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The Boeing Co. (BA)

Cowen Aerospace/Defense & Industrials Conference

CORPORATE PARTICIPANTS

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Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

OTHER PARTICIPANTS

Cai von Rumohr

Analyst, Cowen Inc

MANAGEMENT DISCUSSION SECTION

[Abrupt Start]

Cai von Rumohr

Analyst, Cowen Inc

...delighted next to have Boeing Company. And from Boeing, the CFO, Brian West. Brian is going to make a couple of comments and then we'll go into a fireside chat. Brian?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

It's great to be here and congratulations on your 44th, Cai, in a new location. It's great to be here and I think we have a forward-looking Safe Harbor statement we're just going to flash there... Okay.

Cai von Rumohr

Analyst, Cowen Inc

Do you want to make any initial comments?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Fire away.

QUESTION AND ANSWER SECTION

Cai von Rumohr

Analyst, Cowen Inc

Q

Oh, okay, sounds good. So last year was important for Boeing. You generated first positive cash flow for the first time since 2018. Maybe tell us where do you think you are in the recovery?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Yeah. Last year, it was important and that was important milestone to generate that free cash flow. Particularly, the fourth quarter was when we had the right amount of momentum and that felt good along with getting the Dash-7 / Dash-10, allowing that work to continue with the FAA. But in terms of the momentum, we still feel that coming into this calendar year and we have confidence in the cash flow guidance we have out there between \$3 billion and \$5 billion.

In terms of the recovery and where we're at, the good news is we know where we're headed, right? We know where we're headed. And it's underwritten by our financial expression of \$10 billion of free cash flow by the 2025-2026 timeframe. But from here to there, a couple of really big things have to happen that we're working hard on.

On the commercial business, we have two really important things. We have essentially inventory on the 787 to the 737 that has to unwind and liquidate. It's going to take us a couple years to do that. And the important part of that is delivering those airplanes to customers, but also relieving ourselves of essentially two dual production systems that are in there doing all that rework. So that's important to get that behind us. Similarly, in the commercial side, we're looking to take our rate up, particularly on the 737 from today, which is 31 to 50, and on the 87 from which it's low today to 10. So all of that ramp will happen over the course of the next two years.

So, getting rid of the liquid in the inventory and being able to, confidently in a disciplined fashion, ramp the rate, that is what is right center of attention over the next couple years. And that's important. On the BDS side, similarly, we've got to get our margins which are today too low to where they are much more normal, call it, in the high single-digit margin rate, as well as take advantage of the market opportunities that exist around the world.

And then on the services side, cannot forget services. Just run the stable play, run a stable, profitable, capitally efficient, light, play with services and let that franchise extend. So those are the big things in front of us over the next couple of years. It's going to get bumpy, but once we get all that behind us, have confidence that we're going to be able to have a company that has recovered and looks a lot more normal to what investors are expecting.

Cai von Rumohr

Analyst, Cowen Inc

Q

Right. So MAX obviously is key. And you had a strong 54 deliveries in December. January looks pretty good at 35. Normally the first month of our quarter is the weakest. How is production doing? And will deliveries at out of inventory, can they still hold the 9 or 10 per month?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

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Yeah. So, on the 737, first of all, we still see 400 to 450 deliveries in this calendar year. That is unchanged. In terms of – and that'll come from the factory as well as the inventory liquidation. I think your number out of inventory is probably a little, touch high. We did 20 in the fourth quarter, so call it 7-ish a month, not quite as high as you're thinking in terms of penciling it in. But that work continues to be very steady and predictable as that work scope is very manageable.

In terms of starting off the year, usually the first month of the quarter is the lowest except for the first quarter. And last year in the first quarter, we had 29-ish and then it dipped to 20. Maybe that's a February phenomenon, but we will have a lower February in this quarter. It'll be low 20s. But we're going to be on track with what we expect for the first quarter. And then those deliveries will continue to accelerate over the course of the year to end up in that 400 to 450 range. So we like the January, it'll dip in February, on track overall.

Cai von Rumohr

Analyst, Cowen Inc

Terrific. So your plan is to go from 31 to 38 later this year. Is there an interim step? Because that's a pretty big step-up percentage-wise. Usually, I think before you've been going up in increments of something like 5.

