



# Fourth-Quarter 2020 **PERFORMANCE REVIEW**

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January 27, 2021

# 737 MAX UPDATE



## COMPREHENSIVE RETURN TO SERVICE EFFORT Through November 2020



**~400,000**  
Engineering Hours



**1,400+**  
Test and Check Flights



**3,000+**  
Flight Hours

### Regulatory Approvals to Return to Operations

- **Nov. 18:** FAA
- **Nov. 25:** ANAC
- **Jan. 20:** Transport Canada
- **Jan. 27:** EASA

## PROGRESS FOLLOWING RETURN TO SERVICE As of 1/25/21



**40+**  
Delivered Since Ungrounding



**5**  
Airlines Back in Service



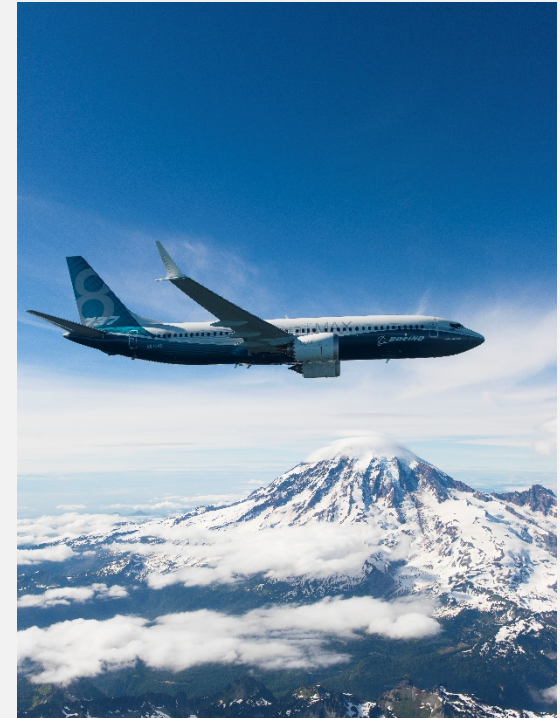
**2,700+**  
Revenue Flights



**~5,500**  
Flight Hours



Passenger load factors  
consistent with narrowbody  
fleet averages



*Focused on safety; rebuilding trust one airplane at a time*

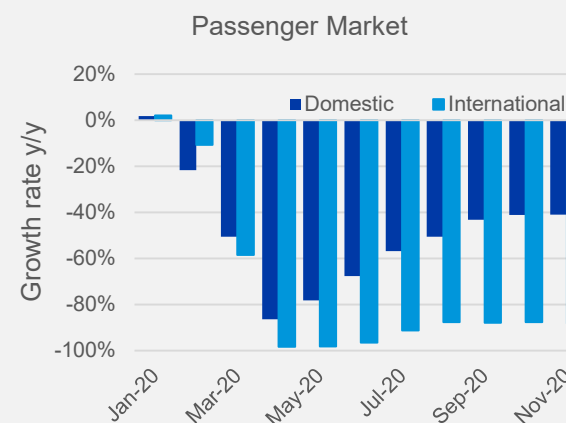
# BUSINESS ENVIRONMENT



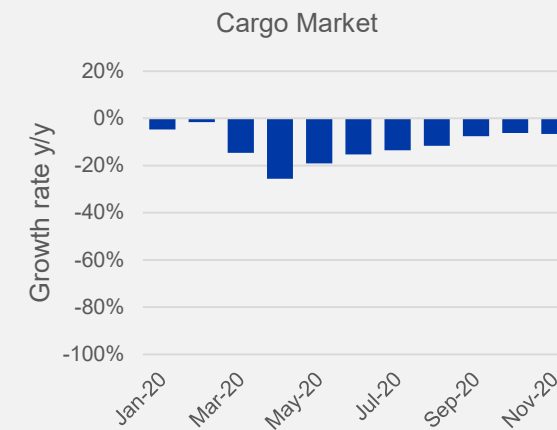
- **Stable global demand for our defense, space and government services**
- **COVID-19 significantly impacting demand for air travel**
- **Recovery continues, but remains slow and uneven**
- **Near-term remains challenged by case rates & travel restrictions; regional dynamics continue to evolve**
- **Vaccine progress supports medium-term outlook**
- **Expect passenger traffic to return to 2019 levels in ~3 years; return to long-term trend a few years thereafter**
  - Domestic traffic will lead recovery
  - Long-haul international traffic slowest to recover
- **Airlines continue to be under pressure and adjust operations & fleet planning; government support critical**
- **Liquidity continues to be important to bridge to recovery**

