

Transavia to take over Air France shuttles next year



I Letter from François Robardet

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

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The weekly newsletter

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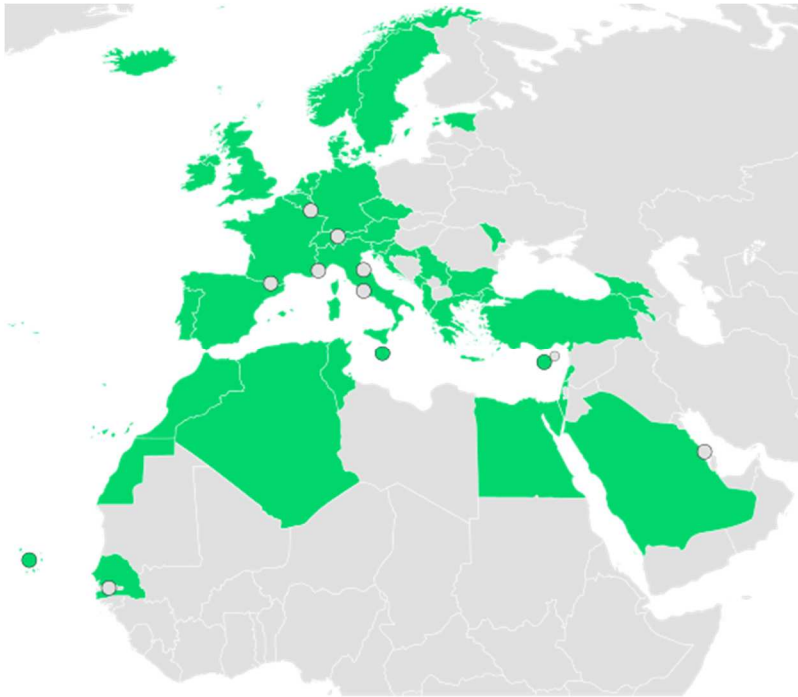
IAG announces a mega-order from Boeing and Airbus

> Transavia to take over Air France shuttles between Paris-Orly and Nice, Toulouse and Marseille next year

(source Journal de l'Aviation) May 6, 2025

My comment: Founded in 2006, Transavia France celebrates the 18th anniversary of its first flight this month.

The company's initial vocation was to serve "sunny" destinations from France, mainly around the Mediterranean basin.



Its business model was designed to optimize short- to medium-haul flights (two to four hours), with costs cut in half compared with Air France.

From the outset, some saw Transavia France as a potential tool for taking over some of Air France's domestic flights. A hypothesis that now seems to be well-founded.

Indeed, a year after its launch, management presented a study on the future of Air France's short-haul business to the Central Works Council (now the CSEC).

The competitive context was clearly set out, with two major trends highlighted:

- *Increasing pressure from rail competition, particularly the TGV ;*
- *The rise of low-cost airlines in the domestic market, especially EasyJet from CDG and Lyon.*

Management also emphasized the growing importance of environmental issues, which were already seen at the time as a factor calling into question air transport on domestic routes.

With hindsight, these trends have been confirmed, with the Covid crisis accelerating their impact.

A new phase is about to begin for the Air France group: in summer 2026, Transavia France will start operating so-called "shuttle" routes.

In a press release, the airline announces that this service will complement the Air

France service (operated by Airbus A220) from Paris-Charles de Gaulle, with up to 12 daily flights to Nice, 10 to Marseille and 12 to Toulouse planned for the 2026 summer season.

Read the article:

This has now been decided, with the opening of flights for sale. Transavia will take over the main radial routes operated by Air France from Paris-Orly, namely the Nice, Marseille and Toulouse shuttles, from the opening of the 2026 summer season on March 29, 2026. Up to 8 daily rotations will be operated to Nice, 2 to Marseille and 8 to Toulouse by the Air France-KLM group's low-cost subsidiary, supplemented by the service operated by Air France from Roissy-CDG.

