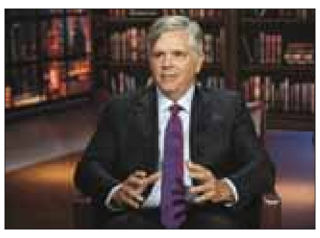


AVIATION SPECIAL | Page 4

GE Aerospace says shortages involve over a dozen suppliers

Thursday, October 31, 2024
Rabia II 28, 1446 AH

GULF TIMES
BUSINESS

NO COMPLACENCY : Page 2

Saudi Arabia is bolstering economic transformation plan, says finance minister

QNB bags Best Private Bank in Middle East and Qatar awards

QNB Group has been recognised as the Best Private Bank in the Middle East and the Best Private Bank in Qatar by *Global Finance* magazine in its 10th annual World's Best Private Banks Awards for 2025.

This accolade highlights QNB's unmatched expertise in delivering superior wealth management solutions and personalised services to its elite clientele, in Qatar and the region.

QNB's private banking division continues to set new standards in the region, reinforcing its position as a trusted partner for high-net-worth individuals and families.

"Receiving this dual recognition is a testament to our unwavering commitment to innovation, bespoke financial solutions, and an unparalleled customer experience. The bank's strong presence across the

region, combined with its global reach, enables us to offer a range of personalized wealth management strategies tailored to meet the unique needs of our clients," said Abdulla Hashim al-Sada, QNB Group Asset and Wealth Management.

As the leading financial institution in the Middle East, QNB continues to set the benchmark for private banking services. Its customer-first approach, innovative product offerings, and expert financial advisors have made it the bank of choice for affluent individuals across the region.

QNB Group stands as the leading financial institution in the Middle East and Africa, recognised as one of the most valuable banking brands in the region. With a robust presence in over 28 countries across three continents — Asia, Europe, and Africa — QNB offers comprehensive financial services and solutions.

Its global network, backed by a commitment to innovation and excellence, serves a diverse clientele, spanning corporate, institutional, and retail sectors.

Ooredoo Group net profit jumps 15% to QR2.9bn in 1st 9 months of 2024

Ooredoo Group delivered strong double-digit normalised net profit growth of 15% year-on-year (y-o-y) to reach QR2.9bn in the first nine months of 2024 from QR2.5bn, while reported net profit was up by 10% y-o-y from QR2.7bn to QR2.9bn during the same period.

Group revenue increased by 2% y-o-y from QR17.2bn to QR17.7bn, driven by strong operational performance in Iraq, Algeria, Kuwait, Tunisia, and Maldives. This increase was partially offset by a decrease in revenue from Qatar and Oman.

The increase in revenue across the group demonstrates a positive return on the group's investments while ensuring excellence in customer service. The combination of fixed asset investments, introduction of new and innovative products and improving customer satisfaction across the markets continue to support the group's bottom line and deliver sustained growth.

Focused efforts on profitability resulted in an EBITDA growth of 4% y-o-y to QR7.7bn along with a 1pp improvement in the EBITDA margin, reaching 44%. Iraq, Algeria, Qatar, Tunisia, and Maldives contributed positively to the group's enhanced profitability. The group's continued efforts around improved operational efficiency reflected a solid and positive impact on EBITDA.

Capital expenditure rose to QR1.9bn, marking a 22% increase, primarily due to increased investments in Iraq, Kuwait, Oman, Algeria, Tunisia, and Qatar. Normalised free cash flow remained flat at QR5.8bn. The strong EBITDA performance was offset by an acceleration of network projects. Ooredoo Group upheld a strong financial and liquidity position, sustaining investment-grade ratings.

As of September 30, 2024, the group's net-debt-to-EBITDA ratio stood at 0.6x, below the board's guidance of 1.5x to 2.5x. The group's financial position remains secure against interest rate risks as approximately 98% of the debt is structured on a fixed-rate basis. Liquidity remains strong, with QR12.4bn in cash reserves (net of restricted cash) and QR5.2bn available in undrawn facilities.

Ooredoo Chairman Sheikh Faisal bin Thani al-Thani; and Group CEO Aziz Aluthman Fakhroo.

In October 2024, Ooredoo completed a $500mn, 10-year issuance of senior unsecured 144A/RegS notes. The notes were issued by the group's wholly owned subsidiary, Ooredoo International Finance Limited, under the existing $5bn Global Medium Term Notes programme on the Irish Stock Exchange and are unconditionally and irrevocably guaranteed by Ooredoo. The notes are rated A2 by Moody's and A by S&P.

The notes carry an annual coupon rate of 4.625% and will mature on October 10, 2034. The transaction achieved a spread of 88 basis points over 10-year US Treasuries, marking the tightest spread ever achieved in Ooredoo's history, as well as one of the lowest for an emerging market corporate issuer and the lowest for a global telecommunications company on a 10-year bond since 2020.

Proceeds from the issuance, which was oversubscribed by 3.6 times, will be used for Ooredoo's general corporate purposes, including refinancing of its existing indebtedness.

