

FULL YEAR 2020
Operating Result at -4.5 billion euros
Covid-19 crisis having an unprecedented impact on Air France-KLM

The Covid-19 crisis severely impacted the Full Year 2020 results:

- Revenue at 11.1 billion euros, down 59% compared to last year
- EBITDA loss at -1.7 billion euros, limited due to cost control
- Group net employee cost down 35% in 2020 compared to last year, supported by staff reductions, state support mechanisms and activity related wages. Average number of FTEs (Full Time Equivalent) in December 2020 decreased by 8,700 compared to December 2019
- Operating result at -4.5 billion euros, down 5.7 billion euros compared to last year
- Net income at -7.1 billion euros, including restructuring provision at -822 million euros, over-hedging at -595 million euros and fleet impairment at -672 million euros
- Net debt at 11.0 billion euros, up 4.9 billion compared to end of 2019
- At 31 December 2020, the Group has 9.8 billion euros of liquidity and credit lines at disposal

OUTLOOK

After a positive Christmas traffic in Domestic France and to the Caribbean and Indian Ocean, travel restrictions were tightened in France, the Netherlands and worldwide, having a negative impact on the traffic of the Group in the first quarter of 2021.

Due to the lockdown and travel restrictions still in place, the Group anticipates a challenging First quarter 2021, with a lower EBITDA compared to the Fourth Quarter 2020.

There is limited visibility on the demand recovery curve as customer booking behavior is much more short-term oriented and also highly dependent on the imposed travel restrictions, on both the Long Haul and Medium Haul network.

In this context the Group expects capacity in Available Seat kilometers circa index 40 for Air France-KLM in the First quarter 2021 compared to 2019 for the Network passenger activity due to negative environment.

The Group will progressively ramp up capacity towards summer 2021 and expects recovery in the second and third quarter 2021 thanks to the vaccine deployment.

The Air France-KLM Group continues to work on quasi-equity and equity solutions in order to strengthen balance sheet and expects progress in the following weeks. Discussions are continuing with the European Commission within the "Temporary Framework" (TF).

Air France-KLM Group	Fourth quarter		Full Year	
	2020	Change	2020	Change ¹
Passengers (thousands)	5,941	-75.9%	34,065	-67.3%
Passenger Unit revenue per ASK ¹ (€ cts)	3.06	-52.6%	4.56	-31.2%
Operating result (€m)	-1,134	-1,228	-4,548	-5,689
Net income – Group part (€m)	-1,000	-1,155	-7,078	-7,368
Adj. operating free cash flow (€m)	-2,115	-1,610	-5,661	-5,276
Net debt at end of period (€m)			11,049	4,902

¹ Passenger unit revenue is the aggregate of Passenger network and Transavia unit revenues, change at constant currency

The Board of Directors of Air France-KLM, chaired by Ms. Anne-Marie Couderc, met on 17 February 2021 to approve the financial statements for the Full Year 2020. Group CEO Mr. Benjamin Smith said:

“2020 tested the Air France-KLM Group with the most severe crisis ever experienced by the air transport industry. I would like to thank our employees for their dedication and tremendous flexibility during this period, which has allowed us to remain resilient despite an unprecedented drop in traffic. Since the very beginning of the crisis, we set the highest standards of health and safety for our customers and our employees, all while being able to seize Cargo opportunities and continuously adapting our flight schedules in the face of ever-changing travel restrictions. Thanks to the French- and Dutch state support and this agile way of working, we were able to drastically reduce our costs, protect our cash, and continue the execution of major transformation plans within our airlines, involving the efforts of all employees. In the coming months, we will continue to strengthen the Group’s core, improving its economic and environmental performance, so that Air France-KLM will be in a position to fully leverage all opportunities when the industry starts to recover. We begin 2021 looking forward that this year will see an upturn in traffic as soon as vaccination is deployed on a large scale and borders once again reopen. Our customers look forward to being able to travel again and their attachment to Air France, KLM, and Transavia has grown stronger during this crisis.”

Business review

Network: In this very challenging 2020, Air France and KLM actively managed capacity with most of the flight incrementally cash positive thanks to the Cargo activity

Network	Fourth quarter			Full Year		
	2020	Change	Change constant currency	2020	Change	Change constant currency
Total revenues (€m)	1,986	-65.5%	-64.9%	9,206	-60.4%	-60.3%
Scheduled revenues (€m)	1,818	-66.9%	-66.2%	8,571	-61.5%	-61.3%
Operating result (€m)	-881	-917	-914	-3,722	-4,471	-4,477

Full Year 2020 revenues decreased by 60.3% at constant currency to 9.2 billion euros. The operating result amounted to -3.7 billion euros, a 4.5 billion euros decrease at constant currency compared to last year. Measures were strengthened to preserve cash, including reduction of investments, cost savings measures, negotiations with supplier on payment terms, staff reductions and wage support measures.

Passenger network: Ensure health safety on board and adapt network to cope with border restrictions

Passenger network	Fourth quarter			Full Year		
	2020	Change	Change constant currency	2020	Change	Change constant currency
Passengers (thousands)	5,211	-75.6%		28,883	-67.0%	
Capacity (ASK m)	34,900	-53.3%		138,168	-53.9%	
Traffic (RPK m)	14,351	-77.9%		81,212	-69.2%	
Load factor	41.1%	-45.8 pt		58.8%	-29.2 pt	
Total passenger revenues (€m)	1,126	-78.3%	-78.0%	6,638	-68.6%	-68.4%
Scheduled passenger revenues (€m)	1,054	-79.0%	-78.6%	6,325	-69.0%	-68.8%
Unit revenue per ASK (€ cts)	3.02	-55.0%	-54.1%	4.58	-32.8%	-32.4%

The passenger network activity in the fourth quarter was, as anticipated, strongly reduced at 46% of last year’s level. The tightening of travel restrictions, border closures and absence of corporate travel delayed the expected traffic recovery. October and November were weak in term of traffic compared to a stronger December, thanks to Christmas traffic increase in Domestic France and to Caribbean and Indian Ocean.

