

Greenpeace paints an Air France plane green



I Letter from the Director Air France-KLM

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Editorial

Dear readers,

In the course of my comments, reference will be made to reports that have just been published.

They are too long to be inserted in this letter, I invite you to find them on my blog [navigation.com](#), in the Sustainable Development section.

I hope you enjoy reading it.

François

Monday's Press Review

> Greenpeace activists paint a plane green at Roissy Airport in France to counter Air France's "greenwashing".

(source La Dépêche) March 5 - **Members of Greenpeace partially repainted an Air France plane** parked at Paris-Charles-de-Gaulle airport at Roissy in Paris in green on **Friday, accusing the government of "greenwashing" the environmental issues surrounding air traffic**, AFP reported.

The airline and the Paris airports manager, the ADP group, announced that they were filing a complaint. Nine activists of the NGO, dressed in yellow or white, climbed the fence of the airport tarmac around 9 am and deployed around a Boeing 777 plane of the Air France company, parked on the ground and without passengers on board.

(...)

The climate bill, which takes up some of the proposals of the Citizens' Climate Convention, **will be debated in the Assembly at the end of March** and in a special committee on Monday. In a press release, **Greenpeace asked the deputies to go further, so as not to "continue as before, without calling into question a development model based on an unlimited and climate-unsustainable growth of traffic"**. The NGO also asks that the State support the retraining of employees in the sector.

Air France files a complaint (...). ADP also indicated that it would "file a complaint" after this "irresponsible and potentially dangerous action" which "constitutes a crime". "Air safety is not called into question and air traffic continues normally," the manager said.

"The ecological transition of air transport, in which Air France is deeply committed with strong objectives and concrete achievements, deserves to be conducted in a spirit of dialogue and responsibility with all stakeholders," the airline stressed for its part. The Minister Delegate for Transport Jean-Baptiste Djebbari had previously mentioned "criminal proceedings" on Twitter in reaction to the Greenpeace operation.

***My comment:** The actions of Greenpeace members are reprehensible. The nine activists spent 48 hours in police custody. They will be tried by a criminal court in June.*

On the same day, Greenpeace published a dossier entitled "Climate: Greening airplanes won't be enough" (which you will find on my blog).

> This report (skeptical about the decarbonated aircraft) which pushes to reduce air traffic

(source La Tribune) March 3 - "Abolish air flights when a rail alternative exists in less than 4h30"; "allocate travel rights", a kind of quota of flight hours not to be exceeded; introduce a "progressive tax indexed to the frequency of travel and distance traveled" like income tax: here are a few examples of the radical measures to reduce the impact of French aviation on global warming by 2050 advocated by the **carbon transition think tank "Shift Project" and the "Supaéro Décarbo collective"**, a group of around one hundred students and alumni of ISAE-SUPAERO,

the higher institute for aeronautics and space that trains engineers in these sectors.

Contrary to industrialists in the sector and airlines, they **explain in a report that a reduction in air traffic is almost inevitable to enable aviation to meet the ambitions of the Paris Climate Agreement**, which aims to limit global warming to +2° in 2050 compared to the pre-industrial period.

In their view, technological innovations (hydrogen-powered aircraft, fleet renewal, alternative....**will not be enough to achieve this**. At best, they could enable a very slight increase in traffic, but not maintain growth estimated at 4% per year from 2024, when traffic will have returned to its 2019 level.

A discourse that calls into question the objectives of the players in the sector, whose roadmap aims to reduce CO2 emissions in the sector by 50% in 2050 compared to 2005, should make it possible to comply with the Paris Agreement without reducing traffic. Indeed, airlines have committed to stabilizing their emissions from 2020 through a global emissions compensation system (Corsia system) before reducing them through the reorganization of air traffic management, the renewal of aircraft fleets, the increased use of alternative fuels and the commissioning of new, less energy-intensive aircraft, such as the hydrogen-powered aircraft on which Airbus is working by 2035.

A project that arouses the skepticism of the report's authors. "We cannot say that the hydrogen airplane is going to solve the problem," said reporters of the file at a press conference.

(...)

A severe mistrust of a sector that has been capable of incredible technological prowess since its creation.

This can be explained by a different approach. To justify their emissions reduction trajectory, **the Shift Project and the Supaéro-Décarbo collective have defined a carbon budget for aviation between now and 2050 that should not be exceeded**. Calculated in proportion to the sector's CO2 emissions in 2018 (2.56% of total emissions worldwide), this budget amounts to 536 million tons of CO2 by 2050 worldwide and 21.6 million tons in France.

