



Christmas Special



| Letter from the Director of Air France-KLM

François Robardet

Representative of the employees and former employees shareholders
PS and PNC

[N°892, December 26, 2022](#)

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Editorial

Dear readers,

Thank you to Philippe Lacroute, Captain B787, Spokesman for Air Operations and Head of External Communications for Air France for this message published on Christmas Eve.

[\[#Aviation\]](#) Le Père Noël a déposé son plan de vol sous l'indicatif "RED ONE" et un NOTAM a été émis pour avertir tous les autres avions qui volent cette nuit de se tenir à l'écart des zones de ravitaillement afin qu'il puisse livrer des cadeaux à toute la planète.
Joyeux Noël ☺☺➔



*Happy New Year to all.
François*

PS : of course the following article and its commentary are to be taken at face value !

Monday's Press Review

> Does Santa Claus exist? Answer in a few scientific calculations

(source SudOuest) December 21, 2015 - **Do you know how many reindeer it would actually take to pull Santa's sleigh? And how fast they would have to fly (?) to deliver all the children in one night?**

These calculations first appeared in 1990 but were recently republished in the online scientific journal Physlink (...). **So, does Santa Claus exist? Yes, of course. But we still give you some scientific information on the subject...**

One thousandth of a second per house

The calculation is based on the fact that there are two billion children under 18 years old in the world. Assuming that Santa does not deliver gifts to Muslim, Jewish, Hindu or Buddhist children, he still has 378 million children to satisfy in 31 hours, taking into account time differences.

If we assume that there are on average 3.5 children per household and that each household has at least one well-behaved child, Santa will have to visit 91.8 million

homes in 31 hours. That's 882.6 homes to visit every second. That's a visit of about one thousandth of a second per house. A little short to park the sleigh, drop off the toys, eat and drink what's been left for him, and leave.

3,000 times the speed of sound

Not to mention how fast Santa has to go to do all this in time. He would have to travel at no less than 3.7 million kilometers per hour... That's 3,000 times the speed of sound. That would make one hell of a supersonic bang. For the moment, man has not succeeded in making a machine fly at more than 3.529,6 km/h, which is already not bad.

214,200 reindeer to pull the sleigh

According to these calculations, a reindeer, assuming it can fly, can not pull more than 136 kilos. Let's assume that Santa is not as generous as we think, but let's assume that he is fair. If he brought each child a medium-sized package of Lego (just under a kilogram), he would have to carry 353,340 tons of gifts on his sleigh, or four times the weight of the Queen Elizabeth. It would therefore take at least 214,200 reindeer to carry all that, not eight (or nine, counting Rudolf, the red-nosed reindeer).

The reindeer would burst into flames instantly.

Now, moving more than 300,000 tons at a speed of 3.7 million kilometers per hour would cause resistance similar to that of a spaceship entering the atmosphere. The two lead reindeer would each absorb 14.3 quintillion (one quintillion = one million to the power of five) joules. In short, they would catch fire instantly and expose the other reindeer to deafening supersonic booms. In the end, it would take 4.26 thousandths of a second for them all to be vaporized.

Santa would crash to the bottom of his sleigh

At the same time, Santa himself would be subjected to a centrifugal force 17,500 times stronger than gravity that would kill him while taping him to the bottom of his sleigh.

All these calculations do not take into account the most important element: the magic of Christmas.

***My comment:** How to access all these dimensions?*

A curious coincidence allows us to suspect a collusion between Santa Claus and Einstein.

Indeed, the latter has not published anything since 1930.

But it is precisely at this time that Santa Claus has definitely adopted his red and white look (under the impulse of a soft drink) and has started to work.

A coincidence? Certainly not!

> No flight cancellations on Thursday at Air France, despite strike

calls

(Reuters source) Dec 21 - **Air France management said on Wednesday it would be able to operate its entire flight schedule on Thursday, despite a strike call from some cabin crew unions.** The Unac and SNGAF unions, which together represent more than 50 percent of the airline's flight attendants, have filed a strike notice covering

PARIS (Reuters) - Air France management said on Wednesday it would be able to operate its entire flight schedule on Thursday, despite a call for a strike by some cabin crew unions.

