

Air France and SNCF extend their combined offer to Ouigo trains



I Letter from François Robardet

Air transport in France, Europe and the rest of the world

N°1003, February 10, 2025

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Editorial

Dear readers,

This week, as a comment to the last article, I'd like to offer you a brief overview of the various industry sectors in order to answer the following question:

Are the difficulties faced by the aviation sector in meeting its decarbonization targets the same for all industrial sectors?

Enjoy your reading
François

Monday's letter

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> Air France and SNCF extend their combined offer to Ouigo trains

(source Les Echos) February 9

My comment: *In the 2000s, Air France considered acquiring its own TGV trainsets and operating them under its own brand, adapting their configuration and service to its customers.*

However, this project never saw the light of day, due to the high cost of a trainset - comparable to that of a single-aisle aircraft - and the limited availability of rail infrastructure.

Rather than launching direct train operations, Air France has chosen to strengthen its collaboration with SNCF, notably through the "Train + Air" service.

This combined offer offers several advantages for passengers, facilitating their access to airports by train and encouraging more environmentally-friendly transport solutions.

For Air France, this partnership is strategic: it enables us to maintain a link with our customers, who prefer to take the train to Roissy before boarding a long-haul flight.

However, one of the main difficulties lies in baggage management at the start of the train journey. The security constraints associated with air travel remain difficult to reconcile with the specific features of high-speed trains.

Read the article:

It will soon be possible to have your plane and a Ouigo on the same ticket. **To mark the 30th anniversary of their combined "Train + Air" offer, SNCF and Air France are announcing their intention to extend this program to these low-cost TGVs.**

"We're going to gradually include Ouigo in addition to Inoui TGVs in this intermodality during the first half of 2025", explains Christophe Fanichet, CEO of SNCF Voyageurs, in a joint interview with Anne Rigail, CEO of Air France, published in "La Tribune Dimanche".

22 stations in France

According to Christophe Fanichet, **this represents no less than 65 TGVs passing**

through Paris-Charles-de-Gaulle, i.e. 35,000 seats, and 50 TGVs (25,000 seats) through Massy station. This will "widen the range" of the combined "Train + Air" offer.

An offer that the two national airlines have been trying to intensify for several years. According to Anne Rigail, it now links "22 stations throughout France [to] Paris-Charles-de-Gaulle and Orly airports via Massy station". The aim is to respond to users' desire to make their journeys as fluid as possible.

In addition, **the 27 million members of Air France's Flying Blue frequent flyer program will be able "as of today" to convert their miles into vouchers for taking the train,** adds the CEO. Or anticipate their train-airplane journey up to twelve months in advance, when trains alone can generally only be booked four months in advance.

> **Airline ticket tax: Air France fears it will be dragged down**

(source L'Opinion) February 9

My comment: *This time it's done. The increase in the solidarity tax on airline tickets will soon come into effect.*

I won't dwell on the origin of the public deficit, partly due to the aid granted during the Covid.

I won't comment on the analyses which suggest that this tax increase would bring in less than expected, or that it would complicate the recovery of Air France's accounts, which is faced with substantial debt and equity to be restored.

I prefer to insist on the discriminatory nature of this tax, which affects almost all flights operated by French airlines, and very few by foreign airlines.

Another point concerns me: this tax is intended to be permanent, whereas the effort required of the shipping company CMA-CGM is limited to one year. This difference in treatment is incomprehensible.

Read the article:

Known as the "Chirac tax", **the solidarity tax on airline tickets (TSBA), introduced in 2006, is set to take off this year.** The 2025 budget, adopted on Wednesday February 5, provides for a doubling of revenue from this tax. It is expected to reach 900 million euros. Enough to put the airline industry on alert.

In an interview with La Tribune Dimanche, Anne Rigail, CEO of Air France, warned of the "perverse effects" of the tax increase, which will be levied only on flights departing from France.

It will, for example, triple on intra-European short-haul flights from 2.63 euros for an economy-class ticket to 7.40 euros, i.e. a near tripling, and could reach 40 euros for long-haul flights.

Air France's main concern is that this will hinder the company's recovery by hampering its competitiveness. Air France, which is "still in the process of recovering from the Covid period, with a financial trajectory that is still tense and very significant investments in decarbonization", **estimates the cost of the measure at 100 million euros on its earnings**. The latter has already been slowly deteriorating, quarter after quarter, in 2024.

