

## Financial Year 2015: First Quarter results

### FIRST QUARTER RESULTS AFFECTED BY CURRENCY IMPACT

- ▶ Revenues of 5.7 billion euros, up 1.8%
- ▶ EBITDAR<sup>1</sup> of 229 million euros, an improvement of 62 million euros
- ▶ EBITDA<sup>1</sup> of -21 million euros, an improvement of 29 million euros
- ▶ Operating result of -417 million euros, an improvement of 109 million euros like-for-like<sup>2</sup>
- ▶ Net negative currency impact of 81 million euros on operating result
- ▶ Net debt<sup>1</sup> of 5.28 billion euros, down 127 million euros compared to 31 December 2014, and down to 4.68 billion euros including April 2015 hybrid bond issuance
- ▶ Adjusted net debt / EBITDAR ratio<sup>3</sup> of 3.7x, an improvement of 0.5 compared to 31 March 2014

### FULL YEAR 2015 OUTLOOK: OBJECTIVES MAINTAINED

- ▶ Unit cost<sup>1</sup> reduction target of 1 to 1.3%
- ▶ Significant reduction of net debt, from 5.4 billion euros at end 2014 down to around 4.4 billion euros at end 2015, in part as a result of the April 2015 hybrid bond issuance

The Board of Directors of Air France-KLM, chaired by Alexandre de Juniac, met on 29 April 2015 to examine the accounts for the First Quarter of the Financial Year 2015.

### Key data

	Q1 2015	Q1 2014	Change
Passengers (thousands)	19,021	18,798	+1.2%
Capacity (EASK m)	77,232	77,164	+0.1%
Revenues (€m)	5,656	5,554	+1.8%
Change like-for-like <sup>2</sup> (%)			-2.4%
EBITDAR (€m)	229	167	+62
EBITDA (€m)	-21	-50	+29
EBITDA margin (%)	-0.4%	-0.9%	+0.5 pt
EBITDA change like-for-like <sup>2</sup> (€m)			+91
Operating result (€m)	-417	-445	+28
Operating margin (%)	-7.4%	-8.0%	+0.6 pt
Operating result change like-for-like <sup>2</sup> (€m)			+109
Net result, group share (€m)	-559	-608	+49
Restated net result, group share <sup>1</sup> (€m)	-504	-485	-19
Earnings per share (€)	(1.89)	(2.05)	+0.16
Diluted earnings per share (€)	(1.89)	(2.05)	+0.16
Adjusted earnings per share (€)	(1.70)	(1.64)	-0.06
Diluted adjusted earnings per share (€)	(1.70)	(1.64)	-0.06
Operating free cash flow <sup>1</sup> (€m)	-37	-80	+43
Net debt at end of period (€m)	5,280	5,407 <sup>4</sup>	-127

<sup>1</sup> See definition in appendix

<sup>2</sup> Like-for-like: excluding currency. Same definition applies in rest of press release

<sup>3</sup> Trailing 12 months, adjusted for September 2014 pilot strike impact and April 2015 hybrid bond; see definition in appendix

<sup>4</sup> At 31 December 2014

The consolidated financial statements of the Group have been revised as of 1<sup>st</sup> January 2015 in order to improve their legibility. The changes are:

- In view of its rapid development, Transavia is now presented as a separate business segment. The passenger business segment is thus renamed from “passenger” to “passenger network”.
- Capitalized production costs are no longer deducted from individual cost lines in the profit and loss statement, but are instead fully allocated to the “other income and expenses” line. The impact per quarter of this restatement is provided in appendix.

First Quarter 2015 total revenues stood at 5.7 billion euros versus 5.6 billion euros in First Quarter 2014, up 1.8%, but down 2.4% like-for-like.

Currencies had a positive 239 million euro impact on revenues, primarily driven by the strengthening of the US dollar against the euro. In spite of higher profits on currency hedging, the negative impact on costs reached 320 million euros. It was larger considering the bigger share of costs than revenues in US dollars, and considering the fact that a sizeable portion of First Quarter 2015 revenues were booked in 2014 at a time when the dollar was weaker. In the First Quarter 2015, the net impact of currencies thus amounted to a negative 81 million euros.

Total operating costs were 1.2% higher year-on-year and down 3.9% on a like-for-like basis. Ex-fuel, they increased by 3.3% and by 1.5% on a like-for-like basis. Unit cost per EASK was stable, on a constant currency, fuel price and pension-related expense basis, against stable capacity measured in EASK (+0.1%).

