

**FULL YEAR 2019**  
**Operating result at 1,141 million euros, unit cost at -0.9%,  
 pressure on Cargo unit revenue and a higher fuel bill**
**FULL YEAR 2019**

- Revenue growth for all businesses, with strong performance from Transavia and Maintenance
- Unit cost at constant currency and fuel reduced by -0.9%, at the better end of guidance range
- Operating result at 1,141 million euros, down 264 million euros compared to last year<sup>1</sup>
- Net income at 290 million euros
- Net debt/EBITDA ratio at 1.5x, in line with guidance
- Record levels of customer satisfaction for Air France and steady-state high level for KLM
- Leading airline group on sustainability in the Dow Jones Sustainability Index

**OUTLOOK**
**Business trends**

After a good performance for the Passenger Network activity with positive unit revenue in January 2020, recent developments with regards to the Covid-19 have impacted the demand outlook, especially in the Asian network. This translates in long-haul forward booking load factors down from February to May 2020. As a consequence the Group anticipates unit revenues at constant currency to be down for the first quarter of 2020.

The Cargo activity is also impacted by Covid-19, foreseen to maintain pressure on the load factor and yield in the first part of 2020.

Based on the Group announcement regarding Covid-19 (suspension of China operations in February-March and possible resumption of operations starting from April 2020), the high-level estimated impact on operating result is of between -150 and -200 million euros for February to April 2020.

**Full year 2020 guidance**

- Unit cost reduction of between -1% and 0% at constant currency and fuel price
- The Group plans capital expenditures of 3.6 billion euros for 2020
- Net debt/ EBITDA ratio of circa 1.5x

The 2020 fuel bill is expected to decrease by 300 million euros compared to 2019 to 5.2 billion euros, based on the forward curve of 14 February 2020

The Board of Directors of Air France-KLM, chaired by Anne-Marie Couderc, met on 19 February 2020 to approve the financial statements for the Full year 2019.

*“In 2019, the Air France-KLM Group posted an operating result at 1,141 million euros with a fuel bill hit and pressure on Cargo unit revenues” said Benjamin Smith, CEO of the Air France-KLM Group. Over the year we reinforced our foundations to build a European champion, notably through fleet optimization and restored trust that led to social stability and positive labour agreements at Air France and new CLA agreements at KLM. I am also proud that our Group was again at the top of the DJSI ranking and is recognized as an experienced and knowledgeable environmental leader in the industry. In November, we outlined our strategic plan with a substantial further step-up in financial performance foreseen, and we begin on this 5-year trajectory with a robust financial structure and strong unique assets.”*

Air France-KLM Group	Fourth quarter		Full year	
	2019	Change	2019	Change <sup>1</sup>
Passengers (thousands)	24,612	+0.6%	104,205	+2.7%
Passenger Unit revenue per ASK <sup>2</sup> (€ cts)	6.58	+0.6%	6.67	-0.2%
Operating result (€m)	96	+43	1,141	-264
Net income – Group part (€m)	156	+373	290	-130
Adj. operating free cash flow (€m)	-501	-489	-385	-500
Net debt at end of period (€m)			6,147	-17

2018 and 2019 results restated (with a similar impact in both years) for limited life parts componentization accounting change. See notes in the consolidated financial statements paragraph 2, page 12-15 and page 9-10 of this press release.

<sup>1</sup> The Air France strike had a -335 million euros impact on the Full year 2018 operating result

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

## Business review

### Network: Resilient performance from Passenger and ongoing pressure on Cargo in the 2019 fourth quarter

Network	Fourth quarter			Full year		
	2019	Change	Change constant currency	2019	Change	Change constant currency
Total revenues (€m)	5,756	+1.2%	+0.0%	23,272	+2.6%	+1.5%
Scheduled revenues (€m)	5,499	+1.8%	+0.4%	22,251	+2.4%	+1.1%
Operating result (€m)	38	-8	-22	749	-293	-256

Full year 2019 revenues increased by +1.5% at constant currency to 23.3 billion euros, thanks to the growth of the network activity. The operating result amounted to 749 million euros, a 256 million euro decrease at constant currency compared to last year, mainly explained by an increased fuel bill and with a good unit cost performance offsetting the drop in Cargo unit revenue.

### Passenger network: Unit revenue in the fourth quarter 2019 -0.2% as expected, with a strong performance from French domestic and Medium-haul.

Passenger network	Fourth quarter			Full year		
	2019	Change	Change constant currency	2019	Change	Change constant currency
Passengers (thousands)	21,346	+1.1%		87,624	+2.3%	
Capacity (ASK m)	74,723	+2.4%		299,606	+2.5%	
Traffic (RPK m)	64,941	+3.4%		263,499	+3.2%	
Load factor	86.9%	+0.8 pt		87.9%	+0.5 pt	
Total passenger revenues (€m)	5,197	+2.8%	+1.8%	21,119	+3.6%	+2.5%
Scheduled passenger revenues (€m)	5,020	+3.5%	+2.3%	20,408	+3.4%	+2.1%
Unit revenue per ASK (€ cts)	6.72	+1.1%	-0.2%	6.81	+0.8%	-0.4%

