

Best wishes 2023! Best wishes 2023!



Letter from the Director of Air France-KLM

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Representative of the employees and former employees shareholders PS and PNC

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Editorial

Dear readers,

I would like to wish you all the best for 2023.



AIRFRANCE 

As you will see from this letter, 2022 has enabled Air France-KLM to begin to turn around its accounts.

The year 2023 will be a transitional year, before a possible return to normal in 2024.

In February, Air France employees will be asked to choose their union representatives. I invite them to take part in the vote en masse.

Finally, I would like to pay tribute to the Air France Foundation. It has been working for 30 years to improve the living conditions of disadvantaged or disabled children.

The Bonus article is dedicated to it .

*Enjoy your reading.
François*

Monday's Press Review

> Air France-KLM: many more challenges in 2023

(source La Tribune) December 29, 2022 - Like the airline industry, **Air France-KLM is doing better. Much better, in fact.** Business has recovered nicely since last spring, and some markets have outperformed compared to 2019. Revenues are coming in again and the group should be profitable. But, like air travel here too, the recovery is not yet complete. There are **still several significant challenges ahead for 2023, whether financial, governance or operational with deadlines coming up quickly.**

One of the first challenges will be to restore the balance sheet of Air France-KLM, and more specifically that of Air France. After accumulating more than 10 billion euros in net losses between 2020 and 2021, the group is facing a large negative equity of 2.8 billion euros as of September 30. This is despite various recapitalization operations carried out over the past two years and significant improvements.

In 2022, equity has been increased by more than one billion euros compared to the end of 2021. This is largely due to the capital increase of nearly 2.3 billion euros - with the arrival of CMA-CGM as the reference shareholder. In particular, it enabled the group's share capital to be multiplied by four, to nearly 2.6 billion euros. The improvement in results has also had a positive effect, with an operating profit of more than 1 billion euros for the first nine months of the year. And for the moment, sales are maintaining a good momentum despite the headwinds: rising ticket prices, generalized inflation, energy crisis, war in Ukraine ... The group only expects a result of more than 900 million euros for the whole year, but it has so far been very cautious in its forecasts and has done better than announced. This is reflected in net profits, which were 232 million euros accumulated over the first nine months of the year.

This is still insufficient. The amount of shareholders' equity is still less than half of its share capital, as it has been since the outbreak of the crisis. By law, the group has until the end of 2023 to turn things around. At the same time, Air France-KLM must continue to repay the state aid received during the crisis and further reduce its debt (down to under 6 billion euros as of September 30). Here too, Air France is in the front line, with another €2.5 billion of state-guaranteed loans to repay - €1.15 billion by May 2024, and €1.35 billion by May 2025 - while KLM has

already paid off its debt this summer.

All this will require new capital operations in the coming months. At least the first signs are expected between now and the annual general meeting in May. According to a sector insider, Air France-KLM should again proceed with a mix of operations, playing between equity and quasi-equity. At the time of the third half-year results, Air France-KLM announced "the possibility of issuing hybrid bonds of up to 1.2 billion euros, depending on market conditions" - which was done for 300 million euros in November - as well as monetizing assets to restore equity. This could be similar to the original operation carried out with the American financial fund Apollo, which invested 500 million euros in July in an operational subsidiary of Air France, specially created and valued thanks to the ownership of spare engines.

The same expert warns, however, that there is little room for a new capital increase: the amounts required will probably be too high to be financed solely on the markets, and finding a new institutional or industrial investor, as was the case with CMA CGM last June, is not commonplace. In addition, the French government is normally in the process of disengaging. In any case, with 28.6% of the capital, it can hardly go any further: beyond 30%, the law requires a takeover bid. Finally, other shareholders such as Delta Airlines or China Eastern Airlines would probably not be pleased to see themselves diluted again.

In terms of governance, Air France-KLM will have to find the rare pearl to replace Anne-Marie Couderc. While she was due to step down next year due to the age limit set by the company's articles of association (72 years old), the Board of Directors has decided to modify the articles of association to extend her term for another year while a successor is found. Subject to approval by the General Meeting, "the duties of Ms Anne-Marie Couderc as Chairman of the Board of Directors of Air France-KLM will be extended until the end of her term of office as a director, i.e. until the end of the General Meeting in 2024 to approve the accounts for the year 2023", a press release said at the beginning of December.

