

FULL YEAR 2018 RESULTS
Resilient results despite the impact of strikes and fuel bill increase
FULL YEAR 2018

- More than 100 million passengers carried, the leading European group for long-haul traffic,
- Unit revenues per ASK up 1.1%,
- Revenue growth in all business segments, with a double-digit increase at Transavia,
- Unit costs increase by 0.6% at constant currency, fuel and pension charges¹,
- Operating result at 1,332 million euros, the strong commercial performance and cost control helping to partly offset the Air France strikes in the first half of the year and the fuel bill increase¹,
- Further reduction in Group net debt, down 195 million euros to 6.2 billion euros and Net debt/EBITDA ratio at 1.5x.

OUTLOOK 2019

- The Group will continue to work on yield improvement within the context of an anticipated fuel bill increase. Based on the current data for the Passenger network:
 - ✓ Long-haul forward booking load factors from February to April are on average stable compared to last year, and positively oriented for the early summer,
 - ✓ Passenger unit revenues at constant currency expected below last year for the first quarter 2019 partly due to the Easter shift,
- Unit cost (CASK) reduction between -1% and 0% at constant currency and fuel price,
- Net debt/EBITDA ratio below 1.5x.

The Board of Directors of Air France-KLM, chaired by Anne-Marie Couderc, met on 19 February 2019 to approve the financial statements for the Full Year 2018.

“With the largest long-haul network operating out of Europe, the Air France-KLM Group has reached an important milestone by carrying more than 100 million passengers in 2018”, commented Benjamin Smith, CEO of Air France-KLM. “The strong performance of our front-line teams and continued cost control helped partly offset the impact of strikes at Air France in the first half of the year, as well as significant fuel headwinds. In the past five months, we have made significant progress in reinforcing the trust and dialogue with our employees in both Air France and KLM, allowing for a shared strategic approach to accelerate the Group’s profitable development. I am particularly pleased that yesterday we reached the last step in this phase, the majority of Air France pilots having approved the proposed categorical agreement. We have also strengthened our offer by simplifying our brand portfolio and initiating an improvement in our network and fleet management. These first achievements pave the way for our ambition to regain a leading position in Europe and worldwide.”

Air France-KLM Group	Fourth Quarter		Full Year	
	2018	Change ¹	2018	Change ¹
Passengers (thousands)	24,462	+3.4%	101,447	+2.8%
Unit revenue per ASK ² (€ cts)	6.46	-0.4%	6.61	+1.1%
Operating result (€m)	40	-188	1,332	-591
Net income – Group part (€m)	-218	+710	409	+246
Adj. operating free cash flow (€m)	-12	+90	115	-562
Net debt at end of period (€m)			6,164	-195

¹ Since 1 January 2018, the Air France-KLM Group has applied the new IFRS 9, 15 and 16 accounting standards. For the purposes of comparison, the Group’s consolidated financial statements have been restated as of 1 January 2017.

² Passenger and Transavia, change at constant currency

Full Year 2018 business review

Network: Revenue increase driven by higher unit revenues and operating result impacted by strikes

Network	Fourth Quarter			Full Year		
	2018	Change	Change constant currency	2018	Change	Change constant currency
Capacity (EASK m)	82,325	+2.9%		329,199	+1.8%	
Total revenues (€m)	5,727	+3.7%	+4.1%	22,943	+1.6%	+4.1%
Scheduled revenues (€m)	5,403	+2.6%	+3.0%	21,732	+0.8%	+3.4%
Unit revenue per EASK (€ cts)	6.56	-0.3%	+0.1%	6.60	-1.0%	+1.5%
Unit cost per EASK (€ cts)	6.52	+3.0%	+2.3%	6.30	+1.8%	+3.6%
Operating result (€m)	34	-165	-112	994	-561	-382

Full Year 2018 combined Passenger and Cargo revenues increased by 4.1% at constant currency to 22.9 billion euros driven by capacity growth and positive unit revenues. The operating result amounted to 994 million euros, a 382 million euros decrease at constant currency compared to last year, mostly due to the strikes in the 2018 first half and to the fuel increase.

