

SECOND QUARTER 2023

July 28, 2023

Strong Q2 Operating Margin at 9.6%

Positive adjusted operating free cash flow at €0.6 billion

- Group capacity at 92% compared to 2019 with load factor at 88%
- Group revenues at €7.6bn, an improvement of €0.9bn compared to last year
- Operating result at €0.7bn with an operating margin at 9.6%
- Positive adjusted operating free cash flow at €0.6bn and cash at hand at €10bn
- Net debt down by €1.4bn euros, compared to end of 2022 leading to a Net debt/EBITDA ratio of 1.2x
- Net income at €0.6bn supporting equity restoration
- Post quarter, €0.5bn quasi-equity financing for Air France's Engineering and Maintenance (MRO) components activity

Commenting on the results, **Mr. Benjamin Smith, Group CEO**, said:

"We have again delivered a strong set of results during the Second Quarter of 2023. In spite of the inflationary context, we posted double-digit growth in our revenues and a record operating margin. The rollout of new award-winning products across our airlines continued unabated, which serves as a testament of the commitment of our employees, whom I would like to thank. We were also busy throughout the quarter, actively preparing for the summer. I am very glad to see that the situation at airports is much better, including at KLM's hub at Amsterdam Schiphol Airport. This season notably serves as a test run for 2024, when France will host the Olympic and Paralympic Games, of which Air France is an official partner. Lastly, we have also continued delivering on our strategic roadmap, and secured ambitious partnerships in the field of sustainability, preparing for our medium to long-term future."

Operating result improved compared to 2022 driven by strong revenue growth

	Current quarter			Year to date		
	2023	change	change constant currency	2023	change	change constant currency
Revenues (€m)	7,624	+13.7%	+14.1%	13,953	+25.1%	+24.8%
EBITDA (€m)	1,328	397	405	1,614	462	488
Operating result (€m)	733	347	355	426	390	418
Operating margin (%)	9.6%	+3.9pt	+4.0pt	3.1%	+2.7pt	+3.0pt
Net income – Group part (€m)	604	280		260	488	
Adj. operating free cash flow (€m)	557	(975)		1,240	(923)	

	30 June 2023	31 Dec 2022
Net Debt	4,900	6,337
EBITDA trailing 12 months	4,077	3,615
Net Debt/EBITDA ratio	1.2x	1.8x

In Q2 2023, revenues were up +14.1% compared to Q2 2022, driven by a higher capacity (+8%), a higher passenger load factor (+3 pt) and a higher passenger yield (+9%). The operating result improved compared to last year by €347 million while last year the operating result was supported by €42 million furlough contribution. A lower jet fuel price and a higher yield compensating inflation accelerated the growth in operating result and translated into a margin at 9.6%.

As a result, compared to last year, net income strongly grew by €280 million, amounting to €604 million, supporting the equity restoration.

The adjusted operating free cash flow in the second quarter amounted to €557 million, a reduction of €975 million compared to last year. This different pattern is explained by a catch up in summer ticket sales in Q2 2022. The net debt ended at €4.9 billion, an improvement compared to year end 2022 of €1.4 billion.

Increase in Group unit revenue driven by passenger unit revenue

	Current quarter			Year to date		
	2023	change	change constant currency	2023	change	change constant currency
Passengers (thousands)	24,664	+8.2%		44,315	+18.7%	
Capacity (ASK m)	78,144	+8.3%		147,727	+13.5%	
Traffic (RPK m)	68,498	+11.6%		128,418	+22.9%	
Passenger load factor	87.7%	+2.6pt		86.9%	+6.7pt	
Passenger unit revenue per ASK (€ cts)	8.32	+12.3%	+12.6%	7.87	+21.0%	+20.7%
Group unit revenue per ASK (€ cts)	8.94	+4.9%	+5.4%	8.59	+11.1%	+10.9%
Group unit cost per ASK (€ cts) at constant fuel ¹	8.00	+0.2%	+6.4%	8.31	+7.8%	+5.9%

In the second quarter 2023, Air France-KLM welcomed 24.7 million passengers which is 8.2% above previous year. As capacity increased by 8.3% and traffic grew by 11.6%, the load factor increased by 2.6 points compared to last year.

The Group reached a very strong group passenger unit revenue per ASK, up +12.3% compared to last year. This increase was driven by load factor increase especially on the long haul network (North America, Africa, Asia & Middle East and Transavia) and yield on the full network except Asia.

Group unit cost per ASK at constant fuel and constant currency is up 6.4% versus last year (5.6% excluding furlough). The inflation related to salary increases started last year in the third quarter and especially in the fourth quarter. The increase in the second quarter is mainly coming from higher salaries including profit sharing, but also from an increase in ATC charges, airport charges, ETS and higher cost due to a higher load factor.

