Letter from François Robardet

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

N°1013, April 21, 2025

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The weekly newsletter

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> Brussels warns cabinet against further narrowing of Schiphol

(source Het Parool) April 18, 2025

My comment: *The tone is rising between the European Commission and the Dutch government.*

The May 8 deadline (see article) will give us a clearer picture.

Read the article:

This week, Transport Commissioner Apostolos Tzitizikostas once again pointed out to Aviation Minister Barry Madlener (PVV) crucial errors in Schiphol's downsizing plans. . However, he continues to implement them, despite criticism from Brussels.

From November, the number of flights at Schiphol will be reduced from 500,000 to 478,000. The firm's aim is to reduce the number of Schiphol residents affected by noise pollution by 15%.

Last month, European Commissioner Tzitizikostas pointed out to the minister in a letter that the cabinet's reduction plans did not take sufficient account of the arrival of dozens of new aircraft. **Of the 61 new aircraft that KLM and Transavia will receive over the coming period, only 15 are taken into account in noise calculations**, even though they produce half as much noise per aircraft as the planes they currently use.

According to Brussels, measures to reduce noise from business jets and private jets have also not been taken into account**, and other interventions to reduce nuisance have not been sufficiently studied. European rules stipulate that all noise abatement measures must first be exhausted before the number of flights can be reduced.**

Minister Madlener sees the Eurocommissioner's letter as confirmation that he can go ahead with his plans, and that he only needs further explanations on the three points criticized. But Mr. Tzitizikostas reiterates to Mr. Madlener that the European Commission expects these criticisms to be taken into account when implementing noise prevention measures.

This notification comes at a crucial time. **The contraction plans, currently being examined by the Council of State, must be approved by May 8, failing which the November 1 effective date will not be met.**

In addition, last Monday, the aviation sector initiated summary proceedings in Haarlem against the State and Schiphol regarding the contraction plans, after Mr. Madlener ignored a warning from the international aviation organization, IATA.

The European Commissioner is also drawing the Minister's attention to the possible consequences of the contraction for European air treaties with countries such as the USA and Canada. The verdict is expected by the end of the month.

The Ministry of Infrastructure informs that Mr. Tzitzikostas' letter is under consideration and insists for the time being on the introduction of the

reduction in November.
(...)
"We assume that the European Commissioner's comments to the Minister, which reaffirm the shortcomings of the package of measures, will be made public," said a KLM spokesman.

"The European Commission's decision on the future of Schiphol is clear and confirms that shrinkage cannot be the objective. What counts is noise reduction."

> A320s leased by Transavia Netherlands arrive at Rotterdam airport

(source Luchtvaartnieuws) April 16, 2025

My comment: *In 2021, Air France-KLM placed a rolling order for 100 Airbus A320neo Family aircraft. With acquisition rights for a further 60 aircraft, this order was intended to renew the KLM and Transavia Netherlands fleets, and to renew and grow the Transavia France fleet.*

The leasing of Airbus by Transavia Netherlands is part of this strategy.

To date, Transavia Netherlands has 15 Airbus and 40 Boeing aircraft, Transavia France 15 Airbus and 69 Boeing, KLM 7 Airbus and 42 Boeing (single-aisle).

Read the article:

The two Airbus A320s leased by Transavia Netherlands from Lithuanian airline Avion Express to operate from Rotterdam The Hague airport landed at Rotterdam airport on Wednesday morning. They **will be put into service on the first flights on Thursday.**
(...)
On board, passengers will enjoy the service they have come to expect from Transavia Netherlands.

Every year, the low-cost airline leases aircraft to increase its capacity during the busy **summer season**. This time, five A320s are leased from Avion Express: the other three fly from Brussels airport. **They carry Transavia Netherlands stickers on the fuselage to make them recognizable.**
(...)

On most flights, Transavia deploys its own Boeing 737-800s. It also occasionally uses the new A321neo.

> Delta Air Lines cautious about its outlook and adamant about Airbus prices

(source Journal de l'Aviation) April 14, 2025

My comment: *The majority of airlines serving or operating in North America are now feeling the repercussions of recent decisions taken by the United States.*

On the one hand, bookings are down sharply; on the other, prices for new aircraft and spare parts are on the rise.

Against this backdrop, the economic outlook for 2025 remains uncertain for the carriers concerned, with US airlines appearing to be the hardest hit.