When she arrived in 2018, following the rocky resignation of the CEO at the time, Jean-Marc Janailac, Anne-Marie Couderc was to stay only a few months. She was finally reappointed in 2020, when she was already 70 years old, and the age limit had already been extended by two years as a result. But this was not enough to find a replacement for her. Obviously, no candidate emerged among the contenders. Last July, the former Minister of the Army, Florence Parly, was in pole position, even if the hypothesis of a return of the woman who held several management positions within the group was debated internally. And the news did not seem to please the unions either.

The good news at the level of governance comes rather from the Netherlands, Marjan Rintel seems to be taking her marks as the new CEO of KLM. However, it is not easy to take over from the charismatic Pieter Elbers. Relations between the Dutch company and the Air France-KLM group, as well as with its French colleague, seem to be normalizing at last, far from the autonomist tendencies of the former management.

Operationally, Air France-KLM must continue to perform well. Given the efforts made during the crisis to reduce costs, the group is in a good position. It has managed to be profitable even though it has not yet recovered its pre-crisis perimeter. But **Air France-KLM will have to remain cautious about cost control.** These have started to rise again with the increase in fuel costs, with the price of kerosene still well above that of crude oil, but also the euro/dollar parity and inflation which are weighing on purchases. Inflation has also led the group to grant a bonus and across-the-board increases of up to 5% in 2023. The cost of these salary increases is estimated at 180 million euros per year.

This cost increase is for the moment covered by the increase in ticket prices. Demand is reacting well for the moment, but a reversal of the trend cannot be ruled out, especially if the risk of recession is confirmed next year. Not to mention that Air France-KLM has to deal with a stiffened competition. This is particularly true of Lufthansa, which has raised its annual forecasts, with an expected operating profit of at least 1.5 billion euros, and which could well get its hands on ITA Airways at the expense of its French competitor.

Nevertheless, **if costs are kept under control and demand is maintained, the financial situation could improve further with the planned increase in capacity next year:** from 85% of the 2019 level reached by the end of 2022, the group should reach more than 90% next year. With fixed costs already covered, any additional traffic could be profitable.

Routes to North America and overseas are already above 2019, and Africa is almost at level, while Latin America is still lagging behind. But the main unknown comes from Asia, where Air France-KLM's capacity is still half of what it was before the crisis. This should improve by 2023, and exceed 60%. The gradual reopening of borders, notably in Japan and South Korea, offers good prospects in this respect, and India offers significant growth potential. **China, on the other hand, is a cause for concern.** Although traffic with the Middle Kingdom represented only a few percent of Air France-KLM traffic before the crisis, the reopening of its borders was expected. But probably not so fast and not in this way. **The outbreak of the Covid epidemic and the possibility of new variants appearing and spreading with the resumption of flights are raising strong fears among many governments, and even more so among air transport operators.**

***My comment:** This article is a good summary of the year 2022 for Air France-KLM and a good summary of what awaits the French-Dutch group in 2023.*

> **Air transport has made a comeback beyond expectations**

(source Les Echos) December 30, 2022 - **For air transport, 2022 will finally have proved the optimists right against the pessimists.** Between the Omicron variant and the Russian attack on Ukraine, it was necessary to be optimistic in the first quarter to bet on a continued recovery of air traffic in Europe. But in the end, **those who had bet on a rebound in demand as soon as the health restrictions were**

lifted, by increasing their seat supply as much as possible, saw their audacity rewarded beyond their expectations.

This is the case of Ryanair, whose offer had returned to its pre-crisis level by the 2021 Christmas vacations. Not only did the low-cost airline return to growth in 2022, with 168 million passengers carried, compared to 149 million in 2019, but the Ryanair group expects to generate a record profit of more than one billion euros for the 2022-2023 financial year, which will end in March.

This is also the case for Air France-KLM, which had also bet on a rebound in demand starting with the 2022 summer season, and which has not been disappointed. The Franco-Dutch group, which was at the bottom of the hole two years ago, posted one of the biggest operating profits in its history in the third quarter, at more than one billion euros, and is expected to end the year in the green, for the first time since 2019.

