

**RESULTS AS AT 30 SEPTEMBER 2018**  
**Good resilience of operating result thanks to revenue performance  
 and unit cost reduction**

### THIRD QUARTER 2018

Air France-KLM commercial teams delivered a strong performance across all business segments:

- Number of passengers carried at 28.5 million up 2.3% compared to last year,
- Group unit revenue up 2.0% at constant currency,
- Strong revenue growth of 4.0%, with 5.8% at constant currency.

The Group posted a solid operating result thanks to unit cost reduction and revenue growth that helped to absorb fuel and currency headwinds:

- Operating result at 1,065 million euros, 77 million euros lower than last year<sup>1</sup>, but 11 million euros higher at constant currency,
- Unit costs reduced by -1.0% at constant currency, fuel and pension charges<sup>1</sup>.

The Group net debt has been reduced by 222 million euros compared to 31 December 2017<sup>1</sup> at 6.3 billion euros, and the net debt/EBITDA ratio remained stable at 1.4x.

The Group repurchased €197m of hybrid bonds, resulting in a reduction of its future coupons.

On 19 October 2018, Air France and its representative unions signed a pay agreement. Pilots' categorical negotiations will open next week.

### OUTLOOK FOR FULL YEAR 2018

The Group will continue to work on yield improvement within the context of an increased fuel price:

- Based on the current outlook and a demand environment that remains positively oriented, we expect Passenger network revenues to increase in the fourth quarter 2018, with long haul forward booking load factors ahead of last year and Passenger unit revenues stable at constant currency.

The unit cost target is confirmed at between 0% and +1.0% at constant currency, fuel and pension charges.

The Board of Directors of Air France-KLM, chaired by Anne-Marie Couderc, met on 29 October 2018 to approve the financial statements for the first nine months of 2018.

**Benjamin Smith, CEO of Air France-KLM and Air France, commented:** *“Air France-KLM posted a solid performance in the Summer quarter 2018, reflecting the commitment of all its staff, its commercial strengths and the attractiveness of its brands. The agreement on salaries signed at Air France brings stability as well as new perspectives for our businesses and employees. In the coming months, I am confident that we will be able to leverage our Group’s strengths and assets to build an ambitious and innovative strategy to ensure the success of our airlines and reposition Air France-KLM as the leader of our industry.”*

Air France-KLM Group	Third Quarter		Nine Months	
	2018	Change <sup>1</sup>	2018	Change <sup>1</sup>
Passengers (thousands)	28,531	+2.3%	76,985	+2.6%
Unit revenue per ASK <sup>2</sup> (€ cts)	7.05	+2.0%	6.65	+1.6%
Operating result (€m)	1,065	-77	1,292	-403
Net income – Group part <sup>3</sup> (€m)	786	+145	627	-464
Operating free cash flow (€m)	-14	-135	127	-652
Net debt at end of period (€m)			6,349	-222

<sup>1</sup> Since January 1<sup>st</sup>, 2018, Air France-KLM Group has applied 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.

<sup>2</sup> Passenger and Transavia, change at constant currency

<sup>3</sup> See note page 4

## Third quarter 2018 business review

### Network: Commercial teams leveraging strong Summer demand

Network	Third Quarter			Nine Months		
	2018	Change	Change constant currency	2018	Change	Change constant currency
Capacity (EASK m)	87,948	+1.9%		246,874	+1.5%	
Total revenues (€m)	6,430	+3.0%	+5.1%	17,216	+0.9%	+4.1%
Scheduled revenues (€m)	6,099	+2.0%	+4.2%	16,328	+0.2%	+3.5%
Unit revenue per EASK (€ cts)	6.94	+0.1%	+2.2%	6.61	-1.2%	+2.0%
Unit cost per EASK (€ cts)	6.01	+2.0%	+2.6%	6.23	+1.4%	+4.1%
Operating result (€m)	810	-76	+14	960	-397	-272

In the third quarter 2018, capacity increased by 1.9%. Thanks to the strong performance of the commercial teams, network revenues rose by 5.1% at constant currency compared to last year. The key driver for this growth was a positive unit revenue performance from both the Passenger and Cargo activities.

The combined Passenger and Cargo operating result amounted to 810 million euros for the third quarter 2018, an increase of 14 million euros at constant currency compared to last year.

