Letter from François Robardet

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

N°1007, March 10, 2025

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Monday's letter

Contents :

> Air France-KLM regains altitude in fourth quarter

(source Les Echos) March 6, 2025

***My comment:** Air France-KLM's 2024 results sent its share price up 33% in a single day.*

This record rise conceals a contrasting situation for the Franco-Dutch group.

It's a bit like a glass that's either half-empty or half-full.

On the good news side :

- *Flying Blue's excellent results, which I believe are sustainable,*
- *payment of social security contributions (deferred during Covid-19) amounting to 1.1 billion euros, i.e. non-recoverable,*
- *the impact negative of the Paris Olympics, non-renewable,*
- *Transavia is finally breaking even, a situation that should improve further this year,*
- *very low kerosene prices.*

On the bad news front

- *tax increases in France (TSBA) and the Netherlands (airport taxes),*
- *restrictions on activity at Schiphol, with no prospect of returning to the previous situation,*
- *an increase in aircraft leasing contracts, due to the shortage of new aircraft,*
- *increased obligations to incorporate sustainable aviation fuels, which are two to four times more expensive than kerosene.*

Looking at the financial statements, I note that the Air France-KLM group posted net income of +489 million euros, an amount that almost corresponds to the savings achieved on fuel bills and emission quotas (ETS), down by 433 million euros.

Even if forecasts for 2025, which exceed investor expectations, materialize, dividend payments do not yet seem to be on the agenda. The last dividend was paid in 2008, so it's already been 17 years!

However, I remain optimistic that results will improve over the next few years.

Unless the geopolitical situation takes a turn for the worse.

Read the article:

2024 was a complicated year for Air France-KLM, but it ended well. **After a worrying start to the year and a summer weighed down by the Paris Games, the Franco-Dutch group raised the bar in the fourth quarter**, with operating income up by 471 million euros to 396 million euros.

This enabled Air France-KLM to end the year with an operating profit of 1.6 billion euros, 111 million below the record result for 2023, but **ahead of**

expectations. Sales amounted to 31.459 billion euros, up 4.8%. This represents a margin of 5.1%, slightly below the 2023 figure (5.7%), but higher than the 4.4% margin of the Lufthansa Group, its main peer. The Paris Bourse welcomed this positive surprise, with AF-KLM shares jumping 15% at the opening.

Strong demand and unit revenues, driven up by premium traffic, cost control at Air France and cheap oil, helped offset the shortfall and additional costs of the Olympic Games, estimated at 250 million euros, as well as malfunctions in the cargo business' new IT system.

Another reason for satisfaction: **all the Group's businesses contributed to the results, including low-cost subsidiary Transavia, which for the first time posted a modest operating profit** of 3 million euros on sales of 3 billion euros. The end of free cabin baggage, decreed for 2024, has a lot to do with this. Last year, the fast-growing green brand (+16.4%) still posted losses of over 100 million euros.

The main contributor remains the Air France group, with an operating profit of 980 million euros, down 105 million, on sales up 3.8% to 19.22 billion, giving a stable margin of 5.1%. **KLM, on the other hand, continued to lag behind**, with operating income of 416 million euros (down 234 million) on sales of 12.71 billion. This represents a margin of 3.3%, well below that of its good years. The Dutch company has not yet returned to its pre-covid level of activity, nor to cost control.

However, **the most profitable activity is** not passenger or cargo transport, but **the Group's frequent flyer program, Flying Blue, whose results are now presented separately. Last year, the sale of "miles" to various partners generated an operating profit of 200 million euros on sales of 811 million. That's a 24.7% margin!**

At 5.1% margin, Air France-KLM is still some way off its medium-term target of an operating margin "in excess of 8%" by 2026-2028. Air France-KLM is also **a long way behind Europe's best-in-class - the IAG group - and its 13.8% margin. Its final profitability remains weak**, with net income of 489 million euros for 2024, down by 501 million year-on-year, and free cash flow generation of 446 million euros (versus 922 million in 2023), **impacted, it is true, by an exceptional payment of 610 million euros in deferred social contributions for the Air France cabin crew pension scheme.**

In addition**, net debt**, which had fallen sharply in 2023, **rose again in 2024, from 5 billion to 7.33 billion euros. This surge is explained by the higher cost of aircraft leasing** contracts, renewed in 2024, which are accounted for as debt. Air France-KLM estimates this additional cost at 700 million euros, out of a total bill of 1.9 billion. However, this additional cost is part of the general effort to renew Air France-KLM's fleet, which now comprises 26.9% new-generation aircraft.

