

Special fuel blankets



I Letter from François Robardet

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

N°1014, April 28, 2025

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Editorial

Dear readers,

This letter gives me the opportunity to address two topics I've never dealt with before.

The first article is devoted to fuel hedging strategies.

I beg the indulgence of specialists in advance, as the subject is so complex and vast.

The last article, part of the stock market press review, explains how to assess a company's value by taking into account both its market capitalization and its debt.

Happy reading!

François

The weekly newsletter

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> Fuel prices fall and airlines make massive purchases

(source Il Corriere) April 19, 2025

My comment: I've highlighted several incorrect phrases in the article.

The first mistake is that fuel hedging is not designed to save money on fuel.

Airlines use this option to smooth out their fuel bills over several years. Some years they will be winners, others they will be losers. The aim is to balance losses and gains over a long period.

The second mistake concerns the companies with which airlines sign contracts. Sometimes these are suppliers, but more often they are investment banks, commodity trading firms or commodity exchanges.

In more detail, here's what fuel hedging involves.

Fuel hedging is a strategy used by airlines to protect themselves against fluctuations in the price of kerosene, one of their biggest and most volatile expenses.

Here's how it works:

1. The problem:

Kerosene prices can be unpredictable and are influenced by global oil markets, geopolitical events, supply and demand, etc. A sudden rise in fuel prices can lead to a significant increase in an airline's operating costs.

2. The solution: hedging :

To manage this risk, airlines enter into financial contracts (such as futures, options or swaps) that fix the price of fuel for a future date. This is known as "fuel hedging".

3. Common hedging tools :

- *Forward contracts: Contract to purchase a specified quantity of fuel at a fixed price at a future date.*
- *Option contracts: Pay a premium for the right (but not the obligation) to buy fuel at a certain price.*
- *Swaps: Exchange of variable-price payments (based on market rates) for fixed-price payments.*

4. Example:

Suppose an airline plans to use 1 million barrels of fuel in 6 months. It fears that prices will rise from \$80 to \$100 a barrel. It hedges by concluding a purchase contract at \$85. If the price rises to \$100, it saves money. If it falls to 70 dollars, they end up paying more than the market price - but the important thing is price stability and budget accuracy.

5. Why we use it:

- *Reduces exposure to fuel price volatility.*
- *Aids budgeting and financial planning.*
- *Can protect profit margins.*

6. Hedging risks :

- *If fuel prices fall, hedging may result in losses or missed savings.*
- *Hedging strategies can be complex and require expertise.*
- *Poor hedging decisions (such as locking in too high a price) can damage an airline's finances.*

7. Real-world impact:

Some airlines hedge aggressively, while others don't hedge at all and simply accept market prices (this is called "non-hedging"). Over time, different strategies are more or less effective, depending on the evolution of the fuel market.

Who are the counterparties?

Airlines generally enter into fuel hedging contracts with financial institutions, commodity traders and energy companies. Here is a breakdown of the usual counterparties:

1. Investment banks

This is one of the most common hedging counterparties. Banks such as JPMorgan Chase, Goldman Sachs and Citibank offer derivative products such as futures, options and swaps tailored to an airline's fuel needs.

- *They help structure the hedge.*
- *They often take the other side of the transaction.*
- *sometimes act as intermediaries on futures markets.*

2. Oil companies and fuel suppliers

Major energy companies such as BP, Shell or ExxonMobil may offer contracts directly to airlines, particularly if fuel purchasing and hedging are bundled.

- These contracts may involve the physical delivery of fuel, as well as price guarantees.

3. Commodity trading firms

Major players such as Vitol, Glencore and Trafigura specialize in the energy markets, and sometimes enter into hedging contracts with airlines.

- These companies have in-depth knowledge of fuel prices and supply chains.

4. Commodity exchanges (indirectly)

When an airline uses exchange-traded futures, such as those on the New York Mercantile Exchange (NYMEX) or the Intercontinental Exchange (ICE), it trades through brokers, but the clearing house (backed by multiple institutions) guarantees the contract.

