

The EU should reject the appeal of Air France-KLM against the fines for the agreement



I Letter from François Robardet

At the point of a more responsible European aviation, we bring people closer together to build the world of tomorrow.

(Raison d'être du groupe Air France-KLM)

for employees and former employees

PS and PNC shareholders of Air France-KLM

N°981, September 9, 2024

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La Revue de Presse du lundi

> The EU should reject the appeal of Air France-KLM against the fines for entente

(source Reuters) September 5, 2024 - The highest European court should reject the appeal of Air France KLM and its Dutch unit KLM, British Airways, Singapore Airlines and some of their peers against the fines imposed by the antitrust regulators of the EU in 2017, said Thursday a counselor of the court.

Seven years ago, the European Commission imposed new fines of a total amount of 776 million euros on 11 airlines for having participated in an agreement aimed at fixing air freight prices , after the Court of First Instance The instance based in Luxembourg canceled the first decision imposed in 2010 due to a procedural error.

The carriers brought their grievances before the court of first instance, which rejected them in 2022, which prompted them to appeal before the Court of Justice of the European Union (CJUE).

The judges of the Court should reject their appeals, declared the General Advocate of the CJUE , Athanasios Rantos , in a non-binding notice, is an arrangement on the part of the European authority responsible for the application of competition rules.

He added that SAS's appeal to obtain a reduction of his fine should be returned to the Court of First Instance to be re-examined.

The CJUE , which generally follows the majority of recommendations of this type, will

pronounce in the next months.

The **fine of Air France-KLM is the highest (182.9 million euros), followed by that of KLM (127.1 million euros)**. Lufthansa, which avoided a fine after having alerted the EU supervisory body to the existence of the cartel, had also appealed the decision because it did not agree with the legal arguments of the Commission.

The EU watchdog said the agreement had fixed the prices of air freight services, fuel and security supplements between December 1999 and February 2006.

The other airlines that have appealed the fines imposed by the EU are Air Canada, Japan Airlines, Cathay Pacific Airways, Latam Airlines Group and its subsidiary Lan Cargo, as well as Cargolux .

My comment: Here is a file that is nearly twenty years old.

The companies are accused of having imposed surcharges for fuel and security between December 1999 and February 2006.

On December 21, 2014, in [letter n°526](#), my predecessor Christian Magne wrote: The companies appealed the European sentence initial [in 2010]. As a result, the fine had not been paid, but a proportionate amount had been provisioned (according to the accounting rules in force) in view of an eventual conviction. This amount is still part of the treasury of the AF-KLM group, but it is "blocked", therefore unusable, until a final decision is made regarding this amendment.

Two companies, Lufthansa and the Swiss subsidiary, are exempt from prosecution because they were the first to cooperate with the investigation.

I have nothing to add.

attn old file, the amount of the fines has been provisioned so no impact in the accounts, only in the treasury

see letter <http://navigaction.com/Lettre/854.htm>

dans lettre <http://navigaction.com/Lettre/591.htm> (2017) The facts blamed on the European companies relate to the period 1999 - 2006. The companies agreed to impose homogeneous fuel surcharges on their customers. Two companies, Lufthansa and the Swiss subsidiary, remain exempt from prosecution because they are the first to have cooperated with the investigation

in the letter <http://navigaction.com/Lettre/526.htm> (2015!) the initial European condemnation. As a result, the fine had not been paid, but a proportionate amount had been provisioned (according to the accounting rules in force) in view of an eventual conviction. This amount is still part of the treasury of the AF-KLM group, but

it is "blocked", therefore unusable, until a final decision is made regarding this amendment.

> Paris 2024: "I think that the images of Paris have inspired the whole world to come", says the director general of Air France

(source Radio France) September 4, 2024 - Air France transported athletes and para-athletes during the Olympic and Paralympic Games. **A few days before the end of the Paralympic Games, on Tuesday, September 3, only one major logistical challenge remained for the company, that of the return of the para-athletes and their equipment.** Anne Rigail, director general of Air France, is the guest of Eco de Franceinfo .

franceinfo : Is it that these two major events have kept tourists away from the destination of France this summer or is it that it's all the opposite?

