Current Market Outlook 2016

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FARNBOROUGH INTERNATIONAL AIRSHOW 2016

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Agenda

Market performance and trends

Current Market Outlook (CMO)

Global market performance 2010 – 2015

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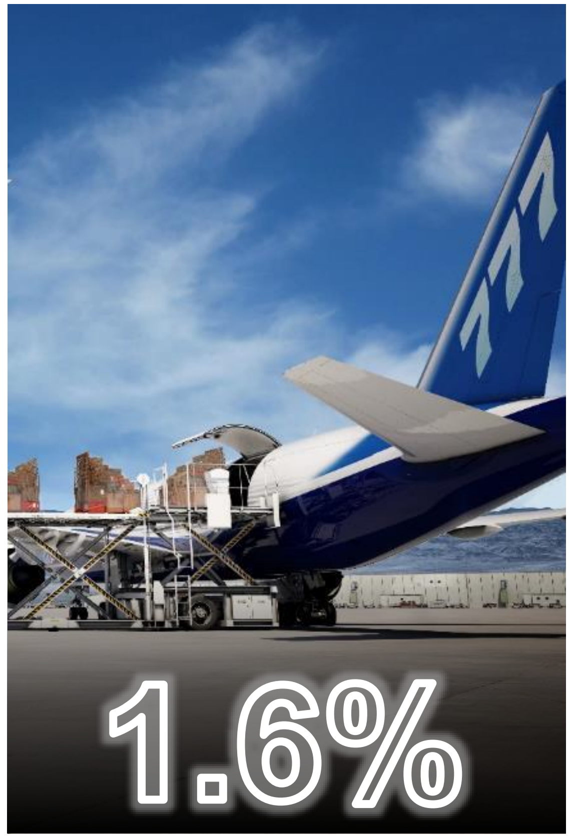
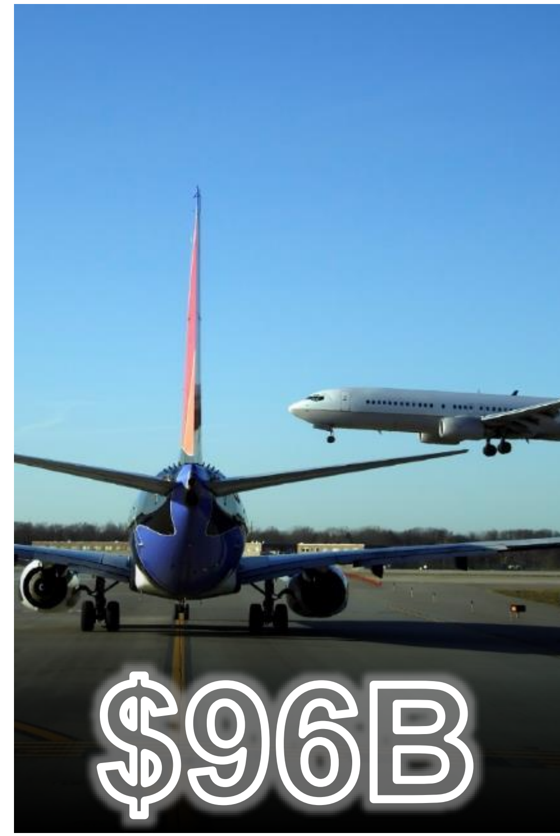
Passenger traffic growth



Cargo traffic growth



Airline profits

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2016 global market expectations

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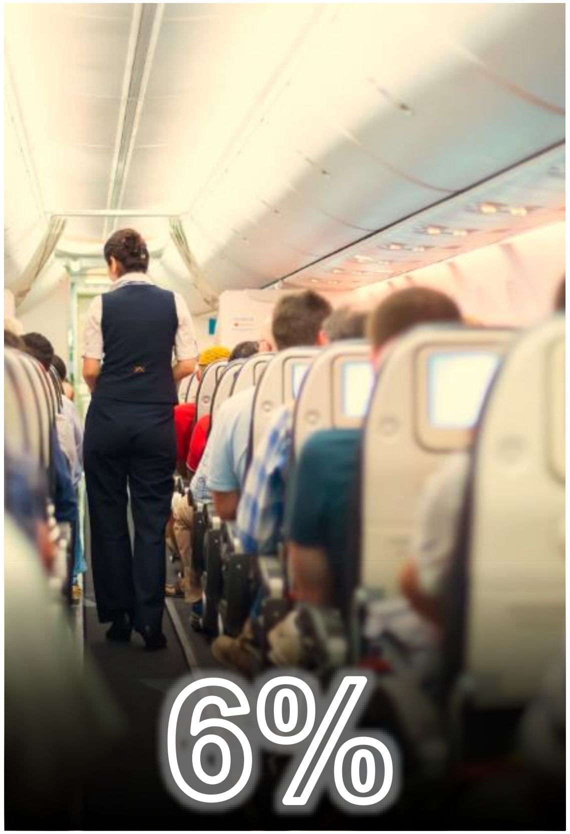
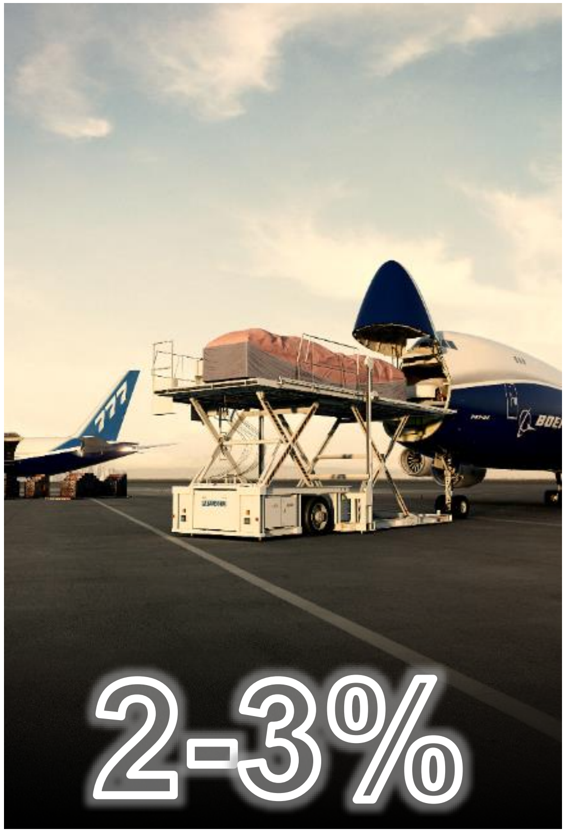


Passenger traffic growth



Cargo traffic growth

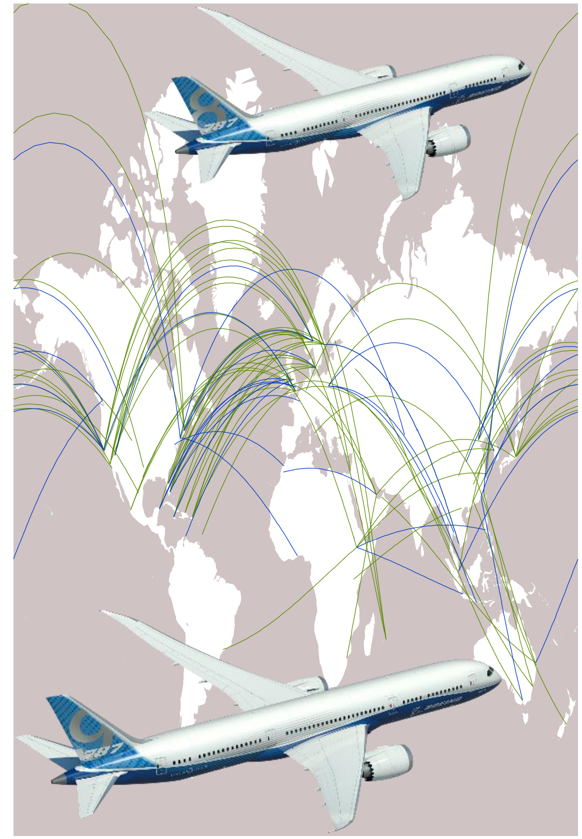
Airline profits

SOURCES: Boeing estimates for growth, IATA forecast for airline profits

Global aviation market trends

Growth driven by emerging economies, LCCs

Continued strong replacement demand



New airplanes, capabilities opening new markets

Emerging markets / China leading future growth

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	GDP growth 2015-2035	GDP contributions 2015-2035
Emerging Markets and China	**4.3%**	**$35 trillion**
Advanced Economies	**1.8%**	**$20 trillion**

