



Current Market Outlook

2014



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July 2014

What's in the Current Market Outlook (CMO)?

Twenty-year traffic and product forecast

All regions of the world

- 169 airlines / groups
- 63 traffic flows

All jets 30 seats and above

- No turbo props
- No business jets

Freighters

Scheduled and nonscheduled flying



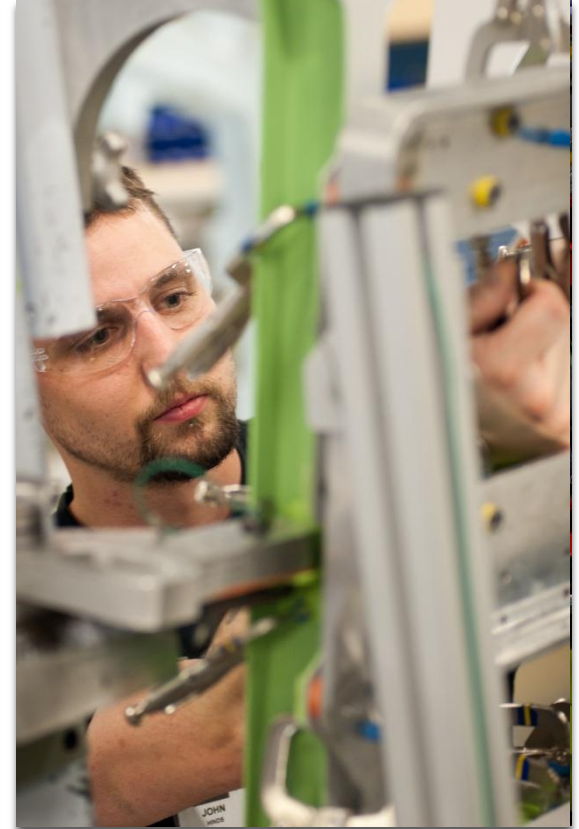
Why the Current Market Outlook (CMO)?



Product strategy



Long-range business plan



Suppliers and airline customers

Boeing forecast accuracy

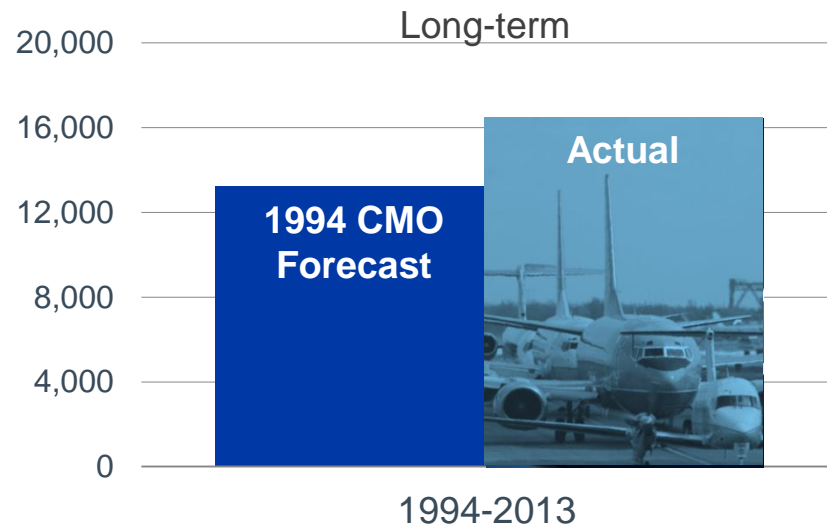
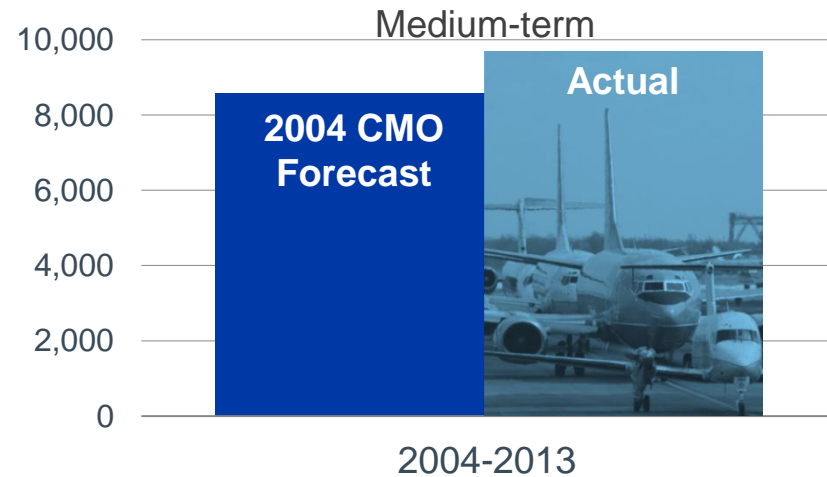
Fleet consists of all jet aircraft with at least 90 seats

Accurate

Conservative

Under-forecasted
single-aisles

Over-forecasted large
and regional jets



SOURCES: CMO 1994, CMO 2004, ASCEND

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What's trending in aviation? 20-year traffic and airplane forecast Product strategy & development

What's trending in aviation?



Strong, resilient,
growing market
expected to continue

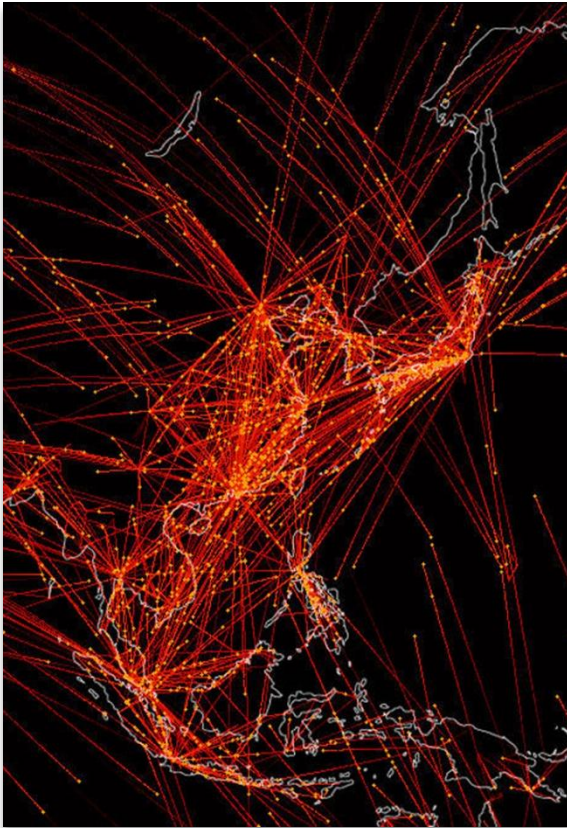


Passengers flying
where they want
when they want



Single-aisle is fastest
growing, most
dynamic segment

Single-aisle is fastest growing market segment



4,000 new markets



Low cost carrier will
continue fast growth



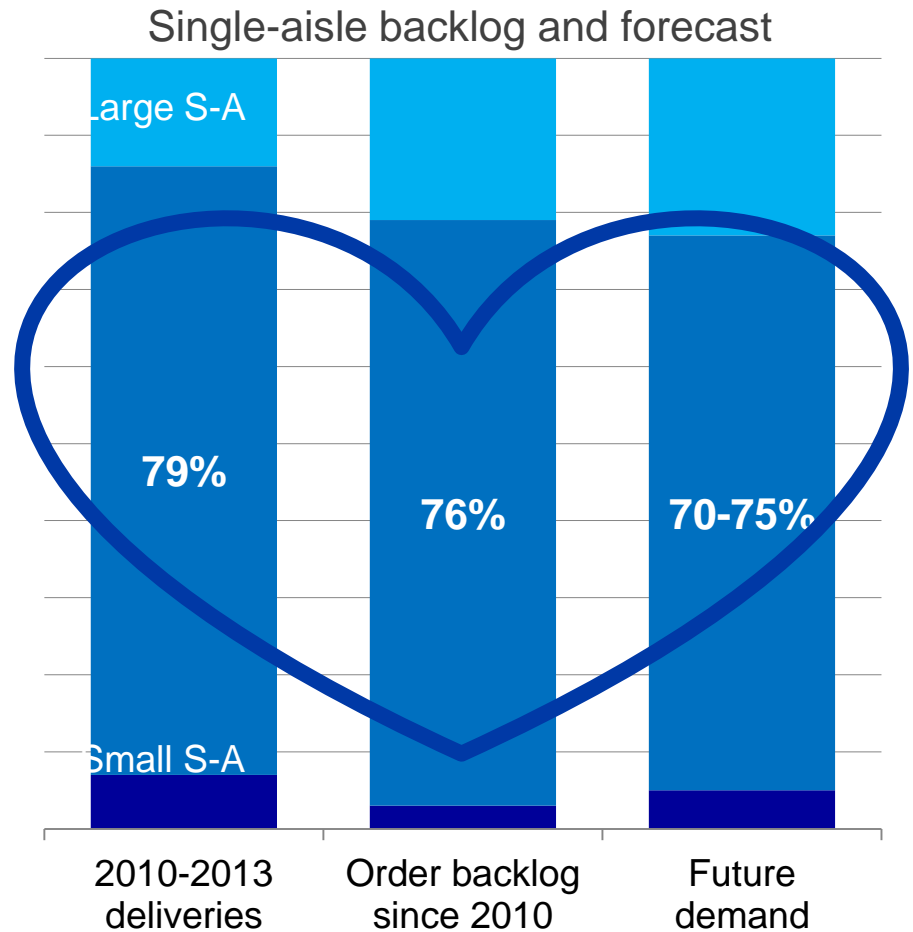
Versatility drives
growth

737-800 size single-aisles are “heart of the market”

