

Air France and the SNPL reach an agreement on the development of Transavia on domestic flights



I Letter from the Director Air France-KLM

François Robardet Representative of employees and former employee shareholders PS and PNC

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Monday's Press Review

> **Air France and the SNPL reach an agreement on the development of Transavia's domestic services**

(source La Tribune) 20 July - According to our information, the Air France-Transavia national airline pilots' union (SNPL) and management have reached an agreement allowing the strategic development of the low-cost subsidiary on the domestic network. As is customary within the SNPL, the text will be subject to a referendum among the union's pilots. In view of the crisis facing air transport and Air France, observers expect a favourable vote (...).

Such an agreement is essential to develop Transavia on the French domestic network. In the current "perimeter" agreements defining the activity of each of the Air France group's entities, only Air France and HOP can today operate domestic flights. To avoid transfers of activity, **Transavia has always been prohibited from positioning itself on this market since its launch in 2007.** Nor has it ever been allowed to operate long-haul flights or to serve Roissy-Charles de Gaulle, the Air France hub. In

order to stem chronic losses on this part of the network over the years (200 million euros last year), due to competition from the TGV and foreign low-cost airlines and the Group's inability to lower its costs sufficiently, **Ben Smith and Anne Rigail**, respectively CEO of Air

France-KLM and CEO of Air France, **have decided to replace Air France and its regional HOP subsidiary with Transavia on domestic routes departing from Orly (with the exception of Nice, Marseille and Toulouse, and Corsica).** But also on routes between regional cities. In this scheme, HOP's activity will be drastically reduced and will be limited to serving Paris-Roissy Charles de Gaulle and Lyon (...).

The arrival of Transavia on domestic services therefore required a new perimeter agreement between Air France and the SNPL. This agreement must define the activity levels of each of the two airlines on medium-haul routes in order to guarantee a certain level of activity for Air France. Even though the Transavia pilots are Air France pilots, they do not have the same contract. The Air France contract is more advantageous. While **the current agreements guarantee Air France the operation of at least 110 medium-haul aircraft for almost 10 years,** and an annual activity fixed for the pilots at 342,000 flight hours per year on medium-haul, **the new agreement** submitted to a referendum modifies these activity levels.

According to our information, it **introduces a minimum guarantee on the number of medium-haul aircraft (excluding regional aircraft) for the entire group, set at 150 aircraft** (including aircraft based in the West Indies). This corresponds more or less to Air France's current fleet of medium-haul aircraft (110 aircraft from the Airbus A320 family) and Transavia's (around 40 Boeing 737-800s). This guarantee is also accompanied by a guarantee in terms of flight hours that has been revised upwards. In

addition, the **agreement provides protection for Air France at Roissy-Charles de Gaulle, an airport where Transavia will not be able to operate.**

(...) The agreement provides for a system enabling the group's overall medium-haul fleet to be increased, despite a reduction in Air France's fleet, for which a floor has been set at 80 aircraft, the equivalent of the current fleet supplying the Paris-Charles de Gaulle hub. In

other words, **if Air France's fleet is reduced, Transavia's fleet will increase at a higher rate than Air France's reduction. And this, at a rate of 4 additional aircraft at Transavia for 3 fewer aircraft at Air France.**

At Orly, management intends to position Transavia on six routes operated by HOP until now: Toulon, Montpellier, Perpignan, Pau, Biarritz and Brest. Air France will continue to operate its own routes to Nice, Marseille and Toulouse. If management wants to transfer them to Transavia one day, it will have to get back around the table with the pilots (...). With the

exception of Air France pilots who are also in the cockpits of the low-

cost subsidiary, **the development of Transavia poses a threat to the employment of other Air France staff.** Indeed, Transavia subcontracts its ground staff and does not call on Air France flight attendants because their contracts are considered too costly. The same applies to HOP pilots and flight attendants. **The transfer of activity to Transavia does not result in a transfer of contracts** either.

