

Full Year 2016 results

FULL YEAR 2016

- ▶ Results in line with target, main KPIs show improvement
- ▶ Operating income at 1,049 million euros, up 269 million and up 558 million excluding currency effects
- ▶ Net result group share at 792 million euros, up 674 million.
- ▶ Continuous decrease in ex-fuel unit costs at constant currency and pension costs, down 1.0% in line with target and down 1.7% excluding strike impact and profit-sharing expenses
- ▶ Free cash flow after disposals of 693 million euros contributing to a further 652 million euro decrease in net debt
- ▶ Adjusted net debt / EBITDAR ratio of 2.9x, an improvement of 0.5 points compared to 31 December 2015
- ▶ 93.4 million passengers carried, up 4.0%

OUTLOOK

- ▶ High level of uncertainty regarding unit revenue and fuel price due to geopolitical, economical and airline industry capacity environment
- ▶ Resilient start to 2017
- ▶ Smart growth in passenger operations, an increase in available seat kilometres of between 3.0% and 3.5% at Group level in 2017
- ▶ Continued focus on unit cost reduction, targeting a minimum of 1.5% in 2017 at constant currency, fuel price and pension expense
- ▶ Based on current forward prices and the hedge portfolio, a fuel bill increase limited to 100 million dollars in 2017
- ▶ Maintaining strict capex discipline, targeting positive free cash flow before disposals in 2017
- ▶ Further net debt reduction, adjusted net debt / EBITDAR ratio below 2.5x mid cycle by end 2020

The Board of Directors of Air France-KLM, chaired by Jean-Marc Janaillac, met on 15th February 2017 to approve the accounts for the Full Year 2016.

Jean-Marc Janaillac made the following comments: "Within a contrasting environment, Air France-KLM delivered an improvement in its 2016 results, reflecting the initiatives and efforts of its employees and the loyalty of customers. While the fall in the oil price significantly reduced the Group's costs, the geopolitical context, competition and industry overcapacity all resulted in lower unit revenues. With Trust Together, our strategic project, we are resolutely committed to regaining the offensive, reinforcing our ability to innovate and improving our competitiveness. In an economic and geopolitical context that remains very uncertain, and faced with aggressive competition, the status quo is not an option."

Key data

	Fourth Quarter			Full Year		
	2016	2015*	Change	2016	2015*	Change
Passengers (thousands)	22,608	21,338	+6.0%	93,442	89,836	+4.0%
Capacity (EASK m)	83,575	81,639	+2.4%	341,334	337,994	+1.0%
Revenues (€m)	6,086	6,242	-2.5%	24,844	25,689	-3.3%
EBITDAR (€m)	846	797	+49	3,787	3,414	+373
EBITDA (€m)	571	532	+39	2,714	2,387	+327
Operating result (€m)	94	137	-43	1,049	780	+269
Operating margin (%)	1.5%	2.2%	-0.7 pt	4.2%	3.0%	+1.2 pt
Lease adjusted operating result ((€m)	186	225	-39	1,407	1,122	+285
Lease adjusted operating margin (%)	3.1%	3.6%	-0.5 pt	5.7%	4.4%	+1.3 pt
Net result, group share (€m)	362	276	+86	792	118	+674
Free cash flow after disposal (€m)	446	67	+379	693	925	-232
Net debt at end of period (€m)				3,655	4,307	-652

* Reclassification of Servair as a discontinued operation: the consolidated financial statements of the Group were revised as of 1st January 2016 in order to reflect Servair as a discontinued operation. The 2015 financial statements have been restated accordingly. Details of this restatement can be found in the appendix of this press release.

Air France-KLM carried 93.4 million passengers in 2016, an increase of 4.0% over last year. Revenues amounted to 24.8 billion euros, down 3.3% compared to 2015.

