

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS**

Prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Commission for use in the European Union

**January 1, 2017 – March 31, 2017**

# Air France-KLM Group

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# Air France-KLM Group

## CONSOLIDATED INCOME STATEMENT

<i>In € millions</i>			
<b>Period from January 1 to March 31</b>	<i>Notes</i>	<b>2017</b>	<b>2016</b>
<b>Sales</b>	<b>5</b>	<b>5,709</b>	<b>5,605</b>
<b>Revenues</b>		<b>5,709</b>	<b>5,605</b>
External expenses	<b>6</b>	(3,508)	(3,448)
Salaries and related costs	<b>7</b>	(1,812)	(1,844)
Taxes other than income taxes		(45)	(49)
Other income and expenses	<b>8</b>	210	267
<b>EBITDAR (**)</b>		<b>554</b>	<b>531</b>
Aircraft operating lease costs		(285)	(265)
<b>EBITDA (**)</b>		<b>269</b>	<b>266</b>
Amortization, depreciation and provisions		(412)	(365)
<b>Income from current operations</b>		<b>(143)</b>	<b>(99)</b>
Sales of aircraft equipment		9	8
Other non-current income and expenses	<b>9</b>	(8)	(125)
<b>Income from operating activities</b>		<b>(142)</b>	<b>(216)</b>
Cost of financial debt		(65)	(84)
Income from cash and cash equivalents		9	14
<b>Net cost of financial debt</b>		<b>(56)</b>	<b>(70)</b>
Other financial income and expenses	<b>10</b>	(31)	82
<b>Income before tax</b>		<b>(229)</b>	<b>(204)</b>
Income taxes		9	54
<b>Net income of consolidated companies</b>		<b>(220)</b>	<b>(150)</b>
Share of profits (losses) of associates		4	(1)
<b>Net income from continuing operations</b>		<b>(216)</b>	<b>(151)</b>
Net income from discontinued operations		-	(1)
<b>Net income for the period</b>		<b>(216)</b>	<b>(152)</b>
<i>Non-controlling interests</i>		-	3
<i>Net income - Group part</i>		<i>(216)</i>	<i>(155)</i>
Earnings per share – Equity holders of Air France-KLM (in euros)			
- basic		(0.74)	(0.54)
- diluted		(0.74)	(0.54)
Net income from continuing operations - Equity holders of Air France-KLM (in euros)			
- basic		(0.74)	(0.54)
- diluted		(0.74)	(0.54)

The accompanying notes are an integral part of these consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

<i>In € millions</i>		
Period from January 1 to March 31	2017	2016
<b>Net income for the period</b>	<b>(216)</b>	<b>(152)</b>
<b>Fair value adjustment on available-for-sale securities</b>		
Change in fair value recognized directly in other comprehensive income	9	(100)
<b>Cash flow hedges</b>		
Effective portion of changes in fair value hedge recognized directly in other comprehensive income	(199)	15
Change in fair value transferred to profit or loss	18	316
<b>Currency translation adjustment</b>	<b>1</b>	<b>1</b>
<b>Deferred tax on items of comprehensive income that will be reclassified to profit or loss</b>	<b>56</b>	<b>(76)</b>
<b><i>Total of other comprehensive income that will be reclassified to profit or loss</i></b>	<b><i>(115)</i></b>	<b><i>156</i></b>
<b>Remeasurements of defined benefit pension plans</b>	<b>1,075</b>	<b>(1,016)</b>
<b>Deferred tax on items of comprehensive income that will not be reclassified to profit or loss</b>	<b>(262)</b>	<b>230</b>
<b><i>Total of other comprehensive income that will not be reclassified to profit or loss</i></b>	<b><i>813</i></b>	<b><i>(786)</i></b>
<b>Total of other comprehensive income, after tax</b>	<b>698</b>	<b>(630)</b>
<b>Recognized income and expenses</b>	<b>482</b>	<b>(782)</b>
- Equity holders of Air France-KLM	479	(780)
- Non-controlling interests	3	(2)

The accompanying notes are an integral part of these consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED BALANCE SHEET

