18 February 2016

Full Year 2015 Results

FULL YEAR 2015

- Revenues of 26.1 billion euros, up 4.6%, down 3.2% like-for-like[1]
- EBITDA[2] of 2,447 million euros, a reported increase of 858 million euros and up 576 million euros like-for-like
- Operating result of 816 million euros, up 945 million euros and up 698 million euros like-for-like; net income of 118 million euros
- Unit costs[3] down 0.6% like-for-like
- Significant reduction in net debt[2], from 5.4 billion euros at end 2014 down to 4.3 billion euros at 31 December 2015

FOURTH QUARTER 2015

- Revenues of 6.3 billion euros, up 2.2%, down 3.4% like-for-like.
- Negative impact on revenues of the Paris terrorist attacks estimated at 120 million euros
- EBITDA of 551 million euros, up 188 million euros like-for-like
- Operating result of 150 million euros, up 284 million euros like-for-like

OUTLOOK

- High level of uncertainty regarding fuel price and unit revenue due to geopolitical context and industry capacity environment
- Impact of fuel savings on P&L expected to be significantly offset by downward pressure on unit revenue and negative currency impacts
- Continued progress in unit cost reduction targeted between 0.8% and 1.2% in 2016
- Free operating cash flow generation after disposals between 0.6 billion euros and EUR 1.0 billion euros in 2016
- Further significant net debt reduction

The Board of Directors of Air France-KLM, chaired by Alexandre de Juniac, met on 17 February 2016 to approve the accounts for Full Year 2015.

Alexandre de Juniac made the following comments: "*We are very pleased to post positive results and a reduced net debt for the Group in 2015, reflecting the efforts of all the staff and the loyalty of our passengers. The measures deployed with Transform 2015 have paid off and we are delivering the strategy implemented in the Perform 2020 plan, with focused growth in long haul, E&M and the European low-cost operations while restructuring loss-making businesses and reducing unit costs. In spite of the favorable environment created by lower fuel prices, we will not reduce our ambition to improve our competitive position while economic and geopolitical uncertainties remain high.*"

[1] Like-for-like: excluding currency and September 2014 pilot strike impact (425 million euros in operating result). Same definition applies in rest of press release unless otherwise stated.
[2] See definition in appendix
[3] On a constant currency, fuel-price and pension related basis. See computation in appendix

Key data

	Fourth quarter			Full Year		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
Passengers (thousands)	21,323	21,047	+1.3%	89,821	87,358	+2.8%
Capacity (EASK m)	81,639	81,565	+0.1%	337,993	332,602	+1.6%
Revenues (€m)	6,346	6,212	+2.2%	26,059	24,912	+4.6%
Change like-for-like (%)			-3.4%			-3.2%
EBITDAR (€m)	816	543	+273	3,474	2,462	+1,012
EBITDA (€m)	551	316	+235	2,447	1,589	+858
EBITDA margin	8.7%	5.1%	+3.6 pt	9.4%	6.4%	+3.0 pt
EBITDA change like-for-like (€m)			+188			+906
Operating result (€m)	150	-169	319	816	-129	945
Operating margin	2.4%	-2.7%	+5.1 pt	3.1%	-0.5%	+3.6 pt
Operating result like-for-like (€m)			+284			+698
Net result, group share (€m)	276	308	-32	118	-225	+343
Restated net result, group share (€m)	23	-307	+330	220	-540	+760
Earnings per share (€)	0.93	1.07	-0.14	0.34	-0.75	+1.09
Diluted earnings per share (€)	0.93	0.78	+0.15	0.34	-0.75	+1.09
Adjusted earnings per share (€)	0.77	-1.03	+1.80	0.68	-1.82	+2.50
Diluted adjusted earnings per share (€)	0.77	-1.03	+1.80	0.68	-1.82	+2.50
Operating free cash flow (€m)	73	-101	+174	606	-164	+770
Net debt at end of period (€m)				4,307	5,407	-1,100

The consolidated financial statements of the Group have been revised as of 1st January 2015 in order to improve their clarity. The changes are:

- In view of its rapid development, Transavia is now presented as a separate business segment. The passenger business segment is thus renamed from “passenger” to “passenger network”.
- Capitalized production costs are no longer deducted from individual cost lines in the profit and loss statement, but are instead fully allocated to the “Other income and expenses” line. The impact per quarter of this restatement is provided in the appendix.
- Foreign currency effects on provisions are no longer recorded in “Amortization, depreciation and provisions” but in “Other financial income and expenses”. The closing exchange rate is used to convert provisions at the closing date. Previously, the Group used the average rate of the US dollar to convert maintenance provisions. The consolidated financial statements as of December 31, 2014 have been restated for reason of comparison. The impact of this restatement is provided in the appendix.
- The costs of temporary staff are no longer recorded in “External expenses” but in “Salaries and related costs”.

Full year 2015

Full Year 2015 **total revenues** stood at 26.1 billion euros versus 24.9 billion euros in 2014, up 4.6%. Corrected for the strike impact, revenues increased by 2.5% mainly as a result of a strong currency tailwind. Total revenues were down 3.2% like-for-like.
The Fourth Quarter 2015 results were affected by the Paris terrorist attacks in November. The estimated impact in the Fourth Quarter 2015 revenues was 120 million euros.

Total operating costs were up +0.8% year-on-year and 5.8% lower on a like-for-like basis. Ex-fuel, they increased by 3.5% and by 1.1% on a like-for-like basis. Unit cost per EASK was reduced by 0.6%, on a constant currency, fuel price and pension basis, against capacity measured in EASK up by +0.2%, corrected for the strike.

The 2015 **fuel bill** amounted to 6,183 million euros, down 6.7% and 22.3% like-for-like. Based on the forward curve at 5 February 2016, the Full Year 2016 fuel bill could amount to 4.5 billion euros[4]

[4] 2016 average Brent price of USD 37, average jet fuel market price of USD 365 per ton, assuming average exchange rate of 1.10 USD per euro for January-December 2016.

