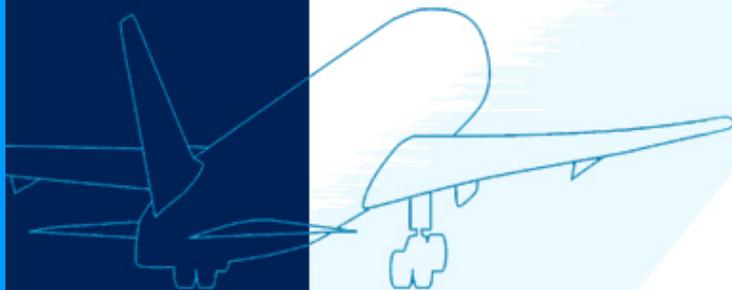




1st Quarter Results
FY 2004-05



Q1 Highlights

Context

- ▶ Improving economic context
 - ▶ Strong economic growth in Americas and Asia
 - ▶ Modest economic recovery in Europe
- ▶ Soaring fuel prices
 - ▶ IPE Brent up 37%

Air France-KLM

- ▶ First consolidation of Air France and KLM
 - ▶ Consolidation basis of 3 months for Air France (April to June) and 2 months for KLM (May and June)
 - ▶ Changes calculated on a 2003-04 pro forma basis
- ▶ Sustained growth in activity
- ▶ Improved operating performance
- ▶ First positive effects of the Air France-KLM combination