>75% of recent deliveries and orders in medium-size space

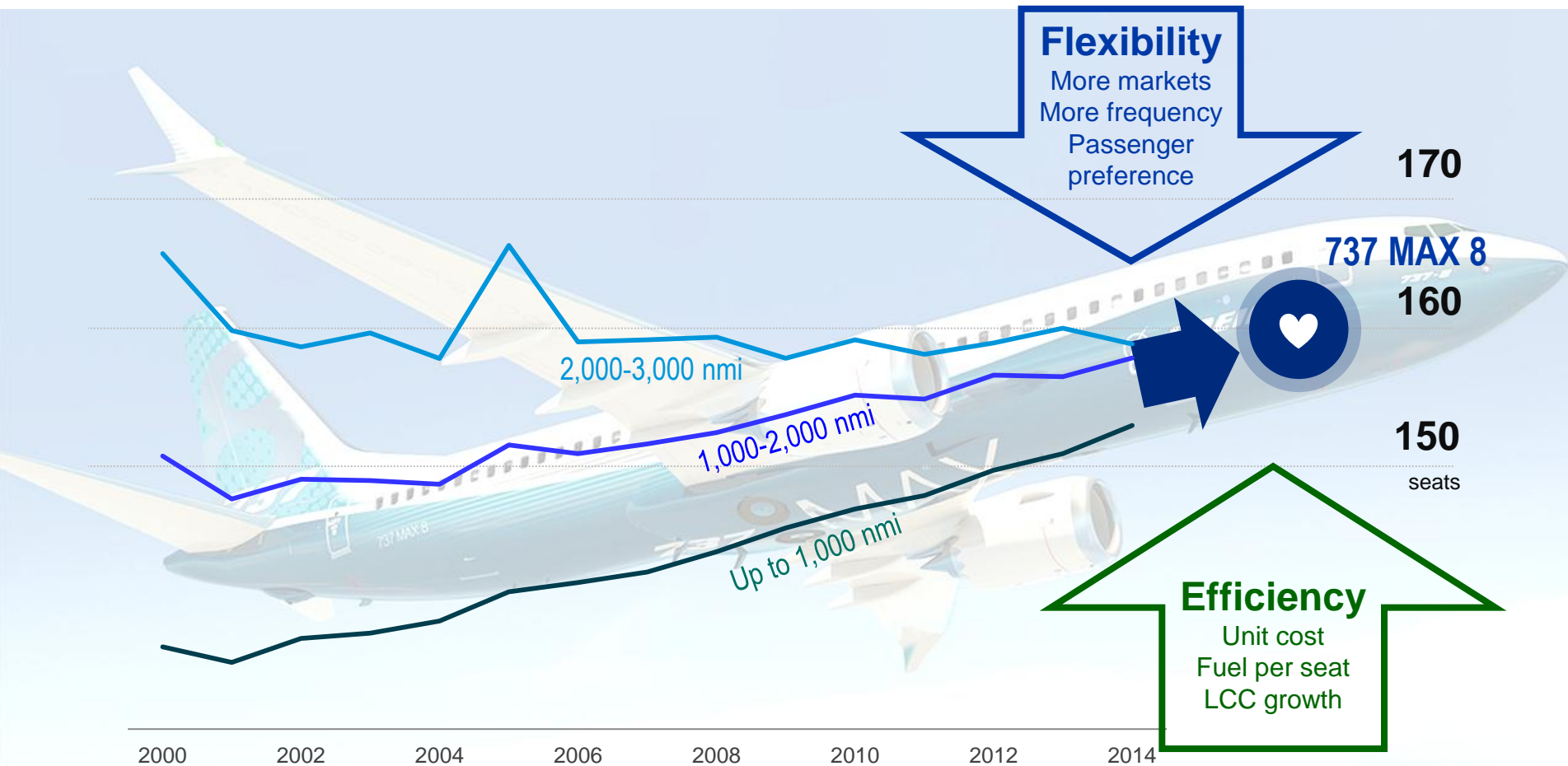
- Versatile and flexible for expansion and frequency
- Efficient across market spectrum with lower risk

Market focus will remain in this size space (737 MAX 8)



Average aircraft seat size converging on 160 seats

Average number of seats last 15 years



SOURCE: Ascend, single-aisle airplanes excluding regional jets and prop aircraft, all stage lengths

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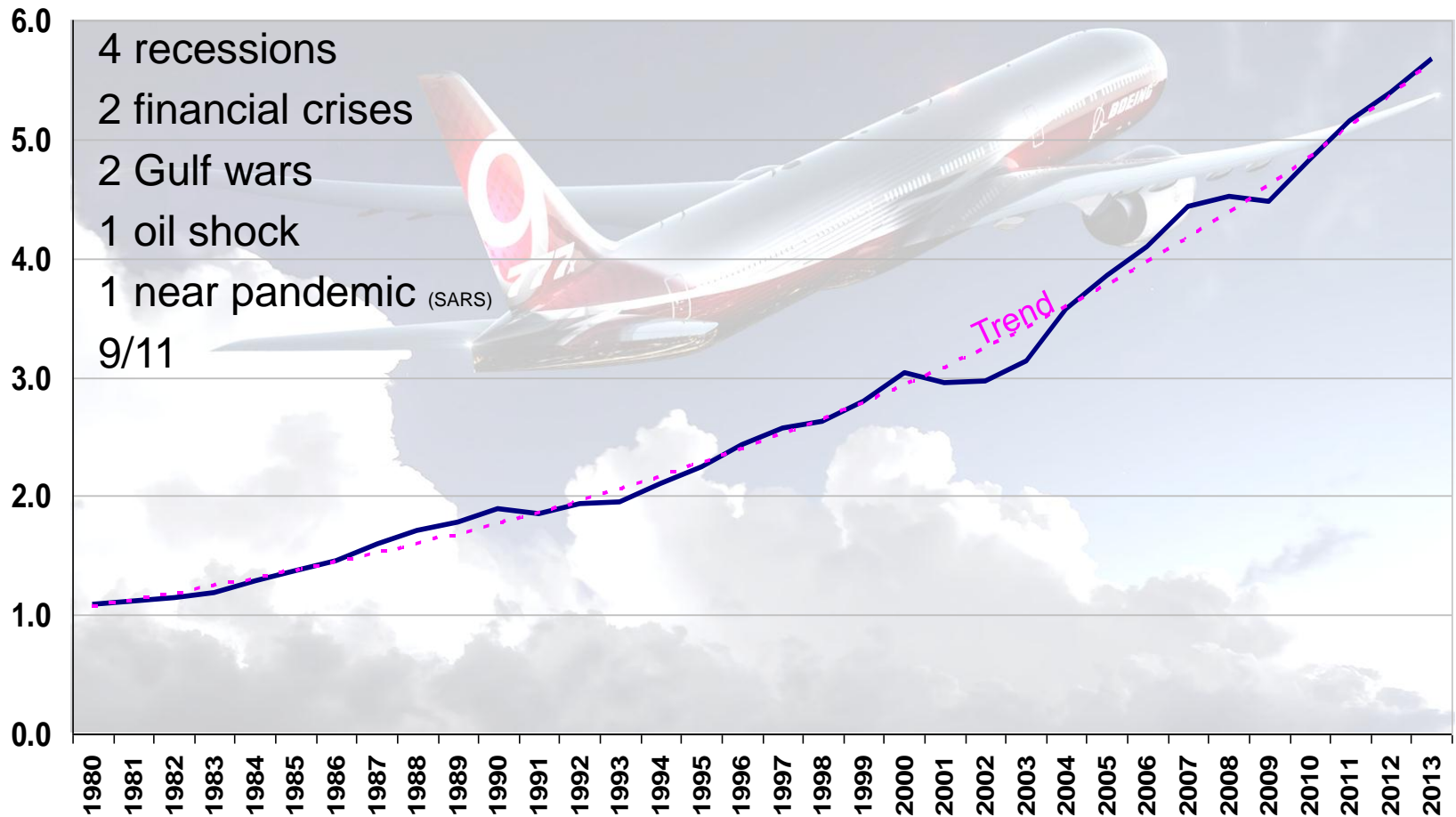
20-year traffic and airplane forecast

Market forecast drivers and considerations



Resilient, growing market expected to continue

RPKs (trillions)



RPKs = Revenue Passenger Kilometers
SOURCE: ICAO scheduled traffic

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Drivers of air travel demand