<b>Assets</b>		<b>March 31,</b>	<b>December 31,</b>
<i>In € millions</i>	<i>Notes</i>	<b>2017</b>	<b>2016</b>
Goodwill		218	218
Intangible assets		1,102	1,066
Flight equipment		9,281	9,119
Other property, plant and equipment		1,461	1,480
Investments in equity associates		295	292
Pension assets	<b>11</b>	2,441	1,462
Other financial assets		1,043	1,064
Deferred tax assets		229	176
Other non-current assets		319	448
<b>Total non-current assets</b>		<b>16,389</b>	<b>15,325</b>
Other short-term financial assets		184	130
Inventories		677	566
Trade receivables		2,110	1,868
Other current assets		1,107	1,105
Cash and cash equivalents	<b>12</b>	4,069	3,938
<b>Total current assets</b>		<b>8,147</b>	<b>7,607</b>
<b>Total assets</b>		<b>24,536</b>	<b>22,932</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED BALANCE SHEET (continued)

Liabilities and equity <i>In € millions</i>	<i>Notes</i>	March 31, 2017	December 31, 2016
Issued capital		300	300
Additional paid-in capital		2,971	2,971
Treasury shares		(67)	(67)
Perpetual		600	600
Reserves and retained earnings		(2,042)	(2,520)
<b>Equity attributable to equity holders of Air France-KLM</b>		<b>1,762</b>	<b>1,284</b>
Non-controlling interests		15	12
<b>Total equity</b>		<b>1,777</b>	<b>1,296</b>
Pension provisions	<i>11</i>	2,111	2,119
Other provisions		1,686	1,673
Long-term debt	<i>12</i>	6,677	7,431
Deferred tax liabilities		230	(12)
Other non-current liabilities		266	284
<b>Total non-current liabilities</b>		<b>10,970</b>	<b>11,495</b>
Other provisions		615	654
Current portion of long-term debt	<i>12</i>	1,581	1,021
Trade payables		2,427	2,359
Deferred revenue on ticket sales		3,598	2,517
Frequent flyer programs		804	810
Other current liabilities		2,754	2,775
Bank overdrafts	<i>12</i>	10	5
<b>Total current liabilities</b>		<b>11,789</b>	<b>10,141</b>
<b>Total liabilities</b>		<b>22,759</b>	<b>21,636</b>
<b>Total equity and liabilities</b>		<b>24,536</b>	<b>22,932</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

<i>In € millions</i>	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Perpetual	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Non-controlling interests	Total equity
<b>December 31, 2015</b>	<b>300,219,278</b>	<b>300</b>	<b>2,971</b>	<b>(85)</b>	<b>600</b>	<b>(3,561)</b>	<b>225</b>	<b>48</b>	<b>273</b>
Fair value adjustment on available for sale securities	-	-	-	-	-	(99)	(99)	-	(99)
Gain / (loss) on cash flow hedges	-	-	-	-	-	254	254	-	254
Remeasurements of defined benefit pension plans	-	-	-	-	-	(781)	(781)	(5)	(786)
Currency translation adjustment	-	-	-	-	-	1	1	-	1
<b>Other comprehensive income</b>	-	-	-	-	-	<b>(625)</b>	<b>(625)</b>	<b>(5)</b>	<b>(630)</b>
Net result for the period	-	-	-	-	-	(155)	(155)	3	(152)
<b>Total of income and expenses recognized</b>	-	-	-	-	-	<b>(780)</b>	<b>(780)</b>	<b>(2)</b>	<b>(782)</b>
Treasury shares	-	-	-	(1)	-	-	(1)	-	(1)
<b>March 31, 2016</b>	<b>300,219,278</b>	<b>300</b>	<b>2,971</b>	<b>(86)</b>	<b>600</b>	<b>(4,341)</b>	<b>(556)</b>	<b>46</b>	<b>(510)</b>
<b>December 31, 2016</b>	<b>300,219,278</b>	<b>300</b>	<b>2,971</b>	<b>(67)</b>	<b>600</b>	<b>(2,520)</b>	<b>1,284</b>	<b>12</b>	<b>1,296</b>
Fair value adjustment on available for sale securities	-	-	-	-	-	9	9	-	9
Gain / (loss) on cash flow hedges	-	-	-	-	-	(125)	(125)	-	(125)
Remeasurements of defined benefit pension plans	-	-	-	-	-	811	811	2	813
Currency translation adjustment	-	-	-	-	-	(1)	(1)	1	-
<b>Other comprehensive income</b>	-	-	-	-	-	<b>694</b>	<b>694</b>	<b>3</b>	<b>697</b>
Net result for the period	-	-	-	-	-	(216)	(216)	-	(216)
<b>Total of income and expenses recognized</b>	-	-	-	-	-	<b>478</b>	<b>478</b>	<b>3</b>	<b>481</b>
<b>March 31, 2017</b>	<b>300,219,278</b>	<b>300</b>	<b>2,971</b>	<b>(67)</b>	<b>600</b>	<b>(2,042)</b>	<b>1,762</b>	<b>15</b>	<b>1,777</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Air France-KLM Group