- The airline doesn't know exactly who is on the other side of the transaction.

- The exchange ensures that the transaction is honored no matter what.

5. Hedge funds (more rarely)

Sometimes hedge funds take the opposite side of a transaction if they bet on a fall in fuel prices, while the airline hedges against a rise.

In practice, major airlines have in-house fuel risk management teams and maintain relationships with several banks or brokers in order to obtain the best terms and diversify counterparty risk.

Let's take a first example:

In 2022, Air France-KLM had an effective hedge in place, protecting around 72% of its fuel costs for the first quarter.

The Group paid for its fuel at around \$90 a barrel, a very advantageous rate compared with the \$170 reached in March of that year.

However, the fuel supplier actually received \$170 per barrel purchased by Air France-KLM. The difference of \$80 per barrel was covered by the counterparty to the contract, probably a bank.

This case illustrates the importance of ensuring the financial solidity of one's partners.

A second example concerns Lufthansa:

Before the financial crisis of 2008, the German airline had entered into hedging contracts with Lehman Brothers, at a price of around \$100 a barrel.

When the subprime crisis broke, crude oil prices collapsed, dropping to \$32 a barrel in December 2008. In theory, Lufthansa should have paid its counterparties \$68 per barrel to cover the difference (\$100 - \$32).

However, the collapse of Lehman Brothers in September 2008 led to the cancellation of these commitments, enabling Lufthansa to avoid considerable potential losses.

The gain for the company was estimated at nearly 600 million euros.

Read the article:

At a time when oil prices are falling sharply, European airlines are negotiating the purchase of large quantities of kerosene at advantageous prices for use in the months and years ahead. But there's no cause for celebration: this won't mean lower fares for all passengers. Many carriers will maintain their profit margins, partly to protect themselves from the current uncertainties, partly to make more profit. This is what Corriere has learned from three airline executives who are familiar with the investment plans approved by CEOs and CFOs.

Fuel is one of the biggest items of expenditure for European airlines: (...) **the purchase of kerosene accounts for between 25% and 40% of total expenditure over** the course of a year, placing it in first or second place (after personnel costs). (...) **Carriers are looking for alternatives to cut costs.** One of these, where possible, is fuel savings.

What is "fuel hedging"?

One of the best-known methods - for those who can afford it - is "fuel hedging". **These are agreements that airlines sign with suppliers, stipulating the purchase of a quantity of fuel at a specific price** that remains fixed for the duration of the agreement, usually 12 to 18 months. It should also be pointed out that the price of a barrel of oil is not the same as the price of kerosene. While the former, in the week ending April 11, was at \$65.39 - according to Platts/IATA data - kerosene was at \$82.91.

The figures

In its documents, Ryanair, Europe's leading low-cost airline, states that it has purchased 78% of the kerosene it will need in fiscal year 2025 (April 1, 2024 to March 31, 2025) at a price of \$790 per tonne, and 76% at \$770 for the following 12 months. EasyJet traded 82% of the quantity requested in the six-month period from October 2024 to March 2025 at \$807 per tonne, and 64% at \$770 in the following six months.

Why are European (and Asian) companies "fuel hedging"? Because in this way, they protect themselves to a large extent against sudden rises in oil prices - caused by geopolitical crises or other factors - and thus keep costs under control. In April 2020, with the confinements imposed to contain the spread of the coronavirus and the halt to travel, the barrel of oil reached \$13-14 (compared with \$68-70 in 2019). And so, also to cut costs, low-cost carrier Wizz Air decided to abandon "fuel hedging". But when Russia invaded Ukraine in February 2022, the barrel climbed to 133 dollars, and in the April-June quarter of that year, the failure of the "hedge" cost Wizz Air at least 400 million euros.

Potential benefits

Today, with the oil price curve holding steady at the levels of five years ago, carriers are seizing the opportunity, fearing further rises. "The price per barrel is around 62-64 dollars, these are really attractive prices and for this reason we are buying significant quotas to use in the future," Michael O'Leary, CEO of the Ryanair group, confirmed to Corriere by telephone. "For fiscal 2026, we've locked in 14% at \$70 a barrel," with an estimated saving of \$80-100 million for this 14% alone. If we were to extend this rate to 80%, the savings would be half a billion.

