

First Half 2017 results
Result improvement driven by solid traffic and unit revenue performance

FIRST HALF 2017

- ▶ Robust traffic resulting in an improved load factor, up 1.4 pts compared to last year
- ▶ Confirmation of the positive trend in Group (Passenger + Transavia) unit revenue per available seat kilometer (RASK) ex-currency: +1.9% during the Second Quarter
- ▶ First Half operating result 353 million euros, up 135 million euros

TRUST TOGETHER

- ▶ Major advances in strengthening the network of alliances
- ▶ Air France Pilot agreement paving the way for the creation of Joon
- ▶ Air France Cabin crew signed 5-year labor agreement

OUTLOOK

- ▶ Long haul forward bookings for coming four months above previous year's level
- ▶ Unit revenue variation at constant currency expected to be slightly up for the Second Half 2017
- ▶ Despite the negative effects of the increased load factor and profit sharing on the unit cost evolution, the Group is expecting a unit cost reduction for 2017 between 1.0% and 1.5% at constant currency, fuel price and pension related expenses.
- ▶ Expected decrease in fuel bill in Second Half 2017 to be 100 million euros
- ▶ Target of positive free cash flow before disposals reiterated with capex at the high-end of the 1.7-2.2 billion euros range

The Board of Directors of Air France-KLM, chaired by Jean-Marc Janailac, met on 27th July 2017 to approve the accounts for the First Half 2017.

Jean-Marc Janailac made the following comments: "In a context of solid traffic growth and enhanced unit revenue trend, Air France-KLM delivered improved operating income and operating free cash flow. Over the period, the Group continued to execute on its strategic priorities of growing revenues and improve competitiveness. The agreement reached with Air France pilots in July allows the Group to launch the creation of Joon in line with the original schedule. I am also very pleased with the strengthening of our network of alliances: the combination between our North-Atlantic alliance with Delta and Delta and Virgin Atlantic joint-venture, and the reinforcement of our partnership with China Eastern position Air France-KLM as the European pillar of the leading global airline network. These are important milestones showing that Air France-KLM is on the right path to achieve Trust Together's strategic objectives."

Air France-KLM Group	Second Quarter		First Half	
	2017	Change	2017	Change
Passengers (thousands)	26,222	+7.5%	47,145	+6.5%
Capacity (ASK m)	80,934	+5.1%	151,768	+4.2%
Traffic (RPK m)	70,411	+7.5%	130,909	+5.9%
Load factor	87.0%	+2.0 pt	86.3%	+1.4 pt
Operating result (€m)	496	+179	353	+135
Net result – group (€m)	367	+326	151	+265
Operating free cash flow (€m)	339	+162	668	+295
Net debt at end of period (€m)			2,956	-699

Business Review

Network: Main contributor to the increase in the Group's operating result

Network	Second Quarter			First Half		
	2017	Change	Change <i>like-for-like</i>	2017	Change	Change <i>like-for-like</i>
Capacity (EASK m)	82,076	+3.9%		156,936	+2.8%	
Total revenues (€m)	5,749	+5.5%	+4.7%	10,790	+3.3%	+2.6%
Scheduled revenues (€m)	5,520	+6.2%	+5.4%	10,334	+3.7%	+3.1%
Unit revenue per EASK (€ cts)	6.72	+2.2%	+1.3%	6.58	+0.9%	+0.3%
Unit cost per EASK (€ cts)	6.23	-0.2%	-1.6%	6.39	+0.0%	-1.6%
Operating result (€m)	409	+138	+162	309	+106	+200

As announced at the Full Year 2016 results presentation, the business segment Network consists now of both the Passenger network and Cargo business. The combined operating result amounted to 309 million euros during the First Half 2017, an improvement of 200 million euros at constant currency, driven by a solid traffic and unit revenue performance in the Passenger network.

