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**1.OVERVIEW OF BOEING COMPANY**

The Boeing Company, incorporated on July 19, 1934, is an aerospace company. The Company is engaged in the design, development, manufacture, sale, service and support of commercial jetliners, military aircraft, satellites, missile defence, human space flight and launch systems and services. The Company's segments include Commercial Airplanes; Defence, Space & Security (BDS), including Boeing Military Aircraft (BMA), Network & Space Systems (N&SS) and Global Services & Support (GS&S), and Boeing Capital (BCC). The Company is also a defence contractor in the United States.

**Commercial Airplanes**

The Commercial Airplanes segment develops, produces and markets commercial jet aircraft and provides related support services, to the commercial airline industry around the world. The Company is a producer of commercial aircraft and offers a family of commercial jetliners designed for a spectrum of global passenger and cargo requirements of airlines. This family of commercial jet aircraft in production includes the 737 narrow-body model and the 747, 767, 777 and 787 wide-body models. The Commercial Airplanes segment also offers aviation services support, aircraft modifications, spare parts, training, maintenance documents and technical advice to commercial and government customers around the world.

**Defence, Space & Security**

The BDS segment's operations involve research, development, production, modification and support of the products and related systems. The BDS segment serves the United States Department of Defence (DoD), the National Aeronautics and Space Administration (NASA), international defence markets, civil markets and commercial satellite markets. The BMA segment is engaged in the research, development, production and modification of manned and unmanned military aircraft and weapons systems for global strike, including fighter aircraft and missile systems; vertical lift, including rotorcraft and tilt-rotor aircraft; autonomous systems, and mobility, surveillance and engagement, including command and control, battle management, airborne, anti-submarine, transport and tanker aircraft. The various programs in this segment include for global strike, such as EA-18G Growler Airborne Electronic Attack, F/A-18E/F Super Hornet, F-15 Strike Eagle and Joint Direct Attack Munition; for vertical lift, such as CH-47 Chinook, AH-64 Apache and V-22 Osprey; for autonomous systems, such as ScanEagle and Integrator, and for mobility, surveillance and engagement, such as P-8 programs and KC-46A Tanker.

The N&SS segment is engaged in the research, development, production and modification of the products and related services, such as strategic defence and intelligence systems, including strategic missile and defence systems; command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR); cyber and information solutions, and intelligence systems; satellite systems, including government and commercial satellites and space exploration. The programs for strategic defence and intelligence systems include Ground-based Midcourse Defence (GMD); satellite systems, such as commercial, civil and military satellites, and space exploration, such as Space Launch System (SLS), Commercial Crew and International Space Station (ISS). This segment also includes its joint venture operations related to United Launch Alliance

The Company's global services business sustains aircraft and systems with a spectrum of products and services through integrated logistics, including supply chain management and engineering support; maintenance, modification and upgrades for aircraft, and training systems and government services, including pilot and maintenance training. Its programs supported by integrated logistics include the F/A-18E/F Super Hornet, F-15 Strike Eagle, AH-64 Apache and CH-47 Chinook for domestic and international customers. Aircraft modernization and sustainment includes support performed as part of the C-17 Globemaster III Integrated Sustainment Program and aircraft programs for the Airborne Early Warning and Control (AEW&C), and Airborne Warning and Control Systems (AWACS).

**Boeing Capital**

The BCC segment seeks to ensure that Boeing customers have the financing they need to buy and take delivery of their Boeing product and manages overall financing exposure. BCC's portfolio consists of equipment under operating leases, finance leases, notes and other receivables, assets held for sale or re-lease and investments.

The Company competes with Embraer, Bombardier, Lockheed Martin Corporation, Northrop Grumman Corporation, Raytheon Company, General Dynamics Corporation, SpaceX, BAE Systems and Airbus Group.

