Type : B737 MAX
Model : B737-8
Family : Narrow-body

Airframe Manufacturer : Boeing
1st Delivery : 2017

No of engines : 2
Type – Model : CFMI Leap 1B

Seat capacity :
210 Full Economy Configuration
162 – 178 in 2-Class Configuration

Weight and Payload :
82800 Kg Max Take Off Weight (MTOW)
Range Capacity : 3550 nm / 6570 km

Other important features :
Split Schimitar Winglet , MCAS, Boeing SKY Interior, Head Up Display and Touch Screen Cockpit Displays

Appraiser's Opinion

B737-8 Max

Ameya Gore
Sr. ISTAT Appraiser

Appraiser’s Opinion

Boeing B737-Max has been very popular in the narrow body segment since its launch was announced in 2011. Prior to its first delivery to Malindo Air in 2017, it had racked up 5000+ orders. However, following 2 fatal crashes in 2018 and 2019, the entire global fleet was grounded due to safety concerns. Subsequently, the COVID-19 pandemic prolonged the aircraft's return to service amidst Boeing's continued efforts to get the aircraft re-certified by the EASA and FAA as well as individual regulatory authorities in various countries. As of August 2022, there are 4200+ orders for the B737-Max family, with the majority of these orders being attributed to the B737-8 model. As the aircraft have been certified airworthy and safe to fly by EASA as well as FAA, the global fleet is slowly returning to service, with airline operators around the world regaining the desired confidence to operate the aircraft.

The unforeseen effect of the global grounding of the aircraft followed by the pandemic was the delayed delivery of aircraft from Boeing's production facilities in the USA and China. The aircraft expected to be delivered to the operators had to be put into supervised storage at Boeing's facilities until further notice. This presented a unique challenge to investors and lessors where the value of the asset under storage had to be determined. There were 2 different schools of thought prevalent in the industry to determine the age of the asset—one that uses the date of first flight and the other that uses the date of production delivery to the operator. In our opinion, the latter is more appropriate for the following reasons:

In my opinion, the latter is more appropriate for the following reasons:

1. Unless delivered from the OEM's production facility, the aircraft is considered to be in-production (under the OEM's production certificate) and the maintenance cycle has not yet commenced

2. The aircraft under the OEM's production environment is expected to be stored under stricter controls with warrantees and maintenance checks starting only once the aircraft delivers to the operator.