## CONSOLIDATED STATEMENT OF CASH FLOWS

Period from January 1 to March 31	<i>Notes</i>	2017	2016
Net income from continuing operations		(216)	(151)
Net income from discontinued operations		-	(1)
Amortization, depreciation and operating provisions		412	370
Financial provisions		11	(23)
Loss (gain) on disposals of tangible and intangible assets		(9)	(34)
Derivatives – non monetary result		41	(38)
Unrealized foreign exchange gains and losses, net		9	(27)
Share of (profits) losses of associates		(4)	2
Deferred taxes		(16)	(16)
Other non-monetary items		(1)	136
<b>Financial capacity</b>		<b>227</b>	<b>218</b>
<i>Including discontinued operations (D)</i>		-	2
(Increase) / decrease in inventories		(115)	(65)
(Increase) / decrease in trade receivables		(274)	(158)
Increase / (decrease) in trade payables		81	52
Change in other receivables and payables		969	695
<b>Change in working capital requirement</b>		<b>661</b>	<b>524</b>
Change in working capital from discontinued operations (D)		-	1
<b>Net cash flow from operating activities (A)</b>		<b>888</b>	<b>743</b>
Acquisition of subsidiaries, of shares in non-controlled entities		(1)	(3)
Purchase of property plant and equipment and intangible assets (B)		(594)	(607)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities		1	-
Proceeds on disposal of property plant and equipment and intangible assets (C)		35	63
Dividends received		1	-
Decrease (increase) in net investments, more than 3 months		(4)	282
Net cash flow used in investing activities of discontinued operations		-	(1)
<b>Net cash flow used in investing activities</b>		<b>(562)</b>	<b>(266)</b>
Issuance of debt		45	208
Repayment on debt		(55)	(111)
Payment of debt resulting from finance lease liabilities		(185)	(146)
New loans		(5)	(3)
Repayment on loans		8	7
Net cash flow used in financing activities of discontinued operations		-	(2)
<b>Net cash flow from financing activities</b>		<b>(192)</b>	<b>(47)</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts (net of cash acquired or sold)		(8)	(12)
<b>Change in cash and cash equivalents and bank overdrafts</b>		<b>126</b>	<b>418</b>
Cash and cash equivalents and bank overdrafts at beginning of period (including cash of discontinued operations)		3,933	3,073
Cash and cash equivalents and bank overdrafts at end of period (including cash of discontinued operations)		4,059	3,491

The accompanying notes are an integral part of these consolidated financial statements.



## Air France-KLM Group

<b>Period from January 1 to March 31</b>	<i>Notes</i>	<b>2017</b>	<b>2016</b>
<i>in € millions</i>			
Net cash flow from operating activities	<i>A</i>	888	743
Purchase of property plant and equipment and intangible assets	<i>B</i>	(594)	(607)
Proceeds on disposal of property plant and equipment and intangible assets	<i>C</i>	35	63
Net cash flow from operating activities from discontinued operations	<i>D</i>	-	(3)
<b>Operating free cash flow excluding discontinued activities (**)</b>	<i>12</i>	<b>329</b>	<b>196</b>

The accompanying notes are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL  
STATEMENTS**

# Air France-KLM Group

## 1. BUSINESS DESCRIPTION

As used herein, the term "Air France-KLM" refers to Air France-KLM SA, a limited liability company organized under French law. The term "Group" is represented by the economic definition of Air France-KLM and its subsidiaries. The Group is headquartered in France and is one of the largest airlines in the world. The Group's core business is network activities which includes passenger transportation on scheduled flights and cargo activities. The Group's activities also include aeronautics maintenance, "low cost" passenger transportation (Transavia) and other air-transport-related activities.