Macroeconomics



Trade
GDP level
GDP per capita
Labor force

Value of service



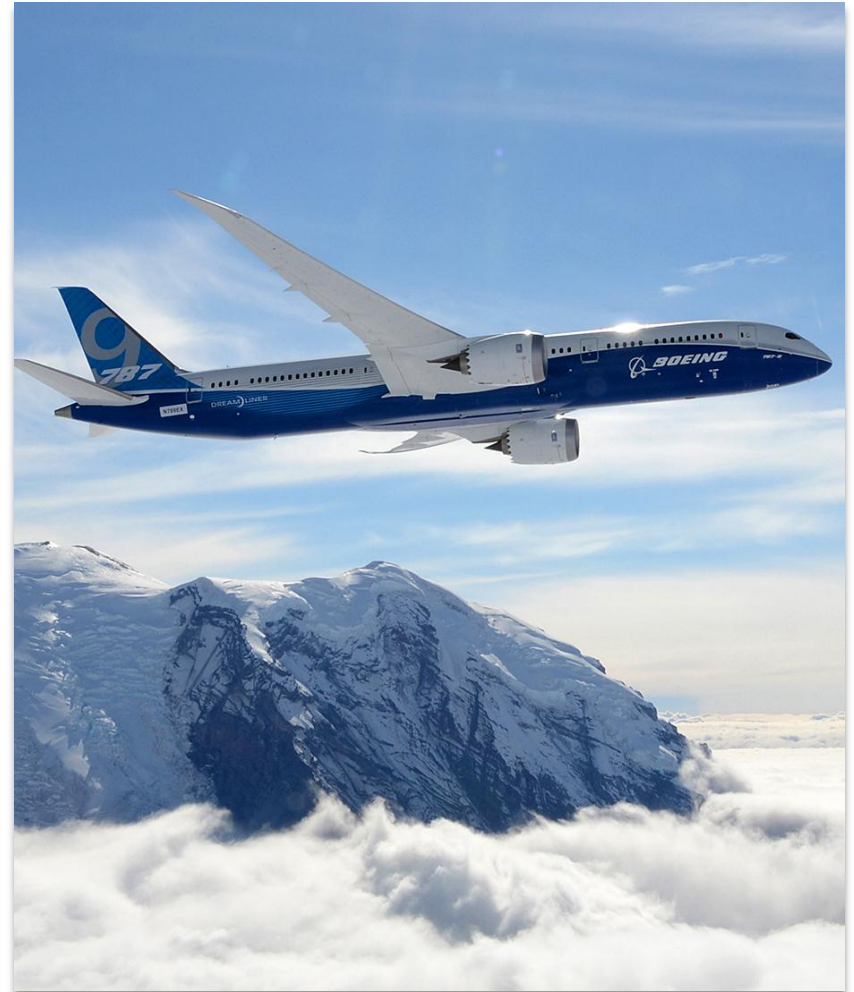
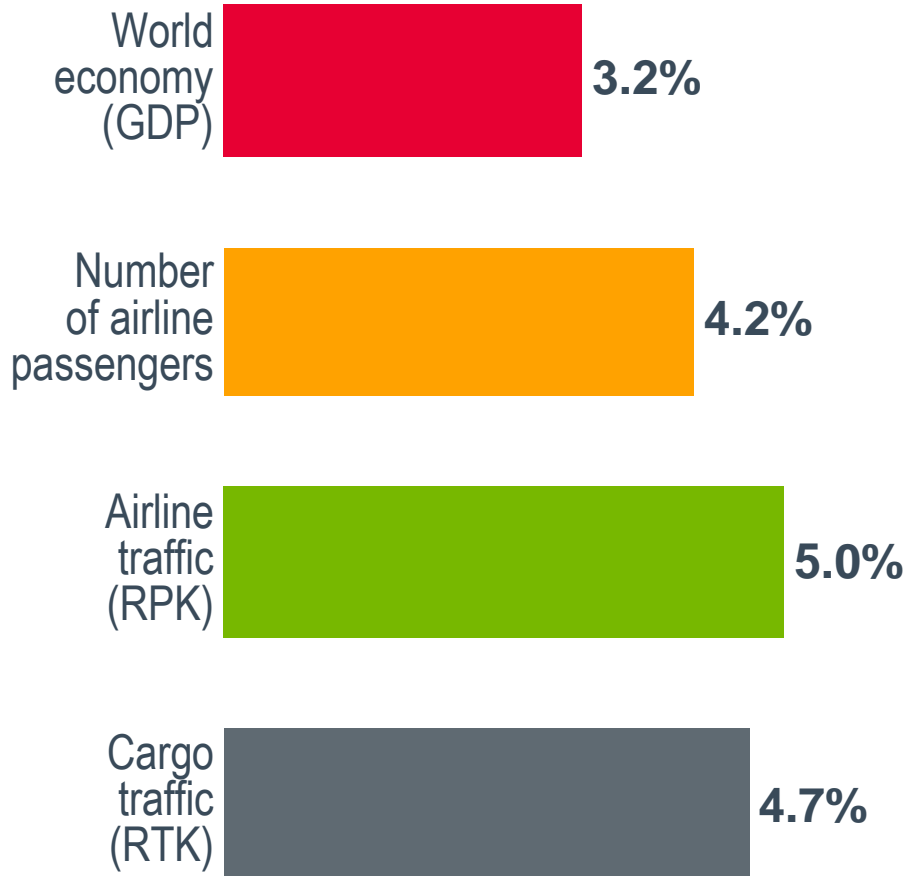
Network structure
Infrastructure
Business model
Type of service
Regulatory environment

Demand



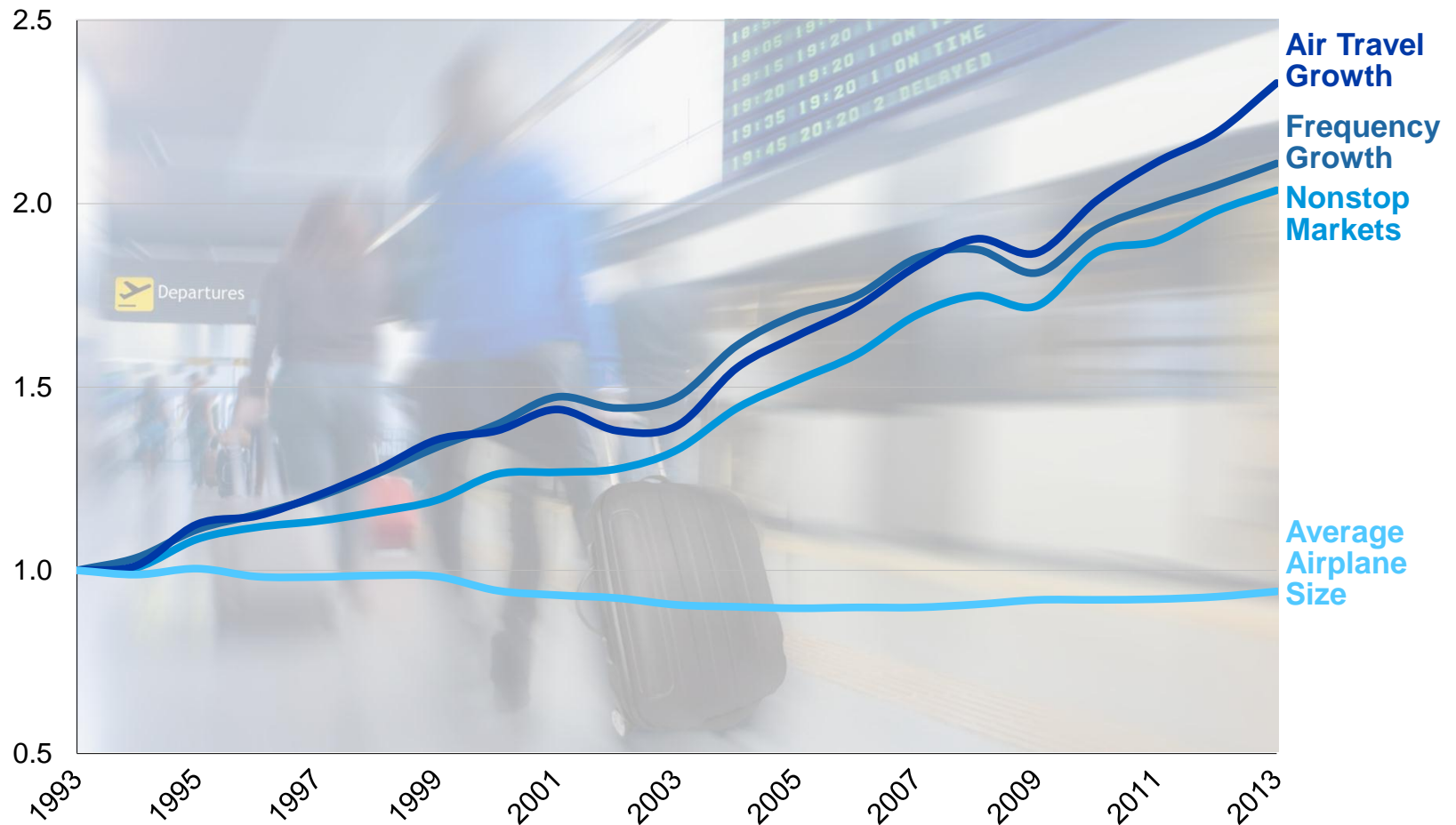
20-year forecast: strong long-term growth

2013 to 2033



Air travel growth has been met by increased frequencies and nonstops

World



SOURCE: August OAG
Index 1993=1.00

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787 Dreamliner opening new markets around the world

As of June 30, 2014

Current new nonstop routes flown with the 787:

Delhi-Birmingham (AI)	Houston-Lagos (UA)	Tokyo-San Jose (NH)	Stockholm-Fort Lauderdale (DY)
Delhi-Melbourne (AI)	Tokyo-San Diego (JL)	Addis Ababa-Dulles (ET)	Stockholm-Bangkok (DY)
Delhi-Sydney (AI)	Tokyo-Boston (JL)	Oslo-Bangkok (DY)	Oslo-New York (DY)
Denver-Tokyo (UA)	Tokyo-Helsinki (JL)	Stockholm-New York (DY)	Oslo-Fort Lauderdale (DY)
			London-Austin (BA)