And this despite the surge in fuel prices and the mess in several European airports last summer, which had not prepared enough, for lack of belief, for a return in mass travelers. A delay at the beginning of the year also caused Lufthansa, IAG and easyJet to lose a few traffic points for having been a little late in bringing their entire fleet back into service.

But there was reason to be surprised by the strength of the recovery. Who would have thought, at the beginning of the year, that the main European air transport markets - France, the United Kingdom, Germany, Italy, Spain, etc. - would grow by more than 50 percent in 2022, compared to 2021? **In France, the number of seats available in 2022 will have increased by 68.1% over one year, and by 80% in Germany, according to figures from the research firm OAG. In the UK, the increase is 140%!**

And **according to Eurocontrol, this recovery in air traffic should continue in 2023, which could be the year of return to pre-crisis levels...** Or not. Because if the organization in charge of the European sky is counting in its two high hypotheses on a traffic between 105% and 95% of the level of 2019 in August 2023, it also highlights the tendency of many airlines to be too optimistic in their traffic forecasts. "Overall, traffic has remained below the baseline scenario produced in April since the start of the winter season," notes Eurocontrol.

A call for caution was also made by **the association of European airports, ACI Europe**, on December 20. In a press release, the association **announced that it had revised its own traffic forecasts downwards, postponing to 2025 the prospect of a complete return to normal in Europe**

(...)

My comment: *Two organizations, Eurocontrol and ACI Europe, have established two very different activity forecasts for 2023.*

It will be up to the airlines' management to make the right choices, as was the case for Air France-KLM in 2022 (see previous article).

> ITA Airways' engagement to Lufthansa delayed

(source Les Echos) December 30, 2022 - **The endless saga of the takeover of ITA Airways, which was supposed to end before the end of the year, will finally have a continuation in 2023.** Despite the "forcing" of the Italian government, the engagement of the Italian national airline with the last courtier still in the running - the Lufthansa group - could not be made official before the New Year, as the Italian Minister of Economy, Giancarlo Giorgetti, would have liked.

Even if the German group now seems assured of winning, for lack of an opponent, the Italian government's formal decision will not be made until next week, or even the following week. **And the marriage contract itself will probably not be signed for several months.**

According to the Italian press, **Lufthansa has still not officially notified its alliance offer to the Italian state, which owns 100% of ITA Airways' capital.** And this, although the terms of this proposal have been the subject of months of negotiations. The German group is waiting for the publication in the Italian official gazette of the special decree issued on December 21, by which the Italian government authorized the sale of ITA Airways in stages. Starting with a minority share, but with the promise to give up full control of the company.

Originally, the call for tenders launched by the previous Italian government of Mario Draghi, for which the consortium formed by Air France-KLM, Delta and the American fund Certares was the favorite, provided for the sale of the majority of ITA Airways' capital, with the Italian state retaining only a minority share. But **after the victory of the coalition led by Giorgia Meloni in September, the new majority announced its intention to retain a majority stake in the Italian company. This required a revision of the conditions of the tender.**

This change of heart on the part of the Italian government, added to the political dispute between Rome and Paris, succeeded in discouraging the bid of the Certares-Air France-KLM-Delta trio, but it also nearly scuppered discussions with Lufthansa, which had always made its interest in ITA conditional on the possibility of taking control. Its Italian partner, the shipowner MSC, even withdrew from the game in January, and the president of ITA Airways at the time walked out.

Hence the compromise solution worked out in recent weeks to save the process and reconcile the political position and that of Lufthansa, which will consist of selling, initially, to the German group, 35% to 40% of the capital of ITA Airways, within the framework of a shareholders' agreement leaving it the possibility of subsequently increasing its stake to 100%.

But in the meantime, the Italian authorities and the company have lost time and money. **While last August, Certares and its partners Air France-KLM and Delta were ready to offer 850 million euros for 80% of ITA Airways, Lufthansa should finally pay, at least initially, less than 200 million euros for 40% of the capital and effective control of the Italian company.**

In addition to the loss of revenue for Italian finances, ITA Airways has lost ground to its mainly low-cost competitors. **The Italian national airline is the only one in Europe not to have the largest market share in its own country. The number**

one airline in Italy is now Ryanair, with 40% of the market, ahead of Easyjet, with ITA only in third place, followed by Wizz Air. A situation that will be difficult to catch up with.

My comment: As usual, ITA Airways is the subject of an article.

