AIRBUS SAID TO WIN ALL NIPPON AS BUYER OF A380 SUPERJUMBOS

News / Manufacturer

Airbus Group SE won an agreement from ANA Holdings Inc, Japan's largest airline, to buy three of its A380 superjumbos, said a person familiar with the plan, giving the European plane maker a welcome vote of confidence for an aircraft that hadn't won a new airline customer in three years.

The parent of All Nippon Airways Co will take delivery of the planes from 2018, with plans to use them on its Tokyo to Hawaii route, a popular destination for Japanese tourists, another person said. The order will form just a piece of a larger strategic plan, to be unveiled at the end of this month, calling for fleet renewal. The people asked not to be identified because an announcement is planned for later this month.

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Airbus has suffered a dearth of orders for its largest plane, whose list price is $428 million (Dh1.6 billion) and typically seats about 525 passengers, but can carry over 800 depending on the configuration, as many airlines have favoured somewhat smaller twin-aisle planes, including Airbus's A350 and Boeing's 777. While the order is only for three planes, enough to serve one route, success on that route could lead to further orders, one person said.

"I'd expect to see more," said Addison Schonland, an analyst with AirInsight Inc in Baltimore. "Nobody ever bought three A380s; that's enough to try the plane on one route."

Airbus spokesman Justin Dubon said the manufacturer had no comment.

ANA spokesman Ryosei Nomura said by phone: "We are currently formulating the next medium-term management strategy and considering various options for planes." He declined to comment specifically on the A380.

Nikkei reported the deal earlier.

Key airport

Any order for Airbus in Japan is a special victory given that the market for decades has been heavily dominated by Boeing. Since 2000 when it started marketing the A380, Airbus has said Tokyo would be a key airport for the plane. Airlines including Air France SA, Deutsche Lufthansa AG and Emirates have all flown their A380s into Tokyo.

Airbus in 2013 won its first order from Japan Airlines Co, securing a commitment for 18 wide-body, twin-engined A350-900 planes, and 13 larger A350-1000s.

Airbus had won an earlier victory in Japan when getting Japanese low-cost carrier Skymark to order six A380s, though the deal turned sour in 2014 after Skymark proved unable to pay for the planes, and ended up filing for bankruptcy. ANA Holdings, which owns 16.5 per cent of Skymark, is sponsoring a rehabilitation plan for Skymark that would see ANA support the carrier through code-sharing, joint purchases, flight operation management and aircraft maintenance.

Airbus is better off having a "strong airline, rather than a weak one," operating the plane out of Japan, Schonland said.

"This is an amazing time to buy extra capacity because fuel prices are so low," said Mark D. Martin, founder of Dubai-based Martin Consulting LLC, by phone. "Your operating costs are at one fourth of what it used to be two years back, and you can recover the investment you make in the aircraft."

Martin said, however, that he didn't think winning ANA as a customer would substantially change the fortunes of Airbus for the A380.

Potential customers

"This deal is a short-term phenomenon, some more A380s may sell, but you can't say sales will be buoyant from now on," he said. "This is more an isolated case."

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In November at the Dubai Air Show, Airbus sales chief John Leahy said that two potential customers were considering orders for the double decker, with one looking at between 10 and 12 orders, and another as many as 20 aircraft.

Royal Air Maroc and Saudi Arabian Airlines have also said they're interested in the superjumbo, which Airbus once suggested would dominate long-haul travel for decades.

Emirates, the plane's biggest customer, has the lion's share of the A380 order book after requesting 140, more than a third of the 317 ordered in total. The airline won't buy any more unless Airbus commits to a re-engined Neo version of the plane to reduce fuel costs, Tim Clark, the airline's president, said in an interview at the Dubai Air Show in November.

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