> [Lufthansa announces plans to relaunch the Alitalia brand](#)

(source FIRSTonline) February 3

My comment: *Like the phoenix, Alitalia is set to rise from the ashes once again.*

In 2021, at the time of Alitalia's last near-bankruptcy, an invitation to tender was launched to take over the Alitalia brand. ITA Airways (in the process of being created) won the bid, paying 90 million euros instead of the 290 million initially requested (source AFP).

For Lufthansa, the acquisition of ITA Airways represents a major access point to the European Union's third-largest aviation market, Italy. It is part of an overall strategy to extend its influence in Southern Europe.

Read the article:

Alitalia will fly again. Not now, but the brand will be relaunched. So said ITA Airways CEO Joerg Eberhart at a press conference in Fiumicino, also attended by Lufthansa CEO Carsten Spohr and ITA President Sandro Pappalardo.

"ITA owns the Alitalia brand which was bought by the commissioners: we think it has a high value, but **before considering how and when to relaunch the brand, we would like to achieve break-even and stability for the company** in order to relaunch it more effectively," said Eberhart.

"The idea is to exploit the potential of this brand," he added.

(...)

ITA Airways has finalized its gradual exit from the SkyTeam alliance, which will end on April 30, 2025. On this date, "ITA and SkyTeam are committed to ensuring a structured and efficient process, guaranteeing continuity of services to customers". ITA will also continue to collaborate with certain alliance airlines, maintaining existing bilateral agreements. Entry will also be phased into Star Alliance, starting in the coming weeks and ending in 2026.

> Why Airbus is postponing its hydrogen-powered aircraft project

(source L'Usine Nouvelle) February 7

My comment: *Guillaume Faury has always expressed reservations about the viability of a hydrogen-powered aircraft.*

Back in 2018, at the launch of the Future Investment Program, which encouraged the exploration of hydrogen as an aviation fuel, the Airbus CEO had already voiced his doubts about realistic implementation by 2050.

Today, the decision has been made: Airbus will give priority to developing the successor to the A320.

If the choice is made in favor of the CFM Rise engine, the investment required will be considerable, making it difficult to conduct research on a hydrogen-powered aircraft at the same time.

To find out more about the CFM Rise engine, see the article "Airbus sees great promise in the CFM Rise engine for its future A320 successor" in [my newsletter n°988](#).

Read the article:



The Airbus ZEROe project

Airbus' hydrogen-powered aircraft, a huge technological gamble, is going to take longer than expected to get off the ground. On Thursday February 6, the European aircraft manufacturer informed the employees concerned that the ZEROe project would indeed undergo a change of course. The entry into service initially scheduled for 2035 could be postponed by 5 to 10 years, according to the FO trade union, which announced this on its website the following day. Airbus has not officially confirmed this change in schedule, but admits to a serious delay. According to FO, this will mean a 25% reduction in resources dedicated to the project, the end of a fuel cell demonstrator planned for an A380, and other sub-projects.

The official reason given: the slow emergence of a hydrogen industry, the only one capable of operating an aircraft. Hydrogen has the potential to be a revolutionary energy source for aviation," a group spokesman told L'Usine Nouvelle. However, we are aware that developing an ecosystem around hydrogen (including infrastructure, production, distribution and regulation) represents a colossal challenge that requires collaboration and investment on a global scale." For all that, the manufacturer maintains its objective "to bring to market a commercially viable hydrogen-powered aircraft".

Serious technical difficulties

In September 2020, in the midst of the Covid crisis, Airbus unveiled the ZEROe program, comprising three separate hydrogen-powered aircraft projects: a conventional single-aisle aircraft, a turboprop and a flying wing. Since then, the aircraft manufacturer has announced a number of advances and projects concerning this project. Research on superconductivity, the use of a 1.2 MW fuel cell, preliminary studies on a storage tank, a growing number of partnerships with airports... More recently, the aircraft manufacturer has refined its objective, seemingly committing itself to a 100-seat turboprop capable of covering more than 1,000 km.