Passenger: Long-haul and medium-haul hubs contributing to positive unit revenue performance

Passenger network	Fourth Quarter			Full Year		
	2018	Change	Change constant currency	2018	Change	Change constant currency
Passengers (thousands)	21,110	+2.2%		85,619	+2.0%	
Capacity (ASK m)	72,970	+3.2%		292,184	+2.1%	
Traffic (RPK m)	62,835	+3.5%		255,405	+2.8%	
Load factor	86.1%	+0.2 pt		87.4%	+0.6 pt	
Total passenger revenues (€m)	5,092	+3.7%	+4.3%	20,655	+1.3%	+3.9%
Scheduled passenger revenues (€m)	4,849	+2.6%	+3.1%	19,743	+0.6%	+3.2%
Unit revenue per ASK (€ cts)	6.64	-0.6%	-0.1%	6.76	-1.5%	+1.1%

Full Year 2018 capacity increased by 2.1%, mainly driven by the South American, North Atlantic and Asian networks with respective growth of 8.6%, 3.0% and 2.1%.

The long-haul network delivered a solid performance with an increased load factor and a unit revenue¹ up 1.2%. The additional capacity has been well absorbed by the robustness of demand and thanks to the strong performance of the commercial teams.

- The North America network benefitted from robust demand in the premium segment and posted a 2.9% unit revenue increase in Full Year 2018.
- The Asian network delivered a solid performance, with Full Year unit revenue growth up 2.0%, driven in particular in the second half of the year by Japan and South Korea.
- The 8.7% additional capacity on South America was driven by growth on the Andean routes and the opening of the Fortaleza service. The new routes performed in line with expectations and the Full Year unit revenue performance was flat, despite a weak second half of 2018 due to economic difficulties in Argentina and political uncertainties in Brazil.
- The performance of the other long-haul networks was relatively stable compared to last year.

¹ At constant currency

The medium-haul network delivered a unit revenue increase of 1.5% for Full Year 2018: the unit revenue was up 2.8% on the medium-haul hub network, and down 2.6% on the point-to-point network mainly due to the competitive pressure from rail.

Cargo: Total revenue growth of 6.4% at constant currency on stable capacity

Cargo business	Fourth Quarter			Full Year		
	2018	Change	Change constant currency	2018	Change	Change constant currency
Tons (thousands)	303	+0.7%		1,137	-0.1%	
Capacity (ATK m)	3,631	+0.7%		14,365	+0.1%	
Traffic (RTK m)	2,321	+1.8%		8,657	+0.7%	
Load factor	63.9%	+0.7 pt		60.3%	+0.4 pt	
Total Cargo revenues (€m)	635	+3.4%	+3.1%	2,288	+4.1%	+6.4%
Scheduled cargo revenues (€m)	554	+2.4%	+2.0%	1,988	+3.0%	+5.3%
Unit revenue per ATK (€ cts)	15.25	+1.6%	+1.3%	13.84	+2.9%	+5.2%

In a context of stable Cargo network capacity, revenues grew by 6.4% at constant currency thanks to a strong unit revenue performance. The trading environment proved better than expected particularly over the summer period, and the Asian and American networks made a strong contribution to the results. Higher yields in both full freighters and bellies resulted in an overall unit revenue increase of 5.2% at constant currency for Full Year 2018.

