

Boeing and China Working Together for MAX Tourism Development

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Executive Summary

- Driven by China's strong economic growth, air travel and tourism have been growing at rapid pace, and will continue to do so in the future.
- China is the largest domestic tourism market in the world by number of trips, and will become global tourism's biggest source market by 2020*.
- Domestic and regional travel market will benefit from the emerging Low Cost Carrier (LCC) segment in China.
- Air travelers have shown preference for enhanced "connectivity": more direct and more frequent.
- Boeing's most comprehensive and preferred product lineup is strategically positioned to support sustainable growth of China's tourism industry.



*Source: "China Travel Trends 2012" by PATA, COTRI and Dragon Tail

Outline

- China Travel Market Outlook
- Air Travel Trends
- Boeing Airplane Product Line
 - Strategically positioned to support China Tourism's Development
- Summary

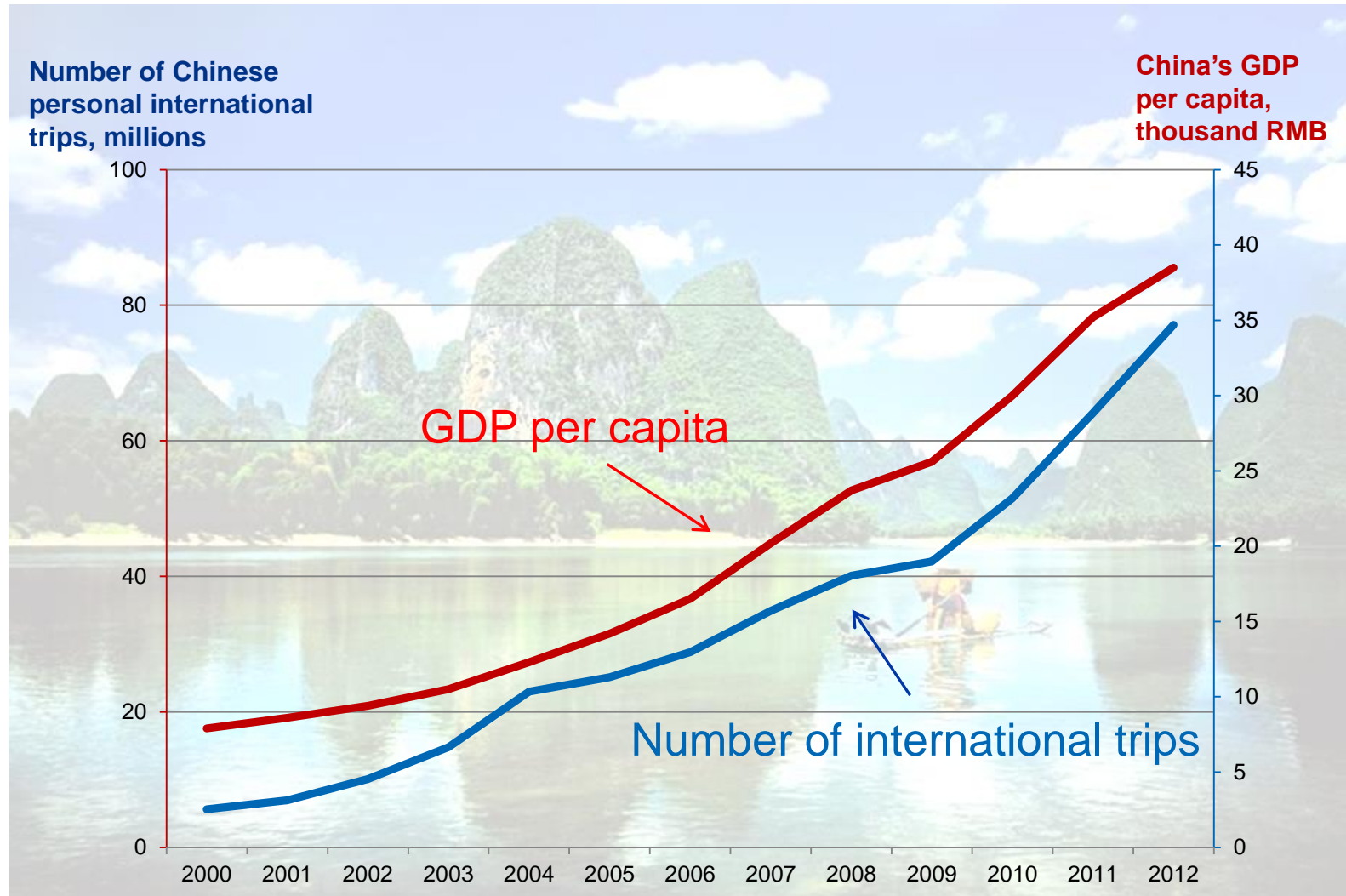


Air travel and tourism are highly interrelated

Both driven by economic growth, promote each other



International travel has seen rapid growth

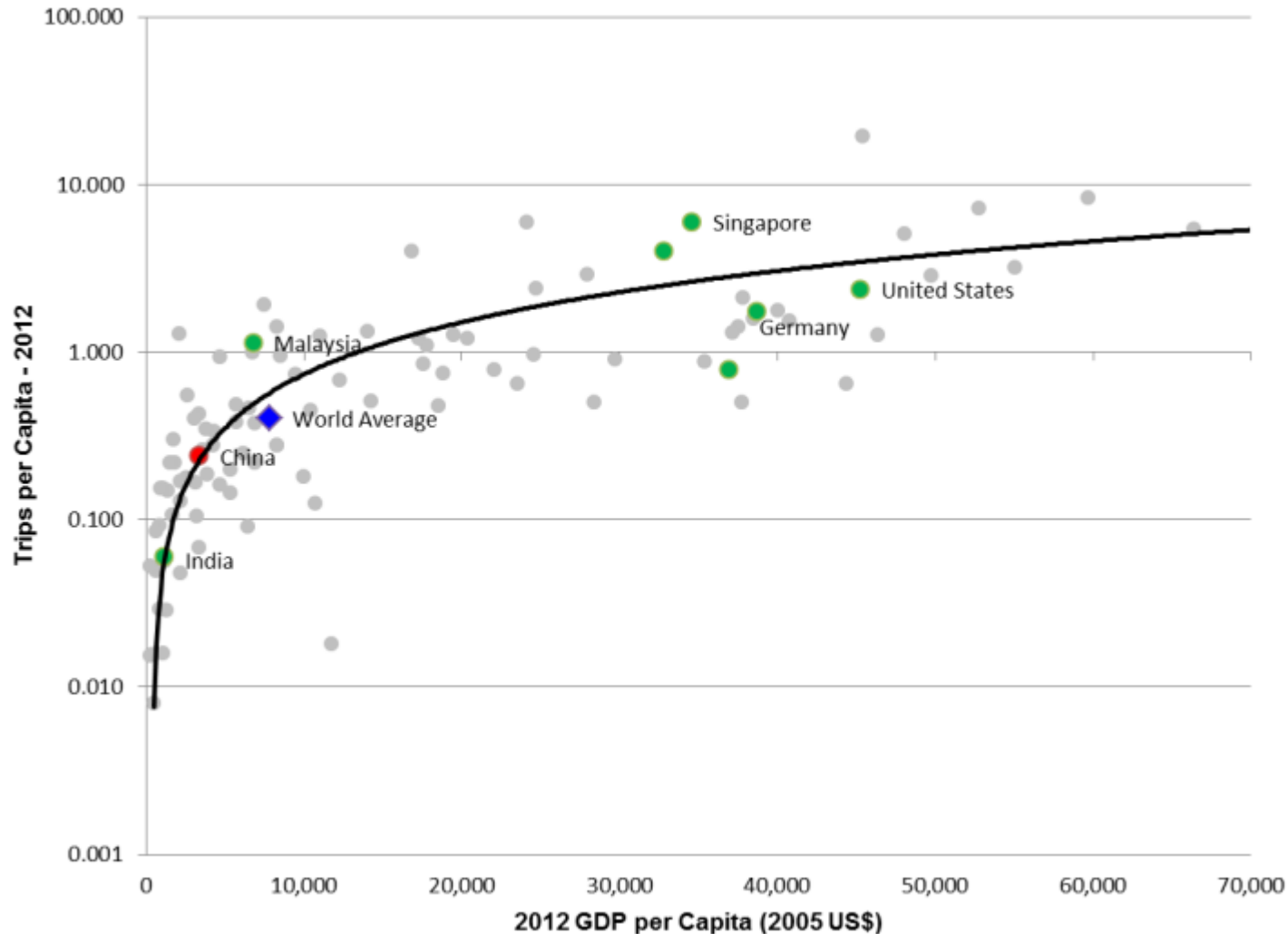


Source: National Bureau of Statistics of China

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Air travel should increase with GDP per capita

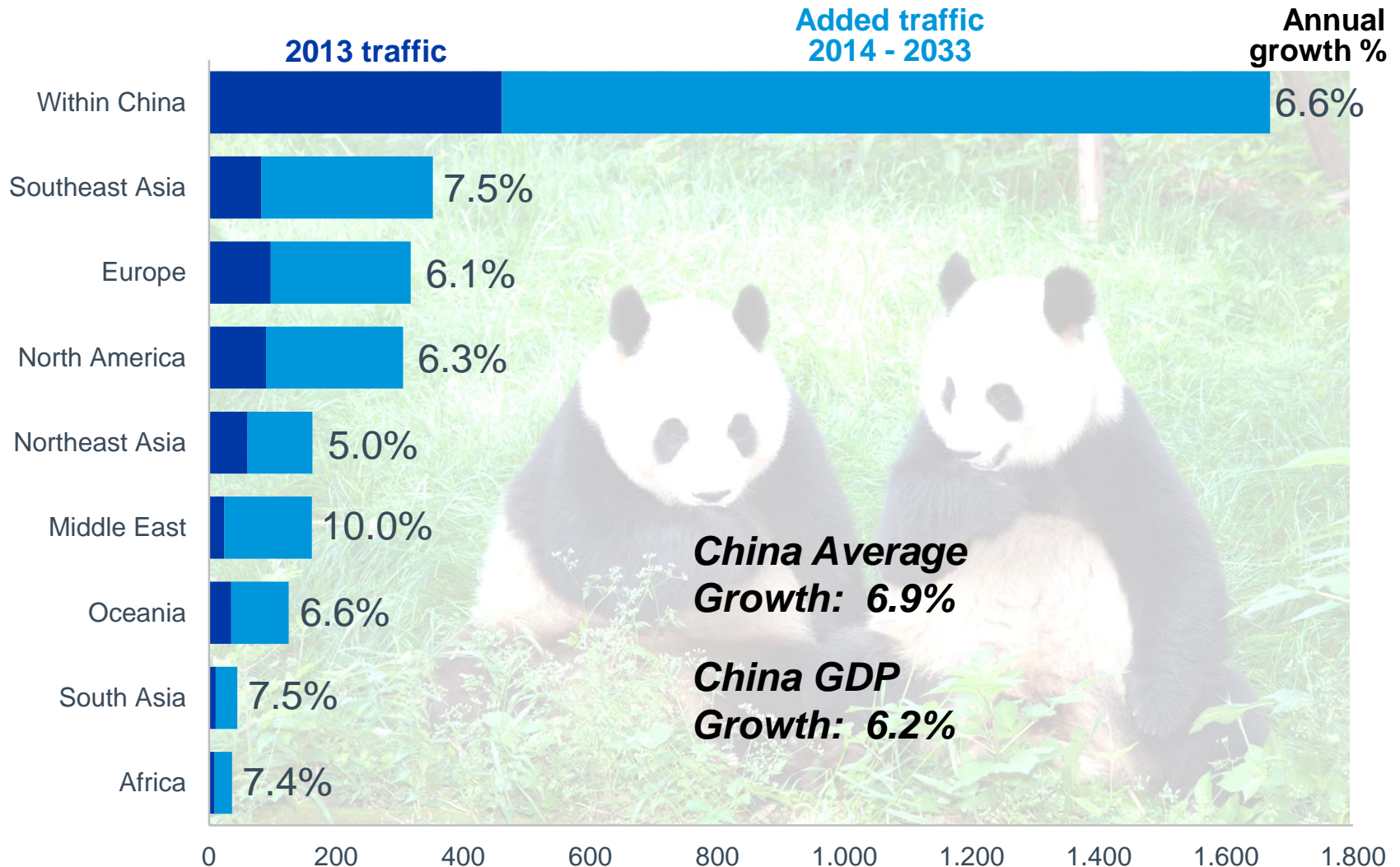
China is becoming the largest origin country of international outbound tourists



