

Air France and KLM not in danger of disappearing



I Letter from the Director Air France-KLM

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

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Monday's Press Review

> **Ben Smith: "Air France and KLM are not in danger of disappearing".**

(source: Les Echos) November 13 - *This unprecedented crisis has caused great concern for the future of Air France-KLM. Is the existence of Air France and KLM still threatened today?*

The two main shareholders of Air France-KLM, the French and Dutch states, have made it clear that both companies are essential to the economies of France and the Netherlands. They have demonstrated this by giving their support to both companies. So I see no risk that either one or the other could disappear.

So the situation is not as catastrophic as that?

This is clearly the most serious crisis we've experienced and the situation remains extremely difficult. **With the reconfinement, our level of activity in France has fallen below 10% [of the 2019 level]. On long-haul, fortunately, we have cargo traffic to help us maintain lines.**

Air France and KLM have fleets well suited to this activity. In addition, **we have about 12 billion euros of liquidity, when you add up the 7 billion euros of loans guaranteed by the French government for Air France, the 3.4 billion euros of Dutch loans for KLM and the group's**

cash position (...).

So will Air France-KLM need a new cash injection or recapitalization?

We have sufficient liquidity for the short term, but in the medium term, we also need to ensure that we have a sufficiently solid balance sheet structure. This is what we are currently working on with our shareholders, but I cannot provide any details at this stage.

Has the dramatic rebound in the stock market price after the announcement of a vaccine hopeful in the near future encouraged you to revise your outlook upwards?

There has never been any doubt in my mind about the ability of the airline industry to rebound. But given the magnitude of the crisis, some may have doubted the ability of airlines to survive and the ability of their shareholders to support them.

This stock market rebound, with a 20% to 30% increase in all air transport stocks in less than 2 hours, **shows that investors still believe in the future of air transport.** And that they expect it to rebound at the first good news.

If recovery is only a matter of time, the question remains as to how many years it will take to return to the traffic level of 2019. What is your prognosis?

I am confident that as soon as rapid Covid tests are in place and accepted by countries or a vaccine or treatment is available, traffic will rebound, both for leisure and business travel. But with differences between market segments. Take for example, people with family or friends abroad: as soon as the borders reopen, they will start traveling again to see their loved ones, even without a vaccine. I even expect this type of demand to be even stronger than before the crisis.

Tourism should also quickly return to a good level of activity, even if it will not immediately return to its previous level, due to the impact of the crisis on household budgets (...).

The desire to leave, to exchange and to discover the world is still strong, especially among young people. Just listen to their disappointment at no longer being able to study, live or do internships abroad since the beginning of the pandemic.

Won't the development of videoconferencing durably reduce business travel?

For business travel, the recovery is likely to be more gradual. But here, too, I don't believe there will be a lasting decline. Business travel goes hand in hand with the globalization of business and, for many of our

clients, travel is a fundamental component of international management, their work and their success. The way we travel will certainly continue to evolve, with more and more use of videoconferencing.

(...) But **videoconferencing will never replace direct contact and human contact with a client or collaborator**. All managers know this. And this is even more true when the language and cultures are different.
Has the crisis accelerated the changes at Air France-KLM?

The crisis has indeed contributed to accelerating the implementation of the transformation plan we presented in November 2019. We brought out the four-engine aircraft - Airbus A380 and A340 at Air France, Boeing 747 at KLM - earlier than planned. We have also offered employees who wish to leave the company under good conditions.

I was also surprised by the number of candidates who left. Finally, we accelerated the restructuring of the French domestic network, which was a source of recurring losses for Air France, and which is becoming an asset for the Group, **with the development of Transavia at Orly and on certain domestic routes.**

Why is Transavia France the big winner of this transformation?

(...) Thanks to Transavia and its unit costs comparable to those of easyJet, Air France will finally be able to make its short and medium-haul network profitable and develop it. This is a valuable asset that neither IAG nor Lufthansa Group has, and whose importance has not been fully appreciated. (...)

Is Transavia France a match for Ryanair or easyJet?