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

So that 38 is not new news. So that number has been out there for quite a while, the better part of the year, at least as terms of the master schedule being out there with our supply chain partners. So – and there's been folks studying it, planning for it. So, confidence that that's the right break. And when we did the MAX return, we went from 19 to 26...

Cai von Rumohr

Analyst, Cowen Inc

Right.

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

In a break. So it's not unprecedented. I acknowledge that the increase is sporty, but we've been looking at this and there's a lot of confidence that that's the right number.

What's important is that on that 38 for us, the factory space is there, the tooling is there and the labor is there, right? So we wanted to make sure we were ready and ahead and we are. And the question is going to be in terms of being able to get to that number, will be a function of the broader supply chain and essentially the skilled labor that it takes to be able to fulfill all the components to make all that come together.

Cai von Rumohr

Analyst, Cowen Inc

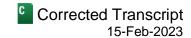
So some suppliers suggest they may be at 42 by year end. It kind of – that sounds higher than where they were talking. Has there been any acceleration in the ramp for the suppliers or for you in terms of the rate you're moving up?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

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Nothing's changed. Nothing changed from when we talked in November to the investment community on our expectations for this calendar year and that was consistent with January. So there's been no change. What I will tell you more broadly speaking is that the supply chain continues to have its moments of disruption. There are still part shortages. We're still working our way through it and it still is not stable and predictable. Not there yet. We didn't expect to be there in the first quarter of the year either. But it's getting better. And what's getting better is that the alignment around the demand, across the supply chain better. Hiring, better. The visibility of the constraints into Tier 2 and Tier 3 suppliers is better. And the operating rhythms and the cadences for the Tier 1s is much better and that is top to top and down and in.

So everyone is seeing the same things and the coordination, the communication is better. And we have resources that we're deploying into our suppliers just to help them. So it's not over. We're not stable yet, but there is a fairly good alignment and we'll get better and more predictable and more stable as we go through the course of the year. And the production question about when that rate break can happen, it will be when we can across the board have everyone, one, stable; and two, line of sight that everyone can move to that level. We're just not there yet.

Cai von Rumohr

Analyst, Cowen Inc

All right. So Dave sounded a little more upbeat about China recently. Have you seen any positive indicators from your customers as to when they might take some planes? And how does that impact your decision to remarket some of those 140 inventory MAXes for Chinese customers?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

So passenger traffic numbers look pretty good as we start the year. And our job one right now is helping our airlines in China return airplanes to service. There's two airlines that have moved out. There's several that are in the air, generating revenue, but there's about 90 that still have to return to service and we stand ready to help our customers in that market just as soon as they're ready and we will follow their cue.

In terms of the next series of activities will be around return to delivery and that will be in conjunction with the CAAC and the NDRC in order to make sure that they've fulfilled all their requirements, protocols to get to that moment. And they're not there yet, and I can't predict when they will, but we stand ready.

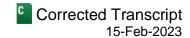
And in terms of the remarketing question, we knew we were going to have to remarket some. But the intention and continues to be our intention is to support our critical customers in China and objective would be get them to go back mostly to where they originally were supposed to go. It's not going to happen 100% that way. But we do want to make sure that we are very prudent as we make those decisions and very, very close to our important – clients in that very important market.

Cai von Rumohr

Analyst, Cowen Inc

Got it. So you mentioned passenger traffic getting better, so international traffic looks like it's really recovering quite nicely. So update us on your overall order prospects for the 737, 787, 777X. What regions are doing better, what models are really hot and are we seeing another step-up? I mean, we saw this gargantuan order out of the Tatas with the...

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Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Yeah. We're very proud of that partnership with Tata and Air India for sure. I would start with the 737 is sold firm through 2026 and the 787 is sold firm through 2025. And the demand is, as we have been describing, has been solid and it's strong. Last year, we had 800 orders net and we talked a lot about the narrowbody. I would say in answer to your international point, as international traffic continues to recover, we are seeing a pickup in the conversations with clients on the widebodies. And in fact, last year, we had 200 widebody orders, which I believe that's the most since 2018. So that definitely feels like it's got a little bit of opportunity in there and some interest.

