

Boeing says 737 MAX return delayed until mid-2020 (Update)

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Boeing halted production of the top-selling 737 MAX aircraft, and the return to the skies has been delayed repeatedly

Boeing on Tuesday officially pushed back the timeframe for the 737

MAX to return to the skies, sending shares plunging and overshadowing an earlier announcement of a first flight of the delayed 777X plane.

Boeing said it is now targeting the return of the grounded MAX "during mid-2020," the latest delay in the schedule for the troubled jet, which has been grounded since March following two deadly crashes.

Boeing shares finished at \$313.37, down 3.3 percent, after the New York Stock Exchange earlier halted trading for around 40 minutes.

The company is in the process of raising at least \$10 billion from Wall Street banks to cover costs connected to the MAX crisis, bank sources said Monday.

Boeing has told customers and suppliers "that we are currently estimating that the ungrounding of the 737 MAX will begin during mid-2020," the company said in a statement.

That marked a shift from Boeing's most recent stance on its top-selling aircraft when it eliminated a target date entirely after repeatedly failing to keep to timetables in 2019.

But even the vague mid-2020 target is later than some analysts had expected and it probably represents a best-case scenario that could again be pushed back.

The Federal Aviation Administration had publicly criticized Boeing for continually touting its aggressive timeframe in public for the MAX's return, suggesting the target was a tool for pressuring the agency into approving the plane more quickly.

On Tuesday, an FAA spokesman reiterated that it has set "no timeframe" for the MAX's certification.

"We continue to work with other safety regulators to review Boeing's work as the company conducts the required safety assessments and addresses all issues that arise during testing," the FAA said.

First flight

The MAX statement overshadowed an earlier announcement that the 777X would undertake its first flight on Thursday, progress for a key wide-body jet that has itself been delayed for different reasons.

That trial run is scheduled for Thursday at 1800 GMT, although "flight testing is dynamic, and the date could change due to weather and other factors," Boeing said.

The 777X flight initially had been planned for summer 2019 but was shifted back due to a number of issues, including with a new engine built by General Electric.

There have been 340 orders for the 777X, mostly from giants such as Emirates, Lufthansa, Cathay Pacific, Singapore Airlines and Qatar Airways. The plane is a rival option to the Airbus A350.

If all goes well with the first flight, Boeing will then submit documents to the FAA as part of the formal certification process, which includes a test flight.

Boeing is now pointing to early 2021 for first commercial deliveries of the plane, months later than the mid-2020 timeframe previously targeted.

Development of the long-range aircraft, which can carry between 384 and 426 passengers, hit a snag in September when the fuselage of the plane split during a stress test.

MAX costs keep rising

Meanwhile, Boeing is seeking some \$10 billion in loans to deal with swelling costs for the MAX which have reached \$9.2 billion based on company disclosures thus far. But the number is expected to rise when the company reports earnings later this month.

Boeing's MAX bill includes compensating airlines for delayed deliveries and lost service on thousands of MAX flights, paying out legal settlements to victims, storing and maintaining hundreds of MAX planes that have been built but not delivered and managing costs across the MAX program during the period before Boeing halted output completely.

Boeing has for now received assurances of about \$6 billion in lending from leading banks, sources said. The group includes JPMorgan Chase, Bank of America Merrill Lynch, Citigroup and Wells Fargo.

Moody's in December cut Boeing's debt rating after the company announced it would halt production on the MAX amid delays in winning regulatory approval for the plane.

And last week, Moody's placed Boeing under review for another potential downgrade, citing continued uncertainty about the company's prospects following the production shutdown and after Boeing endorsed simulator training for MAX pilots, a move that could delay the commercial return of the planes.

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