

RESULTS AS AT 30 JUNE 2019
Increased operating result and improved passenger unit revenue
SECOND QUARTER 2019

- Passenger growth +5.1% and load factor +1.3 point.
- Passenger unit revenue up by 0.8%.
- Unit costs decrease by -2.3% at constant currency and fuel.
- Operating result at 400 million euros, up 54 millions euros compared to the second quarter 2018 hit by Air France strikes¹, and reflecting unit cost improvement partly offset by an increased fuel bill.
- Further reduction in Group net debt, down 466 million euros to 5.7 billion euros and Net debt/EBITDA ratio at 1.4x, an improvement of -0.1pt compared to 31 December 2018.

OUTLOOK 2019

- Based on the current data for the Passenger network:
 - ✓ Long-haul forward booking load factors from August to December are on average ahead compared to last year.
 - ✓ Network passenger unit revenue at constant currency expected to be stable versus last year for the third quarter 2019.
- Full year guidance update:
 - ✓ The Group will pursue initiatives to reduce unit costs, with a targeted 2019 reduction of between -1% and 0% at constant currency and fuel price.
 - ✓ The 2019 fuel bill is expected to increase by 550 million euros compared to 2018 to 5.5 billion euros, based on the forward curve of 26 July 2019.
 - ✓ Net debt/ EBITDA ratio below 1.5x.

Benjamin Smith, CEO of Air France-KLM Group, said: "In a challenging environment, Air France-KLM Group posted a robust second quarter. The slight increase in passenger unit revenue that we had anticipated, together with continued execution in unit cost reduction, enabled us to more than offset rising fuel costs. These elements, combined with satisfactory long-haul forward booking trends lead us to confirm our guidance for 2019. At the same time, we continue to implement our strategic vision focused on reducing costs and making our Group more robust in the very competitive marketplace in Europe. We have also made key decisions on the renewal of our fleet to transition to cleaner aircraft in order to support a more environmentally responsible operation, including the order of sixty Airbus A220s for short- and medium-haul and the accelerated phasing out of ten Airbus A380 to be replaced by more modern fuel efficient aircraft."

Air France-KLM Group	Second Quarter		First half	
	2019	Change ¹	2019	Change ¹
Passengers (thousands)	27,800	+5.1%	50,474	+4.2%
Passenger Unit revenue per ASK ² (€ cts)	6.75	+0.8%	6.48	-0.4%
Operating result (€m)	400	+54	97	-131
Net income – Group part (€m)	80	-30	-240	-81
Adj. operating free cash flow (€m)	110	+111	351	+210
Net debt at end of period (€m)			5,698	-466

¹ The Air France strike had a -€260 million impact on the second quarter operating result and a -€335m impact on the half year operating result

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

Second quarter 2019 business review

Network: Solid revenue growth and increase in operating result

Network	Second Quarter			First Half		
	2019	Change	Change constant currency	2019	Change	Change constant currency
Capacity (ASK m)	75,680	+3.9%		145,440	+3.2%	
Total revenues (€m)	6,016	+5.6%	+3.9%	11,191	+3.8%	+2.6%
Scheduled revenues (€m)	5,708	+5.8%	+4.0%	10,601	+3.6%	+2.3%
Operating result (€m)	291	+55	+77	12	-138	-68

Second quarter 2019 combined Passenger and Cargo revenues increased by 3.9% at constant currency to 6.0 billion euros, for capacity growth of 3.9%. The operating result amounted to 291 million euros, a 77 million euro increase at constant currency compared to last year, with the non-fuel unit cost improvement partly offset by a higher fuel bill.

