Letter from François Robardet

Air transport in France, Europe and the rest of the world

N°1005, February 20, 2025

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Monday's letter

Contents :

> Air France announces measures to step up the fight against sexual violence

(source AFP) February 20, 2025

My comment: *I find the reaction of Air France's CEO to be in keeping with the situation.*

I just have two comments:

1. *if proceedings are in progress, that they be dealt with as a matter of urgency and that complainants be informed,*
2. *that the use of an external investigator concerns all cases, not just those where, as the article seems to indicate, the people concerned come from two different departments.*

Finally, I would like to express the wish that the trade unions that have not yet signed Air France's "Acting against violence and harassment in the workplace" charter do so without delay. This will send a strong signal to victims.

Read the article:

A few days after the broadcast of a Radio France investigation, **Air France's CEO announced on Wednesday a series of measures to step up the fight against sexist and sexual violence in her company, describing these types of behavior as "unacceptable".**

Anne Rigail's comments came after an evening meeting with Transport Minister Philippe Tabarot, who had demanded "explanations" in the wake of an investigation by public radio on Friday, reporting that such violence had become "commonplace" within the emblematic airline.

"I share the emotion aroused by the testimonies relayed by the press," said Anne Rigail.

"As I confirmed today to the Minister of Transport, **we are fully mobilized in the fight against all types of harassment and sexist behaviour, which are unacceptable**", said the CEO in a statement sent to AFP.

Anne Rigail, who took up her post at the end of 2018, pointed out that "for many years now, the company has had **a system in place for prevention, support for victims and, in the event of proven facts, sanctions**".

And "as we have indicated to our staff and to the Minister, this system **will be reinforced**", she added, "with an emphasis on raising awareness and accelerating training for all our staff".

"We will also be setting up an independent hotline accessible to all employees 24/7, and a department dedicated to combating discrimination and harassment will be created, reporting directly to the Director of Human Resources," Anne Rigail said.
(...)
Several of the women interviewed spoke of the impunity enjoyed by their alleged attackers : "assault and harassment are part of our corporate culture, and are well

known and valued", said one of them to Radio France.

Anne Rigail promised "rapid implementation" of the action plan to step up the fight against sexist and sexual violence at Air France, "in consultation with the representative organizations" of the workforce.

"Protecting our 40,000 employees is a priority. Everyone must be able to carry out their duties without fear of being confronted with harassment or sexist behaviour", pleaded the CEO.

Improvement audit
Philippe Tabarot's office confirmed the content of these commitments, noting that they gave more room to outside speakers, independent of the company's hierarchy, the idea being to "free up the floor as much as possible".

From the same source, **the company will also "systematize the use of an external investigator, particularly when the people concerned come from two different departments**".

More broadly, it will undergo "an audit to improve the system", which will also be "entrusted to an independent authority", according to the Ministry.

Finally, **the company, which** is now 28%-owned by the French state**, has promised to consult other airlines "to see how the subject (is) dealt with",** according to Mr. Tabarot's office, who promised that he would "ensure very vigilant monitoring of these measures".

> Amsterdam Schiphol, Europe's third-largest airport

(source Voyages d'Affaires) February 21, 2025

My comment: *I have deliberately shortened this article to retain only the information not included in the article "Schiphol Group announces positive results for 2024 and invests in future growth" (see last week's newsletter).*

For the management of Amsterdam Airport Schiphol, rising ticket prices are not a brake on growth.

Read the article:

With 66.8 million passengers **expected in 2024, Amsterdam Schiphol airport has confirmed its position as the third most important air hub on the**

European continent. Behind London Heathrow and Paris-CDG.
(...)
"In 2024, investments in quality at Schiphol began to pay off. Passengers benefited from reduced waiting times. We note that over three-quarters of the Dutch population have a positive attitude towards aviation, and that demand for air travel continues to grow. We must therefore continue to improve the experience of all these travellers. That's why we will continue to invest relentlessly in better, more sustainable quality in 2025. This is essential if Schiphol is to continue to contribute to the prosperity of the Netherlands," comments airport CEO Pieter van Oord.