The fourth quarter 2019 posted a mixed performance from the Long-haul network and an improving trend in Short & Medium-haul:

- The North Atlantic network's unit revenue was down -2.8% in the fourth quarter 2019 compared to last year, explained by a 5% ramp-up in Air France-KLM capacity and measures undertaken to defend market-share on specific local traffic flows.
- The Asian network's unit revenue was slightly down (-0.7%) in the fourth quarter 2019, with a continuing strong performance in the networks to Japan, Korea and India. The performance of the routes to Greater China continued to be subdued by the ongoing geo-political situation in Hong Kong.
- The Caribbean & Indian Ocean network continued to post solid results with a fourth quarter unit revenue at +2.8%, supported by strong leisure demand.
- The Africa & Middle East network saw a unit revenue improvement of 1.8%, underpinned by network rationalizations in the Middle East.
- The Latin American network showed an improving trend but continued to post negative unit revenues (-4.2%) as the geo-political and economic context remained challenging in Argentina, Brazil and Chile.
- The performance from the Medium-haul hubs was strong with fourth quarter unit revenues up 3.9%, underpinned by a marked moderation in industry capacity growth.

- The positive effects from the rationalization measures in the Domestic France network were clearly visible, resulting in an improved performance in the fourth quarter with unit revenues up 7.8%.

### Cargo: Performance impacted by continuing supply-demand imbalance in the fourth quarter 2019

Cargo business	Fourth quarter			Full year		
	2019	Change	Change constant currency	2019	Change	Change constant currency
Tons (thousands)	288	-5.0%		1,110	-2.3%	
Capacity (ATK m)	3,714	+2.3%		14,609	+1.7%	
Traffic (RTK m)	2,208	-4.9%		8,467	-2.2%	
Load factor	59.5%	-4.5 pt		58.0%	-2.3 pt	
Total Cargo revenues (€m)	559	-12.0%	-13.7%	2,153	-5.9%	-7.8%
Scheduled cargo revenues (€m)	479	-13.5%	-15.3%	1,843	-7.3%	-9.1%
Unit revenue per ATK (€ cts )	12.91	-15.4%	-17.1%	12.62	-8.9%	-10.7%

Fourth quarter 2019 unit revenue remained under strong pressure and was down 17.1% compared to last year at constant currency. Effective cost control measures partly mitigated the negative impact of the Cargo contribution on the Network results.

Substantial Cargo industry capacity additions in 2019 led to the worst traffic versus capacity trend for the last 10 years, driven by opportunistic growth strategies after the strong Cargo market in the second half of 2017 and Full year 2018. This caused substantial (belly) overcapacity, particularly on the North Atlantic routes.

On the demand side, at the year end world-wide air freight volumes had fallen for 14 consecutive months, caused by geo-political uncertainties resulting in weak global air freight demand, trade tensions impacting especially ex-Asia volumes and a strong decline in demand from the auto-motive industry.

In this context, the market share of Air France-KLM Cargo proved resilient, with the growth realized in alternative flows partly mitigating the ex-Asia losses.

The Group's Cargo strategy is focused on maintaining and increasing load factors where possible and taking a pro-active approach to new revenue opportunities. A new Revenue Action plan for 2020 has been established to deliver incremental revenues.

## Transavia: Strong performance in the 2019 fourth quarter and strong demand in both home markets

Transavia	Fourth quarter		Full year	
	2019	Change	2019	Change
Passengers (thousands)	3,266	-2.6%	16,581	+4.8%
Capacity (ASK m)	6,640	-2.6%	32,867	+6.5%
Traffic (RPK m)	6,064	-2.2%	30,303	+6.7%
Load factor	91.3%	+0.4 pt	92.2%	+0.2 pt
Total passenger revenues (€m)	338	+10.8%	1,744	+9.3%
Unit revenue per ASK (€ cts)	4.97	+10.2%	5.34	+3.0%
Unit cost per ASK (€ cts)	5.38	+4.8%	4.94	+4.8%
Operating result (€m)	-27	+15	131	-14

As anticipated, capacity growth was slightly negative in the fourth quarter 2019 at -2.6% due to the increase in cockpit training needed to prepare for future growth in Transavia France.

Transavia delivered a good unit revenue performance in the fourth quarter 2019 with an increase of 10.2% compared to last year, in the context of capacity moderation combined with strong demand in both home markets.

The unit revenue for the Full year 2019 increased by 3.0% compared to last year, due to strong demand in both France and the Netherlands. For the Full year 2019, the revenue grew by 9.3% compared to last year for capacity growth of 6.5%.

The Transavia unit cost for the Full year increased by 2.7% at constant fuel and currency, explained by increased fleet related- and non-performance costs.

The Full year operating margin stood at 7.5%, with an absolute operating result of 131 million euros, 14 million euros down compared to last year.

## Solid trend in Maintenance business margins in 2019

Maintenance	Fourth quarter			Full year		
	2019	Change	Change constant currency	2019	Change	Change constant currency
Total revenues (€m)	1,163	-3.6%		4,617	+6.2%	
Third-party revenues (€m)	515	+5.1%	+1.0%	2,138	+11.3%	+5.8%
Operating result (€m)	90	43	39	260	46	27
Operating margin (%)	7.7%	+3.8 pt	+3.6 pt	5.6%	+0.7 pt	+0.4 pt

The fourth quarter operating result stood at 90 million euros, an increase of 43 million euros, underpinned mainly by increased Engine activity for Third-parties.