The group's customer base decreased by 11% y-o-y (increased by 5% y-o-y, excluding Ooredoo Myanmar) to 50.7mn customers for 9M-2024. Including IOH, the customer base reached a total of 149.4mn, up by 1% (excluding Myanmar).

Ooredoo Qatar reported revenue decrease by 4% y-o-y to QR5,276mn. The previous year's revenue base (9M-2023) included revenue from data centres, FIFA 2022 contracts for B2B services, and one-off project revenue. Normalising for these items, revenue was 1% below prior year mainly due to lower mobile services.

EBITDA expanded by 4% y-o-y to QR2,804mn on a reported basis primarily due to a one-time bad debt provision recorded in 9M-2023. On a normalised basis, EBITDA remained flat y-o-y. Solid EBITDA margin expansion of 4pp to 53%, supported through disciplined cost control.

Ooredoo Qatar increased its customer base by 1% y-o-y, reaching 3mn. As part of an ongoing focus to enhance customer experience and transform service delivery, Ooredoo Qatar partnered with Oracle in a multi-year agreement to drive digital innovation, operational excellence, and customer-centric solutions.

Ooredoo chairman Sheikh Faisal bin Thani al-Thani said: "The group continues to reap the benefits of the initiatives undertaken over recent years to transform our operational model, focusing on high-value assets and achieving high-quality growth across the markets that we operate in.

"As we strategically evolve into a leading digital infrastructure provider serving the region, we will continue to prioritise efficiency and value creation, employing a flexible, dynamic, and forward-thinking approach to power Ooredoo's future growth."

Ooredoo Group CEO Aziz Aluthman Fakhroo said: "The group's strong results continued to be supported by solid operational performances in Iraq, Algeria, Qatar, Tunisia, and Maldives. We advanced our journey toward becoming the Mena region's leading digital infrastructure provider, achieving a major milestone in our strategic vision by securing QR2bn through a significant financing initiative to accelerate the expansion of our data centre and AI business.

"We will strategically allocate these funds to carve out existing data centre assets from our telecom operations, with a focus on boosting capacity and upgrading infrastructure to meet rising demand. As one of the fastest-growing data centre markets globally, the Mena region holds significant untapped potential in AI, and we are committed to capitalising on this opportunity."

GIS achieves 9-month net profit of QR573mn

Gulf International Services (GIS) - the holding entity of Gulf Drilling International, Al Koot, Gulf Helicopters and Amwaj - has reported net profit of QR573mn in the first nine months (9M) of this year, marking a 38% jump on an annualised basis, with earnings per share of QR0.308.

Revenues expanded 14% year-on-year to QR3.36bn in January-September 2024, primarily driven by the aviation, drilling and insurance segments.

The group maintained robust total assets and cash reserves, despite a decrease in total cash due to the 2023 dividend payment and partial cash injection for the Seadrill transaction. The group's total debt increased as most of the Seadrill transaction was financed through additional loans.

The drilling segment saw a 28% jump in net profit to QR1.25bn in 9M-2024 against net loss the same period last year, primarily driven by growth in the segments topline, reduced finance costs, and one-off income from the transaction with Seadrill.

The segment reported a significant revenue growth, mainly on improved performance in the offshore rigs, lift boat and barge operation, supported by better day rates and higher asset utilisation. Additionally, the recent acquisition of three jack up rigs positively impacted revenue growth, as it allowed for the full consolidation of Gulfdrill and Gulf Jack up revenues.

Even with additional debt from acquiring new jackup rigs, the group effectively managed to lower its finance costs, highlighting its strategic financial management.

The aviation segment's net profit declined 20% to QR271mn on higher operational costs associated with the scheduled maintenance of certain aircraft. Additionally, there was a lower inflationary effect gain recorded as part of IAS 29 adjustment compared to the previous year.

Lower finance income due to decreased deposit rate and higher losses from foreign current revaluation also had its role in lower net earnings; but was partially offset by an increase in the share of profits from the operations in Morocco.

The segment reported an 8% increase in revenue to QR863mn in 9M-2024 owing to increased flying hours in both domestic and global markets. The domestic segment also benefited from the redeployment of aircraft from international front, which boosted fixed revenues. Meanwhile, international operations, particularly those driven by the Turkish subsidiary, witnessed growth due to increased flying hours and an expanded fleet size.

The insurance segment reported a 10% jump in revenue to QR939mn in January-September 2024, attributed to the acquisition of new contracts in the medical line of business and the expansion of premiums in the general line of business.

Net earnings soared 25% year-on-year to QR104mn on augmented revenues, complemented by the robust recovery of the segment's investment portfolio. The increase in the investment income can be predominantly attributed to the recovery of unrealised losses and gains recorded in the revaluation of held-for-trading investment securities, in addition to higher finance income derived from fixed deposits.

The catering segment reported a 4% decrease in revenue to QR301mn; even as net profit shot up almost nine-fold to QR17mn, driven by the impact of the recent merger with Shaqab and Atyab, which enhanced the segment's profitability despite the decline in revenue.