* **Enterprise strategy**
* Operate as One Boeing
* Build Strength on Strength
* Sharpen and Accelerate to Win
* **2025 Goals**
* Market Leadership
* Top-quartile Performance and Returns
* Growth Fuelled by Productivity
* Design, Manufacturing, Services Excellence
* Accelerated Innovation
* Global Scale and Depth
* Best Team, Talent and Leaders
* Top Corporate Citizen
* **Enduring values**
* Integrity
* Quality
* Safety
* Diversity and inclusion
* Trust and Respect
* Corporate Citizenship
* Stakeholder Success

**2. FINANCIAL RATIOS**

**Short-Term Solvency Ratios**

**Current Ratio**

Current ratio is calculated by dividing current assets to current liabilities. The ratio should be higher than 1. But it is recommended that the scale should be from 1.2 to 2. According to 3 years financial figures, ratios of 3-year-period is calculated as below.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 1.354 |
| 2016 | 1.246 |
| 2017 | 1.158 |

In 2015, it is calculated that the current ratio equals 1.354. This shows that company has own assets more than its liabilities. The ratio is between recommended scales.

In 2016, it is calculated that the current ratio equals 1.246. This shows that company has own assets more than its liabilities. The ratio is between recommended scales.

In 2017, it is calculated that the current ratio equals 1.158. This shows that company has own assets more than its liabilities. But the ratio is just below the recommended scales.

**Quick Ratio**

Quick ratio is calculated by dividing difference between current assets and inventory to current liabilities. It is recommended that it should be around 1. According to 3 years financial figures, ratios of 3-year-period is calculated as below.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 0.691 |
| 2016 | 0.640 |
| 2018 | 0.617 |

**Cash Ratio**

Cash ratio is calculated by dividing cash to current liabilities. This shows the strength of the company about cash. So, it shows the ability of returning cash into cash any time. It is recommended that it should be between 0.05 and 0.5. According to 3 years financial figures, ratios of 3-year-period is calculated as below.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 0.224 |
| 2016 | 0.176 |
| 2017 | 0.157 |

**Net Working Capital to Total Assets**

Net working capital is calculated by dividing net working capital of the company to total assets. This ratio shows the ability to meet its expenses and to run the company healthily. The ratio should be at least positive, to pay its payments to the suppliers.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 0.189 |
| 2016 | 0.137 |
| 2017 | 0.096 |

**Interval Measure**

Interval measure is calculated by dividing current assets to average operating costs. This ratio shows how many days the company can survive.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 10.581 |
| 2016 | 8.247 |
| 2017 | 8.670 |

**Long-Term Solvency Ratios**

**Total Debt Ratio**

Total debt ratio is calculated by dividing total liabilities which show the long-term debts to total assets. In this ratio, there is a cross point in 0.50. If the ratio higher than 0.50, we can say that the company financed by debt money which is good for the company, and the bank. In 2015, 2016 and 2017, this situation can be seen.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 0.932 |
| 2016 | 0.990 |
| 2017 | 0.996 |

**Debt/Equity**

The relation between debt and equity shows the usage of money in the investments whether using debt or own money. It should be around 1 for a healthy life of company. It can be clearly seen that Boeing company had been used debt money in the investments in 2015, 2016 and 2017. This shows a good leveraged financing in the company using the money.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 13.758 |
| 2016 | 101.619 |
| 2017 | 223.109 |

**Equity Multiplier**

Equity multiplier is calculated by dividing total assets to total equity to see the balance between equity and liabilities. It should be around 2. Ratios are above 2 in 2015, 2016 and 2017. Therefore, this shows that company has more assets than its equity. However, it could be better for the company, but not for debtors.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 14.758 |
| 2016 | 102.619 |
| 2017 | 224.109 |

**Long-Term Debt Ratio**

Long-term debt ratio is calculated by dividing long-term debt to total amount of long-term debt and total equity of the company. This ratio shows the usage of long-term debts for investments. Optimal range for this situation is around 0.50 which is balancing the risks with debtors.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 0.855 |
| 2016 | 0.978 |
| 2017 | 0.989 |

**Times Interest Earned Ratio**

Times interest earned ratio is calculated by dividing earnings before interest and taxes to interest. This ratio shows that the company can pay its interest expenses by its operational activities in 2015, 2016 and 2017 which was higher than 1. This shows that Boeing company is able earn enough money to pay its interest expenses from its activities.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 27.065 |
| 2016 | 19.065 |
| 2017 | 28.550 |