Transavia's takeover of these radial routes is the direct consequence of Air France's withdrawal from Orly airport (except to Corsica), a decision announced at the end of 2023 as part of the elimination of a network that has been structurally loss-making for years. The French airline will thus consolidate all its operations at CDG.

Transavia is targeting business customers in particular, by adapting its offer with more flexible tickets, the integration of flights into the Flying Blue frequent flyer program and the opening of a dedicated lounge at Orly from April 2026.

"The 2026 summer season will mark an important milestone in Transavia's development. We'll be offering a range of services tailored to our customers' needs from Nice, Marseille and Toulouse, with flight frequencies enabling a round trip within the day and rapid access to the center of Paris. This new offer will be accompanied by changes to our product to improve our quality of service. **We are committed to meeting the expectations of our business customers**, thanks to greater flexibility, a dedicated lounge service at Orly and crews renowned for their quality of service," said Olivier Mazzucchelli, CEO of Transavia France.

It should be noted that Transavia flights to Nice, Marseille and Toulouse will be accessible from Orly 2, "positioned as a contact priority", like the Air France flights currently operating to these 3 destinations.

As a reminder, Transavia France is now almost twice as large as its elder sister in the Netherlands, with a fleet of 85 aircraft (16 Airbus A320neo and 69 Boeing 737-800). **Capacity is set to continue growing at a steady pace this year (+10%).**

> Delta and Korean Air buy 25% stake in Canadian carrier WestJet

(source Reuters) May 9, 2025

My comment: *This project remains subject to regulatory approval.*

WestJet is not a member of any of the major international airline alliances, such as Star Alliance, Oneworld or SkyTeam.

Nevertheless, the company already has codeshare agreements with several SkyTeam members, including Delta, Korean Air, Air France and KLM.

Its fleet comprises 131 Boeing 737s and seven Boeing 787-9s. It also operates a cargo business with four Boeing Converted Freighter (BCF) 737-800s, launched in April 2023 in the wake of the post-Covid air freight boom.

But this momentum was short-lived. WestJet Cargo recently announced a strategic shift, refocusing on the use of hold capacity on its passenger flights, in response to changing demand.

Air France-KLM is closely monitoring WestJet's situation: Ben Smith, the Group's Chief Executive Officer, has been a member of the WestJet Airlines Ltd Board of Directors since October 2021, and non-executive Vice-Chairman since September 2023.



Read the article:

Delta Air Lines and Korean Air Lines will acquire an aggregate 25% stake in Canadian carrier WestJet Airlines for \$550 million from private equity firm Onex Corp, the US carrier said at the address on Friday.

The deal, in which Delta will invest \$330 million for a 15% stake in WestJet and Korean Air \$220 million for a 10% stake, strengthens the airlines' presence in the North American market.

Airlines have been consolidating through mergers, acquisitions and partnerships focused on loyalty and rewards programs, in order to dominate high-traffic routes and strengthen their position relative to their rivals.

This has led to higher fares, reduced competition and consumer concerns about anti-competitive practices, prompting competition regulators to scrutinize the effects on the industry.

Delta also plans to sell and transfer a 2.3% stake in the Canadian airline to its joint venture partner, Air France-KLM, for \$50 million.

WestJet, which has entered into various partnerships with Delta and Korean Air since 2011, will continue to be owned and controlled by Onex, Delta said.

(...)

Air Canada, the country's largest airline and a rival to WestJet, lowered its annual adjusted core earnings forecast on Thursday due to a decline in transborder travel, a weakening local currency and trade tensions with the U.S. (...)

(...)

> Emirates reports record annual results, consolidating its position as the world's most profitable airline

(source Journal de l'Aviation) May 9, 2025

My comment: Emirates has a mainly long-haul fleet, with 143 Boeing B777s and 105 Airbus A380s.

Despite the handicap represented by the A380s, which are less efficient than the B777s, the airline is posting record profits.