Total **employee costs** including temporary staff were up 2.8% to 7,852 million euros. They included a non-cash increase of 139 million euros in pension related expenses at KLM due to changes in actuarial assumptions (lower discount rate). On a constant scope and pension expense basis and adjusted for the strike, they increased by 0.7%. Excluding the profIt sharing scheme, net employee costs decreased by 0.2%.

In Full Year 2015, the positive currency impact on revenues reached 1,510 million euros. In spite of the higher profits on currency hedging, the negative impact on costs reached 1,688 million euros. The net impact of currencies on the operating result thus amounted to a negative 178 million euros.

EBITDAR amounted to 3,474 million euros, a reported increase of 1,012 million euros. Like-for-like, EBITDAR increased by 585 million euros, mainly driven by good second half trading. Over the Full Year 2015, 30% of the savings achieved on the fuel bill were retained; positive 1,721 million euros excluding currency was partially offset by pressure on unit revenues (negative 1,028 million euros excluding currency) and currency impacts (negative 178 million euros).

EBITDA amounted to 2,447 million euros, an increase of 858 million euros. Like-for-like, EBITDA increased by 576 million euros, mainly as a result of the strong Passenger network performance, which improved by 625 million euros like-for-like over the full year.

	Full Year		
EBITDA per business (€m)	**2015**	**2014** ex strike	**Change like-for-like**
Passenger network	2,124	1,617	+625
Cargo	-210	-126	-43
Maintenance	453	464	-49
Transavia	2	-8	+41
Other	78	67	+2
Total	**2,447**	**2,014**	**+576**

Full Year 2015 EBITDA improved by 341 million euros like-for-like at Air France and 221 million euros like-for-like at KLM. EBITDA margins were up at both airlines, reaching 9.3% at Air France and 9.2% at KLM.

	Full Year		
EBITDA per airline (€m)	**2015**	**2014** ex strike	**Change like-for-like**
Air France	**1,525**	**1,282**	**+341**
EBITDA margin	*9.3%*	*8.0%*	*+1.1 pt*
KLM	**911**	**722**	**+221**
EBITDA margin	*9.2%*	*7.5%*	*+1.9 pt*
Other/ eliminations	11	9	+14
Total	**2,447**	**2,014**	**+576**

The Full Year 2015 **operating result** stood at 816 million euros versus -129 million euros in 2014, a 945 million euro increase. Like-for-like, the operating result increased by 698 million euros, corrected for the strike (impact of 425 million euros) and currency effects (negative impact of 178 million euros).

The net result, group share stood at 118 million euros against a loss of 225 million euros a year ago. It included notably the non-current result related to the capital gain on the sale of Amadeus shares (+218 million euros) and the London Heathrow slots (+230 million euros), offset by the change in value of the hedging portfolio (-225 million euros), the unrealized foreign exchange loss (-360 million euros) and restructuring costs (-159 million euros). On an adjusted basis, the net result, group share stood at 220 million euros against -540 million euros in 2014, an 760 million euro increase.

Earnings and diluted earnings per share stood at 0.34 euros (-0.75 euros in 2014), and at 0.68 euros on an adjusted basis (-1.82 euros in 2014). The Board of Directors decided not to submit a proposed dividend distribution to the next Annual General Meeting.

The return on capital employed[2] (ROCE) increased by 3.4 points to 8.6% at year end 2015.

Fourth Quarter 2015

In the Fourth Quarter 2015, total revenues stood at 6.3 billion euros versus 6.2 billion euros in 2014, up 2.2%, but down -3.4% on a like-for-like basis. Currencies had a positive 276 million euro impact on revenues, primarily due to the strengthening of the dollar against the euro.

EBITDAR stood at 816 million euros, up by 273 million euros versus 2014. EBITDA amounted to 551 million euros, up by 235 million euros. On a like-for-like basis, EBITDA increased by 188 million euros, primarily driven by the strong increase of the passenger network performance.

The operating result stood at 150 million euros versus -169 million euros in 2014. Currencies had a 59 million euro negative impact on the operating result in Fourth Quarter 2015.

Passenger network[5]

Passenger network	**Full Year 2015**	**Full Year 2014**	***Change***	***Change like-for-like***
Passengers (thousands)	79,016	77,450	+2.0%	
Capacity (ASK m)	276,899	270,789	+2.3%	+0.7%
Traffic (RPK m)	235,715	229,347	+2.8%	+1.2%
Load factor	85.1%	84.7%	+0.4 pt	+0.4 pt
Total passenger revenues (€m)	20,541	19,570	+5.0%	-2.6%
Scheduled passenger revenues (€m)*	19,707	18,740	+5.2%	-2.6%
Unit revenue per ASK (€ cts)	7.12	6.92	+2.8%	-3.3%
Unit revenue per RPK (€ cts)	8.36	8.17	+2.3%	-3.7%
Unit cost per ASK (€ cts)	6.81	6.95	-2.0%	-6.7%
Operating result (€m)	842	-83	+925	+687
Of which long-haul (estimated)	*1,140*	*740*	*+400*	
Of which medium-haul hub feeding (est.)	*-230*	*-320*	*+90*	
Of which medium-haul point-to-point (est.)	*-70*	*-120*	*+50*	

** FY 2014 restated for change in revenue allocation (45 million euros transferred from "other passenger" to "scheduled passenger revenues")*

Full Year 2015 total passenger revenues amounted to 20,541 million euros, up 5.0% and down 2.6% like-for-like. The operating result of the passenger business stood at 842 million euros, versus a loss of 83 million euros over the Full Year 2014, an increase of 925 million euros. Like-for-like, the operating result improved by 687 million euros.

The Group maintained its strict capacity discipline, increasing total passenger capacity by 0.7% excluding the strike impact. Unit revenue per Available Seat Kilometer (RASK) remained volatile, up 2.0% in nominal value strike corrected and down by 3.3% on a like-for-like basis.