The limited company Air France-KLM, domiciled at 2, rue Robert Esnault-Pelterie 75007 Paris, France, is the parent company of the Air France-KLM Group. Air France-KLM is listed for trading in Paris (Euronext) and Amsterdam (Euronext).

The presentation currency used in the Group's financial statements is the euro, which is also Air France-KLM's functional currency.

## 2. SIGNIFICANT EVENTS

### 2.1. Events that occurred in the period

#### Litigation concerning anti-trust law in the air-freight industry

On March 17, 2017, the European Commission issued a new decision against eleven air cargo carriers, including Air France, KLM and Martinair, regarding practices in the air cargo sector which are considered to be anti-competitive and relate to the period between December 1999 and February 2006.

This new decision follows the December 16, 2015 annulment by the General Court of the European Union of the European Commission's initial decision of November 9, 2010, relating to these same practices and concerning the same carriers. This initial decision had been annulled in full because it contained a contradiction regarding the exact scope of the practices sanctioned.

The total amount of fines imposed on the Air France-KLM Group is €325 million. This amount has been slightly reduced as compared to the initial decision owing to a lower fine for Martinair due to technical reasons. Air France-KLM will analyse the new decision, and the advisability of appealing it before the General Court of the European Union.

### 2.2. Subsequent events

There have been no significant events since the closing of the period.

## 3. ACCOUNTING POLICIES

### 3.1. Accounting principles

#### Accounting principles used for the consolidated financial statements

Pursuant to the European Regulation n° 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM Group as of December 31, 2016 were established in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Commission on the date these consolidated financial statements were established.

The interim condensed consolidated financial statements as of March 31, 2017 are prepared in accordance with IFRS, as adopted by the European Union on the date these condensed consolidated financial statements were established, and are presented according to IAS 34 "Interim financial reporting" and must be read in connection with the annual consolidated financial statements for the year ended on December 31, 2016.

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The interim condensed consolidated financial statements as of March 31, 2017 have been established in accordance with the accounting principles used by the Group for the consolidated financial statements 2016, except for standards and interpretations adopted by the European Union applicable as from January 1, 2017.

The condensed consolidated financial statements were approved by the Board of Directors on May 3, 2017.

## Change in accounting principles

- IFRS standards which are applicable on a mandatory basis to the 2018 financial statements
  - Standard IFRS 9 “Financial Instruments”, effective for the period beginning January 1, 2018;
  - Standard IFRS 15 “Revenue from Contracts with Customers”, effective for the period beginning January 1, 2018 and replacing the standards IAS 18 “Revenue”, IAS 11 “Construction Contracts” and IFRIC 13 “Customer Loyalty Programmes”.
  
- Other texts potentially applicable to the Group, published by the IASB but not yet adopted by the European Union
  - Standard IFRS 16 “Leases”, effective for the period beginning January 1, 2019;
  - Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”, effective for the period beginning January 1, 2018;
  - Amendment to IFRS 15 Clarification on “Revenue Recognition from Contracts with Customers”, effective for the period beginning January 1, 2018.
  - Amendment to IAS 7 “Cash Flow Statement”, effective for the period beginning January 1, 2017;
  - Amendment to IAS 12 “Income tax”, effective for the period beginning January 1, 2017;
  - Amendment to IFRS 12 “Disclosure of interests in other entities”, effective for the period beginning January 1, 2017;
  - IFRIC 22 “Foreign currency transactions and advance consideration”, effective for the period beginning January 1, 2018.

The amendment IAS 12 “Income tax” does not have a significant impact on Group’s financial statements as of March 31, 2017.

## **3.2. Preparation of unaudited interim consolidated financial statements**

### Seasonality of the activity

Revenues and income from current operations are characterized by their seasonal nature related to a high level of activity from April 1 to September 30. This phenomenon varies in magnitude depending on the year. In accordance with IFRS, revenues and the related expenses are recognized over the period in which they are realized and incurred respectively.

### Income taxes

For the interim financial statements, the tax charge (current and deferred) is calculated by applying to the income before tax of the period the estimated annual average tax rate for the current year for each entity or fiscal group.