Robust Second Quarter traffic numbers confirming improvement in Passenger unit revenue trend

Passenger network	Second Quarter			First Half		
	2017	Change	Change <i>like-for-like</i>	2017	Change	Change <i>like-for-like</i>
Passengers (thousands)	21,861	+6.0%		40,333	+4.4%	
Capacity (ASK m)	72,716	+4.2%		138,802	+3.1%	
Traffic (RPK m)	63,022	+6.6%		119,375	+4.8%	
Load factor	86.7%	+2.0 pt		86.0%	+1.4 pt	
Total passenger revenues (€m)	5,243	+6.1%	+5.2%	9,780	+3.9%	+3.3%
Scheduled passenger revenues (€m)	5,050	+6.7%	+5.8%	9,399	+4.4%	+3.7%
Unit revenue per ASK (€ cts)	6.94	+2.4%	+1.5%	6.77	+1.2%	+0.6%
Unit revenue per RPK (€ cts)	8.01	+0.0%	-0.8%	7.87	-0.4%	-1.1%

The Second Quarter confirms the improvement of the Passenger unit revenue performance in both Air France and KLM, up 1.5% at constant currency. On long haul, there was strong premium class performance with unit revenues up by 4.4% at constant currency and economy class up by 2.2%. The improvement was driven mainly by the strong recovery in Asia, with unit revenue up 8.6% at constant currency and Latin America, up 13.6% at constant currency.

Gradual Cargo turnaround

Cargo business	Second Quarter			First Half		
	2017	Change	Change <i>like-for-like</i>	2017	Change	Change <i>like-for-like</i>
Tons (thousands)	286	+1.4%		558	+0.0%	
Capacity (ATK m)	3,624	+1.7%		7,019	+0.3%	
Traffic (RTK m)	2,144	+2.7%		4,188	+1.6%	
Load factor	59.2%	+0.7 pt		59.7%	+0.8 pt	
Total Cargo revenues (€m)	506	-0.2%	-0.5%	1,010	-2.5%	-3.0%
Scheduled cargo revenues (€m)	470	+1.1%	+0.5%	935	-2.3%	-3.0%
Unit revenue per ATK (€ cts)	12.94	-0.8%	-1.3%	13.31	-2.5%	-3.2%
Unit revenue per RTK (€ cts)	21.87	-1.9%	-2.4%	22.31	-3.8%	-4.5%

During the Second Quarter, the improvement in the Cargo performance was driven by a 2.7% increase in traffic resulting in a 0.7pt increase in load factor. The trend in unit revenue, down 1.3% during the Second Quarter, continued to improve compared to previous quarters, confirming the gradual turnaround.

Maintenance: Record high order book

Maintenance	Second Quarter			First Half		
	2017	Change	Change <i>like-for-like</i>	2017	Change	Change <i>like-for-like</i>
Total revenues (€m)	992	-0.8%		2,041	+1.7%	
Third party revenues (€m)	440	+1.1%	-0.8%	900	+3.9%	+1.7%
Operating result (€m)	53	-4	-7	89	-6	-12
Operating margin (%)	5.3%	-0.4 pt	-0.7 pt	4.4%	-0.4 pt	-0.7 pt

Over the period, the Maintenance order book increased to a record high 9.7 billion dollars, reaching its target of growing the order book by 10% in 2017. The increase was driven by both the Engine and the Component order books.

Transavia: On track for a positive result in 2017

Transavia	Second Quarter		First Half	
	2017	Change	2017	Change
Passengers (thousands)	4,361	+15.9%	6,812	+20.4%
Capacity (ASK m)	8,218	+13.7%	12,966	+18.5%
Traffic (RPK m)	7,389	+15.7%	11,534	+19.5%
Load factor	89.9%	+1.5 pt	89.0%	+0.8 pt
Total passenger revenues (€m)	408	+26.3%	605	+25.3%
Scheduled passenger revenues (€m)	408	+26.7%	596	+25.5%
Unit revenue per ASK (€ cts)	4.95	+11.0%	4.59	+5.8%
Unit revenue per RPK (€ cts)	5.49	+8.9%	5.15	+4.7%
Unit cost per ASK (€ cts)	4.54	-1.8%	4.93	-2.0%
Operating result (€m)	34	+46	-43	+32

