

Results presentation

Results as of September 30, 2021

October 29, 2021





Q3 2021 and strategic highlights

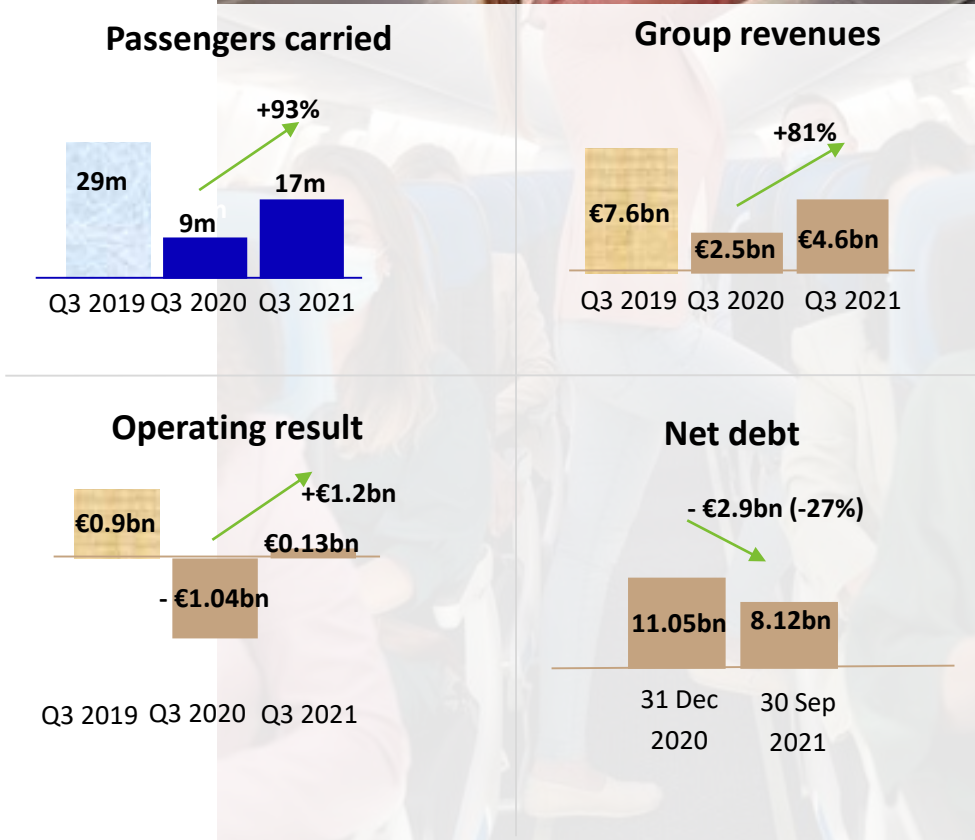


Benjamin Smith
Chief Executive Officer
Air France-KLM



Q3: Strong improvement of operating results

- Network Passenger capacity at index 66% versus Q3 2019 with a load factor of 65%
- Operating result for the first time positive since the start of the Covid-19 crisis at €132m
- Transavia Operating result at €105m resulting in a margin of 20%, approaching Q3 2019 level. Load factor close to 80%
- Adj. operating free cash flow positive for the second quarter in a row at €278m thanks to positive EBITDA at €796m
- Air France awarded in the Skytrax World Airline Awards 2021 as the best airline in Europe





Redefining our approach towards our corporate customer



Actions dedicated to our corporate customers

- Leverage the diversity of our portfolio
- Activate demand through tighten relationship
- Leverage dedicated SME program
- Demonstrate commercial flexibility towards accounts
- Value our differences versus competition (SAF partnerships, global network coverage)



Based on our corporate customer survey

- French Domestic: half of respondents already started to travel
- Medium haul : nearly half of the Europeans' are expecting to resume intra-European flights by the end of this year
- Long haul : resumption expected to start in 2022
- Our corporate customers value the commercial relationship with very high scoring

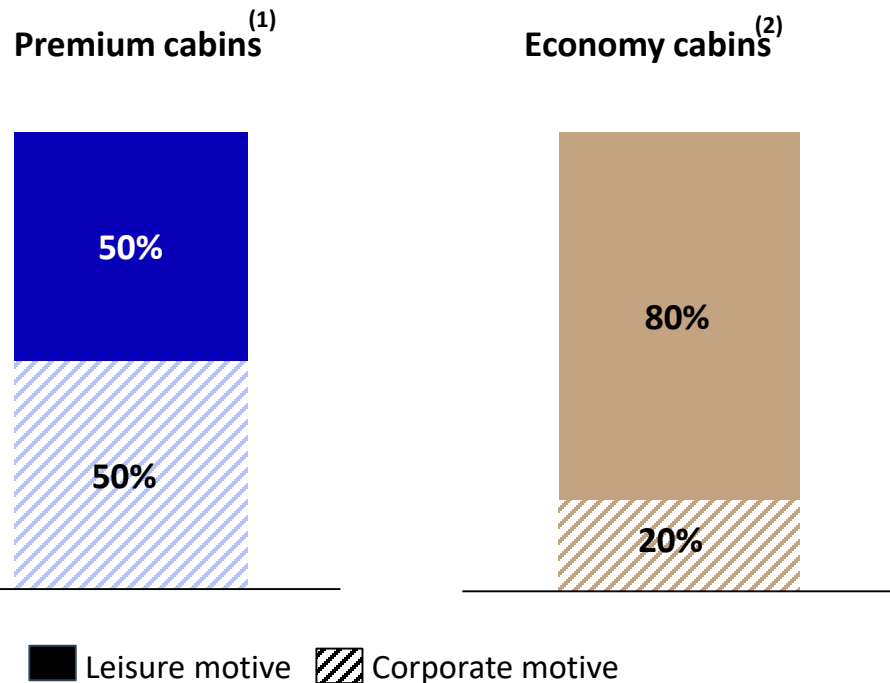




Our premium offer benefits from traditionally high share of leisure customers, the fastest recovering segment in today's environment



Passenger share by travel motive
Air France KLM passenger network, 2019

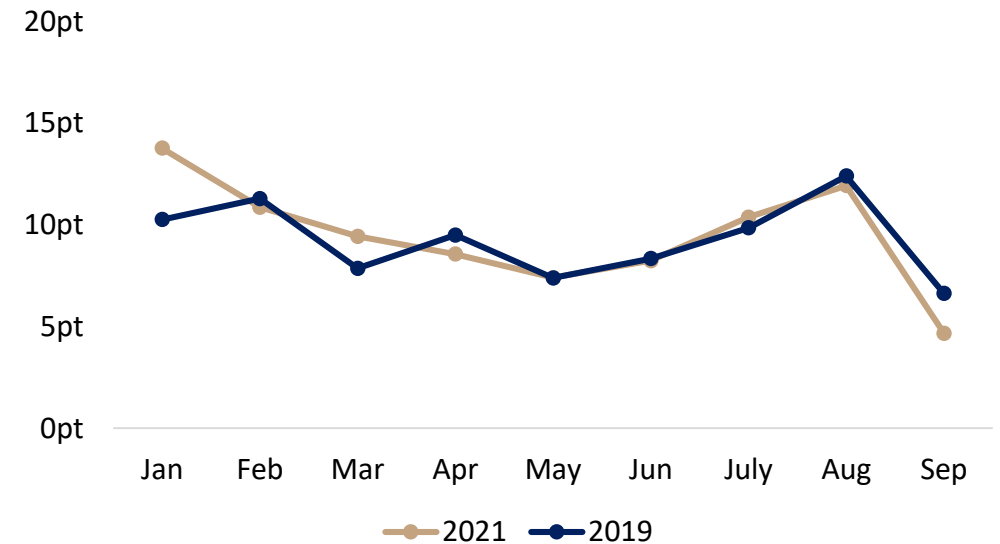


(1) Premium = First and Business
(2) Economy = Premium economy and Economy

Leisure traffic to recover more quickly than corporate travel:

- Load factor gap between premium and economy cabins similar to 2019 level
- Air France-KLM can quickly adapt the size of Premium cabins

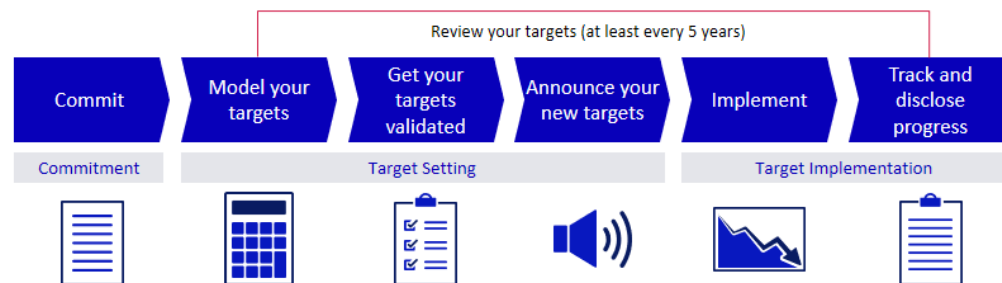
Monthly gap between load factor Economy classes minus Premium classes
Air France KLM passenger network





Air France-KLM is accelerating its sustainable transition by committing to set a CO2 reduction science-based target through the SBT initiative

- Commitment to setting additional CO2 reduction targets for 2035, in addition to ambition to reach zero net emissions by 2050



- The Science Based Targets approach aims to limit global warming to well below 2°C, **in line with the Paris Agreements.**
- By committing to the Science Based Targets initiative, Air France-KLM will ensure that its low-carbon transformation is **aligned with climate science** in a transparent and externally approved manner.



