

THIRD QUARTER 2020
Increase of demand until mid-August,
then new governmental restrictions impacted the expected level of demand recovery

The continuation of the Covid-19 crisis severely impacted the Third quarter 2020 results:

- Revenue at 2,524 million euros, down 67% compared to last year
- EBITDA loss at -442 million euros, limited thanks to cost control and state aid
- Operating result at -1,046 million euros, down 1,955 million euros compared to last year
- Net income at -1,665 million euros, including restructuring provision at -565 million euros, Covid-19 related over-hedging at -39 million euros and fleet impairment at -31 million euros
- Net debt at 9,308 million euros, up 3,161 million compared to end of 2019
- At 30 September 2020, the Group has 12.4 billion euros of liquidity or credit lines at disposal

Air France and KLM have agreed with labour representatives on substantial restructuring plans and submitted them for final validation to the French and Dutch states.

OUTLOOK

Air France-KLM Group continues to implement the highest safety standards for its customers and employees to counter virus transmission risks.

After the lockdown, the Group observed a positive demand recovery trend until mid-August. Then, the negative trend reversal for the Passenger activity led the airlines of the Group to adjust downwards the capacity planned for the fall and winter period.

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, especially on the Long Haul network. The period of lockdown starting today in France is a new difficulty that will weigh on the Group's activities.

In this context the Group expects:

- Capacity in Available Seat kilometers circa index 45 for KLM and inferior to index 35 for Air France in the Fourth quarter 2020 compared to 2019 for the Network passenger activity
- Negative load factor developments for the Fourth quarter 2020, particularly on the long-haul network, and negative yield mix effects due to a delayed recovery in business traffic

The Group anticipates a challenging fourth quarter 2020, with a substantial lower EBITDA compared to Q3 2020.

Air France-KLM Group	Third quarter		Nine months	
	2020	Change	2020	Change ¹
Passengers (thousands)	8,796	-69.8%	28,124	-64.7%
Passenger Unit revenue per ASK ¹ (€ cts)	4.01	-42.7%	5.05	-24.5%
Operating result (€m)	-1,046	-1,955	-3,414	-4,460
Net income – Group part (€m)	-1,665	-2,026	-6,078	-6,213
Adj. operating free cash flow (€m)	-1,220	-985	-3,547	-3,663
Net debt at end of period (€m)			9,308	3,161

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 Anne-Marie Couderc, met on 29 October 2020 to approve the financial statements for the nine months 2020. Group CEO Mr. Benjamin Smith said: *“After a promising recovery during the summer, the gradual closure of international borders in the second half of August and the resurgence of the pandemic strongly impacted our results in the Third Quarter, with the Group reporting an operating loss of 1.0 billion euros. We have accelerated the implementation of cost reduction and cash preservation measures. We are also working closely with our partners on various means, such as rapid detection tests, that would allow traffic within the best sanitary conditions for our customers and employees. Beyond these immediate necessary measures, we are engaged in a more profound transformation of our Group, with the objective of exiting this crisis in a stronger position, ready to address the future challenges of our industry. Air transport will continue to connect people and cultures, but we foresee changes in customers’ expectations that we anticipate too. We expect a challenging Fourth quarter 2020, with current forward booking sharply down compared to last year.”*

Business review

Network: With active management of capacity to meet the increasing demand, the Group was able to ramp up capacity with incremental cash positive flights

Network	Third quarter			Nine months		
	2020	Change	Change constant currency	2020	Change	Change constant currency
Total revenues (€m)	2,004	-68.6%	-68.3%	7,220	-58.8%	-58.8%
Scheduled revenues (€m)	1,856	-69.8%	-69.4%	6,753	-59.7%	-59.7%
Operating result (€m)	-990	-1,649	-1,631	-2,842	-3,555	-3,564

Third quarter 2020 revenues decreased by 68.3% at constant currency to 2,004 million euros. The operating result amounted to -990 million euros, a -1,631 million euros decrease at constant currency compared to last year. Measures were strengthened to preserve cash, including reduction of investments, cost savings measures, deferral of supplier payments and partial activity for employees.

Passenger network: Long-haul suffering from travel restrictions, ability to capture traffic when border controls are less restrictive

Passenger network	Third quarter			Nine months		
	2020	Change	Change constant currency	2020	Change	Change constant currency
Passengers (thousands)	6,782	-71.3%		23,671	-64.3%	
Capacity (ASK m)	32,100	-59.6%		103,268	-54.1%	
Traffic (RPK m)	13,752	-80.7%		66,861	-66.3%	
Load factor	42.8%	-46.9 pt		64.7%	-23.5 pt	
Total passenger revenues (€m)	1,329	-77.4%	-77.1%	5,512	-65.4%	-65.4%
Scheduled passenger revenues (€m)	1,265	-77.9%	-77.6%	5,271	-65.7%	-65.7%
Unit revenue per ASK (€ cts)	3.94	-45.2%	-44.5%	5.10	-25.4%	-25.3%

The passenger network activity was, as anticipated strongly reduced, at around 40% of last year’s levels. The tightening of travel restrictions, border closures and absence of corporate travel delayed the expected traffic recovery. July and August were relatively strong in term of traffic compared to a disappointing September affected by restrictive travel measures.

For the third quarter, the unit revenues were down at -44.5% at constant currency compared to last year primarily due to load factors decline on Long Haul operations.

The Group's strategy was to only operate incremental cash positive flight and several routes were taking advantage of the strong worldwide cargo demand while having few passenger on board.