## Air traffic remains impacted by pandemic

International traffic disproportionately affected, cargo recovery advancing



Source: IATA



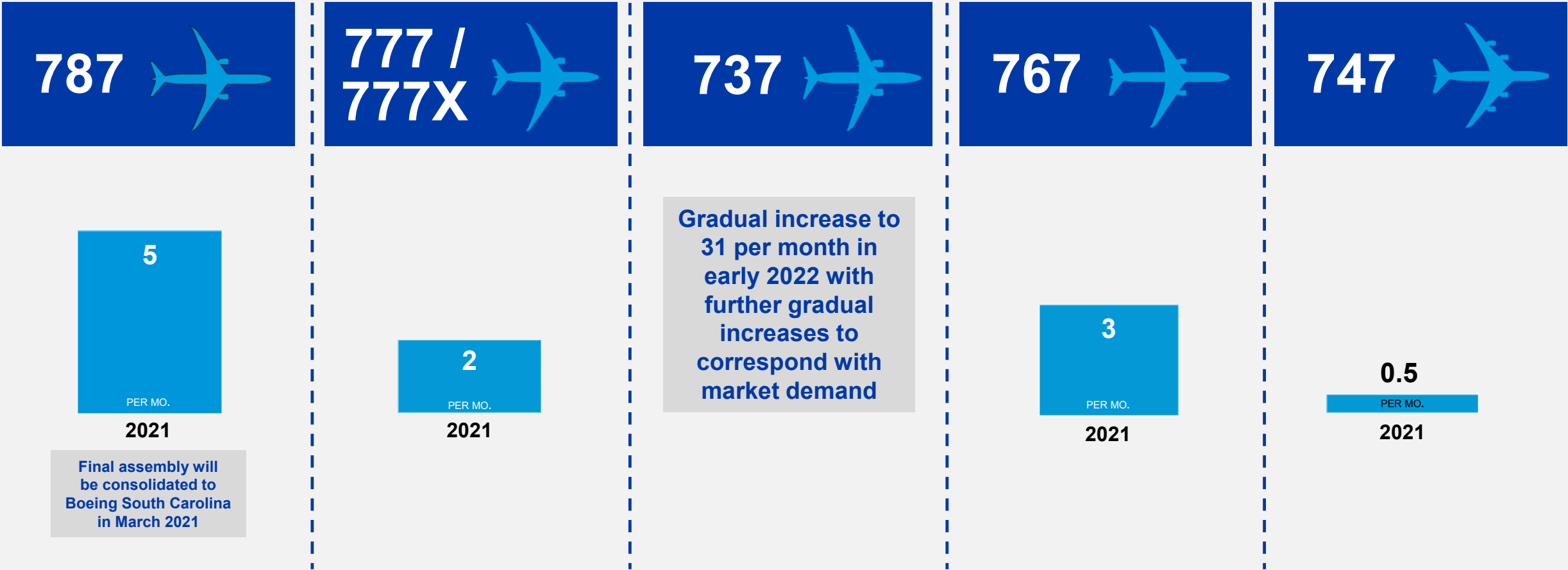
## Three-phase market recovery

Domestic recovery expected to lead international



**Defense and government services remain stable with challenging near-term commercial market**

# COMMERCIAL AIRPLANE PRODUCTION RATES



Total backlog of more than 4,000 Commercial Airplanes

*Production rates aligned to current market dynamics*

## OUR PRIORITIES

**Safely operate in COVID-19 global environment**

**Safely return the 737 to service globally**

**Rebuild trust**

**Focus on our values**

**Operate with excellence**

**Restore production health**

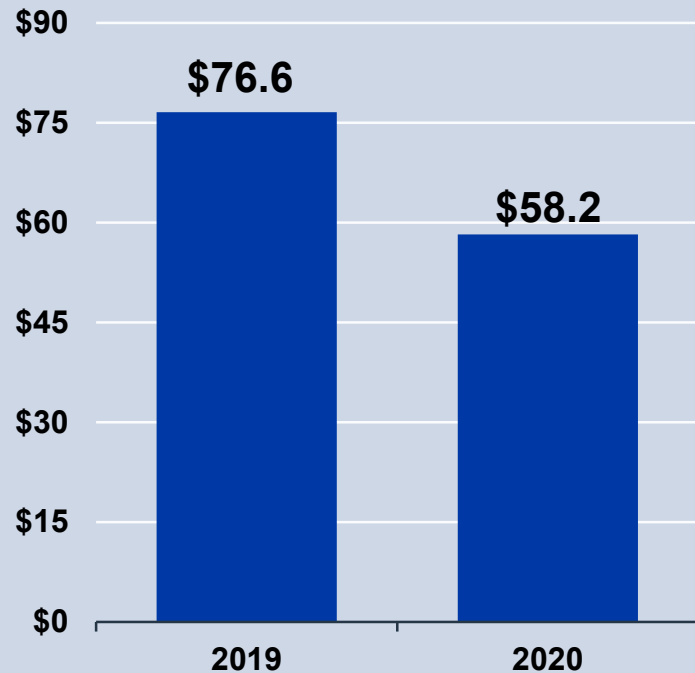
**Invest in our future**

*Focused on safety, quality and transparency as we rebuild trust and transform our business for the future*

