

Air France-KLM suffers from the comparison with its British competitor IAG

I Letter from the Director of Air France-KLM

At the forefront of more responsible European aviation, we are bringing people together to build the world of tomorrow.

(Air France-KLM Group's raison d'être)



François Robardet

Representative of the employees and former employees shareholders PS and PNC

N°911, May 8, 2023

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Monday's Press Review

Editorial

Dear readers,

The Annual General Meeting of Air France-KLM will be held on Wednesday 7 June 2023 at 2:30 pm at the Hilton Hotel in Roissy. It will be broadcast live via webcast on the Group's website.

All the documents relating to the Annual General Meeting are available on the Air France-KLM Group website, on the Shareholders page, under the heading Annual General Meeting. This includes the resolutions that will be submitted to the vote of the shareholders.

As in previous years, I will propose to those of you who are shareholders of the Air France-KLM group to give me your proxy. I will soon publish a special Flash on how to proceed.

Happy reading

> Air France-KLM suffers from the comparison with its British competitor IAG

(source BFM Bourse) May 5, 2023 - The airline group has reported higher losses than expected by analysts and has also lowered its capacity forecast for the full year 2023. The market is looking to its British competitor IAG, which has published a surprising operating profit.

Like Lufthansa on Wednesday, Air France-KLM hardly impressed the market with its first quarter results.

The first three months of the year are never the most important in terms of activity for the airline, unlike the third quarter (the bulk of the summer period). But with renewed optimism for the airlines and a good performance of their shares (Air France-KLM is up more than 17% since the beginning of the year, compared to 13% for the SBF 120), **publications must meet expectations, or risk stock market sanctions.**

This is not 100% the case for the group headed by Ben Smith. Over the first three months of the year, Air France-KLM has obviously been buoyed by the improvement in the health situation and the recovery in travel demand, with nearly 20 million passengers carried, up 35% year-on-year.

Revenues jumped 42% to 6.33 billion euros, in line with the consensus of 6.3 billion euros.

However, **Air France-KLM's operating loss was 306 million euros and its net loss was 344 million euros, while analysts were expecting losses of 294 million euros and 340 million euros respectively.**

Cold snap on the stock market

These differences are far from dramatic, but they are enough to penalize the Air France-KLM share, which dropped 3.2% around 11:00 am. The group is also suffering from the comparison with its British competitor IAG, the parent company of Iberia and British Airways, which shines on the London Stock Exchange, with a 3% increase. **"I don't think that the Air France-KLM publication has anything to frighten investors, the management is in good control of the company. But maybe the market is making trade-offs from Air France-KLM to IAG,"** said a London-based analyst. "

Air France-KLM disappointed a little bit on the operating result of the first quarter but **the group has lowered its capacity outlook for the whole of 2023. However, the group's publication does not contain any good surprise to compensate for these negative elements,"** said Yi Zhong, analyst at the independent research firm AlphaValue.

Air France-KLM has revised its capacity forecast (i.e. the number of seats offered over a period of time or the number of routes implemented). The company estimates

that it will deploy capacity this year representing about 95% of that of 2019, while it previously expected a range between 95% and 100%.

"**IAG**, for its part, has also adjusted its capacity forecast downwards, but very slightly. On the other hand, the **UK-based group largely beat expectations in the first quarter for adjusted operating profit** [Ebit, ed. note] with a gap of almost 200 million euros from consensus, and it raised its adjusted Ebit forecast for 2023."

IAG posted an adjusted operating profit of 9 million euros in the first quarter while the consensus was for a loss of 179 million euros. The British company also indicated that it is now targeting the top end of its previously communicated adjusted operating profit forecast range (from 1.8 billion to 2.3 billion euros).

