

Air France is not immortal



I Letter from the Director Air France-KLM

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

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Editorial

Dear readers,

This letter is particularly long, and the interview with the CEO of Air France occupies an important place in it.

Let us continue to apply the rules of protection.

François

Monday's Press Review

> "Air France is not immortal" (Anne Rigail, General Manager)

(source La Tribune) January 22 - Impact of the health crisis, recovery scenarios, health passport, transformation of the group, development of Transavia, restructuring of HOP, recapitalization of Air France-KLM, consolidation..., in an interview with La Tribune, Anne Rigail, CEO of Air France, discusses the airline's hot topics.

LA TRIBUNE - How was business before the tightening of travel restrictions introduced on Monday 18 January?

ANNE RIGAIL - **After the second containment from November to mid-December, during which domestic and European traffic fell to very low levels, we have seen a rebound for the festive season.** As soon as the deconfinement was confirmed (December 10, Editor's note), **bookings on the domestic network were multiplied by four and our traffic represented 55% of that of the same period in 2019.** These were essentially "leisure" passengers, which had an impact on the level of unit revenue. Long-haul traffic was also dynamic, particularly to the "Caribbean Indian Ocean" network and Dubai. On the other hand, the medium-haul network was limited by reconfinelements in other European countries. Before the French government's announcement last Thursday, we had planned to bring almost 45% of our offer into service in January, including nearly 50% on our long-haul network, which remains relatively dynamic. It is long-haul that is driving activity up, thanks to the strength of freight transport. **As has been the case since the start of the health crisis, cargo still accounts for half of our revenues on our long-haul flights, compared with 10% before the crisis.** On long-haul, we continue to record good results, sometimes better than we had anticipated, on the "Caribbean Indian Ocean" network where we have added flights. But also on Africa, which welcomes passengers who are going to visit their family or friends (VFR traffic for "visit friends and relatives"). As for the domestic network, it maintains a level of supply around 40%, while the medium-haul network remains depressed by the various confinements in Europe. *Faced with the soaring number of contaminations and the appearance of Covid variants, the government has tightened travel constraints. (...) What impact do you foresee?*

The concern about coronavirus variants and the reinforcement of sanitary measures will impact our activity. There will be a question about the availability of mandatory testing from international destinations to France. And the imposed septa may have an effect on the desire to travel.

(...)

Since the beginning of this crisis, our business cycles have been dependent on health restrictions and demand. We are very agile in adjusting our program, as we showed in the fourth quarter of 2020. Compared to the beginning of the crisis, we are managing to "variabilize" our costs more and more according to the activity. **Now 60 to 70% of our costs are variable. For example, we are adapting the activity of each of our services to the week, which** enables us to maximize the interest for Air France of the partial activity system. Nevertheless, and despite all our efforts, we are still losing more than 10 million euros a day.

What are your forecasts for recovery?

There will be no major changes in the very short term. Nevertheless, **we still expect a recovery during the second quarter. The question is whether we will see an effect as early as this summer or whether we will have to wait any longer.**

(...)

All the surveys we conduct among our customers show a real desire to travel. We expect a dynamic recovery in leisure traffic this summer. (...)

)

Before the announcement of the latest restrictions, we were forecasting around 45% for the first quarter of 2021. **We can therefore imagine, once the vaccinations start to bear fruit, gradually increasing our offer, which by the end of the year could reach up to 70% of what it was before the crisis.**

(...)

Are you in favor of a health passport?

Today, not everyone has access to the vaccine, and such a measure implemented immediately could be discriminatory. However, **as soon as universal access to the vaccine is achieved, the vaccine passport could be a good option as it is already the case for yellow fever for example.** More generally, we are in favor of all initiatives to digitize health documents to make travel more fluid in the control of formalities. These decisions are taken at the national and European level, and we will support them when the time comes.

When do you plan to stop "burning" cash?

The objective is obviously to stop burning cash during the year 2021. If traffic picks up again according to our forecasts, we will be able to begin to observe this trend in certain summer months. Everything will depend on activity levels and there are still many uncertainties.

(...)