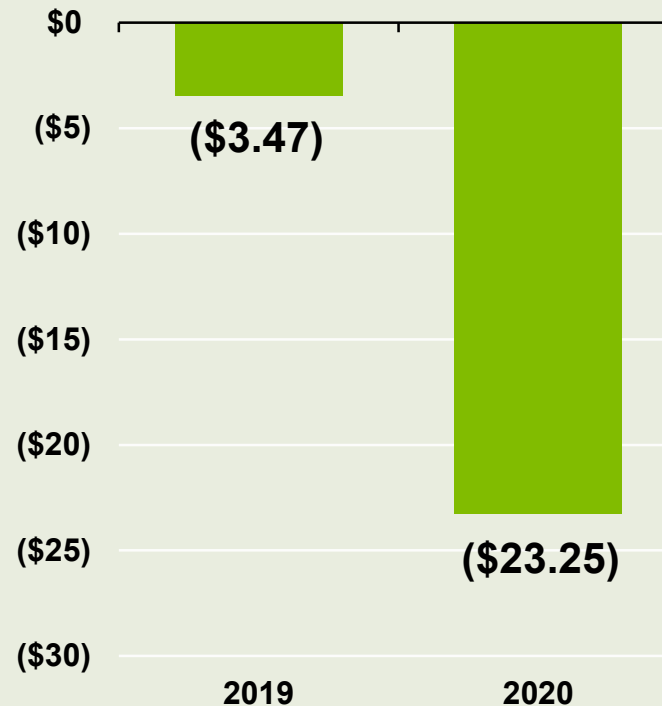
# FULL YEAR FINANCIAL RESULTS



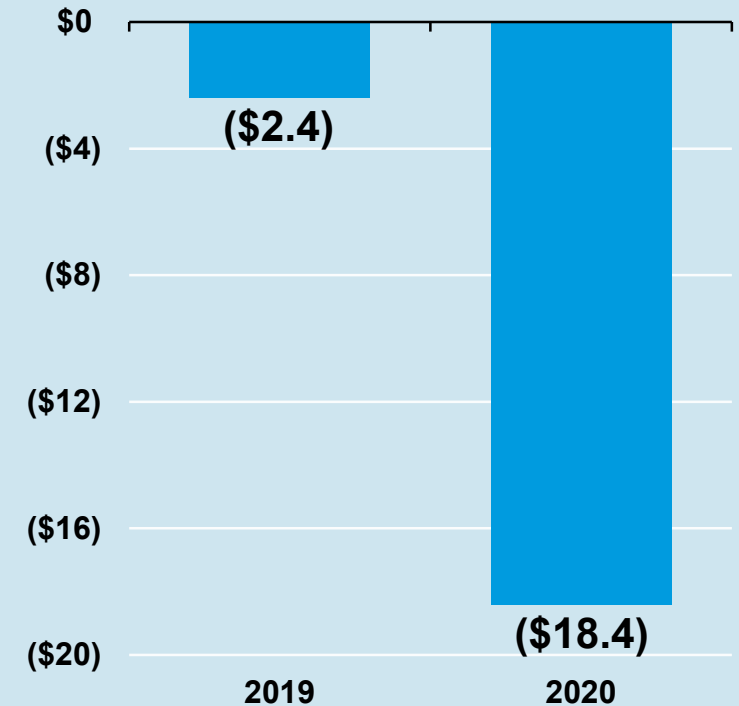
## Revenue (Billions)



## Core Loss per Share\*



## Operating Cash Flow (Billions)



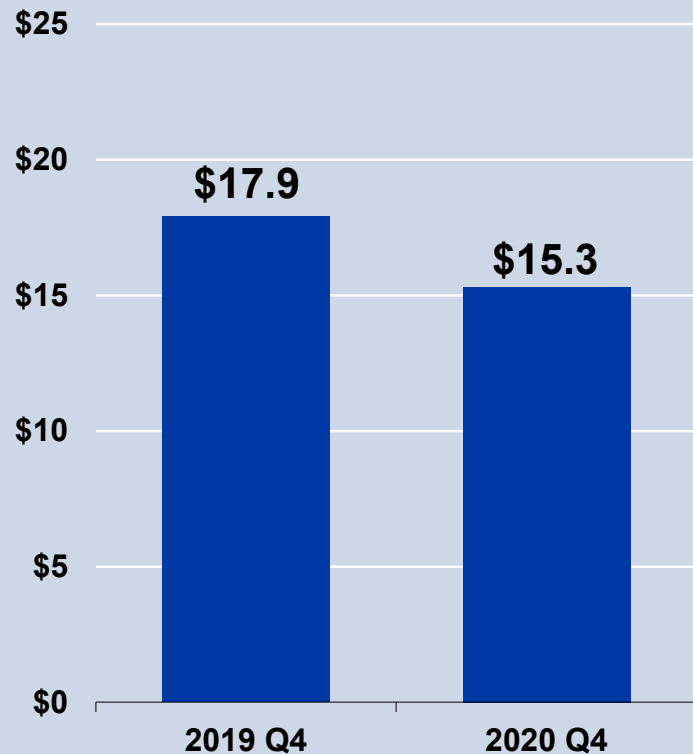
\* Non-GAAP measures. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are provided in the company's earnings press release dated January 27, 2021 and on slide 18 of this presentation.

***Results significantly impacted by COVID-19, 737 MAX grounding, 777X charge and lower 787 deliveries***

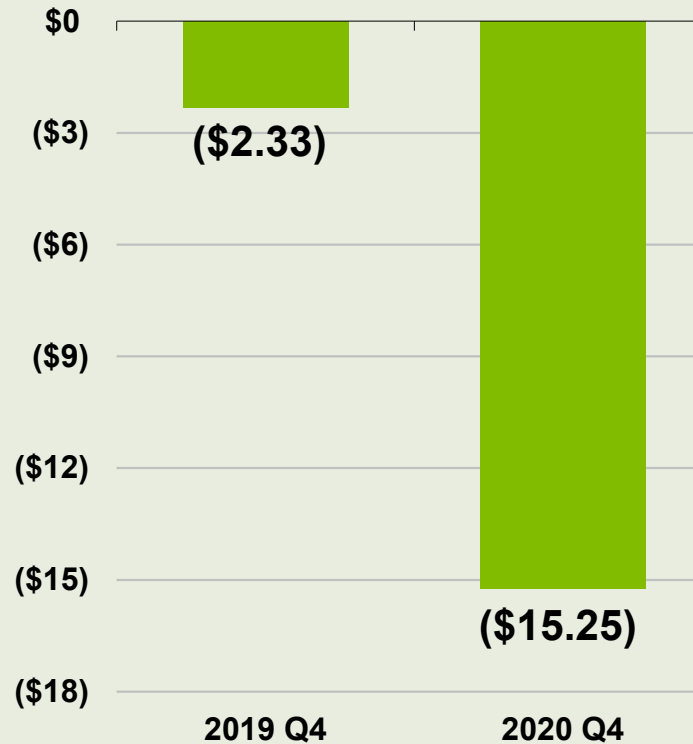
# FOURTH-QUARTER REVENUE AND EARNINGS



## Revenue (Billions)



## Core Loss per Share\*



## Revenue (4Q20 vs. 4Q19)

- Lower commercial deliveries
- Lower services volume
- + Lower 737 MAX customer consideration charge

## Core Loss per Share\* (4Q20 vs. 4Q19)

- Lower commercial deliveries and services volume
- 777X charge
- U.S. Department of Justice agreement
- 737 MAX abnormal production costs
- Tax valuation allowance
- + Lower 737 MAX customer consideration charge

\* Non-GAAP measure. Additional information is provided in the company's earnings press release dated January 27, 2021 and on slide 17 of this presentation.