Absolutely! **Transavia has everything to be the preferred low-cost airline in Europe.** We have assets that these companies don't have. For example, we hold 52% of the slots at Orly and **we have our Flying Blue loyalty program, which is a very powerful tool. It's enough to make you prefer Transavia to any other low-cost airline.**

Will Transavia France's development go hand in hand with an order for aircraft in 2021? And if so, could it be Boeing 737 MAX?

Transavia's fleet consists entirely of Boeing 737-800 NG. We do not have any 737 Max in the group. And today, there are **enough 737-800s available on the aftermarket to meet Transavia's growth needs for the next two years.**

However, in the medium term, we will need to order additional aircraft for Transavia. We will study the Boeing 737 Max, but also Airbus aircraft

such as the A320neo to see if they meet our needs. These aircraft offer very good unit costs. As for the Boeing 737 Max, given the attention and effort put into getting it back into service, we believe that it will be a perfectly safe aircraft when it is cleared to fly again.

By calling into question the economic model of traditional airlines, could the crisis amplify the expansion of low-cost, including on long-haul routes?

I don't believe in the principle of a single model. All sectors of activity have their own segmentation. When people choose a flight, they do so based on price, but also on schedules, the company, its punctuality, the frequent flyer program, the aircraft model and the products and services... (...)

Some companies will tell their employees to stop travelling in business class, as a cost-saving measure. But this has always existed after a crisis. And often it doesn't last. Because when you travel for work, it's better to be able to rest. That's why the business class market regularly experiences ups and downs.

In order to adapt to these variations, you need flexibility. And that's already what we do at Air France, with thirty-two of our 68 Boeing 777 "quick change" aircraft, whose business class can be reduced by 50% in 24 hours, depending on demand. This, along with the release of 10 A380s, has enabled us to reduce our exposure to the business market, which is less than that of our competitors.

Will the crisis trigger a new phase of consolidation in the airline industry?

It certainly will. **Many airlines are still independent, without the support of governments or major shareholders. There is therefore a risk of numerous bankruptcies.** Some of these companies may be taken over by others. **But it may be more interesting to increase market share with your own means,** if you have the right tool to do so, **as is the case for Air France-KLM with Transavia for example.**

Has the crisis strengthened or weakened the Air France-KLM couple?

From a strategic point of view, Air France-KLM emerges in a rather good position. We have Europe's largest incoming market with France, the best connecting platform at Schiphol airport, a unique low-cost tool with Transavia, and two state shareholders who strongly support us over the long term...

There is **certainly some political turbulence over which we have no control.** And if we made a lot more money, everything would probably be easier. KLM was already competitive, and in the last two years, Air France has made a lot of progress. Labour relations have calmed down,

we have achieved strategic alignment with employees, and just before the crisis Air France even had the best European performance in terms of cost reduction.

Shouldn't relations between Air France and KLM be much better and their operation much more integrated?

While Air France and KLM operations continue to operate almost independently, many functions, such as cargo, maintenance, IT, revenue management and sales, alliances and the frequent flyer program, are fully integrated. And it works very well. **It is true that we are not sufficiently aligned with the fleet policy. But what Air France-KLM has lacked above all is a real group strategy.**

For a long time, strategic thinking was limited to deciding who, Air France or KLM, was best placed to serve a destination. But there wasn't enough joint thinking to determine which markets to focus on, which airlines were the weakest, which opportunities to seize... That's what allowed IAG and Lufthansa to get ahead of us. As head of Air France-KLM, this is where I have to make progress. **If we manage to focus on those who are our real competitors, and if we add up our strengths internally, Air France-KLM will have a bright future.**

Aren't you afraid of political decisions that would restrict the development of Air France-KLM in France and the Netherlands, in the name of the environment?

Air transport is part of people's lives and makes an essential contribution to the global economy: I don't see that changing tomorrow. We share the concerns of our customers and employees for the environment, and we are committed to this. **Solutions exist to reduce our environmental footprint**, notably by investing in new aircraft, as we are doing.

