

May 4<sup>th</sup> 2016

## Financial Year 2016: First Quarter results

### FIRST QUARTER RESULTS

- ▶ Revenues of 5.6 billion euros, up 0.4%, down 1.3% like-for-like<sup>1</sup>
- ▶ Non fuel unit costs down 1.3% at constant currency
- ▶ EBITDAR<sup>2</sup> of 531 million euros, an improvement of 307 million euros and up 371 million euros like-for-like
- ▶ EBITDA<sup>2</sup> of 266 million euros, a reported increase of 292 million euros and up 370 million euros like-for-like
- ▶ Operating result of -99 million euros, up 318 million euros, an improvement of 397 million euros like-for-like
- ▶ Net negative currency impact of 79 million euros on operating result
- ▶ Net debt<sup>2</sup> of 4.16 billion euros, down 146 million euros compared to 31 December 2015
- ▶ Adjusted net debt / EBITDAR ratio<sup>2</sup> of 3.0x, an improvement of 0.4 compared to 31 December 2015
- ▶ Following the decision to consider options for the participation of another company in the share capital of its catering subsidiary, Servair is reclassified as discontinued operations<sup>3</sup>

### FULL YEAR 2016 OUTLOOK: OBJECTIVES MAINTAINED

- ▶ High level of uncertainty regarding fuel price and unit revenue due to geopolitical context and industry capacity environment
- ▶ Impact of fuel savings on P&L expected to be significantly offset in the coming quarters by downward pressure on unit revenue and negative currency impacts
- ▶ Continued progress in unit cost reduction targeted around 1% in 2016
- ▶ Free operating cash flow generation after disposals between 0.6 billion euros and EUR 1.0 billion euros in 2016
- ▶ Further significant net debt reduction

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The Board of Directors of Air France-KLM, chaired by Alexandre de Juniac, met on May 3<sup>rd</sup> 2016 to examine the accounts for the First Quarter of the Financial Year 2016.

Alexandre de Juniac made the following comments : "Air France-KLM is continuing to deliver a clear improvement of its financial indicators in the First Quarter 2016, leading to a significant increase of its operating result while continuing to reduce its net debt. Despite a difficult environment marked in particular by the Brussels attacks, the upgraded product offer, the commercial efforts and the ongoing network adaptation have enabled the Group to limit the unit revenue decline and to retain a substantial part of the fuel savings, while unit costs have decreased during the quarter in line with the objectives set at the beginning of the year. All the staff can legitimately congratulate themselves for their efforts producing results. In the framework of Perform 2020 plan, we confirm our ambition to improve our competitiveness within a global context that remains uncertain."

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<sup>1</sup> Like-for-like: excluding currency. Same definition applies in rest of press release

<sup>2</sup> See definition in appendix

<sup>3</sup> The consolidated figures for the full year 2015 have been restated for Servair as discontinued operations for the purpose of comparison

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**Free translation into English for convenience only - French version prevails**

Website: [www.airfranceklm.com](http://www.airfranceklm.com)

## Key data

	Q1 2016	Q1 2015*	Change
Passengers (thousands)	19,896	19,021	+4.6%
Capacity (EASK m)	77,444	77,232	+0.3%
Revenues (€m)	5,605	5,583	+0.4%
Change like-for-like <sup>2</sup> (%)			-1.3%
EBITDAR (€m)	531	224	+307
EBITDA (€m)	266	-26	+292
EBITDA margin (%)	4.7	-0.5	+5.2 pt
EBITDA change like-for-like <sup>2</sup> (€m)			+370
Operating result (€m)	-99	-417	+318
Operating margin (%)	-1.8%	-7.5%	+5.7 pt
Operating result change like-for-like <sup>2</sup> (€m)			+397
Net result, group share (€m)	-155	-559	+404
Restated net result, group share <sup>1</sup> (€m)	-102	-506	+404
Earnings per share (€)	(0.54)	(1.90)	+1.36
Diluted earnings per share (€)	(0.54)	(1.90)	+1.36
Adjusted earnings per share (€)	(0.36)	(1.71)	+1.35
Diluted adjusted earnings per share (€)	(0.36)	(1.71)	+1.35
Operating free cash flow <sup>1</sup> (€m)	196	-46	+242
Net debt at end of period (€m)	4,161	4,307	-146

\* Servair reclassified as discontinued operation.

The consolidated financial statements of the Group have been revised as of 1<sup>st</sup> January 2016 in order to reflect Servair as discontinued operations. The 2015 financial statements have been restated accordingly. Details of this restatement can be found in the appendix of this press release.

First Quarter 2016 total revenues were stable at 5.6 billion euros versus First Quarter 2015, down 1.3% excluding the impact of currency (like-for-like).