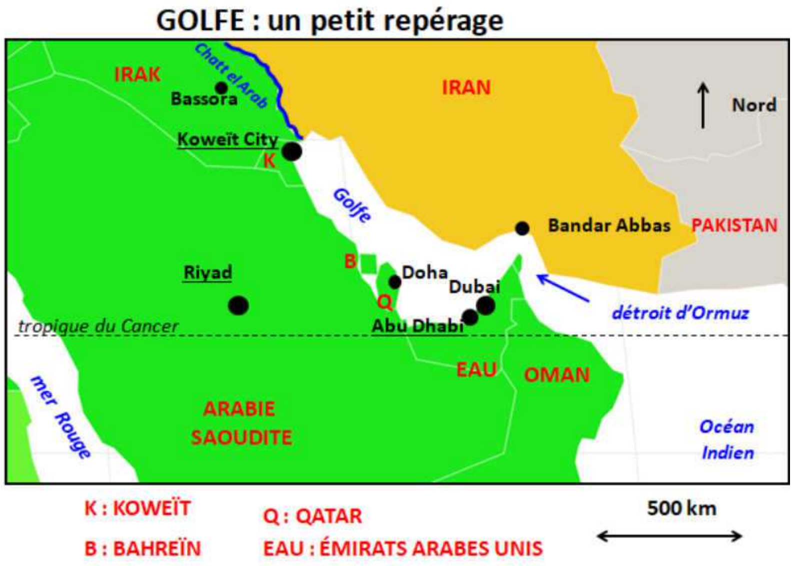
The airport plans to invest six billion euros over the next few years, including the renovation of Pier C and the construction of Pier A. There will also be various expansions to the existing terminal and technical facilities such as baggage sorting. By 2025, the airport expects further growth, despite rising ticket prices.

> Etihad confirms its turnaround

(source Journal de l'Aviation) February 19, 2025

My comment: *Etihad (based in Abu Dhabi, 97 aircraft) is one of the four so-called Gulf carriers, along with Emirates (based in Dubai, 254 aircraft), Qatar Airways (based in Doha, 261 aircraft) and Gulf Air (based in Bahrain, 43 aircraft).*

Their main airports are grouped within a small perimeter (max. 500 km between them).



In 2018, Etihad was in the doldrums.

To expand its network and compete with its Gulf rivals, its strategy was to invest in ailing airlines such as Air Berlin (1991), Alitalia, Darwin Airline and Jet Airways (non-exhaustive list).

The losses (1.7 billion euros for Alitalia alone) and damage to the company's reputation had accumulated, and all these airlines had collapsed.

After the Covid crisis, Etihad gradually turned its financial situation around.

The airline, owned by Abu Dhabi's sovereign wealth fund ADQ, is building on its solid financial performance, and is now considering an IPO in the course of 2025.

Read the article:

Etihad's years of turmoil are truly a thing of the past. The Abu Dhabi-based company is well on track to meet the objectives of its Journey 2030 growth plan, and is celebrating both a third consecutive year of profitability and an all-time record profit in 2024.

Etihad recorded sales of $6.9 billion for the year, up almost 25%, driven by growth in both its passenger and cargo businesses. EBITDA improved by 32.5%, and **net income tripled to $476 million.**

In line with its initial targets, the company returned to the same passenger numbers as in 2017, with 18.5 million passengers, up 32%. In addition to the attractiveness of the product, Etihad has also considerably increased its capacity, with a 28% increase in offer, which has not prevented the load factor from improving.

(...)
The flow of deliveries should enable the company to continue its growth in 2025, even if delivery delays caused by disruptions in the supply chain will delay it. Last November, the company's executives told us that they were expecting to deliver at least 22 aircraft in 2025, the majority of which will be integrated in the second half of the year instead of the first. In the meantime, Etihad is leasing from partner airlines. **New for 2025 is the integration of the first A321LRs, which will be fitted with a three-class configuration**.