On the long-haul network, the capacity measured in ASKs was up 3.0%, while unit revenue was down 4.4% excluding currency impact, affected by the capacity-demand imbalances observed on different parts of the network, and by the large drop in demand out of Brazil and Japan. In addition, several routes were affected by travel budget reductions implemented by oil and gas related customers, notably to Africa. Nevertheless, the estimated long-haul operating result was up 400 million euros to 1,140 million euros.

As planned, medium-haul point-to-point capacity (excluding the Paris and Amsterdam hubs) was further reduced by 11.5%, leading to a significant improvement in unit revenue of +7.0% like-for-like contributing to the improvement of the point-to-point operating result by 50 million euros. The medium-haul feeding activity (the Paris and Amsterdam hubs) unit revenues decreased by 1.6% like-for-like. The medium-haul hub feeding estimated operating result stood at a loss of 230 million euros, an improvement of 90 million euros versus Full Year 2014.

[5] Air France, KLM and HOP!. Transavia is reported in its own business segment.

The unit cost per Available Seat Kilometer (CASK) was further reduced by 6.7% like-for-like. Excluding the positive impact of the fuel bill and the additional pension charges, the CASK decreased by 0.5% over the year.

Over the Full Year 2016, the Group will maintain its strict capacity discipline in the passenger business, with planned stable capacity.

Passenger network	**Q4 2015**	**Q4 2014**	***Change***	***Change Like-for-like***
Passengers (thousands)	19,156	19,095	+0.3%	
Capacity (ASK m)	67,636	67,019	+0.9%	+0.9%
Traffic (RPK m)	56,719	55,763	+1.7%	+1.7%
Load factor	83.9%	83.2%	+0.7 pt	+0.7 pt
Total passenger revenues (€m)	4,983	4,861	+2.5%	-2.7%
Scheduled passenger revenues (€m)*	4,787	4,648	+3.0%	-2.3%
Unit revenue per ASK (€ cts)	7.08	6.94	+2.1%	-3.2%
Unit revenue per RPK (€ cts)	8.44	8.34	+1.3%	-4.0%
Unit cost per ASK (€ cts)	6.85	7.19	-4.8%	-9.9%
Operating result (€m)	156	-171	+327	+292

** Q4 2014 restated for change in revenue allocation (16 million euros transferred from "other passenger" to "scheduled passenger revenues")*

In the **Fourth Quarter of 2015**, passenger revenues amounted to 4,983 million euros, up 2.5%, but down 2.7% like-for-like. The revenues were impacted by the terrorist attacks in Paris in November 2015, with an estimated negative impact of 120 million euros. The operating result of the passenger business stood at 156 million euros, versus -171 million euros in the same period last year, up 327 million euros on a reported basis and up 292 million euros like-for-like.

Unit revenue per Available Seat Kilometer (RASK) increased by 2.1% and decreased by 3.2% like-for-like.

Cargo business

Cargo	**Full Year 2015**	**Full Year 2014**	***Change***	***Change Like-for-like***
Tons (thousands)	1,206	1,303	-7.5%	
Capacity (ATK m)	14,908	15,608	-4.5%	-5.8%
Traffic (RTK m)	9,008	9,843	-8.5%	-10.0%
Load factor	60.4%	63.1%	-2.6 pt	-2.7 pt
Total external revenues (€m)	2,425	2,681	-9.5%	-17.4%
Scheduled cargo revenues (€m)	2,263	2,509	-9.8%	-17.8%
Unit revenue per ATK (€ cts)	15.18	16.08	-5.6%	-12.8%
Unit revenue per RTK (€ cts)	25.12	25.49	-1.4%	-8.8%
Unit cost per ATK (€ cts)	16.82	17.43	-3.5%	-10.8%
Operating result (€m)	-245	-212	-33	-14

The Group continued to restructure its Cargo activity to address weak global trade from/to Europe and structural air cargo industry overcapacity. During **Full Year 2015**, full-freighter capacity was reduced by more than 23%, leading to a strike-adjusted decrease in total capacity of 5.8%. Revenue per Available Ton Kilometer (ATK) was down by 12.8% like-for-like, reflecting the persistently weak demand.

Cargo unit cost was down 10.8% like-for-like, as a result of the lower fuel price and of the good cost performance. Unit cost excluding fuel price and currency was down 2.5% in spite of the capacity reduction. Headcount was reduced by 8.8% over the course of the year.

Within the framework of Perform 2020, the Group phased out 5 full-freighters during 2015 and plans to operate only 5 full-freighters by summer 2016. This reduction should enable the full-freighter business to return to operating breakeven in 2017. The loss for the full-freighter activity was reduced to 42 million euro, a significant decrease by 55 million euros during Full year 2015.

Cargo	**Q4 2015**	**Q4 2014**	***Change***	***Change*** ***Like-for-like***
Tons (thousands)	309	334	-7.7%	
Capacity (ATK m)	3,631	3,944	-7.9%	-7.9%
Traffic (RTK m)	2,297	2,546	-9.8%	-9.8%
Load factor	63.3%	64.6%	-1.3 pt	-1.3 pt
Total Cargo revenues (€m)	612	714	-14.3%	-19.5%
Scheduled cargo revenues (€m)	567	676	-16.1%	-21.3%
Unit revenue per ATK (€ cts)	15.62	17.14	-8.9%	-14.6%
Unit revenue per RTK (€ cts)	24.68	26.55	-7.0%	-12.8%
Unit cost per ATK (€ cts)	16.25	17.90	-9.2%	-14.9%
Operating result (€m)	-23	-31	+8	+9

In the **Fourth Quarter of 2015**, cargo revenues amounted to 612 million euros, down 14.3%. On a like-for-like basis, revenue were down by 19.5% and unit revenue per Available Ton Kilometer (RATK) decreased by 14.6%.

