

Reports of Eclipse Aviation's bankruptcy premature, firm says

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Reports of Eclipse Aviation Corp.'s imminent bankruptcy are premature, the head of the jet maker's Quebec-based landing-gear supplier says.

Serge Le Guellec, president and chief operating officer of Mecaer America Inc., said he isn't convinced by recent forecasts predicting Eclipse will cease production of its very light jets in 2009. Eclipse is a key customer for the Laval-based subsidiary of Italy's Mecaer Group.

Quebec engine-maker Pratt & Whitney Canada Corp. is also an Eclipse supplier.

"We are following the situation very closely. We understand that for Eclipse there are difficulties securing financing," Le Guellec said. "I think we must be prudent, but I also think it is a bit premature to predict its (Eclipse's) demise by the end of the first quarter of 2009."

Last week, U.S. analysts from the Teal Group and Forecast International said they don't expect Eclipse will be able to secure the minimum \$200 million the company needs to continue operations.

"Eclipse continues to produce aircraft at a low rate as it seeks to preserve cash," said Forecast International aircraft analyst Douglas Royce.

"We believe that the company will be able to push production out into early 2009 but will be forced to cease production within the first quarter of 2009," Royce said.

Longtime Eclipse critic Richard Aboulafia, of the Virginia-based Teal Group, was equally pessimistic in a note to clients.

"We doubt that Eclipse can survive as an ongoing business," Aboulafia wrote. "There is a chance that additional cash injections would keep it alive for another year or two. But for now our forecast calls for production to end in 2009."

Launched in 2000, Eclipse introduced the 500 model as an entry-level jet with a \$775,000 price tag that could carry five passengers about 3,300 kilometres.

A pioneer in the very light jet market, Eclipse was counting on orders from executives fed up with commercial air travel, along which "air taxi" companies that promised on-demand inexpensive air service.

Eclipse's woes were exacerbated with the May demise of its largest customer, airtaxi operator DayJet Services LLC.

Le Guellec said Mecaer's Canadian operations would survive even if Eclipse

is forced to seek bankruptcy protection.

"Obviously, it would have an effect on us," he said.

"We have worked to diversify our clientèle so that would mitigate the impact."

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