Transavia: Strong growth and a record high margin

Transavia	Fourth Quarter		Full Year	
	2018	Change	2018	Change
Passengers (thousands)	3,352	+11.7%	15,828	+7.1%
Capacity (ASK m)	6,817	+14.4%	30,850	+8.4%
Traffic (RPK m)	6,199	+15.0%	28,392	+10.1%
Load factor	90.9%	+0.5 pt	92.0%	+1.4 pt
Total passenger revenues (€m)	309	+12.0%	1,611	+12.2%
Unit revenue per ASK (€ cts)	4.51	-0.9%	5.18	+3.6%
Unit cost per ASK (€ cts)	5.13	-0.1%	4.73	+3.2%
Operating result (€m)	-42	-7	139	+21

Transavia carried 15.8 million passengers in Full Year 2018, an increase of 7.1% compared to last year. Full year 2018 saw the launch of several new routes and a strong capacity growth of 8.4%, with an acceleration in the fourth quarter to 14.4%. Unit revenues increased by 3.6% compared to last year. The Full Year 2018 operating result stood at 139 million euros, an improvement of 21 million euros compared to last year and the best result since the launch of the Transavia businesses. The Transavia France performance stood out with capacity growth of more than 20% and an operating margin of 9.1%, a year-on-year improvement of 1.0 point.

Maintenance: Order book increase continuing

Maintenance	Fourth Quarter			Full Year		
	2018	Change	Change constant currency	2018	Change	Change constant currency
Total revenues (€m)	1,206	+10.7%		4,349	+4.7%	
Third party revenues (€m)	490	+5.4%	+2.9%	1,920	+6.6%	+11.0%
Operating result (€m)	46	-18	-19	195	-57	-42
Operating margin (%)	3.8%	-2.0 pt	-2.1 pt	4.5%	-1.6 pt	-1.4 pt

Maintenance revenues increased compared to last year with third-party revenues up by 11.0% at constant currency due to the inflow of new contracts. The Maintenance order book stood at 11.4 billion dollars at the end of the 2018, an increase of 0.6 billion dollars compared to the end of 2017, driven by the signature of several new NextGen Components and Engine contracts.

The operating margin expressed as a percentage of total revenues stood at 4.5%, a decrease of 1.4 points at constant currency compared to last year, partly explained by one-offs and competitive pressure for the component business.

Air France-KLM Group: Full Year revenue growth of +5.0% at constant currency, operating result at 1,332 million euros

	Fourth Quarter			Full Year		
	2018	Change	Change constant currency	2018	Change	Change constant currency
Capacity (EASK m)	89,142	+3.7%		360,049	+2.4%	
Capacity excl. Cargo (ASK m)	79,787	+4.1%		323,034	+2.7%	
Traffic excl. Cargo (RPK m)	69,034	+4.5%		283,797	+3.5%	
Unit revenue per EASK (€ cts)	6.41	-0.6%	-0.2%	6.48	-0.8%	+1.5%
Revenues (€m)	6,538	+4.1%	+4.3%	26,515	+2.5%	+5.0%
EBITDA (€m)	776	-193	-147	4,217	-546	-358
Operating result (€m)	40	-188	-140	1,332	-591	-408
Operating margin (%)	0.6%	-3.0 pt	-2.3 pt	5.0%	-2.4 pt	-1.9 pt
Net income - Group part (€m) ¹	-218	+710		409	+246	

In 2018, the Air France-KLM Group posted an operating result of 1,332 million euros, down 591 million euros compared to last year, including a negative impact of 355 million euros from the Air France strikes in the first half.

The rise in the Group's unit revenues contributed positively to the operating result for 353 million euros excluding currency effects, and absorbed more than half of the significantly higher fuel bill compared to last year.

The fuel bill including hedging amounted to 4,958 million euros for Full Year 2018, up 451 million euros and 665 million euros at constant currency, due to the increase in the fuel price. The fuel hedges resulted in a gain of 649 million euros.

¹ Net income - group part one-off elements:

- Positive effect after tax of €47 million in Q4 2017 and €386 million in FY 2017 resulting from IFRS 16 restatement of lease debt in dollars

- Non current expense impact of €233 after tax in Q3 2017 (Cabin) and €1,195 million after tax in Q4 2017 (Pilot) related to KLM pension plan de-recognition.

Excluding these one-offs, the change of Net income - group part Q4 2018 is €-438 million compared to last year and -€796 million for the Full Year 2018 compared to last year.