Activity: Recovery Under Way

Pierre-Henri Gourgeon

1 Group, 2 Airlines, 3 Core Businesses

Passenger

AIR FRANCE


 **BRIT AIR**

cityJET

 **Regional**

Cargo

AIR FRANCE
CARGO 

Maintenance

 **AIR FRANCE**
INDUSTRIES

Other

SERVAIR



KLM
catering services


KLM


KLM
CARGO


KLM engineering & maintenance


KLM uk
engineering

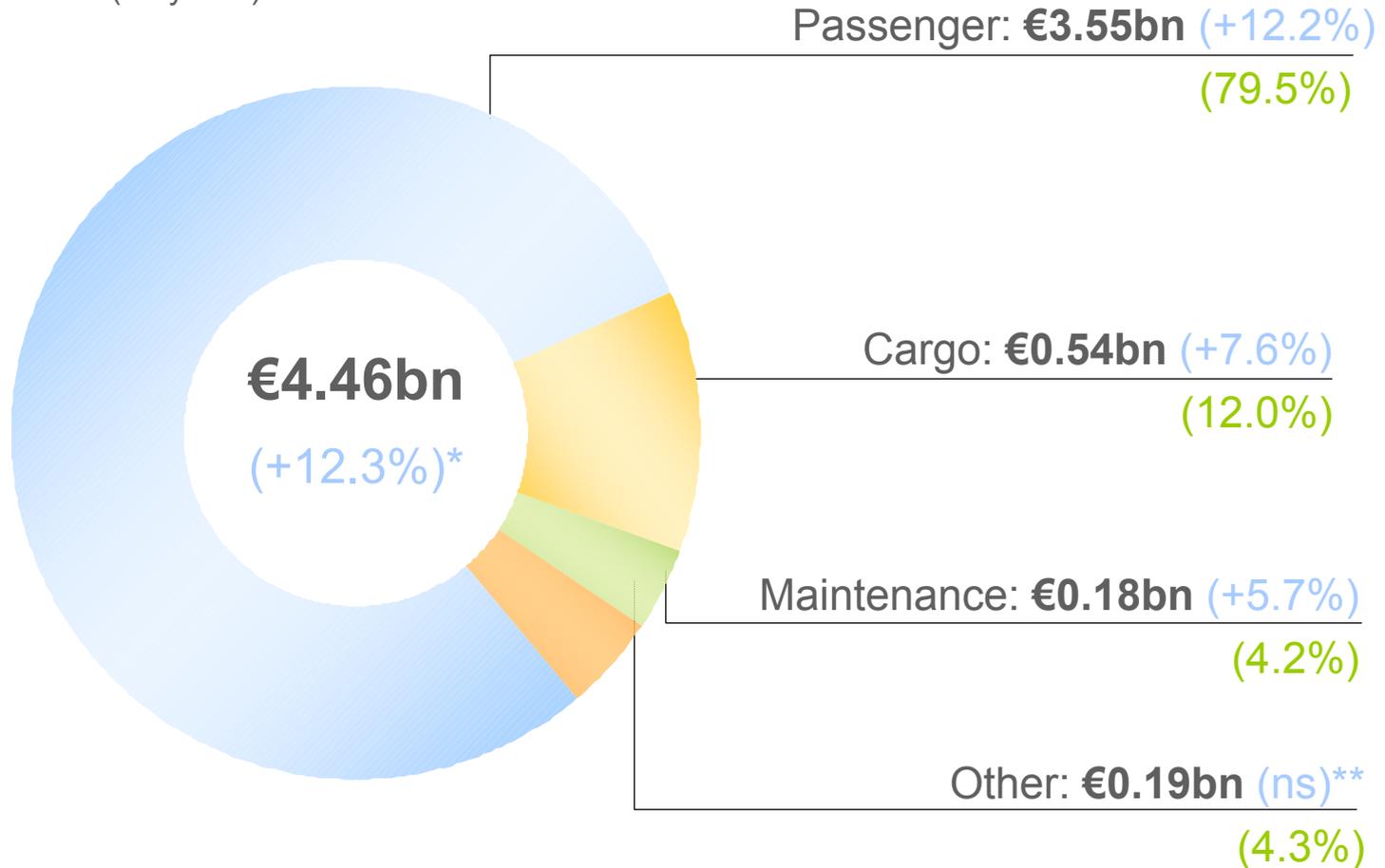

KLM cityhopper

Transavia

BASIQ AIR
by Transavia

Turnover

Consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

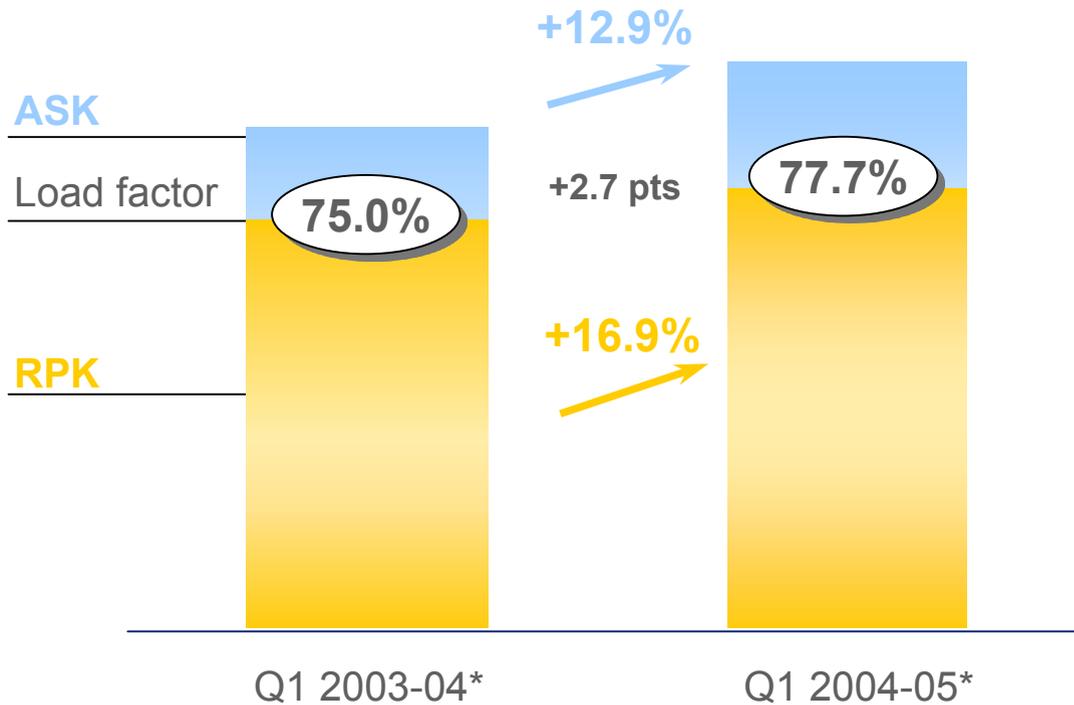


* Up 11.2% with Servair's revenues consolidated over 3 months

** Consolidation of Servair's revenue for 6 months into the 1st quarter 2004-05

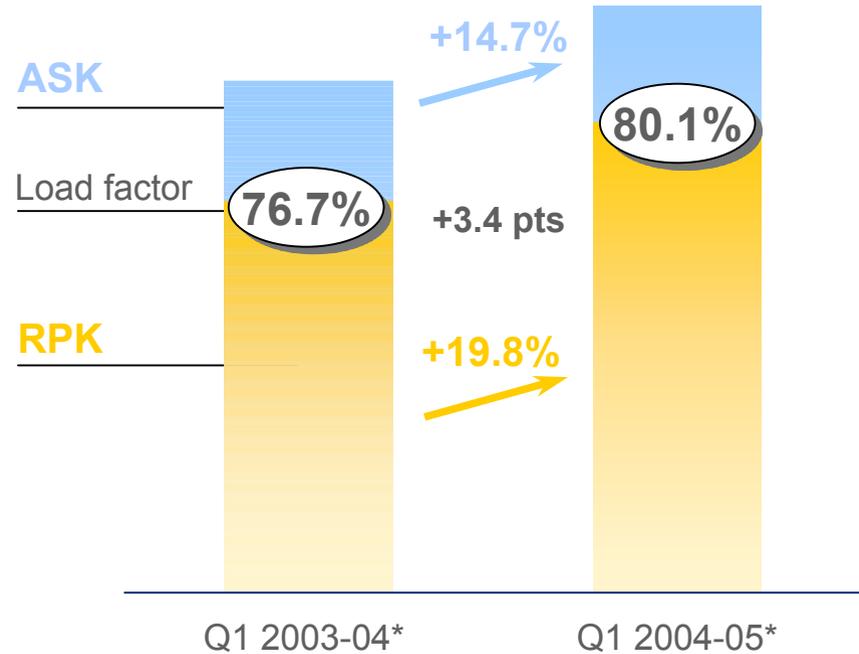
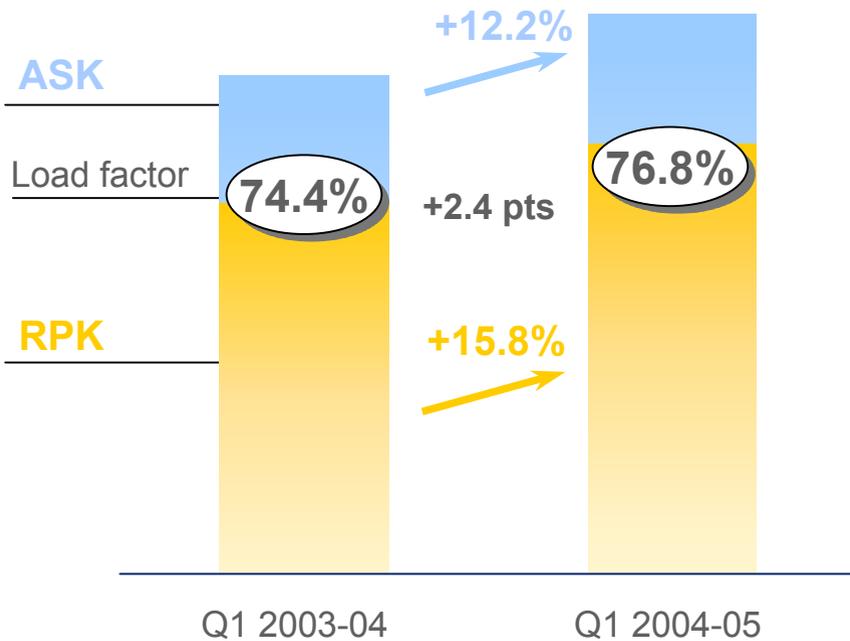
Passenger: Good Group Performance...

Air France-KLM Group
1st quarter*



* Consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

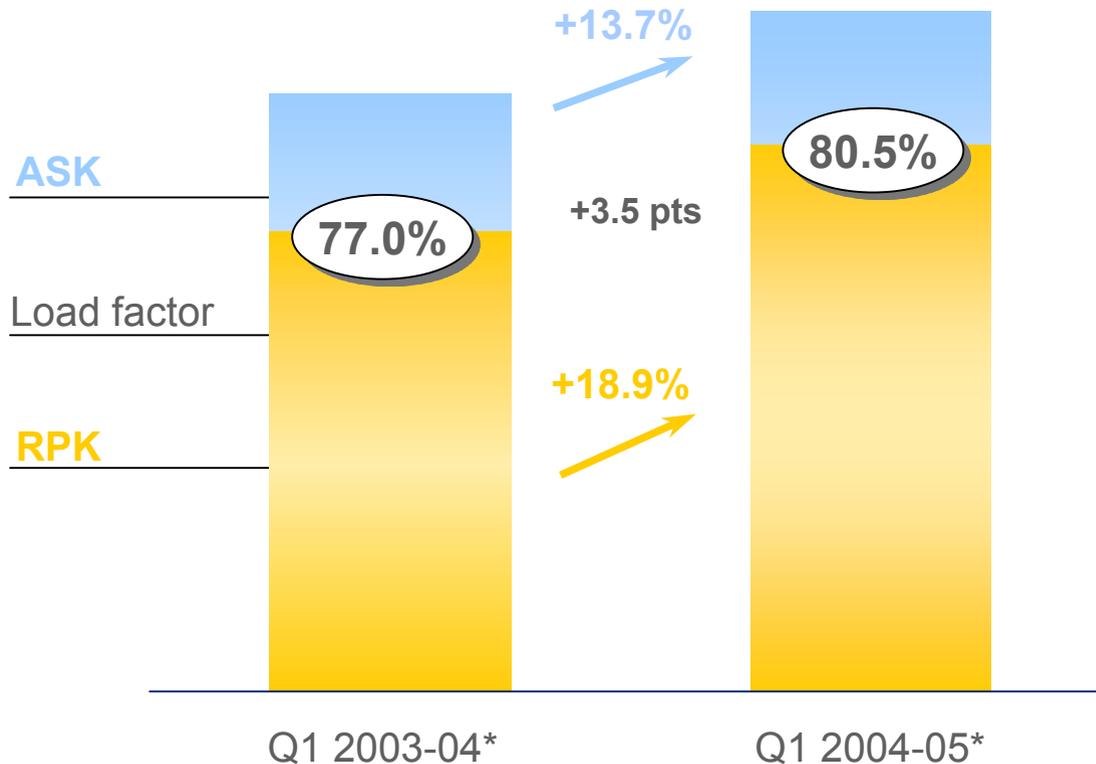
...Thanks to Robust Activity of Both Airlines



* May to June

Long-Haul Network Drives Growth

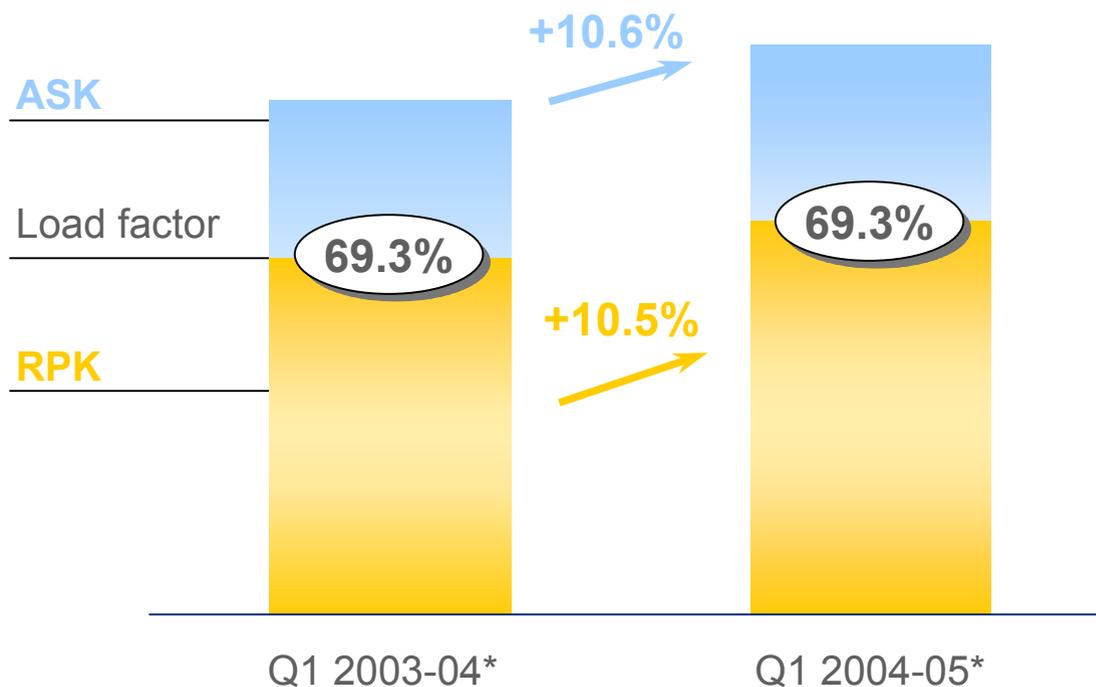
Long-haul network
1st quarter*



* Consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

Europe: Demand Matches Capacity

European network (incl. French domestic market)
1st quarter*



* consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

Air France: First Positive Effects of New European Product

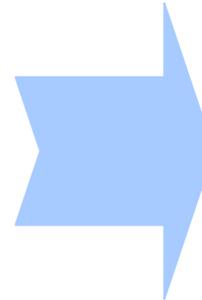
Air France alone
Geographical Europe
1st quarter 2004-05

- ⚡ **Densification of aircraft**
 - ▶ Mechanical increase in capacity of 1 pt
 - ▶ Negative impact on unit revenue of 1 pt

- ⚡ **Decreasing costs**
 - ▶ Simplification of inflight product
 - ▶ Decrease in European commissions