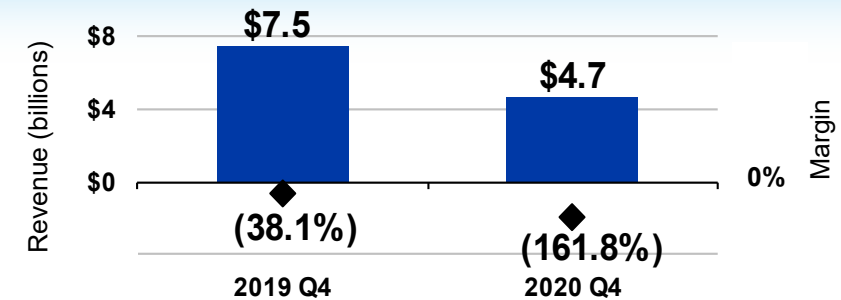
**Results significantly impacted by COVID-19, 737 MAX grounding, 777X charge and lower 787 deliveries**

# COMMERCIAL AIRPLANES



- Financial results significantly impacted by COVID-19, 737 MAX grounding, 777X charge and lower 787 deliveries
- Began receiving regulatory approval for 737 MAX to resume operations; restarted deliveries in December
- 777X program booked pre-tax charge of \$6.5B; first delivery now targeted for late 2023
- Adjusting 787 production rate to 5/mo in March 2021; continuing inspections
- Captured Ryanair order for 75 737 aircraft and DHL order for 8 777 freighters; secured Alaska Airlines commitment for 23 737 aircraft
- Delivered 59 airplanes; Backlog of \$282B

## Revenues & Operating Margins



Resumption of 737 MAX operations

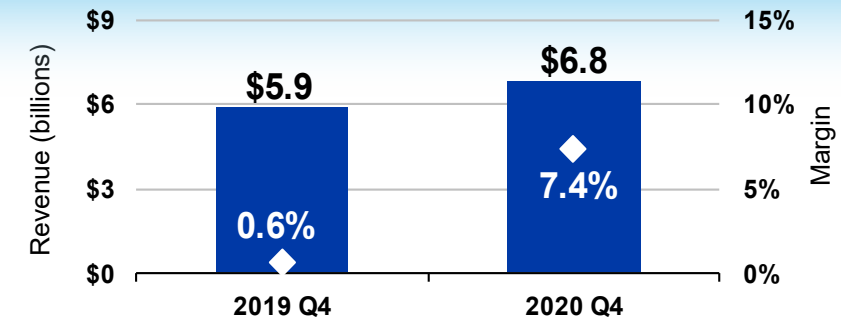
*Continued focus on safely returning the 737 MAX to service and navigating widebody environment*

# DEFENSE, SPACE & SECURITY



- **Captured new and follow-on business**
  - Contract for 2 KC-46 aircraft to Japan
  - Award for AEW&C upgrades for the Republic of Korea Air Force
  - Contracts for proprietary space programs
- **Executed balanced portfolio**
  - Achieved MQ-25 unmanned aircraft 1<sup>st</sup> flight with aerial refueling store
  - Completed engineering design review for Wideband Global SATCOM-11+ communications satellite
  - Demonstrated ski-jump launch capability of F/A-18 Super Hornet for Indian Navy
  - Completed critical design review of Space Launch System Exploration Upper Stage for NASA
- **Orders valued at \$5B in 4Q20 and \$23B in 2020; Backlog of \$61B**

## Revenues & Operating Margins



MQ-25 1<sup>st</sup> Flight with Aerial Refueling Store

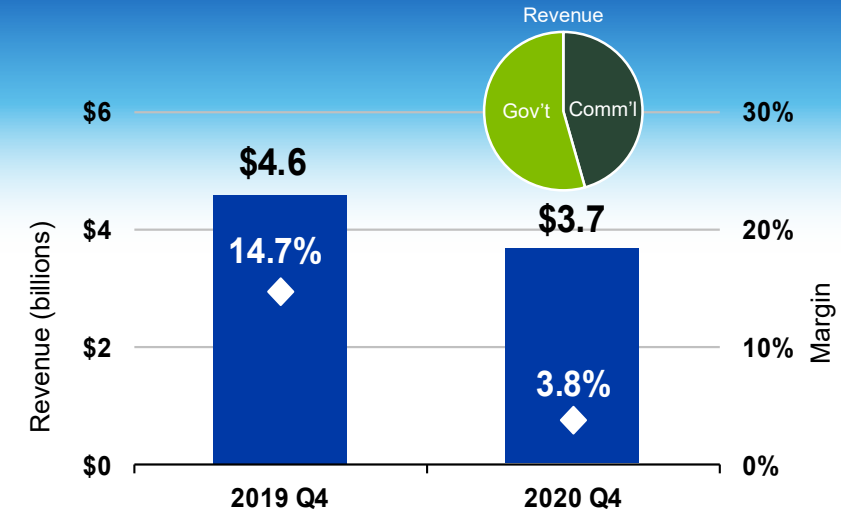
*Healthy demand; focused on execution, productivity and competitiveness*

