

Portugal relauches the privatization of TAP



I Letter from François Robardet

Air transport in France, Europe and the world

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Weekly newsletter

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> Portugal relauches TAP privatization, Air France-KLM reaffirms its interest

(source Reuters) July 10, 2025

My comment: *An earlier attempt to privatize TAP was delayed earlier this year after parliament toppled the center-right minority government in a vote of confidence.*

The ruling coalition won the early elections in May, but still governs with a minority of seats. Its plan to sell less than 50% of TAP was intended to reduce the risk of a challenge from the opposition (source: Bloomberg).

The Portuguese carrier's main attraction lies in the fact that it is Europe's largest supplier of air links to Brazil.

Read the article:

The Portuguese government has relaunched the long-postponed privatization of national airline TAP, with a view to selling 49.9% of its capital, 5% of which will be reserved for employees, Prime Minister Luis Montenegro said on Thursday.

TAP's main assets include its strategic slots to Brazil, Portuguese-speaking African countries and the United States from its Lisbon hub, which the Portuguese government wishes to preserve and develop.

Privatization had already attracted the interest of the three main European airline groups, Lufthansa, Air France-KLM and IAG, which have held meetings with the government over the past year.

Air France-KLM has reaffirmed its interest, with the Franco-Dutch airline stating in a press release that it is ready to participate in the process once all the details have been communicated.

IAG, the parent company of British Airways, also reiterated that it "looks forward to reviewing the terms of the potential sale of TAP and will carefully consider all details and conditions of the process as they become available".

Lufthansa declined to comment.

> **KLM ground staff strike temporarily suspended**

(source RTL) July 10, 2025

My comment: *In the Netherlands, the culture of social dialogue is very strong, making strikes rarer than in France.*

Collective work stoppages are often governed by a prior conciliation procedure and sometimes a referendum of workers.

Certain forms of strike may be limited or prohibited depending on the circumstances, as is the case here.

Read the article:

FNV union suspends actions by KLM ground staff until after the summer vacations. In recent weeks, two strikes announced at Schiphol have been prohibited by the court.

"The judge considers that it is not possible to strike during the summer vacations. We do not agree with this decision, but we are complying with it for the time being," said John van Dorland, head of the FNV union, in a statement. According to the union, **however, action is likely after the vacations. The FNV believes that KLM's latest wage offer is not sufficient to resume negotiations on the collective agreement.**

Last week, a judge in Amsterdam prohibited an eight-hour strike, deeming it too far-reaching. Previously, the judge in Haarlem had already prohibited a 24-hour strike, also on the grounds that it would have caused too many safety problems.

Schiphol had warned of chaotic scenes if KLM ground staff stopped work for such a long period. These included the risk of planes being temporarily unable to land due to lack of parking capacity. In addition, flight cancellations could have stranded many travelers, who would then have had to spend the night in the terminal on cots or chairs.

Although the FNV union is complying with the judge's decision, frustration is growing among the 13,000 employees affected, according to the union. "Each pilot will receive 8,000 euros in compensation this summer, while ground staff have to show just as much flexibility, but will receive nothing. It's simply inexplicable", says Walter van der Vlies, an executive and himself a ground employee at KLM.

> **Transavia France, a mixed bag after five years at Montpellier airport**

(source La Tribune) July 11, 2025

My comment: *The W-strategy, mentioned in the article, is mainly used by low-cost airlines for short- and medium-haul flights.*

This strategy designates a flight organization scheme that optimizes the use of aircraft and personnel, while maximizing profitability on certain routes.

A W flight consists of three consecutive flight segments forming the letter "W" on a map.

For example, an aircraft departs from its main base (airport A), flies to a first destination (B), then to a second (C), and finally returns to its base (A), thus completing the A-B-C-A route.

This scheme can also be adapted to suit operational requirements (e.g. A-B-A-C-A).

Objectives and benefits

- *Optimized aircraft utilization: The aircraft remains in the air for most of the day, reducing downtime and increasing fleet productivity.*
- *Reduced costs: By avoiding having the aircraft parked for long periods at secondary airports (where parking costs can be high), the company can better control its operating expenses.*
- *Better crew management: W-rotations often enable crews to return to their home base at the end of the day, thus limiting accommodation and travel costs.*
- *Commercial flexibility: This strategy makes it possible to efficiently serve secondary or seasonal destinations, without tying up an aircraft for a single route.*

There are limits to this strategy: managing schedules, crews and possible delays is more complex, as an incident on one segment can impact the entire rotation.