**Asset utilization or Turnover Ratios**

**Inventory Turnover**

This ratio shows how effectively the company can manage its inventory by comparing cost of goods sold with average inventory. This measures the cycle time of the inventory in days. According to calculations, Boeing company’s cycle time for their inventory is approximately 2 for each period.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 2.406 |
| 2016 | 2.532 |
| 2017 | 2.661 |

**Day's Sales in Inventory**

This ratio shows the number of days it will take a company to sell all its inventory. The day’s sales in inventory shows how fast the company is moving its inventory. However, it is calculated in yearly basis. The measures show that for Boeing company this number is 145 in average for 3 periods.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 151.72 |
| 2016 | 144.15 |
| 2017 | 137.17 |

**Receivables Turnover**

These ratios are calculated by dividing sales to accounts receivables. The receivables turnover ratio measures how efficiently the company uses its assets. For Boeing company, it is around 9.8.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 10.549 |
| 2016 | 9.737 |
| 2017 | 9.200 |

**Day's Sales in Receivables**

This ratio shows the number of days of receivables. It is calculated by dividing number of days in a year and receivable turnover. In average, it is 38 days for Boeing company for these 3 periods.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 34.600 |
| 2016 | 37.486 |
| 2017 | 39.674 |

**Payable Turnover**

The accounts payable turnover ratio is a liquidity ratio that shows a company's ability to pay off its accounts payable by comparing net credit purchases to the average accounts payable during a period. It measures how many times the company can pay off its average accounts payable balance during a year. In Boeing company, it is calculated 6.9 in average.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 7.440 |
| 2016 | 6.878 |
| 2017 | 6.641 |

**Day's Sales in Payables**

This ratio shows the number of days of payables. It is calculated by dividing the number of days in a year and payable turnover. In average, it is 53 days for Boeing company.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 49.061 |
| 2016 | 53.065 |
| 2017 | 54.958 |

**NWC Turnover**

Net working capital turnover ratios is calculated by dividing sales numbers to net working capital of the company. A higher working capital turnover ratio is better. It means that the company is utilizing its working capital more efficiently.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 5.283 |
| 2016 | 7.298 |
| 2017 | 11.200 |

**Fixed Asset Turnover**

Fixed asset turnover ratio is calculated by dividing sales numbers to net fixed assets. Therefore, it measures the efficiency of the usage of fixed assets which generates sales in the company. It should be higher than 1. The higher ratios are the more effective in using the investment in fixed assets.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 3.597 |
| 2016 | 3.278 |
| 2017 | 3.665 |

**Total Asset Turnover**

Total asset turnover ratio is calculated by dividing sales numbers to total assets. It measures the efficiency of a company's use of its assets in generating sales revenue. Boeing company has an average 1.026.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 0.997 |
| 2016 | 1.002 |
| 2017 | 1.079 |

**Profitability Ratios**

**Profit Margin**

Profit margin is calculated by dividing net income to sales. From the calculations, it can be clearly seen that the margin was positive in 2015, 2016 and 2017.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 5.39% |
| 2016 | 5.18% |
| 2017 | 8.78% |

**Return on Assets (ROA)**

ROA is calculated by dividing net income to total assets. It measures how efficiently a company can manage its assets to produce profits during a period.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 0.054 |
| 2016 | 0.052 |
| 2017 | 0.095 |

**Return on Equities (ROE)**

Return on Equities is calculated by dividing net income to total equities. It measures the ability of a firm to generate profits from its shareholder’s investments in the company. In addition, the return on equity ratio shows how much profit each dollar of common stockholders' equity generates.

|  |  |
| --- | --- |
| Year | Ratio |
| 2015 | 0.793 |
| 2016 | 5.321 |
| 2017 | 21.216 |