Currencies had a positive 95 million euro impact on revenues versus First Quarter 2015, primarily driven by the strengthening of the US dollar against the euro partly offset by the weakening of other currencies. The negative impact on costs reached 174 million euros, including a lower tailwind from currency hedging compared to the First Quarter 2015. In the First Quarter 2016, the net impact of currencies thus amounted to a negative 79 million euros.

Total operating costs were 4.9% lower year-on-year and down 7.6% on a like-for-like basis. Ex-fuel, they increased by 2.0% and by 0.3% on a like-for-like basis. Unit cost per EASK was down 1.3%, on a constant currency and fuel price basis, with a stable capacity measured in EASK (+0.3%).

Total employee costs including temporary staff were up 0.8% to 1,844 million euros. In addition, the Group recorded under "other non-current income and expenses" a 146 million euro provision for a Voluntary Departure Plan targeting 1,600 full time equivalent positions.

The fuel bill amounted to 1,096 million euros, down 25.9% and like-for-like down 30.5%. Based on the forward curve at 22 April 2016, the Full Year 2016 fuel bill is expected to reach 4.6 billion euros<sup>4</sup>.

**EBITDAR** amounted to 531 million euros, a reported increase of 307 million euros. Like-for-like, EBITDAR increased by 371 million euros. Over the First Quarter 2016, 55% of the savings achieved on the fuel bill were retained. The positive fuel price effect of 450 million euros was partially offset by pressure on unit revenues (negative 119 million euros) and currency impacts (negative 79 million euros).

**EBITDA** amounted to 266 million euros, an increase of 292 million euros. Like-for-like, EBITDA increased by 370 million euros, mainly as a result of the strong Passenger network performance, which improved by 356 million euros like-for-like over the first quarter.

<sup>4</sup> 2016 average Brent price of USD 43, average jet fuel price of USD 409 per metric ton, average exchange rate of 1.10 USD per euro for period april-december 2016

<b>EBITDA per business (€m)</b>	<b>Q1 2016</b>	<b>Q1 2015</b>	<b>Change</b>	<b>Change like-for-like</b>
Passenger network	277	-8	+285	+356
Cargo	-42	-48	+6	+14
Maintenance	85	85	+0	-3
Transavia	-52	-58	+6	+11
Other	-2	3	-5	-8
<b>Total</b>	<b>266</b>	<b>-26</b>	<b>+292</b>	<b>+370</b>

\* Servair reclassified as discontinued operation.

First Quarter 2016 EBITDA improved by 179 million euros like-for-like at Air France and 196 million euros like-for-like at KLM. EBITDA margins were up at both airlines, reaching 4.2% at Air France and 5.5% at KLM.

<b>EBITDA per airline (€m)</b>	<b>Q1 2016</b>	<b>Q1 2015</b>	<b>Change</b>	<b>Change like-for-like</b>
Air France	150	14	+136	+179
<b>EBITDA margin</b>	<b>4.2%</b>	<b>0.4%</b>	<b>+3.8 pt</b>	<b>+5.2 pt</b>
KLM	118	-43	+161	+196
<b>EBITDA margin</b>	<b>5.5%</b>	<b>-2.0%</b>	<b>+7.5 pt</b>	<b>+9.0 pt</b>
Other/ eliminations	-2	3	-5	-5
<b>Total</b>	<b>266</b>	<b>-26</b>	<b>+292</b>	<b>+370</b>

\* Servair reclassified as discontinued operation.

The operating result stood at -99 million euros versus -417 million euros, a 318 million euro improvement. Like-for-like, the operating result increased by 397 million euros.

The net result, group share stood at -155 million euros against -559 million euros a year ago.

At 31 March 2016, the trailing 12 months return on capital employed (ROCE) was 11.2%, up 6.0 points compared to 31 March 2015.

## Passenger network<sup>5</sup> business

<b>Passenger network</b>	<b>Q1 2016</b>	<b>Q1 2015</b>	<b>Change</b>	<b>Change like-for-like</b>
Passengers (thousands)	18,003	17,366	+3.7%	
Capacity (ASK m)	64,843	64,107	+1.1%	
Traffic (RPK m)	54,806	52,917	+3.6%	
Load factor	84.5%	82.5%	+2.0 pt	
Total passenger revenues (€m)	4,473	4,421	+1.2%	-0.2%
Scheduled passenger revenues (€m)*	4,274	4,224	+1.2%	-0.2%
Unit revenue per ASK (€ cts)	6.59	6.59	+0.0%	-1.3%
Unit revenue per RPK (€ cts)	7.80	7.98	-2.3%	-3.6%
Unit cost per ASK (€ cts)	6.62	7.09	-6.7%	-9.3%
Operating result (€m)	-18	-322	+304	+375

First Quarter 2016 total passenger network revenues amounted to 4,473 million euros, up 1.2% and down 0.2% like-for-like. The operating result of the passenger network business stood at -18 million euros, versus -322 million euros over the First Quarter 2015. Like-for-like, the operating result improved by 375 million euros.