In some cases, we can even accept that trains can reasonably replace airplanes, as in the case of the Orly-Bordeaux service. We do not consider this to be punitive. On the other hand, **when additional taxes risk reducing our ability to invest in new aircraft or the use of sustainable alternative fuels, it seems totally counterproductive to us.**

My comment: *What will be the level of recovery? All the players in the air transport industry hope that activity will quickly return to its previous level.*

When will this happen? Within a few years.

What are the conditions to be met? A vaccine of course. But that will not be enough.

The airline industry will have to demonstrate that it can continue to grow while preserving the planet. This is the biggest challenge it has faced in its history.

To do so, it will have to build on the work underway in all areas, hoping for example that engineers and researchers will be able to find alternatives to kerosene.

> **The Netherlands will impose a tax of 7.45 euros per plane ticket.**

(source Air Journal) November 15 - **Passengers departing from an airport in the Netherlands will pay a tax of 7.45 euros per plane ticket as of January 1**, according to a decision by the Dutch government.

However, there will be no tax on cargo flights because, according to the Dutch government, companies could travel abroad, with disastrous consequences for Schiphol-Amsterdam airport for example. This new air tax is expected to bring in about 200 million euros a year for the Dutch government. **However, it will not apply to transit passengers.** The amount will be set annually on the basis of inflation.

Last year, nine European Union member states (France, Germany, Italy, the three Benelux countries, Sweden, Denmark and Bulgaria) urged the European Commission to open the debate on taxing the airline industry, "for example through specific tax measures or similar policies. Besides its societal and economic benefits, aviation "generates about 2.5% of global CO2 emissions and negative consequences such as noise and air pollution," they wrote. "Compared to other modes of transport, civil aviation is not sufficiently involved," the nine signatory countries felt at the time.

Since then, the Covid-19 pandemic has grounded air transport, and only the Netherlands has taken a step forward by adopting this new tax.

France, the United Kingdom, Germany, Italy, Sweden and Norway already have air taxes, but air transport is still exempt from excise duties, no tax is levied on international flights, and there is no coordinated tax on airline tickets.

My comment: *By the end of 2018, the Netherlands had announced the implementation of this tax, which is expected to impact KLM to the tune of 140 million euros per year.*

In Germany, the government has decided to increase its tax on airline tickets. It will bring in an additional 740 million euros per year.

In Great Britain, the Air Passenger Duty, whose aim is to limit the climatic impact of air transport, has been in existence for more than ten years. In 2019, it will bring in 4.3 billion euros for the British government.

While the amounts differ from country to country, there is one constant: airlines deplore the fact that the proceeds from these taxes are not allocated to research into alternatives to kerosene, which would reduce CO2 emissions.

> **Slightly more than five hundred applications for second departure arrangements KLM (Un peu plus de cinq cents demandes de deuxième départ KLM).**

(source NU, translated with DeepL) November 11 - Just over **five hundred KLM employees have joined the company's second voluntary departure program.** (...) KLM said it would do everything in its power to avoid forced layoffs as much as possible.

At the end of the deadline, KLM had 503 applications. "KLM is now considering whether these applications can be awarded," the spokesman said. KLM announced at the end of July that some 5,000 jobs would be lost within the company.

More than 2,400 employees had signed up for the first voluntary departure program this summer.

My comment: *In the Netherlands, regulations are more flexible than in France. Voluntary departure plans are implemented more quickly.*

The first voluntary departures of Air France ground staff will take place in the second quarter of 2021 at the earliest.

> **How the engine MRO industry is trying to adapt to the crisis**

(source Le Journal de l'Aviation) November 12 - It's no secret. All the **players in the commercial aircraft engine maintenance sector have been strongly impacted by the worldwide decrease in flights** and by the very large number of postponements of the very costly "shop-visit"

(SV) since mid-March, with operators taking care to preserve their cash flow. A shop visit represents a particularly large sum for an airline, of the order of several million dollars for a single-aisle engine, double that for a high-power engine.

