

**FIRST QUARTER 2018 RESULTS
STRONG ONGOING DEMAND, STRIKE WEIGHING ON RESULTS**
FIRST QUARTER 2018

Strong ongoing demand in the first quarter 2018:

- Number of passengers carried up 5.2% at 22 million.
- Traffic up 5.7%, leading to a load factor improvement by 1.7 pt.
- Group unit revenue +1.2% at constant currency compared to last year.

However, Air France strikes have weighed on the economic performance of the Group:

- Unit costs up 2.1% at constant currency, fuel and pension charges, of which 1.7% related to strikes.
- Operating income at -118 million euros, including around 75 million euros of strike impact, compared to -33 million euros in first quarter 2017¹.

The Group financial structure has been further improved:

- Net debt reduction of 285 million euros, particularly thanks to an adjusted operating free cash flow of 142 million euros¹.
- Net debt / EBITDA ratio of 1.3x at 31 March 2018, an improvement of 0.1 points compared to 31 December 2017¹.

OUTLOOK FOR FULL YEAR 2018

The demand remains well oriented in a favourable business environment:

- Long haul forward booking load factors continue to be ahead of last year in average for the next four months.
- Second quarter 2018 unit revenue expected to be flat at constant currency compared to last year.

Some guidance elements have been adjusted to take into account the Air France strike impact of at least 300 million euros on the operating result, and the macroeconomic context:

- Capacity increase at 2.5% to 3.5% for Passenger network.
- Unit cost change expected between 0% and +1.0% at constant currency, fuel and pension charges, including strike related costs and associated capacity adjustment.
- Fuel bill increase of 350 million euros compared to 2017.
- Currency headwind of around 100 million euros due to the strengthening of the Euro compared to other currencies.

As a consequence, full year 2018 operating result is expected to be notably below 2017¹.

The Group is targeting to further reduce its net debt compared to 31 December 2017¹.

The Board of Directors of Air France-KLM, chaired by Jean-Marc Janailac, met on 3rd May 2018 to approve the accounts for the first quarter 2018.

Air France-KLM Group	First quarter	
	2018	Change
Passengers (thousands)	22,014	+5.2%
Unit revenue per ASK (€ cts)	6.24	+1.2%
Operating result ¹ (€m)	-118	-85
Net result – group ¹ (€m)	-269	-126
Adjusted operating free cash flow ¹ (€m)	142	-182
Net debt at end of period ¹ (€m)	6,282	-285

¹ Since January 1st, 2018, Air France-KLM Group applies the new accounting standards IFRS 9, 15 and 16. For the purpose of comparison, the Group consolidated financial statements have been restated as of 1st January 2017.

Restatement of accounts due to implementation of new accounting standards of IFRS

Since January 1, 2018, Air France-KLM Group applies the three following new standards:

- IFRS 9 “Financial Instruments”
- IFRS 15 “Revenue Recognition from Contracts with Customers”: this standard is applied retrospectively to each previous period in which financial information is presented, according to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- IFRS 16 “Leases”: the Group has opted for the early adoption of this standard starting January 1, 2018. It has been applied using the retrospective restatement to each prior reporting period presented applying IAS 8. With IFRS 16, all lease contracts will be recognized on the balance sheet except for two capitalization exemptions proposed by the standard (lease contracts with a duration of less than 12 months and lease contracts for which the underlying asset has a value in new of below 5,000 €).

Detailed information on the changes of IFRS are provided in the published document “Consolidated financial statements” of the first quarter 2018, Chapter 2: Restatement of accounts 2017, page 11-15.

Impact on the consolidated income statement

In million euros	Q1 2017			Impact by
	Published accounts	Restated	Change	
Revenues	5,709	5,705	-4	IFRS 15
External expenses	-5,155	-5,057	+98	IFRS 15 & 16
Operating leases	-285	0	+285	IFRS 16
EBITDA	269	648	+379	IFRS 15 & 16
Amortizations and depreciation	-412	-681	-269	IFRS 16
Current operating income	-143	-33	+110	IFRS 15 & 16
Cost of financial debt	-56	-140	-84	IFRS 16
Operating income -/- cost of debt	-199	-173	+26	IFRS 15 & 16
Other financial items	-31	46	+77	IFRS 9 & 16
Income tax	9	-21	-30	
Net result	-216	-143	+73	