The Unac and SNGAF unions, which together represent more than 50% of the airline's stewardesses and stewarts, have filed a strike notice covering the period from December 22 to January 2.

They are calling for a binding regulatory framework to replace the collective agreement defining all cabin crew statutes, which expired in October. For the time being, the company has issued a management memorandum guaranteeing all these statuses until a new agreement is negotiated, which the two unions do not consider sufficiently protective.

Air France management did not wish to give any information on the number of strikers. It specifies that its commitment not to touch the status of its staff, while negotiations for a new agreement are being completed, legally binds it.

The inter-union SNPNC and UNSA-PNC, which represents 48.73% of these staff, did not want to join this movement, believing that there was no concern about the current regulatory framework, told Reuters the deputy secretary general of SNPNC, Sandrine Techer.

The management will communicate on its flight schedules 24 hours in advance for the other days affected by the strike call.

Professional elections must be held in March at Air France.

> Lufthansa - Bonuses for the management board despite state aid

(Reuters source) Dec 20 - **Members of Lufthansa's management board will each receive a multimillion-euro bonus for the years 2021 and 2022, the period during which the German airline was bailed out by the state,** Handelsblatt newspaper reported Tuesday.

The supervisory board approved the payments at a meeting in early December, the newspaper said, citing sources within the company.

Some employee representatives voted against the bonuses as a violation of the terms of the rescue plan, it added.

A Lufthansa spokesman contacted by Reuters declined to comment on the discussions taking place in the supervisory board.

The German state saved Lufthansa from bankruptcy during the Covid-19 pandemic with a bailout totaling 9 billion euros. The government sold all its shares in the airline

in September.

A Lufthansa spokesman told Handelsblatt that the money would not be paid out until 2025, if all goes well, which means the payments are not retroactive but rather part of a long-term bonus.

My comment: Note that the German state opposes the bonuses of the Lufthansa board of directors

The Covid-19 pandemic caused an unprecedented crisis for the aviation industry and Lufthansa only survived thanks to a 9 billion euro plan of public aid and guaranteed credits, in exchange for a capital contribution from the State, which became its largest shareholder in 2020.

In order to accept this plan, the European Commission had stipulated that the members of the group's management could not receive bonuses during the period in which the public aid was used.

It is therefore up to the European Commission and not the German state to judge whether the payment of these bonuses complies with the rules it has laid down.

According to the information I have received, the future payment of these bonuses should be authorized at Lufthansa.

The same question could arise at Air France-KLM.

In the context of the aid granted to the Air France-KLM group, two types of constraints coexist.

When Air France received financial support from the French State, conditions were imposed on the airline by the French State, such as the closure of routes or the need to drastically reduce CO2 emissions by 2030 [non-exhaustive list].

When KLM received financial support from the Dutch state, different conditions were imposed. Employees had to reduce their pay (up to 20% for the highest earners). In addition, the Dutch State prohibited the payment of variable shares to KLM's managers until the aid was repaid [non-exhaustive list].

Then, when Air France was recapitalized for the first time, the European Commission imposed constraints, such as giving up slots at Orly or freezing the variable portions of executives (of Air France and Air France-KLM) until 75% of the State aid had been repaid. These are the same constraints that have been imposed on Lufthansa.

KLM, which has not been recapitalized, has not been forced by the European Commission.

> Rome intends to accelerate the sale of ITA AIRWAYS, coveted by

LUFTHANSA

(source Agefi) December 26 - **The Italian government approved Wednesday in the council of ministers a draft decree aimed at accelerating the procedure for the sale of ITA Airways, giving the state the possibility of selling a minority share initially**, a government source told AFP.

The German airline giant Lufthansa, considered a favorite in the race to buy the successor of Alitalia, could enter in several stages in the capital of the Italian company. Lufthansa had always said it favored a complete privatization of ITA.