The Group continued its efforts to reduce unit costs, down 14.9% on a like-for-like basis. The operating result improved by 9 million euros like-for-like.

Maintenance

Maintenance	**Full Year 2015**	**Full Year 2014**	***Change***	***Change*** ***Like-for-like***
Total revenues (€m)	4,012	3,392	+18.3%	
Third party revenues (€m)	1,577	1,251	+26.1%	7.3%
Operating result (€m)	214	174	+40	-20
Operating margin (%)	5.3%	5.1%	+0.2 pt	-0.8 pt

Full Year 2015 third party maintenance revenues amounted to 1,577 million euros, up 26.1% and by 7.3% like-for-like. Revenues benefited not only from the strong dollar relative to the euro and from the contracts gained in previous years.

Over the period, the Group recorded a 12% increase in its order book to 8.4 billion dollars, including significant contract wins with contracts for GE90 engines and B787 components.

The operating result amounted to 214 million euros, up 40 million, corresponding to an operating margin of 5.3%. Like-for-like, the operating results decreased by 20 million euros.

Maintenance	**Q4 2015**	**Q4 2014**	***Change***	***Change*** ***Like-for-like***
Total revenues (€m)	1,080	919	+17.5%	
Third party revenues (€m)	429	356	+20.5%	6.0%
Operating result (€m)	47	61	-14	-23
Operating margin (%)	4.4%	6.6%	-2.3 pt	-2.7 pt

In the **Fourth Quarter of 2015**, third party maintenance revenues were 429 million euros, up 20.5% and up 6.0% like-for-like. The operating result decreased by 14 million euros to 47 million euros.

Transavia

Transavia	Full Year 2015	Full Year 2014*	*Change*
Passengers (thousands)	10,805	9,908	+9.1%
Capacity (ASK m)	22,432	21,299	+5.3%
Traffic (RPK m)	20,169	19,136	+5.4%
Load factor	89.9%	89.8%	+0.1 pt
Total passenger revenues (€m)	1,099	1,056	+4.1%
Scheduled passenger revenues (€m)	1,086	1,046	+3.8%
Unit revenue per ASK (€ cts)	4.84	4.92	-1.6%
Unit revenue per RPK (€ cts)	5.38	5.48	-1.7%
Unit cost per ASK (€ cts)	5.00	5.09	-1.8%
Operating result (€m)	-35	-36	+1

** FY 2014 restated for change in revenue allocation (45 million euros transferred from "other passenger" to "scheduled passenger revenues")*

In the **Full Year 2015**, as planned within the Perform 2020 framework, Transavia capacity was up by 5.3%, reflecting the accelerated development in France (capacity up by 24.6%) and the ongoing repositioning in the Netherlands (with scheduled capacity up 17% and charter capacity down 13%). Traffic rose by 5.4% and passengers approached 11 million. The load factor remained high (89.9%, up 0.1 point) despite the strong increase in capacity.

Total revenues stood at 1,099 million euros, up 4.1%. Unit revenue per ASK decreased by 1.6% while unit cost per ASK decreased by 1.8%. The operating result was -35 million euros, up 1 million euro.

The development of Transavia will further accelerate in 2016 with overall ASK + 15%, with the main contributions being the growth in capacity in Transavia France and the opening of the new Munich base in March 2016, starting with 4 B737-aircraft serving 18 destinations.

Transavia	Q4 2015	Q4 2014*	*Change*
Passengers (thousands)	2,167	1,952	+11.0%
Capacity (ASK m)	4,592	4,316	+6.4%
Traffic (RPK m)	4,006	3,794	+5.6%
Load factor	87.2%	87.9%	-0.7 pt
Total passenger revenues (€m)	207	193	+7.2%
Scheduled passenger revenues (€m)	205	191	+7.3%
Unit revenue per ASK (€ cts)	4.45	4.47	-0.4%
Unit revenue per RPK (€ cts)	5.10	5.09	+0.3%
Unit cost per ASK (€ cts)	5.25	5.25	+0.1%
Operating result (€m)	-37	-34	-3

** Q4 2014 restated for change in revenue allocation (10 million euros transferred from "other passenger" to "scheduled passenger revenues")*

In the **Fourth Quarter of 2015,** Transavia capacity was up 6.4%. Traffic rose by 5.6% resulting in a load factor decrease of 0.7 point to 87.2%. Unit revenue per ASK was down 0.4%. Transavia's total revenue stood at 207 million euros, up 7.2%. The operating result was -37 million euros, down 3 million euros year-on-year.

Other business: Catering

Catering	Full Year 2015	Full Year 2014	*Change*
Total revenues (€m)	947	871	+8.7%
Third party revenues (€m)	374	311	+20.3%
EBITDA (€m)	62	42	+20
Operating result (€m)	37	18	+19

In **Full Year 2015**, third party catering revenues amounted to 374 million euros, up 20.3%, reflecting the signature of new contracts and the launch of new operations in Africa, Asia and Latin America. The operating result stood at 37 million euros, up 19 million euros.

Financial situation

In € million	**Full Year 2015**	**Full Year 2014**	***Change***
Cash flow before change in WCR and Voluntary Departure Plans, continued operations	+1,997	+1,039	+958
Cash out related to Voluntary Departure Plans	-172	-154	-18
Change in Working Capital Requirement (WCR)	+75	+113	-38
Operating cash flow	**+1,900**	**+998**	**+902**
Net investments before *sale & lease-back*	-1,294	-1,360	+66
Cash received through *sale & lease-back* transactions	-	+198	-198
Net investments after *sale & lease-back*	-1,294	-1,162	-132
Operating free cash flow	**+606**	**-164**	**+770**
Of which intangible asset disposal (LHR slots)	+246	-	+246
Adjusted operating free cash flow	**+360**	**-164**	**+524**

In **Full Year 2015***,* the operating cash flow before change in working capital requirement (WCR) and cash out related to Voluntary Departure Plans increased by 958 million euros to 1,997 million euros, . The Group disbursed 172 million euros for Voluntary Departure Plans. The change in WCR contributed 75 million euros to operating cash flow. Net investments stood at 1,294 million euros, including the disposal of the London Heathrow slots amounting to 246 million euros. Excluding the slots, net investments stood at 1,540, an increase of 378 million euros.
As a result, operating free cash flow amounted to 606 million euros, versus a negative 164 million euros a year earlier.
Operating free cash flow does not include free cash flow from financial investments, including the cash-in of 327 million euros from the sale of Amadeus shares in January and the hybrid bond transaction in April raising 600 million euros.

