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

<table>
<thead>
<tr>
<th>Passenger</th>
<th>Cargo</th>
<th>Maintenance</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIR FRANCE</td>
<td>AIR FRANCE CARGO</td>
<td>AIR FRANCE INDUSTRIES</td>
<td>SERVAIR</td>
</tr>
<tr>
<td>BRIT AIR</td>
<td>cityJET</td>
<td></td>
<td>catering services</td>
</tr>
<tr>
<td>Régional</td>
<td></td>
<td></td>
<td>KLM</td>
</tr>
<tr>
<td>KLM</td>
<td>KLM CARGO</td>
<td>KLM engineering &amp; maintenance</td>
<td>Transavia</td>
</tr>
<tr>
<td>KLM Cityhopper</td>
<td></td>
<td>KLM UK engineering</td>
<td>BASIQ AIR</td>
</tr>
</tbody>
</table>

**Passenger**
- AIR FRANCE
- BRIT AIR
- Régional
- KLM Cityhopper

**Cargo**
- AIR FRANCE CARGO

**Maintenance**
- AIR FRANCE INDUSTRIES
- KLM engineering & maintenance
- KLM UK engineering

**Other**
- SERVAIR catering services
- Transavia
- BASIQ AIR
Turnover

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

- **Passenger:** €3.55bn (+12.2%) (79.5%)
- **Cargo:** €0.54bn (+7.6%) (12.0%)
- **Maintenance:** €0.18bn (+5.7%) (4.2%)
- **Other:** €0.19bn (ns)** (4.3%)

€4.46bn (+12.3%)*

* 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*

ASK
Load factor
75.0%
+2.7 pts
Q1 2003-04*

RPK
+12.9%
+16.9%
77.7%
Q1 2004-05*

* Consolidation of Air France over 3 months (Apr-Jun) and of KLM over 2 months (May-Jun)
…Thanks to Robust Activity of Both Airlines

Q1 2003-04: ASK Load factor 74.4%, RPK +15.8%
Q1 2004-05: ASK Load factor 76.8%, RPK +12.2%

Q1 2003-04*: ASK Load factor 76.7%, RPK +19.8%
Q1 2004-05*: ASK Load factor 80.1%, RPK +14.7%

* May to June
Long-Haul Network Drives Growth

Long-haul network
1st quarter*

<table>
<thead>
<tr>
<th></th>
<th>Q1 2003-04*</th>
<th>Q1 2004-05*</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Load factor</td>
<td>77.0%</td>
<td>80.5%</td>
</tr>
<tr>
<td>RPK</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* 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

- **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

Gross RRPK

-3.9%

3.4%

load factor effect

+1.5%

Net RASK

2.0%

currency effect

* consolidation of Air France over 3 months (Apr-Jun) and of KLM over 2 months (May-Jun)
Passenger Unit Revenue: Performance per Airline

**AIR FRANCE**

- Gross RRPK: -4.4%
- Currency effect: 1.9%
- Net RASK: +0.5%

**KLM**

- Gross RRPK: -1.4%
- Currency effect: 2.4%
- Net RASK: +5.4%

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*

ASK
Traffic rev. excl. currency

North America
South America
Asia
Africa Middle-East
Caribbean Ind. Ocean
Europe (incl. France)
Total

15% 20% 38% 11% 16% 11% 9% 13% 14%
4% 17% 63% 11% -5% -18%

* consolidation of Air France over 3 months (Apr-Jun) and of KLM over 2 months (May-Jun)
Cargo: Strong Traffic but Yield under Pressure

**ATK**
- Load factor: Q1 2003-04: 68.4%, Q1 2004-05: 67.7%
  - Gross change: +12.8%
  - Net change: -0.7 pt

**RTK**
- Load factor: Q1 2003-04: 68.4%, Q1 2004-05: 67.7%
  - Gross change: +11.7%

**Gross change**
- Q1 2003-04: 2.4%
- Q1 2004-05: -2.7%

**Net change**
- 2.4%
- -0.3%

*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

**Air France**

RRTK: 23.71 € cts

<table>
<thead>
<tr>
<th>Gross RRTK</th>
<th>Net RRTK</th>
</tr>
</thead>
<tbody>
<tr>
<td>-2.4%</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

**Currency effect**

**KLM**

RRTK: 19.89 € cts

<table>
<thead>
<tr>
<th>Gross RRTK</th>
<th>Net RRTK</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3.2%</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>

**Currency effect**
Breakdown of third-party revenues per main activity

- Engine: 34%
- Components: 24%
- Overhaul and special fleet: 33%
- Maintenance: 9%

€185m (+5.7%)
Other Businesses

"Catering" Business

KLM Catering Services

"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

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

* consolidation of Air France over 3 months (Apr-Jun) and of KLM over 2 months (May-Jun)
## Preliminary Accounting Treatment of Acquisition

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>KLM's net assets under Dutch GAAP</td>
<td>1,498</td>
</tr>
<tr>
<td>KLM's revalued net assets (French GAAP)</td>
<td>1,888</td>
</tr>
<tr>
<td>Air France's share in KLM's net assets (96.36%)</td>
<td>1,819</td>
</tr>
<tr>
<td>- Purchase price</td>
<td>-803</td>
</tr>
<tr>
<td><strong>Badwill</strong></td>
<td><strong>(1,016)</strong></td>
</tr>
</tbody>
</table>
### Accounting Impact on Income Statement