Foreign funds' sell-off drives QSE down; M-cap erodes QR4.77bn

By Santhosh V Perumal
Business Reporter

The foreign institutions were seen hurriedly squaring off their position on the Qatar Stock Exchange (QSE), which yesterday saw its key index plummet 127 points and capitalisation erode as much as QR5bn.

The telecom and transport counters witnessed higher than average selling pressure as the 20-stock Qatar Index shed 1.2% to 10,463.68 points, although it touched an intraday high of 10,596 points.

The Gulf institutions were increasingly into net profit booking in the main market, whose year-to-date losses widened to 3.39%.

As much as 69% of the traded constituents were in the red in the main bourse, whose capitalisation eroded QR4.77bn or 0.76% to QR623.16bn on the back of large and midcap segments.

The Arab funds were seen net profit takers in the main market, which saw as many as 0.04mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.11mn trade across seven deals.

The Islamic index was seen declining slower than the main barometer in the main bourse, whose trade turnover and volumes were on the decrease.

The domestic institutions' weakened net buying had its influence on the main market, which saw no trading of treasury bills.

However, the local retail investors turned net buyers in the main bourse, which saw no trading of sovereign bonds.

The Total Return Index shed 1.2%, the All Islamic Index by 1.09% and the All Share Index by 1.05% in the main market.

The telecom sector index tanked 1.86%, transport (1.7%), industrials (1.18%), banks and financial services (1.06%), consumer goods and services (0.4%) and insurance (0.34%); while real estate gained 0.48%.

Major losers in the main bourse included Ooredoo, Qatar Islamic Bank, Milaha, Qatar General Insurance and Reinsurance, Qatari Investors Group, QIIB, Industries Qatar, Mesaieed Petrochemical Holding, Qamco, Mazaya Qatar and Nakilat.

Nevertheless, Ezdan, Qatar Oman Investment, QLM, Meeza and Gulf International Services were among the gainers in the market.

In the junior bourse, Al Mahhar Holding saw its shares appreciate in value.

The foreign institutions' net selling increased substantially to QR62.73mn compared to QR10.2mn on October 29.

The Gulf institutions' net profit booking expanded noticeably to QR18.18mn against QR2.22mn the previous day.

The Arab institutions were net profit takers to the tune of QR0.08mn compared with no major net exposure on Tuesday.

The domestic institutions' net buying decreased perceptibly to QR45.98mn against QR52.72mn on October 29.

However, the Qatari individuals were net buyers to the extent of QR17.71mn compared with net sellers of QR36.04mn the previous day.

The Arab individual investors' net buying strengthened considerably to QR11.63mn against QR1.63mn on Tuesday.

The foreign individuals turned net buyers to the tune of QR4.71mn compared with net sellers of QR5.1mn on October 29.

The Gulf retail investors were net buyers to the extent of QR0.99mn against net profit takers of QR0.78mn the previous day.

Trade volumes in the main market shrank 28% to 214.85mn shares, value by 17% to QR491.55mn and transactions by 7% to 15,395.

The venture market saw a 79% contraction in trade volumes to 0.68mn equities, 79% in value to QR1.7mn and 75% in deals to 66.

BUSINESS

Saudi Arabia strengthening economic transformation plan, says finance minister

- Saudi Arabia committed to economic transformation plan
- Finance minister says 'happy' with Vision 2030 plan, but not 'complacent'
- Future Investment Initiative conference taking place in Riyadh

Reuters
Riyadh

Saudi Arabia is strengthening its commitment to a plan designed to wean the economy off oil, its finance minister said on Wednesday, during a business event at which deals were signed to support the country's economic transformation.

Mohammed al-Jadaan was addressing the second day of the Future Investment Initiative (FII) conference in Riyadh, which is hosting top global business, technology and financial leaders.

"Overall, I think we are very, very excited and happy with what we have achieved in the Saudi 'Vision 2030', but we are not complacent. We are doubling down, making sure that we do the right thing," the finance minister said.

Crown Prince Mohammed bin Salman is overseeing Saudi Arabia's ambitious economic overhaul, known as "Vision 2030", which aims to boost non-oil growth, expand the private sector, and create jobs and new industries. The plan, driven by the $925bn PIF sovereign wealth fund, involves massive infrastructure projects, including building entirely new urban and industrial areas, such as a futuristic desert city called NEOM.

The fund, which made its mark on the global stage with high-profile deals, such as investments in Uber and Japanese conglomerate SoftBank, now plans to reduce the share of its overseas investments by about a third as it focuses on domestic projects, its governor told the FII on Tuesday.

Foreign direct investment (FDI), which had stalled in recent years, is key for driving the transformation.

The government has a target to attract $100bn in FDI by 2030, equivalent to almost 6% of its GDP. FDI is on an upward trend, but midway through Vision 2030, FDI numbers indicate that the Kingdom could struggle to meet the objective for the turn of the decade.