2020 was an unprecedented year for the airline industry and Air France-KLM with: a good start in January and February; a worldwide lockdown with repatriation flights during the second quarter followed by hopes of a resumption of traffic during summer and a last quarter marked by increased travel restrictions and some traffic during Christmas.

The Full year 2020 capacity was severely impacted by the Covid-19 crisis, at 46% of last year's level while the traffic decreased by 69%, mainly due to travel restrictions in place.

The Group had an agile capacity management and was able to ramp-up capacity during summer and Christmas periods with resilient performance on low border restrictions routes (French Domestic, Caribbean & Indian Ocean and Africa & Middle East). The balanced network of Air France and KLM spread over the different regions of the world was a strong asset during the Covid-19 crisis, which partly explained why the Group operates more capacity than competitors. The strategy was to operate incremental cash positive flights and several routes were taking advantage of the strong worldwide cargo demand thanks to industry under capacity.

During 2020, the Group accelerated the phase-out of different aircraft to cope with the lower demand in the following years (Airbus 380, Airbus 340, Boeing 747, Canadair Jet and Embraer 145).

Air France-KLM Group continues to implement the highest safety standards for its customers and employees to counter virus transmission risks. Both Air France and KLM achieved 4 stars in the Skytrax "Covid-19 Airline Safety Rating", one of highest score.

Cargo: Strong steering unit revenue in a context of industry under capacity

Cargo business	Fourth quarter			Full Year		
	2020	Change	Change constant currency	2020	Change	Change constant currency
Tons (thousands)	268	-6.8%		880	-20.8%	
Capacity (ATK m)	2,812	-24.3%		10,120	-30.7%	
Traffic (RTK m)	2,082	-5.7%		6,829	-19.4%	
Load factor	74.0%	+14.6 pt		67.5%	+9.5 pt	
Total Cargo revenues (€m)	860	+53.9%	+58.2%	2,568	+19.3%	+19.9%
Scheduled cargo revenues (€m)	764	+59.4%	+63.6%	2,246	+21.9%	+22.5%
Unit revenue per ATK (€ cts)	27.18	+110.5%	+116.1%	22.20	+75.9%	+76.8%

Global air cargo capacity was at the end of the Fourth quarter 2020 approximately 20% lower than 2019. Tightening of supply and demand levels increased yields by significant amount over the past months.

December was the eighth consecutive month of gradual air cargo market improvements and Air France-KLM's Cargo activity continued to strongly perform with a unit revenue at constant currency up 116.1% in the Fourth quarter 2020.

The 2020 Cargo capacity of the Group has been down 30.7%, primarily driven by the reduction in belly capacity of passenger aircraft, partly offset by the increase of the full freighters' capacity and mini cargo flights (passenger aircraft with only belly capacity commercialized). The yield and load factors were strongly up, resulting in a unit revenue increase of 76.8% at constant currency, thanks to the gap between industry capacity and demand. The Group benefited from a full freighter fleet of six aircraft and a passenger long-haul fleet well suited for the cargo activity (Boeing 777, Boeing 787, and Airbus 350).

On the demand side, world-wide air freight volumes are down due to Covid-19 crisis but are expecting to recover consistently with trade growth and industrial production. The supply-demand gap of the past months is foreseen to narrow once industry capacity supply will increase which depends on the passenger traffic recovery. Air France-KLM is ready to transport the Covid-19 vaccines worldwide and has already delivered them to several destinations successfully. The volumes will gradually increase during the first half of 2021.

Transavia: Well positioned for the recovery with a first step on the French domestic market

Transavia	Fourth quarter		Full Year	
	2020	Change	2020	Change
Passengers (thousands)	730	-77.7%	5,182	-68.7%
Capacity (ASK m)	2,134	-67.9%	13,312	-59.5%
Traffic (RPK m)	1,323	-78.2%	9,828	-67.6%
Load factor	62.0%	-29.3 pt	73.8%	-18.4 pt
Total passenger revenues (€m)	85	-74.8%	606	-65.2%
Unit revenue per ASK (€ cts)	3.67	-26.1%	4.41	-17.4%
Unit cost per ASK (€ cts)	8.01	+48.8%	6.65	+34.7%
Operating result (€m)	-93	-65	-299	-430

The Fourth quarter operating result ended -65 million euros lower compared to last year at an operational loss of -93 million euros, as a result of the Covid-19 crisis and tightened border restrictions in Europe and North Africa.

Full year 2020 activity levels were close to 40% of last year's level, with a unit revenue down -17.4% compared to 2019. Load factors at 73.8% were impacted by travel restrictions imposed.

During 2020, Transavia operated more than 150 repatriation flights from Europe and North Africa enabling 28,000 passengers to be brought back before temporarily immobilizing its entire fleet. In June, Transavia gradually resumed flights by constantly adapting operations to Covid-19 rules and has enabled many travelers to enjoy leisure destination during summer. However, the resurgence of Covid-19 and border restrictions have slowed down Transavia in the traffic recovery during the fourth quarter 2020. Strict cash preservation measures are still in place including reduction of investments, cost savings measures, negotiations with supplier on payment terms and wage support measures.

