## Q3 2024

**1. Production rate stabilization**
- **Narrative:** Management has been actively working towards stabilizing production rates, with an initial target of achieving 38 units per month by the end of the year. However, due to unforeseen disruptions caused by the IAM work stoppage, this goal will take longer to achieve. Despite these setbacks, there is a strong expectation to regain momentum and normalize production rates by the end of the next year. There are also plans to engage in discussions with regulators to further increase production rates beyond 38 units per month once stability is achieved.
- **Management's Guidance:**
- Management indicated that the production is currently at four units per month, with plans to increase to five units per month by year-end. There is an expectation to regain momentum and return to normal production rates by exiting next year. The company plans to ramp up production and engage with regulators to discuss increasing production rates beyond 38 units per month once stability is restored.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**2. Supply chain management**
- **Narrative:** Management discussed the ongoing challenges and strategic initiatives related to supply chain management, emphasizing efforts to stabilize operations and maintain production schedules despite recent disruptions. The focus remains on aligning the supply chain to efficiently support increased production demands following recent labor strikes.
- **Management's Guidance:**
- Management maintains its objective to position the supply chain to effectively support the production ramp-up following the strike disruptions. Additionally, there is an acknowledgment that the completion of rework and the closure of the shadow factory will extend into the next year due to the impacts of the work stoppage.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Workforce management**
- **Narrative:** Management addressed the ongoing workforce management strategy, emphasizing efforts to ensure operational efficiency through timely recertification and retraining of the workforce. This approach is crucial for maintaining high standards and operational readiness as the company navigates through the recovery phase.
- **Management's Guidance:**
- Management anticipates that it will take a couple of weeks to reintegrate members back into their roles, focusing on a structured recertification and retraining program to uphold operational standards.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**4. Cash flow optimization**
- **Narrative:** Management has articulated a strategy to optimize cash flow by focusing on maintaining liquidity and aligning production schedules. The approach includes managing cash reserves while anticipating the financial impacts of production adjustments and inventory management. The outlook for the year suggests a cautious yet optimistic stance with an expectation for improved cash flow performance as the company stabilizes production rates.
- **Management's Guidance:**
- The company expects the fourth quarter's free cash flow to be a usage, influenced by factors such as the timing of returning to work, the pace of production ramp-up, and inventory unwinding. Management aims to maintain $10 billion in cash reserves alongside revolver capacity, consistent with historical practices. There is an expectation that fourth-quarter free cash flow could resemble that of the second quarter, contingent upon various factors aligning by year-end. Looking ahead to 2025, management anticipates significantly better free cash flow compared to 2024, with a shift from cash usage in the first half to positive cash flow and momentum building in the second half.
- **Actual Results:**
**['Q3', '2024']:**
- Free cash flow for the third quarter of 2024 was a usage of $1.956 billion. The company ended the quarter with cash and marketable securities totaling $10.5 billion.
- **Evaluation:**
**- Expectations Met**: The actual results showed a free cash flow usage in Q3 2024, aligning with management's guidance that anticipated a similar cash flow pattern to earlier quarters and maintaining cash reserves at $10.5 billion, consistent with expectations.

**5. Debt management strategy**
- **Narrative:** Management expressed a proactive approach to optimizing the company's balance sheet, indicating a strategic shift towards addressing debt through potential equity or equity-linked offerings. This action aims to strengthen the company’s financial position and provide flexibility for future investments.
- **Management's Guidance:**
- Management outlined a comprehensive plan to address the balance sheet in the near term, considering an offering of equity and equity-linked securities as part of the strategy to manage debt.
- **Actual Results:**
**['Q3', '2024']:**

- The actions we've recently taken, including establishing the universal shelf registration, which is now effective, directly support these priorities. Consolidated Debt $57.9B $57.7B 2Q24 3Q24
- **Evaluation:**
- **Expectations Met**: Management's strategy to address debt through equity or equity-linked offerings was effectively supported by actions such as establishing the universal shelf registration, aligning with their stated goals of optimizing the balance sheet.

**6. Cost management strategies**
- **Narrative:** Management's discussion focused on the challenges faced in managing production costs, particularly concerning key aerospace programs like the T-7A and KC-46A. These challenges are expected to have implications on future contracts, especially those scheduled for 2026 and beyond.
- **Management's Guidance:**
- Management indicated that the company anticipates increased production costs on the T-7A program for contracts in 2026 and beyond. There is also an updated assessment of the impacts on the KC-46A program due to a recent IAM work stoppage and the decision to conclude production on the 767 Freighter.
- **Actual Results:**
**['Q3', '2024']:**
- BDS recognized $2 billion of pre-tax charges on the T-7A, KC-46A, Commercial Crew, and MQ-25 programs in the third quarter.
- **Evaluation:**
**- Expectations Not Met: The management anticipated increased production costs for the T-7A and KC-46A programs, but the recognition of $2 billion in pre-tax charges across these programs indicates that the cost management challenges were more significant than anticipated.**

**7. Safety certification processes**
- **Narrative:** Management emphasized the importance of adhering to regulatory standards and outlined their commitment to working closely with the Federal Aviation Administration (FAA) to advance through the certification process. This initiative is critical to ensure that the aircraft meet all necessary safety requirements before entering the market.
- **Management's Guidance:**
- Management indicated that they will continue to align their efforts with the FAA's guidelines during the certification journey and have adjusted their timeline to anticipate the first delivery of the aircraft in 2026.
- **Actual Results:**
**['Q3', '2024']:**
- Finally, on the 777X program, as previously announced, the $2.6 billion pre-tax charge primarily reflects our latest assessment of the certification timelines.
- **Evaluation:**
**- Expectations Not Met: The management's guidance to align efforts with the FAA's guidelines and adjust timelines for aircraft certification was not met, as indicated by the $2.6 billion pre-tax charge reflecting delays in certification timelines for the 777X program.**

**8. 2030s product timeline**
- **Narrative:** The management highlighted the ongoing strategic initiatives aimed at preparing the company for product developments and market expansions anticipated in the 2030s. They emphasized a commitment to future product innovation and strategic partnerships that align with long-term growth objectives.
- **Management's Guidance:**
- The deal, which is part of the company's strategic initiatives, is expected to close sometime next year, positioning the company for enhanced capabilities to meet future demands in the 2030s.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## Q2 2024

**1. Production rate stabilization**
- **Narrative:** Management has articulated a clear path towards stabilizing production rates with a strategic focus on achieving specific monthly output targets by the end of the year. The company is actively working on increasing its production rates and is confident in its ability to meet these targets, which includes addressing current production limitations and ramping up capacity towards the latter half of the year.
- **Management's Guidance:**
- The company expects to gradually increase production rates during the year, aiming for a target of 38 units per month by year-end. They anticipate that the working capital impacts will begin to unwind as production and deliveries stabilize later in the year. The program is expected to return to a production rate of five units per month by the end of the year. Management expects stronger deliveries and significant improvement in working capital in the fourth quarter.
- **Actual Results:**
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2024']:**
- In Q3 2024, the 737 program delivered 92 airplanes, and the 787 program is currently producing at 4 per month.
- **Evaluation:**
- Insufficient Info: Data not available.

**2. Quality control improvements**
- **Narrative:** Management has expressed a strong focus on enhancing quality control measures, with an emphasis on completing essential engineering work. This is seen as a critical step towards ensuring operational efficiency and sustaining future growth. The commitment to quality control improvements is aligned with the company's broader strategic goals.
- **Management's Guidance:**
- Management communicated a high level of confidence in completing engineering work well before the end of the year. This completion is vital to progressing

through subsequent phases, notably the test certification work, which is crucial for maintaining high-quality standards and operational efficiency.
- **Actual Results:**
**['Q2', '2024']:**
- On-site Boeing inspectors at Spirit increased by almost 3 times the number that we had before January, and defects we initially caught and reworked in Renton are now caught and reworked in Wichita.
**['Q3', '2024']:**
- Data Not Available
- **Evaluation:**
**- Expectations Exceeded**: Management's goal of enhancing quality control was surpassed as Boeing significantly increased on-site inspectors and improved defect management earlier in the production process, indicating progress beyond initial expectations.

**3. Cash flow optimization**
- **Narrative:** Management has indicated a cautious approach towards cash flow optimization, acknowledging a change in their free cash flow outlook. This adjustment suggests a strategic reevaluation of cash deployment to ensure financial stability amidst potential challenges in the upcoming quarters.
- **Management's Guidance:**
- Management has projected that the third quarter will continue to be a period of cash utilization. Additionally, they have revised their annual free cash flow outlook, anticipating a larger use of cash than previously expected.
- **Actual Results:**
**['Q3', '2024']:**
- Free cash flow (non-GAAP) for third quarter 2024 was ($1,956) million, indicating a usage of free cash flow, in line with management's guidance of larger cash utilization.
**['Q2', '2024']:**
- Free cash flow was a usage of $4.3 billion in the quarter.
- **Evaluation:**
**- Expectations Met**: Management's guidance anticipated a larger use of cash in the third quarter, and the actual result of a free cash flow usage of $1,956 million aligned with this expectation.

**4. Revenue growth analysis**
- **Narrative:** Management emphasized the company's strategic focus on maintaining a strong and competitive market position. The team's efforts are directed towards offering high-value, capital-efficient products with significant intellectual property, which is expected to drive consistent revenue growth.
- **Management's Guidance:**
- Management anticipates achieving solid mid-single-digit revenue growth, alongside mid-teen margins and a high conversion rate of free cash flow in future quarters.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
**['Q2', '2024']:**
- Revenue for Second Quarter 2024 was $19.8 billion, with a revenue change of 8.3% compared to the previous year. Free Cash Flow was reported at $2.6 billion.
- **Evaluation:**
**- Expectations Exceeded**: Revenue growth of 8.3% in Q2 2024 surpassed the mid-single-digit growth expectation set by management, indicating a stronger-than-anticipated performance.

**5. Commercial aircraft demand**
- **Narrative:** Management highlighted a strong long-term outlook for commercial aircraft demand, reflecting confidence in sustained growth over the next two decades. The company anticipates significant expansion opportunities driven by both replacement demand and fleet growth.
- **Management's Guidance:**
- Management projects the global fleet to nearly double over the next 20 years, with approximately 44,000 new airplanes expected to be delivered, half of which will address replacement demand.
- **Actual Results:**
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**6. New aircraft models**
- **Narrative:** Management highlighted the anticipated timeline for new aircraft models reaching their entry into service (EIS) phase and the subsequent operational dynamics. They emphasized the typical positive shift in financial outcomes approximately one year post-EIS, as delivery schedules intensify.
- **Management's Guidance:**
- Management anticipates that financial results will begin to turn positive about a year after the EIS, as the delivery process gains momentum, which aligns with the usual trajectory observed in most aircraft development programs.
- **Actual Results:**
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**7. Technological advancements**
- **Narrative:** Management highlighted their focus on implementing engineering solutions to advance the technological capabilities of their aircraft. This includes specific improvements aimed at enhancing operational efficiency and safety, which are crucial for maintaining competitiveness in the aerospace sector.
- **Management's Guidance:**
- Management has identified an engineering solution for the engine inlet, anti-ice system for in-production aircraft. This solution is expected to be implemented and certified by 2025, aligning with the first delivery timelines for the 737-7 and 737-10 in the MAX family.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**8. Safety certification processes**
- **Narrative:** Management is focusing on adhering to the regulatory requirements set by the Federal Aviation Administration (FAA) to ensure the timely progress of their aircraft certification processes. This involves a strategic approach to align with compliance standards, which is crucial for maintaining the timeline for aircraft deliveries.
- **Management's Guidance:**
- Management indicated that they will continue to follow the FAA's lead throughout the certification process and anticipate the first delivery of the aircraft in 2025.
- **Actual Results:**
**['Q2', '2024']:**
- Obtained 777X type inspection authorization and began FAA certification flight testing in July
**['Q3', '2024']:**
- Finally, on the 777X program, as previously announced, the $2.6 billion pre-tax charge primarily reflects our latest assessment of the certification timelines.
- **Evaluation:**
**- Expectations Not Met: Boeing's management anticipated adhering to FAA requirements to meet their timeline for aircraft deliveries with the first delivery in 2025. However, the $2.6 billion pre-tax charge reflects delays in the 777X certification timelines, indicating that expectations were not met.**

**9. Portfolio diversification**
- **Narrative:** Management discussed plans for strategic growth through acquisitions and partnerships to expand Boeing's portfolio and strengthen its position in key markets.
- **Management's Guidance:**
- Management expects the transaction to close mid-2025.
- **Actual Results:**
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**10. 2030s product timeline**
- **Narrative:** Management reiterated their commitment to achieving high single-digit margins for Boeing Defense, Space & Security (BDS) in the medium to long term, indicating a consistent strategic focus towards improving profitability and operational efficiency within this division.
- **Management's Guidance:**
- Management inferred a strategic plan to maintain BDS margins in the high single digits, reaffirming no change in their medium to long-term objectives.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## Q1 2024

**1. Production rate stabilization**
- **Narrative:** Management has outlined a strategic focus on stabilizing production rates across their aircraft lines. This includes efforts to gradually increase production to meet demand while ensuring operational stability and efficiency. The management team emphasizes the importance of aligning production schedules with regulatory requirements and internal capabilities, aiming to mitigate risks associated with rapid rate increases.
- **Management's Guidance:**
- Production will remain below 38 per month for the first half of the year and will be higher in the second half, as the company moves back to 38 per month, with timing predicated on work with the FAA. Targeting a 20% increase in production rates for the 737 line by the second half of 2024. Expect to achieve rate increases including reaching 10 per month by 2026. Improvement plan expected to achieve necessary targets by the fourth quarter. Rate increase plan aims to achieve a production rate of 50 by 2025/2026.
- **Actual Results:**
**['Q1', '2024']:**
- On the 737, we delivered 67 airplanes in the first quarter.

**['Q3', '2024']:**
- 5eb75666197a2bc7ca495a94e2314c7b --> Brian J. West [BCA delivered 116 airplanes in the quarter.] 5eb75666197a2bc7ca495a94e2314c7b --> Brian J. West [The 737 program delivered 92 airplanes in the quarter.] 55f000a509fc41a563d4ad78a931cb4d --> The quarter ended with approximately 60 737-8s built prior to 2023, the vast majority for customers in China and India, down 30 from last quarter. 55f000a509fc41a563d4ad78a931cb4d --> On the 787 program, we delivered 14 airplanes in the quarter.
**['Q2', '2024']:**
- The 737 program delivered 70 airplanes in the second quarter, including a meaningful step-up to 35 in June. Monthly production improved from high single digits at the end of the first quarter to roughly 25 in June and July.
- **Evaluation:**
**- Expectations Met**: The management aimed to stabilize production rates and gradually increase them, targeting a 20% increase by the second half of 2024. The actual deliveries in Q1, Q2, and Q3 2024 show a steady increase, aligning with the management's guidance of ramping up production.

**2. Supply chain management**
- **Narrative:** Management has outlined a strategic focus on optimizing supply chain operations by integrating two distribution companies. This move is aimed at strengthening the company's logistical capabilities and ensuring efficient inventory management. The main goal is to align production rates with supply chain capabilities, thereby stabilizing output and meeting market demand.
- **Management's Guidance:**
- Management indicated that production rates would be slightly reduced in the near term, with the expectation that the supply chain will catch up later in the year. There is a concerted effort to ensure adequate inventory levels to meet target production numbers and to build necessary buffers to ensure the supply chain can support these targets. Full integration of the two distribution companies is expected within the current calendar year to enhance supply chain efficiency.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
**['Q1', '2024']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Quality control improvements**
- **Narrative:** Management is focused on improving quality control by implementing rigorous inspection protocols and non-conformance fixes within their Wichita facility. This initiative is part of a six-month plan following the operations in Alaska, aimed at ensuring that future fuselages are free from defects.
- **Management's Guidance:**
- Management expects to complete the quality improvement process within the next 60 days, after which the company anticipates producing defect-free fuselages from Wichita.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
**['Q1', '2024']:**
- Effective March 1, we moved inspection and rework teams to Wichita. Since then, we have only allowed fully-inspected fuselages to be shipped to Renton, which has dramatically reduced our non-conformances entering the Renton factory. We ended the quarter with about 60 airplanes in inventory, about 40 of which require rework. Full inspections being performed in Wichita.
**['Q2', '2024']:**
- On-site Boeing inspectors at Spirit increased by almost 3 times the number that we had before January, and defects we initially caught and reworked in Renton are now caught and reworked in Wichita.
- **Evaluation:**
**- Expectations Met**: The quality control improvements in the Wichita facility met management's expectations, as the inspection and rework process successfully reduced non-conformances entering the Renton factory, aligning with the goal of producing defect-free fuselages.

**4. Cash flow optimization**
- **Narrative:** Management has articulated a clear goal of achieving a free cash flow of $10 billion by the end of 2025. However, they have acknowledged potential delays in reaching this target due to their ongoing commitment to safety, quality, and stability. These delays are primarily associated with the ramp-up in production and delivery schedules for the 737 and 787 models. Additionally, management is focused on maintaining liquidity by staying ahead of near-term debt maturities and considering supplemental funding to restore cash balances to historical levels.
- **Management's Guidance:**
- Management aims to achieve a free cash flow of $10 billion by the end of 2025, although it may take longer than initially planned, potentially extending into the 2025/2026 window due to production and delivery challenges. Plans to maintain a strong cash position by addressing near-term maturities and potentially securing additional funding to restore historical cash balance levels.
- **Actual Results:**
**['Q3', '2024']:**
- Free cash flow (non-GAAP) for third quarter 2024 was ($1,956) million, indicating a usage of $2 billion in free cash flow during the quarter.
**['Q2', '2024']:**
- Free cash flow was a usage of $4.3 billion in the quarter.
**['Q1', '2024']:**
- Operating cash flow ($318) ($3,362); Free cash flow ($786); Cash flow was a usage of $3.9 billion in the quarter, a higher usage than last year; On cash, and marketable securities, we ended the quarter at $7.5 billion, reflecting the debt repayment activity and use of free cash in the quarter; We continue to maintain access to $10 billion of revolving credit facilities, all of which remain undrawn; David L. Calhoun [Affirmation of $10 billion free cash flow]; Brian J. West [we do have $17 billion of liquidity today]
- **Evaluation:**

**- Expectations Not Met: The management aimed for a $10 billion free cash flow by the end of 2025, but actual results in 2024 show significant cash usage, indicating that the cash flow optimization goals are currently off track.**

**5. Debt management strategy**

- **Narrative:** Management is focused on reducing the company's debt burden, indicating a proactive debt management strategy aimed at improving financial stability and flexibility over the coming years.
- **Management's Guidance:**
- Management has articulated a commitment to reduce the company's debt by $5 billion over the next two years. Additionally, they have agreed to advance $425 million to Spirit, with an expectation of repayment in the third quarter.
- **Actual Results:**

**['Q2', '2024']:**

- Data Not Available

**['Q1', '2024']:**

- Retired $4.4B of maturing debt during the quarter. The debt balance decreased to $47.9 billion, as we paid down $4.4 billion of the $5 billion of maturities due this year.

**['Q3', '2024']:**

- Consolidated Debt $57.9B $57.7B 2Q24 3Q24
- **Evaluation:**

**- Expectations Not Met: Management aimed to reduce debt by $5 billion over two years. However, despite retiring $4.4 billion in Q1 2024, the debt increased to $57.9 billion in Q3 2024, suggesting the strategy did not achieve the intended reduction.**

**6. Revenue growth analysis**

- **Narrative:** Management remains focused on enhancing the margins within Boeing Defense, Space & Security (BDS) division, with a strategic plan aimed at achieving high-single digit margins.
- **Management's Guidance:**
- Management expresses confidence in reaching high-single digit margins for the BDS division by the 2025/2026 timeframe.
- **Actual Results:**

**['Q2', '2024']:**

- Data Not Available

**['Q1', '2024']:**

- Data Not Available

**['Q3', '2024']:**

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

**7. Commercial aircraft demand**

- **Narrative:** The management at Boeing has articulated a strategic outlook focused on increasing aircraft deliveries in the upcoming year, reflecting confidence in the recovery and growth of the commercial aviation sector.
- **Management's Guidance:**
- Management anticipates delivering between 400 and 450 commercial airplanes in 2024.
- **Actual Results:**

**['Q1', '2024']:**

- Data Not Available

**['Q2', '2024']:**

- Data Not Available

**['Q3', '2024']:**

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

**8. New aircraft models**

- **Narrative:** Management is focused on advancing their aircraft programs, with significant progress expected in both the T-7 and MQ-25 models. The emphasis is on meeting key milestones, specifically aiming for successful flight tests and software integration, which are crucial steps towards achieving final delivery targets.
- **Management's Guidance:**
- Management continues to anticipate the first delivery of new aircraft models in 2025. They expect to complete the flight test program for the T-7 model and achieve an important milestone with the customer by the end of the year. Similarly, for the MQ-25, they plan to progress through the build and software integration phases, reaching another critical milestone by year-end.
- **Actual Results:**

**['Q1', '2024']:**

- The program also delivered the first static test article to the Navy. T-7A testing aircraft completed climate lab testing in February.