Currencies had a negative 623 million euro impact on revenues and a positive 440 million euro effect on costs including currency hedging. The net impact of currencies thus amounted to a negative 183 million euros for Full Year 2018.

Full year unit cost up 0.6%, in line with the target range of 0 to +1%

On a constant currency, fuel price and pension-related expense basis, unit costs were down -0.9% in the fourth quarter 2018, despite a 50 million euro impact from the Air France annual wage agreement, fully booked in the fourth quarter.

For the Full Year 2018, the unit cost was up 0.6%, consistent with the Full Year target range of 0 to +1%, and down -0.2% excluding the impact of the strikes.

Improvement in labor productivity and implementation of annual wage agreements in Air France in the fourth quarter 2018

Productivity measured in EASK per FTE increased by 2.2% in the fourth quarter 2018 while capacity increased by 3.7%.

Full Year 2018 productivity, measured in EASK per FTE, increased by 1.0% while capacity increased by 2.4%. Compared to last year, the average number of FTEs increased by 1,200 including +250 Pilots and +450 Cabin Crew in response to the capacity growth. Ground Staff increased by 500 FTEs, mainly driven by the IT Innovation department, third-party activities in E&M and the Customer Centres.

Net employee costs were up 1.8% in 2018 compared to last year, mainly due to the impact of the wage agreements for Air France and KLM staff.

Positive operating free cash flow and net debt reduction in 2018

In € million	Fourth Quarter		Full Year	
	2018	Change	2018	Change
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations	568	-84	3,596	-353
Cash out related to Voluntary Departure Plans	3	+44	-130	+11
Change in Working Capital Requirement (WCR)	236	+136	246	-45
Net cash flow from operating activities	807	+96	3,712	-387
Net investments before sale & lease-back*	-583	-8	-2,625	-187
Operating free cash flow	224	+88	1,087	-574
Reduction of lease debt	-236	+2	-972	+12
Adjusted operating free cash flow **	-12	+90	115	-562

* 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: +115 million euros for Full Year 2018

The Group generated positive adjusted operating free cash flow of 115 million euros in 2018, a reduction of 562 million euros compared to 2018. This decrease compared to last year mainly resulted from the strike impact and a net 187 million euro increase in investments.

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

In € million	31 Dec 2018	31 Dec 2017
Net debt	6,164	6,359
EBITDA	4,217	4,763
Net debt/EBITDA	1.5 x	1.3 x

The Group reduced its net debt to 6,164 million euros at 31 December 2018 versus 6,359 million euros at 31 December 2017, despite the negative impact of the repurchase of 197 million euros of hybrid notes

in September 2018. This 195 million euro reduction was driven by operating free cash flow generation and the repayment of lease debt.

The net debt/EBITDA ratio stood at 1.5x at 31 December 2018, a slight increase of 0.13 pt compared to 31 December 2017 due to the decrease in EBITDA.

Full year 2018: Air France result impacted by strikes, KLM delivers a solid result in line with last year's performance

	Fourth Quarter		Full Year	
	2018	Change	2018	Change
Air France Group				
Operating result (€m)	-62	-179	266	-597
Operating margin (%)	-1.5%	-4.6 pt	1.7%	-3.8 pt
KLM Group				
Operating result (€m)	112	+0	1,073	-6
Operating margin (%)	4.2%	-0.2 pt	9.8%	-0.6 pt

Outlook

The global context remains uncertain given the current geopolitical environment and fuel price trends. In 2019, the Air France-KLM Group plans to selectively grow capacity for the Passenger network by 2% to 3% compared to 2018. Transavia will continue to grow at a sustained pace of 9% to 11%.

The Group will continue to work on yield improvement within the context of an anticipated fuel bill increase. Based on the current data for the Passenger network:

- ✓ Long-haul forward booking load factors from February to April are on average stable compared to last year, and positively oriented for the early summer,
- ✓ Passenger unit revenues at constant currency expected below last year for the first quarter 2019 partly due to the Easter shift.