Air France-KLM still has a long way to go to achieve a level of profitability sufficient to cover the cost of invested capital and **offer a minimum return to its shareholders, who have not seen the shadow of a dividend for a decade**. In this respect, 2025 promises to be a more favourable year, as the winds of rising traffic and cheap oil continue to blow.

Building on the momentum seen at the end of the year, **the Group is forecasting further growth in capacity**, of 4% to 5% (and 10% at Transavia) compared to 2024, and lower cost increases than in 2024. **To this should be added the full effect of KLM's cost-cutting plan. Furthermore, Air France-KLM's accounts will not suffer from the impact of the Olympic Games, nor from the exceptional pension payment.**

But other factors will also have a negative impact on the 2025 accounts. The increase in the tax on airline tickets is expected to have a negative impact of between €90 and €170 million on operating income, as Air France will not be able to pass this on in full in the price of the ticket. This increase could also have an effect on demand in France.

The obligation to incorporate 2% sustainable aviation fuel by 2025 will also increase costs, by around 150 million euros compared with 2024. So will the increase in airport charges in Amsterdam, already twice as high at Schiphol and Roissy-CDG as in Istanbul. Finally, capital expenditure (aircraft and IT purchases) is expected to be slightly higher than in 2024.

Between the pluses and minuses, Air France-KLM nevertheless expects to improve operating income by "at least 300 million euros" in 2025.

> KLM: disappointing results underline need to cut costs

(source ANP) March 6, 2025

My comment: *What's going on with KLM?*

Before the Covid-19 crisis, KLM was the driving force behind the Franco-Dutch group.

With revenues half those of Air France, it was as profitable as the latter.

It benefited from a modern, efficient hub and the unfailing support of its government.

But the situation has changed.

For a long time, the Dutch authorities mistakenly believed that KLM could prosper independently of the Air France-KLM group.

In early 2021, Finance Minister Wopke Hoekstra acknowledged that "an independent future for KLM is currently not in the interests of the company or the Netherlands", after studying this hypothesis at the request of the Dutch Lower House. He concluded that such a scenario entailed "more disadvantages than advantages" (mentioned in my letter n°794).

This about-turn by the Dutch government could explain the departure of KLM's CEO in the months that followed.

Then, the authorities imposed new restrictions to limit noise and reduce CO2 emissions around Schiphol-Amsterdam airport.

KLM also struggled to bounce back from the pandemic, hampered by staff shortages, inflation, rising wage costs and environmental taxes.

It also suffers from a lack of loyal premium customers compared with Air France, particularly on the most profitable long-haul routes (Africa, South America).

To return to a healthy level of profitability (KLM is aiming for 8% operating margin, versus 7.7% in 2019 and 3.3% in 2024), KLM launched the Back on plan in October 2024Track , designed to structurally improve its operating and financial performance.

These measures include increasing productivity, simplifying the organization, reducing costs and postponing investments.

Read the article:

KLM's disappointing results for 2024 once again underline the need for cost-cutting measures. So say Marjan Rintel and Bas Brouns, the airline's President and CFO respectively, in an explanation of the annual figures. These measures were already announced last year and should take effect in the first months of this year.

Operating profit fell to 416 million euros last year, compared with 650 million euros in 2023. In contrast, sales rose by 5% to 12.7 billion euros. According to Rintel, these results tell two different stories. "The good news is that we see that people want to keep flying, and that sales have also increased year-on-year. **What's**

disappointing is that costs have once again risen faster than revenues."

To reduce costs, KLM announced a package of measures in October. These measures are expected to deliver savings of €450 million this year, and a profit margin of 8% over the period 2026-2028. "We need to regain control of our finances so that we can make major investments in the years ahead," explained Brouns. He notes that the measures are beginning to bear fruit, but that the margin remains insufficient for the time being.

That's why Rintel and Brouns see **the biggest challenge for this year as making savings. This is particularly necessary to continue investing in new aircraft**, for example. KLM also has to contend with major cost items such as rising airport charges. "These items have a considerable impact, but we have to get it right. That's why it's important to take action," said the CEO.

Not yet at full capacity
At the same time, **KLM is not yet able to operate at full capacity on the intercontinental front**. During the summer, the company flies at 90% capacity. This is partly due to a shortage of pilots, and partly to the long timesdelivery for aircraft spare parts. Last year, capacity during this period was 85%.