Anne Rigail: **We said that we expected to return to traffic in the summer of 2019, so at around 125,000 customers per day, and that's what we did.**

"There was an Olympic Games effect, since the usual customers of this period, who are foreigners who come to visit Paris, were much more absent." Many of the spectators of the Olympic and Paralympic Games were French and European, and therefore the volume of our customers was largely based on customers in correspondence who pass through Paris, but who do not come to visit Paris or France.

Does this mean that a priori, this period is not beneficial for Air France?

On the months of June and July, we have a period that, as we have already said, will not be beneficial . However, this was an extraordinary success in terms of organization.

(...)

I think that the images of Paris and France have made the whole world want to come.

Is this a logistical tour de force for Air France? Have you made recordings in the athletes' village?

We have been preparing for more than a year to make it a success. We welcomed 11,000 athletes and about a third of the athletes and accredited traveled by plane. At stake, it was actually to accommodate them au mieux, with their perch, their javelin or their kayak. " **We even recreated with Paris 2024 and Aéroports de Paris a mini-airport within the Olympic village to facilitate returns .**"

This is also what we are going to do from this weekend for the return of the Paralympics. It's about 1,500 people between the athletes and the accredited and **it's a big challenge for the athletes who move in a wheelchair** , who generally

have two wheelchairs and who are very heavy. It is necessary to return their chair directly to the exit of the plane and this is not what we manage to do generally, because logistically, it is a lot of infrastructure, elevators and human means. But it's very important because a chair is the ultimate extension of the body of an athlete or a client in a handicap situation.

Are you talking about the athletes or the lambda client?

I'm talking about athletes because that's what we've done for athletes and ultimately **the stake and ambition is that we can develop this process for free for our clients in a handicap situation. It assumes a very heavy organization, with Aéroports de Paris, hand in hand, and this is our ambition to inherit from these Games.**

***My comment:** In 2001, under the presidency of Jean-Cyril Spinetta, Air France was the first company in the world to offer a free travel assistance service to people with disabilities and reduced mobility (Saphir).*

Since more than 20 years, Air France transports nearly 600,000 customers each year with this specific assistance.

The operational performance of Air France deserves to be praised, especially the ability to manage remote registration as well as the athletes' equipment.

In the absence of a direct positive financial impact this summer of the Olympic and Paralympic Games on the accounts of Air France, the Director General of Air France bets on their success to attract more passengers in the future.

> **The airport of Amsterdam-Schiphol puts 6 billion euros on the table**

(source La Tribune) August 30, 2024 - This is "the largest investment plan" in its history. **Amsterdam-Schiphol Airport announced this Friday a total investment of 6 billion euros by 2029 to improve infrastructure and working conditions.**

(...) The fourth airport in Europe **is facing a lack of personnel and a large part of the employees, including security agents and baggage handlers, are concerned about the workload, absenteeism and security** . Two years ago, Schiphol experienced major problems with baggage management: thousands of suitcases piled up at the airport while many passengers were looking for theirs. The airport notably wants to invest in the luggage storage, air conditioning systems, escalators, runways and traffic lanes. **At the same time, the working conditions of employees should be improved.**

(...)

Schiphol has already invested 3 billion euros in the last few years in the expansion and improvement of terminals. The airport announced its new investment plan by

presenting the figures for the first six months of this year. With 31.8 million passengers, the airport saw its passenger traffic increase by 10%. For the entire year 2024, Schiphol expects that the total number of passengers will be between 65 and 68 million. The number of flights expected is between 470,000 and 473,000.

Last November, the Dutch government announced the suspension of plans to reduce the number of flights at Amsterdam-Schiphol airport due to a negative European opinion , conceding that this decision is "hard to swallow for the environment" ». The executive wanted to reduce the maximum number of flights per year, increasing it from 500,000 to 460,000 starting next year in order to reduce noise pollution near one of the largest air hubs in Europe.

But the government explained that it had received a letter from the European Transport Commission expressing "serious concerns" and calling on the Netherlands to take "urgently (...) all possible measures to guarantee compliance with European law." ». "I had to make a new evaluation", said then the Minister of Infrastructure Mark Harbers , driving the car back.

