

Passengers stranded at Madeira airport: low-cost carriers' minimalist approach to communication



I Letter from François Robardet

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(Raison d'être of the Air France-KLM group)

for employees and former employees

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Monday's Press Review

> Passengers stranded at Madeira airport: minimal communication from the airlines

(source BFM) August 21, 2024 - Chaos and loneliness, that's the feeling shared by **holidaymakers currently stranded at Madeira airport in Portugal**. High winds have been severely disrupting air traffic for several days, preventing planes from landing. As a result, many flights have been cancelled.

The problem is that passengers **on certain airlines, mainly low-cost carriers, are forced to wait several days on the spot** to get a new seat on a plane. Above all, they are in a state of uncertainty, feeling abandoned and subjected to contradictory information, unlike the major national airlines like TAP, which have people on the ground.

For example, Margot, a French tourist who has been stuck with her family for six days "without any information from our airline (Ryanair, editor's note), only one counter for 200 people: we can't take it anymore", she explained to BFMTV on Tuesday.

"At Ryanair, they tell us, you're on your own," adds Jérôme, another passenger. We didn't get any help from EasyJet, the original airline," laments Sévan. We were told to make do, that's how they put it, and we ended up in the street.

It's difficult to know the exact number of passengers stranded on site. When

contacted, Madeira airport did not return our requests for information. However, Vinci Airports, the airport operator, explained that all stranded passengers had been given assistance: water, food, a cot to sleep on and flight information.

On Tuesday evening, according to Vinci, passengers still stranded had accommodation outside the airport. On the French side, around twenty passengers were stranded.

As for the airlines, which have obligations towards stranded passengers, it's often a case of minimum service. There are few, if any, representatives on site, and the efficiency of customer services is highly uncertain.

When contacted, **Ryanair, which is the focus of much criticism, refused to give any details.** Its press office refers us to a short press release which gives no information.

"Affected passengers will be informed and all passengers travelling to/from Madeira airport on Wednesday August 21 should check their Ryanair app for the latest updates on their flight. We regret any inconvenience caused to passengers by these weather conditions, which are beyond Ryanair's control and affect all airlines operating to/from Madeira airport".

The Irish airline's passengers are rather mocking the company's absolute silence. **Transavia** has stated that two flights have been cancelled (August 18 and 20). The company **gives a few more details on how passengers stranded on site will be looked after:**

"

Passengers have received an e-mail or text message offering them either a new travel date or a refund of their flight. Transavia will cover the cost of accommodation and meals until the new flight date. Transavia is monitoring weather conditions in Madeira".

When asked about the number of customers stranded, the Air France subsidiary shrugs it off. "It's difficult to say because some passengers decide to leave by their own means", we are told.

EasyJet is a little more prolix. "We are sorry for the inconvenience caused and are actively continuing to find solutions to help the customers concerned. With weather conditions affecting all airlines, we are aware that hotel and alternative flight options are unfortunately limited at this busy time of year."

"We are offering impacted customers a free refund or flight transfer, guaranteeing hotel accommodation where possible and informing those making their own arrangements that they will be reimbursed," the company continues.

(...)

My comment: Madeira airport is reputed to be one of the most dangerous in the world, mainly due to its high winds. As a result, specific training is required for pilots wishing to land and take off there.

So it's only natural to see a series of flight cancellations for obvious safety reasons. However, there are a few comments to be made about passenger management.

First of all, European regulations govern flight delays and cancellations. With regard to flight cancellations, it stipulates :

- Compensation is due if cancellation occurs less than 14 days before departure, unless the airline can justify extraordinary circumstances such as particularly unfavorable weather conditions. In its communications, Irish low-cost carrier Ryanair refers to "weather conditions beyond Ryanair's control".

- Passengers can choose between a refund, rerouting or rebooking.

If the airline fails to meet its obligation to offer a new flight, it is obliged to refund the ticket price.

In this case, there's a noticeable difference in treatment between scheduled airlines, low-cost airlines such as EasyJet and Transavia, and ultra-low-cost airlines like Ryanair.

And yet, all airlines operating within the European Union are bound by the same rules. However, the effectiveness of the sanctions actually applied in the event of failure to respect the rights of European passengers is questionable.

Ryanair's financial rationale is to remain a winner by deploying few resources at the end of the line, while incurring moderate penalties in the event of a breach of the rules.

> Qatar Airways invests in AirLink and strengthens its footprint in Africa

(source Journal de l'Aviation) August 21, 2024 - **Qatar Airways** strengthens its position in Africa. The group announced on August 21 that it had taken a 25% stake in AirLink, with which Qatar Airways had already signed a codeshare agreement in June 2022.

