ZODIAC AEROSPACE SEES PROFITS FLAT THIS YEAR DUE TO PRODUCTION PROBLEMS

News / Finance, Manufacturer

Troubled French group Zodiac Aerospace said on Tuesday that its operating profit in the current year ending in August was likely to be unchanged from last year, as a result of its problems with meeting orders for airliner seats.

The company, which supplies both Airbus and Boeing, said last month that it would not now hit its goal this year of raising its operating margin to around 10 percent. It also said a recovery plan put in place to deal with the seating production delays would take longer than the originally forecast 18 months.

"The group anticipates current operating income for the 2015/2016 financial year to come in close to that of 2014/2015," Zodiac said in a statement on Tuesday. It reported a current operating income last year of 313.8 million euros, and an operating margin of 6.4 percent.

However, Zodiac also said on Tuesday its sales in its second quarter which ended last month were up 5.4 percent at 1.25 billion euros ($1.39 billion), while sales for the first half were up 7.1 percent on a reported basis, at 2.488.5 billion euros, although down 1.8 percent on a like-for-like basis.

The company said it still faced a delivery backlog on 300 seats, down from 500 in November.

At the annual results briefing in January, management said the company had listened to concerns

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about delays in production of cabin equipment and vowed to address the problem.

Asked on Tuesday about the possibility of Zodiac receiving a takeover offer, Chief Executive Olivier Zarrouati told reporters his company would keep an open mind.

"Our history has been to be quite receptive to anything reasonable being said to us. In the past we had been in a situation where we had to protect the interest of our shareholders but we stay very analytic and business-oriented people".

Despite boasting an ample war chest for acquisitions due to record engine sales, rival French aerospace and defence group Safran declined on Monday to say if it was still interested in Zodiac, which fended off Safran's advances over five years ago.

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