Passenger network: Long-haul driving the improvement of unit revenue as anticipated

Passenger network	Second Quarter			First Half		
	2019	Change	Change constant currency	2019	Change	Change constant currency
Passengers (thousands)	22,906	+4.8%		42,651	+3.7%	
Capacity (ASK m)	75,680	+3.9%		145,439	+3.2%	
Traffic (RPK m)	67,020	+5.7%		127,241	+3.8%	
Load factor	88.6%	+1.5 pt		87.5%	+0.6 pt	
Total passenger revenues (€m)	5,482	+6.4%	+4.8%	10,110	+4.2%	+3.2%
Scheduled passenger revenues (€m)	5,254	+6.6%	+4.8%	9,674	+4.2%	+2.9%
Unit revenue per ASK (€ cts)	6.94	+2.6%	+0.9%	6.65	+1.0%	-0.2%

Second quarter 2019 capacity increased by 3.9%, mainly driven by the South American, North Atlantic and Asian networks, with respective growth of 7.8%, 6.7% and 4.0%.

Taking into account a positive calendar effect from the Easter shift, the passenger network posted a positive unit revenue of +0.9% at constant currency.

The industry capacity growth has been lower in North America, Caribbean & Indian Ocean and Middle East network in comparison to previous year. The long-haul network generated positive load-factors and yields compared to last year in all networks except in the Latin American network:

- The North American network posted positive unit revenue at +2.6% compared to last year, with the strength driven in particular by US points of sale.
- The Asian network unit revenue was up 3.9% in the second quarter, driven by the continuing strength of the Japanese network, partly offset by some competitive pressure on the Chinese network.
- The Caribbean & Indian Ocean network posted a strong result with the unit revenue +4.7%, driven by leisure demand.
- The Africa & Middle East network saw a substantial unit revenue improvement of 8.7%, underpinned by positive results from the West African networks and network rationalizations in the Middle East.
- The unit revenue pressure in the Latin American network remains ongoing for the time-being due to the current economic context in Argentina and Brazil.

The medium-haul network showed a mixed picture with a positive performance for the medium-haul hubs with the unit revenue +0.2% and, as anticipated, pressure in the medium-haul point-to-point network with unit revenue down -9.1%.

Cargo network: Unit revenue impacted by a challenging airfreight market

Cargo business	Second Quarter			First Half		
	2019	Change	Change constant currency	2019	Change	Change constant currency
Tons (thousands)	279	+1.5%		549	+0.7%	
Capacity (ATK m)	3,630	+2.8%		7,092	+2.1%	
Traffic (RTK m)	2,122	+1.2%		4,168	+0.9%	
Load factor	58.5%	-0.9 pt		58.8%	-0.7 pt	
Total Cargo revenues (€m)	534	-1.7%	-4.1%	1,081	-0.5%	-2.7%
Scheduled cargo revenues (€m)	454	-2.8%	-5.2%	927	-1.7%	-3.9%
Unit revenue per ATK (€ cts)	12.54	-5.1%	-7.5%	13.09	-3.6%	-5.7%

Negative market dynamics and continued higher industry capacity put pressure on the unit revenue during the second quarter 2019. After two strong years, renewed overcapacity in North America and Asia is putting pressure on freight rates, resulting in unit revenue down -7.5% at constant currency. The Group's Cargo strategy is focused on maintaining and increasing load factors where possible and taking a pro-active approach to new opportunities.

Transavia: High capacity growth and positive unit revenue

Transavia	Second Quarter		First Half	
	2019	Change	2019	Change
Passengers (thousands)	4,894	+6.7%	7,823	+7.0%
Capacity (ASK m)	9,527	+9.2%	15,353	+10.0%
Traffic (RPK m)	8,754	+9.1%	14,122	+10.1%
Load factor	91.9%	-0.1 pt	92.0%	+0.0 pt
Total passenger revenues (€m)	500	+10.4%	748	+8.7%
Unit revenue per ASK (€ cts)	5.24	+1.3%	4.83	-0.4%
Unit cost per ASK (€ cts)	4.70	+5.1%	4.95	+2.6%
Operating result (€m)	52	-9	-19	-22

Strong capacity growth of 9.2% in the second quarter 2019. The unit revenue was up by 1.3% compared to last year, supported by the Easter shift, strong demand throughout the network and a good ancillary revenue performance.

