

## 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.