Returning to **Air France-KLM**, the company is **counting on a good summer** which "looks promising for all our companies", said its CEO, Ben Smith, during a conference call with analysts. **Chief Financial Officer Steven Zaat said the company was on track to achieve its medium-term profitability target of an operating margin of between 7% and 8%.**

Note that the airline group continues to multiply initiatives to strengthen its balance sheet weakened by the pandemic. The company has announced that it has entered into exclusive negotiations with the investment fund Apollo with a view to obtaining a €500 million equity financing for an engineering and maintenance subsidiary in the form of quasi-equity. Air France-KLM has also indicated that it has received offers to carry out a similar operation with its frequent flyer program.

***My comment:** Air France-KLM announced quarterly results slightly below forecasts. The net result is -344 million euros while the forecast was -340 million euros.*

However, the share price has fallen by nearly 7% this week.

To understand the significance of this decline, we need to look at the chronology of events.

On Wednesday May 3, Lufthansa announced mixed results, accompanied by a very negative comment from its CFO: "

We are currently operating at a much lower level of efficiency and productivity than originally planned".

Immediately the airlines' share prices fell.

On Friday 5 May, Air France-KLM presented results that were interpreted in different ways. This is evidenced by the headlines of the two articles published by Reuters within a few hours of each other:

. At 7:00 am: Air France-KLM beats expectations in Q1, boosted by summer bookings

. then at 1:13 pm: Air France-KLM: Operating loss higher than expected, despite rebound in demand

To sum up, despite the operating difficulties at Amsterdam-Schiphol and Transavia's very negative results, the performance gap between Air France-KLM and its main European competitors, Lufthansa and IAG, has almost been closed.

This situation should be confirmed in the coming quarters, if the good level of bookings is anything to go by.

> Air France-KLM in discussions with Apollo Global Management

(source Reuters) May 4, 2023 - **Air France-KLM announced on Thursday it had entered into exclusive discussions with Apollo Global Management with a view to providing quasi-equity financing for a dedicated Air France operating subsidiary.**

The discussions concern a potential financing of 500 million euros in the capital of a subsidiary holding a set of Air France assets dedicated to its engineering and maintenance activity, the group said in a statement.

Air France-KLM said the proceeds of the transaction would be used for general corporate purposes.

The Franco-Dutch airline group added that **the proposed structure would not result in any operational or social changes, and would therefore have no impact on the employment contracts of Air France and Air France-KLM employees.**

My comment: *This operation, if it is concluded, is almost a copy/paste of the operation carried out in July 2022. Apollo invested 500 million euros in an operational subsidiary of Air France, specially created and valued thanks to the ownership of spare engines.*

> Air France remains adamant about limiting air traffic with China

(source Les Echos) May 1, 2023 - **Yes to an increase in flights to China this summer, but no to a return to the pre-crisis situation:** this is Air France's answer to tourism professionals, who accuse it of slowing down the return of Chinese tourists, by limiting the re-establishment of links between France and China, several months after the lifting of health restrictions.

Air France is going to increase, as it had announced, from one flight per week to Beijing and two to Shanghai, to three flights per week to each of the two megacities from May, then to one daily flight per city from July. Subject to the granting of traffic rights by the Chinese authorities. However, the French company does not intend to go beyond these 14 flights per week this summer. And it does not envisage a return

to the air agreement of 2017, which opened wide the doors of the French market to Chinese companies, as long as the overflight of Russia will remain prohibited to European companies.

The world has changed since then," says Air France. **The ban on Russian overflights, which lengthens the journey to China by two to three hours and increases our fuel and crew costs, has created a distortion of competition to the detriment of the French flag.** "There is a great risk that this situation will not be economically tenable and that there will eventually be only Chinese companies between France and China. It's a question of fairness and sovereignty," explains an expert in the matter.

