

Embraer strikes deal with Brazilian Air Force on KC-390 order reduction

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Planemaker Embraer SA announced on Wednesday it had reached a deal with Brazilian Air Force to cut its order for 28 KC-390 military cargo planes to 22 aircraft, and to add compensation clauses to the contract between both parties.

While the Air Force order now is six planes less than the original order, it is seven planes more than the Air Force said it would take in November, when it said it would unilaterally cut its order to 15 units of the aircraft.

The move will decrease Embraer's order backlog by \$500 million, while the new contract amendments that were not specified could boost the company's operational results by \$50 million.

According to the planemaker, the hit from the order reduction will not impact its 2021 guidance. It did not comment on how it would affect 2022 guidance.

The original contract, which was signed in 2014, was of 7.2 billion reais (\$1.38 billion).

(Reuters)