The Group maintained its strict capacity discipline, growing the total passenger network capacity during the First Quarter 2016 by 1.1%, while increasing the average loadfactor by 2.0 points to 84.5%. The traffic increased in all regions of the network, except Asia following the planned reduction in capacity. Unit revenue per Available Seat Kilometer (RASK) remained volatile, down by 1.3% overall on a like-for-like basis in the First Quarter.

<sup>5</sup> Air France, KLM and HOP!. Transavia is reported in its own business segment.

## Cargo business

<b>Cargo</b>	<b>Q1 2016</b>	<b>Q1 2015</b>	<b>Change</b>	<b>Change like-for-like</b>
Tons (thousands)	276	301	-8.4%	
Capacity (ATK m)	3,434	3,736	-8.1%	
Traffic (RTK m)	2,034	2,261	-10.1%	
Load factor	59.2%	60.5%	-1.3 pt	
Total Cargo revenues (€m)	529	625	-15.4%	-16.9%
Scheduled cargo revenues (€m)	492	588	-16.3%	-12.8%
Unit revenue per ATK (€ cts)	14.3	15.7	-9.1%	-10.8%
Unit revenue per RTK (€ cts)	24.1	26.0	-7.1%	-8.9%
Unit cost per ATK (€ cts)	15.7	17.4	-9.6%	-11.7%
Operating result (€m)	-50	-63	+13	+16

The Group continued to restructure its cargo activity to address the weak global trade and structural air cargo industry overcapacity. During First Quarter 2016, full-freighter capacity was reduced by 32%, while belly capacity increased by 0.7%, leading to a decrease in total capacity of 8.1%. Revenue per Available Ton Kilometer (ATK) was nevertheless down by 10.8% like-for-like, reflecting the industry overcapacity, especially on flows from Asia to Europe.

The operating result stood at -50 million euros, an improvement of 16 million euros like-for-like.

Within the framework of Perform 2020, 1 MD-11 freighter was retired during the First Quarter, down to 8 full-freighters in operation. The Group plans to operate only 5 full-freighters by the end of 2016.

## Maintenance business

<b>Maintenance</b>	<b>Q1 2016</b>	<b>Q1 2015</b>	<b>Change</b>	<b>Change like-for-like</b>
Total revenues (€m)	1,006	960	+4.8%	
Third party revenues (€m)	431	380	+13.4%	+7.0%
Operating result (€m)	38	35	+3	+0
Operating margin (%)	3.8%	3.6%	+0.2 pt	-0.2 pt

First Quarter 2016 third party maintenance revenues amounted to 431 million euros, up 13.4% and by 7.0% like-for-like. Revenues benefited not only from the strong dollar, but also from the contracts gained in previous years. The operating margin remained stable as a result of change in business mix from mature contracts to new growth, OEM supply chain under pressure in the engine business and labor costs inflation due to the profit sharing scheme.

The operating result stood at 38 million euros, up 3 million euros year-on-year, and stable like-for-like.

Over the period, the Group recorded a further 4% increase in its order book to 8.7 billion dollars with new contracts for CFM engines and first A350 total support contract.

## Transavia

Transavia	Q1 2016	Q1 2015	Change	Change like-for-like
Passengers (thousands)	1,893	1,656	+14.3%	
Capacity (ASK m)	3,718	3,430	+8.4%	
Traffic (RPK m)	3,263	3,017	+8.2%	
Load factor	87.7%	87.9%	-0.2 pt	
Total passenger revenues (€m)	160	146	+9.6%	+9.5%
Scheduled passenger revenues (€m)*	153	141	+8.5%	+8.4%
Unit revenue per ASK (€ cts)	4.11	4.14	-0.7%	-0.7%
Unit revenue per RPK (€ cts)	4.68	4.71	-0.5%	-0.5%
Unit cost per ASK (€ cts)	5.81	6.14	-5.3%	-7.7%
Operating result (€m)	-63	-69	+6	+11

In the First Quarter 2016, Transavia capacity was up by 8.4%, reflecting the accelerated development in France (capacity up by 18.6%). Traffic rose by 8.2%. Unit revenue per ASK decreased by 0.7% and with increased capacity, total revenues increased to 160 million euros, up 9.6%.

Unit costs were down 5.3%. At constant currency and stage length, the unit costs decreased by 11.7%. The operating result improved by 6 million euros to reach -63 million euros.