(...)

> **KLM and the Dutch government continue to battle it out**

(source RTL News) April 28, 2025

My comment: *The Dutch government has suffered another setback.*

After the European Commission, it's the Council of State's turn to ask the government to reconsider.

The government will not make its decision until May 8. The airlines will then be able to lodge a complaint.

If everything cannot be organized in time, the new ceilings will not come into force until November 1, 2026.

Read the article:

Minister of Infrastructure and Water Management Barry Madlener needs to better justify his narrowing decision for Schiphol. This is according to an opinion from the Council of State, the cabinet's main legislative advisor.

The cabinet wants a maximum of 478,000 flights a year to and from Schiphol. Today, this maximum is still 500,000.

Shrinking Schiphol has been the subject of a fierce battle for years. The previous cabinet wanted a maximum of 440,000 flights, which was increased several times under pressure from the airlines, Brussels rules and pressure from the Americans. The current cabinet has opted for 478,000 flights.

By capping the number of flights, local residents should be better protected from the considerable noise pollution they suffer at the airport. But **according to the Conseil d'État, the firm failed to explain how the proposed ceiling "strikes a fair balance between the fundamental rights and interests of local residents and other interests". In other words, the figure does not seem to correspond to reality.**

The Minister must now clearly explain how the chosen number of air movements no longer affects this fundamental right, the council advises. **The Ministry of Infrastructure told ANP that it would "start working today" on the Council's comments**, so that Schiphol can implement the changes quickly.

The Council of State is not alone in its criticism. The airlines too - for other reasons - don't like the reduction plan. In their view, it would be possible to increase the number of flights if the Minister took sufficient account of the fact that aircraft are becoming quieter and quieter.

(...)

> Transavia suspends its new route to Belgrade due to US sanctions

(source L'Écho touristique) April 24, 2025

My comment: *The impossibility of obtaining fuel in Belgrade is forcing airlines to review their schedules.*

Transavia has decided not to serve the Serbian capital.

For its part, Wizz Air has been forced to double up on fuel; this practice consists of filling up with kerosene at the origin of the flight in order to be able to operate two consecutive flights.

On a medium-haul flight, typically 5% of the extra fuel on board will be burned to carry the remaining 95%.

On a long-haul flight, this proportion is around 30%, depending on the flight distance.

Read the article:

This new route, which was due to be launched this spring, has been withdrawn from Transavia's schedule. The reason: local fuel supply difficulties, due to US sanctions against the Russian energy sector.

Transavia has cancelled the launch of a new route planned between Paris-Orly and Belgrade (Serbia) due to refuelling problems in the Serbian capital.

According to specialist websites CH Aviation and Ex-Yu Aviation News, Air France-KLM's low-cost carrier is abandoning the route due to concerns about its commercial relationship with NIS, the Serbian airport's sole fuel supplier, which is under US sanctions.

(...)

NIS is 50% owned by Gazprom Neft, a Russian oil company subject to US and EU sanctions. Gazprom, the parent company of Gazprom Neft, also owns 6.15% of the Serbian company. The US government placed NIS under sanctions on January 10, as part of a package of sanctions against the Russian energy sector due to take effect on April 28.

Wizz Air, which bases aircraft in Belgrade (and flies to Paris-Beauvais from there), is also experiencing difficulties in maintaining operations there, and has ceased to source fuel there.

> [Air India also ready to accept the 737 MAX rejected by China](#)

(source Air Journal) April 23, 2025

My comment: *The shortage of new aircraft, coupled with strong demand from airlines, will soften the impact of higher tariffs in the United States for manufacturers.*

Read the article:

Air India desperately needs new aircraft for its fleet to compete on the Indian market, according to the US agency. The airline **plans to contact Boeing to acquire aircraft that were in the pipeline for Chinese airlines before the tariff war between the US and China hampered transfers**, sources close to the matter told Bloomberg on condition of anonymity as the information is confidential.