The Group will pursue initiatives to reduce unit costs¹, with a targeted reduction for 2019 of between -1% to 0% at constant currency and fuel price.

The Full Year 2019 fuel bill is expected to increase by 650 million euros compared to 2018 to 5.6 billion euros², based on the forward curve of 15 February 2019.

The Group's capital expenditures are planned at the level of 3.2 billion euros for the year 2019 and the Group is targeting a Net debt/EBITDA ratio below 1.5x.

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 20 February 2019 from 7:15 am CET.

An Analysts' Meeting hosted by Mr Smith (CEO) and Mr Gagey (CFO) will be held at 08.30 CET on 20 February 2019 at the Pullman Paris Tour Eiffel hotel, 18, avenue de Suffren (75015 Paris).

A live webcast of the Analysts' Meeting will also be available on the website (password AFKL).

To connect to the conference call, please dial:

France: Local +33 (0)1 76 77 22 57
Netherlands: Local +31 (0)20 703 8261
UK: Local +44 (0)330 336 9411
US: Local +1 720-543-0214

Confirmation code: 5711960

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
- US: +1 719-457-0820

Confirmation code: 5711960

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¹ To align with industry practice, the metric EASK will not be used anymore as of 2019.

New Unit Cost definition will be: Net cost per Available Seat Kilometer at constant fuel and currency

The impact of this change should be approximately -0.1pt for 2019

² Based on the forward curves of 15 February 2019, 2019 average Brent price of USD 65, average jet fuel price of USD 693 per ton including into plane costs. Assuming exchange rate of EUR/USD of 1.14 in 2019

Income Statement

<i>In millions euros</i>	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Sales	6,536	6,276	+4.1%	26,512	25,864	+2.5%
Other revenues	2	2	-20.8%	3	3	-15.1%
Revenues	6,538	6,278	+4.1%	26,515	25,867	+2.5%
Aircraft fuel	-1,336	-1,079	+23.8%	-4,958	-4,507	+10.0%
Chartering costs	-143	-128	+12.0%	-577	-515	+11.9%
Landing fees and air route charges	-474	-460	+2.9%	-1,893	-1,905	-0.7%
Catering	-197	-182	+7.9%	-783	-784	-0.2%
Handling charges and other operating costs	-467	-440	+6.2%	-1,948	-1,753	+11.1%
Aircraft maintenance costs	-644	-548	+17.4%	-2,413	-2,327	+3.7%
Commercial and distribution costs	-258	-235	+9.7%	-1,034	-935	+10.6%
Other external expenses	-395	-404	-2.2%	-1,618	-1,462	+10.8%
Salaries and related costs	-2,031	-1,968	+3.2%	-7,759	-7,620	+1.8%
Taxes other than income taxes	-39	-36	+8.9%	-166	-158	+5.2%
Other income and expenses	222	172	+28.7%	851	862	-1.3%
EBITDA	776	970	-20.0%	4,217	4,763	-11.5%
Amortization, depreciation and provisions	-736	-742	-0.8%	-2,885	-2,840	+1.6%
Income from current operations	40	228	-82.4%	1,332	1,923	-30.7%
Sales of aircraft equipment	5	-1	nm	4	18	-77.5%
Other non-current income and expenses	-11	-1,599	-99.3%	-16	-1,925	-99.2%
Income from operating activities	34	-1,372	nm	1,320	16	+8,152.9%
Cost of financial debt	-111	-127	-12.4%	-465	-570	-18.4%
Income from cash and cash equivalent	10	7	+41.2%	39	34	+14.7%
Net cost of financial debt	-101	-120	-15.7%	-426	-536	-20.5%
Other financial income and expenses	-136	111	nm	-271	649	nm
Income before tax	-203	-1,381	-85.3%	623	129	+382.9%
Income taxes	-24	446	nm	-227	21	nm
Net income of consolidated companies	-227	-935	-75.7%	396	150	+164.0%
Share of profits (losses) of associates	9	5	+85.7%	15	21	-29.4%
Income from continuing operations	-218	-930	-76.6%	411	171	+140.4%
Net income from discontinued operations	0	0	-100.0%	0	-8	-100.0%
Net income for the period	-218	-930	-76.6%	411	163	+152.1%
Non-controlling interest	0	2	-100.0%	-2	0	nm
Net income for the period – Group part	-218	-928	-76.5%	409	163	+150.9%