Finally, **the agreement includes a final guarantee to the pilots: that there will be no other company within the Air France group positioned on medium-haul routes.**

"Air France undertakes that no company in the Air France Group other than Air France or Transavia France will operate aircraft with more than 110 seats. Any aircraft with more than 110 seats of the Air France Group, excluding Transavia France, will be included on the Air France fleet list and piloted by Air France pilots under the same employment and remuneration conditions as those applied to Air France pilots operating Air France own-means production", it is written in the agreement.

If Ben Smith one day wishes to acquire a low-cost airline, he will have to attach it to Air France-KLM. A scheme that his predecessors have often dreamed of... for Transavia.

***My comment:** The main thing is assured with the lifting of the 40 hull limit for Transavia France.*

But there are still constraints. Transavia is still unable to recruit its pilots itself. The risk of having a shortage of pilots again could reappear.

> Air France: what will tomorrow's domestic network look like for passengers?

(source Le Figaro) 18 July - The calm after the storm. Following the announcement in May by Ben Smith, the CEO of Air France, of a 40% reduction in domestic flights by 2021, Anne Rigail presented to the company's executives the outlines of the network as it should be in 2023. The group's CEO calmed the game, focusing on operational efficiency. So, to which domestic destinations will you be able to fly with the national airline?

"Air France will maintain 95% of its destinations and 80% of its seat supply", she assured. Adding that to this end, the sharing between Air France-Hop and Transavia would be "rethought". But in concrete terms, what impact will this new arrangement have on passengers departing from Paris and the major provincial cities?

Passengers departing from or arriving at Orly from Biarritz, Toulon, Pau, Perpignan, Montpellier and Brest will be flying on board a

Transavia aircraft. On these routes, Air France used to mix small 100-seat aircraft operated by Hop and larger aircraft such as the Airbus A 320 family. As Transavia has only one type of aircraft, Boeing 737s with 149 or 189 seats, these destinations will in fact see their frequencies reduced.

Why this change? Quite simply **because with a larger aircraft, costs are reduced. Second, because Transavia is the champion of cost per seat/kilometre.**

Still **departing from Orly, the three "shuttles" to Nice, Marseille and Toulouse will remain operated by Air France, as will the routes operated under public service delegation** such as Brive-la-Gaillarde and Aurillac. It should be noted that the route to **Montpellier**, which had been upgraded to the rank of "shuttle" in the same way as Toulouse, Marseille and Nice, thus regaining market share from the TGV, **has proved to be a destination more oriented towards leisure than business.**

However, a number of points remain to be clarified. **On the routes to be operated by Transavia, what about the commercial, senior or weekend cards and their advantages (Sky Priority, discounts)? Will Gold or Platinum passengers still be entitled, for example, to free hold luggage? On these crucial questions, Anne Rigail has not yet answered.**

For flights to and from the other Parisian airport, Roissy-Charles de Gaulle, the situation remains unchanged (...).

As far as cross connections are concerned (all connections not passing through Paris), the routes withdrawn or transferred to Transavia have not yet been announced (...).

For the Lyon hub, no change. It is Hop which will provide the bulk of the lines which have small passenger flows. **The three lines with the highest traffic will be transferred to Transavia** : Toulouse, Bordeaux and Nantes. This is a way for Air France to play on equal terms with easyJet, as the rival airline has a strong presence on these routes. Here too, **what will happen to a passenger departing for Rome via Lyon? Will he or she have a single Air France ticket for the entire route or two separate tickets, one for Transavia and the other for Air France? Which of the two airlines will be in charge of his or her connection and baggage?** These are important questions when you know that the Lyon hub provides connections between 18 French cities and 25 cities in Europe for three million passengers a year (...).

***My comment:** The distribution of routes between the three airlines Air France, HOP and Transavia France has been clarified.*

However, the commercial treatment of passengers has yet to be

defined.

