

Spirit Aerosystems shares surge on possible Boeing buy

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Boeing CEO Dave Calhoun went to Capitol Hill in January following a major safety incident on an Alaska Airlines flight.

Shares of Spirit AeroSystems surged Friday on news Boeing is in talks to potentially acquire the supplier as the aviation giant seeks to right itself

amid its latest safety crisis.

Spirit finished Friday's session up more than 15 percent following a Wall Street Journal report that it hired bankers and was holding preliminary talks to be bought by Boeing.

Boeing confirmed the report after the stock market closed, describing the discussions as "preliminary," while adding that there was "no assurance" a deal would be completed.

"We believe that the reintegration of Boeing and Spirit AeroSystems' manufacturing operations would further strengthen aviation safety, improve quality and serve the interests of our customers, employees, and shareholders," said a statement from Boeing, which ended Friday's session down 1.8 percent.

Spirit, which manufactures fuselages and other large aerostructures, also confirmed the talks, echoing the caveat that there are "no assurances" of a deal.

"The Spirit Board of Directors and management team are committed to enhancing shareholder value and regularly review the Company's opportunities to further this objective," Spirit said.

A deal would return Wichita, Kansas-based Spirit to Boeing after the larger company spun it off in 2005.

The talks come as Boeing faces intensified scrutiny from Washington after a January 5 incident on an Alaska Airlines Boeing 737 MAX that experienced a panel blowout on the fuselage mid-flight.

A preliminary US investigation found that four bolts, which help secure the panel, were missing.

The probe has pointed at Boeing's activities in Renton, Washington, where the plane was assembled. But Boeing over the last year also disclosed manufacturing and quality control problems at Spirit, which in October replaced its chief executive.

The Federal Aviation Administration on Wednesday gave Boeing 90 days to come up with a plan to address quality control issues.

On January 31, Boeing Chief Executive Dave Calhoun told CNBC that Boeing had sent a "huge team" to work with staff at Spirit.

Calhoun acknowledged that the company's earlier moves to rejigger its supply chain processes such as the sale of Spirit probably "went too far."

But "it's here and now," Calhoun told the network. "And now I've got to deal with it. And we're going to do it with engineers and mechanics working constructively together."

Boeing originally divested the Wichita assets to Canadian private equity firm Onex in February 2005. The company went public as Spirit AeroSystems in November 2006.

Alan Mulally, who was Boeing's CEO at the time, described the move as allowing Boeing to focus on plane assembly, "which is where we are most competitive and can add the most value to our airplanes and services," he said, adding that an independent Wichita operation would lead to lower procurement costs for Boeing.

But in the wake of the Alaska Airlines problem, Boeing is under pressure to show improvement as it falls further behind arch-rival Airbus at a time of strong demand for new planes.

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