**['Q3', '2024']:**

- Data Not Available

**['Q2', '2024']:**

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

**9. Technological advancements**

- **Narrative:** Management highlighted ongoing efforts in advancing their aerospace technologies, underscoring the importance of upcoming key milestones in their

product development programs.
- **Management's Guidance:**
- The program continues to progress towards a May 6 Crew Flight Test.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
**['Q1', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**10. FAA collaboration**
- **Narrative:** Management highlighted their proactive engagement with the FAA, emphasizing a commitment to transparency and collaboration. They detailed the implementation of a 90-day quality action plan aimed at improving the company's production system. This plan is designed to meet the FAA's requirements for a control plan that ensures the system's stability and compliance moving forward.
- **Management's Guidance:**
- Management has initiated a 90-day plan of quality action to address production system improvements, indicating an expectation of meeting regulatory standards set by the FAA through a diligent and business-like approach.
- **Actual Results:**
**['Q1', '2024']:**
- We completed our 30-day review and we're regularly checking in with the FAA as we complete our 90-day plan.
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2024']:**
- We have this 38 a month cap with the FAA.
- **Evaluation:**
- Insufficient Info: Data not available.

**11. Portfolio diversification**
- **Narrative:** Management highlighted their ongoing efforts in expanding and diversifying the company's portfolio to capitalize on emerging market opportunities. They emphasized the strategic importance of entering new geographical markets and broadening product lines to sustain long-term growth.
- **Management's Guidance:**
- Management indicated plans to implement these diversification strategies in the fourth quarter of this year or the first quarter of next year, depending on optimal timing as assessed by the dedicated team.
- **Actual Results:**
**['Q1', '2024']:**
- Data Not Available
**['Q3', '2024']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## Q4 2023

**1. Production rate stabilization**
- **Narrative:** Management has emphasized their focus on stabilizing production rates to ensure consistent and reliable output. The current production rate for the 737 is being maintained at 38 units per month as they work closely with the FAA to meet quality standards. This cautious approach is aimed at ensuring all regulatory requirements are met before considering any increases in production. Additionally, there is a strategic plan in place to transition certain programs to a higher production rate by 2025/2026.
- **Management's Guidance:**
- Management plans to maintain the production rate of 737 airplanes at 38 per month until they and the FAA are satisfied with the manufacturing process. The company expects to deliver between 400 and 450 737 MAX airplanes in 2024. Boeing plans to transition production for another program to five units per month, with an aim to increase to ten per month by the 2025/2026 timeframe.
- **Actual Results:**
**['Q1', '2024']:**
- On the 737, we delivered 67 airplanes in the first quarter.
**['Q3', '2024']:**
- The 737 program delivered 92 airplanes in the quarter.
**['Q2', '2024']:**
- The 737 program delivered 70 airplanes in the second quarter, including a meaningful step-up to 35 in June.
**['Q4', '2023']:**
- Today, we're producing 737s at a rate of 38 per month.
- **Evaluation:**
**- Expectations Not Met: Management's guidance was to deliver between 400 and 450 737 MAX airplanes in 2024, but actual deliveries by Q3 were only 229, indicating that the production target is unlikely to be met within the year.**

**2. Quality control improvements**
- **Narrative:** In the Q4 2023 earnings call, Boeing's management emphasized their commitment to rigorous quality control improvements. Their strategy involves implementing a comprehensive inspection process for door plugs across multiple production stages. This reflects their broader objective to enhance operational performance and efficiency by ensuring meticulous quality checks at every phase of production.
- **Management's Guidance:**
- Management detailed a forward-looking strategy where door plugs will undergo increased inspections at every stage from receipt at Wichita through the assembly line, indicating a stringent lockdown on quality control to maintain high standards.
- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q2', '2024']:**
- On-site Boeing inspectors at Spirit increased by almost 3 times the number that we had before January, and defects we initially caught and reworked in Renton are now caught and reworked in Wichita.
**['Q1', '2024']:**
- Effective March 1, we moved inspection and rework teams to Wichita. Since then, we have only allowed fully-inspected fuselages to be shipped to Renton, which has dramatically reduced our non-conformances entering the Renton factory. Full inspections are being performed in Wichita.
- **Evaluation:**
**- Expectations Met**: Boeing's management aimed to enhance quality control through thorough inspections at various production stages. By Q1 2024, the increase in inspection and rework teams in Wichita and the resulting reduction in non-conformances at the Renton factory indicate that the implemented measures met the intended goals.

**3. Cash flow optimization**
- **Narrative:** Management has emphasized a strong focus on optimizing cash flow through strategic production and delivery plans. The discussions highlighted consistent efforts to improve free cash flow, leveraging increased commercial deliveries, and strong order activities. The strategic focus remains on achieving significant free cash flow targets by 2025, with ongoing adjustments in production rates and order executions.
- **Management's Guidance:**
- Management anticipates maintaining a steady free cash flow in the upcoming year, supported by the production of the 737 at a rate of 38 per month and the continued execution of the 787 program. The company has set a goal to achieve approximately $10 billion in free cash flow by 2025, reflecting their strategic planning and operational efficiencies.
- **Actual Results:**
**['Q3', '2024']:**
- Free cash flow (non-GAAP) for third quarter 2024 was ($1,956) million and for 2023 was ($310) million.
**['Q4', '2023']:**
- Q4 2023 Free Cash Flow was $3.0 billion.
**['Q2', '2024']:**
- Free cash flow was a usage of $4.3 billion in the quarter.
**['Q1', '2024']:**
- Operating cash flow ($318) ($3,362), Free cash flow ($786), Cash flow was a usage of $3.9 billion in the quarter, a higher usage than last year.
- **Evaluation:**
**- Expectations Not Met: Management anticipated maintaining steady free cash flow with a goal of $10 billion by 2025, but actual results showed significant negative free cash flow in 2024, indicating that the strategic goals were not achieved.**

**4. Debt management strategy**
- **Narrative:** Management is focused on maintaining a robust debt management strategy, prioritizing the reduction of liabilities to strengthen the company's balance sheet and ensure financial stability. This includes proactive measures to manage upcoming debt maturities, thereby optimizing available cash resources.
- **Management's Guidance:**
- Over the next few days, management plans to pay down $4 billion of the $5 billion of maturities coming due this year from available cash on hand.
- **Actual Results:**
**['Q2', '2024']:**
- Data Not Available
**['Q1', '2024']:**
- Retired $4.4B of maturing debt during the quarter. The debt balance decreased to $47.9 billion, as we paid down $4.4 billion of the $5 billion of maturities due this year.
**['Q3', '2024']:**
- Consolidated Debt $57.9B $57.7B 2Q24 3Q24
**['Q4', '2023']:**
- On debt, balance remained flat at $52.3 billion.
- **Evaluation:**
**- Expectations Exceeded**: Boeing retired $4.4 billion of maturing debt during Q1 2024, surpassing the management's guidance of $4 billion, which indicates stronger-than-expected debt management efforts.

**5. Revenue growth analysis**
- **Narrative:** Management has reaffirmed their commitment to returning Boeing Defense, Space & Security (BDS) to high-single digit margins by 2025/2026. This goal is part of their broader financial strategy and indicates a concerted effort to enhance operational efficiencies and improve profitability within the division over the coming years.
- **Management's Guidance:**
- Management has set a target to achieve high-single digit margins for BDS by the 2025/2026 timeframe.
- **Actual Results:**

**['Q2', '2024']:**
- Data Not Available
**['Q1', '2024']:**
- Revenue for the Boeing Defense, Space & Security (BDS) division was $7 billion, up 6% on improved volume, and BDS delivered 14 aircraft in the quarter. However, there is no specific mention of margin performance for the BDS division in the provided dataset for Q1 2024.
**['Q3', '2024']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**6. Cost management strategies**
- **Narrative:** Management is implementing significant cost management strategies aimed at optimizing production efficiencies and improving margin trajectories. The strategic focus is on reducing production costs and enhancing portfolio-specific performance to achieve improved financial outcomes.
- **Management's Guidance:**
- Management has set a target to reduce production costs by 20% by the end of 2024. Additionally, they anticipate that margin trajectories will improve over time, particularly by focusing on a specific segment of the portfolio, with an aim to restore margins to a high-single digit range by 2025/2026.
- **Actual Results:**
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2024']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q1', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**7. New aircraft models**
- **Narrative:** Management focused on discussing the engineering efforts and resource allocation dedicated to the development of the MAX 7 aircraft model. Emphasis was placed on advancing the design and engineering solutions to ensure the timely completion of this model.
- **Management's Guidance:**
- Management indicated that with the current allocation of resources, the design and engineering solutions for the MAX 7 could be completed within a year.
- **Actual Results:**
**['Q1', '2024']:**
- Data Not Available
**['Q3', '2024']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**8. R&D investment focus**
- **Narrative:** Management outlined a commitment to bolster innovation by increasing R&D spending, emphasizing its importance for maintaining competitive advantage and driving future growth.
- **Management's Guidance:**
- Management plans to increase R&D spending by 5% annually over the next three years.
- **Actual Results:**
**['Q1', '2024']:**
- Data Not Available
**['Q3', '2024']:**
- Data Not Available
**['Q4', '2023']:**
- Actual Results: Data Not Available
**['Q2', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**9. Regulatory engagement strategies**
- **Narrative:** Management emphasized the importance of achieving stability and predictability in their operations by collaborating closely with the regulator. This strategy involves allocating resources effectively to address existing issues and ensuring each aircraft meets the necessary standards.
- **Management's Guidance:**
- The company aims to meet their 2025/2026 targets by focusing on stabilizing operations and enhancing predictability, one airplane at a time, in collaboration with regulatory bodies.

- **Actual Results:**
**['Q3', '2024']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
**['Q1', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**10. Defense sector contracts**
- **Narrative:** Management has articulated a strategic focus on enhancing the company's defense sector presence by targeting double-digit growth within their Global Services division. This approach is aimed at capturing a significant portion of the defense market, leveraging their existing capabilities to expand service offerings and client reach. The emphasis is on solidifying their position in defense-related services, indicating a robust growth strategy designed to capitalize on emerging opportunities in the sector.
- **Management's Guidance:**
- Management is aiming for double-digit growth in the defense sector through their Global Services division, reflecting a strategic intent to expand their market share and capitalize on the growing demand in defense services.
- **Actual Results:**
**['Q3', '2024']:**
- Delivered the first production MH-139A to the U.S. Air Force; Definitized a contract for two E-7A Wedgetails from the U.S. Air Force
**['Q4', '2023']:**
- BDS booked $8 billion in orders during the quarter, including the Lot 10 award from the U.S. Air Force for 15 KC-46A tankers.
**['Q2', '2024']:**
- In the quarter, BGS secured an Apache performance-based logistics contract from the U.S. Army and captured FlightDeck Pro service contracts with Hainan Airlines and Ryanair.
**['Q1', '2024']:**
- Opened a Jacksonville, Florida maintenance facility, supporting military customers. U.S. Navy exercised options on a P-8A sustainment modification contract. Awarded 17 P-8 aircraft for Canada and Germany. Secured final contract from the U.S. Navy for 17 F/A-18 production aircraft. Awarded MQ-25 cost-type contract modification from the U.S. Navy, including two additional test aircraft. BDS booked $9 billion in orders during the quarter, including awards for 17 P-8 aircraft for the Royal Canadian Air Force and the German Navy and securing the final F-18 new-build production contract from the US Navy.
- **Evaluation:**
**- Expectations Exceeded**: The actual results show Boeing's Global Services division secured significant defense sector contracts, including a $9 billion order and multiple high-profile awards, suggesting growth likely exceeded management's double-digit target.

## Q3 2023

**1. Production rate stabilization**
- **Narrative:** Boeing's management has articulated a clear trajectory for stabilizing and increasing production rates across its key aircraft lines, specifically the 737 and 787 programs. The aim is to transition to a production rate of 38 aircraft per month by year-end, with a longer-term goal of reaching 50 per month between 2025 and 2026. This strategic focus on rate stabilization is anticipated to leverage existing labor resources currently engaged with inventoried airplanes and ensure a gradual ramp-up in production efficiency and output.
- **Management's Guidance:**
- Boeing plans to complete the production transition to 38 aircraft per month by the end of the year, with an aim to reach 50 per month by the 2025-2026 timeframe. The 737 factory is expected to stabilize production at 38 per month and step up to 50 per month by 2025-2026. The production rate for 737s is projected to be at least 38 per month by the end of the year, with the potential to maintain this rate into the following year. The underlying production system is intended to stay at 38 per month, with further rate ramps to be described at a later stage.
- **Actual Results:**
**['Q1', '2024']:**
- Delivered 83 airplanes. On the 737, 67 airplanes were delivered in the first quarter.
**['Q2', '2024']:**
- The 737 program delivered 70 airplanes in the second quarter, including a meaningful step-up to 35 in June. Monthly production improvement from high single digits at the end of the first quarter to roughly 25 in June and July.
**['Q4', '2023']:**
- Today, we're producing 737s at a rate of 38 per month
**['Q3', '2023']:**
- We have kept our master schedule intact to get to that 38 a month.
- **Evaluation:**
**- Expectations Met**: Boeing successfully stabilized its production rate at 38 aircraft per month by the end of 2023, aligning with management's guidance and expectations for the 737 program.

**2. Supply chain management**
- **Narrative:** Management has indicated a proactive approach towards addressing supply chain challenges, with a focus on clearing existing inventory and setting a stable operational base for the coming years. The strategic initiatives aim to streamline operations and bolster supply chain resilience, ensuring smoother delivery timelines and enhancing overall efficiency.
- **Management's Guidance:**
- Management anticipates delivering most, if not all, of the current inventory by the end of the following year. This move is projected to establish a robust

operational foundation for the years 2025 and 2026.
- **Actual Results:**
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2023']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q1', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Quality control improvements**
- **Narrative:** Management emphasized the critical focus on resolving nonconformance issues promptly. This involves efficiently addressing the backlog of inventory aircraft, which saw a significant increase between the second and third quarters. The resolution of these quality control challenges is prioritized to streamline operations and enhance overall efficiency.
- **Management's Guidance:**
- Management is confident that the resolution of nonconformance issues will progress rapidly, with expectations to see significant improvements by the November-December timeframe.
- **Actual Results:**
**['Q4', '2023']:**
- We ended the quarter with approximately 60 airplanes in inventory, about 50 of which require rework.
**['Q2', '2024']:**
- On-site Boeing inspectors at Spirit increased by almost 3 times the number that we had before January, and defects we initially caught and reworked in Renton are now caught and reworked in Wichita. We ended the quarter with around 35 airplanes in inventory built prior to 2023 that required rework.
**['Q3', '2023']:**
- Data Not Available
**['Q1', '2024']:**
- Effective March 1, we moved inspection and rework teams to Wichita. Since then, we have only allowed fully-inspected fuselages to be shipped to Renton, which has dramatically reduced our non-conformances entering the Renton factory. We ended the quarter with about 60 airplanes in inventory, about 40 of which require rework. Full inspections being performed in Wichita.
- **Evaluation:**
**- Expectations Not Met: Management anticipated substantial improvements in resolving nonconformance issues by November-December, but by the end of Q4 2023, a significant number of airplanes still required rework, indicating that the expected progress was not achieved.**

**4. Cash flow optimization**
- **Narrative:** Management has reiterated their focus on optimizing cash flows as a critical component of their financial strategy. The company aims to maintain robust free cash flow generation despite fluctuations in delivery schedules and R&D expenses. Their disciplined growth model emphasizes high cash conversion and capital efficiency, which are expected to sustain mid-teen margins in the BGS segment.
- **Management's Guidance:**
- 1. Management targets achieving a free cash flow of $10 billion by the end of 2025. 2. Despite updated 737 delivery expectations, the free cash flow projection for 2023 remains between $3 billion and $5 billion, with a tendency towards the lower end of this range. 3. R&D expenses are expected to increase modestly over the next couple of years but are not anticipated to disrupt the free cash flow target. 4. Fourth-quarter deliveries and cash flow considerations are integrated into future outlooks.
- **Actual Results:**
**['Q4', '2023']:**
- Free cash flow for Q4 2023 was reported at $3.0 billion, which aligns with the lower end of the management's guidance range for 2023. This performance is consistent with the company's focus on cash flow optimization amid fluctuating delivery schedules and R&D expenses.
**['Q2', '2024']:**
- Free cash flow was a usage of $4.3 billion in the quarter.
**['Q3', '2023']:**
- In Q3 2023, Boeing reported a free cash flow usage of $310 million for the quarter. The BGS segment is currently generating mid-teen margins.
**['Q1', '2024']:**
- Operating cash flow was reported as ($318) million and free cash flow was ($786) million for the quarter. Cash flow usage was $3.9 billion, which was higher than the previous year. The company ended the quarter with $7.5 billion in cash and marketable securities, reflecting debt repayment activity and the use of free cash in the quarter.
- **Evaluation:**
**- Expectations Met**: The free cash flow for Q4 2023 was reported at $3.0 billion, which aligns with the lower end of management's guidance range for 2023, meeting expectations despite challenges in delivery schedules and increased R&D expenses.

**5. Debt management strategy**
- **Narrative:** Management emphasized their commitment to maintaining a strong liquidity position as part of their broader financial strategy. This involves proactive measures to manage the company's debt, underscoring a focus on reducing leverage in the near term.
- **Management's Guidance:**
- Management indicated that they plan to de-lever the balance sheet early next year, supported by their strong liquidity position.
- **Actual Results:**
**['Q2', '2024']:**
- On cash and marketable securities, we ended the quarter at $12.6 billion, reflecting the $10 billion issuance of new debt in May, partially offset by the use of free cash flow in the quarter. The debt balance increased to $57.9 billion, driven by the new debt issuance.

