



JumpStart - June 2018

James McBride – Managing Director, The Americas

A close-up, low-angle shot of a Boeing 737 MAX wing, showing the '737 MAX' text painted on the upper surface. The wing is dark blue, and the background is a cloudy sky.

Agenda

Business
Environment

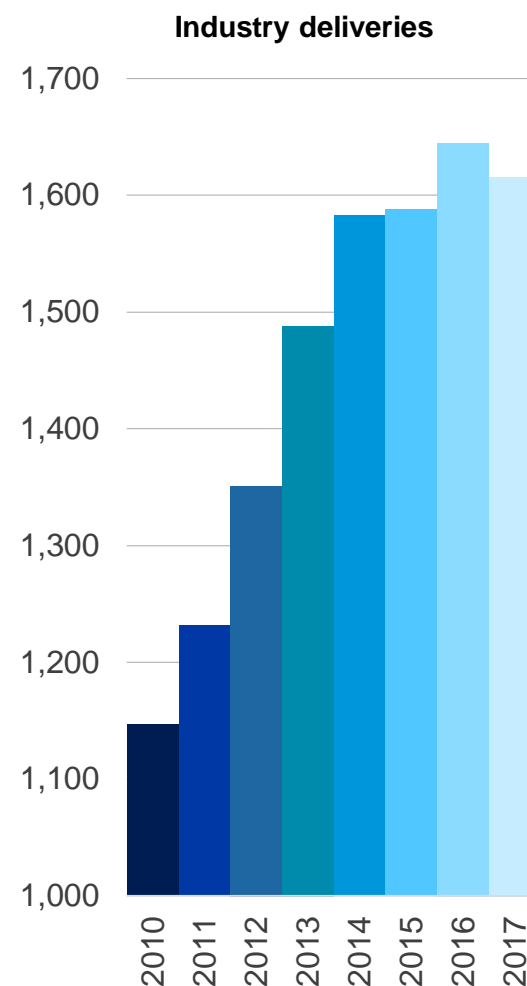
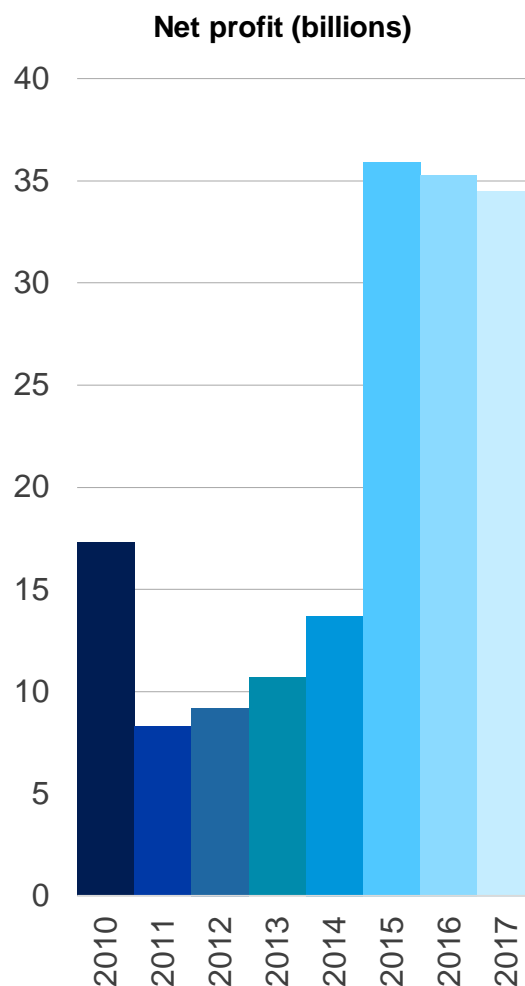
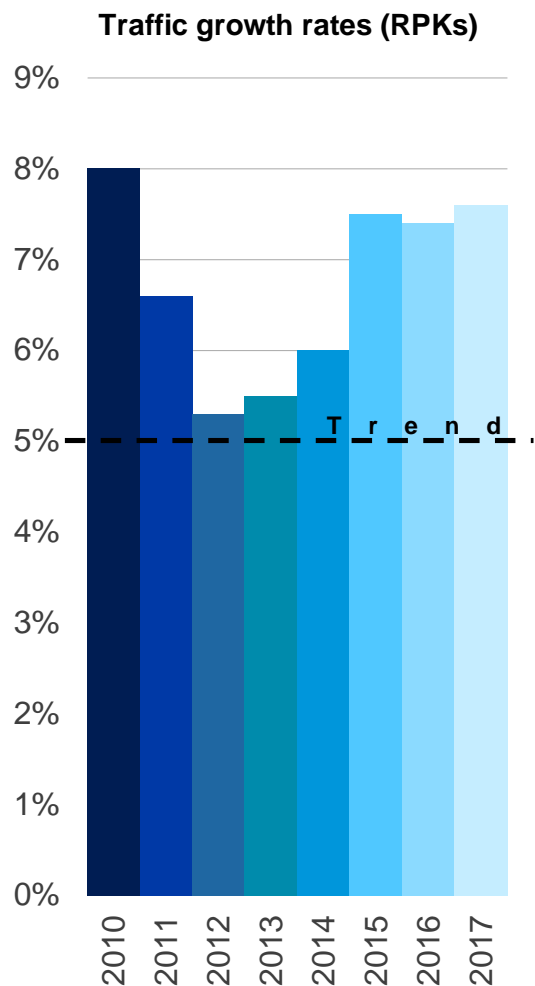
Current Market
Outlook (CMO)

North America
Trends

Business Environment



Eight straight years of growth



SOURCE: BCA Market Analysis with data from IATA, IH\$Markit

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CSM-RJT-15MAY2018

4.3B
passengers
carried

+6.0%
RPK growth

3.2%
economic
growth

~81%
load factor



\$38B
net profit

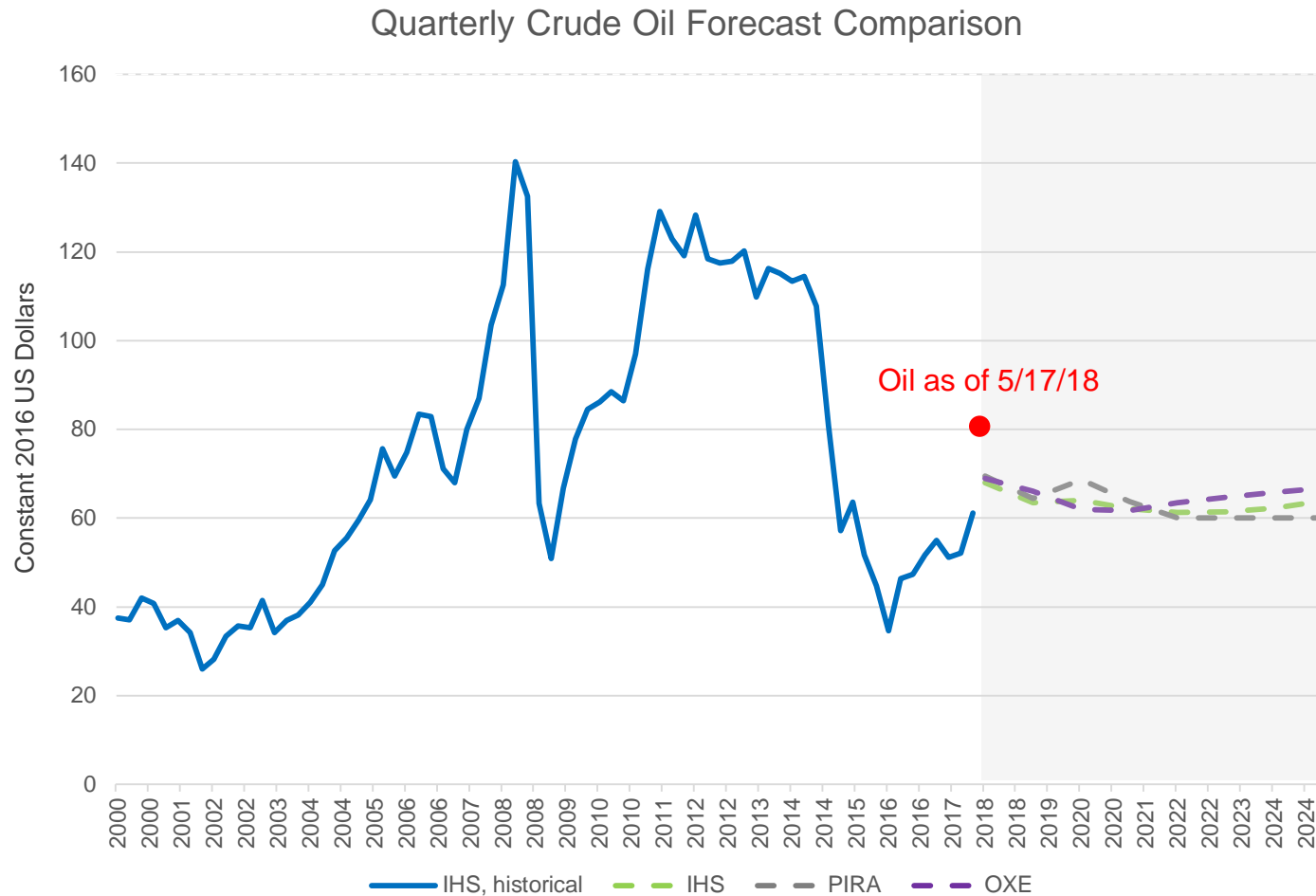
+4.5%
FTK growth

Expected to continue in 2018

SOURCE: BCA Market Analysis with data from IATA, IH\$markit

Oil prices moderately increasing

\$1 per barrel change to oil impacts industry by \$2 billion annually



Source: BCA Market Analysis with data from IHS Markit, PIRA, Oxford Economics

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Current Market Outlook



What's in the CMO?

Global Coverage



20-year forecast

- Traffic
- Product



All jets >30 seats

- No turbo props
- No biz jets
- No military



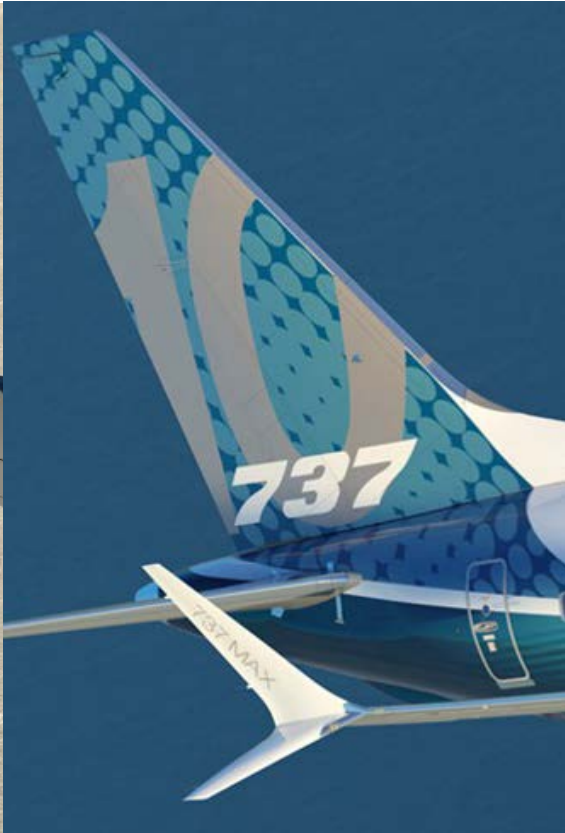
Freighters



All flights

- Scheduled
- Nonscheduled

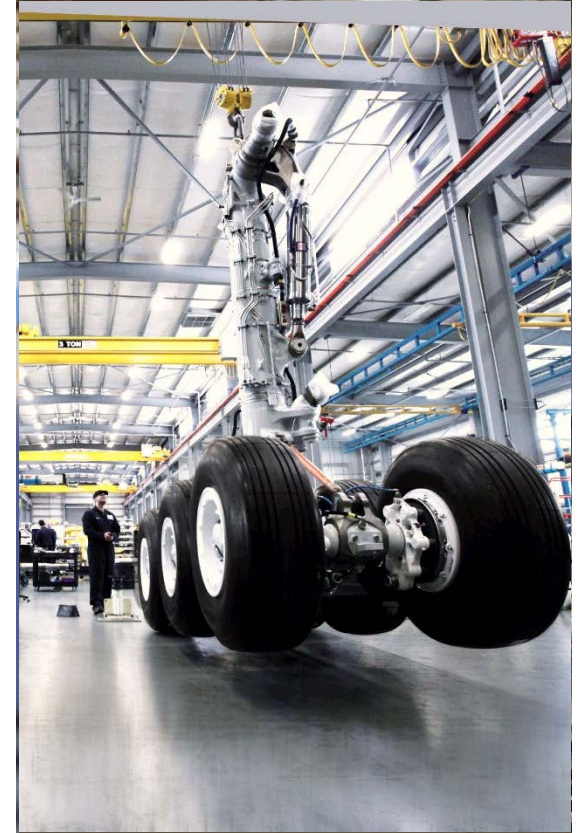
Why the CMO?