We must aim for a return to equilibrium in 2022. The ambition at the end of the crisis remains unchanged, with an operating margin of 7%.

(...)

What is the status of your restructuring plan?

We have worked with all the trade unions to put in place structural measures to improve our competitiveness, but also short-term measures to help us preserve our cash flow and get through this crisis. **The transformation plan we have launched consists not only of adapting our resources to the business, but also of simplifying our processes and organization. This has led us to review the level of**

our workforce, with the elimination of 8,500 positions by the end of 2022 at the Air France Group level, including 1,000 in our regional subsidiary HOP! The voluntary departure plans for Air France flight crews have been rapidly implemented in 2020: 360 pilots and more than 1,100 flight attendants have already left the company. For Air France ground staff, who are affected by 3,650 job cuts, the first departures will take place at the end of January. Concerning HOP!, the POS-PSE process is currently being approved by the Regional Directorate for Business, Competition, Consumer Affairs, Labor and Employment (Direccte).

The reorganization of your domestic network is the other major structural transformation measure, where are you in the development of Transavia France on the domestic network?

Some very loss-making lines have been abolished since the beginning of the crisis, mainly region-to-region cross-city lines. HOP! is now focused on supplying the hubs at Roissy-Charles de Gaulle and Lyon. Air France will continue to operate "Shuttle" flights to Corsica from Orly. For its part, Transavia launched its domestic flights at the beginning of November, operating five routes; one from Orly to Biarritz and four other cross-country flights from Nantes. **Transavia's growth will continue in 2021 with the arrival of eight new aircraft, and** then in 2022, in addition to its organic growth in Europe and the Mediterranean.

What new domestic routes will Transavia France open?

They will be announced and marketed in the near future, in accordance with the deployment plan we presented this summer. We are working with the regions and airports, as our transformation plan is changing the way we serve territories and we want to continue serving French regions, connecting them to each other and opening them up to the world.

Transavia France expects to double its fleet by 2024 to 80 aircraft. How much will this development plan cost?

It's complicated to answer this question because we have to finance both European and domestic growth. However, **while Transavia's growth plan is well known on the domestic network, since most of it will be deployed by the end of 2022, it is more complex to project demand on the medium-haul low-cost business in 2024.** For the time being, we plan to add 8 aircraft in 2021. We also know that we will need 20 to 25 more aircraft in the medium term. For the rest, we'll have to adjust these figures in light of the real momentum of the post-crisis recovery.

(...)

What are the other structural measures in the transformation plan?

I won't be able to detail them all, since we have launched more than 120 projects. We are greatly simplifying our organizations.

Our operational management lines will be streamlined. With the voluntary departure plans, they have already been significantly reduced in the pilot and PNC management. Today, we are also doing so in the ports of call. We want to move towards a more direct and more field-oriented management model. This is an important cultural change. Other projects are linked to digitalization and automation, but also to more significant industrial changes that imply preserving certain investments. That's what we're doing, for example, at our maintenance site in Orly, where we're investing 30 million euros to transform our site specializing in "engine visits" and thus save 15% on overall engine repair time.

(...)

Is the maintenance of a large network due to staff agreements?

We have indeed discussed with the flight crews some deviations from the usual planning rules, to enable us to operate the most economically fragile routes during the crisis and to serve a maximum number of destinations. As a result, we maintained service to 172 destinations, or 85% of our network. This is important for our customers and for the continuity of service to France.

Has the number of flight crews on board aircraft been reduced?

For two years, we negotiated with the cabin crew to adapt the crew's composition according to the aircraft's load. These temporary measures are helping us to support our cash flow during the crisis.

In addition to massive job cuts, most other European companies have also taken measures to cut costs for the staff remaining in the company by lowering wages or working conditions. Knowing that your transformation plan is an acceleration of a plan decided at the end of 2019 and that this acceleration was agreed last spring at a time when the recovery scenarios were more optimistic, do you intend to tighten your plan and perhaps touch salaries?