Full year 2019 revenues increased compared to last year with third-party revenues up 11.3% and 5.8% at constant currency, a continuation of the growth trend underpinned by the inflow of new contracts. The Full year 2019 operating result stood at 260 million euros, an increase of 46 million euros, supported by positive contributions from all business segments: Airframe, Engines and Components. The relentless focus from the teams on turn-around times and cost efficiencies drove these margin improvements.

The Maintenance order book stood at 11.5 billion dollars at 31 December 2019, stable on last year.

## Air France-KLM Group: Full year 2019 operating result at 1,141 million euros with cost efficiency measures offset by pressure on Cargo unit revenue and a fuel bill increase

	Fourth quarter			Full year		
	2019	Change	Change constant currency	2019	Change	Change constant currency
Capacity (ASK m)	81,363	+2.0%		332,473	+2.9%	
Traffic (RPK m)	71,005	+2.9%		293,802	+3.5%	
Passenger unit revenue per ASK (€ cts)	6.58	+1.7%	+0.6%	6.67	+0.9%	-0.2%
Group unit revenue per ASK (€ cts)	7.16	-0.1%	-1.1%	7.22	-0.0%	-1.2%
Group unit cost per ASK (€ cts) at constant fuel	7.05	-0.5%	-1.5%	6.88	+0.5%	-0.9%
Revenues (€m)	6,618	+1.9%	+0.5%	27,189	+3.7%	+2.2%
EBITDA (€m)	867	+8.2%	+6.1%	4,128	-3.8%	-3.3%
Operating result (€m)	96	+81.1%	+35.9%	1,141	-18.8%	-17.7%
Operating margin (%)	1.5%	+0.6 pt	+0.4 pt	4.2%	-1.2 pt	-1.0 pt
Net income - Group part (€m)	156	+373		290	-130	

2018 and 2019 results restated (with a similar impact in both years) for LLP componentization accounting change. For details see statements paragraph 2, page 12-15

In the Full year 2019, the Air France-KLM Group posted an operating result of 1,141 million euros, down by 18.8% compared to last year, impacted by a challenging trading environment and a higher fuel bill.

Net income amounted to 290 million euros in 2019, a decrease of 130 million euros compared to last year.

The fuel bill including hedging stood at 5,511 million euros in 2019, up 550 million euros. This increase is mainly explained by a hedging gain of 50 million euros this year compared to a hedging gain of 650 million euros last year.

Currencies had a positive 367 million euro impact on revenues and a negative 122 million euro effect on costs (ex-fuel) including currency hedging in 2019.

### The 2019 fourth quarter unit cost declined by -1.5%, delivering a -0.9% improvement for Full Year 2019, consistent with guidance

On a constant currency and fuel price basis, unit costs were down -1.5% in the fourth quarter 2019, with the first realizations of cost efficiency measures at Air France.

Group net employee costs were up 4.9% in 2019 compared to last year, explained by additional hires in response to the capacity growth and the impact of wage agreement implementation for Air France and KLM staff. The average number of FTEs (Full Time Equivalent) in 2019 increased by 1,400 compared to last year, including an additional 550 Pilots and 500 Cabin Crew. Productivity measured in ASK per FTE increased by 1.2% in 2019.

## Net debt stable and Leverage ratio at Full year guidance of 1.5x

In € million	Fourth quarter		Full year	
	2019	Change	2019	Change
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations (€m)	814	+167	3,795	+253
Cash out related to Voluntary Departure Plans (€m)	0	+0	-35	-35
Change in Working Capital Requirement (WCR) (€m)	63	-183	135	-121
<b>Net cash flow from operating activities (€m)</b>	<b>877</b>	<b>-16</b>	<b>3,895</b>	<b>97</b>
Net investments* (€m)	-1,118	-449	-3,272	-561
<b>Operating free cash flow (€m)</b>	<b>-241</b>	<b>-465</b>	<b>623</b>	<b>-464</b>
Repayment of lease debt	-260	-24	-1,008	-36
<b>Adjusted operating free cash flow**</b>	<b>-501</b>	<b>-489</b>	<b>-385</b>	<b>-500</b>

\* 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.

### Adjusted operating free cash flow at -385 million euros

The Group generated adjusted operating free cash flow of -385 million euros, a decrease of 500 million euros compared to last year, mainly explained by higher net investments in 2019.

The lease debt amounted to 4,120 million euros, a reduction of 415 million euros compared to the end of 2018.

### Net debt stable

In € million	31 Dec 2019	31 Dec 2018
Net debt	6,147	6,164
EBITDA <i>trailing 12 months</i>	4,128	4,293
<b>Net debt/EBITDA <i>trailing 12 months</i></b>	<b>1.5 x</b>	<b>1.4 x</b>

The Group net debt stood at 6,147 million euros at 31 December 2019, which is comparable to last year. The net debt/EBITDA ratio stood at 1.5x at 31 December 2019, a slight increase explained by the reduction in EBITDA.