(...)

Assuming that air traffic returns to its pre-crisis level in 2024 and grows by 4% per year until 2050, (...) **the authors of the report (...) see only three possibilities for getting back on track**: betting on more

technical improvement, "a very risky gamble"; increasing the carbon budget of air transport by drawing on the budgets of other sectors (somewhat like today's emissions trading); or reducing traffic.

According to the authors of the report, to respect the carbon budget allocated to air transport despite the arrival of various technological innovations, **global traffic growth would have to be reduced to +2.52% per year from 2025 in the very optimistic scenario, and reduced by 0.8% per year in the most reasonable scenario.**

(...)

To lower the offer, the report recommends putting more seats in planes, with a cross on business and first classes, to put an end to the air offer as soon as a rail alternative exists in 4h30 (excluding flights to hubs), which amounts to eliminating almost all domestic point-to-point lines, but also to limit business aviation, and to rethink the "miles" system which pushes to over-consumption of travel.

(...)

The social cost will be major. If the scenario considered most likely were to be realized, world traffic would decrease by 19% in 2050 compared to 2019 and aircraft production by 55%! The report therefore recommends staff transfers. Notably in rail transport for part of the airline staff. In the aeronautics sector, the report proposes to "reallocate production capacity to produce the equipment necessary for the energy transition".

(...)

The air sector represents 4.3% of French GDP and 435,000 direct and indirect jobs. Much more if we take into account the professions linked to tourism. According to the Ministry of Economy, this sector represents more than 800,000 employees and about 2 million direct and indirect jobs. **Beyond the French case, it is clear that a drop in world traffic is likely to have a strong impact on the many developing countries whose economies are heavily dependent on tourism.**

***My comment:** The report (and its synthesis) mentioned above is on my blog. Like the Greenpeace dossier, mentioned in the previous article, its reading is instructive.*

The two studies have the same characteristics: their hypotheses seem realistic, but would need to be reviewed because they date from before the health crisis.

Moreover, the studies only deal with a part of air emissions, in this case CO² emissions, without dealing with other greenhouse gases, such as NO_x or condensation trails, which have equally important effects.

Therefore, they only address ways to reduce CO². And not all the means, but mainly those relating to technological developments, engines or fuels. Not much, for example, on trajectory modifications that could limit fuel consumption.

I would think it would be wise for the writers of these documents to approach (again) all the stakeholders in air transport, aircraft manufacturers, engine manufacturers, airports, fuel producers, elected representatives, Europe, scientists, researchers and even other NGOs. This would confirm or invalidate their conclusions.

> **The Air and Space Academy organizes a symposium on air and climate change**

(source Le Journal de l'Aviation) March 5 - **On March 11 and 12, the French Air and Space Academy is organizing a symposium to discuss the future and developments in the aviation industry in light of climate concerns**, which continue to grow.

Bringing together climatologists, experts from various industrial sectors (energy, aeronautics, transport), sociologists and economists, the AAE proposes to clarify the stakes and present the strategies of the various players.

Four sessions are scheduled on the following themes: climate issues, new energies and the contribution of technology, the evolution of air transport strategies and international interactions and future mobility on a global scale.

My comment: *At this conference, most of the stakeholders I mentioned in my comment on the previous article will be present.*

This is an ideal opportunity for contacts to be made so that the exchanges will continue beyond these two days. I will try to make my contribution.

> **The future generation of single-aisle aircraft is finally taking shape.**

(source Le Journal de l'Aviation) March 2 - It is difficult to separate the wheat from the chaff among the multitude of announcements from industrialists and political leaders concerning the real stakes of decarbonizing air transport. However, **two major pieces of information**

have just been revealed in the space of a week concerning the future generation of single-aisle aircraft, the segment that accounts for nearly three-quarters of the world market in terms of passengers carried.

The **first came from Airbus CEO Guillaume Faury during the presentation of the European aerospace group's annual results, announcing that aerostructures activities will remain at the heart of its industrial tool**, a strategic decision that is consistent with its plans for decarbonized aircraft that could be accompanied by new architectures, particularly for the unconventional integration of future engines. Almost at the same time, the European aircraft manufacturer signed a cooperation agreement with the Netherlands concerning thermoplastic composites, promising materials for lightening complex aerostructure elements and for highly automated production.

