# IAG SAYS ITS A380 OPTIONS TOO EXPENSIVE, LOOKING TO LEASE SECOND HAND

**News / Airlines**

**British Airways owner IAG is holding talks on leasing additional A380s second hand because it believes the options it has to buy more of the Airbus superjumbo are too expensive, its chief executive said on Monday.**

The move is part of a strategy of increasing the proportion of leased aircraft International Airlines Group (IAG) has within its fleet, Willie Walsh told the Airline Economics aircraft finance conference in Dublin.

"We have options on A380s ... but we are not going to exercise them because they are too expensive," he said.

"We see the option of leasing them second hand as an attractive opportunity."

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Walsh said IAG was also interested in leasing or buying more second-hand Boeing 777-300ERs.

"We see going forward probably a greater mix of leased in the fleet than we've traditionally had," he said.

Leasing has traditionally been seen as an expensive option by large established carriers, which can often secure large discounts on new plane orders.

But airlines are increasingly looking to lessors to quickly add and subtract capacity at short notice to match market demand, experts told the conference.

"The adversity to off-balance sheet leasing from the mega carriers of the world is gone forever. Leasing is here to stay," Steven Udvar-Hazy of Air Lease Corporation said in response to Walsh's comments.

Walsh said IAG was looking at adding another five or six A380s to the British Airways fleet, but that the jet could also be suitable for Spain-based group airline Iberia.

He said the plane was successful for British Airways on routes where demand was high but it didn't necessarily need to operate frequent flights, thus freeing up a slot at London's overcrowded Heathrow airport.

He said there was a limit to IAG's appetite due to the inflexibility of the aircraft, which he said suited relatively few routes.

The 544-seat A380 has been a slow seller for manufacturer Airbus and is untested on the second-hand market.

The first leased A380 aircraft are set to return to the market in 2017 and Malaysia Airlines is also looking to offload some A380s as it restructures.

"There's no time frame, it will depend on when aircraft become available, we're not in an immediate hurry," Walsh told journalists on the sidelines of the conference, adding IAG had already held talks with lessors.

The A380s would not be a replacement for the 747s British Airways currently operates. Walsh said the low oil price meant the carrier was not going to accelerate retirement of the jet. Air France-KLM last week retired its final 747s.

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