Source: Global Insight (September 2013), ICAO, US DOT Form 41, MLIT, CAAC, MTOC, airline websites

China air traffic varies by market

RPKs (billions)



What's trending in air travel?

Travelers demand and value enhanced “**Connectivity**”



More direct:
Non-stop, direct flights



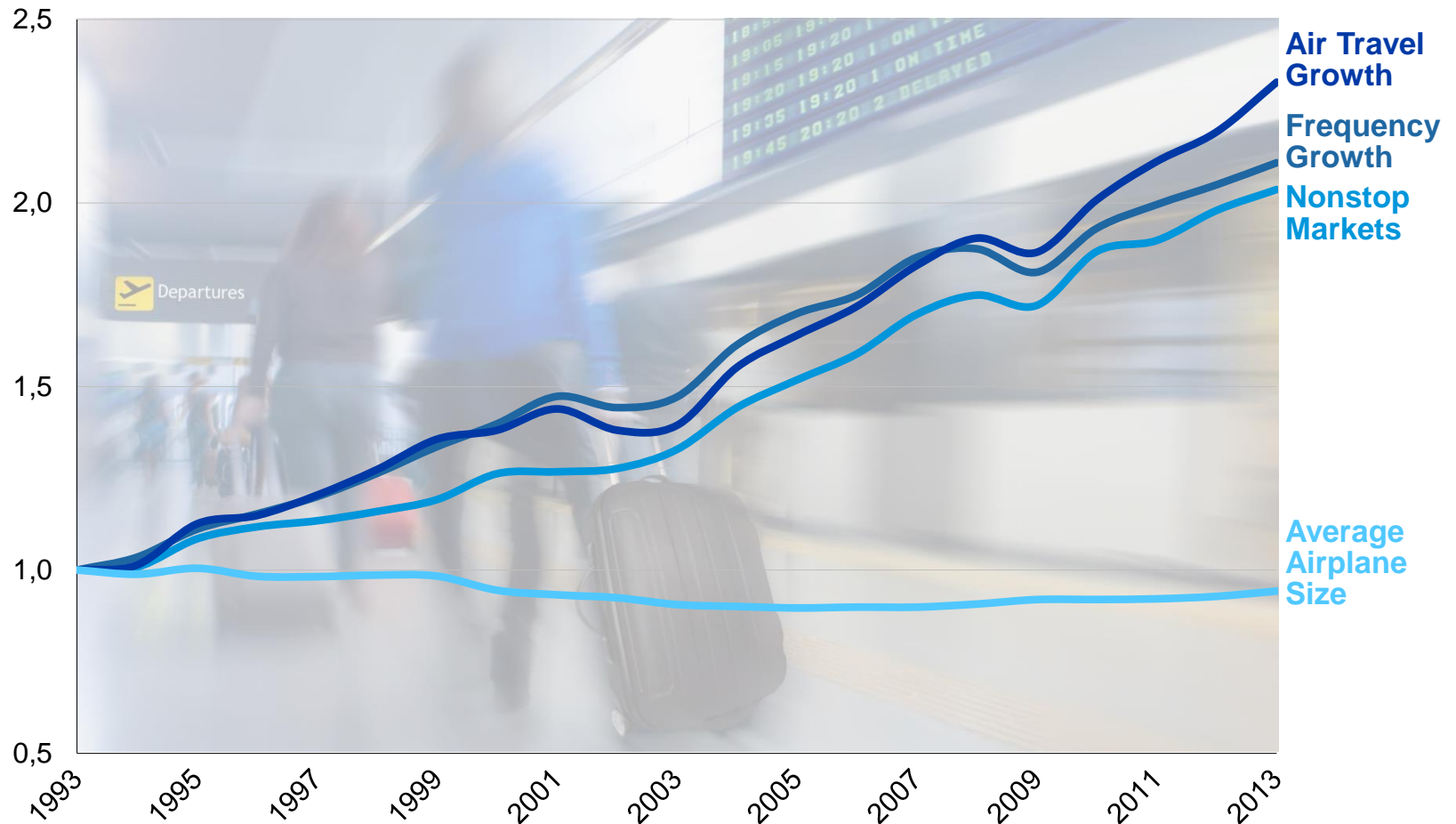