Saudi Arabia's Minister of Finance Mohammed bin Abdullah al-Jadaan attends the Future Investment Initiative (FII) in Riyadh on Wednesday. The government has a target to attract $100bn in FDI by 2030, equivalent to almost 6% of its GDP. FDI is on an upward trend, but midway through Vision 2030, FDI numbers indicate that the Kingdom could struggle to meet the objective for the turn of the decade.

Despite diversification efforts, oil is still a mainstay of the Saudi economy and amid lower oil prices and production, government earnings have fallen and the Kingdom has begun a spending review, under which some Vision 2030 projects will be delayed or scaled back, and others prioritised. The high-profile annual FII event is an opportunity for Riyadh to draw in foreign funds and investment into the country.

In one deal signed during the conference, PIF will be an anchor investor in a new $2bn Middle East-focused private equity fund from Canada's Brookfield Asset Management, which it plans to use for investments in sectors such as industrials, technology and healthcare.

At least half of the capital will be invested in Saudi Arabia and international companies that are looking to expand in the Kingdom, the two companies said in a joint statement on Wednesday.

Jerry Inzerillo, CEO of Diriyah, a $64bn "giga-project" located at a Unesco World Heritage site outside the capital Riyadh, told the audience at FII that the project was "on time and on budget" and that its value and assets could rise to "well over" $100bn by 2030.

"We are having a great FII because we closed so many deals here," Inzerillo added.

Al-Jadaan told the audience on Wednesday investors were confident in the kingdom's plans. "I really did not come here for Saudi Vision promises. I came here for what Saudi Vision delivered," al-Jadaan quoted a "prominent" investor attending the event as telling him.

Turkiye inflation seen dipping to 48.2%; monthly rate still lofty

Reuters
Istanbul

Turkiye's annual inflation rate is expected to fall slightly to near 48% in October, while the monthly figure is seen remaining lofty above 2.6% mainly due to food prices, a Reuters poll showed on Wednesday.

The median estimate of 11 economists saw annual inflation falling to 48.2% in October from 49.38% in September, remaining below the central bank's policy rate of 50%. Forecasts ranged from 48.75% to 47%.

Monthly inflation — which the bank is closely watching as it decides when to begin easing policy — is seen rising to 2.61% on the back of seasonal price rises in unprocessed food items. Forecasts ranged between 1.8% and 3.6%. In September, the monthly figure rose by a higher than expected 2.97%, while annual inflation dropped below the central bank's policy rate for the first time since 2021.

The central bank, which has kept interest rates steady at 50% since March, said this month that uncertainty around the pace of improvement in inflation increased after the September print.

In the minutes of its policy meeting published last week, the bank also said October inflation will mostly be affected by food prices due to an upward course in fresh fruit and vegetable prices.

The Reuters poll showed annual inflation falling to 43.6% by year-end, higher than the central bank's forecast, based on the median estimate. Forecasts ranged between 42.7% and 45.5%. The poll median also showed inflation falling to 25.1% at end-2025.

Monthly inflation has been volatile, helping to delay expectations of the expected rate cut.

It began the year high due to a big minimum wage hike and new-year price updates, before slowing to some 3.2% in March and April and dipping more in June. It rose to 3.2% in July due to mid-year price adjustments and was still hot at 2.47% in August on the back of a gas price hike.

The price pressure and the central bank's emphasis on continued tight policy pushed expectations over the start of the rate cut cycle to December or January, according to a recent poll.

The central bank has hiked rates by 4,150 basis points since June last year as part of an abrupt shift to orthodoxy. It sees inflation falling to 38% at the end of this year and 14% next. The government sees end-2024 inflation of 41.5%. The Turkish Statistical Institute will release October inflation data on November 4.

'Opec+ could delay planned December oil output hike'

Opec+ could delay a planned hike in oil production scheduled to take effect in December by a month or more, three sources told Reuters on Wednesday, citing concern about soft oil demand and rising supply.

The 180,000 barrels per day hike in December, which is due to come from eight members of Opec+, which groups the Organisation of the Petroleum Exporting Countries, plus Russia and other allies, was already delayed from October amid falling prices.

But oil prices remain under pressure in part from weak demand data, raising concern in Opec+ about adding more supply. A decision to delay the increase could come as soon as early as next week, two of the sources said.

"The December hike could be postponed as the market is not healthy enough," one of the sources said.

The prospect of a further delay in Opec+'s increase helped lift oil prices by 2% on Wednesday. Even so, Brent crude is trading around $72 a barrel, not far above its lows for the year reached in September.

Opec and the Saudi government communications office did not immediately respond to requests for comment.

Two of the sources, who are people familiar with Opec+ talks, said the December increase could be delayed for a month at least, while the third, an Opec+ delegate, did not specify a time frame. All declined to be identified by name.

The planned hike of 180,000 bpd is a fraction of the 5.86mn bpd of output Opec+ is holding back, equal to about 5.7% of global demand, to support the market due to uncertainty about the demand outlook and rising supply outside the group. The December increase is due to come from the eight Opec+ members who agreed in September to start gradually unwinding the group's most recent layer of output cuts – a cut of 2.2mn bpd — from December 2024 into next year.