The full year 2016 results were in line with targets with the main KPIs showing an improvement. The operating result stood at 1,049 million euros, up 269 million and up 558 million euros excluding currency effects. The operating result was notably impacted by a pilots strike in June and a cabin crew strike in July, which had a negative effect of 130 million euros. Adjusted for the interest portion of operating leases (1/3 of annual operating lease expenses), the operating margin was 5.7% versus 4.4% at 31 December 2015. EBITDA amounted to 2,714 million euros, an increase of 327 million euros

The increase in the 2016 operating result was mainly driven by the fuel tailwind and the good cost performance, while there were negative effects coming from the pressure on unit revenues and currencies. The **unit cost per EASK was down in line with the target of 1.0%**, on a constant currency, fuel price and pension-related expense basis, against a capacity increase measured in EASK of +1.0%. On a strike-adjusted basis and corrected for the increase in profit-sharing expenses, the unit cost per EASK decreased by 1.7%.

The average number of staff decreased by 1,850 FTEs (1,400 FTEs at Air France, 450 FTEs at KLM), **resulting in a productivity increase** measured in EASK per FTE of 2.3% at Air France and of 4.2% at KLM. As a result, on a constant pension-related expense and profit-sharing basis, employee costs decreased by 0.5% due to restructuring efforts in both Air France and KLM, taking into account a net increase in the profit-sharing expense of 77 million euros. Total employee costs including temporary staff were stable (up 0.1%) at 7,474 million euros.

The fuel bill amounted to 4,597 million euros, a sharp 25.7% fall compared to 2015. The decrease was driven by the drop in the fuel market price which had a positive impact of 927 million euros and the drop in fuel hedging losses which were down 605 million euros compared to 2015.

In the full year 2016, currencies had a negative 97 million euro impact on revenues, mainly driven by the weakening of several currencies, notably the GBP, BRL and CNY. The negative effect of currencies on costs amounted to 192 million euros driven by the strengthening of the dollar. The net impact of currencies on the operating result thus amounted to a negative 289 million euros.

All businesses contributed to the improvement in operating result. The passenger network operating result amounted to 1,057 million euros, up 215 million euros and up 456 million euros excluding the negative currency effect. Despite the challenging operating environment, the Cargo results remained stable on a reported basis, whereas both Maintenance and Transavia recorded further improvement in their operating results.

Both Air France and KLM contributed positively to the results. Full year 2016 operating result stood at 372 million euros at Air France and amounted to 681 million euros at KLM.

	Full Year		
Operating result per airline (€m)	2016	2015*	Change
Air France	372	426	-54
Operating Margin (%)	2.4%	2.6%	-0.2 pt
KLM	681	384	+297
Operating Margin (%)	6.9%	3.9%	+3.0 pt

* Reclassification of Servair as a discontinued operation. Sum of individual airline results does not add up to Air France-KLM total due to intercompany eliminations at Group level

Passenger network business

	Fourth Quarter			Full Year		
Passenger network	2016	2015	Change	2016	2015	Change
Passengers (thousands)	19,768	19,156	+3.2%	80,163	79,016	+1.5%
Capacity (ASK m)	68,912	67,634	+1.9%	278,807	276,897	+0.7%
Traffic (RPK m)	58,427	56,719	+3.0%	238,183	235,715	+1.0%
Load factor	84.8%	83.9%	+0.9 pt	85.4%	85.1%	+0.3 pt
Total passenger revenues (€m)	4,799	4,983	-3.7%	19,682	20,541	-4.2%
Scheduled passenger revenues (€m)	4,599	4,787	-3.9%	18,849	19,707	-4.4%
Unit revenue per ASK (€ cts)	6.67	7.08	-5.7%	6.76	7.12	-5.0%
Unit revenue per RPK (€ cts)	7.87	8.44	-6.7%	7.91	8.36	-5.3%
Unit cost per ASK (€ cts)	6.57	6.85	-4.1%	6.38	6.81	-6.3%
Operating result (€m)	74	156	-82	1,057	842	+215
Of which long-haul (estimated)				1,320	1,070	+250
Of which medium-haul hub feeding (est.)				-220	-160	-60
Of which medium-haul point-to-point (est.)				-50	-70	+20

A strong passenger network performance with relatively resilient unit revenues. Strict capacity discipline (available seat kilometer (ASK) up by 0.7%) and active yield management limited the downward pressure on unit revenue, particular on premium traffic, whose long-haul unit revenue declined by 1.4%. Ancillary revenues (paid options) were up by 12% amounting to 515 million euros.