The South African airline serves over 45 destinations in fifteen African countries. Qatar Airways' network includes 29 destinations on the continent, where the group has been gradually strengthening its presence since 2020. "

Our investment in Airlink once again illustrates the extent to which **we see Africa as a key element in our company's future**. This partnership demonstrates not only our confidence in Airlink as a resilient, agile, financially sound company governed by rigorous principles, but also in Africa as a whole, which has immense potential that I am delighted to be able to help bring to fruition," commented Badr Mohammed Al-Meer, Qatar Airways Group Chief Executive Officer.

AirLink expects the alliance with Qatar Airways to deliver economies of scale and increased capacity, unlocking its growth prospects. It will also considerably strengthen its marketing capabilities.

***My comment:** The United Arab Emirates has pledged to contribute to the construction of Africa's largest airport in Addis Ababa, in partnership with Ethiopian Airlines. China has already provided support for the construction of the airline's cargo terminal.*

Now it's Qatar's turn to strengthen its interests in Africa through an alliance with AirLink.

This initiative will probably not be the last on the African continent, which offers far more promising prospects for the development of air traffic than other markets, such as Europe, where the sector is already at an advanced stage of maturity.

> **Boeing suspends 777X certification due to faulty part**

(source Les Echos) August 20, 2024 - Customers of the Boeing 777-9 may have to wait a little longer. The American aircraft manufacturer has had to suspend test flights of its new long-haul jumbo jet once again, following the **discovery over the weekend of a structural weakness in one of the engine's critical attachments**. This will further delay the certification **of Boeing's latest model, which is already five years behind schedule**, and cause a few more grey hairs for its new boss, Kelly Ortberg.

The information, revealed by the specialized American website "The Air Current", was confirmed by Boeing on Monday evening, without any further details concerning the severity of the problem or the duration of flight interruptions. The only certainty is that **the three aircraft dedicated to certification flights have all been grounded**, following the discovery on all three of microcracks in the thrust links. These are titanium rods - there are two per engine - designed to transfer part of the mechanical stress generated by engine thrust from the front to the rear. In other words, a safety-critical part.

The problem was apparently discovered during a routine maintenance visit to one of the three test B777-9s in Hawaii. The aircraft had to remain on site, while inspections carried out on the other two B777X test aircraft, based at Everett near Seattle, revealed the same problem of micro-cracks on the thrust rods. The stresses borne by these pushrods are all the greater in that the two GE-9X engines powering the B777X are the largest aircraft engines ever built, each measuring 3.4 metres in diameter and weighing 11 tonnes.

The question now is whether Boeing can simply replace the defective parts, or whether its engineers and those at GE, which manufactures the 777X engines,

will have to redesign the parts themselves. But it's a safe bet that this latest incident will mean additional tests and delays in the certification process, which has already been going on for three years. As a result, the first deliveries to Emirates, last promised by Boeing for the end of 2025, risk being postponed to 2026, as Emirates CEO Tim Clark put it. That's **more than five years after the first flight of the 777X, in January 2020.**

A career already off to a bad start

The Boeing 777-9 is the latest modernized version of the 777, Boeing's best-seller in the long-haul widebody category. It is distinguished in particular by the size of its wings, which are fitted with folding tips to limit the space required at airports.

Commercially launched in 2013 under the code name 777X, **it helped shorten the commercial career of the Airbus A380**, offering comparable carrying capacity, but with two engines instead of four for the Airbus.

However, after a good sales start, **delays in** its development, combined with a scarcity of orders for very large aircraft, **brought the commercial career of the 777X to a halt**, with only 340 orders since its launch. The postponement of the first deliveries has even forced some airlines, such as Lufthansa, to put A380s back into service, while other good 777 customers such as Air France have opted for the A350.

Last month, however, the skies seemed to be clearing for Boeing and its B777X. The American civil aviation authority, the FAA, had authorized the aircraft manufacturer to begin certification flights of the B777-9, with FAA teams on board. For the first time in a long time, the B777X also won a further 20 or so orders at the Farnborough Air Show. The upturn was short-lived.

My comment: *The US aircraft manufacturer is already struggling in the single-aisle segment, suffering particularly from the comparison between its B737 models and the Airbus A320s, especially the latest generation.*

Its new long-haul models, the B777X and B787, have not been spared.

In addition to the facts concerning the B777X reported in the article, the B787 is the subject of yet another setback.