Brings rigor and transparency to AFKL sustainability ambitions



Strengthen AFKL ESG profile with banks and investors



AFKL is keeping up with best in class airlines



AFKL will maintain its position in index rankings



Standard & Poor's strong ESG rating release

Air France-KLM solicited rating: first public ESG evaluation on an airline



A forward looking opinion of Air France-KLM's ability to manage future ESG risks and opportunities

Environmental Profile			Social Profile			Governance Profile		
	Greenhouse gas emissions	Strong		Workforce and diversity	Good		Structure and oversight	Good
	Waste and pollution	Strong		Safety management	Good		Code and values	Good
	Water use	Strong		Customer engagement	Good		Transparency and reporting	Good
	Land use and biodiversity	Good		Communities	Good		Financial and operational risks	Neutral

➤ Clear commitments on our environmental and sustainability strategy

➤ Strengthen Air France-KLM dialogue with investors, whose ESG expectations are growing

➤ Optimize the market perception on Air France-KLM's sustainability profile with all stakeholders



Air France-KLM **compares well** with the airline industry with regard to the management of its significant exposure to environmental challenges.



Air France-KLM is **adequately prepared to manage risks** facing airlines over the near-to-medium term. The group is aware of and **integrates the mitigation of key long-term disruptions** into its strategy, such as regulation and climate change.

Capabilities	
Awareness	Good
Assessment	Good
Action plan	Good
Embeddedness	
Culture	Good
Decision-making	Excellent





Results as of September 30, 2021

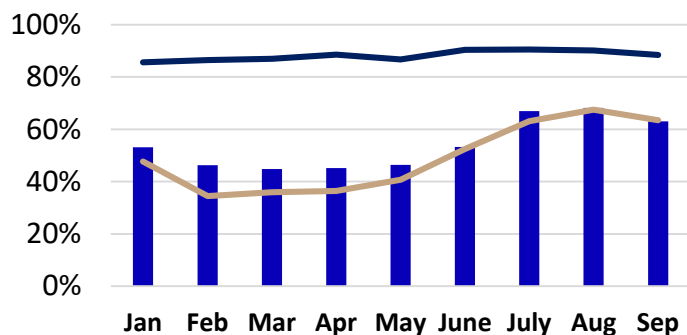


Steven Zaat
Chief Financial Officer
Air France-KLM

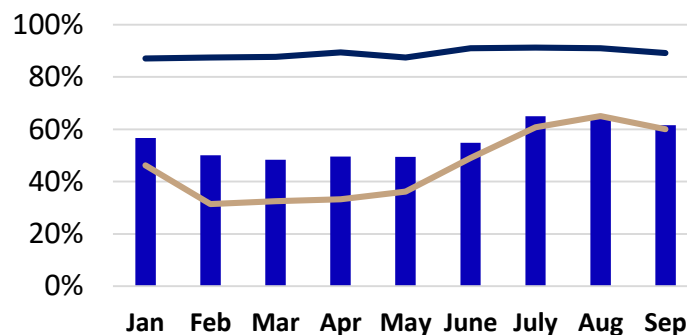


Network: Recovery continued throughout the summer peak

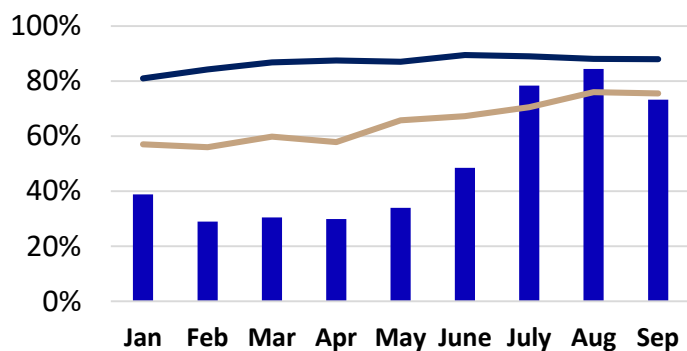
Total



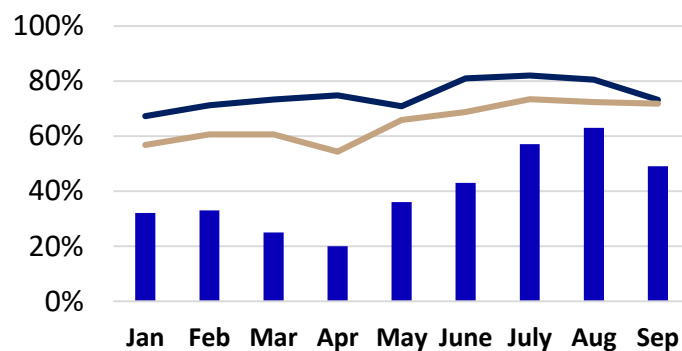
Long-haul



Medium-haul



French dom.

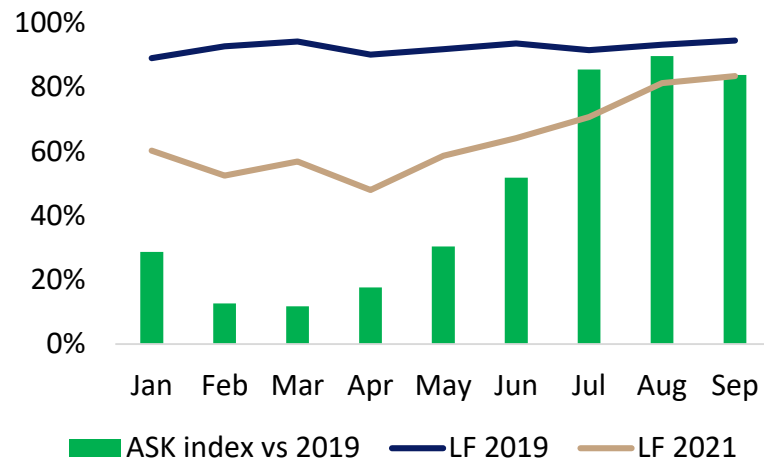


■ ASK index vs 2019
 — LF 2019
 — LF 2021





Transavia: Reaching 80% load factor in Q3 with strong capacity development



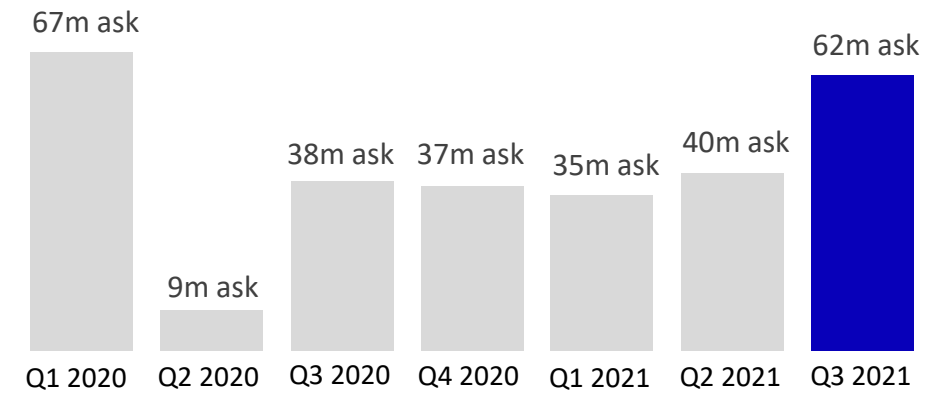
- Operating result: €105m, **margin of 20%** in Q3, approaching Q3 2019 level
- Capacity versus Q3 2019 at circa 85% while **yield outperformed** Q3 2019 reaching an index of 106
- The **network** has been adapted and redesigned with agility to accommodate high leisure demand from the Netherlands and France as well, with increase of capacity to Greece, Portugal and Spain
- Growth Transavia France: 10 aircraft received in the 9M 2021 and **61 aircraft in total in Summer 2022**, in order to take over French Domestic routes and start flying new routes