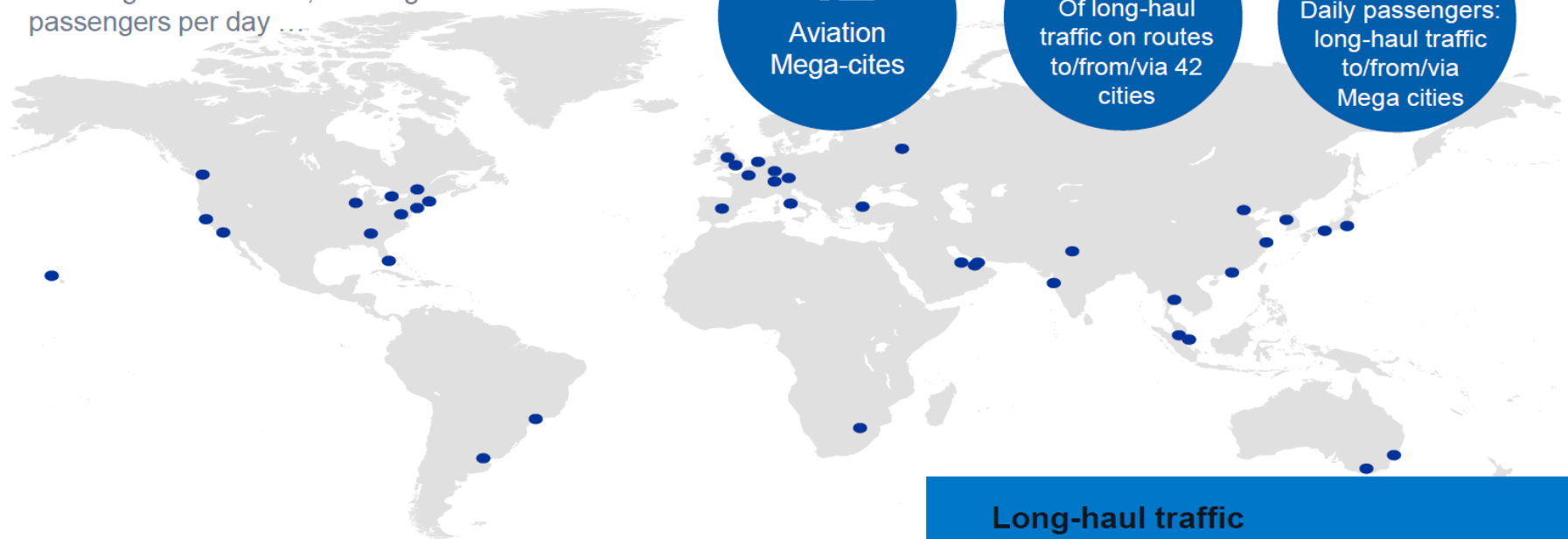


There is nothing to this story

They've been telling it for 15 years and still... nothing

2012: 42 mega-cities

Handling more than 10,000 long haul passengers per day ...



42

Aviation
Mega-cities

93%

Of long-haul
traffic on routes
to/from/via 42
cities

0.8M

Daily passengers:
long-haul traffic
to/from/via
Mega cities

Long-haul traffic

Concentrated on a few main centres

Source: GMF 2013; Cities with more than 10,000 daily passengers, Long haul traffic: flight distance >2,000nm, excl. domestic traffic;

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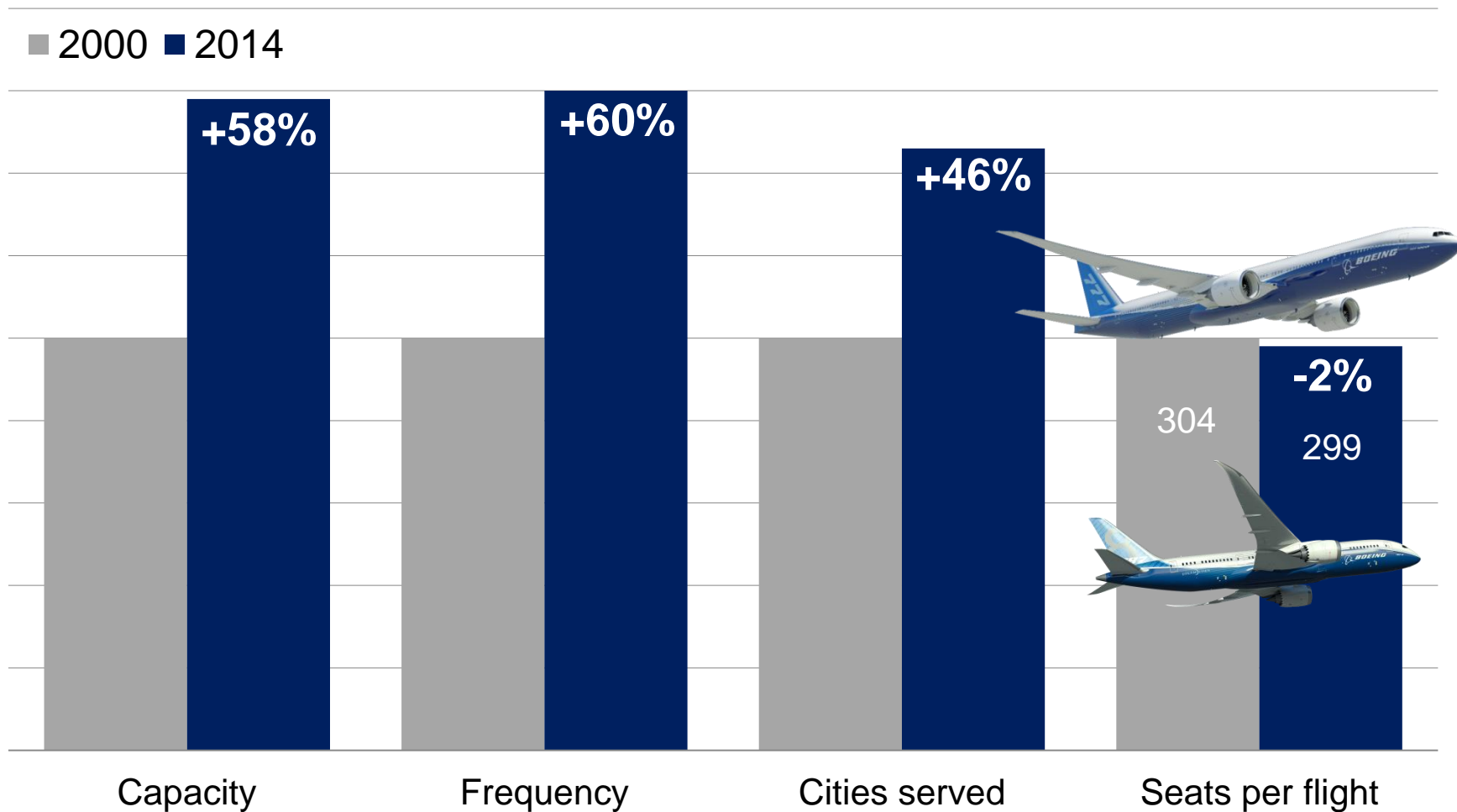


SOURCE: Airbus Annual Press Conference, 13 January 2014

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Expansion - not size - driving growth of mega-cities

Top 25 long-haul airports



SOURCE: Industry schedules

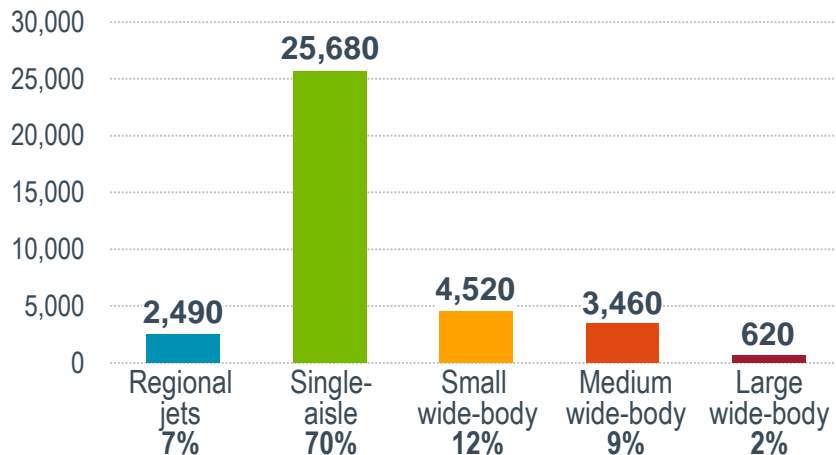
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Airlines will need nearly 36,800 new airplanes valued at \$5.2 trillion