> **Europese Commissie keurt steunplan voor KLM goed (The European Commission approves the support plan for KLM)**

(source NRC translated with DeepL) July 14 - **The European Commission approves the Dutch government's support plan to guide KLM airline in the Covid-19 crisis.** Last month, Minister Wopke Hoekstra (Finance, CDA) and Cora van Nieuwenhuizen (Infrastructure and Water Management, VVD) announced that KLM would receive €3.4 billion in aid.

According to **European Commissioner Margrethe Vestager (Competition)**, KLM plays a key role in the Dutch economy, both in terms of employment and air links. According to her, the support plan "will provide the airline with the liquidity it urgently needs to cope with the impact of the corona crisis".

Vestager **describes the conditions set by the Netherlands in the areas of profit appropriation, employment conditions and sustainability as "very good"**. Member States are free to set rules in line with their policies and EU rules," she says. The **situation is striking because six KLM staff unions filed a complaint with the European Commission last week because they believe the working conditions are "too prescriptive and too specific"**.

The state aid consists of a direct loan of €1 billion and €2.4 billion of guarantees on loans from three Dutch and eight foreign banks. KLM has to make a number of changes in return for the aid. For example, for the time being, the airline is not allowed to pay dividends, salary increases or bonuses. In addition, **'controllable costs' have to be reduced by 15 % in order to improve KLM's competitive position. In order to achieve these savings, Minister Hoekstra has agreed with KLM's supervisory board that employees earning more than twice the average salary must reduce their salary by 10 %, and a reduction of 20 % from three times the average salary.**

According to six unions, the requirements are "too prescriptive and too specific". They would violate fundamental labour rights enshrined in ILO conventions, the EU Charter of Fundamental Rights and the European Social Charter.

The six unions (four for ground staff, VNC cabin crew and the VNV pilots' union) believe that the European Commission has not taken their objections into account when adopting the support package. In their view, the aid package must be examined not only in the light of the temporary European rules on state aid, but also in the light of the

existing treaties. The VNV: "Nothing has changed with regard to our substantive objections and we are considering follow-up measures" (...).

My comment: *KLM's trade unions are aware of the need for employees to contribute to the recovery of their company.*

They understandably criticise the government for having unilaterally set wage reduction targets without negotiating them with the unions.

> **Air France resumes flights to Nice, Biarritz and Montpellier from Paris Orly**

(source Actu-Aero) 20 July - As part of the gradual strengthening of **Air France's** flight schedule since the reopening of Paris-Orly airport, the French airline has **announced the resumption of flights between Nice, Biarritz and Montpellier and the southern Paris airport.**

As of 24 July, Air France will resume the operation of 4 daily flights between Nice and Paris-Orly in addition to the direct flights also offered to and from Paris-Charles De Gaulle.

(...) Air France flights between Paris-Orly airport and Montpellier will once again be offered from 31 July 2020 with 1 daily flight in addition to the Paris-Charles De Gaulle service with up to 49 weekly flights in August.

(...) Finally, flights between Biarritz and Paris-Orly will resume on 30 July 2020 with 4 weekly flights (...).

My comment: *Air France's activity at Orly is gradually getting back on track. Shuttle services to Marseille and Toulouse should resume at the beginning of September.*

> **Transavia launches flights from Montpellier to Tunisia**

(source Air Journal) July 17 - The low-cost airline **Transavia inaugurated on Thursday its new route between Montpellier and Tunis, the one to Djerba should take off on Saturday.**

(...) At the inauguration of its base at the end of June in Montpellier, where two planes are parked, Transavia initially offered seven European destinations. Subject to the reopening of borders, it will also serve Agadir, Marrakech and Oujda in Morocco; Algiers, Constantine and Oran in Algeria; Madrid, Palma de Mallorca and Seville in Spain; Palermo in Italy; Faro, Lisbon and Porto in Portugal; and Athens and Heraklion in Greece. These destinations are in addition to the Montpellier - Rotterdam route operated by Transavia Netherlands. The French low-cost airline aims to welcome 500,000 passengers in its first

year of operations in Montpellier.