## Financial situation

In € million	Q1 2016	Q1 2015	Change
Cash flow before change in WCR and Voluntary Departure Plans, continued operations	+255	-135	+390
Cash out related to Voluntary Departure Plans	-39	-30	-09
Change in Working Capital Requirement (WCR)	+524	+464	+60
<b>Operating cash flow</b>	<b>+740</b>	<b>+299</b>	<b>+441</b>
Net investments before <i>sale &amp; lease-back</i>	-544	-345	-199
Cash received through <i>sale &amp; lease-back</i> transactions	+0	+0	+0
Net investments after <i>sale &amp; lease-back</i>	-544	-345	-199
<b>Operating free cash flow</b>	<b>+196</b>	<b>-46</b>	<b>+242</b>

\* *Servair reclassified as discontinued operation.*

In the First Quarter 2016, the increase of 292 million euros in EBITDA resulted in a cash flow before change in WCR and cash out related to Voluntary Departure Plans of 255 million euros. The Group disbursed 39 million euros for Voluntary Departure Plans. The change in Working Capital Requirement contributed 524 million euros to operating cash flow. Net investments before *sale & lease-back* transactions stood at 544 million euros. As a result, operating free cash flow improved by 242 million euros.

Net debt amounted to 4.16 billion euros at 31 March 2016, versus 4.31 billion euros at 31 December 2015. The trailing 12 months adjusted net debt / EBITDAR ratio stood at 3.0x at 31 March 2016, an improvement of 0.4 points compared to 31 December 2015, and 0.8 points compared to 31 March 2015.

The 35 basis points fall in discount rates (for period > 20 years) during First Quarter 2016 led to another significant increase in the actuarial valuation of retirement obligations of more than 1.3 billion euros. The change in asset value amounted to 325 million euros during the First Quarter. The balance sheet pension situation thus moved from a net liability of 177 million euros at 31 December 2015 to a net liability of 1,164 million euros at 31 March 2016.

At 31 March 2016, equity, group share, amounted to -510 million euros, down 783 million euros over the quarter due to the strong seasonality of results (net result of -155 million euros) and an increase of 753 million euros in after tax net pension liability. The change in fair value of the fuel hedging portfolio had a positive impact of 178 million euros over the quarter.

## Outlook

The global context in 2016 remains highly uncertain regarding fuel prices, the continuation of the overcapacity situation on several markets and the geopolitical and economic context in which we operate. As a consequence, the Group expects the forecasted savings on the fuel bill to be significantly offset in the coming quarters by unit revenue pressure and negative currency impacts.

Under these conditions, the Group is maintaining its expectations for 2016:

- Free operating cash flow generation after disposals between 0.6 billion euros and 1.0 billion euros. The 2016 investment plan (between 1.6 billion euros and 2.0 billion euros) and disposals programme (between 0.2 billion euros and 0.5 billion euros) will be adjusted depending upon operating cashflow generation
- 2016 unit cost reduction target around 1%
- Further significant reduction in net debt

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The First Quarter 2016 accounts are not audited by the Statutory Auditors.

The results presentation is available at [www.airfranceklm.com](http://www.airfranceklm.com) on May 4<sup>th</sup> 2016 from 7:15am CET.

A conference call hosted by Pierre-François Riolacci, Chief Financial Officer of Air France-KLM will be held on May 4<sup>th</sup> 2016 at 08.30 CET.

To connect to the conference call, please dial:

- France: +33(0)1 70 48 01 66
- Netherlands: +31(0)20 721 9158
- United Kingdom: +44(0)20 3427 0503
- USA: +1 212 444 0896

Confirmation Code: 3214572

To listen to a recording of the conference in English, please dial:

- France: +33(0)1 74 20 28 00
- Netherlands: +31(0)20 708 5013
- United Kingdom: +44(0)20 3427 0598
- USA: +1 347 366 9565

Replay Passcode: 3214572

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### Press

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## INCOME STATEMENT

	First Quarter (January to March)		
	Q1 2016	Q1 2015*	variation
<i>In millions euros</i>			
<b>SALES</b>	<b>5,605</b>	<b>5,582</b>	<b>0.4%</b>
Other revenues	0	1	NA
<b>EXTERNAL EXPENSES</b>	<b>-3,448</b>	<b>-3,771</b>	<b>-8.6%</b>
Aircraft fuel	-1,096	-1,480	-25.9%
Chartering costs	-102	-107	-4.7%
Landing fees and en route charges	-430	-442	-2.7%
Catering	-102	-103	-1.0%
Handling charges and other operating costs	-361	-361	0.0%
Aircraft maintenance costs	-642	-579	10.9%
Commercial and distribution costs	-231	-228	1.3%
Other external expenses	-484	-471	2.8%
Salaries and related costs	-1,844	-1,830	0.8%
Taxes other than income taxes	-49	-46	6.5%
Other income and expenses	267	288	-7.3%
<b>EBITDAR</b>	<b>531</b>	<b>224</b>	<b>137.1%</b>
Aircraft operating lease costs	-265	-250	6.0%
<b>EBITDA</b>	<b>266</b>	<b>-26</b>	<b>NA</b>
Amortization, depreciation and provisions	-365	-391	-6.6%
<b>INCOME FROM CURRENT OPERATIONS</b>	<b>-99</b>	<b>-417</b>	<b>76.3%</b>
Sales of aircraft equipment	8	-1	NA
Other non-current income and expenses	-125	161	NA
<b>INCOME FROM OPERATING ACTIVITIES</b>	<b>-216</b>	<b>-257</b>	<b>16.0%</b>
Income from cash and cash equivalents	14	17	-17.6%
Cost of financial debt	-84	-107	-21.5%
<b>Net cost of financial debt</b>	<b>-70</b>	<b>-90</b>	<b>-22.2%</b>
Foreign exchange gains (losses), net	34	-155	NA
Change in fair value of financial assets and liabilities	27	-57	NA
Other financial income and expenses	21	-28	NA
<b>INCOME BEFORE TAX</b>	<b>-204</b>	<b>-587</b>	<b>65.2%</b>
Income taxes	54	36	50.0%
<b>NET INCOME OF CONSOLIDATED COMPANIES</b>	<b>-150</b>	<b>-551</b>	<b>72.8%</b>
Share of profits (losses) of associates	-1	-11	-90.9%
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>-151</b>	<b>-562</b>	<b>73.1%</b>
Net income from discontinued operations	-1	2	NA
<b>NET INCOME FOR THE PERIOD</b>	<b>-152</b>	<b>-560</b>	<b>72.9%</b>
Minority interest	-3	1	NA
<b>NET INCOME FOR THE PERIOD - GROUP</b>	<b>-155</b>	<b>-559</b>	<b>72.3%</b>