In this context, **engine manufacturers and MRO companies have unfortunately noted a decrease of more than 50% in engine shop visits since the beginning of the year** (up to -70% for some players since the emergence of the pandemic), in particular on wide-body aircraft) and all the elements converge today to say that a resumption of activity is not really expected for two or three years in the most optimistic scenario, and up to five or six years in the darkest hypothesis where many older generation reactors, once particularly profitable, will have been written off.

Added to this are the phenomena of green time management (the choice to reduce maintenance costs, especially for engines nearing the end of their service life) and the very clear preference of operators to fly their most recent aircraft first, as long as the capacity of their fleet far exceeds market demand in the context of travel restrictions. Another factor is the accelerated withdrawal of a significant number of quadjets since the beginning of the year (...).

However, two positive points should be highlighted: the very good trend for cargo airlines, particularly on shop-visits and sales of parts for older-generation engines (CFM56-3B, PW2000, PW4000, CF6-80), and the clear recovery of the Chinese domestic market, with a level close to that of the pre-covid period for engine maintenance on Airbus and Boeing single-aisle aircraft.

The reduction in "shop-visits", coupled with the sharp decline in airline traffic (engines under PBH contracts, fewer occurrences, etc.) **should represent a drop in spending for the entire industry of around 50% in 2020 (\$32 billion in 2019), even though engine maintenance is the most profitable activity in the MRO sector.**

Worse, it is also normally one of the main sources of revenue for engine manufacturers, especially for single-aisle engines. For the third quarter, engine manufacturers have announced a decline in aftermarket sales: GE (-55%), Safran (-56%), Pratt & Whitney (-51%)... Rolls-Royce is logically even more severely impacted, given its greater exposure to long-haul platforms, with its Trent engine range, even if we will have to wait for the publication of its next results in February 2021 to know the extent of the impact.

(...) A multitude of initiatives have also emerged since the emergence of the pandemic to offer "on-wings" maintenance services, "quick-turn" repair services, post-lease inspection services for transitions... These service offers will obviously not be able to compensate for the drop in

maintenance visits in traditional workshops, but they are nevertheless part of a sustainable approach.

The services offered "under the wing", just like light maintenance visits, have already been part of AFI KLM E&M's (Air France Industries KLM Engineering & Maintenance) development strategy for many years, particularly on new generation engines (...)s.

***My comment:** The aircraft maintenance business is suffering less than the passenger transport business. Nevertheless, the decline in activity is considerable. Air France Industries KLM Engineering & Maintenance seems armed to overcome the current crisis.*

For information, a "Shop visit" is "a complete aircraft engine maintenance operation (disassembly, repair or replacement of worn parts, reassembly and bench testing)". (Source: Safran)

> **Deutsche Lufthansa: Agreement at Lufthansa, jobs preserved, Christmas bonuses cancelled**

(source Reuters) November 11 - Lufthansa announced Wednesday that it has reached a new agreement with the Verdi syndicate on a plan for additional savings of 200 million euros in **exchange for a commitment to avoid any forced departure in 2021.**

The agreement provides that approximately 24,000 ground personnel will forfeit their Christmas bonuses this year and in 2021 and their vacation bonuses until the end of next year. In addition, the

company will reduce the supplemental compensation for short-time working in addition to the basic compensation (...)

Verdi said the agreement will be submitted to a vote of its members.

***My comment:** The agreement signed at Lufthansa is similar to the Collective Performance Agreements (CPA) that can be signed in France. These are temporary measures aimed at mitigating the effects of a crisis and avoiding layoffs.*

> **From above: Singapore Airlines**

(source La Quotidienne) November 16 - **Singapore Airlines (SIA) has raised 850 million Singapore dollars (530 million euros) via a convertible bond issue (...).** The offering was more than four times oversubscribed "with strong investor interest", SIA said in the press release.

The five-year bonds, which have been placed with various institutional investors, will carry a coupon of 1.625 per cent. They are also convertible into common shares at a price of \$5.743 million. This represents an increase of 45.8 percent over Thursday's closing price of S\$3.94 per share (...)