***My comment:** I see a real change of strategy on the part of the Dutch government, guided in part by the European Commission.*

The new orientations are marked by pragmatism.

Regarding the social aspect, many airports in Europe are facing a labor shortage, although this file is regularly discussed between the European Federation of Transport Workers (ETF) and representatives of employers' associations. The source is sponsored by the European Commission.

These discussions progress sometimes with difficulty, because faced with the demands of salary increases from the workers, the employers instead propose an improvement of the working conditions for the companies operating with reduced margins.

The next exchanges between the different parties will take place on November 5/6/7. The subject of social dialogue between employees and employers should be addressed.

> Iberia launches its Airbus A321 Extra-Long Range towards the United States

(source Voyages d'Affaires) September 3, 2024 - **Iberia** received this summer its first Airbus A321XLR on an order of 8 aircraft in total that should join the fleet in 2025 and 2026. The Spanish company **is the first in le monde à recevoir ce type d'avion. This version of the Airbus A321 allows to cover distances of more than 8,000 km** , offering a configuration of 180 to 220 seats depending on the

model. Above all, a reduction in fuel consumption of 30% per seat, compared to large carriers on intercontinental lines.

The configuration of the Airbus A321XLR on Iberia will consist of a business cabin of 14 seats and 168 seats in economy class. **Iberia promises a comfort on board similar - or even better - to that of the Airbus A330.** The business class is especially equipped with seats-beds, with a large screen video, an individual light and a private storage compartment. The economy class, as for it, has new Recaro seats , supplemented by several USB chargers. The cabin luggage compartments are also wider. All passengers can also connect their own headphones and earphones via bluetooth .

The new plane will enter service on November 14 on the Madrid-Boston route.(...)From January 15, Washington will be added to the departure from Madrid.(...)

***My comment:** Iberia promises for its Airbus A321 XLR a comfort equal to or superior to that of the Airbus A330. The first version of the Airbus A330 at Air France already offered an intimate atmosphere with initially a number of passengers lower than that of an Airbus A321 in a single-class configuration . Originally, there were 147 seats in economy class.*

For this new aircraft, the reduced time of boarding and disembarkation, as well as the configuration of six front seats in economy class, should improve the passenger experience.

However, the Spanish company will be the first to operate this type of flight, which will cause great interest from the competition to observe the first results.

Iberia is taking a few risks in choosing transatlantic routes for this new aircraft. The company probably hopes to be able to count on a strong demand for business class, even with a small cabin.

For now, Air France-KLM does not seem interested in the A321 XLR, preferring the A321 NEO which already offers a range of more than 6000 km.

> **The Volotea airline doubles down on welcoming Aegean to its capital**

(source Les Échos) September 3, 2024 - **Carlos Munoz** quickly fell back on his feet. While the failure of the purchase of Air Europa by IAG risked having serious consequences for this company, **the boss of Volotea managed to strengthen his own funds by at least 50 million euros, attracting a new shareholder - la compagnie grecque Aegean** - à son tour de table. **De quoi alléger some concerns about the financial strength of low-cost Europe** , very present in the French regions.

The operation, unveiled this Tuesday, will unfold in two phases. Volotea will first

receive a first tranche of 50 million euros, including 25 million from Aegean and 25 million contributed by the current shareholders of Volotea, in the first rank of its CEO and co-founder Carlos Munoz . A second tranche of 50 million should be paid by the first quarter of 2025, according to the same distribution key. **This would allow Aegean and its president Eftichios Vassilakis , to hold 13% of the capital of Volotea, initially, then 21% at the end of the second subscription .**

To this capitalist agreement is added the creation of a joint venture between Aegean and Volotea, on the connections between Greece and Spain, France and Italy . So 140 lines in total, on some 450 routes operated by Volotea in Europe. Liaisons that were already the object of a commercial agreement between the two companies, but whose revenues will now be shared.

The agreement is therefore clearly to the advantage of Aegean , which became the first Greek company after the disappearance of Olympic Airways, and **one of the first European regional companies ,** thanks to the boom in tourism in Greece. **It is also one of the most profitable .** In 2023, Aegean has released a comfortable net profit of 168.7 million euros, for a turnover of 1.693 billion and 15.5 million passengers transported.