The visiting friend and relative demand was driving the summer traffic, with the French Domestic, African & Middle East and Caribbean & Indian Ocean as the more resilient with a unit revenue performance between -22% and -27% at constant currency.

The medium-haul performance was mixed during summer, with some leisure destinations such as Italy, Spain, Portugal and Greece benefiting from easing travel restrictions and other strongly affected by quarantine and testing process like UK or Germany.

North Atlantic, South American and Asian networks continued to be strongly affected by the border restrictions in place with an important decline in capacity and passenger traffic during summer.

Cargo: Continued strong performance of cargo due to the gap between industry capacity and demand

Cargo business	Third quarter			Nine months		
	2020	Change	Change constant currency	2020	Change	Change constant currency
Tons (thousands)	220	-20.0%		611	-25.7%	
Capacity (ATK m)	2,537	-33.3%		7,309	-32.9%	
Traffic (RTK m)	1,735	-17.0%		4,747	-24.2%	
Load factor	68.4%	+13.4 pt		65.0%	+7.5 pt	
Total Cargo revenues (€m)	676	+31.7%	+34.1%	1,708	+7.1%	+6.9%
Scheduled cargo revenues (€m)	592	+35.7%	+38.0%	1,482	+8.7%	+8.4%
Unit revenue per ATK (€ cts)	23.35	+104.0%	+107.6%	20.28	+62.0%	+61.6%

Global air cargo capacity is at the end of the Third quarter 2020 approximately 15% lower than 2019. Tightening of supply and demand levels increased yields by significant amount over the past months.

September was the fifth 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 104.0% in the Third quarter 2020. The Cargo capacity of the Group has been down 33.3%, 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 load factors were strongly up 13.4 points for the quarter.

On the demand side, world-wide air freight volumes are down due to Covid-19 crisis but are expected to rebound to 90 to 95% of pre Covid-19 levels in 2021. The supply-demand gap of the past months is foreseen to narrow as industry capacity supply will increase and will depend on the passenger traffic recovery. Air France-KLM is in preparation to transport the future Covid-19 vaccines.

Transavia operating loss in the Third quarter at -13 million euros, impacted by border restrictions reinstatement

Transavia	Third quarter		Nine months	
	2020	Change	2020	Change
Passengers (thousands)	2,014	-63.3%	4,453	-66.6%
Capacity (ASK m)	6,009	-44.7%	11,178	-57.4%
Traffic (RPK m)	3,869	-61.8%	8,505	-64.9%
Load factor	64.4%	-28.7 pt	76.1%	-16.4 pt
Total passenger revenues (€m)	262	-60.6%	521	-62.9%
Unit revenue per ASK (€ cts)	4.38	-30.2%	4.55	-16.3%
Unit cost per ASK (€ cts)	4.61	-1.3%	6.39	+32.5%
Operating result (€m)	-13	-189	-206	-364

The Third quarter operating result ended 189 million euros lower compared to last year at an operational loss of -13 million euros, as a result of the Covid-19 crisis.

Activity levels were close to 55% of last year's level, with an unit revenue down -30,2% compared to the Third quarter 2019. Transavia France and Holland were able to capture traffic and fill their planes with reasonable load factors and good yields on several leisure destinations. Spain, Greece, Portugal and Italy routes were the most resilient during the quarter. However, severe travel restrictions from the Netherlands to Spain and Greece in the course of the third quarter, did put pressure on activity levels and loadfactor.

Transavia France will expend its French Domestic operation starting in November 2020 from Paris Orly and provinces airports.

However, the resurgence of Covid-19 and border restrictions have slowed down Transavia in the traffic recovery.

Strict cash preservation measures are still in place including reduction of investments, cost savings measures, deferral of supplier payments and partial activity measures.

Maintenance business operating result for Third quarter 2020 at -46 million euros, impacted by Covid-19

Maintenance	Third quarter			Nine months		
	2020	Change	Change constant currency	2020	Change	Change constant currency
Total revenues (€m)	616	-47.1%		2,255	-34.7%	
Third-party revenues (€m)	247	-54.5%	-53.1%	963	-40.7%	-41.6%
Operating result (€m)	-46	-117	-111	-366	-536	-542
Operating margin (%)	-7.4%	-13.5 pt	-13.1 pt	-16.2%	-21.2 pt	-21.3 pt

The Third quarter operating result stood at -46 million euros, a decrease of 117 million euros, highly impacted by the Covid-19 crisis. Revenues declined and were also impacted by the Air France-KLM Group airlines decrease in activity.

During the Third quarter, contracts signature have restarted and will be included in the order book before year end. The Maintenance business is carefully managing agreements with clients on payment terms.

Operating costs have been reduced in the Third quarter 2020 by a reduced maintenance activity level, partial activity pay schemes for employees and other initiated cost savings measures.

The Maintenance order book is assessed to 9.3 billion dollars at 30 September 2020 a decrease of 2.2 billion dollars compared to 31 December 2019, explained by the Covid-19 crisis effects already occurring and expected.