- ⚡ **New pricing policy**

- ⚡ **Improved ground product**
 - ▶ Self-service kiosks for check-in



Traffic: +10%

Capacity: +6%

RASK*: +1%

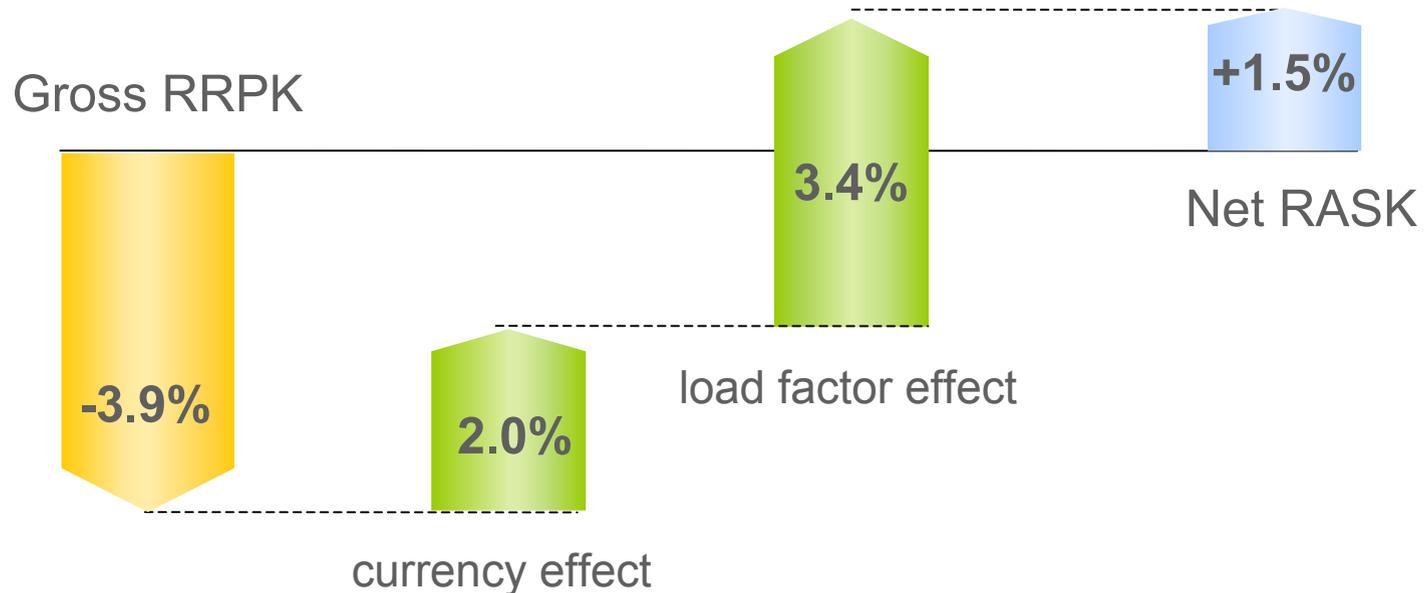
Unit costs*: -3%

* Excluding densification and network mix effects

Increased Unit Revenue per ASK (excl. Currency)

Group RRPK: 8.64 € cts
1st quarter 2004-05*

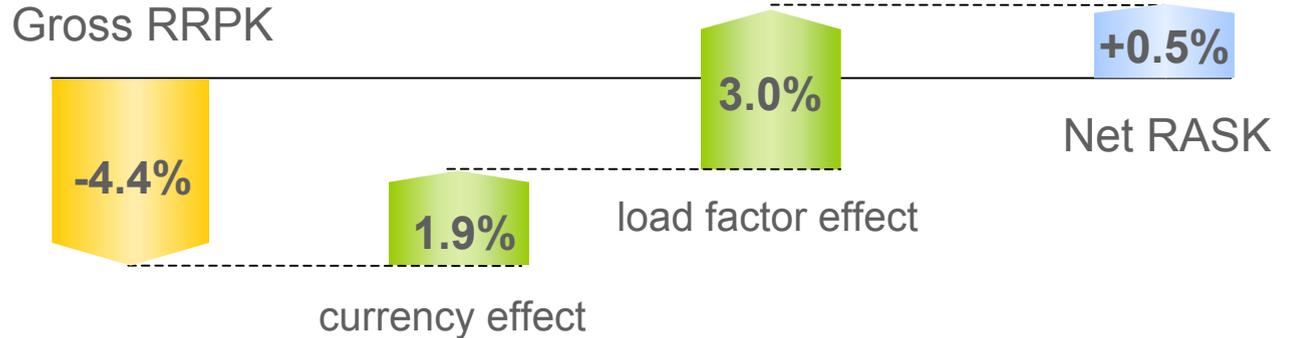
Group RASK: 6.72 € cts



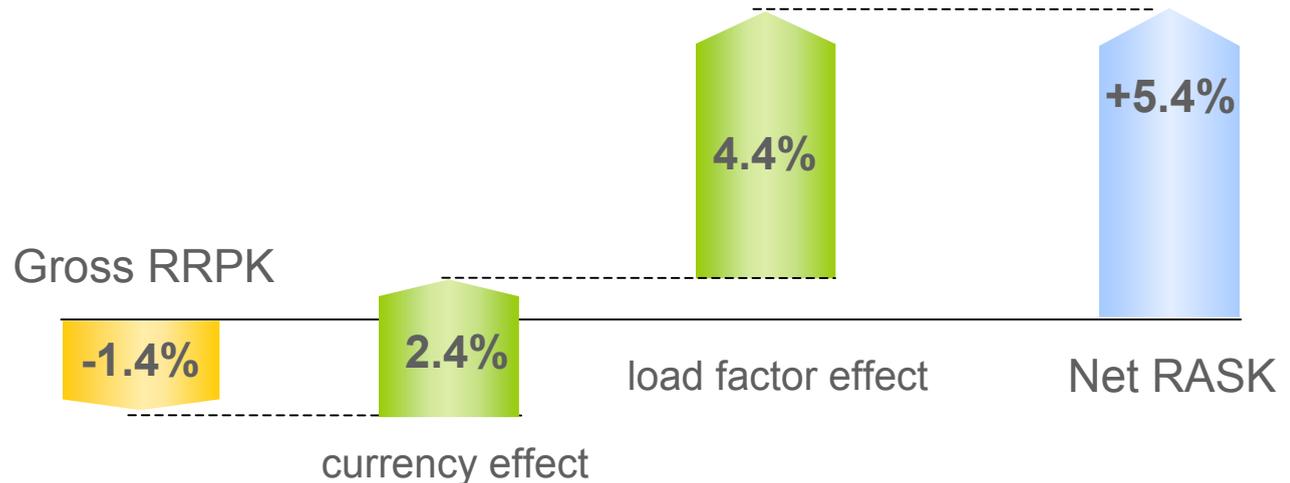
* consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