Equity restoration

Air France-KLM and Apollo Global Management announced post-quarter that they have signed a definitive agreement for Apollo-managed funds and entities ("Apollo") to raise a €500 million financing into an operating affiliate of Air France that will own a pool of components dedicated to Air France's Engineering and Maintenance activities.

Under this agreement and subject to customary closing conditions, Apollo will subscribe to perpetual bonds issued by this ad hoc operating affiliate and this financing will be accounted as equity under IFRS. The financing's proceeds will be allocated to general corporate purposes and support future components expenditures related to the maintenance activity.

The perpetual bonds will bear an interest rate of 6.9% for the first 3 years and gradual step ups and caps will be applied thereafter. Air France will have the ability to redeem them at any time after 3 years.

¹ change is nominal and not corrected for fuel price

Air France-KLM Group

Second Quarter 2023

On July 27, 2023, Air France-KLM announced that it has entered into exclusive discussions with Apollo Global Management regarding the potential financing of €1.5bn to a dedicated operating affiliate of Air France-KLM. This entity will hold the trademark and most of the commercial partner contracts related to Air France and KLM's joint loyalty program (Flying Blue), and will become the exclusive issuer of miles for the airlines and partners.

This financing would be accounted as equity under IFRS, allowing Air France-KLM to make a further step towards its commitment to restore its equity and strengthen its balance sheet, aside from net profit generation and/or straight hybrid bonds.

OUTLOOK

Capacity

The Group expects the capacity in Available Seat Kilometers for Air France-KLM Group including Transavia at an index of:

- Circa 95% for the third quarter of 2023
- Above 95% for the fourth quarter of 2023
- Circa 95% for the Full Year 2023

All indices compared to the respective period of 2019.

Unit cost²

Due to the inflationary pressure, mainly driven by CLA increases, profit sharing, load factor impact and a decrease in the forecasted capacity, the Group expects from now on for 2023 a low single digit increase of the unit cost increase compared to 2022.

Capex

Full year 2023 net capex is estimated at 3.0 billion euros.

MEDIUM TERM OUTLOOK³

The Group continues its swift transformation initiatives and confirms its medium-term financial ambition with the long-term focus of achieving increased competitiveness. To do this, the Group remains agile in optimizing fleet, workforce, network, costs and continues its sustainability efforts. The Group expects capacity in Available Seat Kilometers back to 2019 levels as from 2024.

The transformation efforts of the Group, including FTE reduction, fleet renewal and spend optimization, will compensate the inflationary pressure on cost. Therefore, the Group expects to decrease its unit cost in the period 2024-2026 year over year against a constant fuel price, constant currency and excluding Emission Trading Scheme costs (ETS).

The Adjusted Operating Free Cash Flow excluding exceptionals is expected to remain positive. Exceptionals include the payment of the air-freight litigation and the deferrals of social charges, pensions and wage taxes accumulated during the Covid 19 period.

The Net Debt/EBITDA target ratio is expected to remain between 1.5x and 2.0x.

The Group's medium-term financial ambition is to reach an Operating Margin of 7% to 8%.

² against a constant fuel price, constant currency and excluding furlough contribution

³ refers to 2024-2026 period

Business review

Network: Operating result more than doubled

Network	Current quarter			Year to date		
	2023	change	change constant currency	2023	change	change constant currency
Traffic revenues (€m)	6,257	+13.1%	+13.6%	11,585	+25.8%	+25.6%
Total revenues (€m)	6,520	+13.3%	+13.8%	12,095	+25.4%	+25.2%
Operating result (€m)	692	+340	+342	542	+499	+519
Operating margin (%)	10.6%	4.5 pt		4.5%	4.0 pt	

Compared to the second quarter 2022, total revenues increased by +13.3% to €6,520 million. The operating result improved by €340 million and amounted to €692 million. The increase in revenues was driven by the network passenger business while the Cargo revenues declined compared to a strong second quarter last year and a further softening of the market.

Robust growth in unit revenue

Passenger network	Current quarter			Year to date		
	2023	change	change constant currency	2023	change	change constant currency
Passengers (thousands)	18,743	+6.8%		34,530	+17.1%	
Capacity (ASK m)	66,714	+8.1%		128,690	+12.6%	
Traffic (RPK m)	58,319	+11.1%		111,284	+21.8%	
Load factor	87.4%	2.4pt		86.5%	6.5pt	
Total passenger revenues (€m)	5,913	+22.3%	+22.6%	10,816	+38.3%	+38.0%
Traffic passenger revenues (€m)	5,770	+21.9%	+22.3%	10,522	+38.3%	+37.9%
Unit revenue per ASK (€ cts)	8.65	+12.8%	+13.1%	8.18	+22.8%	+22.4%

Second quarter 2023 capacity in Available Seat Kilometers (ASK) was 8.1% higher than last year and at 88% of 2019 level, which is in line with the Group's guidance provided during the first quarter 2023 results presentation (c.90% versus 2019).