Net debt amounted to 4.3 billion euros at 31 December 2015, versus 5.4 billion euros at 31 December 2014. The 12 months trailing adjusted net debt / EBITDAR ratio stood at 3.3x at 31 December 2015 compared to 4.0x at 31 December 2014 excluding strike impact.

The balance sheet pension situation moved from a net liability of 710 million euros at 31 December 2014 to a net liability of 222 million euros at 31 December 2015, an improvement of 488 million euros as a result of changes in actuarial assumptions (pension indexation) and 10 year discount rate (1.65% to 1.80%).

The Group continues to enjoy a good level of liquidity, with net cash of 3.8 billion euros at 31 December 2015, and undrawn credit lines of 1.78 billion euros that were renewed in 2015.

Outlook

The Group is currently deploying all the operational initiatives planned within the framework of the strategic plan Perform 2020:

- The continuous development of the passenger network business based on an upgraded product offer, an increased customer focus, a stronger positioning of brands and the reinforcement of strategic partnerships.
- The further optimization of its Air France point-to-point operations, with the creation of a single structure, aiming at a return to operating breakeven by 2017.
- A new step in the accelerated development in the European leisure market, under the Transavia brand, growing by 20% on the French market in 2016 and the opening of the new Munich base in March 2016 with 101 weekly flights throughout the 2016 summer season
- The finalisation of the cargo repositioning with a fleet reduced to 5 full-freighter as per June 2016
- The continuous development of the maintenance business

In parallel, a structured approach to achieve unit cost reduction is being deployed across all entities of the Group, and cost reduction initiatives are being rolled out.

The global context in 2016 remains highly uncertain regarding fuel prices, the continuation of the overcapacity situation on several markets and the geopolitical and economic context in which we operate. In consequence, the Group expects the expected savings on the fuel bill to be significantly offset by unit revenue pressure and negative currency impacts.

Under these conditions, the Group is expecting for 2016:

- **Free operating cash flow generation after disposals between 0.6 billion euros and 1.0 billion euros. The 2016 investment plan (between 1.6 billion euros and 2.0 billion euros) and disposals programme (between 0.2 billion euros and 0.5 billion euros) will be adjusted depending upon operating cashflow generation**
- **2016 unit cost reduction target around 1%**
- **Further significant reduction in net debt**

Based on current market conditions and without any major adverse event, the Group is retaining its unit cost reduction target being an average of 1.5% per year, amending the related period from 2015-2017 to 2016-2018.
The Group is maintaining its medium term financial targets:

- **Adjusted net debt[2]/EBITDAR ratio of around 2.5 by end 2017**
- **Base businesses to consistently generate annual positive free cash flow**
- **ROCE of 9% to 11% in 2017**

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

The results presentation is available at www.airfranceklm.com on 18 February 2016 from 7:15am CET.

A press conference will be held on 18 February 2016 at 10.30 CET at the Pullman Paris Tour Eiffel hotel, 18, avenue de Suffren (75015 Paris).

A live webcast of the press conference will also be available on the website (password AFKL).

Press

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INCOME STATEMENTS

In million euros	Fourth Quarter 2015	Fourth Quarter 2014*	Fourth Quarter Change	Full Year 2015	Full Year 2014*	Full Year Change
Sales	**6,346**	**6,212**	**2.2%**	**26,059**	**24,912**	**4.6%**
Other revenues	2	1	100%	3	18	-83%
External Expenses	-3,812	-3,890	-2.0%	-15,682	-15,171	3.4%
Aircraft fuel	-1,363	-1,703	-20%	-6,183	-6,629	-6.7%
Chartering costs	-105	-109	-3.7%	-430	-438	-1.8%
Landing fees and en route charges	-469	-455	3.1%	-1,947	-1,840	5.8%
Catering	-161	-147	9.5%	-655	-591	11%
Handling charges and other operating costs	-389	-377	3.2%	-1,536	-1,476	4.1%
Aircraft maintenance costs	-715	-480	49%	-2,372	-1,729	37%
Commercial and distribution costs	-193	-205	-5.9%	-896	-870	3.0%
Other external expenses	-417	-414	0.7%	-1,663	-1,598	4.1%
Salaries and related costs	-1,980	-1,891	4.7%	-7,852	-7,636	2.8%
Taxes other than income taxes	-37	-39	-5.1%	-167	-169	-1.2%
Other income and expenses	297	150	98%	1,113	508	119%
EBITDAR	**816**	**543**	**50%**	**3,474**	**2,462**	**41%**
Aircraft operating lease costs	-265	-227	17%	-1,027	-873	17%
EBITDA	**551**	**316**	**74%**	**2,447**	**1,589**	**54%**
Amortization, depreciation and provisions	-401	-485	-17%	-1,631	-1,718	-5.1%
Income from current operations	**150**	**-169**	**NA**	**816**	**-129**	**NA**
Sales of aircraft equipment	-2	5	NA	-6	0	NA
Sales of subsidiaries	0	0	NA	224	185	21%
Other non-current income and expenses	217	805	-73%	81	695	NA
Income from operating activities	**365**	**641**	**-43%**	**1,115**	**751**	**48%**
Income from cash and cash equivalents	16	19	-16%	63	76	-17%
Cost of financial debt	-82	-109	-25%	-373	-446	-16%
Net cost of financial debt	**-66**	**-90**	**-27%**	**-310**	**-370**	**-16%**
Foreign exchange gains (losses), net	-40	-20	-100%	-360	-199	-81%
Change in fair value of financial assets and liabilities	46	54	-15%	-178	-92	-94%
Other financial income and expenses	0	-31	NA	-67	-68	-1.5%
Income before tax	**305**	**554**	**-45%**	**200**	**22**	**808%**
Income taxes	-29	-216	-87%	-43	-195	-78%
Net income of consolidated companies	**276**	**338**	**-18%**	**157**	**-173**	**NA**
Share of profits (losses) of associates	4	-24	NA	-30	-39	23%
Income from continuing operations	**280**	**314**	**-11%**	**127**	**-212**	**NA**
Net income from discontinued operations	0	0	NA	0	-4	NA
Net income for the period	**280**	**314**	**-11%**	**127**	**-216**	**NA**
Minority interest	-4	-6	-33%	-9	-9	0.0%
Net income for the period - Group	**276**	**308**	**-10%**	**118**	**-225**	**NA**

