

Airbus targets 60 pct of narrowbody jet market



AIRBUS

PARIS Oct 25 (Reuters) - Airbus intends to keep a market share of 60 percent of narrowbody jetliner orders after a two-year, see-saw battle with Boeing in the largest segment of the global aircraft market, the European planemaker's sales chief said on Thursday.

Airbus scored record sales of a revamped version of its A320 single-aisle jet last year after deciding to upgrade its engines, while Boeing has taken the lead this year with a similar fuel-efficient upgrade of its own 737 medium-haul jet.

"We have two thirds of the backlog" for the revamped models, Airbus' John Leahy said. "I don't think we will keep that but I think we will keep a 60-40 split in the market."

While Boeing is expected to beat Airbus in sales this year, the European company expects to come out slightly ahead when the two years are taken together, Leahy said. He expected total deliveries to be neck-and-neck at almost 600 planes each.

The arrival of revamped models has triggered a fierce sales battle and talk of a price war as both planemakers try to stake out territory and back future airline winners.

Boeing Commercial Airplanes Chief Executive Ray Conner, recently promoted from sales chief, refused at an air show in July to be pinned down to a market share target, but industry sources say the U.S. firm is determined to fight for 50 percent.

Boeing Chief Executive Jim McNerney said on Wednesday that price pressures were easing in the key narrowbody market.

Leahy was speaking at the French-American Foundation in Paris after returning from Asia, where he clinched a \$7.5 billion Singapore Airlines order on Wednesday.

In remarks highlighting the rising importance of intermediaries, Leahy also said he was comfortable with leasing companies controlling about half of Airbus deliveries.

"I think 50 percent is ok, I don't have a problem with that," Leahy said. "In 1994 or 1995 we sold about 124 planes and lessors were maybe 20-25 percent of the market. Our sales financing portfolio was billions of dollars, because we had to finance aircraft.

"Right now, this year we might deliver 580 planes or so, close to 600, yet our sales financing portfolio is lower than in 1994-95 because someone else is picking up part of that."

The leasing industry is a key part of the distribution system for planemakers. Airbus sells about a third of its planes to leasing companies, but some airlines sell their aircraft to lessors at the point of delivery and rent them back.