On the long-haul network, capacity measured in ASKs was up 0.6%, while unit revenue was down 4.7% excluding currency impact. In addition to the soft local flows to France as a result of terrorism, the capacity-demand imbalances observed on different parts of the network caused additional downward pressure on unit revenues. Nevertheless, the estimated long-haul operating result was up 250 million euros to 1,320 million euros.

On the medium-haul hub feeding activity, capacity increased by 2.0%, whereas unit revenues decreased by 5.4% excluding currency. The medium-haul network was particularly impacted by the weak local flows to France affecting the operating result which decreased by 60 million euros.

As planned, medium-haul point-to-point capacity was further reduced by 3.9%, leading to an improvement in unit revenues of 1.0%, contributing to the 20 million euros improvement in the point-to-point operating result.

Cargo business

Cargo	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Tons (thousands)	293	309	-5.0%	1,130	1,206	-6.2%
Capacity (ATK m)	3,491	3,635	-4.0%	14,228	14,912	-4.6%
Traffic (RTK m)	2,207	2,296	-3.9%	8,441	9,007	-6.3%
Load factor	63.2%	63.2%	+0.0 pt	59.3%	60.4%	-1.1 pt
Total Cargo revenues (€m)	546	612	-10.8%	2,069	2,425	-14.7%
Scheduled cargo revenues (€m)	500	567	-11.8%	1,904	2,263	-15.9%
Unit revenue per ATK (€ cts)	14.3	15.6	-8.1%	13.4	15.2	-11.8%
Unit revenue per RTK (€ cts)	22.7	24.7	-8.0%	22.6	25.1	-10.2%
Unit cost per ATK (€ cts)	15.2	16.2	-6.6%	15.1	16.8	-10.2%
Operating result (€m)	-28	-23	-5	-244	-245	+1

The Group continued to restructure its Cargo activity resulting in its gradual turnaround, in order to address the weak global trade and structural industry overcapacity, and to maximize its contribution to the Group. During full year 2016, full-freighter capacity was reduced by 24% with a reduction of the number of full-freighters in operation to six, leading to a 4.6% decrease in total Cargo capacity measured in ATK. The ex-fuel unit cost was down 2.6% like-for-like as a result of the restructuring efforts, mainly driven by the 6.7% headcount reduction over the course of the year, while productivity measured in ATK per FTE increased by 2.3%. The losses on the full-freighters were further reduced by 14 million euros resulting in an operating loss of 28 million euros.

It has been decided to change the Cargo reporting as per fiscal year 2017 based on contribution margin and to include it in the passenger network results. This change will be effective as from the Q1 2017 results presentation.

Maintenance business

Maintenance	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Total revenues (€m)	1,130	1,075	+5.1%	4,182	3,987	+4.9%
Third party revenues (€m)	486	429	+13.3%	1,834	1,577	+16.3%
Operating result (€m)	66	47	+19	238	214	+24
Operating margin (%)	5.8%	4.4%	+1.4 pt	5.7%	5.4%	+0.3 pt

In full year 2016, both third party revenues and the operating result further increased, **strengthening the growth of the Maintenance business** and securing its position as world leader in the airline MRO business. Third-party revenues amounted to 1,834 million euros, up by 16% driven by the contracts gained over the past few years. Over the period, the maintenance order book recorded a 6.0% increase to reach a year-end record of 8.9 billion dollars, including several new A350 and B787 support contracts, and securing future growth and its ambition of value creation. The operating margin was up by 0.3 points to 5.7% (operating result / total revenues) driven by the growth in the Engine and Component segments and the increase in contribution margin from the Airframe business.

Transavia

Transavia	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Passengers (thousands)	2,840	2,182	+30.2%	13,279	10,820	+22.7%
Capacity (ASK m)	5,646	4,592	+20.2%	25,762	22,432	+14.8%
Traffic (RPK m)	4,959	4,007	+18.8%	22,983	20,169	+14.0%
Load factor	87.9%	87.2%	+0.6 pt	89.2%	89.9%	-0.7 pt
Total passenger revenues (€m)	245	207	+18.4%	1,218	1,099	+10.8%
Scheduled passenger revenues (€m)	241	205	+17.6%	1,206	1,086	+11.0%
Unit revenue per ASK (€ cts)	4.27	4.41	-3.1%	4.68	4.84	-3.3%
Unit revenue per RPK (€ cts)	4.86	5.05	-3.8%	5.24	5.38	-2.5%
Unit cost per ASK (€ cts)	4.57	5.21	-12.2%	4.68	5.00	-6.3%
Operating result (€m)	-17	-37	+20	0	-35	+35

The accelerated ramp-up of Transavia is on track, resulting in a break-even operating result for the full year 2016. Transavia currently serves more than 100 destinations and carrying 13.3 million passengers. Capacity in France was up by 23%, whereas capacity in the Netherlands was up by 11%. Transavia is now the number one low cost carrier in the Netherlands and at Paris Orly, capturing the growth in the European leisure market.