Etihad now operates 97 aircraft - up from 85 in 2023 - and is aiming for a fleet of 160 by 2030.
(...)
Etihad has also just adopted an investment program worth over $800 million to retrofit its fleet.

> Misappropriation of public funds and favoritism: Limoges airport suspected of illegal subsidies to Ryanair

(source France3) February 20, 2025

My comment: *Year after year, the list of airports condemned for paying illegal subsidies to Ryanair grows longer.*

Local authorities are reluctant to comply with rules that could lead to the closure of their airport and the displeasure of the local population.

The controversy surrounding services to Pau and Tarbes is a case in point.

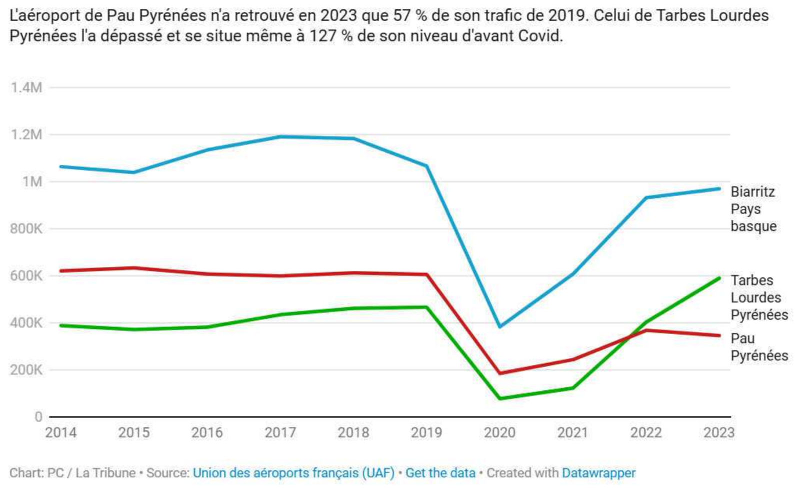
The two airports are located 50 km apart. The Tarbes airport benefits from a public service obligation (PSO) enabling it to subsidize the operation of the Orly-Tarbes route, entrusted to Volotea.

Pau's business traffic has fallen to the point where neither Air France nor Transavia can operate the route without losing money. Much to the chagrin of the Pau Chamber of Commerce.

At a time when air travel is becoming less carbon-intensive, it's time to think about a new policy for regional air services in mainland France.

Some elected representatives from Pau and Tarbes have expressed the wish to keep just one airport, which would enable us to exceed the estimated break-even *point of 1 million passengers per year.*

I find this proposal interesting. It could be adopted in many regions.



Read the article:

The skies are overcast **at Limoges-Bellegarde airport**. According to our information, **a preliminary investigation is underway, which could lead to the opening of a case for misappropriation of public funds or favoritism, targeting the public establishment**. Conducted for several years by the Haute-Vienne public prosecutor's office, **the investigations concern subsidies allegedly received illegally by the airline Ryanair**. These potentially unwarranted subsidies were aimed at attracting and maintaining the airline in the region, in order to stimulate the local economy.

The syndicat mixte which owns the airport is 49.6% owned by the Nouvelle-Aquitaine region, 25.2% by the Haute-Vienne département, and 25.2% by Limoges Métropole. Management of the facility has been entrusted to the Limoges Chamber of Commerce and Industry (CCI). In recent days, Pierre Massy, CCI president since 2016, and Jean-Pierre Limousin, former president, have been interviewed by investigators. When contacted, both declined to comment.

Several Ryanair executives were also interviewed. Other companies have also been investigated and questioned, either because they represent competitors, or because they too are suspected of having claimed undue subsidies.

The European Union strictly regulates state aid via directives designed to avoid any distortion of competition. Subsidies must reflect what a private investor would do under normal market conditions. If public aid is granted without clear economic justification, it may be considered incompatible with the internal market, requiring repayment.