### Passenger: Strong performance from the North American and Asian routes, demand out of Brazil and Argentina impacted by currency depreciation

Passenger network	Third Quarter			Nine Months		
	2018	Change	Change constant currency	2018	Change	Change constant currency
Passengers (thousands)	23,369	+1.9%		64,509	+2.0%	
Capacity (ASK m)	78,219	+2.0%		219,214	+1.7%	
Traffic (RPK m)	70,033	+2.4%		192,570	+2.6%	
Load factor	89.5%	+0.4 pt		87.8%	+0.7 pt	
Total passenger revenues (€m)	5,864	+2.5%	+4.7%	15,564	+0.6%	+3.8%
Scheduled passenger revenues (€m)	5,608	+1.6%	+3.8%	14,894	-0.0%	+3.2%
Unit revenue per ASK (€ cts)	7.17	-0.4%	+1.8%	6.79	-1.7%	+1.5%

Third quarter 2018 capacity increased by 2.0%, resulting in traffic growth of 2.4%.

Thanks to vigorous sales efforts and revenue management steering, the Group managed to improve the overall passenger unit revenue<sup>1</sup> which increased by 1.8%, despite a strong comparable third quarter 2017.

The long-haul network delivered a solid performance with a 0.4 pt increase in load factor to 89.5% and a unit revenue<sup>1</sup> increase of 1.9% for the quarter. The North America, Asia and Africa & Middle East networks were positively oriented with unit revenue<sup>1</sup> increases of respectively 3.8%, 2.5% and 2.8%. In Latin America, the Group's capacity was expanded by 7.7%, this growth was mainly coming from the route openings to Fortaleza by Joon and KLM. However, demand out of Brasil and Argentina was weaker than expected having been impacted by the depreciations of their currencies, resulting in a -2.4% decline in unit revenue<sup>1</sup> for the Latin America network. The Caribbean and Indian Ocean network's unit revenue<sup>1</sup> was flat.

<sup>1</sup> At constant currency

The Medium-haul network's performance was positive, with a unit revenue<sup>1</sup> increase of 2.1%. On the medium-haul hub network, the unit revenue<sup>1</sup> was up 3.3%, with both hubs contributing positively. On the point-to-point network in France, the unit revenue<sup>1</sup> was down 3.0% with the ongoing competitive pressure from rail.

### Cargo: continuation of a solid unit revenue performance

Cargo business	Third Quarter			Nine Months		
	2018	Change	Change constant currency	2018	Change	Change constant currency
Tons (thousands)	289	+3.5%		834	-0.4%	
Capacity (ATK m)	3,787	+1.6%		10,734	-0.1%	
Traffic (RTK m)	2,204	+3.7%		6,336	+0.3%	
Load factor	58.2%	+1.1 pt		59.0%	+0.3 pt	
Total Cargo revenues (€m)	567	+8.8%	+9.4%	1,654	+4.5%	+7.8%
Scheduled cargo revenues (€m)	491	+7.9%	+8.5%	1,434	+3.2%	+6.6%
Unit revenue per ATK (€ cts )	12.97	+6.1%	+6.7%	13.36	+3.3%	+6.8%

Cargo capacity rose by 1.6% compared to last year within a buoyant demand environment particularly in Asia and North America. Despite some difficult local market circumstances, Latin America also performed well.

Revenue management steering generated higher yields in both full freighters and bellies, resulting in an unit revenue<sup>1</sup> increase by 6.7% in the quarter.

The new digital customer platform is proving successful and contributing to sales growth, with an increase in the direct sales channel. Electronic Air Way Bill (E-AWB) usage by our customers rose to a level of 73% in the third quarter 2018.

### Transavia: Capacity growth and a unit revenue increase offset a higher fuel bill, leading to an operating result at 178 million euros and a margin of 29%

Transavia	Third Quarter		Nine Months	
	2018	Change	2018	Change
Passengers (thousands)	5,162	+4.1%	12,476	+6.0%
Capacity (ASK m)	10,082	+5.8%	24,033	+6.8%
Traffic (RPK m)	9,363	+5.8%	22,193	+8.8%
Load factor	92.9%	+0.0 pt	92.3%	+1.7 pt
Total passenger revenues (€m)	615	+10.6%	1,302	+12.2%
Unit revenue per ASK (€ cts)	6.09	+4.5%	5.37	+5.0%
Unit cost per ASK (€ cts)	4.33	+7.8%	4.62	+4.0%
Operating result (€m)	178	+5	181	+28

Transavia carried 5.1 million passengers in the third quarter 2018, an increase of 4.1% compared to last year. Despite the tough comparable base (Q3 2017 unit revenue up 9.3%), this quarter's unit revenue increased by 4.5% compared to last year.

The third quarter 2018 operating result stood at 178 million euros, an improvement of 5 million euros compared to last year.

In particular, Transavia France delivered a very strong quarter with capacity growth of 17% combined with higher unit revenues boosting its operating margin to above 30%.

