

# Textron lifts 2021 profit forecast again on business jet strength

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Textron Inc on Thursday beat Wall Street estimates for quarterly profit and raised its full-year adjusted profit forecast for the second time this year, on higher demand for private aircraft.

Business jet traffic has rebounded from COVID-19 pandemic lows more quickly than commercial flights in the United States, helped by wealthy leisure travelers and some would-be first time flyers avoiding airlines.

Textron expects to get back to production levels similar to 2019 by 2022. General Dynamics Corp said on Wednesday it would make more of its Gulfstream jets.

While Textron Chief Executive Scott Donnelly told analysts the higher demand “seems to be quite sustainable”, the maker of Cessna business jets is facing labor and supply chain challenges as factories struggle to meet surging orders.

“While we’ve experienced continued strong retail demand for our products, we have been impacted by our supply chain’s ability to fully meet this demand, and we continue to work through these production challenges,” Donnelly said.

He said Textron is bringing workers back to support growing production but echoed critics in suggesting hiring was a challenge due to expanded U.S. unemployment benefits.

“I think hiring will get easier as the year goes on, we get off some of these unemployment programs that are frankly, creating huge disincentives for people not to work,” Donnelly said.

The company said it expects 2021 adjusted earnings of \$3.00 to \$3.20 per share, compared to its previous forecast of \$2.80 to \$3.

Textron’s aviation unit delivered 44 jets, higher than the 23 a year earlier, and 33 commercial turboprops, up from 15 in 2020.

Sales in its aviation unit rose 55.4% to \$1.16 billion in the second quarter.

Excluding items, the company earned 81 cents per share, above analyst estimates of 65 cents, according to Refinitiv data.

Revenue rose 29% to \$3.19 billion, above analysts' average estimate of \$2.97 billion, according to Refinitiv data.

Textron shares were indicated 1.3% at \$70 ahead of opening.

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