And as usual, it is to explain that we will have to wait to know the outcome of the saga.

According to the journalists, in a few months ITA Airways would have lost half of its value. While in August the offer of Certares valued it at 1 billion euros, the latest offer of Lufthansa would value it at 500 million euros.

> Aircraft of the future: revolutionary wings being prepared by Airbus

(source Les Echos) December 29, 2022 - **A long piece of metal, tapered like the wing of an albatross, standing on its base like a modern art sculpture. At its side, a young woman with large glasses like airplane windows, all smiles... Both represent the future of Airbus and civil aviation.**



At less than 30 years old, Laura Montironi is one of the linchpins of the next generation of Airbus, whose ambition is to bring air transport into the era of decarbonized aviation. Joining Airbus in 2018, this Italian engineer is a specialist in load constraints and aeroelasticity. Her job: to help design the wings for the next generation of Airbus. As for the strange metal sculpture at her side, it is none other than the most accomplished concept to date, in a scale model, of these wings of the future.

The challenge is great. **To achieve the goal of reducing fuel consumption by at least 20% by 2035, Laura and her colleagues had to design revolutionary wings.** "They should be able to reduce fuel consumption by 5% to 10%," says Laura Montironi. This may seem like a modest gain, but when combined with new sustainable aviation fuels and new ultra-clean engines, such as those under development by Safran and GE, it could lead to the first carbon-neutral flights as

early as 2035.

The size of these wings will be commensurate with the challenge. Just as future engines will be bigger to be more efficient, **the wings of future Airbus aircraft will above all be longer: up to 5 meters longer on each side for a medium-haul single-aisle aircraft, for a total wingspan of up to 50 meters, compared with 35 meters for the current A320**, according to Alain De Zotti, Airbus' Director of Aircraft Architecture and Integration.

But longer wings also mean more congestion at airports and greater deformation in flight. Like birds, the **real revolution will be the ability of these wings to change shape according to the phase of flight, to an extent never before possible.**

"The wing tips will be able to fold on the ground, but also in flight, by means of a motorized hinge," explains Laura Montironi. On the wing edges, retractable trailing edges and movable flaps will also allow for changes in surface area and lift, as on current aircraft, but with a much wider choice of configurations. "All of this will allow us to optimize the distribution of loads according to the phases of flight, knowing that the current wings are wider than necessary in 80 percent of situations," explains the young Airbus engineer.

The benefits are not limited to fuel consumption. Coupled with a Lidar-type radar, **these "intelligent" wings will be able to adapt in advance to turbulence and air holes.** This will also require more automation. "Our flight control systems will not only be able to control the aircraft, but also the deformation of the aircraft's structure," says De Zotti.

This is not science fiction. **The model wing presented in Toulouse has already passed the first wind tunnel tests.** The next step will be the first flight tests of a complete wing on a modified Cessna Citation, in the summer of 2024. The aircraft is already being prepared in Toulouse. And for the first time, this small test aircraft will be flown remotely, without anyone on board, in order to push it to its extreme limits.

But once the various concepts have been validated, the best compromise between the optimal wing and the engines designed by the engine manufacturers will still have to be found. For the time being, Airbus does not seem to have made a final decision. The only certainty is that **these engines will be much larger than the current models.** The diameter of an "open fan" like those studied by Safran could be as much as 4 meters, or almost the size of an A320's fuselage. **This means it won't be possible to fit them under low, horizontal wings.**

(...)

To combine the advantages of a low wing and large engines, **Airbus engineers have come up with more streamlined wings.** "These low wings could rise a little as soon as they leave the fuselage to make room for the larger engines, before returning to a more horizontal position, a bit like a gull wing," says Alain De Zotti.

This implies solving another difficulty: that of the engine's blast passing both under and over the wings, with consequences on lift. "A 'blown' wing has an advantage at low speed, but not at cruising speed, at high speed," continues the Airbus director. It is also incompatible with the laminar wing concept with a thicker profile at the rear than at the front, explored by Airbus in 2017.

Airbus has therefore not totally ruled out a third possibility, which is to place the two large engines at the rear of the fuselage, as McDonnell Douglas did until the 1990s. "This would allow the use of larger, non-ducted engines, with less noise and vibration in the cabin and therefore less insulation. But this poses other difficulties for the overall balance of the aircraft," says Alain De Zotti. Especially if the aircraft manufacturer wants to develop more or less extended versions of the same aircraft.

