JET-ENGINE MAKER PRATT THE BUTT OF $10BN DOLLAR JOKES

News / Manufacturer

It is rarely a good sign when you become the butt of jokes.

But that is what happened to Pratt & Whitney at an industry gathering recently, when John Leahy, the chief salesman of Airbus, was talking about a futuristic airplane – with an engine that "no doubt will be delivered late".

While the audience was amused, Pratt surely was not. It has spent US$10 billion and decades developing the quieter, more-efficient and less-polluting engine (see video below). Executives see the product as critical to catching up to its rival General Electric (GE) in the market to power narrow-body planes, the dominant aircraft used by airlines around the world.

Instead, the engine's debut has been marred by production delays, technical issues and supply-chain foul-ups.

Qatar Airways last week cited the problems while announcing plans to buy planes powered

exclusively by GE turbines. Pratt was forced to cut promised deliveries this year by 25 per cent, frustrating some airlines and plane manufacturers counting on them.

"This is their big play to get back on single-aisles," said Cai Von Rumohr, an analyst at Cowen & Co. "This is the one that’s going to have to happen if they’re going to be a player in large commercial engines."

The company has characterised the production issues as "teething" problems typical to new technology. The president Bob Leduc said complaints were overblown, and the engines in service have been reliable while meeting promises of 16 per cent better fuel efficiency, 75 per cent noise reduction and 50 per cent less emissions.

"The engine is as we advertised, period," he said. Pratt has about 8,200 orders for the product.

This year, the new engine, known as a geared turbofan, debuted in commercial service on the 180-seat Airbus A320neo (the "neo" standing for "new engine option"). Engine list price is more than $10 million apiece, say analysts.

But production issues led Pratt to revise its delivery schedule. Last month it said it would deliver only 150 engines this year, to plane makers such as Airbus and Bombardier, down from the 200 it had earlier pledged.

One of the sharpest blows came last week when Qatar Airways made good on a threat to buy competitors to the A320neo over concerns about the delays. the combative chief executive Akbar Al Baker, a vocal critic of Pratt’s engine issues, said his carrier would order as many as 100 Boeing 737 Max jets to "mitigate our risk" on the Airbus plane. He stressed the reliability of Boeing’s jet, which use engines from CFM International, a joint venture of GE and France’s Safran.

Pratt’s delays have forced Airbus to alter its delivery schedule, substituting 20 A320 jets with older engines in place of newer models, according to Douglas Harned, a Bernstein analyst. An Airbus representative said the company would hand over more older-version A320s this year "to make up for any shortfall on A320neo deliveries" but did not specify the number of planes.

The engine problems "appear significant with path to resolution currently unclear", Mr Harned said. Pratt declined to discuss its plans to improve production processes.

Delays also forced Bombardier to halve projected 2016 deliveries of its marquee C Series jetliner. The company has a deal to use Pratt engines exclusively on the plane.

"This is very disappointing," said Alain Bellemare, Bombardier’s chief executive.

But Mr Bellemare praised the engine’s core technology: "I’m still very pleased that we made that choice. It’s the best engine available out there today for commercial aircraft."

Pratt’s rivalry with GE remains fierce. GE’s Leap engine, the other option on the A320neo, debuted this year and achieves fuel savings largely through advanced materials. A320neo customers have picked GE’s engine about 54 per cent of the time, and Pratt the rest, according to data from Ascend Flightglobal Consultancy.

More than one-third of A320neo orders have not announced an engine choice yet, leaving plenty of sales up for grabs.

The Pratt engine’s technical advances have contributed to some of the production problems. The

aluminum-titanium fan blades are particularly complex, taking about 60 days to manufacture when they need to take half that time, said Gregory Hayes, the chief executive of United Technologies, Pratt’s parent. The company is "still struggling to come down the learning curve", he said.

Pratt remains resolute, recently announcing plans to hire as many as 25,000 new workers in the next decade to work down the backlog. And joking aside, Mr Leahy is standing behind the company.

"I have faith that Pratt will solve" the issues, he said after poking fun at the engine delays. "It is disappointing the situation we find ourselves in but it’s a good engine from everything we can see."

10 OCTOBER 2016

SOURCE: THE NATIONAL
ARTICLE LINK:
https://50skyshades.com/news/manufacturer/jet-engine-maker-pratt-the-butt-of-10bn-dollar-jokes