## Both airlines improved their results in the fourth quarter 2019, with cost efficiency measures paying off for Air France, resulting in a +0.8pt margin increase

	Fourth quarter		Full year	
	2019	Change	2019	Change
<b>Air France Group Operating result (€m)</b>	-19	+30	280	-41
<i>Operating margin (%)</i>	-0.5%	+0.8 pt	1.7%	-0.3 pt
<b>KLM Group Operating result (€m)</b>	119	+7	853	-238
<i>Operating margin (%)</i>	4.4%	+0.2 pt	7.7%	-2.3 pt

## Outlook

### Business trends

After a good performance for the Passenger Network activity with positive unit revenue in January 2020, recent developments with regards to the Covid-19 have impacted the demand outlook, especially in the Asian network. This translates in long-haul forward booking load factors down from February to May 2020. As a consequence the Group anticipates unit revenues at constant currency to be down for the first quarter of 2020.

The Cargo activity is also impacted by Covid-19, foreseen to maintain pressure on the load factor and yield in the first part of 2020.

Based on the Group announcement regarding Covid-19 (suspension of China operations in February-March and possible resumption of operations starting from April 2020<sup>1</sup>), the high-level estimated impact on operating result is of between -150 and -200 million euros for February to April 2020.

This impact on operating result is estimated as the sum of associated loss of revenue due to suspension of China operations for Passenger and Cargo, negative impact for connecting traffic and weakness in rest of Asia and variable cost savings as no redeployment so far is taken into account.

### Full year 2020 guidance

#### **Capacity:**

**Passenger network activity:** In 2020, the Air France-KLM Group plans to selectively grow capacity by 2% to 3% compared to 2019. Capacity implications due to the Covid-19-related flight suspensions are expected to reduce capacity growth to or below the lower-end of this guided range.

**Transavia:** Continue to grow at a sustained pace of 4% to 6% in 2020, with around 10% growth foreseen in France and limited growth for Transavia Netherlands in light of the capacity constraints at Dutch airports.

#### **Fuel:**

The 2020 fuel bill is expected to decrease by 300 million euros compared to 2019 to 5.2 billion euros, based on the forward curve of 14 February 2020.<sup>2</sup>

#### **Unit cost:**

The Group will pursue initiatives to reduce unit costs, with a targeted 2020 reduction of between -1% to 0% at constant currency and fuel price. Negative cost implications related to the Covid-19 foreseen due to lower-than-planned capacity growth and disruption cost.

#### **Capex:**

The Group plans capital expenditures of 3.6 billion euros for 2020.

#### **Leverage:**

Air France-KLM is targeting a Net debt/EBITDA ratio of circa 1.5x.

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The audit procedures for the consolidated accounts have taken place. The certification report will be published following the completion of the procedures necessary for the filing of the Universal Registration Document.

The results presentation is available at [www.airfranceklm.com](http://www.airfranceklm.com) on 20 February 2020 from 7:15 am CET.

### **Press Office**

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<sup>1</sup> All flights to China were suspended as of 30 January 2020. Air France-KLM Group Mainland China network ASKs at 16.5 billion in 2019, representing 5.5% of the total Network Passenger activity

<sup>2</sup> Based on the forward curves of 14 February 2020, average Brent price of USD 57, average jet fuel price of USD 605 per ton including into plane costs. Assuming exchange rate of EUR/USD of 1.11 in 2020

## Income Statement– restatement by quarter of 2019

Since January 1, 2019, the Air France-KLM Group has made changes in accounting treatment for Customer compensation and the Component approach for Life Limited Parts. A full explanation of the changes is given in the Consolidated Financial Statements January 1, 2019 – December 31, 2019, note 2, page 15.

In accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, these changes in accounting policies have been applied retrospectively to each previous period for which financial information is presented.

€m	Q1 2019 restated	Q2 2019 restated	Q3 2019 restated	Q4 2019	Full year 2019
<b>Revenues</b>	<b>5,942</b>	<b>7,021</b>	<b>7,609</b>	<b>6,617</b>	<b>27,188</b>
Other Revenue From Operating Activity	0	0	0	1	1
External expenses	-3,707	-4,028	-4,166	-3,992	-15,893
Salaries & related costs (including external staff)	-1,972	-2,048	-2,011	-2,108	-8,139
Other taxes	-52	-41	-27	-34	-154
Other income and expenses	232	263	247	383	1,125
<b>EBITDA</b>	<b>443</b>	<b>1,167</b>	<b>1,652</b>	<b>867</b>	<b>4,128</b>
Amortization, Depreciation and provision	-729	-744	-743	-771	-2,987
<b>Income from current operations</b>	<b>-286</b>	<b>423</b>	<b>909</b>	<b>96</b>	<b>1,141</b>
Non current result	18	-25	-102	-22	-131
<b>Income from operating activities</b>	<b>-268</b>	<b>398</b>	<b>807</b>	<b>74</b>	<b>1,010</b>
Gross cost of financial debt	-106	-115	-111	-110	-442
Income from cash & cash equivalent	12	15	13	9	49
<i>Net cost of financial debt</i>	<i>-94</i>	<i>-100</i>	<i>-98</i>	<i>-101</i>	<i>-393</i>
Other financial income and expenses	-92	-41	-258	120	-271
<b>Income before taxes</b>	<b>-454</b>	<b>258</b>	<b>451</b>	<b>93</b>	<b>346</b>
Income tax	128	-165	-94	55	-76
<b>Net income of consolidated companies</b>	<b>-326</b>	<b>93</b>	<b>357</b>	<b>148</b>	<b>270</b>
Share in net income of equity affiliates	2	6	6	9	23
<b>Net income for the period</b>	<b>-324</b>	<b>99</b>	<b>363</b>	<b>157</b>	<b>293</b>
Net income - minority interest	0	1	1	1	3
<b>Net income - group part</b>	<b>-324</b>	<b>98</b>	<b>362</b>	<b>156</b>	<b>290</b>