Consolidated Balance Sheet

Assets		
<i>In million euros</i>	31 Dec 2018	31 Dec 2017
Goodwill	217	216
Intangible assets	1,194	1,122
Flight equipment	10,167	9,636
Other property, plant and equipment	1,503	1,418
Right-of-use assets	5,243	5,724
Investments in equity associates	311	301
Pension assets	331	590
Other financial assets	1,487	1,242
Deferred tax assets	544	417
Other non-current assets	264	239
Total non-current assets	21,261	20,905
Assets held for sale	0	0
Other short-term financial assets	325	421
Inventories	633	557
Trade receivables	2,191	2,164
Other current assets	1,062	1,243
Cash and cash equivalents	3,585	4,673
Total current assets	7,796	9,058
Total assets	29,057	29,963

Liabilities and equity		
<i>In million euros</i>	31 Dec 2018	31 Dec 2017
Issued capital	429	429
Additional paid-in capital	4,139	4,139
Treasury shares	-67	-67
Perpetual	403	600
Reserves and retained earnings	-3,051	-2,693
Equity attributable to equity holders of Air France-KLM	1,853	2,408
Non-controlling interests	12	12
Total Equity	1,865	2,420
Pension provisions	2,098	2,202
Return obligation liability and other provisions	3,035	3,055
Financial debt	5,733	5,919
Lease debt	3,546	3,940
Deferred tax liabilities	4	12
Other non-current liabilities	459	361
Total non-current liabilities	14,875	15,489
Return obligation liability and other provisions	492	230
Current portion of financial debt	826	1,378
Current portion of lease debt	989	993
Trade payables	2,460	2,365
Deferred revenues on ticket sales	3,153	3,017
Frequent flyer programs	844	819
Other current liabilities	3,548	3,246
Bank overdrafts	5	6
Total current liabilities	12,317	12,054
Total equity and liabilities	29,057	29,963

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

<i>In million euros</i>	31 Dec 2018	30 Sep 2017
Net income from continuing operations	411	171
Net income from discontinued operations	0	-8
Amortization, depreciation and operating provisions	2,885	2,840
Financial provisions	127	129
Loss (gain) on disposals of tangible and intangible assets	-33	-35
Loss (gain) on disposals of subsidiaries and associates	0	-31
Derivatives – non monetary result	-49	41
Unrealized foreign exchange gains and losses, net	190	-790
Impairment	0	0
Other non-monetary items	-254	1,564
Share of (profits) losses of associates	-15	-21
Deferred taxes	204	-52
Financial Capacity	3,466	3,808
<i>Of which discontinued operations</i>	<i>0</i>	<i>0</i>
(Increase) / decrease in inventories	-31	5
(Increase) / decrease in trade receivables	-39	-331
Increase / (decrease) in trade payables	69	68
Change in other receivables and payables	247	549
Change in working capital requirements	246	291
<i>Change in working capital from discontinued operations</i>	<i>0</i>	<i>0</i>
Net cash flow from operating activities	3,712	4,099
Purchase of property, plant and equipment and intangible assets	-2,758	-2,562
Proceeds on disposal of property, plant and equipment and intangible assets	133	124
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	6	8
Acquisition of subsidiaries, of shares in non-controlled entities	-9	-9
Dividends received	6	9
Decrease (increase) in net investments, more than 3 months	4	-262
<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	-2,618	-2,692
Increase of capital	0	747
Perpetual (including premium)	-211	0
Issuance of debt	539	741
Repayment on financial debt	-1,400	-1,023
Payments on leases debt	-972	-984
Decrease (increase) in loans, net	-106	-83
Dividends and coupons on perpetual paid	-38	-38
<i>Net cash flow used in financing activities of discontinued operations</i>	<i>0</i>	<i>0</i>
Net cash flow from financing activities	-2,188	-640
Effect of exchange rate on cash and cash equivalents and bank overdrafts	7	-33
<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	-1,087	734
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	3,580	4,667
<i>Change in treasury of discontinued operations</i>	<i>0</i>	<i>0</i>