Strong capacity growth (+13.7%) in combination with an increase in load factor (+1.5pts) and an 11.0% rise in unit revenue led to the strong positive Second Quarter result. The result was strengthened by the decrease in unit costs, down 4.2% at constant currency and fuel. The Group is expecting a positive result in 2017 for Transavia.

Group Review

Group operating result driven by solid traffic and unit revenue performance.

	Second Quarter			First Half		
	2017	Change	Change <i>like-for-like</i>	2017	Change	Change <i>like-for-like</i>
Capacity (EASK m)	90,294	+4.7%		169,901	+3.8%	
Revenues (€m)	6,605	+6.3%	+5.4%	12,314	+4.2%	+3.5%
EBITDAR (€m)	1,190	+199	+222	1,744	+222	+310
EBITDA (€m)	913	+185	+215	1,182	+188	+290
Operating result (€m)	496	+179	+210	353	+135	+239
Operating margin (%)	7.5%	+2.4 pt	+3.0pt	2.9%	+1.0 pt	+1.9pt
Lease adjusted operating result ((€m)	588	+184	+218	540	+146	+255
Lease adjusted operating margin (%)	8.9%	+2.4 pt	+3.0pt	4.4%	+1.1 pt	+2.0pt
Net result, group share (€m)	367	+326		151	+265	

The Second Quarter operating result improved by 179 million euros of which the increase in capacity translated into a positive 13 million euros contribution. The other items contributing are, at constant currency, the positive trend in group unit revenues resulting in an increase of 100 million euros, whereas the decrease in fuel price including hedge results contributed 74 million euros. Currencies had a negative impact on the operating result of 32 million euros.

Adjusted for the interest portion of operating leases (1/3 of annual operating lease expenses), the operating margin stood at 8.9% versus 6.5% at 30 June 2016.

Unit cost reduction impacted by increase in load factor and profit sharing

During the First Half, the unit cost was down 1.0% with capacity up by 3.8%. The Second Quarter unit cost per EASK was down by 0.3%, on a constant currency, fuel price and pension-related expense basis, against a capacity increase measured in EASK of 4.7%.

The results of the cost saving measures and initiatives were partly offset by higher flight variable costs related to the increasing load factor. The higher load factor compared to last year translated into a 0.3% increase in unit costs during the Second Quarter and 0.2% over the First Half 2017.

In addition to the increase in costs related to the higher load factor, profit-sharing increased during the First Half 2017 due to the timing of the recording of these expenses. This resulted in an increase of 0.6% in the Second Quarter and 0.2% in the First Half 2017.

Improved employee productivity

Second Quarter productivity, measured in EASK per FTE, increased by 5.6% while capacity increased by 4.7%. The average number of staff decreased by 700 FTEs including an increase in Cabin crews by 600 FTEs linked to the increase in capacity. Due to seasonality and timing effects, net employee costs increased by 1.9% and the profit sharing expense increased by 36 million euros. For the Full Year 2017, the increase in the employee costs is expected to be less than 1.0% compared to the previous year.

Stable fuel bill during First Half 2017

The Half Year fuel bill amounted to 2,280 million euros, stable compared to previous year.