Officially, however, all the candidates for the takeover who had participated in the previous procedure are "confirmed", according to this government source. A major criterion for the selection will be the industrial plan of the potential buyer, she added.

This new regulation will replace the previous decree adopted by the former government of Mario Draghi, which provided for the obligation for the Italian state, 100% shareholder of ITA Airways, to sell a majority stake and to keep a minority stake for a certain period of time.

The sale of a first minority share could be done through a capital increase reserved for the future buyer, according to the new decree.

According to the daily Corriere della Sera, Lufthansa is aiming for a share of at least 40%, valued at between 180 and 200 million euros, and could later increase its stake to 100%

***My comment:** As you can see, there is not much information in this period of truce of confectioners.*

We are left with the 2022 soap operas, ITA Airways (above) and the Boeing 737Max (below).

> **Boeing: a secret vote in Washington saves the last two versions of the 737 Max**

(source Les Echos) December 20 - **The big "wow" of relief at Boeing must have been heard from Washington to Seattle. After a long debate, the U.S. Congress finally agreed on Tuesday to grant the aircraft manufacturer a new exemption concerning the installation on the last two versions of the 737 Max - the Max 7 and the Max 10 - of safety equipment that should have become mandatory as of January 1.** This will allow Boeing to complete the certification of these two new models, which are expected to be delivered during 2023.

Without this additional time, the future of its last two models still in the certification process seemed very much in doubt. Last July, Boeing CEO David Calhoun said the lack of a delay could result in the cancellation of the Max 7 and Max 10 programs. And with them, the loss of thousands of jobs, as well as Boeing's ability to turn around

the single-aisle medium-aisle aircraft market, now dominated by Airbus.

In a sign of the tensions surrounding this issue, this last-minute measure was voted on in the early hours of the morning in Washington, among a series of unrelated amendments, as part of a so-called "omnibus" amending bill. However, the debate had been raging for several months, in Congress and in the media, between supporters of intransigence towards Boeing and those who feared it would jeopardize the group's recovery.

In 2020, following the crashes of the Boeing 737 Max of Lion Air in 2018 and Ethiopian Airlines in 2019, the U.S. legislature had thoroughly reviewed the rules of certification of aircraft, including requiring that all aircraft certified from January 1, 2023 be equipped with a modern system of indication of failures and alerts of the crew (the system EICAS).

This equipment is already present on all modern aircraft, but the many successive iterations of the 737, based on the 1967 certification, had so far managed to do without it. This includes the last two versions, Max 7 and Max 10, designed before the 2020 regulation.

As of the vote of this regulation, **Boeing had two years to complete the certification of the Max 7 and Max 10 without EICAS**. Otherwise, both aircraft would have been subject to the new certification rules. This would have required not only a complete overhaul of Boeing's avionics, but also specific training for the pilots of the customer airlines in the new cockpit.

But contrary to all expectations, this initial two-year deadline proved insufficient to allow Boeing to complete the certification process, which is now carried out directly by U.S. civil aviation officials (FAA) and no longer delegated to Boeing employees. Hence the lobbying efforts of the aircraft manufacturer starting last summer to obtain a new deadline, when it became clear that the two aircraft would not be certified before the fateful December 31 date. The group even moved its headquarters from Chicago to Washington.

The extension comes with a commitment from the aircraft manufacturer to make at least two major safety improvements - one to measure airspeed and attitude and the other to provide a stall warning system - to all Max aircraft in service within three years. This obligation has already been imposed by the European Aviation Safety Agency, in return for lifting the flight ban on the Max, and will be paid for by the aircraft manufacturer.

My comment: Boeing has been pushing hard not to have to install EICAS in its B737 MAX 10 simply because the B737 Max cockpit is small and there is no room to insert new equipment.

In addition, last September, accused by the American financial markets regulator (SEC) of having issued several public messages stating, after two fatal air accidents, that the 737 MAX did not present a risk, Boeing agreed to pay \$200 million.