The fuel bill amounted to 1,480 million euros, down 4.7% and like-for-like down 17.6%, on the back of a 20.3% reduction in jet fuel price after hedging and of a 15.6% negative currency impact. Based on the forward curve at 17 April, the Full Year 2015 fuel bill is expected to reach 6.6 billion euros<sup>4</sup>. Based on the same forward curve, the Full Year 2016 fuel bill could amount to 6.1 billion euros<sup>4</sup>.

Total employee costs including temporary staff were up 2.1% to 1,920 million euros. They included a non-cash increase of 31 million euros in pension-related expenses at KLM due to changes in actuarial assumptions (lower discount rate). On a constant scope and pension-related expense basis, they were flat (+0.3%). In addition, the Group recorded under “non-current income and expenses” a 56 million euro provision for the Voluntary Departure Plan targeting 800 positions that was announced in February.

EBITDAR amounted to 229 million euros, an improvement of 62 million.

<b>EBITDA per business (€m)</b>	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>Change</b>
Passenger network	-8	-66	+58
Cargo	-48	-18	-30
Maintenance	+85	+76	+9
Transavia	-58	-51	-7
Other	+8	+9	-1
<b>Total</b>	<b>-21</b>	<b>-50</b>	<b>+29</b>

EBITDA amounted to a negative 21 million euros, an increase of 29 million euros. On a like-for-like basis, EBITDA improved by 91 million euros. The Passenger network had the largest contribution to the improvement of EBITDA, up 58 million euros, whereas cargo EBITDA decreased by 30 million euros. At 85 million euros, maintenance achieved a good performance on EBITDA level, up 9 million euros.

The operating result stood at -417 million euros versus -445 million euros in 2014, a 28 million euro improvement. Like-for-like, the operating result increased by 109 million euros.

The net result, group share stood at -559 million euros against -608 million euros a year ago. It included notably the non-current result related to the capital gain on the sale of Amadeus shares (+218 million euros), partly offset by the change in value of the fuel hedging portfolio (-26 million

<sup>4</sup> 2015 average Brent price of USD63, average jet fuel price of USD608 per metric ton, average exchange rate of 1.10 USD per euro. 2016 average Brent price of USD69, average jet fuel price of USD663 per metric ton, average exchange rate of 1.10 USD per euro.

euros) and the unrealized foreign exchange loss (-143 million euros). On an adjusted basis, the net result, group share stood at -504 million euros against -485 million euros in First Quarter 2014, a 19 million euro decrease.

At 31 March 2015, the trailing 12 months strike-adjusted return on capital employed<sup>1</sup> (ROCE) was 5.6%, up 1.6 point compared to 31 March 2014.

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

Passenger network	Q1 2015	Q1 2014	Change	Change like-for-like
Passengers (thousands)	17,365	17,318	+0.3%	
Capacity (ASK m)	64,106	64,047	+0.1%	
Traffic (RPK m)	52,917	53,027	-0.2%	
Load factor	82.5%	82.8%	-0.3pt	
Total passenger revenues (€m)	4,421	4,365	+1.3%	-2.0%
Scheduled passenger revenues (€m)*	4,223	4,175	+1.2%	-2.2%
Unit revenue per ASK (€ cts)	6.59	6.52	+1.0%	-2.3%
Unit revenue per RPK (€ cts)	7.98	7.87	+1.4%	-2.0%
Unit cost per ASK (€ cts)	7.09	7.11	-0.3%	-5.1%
Operating result (€m)	-322	-378	+56	+132

\* Q1 2014 restated for change in revenue allocation (7 million euros transferred from "other passenger" to "scheduled passenger revenues")

First Quarter 2015 total passenger network revenues amounted to 4,421 million euros, up 1.3% and down 2.0% like-for-like. The operating result of the passenger network business stood at -322 million euros, versus -378 million euros over the First Quarter 2014. Like-for-like, the operating result improved by 132 million euros.

The Group maintained its strict capacity discipline, keeping total passenger network capacity stable (+0.1%). Unit revenue per Available Seat Kilometer (RASK) remained volatile, down by 2.3% on a like-for-like basis in the First Quarter. On the long-haul network, unit revenue was affected by the expected capacity-demand balances reflected in the unit revenue performance of the different parts of the network: good performance on North America and the Caribbean & Indian Ocean, weaker performance on the Latin American network on the back of a weak economic environment in several key markets, whereas the capacity-demand balances put pressures on both Eastern-Africa and Asia networks.

As planned, short and medium-haul point-to-point capacity (excluding the Paris and Amsterdam hubs) was further reduced by 11.8%, leading to a significant improvement in unit revenue of +9.6% like-for-like, whereas for hub-related short and medium-haul traffic, unit revenues were down -1.4% like-for-like.