€m	Q1 2018 restated	Q2 2018 restated	Q3 2018 restated	Q4 2018 restated	Full year 2018 restated
<b>Revenues</b>	<b>5,730</b>	<b>6,523</b>	<b>7,478</b>	<b>6,493</b>	<b>26,224</b>
Other Revenue From Operating Activity	0	0	1	2	3
External expenses	-3,427	-3,704	-3,941	-3,873	-14,946
Salaries & related costs (including external staff)	-1,853	-1,959	-1,916	-2,031	-7,759
Other taxes	-49	-38	-40	-39	-166
Other income and expenses	235	237	214	249	937
<b>EBITDA</b>	<b>637</b>	<b>1,059</b>	<b>1,796</b>	<b>801</b>	<b>4,293</b>
Amortization, Depreciation and provision	-742	-690	-708	-748	-2,888
<b>Income from current operations</b>	<b>-105</b>	<b>369</b>	<b>1,088</b>	<b>53</b>	<b>1,405</b>
Non current result	-47	20	21	-6	-12
<b>Income from operating activities</b>	<b>-152</b>	<b>389</b>	<b>1,109</b>	<b>47</b>	<b>1,393</b>
Gross cost of financial debt	-114	-122	-119	-110	-465
Income from cash & cash equivalent	10	10	10	10	39
<i>Net cost of financial debt</i>	-104	-112	-109	-100	-426
Other financial income and expenses	25	-134	-73	-153	-336
<b>Income before taxes</b>	<b>-231</b>	<b>142</b>	<b>927</b>	<b>-206</b>	<b>631</b>
Income tax	-9	-58	-137	-21	-224
<b>Net income of consolidated companies</b>	<b>-240</b>	<b>84</b>	<b>791</b>	<b>-227</b>	<b>407</b>
Share in net income of equity affiliates	-6	6	7	9	15
<b>Net income for the period</b>	<b>-246</b>	<b>90</b>	<b>797</b>	<b>-218</b>	<b>422</b>
Net income - minority interest	0	1	1	1	2
<b>Net income - group part</b>	<b>-246</b>	<b>89</b>	<b>796</b>	<b>-217</b>	<b>420</b>

## Income Statement

€m	Fourth quarter			Full year		
	2019	2018	Change	2019	2018	Change
<b>Sales</b>	<b>6,617</b>	<b>6,493</b>	<b>+1.9%</b>	<b>27,188</b>	<b>26,224</b>	<b>+3.7%</b>
Other revenues	1	2	-50.0%	1	3	-66.7%
<b>Revenues</b>	<b>6,618</b>	<b>6,495</b>	<b>+1.9%</b>	<b>27,189</b>	<b>26,227</b>	<b>+3.7%</b>
Aircraft fuel	-1,393	-1,336	+4.3%	-5,511	-4,958	+11.2%
Chartering costs	-118	-143	-17.5%	-525	-577	-9.0%
Landing fees and en route charges	-462	-474	-2.5%	-1,933	-1,893	+2.1%
Catering	-205	-194	+5.7%	-822	-783	+4.4%
Handling charges and other operating costs	-422	-425	-0.7%	-1,715	-1,673	+2.5%
Aircraft maintenance costs	-708	-645	+9.8%	-2,628	-2,410	+9.0%
Commercial and distribution costs	-246	-258	-4.7%	-1,029	-1,034	-0.5%
Other external expenses	-438	-398	+10.1%	-1,730	-1,618	+7.2%
Salaries and related costs	-2,108	-2,031	+3.8%	-8,139	-7,759	+4.9%
Taxes other than income taxes	-34	-39	-12.8%	-154	-166	-7.2%
Other income and expenses	383	249	+53.8%	1,125	937	+20.1%
<b>EBITDA</b>	<b>867</b>	<b>801</b>	<b>+8.2%</b>	<b>4,128</b>	<b>4,293</b>	<b>-3.8%</b>
Amortization, depreciation and provisions	-771	-748	+3.1%	-2,987	-2,888	+3.4%
<b>Income from current operations</b>	<b>96</b>	<b>53</b>	<b>+81.1%</b>	<b>1,141</b>	<b>1,405</b>	<b>-18.8%</b>
Sales of aircraft equipment	-2	5	<i>nm</i>	22	4	+450.0%
Other non-current income and expenses	-20	-11	+81.8%	-153	-16	+856%
<b>Income from operating activities</b>	<b>74</b>	<b>47</b>	<b>+57.4%</b>	<b>1,010</b>	<b>1,393</b>	<b>-27.5%</b>
Cost of financial debt	-110	-110	+0.0%	-442	-465	-4.9%
Income from cash and cash equivalent	9	10	-10.0%	49	39	+25.6%
<b>Net cost of financial debt</b>	<b>-101</b>	<b>-100</b>	<b>+1.0%</b>	<b>-393</b>	<b>-426</b>	<b>-7.7%</b>
Other financial income and expenses	120	-153	<i>nm</i>	-271	-336	-19.3%
<b>Income before tax</b>	<b>93</b>	<b>-206</b>	<b><i>nm</i></b>	<b>346</b>	<b>631</b>	<b>-45.2%</b>
Income taxes	55	-21	<i>nm</i>	-76	-224	-66.1%
<b>Net income of consolidated companies</b>	<b>148</b>	<b>-227</b>	<b><i>nm</i></b>	<b>270</b>	<b>407</b>	<b>-33.7%</b>
Share of profits (losses) of associates	9	9	+0.0%	23	15	+53.3%
<b>Net income for the period</b>	<b>157</b>	<b>-218</b>	<b><i>nm</i></b>	<b>293</b>	<b>422</b>	<b>-30.6%</b>
Minority interest	0	0	<i>nm</i>	3	2	<i>nm</i>
<b>Net income for the period – Group part</b>	<b>157</b>	<b>-218</b>	<b><i>nm</i></b>	<b>293</b>	<b>422</b>	<b>-30.6%</b>

