compared to last year. Actions have been taken to preserve cash including reduction of investments, cost savings measures, deferral of supplier payments and partial activity measures for employees.

Passenger network: Good start in January and February 2020, the first quarter 2020 is down due to Covid-19 impact in March 2020

| Passenger network | First Quarter | | |
|-----------------------------------|---------------|---------|--------------------------|
| | 2020 | Change | Change constant currency |
| Passengers (thousands) | 15,762 | -20.2% | |
| Capacity (ASK m) | 62,403 | -10.5% | |
| Traffic (RPK m) | 49,848 | -17.2% | |
| Load factor | 79.9% | -6.4 pt | |
| Total passenger revenues (€m) | 3,811 | -16.9% | -17.7% |
| Scheduled passenger revenues (€m) | 3,671 | -17.0% | -17.8% |
| Unit revenue per ASK (€ cts) | 5.88 | -7.2% | -8.1% |

Until the end of February 2020 the passenger network activity performance was good with stable unit revenue at constant currency compared to last year:

North America unit revenues slightly down due to high capacity growth, which was mainly an Asian fleet redeployment effect, following Covid-19 outbreak.

Asian network already impacted by the Covid-19, whereby all flights to China were suspended as of 30 January 2020.

Strong performance in Medium-haul network unit revenue thanks to moderate industry capacity growth and ongoing rationalization of the domestic France network

For the entire first quarter 2020 capacity declined by 10.5% and unit revenues at -8.1% at constant currency compared to last year, down in all markets due to Covid-19 crisis impact acceleration during the month of March 2020.

Cargo: Performance in the first quarter 2020 impacted by reduced belly capacity, partly offset by increase in full freighter activity

| Cargo business | First Quarter | | |
|-------------------------------|---------------|---------|--------------------------|
| | 2020 | Change | Change constant currency |
| Tons (thousands) | 242 | -10.1% | |
| Capacity (ATK m) | 3,191 | -7.8% | |
| Traffic (RTK m) | 1,832 | -10.5% | |
| Load factor | 57.4% | -1.7 pt | |
| Total Cargo revenues (€m) | 466 | -14.8% | -16.1% |
| Scheduled cargo revenues (€m) | 399 | -15.7% | -17.0% |
| Unit revenue per ATK (€ cts) | 12.50 | -8.5% | -10.0% |

Unit revenue remained under strong pressure till February 2020, while positive for March due to a rate increase as an effect of the wide body belly capacity crunch, overall first quarter 2020 unit revenue was down 10.0% compared to last year at constant currency.

Cargo industry capacity is impacted by the Covid-19 crisis and is approximately 35% lower compared to last year with wide-body belly capacity down 85% and full freighter capacity up 14%.

On the demand side, world-wide air freight volumes are down due to Covid-19 crisis and supply-demand balance is foreseen to remain volatile in the next months with production lines opening up and limited belly capacity. The Group anticipates to the strong demand on certain Cargo routes, particularly Asia to Europe by adding production by means of increasing utilization of its full freighters, temporarily redeployment of phased-out 747-combi aircraft and is testing with Cargo in passenger aircraft cabins. The Group has in close cooperation with the French and Dutch governments setup an "air bridge" between its home markets and China for relieve goods and medical supplies.

Transavia operating result –12 million euros compared to last year as impacted by Covid-19 crisis

| Transavia | First Quarter | |
|-------------------------------|---------------|---------|
| | 2020 | Change |
| Passengers (thousands) | 2,349 | -19.8% |
| Capacity (ASK m) | 4,892 | -16.0% |
| Traffic (RPK m) | 4,456 | -17.0% |
| Load factor | 91.1% | -1.1 pt |
| Total passenger revenues (€m) | 242 | -1.6% |
| Unit revenue per ASK (€ cts) | 4.70 | +13.1% |
| Unit cost per ASK (€ cts) | 6.37 | +18.8% |
| Operating result (€m) | -82 | -12 |

The second half of March was severely hit by the Covid-19 outbreak with consequential reduction in activity due to Covid-19 flight cancellations. Transavia France and the Netherlands have temporarily fully grounded their fleet. Actions have been taken to preserve cash including reduction of investments, cost savings measures, deferral of supplier payments and partial activity measures.