KLM is working hard to solve these problems. (...) Renewing the fleet also requires training, retraining and improving the skills of pilots," explains **Ms. Rintel**. She **estimates that it will take another year and a half for the fleet to return to full capacity.**

> Lufthansa Group slows down after a difficult first half

(source Journal de l'Aviation) March 7, 2025

My comment: *The Lufthansa Group has published mixed results.*

While most of the group's companies performed well, this was not the case for the parent company, Lufthansa.

Lufthansa was hit hard by the postponement of B777 deliveries.

To compensate for this, Lufthansa was forced to put its A380s back into service after a two-year shutdown; these aircraft have much higher operating costs than the long-awaited B777s.

Read the article:

Carsten Spohr, CEO of the Lufthansa Group, sums it up as follows: "2024 was a year of two halves for the Lufthansa Group", with a rather unsettled first half that weighed on the Group's operating income, and a very dynamic second half. **With new record sales of 37.6 billion euros (+ 6%), Lufthansa nonetheless saw its operating profit fall by 40% and its net profit shrink by 17.6% (1.4 billion euros).**

Sales growth was driven by capacity increases at all the Group's airlines. However, **several headwinds weighed heavily on operating performance, mainly in the first half of the year. Strikes, lower yields due to greater industry capacity, sharp cost increases and delayed deliveries weighed heavily on Lufthansa**, while Brussels Airlines also acknowledged headwinds over the period. By contrast, the second half of the year saw a stabilization of operations where difficulties had arisen, growth and strong internationalization (with the integration of ITA Airways).

In 2025, Lufthansa will continue its transformation to turn around its finances. The top priority has been to stabilize its operations, which has already produced results in the first two months of the year. City Airlines will also contribute to making European flights more profitable. Capacity growth will be reasoned and around 4%, in order to continue to support sales growth and gain market share, while **coping with aircraft delivery delays and ongoing cost pressures**. "We see 2025 as a transition year in which we will lay the foundations for future profitability growth," explains Till Streichert, CFO of Deutsche Lufthansa. At the same time, Lufthansa Technik and Lufthansa Cargo continue to grow.

meanwhile**Swiss, , recorded the second-best annual result in its history**. "The figures prove it: Swiss is strong, stable and healthy", says the company. Despite a trend towards lower yields due to the general increase in capacity, and prolonged grounding of the medium-haul fleet due to spare parts shortages, Swiss notes that its customers' desire to travel remains dominant. To maintain this and remain market leader, it will continue to invest almost one billion francs a year (one billion euros) in its ground and in-flight product.

It is also preparing to introduce a new aircraft type to its fleet: the A350. The first aircraft is in the final assembly phase and will shortly be making its first flights, while training for pilots, cabin crew and technicians has begun at Swiss.

For its part, **Brussels Airlines is delighted to have achieved record operating results**, despite a difficult first half and its failure to find a leasing solution to increase capacity on the European network during the summer. However, despite a 2% drop in flights, it was able to increase capacity by 1% over the year thanks to the addition of an Airbus A330 to the fleet. Thanks to stable and reliable operations, the

company was able to improve its profitability.
(...)

> IAG is in great shape and looking forward to new orders

(source Journal de l'Aviation) March 5, 2025

My comment: *The IAG Group's excellent results have already been the subject of an article in my previous newsletter.*

I thought it would be a good idea to revisit them to facilitate comparison with those of the Lufthansa and Air France-KLM groups.

Here is a summary of the key figures:

Operating margin :
IAG Group 13.8%, Lufthansa Group 4.4%, Air France-KLM Group 5.1%.

Operating income :
IAG Group 4.3 billion euros, Lufthansa Group 1.65 billion euros, Air France-KLM Group 1.6 billion euros.

Group net income :
IAG 2.7 billion euros, Lufthansa Group 1.4 billion euros, Air France-KLM Group 0.489 billion euros.

If the IAG Group achieves first-rate margins and returns, it owes this to its strategy of concentrating its efforts on its most profitable markets, North and South America.

This strategy of putting all one's eggs in one basket, which is winning in the short term, presents a risk in the event of an economic downturn.

Read the article:

IAG is in fine form. The group comprising British Airways, Aer Lingus, Iberia, Vueling and LEVEL has once again published annual results that would make its competitors green with envy. Its strategy of concentrating its forces on the buoyant transatlantic market remains a winning one, with sales up 9% (to 32.1 billion euros) and net profit up 2.9% (to 2.7 billion euros).