Product strategy



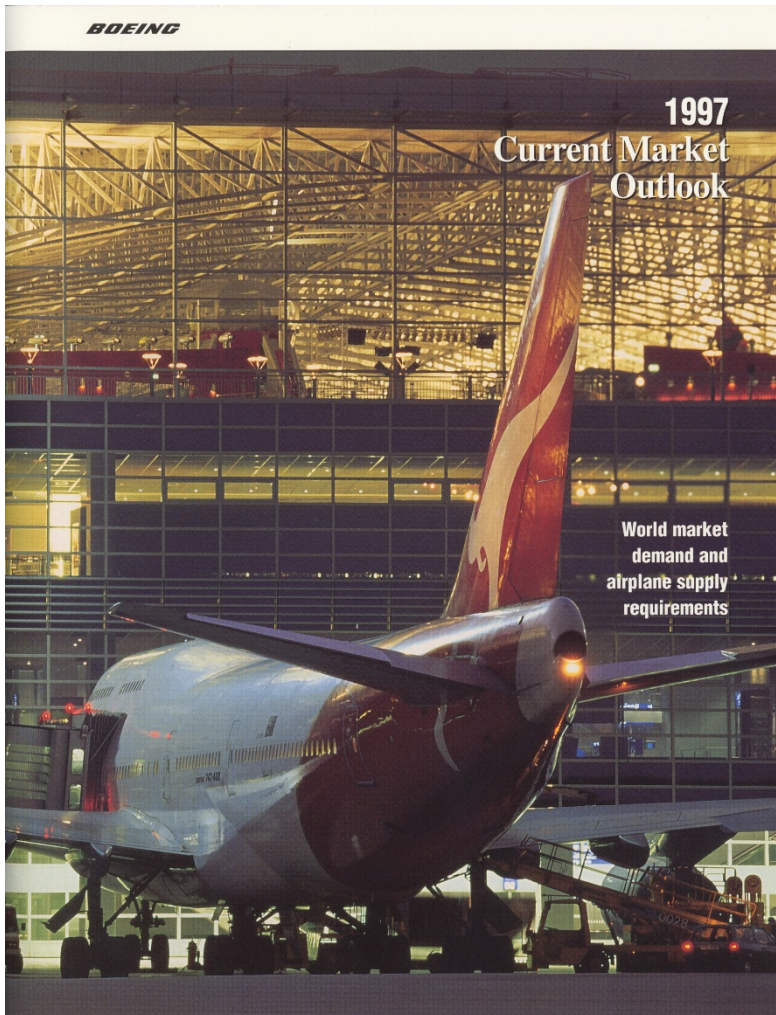
Long-range business plan



Suppliers and airline customers

1997 Boeing CMO analysis results

Proven track record



1997 CMO world fleet forecast for 2016

23,600

Actual jets in-service at end of 2016

23,500

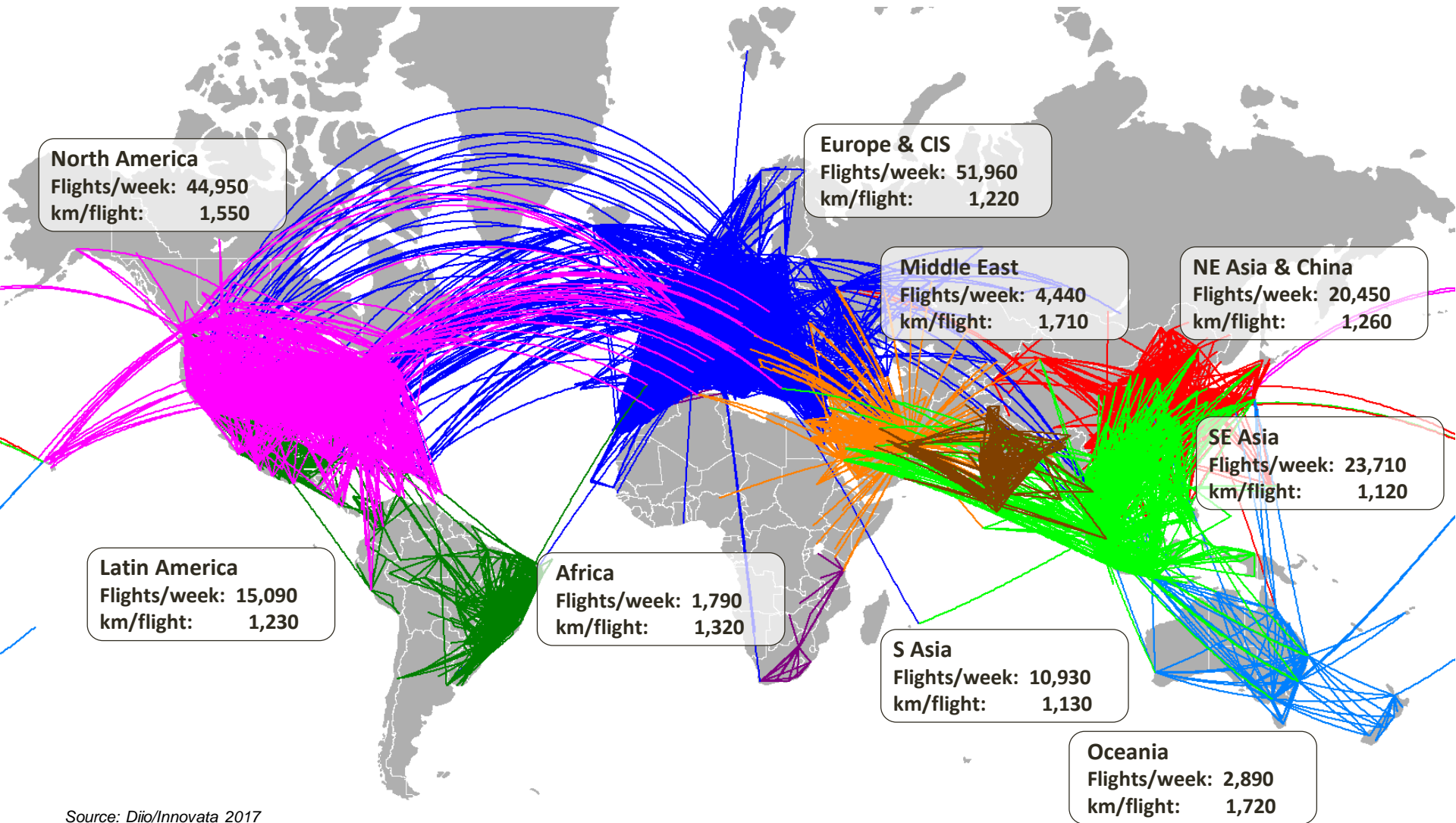
1997 Boeing CMO analysis results



Market forecast drivers and considerations



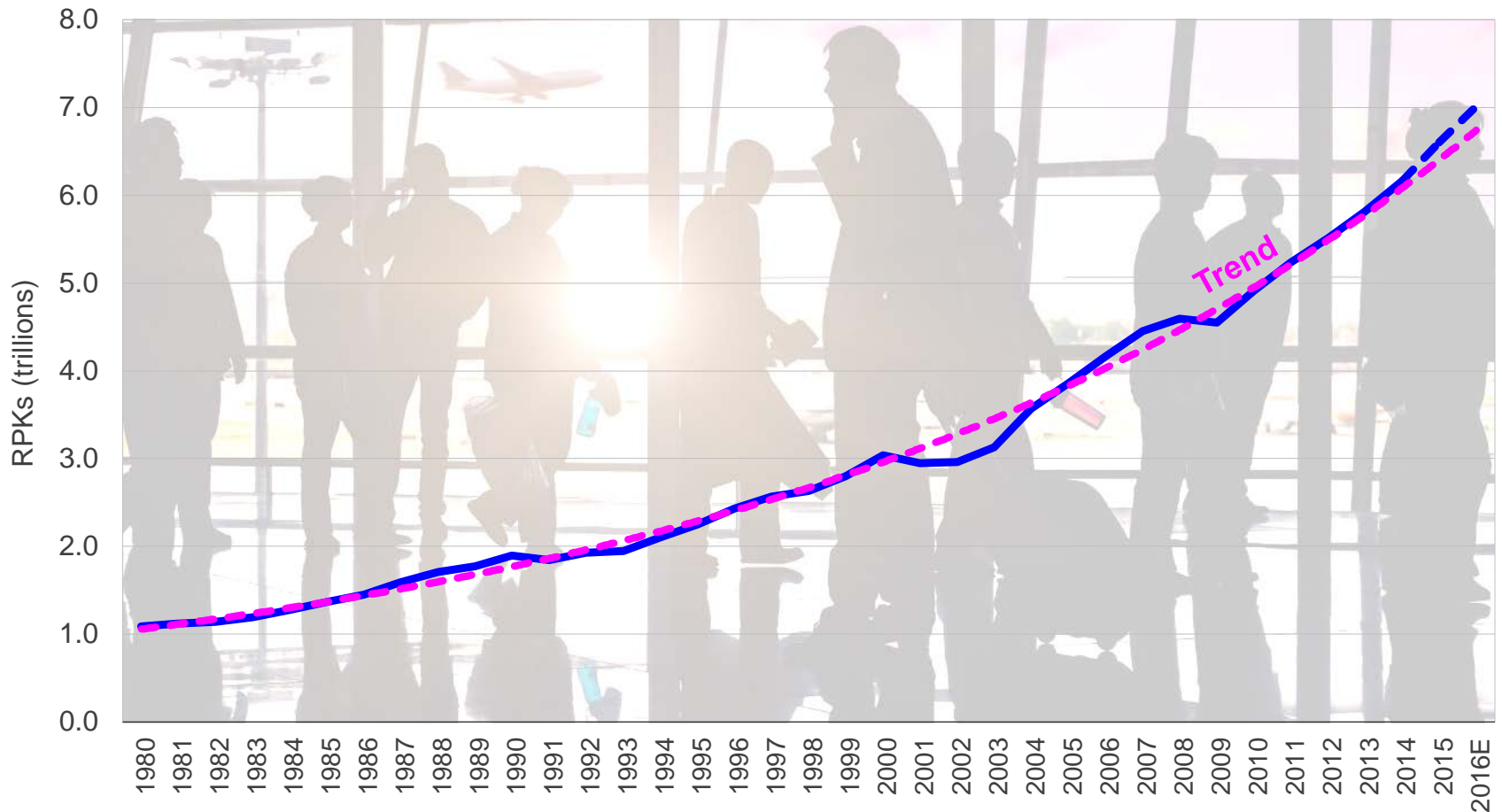
LCC business model has grown worldwide



Source: Diio/Innovata 2017

Resilient, growing market expected to continue

5% long-term growth rate



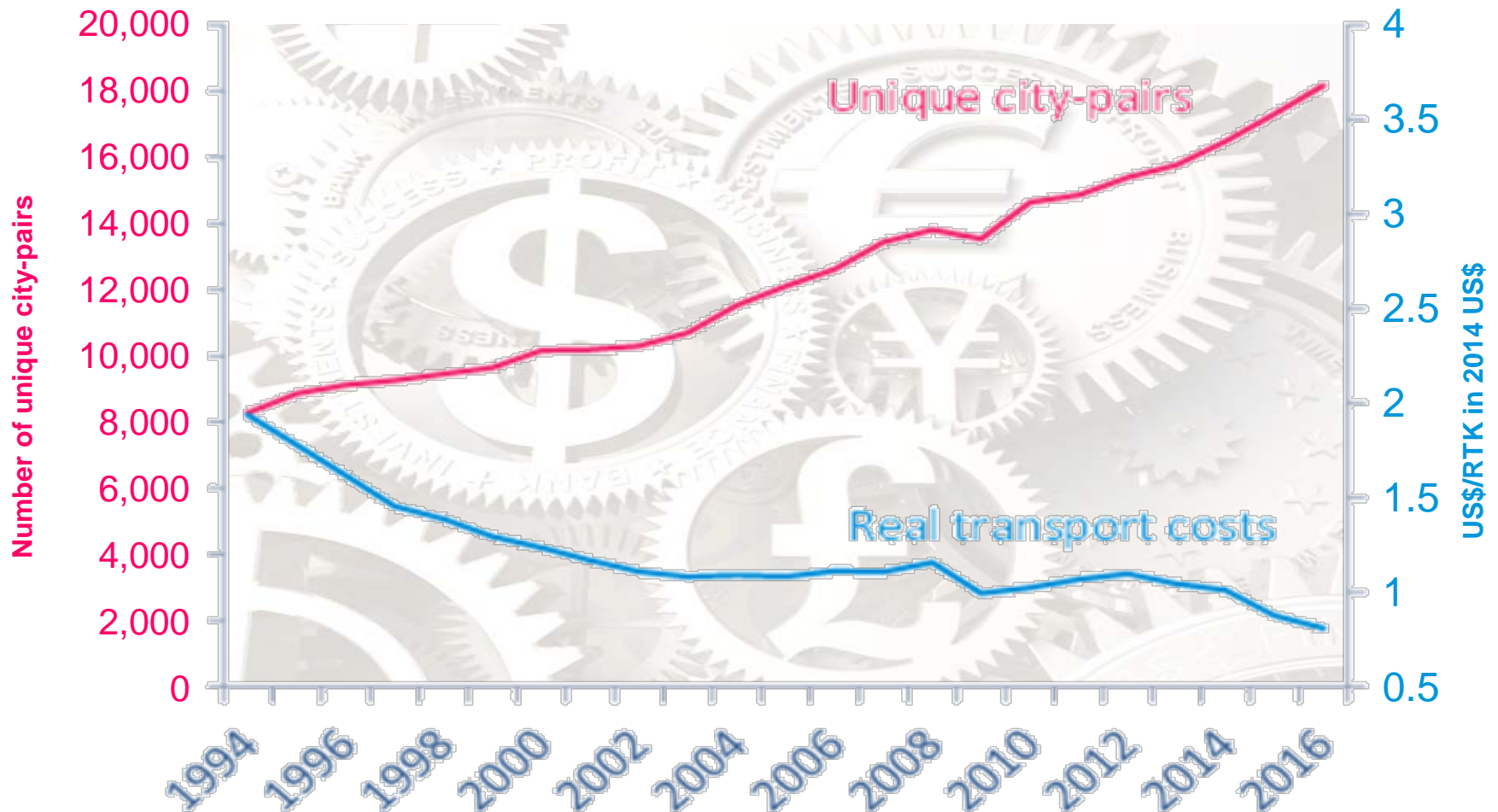
RPKs = Revenue Passenger Kilometers

SOURCE: ICAO scheduled traffic / 2016E IATA December 2016

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Efficient, innovative and customer-focused growth industry