\* Servair reclassified as discontinued operation.

## BALANCE SHEET

<b>Assets</b> <i>In million euros</i>	<b>March 31, 2016</b>	<b>December 31, 2015*</b>
Goodwill	217	247
Intangible assets	1,025	1,018
Flight equipment	9,081	8,743
Other property, plant and equipment	1,555	1,670
Investments in equity associates	73	118
Pension assets	909	1,773
Other financial assets	1,156	1,224
Deferred tax assets	825	702
Other non-current assets	216	295
<b>Total non-current assets</b>	<b>15,057</b>	<b>15,790</b>
Assets held for sale	370	4
Other short-term financial assets	674	967
Inventories	569	532
Trade receivables	1,881	1,800
Other current assets	1,060	1,138
Cash and cash equivalents	3,501	3,104
<b>Total current assets</b>	<b>8,055</b>	<b>7,545</b>
<b>Total assets</b>	<b>23,112</b>	<b>23,335</b>

\* *Servair reclassified as discontinued operation.*

<b>Liabilities and equity</b> <i>In million euros</i>	<b>March 31, 2016</b>	<b>December 31, 2015*</b>
Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	(86)	(85)
Perpetual	600	600
Reserves and retained earnings	(4,341)	(3,561)
<b>Equity attributable to equity holders of Air France-KLM</b>	<b>(556)</b>	<b>225</b>
Non-controlling interests	46	48
<b>Total Equity</b>	<b>(510)</b>	<b>273</b>
Pension provisions	2,073	1,995
Other provisions	1,444	1,513
Long-term debt	6,958	7,060
Deferred tax liabilities	10	11
Other non-current liabilities	413	484
<b>Total non-current liabilities</b>	<b>10,898</b>	<b>11,063</b>
Liabilities relating to assets held for sale	245	-
Provisions	878	742
Current portion of long-term debt	2,003	2,017
Trade payables	2,361	2,395
Deferred revenue on ticket sales	3,277	2,515
Frequent flyer programs	756	760
Other current liabilities	3,194	3,567
Bank overdrafts	10	3
<b>Total current liabilities</b>	<b>12,724</b>	<b>11,999</b>
<b>Total liabilities</b>	<b>23,622</b>	<b>23,062</b>
<b>Total equity and liabilities</b>	<b>23,112</b>	<b>23,335</b>