The **second was put forward by Oliver Andriès, Safran's new CEO, who** also took advantage of the presentation of his group's annual results to **reveal that Safran Aircraft Engines was already working with General Electric on a "breakthrough" engine for 2035, with significant gains compared to the LEAP engine, "by at least 20%"**, and taking advantage of "all the lessons learned on the Open Rotor demonstrators". However, Safran's CEO wanted to make it clear that the future engine will not necessarily be based on an unguarded fan. What is now certain is that Safran and its U.S. partner GE now have a vision that is really starting to take shape regarding the successor to CFM International's LEAP-1X, which will power the next generation of single-aisle airliners over the next decade, and in particular the engine that will replace Airbus' A320neo (...).

***My comment:** The European Investment Bank (EIB) has just made a €500 million loan available to the Safran group to finance "its research activities on innovative propulsion systems for the next generation of single-aisle commercial aircraft".*

The European Investment Bank is a long-standing partner of Safran. In 2009, it provided €300 million in financing for the development of the CFM LEAP engine.

> **HOP: Update following recent press releases**

(source: HOP Management) March 2 - For a few days now, **press articles** have been reporting about **an upcoming procedure against HOP!** concerning the payment of partial unemployment benefits for flight personnel.

The Management of HOP! applies scrupulously the legal provisions envisaged by the General Directorate of Civil Aviation, in programming as well as in realization. In particular, no payment of partial activity allowance is cumulated with the realization of overtime hours, which are counted as flight hours, according to the Civil Aviation Code.

The HOP! management has provided the Labor Administration with a transparent description of its practices, the regulatory texts used and their concrete application to flight schedules and crew pay. It is at the disposal of the Authorities for any further information.

> **Delta Airlines: on course for carbon neutrality**

(source: CercleFinance) March 5 - **Delta Airlines presents 'an ambitious plan for carbon neutrality'**, committing to long-term investments and actions for 'zero impact' aviation.

The airline will spend \$30 million to offset the release of 13 million tons of CO₂ into the atmosphere in 2020. **Delta Airlines also announced its commitment to sustainable aviation fuel (SAF), which reduces emissions by nearly 80%.**

Delta's medium-term goal is to replace 10% of its fuel with SAF by the end of 2030.

Finally, carbon neutrality also involves upgrading its equipment. Delta withdrew more than 200 aircraft from its fleet in 2020, replacing them with more efficient and less fuel-hungry aircraft, representing savings equivalent to the electricity consumption of 200,000 households for one year.

My comment: *The use of sustainable aviation fuel (SAF) appears to be the most effective solution for reducing aircraft CO₂ emissions.*

> **Lufthansa bets on demand take-off this summer**

(source Les Echos) March 4 - Of the three sumo wrestlers in the European sky, **Lufthansa is finally the one that did the least badly in 2020. With an operating loss of 5.45 billion euros and a net loss, including asset write-downs, of 6.72 billion euros, for revenues of 13.58 billion euros, down 63%**, the German group held up slightly better than Air France-KLM and its 7 billion **euros in** losses and much better than IAG, the parent company of British Airways and Iberia. Of the three giants, Lufthansa is also the one with the most detailed forecasts for 2021. While the group will not avoid further colossal losses in 2021, **its CEO, Carsten Spohr, expects a significant improvement**

this summer, with an offer that could rise to 70% of the 2019 level during the summer period.

(...) For the year 2020 as a whole, the group's offer had fallen to a third of the 2019 level and the number of passengers to 25% (36.4 million). However, even more than Air France-KLM, the **profits of the cargo branch (772 million euros) very partially offset the losses of the passenger network.**

Lufthansa had also been one of the first to massively reduce its fleet by retiring some 100 aircraft and postponing all deliveries. This reduction in supply was accompanied by the elimination of 28,000 positions out of a total of more than 130,000 employees and the definitive closure of its medium-haul subsidiary Germanwings .

These drastic cuts will continue in 2021. **Lufthansa will cut a further 10,000 jobs in Germany, bringing the group's workforce down to around 100,000 employees. The airline group also plans to continue to reduce its fleet,** with a target of 650 aircraft in 2023 (compared to 765 in 2019), taking out all aircraft over 25 years old, but also its 14 A380s, which are still grounded and will probably not fly under the Lufthansa colors, confirmed Carsten Spohr. In total, eight aircraft models and 10 percent of the long-haul fleet will not be returning to the air.