The second quarter 2019 operating margin stands at a level of 10.4%, with an absolute operating result of 52 million euros, 9 million euros down compared to last year explained by fuel price and currency headwinds.

Maintenance: Strong third-party revenue growth and margin improvement

Maintenance	Second Quarter			First Half		
	2019	Change	Change constant currency	2019	Change	Change constant currency
Total revenues (€m)	1,120	+11.2%		2,290	+10.0%	
Third-party revenues (€m)	527	+11.9%	+5.0%	1,081	+14.9%	+7.6%
Operating result (€m)	55	+9	+1	102	+30	+18
Operating margin (%)	4.9%	+0.3 pt	-0.2 pt	4.5%	+1.0 pt	+0.6 pt

Maintenance revenues increased compared to last year with third-party revenues up by 11.9% and 5.0% at constant currency, a continuation of the growth trend underpinned by the inflow of new contracts. The Maintenance order book stood at 11.6 billion dollars at 30 June 2019, an increase of 0.2 billion dollars compared to 31 December 2018.

The operating margin expressed as a percentage of total revenues stood at 4.9%, an increase of 0.3 point primarily driven by the components activity.

Air France-KLM Group: Operating result at €400 million with positive passenger unit revenue and unit cost improvement

	Second Quarter			First half		
	2019	Change	Change constant currency	2019	Change	Change constant currency
Capacity (ASK m)	85,207	+4.5%		160,793	+3.8%	
Traffic (RPK m)	75,774	+6.1%		141,363	+4.4%	
Passenger unit revenue per ASK (€ cts)	6.75	+2.4%	+0.8%	6.48	+0.8%	-0.4%
Group unit revenue per ASK (€ cts)	7.28	+1.6%	+0.0%	7.05	+0.2%	-1.0%
Group unit cost per ASK (€ cts) at constant fuel	6.82	-0.3%	-2.3%	6.99	+0.4%	-1.4%
Revenues (€m)	7,050	+6.4%	+4.5%	13,036	+4.9%	+3.3%
EBITDA (€m)	1,147	+98	+114	1,571	-99	-42
Operating result (€m)	400	+54	+72	97	-131	-69
Operating margin (%)	5.7%	+0.5 pt	+0.8 pt	0.7%	-1.1 pt	-0.6 pt
Net income - Group part (€m)	80	-30		-240	-81	

In the second quarter 2019, the Air France-KLM Group posted an operating result of 400 million euros, up 54 million euros compared to last year, which was impacted by the Air France strike for 260 million euros.

Compared to last year, the Group's unit revenue was stable, the positive passenger unit revenue impact of 53 million euros being offset by a -54 million euro negative impact from Cargo.

The fuel bill including hedging amounted to 1,404 million euros for the second quarter 2019, up 220 million euros. This increase is explained mainly by a lower hedge gain for the second quarter 2019 (gain of 56 million euros compared to 212 million euro last year), and a negative currency effect on the fuel bill of 89 million euros due to a stronger dollar.

Currencies had a positive 123 million euro impact on revenues and a negative 52 million euro effect on costs (ex-fuel) including currency hedging. Together with the 89 million euro fuel currency effect, the net impact of currencies amounted to a negative 18 million euros for the second quarter 2019.

Unit cost down confirming the full year guidance

On a constant currency and fuel price basis, unit costs were down -2.3% in the second quarter 2019. This decrease is supported by the successful execution of cost focus measures in Air France and the high basis of comparison last year due to the strikes at Air France.

However this was partly offset by higher unit costs at KLM due to the implementation of last year's labor wage agreements.