The remaining cuts of 3.66mn bpd, agreed in earlier steps, will remain in place until the end of 2025.

Robust consumer, business spending underpin US economy in Q3

Reuters
Washington

The US economy grew solidly in the third quarter, with consumer spending increasing at its fastest pace in 1-1/2 years and inflation slowing sharply, continuing to defy forecasts of doom and outperforming its global peers.

The Commerce Department's advance estimate of third-quarter gross domestic product on Wednesday also showed robust business investment in equipment last quarter. The report was published less than a week before Americans head to the polls on Nov 5 to choose between Vice-President Kamala Harris, the Democratic Party candidate, and former President Donald Trump.

Shoppers at an Albertsons grocery store in Scottsdale, Arizona. The US economy grew solidly in the third quarter, with consumer spending increasing at its fastest pace in 1-1/2 years and inflation slowing sharply, continuing to defy forecasts of doom and outperforming its global peers.

Polls show the race is a toss-up, with the health of the economy top on the minds of Americans, who have grumbled about high food and housing costs. The economy has stayed resilient despite 5.25 percentage points of interest rate increases in 2022 and 2023 from the Federal Reserve to tame inflation.

"What's not to like?" asked Chris Low, chief economist at FHN Financial. "Solid GDP growth fuelled by strong consumption and strong capital equipment spending, all accompanied by inflation sliding back toward 2%."

Gross domestic product increased at a 2.8% annualised rate last quarter the Commerce Department's Bureau of Economic Analysis said. Economists polled by Reuters had forecast GDP advancing at a 3.0% pace. The economy grew at a 3.0% pace in the second quarter.

The pace of growth was well above what Federal Reserve officials regard as the non-inflationary growth rate of around 1.8%. The BEA said it was not possible to estimate the overall impact of Hurricane Helene on third-quarter GDP, noting that the destruction of fixed assets, such as residential and non-residential structures, did not directly affect GDP or personal income. It, however, estimated that Helene resulted in losses of \$39.0bn in privately-owned fixed assets and \$2.0bn in state and local government-owned fixed assets.

The dollar rose against a basket of currencies. US Treasury prices fell. The report added to annual revisions published last month, which indicated that the economy was much stronger than had been previously estimated. The revisions almost erased the gap between GDP and gross domestic income (GDI), an alternative measure of growth, through the second quarter.

Prior to the revision, some economists had argued that gap suggested economic activity was being overestimated.

Consumer spending, which accounts for more than two-thirds of economic activity, grew at a 3.7% pace.

Eurozone economy grows more than expected

AFP
Brussels

The eurozone economy grew faster than expected between July and September buoyed by Germany's surprise expansion, official data showed yesterday, but experts warned of slow growth in the months ahead.

The EU's official data agency said the 20-country single currency area recorded growth of 0.4% over the July-September period from the previous three months.

France's Olympics Games boost and better-than-expected Spanish growth also pushed the figure higher than the 0.2% predicted by analysts surveyed by Bloomberg.

There will be relief in Europe after fears that Germany would weigh down the eurozone.

Europe's output has however been consistently underperforming compared with the economies of the US and China which have expanded faster.

The US economy grew by 0.7% between July and September compared with the previous three months, the Department of Commerce said yesterday.

Analysts expect slower eurozone growth in the final three months of 2024.