2018 and 2019 results restated (with a similar impact in both years) for limited life parts componentization accounting change. See notes in the consolidated financial statements paragraph 2, page 12-15.

## Consolidated Balance Sheet

<b>Assets</b>		
<i>€m</i>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Goodwill	217	217
Intangible assets	1,305	1,194
Flight equipment	11,334	10,308
Other property, plant and equipment	1,580	1,503
Right-of-use assets	5,173	5,664
Investments in equity associates	307	311
Pension assets	420	331
Other financial assets	1,096	1,487
Deferred tax assets	523	559
Other non-current assets	241	264
<b>Total non-current assets</b>	<b>22,196</b>	<b>21,838</b>
Other short-term financial assets	800	325
Inventories	737	633
Trade receivables	2,164	2,191
Other current assets	1,123	1,065
Cash and cash equivalents	3,715	3,585
<b>Total current assets</b>	<b>8,539</b>	<b>7,799</b>
<b>Total assets</b>	<b>30,735</b>	<b>29,637</b>

<b>Liabilities and equity</b>		
<i>In million euros</i>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Issued capital	429	429
Additional paid-in capital	4,139	4,139
Treasury shares	-67	-67
Perpetual	403	403
Reserves and retained earnings	-2,620	-3,118
<b>Equity attributable to equity holders of Air France-KLM</b>	<b>2,284</b>	<b>1,786</b>
Non-controlling interests	15	12
<b>Total Equity</b>	<b>2,299</b>	<b>1,798</b>
Pension provisions	2,253	2,098
Return obligation liability and other provisions	3,750	3,657
Financial debt	6,271	5,733
Lease debt	3,149	3,546
Deferred tax liabilities	142	4
Other non-current liabilities	222	459
<b>Total non-current liabilities</b>	<b>15,787</b>	<b>15,497</b>
Return obligation liability and other provisions	714	505
Current portion of financial debt	842	826
Current portion of lease debt	971	989
Trade payables	2,379	2,454
Deferred revenue on ticket sales	3,289	3,153
Frequent flyer program	848	844
Other current liabilities	3,602	3,566
Bank overdrafts	4	5
<b>Total current liabilities</b>	<b>12,649</b>	<b>12,342</b>
<b>Total equity and liabilities</b>	<b>30,735</b>	<b>29,637</b>

## Statement of Consolidated Cash Flows from 1<sup>st</sup> January until 31<sup>th</sup> December 2019

€m	31 Dec 2019	31 Dec 2018
Net income from continuing operations	293	422
Amortization, depreciation and operating provisions	2,987	2,888
Financial provisions	217	159
Loss (gain) on disposals of tangible and intangible assets	-43	-33
Loss (gain) on disposals of subsidiaries and associates	0	0
Derivatives – non monetary result	30	-49
Unrealized foreign exchange gains and losses, net	82	223
Other non-monetary items	238	-254
Share of (profits) losses of associates	-23	-15
Deferred taxes	-21	201
<b>Financial Capacity</b>	<b>3,760</b>	<b>3,542</b>
(Increase) / decrease in inventories	-93	-31
(Increase) / decrease in trade receivables	61	-39
Increase / (decrease) in trade payables	-133	57
Change in other receivables and payables	300	269
<b>Change in working capital requirements</b>	<b>135</b>	<b>256</b>
<b>Net cash flow from operating activities</b>	<b>3,895</b>	<b>3,798</b>
Purchase of property, plant and equipment and intangible assets	-3,372	-2,844
Proceeds on disposal of property, plant and equipment and intangible assets	100	133
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	13	6
Acquisition of subsidiaries, of shares in non-controlled entities	-1	-9
Dividends received	14	6
Decrease (increase) in net investments, more than 3 months	-72	4
<b>Net cash flow used in investing activities</b>	<b>-3,318</b>	<b>-2,704</b>
Increase of equity due to new convertible bond	54	0
Perpetual (including premium)	0	-211
Issuance of debt	1,617	539
Repayment on financial debt	-1,156	-1,400
Payments on lease debt	-1,008	-972
Decrease (increase) in loans, net	72	-106
Dividends and coupons on perpetual paid	-26	-38
<b>Net cash flow from financing activities</b>	<b>-447</b>	<b>-2,188</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts	1	7
<b>Change in cash and cash equivalents and bank overdrafts</b>	<b>131</b>	<b>-1,087</b>
Cash and cash equivalents and bank overdrafts at beginning of period	3,580	4,667
Cash and cash equivalents and bank overdrafts at end of period	3,711	3,580
<i>Change in treasury of discontinued operations</i>	0	0