And then more broadly, you look at traffic largely trans-Atlantic is back to pre-COVID levels. That's pretty hot. And in terms of the next thing to likely move will be Asia. And as those restrictions ease, you can expect Trans-Pacific and then Euro-Asia routes all to create some more momentum as we head into this year. And I think that will bode well for our product lineup for sure. And then if I think more broadly, we're at – we start the year at 75% of pre-2019 levels and GDP is 10% better. So, those are just two really big important data points that show that we've got room to go. And I think that gives our customers confidence and they're acting on that confidence. Ultimately, I think that'll be good for the flying public. It'll be good for the airlines, it'll be good for Boeing. So overall, market still feels pretty good.

Cai von Rumohr

Analyst, Cowen Inc

Got it. So if I think about the cadence of orders, usually in the first quarter, not so much, but in a Paris Air Show year, I can't remember a year when everyone didn't pull all this stuff out of their back pockets. As we think about the cadence of orders this year, could that be a year like that where Paris is really like lots of orders and we see some stuff before, but not quite like Paris.

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Well, we really enjoyed yesterday. That was a big one. In terms of what's to come, stay tuned. We'll see.

Cai von Rumohr

Analyst, Cowen Inc

Okay. Okay.

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

I don't want to guess.

Cai von Rumohr

Analyst, Cowen Inc

No problem. No problem. So you just announced a plan to add a fourth 737 line in Everett in mid-2024, so what's that for? To get to 50 a month or surge capacity to go higher?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

So, we're very fortunate to have Everett as an option. It's got the space and it's got a very scalable workforce. So that makes all the sense in the world that we can confidently move to that line in that spot. I would say I won't

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guess in terms of beyond 50. We're at 30 now; we're on our way to 50. And as we think about opening up that fourth line, it'll start with handling the more complicated configuration airplanes, so that Renton can be very predictable and very reliable. And then it's going to create that opportunity over time to fulfill the demand of the skyline. I mean, there's 3,600 737s that are in the order book. It's a lot of airplanes that we're going to work hard at to deliver. And having a fourth line is going to give us the option to do that in a very disciplined, very predictable, in a very stable manner. So we think it bodes well for both the near term as well as for the long term as we fulfill that big order book.

Cai von Rumohr

Analyst, Cowen Inc

Got it. So what kind of rate do you think you might be able to support on a sustainable basis if China comes back and the MAX 7 and MAX 10 are both certified?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Yeah. Like I said, I'm really looking at the 50 and how we get to the 50. I don't want to guess beyond that, other than reminding everyone that there's a lot of airplanes that we have to deliver. And we have a market that continues to be robust for growth. So won't guess, but let us just be really focused on trying to get from where we're at to what we project is 50 and then in the – at the right time, we'll talk about beyond that. But I think all of the indicators bode well for long-term demand feels good. It's all about our requirement to execute and with a supply chain that over time, we expect to stabilize. Not there yet, but in all likelihood, it will. And then I think that that's going to benefit the industry.

Cai von Rumohr

Analyst, Cowen Inc

So profitability on the 737, one of the things that really impressed me about your Investor Day was, A, I think you talked about you have enough people onboard today to do 38 per month. It's just that you got to train them because they're less experienced. And then we walk through this automated wing fab line and it looks like there are no people. It's all machines doing it. And then you're talking about, it takes as many hours to take a plane out of the inventory and get it ready to deliver, as it does in terms of final assembly. And I put all of that together and I think, wow, there's got to be enormous fixed cost and upside cash and leverage. So, talk a little bit about the 737 cash margin trajectory that you think you might achieve.

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

So in the near term, they'll be pressured because we're working through the rework and all the things that we need to do to liquidate around 250 airplanes. And we also have some customer mix that will work against us. But over time, as we begin to move through this recovery period to where we get to this steady state, we expect those 737 cash margins to look a lot like they did in 2018 and they'll be underwritten by being able to do it in a very productive fashion and getting a lot of these things that I mentioned early on behind us. So it's very clear we have to go during the next couple of years. And we do think that those margins will get better and we expect them to look more normal.

Cai von Rumohr

Analyst, Cowen Inc

Got it. I mean, as you look at it, does it look like it's kind of a straight linear line of improvement? Or I mean, it's not absolutely linear.