LCCs taking >1/3 of new single-aisle deliveries

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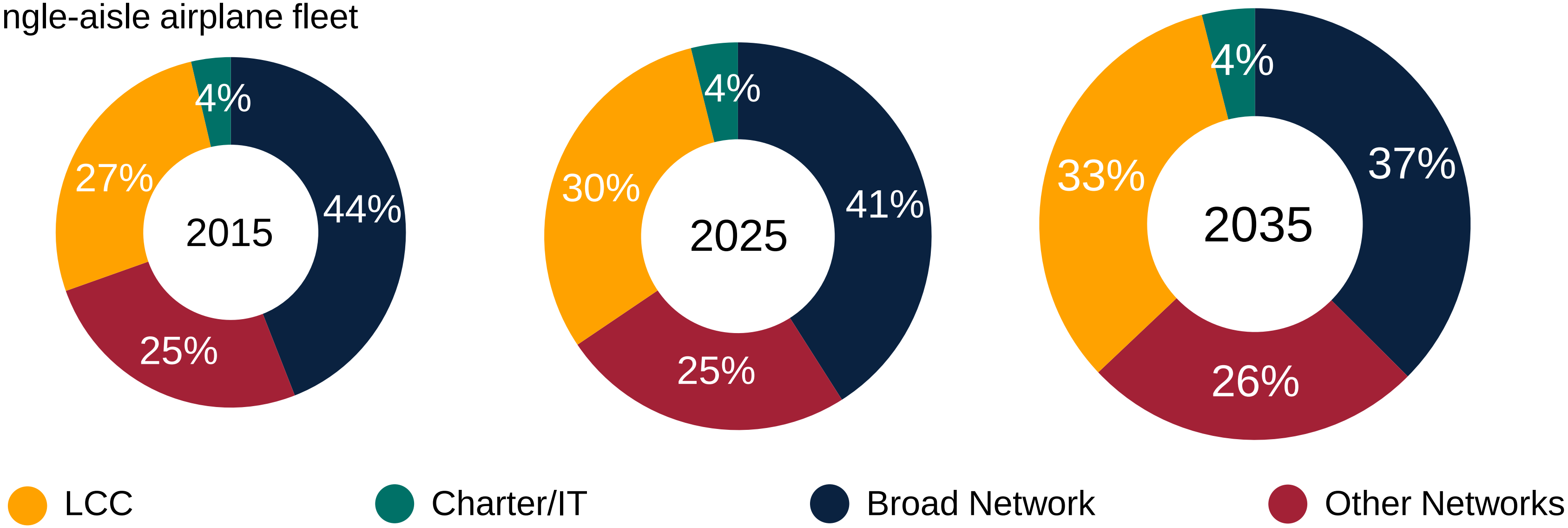
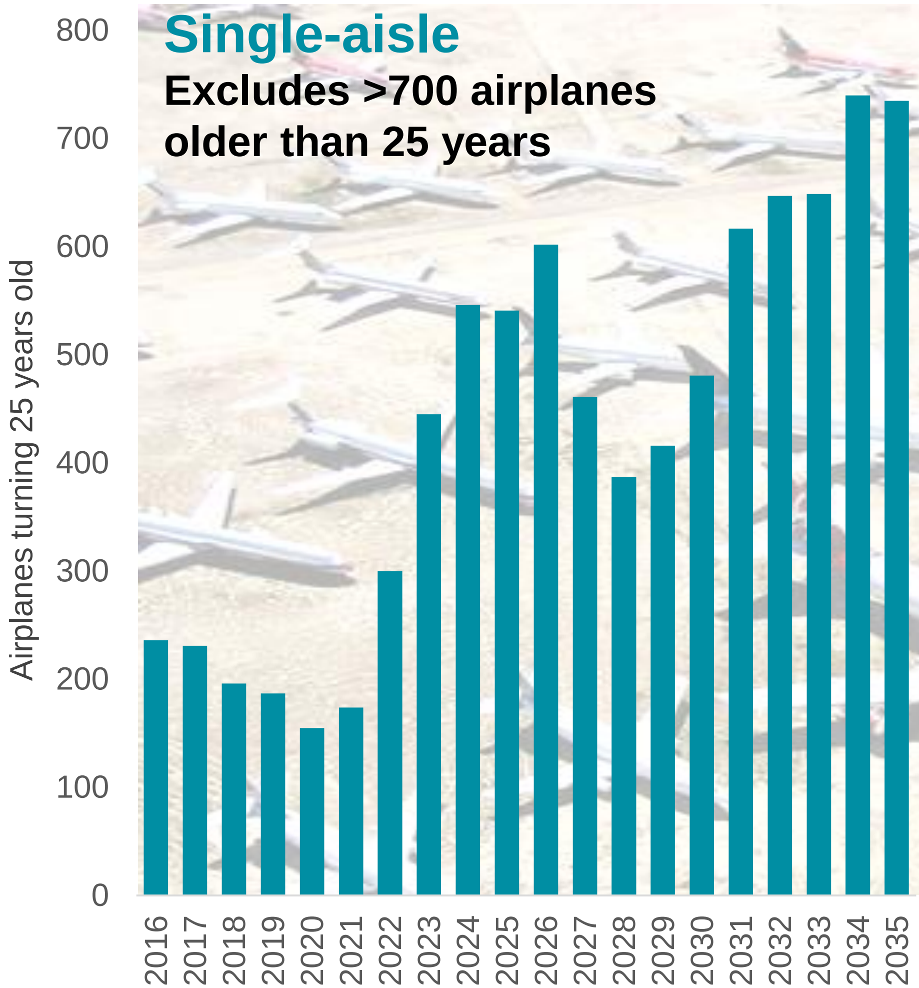
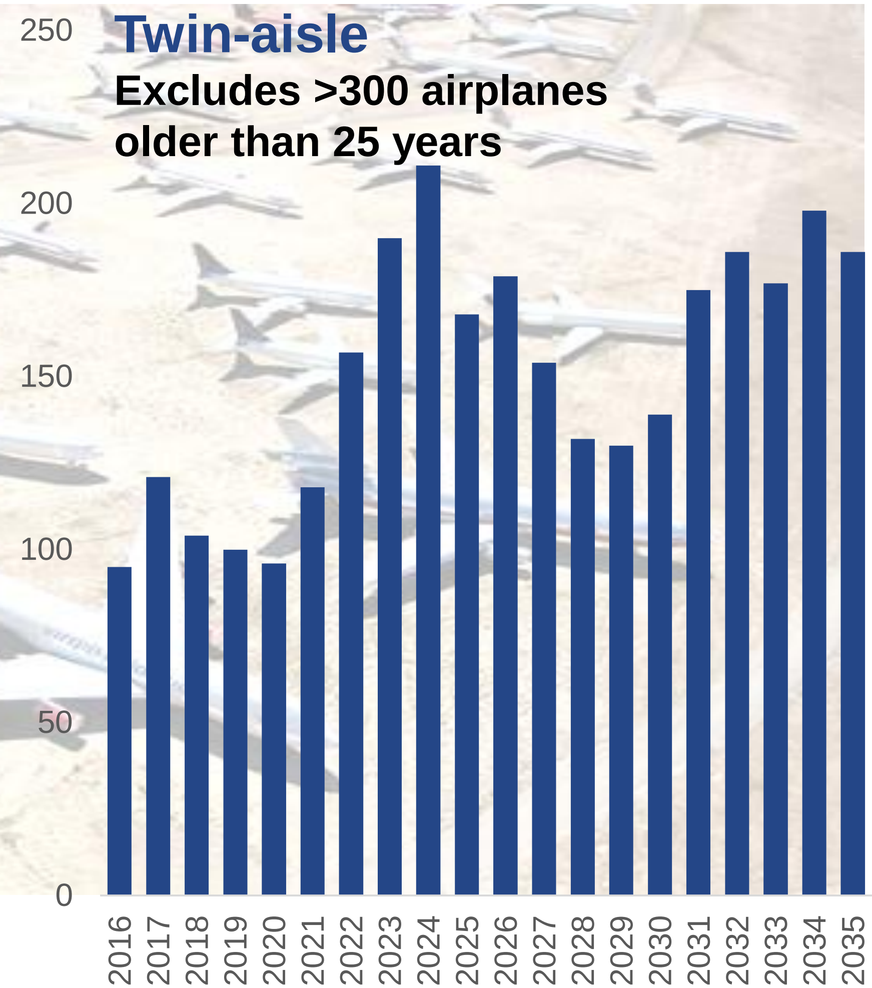
Single-aisle airplane fleet



SOURCE: Boeing CMOs

Replacement demand increasing





787 Dreamliner opening new markets

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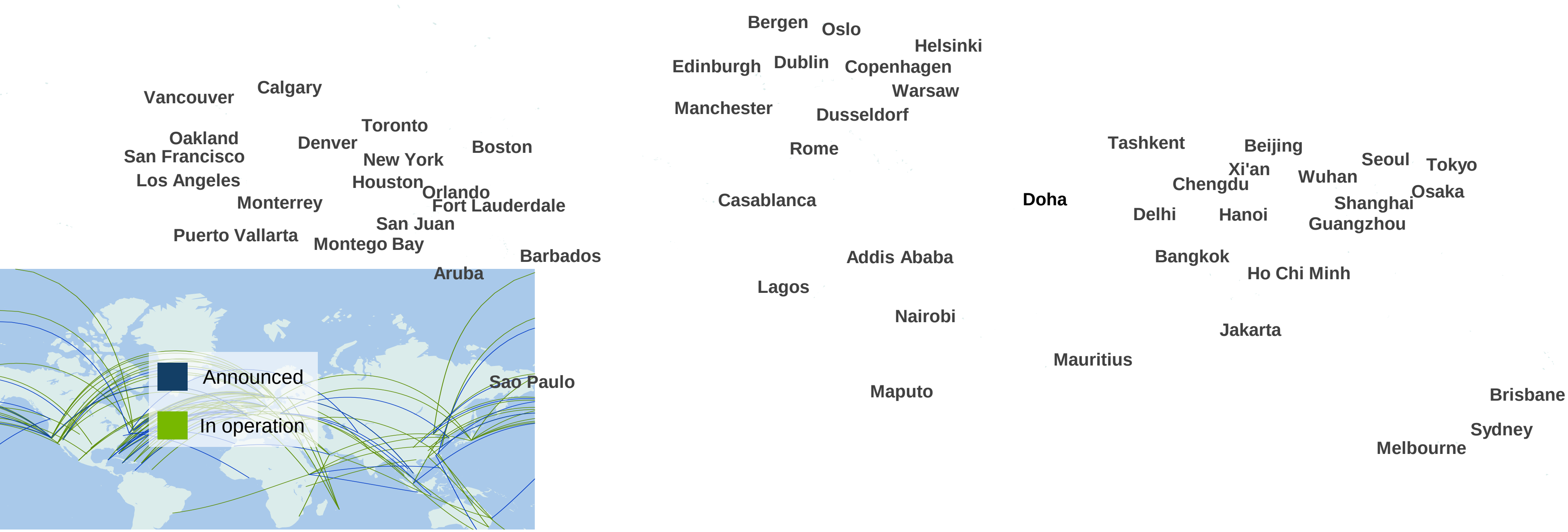
>100 new nonstop markets now connected with the 787