Air France-KLM Group: Decline of 5 billion euros in revenues and 2 billion euros in EBITDA during the third quarter

	Third quarter			Nine months		
	2020	Change	Change constant currency	2020	Change	Change constant currency
Capacity (ASK m)	38,109	-57.8%		114,446	-54.4%	
Traffic (RPK m)	17,621	-78.4%		75,367	-66.2%	
Passenger unit revenue per ASK (€ cts)	4.01	-43.4%	-42.7%	5.05	-24.6%	-24.5%
Group unit revenue per ASK (€ cts)	5.56	-26.5%	-25.6%	6.34	-12.3%	-12.3%
Group unit cost per ASK (€ cts) at constant fuel	8.31	+26.7%	+38.2%	9.33	+36.7%	+40.4%
Revenues (€m)	2,524	-66.8%	-66.4%	8,725	-57.6%	-57.7%
EBITDA (€m)	-442	-2,095	-2,071	-1,282	-4,545	-4,554
Operating result (€m)	-1,046	-1,955	-1,931	-3,414	-4,460	-4,470
Operating margin (%)	-41.4%	-53.4 pt	-53.2 pt	-39.1%	-44.2 pt	-44.2 pt
Net income - Group part (€m)	-1,665	-2,027		-6,078	-6,213	

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

In the Third quarter 2020, the Air France-KLM Group posted an operating result of -1,046 million euros, down by 1,955 million euros compared to last year.

Net income amounted to -1,665 million euros in the Third quarter 2020, a decrease of 2,027 million euros compared to last year, of which exceptional accounting items due to Covid-19:

- Restructuring costs provision of -565 million euros with Departure Plan of French Ground staff, contractual termination for Air France flight attendants, complement for contractual termination for Air France pilots, Departure Plan for Air France-KLM International Commercial staff and Departure Plan for HOP!
- Q4 2020 and Q1 2021 fuel over hedge has been recycled to "Other financial income and expenses" for -39 million euros
- Fleet impairment on Airbus A380 and the Canadair Jet of HOP! At -31 million euros

Currencies had a negative 92 million euro impact on revenues and a positive 67 million euro effect on costs including currency hedging in the Third quarter of 2020.

Since the beginning of the crisis, Air France, KLM and Transavia proceeded 1.8 billion euros of refunds including 300 million euros of voucher issued.

The Third quarter 2020 unit cost increased by 26.7%, primarily caused by Covid-19 related capacity reductions

Group net employee costs were down 36% in the Third quarter 2020 compared to last year, supported by partial activity implementation at Air France and KLM, release of temporary and hired staff and no profit sharing provisions to be made at both airlines. The average number of FTEs (Full Time Equivalent) in the Third quarter 2020 decreased by 5,500 compared to the Third quarter 2019, including 2,500 temporary contracts.

Net debt up 3.2 billion euros

In € million	Third quarter		Nine months	
	2020	Change	2020	Change
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations (€m)	-594	-2,115	-1,926	-4,950
Cash out related to Voluntary Departure Plans (€m)	-137	-115	-152	-119
Change in Working Capital Requirement (WCR) (€m)	124	+831	666	+582
Net cash flow from operating activities (€m)	-609	-1,399	-1,412	-4,487
Net investments* (€m)	-362	+418	-1,473	+738
Operating free cash flow (€m)	-970	-981	-2,885	-3,749
Repayment of lease debt	-251	-5	-662	+86
Adjusted operating free cash flow**	-1,220	-985	-3,547	-3,663

* 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 the Third quarter 2020 of -1,220 million euros, a decrease of 985 million euros compared to last year, mainly explained by an operating cash flow decline of 1,399 million euros, partly offset by a reduction in net investments of 418 million euros.

Postponement of social charges, taxes and negotiation with suppliers compensated the refunds process and the low inflow of bookings and generated an improvement of +582 million euros in Change in Working Capital Requirement compared to last year.

In € million	30 Sep 2020	31 Dec 2019
Net debt	9,308	6 147
EBITDA <i>trailing 12 months</i>	-417	4 128
Net debt/EBITDA <i>trailing 12 months</i>	-22.3 x	1,5 x

Both airlines results negatively impacted in the Third quarter 2020

	Third quarter		Nine months	
	2020	Change	2020	Change
Air France Group Operating result (€m)	-807	-1,200	-2,401	-2,699
<i>Operating margin (%)</i>	-54.1%	-62.6 pt	-47.4%	-49.8 pt
KLM Group Operating result (€m)	-234	-745	-1,002	-1,736
<i>Operating margin (%)</i>	-20.5%	-36.8 pt	-25.2%	-33.9 pt

OUTLOOK

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After the lockdown, the Group observed a promising demand recovery trend until mid-August. Then, the negative trend reversal for the Passenger activity led the airlines of the Group to adjust downwards the capacity planned for the fall and winter period.

There is limited visibility on the demand recovery curve as customer booking behavior is much more short-term oriented than before the Covid-19 crisis and also highly dependent of the imposed travel restrictions, especially on the Long Haul network. The period of lockdown starting today in France is a new difficulty that will weigh on the Group's activities.

In this context the Group expects:

- Capacity in Available Seat kilometers circa index 45 for KLM and inferior to index 35 for Air France in the Fourth quarter 2020 compared to 2019 for the Network passenger activity
- Negative load factor developments for the Fourth quarter 2020, particularly on long-haul network, and negative yield mix effects due to a delayed recovery in business

The Full year 2020 Network passenger activity will be inferior to index 50 compared to 2019, due to the Covid-19 crisis.

The Group anticipates a challenging fourth quarter 2020, with a substantial lower EBITDA compared to Q3 2020.

At 30 September 2020, the Group has 12.4 billion euros of liquidity or credit lines at disposal.