This 2017 agreement, never fully implemented, **provided for up to 126 rotations per week between France and China, including 91 to Paris.** In 2019, the offer amounted to 32 rotations for Air France (2 daily flights to Beijing and Shanghai and 4 per week to Wuhan) and 63 for Chinese companies. But this summer's air offer, renegotiated between Paris and Beijing, could not exceed 50 rotations per week, starting June 10. **According to preliminary data from the French Civil Aviation Authority, the offer could even be limited to about 40 weekly flights. That is 14 for Air France and 24 or 25 for the Chinese airlines.**

We are not asking for absolute equality, but for competition to be exercised on equal terms," says Air France. The company is not alone in advocating a gradual and moderate increase in capacity. **Between the U.S. and China, traffic rights are currently limited to 20 rotations in total.**

According to the DGAC, this summer's 50 weekly rotations would put France back on par with Germany and below the Netherlands, where rights are currently limited to 30 rotations (of which 15 for KLM). A return to pre-crisis traffic levels between Europe and China is therefore not for tomorrow. "We will have to see how customers behave, but traffic will have to be reorganized around Russia for the long term," says an industry expert.

It is not certain, however, that these arguments will convince the French companies most dependent on the Chinese tourist manna and whose economic weight is far from negligible. A letter signed by Sébastien Bazin (Accor), Nicolas Houzé (Galeries Lafayette), Henri Giscard d'Estaing (Club Med) and Augustin de Romanet (ADP) was sent to Emmanuel Macron shortly before his visit to China. The four signatories called for "greater flexibility with regard to Chinese airlines".

(...)

Accor (...) has (...) assured that there was "no controversy" between the tourism industry and Air France, **emphasizing the importance of Chinese customers for the French tourism industry.**

(...)

A clientele that is still sorely lacking. In the first quarter, the number of passengers from China at Roissy-CDG was still only 10% of its level in 2019,

against 91.3% for all international traffic.

My comment: There is nothing extraordinary about the position of Air France.

For example, the US airlines have asked President Joe Biden to approve additional landing rights for Chinese airlines, provided they agree not to fly over Russia.

> Harbers' narrowing of Schiphol to be the subject of a safety report

(source Parool, translated with DeepL) May 3, 2023 - (...) At the end of March, airline pilots sounded the alarm in Het Parool because of the firm's plans to limit the number of flights at Schiphol to 460,000 by the end of the year. That's 40,000 fewer than today. This should be a temporary measure in view of a permanent reduction to 440,000 takeoffs and landings per year.

According to VNV, the airline pilots' association, both reduction projects require a "complete safety analysis". In recent years, the Dutch Safety Council (Onderzoeksraad voor Veiligheid, OVV) has repeatedly requested such a report when major measures are taken at the airport.

Harbers now promises the lower house that such a full safety analysis will be prepared for the final reduction plans, which are to come into effect at the end of 2024. This analysis will determine whether the proposed measures jeopardize air traffic safety.

Harbers maintains that he will not commission such a study in the case of a temporary reduction. According to the minister, a reduction of 40,000 flights "is not drastic because it will not lead to a significant change in air traffic".

A reduction in the number of aircraft movements on all runways at Schiphol leads to the same or higher level of safety than the existing situation," the minister wrote about his temporary reduction plan. According to him, there will be no deviation from the existing flight procedures that are considered safe. According to the VNV, this assumption is wrong and cannot be established without research.

In the temporary narrowing plan, the choice of runways to be used is determined not only by flight safety, but also by noise pollution. If the noise limits of the flight paths of a given runway are exceeded, other runways that may be less safe due to wind direction or location must be used.

Mr. Harbers acknowledges this. Because of the environmental impact or under certain weather conditions, a combination of less safe runways that meet safety standards may be chosen. This consideration is already taken into account today and will not change.

(...)

It is not clear that the tight schedule for the final reduction is achievable. The

safety study promised by Harbers has not yet been tendered, nor are other necessary reports ready. In addition, public participation in these contraction plans is still ongoing. Finally, the European Commission will have to assess after the fact whether the procedure was carried out according to the rules

(...)

The pilots are asking Harbers, as the airlines have done previously, to explore alternatives to shrinkage. "We are in danger of reaching an impasse. Therefore, the minister had better consider alternatives, without the disastrous consequences for aviation jobs and connectivity for the Dutch."

(...)

My comment: *The battle continues in the Netherlands over the Dutch government's plan to reduce operations at Schiphol.*

While the European Commission has demanded a study to find alternative solutions, the pilots are asking that the impact of the measures on flight safety be studied beforehand.