More frequent:
Increased flexibility



More affordable:
Value-oriented purchase decision

Air travel growth has been met by increased frequencies and nonstops

World

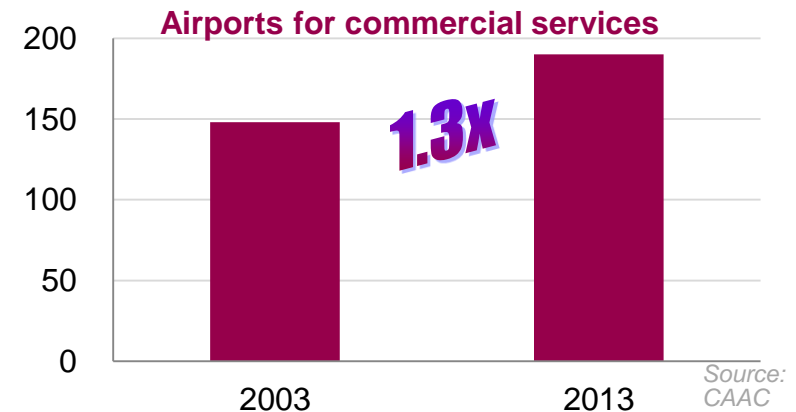
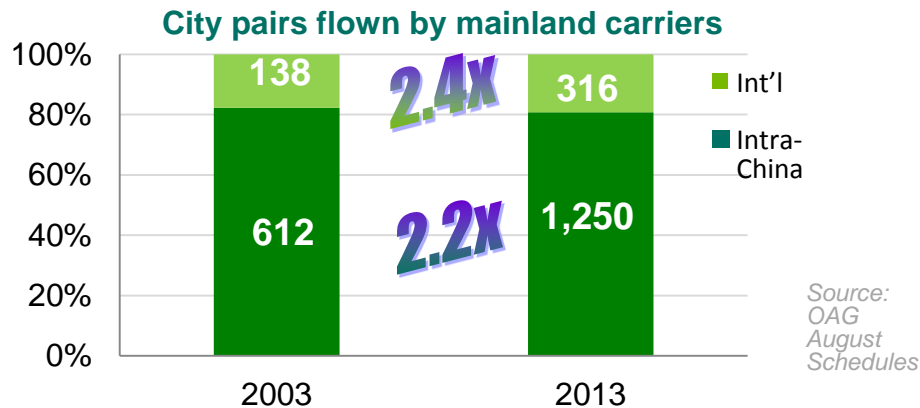
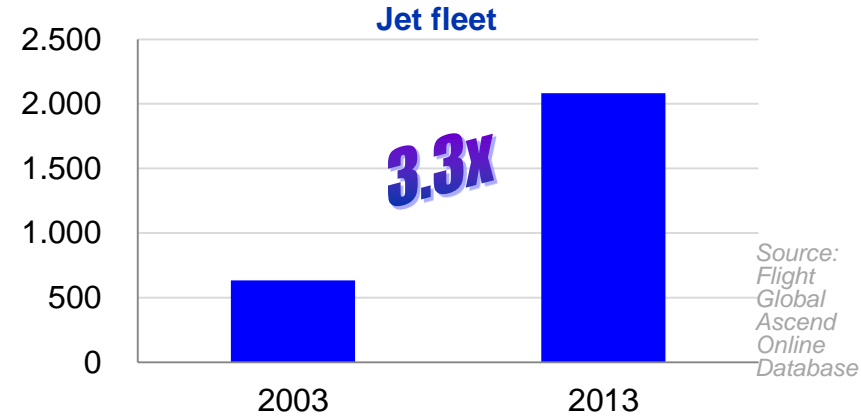
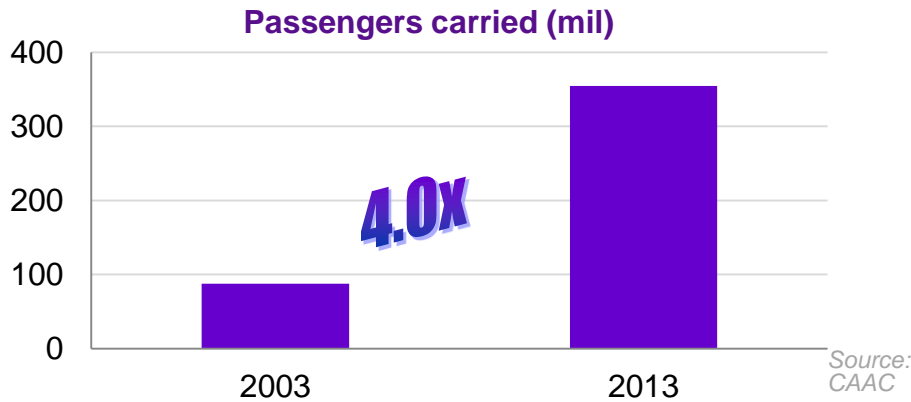