Airbus profits rise in third quarter despite challenges

By Alex Macheras

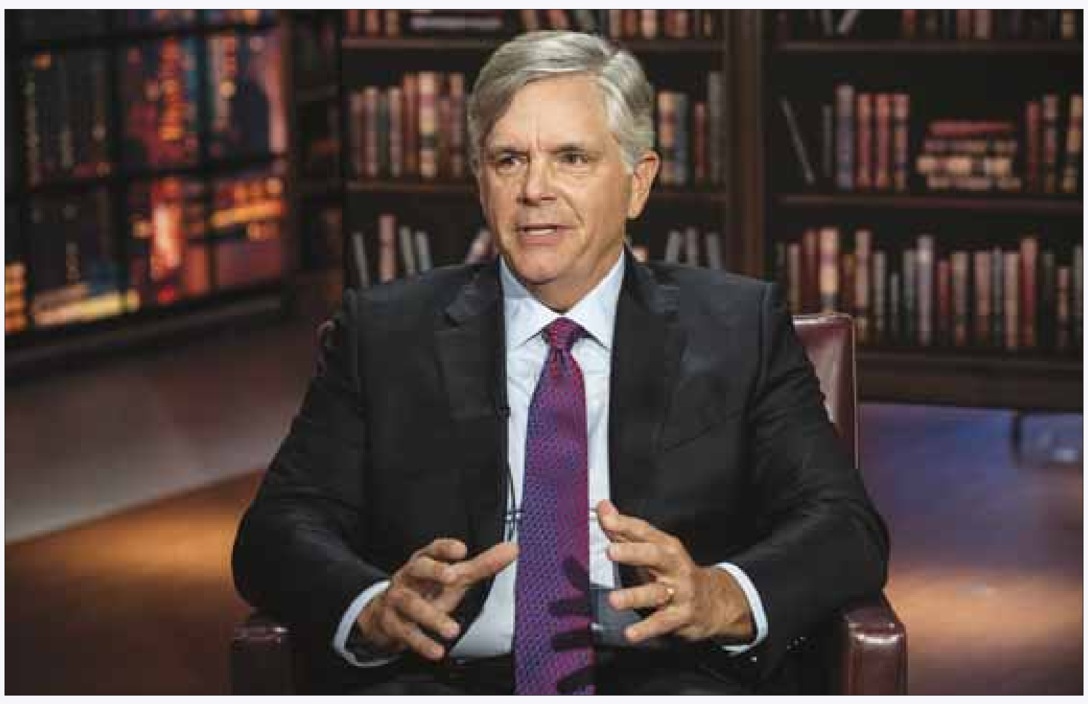
In the latest financial report, Airbus has shown both growth and challenges for the nine months ending September 30, 2024. With demand holding strong across its product range, Airbus reported an increase in consolidated revenue by 5%, reaching €44.5bn. However, despite the boost in revenue, the company faces ongoing geopolitical and supply chain challenges that are shaping its strategic direction.
During a call with industry stakeholders, Airbus CEO Guillaume Faury attributed the steady financial performance to solid commercial aircraft deliveries and a robust helicopter business. Yet, the space division remains a point of concern, with notable charges impacting the overall earnings. Faury stated: "We are constantly adapting to a complex and fast-changing environment," emphasising Airbus's focus on boosting deliveries and transforming its Defence and Space division. Airbus delivered a total of 497 commercial aircraft, including the popular A320 Family, while the Airbus Helicopters segment recorded a strong order intake of 308 units, marking significant growth compared to last year's 191 orders.
Order backlogs for Airbus remain high, with an impressive 8,749 commercial aircraft waiting for delivery, though gross orders for 2024 were lower than last year, dropping from 1,280 to 667.
Despite this, net orders stood at a healthy 648. The company also delivered its first A321XLR, a long-range model from the A320 Family, as it ramps up production to meet increased demand for fuel-efficient narrowbodies in the evolving aviation landscape.
The Defence and Space segment has seen its order intake rise to €11.0bn, but it hasn't been without setbacks. The EBIT Adjusted (Airbus's key profitability measure) for this division reported a significant loss of €661mn, heavily influenced by €989mn in space-related charges. Airbus aims to stabilise this division by improving its air power business, which has shown growth despite these challenges.
Airbus's earnings reveal the company's long-term ambitions for sustainable growth in production rates, especially for its best-selling narrowbody aircraft. Plans are underway to push the A320 Family production to 75 aircraft monthly by 2027, and A220 production to 14 per month by 2026. In the widebody segment, Airbus is aiming for A350 production to reach 12 units monthly by 2028, although supply chain uncertainties may impact this goal.
On the military front, Airbus's A400M programme continues its steady development with five units delivered this year, and retrofit efforts are progressing in alignment with customer requirements. While challenges remain in technical capability qualifications and cost reductions, Airbus is navigating these hurdles in coordination with its clients.
One notable aspect of Airbus's financials is its cash flow situation. The report shows a negative free cash flow of €877mn, in part due to increased inventory, a crucial measure to ensure smooth fourth-quarter deliveries as production ramps up across its portfolio.
The company's net cash position stands at €7.2bn, providing a cushion for navigating the final quarter of the year.
Looking ahead, Airbus has set a goal of delivering around 770 commercial aircraft by year-end. With a projected EBIT Adjusted of €5.5bn and a free cash flow target (before customer financing) of €3.5bn, Airbus is confident about maintaining momentum. This guidance hinges on stable global conditions, without further disruptions from geopolitical or supply chain constraints.
The Board of Directors of Airbus announced plans to propose the renewal of Guillaume Faury as Executive member of the Board and Airbus Chief Executive Officer at the upcoming 2025 Annual General Meeting. This decision reflects the Board's endorsement of Faury's approach to navigating Airbus through an unpredictable landscape, including the pandemic, war in Ukraine, and an ongoing supply chain crisis.
Airbus has also officially delivered the first A321XLR, a long-range single-aisle aircraft, to Spain's Iberia, marking a significant milestone in its competition with Boeing for dominance in the medium-range jet market. This delivery, which took place late Tuesday, positions Airbus to fill a market gap previously served by the now-discontinued Boeing 757 and various larger, more fuel-intensive wide-body jets.
Iberia's new jet was scheduled to fly to Madrid the following day, readying for its European trials before eventual long-haul flights to Boston.
The A321XLR, launched in 2019, is part of Airbus's A321 family, designed to serve routes that would have previously required a larger aircraft, specifically targeting the market that Boeing's 757 once dominated. Since the 757's production stopped, airlines have been seeking efficient options for long, thin routes where wide-body jets are excessive. With a unique fuel tank moulded into the fuselage, the A321XLR boasts an extended range capable of 12 hour flights.
Airbus has already secured over 500 orders for the A321XLR, underscoring its appeal to airlines looking for efficient, longer-range narrowbody jets. Boeing, on the other hand, sees the A321XLR as a niche solution within the bustling single-aisle market, which it forecasts will require over 33,000 aircraft over the next 20 years. Boeing's largest single-aisle model, the 737 Max 10, faces certification delays due to issues with its anti-ice system, putting pressure on the company to catch up.
Iberia's acquisition of the A321XLR aligns with the airline's sustainability goals, contributing to the industry's broader mission to achieve net-zero CO2 emissions by 2050. Equipped with LEAP engines from CFM International (a joint venture between GE Aerospace and Safran), the A321XLR is designed to consume 15% less fuel than previous models, aligning with industry-wide environmental goals. However, the eco-friendly narrative took an ironic twist with the registration code "EC-OIL" displayed on the plane's fuselage, drawing attention to the industry's challenges in balancing perception with reality.