Read the article:

Delta Air Lines may be confident about the strength of its business, but it **is now much more cautious about its outlook for 2025**. While the company had initially expected a year of strong growth, very strong economic uncertainties quickly forced it to revise its forecasts **back in March**, and the company has noted that "**growth has largely come to a halt**" since then, as announced by its Chairman and CEO Ed Bastian.

He points out that **the impact is most pronounced in the domestic market** and in economy class, with a slowdown in consumer and corporate travel. By contrast, **the international sector seems more resilient**, as does demand for premium classes, while diversification activities (such as awards and frequent flyer programs) are playing their buffering role. **However, a slump in bookings was noted on Canadian flights.**

With no control over U.S. President Donald Trump's decisions and reversals on tariffs, Delta Air Lines will therefore focus on the areas it can control to protect its margins: **its capacity will ultimately remain stable in the second half** compared with the second half of 2024, but with a "decrease in the number of main cabin seats on domestic flights".

At the same time, it will cut costs and expenses. In particular, this will mean a slowdown in fleet growth, which should be less than 1% this year (...). **This will be reflected in the acceleration of planned retirements of older aircraft** (757s, 767s, A319s and A320s), with at least thirty departures (compared with around twenty in 2024), and **even a slowdown in deliveries**.

This will be all the more true if additional customs duties inflate the prices of its Airbus aircraft. Ed Bastian confirmed that his teams were working very closely with Airbus, especially as Delta is only expecting deliveries from the European aircraft manufacturer this year. But he ruled out any negotiations: "**We won't pay customs duties on the aircraft deliveries we make**. Times are very uncertain, and if you start adding a 20% surcharge to an aircraft, it becomes very difficult to make the calculation work. We've been clear with Airbus." **Delta warns that it will therefore delay delivery of any aircraft affected by an increase in customs duties**. "We hope that this issue will be resolved through trade discussions rather than through actions that Delta or Airbus would have to take," he adds.
(...)

> SAS reintroduces business class on European flights

(source Journal de l'Aviation) April 16, 2025

My comment: *The impact of Air France-KLM's acquisition of a stake in SAS is being felt, and that's good news for customers.*

Read the article:

Scandinavian Airlines (SAS) has announced the return of business class on all its European flights from October 1, including international flights within Scandinavia. Bookings will open on May 6. This initiative marks a strategic shift for the Scandinavian airline, , which discontinued its European business class in 2013 in favor of an intermediate offer, SAS Plus, deemed highly inadequate by its premium customers.

The new Business Class will feature a dedicated cabin at the front of the aircraft, separated from the rest of the cabin by a curtain and divider, with the central seat systematically neutralized to offer greater space and comfort. Passengers will also benefit from improved catering, "more upscale and flexible", served on reusable crockery. On the ground, the offer will include priority check-in and boarding, as well as access to more lounges.
(...)

"With the reintroduction of European Business Class, we guarantee SAS the premium experience of a major European airline".

This move is designed to bring SAS into line with the standards of its new SkyTeam partners, notably Air France-KLM, and to strengthen its competitiveness in the business traveller segment. The airline thus intends to consolidate Copenhagen's position as a major hub in Northern Europe, and to meet growing demand for a clearly differentiated premium experience on the intra-European network, while simplifying connections and offering a more consistent experience for passengers travelling with the various airlines in the SkyTeam alliance.
(...)

> Tariffs: Airbus and Boeing prices in turmoil

(source AFP) April 20, 2025

My comment: *Beyond dealing with the consequences of the trade war unleashed by the United States, the article below (and the following one) looks at the real price of new aircraft.*

But without really getting there!

The first article suggests a figure of around $150 million for a single-aisle aircraft, whether Airbus or Boeing.

The second suggests a figure of $65 million for an A320.

On closer examination, these estimates are less contradictory than they appear.

In Ryanair's case, the price quoted corresponds to that of an aircraft actually purchased. For ANA, on the other hand, it's a list price.

In the days when catalogs were still published, airlines systematically obtained discounts of at least 50%.

This would bring the price of the aircraft purchased by ANA down to less than $75 million, almost the same amount as that quoted for Ryanair.

But there's no guarantee that these are the purchase prices. The price of new aircraft is one of the airline industry's best-kept secrets.

I have an anecdote on this subject.

Air France was the launch company for the A320.

It thought it had benefited from a preferential fare. At least, that's what its managers thought, until a few years later, when they hired a purchasing director from a rival airline.

You can imagine the reaction of Air France's executives when they discovered that this competitor had received a larger discount...

Read the article:

Boeing and Airbus aircraft prices had already soared with inflation and Covid-19. Now, the trade war unleashed by the United States is likely to create further turbulence.