Several CLA agreements have been reached in both Transavia Netherlands and France about labor conditions and restructuring measures. Transavia France started French domestic operations during the fourth quarter 2020 from Paris Orly and regional airports.

Transavia plan to grow is still valid, well positioned to capture the leisure traffic recovery foreseen in the coming months and a major opportunity for the Group's competitiveness gain.

Maintenance: Activity severely impacted by the decrease of airline's activities

Maintenance	Fourth quarter			Full Year		
	2020	Change	Change constant currency	2020	Change	Change constant currency
Total revenues (€m)	603	-48.2%		2,858	-38.1%	
Third-party revenues (€m)	286	-44.5%	-40.5%	1,248	-41.6%	-41.4%
Operating result (€m)	-177	-267	-257	-543	-803	-798
Operating margin (%)	-29.4%	-37.1 pt	-36.5 pt	-19.0%	-24.6 pt	-24.5 pt

The Fourth quarter operating result stood at -177 million euros, a decrease of 267 million euros, highly impacted by the Covid-19 crisis. Maintenance continued to sign new contracts in the fourth quarter and are included in the order book at year end.

During 2020, external revenues declined by 41.6% and the decreased in Air France-KLM Group airlines activities impacted the total revenues. Operating costs have been reduced by a lower maintenance activity level, staff reductions, wage support measures for employees and other initiated cost savings measures. Operating results stood at -543 million euros, down 803 million euros compared to last year. Covid-19 generated around 320 million euros exceptional items, of which 120 million of doubtful receivable, 110 million euros provision on asset value and 90 million euros regarding contracts review.

The Maintenance order book is assessed to 9.1 billion dollars at 31 December 2020, a decrease of 2.4 billion dollars compared to 31 December 2019, explained by the Covid-19 crisis. The Maintenance business is carefully managing agreements with clients on payment terms.

Air France-KLM maintenance activity is well positioned on new generation aircraft maintenance and foresees solid opportunities for the future.

Air France-KLM Group: Financial metrics severely impacted by Covid-19, a decrease of €5.8bn in EBITDA mitigated by cost control

	Fourth quarter			Full Year		
	2020	Change	Change constant currency	2020	Change	Change constant currency
Capacity (ASK m)	37,034	-54.5%		151,480	-54.4%	
Traffic (RPK m)	15,673	-77.9%		91,040	-69.0%	
Passenger unit revenue per ASK (€ cts)	3.06	-53.5%	-52.6%	4.56	-31.6%	-31.2%
Group unit revenue per ASK (€ cts)	5.12	-28.5%	-27.1%	6.05	-16.3%	-15.8%
Group unit cost per ASK (€ cts) at constant fuel	8.18	+16.1%	+25.9%	9.05	+31.6%	+36.9%
Revenues (€m)	2,363	-64.3%	-63.5%	11,088	-59.2%	-59.1%
EBITDA (€m)	-407	-1,272	-1,260	-1,689	-5,816	-5,814
Operating result (€m)	-1,134	-1,228	-1,215	-4,548	-5,689	-5,685
Operating margin (%)	-48.0%	-49.4 pt	-49.2 pt	-41.0%	-45.2 pt	-45.2 pt
Net income - Group part (€m)	-1,000	-1,155		-7,078	-7,368	

In Full Year 2020, the Air France-KLM Group posted an operating result of -4.5 billion euros, down by 5.7 billion euros compared to last year.

Net income amounted to -7.1 billion euros in the Full Year 2020, a decrease of 7.4 billion euros compared to last year, of which exceptional accounting items due to Covid-19:

- Restructuring costs provision of -822 million euros with Departure Plan at Air France Group and KLM Group
- Fuel over hedge has been recycled to "Other financial income and expenses" for -595 million euros
- Fleet impairment of -672 million, mainly caused by -553 million euros on Airbus A380

Since the beginning of the crisis, Air France, KLM and Transavia proceeded 2.3 billion euros of refunds to customers, with 0.8 billion euros during the fourth quarter 2020.

The Full year 2020 unit cost increased by 36.9%, primarily caused by Covid-19 related capacity reductions

Group net employee costs were down 35% in 2020 compared to last year, supported by staff reductions, partial activity implementation at Air France and compensated staff cost by the NOW mechanism at KLM and no profit sharing provisions to be made at both airlines. The average number of FTEs (Full Time Equivalent) stood at 76,900 in December 2020, down 8,700 compared to December 2019.

Net debt up 4.9 billion euros

In € million	Fourth quarter		Full Year	
	2020	Change	2020	Change
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations (€m)	-661	-1,440	-2,586	-6,370
Cash out related to Voluntary Departure Plans (€m)	-253	-244	-405	-381
Change in Working Capital Requirement (WCR) (€m)	-502	-547	165	+30
Net cash flow from operating activities (€m)	-1,416	-2,231	-2,826	-6,721
Net investments* (€m)	-421	+639	-1,895	+1,377
Operating free cash flow (€m)	-1,837	-1,592	-4,721	-5,344
Repayment of lease debt	-278	-18	-940	+68
Adjusted operating free cash flow**	-2,115	-1,610	-5,661	-5,276

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

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

The Group generated adjusted operating free cash flow in Full Year 2020 of -5.7 billion euros, a decrease of 5.3 billion euros compared to last year, mainly explained by a net cash flow from operating activities decline of 6.7 billion euros, partly offset by a reduction in net investments of 1.4 billion euros.

Strong focus on working capital management in all businesses has led to a positive change of +165 million euros in 2020, thanks to tax & social charges deferrals, negotiations with suppliers and vouchers policy which compensated the refunds process and the low inflow of bookings.

