

Q4 2022

1. Production rate stabilization

- **Narrative:** Management has emphasized their commitment to stabilizing production rates. They acknowledge that it will take the entire year to demonstrate this stability, with a gradual ramp-up expected as the year progresses. The goal is to increase production rates to align with their delivery guidance.

- **Management's Guidance:**

- Management expects to achieve a production rate of 31 airplanes per month for 2023, eventually reaching higher rates as confidence builds throughout the year. They project delivering 70 to 80 airplanes, although the ramp-up to five airplanes per month will occur later than initially anticipated, yet they remain optimistic about meeting the annual delivery guidance.

- **Actual Results:**

['Q2', '2023']:

- On the 737, we had 103 deliveries in the quarter, including 49 in June, a positive proof point that the production system is stabilizing.

['Q3', '2023']:

- Brian J. West reported that BCA delivered 105 airplanes in the quarter, with 70 airplanes specifically mentioned as delivered in the quarter. There were 19 deliveries on the 787 program in the quarter, and 50 year-to-date. Additionally, there is mention of keeping the master schedule intact to reach a production rate of 38 airplanes a month.

['Q4', '2022']:

- Data Not Available

['Q1', '2023']:

- We delivered 130 commercial airplanes in the quarter.

- **Evaluation:**

- **Expectations Exceeded:** Boeing's management aimed for a production rate of 31 airplanes per month with a delivery goal of 70-80 airplanes for 2023. By Q3, they delivered 105 airplanes in the quarter, including 70 in that quarter alone, surpassing the delivery target and demonstrating a stabilized production system, indicating that expectations were exceeded.

2. Supply chain management

- **Narrative:** Management has emphasized the critical role of supply chain stability in improving operational performance and efficiency. They are closely monitoring the situation, highlighting its significance in ensuring margin acceleration. The discussion reflects a strategic focus on strengthening the supply chain to support overall business performance.

- **Management's Guidance:**

- Management anticipates improvements in supply chain stability, which is expected to positively impact margins. The exact timing and pace of these improvements are uncertain, but enhancements are projected to occur throughout 2023.

- **Actual Results:**

['Q3', '2023']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q1', '2023']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- **Evaluation:**

- Insufficient Info: Data not available.

3. Quality control improvements

- **Narrative:** Management highlighted a commitment to enhancing operational performance and efficiency through a series of quality control improvements. These improvements are aimed at bolstering the company's ability to meet production standards and customer expectations, ultimately driving better outcomes in the manufacturing process.

- **Management's Guidance:**

- Management expects these quality control improvements to be realized over the next year or two, indicating a strategic focus on long-term operational enhancements.

- **Actual Results:**

['Q1', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- We moved from firm concept to early flight testing in just 36 months on this program and a combination of model-based engineering, 3D design, and our advanced manufacturing increased first-time quality by 75% and reduced our assembly hours by 80%.

- **Evaluation:**

- **Expectations Exceeded:** The actual results showed a significant increase in first-time quality by 75% and a reduction in assembly hours by 80%, surpassing the management's expectations for quality control improvements aimed at enhancing operational performance and efficiency.

4. Cash flow optimization

- **Narrative:** Management reaffirmed their financial and operational outlook shared in November, emphasizing stability in their cash flow projections. They aim to maintain a positive trajectory by targeting specific cash flow figures and operational benchmarks. The strategy highlights the importance of reinvestment in capital expenditures while optimizing cash flow across different business segments.

- Management's Guidance:

- 1. Management reiterated their long-term free cash flow target of \$10 billion by mid-decade, and a range of \$3 billion to \$5 billion for 2023.
- 2. The operating cash flow for 2023 is expected to be between \$4.5 billion and \$6.5 billion.
- 3. A net free cash flow of \$3 billion to \$5 billion is anticipated for 2023, after reinvesting approximately \$1.5 billion in capital expenditures.
- 4. For the BDS segment, cash usage is expected to be between \$0.5 billion and \$1 billion, while BGS and BCA segments are forecasted to generate between \$2.5 billion and \$3 billion, and \$2.5 billion and \$3.5 billion, respectively.
- 5. In the first quarter, although cash will still be in a usage position, there will be an improvement over the first quarter of 2022.

- Actual Results:

['Q1', '2023']:

- Free cash flow was a usage of \$786 million in the first quarter of 2023. Operating cash flow for the first quarter of 2023 was (\$3,216) million, compared to (\$318) million in 2022. Free cash flow (non-GAAP) for the first quarter of 2023 was (\$3,565) million, compared to (\$786) million in 2022.

['Q3', '2023']:

- Free Cash Flow Q3 2023: (\$0.3B)

['Q4', '2022']:

- In Q4 2022, Boeing reported a free cash flow of \$3.1 billion for the quarter. The operating cash flow for Q4 2022 was \$3,457 million.

['Q2', '2023']:

- In Q2 2023, Boeing generated \$2.6 billion in free cash flow for the quarter.