As of June 24, 2016

Agenda

Current Market Outlook (CMO)

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What's in the CMO?

20-year forecast

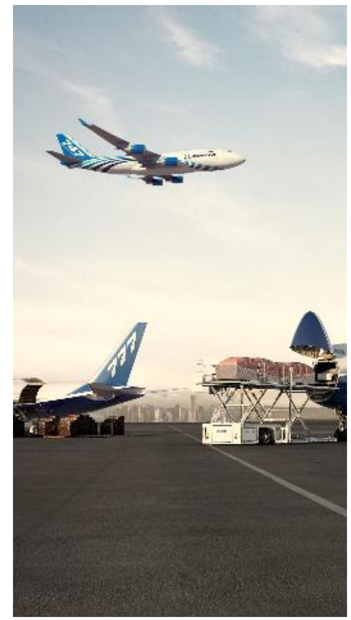
- Traffic
- Product

Global coverage

- 63 traffic flows

All jets >30 seats

- No turbo props
- No biz jets
- No military



Freighters

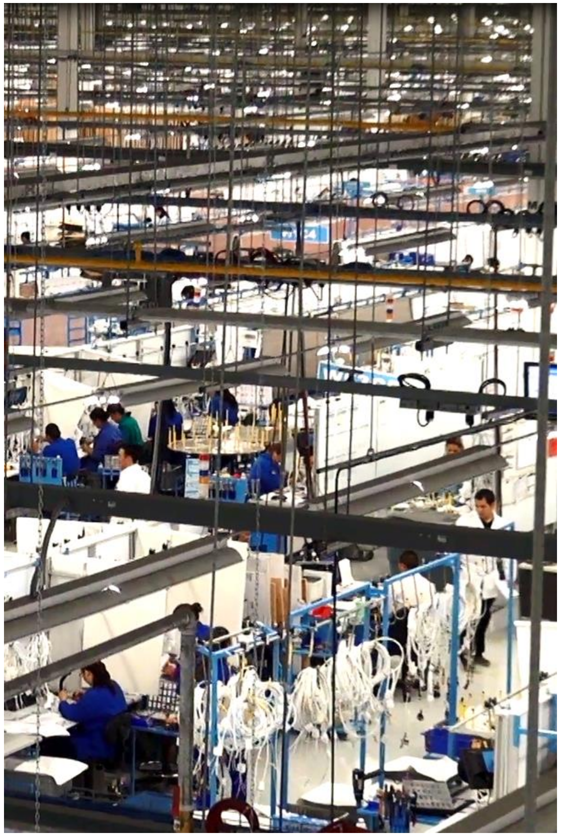
All flights

- Scheduled
- Nonscheduled

Why the CMO?

Product strategy

Long-range business plan



Suppliers and airline customers

Market forecast drivers and considerations

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Resilient, growing market expected to continue

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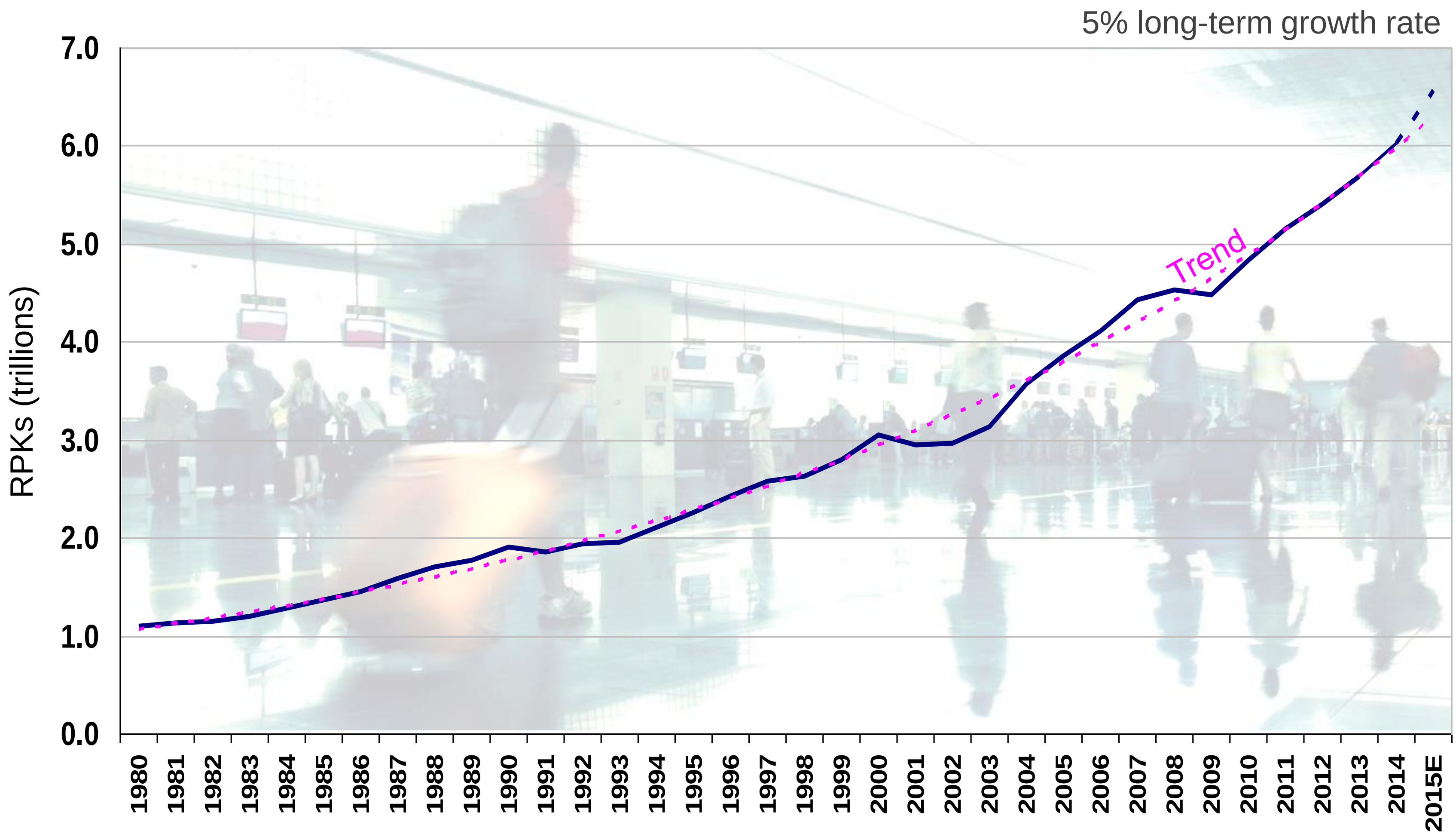