In million euros	2017			Impact by
	Published accounts	Restated	Change	
Revenues	25,784	25,860	+76	IFRS 15
External expenses	-21,432	-21,086	+346	IFRS 15 & 16
Operating leases	-1,088	0	+1,088	IFRS 16
EBITDA	3,264	4,774	+1,510	IFRS 15 & 16
Amortizations and depreciation	-1,776	-2,837	-1,061	IFRS 16
Current operating income	1,488	1,937	+449	IFRS 15 & 16
Cost of financial debt	-214	-537	-322	IFRS 16
Operating income -/- cost of debt	1,273	1,400	+127	IFRS 15 & 16
Other financial items	116	582	+466	IFRS 9 & 16
Income tax	229	74	-155	
Net result	-274	162	+436	

Impact on the consolidated balance sheet per 31 December 2017

<i>In billion euros</i>	Published accounts	Restated	Change		Published accounts	Restated	Change
Asset	24.4	30.2	+5.8	Liabilities & Equity	24.4	30.2	+5.8
Fixed Assets: Equipment	11.4	11.1	-0.3	Equity	3.0	2.5	-0.5
Fixed Assets: right of use	0.0	5.9	+5.9	Liabilities	21.4	27.7	+6.3
Deferred tax asset	0.2	0.5	+0.2	<i>Lease debt</i>	0.0	5.1	+5.1
				<i>Maintenance provision</i>	2.2	3.2	+1.0

Impact on the consolidated statement of cash flows

	Q1 2017		
<i>In million euros</i>	Published accounts	Restated	Change
Operating free cash flow	329	581	+252
Cash flow from financing activities	-192	-444	-252
Change in cash and cash equivalents	126	126	0

All the changes shown in this press release are based on 2017 restated financial statements.

Business Review

Network: Revenue growth in context of strikes impacting margin

Network	First quarter		
	2018	Change	Change constant currency
Capacity (EASK m)	76,993	+2.8%	
Total revenues (€m)	5,090	+0.8%	+4.5%
Scheduled revenues (€m)	4,836	+0.8%	+4.6%
Unit revenue per EASK (€ cts)	6.28	-2.0%	+1.7%
Unit cost per EASK (€ cts)	6.39	-0.5%	+3.7%
Operating result (€m)	-86	-76	-97

There has been a positive business environment in the first quarter of 2018, with strong ongoing demand. The Group has increased its Network capacity by 2.8% compared to last year, slightly lower than planned mainly as a result of three days of strikes at Air France. Despite this unfavourable event, the network revenues grew by +4.5% compared to last year at constant currency, which enabled to partly offset the strike and fuel cost negative impacts. The combined Passenger and Cargo operating result amounted to -86 million euros for first quarter 2018, including around 75 million euros of negative strike impact, a decrease of 97 million euros compared to last year at constant currency.

Passenger: Strong ongoing demand for long-haul and medium-haul hubs, pressure in point-to-point network

Passenger network	First quarter		
	2018	Change	Change constant currency
Passengers (thousands)	19,287	+4.4%	
Capacity (ASK m)	68,174	+3.2%	
Traffic (RPK m)	59,112	+4.9%	
Load factor	86.7%	+1.4 pt	
Total passenger revenues (€m)	4,547	+0.6%	+4.1%
Scheduled passenger revenues (€m)	4,359	+0.6%	+4.2%
Unit revenue per ASK (€ cts)	6.39	-2.4%	+1.0%

The number of passengers carried in the first quarter of 2018 grew by 4.4% to 19.3 million and unit revenue increased by 1.0% at constant currency.

The long-haul network benefitted from a dynamic demand resulting in an unit revenue increase of 1.9% at constant currency. This good performance was driven by the North America, Latin America and Asia networks, with unit revenue increases of respectively 4.9%, 6.2% and 2.4% at constant currency.

The medium-haul network was more mixed: the unit revenue was up 2.3% at constant currency for medium-haul hubs, but down -8.9% on the point-to-point network in France, mainly due to the new TGV competition on Bordeaux and Brittany.

Cargo: Increase in unit revenues compared to last year drives growth of revenues

Cargo business	First quarter		
	2018	Change	Change at constant currency
Tons (thousands)	270	-0.8%	
Capacity (ATK m)	3,415	+0.6%	
Traffic (RTK m)	2,036	-0.4%	
Load factor	59.6%	-0.6 pt	
Total Cargo revenues (€m)	543	+2.6%	+7.9%
Scheduled cargo revenues (€m)	477	+2.4%	+8.0%
Unit revenue per ATK (€ cts)	13.95	+1.8%	+7.3%

The Cargo business has continued its turnaround in the first quarter of 2018, with a market demand remaining strong, especially on outbound Europe and inbound Asia.