We have focused our efforts on deploying the current plan, which is already a major plan with more than 120 projects launched and 8,500 positions eliminated. So we are focused on the execution and success of the current plan. **Regarding compensation, Air France employees have already made significant efforts since the beginning of the**

crisis with salary cuts linked to the partial activity. For pilots, for example, this means a reduction of around 20%. Cabin crew and ground staff have also been affected by the salary impact, both on the variable components of their compensation and in the context of the partial activity. We do not currently have a cash emergency. We will have discussions on salaries in the context of the annual negotiations to be held shortly, bearing in mind that **we have already announced a freeze on general and individual salary increases for two years, as well as on profit-sharing.**

What will be the final structural reduction in costs?

All of our measures will generate an improvement in our economic performance of 1.4 billion euros between now and the end of 2023 (Air France has so far reported 1.2 billion euros by the end of 2022, NDRL). 80% of this figure will come from improved cost control, and 20% from improved revenue.

Can you go even further in this area, especially given the seasonality inherent in air transport?

The search for variability in our costs is permanent. Transavia is in a highly seasonal low-cost model. Transavia's organic growth within the group will mechanically reinforce this variabilization. Concerning Air France, we are renegotiating all our external expenses to have costs that are more correlated with activity.

On the revenue side, how can we expect an improvement in revenues with the lack of visibility surrounding the return of business customers?

This is a question that arises even though **in our "business" and "La Première" cabins, half of our customers travel for personal reasons. We can therefore also hope for a resumption of traffic in these "premium" cabins.** However, the structural trends of the crisis, with a business clientele that may travel less frequently in the future, lead us to seek the greatest possible flexibility in adapting cabin configurations.

Are you reviewing the configuration plans you modified just before the crisis, which involved more seats in business class and "premium Economy" class (a class located between business and economy class)?

This modification concerns the cabins of our last 12 B777s that we have not yet reconfigured. Beyond that, the configurations of the first half of the 38 A350s ordered have been decided, while those of the following aircraft remain open, and we are in the process of adapting our projects to take into account the potential impacts of the crisis.

(...)

At the end of May, Air France obtained 4 billion euros in state-guaranteed loans and 3 billion euros in direct loans to avoid bankruptcy. KLM also received loans of a similar nature for 3.4 billion euros. The group and the French State have already indicated that a recapitalization of Air France from Air France-KLM amounting to several billion euros is planned by the group's annual general meeting in May. Why this timetable, when you have no liquidity issue at stake?

This schedule is not linked to the current liquidity situation of the Air France-KLM group, or to a legal obligation to strengthen the equity capital to date. **At the next Annual General Meeting, we wish to give our shareholders maximum visibility on the Group's strategic trajectory and financial solidity.** We have known for a long time that we would need to strengthen our shareholders' equity, as we indicated when we announced the French government's support for the Group. *Justified by the French government for the strategic role that Air France plays for the country, **does this unconditional government support make Air France immortal?***

Oh no, I would never say that. I have never said it, and I have never believed it. Air France, as a national airline, is an essential asset for a country like France. Not to have a company that guarantees a stable link with other countries, to depend only on foreign companies that could at any time make choices of destinations other than France, would be dangerous. The crisis has also demonstrated the importance of the company during the repatriation of the French during the first confinement, then the transport of sanitary equipment and vaccines. The State, through the terms of the State-guaranteed loan, reminded us of the crucial challenge of improving our competitiveness to reach that of our peers in Europe and ensure our sustainability. *You don't think that Air France is immortal, but isn't there a risk that employees might think otherwise and no longer support the efforts you are asking for?*

State support for Air France is conditional on social cohesion and a real awareness of the challenges of competitiveness. These two criteria were met in 2020. Since the beginning of the crisis, we have been increasing our exchanges with staff, even if these exchanges take place by videoconference, to explain internally the challenges of this crisis and the need to transform ourselves rapidly. I think that Air France employees understand the need to work on our competitiveness to be able to seize the recovery tomorrow. For example, all the cost-cutting measures should enable us to preserve our capacity to invest in fleet

renewal. This is crucial in terms of economic and environmental performance, but it is also very important from a symbolic point of view, because the entry of new aircraft like the A350s and soon the A220s into our fleet is a source of pride and hope for our collective.

Should we fear the closure of HOP if the restructuring plan fails?