Let's wish the American manufacturer, and the passengers of the B737Max, that no

> Europe lags behind in the race to decarbonize

(source Journal de l'Aviation) December 20 - **The European Union can do great things.** And despite all the heaviness that has been blamed on it for decades, it has shown that it can move quickly and take strong decisions when it is in crisis, for example during the covid-19 pandemic or the invasion of Ukraine. But it is also quick to fall back into its ways.

At a time when global warming and energy issues are at their peak, it has been busy for the past two years establishing a policy for decarbonizing the continent. The Green Pact and its many components, including the famous "Fit for 55", sets out the course of action and the objectives (reducing the EU's CO2 emissions by at least 55% in 2030 compared to 1990 and then achieving carbon neutrality in 2050), it also defines the support for a just transition.

But the means implemented to achieve this are confusing. This is what **Guillaume Faury**, who recently spoke as GIFAS president to members of the AJPAE (Association of Professional Journalists in Aeronautics and Space), said he **regretted the "taxes, barriers, impediments", threats of fines and rigid regulations that go hand in hand with very large investments in technology.** "There are contradictions to manage." So uncertainty. So risk for investors to commit to decarbonization and even more so to aviation.

On the contrary, these same investors are hearing a much more melodious song from across the Atlantic. With the Inflation Reduction Act (IRA) passed at the end of the summer, which complements two other pieces of legislation aimed at improving U.S. economic competitiveness, innovation and industrial productivity, **Joe Biden's administration is still planning nearly \$400 billion in new spending and tax breaks aimed at stimulating the development of clean energy, including SAF.** In just a few months, the plan has already had an impact on the relocation of some activities in this strategic sector.

"The IRA is very good news for accelerating investments for decarbonized energy, for aviation in particular. It gives a clear trajectory and a significant level of certainty to investors about the relevance of their investments and the return on investment. On the other hand, **it is also a package that destabilizes the 'level-playing field',**" said Guillaume Faury.

This concern is also shared by the French President, Emmanuel Macron. Speaking at the end of the European Council on December 15, he called on Europe to go "much faster and much stronger" to support investments in decarbonization in Europe, even if it means implementing a plan similar to the IRA. "We need to have an answer to maintain fair competition and defend large projects, especially on green technologies and future technologies in Europe," he said, suggesting a simplification of the rules and an answer that should be delivered in early 2023.

IATA has been calling for years for Europe and European governments to be less punitive and more incentive-based, not just on environmental issues. The United States has brought out the heavy artillery to advance its energy transition while stimulating its industry, while the urgency of decarbonization has never been so great. This is the new crisis that can speed up Europe.

My comment: There is a great risk that in the absence of global harmonization of the constraints imposed on commercial aviation, non-European airlines will develop to the detriment of European airlines.

Cla will not advance the fight against climate change, quite the contrary.

End of the press review

> My comments on the Air France-KLM share price trend

Air France-KLM shares closed at 1.2685 euros on Monday 26 December. It is up slightly this week (+1.16%).

The average (consensus) analysts' rating for AF-KLM shares is 1.50 euros. The highest price target is 2.00 euros, the lowest 0.85 euros. I only take into account analysts' opinions after the May 2022 capital increase.

You can find the details of the analysts' consensus on my blog.

> My comment on the evolution of fuel prices

Oil and jet fuel have returned to levels close to those of the beginning of the year, although the gap between oil and jet fuel prices is still very wide. The increased need for diesel fuel to compensate for the reduced availability of gas is driving up the price of jet fuel, as both fuels are produced in similar ways.

Jet fuel in Europe is down this week by \$6 to \$114 per barrel. It is close to its lowest level since the beginning of the health crisis. After peaking at \$182 in June 2022, it was down to \$132 in early August. It was at \$79 a little over a year ago.

Brent crude oil (North Sea) is up this week by \$4 to \$84. It is at a more reasonable price level.

From mid-February to the end of July, it was yo-yoing between \$100 and \$120. Since then, it has hovered between \$85 and \$99.