<sup>1</sup> At constant currency

## Maintenance: Strong increase in third-party revenues

Maintenance	Third Quarter			Nine Months		
	2018	Change	Change constant currency	2018	Change	Change constant currency
Total revenues (€m)	1,061	+2.5%		3,143	+2.5%	
Third party revenues (€m)	489	+9.4%	+9.7%	1,430	+7.0%	+14.0%
Operating result (€m)	77	-5	-5	149	-39	-22
Operating margin (%)	7.2%	-0.6 pt	-0.6 pt	4.7%	-1.4 pt	-1.1 pt

Maintenance revenues increased in the third quarter 2018 compared to last year, with third-party revenues up by 9.7% at constant currency, driven by a strong performance from the Engine activity. The operating margin expressed as a percentage of total revenues stood at 7.2%, a decrease of 0.6 points at constant currency.

The Maintenance order book stood at 10.7 billion dollars at the end of the third quarter 2018, an increase of 0.3 billion dollars compared to the end of 2017, mainly driven by new Component and Engine contracts.

## Air France-KLM Group: revenue growth of +4.0% and +5.8% at constant currency, operating result at 1.07 Billion euros

	Third Quarter			Nine Months		
	2018	Change	Change constant currency	2018	Change	Change constant currency
Capacity (EASK m)	98,030	+2.3%		270,908	+1.9%	
Capacity excl. Cargo (ASK m)	88,301	+2.4%		243,247	+2.2%	
Unit revenue per EASK (€ cts)	6.85	+0.5%	+2.4%	6.5	-0.9%	+2.1%
Revenues (€m)	7,545	+4.0%	+5.8%	19,977	+2.0%	+5.3%
EBITDA (€m)	1,771	- 82	6	3,441	- 352	- 210
Operating result (€m)	1,065	- 77	11	1,292	- 403	- 267
Operating margin (%)	14.1%	-1.6 pt	-0.7 pt	6.5%	-2.2 pt	-1.7 pt
Net income - Group part (€m) <sup>1</sup>	786	+145		627	-464	

In the third quarter 2018, the Air France-KLM Group operating result proved resilient, standing at 1,065 million euros, down -77 million euros compared to last year but up 11 million euros at constant currency.

The strong sales performance and efforts to reduce unit cost helped to offset the major portion of the fuel and currency headwinds. Unit revenue and unit cost contributed positively with a respective 155 million euros and 55 million euros.

The fuel bill including fuel hedging amounted to 1,377 million euros, up 229 million euros, and up 223 million euros at constant currency, due to the increase in the jet fuel price. The positive fuel hedge result realized in third quarter 2018 stood at 240 million euros.

Currencies had a negative 128 million euro impact on revenues and a positive impact on costs of 40 million euros including currency hedging. The net impact of currencies thus amounted to a negative 88 million euros for the third quarter 2018.

<sup>1</sup> Net Income - group "one-off elements" in 2017:

- Positive effect after tax of €98 million in Q3 2017 and €339 million in the first nine months 2017, resulting from IFRS 16 restatement of lease debt in dollars,
  - Non current expense impact of €233 million after tax in Q3 2017 related to KLM Cabin pension plan de-recognition.
- Excluding these incidentals, the change of the Net result, group share is of +€10 million for Q3 2018, and -€358 million for the first 9 months of 2018 compared to last year

### Unit cost down 1%, consistent with full year target range of 0 to +1%

On a constant currency, fuel price and pension-related expense basis, unit costs were down -1.0% in the third quarter 2018.

For the first nine months of 2018, the pay agreement signed in Air France on 19 October 2018 will have an impact of around 40 millions euros that will be booked in the fourth quarter 2018.

### Staff costs stable and improved labor productivity supported by capacity increase

Productivity, measured in EASK per FTE, increased by 0.6% while capacity increased by 2.3%.

The number of staff increased by 1,400 FTEs including +250 Pilots and +300 Cabin Crew in response to the capacity growth. Ground staff increased by 850 FTEs, mainly driven by IT Innovation department, third party activities in E&M and the Customer Centers.

Net employee costs in the third quarter 2018 were down 0.6% compared to last year. They would have been stable including the costs for the quarter of the new Air France pay agreement.