### Retirement benefits

The net obligations concerning the defined-benefits schemes are revalued based on the discount rates and the fair-value of assets at interim closing dates. The net impact of these revaluations is recorded in other comprehensive income. Low discount rates can lead the Group to review other actuarial assumptions in order to keep a global consistency of the assumptions set.

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## 3.3. Use of estimates

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses. The significant areas of estimates described in the note 4 of the December 31, 2016 consolidated financial statements, concerned:

- Revenue recognition related to deferred revenue on ticket sales;
- Flying Blue frequent flyer program;
- Financial assets;
- Tangible and intangible assets;
- Pension assets and provisions;
- Other provisions;
- Deferred tax assets.

The Group's management makes these estimates and assessments continuously on the basis of its past experience and various other factors considered to be reasonable.

The consolidated financial statements for the period have thus been established on the basis of financial parameters available at the closing date. Concerning the non-current assets, the assumptions are based on a limited level of growth.

Actual results could differ from these estimates depending on changes in the assumptions used or different conditions.

## 4. CHANGE IN THE CONSOLIDATION SCOPE

### • First quarter ended March 31, 2017

No significant acquisition or disposal took place during the first quarter ended March 31, 2017

### • First quarter ended March 31, 2016

No significant acquisition or disposal took place during the first quarter ended March 31, 2016

## 5. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

### Business segments

The segment information is prepared on the basis of internal management data communicated to the Executive Committee, the Group's principal operational decision-making body.

The Group is organized around the following segments:

**Network:** Passenger network and Cargo operating revenues primarily come from passenger transportation services on scheduled flights with the Group's airline code (excluding Transavia), including flights operated by other airlines under code-sharing agreements. They also include commissions paid by SkyTeam alliance partners, code-sharing revenues, revenues from excess baggage and airport services supplied by the Group to third-party airlines and services linked to IT systems.

The revenues also including freight come from freight transport on flights under the companies' codes, including flights operated by other partner airlines under code-sharing agreements. Other cargo revenues are derived principally from sales of cargo capacity to third parties.

**Maintenance:** Maintenance operating revenues are generated through maintenance services provided to other airlines and customers worldwide.

**Transavia:** The revenues from this segment come from the "low cost" activity realized by Transavia.

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**Other:** The revenues from this segment come from various services provided by the Group and not covered by the four segments mentioned above.

The results of the business segments are those that are either directly attributable or that can be allocated on a reasonable basis to these business segments. Amounts allocated to business segments mainly correspond to the EBITDAR, EBITDA, current operating income and to the income from operating activities. Other elements of the income statement are presented in the “non-allocated” column.

Inter-segment transactions are evaluated based on normal market conditions.

## **Geographical segments**

### **• Activity by origin of sales area**

Group activities by origin of sale are broken down into eight geographical areas:

- Metropolitan France
- Benelux
- Europe (excluding France and Benelux)
- Africa
- Middle East, Gulf, India (MEGI)
- Asia-Pacific
- North America
- Caribbean, West Indies, French Guyana, Indian Ocean, South America (CILA)

Only segment revenue is allocated by geographical sales area.

### **• Activity by destination**

Group activities by destination are broken down into seven geographic areas:

- Metropolitan France
- Europe (excluding France) and North Africa
- Caribbean, West Indies, French Guyana and Indian Ocean
- Africa (excluding North Africa), Middle East
- North America, Mexico
- South America (excluding Mexico)
- Asia and New Caledonia

# Air France-KLM Group

## 5.1. Information by business segment

### • Three-month period ended March 31, 2017

<i>In € millions</i>	Network	Mainte- nance	Transavia	Other	Non allocated	Total
Total sales	5,050	1,049	198	59	-	6,356
Intersegment sales	(9)	(589)	(1)	(48)	-	(647)
<b>External sales</b>	<b>5,041</b>	<b>460</b>	<b>197</b>	<b>11</b>	<b>-</b>	<b>5,709</b>
EBITDAR <sup>(*)</sup>	493	75	(17)	3	-	554
EBITDA <sup>(*)</sup>	249	75	(58)	3	-	269
Income from current operations	(100)	36	(77)	(2)	-	(143)
Income from operating activities	(98)	36	(79)	(1)	-	(142)
Share of profits (losses) of associates	-	1	-	3	-	4
Net cost of financial debt and other financial income and expenses	-	-	-	-	(87)	(87)
Income taxes	-	-	-	-	9	9
<b>Net income from continuing operations</b>	<b>(98)</b>	<b>37</b>	<b>(79)</b>	<b>2</b>	<b>(78)</b>	<b>(216)</b>