> **Lufthansa issues €525 million of convertible bonds**

(source: Reuters) November 10 - **Lufthansa launched on Tuesday a senior convertible bond issue of approximately €525 million** maturing in 2025. The German air transport group (...) said it would use the proceeds of this transaction to finance its current activities. These bonds will be convertible into new and/or existing shares (...). These securities will be offered with a coupon of between 2.25% and 2.75% per year.

***My comment:** The two operations above were launched before the announcement of a possible vaccine.*

Their success (Lufthansa's offer would have been subscribed to six times) is a testament to investor confidence. It should be noted that in addition to obtaining loans, Lufthansa obtained a capital injection of six billion euros in the spring, paid by the German government.

> **South Korea: Korean Air takes over its rival Asiana for 1.4 billion euros**

(source AFP) November 16 - **Korean Air announced on Monday that it has reached an agreement to buy out its ailing compatriot Asiana Airlines for nearly 1.4 billion euros in order to** consolidate its position weakened by the coronavirus pandemic. This agreement between the two largest South Korean airlines comes at a time when the sector is being hit hard by the crisis due to travel restrictions.

(...) of "Once Korean Air acquires Asiana Airlines, the company should rank among the top 10 airlines in the world", according to Korean Air's press release. Korean Air said (...)

) that in order to secure this amount, it plans to increase its capital by 2,500 billion won (1.9 billion euros) by issuing new shares early next year.

The agreement also includes Asiana's subsidiaries, low-cost airlines Air Seoul and Air Busan (...).

Asiana Airlines, South Korea's second-largest airline, had long been facing financial problems, even before the (...).

Asiana Airlines reported operating losses of 268 billion won (about 204 million euro) in the first six months of the year and a deficit of 11,500

billion won (8.8 billion euro). (...) According to the agreement announced Monday, the Korea Development Bank (KDB) is also to invest (...).

My comment: *Korean Air is one of the founding airlines of Skyteam, while Asiana is part of Star Alliance alongside Lufthansa.*

In 2019, Korean Air generated revenues of 9.4 billion euros with a fleet of approximately 170 aircraft, double that of Asiana.

> **Norway explains why it will not save the Norwegian company**

(source La Quotidienne) November 16 - **The Norwegian government has** just published a statement in which it explains precisely why it **has refused to extend its aid to the low-cost airline Norwegian (...)** Norway thus indicates that "since March, the government has maintained a close dialogue with the air transport industry and has implemented a series of measures to alleviate the catastrophic economic situation: exemptions from a number of taxes; public financing of a minimum transport service; support for non-state-owned airports; state-guaranteed loans of up to NOK 6 billion (EUR 560 million). " However, he explains that from now on he will no longer pursue this support policy because "in view of this, the use of Norwegian taxpayers' funds for individual airlines is no longer justified

Such support could distort competition," says (...) the Minister of Trade and Industry (...).

My comment: *Norwegian has been paying for several years the consequences of too rapid expansion in the low-cost long-haul segment.*

The Norwegian airline is also facing competition in Northern Europe from SAS, a Scandinavian airline supported by Sweden and Denmark.

If Norwegian were to go bankrupt, it would be the first major airline to fall victim to the crisis in Europe.

> **Virgin Atlantic and the new Flybe**

(source Air Journal) November 12 - (...) **The CEO of British airline Virgin Atlantic Shai Weiss (...)** **said yesterday that he was ready to participate in the relaunch of Flybe, in which Virgin Atlantic was a shareholder before it filed for bankruptcy in early March - the pandemic being just the last nail in its coffin.**

At a CAPA web conference yesterday, he said, "**We are an interested party because we have a residual interest in the company.** And we welcome the opportunity for Flybe to resurrect itself again and serve the different regions of the UK.

(...) **For the head of Virgin Atlantic, the interest is in re-establishing a network to feed its hubs from the UK and Europe;** the investment strategy in Flybe, which before its demise was to become Virgin Connect, "was entirely linked to connectivity to Manchester and Heathrow. Shai Weiss "hopes and hears that there may be signs of a resurrection. And of course, if the business conditions are there, we will be benevolent partners as we have been in the past.