The Group foresees important liquidity requirements in the Fourth quarter 2020 with:

- Negative Fourth quarter working capital requirement influenced by deferred payments and substantial lower level of new bookings compared to Q4 2019.
- Capex spending at 0.6 billion euros, of which half is fleet Capex fully financed. The Group has reduced to 2.1 billion euros his 2020 capex guidance. This is a reduction of -1.5 billion euros compared to the initial 2020 guidance of 3.6 billion euros.
- The hybrid bond was repaid in October for 0.4 billion euros.

AIR FRANCE AND KLM HAVE AGREED ON SUBSTANTIAL RESTRUCTURING PLAN WITH LABOUR REPRESENTATIVES

The Group's strategic orientations defined during the 2019 Investor day started to deliver results in 2019 and in early 2020. However, the Covid-19 which began in the first quarter of 2020 around the world is having an unprecedented impact on the industry and the Group has immediately reacted with safety, operational and cash protection measures.

The focus on reducing external expenses and the number of employees were one of the top priorities. Furthermore, the French and the Dutch governments have provided financial packages and the partial activity implemented in France and the "NOW" mechanism in Holland allowed the Group to further reduce labor costs.

To weather the crisis and cope with the new reality, Air France-KLM Group is accelerating its transformation plans and presented a substantial restructuring plan around the competitiveness and sustainability pillars. Negotiations with the trade unions have resulted in several agreements in Air France and KLM.

To better align the fleet with the lower passenger demand, Air France-KLM Group has accelerated the phase-out of the Airbus 380, Airbus 340, Boeing 747, Canadair Jet and Embraer 145 aircraft. These decisions will bring forward cost savings and efficiency gains due to operating fewer aircraft types. The Group does not anticipate to return to the pre-crisis levels of global demand before several years and the short-term recovery expected has been delayed with the resurgence of Covid-19 end of summer.

KLM business model is still both valid and valuable but needs to be reshaped to the new reality. KLM will be smaller, cheaper, more frugal, more agile and more sustainable. Operating costs will structurally being reduced in 2021 and beyond, with 750 million euros benefits in 2021 coming from labour, fleet, procurements and fuel costs decrease. KLM's restructuring plan calls for a reduction of 5,000 FTEs end of 2020. The plan submitted to Dutch Government early October complies with state aid conditions.

Air France will enlarge and accelerate its restructuring plan to build a post-crisis successful model on several pillars to restructure the French domestic, optimize external spendings, transform support functions, adapt the operations to the new activity, modernize the fleet and regain commercial success.

This will bring 800 million euros structural benefits by 2021 and 1.2 billion euros in total by 2022. Air France's restructuring plan calls for a reduction of 4,000 FTEs end of 2020 and a total of 8,500 FTEs by 2022. The plan submitted to French Government complies with state aid conditions. The long term partial activity establishment is under discussion with representative unions.

The results presentation is available at www.airfranceklm.com on 30 October 2020 from 7:15 am CET.

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Income Statement

€m	Third quarter			Nine months		
	2020	2019	Change	2020	2019	Change
Sales	2,524	7,609	-66.8%	8,725	20,572	-57.6%
Other revenues	0	0	<i>nm</i>	0	0	<i>nm</i>
Revenues	2,524	7,609	-66.8%	8,725	20,572	-57.6%
Aircraft fuel	-489	-1,513	-67.7%	-1,886	-4,118	-54.2%
Chartering costs	-68	-138	-50.7%	-181	-407	-55.5%
Landing fees and en route charges	-266	-531	-49.9%	-743	-1,471	-49.5%
Catering	-58	-221	-73.8%	-236	-617	-61.8%
Handling charges and other operating costs	-204	-453	-55.0%	-646	-1,294	-50.1%
Aircraft maintenance costs	-331	-624	-47.0%	-1,243	-1,920	-35.3%
Commercial and distribution costs	-61	-266	-77.1%	-291	-783	-62.8%
Other external expenses	-263	-419	-37.2%	-937	-1,292	-27.5%
Salaries and related costs	-1,293	-2,011	-35.7%	-4,224	-6,031	-30.0%
Taxes other than income taxes	-28	-27	+3.7%	-108	-119	-10.0%
Other income and expenses	95	247	-61.5%	488	742	-34.3%
EBITDA	-442	1,653	<i>nm</i>	-1,282	3,263	<i>nm</i>
Amortization, depreciation and provisions	-604	-744	-18.8%	-2,132	-2,217	-3.8%
Income from current operations	-1,046	909	<i>nm</i>	-3,414	1,046	<i>nm</i>
Sales of aircraft equipment	8	1	+700.0%	31	24	+29.2%
Other non-current income and expenses	-597	-103	+479.9%	-1,452	-133	+992%
Income from operating activities	-1,635	807	<i>nm</i>	-4,835	937	<i>nm</i>
Cost of financial debt	-136	-111	+22.5%	-350	-332	+5.4%
Income from cash and cash equivalent	5	14	-64.3%	18	40	-55.0%
Net cost of financial debt	-131	-97	+35.1%	-332	-292	+13.7%
Other financial income and expenses	111	-259	<i>nm</i>	-621	-391	+58.8%
Income before tax	-1,655	451	<i>nm</i>	-5,788	254	<i>nm</i>
Income taxes	12	-94	<i>nm</i>	-242	-131	+84.7%
Net income of consolidated companies	-1,643	356	<i>nm</i>	-6,030	123	<i>nm</i>
Share of profits (losses) of associates	-22	6	<i>nm</i>	-52	14	<i>nm</i>
Net income for the period	-1,665	363	<i>nm</i>	-6,082	137	<i>nm</i>
Minority interest	0	1	<i>nm</i>	-4	2	<i>nm</i>
Net income for the period – Group part	-1,665	362	<i>nm</i>	-6,078	135	<i>nm</i>