Even within the aeronautical community, this project provoked a number of dubious reactions. The difficulty of storing liquid hydrogen at -253°C in cryogenic tanks, the risk of leaks, delicate handling, flammability... "Hydrogen is a solution that is not yet available. **Hydrogen is a solution that is attractive because its combustion does not generate CO₂, but it represents considerable technical and ecosystem challenges**", asserted Olivier Andriès, Safran's CEO in November 2022, on the occasion of the Assises de l'Industrie organized by L'Usine Nouvelle. He concluded: **"Today, the only air base I know of in France that runs on liquid hydrogen is Kourou, in French Guiana". A reference to the fuel used by the Ariane rocket.**

An ecosystem lagging behind

What's more, it won't be enough to develop a hydrogen-powered aircraft to make it fly. Back in December 2022, Airbus CEO Guillaume Faury reminded us: "Green hydrogen [produced from low-carbon energies, editor's note] must be available in large quantities, in the right place and at the right price". He warned that the program could be delayed if the players needed to make it work were not in place. "Recent developments show that progress on the elements essential to this transition, in particular the availability of hydrogen produced from renewable energy sources on a large scale, is slower than expected", the Group confirms today.

The aircraft manufacturer in search of savings

Another factor that may not have played in the project's favour is that it is to be developed in parallel with the A320 replacement, also due to enter service in the mid-2020s. The timetable calls for the specifications of the new-generation single-aisle jet to be finalized around 2027/2028, for launch in the same timeframe. Between a hydrogen-powered aircraft with an uncertain future and a plane that is supposed to take up the torch from the current best-seller, **Airbus has had to set priorities.** The A320's successor, too, will require a considerable amount of work: a breakthrough engine offering substantial fuel savings, more advanced electrification, greater compatibility with sustainable aviation fuels (SAF), advanced energy management systems... All of which promises a hefty price tag, even though Airbus, as part of the Lead program announced in the summer of 2024, is trying to save money.

For the time being, the time lag of the hydrogen-powered aircraft program remains circumscribed, given the time scale involved. **To achieve its goal of carbon neutrality by 2050, the air transport industry knows that hydrogen will be a marginal lever.** Sustainable fuels are by far the most effective solution for decarbonization, followed by fleet renewal, optimization of operations, lightweighting solutions and electrification. **Guillaume Faury has said it again and again: the impact of a hydrogen aircraft will only be felt in the second half of the 21st century. Although slowed down, hydrogen-powered aircraft are not at a complete standstill.**

> Safran achieves world-first certification for an electric aircraft engine

(source Les Echos) February 3

My comment: Certification of the ENGINEUS 100 by the European Aviation Safety Agency (EASA), initially scheduled for mid-2023, was made official at the beginning of February 2025.

This engine is designed to power light aircraft carrying two to three passengers, such as air cabs or training aircraft.

Safran is talking about a new model, the ENGINEUS XL, capable of delivering 750 kW of power (compared with 150 kW for the certified model).

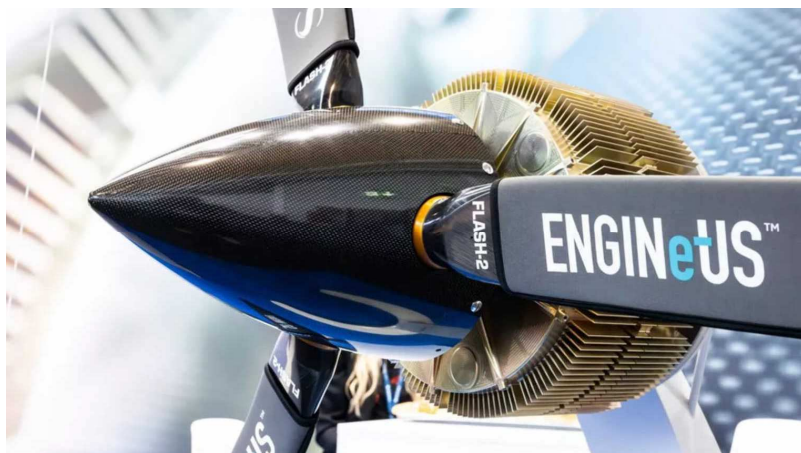
The technical challenges to be overcome are considerable, not least because of the required voltage of 750 volts. By way of comparison, this voltage is commonly used to power streetcars and subway trains.

