mba Insight: Evaluating the Boeing 787's Backlog and Competition

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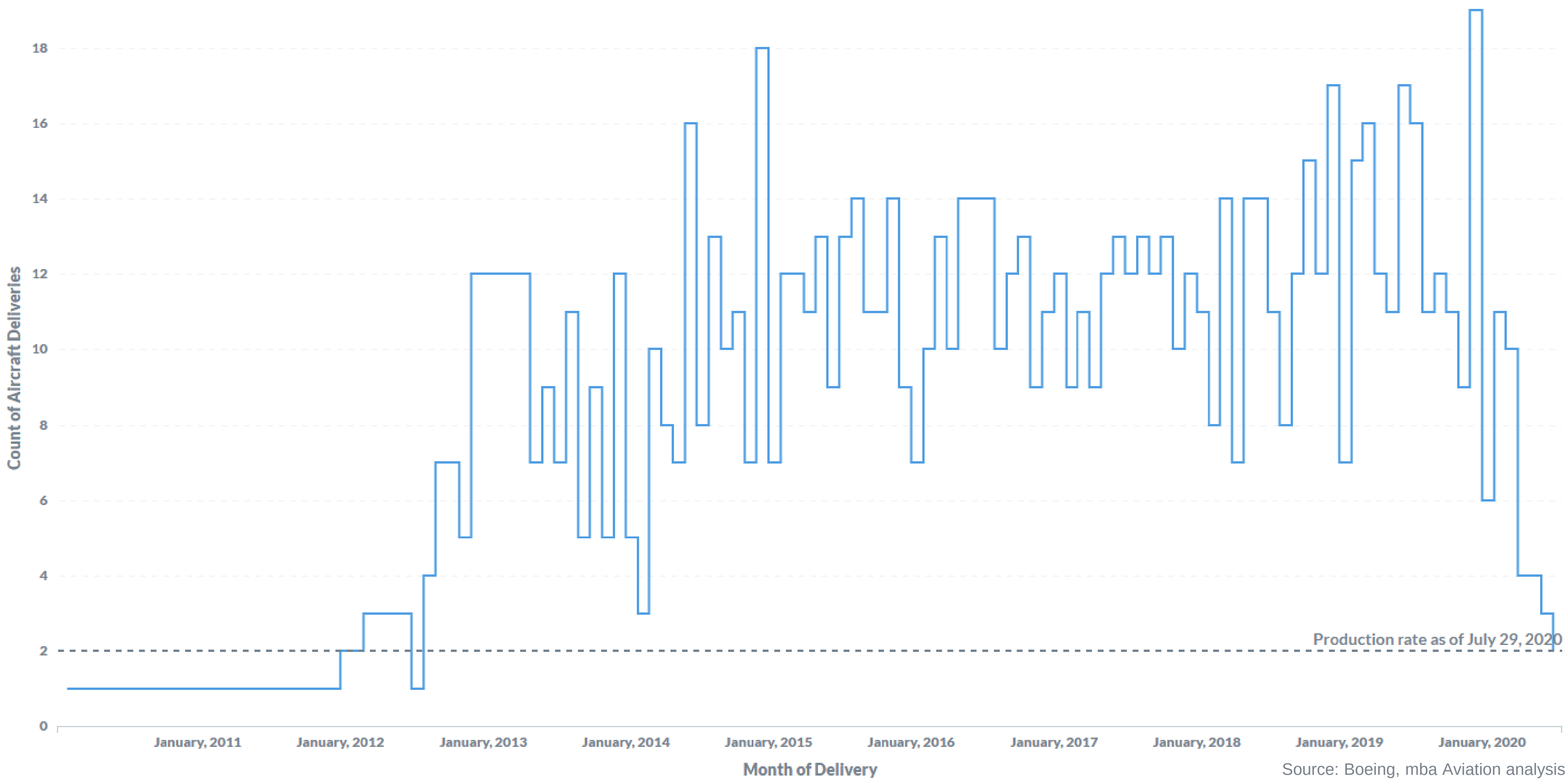
Monthly 787 Deliveries, 2010 to Present