Ryanair, a company accustomed to undue subsidies
Ryanair (...) had to repay fourteen million euros unduly paid by Frankfurt-Hahn airport in Germany. In 2019, the European Commission ordered Ryanair to repay 8.5 million euros received via marketing agreements with Montpellier airport. Twenty years ago, the company was even condemned in Belgium for illegal financing from Charleroi airport, before seeing this initial decision overturned on formal grounds (this case illustrating the complexity of procedures in this area). (...)

> Airbus shows off, Boeing gets depressed

(source Libération) February 20, 2025

My comment: *I could have chosen several articles published in the last few days to illustrate the situation of aircraft manufacturers. Here's an overview:*

- *Les Echos: Airbus achieves a net profit close to its 2022 record*
- *20minutes : Forget Airbus or Boeing, meet Comac Will we all be flying Chinese aircraft in twenty years' time?*
- *Journal de l'Aviation : Boeing 777X schedule casts doubt on Emirates, and others...*
- *Journal de l'Aviation : Despite postponed entry into service, the Airbus A350F maintains a clear lead over its only competitor*
- *The Wall Street Journal: The Airbus XLR, a bird of ill omen for Boeing*
- *Journal de l'Aviation : EASA certifies Pratt & Whitney-powered Airbus A321XLR*

The situation is depressing for Boeing.

Airbus is on track to launch a new single-aisle aircraft model several years ahead of Boeing.

With its long-haul module, Airbus is several years ahead of Boeing.

As for China, its Comac C919 is from an earlier generation than the Airbus A320 NEO, and therefore less efficient.

To compete with the future single-aisle Airbus, Comac would have to develop an engine of its own that consumes 30% less fuel than the engines powering the C919. And that without experience. An almost unattainable challenge by 2040.

Read the article:

"A colorful year". Airbus CEO Guillaume Faury, a man who rarely goes for fancy tricks, ventured to use this image on Thursday, February 20, to illustrate the European aerospace group's good results. It's true that green is the dominant hue in the company's financial indicators. Net income of 4.2 billion euros, up 12% on 2023, and sales approaching 70 billion, up 6%. Over the past six months, Airbus shares have climbed nearly 20%. Of course, **the manufacturer's core business - passenger aircraft - is doing wonderfully well. But so is the defense business**, which is cyclical by nature, as it is tied to government budgets. The order book exceeds 17 billion euros, and in the last quarter of 2024, Spain signed for 25 Eurofighter combat aircraft.

These results contrast with those of Boeing. For the American manufacturer, 2024 looks like a financial nightmare. A net loss of $11.8 billion (€11.2 billion) and sales down 14%. Sales now stand at just over $66 billion. In five years, the company has lost $30 billion.

This poor performance is reflected in Boeing's production and order intake. **In 2024, the American company delivered 348 aircraft and won 279 new orders. In Toulouse, at Airbus headquarters, the trend is quite different: 766 aircraft delivered and 826 sales booked, i.e. twice as many, whereas traditionally the two competitors have tended to play toe-to-toe on these key indicators**. Admittedly, Boeing is paying for the incidents involving its flagship 737 model, which lost a door during a flight in January 2024 as a result of poor maintenance.

But the problem goes deeper than that. "In recent years, the company has opted for a purely financial strategy," notes a former Airbus executive. Clearly, in Seattle, engineers have lost the upper hand to financiers whose primary concern is profitability rather than quality. "What's needed is a fundamental cultural change at Boeing, focused on quality and safety rather than profits", snapped Michael Whitaker, former head of the U.S. Aviation Authority, in early January. The appointment in July 2024 of a new boss at Boeing, Kelly Ortberg, an engineer by training, seems to be a step in this direction. He was preferred to the internal candidate, Stephanie Pope, head of the commercial airplane division, who had a financial profile.