# GLOBAL SERVICES



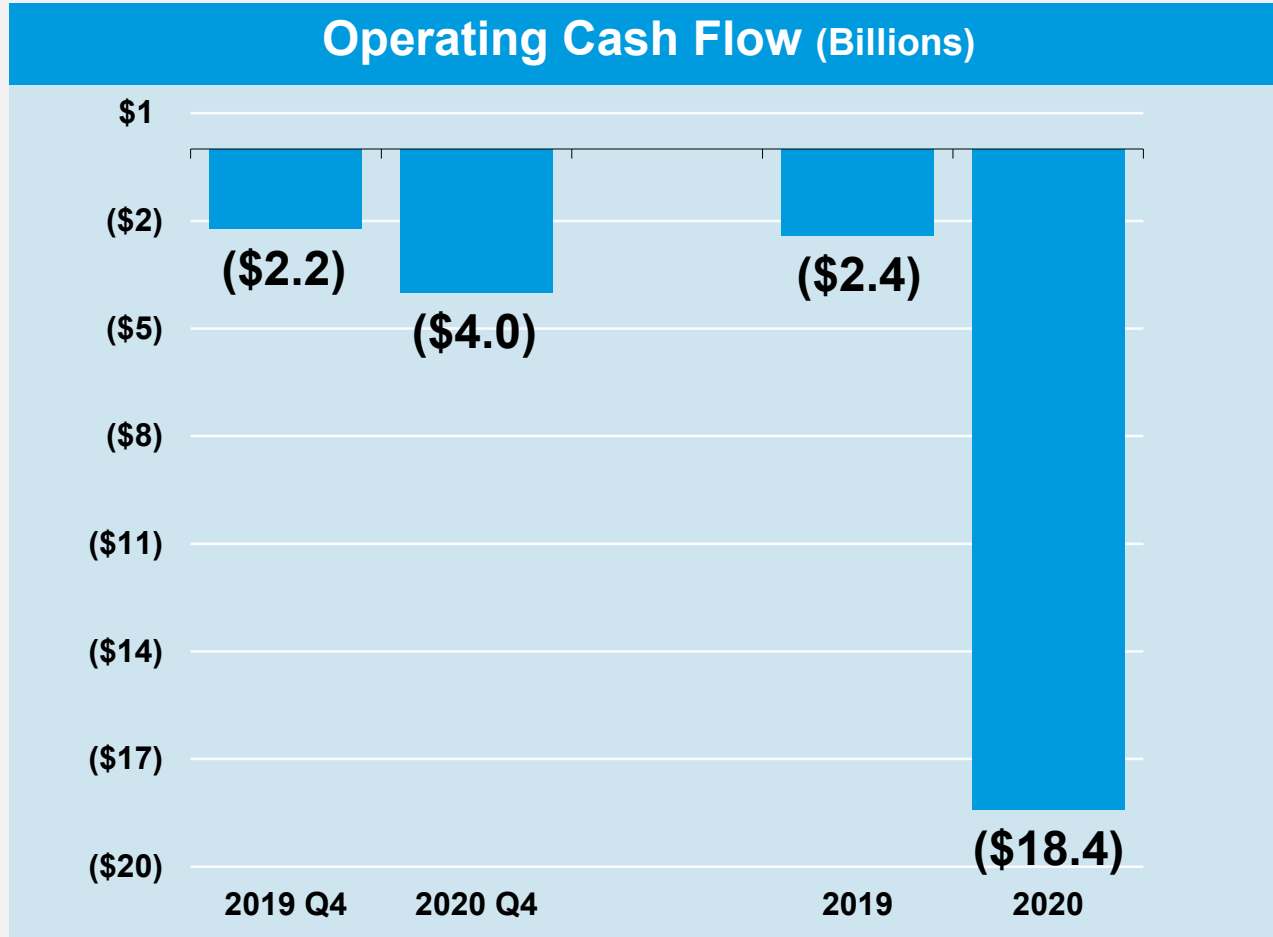
- Commercial services significantly impacted by COVID-19 including asset impairments (~\$0.3B)
- Outlook for government services remains stable
- Captured new and follow-on business
  - Awarded Performance Based Logistics contract for Singapore F-15SG fleet
  - Secured F-15 spares and logistics support contract for Qatar Emiri Air Force
  - Announced 10-year digital services agreement with Frontier Airlines
  - Selected to provide P-8A training for Royal New Zealand Air Force
  - Captured order for 6 737-800 Boeing Converted Freighters for BBAM
- Orders valued at \$7B in 4Q20 and \$12B in 2020; Backlog of \$21B