Unit revenue per ASK increased by 13.1% at a constant currency thanks to strong demand which resulted in an increase in load factor of 2.4 points and a yield increase of 10% compared to last year at constant currency.

During the second quarter we observed per area the following trends:

North Atlantic

Demand recovery continued to be driven by Point of Origin North America. Yield increased by 13% at a slightly higher capacity of 2% while the load factor increased 4 points compared to last year.

Latin America

Very strong yield performance, 12% up compared to 2022, mainly driven by strong yields close in.

Asia & Middle East

Capacity in the second quarter has significantly increased vs 2022 by 56%, mainly driven by China's reopening. Nevertheless, this is still -34% below 2019 levels. Yields are stable compared to 2022 which is lower than the other areas, but this is mainly driven by the exceptional yields in 2022 due to the low capacity.

Caribbean & Indian Ocean

The second quarter showed significant capacity reductions compared to 2022 (-16%) due to redeployment of fleet to other long haul areas. The reduction in capacity resulted in very good performance on yield, 22% up versus 2022.

Africa

Strong traffic dynamics with load factor up 3 points compared to 2022. Robust yield at 6% above 2022.

Short and Medium-haul

In April the domestic network was impacted by ATC strikes. Yield improved by 10% compared to last year while capacity grew 4%. Load factor slightly up by 1 point.

Cargo: demand continued to soften resulting in pressure on unit revenues

Cargo business	Current quarter			Year to date		
	2023	change	change constant currency	2023	change	change constant currency
Tons (thousands)	213	-10.0%		421	-10.8%	
Capacity (ATK m)	3,557	+6.5%		6,845	+8.4%	
Traffic (RTK m)	1,585	-8.5%		3,143	-10.2%	
Load factor	44.6%	-7.3pt		45.9%	-9.5pt	
Total Cargo revenues (€m)	606	-33.9%	-33.0%	1,279	-30.0%	-29.7%
Traffic Cargo revenues (€m)	487	-39.1%	-38.4%	1,063	-33.4%	-33.1%
Unit revenue per ATK (€ cts)	13.70	-42.8%	-42.1%	15.53	-38.6%	-38.3%

Total revenues dropped by -33.9% compared to last year. The resumption of the passenger travel resulted in an increase in Available Ton Kilometers of 6.5% versus the second quarter of 2022. Last year, the second quarter still showed a strong demand and therefore the traffic decreased year over year by -8.5%. As global economic growth is slowing down, container prices for sea freight declined and therefore demand for air cargo softened. The load factor was 7.3 points below 2022 and due to the increased belly capacity, the yield declined as well resulting in a decrease in unit revenue per Available Ton Kilometer of -42.1% against a constant currency.

Transavia: Encouraging unit revenue development resulting in a break-even result

Transavia	Current quarter		Year to date	
	2023	change	2023	change
Passengers (thousands)	5,921	+12.8%	9,785	+25.0%
Capacity (ASK m)	11,429	+9.6%	19,037	+19.5%
Traffic (RPK m)	10,179	+14.5%	17,134	+30.3%
Load factor	89.1%	+3.9pt	90.0%	+7.4pt
Total Passenger revenues (€m)	712	+18.4%	1,089	+28.2%
Unit revenue per ASK (€ cts)	6.38	+8.8%	5.83	+7.6%
Unit cost per ASK (€ cts)	6.38	+5.6%	6.73	+10.2%
Operating result (€m)	0	+18	-172	-62

Compared to the second quarter 2022, the demand in leisure traffic continued to grow, despite operational disruptions due to ATC strikes in France and fleet issues in the Netherlands. The capacity increased by 9.6%, traffic increased by 14.5%, and the number of passengers increased by 12.8% resulting in a load factor 3.9 points above 2022. Transavia is still expanding its network, with a capacity growth in available seat kilometers of +20% compared to 2019 and the routes are yet to mature further. Transavia was able to improve further in the second quarter to a break-even operating result, which is promising for the Q3 peak season for which strong bookings are already visible.

Maintenance business: continued growth on third party revenues despite supply chain

Maintenance	Current quarter			Year to date		
	2023	change	change constant currency	2023	change	change constant currency
Total revenues (€m)	1,055	+15.8%		1,981	+13.7%	
Third party revenues (€m)	384	+11.3%	+12.0%	753	+17.3%	+14.2%
Operating result (€m)	46	-11	-10	62	-39	-42
Operating margin (%)	4.4%	-1.9pt	-1.8pt	3.1%	-2.7pt	-2.8pt

Total revenues increased by 15.8% compared with the same quarter last year while third party revenues increased by 12.0% at constant currency, showing a robust recovery. Due to the tight labour market and supply chain disruptions, the average time for maintenance increased, resulting in less growth opportunities for third party revenues impacting the profitability. The operating margin in the second quarter stood at 4.4%, which is 1.9 points lower than in 2022.