Capacity grew by 0.6% and, despite a load factor slightly decreasing, the unit revenue increased by 7.3% at constant currency.

Transavia: Strong capacity growth and strong unit revenue performance contribute to an improvement in operating result

Transavia	First quarter	
	2018	Change
Passengers (thousands)	2,727	+11.3%
Capacity (ASK m)	5,229	+10.1%
Traffic (RPK m)	4,807	+16.0%
Load factor	91.9%	+4.6 pt
Total passenger revenues (€m)	235	+19.3%
Unit revenue per ASK (€ cts)	4.30	+8.4%
Unit cost per ASK (€ cts)	5.41	+1.3%
Operating result (€m)	-58	+7

Transavia carried 2.7 million passengers in the first quarter 2018, an increase of 11.3% compared to last year. Capacity of Transavia France was strongly up by 25.0%, while capacity of Transavia Holland was up 2.2%. Transavia benefitted from shift of Easter leisure peak traffic from the month of April to March: in total the traffic growth was 16.0%, increasing the load factor by 4.6 pt compared to last year. The unit revenue was clearly up with 8.4% compared to last year.

The first quarter 2018 operating result stood at -58 million euros, an improvement of 7 million euros compared to last year.

Maintenance: Increase of third party revenues

Maintenance	First quarter		
	2018	Change	Change at constant currency
Total revenues (€m)	1,075	+3.7%	
Third party revenues (€m)	471	+5.1%	+17.2%
Operating result (€m)	27	-17	-14
Operating margin (%)	2.5%	-1.7 pt	-1.7 pt

The Maintenance revenues increased in the first quarter 2018 compared to last year, with third-party revenues up by 17.2% at constant currency, driven by both engines and components activities. The operating margin expressed as a percentage of total revenues stood at 2.5%, a decrease of 1.7 points at constant currency, but stable excluding an exceptional effect related to the early termination of a components contract.

The Maintenance order book further increased to 10.8 billion dollars at end of the first quarter 2018, an increase of 0.4 billion dollars compared to end of 2017.

Air France-KLM Group: First quarter 2018 impacted by Air France strike

	First quarter		
	2018	Change	Change at constant currency
Capacity (EASK m)	82,221	+3.3%	
Capacity excl. Cargo (ASK m)	73,403	+3.6%	
Revenues (€m)	5,806	+1.8%	+5.9%
EBITDA (€m)	621	-4.2%	-6.4%
Operating result (€m)	-118	-85	-105
Operating margin (%)	-2.0%	-1.5 pt	-1.8 pt
Net result, group share (€m)	-269	-126	

In first quarter 2018, the Air France-KLM Group realized an operating result of -118 million euros, down by 85 million euros compared to last year. This decrease is mainly explained by the strikes at Air France with a negative impact of around 75 million euros and by the fuel price increase.

Unit revenue contributed positively with 91 million euros and unit cost showed a negative effect of 106 million euros, both including strike related effects.

The fuel bill amounted to 1,058 million euros, down 61 million euros, but up 83 million euros at constant currency due to the increase in jet fuel price including hedging.

Currencies had a negative 224 million euros impact on revenues versus first quarter 2017, due to the strengthening of the euro against other currencies. The positive impact on costs reached 245 million euros, including a tailwind from currency hedging. In the first quarter 2018, the net impact of currencies thus amounted to a positive 20 million euros.

Unit cost

On a constant currency, fuel price and pension-related expense basis, the unit cost was up +2.1% in the first quarter 2018, of which +1.7% was resulting from the strikes at Air France and +0.4% from a one-off item.

Increased productivity supported by capacity growth

Productivity, measured in EASK per FTE, increased by 2.1% with a capacity increase of 3.3%. The average number of staff increased by 900 FTEs including +100 FTEs in Pilots and +1100 FTEs in Cabin crew relating to the capacity increase. Ground staff were reduced by -300 FTEs.

Net employee costs in the first quarter 2018 were up 1.9% compared to last year, including a profit sharing component for KLM. Excluding this effect, the net employee costs were up 0.6%.