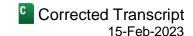
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Brian J. West Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.	A
Yeah.	
Cai von Rumohr Analyst, Cowen Inc	Q
But can you see any point at which while we're going be struggling until point X look?	and then it should take off or is it
Brian J. West Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.	A
My expectation is that year-over-year, it'll be better. There will always be lumpir quarters, for sure. But overall, the trajectory will be momentum, right, because j inventory liquidation is going to start to subside. It's going to – we're going to ge to be able to ramp the rates. So I think all that is going to happen over a period lumpy, but over time should be a pretty good progression with momentum getting	ust by sheer nature of the et it behind us and then we're going of time where, well, within a year
Cai von Rumohr Analyst, Cowen Inc	Q
So one of the things that's kind of getting the 250 planes in inventory out the about being at seven a month in terms of dealing with those and you get that going to take a long time	-
Brian J. West Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.	A
Yeah. So we can. Part of that, remember, 138 are airplanes that have been des	signated
Cai von Rumohr Analyst, Cowen Inc Right.	Q
Brian J. West Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.	A
for China and then there's around 30 that are Dash-7, Dash-10.	
Cai von Rumohr Analyst, Cowen Inc	Q
Right.	
Brian J. West Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.	A

And those are ones that just it's a function of the certification. So there are some unique components in there that don't allow you just to do a monthly click. But we do things that we know, the two big things being China and the Dash-7, Dash-10 that as soon as we get more clarity, we understand where they're going to go and how we can

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then move. And the good news is that we have a labor force and a production system that's gotten much more steady and stable at doing this. I mean, they could do 11 / 12.

Cai von Rumohr

Analyst, Cowen Inc

Oh, okay.

Brian J. West
Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

They could do. It's just that when you look at the opportunity set in front of us, you just – you're starting to run out of airplanes to work on because you haven't yet gotten to Dash-7, Dash-10 and you haven't necessarily gotten 100% clarity on the ones in China. So those are the two things that create a little bit of lumpiness. But they've been showing they can – they've gotten much better with it in the last year and they can do them once they get the signal.

Cai von Rumohr

Analyst, Cowen Inc

Got it. So turning to the 787, you've guided 70 to 80 this year, second half-weighted, what does that assume about the 100 in the inventory? How many of those can you move out?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Yes. So the 100 will go – virtually, all of it will go between this year and next year. We'll liquidate those airplanes and again, that statement of work is very clear and the teams are structured around making that very predictable. And I think that that will sort itself out between now and next year. Can't wait for it to get behind us.

Cai von Rumohr

Analyst, Cowen Inc

Got it. And so the move – how is the move to Charleston going and where are you as supply chain has been a – I think a bigger problem on the 787, how are you doing on those two issues?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

So the move to Charleston has gone extremely well. There's a very strong team and a very resilient workforce. You just imagine what they've gone through with the 787 over the last 18 to 24 months, very, very capable, very proud of that team. In terms of where they're at at the moment, we had been operating in around three per month. And then as – and the supply chain has been firing at three per month. As it pertain to final assembly, we've had to take a little bit of a pause in that area in the near term to make an adjustment so that we can get the Spirit fuselage in the spot where it's more predictable and the teams are working hard at that. The collaboration is very strong.

And our expectation is that they will get back to that three per month and then as we move through the course of this year, be exiting the year more closer to five per month. And then of course, the next step will be getting to that 10 per month by the 2025-2026 timeframe. None of that's changed. We're very transparent with our supply chain partners. And while there has been this near-term adjustment, confident that we're going to work our way through it.

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Cai von Rumohr

Analyst, Cowen Inc

So is the adjustment because of a quality issue? Do you need a quality spec or just basically getting the work done?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Getting the work done. As you think about all of the requirements that we have in the airplane, post the reentry and the scope of work that has to happen, it's intense and we're helping them. We've got engineers and Lean support in their factory to help assist. It's just getting the work done.