The increase in unit revenue by 13.1% in the first quarter 2020 is explained by a good performance until end of February with unit revenues 10% above last year combined with high level of ferry flights for passenger returns in month of March 2020.

The Transavia unit cost for the first quarter increased by 15.1% at constant fuel and currency, explained by the reduction in capacity at the end of the quarter.

Overall the impact of Covid-19 crisis on the month of March is fully causing the first quarter 2020 operating result decline of 12 million euros compared to last year.

Maintenance business margins for first quarter 2020 at -0.3%, impacted by Covid-19

| Maintenance | First Quarter | | |
|---------------------------|---------------|---------|--------------------------|
| | 2020 | Change | Change constant currency |
| Total revenues (€m) | 1,138 | -2.7% | |
| Third-party revenues (€m) | 493 | -11.0% | -13.9% |
| Operating result (€m) | -3 | -48 | -54 |
| Operating margin (%) | -0.3% | -4.1 pt | -4.5 pt |

The first quarter operating result stood at -3 million euros, a decrease of 48 million euros, highly impacted by the Covid-19 crisis with the borders closures starting from mid-March in Europe and since January with Chinese clients.

Even if the PBH contracts for engines and components allow to maintain certain activity flows, the Covid-19 crisis has a major impacts on the maintenance business and difficulties encountered by the maintenance clients are a risk for the business.

The Maintenance order book stood of 11.5 billion dollars at 31 December 2019, is not yet updated as there is not yet clear visibility on expected client fleet and activity reductions. The Maintenance business is carefully managing its external business including agreements with clients on payment terms.

Actions have been taken to preserve cash including reduction of investments, cost savings measures, renegotiation of payment terms with suppliers and partial activity measures.

Air France-KLM Group: First quarter 2020 revenues down 922 million euros and operating result down 529 million euros

| | First Quarter | | |
|--|---------------|----------|--------------------------|
| | 2020 | Change | Change constant currency |
| Capacity (ASK m) | 67,295 | -11.0% | |
| Traffic (RPK m) | 54,304 | -17.2% | |
| Passenger unit revenue per ASK (€ cts) | 5.80 | -6.0% | -6.9% |
| Group unit revenue per ASK (€ cts) | 6.39 | -6.0% | -6.9% |
| Group unit cost per ASK (€ cts) at constant fuel | 7.60 | +6.0% | +3.5% |
| Revenues (€m) | 5,020 | -15.5% | -16.5% |
| EBITDA (€m) | -61 | -504 | -542 |
| Operating result (€m) | -815 | -529 | -567 |
| Operating margin (%) | -16.2% | -11.4 pt | -12.1 pt |
| Net income - Group part (€m) | -1,801 | -1,477 | |

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

In the first quarter 2020, the Air France-KLM Group posted an operating result of -815 million euros, down by 529 million euros compared to last year, entirely caused by March 2020 with an operating result at -560 million euros.

Net income amounted to -1,801 million euros in 2020, a decrease of 1,477 million euros compared to last year, of which exceptional accounting items due to Covid-19 for impairment on 8 Boeing 747s -21 million euros, accelerated depreciation on Airbus 380 -25 million euros, fuel "over hedge" -455 million euros and reduction of deferred income tax asset -173 million euros.

Deferred income tax asset -173 million euros:

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.

Fuel “over hedge” -455 million euros for the remainder of 2020:

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”

The first quarter 2020 fuel bill including hedging stood at 1,185 million euros.

Currencies had a positive 71 million euro impact on revenues and a negative 32 million euro effect on costs (ex-fuel) including currency hedging in the first quarter of 2020.