RPKs = Revenue Passenger Kilometers
SOURCE: ICAO scheduled traffic

20-year forecast: continued long-term growth

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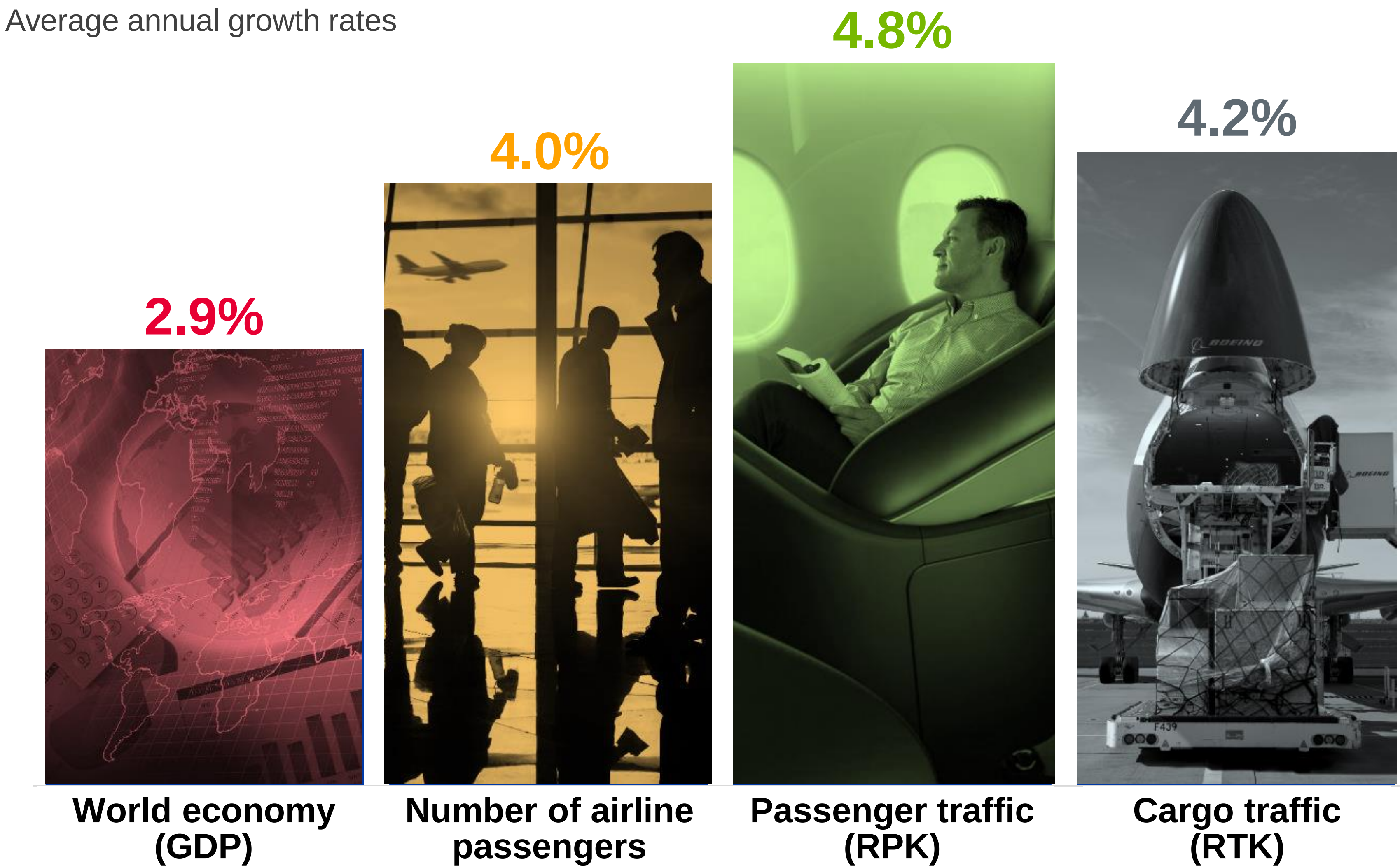

Airlines need 39,620 new airplanes valued at $5.9 trillion

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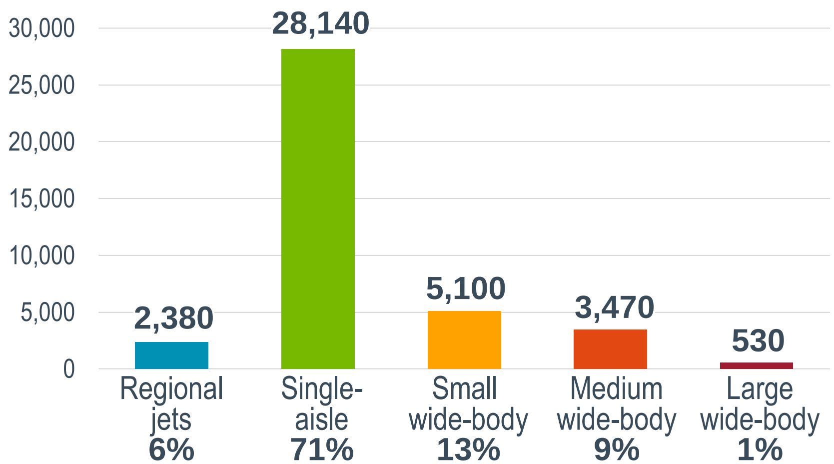
Airplane deliveries: 39,620

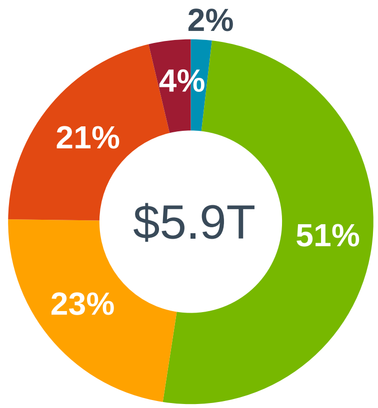
2016 - 2035



Market value: $5,930B

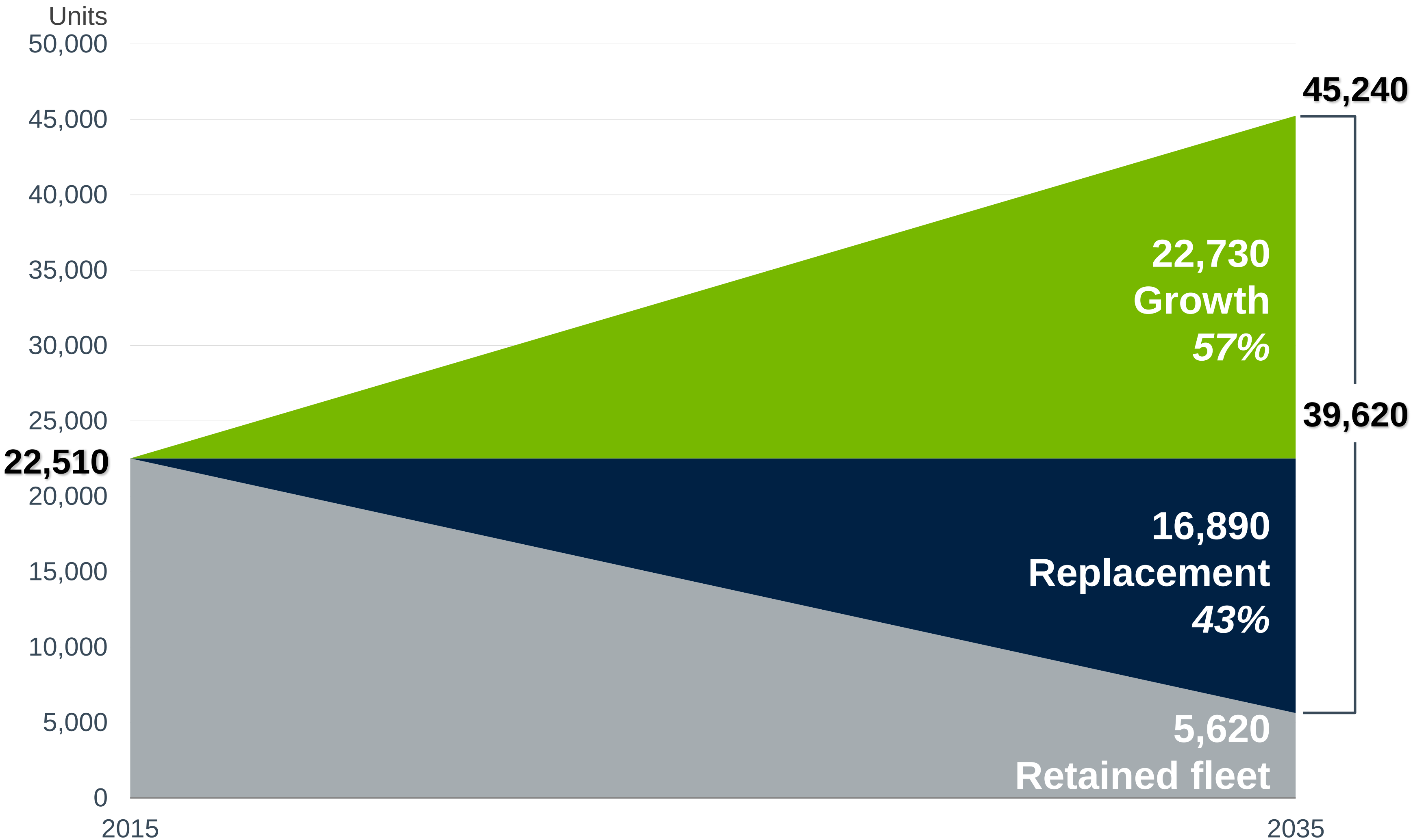
2016 - 2035

Airplane Type	Value
Regional jets	$110B
Single-aisle	$3,000B
Small wide-body	$1,350B
Medium wide-body	$1,250B
Large wide-body	$220B
World Total	**$5,930B**