However, **it is certainly Volotea that needs the most from this agreement** and the capital injection that goes with it. **Since several years, the company from Barcelona has pursued a growth au pas de course** on the market segment, abandoned by the other low-cost European, of small interregional connections. This express expansion notably allowed it to go from 1.4 million passengers in 2013 to 11 million in 2023 and surpass the Air France group in the number of domestic connections in France.

But this double-digit growth, which continued during the pandemic despite heavy losses, has probably strained the financial situation .

(...) The disappointment of Air Europa

From the constant efforts of Carlos Munoz to support this company with solid partners , due to the lack of interesting prospects in the stock market, all reaffirming the will to preserve its independence. In 2023, Volotea opened its first door, passing a commercial agreement with Eurowings, a subsidiary of Lufthansa. But the flirting was still there.

In June 2024, Carlos Munoz had succeeded in a new coup, announcing the creation of a joint venture with the Colombian group Abra , owner of the Colombian company Avianca and the Brazilian Gol. The purpose **of this " JV " was to jointly operate the time slots at Madrid airport to be released by the IAG group (BA and Iberia) in exchange** for a green light from Brussels for the purchase of Air Europa.

For Volotea, these time slots and this agreement with Abra were the prospect of a new booster shot for this growth, likely to attract investors. **But in July, Patatras, IAG announced that it prefers to give up Air Europa ,** instead of accepting the

conditions of the European Commission. Soaring the perspective of time slots for Volotea. And with them, **the raison d'être of the joint venture with Abra that will probably never see the light of day. It was therefore time to find a strategy and a replacement partner.**

My comment: *Volotea communicates little about its financial performance via its website, only disclosing its turnover and EBITDA, without mentioning the net result or the net debt.*

The company has adopted a strategy focused on strong growth and an extended offer, in a European market marked by overcapacity. It is the leader in France in the number of routes served.

However, this strategy shows its limits, the financial situation of Volotea becoming more and more precarious.

After the aborted attempt to recover slots that were supposed to be released by Air Europa, Volotea is now turning to Aegean, whose financial health is more solid.

If the overcapacity persists on the European market, the financial situation of Volotea will be monitored.

Revue de presse pétrolière

> Goldman Sachs predicts that the OPEC+ production increase will begin in December

(source Reuters) September 7, 2024 - Goldman Sachs has adjusted its forecasts for OPEC+ oil production to reflect that it now expects three months of production increases starting from December instead of October, the bank declared in a note on Friday.

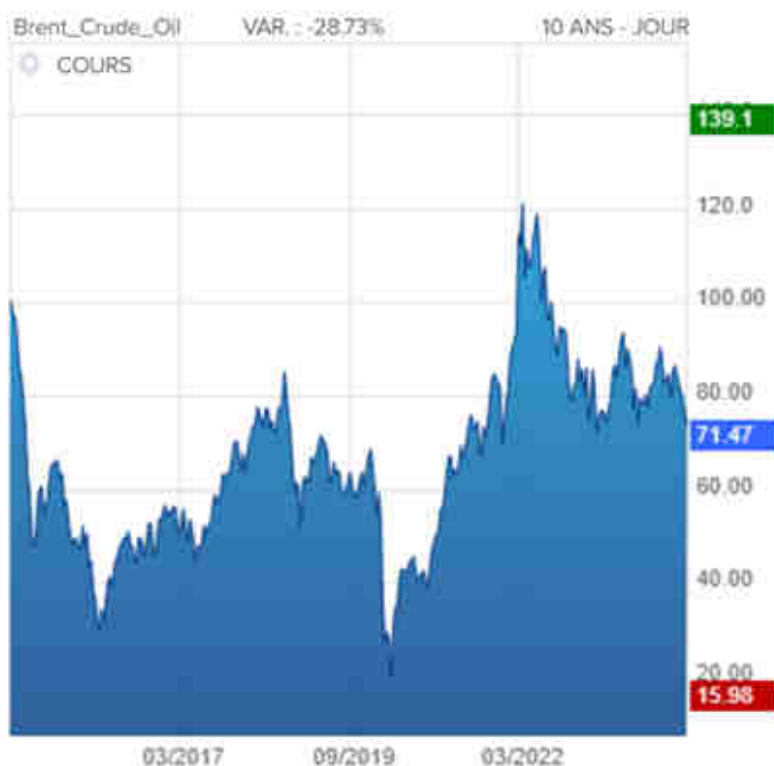
OPEC+ has agreed to delay a planned increase in oil production for October and November, the producer group said Thursday after crude prices hit their lowest level in nine months, **adding that it could be interrupted. or cancel the augmentations if necessary.**