In addition to neglected skills and know-how, Boeing suffers from holes in the range of aircraft it can offer airlines. The market for aircraft with more than 100 seats is divided into two distinct segments: medium-haul aircraft for flights of less than four hours, and long-haul aircraft.

In the first category, **Boeing's 737 is no match for Airbus' star product: the**

A321 XLR, whose range has been extended to the point where it can fly from Paris to New York. The result: 500 orders. The margin on this type of aircraft, sold for between $80 and $90 million, is in excess of $10 million.

For long-haul flights, Airbus can offer the aircraft with the greatest carrying capacity: the 450-seat A350-1000. Boeing has designed an equivalent model, the 777LR, but it has not yet been authorized to fly.

Even so, both manufacturers have limited production capacity. Their respective order books are full for the next ten years, with 8,658 aircraft to be delivered by Airbus and 5,500 by Boeing. To meet these commitments, the assembly lines have to run at full capacity.

Airbus assembly lines are struggling to keep up, with subcontractors finding it difficult to keep up. For example, Airbus was aiming to produce 60 A320 family medium-haul aircraft every month. It had to settle for 50. Late deliveries annoy customers and cost manufacturers dearly, who must then offer financial compensation. "**According to Yan Derocles, financial analyst at Oddo Securities, "A certain number of customers might turn away from Boeing if Airbus didn't have these production ramp-up difficulties**

However, a carrier like **Air France-KLM illustrates this change of direction. The latter spends two billion euros a year on fleet renewal. However, over the past seven years, it has not ordered a single Boeing, and has instead committed to 200 Airbus aircraft of all models**. Air France's long-haul aircraft, until now Boeing 777s at the end of their career, are being gradually replaced by Airbus A350s, "judged to be more efficient for the routes we have to operate", says an internal source at the national airline.

But Airbus cannot rest on its laurels. Firstly, because the group is not just a success story. It also has some serious areas of loss, such as the space business and the A400M military transport aircraft, sales of which are not taking off. The order book includes a total of 48 aircraft. "This aircraft alone must have generated 10 billion in losses," estimates a former Airbus executive.

Secondly, because **the duopoly with Boeing is breaking down. China has launched a medium-haul aircraft, the Comac C919**, of which 400 have already been ordered. **For the time being, it has only convinced companies in the Middle Kingdom.** In the future, its lower selling price than that of its competitors could attract European low-cost airlines. For its part, Boeing has not finished its long march to restore the confidence of its customers and passengers. In this, it is hardly helped by the man one might have thought would be its foremost supporter: Donald Trump. The American president has come out against the manufacturer, aboard the "made in USA" Air Force One presidential aircraft. "I'm not happy with Boeing, and we're looking at alternatives," he said on Wednesday, referring to the two aircraft the manufacturer is due to deliver to the White House, which are now more than three years overdue.

> Crash in Toronto: how did the Delta Airlines plane flip over on the runway?

(source AFP) February 20, 2025

My comment: *From this article I retain the explanation put forward by Xavier Tytelman:*

"We have the plane going sideways, and then the wings and vertical stabilizer are going to rip off, and that's why they're there, to prevent over-accidents, because they contain some of the fuel".

This clearly illustrates that safety is a priority right from the aircraft design stage, and that no detail should be overlooked.

In this context, the Trump administration's decision to lay off hundreds of employees at the Federal Aviation Administration (FAA, the agency responsible for regulations and controls concerning civil aviation in the USA) is worrying.

Especially since, according to the unions, the people being laid off are aviation safety assistants, maintenance mechanics and nautical information specialists.

Their role is essential: they are "responsible for assisting aircraft safety inspectors, repairing air traffic control facilities and updating the digital charts pilots use in flight, as well as making any modifications the FAA may order". However, these staffing levels were already insufficient (source AP News, February 19).

Note: thanks to APNA for sharing this information with me.

Read the article:

What happened this Monday on the runway at Toronto's Canadian airport? A Delta Airlines CRJ900 completely flipped over on landing, injuring at least 18 people, three of them seriously - a rare incident.