The first quarter 2020 unit cost increased by 3.5%, primarily caused by Covid-19 related capacity reductions

On a constant currency and fuel price basis, unit costs were up 3.5% in the first quarter 2020.

Group net employee costs were down 2.8% in 2020 compared to last year, supported by partial activity implementation at Air France in last 2 weeks of March 2020, release of hired staff and no profit sharing provisions to be made at both airlines. The average number of FTEs (Full Time Equivalent) in first quarter 2020 increased by 600 compared to last year, including an additional 450 Pilots and 450 Cabin Crew.

Net debt up 437 million euros and leverage ratio at 1.8x

| In € million | First Quarter | |
|--|---------------|---------------|
| | 2020 | Change |
| Cash flow before change in WCR and Voluntary Departure Plans, continuing operations (€m) | -171 | -582 |
| Cash out related to Voluntary Departure Plans (€m) | -9 | +19 |
| Change in Working Capital Requirement (WCR) (€m) | 482 | -344 |
| Net cash flow from operating activities (€m) | 282 | -907 |
| Net investments* (€m) | -858 | -161 |
| Operating free cash flow (€m) | -576 | -1,068 |
| Repayment of lease debt | -249 | +2 |
| Adjusted operating free cash flow** | -825 | -1,066 |

* Sum of 'Purchase of property, plant and equipment and intangible assets' and 'Proceeds on disposal of property, plant and equipment and intangible assets' as presented in the consolidated cash flow statement.

** The “Adjusted operating free cash flow” is operating free cash flow after deducting the repayment of lease debt.

The Group generated adjusted operating free cash flow of -825 million euros, a decrease of 1,066 million euros compared to last year, mainly explained by an operating cash flow decline of 907 million euros.

| In € million | 31 Mar 2020 | 31 Dec 2019 |
|--|--------------|--------------|
| Net debt | 6,584 | 6,147 |
| EBITDA <i>trailing 12 months</i> | 3,624 | 4,128 |
| Net debt/EBITDA <i>trailing 12 months</i> | 1.8 x | 1.5 x |

Both airlines results negatively impacted in the first quarter 2020

| | First Quarter | |
|---|---------------|----------|
| | 2020 | Change |
| Air France Group Operating result (€m) | -536 | -287 |
| <i>Operating margin (%)</i> | -17.8% | -11.0 pt |
| KLM Group Operating result (€m) | -275 | -228 |
| <i>Operating margin (%)</i> | -12.9% | -10.9 pt |

OUTLOOK

High level of uncertainty on the duration of the Covid-19 crisis and impact on the macro-economic environment. Therefore the Group withdraws its earlier 2020 guidance elements.

The Group now anticipates:

- Progressive lifting of border restrictions in 2020, enabling a slow capacity resumption in Summer 2020, with capacity for the second and third quarter 2020 at around respectively ~-95% and ~-80% compared to previous year
- A prolonged negative impact on passenger demand, not expected to recover to pre-crisis levels before several years
- A fleet repositioning including structural reduction in capacity of at least -20% in 2021 compared to pre-crisis 2019 level

The Group foresees significantly negative EBITDA in full year 2020 and a significantly higher current operating income loss in the second quarter than in the first quarter 2020.

As an integral part of the financing packages the Group will build a new transformation plan to ensure economic and financial sustainability over the medium and long term with integration of new ambitious environmental goals. This new plan will be communicated in the summer of 2020.

CASH PROTECTION MEASURES IMPLEMENTED IN RESPONSE TO THE COVID-19 CRISIS

The Group has implemented most stringent cash preservation measures in response to the COVID-19 crisis to ensure operational cash cost savings, including:

- Capacity reductions delivering around 50% variable cost savings
- Estimated savings at 350 million euros per month in the second quarter 2020 from Group partial activity and crew variable pay reduction
- Other cost measures totaling 500 million euros in 2020, for which further revisions are ongoing including termination of most of the temporary employee contracts

Furthermore, the Group has revised its capital expenditure plan 2020 by 1.2 billion euros to 2.4 billion euros compared to 3.6 billion euros in the previous guidance, of which 0.9 billion euros was already engaged. This includes the deferral of 3 Airbus 350s to 2021 and the remaining fleet deliveries in 2020 are expected to be primarily engaged under financing arrangements.