(...) However, this recovery process will have to overcome a large number of obstacles, the most important of which is to recover its AOC (Air Operator's Certificate), which had been suspended by the British regulator, and to find flight slots at the country's airports (...)

In the midst of the health crisis and with the arrival of the Brexit, Flybe's possible return to British skies will not be able to match its former presence there: it represented 38% of all domestic flights in 2019.

My comment: Analysts believe that this is a good time to launch a new company in Europe :

. many aircraft are available, second-hand aircraft but also new aircraft, with up to 30% off pre-crisis prices

. confirmed flight crew following the many redundancies that have occurred since the beginning of the crisis,

. slots available at most airports.

Enough to provoke a price war at the end of the crisis.

> **Green light for Boeing 737 MAX return next week**

(source Les Échos) November 11 - The end of the ordeal is approaching for the **Boeing 737 MAX**. The plane, which has been grounded since March 2019, **should receive authorization to fly again "in the next few days," according to the Reuters news agency.** The Federal Aviation Administration (FAA) could give its green light as early as November 18, according to several U.S. media outlets. For Boeing, this green light is essential. The aircraft manufacturer, which is facing the setbacks of the 737 MAX and the consequences of the pandemic on airlines, did not record any order last month, and delivered only 13 aircraft. It plans to cut about 30,000 jobs between the

end of 2019 and the end of 2021, or 19% of the workforce.

Despite the cost-saving measures undertaken, Boeing has burned \$14.4 billion since January. Revenues declined 27 percent to \$42.8 billion in the first nine months, and operating loss reached \$4.7 billion. The lifting of the flight ban on the 737 MAX will allow Boeing to immediately resume deliveries of aircraft from its assembly line in Renton, U.S. However, **commercial flights will not resume until the process of checking aircraft that have been in storage for more than a year is complete and the pilots have validated additional training.**

This green light is essential for many French suppliers of the 737 MAX, such as Safran, which supplies all the LEAP engines for the aircraft, via its JV with General Electric, but also **Saint-Gobain, Daher** (acoustic insulation panels), **Latécoère** (cockpit door surveillance cameras), **Saft** (batteries) and **Michelin** (tires). **Thales also has a strong presence** through its avionics components and entertainment and telecommunications systems. Above all, the 737 MAX supplier list includes many ETIs (Entreprises de Taille Intermediaire), such as LISI Aerospace, Figeac Aero, Aubert & Duval, Crouzet, Souriau or Mecachrome... Companies that are often in great difficulty, due to the Covid-19 crisis.

***My comment:** As soon as the 737 Max crashed for the first time, due to the Stall Control System (MCAS), Boeing launched a campaign to modify the aircraft.*

It took more than two years for the American manufacturer to correct most of the defects. It seems that the last request of the European authorities (the installation of a third, virtual probe, charged to inform the anti-stall system) will be satisfied only after the return to service of the aircraft.

> Boeing/Airbus conflict: a possible compromise "in the coming weeks", according to Paris

(source Belga) November 13 - (...) **The European aircraft manufacturer Airbus and its American competitor Boeing**, and through them the EU and the United States, **have been battling since October 2004** before the WTO, the arbitrator of world trade, **over the public aid paid to the two groups, judged illegal by both sides.**

The European Union announced on Monday customs sanctions against the United States in this dispute: since Tuesday it has applied

additional customs duties on 4 billion dollars of imports from the United States. "This is a very old case, this Airbus and Boeing affair. **The U.S. administration has decided to impose sanctions on Europe for a total of 7 billion dollars, so we had no choice but to respond to these sanctions,**" said the French minister (...).

However, "we have to think about the future, not the past, and I think a compromise can be reached in the coming weeks," Bruno Le Maire told CNN. "I believe that there is **the possibility of building an agreement between the United States and Europe in this Airbus-Boeing affair.** I do not underestimate the difficulties in bridging the gap between the position of the United States and the position of the European Union, but I can tell you that we will not spare any effort to build a compromise, for the interest of both the United States and Europe," he said (...)

