

AF-KLM benefits more from the rebound than its rivals Lufthansa and IAG



## I Letter from the Director of Air France-KLM

### François Robardet

Representative of the employees and former employees shareholders PS and PNC

N°872, August 8, 2022

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## Monday's Press Review

### > Air France-KLM benefits more from the rebound than its rivals Lufthansa and IAG

(source Les Echos) August 4 - **For Lufthansa, as for IAG and Air France-KLM, the health crisis is not yet over.** The summer of 2022 is nevertheless the transition to a new phase of recovery, pending a return to normalcy, which could occur as early as next year according to the CEO of the Lufthansa group, Carsten Spohr.

Thursday's publication of the German airline's half-year results completes the picture of a European air transport industry in a rapid recovery phase, but which nevertheless continues to suffer the consequences of the coronavirus pandemic.

"After a first phase of stopping flights and fighting for survival, we have entered a second phase of the crisis, marked by a stronger-than-expected rebound in demand and unprecedented operational difficulties," explained Carsten Spohr. The next phase, which we hope to see next year, will be the return to normal.

**And for the time being, it is Air France-KLM that is benefiting from the recovery, with financial and especially operational results that are higher than those of its main competitors, Lufthansa Group and IAG (British Airways-Iberia).** Lufthansa Group also returned to profit in the second quarter, with a net result of 259 million euros, and regained its title of number one in the European air transport sector, with half-yearly revenues of 8.46 billion euros and 29.2 million passengers. But **Air France-KLM remains, at this stage, the most profitable of the major European air transport groups**, with a net profit of 324 million euros in the second quarter for a turnover of 6.7 billion euros, **and above all, the most productive.**

At the end of July, Air France was operating an average of 1,100 flights a day with a fleet of 220 aircraft (including Hop), compared with 1,019 for Lufthansa, with 388 aircraft. And while Lufthansa's offer has risen to 80% of the 2019 level, Air France-KLM is already at 85% and aims for 90% by the end of the year.

Even more surprising: **Lufthansa even has to revise down its supply forecast for the third quarter, staying at 80% of the 2019 level this summer, instead of the 85% initially forecast.** And this, even though the rebound in traffic is proving to be better than expected, according to its CEO, with fares soaring.

**The cause: the lack of staff in Germany, within the company and in the major airports**, but also a strike of staff, which has already forced Lufthansa to cancel almost all its flights in Germany on July 27, leaving some 130,000 passengers on the ground. Two problems that Air France has been relatively spared until now.

**And the worst may be yet to come if Lufthansa's management does not manage to defuse a threat of a strike by its pilots**, voted almost unanimously last Sunday. The company's management seems optimistic about the chances of reaching an agreement with its ground staff and pilots.

**The pilots' main demand - a 5.5 percent general wage increase - already seems to have been met. But the union is also demanding a single pay scale for the group's various companies (i.e. Lufthansa and Eurowings in Germany), which management refuses.** "We will not give up our multi-hub and multi-brand strategy," Carsten Spohr reaffirmed.

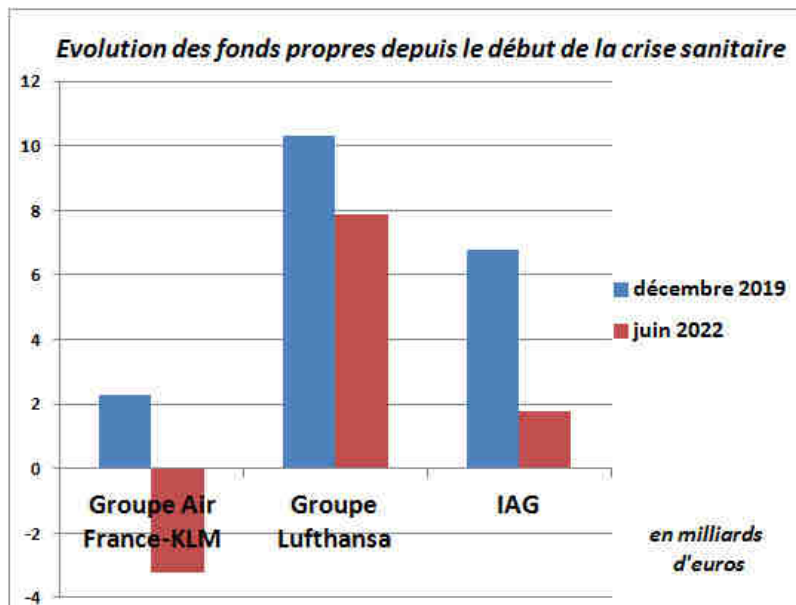
***My comment:*** This positive result for the Lufthansa group (the first in two years) is due to strong demand for air freight