Other Cash protection measures taken include the deferral of 570 million euros of tax and social charges payments beyond 2020 and further deferrals of suppliers' payables and the airlines of the Group have established a customer voucher policy in line with industry practice.

LIQUIDITY REQUIREMENT FORESEEN IN THE THIRD QUARTER 2020

Despite these cash preservation measures the Group has indicated the need for additional liquidity in the third quarter 2020, considering a negative operational cash cost burn around 400 million euros per month in the second quarter 2020, and a high level of uncertainty on the crisis impact in third and fourth quarters. In addition there are the financial and other cash impacts³, a capital expenditure plan of 2.4 billion euros for the full year 2020, a working capital risk estimated at around 2.5 billion euros mainly from deferred ticket revenues.

Therefore an initial financing package of 7 billion euros through a bank loan guaranteed by the French state and a direct shareholder loan from the French state is approved by the EU. It will enable the Group to meet Air France's financial obligations and ensure recovery of activity beyond the current crisis. Discussions with the Dutch state and banks are ongoing on financial support directed to KLM.

³ Including: secured financing & lease debt (principal & interests) payments, hybrid bond in October 2020 0.4 billion euros and a Cargo claim expected in the third quarter 2020 for around 0.4 billion euros

The first quarter 2020 accounts are not audited by the Statutory Auditors.

The results presentation is available at www.airfranceklm.com on 7 May 2020 from 7:15 am CET.

A conference call hosted by Mr. Smith (CEO) and Mr. Gagey (CFO) will be held on 7 May 2020 at 08.30 CET.

To connect to the conference call, please dial:

France: Local +33 (0)1 70 72 25 50

Netherlands: Local +31 (0) 20 703 8211

UK: Local +44 (0)330 336 9126

US: Local +1 720 452 9217

Confirmation code: 7621430

To listen to the audio-replay of the conference call, please dial:

– France: Local +33 (0) 1 70 48 00 94

– Netherlands: Local +31 (0) 20 721 8903

– UK: Local +44 (0)207 660 0134

– US: Local +1 719-457-0820

Confirmation code: 7621430

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Income Statement

| €m | First Quarter | | |
|---|---------------|--------------|------------------|
| | 2020 | 2019 | Change |
| Sales | 5,020 | 5,942 | -15.5% |
| Other revenues | 0 | 0 | <i>nm</i> |
| Revenues | 5,020 | 5,942 | -15.5% |
| Aircraft fuel | -1,185 | -1,201 | -1.3% |
| Chartering costs | -89 | -134 | -33.6% |
| Landing fees and en route charges | -387 | -434 | -10.8% |
| Catering | -164 | -187 | -12.3% |
| Handling charges and other operating costs | -359 | -410 | -12.4% |
| Aircraft maintenance costs | -614 | -652 | -5.8% |
| Commercial and distribution costs | -194 | -250 | -22.4% |
| Other external expenses | -404 | -439 | -8.0% |
| Salaries and related costs | -1,916 | -1,972 | -2.8% |
| Taxes other than income taxes | -56 | -52 | +7.7% |
| Other income and expenses | 287 | 232 | +23.7% |
| EBITDA | -61 | 443 | <i>nm</i> |
| Amortization, depreciation and provisions | -754 | -729 | +3.4% |
| Income from current operations | -815 | -286 | +184.9% |
| Sales of aircraft equipment | -1 | 13 | <i>nm</i> |
| Other non-current income and expenses | -45 | -40 | +12.5% |
| Income from operating activities | -861 | -268 | +221.3% |
| Cost of financial debt | -102 | -106 | -3.8% |
| Income from cash and cash equivalent | 7 | 12 | -41.7% |
| Net cost of financial debt | -95 | -94 | +1.3% |
| Other financial income and expenses | -666 | -92 | +623.9% |
| Income before tax | -1,622 | -454 | +257.5% |
| Income taxes | -173 | 128 | <i>nm</i> |
| Net income of consolidated companies | -1,795 | -326 | +451.2% |
| Share of profits (losses) of associates | -8 | 2 | <i>nm</i> |
| Net income for the period | -1,803 | -324 | +457.1% |
| Minority interest | 0 | 0 | <i>nm</i> |
| Net income for the period – Group part | -1,803 | -324 | +457.1% |