## Cargo business

Cargo	Q1 2015	Q1 2014	Change	Change like-for-like
Tons (thousands)	301	327	-7.9%	
Capacity (ATK m)	3,734	3,805	-1.9%	
Traffic (RTK m)	2,261	2,465	-8.3%	
Load factor	60.5%	64.8%	-4.3 pt	
Total Cargo revenues (€m)	625	676	-7.5%	-13.5%
Scheduled cargo revenues (€m)	587	630	-6.7%	-12.8%
Unit revenue per ATK (€ cts)	15.75	16.59	-5.1%	-11.3%
Unit revenue per RTK (€ cts)	26.01	25.60	+1.6%	-5.1%
Unit cost per ATK (€ cts)	17.43	17.48	-0.3%	-9.0%
Operating result (€m)	-63	-34	-29	-15

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

The Group continued to restructure its cargo activity to address the weak global trade and structural air cargo industry overcapacity. During First Quarter 2015, full-freighter capacity was reduced by 9.6%, while belly capacity increased by 1.2%, leading to a decrease in total capacity of 1.9%. Revenue per Available Ton Kilometer (ATK) was nevertheless down by 11.3% like-for-like, reflecting the structural industry overcapacity, especially on flows from Asia to Europe.

The operating result stood at -63 million euros, a decrease of 15 million euros like-for-like.

Within the framework of Perform 2020, 3 Boeing 747 were retired in the Winter 2014-15 season, while another 5 MD11s will be retired by the end of the Winter 2015-16 season. The Group plans to operate only 5 full-freighters by the end of 2016. This reduction should enable the full-freighter business to return to operating breakeven in 2017 (versus a strike-adjusted loss of around 95 million euros in 2014).

## Maintenance business

Maintenance	Q1 2015	Q1 2014	Change	Change like-for-like
Total revenues (€m)	967	804	+20.3%	
Third party revenues (€m)	380	290	+31.0%	13.8%
Operating result (€m)	35	22	+13	-2
Operating margin (%)	3.6%	2.7%	+0.9pt	-0.7pt

First Quarter 2015 third party maintenance revenues amounted to 380 million euros, up 31.0% and by 13.8% like-for-like. Revenues benefited not only from the strong dollar, but also from the contracts gained in previous years and from weak comparables in Q1 2014. In the quarter, the Group performed its first GEnx engine overhaul.

The operating result stood at 35 million euros, up 13 million euros year-on-year, and down 2 million euros like-for-like.

Over the period, the Group recorded a further 5% increase in its order book to a record high 5.9 billion euros, including several new B787 component support contracts. The Group further expanded its service portfolio with an investment in a US engine parts trading business.

## Transavia

Transavia	Q1 2015	Q1 2014	Change
Passengers (thousands)	1,656	1,480	+11.9%
Capacity (ASK m)	3,431	3,265	+5.1%
Traffic (RPK m)	3,017	2,817	+7.1%
Load factor	87.9%	86.3%	+1.6 pt
Total passenger revenues (€m)	146	139	+5.0%
Scheduled passenger revenues (€m)*	141	134	+5.2%
Unit revenue per ASK (€ cts)	4.12	4.09	+0.7%
Unit revenue per RPK (€ cts)	4.68	4.74	-1.2%
Unit cost per ASK (€ cts)	6.12	5.87	+4.3%
Operating result (€m)	-69	-58	-11

\* Q1 2014 restated for change in revenue allocation (6 million euros transferred from "other passenger" to "scheduled passenger revenues")

In the First Quarter 2015, Transavia capacity was up by 5.1%, reflecting the accelerated development in France (capacity up by 48%) partly offset by seasonal capacity adjustments in the Netherlands (capacity down 7.5%). Traffic rose by 7.1%. The load factor remained high (87.9%, up 1.7 point) despite the increase in capacity. Unit revenue per ASK increased by +0.7% despite the increase in capacity, resulting in total revenues of 146 million euros, up 5.0%.

Unit costs were up 4.3% on the back of the stronger US dollar, a shorter stage length, ongoing ramp-up investments in France, and the seasonal capacity adjustments performed in the Netherlands.

The operating result was thus down by 11 million euros to reach -69 million euros.

The development of Transavia will further accelerate in 2015: on top of a 30% capacity increase to serve 44 destinations from France, Transavia is launching a new brand identity, a new web site, implementing a tighter integration with Flying Blue, and has recently ordered 20 Boeing 737s.

## Other business: Catering

<b>Catering</b>	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>Change</b>
Total revenues (€m)	206	205	+0.5%
Third party revenues (€m)	75	73	+2.7%
Operating result (€m)	-1	-4	+3

In the First Quarter 2015, third party catering revenues amounted to 75 million euros, up 2.7%. The operating result stood at -1 million euros, up 3 million euros.