Net debt reduction supported by an improvement in EBITDA and working capital

In € million	Second Quarter		First Half	
	2017	Change	2017	Change
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations	795	+241	1,059	+250
Cash out related to Voluntary Departure Plans	-36	+98	-73	+100
Change in Working Capital Requirement (WCR)	165	-104	826	+33
Net cash flow from operating activities	924	+235	1,812	+383
Net investments before sale & lease-back*	-585	-73	-1,144	-88
Operating free cash flow	339	+162	668	+295

* Net investments before sale & lease-back is defined as the 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 net debt at 30 June 2017 amounted to 2,956 million euros, down 699 million euros compared to 31 December 2016. The reduction in net debt was supported by the improvement in both EBITDA and working capital. Operating free cash flow was positive at 668 million euros up by 295 million euros compared to 30 June 2016. The adjusted net debt decreased by 454 million euros to 10,712 million euros.

Further strengthening of liquidity and continuous decrease in the net cost of debt

The net cost of debt amounted to 113 million euros during the First Half 2017, down 21 million euros compared to last year, a continuation of the downward trend observed in recent years. The liquidity situation further improved by an increase in the net cash on balance sheet of 580 million euros to 4.9 billion euros.

Contribution by airline to First Half results

	Second Quarter		First Half	
	2017	Change	2017	Change
Air France	184	+83	61	+46
Operating Margin (%)	4.6%	+2.0 pt	0.8%	+0.6 pt
KLM	317	+103	301	+94
Operating Margin (%)	11.7%	+3.0 pt	6.1%	+1.6 pt

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

Outlook

The global context remains highly uncertain regarding the geopolitical environment in which we operate and regarding fuel prices.

Long haul forward bookings for the coming four months are currently above previous year level. Based on the current outlook, the variation in unit revenue at constant currency is expected to be slightly up compared to last year for the Second Half 2017 .

To regain the offensive in long-haul and to improve the performance in medium-haul, the Group is maintaining its targeted growth for the passenger group (Air France, KLM and Transavia) of between 3.0% and 3.5% measured in ASKs for Full Year 2017.

To improve its competitiveness, the Group is pursuing and amplifying the initiatives already under way in terms of unit cost reduction. Despite the negative effects of the increased load factor and profit sharing on the unit cost evolution, the Group is expecting for 2017 a unit cost reduction between 1.0% and 1.5% at constant currency, fuel price and pension related expenses.

Based on the forward curve of 14th July 2017, the second half 2017 fuel bill is expected to decrease by 100 million euros compared to 2016¹.

Regarding the balance sheet, the Group is maintaining strict capex discipline, targeting positive free cash flow before disposals. The 2017 investment plan stands at between 1.7 billion euros and 2.2 billion euros and is expected to be at the high end of the range.

The Group is pursuing a further reduction in net debt, targeting an adjusted net debt to EBITDAR below 2.5x mid cycle by the end of 2020. The adjusted net debt to EBITDAR ratio is expected to improve at 31 December 2017 compared to the previous year

Limited review procedures were carried out by the external auditors. Their limited review report was issued following the Board Meeting.

The results presentation is available at www.airfranceklm.com on 28th July 2017 from 7:15 am CET.

An analysts' meeting will be hosted by Mr Janaillac (CEO) and Mr Gagey (CFO) on 28th July 2017 at 8:00am CET at the Pullman Paris Tour Eiffel hotel, 18, avenue de Suffren, Paris (15th arrondissement).

A live broadcast of the analysts' meeting will be available at www.airfranceklm.com (password: AFKL) and by conference call.

To connect to the conference call, please dial:

- France: +33 (0)1 76 77 22 74
- Netherlands: +31 (0) 20 721 9251
- United Kingdom: +44 (0)330 336 9105
- USA: +1 719-325-2202

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¹ Based on the forward curve of July 14th 2017, Full Year 2017 average Brent price of USD 51, average jet fuel market price of USD 490 per ton. Assuming exchange rate of USD 1.12 per euro for July-December 2017 period.