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

Consolidated Balance Sheet

Assets		30 Sep 2020	31 Dec 2019
<i>€m</i>			
Goodwill		216	217
Intangible assets		1,253	1,305
Flight equipment		11,009	11,334
Other property, plant and equipment		1,535	1,580
Right-of-use assets		4,789	5,173
Investments in equity associates		224	307
Pension assets		96	420
Other financial assets		1,004	1,096
Deferred tax assets		271	523
Other non-current assets		176	241
Total non-current assets		20,573	22,196
Other short-term financial assets		443	800
Inventories		561	737
Trade receivables		1,208	2,164
Other current assets		883	1,123
Cash and cash equivalents		5,917	3,715
Total current assets		9,012	8,539
Total assets		29,585	30,735

Liabilities and equity		30 Sep 2020	31 Dec 2019
<i>In million euros</i>			
Issued capital		429	429
Additional paid-in capital		4,139	4,139
Treasury shares		-67	-67
Perpetual		0	403
Reserves and retained earnings		-9,183	-2,620
Equity attributable to equity holders of Air France-KLM		-4,682	2,284
Non-controlling interests		9	15
Total Equity		-4,673	2,299
Pension provisions		2,123	2,253
Return obligation liability and other provisions		3,712	3,750
Financial debt		10,814	6,271
Lease debt		2,634	3,149
Deferred tax liabilities		5	142
Other non-current liabilities		532	222
Total non-current liabilities		19,820	15,787
Return obligation liability and other provisions		1,573	714
Current portion of financial debt		2,179	842
Current portion of lease debt		961	971
Trade payables		1,555	2,379
Deferred revenue on ticket sales		2,794	3,289
Frequent flyer program		913	848
Other current liabilities		4,462	3,602
Bank overdrafts		1	4
Total current liabilities		14,438	12,649
Total equity and liabilities		29,585	30,735

Statement of Consolidated Cash Flows from 1st Jan until 30 Sept 2020

€m	30 Sep 2020	30 Sep 2019
Net income from continuing operations	-6,082	137
Amortization, depreciation and operating provisions	2,132	2,217
Financial provisions	135	162
Loss (gain) on disposals of tangible and intangible assets	-43	-34
Loss (gain) on disposals of subsidiaries and associates	1	0
Derivatives – non monetary result	70	15
Unrealized foreign exchange gains and losses, net	-83	223
Impairment	670	0
Other non-monetary items	761	218
Share of (profits) losses of associates	52	-14
Deferred taxes	309	67
Financial Capacity	-2,078	2,991
(Increase) / decrease in inventories	134	-83
(Increase) / decrease in trade receivables	823	-147
Increase / (decrease) in trade payables	-792	41
Increase / (decrease) in advanced ticket sales	-435	327
Change in other receivables and payables	936	-54
Change in working capital requirements	666	84
Net cash flow from operating activities	-1,412	3,075
Purchase of property, plant and equipment and intangible assets	-1,654	-2,295
Proceeds on disposal of property, plant and equipment and intangible assets	181	84
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	357	8
Acquisition of subsidiaries, of shares in non-controlled entities	-1	-1
Dividends received	0	10
Decrease (increase) in net investments, more than 3 months	-9	-9
Net cash flow used in investing activities	-1,126	-2,203
Increase of equity due to new convertible bond	0	54
Perpetual (including premium)	0	0
Issuance of debt	7,598	904
Repayment on financial debt	-2,202	-560
Payments on lease debt	-662	-748
Decrease (increase) in loans, net	48	-17
Dividends and coupons on perpetual paid	0	-1
Net cash flow from financing activities	4,782	-368
Effect of exchange rate on cash and cash equivalents and bank overdrafts	-39	9
Change in cash and cash equivalents and bank overdrafts	2,205	513
Cash and cash equivalents and bank overdrafts at beginning of period	3,711	3,580
Cash and cash equivalents and bank overdrafts at end of period	5,916	4,093
<i>Change in treasury of discontinued operations</i>	0	0

Key Performance Indicators

Restated net result, group share

<i>In million euros</i>	Third quarter		Nine months	
	2020	2019	2020	2019
Net income/(loss), Group share	-1,665	361	-6,078	135
Unrealized foreign exchange gains and losses, net	-152	167	-78	223
Change in fair value of financial assets and liabilities (derivatives)	-154	11	70	-9
Non-current income and expenses	591	102	1,421	109
Tax impact on gross adjustments net result	-84	0	-401	-13
Restated net income/(loss), group part	-1,464	642	-5,066	445
Coupons on perpetual	0	-4	0	-12
Restated net income/(loss), group share including coupons on perpetual (used to calculate earnings per share)	-1,464	638	-5,066	433
Restated net income/(loss) per share (in €)	-3.42	1.49	-11.85	1.01