*In the first half of the year, the group's airlines (Lufthansa, Austrian, Swiss, Eurowings and Brussels Airlines) remain in the red, due to disruptions at airports and staff shortages.*

*The three main European airline groups (Air France-KLM, Lufthansa and IAG) have just announced positive quarterly results.*

*They will have to continue with good results in order to strengthen their equity, which has deteriorated during the health crisis.*

*The table below, based on the groups' publications, shows the situation of the three competitors.*



### > How Air France was able to maintain labor peace this summer

(source: Les Echos) August 4 - That Air France-KLM manages to produce, quarter after quarter, better financial results than Lufthansa and IAG is already unusual. But **to see Lufthansa and British Airways plunged into chaos by strikes in the middle of the summer, while Air France is a model of social peace, is even more surprising.**

Of all the major European airlines, **Air France is the only one not to have experienced a work stoppage in its ranks in recent weeks**, with the exception of three days of strike action at its low-cost subsidiary Transavia, which were not carried out by Air France staff. Even Ryanair has not escaped. This stability largely explains the group's good performance and is the **result of a number of factors.**

**The first is probably the feeling of responsibility of Air France employees**, after having benefited from state support unparalleled in Europe. Some of this aid - around 40% - and other deferred charges still have to be repaid, which means that it is imperative to succeed in the summer season, which traditionally generates the bulk of profits.

But **this mobilization is also due to certain risky choices made by General Manager Ben Smith.** Starting with maintaining a higher level of activity than competitors during the crisis, but also having limited staff cuts as much as possible and having preserved key skills and aircraft purchases - with the help of the taxpayer.

**Air France bet earlier than others on the recovery, by not hesitating to hire again at the beginning of the year, when the prospects for recovery still seemed unclear.** This enabled it to cope with the rebound in demand and to avoid the pitfall of a shortage, even if the company is far from having returned to optimal operation.

**In addition to this proactive approach, we have paid special attention to a particularly strategic category of employees: the Air France pilots, without whose support any strategy is doomed to failure.** Over the past two years, without waiting for the epidemic to end, Air France has recruited nearly 700 pilots, including 400 in 2022. This has not only fueled Transavia's growth, but has also allowed older pilots to see their careers and salaries progress.

In **addition**

to this virtuous dynamic, **Air France's long-haul pilots have a nice cherry on top: the application, as of this year, of Article 81A of the French General Tax Code, which will enable them to make substantial savings.** This was a long-standing demand of the pilots' unions, which finally found favor with Bercy, under the combined action of Air France management and the SNPL AF-TO.

Thanks to this system, originally designed for sailors, **pilots who have spent at least 20 days abroad can now reduce their taxable income by up to 28.6%. This is a good alternative to the deduction of actual expenses and can, depending on the case, be equivalent to a good month's extra salary.**

This may partly explain why Air France pilots are less sensitive to inflation and loss of purchasing power. But only in part, because **this tax deduction only benefits long-haul pilots and not those in the short and medium-haul sector. The SNPL AF-TO does not intend to settle for this and is already calling for the early opening of wage negotiations in the autumn, with the stated aim of obtaining a general pay rise for Air France and Transavia pilots in line with inflation.**

They are not the only ones, as demonstrated by the well-attended strike of Transavia France cabin crew in July. And **other categories of staff could also join in after the summer mobilization.**

***My comment:** That the French State should grant a substantial (and permanent) tax reduction to some of the pilots, the highest paid private sector employees in France (behind the heads of large companies and the senior executives of large companies), and that it should demand to freeze the salaries of the lowest paid staff of Air France would leave me speechless.*

*The proposal by Air France management to open discussions on inflation with the representative unions in early September gives hope that temporary measures will be announced before the salary negotiations, scheduled for the second quarter of 2023.*

## **> KLM to limit ticket sales from Amsterdam in September and October**

(source Agefi) Aug. 2 - Dutch airline **KLM said Tuesday it would limit ticket sales from Amsterdam's Schiphol airport because of passenger traffic restrictions in September and October.**

The Air France-KLM-owned airline said it had no plans to cancel any flights. Tickets for flights from Amsterdam will be limited, however, and the number of available seats will therefore be lower than usual in the Dutch market, KLM said.