## Revenues & Operating Margins



Secured 10-year F-15SG support contract

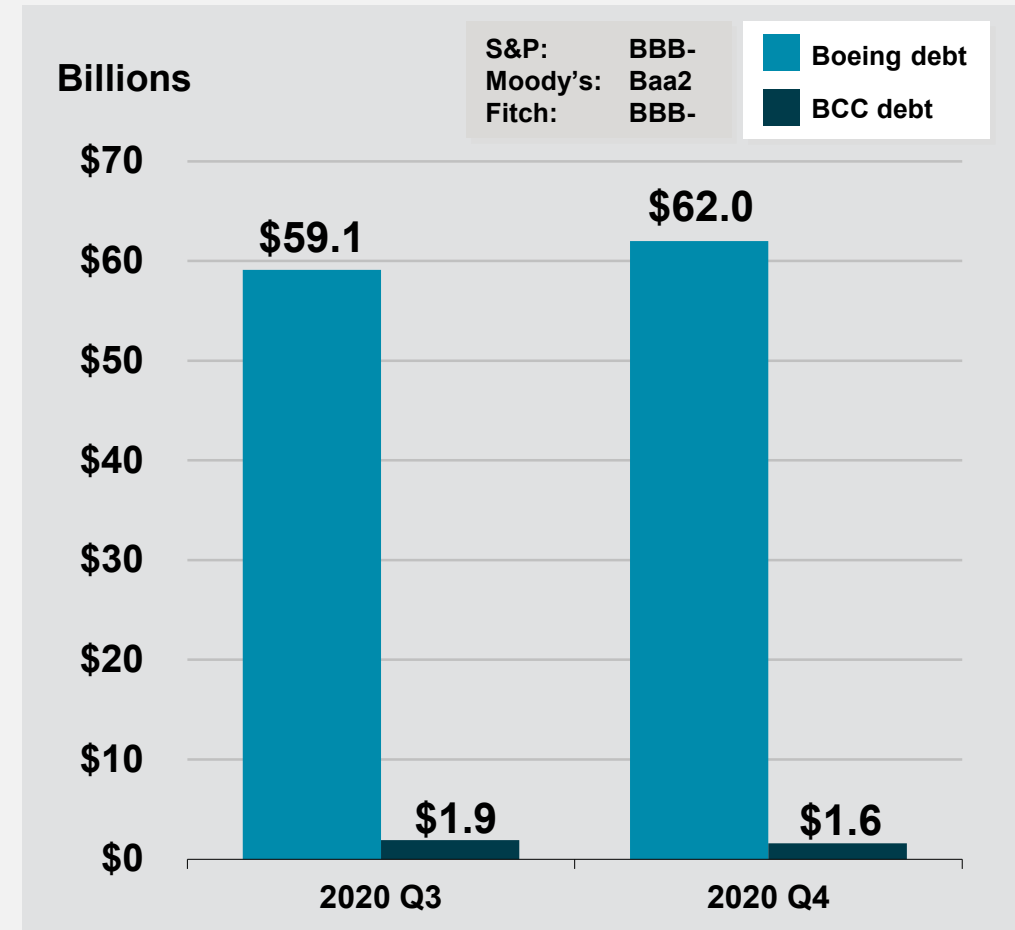
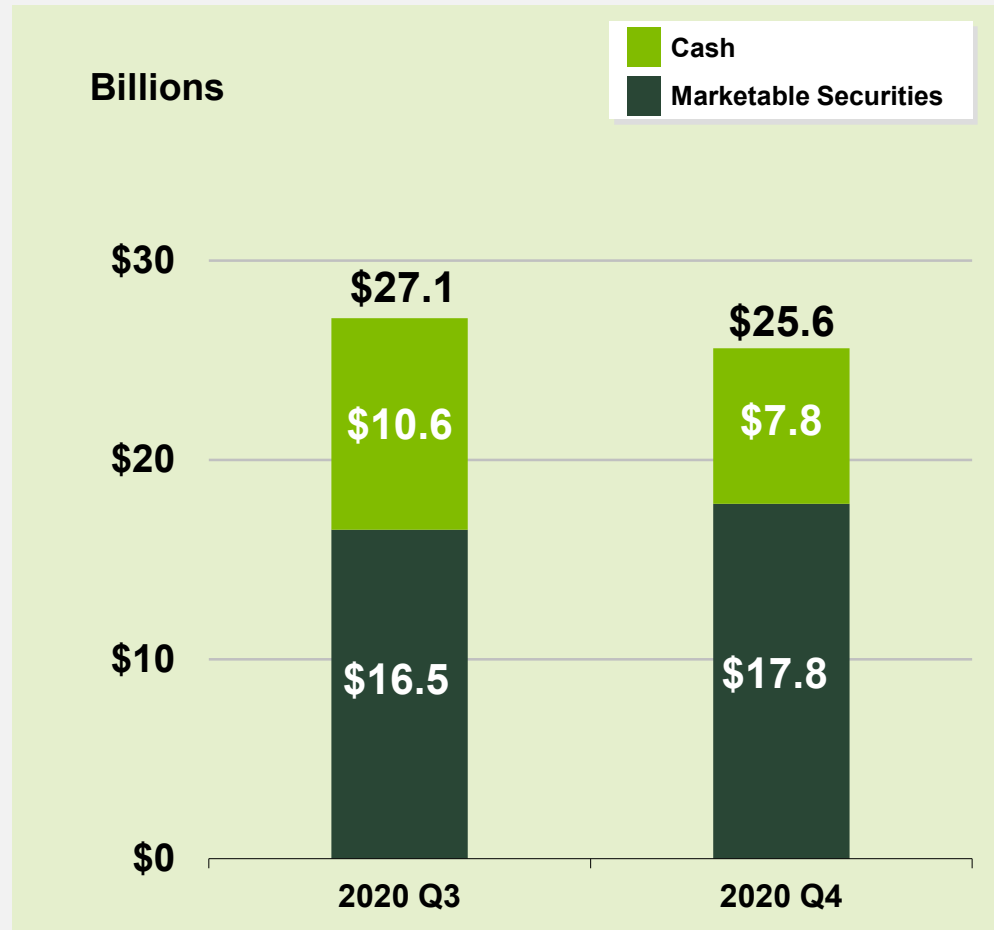
*Supporting steady government business; taking action to position commercial business for the future*



- **COVID-19 business disruption**
- **Lower commercial airplane deliveries, advance payments and commercial services**
- **Timing of receipts and expenditures**
- **Disciplined liquidity management**

*Cash generation impacted by COVID-19 and lower commercial volume*

# CASH AND DEBT BALANCES



*Focused on proactively managing liquidity to navigate COVID-19*

# 2021 KEY DRIVERS



- Informed by current commercial market recovery expectations and customer discussions to date
- Government services, defense and space expected to remain relatively stable
- Environment continues to be dynamic; monitoring risks and opportunities
- Focused on proactively managing liquidity and balance sheet health