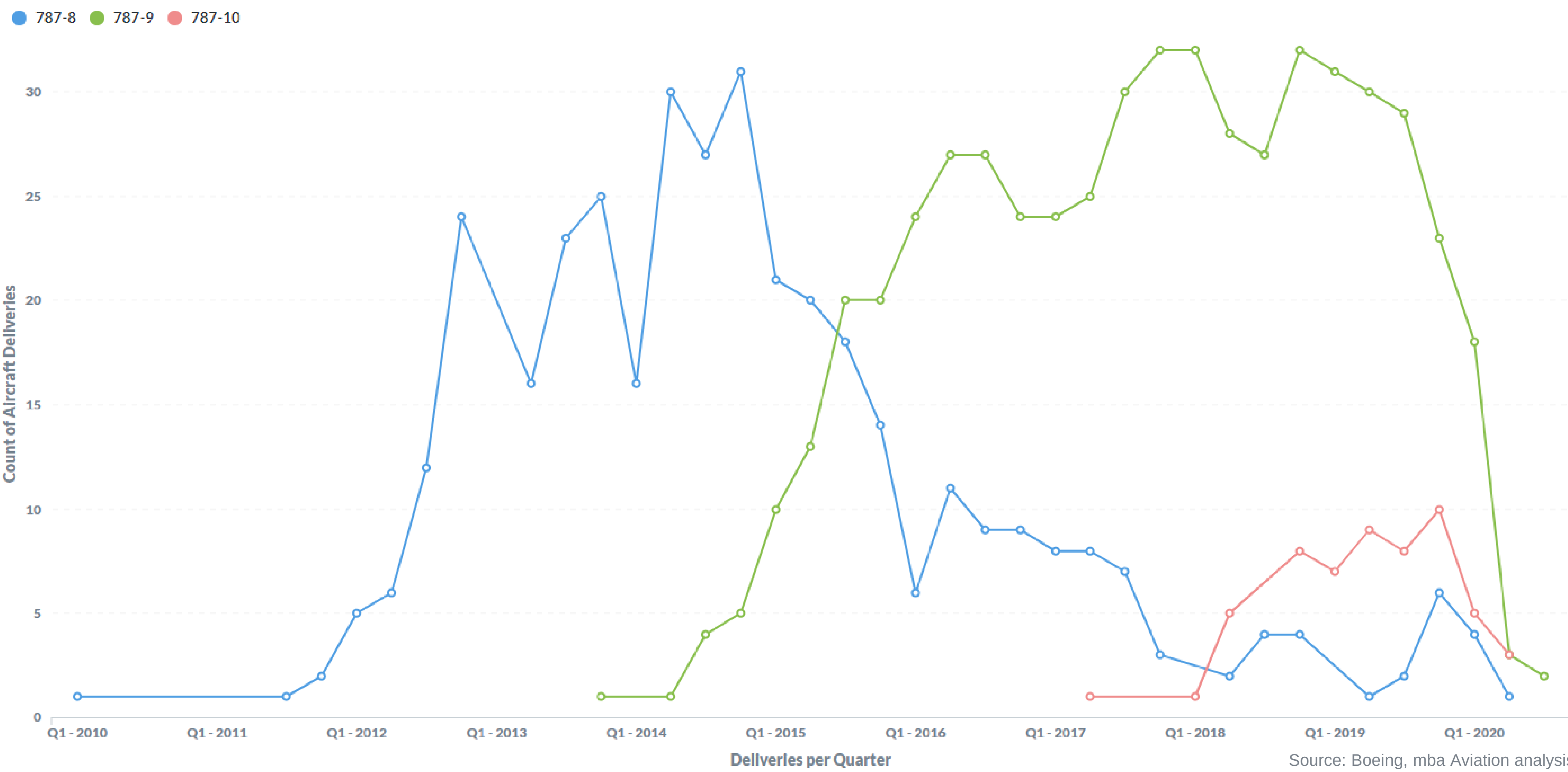


Source: Boeing, mba Aviation analysis

On July 29, 2020, Boeing announced that it would cut production of its popular 787 Dreamliner aircraft to six aircraft per month. At the beginning of 2019, it responded to market demand by raising production to fourteen aircraft per month. During that same time period, the company has delivered an average of 8.5 aircraft each month. Reacting to the damage caused to commercial aviation by the COVID-19 pandemic, Boeing throttled production in April 2020.

To assess the future prospects of the 787 program, mba estimated the expected run-rates for each 787 series, reviewed the pace of deliveries of the prior-generation 767 and A330ceo programs, and studied 787 deliveries alongside those of its direct competition from Airbus: the A330neo and A350.

