I Letter from the Director of Air France-KLM

François Robardet

Representative of the employees and former employees shareholders PS and PNC

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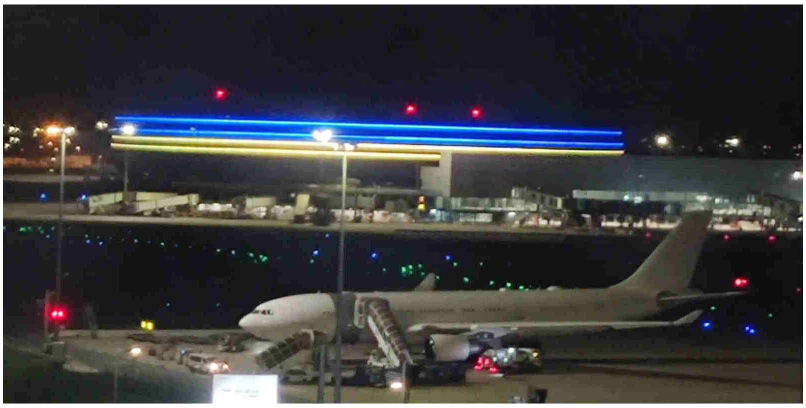


The Terminal 1 of CDG with the colors of Ukraine

Monday's Press Review

> Air France is optimistic about its 2022 summer season

(source Air & Cosmos) March 25 - Despite rising fuel costs, the war in Ukraine and the ongoing pandemic, the airline remains optimistic for summer 2022. Air France will increase its long-haul routes to North America, Africa, the Caribbean and the Indian Ocean

.

Air France has noted strong demand for travel in the summer of 2022, notably to North America, Africa, the Caribbean and the Indian Ocean. **Bookings for North America are higher than in 2019**, making it a preferred destination for the airline. Indeed, since the reopening of the United States in November 2021 to vaccinated travelers, demand has continued to increase. **The company remains optimistic for**

the coming months in 2022. On the other hand, some destinations are much less popular, notably Asia. The war in Ukraine has led to an increase in fuel consumption, due to the avoidance of Russian airspace. Flights between France and North Asia have to take another route with increased travel times, up to 4 hours on average
.
The increase in the price of oil per barrel is inexorably affecting the Air France group and its sister company KLM Royal Dutch Airlines. This fuel represents up to 30% of the overall costs of the Franco-Dutch airline, hence the price increase for passengers. In practice, **this increase represents an additional cost of 40 euros for a flight to the Caribbean** where the price of the ticket was initially proposed at "619 euros round trip". On the other hand, this increase does not concern medium-haul flights, as Air France assures that it has sufficient cover not to charge its customers a higher ticket price. The hedging policy allows the purchase of fuel upstream at a fixed price, which does not change. In concrete terms, **for the first quarter of 2022, the company has purchased 72% of the necessary fuel consumption**, and for the second quarter, 63% coverage.

My comment: *For the time being, the war in Ukraine has a limited impact on airline activity.*

The trend of returning travelers, observed at the end of 2021, continues.

> Environmental organizations: 150,000 new houses too close to Schiphol Airport

(source Luchtvaartnieuws translated with Deepl) March 26 - At least **150,000 housing units will be built in the Schiphol area over the next few years**, but according to environmental organizations, they will be located in **places where aircraft noise is too much for a healthy life**.
According to research by the **North and South Holland nature and environment federations**, 115 new housing sites are affected. They are based on the World Health Organization (WHO) guidelines for noise pollution. (...) The building plans within 20 to 40 kilometers of the airport are within the critical threshold of excessive health risks.
"The health of some 300,000 future residents in the vicinity of Schiphol is at stake. Not to mention the 1.5 to 2 million people who already live in the area," the organizations say. They **believe that aircraft noise should be reduced by reducing activity at Schiphol**.

My comment: *If the program to build new housing around Schiphol goes ahead, new environmental constraints could be imposed on the airlines, primarily on KLM.*

> Delta Air Lines: SAF supply agreement with Gevo

(CircleFinance source) March 22 - **Delta Air Lines announced that it has signed an agreement with Gevo, a manufacturer of sustainable aviation fuel (SAF),**

advancing its goal of fueling 10% of its operations with SAF by the end of 2030. Through the agreement, **Delta is expected to receive approximately 75 million gallons of SAF annually for seven years**, beginning in mid-2026.
FAS reduces greenhouse gas emissions by up to 80 percent compared to fossil fuels
.
In 2021, Delta purchased more than 300,000 gallons of FAS, working with its business partners to help develop the underdeveloped FAS market.