To understand the risks associated with such a voltage, here's what a guide for firefighters has to say:

For a direct current of 750 volts, regulations require a protection volume of 3 meters.

These safety requirements could complicate the certification process for this new, more powerful model.

Read the article:



The world's first certified electric aircraft engine is French. After four years' work, Safran has obtained the first certification issued by the European Aviation Safety Agency (EASA) for an electric aircraft engine, **the Engineus 100**, designed for leisure aviation and future flying cabs.

(...)

The industrialization phase can begin

More precisely, this 125 kW Safran engine is the first to obtain CS-23 certification for commercial use, enabling passenger transport on all types of aircraft. Until now, EASA had only granted certification for sport or test flights on specific aircraft, such as the Pipistrel. Thanks to this certification, Safran will now be able to start selling and mass-producing its new engine to all interested light aircraft manufacturers.

Several manufacturers of leisure and training aircraft are already lining up, including Aura Aero and Voltaero in France, Diamond Aircraft in Austria, Piper Aircraft in Canada, Bye Aerospace and Electra in the USA. But also manufacturers of flying cabs, such as China's TCab and America's Bye Aerospace. In the longer term, **Engineus engines could also equip future hybrid electric-thermal regional aircraft, based on the 6-8 engine propulsion concepts** currently under development by Daher, Aura Aero and Voltaero.

A new market for Safran

A vast market in prospect, in which Safran intends to play a leading role, through its subsidiary Safran Electrical & Power, as its CEO, Olivier Andriès, pointed out. This first certification by EASA allows us to celebrate the birth of a third engine manufacturer within the Safran group," he emphasized. We already had Safran Aircraft Engines, for large aircraft, and Safran Helicopter Engines, and now we have Safran electrical & power for general aviation and new urban mobility aircraft."

Safran's efforts in aviation electrification go back a long way. Since the early 2000s, the Group has been striving to acquire, through internal development or acquisitions, the technological building blocks covering all aspects of aviation electrification: electrical generation, conversion, distribution, wiring, and finally, the first electric motors. "That's why we bought Zodiac and, more recently, Thales's electrical activities," says Olivier Andriès.

Continued investment

Investments will nevertheless continue. To move into the industrialization phase for its engines, Safran Electrical & Power plans to open four production lines in 2026, in France and the UK, including an assembly line in Niort. "We're aiming to produce 1,000 motors a year by the end of 2026, early 2027, with room for expansion," says Bruno Bellanger, Safran E & P's General Manager.

Safran also plans to expand the Engineus family, with a much more powerful model, the Engineus XL, capable of 750 kW and a voltage of 850 volts. In other

words, the performance needed to fly regional aircraft, capable of carrying 9 to 19 passengers over distances of 500 to 1,000 km, by combining electric motors (6 to 8) with a thermal turbogenerator to produce electricity. This could bring regional air transport into the era of low-carbon aviation as early as the next decade.

But Safran Electrical & Power's horizons are not limited to small aircraft. The technologies developed for our engines will also enable the electric hybridization of large engines," emphasizes Bruno Bellanger. We already have synergies with the Rise program [for the successors to the Airbus A320 and Boeing 737, editor's note]. These large internal combustion engines could integrate electric motorization elements to optimize their operation in certain phases of flight and reduce fuel consumption.

> **ADP Group: CEO candidate against air traffic restrictions**

(source L'info durable) February 5

***My comment:** the future CEO of the ADP Group expressed himself in a more nuanced way than the title of the article suggests.*

His statement ("Restriction is not necessarily an opportune lever") might suggest a certain scepticism about the airlines' ability to meet the CO2 emission reduction targets imposed on them.

Read the article:

Shortlisted to become CEO of the ADP Group, Philippe Pascal said on Wednesday that he was opposed to restricting air traffic, which he felt would limit the sector's capacity to invest in decarbonization.

The group's current CFO, who appeared before members of the French National Assembly's Sustainable Development Committee, remained cautious about privatizing the company, which has been suspended since the health crisis.

(...)

In his first hearing before the Senate hearing scheduled for February 12, **Mr. Pascal was questioned by** left-wing **MPs** about the aviation sector's contribution to climate change, which accounts for some 3% of total CO2 emissions worldwide and around 6% in France.