Cai von Rumohr

Analyst, Cowen Inc

Got it. And so, you've talked of 787 cash margins reaching new highs, as the delivery mix shifts to the Dash-10, overhead improves as you consolidate in China – in Charleston, excuse me. What's the likely cadence of that ramp?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Similarly to the 737 question, it will get better over time with some lumpiness as we move from where we're at to where we want to get to. But there is – those cash margins will be better than the 2018 timeframe, mostly for the two things that – there was one thing you mentioned that – an additional thing is the Dash-10 is going to be...

Cai von Rumohr

Analyst, Cowen Inc

Right.

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

...very helpful to the margin profile, as well as this benefit of consolidating in Charleston. So, all that's very real. We still have very good line of sight to that happening. And right now, it's just getting from – through the 2023 and 2024 timeframe. Again liquidating inventory, ramping those production rates in close partnership with our supply chain, Tier 1 through Tier 2 and Tier 3 in order to make that happen, still feel like it's ours to execute.

Cai von Rumohr

Analyst, Cowen Inc

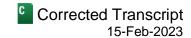
And so – and I guess what you talked about, if you get rid of 100 in inventory by year end 2024, so we're talking about four to five a month or is that going to be accelerating as we go?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

No. That – I think that's probably – what'll happen is between the first half and the second half of this year, you'll probably see more out of inventory and production as we get more confident. And getting back to five is likely the way that's going to work. And then it will be also a function of our customer fleet planning. So it's in the ballpark. Still feel confident that, one, it will get inventory, liquidated largely over the next two years and then you feather in

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a production rate ramp to get to 10. So nothing's changed and a lot of teams working very hard to make all that happen.

Cai von Rumohr

Analyst, Cowen Inc

And I assume from the way you're talking about it, we should assume that deliveries accelerate – well, increase as we go over – as we go through the year. I know normally the third quarter is a little bit lighter than the second and then the fourth would be the strongest.

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Yeah. That's probably going to be the way it's going to work.

Cai von Rumohr

Analyst, Cowen Inc

Got it. So where are we – we talked about certification – we haven't talked about certification. So where are you with the certification of the 737-7 and 737-10 and where are we with the 777X?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

So 737-7s, working very hard with the FAA and our teams can't and won't predict the timeline of a date certain, but lot of activity and a lot of confidence that will get done this year. As opposed to the 737-10, it will be after the 737-7. Again, there's another level of intensity with that in terms of all the requirements to get that across the finish line. We know what needs to happen. We got resources on it as well as our FAA partners. Again, they're going to dictate the timeline. And on the 777X, similarly, we've got lot of teams marching down the priority so that we could get that entered into service in the 2025 timeframe.

I think our lesson learned is that the requirement and the intensity around getting the certification with our regulators, it's different and we acknowledge it and we are resourcing for it and we're being very patient, as we should be with their ultimate decision to certify because that's their job and we're going to do everything we can to support and help them. But I can't control it. We are putting every resource you could possibly think of and there's been real no change in terms of our expectations as we talked about as recently as last month. So I think we're still staying the course.

Cai von Rumohr

Analyst, Cowen Inc

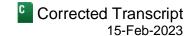
Got it. Okay. So what are the key drivers? We look at BCA margins as they go to 2025, 2026. What should we think about all in what the key drivers are to get us there?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

So we said low double-digits-ish was we kind of talked about. And how we get from here to there, it's really going to be about the rate ramp in terms of going from 31 to 50, it's going to be a big component on it. Eliminating these dual factories, dual production systems, rather, around the 737 and the 787 so they can kind of retire and those are the two big things for BCA. Again, things that we control, things that we know we need to execute on and there's not real things that we don't have line of sight to. So we have good confidence as we start to march

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forward. So – and again, that's getting back to what they used to look like. So it's a familiar territory. We just have to go run the play.

Cai von Rumohr

Analyst, Cowen Inc.

Got it. So turning to BDS. T-7, MQ-25, presidential aircraft, they're still going to be in flight test or LRIP into 2025. They're all fixed priced. So like how worried should we be that these guys are going to bite us a couple more times?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

As you know, last year, we made a pretty big step to derisk those, plus a couple others that you didn't mention of these fixed price development programs and while you could never eliminate risk, we did our very best on the very big assumptions to retire as much risk as we could. And we feel very good about where we are in terms of those products. And we can't wait to deliver them to the customer. Perfect products. You never can say never. But we did thoughtfully and deliberately retire some pretty big risks.