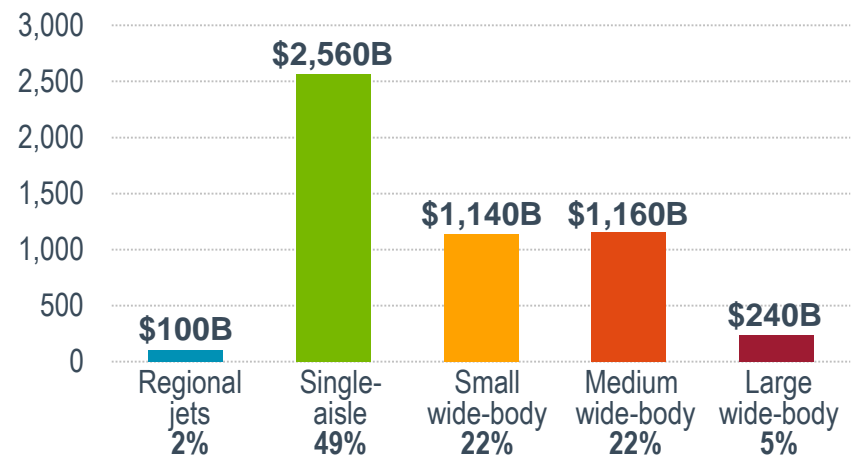
Airplane deliveries: 36,770

2014 - 2033



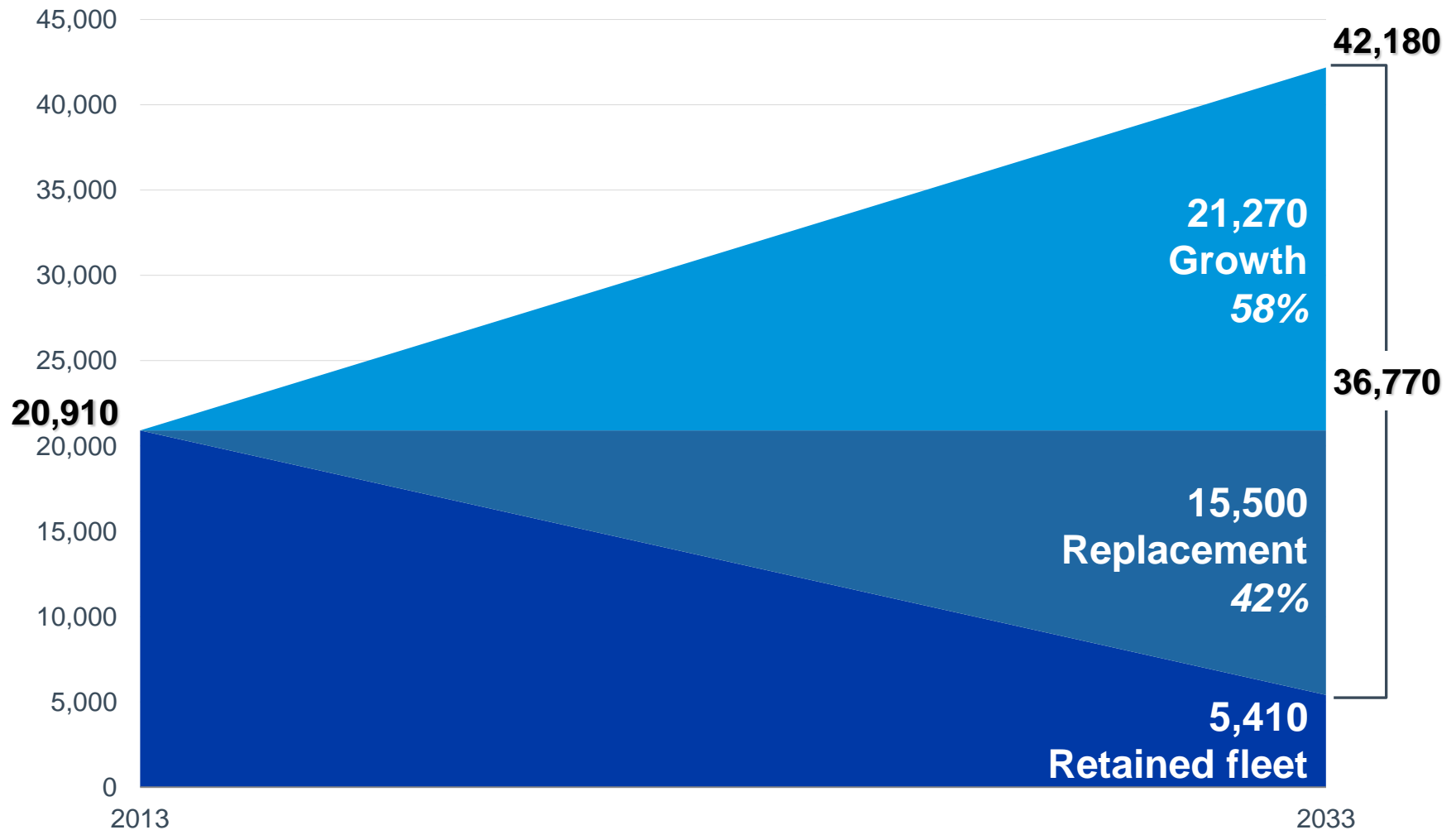
Market value: \$5.2T

2014 - 2033



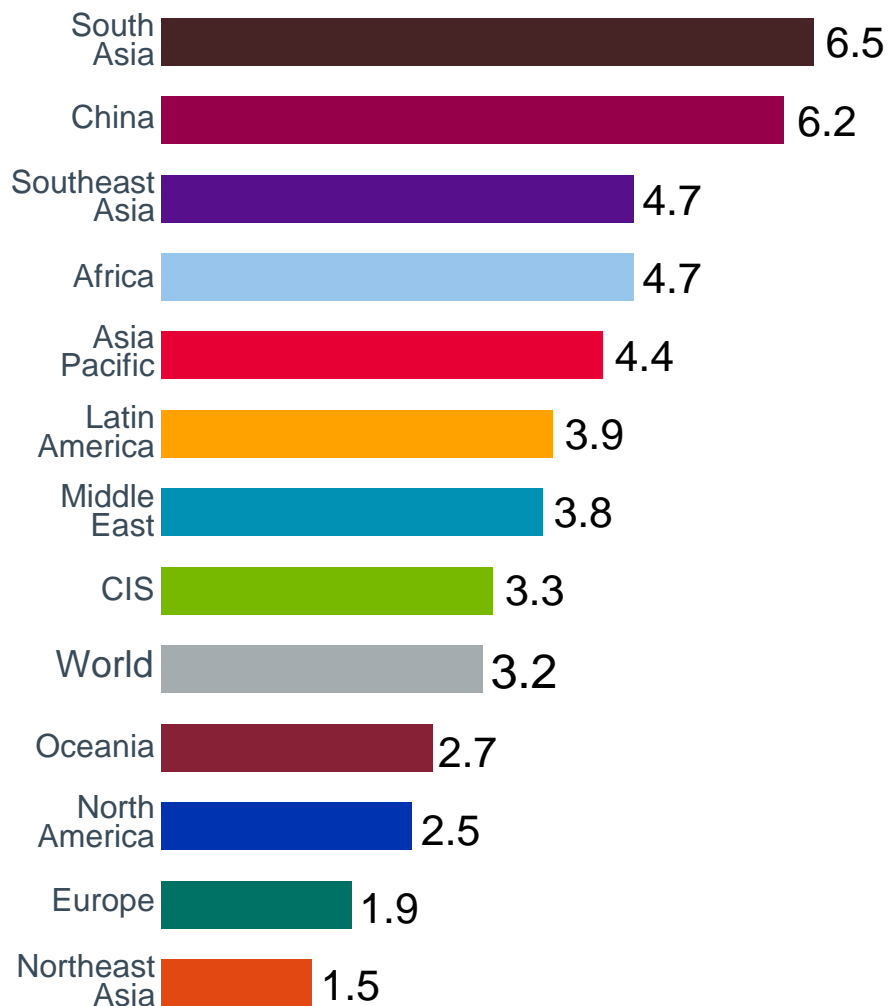
Older, less efficient airplanes will be replaced with more efficient, newer generation airplanes

Units



Emerging markets are driving the economic growth

Annual GDP growth, 2013 – 2033

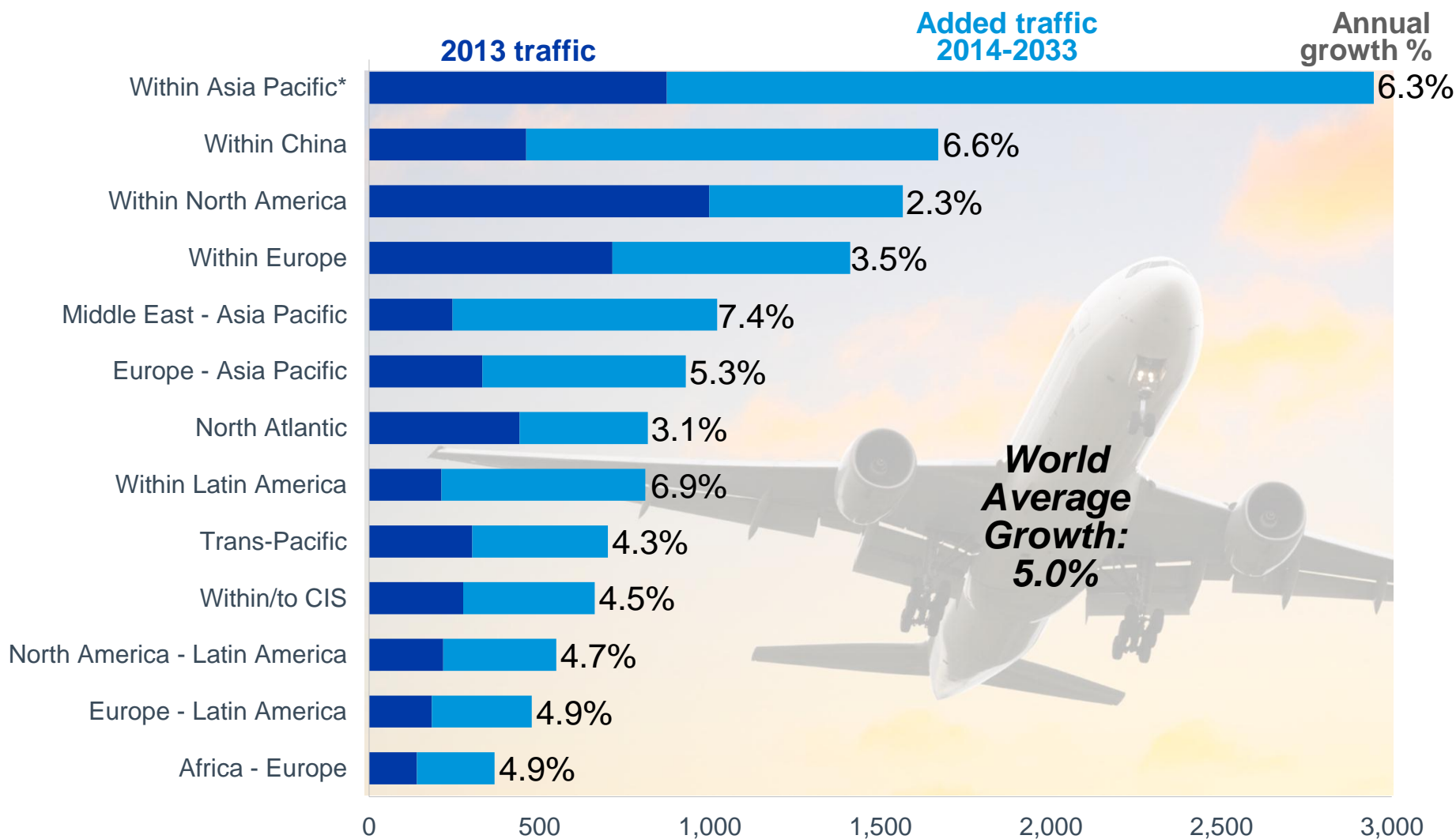


SOURCE: IHS Economics

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Air travel growth varies by market