## Key Performance Indicators

### EBITDA

€m	Fourth quarter		Full year	
	2019	2018	2019	2018
Income/(loss) from current operations	96	53	1,141	1,405
Amortization, depreciation and provisions	771	748	2,987	2,888
<b>EBITDA</b>	<b>867</b>	<b>801</b>	<b>4,128</b>	<b>4,293</b>

### Restated net result, group share

In million euros	Fourth quarter		Full year	
	2019	2018	2019	2018
Net income/(loss), Group share	156	-217	290	420
Unrealized foreign exchange gains and losses, net	-135	79	82	56
Change in fair value of financial assets and liabilities (derivatives)	-20	21	-29	-53
Non-current income and expenses	22	6	131	12
Tax impact on gross adjustments net result	39	-39	-52	-4
<b>Restated net income/(loss), group part</b>	<b>62</b>	<b>-150</b>	<b>422</b>	<b>431</b>
Coupons on perpetual	-4	-6	-17	-25
<b>Restated net income/(loss), group share including coupons on perpetual (used to calculate earnings per share)</b>	<b>58</b>	<b>-156</b>	<b>405</b>	<b>406</b>
Restated net income/(loss) per share (in €)	0.14	-0.36	0.95	0.95

### Return on capital employed (ROCE)<sup>1</sup>

In million euros	31 Dec	31 Dec	31 Dec	30 Dec
	2019	2018	2018	2017
Goodwill and intangible assets	1,522	1,411	1,411	1,338
Flight equipment	11,334	10,308	10,308	9,728
Other property, plant and equipment	1,580	1,503	1,503	1,418
Right of use assets	5,173	5,664	5,664	6,216
Investments in equity associates	307	311	311	301
Financial assets, marketable securities and financial deposits	146	133	133	113
Provisions, excluding pension, cargo litigation and restructuring	-4,058	-3,776	-3,776	-3,456
WCR, excluding market value of derivatives	-6,309	-6,133	-6,133	-5,896
<b>Capital employed</b>	<b>9,695</b>	<b>9,421</b>	<b>9,421</b>	<b>9,762</b>
<b>Average capital employed (A)</b>	<b>9,558</b>		<b>9,592</b>	
Income from current operations	1,141		1,405	
- Dividends received	-2		-2	
- Share of profits (losses) of associates	23		15	
- Normative income tax	-345		-421	
<b>Income from current operations after tax, trailing 12 months (B)</b>	<b>817</b>		<b>997</b>	
<b>ROCE, trailing 12 months (B/A)</b>	<b>8.5%</b>		<b>10.4%</b>	

<sup>1</sup> The ROCE definition has been updated within the framework of IFRS 16 implementation. The asset value linked to the aircraft lease contracts now corresponds to the net book value of the right-of-use asset of all the lease contracts. Moreover, the "operating result, adjusted for operating leases" no longer exists, having been replaced by "income from current operations" which, thanks to IFRS 16 implementation, no longer includes the financial cost of lease contracts. Finally, the Group now uses a normative income tax rate, calculated according to the tax rates applied in France and in the Netherlands.

## Net debt

€m	Balance sheet at	
	31 Dec 2019	31 Dec 2018
Financial debt	6,886	6,216
Lease debt	4,029	4,450
Currency hedge on financial debt	4	7
Accrued interest	-62	-67
<b>Gross financial debt (A)</b>	<b>10,857</b>	<b>10,606</b>
Cash and cash equivalents	3,715	3,585
Marketable securities	111	74
Cash securities	300	265
Deposits (bonds)	585	522
Bank overdrafts	-4	-5
Others	3	1
<b>Net cash (B)</b>	<b>4,710</b>	<b>4,442</b>
<b>Net debt (A) – (B)</b>	<b>6,147</b>	<b>6,164</b>

## Adjusted operating free cash flow

€m	Fourth quarter		Full year	
	2019	2018	2019	2018
Net cash flow from operating activities, continued operations	877	893	3,895	3,798
Investment in property, plant, equipment and intangible assets	-1,134	-706	-3,372	-2,844
Proceeds on disposal of property, plant, equipment and intangible assets	16	37	100	133
<b>Operating free cash flow</b>	<b>-241</b>	<b>224</b>	<b>623</b>	<b>1,087</b>
Payments on lease debt	-260	-236	-1,008	-972
<b>Adjusted operating free cash flow</b>	<b>-501</b>	<b>-12</b>	<b>-385</b>	<b>115</b>

