G450/550 PRODUCTION CUT AS GULFSTREAM MOVES TO G500/600

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Gulfstream Aerospace reduced G550 production rates in the fourth quarter of last year and will lower rates of theG450 this quarter, while G280 and G650 production will be increased slightly, Phebe Novakovic, chairman andCEO of parent company General Dynamics, announced today during an investor conference call. She called the move “part of the transition from the G450 and G550 to the new G500 and G600,” noting that G450/550 backlog still extends to the first quarter of next year.

As a result, shipments of “green” Gulfstreams will decrease by about 6 percent this year—to 104 large-cabin jets and 34 midsize jets—though revenues are expected to climb slightly, to about $8.9 billion versus 2015’s $8.85 billion, thanks to a better aircraft mix. Last year, Gulfstream handed over 112 green large-cabin jets and 35 midsize jets, compared with 115 and 29, respectively, in 2014.

Still, Novakovic said Gulfstream “had more orders for in-production aircraft in 2015 versus 2014,” with G650backlog extending into the first quarter of 2018. She noted that demand for large-cabin jets is “reasonable,” despite reports that this market is deteriorating. North America continues to dominate, with 70 percent of Gulfstream’s sales last year coming from this region. However, Novakovic added that Asia Pacific sales increased slightly.

The book-to-bill ratio at Gulftream was 1:1 last year, and the funded backlog stood at $13.292 billion at the end of the fourth quarter, up nearly $200 million from a year earlier.

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