NOTE: market share may not equal 100% due to rounding

World fleet will double



Emerging markets are driving economic growth

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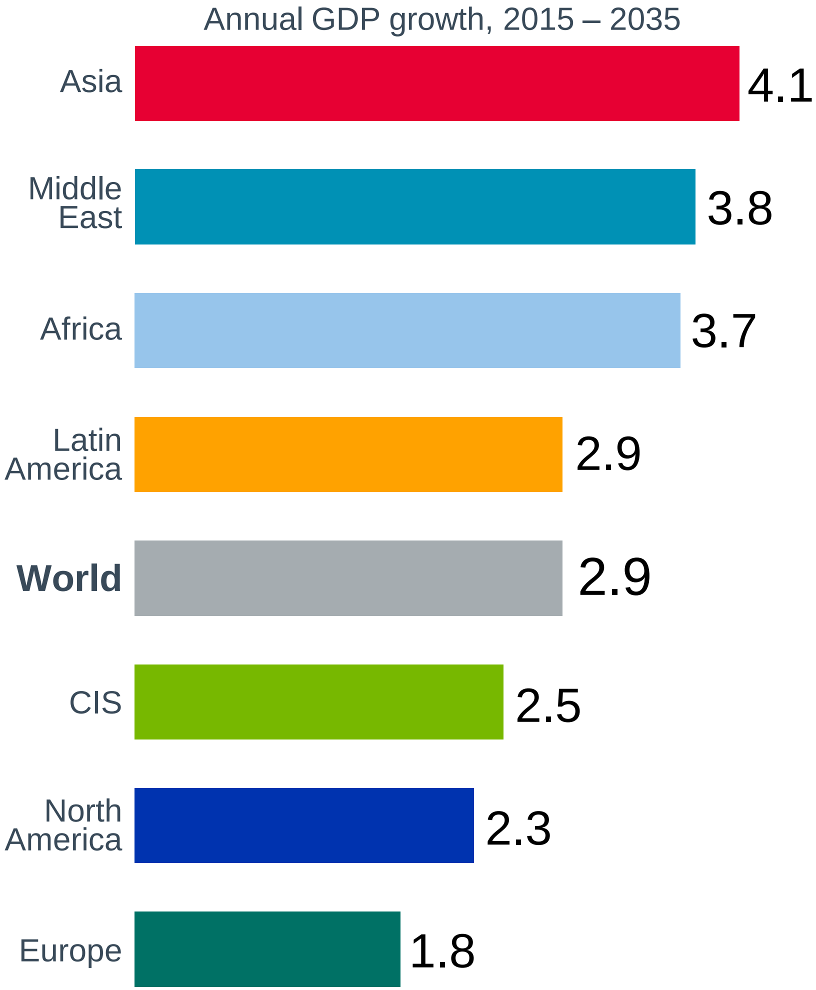

SOURCE: IHS Economics

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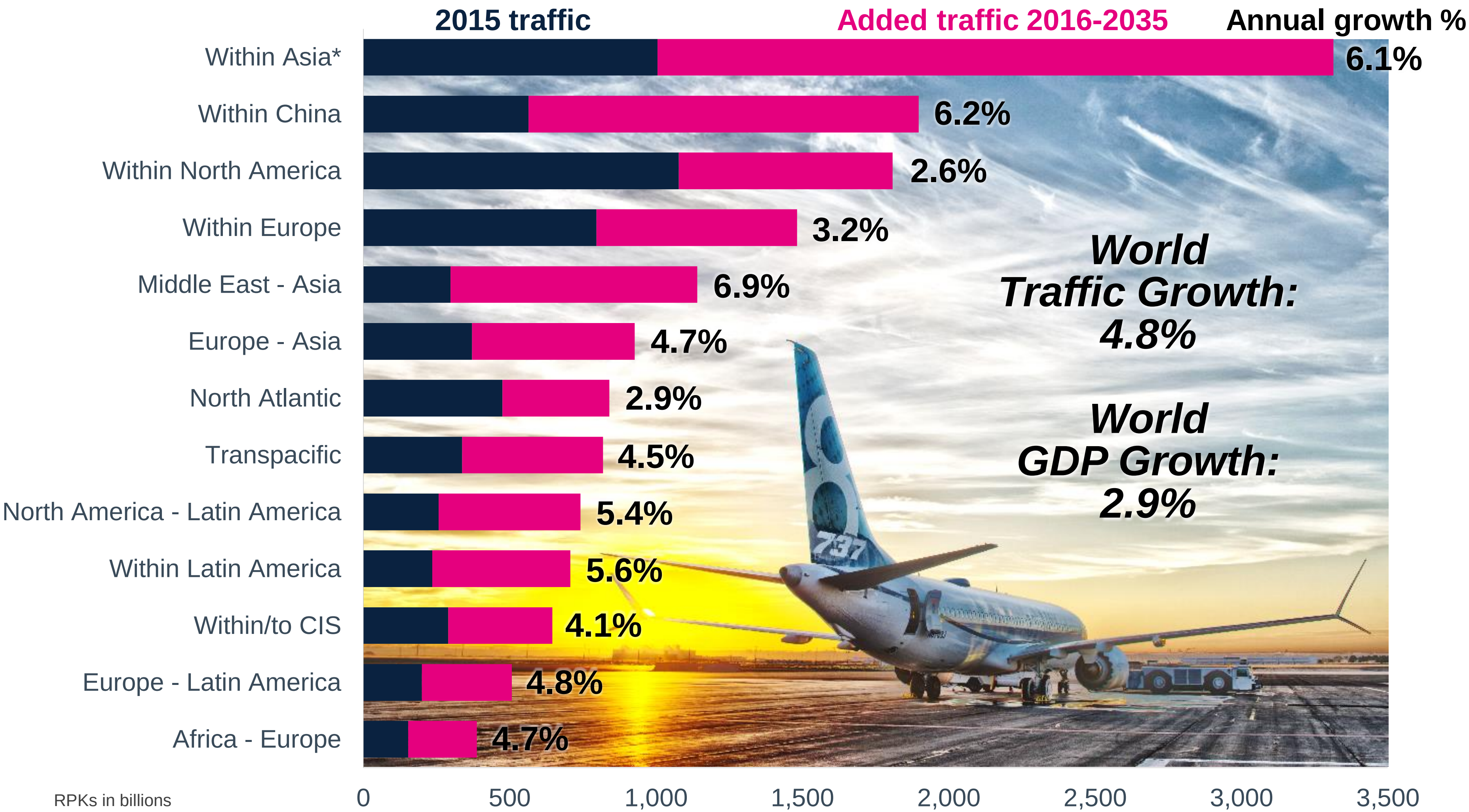
Air travel growth varies by market



RPKs in billions
*Does NOT include travel within China

Market to become even more geographically balanced

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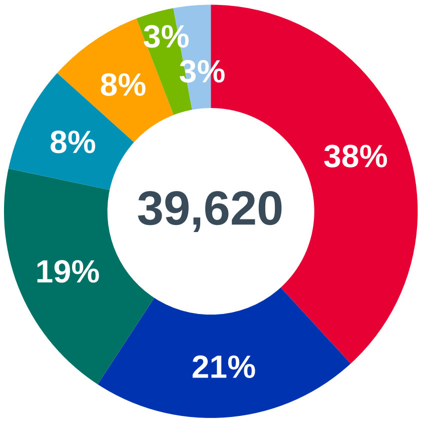
New airplane deliveries by region

2016–2035

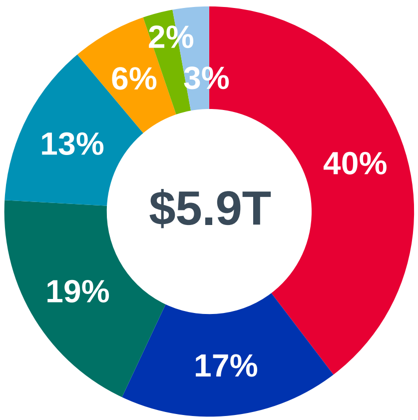
Region	Airplanes
Asia	15,130
North America	8,330
Europe	7,570
Middle East	3,310
Latin America	2,960
C.I.S.	1,170
Africa	1,150
World Total	39,620



Market value by region

2016–2035

Region	$B
Asia	2,350
North America	1,030
Europe	1,120
Middle East	770
Latin America	350
C.I.S.	140
Africa	170
World Total	$5,930B



Airlines will need 28,140 single-aisles valued at $3 trillion

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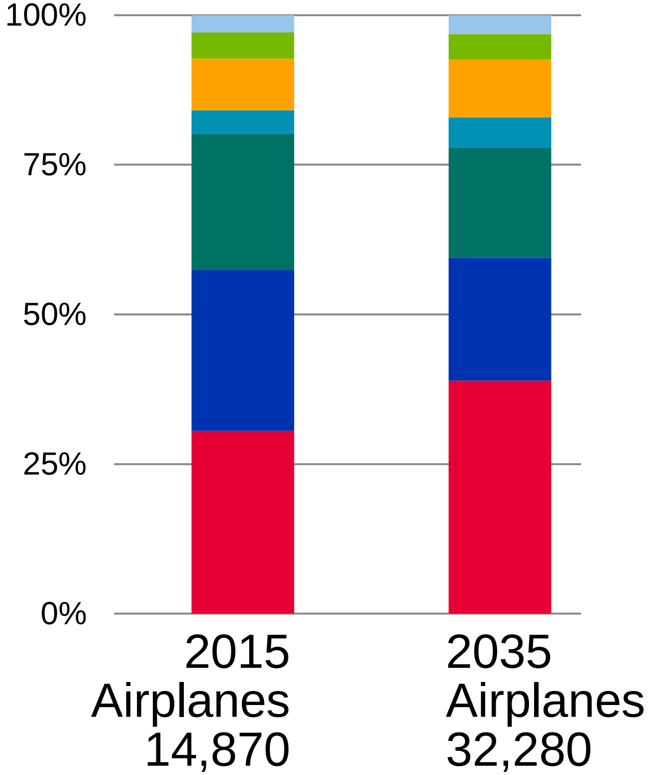
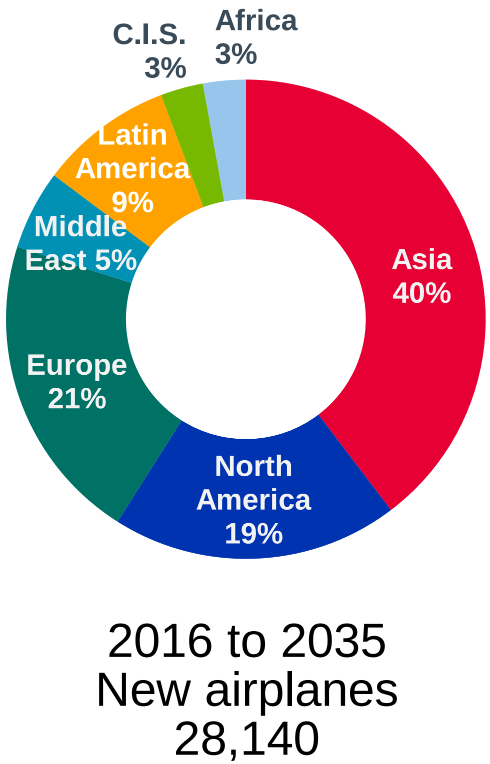
Share of fleet