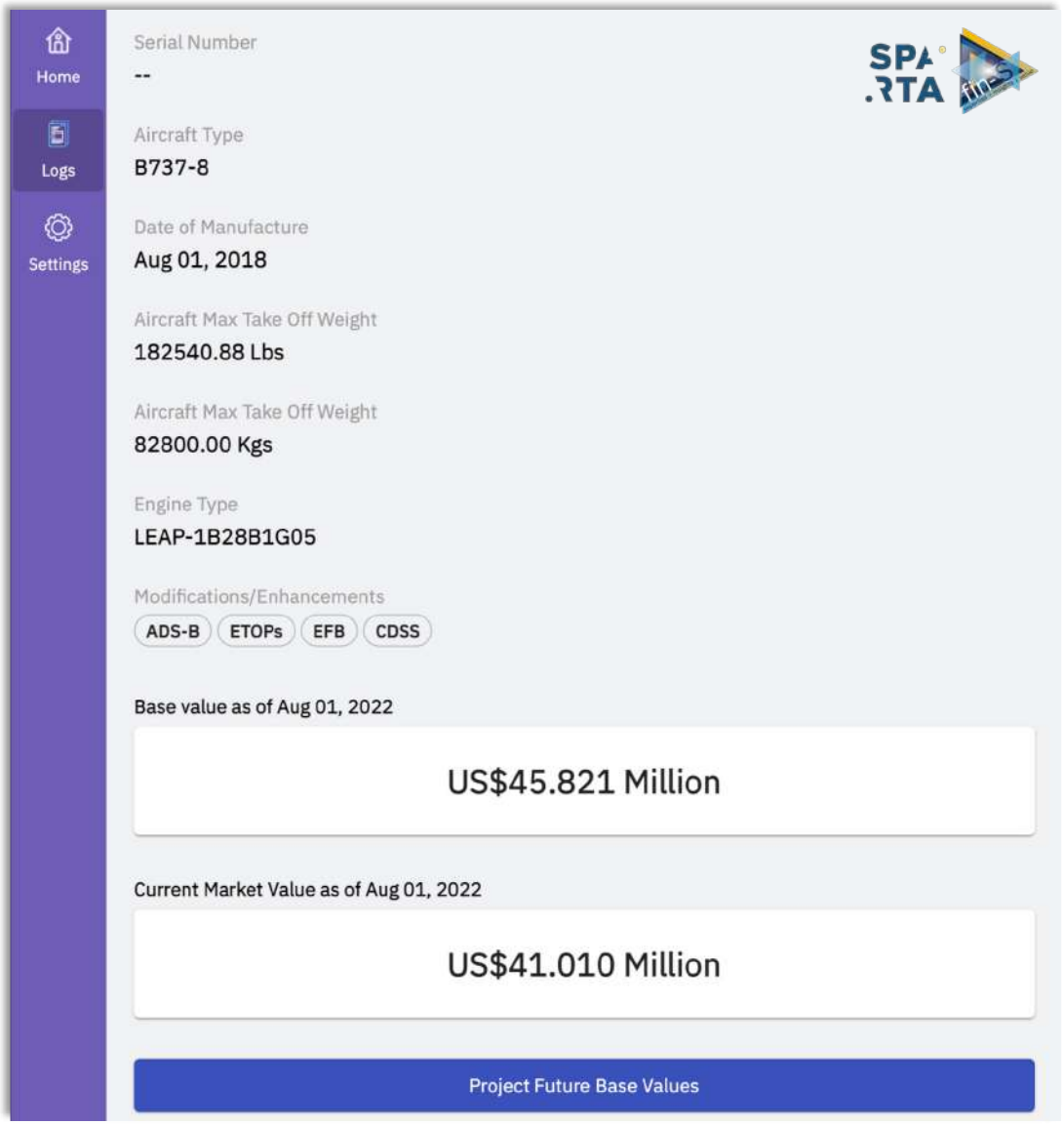
3. Any and all of the expected airworthiness regulations applicable to the stored aircraft would be expected to be complied in the production environment prior to delivery making the aircraft effectively NEW on delivery.