For these elected representatives, including rapporteur Clémence Guetté (LFI), **it is necessary to restrict traffic, in** addition to developing non-fossil fuels and

replacing older aircraft.

"Restriction is not necessarily a lever that is appropriate," asserted Mr. Pascal, believing that "the heart of the heart is investment. And the more you restrict, the more you will (...) reduce the capacity to invest". In a globalized industry, traffic would shift to foreign platforms, he said.

(...)

Mr. Pascal took the opportunity of his hearing to pledge his support to his main client, the Air France-KLM group, with whom the tone has recently been raised.

The CEO of the Franco-Dutch company, Benjamin Smith, told Le Parisien on January 19 that it was "less well treated" by ADP than its competitors at CDG. According to him, the latter benefit from almost systematic disembarkation via gangways, whereas some Air France passengers are forced to take a bus to reach the terminal.

The following day, ADP expressed its "surprise" at these remarks and pointed out that modernization projects were underway, but subject to an "incompressible delay of several years".

"As soon as my nomination proposal (...) was made public, **we were able to have very direct and calm discussions with Ben Smith, in particular to agree on regular meetings and to strengthen our partnership**", said Mr. Pascal on Wednesday.

> **SAF : The French production sector is slow to take shape**

(source Air & Cosmos) February 8

My comment: *Are the difficulties faced by the airline industry in meeting its decarbonization targets the same for all industrial sectors?*

The difficulties faced by the aviation sector in meeting its decarbonization targets are specific and differ from those of other industrial sectors.

While all sectors must reduce their CO2 emissions, the constraints and solutions vary according to available technologies, costs, regulations and existing alternatives. Here are some key differences:

1. *Technological constraints Aerial :*

- Aircraft require fuels with high energy density. Alternatives such as sustainable biofuels (SAF) or hydrogen are still limited in production and infrastructure.
- Other industries: Electrification and energy efficiency are easier to implement in sectors such as the automotive and construction industries.

2. Availability of alternatives

- Air: Few zero-carbon options are currently viable on a large scale. Aircraft electrification remains limited to short distances.
- Energy and ground transportation: Solar, wind and batteries are already mature and expanding.

3. Costs and investments

- Air: The development of new fuels and technologies (SAF, hydrogen, more efficient aircraft) requires huge investments, with high costs that are passed on to ticket prices.
- Heavy industry (steel, cement, chemicals): These sectors also face high costs for carbon capture or switching to green hydrogen.

4. Infrastructure and logistics

- Air: Adapting airports for hydrogen or biofuels requires massive investment and an overhaul of supply chains.
- Other industries: Some plants can be adapted more easily to new energy sources (e.g. electrification of processes).

5. Regulatory and political constraints

- Air: Regulation is complex because it has to be harmonized at international level (ICAO, EU, etc.), which slows down the implementation of ambitious policies.
- Other sectors: Some sectors are subject to local or regional regulations that are easier to apply (e.g. automotive standards, renewable energies).

6. Social acceptability and consumer impact

- Air: Any rise in costs directly affects passengers, which can reduce the accessibility of air transport.
- Other industries: In the energy or automotive sectors, consumers often have more affordable alternatives (electric vehicles, renewable energies).

In short, while all industrial sectors face challenges in achieving decarbonization, those of air transport are particularly complex, due to technological constraints, the lack of viable short-term alternatives and the need for international coordination.

National and European authorities would be well-advised to take a close look at the future of their aviation sector, aircraft manufacturers, airlines, etc., without delay.

Read the article:

"We're worried", was how Pascal de Izaguirre, President of the FNAM (Fédération Nationale de l'Aviation et ses Métiers - National Federation of Aviation and its Trades), spoke at length to the press about the creation of the French SAF (Sustainable Aviation Fuel) production sector.

The need for energy independence

"We're worried because the resources earmarked to develop this French and European production sector, which we've been calling for, are woefully inadequate, i.e. 200 million euros. What's more, there's the threat of a possible cancellation of France 2030 funds, which could have a negative impact on the SAF production sector. Similarly, Guillaume Faury, CEO of Airbus and Chairman of GIFAS (Groupement des industries françaises aéronautiques et spatiales), tried to raise the awareness of the government and insisted on the efforts to be made on research and development and on the planned cuts to the CORAC (Conseil pour la Recherche Aéronautique Civile) budget. CORAC is not there to please itself. It's about achieving technological breakthroughs that improve the environmental performance of aircraft," explains Pascal de Izaguirre.