**['Q3', '2023']:**
- On debt, the balance remained flat at $52.3 billion. Consolidated Debt for Q3 2023: $13.8 billion, Q2 2023: $13.4 billion.
**['Q1', '2024']:**
- Retired $4.4B of maturing debt during the quarter. The debt balance decreased to $47.9 billion, as we paid down $4.4 billion of the $5 billion of maturities due this year.
**['Q4', '2023']:**
- On debt, balance remained flat at $52.3 billion.
- **Evaluation:**
**- Expectations Not Met: Management aimed to de-lever the balance sheet early next year, but the debt balance increased to $57.9 billion by Q2 2024 due to new debt issuance, instead of reducing leverage as planned.**

**6. Revenue growth analysis**
- **Narrative:** Management expressed confidence in reaching their financial goals for the 2025-2026 timeframe, which they describe as a period of stability. They highlighted a clear path towards achieving a $10 billion target within this timeframe, building on the performance observed year-to-date. Additionally, the company anticipates a return to positive margins in 2024, with expectations for double-digit margins by 2025-2026, consistent with historical performance levels.
- **Management's Guidance:**
- Management maintains their guidance range for the year and emphasizes their target of $10 billion by 2025 and 2026. Management anticipates positive margins in 2024, with a view towards achieving double-digit margins by 2025-2026, aligning with historical trends.
- **Actual Results:**
**['Q2', '2024']:**
- Revenue for Second Quarter 2024 was $19.8 billion, with a revenue change of (8.3)% compared to the previous quarter. The core operating margin was not positive, and the core loss per share was ($0.82). Free cash flow was $2.6 billion.
**['Q3', '2023']:**
- Q3 2023 Revenue was $18.1 billion, up 13% year-over-year.
**['Q1', '2024']:**
- Revenue for the first quarter of 2024 was $16.6 billion, which is down 8% from the previous year, primarily due to lower 737 delivery volume.
**['Q4', '2023']:**
- In Q4 2023, Boeing reported a revenue of $22 billion, reflecting a 10% year-over-year increase. The operating margin was just positive at 0.4%.
- **Evaluation:**
**- Expectations Not Met: Despite maintaining a revenue increase in Q3 2023 and a slight positive margin in Q4 2023, actual results in Q2 2024 showed a significant revenue decrease and negative core operating margins, which indicates that Boeing is not on track to meet its financial goals for positive margins in 2024 and the $10 billion target by 2025-2026.**

**7. Cost management strategies**
- **Narrative:** Management remains committed to their cost management strategies by maintaining their financial estimates within expected ranges and ensuring that key projects remain on track for completion. The focus is on achieving budget goals and completing major expense items by the stipulated timelines, reflecting disciplined financial oversight.
- **Management's Guidance:**
- Management anticipates completing significant expense-related projects by the end of the year, with current estimates remaining around $3 billion. They also expect to conclude a $1 billion project within the current quarter and maintain a full-year tax expense of approximately $250 million.
- **Actual Results:**
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2023']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q1', '2024']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**8. Commercial aircraft demand**
- **Narrative:** Management has articulated a robust outlook for the commercial aircraft market, underpinned by expectations of significant delivery volumes in the coming year. This is part of a broader strategic emphasis on capturing a substantial share of the projected $10.7 trillion market value over the next decade across various sectors, including commercial aviation.
- **Management's Guidance:**
- Management expects to deliver between 400 and 450 commercial airplanes in 2024.
- **Actual Results:**
**['Q4', '2023']:**
- BCA booked 611 net orders in the quarter with 411 737s, including an order with Akasa; 98 777Xs, largely in Emirates order; and 83 787s. We have over 5,600 airplanes in backlog valued at $441 billion.
**['Q1', '2024']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**9. New aircraft models**
- **Narrative:** Management is focused on advancing through critical phases of new aircraft development, with key milestones on the horizon for both defense and commercial projects. The emphasis is on de-risking and transitioning out of development phases, indicating a strategic push towards operational readiness and execution in the near future.
- **Management's Guidance:**
- For the VC-25B, significant progress is expected as the company moves through the build process, with major milestones like power on and first flight anticipated to be completed between 2025 and 2026, marking a de-risking of the program. The commercial crew program is preparing for a successful crewed flight test next year, aiming to achieve all operational launch commitments by the end of 2025-2026. The MQ-25 project is set to progress through key build and flight test milestones, transitioning out of the development phase by 2025-2026.
- **Actual Results:**
**['Q1', '2024']:**
- The program also delivered the first static test article to the Navy. T-7A testing aircraft completed climate lab testing in February.
**['Q4', '2023']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**10. R&D investment focus**
- **Narrative:** Management has outlined a robust plan for substantial investment in research and development to drive future growth and innovation. This includes specific attention towards enhancing the capabilities of their 777X program, signaling a commitment to advancing their product offerings and maintaining competitiveness in the aerospace market.
- **Management's Guidance:**
- Management plans to invest $2 billion in R&D over the coming year and anticipates that R&D expenditures will slightly exceed initial expectations due to increased investments in the 777X program.
- **Actual Results:**
**['Q1', '2024']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2023']:**
- In Q3 2023, it was reported that R&D expenditure at Boeing Commercial Airplanes (BCA) increased by approximately $150 million sequentially, indicating a spike in 777X R&D investment as part of the broader R&D efforts.
- **Evaluation:**
- Insufficient Info: Data not available.

**11. 2030s product timeline**
- **Narrative:** Management articulated a strategic focus on stabilizing the business and achieving significant financial milestones by the mid-2020s. This involves de-risking fixed price development contracts and accelerating recovery efforts to position the company for a stronger market presence going into the 2030s.
- **Management's Guidance:**
- Management anticipates that fixed price development contracts will be significantly de-risked by the 2025-2026 timeframe, which is essential for accelerating recovery. Furthermore, they are focused on achieving a $10 billion stability target within the same period.
- **Actual Results:**
**['Q1', '2024']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q2', '2024']:**
- Data Not Available
**['Q3', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**12. Defense sector contracts**
- **Narrative:** Management highlighted the potential growth in the defense segment, driven by strategic initiatives and expansion in defense sector contracts. The focus remains on leveraging existing contracts and exploring new opportunities to bolster the company's presence in the defense market.
- **Management's Guidance:**
- Management anticipates a 5% increase in defense segment revenue next year.
- **Actual Results:**
**['Q4', '2023']:**
- BDS booked $8 billion in orders during the quarter, including the Lot 10 award from the U.S. Air Force for 15 KC-46A tankers.
**['Q2', '2024']:**
- Delivered the first CH-47F Block II Chinook to the U.S. Army
**['Q3', '2023']:**

- Data Not Available
**['Q1', '2024']:**
- BDS booked $9 billion in orders during the quarter, including awards for 17 P-8 aircraft for the Royal Canadian Air Force and the German Navy and securing the final F-18 new-build production contract from the US Navy.
- **Evaluation:**
**- Expectations Exceeded**: Management anticipated a 5% revenue increase in the defense segment, but the actual results showed substantial bookings, including significant awards like the Lot 10 from the U.S. Air Force and multiple large contracts in 2024, indicating performance beyond expectations.

## Q2 2023

**1. Production rate stabilization**
- **Narrative:** Management has outlined a clear strategy for stabilizing production rates, emphasizing a steady ramp-up in the production of key aircraft models. They highlighted the transition to increased monthly production rates, which is indicative of their efforts to stabilize and enhance operational performance. The focus is on achieving a stable supply chain and addressing any disruptions to ensure targets are met. The company aims to leverage productivity programs and lean manufacturing practices to reinforce this stabilization and improve margins.
- **Management's Guidance:**
- Management projects full-year 737 deliveries of 400 to 450 with sequential improvement in the second half. They plan to increase production to 38 per month and still aim to reach 50 per month in the 2025-2026 timeframe. They are steadily increasing their rate on each program with a focus on stability every step of the way. Management is happy to move the production rate to 38 and sees this as the first step. They expect to reach five per month by year-end for a particular model and see this as a significant milestone. Management maintains guidance for 2025-2026 at 50 deliveries a month on the MAX.
- **Actual Results:**
**['Q1', '2024']:**
- On the 737, we delivered 67 airplanes in the first quarter.
**['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']:**
- We have kept our master schedule intact to get to that 38 a month.
**['Q4', '2023']:**
- Today, we're producing 737s at a rate of 38 per month. For the year, we delivered 396 airplanes, on the upper-end of the revised guidance range we provided in October. We've cycled 38 per month.
- **Evaluation:**
**- Expectations Met**: Boeing achieved a production rate of 38 737 aircraft per month by the end of 2023 and delivered 396 airplanes, which is within the upper end of the revised guidance, aligning with management's expectations for production rate stabilization and delivery targets.

**2. Supply chain management**
- **Narrative:** Management has placed significant emphasis on enhancing the supply chain's readiness to support increased production rates. This focus is part of a broader effort to improve operational performance and efficiency, with a particular goal of achieving a substantial rise in delivery output.
- **Management's Guidance:**
- Management is concentrating efforts on ensuring the supply chain is prepared for a target of 50 deliveries, aiming to reach this delivery rate in the 2025-2026 timeframe.
- **Actual Results:**
**['Q3', '2023']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q1', '2024']:**
- Data Not Available
**['Q2', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Quality control improvements**
- **Narrative:** Management has focused on addressing quality control issues with a commitment to remediate identified problems as they progress through the upcoming quarters. This highlights their strategic emphasis on improving operational performance and efficiency through enhanced quality control measures.
- **Management's Guidance:**
- Management indicated that all quality control issues have been contained and will be remedied by the end of the third quarter.
- **Actual Results:**
**['Q4', '2023']:**
- We ended the quarter with approximately 60 airplanes in inventory, about 50 of which require rework.
**['Q3', '2023']:**
- Data Not Available
**['Q1', '2024']:**
- Effective March 1, we moved inspection and rework teams to Wichita. Since then, we have only allowed fully-inspected fuselages to be shipped to Renton, which has dramatically reduced our non-conformances entering the Renton factory. We ended the quarter with about 60 airplanes in inventory, about 40 of which require rework. Full inspections are being performed in Wichita.
**['Q2', '2023']:**
- Data Not Available
- **Evaluation:**

**- Expectations Not Met: Management's guidance indicated that all quality control issues would be remedied by the end of Q3 2023, but by Q1 2024, there were still approximately 40 airplanes requiring rework, showing that the quality control improvements fell short of expectations.**

**4. Workforce management**
- **Narrative:** Management focused on improving operational performance and efficiency by strategically optimizing workforce deployment. There is an emphasis on stabilizing operations and effectively utilizing labor resources as they transition away from current shadow factory efforts. This transition is aimed at enhancing efficiency and preparing for anticipated production rate increases.
- **Management's Guidance:**
- Management anticipates that by the second half of next year, as shadow factory operations wind down, all labor resources will be redirected towards supporting increased production rates, thereby enhancing operational stability and efficiency.
- **Actual Results:**
**['Q1', '2024']:**
- Data Not Available
**['Q2', '2023']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q3', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**5. Cash flow optimization**
- **Narrative:** During the Q2 2023 earnings call, Boeing's management discussed their cash flow optimization strategies, emphasizing the importance of managing advanced payment timing and maintaining a stable free cash flow outlook. Despite strong order activity in the quarter, which brought forward $2 billion of favorable advanced payment timing, the overall financial outlook for the year remains consistent with previous guidance. The management has reaffirmed their confidence in achieving substantial free cash flow targets in the upcoming years.
- **Management's Guidance:**
- Management expects over $2 billion of favorable advanced payment timing, initially anticipated for the third quarter, to have already occurred in the second quarter. The company remains confident in generating $10 billion of free cash flow in the years 2025-2026. The financial outlook for 2023 remains unchanged, with an expected free cash flow generation ranging from $3 billion to $5 billion. Anticipated operating cash flow for Boeing Commercial Airplanes (BCA) this year is projected to be between $2.5 billion and $3.5 billion.
- **Actual Results:**
**['Q4', '2023']:**
- Brian J. West [Free cash flow was $3 billion in the quarter, in line with prior year and up sequentially from the third quarter.]
**['Q3', '2023']:**
- Free cash flow was a usage of $310 million in the quarter.
**['Q1', '2024']:**
- Operating cash flow was reported as ($318) million, and free cash flow was ($786) million for Q1 2024, indicating a cash usage of $3.9 billion in the quarter, which was higher than the previous year.
**['Q2', '2023']:**
- Free Cash Flow $2.6B
- **Evaluation:**
**- Expectations Met**: Management's guidance for 2023 expected free cash flow generation between $3 billion and $5 billion, and the actual results for Q4 2023 showed free cash flow at $3 billion, aligning with their expectations.

**6. Revenue growth analysis**
- **Narrative:** Management expressed confidence in achieving significant financial targets, including substantial revenue and margin improvements over the coming years. The strategic focus is on enhancing business unit performance and achieving high single-digit to low double-digit margins by 2025-2026.
- **Management's Guidance:**
- Management is confident in reaching the $3 billion to $5 billion revenue target for the year. The company is focused on achieving high single-digit margins by 2025-2026. By the end of 2024, management aims for BCA margins to resemble past low double-digit levels, with further improvements targeted for 2025-2026. There are high expectations for business margins to reach the teens, with a long-term view of sustaining mid-teen levels, and efforts will continue to maximize performance. For the third quarter specifically, BCA margins are expected to improve sequentially but remain negative, with limited expectations for BDS profitability.
- **Actual Results:**
**['Q3', '2023']:**
- Third quarter revenue was reported at $18.1 billion, which represents a 13% year-over-year increase.
**['Q4', '2023']:**
- Data Not Available
**['Q1', '2024']:**
- Revenue for the first quarter of 2024 was $16.6 billion, down 8% compared to the previous year, primarily reflecting lower 737 delivery volume.
**['Q2', '2023']:**
- Q2 2023 Revenue $19.8B; Q2 2022 Revenue $16.7B. Revenues and Operating Margins $8.8B, Secured 460 net orders; backlog of $363B, Delivered 136 airplanes, Q2 2023 Op margin: (3.5)%.
- **Evaluation:**
**- Expectations Not Met: Despite management's confidence in achieving significant revenue growth and margin improvements, the actual results showed revenue decline in Q1 2024 compared to the previous year, primarily due to lower delivery volumes, falling short of the high expectations set.**

**7. Cost management strategies**
- **Narrative:** Management at Boeing is focusing on realigning their cost structure in response to ongoing financial challenges. The strategy involves addressing abnormal costs while planning for resumed production and improved margins as the company progresses through the fiscal year. The emphasis is on achieving positive margins by year-end and mitigating production delays to control cost overruns.
- **Management's Guidance:**
- Management anticipates that margins will improve sequentially, turning positive by the end of the year or early next year. This improvement is driven by a focused effort from the team to meet these expectations. The company recorded $314 million in abnormal costs for the quarter, aligning with expectations, and foresees concluding the majority of these expenses by year-end. Abnormal costs have been reduced to $136 million, with a revised total estimate of $1 billion, down from $1.5 billion, due to plans to resume production later this year rather than early 2024.
- **Actual Results:**
**['Q3', '2023']:**
- Data Not Available
**['Q4', '2023']:**
- We've booked $71 million of abnormal costs in the quarter, which is now fully behind us after resuming production, in line with our expectations.
**['Q1', '2024']:**
- Data Not Available
**['Q2', '2023']:**
- We booked $314 million of abnormal costs in the quarter. Abnormal costs were $136 million as expected.
- **Evaluation:**
**- Expectations Met**: Management expected margins to improve and abnormal costs to be concluded by year-end. The Q4 results show $71 million of abnormal costs, aligned with expectations, with production resuming and costs fully addressed, meeting the guidance.

**8. Commercial aircraft demand**
- **Narrative:** Management highlighted their plans to increase production capacity, indicating a positive outlook on the demand for commercial aircraft. This move is part of their strategy to capture the growing market demand and strengthen their position in the aerospace sector.
- **Management's Guidance:**
- Management revealed plans to increase production to 38 airplanes, reflecting confidence in rising market demand and anticipated growth in the sector over the coming quarters.
- **Actual Results:**
**['Q4', '2023']:**
- We have over 5,600 airplanes in backlog valued at $441 billion.
**['Q1', '2024']:**
- Secured 125 net orders, including 85 737-10 for American Airlines and 28 777X airplanes. The backlog grew to $448 billion and includes more than 5,600 airplanes.
**['Q2', '2023']:**
- Data Not Available
**['Q3', '2023']:**
- We booked about 400 net orders in the quarter, including 150 737 MAX 10s for Ryanair, 50 787s for United Airlines and 39 787s for Saudi Arabian Airlines.
- **Evaluation:**
**- Expectations Exceeded**: Boeing's management planned to increase production to capture growing market demand, and the actual results showed robust order growth and a significant backlog increase, surpassing the initial expectations set by management.

**9. New aircraft models**
- **Narrative:** Management emphasized the need for the next airplane model to represent a significant advancement in performance, aiming for substantial improvements over current aircraft capabilities.
- **Management's Guidance:**
- Management anticipates that the new aircraft development will offer a 25% to 30% improvement over existing models.
- **Actual Results:**
**['Q1', '2024']:**
- Data Not Available
**['Q2', '2023']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q3', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**10. Defense sector contracts**
- **Narrative:** Management highlighted the necessity of improving defense margins, emphasizing a strategic focus on enhancing operational efficiencies in the defense segment. This aligns with the company’s broader objective to strengthen its competitive position and financial performance in the defense sector.
- **Management's Guidance:**
- Management stated their expectation for defense margins to improve in the coming years, specifically targeting enhancements by the 2025-2026 timeframe. This indicates a commitment to optimizing margins as part of their long-term strategic plan.
- **Actual Results:**
**['Q4', '2023']:**
- BDS booked $8 billion in orders during the quarter, including the Lot 10 award from the U.S. Air Force for 15 KC-46A tankers.
**['Q3', '2023']:**
- We delivered the first T-7A to the U.S. Air Force this quarter. We also captured a key award from the U.S. Army for 21 Apache helicopters. Received an award

from the U.S. Navy for P-8 trainer upgrades.
**['Q1', '2024']:**
- BDS booked $9 billion in orders during the quarter, including awards for 17 P-8 aircraft for the Royal Canadian Air Force and the German Navy and securing the final F-18 new-build production contract from the US Navy.
**['Q2', '2023']:**
- In the quarter, we booked orders valued at $6 billion, including key contracts from the US Army for 19 Chinooks, and Germany also shared its plans to purchase 60 Chinooks.
- **Evaluation:**
- Insufficient Info: Data not available.

## Q1 2023

**1. Production rate stabilization**
- **Narrative:** Management has laid out a comprehensive plan to stabilize and gradually increase production rates across several aircraft models. The focus is on achieving specific monthly production targets by leveraging strategic planning and resource allocation. This initiative is crucial for meeting delivery commitments and improving operational efficiency.
- **Management's Guidance:**
- Management expects to deliver between 70 and 80 737 MAX airplanes per month by the end of the year. The production of 787 is planned to ramp up to five per month by the end of next year. Boeing still expects to deliver 450 737 airplanes this year. The production and delivery rates are anticipated to be lower in the near term but are expected to recover, with plans to increase production to 38 per month later in the year. The company plans to increase the production rate to 38 per month in the mid-next year and further to 50 per month in the 2025/2026 timeframe. The goal is to enhance the production rates of the 737 to reach 38 per month by mid-next year.
- **Actual Results:**
**['Q2', '2023']:**
- On the 737, there were 103 deliveries in Q2, including 49 in June, indicating that the production system is stabilizing. Additionally, there were 136 commercial airplane deliveries in the quarter, including 103 737s and 20 787s.
**['Q4', '2023']:**
- Today, we're producing 737s at a rate of 38 per month
**['Q3', '2023']:**
- Brian J. West reported that Boeing Commercial Airplanes (BCA) delivered 105 airplanes in the quarter, with revenue amounting to $7.9 billion. Additionally, 70 airplanes were delivered in the quarter. The master schedule to reach a production rate of 38 airplanes per month has been maintained.
**['Q1', '2023']:**
- The 737 had 113 deliveries in the first quarter, up 31% year-over-year, including 53 deliveries in the month of March.
- **Evaluation:**
**- Expectations Met**: Boeing successfully stabilized the production rate of the 737 to 38 per month by the end of 2023, aligning with their management guidance, indicating that their strategic planning and resource allocation efforts were effective.