We have focused HOP! on supplying the Lyon and Roissy hubs. This is a good thing for HOP! insofar as the logic of the Paris hub is not called into question by the Covid crisis, quite the contrary.

As for the Lyon hub, before the crisis it was at a much better economic level than the transverse network. Consequently, with the rationalization of the fleet, the planned elimination of positions, and the refocusing on the supply of Roissy-Charles de Gaulle, which is robust, there can only be a strong improvement in HOP costs! We need aircraft with fewer than 100 seats on some routes where the flows are not large enough to be served in the A220, which will have a capacity of around 150 seats.

(...)

The climate law will prohibit all domestic routes when there is a rail alternative in less than 2h30, excluding flights to hubs to ensure connections. As such you have already abolished the lines between Orly and Lyon, Bordeaux and Nantes. If a few flights were possible at Orly to ensure passenger connections to Reunion Island or the West Indies, would you be interested in putting flights back on these domestic routes that you have stopped?

We have opened a number of routes from Roissy to several destinations in the Caribbean-Indian Ocean network. Connections from cities not connected to Orly are therefore covered at Roissy. For our passengers in the region wishing to travel to Orly, **we are working with the SNCF to develop intermodality and facilitate access to the Massy train station, near Orly.**

What is your reaction to the 2.5% increase in ADP's airport fees in 2021?

This is obviously bad news for us. All the companies had pointed out that an increase in fees in times of crisis was not necessarily the best way to help the industry.

My comment: Faced with this unprecedented crisis, Anne Rigail, Air France's CEO, is clear-sighted and positive.

I would like to remind you that through negotiations on the APLD (Long Term Partial Duration Partial Dismissals), the unions have obtained the absence of economic layoffs for a period of two years.

> Air France accelerates its relocation to Central Europe and Asia

(source La Lettre A) January 20 - In great financial difficulty and in search of sources of savings across the board, **Air France's** management is going to make greater use of offshoring for certain support functions. The national airline and its Chief Executive Officer, Anne Rigail, **are preparing to launch the transfer of part of the workload from the "Economic Piloting" facility to the Shared Services Center (SSC) in Budapest, Hungary. At the same time, the activity already relocated in Central Europe will be outsourced to a subcontractor based in India.**

This two-pronged move will affect Air France's finance and accounting activities, which are currently being reorganized until 2022. This reorganization is being carried out under the authority of Steven Zaat of the

Netherlands, who has been Executive Vice President Economy and Finance since 2019. **The plan should lead to the elimination of 135 positions in France, including around 100 in Toulouse, where the commercial revenue SSC is located, and around 30 at Paris-Charles de Gaulle.** Some fifty management positions would then remain in France.

(...)

The Budapest SPC, which is shared with KLM, has been in place since the 2000s and until then had been dealing with low value-added tasks, particularly transactional ones. **With this transfer, Hungarian employees will be able to improve their skills by taking over functions previously performed by accounting technicians.** The average salary of Air France employees in Hungary is more than three times lower than that of their French counterparts.

As a **result, the most basic tasks carried out in Budapest will now be outsourced to India.** They could be entrusted to WNS, a company specializing in the provision of business process management services, with which Air France-KLM, Air France's parent company, already has a partnership. This partnership was initiated twenty years ago by KLM and has been strengthened since then.

(...)

My comment: *The voluntary departure plans at Air France and KLM are financed by the French and Dutch governments.*

Many voices are raised to regret that the funds are being used to transfer activities abroad. The (real) argument of lower wages in Hungary and India could apply to almost all airline jobs. Does this mean

that these jobs should be relocated?

> **Uitzondering sneltestplicht voor crew luchtvaartmaatschappijen (Exception for airline crews in the form of a quick test obligation)**

(source ANP, translated with Deepl) January 24 - **Airlines serving the Netherlands are allowed to apply an alternative rapid test protocol for crews.** Ministers Hugo de Jonge (Health) and Cora van Nieuwenhuizen (Infrastructure) agreed, based on a positive opinion from the UNWTO (World Tourism Organization). This means, among other things, that **KLM can continue to operate long-haul flights without running the risk of having to leave crew members abroad.**

(...)

