

Financial Year 2014: Third Quarter results

THIRD QUARTER

- ▶ Significant impact of Air France pilot strike: estimated negative impact of 416 million euros on revenues and 330 million euros on operating result
- ▶ Revenues of 6.7 billion euros, stable (+0.2%) like-for-like¹
- ▶ EBITDA² of 682 million euros, down 21 million euros like-for-like¹
- ▶ Operating result of 247 million euros, down 18 million euros like-for-like¹
- ▶ Tenth quarter of unit cost reduction: unit cost² down 1.2% like-for-like¹
- ▶ Launch of new strategic plan, Perform 2020

FIRST NINE MONTHS OF 2014

- ▶ Revenues of 18.7 billion euros, up 0.7% like-for-like¹
- ▶ Operating result of 40 million euros, up 267 million euros like-for-like¹
- ▶ Net result, group share of -514 million euros, improvement of 117 million euros
- ▶ Adjusted net result, group share² of -231 million euros, improvement of 83 million euros
- ▶ Net debt of 5.27 billion euros, down 76 million euros compared to 31st December 2013

The Board of Directors of Air France-KLM, chaired by Alexandre de Juniac, met on 28th October 2014 to examine the accounts for the Third Quarter of the Financial Year 2014.

Key data

	Third quarter			9 months to 30th september		
	2014	2013*	Change	2014	2013*	Change
Revenues (€m)	6,695	7,175	-6.7%	18,700	19,397	-3.6%
Change like-for-like ¹			+0.2%			+0.4%
EBITDA ² (€m)	682	1,079	-397	1,273	1,473	-200
EBITDA margin (%)	10.2	15.0	-4.8 pts	6.8	7.6	-0.8 pts
EBITDA change like-for-like ¹			-21			+222
Operating result (€m)	247	641	-394	40	193	-153
Operating margin (%)	3.7	8.9	-5.2 pts	0.2	1.0	-0.8 pts
Operating result like-for-like ¹			-18			+267
Net result, group share (€m)	100	148	-48	-514	-651	+137
Adjusted net result, group share ² (€m)	111	372	-261	-231	-314	+83
Earnings per share (€)	0.34	0.50	-0.16	(1.74)	(2.20)	+0.46
Diluted earnings per share (€)	0.28	0.39	-0.11	(1.74)	(2.20)	+0.46
Adjusted earnings per share ² (€)	0.37	1.26	-0.89	(0.78)	(1.06)	+0.28
Diluted adjusted earnings per share ² (€)	0.30	0.92	-0.62	(0.78)	(1.06)	+0.28
Operating free cash flow ² (€m)	-158	-66	-92	-75	496	-571
Net debt ² at end of period (€m)	-	-	-	5,273	5,348 ³	-75

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

¹ On a constant currency basis and excluding pilot strike impact

² See definition in appendix

³ Net debt at 31st December 2013

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Third Quarter 2014 activity was strongly affected by 14 days of strike by Air France pilots, which had an estimated negative impact of 330 million euros on the operating result. Total revenues were reduced by an estimated 416 million euros, partly offset by 86 million euros of net savings on costs. The strike led to the cancellation of an estimated 4,249 million ASKs (18% of September ASKs) and 213 million ATKs (16% of September ATKs) resulting in an equivalent cancellation of 4.75 billion EASKs (Equivalent Available Seat Kilometer).

Total revenues amounted to 6,695 million euros versus 7,175 million euros in 2013, down 6.7%, but up +0.2% on a constant currency basis and adjusted for the Air France pilot strike ("like-for-like"). Currencies had a negative 78 million euro impact on revenues.

Operating costs were 1.3% lower year-on-year and 0.7% lower on a constant currency basis. Ex-fuel, they increased by 0.7% and by 0.8% on a like-for-like basis. Unit cost per EASK¹ was reduced by 1.2%, on a constant currency, fuel price, pension expense and strike adjusted basis, against capacity measured in EASK up by 2.0%, corrected for the strike. The fuel bill amounted to 1,737 million euros, down 6.4%, but slightly up (+0.4%) on a constant currency and strike adjusted basis. Total employee costs including temporary staff were down 1.6% to 1,871 million euros, and by 1.7% on a constant currency basis. On a constant pension expense and adjusted for the strike, they declined by 9 million euros.

EBITDA amounted to 682 million euros, a decrease of 397 million euros. On a like-for-like basis, EBITDA decreased by 21 million euros. The operating result stood at 247 million euros versus 641 million euros in 2013, a 394 million euro decrease. Like-for-like, the operating result decreased by 18 million euros. Currencies had a 47 million euro net negative impact on the Third Quarter operating result.

The net result, group share stood at 100 million euros against 148 million euros a year ago. It includes the non current result of the Amadeus transaction (187 million euros), mainly offset by the change in value of the fuel hedging portfolio (-172 million euros). On an adjusted basis⁴, the net result, group share stood at 111 million euros against 372 million euros in Q3 2013, a 261 million euro decrease.