## Financial situation

<b>In € million</b>	<b>Q1 2015</b>	<b>Q1 2014</b>	<b>Change</b>
Cash flow before change in WCR and Voluntary Departure Plans, continued operations	-134	-161	+27
Cash out related to Voluntary Departure Plans	-30	-46	+16
Change in Working Capital Requirement (WCR)	+477	+454	+23
<b>Operating cash flow</b>	<b>+313</b>	<b>+247</b>	<b>+66</b>
Net investments before <i>sale &amp; lease-back</i>	-350	-327	-23
Cash received through <i>sale &amp; lease-back</i> transactions	0	0	0
Net investments after <i>sale &amp; lease-back</i>	-350	-327	-23
<b>Operating free cash flow</b>	<b>-37</b>	<b>-80</b>	<b>+43</b>

In the First Quarter 2015, the increase of 29 million euros in EBITDA translated into a 27 million euro improvement in cash flow before change in WCR and cash out related to Voluntary Departure Plans. The Group disbursed 30 million euros for Voluntary Departure Plans. The change in Working Capital Requirement contributed 477 million euros to operating cash flow. Net investments before *sale & lease-back* transactions stood at 350 million euros. As a result, operating free cash flow improved by 43 million euros.

The operating free cash flow does not include free cash flow from financial investments, including the cash-in of 327 million euros from the sale of Amadeus shares in January.

Net debt amounted to 5.28 billion euros at 31 March 2015, versus 5.41 billion euros at 31 December 2014. Currencies had a significant 175 million euro negative impact on net debt. After issuance of a hybrid bond in April, net debt would stand at 4.68 billion euros at the end of First Quarter 2015.

Excluding the impact of the pilot strike on EBITDAR and including the hybrid bond issued in April, the trailing 12 months adjusted net debt / EBITDAR ratio stood at 3.7x at 31 March 2015, down 0.3 points compared to 31 December 2014, and 0.5 points compared to 31 March 2014. In parallel, a 661 million euro convertible bond was reimbursed on 1<sup>st</sup> April, reducing the diluted share count by more than 70 million shares to 370 million shares.

Despite strong returns on pension plan assets and the positive impact of the changes in Dutch fiscal rules on pensions, the 70 basis point fall in discount rates during First Quarter 2015 led to another significant increase in the actuarial valuation of retirement obligations. The balance sheet pension situation thus moved from a net liability of 710 million euros at 31 December 2014 to a net liability of 1,051 million euros at 31 March 2015.

At 31 March 2015, equity, group share, amounted to -1,515 million euros, down 844 million euros over the quarter due to the strong seasonality of results (net result of -559 million euros) and an increase of 257 million euros in after tax net pension liability. The change in fair value of the fuel hedging portfolio had a limited impact over the quarter. At 31 March 2015, the fair value of the fuel hedging portfolio remained however strongly negative, at around -1.3 billion euros. This level of equity does not take into account the 600 million euro hybrid bond that was issued in April.

The Group continues to enjoy a good level of liquidity, with net cash<sup>2</sup> of 3.5 billion euros at 31 March 2015, and undrawn credit lines of 1.77 billion euros. At the end of April, the Group renewed some of its credit lines for an amount of 1,100 million euros with a wide pool of international banks. In addition, in January 2015, the Group received net proceeds of 327 million euros on the sale of Amadeus shares, and it issued a 600 million euros hybrid bond in April.

## Outlook

**All the operational initiatives planned within the framework of the new strategic plan Perform 2020 are being deployed.**

**In parallel, negotiations with unions on labor productivity are ongoing.**

**As demonstrated in the First Quarter, almost all of the expected savings on the fuel bill could be offset by unit revenue pressure and negative currency impacts.**

**For Full Year 2015, the Group maintains its key targets:**

- **unit cost reduction of 1 to 1.3%**
- **net debt around 4.4 billion euros at the end of 2015**

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The First Quarter 2015 accounts are not audited by the Statutory Auditors.

The results presentation is available at [www.airfranceklm.com](http://www.airfranceklm.com) on 30 April 2015 from 7:15am CET.

A conference call hosted by Pierre-François Riolacci, Chief Financial Officer of Air France-KLM will be held on 30 April 2015 at 08.30 CET.