Group net employee costs were up 4.6% in the quarter compared to last year, explained by additional hires in response to the capacity growth and the impact of wage agreement implementation for Air France and KLM staff. The average number of FTEs in the second quarter 2019 increased by 1,650 compared to last year, including +700 Pilots and +650 Cabin Crew. However, productivity measured in ASK per FTE increased by 3.1% in the second quarter 2019.

Net debt down, leverage ratio improved slightly further, on track for full year guidance of below 1.5x

In € million	Second Quarter		First Half	
	2019	Change	2019	Change
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations (€m)	1,096	+175	1,465	+31
Cash out related to Voluntary Departure Plans (€m)	-6	+92	-11	+110
Change in Working Capital Requirement (WCR) (€m)	-19	-45	787	-46
Net cash flow from operating activities (€m)	1,071	+222	2,241	+95
Net investments before sale & lease-back* (€m)	-711	-136	-1,389	+99
Operating free cash flow (€m)	360	+86	852	+194
Reduction of lease debt	-250	+25	-501	+16
Adjusted operating free cash flow **	110	+111	351	+210

* 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 with deduction of the repayment of lease debt.

Positive adjusted operating free cash flow

The Group generated positive adjusted operating free cash flow of 110 million euros, an increase of 111 million euros compared to last year, mainly explained by lower capex in the second quarter 2019 due to a year-on-year shift in the investment-timing pattern.

Leverage on track with full year guidance of <1.5x

In € million	30 Jun 2019	31 Dec 2018
Net debt	5,698	6,164
EBITDA trailing 12 months	4,118	4,217
Net debt/EBITDA trailing 12 months	1.4 x	1.5 x

The Group reduced its net debt to 5,698 million euros at 30 June 2019 versus 6,164 million euros at 31 December 2018, this 466 million euro reduction being driven by operating free cash flow generation and the repayment of lease debt.

The net debt/EBITDA ratio stood at 1.4x at 30 June 2019, a decrease of 0.1 point compared to 31 December 2018, explained by the reduction in net debt.

Air France improvement explained by last year strike, KLM impacted by fuel

	Second Quarter		First Half	
	2019	Change	2019	Change
Air France Group Operating result (€m)	143	+130	-113	+51
<i>Operating margin (%)</i>	3.3%	+3.0 pt	-1.4%	+0.8 pt
KLM Group Operating result (€m)	258	-70	202	-186
<i>Operating margin (%)</i>	8.9%	-2.8 pt	3.8%	-3.7 pt

Outlook

The global economic and geopolitical context remains uncertain and the Group operates in a highly competitive marketplace.

Based on the current data for the Passenger network:

- ✓ Long-haul forward booking load factors from August 2019 to December 2019 are on average ahead compared to last year.
- ✓ Network passenger unit revenue at constant currency is expected to be stable compared to last year for the third quarter 2019.

Capacity growth update:

- ✓ With the growth of Transavia France adjusted slightly downwards, Transavia is expected to grow at a sustainable pace of 7% to 9% for full year 2019.
- ✓ Passenger network plan remains unchanged to moderately grow capacity by 2% to 3% for the full year 2019 compared to last year.

Full year guidance update:

- ✓ The Group will pursue initiatives to reduce unit costs¹, with a targeted 2019 reduction of between -1% to 0% at constant currency and fuel price.
- ✓ The 2019 fuel bill is expected to increase by 550 million euros compared to 2018 to 5.5 billion euros², based on the forward curve of 26 July 2019.
- ✓ The Group plans capital expenditure of 3.2 billion euros for 2019 and is targeting a Net debt/EBITDA ratio of below 1.5x.

¹ To align with industry practice, as of 2019 the EASK metric will no longer be used.

The new Unit Cost definition will be: Net cost per Available Seat Kilometer at constant fuel and currency. The impact of this change for the unit cost is -0.1pt for 2019

² Based on the forward curves of 26 July 2019 average Brent price of USD 65, average jet fuel price of USD 684 per ton including into plane costs. Assuming exchange rate of EUR/USD of 1.13 in 2019

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 31 July 2019 from 7:15 am CET.