In the **first Nine Months of 2014**, total revenues stood at 18,7 billion euros versus 19,4 billion euros in 2013, down 3.6%, but up +0.4% on a like-for-like basis. Currencies had a negative 365 million euro impact on revenues.

Operating costs were reduced by 2.8% and by 1.4% on a constant currency basis. Ex-fuel, they decreased by 1.6%, and by 1.0% on a like-for-like basis. The fuel bill amounted to 4,926 million euros, down 6.1%, and down 0.8% on a constant currency and strike adjusted basis. Total employee costs including temporary staff were down 3.1% to 5,651 million euros, and by 3.0% on a constant currency basis. On a constant pension expense, scope and strike adjusted basis, they declined by 115 million euros as a result of the Transform 2015 actions.

EBITDA declined by 200 million euros to 1,273 million euros, resulting in an EBITDA margin of 6.8%, a 0.8 point decrease on 2013. On a like-for-like basis, EBITDA improved by 224 million euros. The operating result stood at 40 million euros versus 193 million euros in 2013. On a like-for-like basis, the operating result improved by 267 million euros. Currencies had a 92 million euro net negative impact on the operating result in the first nine months of 2014.

The net result, group share stood at -514 million euros against -651 million euros a year ago. It includes the non-current result of the Amadeus transaction (187 million euros), the change in value of the fuel hedging portfolio (-146 million euros), foreign exchange losses (including the adjustment in the value of the cash held by the Group in Venezuela), and the impairment charges related to the Cargo business. On an adjusted basis⁴, the net result, group share stood at -231 million euros against -314 million in the first nine months of 2013, an 83 million euro improvement.

Earnings and diluted earnings per share both stood at -1.74 euros (-2.20 euros in 2013), and at -0.78 euros on an adjusted basis (-1.06 euros in 2013).

⁴ See definition in appendix

Passenger business

Passenger	Q3 2014	Q3 2013*	Change	Change Like-for-like**
Capacity (ASK m)	70,064	73,044	-4.1%	+1.6%
Traffic (RPK m)	61,482	63,508	-3.2%	-
Load factor	87.8%	86.9%	+0.8 pts	-
Total passenger revenues (€m)	5,232	5,698	-8.2%	-0.3%
Scheduled passenger revenues (€m)	5,009	5,465	-8.3%	-0.1%
Unit revenue per ASK (€ cts)	7.15	7.48	-4.4%	~ -1.8%
Unit revenue per RPK (€ cts)	8.15	8.61	-5.3%	-
Unit cost per ASK (€ cts)	6.85	6.68	+2.4%	-1.2%
Operating result (€m)	211	584	-373	-40

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

**Like-for-like: at constant currency, restated for change in revenue allocation (14 million euros transferred from "other passenger" to "scheduled passenger" revenues in Q3 2013) and excluding strike impact

In the **Third Quarter 2014**, passenger revenues amounted to 5,232 million euros, down 8.2% and 0.3% like-for-like. The operating result of the passenger business stood at 211 million euros, versus 584 million euros in Q3 2013, a decrease of 40 million euros on a like-for-like basis (-373 million euros on a reported basis).

The Group maintained its strict capacity discipline, increasing total passenger capacity by only 1.6% excluding strike impact. Unit revenue per Available Seat Kilometer (RASK) remained volatile, down by approximately -1.8% on a like-for-like basis after a +1.3% increase in the second quarter.

On the long-haul network, unit revenue was affected by industry overcapacity on certain parts of the network, a disappointing performance on the Latin American network on the back of lower economic growth in several markets, and high comparables in the third quarter last year (long-haul RASK up 2.9% at Q3 2013 compared to Q3 2012, of which +5.6% on Latin America).

As planned within the framework of Transform 2015, point-to-point (not linked to the Paris-CDG and Amsterdam hubs) short and medium-haul capacity was significantly reduced (down 14.2%, excluding strike impact), leading to a significant improvement in unit revenue (estimated at +7.6% like-for-like). Total short and medium-haul RASK improved by 1.6% like-for-like, in line with the second quarter.

For the 2014-15 Winter season (November 2014 to March 2015), the Group will maintain its strict capacity discipline in the passenger business, with stable capacity (planned ASK growth: +0.1%), notably including a reduction of 11.3% in short and medium-haul point-to-point capacity.

As a result of Transform 2015, and in spite of the low capacity growth, the passenger activity delivered a further decrease in unit cost, with Cost per Available Seat Kilometer (CASK) down by 1.2% like-for-like.