The airline is also keen to exploit slots for future deliveries, should availability become available, the sources said. Air India had already taken advantage of new delivery slots, last March when it took delivery of 41 Boeing 737 MAXs, originally built for Chinese airlines, but never delivered due to the model's grounding in 2019 following the two crashes in 2018 and 2019 that killed 346 people, the agency reported.

This rush follows their government's ban on Chinese carriers refusing Boeing aircraft in the wake of the tariff war between the US and China. A dozen aircraft were then being prepared for delivery, and at least two 737 MAXs in China have since been sent back to the U.S. via the island of Guam.

Malaysia Aviation Group (MAG), parent company of Malaysia Airlines, **has entered into discussions with Boeing for the acquisition of available aircraft should Chinese airlines refuse delivery in** the context of the US-China trade war.

These negotiations are taking place in the midst of the trade war between the USA and China. This month, Trump raised basic tariffs on Chinese imports to 145%. In retaliation, China imposed 125% tariffs on US goods.

> **Safran confident of minimizing impact of U.S. tariffs**

(source Les Echos) April 25, 2025

My comment: *This is the second article dealing with the impact of higher tariffs on the aeronautical sector (see above).*

There have been others this week. Each time, the message is the same: the increases will be easily passed on to customers.

Read the article:

We don't know what's going to happen, but we're already preparing for it, and in the meantime, we're not changing our forecasts. This was the message, in essence, sent to analysts and the markets on Friday by **Safran CEO** Olivier Andriès, who **said he was "confident" in the Group's ability to manage the consequences of the U.S. tariffs as well as possible.**

As the first heavyweight in the French aerospace industry to present its first-quarter results before Airbus next Wednesday, the boss of the aerospace and defense group was particularly eager to comment on the potential impact of the US tariffs. But beyond the better-than-expected results for the first quarter, with sales up 16.7%, Olivier Andriès said he was unable to give a precise forecast, given the current uncertainties over the outcome of the conflict.

The situation is very fluid, and tariffs can change very quickly," he stressed. Last night, for example, China decided to exempt from tax all deliveries of engines, nacelles, landing gear and aircraft parts. **So the assumptions change every week, sometimes every day** [...] And we don't yet know what the outcome of the negotiations between the European Union and the US administration will be."

But Safran has already taken steps to minimize the impact of US tariffs, whatever their amount. "We're optimizing our logistics flows, avoiding transiting parts through the United States as much as possible, if it's not necessary," explains the Safran boss. We're also going to use the USMCA exemption [a tax exemption for aeronautical parts, editor's note] enjoyed by Mexico as much as possible. We will also use free zones and bonded warehouses wherever possible."

Regarding the specific case of LEAP engines, produced 50/50 with GE, the CEO also clarified that the agreement with GE does indeed provide for "a sharing of transport and customs costs" on engine parts shipped on either side of the Atlantic. Safran alone will not have to bear the customs costs on the part of the engine manufactured in France and shipped to the United States for assembly at GE, in the case of engines destined for Boeing and the American market.

However, even if these measures reduce the financial impact of customs duties for Safran, **an additional cost will necessarily remain, which will have to be shared with customers**, warns Olivier Andriès. We have initiated discussions with our customers, aircraft manufacturers and airlines, and **we will not hesitate to apply customs surcharges**," he stressed. There's no mystery about it. In the end, these customs duties will generate inflation, and we won't hesitate to impose a price surcharge on our customers", he repeated.

The Safran boss does not believe that these surcharges will have any impact

on demand. "Airlines are still thirsty for aircraft," he stressed. In this respect, Olivier Andriès even had some good news for those who, like Airbus, sometimes have to ground aircraft because they haven't received their engines or spare parts on time. Just last week, Airbus boss Guillaume Faury was complaining about having to manufacture "gliders".

(...)

> Airbus turns to Saudi Arabia to source titanium for aerospace contract

(source Air Journal) April 25, 2025

My comment: *The low availability of raw materials is one of the reasons for the shortage of aircraft parts.*

At the Paris Air Forum last June, an Airbus representative explained that, to avoid disruptions on the production line, Airbus purchases critical raw materials and then distributes them to each of its suppliers.