A conference call hosted by Mr. Smith (CEO) and Mr. Gagey (CFO) will be held on 31 July 2019 at 09.30.

To connect to the conference call, please dial:

France: Local +33 (0)1 76 77 22 57

Netherlands: Local +31 (0)20 703 8261

UK: Local +44 (0)330 336 9411

US: Local +1 323 994 2093

Confirmation code: 3271997

To listen to the audio-replay of the conference call, please dial:

– France: Local +33 (0) 1 70 48 00 94

– Netherlands: Local +31 (0) 20 721 8903

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Income Statement

<i>In millions euros</i>	Second Quarter			First Half		
	2019	2018	Change	2019	2018	Change
Sales	7,050	6,626	+6.4%	13,036	12,432	+4.9%
Other revenues	0	1	-100.0%	0	1	-100.0%
Revenues	7,050	6,626	+6.4%	13,036	12,432	+4.9%
Aircraft fuel	-1,404	-1,184	+18.6%	-2,605	-2,245	+16.0%
Chartering costs	-135	-146	-7.7%	-269	-276	-2.5%
Landing fees and en route charges	-507	-479	+5.9%	-941	-906	+3.9%
Catering	-208	-193	+7.8%	-395	-375	+5.3%
Handling charges and other operating costs	-455	-504	-9.7%	-909	-980	-7.2%
Aircraft maintenance costs	-646	-566	+14.1%	-1,298	-1,183	+9.7%
Commercial and distribution costs	-267	-278	-4.1%	-517	-510	+1.4%
Other external expenses	-433	-430	+0.7%	-872	-824	+5.8%
Salaries and related costs	-2,048	-1,959	+4.6%	-4,020	-3,812	+5.5%
Taxes other than income taxes	-41	-38	+6.6%	-93	-87	+6.9%
Other income and expenses	241	200	+20.4%	454	436	+4.1%
EBITDA	1,147	1,049	+9.3%	1,571	1,670	-5.9%
Amortization, depreciation and provisions	-747	-703	+6.2%	-1,474	-1,442	+2.2%
Income from current operations	400	346	+15.6%	97	228	-57.5%
Sales of aircraft equipment	10	0	<i>nm</i>	23	-4	<i>nm</i>
Other non-current income and expenses	-35	20	<i>nm</i>	-30	-23	+30.4%
Income from operating activities	375	366	+2.5%	90	201	-55.2%
Cost of financial debt	-115	-122	-5.8%	-221	-236	-6.4%
Income from cash and cash equivalent	15	10	+55.2%	27	20	+35.0%
Net cost of financial debt	-100	-112	-11.1%	-194	-216	-10.2%
Other financial income and expenses	-39	-86	-54.7%	-110	-74	+48.6%
Income before tax	236	168	+40.5%	-214	-89	+140.4%
Income taxes	-161	-62	+160.7%	-33	-68	-51.5%
Net income of consolidated companies	75	106	-29.2%	-247	-157	+57.3%
Share of profits (losses) of associates	6	5	+20.0%	8	-1	<i>nm</i>
Income from continuing operations	81	111	-27.0%	-239	-158	+51.3%
Net income from discontinued operations	0	0	<i>nm</i>	0	0	<i>nm</i>
Net income for the period	81	111	-26.4%	-239	-158	+50.3%
Minority interest	1	1	0.0%	1	1	0.0%
Net income for the period – Group part	80	110	-27.3%	-240	-159	+50.9%