**2. Supply chain management**
- **Narrative:** Management has acknowledged ongoing supply chain instability but emphasized that it has been accounted for within their financial and delivery guidance. The company is proactively making strategic investments, such as increasing inventory buffers and deploying resources forward, to mitigate impacts and enhance predictability in their operations.
- **Management's Guidance:**
- Management has indicated that they expect to deliver most of the 95 airplanes currently in inventory by the end of 2024. Additionally, despite supply chain challenges, they remain on track to significantly reduce 737 inventory to 225 units by the end of 2025.
- **Actual Results:**
**['Q3', '2023']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q1', '2023']:**
- Data Not Available
**['Q2', '2023']:**
- We ended the quarter with approximately 220 MAX airplanes in inventory. This includes 85 for customers in China, and 55 that have now been remarketed as part of the plan we previously discussed.
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Quality control improvements**
- **Narrative:** Management emphasized their commitment to improving quality control as a critical component of their operational performance and efficiency strategy. They are focused on addressing defects and enhancing the overall production process to ensure timely delivery and maintain operational excellence.
- **Management's Guidance:**
- Management indicated that they expect the majority of abnormal conditions in the production process to be resolved by the end of the current year. Additionally, they anticipate that approximately 75% of the 225 inventoried airplanes requiring fuselage rework will have been addressed, with the majority of these airplanes expected to be delivered by the end of 2024. Despite recent defects, management remains confident that these issues will be resolved in the coming weeks and months without hindering their ability to achieve planned rate increases.
- **Actual Results:**
**['Q4', '2023']:**
- We ended the quarter with approximately 60 airplanes in inventory, about 50 of which require rework.
**['Q1', '2023']:**

- Data Not Available
**['Q3', '2023']:**
- Data Not Available
**['Q2', '2023']:**
- Data Not Available
- **Evaluation:**
**- Expectations Not Met: Management expected to address 75% of the 225 airplanes requiring rework by year-end, but by Q4 2023, 50 airplanes still required rework, indicating the objective was not fully achieved.**

**4. Cash flow optimization**
- **Narrative:** Boeing's management has reiterated their cash flow objectives for the current fiscal year, maintaining a target range that reflects both optimism and caution in their financial strategy. Despite ongoing challenges in their recovery process, there is confidence in meeting the previously set financial and operational goals. The company is focused on sustaining its cash flow generation efforts, which are critical for stabilizing their financial position and supporting future growth initiatives.
- **Management's Guidance:**
- 1. Management maintains a target for free cash flow this year at $3 billion to $5 billion.
- 2. They are confident about the operational and financial outlook shared last November, including cash flow and delivery ranges set for 2023 as well as projecting $10 billion in annual free cash flow for the 2025/2026 timeframe.
- 3. It is expected that free cash flow will be breakeven to slightly negative as they work through the 737 recovery.
- 4. The 2023 financial outlook remains unchanged, including the generation of $3 billion to $5 billion of free cash flow.
- 5. They aim to achieve a free cash flow of $3 billion by the end of the fiscal year.
- 6. Forecast for cash flow this year is reaffirmed at $3 billion to $5 billion.
- **Actual Results:**
**['Q4', '2023']:**
- In Q4 2023, the free cash flow was reported to be $3.0 billion, aligning with the management's guidance of $3 billion to $5 billion for the fiscal year. The full-year 2023 free cash flow was $4.4 billion, exceeding the minimum target and showing improvement over the previous year.
**['Q1', '2023']:**
- In Q1 2023, Boeing reported a free cash flow usage of $3.565 billion, which is significantly negative compared to their target range for the fiscal year and indicates a challenging quarter for cash flow optimization.
**['Q3', '2023']:**
- In Q3 2023, Boeing reported a free cash flow usage of $310 million for the quarter, indicating a deviation from the positive free cash flow guidance of $3 billion to $5 billion for the year. This reflects challenges in cash flow optimization amid ongoing operational recovery efforts.
**['Q2', '2023']:**
- Generated $2.6 billion in free cash flow in the quarter
- **Evaluation:**
**- Expectations Met**: The full-year 2023 free cash flow was $4.4 billion, which falls within the management's guidance range of $3 billion to $5 billion, indicating that Boeing met its financial objectives for cash flow optimization despite earlier challenges in the year.

**5. Revenue growth analysis**
- **Narrative:** During the management discussion, Boeing emphasized its strategic focus on achieving stable revenue growth and profitability in the coming years. The company is aligning its efforts to enhance operational efficiencies and leverage its wide-body aircraft deliveries, which are expected to contribute significantly to revenue growth. Management maintains a positive outlook towards achieving mid-single-digit revenue growth, coupled with improved margins and strong cash flow conversion over the next several years.
- **Management's Guidance:**
- Management anticipates that core EPS will align closely with the performance of Q1 2023, barring any significant charges, suggesting stability in revenue with potential offsets from increased wide-body deliveries. The CFO projects a path to restore Boeing Commercial Airplanes (BCA) to double-digit margins by 2025/2026, indicating long-term revenue growth and profitability improvements. Management expects mid-single-digit revenue growth with mid-teens margins and high cash flow conversion over the next several years, reflecting a strategic focus on sustainable revenue expansion.
- **Actual Results:**
**['Q3', '2023']:**
- In Q3 2023, Boeing reported a revenue of $18.1 billion, which represents a 13% increase year-over-year. This aligns with the management's guidance of mid-single-digit revenue growth.
**['Q4', '2023']:**
- Data Not Available
**['Q1', '2023']:**
- Q1 2023 revenue was reported as $17.9 billion, an increase from Q1 2022 revenue of $14.0 billion.
**['Q2', '2023']:**
- Q2 2023 Revenue $19.8B
- **Evaluation:**
**- Expectations Exceeded**: Boeing reported a 13% year-over-year revenue increase in Q3 2023, which surpasses the management's guidance of mid-single-digit revenue growth, indicating that the expectations for revenue growth were exceeded.

**6. Cost management strategies**
- **Narrative:** The management emphasized their strategic focus on cost management, highlighting efforts to streamline operations and enhance efficiency. This approach is aimed at achieving better financial outcomes through disciplined cost reduction and improved margins.
- **Management's Guidance:**
- Management indicated a target of a 10% reduction in operational costs over the next two years.
- **Actual Results:**
**['Q3', '2023']:**
- Data Not Available

**['Q4', '2023']:**
- Data Not Available
**['Q1', '2023']:**
- Data Not Available
**['Q2', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**7. Sustainability goals**
- **Narrative:** Management has outlined a clear strategic focus on achieving long-term financial stability and sustainability. The company is committed to enhancing its cash flow position significantly by the mid-2020s, which is part of its broader goal to return to profitability and ensure sustainable growth.
- **Management's Guidance:**
- Management has set a target to achieve profitability by 2025 and has provided guidance that they are on track to realize $10 billion of free cash flow in the 2025/2026 timeframe.
- **Actual Results:**
**['Q3', '2023']:**
- Data Not Available
**['Q2', '2023']:**
- Data Not Available
**['Q4', '2023']:**
- Data Not Available
**['Q1', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**8. 2030s product timeline**
- **Narrative:** Management emphasized their confidence in achieving significant milestones by 2025/2026, which aligns with their strategic initiatives aimed at long-term growth and market leadership in the aerospace sector.
- **Management's Guidance:**
- Management reiterated their belief that reaching their target of 50 units is feasible by 2025/2026, indicating a strong commitment to their long-term production goals.
- **Actual Results:**
**['Q4', '2023']:**
- Data Not Available
**['Q1', '2023']:**
- Data Not Available
**['Q3', '2023']:**
- Data Not Available
**['Q2', '2023']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## 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.

## Q3 2022

**1. Production rate stabilization**
- **Narrative:** Management is focused on stabilizing production rates, particularly for the 737 MAX, with an aim to gradually increase production while addressing supply chain constraints, notably engine availability. The strategic objective is to manage current low production rates with a planned increase as supply issues are resolved.
- **Management's Guidance:**
- Management expects to increase production of the 737 MAX to 31 per month by the end of the year. They continue to produce at a low rate but plan to gradually return to five airplanes per month over time. The monthly delivery trend is expected to remain in the low-30s into next year, with constraints primarily due to engine supply. It is projected to take the entirety of next year for production rates to truly stabilize.
- **Actual Results:**
**['Q2', '2023']:**
- On the 737, Boeing had 103 deliveries in the second quarter, including 49 in June, indicating a positive proof point that the production system is stabilizing.
**['Q3', '2022']:**
- Delivered 112 airplanes, including 88 737 aircraft.
**['Q4', '2022']:**
- Production, we've gone from 0 to 31 a month.
**['Q1', '2023']:**
- The 737 had 113 deliveries in the first quarter, up 31% year-over-year, including 53 deliveries in the month of March.
- **Evaluation:**
**- Expectations Met**: Management expected to stabilize production at 31 per month for the 737 MAX by year-end. The actual results show they have reached this production rate, indicating alignment with their guidance.

**2. Supply chain management**
- **Narrative:** Management has acknowledged ongoing challenges within the supply chain that are expected to persist. These challenges have been highlighted as a significant headwind impacting the company's operational performance and efficiency. The management is focused on navigating these obstacles to maintain stability and ensure that operational goals are met.
- **Management's Guidance:**
- Management anticipates that the supply chain challenges will continue throughout 2023 and expects these issues to remain at a similar level of impact as previously experienced.
- **Actual Results:**
**['Q4', '2022']:**
- Data Not Available
**['Q2', '2023']:**
- Data Not Available
**['Q1', '2023']:**
- Data Not Available

**['Q3', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Cash flow optimization**
- **Narrative:** During the third quarter of 2022, Boeing's management outlined their strategic focus on achieving positive free cash flow. The emphasis was placed on maintaining a robust cash balance to ensure the company can meet its financial obligations. This strategy is part of a broader effort to optimize cash flow management, particularly in light of upcoming debt maturities.
- **Management's Guidance:**
- Management set a clear target of achieving positive free cash flow both for the fourth quarter and the entire fiscal year. They expressed confidence in their ability to meet financial obligations, highlighting a strong cash position at the end of the quarter.
- **Actual Results:**
**['Q1', '2023']:**
- Free Cash Flow for the first quarter of 2023 was reported as a usage of $3,565 million.
**['Q4', '2022']:**
- Boeing achieved a positive free cash flow of $3.1 billion for Q4 2022, successfully meeting their target for the quarter and the fiscal year.
**['Q2', '2023']:**
- In Q2 2023, Boeing generated $2.6 billion in free cash flow for the quarter. The company ended the quarter with $13.8 billion of cash and marketable securities.
**['Q3', '2022']:**
- We ended the third quarter with strong liquidity with $14.3 billion of cash and marketable securities on the balance sheet, an improvement of $2.9 billion since the end of the second quarter driven by free cash flow generation.
- **Evaluation:**
**- Expectations Met**: Boeing achieved its target of positive free cash flow for Q4 2022 and the entire fiscal year, aligning with management's guidance and demonstrating their ability to meet financial obligations.

**4. Debt management strategy**
- **Narrative:** Boeing's management articulated a focused debt management strategy aimed at significantly reducing the company's debt load. The strategic plan emphasizes improving the company's financial health and flexibility by targeting a substantial reduction in total debt obligations over a multi-year horizon.
- **Management's Guidance:**
- Management plans to reduce the company's debt by $10 billion over the next three years.
- **Actual Results:**
**['Q4', '2022']:**
- We finished the year with $57 billion in debt.
**['Q2', '2023']:**
- In the quarter, we repaid $3.4 billion of maturing debt and provided a $180-million cash advance to Spirit as previously shared. Year-to-date we've repaid $5.1 billion of debt which is essentially all of our maturities for the year.
**['Q3', '2022']:**
- Our debt balance is consistent with the end of the last quarter at $57.2 billion. Boeing debt 2022 Q3 $55.7 billion, 2022 Q2 $55.7 billion.
**['Q1', '2023']:**
- We ended the quarter with $14.8 billion of cash and marketable securities and our debt balance decreased to $55.4 billion. We paid down $1.7 billion of debt maturities in the quarter and absorbed the expected cash flow usage driven by seasonality.
- **Evaluation:**
**- Expectations Met**: Boeing's management aimed to reduce debt by $10 billion over three years, and by mid-2023, they had repaid $5.1 billion, aligning with their strategic debt reduction plan.

**5. Revenue growth analysis**
- **Narrative:** During the third quarter of 2022, Boeing's management emphasized their commitment to improving financial performance, highlighting that their current trajectory positions the company positively for both the latter half of 2022 and the full year. This suggests a strategic focus on stabilizing and enhancing revenue streams through careful management of production rates and market conditions.
- **Management's Guidance:**
- Management anticipates that substantive rate increases may not be feasible until the end of the following year, indicating a cautious approach to scaling operations in response to market constraints.
- **Actual Results:**
**['Q4', '2022']:**
- Revenue in the fourth quarter came in at $20 billion, up 35% year-over-year driven by higher Commercial volume. BCA revenue in the fourth quarter was $9.2 billion, up 94% year-over-year. BDS revenues in the fourth quarter were $6.2 billion, up 5% year-over-year. BGS revenue was $4.6 billion, up 6% year-over-year with an operating margin of 13.9%.
**['Q1', '2023']:**
- In Q1 2023, Boeing reported a revenue of $17.9 billion, which represents a 28% increase year-over-year. The commercial parts and distribution business contributed significantly, with a revenue of $4.7 billion, up 9% year-over-year. Additionally, over 60% of revenues in the quarter delivered double-digit margins.
**['Q2', '2023']:**
- In Q2 2023, Boeing reported revenue of $19.8 billion, an increase from $16.7 billion in Q2 2022. Additionally, the company secured 460 net orders and had a backlog of $363 billion, delivering 136 airplanes. The operating margin for Q2 2023 was (3.5)%, compared to (4.3)% in Q2 2022.
**['Q3', '2022']:**
- Third quarter revenue of $16 billion, increased 4%.
- **Evaluation:**
**- Expectations Exceeded**: Despite management's cautious approach regarding rate increases, Boeing's revenue significantly increased in Q4 2022 and Q1 2023, driven by higher commercial volume and substantial year-over-year growth, surpassing their strategic focus on stabilizing and enhancing revenue streams.

**6. Cost management strategies**
- **Narrative:** Management provided insights into their ongoing cost management strategies, highlighting their proactive approach to managing production costs and optimizing financial resources. They emphasized the importance of maintaining flexibility in production schedules to allocate resources effectively, particularly in response to fluctuating market demands and production pauses.
- **Management's Guidance:**
- Management expects to record approximately $1.5 billion in costs through 2023, aligning with the pause in 777-9 production. They anticipate a total cost impact of around $2 billion, with the majority expected to be incurred by the end of 2023, indicating a concentrated effort to manage and forecast expenses efficiently.
- **Actual Results:**
**['Q2', '2023']:**
- Data Not Available
**['Q3', '2022']:**
- We booked $111 million of 777X abnormal costs in the third quarter, in line with our expectations.
**['Q4', '2022']:**
- We booked $315 million of abnormal costs in the quarter taking the total to-date to just $1.7 billion.
**['Q1', '2023']:**
- Data Not Available
- **Evaluation:**
**- Expectations Not Met: Management expected to incur $1.5 billion in costs through 2023, with a total impact of around $2 billion; however, by Q4 2022, only $1.7 billion had been recorded, indicating underperformance in achieving the anticipated cost management target.**

**7. Commercial aircraft demand**
- **Narrative:** Management highlighted their strategic focus on recovering from the pandemic's impact on commercial aircraft demand. They are aiming to return to pre-pandemic levels of commercial deliveries by 2025, indicating a clear recovery timeline. Additionally, they are optimistic about the rebound in overall passenger traffic, which is expected to return to 2019 levels between 2023 and 2024.
- **Management's Guidance:**
- Management is targeting a return to pre-pandemic levels of commercial deliveries by 2025. They also foresee overall passenger traffic returning to 2019 levels in the 2023 to 2024 timeframe. Furthermore, the company plans to continue remarketing certain airplanes as part of their forward strategy.
- **Actual Results:**
**['Q2', '2023']:**
- Global passenger traffic was up 39% in May, and is at 96% of pre-pandemic levels. 105% domestic and 91% international.
**['Q3', '2022']:**
- In aggregate, commercial passenger traffic was at 74% of 2019 levels.
**['Q4', '2022']:**
- Global passenger traffic increased almost 70% in 2022, reaching 75% of pre-pandemic levels globally.
**['Q1', '2023']:**
- Domestic travel now is at the pre-pandemic level.
- **Evaluation:**
**- Expectations Exceeded**: Global passenger traffic reached 96% of pre-pandemic levels by Q2 2023, surpassing management's expectation of a full recovery between 2023 and 2024, indicating a stronger and faster-than-anticipated rebound.

**8. New aircraft models**
- **Narrative:** Management reiterated their commitment to advancing the development of the 777-9 airplane, emphasizing the strategic importance of this model for Boeing's future market positioning and growth. The management is actively working with the Federal Aviation Administration (FAA) to ensure that resources are efficiently allocated across their development programs, which is crucial for meeting their delivery timelines.
- **Management's Guidance:**
- Management anticipates the delivery of the first 777-9 airplane in 2025, as they continue to coordinate with the FAA to prioritize resources across their development programs.
- **Actual Results:**
**['Q1', '2023']:**
- Data Not Available
**['Q4', '2022']:**
- Data Not Available
**['Q2', '2023']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**9. Portfolio diversification**
- **Narrative:** Management emphasized their commitment to de-risking significant programs as part of their strategy to diversify their portfolio. This approach is intended to ensure long-term stability and growth by focusing on reducing potential vulnerabilities in their operations.
- **Management's Guidance:**
- Management stated that they have successfully de-risked two major programs, which are pivotal for the next two years. This indicates a strategic move to enhance the company's resilience and adaptability in the face of market fluctuations.
- **Actual Results:**
**['Q4', '2022']:**
- Data Not Available
**['Q1', '2023']:**
- Data Not Available

**['Q2', '2023']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## Q2 2022

**1. Production rate stabilization**
- **Narrative:** Management emphasized the importance of achieving a stable production rate of 31 MAX aircraft per month. This stability is crucial for meeting their revised delivery expectations and maintaining predictability in operations. The focus is on ensuring that production rates are consistent, while preparing the supply chain and internal processes for potential future increases.
- **Management's Guidance:**
- Management confirmed their commitment to maintain an average production rate of 31 MAX aircraft per month, with an emphasis on stability. They are targeting deliveries in the low-400s for the year 2022, acknowledging that some months may experience slight variations around this target. Additionally, they plan to exercise extra discipline in stabilizing production as they progress over the next 18 months.
- **Actual Results:**
**['Q3', '2022']:**
- Data Not Available
**['Q4', '2022']:**
- In Q4 2022, it was reported that Boeing delivered a total of 387 737 aircraft for the full year, which exceeded their target of 375. Additionally, they have achieved a production rate of 31 MAX aircraft per month, going from 0 to 31 within the period.
**['Q1', '2023']:**
- Brian J. West mentioned that the final assembly number is 31, aligning with the production rate target of 31 MAX aircraft per month.
**['Q2', '2022']:**
- Commercial Airplanes increased the 737 production rate to 31 per month during the second quarter of 2022.
- **Evaluation:**
**- Expectations Exceeded**: Boeing exceeded their delivery target by achieving 387 deliveries against a target in the low-400s, and successfully stabilized their production rate at 31 MAX aircraft per month, surpassing their initial goal of 375 deliveries.

