EMIRATES ORDERS TWO A380S BUILT FOR BANKRUPT CARRIER

News / Airlines

* Airbus left with the 2 planes after Skymark bankruptcy

* Sources: Emirates paid much less than $865 mln list price

* Emirates is biggest customer of A380 (Recasts, adds details, background)

Dubai's Emirates emerged on Wednesday as the buyer of two new Airbus A380s, stepping in to add to its large fleet of superjumbos after the recent bankruptcy of a Japanese carrier.

Airbus, which had been left holding onto the two mammoth planes after clashing with failed Japanese carrier Skymark Airlines over unpaid debts, announced the sale of two planes to an undisclosed customer earlier this week.

On Wednesday, Emirates revealed itself as the buyer.

The order is worth $865 million at list prices, but industry sources estimate Emirates picked up a bargain worth much lower than half-price as Airbus sought to close the Skymark saga.

It brings to 142 the total number of A380s Emirates has ordered and extends its lead as the biggest customer of the jet, which has struggled to find the same mass-appeal with other airlines.

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The Dubai-based carrier said it would take delivery of the two extra A380s in the fourth quarter of 2017.

It already operates 75 of the superjumbos, while the addition of these two -- which will have Rolls-Royce Trent 900 engines -- takes its remaining order book to 67.

The reshuffling of orders capped weeks of contrasting announcements after Airbus said it had lost an order for another two A380s to Reunion-based budget carrier Air Austral, while Air France said it was planning to cancel another two.

Emirates is a vocal supporter of the 500-600-seat jet, which it says lures passengers and multiplies traffic through its hub, prompting it to call for an upgraded version with new engines.

Airbus, facing a shortage of sales to other airlines worried about the risks of filling such a large plane, and increasingly focused on a potential new version of its smaller A350, has shelved the idea of putting new engines on the A380 for now.

However, the postponed 'A380neo' plan created the flexibility for Emirates to come to Airbus's rescue for Skymark, since it has already added Rolls-Royce as an A380 engine supplier in preparation for a possible re-engining project.

Reconfiguring the jets to take U.S.-built engines previously used by Emirates would have been much too costly, analysts say.

For Airbus, the sale resolves the problem of what to do with two aircraft that have been sitting outside its plant in blue tails and green primer paint for months, diverting cash.

They are brand new, having never been flown, but will need significant work to install luxury interiors used by Emirates.

With significant deposits forfeited by Skymark, Airbus will have had flexibility to offer improved discounts to Emirates and possibly subsidise the costly interior conversion, analysts said.

Airbus confirmed the two latest A380 jets sold to Emirates were the same two originally completed for Skymark, but declined further comment on the deal.

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SOURCE: REUTERS
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