SOURCE: August OAG
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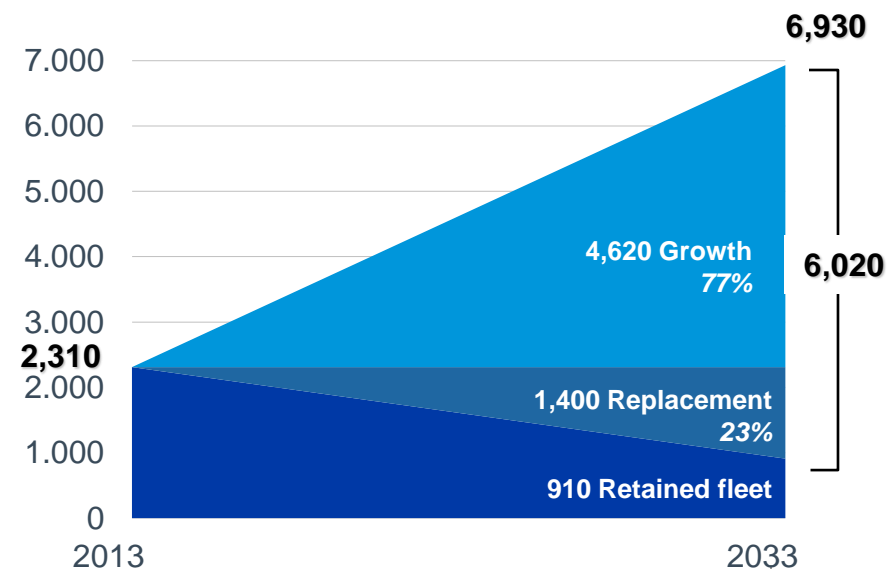
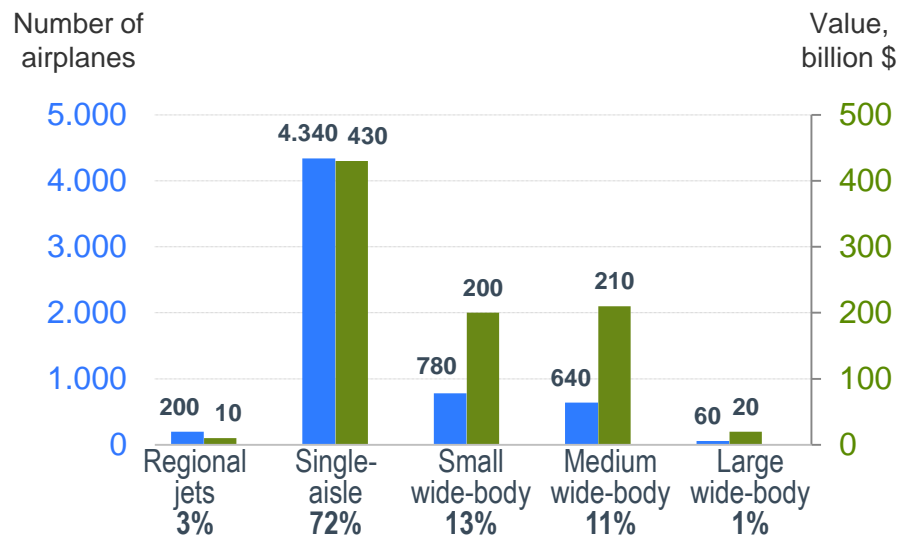
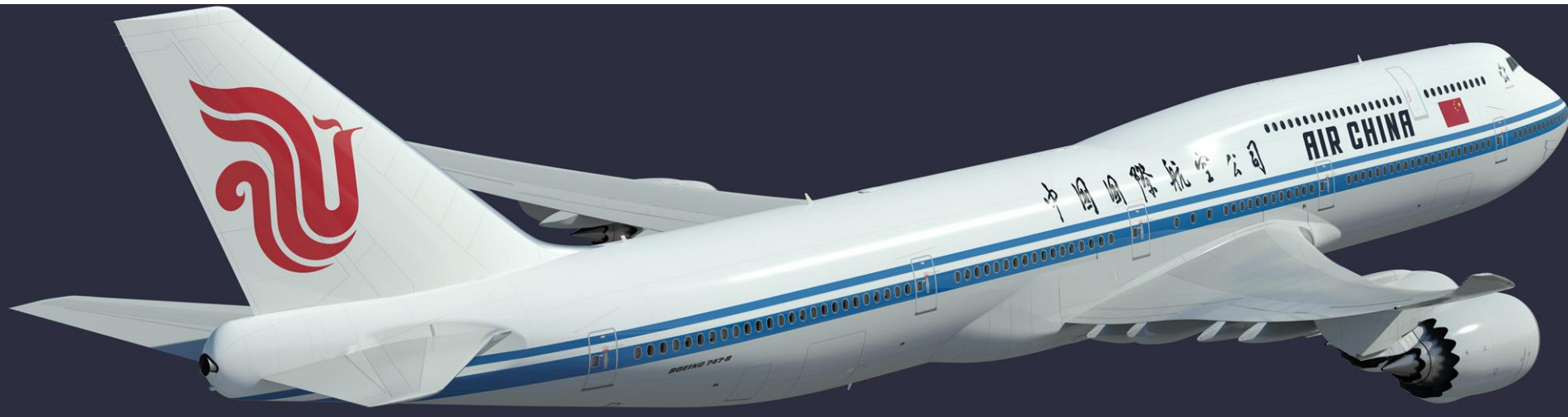
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10-year reflection on China's aviation market growth