Choosing the best compromise is going to be all the more difficult because the various possible engine manufacturers - Safran-GE, Pratt & Whitney and Rolls-Royce - don't seem to be on the same page. While Safran-GE is pushing for a non-ducted engine, their competitors seem to want to stick with a ducted engine, which is smaller and easier to fit under a wing. Intermediate solutions, such as a partial fairing, are also being considered.

For Airbus, as for Boeing, there's no urgent need to freeze the design. We are not yet at the stage of the final design of the aircraft," confirms Alain De Zotti. The next step is a flying testbed for the engine in 2026, on an A380, with an engine and a piece of wing behind it. After that, we're in no hurry. We need to make such a technological leap that it will take some time to validate the necessary technologies and industrialize them. We're talking about 2035, but if it takes another year or two to get the necessary technologies, it will be worth waiting."

My comment: *In recent years, Boeing has had many setbacks (see the following article).*

This has not been the case for Airbus, whose main challenge has been to integrate the Bombardier CSeries (now the A220) without cannibalizing the A320 range.

Airbus now has a free hand to work on a future medium-haul aircraft model. Two very different new types of aircraft are being studied.

The first is a hydrogen-powered short-haul aircraft capable of carrying 100 people over 1,000 km.

The second, the subject of this article, is a plane with a more conventional engine but an innovative wing.

From my point of view (which is also that of the boss of Airbus), the type of plane presented here appears more credible than the hydrogen plane.

See you in 2035 to have the confirmation.

> **Why Boeing's takeoff is still fragile**

(source Le Figaro) December 27, 2022 - **After three years of crisis, the American giant has finally recorded some good news. And this in all areas.**

In commercial aviation, "the 737 Max is now recertified all over the world, including China," says Rémy Bonnery, an expert at Archery Strategy Consulting. The destocking of aircraft produced but not delivered during the months of the flight ban (from March 2019 to December 2020, following two fatal crashes in October 2018 and March 2019, editor's note) has begun, as has the ramping up of production rates.

Deliveries of the 787 Dreamliner resumed last August, after an 18-month shutdown due to production problems.

(...)

In space, too, the lights are back on. The Starliner capsule, a competitor to SpaceX's Crew Dragon, successfully completed its second test flight last May, after the failure of late 2019. Starliner, which will resupply the ISS and carry astronauts there, is scheduled to make its third flight in 2023. The group has successfully negotiated the shift to reconfigurable digital satellites with its new 702X range and broadband internet constellations.

In defense, the KC-46 tanker aircraft, long criticized by the Pentagon for its delays and manufacturing defects, has been relaunched. It has won new customers: Japan, Israel and Italy. Boeing is also benefiting from rising military budgets, especially in Europe, as illustrated by Germany's decision in June to buy 60 CH-47F Chinooks to modernize its fleet of transport helicopters.

2022 appears to be the starting point for Boeing's comeback. **But this "comeback" is still fragile in many respects, especially in airliners. Particularly in airliners.** In the factories, **production rates are not in line with production capacity, and quality problems have not been fully stabilized.**

(...)

On the commercial side, Boeing has still not certified the 777X, the upgraded version of the wide-body aircraft. "In the first quarter of 2022, Boeing announced a new delay in the entry into service to 2025, instead of 2023, and had to take a 1.5 billion charge on this program," says Pascal Fabre, managing director at AlixPartners. **In the medium-haul segment (70% of the market in volume), Boeing has stalled. "Boeing CEO David Calhoun's decision not to invest in a new aircraft (the NMA, editor's note) leaves the field open to Airbus for almost ten years in this market.**

This, in a context where Airbus already dominates since 2019, notably thanks to the A321neo," analyses Pascal Fabre.