Passenger Unit Revenue: Performance per Airline

RRPK: 9.29 € cts
RASK: 7.14 € cts

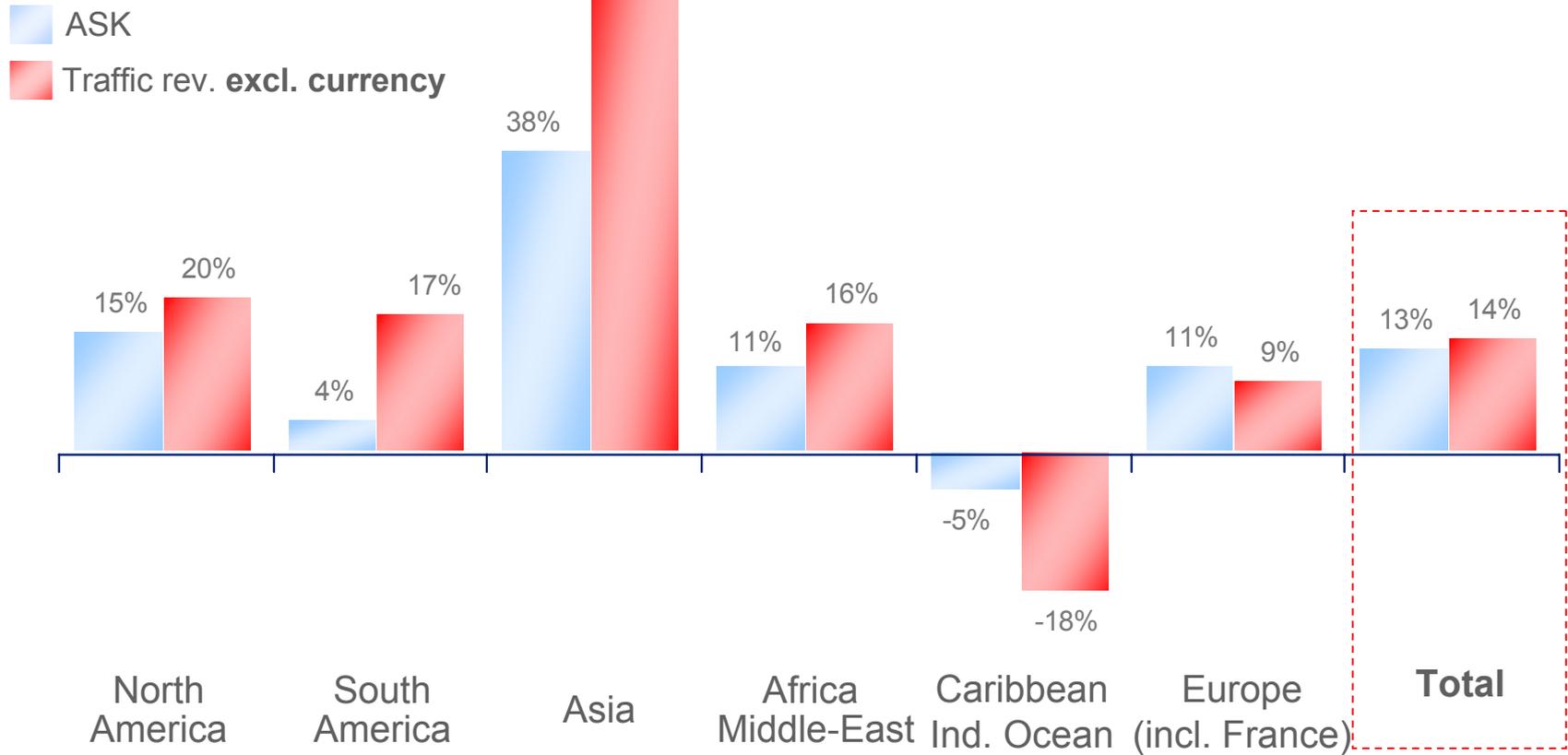


RRPK: 6.95 € cts
RASK: 5.56 € cts



Commercial Performance per Network

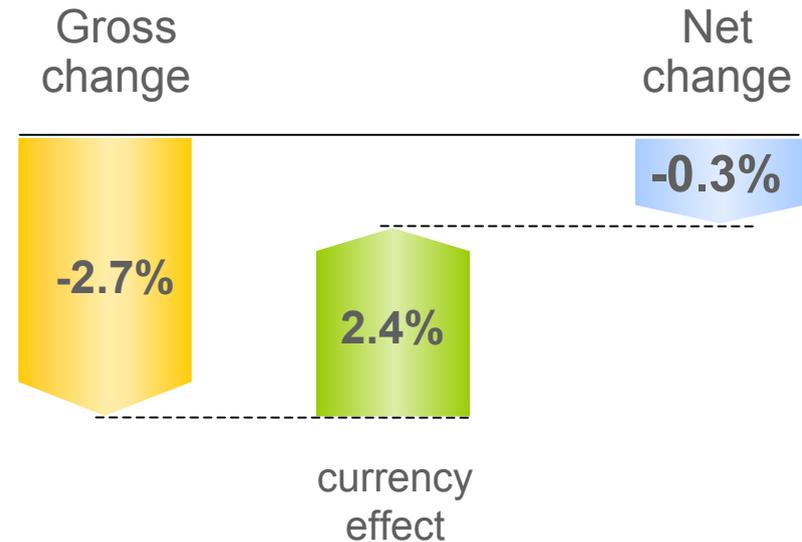
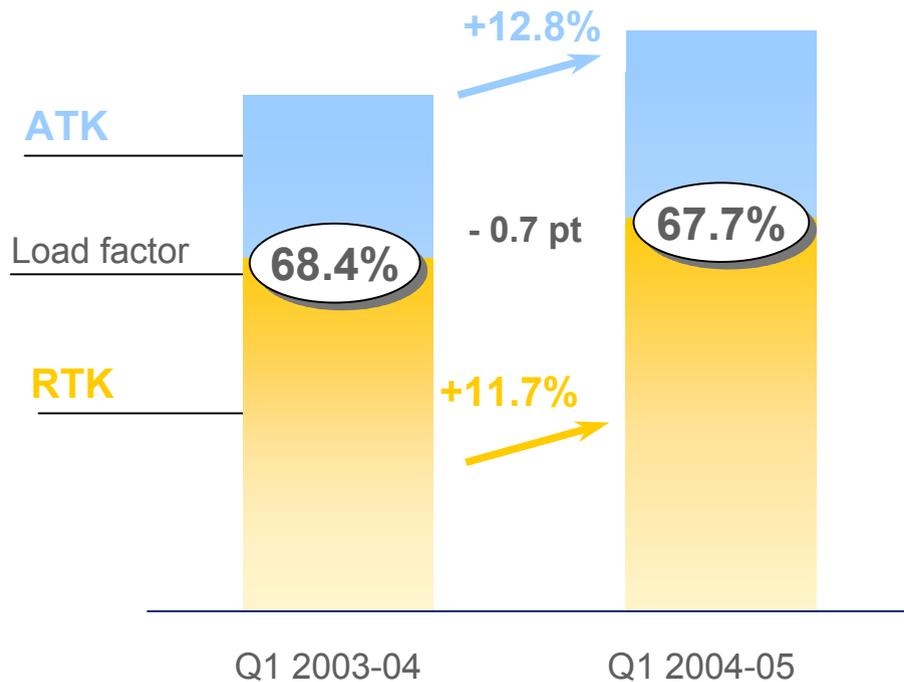
Air France-KLM Group
1st quarter 2004-05*



* consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

Cargo: Strong Traffic but Yield under Pressure

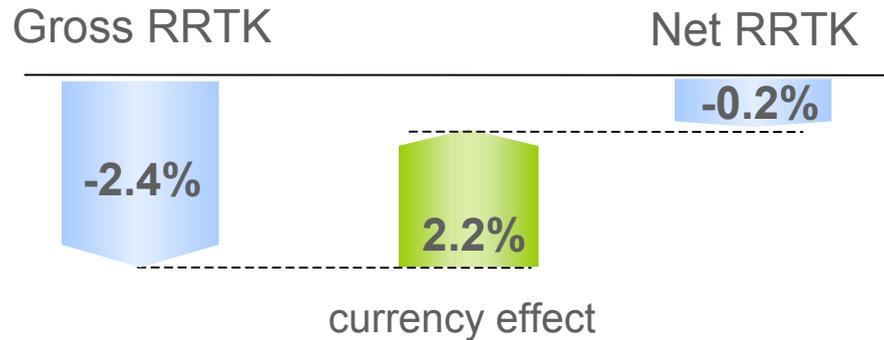
RRTK: 22.32 € cts



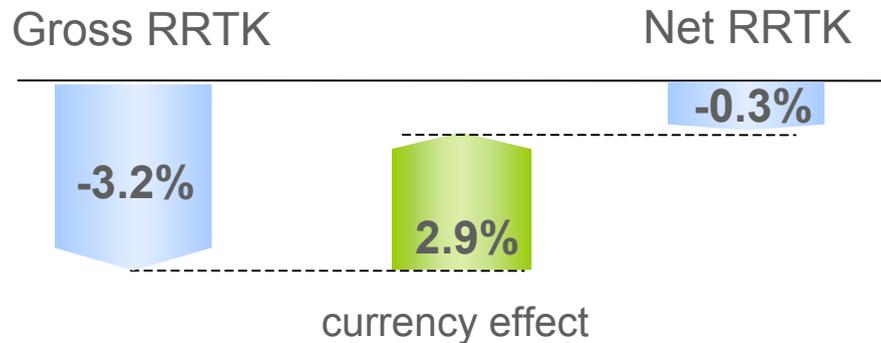
* consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