## Unit cost: net cost per ASK

	Fourth quarter		Full year	
	2019	2018	2019	2018
Revenues (in €m)	6,618	6,495	27,189	26,227
Income/(loss) from current operations (in €m) -/-	-96	-53	-1,141	-1,405
Total operating expense (in €m)	6,522	6,442	26,048	24,822
Passenger network business – other revenues (in €m)	-178	-204	-711	-640
Cargo network business – other revenues (in €m)	-79	-81	-310	-300
Third-party revenues in the maintenance business (in €m)	-515	-490	-2,138	-1,920
Transavia - other revenues (in €m)	-7	2	10	3
Third-party revenues of other businesses (in €m)	-7	-10	-34	-38
<b>Net cost (in €m)</b>	<b>5,736</b>	<b>5,659</b>	<b>22,865</b>	<b>21,927</b>
Capacity produced, reported in ASK*	81,363	79,793	332,473	323,034
<b>Net cost per ASK (in € cents per ASK)</b>	<b>7.05</b>	<b>7.09</b>	<b>6.88</b>	<b>6.79</b>
<i>Gross change</i>		-0.6%		1.3%
Currency effect on net costs (in €m)		54		305
<i>Change at constant currency</i>		-1.5%		-0.1%
Fuel price effect (in €m)		-4		188
<b>Net cost per ASK on a constant currency and fuel price basis (in € cents per ASK)</b>	<b>7.05</b>	<b>7.16</b>	<b>6.88</b>	<b>6.94</b>
<b>Change at constant currency and fuel price basis</b>		<b>-1.5%</b>		<b>-0.9%</b>

\* 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

	Fourth quarter		Full year	
	2019	Change	2019	Change
Revenue (in €m)	4,056	+1.9%	16,588	+4.6%
EBITDA (in €m)	466	+33	2,171	+0
Operating result (en m€)	-19	+30	280	-41
<i>Operating margin (%)</i>	-0.5%	+0.8 pt	1.7%	-0.3 pt
Operating cash flow before WCR and restructuring cash out (in €m)	386	+113	1,953	+161
<i>Operating cash flow (before WCR and restructuring) margin</i>	9.5%	+2.7 pt	11.8%	+0.5 pt

### KLM Group

	Fourth quarter		Full year	
	2019	Change	2019	Change
Revenue (in €m)	2,690	+1.4%	11,075	+1.7%
EBITDA (in €m)	405	+30	1,943	-177
Operating result (en m€)	119	+7	853	-238
<i>Operating margin (%)</i>	4.4%	+0.2 pt	7.7%	-2.3 pt
Operating cash flow before WCR and restructuring cash out (in €m)	435	+133	1,813	+21
<i>Operating cash flow (before WCR and restructuring) margin</i>	16.2%	+4.8 pt	16.4%	-0.1 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 December 2019

Aircraft type	AF (incl. HOP)	KL (incl. KLC & MP)	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/18
B747-400		8		8			8	8	-3
B777-300	43	14		14	21	22	57	57	
B777-200	25	15		25	1	14	40	40	
B787-9	9	13		7	3	12	22	22	2
B787-10		4		3	1		4	4	4
A380-800	10			1	4	5	10	10	
A350-900	3			1	2		3	3	3
A340-300	4			4			4	4	-2
A330-300		5				5	5	5	
A330-200	15	8		11		12	23	23	
<b>Total Long-Haul</b>	<b>109</b>	<b>67</b>	<b>0</b>	<b>74</b>	<b>32</b>	<b>70</b>	<b>176</b>	<b>176</b>	<b>4</b>
B737-900		5		2		3	5	5	
B737-800		31	73	29	10	65	104	104	10
B737-700		16	7	3	5	15	23	23	-2
A321	20			11		9	20	20	
A320	44			3	5	36	44	43	
A319	33			20		13	33	33	-1
A318	18			17	1		18	18	
<b>Total Medium-Haul</b>	<b>115</b>	<b>52</b>	<b>80</b>	<b>85</b>	<b>21</b>	<b>141</b>	<b>247</b>	<b>246</b>	<b>7</b>
ATR72-600	3					3	3	2	-4
ATR72-500									-1
ATR42-500	1					1	1		-6
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	11			11			11	10	-1
Embraer 190	15	32		8	13	26	47	47	4
Embraer 175		17		3	14		17	17	
Embraer 170	15			9	1	5	15	15	
Embraer 145	17			14	3		17	13	-5
<b>Total Regional</b>	<b>76</b>	<b>49</b>	<b>0</b>	<b>59</b>	<b>31</b>	<b>35</b>	<b>125</b>	<b>118</b>	<b>-13</b>
B747-400ERF		3		3			3	3	
B747-400BCF		1		1			1	1	
B777-F	2			2			2	2	
<b>Total Cargo</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>Total</b>	<b>302</b>	<b>172</b>	<b>80</b>	<b>224</b>	<b>84</b>	<b>246</b>	<b>554</b>	<b>546</b>	<b>-2</b>