Consolidated Balance Sheet

Assets		
<i>In million euros</i>	30 June 2019	31 Dec 2018
Goodwill	217	217
Intangible assets	1,248	1,194
Flight equipment	10,541	10,167
Other property, plant and equipment	1,530	1,503
Right-of-use assets	5,079	5,243
Investments in equity associates	305	311
Pension assets	174	331
Other financial assets	1,384	1,487
Deferred tax assets	441	544
Other non-current assets	242	264
Total non-current assets	21,161	21,261
Assets held for sale	0	0
Other short-term financial assets	469	325
Inventories	702	633
Trade receivables	2,558	2,191
Other current assets	1,224	1,062
Cash and cash equivalents	4,418	3,585
Total current assets	9,371	7,796
Total assets	30,532	29,057

Liabilities and equity		
<i>In million euros</i>	30 June 2019	31 Dec 2018
Issued capital	429	429
Additional paid-in capital	4,139	4,139
Treasury shares	-67	-67
Perpetual	403	403
Reserves and retained earnings	-3,327	-3,051
Equity attributable to equity holders of Air France-KLM	1,577	1,853
Non-controlling interests	13	12
Total Equity	1,590	1,865
Pension provisions	2,285	2,098
Return obligation liability and other provisions	3,097	3,035
Financial debt	5,949	5,733
Lease debt	3,473	3,546
Deferred tax liabilities	0	4
Other non-current liabilities	293	459
Total non-current liabilities	15,097	14,875
Return obligation liability and other provisions	558	492
Current portion of financial debt	1,080	826
Current portion of lease debt	955	989
Trade payables	2,500	2,460
Deferred revenue on ticket sales	4,407	3,153
Frequent flyer program	837	844
Other current liabilities	3,505	3,548
Bank overdrafts	3	5
Total current liabilities	13,845	12,317
Total equity and liabilities	30,532	29,057

Statement of Consolidated Cash Flows from 1st January until 30th June 2019

<i>In million euros</i>	30 June 2019	30 June 2018
Net income from continuing operations	-239	-158
Net income from discontinued operations	0	0
Amortization, depreciation and operating provisions	1,475	1,442
Financial provisions	89	57
Loss (gain) on disposals of tangible and intangible assets	-31	7
Loss (gain) on disposals of subsidiaries and associates	-2	0
Derivatives – non monetary result	24	-23
Unrealized foreign exchange gains and losses, net	52	108
Other non-monetary items	64	-182
Share of (profits) losses of associates	-8	1
Deferred taxes	30	61
Financial Capacity	1,454	1,313
<i>Of which discontinued operations</i>	<i>0</i>	<i>0</i>
(Increase) / decrease in inventories	-73	-67
(Increase) / decrease in trade receivables	-371	-517
Increase / (decrease) in trade payables	24	163
Change in other receivables and payables	1,207	1,254
Change in working capital requirements	787	833
<i>Change in working capital from discontinued operations</i>	<i>0</i>	<i>0</i>
Net cash flow from operating activities	2,241	2,146
Purchase of property, plant and equipment and intangible assets	-1,464	-1,534
Proceeds on disposal of property, plant and equipment and intangible assets	75	46
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	8	3
Acquisition of subsidiaries, of shares in non-controlled entities	0	-8
Dividends received	7	3
Decrease (increase) in net investments, more than 3 months	20	5
<i>Net cash flow used in investing activities of discontinued operations</i>	<i>0</i>	<i>0</i>
Net cash flow used in investing activities	-1,354	-1,485
Increase of equity due to new convertible bond	54	0
Perpetual (including premium)	0	0
Issuance of debt	762	295
Repayment on financial debt	-339	-998
Payments on lease debt	-501	-517
Decrease (increase) in loans, net	-14	-49
Dividends and coupons on perpetual paid	-1	-1
<i>Net cash flow used in financing activities of discontinued operations</i>	<i>0</i>	<i>0</i>
Net cash flow from financing activities	-39	-1,270
Effect of exchange rate on cash and cash equivalents and bank overdrafts	-13	8
<i>Effect of exch. rate on cash and cash eq. and bank overdrafts of disc. ops.</i>	<i>0</i>	<i>0</i>
Change in cash and cash equivalents and bank overdrafts	835	-601
Cash and cash equivalents and bank overdrafts at beginning of period	3,580	4,667
Cash and cash equivalents and bank overdrafts at end of period	4,415	4,066
<i>Change in treasury of discontinued operations</i>	<i>0</i>	<i>0</i>