Cai von Rumohr

Analyst, Cowen Inc

Got it. So as we look at its potential, I mean, what's the international sales potential there? And secondly, what about new programs? I mean, there are a couple NGAD, there are other things. Are there any major opportunities that kind of could give you a big new driver program?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

So in terms of the overall environment, we're working very closely with our allies and NATO partners around the world as they start to prioritize security. It's a good signal for all of us. How that manifests itself in terms of appropriations and actual spending approvals, waiting to be seen. Feel really good about Germany the Chinook order and Poland the Apache order, but largely speaking in the environment we find ourselves in, I think our portfolio lines up pretty well. On the surveillance front, you got the P-8. On the fighter side, you got the F-15EX, vertical lifts, you know I mentioned a couple there. Missiles and weapons is another area that our product set lines up for what [indiscernible] (00:30:12) that customers around the world will need.

Now, we're patient in terms of how quickly that comes, but we do have a sales force all around the world very close to our customers to make sure we're getting involved with every opportunity that we should be. So overall, I think that feels pretty good, but we're still talking about an expectation that's going to be a slow growth business, right? And I think right now, I don't – I want to make sure we don't get too far in front of ourselves.

In terms of other programs, you mentioned a really important one and that's all we can talk about, as you know. And those kind of proprietary opportunities are there. We've got great capabilities in-house and we'll be competitive is my guess. But other than that, there's not another breakout that I can think of. I think we've just got to run our play for the portfolio that we have in place, get through our fixed price development programs and

deliver those to the customer and then, of course, the other proprietary stuff will sort itself out.

Cai von Rumohr

Analyst, Cowen Inc

Brian J. West

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Right. So one of the surprises last year was your German Chinook win. I mean, basically – the competition basically have been the incumbent. They have with the CH-53K, they have a new product. It seems like a shooin and then you guys come out of left field. Are there any other kind of area – big buys out there where you guys could be a surprise when or where we would kind of have written you off?

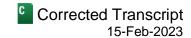
Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.	\vdash	
I don't think so. I got to be a little careful. You win some, you lose some, of course. But overall, I think that where we line up around the world, we feel really good about our portfolio and we want to go win it and win it in a way that's good for our customers, good for the warfighter and good for our investors too. So, that's important component and we'll get better and better at that. But I can't think of any one particular campaign that would be big enough to draw the attention of a take.		
Cai von Rumohr Analyst, Cowen Inc	Q	
Got it. So, one point, your predecessors talked about going – BGS going to \$50 billion. Is that still anything that's around or how do – how should we think about that business?	hat still a reason – is	
Brian J. West Chief Financial Officer & Executive Vice President-Finance, The Boeing Co. No.	A	
Cai von Rumohr Analyst, Cowen Inc	Q	
Okay.		
Brian J. West Chief Financial Officer & Executive Vice President-Finance, The Boeing Co. No. That's not in the playbook.	A	
Cai von Rumohr Analyst, Cowen Inc	Q	
Okay.		
Brian J. West Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.	A	
What I will tell you though, and I got experience of this in a prior life in the aviation world. T incredibly powerful and incredibly important, and we want to grow it. We've got a great lead long as we can grow and we want to make sure we resource for growth, but the growth has profit and it's got to be relatively capital-light. And having been in the world before, you can really regret you did, and it wouldn't be good for any of us as investors. So I don't want to go don't want to set unrealistic goals. Just keep on growing. But if they grow mid-single digits a	dership team. And as so got to be accretive to a chase revenue and constrain them, but also	

mid-teen margins and a very high free cash flow conversion, that's a very good business and we like it.

Cai von Rumohr

Analyst, Cowen Inc

Cowen Aerospace/Defense & Industrials Conference



Why shouldn't they grow near term better than mid-single-digit margins? Air traffic is coming back. Prices are going up.

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Well, it did last year, right? It did – it grew real fast last year. And I'm just postured to make sure that you've got to be careful that commercial recovery we did see the benefit from and it's not going to be quite as frothy as we saw it last year. But, yeah, sure. Look, that team obviously is going to go for numbers that are faster growth. But in terms of planning the business and what to expect from it and the associated cash flows, we think we've got it lined up perfectly.