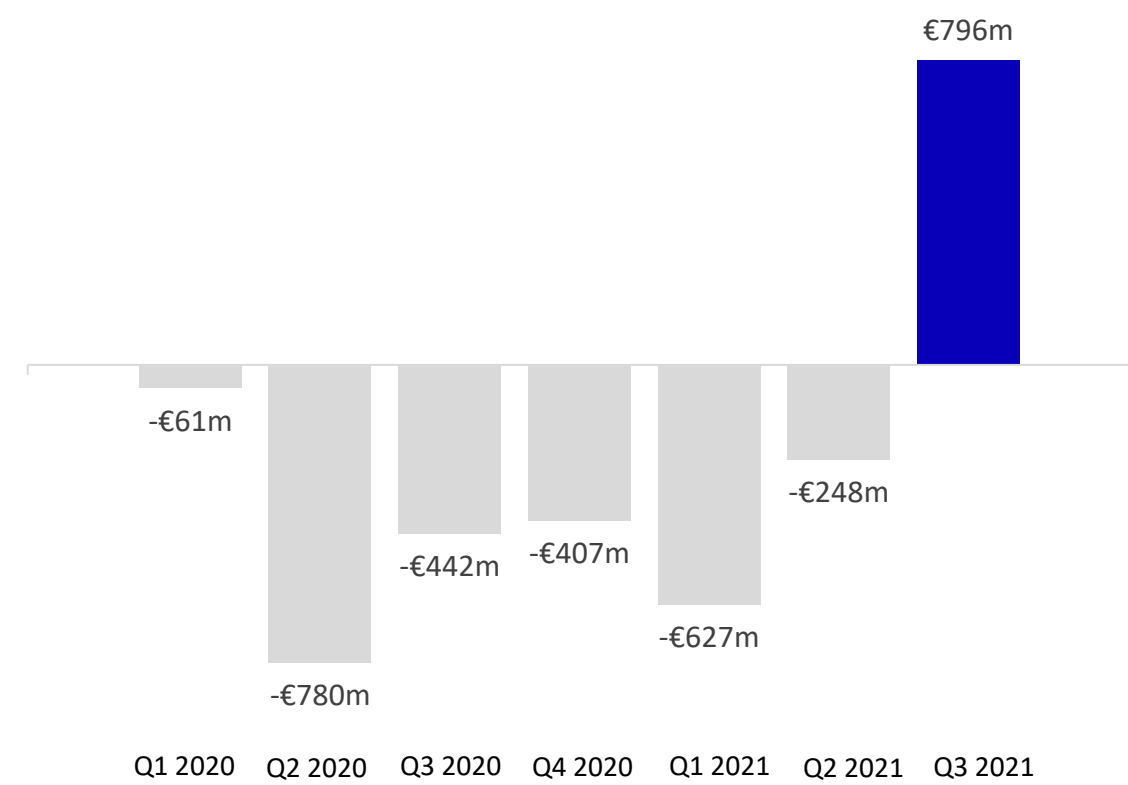


For the first time since the start of Covid crisis, significant rebound of EBITDA

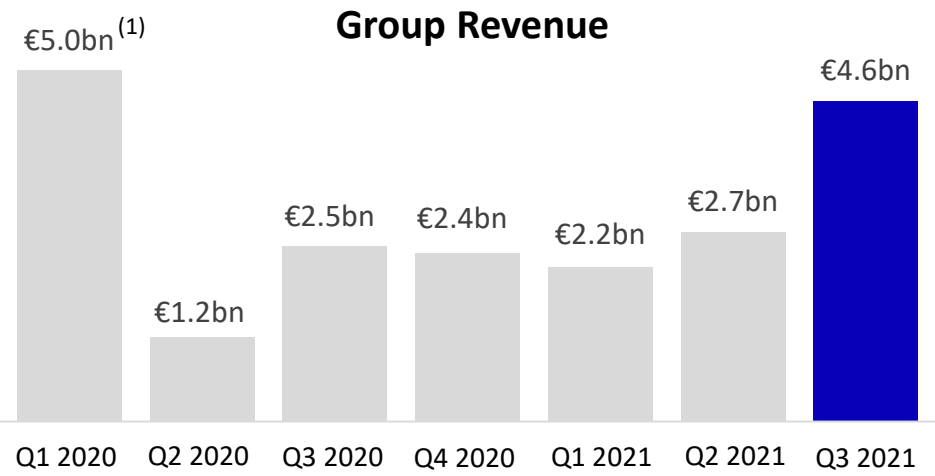
Capacity in ASK



EBITDA development



Group Revenue



(1) Q1 2020 results impacted by Covid-19 mostly in March



Operating result positive

Adjusted operating free cash flow positive

	Q3 2021	Q3 2020	Change	Change <i>at constant currency</i>
Revenues (€ m)	4,567	2,524	+2,043m	+2,058m
Fuel expenses (€ m)	828	489	+339m	+350m
EBITDA (€ m)	796	-442	+1,238m	+1,232m
Operating result (€ m)	132	-1,046	+1,178m	+1,172m
Operating margin	2.9%	-41.4%	+44.3 pt	+44.8 pt
Net income - Group part (€ m)	-192	-1,665	+1,473m	
Adjusted operating free cash flow (€ m)	278	-1,220	+1,498m	





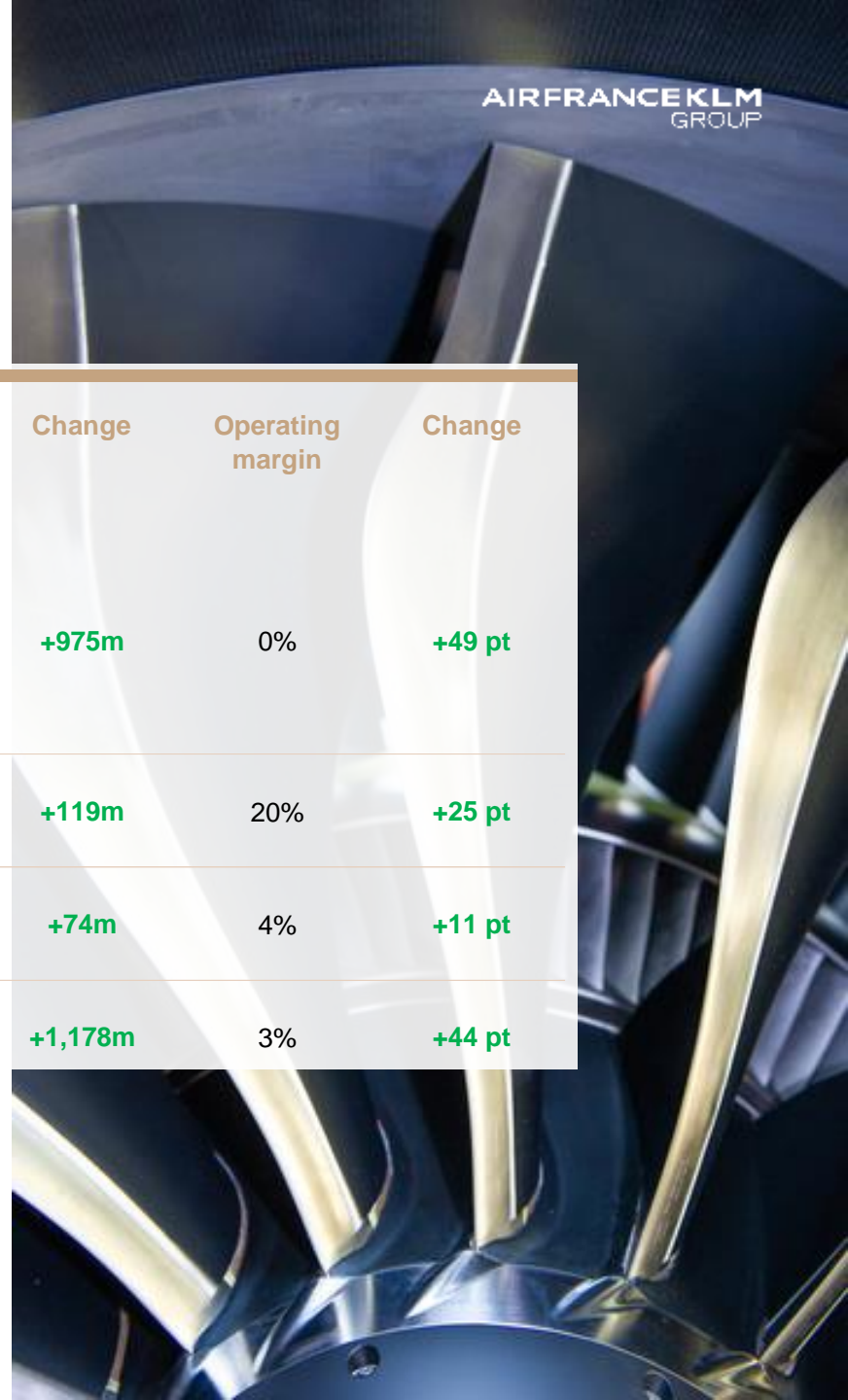
Transavia and Maintenance positive operating result and network close to break-even

Q3 2021 versus 2020		Capacity ⁽¹⁾	Unit Revenue ⁽²⁾ Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
Network		+63.6%	+38.9%	2,956	+122.5%	-13	+975m	0%	+49 pt
		+20.3% ⁽³⁾	+2.9%	835	+23.4%				
Transavia		+56.3%	+27.7%	522	+99.3%	105	+119m	20%	+25 pt
Maintenance				247	+0.0%	29	+74m	4%	+11 pt
Group		+62.5%	+20.0%	4,567	+80.9%	132	+1,178m	3%	+44 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 performing significantly better than last year

	Q3 2021 versus Q3 2020	Capacity change	Revenues (€ m)	Change YoY	Operating result (€ m)	Change YoY	Operating margin	Change YoY	Net debt (€ m)	Change 31 Dec 2020
AIRFRANCE /		+78%	2,808	+88%	-45	+762	-2%	+52 pt	4,675	-2,657
KLM		+48%	1,890	+65%	168	+402	9%	+29 pt	3,278	-258
AIRFRANCEKLM GROUP		+62%	4,567	+81%	132	+1,178	3%	+44 pt	8,121	-2,928

- Difference in government support on wages and in implementation speed of voluntary departure plan between Air France and KLM
- Net debt reduction thanks to capital increase and conversion of the direct French state loan into perpetual hybrid instruments