Passenger	9 months 2014	9 months 2013*	Change	Change like-for-like**
Capacity (ASK m)	203,770	205,267	-0.7%	+1.7%
Traffic (RPK m)	173,584	172,927	+0.4%	-
Load factor	85.2%	84.2%	+0.9 pts	-
Total passenger revenues (€m)	14,709	15,267	-3.7%	+0.8%
Scheduled passenger revenues (€m)	14,062	14,586	-3.6%	+1.1%
Unit revenue per ASK (€ cts)	6.90	7.11	-2.9%	-0.3%
Unit revenue per RPK (€ cts)	8.10	8.43	-4.0%	-
Unit cost per ASK (€ cts)	6.86	6.99	-1.9%	-1.8%
Operating result (€m)	88	233	-145	+226

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

**Like-for-like: at constant currency, restated for change in revenue allocation (24 million euros transferred from "other passenger" to "scheduled passenger" revenues in 9m 2013) and excluding strike impact

In the **first Nine Months of 2014**, passenger revenues amounted to 14,709 million euros, down 3.7%, but up 0.8% like-for-like. The operating result of the passenger business stood at 88 million euros, versus 233 million euros in the same period last year. Like-for-like, it improved by 226 million euros.

Unit revenue per Available Seat Kilometer (RASK) fell by 2.9% and by 0.3% like-for-like. Unit costs (CASK) were reduced by 1.9%.

Cargo business

Cargo	Q3 2014	Q3 2013	Change	Change Like-for-like*
Capacity (ATK m)	3,954	4,189	-5.6%	-0.5%
Traffic (RTK m)	2,364	2,531	-6.6%	-
Load factor	59.8%	60.4%	-0.6 pts	-
Total Cargo revenues (€m)	623	688	-9.4%	-3.6%
Scheduled cargo revenues (€m)	579	636	-9.0%	-2.6%
Unit revenue per ATK (€ cts)	14.65	15.17	-3.5%	-2.1%
Unit revenue per RTK (€ cts)	24.50	25.11	-2.4%	-
Unit cost per ATK (€ cts)	17.21	17.17	+0.2%	-1.8%
Operating result (€m)	-102	-84	-18	-2

*Like-for-like: at constant currency and excluding strike impact

Third Quarter 2014 cargo revenues amounted to 623 million euros, down 9.4% and by 3.6% on a like-for-like basis. The Group continued to reduce full-freighter capacity (down 7% in July and August), leading to a decrease in total capacity of -0.5% on a like-for-like basis. Demand remained weak, with unit revenue per Available Ton Kilometer (RATK) decreasing by 2.1% on a like-for-like basis, and by 3.5% on a reported basis.

The operating result amounted to -102 million euros, down 2 million euros on a like-for-like basis.

Cargo	9 months 2014	9 months 2013	Change	Change Like-for-like*
Capacity (ATK m)	11,664	12,016	-2.9%	-1.2%
Traffic (RTK m)	7,297	7,461	-2.2%	-
Load factor	62.6%	62.1%	+0.5 pts	-
Total Cargo revenues (€m)	1,967	2,093	-6.0%	-2.3%
Scheduled cargo revenues (€m)	1,834	1,944	-5.7%	-1.6%
Unit revenue per ATK (€ cts)	15.72	16.18	-2.9%	-0.7%
Unit revenue per RTK (€ cts)	25.13	26.03	-3.6%	-
Unit cost per ATK (€ cts)	17.27	17.71	-2.5%	-1.7%
Operating result (€m)	-181	-184	+3	+24

*Like-for-like: at constant currency and excluding strike impact

In the **first Nine Months of 2014**, cargo revenues amounted to 1,967 million euros, down 6.0% and by 2.3% on a like-for-like basis. Unit revenue per Available Ton Kilometer (RATK) decreased by 2.9% and by 0.7% on a like-for-like basis.

On a like-for-like basis, cargo unit cost was down 1.7% in the first nine months. The operating result improved by 3 million euros and by 24 million euros like-for-like.

At its Perform 2020 investor day in September, the Group announced the finalisation of its cargo repositioning plan: it is implementing a significant further reduction in its full-freighter fleet, from 14 aircraft in operation in 2013 to 5 aircraft by the end of 2016. This reduction should enable the full-freighter business to return to operating breakeven in 2017 (versus a loss of €110 million in 2013 and a €200 million loss including bellies).

Maintenance

Maintenance	Q3 2014	Q3 2013	Change	Change Like-for-like*
Total revenues (€m)	858	827	+3.8%	-
Third party revenues (€m)	319	307	+4.2%	+5.3%
Operating result (€m)	61	54	+7	+27
Operating margin (%)	+7.1%	+6.6%	+0.5 pt	+2.9 pts

*Like-for-like: at constant currency and excluding strike impact

Third Quarter 2014 third party maintenance revenues amounted to 319 million euros, up 4.2% and by 5.3% on a constant currency basis, driven by the consolidation of Barfield, a US component support business. The operating result stood at 61 million euros, up 7 million euros year-on-year. The Air France pilot strike had a 22 million euro impact on operating result due to lower internal revenues from the maintenance of the Air France fleet. Excluding strike impact and at constant currency, the operating result was up 27 million euros.

