

Boeing speeds up 737 deliveries to China

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Virginia, USA: Boeing Co. delivered the most 737 Max jets to China in almost six years, offering a glimmer of progress to new Chief Executive Officer Kelly Ortberg as he works to clear a stockpile of completed aircraft and bolster cash at the embattled planemaker.

The estimated nine handovers in August eclipsed every month since December 2018, based on data from Cirium. That was shortly before regulators grounded the Boeing narrowbody in response to two fatal crashes. Inventories swelled to about 450 undelivered Max jets by late 2020 due to the extended grounding and the Covid-19 pandemic.

"If Boeing can continue August's pace of delivery to customers in China then it will go a long way towards clearing inventory that can potentially be delivered," said Rob Morris, head of consultancy at Cirium, the aviation analytics firm.

A fresh crisis this year slowed Boeing's effort to pare down the backlog, and the recent progress could yet unravel with a potential strike looming at the company's Seattle-area plants. Handing over more aircraft to Boeing's biggest export market would unlock delivery payments, easing pressure on Boeing's battered balance sheet while Ortberg focuses on stabilizing factory operations.

A Boeing spokeswoman declined to comment ahead of the August orders and deliveries report expected on Sept. 10.

Boeing shares touched a nearly two-year low on Tuesday after Wells Fargo & Co. said the US manufacturer likely needs to raise additional equity.

The new CEO, who started on Aug. 8, has a long list of issues to address, the most urgent to avoid the possible strike that could idle Boeing's Seattle-area factories starting late next week. An extended walkout would also disrupt work on stored planes being prepared for delivery.

China was the first country to ground the 737 Max in March 2019, and one of the last to lift its ban. Its carriers have operated a steadily growing number of Max jets since deliveries restarted early this year.

Progress has been start-and-stop. Boeing said in May that a pause in Chinese shipments of the 737 and larger 787 model, tied to an issue with cockpit voice-recorder batteries, would worsen cash outflows. Authorities there lifted the latest halt for widebody deliveries in late June, and for the 737 in early July.

Boeing has about 64 more Max 8 models in inventory that are earmarked for Chinese airlines, Cirium's Morris said. (Two other variants, the Max 10 and Max 7, await certification, and there are no Max 9s listed on order with Chinese customers.) Morris added that the pace of Max handovers depends partly on how fast Chinese carriers can absorb the new aircraft into their fleets.

Boeing's overall backlog of undelivered 737 Max 8 jets built before 2023 stood at about 90 at the end of June. The company has set a goal of getting most of those to customers by year-end. Moving the aircraft off its premises, along with about 35 of the larger 787 Dreamliner, would help the company shut down its costly "shadow factory" of workers preparing the planes for delivery.

The company's most recent difficulties arose in January, when a panel blew off a 737 Max 9 midflight. While disaster was averted, regulators have capped 737 production as Boeing addresses manufacturing quality, and the board brought in the Ortberg, 64, as part of a management overhaul.

In addition to cash-flow issues, a quality overhaul and the potential strike, Ortberg is also contending with losses at the defense unit and an embarrassing setback at its Starliner program that will require Elon Musk's rival SpaceX to bring home astronauts it took to the space station.

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