Unique city-pairs and real transport costs



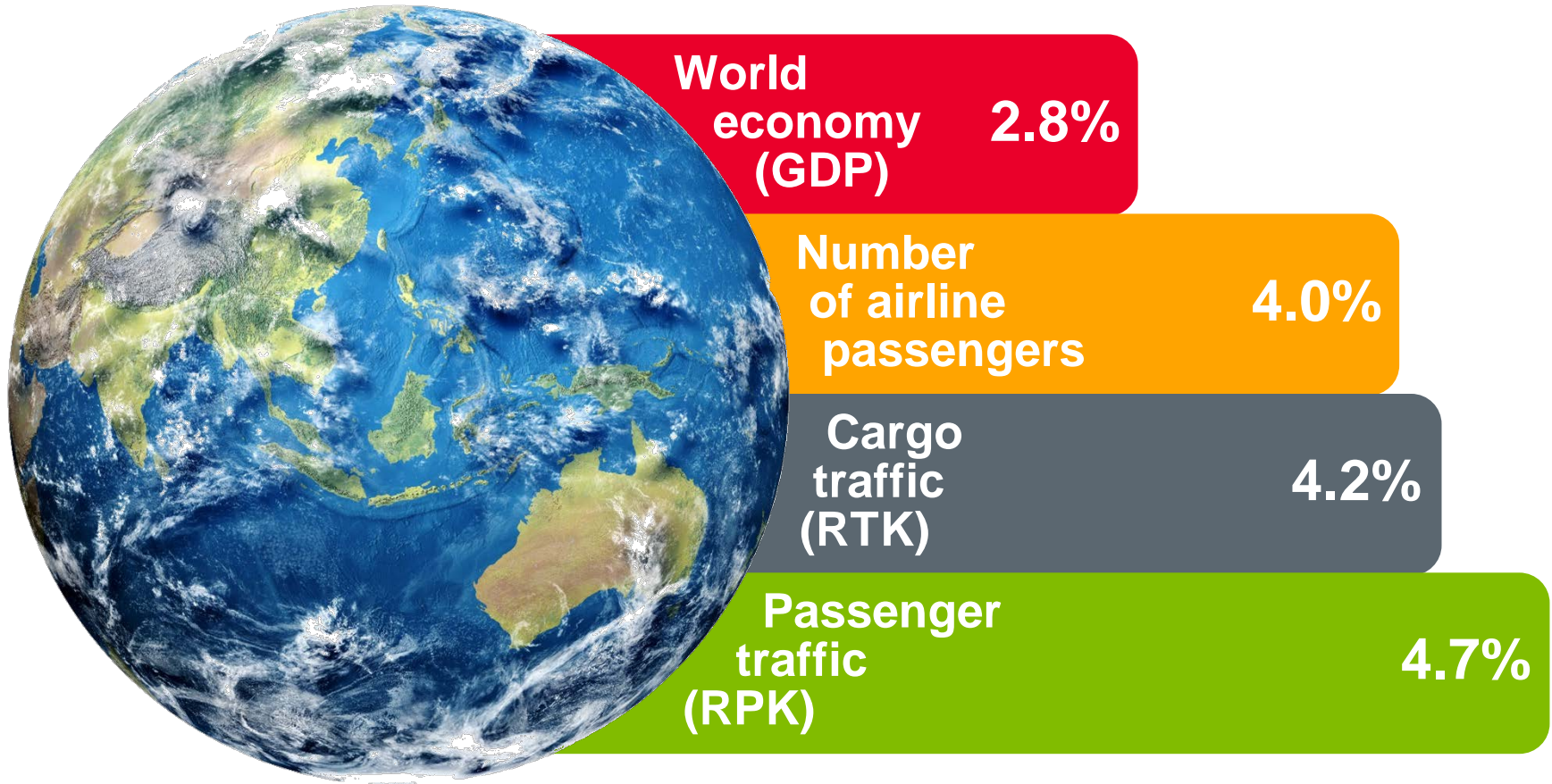
SOURCES: ATAG, Oxford Economics, IATA, ICAO, OAG

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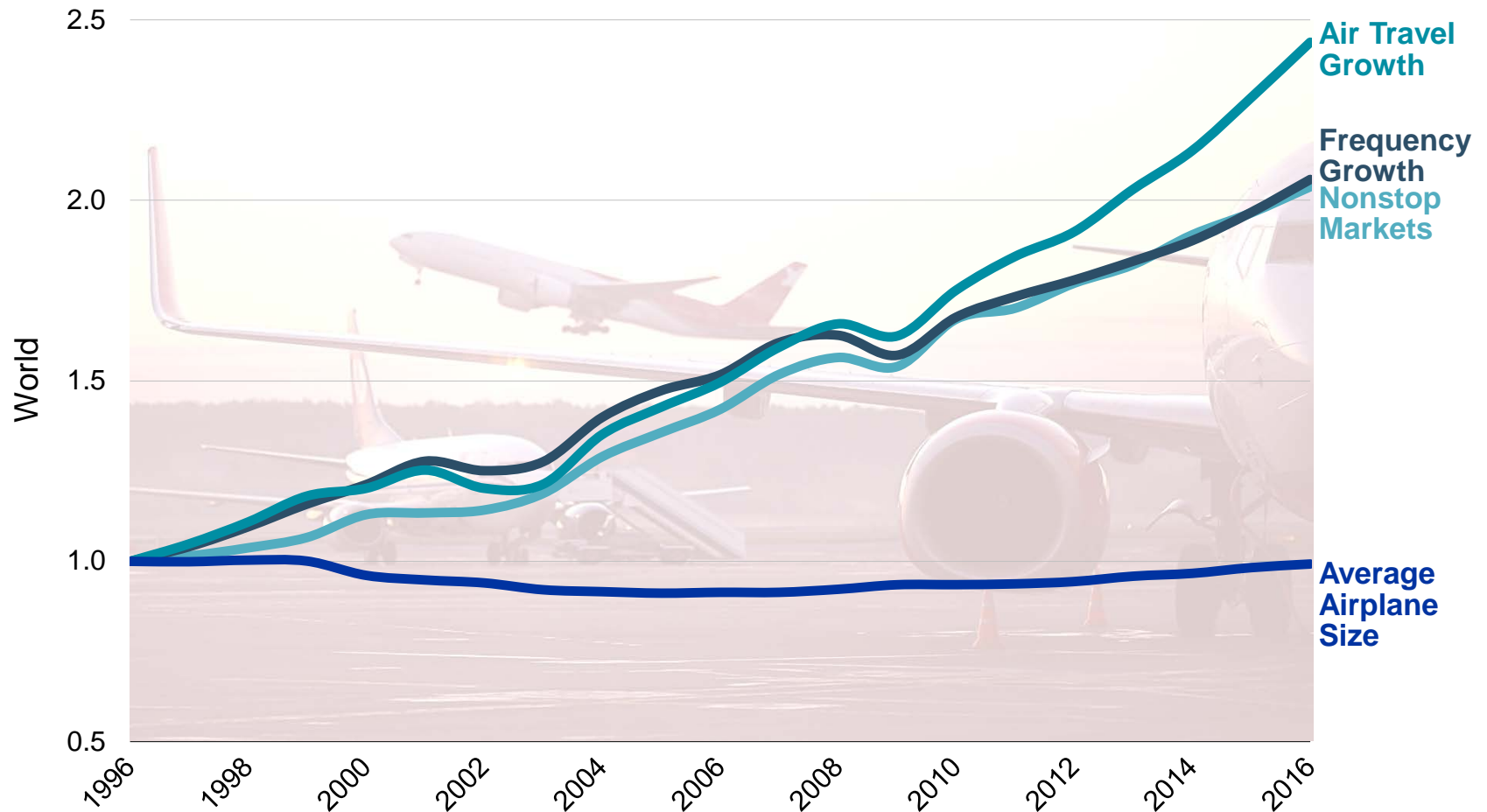
20-year forecast: continued long-term growth

Average annual growth



Air travel growth has been met by increased frequencies and nonstops

Market fragmentation drives growth



SOURCE: August OAG/Innovata
Index 1996=1.00

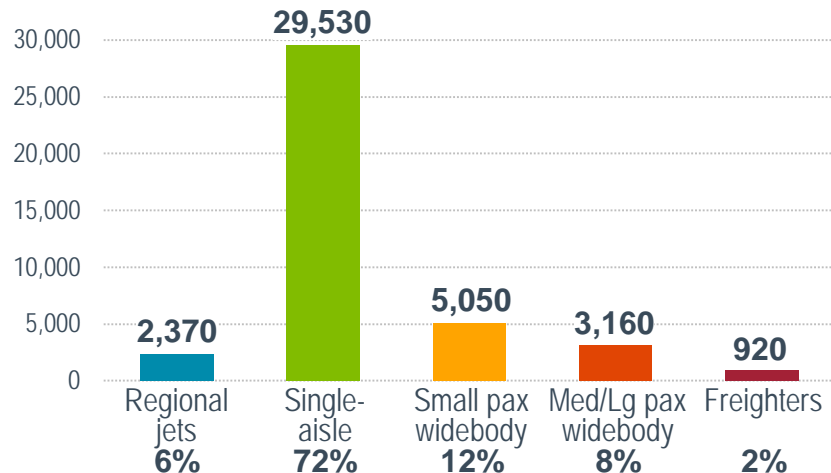
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Airlines will need 41,030 new airplanes valued at \$6.1 trillion