Key Performance Indicators

EBITDA

<i>In millions euros</i>	Fourth Quarter		Full Year	
	2018	2017	2018	2017
Income from current operations	40	228	1,332	1,923
Amortization, depreciation and provisions	736	742	2,885	2,840
EBITDA	776	970	4,217	4,763

Restated net income - Group part

<i>In million euros</i>	Fourth Quarter		Full Year	
	2018	2017	2018	2017
Net income - Group part	-218	-928	409	163
Net income from discontinued operations	0	0	0	8
Unrealized foreign exchange gains and losses, net	72	-115	23	-790
Change in fair value of financial assets and liabilities (derivatives)	21	-28	-53	-43
Non-current income and expenses	6	1,600	12	1,907
Depreciation of shares available for sale	-17	-431	18	-320
De-recognition of deferred tax assets	0	0	0	0
Restated net income - Group part	-136	98	409	925
Coupons on perpetual	-7	-7	-25	-25
Restated net income - Group part, including coupons on perpetual (used to calculate earnings per share)	-143	91	384	900
Restated net income per share (in €)	-0.33	0.22	0.90	2.43

Return on capital employed (ROCE)¹

<i>In million euros</i>	31 Dec 2018	31 Dec 2017	31 Dec 2017	31 Dec 2016
Goodwill and intangible assets	1,410	1,338	1,338	1,285
Flight equipment	10,167	9,636	9,636	8,760
Other property, plant and equipment	1,503	1,418	1,418	1,400
Right of use assets	5,243	5,724	5,724	5,558
Investments in equity associates	311	301	301	292
Financial assets excluding shares available for sale, marketable securities and financial deposits	133	113	113	107
Provisions, excluding pension, cargo litigation and restructuring	-3,141	-2,779	-2,779	-2,763
WCR, excluding market value of derivatives	-6,124	-5,899	-5,899	-5,582
Capital employed	9,502	9,852	9,852	9,057
Average capital employed (A)	9,677	9,455	9,455	9,057
Income from current operations	1,332		1,923	
- Dividends received	-2		-3	
- Share of profits (losses) of associates	15		21	
- Normative income tax	-400		-577	
Income from current operations after tax (B)	945		1,364	
ROCE, trailing 12 months (B/A)	9.8%		14.4%	

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" 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	
	31 Dec 2018	31 Dec 2017
Financial debt	6,216	6,955
Lease debt	4,450	4,847
Financial assets pledged (OCEANE swap)	0	0
Currency hedge on financial debt	7	19
Accrued interest	-67	-76
Gross financial debt (A)	10,606	11,745
Cash and cash equivalents	3,585	4,673
Marketable securities	74	73
Cash pledges	265	269
Deposits (bonds)	522	379
Bank overdrafts	-5	-6
Other	1	-2
Net cash (B)	4,442	5,386
Net debt (A) – (B)	6,164	6,359

Adjusted operating free cash flow

<i>In million euros</i>	Fourth Quarter		Full Year	
	2018	2017	2018	2017
Net cash flow from operating activities, continued operations	807	711	3,712	4,099
Investment in property, plant, equipment and intangible assets	-620	-615	-2,758	-2,562
Proceeds on disposal of property, plant, equipment and intangible assets	37	40	133	124
Operating free cash flow	224	136	1,087	1,661
Payments on lease debt	-236	-238	-972	-984
Adjusted operating free cash flow	-12	-102	115	677