> **Aids to air transport: "missed opportunity" for clean energy (IEA)**

(source AFP) November 10 - Governments have "missed" an opportunity by granting aid to the airline sector without imposing any climate or environmental compensations, the International Energy Agency (IEA) deplored on Tuesday.

Only four out of 30 airlines in the world that have received financial support from the State to face the health crisis have had **environmental conditions imposed on them** (reducing their CO2 emissions, increasing their efficiency, renouncing certain routes in favor of rail), **calculated the IEA, distinguishing Air France-KLM, Austrian Airlines and Swiss.**

And only two of them had to commit to using a blend of green fuels for 2% of their supply, adds the organization, which publishes its annual report Renewables 2020.

This summer, "we were talking about a golden opportunity when we talked about the green stimulus plans, with the idea of putting clean energy at the heart of the measures. But **what we see is** that few countries are moving in this direction," commented IEA Director Fatih Birol. And "for me a **missed opportunity is in biofuels and the aviation sector**".

At the end of August, the IEA has identified 76 billion dollars allocated to rescuing companies and 55 billion to public transport and railways. These rescues "would allow governments to push for companies to reduce their climate impact. And yet most of the support has been granted without conditions, making it highly unlikely that there will be any rebound in the development of low-carbon fuels," the Agency points out.

Today biofuels - more expensive than fossil fuels - represent 0.01% of

the fuels consumed by the aviation sector (in 2019), while this component is part of the measures announced by the companies in their long-term objectives, recalls the IEA.

My comment: *Within airlines, the Air France-KLM group is the world leader in reducing CO2 emissions.*

The article fails to mention that it is one of only two airlines to have "committed to using a blend of green fuels for 2% of their supply".

Press review of the stock market

> Air France KLM takes a break

(source Boursier com) 11 November - Air France KLM, which remains on a 30% gain in two sessions, timidly gives back 0.2% to 4 euros in this mid-week. The news around the airline company is marked by a note from Goldman Sachs, which has taken over the coverage of the case with a 'sell' notice and a target of 3.7 euros. **The market is currently not very enthusiastic about the Franco-Dutch carrier.** This is the least that can be said since, according to the Bloomberg consensus, no analyst recommends 'buying' the value, nine are to be 'kept' and fourteen are to be 'sold'. The average target at twelve months is set at 2.75 euros.

> Air France KLM: carrying winds

(source Boursier com) 16 November - **Air France KLM, which remained on a gain of around 27% last week, jumped 7.7% to 4.2 euros at midday in Paris.** The title of the Franco-Dutch airline is still supported by hopes of seeing an effective vaccine against Covid-19 at the beginning of 2021 after the latest announcements by the Pfizer/BioNTech duo. Analysts continue to adjust the sector and value following this information. The latest is HSBC, which has raised its target for AF-KLM from 1.75 to 3.25 euros, although the broker has yet to 'cut back'.

My comment: *With the stock market, it is often difficult to anticipate. These two articles published five days apart on the same news site bear witness to this.*

End of the press review

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

The **Air France-KLM share is at 4.351 euros** at the close of trading on Monday 16 November. **It is up a very strong 10.99%** over one week. The announcement of a possible second vaccine against Covid-19 explains this price surge, which affected all airlines. The announcement of a first vaccine last week had led to an increase of +32.88%.

Before the coronavirus epidemic, the Air France-KLM share was at 9.93 euros.

The average (the consensus) of analysts for AF-KLM shares is 3.00 euros. The highest target price is 5 euros, the lowest is 1 euro. You can find on my blog the details of the analysts' consensus. I no longer take into account the opinions of analysts prior to the beginning of the health crisis.

The barrel of Brent oil (North Sea) is up \$1 to \$44. At the beginning of the coronavirus epidemic, it was at \$69.

This indicative information in no way constitutes an incitement 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 related to the Air France-KLM group or to employee shareholding...

See you soon.

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| François Robardet

Director Air France-KLM representing employee shareholders PNC and PS.

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