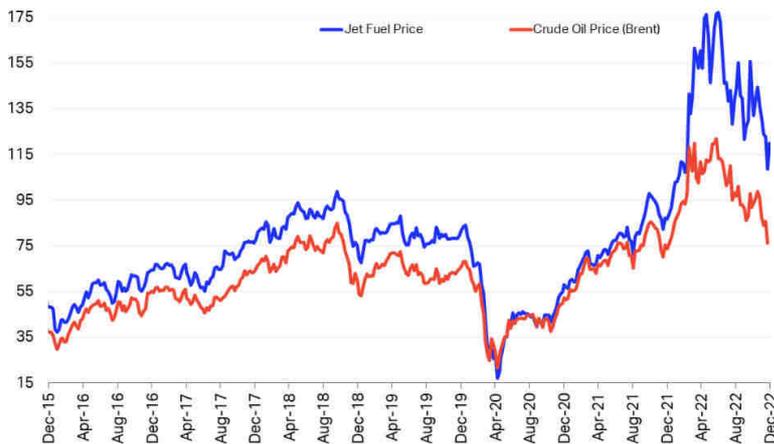
By early March, Brent had reached \$132, close to its record high of \$150 (in 2008). Fears that the economy will be in recession by the end of 2022 have caused fuel prices to fall.

Since the beginning of the war in Ukraine, there is no longer any correlation between the price of a barrel of Brent oil and a barrel of Jet Fuel. This is very

clear on the graph below, which covers the period June 2015 - December 2022.

Jet fuel price developments - longer term perspective

Jet Fuel & Crude Oil Price (\$/barrel)



Source: S&P Global, Refinitiv Eikon

Jet fuel price per barrel by region (source IATA) as of December 16, 2022

Fuel Price Analysis

The jet fuel price ended last week up 10.6% at 120/bbl

16 December 2022	Share in World Index	cts/gal	\$/bbl	\$/mt	Index Value 2000 = 100	vs. 1 week ago	vs. 1 month ago	vs. 1 yr ago
Jet Fuel Price	100%	285.75	120.01	947.72	326.07	10.6%	-8.6%	38.4%
Asia & Oceania	22%	277.36	116.49	920.28	332.85	12.6%	-3.3%	36.4%
Europe & CIS	28%	286.72	120.42	950.13	324.45	8.2%	-10.2%	39.4%
Middle East & Africa	7%	270.78	113.73	897.97	339.62	11.1%	-7.4%	35.6%
North America	39%	291.37	122.37	966.75	325.33	11.2%	-10.3%	39.2%
Latin & Central America	4%	296.46	124.51	983.66	344.92	10.8%	-8.0%	40.3%

Good to know

> Advice for employees and former employees who are shareholders

You will find on my [navigaction](#) site the modalities of access to the managers' sites.

To avoid forgetting to change your contact information each time you change your postal address, **I advise you to enter a personal e-mail address**. It will be used for all correspondence with the management organizations.

Keep all the documents related to your Air France-KLM shares in one place: all the letters you receive from the different managers, Natixis, Société Générale, your personal financial institution if you bought your shares through it.

> Management of employee investment funds

When you invest money in one of the Air France FCPE funds, you get 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 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 stocks.

My comment: If you would like more information on the management of the various Air France FCPEs, please consult [my website Navigation, section Air France-KLM employee shareholding](#).

Details

This information is not intended to be 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 better carry out my duties as a director of the Air France-KLM group.

You can ask me, by return, any question relating to the Air France-KLM group or to employee share ownership...

See you soon.

To find the last press reviews of Monday, it is [here](#)

If you like this press review, please pass it on.

New readers will be able to receive it by [giving me](#) the email address of their choice.

| François Robardet

Director of Air France-KLM representing the employees and former employees shareholders of PNC and PS.

You can find me on my twitter account @FrRobardet

Alternate Nicolas Foretz, PNC



When I was elected, I received the support of the CFDT and the UNPNC.

This press review deals with subjects related to the Air France-KLM shareholding.

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