Delivery units



Single-aisle seat capacity growing at ~1% per year

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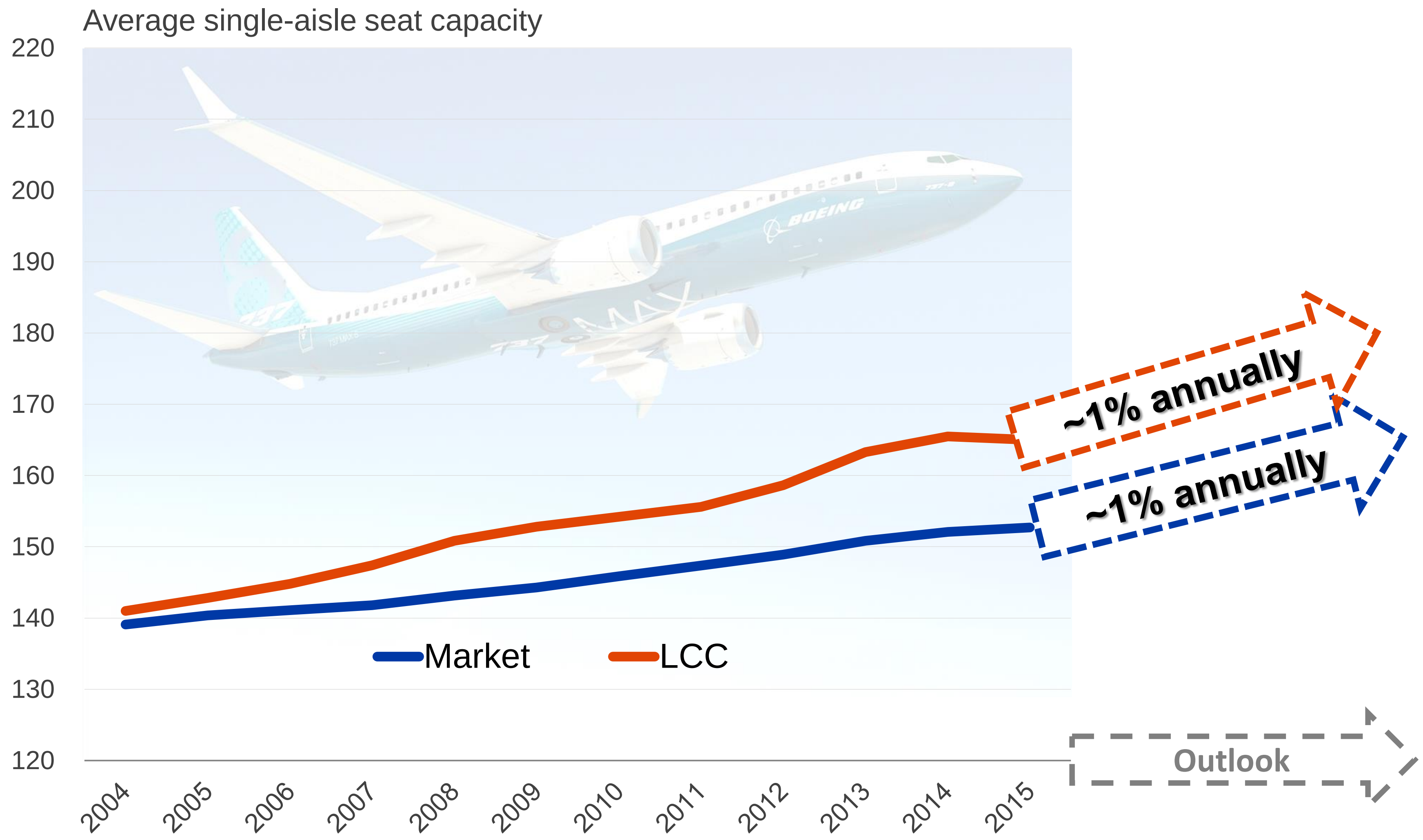

Single-aisle seating capacity increasing

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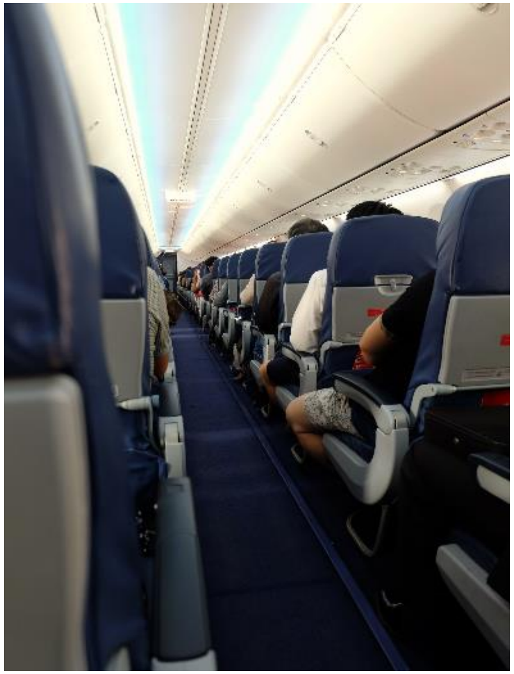
Fast growing LCCs



Improved cabin efficiencies

Modest upgauging

Medium-size aircraft are at heart of single-aisle market

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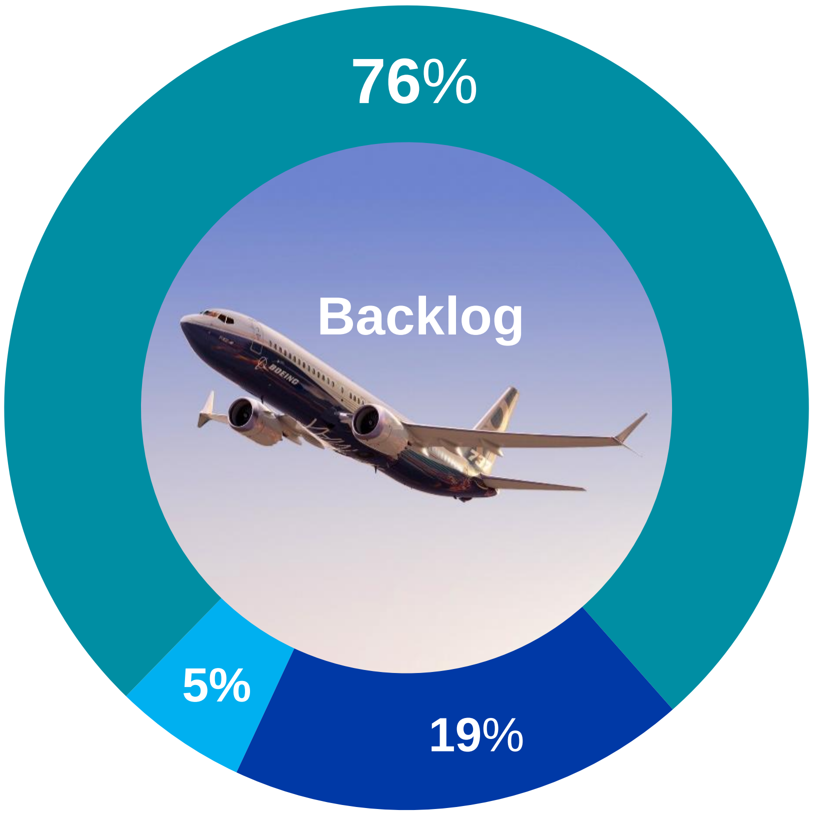

Small – MAX 7 size

Medium – MAX 8 size

Large – MAX 9 size

SOURCE: Ascend Online Data June 28, 2016
All passenger jet airplanes >110 seats in commercial use