■ *The author is an aviation analyst. X handle @AlexInAir.*

GE Aerospace says shortages involve over a dozen suppliers

Bloomberg
Boston

General Electric Co said more than a dozen suppliers are involved in the disruptions that have slowed delivery of its jet engines and resulted in renewed headaches for planemakers and airlines.
"The shortages that cause us to be late on deliveries really come from about 15 different suppliers across our supply chain," Larry Culp, chief executive officer of the manufacturer known as GE Aerospace, said in an exclusive interview on Monday. "We have 550 engineers going in to work with those suppliers to identify bottlenecks, identify constraints and really solve those problems."
"Really for us it is all about making sure we're the best possible partner, the best possible collaborator with our suppliers," he said.
Globally, airlines' near-term expansion has been thrown off course as the world's two key planemakers — Boeing Co and Airbus SE — struggle to keep pace with record demand for new jets.
One of the main reasons the duo can't raise output has to do with component shortfalls. Staffing is also an issue, particularly for Boeing, whose ongoing labour strike in the US means it can't produce its cash-cow 737 Max.
Culp, speaking to Bloomberg TV from Singapore, wouldn't be drawn on the time required to fix supply chain issues, noting that "not many people appreciate that what we do is not only manufacture engines, but we support those engines for 20, sometimes 30 years over their entire life cycle."
"So the services, the parts, the repairs that we provide in the after-market are a critical part of what we do for the airlines. And we we all need to make sure that there are no counterfeit parts in that supply chain," he said, adding that tackling the scourge of fake parts was a "high priority".


Larry Culp, chief executive officer of GE Aerospace.

His comments come as GE, Airbus and a coalition of aviation heavyweights earlier this month proposed a package of reforms to strengthen safety in aerospace supply chains after the discovery of spare components allegedly backed by falsified records, first reported by Bloomberg News, set off a frantic global search last year.
However, Culp, who now leads a slimmed down company focused on aviation manufacturing, was upbeat about the outlook for the aviation industry as a whole, saying he was more optimistic now than at the start of the year. That's despite GE Aerospace last week reporting sales for the third quarter that fell short of Wall Street's expectations. The company did boost its profit and free cash flow guidance for the full year.
"We're seeing the airlines work their assets, and fly those planes like never before," he said. "And at the same time, we're seeing airlines around the world, but particularly here in the Asia-Pacific region and in the Middle East, looking to expand their fleets of both narrowbodies and widebodies."
Asked about Chinese planemaker Comac, the would-be rival to Airbus and Boeing, Culp said doubters and naysayers would be "very foolish, I think, to bet against Comac." China's big three airlines ordering some 300 of Comac's C919 jets is "the beginning of the market acceptance" for the aircraft, he said.
GE Aerospace, through its joint-venture with France's Safran SA, produces CFM International Inc.-branded LEAP engines for Comac's C919 planes as well as for the Airbus A320neo family and the Boeing 737 Max.
But it will take Comac a lot of time to build out its supply chain to produce more C919s, as well as secure the regional and global network to support its future in-service aircraft.
"That's going to be a serious undertaking," Culp said. "Comac understands that clearly and will do everything they can to master that challenge."