Return on capital employed (ROCE)¹

<i>In million euros</i>	30 Sep 2020	30 June 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 June 2019	31 Mar 2019	31 Dec 2018
Goodwill and intangible assets	1,470	1,500	1,564	1,522	1,481	1,465	1,485	1,411
Flight equipment	11,009	10,919	11,465	11,334	10,829	10,747	10,456	10,308
Other property, plant and equipment	1,535	1,551	1,579	1,580	1,554	1,530	1,504	1,503
Right of use assets	4,789	4,938	5,119	5,173	5,300	5,470	5,453	5,664
Investments in equity associates	224	267	299	307	310	305	306	311
Financial assets excluding marketable securities and financial deposits	135	133	142	140	131	125	127	125
Provisions, excluding pension, cargo litigation and restructuring	-4,001	-4,130	-4,190	-4,058	-4,101	-3,888	-3,907	-3,760
WCR, excluding market value of derivatives	-6,894	-6,779	-6,650	-6,310	-6,285	-6,957	-6,938	-6,133
Capital employed	8,267	8,399	9,328	9,688	9,219	8,797	8,486	9,429
Average capital employed (A)	8,921				8,983			
Adjusted results from current operations	-3,320				1,099			
- Dividends received	-1				-2			
- Share of profits (losses) of associates	-44				23			
- Normative income tax	1,045				-305			
Adjusted result from current operations after tax (B)	-2,320				815			
ROCE, trailing 12 months (B/A)	-26.0%				9.1%			

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

Net debt

€m	Balance sheet at	
	30 Sep 2020	31 Dec 2019
Financial debt	12,768	6,886
Lease debt	3,511	4,029
Currency hedge on financial debt	9	4
Accrued interest	-108	-62
Gross financial debt (A)	16,180	10,857
Cash and cash equivalents	5,917	3,715
Marketable securities	109	111
Cash securities	309	300
Deposits (bonds)	535	585
Bank overdrafts	-1	-4
Others	3	3
Net cash (B)	6,872	4,710
Net debt (A) – (B)	9,308	6,147

Adjusted operating free cash flow

€m	Third quarter		Nine months	
	2020	2019	2020	2019
Net cash flow from operating activities, continued operations	-609	792	-1,412	3,075
Investment in property, plant, equipment and intangible assets	-370	-788	-1,654	-2,295
Proceeds on disposal of property, plant, equipment and intangible assets	9	8	181	84
Operating free cash flow	-970	12	-2,885	864
Payments on lease debt	-251	-246	-662	-748
Adjusted operating free cash flow	-1,220	-234	-3,547	116

Operating cash burn

	Third quarter		Nine months	
	2020	2019	2020	2019
EBITDA	-442	1,653	-1,282	3,263
Provisions (CO2 and other)	7	14	-26	8
Correction of spare parts inventory	2	-2	2	0
Addition to pension provisions	78	68	232	201
Reversal to pension provisions (cash-out)	-47	-49	-142	-145
Payment linked with shares	0	1	-2	1
Sales of tangible and intangible assets (excluding aeronauticals)	-1	6	40	48
Income from operation activities - cash impact	-402	1,690	-1,177	3,376
Restructuring costs	-137	-4	-152	-15
Other non-current income and expenses	0	2	-1	2
Cost of financial debt	-118	-107	-318	-319
Financial income	0	7	2	21
Realized foreign exchanges gain/loss	29	-24	28	-9
Termination of trading hedges - cash	-177	0	-499	0
Current income tax	77	-62	67	-64
Other financial charges & expenses - cash	1	-2	-25	-6
Other elements	-3	-2	-2	5
Financial capacity	-732	1,499	-2,078	2,991

Unit cost: net cost per ASK

	Third quarter		Nine months	
	2020	2019	2020	2019
Revenues (in €m)	2,524	7,609	8,725	20,572
Income/(loss) from current operations (in €m) -/-	1,046	-909	3,414	-1,046
Total operating expense (in €m)	3,570	6,700	12,139	19,526
Passenger network business – other revenues (in €m)	-64	-163	-241	-534
Cargo network business – other revenues (in €m)	-84	-77	-226	-231
Third-party revenues in the maintenance business (in €m)	-247	-543	-963	-1,623
Transavia - other revenues (in €m)	1	17	-13	16
Third-party revenues of other businesses (in €m)	-10	-10	-21	-26
Net cost (in €m)	3,166	5,924	10,675	17,128
Capacity produced, reported in ASK*	38,109	90,317	114,446	251,110
Net cost per ASK (in € cents per ASK)	8.31	6.56	9.33	6.82
<i>Gross change</i>		26.7%		36.7%
Currency effect on net costs (in €m)		60		19
<i>Change at constant currency</i>		25.4%		36.6%
Capacity effect on net cost		-3,393		-9,345
Fuel price effect (in €m)		-179		-162
Net cost per ASK on a constant currency and fuel price basis (in € cents per ASK)	8.31	6.01	9.33	6.64
Change at constant currency and fuel price basis		+38.2%		+40.4%

* 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

	Third quarter		Nine months	
	2020	Change	2020	Change
Revenue (in €m)	1,492	-67.5%	5,066	-59.6%
EBITDA (in €m)	-461	-1,321	-1,095	-2,801
Operating result (en m€)	-807	-1,200	-2,401	-2,699
<i>Operating margin (%)</i>	-54.1%	-62.6 pt	-47.4%	-49.8 pt
Operating cash flow before WCR and restructuring cash out (in €m)	-608	-1,421	-1,519	-3,129
<i>Operating cash flow (before WCR and restructuring) margin</i>	-40.7%	-58.5 pt	-30.0%	-42.8 pt