Fleet

Compared to the end of 2022 the group added three B787-10, fifteen B737-800, nine A220-300 and two Embraer 195-E2. The following aircraft left the fleet, three B737-700, two A321, four A319 and two CRJ-1000, as a result the fleet increased by eighteen aircraft.

The Group will continue to invest in new generation aircraft in order to improve its economic performance and will decrease its CO₂ emission and reduce noise.

Acceleration in revenue generation for both airlines

Air France Group

	Current quarter		Year to date	
	2023	change	2023	change
Revenue (in €m)	4,667	+14.9%	8,591	+27.4%
EBITDA (in €m)	845	+400	1,058	+637
Operating result (in €m)	482	+349	301	+531
Operating margin (%)	10.3%	+7.1pt	3.5%	+6.9pt

Air France performance is stemming from a strong performance of long-haul and a high load factor resulting in an increase of revenue of +14.9%. Operating result up +349 million euros compared to last year.

KLM Group

	Current quarter		Year-to-date	
	2023	change	2023	change
Revenue (in €m)	3,111	+11.8%	5,632	+20.2%
EBITDA (in €m)	489	-6	559	-171
Operating result (in €m)	257	-5	129	-136
Operating margin (%)	8.3%	-1.2pt	2.3%	-3.4pt

KLM operations stabilized despite supply chain, tight labor market and fleet issues at KLM Cityhopper and Transavia the Netherlands. Revenue grew by +11.8% compared to last year.

Nb: Sum of individual airline results does not add up to AF-KLM total due to intercompany eliminations at Group level.

The external auditors carried out limited review procedures. Their limited review report was issued following the Board meeting.

The results presentation is available at **www.airfranceklm.com** on July 28, 2023 from 7:15 am CET.

A conference call hosted by Mr. Smith (CEO) and Mr. Zaat (CFO) will be held on July 28, 2023 at 08.30 am CET.

To connect to the webcast, please use below link:

https://channel.royalcast.com/landingpage/airfranceklm/20230728_2/

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Income statement

in € million	Current Quarter			Year to Date		
	2023	2022 restated *	Variation	2023	2022 restated *	Variation
Revenues from ordinary activities	7,624	6,707	14%	13,953	11,152	25%
Aircraft fuel	(1,662)	(1,863)	-11 %	(3,442)	(2,858)	20 %
Carbon emission	(50)	(15)	233 %	(81)	(27)	200 %
Chartering costs	(153)	(93)	65 %	(243)	(193)	26 %
Landing fees and air routes charges	(506)	(436)	16 %	(919)	(784)	17 %
Catering	(207)	(176)	18 %	(393)	(319)	23 %
Handling charges and other operating costs	(468)	(401)	17 %	(894)	(722)	24 %
Aircraft maintenance costs	(597)	(603)	-1 %	(1,245)	(1,118)	11 %
Commercial and distribution costs	(259)	(230)	13 %	(516)	(384)	34 %
Other external expenses	(458)	(368)	24 %	(916)	(702)	30 %
Salaries and related costs	(2,156)	(1,820)	18 %	(4,164)	(3,343)	25 %
Taxes other than income taxes	(38)	(34)	12 %	(93)	(80)	16 %
Other income and expenses	258	263	-2 %	567	530	7 %
EBITDA	1,328	931	43%	1,614	1,152	40%
Amortization, depreciation and provisions	(595)	(545)	9 %	(1,188)	(1,116)	6 %
Income from current operations	733	386	90%	426	36	nm
Sales of aircraft equipment	23	39	-41 %	28	39	-28 %
Other non-current income and expenses	17	(10)	nm	15	(15)	nm
Income from operating activities	773	415	86%	469	60	nm
Cost of financial debt	(138)	(136)	1 %	(296)	(277)	7 %
Income from cash & cash equivalent	59	1	nm	108	-	nm
Net cost of financial debt	(79)	(135)	-41%	(188)	(277)	-32%
Other financial income and expenses	(22)	(238)	-91 %	14	(286)	nm
Income before tax	672	42	nm	295	(503)	nm
Income taxes	(61)	283	nm	(21)	278	nm
Net income of consolidated companies	611	325	88%	274	(225)	nm
Share of profits (losses) of associates	1	-	nm	1	(1)	nm
Net Income for the period	612	325	88%	275	(226)	nm
Non-controlling interests	8	1	nm	15	2	nm
Net Income for the period - Equity holders	604	324	86%	260	(228)	nm