Unit cost: net cost per EASK

	Fourth Quarter		Full Year	
	2018	2017	2018	2017
Revenues (in €m)	6,538	6,278	26,515	25,867
Income/(loss) from current operations (in €m)	-40	-228	-1,332	-1,923
Total operating expense (in €m)	6,497	6,050	25,182	23,944
Passenger network business – other revenues (in €m)	-243	-184	-912	-764
Cargo business – other revenues (in €m)	-81	-73	-300	-266
Third-party revenues in the maintenance business (in €m)	-490	-465	-1,920	-1,801
Transavia - other revenues (in €m)	-2	-5	-13	-14
Third-party revenues of other businesses (in €m)	-10	-11	-38	-42
Net cost (in €m)	5,671	5,312	21,999	21,057
Capacity produced, reported in EASK*	89,142	85,951	360,049	351,695
Net cost per EASK (in € cents per EASK)	6.36	6.18	6.11	5.99
<i>Gross change</i>		3.0%		2.1%
Currency effect on net costs (in €m)		27		-343
<i>Change at constant currency</i>		2.5%		3.8%
Fuel price effect (in €m)		198		665
<i>Change on a constant currency and fuel price basis</i>		-1.0%		0.6%
Change in pension-related expenses (in €m)		-10		4
Net cost per EASK on a constant currency, fuel price and pension-related expenses basis (in € cents per EASK)	6.36	6.42	6.11	6.07
<i>Change on a constant currency, fuel price and pension-related expenses basis</i>		-0.9%		+0.6%

* 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

	Fourth Quarter		Full Year	
	2018	Change	2018	Change
Revenue (in €m)	4,014	+3.7%	16,073	+1.2%
EBITDA (in €m)	412	-194	2,107	-597
Operating result (en m€)	-62	-179	266	-597
<i>Operating margin (%)</i>	-1.5%	-4.6 pt	1.7%	-3.8 pt
Operating cash flow before WCR and restructuring cash out (in €m)	273	-186	1,792	-502
<i>Operating cash flow (before WCR and restructuring) margin</i>	6.8%	-5.1 pt	11.1%	-3.3 pt

KLM Group

	Fourth Quarter		Full Year	
	2018	Change	2018	Change
Revenue (in €m)	2,663	+5.1%	10,955	+5.0%
EBITDA (in €m)	371	+9	2,105	+41
Operating result (en m€)	112	+0	1,073	-6
<i>Operating margin (%)</i>	4.2%	-0.2 pt	9.8%	-0.6 pt
Operating cash flow before WCR and restructuring cash out (in €m)	302	+109	1,792	+94
<i>Operating cash flow (before WCR and restructuring) margin</i>	11.3%	+3.7 pt	16.4%	+0.1 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 31 December 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		11		11			11	11	-2
B777-300	43	14		11	24	22	57	57	
B777-200	25	15		24	1	15	40	40	
B787-9	7	13		5	3	12	20	20	5
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	
Total Long-Haul	106	66	0	69	32	71	172	172	2
B737-900		5		1	1	3	5	5	
B737-800		27	67	25	10	59	94	93	6
B737-700		18	7	4	6	15	25	25	-1
A321	20			11		9	20	20	
A320	43			3	5	35	43	43	1
A319	34			19	2	13	34	34	-4
A318	18			14	4		18	18	
Total Medium-Haul	115	50	74	77	28	134	239	238	2
ATR72-600	6					6	6	6	
ATR72-500	1					1	1	1	-2
ATR42-500	6			2		4	6	5	-6
Canadair Jet 1000	14			14			14	14	
Canadair Jet 700	11			11			11	8	-3
Embraer 190	11	32		7	14	22	43	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	
Total Regional	82	49	0	60	33	38	131	121	-4
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	305	169	74	212	93	243	548	537	0