Maintenance	9 months 2014	9 months 2013	Change	Change Like-for-like*
Total revenues (€m)	2,473	2,461	+0.5%	-
Third party revenues (€m)	895	927	-3.5%	-0.5%
Operating result (€m)	113	111	+2	+31
Operating margin (%)	+4.6%	+4.5%	+0.1 pt	+1.2 pt

*Like-for-like: at constant currency and excluding strike impact

In the **first Nine Months of 2014**, third party maintenance revenues amounted to 895 million euros, down 3.5% and by 0.5% on a constant currency basis. The operating result increased by 2 million euros to 113 million euros. Like-for-like, the operating result improved by 31 million euros, representing a 1.2 point increase in operating margin.

Over the period, the Group recorded a 20% increase in its order book to 5.3 billion euros, including a major contract with Air China covering the maintenance of GE90 engines.

Other business: Transavia

Transavia	Q3 2014	Q3 2013	Change	Change ex currency
Capacity (ASK m)	7,700	7,111	+8.3%	-
Traffic (RPK m)	7,065	6,665	+6.0%	-
Load factor	91.8%	93.7%	-1.9 pts	-
Total passenger revenues (€m)	427	397	+7.6%	+7.6%
Scheduled passenger revenues (€m)	410	388	+5.6%	+5.6%
Unit revenue per ASK (€ cts)	5.55	5.58	-0.6%	-0.6%
Unit revenue per RPK (€ cts)	6.05	5.98	+1.1%	+1.1%
Unit cost per ASK (€ cts)	4.52	4.53	-0.2%	+0.4%
Operating result (€m)	62	66	-4	-

In the **Third Quarter of 2014**, Transavia capacity was up 8.3%, reflecting the accelerated development in France (up 21.4%) and the ongoing repositioning in the Netherlands (with scheduled capacity up 15.3% and charter capacity down 3.7%). Traffic rose 6.0%, and load factor remained high (91.8%, down 1.9 point). Unit revenue was down 0.6%, but up 0.5% in France despite the rapid increase in capacity. Transavia's total revenue stood at 427 million euros, up 7.6%. The operating result was 62 million euros, down 4 million euros year-on-year.

Transavia	9 months 2014	9 months 2013	Change	Change ex currency
Capacity (ASK m)	16,983	15,885	+6.9%	-
Traffic (RPK m)	15,342	14,408	+6.5%	-
Load factor	90.3%	90.7%	-0.4 pts	-
Total passenger revenues (€m)	861	813	+5.9%	+5.9%
Scheduled passenger revenues (€m)	820	786	+4.3%	+4.3%
Unit revenue per ASK (€ cts)	5.05	5.09	-0.8%	-0.8%
Unit revenue per RPK (€ cts)	5.59	5.62	-0.5%	-0.5%
Unit cost per ASK (€ cts)	4.84	4.88	-0.7%	+0.3%
Operating result (€m)	-2	12	-14	-

In the **first Nine Months of 2014**, Transavia traffic increased by 6.5% for capacity up 6.9%, leading to a 0.4 point decrease in load factor to 90.3%. Unit revenue was down 0.8%. Total revenue stood at 861 million euros, up 5.9%, while the unit cost per ASK decreased by 0.7%, but increased by 0.3% on a constant currency basis. The operating result decreased by 14 million euros to -2 million euros, mainly due to the rapid ramp up in France.

For the 2014-15 Winter season, Transavia will continue its rapid growth in France, with a planned 56% capacity increase (+13.3% including activity in the Netherlands).

In October 2014, Air France and its pilots' unions finalized a draft agreement relating to the development of Transavia in France. If this agreement is validated, it will ensure the entirety of the Transavia development plan in France over the next five years:

- Continued strong growth in Summer 2015: 21 aircraft in operation versus 16 in Summer 2014, Transavia to become the largest low cost carrier at Paris-Orly by Summer 2015.
- 37 Boeing 737s in operation by 2019, operating flights potentially on departure from all French airports excluding the Paris-CDG hub, notably on destinations already served by Air France.
- Transavia to maintain its own operating and remuneration conditions, which are key to achieving its unit cost and operating flexibility objectives.

Other business: Catering

Catering	Q3 2014	Q3 2013	Change	Change Like-for-like*
Total revenues (€m)	228	233	-2.1%	-1.7%
Third party revenues (€m)	82	78	+5.1%	+6.5%
Operating result (€m)	12	19	-7	+2

* Like-for-like : 2013 restated for sale of Air Chef and excluding strike impact

Third Quarter 2014 third party catering revenues amounted to 82 million euros, up 5.1%. At constant scope (excluding the impact of the sale of Air Chef that occurred in Q2 2013), third party revenues increased by 6.5%. The operating result increased by 2 million euros like-for-like, corrected for the impact of the Air France pilot strike on internal revenues.