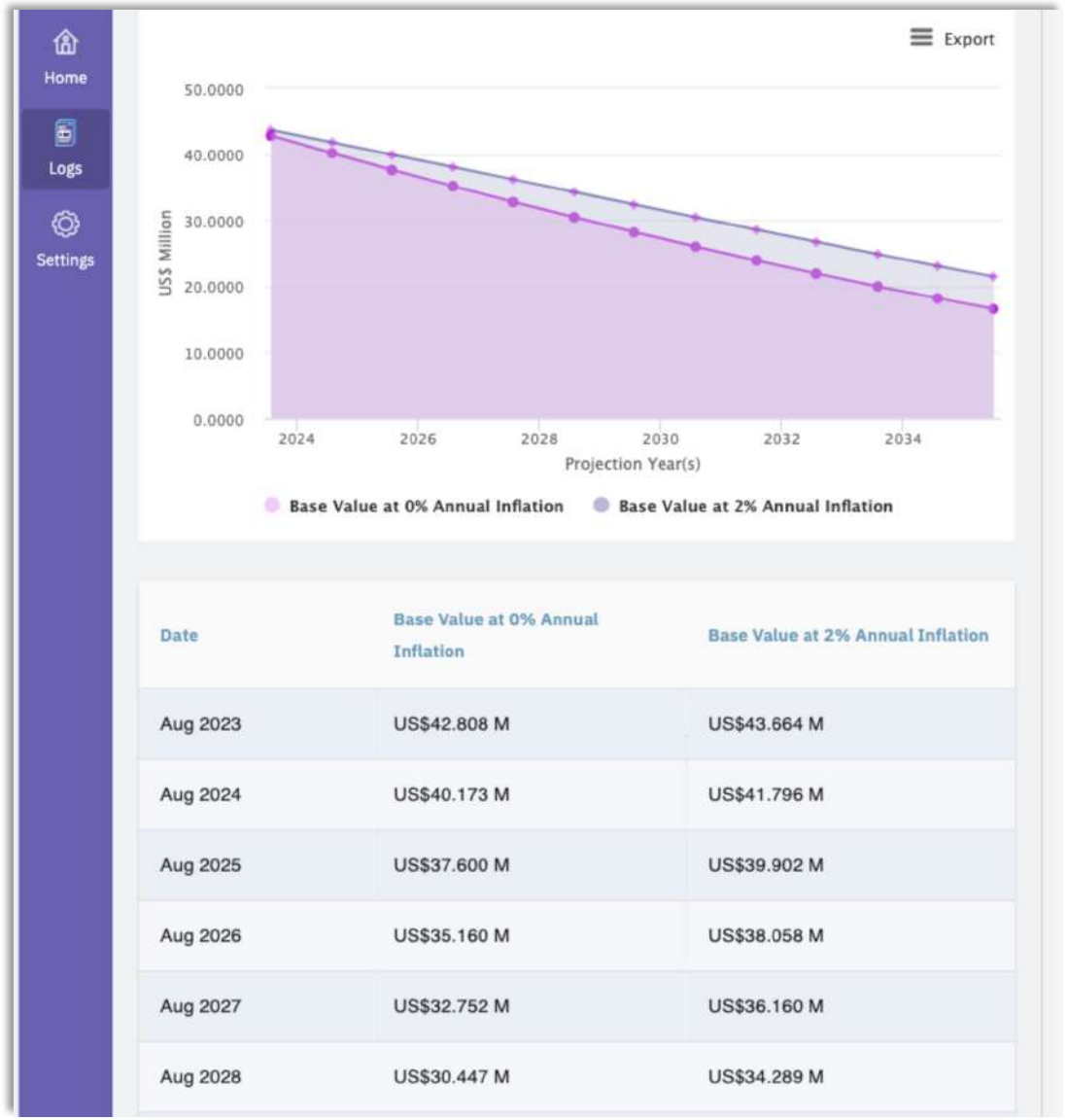
Owing to these reasons, the appraiser's opinion on the prevalent base values of B737-8 Max are largely unchanged. However, on a case to case basis, appropriate value impact may need to be accounted in lieu of functional and economical obsolescence post review of the technical information on the asset being appraised. The market values on the other hand - driven by the evolving market dynamics post COVID 19, market perception on the history of issues affecting this aircraft type, rising fuel prices due to geo-political issues and advent of SAF (Sustainable Aviation Fuels) Technologies - are negatively affected to a certain degree.

The figures shown on the next page represent our opinions on the base and market values of 2017 / 2018 build B737-8 Max aircraft as of Aug 2022.

Value Projections

Source: fin-S Online Valuation tool on SPARTA





Date	Base Value at 0% Annual Inflation	Base Value at 2% Annual Inflation
Aug 2023	US$42.808 M	US$43.664 M
Aug 2024	US$40.173 M	US$41.796 M
Aug 2025	US$37.600 M	US$39.902 M
Aug 2026	US$35.160 M	US$38.058 M
Aug 2027	US$32.752 M	US$36.160 M
Aug 2028	US$30.447 M	US$34.289 M