Air Travel Trends

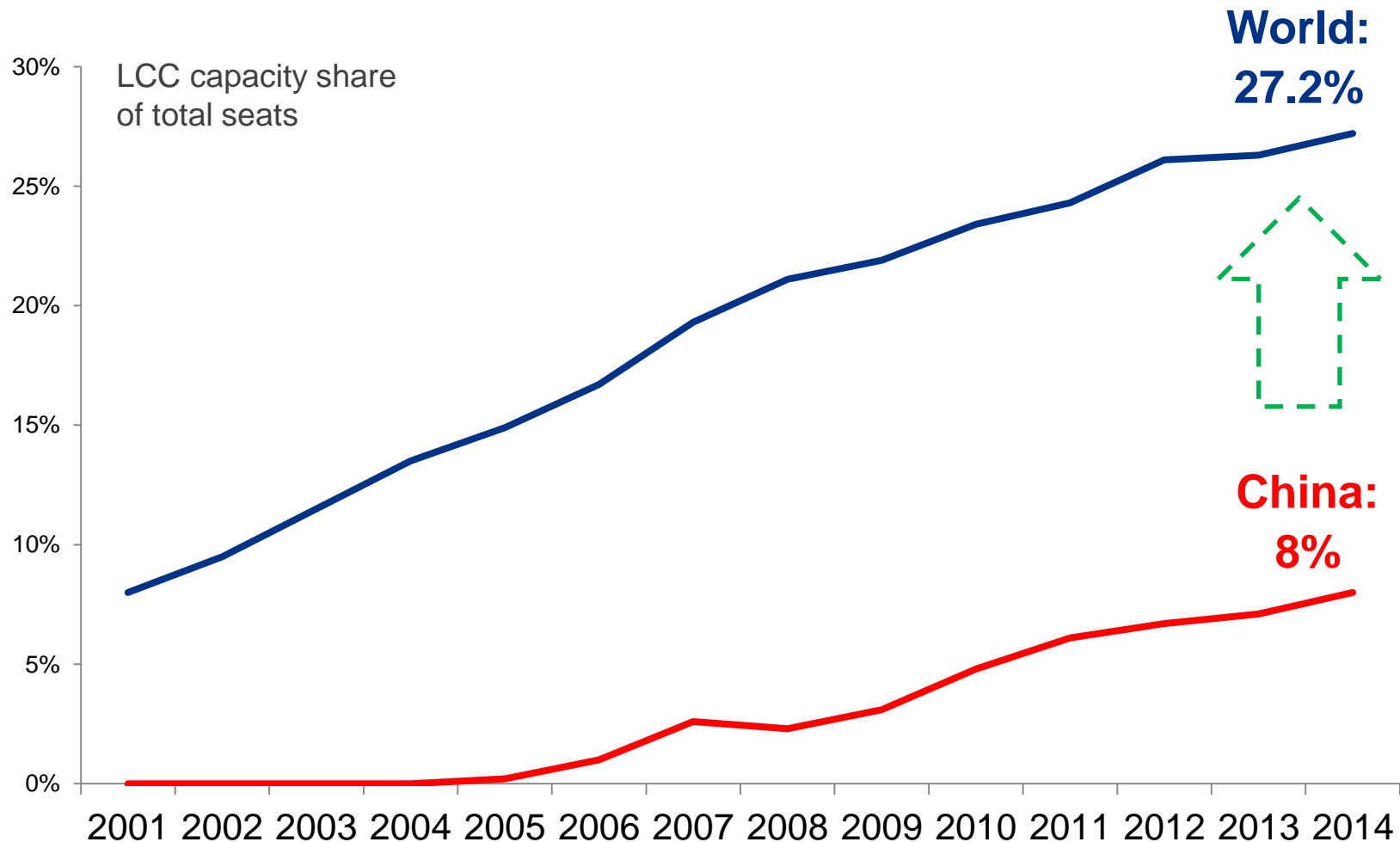


China will need over **6,000** new airplanes valued at \$870 billion



China LCC growth will mirror worldwide growth

LCC expansion to further stimulate more air traffic demand

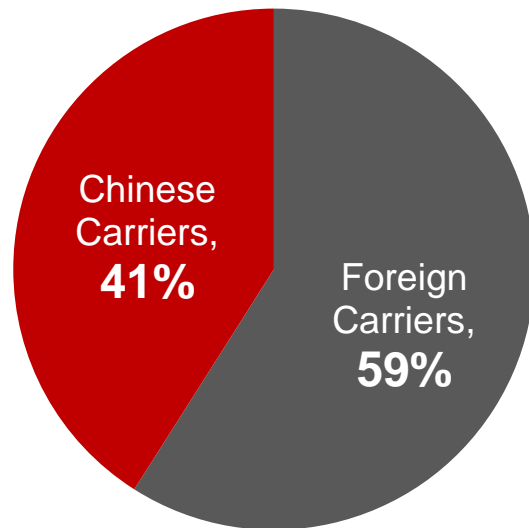


Source: CAPA, OAG

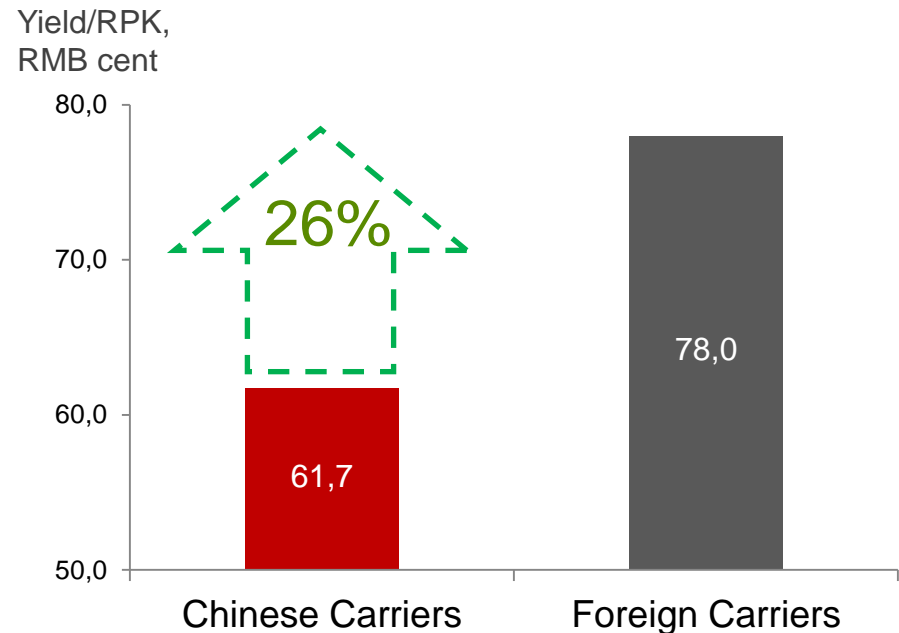
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Strong growth opportunities exist for Chinese airlines on international market

Through network development and service innovation



ASK capacity market share in China's international long-haul market:
majority held by foreign carriers