** Restated, see page 17*

CONSOLIDATED BALANCE SHEET

Assets *In million euros*	**December 31, 2015**	**December 31, 2014***
Goodwill	247	243
Intangible assets	1,018	1,009
Flight equipment	8,743	8,728
Other property, plant and equipment	1,670	1,750
Investments in equity associates	118	139
Pension assets	1,773	1,409
Other financial assets	1,224	1,502
Deferred tax assets	702	1,042
Other non-current assets	295	243
Total non-current assets	15,790	16,065
Assets held for sale	4	3
Other short-term financial assets	967	787
Inventories	532	538
Trade accounts receivables	1,800	1,728
Other current assets	1,138	961
Cash and cash equivalents	3,104	3,159
Total current assets	7,545	7,176
Total assets	23,335	23,241

** Restated, see page 17*

Liabilities and equity *In million euros*	**December 31, 2015**	**December 31, 2014***
Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	(85)	(86)
Perpetual	600	-
Reserves and retained earnings	(3,561)	(3,877)
Equity attributable to equity holders of Air France-KLM	225	(692)
Non-controlling interests	48	39
Total Equity	273	(653)
Pension provisions	1,995	2,119
Other provisions	1,513	1,404
Long-term debt	7,060	7,994
Deferred tax liabilities	11	14
Other non-current liabilities	484	536
Total non-current liabilities	11,063	12,067
Provisions	742	731
Current portion of long-term debt	2,017	1,885
Trade payables	2,395	2,444
Deferred revenue on ticket sales	2,515	2,429
Frequent flyer programs	760	759
Other current liabilities	3,567	3,330
Bank overdrafts	3	249
Total current liabilities	11,999	11,827
Total liabilities	23,062	23,894
Total equity and liabilities	23,335	23,241

** Restated, see page 17*

CONSOLIDATED STATEMENT OF CASH FLOWS

In million euros	2015	2014*
Net income from continuing operations	127	(212)
Net income from discontinued operations	-	(4)
Amortization, depreciation and operating provisions	1,631	1,725
Financial provisions	59	68
Result on disposals of tangible and intangible assets	(224)	(19)
Result on disposals of subsidiaries and associates	(224)	(184)
Derivatives – non monetary result	91	73
Unrealized foreign exchange gains and losses, net	294	163
Share of (profits) losses of associates	30	39
Deferred taxes	4	158
Impairment	5	114
Other non-monetary items	32	(1,042)
Subtotal	1,825	879
Of which discontinued operations	-	(6)
(Increase) / decrease in inventories	36	(24)
(Increase) / decrease in trade receivables	(55)	98
Increase / (decrease) in trade payables	(62)	29
Change in other receivables and payables	156	10
Change in working capital from discontinued operations	-	20
Net cash flow from operating activities	1,900	1,012
Acquisition of subsidiaries, of shares in non-controlled entities	(7)	(43)
Purchase of property plants, equipments and intangible assets	(1,647)	(1,431)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	342	354
Proceeds on disposal of property, plant and equipment and intangible assets	353	269
Dividends received	5	20
Decrease / (increase) in net investments, more than 3 months	(208)	285
Net cash flow used in investing activities of discontinued operations	-	(20)
Net cash flow used in investing activities	(1,162)	(566)
Capital increase	1	-
Perpetual	600	-
Sale of minority interest without change in control	4	-
Issuance of debt	1,077	1,583
Repayment on debt	(1,549)	(2,024)
Payment of debt resulting from finance lease liabilities	(664)	(565)
New loans	(89)	(10)
Repayment on loans	140	36
Dividends paid	(24)	(3)
Net cash flow from financing activities	(504)	(983)
Effect of exchange rate on cash and cash equivalents and bank overdrafts	(43)	(77)
Change in cash and cash equivalents and bank overdrafts	191	(614)
Cash and cash equivalents and bank overdrafts at beginning of period	2,910	3,518
Cash and cash equivalents and bank overdrafts at end of period	3,101	2,910

** Restated, see page 17*

KEY FINANCIAL INDICATORS

EBITDA and EBITDAR

In million euros	Q4 2015	Q4 2014*	FY 2015	FY 2014*
Income/(loss) from current operations	150	(169)	816	(129)
Amortization, depreciation and provisions	401	485	1,631	1,718
EBITDA	551	316	2,447	1,589
Aircraft operating lease costs	(265)	(227)	(1,027)	(873)
EBITDAR	816	543	3,474	2,462