Compared with 2018, prices have already risen by around 30%, an industry expert tells AFP.

The two aerospace giants have been confronted with multiple price rises: raw materials (particularly titanium), labor, components, energy, industrial processes (steelmaking in particular).

A social agreement signed at the end of 2024 at Boeing provides for a 38% pay rise over four years for its more than 33,000 unionized employees.
(...)
"Aviation inflation is accelerating, and it's only going to get worse with these catastrophic (...) tariffs", insists John Persinos, editor-in-chief of Aircraft Value News.

According to Persinos, new-generation aircraft, such as Boeing's 787 Dreamliner and 737 MAX, and Airbus' 321neo, are particularly sought-after because of their lower fuel consumption. Their prices have "jumped sharply".

But **there's no need to look for the traditional pricing grids of yesteryear: Airbus hasn't published any since 2018, and Boeing since 2023.**

"Catalog prices were works of fiction," says Aboulafia. "You'd get a 50% discount just for showing up to the meeting all dressed up," he jokes.

"We abandoned this idea of +catalogue prices+ a long time ago. They made no sense, as they were totally uncorrelated with the reality of (final) prices, which

are linked to the specifics of each contract, version, configuration..." justifies Airbus.

However, according to an industry expert who requested anonymity, manufacturers have an internal base price, to which "purchase advantages" are then applied, such as a sometimes "relatively significant" price reduction or, more frequently, options or additional services (support, training, etc.).

Contracts also include an annual price adjustment clause to keep pace with actual cost inflation, until the aircraft is delivered several years later.

As payments are largely made in dollars, Airbus is also dependent on the value of the euro against the greenback.

Boeing told AFP that it evaluates aircraft prices in terms of production costs and other market factors, but as this is a sensitive competitive factor, it does not give details.
(...)
"Before Covid, Boeing and Airbus fought over prices, which were quite low, not to say too low," recalls Manfred Hader of strategic consultancy Roland Berger.
(...)
To get an idea of aircraft prices, we now have to rely on the transparency of certain airlines.

Japan's ANA Group, for example, placed a historic order for 77 aircraft with Boeing, Airbus and Brazil's Embraer at the end of February.

According to calculations by AFP, based on catalog prices provided by ANA, a 787- 9 Dreamliner costs around $386 million and a 737 MAX 8 around $159 million, compared with $292 million and $121.6 million respectively in 2023.

An Airbus 321neo costs around 148 million, compared with 129.5 in 2018.

> Customs duties: Ryanair plans to delay delivery of 25 Boeing aircraft

(source Les Echos) April 15, 2025

My comment: *Read my comment on the previous article.*

Read the article:

The aviation industry is going through a turbulent period with the trade war launched by US President Donald Trump. **Faced with rising tariffs**, low-cost airline **Ryanair warns that it could delay the delivery of its future aircraft if prices rise.**
(...)
The airline is due to receive an additional 25 Boeing aircraft from August, but doesn't need them until "around March, April 2026" (...). "We could delay them and hope that common sense will prevail."

These statements are all the more powerful given that the airline saw its growth prospects downgraded earlier this year due to the delivery delays it is suffering from Boeing.
(...)
The Ryanair boss raised the question of who would bear the cost of higher tariffs: manufacturers, subcontractors or airlines. "The airlines will say the manufacturer has to pay. I'm sure the manufacturer will insist that the airline pay," he said.
(...)
In the case of a medium-haul A320 negotiated at around $65 million, the 10% customs duties in force since last week on European aeronautical exports **already represent an additional $6.5 million. The equivalent of Airbus' average margin on its aircraft**.

Article Bonus

> Towards check-in-free travel: the digital transformation of air transport

(source Quotidien du tourisme) April 17, 2025

My comment: *Amadeus and the twenty or so airlines involved in the Delivery Management Systems (DMS) project are preparing a veritable revolution.*

Using a single document (the passport, for example), passengers will be able to carry out most of the formalities required during their trip, whether they concern their flight, hotel reservation, car rental, etc.

A further step towards what George Orwell evoked in his novel "1984": "Big Brother is watching you?

Read the article:

A new report from Amadeus reveals a major shift in the airline industry: travelers will soon no longer need to check in for their flights. Thanks to connected, passenger-centric technology, the travel experience is becoming smoother, simpler and more personalized.

An evolution towards delivery management

The transformation of air transport is progressing rapidly. Having overhauled their supply and ordering systems, airlines are now focusing on Delivery Management Systems (DMS), an approach that replaces the old Departure Control Systems (DCS).