### Net debt reduction in the first nine months of 2018

In € million	Third Quarter		Nine Months	
	2018	Change	2018	Change
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations (€m)	1,594	-47	3,028	-269
Cash out related to Voluntary Departure Plans (€m)	-12	+15	-133	-33
Change in Working Capital Requirement (WCR) (€m)	-823	-168	10	-181
<b>Net cash flow from operating activities (€m)</b>	<b>759</b>	<b>-200</b>	<b>2,905</b>	<b>-483</b>
Net investments before sale & lease-back* (€m)	-554	+43	-2,042	-179
<b>Operating free cash flow (€m)</b>	<b>205</b>	<b>-157</b>	<b>863</b>	<b>-662</b>
Reduction of lease debt	-219	22	-736	10
<b>Adjusted operating free cash flow **</b>	<b>-14</b>	<b>-135</b>	<b>127</b>	<b>-652</b>

\* 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.

\*\* The "Adjusted operating free cash" is Operating free cash flow" with deduction of the repayment of lease debt.

### Adjusted operating free cash flow a positive 127 million euros for the first nine months of 2018

The Group generated adjusted operating free cash flow of 127 million euros in the first nine months of 2018, a reduction of 652 million euros compared to last year. The decline resulted from the strike impact and a net 221 million euro increase in investments.

### Net debt reduction driven by adjusted operating free cash flow generation and repayment of lease debt

In € million	30 Sep 2018	31 Dec 2017
Net debt	6,349	6,571
EBITDA <sup>1</sup>	4,425	4,779
<b>Net debt/EBITDA<sup>1</sup></b>	<b>1.4 x</b>	<b>1.4 x</b>

In the third quarter 2018 the group repurchased 197 million euros of hybrid perpetual notes<sup>2</sup>, resulting in a net reduction of coupons by 11 million euros up to October 2020. Since these hybrid bonds had not been recognised as debt, their repurchase had a negative impact on net debt.

Despite this impact, the Group reduced net debt to 6,349 million euros at 30 September 2018 versus 6,571 million euros at 31 December 2017. This 222 million euros reduction was driven by operating free cash flow generation and the repayment of lease debt.

<sup>1</sup> Sliding 12 months

<sup>2</sup> Of which €194.5 m as part of the tender offer launched on 3 September 2018 and €2.2 m by agreement ("de gré à gré") at the same price

The net debt/EBITDA ratio remained stable at 1.4x at 30 September 2018 compared to 31 December 2017.

## Both Air France and KLM delivered robust growth and margins over the Summer

	Third Quarter		Nine Months	
	2018	Change	2018	Change
Air France Group (€m)	493	-66	328	-418
Operating margin (%)	10.8%	-1.9 pt	2.7%	-3.5 pt
KLM Group (€m)	573	-15	960	-7
Operating margin (%)	18.4%	-1.5 pt	11.6%	-0.7 pt

## Outlook

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

As a consequence, the following guidance components have been adjusted for full year 2018:

- Capacity increase adjusted at 2.0% to 2.5% for the Passenger network.
- The 2018 fuel bill is expected to increase by 500 million euros compared to last year<sup>1</sup>, and the 2019 fuel bill is expected to increase by 900 million euros compared to 2018<sup>1</sup>.
- Investment plan within 2.4 billion euro to 2.6 billion euro range, mainly due to IFRS 16 shop visit capitalization adjustment and the decision to buy rather than lease engines.

Based on the current outlook and a demand environment that remains positively oriented, we expect Passenger network revenues to increase in the fourth quarter 2018, with long haul forward booking load factors ahead of last year and Passenger unit revenues stable at constant currency.

The Group maintains unchanged the following guidance components for full year 2018:

- Unit cost target maintained at between 0% and +1.0% at constant currency, fuel and pension charges,
- Net debt reduction compared to 31 December 2017,
- Currency headwind of around 150 million euros.

\*\*\*\*\*

<sup>1</sup> Based on the forward curves of 26<sup>th</sup> of October 2018, average Brent price of USD 75 for 2018 and USD 76 for 2019, jet fuel price including into plane of USD 756 per ton 2018 and USD 799 per ton 2019 and a EUR/USD exchange rate of 1.18 in 2018 and 1.16 in 2019

The Third Quarter 2018 financial statements have not been audited by the Statutory Auditors.

The results presentation will be available at [www.airfranceklm.com](http://www.airfranceklm.com) from 7:15 am CET on 31 October 2018.

A conference call will be hosted by Benjamin Smith and Frédéric Gagey on 31 October 2018 at 8:00am CET.