Key Performance Indicators

EBITDA

<i>In millions euros</i>	Second Quarter		First Half	
	2019	2018	2019	2018
Income/(loss) from current operations	400	346	97	228
Amortization, depreciation and provisions	747	703	1,474	1,442
EBITDA	1,147	1,049	1,571	1,670

Restated net result, group share

<i>In million euros</i>	Second Quarter		First Half	
	2019	2018	2019	2018
Net income/(loss), Group share	80	110	-240	-159
Net income/(loss) from discontinued operations	0	0	0	0
Unrealized foreign exchange gains and losses, net	-12	132	52	108
Change in fair value of financial assets and liabilities (derivatives)	5	-74	-20	-60
Non-current income and expenses	25	-20	7	27
Depreciation of shares available for sale	-6	-22	-12	-22
De-recognition of deferred tax assets	0	0	0	0
Restated net income/(loss), group part	92	125	-213	-106
Coupons on perpetual	-8	-12	-12	-12
Restated net income/(loss), group share including coupons on perpetual (used to calculate earnings per share)	84	113	-225	-118
Restated net income/(loss) per share (in €)	0.20	0.26	-0.53	-0.28

Return on capital employed (ROCE)¹

<i>In million euros</i>	30 June 2019	30 June 2018	30 June 2018	30 June 2017
Goodwill and intangible assets	1,465	1,379	1,379	1,309
Flight equipment	10,541	10,081	10,081	9,539
Other property, plant and equipment	1,530	1,443	1,443	1,378
Right of use assets	5,079	5,565	5,565	5,577
Investments in equity associates	305	294	294	294
Financial assets excluding shares available for sale, marketable securities and financial deposits	133	122	122	106
Provisions, excluding pension, cargo litigation and restructuring	-3,243	-2,944	-2,944	-2,698
WCR, excluding market value of derivatives	-6,942	-6,669	-6,669	-6,417
Capital employed	8,868	9,271	9,271	9,088
Average capital employed (A)	9,070	9,180	9,180	9,180
Income from current operations	1,201		1,610	
- Dividends received	-1		-3	
- Share of profits (losses) of associates	6		13	
- Normative income tax	-358		-481	
Income from current operations after tax (B)	848		1,139	
ROCE, trailing 12 months (B/A)	9.3%		12.4%	

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

Net debt

<i>In million euros</i>	Balance sheet at	
	30 June 2019	31 Dec 2018
Financial debt	6,685	6,216
Lease debt	4,340	4,450
Financial assets pledged (OCEANE swap)	0	0
Currency hedge on financial debt	5	7
Accrued interest	-52	-67
Gross financial debt (A)	10,978	10,606
Cash and cash equivalents	4,418	3,585
Marketable securities	49	74
Cash pledges	269	265
Deposits (bonds)	548	522
Bank overdrafts	-3	-5
Other	-1	1
Net cash (B)	5,280	4,442
Net debt (A) – (B)	5,698	6,164

Adjusted operating free cash flow

<i>In million euros</i>	Second Quarter		First Half	
	2019	2018	2019	2018
Net cash flow from operating activities, continued operations	1,071	849	2,241	2,146
Investment in property, plant, equipment and intangible assets	-747	-595	-1,465	-1,534
Proceeds on disposal of property, plant, equipment and intangible assets	36	20	76	46
Operating free cash flow	360	274	852	658
Payments on lease debt	-250	-275	-501	-517
Adjusted operating free cash flow	110	-1	351	141