Catering	9 months 2014	9 months 2013	Change	Change Like-for-like*
Total revenues (€m)	655	699	-6.3%	+1.1%
Third party revenues (€m)	234	266	-12.0%	+8.8%
Operating result (€m)	12	18	-6	+5

* Like-for-like : 2013 restated for sale of Air Chef and excluding strike impact

In the **first Nine Months of 2014**, third party catering revenues amounted to 234 million euros, up 8.8% at constant scope. Like-for-like, the operating result increased by 5 million euros.

Financial situation

In € million	9 months 2014	9 months 2013*	Change
Cash flow before change in Working Capital Requirement, Voluntary Departure Plans, continued operations	888	1071	-183
Cash out related to Voluntary Departure Plans	-162	-106	+56
Change in WCR	+272	+317	-45
Operating cash flow	998	1,282	-284
Net investments before <i>sale & lease-back</i>	-1,106	-897	+209
<i>Sale & lease-back</i> transactions	+33	+111	-78
Net investments after <i>sale & lease-back</i>	-1,073	-786	+287
Operating free cash flow	-75	+496	-571

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

In the **first Nine Months of 2014**, the fall of 200 million euros in EBITDA, primarily due to the Air France pilot strike, translated into a 183 million euro reduction in cash flow before change in WCR and cash out related to Voluntary Departure Plans. The Group disbursed 162 million euros for Voluntary Departure Plans representing nearly all of the cash out expected in the Financial Year.

Change in WCR was also affected by the strike, with delayed sales partly offset by not yet processed reimbursements. Net investments before *sale & lease-back* transactions stood at 1,106 million euros.

As a result, operating free cash flow amounted to minus 75 million euros, versus a positive 496 million euros a year earlier. Operating free cash flow does not incorporate free cash flow from financial investments, including the cash-in of 339 million euros from the sale of Amadeus shares in September.

Net debt amounted to 5.27 billion euros at 30th September 2014, versus 5.35 billion euros at 31st December 2013. The 12 months trailing net debt / EBITDA ratio stood at 3.2x at 30 September 2014 compared to 3.1x at 31st December 2013. Corrected for the strike impact, it was down to 2.7x.

Outlook

Delivery on the Transform 2015 plan is fully on track, and several key initiatives of Perform 2020, the new strategic plan covering the period 2015-2020, have been launched.

In July, the tough operating environment led the Group to revise its 2014 EBITDA target to between 2.2 and 2.3 billion euros.

Long-haul industry capacity growth remains high, though lower in comparison to the summer season, and economic activity is recovering slowly in Europe. In addition to the 330 million euro direct impact of the Air France pilot strike on the third quarter operating result, the Group noted the build-up of a delay in fourth quarter booking trends, without being able precisely to apportion responsibility for this delay between the strike and the unfavorable demand trend seen since the early summer and subsequently confirmed. The Group estimates that part of this delay could be progressively reduced over the coming weeks, without being able to quantify this adjustment exactly given the exceptional nature of the event.

As announced on 8 October 2014, all of the above elements could have an impact of around 500 million euros on EBITDA for the 2014 financial year.

Moreover, while continuing to implement the Perform 2020 plan, the Group has the firm intention to limit the financial consequences of the pilot strike and of the weaker unit revenue trend that developed over the past summer. This will be achieved thanks to the further adaptation of its investment plan, the acceleration of unit cost reduction measures, and through dynamic management of its asset portfolio.

The Third Quarter 2014 accounts are not audited by the Statutory Auditors.

The results presentation is available at www.airfranceklm-finance.com on 29th October 2014 from 7:15am CET.

A conference call hosted by Pierre-François Riolacci, Chief Financial Officer of Air France-KLM will be held on 29th October 2014 at 08.00 CET.

To access the conference call, please dial:

- France: +33 1 70 99 32 12 (code: 948694, password: AKH)
- Netherlands: +31 20 7965 012 (code: 948694, password: AKH)
- UK: +44 207 162 0125 (code: 948694, password: AKH)
- US: +1 334 323 6203 (code: 948694, password: AKH)

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

- France: +33 1 70 99 35 29 (code: 948694)
- Netherlands: +31 20 7965 345 (code: 948694)
- UK: +44 20 7031 4064 (code: 948694)
- US: +1 954 334 0342 (code: 948694)