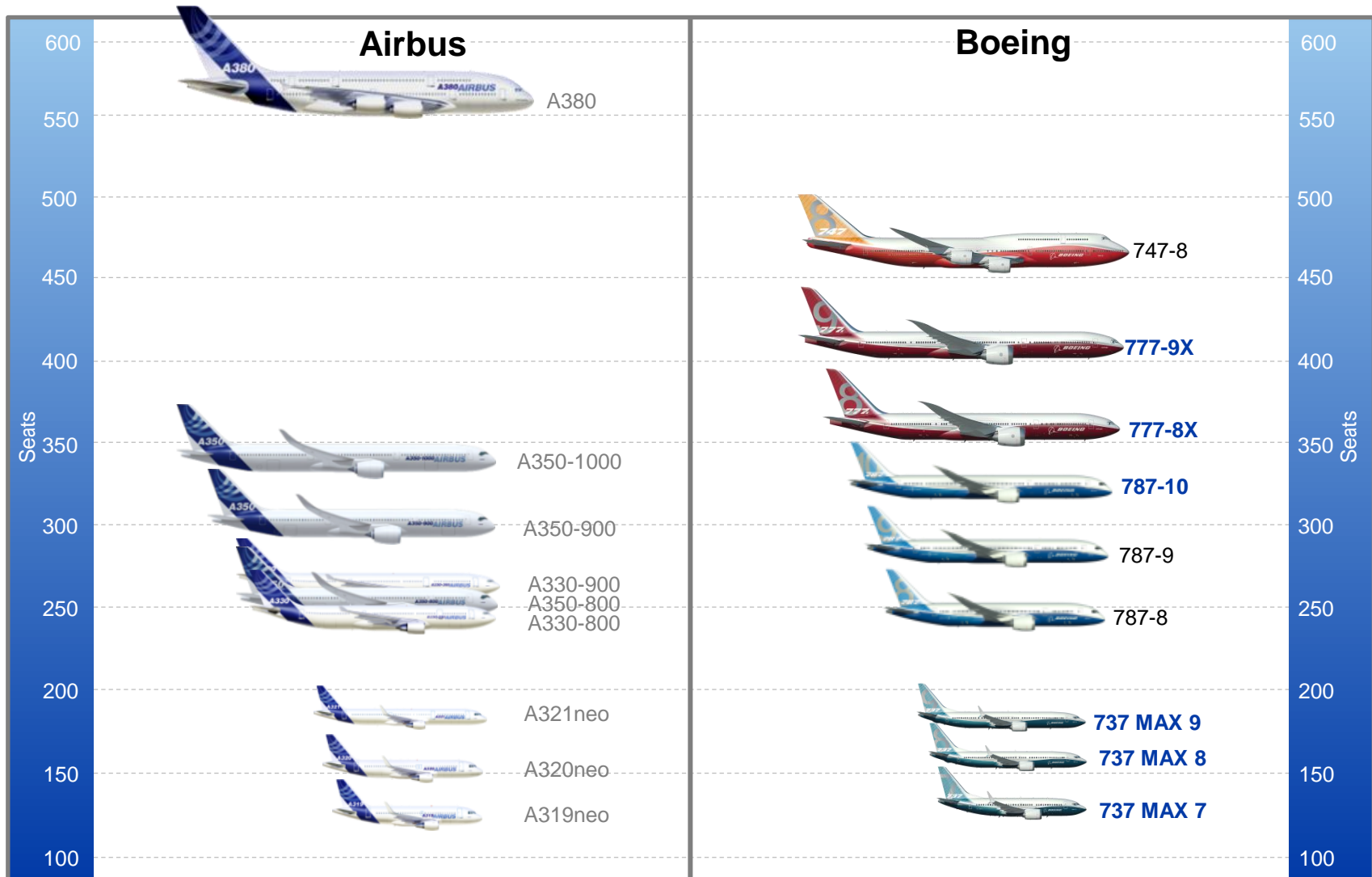


Average yield on international routes in/out of China:
improvement opportunity

Boeing product line-up vs. the competition

Superior value, efficient market coverage

Boeing Product Line



Boeing product line supports China's growing tourism industry

787

- Most Efficient long range family
- Unrivalled passenger experience
- Better Economics than current and expected alternatives

777X

- 12% lower fuel consumption and CO₂ compared to A350
- 10% lower operating costs
- Largest and most efficient twin-engine jet



737 MAX

- 12 more seats than A320 and lower trip cost
- Lower weight per seat and lower thrust
- MAX retains economic and range advantage over neo

747-8

- 16% reduction in fuel and CO₂
- Lower trip cost per seat and per trip compared to A380
- 30% smaller noise footprint

787 Dreamliner opening new markets around the world

Over 70 new 787 routes through year-end 2014

Boeing Product Line

787 has the lowest operating cost:



* Seat-mile operating cost comparison for 6,000-nmi mission

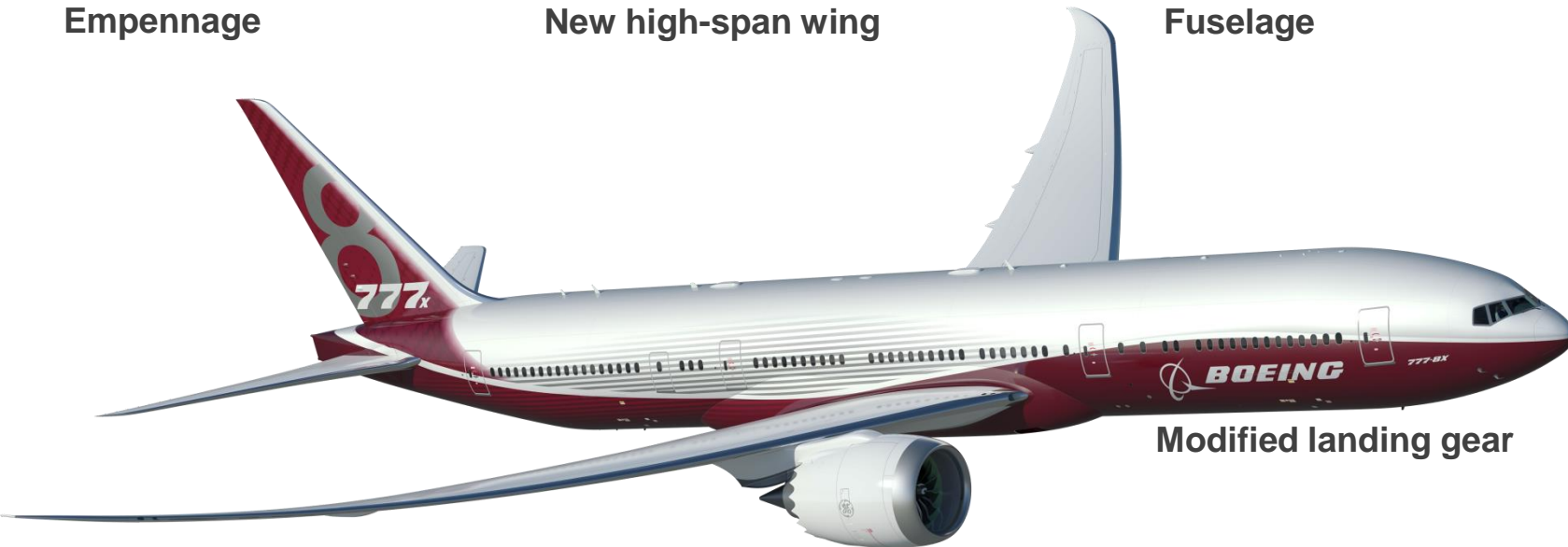
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777X: A great new beginning

