

THE AIRBUS MOBILE FAL

Key Takeways

Facility is still in a ramp up mode but will be able to increase production based on 2018-2020+ production requirements.

Airbus and Alabama relationship is instrumental to the progress of the FAL to date. Additional Airbus projects in Alabama are possible in the future.

Impact of Trump presidency on Alabama, Role of Senator and Attorney General (AG) Designated Jeff Sessions.

The Brookley cluster development has been slower than some had anticipated, but at the FAL current stage and T+4 years since launch, we view it as on schedule and expected progress. Cluster transformation takes about 20 years.

Airbus has taken several initiations to proactively establish a role in the greater Mobile community. Fostering education and aerospace engineering.

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First Impressions: Operational Readiness & Ramp Up Mode Progress

The Mobile Airbus FAL (Final Assembly Line) is a little over a year into its operation and already feels like a very mature and well oiled facility. Based on the Hamburg and Tianjin experiences, this FAL demonstrates a level of integration and readiness that has ensured so far strong execution and will likely provide the ability to scale up production in the near future if required.

During our visit in mid November, we were able to verify that Airbus has been able to meet its recruiting target to staff the facility adequately, and has so far experienced no logistical issues affecting production. Furthermore, land access within Brookley Field will help plan for growth in other areas if necessary; Airbus has developed a unique and solid relationship with local and state authorities that bodes well for continuing support in the future.

While the first Mobile FAL JetBlue A321 was completed in approximately 8 months, this longer than normal production can be logically explained by the tooling/jigs/rigs certification requirements, combined with new production staff training. The facility is still in a staff ramp up mode but is already shifting to an onsite training mode for new employees (the first two hundred went to mostly Hamburg, but some went to Tianjin and Toulouse)

Customer Proximity

One of the ancillary benefits derived from having this FAL located in the Southeastern United States has to do with key customer proximity. Delta, American, Jet Blue and Spirit in particular are now within a two hours' flight and can be closely involved in their A321/320 production and delivery. Focus has been on quality and completing the first aircraft on schedule. As expected, no mods are currently done onsite and this will continue to be the case in the future.

Target 8

The Mobile FAL is targeting rate 4 by the end of 2017. The current output is 2 A321s per month out of the 42 A320 family aircraft currently produced. 14 A321s have been delivered so far in 2016 with only a minor delay affecting one aircraft. Airbus will produce 17 A321s in 2016 at this location. Although the facility currently only assembles A321s, it is slated to produce a 320 in 2017 and complete its first NEO in 2018.

The facility has the capability to grow to 8 per months if required. This would be accomplished with the addition of an additional bay. As indicated earlier, the FAL is on the back end of its ramp up phase. While the Mobile line moves forward only every 8 days at this point (vs two hours for Hamburg), Airbus characterizes progress as "on schedule".

The FAL ramp up and progress will support Airbus NB production efficiently towards its 60+ goal if required. This FAL supports Airbus growth strategy in the Americas in a demonstrated and quantifiable way. We will provide a more in-depth analysis about Airbus Americas in early 2017.

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