**2. Supply chain management**
- **Narrative:** Management emphasized the importance of achieving stability in the supply chain by ensuring a consistent and reliable delivery flow from engine suppliers. This will be crucial for maintaining operational efficiency and meeting production targets.
- **Management's Guidance:**
- Management expressed confidence in reaching a stable production rate of 31 units, with expectations for engine suppliers to resolve casting issues, leading to a steady increase in delivery rates to 38 units. This adjustment is anticipated to improve supply chain efficiency and operational predictability in future quarters.
- **Actual Results:**
**['Q4', '2022']:**
- Data Not Available
**['Q1', '2023']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Cash flow optimization**
- **Narrative:** Management has reiterated their commitment to maintaining a positive cash flow for the calendar year 2022. The strategic focus remains on managing cash flow through various operational improvements and favorable timing of activities and receipts. They have outlined a clear path for generating positive free cash flow in the current year and anticipate even higher cash flows in 2023, driven by increased delivery volumes and strategic order management.
- **Management's Guidance:**
- Management expects to remain cash flow positive for 2022 and foresees higher cash flows in 2023. Anticipated drivers for the second half of the year include increased 737 and 787 deliveries, advance payment orders, BDS receipts, and favorable expenditure timing. Cash flow benefits are expected from order activity and favorable receipt timing over the next two quarters.
- **Actual Results:**
**['Q1', '2023']:**
- Free Cash Flow for the first quarter of 2023 was a usage of $3.565 billion, indicating a significant deviation from the management's guidance for positive cash flow optimization.
**['Q2', '2022']:**
- We did get to cash flow operating cash flow positive. Operating cash flow was positive $0.1 billion, in line with our expectations and an improvement from the same period last year.
**['Q4', '2022']:**
- In Q4 2022, Boeing reported generating more than $3 billion in free cash flow, with specific figures indicating $3.1 billion in free cash flow for the quarter.
**['Q3', '2022']:**
- In Q3 2022, Boeing reported an operating cash flow of $3.2 billion and free cash flow of $2.9 billion, both significantly higher compared to the previous year and the prior quarter. This improvement was primarily driven by higher commercial airplane deliveries and favorable timing of receipts. Additionally, Boeing ended the

third quarter with a cash and marketable securities balance of $14.3 billion, an improvement of $2.9 billion since the end of the second quarter.
- **Evaluation:**
**- Expectations Not Met: Management expected to maintain and improve cash flow throughout 2022 and into 2023; however, the significant cash flow usage of $3.565 billion in Q1 2023 indicates a departure from their guidance for positive cash flow optimization.**

**4. Revenue growth analysis**
- **Narrative:** Management conveyed a positive outlook for revenue growth, emphasizing the increased deliveries in their commercial airplane segment, specifically through the 737 and 787 programs. This growth is complemented by an expansion in their services business, although it is slightly offset by anticipated reductions in defense revenue.
- **Management's Guidance:**
- Management expects total company revenue for 2022 to be higher compared to the previous year, driven by increased commercial airplane deliveries and growth in the services business. BGS (Boeing Global Services) revenue is projected to continue growing into the next year, but the growth rate will likely moderate as they approach pre-pandemic levels.
- **Actual Results:**
**['Q4', '2022']:**
- Revenue for the fourth quarter of 2022 was reported at $20.0 billion, reflecting a 35% year-over-year increase driven by higher commercial volume. BCA (Boeing Commercial Airplanes) revenue for the fourth quarter was $9.2 billion, up 94% year-over-year. BGS (Boeing Global Services) revenue was $4.6 billion, up 6% year-over-year, with an operating margin of 13.9%. The total company revenue for the full year 2022 was $66.6 billion, a 5% increase from the previous year.
**['Q1', '2023']:**
- In Q1 2023, Boeing reported a total revenue of $17.9 billion, which reflects a 28% increase year-over-year. Commercial airplane revenue was $6.7 billion, up 60% year-over-year, primarily driven by the commercial parts and distribution business which saw a 9% increase. Boeing Global Services (BGS) revenue was $4.7 billion, up 9% year-over-year.
**['Q2', '2022']:**
- Second quarter revenue of $16.7 billion declined 2% and we generated $0.5 billion of core operating earnings. Our commercial service business was up 30%.
**['Q3', '2022']:**
- Third quarter revenue was $16 billion, increased 4%. Third quarter revenue was $6.3 billion, up 40%, primarily driven by the resumption of the 787 and higher 737 deliveries. Commercial services revenue recovered to pre-pandemic levels.
- **Evaluation:**
**- Expectations Exceeded**: Boeing's revenue growth surpassed expectations, with a 35% year-over-year increase in Q4 2022, primarily driven by significant gains in the commercial airplane segment, which exceeded the anticipated revenue growth outlined by management.

**5. Cost management strategies**
- **Narrative:** During the earnings call for Q2 2022, Boeing's management outlined their cost management strategies, particularly focusing on addressing abnormal costs associated with their 787 program. They provided clarity on the financial implications of these costs and their timelines, highlighting a proactive approach to mitigating financial impacts through strategic planning.
- **Management's Guidance:**
- Management anticipates total abnormal costs of approximately $2 billion for the 787 program, with the majority expected to be incurred by the end of 2023. They also project recording $1.5 billion of these costs through 2023 while the 777-9 production remains paused.
- **Actual Results:**
**['Q3', '2022']:**
- We recorded $330 million of 787 abnormal costs in the quarter, in line with expectations.
**['Q4', '2022']:**
- We booked $315 million of abnormal costs in the quarter taking the total to-date to just $1.7 billion.
**['Q1', '2023']:**
- Data Not Available
**['Q2', '2022']:**
- We recorded $283 million of 787 abnormal costs.
- **Evaluation:**
**- Expectations Met**: The actual results for the 787 abnormal costs were in line with the management's guidance, with $1.7 billion recorded by the end of Q4 2022, consistent with the anticipated timeline and cost estimates.

**6. Commercial aircraft demand**
- **Narrative:** Management provided an optimistic outlook for the commercial aircraft segment, emphasizing a robust recovery in passenger traffic to pre-pandemic levels by 2023-2024. They highlighted the release of their 2022 commercial market outlook, which projects a significant total addressable market over the next decade, with substantial demand for both narrowbody and widebody aircraft. However, they also acknowledged potential delays in aircraft deliveries, particularly concerning uncertainties in the Chinese market.
- **Management's Guidance:**
- Management anticipates passenger traffic to return to 2019 levels within the 2023 to 2024 timeframe. They forecast a total addressable market valued at more than $3.3 trillion over the next decade, with demand for nearly 20,000 airplanes. There is an expectation of demand for over 14,000 narrowbody aircraft, averaging more than 120 per month over the next 10 years. From a 20-year perspective, the projection includes demand for more than 41,000 new airplanes, including 940 dedicated freighters. They have identified a $3.3 trillion service market over the next decade, aligning with their customer-focused portfolio. Due to uncertainties with Chinese customers, they expect more airplane deliveries from inventory to shift into 2024.
- **Actual Results:**
**['Q3', '2022']:**
- During Q3 2022, Boeing recorded net orders for 227 airplanes, including 167 737s, 27 767s, 18 777s, and 15 787s. The commercial airplane backlog was over 4,300 airplanes valued at $307 billion. Additionally, orders for the quarter were valued at $5 billion.
**['Q4', '2022']:**
- In Q4 2022, Boeing reported more than 800 net orders for the year, primarily driven by the 737 MAX and the 787. They sold over 200 net wide-bodies, marking the highest since 2018. Boeing's orders totaled more than 1,500 gross orders to date, and they booked 376 net orders in the quarter. The backlog consists of

over 4,500 airplanes valued at $330 billion. Global passenger traffic increased by almost 70% in 2022, reaching 75% of pre-pandemic levels globally.
**['Q1', '2023']:**
- In Q1 2023, Boeing booked 107 net airplane orders. Additionally, domestic travel was reported to be at pre-pandemic levels, indicating a recovery in passenger traffic as anticipated.
**['Q2', '2022']:**
- During Q2 2022, Boeing reported capturing orders for 169 737 MAX airplanes and 13 freighters. Additionally, they booked 184 commercial airplane orders, including 169 orders for the 737 MAX, and had over 4,200 airplanes in backlog valued at $297 billion.
- **Evaluation:**
**- Expectations Met**: Boeing's management anticipated a recovery in passenger traffic to pre-pandemic levels by 2023-2024, which aligned with the actual results as domestic travel reached pre-pandemic levels by Q1 2023. Additionally, the company's backlog and net orders indicate a robust demand, consistent with management's forecast.

**7. New aircraft models**
- **Narrative:** Management's discussion emphasized the ongoing development efforts for the 777-9 airplane, with a continued focus on meeting regulatory requirements and coordinating with the FAA to ensure the timely delivery of new aircraft models.
- **Management's Guidance:**
- Management anticipates the delivery of the first 777-9 airplane in 2025, highlighting their commitment to advancing the development program and addressing regulatory priorities.
- **Actual Results:**
**['Q1', '2023']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q4', '2022']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**8. Safety certification processes**
- **Narrative:** Management emphasized their collaborative efforts with the Federal Aviation Administration (FAA) to achieve safety certifications. The company is focused on completing the certification process for specific aircraft models.
- **Management's Guidance:**
- Management is working towards obtaining certification for the dash-7 and dash-10 models by the end of the year.
- **Actual Results:**
**['Q3', '2022']:**
- Data Not Available
**['Q1', '2023']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q4', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**9. Defense sector contracts**
- **Narrative:** Management expressed confidence in the defense sector, highlighting a stable demand outlook. They anticipate improvements in revenue for the upcoming year as the business stabilizes.
- **Management's Guidance:**
- Management expects 2023 revenue in the defense business to surpass that of 2022, indicating a positive trend in business stability.
- **Actual Results:**
**['Q1', '2023']:**
- In the quarter we booked key orders on the Tanker, the Apache and the E-7.
**['Q2', '2022']:**
- We received $4 billion in orders during the quarter, including a contract for airlift flight dispatch services for the US Air Force, and a contract for avionics upgrades and cybersecurity support for the US Navy.
**['Q4', '2022']:**
- We received $7 billion in orders during the quarter, including a contract for two KC-46A tankers from Japan and an award for 12 Chinook helicopters from the Egyptian Air Force. We received $5 billion in orders during the quarter including an F-15 depo support order for the U.S. Air Force and we opened up the Germany distribution center.
**['Q3', '2022']:**
- We received $5 billion in orders during the quarter, including Tanker awards from both the US and Israel, resulting in BDS backlog of $55 billion.
- **Evaluation:**
**- Expectations Exceeded**: Management anticipated revenue growth in the defense sector for 2023, and the actual results show significant order bookings, including key contracts and a substantial backlog, indicating a stronger-than-expected performance.

## Q1 2022

**1. Production rate stabilization**
- **Narrative:** Management emphasized the importance of stabilizing production rates as a critical operational focus. The discussion highlighted efforts to manage and overcome supply constraints, ensuring that production remains consistent at the current rate before considering any future increases. This approach reflects a cautious yet strategic effort to build confidence in the production process, particularly for the 737 MAX and 787 models.
- **Management's Guidance:**
- Management has articulated a near-term objective to stabilize production at 31 airplanes per month, citing that any decisions to adjust this rate will be deferred until the company attains a stable production environment. This stabilization effort is seen as essential for building operational confidence and is not subject to change until the company is ready to make any future decisions.
- **Actual Results:**
**['Q3', '2022']:**
- Year-to-date, we've been in the low-30s.
**['Q4', '2022']:**
- In Q4 2022, management reported that production had increased from 0 to 31 airplanes per month, indicating that the production rate stabilization target was achieved.
**['Q1', '2022']:**
- We continue to make progress ramping our 737 production rate and are essentially at 31 airplanes per month.
**['Q2', '2022']:**
- Commercial Airplanes increased the 737 production rate to 31 per month during the second quarter of 2022.
- **Evaluation:**
**- Expectations Met**: The management's goal to stabilize production at 31 airplanes per month was achieved by Q4 2022, aligning with their stated objective and indicating that their expectations were met.

**2. Supply chain management**
- **Narrative:** Management emphasized efforts to streamline and de-risk the supply chain processes to enhance operational efficiency. The focus has been on reducing uncertainties in deliveries and managing inventory levels effectively to ensure a smoother production cycle and meet delivery commitments.
- **Management's Guidance:**
- Management indicated that significant de-risking of deliveries has been achieved for the current year, with further improvements anticipated. They projected that the substantial completion of these efforts would be achieved by the end of 2023, aligning with the planned liquidation of inventory.
- **Actual Results:**
**['Q4', '2022']:**
- We ended the year with 250 MAX airplanes in inventory, 30 of which were -7 and -10s and we had 138 for customers in China. Additionally, there were 100 airplanes in finished goods inventory.
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
- **Evaluation:**
**- Expectations Not Met: Despite management's guidance on de-risking and inventory liquidation by the end of 2023, the actual results show a significant amount of inventory, including 250 MAX airplanes, indicating challenges in streamlining the supply chain and meeting delivery commitments.**

**3. Cash flow optimization**
- **Narrative:** During the Q1 2022 earnings call, Boeing's management communicated a robust approach towards optimizing cash flow. They expressed strong confidence in achieving positive free cash flow within the year and anticipated a significant improvement in 2023. Management remains focused on hitting key delivery milestones, which are expected to drive cash flow acceleration in the latter half of the year. Additionally, strategic adjustments to the production rate of the 777-9, including a temporary pause through 2023, are part of their cash flow management strategy.
- **Management's Guidance:**
- Management expects to generate positive free cash flow for 2022 and foresees a meaningful acceleration in cash flow in the latter half of the year as key delivery milestones are achieved. They are confident that 2023 cash flow will be materially higher than in 2022. The company is adjusting its 777-9 production rate, including a temporary pause through 2023, as part of managing cash flow. It was highlighted that Q2 2022 will be better than Q1, with an acceleration expected in the second half of the year.
- **Actual Results:**
**['Q2', '2022']:**
- Operating cash flow was positive $0.1 billion in Q2 2022, in line with expectations, marking an improvement from the same period last year. This reflects Boeing's progress in cash flow optimization efforts as outlined in their guidance and narrative.
**['Q4', '2022']:**
- In Q4 2022, Boeing generated over $3 billion in free cash flow. Specifically, their free cash flow for the fourth quarter was reported as $3.1 billion, and the full year 2022 saw a positive free cash flow of $2.3 billion.
**['Q1', '2022']:**
- Operating cash flow was a usage of $3.2 billion in Q1 2022, in line with what was expected. The company ended the first quarter with strong liquidity, comprising $12.3 billion of cash and marketable securities on the balance sheet and access to $14.7 billion across undrawn bank credit facilities.
**['Q3', '2022']:**
- Operating cash flow was $3.2 billion and free cash flow was $2.9 billion, both up significantly versus both prior year and prior quarter, driven by higher deliveries and some receipt timing. The company generated $3.2 billion of operating cash flow, a significant improvement from the same period last year, primarily due to higher commercial airplane deliveries and favorable receipt timing.
- **Evaluation:**
**- Expectations Exceeded**: Boeing's management expected positive free cash flow for 2022 and significant acceleration in the latter half, which was exceeded

with a $3.1 billion free cash flow in Q4 2022 and a full-year positive free cash flow of $2.3 billion, surpassing expected outcomes.

**4. Revenue growth analysis**
- **Narrative:** Management highlighted their expectation for revenue growth driven predominantly by increased deliveries in the Commercial Airplane sector, specifically through the 737 and 787 programs. Additionally, there is an anticipation of continued expansion in their services business due to the improving commercial market environment.
- **Management's Guidance:**
- The company anticipates a rise in overall revenue for the year, fuelled by higher Commercial Airplane deliveries and robust growth in its services segment. Although a slight revenue decline is forecasted for Boeing Defense, Space & Security (BDS) in 2022 as compared to 2021, management expects revenue stabilization in 2023.
- **Actual Results:**
**['Q4', '2022']:**
- Revenue in the fourth quarter came in at $20 billion, up 35% year-over-year driven by higher Commercial volume. BCA revenue in the fourth quarter was $9.2 billion, up 94% year-over-year. BDS revenues in the fourth quarter were $6.2 billion, up 5% year-over-year. BGS revenue was $4.6 billion, up 6% year-over-year.
**['Q1', '2022']:**
- First quarter revenue of $14 billion was down 8% and the core operating loss in the quarter was negative $1.5 billion resulting in a $2.75 core loss per share. Commercial services revenue now back to nearly 90% of pre-pandemic levels.
**['Q2', '2022']:**
- Second quarter revenue was $6.2 billion, up 3%, primarily driven by higher 737 deliveries, partially offset by lower 787 deliveries. Our commercial service business was up 30%.
**['Q3', '2022']:**
- Third quarter revenue was $16 billion, increased 4%. Third quarter revenue was $6.3 billion, up 40%, primarily driven by the resumption of the 787 and higher 737 deliveries. Commercial services revenue recovered to pre-pandemic levels.
- **Evaluation:**
**- Expectations Exceeded**: The management anticipated revenue growth driven by increased Commercial Airplane deliveries and service expansion, and the actual results showed a significant 35% year-over-year revenue increase in Q4 2022, with BCA revenue up 94%, exceeding expectations.

**5. Cost management strategies**
- **Narrative:** Management has been focused on addressing abnormal costs that have impacted the company's financials. They are taking strategic steps to manage these costs effectively over the next quarters. This includes a focus on managing the financial impacts related to the 777-9 production pause and other abnormal costs anticipated through the end of 2023.
- **Management's Guidance:**
- Management has provided guidance on expected abnormal costs, projecting a total of approximately $2 billion, with most costs being incurred by the end of 2023. Additionally, the pause in 777-9 production is expected to result in approximately $1.5 billion of abnormal costs starting from the second quarter of the current year and continuing until production resumes.
- **Actual Results:**
**['Q3', '2022']:**
- We booked $111 million of 777X abnormal costs in the third quarter, in line with our expectations.
**['Q4', '2022']:**
- In Q4 2022, management reported that abnormal costs were $112 million for the quarter, taking the total to-date to just $1.7 billion.
**['Q1', '2022']:**
- Recorded $312M of abnormal cost in the quarter, which aligns with expectations for managing these expenses. Additionally, Commercial Airplanes expensed $188 million of abnormal production costs during the three months ended March 31, 2022.
**['Q2', '2022']:**
- We booked $102 million of 777 abnormal costs in the second quarter.
- **Evaluation:**
**- Expectations Met**: Management anticipated approximately $2 billion in abnormal costs by the end of 2023, with the actual costs reported at $1.7 billion by the end of 2022, aligning closely with their guidance.

**6. Commercial aircraft demand**
- **Narrative:** Management highlighted a positive outlook for the commercial aircraft sector, with expectations for passenger traffic to recover to pre-pandemic levels by 2023/2024. They also indicated strategic adjustments in production to capitalize on the growing demand for freighter aircraft, particularly with the 777 Freighter model.
- **Management's Guidance:**
- Management anticipates overall passenger traffic to return to 2019 levels in the 2023/2024 timeframe. They are taking advantage of a production pause on the 777-9 to focus on adding 777 Freighter aircraft between 2023 and 2026. There is an expectation to meet robust market demand, which will likely be addressed over the current and following year.
- **Actual Results:**
**['Q3', '2022']:**
- In total, over the quarter, 227 orders for airplanes, including orders from WestJet, UPS, Cargolux, and China Airlines, were recorded. Domestic traffic in August was at 85% of 2019 levels, with commercial passenger traffic overall at 74% of 2019 levels. At the end of the third quarter, Boeing had over 4,300 airplanes in backlog valued at $307 billion, and net orders for 227 airplanes were recorded (167 737s, 27 767s, 18 777s, 15 787s).
**['Q4', '2022']:**
- Global passenger traffic increased almost 70% in 2022 and we're at 75% of pre-pandemic levels globally.
**['Q1', '2022']:**
- We launched the 777-8 Freighter with an order from Qatar Airlines in January, and as a result, we increased the accounting quantity on the program to 400 airplanes.
**['Q2', '2022']:**
- During Q2 2022, Boeing booked 184 commercial airplane orders, including 169 orders for the 737 MAX, and captured orders for 13 freighters.
- **Evaluation:**

**- Expectations Met**: Boeing's management expected passenger traffic to recover to pre-pandemic levels by 2023/2024, and by the end of 2022, global passenger traffic reached 75% of pre-pandemic levels, aligning with their timeline. Additionally, they focused on increasing production of the 777 Freighter, as evidenced by the launch of the 777-8 Freighter with orders and increased accounting quantity, meeting robust market demand for freighters as planned.

**7. New aircraft models**
- **Narrative:** Management has discussed the strategic decision to delay the introduction of the 777X model until 2025. This decision is part of a broader strategy to incorporate learnings from previous certification programs, ensuring that the new model meets the highest standards and addresses any past challenges effectively.
- **Management's Guidance:**
- Management has indicated that the extension of the 777X introduction to 2025 is a calculated move to integrate insights from prior certification processes, aiming to enhance the model's success upon release.
- **Actual Results:**
**['Q2', '2022']:**
- Data Not Available
**['Q4', '2022']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**8. Safety certification processes**
- **Narrative:** Management is focused on advancing the safety certification processes for their aircraft, specifically targeting the MAX 7, MAX 10, and 777-9 models. They are making concerted efforts to ensure these models meet regulatory requirements and achieve timely first deliveries.
- **Management's Guidance:**
- Management has outlined their commitment to completing the certification processes for the MAX 7 and MAX 10 models within the current and following year, indicating an aggressive timeline to meet certification requirements. Additionally, they have adjusted their expectations for the 777-9, now aiming for its first delivery in 2025.
- **Actual Results:**
**['Q3', '2022']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q4', '2022']:**
- Data Not Available
**['Q1', '2022']:**
- We took a very important step just in the last week by submitting the Cert paperwork and the plan to the FAA.
- **Evaluation:**
- Insufficient Info: Data not available.

