

**FULL YEAR 2017 RESULTS  
STRONG OPERATING RESULT AND  
SIGNIFICANT STRENGTHENING OF THE FINANCIAL STRUCTURE**

### FULL YEAR 2017

- ▶ Robust traffic statistics with 99 million passengers carried, up 5.6% compared to last year
- ▶ Operating income at 1,488 million euros, up 41.8% compared to 2016.
- ▶ Significant balance-sheet de-risking linked to the de-recognition of two pension plans, with a related non-current net expense of 1,429 million euros. Including this impact, the net result group share stands at -274 million euros.  
Excluding this non-current expense, the 2017 net result stands at +1,155 million euros, up 363 million euros compared to last year.
- ▶ Flat unit costs at constant currency, fuel and pension charges in spite of increased load factor and profit sharing effects.
- ▶ Significant strengthening in the group's financial structure with a net debt reduction of 2 billion euros resulting from strong operating free cash flow and issued capital.
- ▶ Adjusted net debt / EBITDAR ratio of 2.1x, an improvement of 0.8 points compared to 31 December 2016.

### OUTLOOK FOR FULL YEAR 2018

- ▶ First quarter 2018 unit revenue growth expected to be positive at constant currency compared to last year.
- ▶ Unit cost reduction of between -1.0% and -1.5% at constant currency, fuel and pension charges.
- ▶ Fuel bill increase of 150 million euros, based on current forward prices and hedge portfolio.
- ▶ Positive operating free cash flow (before acquisitions and disposals).

The Board of Directors of Air France-KLM, chaired by Jean-Marc Janaillac, met on 15 February 2018 to approve the accounts for the Full Year 2017.

Jean-Marc Janaillac made the following comments: “Air France-KLM closed 2017 with strong results boosted by a positive business environment. Thanks to the commitment of employees and the continuing focus on the quality of customer service, the group confirmed its leadership position in Europe in traffic terms while reporting an operating income increase of 42% and significantly improving its financial profile. These achievements went hand in hand with major strategic advances including the strengthening and broadening of our network of alliances and the successful launch of Joon. As we enter 2018, in a context of rising oil prices and even more intense competition, we will pursue the offensive, work on competitiveness and unit cost reduction, and capitalize on the realizations of 2017 in order to maintain a profitable growth momentum.”

Air France-KLM Group	Fourth Quarter		Full year	
	2017	Change	2017	Change
Passengers (thousands)	23,665	+4.7%	98,721	+5.6%
Unit revenue per ASK (€ cts)	6.51	+2.3%	6.69	+2.0%
Operating result (€m)	113	+20.2%	1,488	+41.8%
Net result – group (€m)	-977	na	-274	na
Operating free cash flow (€m)	-97	-194	696	+349
Net debt at end of period (€m)			1,657	-1,998

## Business Review

### Network: Strong results improvement for Passenger and Cargo business in 2017

Network	Fourth Quarter			Full year		
	2017	Change	Change constant currency	2017	Change	Change constant currency
Capacity (EASK m)	79,992	+2.6%		323,239	+2.4%	
Total revenues (€m)	5,485	+2.6%	+4.9%	22,480	+3.4%	+3.8%
Scheduled revenues (€m)	5,260	+3.2%	+5.5%	21,561	+3.9%	+4.3%
Unit revenue per EASK (€ cts)	6.57	+0.5%	+2.8%	6.67	+1.4%	+1.9%
Unit cost per EASK (€ cts)	6.45	-0.6%	+1.9%	6.30	-0.3%	-0.4%
Operating result (€m)	101	+55	+45	1,192	+379	+479

The combined Passenger and Cargo operating result amounted to 1,192 million euros for full year 2017, an increase of 479 million euros at constant currency. This improvement was underpinned by capacity growth, increased unit revenue and stable unit costs.

#### Passenger: Solid growth in Passenger traffic and unit revenue

Passenger network	Fourth Quarter			Full year		
	2017	Change	Change constant currency	2017	Change	Change constant currency
Passengers (thousands)	20,663	+4.5%		83,947	+4.7%	
Capacity (ASK m)	70,678	+2.6%		286,190	+2.6%	
Traffic (RPK m)	60,692	+3.9%		248,475	+4.3%	
Load factor	85.9%	+1.1 pt		86.8%	+1.4 pt	
Total passenger revenues (€m)	4,901	+2.1%	+4.3%	20,393	+3.6%	+4.0%
Scheduled passenger revenues (€m)	4,719	+2.6%	+4.8%	19,630	+4.1%	+4.5%
Unit revenue per ASK (€ cts)	6.68	+0.0%	+2.1%	6.86	+1.5%	+1.8%

The number of passengers carried in 2017 grew by 4.3% to 84 million and unit revenue increased by 1.8% at constant currency.