INCOME STATEMENT

	Second Quarter			First Half		
	2017	2016	Change	2017	2016	Change
<i>In millions euros</i>						
SALES	6,605	6,215	6.3%	12,314	11,820	4.2%
Other revenues	0	0	N/A	0	0	N/A
REVENUES	6,605	6,215	6.3%	12,314	11,820	4.2%
Aircraft fuel	-1,160	-1,167	-0.6%	-2,280	-2,263	0.8%
Chartering costs	-103	-113	-8.8%	-202	-215	-6.0%
Landing fees and en route charges	-495	-484	2.3%	-932	-914	2.0%
Catering	-203	-113	79.6%	-388	-215	80.5%
Handling charges and other operating costs	-437	-389	12.3%	-856	-750	14.1%
Aircraft maintenance costs	-609	-604	0.8%	-1,240	-1,246	-0.5%
Commercial and distribution costs	-238	-232	2.6%	-468	-463	1.1%
Other external expenses	-395	-469	-15.8%	-782	-953	-17.9%
Salaries and related costs	-1,915	-1,862	2.8%	-3,727	-3,706	0.6%
Taxes other than income taxes	-38	-39	-2.6%	-83	-88	-5.7%
Other income and expenses	178	248	-28.2%	388	515	-24.7%
EBITDAR	1,190	991	20.1%	1,744	1,522	14.6%
Aircraft operating lease costs	-277	-263	5.3%	-562	-528	6.4%
EBITDA	913	728	25.4%	1,182	994	18.9%
Amortization, depreciation and provisions	-417	-411	1.5%	-829	-776	6.8%
INCOME FROM CURRENT OPERATIONS	496	317	56.5%	353	218	61.9%
Sales of aircraft equipment	10	0	N/A	19	8	138%
Other non-current income and expenses	-3	18	-117%	-11	-107	-89.7%
INCOME FROM OPERATING ACTIVITIES	503	335	50.1%	361	119	203%
Cost of financial debt	-68	-78	-12.8%	-133	-162	-17.9%
Income from cash and cash equivalent	11	14	-21.4%	20	28	-28.6%
Net cost of financial debt	-57	-64	-10.9%	-113	-134	-15.7%
Other financial income and expenses	32	-126	N/A	1	-44	N/A
INCOME BEFORE TAX	478	145	230%	249	-59	nm
Income taxes	-105	-107	1.9%	-96	-53	81.1%
NET INCOME OF CONSOLIDATED COMPANIES	373	38	882%	153	-112	nm
Share of profits (losses) of associates	3	2	50.0%	7	1	600%
INCOME FROM CONTINUING OPERATIONS	376	40	840%	160	-111	nm
Net income from discontinued operations	-8	3	N/A	-8	2	-500%
NET INCOME FOR THE PERIOD	368	43	756%	152	-109	nm
Minority interest	-1	-2	N/A	-1	-5	N/A
NET INCOME FOR THE PERIOD - GROUP	367	41	795%	151	-114	nm

CONSOLIDATED BALANCE SHEET

Assets <i>In million euros</i>	June 30, 2017	December 31, 2016
Goodwill	217	218
Intangible assets	1,092	1,066
Flight equipment	9,632	9,119
Other property, plant and equipment	1,455	1,480
Investments in equity associates	294	292
Pension assets	2,503	1,462
Other financial assets	1,126	1,064
Deferred tax assets	266	176
Other non-current assets	180	448
Total non-current assets	16,765	15,325
Assets held for sale	0	0
Other short-term financial assets	404	130
Inventories	623	566
Trade receivables	2,079	1,868
Other current assets	1,023	1,105
Cash and cash equivalents	4,217	3,938
Total current assets	8,346	7,607
Total assets	25,111	22,932