KLM Group

	Third quarter		Nine months	
	2020	Change	2020	Change
Revenue (in €m)	1,144	-63.5%	3,984	-52.5%
EBITDA (in €m)	25	-763	-176	-1,713
Operating result (en m€)	-234	-745	-1,002	-1,736
<i>Operating margin (%)</i>	-20.5%	-36.8 pt	-25.2%	-33.9 pt
Operating cash flow before WCR and restructuring cash out (in €m)	13	-671	-355	-1,736
<i>Operating cash flow (before WCR and restructuring) margin</i>	1.1%	-20.7 pt	-8.9%	-25.4 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 30 Sept 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		4		4			4	3	-5
B777-300	43	14		18	17	22	57	57	
B777-200	25	15		26		14	40	40	
B787-9	10	13		7	4	12	23	23	1
B787-10		5		3	2		5	5	1
A380-800	9			2	3	4	9		-10
A350-900	6			1	5		6	6	3
A340-300	3			3			3		-4
A330-300		5				5	5	5	
A330-200	15	8		11		12	23	22	-1
Total Long-Haul	111	64	0	75	31	69	175	161	-15
B737-900		5		3		2	5	5	
B737-800		31	75	29	10	67	106	106	2
B737-700		16	7	3	5	15	23	23	
A321	20			11		9	20	20	
A320	44			3	5	36	44	43	
A319	33			14		19	33	33	
A318	18			8		10	18	18	
Total Medium-Haul	115	52	82	71	20	158	249	248	2
ATR72-600									-2
ATR72-500									
ATR42-500									
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	11			11			11	10	
Embraer 190	17	32		11	10	28	49	48	1
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	300	169	82	216	75	260	551	519	-27

THIRD QUARTER 2020 TRAFFIC

Passenger network activity*

Total Passenger network*	Q3			Year to date		
	2020	2019	Variation	2020	2019	Variation
Passengers carried ('000s)	6,782	23,631	(71.3%)	23,671	66,286	(64.3%)
Revenue pax-kilometers (m RPK)	13,752	71,323	(80.7%)	66,861	198,566	(66.3%)
Available seat-kilometers (m ASK)	32,100	79,457	(59.6%)	103,267	224,902	(54.1%)
Load factor (%)	42.8%	89.8%	(46.9)	64.7%	88.3%	(23.5)
Long-haul						
Passengers carried ('000s)	1,219	7,660	(84.1%)	7,072	21,288	(66.8%)
Revenue pax-kilometers (m RPK)	8,705	57,382	(84.8%)	52,783	160,536	(67.1%)
Available seat-kilometers (m ASK)	23,987	63,392	(62.2%)	82,837	180,125	(54.0%)
Load factor (%)	36.3%	90.5%	(54.2)	63.7%	89.1%	(25.4)
North America						
Passengers carried ('000s)	284	2,630	(89.2%)	1,870	6,686	(72.0%)
Revenue pax-kilometers (m RPK)	2,063	18,608	(88.9%)	13,397	47,494	(71.8%)
Available seat-kilometers (m ASK)	7,597	20,456	(62.9%)	23,409	53,116	(55.9%)
Load factor (%)	27.2%	91.0%	(63.8)	57.2%	89.4%	(32.2)
Latin America						
Passengers carried ('000s)	96	934	(89.7%)	969	2,729	(64.5%)
Revenue pax-kilometers (m RPK)	942	8,900	(89.4%)	9,177	25,973	(64.7%)
Available seat-kilometers (m ASK)	3,177	9,800	(67.6%)	13,524	28,975	(53.3%)
Load factor (%)	29.6%	90.8%	(61.2)	67.9%	89.6%	(21.8)
Asia / Pacific						
Passengers carried ('000s)	173	1,723	(90.0%)	1,361	4,969	(72.6%)
Revenue pax-kilometers (m RPK)	1,526	15,066	(89.9%)	11,803	43,399	(72.8%)
Available seat-kilometers (m ASK)	6,037	16,453	(63.3%)	20,702	47,734	(56.6%)
Load factor (%)	25.3%	91.6%	(66.3)	57.0%	90.9%	(33.9)
Africa / Middle East						
Passengers carried ('000s)	328	1,453	(77.4%)	1,563	4,089	(61.8%)
Revenue pax-kilometers (m RPK)	1,674	8,164	(79.5%)	8,825	23,117	(61.8%)
Available seat-kilometers (m ASK)	3,188	9,284	(65.7%)	12,337	27,360	(54.9%)
Load factor (%)	52.5%	87.9%	(35.4)	71.5%	84.5%	(13.0)
Caribbean / Indian Ocean						
Passengers carried ('000s)	337	919	(63.3%)	1,309	2,815	(53.5%)
Revenue pax-kilometers (m RPK)	2,500	6,645	(62.4%)	9,580	20,553	(53.4%)
Available seat-kilometers (m ASK)	3,988	7,398	(46.1%)	12,864	22,941	(43.9%)
Load factor (%)	62.7%	89.8%	(27.1)	74.5%	89.6%	(15.1)
Short and Medium-haul						
Passengers carried ('000s)	5,563	15,972	(65.2%)	16,600	44,998	(63.1%)
Revenue pax-kilometers (m RPK)	5,047	13,941	(63.8%)	14,079	38,030	(63.0%)
Available seat-kilometers (m ASK)	8,113	16,066	(49.5%)	20,430	44,776	(54.4%)
Load factor (%)	62.2%	86.8%	(24.6)	68.9%	84.9%	(16.0)

