

Airbus to Swap Finnair's Zodiac Seats Amid A350 Quality Concerns

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- Carrier has orders for 19 planes, with nine already in service
- Airline's CEO says he's also mulling order of smaller aircraft



Pekka Vauramo, chief executive officer of Finnair Oyj. Photographer: Henrik Kettunen/Bloomberg

[Airbus SE](#) will refit [Zodiac Aerospace](#) seats on all of [Finnair Oyj](#)'s A350 wide-body jetliners because of quality issues, said the airline's chief executive officer, Pekka Vauramo.

Entire business-class berths must be replaced on the nine A350s that Finnair has in operation, Vauramo said in an interview at the International Air Transport Association's annual meeting in Cancun, Mexico. The changes will be timed to coincide with a major maintenance round due at the end of this year.

The plan underscores the struggles of Zodiac, which French engine-maker [Safran SA](#) has agreed to buy for 8.7 billion euros (\$9.8 billion), in maintaining quality and ramping up deliveries of Airbus's marquee wide-body. The European planemaker last year handed over 49 A350s, one short of its target, only after a December surge that saw previously manufactured jets fitted with delayed interiors.

"With Zodiac we have issues. Earlier deliveries were affected, not the recent deliveries, now it seems to be better under control by Airbus," Vauramo said. "But there are still quality issues, there's still a lot of rework on our aircraft that needs to be done."

Narrow-Body Orders

Finnair has placed orders for 19 A350s, with two more due in 2017 and the remaining eight to be handed over at a rate of one per year after that, he said. Airbus will have the Zodiac seats refitted.

The Finnish carrier is also weighing an order for as many as 30 narrow-body jets for delivery from 2022 and 2023 to replace its existing A320 family planes. The airline is considering both the re-engined version of Airbus's short-haul workhorse as well as [Boeing Co.](#)'s 737. It is already set to take seven new A321 planes this year, with the current engine option.

In a further fleet review, Finnair will assess how many wide-body jets it needs to cover growth plans from 2023 to 2030, Vauramo said. The A350's performance, which has lowered fuel bills by 3 percent despite added capacity, makes the jet a strong contender for a follow-on order, he said.

The carrier is set to lift capacity about 15 percent each quarter for the next three quarters as it takes on new aircraft and holds on to two of its older A330 jets that had been due for disposal later this year. Those planes will likely remain in service for another 8 to 10 years, Vauramo said.

That suggests the annual increment will be at the higher end of an 8 to 10 percent range previously suggested by the company and reiterated by the CEO. At the same time, revenue per seat kilometer flown should continue to gain this year after declines were halted at the end of 2016. The carrier will also decide whether to hold on to two further A330s up for disposal in 2019.

Finnair, which last year saw a surge in cancellations from group tours in Asia following a run of terror attacks across Europe, has since seen a recovery with load factors gaining "a couple of points" from a year earlier. So far, recent terror attacks in London and Manchester haven't resulted in lower demand.

Shares of Finnair were down 0.4 percent at 5.4 euros as of 1.22 p.m. in Helsinki, paring gains this year to 34 percent. Airbus traded 0.6 percent lower.