With operating profit up 22.1% to 4.3 billion euros, IAG posted an operating margin of 13.8%, among the best in the sector, especially in Europe. ' transformation plan**British Airways**, launched in the first quarter of 2024 and involving improvements to all services, is already beginning to bear fruit. The British company **has almost achieved its target of a 15% margin, with 14.2% in 2024.**

On the strength of these results, **the group intends to persevere with its development strategy in its key market: transatlantic routes**, with coverage of the North Atlantic by Aer Lingus and British Airways, and of the South Atlantic by Iberia and LEVEL. The Group's market share in these two sectors is 45% and 30% respectively.

Aer Lingus will continue to work on making Dublin a gateway to the United States, a task it will now be helped to achieve by the Airbus A321XLRs it has begun to introduce into its fleet. They will enable Aer Lingus to serve destinations to which a wide-body aircraft is difficult to operate profitably, and to open up new routes.

British Airways remains focused on its most profitable routes, headed by those to the United States. It continues to focus on restoring its pre-crisis capacity, particularly in its premium offer, in order to improve profitability. On the other hand, it is suffering from aircraft manufacturer delivery delays and engine problems - notably the Trent 1000s in its 787 fleet - which will have an impact on its growth plans over the next three years.

Iberia's priority remains to increase its market share to Latin America, an objective that is progressing as it has gained three percentage points compared to 2019. It will also develop its capacity to North America.
(...)

> Brussels gives its opinion on the Amsterdam-Schiphol noise abatement plan

(source Air Journal) March 6, 2025

My comment: *The European Commission's opinion is full of common sense and should help limit KLM's market losses.*

The reduction in noise and CO2 emissions induced by fleet renewal will have to be taken into account by the Dutch government.

This was not the case.

Read the article:

On March 5, the European Commission (EC) officially assessed the Dutch plan to reduce noise pollution at Schiphol-Amsterdam airport, a measure designed to improve the quality of life of local residents.

The Dutch Noise Action Plan 2024-2029 is part of the EU's wider action plan to reduce chronic exposure to transport noise by 30% by 2030. Measures proposed by Schiphol include reducing annual flight limits from 500,000 to 478,000 and cutting night flights from 32,000 to 27,000.

While **the European Commission** acknowledges that the Netherlands has largely followed the appropriate procedures, it **has** also **identified significant shortcomings in the plan, particularly in areas where noise reduction opportunities may have been overlooked.**

The European Commission's review of the Schiphol noise abatement plan focused on three main criteria:
- Effectiveness: whether the measures will significantly reduce noise pollution.
- Non-discrimination - ensuring fair treatment of all aviation sectors.
- Cost-effectiveness - assessing whether the measures offer the best outcome for all stakeholders.

While the Schiphol plan aims to protect residents from excessive aircraft noise, the European Commission has pointed out shortcomings in its approach, noting that while commercial flights are included in the study, general aviation also includes private jets and medical flights, which have not been taken into account. Despite their contribution to noise pollution, these aircraft are exempt from the proposed restrictions, which could limit the overall effectiveness of the noise reduction strategy.

The Commission has also expressed concern **that the Dutch proposal takes little account of fleet renewal**. The aviation industry is making a natural transition to quieter, more fuel-efficient aircraft. However, **the Dutch authorities have not included this factor in their description of the expected impact of their plan on noise reduction.**

Furthermore**, the report indicates that the Netherlands has not fully explored the potential of noise-reducing flight procedures.** Innovative landing techniques, optimized navigation and adjusted flight paths could further reduce noise in residential areas, but these strategies are not apparently included in the Schiphol plan.

The EC has therefore invited the Dutch authorities to examine its findings and provide further explanations or modifications before formally implementing the measures. **The Commission's assessment suggests that a more**

comprehensive strategy - including general aviation, fleet modernization and advanced flight procedures - may be required to bring Schiphol airport fully into line with EU noise reduction targets.

KLM has reacted to the European Commission's decision on the balanced approach procedure. The company admits that it raises several concerns about the package presented to reduce noise pollution for residents around Schiphol. "It is clear from this decision that reducing capacity at Schiphol airport must not be the objective in itself," it says. "**The focus must be on achieving the government's noise reduction targets, which KLM supports**. As part of the 'Cleaner, Quieter, More Efficient' program, **KLM is taking steps to achieve this goal." The decision indicates that these measures should be given greater consideration**."