In € million	31 Dec 2020	31 Dec 2019
Net debt	11,049	6,147
EBITDA <i>trailing 12 months</i>	-1,689	4,128
Net debt/EBITDA <i>trailing 12 months</i>	na	1.5 x

Both airlines results negatively impacted in 2020

	Fourth quarter		Full Year	
	2020	Change	2020	Change
Air France Group Operating result (€m)	-989	-970	-3,389	-3,669
<i>Operating margin (%)</i>	-73.3%	-72.8 pt	-52.8%	-54.5 pt
KLM Group Operating result (€m)	-152	-271	-1,154	-2,007
<i>Operating margin (%)</i>	-13.4%	-17.8 pt	-22.5%	-30.2 pt

OUTLOOK

After a positive Christmas traffic in Domestic France and to the Caribbean and Indian Ocean, travel restrictions were tightened in France, the Netherlands and worldwide, having a negative impact on the traffic of the Group in the first quarter of 2021.

There is limited visibility on the demand recovery curve as customer booking behavior is much more short-term oriented and also highly dependent on the imposed travel restrictions, on both the Long Haul and Medium Haul network.

The Group will progressively ramp up capacity towards summer 2021 and expects recovery in the second and third quarter 2021 thanks to the vaccine deployment.

For the time being, KLM is not able to execute passenger flights between the Netherlands and South Africa, South America and the UK while France banned all non-essential travel from and to France. Instead of gradually increasing capacity during the First Quarter, the capacity had to be reduced.

In this context the Group expects:

- Capacity in Available Seat kilometers circa index 40 for Air France-KLM in the First quarter 2021 compared to 2019 for the Network passenger activity due to negative environment.

Given the under capacity in the Cargo industry, strong steering options for the First quarter 2021 remain available, although future performance is pending passenger industry recovery.

Due to the lockdown and travel restrictions still in place, The Group anticipates a challenging First quarter 2021, with a lower EBITDA compared to the Fourth Quarter 2020.

At 31 December 2020, the Group has a solid 9.8 billion euros of liquidity and credit lines at disposal.

The Group foresees liquidity requirements in 2021 with:

- Negative First quarter working capital requirement influenced by deferred payments and substantial low level of new bookings
- Capex spending before fleet financings at 2.0 billion euros in 2021
- Restructuring cash out at 0.5 billion euros in 2021

Guidance : Air France-KLM Group medium term operating margin objective unchanged but delayed

The Group accelerates its transformation initiatives and confirms its medium-term financial ambition. The Group continues to balance its medium-term focus on managing liquidity with the long-term focus on achieving increased competitiveness. To do this, the Group continues to optimize, fleet, labour, network and costs.

The Covid-19 crisis is showing an unprecedented impact on traffic. In order to anticipate on this decline in traffic. The Group estimates the number of aircraft in 2022 to be 7% below the number of aircraft in 2019. The Group expects capacity in ASK back to the 2019 levels only in 2024.

By the end of 2020 the Group managed to decrease the number of FTE already by 10% compared to December 2019. In the coming years the number of FTE will further decrease by

circa 6,000 FTE. The reduction in FTE, amongst other key transformation initiatives, will drive the unit cost down 8% to 10% once capacity is back at 2019 level.

The Group's medium-term financial ambition is maintained with an Adjusted Operating Free Cash Flow expected to be positive again in 2023. The Operating Margin mid-cycle objective is still estimated at 7% to 8%.

The audit procedures for the consolidated accounts have taken place. Despite uncertainties, the Board of Directors considered appropriate to prepare the financial statements for the year ended December 31, 2020 on the basis of the going concern principle.
For further information, please refer to Note 2 of the consolidated financial statements.

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 on 18 February 2021 from 7:15 am CET.

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Income Statement

€m	Fourth quarter			Full Year		
	2020	2019	Change	2020	2019	Change
Sales	2,363	6,616	-64.3%	11,088	27,188	-59.2%
Other revenues	0	1	-100.0%	0	1	-100.0%
Revenues	2,363	6,617	-64.3%	11,088	27,189	-59.2%
Aircraft fuel	-506	-1,393	-63.7%	-2,392	-5,511	-56.6%
Chartering costs	-72	-118	-39.0%	-253	-525	-51.8%
Landing fees and en route charges	-226	-462	-51.1%	-969	-1,933	-49.9%
Catering	-59	-205	-71.2%	-294	-822	-64.2%
Handling charges and other operating costs	-188	-422	-55.5%	-833	-1,715	-51.4%
Aircraft maintenance costs	-375	-708	-47.0%	-1,618	-2,628	-38.5%
Commercial and distribution costs	-55	-246	-77.6%	-346	-1,029	-66.4%
Other external expenses	-342	-437	-21.7%	-1,275	-1,730	-26.3%
Salaries and related costs	-1,076	-2,108	-49.0%	-5,300	-8,139	-34.9%
Taxes other than income taxes	-29	-35	-17.1%	-137	-154	-11.0%
Other income and expenses	158	382	-58.6%	640	1,125	-43.1%
EBITDA	-407	865	nm	-1,689	4,128	nm
Amortization, depreciation and provisions	-727	-771	-5.7%	-2,859	-2,987	-4.3%
Income from current operations	-1,134	94	nm	-4,548	1,141	nm
Sales of aircraft equipment	6	-2	nm	37	22	+68.2%
Other non-current income and expenses	-38	-19	+99.9%	-1,489	-153	+873%
Income from operating activities	-1,166	73	nm	-6,000	1,010	nm
Cost of financial debt	-146	-110	+32.7%	-496	-442	+12.2%
Income from cash and cash equivalent	1	9	-88.9%	19	49	-61.2%
Net cost of financial debt	-145	-101	+43.6%	-477	-393	+21.4%
Other financial income and expenses	171	120	+42.5%	-451	-271	+66.4%
Income before tax	-1,140	92	nm	-6,928	346	nm
Income taxes	145	56	+158.9%	-97	-76	+27.6%
Net income of consolidated companies	-995	148	nm	-7,025	270	nm
Share of profits (losses) of associates	-6	8	nm	-58	23	nm
Net income for the period	-1,001	156	nm	-7,083	293	nm
Minority interest	-1	1	nm	-5	3	nm
Net income for the period – Group part	-1,000	155	nm	-7,078	290	nm

2019 results restated (with a similar impact in both years) for limited life parts componentization accounting change.