\* *Servair reclassified as discontinued operation.*



## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In € millions</i>		
<b>Period from January 1 to March 31,</b>	<b>Q1 2016</b>	<b>Q1 2015*</b>
Net income from continuing operations	(151)	(562)
Net income from discontinued operations	(1)	2
Amortization, depreciation and operating provisions	370	396
Financial provisions	(23)	29
Loss (gain) on disposals of tangible and intangible assets	(34)	1
Loss (gain) on disposals of subsidiaries and associates	-	(223)
Derivatives – non monetary result	(38)	26
Unrealized foreign exchange gains and losses, net	(27)	143
Share of (profits) losses of associates	2	9
Deferred taxes	(16)	(47)
Other non-monetary items	136	62
<b>Subtotal</b>	<b>218</b>	<b>(164)</b>
<b><i>Of which discontinued operations</i></b>	<b>2</b>	<b>1</b>
(Increase) / decrease in inventories	(65)	(28)
(Increase) / decrease in trade receivables	(158)	(383)
Increase / (decrease) in trade payables	52	(10)
Change in other receivables and payables	695	885
<i>Change in working capital from discontinued operations</i>	1	12
<b>Net cash flow from operating activities</b>	<b>743</b>	<b>312</b>
Acquisition of subsidiaries, of shares in non-controlled entities	(3)	-
Purchase of property plants, equipments and intangible assets	(607)	(384)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	-	342
Proceeds on disposal of property, plant and equipment and intangible assets	63	39
Dividends received	-	1
Decrease (increase) in net investments, more than 3 months	282	(207)
<i>Net cash flow used in investing activities of discontinued operations</i>	(1)	(5)
<b>Net cash flow used in investing activities</b>	<b>(266)</b>	<b>(214)</b>
Issuance of debt	208	195
Repayment on debt	(111)	(201)
Payment of debt resulting from finance lease liabilities	(146)	(264)
New loans	(3)	1
Repayment on loans	7	74
<i>Net cash flow used in financing activities of discontinued operations</i>	(2)	(2)
<b>Net cash flow from financing activities</b>	<b>(47)</b>	<b>(197)</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts	(12)	28
<i>Effect of exch. rate on cash and cash eq. and bank overdrafts of disc. ops.</i>	-	1
<b>Change in cash and cash equivalents and bank overdrafts</b>	<b>418</b>	<b>(70)</b>
Cash and cash equivalents and bank overdrafts at beginning of period	3,073	2,902
Cash and cash equivalents and bank overdrafts at end of period	3,491	2,825
<i>Change in cash of discontinued operations</i>	-	7

\* *Servair reclassified as discontinued operation.*

## KEY FINANCIAL INDICATORS

### EBITDA and EBITDAR

<i>In million euros</i>	Q1 2016	Q1 2015*
Income/(loss) from current operations	(99)	(417)
Amortization, depreciation and provisions	365	391
<b>EBITDA</b>	<b>266</b>	<b>(26)</b>
Aircraft operating lease costs	(265)	(250)
<b>EBITDAR</b>	<b>531</b>	<b>224</b>

### Restated net result, group share

<i>In million euros</i>	Q1 2016	Q1 2015*
Net income/(loss), Group share (in €m)	(155)	(559)
Net income/(loss) from discontinued operations (in €m)	1	(2)
Unrealized foreign exchange gains and losses, net (in €m)	(27)	143
Change in fair value of financial assets and liabilities (derivatives) (in €m)	(38)	26
Non-current income and expenses (in €m)	117	(160)
Depreciation of shares available for sale (in €m)	0	12
De-recognition of deferred tax assets (in €m)	0	34
<b>Restated net income/(loss), group share (in €m)</b>	<b>(102)</b>	<b>(506)</b>
Restated net income/(loss) per share (in €)	(0.37)	(1.70)

### Return on capital employed (ROCE)

<i>In million euros</i>	31 Mar. 2016	31 Mar. 2015*	31 Mar. 2015*	31 Mar. 2014
Goodwill and intangible assets	1,242	1,284	1,284	1,151
Flight equipment	9,081	8,532	8,532	9,338
Other property, plant and equipment	1,555	1,746	1,746	1,779
Investments in equity associates, <i>excluding Alitalia</i>	73	140	140	175
Other financial assets excluding shares available for sale, marketable securities and financial deposits	207	168	168	128
Provisions, excluding pension, cargo litigation and restructuring	(1,516)	(1,446)	(1,446)	(1,147)
WCR, excluding market value of derivatives	(5,622)	(5,481)	(5,481)	(5,395)
<b>Capital employed on balance sheet</b>	<b>5,020</b>	<b>4,943</b>	<b>4,943</b>	<b>6,029</b>
Capital employed related to flight equipment under operating leases (operating leases x7)	7,294		7,189	
<b>Average capital employed</b>	<b>12,276</b>		<b>12,675</b>	
Adjusted results from current operations	1,452		611	
- Dividends received	(2)		(10)	
- Share of profits (losses) of associates	(20)		(46)	
- Tax recognized in the adjusted net result	(59)		102	
<b>Adjusted result from current operations after tax</b>	<b>1,371</b>		<b>657</b>	
<b>ROCE, trailing 12 months (B/A)</b>	<b>11.2%</b>		<b>5.2%</b>	

\* *Servair reclassified as discontinued operation.*

## Net debt

<b>Balance sheet at</b> <i>(In million euros)</i>	<b>31 March</b> <b>2016</b>	<b>31 December</b> <b>2015*</b>
Current and non-current financial debt	8,961	9,077
Deposits on aircraft under finance lease	(431)	(453)
Financial assets pledged (OCEANE swap)	(393)	(393)
Currency hedge on financial debt	(29)	(40)
Accrued interest	(75)	(95)
<b>Gross financial debt (A)</b>	<b>8,033</b>	<b>8,096</b>
Cash and cash equivalents	3,501	3,104
Marketable securities	177	466
Cash pledges	25	18
Deposits (bonds)	196	204
Bank overdrafts	(27)	(3)
<b>Net cash (B)</b>	<b>3,872</b>	<b>3,789</b>
<b>Net debt (A) – (B)</b>	<b>4,161</b>	<b>4,307</b>

