

Boeing contractor warns of dire finances amid 737 MAX grounding

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Spirit Aerosystems builds fuselages for the Boeing 737 MAX, which has been grounded since two fatal crashes that killed hundreds of people

Boeing contractor Spirit Aerosystems has warned regulators it could violate its agreements with creditors as it grapples with the grounding of

the 737 MAX and the coronavirus pandemic.

In a Monday filing with the Securities and Exchange Commission, Spirit, which makes fuselages for the best-selling Boeing model that was grounded worldwide following two [fatal crashes](#), said the plane maker has asked it to cut production further on the MAX.

"The reduction is due to COVID-19's impact and accumulated inventory of Spirit's B737 products; such inventory was accumulated pursuant to the parties' prior production rate agreements," Spirit said in the filing.

"Given the substantial production plan reduction, Spirit could breach the financial covenants under its credit agreement in the [fourth quarter](#) of 2020 without an amendment or waiver," the company said, adding that they were in communication with their lenders.

Spirit said it was about \$3 billion in debt, according to its most recent regulatory finding, including \$375 million borrowed in February to offset the hit from the suspension of MAX flights.

The company said Boeing had requested it cut the number of parts to be delivered in the year to 72 from 125, 35 of which have already been shipped.

Earlier this month, Spirit said it would furlough staff after Boeing asked it to stop working on four 737 MAX planes and to avoid starting production on 16 others scheduled to be delivered this year.

Around 1530 GMT, the company's stock was down 14.5 percent.

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