Further strengthening of the financial structure

In million euros	First quarter	
	2018	Change
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations	512	-49
Cash out related to Voluntary Departure Plans	-22	+15
Change in Working Capital Requirement (WCR)	807	+125
Net cash flow from operating activities	1,297	+91
Net investments before sale & lease-back*	-913	-288
Operating free cash flow	384	-197
Reduction of lease debt	-242	+15
Adjusted operating free cash flow **	142	-182

* 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.

** With the implementation of new accounting standards IFRS 16, the cash-out related to the repayment of lease debt is not deducted from the "Operating free cash flow". The "Adjusted operating free cash" is the Operating free cash flow" after deduction of the repayment of lease debt.

Positive adjusted operating free cash flow

The Group has generated an adjusted operating free cash flow of 142 million euros in the first quarter 2018, compared to 324 million euros in the first quarter 2017. The change in working capital amounted to 807 million euros, an increase by 125 million euros compared to last year, and net investments amounted to 913 million euros, an increase of 288 million euros.

Net debt reduction by the generated adjusted operating free cash flow and reduction of lease debt

In million euros	31 Mar 2018	31 Dec 2017
Net debt	6,282	6,567
EBITDA ¹	4,748	4,774
Net debt/EBITDA¹	1.3 x	1.4 x

At 31 March 2018, net debt had been further reduced to 6,282 million euros versus 6,567 million euros at 31 December 2017, an improvement of 329 million euros generated by the operating free cash flow and the net reduction of lease debt.

The net debt / EBITDA ratio decreased from 1.4x at 31 December 2017 to 1.3x at 31 March 2018.

¹ Sliding 12 months

Air France results impacted by strike and domestic market, KLM improvement benefitting from robust demand

Operating result	First quarter	
	2018	Change
Air France Group (€m)	-178	-121
<i>Operating margin (%)</i>	-5.0%	-3.4 pt
KLM Group (€m)	60	+32
<i>Operating margin (%)</i>	2.5%	+1.3pt

First Quarter 2018 operating income was down by -121 million euros at Air France due to strike and competitive pressure in the domestic market.

KLM operating income improved by 32 million euros benefitting from a robust demand environment.

Outlook

The global context remains uncertain given the current geopolitical environment, labour wage inflation pressure, strengthening of the euro compared to other currencies and rising fuel price trends.

Demand and revenue environment:

- The latest available data from the Passenger network show a continuing positive trend in demand for May until August 2018: the current long haul forward bookings for the coming four months are on average ahead of last year levels.
- Passenger Network unit revenue is expected to be flat in second quarter 2018 at constant currency compared to last year.

Some guidance elements have been adjusted to take into account the Air France strike impact of at least 300 million euros on the operating result, and the macroeconomic context:

- Air France-KLM plans to increase its 2018 capacity between 2.5% and 3.5% in available seat kilometers for the Passenger Network, compared to a previous forecast of 3.0% to 4.0%.
- The full year unit cost change is expected between 0% and +1.0% at constant currency, fuel and pension charges, including strike related costs and associated capacity adjustment, compared to an initial target of -1.0% to -1.5%.
- The 2018 fuel bill, is expected to increase compared to last year by 350 million euros¹, based on the forward curve of 27 April 2018 and after positive hedge result of 750 million dollars.
- A currency headwind of around 100 million euros is expected due to the strengthening of the Euro compared to other currencies.

As a consequence, the full year 2018 operating result is expected to be notably below 2017.

Capex plan and net debt target:

- The investment plan will be managed in the target range of 2.0 billion to 2.5 billion euros.
- The Group is targeting to further reduce its net debt compared to 31 December 2017.

Due to the strike impacts on the 2018 Air France results, the management will carefully continue to manage the financial structure of the Group and its growth plan.

The First Quarter 2017 accounts are not audited by the Statutory Auditors.

The results presentation is available at www.airfranceklm.com on 4th May 2018 from 7:15 am CET.

