

Boeing Claws Back Ground Lost To Airbus

Pan Pylas, Associated Press

FARNBOROUGH, England (AP) — Boeing beat Airbus in the aircraft order stakes at this year's Farnborough Airshow, booking potential deals worth more than double the size of its European archrival.

Though the highlight of its week was unveiled Thursday in Chicago, where it announced a United Airlines order for 150 aircraft, Boeing said it took total orders and commitments over the past week for 396 airplanes, valued at around \$37 billion. That is more than double Airbus' performance of \$16.9 billion orders and commitments for a total of 115 aircraft.

The US aircraft manufacturer leaves Farnborough in better shape than a year ago, when Airbus scored big in Paris — the French capital and Farnborough take turns hosting one of the aviation industry's prestige events— with a series of deals for its revised short-haul aircraft, the A320neo.

Neither company will reap the full list value of its announcements, as customers rarely pay the price when ordering big. And though most commitments end up becoming firm, it's not unknown for them to fall at the last hurdle or two.

Even so, the past week provides some relief for Boeing, though it still has a long way to go to make up for last year's shortfall, when Airbus clinched \$72 billion worth of orders, around \$50 billion more than Boeing had secured.

Most of Boeing's business this week has been to respond to the challenge presented by the A320neo. Its 737 airplane, particularly the new MAX variant, did well, especially when the company agreed to a \$14.7 billion firm order with United Airlines.

After inspecting what was on offer, including Airbus' A320neo, United, the largest U.S. carrier by revenue, agreed to buy 150 Boeing 737s to replace older planes that are not as fuel-efficient.

"We negotiated to be what we believe to be the best airplanes with the best engines at the best price," said Jeff Smisek, president and CEO of United.

United's order includes 100 of Boeing's new fuel-efficient 737 Max 9s, which will start being delivered to United in 2018. United is also buying 50 of Boeing's current 737s and they are due to start arriving in late 2013.

Despite the blockbuster order from United, the airshow's business has been cooler this year. Boeing's stream of orders with leasing companies such as GE Capital Aviation Services and Air Lease Corp. failed to excite, while Airbus only mustered one airline order, admittedly a strong commitment from Hong Kong-based Cathay

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Pacific for its new A350 long-haul aircraft.

The decline in overall orders is no surprise given the gloomy global economic backdrop and the scale of government cutbacks around the world. The combination of a faltering economy and lower government spending is difficult for the aviation industry, as air travel tracks global economic growth.

"The mood during this year's Farnborough air show was notably more subdued than the mood last year at Paris," Barclays Capital said in a note to clients.

On Thursday, Airbus, a subsidiary of EADS, wrapped up its airshow with a series of deals worth \$6.35 billion.

It revealed that Russian carrier UTair has ordered 20 short-haul A321s in a deal valued at \$2 billion at list prices. The deal, which is firm, represents the largest order for the type received from a carrier in the region and the first time that UTair has ordered Airbus aircraft.

Airbus also announced that Synergy Aerospace, a Latin American company, has firmed up a previous \$1.9 billion order for nine long-haul A330 planes. In addition, it said Middle East Airlines has signed a memorandum of understanding to buy 10 A320neo aircraft, worth \$1 billion at list prices, and that Irish leasing company Avolon has committed to buy 15 A320neo aircraft, worth \$1.45 billion at list prices.

Despite losing out in the annual battle with Boeing, the company was putting on a brave face.

"The quality of orders at Farnborough has been high at the show, with significant endorsement from leading customers of our strategy to continuously innovate and improve our products," said Fabrice Bregier, Airbus's chief executive officer.

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