To connect to the conference call, please dial:

- France: +33 1 70 99 32 12 (Conference ID: 952483, password: AKH)
- Netherlands: +31 20 7965 012 (Conference ID: 952483, password: AKH)
- UK: +44 207 162 0177 (Conference ID: 952483, password: AKH)
- US: +1 334 323 6203 (Conference ID: 952483, password: AKH)

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

- France: +33 1 70 99 35 29 (code: 952483)
- Netherlands: +31 20 7965 345 (code: 952483)
- UK: +44 20 7031 4064 (code: 952483)
- US: 1 954 334 0342 (code: 952483)

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### Press

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## INCOME STATEMENT

<i>In millions euros</i>	First Quarter (January to March)		
	Q1 2015	Q1 2014	variation
<b>SALES</b>	<b>5,656</b>	<b>5,554</b>	<b>1.8%</b>
Other revenues	1	8	-87.5%
<b>EXTERNAL EXPENSES</b>	<b>-4,038</b>	<b>-3,839</b>	<b>5.2%</b>
Aircraft fuel	-1,480	-1,553	-4.7%
Chartering costs	-107	-98	9.2%
Aircraft operating lease costs	-250	-217	15.2%
Landing fees and en route charges	-442	-416	6.3%
Catering	-143	-137	4.4%
Handling charges and other operating costs	-361	-331	9.1%
Aircraft maintenance costs	-579	-404	43.3%
Commercial and distribution costs	-228	-224	1.8%
Other external expenses	-448	-459	-2.4%
Salaries and related costs	-1,876	-1,837	2.1%
Taxes other than income taxes	-52	-54	-3.7%
Amortization, depreciation and provisions	-396	-395	0.3%
Other income and expenses	288	118	144.1%
<b>INCOME FROM CURRENT OPERATIONS</b>	<b>-417</b>	<b>-445</b>	<b>6.3%</b>
Sales of aircraft equipment	-1	1	na
Sales of subsidiaries	0	0	na
Other non-current income and expenses	161	-1	na
<b>INCOME FROM OPERATING ACTIVITIES</b>	<b>-257</b>	<b>-445</b>	<b>42.2%</b>
Income from cash and cash equivalents	17	18	-5.6%
Cost of financial debt	-107	-114	-6.1%
<b>Net cost of financial debt</b>	<b>-90</b>	<b>-96</b>	<b>-6.3%</b>
Foreign exchange gains (losses), net	-155	-117	-32.5%
Change in fair value of financial assets and liabilities	-56	-6	-833.3%
Other financial income and expenses	-29	-3	-866.7%
<b>INCOME BEFORE TAX</b>	<b>-587</b>	<b>-667</b>	<b>12.0%</b>
Income taxes	36	69	-47.8%
<b>NET INCOME OF CONSOLIDATED COMPANIES</b>	<b>-551</b>	<b>-598</b>	<b>7.9%</b>
Share of profits (losses) of associates	-9	-4	-125.0%
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>-560</b>	<b>-602</b>	<b>7.0%</b>
Net income from discontinued operations	0	-6	na
<b>NET INCOME FOR THE PERIOD</b>	<b>-560</b>	<b>-608</b>	<b>7.9%</b>
Minority interest	1	0	na
<b>NET INCOME FOR THE PERIOD - GROUP</b>	<b>-559</b>	<b>-608</b>	<b>8.1%</b>

## BALANCE SHEET

<b>Assets</b> <i>In million euros</i>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Goodwill	248	243
Intangible assets	1,036	1,009
Flight equipment	8,532	8,728
Other property, plant and equipment	1,746	1,750
Investments in equity associates	140	139
Pension assets	1,112	1,409
Other financial assets	1,213	1,502
Deferred tax assets	1,132	1,031
Other non-current assets	543	243
<b>Total non-current assets</b>	<b>15,702</b>	<b>16,054</b>
Assets held for sale	3	3
Other short-term financial assets	944	787
Inventories	559	538
Trade receivables	2,151	1,728
Other current assets	1,353	961
Cash and cash equivalents	3,085	3,159
<b>Total current assets</b>	<b>8,095</b>	<b>7,176</b>
<b>Total assets</b>	<b>23,797</b>	<b>23,230</b>