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¹ Based on the forward curves of 27 April 2018, 2018 average Brent price of USD 71, average jet fuel price of USD 681 per ton and exchange rate of EUR/USD of 1.23 in 2018

Income Statement

<i>In millions euros</i>	First quarter		
	2018	2017	Change
Sales	5,806	5,705	+1.8%
Other revenues	0	0	<i>nm</i>
Revenues	5,806	5,705	+1.8%
Aircraft fuel	-1,061	-1,120	-5.3%
Chartering costs	-130	-126	+3.2%
Landing fees and en route charges	-427	-437	-2.3%
Catering	-182	-185	-1.6%
Handling charges and other operating costs	-476	-419	+13.6%
Aircraft maintenance costs	-617	-592	+4.2%
Commercial and distribution costs	-232	-228	+1.8%
Other external expenses	-394	-358	+10.1%
Salaries and related costs	-1,853	-1,812	+2.3%
Taxes other than income taxes	-49	-45	+8.9%
Other income and expenses	236	265	-10.9%
EBITDA	621	648	-4.2%
Amortization, depreciation and provisions	-739	-681	+8.5%
Income from current operations	-118	-33	+257.6%
Sales of aircraft equipment	-5	9	<i>nm</i>
Other non-current income and expenses	-42	-7	+500.0%
Income from operating activities	-165	-31	+432.3%
Cost of financial debt	-114	-149	-23.5%
Income from cash and cash equivalent	10	9	+11.1%
Net cost of financial debt	-104	-140	-25.7%
Other financial income and expenses	12	46	-73.9%
Income before tax	-257	-125	+105.6%
Income taxes	-6	-21	-71.4%
Net income of consolidated companies	-263	-146	+80.1%
Share of profits (losses) of associates	-6	3	<i>nm</i>
Income from continuing operations	-269	-143	+88.1%
Net income from discontinued operations	0	0	<i>nm</i>
Net income for the period	-269	-143	+88.1%
Minority interest	0	0	<i>nm</i>
Net income for the period - Group	-269	-143	+88.1%

Consolidated Balance Sheet

Assets	31 Mar 2018	31 Dec 2017
<i>In million euros</i>		
Goodwill	215	216
Intangible assets	1,147	1,122
Flight equipment	10,084	9,634
Other property, plant and equipment	1,446	1,418
Right-of-use assets	5,769	5,863
Investments in equity associates	290	301
Pension assets	602	590
Other financial assets	1,229	1,242
Deferred tax assets	430	479
Other non-current assets	207	239
Total non-current assets	21,419	21,104
Assets held for sale	0	0
Other short-term financial assets	399	421
Inventories	576	557
Trade receivables	2,452	2,165
Other current assets	1,325	1,242
Cash and cash equivalents	4,074	4,673
Total current assets	8,826	9,058
Total assets	30,245	30,162

Liabilities and equity	31 Mar 2018	31 Dec 2017
<i>In million euros</i>		
Issued capital	429	429
Additional paid-in capital	4,139	4,139
Treasury shares	-67	-67
Perpetual	600	600
Reserves and retained earnings	-2,780	-2,620
Equity attributable to equity holders of Air France-KLM	2,321	2,481
Non-controlling interests	12	12
Total Equity	2,333	2,493
Pension provisions	2,175	2,202
Other provisions	2,971	2,927
Financial debt	5,766	5,919
Lease debt	3,831	4,148
Deferred tax liabilities	8	6
Other non-current liabilities	364	361
Total non-current liabilities	15,115	15,563
Provisions	279	284
Current portion of financial debt	774	1,378
Current portion of lease debt	1,151	993
Trade payables	2,428	2,366
Deferred revenue on ticket sales	4,042	3,017
Frequent flyer programs	816	819
Other current liabilities	3,301	3,243
Bank overdrafts	6	6
Total current liabilities	12,797	12,106
Total equity and liabilities	30,245	30,162