To connect to the conference call, please dial:

- France: +33 (0)1 76 77 22 57
- Netherlands: +31 (0) 20 703 8261
- UK: +44 (0)330 336 9411
- US: +1 323 994 2093

Confirmation code: 2089016

To listen to the audio-replay of the conference call, please dial:

- France: +33 (0) 1 70 48 00 94
- Netherlands: +31 (0) 20 721 8903
- UK: +44 (0) 207 660 0134
- US: +1 719-457-0820

Confirmation code: 2089016

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## Income Statement

<i>In millions euros</i>	Third Quarter			Nine Months		
	2018	2017	Change	2018	2017	Change
<b>Sales</b>	<b>7,544</b>	<b>7,256</b>	<b>+4.0%</b>	<b>19,976</b>	<b>19,588</b>	<b>+2.0%</b>
Other revenues	1	1	+0.0%	1	1	+0.0%
<b>Revenues</b>	<b>7,545</b>	<b>7,257</b>	<b>+4.0%</b>	<b>19,977</b>	<b>19,589</b>	<b>+2.0%</b>
Aircraft fuel	-1,377	-1,148	+19.9%	-3,622	-3,428	+5.7%
Chartering costs	-158	-132	+19.7%	-434	-388	+11.9%
Landing fees and en route charges	-513	-513	+0.0%	-1,419	-1,445	-1.8%
Catering	-211	-214	-1.4%	-586	-602	-2.7%
Handling charges and other operating costs	-501	-457	+9.6%	-1,481	-1,313	+12.8%
Aircraft maintenance costs	-586	-594	-1.3%	-1,769	-1,779	-0.6%
Commercial and distribution costs	-266	-234	+13.7%	-776	-700	+10.9%
Other external expenses	-399	-332	+20.2%	-1,223	-1,057	+15.7%
Salaries and related costs	-1,916	-1,927	-0.6%	-5,728	-5,652	+1.3%
Taxes other than income taxes	-40	-39	+2.6%	-127	-122	+4.1%
Other income and expenses	193	186	+3.8%	629	690	-8.8%
<b>EBITDA</b>	<b>1,771</b>	<b>1,853</b>	<b>-4.4%</b>	<b>3,441</b>	<b>3,793</b>	<b>-9.3%</b>
Amortization, depreciation and provisions	-707	-711	-0.6%	-2,149	-2,098	+2.4%
<b>Income from current operations</b>	<b>1,065</b>	<b>1,142</b>	<b>-6.7%</b>	<b>1,292</b>	<b>1,695</b>	<b>-23.8%</b>
Sales of aircraft equipment	3	-2	nm	-1	19	nm
Other non-current income and expenses	18	-313	nm	-5	-326	-98.5%
<b>Income from operating activities</b>	<b>1,085</b>	<b>827</b>	<b>+31.2%</b>	<b>1,286</b>	<b>1,388</b>	<b>-7.3%</b>
Cost of financial debt	-118	-145	-18.6%	-354	-443	-20.1%
Income from cash and cash equivalent	9	7	+28.6%	29	27	+7.4%
<b>Net cost of financial debt</b>	<b>-109</b>	<b>-138</b>	<b>-21.0%</b>	<b>-325</b>	<b>-416</b>	<b>-21.9%</b>
Other financial income and expenses	-61	164	nm	-135	538	nm
<b>Income before tax</b>	<b>915</b>	<b>853</b>	<b>+7.3%</b>	<b>826</b>	<b>1,510</b>	<b>-45.3%</b>
Income taxes	-136	-220	-38.2%	-203	-425	-52.2%
<b>Net income of consolidated companies</b>	<b>780</b>	<b>633</b>	<b>+23.2%</b>	<b>623</b>	<b>1,085</b>	<b>-42.6%</b>
Share of profits (losses) of associates	7	9	-22.2%	6	16	-62.5%
<b>Income from continuing operations</b>	<b>787</b>	<b>643</b>	<b>+22.4%</b>	<b>629</b>	<b>1,102</b>	<b>-42.9%</b>
Net income from discontinued operations	0	0	nm	0	-8	-100.0%
<b>Net income for the period</b>	<b>787</b>	<b>642</b>	<b>+22.6%</b>	<b>629</b>	<b>1,093</b>	<b>-42.5%</b>
Non-controlling interest	-1	-2	-50.0%	-2	-3	-33.3%
<b>Net income for the period – Group part</b>	<b>786</b>	<b>641</b>	<b>+22.6%</b>	<b>627</b>	<b>1,091</b>	<b>-42.5%</b>



## Consolidated Balance Sheet

<b>Assets</b>		<b>30 Sep 2018</b>	<b>31 Dec 2017</b>
<i>In million euros</i>			
Goodwill		217	216
Intangible assets		1,174	1,122
Flight equipment		10,187	9,634
Other property, plant and equipment		1,462	1,418
Right-of-use assets		5,361	5,915
Investments in equity associates		299	301
Pension assets		768	590
Other financial assets		1,499	1,242
Deferred tax assets		255	422
Other non-current assets		348	239
<b>Total non-current assets</b>		<b>21,570</b>	<b>21,099</b>
Assets held for sale		0	0
Other short-term financial assets		327	421
Inventories		676	557
Trade receivables		2,621	2,164
Other current assets		1,743	1,242
Cash and cash equivalents		3,891	4,674
<b>Total current assets</b>		<b>9,258</b>	<b>9,058</b>
<b>Total assets</b>		<b>30,828</b>	<b>30,157</b>