"The European Commission states in its recommendations that the new fleet, in which KLM is investing billions, contributes to achieving the noise reduction target and should therefore be included. This means that a reduction in size is unnecessary. In addition, the Commission states that the impact of operational measures and general aviation has not been properly taken into account."

KLM now expects the Ministry of Infrastructure and Water Management to hear the European Commission's decision and follow the recommendations before implementing capacity restrictions. "Thanks to its extensive network of air destinations, the Netherlands is one of the best-connected countries in the world. This is crucial because our economy is based on international trade. The national measures have a direct impact on the position of KLM and the Netherlands, especially now that neighboring countries in Europe are discussing the expansion of their airports. What is dismantled today cannot be recovered," concludes the Schiphol-based Dutch airline.

> The double face of Rolls-Royce's relaunch

(source Journal de l'Aviation) March 6, 2025

My comment: *Rolls-Royce equips few aircraft models, compared with its competitors CFM International and Pratt & Whitney (see further in my commentary).*

Nevertheless, the British manufacturer has won over Airbus, which has made it the exclusive supplier for its A350s.

Rolls Royce took advantage of the situation to reserve the maintenance of most of its engines for itself, much to the dismay of airlines and maintenance companies.

In 2023, Emirates threatened to buy only Boeing 777Xs because, according to its CEO, "Rolls-Royce's lead time between engine maintenance for the A350-1000 was far too short". He added that "Emirates was ready to order between 30 and 50 aircraft from the European manufacturer if the British engine-maker improved its maintenance times and costs".

Previously, airlines were accustomed to having two manufacturers competing for each aircraft model.

Here's an update on short- and long-haul aircraft engines:

Engines for short-haul aircraft (single-aisle)

This type of aircraft includes models such as the Airbus A320 and Boeing 737. The main engine manufacturers are :

- ***CFM International*** *(joint venture between General Electric and Safran)*
  - *LEAP-1A (Airbus A320neo)*
  - *LEAP-1B (Boeing 737 MAX)*
  - *CFM56 (previous generation on A320 and 737)*
- ***Pratt &***
  - *PW1100G-JM (Airbus A320neo)*
  - *PW1500G (Airbus A220)*

Engines for long-haul (twin-aisle) aircraft

These aircraft include the Airbus A350, A330, Boeing 787 and 777. The engine manufacturers are :

- ***General Electric (GE Aviation***
  - *GE90 (Boeing 777)*
  - *GEnx (Boeing 787, Boeing 747-8)*
  - *(Boeing 777X, future aircraft)*
- ***Rolls-Royce***
  - *Trent XWB (Airbus A350)*
  - *Trent 7000 (Airbus A330neo)*
  - *Trent 1000 (Boeing 787, but less common)*
- ***Pratt & Whitney*** *(rarer in long-haul today)*
  - *PW4000 (previous generation on Boeing 777 and Airbus A330)*

Read the article:

The financial results presented by **Rolls-Royce** last week are unequivocal. The British engine-maker **is well out of its dark period since** the arrival of Tufan Erginbilgic at the helm 2 years ago. Orders for large engines are soaring (494 ordered in 2024 for 275 delivered), so are services (flight hours exceed 2019 levels for the Trent fleet), and the stock market share has literally more than quadrupled in two years.

What's more, **Rolls-Royce is now making a profit of some 3 billion euros**, and this is set to increase over the next few years.

The engine-maker has also embarked on a vast plan to improve the durability of the Trent range, particularly on the Trent 1000-TEN (Boeing 787) and Trent XWB-84 (Airbus A350-900), which will see their "time-on-wing" increase by 80% by the end of 2027. The engine-maker is also continuing work on the version dedicated to the A350-1000 and A350F (Trent XWB-97), with major modifications to come to the high-pressure turbine blades, which will double the time between overhauls, particularly in the difficult operating conditions of the Middle East.

But at the same time, **some airlines are in despair with their fleet of 787s equipped with Trent 1000s, an engine that requires almost three times more maintenance than expected** and continues to weigh on their operations. A significant number of new 787s registered by Boeing in recent years should logically be GEnx-equipped (the question remains for El Al and Royal Brunei, Rolls-Royce customers for their previous aircraft). Emirates (and Flydubai) have still not announced their choice, at least not publicly.

