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No production cut for Phenom 100 despite slowdown output

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Embraer says sales slide will not dent its commitment to super-midsize Legacy 600, development of 450 and 500

JetSuite will launch charter operations with a fleet of seven Phenom 100s

Embraer plans to produce more than 100 Phenom 100 very light jets this year despite the economic slowdown, but it is slashing production of the super-midsize Legacy 600.

The Brazilian manufacturer says it aims to deliver 127 executive jets in 2009, including 110 Phenoms and 17 Legacys/Lineages. Embraer executive vice-president for executive aviation Luis Carlos Affonso says that figure includes primarily Phenom 100s, with a "few" Phenom 300 light jets at the end of the year.

Embraer delivered the first two Phenom 100s at the end of last year and is flight-testing the larger 300, with certification scheduled for the second half of this year. California-based management and charter company JetSuite, which has 50 Phenom 100s on order, took delivery in mid-February of the third Phenom to roll off the production line in São José dos Campos. JetSuite plans to launch charter operations in the second half of this year, with an initial fleet of seven Phenom 100s based in Las Vegas, Los Angeles and San Francisco.

Embraer originally aimed to deliver 15 Phenom 100s in 2008 and 120-150 in 2009. Embraer says the new 110 figure for 2009 was set last year as certification slipped from September to December. Its 18 February announcement that it is cutting jobs and production by about 20% did not include any further changes to the Phenom line.

Affonso says several Phenom 100 customers have requested deferrals, but there are more than enough customers willing to move up in the queue and take earlier slots. The Legacy 600 has been hard hit by the downturn, however. Last year Embraer delivered 33 of the super mid-size type - a derivative of the ERJ-135 regional jet - but says it will cut production by more than 50% in 2009. Embraer also plans to deliver this year the first few Lineage 1000 super-large business jets, a derivative of the E-190, which is due to enter service later this quarter.

Affonso says that despite slower Legacy sales, Embraer remains committed to the 600 and will continue with development of the mid-light Legacy 450 and larger midsize Legacy 500 which are designed, he says to close the current gap in Embraer's product line. Embraer over the past few years has been steadily ramping up corporate jet production as it tries to position itself as a major player in the sector.

This year will be the first when Embraer builds more corporate jets than commercial aircraft. While production of commercial aircraft is dropping 29% in 2009 to 115 aircraft, executive jet production is increasing by more than 250%, driven by the ramp up of the new Phenom line.

As Embraer is still a relative newcomer to the sector, it is perhaps better positioned to weather the downturn than some of the more established players. In January, Cessna unveiled plans to cut production of its Citation family of light and midsize jets by 20% this year, to 375, from 467 in 2008.

Gulfstream also revealed in January it will slash production of its midsize jets by over 50% from 69 in 2008 to 30, although it is sticking with its earlier plan to increase production of larger jets from 87 in 2008 to 94.

Hawker Beechcraft has not released new production figures for 2009, but clearly deliveries will be down as, like Cessna, it has cut about one-third of its workforce. Dassault says it will disclose new production rates for 2009 shortly.