Airplane deliveries: 41,030

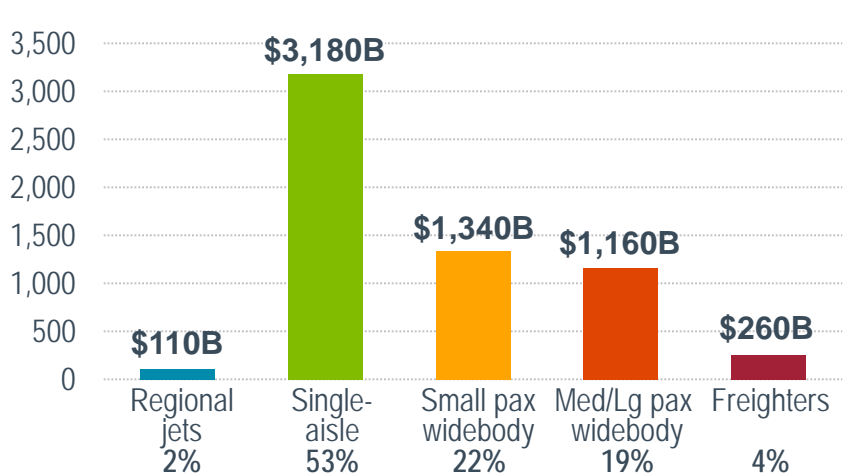
2017 - 2036



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

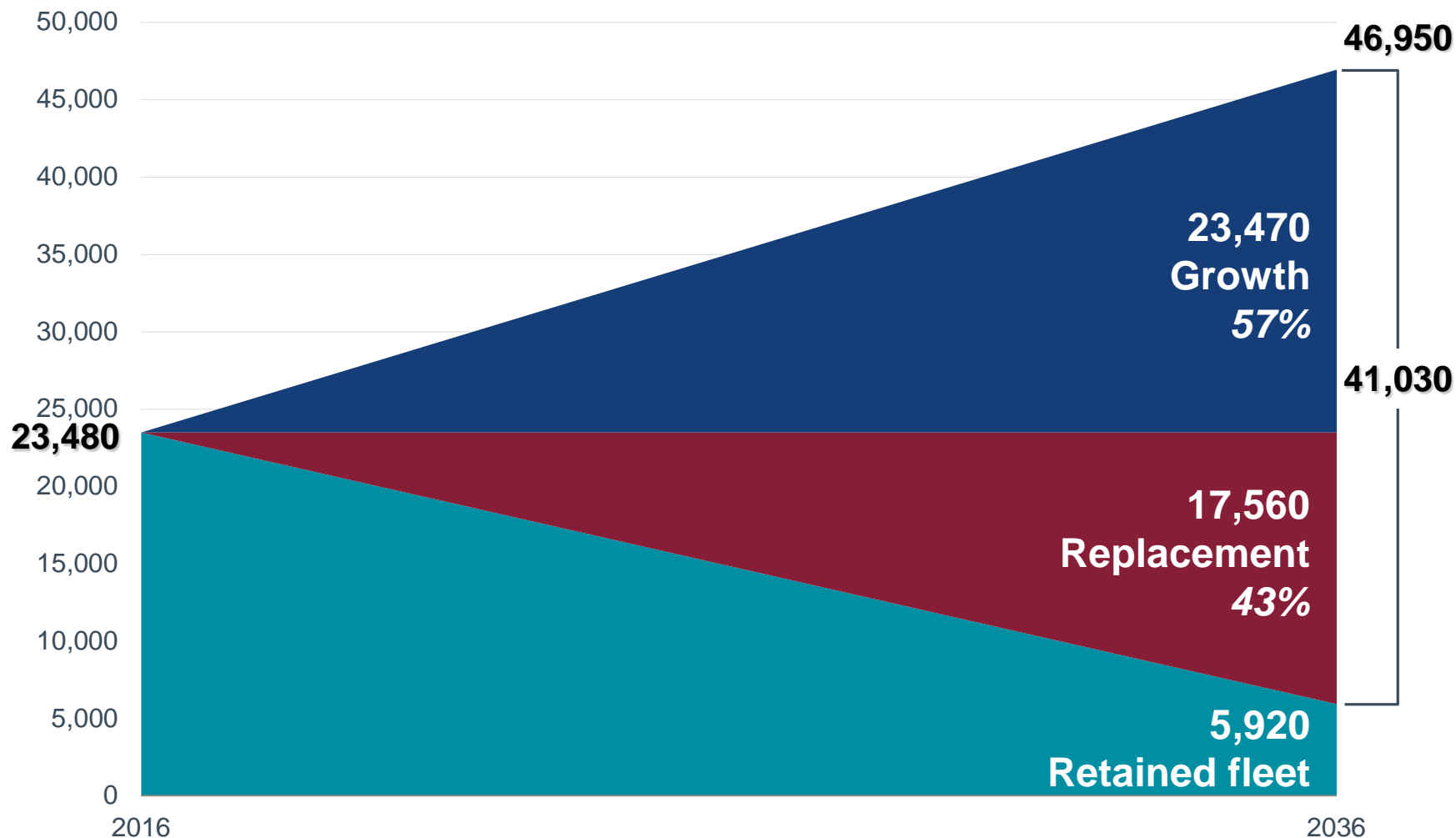
Market value: \$6,050 billion

2017 - 2036



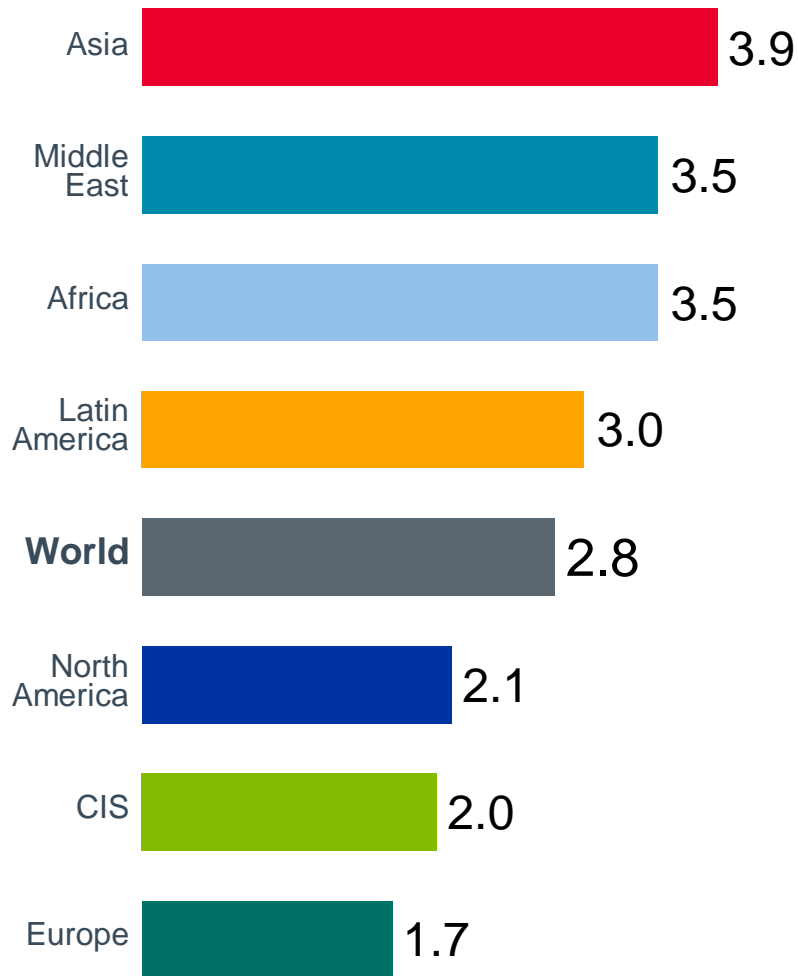
Fleet will double

Units



Emerging markets are driving the economic growth

Annual GDP growth, 2016 – 2036

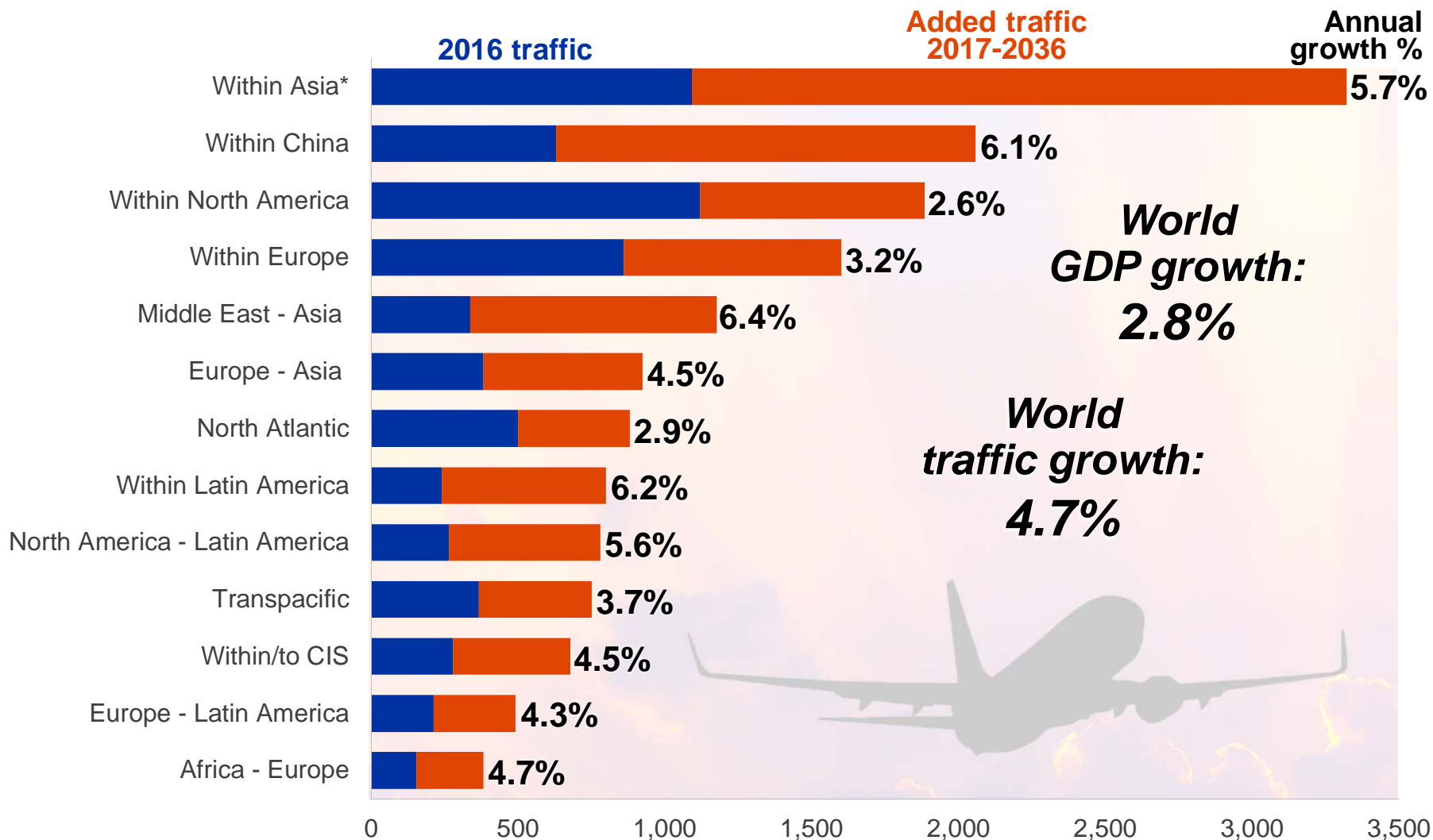


SOURCE: IHS Economics

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Air travel growth varies by market

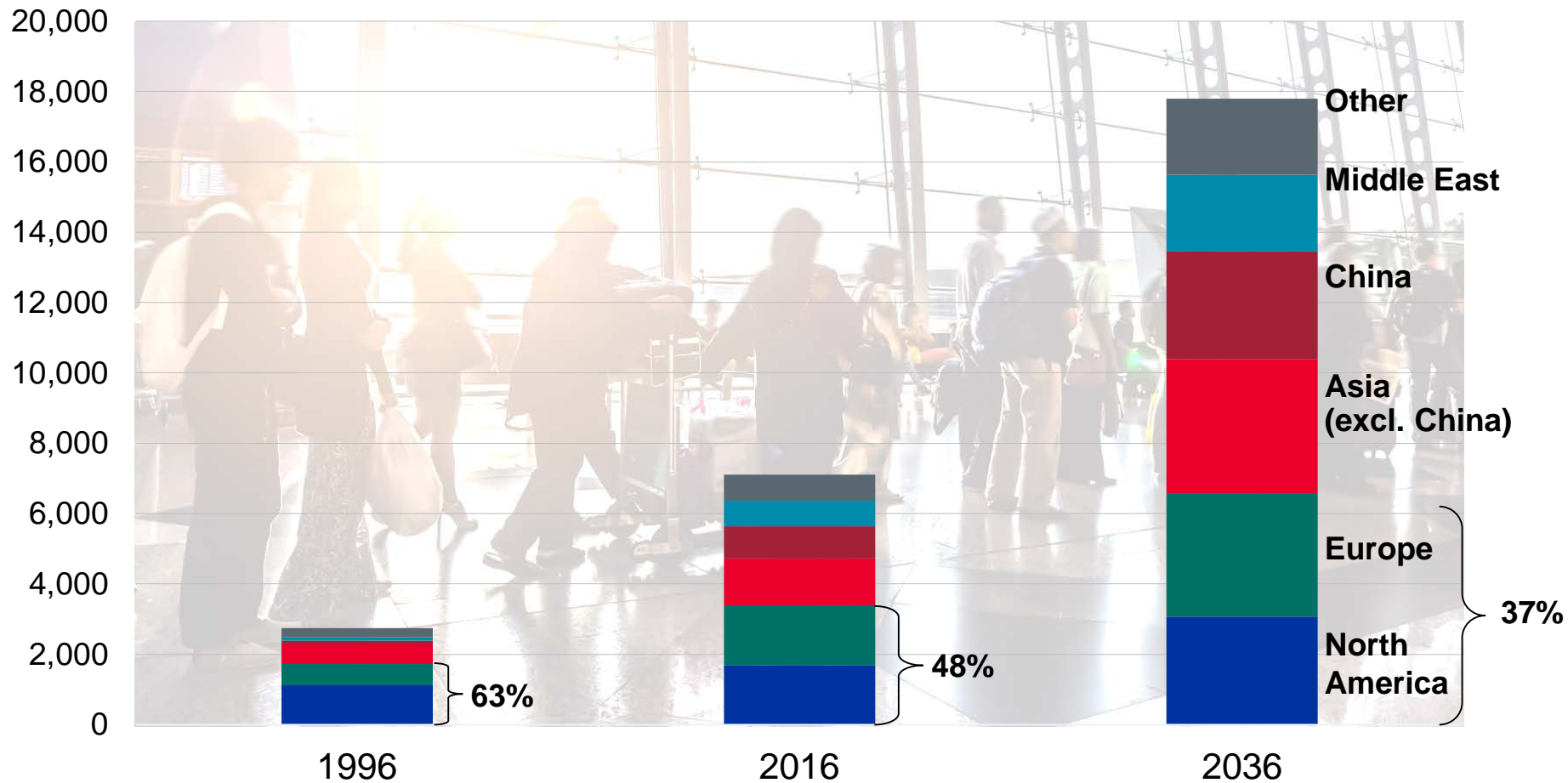
RPKs, billions



*Does NOT include travel within China

Air travel becoming more diverse geographically

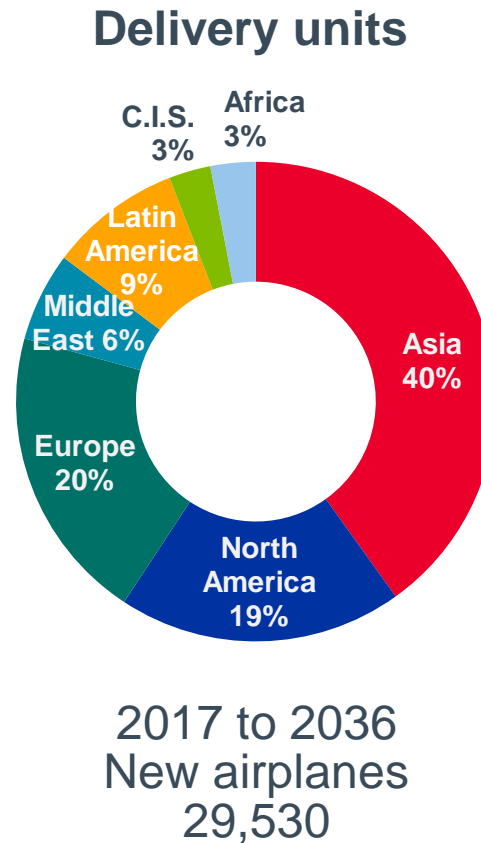
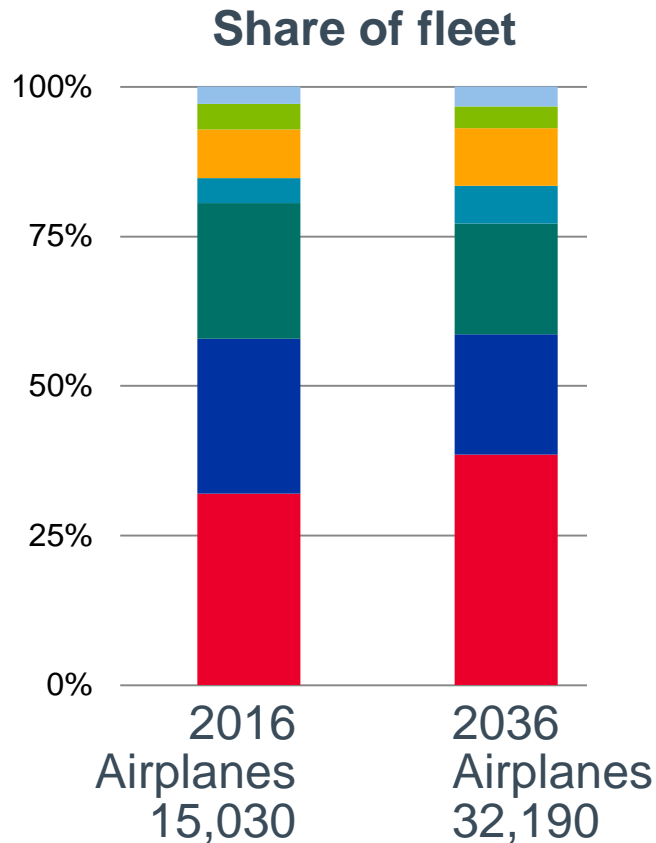
Passenger traffic, (RPKs) billions



