



AIRBUS RELIES ON CURRENT A320 MODEL TO MEET DELIVERY GOAL

News / Manufacturer



Airbus is sticking to 2016 delivery targets despite a slow start caused by supplier problems, but is having to fall back on an older version of its best-selling jet to make up for delays in the A320neo, executives said.

Deliveries fell 7 percent in the first quarter after problems at engine manufacturer Pratt & Whitney left about two dozen A320neo jets without engines, creating what its operations chief called on Monday a queue of "gliders".

Europe's largest aerospace group said it expected an updated version of Pratt & Whitney's engines to be ready in the summer, allowing it to complete the semi-finished jets and ramp up deliveries in the second half.

But it acknowledged it would have to deliver fewer of the A320neo jets than planned this year, as it brings forward extra deliveries of the existing version, known as 'A320ceo' (current engine option), to plug the gap.

"We are using the flexibility we have on ceos to offset some of our challenges on neos," Chief Operating Officer Tom Williams told Reuters on the sidelines of an annual media seminar.

Airbus is targeting over 650 jet deliveries in 2016, up 2.3 percent. The deliveries account for about 70 percent of Airbus Group revenues.

Recent delays have disrupted the outset of a two-year changeover between the current A320 and the revamped A320neo: carried out even as Airbus raises overall narrowbody jet production to 60 a month by mid-2019 from 46 a month now.

Deliveries of the larger A350 long-haul jet have also been delayed, mainly by shortages of cabin equipment.

"2016 is the start of a very challenging period," programs chief Didier Evrard said.

Executives said Airbus expected to meet its target of delivering at least 50 A350s in 2016, compared with 9 since January. It plans to raise output to 10 a month by 2018.

More than 40 of the jets are on the assembly line.

"The airframes are there; now it is a race against the clock for the cabins and to finalize assembly," Chief Procurement Officer Klaus Richter said.

But with Airbus still dealing with the unexpectedly slow start to the year, operations chief Williams dampened expectations it could raise its output targets even further, as suggested by its bullish sales chief John Leahy.

He told journalists that current plans were "enough for now" and there were no serious studies of going higher.

COSTS SHIFTED FROM A380

Leahy has called for more A350s to open the door to increased sales and has suggested the market would support increasing A320 output as high as 63 a month.

Aerospace analysts have, however, expressed concerns that an extended boom in jetliner demand is fading due to concerns over growth in emerging markets and relatively low oil prices.

Williams said there had initially been some problems delivering A350 sections to the assembly line at the right quality, but there had been no repeat of wiring difficulties that crippled output of the larger A380 superjumbo in 2006.

The future of that program remains uncertain as demand for large four-engined jets slows, forcing Airbus to cut production.

Williams said Airbus was cutting A380 costs to maintain it at breakeven partly by redeploying overheads to small jets.

A fourth assembly line for the narrowbody A320neo will use a building in Hamburg previously used for the A380, he told reporters at the German port city's Airbus plant.

He declined to quantify the savings but said they would be "significant".

Airbus also set out plans to lower costs and help speed overall production through greater automation, including the use of wearable robotic limbs called exoskeletons and drones inside the factory to check the roof of jets for riveting flaws.

It meanwhile responded to suggestions that Boeing could use an Airbus engine version to boost a weak-selling model.

Reuters reported on Sunday that Boeing was considering modifying a larger 'LEAP' engine used on the A3231neo to enhance its 737 MAX 9 with more capacity and range.

A320 chief Klaus Roewe said the version of engine made for Airbus was available to Boeing but would trigger significant work before it could be placed on the smaller 737 airframe.

Boeing, which disputes Airbus' claims for demand in the 180-seat A321 segment, declined to comment on the engine study.

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