Liabilities and equity <i>In million euros</i>	June 30, 2017	December 31, 2016
Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	-67	-67
Perpetual	600	600
Reserves and retained earnings	-1,775	-2,520
Equity attributable to equity holders of Air France-KLM	2,029	1,284
Non-controlling interests	15	12
Total Equity	2,044	1,296
Pension provisions	2,144	2,119
Other provisions	1,601	1,673
Long-term debt	6,640	7,431
Deferred tax liabilities	307	-12
Other non-current liabilities	319	284
Total non-current liabilities	11,011	11,495
Provisions	609	654
Current portion of long-term debt	1,618	1,021
Trade payables	2,263	2,359
Deferred revenue on ticket sales	3,957	2,517
Frequent flyer programs	811	810
Other current liabilities	2,787	2,775
Bank overdrafts	11	5
Total current liabilities	12,056	10,141
Total equity and liabilities	25,111	22,932

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In € millions</i>		
<i>Period from January 1 to June 30 2017</i>	H1 2017	H1 2016
Net income from continuing operations	160	-111
Net income from discontinued operations	-8	2
Amortization, depreciation and operating provisions	829	781
Financial provisions	19	-21
Loss (gain) on disposals of tangible and intangible assets	-19	-59
Loss (gain) on disposals of subsidiaries and associates	-2	-7
Derivatives – non monetary result	76	-129
Unrealized foreign exchange gains and losses, net	-100	122
Impairment	0	2
Other non-monetary items	-42	33
Share of (profits) losses of associates	-7	-1
Deferred taxes	80	33
Financial Capacity	986	645
<i>Of which discontinued operations</i>	0	9
(Increase) / decrease in inventories	-54	-76
(Increase) / decrease in trade receivables	-292	-238
Increase / (decrease) in trade payables	-31	33
Change in other receivables and payables	1,203	1,074
Change in working capital requirements	826	793
<i>Change in working capital from discontinued operations</i>	0	2
Net cash flow from operating activities	1,812	1,440
Purchase of property, plant and equipment and intangible assets	-1,208	-1,152
Proceeds on disposal of property, plant and equipment and intangible assets	64	96
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	2	4
Acquisition of subsidiaries, of shares in non-controlled entities	0	-4
Dividends received	1	3
Decrease (increase) in net investments, more than 3 months	-258	681
<i>Net cash flow used in investing activities of discontinued operations</i>	0	-5
Net cash flow used in investing activities	-1,399	-377
Sale of minority interest without change in control	0	0
Issuance of debt	324	686
Repayment on debt	-90	-720
Payment of debt resulting from finance lease liabilities	-302	-241
Decrease (increase) in loans, net	-50	-12
Dividends and coupons on perpetual paid	-1	-1
<i>Net cash flow used in financing activities of discontinued operations</i>	0	-6
Net cash flow from financing activities	-119	-294
Effect of exchange rate on cash and cash equivalents and bank overdrafts	-21	-23
<i>Effect of exch. rate on cash and cash eq. and bank overdrafts of disc. ops.</i>	0	-1
Change in cash and cash equivalents and bank overdrafts	273	745
Cash and cash equivalents and bank overdrafts at beginning of period	3,933	3,073
Cash and cash equivalents and bank overdrafts at end of period	4,206	3,819
Change in treasury of discontinued operations		-1

KEY FINANCIAL INDICATORS

EBITDA and EBITDAR

<i>In million euros</i>	Q2 2017	Q2 2016	H1 2017	H1 2016
Income/(loss) from current operations	496	317	353	218
Amortization, depreciation and provisions	417	411	829	776
EBITDA	913	728	1,182	994
Aircraft operating lease costs	277	263	562	528
EBITDAR	1,190	991	1,744	1,522

Restated net result, group share

<i>In million euros</i>	Q2 2017	Q2 2016	H1 2017	H1 2016
Net income/(loss), Group share	367	41	151	(114)
Net income/(loss) from discontinued operations	8	(3)	8	(2)
Unrealized foreign exchange gains and losses, net	(109)	149	(100)	122
Change in fair value of financial assets and liabilities (derivatives)	5	(91)	28	(129)
Non-current income and expenses	(7)	(18)	(8)	99
Depreciation of shares available for sale	0	0	0	0
De-recognition of deferred tax assets	0	0	0	0
Restated net income/(loss), group share	264	78	79	(24)
Restated net income/(loss) per share (in €)			0.22	(0.12)