### • Three-month period ended March 31, 2016

<i>In € millions</i>	Network	Mainte- nance	Transavia	Other	Non allocated	Total
Total sales	5,014	1,006	160	157	-	6,337
Intersegment sales	(12)	(575)	-	(145)	-	(732)
<b>External sales</b>	<b>5,002</b>	<b>431</b>	<b>160</b>	<b>12</b>	<b>-</b>	<b>5,605</b>
EBITDAR <sup>(*)</sup>	467	85	(19)	(2)	-	531
EBITDA <sup>(*)</sup>	235	85	(52)	(2)	-	266
Income from current operations	(68)	38	(63)	(6)	-	(99)
Income from operating activities	(178)	30	(63)	(5)	-	(216)
Share of profits (losses) of associates	(3)	2	-	-	-	(1)
Net cost of financial debt and other financial income and expenses	-	-	-	-	12	12
Income taxes	-	-	-	-	54	54
<b>Net income from continuing operations</b>	<b>(181)</b>	<b>32</b>	<b>(63)</b>	<b>(5)</b>	<b>66</b>	<b>(151)</b>

# Air France-KLM Group

## 5.2. Information by geographical area

### External sales by geographical area

- Three-month period ended March 31, 2017

<i>In € millions</i>	Metropo- litan France	Benelux	Europe (except France and Benelux)	Africa	Middle- Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Network	1,408	506	1,099	255	128	460	662	294	4,812
Other network sales	97	36	32	7	8	21	16	12	229
<b>Total network</b>	<b>1,505</b>	<b>542</b>	<b>1,131</b>	<b>262</b>	<b>136</b>	<b>481</b>	<b>678</b>	<b>306</b>	<b>5,041</b>
Scheduled Transavia	69	96	20	-	2	-	1	-	188
Transavia - other sales	4	-	-	-	-	-	5	-	9
<b>Total Transavia</b>	<b>73</b>	<b>96</b>	<b>20</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>197</b>
Maintenance	285	144	6	-	-	-	25	-	460
Others	4	6	1	-	-	-	-	-	11
<b>Total</b>	<b>1,867</b>	<b>788</b>	<b>1,158</b>	<b>262</b>	<b>138</b>	<b>481</b>	<b>709</b>	<b>306</b>	<b>5,709</b>

- Three-month period ended March 31, 2016

<i>In € millions</i>	Metropo- litan France	Benelux	Europe (except France and Benelux)	Africa	Middle- Eastern gulf India (MEGI)	Asia Pacific	North America	West Indies Caribbean Guyana Indian Ocean South America (CILA)	Total
Network	1,399	489	1,201	256	118	408	631	263	4,765
Other network sales	95	42	35	14	1	28	14	8	237
<b>Total network</b>	<b>1,494</b>	<b>531</b>	<b>1,236</b>	<b>270</b>	<b>119</b>	<b>436</b>	<b>645</b>	<b>271</b>	<b>5,002</b>
Scheduled Transavia	54	84	12	-	1	-	-	-	151
Transavia - other sales	5	-	-	-	-	-	4	-	9
<b>Total Transavia</b>	<b>59</b>	<b>84</b>	<b>12</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>160</b>
Maintenance	259	137	8	-	-	-	27	-	431
Others	2	8	2	-	-	-	-	-	12
<b>Total</b>	<b>1,814</b>	<b>760</b>	<b>1,258</b>	<b>270</b>	<b>120</b>	<b>436</b>	<b>676</b>	<b>271</b>	<b>5,605</b>



# Air France-KLM Group

## Traffic sales by geographical area of destination

- Year ended March 31, 2017

<i>In € millions</i>	Metropolitan France	Europe (except France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (except North Africa) Middle East	North America, Mexico	South America, except Mexico	Asia, New Caledonia	Total
Network	428	957	451	713	911	485	867	4,812
Scheduled Transavia	3	174	-	11	-	-	-	188
<b>Total</b>	<b>431</b>	<b>1,131</b>	<b>451</b>	<b>724</b>	<b>911</b>	<b>485</b>	<b>867</b>	<b>5,000</b>