"This domination will undoubtedly increase with the expected launch of the A220-500, which will challenge the smaller Max 7 and 8. **In the medium term, Airbus, which controls 60% of the medium-haul market, will certainly widen the gap even further and hold at least 70% of the total," continues the consultant. The balance of the duopoly has been shattered.**

After studying several versions of the NMA, Boeing has given up. "It doesn't

have enough 'bandwidth' available, as management is focused on operational problems," says Rémi Bonnery. And **it does not have the means after "having spent 11.5 billion in provisions since 2014 in the defense and security division** alone, including 4.4 billion in the first three quarters of 2022, and 6.6 billion just for the KC-46. And nothing says that these are the last ones," adds Pascal Fabre. **Not to mention the Max crisis, which has swallowed up at least \$20 billion,** according to several estimates, in extra costs and compensation paid to airlines and the families of crash victims.

Boeing is therefore playing the next move: to put into service a brand new generation of ultra sober, or even zero-emission, aircraft by 2035. As a result, Boeing will have gone a quarter of a century without developing a new airplane, since its latest model, the 787, was launched in 2004 and put into service in 2011. A first in its history. "This raises important questions in terms of engineering and program management. To successfully build a new airplane from scratch and certify it, you need engineers and technicians who have done it before and have experience. Boeing has to make sure it has the skills and technical capabilities available," Fabre said.

However, some observers point out that "scientific and technical culture, as well as attention to quality, have long been sacrificed for the benefit of marketing and finance. The Max crisis was a symptom of the limits of Boeing's model, since the merger with McDonnell Douglas in 1997. Getting back on track takes time. That's why David Calhoun is focusing on internal training.

But in the aeronautical world, perplexity reigns. "On the one hand, David Calhoun is talking about stabilizing the production system, raising skills and restoring the primacy of engineers; on the other hand, he is focusing on cash generation and profitability, promising to generate 10 billion euros in cash flow by 2025-2026, which is, by the way, 30% less than in 2018 (15.2 billion). What is the priority?" asks Pascal Fabre. **Management will have to clarify its objectives. And remember that without experienced engineers and good products, there is neither profit nor value creation for the shareholder.**

"The decision by David Calhoun, Boeing's CEO, not to invest in a new aircraft, leaves the field open for Airbus for almost ten years Pascal Fabre, managing director at AlixPartners.

***My comment:** Since 2019, Boeing has faced many difficulties, leaving the field open to Airbus.*

The problems seem to be fading away. The year 2023 will be crucial for Boeing, which will have to give itself the means to rebound.

> Carbon offsetting in the aviation sector: The contours of the future biodiversity bonus

(source AgraPresse) January 2, 2023 - In application of the Climate Law, which requires the aviation sector to offset its greenhouse gas emissions on the national territory, primarily through agriculture and forestry, the government has just put out for consultation a draft decree establishing the conditions for obtaining "biodiversity" bonuses for these carbon credits.

For agricultural projects, the proposed eligibility criteria are as follows: "to be on land certified as organic or in conversion, to ensure that permanent grasslands are not turned over and that agro-ecological infrastructures are properly maintained, and to be based on a sustainable hedge management plan".

Under consultation until January 16, the draft decree proposes to set the rate of the "biodiversity" bonus on carbon credit amounts at 50% per project. For each company, a maximum is set for the possible reduction of offset obligations by the "biodiversity" bonus (-15%).

(...)

My comment: *In 2021, the OMNES team that I co-chair had actively participated in the creation of the Sustainable Aviation Observatory, set up by the Minister of Transport at the end of 2021.*

In 2022, we continued our work, in particular by organizing a conference on the theme of "Air France employees facing ecological issues".

We have also been thinking about how to involve the agricultural world in actions to limit the carbon footprint of airlines.

One of the avenues we explored was the manufacture of so-called first-generation biodiesel from beet and cereals produced in France. This is a solution already used to produce bioethanol (E85 for cars, ED95 for trucks and buses).

The United States allows airlines to use this type of biofuel, by subsidizing it very heavily.

In Europe, airlines are asked to give preference to second generation biofuels, made from agricultural or household waste. This is to avoid competition with food production.

Second generation biofuels are more expensive and rarer (for the moment) than first generation biofuels.

Therefore, the decree mentioned in the article above is welcome. It should allow French airlines to compete on an equal footing with their American competitors.