Consolidated Balance Sheet

Assets	31 Dec 2020	31 Dec 2019
<i>In million euros</i>		
Goodwill	215	217
Intangible assets	1,230	1,305
Flight equipment	11,031	11,334
Other property, plant and equipment	1,548	1,580
Right-of-use assets	4,678	5,173
Investments in equity associates	230	307
Derivatives assets long term	92	238
Pension assets	211	420
Other financial assets	795	1,096
Deferred tax assets	282	523
Other non-current assets	4	3
Total non-current assets	20,316	22,196
Other short-term financial assets	607	800
Derivatives assets short term	160	258
Inventories	543	737
Trade receivables	1,248	2,164
Other current assets	914	865
Cash and cash equivalents	6,423	3,715
Total current assets	9,895	8,539
Total assets	30,211	30,735

Liabilities and equity	31 Dec 2020	31 Dec 2019
<i>In million euros</i>		
Issued capital	429	429
Additional paid-in capital	4,139	4,139
Treasury shares	-25	-67
Perpetual	0	403
Reserves and retained earnings	-9,970	-2,620
Equity attributable to equity holders of Air France-KLM	-5,427	2,284
Non-controlling interests	9	15
Total Equity	-5,418	2,299
Pension provisions	2,147	2,253
Other provisions	3,670	3,750
Long-term debt	14,171	6,271
Lease financial debt	2,425	3,149
Derivatives liabilities long term	122	107
Deferred tax liabilities	22	142
Other non-current liabilities	1,294	115
Total non-current liabilities	23,851	15,787
Provisions	1,337	714
Current portion of long-term debt	1,318	842
Current portion of lease financial debt	839	971
Derivatives liabilities short term	363	154
Trade payables	1,435	2,379
Deferred revenue on ticket sales	2,394	3,289
Frequent flyer programs	916	848
Other current liabilities	3,175	3,448
Bank overdrafts	1	4
Total current liabilities	11,778	12,649
Total equity and liabilities	30,211	30,735

Statement of Consolidated Cash Flows from 1st Jan until 31 december 2020

€m	31 Dec 2020	31 Dec 2019
Net income from continuing operations	-7,083	293
Amortization, depreciation and operating provisions	2,859	2,987
Financial provisions	183	217
Loss (gain) on disposals of tangible and intangible assets	-50	-43
Loss (gain) on disposals of subsidiaries and associates	1	0
Derivatives – non monetary result	-27	30
Unrealized foreign exchange gains and losses, net	-290	82
Impairment	680	0
Other non-monetary items	511	238
Share of (profits) losses of associates	58	-23
Deferred taxes	167	-21
Financial Capacity	-2,991	3,760
(Increase) / decrease in inventories	138	-93
(Increase) / decrease in trade receivables	760	61
Increase / (decrease) in trade payables	-898	-133
Increase / (decrease) in advanced ticket sales	-837	160
Change in other receivables and payables	1,002	140
Change in working capital requirements	165	135
Net cash flow from operating activities	-2,826	3,895
Purchase of property, plant and equipment and intangible assets	-2,099	-3,372
Proceeds on disposal of property, plant and equipment and intangible assets	204	100
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	357	13
Acquisition of subsidiaries, of shares in non-controlled entities	-1	-1
Dividends received	0	14
Decrease (increase) in net investments, more than 3 months	-44	-72
Net cash flow used in investing activities	-1,583	-3,318
Increase of equity due to new convertible bond	0	54
Perpetual (including premium)	0	0
Issuance of debt	11,437	1,617
Repayment on financial debt	-3,389	-1,156
Payments on lease debt	-940	-1,008
Decrease (increase) in loans, net	39	72
Dividends and coupons on perpetual paid	0	-26
Net cash flow from financing activities	7,147	-447
Effect of exchange rate on cash and cash equivalents and bank overdrafts	-27	1
Change in cash and cash equivalents and bank overdrafts	2,711	131
Cash and cash equivalents and bank overdrafts at beginning of period	3,711	3,580
Cash and cash equivalents and bank overdrafts at end of period	6,422	3,711
<i>Change in treasury of discontinued operations</i>	0	0

Key Performance Indicators

Restated net result, group share

<i>In million euros</i>	Fourth quarter		Full Year	
	2020	2019	2020	2019
Net income/(loss), Group share	-1,000	155	-7,078	290
Unrealized foreign exchange gains and losses, net	-212	-141	-290	82
Change in fair value of financial assets and liabilities (derivatives)	-97	-20	-27	-29
Non-current income and expenses	31	22	1,452	131
Tax impact on gross adjustments net result	78	-42	-323	-55
Restated net income/(loss), group part	-1,200	-27	-6,266	419
Coupons on perpetual	0	-4	0	-17
Restated net income/(loss), group share including coupons on perpetual (used to calculate earnings per share)	-1,200	-31	-6,266	402
Restated net income/(loss) per share (in €)	-2,81	0,14	-14,66	0,95