SOURCE: Boeing CMO 2017

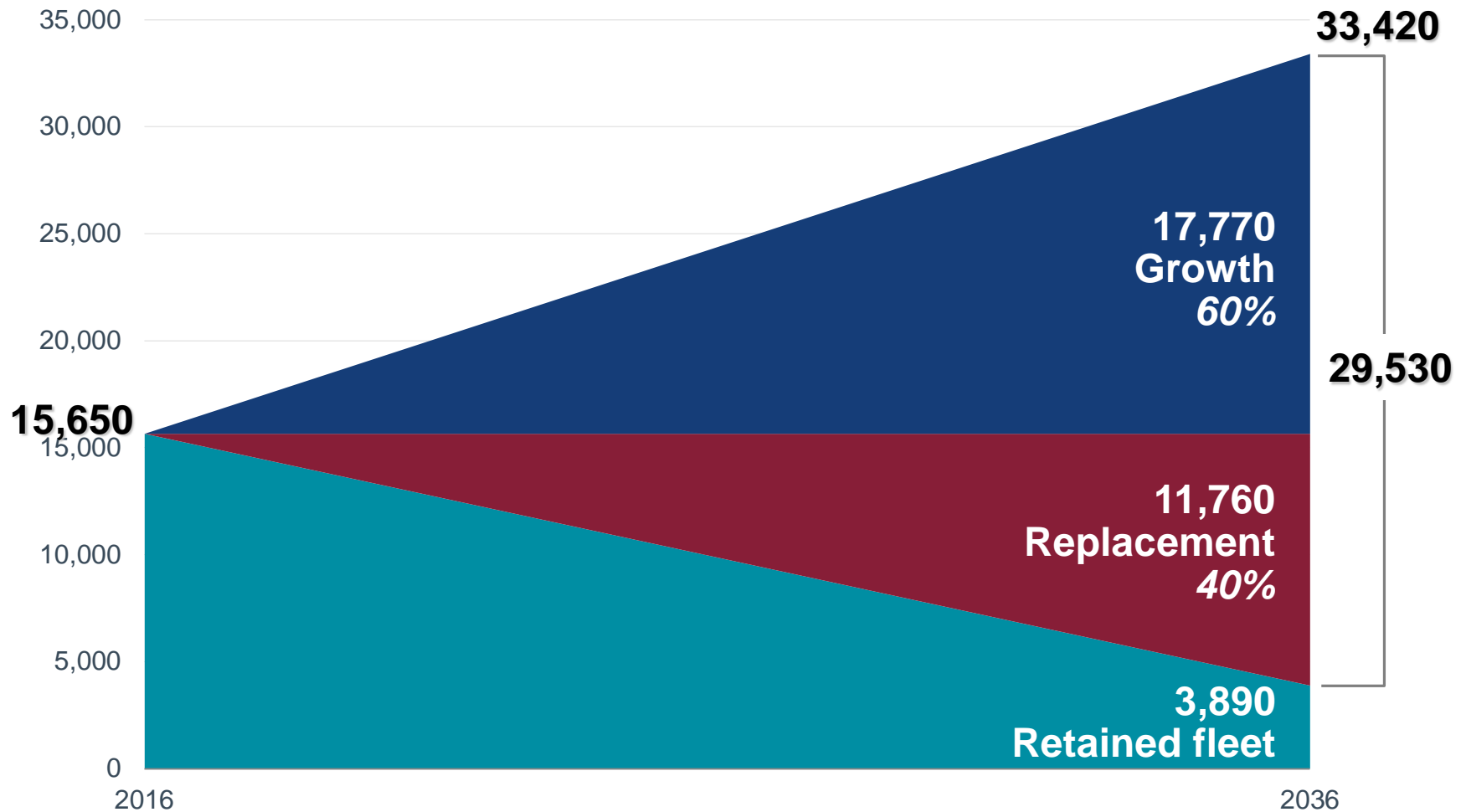
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Airlines will need 29,530 new single-aisle airplanes valued at \$3.2 trillion



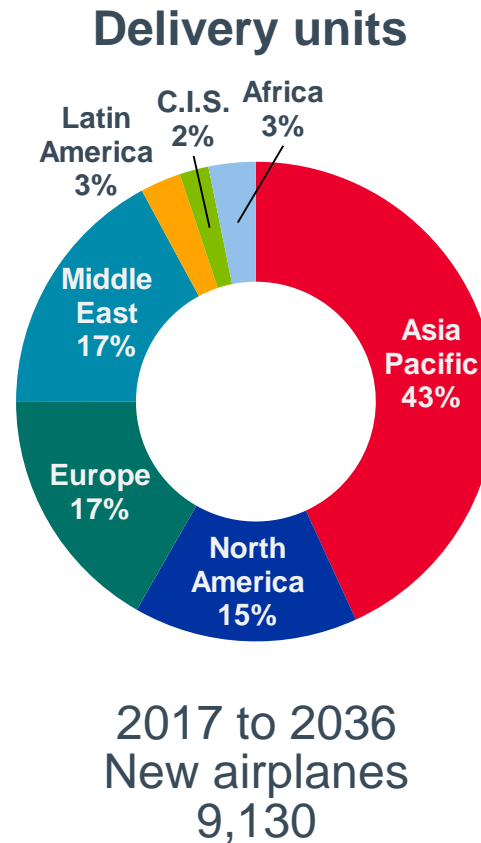
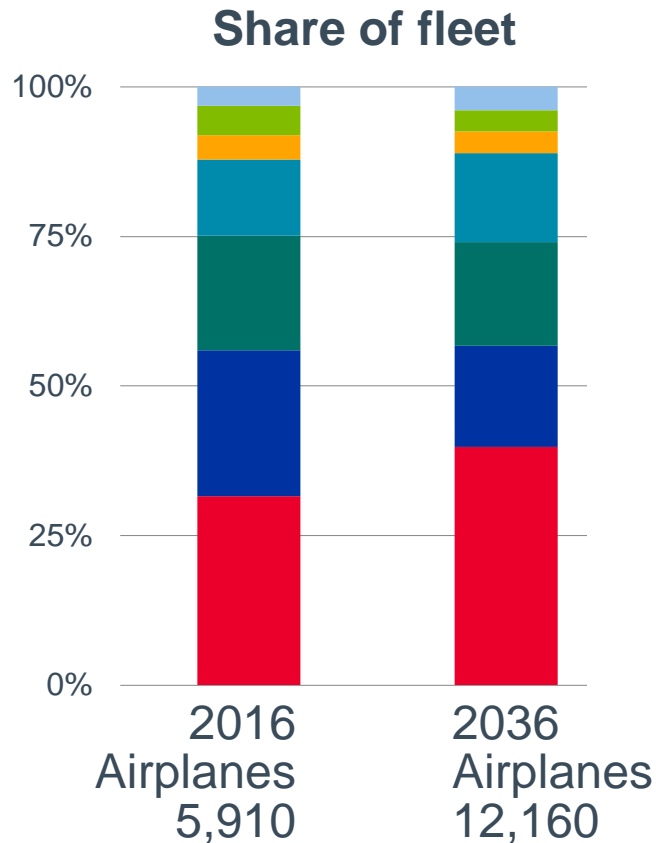
Emerging markets are driving increased growth in single-aisle market

Units



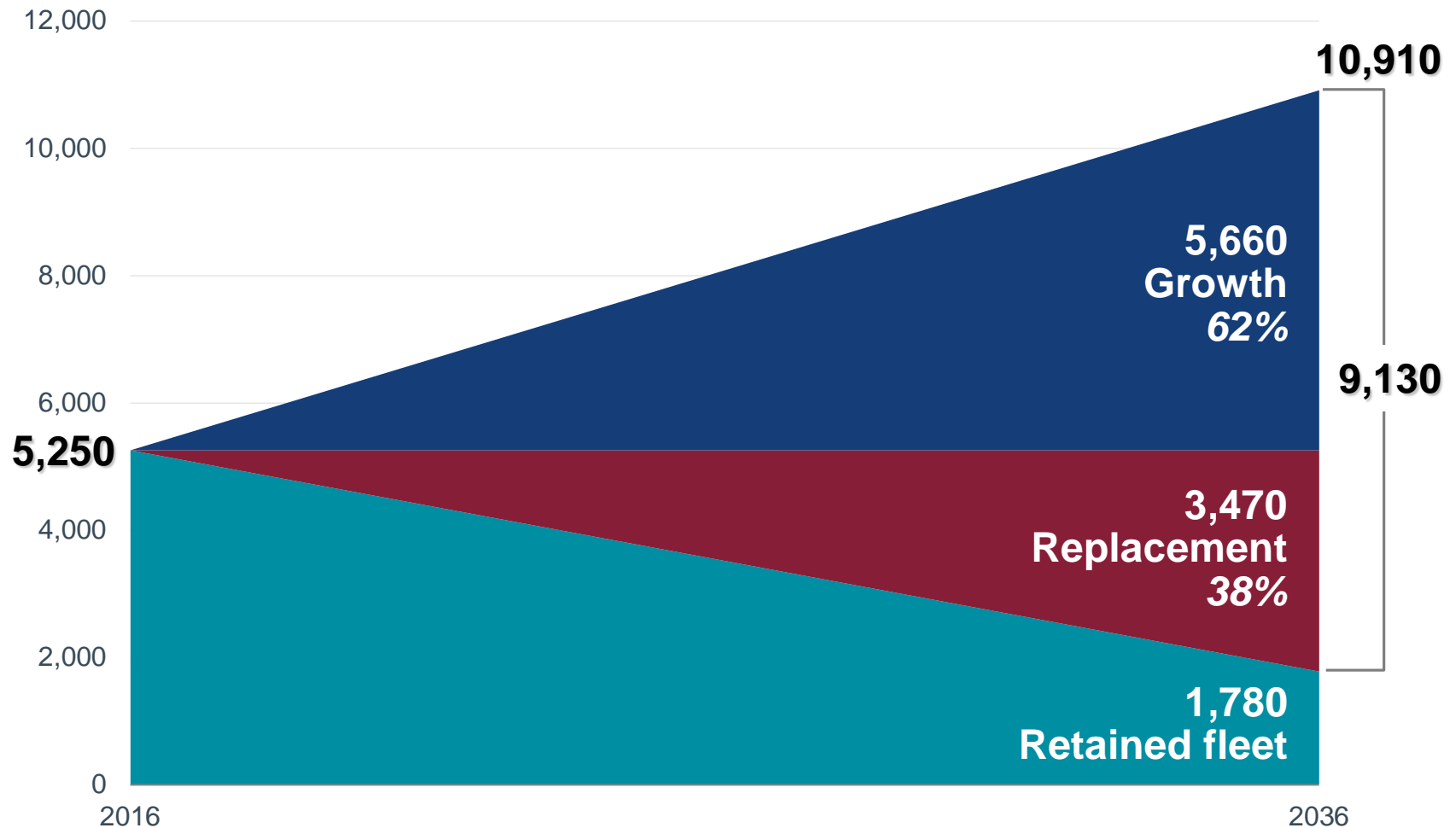
Airlines will need 9,130 new widebody airplanes valued at \$2.8 trillion

With freighters



Majority of new widebody* aircraft are for growth

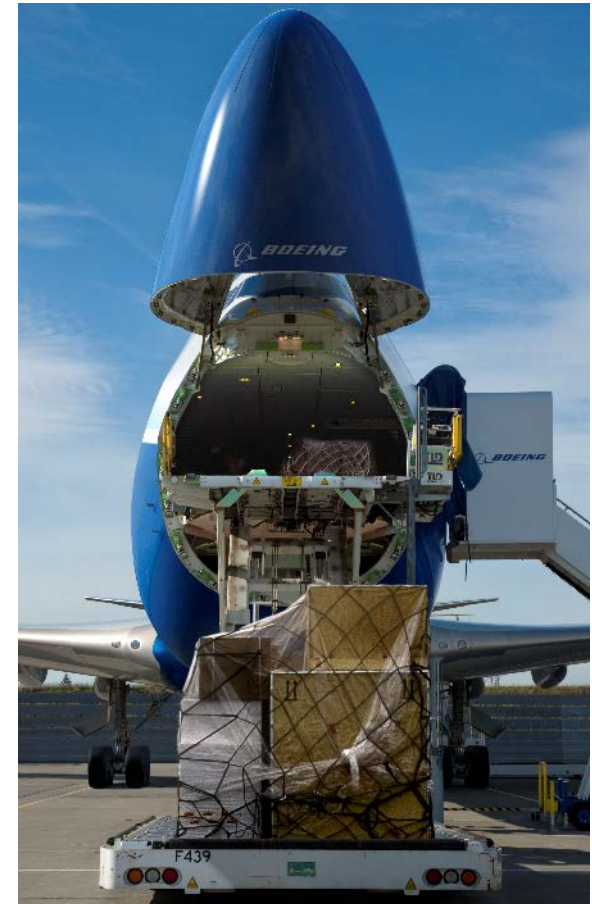
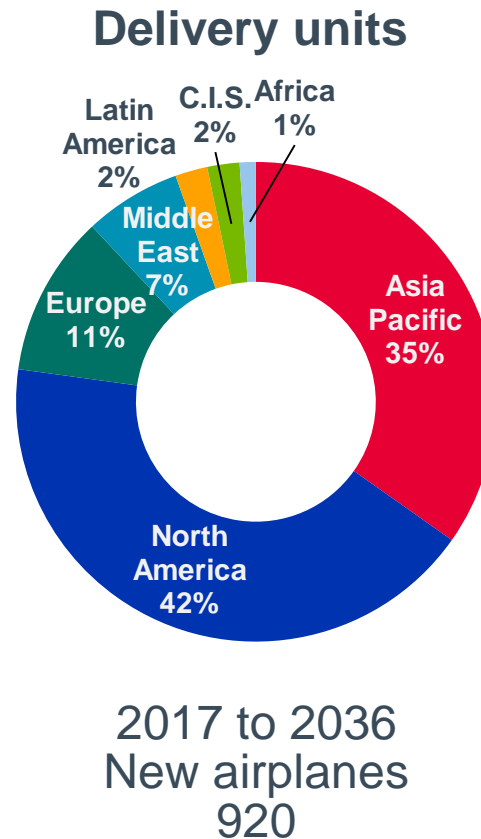
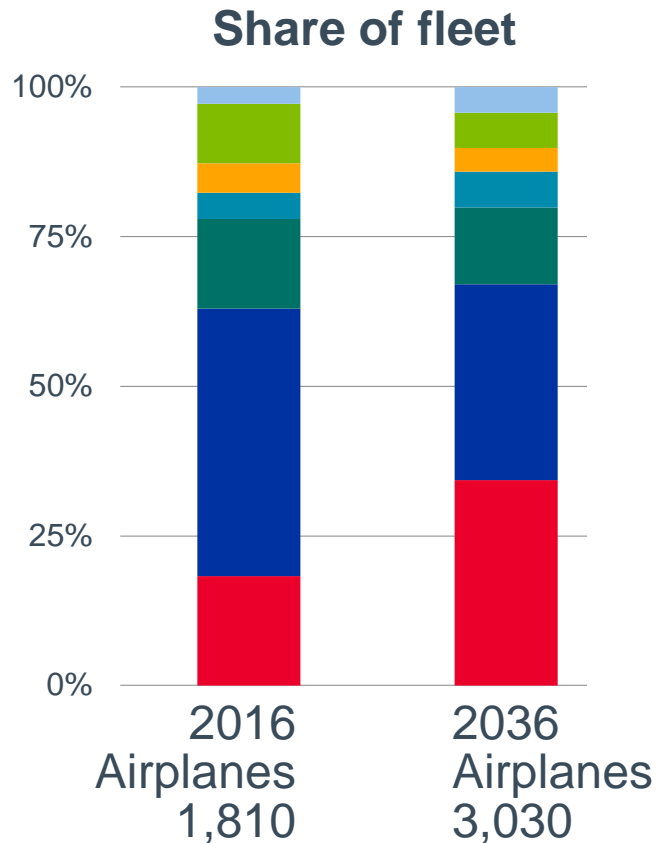
Units