The Passenger business benefitted from a favourable trading environment with disciplined capacity growth and dynamic demand. Demand was particularly strong on the North American routes and on the medium-haul hub network, with traffic increases of respectively 6.1% and 7.4%. In addition, the recovery in demand on Asian and Latin America routes had a strongly positive impact on unit revenues, with increases of respectively 6.5% and 8.3% at constant currency.

The improved product offerings on board, personalization of the customer experience and numerous targeted commercial initiatives also contributed to the achievement of unit revenue growth.

In addition, significant progress was made in a number of strategic areas. Air France-KLM made important advances on further expanding its unrivaled global network. The group significantly strengthened its existing partnerships and setup new joint ventures, with China Eastern, Jet Airways and Vietnam Airlines, while the foundations are being laid for the new North Atlantic Joint Venture with Delta and Virgin Atlantic.

In December 2017, as planned, Air France successfully launched its new airline Joon.

## Cargo: turnaround confirmation in second half of 2017

Cargo business	Fourth Quarter			Full year		
	2017	Change	Change constant currency	2017	Change	Change constant currency
Tons (thousands)	301	+2.7%		1,138	+0.7%	
Capacity (ATK m)	3,607	+3.3%		14,352	+0.9%	
Traffic (RTK m)	2,280	+3.3%		8,595	+1.8%	
Load factor	63.2%	-0.0 pt		59.9%	+0.6 pt	
Total Cargo revenues (€m)	583	+6.8%	+10.9%	2,087	+0.9%	+2.0%
Scheduled cargo revenues (€m)	541	+8.2%	+12.3%	1,931	+1.4%	+2.4%
Unit revenue per ATK (€ cts)	15.01	+4.7%	+8.6%	13.45	+0.5%	+1.6%

The Cargo business confirmed its turnaround in the second half of 2017. Traffic grew by 1.8% in full year 2017 and successive quarters showed higher year over year increases in unit revenue, contributing to a full year unit revenue increase of 1.6% at constant currency.

The improvement in the Cargo business was driven by solid demand growth to/from Asia as of the beginning of 2017 and from Latin America in the second half of the year, enabling optimized revenue management steering.

The Full Freighter activity significantly improved in 2017 compared to last year, contributing to the overall Cargo performance.

## Transavia: clearly positive operating result in 2017

Transavia	Fourth Quarter		Full year	
	2017	Change	2017	Change
Passengers (thousands)	3,002	+5.7%	14,774	+11.3%
Capacity (ASK m)	5,959	+5.6%	28,456	+10.5%
Traffic (RPK m)	5,391	+8.7%	25,793	+12.2%
Load factor	90.5%	+2.6 pt	90.6%	+1.4 pt
Total passenger revenues (€m)	276	+12.7%	1,436	+17.9%
Unit revenue per ASK (€ cts)	4.55	+6.7%	5.00	+6.8%
Unit cost per ASK (€ cts)	5.22	+14.1%	4.72	+0.8%
Operating result (€m)	-40	-23	81	+81

Transavia carried 14.8 million passengers in 2017, an increase of 11.3% compared to last year. Capacity in France was up 12.1%, while capacity in the Netherlands was up 9.6%. Transavia maintained its traffic growth of 12.2% and a strong unit revenue rise of 6.8%, underpinned by improved commercial positioning and network rationalization.

In full year 2017, the operating result increased to 81 million euros with a margin of 5.6%, versus break-even in 2016.

## Maintenance: margin remaining at a solid level and future order book increase ahead of target

Maintenance	Fourth Quarter			Full year		
	2017	Change	Change constant currency	2017	Change	Change constant currency
Total revenues (€m)	1,086	-3.9%		4,177	-0.1%	
Third party revenues (€m)	461	-5.1%	+2.5%	1,823	-0.6%	+1.1%
Operating result (€m)	51	-15	-10	215	-23	-23
Operating margin (%)	4.7%	-1.1 pt	-1.0 pt	5.1%	-0.5 pt	-0.6 pt

The Maintenance business had flat revenues in 2017 compared to last year, with third-party revenues increasing by 1.1% at constant currency. The operating margin expressed as a percentage of total revenues stood at a healthy 5.1%. Its small decrease of 0.6 points at constant currency was driven firstly by margin pressure in the Components activity due to a tougher competitive landscape, including competition from OEMs, and secondly by manufacturer supply chain pressure and procurement price escalation in the Engine business. On the other hand the Airframe activity delivered an improved performance compared to last year.

The Maintenance order book further increased to a record high of 10.4 billion dollars at end 2017, an increase of 16.9%, well ahead of the 2017 target of 10% growth. Both Engine and Component orders contributed to the increase in the order book. In the fourth quarter of 2017, several large new CFM56 engine deals and various "Next Gen" components contracts were signed.