<b>Liabilities and equity</b>		<b>30 Sep 2018</b>	<b>31 Dec 2017</b>
<i>In million euros</i>			
Issued capital		429	429
Additional paid-in capital		4,139	4,139
Treasury shares		-67	-67
Perpetual		403	600
Reserves and retained earnings		-1,626	-2,713
<b>Equity attributable to equity holders of Air France-KLM</b>		<b>3,278</b>	<b>2,388</b>
Non-controlling interests		14	12
<b>Total Equity</b>		<b>3,292</b>	<b>2,400</b>
Pension provisions		2,090	2,202
Other provisions		3,248	3,006
Financial debt		6,019	5,919
Lease debt		3,848	4,153
Deferred tax liabilities		196	11
Other non-current liabilities		228	361
<b>Total non-current liabilities</b>		<b>15,629</b>	<b>15,652</b>
Provisions		170	282
Current portion of financial debt		692	1,378
Current portion of lease debt		946	993
Trade payables		2,610	2,365
Deferred revenue on ticket sales		3,336	3,017
Frequent flyer programs		835	819
Other current liabilities		3,303	3,245
Bank overdrafts		15	6
<b>Total current liabilities</b>		<b>11,907</b>	<b>12,105</b>
<b>Total equity and liabilities</b>		<b>30,828</b>	<b>30,157</b>

## Consolidated Statement of Cash Flows from 1<sup>st</sup> January until 30<sup>th</sup> September 2018

<i>In million euros</i>	30 Sep 2018	30 Sep 2017
Net income from continuing operations	629	1,101
Net income from discontinued operations	0	-8
Amortization, depreciation and operating provisions	2,149	2,098
Financial provisions	93	91
Loss (gain) on disposals of tangible and intangible assets	-18	-17
Loss (gain) on disposals of subsidiaries and associates	1	-2
Derivatives – non monetary result	25	44
Unrealized foreign exchange gains and losses, net	118	-675
Impairment	0	0
Other non-monetary items	-283	213
Share of (profits) losses of associates	-6	-16
Deferred taxes	187	368
<b>Financial Capacity</b>	<b>2,895</b>	<b>3,197</b>
<i>Of which discontinued operations</i>	<i>0</i>	<i>0</i>
(Increase) / decrease in inventories	-102	-15
(Increase) / decrease in trade receivables	-471	-486
Increase / (decrease) in trade payables	222	62
Change in other receivables and payables	361	630
<b>Change in working capital requirements</b>	<b>10</b>	<b>191</b>
<i>Change in working capital from discontinued operations</i>	<i>0</i>	<i>0</i>
<b>Net cash flow from operating activities</b>	<b>2,905</b>	<b>3,388</b>
Purchase of property, plant and equipment and intangible assets	-2,138	-1,947
Proceeds on disposal of property, plant and equipment and intangible assets	96	84
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	5	3
Acquisition of subsidiaries, of shares in non-controlled entities	-9	-7
Dividends received	4	2
Decrease (increase) in net investments, more than 3 months	5	-276
<i>Net cash flow used in investing activities of discontinued operations</i>	<i>0</i>	<i>0</i>
<b>Net cash flow used in investing activities</b>	<b>-2,037</b>	<b>-2,141</b>
Increase of capital	0	0
Repurchase of perpetual (including premium)	-211	0
Issuance of debt	532	560
Repayment on financial debt	-1,182	-801
Payments on leases debt	-736	-746
Decrease (increase) in loans, net	-52	-74
Dividends and coupons on perpetual paid	-12	-1
<i>Net cash flow used in financing activities of discontinued operations</i>	<i>0</i>	<i>0</i>
<b>Net cash flow from financing activities</b>	<b>-1,661</b>	<b>-1,062</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts	2	-26
<i>Effect of exch. rate on cash and cash eq. and bank overdrafts of disc. ops.</i>	<i>0</i>	<i>0</i>
<b>Change in cash and cash equivalents and bank overdrafts</b>	<b>-791</b>	<b>159</b>
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	3,876	4,092
<i>Change in treasury of discontinued operations</i>	<i>0</i>	<i>0</i>