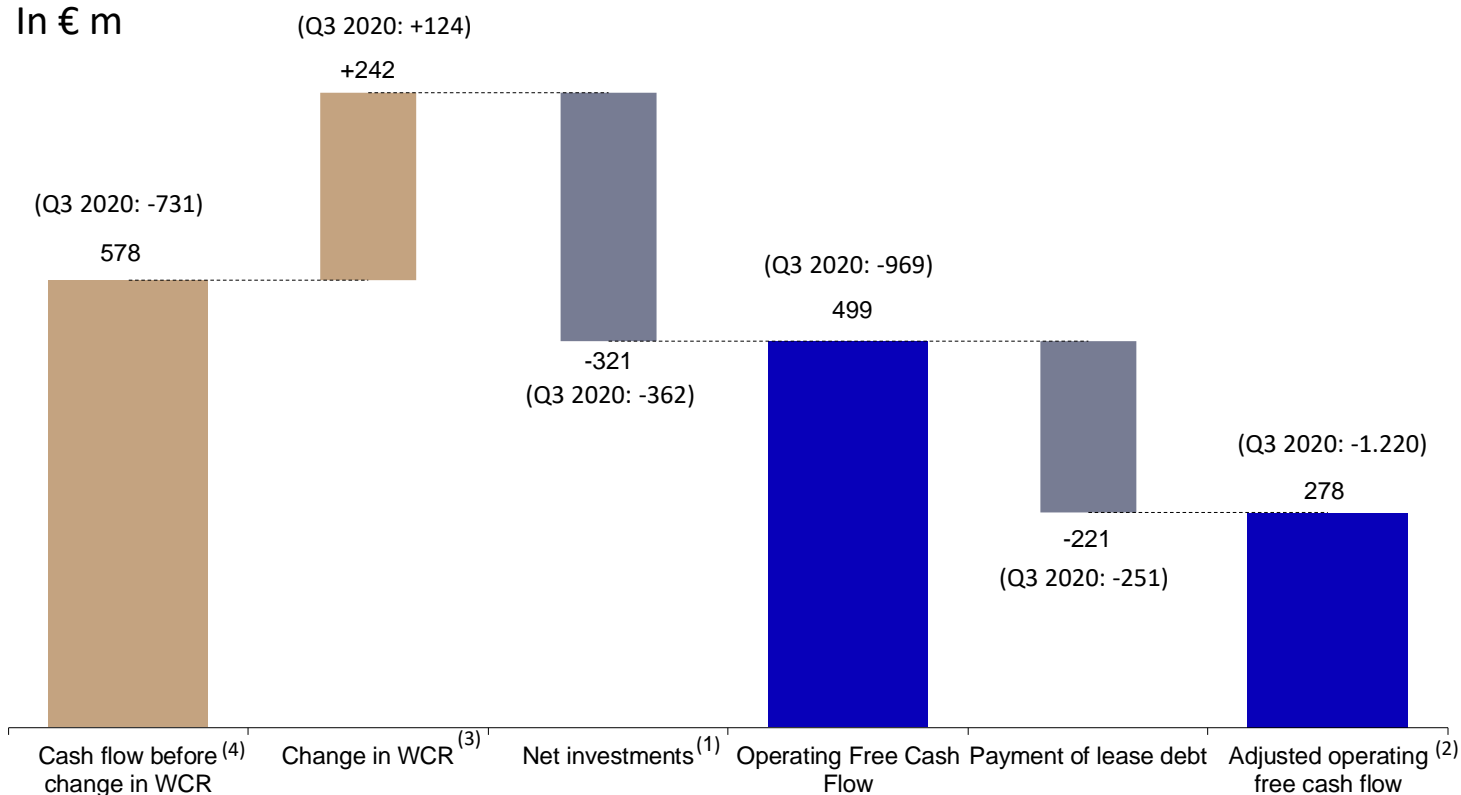


NB: Sum of individual airline results does not add up to Air France-KLM total due to intercompany eliminations at Group level



Adjusted Operating Free cash flow positive driven by Cash Flow from Operations

Q3 2021 Free cash flow evolution



(1) Net investments reduced by sale and leaseback transactions

(2) Adjusted operating free cash flow = Operating free cash flow after repayment of lease debt

(3) Variation of the net unflown ticket stock including €541m refunds. Maximum risk due to cash refunds ~€0.7bn at the end of September 2021

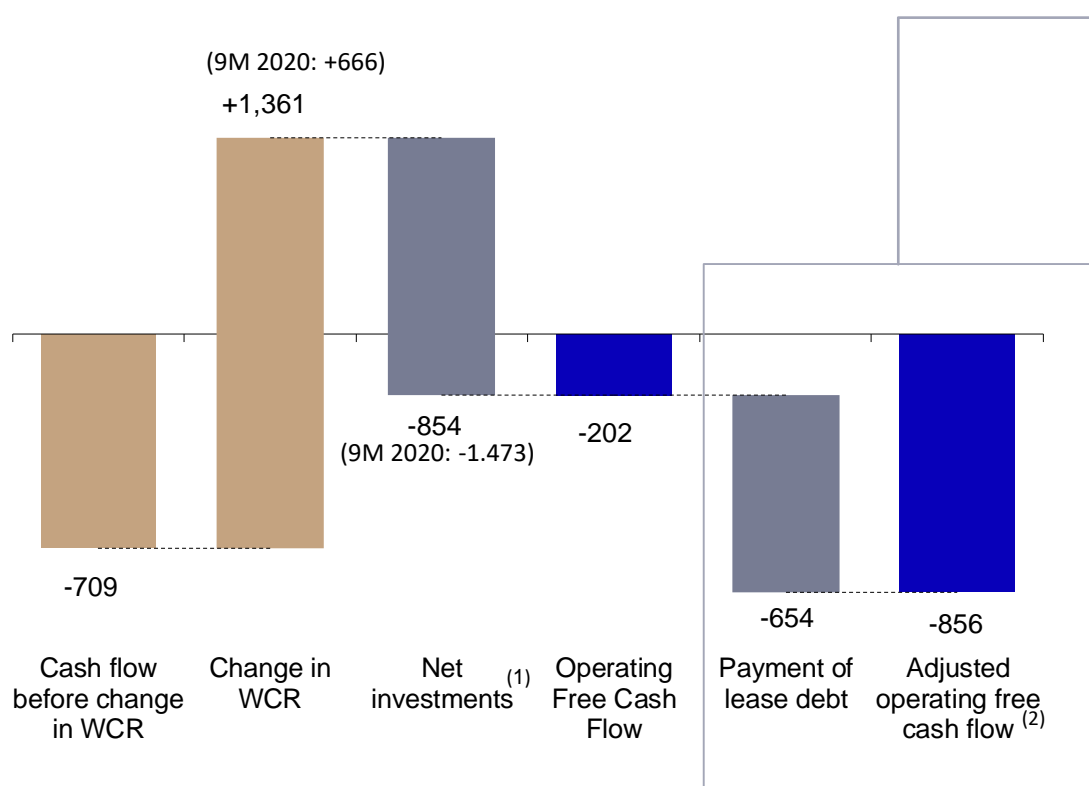
(4) Including restructuring cash out of €93m



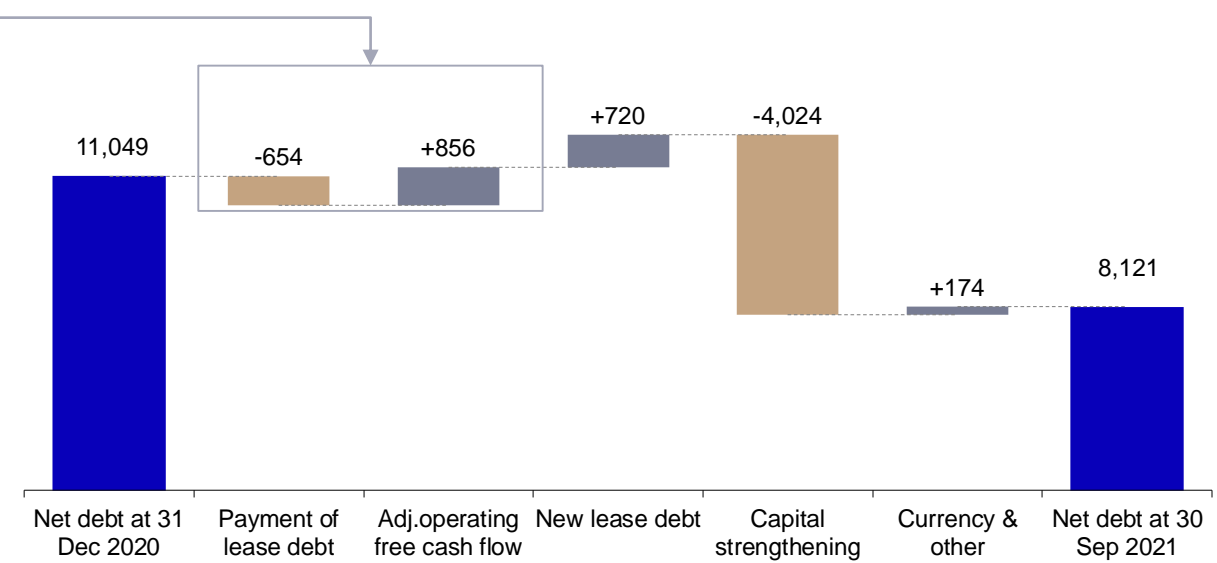


9M: Adjusted operating free cash flow negative, Net debt reduced by €2.9bn

9M 2021 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



Liability management actions on cash trajectory

- **Anticipated partial redemption amount of €500m** on the of €4bn outstanding using €800m Euro Bonds proceeds received in July 2021, is set for November 2021.
- **Reprofiling redemption schedule of French Bank Loan “PGE” (indicative):**
 - Outstanding amount left of €3.5bn after reprofiling, previously stated as a one bullet payment of €4bn due in 2023,
 - Repayment schedule profile into 3 tranches of :
 - *€0.8bn of redemption amount in May 2023 and,*
 - *2 x €1.3bn of redemptions amount in May 2024/2025*
- **Strong support of the Air France-KLM’s banks**, showing confidence in the Group’s new trajectory
- **EMTN program (« Euro Medium Term Note »)** ready to use for forthcoming senior bond issuances, increasing flexibility and access to Debt Capital Markets, as well as to diversify investors base
- **Finalizing process of an S&P solicited ESG rating**