* Restated figures include the change in accounting principles for CO2 quotas

Consolidated balance sheet

Assets	June 30, 2023	December 31, 2022
(in € million)		restated *
Goodwill	225	225
Intangible assets	1,114	1,127
Flight equipment	10,957	10,614
Other property, plant and equipment	1,389	1,375
Right-of-use assets	5,480	5,428
Investments in equity associates	121	120
Pension assets	83	39
Other non-current financial assets	1,443	1,184
Non-current derivative financial assets	159	262
Deferred tax assets	714	714
Other non-current assets	76	78
Total non-current assets	21,761	21,166
Other current financial assets	621	620
Current derivative financial assets	214	327
Inventories	754	723
Trade receivables	1,983	1,785
Other current assets	1,132	979
Cash and cash equivalents	6,169	6,626
Assets held for sale	82	79
Total current assets	10,955	11,139
Total assets	32,716	32,305

* Restated figures include the change in accounting principles for CO2 quotas

Liabilities and equity	June 30, 2023	December 31, 2022
<i>(in € million)</i>		
Issued capital	2,571	2,571
Additional paid-in capital	5,217	5,217
Treasury shares	(25)	(25)
Perpetual	1,048	933
Reserves and retained earnings	(11,582)	(11,700)
Equity attributable to equity holders of Air France-KLM	(2,771)	(3,004)
Perpetual	524	510
Reserves and retained earnings	16	14
Equity attributable Non-controlling interests	540	524
Total equity	(2,231)	(2,480)
Pension provisions	1,661	1,634
Non-current return obligation liabilities and provisions for leased aircrafts and other provisions	3,885	4,149
Non-current financial liabilities	8,225	9,657
Non-current lease debt	3,227	3,318
Non-current derivative financial liabilities	39	21
Deferred tax liabilities	9	1
Other non-current liabilities	1,696	2,343
Total non-current liabilities	18,742	21,123
Current return obligation liabilities and provisions for leased aircrafts and other provisions	847	740
Current financial liabilities	675	896
Current lease debt	819	834
Current derivative financial liabilities	143	83
Trade payables	2,576	2,424
Deferred revenue on ticket sales	5,500	3,725
Frequent flyer programs	884	900
Other current liabilities	4,755	4,057
Bank overdrafts	6	3
Total current liabilities	16,205	13,662
Total liabilities	34,947	34,785
Total equity and liabilities	32,716	32,305

Statement of Consolidated Cash Flows from January 1 until June 30

Period from January 1 to June 30	2023	2022
(in € million)		restated *
Net income	275	(226)
Amortization, depreciation and operating provisions	1,188	1,116
Financial provisions	100	69
Loss (gain) on disposals of tangible and intangible assets	(49)	(40)
Derivatives – non monetary result	(5)	(20)
Unrealized foreign exchange gains and losses, net	(73)	240
Share of (profits) losses of associates	(1)	1
Deferred taxes	19	(282)
Impairment	2	17
Other non-monetary items	(152)	(117)
Financial capacity	1,304	758
(Increase) / decrease in inventories	(33)	(79)
(Increase) / decrease in trade receivables	(167)	(437)
Increase / (decrease) in trade payables	115	971
Increase / (decrease) in advanced ticket sales	1,757	2,276
Change in other assets and liabilities	(130)	97
Change in working capital requirement	1,542	2,828
Net cash flow from operating activities	2,846	3,586
Acquisition of subsidiaries, of shares in non-controlled entities	(2)	–
Purchase of property plant and equipment and intangible assets	(1,396)	(1,457)
Proceeds on disposal of property plant and equipment and intangible assets	211	476
Dividends received	2	1
Decrease (increase) in net investments, more than 3 months	(52)	6
Net cash flow used in investing activities	(1,237)	(974)
Increase of equity	–	1,551
Payments to acquire treasury shares	(1)	–
Issuance of perpetual	728	–
Repayment on perpetual	(595)	(993)
Coupons on perpetual	(52)	(229)
Issuance of debt	1,558	552
Repayment on debt	(2,969)	(1,415)
Payments on lease debts	(421)	(442)
New loans	(306)	(175)
Repayment on loans	104	16
Dividends paid	(90)	–
Net cash flow from financing activities	(2,044)	(1,135)
Effect of exchange rate on cash and cash equivalents and bank overdrafts (net of cash acquired or sold)	(25)	40
Change in cash and cash equivalents and bank overdrafts	(460)	1,517
Cash and cash equivalents and bank overdrafts at beginning of period	6,623	6,654
Cash and cash equivalents and bank overdrafts at end of period	6,163	8,171

* Restated figures include the change in accounting principles for CO2 quotas

Return on capital employed (ROCE)

