LATAM DEFERS AIRCRAFT DELIVERIES IN BID TO SAVE US$3 BILLION

News / Airlines, Finance

Following a third quarter net loss of US$113.3 million exacerbated by a slowing Brazilian economy, LATAM Airlines Group has announced plans to trim up to US$3 billion in fleet capital expenditure for the period 2016 to 2018. LATAM says it has already managed to save US$1.8 billion through the deferral of certain aircraft originally scheduled for delivery in 2017 and 2018.

In a statement, the group said it would achieve the savings by restructuring the delivery schedule for new aircraft as well as by selling off both wide body and narrow body aircraft. During the quarter, LATAM sold off five LAN Colombia (4C, Bogotá) Dash 8-200s, one A319-100 and redelivered one A330.

"This restructuring seeks primarily to adjust capacity to the prevailing market conditions in Latin America, and is in line with our focus on maintaining a healthy balance sheet and adequate liquidity by reducing capex and pre-delivery payments," it said.

Under the plan, LATAM is planning the redelivery of twenty aircraft for 2016, including the phasing out of its last ten remaining A330-200s (in service with TAM Linhas Aéreas (JJ, São Paulo

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Congonhas)). In addition, six A350-900s on order for TAM have been converted to A350-1000s whose delivery is expected post 2017. LATAM has also finalized the sublease of one of four LAN Cargo (UC, Santiago de Chile Int'l) B777-Fs to a third party -- Southern Air (9S, Cincinnati Int'l) -- on a two-year contract.

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