22-Mar-2023

The Boeing Co. (BA)

Bank of America Global Industrials Conference

CORPORATE PARTICIPANTS

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

OTHER PARTICIPANTS

Ronald J. Epstein
Analyst, BofA Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Brian, thank you for coming. Yeah, you're Executive Vice President of Finance, CFO of The Boeing Company. So, thank you for taking time out. I know this has got to be a really busy time for you, so--.

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

Pleasure to be here.

QUESTION AND ANSWER SECTION

Ronald J. Epstein
Analyst, BofA Securities, Inc.
Q

Yeah. Thank you for making the trip. So, maybe I'll just start off with a – just a question. You're new to the company, right? And within the last year-and-a-half, and what have been some of the positive and negative surprises for you? And sometimes a fresh set of eyes can be really helpful. So, what are some areas where you think you can effect change in the company relative to what you thought it would be?

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

Yeah. So, thanks. I would say what didn't necessarily surprise me, but is a reminder that Boeing knows how to execute. We know how to execute. And I remember that from my past and I have looked at the last three years of everything that's been thrown at this company, lots of different directions, and they just keep executing, we keep executing, and that's important.

And as we think about going from what was a crisis to a turnaround to recovery, we got to keep executing. And this calendar year, we will execute on our commitment for our primary financial goal, which is free cash flow. We will do between $3 billion and $5 billion of free cash flow consistent with our guidance. And if we think longer term, we see a path to get to $10 billion. And how we get from where we are today to the end of the year to that $10 billion, it's execution. The playbook and what we have to go do, it's hard work, but it's right in front of us. So, that's encouraging.

Now, it's also underwritten by our people. And what I was also pleasantly surprised is the resilience of this workforce. Our people, mechanics, and all the people supporting the airplane in the factories over the last three years, super resilient, determined, very impressive, the engineers, they have a whole new playbook of how to deal with certification, impressive. And then our sales team, who, as we're disappointing customers are standing with them, supporting them and growing the order book and having record orders. So, again, the people piece was particularly impressive, and I'm proud to be that kind of – be proud to be on that kind of team.

I would say on the piece that was a little surprising – and I'll try to make this an opportunity – still a lot of bureaucracy in the company, lot of bureaucracy. And bureaucracy slows everything down and we are focused on streamlining. I have every intention to try to make the center small. And what that means is getting rid of all the non-value stuff, the corporate functions put upon companies, it's there, we have to deal with that. I want to work with third-party partners that are better at doing certain things than we'll ever be. And I want to move resources out to the businesses and out to the factory. I think that makes you go faster and you're more effective and we got to work our way through that. And as we get efficiencies in these corporate functions, so to speak, we get to redeploy them where we differentiate: more engineers, more mechanics, more quality, more supply chain, that's what matters. And I have no problem making that trade all day, every day.

And, I guess, lastly, I would say that my biggest learning in 18 months, our CEOs started almost day one of the job, called out values. One of those values was transparency. And I have learned over the last 18 months how important that transparent culture is to our company and is to our industry. And it's not always easy, sometimes it's painful, but we always take the long view, right? Always the long view as we're working through issues either was on the fleet for the return to service for the MAX, whether it was the 787. If you took the long view, right, it made the tradeoff easier, but it was some tough moments and we worked our way through it. And I will tell you, being transparent makes us stronger trust with our regulator, with our customers, with the flying public, with all of you. So, we're not patient people. It's been said before. This takes patience and we have to do it and be determined and work our way through it, we're better off at the end. So, that was a big learning for me to experience firsthand and hopefully we'll all be a little bit better for that. But those are kind of the bigger things that I think about.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

Got you. That's kind of a good segue maybe to the next question. There's been a lot of recent news on the: 737 rate ramp; 787, the delivery pause and then the restart, 767, supplier quality issues. Can you give us any update there?