**In Summary:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Years** | **2015** | **2016** | **2017** | **Average** |
| **Short-Term Solvency Ratio** |  |  |  |  |
| Current Ratio | 1.354 | 1.246 | 1.158 | 1.253 |
| Quick Ratio | 0.691 | 0.640 | 0.617 | 0.649 |
| Net working capital assets to total assets | 0.189 | 0.117 | 0.096 | 0.141 |
| Cash ratio | 0.224 | 0.176 | 0.157 | 0.185 |
| Interval measure | 10.581 | 8.247 | 8.670 | 9.166 |
| **Long-Term Solvency Ratio** |  |  |  |  |
| Total Debt Ratio | 0.912 | 0.990 | 0.996 | 0.973 |
| Debt/Equity | 13.758 | 101.619 | 223.109 | 112.0829 |
| Equity Multiplier | 14.758 | 102.619 | 224.109 | 113.829 |
| Long term debt ratio | 0.855 | 0.978 | 0.989 | 0.940 |
| Time interest earned ratio | 27.065 | 19.065 | 28.550 | 24.894 |
| **Asset Utilization or Turnover Ratios** |  |  |  |  |
| Inventory turnover | 2.406 | 2.532 | 2.661 | 2.533 |
| Day’s Sales in Turnover | 151.72 | 144.15 | 137.17 | 144.35 |
| Receivables Turnover | 10.549 | 9.737 | 9.200 | 9.830 |
| Day’s Sales in Receivables | 34.600 | 37.486 | 39.674 | 37.250 |
| Payable Turnover | 7.440 | 6.878 | 6.641 | 6.990 |
| Day’s Sales in Payables | 49.061 | 53.065 | 54.958 | 52.360 |
| NWC Turnover | 5.283 | 7.298 | 11.200 | 7.930 |
| Fixed Asset Turnover | 3.597 | 3.278 | 3.665 | 3.510 |
| Total Asset Turnover | 0.997 | 1.002 | 1.079 | 1.030 |
| **Profitability Ratios** |  |  |  |  |
| Profit Margin | 5.39% | 5.18% | 8.78% | 6.45% |
| Return on Assets | 0.054 | 0.052 | 0.095 | 0.067 |
| Return on Equity | 0.793 | 5.321 | 21.216 | 9.110 |

**3.MANAGEMENT TRENDS’**

* The current ratio values are within optimal range 1 to 2, which shows a good sign due to possession of low current liabilities.
* The lower quick ratio shows that the company's cash liquidity position is bad.
* A positive ratio is a sign of strength, and a negative ratio is a sign of weakness. In our case the ratio is positive which shows good sign of business growth.
* Cash ratio is higher for 2015 which represents the higher level of cash in the company such that the cash can be used for further investments or repay bank loans.
* If a company has a total debt ratio means that the company is less dependent on leverage, i.e., money borrowed from or owed to others. Its optimum value is 0.5. If the ratio is less than 0.5, most of the company's assets are financed through equity. If the ratio is greater than 0.5, most of the company's assets are financed through debt. In our case, the ratio is greater than 0.5 which means company’s assets are financed through debt.
* Day sales in inventory indicates the average time (in days) that a company takes to turn its inventory (including goods that are a work in progress) into sales.
* The value of receivable turnover shows a good sign of receivable in shorter periods.
* Day sales in receivable shows in how many days company gets money from its customers. Less the number of days the better result is obtained.
* The NWC value should be positive. This company has good networking capital.
* A higher fixed-asset turnover ratio shows that the company has been more effective in using the investment in fixed assets to generate revenues.

**4. COMPANY’S CAPITAL COSTS**

The weighted average cost of capital is the average interest rate that a company must pay to finance its assets. As such, it is also the minimum average rate of return it must earn on its current assets to satisfy its shareholders or owners, its investors, and its creditors.

Weighted average cost of capital is based on the business firm's capital structure and is composed of more than one source of financing for the business firm; for example, a firm may use both debt financing and equity financing.

Cost of capital is a more common concept and is simply what the firm pays to finance its operations without being specific about the composition of the capital structure (debt and equity).