Bonus Article

> A look back at the Air France Foundation in 2022, the year of its 30th anniversary

(source Air Journal) December 28, 2022 - **The Air France Foundation celebrated its 30th anniversary in 2022**, organizing a series of events around the world to highlight **its commitment to improving the living conditions of disadvantaged or disabled children.**



While the Foundation has announced that it will expand its activities in 2023 to include "sustainable development projects and raising awareness of environmental challenges", it **has also highlighted the "moments of sharing and solidarity" made possible this year by the mobilization of the French national airline's employee-volunteers, present at all its ports of call.** Throughout the summer, children followed by partner associations were able to enjoy unique experiences :

At Paris-Charles de Gaulle airport, 120 children from **the Envol Association** (which **organizes customized stays or activities for sick children and their families**) were able to take a behind-the-scenes tour of France's leading airport and discover an Air France Airbus A350-900 in the company of French astronaut Thomas Pesquet.

In Antananarivo (Madagascar), the Air France Foundation celebrated its anniversary alongside the children of the **Akamasoa association** at a popular gathering organized by Father Pedro. Founded by Father Pedro, this association has been supported by the Air France Foundation for many years. It **works in particular for the social reintegration of the poorest people, access to sustainable material conditions for all, and access to healthcare.**

In Dakar (Senegal), where the Foundation has historically been very active, Anne Rigail, Air France's Chief Executive Officer and President of the Foundation, took part in a 30th anniversary celebration in the presence of Mrs. Ndeye Saly Diop, Senegal's Minister for Women, the Family and Child Protection, Mr. Philippe Lalliot, the French Ambassador, as well as an Air France crew made up of volunteers from

the Children's Empire association. This association **works for the social reintegration and care of children who are victims of violence.** Many of the Foundation's partner associations were also present.

The end of the year 2022 was also marked by several festive moments of solidarity: the Foundation presented the results of a series of projects carried out in the Commandant Sanon school in Abidjan (Ivory Coast). Thanks to the work carried out since 2007 with the association Savoir Ivoire, this school can now welcome children in complete safety and in appropriate sanitary conditions. In Fort-de-France, in support of the Kiwanis and Adapei associations, the Air France Foundation has contributed to festive and cultural meetings between a crew of Foundation ambassadors, accompanied by journalist Eglantine Eméyé, and nearly 200 children with disabilities, who are ill or in precarious situations.

Finally, at Roissy, "in a magical atmosphere", 120 children watched Santa Claus get off the plane at the initiative of the Club des Acteurs du Grand Roissy. The Air France Foundation also offered gifts ordered from Santa Claus by underprivileged children followed by the Apprentis d'Auteuil Foundation in the capital.

Since its creation, the Air France Foundation has supported more than 1,500 projects "carried out by associations whose expertise and local roots are crucial. It has taken concrete action in all areas that can make a difference in the lives of children in difficulty: education, social and professional integration, cultural development and sports and artistic activities. **With 500 ambassadors mobilized in all Air France stations, the Foundation acts "as close as possible to the daily environment of children,** in order to have a direct and significant impact. It relies on the proximity of the company's employees to the field and their knowledge of the players, which guarantees the effectiveness of the actions supported".

***My comment:** The Foundation was created in 1992 by Air France. A pioneer in the field of corporate foundations, it has chosen to support the cause of children, which is dear to the hearts of the company's employees.*



For more than 29 years, it has studied, selected and financed projects for sick, disabled or extremely disadvantaged children in the countries where Air France operates.

In France, the Air France Foundation finances projects in the Île-de-France region and in a French region chosen each year.

The next call for projects will be open from January 3 to March 31, 2022.

It is important to remember that the Air France Foundation only funds long-term projects that correspond to its field of action: education and training for children and young people who are ill, disabled or in great difficulty. (0 to 18 years old).

If you wish to submit a project, please visit the Air France Foundation website.

End of the press review

> My comment on the evolution of the Air France-KLM share price in 2022



The event that had the greatest impact on the share price this year was the 2.256 billion euro capital increase in June. The funds were used to accelerate the repayment of state aid and to reduce debt.

The French and Dutch governments participated to the extent of their rights, their participation remaining unchanged. CMA CGM became a new strategic reference shareholder with a 9.0% stake in the group.

The employees and former employees shareholders via the FCPEs had participated in the capital increase to a lesser extent, via a blank transaction.

As a result, the share price, which was around 2 euros before the operation, has since fallen to around 1.30 euros.