> **Wizz Air calls for an end to the moratorium on slots, a brake on its impressive development during the crisis**

(source La Tribune) July 20 - (...)) In the debate that opposes them to airports on whether or not to maintain this winter the suspension of the "use-it-or-lose-it" rule ("on s'en utilise ou on le perd") concerning the use of take-off and landing slots, European airlines are seeing one of their arguments for justifying the renewal next winter of the system set up by Brussels this summer, which allows them, faced with the collapse of traffic caused by the Covid-19 crisis, to cancel flights with the certainty of keeping their slots the following season, crumble: to say that this moratorium does not constitute a barrier to entry for potential competitors wishing to use unused slots to develop, insofar as, in view of the depth of the crisis, the time has come more for a reduction in sail area than for ambitious development plans.

"With such a crisis, **all carriers within Airlines for Europe (A4E) are unanimous in calling for the continuation of this moratorium,**" an observer recently explained.

This view was echoed by some of the carriers in this association, which brings together almost all European airlines with very different profiles, including both traditional players such as Air France, British Airways and Lufthansa, and low-cost airlines such as Ryanair, Easyjet and Norwegian. As a result, the question of a competition problem does not arise since no airline is asking for slots to develop (...).

And **yet, one airline is saying the opposite. And not least, even if it is not a member of Airlines for Europe or the International Air Transport Association (IATA). It is Wizz Air, the solid Hungarian low-cost airline** (net profit of 345 million euros last year for a turnover of 2.8 billion), which, in the words of one airport manager, "scares the hell out of everyone, even the low-cost leaders. This carrier with 124 Airbus A320 family aircraft (and more than 250 on order) is denouncing the renewal of the moratorium which is holding it back in its development despite the crisis.

"We want to develop. Just as the **moratorium** was justified when the Member States closed their borders, it is **no longer justified today**, both in the Schengen area, where the borders are open, and in the rest of geographical Europe, where they are also largely open. In this region, airlines are no longer prevented from operating. In fact, **flight cancellations are no longer linked to an exceptional situation caused by the Covid-19, but to economic considerations. In legal terms, the case of "force majeure" is therefore no longer**

characterised. Otherwise, this would be tantamount to saying that the moratorium may last until air traffic returns to the level it was at in 2019. We are not going to maintain this moratorium for five years. No, the airlines that have the capacity to leave must be able to do so. Otherwise, it's protectionism," Marion Geoffroy, Corporate Director and General Secretary of Wizz Air for the past five years and former Air France-KLM (...) explained to La Tribune.

The Hungarian airline's arguments carry all the more weight as they are in line with the European Slot Policeman, EUACA, the association of European slot coordinators, which certainly pleads for the renewal of a moratorium this winter on condition that it is accompanied by measures to prevent certain abuses that have been noticed (...).

"The objective of a winter moratorium should not be to freeze the level of competition at an airport by protecting the slot portfolios of air carriers that do not intend to operate their slots or can no longer operate them because they have decided to permanently reduce their fleet and staff" (...).

In fact, **Wizz Air's main stake is in London, at Gatwick airport. Although British Airways has announced that it will withdraw from this airport, it is keeping, thanks to the moratorium, slots which it will try to sell.** (...).

Wizz Air's demands reflect its strategy and ambitions. The company clearly wants to seize the opportunities offered during the crisis to increase its market share.

"Wizz Air has never stopped during the crisis. From May 1st we added capacity and today we are operating 69% to 70% of the capacity we proposed last summer. We have not questioned our fleet plan and we continue to receive between 1 and 3 aircraft per month. We are continuing to open bases in Europe, such as Dortmund in the near future, but also further afield, notably in Abu Dhabi in October. It's difficult to make forecasts, but we expect to reach 100% capacity next summer," explains Marion Geoffroy (...).

