

United Airlines announces huge Boeing 787 order

December 13 2022, by John BIERSE



A Boeing employee works on the aft portions of a 787 Dreamliner during the manufacturing process at the Boeing manufacturing facility in North Charleston, South Carolina.

United Airlines on Tuesday unveiled an order of 100 new Boeing 787

Dreamliners, with options for an additional 100 jets, as the company banks on rebounding demand for international travel following a years-long pandemic slowdown.

The huge order, the largest by an American carrier for this class of aircraft, marks a victory for Boeing after 346 people died in two major 737 MAX crashes that grounded the jet globally for more than a year and a half.

Boeing has targeted mid-decade to return to its pre-pandemic financial health after the 737 MAX scandal and other woes.

United Chief Executive Scott Kirby, who also announced a giant Boeing and Airbus order in June 2021 ahead of rivals, predicted the airline's ambitious 787 plan would pay off for the carrier during a capacity-constrained period.

"United is really uniquely positioned to grow in a way that's going to be a huge challenge for others," Kirby told reporters.

Speaking at a signing ceremony, Kirby said that Boeing remained a vital company for the United States and that the order was a vote of confidence that the company had turned the corner after a difficult period.

"As much as anything, I trust you and I trust your company," Kirby told a crowd of Boeing employees, most donning blue Boeing t-shirts.

United expects the jets to be delivered between 2024 and 2032, with the new aircraft targeted to replace the 767 fleet that will be removed from service by 2030.

The Dreamliner saves 25 percent of the carbon emission compared with

the jets being retired.

United executives did not offer an estimate of the total potential cost of the contracts, but projected that capital spending would rise to \$9 billion in 2023 and \$11 billion in 2024.

United said it also exercised options for an additional 44 737 MAX planes between 2024 and 2026, and ordered 56 more MAX jets for 2027 and 2028.

Stan Deal, head of Boeing's commercial aviation division, said the United 787 contract supports some 120,000 jobs at the company and throughout its supply chain.

"It builds security around the rate," Deal said of the United contract.

Boeing plans to lift 787 output from a monthly rate of low single digits now to 10 in the 2025 timeframe.



United Airlines CEO Scott Kirby greets the crowd during a joint press event with Boeing -- betting on robust demand for international travel, United unveiled an order of 100 new Boeing 787 Dreamliners.

Production ramp-up

After the 737 MAX, the 787 Dreamliner—which flies transatlantic journeys and other international itineraries—has been Boeing's other leading source of orders and deliveries.

United officials said beefing up the fleet of 787s made sense at a time when the carrier already flies the jet, making it an easy transition for pilots and helping the company add capacity quickly.

But United officials praised the A350, the rival wide-body offering from European aerospace giant Airbus, and said they still plan to take delivery of 45 of the Airbus jets from 2030.

For Boeing, the United order signals a victory for the 787, for which production was slowed to a trickle while the company halted deliveries of new jets for more than a year while addressing production problems.

Boeing resumed 787 deliveries in August after getting the green light from the Federal Aviation Administration, which has heavily scrutinized Boeing processes in the aftermath of the 737 MAX crisis.

"This is an opportunity for Boeing to ramp up at Charleston, perhaps with two production shifts," said Michel Merluzeau, director of aerospace and defense analysis at AIR consultancy.

At the Charleston, South Carolina factory, Boeing fabricates composite materials that are then used to construct part of the fuselage at the plant. The facility also does final assembly of the jets, which includes major body parts built in other locales around the world.

In October 2020, Boeing consolidated assembly of the 787 to Charleston, after previously also assembling the wide-body jet in Washington state.

Boeing currently employs about 5,000 in South Carolina, down from peak levels. Deal expects "gradual" growth of the workforce at the factory, but did not project specifics.

At its investor day in November, Boeing officials outlined a plan to restore 787 production to 10 passenger jets per month.

Shares of Boeing gained 0.5 percent to \$187.13 Tuesday, while United

rose briefly before dropping nearly 7 percent to \$41.17.

United's decline came as rivals such as American and Delta also tumbled after JetBlue said in a securities filing that it expects fourth-quarter revenues per available seat mile to be on the low end of its forecast due to weaker than expected demand in December.

United's Kirby said he continues to see strong demand, but that the carrier is planning for a "mild recession" in 2023, citing Federal Reserve policies to slow the economy.

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