* Air France and KLM

Transavia activity

Transavia	Q3			Year to date		
	2020	2019	Variation	2020	2019	Variation
Passengers carried ('000s)	2,014	5,492	(63.3%)	4,453	13,315	(66.6%)
Revenue pax-kilometers (m RPK)	3,869	10,117	(61.8%)	8,505	24,239	(64.9%)
Available seat-kilometers (m ASK)	6,009	10,874	(44.7%)	11,178	26,227	(57.4%)
Load factor (%)	64.4%	93.0%	(28.7)	76.1%	92.4%	(16.3)

Total group passenger activity**

Total group**	Q3			Year to date		
	2020	2019	Variation	2020	2019	Variation
Passengers carried ('000s)	8,796	29,123	(69.8%)	28,124	79,601	(64.7%)
Revenue pax-kilometers (m RPK)	17,621	81,440	(78.4%)	75,367	222,805	(66.2%)
Available seat-kilometers (m ASK)	38,109	90,331	(57.8%)	114,446	251,129	(54.4%)
Load factor (%)	46.2%	90.2%	(43.9)	65.9%	88.7%	(22.9)

** Air France, KLM and Transavia

Cargo activity

Total Group	Q3			Year to date		
	2020	2019	Variation	2020	2019	Variation
Revenue tonne-km (m RTK)	1,735	2,091	(17.0%)	4,747	6,260	(24.2%)
Available tonne-km (m ATK)	2,537	3,804	(33.3%)	7,309	10,896	(32.9%)
Load factor (%)	68.4%	55.0%	13.4	64.9%	57.4%	7.5

Air France activity

Total Passenger network activity	Q3			Year to date		
	2020	2019	Variation	2020	2019	Variation
Passengers carried ('000s)	4,487	14,168	(68.3%)	14,635	39,844	(63.3%)
Revenue pax-kilometers (m RPK)	8,538	42,184	(79.8%)	39,394	116,449	(66.2%)
Available seat-kilometers (m ASK)	16,589	47,464	(65.0%)	56,909	133,309	(57.3%)
Load factor (%)	51.5%	88.9%	(37.4)	69.2%	87.4%	(18.1)
Long-haul						
Passengers carried ('000s)	782	4,632	(83.1%)	4,243	12,723	(66.7%)
Revenue pax-kilometers (m RPK)	5,242	33,849	(84.5%)	30,669	93,664	(67.3%)
Available seat-kilometers (m ASK)	11,526	37,664	(69.4%)	44,431	105,944	(58.1%)
Load factor (%)	45.5%	89.9%	(44.4)	69.0%	88.4%	(19.4)
Short and Medium-haul						
Passengers carried ('000s)	3,704	9,536	(61.2%)	10,393	27,121	(61.7%)
Revenue pax-kilometers (m RPK)	3,296	8,335	(60.5%)	8,725	22,785	(61.7%)
Available seat-kilometers (m ASK)	5,063	9,800	(48.3%)	12,477	27,365	(54.4%)
Load factor (%)	65.1%	85.1%	(20.0)	69.9%	83.3%	(13.3)

Cargo activity	Q3			Year to date		
	2020	2019	Variation	2020	2019	Variation
Revenue tonne-km (m RTK)	605	927	(34.7%)	1,802	2,794	(35.5%)
Available tonne-km (m ATK)	1,139	1,946	(41.4%)	3,390	5,489	(38.2%)
Load factor (%)	53.1%	47.7%	5.5	53.2%	50.9%	2.2

KLM activity

Total Passenger network activity	Q3			Year to date		
	2020	2019	Variation	2020	2019	Variation
Passengers carried ('000s)	2,295	9,464	(75.7%)	9,036	26,442	(65.8%)
Revenue pax-kilometers (m RPK)	5,214	29,138	(82.1%)	27,468	82,117	(66.6%)
Available seat-kilometers (m ASK)	15,511	31,993	(51.5%)	46,359	91,593	(49.4%)
Load factor (%)	33.6%	91.1%	(57.5)	59.3%	89.7%	(30.4)
Long-haul						
Passengers carried ('000s)	436	3,028	(85.6%)	2,829	8,566	(67.0%)
Revenue pax-kilometers (m RPK)	3,462	23,533	(85.3%)	22,114	66,871	(66.9%)
Available seat-kilometers (m ASK)	12,461	25,728	(51.6%)	38,406	74,182	(48.2%)
Load factor (%)	27.8%	91.5%	(63.7)	57.6%	90.1%	(32.6)
Short and Medium-haul						
Passengers carried ('000s)	1,859	6,436	(71.1%)	6,207	17,876	(65.3%)
Revenue pax-kilometers (m RPK)	1,752	5,605	(68.7%)	5,353	15,246	(64.9%)
Available seat-kilometers (m ASK)	3,050	6,266	(51.3%)	7,953	17,411	(54.3%)
Load factor (%)	57.4%	89.5%	(32.0)	67.3%	87.6%	(20.2)

Cargo activity	Q3			Year to date		
	2020	2019	Variation	2020	2019	Variation
Revenue tonne-km (m RTK)	1,127	1,164	(3.2%)	2,942	3,466	(15.1%)
Available tonne-km (m ATK)	1,398	1,858	(24.8%)	3,919	5,407	(27.5%)
Load factor (%)	80.6%	62.6%	18.0	75.1%	64.1%	11.0