

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

See a sample reprint in PDF format. [Order a reprint of this article now](#)

THE WALL STREET JOURNAL.

WSJ.com

BUSINESS | Updated January 16, 2013, 3:22 a.m. ET

Airbus Superjumbo Faces Headwinds

By DANIEL MICHAELS



Airbus to report strong orders, but its Superjumbo struggles and Boeing has moved ahead for first time in years. WSJ's Daniel Michaels reports from Brussels. Photo: Reuters

When Airbus on Thursday reports robust airplane sales and deliveries for last year, its biggest plane will make only a small appearance in the annual list of new orders, in a sign of continued headwinds facing the A380 superjumbo jetliner.

The Airbus unit of [European Aeronautic Defence & Space Co.](#) landed orders for more than 800 new planes last year after cancellations, according to company data through November and subsequent announcements. Although the A380 accounted for only nine of those sales, the tally tops Airbus forecasts earlier last year of about 650 net orders and would be one of the company's best sales years ever.



Company officials have also said they would deliver more than 580 planes, Airbus's highest annual production ever, far surpassing the 534 planes delivered in 2011, the previous record.

Airbus orders and deliveries are still likely to



Bloomberg News

An employee inspects a wingbox section for an Airbus SAS aircraft, a unit of European Aeronautic Defence & Space Co.

lag behind those of rival [Boeing Co.](#), which earlier this month said it booked 1,203 net orders last year and delivered 601 planes. If Boeing wins bragging rights, it would be the first time in five years it outsold Airbus, and the first time in a decade that the Chicago giant delivered more planes than its

European competitor.

Both companies' order tallies were dominated by smaller models. At Boeing, 93% of sales last year were versions of its single-aisle 737. At Airbus through November, 89% of orders were for its competing A320 family.

The superjumbo, which is Airbus's newest model flying, is a two-deck plane that typically seats about 525 passengers, but can hold up to 853. The plane carries a list price of \$390 million, although customers receive discounts of up to 50%, industry officials say.



Agence France-Press/Getty Images

The Airbus A380 superjumbo jet, shown above, is expected to have been only a modest help in a strong sales year for the European plane maker.

Airbus has touted the world's largest passenger plane despite production problems that pushed the project billions of dollars over budget and several years behind schedule. Through November, it had booked total orders for 262 superjumbos and delivered 92 of them.

Last year through November, it delivered 25 superjumbos, compared with 26 in all of 2011, and in December it delivered another five, according to AeroTransport Data Bank, a French company that tracks airplanes. The gap between annual deliveries and new orders

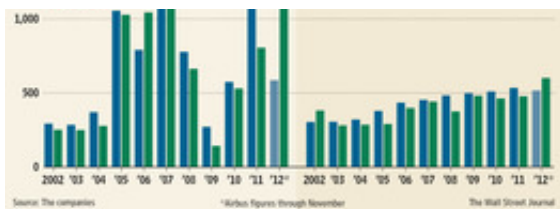
is the largest since the A380 entered service in 2007. If that trend were to continue, Airbus would risk losing its cushion of orders for future years.

One factor weighing on superjumbo sales last year was the weak global economy. Another was cracks found inside A380 wings. Airbus has developed a fix for the problem, which it is installing on planes in production and in service.

Airbus Chief Commercial Officer John Leahy, the company's top plane salesman, blamed slow A380 sales on "a combination of the economy and the wing issues." He noted that widebody jetliner sales are more sensitive to economic conditions than single-aisle models because long-haul travel tends to be more volatile.



"It was a pretty light year for big aircraft," Mr. Leahy said. He noted that Boeing last year won only one net order for its biggest



plane, the 747-8. But that model is an updated version of its venerable jumbo jet, which first flew in 1969. Demand for the big planes "has not been as strong as we anticipated," said Boeing vice president for marketing Randy Tinseth. Boeing expects "a

modest recovery in the segment as the economy strengthens," he said.

"But, at the end of the day, we continue to see a limited set of airlines and routes where really big airplanes make sense," Mr. Tinseth said. Boeing officials argue that the market for very large airliners isn't big enough to merit the cost of an entirely new model such as the A380.

Demand for intermediate models, such as the Boeing 777 and the Airbus A330, was much stronger last year. Both companies posted around 100 orders for midsize wide-body planes.

Adding to pressure on the A380, Australia's [Qantas Airways](#) Ltd. in May delayed by up to four years delivery of two superjumbos previously slated for this year. An order for five A380s from India's troubled [Kingfisher Airlines](#) Ltd., appears shaky after the country's aviation regulator in October suspended its operating license. The president of Hong Kong Airlines Ltd. said in December that the subsidiary of HNA Group Co. wants to swap its order for 10 A380s into smaller Airbus models.

On the plus side, an order for six A380s that Virgin Atlantic Airways Ltd. had postponed now appears more viable, following the December purchase of a 49% stake in the British carrier by [Delta Air Lines](#) Inc. from Singapore Airlines Ltd. Delta plans to feed passengers from its U.S. network onto Virgin flights to London's busy Heathrow Airport.

Officials in Turkey and Vietnam have also said their national airlines might buy A380s.

Airbus says that the superjumbo's efficiency makes it less expensive to operate on busy routes than smaller models, while its onboard comfort and modernity woo passengers away from older planes.

Analysts say that near-term prospects for the A380 are unclear but sales could rise over time as airport congestion increases. Big planes carry more passengers on limited runway capacity.

"The longer term is probably more positive than the immediate future" for the A380, said Peter Morris, chief economist at Ascend, an aviation consulting firm in London. Mr. Morris said the A380's efficiency hasn't been fully proven yet and passengers aren't abandoning competing models in sufficient numbers to force carriers to buy the pricey plane.

When the A380 might turn a profit for Airbus remains less clear, analysts say.

Write to Daniel Michaels at daniel.michaels@wsj.com

A version of this article appeared January 16, 2013, on page B3 in the U.S. edition of The Wall Street Journal, with the headline: Airbus A380 Is Jumbo Shrimp.

Copyright 2012 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com