He mentioned steel, aluminum and titanium.

But the availability of raw materials is a concern that goes beyond the airline industry.

Olivier Vidal, a researcher at the CNRS in Grenoble, has dealt with this subject very well. I invite you to listen to his [lecture "Energy versus raw materials: is the transition really possible?"](#)

Read the article:

According to Bloomberg, **Airbus is turning to Saudi Arabia, as part of a wider agreement with Saudia Group, to source titanium.** This metal is strategic to the aerospace industry, and has become scarcer **due to international sanctions against Russia, a major supplier of this light metal** used in the manufacture of many products.

This agreement is part of a larger deal for 20 A330neo aircraft to be ordered by Saudi Arabia's national airline, Saudia Group (10 firm orders and 10 options). The 2.5 billion riyals (585 million euros) contract was signed on April 23, 2025, at the same time as Saudia's low-cost carrier flyadeal announced an order for 10 A330-900neo aircraft for its international expansion.

The supply of Saudi titanium will enable the European aircraft manufacturer to overcome its shortage, as sanctions have disrupted supplies from Russia, the world's main producer. Titanium is essential to the manufacture of modern airliners. **Airbus and its competitor Boeing, which even had a joint venture with the Russian company VSMPO-AVISMA, both depended on Russian titanium for many parts of their aircraft. The Russian giant holds 25-30% of the world market.** Generally speaking, in the aerospace sector, 50% of titanium was imported from Russia.

(...)

For some time, Saudi Arabia has been seeking to increase its role in the global titanium market as part of a national strategy to develop aerospace-related industries. In 2023, Saudi Energy Minister Abdulaziz bin Salman declared that major titanium deposits had been discovered in the Kingdom, and that a large titanium plant had also been set up in Yanbu, on the Red Sea coast, operated by a joint venture between Saudi AMIC and Japan's Toho Titanium Metal Company.

(...)

> Comac's C919 will not be certified in Europe for another 3 to 6 years, says EASA Director

(source Usine Nouvelle) April 28, 2025

My comment: *The certification of China's single-aisle C919 aircraft will undoubtedly mark a milestone in the history of air transport.*

But what impact will it have?

If Airbus and Boeing manage to overcome their production difficulties, the C919, less efficient than its rivals, will have a hard time making its mark.

Read the article:

Comac's managers were hoping for 2025. They'll have to wait a little longer. While **the C919** obtained certification from the Chinese authorities (CAAC) at the end of 2023, **the competitor to the Airbus A320 and Boeing 737 will have to wait a few more years before obtaining the precious sesame in Europe**, which is key to extending its commercial operation. As we told them officially, the C919 cannot be certified in 2025," says Florian Guillermet, Director of the European Union Aviation Safety Agency (EASA), in an interview with L'Usine Nouvelle at the organization's headquarters in Cologne, Germany. **We should be able to certify the C919 within**

three to six years.

Earlier this year, Comac's management had made it widely known that they hoped to receive this European certification during 2025, as reported by the Financial Times. **We still have to carry out validation tests** on the aircraft's design and on certain components, which is standard," explains Florian Guillermet. **Test flights are also planned.** This timetable is by no means exceptional, given that the average certification period for a commercial aircraft is between 5 and 8 years. Our work with Comac began around 4 years ago, with two very productive years," recalls the EASA Director. Comac is putting a lot of resources, determination and technical means into this certification. **I have no doubt that the company will succeed.**

> Sustainable aviation fuels: the government finally releases Carb Aero, but halves its budget

(source La Tribune) April 23, 2025

My comment: *The four winners of the Carb Aero program plan to produce 270,000 tonnes of sustainable aviation fuels (SAF) per year by 2031.*

For its part, Air France-KLM will need 500,000 tonnes of SAF in order to meet the European obligation to incorporate 6% sustainable aviation fuels into its operations by 2030.