Cargo Yield: Performance per Airline

RRTK: 23.71 € cts

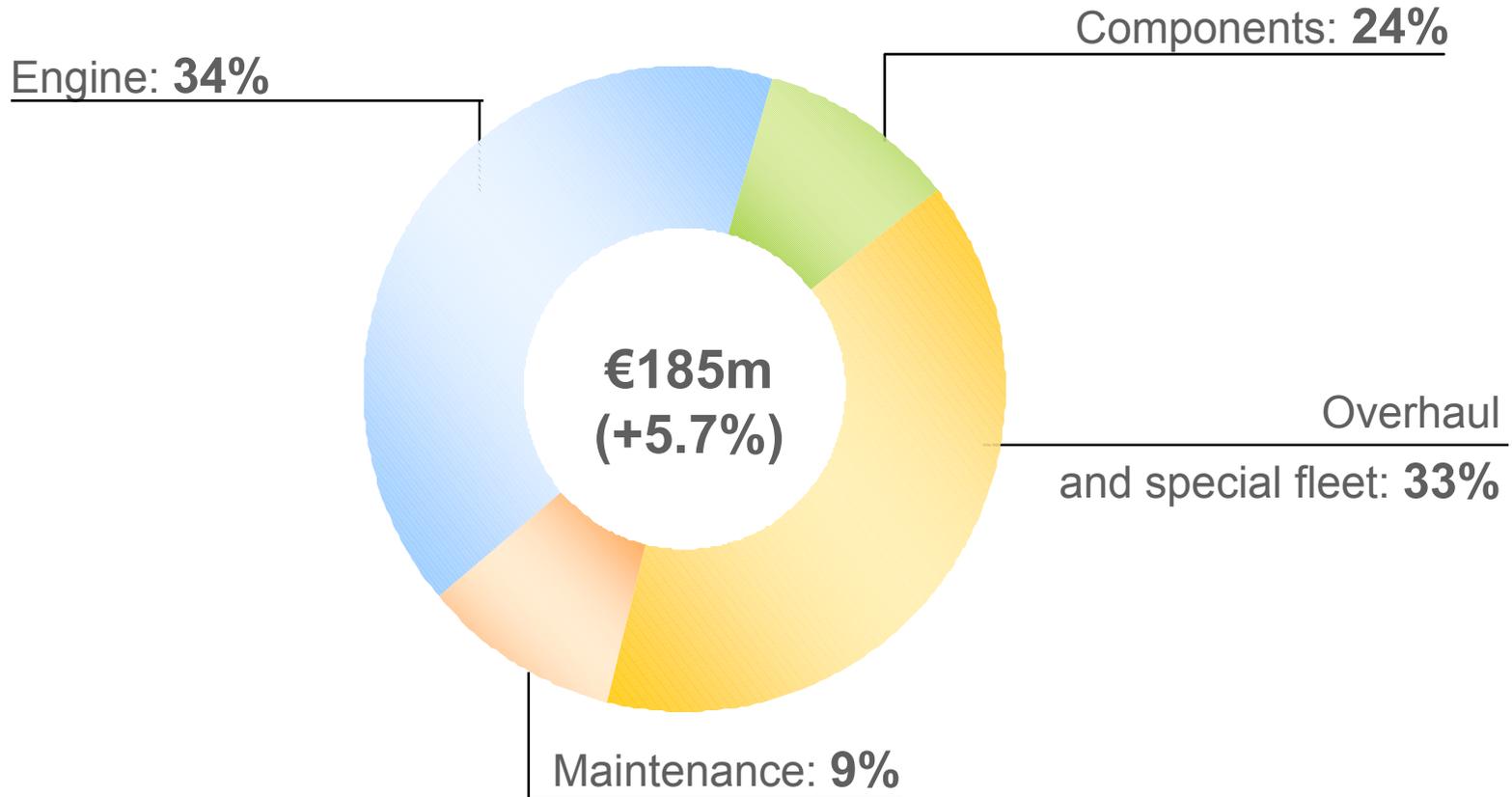


RRTK: 19.89 € cts



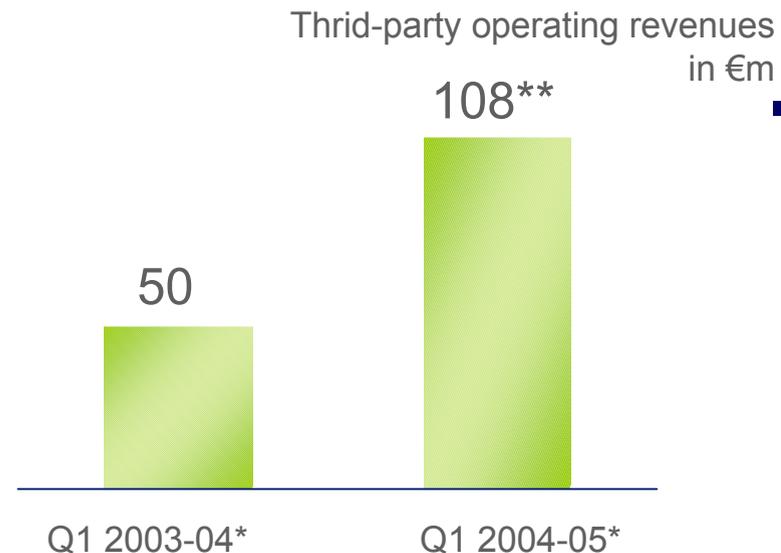
Maintenance

Breakdown of third-party revenues
per main activity

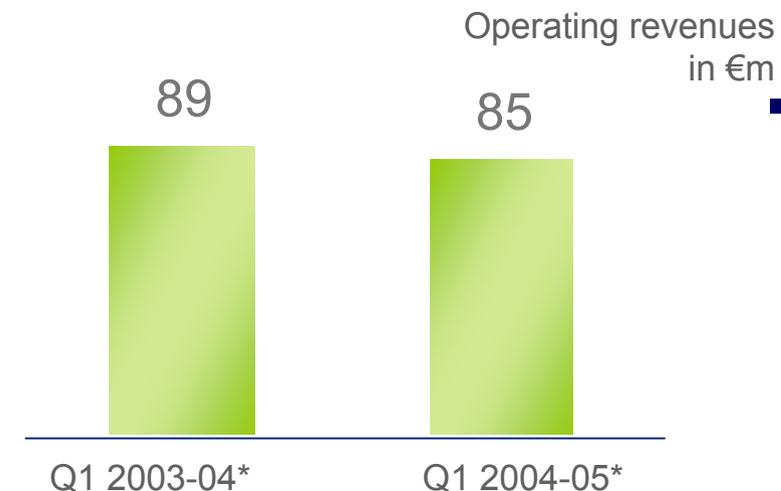


Other Businesses

"Catering" Business



"Charter & Low Cost" Business



* consolidation of Air France over 3 months (Apr-Jun) and of KLM over 2 months (May-Jun)

** Consolidation of Servair's revenue for 6 months into the 1st quarter 2004-05

Results: Substantial Improvement

Philippe Calavia

Robert Ruijter

Q1 Results: A €95m Profit before Tax and Goodwill Amortization

	30 June 2004	30 June 2003 <i>pro forma</i>	Change
Turnover	4,463	3,974	+12.3%
Operating charges	(4,307)	(3,975)	+8.4%
EBITDAR	693	524	+32.3%
Operating income (excl. aircraft disposals)	156	(1)	nm
Net interest charge	(50)	(54)	-7.4%
Other (financial provisions, foreign exchange, disposals...)	(11)	58	nm
Profit (loss) before tax and goodwill amortization	95	3	nm
Income tax	(27)	14	nm
Amortization of goodwill	30	30	nm
Net income	95	46	nm

* consolidation of Air France over 3 months (Apr-Jun) and of KLM over 2 months (May-Jun)

Preliminary Accounting Treatment of Acquisition

KLM's net assets under Dutch GAAP	1,498
KLM's revalued net assets (French GAAP)	1,888
Air France's share in KLM's net assets (96.36%)	1,819
- Purchase price	-803
= Badwill	(1,016)

Accounting Impact on Income Statement

1st quarter as of 30 June*

	French GAAP	Accounting treatment of the acquisition		Total 2004	Total 2003 <i>pro forma</i>
		<i>Fair value impact</i>	<i>Negative goodwill</i>		
Turnover	-	-	-	-	-
Operating charges	-10	-6	-	-16	-33
Operating leases	-	+7	-	+7	+3
Pension charges	-11	-	-	-11	-25
Depreciation	-	-13	-	-13	-13
Op. lease phase out provision	+1	-	-	+1	+2
Operating income	+10	+6	-	+16	+33
Net income	+9	+11	+34	+54	+52

* consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

Change in Operating Charges

pro forma change*
1st quarter* (in €m)

EASK  +12.9%

Turnover  +12.3%

Operating charges

4,307

 +8.4%

Labour costs

1,387

 +6.0%

Fuel costs

544

 +19.6%

Depreciation and provisions

381

 +5.5%

Commercial & distribution costs

356

 +11.6%

Landing fees & route charges

340

 +9.7%

Operating leases

150

-4.5%



Other

1,149

 +7.9%

* consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

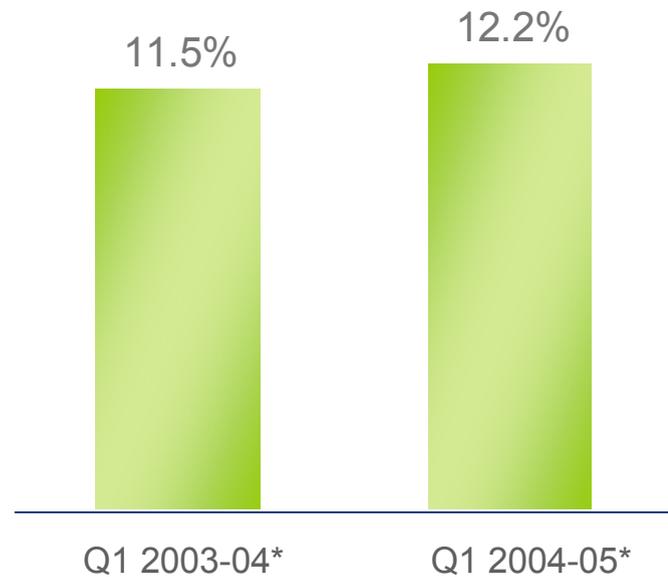
Fuel Costs

Fuel costs as %
of total turnover

Fuel costs as of 30 June 2003: €455m

Volume effect	+ 51 €m	+11 pts
Price effect	+ 129 €m	+28 pts
Currency effect	- 33 €m	-7 pts
Hedge effect	- 59 €m	-13 pts

Fuel costs as of 30 June 2004: €544 m +20%



Labour Costs

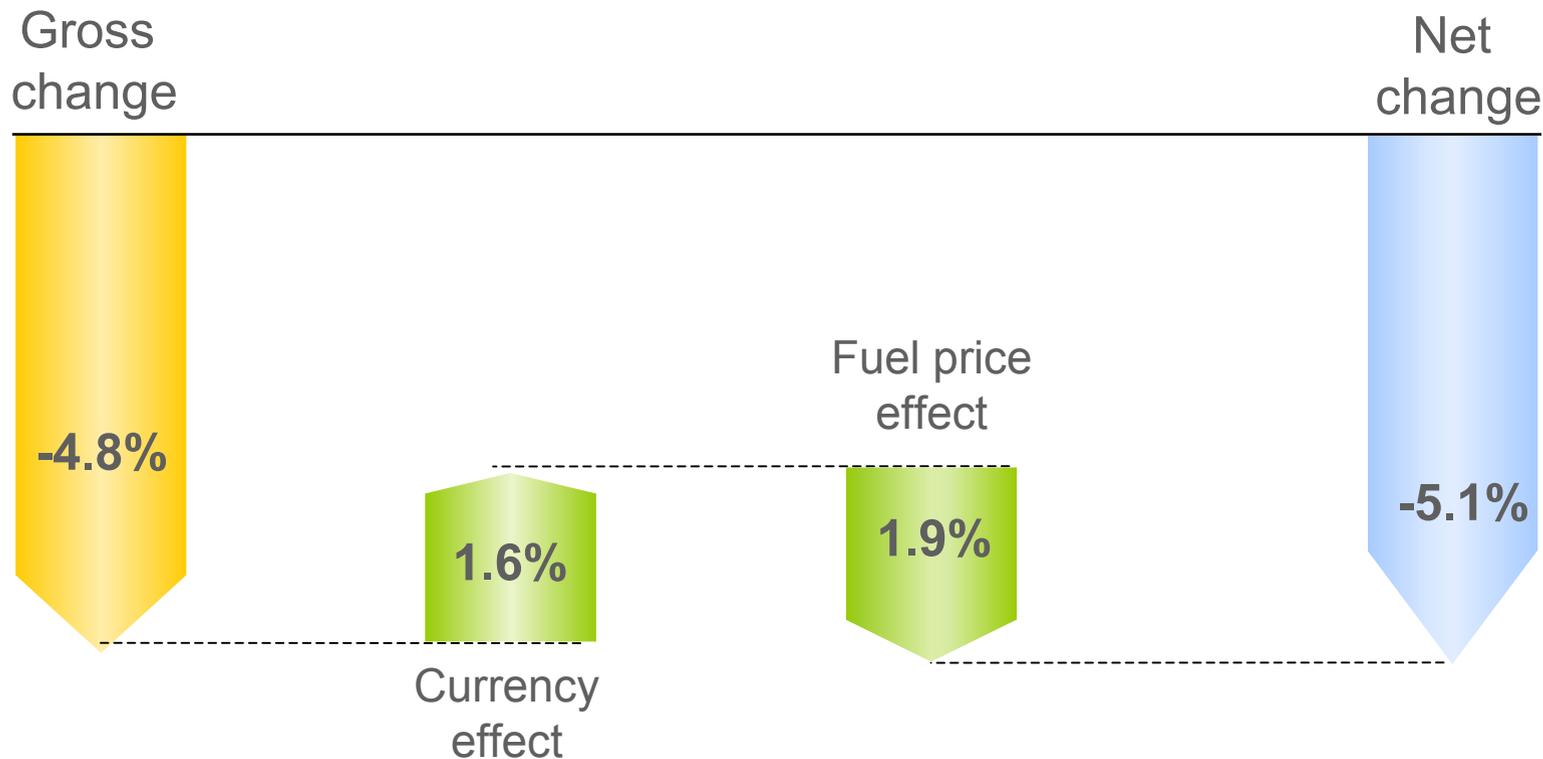
	AF*	KLM	AF-KLM*	Servair consolidation effect**	AF-KLM
Employees	+0.3%	-6.6%	-1.8%		-1.8%
Labour costs	+6.0%	-1.4%	+4.4%	+1.6 pts	+6.0%
of which:					
Wages & salaries	+3.5%	-1.4%	+2.4%	+1.6 pts	+4.0%
Social & pension contribution	+10.2%	-3.3%	+8.1%	+1.6 pts	+9.7%

