

2.6-billion euro loss for Air France-KLM in virus-hit 2nd quarter

July 30 2020



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Air France-KLM on Thursday announced a second-quarter loss of 2.6 billion euros (\$3.1 billion), thanks to grounded flights during the virus pandemic, adding that the twin airlines must "significantly reduce" the workforce.

"Activity levels were close to zero in April and May 2020," compared to last year, rising to just eight percent in June as government progressively eased their COVID-19 lockdown rules, the Franco-Dutch airline group said in its report.

"Nevertheless, there is limited visibility on the demand recovery curve as customer booking behaviour is much more short-term oriented than before the Covid-19 crisis, especially on the Long Haul network," the report cautioned.

Group CEO Benjamin Smith said: "The second quarter results demonstrate the unprecedented impact of the COVID-19 crisis on the activity of the Air France-KLM Group and of all airlines worldwide".

Air France-KLM had already posted an operating loss of 1.5 billion euros for the quarter.

"The exceptional support of the French and Dutch governments has provided Air France-KLM with the liquidity needed to weather the crisis and ensure a gradual recovery in business," along with cost-cutting measures, Smith added.

Air France is to benefit from seven billion euros in French loans either from or backed by the state along with an expected two to four billion euros in aid from the Dutch government.

The European Commission has given its [green light](#) to the package.

The French government has insisted that the help is "not a blank cheque" and is dependent on the airline notably becoming greener by reducing [carbon emissions](#), using more modern aircraft and cutting domestic routes.

Last month the Dutch [government](#) on Friday approved a 3.4-billion-[euro](#) bailout to prop up KLM.

KLM and Air France are among a host of European airlines given state support to get through the pandemic.

Germany's Lufthansa is getting nine billion euros from Berlin to save Europe's largest airline group from bankruptcy.

In order to carry out the company's "reconstruction plan" Air France and KLM "must significantly reduce the number of employees," the quarterly report said.

Earlier this month Air France management announced plans to eliminate 7,580 jobs at the airline and its regional unit Hop! by the end of 2022

KLM has already launched a voluntary departure plan to which 2,000 staff have subscribed.

Other savings will be made through ending various external and temporary contracts.

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