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

Consolidated Balance Sheet

| Assets | | |
|-------------------------------------|--------------------|--------------------|
| <i>€m</i> | | |
| | 31 Mar 2020 | 31 Dec 2019 |
| Goodwill | 218 | 217 |
| Intangible assets | 1,347 | 1,305 |
| Flight equipment | 11,465 | 11,334 |
| Other property, plant and equipment | 1,578 | 1,580 |
| Right-of-use assets | 5,118 | 5,173 |
| Investments in equity associates | 299 | 307 |
| Pension assets | 760 | 420 |
| Other financial assets | 1,095 | 1,096 |
| Deferred tax assets | 325 | 523 |
| Other non-current assets | 277 | 241 |
| Total non-current assets | 22,482 | 22,196 |
| Other short-term financial assets | 433 | 800 |
| Inventories | 691 | 737 |
| Trade receivables | 1,565 | 2,164 |
| Other current assets | 1,246 | 1,123 |
| Cash and cash equivalents | 5,362 | 3,715 |
| Total current assets | 9,297 | 8,539 |
| Total assets | 31,779 | 30,735 |

| Liabilities and equity | | |
|--|--------------------|--------------------|
| <i>In million euros</i> | | |
| | 31 Mar 2020 | 31 Dec 2019 |
| Issued capital | 429 | 429 |
| Additional paid-in capital | 4,139 | 4,139 |
| Treasury shares | -67 | -67 |
| Perpetual | 403 | 403 |
| Reserves and retained earnings | -4,732 | -2,620 |
| Equity attributable to equity holders of Air France-KLM | 172 | 2,284 |
| Non-controlling interests | 13 | 15 |
| Total Equity | 185 | 2,299 |
| Pension provisions | 2,127 | 2,253 |
| Return obligation liability and other provisions | 3,803 | 3,750 |
| Financial debt | 6,730 | 6,271 |
| Lease debt | 3,078 | 3,149 |
| Deferred tax liabilities | 53 | 142 |
| Other non-current liabilities | 498 | 222 |
| Total non-current liabilities | 16,289 | 15,787 |
| Return obligation liability and other provisions | 783 | 714 |
| Current portion of financial debt | 2,575 | 842 |
| Current portion of lease debt | 970 | 971 |
| Trade payables | 2,056 | 2,379 |
| Deferred revenue on ticket sales | 3,447 | 3,289 |
| Frequent flyer program | 867 | 848 |
| Other current liabilities | 4,602 | 3,602 |
| Bank overdrafts | 5 | 4 |
| Total current liabilities | 15,305 | 12,649 |
| Total equity and liabilities | 31,779 | 30,735 |