## Air France-KLM Group: Improved operating result driven by solid unit revenue performance

	Fourth Quarter			Full year		
	2017	Change	Change constant currency	2017	Change	Change constant currency
Capacity (EASK m)	85,951	+2.8%		351,695	+3.0%	
Capacity excl. Cargo (ASK m)	76,637	+2.8%		314,646	+3.3%	
Revenues (€m)	6,235	+2.4%	+5.1%	25,784	+3.8%	+4.3%
EBITDAR (€m)	855	+0.9%	+5.3%	4,352	+14.9%	+19.7%
EBITDA (€m)	594	+4.0%	+7.1%	3,264	+20.3%	+26.8%
Operating result (€m)	113	+20.2%	+13.3%	1,488	+41.8%	+60.1%
Operating margin (%)	1.8%	+0.3 pt	+0.1 pt	5.8%	+1.5 pt	+2.0 pt
Lease adjusted operating result ((€m)	200	+7.5%	+1.1%	1,851	+31.6%	+43.4%
Lease adjusted operating margin (%)	3.2%	+0.2 pt	-0.1 pt	7.2%	+1.5 pt	+2.0 pt
Net result, group share (€m)	-977	-1,339		-274	-1,066	

In 2017, the Air France-KLM Group realized an operating result of 1,488 million euros, up by 439 million euros or +41.8% compared to last year. This increase was mainly driven by the rise in unit revenues, accounting for 447 million euros. The other elements contributing to the result compared to last year were: a capacity growth effect of 28 million euros, a unit cost effect of -20 million euros, a currency effect of -119 million euros and a fuel price effect of +101 million euros.

The operating margin was 5.8% in 2017. Adjusted for the interest portion of operating leases, the operating margin<sup>1</sup> was 7.2%, an improvement of 1.5 points compared to last year.

The Air France-KLM Group net result amounted to -274 million euros for full year 2017. The net result was impacted by a non-current expense linked to the de-recognition of pension assets in the Group's balance sheet, resulting from the de-risking of the KLM pilot and cabin pension plans. Excluding the

<sup>1</sup> Operating result adjusted for the interest portion (1/3) of the operating leases

pension-related non-current expense effect, the net result was +1,155 million euros, an improvement of 363 million euros compared to last year.

### Flat unit cost in spite of increased profit sharing and load factor effects

The unit cost was broadly flat at +0.1% in 2017, on a constant currency, fuel price and pension-related expense basis. The structural unit cost reductions were impacted by profit sharing and by higher flight variable costs related to the increasing load factor. The unit cost reduction stood at -1.0%, excluding the effects of load factor and profit sharing, at constant currency, fuel price and pension expense in 2017.

### Employees delivering productivity and sharing the benefits

Productivity, measured in EASK per FTE, increased by 3.5% while capacity increased by 3.0%. The average number of staff decreased by 400 FTEs including +100 FTEs in Pilots and +550 FTEs in Cabin crew relating to the capacity increase. Ground staff were reduced by 1,050 FTEs. Net employee costs were stable before profit sharing, the latter increasing by 176 million euros compared to last year.

### 2017 fuel bill down 90 million euros

The 2017 fuel bill amounted to 4,507 million euros, down 90 million euros compared to last year.

### Significant strengthening in the financial structure

In € million	Fourth Quarter		Full year	
	2017	Change	2017	Change
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations (€m)	355	-142	2,769	+402
Cash out related to Voluntary Departure Plans (€m)	-41	-21	-141	+87
Change in Working Capital Requirement (WCR) (€m)	97	+75	270	+203
<b>Net cash flow from operating activities (€m)</b>	<b>411</b>	<b>-88</b>	<b>2,898</b>	<b>+692</b>
Net investments before sale & lease-back* (€m)	-508	-106	-2,202	-343
<b>Operating free cash flow (€m)</b>	<b>-97</b>	<b>-194</b>	<b>696</b>	<b>+349</b>

\* 'Net investments before sale & lease-back' is defined as the sum of 'Purchase of property, plant and equipment and intangible assets' and 'Proceeds on disposal of property, plant and equipment and intangible assets' as presented in the consolidated cash flow statement

### Strong operating free cash flow

Operating free cash flow stood at 696 million euros, significantly higher than last year's 347 million euros. Net investments amounted to 2.2 billion euros, an increase of 343 million euros compared to last year.

### Net debt reduction of 2 billion euros from operating free cash flow and capital increases

	31 Dec 2017	31 Dec 2016
Net debt (in €m)	1,657	3,655
Aircraft operating leases x 7 (in €m)	7,616	7,511
<b>Adjusted net debt (in €m)</b>	<b>9,273</b>	<b>11,166</b>
EBITDAR (in €m)	4,352	3,787
<b>Adjusted net debt/EBITDAR ratio</b>	<b>2.1 x</b>	<b>2.9 x</b>

At 31 December 2017, net debt had been further reduced to 1,657 million euros versus 3,655 million euros at 31 December 2016, an improvement of 1,998 million euros from operating free cash flow and issued capital. The Group completed capital increases totalling 751 million euros reserved to China Eastern Airlines and Delta Air Lines, and redeemed the OCEANE 2023 in new shares in the value of 523 million euros.