- Evaluation:

- Expectations Not Met: Boeing's management aimed for a free cash flow range of \$3 billion to \$5 billion for 2023, but the actual results showed cash usage and negative free cash flow in the first and third quarters, indicating that expectations were not met.

5. Revenue growth analysis

- Narrative: Management expressed confidence in the continued growth and stability of the service business. They highlighted that the revenue position at the end of the quarter provides a solid foundation for projecting growth into 2023, with expectations of maintaining mid-teen margin levels.

- Management's Guidance:

- Management anticipates steady revenue growth for the service business throughout 2023, with margins remaining in the mid-teen range.

- Actual Results:

['Q3', '2023']:

- Revenue for the service business was \$4.8 billion in Q3 2023, up 9% year-over-year, with an operating margin of 16.5%.

['Q4', '2022']:

- BGS revenue was \$4.6 billion, up 6% year-over-year and operating margin was 13.9%.

['Q1', '2023']:

- Revenue was \$4.7 billion, up 9% year-over-year primarily driven by our commercial parts and distribution business. Operating margin was 14.6%.

['Q2', '2023']:

- Revenue was \$4.7 billion, up 10% year-over-year, primarily driven by favorable volume and mix in both Commercial and Government Services.

- Evaluation:

- **Expectations Met:** The service business achieved a 9% year-over-year revenue growth in Q3 2023 with an operating margin of 16.5%, aligning with management's guidance for steady growth and mid-teen margins throughout 2023.

6. New aircraft models

- Narrative: During the Q4 2022 earnings call, management highlighted their focus on expanding their aircraft lineup with the introduction of new models. The emphasis was on the scheduled delivery timelines for these aircraft, which are critical for maintaining competitive advantage and meeting market demand.

- Management's Guidance:

- Management projected that the first delivery of the new model '7' would occur within the current year, while the model '10' is expected to be delivered in the following year.

- Actual Results:

['Q1', '2023']:

- Data Not Available

['Q3', '2023']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

- Evaluation:

- Insufficient Info: Data not available.

7. Technological advancements

- Narrative: Management emphasized their commitment to significantly improving current technology standards, aiming for enhancements between 25% and 30% better than current levels. This focus underscores Boeing's strategic intent to leverage new technological advancements over the coming quarters.

- Management's Guidance:

- Management is targeting a 25% to 30% improvement in technology performance, which they believe is attainable with the time and resources available.

- Actual Results:

['Q3', '2023']:

- Data Not Available

['Q4', '2022']:

- Data Not Available

['Q2', '2023']:

- Data Not Available

['Q1', '2023']:

- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

8. R&D investment focus

- **Narrative:** Management emphasized its commitment to enhancing research and development activities, highlighting an increased budget allocation to drive innovation and competitiveness.
- **Management's Guidance:**
- Management anticipates R&D expenditures to reach approximately \$3.2 billion in 2023, compared to \$2.9 billion in 2022.
- **Actual Results:**
- ['Q3', '2023']:**
- Cai von Rumohr [777X R&D spiked up. It looks like total R&D at BCA was up about \$150 million sequentially.]
- ['Q4', '2022']:**
- R&D for 2022 was \$2.9 billion.
- ['Q2', '2023']:**
- R&D: ~\$3.2B vs \$2.9B in 2022
- ['Q1', '2023']:**
- R&D: ~\$3.2B vs \$2.9B in 2022
- **Evaluation:**
- **Expectations Met:** Management's expectation for R&D expenditures to reach approximately \$3.2 billion in 2023 was met, as indicated by consistent quarterly updates throughout the year confirming the anticipated budget allocation.

9. Sustainability goals

- **Narrative:** In a forward-looking discussion about sustainability goals, Boeing's management reiterated their commitment to achieving long-term objectives through strategic initiatives aimed at enhancing operational efficiency and reducing environmental impact. The leadership has underscored its dedication to maintaining robust free cash flow, which is pivotal for funding sustainability projects and initiatives.
- **Management's Guidance:**
- Management has set a target of achieving \$10 billion in free cash flow by 2025 to 2026, which will support their sustainability goals and strategic initiatives.
- **Actual Results:**
- ['Q3', '2023']:**
- Data Not Available
- ['Q4', '2022']:**
- Data Not Available
- ['Q2', '2023']:**
- Data Not Available
- ['Q1', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

10. 2030s product timeline

- **Narrative:** Management highlighted a strategic focus on overcoming current challenges and uncertainties, projecting a clearer operational and financial landscape by the end of 2024. This indicates an expected stabilization and enhanced performance outlook as they transition into 2025 and beyond.
- **Management's Guidance:**
- Management anticipates resolving the issues impacting margins and operational consistency by the end of 2024, suggesting a positive shift in their business environment moving into 2025.
- **Actual Results:**
- ['Q1', '2023']:**
- Certainly, please provide the actual results knowledge graph data for me to analyze and extract the necessary information.
- ['Q3', '2023']:**
- Data Not Available
- ['Q4', '2022']:**
- Data Not Available
- ['Q2', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.