Actions on equity situation

- Discussions are ongoing on KLM recapitalization measures, on current shareholder loan transformation in quasi-equity
- Further capital strengthening measures discussions, to include instruments such as Rights Issuance and Quasi-equity, to restore equity situation and debt profile.
- Further measures depends on markets conditions and regulatory approval
- Great flexibility to implement capital strengthening and financing measures, based on current AGM 2021 authorisations.



Outlook

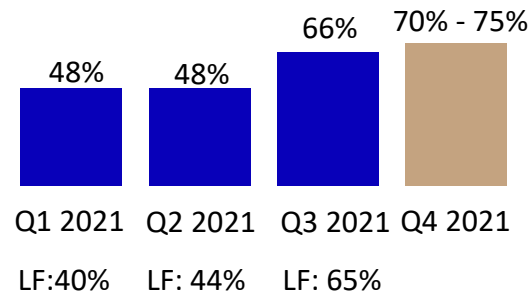
Results as of September 30, 2021



Air France and KLM estimate to reach in Q4 capacity levels of 70% to 75% versus Q4 2019

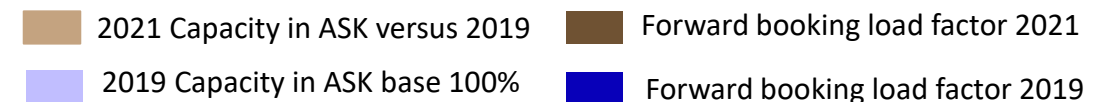
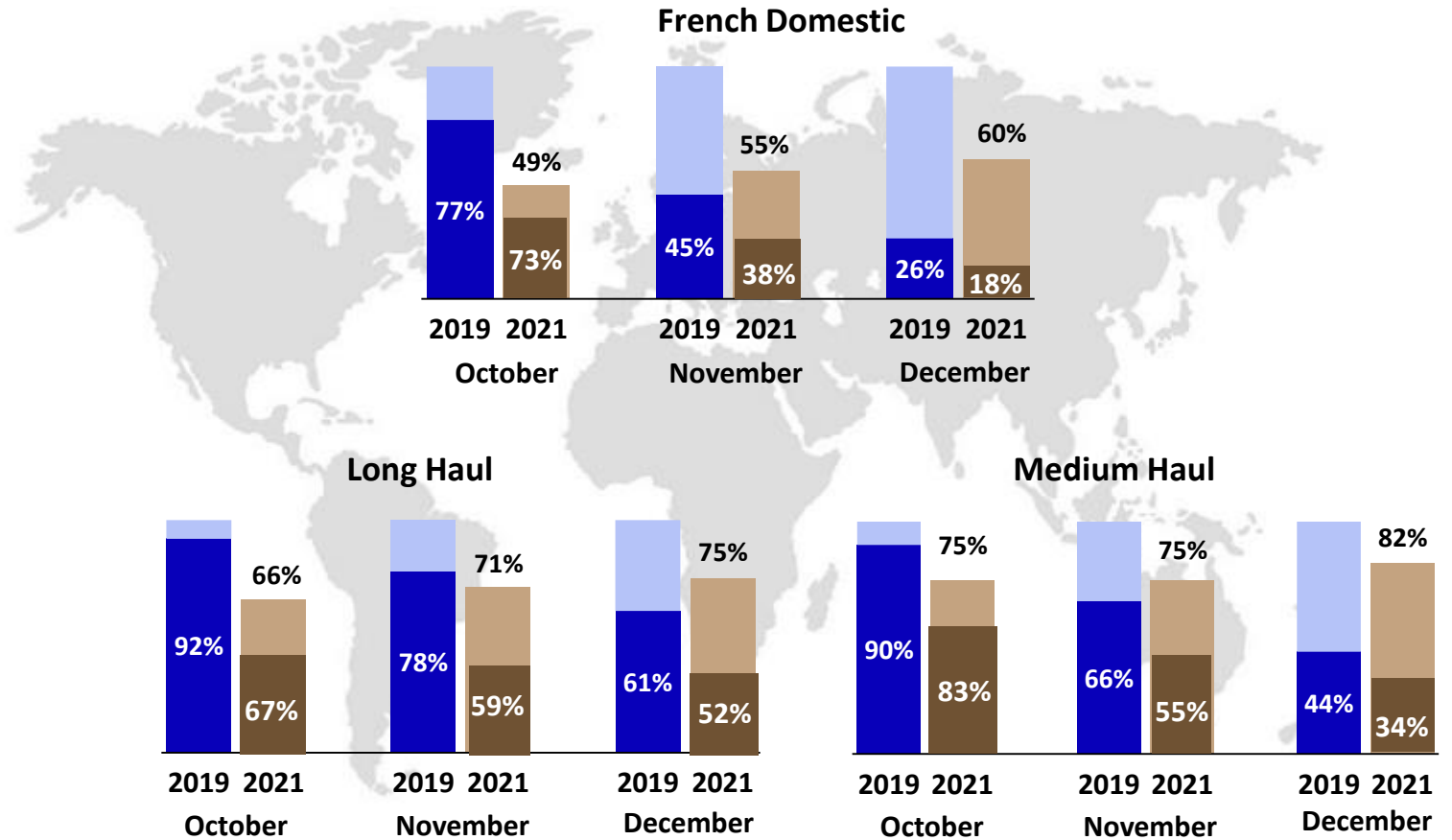


Network Passenger capacity in ASK versus 2019



- Q3 capacity in line with guidance provided during Q2 results presentation
- For 2022, no guidance yet due to uncertainty concerning reopening of Asia

Network Passenger capacity and booking Snapshot of the 25th October 2021 and 2019





Cash at hand at a sufficient level of €10.4bn

€10.4bn cash at hand end of September



Liquidity requirements:

- EBITDA expected positive in Q4 2021 and slightly positive in FY 2021⁽¹⁾
- Remaining potential refund continue to reduce. At end of September ~€0.7bn
- FY 2021 Net Capex spending estimated at €1.5bn, which is 20% fleet (fully financed), 55% fleet related and 25% IT/ground (Q4 2021: ~€650m)
- FY 2021 restructuring cash out estimated at €300m (Q4 2021: ~€80m)

