AIRBUS MULLS A380 REVAMP ‘IN COLD BLOOD’ AS EMIRATES PUSHES CASE

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Airbus Group said it’s still pondering whether to upgrade the **A380 superjumbo** to help end a sales drought, with production rates for the double-decker set to dip below 30 planes this year as output is slowed to help manage a dwindling backlog.

Chief executive Tom Enders said that commercial-aircraft head Fabrice Bregier is “working on the business case” for an A380 revamp with Tim Clark, president of leading superjumbo operator Emirates. He ruled out a decision before the end of the year.

Emirates is seeking a fully re-engined A380 rather than a tweaked version, Mr Enders said in Paris. That’s something Airbus may not be able to offer if other buyers don’t come forward, though without a deal for as many as 200 more planes from the Dubai-based carrier the project itself may struggle to survive.

“We obviously want more than one customer and we’re looking at that in cold blood,” Mr Enders said in a briefing on the Toulouse-based company’s businesses. “This is not going to be an emotional decision. We’re building a plane for customers who want the aircraft and it’ll have to be

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at a good price.”

Fewer than 30 A380s will be handed over in 2015, Mr Enders said. Even with the dip below the targeted rate the backlog is set to shrink, with no new orders won in 2015, though the CEO said it’s possible that sales chief John Leahy will make good on a pledge in June to bring in new deals this year. Mr Leahy said in November he was speaking with one airline about an order for 10 to 12 planes, and another about as many as 20.

Excluding doubtful orders and planes yet to be delivered this month, the A380 backlog may be fewer than 100 planes, according to Bloomberg calculations. That’s less than three years of output, though Airbus has said efficiencies could move the break-even rate closer to 20 planes, helping to eke out production until an upturn in demand that’s predicted by the company in the longer term.

Mr Enders said Airbus is set to deliver 14 of its latest A350 wide-body jets this year, one fewer than targeted, as cabin- equipment suppliers struggle to meet production goals. The model, which had its first handover last December, achieved only 10 deliveries in the first 11 months.

Airbus is also struggling to meet a goal of delivering more planes across its lineup than in 2014, after the shipment of 556 through November left it needing to hand over at least 74 this month.

While 2016 may see some softness in China and other Asian countries, it’s “still a pretty strong moment in the commercial market,” the CEO said. The main challenges will concern the A350 ramp-up to 30 deliveries and a switch in A320 narrow-body production toward a re-engined variant - the company’s first Neo offering - due for its initial delivery this month.

Airbus expects to select a buyer for the last defense assets that it’s seeking to offload by the year’s end and could make an announcement in coming days, Marwan Lahoud, the company’s strategy chief, said at the briefing. Six offers for the defence communications business are under consideration.

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