Statement of Consolidated Cash Flows from 1st January until 31th March 2020

| €m | 31 Mar 2020 | 31 Dec 2019 |
|---|--------------|--------------|
| Net income from continuing operations | -1,803 | -324 |
| Amortization, depreciation and operating provisions | 754 | 729 |
| Financial provisions | 51 | 53 |
| Loss (gain) on disposals of tangible and intangible assets | 1 | -20 |
| Loss (gain) on disposals of subsidiaries and associates | 0 | 0 |
| Derivatives – non monetary result | 432 | 27 |
| Unrealized foreign exchange gains and losses, net | 142 | 76 |
| Impairment | 21 | 0 |
| Other non-monetary items | 48 | -21 |
| Share of (profits) losses of associates | 8 | -2 |
| Deferred taxes | 166 | -135 |
| Financial Capacity | -180 | 383 |
| (Increase) / decrease in inventories | 22 | -60 |
| (Increase) / decrease in trade receivables | 596 | -399 |
| Increase / (decrease) in trade payables | -309 | -34 |
| Change in other receivables and payables | 153 | 1,299 |
| Change in working capital requirements | 462 | 806 |
| Net cash flow from operating activities | 282 | 1,189 |
| Purchase of property, plant and equipment and intangible assets | -869 | -737 |
| Proceeds on disposal of property, plant and equipment and intangible assets | 11 | 40 |
| Proceeds on disposal of subsidiaries, of shares in non-controlled entities | 356 | 4 |
| Acquisition of subsidiaries, of shares in non-controlled entities | -1 | 0 |
| Dividends received | 0 | 3 |
| Decrease (increase) in net investments, more than 3 months | 0 | 22 |
| Net cash flow used in investing activities | -503 | -668 |
| Increase of equity due to new convertible bond | 0 | 0 |
| Perpetual (including premium) | 0 | 0 |
| Issuance of debt | 2,710 | 508 |
| Repayment on financial debt | -588 | -238 |
| Payments on lease debt | -249 | -251 |
| Decrease (increase) in loans, net | -3 | -1 |
| Dividends and coupons on perpetual paid | 0 | 0 |
| Net cash flow from financing activities | 1,870 | 18 |
| Effect of exchange rate on cash and cash equivalents and bank overdrafts | -3 | 7 |
| Change in cash and cash equivalents and bank overdrafts | 1,646 | 546 |
| Cash and cash equivalents and bank overdrafts at beginning of period | 3,711 | 3,580 |
| Cash and cash equivalents and bank overdrafts at end of period | 5,357 | 4,126 |
| <i>Change in treasury of discontinued operations</i> | 0 | 0 |

Key Performance Indicators

Restated net result, group share

| <i>In million euros</i> | First Quarter | |
|--|---------------|-------------|
| | 2020 | 2019 |
| Net income/(loss), Group share | -1,801 | -324 |
| Unrealized foreign exchange gains and losses, net | 142 | 76 |
| Change in fair value of financial assets and liabilities (derivatives) | 432 | -25 |
| Non-current income and expenses | 46 | -18 |
| Tax impact on gross adjustments net result | -177 | -10 |
| Restated net income/(loss), group part | -1,358 | -301 |
| Coupons on perpetual | -4 | -4 |
| Restated net income/(loss), group share including coupons on perpetual (used to calculate earnings per share) | -1,362 | -305 |
| Restated net income/(loss) per share (in €) | -3.19 | -0.71 |