**"These measures are necessary to keep the situation at Schiphol manageable for customers,"** the airline said in an e-mailed statement.

Schiphol Airport announced Tuesday that it would limit daily departures to 67,500 people in September and 69,500 in October due to staffing shortages.

**My comment:** *The situation at Schiphol is not unique.*

*British Airways has temporarily suspended ticket sales on its European and North African routes from London-Heathrow.*

*The leading British airport had imposed a limit of 100,000 passengers per day on airlines in mid-July due to a lack of staff to manage the crowds.*

*Air transport specialists believe that this limitation could go beyond the end of the measure, initially planned for mid-September.*

*Since the spring, British Airways has cancelled 13 per cent of its summer schedule, or more than 25,000 flights in total.*

*These restrictions on supply throughout Europe have been one of the reasons for the rise in the price of air tickets, as demand has been rising sharply in recent months.*

## > **Air France-KLM to take control of CMA CGM Air Cargo**

(source Air Journal) August 2 - **The Air France-KLM group would like to take control of the cargo airline CMA CGM Air Cargo**, whose parent company has just invested in the group.

**According to The Loadstar**, the planned tie-up between the Franco-Dutch group and the logistics giant's new airline has taken a new turn with the departure of Mark Sutch, a Cathay Pacific veteran appointed to head CMA CGM Air Cargo's commercial team. He reportedly understood that he would lose his position once the joint venture was completed: "He was employed on the understanding that CMA was building a stand-alone all-cargo airline, but **in the new joint venture, AF-KLM will assume the commercial leadership, at least for the first two years,**" said one source.

Another observer explained to the specialized site: "This looks like a step back in CMA CGM's strategy. It was naive to think that it could simply start without proper guidance and planning. This puts AF-KLM in the driver's seat - and that means more

of the same old-fashioned thinking that leaves DHL and Maersk as winners in the end. **The logistics giant contacted The Loadstar after publication, saying the exclusive partnership will see the two parties "combine their complementary cargo networks, full cargo capacity and dedicated services to build an even more competitive offering. Both carriers will remain independent: AOCs and staff will remain under the current partners' entity agreement."**

The **exclusive ten-year partnership signed last May**, which is subject to approval by the relevant regulators and consultation with employee representatives for operational implementation by January 2023, will **enable the two groups to pool their cargo networks, all-cargo aircraft capacities and dedicated services**, "in order to build an even more competitive offer thanks to the unrivalled know-how and global presence of Air France-KLM and CMA CGM" via a joint fleet.

CMA CGM Air Cargo already has six dedicated aircraft, four Airbus A330-200Fs purchased from Qatar Airways and operated by Air Belgium and two Boeing 777Fs leased from Qatar Airways, and has ordered eight more (including two 777Fs, four Airbus A350Fs and one A330P2F). The Franco-Dutch group has six all-cargo aircraft based at Paris-CDG (two 777Fs) and Amsterdam-Schiphol (four 747-400 BCFs and ERFs operated by Martinair), while waiting for the four A350Fs ordered by Air France with purchase rights for four others.

(...)

**My comment:** No, Air France-KLM will not take control of CMA CGM Air Cargo.

*As Ben Smith said when the deal was announced, "This will not be a merger of companies, but a commercial partnership, which will take the form of a virtual joint venture, similar to the one already established with Delta and Virgin Atlantic, as well as with China Eastern in China.*

*Neither Delta Air Lines, Virgin Atlantic nor China Eastern have taken control of Air France-KLM as a result of the virtual joint ventures.*

## > **Lufthansa: wage agreement with ground staff, discussions with pilots**

(source Air Journal) August 6 - Lufthansa management and the Verdi union announced Thursday evening that they had reached an agreement on ground staff wages.