Financial situation

In € million	Full Year		
	2016	2015*	Change
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations	2,364	1,956	+408
Cash out related to Voluntary Departure Plans	-225	-172	-53
Change in Working Capital Requirement (WCR)	+67	+83	-16
Operating cash flow	2,206	1,867	+339
Net investments before sale & lease-back	-1,859	-1,278	-581
Cash received through sale & lease-back transactions	0	0	0
Net investments after sale & lease-back	-1,859	-1,278	-581
Operating free cash flow	347	589	-242

* Reclassification of Servair as a discontinued operation

Due to the **disciplined growth in investments**, the free cash flow before disposals was positive at 347 million euros. **Investment in the fleet continued to improve its competitiveness** resulting in fuel efficiencies, lower maintenance costs and move up-market in terms of products and services.

Net debt was further reduced thanks to free cash flow generation. As a result, net debt amounted to 3,655 million euros at 31 December 2016, versus 4,307 million euros at 31 December 2015, an improvement of 652 million euros despite currencies having a significant negative impact of 73 million euros. The Group sold a total of 4.95 millions of Amadeus shares representing 1.13% of the share capital and finalized the transaction to sell 49.99% of the Servair share capital and transfer its operational control to gategroup.

2016 is **the fifth year of improvement in the adjusted net debt / EBITDAR ratio**, which decreased to 2.9x at 31 December 2016 from 3.4x at 31 December 2015.

During the course of the year the liquidity situation was further strengthened and finance costs further reduced. The Group continues to enjoy a good level of liquidity, with net cash of 4.3 billion euros at 31 December 2016, and undrawn credit lines of 1.8 billion euros. In 2016, the Group successfully placed a six-year bond for 400 million euros and an issue of ten-year senior notes for 145 million US dollars.

Outlook

The global context remains highly uncertain regarding the geopolitical and economic environment in which we operate, fuel prices and the ongoing overcapacity on several markets, resulting in pressure on unit revenues.

However the January traffic statistics and forward bookings indicates a resilient start to the new year. In January 2017 the unit revenue was down by only 0.7% at constant currency for the passenger network and down only 0.6% at constant currency for Transavia.

The Group is targeting a growth for the passenger group (Air France, KLM and Transavia) of between 3.0% and 3.5% measured in ASKs for 2017 in order to regain the offensive in long-haul and to improve the performance in medium-haul.

To improve its competitiveness, the Group plans to act on all levels by pursuing and amplifying the initiatives already under way in terms of unit cost reduction. The unit cost reduction target for 2017 is in excess of 1.5% at constant currency, fuel price and pension related expenses.

Based on the forward curve of 27 January 2017, the Full Year 2017 fuel bill is expected to increase by 100 million dollars compared to 2016 and to reach 4.9 billion euros¹, and the Full Year 2018 fuel bill is expected to increase to 5.0 billion euros².

Regarding the balance sheet, the Group is maintaining strict capex discipline, targeting positive free cash flow before disposals. The 2017 investment plan stands at between 1.7 billion euros and 2.2 billion euros.

The Group is pursuing a further reduction in net debt, targeting an adjusted net debt to EBITDAR below 2.5x mid cycle by the end of 2020.

¹ 2017 average Brent price of USD 56, average jet fuel market price of USD 535 per ton, average exchange rate of USD 1.07 per euro

² 2018 average Brent price of USD 56, average jet fuel market price of USD 555 per ton, average exchange rate of USD 1.07 per euro

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

The results presentation is available at www.airfranceklm.com on 16 February 2017 from 7:15 am CET.