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INCOME STATEMENTS

	Third Quarter			9 Months to September 30th		
	2014	2013*	Change	2014	2013*	Change
<i>In euro millions</i>						
Sales	6,695	7,175	-6.7%	18,700	19,397	-3.6%
Other revenues	8	8	0.0%	17	9	88.9%
External Expenses	-4,132	-4,220	-2.1%	-11,748	-12,103	-2.9%
Aircraft fuel	-1,737	-1,855	-6.4%	-4,926	-5,245	-6.1%
Chartering costs	-120	-120	0.0%	-329	-351	-6.3%
Aircraft operating lease costs	-216	-227	-4.8%	-646	-692	-6.6%
Landing fees and en route charges	-494	-503	-1.8%	-1,385	-1,397	-0.9%
Catering	-161	-157	2.5%	-444	-446	-0.4%
Handling charges and other operating costs	-417	-359	16.2%	-1,099	-1,056	4.1%
Aircraft maintenance costs	-336	-339	-0.9%	-979	-975	0.4%
Commercial and distribution costs	-228	-218	4.6%	-665	-652	2.0%
Other external expenses	-423	-442	-4.3%	-1,275	-1,289	-1.1%
Salaries and related costs	-1,819	-1,852	-1.8%	-5,506	-5,691	-3.3%
Taxes other than income taxes	-37	-40	-7.5%	-130	-137	-5.1%
Amortization	-392	-395	-0.8%	-1,156	-1,163	-0.6%
Depreciation and provisions	-43	-43	0.0%	-77	-117	-34.2%
Other income and expenses	-33	8	N/A	-60	-2	2900%
Income from current operations	247	641	-61.5%	40	193	-79.3%
Sales of aircraft equipment	0	-1	-100.0%	-5	-5	0.0%
Sales of subsidiaries	0	0	N/A	-3	9	N/A
Other non-current income and expenses	192	-222	N/A	78	-241	N/A
Income from operating activities	439	418	5.0%	110	-44	N/A
Income from cash and cash equivalents	18	21	-14.3%	57	60	-5.0%
Cost of financial debt	-114	-119	-4.2%	-337	-359	-6.1%
Net cost of financial debt	-96	-98	-2.0%	-280	-299	-6.4%
Foreign exchange gains (losses), net	-38	10	N/A	-149	44	N/A
Change in fair value of financial assets and liabilities	-172	100	N/A	-146	-15	-873%
Other financial income and expenses	-3	-2	50.0%	-38	-10	-280%
Income before tax	130	428	-69.6%	-503	-324	-55.2%
Income taxes	-23	-140	-83.6%	11	-68	N/A
Net income of consolidated companies	107	288	-62.8%	-492	-392	-25.5%
Share of profits (losses) of associates	-4	-132	-97.0%	-15	-210	92.9%
Income from continuing operations	103	156	-34.0%	-507	-602	15.8%
Net income from discontinued operations	0	-3	-100%	-4	-41	90.2%
Net income for the period	103	153	-32.7%	-511	-643	20.5%
Minority interest	-3	-5	-40.0%	-3	-8	-62.5%
Net income for the period - Group	100	148	-32.4%	-514	-651	21.0%

* Restated for IFRIC 21, CityJet reclassified as discontinued

CONSOLIDATED BALANCE SHEET

Assets <i>In € millions</i>	September 30, 2014	December 31, 2013*
Goodwill	250	237
Intangible assets	991	896
Flight equipment	9,122	9,391
Other property, plant and equipment	1,752	1,819
Investments in equity associates	161	177
Pension assets	465	2,454
Other financial assets	1,411	1,963
Deferred tax assets	904	434
Other non-current assets	192	113
Total non current assets	15,248	17,484
Assets held for sale	5	91
Other short term financial assets	806	1,031
Inventories	552	511
Trade receivables	2,030	1,775
Current income tax receivables	64	23
Other current assets	850	822
Cash and cash equivalents	3,213	3,684
Total current assets	7,520	7,937
Total assets	22,768	25,421

* Restated for IFRIC 21, CityJet reclassified as discontinued

Liabilities and equity <i>In € millions</i>	September 30, 2014	December 31, 2013*
Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	(85)	(85)
Reserves and retained earnings	(3,472)	(941)
Equity attributable to equity holders of Air France-KLM	(286)	2,245
Non-controlling interests	35	48
Total Equity	(251)	2,293
Provisions and retirement benefits	3,428	3,102
Long-term debt	8,001	8,596
Deferred tax liabilities	15	178
Other non-current liabilities	331	397
Total non-current liabilities	11,775	12,273
Liabilities relating to assets held for sale	-	58
Provisions	612	670
Current portion of long-term debt	1,932	2,137
Trade payables	2,332	2,369
Deferred revenue on ticket sales	2,871	2,371
Frequent flyer programs	757	755
Current income tax liabilities	2	2
Other current liabilities	2,617	2,327
Bank overdrafts	121	166
Total current liabilities	11,244	10,855
Total liabilities	23,019	23,128
Total equity and liabilities	22,768	25 421