## Revenue

Expected to improve vs. 2020

### BCA



+ Higher 787 deliveries

+ Higher 737 deliveries

### BDS



+ Modest growth

### BGS



~ Stable

## Earnings / (Loss)

Expected to improve vs. 2020

+ Commercial deliveries

+ Absence of 2020 charges, improved performance

+ Continued business transformation actions

- Higher interest expense

*Note: BCA will continue to recognize 737 abnormal production costs in 2021*

## Operating Cash Flow

Expected to improve vs. 2020

+ Commercial deliveries

+ Continued business transformation actions

- Advance payment timing and burn-down

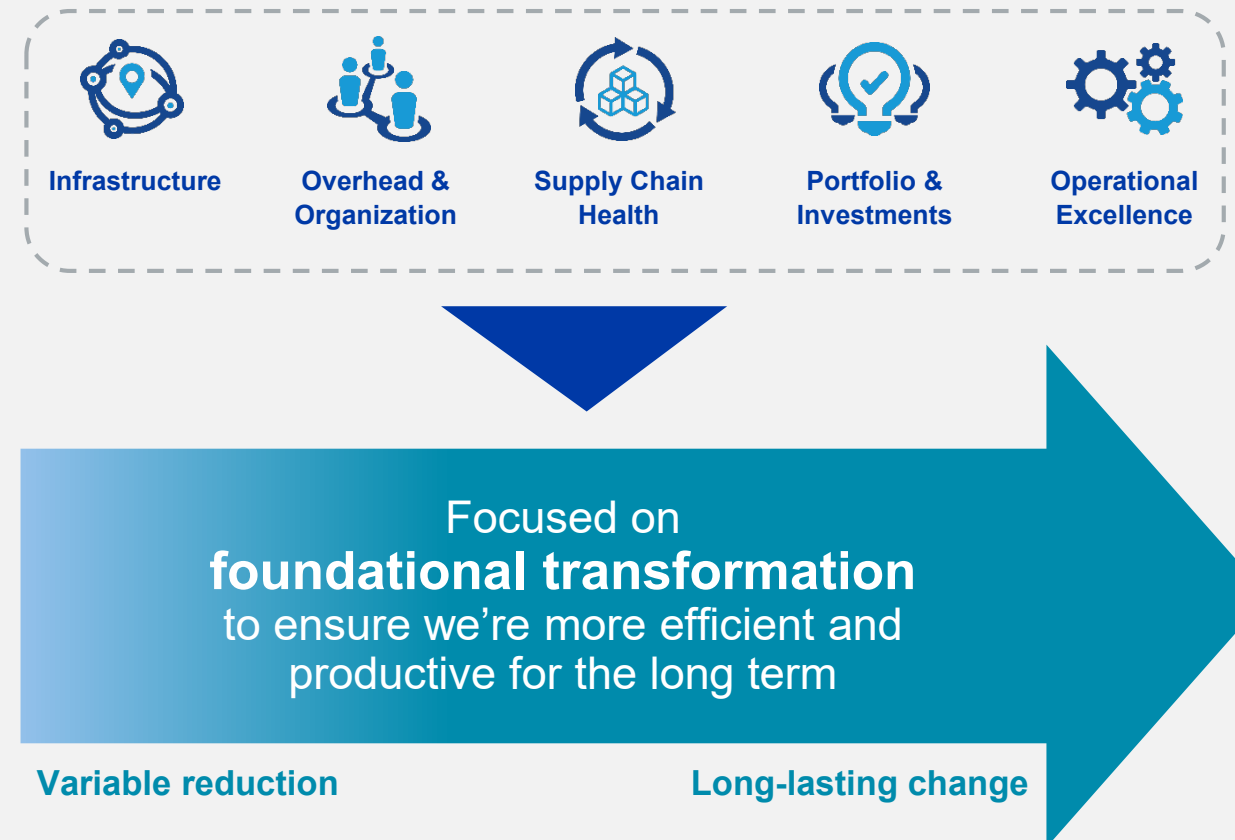
- 737 MAX customer considerations

- Higher interest payments

**2021 hinges on commercial market recovery... expect higher revenue, lower use of cash**

# SUMMARY

- **Continuing to take action to:**
  - Preserve liquidity
  - Prepare for market recovery
  - Improve performance
  - Sustain key investments
  - Position to be more productive and competitive
- **Numerous business transformation projects underway across every business unit and function**
- **All efforts support Boeing values and drive safety, quality and operational excellence across the enterprise**