The press conference will be live broadcast on www.airfranceklm.com at 10:30 am (password AFKL).

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INCOME STATEMENT

	Fourth Quarter			Full Year		
	2016	2015*	Change	2016	2015*	Change
<i>In millions euros</i>						
Sales	6,086	6,242	-2.5%	24,844	25,689	-3.3%
Other revenues	1	1	0.0%	2	2	0.0%
Revenues	6,087	6,243	-2.5%	24,846	25,691	-3.3%
Aircraft fuel	-1,090	-1,363	-20.0%	-4,597	-6,183	-25.7%
Chartering costs	-100	-105	-4.8%	-424	-430	-1.4%
Landing fees and en route charges	-463	-469	-1.3%	-1,900	-1,947	-2.4%
Catering	-109	-112	-2.7%	-445	-462	-3.7%
Handling charges and other operating costs	-369	-389	-5.1%	-1,565	-1,536	1.9%
Aircraft maintenance costs	-622	-715	-13.0%	-2,469	-2,372	4.1%
Commercial and distribution costs	-215	-193	11.4%	-905	-896	1.0%
Other external expenses	-498	-480	3.8%	-1,958	-1,942	0.8%
Salaries and related costs	-1,931	-1,882	2.6%	-7,474	-7,464	0.1%
Taxes other than income taxes	-39	-35	11.4%	-164	-155	5.8%
Other income and expenses	195	297	-34.3%	842	1,110	-24.1%
EBITDAR	846	797	6.1%	3,787	3,414	10.9%
Aircraft operating lease costs	-275	-265	3.8%	-1,073	-1,027	4.5%
EBITDA	571	532	7.3%	2,714	2,387	13.7%
Amortization, depreciation and provisions	-477	-395	20.8%	-1,665	-1,607	3.6%
INCOME FROM CURRENT OPERATIONS	94	137	-31.4%	1,049	780	34.5%
Sales of aircraft equipment	5	0	na	21	-5	nm
Other non-current income and expenses	153	217	-29.5%	46	305	-84.9%
INCOME FROM OPERATING ACTIVITIES	252	354	-28.8%	1,116	1,080	3.3%
Income from cash and cash equivalents	10	15	-33.3%	49	62	-21.0%
Cost of financial debt	-72	-81	-11.1%	-309	-372	-16.9%
Net cost of financial debt	-62	-66	-6.1%	-260	-310	-16.1%
Other financial income and expenses	45	6	-650%	-33	-604	94.5%
INCOME BEFORE TAX	235	294	-20.1%	823	166	N/A
Income taxes	-128	-25	412%	-294	-30	880%
NET INCOME OF CONSOLIDATED COMPANIES	107	269	-60.2%	529	136	289%
Share of profits (losses) of associates	-10	2	Na	-7	-35	-80%
INCOME FROM CONTINUING OPERATIONS	97	271	-64.2%	522	101	417%
Net income from discontinued operations	256	9	nm	270	26	939%
NET INCOME FOR THE PERIOD	353	280	26.1%	792	127	524%
Minority interest	9	-4	na	0	-9	nm
NET INCOME FOR THE PERIOD - GROUP	362	276	31.2%	792	118	571%

* Reclassification of Servair as a discontinued operation

BALANCE SHEET

Assets <i>In million euros</i>	December 31, 2016	December 31, 2015*
Goodwill	218	247
Intangible assets	1,066	1,018
Flight equipment	9,119	8,743
Other property, plant and equipment	1,480	1,670
Investments in equity associates	292	118
Pension assets	1,462	1,773
Other financial assets	1,064	1,224
Deferred tax assets	176	702
Other non-current assets	448	295
Total non-current assets	15,325	15,790
Assets held for sale	0	4
Other short-term financial assets	130	967
Inventories	566	532
Trade receivables	1,868	1,800
Other current assets	1,105	1,138
Cash and cash equivalents	3,938	3,104
Total current assets	7,607	7,545
Total assets	22,932	23,335