**Calculation of Capital Cost**

In this work, two types of financial sources which are liabilities (debt) and equity were used for calculation of capital cost. From the balance sheet, the total liabilities and total equities of 3 years was calculated. Moreover, weights of the liabilities and equity were calculated as below.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** | **2016** | **2017** |
| **Total Liabilities** | 80996686.913 | 84497961.506 | 76460655.465 |
| **Total Equities** | 5887170.992 | 831516.071 | 342705.041 |
| **Total Liabilities + Total Equities** | 86883857.905 | 85329477.577 | 76803360.506 |



In addition, total weight must equal to 1. Therefore, the difference between weight of liabilities and 1 will give us the weights of equities.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** | **2016** | **2017** |
| **Weight of Liabilities (wd)** | 0.932 | 0.990 | 0.996 |
| **Weight of Equities (we)** | 0.068 | 0.010 | 0.004 |
| **Total** | 1 | 1 | 1 |

**Calculation of Cost of Equity**

Cost of equity is calculated by using ROE of the periods. In addition, ROE is calculated by dividing net income to total equity. Net income was calculated from income statement, and total equities was calculated from balance sheet. The summary is as below.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** | **2016** | **2017** |
| **Net Income** | 4666230.347 | 4424886.093 | 7270808.401 |
| **Total Equities** | 5887170.992 | 831516.071 | 342705.041 |
| **ROE (ke)** | 0.793 | 5.321 | 9.110 |

**Calculation of Cost of Debt**

Cost of debt is calculated dividing interest expenses to sum of short-term and long-term debts. ST and LT debt is calculated from balance sheet. Interest expenses can be found from income statement. The summary is as below

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** | **2016** | **2017** |
| **ST Debt** | 1135652.494 | 364084.574 | 1110464.149 |
| **LT Debt** | 8034235.229 | 9071773.964 | 8136749.293 |
| **Total Debt** | 9169887.723 | 9435858.538 | 9247213.442 |
| **Interest Expense** | 247916.025 | 276611.878 | 319323.048 |



**Calculation of Weighted Average Cost of Capital**

The main formula to calculate WACC is as below.



|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** | **2016** | **2017** |
| **we** | 0.068 | 0.010 | 0.004 |
| **wd** | 0.932 | 0.990 | 0.996 |
| **ke** | 0.793 | 5.321 | 21.216 |
| **kd** | 0.027 | 0.0293 | 0.034 |
| **WACC** | **7.10%** | **7.39%** | **12.41%** |

**5. PROPOSAL OF INVESTMENT PROJECT FOR COMPANY**

The concern of investors in 2018 is whether the impact of last year's advantageous factors is fully reflected in the current stock price, and the big spike reached its peak and we will be waiting the down turn to the stock's fair value; or the positive cycle was just launched in 2017 and will continue emerging through the future of Boeing.

Boeing's broad range of capabilities include creating new, more efficient members of its commercial airplane family; designing, building and integrating military platforms and defence systems; and arranging innovative financing and service options for customers. Beyond all the mentioned segments, Boeing is a major player in creating advanced transportation technology solutions not only on earth, in space also.

The main contributors to last years' performance can be summarized in the below points:

* Achieving $94.6 billion in revenue, driven by strong commercial airplane deliveries, services growth and solid performance in the defence, space and security business.
* Increasing operating cash flow to a record of $10.5 billion while maintaining strong liquidity with $10 billion insh and marketable securities.
* Repurchasing 55 million shares for $7 billion, paying $2.8 billion in dividends, announcing a further 30% dividend increase and approving an $18 billion share repurchase program.
* Delivering 748 commercial airplanes and extending BA's market leadership in airplane deliveries to the fifth consecutive year.
* Delivering 178 military aircraft, along with 23,052 weapon systems and 7 satellites in 2016.
* Winning $134.8 billion in net orders, placed by 71 customers, and extending Boeing's backlog to a record of 5,864 airplanes which approximately is equal to 7 years of production.
* Maintaining a solid defence, space and security order backlog of $57 billion, of which 37% coming from international customers. New and follow-on business included domestic and international contracts for 191 Apache, 12 Chinook helicopters and 22 P-8A Poseidon and 4 P-8I aircraft.