**9. Defense sector contracts**
- **Narrative:** Management highlighted the significant role of Boeing's products and services in ensuring national security. They emphasized the increased funding for the F-15EX, which underscores the importance of their offerings in defense-related initiatives.
- **Management's Guidance:**
- The FY 2023 budget request includes significantly increased funding for the F-15EX, demonstrating a strategic focus on enhancing support for critical products and services that contribute to national security.
- **Actual Results:**
**['Q2', '2022']:**
- Data Not Available
**['Q4', '2022']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**10. Investor relations communication**
- **Narrative:** Management discussed plans to enhance investor relations by organizing an Investor Day. This event aims to provide stakeholders with a comprehensive outlook on the company's expectations for the remainder of the year and future periods.
- **Management's Guidance:**
- Management announced the intention to host an Investor Day this fall, where they will present detailed expectations for the upcoming quarters and beyond.
- **Actual Results:**
**['Q3', '2022']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available

**['Q4', '2022']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## Q4 2021

**1. Production rate stabilization**
- **Narrative:** Management has outlined a strategic plan to stabilize and increase production rates, particularly focusing on the 737 MAX and the combined 777/777X models. The discussions emphasize aligning production with demand, especially in the context of increasing freighter demand, and managing existing inventory levels efficiently to meet future deliveries.
- **Management's Guidance:**
- Management plans to increase the production rate for the 737 MAX to 31 per month by the end of 2022. There is a plan to increase the combined 777/777X production rate from two to three per month within the year, in response to rising freighter demand, with 2022 deliveries expected to align with last year's figures. The production ramp for the 737 MAX is set to progress from 26 to 31 units fairly soon, with expectations of a sharper acceleration in production and inventory liquidation in the latter half of the year.
- **Actual Results:**
**['Q3', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- We are now producing 27 airplanes per month.
**['Q2', '2022']:**
- Commercial Airplanes increased the 737 production rate to 31 per month during the second quarter of 2022.
**['Q1', '2022']:**
- We continue to make progress ramping our 737 production rate and are essentially at 31 airplanes per month.
- **Evaluation:**
**- Expectations Met**: Management's guidance to increase the 737 MAX production rate to 31 per month by mid-2022 was achieved in Q2 2022, aligning with their strategic plan for production rate stabilization.

**2. Supply chain management**
- **Narrative:** Management emphasized the importance of maintaining transparent communication with the supply chain to safeguard potential production increases in the latter half of the year. This strategy highlights their proactive approach to managing supply chain dynamics and addressing potential bottlenecks that could impact operational performance.
- **Management's Guidance:**
- Management plans to work transparently with the supply chain to ensure that any potential increase in production rates is protected as they progress into the second half of the year.
- **Actual Results:**
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- On the supply side, with our production at relatively low rates and higher than normal inventory levels, the supply chain is currently not a constraint.
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Cash flow optimization**
- **Narrative:** Management at Boeing has outlined a strategic focus on optimizing cash flow, highlighting efforts to transition from a period of abnormal cash flow dynamics to a more normalized state. They emphasize a goal of achieving positive cash flow in 2022, with expectations of material improvement continuing into 2023. The discussion underscores a significant drive to manage cash flow effectively, even as the company navigates challenges such as managing advances and customer-related discussions.
- **Management's Guidance:**
- Management expects to achieve positive cash flow in 2022. Free cash flow is anticipated to materially improve through this year and into 2023. 2023 cash flow is projected to be materially higher than 2022. A significant burn-down of advances balance is expected this year, front-end loaded. As the year progresses, the company aims to move towards a more normalized cash flow state with meaningful acceleration in 2023.
- **Actual Results:**
**['Q2', '2022']:**
- We did get to cash flow operating cash flow positive. Operating cash flow was positive $0.1 billion, in line with our expectations and an improvement from the same period last year.
**['Q1', '2022']:**
- Operating cash flow was a usage of $3.2 billion in line with what we expected. Our first quarter cash utilization was in line with what we shared in January.
**['Q3', '2022']:**
- Operating cash flow was $3.2 billion and free cash flow was $2.9 billion, both showing significant improvement versus both prior year and prior quarter, driven by higher deliveries and favorable receipt timing. Year-to-date operating cash flow was a generation of $55 million and free cash flow usage year-to-date was $841 million. The company benefited from a tax refund of $1.5 billion in the quarter.

**['Q4', '2021']:**
- We generated positive free cash flow in the fourth quarter.
- **Evaluation:**
**- Expectations Met**: Boeing's management aimed for positive cash flow in 2022, which was achieved as evidenced by the positive operating cash flow in Q2 2022 and a significant improvement by Q3. The results indicate alignment with their guidance for cash flow optimization.

**4. Debt management strategy**
- **Narrative:** During the fourth quarter of 2021, Boeing's management discussed their debt management strategy, focusing on reducing the company's financial liabilities. The discussion highlighted a strategic approach towards liquidating a significant portion of their existing liabilities within the given fiscal year.
- **Management's Guidance:**
- Management expects the majority of the remaining $2.9 billion liability to be liquidated this year, with less than 10% of the total estimate remaining to be negotiated.
- **Actual Results:**
**['Q2', '2022']:**
- Boeing's debt balance decreased slightly from the end of last quarter to $57.2 billion, driven by repayment of maturing debt.
**['Q1', '2022']:**
- Our debt balance decreased slightly from the end of the last year to $57.7 billion driven by repayment of maturing debt. Boeing debt $56.6 $56.2 2021 Q4 2022 Q1
**['Q3', '2022']:**
- Our debt balance is consistent with the end of the last quarter at $57.2 billion. Boeing debt 2022 Q3 $55.7 billion, 2022 Q2 $55.7 billion.
**['Q4', '2021']:**
- Our debt balance decreased by $4.3 billion from the end of the third quarter to $58.1 billion.
- **Evaluation:**
**- Expectations Not Met: Management expected a significant reduction in liabilities, but the actual results show only a slight decrease in debt from $58.1 billion in Q4 2021 to $57.2 billion by Q3 2022, indicating the debt management strategy fell short of the intended reduction.**

**5. Revenue growth analysis**
- **Narrative:** Management discussed the company's strategic outlook for the upcoming year, emphasizing the expected fluctuations in performance across quarters. They highlighted that the initial quarter is anticipated to be the most challenging in terms of key financial metrics.
- **Management's Guidance:**
- Management anticipates that the first quarter will be the lowest of the year concerning deliveries, revenue, earnings, and cash flow.
- **Actual Results:**
**['Q1', '2022']:**
- First quarter revenue of $14 billion was down 8% and the core operating loss in the quarter was negative $1.5 billion resulting in a $2.75 core loss per share.
**['Q2', '2022']:**
- Second quarter revenue of $16.7 billion declined 2% and we generated $0.5 billion of core operating earnings.
**['Q3', '2022']:**
- Third quarter revenue of $16 billion, increased 4%.
**['Q4', '2021']:**
- Fourth quarter revenue was $4.8 billion, essentially flat. Full year revenue of $62.3 billion improved 7% versus prior year.
- **Evaluation:**
**- Expectations Met**: Management anticipated the first quarter to be the weakest in terms of financial performance, and the actual results showed a decline in revenue and operating loss, aligning with their guidance.

**6. Cost management strategies**
- **Narrative:** Management has addressed the financial implications related to the 787 program, focusing on the anticipated abnormal costs. These discussions highlight the company's efforts to strategically manage and mitigate costs associated with production challenges.
- **Management's Guidance:**
- Management anticipates 787 abnormal costs to be approximately $2 billion, with the majority of these costs being incurred by the end of 2023.
- **Actual Results:**
**['Q3', '2022']:**
- In Q3 2022, Boeing recorded $330 million of 787 abnormal costs in the quarter, which was in line with expectations.
**['Q4', '2021']:**
- We recorded $285 million of these abnormal costs in the fourth quarter.
**['Q2', '2022']:**
- We recorded $283 million of 787 abnormal costs.
**['Q1', '2022']:**
- Recorded $312M of abnormal cost in the quarter
- **Evaluation:**
**- Expectations Met**: Management anticipated 787 abnormal costs of approximately $2 billion, with the majority incurred by the end of 2023. The actual quarterly recordings in 2021 and 2022 align with this guidance, meeting expectations.

**7. International market penetration**
- **Narrative:** Management expressed their intent to enhance Boeing's presence in international markets by preparing the 737 MAX airplanes for delivery in China. This move indicates a strategic effort to penetrate the Chinese market by aligning with customer demands and regulatory approvals.
- **Management's Guidance:**
- Management is preparing for the delivery of 737 MAX airplanes to China as early as the first quarter, contingent upon customer and regulatory direction.
- **Actual Results:**
**['Q1', '2022']:**
- Data Not Available

**['Q2', '2022']:**
- Data Not Available
**['Q3', '2022']:**
- Of the inventoried airplanes, 138 are for customers in China.
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**8. Commercial aircraft demand**
- **Narrative:** Management reiterated their confidence in the ongoing recovery of the commercial aircraft market, maintaining their forecast for a phased recovery. They emphasized that passenger traffic is expected to rebound to pre-pandemic levels by 2023 to 2024.
- **Management's Guidance:**
- Management continues to project an average traffic growth rate in the mid-single digits over the long term.
- **Actual Results:**
**['Q3', '2022']:**
- In aggregate, commercial passenger traffic was at 74% of 2019 levels during Q3 2022. Additionally, in August, domestic traffic was at 85% of 2019 levels, led by the US, Europe, and Latin America.
**['Q4', '2021']:**
- Domestic traffic rebounded to around 90% of pre-pandemic levels in countries such as the US and Brazil. In the US, domestic traffic nearly fully recovered at 94% of pre-COVID levels in November. Traffic has improved throughout the year from more than 85% below 2019 levels to 60% as the year-ended.
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2022']:**
- During Q2 2022, Boeing reported booking 184 commercial airplane orders, including 169 orders for the 737 MAX. At the end of the second quarter, they had a backlog of over 4,200 airplanes valued at $297 billion.
- **Evaluation:**
**- Expectations Met**: Management's expectation for a phased recovery in commercial aircraft market demand, with traffic rebounding to pre-pandemic levels by 2023-2024, aligns with the actual results showing significant recovery in passenger traffic to 74% of 2019 levels by Q3 2022, indicating progress toward their forecasted recovery trajectory.

**9. New aircraft models**
- **Narrative:** Management emphasized their ongoing commitment to expanding their aircraft portfolio with the introduction of new models. This is part of their strategic vision to maintain competitive advantage and address evolving market demands. The focus remains on timely development and delivery of these models to meet customer expectations and regulatory standards.
- **Management's Guidance:**
- Management has indicated that they are still anticipating the delivery of the first new aircraft model by late 2023.
- **Actual Results:**
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**10. 2030s product timeline**
- **Narrative:** During the Q4 2021 earnings call, Boeing's management expressed confidence in their strategic initiatives aimed at shaping the company's long-term vision for the 2030s. This includes a focus on enhancing product offerings and market presence, highlighting efforts that are expected to position Boeing as a leader in the aerospace industry over the coming decade.
- **Management's Guidance:**
- Management indicated that they are optimistic about achieving significant milestones in the first quarter, which are pivotal for their 2030s product timeline.
- **Actual Results:**
**['Q2', '2022']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**11. Emission reduction technologies**
- **Narrative:** Management emphasized their commitment to sustainability by focusing on reducing carbon emissions. This is aligned with their broader strategy of integrating advanced technologies to improve environmental performance and meet regulatory expectations.

- **Management's Guidance:**
- Management has committed to reducing carbon emissions by 50% by 2030, indicating a strong focus on sustainability and long-term environmental responsibility.
- **Actual Results:**
**['Q1', '2022']:**
- Data Not Available
**['Q3', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**12. Space segment growth**
- **Narrative:** Management highlighted the ongoing collaboration with NASA, focusing on the Commercial Crew Program. This partnership is part of Boeing's strategy to strengthen its presence in the space segment by leveraging its technical expertise to support NASA's missions.
- **Management's Guidance:**
- Management anticipates the second uncrewed orbital flight test for the Commercial Crew Program to occur in May.
- **Actual Results:**
**['Q3', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## Q3 2021

**1. Production rate stabilization**
- **Narrative:** Management has focused on stabilizing production rates by implementing measures to increase output and ensure consistent delivery schedules. This strategic approach is designed to align production capabilities with market demand and enhance operational efficiency.
- **Management's Guidance:**
- Management expects to increase the production rate to 31 airplanes per month by early 2022, marking an improvement from the current rate of 19 airplanes per month. A gradual return to a delivery rate of five airplanes per month is anticipated once deliveries resume. The company expects 2022 deliveries for the 777 model to be relatively consistent with those of 2021. Most airplane deliveries are anticipated to be completed by the end of 2023. Stability in production is expected as the company moves into the next year.
- **Actual Results:**
**['Q4', '2021']:**
- We are now producing 27 airplanes per month.
**['Q2', '2022']:**
- Commercial Airplanes increased the 737 production rate to 31 per month during the second quarter of 2022.
**['Q3', '2021']:**
- We increased our production rate to 19 airplanes per month.
**['Q1', '2022']:**
- We continue to make progress ramping our 737 production rate and are essentially at 31 airplanes per-month.
- **Evaluation:**
**- Expectations Met**: Management expected to ramp up production to 31 airplanes per month by early 2022, and this target was achieved by Q2 2022, aligning with the company's stated goals.

**2. Supply chain management**
- **Narrative:** Management has acknowledged the challenges posed by supply chain constraints, particularly in raw materials and labor. They have strategically planned to address these issues to maintain and possibly improve production rates. The focus remains on optimizing operational performance and ensuring efficiency across the supply chain.
- **Management's Guidance:**
- The management expressed confidence in achieving and sustaining a production rate of 31 units per month despite the supply chain challenges. They believe their strategic measures will effectively mitigate the impact of these constraints over the next year.
- **Actual Results:**
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available

**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Cash flow optimization**
- **Narrative:** Boeing's management highlighted their strategic focus on turning cash flow positive by the year 2022, emphasizing the importance of cash flow optimization as a critical component of their financial strategy. This aims to ensure stronger financial resilience and support the company's long-term growth objectives.
- **Management's Guidance:**
- Management stated their expectation that the full year 2021 would result in a net use of cash, but they projected a shift to positive cash flow in 2022.
- **Actual Results:**
**['Q2', '2022']:**
- In Q2 2022, Boeing achieved positive operating cash flow, which was in line with their expectations and marked an improvement from the same period the previous year.
**['Q3', '2021']:**
- Operating cash flow for the quarter was negative $0.3 billion.
**['Q1', '2022']:**
- Operating cash flow was a usage of $3.2 billion in line with what we expected.
**['Q4', '2021']:**
- We generated positive free cash flow in the fourth quarter. Additionally, we generated positive operating cash flow of over $700 million in the fourth quarter.
- **Evaluation:**
**- Expectations Met**: Boeing achieved positive operating cash flow by Q2 2022, in line with their projections for a shift to positive cash flow in 2022, thus meeting management's stated expectations.

**4. Debt management strategy**
- **Narrative:** Management highlighted their commitment to reducing the company's debt levels, focusing on paying down maturing bonds and the early repayment of a significant term loan. This approach indicates a strategic effort to strengthen the balance sheet and enhance financial flexibility.
- **Management's Guidance:**
- Management expects to have lower total debt by the end of the year due to the pay-down of maturing bonds and the early pay-down of the remaining $4 billion delayed draw term loan.
- **Actual Results:**
**['Q2', '2022']:**
- Our debt balance decreased slightly from the end of last quarter to $57.2 billion, driven by repayment of maturing debt.
**['Q3', '2021']:**
- Our debt balance decreased by $1.2 billion from last quarter to $62.4 billion, driven by the pay-down of bond maturities.
**['Q1', '2022']:**
- Our debt balance decreased slightly from the end of the last year to $57.7 billion driven by repayment of maturing debt. Boeing debt $56.6 $56.2 2021 Q4 2022 Q1
**['Q4', '2021']:**
- Our debt balance decreased by $4.3 billion from the end of the third quarter to $58.1 billion.
- **Evaluation:**
**- Expectations Met**: Management's guidance to reduce total debt by the end of the year was met, as indicated by consistent debt repayments, including a decrease from $62.4 billion in Q3 2021 to $57.2 billion in Q2 2022, aligning with their strategic goals.

**5. Revenue growth analysis**
- **Narrative:** Management outlined their financial strategy, emphasizing a focus on normalizing their balance sheet by the end of 2022. This indicates a strategic move towards stabilizing financial operations, which is expected to support revenue growth in the long term.
- **Management's Guidance:**
- Management expects the balance to normalize by the end of 2022, indicating a strategic target for financial stability.
- **Actual Results:**
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2021']:**
- Brian J. West reported that third quarter revenue increased to $15.3 billion, primarily due to higher commercial deliveries and commercial services volume.
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**6. Cost management strategies**
- **Narrative:** During the Q3 2021 earnings call, Boeing's management addressed their approach to managing costs associated with their 787 program. The discussion highlighted the strategic focus on mitigating abnormal costs arising from production challenges.
- **Management's Guidance:**
- Management anticipates that the total abnormal costs for the 787 program will amount to approximately $1 billion.
- **Actual Results:**
**['Q4', '2021']:**
- We recorded $285 million of these abnormal costs in the fourth quarter.

**['Q2', '2022']:**
- We recorded $283 million of 787 abnormal costs.
**['Q1', '2022']:**
- Recorded $312M of abnormal cost in the quarter
**['Q3', '2021']:**
- We recorded $183 million of abnormal cost in the third quarter due to the low rate of 787 production as well as inspection and rework costs.
- **Evaluation:**
**- Expectations Not Met: Boeing's management anticipated $1 billion in abnormal costs for the 787 program, but by Q2 2022, the cumulative recorded costs reached $1.063 billion, exceeding the projected amount.**

**7. International market penetration**
- **Narrative:** Management highlighted their strategic focus on resuming deliveries to Chinese customers as a critical component of expanding Boeing's international market presence. This move is expected to strengthen Boeing's foothold in the Asia-Pacific region and enhance overall market penetration.
- **Management's Guidance:**
- Management anticipates resuming deliveries to customers in China during the first quarter of 2022, which is poised to significantly impact international market penetration.
- **Actual Results:**
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
**['Q4', '2021']:**
- China, Indonesia, and Ethiopia, all delivered prior to the end of the year.
- **Evaluation:**
- Insufficient Info: Data not available.

**8. Competitive positioning**
- **Narrative:** Management highlighted the potential impact of recent government policy changes, which could significantly enhance the company's competitive positioning by accelerating market penetration.
- **Management's Guidance:**
- Management indicated that these policy changes could result in a 70% increase in market penetration by the end of the year.
- **Actual Results:**
**['Q4', '2021']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**9. Commercial aircraft demand**
- **Narrative:** Management emphasized the robust demand for commercial aircraft, driven by a strong market outlook and increased sales of the 737 models. The strategic focus is on leveraging this demand to enhance production capabilities and meet the growing needs of the global market.
- **Management's Guidance:**
- Management forecasts a total market value of $9 trillion over the next decade and projects the demand for about 43,500 new airplanes through 2040, including a significant increase in the global freighter fleet. They also anticipate robust demand starting to manifest in the latter half of next year.
- **Actual Results:**
**['Q4', '2021']:**
- In total, for the year, Boeing booked 909 gross commercial airplane orders, including 749 orders for the 737 MAX. The company had over 4,200 airplanes in backlog at the end of 2021 valued at $297 billion.
**['Q1', '2022']:**
- During Q1 2022, Boeing reported booking 167 gross Commercial Airplane orders, including 134 orders for the 737 MAX. This indicates strong demand for commercial aircraft, aligning with the management's narrative and guidance on robust commercial aircraft demand.
**['Q2', '2022']:**
- During Q2 2022, Boeing booked 184 commercial airplane orders, including 169 orders for the 737 MAX. At the end of the second quarter, there were over 4,200 airplanes in backlog valued at $297 billion.
**['Q3', '2021']:**
- Captured orders for 70 737 MAX, 24 freighter & 12 787 airplanes; Orders valued at $6B; Backlog of $58B. Our airline customers have returned more than 200 previously grounded airplanes to revenue service. In September, we saw the eighth straight month of positive net commercial airplane orders, primarily due to the 737 MAX. So far this year, we have sold more than 550 737s across each of the models, from 737 MAX 7 to 737 MAX 10. The freighter market remains robust, with cargo traffic 8% higher year-to-date through August compared to 2019.
- **Evaluation:**
**- Expectations Met**: The actual results show strong commercial aircraft demand with significant orders for the 737 MAX, aligning with management's guidance of robust demand and strategic focus on production capabilities.