*Includes Freighters

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Airlines will need 920 new widebody freighter airplanes valued at \$260 billion



North America Trends



The North American market has the largest Installed fleet in the world



Source: Ascend, YE2017

30% of the world's in-service fleet is based in North America

The passenger and freighter fleet in the United States is eleven times as large as the Canadian

Only aircraft greater than 125 seats

Canada (16 airlines)

Aircraft in Service: 455

Boeing: 69%

Airbus : 31%

Aircraft on Order: 170

Boeing: 68%

Bombardier: 26%

Airbus 6%

United States (42 airlines)

Aircraft in Service: 4,980

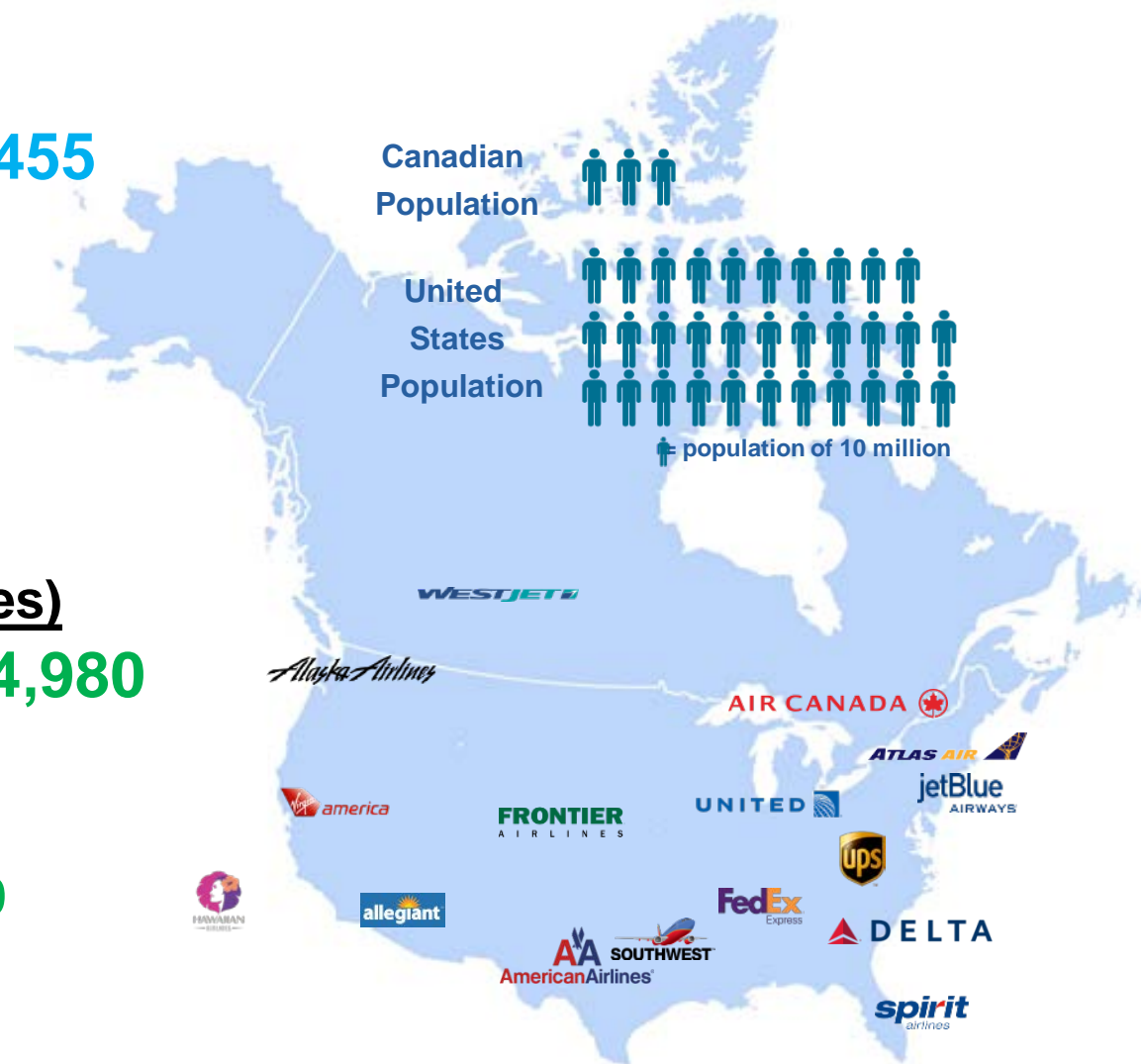
Boeing: 71%

Airbus : 29%

Aircraft on Order: 1,340

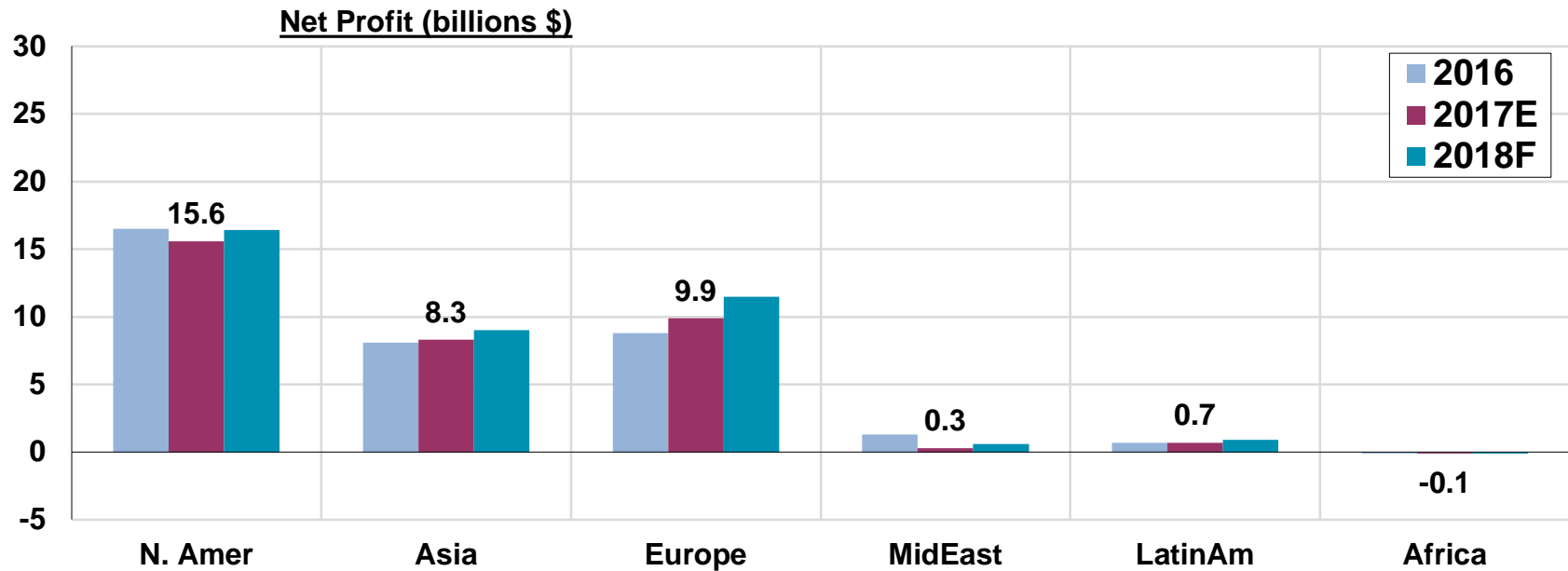
Boeing: 51%

Airbus : 49%



Source: Ascend, May 31, 2018
World Bank Population Information

Regional profitability outlook

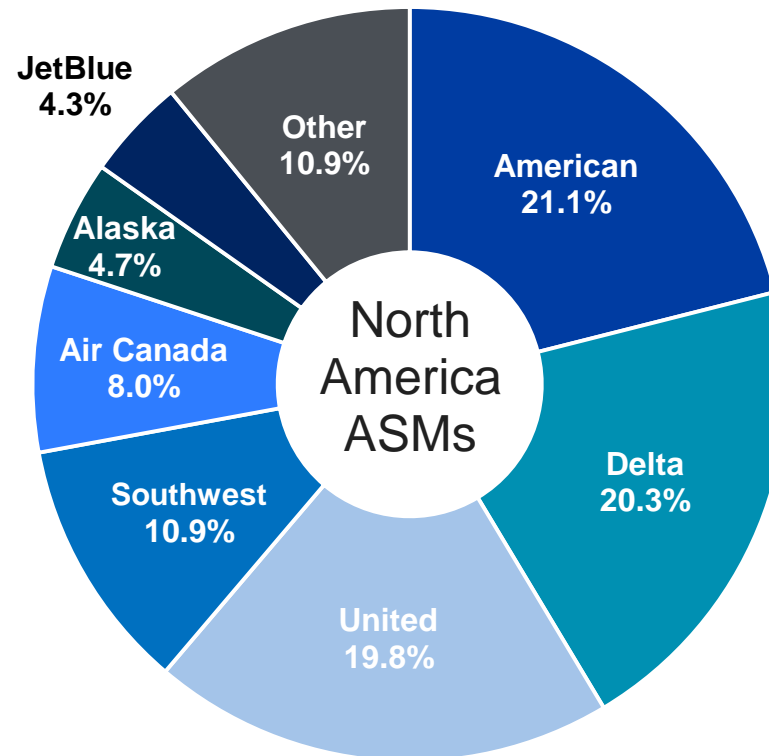


Source: IATA December 2017

North America leading industry profitability while Asia overtakes Europe

Regional airline consolidation continues with the Alaska Airlines acquisition of Virgin America in 2017

Weekly ASM Share - 2017

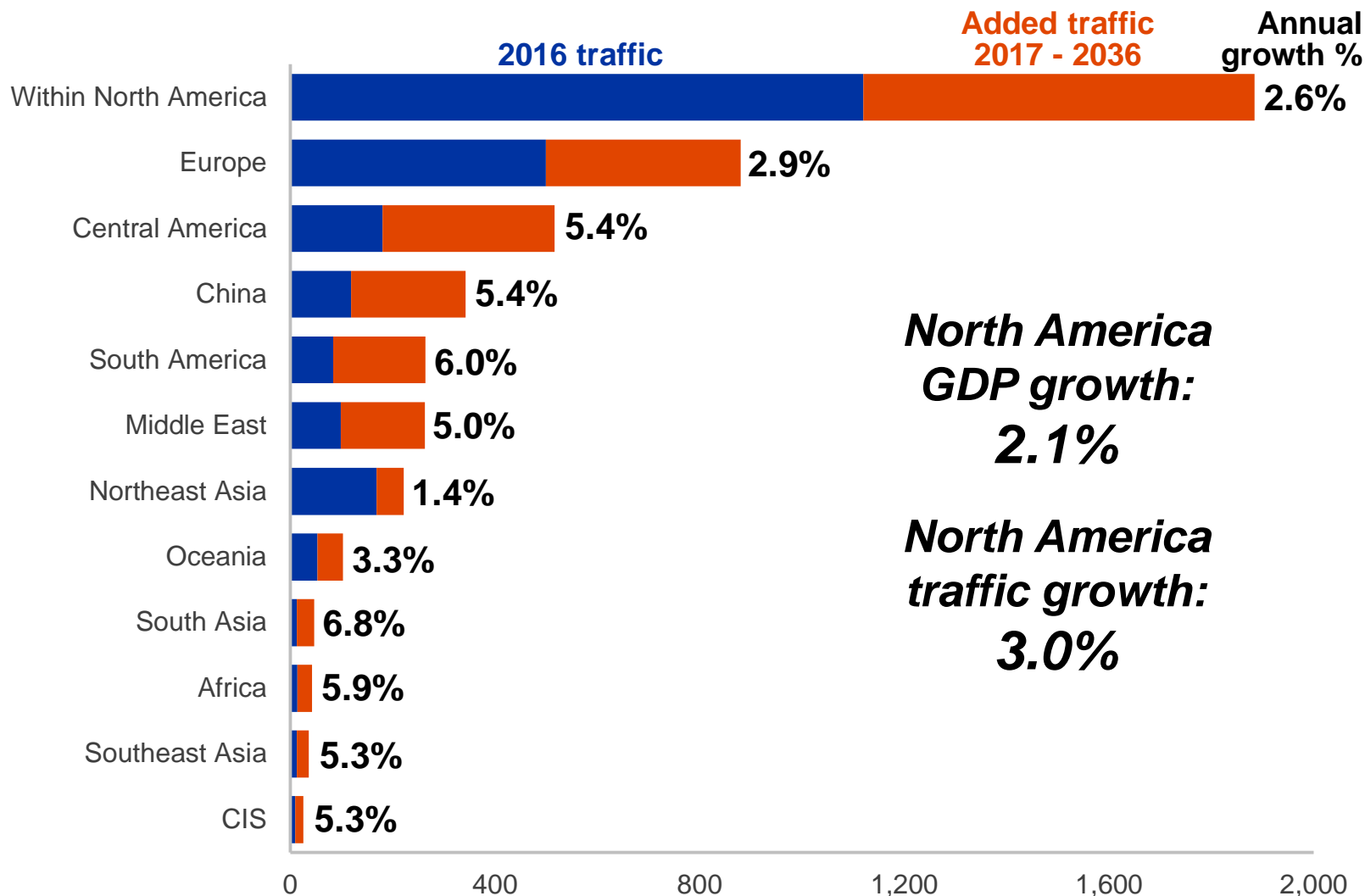


Source: Published schedules via Innovata / August schedule comparisons
Mainline and Regional operations, including RJs
Alaska Airlines includes Virgin America operations

Top five airlines now hold over 80% of system-wide operations for the entire North America Region

North America traffic growth varies by market

RPKs (billions)

