

AIRBUS CELEBRATE LARGE PROFITS AND RECORD ACTIVITY DESPITE CLEAR PROBLEMS AND SETBACKS



The performance evaluations are in and the newly-named Airbus Group, formerly known as Eads, are reporting some impressive figures in their order books and final profit statements. In many cases this reasons for this success are quite clear, given the rise in orders and the interest in their space division, but some people will be surprised by the scale of the jump in these final percentages, especially after some of the problems the company experienced in the past year.

Airbus are celebrating a year of great profit across the board and record activity in some crucial divisions.

This good news is projected in an end-of-year statement by CEO Tim Enders who said “we again increased revenues and profits [and] achieved record aircraft deliveries” and these increases really are quite substantial: Sales rose 5% to €59.3 billion - with a lot of the credit going to the new A400M military transport plane - the operating profit rose 21% to €3.6 billion and net profit was up 22% to €1.5 billion. A lot of this financial success is down to the high level of activity in 2013, activity that saw the company beat Boeing with an impressive 1,503 net orders against 1,355. Reports show that Airbus took €218.7 billion in orders in 2013 and that the order book is now worth a record €686.7 billion. Naturally, there was a lot of interest in the commercial division - none more so than for the A320 medium-range plane, where they had to significantly increase their monthly quota from 42 to 46 - but there was also a high level of interest in Airbus' aerospace initiatives. This Defence and Space section saw orders rise a remarkable 28% and sales increased 7% up to €14.4 billion.

These impressive sales figures and large orders come after a year of ups and downs for Airbus Group.

The 2013 figures alone would suggest that it has been plain sailing for Airbus but there have been a number of setbacks along the way. Unexpected costs of 434 million hit the production of the first A350 models, an aircraft that it not even in service yet; use of the popular EC225 Airbus helicopter was temporarily suspended and, even though activity is up, completed orders are still behind. It is interesting that Enders used the words “record aircraft deliveries” rather than record Aircraft orders because while Airbus can boast that they had more orders than Boeing over the last year, Boeing actually delivered more complete aircraft to its customers. At the time of writing, Airbus still had over 4,200 orders outstanding for their single-aisle airliners.

There may be improvements to make but, for now at least, the shares are gaining in a poor French market, there is talk of raised sales and profitability for 2014 and there is a lot to celebrate. Tom Enders is quoted as saying that the commercial section “provides a solid platform for the future growth of our group”; however, the switch to the name Airbus Group at the beginning of 2014 and the increased focus on the three key areas of Airbus operations shows that there is in fact great hope for all areas of production and a sense of real positivity for the company's financial prospects in 2014.

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