Unit cost: net cost per ASK

	Second Quarter		First half	
	2019	2018	2019	2018
Revenues (in €m)	7,050	6,627	13,036	12,432
Income/(loss) from current operations (in €m) -/-	400	346	97	228
Total operating expense (in €m)	6,650	6,281	12,939	12,204
Passenger network business – other revenues (in €m)	-227	-226	-436	-414
Cargo network business – other revenues (in €m)	-80	-76	-153	-143
Third-party revenues in the maintenance business (in €m)	-527	-471	-1,081	-941
Transavia - other revenues (in €m)	-1	-1	-9	-11
Third-party revenues of other businesses (in €m)	-8	-8	-15	-17
Net cost (in €m)	5,807	5,499	11,245	10,678
Capacity produced, reported in ASK*	85,207	81,538	160,793	154,941
Net cost per ASK (in € cents per ASK)	6.82	6.75	6.99	6.89
<i>Gross change</i>		1.0%		1.5%
Currency effect on net costs (in €m)		114		197
<i>Change at constant currency</i>		-1.0%		-0.3%
Fuel price effect (in €m)		76		121
<i>Change on a constant currency and fuel price basis</i>		-2.3%		-1.4%
Net cost per ASK on a constant currency and fuel price basis (in € cents per ASK)	6.82	6.98	6.99	7.09
<i>Change at constant currency and fuel price basis</i>		-2.3%		-1.4%

* 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).

Airline results

Air France Group

	Second Quarter		First Half	
	2019	Change	2019	Change
Revenue (in €m)	4,284	+9.1%	7,982	+6.7%
EBITDA (in €m)	609	+170	813	+69
Operating result (en m€)	143	+130	-113	+51
<i>Operating margin (%)</i>	3.3%	+3.0 pt	-1.4%	+0.8 pt
Operating cash flow before WCR and restructuring cash out (in €m)	589	+218	764	+127
<i>Operating cash flow (before WCR and restructuring) margin</i>	13.8%	+4.3 pt	9.6%	+1.1 pt

KLM Group

	Second Quarter		First Half	
	2019	Change	2019	Change
Revenue (in €m)	2,899	+3.7%	5,284	+2.0%
EBITDA (in €m)	537	-66	744	-172
Operating result (en m€)	258	-70	202	-186
<i>Operating margin (%)</i>	8.9%	-2.8 pt	3.8%	-3.7 pt
Operating cash flow before WCR and restructuring cash out (in €m)	507	-35	692	-95
<i>Operating cash flow (before WCR and restructuring) margin</i>	17.5%	-1.9 pt	13.1%	-2.1 pt

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

Group fleet at 30 June 2019

Aircraft type	AF (incl. HOP)	KLM (incl. KLC & MP)	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/18
B747-400		10		10			10	10	-1
B777-300	43	14		11	24	22	57	57	
B777-200	25	15		24	1	15	40	40	
B787-9	9	13		7	3	12	22	22	2
B787-10		1		1			1	1	
A380-800	10			1	4	5	10	10	
A340-300	5			5			5	5	-1
A330-300		5				5	5	5	
A330-200	15	8		11		12	23	23	
Total Long-Haul	107	66	0	70	32	71	173	173	1
B737-900		5		2		3	5	5	
B737-800		30	72	29	10	63	102	102	9
B737-700		16	7	3	5	15	23	23	-2
A321	20			11		9	20	20	
A320	43			3	5	35	43	43	
A319	33			20		13	33	33	-1
A318	18			16	2		18	18	
Total Medium-Haul	114	51	79	84	22	138	244	244	6
ATR72-600	6					6	6	5	-1
ATR72-500	1					1	1		-1
ATR42-500	3					3	3		-5
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	11			11			11	10	2
Embraer 190	12	32		7	14	23	44	44	2
Embraer 175		17		3	14		17	17	
Embraer 170	15			9	1	5	15	15	
Embraer 145	17			14	3		17	13	
Total Regional	79	49	0	58	32	38	128	118	-3
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	302	170	79	218	86	247	551	541	4