Return on capital employed (ROCE)¹

<i>In million euros</i>	31 Dec 2020	30 Sep 2020	30 June 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 June 2019	31 Mar 2019
Goodwill and intangible assets	1,445	1,470	1,500	1,564	1,522	1,481	1,465	1,485
Flight equipment	11,031	11,009	10,919	11,465	11,334	10,829	10,747	10,456
Other property, plant and equipment	1,548	1,535	1,551	1,579	1,580	1,554	1,530	1,504
Right of use assets	4,678	4,789	4,938	5,119	5,173	5,300	5,470	5,453
Investments in equity associates	230	224	267	299	307	310	305	306
Financial assets excluding marketable securities and financial deposits	146	135	133	142	140	131	125	127
Provisions, excluding pension, cargo litigation and restructuring	-3,922	-4,001	-4,130	-4,190	-4,058	-4,101	-3,888	-3,907
WCR, excluding market value of derivatives	-6,505	-6,894	-6,779	-6,650	-6,310	-6,285	-6,957	-6,938
Capital employed	8,651	8,267	8,399	9,328	9,688	9,219	8,797	8,486
Average capital employed (A)		8,661				9,048		
Adjusted results from current operations		-4,548				1,141		
- Dividends received		0				-2		
- Share of profits (losses) of associates		-58				23		
- Normative income tax		1,394				-318		
Adjusted result from current operations after tax (B)		-3,212				844		
ROCE, trailing 12 months (B/A)		-37.1%				9.3%		

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

Net debt

€m	Balance sheet at	
	31 Dec 2020	31 Dec 2019
Financial debt	15,388	6,886
Repo on triple A bonds	-84	0
Lease debt	3,184	4,029
Currency hedge on financial debt	27	4
Accrued interest	-107	-62
Gross financial debt (A)	18,408	10,857
Cash and cash equivalents	6,423	3,715
Marketable securities	193	111
Cash securities	309	300
Bonds AAA	518	585
Bank overdrafts	-1	-4
Others	1	3
Repo on triple A bonds	-84	0
Net cash (B)	7,359	4,710
Net debt (A) – (B)	11,049	6,147

Adjusted operating free cash flow

€m	Fourth quarter		Full Year	
	2020	2019	2020	2019
Net cash flow from operating activities, continued operations	-1,416	815	-2,826	3,895
Investment in property, plant, equipment and intangible assets	-444	-1,077	-2,099	-3,372
Proceeds on disposal of property, plant, equipment and intangible assets	23	17	204	100
Operating free cash flow	-1,837	-245	-4,721	623
Payments on lease debt	-278	-260	-940	-1,008
Adjusted operating free cash flow	-2,115	-505	-5,661	-385

Operating cash burn

	Full Year	
	2020	2019
EBITDA	- 1,689	4,128
Provisions (CO2 and other)	-22	18
Correction of spare parts inventory	4	-1
Addition to pension provisions	306	341
Reversal to pension provisions (cash-out)	-246	-256
Payment linked with shares	0	1
Sales of tangible and intangible assets (excluding aeronauticals)	41	46
Dividend received	0	-2
Income from operation activities - cash impact	-1,605	4,275
Restructuring costs	-405	-24
Other non-current income and expenses	-1	1
Cost of financial debt	-446	-422
Financial income	-2	23
Realized foreign exchange gain/loss	7	-1
Termination of trading hedges - cash	-589	4
Current income tax	70	-97
Other financial charges & expenses - cash	-22	-7
Other elements	3	8
Financial capacity	-2,991	3,760

Unit cost: net cost per ASK

	Fourth quarter		Full Year	
	2020	2019	2020	2019
Revenues (in €m)	2,363	6,617	11,088	27,189
Income/(loss) from current operations (in €m) -/-	1,134	-94	4,548	-1,141
Total operating expense (in €m)	3,497	6,523	15,637	26,048
Passenger network business – other revenues (in €m)	-72	-178	-314	-711
Cargo network business – other revenues (in €m)	-96	-79	-322	-310
Third-party revenues in the maintenance business (in €m)	-286	-515	-1,248	-2,138
Transavia - other revenues (in €m)	-7	-7	-20	10
Third-party revenues of other businesses (in €m)	-6	-7	-28	-34
Net cost (in €m)	3,031	5,736	13,706	22,864
Capacity produced, reported in ASK*	37,034	81,363	151,480	332,473
Net cost per ASK (in € cents per ASK)	8.18	7.05	9.05	6.88
<i>Gross change</i>		16.1%		31.6%
Currency effect on net costs (in €m)		-102		-121
<i>Change at constant currency</i>		18.2%		32.3%
Fuel price effect (in €m) <i>adjusted for 2019 capacity</i>		-342		-771
Net cost per ASK on a constant currency and fuel price basis (in € cents per ASK)	8.18	6.50	9.05	6.61
Change at constant currency and fuel price basis		+25.9%		+36.9%

* 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	
	2020	Change	2020	Change
Revenue (in €m)	1,349	-66.7%	6,415	-61.3%
EBITDA (in €m)	-514	-980	-1,609	-3,781
Operating result (en m€)	-988	-970	-3,389	-3,669
<i>Operating margin (%)</i>	-73.3%	-72.8 pt	-52.8%	-54.5 pt
Operating cash flow before WCR and restructuring cash out (in €m)	-669	-1,012	-2,188	-2,188
<i>Operating cash flow (before WCR and restructuring) margin</i>	-49.6%	-58.0 pt	-34.1%	-34.1 pt