In € million	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022 restated *	Sep 30, 2022 restated *	Jun 30, 2022 restated *	Mar 31, 2022 restated *	Dec 31, 2021 restated *	Sep 30, 2021 restated *
Goodwill and intangible assets	1,339	1,351	1,352	1,350	1 361	1 363	1 380	1 384
Flight equipment	10,957	10,954	10,614	10,298	10 521	10 537	10 466	10 478
Other property, plant and equipment	1,389	1,372	1,375	1,349	1 358	1 378	1 402	1 418
Right of use assets	5,480	5,304	5,428	5,536	5 439	5 205	5 148	5 061
Investments in equity associates	121	122	120	111	108	107	109	172
Financial assets excluding marketable securities and financial deposits	190	169	169	164	162	158	157	147
Provisions, excluding pension, cargo litigation and restructuring	(4,248)	(4,255)	(4,347)	(4,792)	(4 473)	(4 240)	(4 180)	(4 180)
WCR, excluding market value of derivatives	(11,467)	(11,313)	(9,882)	(10,359)	(11 080)	(9 480)	(8 185)	(7 923)
Capital employed	3,761	3,704	4,829	3,657	3 396	5 028	6 297	6 557
Average capital employed (A)	3,988				5,320			
Adjusted results from current operations	1,584				344			
- Dividends received	(2)				-			
- Share of profits (losses) of associates	15				(12)			
- Normative income tax	(412)				(80)			
Adjusted result from current operations after tax (B)	1,185				252			
ROCE, trailing 12 months (B/A)	29.7%				4.7%			

* Restated figures include the change in accounting principles for CO2 quotas

The ROCE is positively impacted by high working capital due to payment deferral of social charges and salary taxes.

Net debt

(in € million)	June 30, 2023	December 31, 2022
Current and non-current financial liabilities	8,900	10,553
Current and non-current lease debt	4,046	4,152
Accrued interest	(55)	(127)
Deposits related to financial liabilities	(102)	(101)
Deposits related to lease debt	(100)	(99)
Derivatives impact on debt	(15)	(35)
Gross financial liabilities (I)	12,674	14,343
Cash and cash equivalents	6,169	6,626
Marketable securities > 3 months	624	572
Bonds	987	811
Bank overdrafts	(6)	(3)
Net cash (II)	7,774	8,006
Net debt (I-II)	4,900	6,337

Adjusted operating free cash flow

(in € million)	Current Quarter		Year to Date	
	2023	2022 restated *	2023	2022 restated *
Net cash flow from operating activities	1,296	2,237	2,846	3,586
Purchase of property plant and equipment and intangible assets	(617)	(785)	(1,396)	(1,457)
Proceeds on disposal of property plant and equipment and intangible assets	80	305	211	476
Operating free cash flow	759	1,757	1,661	2,605
Payments on lease debts	(202)	(225)	(421)	(442)
Operating free cash flow adjusted	557	1,532	1,240	2,163

* Restated figures include the change in accounting principles for CO2 quotas

Bridge from EBITDA to Self-financing capacity

(in € million)	Current Quarter		Year to Date	
	2023	2022 restated *	2023	2022 restated *
EBITDA	1,328	931	1,614	1,152
Provisions (risk and other)	(1)	(13)	(9)	(13)
Correction of spare parts inventory	2	1	2	3
Addition to pension provisions	38	33	71	65
Reversal to pension provisions (cash-out)	(17)	(19)	(31)	(32)
Sales of tangible and intangible assets (excluding aeronauticals)	-	1	(2)	1
Income from operating activities - cash impact	1,350	934	1,645	1,176
Restructuring costs	(31)	(68)	(66)	(125)
Other non-current income and expenses	(1)	-	(3)	(2)
Cost of financial liability	(139)	(139)	(402)	(283)
Financial income	54	(3)	98	(8)
Realized foreign exchanges gain/loss	2	(11)	40	3
Settlement of forwards derivatives - cash	(1)	-	(1)	-
Other financial charges & expenses - cash	(4)	-	(4)	-
Current income tax	(4)	-	(2)	(4)
Other elements	(2)	-	(1)	1
Self-financing capacity	1,224	713	1,304	758

* Restated figures include the change in accounting principles for CO2 quotas

Unit cost: net cost per ASK

	Current Quarter		Year to date	
	2023	2022	2023	2022
Total operating expenses (in €m)	6,891	6,321	13,526	11,116
Total other revenues (in €m)	(637)	(563)	(1,256)	(1,082)
Net cost (in €m)	6,253	5,758	12,270	10,034
Capacity produced, reported in ASK*	78,144	72,127	147,727	130,192
Net cost per ASK (in € cents per ASK)	8.00	7.98	8.31	7.71
Gross change		0.2%		7.8%
Currency effect on net costs (in €m)		(17)		43
Change at constant currency		0.5%		7.3%
Fuel price effect (in €m)		-319		134
Net cost per ASK on a constant currency and constant fuel price (in € cents per ASK)	8.00	7.52	8.31	7.84
Change at constant currency and constant fuel price		6.4		5.9%
Furlough		+42		+253
	8.0	7.6	8.3	8.0
Change at constant currency and constant fuel price excluding furlough		5.6%		3.3%

