

Embraer shares drop 15 pct after Boeing deal fails

27 April 2020



Shares of Brazilian aircraft maker Embraer plunge in Sao Paulo after Boeing pulled out of a deal to acquire its commercial plane division

Shares of Embraer plunged by 15 percent Monday after Boeing pulled out of a \$4.2 billion deal to buy the Brazilian aircraft maker's commercial plane division.

Embraer shares dove in opening trade on Sao Paulo's [stock market](#), falling by more than 15 percent before narrowing the loss to 11.23 percent by mid-morning.

Boeing announced it was pulling out of the Embraer [deal](#) on Saturday, saying the Brazilian company "did not satisfy the necessary conditions."

The \$4.2 billion deal would have created a [joint venture](#) giving Boeing an 80 percent [share](#) of Embraer's commercial plane division.

Embraer, which said it planned to sue, accused the US aeronautics giant of wrongfully terminating the

deal, decrying "a systematic pattern of delay and repeated violations" that it attributed to Boeing's broader financial troubles.

The US company, which is facing a free-fall in demand for air travel amid the coronavirus pandemic, had been struggling in the wake of two deadly crashes of its 737 MAX, which forced it to ground that aircraft and damaged its reputation.

Brazilian President Jair Bolsonaro said Monday that Embraer, a privately owned company in which the Brazilian state retains a "golden share" allowing it to intervene in questions of strategy, might look for new partners.

"We are evaluating it," he said.

"There is a golden share, which is mine—I'm the one who signs. If the deal really is undone, perhaps a new negotiation will begin with another company."

© 2020 AFP

APA citation: Embraer shares drop 15 pct after Boeing deal fails (2020, April 27) retrieved 30 November 2020 from <https://techxplore.com/news/2020-04-embraer-pct-boeing.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.