The unfailing support of its state shareholder and the low price of kerosene in Dubai largely explain this result.

Read the article:

The Emirates Group has announced record financial results for the year ending March 31, 2025, becoming the world's most profitable airline group. Pre-tax profits amounted to 22.7 billion dirhams (\$6.2 billion), up 18% on the previous year, while sales reached 145.4 billion dirhams (\$39.6 billion), an increase of 6%. The

Group's cash reserves reached 53.4 billion dirhams (\$14.6 billion), an all-time high.

Emirates, the Group's main driver, posted pre-tax earnings of 21.2 billion dirhams (\$5.8 billion), up 20%, on sales of 127.9 billion dirhams (\$34.9 billion). Emirates thus accounts for over 93% of the Group's profits, making it the world's most profitable airline. The ground services and logistics subsidiary dnata also turned in a solid performance, with pre-tax profits of 1.6 billion dirhams (\$430 million) and sales of 21.1 billion dirhams (\$5.8 billion).

These good financial results come at a time when a new corporate tax is in force in the United Arab Emirates, resulting in a net profit of 20.5 billion dirhams (\$5.6 billion).

Emirates carried 53.7 million passengers (up 3%) in its 2024-25 financial year, with seat capacity up 4%. The airline posted a seat load factor of 78.9%, down slightly from 79.9% the previous year. Its cargo division, Emirates SkyCargo, carried 2.3 million tonnes of cargo worldwide, up 7% on the previous year.

(...)

Emirates will further strengthen its fleet with the delivery of 16 Airbus A350s and 4 Boeing 777Fs in fiscal year 2025-26.

At March 31, Emirates' order book comprised 314 aircraft awaiting delivery, including 61 A350s, 205 Boeing 777Xs, 35 787s and 13 777Fs. The Dubai-based airline's fleet currently comprises 260 aircraft, with an average age of 10.7 years.

> Turkish Airlines enters the bidding process to acquire Air Europa

(source Preferente) May 8, 2025

My comment: *Discussions on the partial takeover of Air Europa are continuing.*

I still think this is an important issue for Air France-KLM.

We need to be patient, as differences of opinion within the Hidalgo family, owners of the Globalia holding company, are slowing down the decision-making process.

Read the article:

Turkish Airlines joins the race to acquire a stake in Air Europa. The airline has already had initial contacts with the Hidalgo family, owners of Globalia, to express

their interest in acquiring a stake in the company, as confirmed by El Español-Invertia (Hidalgo Jr. leads the search for partners for Air Europa).

With this decision, **Turkish Airlines positions itself as a competitor in the process, in which Air France-KLM and Lufthansa are the favorites.** So far, the first two groups seem to be the best placed, although sources close to the process claim that "all proposals are being evaluated".

Things are going more slowly than expected, however, due to the disparity in the distribution of shares. As published by Preferente, **Air France and Lufthansa are both looking to acquire a larger stake than Globalia is prepared to cede. However, the Hidalgo family has set the condition of retaining majority control**, which limits the percentage of capital available for sale to a maximum of 30% (Hidalgo's plan: new partners but without losing control of Air Europa).

According to the above-mentioned media outlet, the process is being led by Javier Hidalgo and is expected to be completed within the next two to three months. The aim is to bring in a new partner before the end of the summer.

In this context, membership of airline alliances becomes a key factor. Air Europa shares SkyTeam with Air France-KLM and Delta, while Lufthansa and Turkish Airlines belong to Star Alliance. Etihad, for its part, is part of Arabesk.

Finally, **one of the unresolved issues is the role that IAG, which currently owns 20% of Air Europa, will play.** The Spanish-British holding company's participation in the capital increase will determine whether it maintains its position or accepts a possible dilution. Meanwhile, PJT Partners continues to work on the financial restructuring to ensure the airline's viability and secure the entry of new investors.