*The newspaper "La dépêche du midi" reports that:
"The American Civil Aviation Authority (FAA) has just required inspection of the seats in the cockpit of 787s. A problem that could lead to the aircraft crashing has been detected on certain aircraft. This adds to the long list of defects detected since the beginning of the year".*

More than 1,100 B787s are currently in service.

Long and arduous efforts will still be required before commercial relations between

the aircraft manufacturer and its customers can be put on a sounder footing.

> The sketch of the first carbon-free aircraft takes shape

(source Les Echos) August 20, 2024 - With the bankruptcy of Universal Hydrogen, **the decarbonization of air transport has lost one of its most high-profile pioneers**. Five years after its creation, the Californian start-up, which wanted to convert regional aircraft to hydrogen, had to close its doors and lay off its employees in Hawthorne and Toulouse last month, for lack of money to continue the adventure.

But despite this setback, the march towards less CO₂-emitting aviation has continued, and we can see a little more clearly, not least in terms of the most relevant technological options. **The summer of 2024 saw the culmination of the European IMOTHEP program**, launched in 2020 with 33 players from the European aeronautics industry, to study the feasibility of hybrid-electric-powered aircraft. Led by Onera, the French aerospace research center, **it has not only confirmed the feasibility of the first hybrid-electric aircraft by 2035**, but has also established a technological roadmap, identifying the most promising concepts. An initial scaled-down demonstrator (pictured) has already flown in southern Italy on May 2.



We studied

two regional aircraft concepts and two short- and medium-haul (SMR) aircraft concepts," explains Philippe Novelli, IMOTHEP coordinator at Onera. For the regional, the target defined with Airbus and Leonardo is an ATR42-type aircraft [42 seats, editor's note] with a range of 600 nautical miles (NM) [1,111 km]. For the SMR, the capacity is close to that of an A320 - around 150 passengers - but with a smaller range of around 800 NM [1,481 km]".

For regional aircraft, the IMOTHEP program identifies two propulsion concepts.

The first is parallel hybrid, in which propeller-driven combustion engines are assisted by electric motors, powered by batteries. "In the case of our ATR-type project, **electric motors could provide up to 30% of the power**," says the Onera manager. The only problem is the weight of the batteries, which would add several tonnes to the aircraft.

Parallel hybrid or electric turbo?

The second concept is the electric turbo, in which an internal combustion engine drives an electric generator, which produces electricity to power the electric motors, which provide 100% of the propulsion. "This may seem a far-fetched concept, but it doesn't require a battery and allows propulsion to be distributed throughout the aircraft, thus increasing propulsive efficiency", assures Onera's coordinator. This type of hybridization is used in the merchant navy, for example. For SMRs, on the other hand, the concepts studied are both of the turboelectric type. On aircraft of this size, previous studies have already shown that the parallel hybrid concept would lead to too high a battery mass," explains Philippe Novelli. So we turned our research to the electric turbo.

The promise of the flying wing

In addition to the possibility of increasing the size and performance of the gas turbine, this concept of distributed electric propulsion would enable better synergies with the airframe. By generating, for example, an airflow that could improve wing lift. "Electric thrusters can also be used to better control the aircraft in yawing maneuvers and reduce the size of the vertical stabilizer," explains Philippe Novelli.

However, to be optimized, **the electric turbocharger requires significant modifications to the aircraft's design**. One of the concepts developed involves placing 24 small electric motors along the wings. This would require longer wings than current aircraft. But others are even more innovative. "We have also studied a more disruptive flying wing project, which would also allow for boundary layer ingestion (the slow flow of air near the fuselage, editor's note), in order to optimize turbine efficiency," says the Onera researcher.

Cautious conclusions

Hence the **rather cautious conclusions of the research program**, concerning the feasibility of an Airbus A320-type aircraft with hybrid electric propulsion. The **SMR target is clearly a long way off**," admits Onera's coordinator. For the time being, we haven't identified a configuration offering a performance gain over a conventional configuration. What's more, SMRs require very high electrical power and electrical networks with voltages far removed from those used in aviation," he continues. Today, we don't exceed 540 volts. We think we'll soon be able to reach 800 volts, but our work on SMRs is leading us towards 3,000-volt electrical distribution systems. And there, the associated problems (electric arc, partial discharge, etc.) are severe", he explains.