While no explanation has yet been given as to the cause, the testimonies of the passengers (there were 80 people on board) and the analyses of the experts give us some idea. This accident is certainly the result of a combination of negative factors.

What the passengers saw
One of them tells CNN that he experienced "a violent landing". "We hit the ground, and we were on our side, and then we were upside down, hanging like bats".

"When we hit the runway it was super hard, the plane hit the ground and flipped over," he explained. This passenger said he saw a "big fireball coming out of the left side of the plane".

It would therefore seem that the violent landing, combined with the weather conditions, largely explain the aircraft's complete overturn, as argued by expert and former pilot Xavier Tytelman, contacted by BFM Business.

The expert's opinion
First of all, he points to the excessive rate of descent observed on FlightRadar: "we have a rate of descent of 1,000 feet per minute instead of 400 feet per minute if we compare with previous landings on the same runway".

"The second element is rounding. When a plane arrives on a runway, it will break its angle of descent to be a little more horizontal, to reduce its speed and therefore the impact with the ground. However, as we can see, the plane continues at its initial angle, it doesn't flare up, and the impact with the ground is very intense, destroying the landing gear", continues Xavier Tytelman, suggesting that the wind may have blown the plane back onto the ground, and not necessarily a pilot error.

These two factors explain the very hard landing, but not the overturning of the aircraft. This time, the weather conditions and the state of the runway must be taken into account.

"The runway is frozen and we have crosswinds of around 30 km/h, which means we have to adapt the landing. With the images we have available, we don't have the impression that the aircraft has its nose on the side from which the wind is coming, nor that it is trying to get back on track once it has touched down on the runway", explains Xavier Tytelman.

A precedent
Given that the aircraft is not on axis when it touches down, all the weight will be exerted on one of the landing gear, which will give way, causing the aircraft to roll over, accelerated by the condition of the runway.

"The aircraft will then go sideways, and the wings and vertical stabilizer will rip off, which is why they are designed to prevent over-accidents, as they contain part of the fuel".

As a result, the crew were able to evacuate the passengers "calmly and admirably".

Xavier Tytelman also points out that a similar incident occurred in 2022 in Somalia. Strong winds during landing had destabilized the aircraft, whose wing touched the runway, causing it to flip over completely on the runway. Again, the wings and tail quickly detached, protecting the integrity of the fuselage. Only eight injuries were reported.

End of press review

> Air share price trend

Air France-KLM shares closed at **8.506 euros** on Friday February 21. Over the week, it is **virtually stable (-0.26%).**

It was 13.60 euros on January 1, 2024, 8.23 euros on July 1, 2024, 7.604 euros on January 1, 2025.

The analysts' 12-month average (consensus) for AF-KLM shares is 9.23 euros (it was 17.50 euros at the beginning of January 2024). The highest price target is 12.50 euros, the lowest 6.45 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: *After hitting an all-time low in mid-January, Air France-KLM's share price has recovered by 18%.*

Nevertheless, it remains extremely low.

> Fuel price trends this

The price of a barrel of Jet Fuel in Europe is down $1 to $94. 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 $1 to $74 per 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 comment: *Over the past two months, oil prices have shown little change. It is at a two-year low.*

The price of jet fuel reached a low of $85 in mid-December. For the past three weeks, it has been stable at around $95, a fair price for airlines.

> Corporate Mutual Funds

When you invest in one of Air France's FCPE funds, you obtain 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 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 our navigaction 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...

See you soon.

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New readers can receive it by sending me an email address of their choice.

| François Robardet

At the forefront of more responsible European aviation, we bring people together to build the world of tomorrow.
(Air France-KLM's raison d'être)

I represented current and former Air France-KLM employees. You can find me on my twitter account @FrRobardet and on LinkedIn.

This newsletter deals with the airline industry around the world and topics related to Air France-KLM shareholding.

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