(1) Based on current situation of travel restriction

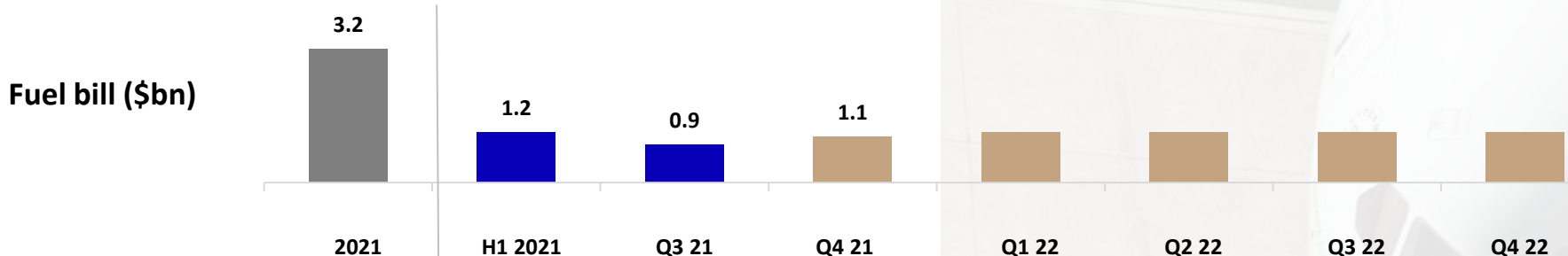




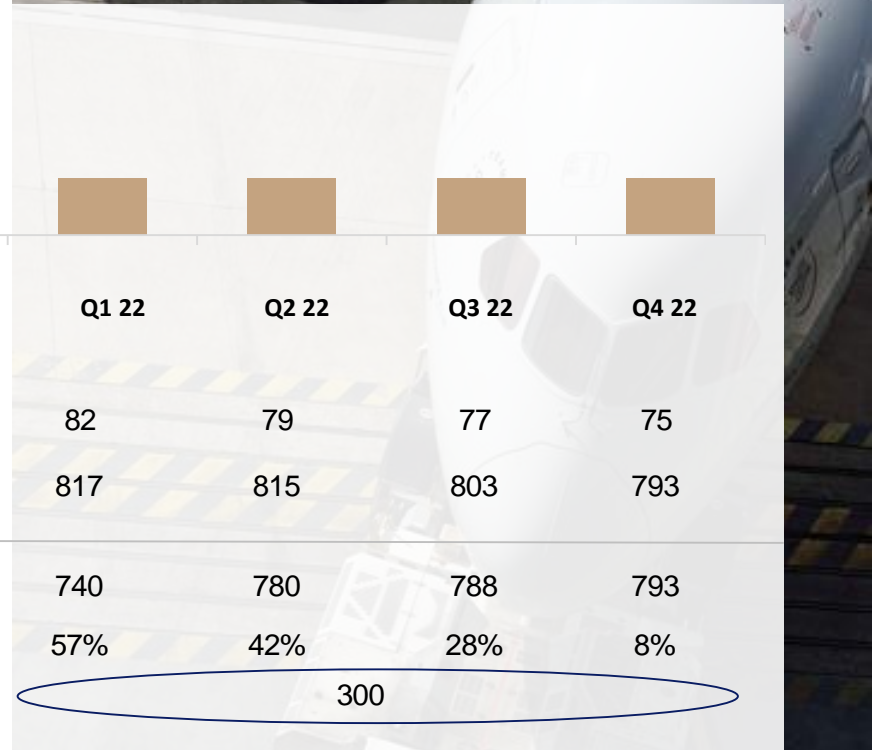
Fuel bill 2021 of around \$3.2bn, positive hedge result of \$350m in 2021 and \$300m in 2022



AIRFRANCE KLM GROUP



		2021	H1 2021	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Market price	Brent (\$ per bbl)	72	65	73	84	82	79	77	75
	Jet fuel (\$ per metric ton)	672	585	661	800	817	815	803	793
Price after hedge	Jet fuel (\$ per metric ton)	609	563	594	688	740	780	788	793
	% of consumption already hedged	81%	105%	68%	61%	57%	42%	28%	8%
	Hedge result (in \$ m)	350	50	100	200	300			



Based on forward curve at 25 October 2021. Sensitivity computation based on 2021 fuel price, assuming constant crack spread between Brent and Jet Fuel. Jet fuel price including into plane cost



Restructuring programs ongoing at Air France and KLM

Labour cost



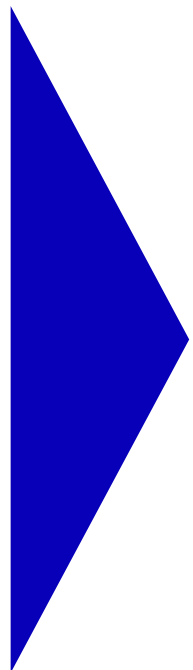
Fleet, suppliers and procurement



Fuel efficiency



Other operating cost



-€800m

Structural benefits by end 2021
versus 2019

-5.5k FTE, -17%

by end 2021
-5.6K FTE by end of September 2021

Reduction of labor benefits (up to -20%)
NOW mechanism stopped end of Q3 2021



-€1.3bn

Structural benefits by end of 2022
-€800m end 2021 versus 2019

-8.5k FTE, -17%

by end 2022,
-7.2k FTE by the end of September 2021

Long term partial activity in place until end of 2022

¹Excluding Transavia France



Conclusion



Benjamin Smith
Chief Executive Officer
Air France-KLM



Conclusion

1

Improved performance thanks to the group's agility to capture higher demand

- **Recovery continued** throughout the summer peak
- **Positive operating result achieved in Q3** for the first time since the start of the Covid-19 crisis
- **Capacity will keep ramping-up in Q4**, helped by the reopening of the US market to European travelers
- **Air France awarded as the best airline in Europe** in the Skytrax World Airline Awards 2021, a testimony of our relentless focus on quality

2

Continued restructuring efforts and further steps considered to strengthen balance sheet

- **Restructuring and transformation programs still ongoing at Air France and KLM** to boost airlines' competitiveness and efficiency
- **Further capital strengthening measures discussions**, to include instruments such as Rights Issuance and Quasi-equity

3

New commitments to execute our ambitious environmental roadmap

- **Announced new commitment to adhere to SBTi methodology** as a compass of our pathway towards net zero CO2 emissions by 2050
- **S&P' ESG Evaluation reflects** that Air France-KLM's compares well with the airline industry in terms of the management of its significant exposure to environmental challenges





Appendix

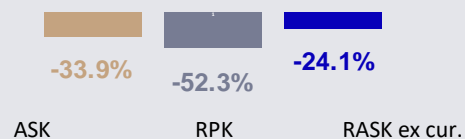
Results as of September 30, 2021



Unit revenue mainly impacted by a lower load factor while yield are higher than 2019 level

Q3 2021 vs 2019

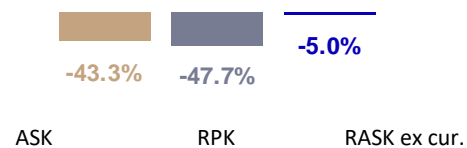
Total



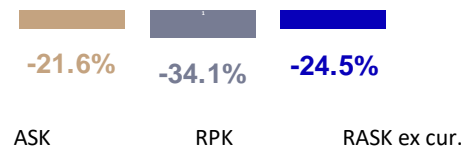
RASK ex cur.



