

Boeing reports steep drop in 2020 deliveries, backlog

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Boeing reported a big drop in 2020 deliveries and a reduced backlog in orders as it contended with dual 737 MAX and Covid-19 crises

Boeing on Tuesday reported a plunge in annual plane deliveries and a diminished order backlog as it contended with dual crises caused by the

737 MAX grounding and the travel industry downturn brought about by COVID-19.

The figures offer the final tally of a bruising year that forced Boeing in March to seek a bailout from Washington as it faced existential questions during the apex of both crises. Boeing was successful in obtaining the aid, but turned to private support instead.

Boeing, which has cut tens of thousands of jobs amid its struggles, delivered just 157 planes last year, down 59 percent from 2019.

The company's backlog at the end of 2020 stood at 4,223, down from nearly 5,900 planes at the end of 2018, when the airline industry was still in growth mode prior to COVID-19 and the MAX was still flying.

Airlines in 2020 canceled 641 orders for the MAX, which was cleared later that year to resume flights in the United States and some other markets following a 20-month grounding after two fatal crashes.

Survival mode

The tally—which left Boeing far below rival Airbus in annual deliveries—concludes a year that began with newly-installed Chief Executive Dave Calhoun pushing back the targeted return of the MAX and endorsing enhanced training for its pilots.

Both were efforts to repair the aerospace giant's relationship with US air safety regulators following two crashes of the jet that killed 346 people.

With the MAX still grounded and facing myriad questions, Boeing's prospects took a major hit in March as airline travel declined to a trickle when the United States and other major economies shut down to counter COVID-19.

Faced with questions over its long-term survival, Boeing mounted a campaign in Washington for a federal bailout, ultimately garnering a measure for \$17 billion in relief under the CARES Act package in March.

In the end, Boeing opted not to tap the funds after emergency steps initiated by the Federal Reserve opened up the debt market. Boeing announced in April it would raise \$25 billion in publicly-traded bonds.

Return of the MAX

Boeing's fortunes began to turn in the fall, when the Federal Aviation Administration cleared the MAX to return to service following an extensive review.

On December 3, Boeing announced its first major order for new MAX planes following the 20-month grounding from Ireland's Ryanair. Progress on coronavirus vaccines has boosted expectations for when the airline industry recovery will take place.

During much of 2020, Calhoun predicted it would require about three years for the airline industry to return to pre-pandemic levels of activity and about five years to return to growth.

But in early December, the Boeing chief said the vaccine "came along a little faster than I think most people thought, which means that our timeline is a little more aggressive today" compared with earlier projections.

Last week, Boeing settled a US criminal probe over its certification of the MAX, paying \$2.5 billion in fines to settle claims the company defrauded regulators overseeing the 737 MAX.

An older-generation Boeing jet was involved in a crash in Indonesia last week that killed 62 people. A probe into that crash is likely to take months.

Boeing expressed confidence in its future Tuesday.

"Through the global pandemic, we took meaningful steps to adapt to our new market, transform our business and deliver for our commercial, defense, space and services customers in 2020," said Boeing Chief Financial Officer Greg Smith, who called regulatory approval for the MAX to resume service a "key milestone."

"In 2021, we'll continue taking the right actions to enhance our safety culture, preserve liquidity and transform our business for the future," Smith said.

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