Group fleet at 30 June 2023

Aircraft type	AF (incl. HOP) ⁴	KL (incl. KLC & MP) ⁴	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change vs 31/12/22
B777-300	43	16		20	15	24	59	59	
B777-200	18	15		28	1	4	33	33	
B787-9	10	13		4	7	12	23	23	
B787-10		10		2	8		10	10	3
A380-800	4			2	1	1	4		
A350-900	20			3	7	10	20	20	
A330-300		5				5	5	5	
A330-200	15	6		11		10	21	21	
Total Long-Haul	110	65	0	70	39	66	175	171	3
B737-900		5		5			5	5	
B737-800		31	110	34	8	99	141	135	10
B737-700		6	4	7		3	10	10	
A321	16			9		7	16	16	-2
A320	39			4	3	32	39	37	-2
A319	15			10		5	15	14	-3
A318	9			5		4	9	7	-2
A220-300	25			17		8	25	25	10
Total Medium-Haul	104	42	114	91	11	158	260	249	11
Canadair Jet 1000	4			4			4		
Canadair Jet 700									
Embraer 195 E2		16				16	16	16	2
Embraer 190	19	30		17	4	28	49	49	
Embraer 175		17		3	14		17	17	
Embraer 170	13			10		3	13	13	
Embraer 145									
Total Regional	36	63	0	34	18	47	99	95	2
B747-400ERF		3		3			3	3	
B747-400BCF		1		1			1	1	
B777-F	2					2	2	2	
Total Cargo	2	4	0	4	0	2	6	6	0
Total	252	174	114	199	68	273	540	521	16

⁴ Excluding Transavia

2023 TRAFFIC

Passenger network activity

Total network airlines	Current quarter			Year to date		
	2023	2022	variation	2023	2022	variation
Passengers carried ('000s)	18,743	17,556	7%	34,530	29,498	17%
Revenue pax-kilometers (m RPK)	58,319	52,479	11%	111,284	91,346	22%
Available seat-kilometers (m ASK)	66,714	61,697	8%	128,690	114,268	13%
Load factor (%)	87%	85%	2pt	86%	80%	7pt
Long-haul						
Passengers carried ('000s)	6,370	5,765	10%	12,309	10,145	21%
Revenue pax-kilometers (m RPK)	47,373	42,070	13%	91,882	74,396	24%
Available seat-kilometers (m ASK)	53,792	49,285	9%	105,331	92,525	14%
Load factor (%)	88%	85%	3pt	87%	80%	7pt
North America						
Passengers carried ('000s)	2,459	2,282	8%	4,244	3,520	21%
Revenue pax-kilometers (m RPK)	17,457	16,330	7%	30,308	25,386	19%
Available seat-kilometers (m ASK)	19,481	19,139	2%	35,096	32,291	9%
Load factor (%)	90%	85%	4pt	86%	79%	8pt
Latin America						
Passengers carried ('000s)	859	767	12%	1,751	1,442	21%
Revenue pax-kilometers (m RPK)	8,130	7,215	13%	16,623	13,726	21%
Available seat-kilometers (m ASK)	9,103	8,144	12%	18,493	15,801	17%
Load factor (%)	89%	89%	1pt	90%	87%	3pt
Asia / Middle East						
Passengers carried ('000s)	1,280	859	49%	2,485	1,493	66%
Revenue pax-kilometers (m RPK)	10,019	6,117	64%	19,230	10,508	83%
Available seat-kilometers (m ASK)	11,557	7,390	56%	22,163	14,610	52%
Load factor (%)	87%	83%	4pt	87%	72%	15pt
Africa						
Passengers carried ('000s)	994	936	6%	2,035	1,751	16%
Revenue pax-kilometers (m RPK)	6,039	5,568	8%	12,481	10,360	20%
Available seat-kilometers (m ASK)	7,145	6,839	4%	14,744	13,137	12%
Load factor (%)	85%	81%	3pt	85%	79%	6pt
Caribbean / Indian Ocean						
Passengers carried ('000s)	778	920	(15)%	1,794	1,939	(7)%
Revenue pax-kilometers (m RPK)	5,728	6,840	(16)%	13,240	14,415	(8)%
Available seat-kilometers (m ASK)	6,506	7,773	(16)%	14,835	16,687	(11)%
Load factor (%)	88%	88%	0pt	89%	86%	3pt
Short and Medium-haul						
Passengers carried ('000s)	12,373	11,791	5%	22,221	19,353	15%
Revenue pax-kilometers (m RPK)	10,945	10,409	5%	19,402	16,950	14%
Available seat-kilometers (m ASK)	12,923	12,412	4%	23,359	21,743	7%
Load factor (%)	85%	84%	1pt	83%	78%	5pt