The UNWTO opinion now stipulates that airline crews must be tested before departure and will also be subject to strict quarantine regulations during their stay abroad. For example, crew members must stay in their hotel room as much as possible during their stay abroad. Measures are also taken during transportation between the airport and the accommodation, in accordance with RIVM (Institute of Public Health) regulations. This is necessary to limit contact with the local population as much as possible. (...)

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The flight ban as of January 23 for the United Kingdom, South America and South Africa remains in force. Cargo flights are exempt from this ban.

Passengers wishing to fly to the Netherlands from high-risk areas will have to undergo antigen testing by the government, in addition to the current PCR test requirement. KLM notes that not all airports in the world are equipped to perform rapid tests. KLM says it will assist passengers where possible.

(...)

***My comment:** Last week, tension rose between KLM and the Dutch government. The Dutch government had imposed that crew members have to pass a screening test before returning to Amsterdam, like all passengers.*

KLM had then indicated that it would not take the risk of leaving its personnel confined abroad. This led the airline to announce the suspension of its international flights.

A compromise was finally reached, allowing KLM to continue to operate long-haul

international flights.

> **KLM** schrapt nog eens duizend banen (KLM will cut an additional 1,000 jobs)

(source DFT, translated with DeepL) January 21 - **KLM will cut an additional 1,000 jobs, in addition to the 5,000 jobs previously announced (...): 500 cabin jobs, 100 pilots and 400 ground employees. (...)**

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"The new measures are a good illustration of the restrictions and dynamics we have been facing worldwide since the emergence of the pandemic. Even though our crews are exempt from this obligation, this additional reduction in jobs is unfortunately very necessary. The effects of the latest measures will add to this," said CEO Pieter Elbers in a reaction.

(...)
The dismissals announced by KLM on Thursday are not unexpected, said Reinier Castelein, president of the De Unie union.

(...)
At KLM, 5,000 jobs have already disappeared as a result of the health crisis. Forced redundancies have so far been largely avoided thanks to a voluntary departure and redeployment program within the group.

(...)

> **Air France** selects Michelin as its exclusive supplier, and not just for its tires.

(source BFM TV) January 22 - Already partners since 2010, **Air France and Michelin announced this Friday the renewal of their relationship for ten years. The global tire giant will supply the national airline for all of its short-, medium- and long-haul aircraft, with the exception of the Boeing 787.**

This partnership bodes well for the Bibendum plant in Bourges (Saint-Doulchard), which specializes in aircraft tires and will supply Air France with new or retreaded tires until 2030.

(...)
During this decade, **Michelin and Air France will extend their partnership to the digital services and solutions developed by the Clermont-Ferrand-based group.** For example, its innovative recycling channels, its high-performance ecological resins, or its 3D metal or plastic printing capabilities. Michelin and its subsidiaries are now

exploring a wide range of diversification opportunities.

Air France sees this partnership as an opportunity to "accelerate the reduction of our environmental footprint, which is one of Air France's top priorities outside the Boeing 787," says Géry Mortreux, the airline's Executive Vice President, Engineering & Maintenance.

(...)

> **Divorce announced between Kenya Airways and Air France-KLM**

(source Le magazine du manager) January 19 - After more than 25 years of "marriage", Kenya Airways and Air France-KLM are in the process of divorce. **The only African airline to be a member of the SkyTeam alliance, Kenya Airways, announced that it will end its commercial partnership with Air France-KLM before the end of the year.**

The Kenyan airline said it will leave the joint venture with the Air France-KLM group in September 2021. This marks the end of the commercial partnership signed in 1995. Due to the Covid-19 pandemic that has disrupted the airline industry, **this partnership had already been temporarily suspended last spring. It will therefore come to a definitive end in a few months. However, the companies will continue to share codes.**

Kenya Airways will continue to serve Europe via its gateways in London, Paris and Amsterdam and Rome in 2021, although the full recovery of traffic is currently uncertain.

(...)