This is less true for **Japanese airline ANA, a launch customer for the Trent 1000,** which **last week turned to GE Aerospace for its new Dreamliners**, a further blow to Rolls-Royce. We hear that Gulf Air may also do the same for its future 787 order...

The stock market, profitability and promises are all well and good. But is Rolls-Royce finally ready to turn away from Boeing altogether?

Stock market press review

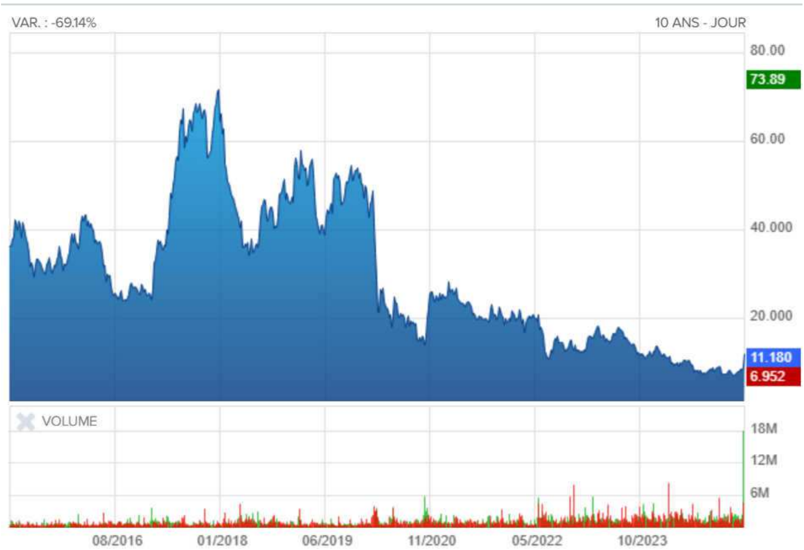
> Air France-KLM : Why Air France-KLM gained 33% on Thursday and posted the biggest stock market gain in its history

(source BFM Bourse) March 7, 2025

My comment: *The rise in Air France-KLM's share price needs to be put into perspective.*

It is still at a very low level, as the chart below shows.

It shows the share price trend over the last 10 years.



Read the article:

The airline group gained 32.95% on Thursday after reporting better-than-expected results and, above all, an outlook that took the market by surprise. The group confirmed to BFM Bourse that this was its biggest rise since its creation in 2004.
(...)
On Thursday, the company's share price was buoyed by better-than-expected results for the fourth quarter of 2024. In particular, the company posted operating income of 396 million euros, compared with 149 million euros expected by analysts.

The company's targets were the other pleasant surprise at . In particular, Air France-KLM announced that it was aiming to improve its operating income by at least 300 million euros by 2025. This would bring this indicator to at least 1.9 billion euros. However, according to Morgan Stanley, expectations were set at 1.69 billion euros for 2025.

"Air France-KLM concluded a difficult year with a robust fourth-quarter performance well ahead of consensus expectations," says Alphavalue. "**The outlook for 2025 looks positive, although persistent cost pressures at KLM remain a concern**," adds the independent research firm, in a note.

Of course, **Thursday's stock market performance also needs to be contextualized**. Airline shares are notoriously volatile.

And **compared with its price prior to the very start of the health crisis (around 50 euros at the end of 2019), Air France-KLM shares are still down by more than 75%. Its German rival Lufthansa is down 50.1%, while the UK's IAG is down 49%.**

Air France-KLM was obviously weighed down by the health crisis, which occurred at a time when the Franco-Dutch group presented a more fragile balance sheet than its competitors.

With planes grounded, revenues and earnings plummeted. In the second quarter of 2020, sales were divided by six, and the group posted a loss of 2.6 billion euros, representing more than twice its sales.

The company will survive via colossal borrowings (7 billion euros combining direct loans and state-guaranteed loans in 2020) and two major recapitalizations, which will significantly dilute minority shareholders. And fuel the sharp fall in the share price.

More recently, over the past year, Air France-KLM has faced a number of headwinds. While the Franco-Dutch transport group distinguished itself by transporting athletes and parathletes during the 2024 Olympic Games, this event provoked "avoidance behavior" by tourists to the Parisian capital. This cut 250 million euros from its operating profit.

Its Dutch subsidiary, KLM, also faced recruitment and spare parts supply tensions. The Dutch group is also suffering from a jump in airport charges at Schiphol airport, its main hub, as well as a cap on the number of flights at the same airport.