2017 was the sixth year of improvement in the adjusted net debt<sup>2</sup> / EBITDAR ratio, which decreased from 2.9x at 31 December 2016 to 2.1x at 31 December 2017, well below the mid cycle target of 2.5x by the end of 2020.

As of 1 January 2018, the Air France-KLM Group will implement the international accounting standards IFRS 9, IFRS 15 and IFRS 16.

<sup>2</sup> Adjusted Net Debt= Net Debt + 7x Yearly Operating lease costs

With IFRS 16, all lease contracts will be recognized on the balance sheet. The net debt on the opening balance sheet as of 1 January 2017 will be between 8.8 billion and 9.2 billion euros<sup>3</sup>. This compares with an adjusted Net Debt<sup>2</sup> of 11.2 billion euros as reported on 31 December 2016, which is a reduction of between 2.0 billion and 2.4 billion euros.

As of 31 December 2017, there will be a net equity impact which is estimated between -0.3 billion and -0.6 billion euros. From 2018 onwards, the volatility in the foreign exchange result originating from the revaluation of the USD lease debt will be limited as the Group intends to use the USD lease debt as a natural hedge for the USD revenues.

IFRS 9 Financial Instruments is expected to have a minor impact on operating Income with reduced volatility in the financial result.

IFRS 15 Revenue recognition is expected to have a timing effect on the airline revenues that will be year-over-year neutral in the P&L. In addition, there will be a timing effect for maintenance revenues as the revenue recognition on flight-hour-based contracts will be done on an expense-incurred basis.

### Contribution by airline to the Group's results

	Fourth Quarter		Full year	
	2017	Change	2017	Change
Air France Group (€m)	43	-3	588	+216
<i>Operating margin (%)</i>	1.2%	-0.0 pt	3.7%	+1.3 pt
KLM Group (€m)	70	+18	910	+229
<i>Operating margin (%)</i>	2.8%	+0.6 pt	8.8%	+1.9 pt

<sup>3</sup> Including between 5.1 and 5.5 billion euros lease related portion of debt

## Outlook

The global context remains uncertain given the current geopolitical environment and fuel price trends

In 2018, to capture the market growth, the Air France-KLM group plans to increase capacity by between 3% and 4% in available seat kilometres for the Passenger Network and by between 6 and 7% for Transavia.

The first data for the Passenger network show a continued positive trend in demand for early 2018: the current long haul forward bookings for the coming three months are ahead of last year's levels with a strong March 2018 due to the Easter shift.

Passenger Network unit revenue is expected to be positive in first quarter 2018 at constant currency compared to last year.

The Group is pursuing its initiatives to reduce unit costs with a targeted reduction of between 1.0% to 1.5% at constant currency, fuel price and pension charges for 2018. The unit cost reductions will be achieved through further increases in productivity, higher fleet utilisation and efficiency, the lower cost base of the new airline Joon and the focus on operational performance.

The full year 2018 fuel bill is expected to increase by 150 million euros compared to 2017 to 4.7 billion euros<sup>4</sup>, based on the forward curve of 9 February 2018.

The Group is targeting positive free cash flow (before acquisitions and disposals) for full year 2018. The investment plan will be managed in the long-term target range of 2.0 billion to 2.5 billion euros.

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The audit procedures for the consolidated accounts have taken place. The certification report will be published following the completion of the procedures necessary for the filing of the Registration Document.

The results presentation is available at [www.airfranceklm.com](http://www.airfranceklm.com) on 16 February 2018 from 7:15 am CET.

An Analysts' Meeting hosted by Mr Janailac (CEO) and Mr Gagey (CFO) will be held on 16<sup>th</sup> of February 2018 at 08.30 CET at the Pullman Paris Tour Eiffel hotel, 18, avenue de Suffren (75015 Paris).

A live webcast of the Analysts' Meeting will also be available on the website (password AFKL).

To connect to the conference call, please dial:

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### Investor Relations

**Marie-Agnès de Peslouan**

+33 1 49 89 52 59

[madedepeslouan@airfranceklm.com](mailto:madedepeslouan@airfranceklm.com)

**Wouter van Beek**

+33 1 49 89 52 60

[Wouter-van.Beek@airfranceklm.com](mailto:Wouter-van.Beek@airfranceklm.com)

### Press

+33 1 41 56 56 00

<sup>4</sup> Based on the forward curves of 9 February 2018, 2018 average Brent price of USD 62, average jet fuel price of USD 604 per ton. Assuming exchange rate of EUR/USD of 1.22 in 2018