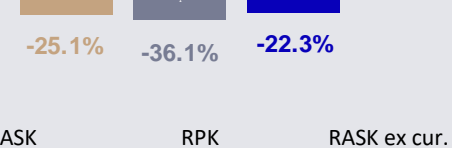
French domestic



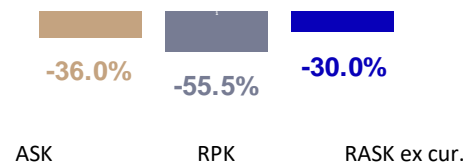
Medium-haul hubs



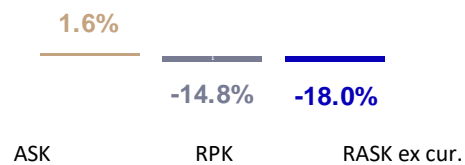
Total short & medium-haul



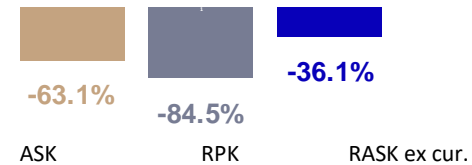
North America



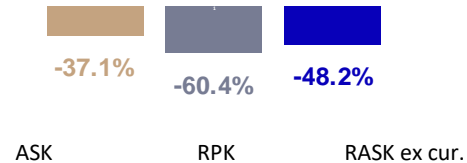
Caribbean & Indian Ocean



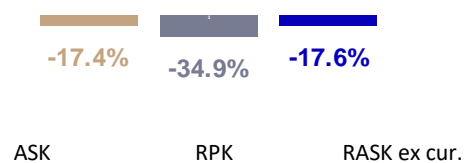
Asia



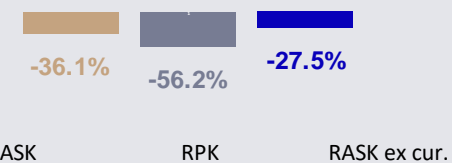
Latin America



Africa & Middle East



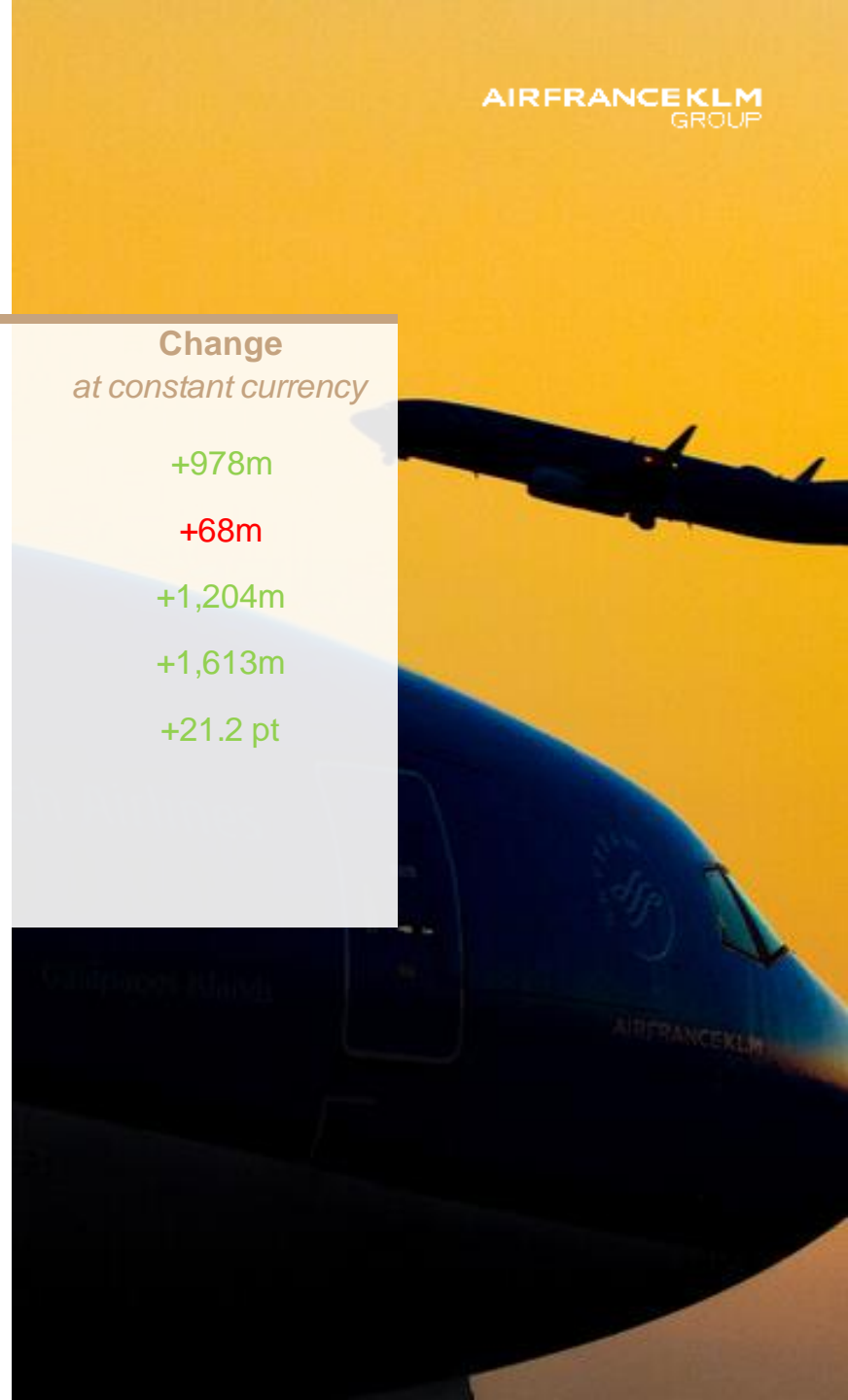
Total long-haul





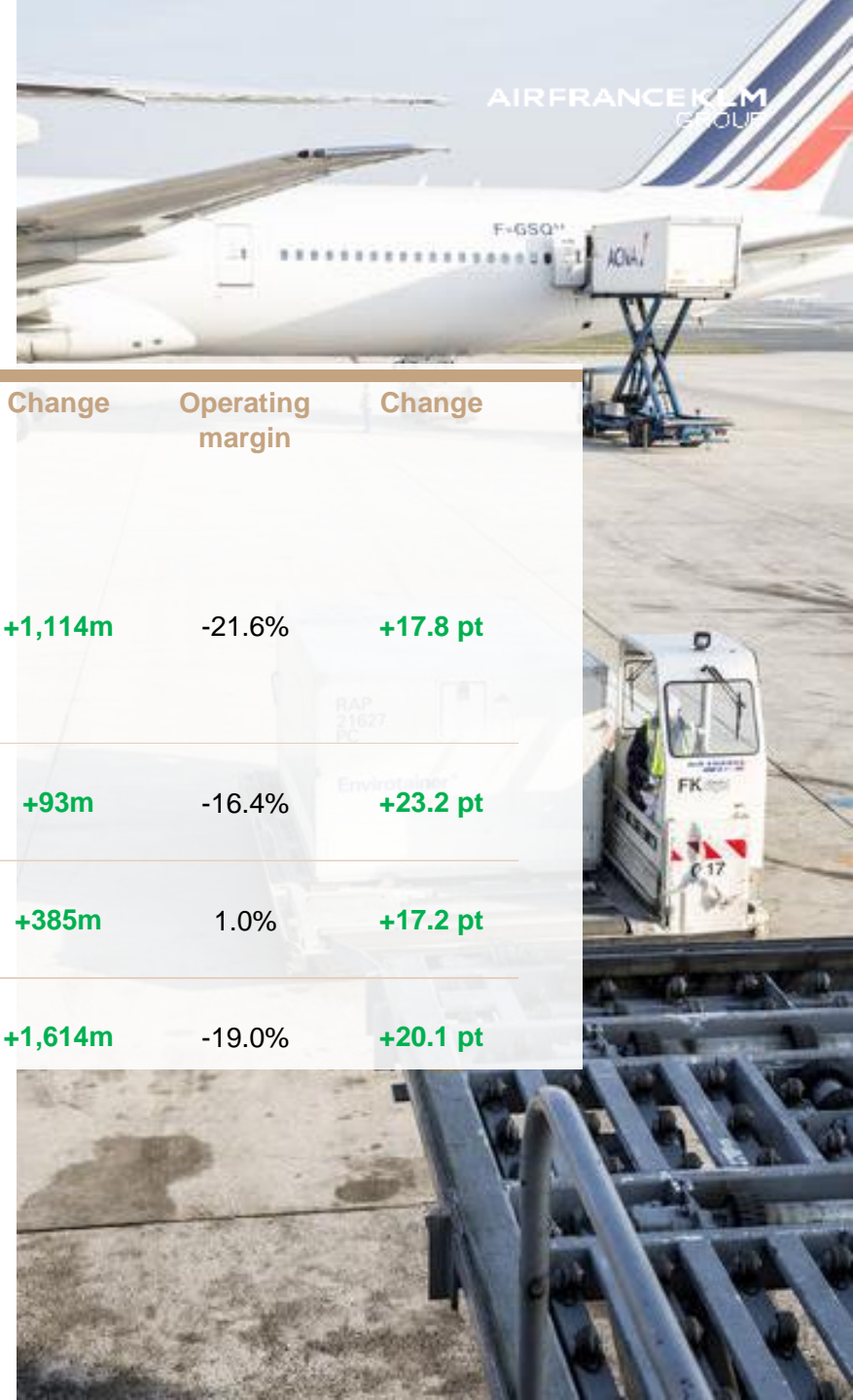
9M: EBITDA close to break-even

	9M 2021	9M 2020	Change	Change <i>at constant currency</i>
Revenues (€ bn)	9,477	8,725	+752m	+978m
Fuel expenses (€ bn)	1,811	1,886	-75m	+68m
EBITDA (€ m)	-78	-1,282	+1,204m	+1,204m
Operating result (€ m)	-1,800	-3,414	+1,614m	+1,613m
Operating margin	-19.0%	-39.1%	+20.1 pt	+21.2 pt
Net income - Group part (€ m)	-3,161	-6,078	+2,917m	
Adjusted operating free cash flow (€ m)	-856	-3,547	+2,691m	









9M: Strong performance of Cargo and Maintenance back to positive operating result



AIRFRANCE KLM GROUP

9M 2021 versus 2020	Capacity ⁽¹⁾	Unit Revenue ⁽²⁾ Constant Curr.	Revenues (€ m)	Change	Operating result (€ m)	Change	Operating margin	Change
 Network	+18.7%	-14.8%	5,443	-1.2%	-1,728	+1,114m	-21.6%	+17.8 pt
 Transavia	+14.4% ⁽³⁾	+37.0%	2,568	+50.3%	-113	+93m	-16.4%	+23.2 pt
 Maintenance	+22.1%	+11.0%	761	-21.0%	19	+385m	1.0%	+17.2 pt
 Group	+19.0%	-3.5%	9,477	+8.6%	-1,800	+1,614m	-19.0%	+20.1 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)

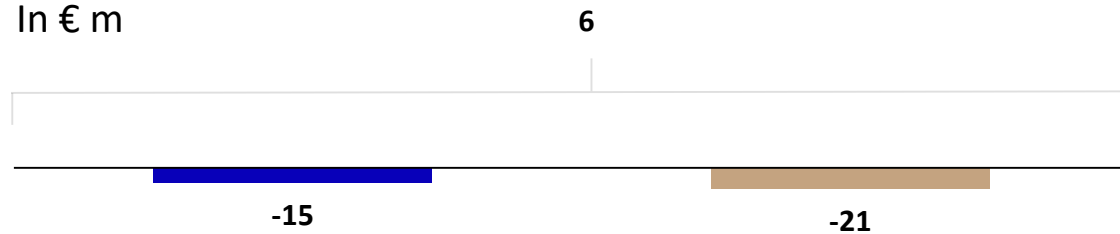
(2). Unit revenues = revenue per ASK, Cargo unit revenues = Cargo revenue per ATK, Group unit revenue = (Network traffic revenues + Transavia traffic revenues) / (Network Passenger ASK + Transavia ASK).