As mentioned above, the company “Boeing” is strong in their production in commercial airplanes, military aircrafts and in satellites which indicates its focus fully on transportation. The company has more reputation than any other companies which producing the products with good quality on aircrafts, etc., because the company has more acquainted on what and why they are producing. By exploiting their acquainted-on flying, they may research on flying vehicle with zero emission instead of using a large aircraft or helicopter which a person can use it for transportation from one place to another place for covering more distances with short time. It can be easily reached among people with their reputation.

**6. DESCRIPTION OF FORECASTED CASH FLOWS**

Cash flows for the investment is calculated by the sum of depreciation of the investment and net profit. From straight line to zero method, depreciation for each year can be calculated by dividing whole investment value to projected years. In addition, net profit can be calculated by multiplying total assets to return on assets (ROA). However, it is determined that the life of the project is 5 years.



For calculation of net profit, the average of ROA of the last 3 years is used for forecasting next years.





According to calculations, forecasted cash flows could be calculated as below.



|  |  |
| --- | --- |
| **Periods** | **Cash flows** |
| 0 | -15,000,000 |
| 1 | 4,005,000 |
| 2 | 4,005,000 |
| 3 | 4,005,000 |
| 4 | 4,005,000 |
| 5 | 4,005,000 |

**7. INVESTMENT PROJECT VALUATION**

**Payback Period**

|  |  |  |
| --- | --- | --- |
| **Periods** | **Cash flows** | **Accumulated Cash flows** |
| 0 | -15,000,000 |  |
| 1 | 4,005,000 | 4,005,000 |
| 2 | 4,005,000 | 8,010,000 |
| 3 | 4,005,000 | 12,015,000 |
| 4 | 4,005,000 | 16,020,000 |
| 5 | 4,005,000 | 20,025,000 |

According to calculations, it can be clearly seen that we can earn enough money to meet our investment in periods between 3 and 4. For a certain calculation, the formula as below was used:



After 3.74 years, we will meet our investment. Therefore, from this point, we will start earning additional money from the project. In conclusion, this method shows that executing this project can be profitable for us.

**Net Present Value**

We must calculate discounted cash flows to find net present value. The average of WACC (8.96%) is taken as the discount rate. Discounted payback period was calculated as below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Periods** | **Cash flow** | **Discounted Cash flow** | **Accumulated discounted cash flow** |
| 0 | -15,000,000 |  |  |
| 1 | 4,005,000 | 3,675,660.7 | 3,675,660.7 |
| 2 | 4,005,000 | 3,373,403.8 | 7,049,064.5 |
| 3 | 4,005,000 | 3,096,002.0 | 10,145,066.5 |
| 4 | 4,005,000 | 2,841,411.5 | 12,986,478.0 |
| 5 | 4,005,000 | 2,607,756.5 | 15,594,234.5 |

According to calculations, it can be clearly seen that we can earn enough money to meet our investment in periods between 4 and 5. For a certain calculation, the formula as below was used:



After 4.7 years, we will meet our investment. Therefore, from this point, we will start earning additional money from the project. In conclusion, this method shows that executing this project can be profitable for us.

Net present value method is calculated by the difference between sum of discounted cash flows and investment value.





According to calculations, net present value was calculated as positive. So that, we can clearly say that the project could be profitable.

**Profitability Index**

Profitability index is calculated by dividing sum of discounted cash flows to investment value. The formula is as below:



From the calculation, we can say that the value of profitability index which is higher than 1 is a project that profitable.

**Internal Rate of Return**

IRR is a rate which makes the sum of discounted cash flows to equal 0. This ratio was calculated using MS Excel. The result of the calculations is 10%.

In conclusion, the rate of return was 8.96% which is lower than internal rate of return.



Therefore, from the results, it can be clearly seen that the project is acceptable in the internal rate of return method.

**8.CONCLUSION**

Different analyses were carried out to evaluate the financial condition of the company and to assess future investment project. The Financial statements like Income statement, balance sheet, Cash flow statement of Boeing company are fulfilled, and the financial ratios are calculated and compared between the three years along with the strategy of the company. The WACC of the company is also calculated.

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