<b>Liabilities and equity</b> <i>In million euros</i>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	(86)	(86)
Reserves and retained earnings	(4,700)	(3,856)
<b>Equity attributable to equity holders of Air France-KLM</b>	<b>(1,515)</b>	<b>(671)</b>
Non-controlling interests	39	39
<b>Total Equity</b>	<b>(1,476)</b>	<b>(632)</b>
Pension provisions	2,163	2,119
Other provisions	1,380	1,372
Long-term debt	8,068	7,994
Deferred tax liabilities	13	14
Other non-current liabilities	640	536
<b>Total non-current liabilities</b>	<b>12,264</b>	<b>12,035</b>
Provisions	819	731
Current portion of long-term debt	1,764	1,885
Trade payables	2,476	2,444
Deferred revenue on ticket sales	3,295	2,429
Frequent flyer programs	746	759
Other current liabilities	3,664	3,330
Bank overdrafts	245	249
<b>Total current liabilities</b>	<b>13,009</b>	<b>11,827</b>
<b>Total liabilities</b>	<b>25,273</b>	<b>23,862</b>
<b>Total equity and liabilities</b>	<b>23,797</b>	<b>23,230</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In € millions</i>		
<b>Period from January 1 to March 31,</b>	<b>Q1 2015</b>	<b>Q1 2014</b>
Net income from continuing operations	(560)	(602)
Net income from discontinued operations	-	(6)
Amortization, depreciation and operating provisions	396	395
Financial provisions	29	4
Results on disposals of tangible and intangible assets	1	(4)
Results on disposals of subsidiaries and associates	(223)	-
Derivatives – non monetary result	26	6
Unrealized foreign exchange gains and losses, net	143	111
Share of (profits) losses of associates	9	4
Deferred taxes	(47)	(78)
Other non-monetary items	62	(43)
<b>Subtotal</b>	<b>(164)</b>	<b>(213)</b>
<i>Of which discontinued operations</i>	-	(6)
(Increase) / decrease in inventories	(28)	(39)
(Increase) / decrease in trade receivables	(374)	(385)
Increase / (decrease) in trade payables	(12)	144
Change in other receivables and payables	891	734
<i>Change in working capital from discontinued operations</i>	-	6
<b>Net cash flow from operating activities</b>	<b>313</b>	<b>247</b>
Acquisition of subsidiaries, of shares in non-controlled entities	-	(1)
Purchase of property plants, equipments and intangible assets	(389)	(337)
Loss of subsidiaries, of disposal of shares in non-controlled entities	342	-
Proceeds on disposal of property, plant and equipment and intangible assets	39	10
Dividends received	1	7
Decrease (increase) in net investments, more than 3 months	(207)	181
Net cash flow used in investing activities of discontinued operations	-	1
<b>Net cash flow used in investing activities</b>	<b>(214)</b>	<b>(139)</b>
Issuance of debt	196	308
Repayment on debt	(202)	(1,032)
Payment of debt resulting from finance lease liabilities	(265)	(150)
New loans	-	4
Repayment on loans	74	4
Net cash flow used in financing activities of discontinued operations	-	(1)
<b>Net cash flow from financing activities</b>	<b>(197)</b>	<b>(867)</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts	28	(92)
<b>Change in cash and cash equivalents and bank overdrafts</b>	<b>(70)</b>	<b>(851)</b>
Cash and cash equivalents and bank overdrafts at beginning of period	2,910	3,518
Cash and cash equivalents and bank overdrafts at end of period	2,840	2,667

## KEY FINANCIAL INDICATORS

### EBITDA and EBITDAR

<i>In million euros</i>	Q1 2015	Q1 2014
Income/(loss) from current operations	(417)	(445)
Amortization, depreciation and provisions	396	395
<b>EBITDA</b>	<b>(21)</b>	<b>(50)</b>
Aircraft operating lease costs	(250)	(217)
<b>EBITDAR</b>	<b>229</b>	<b>167</b>

### Restated net result, group share

<i>In million euros</i>	Q1 2015	Q1 2014
Net income/(loss), Group share (in €m)	(559)	(608)
Net income/(loss) from discontinued operations (in €m)	0	6
Unrealized foreign exchange gains and losses, net (in €m)	143	111
Change in fair value of financial assets and liabilities (derivatives) (in €m)	26	6
Non-current income and expenses (in €m)	(160)	0
Depreciation of shares available for sale (in €m)	12	0
De-recognition of deferred tax assets (in €m)	34	0
<b>Restated net income/(loss), group share (in €m)</b>	<b>(504)</b>	<b>(485)</b>
Restated net income/(loss) per share (in €)	(1.70)	(1.64)

### Return on capital employed (ROCE)

<i>In million euros</i>	31 Mar. 2015	31 Mar. 2014	31 Mar. 2014	31 Mar. 2013*
Goodwill and intangible assets	1,284	1,151	1,151	1,123
Flight equipment	8,532	9,338	9,338	9,819
Other property, plant and equipment	1,746	1,779	1,779	1,926
Investments in equity associates, <i>excluding Alitalia</i>	140	175	175	157
Other financial assets excluding shares available for sale, marketable securities and financial deposits	168	128	128	164
Provisions, excluding pension, cargo litigation and restructuring	(1,446)	(1,147)	(1,147)	(990)
WCR, excluding market value of derivatives	(5,481)	(5,395)	(5,395)	(5,029)
<b>Capital employed on balance sheet</b>	<b>4,943</b>	<b>6,029</b>	<b>6,029</b>	<b>7,170</b>
Capital employed related to flight equipment under operating leases (operating leases x7)		6,342		6,294
<b>Average capital employed, excluding Alitalia (A)</b>		<b>11,828</b>		<b>12,894</b>
Operating result, adjusted for operating leases		206		522
- Dividends received		(11)		(16)
- Share of profits (losses) of associates, <i>excluding Alitalia</i>		(45)		(8)
- Tax recognized in the adjusted net result		88		21
<b>Adjusted result after tax, excluding Alitalia (B)</b>		<b>238</b>		<b>519</b>
<b>ROCE, trailing 12 months (B/A)</b>		<b>2.0%</b>		<b>4.0%</b>
Adjusted result after tax, <i>excl. Alitalia</i> , excluding strike (C)		663		519
<b>ROCE excluding strike, trailing 12 months (C/A)</b>		<b>5.6%</b>		<b>4.0%</b>

