



GULFSTREAM AEROSPACE CLIMBS EVER HIGHER IN 3Q

News / Finance, Manufacturer



Gulfstream Aerospace continues to be a star performer at parent company General Dynamics, with the aerospace segment reporting its highest-ever quarterly revenue and the fifth consecutive quarterly profit exceeding \$400 million. Year-over-year, third-quarter aerospace revenue climbed \$548 million, to \$2.343 billion, while profits rose by \$15 million, to \$426 million, General Dynamics chairman and CEO Phebe Novakovic said this morning during an investor conference call.

Sales of both midsize and large-cabin Gulfstreams during the quarter were fairly strong, she said, though somewhat dominated by demand from North America. However, the G650 is still garnering considerable sales from markets outside North America, with Novakovic mentioning China specifically. Book-to-bill ratio during the quarter was 0.9:1, with G450/500 backlog at nine to 12 months; the G650/650ER is sold out until the second quarter of 2018. By value, the backlog was \$13.6 billion as of September 30, down \$400 million from late June.

Novakovic said the only headwinds for sales “are discounted ultra-long-range whitetails at a competitor” (read: Bombardier), along with five to six pre-owned G650s up for sale. “However, we’re optimistic about sales in the fourth quarter,” she said. “The pipeline is good, even though it is heavily North American.”

Third-quarter deliveries at Gulfstream also soared, with 43 jets (31 large-cabin, 12 midsize) handed over versus 31 aircraft (25 large, six midsize) in the same period last year. It shipped 116 jets in the first nine months (89 large, 27 midsize), compared with 108 (84 large, 24 midsize) a year ago.

28 OCTOBER 2015

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