* Including only 1 quarter of Servair's labour costs

** additional quarter of Servair

Decrease in Unit Costs

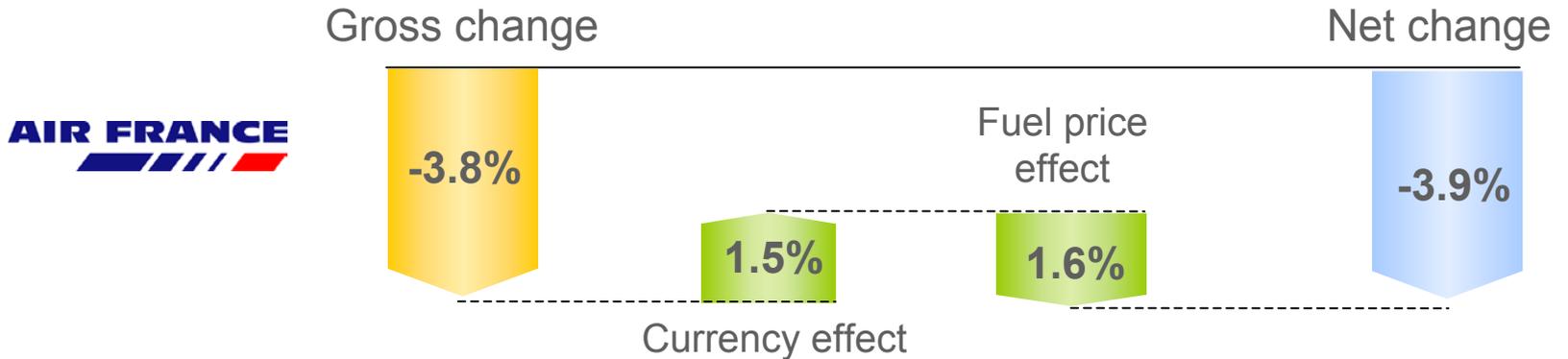
Air France-KLM unit costs per EASK: 6.27 € cts
1st quarter 2004-05



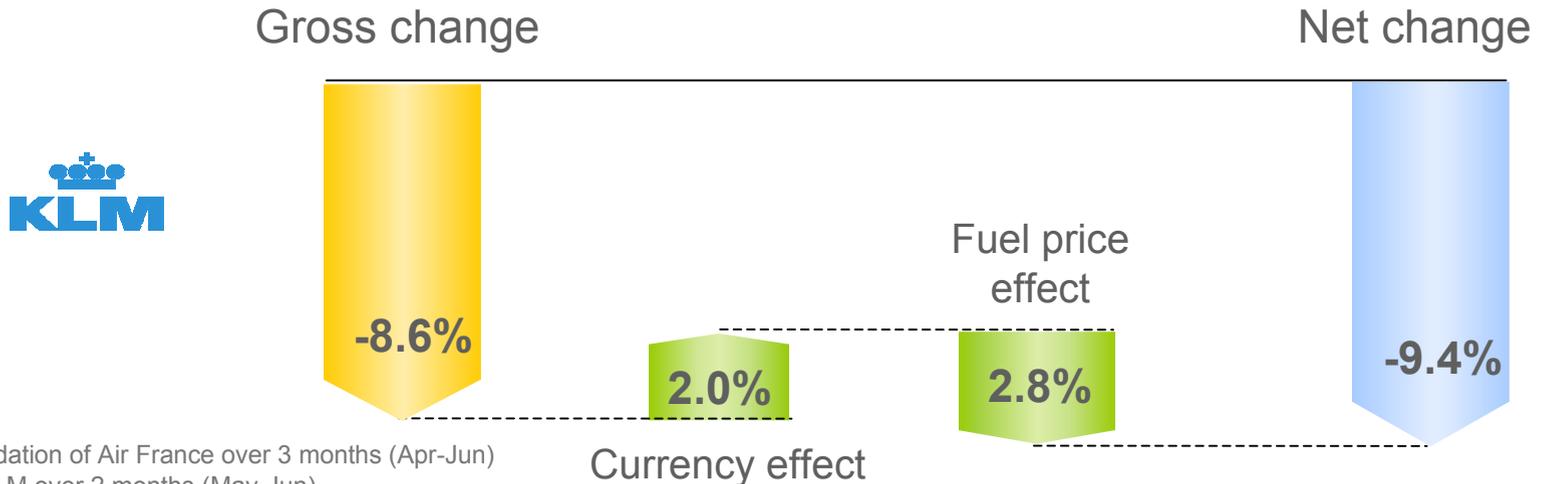
* consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

Unit Costs per Airline

Unit cost per EASK: 6.82 € cts



Unit cost per EASK: 4.88 € cts

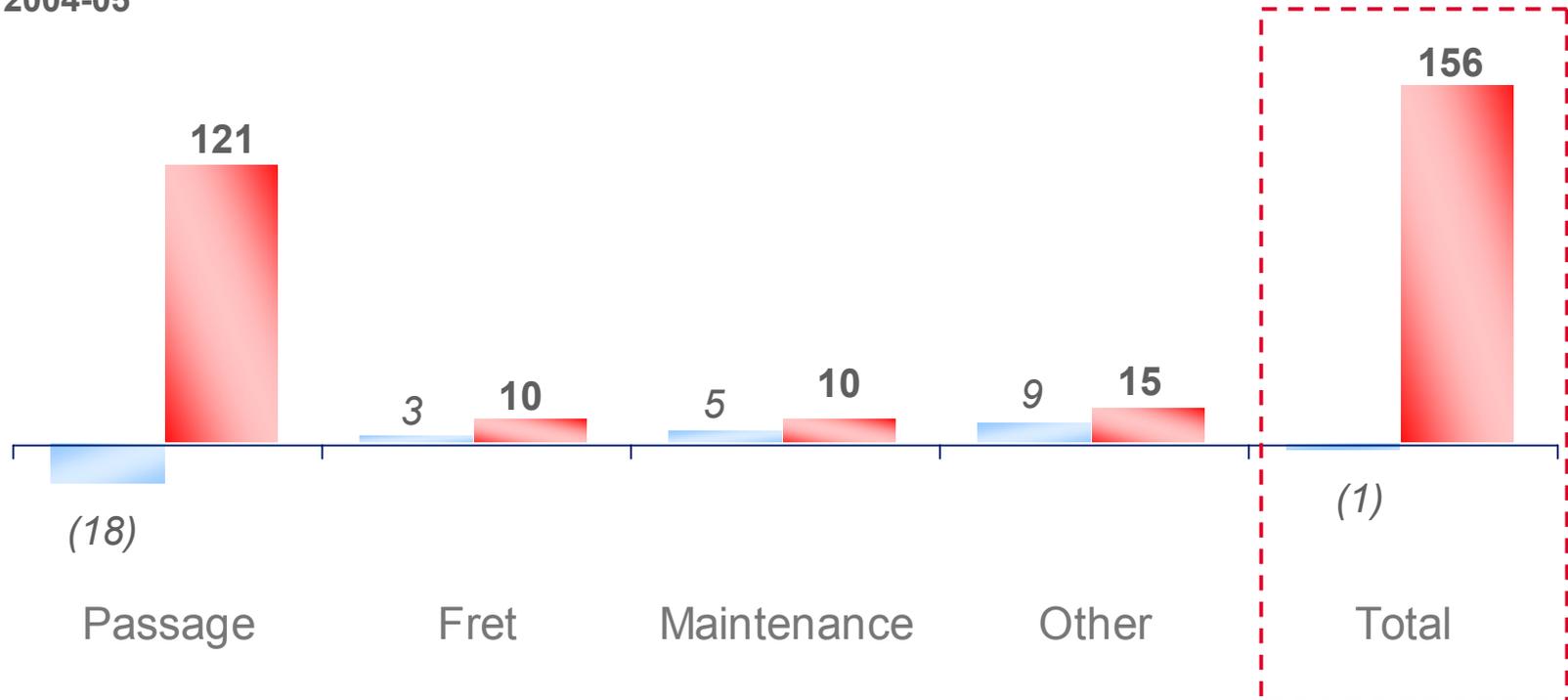


* consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

Operating Income Before Aircraft Disposals per Sector

In €m
1st quarter

2003-04*
2004-05



* Pro forma

Summarized Balance Sheet of New Group

As of 30 June 2004

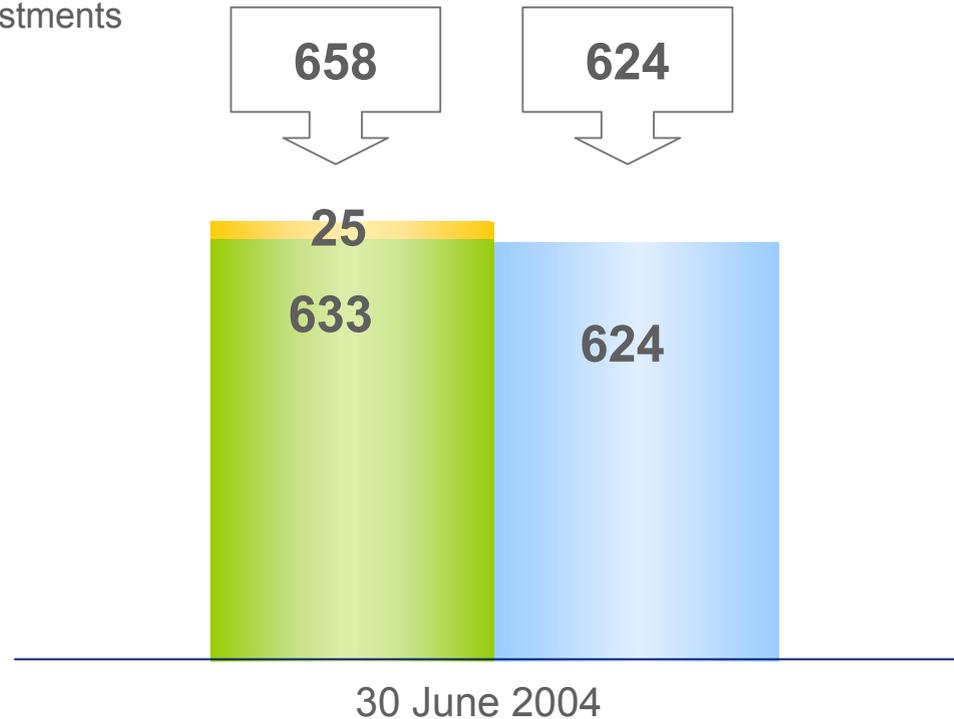
In € bn

Assets		Liabilities	
Flight equipment	10.8	Shareholders' equity	5.0
Other fixed assets	2.9	Provisions (incl. negative goodwill)	2.3
Other assets	1.1	Net financial debt	5.5
		Working capital	2.0