> **The project of a "supercompany" for flights to overseas destinations is back on track**

(source Le Monde) May 3, 2023 - Air Austral, Corsair and Air Caraïbes have come out of the Covid-19 crisis very weakened. The boss of Corsair says he is in favor of a rapprochement of the three companies to form an "Air overseas". **It is the arlesian of the French aviation. For several years, the creation of a second tricolored flag next to Air France has been the subject of recurrent rumors.** But the Covid-19 pandemic has reshuffled the cards. After the health crisis, there are only two kinds of airlines left: those that are experiencing difficulties and those that have emerged stronger from the ordeal.

(...) The

ideal solution, according to specialists in the French airline industry, would be to create, alongside Air France, a pole focused on overseas destinations: the West Indies, French Guiana and Reunion. An "Air Outre-Mer" that would bring together Air Austral, the Reunion airline, Corsair and Air Caraïbes (...)

)

The difficult financial situation of the three companies regularly puts this project in the spotlight. While Air France has emerged from the crisis rather strengthened, Air Austral, Corsair and Air Caraïbes are, to varying degrees, lame ducks. Air Austral, taken over by a consortium of 27 local investors, can take advantage of a welcome breath of fresh air: 185 of its 250 million euros of debt have just been wiped out with the stroke of a pen.

This rescue has made Air Caraïbes and **Corsair**

envious. The latter is working on the constitution of a round table and **is negotiating with the State to reduce its debt by 80 million euros.** The company would like

"either an abandonment or a rescheduling", explains Mr. de Izaguirre. In other words, as with Air Austral, make the taxpayer pay. **In the meantime, it has delayed the publication of its accounts, which should have been published before the end of 2022.** And it is not only financial difficulties that are holding back a merger of the three small carriers. There are also ego issues. None of the three wants to be under the thumb of the other two

(...)

Corsair, in any case, appears in all scenarios. In the summer of 2022, the idea of a merger with Air Austral, supported by the government, was abandoned in the face of fierce opposition from the elected representatives of the regional council of Reunion. At Air Caraïbes and French Bee, owned by the Dubreuil family group, more than the difficult exit from Covid-19, it is a question of age that could push the merger. At just over 80 years old, Jean-Paul Dubreuil, with a pilot's license in his pocket since he was 17 and at the helm of the group since 1966, is said to be preparing his succession. But his three children, his heirs, would not share his passion for air transport.

A solution could put everyone in agreement: that of a peacemaker who would have the means to bring the three companies together. According to our information, an investment fund is working on the foundation of a company, in which it would hold the majority of the capital, and which would group together Air Caraïbes, Corsair and Air Austral. The three players would be granted a stake in proportion to their importance. This discreet project seems to be far from convincing all the players, but **industry observers are convinced that the reality of the market will eventually impose itself on everyone.** And this is all the more true since competition is heating up, especially over the Atlantic, and is reviving the price war. In addition to the small Norwegian low-cost airline Norse, which launched in March between Paris and New York, the large American low-cost airline JetBlue will also connect the French capital from the American megalopolis starting June 29.

My comment: *Could unity be strength?*

Even if the egos of their leaders are put aside, it is difficult to imagine Air Austral (9 B777, B787, A220 aircraft), Corsair (9 A330) and Air Caraïbes (12 A330, A350, ATR72 aircraft) with such heterogeneous fleets.

For Corsair, the worst of the three airlines, it is urgent to find a solution. The postponement of the publication of its 2022 accounts sends an alarming signal.

> Japan Airlines rebuilds all-cargo fleet with three Boeing 767-300ERFs

(source Journal de l'Aviation) May 2, 2023 - **Japan Airlines has decided to change its business model and reintroduce an all-cargo sub-fleet to its operations.** It has announced that it will gradually introduce three Boeing 767-300ERFs from the

end of its fiscal year (first quarter 2024). It will initially serve East Asia and then move on to its domestic market.

This will be the first time in 13 years that the company will operate dedicated cargo aircraft.

