



# BOEING TO ROLL OUT 737 MAX JETLINER WITH LITTLE FANFARE

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**Boeing will roll out the first of its 737 Max jetliners this week with none of the fanfare that accompanied previous launches such as the 787 Dreamliner, even though the company's success is just as intricately tied to the fortunes of the new plane.**

The Dreamliner launch in 2007 attracted 15,000 guests, video feeds to 40 countries, a live band and Tom Brokaw as master of ceremonies. The Max will be welcomed by employees and a handful of the customers that have helped it pull almost 3,000 advance orders ahead of its first delivery in 2017.

The lack of party atmosphere when the first completed Max is unveiled on Tuesday highlights the need for Boeing to under-promise and over-deliver. Investors remain jittery that its huge backlog of commercial jets relies heavily on airlines in brittle emerging markets, and its most recent airplane

programs have been plagued by problems.

The all-new 787 was due to fly two months after its glittering rollout but design and production problems saw it arrive three years late and --alongside issues with a revamped version of its 747 jumbo and a military refueling tanker based on the 767 passenger jet -- triggered billions of dollars in charges.

Boeing and its shareholders can't afford for the 737 Max to misfire in similar fashion. After dropping plans to build an all-new plane, which now might not arrive until 2020, it opted to revamp for a third time the workhorse of the global airline fleet, adding new fuel-efficient engines and other upgrades to improve fuel efficiency by a claimed 14% over existing jets.

"They built some cushion into schedule and have outperformed," said Howard Rubel, aerospace analyst at Jefferies & Co, who estimates the Max program is still at least three months ahead of schedule.

The single-aisle 737 has been in production since 1966 and is the largest contributor to Boeing profits and cash flow, with the company planning to produce more than 700 a year of the new Max by the end of the decade on more automated assembly lines at its Renton plant near Seattle.

It also needs to keep the Max on track to avoid falling further behind Airbus Group SE, which launched its rival A320neo plane 18 months earlier, helping it capture 60% of the market over the past two years. The first plane is set to be delivered to its first customer later this month.

Boeing said it remains on schedule to fly the 737 Max for the first time early next year and deliver to launch customer Southwest Airlines Co. in the third quarter of 2017. The only snafu so far was when Boeing was forced to drop the supplier for part of the thrust reverser, which slows a jet on landing.

Boeing customers said they are satisfied with the progress, after pushing the company when jet fuel prices were nearing US\$150 a barrel to drop plans for an all-new jet and deliver an improved 737.

"[We] wanted them to take a path to getting that done and getting it flying as quickly as possible," said Mike Van de Ven, Southwest's chief operating officer. "I've been very appreciative that they've kept within the timelines."

Mr. Van de Ven will join Boeing employees and Commercial Airplanes unit chief Ray Conner for the rollout and see the plane for the first time with the ultraefficient Leap-1B engines made by the CFM International joint venture between General Electric Co. and France's Snecma SA.

Ryanair Holdings PLC Chief Executive Michael O'Leary said he sees no issues with the airplane coming in on time. Ryanair, Europe's largest budget airline, is due to receive its first 737 Max at the end of 2018. Mr. O'Leary said Boeing has financially guaranteed an improvement of 16% to 18% in fuel efficiency per passenger over existing aircraft, which also reflects the addition of more seats.

The bulk of the improvements come from the new engines, and Mr. Van De Ven said the next milestone on his watch list is the certification of the engines, which will allow Boeing to start flight tests.

"We decided to keep the rollout event focused on employees," said a Boeing spokesman, with a bigger event planned around the first flight.

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