Return on capital employed (ROCE)¹

| <i>In million euros</i> | 31 Mar 2020 | 31 Dec 2019 | 30 Sep 2019 | 30 June 2019 | 31 Mar 2019 | 31 Dec 2018 | 30 Sep 2018 | 30 June 2018 |
|---|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| Goodwill and intangible assets | 1,564 | 1,522 | 1,481 | 1,465 | 1,485 | 1,411 | 1,391 | 1,379 |
| Flight equipment | 11,465 | 11,334 | 10,905 | 10,823 | 10,456 | 10,308 | 10,401 | 10,294 |
| Other property, plant and equipment | 1,579 | 1,580 | 1,554 | 1,530 | 1,504 | 1,503 | 1,462 | 1,443 |
| Right of use assets | 5,119 | 5,173 | 5,212 | 5,382 | 5,453 | 5,664 | 5,596 | 5,802 |
| Investments in equity associates | 299 | 307 | 310 | 305 | 306 | 311 | 299 | 294 |
| Financial assets excluding marketable securities and financial deposits | 142 | 140 | 131 | 125 | 127 | 125 | 116 | 116 |
| Provisions, excluding pension, cargo litigation and restructuring | -4,190 | -4,058 | -4,104 | -3,892 | -3,904 | -3,777 | -3,671 | -3,616 |
| WCR, excluding market value of derivatives | -6,650 | -6,310 | -6,285 | -6,956 | -6,938 | -6,133 | -5,851 | -6,681 |
| Capital employed | 9,328 | 9,688 | 9,204 | 8,782 | 8,489 | 9,412 | 9,743 | 9,031 |
| Average capital employed (A) | | 9,251 | | | | 9,169 | | |
| Adjusted results from current operations | | 612 | | | | 1,224 | | |
| - Dividends received | | -2 | | | | -2 | | |
| - Share of profits (losses) of associates | | 12 | | | | 23 | | |
| - Normative income tax | | -155 | | | | -335 | | |
| Adjusted result from current operations after tax (B) | | 467 | | | | 910 | | |
| ROCE, trailing 12 months (B/A) | | 5.0% | | | | 9.9% | | |

¹ The definition of ROCE has been revised to take into account the seasonal effects of the activity.

Net debt

| €m | Balance sheet at | |
|----------------------------------|------------------|---------------|
| | 31 Mar 2020 | 31 Dec 2019 |
| Financial debt | 9,076 | 6,886 |
| Lease debt | 3,954 | 4,029 |
| Currency hedge on financial debt | -11 | 4 |
| Accrued interest | -64 | -62 |
| Gross financial debt (A) | 12,955 | 10,857 |
| Cash and cash equivalents | 5,362 | 3,715 |
| Marketable securities | 108 | 111 |
| Cash securities | 304 | 300 |
| Deposits (bonds) | 599 | 585 |
| Bank overdrafts | -5 | -4 |
| Others | -5 | 3 |
| Net cash (B) | 6,363 | 4,710 |
| Net debt (A) – (B) | 6,584 | 6,147 |

Unit cost: net cost per ASK

| | First Quarter | |
|--|---------------|--------------|
| | 2020 | 2019 |
| Revenues (in €m) | 5,020 | 5,942 |
| Income/(loss) from current operations (in €m) -/- | 815 | 286 |
| Total operating expense (in €m) | 5,835 | 6,228 |
| Passenger network business – other revenues (in €m) | -140 | -167 |
| Cargo network business – other revenues (in €m) | -68 | -73 |
| Third-party revenues in the maintenance business (in €m) | -493 | -554 |
| Transavia - other revenues (in €m) | -13 | -4 |
| Third-party revenues of other businesses (in €m) | -7 | -8 |
| Net cost (in €m) | 5,115 | 5,422 |
| Capacity produced, reported in ASK* | 67,295 | 75,586 |
| Net cost per ASK (in € cents per ASK) | 7.60 | 7.17 |
| <i>Gross change</i> | | 6.0% |
| Currency effect on net costs (in €m) | | 12 |
| <i>Change at constant currency</i> | | 5.7% |
| Fuel price effect (in €m) | | 115 |
| Net cost per ASK on a constant currency and fuel price basis (in € cents per ASK) | 7.60 | 7.34 |
| Change at constant currency and fuel price basis | | +3.5% |

* The capacity produced by the transportation activities is combined by adding the capacity of the Passenger network (in ASK) to that of Transavia (in ASK).

