

Aircraft lessor DAE expects further Boeing delays

- A Monitor Desk Report

Date: 09 February, 2024



Dubai: A production cap and recent incidents with Boeing's 737 MAX aircraft will "undoubtedly" impede the planemaker's ability to catch up on already delayed delivery commitments, lessor Dubai Aerospace Enterprise (DAE) Capital said on Wednesday.

The Federal Aviation Administration (FAA) has ordered Boeing to cap 737 production at the current rate of 38 jets a month for an undefined period while it addresses quality lapses, deferring the increases needed to meet rising demand for new jets.

Boeing has been under fire from regulators and airlines since the Jan. 5 blowout of a door plug on a 737 MAX 9.

"To be candid we're not sure that Boeing can deliver on their current contractual commitments because I'm not sure that they control their destiny right now in the way that they would like to," DAE CEO Firoz

Tarapore said on an analyst call, adding the aircraft lessor had already been impacted by delays.

"Now, despite this noise, we are confident that Boeing will right the ship in a way that provides the assurance to both our airline customers and us, the leasing customers, that we are indeed buying a quality product from a quality organisation."

A spokesperson for Boeing did not immediately respond to a request for comment.

DAE, one of the world's top 10 lessors with a 500-strong fleet of owned, managed or ordered aircraft, agreed to buy 64 Boeing 737 MAX jets last August that were scheduled for delivery between 2023 and 2026.

DAE reported a \$351 million full year profit on Wednesday that included a \$118 million insurance claim settlement for seven aircraft previously leased to Aeroflot and stranded in Russia following Western sanctions imposed on Russia over its invasion of Ukraine.

DAE wrote off \$577 million in 2022 for its 19 aircraft stuck in Russia. Asked if it could receive additional proceeds on the other 12 aircraft, Tarapore said DAE was seeking the appropriate approvals needed to come to a potential commercial agreement.

"Based on what we have seen so far predicting what will happen is a very dangerous game ... We're trying and we're hoping for an outcome that works for everybody within the construct of all the approvals that we need to obtain," he said.

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