\* Restated for IFRIC 21, CityJet reclassified as discontinued operation.

## Net debt

<b>Balance sheet at</b> <i>(In million euros)</i>	<b>31 March</b> <b>2015</b>	<b>31 December</b> <b>2014</b>
Current and non-current financial debt	9,832	9,879
Deposits on aircraft under finance lease	(507)	(584)
Financial assets pledged (OCEANE swap)	(393)	(196)
Currency hedge on financial debt	(46)	(21)
Accrued interest	(110)	(123)
<b>Gross financial debt (A)</b>	<b>8,776</b>	<b>8,955</b>
Cash and cash equivalents	3,085	3,159
Marketable securities	74	73
Cash pledges	409	399
Deposits (bonds)	173	166
Bank overdrafts	(245)	(249)
<b>Net cash (B)</b>	<b>3,496</b>	<b>3,548</b>
<b>Net debt (A) – (B)</b>	<b>5,280</b>	<b>5,407</b>
<b>Net debt after April 2015 hybrid bond issuance</b>	<b>4,680</b>	<b>5,407</b>

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

	<b>31 March</b> <b>2015</b>	<b>31 December</b> <b>2014</b>
Net debt (in €m)	5,280	5,407
Net debt after April 2015 hybrid bond issuance (in €m)	4,680	5,407
Aircraft operating leases x 7 (trailing 12 months, in €m)	6,342	6,111
Adjusted net debt (in €m)	11,622	11,518
<b>Adjusted net debt after hybrid bond issuance (in €m)</b>	<b>11,022</b>	<b>11,518</b>
EBITDAR (trailing 12 months, in €m)	2,524	2,462
EBITDAR excluding strike (trailing 12 months, in €m)	2,949	2,887
Adjusted net debt/EBITDAR ratio (trailing 12 months)	4.60	4.68
<b>Adjusted net debt/EBITDAR ratio, adjusted for strike impact and hybrid bond issuance (trailing 12 months)</b>	<b>3.74</b>	<b>4.00</b>

## Operating free cash flow

<i>In million euros</i>	<b>Q1 2015</b>	<b>Q1 2014</b>
Net cash flow from operating activities, continued operations	313	247
Investment in property, plant, equipment and intangible assets	(389)	(337)
Proceeds on disposal of property, plant, equipment and intangible assets	39	10
<b>Operating free cash flow</b>	<b>(37)</b>	<b>(80)</b>

## Unit cost: net cost per EASK

	Q1 2015	Q1 2014
Revenues (in €m)	5,656	5,554
Income/(loss) from current operations (in €m)	(417)	(445)
Total operating expense (in €m)	(6,073)	(5,999)
Passenger network business – other passenger revenues (in €m)	197	190
Cargo business – other air freight revenues (in €m)	37	46
Third-party revenues in the maintenance business (in €m)	380	290
Transavia - other passenger revenues (in €m)	5	5
Third-party revenues of other businesses (in €m)	84	84
<b>Net cost (in €m)</b>	<b>5,370</b>	<b>5,384</b>
Capacity produced, reported in EASK	77,232	77,164
<b>Net cost per EASK (in € cents per EASK)</b>	<b>6.95</b>	<b>6.98</b>
<i>Gross change</i>		-0.3%
Currency effect on net costs (in €m)		268
<i>Change at constant currency</i>		-5.1%
Fuel price effect (in €m)		(316)
<i>Change on a constant currency and fuel price basis</i>		+0.5%
Change in pension-related expenses (in €m)*		31
<b>Net cost per EASK on a constant currency, fuel price and pension-related expenses basis (in € cents per EASK)</b>	<b>6.95</b>	<b>6.95</b>
<i>Change on a constant currency, fuel price and pension-related expenses basis</i>		-0.0%

\* This change includes a €28m reduction of the "net periodic pension cost and a €59m increase in wages and salaries