Return on capital employed (ROCE)

<i>In million euros</i>	30 Jun. 2017	30 Jun. 2016	30 Jun. 2016	30 Jun. 2015*
Goodwill and intangible assets	1,309	1,238	1,238	1,270
Flight equipment	9,632	9,192	9,192	8,843
Other property, plant and equipment	1,455	1,494	1,494	1,720
Investments in equity associates	294	73	73	131
Financial assets excluding shares available for sale, marketable securities and financial deposits	203	204	204	200
Provisions, excluding pension, cargo litigation and restructuring	(1,628)	(1,558)	(1,558)	(1,510)
WCR, excluding market value of derivatives	(6,136)	(5,897)	(5,897)	(5,923)
Capital employed before operating leases	5,129	4,746	4,746	4,731
Operating leases x7	7,756		7,343	
Average capital employed (A)	12,694		12,082	
Adjusted results from current operations	1,561		1,592	
- Dividends received	(2)		(2)	
- Share of profits (losses) of associates	0		(16)	
- Tax recognized in the adjusted net result	(293)		(165)	
Adjusted result from current operations after tax (B)	1,266		1,409	
ROCE, trailing 12 months (B/A)	10.0%		11.7%	

* Reclassification of Servair as a discontinued operation

Net debt

Balance sheet at <i>(In million euros)</i>	30 June 2017	31 December 2016
Current and non-current financial debt	8,258	8,452
Deposits on aircraft under finance lease	(337)	(336)
Financial assets pledged (OCEANE swap)	0	0
Currency hedge on financial debt	(12)	(49)
Accrued interest	(50)	(89)
Gross financial debt (A)	7,859	7,978
Cash and cash equivalents	4,217	3,938
Marketable securities	81	53
Cash pledges	258	50
Deposits (bonds)	361	298
Bank overdrafts	(11)	(5)
Other	(3)	(11)
Net cash (B)	4,903	4,323
Net debt (A) – (B)	2,956	3,655

Adjusted net debt and adjusted net debt/EBITDAR ratio

<i>Trailing 12 months</i>	30 June 2017	31 December 2016
Net debt (in €m)	2,956	3,655
Aircraft operating leases x 7 (in €m)	7,756	7,511
Adjusted net debt (in €m)	10,712	11,166
EBITDAR (in €m)	4,009	3,787
Adjusted net debt/EBITDAR ratio	2.7 x	2.9 x

Operating free cash flow

<i>In million euros</i>	Q2 2017	Q2 2016	H1 2017	H1 2016
Net cash flow from operating activities, continued operations	924	689	1,812	1,429
Investment in property, plant, equipment and intangible assets	(614)	(545)	(1,208)	(1,152)
Proceeds on disposal of property, plant, equipment and intangible assets	29	33	64	96
Operating free cash flow	339	177	668	373

Lease adjusted operating result

<i>In million euros</i>	Q2 2017	Q2 2016	H1 2017	H1 2016
Operating result	496	317	353	218
Aircraft operating leases x 1/3	92	88	187	176
Lease adjusted operating result	588	405	540	394
Lease adjusted operating margin	8.9%	6.5%	4.4%	3.3%