**10. New aircraft models**
- **Narrative:** Management provided updates on the timelines for new aircraft model deliveries, emphasizing their commitment to meeting planned deadlines for upcoming models.
- **Management's Guidance:**
- Boeing expects to deliver the first 777X in late 2023. Additionally, the company anticipates the first delivery of the 737 MAX 7 in early 2022, followed by the 737 MAX 10 in 2023.
- **Actual Results:**
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**11. Safety certification processes**
- **Narrative:** Management highlighted their ongoing efforts related to the safety certification processes of the 737 MAX aircraft, particularly focusing on the progress made in the Chinese market. The completion of the 737 MAX flight test in China marks a significant milestone in Boeing's journey towards re-establishing its presence in this crucial market. This discussion underscores Boeing's commitment to meeting regulatory standards and enhancing the safety profile of its aircraft.
- **Management's Guidance:**
- Management provided forward-looking guidance indicating their expectation for approval by the end of the year. They also projected a resumption of deliveries in the first quarter of the next year, reflecting confidence in meeting regulatory compliance and advancing certification processes.
- **Actual Results:**
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2021']:**
- Following the completion of the 737 MAX flight test in China during the third quarter
**['Q1', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- The MAX is now approved to fly in over 185 countries.
- **Evaluation:**
- Insufficient Info: Data not available.

**12. Environmental compliance measures**
- **Narrative:** Management has articulated a commitment to enhancing environmental compliance through strategic internal policies. This includes the implementation of new requirements focused on health and safety measures, which reflect the company's dedication to compliance and responsibility towards regulatory expectations.
- **Management's Guidance:**
- Management announced a new requirement mandating US-based employees to provide proof of full COVID-19 vaccination or secure an approved reasonable accommodation. This measure is indicative of the company's proactive stance towards maintaining a compliant and safe working environment in alignment with evolving regulatory standards.
- **Actual Results:**
**['Q1', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**13. 2030s product timeline**
- **Narrative:** During the third quarter of 2021, Boeing's management emphasized their strategic focus on advancing their 2030s product timeline. A key element of this strategy includes the preparation for the second Orbital Flight Test launch, highlighting the company's commitment to enhancing its capabilities in space exploration and maintaining its competitive edge in the aerospace sector. Management reiterated their adherence to this long-term vision, underscoring the importance of disciplined execution according to their planned schedule.
- **Management's Guidance:**
- Boeing is actively preparing for the second Orbital Flight Test launch, anticipated in 2022, contingent upon hardware readiness, the rocket manifest, and space station availability. Management also confirmed that their strategic plan and timeline are aligned for significant milestones by the fourth quarter of 2023.
- **Actual Results:**
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2021']:**

- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**14. Emission reduction technologies**
- **Narrative:** Management emphasized their commitment to sustainability and environmental responsibility by focusing on the development and delivery of new airplanes that significantly reduce emissions. These innovations are part of Boeing's broader strategy to advance emission reduction technologies, highlighting the company's efforts to lead in environmentally sustainable aerospace solutions.
- **Management's Guidance:**
- Management projected that the new airplanes Boeing plans to deliver will achieve a 25% to 40% improvement in fuel efficiency, resulting in corresponding reductions in emissions compared to the older models they are set to replace.
- **Actual Results:**
**['Q1', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**15. Sustainable aviation fuels commitment**
- **Narrative:** Management reiterated Boeing's commitment to sustainability by participating in significant industry events and setting ambitious goals. Specifically, the company is focused on ensuring that its commercial airplanes will be capable of operating on 100% sustainable aviation fuels by 2030. This initiative is part of a broader strategy to partner with key stakeholders like SkyNRG to bolster the global supply of sustainable aviation fuel, reflecting Boeing's proactive approach to environmental responsibility.
- **Management's Guidance:**
- Management is committed to making all commercial airplanes capable of running on 100% sustainable aviation fuels by 2030, indicating a robust forward-looking strategy towards environmental sustainability.
- **Actual Results:**
**['Q2', '2022']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## Q2 2021

**1. Production rate stabilization**
- **Narrative:** Management has outlined a clear path for stabilizing production rates with a focus on the 737 MAX and 787 programs. The company is currently producing 16 airplanes per month and aims to gradually increase this rate to 31 per month by early 2022, driven by market demand and supply chain capacity considerations. Additionally, there is a strategic intention to further increase production rates beyond early 2022, contingent upon market conditions.
- **Management's Guidance:**
- Management expects to increase the production rate of the 737 MAX from 16 to 31 per month by early next year, with aspirations to further increase the rate depending on market conditions. The company also plans to deliver fewer than half of the approximately 100 787s currently in inventory within the year. There is confidence in ramping up production with expectations to reach as high as 50 by the end of the year.
- **Actual Results:**
**['Q4', '2021']:**
- We are now producing 27 airplanes per month.
**['Q1', '2022']:**
- We continue to make progress ramping our 737 production rate and are essentially at 31 airplanes per month.
**['Q3', '2021']:**
- In Q3 2021, Boeing increased its production rate to 19 airplanes per month. Additionally, they delivered 62 737 MAX airplanes, the most since Q1 2019. However, no 787s were delivered in the quarter, and there were approximately 105 787s in inventory at the end of the quarter.
**['Q2', '2021']:**
- We're currently producing 16 airplanes per month.
- **Evaluation:**
**- Expectations Met**: Management's guidance to increase the 737 MAX production rate from 16 to 31 per month by early 2022 was achieved, as evidenced by the

actual results, which indicated reaching 31 airplanes per month by Q1 2022.

**2. Workforce management**
- **Narrative:** Management has emphasized the importance of maintaining a stable workforce size as a strategic decision to support the company's operational performance and efficiency. This approach reflects an effort to stabilize operations and ensure consistent productivity levels amidst market fluctuations.
- **Management's Guidance:**
- Management plans to keep the overall workforce size roughly consistent with the current level, approximately 140,000 employees, in the upcoming quarters.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2021']:**
- We now plan to keep our overall workforce size roughly consistent with where we are today at approximately 140,000.
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Cash flow optimization**
- **Narrative:** Boeing's management focused on the optimization of cash flow as a key component of their financial strategy. The discussions highlighted expectations of turning cash flow positive, reflecting a strategic emphasis on improving financial health and operational efficiency over the coming years. The narrative underscored a multi-year outlook, emphasizing gradual improvements as key programs advance towards critical milestones.
- **Management's Guidance:**
- Management expects the full year 2021 to be a use of cash, with a transition to positive cash flow anticipated in 2022. The company anticipates that the 777X program will turn cash flow positive approximately one to two years after the first delivery, with improvements expected as they approach entry into service (EIS) and begin deliveries in late 2023. Management consistently indicates expectations for positive cash flow beginning in 2022.
- **Actual Results:**
**['Q3', '2021']:**
- Operating cash flow for the quarter was negative $0.3 billion, and it was favorably impacted by a $1.3 billion income tax refund. Additionally, Boeing ended the third quarter with $20 billion of cash and marketable securities on the balance sheet.
**['Q1', '2022']:**
- Operating cash flow was a usage of $3.2 billion in line with what we expected.
**['Q2', '2021']:**
- Operating cash flow for the quarter improved significantly to negative $0.5 billion. We ended the second quarter with strong liquidity including $21.3 billion of cash and marketable securities on our balance sheet and access to $14.8 billion from our bank credit facilities.
**['Q4', '2021']:**
- We generated positive free cash flow in the fourth quarter. Additionally, positive operating cash flow of over $700 million was recorded in the fourth quarter.
- **Evaluation:**
**- Expectations Met**: Management expected the transition to positive cash flow in 2022, and Boeing achieved positive operating cash flow by Q4 2021, aligning with their anticipated timeline for cash flow improvement.

**4. Debt management strategy**
- **Narrative:** Management has outlined a proactive approach to debt management aimed at reducing the company's overall debt levels. This strategy involves paying down maturing bonds and potentially accelerating the repayment of a delayed draw term loan. Such actions are part of Boeing's broader financial strategy to improve its balance sheet and enhance financial flexibility.
- **Management's Guidance:**
- Management anticipates ending the year with lower total debt as a result of paying down maturing bonds and possibly executing early repayment of certain loans.
- **Actual Results:**
**['Q3', '2021']:**
- Our debt balance decreased by $1.2 billion from last quarter to $62.4 billion, driven by the pay-down of bond maturities.
**['Q1', '2022']:**
- Our debt balance decreased slightly from the end of last year to $57.7 billion driven by repayment of maturing debt.
**['Q2', '2021']:**
- Our debt balance remains stable at $63.6 billion at the end of the quarter.
**['Q4', '2021']:**
- Boeing's debt for Q4 2021 was reported at $56.6 billion, with a decrease of $4.3 billion from the end of Q3 2021, bringing the debt balance to $58.1 billion.
- **Evaluation:**
**- Expectations Met**: Boeing's management anticipated reducing total debt by paying down maturing bonds, and actual results show a consistent decrease in the debt balance from $63.6 billion in Q2 2021 to $56.6 billion by Q4 2021, aligning with the management's debt reduction strategy.

**5. Commercial aircraft demand**
- **Narrative:** Management highlighted an optimistic outlook for the commercial aircraft sector, noting a significant recovery trajectory in the US domestic market. This recovery is characterized by summer bookings aligning with pre-pandemic levels, which suggests a positive momentum in market demand for commercial aircraft.
- **Management's Guidance:**
- Management anticipates passenger traffic to revert to 2019 levels between 2023 and 2024, with expectations of a return to long-term growth trends in the subsequent years.
- **Actual Results:**

**['Q4', '2021']:**
- Domestic traffic rebounded to around 90% of pre-pandemic levels in countries such as the US and Brazil. In the US, domestic traffic nearly fully recovered at 94% of pre-COVID levels in November.
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2021']:**
- May domestic traffic was 24% below 2019 levels compared to 50% the quarter before.
**['Q3', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**6. New aircraft models**
- **Narrative:** Management has reiterated their commitment to the timely delivery of the 777X, emphasizing their confidence in meeting the projected timeline for the first delivery. This reflects a strategic focus on maintaining production schedules and meeting customer expectations for the new aircraft model.
- **Management's Guidance:**
- Management continues to expect the first delivery of the 777X to occur in late 2023.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2021']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**7. Safety certification processes**
- **Narrative:** Management emphasized the importance of meeting safety certification standards as part of their regulatory compliance strategy. A key focus is on achieving timely certifications to sustain production and delivery schedules, which is crucial for maintaining market competitiveness and customer satisfaction. The narrative reflects a proactive approach in anticipating and addressing potential regulatory hurdles.
- **Management's Guidance:**
- Management indicated that they expect to receive necessary certifications before the end of this year, which is crucial for their production plans. Additionally, they acknowledged the need to evaluate future production rates if certification timelines are not met as anticipated.
- **Actual Results:**
**['Q3', '2021']:**
- Following the completion of the 737 MAX flight test in China during the third quarter
**['Q1', '2022']:**
- We took a very important step just in the last week by submitting the Cert paperwork and the plan to the FAA.
**['Q2', '2021']:**
- Data Not Available
**['Q4', '2021']:**
- The MAX is now approved to fly in over 185 countries.
- **Evaluation:**
**- Expectations Met**: Management expected to receive necessary certifications by year-end, and the 737 MAX was approved to fly in over 185 countries by Q4 2021, aligning with their stated goals.

**8. Regulatory engagement strategies**
- **Narrative:** Management emphasized their ongoing collaboration with global regulators, underscoring the importance of securing comprehensive regulatory approvals to ensure operational continuity and market expansion. They expressed confidence in achieving these regulatory milestones within the year, highlighting a proactive approach to compliance and strategic engagement.
- **Management's Guidance:**
- Management indicated that they anticipate receiving the remaining regulatory approvals, including those from China, within the current year.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2021']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**9. Sustainable aviation fuels commitment**
- **Narrative:** Management emphasized the importance of sustainable aviation fuels (SAFs) as part of their environmental strategy. They highlighted a significant step forward in this commitment through investment in SkyNRG Americas. This investment is aimed at establishing a dedicated production facility in the US,

underscoring Boeing's focus on enhancing SAF supply, particularly for airports and airline customers on the West Coast.
- **Management's Guidance:**
- Management has committed to investing in the development of a dedicated US production facility for SAF through partnership with SkyNRG Americas. This initiative is expected to strengthen the supply chain for sustainable aviation fuels, particularly benefiting airports and airline customers on the West Coast.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2021']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**10. Emission reduction technologies**
- **Narrative:** Management emphasized the ongoing demand for newer, more fuel-efficient aircraft as a key component of their sustainability strategy. This aligns with the company's focus on developing emission reduction technologies to meet the growing environmental standards and customer expectations.
- **Management's Guidance:**
- Management anticipates that the trend of replacing older aircraft with new models will persist, projecting fuel efficiency improvements of 25% to 40%, along with corresponding reductions in emissions.
- **Actual Results:**
**['Q1', '2022']:**
- Data Not Available
**['Q2', '2021']:**
- David L. Calhoun [The 767, when it moves into like a FedEx or a UPS opportunity, it displaces airplanes that are 40%-plus less efficient and most importantly 40% less environmentally friendly.]
**['Q4', '2021']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## Q1 2021

**1. Production rate stabilization**
- **Narrative:** Management discussed the ongoing efforts to stabilize production rates across various aircraft models, with a focus on aligning production with market demand. The company is making strategic adjustments to manage inventory levels and ensure a steady flow of deliveries, while gradually increasing production rates in response to anticipated market recovery.
- **Management's Guidance:**
- Management expects to gradually increase the production rate to 31 aircraft per month in early 2022, with further increases aligned with market demand. The company plans to transition the combined 777/777X production rate to two per month as part of the production stabilization efforts. Boeing estimates that around half of the approximately 450 aircraft in storage will be delivered by the end of 2021, with the majority of the remainder by the end of the following year.
- **Actual Results:**
**['Q4', '2021']:**
- We are now producing 27 airplanes per month.
**['Q1', '2021']:**
- Delivered 77 airplanes, including 58 737 MAX
**['Q3', '2021']:**
- We are currently producing at a rate of approximately two airplanes per month. The combined production rate is two per month.
**['Q2', '2021']:**
- We're currently producing 16 airplanes per month (c122d7489c3223cd7e66603925243074). The combined 777/777X production rate is two per month (65ea3dea19113ef1b3e9a712c7ad093b).
- **Evaluation:**
**- Expectations Not Met: Management expected to increase production to 31 aircraft per month by early 2022 and deliver a significant portion of the stored aircraft by the end of 2021; however, by Q4 2021, the production rate was only 27 per month, falling short of the target.**

**2. Cash flow optimization**
- **Narrative:** Management has detailed a strategic focus on improving cash flow through various operational efficiencies and program-specific initiatives. This includes a notable emphasis on the inventory burn-down for the 737 and 787 programs, with an objective to enhance cash flow as production and deliveries ramp up. The company also foresees the 777X program transitioning to a cash-flow-positive status post-delivery commencement, highlighting a disciplined approach to managing cash resources and operational execution.
- **Management's Guidance:**
- Management anticipates that the 777X program will become cash-flow-positive approximately one to two years after the first delivery. The company continues to expect a significant improvement in 2021 operating cash flow compared to 2020, driven by inventory reductions in the 737 and 787 programs. Boeing expects the first quarter of 2021 to be the most challenging from a cash perspective, with improvements anticipated as 787 and 737 deliveries increase throughout the year. The company forecasts turning positive cash flow in 2022, aided by the recovery in Commercial Services and improvements in the 737 MAX program.

- **Actual Results:**
**['Q3', '2021']:**
- Operating cash flow for Q3 2021 was negative $0.3 billion, although it was favorably impacted by a $1.3 billion income tax refund. Additionally, Boeing ended the third quarter with $20 billion of cash and marketable securities on the balance sheet, and had access to $14.7 billion across undrawn bank credit facilities.
**['Q2', '2021']:**
- Operating cash flow for Q2 2021 improved significantly to negative $0.5 billion. Boeing ended the second quarter with strong liquidity, including $21.3 billion of cash and marketable securities on their balance sheet and access to $14.8 billion from their bank credit facilities.
**['Q4', '2021']:**
- We generated positive operating cash flow of over $700 million in the fourth quarter.
**['Q1', '2021']:**
- Operating cash flow for the quarter improved to negative $3.4 billion. We ended the first quarter with strong liquidity, including $21.9 billion of cash and marketable securities on our balance sheet.
- **Evaluation:**
**- Expectations Met**: Boeing's management expected improvements in operating cash flow throughout 2021, with a transition to positive cash flow in 2022. By Q4 2021, the company achieved positive operating cash flow, aligning with their guidance for improved cash flow through inventory reductions and increased deliveries.

**3. Debt management strategy**
- **Narrative:** During the Q1 2021 earnings call, Boeing's management emphasized their focus on prudent liquidity actions as part of the company's financial strategy and debt management approach. The narrative centered around refinancing efforts and the expansion of credit facilities to manage upcoming debt maturities effectively.
- **Management's Guidance:**
- Management highlighted the successful refinancing of $9.8 billion of delayed draw term loans initially due in early 2022. Additionally, they expanded their revolving credit facility by $5.3 billion, which is expected to bolster liquidity and provide greater financial flexibility in the upcoming quarters.
- **Actual Results:**
**['Q3', '2021']:**
- Our debt balance decreased by $1.2 billion from last quarter to $62.4 billion, driven by the pay-down of bond maturities.
**['Q2', '2021']:**
- Our debt balance remains stable at $63.6 billion at the end of the quarter.
**['Q4', '2021']:**
- Our debt balance decreased by $4.3 billion from the end of the third quarter to $58.1 billion.
**['Q1', '2021']:**
- We refinanced $9.8 billion of our delayed draw term loan and have access to $14.8 billion from our newly increased bank credit facilities, which remain undrawn.
- **Evaluation:**
**- Expectations Exceeded**: Boeing's management successfully refinanced $9.8 billion in loans and expanded their revolving credit facility by $5.3 billion as planned. Additionally, the company reduced its debt balance significantly by $4.3 billion by the end of Q4 2021, surpassing the expected improvements in liquidity and financial flexibility.

**4. Cost management strategies**
- **Narrative:** Management outlined their approach towards managing costs, emphasizing that a significant portion of the expenses associated with their current initiatives is expected to be recognized within the calendar year 2021. This strategic focus on cost recognition within the year indicates an effort to streamline financial operations and potentially improve cash flow management by addressing expenses promptly.
- **Management's Guidance:**
- Management expects the remainder of these costs to be expenses incurred largely in 2021.
- **Actual Results:**
**['Q3', '2021']:**
- We recorded $183 million of abnormal cost in the third quarter due to the low rate of 787 production as well as inspection and rework costs.
**['Q4', '2021']:**
- We recorded $285 million of these abnormal costs in the fourth quarter.
**['Q2', '2021']:**
- Commercial Airplanes expensed $1,083 million during the six months ended June 30, 2021.
**['Q1', '2021']:**
- During the first quarter, we expensed $568 million of abnormal production costs, which brought the cumulative abnormal cost expense to date to $3.1 billion.
- **Evaluation:**
**- Expectations Met**: Management expected costs to be largely recognized in 2021, and the actual financial results indicate that a substantial portion of abnormal production costs was indeed expensed throughout the year, aligning with the guidance provided.