My comment: *More and more airlines are preempting sustainable aviation fuel (SAF), anticipating the difficulties of producing this biofuel in sufficient quantities.*

> After the departure of its CEO, Ethiopian Airlines appoints Mesfin Tasew

(source L'Echo touristique) March 25 - **Ethiopian Airlines has appointed Mesfin Tasew as its new CEO to replace Tewolde Gebremariam, who is leaving the company for health reasons**.
Tewolde Gebremariam
's request for early retirement has been accepted, after 11 years of loyal service, the board of directors announced. **A new CEO has been appointed to replace him,** Mesfin Tasew, said Girma Wake, at a press conference in Addis Ababa. **A former chief operating officer of Ethiopian Airlines, Mesfin Tasew is the current CEO of ASKY, a pan-African airline based in Lomé, of which the Ethiopian company is the strategic partner.**

Ethiopian Airlines, a 100% state-owned company that prides itself on being the only profit-making airline on the African continent, has recorded a turnover of $3.51 billion for the fiscal year 2020-2021.
In an airline industry stricken by the Covid-19 pandemic, the company is one of the few in the world to have managed to stay afloat without a public bailout and without laying off permanent staff, turning massively to cargo when passenger traffic dropped sharply, notably by converting some of its passenger aircraft into cargo planes.
(...)

My comment: *Ethiopian Airlines has progressed a lot in the last ten years.*

It owes it on the one hand to the unfailing support of the Ethiopian State, helped by China, and on the other hand to the presence at its head of CEOs specialized in the airline business.

> Airbus flies an A380 with an engine powered by 100% SAF

(source: Journal de l'Aviation) March 28 - **Airbus** continues to demonstrate the use of sustainable aviation fuel (SAF). The aircraft manufacturer **flew an A380 with an engine powered 100% by SAF.**
The aircraft used for this test was the MSN1, powered by the Rolls-Royce Trent 900.

The flight, conducted on March 25, lasted three hours.
It required the use of 27 metric tons of sustainable fuel, produced by TotalEnergies from hydrotreated fatty acids and esters (HEFA), made mainly from used cooking oil
.
A second flight is scheduled between Toulouse and Nice on March 29 to test the use of SAF during takeoff and landing.
Similar tests have already been conducted in recent months on an A350 and then an A319neo.

My comment: *Airbus is using its first A380s to carry out tests in various fields.*

Prior to this, Airbus announced that it would install a fifth engine on its first A380 that would be powered by liquid hydrogen. The first tests are planned by 2025 to demonstrate the feasibility of a hydrogen propulsion system in flight.

> Tarbes-Lourdes-Paris public service contract: Chalair and Volotea clash

(source TourMag) March 27 - (...) **In February, the Spanish company Volotea had won**, to everyone's surprise, the **call for tender** launched by the Pyrénia mixed syndicate, **for the exclusive operation of the air route between Tarbes-Lourdes airport and Paris-Orly.**

A link subject to the DSP aids, namely a tripartite agreement between the carrier, the airport management union and the State, which pays compensation in return for the operation of the line and therefore the opening up of the territory and the development of its economy.
This compensation involves considerable sums of money. **For 4 years, Volotea was to receive 4.5 million euros per year from the** French government **to operate the route**.
The decision had provoked the anger of the French company **Chalair**, whose bid had been ranked second. The company, headed by Alain Battisti (who also heads the French National Federation of Merchant Aviation, FNAM), **responded by filing a pre-contractual summary procedure to contest the decision before the administrative court**. A
new twist: in an order dated March 21, 2022, **the interim relief judge of the Pau administrative court finally overturned the first decision**, finding in favor of Chalair.
"The application of the selected delegatee was not in compliance with the consultation rules. The procedure is therefore cancelled from the stage of examination of the applications," the Pau administrative court said in a statement
.
The reason is simple: the bid submitted by Volotea should not have been examined because the company has been convicted by the French justice system for acts of concealed work "for lack of declarations to social welfare

agencies in France for some of its pilots. This will take place in September 2021 before the Bordeaux criminal court. The fine of 200,000 euros has not yet been paid in full.
Contacted, **Chalair refuses for the moment to comment on** the decision of the administrative court. Alain Battisti, head of the company, says he is now "waiting for the legal reaction of the elected officials regarding the current DSP process".
For its part, **Volotea says it has appealed the decision**. "No other route is concerned," says the management of the Spanish company.
The operation of the route between Tarbes-Lourdes and Paris-Orly by Volotea was to begin on June 1, 2022.

