

Vietnam Airlines bids \$10b for 50 Boeings

- A Monitor Desk Report

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Hanoi: National flag carrier Vietnam Airlines signed a memorandum of understanding to buy 50 Boeing 737 Max aircrafts for US\$10 billion to be delivered between 2027 and 2030.

The memorandum of understanding was signed during U.S. President Joe Biden's visit to Vietnam.

According to this agreement, the two sides will coordinate to evaluate the feasibility of the plan in order to report to authorities for consideration.

Dang Ngoc Hoa, Chairman of the Board of Directors of Vietnam Airlines, said the airline is planning to develop its fleet for the period 2025-2030, with a vision to 2035, in which aircraft investment is a key project to help the company reach its targets in the post-pandemic recovery period.

At the same time, this project will help the airline improve quality on domestic and regional flight routes. Vietnam Airlines needs to add about 60 narrow-body aircraft by 2030, and then accumulate about 100 by 2035, according to the carrier.

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The Boeing 737 Max is a narrow-body aircraft line with 150-230 seats. It is currently in use by 70 airlines in the world, at a total of more than operational 1,150 aircraft.

On September 11 afternoon, leaders of Vietnam Airlines and Boeing held a press conference to reveal the details of the deal. Tran Thanh Hien, CFO of Vietnam Airlines, said Vietnam's airline industry economy is still recovering after the pandemic. However, he posited that his firm's fleet development is part of its long-term strategy and is compatible with future needs.

"Vietnam Airlines has 3-4 more years to prepare the procedures for this deal, including raising capital. After today, Vietnam Airlines will continue to look for solutions and arrange capital to match the time of receiving the aircrafts, ensuring the feasibility and effectiveness of the project," Hien said.

According to Hien, Vietnam Airlines is confident it will obtain the capital for this project through an overall restructuring process. He said the airline also believes that the support Boeing, the U.S. government, and financial institutions will help carry out the purchase of the 50 planes.

At the same time, Vietnam Airlines will also work with domestic organizations to arrange short and medium-term capital solutions for PDP Financing, sales & leaseback.

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Responding to concerns about operating two narrow-body aircraft lines at the same time – both Boeing and Airbus – CEO Le Hong Ha said that Vietnam Airlines has experience in operating both the Airbus A350 and Boeing 787 with a highly qualified engineering staff. Therefore, maintaining and repairing the Boeing 737 Max aircraft will not be a difficult task, he said.