**5. International market penetration**
- **Narrative:** Management highlighted the significant growth potential in the Chinese market, recognizing it as a key driver of global industry expansion for the company over the coming years.
- **Management's Guidance:**
- Management indicated that China is expected to account for 25% of the global growth in the aerospace sector over the next decade.
- **Actual Results:**
**['Q4', '2021']:**
- Data Not Available
**['Q1', '2021']:**
- We have firm orders on the books with China.
**['Q2', '2021']:**
- Data Not Available
**['Q3', '2021']:**

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

**6. Commercial aircraft demand**
- **Narrative:** Management acknowledged the challenges faced by the commercial aircraft market due to the ongoing global situation. They emphasized a cautious yet optimistic outlook, focusing on a gradual recovery in demand over the coming years. The company is strategically positioning itself to navigate the uneven recovery trajectory expected in the market.
- **Management's Guidance:**
- Management anticipates that it will take multiple years to reach previous demand levels, with a recovery trajectory that may be uneven. Additionally, they expect passenger traffic to return to 2019 levels between 2023 and 2024.
- **Actual Results:**
**['Q4', '2021']:**
- Domestic traffic rebounded to around 90% of pre-pandemic levels in countries such as the US and Brazil. In the US, domestic traffic nearly fully recovered at 94% of pre-COVID levels in November. Traffic has improved throughout the year from more than 85% below 2019 levels to 60% as the year ended.
**['Q1', '2021']:**
- In Q1 2021, February domestic traffic was 51% below 2019 levels and February traffic overall was still 89% below 2019. TSA throughput in April reached approximately 60% of 2019 levels, with daily averages around 1.4 million passengers.
**['Q2', '2021']:**
- May domestic traffic was 24% below 2019 levels compared to 50% the quarter before. TSA average daily throughput has already reached over 2 million passengers, around 80% of 2019 levels.
**['Q3', '2021']:**
- Data Not Available
- **Evaluation:**
**- Expectations Exceeded**: Domestic traffic recovery in the US and Brazil in Q4 2021 nearly reached pre-pandemic levels, surpassing management's cautious recovery expectations and their anticipation of a multi-year recovery trajectory.

**7. New aircraft models**
- **Narrative:** Management reaffirmed the timeline for the introduction of the new 777X aircraft model, emphasizing their commitment to maintaining the projected schedule despite industry challenges. This underlines Boeing's strategic focus on expanding its product offerings with advanced aircraft models to strengthen its competitive positioning in the aerospace market.
- **Management's Guidance:**
- Management reiterated their expectation that the first delivery of the 777X will occur in late 2023, highlighting confidence in their development and production processes to meet this target.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q2', '2021']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
**['Q1', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**8. Regulatory engagement strategies**
- **Narrative:** Management has been actively engaging with regulators to secure necessary approvals for their operations. A significant focus has been placed on obtaining remaining non-US regulatory approvals, which are critical for the company's strategic expansion and operational timelines.
- **Management's Guidance:**
- Management anticipates that the remaining non-US regulatory approvals will be secured within the year, with a particular emphasis on obtaining approval in China, which is expected to occur in the second half of the year.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q2', '2021']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
**['Q1', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**9. FAA collaboration**
- **Narrative:** Management highlighted ongoing collaboration with the FAA to ensure regulatory compliance and streamline processes associated with aircraft approvals. This collaboration aims to minimize delays and enhance the efficiency of operations.
- **Management's Guidance:**
- Upon approval by the FAA, we expect the work to take a few days per airplane.
- **Actual Results:**

**['Q2', '2021']:**
- David L. Calhoun [The FAA has granted us our authorities.]
**['Q4', '2021']:**
- Data Not Available
**['Q1', '2021']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
- **Evaluation:**
**- Expectations Met**: The FAA granted Boeing the necessary authorities as expected, indicating that the ongoing collaboration was successful in meeting management's guidance to streamline processes and minimize delays.

**10. Leadership transitions**
- **Narrative:** Management discussed the upcoming changes in leadership, emphasizing the importance of ensuring a seamless transition to maintain operational stability and continuity.
- **Management's Guidance:**
- Over the next few months, the focus will be on a smooth transition of responsibilities as the current leader prepares to move on to the next chapter in their career.
- **Actual Results:**
**['Q2', '2021']:**
- Data Not Available
**['Q4', '2021']:**
- To complete the task, please provide the actual results data in the specified format so that I can analyze and extract the required information.
**['Q1', '2021']:**
- To provide a comprehensive response, I need the actual results data input from you as specified in the task. Please provide the input data so I can proceed with the analysis.
**['Q3', '2021']:**
- Please provide the actual results data from the knowledge graph for analysis.
- **Evaluation:**
- Insufficient Info: Data not available.

**11. Emission reduction technologies**
- **Narrative:** Management has underscored its commitment to advancing emission reduction technologies by focusing on replacing older aircraft with new, more fuel-efficient models. This strategy aligns with the industry's broader sustainability objectives and positions the company to meet increasing regulatory pressures and customer demands for lower emissions.
- **Management's Guidance:**
- Management anticipates a continued trend towards retiring less efficient airplanes and replacing them with new models that are expected to achieve 25% to 40% improvements in fuel efficiency and corresponding emission reductions.
- **Actual Results:**
**['Q2', '2021']:**
- David L. Calhoun [The 767, when it moves into like a FedEx or a UPS opportunity, it displaces airplanes that are 40%-plus less efficient and most importantly 40% less environmentally friendly.]
**['Q4', '2021']:**
- Data Not Available
**['Q1', '2021']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**12. Sustainable aviation fuels commitment**
- **Narrative:** Management presented their commitment to sustainability by highlighting the upcoming release of the company's first integrated sustainability report, which underscores their ongoing efforts in equity, diversity, and inclusion. This initiative reflects on their broader strategic goals related to sustainable aviation fuels and their environmental responsibilities.
- **Management's Guidance:**
- Planning to release their first integrated sustainability report later this year, signaling a structured approach to sustainability initiatives and commitment to sustainable aviation practices.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q4', '2021']:**
- Data Not Available
**['Q1', '2021']:**
- Data Not Available
**['Q2', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

## Q4 2020

**1. Production rate stabilization**
- **Narrative:** Management is focused on stabilizing production rates across various aircraft programs to align with market demand and operational efficiency goals. The strategic approach includes transitioning production rates and consolidating assembly operations to streamline processes, thereby enhancing overall production efficiency.
- **Management's Guidance:**
- Management expects to transition to a production rate of five 787 aircraft per month by March, with final assembly consolidated to Boeing South Carolina. The production rate expectations for the combined 777/777X program remain at two per month in 2021, with a gradual increase to 31 per month expected in early 2022, aligned with market demand.
- **Actual Results:**
**['Q1', '2021']:**
- The 787 production rate was transitioned to 5 per month by the end of the first quarter, and the final assembly was consolidated to South Carolina.
**['Q3', '2021']:**
- We did not deliver any 787s in the third quarter. The combined production rate is two per month.
**['Q2', '2021']:**
- The 787 production rate is now lower than 5 per month. The combined 777/777X production rate is two per month.
**['Q4', '2020']:**
- Our production rate expectations for the combined 777/777X program remains at two per month in 2021.
- **Evaluation:**
**- Expectations Not Met: While the 787 production rate initially met the target of 5 per month by the end of Q1 2021, it subsequently fell below that rate in Q2, and no 787s were delivered in Q3. The 777/777X production rate remained at two per month, not increasing as expected, indicating that overall production stabilization goals were not achieved.**

**2. Supply chain management**
- **Narrative:** Management highlighted the resumption of 787 deliveries as a key strategy to improve inventory management and enhance operational efficiency. This initiative is expected to streamline supply chain processes and positively impact the company's performance in subsequent quarters.
- **Management's Guidance:**
- Management anticipates that the resumption of 787 deliveries will lead to a substantial reduction in inventory levels, with notable improvements expected in the second, third, and fourth quarters.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q1', '2021']:**
- Data Not Available
**['Q4', '2020']:**
- 489de3ea0bf1777bf3e3dd9c537f70de --> Seth M. Seifman[Greg, you mentioned about 80 aircraft in inventory.] bd6660c24d50d552f1a3318846df4e7d --> [Unnamed] all the deliveries we've had to date, the 40 aircraft, have all come out of inventory.
**['Q2', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**3. Workforce management**
- **Narrative:** Management has outlined a strategic plan to optimize workforce levels as part of their operational performance and efficiency improvement efforts. This includes a significant reduction in workforce numbers in the short term, aiming to align staffing levels with long-term operational goals.
- **Management's Guidance:**
- Management is planning to reduce the workforce by 10% over the next six months. They also aim to achieve an overall staffing level of approximately 130,000 by the end of 2021.
- **Actual Results:**
**['Q2', '2021']:**
- We now plan to keep our overall workforce size roughly consistent with where we are today at approximately 140,000.
**['Q1', '2021']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
**['Q4', '2020']:**
- Data Not Available
- **Evaluation:**
**- Expectations Not Met: Management planned to reduce the workforce to 130,000 by the end of 2021, but actual results indicate the workforce remained consistent at approximately 140,000, not achieving the targeted reduction.**

**4. Cash flow optimization**
- **Narrative:** Management has articulated a clear strategy focused on improving cash flow through several key initiatives. A significant focus is on achieving positive free cash flow by 2022, driven by improvements in operational efficiency and strategic program adjustments. The changes to the 777X program are a notable element, with an expectation of initial cash flow challenges followed by improvements as the program progresses towards entry into service and subsequent deliveries. Additionally, the company plans to leverage inventory burn-downs and increased efficiencies in the 737 and 787 programs to bolster cash flow, particularly emphasizing the reduction of customer considerations and the increase in delivery payments.
- **Management's Guidance:**

- The company aims to achieve positive free cash flow by 2022. Cash flow headwinds are anticipated for 2021 and 2022 due to the 777X program timeline adjustments, with improvements expected as the program approaches entry into service and begins deliveries in late 2023. The 777X program is expected to become cash flow positive approximately one to two years after starting initial deliveries. 2021 operating cash flow is projected to be significantly better than 2020, primarily due to inventory reductions associated with the 737 and 787 programs. The company expects to be cash flow positive in 2022, with improvements from 2021 driven by the 737 program's progress, reduced customer considerations, and higher delivery payments. The two primary drivers for achieving cash flow positivity in 2022 and beyond are improvements in the 737 program and commercial services.
- **Actual Results:**
**['Q3', '2021']:**
- Operating cash flow for the quarter was negative $0.3 billion. Operating cash flow was favorably impacted by a $1.3 billion income tax refund.
**['Q4', '2020']:**
- Operating cash flow for the quarter was negative $4 billion driven by lower commercial airplane delivery volume, advanced payment timing, and commercial service volume.
**['Q2', '2021']:**
- Operating cash flow for the quarter improved significantly to negative $0.5 billion. We ended the second quarter with strong liquidity, including $21.3 billion of cash and marketable securities on our balance sheet and access to $14.8 billion from our bank credit facilities.
**['Q1', '2021']:**
- Operating cash flow for the quarter improved to negative $3.4 billion.
- **Evaluation:**
**- Expectations Not Met: The management aimed for positive free cash flow by 2022, with improvements expected in 2021 from the 737 and 787 programs. However, actual results for 2021 showed consistently negative operating cash flow across all quarters, indicating that the expected cash flow improvements were not realized.**

**5. Revenue growth analysis**
- **Narrative:** Management highlighted a positive outlook for revenue growth in 2021, primarily driven by an increase in deliveries of the 737 and 787 aircraft models. This strategy is aimed at reducing inventory levels and enhancing production line efficiency. Additionally, the Boeing Defense, Space & Security (BDS) segment is expected to experience low to single-digit growth, while the Boeing Global Services (BGS) revenue is anticipated to remain stable compared to the previous year.
- **Management's Guidance:**
- Management expects 2021 revenue to improve from 2020 levels, driven by higher deliveries of 737 and 787 aircraft as they plan to unwind inventory and deliver from production lines. BDS is projected to generate low to single-digit growth in 2021 revenue compared to 2020. BGS revenue is expected to remain relatively stable in 2021 versus 2020.
- **Actual Results:**
**['Q3', '2021']:**
- Brian J. West reported that in Q3 2021, third-quarter revenue increased to $15.3 billion, primarily due to higher commercial deliveries and commercial services volume. Revenue from higher 737 deliveries was partially offset by lower 787 deliveries. Global Services revenue increased to $4.2 billion, and the operating margin grew to 15.3%.
**['Q4', '2020']:**
- Data Not Available
**['Q1', '2021']:**
- First quarter revenue decreased to $15.2 billion primarily due to lower 787 deliveries and commercial Services volume. Additionally, revenue was $4.3 billion driven by lower 787 deliveries, partially offset by higher 737 volume.
**['Q2', '2021']:**
- Data Not Available
- **Evaluation:**
**- Expectations Met**: The management's guidance for 2021 anticipated revenue growth driven by higher deliveries of 737 and 787 aircraft, with stable BGS revenue. Actual results showed increased Q3 2021 revenue due to higher commercial deliveries, aligning with management's expectations despite lower 787 deliveries.

**6. Cost management strategies**
- **Narrative:** During the Q4 2020 earnings call, management highlighted key cost management strategies to stabilize and improve financial performance. They emphasized the company's commitment to achieving cost efficiencies and recovery through strategic initiatives and specific measures aimed at long-term sustainability.
- **Management's Guidance:**
- Management indicated that they intend to achieve cost advantages in the range of $5 billion by 2023, focusing on accruing these benefits to their airplane programs. Additionally, there was a mention of a significant pre-tax charge of $6.5 billion in the quarter, with a portion of costs expected to be expensed largely in 2021, reflecting updated program assumptions and financial adjustments.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q4', '2020']:**
- As per the actual results for Q4 2020, Boeing recorded a $6.5 billion pre-tax charge in the quarter, which aligns with the management guidance provided. They also reported taking out over $1 billion of indirect spending by reducing expenditures in areas such as freight and logistics, purchased services, and others, and reduced R&D and CapEx by $1.3 billion in 2020 from the prior year, as part of cost management strategies.
**['Q2', '2021']:**
- Through our business transformation efforts over the past year, we've reduced billions of dollars of costs.
**['Q1', '2021']:**
- During the first quarter, Boeing expensed $568 million of abnormal production costs, which brought the cumulative abnormal cost expense to date to $3.1 billion.
- **Evaluation:**
**- Expectations Met**: Management's cost management strategies aligned with expectations as they achieved significant cost reductions, including a $6.5 billion

pre-tax charge and over $1 billion in indirect spending cuts, as part of their strategic initiatives.

**7. Commercial aircraft demand**
- **Narrative:** Management highlighted the challenges in the commercial aircraft sector, with a cautious outlook on the recovery timeline. The discussions centered on the prolonged impact of the pandemic on travel and the gradual return to pre-pandemic demand levels.
- **Management's Guidance:**
- Management expects it will take around three years for travel to return to the 2019 levels and anticipates it will take multiple years to reach the previous demand levels.
- **Actual Results:**
**['Q1', '2021']:**
- February domestic traffic was 51% below 2019 levels. More than one-third of the previously parked fleet is now flying revenue-generating flights. TSA throughput in April has been the highest we've seen since the onset of the pandemic with daily averages of approximately 1.4 million passengers, around 60% of 2019 levels.
**['Q2', '2021']:**
- May domestic traffic was 24% below 2019 levels compared to 50% the quarter before.
**['Q3', '2021']:**
- Data Not Available
**['Q4', '2020']:**
- Data Not Available
- **Evaluation:**
**- Expectations Met**: Management expected a three-year timeline to return to 2019 demand levels, and the gradual improvement in domestic traffic, with significant recovery by Q2 2021, aligns with the anticipated recovery trajectory.

**8. New aircraft models**
- **Narrative:** Management provided updates on the anticipated timeline for the 777X aircraft model, indicating a shift in the delivery schedule.
- **Management's Guidance:**
- Management expects the first delivery of the 777X to now occur in late 2023.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q4', '2020']:**
- Data Not Available
**['Q2', '2021']:**
- Data Not Available
**['Q1', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**9. Regulatory engagement strategies**
- **Narrative:** Management highlighted their ongoing efforts in engaging with regulatory bodies to facilitate timely approvals necessary for strategic initiatives. The focus has been on ensuring compliance while aiming to expedite processes that are crucial for meeting strategic objectives.
- **Management's Guidance:**
- Management anticipates receiving the remaining non-US regulatory approvals during the first half of 2021, which is expected to support their strategic goals.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q4', '2020']:**
- Data Not Available
**['Q2', '2021']:**
- Actual Results: Data Not Available
**['Q1', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**10. Digital transformation initiatives**
- **Narrative:** Management emphasized the importance of digital solutions and highlighted a significant agreement with Frontier Airlines, which reflects their commitment to enhancing digital capabilities and expanding their service offerings.
- **Management's Guidance:**
- Management indicated that their digital solutions are expected to provide crucial capabilities to their customers, as evidenced by a new 10-year digital services agreement with Frontier Airlines for their fleet.
- **Actual Results:**
**['Q1', '2021']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
**['Q4', '2020']:**
- Our digital solutions continue to provide important capabilities to our customers, as highlighted by Frontier Airlines recent decision to sign a 10-year digital services agreement with us for their fleet.

**['Q2', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.

**11. Defense sector contracts**
- **Narrative:** Management has set a strategic goal to significantly enhance revenue within the defense sector through targeted initiatives by 2023.
- **Management's Guidance:**
- Management is aiming for a 20% increase in defense sector revenue by 2023.
- **Actual Results:**
**['Q2', '2021']:**
- Award for 14 H-47 ER Chinook helicopters for the U.K. Royal Air Force; Germany agreement to purchase 5 P-8A Poseidon aircraft; US Air Force Approved the KC-46A tanker for joint Forces operational use of the center line hose and drogue refueling system earlier this month; We received $4 billion in orders during the quarter including an award for 14 Chinook helicopters for the UK Royal Air Force.
**['Q1', '2021']:**
- The strength of our defense portfolio was underscored by another strong quarter of BDS orders, totaling $7 billion. We received $7 billion in orders in the quarter, including contracts for 27 KC-46A tanker aircraft to the US Air Force, 11 P-8 Poseidon aircraft to the US Navy and Royal Australian Air Force, and 6 Bell Boeing V-22 Osprey rotorcraft to the US Navy and US Air Force, holding the backlog steady at $61 billion.
**['Q3', '2021']:**
- Awarded Performance Based Logistics contract for global C-17 fleet. Secured Chinook infra-red suppression systems modification award for U.K. Armed Forces. Award for 5 P-8A Poseidon aircraft for Germany. Award for 4 CH-47F Block II Chinook helicopters to the U.S. Army. BGS won key contracts worth approximately $4 billion.
**['Q4', '2020']:**
- Data Not Available
- **Evaluation:**
**- Expectations Met**: Management aimed for a 20% increase in defense sector revenue by 2023, and the substantial contracts secured throughout 2021, including orders totaling billions of dollars, indicate alignment with the revenue enhancement goal.

**12. Emission reduction technologies**
- **Narrative:** During the Q4 2020 earnings call, Boeing's management highlighted their commitment to sustainability and environmental improvements, specifically through the advancement of emission reduction technologies. The discussion emphasized the importance of retiring older, less efficient aircraft and replacing them with more fuel-efficient alternatives, underlining a key strategic priority for the company moving forward.
- **Management's Guidance:**
- Management anticipates that the trend of replacing older airplanes with newer models that offer 25% to 40% greater fuel efficiency will persist, driven by customer demand for more environmentally friendly options.
- **Actual Results:**
**['Q2', '2021']:**
- David L. Calhoun [The 767, when it moves into like a FedEx or a UPS opportunity, it displaces airplanes that are 40%-plus less efficient and most importantly 40% less environmentally friendly.]
**['Q1', '2021']:**
- Data Not Available
**['Q3', '2021']:**
- Data Not Available
**['Q4', '2020']:**
- Data Not Available
- **Evaluation:**
**- Expectations Met**: Management anticipated replacing older aircraft with newer models offering 25% to 40% greater fuel efficiency, which was confirmed by the Q2 2021 commentary indicating that the 767 replacements are achieving these efficiency improvements.

**13. Sustainable aviation fuels commitment**
- **Narrative:** Boeing's management emphasized their commitment to achieving sustainability goals by focusing on sustainable aviation fuels (SAF). They discussed their strategic vision to have their commercial airplanes fully capable and certified to operate on 100% sustainable aviation fuels by the year 2030. This initiative is part of their broader effort to meet environmental guidelines and reduce carbon emissions, contributing to long-term sustainability goals up to 2050.
- **Management's Guidance:**
- Management has set a forward-looking objective to ensure that their commercial aircraft fleet will be certified for 100% sustainable aviation fuel operations by 2030. They also highlighted the importance of developing a sustainable fuel supply chain as a critical component of meeting 2050 environmental guidelines.
- **Actual Results:**
**['Q3', '2021']:**
- Data Not Available
**['Q1', '2021']:**
- Data Not Available
**['Q4', '2020']:**
- Data Not Available
**['Q2', '2021']:**
- Data Not Available
- **Evaluation:**
- Insufficient Info: Data not available.