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

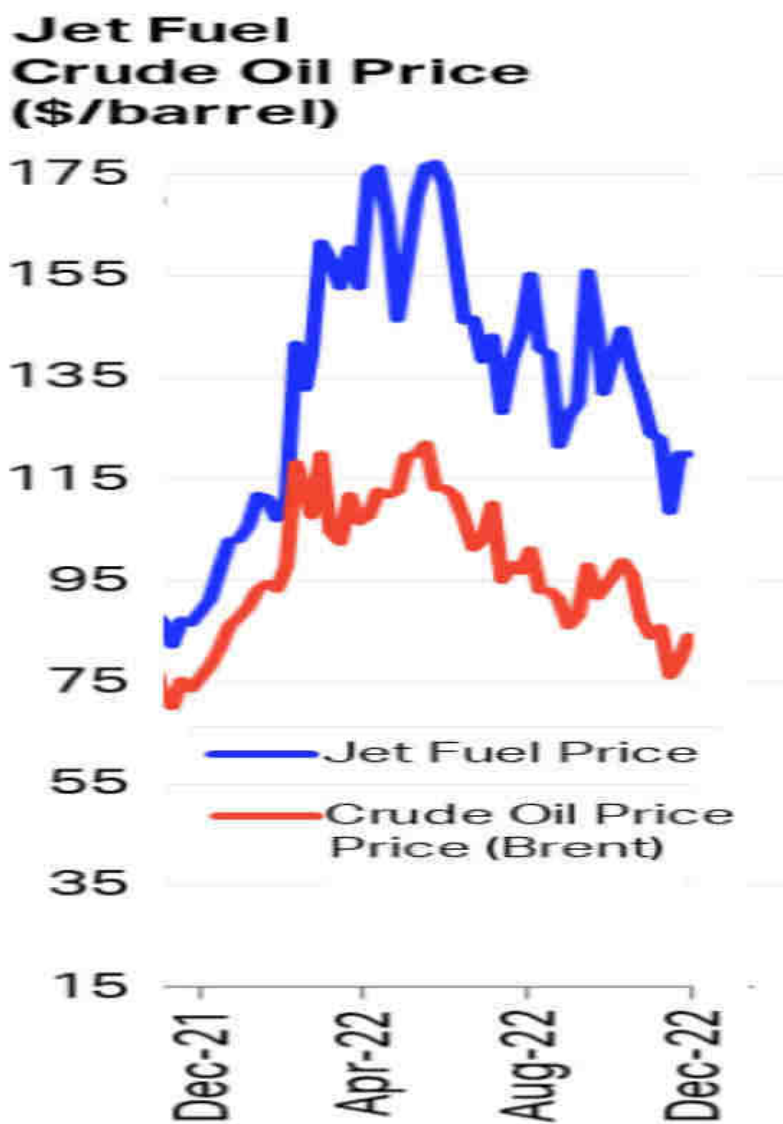
Air France-KLM shares closed at 1.2525 euros on Monday 2 January. It is

down slightly this week (-1.26%).

The average (consensus) analysts' rating for AF-KLM shares is 1.50 euros. The highest price target is 2.00 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 in 2022](#)



Source: S&P Global,

Since the beginning of the war in Ukraine, there is no longer any correlation between the price of a barrel of Brent oil and a barrel of Jet Fuel. This is very clear on the graph below, which covers the period January 2022 - December 2022. The difference between the two products is between \$30 and \$50, whereas in

previous years it did not exceed \$10.

> **My commentary on the evolution of fuel prices this** week

The barrel of Jet Fuel in Europe is up sharply this week from \$20 to \$134. After peaking at \$182 in June 2022, it had fallen back to \$132 by early August. It was at \$79 a little over a year ago.

Brent (North Sea)

oil is up \$2 this week to \$86. It is at a more reasonable price level.

From mid-February to the end of July, it was yo-yoing between \$100 and \$120.

Since then, it has hovered between \$85 and \$99.

By early March, Brent crude had reached \$132, close to its record high of \$150 (in 2008).

While oil has returned to a level close to that of the beginning of the year, this is not the case for jet fuel, which costs \$50 more. The increased need for diesel fuel to compensate for the reduced availability of gas is pushing up the price of kerosene, as both fuels are produced in similar ways.

Good to know

> **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**

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 navigation, section Air France-KLM employee shareholding](#).

Details

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

Alternate Nicolas Foretz, PNC



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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