RPKs, billions



*Does NOT include travel within China

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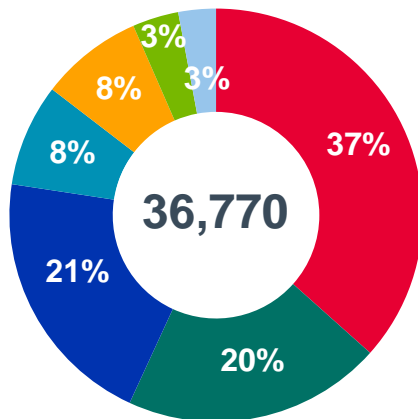
Market for new airplanes to become even more geographically balanced



New airplane deliveries by region

2014–2033

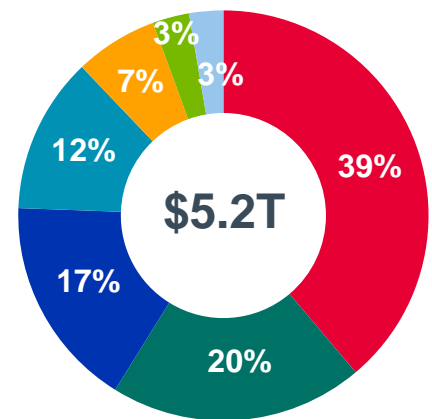
Region	Airplanes
Asia Pacific	13,460
Europe	7,450
North America	7,550
Middle East	2,950
Latin America	2,950
C.I.S.	1,330
Africa	1,080
World Total	36,770



Market value by region

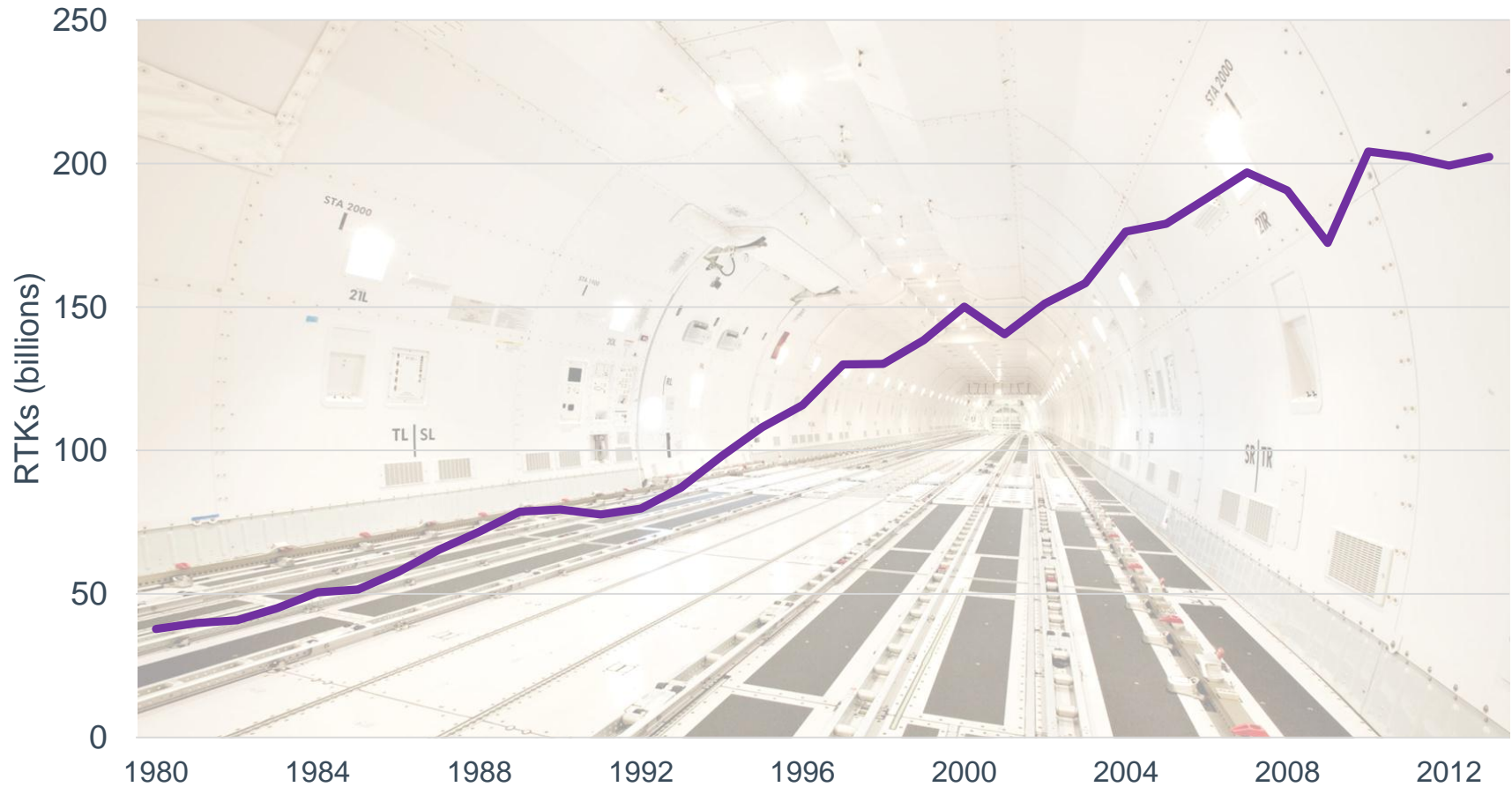
2014–2033

Region	\$B
Asia Pacific	2,020
Europe	1,040
North America	870
Middle East	640
Latin America	340
C.I.S.	150
Africa	140
World Total	\$5,200B

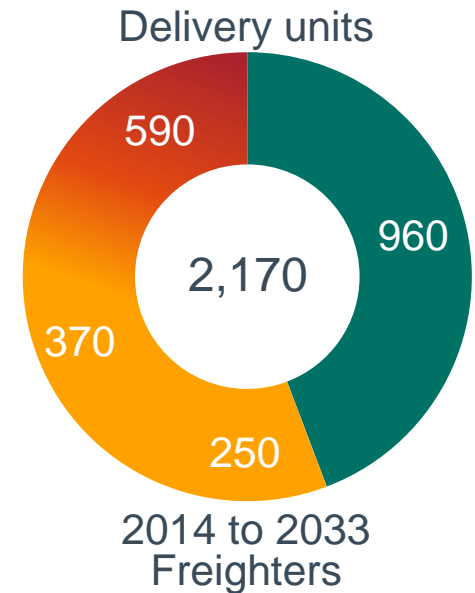
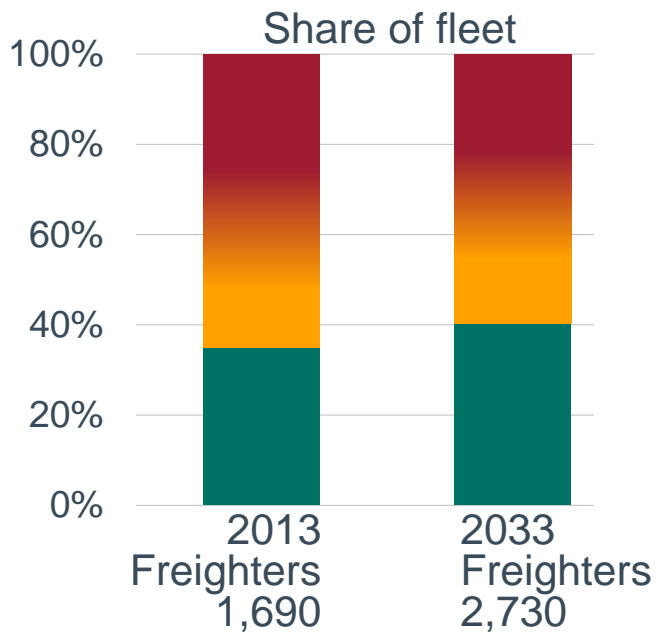


