

Fines cause turbulence for Airbus results

13 February 2020



The A320, flying off the shelves

Airbus on Thursday reported a net loss of 1.36 billion euros for 2019, weighed down by massive fines to settle bribery scandals and extra costs for the A400M military transport aircraft.

Airbus has agreed to pay 3.6 billion euros (\$3.9 billion) in fines to Britain, France and the United States to settle corruption probes into some of its aircraft sales.

While the bottom line was hit by one-off charges, business operations looked solid with operating profit rising to 6.9 billion euros.

Airbus's current order book establishes it as the world's biggest civilian aircraft maker ahead of arch-rival Boeing which has been struggling with the fallout of two 737 MAX crashes on production and sales.

Airbus said it expects to deliver about 880 commercial planes in 2020 against 863 in 2019 when it booked 768 aircraft orders, up from 747 in 2018, thanks mostly to the A320neo programme.

CEO Guillaume Faury acknowledged, however, that the rollout of the A320neo was six months

behind schedule.

The objective is "to recover this six month delay in the course of the next 18 months", he told a news conference.

"We achieved a great deal in 2019. We delivered a strong underlying financial performance driven mainly by our commercial aircraft deliveries," he said.

"The reported earnings also reflect the final agreements with the authorities resolving the compliance investigations and a charge related to revised export assumptions for the A400M."

Development problems and delays for its A400M transport plane forced Airbus to book 1.2 billion euros in charges to reflect lowered expectations for exports.

A big factor in the A400M downturn is Germany's decision to block exports of the aircraft to Saudi Arabia over the assassination of Saudi journalist Jamal Khashoggi in 2018.

Airbus also said that it had bought struggling Canadian manufacturer Bombardier out of the A220 programme, marking the exit of Bombardier from commercial aviation.

Airbus is paying debt-laden Bombardier \$591 million for its stake in the A220 joint venture, formerly Bombardier's C-Series.

Airbus now has 75 percent in the programme, with the government of Quebec holding the rest.

Airbus had already booked a 64 percent rise in A220 orders since taking a controlling stake in the programme in July 2018.

Separately Airbus announced the signature of a memorandum of understanding with Nigerian airline Green Africa for the sale of 50 aircraft of the A220-300 range, with a 2018 list price of \$4.6

billion.

Airbus also said it had resumed production at its facility in Tianjin, near the Chinese capital Beijing, after shuttering it due to the coronavirus outbreak.

The factory rolls out six A320 aircraft per month, makes plane interiors and handles paint jobs.

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