On the other hand, **the conclusions are much more optimistic for regional aviation**. For regional aviation, we can stay within a power range of around 800 volts," stresses Philippe Novelli. And here, we have turbo electric configurations offering quite significant performance gains. Parallel hybrid configurations with batteries also seem to offer gains in regional aviation, but over much smaller operating radii, of the order of 200 NM [370 km]."

Given the current state of science, and barring any technological breakthroughs in fuel cells, we can already draw up a sketch of the first carbon-

free aircraft likely to enter service as early as 2035. **It will be a regional aircraft with distributed hybrid electric propulsion, using batteries and a generator.**

Some people in Toulouse have already sketched the broad outlines. **Comparable in size to an ATR-42**, but with longer wings, it would be equipped with six to eight propeller engines - 5 or 7 electric and one conventional gas turbine - distributed along the wings.

Its take-offs and landings, in 100% electric mode, would be almost silent. As for the small internal combustion engine, it will only be used for cruising, as a generator or to extend the range. This will satisfy both airport residents and environmentalists.

***My comment:** Research efforts to develop decarbonized aircraft are to be applauded. However, the term "decarbonized" should be used with caution, as it does not mean the complete elimination of CO2 emissions for hybrid models.*

The challenge is made all the more complex by the large mass involved: the airframe, engines, passengers, baggage, etc., as well as the generators.

For the moment, there is only a demonstration aircraft (see photo above). It measures just 4 meters!

According to the 2022 report by the International Council on Clean Transportation (ICCT), battery-powered electric aircraft would only be suitable for regional flights, as would hydrogen-powered aircraft.

These flights currently account for 6% of global air traffic CO2 emissions. By 2050, according to the report, the reduction in CO2 emissions from electric aircraft could reach 3.7 million tonnes, or just 0.2% of projected passenger air traffic emissions.

Given the timeframe involved (the feasibility of the first hybrid-electric aircraft is not envisaged until 2035), it is unrealistic to expect this technology to be extended to "normal" medium-haul aircraft before 2050.

At the same time, if we compare the capacities of future decarbonized aircraft with the difficulty of sourcing Sustainable Aviation Fuels, we can legitimately worry about the LTAG (Long Term Aspiration Goal) set in 2022 by ICAO member states for the year 2050: carbon neutrality for air transport by 2050.

For the record, ICAO stated that "Achieving this goal will depend on the combined effects of several carbon reduction measures, including accelerating the deployment of innovative new aircraft, mitigating air traffic and increasing the production and use of sustainable fuels (SAF)".

There is therefore an urgent need to step up the resources allocated to research if we are to achieve our objectives.

End of press review

> Air France-KLM share price trend

Air France-KLM shares closed at **7.644 euros** on Friday August 23. It is **down this week (-1.37%)**.

It was 12.53 euros on January 2, 2023, and 17.77 euros on June 19, 2023.

The analysts' 12-month average (consensus) for AF-KLM shares is 11.11 euros (it was 15.0 euros at the beginning of January 2023). The highest price target is 19.60 euros, the lowest 8 euros.

I only take into account analysts' opinions after July 1, 2023.

You can find [details of the analyst consensus](#) on my blog.

My comment: *The Air France-KLM share price is flirting with its all-time low.*

The airlines' mixed half-year results have led to a fall in their share prices. The announcement of Air France-KLM's half-year results, which were also mixed, paradoxically boosted the share price.

The average (consensus) 12-month analyst price for Air France-KLM shares is 11.11 euros, down nearly 3 euros in two months.

> Fuel price trends this week

The price of a barrel of Jet Fuel in Europe is down \$1 to \$95. It was \$94 at the end of June 2023, and \$79 before the outbreak of war in Ukraine.

Brent crude oil (North Sea) is down \$3 to \$77 a barrel.

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

My new comment: *Since the beginning of the year, the price of a barrel of oil has*

been relatively stable. It fluctuates between \$80 and \$90.

The price of a barrel of Jet Fuel in Europe is falling steadily, from \$120 to \$100.

The spread between Jet Fuel in Europe and Brent crude oil has followed the same trajectory as Jet Fuel, approaching its pre-Ukraine level.

> **FCPE management**

When you invest in one of Air France's FCPE funds, you obtain shares in these funds. You do not hold shares directly.

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

The Partners for the Future, 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 equities.

My comment: *If you'd like to find out more about how the various Air France FCPEs are managed, please [visit the Air France-KLM Employee Share Ownership section of my website](#).*

Details

This information does not constitute 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 to keep you better informed.

By return, you can ask me any questions you may have about the Air France-KLM group or employee share ownership...

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| François Robardet

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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 linked to Air France-KLM shareholding.

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