However, **Goldman Sachs GS.N has maintained the Brent price range between 70 and 85 dollars per barrel** and its forecast for December 2025 at 74 dollars per barrel.

The investment bank expects that the effects of a modest reduction in OPEC+ supply in the coming months will be counterbalanced by the mitigation effects of the current weakness of Chinese demand and a faster recovery than expected of the Libyan offer. "We still consider that the risks for our range of 70-85 dollars are oriented to the downside due to the high reserve capacity and the risks of a

decrease in demand due to the weakness of China and potential trade tensions", declared Goldman Sachs.(...)

My comment: A barrel of oil between 70 and 85 dollars is located in the high average observed in the last 10 years.



The 2024 budget of Air France-KLM is based on a Brent price of \$79 on average over the year, in line with the forecasts of Goldman Sachs.

End of the press review

> Evolution of the share price of Air France-KLM

Air France-KLM shares are at 8.05 euros at the close on Friday, September 6. It is down this week (-2.09%).

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

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

I do not take into account the opinions of analysts after July 1, 2023. You can

find the

[details of the consensus of analysts](#) on my blog .

My comment: After having risen significantly, undoubtedly following the announcement of the effective participation in the Scandinavian airline company SAS, the share price of Air France-KLM has changed little this week.

The average (consensus) of analysts at 12 months for the Air France-KLM share is at 11.11 euros, a drop of almost 3 euros in two months.

> Evolution of fuel prices this week

The barrel of Jet Fuel in Europe is down (-7\$) at 88\$. It was at \$94 at the end of June 2023, at \$79 before the outbreak of war in Ukraine.

The barrel of Brent oil (North Sea) is down (-8\$) at 71\$.

From mid-February 2022 to the end of July 2022, the yoyo will be between \$100 and \$120. Since then, it fluctuates between \$75 and \$99.

My new comment: Since last year, **the price of a barrel of oil was relatively stable (between 80 and 90\$). It fell this week to reach its lowest since September 2021.**

The price of a barrel of Jet Fuel in Europe is in a steady decline, gradually passing from \$120 to \$88. This is the lowest price since May 2022 (the date I started publishing this indicator).

The gap between Jet Fuel in Europe and the barrel of Brent oil has followed the same trajectory as Jet Fuel, approaching what it was before the conflict in Ukraine.

> Management of FCPE

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

These are the supervisory councils, which you elected in July 2021 for five years, which manage the funds and which make the decisions.

Partners for the Future, Aeroactions , Majoractions and Concorde funds only hold Air France shares.

The funds Horizon Épargne Actions (HEA), Horizon Épargne Mixte (HEM), Horizon Épargne Taux (HET) manage diverse stock portfolios.

My comment: *If you would like to obtain details on the management of the different Air France FCPEs , I invite you to consult [my site navigation , section L'actionnariat salarié Air France-KLM](#) .*

Precision

These indicative information do not constitute in any way an incentive to sell or a solicitation to buy Air France-KLM shares.

You can react to this press review or send me any information or reflection that will allow me to better inform you.

You can ask me, by return, any question related to the Air France-KLM group or to the salaried shareholders...

See you soon

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| Francois Robardet

Represented employees and former employees of PS and PNC shareholders of Air France-KLM.

You can find me on my twitter account @ FrRobardet

During my election, I received the support of the CFDT and the UNPNC

This press review deals with topics related to the shareholding of Air France-KLM. If you no longer wish to receive this press review, [unsubscribe](#)

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