Transavia activity

Transavia	Current quarter			Year to date		
	2023	2022	variation	2023	2022	variation
Passengers carried ('000s)	5,921	5,247	13%	9,785	7,828	25%
Revenue seat-kilometers (m RSK)	10,179	8,886	15%	17,134	13,154	30%
Available seat-kilometers (m ASK)	11,429	10,430	10%	19,037	15,924	20%
Load factor (%)	89%	85%	4pt	90%	83%	7pt

Total Group passenger activity

Total Group	Current quarter			Year to date		
	2023	2022	variation	2023	2022	variation
Passengers carried ('000s)	24,664	22,804	8%	44,315	37,326	19%
Revenue pax-kilometers (m RPK)	68,498	61,365	12%	128,418	104,499	23%
Available seat-kilometers (m ASK)	78,144	72,127	8%	147,727	130,192	13%
Load factor (%)	88%	85%	3pt	87%	80%	7pt

Cargo activity

Cargo	Current quarter			Year to date		
	2023	2022	variation	2023	2022	variation
Revenue tonne-km (m RTK)	1,585	1,732	(8)%	3,143	3,498	(10)%
Available tonne-km (m ATK)	3,557	3,342	6%	6,845	6,316	8%
Load factor (%)	45%	52%	(7)pt	46%	55%	(9)pt

Air France activity

Total Passenger network activity	Current quarter			Year to date		
	2023	2022	variation	2023	2022	variation
Passengers carried ('000s)	10,832	10,344	5%	20,289	17,449	16%
Revenue pax-kilometers (m RPK)	34,434	30,995	11%	66,415	54,082	23%
Available seat-kilometers (m ASK)	39,424	36,621	8%	76,736	67,491	14%
Load factor (%)	87%	85%	3pt	87%	80%	6pt
Long-haul						
Passengers carried ('000s)	3,888	3,556	9%	7,584	6,322	20%
Revenue pax-kilometers (m RPK)	28,190	25,065	12%	55,151	44,517	24%
Available seat-kilometers (m ASK)	32,027	29,458	9%	63,174	55,192	14%
Load factor (%)	88%	85%	3pt	87%	81%	7pt
Short and Medium-haul						
Passengers carried ('000s)	6,944	6,788	2%	12,704	11,127	14%
Revenue pax-kilometers (m RPK)	6,243	5,930	5%	11,264	9,565	18%
Available seat-kilometers (m ASK)	7,397	7,162	3%	13,562	12,300	10%
Load factor (%)	84%	83%	2pt	83%	78%	5pt
Cargo activity						
Revenue tonne-km (m RTK)	789	890	(11)%	1,578	1,797	(12)%
Available tonne-km (m ATK)	1,977	1,861	6%	3,837	3,519	9%
Load factor (%)	40%	48%	(8)pt	41%	51%	(10)pt

KLM activity

Total Passenger network activity	Current quarter			Year to date		
	2023	2022	variation	2023	2022	variation
Passengers carried ('000s)	7,911	7,212	10%	14,241	12,049	18%
Revenue pax-kilometers (m RPK)	23,885	21,484	11%	44,869	37,264	20%
Available seat-kilometers (m ASK)	27,290	25,077	9%	51,954	46,777	11%
Load factor (%)	88%	86%	2pt	86%	80%	7pt
Long-haul						
Passengers carried ('000s)	2,482	2,209	12%	4,724	3,823	24%
Revenue pax-kilometers (m RPK)	19,183	17,005	13%	36,731	29,878	23%
Available seat-kilometers (m ASK)	21,764	19,827	10%	42,157	37,333	13%
Load factor (%)	88%	86%	2pt	87%	80%	7pt
Short and Medium-haul						
Passengers carried ('000s)	5,429	5,003	9%	9,517	8,225	16%
Revenue pax-kilometers (m RPK)	4,702	4,479	5%	8,138	7,385	10%
Available seat-kilometers (m ASK)	5,525	5,250	5%	9,797	9,443	4%
Load factor (%)	85%	85%	-pt	83%	78%	5pt
Cargo activity						
Revenue tonne-km (m RTK)	796	842	(5)%	1,564	1,701	(8)%
Available tonne-km (m ATK)	1,581	1,480	7%	3,008	2,797	8%
Load factor (%)	50%	57%	(7)pt	52%	61%	(9)pt