## INDIVIDUAL AIRLINE RESULTS

### Air France

	Q1 2015	Q1 2014	Change
Revenue (€m)	3,633	3,558	+2.1%
EBITDA (€m)	18	-13	+31
Operating result (€m)	-233	-279	+46
<i>Operating margin</i>	-6.4%	-7.8%	+1.4 pt
Operating cash flow before WCR and restructuring cash out (€m)	-32	-37	+5
<i>Operating cash flow (before WCR and restructuring) margin</i>	-0.9%	-1.0%	+0.1 pt

### KLM

	Q1 2015	Q1 2014	Change
Revenue (€m)	2,105	2,079	+1.3%
EBITDA (€m)	-43	-44	+1*
Operating result (€m)	-183	-174	-9*
<i>Operating margin</i>	-8.7%	-8.4%	-0.3 pt
Operating cash flow before WCR and restructuring cash out (€m)	-77	-111	+34
<i>Operating cash flow (before WCR and restructuring) margin</i>	-3.6%	-5.3%	+1.7 pt

\* KLM EBITDA and operating result are affected by a non cash increase of 31 million euros in pension-related expenses.

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

## Restatement of income statement for capitalized costs

To improve the readability of its financial statement, the Group has decided, as from January 1, 2015, to isolate the items relating to the capitalized production on a single line of the income statement (within “other income and expenses”) while they were previously allocated per type of expenditure. The consolidated financial statements as of December 31, 2014 have been restated to ensure comparability. The impact of this reclassification on the 2014 income statement is the following:

<i>In million euros</i>	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Aircraft maintenance costs	-84	-54	-82	-153
Other external expenses	-16	4	-7	-53
Salaries and related costs	-35	-1	-19	-73
Other income and expenses	135	51	108	279
<b>Income from current operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## GROUP FLEET AT 31 MARCH 2015

Aircraft type	AF (incl. HOP)	KL (incl. KLC & Martinair)	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/14
B747-400	6	22		19	1	8	<b>28</b>	27	-1
B777-300	37	9		9	19	18	<b>46</b>	46	+1
B777-200	25	15		15	8	17	<b>40</b>	40	
A380-800	10			1	4	5	<b>10</b>	10	
A340-300	13			4	6	3	<b>13</b>	13	
A330-300		5				5	<b>5</b>	5	
A330-200	15	12		4	7	16	<b>27</b>	27	
<b>Total Long-Haul</b>	<b>106</b>	<b>63</b>	<b>0</b>	<b>52</b>	<b>45</b>	<b>72</b>	<b>169</b>	<b>168</b>	<b>0</b>
B737-900		5		1	1	3	<b>5</b>	5	
B737-800		25	38	8	9	46	<b>63</b>	62	+1
B737-700		18	9	2	9	16	<b>27</b>	27	
A321	23			5	6	12	<b>23</b>	22	-2
A320	46			8	3	35	<b>46</b>	45	
A319	40			15	10	15	<b>40</b>	38	-3
A318	18			11	7		<b>18</b>	18	
<b>Total Short and Medium-Haul</b>	<b>127</b>	<b>48</b>	<b>47</b>	<b>50</b>	<b>45</b>	<b>127</b>	<b>222</b>	<b>217</b>	<b>-4</b>
ATR72-500	10			1	3	6	<b>10</b>	10	-1
ATR42-500	13			4	4	5	<b>13</b>	13	
Canadair Jet 1000	14			14			<b>14</b>	14	+1
Canadair Jet 700	15			14	1		<b>15</b>	13	
Canadair Jet 100	10			10			<b>10</b>	4	
Embraer 190	10	28		4	13	21	<b>38</b>	38	
Embraer 170	16			8	2	6	<b>16</b>	16	
Embraer 145	19			13	6		<b>19</b>	17	+2
Embraer 135	5			5			<b>5</b>	1	
Fokker 70		20		20			<b>20</b>	19	
<b>Total Regional</b>	<b>112</b>	<b>48</b>	<b>0</b>	<b>93</b>	<b>29</b>	<b>38</b>	<b>160</b>	<b>145</b>	<b>2</b>
B747-400ERF	2	3			3	2	<b>5</b>	4	-1
B747-400BCF		3				3	<b>3</b>	1	
B777-F	2			2			<b>2</b>	2	
MD-11-CF		3		3			<b>3</b>	3	
MD-11-F		3			2	1	<b>3</b>	3	
<b>Total Cargo</b>	<b>4</b>	<b>12</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>16</b>	<b>13</b>	<b>-1</b>

<b>Total Air France-KLM</b>	<b>349</b>	<b>171</b>	<b>47</b>	<b>200</b>	<b>124</b>	<b>243</b>	<b>567</b>	<b>543</b>	<b>-3</b>
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