Market Position

Airplane Orders and Deliveries

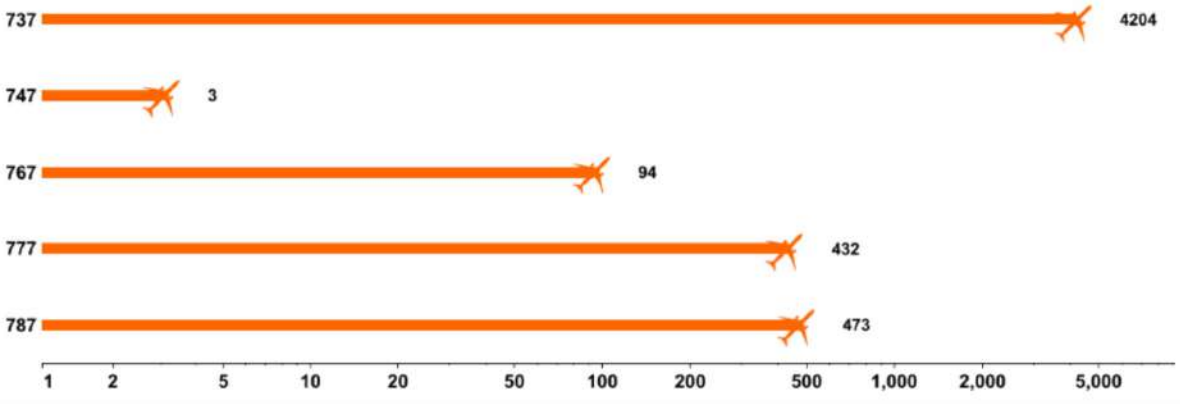
5,206
Unfilled Orders as of 31/07/2022

242
YTD Deliveries

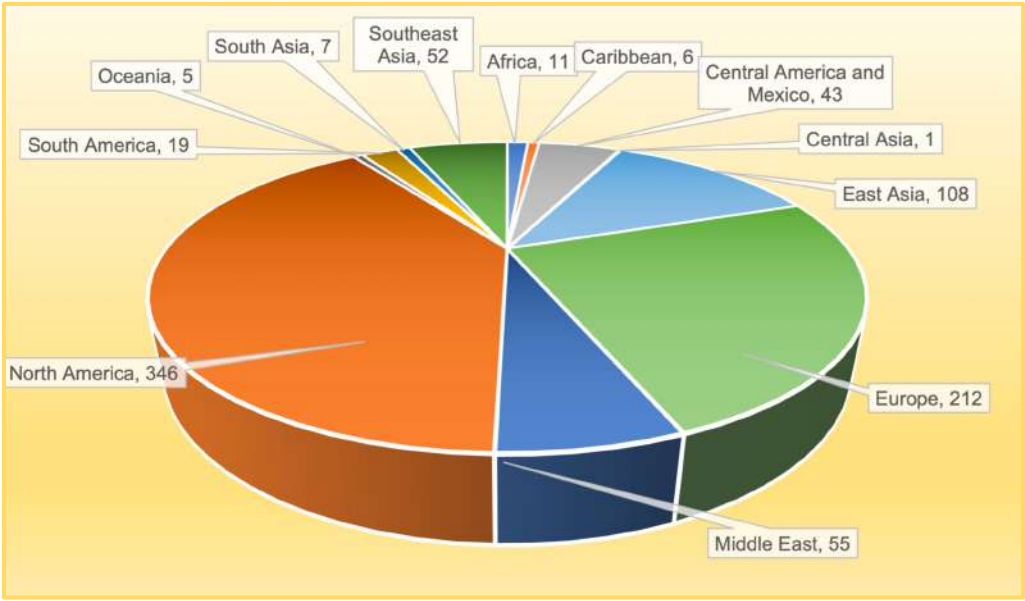
416
YTD Gross Orders

312
YTD Orders Net of Cancellations/Conversions

362
YTD Net Orders



Boeing 737-Max Delivered Aircraft – Regional Distribution



Source: Boeing website

Give Us Your Feedback

Email us at valuationblr@acumen.aero *or* support@sparta.aero