The priority remains the return to gross operating profit, preservation of cash flow, limited to 10.6 billion euros at the end of 2020, and the reduction of debt from 6.7 to 9.9 billion euros. *Lufthansa, which benefited from a €5.7 billion recapitalization in 2020, has already repaid €1 billion of the €2.3 billion in loans guaranteed by the German government, and it does not plan to ask for additional aid.* "Our net debt to the German taxpayer is now only 1.3 billion euros," Carsten Spohr pointed out.

According to Carsten Spohr, these additional cost reductions should make it possible to halt the consumption of cash, which remained at around €300 million per month in the fourth quarter, as **soon as the supply level has returned to 50% of the 2019 level, i.e. from this summer onwards.** However, the group will not return to its pre-crisis level "before the middle of the decade," he stresses. And no date has been put forward for a return to profit, although 2022 seems to be the horizon.

My comment: *The three main European groups have published their 2020 results. The declines in revenues, operating income and net income are impressive.*

On each of these indicators, the Air France-KLM Group is doing better than the Lufthansa Group and much better than the IAG Group.

You can find the details of the results on my blog navigaction.com

The figures quoted in this article should be viewed with caution. The results are indeed those of the Lufthansa Group (which mainly includes Lufthansa, Swiss, Brussels Airlines and Austrian).

On the other hand, the level of recapitalization (5.7 billion euros) is that of Lufthansa.

For the Lufthansa group, it is worth adding :

. for Lufthansa, 300 million euros from the German government, 3 billion euros in loans from banks

. for Swiss, Brussels Airlines and Austrian respectively 1.4 billion euros, 290 million euros and 450 million euros in state loans.

Finally, the Lufthansa Group received 2.2 billion euros from bond issues.

In total, the Lufthansa Group's safeguard plan amounts to 13.340 billion euros.

> Flightglobal Gallego believes that the agreement with Air Europa is more likely to be concluded by the end of 2021.

(source Flightglobal translated with Deepl) February 26 - **IAG CEO Luis Gallego expects IAG's planned acquisition of Spanish carrier Air Europe to be completed by the end of the year**, after having set a target for the second half of the year.

The parent company Iberia and Vueling had initially reached an agreement in 2019 to acquire Air Europa before the coronavirus crisis hit. A revised agreement, under which the purchase **price was halved to 500 million euros**, was reached in January.

But completion remains conditional on "satisfactory negotiations" between Iberia and the Spanish public holding company SEPI on the non-financial terms of a six-year, state-guaranteed 475 million euro loan that Air Europa obtained in November to get through the crisis. The **Spanish media previously reported that the loan was conditional on SEPI being represented on Air Europa's board of directors.**

Presenting IAG's annual results today, **Gallego said, "Air Europa had the support of the government and that support was accompanied by poor conditions.**

We must first negotiate with the Spanish government these poor conditions because we must have the freedom to manage the company. After this agreement, which we hope to be able to conclude, we will need the approval of the competition.

"This whole process is planned for the second half of the year, I think it will be closer to the end of the year than to the beginning of the second half".

Gallego emphasizes the role Air Europa can play in maintaining its connectivity with Latin America, which has been affected by the fact that former IAG partner LATAM left the Oneworld alliance last year after entering into a new strategic agreement with SkyTeam member Delta Airlines .

My comment: *On current bases, for Iberia, the cost of acquiring Air Europa would be close to the initial price (1 billion euros).*

To the acquisition price ('500 million) should be added the repayment of the state loan ('475 million).

End of the press review

> Advice for employee and former employee shareholders

The annual statements issued by Natixis and/or Société Générale must have reached you by e-mail or sent by post.

You will find on my [navigation](#) website the terms of access to the managers' websites.

To avoid forgetting to change your contact details each time you change your postal address, **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** closed at **5.322 euros** on Monday 8 March. It is down -5.37% over one week, after having risen 12.39% the previous week.

Since the end of November 2020, the share price has remained around 5 euros.

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 do not take into account the opinions of analysts prior to the beginning of the health crisis.

The barrel of Brent oil (North Sea) **is up \$4 to \$69.** In constant progression since the end of October 2020, it has returned to its pre-pandemic level.

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](#)

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| 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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