* Reclassification of Servair as a discontinued operation

Liabilities and equity <i>In million euros</i>	December 31, 2016	December 31, 2015*
Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	-67	-85
Perpetual	600	600
Reserves and retained earnings	-2,520	-3,561
Equity attributable to equity holders of Air France-KLM	1,284	225
Non-controlling interests	12	48
Total Equity	1,296	273
Pension provisions	2,119	1,995
Other provisions	1,673	1,513
Long-term debt	7,431	7,060
Deferred tax liabilities	-12	11
Other non-current liabilities	284	484
Total non-current liabilities	11,495	11,063
Provisions	654	742
Current portion of long-term debt	1,021	2,017
Trade payables	2,359	2,395
Deferred revenue on ticket sales	2,517	2,515
Frequent flyer programs	810	760
Other current liabilities	2,775	3,567
Bank overdrafts	5	3
Total current liabilities	10,141	11,999
Total equity and liabilities	22,932	23,335

* Reclassification of Servair as a discontinued operation

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In € millions</i>	2016	2015*
Net income from continuing operations	522	101
Net income from discontinued operations	270	26
Amortization, depreciation and operating provisions	1,665	1,632
Financial provisions	5	59
Loss (gain) on disposals of tangible and intangible assets	-86	-224
Loss (gain) on disposals of subsidiaries and associates	-312	-224
Derivatives – non monetary result	-179	91
Unrealized foreign exchange gains and losses, net	89	294
Share of (profits) losses of associates	6	30
Deferred taxes	264	4
Impairment	2	5
Other non-monetary items	-64	31
Subtotal	2,182	1,825
<i>Of which discontinued operations</i>	43	41
(Increase) / decrease in inventories	-61	36
(Increase) / decrease in trade receivables	-104	-55
Increase / (decrease) in trade payables	23	-64
Change in other receivables and payables	209	166
<i>Change in working capital from discontinued operations</i>	-10	-12
Net cash flow from operating activities	2,239	1,896
Acquisition of subsidiaries, of shares in non-controlled entities	-18	-6
Purchase of property plants, equipments and intangible assets	-2,072	-1,628
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	364	342
Proceeds on disposal of property, plant and equipment and intangible assets	213	350
Dividends received	7	2
Decrease (increase) in net investments, more than 3 months	791	-208
<i>Net cash flow used in investing activities of discontinued operations</i>	-12	-14
Net cash flow used in investing activities	-727	-1,162
Perpetual	0-	600
Sale of minority interest without change in control	15	-
Issuance of debt	1,331	1,062
Repayment on debt	-1,430	-1,540
Payment of debt resulting from finance lease liabilities	-481	-661
New loans	-129	-87
Repayment on loans	43	140
Dividends and coupons on perpetual paid	-38	-19
<i>Net cash flow used in financing activities of discontinued operations</i>	22	1
Net cash flow from financing activities	-667	-504
Effect of exchange rate on cash and cash equivalents and bank overdrafts	-13	-43
<i>Effect of exch. rate on cash and cash eq. and bank overdrafts of disc. ops.</i>	0	4
Change in cash and cash equivalents and bank overdrafts	832	191
Cash and cash equivalents and bank overdrafts at beginning of period	3,101	2,910
Cash and cash equivalents and bank overdrafts at end of period	3,933	3,101

* Reclassification of Servair as a discontinued operation

KEY FINANCIAL INDICATORS

EBITDA and EBITDAR

<i>In million euros</i>	Q4 2016	Q4 2015*	FY 2016	FY 2015*
Income/(loss) from current operations	94	137	1,049	780
Amortization, depreciation and provisions	476	395	1,665	1,607
EBITDA	571	532	2,714	2,387
Aircraft operating lease costs	276	265	1,073	1,027
EBITDAR	846	797	3,787	3,414

* Reclassification of Servair as a discontinued operation

Restated net result, group share

<i>In million euros</i>	Q4 2016	Q4 2015*	FY 2016	FY 2015*
Net income/(loss), Group share (in €m)	362	276	792	118
Net income/(loss) from discontinued operations (in €m)	(256)	(9)	(270)	(26)
Unrealized foreign exchange gains and losses, net (in €m)	(32)	26	89	294
Change in fair value of financial assets and liabilities (derivatives) (in €m)	(48)	(67)	(179)	91
Non-current income and expenses (in €m)	(158)	(217)	(67)	(300)
Depreciation of shares available for sale (in €m)	0	3	0	16
De-recognition of deferred tax assets (in €m)	44	0	44	0
Restated net income/(loss), group share (in €m)	(88)	12	409	193
Restated net income/(loss) per share (in €)	-0.32	0.02	1.30	0.59