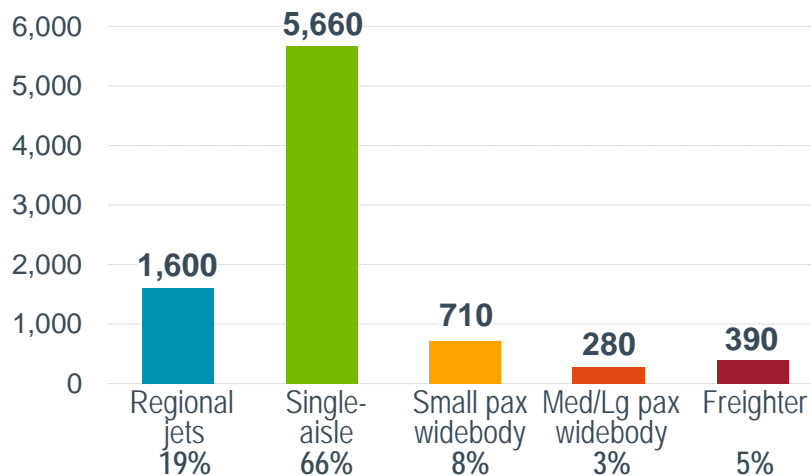


North America will need 8,640 new airplanes valued at \$1 trillion



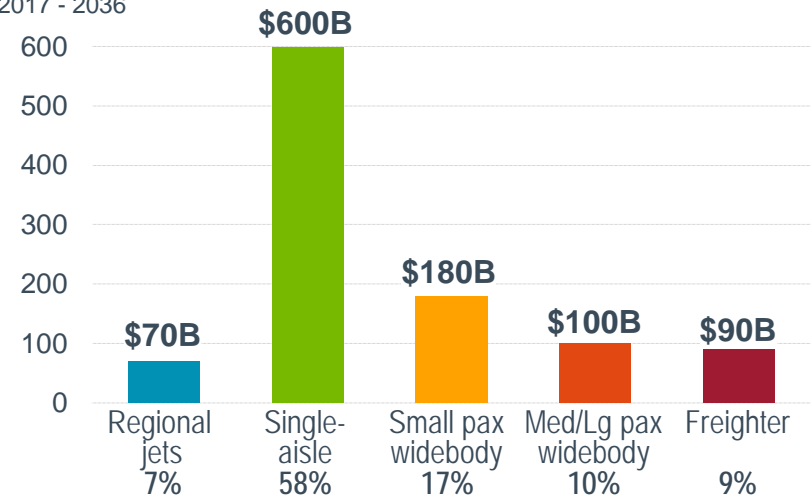
Airplane deliveries: 8,640

2017 - 2036



Market value: \$1,040 billion

2017 - 2036

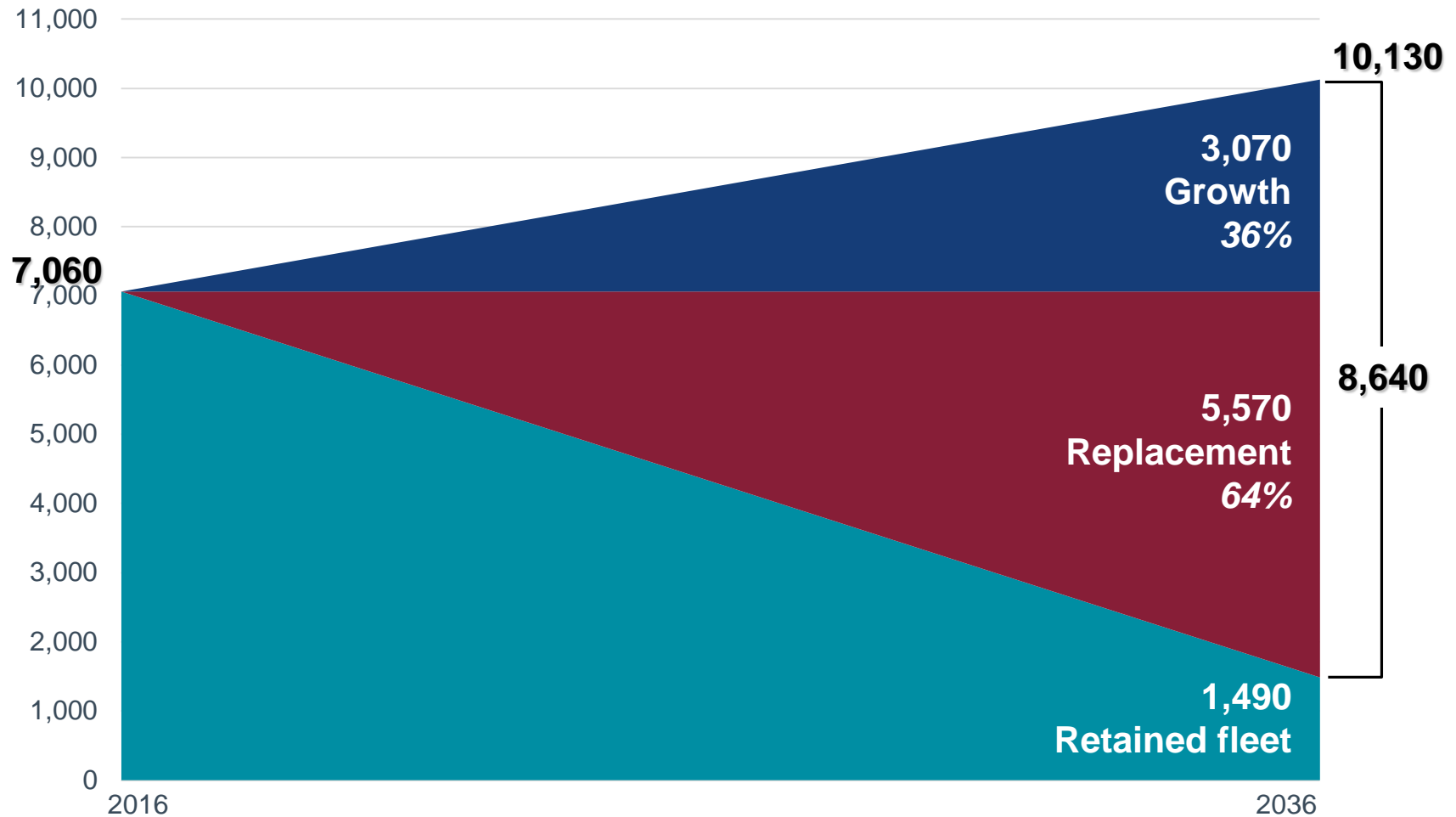


NOTE: market share may not equal 100% due to rounding

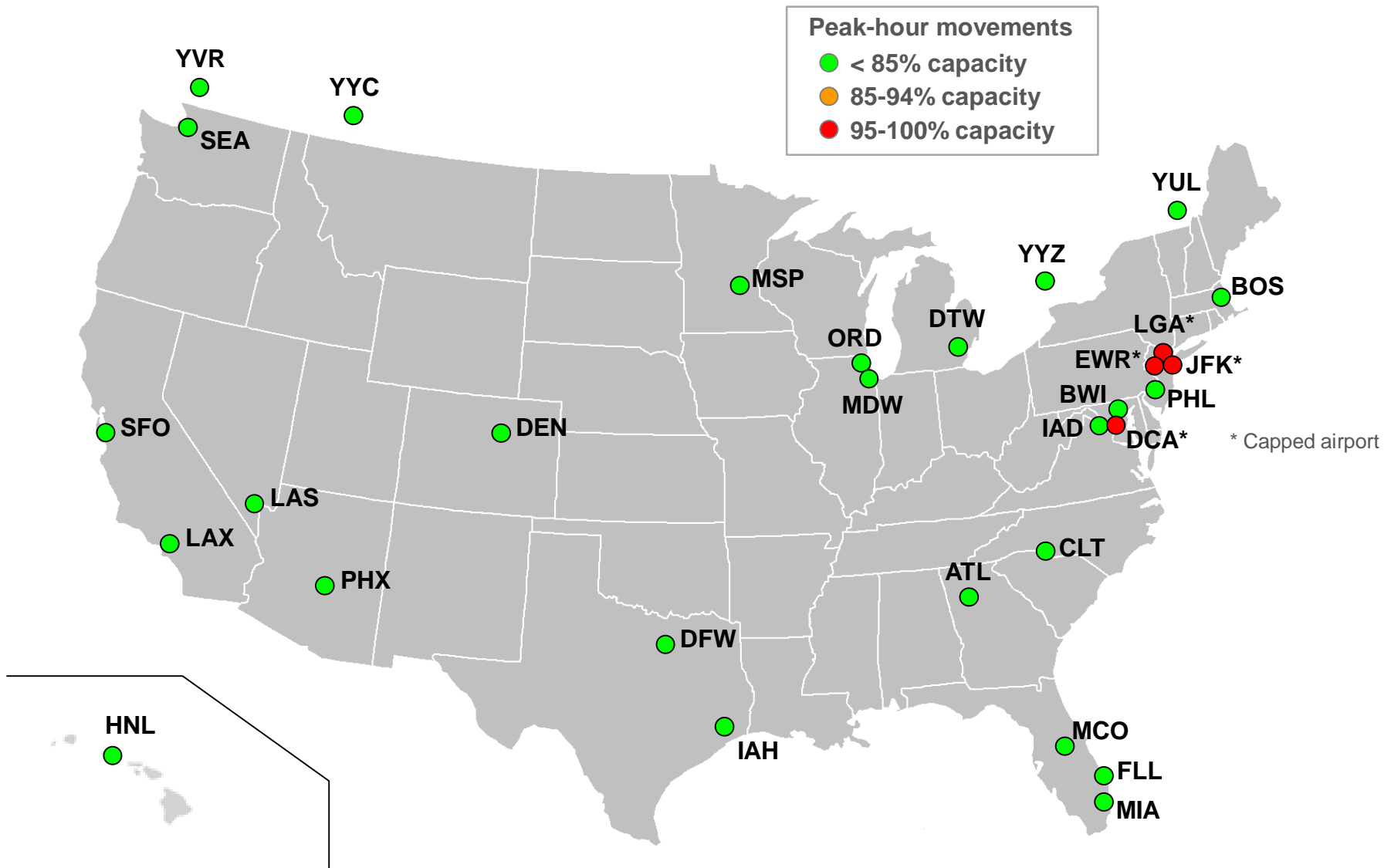
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More than half of North America's deliveries are for replacement

Units



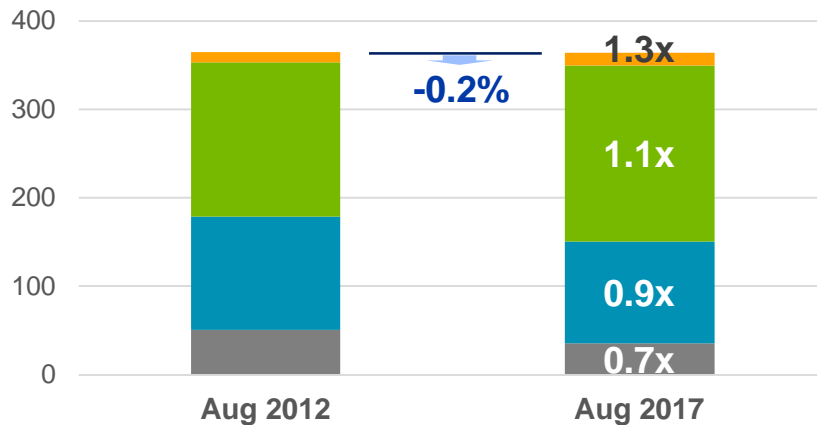
Despite scope of US Market, airports have room for future growth



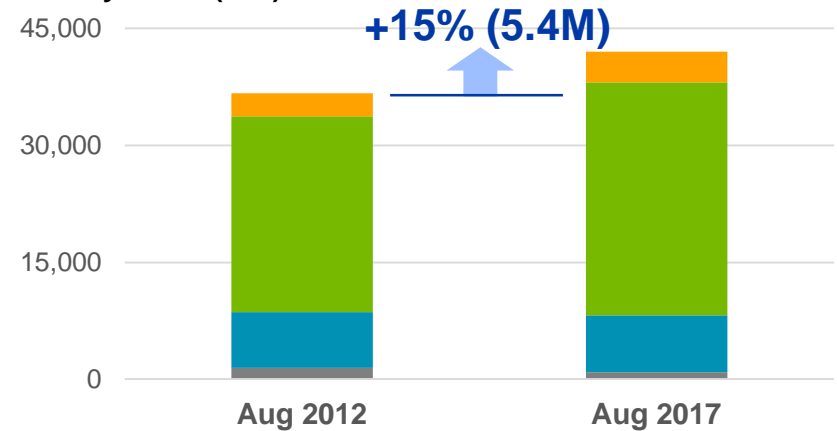
Cabin densification and model shift enables ASM growth

● Widebody
 ● Single-aisle
 ● Regional jets
 ● Turboprop

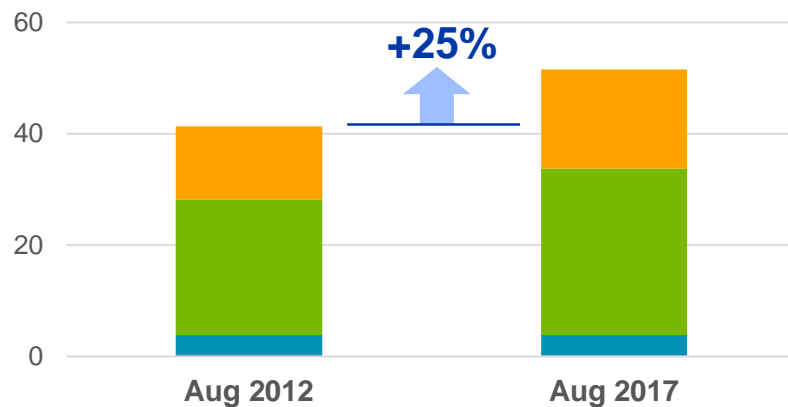
Weekly Movements (000)



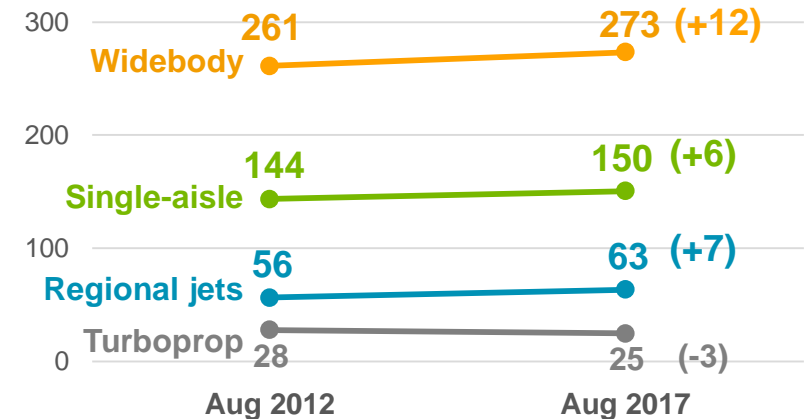
Weekly Seats (000)