The company explains that the cargo business has been an efficient way to generate revenue, using the cargo bays of its aircraft and working with partners for occasional operations when demand is greatest. However, it now wishes to grow in this sector, which implies the creation of a dedicated in-house fleet.

Japan Airlines stresses that a new business model will be developed to ensure a stable and growing business despite fluctuations and seasonality of demand. **The company is targeting domestic and international markets, in partnership with logistics companies, and on routes where demand is assured.** It will be able to respond to the increased need for logistics in Japan due to a shortage of supply in road transport.

***My comment:** Japan Airlines returned to an annual net profit in 2022-2023 for the first time since 2019-2020, beginning to turn the page on the pandemic.*

Its net profit for its fiscal year ended March 31, 2023, was 228 million euros, according to results released Tuesday.

Over its previous two fiscal years, Japan Airlines had recorded a cumulative net loss of 3.5 billion euros.

Its all-cargo fleet project remains modest at this stage.

> **After Go First, Lufthansa cites a problem with a Pratt & Whitney engine and grounded a third of its A220 fleet**

(Livemint source, translated with DeepL) May 4, 2023 - German airline **Lufthansa AG said Thursday that it has grounded a third of its Airbus A220 fleet in Zurich due to problems with Pratt and Whitney engines.** This is a crucial recall for airlines as the summer travel season approaches.

Carsten Spohr, chief executive of Lufthansa, said the grounding of the narrow-body aircraft is in addition to three other "brand-new" planes with Pratt engines.

"All along their supply chain, components are missing and companies have to rebuild their production facilities," Spohr said.

Lufthansa operates 30 A220s at its Swiss subsidiary, which **means about 10 aircraft are currently grounded.** According to Bloomberg News, the company is considering ordering more of the model to renew its regional aircraft fleet.

Carriers around the world are facing a shortage of engines and parts, especially on their latest generation narrow-body aircraft. Suppliers to Pratt & Whitney, a subsidiary

of Raytheon Technologies Corporation, have faced a backlog of subcomponent orders.

Go Airlines India Ltd. filed for insolvency protection this week, blaming failed Pratt & Whitney engines for grounding nearly half of its Airbus fleet at a time of booming travel demand.

Pratt & Whitney engines have also forced Indian airline Go First India Ltd. to ground part of its fleet of brand new Airbus SE aircraft for a total of 17,244 days over the past three years.

(...)

The airline had to ground 30.5 percent of its Airbus A320neo fleet in 2020, 25.6 percent in 2021 and 33.9 percent in 2022 because Pratt failed to provide new engines and spare parts. In total, this equates to more than 47 years of potential flight time between January 2020 and February 2023, when the planes were forced to remain grounded.

(...)

My comment: *The Pratt & Whitney PW1100G engines (first generation) concerned are installed on Airbus A220, Embraer 175, 190 and 195-E2 and as an option on the A320 neo.*

The airlines mentioned in the article, Lufthansa, Go Airlines India, Go First India are the latest airlines to suffer from the problems encountered by the engine manufacturer, after Iraqi Airways, Air Tanzania, Air Senegal and EgyptAir.

KLM is also concerned: 5 of its 12 Embraer 195-E2 are experiencing engine problems. Air France has been spared, as its A220 fleet is more recent and its engines have benefited from the latest modifications.

Pratt & Whitney said it is "committed to the success of our airline customers," adding that it will continue to "prioritize delivery programs for all customers.

But the engine maker is struggling to keep up with demand with a still-failing supply chain.

The first airlines to opt for the PW1100G may be penalized for several months.

> **ADP: border waiting times in March**

(source Air Journal) May 2, 2023 - The monthly barometer set up by the ADP Group and the Border Police Department of the waiting times encountered by passengers at the various border control points in Paris-Charles de Gaulle and Paris-Orly airports, indicates an overall stability compared to February. A program to reinforce the

PARAFE airlocks has been launched.