* Reclassification of Servair as a discontinued operation

Return on capital employed (ROCE)

<i>In million euros</i>	31 Dec. 2016	31 Dec. 2015*	31 Dec. 2015*	31 Dec. 2014
Goodwill and intangible assets	1,284	1,265	1,265	1,252
Flight equipment	9,119	8,743	8,743	8,728
Other property, plant and equipment	1,480	1,670	1,670	1,750
Investments in equity associates	292	118	118	139
Financial assets excluding shares available for sale, marketable securities and financial deposits	224	225	225	152
Provisions, excluding pension, cargo litigation and restructuring	(1,706)	(1,558)	(1,558)	(1,434)
WCR, excluding market value of derivatives	(5,317)	(5,125)	(5,125)	(4,928)
Capital employed before operating leases	5,376	5,338	5,338	5,659
Operating leases x7	7,511		7,189	
Average capital employed (A)	12,868		12,688	
Adjusted results from current operations	1,414		1,129	
- Dividends received	(2)		(2)	
- Share of profits (losses) of associates	(7)		(35)	
- Tax recognized in the adjusted net result	(250)		(30)	
Adjusted result from current operations after tax (B)	1,155		1,062	
ROCE, trailing 12 months (B/A)	9.0%		8.4%	

* Reclassification of Servair as a discontinued operation

Net debt

Balance sheet at (In million euros)	31 December 2016	31 December 2015*
Current and non-current financial debt	8,452	9,077
Deposits on aircraft under finance lease	(336)	-453
Financial assets pledged (OCEANE swap)	0	-393
Currency hedge on financial debt	(49)	-40
Accrued interest	(89)	-95
Gross financial debt (A)	7,978	8,096
Cash and cash equivalents	3,938	3,104
Marketable securities	53	466
Cash pledges	50	18
Deposits (bonds)	298	204
Bank overdrafts	(5)	(3)
Other	(11)	0
Net cash (B)	4,323	3,789
Net debt (A) – (B)	3,655	4,307

* Reclassification of Servair as a discontinued operation

Adjusted net debt and adjusted net debt/EBITDAR ratio

	31 December 2016	31 December 2015*
Net debt (in €m)	3,655	4,307
Aircraft operating leases x 7 (in €m)	7,511	7,189
Adjusted net debt (in €m)	11,166	11,496
EBITDAR (in €m)	3,787	3,414
Adjusted net debt/EBITDAR ratio	2.9 x	3.4 x

* Reclassification of Servair as a discontinued operation

Operating free cash flow

In million euros	2016	2015*
Net cash flow from operating activities, continued operations	2,206	1,867
Investment in property, plant, equipment and intangible assets	(2,072)	(1,628)
Proceeds on disposal of property, plant, equipment and intangible assets	213	350
Operating free cash flow, excluding discontinued operations	347	589
Disposals	346	336
Operating free cash after disposal	693	925

* Operating free cash flow is including the LHR slot sale in October 2015, which is accounted for in net investments as intangible asset disposal

Lease adjusted operating result

In million euros	Q4 2016	Q4 2015*	FY 2016	FY 2015*
Operating result	94	137	1,049	780
Aircraft operating leases x 1/3	92	88	358	342
Lease adjusted operating result	186	225	1,407	1,122
Lease adjusted operating margin	3.1%	3.6%	5.7%	4.4%

