Boeing Sees Long-Term Growth for Southeast Asia Aviation, Continued Strong Economic Performance for Vietnamese Economy

Twenty-year outlook for efficient, environmentally progressive airplanes is strong

HANOI, Nov. 25, 2009 – Boeing [NYSE: BA] forecasts that over the next 20 years, Southeast Asia's airlines will require more than 2,100 new airplanes valued at approximately US$330 billion.

Boeing Commercial Airplanes Vice President of Marketing Randy Tinseth shared the company's market data and forecast today at a media conference focused on the global and Southeast Asia commercial airplane markets.

Globally, airlines will need 29,000 new airplanes through 2028, valued at US$3.2 trillion.

"It is encouraging that 27 percent of our 20-year forecast already is on order," Tinseth said. "Equally important is that this backlog is well balanced – by type of airplane, by airline business model, and region of the world."

Tinseth noted that as of the third quarter of 2009, Boeing had a backlog of 3,400 airplanes, valued at US$254 billion.

Airlines and the aviation industry in general have been hurt by a challenging and volatile business environment, Tinseth said. The world economy has been in recession, passenger and cargo traffic have declined, and fuel prices are volatile.

"The data indicate that the economic downturn has reached bottom and recovery has begun," Tinseth said. "However, global recovery will be a long, slow process."

The Vietnamese economy has gone against the global trend, Tinseth noted. It is anticipated to grow five percent in 2009 and just over seven percent in 2010 before settling into a long-term annual growth trend of 6.7 percent.

Global recovery to the 2008 peak won't occur until perhaps 2010, he said.

"In Southeast Asia, air traffic growth will outpace economic growth," Tinseth said. "Air travel growth over the next 20 years is expected to be above 6.5 percent, while the region's economy is projected to grow at 4.6 percent."

Looking at the Asia Pacific region in its entirety, long-term air annual air traffic growth is projected to be 6.9 percent over the next 20 years, Tinseth added.

"Travel volumes in Asia Pacific overall are large and growing rapidly," Tinseth said. "Asia Pacific will account for 41 percent of air travel in 20 years' time, up from around 32 percent today. In fact, in less than 10 years, Asia Pacific will easily be the largest air travel market in the world."

In Vietnam, air service growth since the year 2000 has been substantial, Tinseth added.

"Compared to 2000, there are four times as many seats in the market and nearly 3.5 times as many frequencies," the Boeing executive said.

"In the longer term, airlines will continue to invest in more efficient, environmentally progressive airplanes that also serve the travel patterns of air travelers with their ability to fly to more places more often."

Tinseth said Boeing is focused on a simple strategy: to provide its airline customers with airplanes that are the right size with the right capabilities at the right time.

"Over the next 20 years, we see a tremendous demand to connect economies, countries and most importantly people," he added. "It is not an exaggeration to say that our airline customers play the central role in bringing the world together."

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Contact:
Miles Kotay
Boeing Commercial Airplanes International Communications
+1 425 306 4537

Raymond Francis
Boeing Southeast Asia Communications
+ (65) 6883-9809

For more information: http://www.boeing.com/cmo