## Income Statement

<i>In millions euros</i>	Fourth Quarter			Full year		
	2017	2016	Change	2017	2016	Change
<b>Sales</b>	<b>6,233</b>	<b>6,086</b>	<b>+2.4%</b>	<b>25,781</b>	<b>24,844</b>	<b>+3.8%</b>
Other revenues	2	1	+100.0%	3	2	+50.0%
<b>Revenues</b>	<b>6,235</b>	<b>6,087</b>	<b>+2.4%</b>	<b>25,784</b>	<b>24,846</b>	<b>+3.8%</b>
Aircraft fuel	-1,079	-1,090	-1.0%	-4,507	-4,597	-2.0%
Chartering costs	-97	-100	-3.0%	-403	-424	-5.0%
Landing fees and en route charges	-460	-463	-0.6%	-1,905	-1,900	+0.3%
Catering	-182	-109	+67.0%	-784	-445	+76.2%
Handling charges and other operating costs	-440	-369	+19.2%	-1,753	-1,565	+12.0%
Aircraft maintenance costs	-582	-622	-6.4%	-2,424	-2,469	-1.8%
Commercial and distribution costs	-234	-215	+8.8%	-935	-905	+3.3%
Other external expenses	-413	-498	-17.1%	-1,574	-1,958	-19.6%
Salaries and related costs	-1,969	-1,931	+2.0%	-7,624	-7,474	+2.0%
Taxes other than income taxes	-36	-39	-7.7%	-158	-164	-3.7%
Other income and expenses	112	195	-42.6%	635	842	-24.6%
<b>EBITDAR</b>	<b>855</b>	<b>846</b>	<b>+1.1%</b>	<b>4,352</b>	<b>3,787</b>	<b>+14.9%</b>
Aircraft operating lease costs	-261	-276	-5.4%	-1,088	-1,073	+1.4%
<b>EBITDA</b>	<b>594</b>	<b>571</b>	<b>+4.0%</b>	<b>3,264</b>	<b>2,714</b>	<b>+20.3%</b>
Amortization, depreciation and provisions	-481	-476	+1.1%	-1,776	-1,665	+6.7%
<b>Income from current operations</b>	<b>113</b>	<b>94</b>	<b>+20.2%</b>	<b>1,488</b>	<b>1,049</b>	<b>+41.8%</b>
Sales of aircraft equipment	-1	5	na	18	21	-14.3%
Other non-current income and expenses	-1,599	153	na	-1,925	46	na
<b>Income from operating activities</b>	<b>-1,487</b>	<b>252</b>	<b>na</b>	<b>-419</b>	<b>1,116</b>	<b>na</b>
Cost of financial debt	-51	-72	-29.2%	-249	-309	-19.4%
Income from cash and cash equivalent	8	10	-20.0%	35	49	-28.6%
<b>Net cost of financial debt</b>	<b>-43</b>	<b>-62</b>	<b>-30.6%</b>	<b>-214</b>	<b>-260</b>	<b>-17.7%</b>
Other financial income and expenses	34	45	-24.4%	116	-33	na
<b>Income before tax</b>	<b>-1,496</b>	<b>235</b>	<b>na</b>	<b>-517</b>	<b>823</b>	<b>na</b>
Income taxes	511	-128	na	229	-294	na
<b>Net income of consolidated companies</b>	<b>-985</b>	<b>107</b>	<b>na</b>	<b>-288</b>	<b>529</b>	<b>na</b>
Share of profits (losses) of associates	5	-10	na	21	-7	na
<b>Income from continuing operations</b>	<b>-980</b>	<b>97</b>	<b>na</b>	<b>-267</b>	<b>522</b>	<b>na</b>
Net income from discontinued operations	0	256	na	-8	270	na
<b>Net income for the period</b>	<b>-980</b>	<b>353</b>	<b>na</b>	<b>-275</b>	<b>792</b>	<b>na</b>
Minority interest	3	9	-66.7%	1	0	na
<b>Net income for the period - Group</b>	<b>-977</b>	<b>362</b>	<b>na</b>	<b>-274</b>	<b>792</b>	<b>na</b>



## Consolidated Balance Sheet

<b>Assets</b>		<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
<i>In million euros</i>			
Goodwill		216	218
Intangible assets		1,122	1,066
Flight equipment		9,921	9,119
Other property, plant and equipment		1,492	1,480
Investments in equity associates		301	292
Pension assets		590	1,462
Other financial assets		1,242	1,064
Deferred tax assets		234	176
Other non-current assets		239	448
<b>Total non-current assets</b>		<b>15,357</b>	<b>15,325</b>
Assets held for sale		0	0
Other short-term financial assets		421	130
Inventories		557	566
Trade receivables		2,136	1,868
Other current assets		1,264	1,105
Cash and cash equivalents		4,673	3,938
<b>Total current assets</b>		<b>9,051</b>	<b>7,607</b>
<b>Total assets</b>		<b>24,408</b>	<b>22,932</b>