The Group has gone beyond this regulatory requirement by committing to a 10% incorporation rate of sustainable aviation fuels by 2030, affirming its commitment to making the aviation sector more sustainable.

To meet this commitment, Air France-KLM has signed a number of agreements, both firm and optional, with sustainable fuel suppliers on several continents.

The success of the Carb Aero program will be decisive in enabling Air France and other French airlines to achieve their environmental objectives.

Read the article:

Patience might well have been a prerequisite for applying to "Carb Aero". **After several months of waiting and considerable uncertainty, the government has finally officially announced the winners of this call for projects designed to support the development of a French sustainable aviation fuel (SAF) industry.**

Four candidates have been selected: KerEAUzen, BioTJet, DéZIR and Take Kair. However, not everything comes to those who wait: the budget released does not live up to the promises made by Emmanuel Macron two years ago at the Paris Air Show.

The names of the four winners (...) were made official by Transport Minister Philippe Tabarot on Wednesday during a visit to Roissy-CDG airport, in the company of Marc Ferracci, Minister for Industry and Energy, and Bruno Bonnell, head of France 2030, which finances Carb Aero.

"Today, the SAF used in France are biofuels, tomorrow we will be producing synthetic fuels for aviation on French soil, thanks in particular to the projects led by our four prizewinners", declared Philippe Tabarot. These projects focus on the production of e-fuels, produced from CO₂ and hydrogen using a variety of processes. The Minister also emphasized that each project had a direct impact on local employment (510 jobs created), as well as indirect employment.

Unsurprisingly, **BioTJet at Lacq** (Pyrénées-Atlantiques) was confirmed as one of the winning projects. Led by a consortium comprising Elyse Energy (majority shareholder), Avril, Axens, IFP Investissements (the investment arm of IFP Énergies nouvelles) and Bionext, the project is **due to come on stream in 2030, with the ultimate aim of producing 82,000 tonnes of SAF per year.**

KerEAUzen, developed by Engie in Le Havre, **aims to produce 70,000 tonnes a year**, after commissioning in 2031. In Saint-Nazaire, the **Take Kair** project by **Hynamics** (owned by EDF Pulse Holding, a subsidiary of the EDF Group) **is committed to** starting production in 2030, **with a target of 37,500 tonnes of SAF per year.** Less well known, **DéZIR** is one of the most ambitious. Based in Rouen, France, this project led by Verso Energy **aims to produce 81,000 tonnes of FAS per year by 2029.**

According to Philippe Tabarot, each of the projects should be financed with a similar amount, for a total of 100 million euros. This works out at around 25 million euros each. The funds will be used to finance preliminary engineering studies (Feed studies) to support projects in the pre-industrialization phase. "It's an original aspect of this call for projects, before the final investment decision is made, which enables projects to be anchored in the regions as of now", commented the Minister.

Philippe Tabarot (...) **had no comment to make on the overall budget of 100 million euros**, which falls well short of what was promised. Contacted on this subject, the Ministry has not yet replied.

The amount has simply been halved. The French President had promised 200 million euros in June 2023, a figure that was repeated at the end of 2023 when France 2030 published its call for projects. Similarly, last November, during the ministerial discord surrounding this famous envelope, a ministerial cabinet stated in

substance that there were no plans to reduce the credits earmarked for the development of SAF or to reallocate them to other calls for projects.

This has given rise to mixed feelings among air transport professionals, as one of them told La Tribune. He fluctuates between satisfaction at seeing the winners finally announced, and the fact that half the funds are still missing. In any case, he has few illusions about the possibility of the missing 100 million euros being released at a later date, given the annual budget context.

Stock market press review

> ABCs of financial analysis: market capitalization vs. enterprise value

(source zonebourse) December 9, 2024

My comment: *In the run-up to the announcement of Air France-KLM's quarterly results this Wednesday, I thought it would be interesting to share this article with you.*

It clearly explains how to assess a company's value, taking into account its stock market valuation and debt.

Two figures about Air France-KLM:

- *2 billion euros = market capitalization*
- *9 billion euros = net debt expected by end 2025*

Read the article:

In a market, every commodity has a price. The stock market - the market for listed companies - is no exception.