** Restated, see page 17*

Adjusted net income

	Q4 2015	Q4 2014*	FY 2015	FY 2014*
Net income/(loss), Group share (in €m)	276	308	118	(225)
Net income/(loss) from discontinued operations (in €m)	0	0	0	4
Deferred tax linked to legal modification pension plan Netherlands	0	206	0	206
Unrealized foreign exchange gains and losses, net (in €m)	26	(14)	294	163
Change in fair value of financial assets and liabilities (derivatives) (in €m)	(67)	(61)	91	73
Non-current income and expenses (in €m)	(215)	(810)	(299)	(880)
Depreciation of shares available for sale (in €m)	3	1	16	30
Cargo deferred tax assets (in €m)	0	63	0	89
Adjusted net income/(loss) (in €m)	**23**	**(307)**	**220**	**(540)**
Adjusted net income/(loss) per share (in €)	0.77	-1.03	0.68	-1.82

** Restated, see page 17*

Return on capital employed (ROCE)

In million euros	31 Dec. 2015	31 Dec. 2014*	31 Dec. 2014*	31 Dec. 2013**
Goodwill and intangible assets	1,265	1,252	1,252	1,133
Flight equipment	8,743	8,728	8,728	9,391
Other property, plant and equipment	1,670	1,750	1,750	1,819
Investments in equity associates, *excluding Alitalia*	118	139	139	177
Other financial assets excluding shares available for sale, marketable securities and financial deposits	225	152	152	129
Provisions, excluding pension, cargo litigation and restructuring	(1,558)	(1,434)	(1,434)	(1,106)
WCR, excluding market value of derivatives	(5,125)	(4,928)	(4,928)	(4,905)
Capital employed on balance sheet	**5,338**	**5,659**	**5,659**	**6,638**
Average capital employed on balance sheet	5,499		6,149	
Capital employed related to flight equipment under operating leases (operating leases x7)	7,189		6,111	
Average capital employed (A) excluding Alitalia	**12,688**		**12,260**	
Operating result, adjusted for operating leases	1,165		168	
- Dividends received	(3)		(17)	
- Share of profits (losses) of associates, *excluding Alitalia*	(30)		(39)	
- Tax recognized in the adjusted net result	(43)		100	
Adjusted result after tax, *excluding Alitalia* (B)	1,089		212	
ROCE, trailing 12 months (B/A)	**8.6%**		**1.7%**	
Adjusted result after tax, *excl. Alitalia*, excluding strike (C)	1,089		637	
ROCE excluding strike, trailing 12 monhts (C/A)	**8.6%**		**5.2%**	

** Restated, see page 17*
*** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

Net debt

Balance sheet at *(In million euros)*	**31 December 2015**	**31 December 2014**
Current and non-current financial debt	9,077	9,879
Deposits on aircraft under finance lease	(453)	(584)
Financial assets pledged (OCEANE swap)	(393)	(196)
Currency hedge on financial debt	(40)	(21)
Accrued interest	(95)	(123)
Gross financial debt (A)	**8,096**	**8,955**
Cash and cash equivalents	3,104	3,159
Marketable securities	466	73
Cash pledges	18	399
Deposits (bonds)	204	166
Bank overdrafts	(3)	(249)
Net cash (B)	**3,789**	**3,548**
Net debt (A) – (B)	**4,307**	**5,407**

Adjusted net debt and adjusted net debt/EBITDAR ratio

	31 December 2015	**31 December 2014**
Net debt (in €m)	4,307	5,407
Aircraft operating leases x 7 (trailing 12 months, in €m)	7,189	6,111
Adjusted net debt (in €m)	**11,496**	**11,518**
EBITDAR (trailing 12 months, in €m)	3,474	2,462
EBITDAR excluding strike (trailing 12 months, in €m)	3,474	2,887
Adjusted net debt/EBITDAR ratio (trailing 12 months)	3.3X	4.7x
Adjusted net debt/EBITDAR ratio, excluding strike (trailing 12 months)	**3.3X**	**4.0x**

Operating free cash flow

In million euros	**FY 2015**	**FY 2014**
Net cash flow from operating activities	1,900	998
Investment in property, plant, equipment and intangible assets	(1,647)	(1,431)
Proceeds on disposal of property, plant, equipment and intangible assets	353	269
Operating free cash flow excluding discontinued operations	**606**	**(164)**
Intangible asset disposal (LHR slots)	(246)	0
Adjusted operating free cash flow excluding discontinued operations	**360**	**(164)**

Net cost per EASK

	Q4 2015	Q4 2014*	FY 2015	FY 2014*
Revenues (in €m)	6,346	6,212	26,059	24,912
Income/(loss) from current operations (in €m)	150	(169)	816	(129)
Total operating expense (in €m)	(6,196)	(6,381)	(25,243)	(25,041)
Passenger network business – other revenues (in €m)**	196	213	834	830
Cargo business – other revenues (in €m)	45	38	162	172
Third-party revenues in the maintenance business (in €m)	429	356	1,577	1,251
Transavia - other revenues (in €m)	2	2	13	10
Third-party revenues of other businesses (in €m)	115	88	417	354
Net cost (in €m)	**5,409**	**5,684**	**22,240**	**22,424**
Net cost excluding strike (in €m)		5,668		22,494
Capacity produced, reported in EASK	81,639	81,565	337,993	332,602
Capacity produced, reported in EASK excluding strike				337,352
Net cost per EASK (in € cents per EASK) excluding strike	**6.62**	**6.95**	**6.58**	**6.67**
Gross change		-4.7%		-1.3%
Currency effect on net costs (in €m)		278		1,426
Change at constant currency		-9.1%		-7.2%
Fuel price effect (in €m)		(539)		-1,721
Change on a constant currency and fuel price basis		-0.1%		0.0%
Change in pension-related expenses (in €m)		56		139
Net cost per EASK on a constant currency, fuel price and pension-related expenses basis (in € cents per EASK)	**6.62**	**6.70**	**6.58**	**6.62**
Change on a constant currency, fuel price and pension-related expenses basis		**-1.1%**		**-0.6%**

** Restated, see page 17*
*** Passenger other revenues restated for change in revenue allocation (16 million euros transferred from “other passenger” to “scheduled passenger revenues” in Q4, 45 million euros over the Full Year)*