<b>Liabilities and equity</b>		<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
<i>In million euros</i>			
Issued capital		429	300
Additional paid-in capital		4,139	2,971
Treasury shares		-67	-67
Perpetual		600	600
Reserves and retained earnings		-2,099	-2,520
<b>Equity attributable to equity holders of Air France-KLM</b>		<b>3,002</b>	<b>1,284</b>
Non-controlling interests		13	12
<b>Total Equity</b>		<b>3,015</b>	<b>1,296</b>
Pension provisions		2,202	2,119
Other provisions		1,710	1,673
Long-term debt		6,064	7,431
Deferred tax liabilities		11	-12
Other non-current liabilities		361	284
<b>Total non-current liabilities</b>		<b>10,348</b>	<b>11,495</b>
Provisions		488	654
Current portion of long-term debt		1,378	1,021
Trade payables		2,365	2,359
Deferred revenue on ticket sales		2,889	2,517
Frequent flyer programs		819	810
Other current liabilities		3,100	2,775
Bank overdrafts		6	5
<b>Total current liabilities</b>		<b>11,045</b>	<b>10,141</b>
<b>Total equity and liabilities</b>		<b>24,408</b>	<b>22,932</b>

## Consolidated Statement of Cash Flows from 1<sup>st</sup> January till 31<sup>st</sup> December 2017

<i>In € millions</i>	31 Dec 2017	31 Dec 2016
Net income from continuing operations	-267	522
Net income from discontinued operations	-8	270
Amortization, depreciation and operating provisions	1,776	1,665
Financial provisions	54	5
Loss (gain) on disposals of tangible and intangible assets	-34	-86
Loss (gain) on disposals of subsidiaries and associates	-31	-312
Derivatives – non monetary result	26	-179
Unrealized foreign exchange gains and losses, net	-200	89
Impairment	0	2
Other non-monetary items	1,594	-64
Share of (profits) losses of associates	-21	6
Deferred taxes	-261	264
<b>Financial Capacity</b>	<b>2,628</b>	<b>2,182</b>
<i>Of which discontinued operations</i>	<i>0</i>	<i>43</i>
(Increase) / decrease in inventories	5	-61
(Increase) / decrease in trade receivables	-329	-104
Increase / (decrease) in trade payables	68	23
Change in other receivables and payables	526	209
<b>Change in working capital requirements</b>	<b>270</b>	<b>67</b>
<i>Change in working capital from discontinued operations</i>	<i>0</i>	<i>-10</i>
<b>Net cash flow from operating activities</b>	<b>2,898</b>	<b>2,239</b>
Purchase of property, plant and equipment and intangible assets	-2,312	-2,072
Proceeds on disposal of property, plant and equipment and intangible assets	110	213
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	8	364
Acquisition of subsidiaries, of shares in non-controlled entities	-9	-18
Dividends received	9	7
Decrease (increase) in net investments, more than 3 months	-262	791
<i>Net cash flow used in investing activities of discontinued operations</i>	<i>0</i>	<i>-12</i>
<b>Net cash flow used in investing activities</b>	<b>-2,456</b>	<b>-727</b>
Increase of capital	747	0
Sale of minority interest without change in control	0	15
Issuance of debt	742	1,331
Repayment on debt	-332	-1,430
Payment of debt resulting from finance lease liabilities	-711	-481
Decrease (increase) in loans, net	-83	-86
Dividends and coupons on perpetual paid	-38	-38
<i>Net cash flow used in financing activities of discontinued operations</i>	<i>0</i>	<i>22</i>
<b>Net cash flow from financing activities</b>	<b>325</b>	<b>-667</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts	-33	-13
<i>Effect of exch. rate on cash and cash eq. and bank overdrafts of disc. ops.</i>	<i>0</i>	<i>0</i>
<b>Change in cash and cash equivalents and bank overdrafts</b>	<b>734</b>	<b>832</b>
Cash and cash equivalents and bank overdrafts at beginning of period	3,933	3,101
Cash and cash equivalents and bank overdrafts at end of period	4,667	3,933
<i>Change in treasury of discontinued operations</i>		<i>0</i>

## Key Performance Indicators

### EBITDA and EBITDAR

<i>In millions euros</i>	Fourth Quarter		Full year	
	2017	2016	2017	2016
Income/(loss) from current operations	113	94	1,488	1,049
Amortization, depreciation and provisions	481	476	1,776	1,665
<b>EBITDA</b>	<b>594</b>	<b>571</b>	<b>3,264</b>	<b>2,714</b>
Aircraft operating lease costs	261	276	1,088	1,073
<b>EBITDAR</b>	<b>855</b>	<b>846</b>	<b>4,352</b>	<b>3,787</b>