So what is the price a buyer would have to pay to acquire a listed company - in whole or in part? By extension, is this price - and the resulting valuation - fair, exorbitant or, on the contrary, enticing?

The two concepts of market capitalization and enterprise value come into play here, and there are still a number of misunderstandings surrounding them.

To cut to the chase: **market capitalization is the valuation of a company's equity capital**, i.e. the portion accruing to shareholders; **enterprise value is the sum of equity capital and net debt, i.e. the portion accruing to creditors.**

The premise is simple and common sense: when you acquire an asset - a business, a building, etc. - you also assume all the debts that go with it. - you also assume all the associated debts, which you will now have to repay or refinance.

In this respect, **enterprise value - i.e. market capitalization plus net debt, which must also include any long-term provisions - is a more relevant "price tag" than market capitalization alone.**

- When a company is debt-free and has no excess cash, its market capitalization and enterprise value are more or less identical.
- When a company is debt-free but retains a large cash surplus, its market capitalization is higher than its enterprise value.
- When a company carries substantial net debt, its market capitalization is much lower than its enterprise value.
- In cases where debt levels are colossal and the company's solvency is in serious jeopardy, shareholders' equity is typically worth next to nothing, as shareholders are on the verge of losing everything; enterprise value, on the other hand, is very high, as creditors have de facto seized the assets.
- For companies whose debt refinancing is not a concern - for example, those that are highly profitable and enjoying sustained growth - a valuation based on market capitalization alone makes sense.
- For companies whose debt refinancing is subject to a variety of more or less acute concerns - for example, those that find themselves in the grip of delicate economic conditions despite being mediocly profitable - it is imperative to establish a valuation model based on their enterprise value.

End of press review

> Air share price trend

Air France-KLM shares closed at **7.66 euros** on Friday April 25. Over the week, it is up **(+3.07%)**.

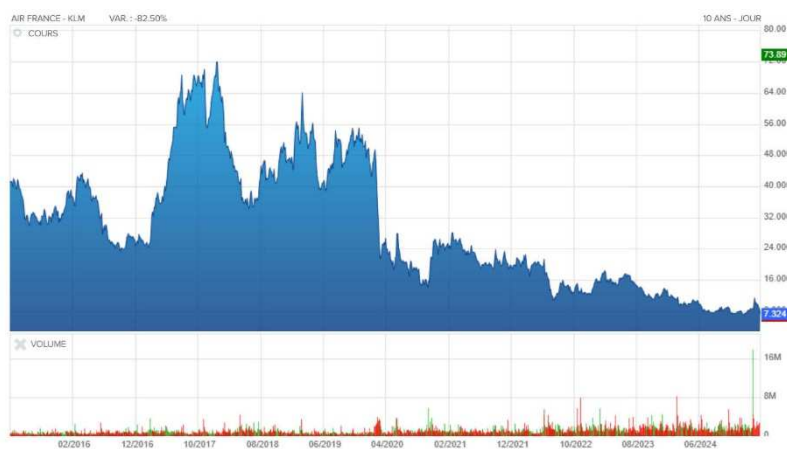
It was 13.60 euros on January 1, 2024, 8.23 euros on July 1, 2024, and 7.604 euros on January 1, 2025.

The analysts' 12-month average (consensus) for AF-KLM shares is down to 8.88 euros (from 17.50 euros at the beginning of January 2024). The highest price target is 12.50 euros, the lowest 7.00 euros.

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

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

Below is the share price trend over the last 10 years.



My comment: After four downgrades by analysts (Alpha Value, Bernstein, JP Morgan and Morgan Stanley), the share price has recovered.

> Fuel price trends this

The price of a barrel of Jet Fuel in Europe has risen (up \$1) to \$87. 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 (-\$1) to \$67.

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: Decisions on U.S. tariffs had also had an impact on oil prices, which had fallen sharply in recent weeks (-11% over two weeks).

Since then, oil prices have made up half of this decline.

> 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's 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 my 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](#)

If you like this letter, please pass it on.

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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