## Key Performance Indicators

### EBITDA

<i>In millions euros</i>	Third Quarter		Nine Months	
	2018	2017	2018	2017
Income from current operations	1,065	1,142	1,292	1,695
Amortization, depreciation and provisions	707	711	2,149	2,098
<b>EBITDA</b>	<b>1,771</b>	<b>1,853</b>	<b>3,441</b>	<b>3,793</b>

### Restated net income - Group part

<i>In million euros</i>	Third Quarter		Nine Months	
	2018	2017	2018	2017
Net income - Group part	786	641	627	1,091
Net income from discontinued operations	0	0	0	8
Unrealized foreign exchange gains and losses, net	-157	-214	-49	-675
Change in fair value of financial assets and liabilities (derivatives)	-14	3	-74	-15
Non-current income and expenses	-21	315	6	307
Depreciation of shares available for sale	57	-23	35	111
De-recognition of deferred tax assets	0	0	0	0
<b>Restated net income - Group part</b>	<b>651</b>	<b>722</b>	<b>545</b>	<b>827</b>
Coupons on perpetual	-6	-6	-18	-18
<b>Restated net income - Group part, including coupons on perpetual (used to calculate earnings per share)</b>	<b>645</b>	<b>716</b>	<b>527</b>	<b>809</b>
Restated net income per share (in €)	1.51	2.12	1.23	2.71

### Return on capital employed (ROCE)<sup>1</sup>

<i>In million euros</i>	30 Sep 2018	30 Sep 2017	30 Sep 2017	30 Sep 2016
Goodwill and intangible assets	1,390	1,329	1,329	1,254
Flight equipment	10,187	9,740	9,740	8,878
Other property, plant and equipment	1,462	1,377	1,377	1,405
Right of use assets	5,361	5,744	5,744	5,778
Investments in equity associates	299	303	303	78
Financial assets excluding shares available for sale, marketable securities and financial deposits	123	105	105	91
Provisions, excluding pension, cargo litigation and restructuring	-3,002	-2,715	-2,715	-2,524
WCR, excluding market value of derivatives	-5,865	-5,806	-5,806	-5,453
<b>Capital employed</b>	<b>9,955</b>	<b>10,077</b>	<b>10,077</b>	<b>9,507</b>
<b>Average capital employed (A)</b>	<b>10,016</b>	<b>9,792</b>		
Income from current operations	1,533		1,883	
- Dividends received	-2		-3	
- Share of profits (losses) of associates	10		7	
- Normative income tax	-458		-561	
<b>Income from current operations after tax (B)</b>	<b>1,083</b>		<b>1,326</b>	
<b>ROCE, trailing 12 months (B/A)</b>	<b>10.8%</b>		<b>13.5%</b>	

<sup>1</sup> 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" no longer existing having been replaced by "income from current operations" which, thanks to IFRS 16 implementation, no longer includes 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	
	30 Sep 2018	31 Dec 2017
Current and non-current financial debt	6,369	6,955
Deposits on aircraft under finance lease	4,710	5,060
Financial assets pledged (OCEANE swap)	0	0
Currency hedge on financial debt	11	19
Accrued interest	-63	-76
<b>Gross financial debt (A)</b>	<b>11,027</b>	<b>11,958</b>
Cash and cash equivalents	3,891	4,674
Marketable securities	73	73
Cash pledges	264	269
Deposits (bonds)	465	379
Bank overdrafts	-15	-6
Other	0	-2
<b>Net cash (B)</b>	<b>4,678</b>	<b>5,387</b>
<b>Net debt (A) – (B)</b>	<b>6,349</b>	<b>6,571</b>

## Adjusted operating free cash flow

<i>In million euros</i>	Third Quarter		Nine Months	
	2018	2017	2018	2017
Net cash flow from operating activities, continued operations	759	959	2,905	3,388
Investment in property, plant, equipment and intangible assets	-604	-608	-2,138	-1,947
Proceeds on disposal of property, plant, equipment and intangible assets	50	11	96	84
<b>Operating free cash flow</b>	<b>205</b>	<b>362</b>	<b>863</b>	<b>1,525</b>
Payments on lease debt	-219	-241	-736	-746
<b>Adjusted operating free cash flow</b>	<b>-14</b>	<b>121</b>	<b>127</b>	<b>779</b>