World air cargo traffic has grown 5.2% per year since 1980

RTKs = Revenue Tonne Kilometers



New freighter demand -- 840 new, 1,330 converted

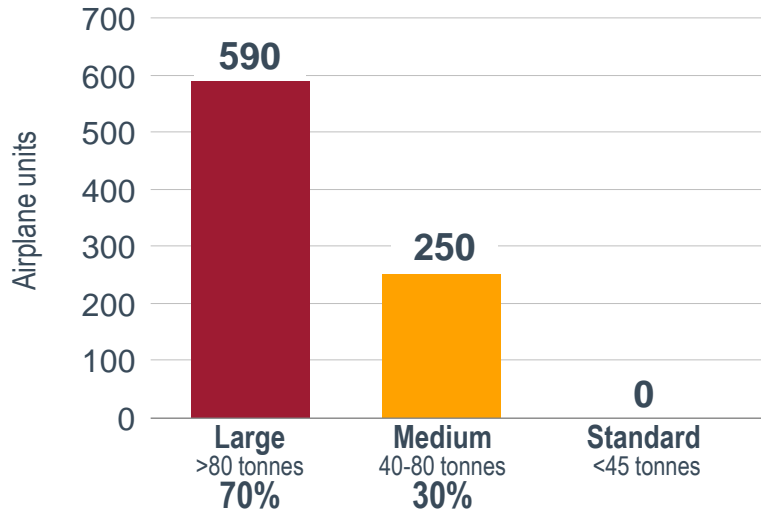


Future freighter deliveries will be led by demand for large widebodies



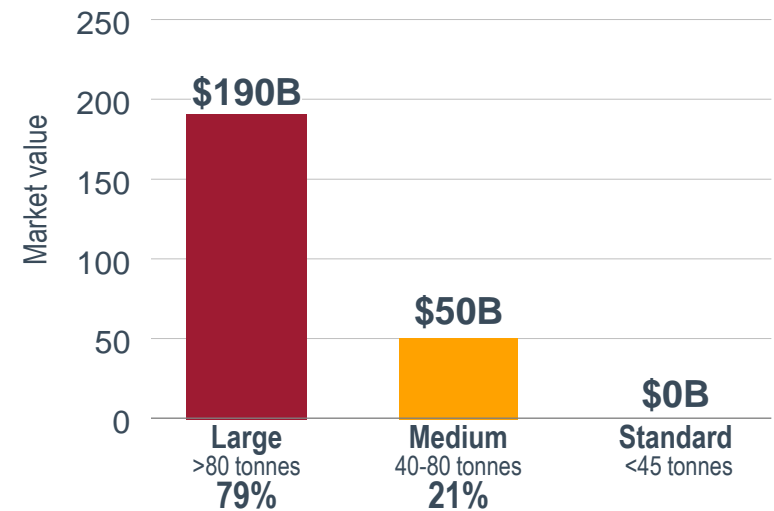
New freighter deliveries: 840

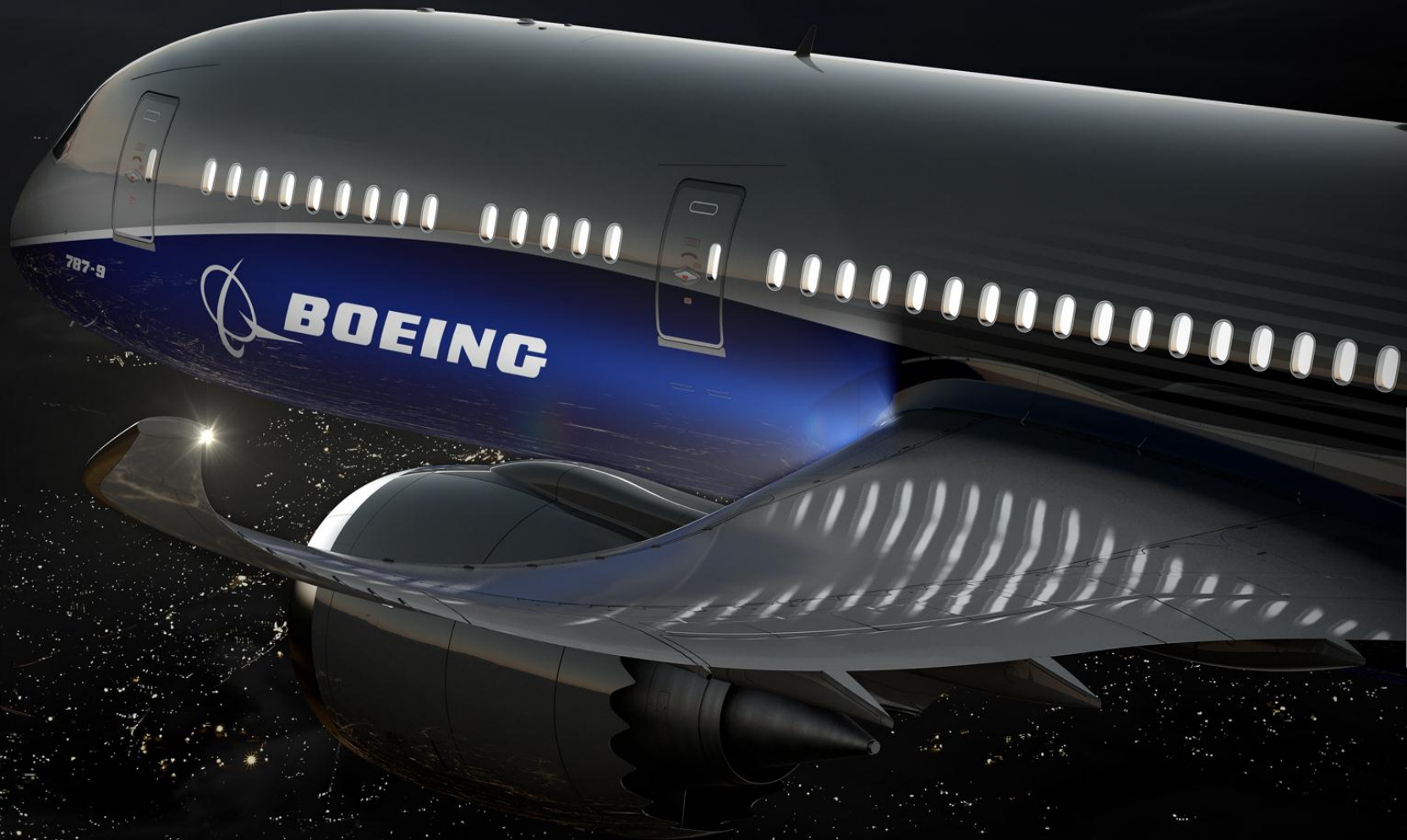
2014–2033



Market value: \$240 billion

2014–2033





Product strategy & development

More value to our customers in all markets

Efficiency designed-in from the start



Environmental performance

Long-range, fast, reliable

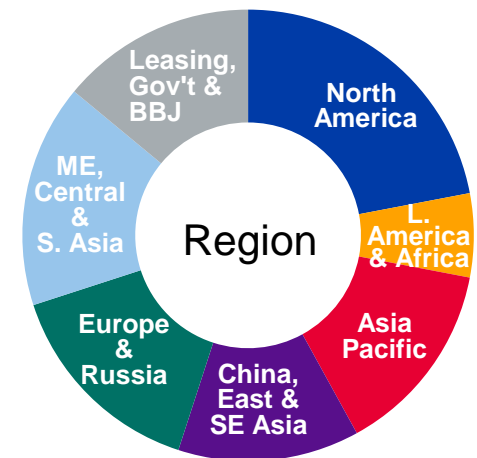
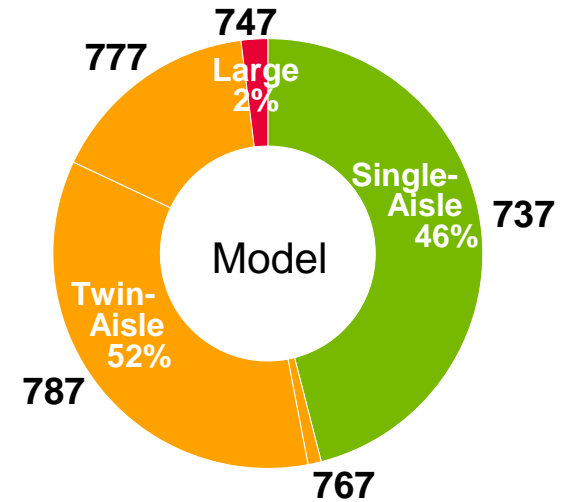
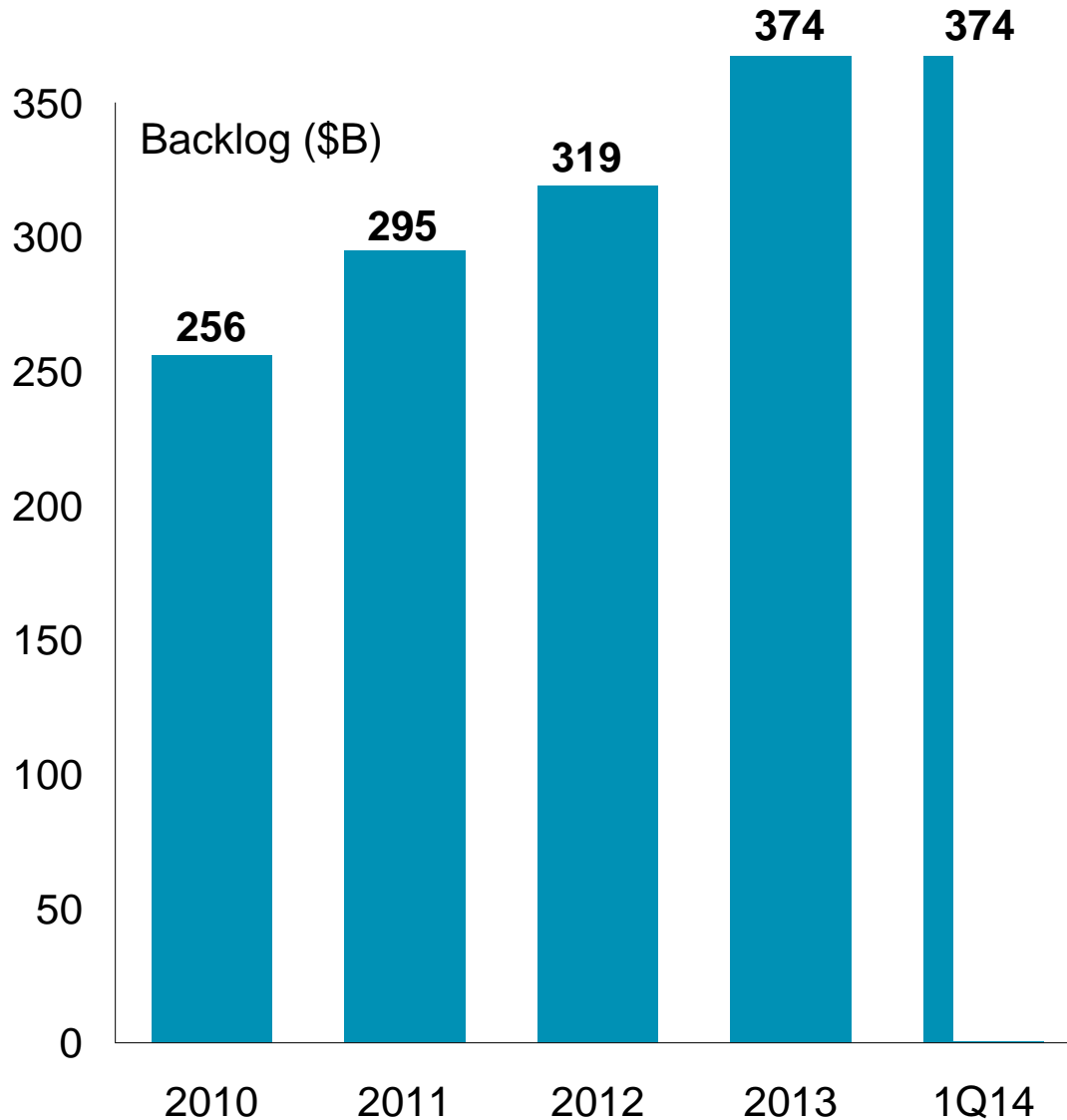
Operational commonality