Unit cost: net cost per EASK

	Q2 2017	Q2 2016	H1 2017	H1 2016
Revenues (in €m)	6,605	6,215	12,314	11,820
Income/(loss) from current operations (in €m)	496	317	353	218
Total operating expense (in €m)	-6,109	-5,898	-11,961	-11,602
Passenger network business – other revenues (in €m)	191	207	381	406
Cargo business – other revenues (in €m)	36	42	75	79
Third-party revenues in the maintenance business (in €m)	440	435	900	866
Transavia - other revenues (in €m)	0	1	9	8
Third-party revenues of other businesses (in €m)	8	10	19	22
Net cost (in €m)	5,434	5,203	10,577	10,221
Capacity produced, reported in EASK*	90,293	86,234	169,900	163,678
Net cost per EASK (in € cents per EASK)	6.01	6.03	6.22	6.24
<i>Gross change</i>		-0.4%		-0.3%
Currency effect on net costs (in €m)		75		168
<i>Change at constant currency</i>		-1.8%		-1.9%
Fuel price effect (in €m)		-74		-94
<i>Change on a constant currency and fuel price basis</i>		-0.4%		-1.0%
Change in pension-related expenses (in €m)		-10		-8
Net cost per EASK on a constant currency, fuel price and pension-related expenses basis (in € cents per EASK)	6.01	6.03	6.22	6.28
<i>Change on a constant currency, fuel price and pension-related expenses basis</i>		-0.3%		-1.0%

* 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) and the Cargo business (in ATK) converted into EASK based on a separate fixed factor for Air France and for KLM..

INDIVIDUAL AIRLINE RESULTS

Air France

	Q2 2017	Change	H1 2017	Change
Revenue (in €m)	3,980	+4.1%	7,572	+2.7%
EBITDA (in €m)	454	+72	589	+57
Operating result (in €m)	184	+83	61	+46
<i>Operating margin</i>	4.6%	+2.0 pt	0.8%	+0.6 pt
Operating cash flow before WCR and restructuring cash out (in €m)	369	+49	515	+2
<i>Operating cash flow (before WCR and restructuring) margin</i>	9.3%	+0.9 pt	6.8%	-0.2 pt

KLM

	Q2 2017	Change	H1 2017	Change
Revenue (in €m)	2,699	+9.4%	4,907	+6.6%
EBITDA (in €m)	456	+115	588	+129
Operating result (in €m)	317	+103	301	+94
<i>Operating margin</i>	11.7%	+3.0 pt	6.1%	+1.6 pt
Operating cash flow before WCR and restructuring cash out (in €m)	415	+110	528	+144
<i>Operating cash flow (before WCR and restructuring) margin</i>	15.4%	+3.0 pt	10.8%	+2.4 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 JUNE 2017

Aircraft type	Air France Group	KLM Group	Transavia	Owned	Financial lease	Operating lease	Total	In operation	Change / 31/12/16
B747-400		16		16			16	15	-2
B777-300	43	13		9	25	22	56	56	1
B777-200	25	15		19	10	11	40	40	
B787-9	2	8			2	8	10	10	2
A380-800	10			1	4	5	10	10	
A340-300	10			5	5		10	9	-1
A330-300		5				5	5	5	
A330-200	15	8		5	6	12	23	23	
Total Long-Haul	105	65		55	52	63	170	168	0
B737-900		5		1	1	3	5	5	
B737-800		27	62	17	12	60	89	89	9
B737-700		18	8	3	8	15	26	26	
A321	20			10	1	9	20	20	
A320	42			4	3	35	42	42	1
A319	38			19	6	13	38	38	
A318	18			11	7		18	18	
Total Medium-Haul	118	50	70	65	38	135	238	238	10
ATR72-600	6					6	6	6	1
ATR72-500	4			1	2	1	4	4	-1
ATR42-500	11			5	2	4	11	11	-1
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	11			11			11	11	
Embraer 190	10	30		5	14	21	40	40	
Embraer 175		9		5	4		9	9	5
Embraer 170	15			8	2	5	15	15	
Embraer 145	18			14	4		18	13	-2
Embraer 135	4			4			4		
Fokker 70		9		9			9	9	-2
Total Regional	93	48	0	76	28	37	141	132	0
B747-400ERF		3		3			3	3	
B747-400BCF		1				1	1	1	
B777-F	2			2			2	2	
Total Cargo	2	4	0	5	0	1	6	6	0

Air France-KLM	318	167	70	201	118	236	555	544	10
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