### Restated net result, group share

<i>In million euros</i>	Fourth Quarter		Full year	
	2017	2016	2017	2016
Net income/(loss), Group share	-977	362	-274	792
Net income/(loss) from discontinued operations	0	-256	8	-270
Unrealized foreign exchange gains and losses, net	-32	-32	-200	89
Change in fair value of financial assets and liabilities (derivatives)	-13	-48	-27	-179
Non-current income and expenses	1,600	-158	1,907	-67
Depreciation of shares available for sale	0	0	0	0
De-recognition of deferred tax assets	-555	44	-629	44
<b>Restated net income/(loss), group share</b>	<b>23</b>	<b>-88</b>	<b>785</b>	<b>409</b>
Coupons on perpetual	-6	-6	-25	-25
<b>Restated net income/(loss), group share including coupons on perpetual (used to calculate earnings per share)</b>	<b>17</b>	<b>-94</b>	<b>760</b>	<b>384</b>
Restated net income/(loss) per share (in €)	0.05	-0.32	2.05	1.30

### Return on capital employed (ROCE)

<i>In million euros</i>	31 Dec 2017	31 Dec 2016	31 Dec 2016	31 Dec 2015*
Goodwill and intangible assets	1,338	1,284	1,284	1,265
Flight equipment	9,921	9,119	9,119	8,743
Other property, plant and equipment	1,492	1,480	1,480	1,670
Investments in equity associates	301	292	292	118
Financial assets excluding shares available for sale, marketable securities and financial deposits	200	224	224	225
Provisions, excluding pension, cargo litigation and restructuring	-1,693	-1,706	-1,706	-1,558
WCR, excluding market value of derivatives	-5,634	-5,317	-5,317	-5,125
<b>Capital employed before operating leases</b>	<b>5,925</b>	<b>5,376</b>	<b>5,376</b>	<b>5,338</b>
Operating leases x7	7,616		7,511	
<b>Average capital employed (A)</b>	<b>13,267</b>		<b>12,868</b>	
Adjusted results from current operations	1,858		1,414	
- Dividends received	-3		-2	
- Share of profits (losses) of associates	20		-7	
- Tax recognized in the adjusted net result	-399		-250	
<b>Adjusted result from current operations after tax (B)</b>	<b>1,476</b>		<b>1,155</b>	
<b>ROCE, trailing 12 months (B/A)</b>	<b>11.1%</b>		<b>9.0%</b>	

\* Reclassification of Servair as a discontinued operation

## Net debt

<i>In million euros</i>	Balance sheet at	
	31 Dec 2017	31 Dec 2016
Current and non-current financial debt	7,442	8,452
Deposits on aircraft under finance lease	-342	-336
Financial assets pledged (OCEANE swap)	0	0
Currency hedge on financial debt	19	-49
Accrued interest	-76	-89
<b>Gross financial debt (A)</b>	<b>7,043</b>	<b>7,978</b>
Cash and cash equivalents	4,673	3,938
Marketable securities	73	53
Cash pledges	269	50
Deposits (bonds)	379	298
Bank overdrafts	-6	-5
Other	-2	-11
<b>Net cash (B)</b>	<b>5,386</b>	<b>4,323</b>
<b>Net debt (A) – (B)</b>	<b>1,657</b>	<b>3,655</b>

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

<i>Trailing 12 months</i>	31 Dec 2017	31 Dec 2016
Net debt (in €m)	1,657	3,655
Aircraft operating leases x 7 (in €m)	7,616	7,511
<b>Adjusted net debt (in €m)</b>	<b>9,273</b>	<b>11,166</b>
EBITDAR (in €m)	4,352	3,787
<b>Adjusted net debt/EBITDAR ratio</b>	<b>2.1 x</b>	<b>2.9 x</b>

## Operating free cash flow

<i>In million euros</i>	Fourth Quarter		Full year	
	2017	2016	2017	2016
Net cash flow from operating activities, continued operations	411	499	2,898	2,206
Investment in property, plant, equipment and intangible assets	-543	-477	-2,312	-2,072
Proceeds on disposal of property, plant, equipment and intangible assets	35	75	110	213
<b>Operating free cash flow</b>	<b>-97</b>	<b>97</b>	<b>696</b>	<b>347</b>

## Lease adjusted operating result

<i>In million euros</i>	Fourth Quarter		Full year	
	2017	2016	2017	2016
Operating result	113	94	1,488	1,049
Aircraft operating leases x 1/3	87	92	363	358
<b>Lease adjusted operating result</b>	<b>200</b>	<b>186</b>	<b>1,851</b>	<b>1,407</b>
Lease adjusted operating margin	3.2%	3.1%	7.2%	5.7%