Consolidated Statement of Cash Flows from 1st January until 31st March 2018

<i>In million euros</i>	31 Mar 2018	31 Mar 2017
Net income from continuing operations	-269	-143
Net income from discontinued operations	0	0
Amortization, depreciation and operating provisions	739	681
Financial provisions	26	30
Loss (gain) on disposals of tangible and intangible assets	4	-9
Loss (gain) on disposals of subsidiaries and associates	0	0
Derivatives – non monetary result	13	16
Unrealized foreign exchange gains and losses, net	-24	-56
Impairment	0	0
Other non-monetary items	-6	-4
Share of (profits) losses of associates	6	-4
Deferred taxes	1	13
Financial Capacity	490	524
<i>Of which discontinued operations</i>	<i>0</i>	<i>0</i>
(Increase) / decrease in inventories	-13	-115
(Increase) / decrease in trade receivables	-310	-275
Increase / (decrease) in trade payables	64	81
Change in other receivables and payables	1,066	991
Change in working capital requirements	807	682
<i>Change in working capital from discontinued operations</i>	<i>0</i>	<i>0</i>
Net cash flow from operating activities	1,297	1,206
Purchase of property, plant and equipment and intangible assets	-939	-668
Proceeds on disposal of property, plant and equipment and intangible assets	26	43
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	3	1
Acquisition of subsidiaries, of shares in non-controlled entities	-8	-1
Dividends received	3	1
Decrease (increase) in net investments, more than 3 months	-12	-4
<i>Net cash flow used in investing activities of discontinued operations</i>	<i>0</i>	<i>0</i>
Net cash flow used in investing activities	-927	-628
Increase of capital	0	0
Sale of minority interest without change in control	0	0
Issuance of debt	24	45
Repayment on financial debt	-781	-234
Payments on leases debt	-242	-257
Decrease (increase) in loans, net	34	2
Dividends and coupons on perpetual paid	0	0
<i>Net cash flow used in financing activities of discontinued operations</i>	<i>0</i>	<i>0</i>
Net cash flow from financing activities	-965	-444
Effect of exchange rate on cash and cash equivalents and bank overdrafts	-4	-8
<i>Effect of exch. rate on cash and cash eq. and bank overdrafts of disc. ops.</i>	<i>0</i>	<i>0</i>
Change in cash and cash equivalents and bank overdrafts	-599	126
Cash and cash equivalents and bank overdrafts at beginning of period	4,667	3,933
Cash and cash equivalents and bank overdrafts at end of period	4,068	4,059
<i>Change in treasury of discontinued operations</i>	<i>0</i>	<i>0</i>

Key Performance Indicators

EBITDA

<i>In million euros</i>	First quarter	
	2018	2017
Income/(loss) from current operations	-118	-33
Amortization, depreciation and provisions	739	681
EBITDA	621	648

Restated net result, group share

<i>In million euros</i>	First quarter	
	2018	2017
Net income/(loss), Group share	-269	-143
Net income/(loss) from discontinued operations	0	0
Unrealized foreign exchange gains and losses, net	-24	-56
Change in fair value of financial assets and liabilities (derivatives)	14	-6
Non-current income and expenses	47	-2
Depreciation of shares available for sale	0	0
De-recognition of deferred tax assets	0	0
Restated net income/(loss), group share	-232	-207
Coupons on perpetual	0	-6
Restated net income/(loss), group share including coupons on perpetual (used to calculate earnings per share)	-232	-213
Restated net income/(loss) per share (in €)	-0.54	-0.71

Return on capital employed (ROCE)¹

<i>In million euros</i>	31 Mar 2018	31 Mar 2017	31 Mar 2017	31 Mar 2016
Goodwill and intangible assets	1,362	1,320	1,320	1,242
Flight equipment	10,084	9,158	9,158	8,746
Other property, plant and equipment	1,446	1,382	1,382	1,475
Right of use assets	5,725	5,511	5,511	5,746
Investments in equity associates	290	295	295	74
Financial assets excluding shares available for sale, marketable securities and financial deposits	117	110	110	93
Provisions, excluding pension, cargo litigation and restructuring	-2,726	-2,719	-2,719	-2,505
WCR, excluding market value of derivatives	-6,606	-6,222	-6,222	-5,881
Capital employed	9,692	8,835	8,835	8,993
Average capital employed (A)	9,264		8,914	
Adjusted results from current operations	1,852		1,253	
- Dividends received	-3		-2	
- Share of profits (losses) of associates	11		-2	
- Tax recognized in the adjusted net result	-553		-371	
Adjusted result from current operations after tax (B)	1,307		878	
ROCE, trailing 12 months (B/A)	14.1%		9.8%	

¹ The ROCE definition has been updated within the framework of IFRS 16 implementation. The asset value linked to the aircraft lease contracts now corresponds to the net book value of the right-of-use asset of all the lease contracts. Moreover, the "operating result, adjusted for operating leases" does not exist anymore and has been replaced by the "income from current operations" which, thanks to IFRS 16 implementation, does not contain anymore the financial cost of lease contracts. Finally, the Group now uses a normative income tax rate, calculated according to the tax rates applied in France and in the Netherlands.