**About 20,000 Lufthansa ground staff will see their salaries increase by at least 325 euros per month, then by an additional 2.5% in different stages**, the union representing ground staff announced yesterday. In the end, the salary increases will be between 377 and 498 euros over a period of 18 months. On July 26 and 27, the ground staff of the German airline went on strike, causing the cancellation of over 1,000 flights.

**Discussions are still ongoing with the Vereinigung Cockpit union representing Lufthansa pilots.** The latter are also demanding a 5.5% pay rise and are considering going on strike if no agreement is reached.

(...)

**My comment:** Like KLM last month, Lufthansa has granted salary increases to its ground staff.

*It should be noted that these two companies have fully reimbursed the state aid received since the beginning of the pandemic, which is still not the case for Air France.*

### > **The sale of ITA, Mario Draghi's latest project**

(source Le Figaro) August 8 - The sale of ITA Airways, the airline born out of the ashes of Alitalia, is at the top of **Mario Draghi's** pile. **The resigning Italian prime minister must settle this matter before handing over.** The candidates for the takeover of the state-controlled company: the German Lufthansa allied with the MSC group on the one hand, and Air France-KLM in a consortium with the American Delta and the Certares fund on the other, are beginning to lose patience.

On Thursday evening, **Mario Draghi was reassuring: "I do not intend to leave this issue to the next government, we must do our duty until the end,"** commented the Prime Minister in front of the press in Rome. "The choice of the winner of this tender will have to be made within the deadline that the Ministry of Economy will give, which seems to me to be very short, ten days." **The Italian Minister of the Economy Daniele Franco has nevertheless asked the candidates to improve their proposals, which are considered insufficient, by then.**

Lufthansa executives are no longer hesitating to express their annoyance: "We have sent a letter to Mr. Draghi to say that in our opinion, we need to move quickly and that our patience is not unlimited," said Carsten Spohr, the CEO of Lufthansa. "ITA needs a partner and we believe we are the right one," he added.

Lufthansa has coveted the Italian carrier for a long time. Already in 2017, when the UAE's Etihad had placed Alitalia in bankruptcy, Lufthansa had put itself on the ranks to buy it.

(...)

**Last March, ITA Airways rolled out its new livery,** entirely blue with white wings. Much lighter with 2,300 employees and 52 aircraft, ITA came into the world when air traffic had not yet taken off. The Italian government finally issued a new call for tenders in February. **Lufthansa and MSC immediately raised their fingers.** "In the first phase, the government will retain a minority share, not a controlling one, which can be sold later," said Daniele Franco in mid-February.

**Air France-KLM came out of the woodwork later.** The Franco-Dutch group was prevented from coming forward because of a commitment to the European Commission not to acquire more than 10% of the capital of another airline until it had repaid at least 75% of the four billion euros in state aid. It was released from this clause last June through a capital increase. **Although Air France-KLM was Alitalia's largest shareholder with 25% of the capital for nearly five years (from 2009 to 2013), Italian elected officials and unions seem to be tipping the balance in favor of Lufthansa and MSC. New partners with whom everything seems possible.**

***My comment:** Contrary to what the journalist claims, Air France (and consequently the Air France-KLM Group) has not yet reimbursed 75% of the aid from the French State. It is still not possible for it to acquire more than 10% of the capital of another company in the airline sector.*

*But this does not prevent the Franco-Dutch group from making an offer of up to 10% with the commitment to invest more as soon as possible.*

*It remains to be seen whether this is the intention of the Air France-KLM Group and whether this would be accepted by the Italian State.*

*On May 30, I wrote: "The Italian State has announced that it wants to make a decision by the end of June. Meeting this deadline would be a first in the history of the Italian airline".*

*Will this time be the right one, will the Italian State manage to decide before the next elections?*

*Last minute: according to the newspaper "Les Echos", the Draghi government wants to accelerate the sale. The far right, in the lead in the polls before the legislative elections on September 25, is opposed to the sale of ITA Airways to foreigners.*