## Unit cost: net cost per EASK

	Fourth Quarter		Full year	
	2017	2016	2017	2016
Revenues (in €m)	6,235	6,087	25,784	24,846
Income/(loss) from current operations (in €m)	-113	-94	-1,488	-1,049
Total operating expense (in €m)	6,122	5,993	24,296	23,797
Passenger network business – other revenues (in €m)	-182	-200	-763	-833
Cargo business – other revenues (in €m)	-43	-46	-156	-165
Third-party revenues in the maintenance business (in €m)	-461	-486	-1,823	-1,834
Transavia - other revenues (in €m)	-5	-4	-14	-12
Third-party revenues of other businesses (in €m)	-11	-10	-42	-41
<b>Net cost (in €m)</b>	<b>5,420</b>	<b>5,247</b>	<b>21,498</b>	<b>20,912</b>
Capacity produced, reported in EASK*	85,951	83,575	351,695	341,334
<b>Net cost per EASK (in € cents per EASK)</b>	<b>6.30</b>	<b>6.28</b>	<b>6.11</b>	<b>6.13</b>
<i>Gross change</i>		0.4%		-0.2%
Currency effect on net costs (in €m)		-119		33
<i>Change at constant currency</i>		2.7%		-0.4%
Fuel price effect (in €m)		53		-101
<i>Change on a constant currency and fuel price basis</i>		1.7%		0.1%
Change in pension-related expenses (in €m)		5		-2
<b>Net cost per EASK on a constant currency, fuel price and pension-related expenses basis (in € cents per EASK)</b>	<b>6.30</b>	<b>6.19</b>	<b>6.11</b>	<b>6.10</b>
<b><i>Change on a constant currency, fuel price and pension-related expenses basis</i></b>		<b>+1.7%</b>		<b>+0.1%</b>

\* The capacity produced by the transportation activities is combined by adding the capacity of the Passenger network (in ASK) to that of Transavia (in ASK) and the Cargo business (in ATK) converted into EASK based on a separate fixed factor for Air France and for KLM..

## Individual airline results

### Air France

	Fourth Quarter		Full year	
	2017	Change	2017	Change
Revenue (in €m)	3,839	+0.1%	15,828	+2.7%
EBITDA (in €m)	366	-27	1,761	+247
Operating result (en m€)	43	-3	588	+216
<i>Operating margin (%)</i>	1.1%	-0.1 pt	3.7%	+1.3 pt
Operating cash flow before WCR and restructuring cash out (in €m)	264	-142	1,535	+94
<i>Operating cash flow (before WCR and restructuring) margin</i>	6.9%	-3.7 pt	9.7%	+0.3 pt

### KLM

	Fourth Quarter		Full year	
	2017	Change	2017	Change
Revenue (in €m)	2,509	+5.9%	10,340	+5.5%
EBITDA (in €m)	227	+50	1,496	+307
Operating result (en m€)	70	+18	910	+229
<i>Operating margin (%)</i>	2.8%	+0.6 pt	8.8%	+1.9 pt
Operating cash flow before WCR and restructuring cash out (in €m)	78	-88	1,251	+197
<i>Operating cash flow (before WCR and restructuring) margin</i>	3.1%	-3.9 pt	12.1%	+1.3 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 31<sup>st</sup> of December 2017

Aircraft type	AF (incl. HOP)	KL (incl. KLC & MP)	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/16
B747-400		14		14			14	13	-4
B777-300	43	14		10	25	22	57	57	2
B777-200	25	15		19	10	11	40	40	
B787-9	5	10		1	2	12	15	15	7
A380-800	10			1	4	5	10	10	
A340-300	9			9			9	7	-3
A330-300		5				5	5	5	
A330-200	15	8		10	1	12	23	23	
<b>Total Long-Haul</b>	<b>107</b>	<b>66</b>	<b>0</b>	<b>64</b>	<b>42</b>	<b>67</b>	<b>173</b>	<b>170</b>	<b>2</b>
B737-900		5		1	1	3	5	5	
B737-800		27	60	20	9	58	87	87	7
B737-700		18	8	3	8	15	26	26	
A321	20			11		9	20	20	
A320	42			3	4	35	42	42	1
A319	38			20	5	13	38	38	
A318	18			12	6		18	18	
<b>Total Medium-Haul</b>	<b>118</b>	<b>50</b>	<b>68</b>	<b>70</b>	<b>33</b>	<b>133</b>	<b>236</b>	<b>236</b>	<b>8</b>
ATR72-600						6	6	6	1
ATR72-500	3			1	1	1	3	3	-2
ATR42-500	11			6	1	4	11	11	-1
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	11			11			11	11	
Embraer 190	10	30		6	13	21	40	40	
Embraer 175		12		1	11		12	12	8
Embraer 170	15			8	2	5	15	15	
Embraer 145	18			14	4		18	13	-2
Fokker 70									-11
<b>Total Regional</b>	<b>88</b>	<b>42</b>	<b>0</b>	<b>61</b>	<b>32</b>	<b>37</b>	<b>130</b>	<b>125</b>	<b>-7</b>
B747-400ERF		3		3			3	3	
B747-400BCF		1		1			1	1	
B777-F	2			2			2	2	
<b>Total Cargo</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>Total</b>	<b>315</b>	<b>162</b>	<b>68</b>	<b>201</b>	<b>107</b>	<b>237</b>	<b>545</b>	<b>537</b>	<b>3</b>