- Year ended March 31, 2016

<i>In € millions</i>	Metropolitan France	Europe (except France) North Africa	Caribbean, French Guyana, Indian Ocean	Africa (except North Africa) Middle East	North America, Mexico	South America, except Mexico	Asia, New Caledonia	Total
Network	433	938	458	724	905	487	820	4,765
Scheduled Transavia	2	148	-	1	-	-	-	151
<b>Total</b>	<b>435</b>	<b>1,086</b>	<b>458</b>	<b>725</b>	<b>905</b>	<b>487</b>	<b>820</b>	<b>4,916</b>

## 6. EXTERNAL EXPENSES

<i>In € millions</i>	2017	2016
<b>Period from January 1 to March 31</b>		
Aircraft fuel	1,120	1,096
Chartering costs	99	102
Landing fees and air route charges	437	430
Catering	185	102
Handling charges and other operating costs	419	361
Aircraft maintenance costs	631	642
Commercial and distribution costs	230	231
Other external expenses	387	484
<b>Total</b>	<b>3,508</b>	<b>3,448</b>
<i>Excluding aircraft fuel</i>	2,388	2,352

# Air France-KLM Group

## 7. SALARIES AND NUMBER OF EMPLOYEES

### Salaries and related costs

<i>In € millions</i>	<b>2017</b>	<b>2016</b>
<b>Period from January 1 to March 31</b>		
Wages and salaries	1,264	1,286
Pension costs linked to defined contribution plans	137	131
Net periodic pension cost of defined benefit plans	66	70
Social contributions	263	270
Expenses related to share-based compensation	7	1
Cost of temporary employees	41	34
Other expenses	34	52
<b>Total</b>	<b>1,812</b>	<b>1,844</b>

The Group pays contributions to a multi-employer plan in France, the CRPN (public pension fund for crew). This multi-employer plan being assimilated with a French State plan, it is accounted for as a defined contribution plan in “pension costs linked to defined contribution plans”.

As of March 31, 2017, the line “Expenses related to share-based compensation” includes an amount of €7 million linked to the CLA agreement concluded in August 2015 between KLM and the pilot union VNV.

As of March 31, 2017, the line « Other expenses » includes an amount of €24 million of profit-sharing expenses (against €36 million as of March 31, 2016).

### Average number of employees

<b>Period from January 1 to March 31</b>	<b>2017</b>	<b>2016</b>
Flight deck crew	7,699	7,688
Cabin crew	20,576	20,349
Ground staff	52,062	53,865
Temporary employees	2,504	2,090
<b>Total</b>	<b>82,841</b>	<b>83,992</b>

## 8. OTHER INCOME AND EXPENSES

<i>In € millions</i>	<b>2017</b>	<b>2016</b>
<b>Period from January 1 to March 31</b>		
Capitalized production	211	229
Joint operation of routes	(24)	(12)
Operations-related currency hedges	17	54
Other	6	(4)
<b>Other income and expenses</b>	<b>210</b>	<b>267</b>

# Air France-KLM Group

## 9. OTHER NON-CURRENT INCOME AND EXPENSES

<i>In € millions</i>	2017	2016
<b>Period from January 1 to March 31</b>		
Restructuring costs	(8)	(151)
Disposal of slots	-	26
<b>Other non-current income and expenses</b>	<b>(8)</b>	<b>(125)</b>

- **Three-month period ended March 31, 2017**

### **Restructuring costs**

This mainly includes some restructuring activities in the Air France and KLM organizations abroad, among others the closure of the Munich base of Transavia Netherlands as of October 2017.

- **Three-month period ended March 31, 2016**

### **Restructuring costs**

As of March 31, 2016, this included:

- €146 million relating to the voluntary departure plans announced by Air France in February 2016;
- €5 million relating to several voluntary departure plans initiated in the other Air France establishments located abroad.

### **Sale of slots**

During the first quarter 2016, the Group transferred two pairs of slots at London Heathrow airport to two other airlines. An amount of €26 million has been recorded in respect of this operation as of March 31, 2016.