And then if they can go resource to go do better or do an adjacency and grow another part of that franchise, we'll support them. We'll support them. They will not be constrained. But the idea has got to be ones that fit with an economic answer that's accretive and capital-light.

Cai von Rumohr

Analyst, Cowen Inc

C

Got it. So talk to us about cash flow and the cadence of a \$3 billion to \$5 billion I assume.

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.



So first quarter will be a usage based on the timing of the year. But seasonality, mostly tied to deliveries. And then second quarter will be better and then the second half will be powerfully better in terms of generating free cash flow to get to that \$3 billion to \$5 billion range. So very similar profile to what it looked like in 2022 and we still feel pretty good with the line of sight to that.

Cai von Rumohr



Analyst, Cowen Inc

Got it. So, you've got a lot of cash sitting around. How should I think about your kind of debt refi, debt retirement plans?

Brian J. West

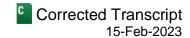


Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

So, we ended the year with \$17 billion. And in the first half, we have \$5 billion in maturities and we have high degree of confidence and comfort that we'll be able to satisfy those maturities as we get through May. And then as the business model starts to perform and we get through that period of getting to our full-year expectations, that will open up opportunities for us. But I just want to get through the first half. I feel better and better about it. I feel more and more confident. And then, of course, satisfying those maturities, that investment-grade rating, and then the ability to get even better over time is something that we're very focused on, because this is – and I'll be repetitive a bit, this is about generating cash flow and paying down debt.

And it gets, it's – couldn't be more straightforward. And every month that goes by, we get more and more confident about that. And I think the fact that we have the level of cash we do on hand, just gives us that firepower and confidence that that all will shape out as we get into – shake out as we get into the course of this year and into the next year. So, I like where we're at.

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Cai von Rumohr

Analyst, Cowen Inc

Got it. And so your goal of \$10 billion by 2025, 2026, what are the key moving pieces we should think about that gets us to the bridge to \$10 billion?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Sure. First, BCA. BCA will have meaningful improvement from where they're at to where they're going to get to and it will be driven by the production ramp that we've described. And it will be – also this retirement of the inventory production systems, very meaningful productivity that will occur over that period of time that will generate that additional cash flow. BDS, similarly, the expectation will be the timing of some of the charges that we're taking will be behind us, the associated cash flow. And they'll start to accrete towards higher – high single-digit margins. And the cash flows benefit that will come with that will be – is contemplated in getting that to 10. And again, that is what it's always looked like and we expect it to look like that as we get out of that planning period.

So, again, execution in getting those margins for that 85% of the portfolio that's legacy that should and could and will perform better. They, of course, have their own supply chain constraints that they've been dealing with. So they just have to work their way through it, but a path. And then, of course, the services business will get marginally better and then offset by that BDS and BCA productivity and production rent benefit, we are going to have the 777X drag. We are going to have a cash tax profile that will begin to look more normal, that'll go against it and we'll invest in R&D as we go to that period of time.

So the good news is that as we think about going from here to there, we have line of sight and we just have to go execute. We just have to go execute. There's no what-ifs in there.

Cai von Rumohr

Analyst, Cowen Inc

It looks like everything kind of improves. So, sequentially, as we move forward, 777X, I mean, if you deliver in 2025, do we get a nice swing in 2025 if that starts to become an incremental plus?

Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

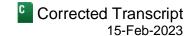
I would put it probably just beyond that, right? I think it's mostly because you've got all that initial early production, financial impact you've got to put behind you. But look, I've got a ton of confidence in the 777 family. We have confidence in the 777X. And as we begin to work our way through from a development program to production profile, yeah, the cash flows are going to get better over time for sure. It's just that we understand that there is going to be this moment in the early part of the program as it just gets started that we've contemplated as going to be a usage in that \$10 billion and it's contemplated. I think that's the most important point. And then as we get outside of that, of course, those cash flows will get better and those benefits will accrue to all of us.

Cai von Rumohr

Analyst, Cowen Inc

Terrific. Hey, this has been fabulous. Thank you so much. Really appreciate it.

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Brian J. West

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Thank you.

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