

Airbus slowing as A380 orders dwindle

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Airbus SE is planning a further cut in the production rate for its A380 super-jumbo jet amid a continuing dearth of new orders for the 525-seat behemoth.

Airbus is assessing how best to drop output below the 12 planes a year, known as "rate one," that the company said in July should be sustainable from 2018, Didier Evrard, its head of programs, said Monday in Cancun, Mexico. A decision will be made before the end of this year in the absence of further sales.

"It's likely that we may have to go below rate one, and we will do that," Evrard said in a briefing on the sidelines of the International Air Transport Association's annual meeting. "We will continue to study opportunities to go below, while keeping our program

See **AIRBUS**, Page 4D as easy as possible on the financial side."

Airbus is in talks that could secure fresh commitments for the A380, and the company might also bring forward jets from the existing backlog to bolster rates if it's decided that 12 planes a year are necessary to break even on a unit-by-unit basis, sales chief John Leahy said at the briefing.

"I'm trying to maintain 12, he's trying to protect if we have to go below that," Leahy said of Evrard's comments, while adding that there's no truth to suggestions that completed A380s are already being parked in storage amid a lack of customers willing to take them.

Leahy said Airbus is seeking to manage the A380 program through "a period of softness in the market for large aircraft" and hasn't given up on the model.

Still, the production cut announced last year was in itself widely regarded as the beginning of the end for the double-decker, with output to be cut from a break-even rate of 27 deliveries achieved in 2015.

Airbus won no new A380 orders in 2016 after Iran opted not to go ahead with an outline deal for 12 planes. At the same time, the manufacturer handed over 28 aircraft. Subsequent deliveries had reduced the backlog to 107 as of April 30, though some of those may be vulnerable to cancellation or deferral.

A follow-on order from Dubai-based Emirates, the No. 1 operator of the A380, may now be the only development likely to stave off the program's demise. Airbus had wanted to put the jetliner on life support until a hoped-for revival in demand fired by Asian economic growth and

crowded runways at major hubs.

While Emirates is scheduled to have A380s coming off lease in the next few years, it had aimed to replace them with an upgraded variant that Airbus and engine suppliers have been reluctant to develop for a single operator. The Gulf carrier in December also put back six A380s due in 2017 and the same number scheduled for 2018 by a year, prompting Airbus to say it would accelerate cost cuts at the operation while reiterating the 12-a-year production goal.

Toulouse, France-based Airbus still has concerns regarding quality-control issues at seats-and-interiors manufacturer Zodiac Aerospace, Leahy said at the briefing, though the French supplier is catching up with deliveries. **Finnair** Oyj Chief Executive Officer Pekka Vauramo said earlier in Cancun that all nine A350 jets it has received will need refitting by the plane-maker because of problems with their Zodiac-supplied business berths.

Airbus last year handed over 49 A350s plus two test models, versus a target of 50, only after a December surge that saw previously built jets rapidly fitted out with delayed interiors. It had delivered only 12 of the planes in the first half.