Quarterly 787 Deliveries by Series, 2010 to Present



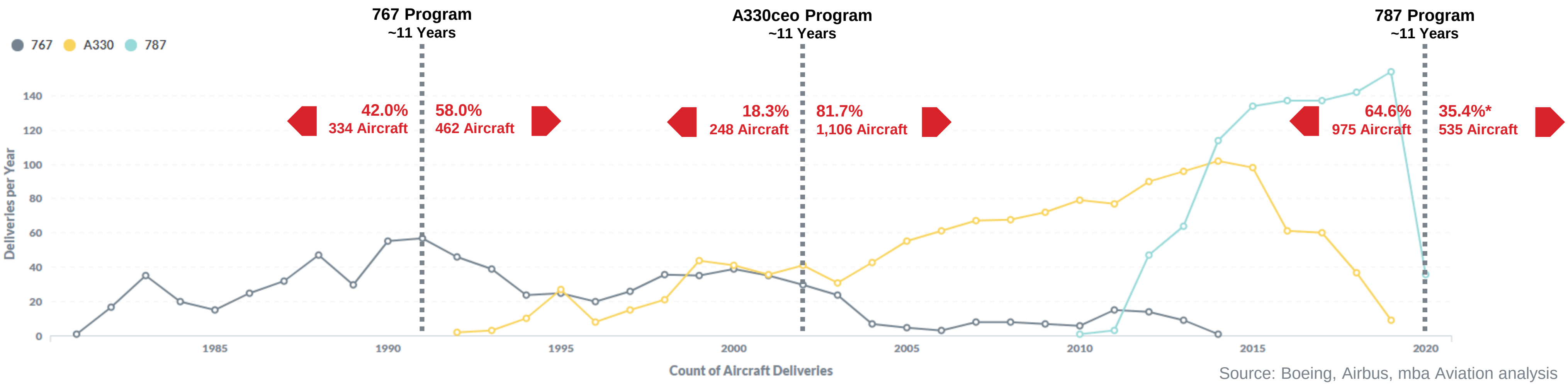
Source: Boeing, mba Aviation analysis

mba's analysis reveals the forecasted timeline for completion for the airframer's backlog of 535 aircraft. These estimates assume that Boeing continues to produce each 787 series proportionally to actual deliveries since the start of 2019.

Although the smaller -8 series launched the program and led deliveries until Q3 2015, the larger -9 variant has gained momentum as the preferred choice of customers; it accounts for more than 58% of the combined order book. Extrapolating from the program's pace of production since the start of 2019, we expect the airframer to clear its existing -9 backlog, 334 aircraft, in February 2027.

Boeing's backlog of 48 -8 aircraft will end around September 2029. Because it was ordered in relatively small numbers by only ten identified airlines and two lessors, the -10 series will conclude production of 153 remaining aircraft in April 2030.

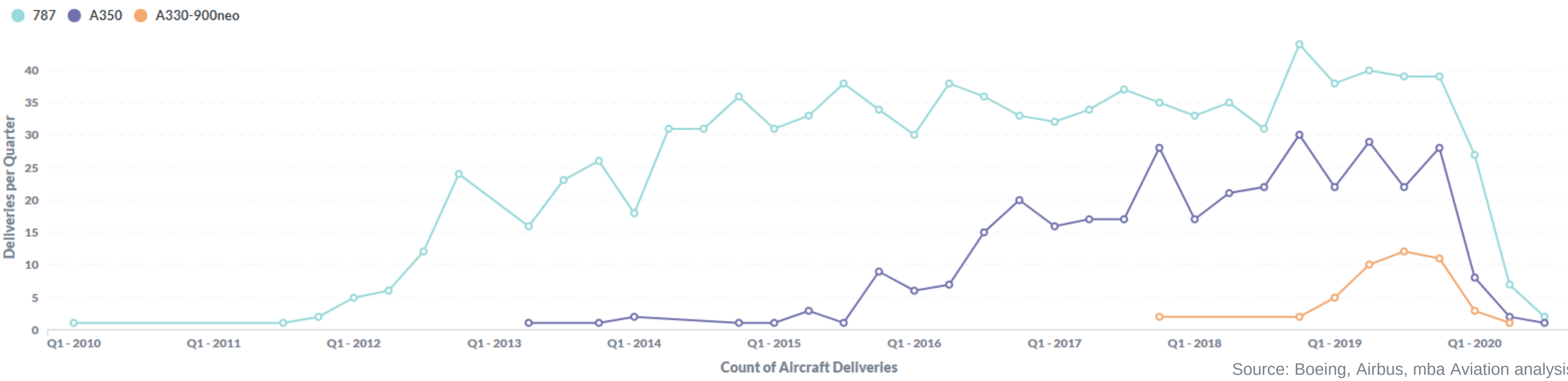
Annual Deliveries of 787 vs. 767 vs. A330ceo, 1981 to Present



Source: Boeing, Airbus, mba Aviation analysis
* Based on current orders & deliveries

Approximately eleven years have elapsed since the delivery of the first 787. At a comparable moment in time for Boeing's prior-generation small widebody, the 767 program reached a pinnacle in 1991 with 57 aircraft deliveries. Meanwhile, the delivery of 41 A330ceo aircraft in 2002 reflects the modest sales of that model during its first decade. The sluggish early phase gave way to substantial growth, with 102 aircraft delivered at the peak in 2014.

Quarterly Deliveries of 787 vs. A350 vs. A330neo, 2010 to Present



Source: Boeing, Airbus, mba Aviation analysis

With impressive early sales for the 787, Boeing enjoyed a first-to-market advantage and took a clear lead against Airbus in the competitive market for fuel-efficient twinjets optimized for point-to-point routes. Its competition from Airbus—the A330neo and A350 models—arrived on the market several years later. Due to its maturity, larger orderbook and diverse operator base, we expect the 787 to maintain its leadership of this category well into the future.