This new generation of Delivery Management Systems (DMS) is based on open, agile and more integrated technology. It connects airline systems directly to airport infrastructures, ground service providers and other partners, while eliminating obsolete technologies and teletypes introduced in the 1940s.

Smooth, instant recognition

With a unique identifier (digital or biometric passport), travelers will benefit from immediate recognition throughout their journey. This interconnection makes it possible to :

- drop off your luggage without queuing
- pass through security checks without repeated presentation of documents
- pick up a rental car or check into a hotel effortlessly

"With the introduction of DMS, airlines will have detailed knowledge of each passenger, their entire journey and, for the first time, what has been delivered to them. With the removal of legacy systems, information will flow more freely, enabling airlines and their partners to anticipate and act on the needs of each individual traveller. We are actively working with the industry to build this new generation of DMS that will deliver a less stressful and more consistent experience in the years to come," explains Valérie Viale, Director of Product Management, AirOps at Amadeus.

A transition to the terminals of the future

In the near future, arriving at the airport will no longer require check-in. Thanks to prior digital validation of travel documents (visa, passport), passengers will be able to access terminals "ready for take-off".

Airports will evolve into more user-friendly, service- and leisure-oriented facilities. Mobile agents, equipped with tablets, will accompany passengers in a proactive and personalized way.

Real-time solutions for the unexpected

In the event of disruption (delay, cancellation...), passengers will receive a digital notification with an alternative solution recommended by the airline. They can confirm their choice directly via their phone, taking into account their entire itinerary and the services they have booked.

This approach enables integrated management of multimodal travel (air, rail, ground transport), with customized proposals in real time.

The design of the new systems places the protection of personal data at the heart of the process. Only relevant information will be shared with service providers, and only if the traveler identifies himself/herself voluntarily.

The report "From DCS to Delivery: fulfilling the retailing promise with traveler-centric journeys and better operations" translates as "From DCS to Delivery: fulfilling the retailing promise with traveler-centric journeys and better operations".

It draws on the work of the Delivery Management Champions Group, a collective of over 30 airlines, airport service providers and technology suppliers. Together, they are designing a global travel management infrastructure that is more fluid, more connected, and entirely focused on the traveler experience.

End of press review

> Air share price trend

Air France-KLM shares closed at **7.432 euros** on Friday April 18. Over the week, it is **stable (-0.16%).**

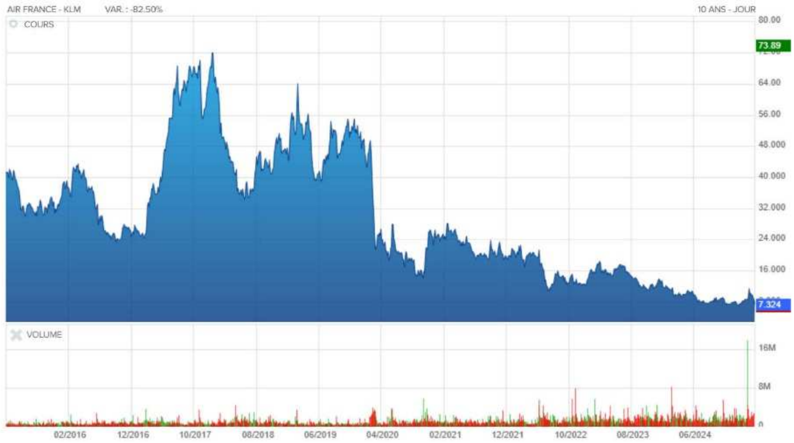
It was 13.60 euros on January 1, 2024, 8.23 euros on July 1, 2024, 7.604 euros on January 1, 2025.

The analysts' 12-month average (consensus) for AF-KLM shares is down to 8.88 euros (from 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 [details of the analyst consensus](#)on my blog.

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



***My comment:** After last week's decline following four downgrades by analysts (Alpha Value, Bernstein, JP Morgan and Morgan Stanley), the share price has stabilized.*

> Fuel price trends this

The price of a barrel of Jet Fuel in Europe is up (+$4) to $86. It was $94 at the end of June 2023, and $79 before the outbreak of war in Ukraine.

Brent crude oil (North Sea) is **up (+$3) to $68 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 comment:** Decisions on U.S. tariffs had also had an impact on oil prices, which had fallen sharply in previous weeks (-11% over two weeks).*

This week, oil prices are making up half of this decline.

> 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'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.

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 giving me the 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.

To contact me: Message for François Robardet.