Read the article:

Transavia France, the low-cost subsidiary of the Air France-KLM Group, is celebrating the fifth anniversary of its base at Montpellier airport. Emmanuel Brehmer, Chairman of the airport's Management Board, is delighted with this anniversary, given the difficult beginnings: "Five years ago, we opened this base at the worst possible time, at the start of the pandemic. We are therefore extremely grateful to Transavia's management for never having called the opening into question.

Five years later, **however, the company has not achieved its initial ambitions. Only one aircraft is based at the Languedoc airport, instead of the two announced.** In the meantime, the Air France-KLM group has made a major strategic shift: Air France is moving away from the Paris-Orly hub and refocusing on Roissy.

Limited to 40 aircraft until 2019, the Transavia France fleet has now more than doubled in size. Last March, **Benjamin Smith**, CEO of Air France-KLM, **reaffirmed his ambition to increase the fleet to at least 100 aircraft** in the coming years (double that of Transavia Holland), pointing out that he needs at least

75 to fill all the slots that Air France is gradually vacating at Orly.

"The aircraft operates in a W configuration

So no second aircraft based in Montpellier. However, the executive weighs up the situation: **"On certain Montpellier-Paris flights, the aircraft operates in W mode, i.e. it makes additional rotations - a round trip to another destination - before returning to Paris.** This makes it possible to increase capacity, and we therefore estimate that we have the equivalent of one and a half aircraft based in Montpellier. (...)

On April 10, Transavia France announced that it was aiming for a 20% increase in capacity this summer 2025 nationwide, compared with 2024, and an improvement in its load factor with the objective of exceeding the 88% achieved in 2024, projecting a target of 16 to 17 million passengers in the year.

At Montpellier airport, the company has announced that it has passed the million-passenger mark in five years, and Alexandre Blondel is optimistic for the current season.

As for the Paris route, which operates three daily flights in summer, Alexandre Blondel recalls that "almost 135,000 passengers were carried between Montpellier and Orly during the 2024 summer season" and is aiming for a similar level this summer. In other words, passenger numbers are stable, but have never returned to pre-Covid levels.

In 2024, Montpellier airport welcomed some 1.8 million passengers, and its 2025 forecasts target the same performance. Still a long way from the 2.3 million it was hoping to achieve two years ago by 2026.

More leisure, less business

Traffic from the Languedoc airport is essentially outbound, as Alexandre Blondel confirms: "We developed outbound routes because that's what worked best on the initial network. But today, we're seeing a rebalancing trend, particularly towards major European capitals such as Lisbon, Rome and Seville, with the share of passenger traffic rising to 10, 15 and then 20%".

The company is also working on winning over business passengers to complement its leisure and affinity model. A segment that tended to decline after the health crisis, at the same time as telecommuting and companies' increased attention to their carbon footprint. In Montpellier, this segment is not the most important.

In passing, the CEO vilifies any possible increase in the solidarity tax on airline tickets (TSBA), pointing out that "any increase is reflected in the price or in demand" and that "on the most difficult-to-fill flights, it would further worsen the situation". And the company's profitability...

End of press review

> Air France-KLM share price trend

The Air France-KLM share price closed at **9.954 euros** on Friday July 11. Over the week, it is **up sharply (+9.63%)**, following a rise of **+14.65% the previous week**. 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 **8.59 euros** (it was 17.50 euros at the beginning of January 2024). The highest price target is 12.50 euros, the lowest 5.40 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 5 years.



My comment: Airline shares had an excellent week, thanks in particular to better-than-expected figures from Delta Air Lines.

Delta gained 12%, while its partner Air France-KLM also gained nearly 10% in one week.

Other major airlines, such as IAG, Lufthansa Group, United Airlines and American Airlines, gained between 3% and 7%.

Worth noting

Air France has a market capitalization of 2.6 billion euros and an enterprise value of

14.3 billion (including debt), according to Bloomberg data.

The free float does not exceed 43% at the end of 2024, due to the presence of major shareholders, notably the French and Dutch states (27.98% and 9.13%) and the CMA CGM group (8.8%).

> Fuel price trends this week

The price of a barrel of Jet Fuel in Europe has risen slightly (up \$1) to \$96. 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 slightly (+\$2) to \$71.**

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: Oil prices are rising slightly this week.

> CIPF management

When you invest in one of Air France's FCPE funds, you obtain shares in these funds. You do not own 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 my navigation website, under the heading Air France-KLM employee share ownership](#).

More information

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 enable 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.

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| François Robardet

At the forefront of more responsible European aviation, we're bringing 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 worldwide and topics related to Air France-KLM's shareholding.

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