## **> Air France's competition provokes the ire of small overseas airlines**

(source Le Monde) August 4 - **Air Caraïbes and Corsair are up in arms against Air France. They accuse the national airline of leading unbridled competition on what they call their "pré carré", their "vital space", i.e. overseas destinations, mainly the West Indies, Reunion and French Guyana.** This hives off to the strong increase in Air France capacity on routes to this zone. This increase in capacity is intended to compensate for the large number of long-haul routes still closed for health reasons. **For example, Air France has**



admittedly **increased its service to Reunion by 50%**, with three daily flights instead of two previously, including one from Roissy-Charles de Gaulle airport. "These are huge capacities, an oversupply", Air Caraïbes and Corsair are both concerned. In a letter sent about two weeks ago to the Ministers of the Economy, Transport and Overseas Territories, as well as to the General Directorate of Civil Aviation (DGAC), the two small companies put a figure on the "massive redeployment of Air France capacity on the routes" to the overseas territories. According to their calculations, Air France's effort "represents more than 710,000 seats of overcapacity compared to a pre-Covid year, or the equivalent of three jumbo jets per day

. "This forces us to reduce our capacity. We cannot operate as many flights as we would have liked to", says Marc Rochet, CEO of Air Caraïbes. Both companies believe that "this strategy [is] partly financed by the use of state aid received by Air France during the crisis. **Since 2020, France and the Netherlands have been more than generous in saving Air France-KLM from bankruptcy, with a total of 16.65 billion euros paid out in the form of direct loans, bank loans guaranteed by the state or capital increases.**

In its defense, **Air France wants to see this as simple commercial competition.** Overseas was one of the most "resilient areas throughout the crisis, with successive recoveries in charter and leisure traffic [...] . Refuge' destinations when many travel restrictions limited international travel," it assures Le Monde. According to the company, it is only "to meet this demand that Air France, like its competitors, has gradually increased its offer, redeploying on these routes aircraft usually serving other destinations, including Asia. **These explanations do not satisfy Pascal de Izaguirre, CEO of Corsair.**

According to him, "Covid-19 is over, everything has practically reopened, except China and Japan. Air France's argument for flying its planes to overseas destinations seems less relevant to us. In any case, this fierce competition is costing the two small airlines dearly. **"These overcapacities are pushing prices down," complains the head of Corsair, who refuses to put a figure on his loss of earnings.** According to the dates, the two companies estimate that the increase in the supply of seats by Air France has caused a drop of "100 to 300 euros in fares". Because of it, Air Caraïbes and Corsair have not been able to pass on the increase in the price of kerosene and the dollar against the euro.

(...)

Attacked on passenger traffic, Air Caraïbes and Corsair are also struggling with freight. An activity which had however brought a breath of fresh air to the companies during the crisis linked to the Covid-19 pandemic.

Since the beginning of 2022, unit revenue from cargo has fallen by 10%. And it is far from over (...)

)

**For the time being, the letter from the two companies to the three ministers and the DGAC has remained "unanswered". Failing that, Air Caraïbes and Corsair do not exclude bringing the case "before the competition authorities".**

**My comment :** *Once again I must correct the figures in this article.*

*Like their competitors (including Corsair and Air Caraïbes), Air France and KLM have received aid from their respective states. But the total amount is nine billion euros less than what is indicated above.*

*Air France received seven billion euros in aid, which it has partially repaid, while KLM has repaid the one billion euros in aid received.*

*The reproaches of the CEOs of Corsair and Air Caraïbes are not new. Already in June 2021 they expressed themselves in the same terms (see my [letter n°813](#)).*

*The arguments put forward are surprising: on the grounds that other French airlines are present on routes to the West Indies and Reunion, Air France would not have the right to increase its capacity there?*

*This type of anti-competitive agreement is prohibited by the French Commercial Code*

### > **Airbus pulls the plug on Qatar Airways' remaining A350 order**

(source Les Echos) August 3 - A few months before the trial that should be held in mid-2023 in London, **the conflict between Airbus and Qatar Airways took a new step on Wednesday, with Airbus' decision to cancel the 19 A350 deliveries still planned for the Doha-based airline.** This measure does not solve anything in substance, but it will allow the aircraft manufacturer to eventually replace these long-haul wide-body aircraft with other customers, without waiting for the dispute to be resolved.