*Taking action to transform our business to emerge stronger and more resilient*



# CAUTION CONCERNING FORWARD-LOOKING STATEMENTS



This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “may,” “should,” “expects,” “intends,” “projects,” “plans,” “believes,” “estimates,” “targets,” “anticipates,” and similar expressions generally identify these forward-looking statements. Examples of forward-looking statements include statements relating to our future financial condition and operating results, as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on expectations and assumptions that we believe to be reasonable when made, but that may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially and adversely from these forward-looking statements. Among these factors are risks related to: (1) the COVID-19 pandemic and related government actions, including with respect to our operations, our liquidity, the health of our customers and suppliers, and future demand for our products and services; (2) the 737 MAX, including the timing and conditions of 737 MAX regulatory approvals, lower than planned production rates and/or delivery rates, and increased considerations to customers and suppliers; (3) general conditions in the economy and our industry, including those due to regulatory changes; (4) our reliance on our commercial airline customers; (5) the overall health of our aircraft production system, planned commercial aircraft production rate changes, our commercial development and derivative aircraft programs, and our aircraft being subject to stringent performance and reliability standards; (6) changing budget and appropriation levels and acquisition priorities of the U.S. government; (7) our dependence on U.S. government contracts; (8) our reliance on fixed-price contracts; (9) our reliance on cost-type contracts; (10) uncertainties concerning contracts that include in-orbit incentive payments; (11) our dependence on our subcontractors and suppliers, as well as the availability of raw materials; (12) changes in accounting estimates; (13) changes in the competitive landscape in our markets; (14) our non-U.S. operations, including sales to non-U.S. customers; (15) threats to the security of our or our customers’ information; (16) potential adverse developments in new or pending litigation and/or government investigations; (17) customer and aircraft concentration in our customer financing portfolio; (18) changes in our ability to obtain debt financing on commercially reasonable terms and at competitive rates; (19) realizing the anticipated benefits of mergers, acquisitions, joint ventures/strategic alliances or divestitures; (20) the adequacy of our insurance coverage to cover significant risk exposures; (21) potential business disruptions, including those related to physical security threats, information technology or cyber-attacks, epidemics, sanctions or natural disasters; (22) work stoppages or other labor disruptions; (23) substantial pension and other postretirement benefit obligations; and (24) potential environmental liabilities.

Additional information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made, and we assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

# NON-GAAP MEASURE DISCLOSURE



## The Boeing Company and Subsidiaries Reconciliation of Non-GAAP Measures (Unaudited)

The table provided below reconciles the non-GAAP financial measure core loss per share with the most directly comparable GAAP financial measure diluted loss per share. See page 6 of the company's press release dated January 27, 2021 for additional information on the use of core loss per share as a non-GAAP financial measure.

| <i>(Dollars in millions, except per share data)</i>             | Fourth Quarter 2020 |                  | Fourth Quarter 2019 |                 |
|---|---------------------|------------------|---------------------|-----------------|
|   | \$ millions         | Per Share        | \$ millions         | Per Share       |
| <b>Diluted loss per share (GAAP)</b>                            |                     | <b>(\$14.65)</b> |                     | <b>(\$1.79)</b> |
| Pension FAS/CAS service cost adjustment                         | (\$251)             | (0.44)           | (\$248)             | (0.44)          |
| Postretirement FAS/CAS service cost adjustment                  | (77)                | (0.13)           | (74)                | (0.13)          |
| Non-operating pension expense                                   | (85)                | (0.15)           | (94)                | (0.17)          |
| Non-operating postretirement expense                            | (21)                | (0.04)           | 27                  | 0.05            |
| Provision for deferred income taxes on adjustments <sup>1</sup> | 91                  | 0.16             | 82                  | 0.15            |
| <b>Subtotal of adjustments</b>                                  | <b>(\$343)</b>      | <b>(\$0.60)</b>  | <b>(\$307)</b>      | <b>(\$0.54)</b> |
| <b>Core loss per share (non-GAAP)</b>                           |                     | <b>(\$15.25)</b> |                     | <b>(\$2.33)</b> |
| <b>Weighted average diluted shares (in millions)</b>            |                     | <b>575.4</b>     |                     | <b>565.4</b>    |

<sup>1</sup> The income tax impact is calculated using the U.S. corporate statutory tax rate.

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| <i>(Dollars in millions, except per share data)</i>             | Full Year 2020   |                  | Full Year 2019   |                 |
|---|------------------|------------------|------------------|-----------------|
|   | \$ millions      | Per Share        | \$ millions      | Per Share       |
| <b>Diluted loss per share (GAAP)</b>                            |                  | <b>(\$20.88)</b> |                  | <b>(\$1.12)</b> |
| Pension FAS/CAS service cost adjustment                         | (\$1,024)        | (1.80)           | (\$1,071)        | (1.89)          |
| Postretirement FAS/CAS service cost adjustment                  | (359)            | (0.63)           | (344)            | (0.61)          |
| Non-operating pension expense                                   | (340)            | (0.60)           | (374)            | (0.66)          |
| Non-operating postretirement expense                            | 16               | 0.03             | 107              | 0.19            |
| Provision for deferred income taxes on adjustments <sup>1</sup> | 358              | 0.63             | 353              | 0.62            |
| <b>Subtotal of adjustments</b>                                  | <b>(\$1,349)</b> | <b>(\$2.37)</b>  | <b>(\$1,329)</b> | <b>(\$2.35)</b> |
| <b>Core loss per share (non-GAAP)</b>                           |                  | <b>(\$23.25)</b> |                  | <b>(\$3.47)</b> |
| <b>Weighted average diluted shares (in millions)</b>            |                  | <b>569.0</b>     |                  | <b>566.0</b>    |

<sup>1</sup> The income tax impact is calculated using the U.S. corporate statutory tax rate.

# 737 MAX - ADDITIONAL DETAIL



- As Commercial Airplanes continues to produce at abnormally low production rates in 2020 and 2021, it expects to incur approximately \$5 billion of abnormal production costs that are being expensed as incurred
- Commercial Airplanes expensed \$2,567 million of abnormal production costs during the year ended December 31, 2020
- The following table summarizes changes in the 737 MAX customer concessions and other considerations liability during 2020:

| <i>(Dollars in millions)</i>                                | <b>2020</b>    |
|---|----------------|
| Beginning balance – January 1                               | <b>\$7,389</b> |
| Reductions for payments made                                | <b>(2,188)</b> |
| Reductions for concessions and other in-kind considerations | <b>(162)</b>   |
| Changes in estimates  | <b>498</b>     |
| Ending balance – December 31                                | <b>\$5,537</b> |