* Restated for IFRIC 21, CityJet reclassified as discontinued

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In € millions</i>		
Period from January 1 to September 30,	2014	2013*
Net income from continuing operations	(507)	(602)
Net income from discontinued operations	(4)	(41)
Amortization, depreciation and operating provisions	1,240	1,287
Financial provisions	37	10
Results on disposals of tangible and intangible assets	(13)	1
Results on disposals of subsidiaries and associates	(184)	(9)
Derivatives – non monetary result	134	12
Unrealized foreign exchange gains and losses, net	148	(75)
Impairment	110	31
Share of (profits) losses of associates	15	210
Deferred taxes	(40)	38
Other non-monetary items	(204)	109
Subtotal	732	971
Of which discontinued operations	(6)	(6)
(Increase) / decrease in inventories	(29)	(17)
(Increase) / decrease in trade receivables	(187)	(251)
Increase / (decrease) in trade payables	(82)	86
Change in other receivables and payables	570	493
Change in working capital from discontinued operations	20	12
Net cash flow from operating activities	1,024	1,294
Acquisition of subsidiaries, of shares in non-controlled entities	(41)	(22)
Purchase of property plants, equipments and intangible assets	(1,155)	(956)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	354	26
Proceeds on disposal of property, plant and equipment and intangible assets	82	170
Dividends received	20	17
Decrease / (increase) in net investments, more than 3 months	260	51
Net cash flow used in investing activities of discontinued operations	(20)	(3)
Net cash flow used in investing activities	(500)	(717)
Issuance of debt	1,300	1,404
Repayment on debt	(1,753)	(1,012)
Payment of debt resulting from finance lease liabilities	(454)	(448)
New loans	(24)	(113)
Repayment on loans	55	128
Dividends paid	(2)	(3)
Net cash flow from financing activities	(878)	(44)
Effect of exchange rate on cash and cash equivalents and bank overdrafts	(77)	(30)
Change in cash and cash equivalents and bank overdrafts	(431)	503
Cash and cash equivalents and bank overdrafts at beginning of period	3,518	3,160
Cash and cash equivalents and bank overdrafts at end of period	3,093	3,660
Change in cash of discontinued operations	(6)	3

* Restated for IFRIC 21, CityJet reclassified as discontinued

KEY FINANCIAL INDICATORS

EBITDA

(In € millions)	Q3 2014	Q3 2013*	9M 2014	9M 2013*
Income/(loss) from current operations	247	641	40	193
Amortization	392	395	1,156	1,163
Depreciation and provisions	43	43	77	117
EBITDA	682	1,079	1,273	1,473

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

Adjusted operating result and adjusted operating margin

	Q3 2014	Q3 2013*	9M 2014	9M 2013*
Income/(loss) from current operations (in €m)	247	641	40	193
Portion of operating leases corresponding to financial charges (34%) (in €m)	73	77	220	235
Adjusted income/(loss) from current operations (in €m)	320	718	260	428
Revenues (in €m)	6,695	7,175	18,700	19,397
Adjusted operating margin	4.8%	10.0%	1.4%	2.2%

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

Restated net income

	Q3 2014	Q3 2013*	9M 2014	9M 2013*
Net income/(loss), Group share (in €m)	100	148	(514)	(651)
Net income/(loss) from discontinued operations (in €m)	0	3	4	41
Impairment of Alitalia shares (in €m)	0	119	0	119
Unrealized foreign exchange gains and losses, net (in €m)	31	(21)	148	(75)
Change in fair value of financial assets and liabilities (derivatives) (in €m)	172	(100)	146	15
Non current income and expenses (in €m)	(192)	223	(70)	237
Depreciation of shares available for sale (in €m)	0	0	29	0
Cargo deferred tax assets (in €m)	0	0	26	0
Restated net income/(loss) (in €m)	111	372	(231)	(314)
Restated net income/(loss) per share (in €)	0.37	1.26	(0.78)	(1.06)

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

Net debt

Balance sheet at (In € millions)	September 30, 2014	December 31, 2013
Current and non-current financial debt	9,933	10,733
Deposits on aircraft under finance lease	(584)	(626)
Financial assets pledged (OCEANE swap)	(196)	(393)
Currency hedge on financial debt	(14)	8
Accrued interest	(118)	(144)
Gross financial debt (A)	9,021	9,578
Cash and cash equivalents	3,213	3,684
Marketable securities	97	126
Cash pledges	400	432
Deposits (bonds)	159	154
Bank overdrafts	(121)	(166)
Net cash (B)	3,748	4,230
Net debt (A) – (B)	5,273	5,348

Operating free cash flow

(In € millions)	9M 2014	9M 2013**
Net cash flow from operating activities	998	1,282
Investment in property, plant, equipment and intangible assets	(1,155)	(956)
Proceeds on disposal of property, plant, equipment and intangible assets	82	170
Operating free cash flow*	(75)	496