## Unit cost: net cost per EASK

	Third Quarter		Nine Months	
	2018	2017	2018	2017
Revenues (in €m)	7,545	7,257	19,977	19,589
Income/(loss) from current operations (in €m)	-1,065	-1,142	-1,292	-1,695
Total operating expense (in €m)	6,480	6,115	18,685	17,894
Passenger network business – other revenues (in €m)	-255	-199	-669	-580
Cargo business – other revenues (in €m)	-76	-66	-219	-193
Third-party revenues in the maintenance business (in €m)	-489	-447	-1,430	-1,336
Transavia - other revenues (in €m)	0	0	-11	-9
Third-party revenues of other businesses (in €m)	-10	-12	-28	-31
<b>Net cost (in €m)</b>	<b>5,650</b>	<b>5,391</b>	<b>16,328</b>	<b>15,745</b>
Capacity produced, reported in EASK*	98,030	95,844	270,908	265,744
<b>Net cost per EASK (in € cents per EASK)</b>	<b>5.76</b>	<b>5.63</b>	<b>6.03</b>	<b>5.92</b>
<i>Gross change</i>		2.4%		1.7%
Currency effect on net costs (in €m)		-34		-377
<i>Change at constant currency</i>		3.0%		4.2%
Fuel price effect (in €m)		223		466
<i>Change on a constant currency and fuel price basis</i>		-1.0%		1.2%
Change in pension-related expenses (in €m)		0		13
<b>Net cost per EASK on a constant currency, fuel price and pension-related expenses basis (in € cents per EASK)</b>	<b>5.76</b>	<b>5.82</b>	<b>6.03</b>	<b>5.96</b>
<b><i>Change on a constant currency, fuel price and pension-related expenses basis</i></b>		<b>-1.0%</b>		<b>+1.1%</b>

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

## Airline results

### Air France Group

	Third Quarter		Nine Months	
	2018	Change	2018	Change
Revenue (in €m)	4,580	+3.5%	12,058	+0.4%
EBITDA (in €m)	951	-69	1,695	-403
Operating result (en m€)	493	-66	328	-418
<i>Operating margin (%)</i>	10.8%	-1.9 pt	2.7%	-3.5 pt
Operating cash flow before WCR and restructuring cash out (in €m)	883	-33	1,519	-318
<i>Operating cash flow (before WCR and restructuring) margin</i>	19.3%	-1.4 pt	12.6%	-2.7 pt

### KLM Group

	Third Quarter		Nine Months	
	2018	Change	2018	Change
Revenue (in €m)	3,110	+5.2%	8,292	+5.0%
EBITDA (in €m)	818	-17	1,734	+32
Operating result (en m€)	573	-15	960	-7
<i>Operating margin (%)</i>	18.4%	-1.5 pt	11.6%	-0.7 pt
Operating cash flow before WCR and restructuring cash out (in €m)	704	-61	1,491	-13
<i>Operating cash flow (before WCR and restructuring) margin</i>	22.6%	-3.3 pt	18.0%	-1.1 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 30<sup>th</sup> of September 2018

Aircraft type	AF (incl. HOP)	KLM (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		24	1	15	40	40	
B787-9	6	13		4	3	12	19	19	4
A380-800	10			1	4	5	10	10	
A340-300	6			6			6	6	-1
A330-300		5				5	5	5	
A330-200	15	8		11		12	23	23	
<b>Total Long-Haul</b>	<b>105</b>	<b>67</b>	<b>0</b>	<b>68</b>	<b>33</b>	<b>71</b>	<b>172</b>	<b>172</b>	<b>2</b>
B737-900		5		1	1	3	5	5	
B737-800		27	67	25	10	59	94	93	6
B737-700		18	8	3	8	15	26	26	
A321	20			11		9	20	20	
A320	43			3	5	35	43	43	1
A319	35			20	2	13	35	35	-3
A318	18			12	6		18	18	
<b>Total Medium-Haul</b>	<b>116</b>	<b>50</b>	<b>75</b>	<b>75</b>	<b>32</b>	<b>134</b>	<b>241</b>	<b>240</b>	<b>4</b>
ATR72-600	6					6	6	6	
ATR72-500	2				1	1	2	2	-1
ATR42-500	7			3		4	7	7	-4
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	11			11			11	8	-3
Embraer 190	10	32		7	14	21	42	42	2
Embraer 175		17		3	14		17	17	5
Embraer 170	15			9	1	5	15	15	
Embraer 145	18			14	4		18	13	
<b>Total Regional</b>	<b>83</b>	<b>49</b>	<b>0</b>	<b>61</b>	<b>34</b>	<b>37</b>	<b>132</b>	<b>124</b>	<b>-1</b>
B747-400ERF		3		3			3	3	
B747-400BCF		1		1			1	1	
B777-F	2			2			2	2	
<b>Total Cargo</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>Total</b>	<b>306</b>	<b>170</b>	<b>75</b>	<b>210</b>	<b>99</b>	<b>242</b>	<b>551</b>	<b>542</b>	<b>5</b>