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Airbus Trims Jumbo Output As Carriers Defer Orders

By [DANIEL MICHAELS](#)

Airbus cut its planned production of A380 superjumbo jetliners this year to 14 from 18, in a move that threatens to further delay the long-troubled plane's prospects for turning a profit.

Unlike previous setbacks, which were caused by problems building the world's largest passenger plane, Airbus blamed the latest reduction in output on the global economic crisis and its impact on airlines.

"Customers approached us, and we are adapting our schedule to their needs," said Airbus spokesman Stefan Schaffrath. As recently as mid-March, Airbus had said it expected to deliver 18 A380s this year.

The cut is at least partly linked to previously announced delivery deferrals at Australia's [Qantas Airways Ltd.](#) and Dubai's Emirates Airline, people familiar with the matter said.

Airbus said the reduction will have "no significant impact" on earnings before interest and taxes this year. Airbus, a unit of Franco-German [European Aeronautic Defense & Space Co.](#), said it "will take mitigating actions against the negative effects" of the shift on free cash flow, such as purchasing fewer components.

Airbus said it plans to deliver "more than 20" superjumbos next year. Airbus Chief Executive Tom Enders last May said Airbus hoped to deliver between 30 and 40 superjumbos in 2010. Airbus has firm orders from 16 customers for 200 A380s, which carry a catalog price of \$327 million each, although early customers received significant discounts, airline officials have said.

The superjumbo has been plagued by troubles since its first flight in 2005, when Airbus announced that initial deliveries would be six months late. Airbus later announced more delays due to production problems that pushed the plane program more than two years behind schedule and several billion dollars over its original \$12 billion budget.

Airbus initially said the program would break even when it sold 270 superjumbos. In late 2006 it raised that figure to 420 planes, and has since stopped communicating a break-even figure. Extrapolating from currently announced production rates, Airbus will deliver roughly 155 superjumbos by the end of 2013, according to AeroTransport Data Bank, a French company that tracks airplanes.

Mr. Schaffrath at Airbus said the European jet maker sees a market for 1,200 very large aircraft over the next 20 years. Airbus currently has roughly 90% of that market, which includes an updated version of U.S. rival [Boeing Co.](#)'s older 747.

The cut in A380 output comes amid a string of production cuts on smaller models at Airbus, Boeing and Brazil's [Empresa Brasileira de Aeronautica SA](#) as airlines world-wide struggle with plunging passenger demand.

Airbus in February said it would cut deliveries of its popular single-aisle models to 34 planes a month from 36 and consider further cuts.

Boeing in April said it would cut production of its large 777 model to five planes a month starting in mid-2010 from seven planes a month now. Embraer early this year also announced production cuts.

Airbus on Wednesday reiterated plans to deliver roughly as many planes overall this year as it did last year, when it produced 483 jetliners, a record level.

Qantas, which already has three superjumbos in its fleet, said last month that it will take its next three A380s this year but defer the following four. One of those four was planned to be delivered this year and the rest in 2010, according to a person familiar with the airline's plans.

Emirates President Tim Clark said in March that the airline expects to get seven A380s in its current fiscal year, but one of those deliveries has shifted from December to next January.

—Stefania Bianchi contributed to this article.

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