



WHY A BOEING 737 MAX 8 COSTS \$110 MILLION

News / Manufacturer



Boeing Co. on Friday completed the first test flight of its new 737 MAX 8 passenger jet. The MAX 8 carries a list price of \$110 million per copy, with other members of the re-engined MAX family selling for \$90.2 million for the MAX 7, \$112.9 million for the MAX 200 and \$116.6 million for the MAX 9.

At the end of December, Boeing had 409 orders for the MAX family of jets, the largest an order for 100 from aircraft leasing firm AerCap Holdings N.V. (NYSE: AER). According to Boeing's announcement of the test flight, the company has 3,072 orders for the MAX family jets from 62 customers.

Friday's inaugural flight was made on schedule, and Boeing said the new airplane was on track for its first delivery in the third quarter of 2017. The initial customer for the plane is Southwest Airlines Co. (NYSE: LUV), which flies 737s exclusively and has ordered 200 of the new MAX jets to go with its existing fleet of 708 previous versions of the 737.

An interesting note about Southwest's 737 fleet: the average age of the planes is 12.1 years, but there are 127 of the planes that are more than 22 years old. All told, Southwest has outstanding orders for 256 Boeing 737s.

Friday's flight lasted 2 hours and 47 minutes and the plane reached an altitude of 25,000 feet and an airspeed of about 288 miles an hour. The test plane used the LEAP-1B engines from CFM International, a joint venture between France's Snecma, a subsidiary of Safran, and General

Electric.

The competing single-aisle planes from Airbus are the A320neo and the A321neo, which sell for an average list price of \$107.3 million and \$125.7 million, respectively.

Boeing shares closed up 1.8% on Friday, at \$120.13 in a 52-week range of \$115.02 to \$158.83. The low was posted last Wednesday after the company posted earnings and a weak outlook.

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SOURCE: 247 WALL STREET

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