



[UAE](#) [GULF](#) [MENA](#) [WORLD](#) [BUSINESS](#) [OPINION](#) [FUTURE](#) [CLIMATE](#) [HEALTH](#) [CULTURE](#) [LIFESTYLE](#) [SPORT](#) [WEEKEND](#) [PODCASTS](#)

Feedback

Flydubai chief 'confident' about Boeing management changes

► Credit rating agency Moody's has said it will review a potential downgrade of Boeing's rating



Ghaith Al Ghaith, flydubai's chief executive, said Boeing's new leadership will have the airline's ongoing support. Pawan Singh / The National



Deena Kamel

Mar 27, 2024



Listen In English



Listen in Arabic

Powered by automated translation

The chief executive of flydubai says he is "confident" that [management changes at Boeing](#) will help it fix the company's current problems and improve service delivery standards, as Moody's Investors Service said it was reviewing a potential downgrade of the US plane maker's ratings.

"Flydubai continues to engage closely with the aircraft manufacturer," Ghaith Al Ghaith told *The National*.

"We are confident that Boeing will take all necessary measures to further strengthen its plans to address current issues. Unwavering transparency, assuming responsibility and working closely with the regulatory authorities will see Boeing overcome these issues," he said.

Feedback

The Dubai airline, one of Boeing's key customers in the Middle East, is looking “forward to seeing confidence in Boeing's long-standing commitment to the highest quality, safety and service delivery standards regained”, Mr Al Ghaith said in an emailed statement.

“The new leadership will continue to have our ongoing support.”

Flydubai, an all-Boeing fleet operator, ended 2023 with 84 aircraft, comprising 29 Next-Generation Boeing 737-800, 52 Boeing 737 Max 8, and three Boeing 737 Max 9 aircraft.

At the Dubai Airshow last year, flydubai also placed an \$11 billion order for 30 Boeing 787 Dreamliners to be delivered from 2026, marking its first wide-body aircraft order.



Flydubai is adding Malta, Salzburg, Naples and Catania to its network of routes in May. All images courtesy flydubai

In February, flydubai said “ongoing challenges” with Boeing's delivery schedule had resulted in four fewer aircraft being delivered in 2023. To mitigate the delays in aircraft deliveries, meet the surge in travel demand and add capacity during peak travel periods, flydubai entered an agreement with Smartwings for six wet-leased aircraft.

Boeing has been grappling with a series of problems including a near-catastrophic incident in January, when a fuselage panel on a Boeing 737 Max 9 jet operated by Alaska Airlines blew off mid-flight.

It has come under intense scrutiny by the US Federal Aviation Administration, airline customers and the public.

The high-profile incident resulted in a major shake-up of top management on March 25 in an attempt to address its spiraling safety and quality crisis and to turn around the troubled aerospace company.

Boeing's chief executive Dave Calhoun is stepping down at the end of the year. The departure of Stan Deal, head of Boeing's commercial aeroplane unit, was immediate with chief operating officer Stephanie Pope replacing him.

READ MORE

[Boeing's new CEO must be 'strong engineering lead', Emirates boss says](#)

[Boeing's woes give rival Airbus a bigger edge](#)

The move drew comments from Boeing's top airline customers, including Dubai-based Emirates. [Boeing](#) needs a "strong engineering lead" after Mr Calhoun steps down, but "only time will tell" if management changes will resolve the [problems](#) facing the US plane maker, the airline's president and aviation industry veteran, Tim Clark, said on March 26.

Meanwhile, Moody's said on Tuesday that it is placing Boeing's "Baa2" senior unsecured rating and "Prime-2" short-term rating on review for downgrade.

The Baa2-backed long-term revenue bond and VMIG 2-backed short-term revenue bond, issued by Miami-Dade County Industrial Development Authority, were also placed on review for downgrade, Moody's said. The rating outlook was previously stable.

"Placing the ratings on review for downgrade follows Moody's belief that Boeing will be unable to deliver 737 narrow-body aircraft at the volumes required for it to materially expand its free cash flow and retire debt in a reasonable time frame," the credit rating agency said.

Alaska Airlines grounds Boeing 737 MAX 9 for checks after emergency landing



The Federal Aviation Administration has placed caps that limit the production of Boeing's 737 Max jet, the company's best-selling jetliner and its main source of revenue, until the regulator is confident that the plane maker has satisfactory quality controls in place.

Moody's said that Boeing is entering 2024 with almost \$16 billion of cash plus short-term investments and that in early March it had retired \$4.4 billion of debt that had matured.

However, the after-effects of the Alaska Airlines incident and investments in components and

Feedback

parts inventory in an attempt to reduce travelled work in the production of 737s, will result in about \$4.5 billion of negative free cash flow in the first quarter, Moody's said.

Travelled work is when parts are unavailable when the plane is in final assembly. To keep production moving, the manufacturer notes the missing item and continues production. The aeroplane is rolled off the line and the work is finished on the ramp when the part becomes available.

Boeing's cash will fall "well below" \$10 billion by March 31, the credit rating agency said.

On March 20, Boeing's chief financial officer Brian West said the company expects free cash flow in the low single digits for 2024.

[Aviation industry analysts said](#) that while the management shake-up is a step in the right direction, it needs to be coupled with other changes that ensure consistent high-quality manufacturing, rare defects in products and on-time jet deliveries over the long run.

"Turning Boeing around is needed because the commercial aviation silo needs a stable duopoly," Addison Schonland of AirInsight Weekly, said in a note on Wednesday, referring to the competition between Boeing and Airbus.

The two aerospace companies together account for over 90 per cent of new commercial jet deliveries.

"Airbus does not 'win' because Boeing is weak. A strong Boeing pushes Airbus to do better. A strong Boeing is why Airbus is such a strong competitor today," he said.

Boeing's new chief executive must take the opportunity to draw its employees into "a vision that speaks to product quality", better management, better labour relations and once again delivering the best aircraft", Mr Schonland said.

Updated: March 27, 2024, 9:38 AM

BOEING US

[About Us](#) [Contact Us](#) [Follow Us](#) [Work With Us](#) [Privacy Policy](#) [Advertise With Us](#)
[Terms & Conditions](#) [Cookie Policy](#) [Sitemap](#) [Archive](#)

[Follow us](#)

Feedback