In France, the political uncertainty caused by the dissolution of the National Assembly hardly helped. Nor did the tax hikes contained in the finance laws for 2025, whether in corporate income tax or the solidarity tax on airline tickets.

Not surprisingly, profits for the group headed by Ben Smith fell by half last year, to 489 million euros.

Special CSR (Corporate Social Responsibility)

> Creation of a CSR policy in the air transport industry - Employee survey

(various) March 10, 2025:sources

As part of the Air EDEC (Engagement pour le Développement de l'Emploi et des Compétences) initiative, the DGAC, AKTO, the French Ministry of Labor, Health, Solidarity and Family Affairs, employee trade unions and the FNAM are working together to implement a **Corporate Social Responsibility (CSR) policy for the air transport industry**.

As part of this initiative, you are invited to take part in this online consultation. Lasting **around 10 minutes**, your feedback is essential to help us understand the criteria for attracting people to the sector's professions, and to measure employees' expectations in terms of CSR.

This questionnaire is anonymous.

Thank you very much for your involvement.

My comment: *Corporate Social Responsibility (CSR) is defined by the European Commission as "the voluntary integration by companies of social and environmental concerns into their commercial activities and their relations with stakeholders".*

As part of this survey, two questionnaires are proposed, one for companies, the other for employees.

The employee survey has two parts:

- *The first part concerns your assessment of your jobs. Your answers are important. They will enable us to better promote your professions.*
- *The second part focuses on your expectations in terms of CSR (Corporate Social Responsibility).*

I invite all air transport employees to take part in this survey.

Most of the companies in the air transport sector have already responded to the questionnaire.

You'll find the link on the home page of my blog, as well as on my X (ex-Twitter) and LinkedIn accounts.

End of press review

> Air share price trend

Air France-KLM shares 11.560 euros closed at on Friday March 7. Over the week, it has **risen sharply (+31.27%).**

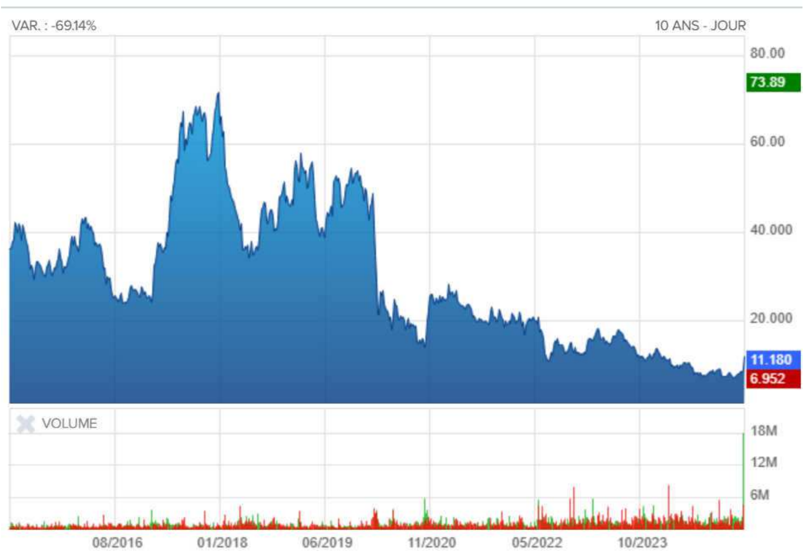
It was 13.60 euros on January 1, 2024, 8.23 euros on July 1, 2024, and 7.604 euros on January 1, 2025.

The analysts' 12-month average (consensus) for AF-KLM shares is 9.41 euros (it was 17.50 euros at the beginning of January 2024). The highest price target is 12.50 euros, the lowest 7.00 euros.

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

You can find on my blogdetails of the analyst consensus .

Below is the share price trend over the last 10 years.



My comment: *After hitting an all-time low in mid-January, the Air France-KLM share price has recovered by 60%.*

Results for the fourth quarter of 2024, extensively discussed in this letter, are better than expected.

> Fuel price trends this

The price of a barrel of Jet Fuel in Europe is down (-$1) to $89. 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 (-$2) to $71.**

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 had bottomed out at $85 in mid-December. For the past month, 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 funds Partners for the Future, Aeroactions, Majoractions and Concorde 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.

See you soon.

To read my latest letters, click here

If you like this letter, please pass it on.

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.

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