

Boeing Forecasts Sufficient Financing for Rising Global Aircraft Deliveries

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- Air-travel resilience, stable demand should support funding for \$104 billion in 2013 deliveries
- Most funding sources expected to improve or be stable despite economic uncertainties
- Indicators show that global aviation remains healthy, attracting continued financing

LONDON, Dec. 4, 2012 /PRNewswire/ -- Boeing (NYSE: BA) projects the world's airlines should see reasonable liquidity and pricing for new-aircraft delivery financing in 2013 even as jet builders ramp up production to meet demand, the manufacturer announced here today in issuing its fifth annual finance market forecast.

"We expect that despite economic and political challenges, global air travel will again demonstrate its remarkable resilience in 2013. The industry's global growth and airlines' fleet replacements, accelerated by higher fuel prices, should keep demand stable and attract sufficient financing," said Kostya Zolotusky, managing director of capital markets development and leasing at Boeing Capital Corp., the plane maker's financing and leasing unit which develops the forecast.

The encouraging report comes amid lingering economic uncertainties and as higher costs for eligible airline borrowing using government export credit financing go into effect in 2013.

The manufacturer forecasts total industry jetliner deliveries at \$104 billion in 2013, with 95 percent of that expected to be split between Boeing and Airbus.

Boeing foresees 2013 financing conditions on par with 2012, and predicts the largest funding source – commercial banks – should strengthen their investment. Among other major players, capital markets are expected to grow as a funding source for U.S. airlines and expand to also serve non-U.S. airlines and leasing companies. Meanwhile, leasing firms are expected to grow in their delivery share and gain access to more diverse sources of equity and leverage.

This year began amid concerns that Europe's commercial banks, a primary aircraft financing source, would pull out of the market due to the continent's economic crisis. However, Zolotusky said those fears did not materialize, and in 2013 the company expects that Europe's banks will remain active because the aircraft space is one of the most attractive and high-performing sectors for bank investments.

Boeing said regional commercial banks – in places like China, Japan, Australia, the Middle East and North America – stepped back into or entered aircraft financing in 2012 and expect to remain in 2013.

In announcing the need for increased financing for rising industry deliveries, the company said market data clearly supports the higher production pace.

"Aircraft utilization is at record highs as are global load factors. Growth in people traveling is happening faster now that new capacity is being introduced. These are fundamental indicators that show that the aviation market is healthy and perhaps even a little underserved," said Boeing's Zolotusky.

The company expects the higher costs and stricter terms for export credit borrowing next year to drive down reliance on government-backed loan guarantees, as their use gradually returns to lower historic rates.

Boeing's complete 2013 aircraft finance market outlook can be found at www.boeingcapital.com/cafmo.

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