Empennage

New high-span wing

Fuselage



Modified landing gear

New advanced GE engine Systems

A new passenger experience level

777-8X: open long-range market with leading flexibility and efficiency

777-9X: the most efficient twin-aisle uniquely positioned for growth

MTOW
Passengers

777-300ER	777-8X	777-9X
351,530 kg (775,000 lb)	351,530 kg (775,000 lb)	351,530 kg (775,000 lb)
386	355	406

747-8: An incredible new airplane

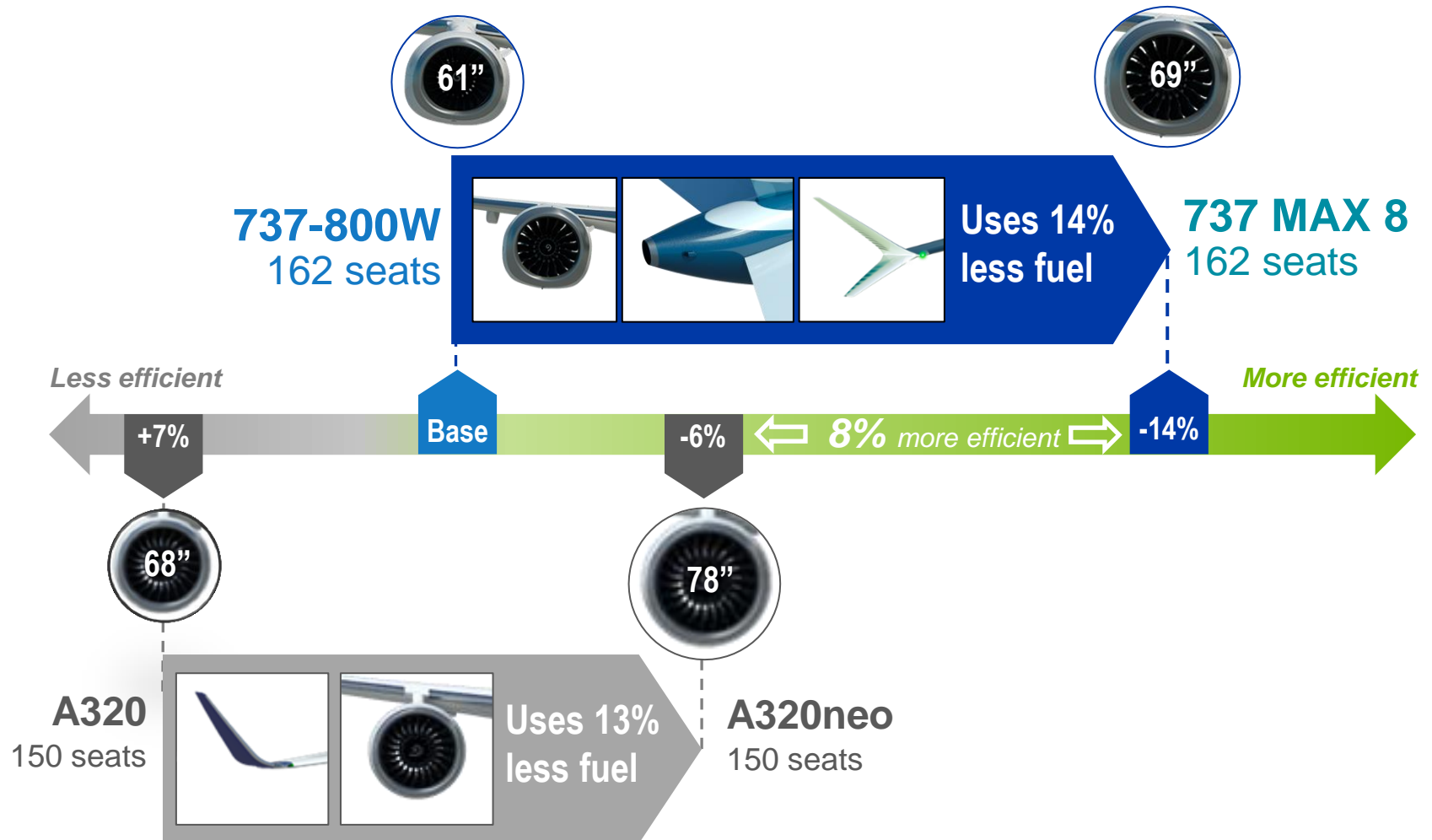
Better efficiency, higher revenue, less risk



MAX Efficiency: 14% Lower fuel consumption

Boeing Product Line

Fuel per seat comparison



CFM engines
Typical mission rules
800-nmi trip
Two-class seating
737-800 includes optional winglets
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22% more 737s serving LCCs than A320 worldwide

Boeing Product Line

737 operators



(1,948)



A320 operators



(1,603)



The 737 is preferred by successful low-cost carriers

Things to remember



Driven by China's strong economic growth, both air travel and tourism will continue to grow rapidly

Travelers tend to prefer and value enhanced connectivity: more non-stop flights, more frequencies and more affordable

Boeing's most comprehensive and preferred product lineup is strategically positioned to support sustainable growth of China's tourism industry