* Reclassification of Servair as a discontinued operation

Unit cost: net cost per EASK

	Q4 2016	Q4 2015*	FY 2016	FY 2015*
Revenues (in €m)	6,086	6,242	24,844	25,689
Income/(loss) from current operations (in €m)	94	137	1,049	780
Total operating expense (in €m)	(5,992)	(6,105)	(23,795)	(24,909)
Passenger network business – other revenues (in €m)	200	196	833	834
Cargo business – other revenues (in €m)	46	45	165	162
Third-party revenues in the maintenance business (in €m)	486	429	1,834	1,577
Transavia - other revenues (in €m)	4	2	12	13
Third-party revenues of other businesses (in €m)	10	11	41	47
Net cost (in €m)	5,246	5,422	20,910	22,276
Capacity produced, reported in EASK	83,575	81,639	341,334	337,994
Net cost per EASK (in € cents per EASK)	6.28	6.64	6.13	6.59
<i>Gross change</i>		-5.5%		-7.0%
Currency effect on net costs (in €m)		59		188
<i>Change at constant currency</i>		-6.5%		-7.8%
Fuel price effect (in €m)		(274)		(1,531)
<i>Change on a constant currency and fuel price basis</i>		-1.6%		-1.1%
Change in pension-related expenses (in €m)		-18		-28
Net cost per EASK on a constant currency, fuel price and pension-related expenses basis (in € cents per EASK)	6.28	6.35	6.13	6.18
<i>Change on a constant currency, fuel price and pension-related expenses basis</i>		-1.3%		-1.0%

* Reclassification of Servair as a discontinued operation

INDIVIDUAL AIRLINE RESULTS

Air France

	Q4 2016	Q4 2015*	Change	FY 2016	FY 2015*	Change
Revenue (€m)	3,836	3,952	-2.9%	15,414	16,099	-4.3%
EBITDA (€m)	393	364	+29	1,514	1,465	+49
Operating result (€m)	46	102	-56	372	426	-54
<i>Operating margin</i>	1.2%	2.6%	-1.4 pt	2.4%	2.6%	-0.2 pt
Operating cash flow before WCR and restructuring cash out (€m)	406	326	+80	1,441	1,315	+126
<i>Operating cash flow (before WCR and restructuring) margin</i>	10.6%	8.2%	+2.3 pt	9.3%	8.2%	+1.2 pt

* Reclassification of Servair as a discontinued operation

KLM

	Q4 2016	Q4 2015*	Change	FY 2016	FY 2015*	Change
Revenue (€m)	2,370	2,378	-0.3%	9,800	9,905	-1.1%
EBITDA (€m)	177	169	+8	1,189	911	+278
Operating result (€m)	52	39	+13	681	384	+297
<i>Operating margin</i>	2.2%	1.6%	+0.6 pt	6.9%	3.9%	+3.0 pt
Operating cash flow before WCR and restructuring cash out (€m)	166	129	+37	1,054	746	+308
<i>Operating cash flow (before WCR and restructuring) margin</i>	7.0%	5.4%	+1.6 pt	10.8%	7.5%	+3.2 pt

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

GROUP FLEET AT 31 DECEMBER 2016

Aircraft type	AF (incl. HOP!)	KL (incl. KLC & Martinair)	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/15
B747-400		18		18			18	17	-8
B777-300	43	12		9	25	21	55	55	5
B777-200	25	15		19	10	11	40	40	
B787-9	1	8			1	8	9	8	6
A380-800	10			1	4	5	10	10	
A340-300	12			5	5	2	12	10	-2
A330-300		5				5	5	5	
A330-200	15	8		4	7	12	23	23	-2
Total Long-Haul	106	66	0	56	52	64	172	168	-1
B737-900		5		1	1	3	5	5	
B737-800		25	55	12	9	59	80	80	10
B737-700		18	8	3	8	15	26	26	
A321	20			10	1	9	20	20	
A320	43			5	3	35	43	41	-2
A319	38			19	6	13	38	38	
A318	18			11	7		18	18	3
Total Short and Medium-Haul	119	48	63	61	35	134	230	228	11
ATR72-600	5					5	5	5	
ATR72-500	5			2	2	1	5	5	-1
ATR42-500	12			5	3	4	12	12	-1
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	11			11			11	11	-2
Canadair Jet 100	1			1			1		
Embraer 190	10	30		4	15	21	40	40	
Embraer 175		4			4		4	4	4
Embraer 170	15			8	2	5	15	15	-1
Embraer 145	18			13	5		18	15	-1
Embraer 135	4			4			4		
Fokker 70		13		13			13	11	-5
Total Regional	95	47	0	75	31	36	142	132	-7
B747-400ERF		3		3			3	3	
B747-400BCF		3		2		1	3	1	
B777-F	2			2			2	2	
MD-11									-3
Total Cargo	2	6	0	7	0	1	8	6	-3

Air France-KLM Group	322	167	63	199	118	235	552	534	
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