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



Currency impact on operating result

Currency impact on revenues and costs
In € m

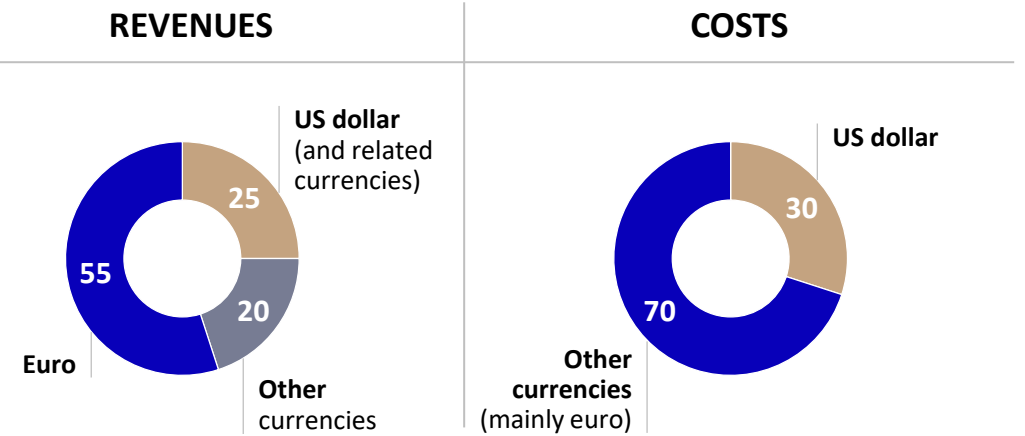


Q3 2021

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

FY 2021 guidance suspended due to uncertainty Covid-19 crisis

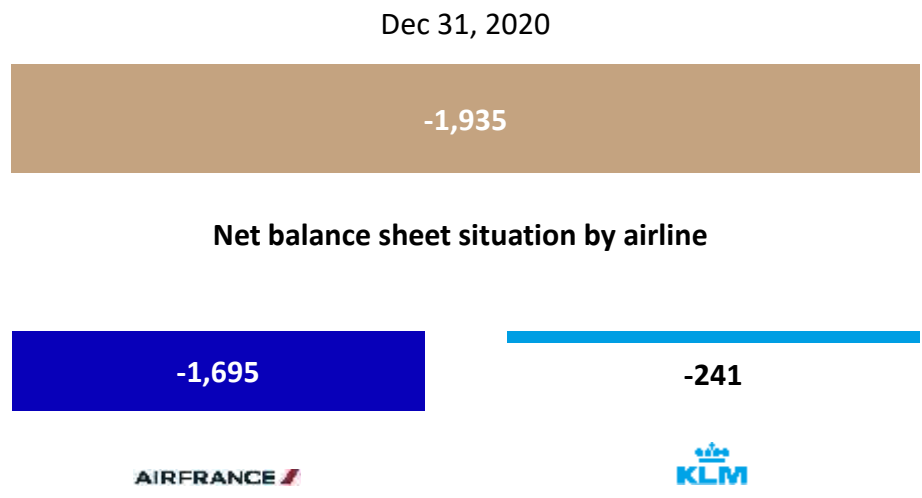
Revenues and costs per currency
FY 2020





Pension details as of September 30, 2021

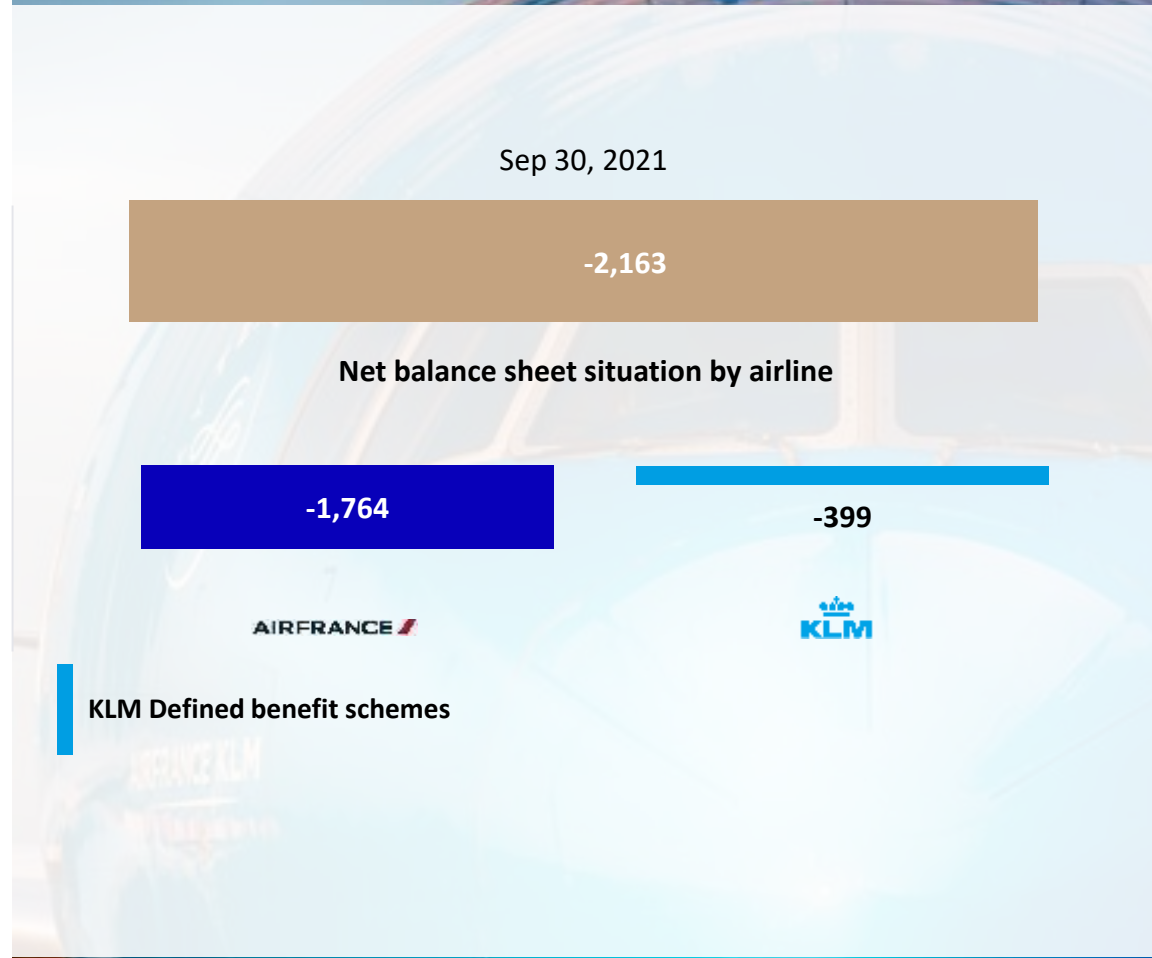
In € m



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



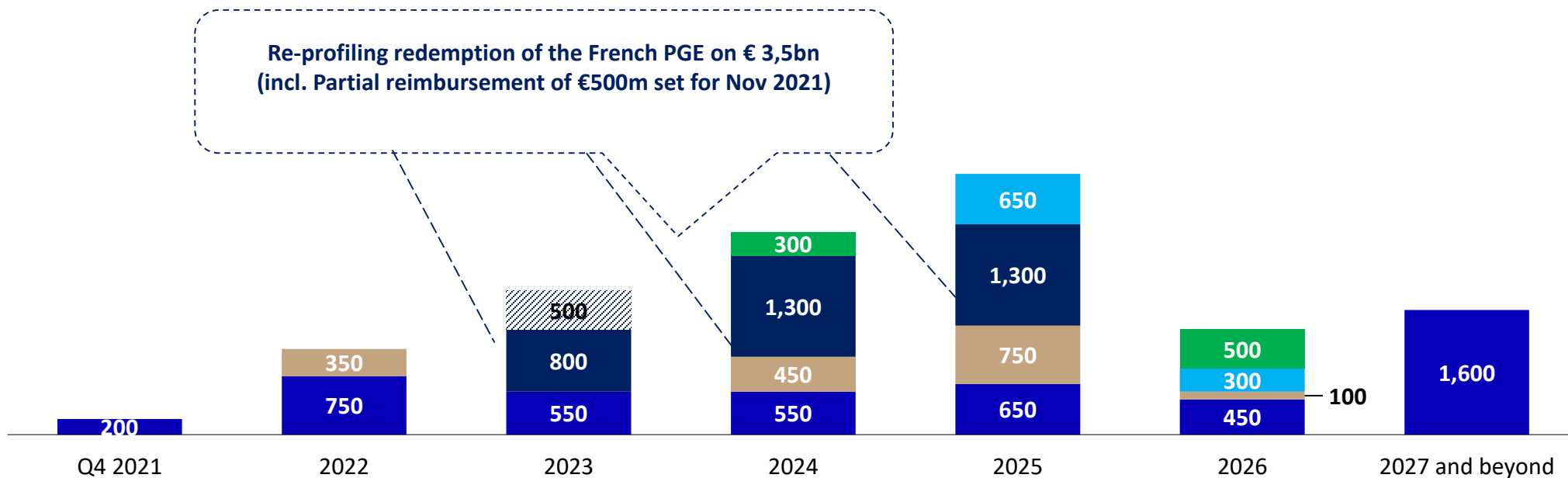
KLM Defined benefit schemes



Debt redemption profile

Debt reimbursement profile⁽¹⁾

In €m



- Bonds issued by Air France-KLM**
 - October 2022:** AFKL 3.75% (€350m)
 - March 2024:** AFKL 0,125% (€500m, Convertible « Océane »)
 - January 2025:** AFKL 1.875% (€750m)
 - December 2026:** AFKL 4.35% \$145m (€118m)
- French state aid package**
 - State aid package consists in €4.0bn of banks loan guaranteed by the French State and €3.0bn of French State loan
 - French state loan of €3.0bn has been converted in perpetual quasi-equity in April 2021
- Dutch state aid package**
 - State aid package consists in €2.4bn of banks loan guaranteed by the Dutch State (RCF) and €1.0bn of Dutch State loan
 - Amount displayed correspond to the drawing as of date
- Other long-term Debt : AF and KLM Secured Debt, mainly "Asset-backed"**
- June 2021: €800m dual tranche 3y and 5y senior bond offering**

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