My comment: *Small precision: the FNAM has changed its name, it is now called National Federation of Aviation **and its Trades**.*

According to the online newspaper pyreneesinfos, "The mixed syndicate Pyrénia, which manages the airport of Tarbes Lourdes Pyrenees, will have to relaunch a procedure for the award of the agreement of DSP at the stage of the examination of the candidatures. No doubt without the company Volotea. Unless a new twist intervenes between now and then! "

Volotea could abandon its appeal against its conviction and pay the entire fine. In which case, its application could be accepted.

Volotea is not the first airline to be convicted of concealed work in France. Before it, Ryanair in particular had been convicted in Marseille in 2014.

> Montpellier: the airport aims for 1.7 million passengers in 2022

(source Midi Libre) March 24 - **The skies are gradually clearing at Montpellier Méditerranée airport**. After having "limited the damage in 2020", according to Emmanuel Brehmer, chairman of the airport company's board of directors, the return to normal is confirmed. "**We expect, for 2022**, unless another disaster in the world, **a passenger traffic of 1.7 million, which would represent 88% of the traffic of 2019.**

And if, as the chairman of the board adds, the airport "starts again with a strong ambition this year", it is because he has reasons to believe. "We are coming out of a rather formidable year in 2021, considering what we have experienced, with passenger traffic of around 1.1 million. But above all, the accounts showed a positive balance, of "nearly 1 million euros".
In a few days, surfing on the progressive recovery of traffic, Emmanuel Brehmer will announce a new development plan. Ambitious. "**We are going to invest between 50 and 60 M€ between now and 2026, with the ambition of reaching 2.5 million passengers**", he says. By then, a second base could be created, at the initiative of an airline.

(...)
"**The international successes of last summer are back**, offering a choice of 16 countries, in addition to France," says the airport. Some regrets, however, such as the absence of Madrid. "Things are being done little by little".
(...)
Transavia, which was to base its second plane on the Montpellier tarmac this year, has decided to postpone its arrival until 2023. "The strength of Transavia is that it brings additional traffic, with an immediate potential of 300 to 400,000 passengers.

My comment: *Montpellier airport, like most regional airports, will be faced with a dilemma: how to increase passenger traffic while participating in the fight against global warming?*

Airport managers have a number of means at their disposal for this purpose, such as installing solar panels on the roofs of buildings or electrifying runway equipment.

But if technological progress is insufficient to increase traffic in the next few years to the extent expected, airport managers may be forced to limit the number of aircraft movements while giving preference to the least polluting companies.

In order to avoid this situation, the UAF (Union of French Airports), through its president Thomas Juin, indicated last January in the magazine Aéroport Le Mag N°87: "Our second priority is to work towards the rapid development of a SAF production sector in France and Europe. UAF is working on this issue with the main players in the air transport industry and with energy companies.

One of the keys to success in the fight against global warming will lie in the ability of all of us, decision-makers and users, politicians and citizens, to anticipate. I invite you to read the two bonus articles published by Jean-François Simonin on his blog BH22.

Bonus Articles

> Anticipate why?

(source jeanfrancoissimonin) March 24 - **Until recently, it was useless to try to make forecasts on a very long time horizon, for** example 2050, or 2100, or even 2500. It must be said that nothing required it. If a human being living in the 15th century had wished to represent the world of the year 2000, it would have been by pure desire to amuse himself, because nothing in his time made this type of exercise necessary. **The world was unlimited, in time and in space, it was a matter of course**. The nature of human activities had no relation to the future of this world. Man was accountable for his actions to God or to society, but not to the world itself. The laws of nature were indeed written in mathematical language, but this did not

imply any human responsibility for the state of the world.
This principle of total availability of the future to man is fading away; **this principle is becoming counterproductive in today's world**, at the beginning of the 21st century. **Our current strategic choices and all their implications, voluntary and involuntary, are already having a profound effect on the medium and long term future**, through radioactive waste, the creation of new materials and chimeras, the destruction of endemic species, climate change and pollution of various kinds. It is becoming clear that short-term thinking, which has become the common temporal paradigm for the whole of Western civilization, does not augur well for the XXIInd century, especially in view of the lessons of globalization and the Anthropocene. **The demands of anticipation that result from this are gigantic, almost unimaginable. Anticipation is becoming, for the first time in history, a necessity of primary importance**.