In March 2023 at Paris-CDG, out of nearly 3.3 million passengers on international flights outside Schengen, 81% waited less than 10 minutes, 96% less than 30 minutes and 99% less than 45 minutes

At Paris-Orly, out of nearly 1.2 million passengers on international flights excluding Schengen, 86% waited less than 10 minutes, 99% less than 30 minutes and nearly 99% less than 45 minutes.

For the record, recalls the ADP press release, "**the maximum waiting times at the Border Police in airports, set by the Prime Minister during the inter-ministerial council on tourism on July 26, 2017, are 30 minutes for European nationals and 45 minutes for non-Europeans.**"

Events resulting in waiting times of more than 30 minutes (events impacting more than 50 passengers, per calendar week. Two occurrences must be separated by 20 minutes, otherwise only one event is counted):

At Paris-Charles de Gaulle

- Week 9: 25 events impacting approximately 7,950 passengers, with an average waiting time of 45 minutes.
- Week 10: 40 events affecting approximately 14,900 passengers, with an average waiting time of 45 minutes.
- Week 11: 34 events impacting approximately 11,650 passengers, with an average wait time of 45 minutes.
- Week 12: 56 events affecting approximately 20,730 passengers, with an average wait time of 50 minutes.
- Week 13: 44 events affecting approximately 11,300 passengers, with an average waiting time of 45 minutes.

At Paris-Orly

- Week 9: 6 events affecting approximately 890 passengers, with an average waiting time of 55 minutes.
- Week 10: 4 events affecting approximately 450 passengers, with an average waiting time of 35 minutes.
- Week 11: 12 events impacting approximately 2,150 passengers, with an average wait time of 40 minutes.
- Week 12: 12 events affecting approximately 1,930 passengers, with an average waiting time of 40 minutes.
- Week 13: 1 event affecting approximately 100 passengers, with an average waiting time of 35 minutes.

(...)

The ADP Group, in collaboration with the Border Police, is increasing the number of PARAFE (Automated Rapid Border Crossing) airlocks in the Paris airports. There are currently 122 airlocks (100 at Roissy, 22 at Orly), but the Paris airports operator has announced that it is "in the process of redeploying existing airlocks (which is possible due to the closure of the 2AC terminals for work), and installing new airlocks on the borders that are most heavily used. At CDG, work began on March 8 to add five more airlocks to Terminal 1 departures, increasing the number from three to eight by early May. Similar work began on March 22 at Terminal 2E arrivals, to add 5 airlocks to the 10 currently in operation by mid-May. By summer 2023, 17 airlocks will have been deployed.

The ADP Group "will continue this reinforcement plan", with the aim of offering 170 airlocks for the summer of 2024 (+39%).

***My comment:** During the summer of 2022, there were too many queues in the Paris airports.*

The reason: the lack of staff both at ADP (and its providers) and the police.

With the approach of major sporting events organized in France (the Rugby World Cup at the end of the year, the Olympic Games next year), hiring has resumed. Without bringing any certainty as to the smooth running of operations during the upcoming summer peak.

> Emirates and Etihad Airways strengthen their interline agreement in the UAE

(source Air Journal) May 7, 2023 - **Emirates and Etihad Airways have signed a memorandum of understanding (MoU)** to expand their interline agreement and offer travelers more route choices when visiting the United Arab Emirates (UAE).

The agreement, the first of its kind between the UAE's two largest airlines, aims to boost tourism to the UAE by allowing visitors to experience multiple destinations with one booking. This summer, customers of Emirates or Etihad will be able to purchase a single ticket to the UAE, using Dubai and Abu Dhabi airports. The new agreement also offers travelers planning to explore the UAE the flexibility of a one-way ticket for their entire trip, as well as easy baggage check-in. To begin this expanded partnership, **each airline will focus on visitors from Europe and China to the UAE.** The open jaw agreement will allow travelers to optimize their trip and experience Abu Dhabi, Dubai or any other UAE emirate, without having to fly back via their arrival airport. **Customers travelling to the UAE also have the option of taking "multi-city" itineraries, i.e. travelling from one city using both Emirates and Etihad Airways networks.**

This expanded interline partnership builds on the commitment of the two UAE

airlines to support the UAE government's goal of making the UAE one of the world's leading destinations. Tourism is one of the key pillars of the UAE's economy and is expected to contribute 5.4% of the nation's total GDP, or 116.1 billion dirhams (\$31.6 billion), and support more than one million jobs by 2027.