ASM (billions)



Average Seats per Departure



Single-aisle seating capacity increasing



Cabin Densification

Slimline seats
Space-saving lavs



Fast growing LCC's

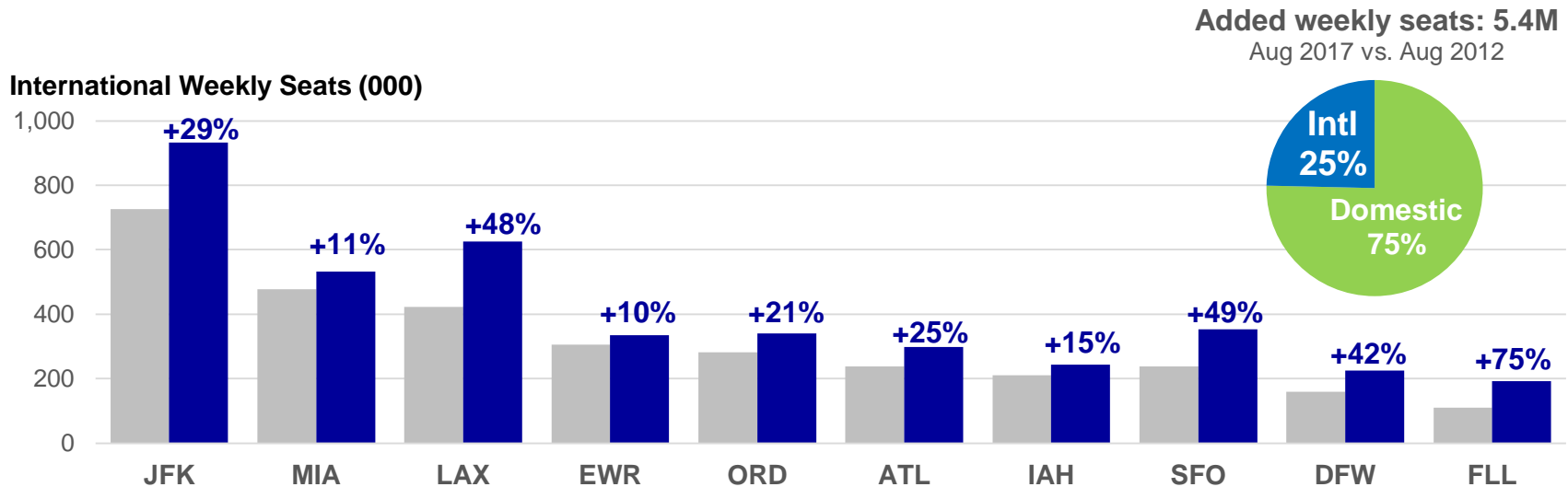
Single class
configurations



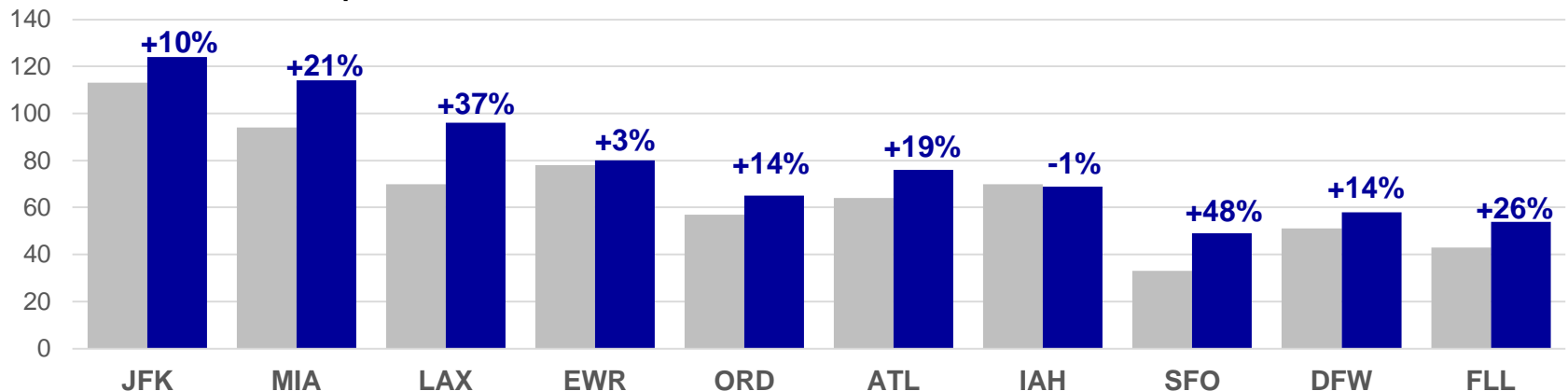
Modest upgauging

Cost efficiencies
Productivity

International growth dominated by a few airports



Number of International Airport Pairs



787 opening new markets

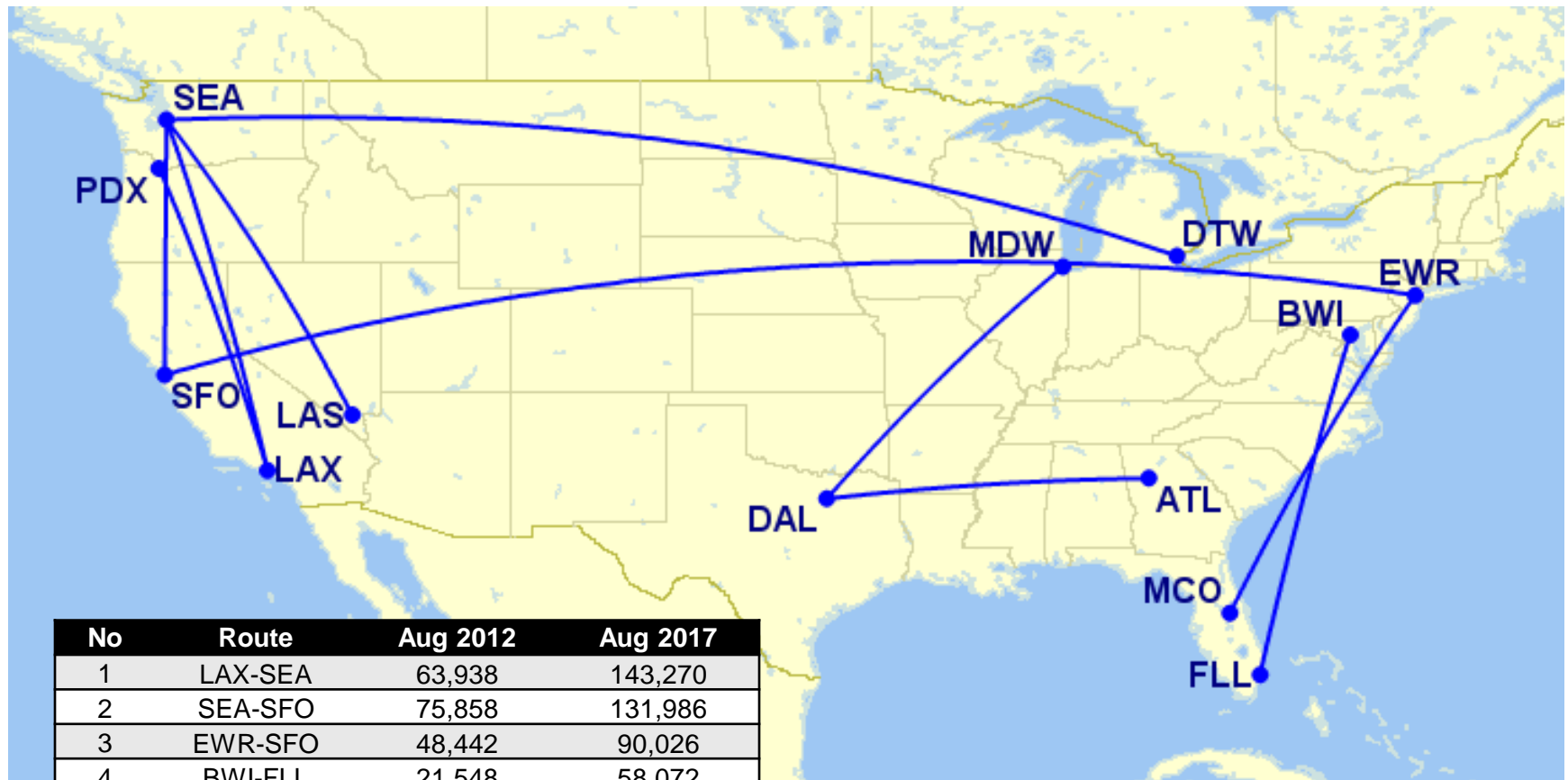
More than 180 new nonstop markets now connected with the 787



As of April 2018

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Top 10 US domestic routes by seat growth

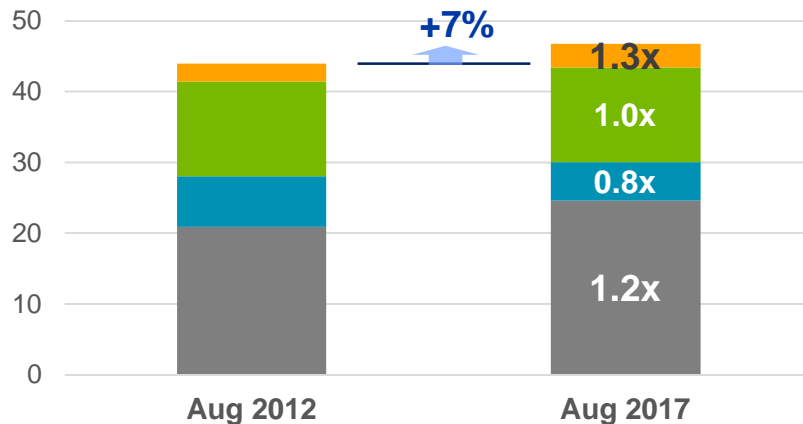


No	Route	Aug 2012	Aug 2017
1	LAX-SEA	63,938	143,270
2	SEA-SFO	75,858	131,986
3	EWR-SFO	48,442	90,026
4	BWI-FLL	21,548	58,072
5	LAX-PDX	35,446	71,108
6	ATL-DAL	-	34,428
7	EWR-MCO	62,526	94,548
8	LAS-SEA	49,976	81,368
9	DTW-SEA	20,498	50,816
10	DAL-MDW	-	30,272

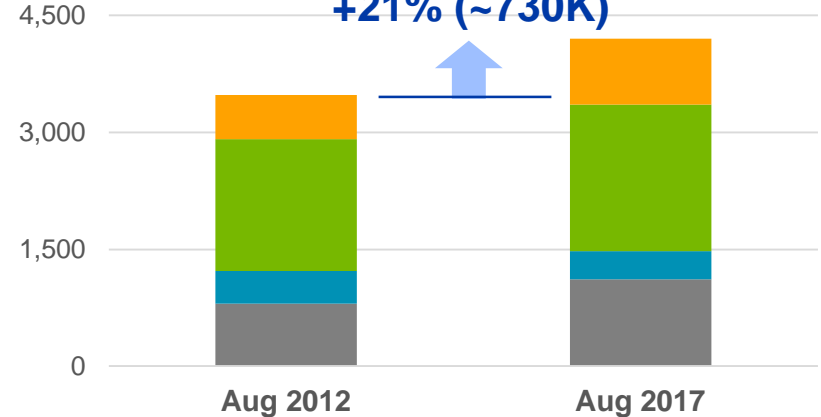
Canada airports achieved ASM growth with modest movement increase; more WB/TP flights, SA flat, RJ down; cabin densification

● Widebody
 ● Single-aisle
 ● Regional jets
 ● Turboprop

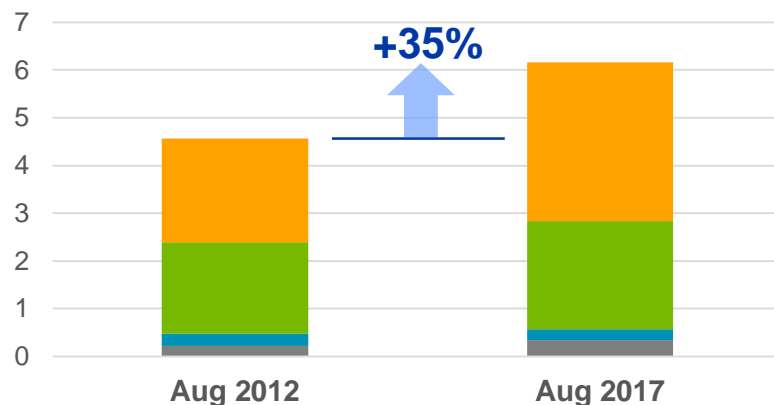
Weekly Movements (000)



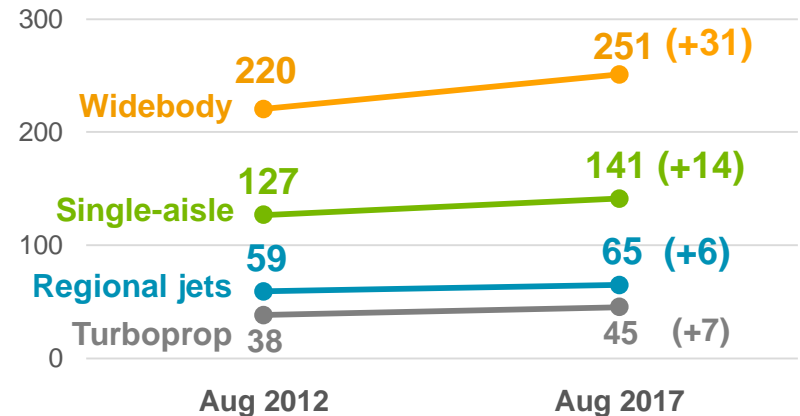
Weekly Seats (000)



ASM (billions)



Average Seats per Departure



Things to **remember**



US Market is mature, efficient and profitable
Market remains resilient, long-term growth continues
Innovation and new technology driving new non-stop city pairs