Wizz Air has a good number of assets. Its operational efficiency, its customer relations, which have been strengthened by a policy of reimbursing tickets when many airlines are lobbying to donate assets, a cost structure that is lower than Ryanair's, and very solid financial capacities after years of cash generation.

"With €1.2 billion in cash (excluding loans), we can go up to 2 years without flying," says Marion Geoffroy. That's enough to make a lot of

airlines think about it.

My comment: Wizz Air, the Hungarian low-cost airline, is the European airline with the most cash at the beginning of the crisis.

For the last few weeks, it has also been the one that has been the fastest to recover. It is positioning itself on new markets with the assets to succeed.

> U.S. Airlines Sink into Crisis

(source Le Journal de l'Aviation with AFP) July 15 - Air transport, severely hit by the Covid-19 crisis, is expecting several lean years, and airlines are beginning to publish their second quarter results, which show the extent of the damage.

Delta Airlines is the first to fold in the fiscal year: loss of \$5.7 billion between April and June, one of the largest in its history, while it had gained \$1.4 billion in the same period last year (...).

"We have seen a slight, but welcome, recovery in passenger volumes," Ed Bastian said on a conference call. But, he warned, **third-quarter revenues are expected to be only 20 to 25 percent of last year's revenues at this time....**

To cope with this lasting drop in air traffic, **the company plans to reposition itself as a "smaller and more efficient airline in the coming years by accelerating the simplification of the fleet", with a hundred fewer aircraft.**

A new plan for voluntary departures and early retirements is also envisaged, while a first one, announced in April, ends this month and has been accepted by 17,000 employees, the CEO detailed.

The situation is similar at competing companies: **United Airlines has already warned that it could lay off up to 36,000 employees as early as October.**

American Airlines, for its part, has indicated that it expects to have 20,000 more employees than necessary to operate in the autumn.

And the boss of Southwest Airlines on Monday warned its employees that the number of passengers would have to triple by the end of the year to avoid layoffs (...).

> Lufthansa reorganizes its leisure flights with Ocean

(source Le Journal de l'Aviation) July 17 - **Lufthansa** has been working on a project for several months to simplify the structure of its leisure operations in Germany, which has become more complex as the Group's strategy in this segment has changed. It **has** therefore **registered a new company with headquarters in Frankfurt: Ocean.**

This name is not intended to become a visible brand name or to be present on an aircraft livery: **Ocean will simply enable Lufthansa to combine its leisure operations under a single carrier certificate, instead of four.**

Currently, the group's business on tourist flights is complex to say the least. These flights are operated by **Eurowings, SunExpress Germany - whose closure was announced at the end of June -, Brussels Airlines and CityLine** - which operates A340s for Lufthansa. This complexity does not go hand in hand with the cost efficiency that the German group was already seeking before the crisis. Thus, as early as 2019, Lufthansa had announced that it was going to merge its "fragmented" operating units by 2022, particularly on long-haul leisure routes.

In this area, the idea is to transpose the Edelweiss model, which has proved its worth in Switzerland, to Germany, with a quality product adapted to the expectations of leisure travellers (Quality leisure). According to the project presented last autumn, Ocean should operate eleven long-haul services, four based in Frankfurt, four in Düsseldorf and three in Munich.

The group has not indicated whether the 2022 horizon has been approached. However, the **leisure segment has become a major issue** with the covid crisis. In view of the depth and extent of the crisis, which is having a lasting impact on all segments of the economy, **the air transport industry believes that companies will want to cut back on spending, which is likely to cause a collapse in demand for business travel. The first segment to recover should therefore be the leisure segment.** But here too, times will be difficult: demand will suffer from the lack of confidence of travellers and probably from the decline in their purchasing power. Hence the need, more than ever, for Lufthansa to clean up its structure in order to reduce its costs.

My comment: *The fear of a very late resumption of business travel is shared by all airlines, including low-cost airlines.*

If this were to materialize, the airlines might have to take further cost-saving measures.