Passenger experience

Low operating cost

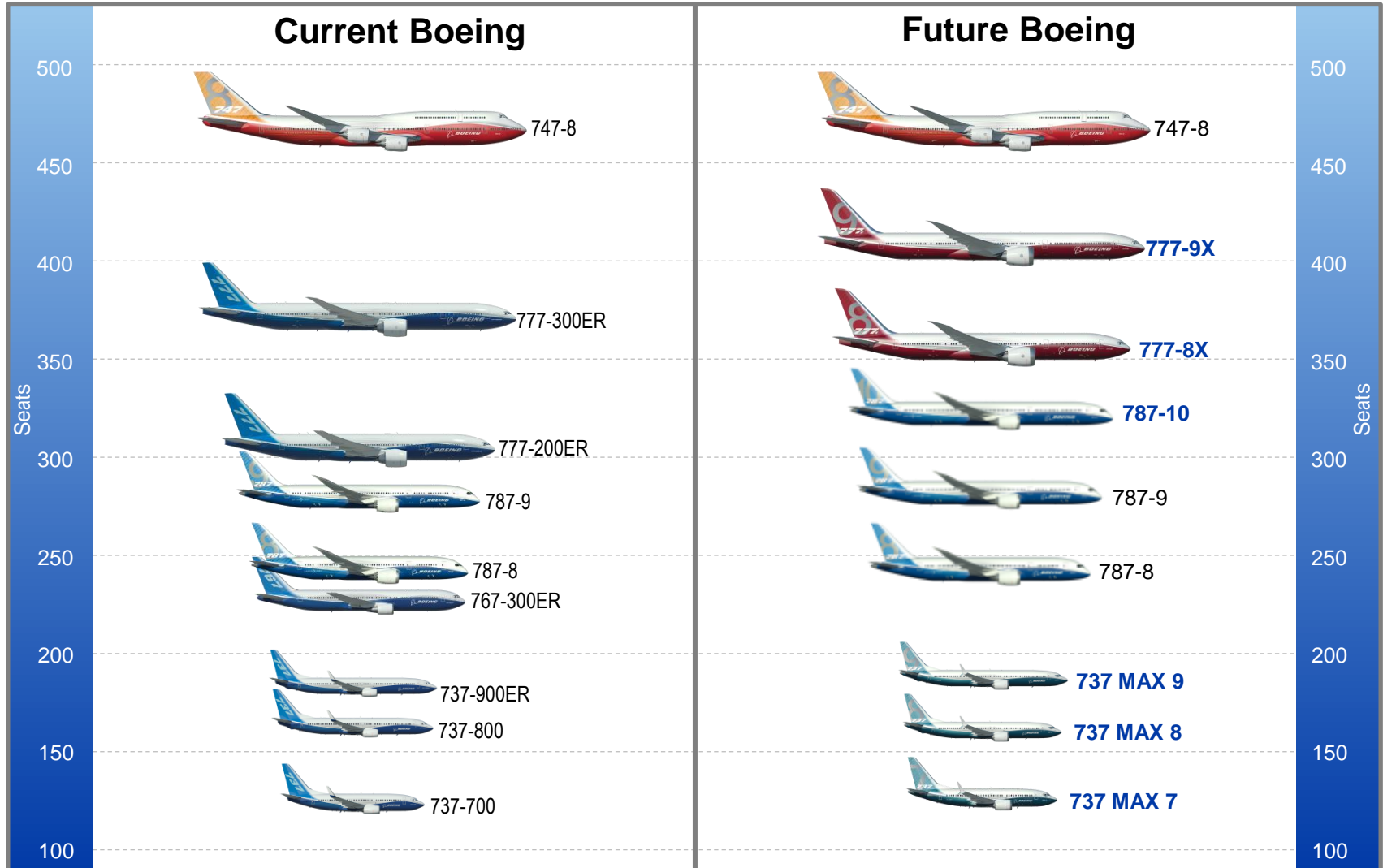
Standardization

Substantial, balanced backlog validates Boeing's product strategy



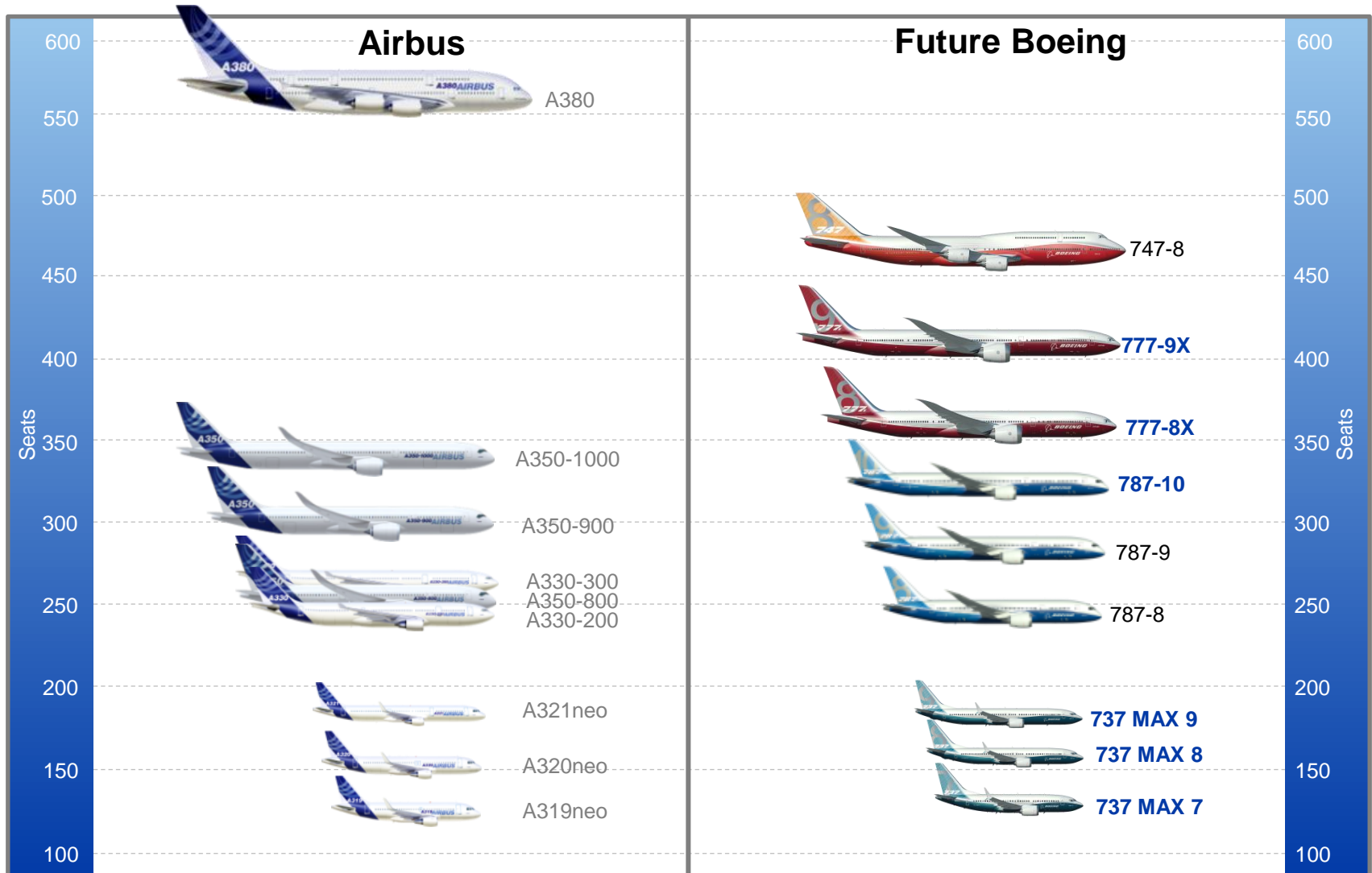
Boeing product line-up

Superior value, efficient market coverage



Boeing product line-up vs. the competition

Superior value, efficient market coverage



Things to remember



Strong, growing market being driven by customers flying where they want,
when they want

Single-aisle -- fastest growing and most dynamic segment -- fueling forecast

With the most comprehensive widebody lineup in the industry, Boeing will be
able to meet customers' needs now and in the future

***For more information, please visit our CMO website:
<http://www.boeing.com/cmo>***



***You can also visit my blog, Randy's Journal:
<http://boeingblogs.com/randy/>***

