

Transform 2015: progress report at Air France

Within the framework of the scheduled progress review of Transform 2015, Air France management this morning organized the consultation of the Central Works Council on the additional measures.

As previously indicated, the additional measures will focus on capacity adjustment, cost reduction and the search for competitiveness throughout the group. With respect to short and medium-haul, capacity will be further reduced on the French point-to-point Orly-based network and in the regional bases, while, in parallel, Transavia will grow. Cost reduction efforts will be focused on the reorganization of the French stations. With respect to cargo, Air France will cut its full freighter fleet and refocus it on its two Boeing 777Fs.

In order to address ground staff over-staffing, Air France presented a proposed voluntary departure plan covering 1,826 jobs in the following activities:

- Cargo: 282
- Paris-CDG hub: 582
- Paris-Orly and regional France stations: 719
- Other activities: 243

The broad structure of this proposed voluntary departure plan is identical to the previous plans, and includes a specific plan to support professional retraining. The departures should take place between the end of February and the end of December 2014.

This plan will generate an additional restructuring provision of around €200m that will be accounted for in the September 30, 2013 financial statements.

Combined with wage moderation measures, this staff reduction will have an impact of around €150m on full year employee costs.

Pilot (350 FTEs) and cabin crew (700 FTEs) over-staffing will be addressed in 2014 through other measures.

The various measures taken by Air France-KLM will be reviewed in more detail on October 31, during the Third Quarter results presentation.

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