"If there is no SAF or CAD in France, French airlines will import it from abroad, but then what will happen to the jobs that could have been created by setting up a French industry? What about national sovereignty? And what about energy independence? Do we want to be obliged to buy our SAF from the United States, with a Donald Trump who might be tempted to rely on this energy dependence? So all this is very worrying.

(...)

"It's clearly not air transport alone that will be able to influence the position of the major energy companies, so it has to be the public authorities! It's clear that, so far, we're not seeing any enthusiasm for an SAF production sector in France. Things are at a standstill. Since the announcements made by the French President at the last Paris Air Show, we have to admit that not much has happened... And developing SAF production takes an enormous amount of time. It takes several years from the idea of a production plant to actual production. And in France, there's clearly a cost problem. Sustainable aviation fuels are still three to five times more expensive than conventional kerosene. This poses a competitive problem," explains Pascal de Izaguirre.

"We are very concerned by the government's amendment to cancel the 500 million euro credit for France 2030. Clearly, the CarbAéro call for projects, which focuses in part on e-SAF production projects, is included in this budget envelope," adds Laurent Timsit, FNAM General Delegate. "Everyone is very concerned about the impact of this credit cancellation," he concludes.

End of press review

> Air share price trend

Air France-KLM shares closed at **8.200 euros** on Friday February 7. Over the week, it is **up (+2.50%)**.

It was 13.60 euros on January 1, 2024, and 8.23 euros on July 1, 2025.

The analysts' 12-month average (consensus) for AF-KLM shares is 9.26 euros (it was 17.50 euros at the beginning of January 2024). The highest price target is 12.50 euros, the lowest 6.45 euros.

I only take into account analysts' opinions after July 1, 2023.

You can find [details of the analyst consensus](#) on my blog.

***My comment:** After hitting an all-time low in mid-January, Air France-KLM's share price has recovered by 13%.*

Nevertheless, it remains extremely low.

> Fuel price trends this

The price of a barrel of Jet Fuel in Europe is stable at \$95. It was \$94 at the end of June 2023, and \$79 before the outbreak of war in Ukraine.

Brent crude oil (North Sea) is down (-\$2) to \$75 a barrel.

From mid-February 2022 to the end of July 2022, it was yo-yoing between \$100 and \$120. Since then, it has oscillated between \$75 and \$99.

***My comment:** Over the past two months, oil prices have shown little change. It is at a two-year low.*

The price of jet fuel had bottomed out at \$85 in mid-December. For the past three weeks, it has been stable at around \$95, a fair price for airlines.

> Corporate Mutual Funds

When you invest in one of Air France's FCPE funds, you obtain shares in these funds. You do not hold shares directly.

It is the Supervisory Boards, which you elected in July 2021 for a five-year term, that

manage the funds and make the decisions.

The Partners for the Future, Aeroactions, Majoractions and Concorde funds only hold Air France shares.

The Horizon Épargne Actions (HEA), Horizon Épargne Mixte (HEM) and Horizon Épargne Taux (HET) funds manage portfolios of various equities.

My comment: *If you'd like to find out more about how the various Air France FCPEs are managed, please visit the [Air France-KLM Employee Share Ownership section of our navigation website](#).*

Details

This information does not constitute a solicitation to buy or sell Air France-KLM shares.

You can react to this press review or send me any information or thoughts that will help me to keep you better informed.

By return, you can ask me any questions you may have about the Air France-KLM group or employee share ownership...

See you soon.

To read my latest letters, [click here](#)

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New readers can receive it by [giving me](#) the email address of their choice.

| François Robardet

At the forefront of more responsible European aviation, we bring people together to build the world of tomorrow.

(Air France-KLM's raison d'être)

I represented current and former Air France-KLM employees. You can find me on my twitter account @FrRobardet and on LinkedIn.

This newsletter deals with the airline industry around the world and topics related to Air France-KLM shareholding.

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