(...)

Four deliveries of brand new A350-1000s have already been refused by Qatar Airways, forcing Airbus to keep aircraft already equipped and painted in the Doha airline's colors, without being able to resell them or collect the final payments. And this until the dispute is settled. This was obviously very prejudicial to Airbus.

(...)

However, **if the cancellation of the A350 contract avoids stockpiling aircraft, it does not resolve the dispute and even further removes the hope of an amicable agreement before a trial with an uncertain outcome.** An attempt to bring the two sides together last June, during the general assembly of the international air transport association, between Airbus CEO Guillaume Faury and Qatar Airways CEO Akbar Al Baker, had already ended in failure.

(...)

Everything leads us to believe that it will be up to a British court to settle this complex dispute. **Qatar Airways is still claiming more than a billion dollars in compensation from Airbus.** But **Airbus is determined to defend the reputation of its flagship aircraft, which has been damaged by Qatar Airways'**

**accusations.** If Qatar Airways is right, it will be acknowledging a risk to A350 flight safety, even though the European Aviation Safety Agency considers that these paint defects do not affect flight safety.

***My comment:** Qatar Airways is not the only airline to encounter these paint problems on some A350s.*

*But it is the only airline to have refused the repairs proposed (and paid for) by Airbus.*

*For more details about this paint problem, I invite you to read my comment in [my letter n°820](#).*

### > **The Boeing 787 finally sees the end of a real nightmare**

(source: Journal de l'Aviation) August 1 - The sky may be clearing for **Boeing's** next-generation long-haul family. The U.S. aircraft manufacturer **has reportedly received provisional approval from the Federal Aviation Administration (FAA) to resume deliveries of its 787s, a program that has been grounded by the U.S. regulator for over a year.**

According to several American media, including Reuters and Bloomberg, as well as the New York Times, the Wall Street Journal and Aviation Week, Boeing has finally been authorized to deliver Dreamliners, even if the process will not begin imminently. The information has not yet been publicly announced by Boeing or the FAA.

**Each aircraft will also have to be inspected by the FAA before delivery to the customer, a measure that Boeing had feared and which remains a sign that the aircraft manufacturer has not yet fully convinced the FAA of its inspection methodology.**

The long-haul program of the American aircraft manufacturer had seen its deliveries stopped by decision of the Federal Aviation Administration in May 2021, after the discovery of new quality defects on some aircraft. This interruption followed another five-month interruption, also decided earlier by the FAA, with the American aircraft manufacturer finally managing to deliver only a total of 14 aircraft last year. The regulator had refused to validate the inspection methods proposed by Boeing, and in particular the methodology for checking fuselages made entirely of composites. More than 120 Dreamliners are currently awaiting delivery, stored at Boeing's multiple sites in the United States. **The Seattle-based aircraft manufacturer had also recorded a one-time charge of \$3.5 billion in the fourth quarter of 2021,** a consequence of the financial compensation paid to customers (airlines and leasers) for delays in the delivery of their aircraft as well as the additional costs related to corrections and repairs. Worse, **Boeing was also forecasting an exceptional \$2**

**billion increase in production costs for its new generation of long-haul aircraft.**

Production rates for the 787 are currently around 2 aircraft per month, compared to 5 per month before the latest FAA decision. (...) Boeing's Dreamliner order backlog still totals 476 aircraft to be delivered. More than 1,000 aircraft have been delivered to customers since 2011.

***My comment:** Boeing can see the end of the tunnel.*

*In total, the 787 crisis should cost Boeing 5.5 billion dollars, while the aircraft manufacturer is struggling to get out of the 737 Max crisis.*

## **Stock market press review**

### **> Air France KLM: a very good week**

(source Boursier) August 5 - **Air France KLM is the biggest riser of the week on the Paris market with a jump of more than 15.5%.** After the airline's good half-yearly publication last week, the stock benefited from two favorable analyst recommendations. HSBC and Oddo BHF have both gone to 'buy' on the file. The British bank has raised its target from 1.2 to 1.6 euros while the broker has raised its target from 1.45 to 1.7 euros.