> Aeroflot is rolling out its strategy until 2028

(source Air & Cosmos) 17 July - Growth **and segmentation are the two pillars of the strategy that Aeroflot will pursue until 2028.** Objective: to place the group among the top ten major players in world air transport with a global fleet that will reach 600 aircraft by this date for a passenger traffic of 130 million passengers. A little more than a third of this fleet will

be Russian-made", says Aeroflot's president, Vitaly Saveliev. This gives prospects for the medium-haul MC-21 designed and developed by Irkut, with first deliveries starting at the end of 2021 or early 2022. Currently, Aeroflot's medium-haul fleet is organised around the Boeing 737-800 (47 units on the register) and the Airbus A320/A321ceo (107), while the SSJ-100 (54) is coming to occupy the short-haul segment.

Beyond this growth plan, **Aeroflot's approach is clearly in line with the post-covid-19 perspective at a time when European and American carriers are unable to break out of a short-term discourse of withdrawal and downsizing.** Reducing its discourse to the withdrawal of aircraft from operations is not motivating and does not set the course for the post-crisis period.

Segmentation by type of target market is the tool that the Aeroflot group will develop in the coming years. Aeroflot **will concentrate on the long-haul network and the main European routes which carry a high volume of premium traffic.** The airline currently has 19 Boeing 777-300Rs and is starting to take delivery of its Airbus A350-900s, of which 22 have been ordered. The gradual replacement of the 18 A330ceo aircraft is on the agenda and the 777-300ERs will also arrive. This makes Aeroflot a logical candidate for the Boeing 777X and the Airbus A350-1000. The replacement of the A320/A321ceo is also in the carrier's books, but the A320neo will have to make room for the MC-21.

The Podeba subsidiary will be the "Transavia" of the Russian group. (...) Podeba will occupy the 'low-cost low fare' segment of the Russian domestic market with the objective of a traffic of 55 to 65 million passengers by 2028 and fares down by 30 % to promote access to air transport for Russian citizens. Here too, there is a market for replacement in the long term, but also for fleet growth, as Podeba can also occupy the low-cost segment on destinations between Russia and international destinations.

Finally, **the other subsidiary Rossiya will be dedicated to the Russian domestic market, including "public service" routes with capped but subsidized fares.** Its fleet will be made up of Russian-made aircraft.

My comment: Aeroflot, a member of Skyteam, has a virtual monopoly on its domestic market, which is also subsidised.

This allows it to devote itself to its international development.

> easyJet offers its flights for the summer of 2021 until the end of September 2021

(source Tourmag) July 17 - **easyJet announces the sale of all its**

flights for the summer of 2021.

Passengers can book flights until the end of September 2021, as the winter 2020 and spring 2021 flights have already been put up for sale earlier in the year, according to the company.

***My comment:** This operation to sell airline tickets more than a year in advance will allow easyJet to replenish its cash flow.*

> **Gulf Air Blockade: Qatar Airways to seek compensation**

(source AFP) 15 July - Qatar Airways **announced** Wednesday **that it will seek compensation for losses incurred as a result of the "illegal air blockade" imposed on the rich gas emirate by its neighbours** for more than three years.

Egypt, Bahrain, Bahrain, Saudi Arabia and the United Arab Emirates severed their ties with Qatar on 5 June 2017, accused of supporting radical Islamist movements - which Doha denies - and of being too close to Iran, Riyadh's regional rival.

The four countries banned Qatari aircraft from their airports and airspace, cut trade and maritime links and closed their borders. (...)

On Tuesday, **the International Court of Justice (ICJ)**, the United Nations' highest court, **ruled in Qatar's favour, finding that the International Civil Aviation Organization (ICAO) had legal jurisdiction to settle a dispute at the request of the emirate**, which accuses its opponents of violating an agreement regulating the free movement of commercial aircraft in foreign airspace. (...)

"The arbitrary and abusive measures taken by these four nations against us have devastated our long-term investment and growth programmes in these countries," Qatar Airways added in its statement. With a fleet of 250 aircraft, Qatar Airways is the second largest airline in the Middle East behind Emirates, based in Dubai, United Arab Emirates.