In addition to the uncertainty linked to the evolution of the Covid-19 pandemic and its impact on tourism, **this separation could also be linked to the increasingly concrete project of nationalization of Kenya Airways**, some observers note. According to official figures, Kenya Airways lost 50% of its revenues in the first half of 2020. Owned by the Kenyan State at 48.9%, **this airline could be nationalized in the coming months after a catastrophic year 2020. 37.8% of the company is now owned by a consortium of banks and 7.8% by Air France-KLM.**

My comment: Last September, the Managing Director of Kenya Airways indicated that his company needed 500 million dollars to overcome the crisis. Only the Kenyan state seems to be able to assume such a burden.

> **Lufthansa is still losing one million euros every two hours.**

(source Les Echos) January 21 - One million euros every two hours: that's what the Lufthansa Group continues to lose at the beginning of this year, according to its CEO Carsten Spohr. "This is already a significant improvement compared to the worst hours of the crisis," he pointed out, not without humour, during an interview organized this Thursday by Eurocontrol.

Asked about his vision for the coming months and years, **the head of Europe's leading air transport group said he was convinced that 2021 will be the year of recovery.** However, **the next few weeks will be rather gloomy, he said, as the hoped-for recovery will not begin to produce its effects "before the third quarter".**

(...)

Although the decline in activity is stronger than expected, it nevertheless corresponds to Carsten Spohr's decision to reduce wingspan in anticipation of a lasting drop in demand. "Lufthansa will come out of this crisis leaner and smaller [...] because I do not believe that traffic will quickly return to pre-crisis levels, particularly in Europe," he stressed, recalling the efforts made, such as the loss of 29,000 jobs (or more than 20% of the workforce).

Although the daily losses remain colossal, the cost reductions have already enabled Lufthansa to significantly reduce its cash consumption and cash requirements. **Of the approximately 9 billion euros in loans granted by the German government and banks, Lufthansa has so far used "only three billion,"** says Carsten Spohr. "I don't think we'll need all of that 9 billion," he said. "For the time being, we are among the companies that have had the least recourse to state aid," he welcomed, recalling that "the loans will have to be repaid. And **unlike Air France-KLM, Lufthansa does not want to see the German government take its turn to reduce its debt.**

However, **Carsten Spohr is counting on the European Commission to make things easier by extending the suspension of slot use rules at major airports.** This suspension allows Lufthansa and others to eliminate unprofitable flights without the risk of losing valuable slots. However, some airlines, such as Ryanair and Wizz Air, as well as the European airports association, would like to see an end to this suspension so that unused slots can be redistributed to them. But not Lufthansa, nor the other major hub airlines, such as Air France and KLM. "If we have to fly empty or sell 9 euro tickets to avoid losing our slots, we will do so," warns Carsten Spohr.

My comment: *The CEO of the Lufthansa Group is decidedly humorous when he says that "Lufthansa does not want to see the German state*

take its turn to reduce its debt".

He fails to recall the operation that took place in the spring of 2020. In great difficulty, the Lufthansa group was then recapitalized to the tune of 6 billion euros. On this occasion, the German State had obtained 20% of the capital of the Lufthansa company.

I have received many questions about the recapitalization process of an airline company. I will answer them in the next few days by offering you an analysis of the Lufthansa recapitalization.

> **Volotea: a mixed year in 2020 with an overall 57% decline in activity**

(source AAF) January 20 - The European low-cost airline **Volotea published Tuesday its results for the year 2020**. Despite a positive third quarter representing 83% of the activity for the same period last year, the balance sheet for the past 12 months remains rather gloomy **with only 3.8 million passengers carried compared to more than 7.6 million passengers in 2019. These figures show a decline in activity of 57.14% in 2020** due to the particular health context.

Despite a rather winning strategy in the second half of the year, during which the airline was able to very quickly redefine its network to promote domestic supply (86% of its network) in all the countries where it operates, Volotea will finally have operated only 30,600 flights in 2020, down 49% compared to 2019.

(...)

At Nantes airport, Volotea's main French base, which it has been operating since 2012, the airline carried 543,222 passengers. (...)

) At

Bordeaux airport, where the airline has been based since 2013, Volotea carried 212,184 passengers. (...)

