BOEING'S MOST IMPORTANT PLANE COULD BE HEADED FOR TROUBLE

News / Manufacturer

The 787 Dreamliner is the first new plane Boeing has designed and built from scratch in 20 years, but its entry into service has been far from smooth.

The program has been beset by engine and production issues.

In 2013, the worldwide Dreamliner fleet was grounded after the lithium-ion battery packs on several aircraft caught fire.

With more than $30 billion invested in the plane, Boeing has a lot riding on the state-of-the-art composite airliner.

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.

Fortunately for Boeing, not only has the Dreamliner been a hot seller for the company, with 1,154 orders to date, but its teething troubles seem to have been worked out.

But Boeing may be on the brink of a new problem with the Dreamliner — sales of the innovative jet look to be drying up. At least for the time being.

According toAlwyn Scott of Reuters:

Now the company's flagship plane is facing a new challenge: slowing sales. Boeing needs to sell dozens of 787s to help recover nearly $30 billion it has spent on production and not yet accounted for in its earnings. But the industry is in a sales slump. Sales of Boeing and Airbus wide body jets have fallen 51 percent since 2013, and some analysts and investors predict that without more 787 sales in the near term, Boeing will have to take a sizable charge to write off some of the 787's deferred costs.

Much of the slowdown can be attributed to the dramatic fall in oil prices over the past two years. The Dreamliner was never a cheap aircraft to buy, but 787's greatest selling point is its phenomenal fuel efficiency.

The 787 offers more than 20% better fuel economy than Boeing's previous generation 767 jets. With Brent crude prices cratering from $110 a barrel in 2014 to less than $30 earlier this year, airlines are reluctant to invest in Boeing's fuel miser.

*Norwegian*A Norwegian Boeing 787.

Also, Boeing designed the Dreamliner to offer airlines the ability to bypass major hubs and operate cost-efficient point-to-point flights. But few of the airplane's customers have taken advantage of

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.

this capability. As a result, airlines have opted to go for older and cheaper technology, such as the Airbus A330ceo.

Finally, airlines that see the Dreamliner as an integral part of its future strategy have already bought in bulk. During the early days of Boeing's Dreamliner sales drive in the mid 2000s, the company regularly booked 200 to 300 sales a year. Thus, most new customers of the airplane will have to be swayed into committing to the plane.

According to Scott, the 1,154 orders fall short of the 1,300 Dreamliners Boeing is using as a basis for deferring the charges in its accounting.

Boeing

In addition, Boeing needs to rack up 120 Dreamliner orders this year for sales to keep up with the rate of production, Scott added.

Thus far, Boeing has sold just 16 Dreamliners this year and 149 combined over 2014 and 2015.

But things are not all bad for the Boeing 787. The Dreamliner program has a backlog of more than 750 jets, and the price of crude has rebounded to nearly $50 a barrel. Even if it doesn't reach its previous heights, increasing fuel prices could once again drive airlines to Boeing's fuel-sipping jet.

17 MAY 2016

SOURCE: BUSINESS INSIDER
ARTICLE LINK:
https://ids.50skyshades.com/news/manufacturer/boeings-most-important-plane-could-be-headed-for-trouble

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.