In addition, this interline agreement is the second between the two Emirates airlines. In 2018, Emirates Group Security and Etihad Aviation Group (EAG) had signed a memorandum of understanding to enhance aviation security, including sharing information and intelligence for their respective operations inside and outside the UAE. The previous year, Emirates signed an agreement with the Abu Dhabi Department of Culture and Tourism to promote tourism in the UAE capital.

My comment: *The Gulf companies are at the post-Covid meeting. They are looking to attract more travelers.*

Thus, Qatar Airways will serve Toulouse, Nice and Lyon, proposing to connect them to its hub via flights of 6 to 7 hours.

Passengers travelling to Asia will then have the choice between a 1-hour flight and a 12-hour flight (Air France) or two flights of 6 or 7 hours (Qatar Airways). The question is: what will be their choice for the same price?

The quality of the hub will be an important criterion. But the connection time (between midnight and 2 a.m. in Doha in the west-east direction, between 6 a.m. and 8 a.m. in the other direction) could work against Qatar Airways.



Competition between the three Gulf carriers is fierce, especially since their airports

are so close. The Emirates and Etihad hubs are less than 200 km apart. Qatar's hub is only slightly further away, at about 400 km.

A word of clarification: Dubai is the most populous city in the United Arab Emirates, a state that includes seven Emirates: Abu Dhabi (the largest Emirate), Dubai, but also Sharjah, Fujairah, Ajman, Ras Al-Khaimah and Umm Al-Quwain.

End of the press review

> **Air France-KLM share price performance over the past year**



Two events have impacted the share price over the past year:

- . in June 2022 the capital increase of 2.256 billion euros
- . in February 2023, the announcement of good results for 2022.

No new comments

> **Air France-KLM share price trend**

Air France-KLM shares closed at **1.46 euros** on Monday 8 May. It is **down sharply** this week **by -6.98%**.

It was at 1.253 euros on January 2, 2023.

The 12-month analysts' average (consensus) for AF-KLM shares is 1.88 euros (it was 1.55 euros in early February). The highest price target is 2.40 euros, the lowest 1.10 euros. I only take into account analysts' opinions after the May 2022 capital increase.

According to AFP, the markets are mixed, between slowing inflation and fears of recession in the United States.

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

***My (new) comment:** Air France-KLM share price suffered from the announcement of mixed quarterly results and a weaker than expected annual forecast (passenger activity at 95% of 2019 level).*

> **Fuel price evolution in 2022**

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. In 2022, the spread between the two products has fluctuated between \$30 and \$50, while in previous years it was no more than \$10.

For the past two months, the spread between the two products (Jet Fuel and crude oil) has been narrowing and is approaching the spread that existed before the war in Ukraine

No new comments

> **Fuel price changes this week**

The barrel of Jet Fuel in Europe is down this week by -\$3 to \$91. After peaking at \$182 in June 2022, it was down to \$132 in early August. It was at \$79 before the outbreak of the war in Ukraine.

Brent crude oil (North Sea) is down this week by -\$5 to \$75. The effect of OPEC+ production cut announcements is fading.

From mid-February 2022 to the end of July, it was yo-yoing between \$100 and \$120. Since then, it has oscillated between \$75 and \$99.

While oil has been back to a normal level for several weeks, **Jet Fuel is now very close to its normal level. The difference between jet fuel in Europe and Brent crude oil is now only \$16 per barrel.** In 2022, at the beginning of the Ukrainian conflict, this gap was close to \$50.

While it is too early to draw any definitive conclusions, this is good news for airlines.

If confirmed, they will be able to devote more resources to sustainable aviation fuels.

No new comments

Good to know

> Advice for employees and former employees who are shareholders

You will find on my [navigation](#) 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 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](#)

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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