(...) At

its Toulouse-Blagnac airport base, which it has been operating since 2016, Volotea carried 187,551 passengers. (...)

(...) At

Strasbourg airport, where the airline has been based since 2015, Volotea carried more than 323,500 passengers. (...)

(...) At

Marseille airport, where the airline has been based since 2018, Volotea carried more than 145,000 passengers.

(...)

At its future Lyon base, Volotea carried more than 53,700 passengers.

My comment: This beginning of the year marks a turning point for Volotea. The low-cost Spanish airline has just sold its last two B717s. It now operates an all-Airbus fleet (20 A319s).

According to information published in the Journal de l'Aviation, Volotea is considering the acquisition of A320s, with a slightly higher capacity than its A319s (180 seats vs. 156).

> Norway agrees to financially support Norwegian Air

(source Reuters) January 21 - **Norway will take part in the refinancing of the struggling airline Norwegian Air**, Industry Minister Iselin Nyboe announced Thursday in a statement, saying the government had no intention of becoming a shareholder in the group.

(...)

The fall in air traffic following the health crisis has forced the company to ground almost its entire fleet and to abandon transatlantic flights.

Norwegian Air has also filed for bankruptcy protection in Ireland and Norway.

(...)

The government will provide financial assistance through a hybrid loan, which will depend on the participation of private investors in a capital increase project, explained Minister Iselin Nyboe.

"**The plan seems stronger than the one we rejected last October and we are therefore inclined to contribute to it**," she said. "The government does not have the ambition to become a shareholder in Norwegian," she added.

If its refinancing plan is successful, Norwegian Air plans to reduce its fleet to 50 aircraft from the current 138 before expanding it to 70 aircraft in 2022.

(...)

My comment: The Norwegian government's support for Norwegian Air is on track, but not yet secured. The low-cost airline has yet to find private investors to complete its recovery plan.

> Covid-19: a loss of 14 billion dollars for African airlines

(source Afrik) January 23 - **Airlines in Africa have recorded a loss of \$14 billion** (7 544 billion FCFA) in **passenger revenues in 2020** as a result of the Covid-19 pandemic, according to a report by the International Civil Aviation Organization (ICAO). According to its statistics, these companies have recorded a drop of 78 million passengers and 58% of their overall capacity compared to 2019,

pushing four carriers to suspend operations and two others to go into receivership.

(...)

In its report, the ICAO notes that "with the border closures and travel restrictions put in place around the world, in April 2020, the **total number of passengers fell by 92% compared to 2019; 98% for international traffic and 87% for domestic transport**".

(...)

> **Boeing Promises Fuel-Free Aircraft by 2030**

(source AFP) Jan. 22 - Boeing pledged on Friday to deliver passenger aircraft capable of flying on oil-free fuel by 2030.

(...)

Boeing **has (...) conducted tests with aircraft that run 100 percent on "sustainable aviation fuel" (SAF)**, the group said in a statement. These fuels are produced from vegetable waste, recycled household waste or used cooking oil, for example.

According to the International Air Transport Association (IATA), SAF can reduce CO2 emissions by up to 80% compared to conventional kerosene over its entire life cycle.

Aircraft are currently authorized to fly with fuel containing up to 50% SAF. But to "meet the airline industry's commitment to reduce carbon emissions by 50% from 2005 levels by 2050, aircraft must be able to use 100% sustainable aviation fuels well before 2050," notes Boeing.

(...)

The manufacturer plans to work with engine manufacturers, suppliers and regulators on technical changes to enable aircraft to fly only with SAF. In parallel, it is continuing to work on engines that can be powered by electricity or hydrogen. (...)

***My comment:** It is technically possible to fly aircraft with engines that use sustainable aviation fuel (based on recycled products) or run on liquid hydrogen.*

One of the main challenges will be to produce these new fuels without emitting CO² and in sufficient quantities.