## Adjusted net debt and adjusted net debt/EBITDAR ratio

	<b>31 March</b> <b>2016</b>	<b>31 December</b> <b>2015*</b>
Net debt (in €m)	4,161	4,307
Aircraft operating leases x 7 (trailing 12 months, in €m)	7,294	7,189
<b>Adjusted net debt (in €m)</b>	<b>11,455</b>	<b>11,496</b>
EBITDAR (trailing 12 months, in €m)	3,770	3,413
<b>Adjusted net debt/EBITDAR ratio (trailing 12 months)</b>	<b>3.04</b>	<b>3.37</b>

## Operating free cash flow

<i>In million euros</i>	<b>Q1 2016</b>	<b>Q1 2015*</b>
Net cash flow from operating activities, continued operations	740	299
Investment in property, plant, equipment and intangible assets	(607)	(384)
Proceeds on disposal of property, plant, equipment and intangible assets	63	39
<b>Operating free cash flow</b>	<b>196</b>	<b>(46)</b>

\* *Servair reclassified as discontinued operation.*

## Unit cost: net cost per EASK

	Q1 2016	Q1 2015*
Revenues (in €m)	5,605	5,582
Income/(loss) from current operations (in €m)	(99)	(417)
Total operating expense (in €m)	(5,704)	(5,999)
Passenger network business – other passenger revenues (in €m)	199	197
Cargo business – other air freight revenues (in €m)	37	37
Third-party revenues in the maintenance business (in €m)	431	380
Transavia - other passenger revenues (in €m)	7	5
Third-party revenues of other businesses (in €m)	12	10
<b>Net cost (in €m)</b>	<b>5,018</b>	<b>5,370</b>
Capacity produced, reported in EASK	77,444	77,232
<b>Net cost per EASK (in € cents per EASK)</b>	<b>6.48</b>	<b>6.95</b>
Gross change		-6.8%
Currency effect on net costs (in €m)		149
Change at constant currency		<b>-9.3%</b>
Fuel price effect (in €m)		(450)
Change on a constant currency and fuel price basis		-1.3%
Change in pension-related expenses (in €m)*		0
<b>Net cost per EASK on a constant currency, fuel price and pension-related expenses basis (in € cents per EASK)</b>	<b>6.48</b>	<b>6.56</b>
Change on a constant currency, fuel price and pension-related expenses basis		<b>-1.3%</b>

\* Servair reclassified as discontinued operation.

## INDIVIDUAL AIRLINE RESULTS

### Air France

	Q1 2016	Q1 2015*	Change
Revenue (€m)	3,552	3,558	-0.2%
EBITDA (€m)	150	14	+136
Operating result (€m)	-86	-232	+146
Operating margin	-2.4%	-6.5%	+4.1 pt
Operating cash flow before WCR and restructuring cash out (€m)	193	-32	+225
Operating cash flow (before WCR and restructuring) margin	5.4%	-0.9%	+6.3 pt

\* Servair reclassified as discontinued operation.

### KLM

	Q1 2016	Q1 2015	Change
Revenue (€m)	2,137	2,105	+1.5%
EBITDA (€m)	118	-43	+161
Operating result (€m)	-7	-183	+176
Operating margin	-0.3%	-8.7%	+8.4 pt
Operating cash flow before WCR and restructuring cash out (€m)	79	-77	+156
Operating cash flow (before WCR and restructuring) margin	3.7%	-3.7%	+7.4 pt

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

## Presentation of Servair Group as discontinued operation

The Group studied various scenarios to ensure the development of its subsidiary Servair and opted for the participation of another company in the share capital of Servair. In March 2016, both Servair and Air France informed the representative bodies of their employees about this process. Taken into consideration the offers received by Air France, this should lead to a loss of control of Servair by Air France-KLM Group, as defined in IFRS 10 standard. Servair currently constitutes the main cash-generating unit of the segment "Other". The above elements have triggered the accounting treatment of the Servair Group in "discontinued operations" as of March 31, 2016, as defined in IFRS 5 standard. The consolidated figures as at March 31, 2015 have consequently been restated for the purpose of comparison:

<i>In millions euros</i>	Full Year 2015 - Servair				
	Q1	Q2	Q3	Q4	Total
<b>THIRD PARTY REVENUES</b>	<b>74</b>	<b>85</b>	<b>109</b>	<b>102</b>	<b>370</b>
Other revenues	0	0	0	0	0
<b>EXTERNAL EXPENSES</b>	<b>27</b>	<b>27</b>	<b>18</b>	<b>14</b>	<b>86</b>
Catering	-39	-46	-57	-51	-193
Other external expenses	66	73	75	65	279
Salaries and related costs	-91	-99	-100	-98	-388
Taxes other than income taxes	-5	-2	-3	-2	-12
Other income and expenses	0	2	1	2	5
<b>EBITDAR</b>	<b>5</b>	<b>13</b>	<b>25</b>	<b>18</b>	<b>61</b>
Aircraft operating lease costs	0	0	0	0	0
<b>EBITDA</b>	<b>5</b>	<b>13</b>	<b>25</b>	<b>18</b>	<b>61</b>
Amortization, depreciation and provisions	-5	-7	-6	-7	-25
<b>INCOME FROM CURRENT OPERATIONS</b>	<b>0</b>	<b>6</b>	<b>19</b>	<b>11</b>	<b>36</b>
Other non-current income and expenses	0	0	0	-1	-1
<b>INCOME FROM OPERATING ACTIVITIES</b>	<b>0</b>	<b>6</b>	<b>19</b>	<b>10</b>	<b>35</b>
Income from cash and cash equivalents	0	0	0	1	1
Cost of financial debt	0	0	0	-1	-1
<b>Net cost of financial debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other financial income and expenses	0	-1	-1	1	-1
<b>INCOME BEFORE TAX</b>	<b>0</b>	<b>5</b>	<b>18</b>	<b>11</b>	<b>34</b>
Income taxes	0	-3	-6	-4	-13
<b>NET INCOME OF CONSOLIDATED COMPANIES</b>	<b>0</b>	<b>2</b>	<b>12</b>	<b>7</b>	<b>21</b>
Share of profits (losses) of associates	2	1	1	1	5
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>2</b>	<b>3</b>	<b>13</b>	<b>8</b>	<b>26</b>
Net income from discontinued operations	0	0	0	0	0
<b>NET INCOME FOR THE PERIOD</b>	<b>2</b>	<b>3</b>	<b>13</b>	<b>8</b>	<b>26</b>
Minority interest	-2	-2	-2	-2	-8
<b>NET INCOME FOR THE PERIOD - GROUP</b>	<b>0</b>	<b>1</b>	<b>11</b>	<b>6</b>	<b>18</b>

During the First Quarter 2016, the third party revenues amounted to 95 million euros, resulting in a reported EBITDA of 4 million euros and an operating loss of -1 million euros.

In the context of this operation, the assets and liabilities of the Servair Group have been reclassified on the lines *assets held for sale* and *liabilities relating to assets held for sale*, for respectively €369 million and €245 million as of March 31, 2016.

## GROUP FLEET AT 31 MARCH 2016

Aircraft type	AF (incl. HOP!)	KL (incl. KLC & Martinair)	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/15
B747-400	1	22		21		2	23	20	-5
B777-300	42	11		10	23	20	53	52	2
B777-200	25	15		16	11	13	40	40	
B787-9		4				4	4	4	2
A380-800	10			1	4	5	10	10	
A340-300	12			5	5	2	12	12	
A330-300		5				5	5	5	
A330-200	15	9		4	7	13	24	24	-1
<b>Total Long-Haul</b>	<b>105</b>	<b>66</b>		<b>57</b>	<b>50</b>	<b>64</b>	<b>171</b>	<b>167</b>	<b>-2</b>
B737-900		5		1	1	3	5	5	
B737-800		25	49	8	9	57	74	74	4
B737-700		18	8	3	8	15	26	26	
A321	20			5	6	9	20	20	
A320	45			7	3	35	45	43	
A319	38			17	8	13	38	38	
A318	18			11	7		18	17	2
<b>Total Short and Medium-Haul</b>	<b>121</b>	<b>48</b>	<b>57</b>	<b>52</b>	<b>42</b>	<b>132</b>	<b>226</b>	<b>223</b>	<b>6</b>
ATR72-600	5					5	5	5	
ATR72-500	6			1	3	2	6	6	
ATR42-500	12			5	3	4	12	12	-1
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	13			13			13	13	
Canadair Jet 100	4			4			4		
Embraer 190	10	30		4	15	21	40	40	
Embraer 175		1		1			1	1	1
Embraer 170	16			8	2	6	16	16	
Embraer 145	18			13	5		18	16	
Embraer 135	5			5			5		
Fokker 70		17		17			17	15	-1
<b>Total Regional</b>	<b>103</b>	<b>48</b>		<b>85</b>	<b>28</b>	<b>38</b>	<b>151</b>	<b>138</b>	<b>-1</b>
B747-400ERF		3		3			3	3	
B747-400BCF		3				3	3	1	
B777-F	2			2			2	2	
MD-11-CF		2		2			2	1	
MD-11-F		1		1			1	1	-1
<b>Total Cargo</b>	<b>2</b>	<b>9</b>		<b>8</b>	<b>0</b>	<b>3</b>	<b>11</b>	<b>8</b>	<b>-1</b>

<b>Total Air France-KLM</b>	<b>331</b>	<b>171</b>	<b>57</b>	<b>202</b>	<b>120</b>	<b>237</b>	<b>559</b>	<b>536</b>	<b>2</b>
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