Investments Funded By Operating Cash Flow

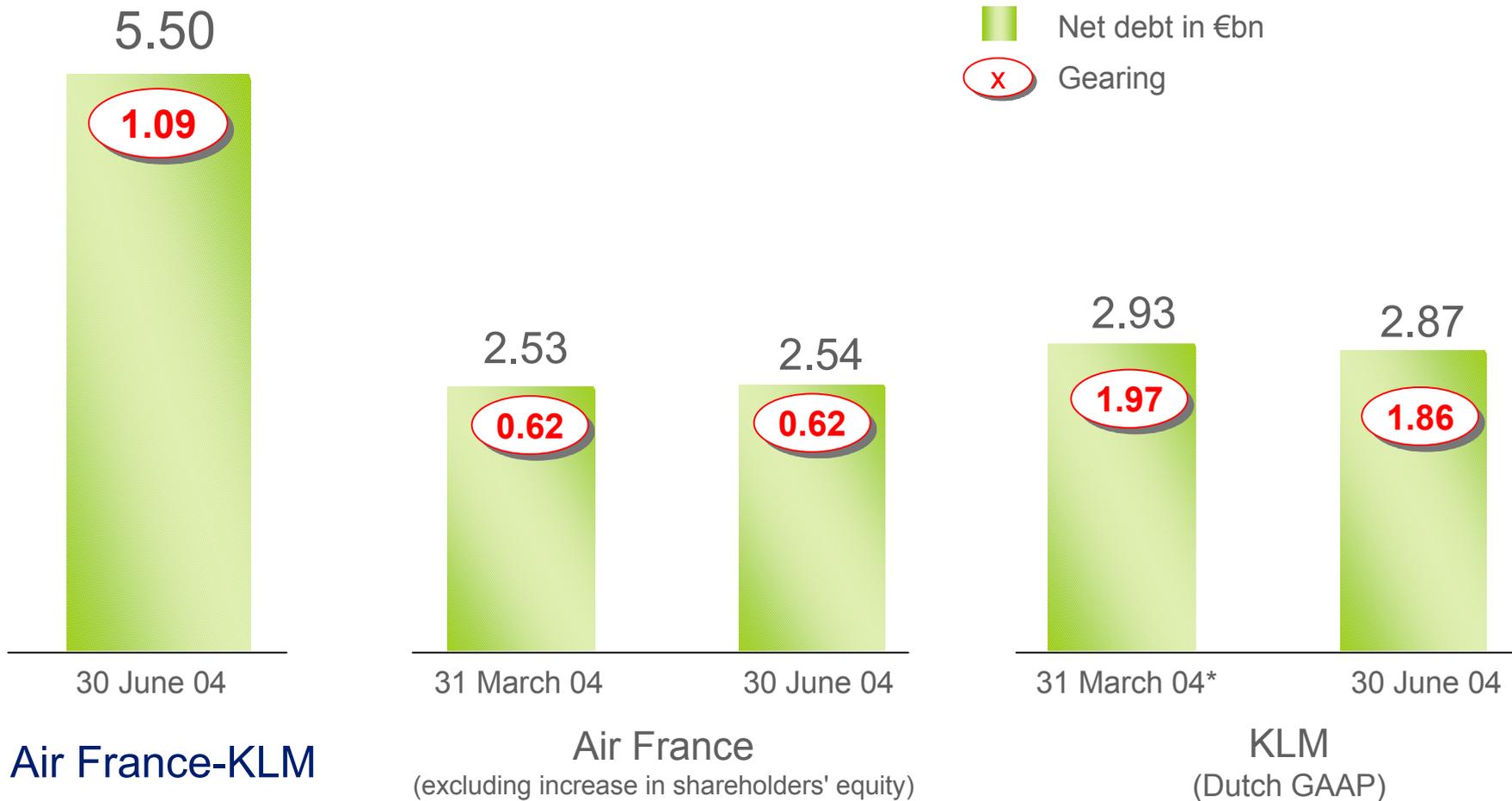
Air France-KLM Group
1st quarter*

- Operating cash flow
- Disposals of assets
- Tangible & intangible investments



* consolidation of Air France over 3 months (Apr-Jun)
and of KLM over 2 months (May-Jun)