INDIVIDUAL AIRLINE RESULTS

Air France Group

	FY 2015	FY 2014*	Change	Change like-for-like
Revenue (€m)	16,477	15,582	+5.7%	-2.8%
EBITDA (€m)	1,525	845	+680	+341
Operating result (€m)	462	-314	+776	+470
Operating margin	2.8%	-2.0%	+4.8 pt	
Operating cash flow before WCR and restructuring cash out (€m)	1,188	665	+523	
Operating cash flow (before WCR and restructuring) margin	7.2%	4.3%	+2.9 pt	

** Restated, see page 17*

KLM Group

	FY 2015	FY 2014*	Change	Change like-for-like
Revenue (€m)	9,905	9,643	+2.7%	-3.7%
EBITDA** (€m)	911	734	+177	+221
Operating result** (€m)	384	175	+209	+255
Operating margin	3.9%	1.8%	+2.1 pt	
Operating cash flow before WCR and restructuring cash out (€m)	746	457	+289	
Operating cash flow (before WCR and restructuring) margin	7.5%	4.7%	+2.8 pt	

** Restated, see page 17*
*** KLM EBITDA and operating result are affected by a non-cash increase of 139 million euros in pension-related expenses*
NB: Sum of individual airline results does not add up to Air France-KLM total due to intercompany eliminations at Group level.

Restatement of income statement for capitalized costs

To improve the readability of its financial statements, the Group has decided, as from January 1, 2015, to isolate the items relating to capitalized production in a single line of the income statement (within "other income and expenses") while they had previously been allocated by type of expenditure. The consolidated financial statements as of December 31, 2014 have been restated to facilitate comparison. The impacts of this reclassification on the 2014 income statement are the following:

In million euros	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014
Aircraft maintenance costs	-84	-90	-96	-103	-373
Other external expenses	-16	-18	-17	-21	-72
Salaries and related costs	-35	-30	-31	-32	-128
Other income and expenses	135	138	145	155	573
Income from current operations	**0**	**0**	**0**	**0**	**0**

Modification in the conversion method of provisions in foreign currencies

The Group records provisions for future expenses in foreign currency, primarily for the restitution of aircraft under operating leases. A significant portion of these provisions is made to cover the purchase of spare parts to be purchased in US dollars whatever the functional currency of the entity. To facilitate analysis of the impacts linked to the dollar variation, the Group has decided, with effect from January 1, 2015, to isolate the foreign currency effect on provisions in "Other financial income and expenses" while it had hitherto been recorded in "Amortization, depreciation and provisions".

Moreover, the closing rate will be used to convert provisions at the closing date. Previously, the Group had used the average rate of the US dollar to convert maintenance provisions. The consolidated financial statements as of December 31, 2014 have been restated for reasons of comparison. The impacts of this restatement on the income statement are the following:

In million euros	Q4 2014	FY 2014
Other financial income and expenses	-12	-41
Income before tax	**-12**	**-41**
Income taxes	+4	+14
Net income for the period	**-8**	**-27**

The impacts of this restatement on the balance sheet are the following:

In million euros	1 January 2014	31 December 2014
Deferred tax assets	-3	+11
Total assets	**-3**	**+11**
Reserves and retained earnings	+6	-21
Other provisions	-9	+32
Total equity and liabilities	**-3**	**+11**

Change in the income statement presentation

The presentation of the income statement has been reviewed and the Group has decided, with effect from January 1, 2015, to integrate the cost of hired staff in "Salaries and related costs", while it had been recorded in "External expenses".

In million euros	FY 2014
External expenses	192
Salaries and related costs	-192
Net income for the period	**0**

GROUP FLEET AT 31 DECEMBER 2015

Aircraft type	AF (incl. HOP!)	KL (incl. KLC & Martinair)	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/14
B747-400	3	22		21	1	3	**25**	25	-3
B777-300	40	10		9	22	19	**50**	50	5
B777-200	25	15		16	11	13	**40**	40	
B787-9		2				2	**2**	2	2
A380-800	10			1	4	5	**10**	10	
A340-300	13			5	5	3	**13**	12	-1
A330-300		5				5	**5**	5	
A330-200	15	11		4	7	15	**26**	25	-2
Total Long-Haul	**106**	**65**	**-**	**56**	**50**	**65**	**171**	**169**	**1**
B737-900		5		1	1	3	**5**	5	
B737-800		25	45	8	9	53	**70**	70	9
B737-700		18	8	3	8	15	**26**	26	-1
A321	21			5	6	10	**21**	20	-4
A320	46			8	3	35	**46**	43	-2
A319	38			15	10	13	**38**	38	-3
A318	18			11	7		**18**	15	-3
Total Short and Medium-Haul	**123**	**48**	**53**	**51**	**44**	**129**	**224**	**217**	**-4**
ATR72-600	5					5	**5**	5	5
ATR72-500	6			1	3	2	**6**	6	-5
ATR42-500	13			5	3	5	**13**	13	
Canadair Jet 1000	14			14			**14**	14	1
Canadair Jet 700	14			14			**14**	13	
Canadair Jet 100	7			7			**7**		-4
Embraer 190	10	30		4	15	21	**40**	40	2
Embraer 170	16			8	2	6	**16**	16	
Embraer 145	18			13	5		**18**	16	1
Embraer 135	5			5			**5**		-1
Fokker 70		18		18			**18**	16	-3
Total Regional	**108**	**48**	**-**	**89**	**28**	**39**	**156**	**139**	**-4**
B747-400ERF		3		2	1		**3**	3	-2
B747-400BCF		3				3	**3**	1	
B777-F	2			2			**2**	2	
MD-11-CF		5		3	2		**5**	3	
MD-11-F									-3
Total Cargo	**2**	**11**	**-**	**7**	**3**	**3**	**13**	**9**	**-5**

Total Air France-KLM	**339**	**172**	**53**	**203**	**125**	**236**	**564**	**534**	**-12**