> IAG announces mega-order from Boeing and Airbus

(source Les Echos) May 8, 2025

My comment: IAG is the airline group most exposed to the performance of the transatlantic market.

Its good first-quarter results confirm the statements made by Air France-KLM and Lufthansa, which had not observed any significant decline in this zone.

Read the article:

The timing is no coincidence. **On Thursday, the UK became the first country to reach an agreement with the USA on tariffs, and on Friday IAG announced that it was acquiring 32 Boeing 787 Dreamliners** for British Airways. This order is coupled with an option for a further 10 aircraft in the same range.

On Thursday, press rumours were already predicting this giga-deal, **apparently concluded as part of the trade negotiations between London and Washington**. Earlier in the day, U.S. Treasury Secretary Howard Lutnick had partly let the cat out of the bag, declaring at the announcement of the trade agreement that the U.K. would buy Boeing aircraft for \$10 billion, without giving further details.

(...)

This new order for 53 aircraft comes on top of a previous contract for wide-body aircraft, concluded a few weeks ago but only now unveiled. This previous agreement covered six aircraft of each type: the Boeing 777-9, the Airbus A350-1000 and the smaller A350-900, bringing the total order for wide-body aircraft to 71 units.

The airline group has indicated that the majority of the new orders will replace existing aircraft, while some will be used for growth in its main markets.

In addition to this double announcement, **IAG** published some rather encouraging results. The group **almost tripled its first-quarter operating profit, to 198 million euros from 68 million a year earlier**. Analysts were expecting an average of 158 million, according to a consensus compiled by the company. Sales, at 7.04 billion euros, also exceeded the 6.8 billion euro forecast. The company maintained its outlook, asserting that it "continues to see strong demand for air travel in its core markets and for its brands".

(...)

End of press review

> **Air share price trend**

Air France-KLM shares closed at **8.128 euros** on Friday May 9. Over the week, it is **stable (+0.25%)**.

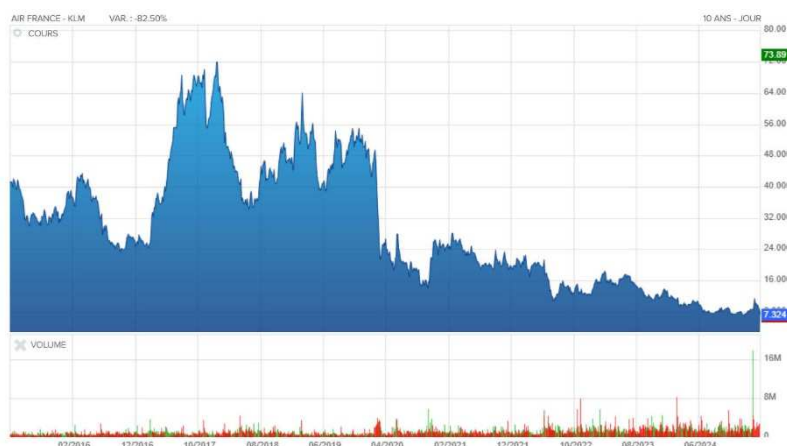
It was 13.60 euros on January 1, 2024, 8.23 euros on July 1, 2024, 7.604 euros on January 1, 2025.

The analysts' 12-month average (consensus) for the AF-KLM share is 8.88 euros (it was 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: Following the announcement of Air France-KLM's good quarterly results, the share price recovered (+6%).

> Fuel price trends this

The price of a barrel of Jet Fuel in Europe is up (\$1) to \$82. It was \$94 at the end of June 2023, and \$79 before the outbreak of war in Ukraine.

Brent crude oil (North Sea) is up (+\$3) to \$64 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: Decisions on tariffs in the United States led to a fall in oil prices.

They then recovered slightly.

For the past two weeks, oil has been trading at its lowest level since January 2021!

> 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 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.

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| François Robardet

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(Air France-KLM's raison d'être)

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