Financial Structure



* restated

Outlook

/// Activity

- ▶ Confirmed recovery
- ▶ Continued implementation of synergies

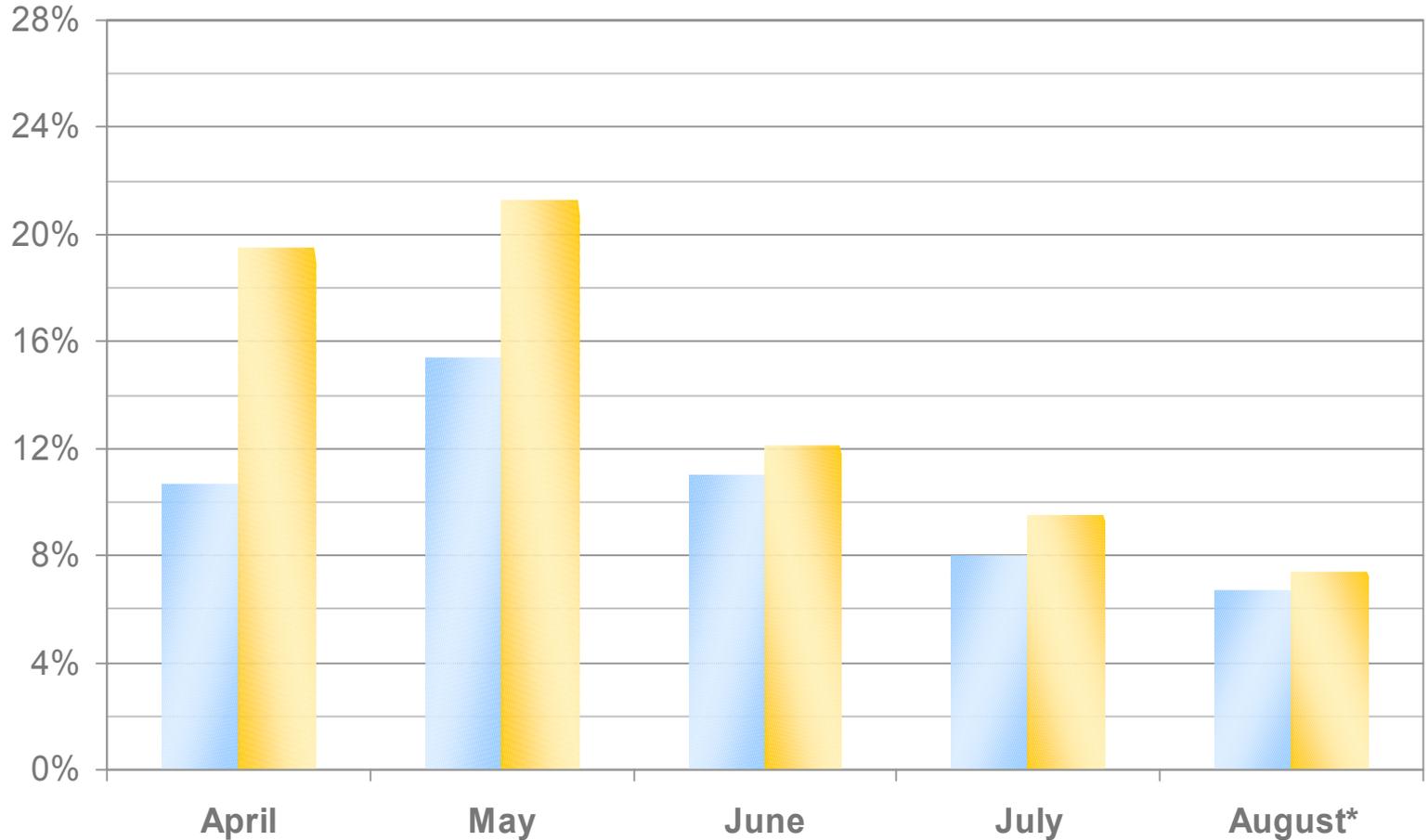
/// Charges

- ▶ Fuel costs
- ▶ Air France and KLM cost-saving plans in progress

Confirmed Recovery in Activity

2004

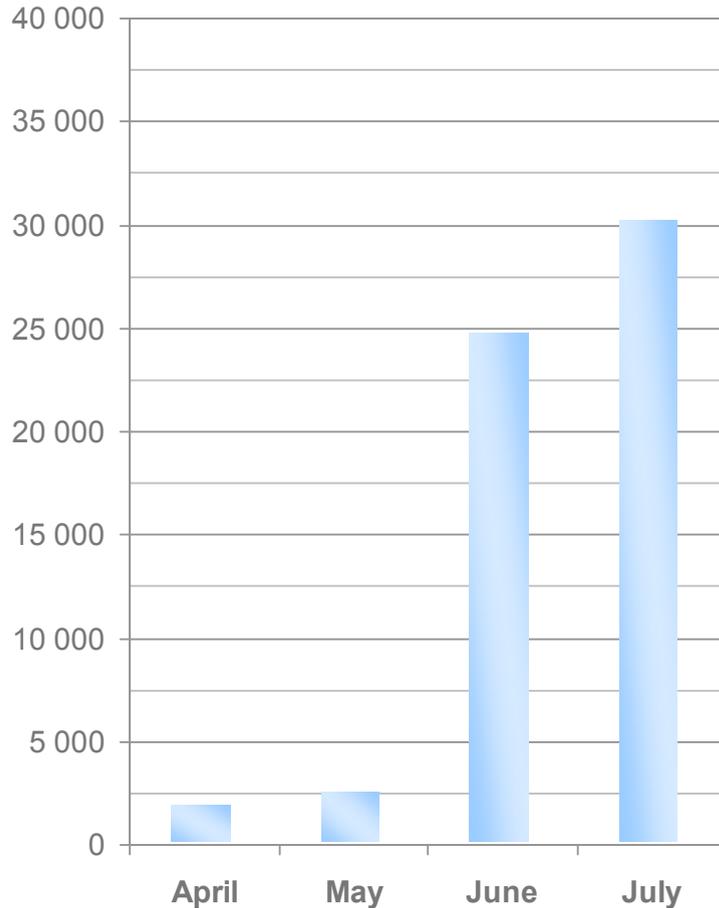
ASK
RPK



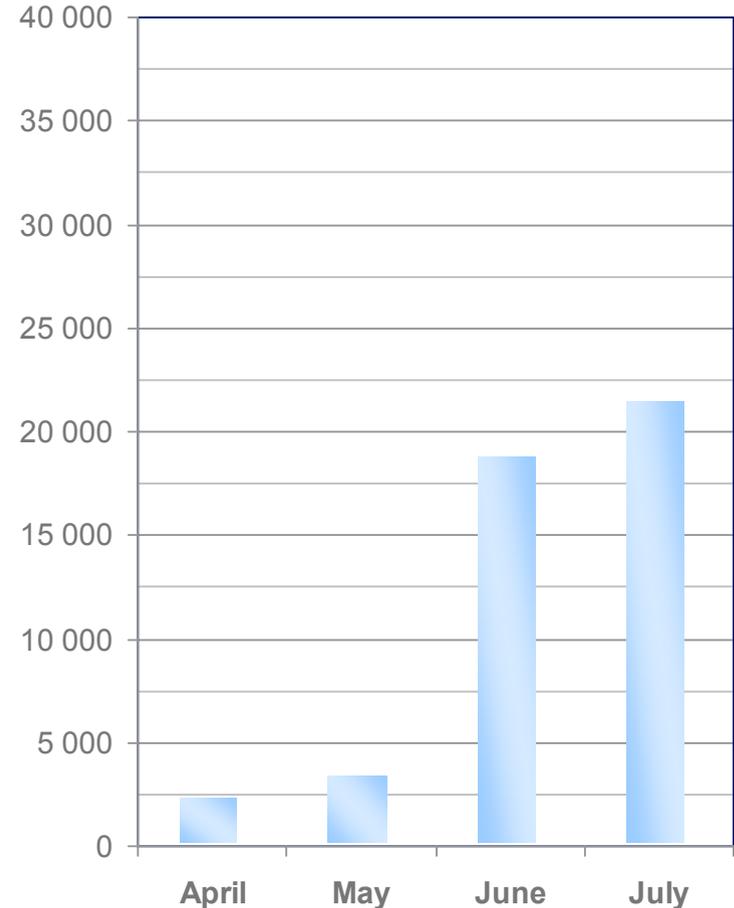
* first 3 weeks of August

First Positive Effects of Air France-KLM Combination

Number of KLM passengers flying on a flight operated by Air France



Number of Air France passengers flying on a flight operated by KLM



2004-05 Winter Schedule

∕ Air France-KLM: +7% in ASK compared to winter 03-04

- ▶ Air France: +6% in ASK compared to winter 2003-04
- ▶ KLM: +9% in ASK compared to winter 2003-04

Fuel costs

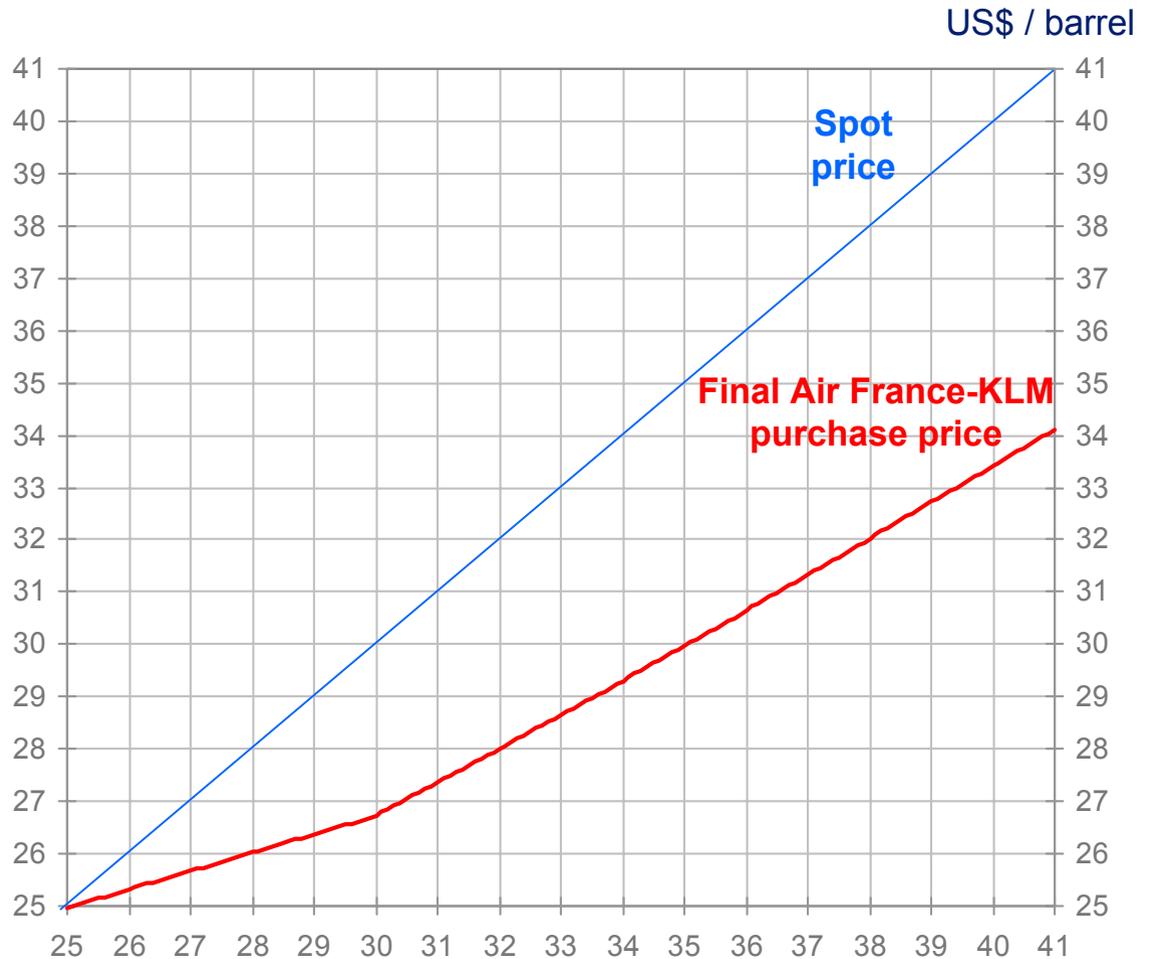
- ⚡ Sharp increase expected in fuel costs...
- ⚡ ...despite fuel hedging policy...
- ⚡ ...leading to additional ad hoc measures
 - ▶ Air France:
 - ▶ Fuel surcharge of €3 per flight leg (as from 19 May)
 - ▶ Increase in fuel surcharge (as from 24 August)
 - Domestic: + €2
 - Medium-haul: + €3
 - Long-haul: + €10 to €12
 - ▶ KLM:
 - ▶ Fuel surcharge of €4 per flight leg (as from 19 May)
 - ▶ Average increase of €3 on all fares (as from 1 September)

Fuel Cost Sensitivity

1st quarter 2004-05

Brent spot price perbarrel \$ 35,2
Fuel costs 612 €m*

1\$ per barrel \approx 5 \$m per month



* consolidation of Air France and KLM over 3 months

Cost-Savings Plans

/// Air France: implementation of the new three-year cost-savings plan

- ▶ Launch of "Compétitivité Major 2007" plan on 1st April 2004
- ▶ Target of 200 €m savings in FY2004-05
- ▶ Savings achieved of 45 €m in 1st quarter

/// KLM: restructuring plan in progress

- ▶ Savings of 200 € m achieved in FY2003-04
- ▶ Target of 370 €m additional savings in FY2004-05
- ▶ Savings achieved of 92 €m in 1st quarter

FY 2004-05 Target

Based on an average market price of 40 dollars per barrel for the rest of the 2004-05 financial year, and taking into account the fuel surcharges already implemented, the Air France-KLM group confirms its target of a substantial rise in operating income before aircraft disposals



1st Quarter Results
FY 2004-05

