

Airbus or Boeing: Whosoever Delivers early, wins Spicejet's Order

SpiceJet Ltd, the Indian budget carrier choosing between Boeing Co. and Airbus Group SE for its at least \$11 billion order, has one condition: Delivery needs to be on time.

“One of the selling points for anybody to make the offer more attractive to SpiceJet would be early deliveries,” chairman Ajay Singh said in an interview at the airline’s headquarters near New Delhi. “When Airbus and Boeing are talking to us, they are mindful of the fact that we need early deliveries.”



Shares of the operator of IndiGo, India’s biggest airline, plunged 19% on 22 January after saying Airbus will be unable to keep to the schedule for delivering the A320neo, while Qatar Airways Ltd declined to take delivery of the A320neo because the engine needed special measures at start up. There is no clarity yet on when actual deliveries will take place to these airlines. Deliveries of Boeing’s 787 Dreamliners were delayed by three years.

“I don’t want to have a situation where I do the deal wrong,” Singh said, “We are in a competitive space. We need to ensure that we are not in a situation that our deliveries are delayed. We need to make sure that we get planes which are more fuel efficient, sooner rather than later.”

Singh said his company is open to switching to the A320neo if

the terms and conditions are better, as a small size of its Boeing fleet makes a switch easier, he said. Deutsche Lufthansa AG is the only airline to have taken delivery of an A320neo.

“It is tougher to change when you are at 50 or 100 planes,” Singh said, “It’s much easier to do it at 20-25 planes.”



SpiceJet currently operates 28 narrow body jets, including 26 Boeing 737 jets, and two Airbus A320 aircraft. It started wet-leasing Airbus A320 jets for the first time in June. Under a wet lease agreement, the lessor also provides crew, maintenance and insurance to the operator.

SpiceJet, along with Air India Express, are the only budget customers for Boeing in India. IndiGo, the market leader, flies only Airbus jets, and has 430 planes on order apart from the 100 it already operates. The local units of Singapore Airlines Ltd, and AirAsia Bhd also fly Airbus jets.

If the airline does decide to stay with Boeing, it will modify a previous order for 55 737 Max planes as part of the new order, Singh said. If SpiceJet switches to Airbus, “we have to find some other solution,” he said.

An Airbus A320neo jet costs \$107.3 million, while the top variant of a Boeing 737Max costs \$116.6 million. Discounts are common in the industry.