* Excluding discontinued operations

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

Net cost per EASK

	Q3 2014	Q3 2013*	9M 2014	9M 2013*
Revenues (in €m)	6,695	7,175	18,700	19,397
Income/(loss) from current operations (in €m)	247	641	40	193
Total operating expense (in €m)	(6,448)	(6,534)	(18,660)	(19,204)
Passenger business – other passenger revenues (in €m)	223	232**	647	681**
Cargo business – other air freight revenues (in €m)	44	52	134	148
Third-party revenues in the maintenance business (in €m)	319	306	895	927
Other businesses – revenues other than Transavia transportation (in €m)	111	96	307	332
Net cost (in €m)	5,751	5,848	16,677	17,116
Capacity produced, reported in EASK	88,066	90,995	251,037	252,286
Net cost per EASK (in € cents per ESKO)	6,53	6,43	6,64	6,79
Gross change	+1.6%		-2.1%	
Strike correction	-3.7%		-1.2%	
Currency effect on net costs (in €m)		(26)		(226)
Change at constant currency	-1.7%		-2.0%	
Fuel price effect (in €m)		(20)		(84)
Change on a constant currency and fuel price basis	-1.3%		-1.5%	
Defined pension benefit expense included in salaries and related costs (in €m)	99	107	295	318
Net cost per EASK on a constant currency, fuel price and defined benefit pension expense basis (in € cents per EASK)	6,29	6,43	6,55	6,79
Change on a constant currency, fuel price and defined benefit pension expense basis	-1.2%		-1.5%	

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

** Restated for change in revenue allocation (14 million euros transferred from "other passenger" to "scheduled passenger" revenues in Q3 2013 and 24 million euros in 9M 2013)

INDIVIDUAL AIRLINE RESULTS

Air France

	Q3 2014	Q3 2013*	9M 2014	9M 2013*
Revenue (€ bn)	4.02	4.45	11.62	12.20
EBITDA (€m)	269	577	618	793
Operating result (€m)	-21	280	-201	-93

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

KLM

	Q3 2014	Q3 2013*	9M 2014	9M 2013
Revenue (€ bn)	2.75	2.80	7.31	7.42
EBITDA (€m)	410	502	646	680
Operating result (€m)	265	358	232	281

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

GROUP FLEET AT 30 SEPTEMBER 2014

Air France fleet

Aircraft type	AF	Hop!	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/13
B747-400	7			3	1	3	7	7	
B777-300	37			11	9	17	37	37	
B777-200	25			14	3	8	25	25	
A380-800	10			2	4	4	10	10	1
A340-300	13			4	6	3	13	13	
A330-200	15			4	1	10	15	15	
Total long-haul	107			38	24	45	107	107	1
B747-400ERF	2					2	2	2	
B777-F	2			2			2	2	
Total cargo	4			2		2	4	4	
B737-800			14			14	14	14	3
A321	25			6	6	13	25	25	
A320	46			8	3	35	46	45	1
A319	41			15	10	16	41	41	
A318	18			11	7		18	18	
Total short and medium-haul	130		14	40	26	78	144	143	4
ATR72-500		11		1	3	7	11	11	3
ATR72-200									-1
ATR42-500		13		4	4	5	13	13	
Canadair Jet 1000		13		13			13	13	
Canadair Jet 700		15		12	3		15	13	
Canadair Jet 100		11		11			11	4	-3
Embraer 190		10		4		6	10	10	
Embraer 170		16		8	2	6	16	16	
Embraer 145		19		15	4		19	16	-2
Embraer 135		6		4	2		6	2	
Total regional		114		72	18	24	114	98	-3
TOTAL	241	114	14	152	68	149	369	352	2

KLM fleet

Aircraft type	KLM	KLM Cityhopper	Transavia	Martinair	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/13
B747-400	22				15	2	5	22	22	
B777-300	8					8		8	8	
B777-200	15					6	9	15	15	
A330-300	4						4	4	4	
A330-200	12					6	6	12	12	
MD11	3				3			3	3	-1
Total long-haul	64				18	22	24	64	64	
B747-400ERF				4		3	1	4	3	
B747-400BCF				3			3	3	1	
MD-11-CF				3	3			3	3	
MD-11-F				3		2	1	3	3	
Total cargo				13	3	5	5	13	10	
B737-900	5				1	1	3	5	5	
B737-800	25		22		7	10	30	47	47	2
B737-700	18		9		2	9	16	27	27	
Total short and medium-haul	48		31		10	20	49	79	79	2
Embraer 190		28				13	15	28	28	4
Fokker 70		21			21			21	19	-7
Total Regional		49			21	13	15	49	47	-3

KLM	112	49	31	13	52	60	93	205	200	-2
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TOTAL Air France-KLM (Constant scope, excluding impact of sale of CityJet and VLM)	204	128	242	574	552	0
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TOTAL Air France-KLM	204	128	242	574	552	-31
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