Airlines will need 9,100 wide-bodies valued at $2.8 trillion

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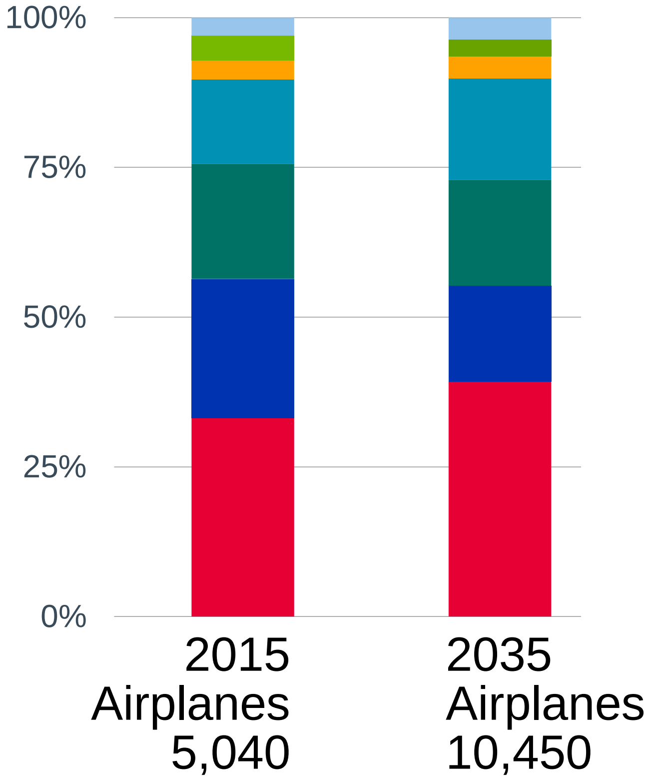
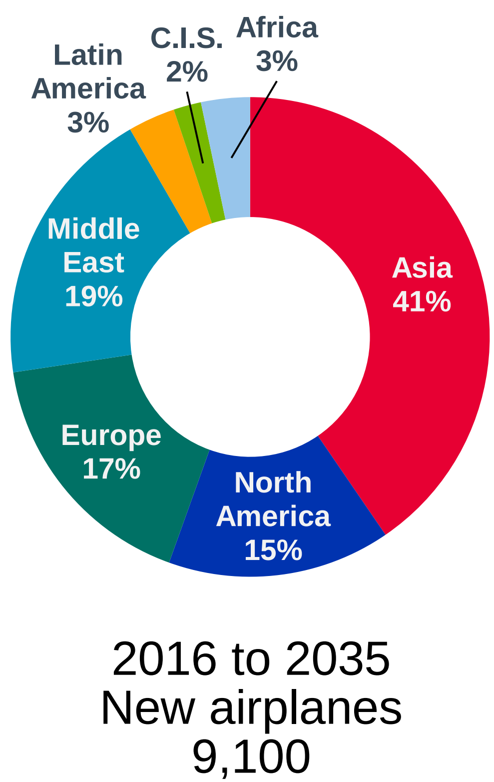
Share of fleet



Delivery units




NORTHWEST

In 1990, >30 routes to / from Tokyo were served by large airplanes

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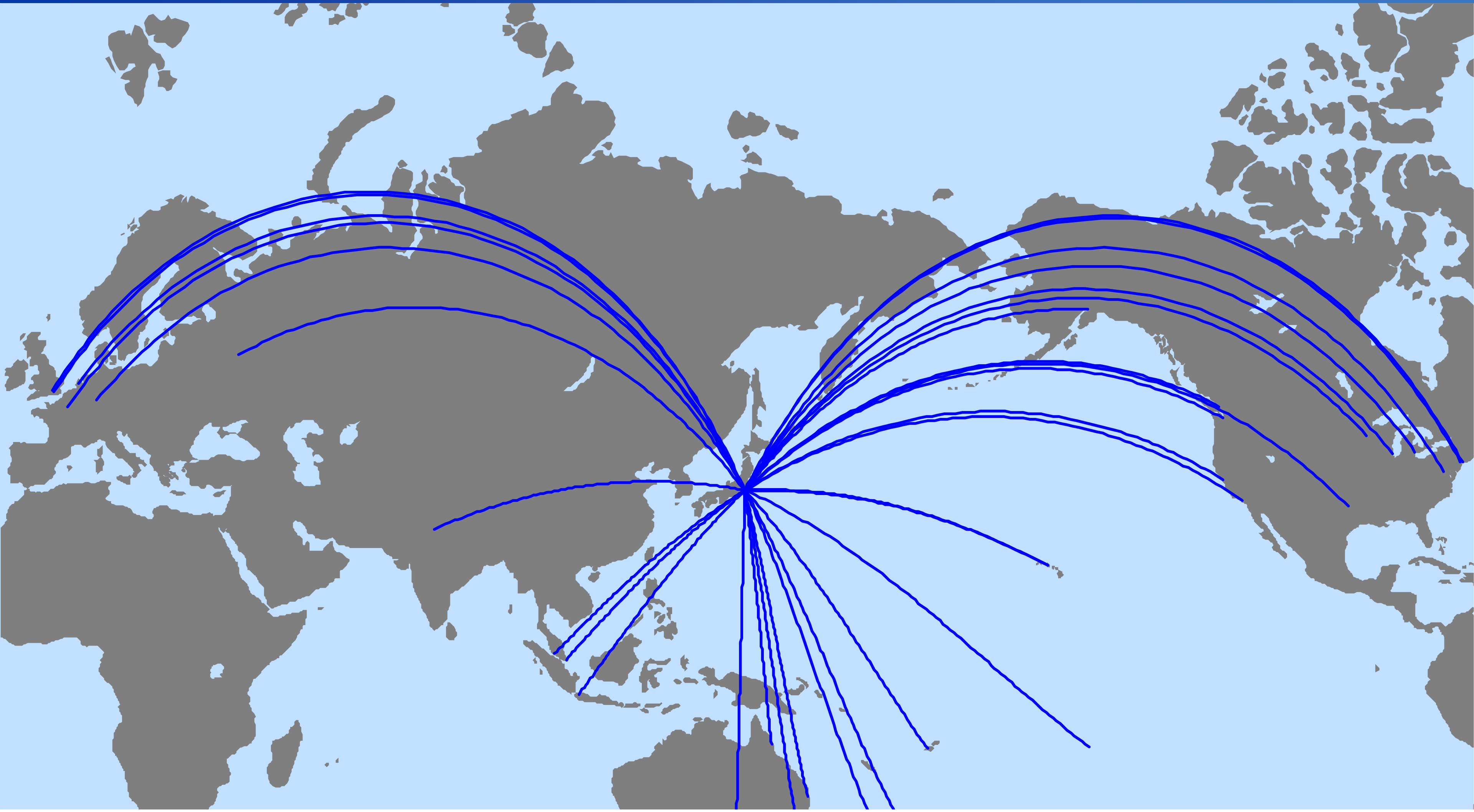

SOURCE: OAG / Innovata

In 2016, only 8 routes to / from Tokyo served by large airplanes

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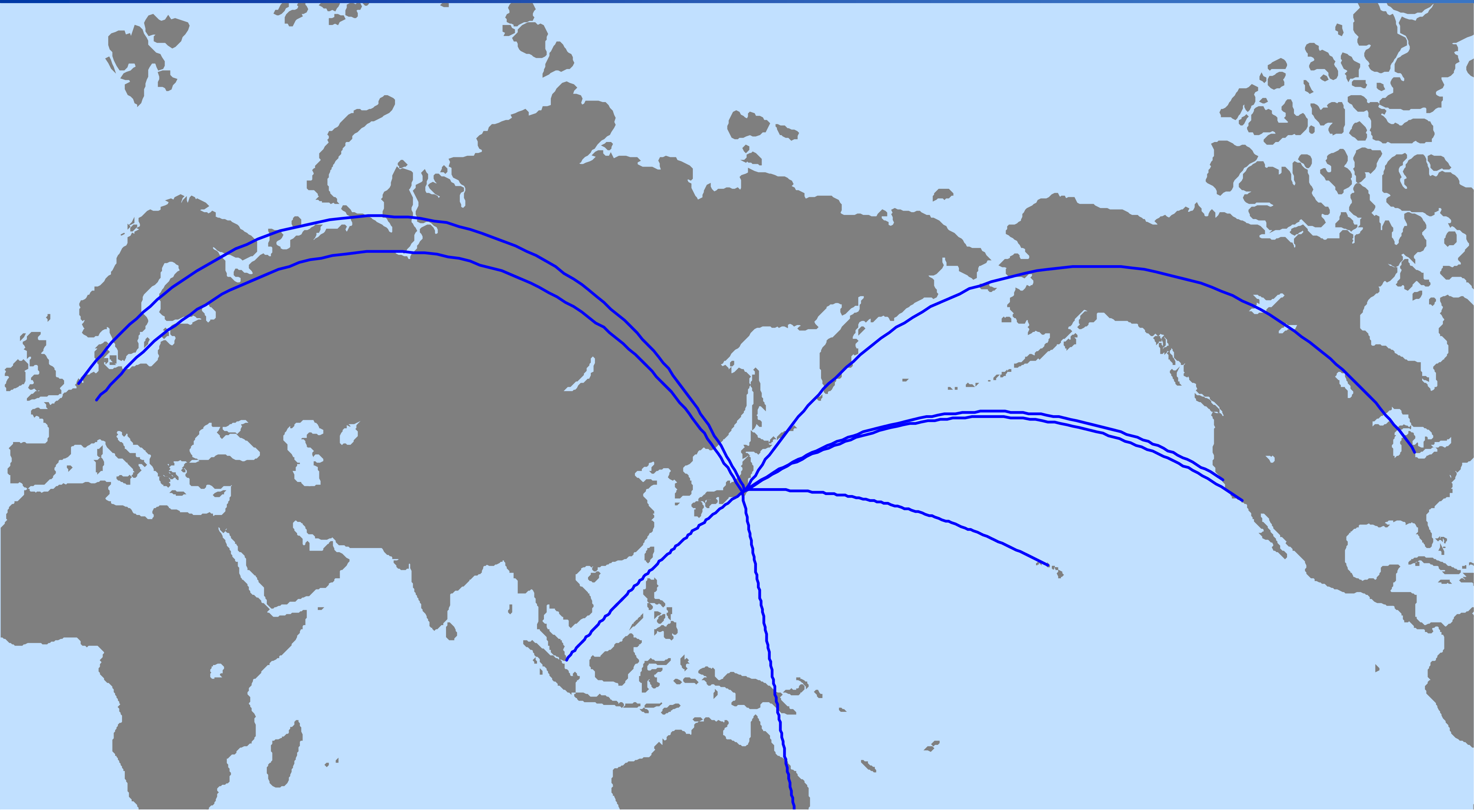