Lufthansa posts record sales as premium travel keeps on giving

Bloomberg
Cologne, Germany

Deutsche Lufthansa AG confirmed its guidance for the full year as robust demand for premium travel helped the airline company notch up record revenue in the third quarter. Europe's biggest airline group said that with passenger demand above levels seen last year, it plans to increase capacity in the fourth quarter and expects to report a positive operating result for the final three months of 2024.
Revenue for the three months through September hit an unprecedented €10.7bn ($11.6bn).
The group "expects demand for air travel to remain strong in the remaining months of the year," according to a statement on Tuesday. "The load factors booked for November and December are well above the levels observed at the same time last year" and bookings remain particularly high in business and first class.
"We see the pricing beat and fourth-quarter booking trends as positive," Citigroup Inc analysts said, noting that ticket prices also declined by a smaller amount than they expected.
For the full year, Lufthansa stuck to its previous expectations, saying adjusted operating profit should be in the range of €1.4bn to €1.8bn, down from previous guidance of about €2.2bn.
The airline group last revised its full-year outlook in July, saying at the time that breaking even at its namesake German unit and flagship carrier — Lufthansa — will be "increasingly challenging."
The carrier has struggled with high personnel costs, aircraft delays and growing competition from the Middle East and Asia. Its travails are the chief reason group earnings before interest and taxes dropped to €1.3bn from €1.5bn a year ago, the company said. In response to the business slowdown, including a lacklustre rebound of corporate travel since the pandemic, Lufthansa has initiated a savings plan that includes phasing out about 50 older long-haul aircraft in the latter part of the decade.
The carrier is also eliminating its direct daily flight from Frankfurt to Beijing because the fuel-guzzling, older aircraft on that service make that route unprofitable amid Russian airspace closures.
The company's turnaround plan "envisages shifting more short-haul traffic to more cost-efficient flight operations," Lufthansa said on Tuesday. "By 2026, the measures will have a gross earnings before interest and tax effect of around €1.5bn."
Another highlight came from Lufthansa Technik, the part of the business responsible for maintenance and overhaul of planes, and component and engine services, among other things. It continued to benefit from the high demand for air travel and the associated increase in demand from airlines worldwide for maintenance and repair services. Lufthansa Technik reported adjusted EBIT of €167mn in the third quarter, up from €168mn the year prior.
Airfreight was also strong, due in part to e-commerce in Asia, with Lufthansa Cargo delivering an operating profit of €38mn up from just €1mn in the third quarter of 2023.
As a group, the airlines, which also include Eurowings, Austrian Airlines and Brussels Airlines, flew more than 40 million people in the third quarter, up 6% year-on-year. Available capacity is currently running at about 94% and for the full year, Lufthansa expects capacity to come in at around 91% compared to pre-Covid levels.

NYC airports on track for record year after busiest September ever

Bloomberg
New York

New York City-area airports recorded their busiest September ever with 11.9mn passengers, remaining on track for a record year as commercial travel rebounds from the Covid pandemic.
The Port Authority of New York and New Jersey said the year-to-date passenger count through September reached about 109.7mn, according to a Tuesday press release. The total is 1.5mn higher than the same period in what proved to be a record 2023.
The recovery in travel is pushing airports nationwide to improve and increase taxiways, gate capacity and aircraft parking to prevent flight delays. Newark Airport, for example, is undertaking a major overhaul of its terminals, air train and parking facilities under the Port Authority's EWR Vision Plan.
The agency, a major issuer of municipal bonds to finance infrastructure, also has its JFK airport embarked on a $19bn renovation plan. The Port Authority also engineered an $8bn reboot of New York's LaGuardia Airport, once rated one of the worst in the US because of cramped hallways, lack of amenities and flight delays.
The facility was recently cited as the best US airport by *Forbes*.


Travellers at a gate in Terminal 4 at John F Kennedy International Airport in New York. NYC-area airports recorded their busiest September ever with 11.9mn passengers, remaining on track for a record year as commercial travel rebounds from the Covid pandemic.

JetBlue Air's disappointing sales outlook suggests slow recovery

Bloomberg
New York

JetBlue Airways Corp's shares tumbled the most in more than two months after a worse-than-expected sales forecast suggested a recovery will take some time.
Fourth-quarter revenue will be down as much as 7% from a year ago, the carrier said on Tuesday in a statement that also detailed results for the prior three-month period. Analysts had expected a decline of less than 1% on average in estimates compiled by Bloomberg.
The outlook hints at slow progress in the carrier's efforts to reduce expenses and boost sales in the wake of a failed expansion. JetBlue was dealt back-to-back setbacks when federal courts blocked its planned acquisition of Spirit Airlines Inc. and broke up a joint venture with American Airlines Group Inc.
Under new Chief Executive Officer Joanna Geraghty, JetBlue has said it will pull back to core markets in the northeast and southeast US and Puerto Rico.
"The results and guide looked mixed," Stephen Trent, a Citibank analyst, said in a note. He cited cuts to unprofitable routes and progress in improving unit revenue, while non-fuel costs to fly each seat a mile will climb as much as 15% this quarter.
The airline's shares fell as much as 17% in New York, the biggest intraday decline since August 12.
Rival Frontier Group Holdings Inc, which also reported uneven results Tuesday, plunged 22%, the most since it started trading in 2021.
JetBlue isn't interested in reconsidering a potential acquisition of Spirit, Geraghty said on a conference call with analysts. Still, that doesn't necessarily preclude a smaller deal if Spirit sells assets while trying to fix a liquidity crisis that was exacerbated by the dissolution of the JetBlue tie-up.
"If opportunities come up with assets that are reasonable and may allow us to grow in a capitally prudent manner, obviously we'd consider and evaluate those," she said. Bloomberg reported last week that Spirit was in talks with Frontier about filing for bankruptcy to facilitate a takeover. Spirit has been working to restructure its debt.