***My comment:** The blockade imposed on Qatar Airways for the past three years prohibits it from flying over neighbouring states.*

The Qatari company's planes have to make significant detours, causing an increase in fuel consumption and therefore additional costs.

> **"Limited" restart for Vinci Airports worldwide**

(source Aerobuzz) July 17 - **Travel restrictions** introduced in many countries (population confinement, border closures, quarantines) **led to a virtual halt in activity at airports in the Vinci Airports network in the 2nd quarter of 2020**. Traffic thus fell by almost 98% in April and May compared to the same period of the previous year. The recent

easing and then gradual lifting of restrictions has enabled a resumption of passenger traffic, but it is still limited (94.1% drop in June 2020 compared to June 2019).

17.07.2020 Totaling

2.4 million passengers in **the 45 airports of the Vinci Airports network, passenger traffic in the 2nd quarter of 2020 is 96.4% down on the 2nd quarter of 2019.** Despite the sharp contraction in commercial traffic, the hubs continued to receive flights throughout this period to fulfil their public service mission: repatriation of people stranded abroad, transfers of patients, carers and medical equipment, freight activities (...).

In the United Kingdom, passenger traffic at London Gatwick and Belfast International airports was virtually nil in the 2nd quarter of 2020 (-99.6% and -99.2% respectively compared to the 2nd quarter of 2019). From 15 June, a few flights resumed in a limited way to ensure the connection between these two airports. The announcement by the British authorities on 3 July of the lifting of the fortnight's entry fee for passengers from some fifty countries should lead to a more marked recovery in passenger traffic (...).

In France, traffic was virtually nil in April and May (-99.9% compared to 2019). The lifting of restrictions on travel beyond 100 km from home enabled domestic flights to resume on 2 June in Toulon (Toulon/Paris Charles de Gaulle), 8 June in Lyon, Nantes (Lyon Saint-Exupéry/Nantes Atlantique) and Clermont-Ferrand (Clermont-Ferrand/Paris Charles de Gaulle), and 15 June in Rennes (Rennes/Lyon Saint-Exupéry). International flights resumed on 15 June in Lyon and Nantes thanks to the opening of borders with several countries in the Schengen area. However, June traffic still remained very low (-96.5%) (...).

In the United States, the upturn in domestic activity in June explains the relatively moderate decline in passenger traffic at Orlando-Sanford airport (-78.8% in the 2nd quarter, of which 60.2% in June) (...).

My comment: *The situation in Vinci shows the general decline in passenger traffic.*

The percentages of traffic decline mentioned by Vinci are higher than those published by the airlines.

The explanation is simple: airports report on the passengers they carry, while airlines report on the flights they operate. But with fewer planes this summer than last, passenger traffic is down more than the number of flights.

For the first 15 days of July, Air France has announced load factors of 50% on long-haul flights and 65% on medium-haul flights, a far cry from the 85 to 90% observed during the same period in previous years.

End of press review

> My comment on the evolution of the Air France-KLM share price

The Air France-KLM share closed at 4.133 euros on Monday 20 July. It is up +0.80% over one week.

Before the coronavirus epidemic, the Air France-KLM share was at 9.93 euros. Since the beginning of April, it has fluctuated between 4 and 5 euros.

The average (the consensus) of analysts for the AF-KLM share is 4.43 euros. Many analysts lowered their price forecasts at the beginning of the health crisis. You can find on my blog the details of the analysts' consensus.

The barrel of Brent oil (North Sea) is stable at \$43. At the beginning of the coronavirus outbreak, it was \$69.

This indicative information in no way constitutes an invitation to sell or a solicitation to buy Air France-KLM shares.

You can react to this press review or provide me with any information or thoughts that will help me better carry out my duties as a director of the Air France-KLM Group.

You can ask me, by return, any question relating to the Air France-KLM group or employee shareholding...

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