SOURCE: OAG / Innovata

Shift from large to smaller wide-bodies

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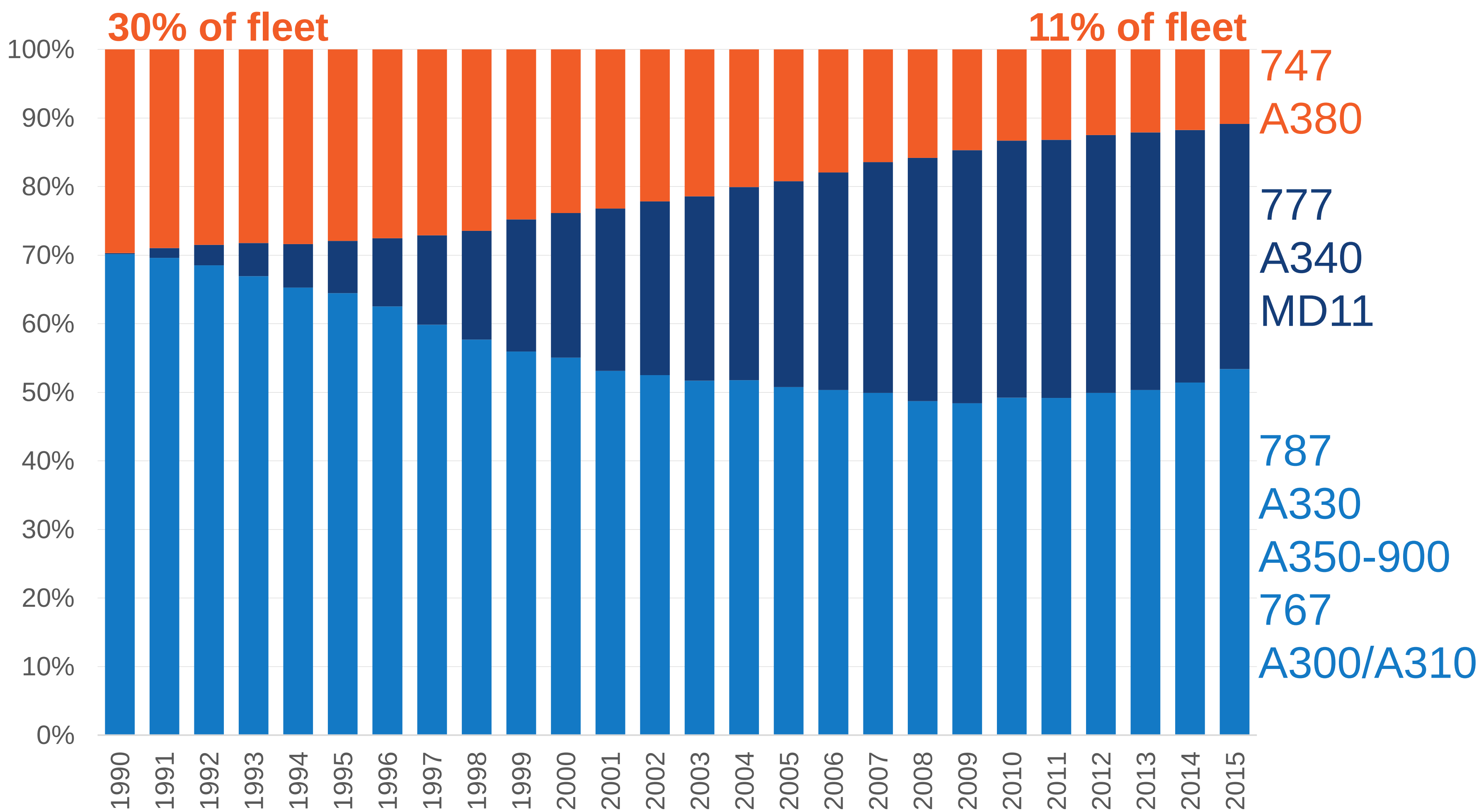

SOURCE: Ascend commercial passenger widebody fleet in service at year-end

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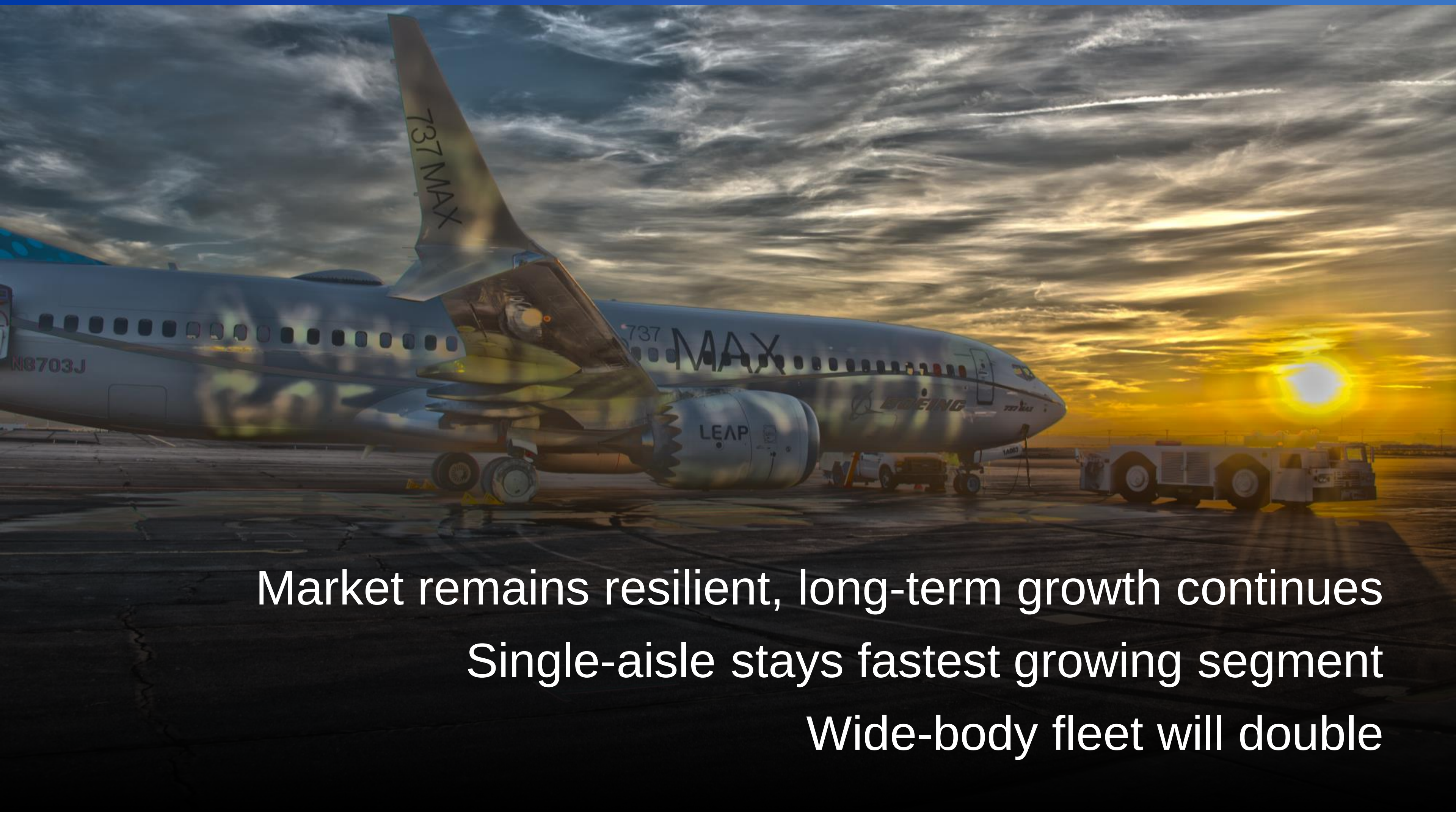
Market summary



Market remains resilient, long-term growth continues

Single-aisle stays fastest growing segment

Wide-body fleet will double

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