KLM Group

	Fourth quarter		Full Year	
	2020	Change	2020	Change
Revenue (in €m)	1,136	-57.8%	5,120	-53.8%
EBITDA (in €m)	101	-304	-75	-2,017
Operating result (en m€)	-152	-271	-1,154	-2,007
<i>Operating margin (%)</i>	-13.4%	-17.8 pt	-22.5%	-30.2 pt
Operating cash flow before WCR and restructuring cash out (in €m)	17	-416	-340	-340
<i>Operating cash flow (before WCR and restructuring) margin</i>	1.5%	-14.6 pt	-6.6%	-6.6 pt

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

Group fleet at 31 December 2020

Aircraft type	AF (incl. HOP)	KL (incl. KLC & MP)	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/19
B747-400		2		2			2		-8
B777-300	43	14		18	17	22	57	57	
B777-200	25	15		26		14	40	40	
B787-9	10	13		6	5	12	23	23	1
B787-10		6		4	2		6	5	1
A380-800	9			2	3	4	9		-10
A350-900	6			1	5		6	6	3
A340-300	1			1			1		-4
A330-300		5				5	5	5	
A330-200	15	8		11		12	23	21	-2
Total Long-Haul	109	63	0	71	32	69	172	157	-19
B737-900		5		5			5	5	
B737-800		31	75	29	10	67	106	106	2
B737-700		16	5	2	5	14	21	20	-3
A321	20			11		9	20	20	
A320	44			4	4	36	44	44	1
A319	33			14		19	33	33	
A318	18			8		10	18	18	
Total Medium-Haul	115	52	80	73	19	155	247	246	0
ATR72-600									-2
ATR72-500									
ATR42-500									
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	11			11			11	9	-1
Embraer 190	17	32		11	10	28	49	49	2
Embraer 175		17		3	14		17	17	
Embraer 170	15			10		5	15	15	
Embraer 145	15			15			15		-13
Total Regional	72	49	0	64	24	33	121	104	-14
B747-400ERF		3		3			3	3	
B747-400BCF		1		1			1	1	
B777-F	2			2			2	2	
Total Cargo	2	4	0	6	0	0	6	6	0
Total	298	168	80	214	75	257	546	513	-33

FOURTH QUARTER 2020 TRAFFIC

Passenger network activity*

Total Passenger network*	Q4			Year to date		
	2020	2019	Variation	2020	2019	Variation
Passengers carried ('000s)	5,211	21,347	(75.6%)	28,883	87,634	(67.0%)
Revenue pax-kilometers (m RPK)	14,351	64,943	(77.9%)	81,212	263,509	(69.2%)
Available seat-kilometers (m ASK)	34,900	74,723	(53.3%)	138,167	299,624	(53.9%)
Load factor (%)	41.1%	86.9%	(45.8)	58.8%	87.9%	(29.2)
Long-haul						
Passengers carried ('000s)	1,591	7,031	(77.4%)	8,663	28,320	(69.4%)
Revenue pax-kilometers (m RPK)	11,239	53,128	(78.8%)	64,022	213,664	(70.0%)
Available seat-kilometers (m ASK)	29,749	60,648	(50.9%)	112,586	240,774	(53.2%)
Load factor (%)	37.8%	87.6%	(49.8)	56.9%	88.7%	(31.9)
North America						
Passengers carried ('000s)	306	2,074	(85.3%)	2,176	8,760	(75.2%)
Revenue pax-kilometers (m RPK)	2,260	14,751	(84.7%)	15,657	62,245	(74.8%)
Available seat-kilometers (m ASK)	7,972	16,561	(51.9%)	31,381	69,677	(55.0%)
Load factor (%)	28.3%	89.1%	(60.7)	49.9%	89.3%	(39.4)
Latin America						
Passengers carried ('000s)	183	935	(80.5%)	1,151	3,664	(68.6%)
Revenue pax-kilometers (m RPK)	1,766	8,780	(79.9%)	10,943	34,753	(68.5%)
Available seat-kilometers (m ASK)	4,848	10,160	(52.3%)	18,372	39,135	(53.1%)
Load factor (%)	36.4%	86.4%	(50.0)	59.6%	88.8%	(29.2)
Asia / Pacific						
Passengers carried ('000s)	173	1,689	(89.8%)	1,534	6,659	(77.0%)
Revenue pax-kilometers (m RPK)	1,491	14,610	(89.8%)	13,294	58,008	(77.1%)
Available seat-kilometers (m ASK)	6,326	16,390	(61.4%)	27,028	64,124	(57.9%)
Load factor (%)	23.6%	89.1%	(65.6)	49.2%	90.5%	(41.3)
Africa / Middle East						
Passengers carried ('000s)	534	1,395	(61.8%)	2,097	5,484	(61.8%)
Revenue pax-kilometers (m RPK)	2,815	8,040	(65.0%)	11,640	31,157	(62.6%)
Available seat-kilometers (m ASK)	5,728	9,595	(40.3%)	18,066	36,955	(51.1%)
Load factor (%)	49.1%	83.8%	(34.6)	64.4%	84.3%	(19.9)
Caribbean / Indian Ocean						
Passengers carried ('000s)	396	938	(57.7%)	1,705	3,753	(54.6%)
Revenue pax-kilometers (m RPK)	2,908	6,948	(58.1%)	12,488	27,500	(54.6%)
Available seat-kilometers (m ASK)	4,875	7,942	(38.6%)	17,739	30,883	(42.6%)
Load factor (%)	59.7%	87.5%	(27.8)	70.4%	89.0%	(18.6)
Short and Medium-haul						
Passengers carried ('000s)	3,620	14,316	(74.7%)	20,220	59,314	(65.9%)
Revenue pax-kilometers (m RPK)	3,111	11,815	(73.7%)	17,190	49,845	(65.5%)
Available seat-kilometers (m ASK)	5,151	14,074	(63.4%)	25,581	58,851	(56.5%)
Load factor (%)	60.4%	83.9%	(23.5)	67.2%	84.7%	(17.5)