Group results

Air France Group

| | First Quarter | |
|---|---------------|----------|
| | 2020 | Change |
| Revenue (in €m) | 3,016 | -17.8% |
| EBITDA (in €m) | -67 | -290 |
| Operating result (en m€) | -536 | -287 |
| <i>Operating margin (%)</i> | -17.8% | -11.0 pt |
| Operating cash flow before WCR and restructuring cash out (in €m) | -124 | -316 |
| <i>Operating cash flow (before WCR and restructuring) margin</i> | -4.1% | -9.3 pt |

KLM Group

| | First Quarter | |
|---|---------------|----------|
| | 2020 | Change |
| Revenue (in €m) | 2,140 | -9.7% |
| EBITDA (in €m) | 11 | -199 |
| Operating result (en m€) | -275 | -228 |
| <i>Operating margin (%)</i> | -12.9% | -10.9 pt |
| Operating cash flow before WCR and restructuring cash out (in €m) | -15 | -202 |
| <i>Operating cash flow (before WCR and restructuring) margin</i> | -0.7% | -8.6 pt |

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

Group fleet at 31 March 2020

| Aircraft type | AF (incl. HOP) | KL (incl. KLC & MP) | Transavia | Owned | Finance lease | Operating lease | Total | In operation | Change / 31/12/19 |
|--------------------------|----------------------|------------------------------|-----------|------------|------------------|--------------------|------------|-----------------|----------------------|
| B747-400 | | 8 | | 8 | | | 8 | | -4 |
| B777-300 | 43 | 14 | | 16 | 19 | 22 | 57 | 57 | |
| B777-200 | 25 | 15 | | 25 | 1 | 14 | 40 | 40 | |
| B787-9 | 9 | 13 | | 7 | 3 | 12 | 22 | 22 | |
| B787-10 | | 5 | | 4 | 1 | | 5 | 5 | 1 |
| A380-800 | 10 | | | 1 | 4 | 5 | 10 | 9 | -1 |
| A350-900 | 4 | | | 1 | 3 | | 4 | 4 | 1 |
| A340-300 | 4 | | | 4 | | | 4 | 4 | |
| A330-300 | | 5 | | | | 5 | 5 | 5 | |
| A330-200 | 15 | 8 | | 11 | | 12 | 23 | 23 | |
| Total Long-Haul | 110 | 68 | 0 | 77 | 31 | 70 | 178 | 169 | -7 |
| B737-900 | | 5 | | 2 | | 3 | 5 | 5 | |
| B737-800 | | 31 | 74 | 29 | 10 | 66 | 105 | 105 | 1 |
| B737-700 | | 16 | 7 | 3 | 5 | 15 | 23 | 23 | |
| A321 | 20 | | | 11 | | 9 | 20 | 20 | |
| A320 | 44 | | | 3 | 5 | 36 | 44 | 43 | |
| A319 | 33 | | | 20 | | 13 | 33 | 33 | |
| A318 | 18 | | | 18 | | | 18 | 18 | |
| Total Medium-Haul | 115 | 52 | 81 | 86 | 20 | 142 | 248 | 247 | 1 |
| ATR72-600 | 2 | | | | | 2 | 2 | | -2 |
| ATR72-500 | | | | | | | | | |
| ATR42-500 | | | | | | | | | |
| Canadair Jet 1000 | 14 | | | 14 | | | 14 | 14 | |
| Canadair Jet 700 | 11 | | | 11 | | | 11 | 10 | |
| Embraer 190 | 16 | 32 | | 9 | 12 | 27 | 48 | 48 | 1 |
| Embraer 175 | | 17 | | 3 | 14 | | 17 | 17 | |
| Embraer 170 | 15 | | | 10 | | 5 | 15 | 15 | |
| Embraer 145 | 16 | | | 16 | | | 16 | 11 | -2 |
| Total Regional | 74 | 49 | 0 | 63 | 26 | 34 | 123 | 115 | -3 |
| B747-400ERF | | 3 | | 3 | | | 3 | 3 | |
| B747-400BCF | | 1 | | 1 | | | 1 | 1 | |
| B777-F | 2 | | | 2 | | | 2 | 2 | |
| Total Cargo | 2 | 4 | 0 | 6 | 0 | 0 | 6 | 6 | 0 |
| Total | 301 | 173 | 81 | 232 | 77 | 246 | 555 | 537 | -9 |