> What is the Anthropocene?

(source jeanfrancoissimonin) September 2017 - The Anthropocene is the concept through which we become aware that the policies and strategies deployed by the main actors of globalization are leading to the collapse of Western civilization and, consequently, of the entire planet. **The entry into the Anthropocene era means that we have crossed the threshold from which the future of the biosphere no longer depends on us, the human species, which has become overpowered,** but unfortunately incapable of controlling this overpowering power. Humanity, its demography, its industry and its expanding technologies have become the most determining factors of the balance of life. From the Anthropocene onwards, there is no longer any natural nature. There is only one nature, human
.
The Anthropocene is the marker from which it becomes officially culpable to prolong the techno-scientific and economic logics in force in the globalized economy of the 21st century. The whole series Keys to the 22nd Century, of which I present several excerpts on the BH22 site, represents an effort to envisage a new infrastructure of civilization, capable of supporting a long-term projection - in this case, to the horizon of the next century.

***My comment:** These two articles are taken from Jean-François Simonin's blog BH22 - Philosophical and prospective reflections on long-term issues.*

He reports that on August 29, 2016, the scientific community agreed that humanity had entered a new geological era, the Anthropocene era.

End of the press review

> Advice for employees and former employees who are

shareholders

You will find on my navigaction site the modalities of access to the managers' sites.

To avoid forgetting to change your contact information 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 organizations.

Keep all the documents related to your Air France-KLM shares in one place: all the letters you receive from the different managers, Natixis, Société Générale, your personal financial institution if you bought your shares through it.

> My comments on the Air France-KLM share price trend

Air France-KLM shares closed at **4.043 euros** on Monday 28 March. **It is up this week by +2.74%.**

After falling to €3.295 in early March, it has rebounded +22% in three weeks.

Before the coronavirus epidemic, Air France-KLM shares were at €9.93.

Evolution of the Air France-KLM share price over five years. The sharp drop corresponds to the beginning of the Covid-19 epidemic.

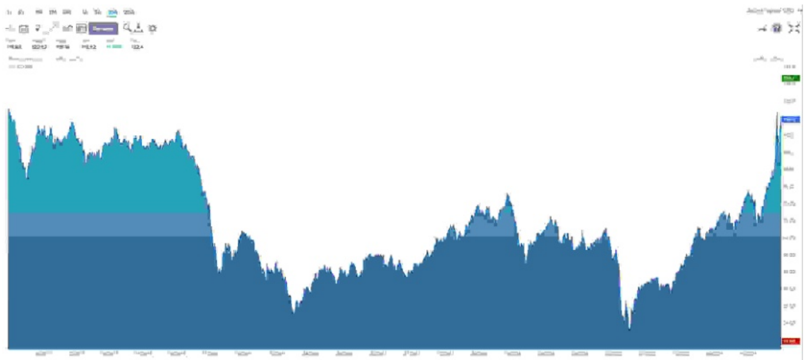
The analysts' average (consensus) for AF-KLM shares is 3.31 euros. The highest price target is 5.50 euros, the lowest 1.30 euros.
You can find the details of the analyst consensus on my blog. I do not take into account the opinions of analysts prior to the beginning of the health crisis.

Brent crude oil (North Sea) is **up this week by +$4 to $120**.

The crisis in Ukraine is behind the rise in oil prices, which is also affecting copper and gold.

At the beginning of the month, Brent crude reached $132, close to its record of $150 reached in 2008.

At the end of October 2020, it was at a low of $37.



Evolution of oil prices over ten years. The sharp drop corresponds to the beginning of the Covid-19 epidemic.

This information does not constitute an invitation to sell or a solicitation to buy Air France-KLM shares.

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

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

See you soon.

To find the last press reviews of Monday, it is here

If you like this press review, please pass it on.

New readers will be able to receive it by giving me the email address of their choice.

| François Robardet

Director of Air France-KLM representing the employees and former employees shareholders of 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 UNPNC

This press review deals with subjects related to the Air France-KLM shareholding.

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To contact me: message for François Robardet.

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