* Air France and KLM

Transavia activity

Transavia	Q4			Year to date		
	2020	2019	Variation	2020	2019	Variation
Passengers carried ('000s)	730	3,266	(77.7%)	5,182	16,581	(68.7%)
Revenue pax-kilometers (m RPK)	1,323	6,064	(78.2%)	9,828	30,303	(67.6%)
Available seat-kilometers (m ASK)	2,134	6,640	(67.9%)	13,312	32,867	(59.5%)
Load factor (%)	62.0%	91.3%	(29.3)	73.8%	92.2%	(18.4)

Total group passenger activity**

Total group**	Q4			Year to date		
	2020	2019	Variation	2020	2019	Variation
Passengers carried ('000s)	5,941	24,614	(75.9%)	34,065	104,214	(67.3%)
Revenue pax-kilometers (m RPK)	15,673	71,007	(77.9%)	91,040	293,812	(69.0%)
Available seat-kilometers (m ASK)	37,034	81,363	(54.5%)	151,480	332,492	(54.4%)
Load factor (%)	42.3%	87.3%	(44.9)	60.1%	88.4%	(28.3)

** Air France, KLM and Transavia

Cargo activity

Total Group	Q4			Year to date		
	2020	2019	Variation	2020	2019	Variation
Revenue tonne-km (m RTK)	2,082	2,207	(5.7%)	6,829	8,467	(19.3%)
Available tonne-km (m ATK)	2,812	3,713	(24.3%)	10,121	14,609	(30.7%)
Load factor (%)	74.0%	59.4%	14.6	67.5%	58.0%	9.5

Air France activity

Total Passenger network activity	Q4			Year to date		
	2020	2019	Variation	2020	2019	Variation
Passengers carried ('000s)	3,017	12,698	(76.2%)	17,652	52,542	(66.4%)
Revenue pax-kilometers (m RPK)	7,946	37,584	(78.9%)	47,339	154,033	(69.3%)
Available seat-kilometers (m ASK)	16,416	43,863	(62.6%)	73,325	177,172	(58.6%)
Load factor (%)	48.4%	85.7%	(37.3)	64.6%	86.9%	(22.4)
Long-haul						
Passengers carried ('000s)	956	4,122	(76.8%)	5,199	16,845	(69.1%)
Revenue pax-kilometers (m RPK)	6,284	30,571	(79.4%)	36,952	124,235	(70.3%)
Available seat-kilometers (m ASK)	13,763	35,338	(61.1%)	58,194	141,282	(58.8%)
Load factor (%)	45.7%	86.5%	(40.9)	63.5%	87.9%	(24.4)
Short and Medium-haul						
Passengers carried ('000s)	2,060	8,576	(76.0%)	12,453	35,697	(65.1%)
Revenue pax-kilometers (m RPK)	1,662	7,013	(76.3%)	10,387	29,798	(65.1%)
Available seat-kilometers (m ASK)	2,654	8,525	(68.9%)	15,131	35,890	(57.8%)
Load factor (%)	62.6%	82.3%	(19.6)	68.6%	83.0%	(14.4)

Cargo activity	Q4			Year to date		
	2020	2019	Variation	2020	2019	Variation
Revenue tonne-km (m RTK)	843	994	(15.3%)	2,644	3,789	(30.2%)
Available tonne-km (m ATK)	1,347	1,867	(27.9%)	4,737	7,356	(35.6%)
Load factor (%)	62.6%	53.3%	9.3	55.8%	51.5%	4.3

KLM activity

Total Passenger network activity	Q4			Year to date		
	2020	2019	Variation	2020	2019	Variation
Passengers carried ('000s)	2,195	8,650	(74.6%)	11,231	35,092	(68.0%)
Revenue pax-kilometers (m RPK)	6,405	27,359	(76.6%)	33,873	109,476	(69.1%)
Available seat-kilometers (m ASK)	18,484	30,859	(40.1%)	64,842	122,452	(47.0%)
Load factor (%)	34.7%	88.7%	(54.0)	52.2%	89.4%	(37.2)
Long-haul						
Passengers carried ('000s)	635	2,909	(78.2%)	3,463	11,475	(69.8%)
Revenue pax-kilometers (m RPK)	4,956	22,557	(78.0%)	27,070	89,428	(69.7%)
Available seat-kilometers (m ASK)	15,986	25,310	(36.8%)	54,392	99,492	(45.3%)
Load factor (%)	31.0%	89.1%	(58.1)	49.8%	89.9%	(40.1)
Short and Medium-haul						
Passengers carried ('000s)	1,560	5,740	(72.8%)	7,767	23,617	(67.1%)
Revenue pax-kilometers (m RPK)	1,449	4,802	(69.8%)	6,803	20,047	(66.1%)
Available seat-kilometers (m ASK)	2,497	5,550	(55.0%)	10,450	22,960	(54.5%)
Load factor (%)	58.0%	86.5%	(28.5)	65.1%	87.3%	(22.2)

Cargo activity	Q4			Year to date		
	2020	2019	Variation	2020	2019	Variation
Revenue tonne-km (m RTK)	1,242	1,212	2.4%	4,184	4,678	(10.6%)
Available tonne-km (m ATK)	1,466	1,846	(20.6%)	5,385	7,253	(25.8%)
Load factor (%)	84.7%	65.6%	19.1	77.7%	64.5%	13.2