Net debt

<i>In million euros</i>	Balance sheet at	
	31 Mar 2018	31 Dec 2017
Current and non-current financial debt	6,540	7,297
Deposits on aircraft under finance lease	4,560	4,713
Financial assets pledged (OCEANE swap)	0	0
Currency hedge on financial debt	19	19
Accrued interest	-71	-76
Gross financial debt (A)	11,048	11,953
Cash and cash equivalents	4,074	4,673
Marketable securities	84	73
Cash pledges	269	269
Deposits (bonds)	346	379
Bank overdrafts	-6	-6
Other	-1	-2
Net cash (B)	4,766	5,386
Net debt (A) – (B)	6,282	6,567

Adjusted operating free cash flow

<i>In million euros</i>	First quarter	
	2018	2017
Net cash flow from operating activities, continued operations	1,297	1,206
Investment in property, plant, equipment and intangible assets	-939	-668
Proceeds on disposal of property, plant, equipment and intangible assets	26	43
Operating free cash flow	384	581
Payments on lease debt	-242	-257
Adjusted operating free cash flow	142	324

Unit cost: net cost per EASK

	First quarter	
	2018	2017
Revenues (in €m)	5,806	5,705
Income/(loss) from current operations (in €m)	118	33
Total operating expense (in €m)	5,924	5,738
Passenger network business – other revenues (in €m)	-188	-189
Cargo business – other revenues (in €m)	-67	-64
Third-party revenues in the maintenance business (in €m)	-471	-448
Transavia - other revenues (in €m)	-10	-9
Third-party revenues of other businesses (in €m)	-10	-10
Net cost (in €m)	5,178	5,018
Capacity produced, reported in EASK*	82,221	79,607
Net cost per EASK (in € cents per EASK)	6.30	6.30
<i>Gross change</i>		-0.1%
Currency effect on net costs (in €m)		-191
<i>Change at constant currency</i>		3.9%
Fuel price effect (in €m)		83
<i>Change on a constant currency and fuel price basis</i>		2.2%
Change in pension-related expenses (in €m)		6
Net cost per EASK on a constant currency, fuel price and pension-related expenses basis (in € cents per EASK)	6.30	6.17
<i>Change on a constant currency, fuel price and pension-related expenses basis</i>		+2.1%

* 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..

Airline results

Air France Group

	First quarter	
	2018	Change
Revenue (in €m)	3,553	-0.8%
EBITDA (in €m)	305	-79
Operating result (en m€)	-178	-121
<i>Operating margin (%)</i>	-5.0%	-3.4 pt
Operating cash flow before WCR and restructuring cash out (in €m)	266	-79
<i>Operating cash flow (before WCR and restructuring) margin</i>	7.5%	-2.1 pt

KLM Group

	First quarter	
	2018	Change
Revenue (in €m)	2,387	+7.4%
EBITDA (in €m)	313	+47
Operating result (en m€)	60	+32
<i>Operating margin (%)</i>	2.5%	+1.3 pt
Operating cash flow before WCR and restructuring cash out (in €m)	245	+33
<i>Operating cash flow (before WCR and restructuring) margin</i>	10.3%	+0.7 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 31st of March 2018

Aircraft type	AF (incl. HOP)	KL (incl. KLC & MP)	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/17
B747-400		12		12			12	12	-1
B777-300	43	14		10	25	22	57	57	
B777-200	25	15		22	3	15	40	40	
B787-9	5	12		3	2	12	17	17	2
A380-800	10			1	4	5	10	10	
A340-300	7			7			7	7	
A330-300		5				5	5	5	
A330-200	15	8		10	1	12	23	23	
Total Long-Haul	105	66	0	65	35	71	171	171	1
B737-900		5		1	1	3	5	5	
B737-800		27	64	24	9	58	91	91	4
B737-700		18	8	3	8	15	26	26	
A321	20			11		9	20	20	
A320	43			4	4	35	43	43	1
A319	38			20	5	13	38	35	-3
A318	18			12	6		18	18	
Total Medium-Haul	119	50	72	75	33	133	241	238	2
ATR72-600	6					6	6	6	
ATR72-500	2				1	1	2	2	-1
ATR42-500	10			6		4	10	9	-2
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	11			11			11	10	-1
Embraer 190	10	32		8	13	21	42	42	2
Embraer 175		16		5	11		16	16	4
Embraer 170	15			8	2	5	15	15	
Embraer 145	18			14	4		18	13	
Total Regional	86	48	0	66	31	37	134	127	2
B747-400ERF		3		3			3	3	
B747-400BCF		1		1			1	1	
B777-F	2			2			2	2	
Total Cargo	2	4	0	6	0	0	6	6	0
Total	312	168	72	212	99	241	552	542	5