> **Panic on board French air transport, "until further notice".**

(source Le Journal de l'Aviation) January 19 - **Fear and the sacrosanct precautionary principle have again hit French air transport hard, or at least what remains of it.** The tightening of entry conditions for

travelers coming from outside the European Union, the quarantines now imposed in Guadeloupe and Martinique, the suspension of flights to Mayotte, the reduction of frequencies to French Guiana, all these measures supposed to slow down, if not stop, the arrival of certain variants of the coronavirus will necessarily impact even more on a sector that has not stopped fighting for its survival for ten long months. The prize goes without a doubt to the Quai d'Orsay and its judicious communiqué advising against "totally and strictly" all international travel "until further notice", an information which is not, of course, a prohibition, but which has certainly put a damper on all activity in the sector for at least a quarter.

Let's be clear: the generalization of PCR tests before returning to France and the seven-day isolation period once arrived are measures that make sense and are already practiced in many other countries. They could even have been put in place a little earlier, as French airports have appeared to be veritable sieves compared to other European platforms since March. What is really criticizable is always this lack of preparation, measures that fall without consultation with the actors concerned (airports, airlines, tourism actors), without harmonization with the measures of our European neighbors .

French air transport will therefore remain immersed in its uncertainties "until further notice", with a first half year that risks resembling in every way what it has just experienced over the last six months. It will **unquestionably remain sacrificed by the government for reasons that are no longer really legitimate**, but which remain simple to make clear to the greatest number of people in a deep and long-lasting crisis. How long will these new measures save on the evolution of the pandemic in France? A few days at most? They will certainly not make up for the time really lost with the fiasco of the "test, trace, isolate" strategy, nor for the delays of a vaccination plan that should have been much better prepared, and much earlier.

***My comment: I am** very surprised by the comments made by this journalist whom I appreciate and whose articles I publish regularly.*

How can one believe that the French government is sacrificing French air transport? It has already injected several billion euros into French airlines and has just announced through its Finance Minister on BFM TV: "We will continue to support Air France in the coming months. If Air France needs additional financial support, it will get it".

As for the French vaccination plan, I remind you that it was presented to Parliament on December 16 and 17 and that it did not raise any particular issues. It planned to vaccinate one million people by the end

of January, a goal that was reached on Monday, January 25. By way of comparison, we can also point out that France has been vaccinating more people in recent days than Germany.

In any case, the pace of vaccination will depend mainly on the availability of vaccines.

On Saturday, January 23, the newspaper Les Echos reported supply problems:

Concern and anger are rising in Europe following announcements of delivery delays by Pfizer and then AstraZeneca in supplying vaccines against Covid-19. The AstraZeneca/Oxford laboratory, subject to approval, which is expected January 29, is facing a "drop in yield" at one manufacturing site.

The available doses will be smaller than expected, although the European Commission had initially reserved up to 400 million doses of the vaccine. The announcement was greeted with "deep dissatisfaction" expressed on Twitter by European Health Commissioner Stella Kyriakides, who insists on "a precise delivery schedule.

End of the press review

> Advice for employee and former employee shareholders

In January, you will receive statements from Natixis and/or Société Générale. By default, these statements are sent by post.

You will find on my website

<http://navigaction.com/Vous/Vendre%20acheter.htm> how to access the managers' websites.

To avoid forgetting to change your contact details each time your postal address changes, **I advise you to enter a personal e-mail address**. It will be used for all correspondence with the management bodies.

Keep all the documents relating to your Air France-KLM shares in one place: all your correspondence received from the various managers, Natixis, Société Générale, your personal financial institution if you purchased your shares through it.

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

price

The **Air France-KLM share is at 4.547 euros** at the close of trading on Monday 25 January. It is down 9.60% over one week.

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 3.31 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 \$56. Since the announcement of a potential vaccine, the price has risen by \$16 (+41%).

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.

To find the latest press reviews of Monday, it is [here](#)

If you like this press review, please circulate it.

New readers will be able to receive it by [giving me](#) the email address of their choice.

| François Robardet

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

You can find me on my twitter account [@FrRobardet](#)

When I was elected, I received the support of the CFDT and the UNPNCCThis
press review deals with subjects related to Air France-KLM shareholding. If

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If you prefer to receive the press review at another address, please let me know.

To reach me : [message for François Robardet](#). 10814 people receive this press review live