**Oddo BHF believes that the effects of the restructuring are underestimated by the market** while the new competitive environment appears more favorable with the disappearance of aggressive players in terms of tariffs such as Norwegian and Level or XL and Aigle Azur. **Moreover, one of the major contributions of the half-yearly publication is clearly the improved visibility on cash generation and the restoration of the balance sheet.**

AF-KLM was also supported by the publication of Lufthansa's accounts, as the German airline in turn unveiled robust accounts despite soaring fuel prices and strike and staffing problems that forced it to cancel hundreds of flights.

***My comment:** Comparing the Air France-KLM share price is impossible without taking into account the various capital increases that have taken place over the last two years.*

*Over a long period, it is more judicious to follow the evolution of the group's capitalization.*

*At the end of 2019, before the beginning of the health crisis, the Air France-KLM group was valued on the stock market at 4.242 billion euros.*

*It returned this Monday to a close level: 4.011 billion euros, a gap of -5.4%, a sign that the recovery of the Air France-KLM Group is on the right track.*

## **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.

### **> Management of employee investment funds. Good to know**

When you invest money in one of the Air France FCPE funds, you get shares in these funds. You do not hold shares directly.

It is the supervisory boards, which you elected in July 2021 for a five-year term, that manage the funds and make the decisions.

The Aeroactions, Majoractions and Concorde funds only hold Air France shares.

The Horizon Épargne Actions (HEA), Horizon Épargne Mixte (HEM) and Horizon Épargne Taux (HET) funds manage portfolios of various stocks.

**My comment:** *If you would like more information on the management of the various Air France FCPEs, please consult [my website navigaction, section Air France-KLM employee shareholding](#).*

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

**Air France-KLM shares closed at 1.5425 euros on Monday 8 August. It is up sharply this week by +9.09%, after rising by +13.53% the previous week.**

The half-year results, better than analysts expected, have boosted the share price.

The average (consensus) analyst price for AF-KLM shares after the capital increase is 1.43 euros. The highest price target is 1.90 euros, the lowest 0.85 euros. I only take into account analysts' opinions after the May 2022 capital increase.

You can find the details of the analysts' consensus on my blog.

> [My comment on the evolution of fuel prices](#)

Since the beginning of the war in Ukraine, there is no longer any correlation between the price of a barrel of Brent oil and the price of a barrel of Jet Fuel. This is very clear on the graph below, which covers the period June 2015 - July 2022.

Jet Fuel & Crude Oil Price (\$/barrel)



Source: S&P Global, Refinitiv Eikon

According to specialists, this increase was due to an increase in the fuel reserves of the armed forces, which consist solely of Jet Fuel.

Indeed, for the past few years, to ensure the strength of the infrastructure, the French Army has favored a single fuel policy aimed at powering all equipment, land vehicles and generators with jet fuel for air use.

Jet fuel price per barrel by region (source IATA) as of July 22, 2022

15 July 2022	Share in World Index	cts/gal	\$/bbl	\$/mt	Index Value	vs. 1 week ago	vs. 1 month ago	vs. 1 yr ago
					2000 = 100			
<b>Jet Fuel Price</b>	100%	348.47	146.35	1155.75	400.08	0.1%	-17.3%	85.7%
Asia & Oceania	22%	320.74	134.71	1064.21	384.90	-2.7%	-23.3%	75.5%
Europe & CIS	28%	355.56	149.33	1178.25	402.35	1.8%	-17.0%	89.5%
Middle East & Africa	7%	327.81	137.68	1087.09	411.15	-0.7%	-20.7%	79.8%
North America	39%	360.46	151.39	1196.01	402.48	0.5%	-14.0%	89.0%
Latin & Central America	4%	369.23	155.08	1225.12	429.59	0.1%	-13.5%	91.2%

**Jet fuel in Europe is down \$8 a barrel this week to \$132.** It's down \$45 in a month and a half.

**It was at \$79 just a year ago.**

**Brent crude oil** (North Sea) is **down sharply this week by -\$4 to \$96.**

Since mid-February, it had been yo-yoing between \$100 and \$120.

At the beginning of March, Brent had reached \$132, close to its record of \$150 (in 2008).

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

**This information is not intended to be a solicitation to buy or sell 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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