

Airbus Parent EADS Sees Q4 Earnings Halve

Frank Jordans, Associated Press

BERLIN (AP) — Airbus parent company EADS NV posted a 47 percent drop in fourth-quarter net profit Wednesday after taking costly charges at its helicopter and defense electronics divisions.

The aerospace giant recorded a €325 million (\$425 million) net profit in the October-December period, down from the previous year's €612 million. But for the full year, its net earnings were up 19 percent at €1.23 billion from €1.03 billion in 2011.

"There's still some way to go to meet our profitability targets," said chief executive Tom Enders.

Revenues rose 17 percent during the fourth quarter to €19.22 billion, with the core Airbus division posting a 21 percent increase to almost €13 billion.

Investors welcomed the figures, pushing EADS shares up 6.7 percent to €37.20 on the NYSE Euronext exchange in Paris.

EADS took a €198 million hit during the quarter at its defense electronics contractor Cassidian, in part reflecting restructuring costs. Renegotiating contracts with government customers resulted in a €100 million charge at helicopter maker Eurocopter.

But the company's core business, aircraft maker Airbus, posted a 36 percent increase in operating profit during the final three months, to €393 million from €289 million in 2011. Of that, orders for civilian aircraft brought in €309 million while military planes garnered €85 million during the quarter.

Spaceflight division Astrium reported operating profits of €121 million, an increase of 19 percent from the same period the previous year.

EADS said it expects to sell more commercial aircraft — about 700 — in 2013. Revenues will grow modestly, it said, but results will be affected by stuttering sales of the giant A380, which has suffered problems with its wings.

"We would love to sell more of the big birds," said Enders. "We need to sell more, and we will."

Another headache for Airbus are the production delays for its new A350 Extra Wide Body model — intended to challenge Boeing's 787 "Dreamliner." The 787 program has itself run into difficulties with the entire fleet grounded due to problems with its lithium batteries. Enders was diplomatic about his rival's woes, saying there was "definitely no schadenfreude" about the 787's grounding.

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In its earnings report EADS repeated its warning that the A350 XWB program "remains challenging."

"Any schedule change could lead to increasingly higher impact on provisions," the company said.

EADS also said it was pushing back delivery of the first A400 M military transport planes from the first to the second quarter of the year.

With defense spending being cut in many industrialized countries, Enders said EADS was satisfied with the current share of defense in its business.

"Maybe it's not a bad time to have a smaller rather than larger defense business," he told reporters in Berlin, adding that the company planned to look forward after its failed bid to merge with Britain's BAE Systems last year.

Investors had also expected to receive an update Wednesday on the company's internal probe into allegations of bribery in the sale of fighter jets to Austria.

Enders said the results of the investigation — which runs parallel to a probe by Austrian authorities — would be presented at a later date as its scope had been widened.

"It's too early to jump to any conclusions," he said. But the company isn't currently making any provisions for legal repercussions in the case. "I have no reason to assume that employees of the company have engaged in misconduct or any criminal behavior."

The company said it is inviting shareholders to an extraordinary meeting March 27 to approve its new governance structure and a share buyback program for up to 15 percent of its stock. EADS last year announced sweeping governance changes that will see influence by state shareholders France and Germany shrink.

The company board is proposing a €0.60 increase in dividend at its annual general meeting in June.

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