1st quarter as of 30 June*

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

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

<table>
<thead>
<tr>
<th>Operating charges</th>
<th>4,307</th>
<th>EASK</th>
<th>+12.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour costs</td>
<td>1,387</td>
<td></td>
<td>+8.4%</td>
</tr>
<tr>
<td>Fuel costs</td>
<td>544</td>
<td></td>
<td>+19.6%</td>
</tr>
<tr>
<td>Depreciation and provisions</td>
<td>381</td>
<td></td>
<td>+5.5%</td>
</tr>
<tr>
<td>Commercial &amp; distribution costs</td>
<td>356</td>
<td></td>
<td>+11.6%</td>
</tr>
<tr>
<td>Landing fees &amp; route charges</td>
<td>340</td>
<td></td>
<td>+9.7%</td>
</tr>
<tr>
<td>Operating leases</td>
<td>150</td>
<td></td>
<td>-4.5%</td>
</tr>
<tr>
<td>Other</td>
<td>1,149</td>
<td></td>
<td>+7.9%</td>
</tr>
</tbody>
</table>

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

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

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%)

Fuel costs as % of total turnover:

- Q1 2003-04*: 11.5%
- Q1 2004-05*: 12.2%
# Labour Costs

<table>
<thead>
<tr>
<th></th>
<th>AF*</th>
<th>KLM</th>
<th>AF-KLM*</th>
<th>Servair consolidation effect**</th>
<th>AF-KLM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>+0.3%</td>
<td>-6.6%</td>
<td>-1.8%</td>
<td>-1.8%</td>
<td></td>
</tr>
<tr>
<td>Labour costs</td>
<td>+6.0%</td>
<td>-1.4%</td>
<td>+4.4%</td>
<td>+1.6 pts</td>
<td>+6.0%</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages &amp; salaries</td>
<td>+3.5%</td>
<td>-1.4%</td>
<td>+2.4%</td>
<td>+1.6 pts</td>
<td>+4.0%</td>
</tr>
<tr>
<td>Social &amp; pension contribution</td>
<td>+10.2%</td>
<td>-3.3%</td>
<td>+8.1%</td>
<td>+1.6 pts</td>
<td>+9.7%</td>
</tr>
</tbody>
</table>

* Including only 1 quarter of Servair's labour costs
** Additional quarter of Servair
Air France-KLM unit costs per EASK: 6.27 € cts
1st quarter 2004-05

Gross change
-4.8%

Currency effect
1.6%

Fuel price effect
1.9%

Net change
-5.1%

* 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**

- **Gross change**
  - -3.8%
  - Currency effect: 1.5%
  - Fuel price effect: 1.6%
  - **Net change**: -3.9%

**Unit cost per EASK: 4.88 € cts**

- **Gross change**
  - -8.6%
  - Currency effect: 2.0%
  - Fuel price effect: 2.8%
  - **Net change**: -9.4%

*consolidation of Air France over 3 months (Apr-Jun) and of KLM over 2 months (May-Jun)*
### Operating Income Before Aircraft Disposals per Sector

<table>
<thead>
<tr>
<th>Passage</th>
<th>Fret</th>
<th>Maintenance</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>121</td>
<td>3</td>
<td>10</td>
<td>5</td>
<td>156</td>
</tr>
</tbody>
</table>

In €m 1st quarter

2003-04*  
2004-05

* Pro forma
### Summarized Balance Sheet of New Group

As of 30 June 2004

In € bn

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flight equipment</td>
<td>Shareholders' equity: 5.0</td>
</tr>
<tr>
<td>Other fixed assets</td>
<td>Provisions: 2.3 (incl. negative goodwill)</td>
</tr>
<tr>
<td>Other assets</td>
<td>Net financial debt: 5.5</td>
</tr>
<tr>
<td></td>
<td>Working capital: 2.0</td>
</tr>
</tbody>
</table>

- Flight equipment: 10.8
- Other fixed assets: 2.9
- Other assets: 1.1
- Net financial debt: 5.5
- Shareholders' equity: 5.0
- Provisions: 2.3 (incl. negative goodwill)
- 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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td>658</td>
</tr>
<tr>
<td>Disposals of assets</td>
<td>624</td>
</tr>
<tr>
<td>Tangible &amp; intangible investments</td>
<td>633</td>
</tr>
</tbody>
</table>

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

Net debt in €bn

<table>
<thead>
<tr>
<th>Date</th>
<th>Air France (excluding increase in shareholders' equity)</th>
<th>KLM (Dutch GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 04</td>
<td>5.50</td>
<td>1.97</td>
</tr>
<tr>
<td>31 March 04</td>
<td>2.53</td>
<td>2.93</td>
</tr>
<tr>
<td>30 June 04</td>
<td>2.54</td>
<td>2.87</td>
</tr>
<tr>
<td>31 March 04*</td>
<td>0.62</td>
<td>1.86</td>
</tr>
</tbody>
</table>

* restated

Gearing

- Air France-KLM
- Air France
- KLM

*Net debt in €bn

*Gearing

30
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

<table>
<thead>
<tr>
<th>Month</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August*</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASK</td>
<td>12%</td>
<td>16%</td>
<td>12%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>RPK</td>
<td>12%</td>
<td>20%</td>
<td>12%</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

* 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
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 per barrel $35,2
Fuel costs 612 €m*

$1 per barrel ≈ $5m per month

* consolidation of Air France and KLM over 3 months
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
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