# Air France-KLM Group

## 10. OTHER FINANCIAL INCOME AND EXPENSES

<i>In € millions</i>	<b>2017</b>	<b>2016</b>
<b>Period from January 1 to March 31</b>		
Foreign exchange gains (losses), net	6	33
Change in fair value of financial instruments and hedged shares	(23)	27
Net (charge)/ release to provisions	2	36
Other	(16)	(14)
<b>Other financial income and expenses</b>	<b>(31)</b>	<b>82</b>

### Foreign exchange gains (losses)

The foreign exchange losses mainly include:

- as of March 31, 2017, an unrealized foreign exchange loss on the debt in Yen compensated by a foreign exchange gain on the debt, receivables and provisions in US dollar
- as of March 31, 2016, the unrealized revaluation on provisions denominated in a currency other than the Euro.

### Change in fair value of financial instruments

The change in fair value of financial instruments is mainly due to:

- Fuel derivatives for €(30) million as of March 31, 2017, against €34 million as of March 31, 2016 and,
- The Collar Amadeus for €(11) million as of March 31, 2017, against €1 million as of March 31, 2016.

### Net (charge) / release to provisions

As of March 31, 2016, the Group released to the consolidated income statement the €41 million provision covering the accrued interest on the fine imposed concerning the litigation relating to anti-trust legislation in the air freight industry, as the European commission did not appeal before February 29, 2016 the decision taken by European Court.

### Others

As of March 31, 2017 and 2016, this line comprises the accretion effect on long-term provisions.

## 11. PENSION ASSETS AND PROVISIONS

As of March 31, 2017, the discount rates used by companies to calculate the defined benefit obligations are the following:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Euro zone – duration 10 to 15 years	1.50%	1.50%
Euro zone – duration 15 years and more	2.10%	1.90%

The impact in variations of discount rates on the defined benefit obligation has been calculated using sensitivity analysis of the pension defined benefit obligation. The sensitivity analysis is mentioned in note 31.2 of the annual financial statements as of December 31, 2016.

Over the same period, the fair value of the plan assets of the pension funds increased.

All these items have a cumulative impact resulting in:

- An increase of €1,046 million of the “pension assets” on the balance sheet (schemes with a net asset position) and
- A decrease of €30 million of the “pension provisions” on the balance sheet (schemes with a net liability position).

# Air France-KLM Group

## 12. NET DEBT

<i>In € millions</i>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Current and non-current financial debt <sup>(1)</sup>	8,258	8,452
Financial lease deposits (others)	(336)	(336)
Fair value hedge on financial debt	(27)	(49)
Accrued interest	(61)	(89)
<b>Gross financial debt (I)</b>	<b>7,834</b>	<b>7,978</b>
Cash and cash equivalents <sup>(2)</sup>	4,069	3,938
Marketable securities	56	53
Cash secured (on other than OCEANE swap) <sup>(*)</sup>	52	50
Financial lease deposit (bonds)	296	298
Others	(7)	(11)
Bank overdrafts <sup>(3)</sup>	(10)	(5)
<b>Net cash (II)</b>	<b>4,456</b>	<b>4,323</b>
<b>Net debt (I-II)</b>	<b>3,378</b>	<b>3,655</b>
(*) Cash secured	52	50
<i>(1) Liabilities : long term debt</i>		
<i>(2) Assets : cash and cash equivalents</i>		
<i>(3) Liabilities : bank overdrafts</i>		

<i>In € millions</i>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
<b>Opening net debt</b>	<b>3,655</b>	<b>4,307</b>
Operating free cash, cash flow excluding discontinued activities <sup>(1)</sup>	(329)	(347)
Operating free cash flow, cash flow from discontinued activities	-	(33)
Disposal of subsidiaries, of shares in non-controlled entities	1	(364)
Acquisition of subsidiaries, of shares in non-controlled entities <sup>(2)</sup>	(1)	18
Non monetary variation of the debt	-	(64)
Currency translation adjustment	36	73
Amortization of OCEANE optional part	6	21
Reclassification	-	2
Change in scope	-	(19)
Other	10	61
<b>Closing net debt</b>	<b>3,378</b>	<b>3,655</b>
<i>(1) Cash flows statement : operating free cash flow</i>		
<i>(2) Cash flows statement : acquisition of subsidiaries, of shares in non-controlled entities</i>		