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

A

Sure. Let's start with the 737. So, stability continues to be job one. We are getting better in certain areas, but this proposition still is supplier by supplier, and we got to continue to work with our supply base to get stable and predictable. And as we work that coordination with this big supply chain, as we get stable and we have proof points, and as we get more confident that we can ramp the rate, we will. We're not there yet, but we will. But we have to be very disciplined in this process.

Now, closer to home, we had 35 737s go out in January, we had 25 in February, so it's a little lower. March will be higher, and overall, our guidance of 400 to 450 737s for this year, we're still committed to, we still have line of sight to. The good news there is that demand on the 737 is robust and it feels pretty good. So, the 737, we just got to stay disciplined and move that at the appropriate pace.

On the 787, so last week we restarted deliveries after a short pause. Despite that pause, we still see a path to recover that pause and still to get to – still get to 70 to 80 787 deliveries this year and get to a five per month production rate as we exit the year, unchanged. And I would say that that 787, going back to my earlier point, it's a reminder of transparency at work. An issue was identified, it was escalated quickly, it was reviewed with our regulator, and ultimate result. That's what we have to do and I think that all makes us better and is behind us and we're moving forward.

767, as you might have seen in the media, there is a supplier quality issue and it's on the center fuel tank. We have the fix. We know how to fix this, but now we have to go implement the fix both on production airplanes and some airplanes that are in the fleet. And it also has been speculated, and it won't be a surprise, the tanker is going to have an impact on that because of that supplier quality issue, and it will be an impact in the quarter.

If you remember, in the third quarter of last year, we de-risked as much as we could some of these fixed-price development programs, including the tanker. As we were moving through the fourth quarter and into this year before this event with the supply issue, we were tracking very well to that, de-risked timeline and expectations. We actually did a little bit better and then this hits us. And as you know, my accounting doesn't allow me to account for unknowns. So, I'll deal with it. We'll deal with it and we'll be fine. We'll move forward. The most important thing is we are focused on recovering deliveries. The 767 itself will – deliveries will recover in the second quarter. On the tanker, it'll take until the second half, but we will recover in the year and it will not impact at all our $3 billion to $5 billion cash flow expectation. So, it's not ideal. We'll move forward and that's basically it.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

So, if we maybe dig down a little deeper on the tanker if that's okay, could we be expecting another $1 billion charge on that or...

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

A

No. No, no, no, not $1 billion, not even half of that. But we have to deal with it and it will impact BDS margins in the quarter. They will be negative, they won't be positive and it will be part and parcel because of dealing with this thing that hit us, and this is where we're at with the program. Most important thing about the tanker is that the product is out, performing its mission, good customer feedback, we got to keep our eye on the ball of getting predictable and work our way through it.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

And then, maybe changing gears a little bit, what are you seeing with the supply chain, right? I mean, supply chain has been an issue that has been discussed a lot in the sector at this conference across sectors. And what kind of intervention has Boeing had to make on the supply chain to help out?

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

A

So, there's major parts of the production system and the supply chain that are performing pretty well, but it's not all performing well, and you've got your areas where you've got hotspots. I would say, in terms of intervention and investments, so we have put inventory buffer stocks in certain spots to make sure we have stability and predictability. That's all contemplated in our forward look on cash. And even if I had to do a little more of that to get more stable, I'd make that trade, and we'd still be fine.

We have a lot of resources that are deployed into tier-1, tier-2 supply houses, and it's lean manufacturing, it's engineering, it's quality. So, we're trying to put resources in to help the system help our partners, and also get a early indicator of what might be coming at us. A year ago, it felt like there was a little bit too much discovery in the supply chain. It's getting better. The general alignment on demand is very solid. Hiring is getting better. Training is still something that we're all working on, right, trying to skill up new labor, hard work, doesn't happen overnight.

I would also say that the visibility into the constraints at tier-2, tier-3 is getting better. And overall, the operating rhythm, particularly the tier-1s, both top to top and down and in, the cadences, and the information sharing is better and better and better. So, look, we are not out of the woods. The supply chain issues are going to be persistent. They're going to last well into this year. But we are in a better spot than we were a year ago.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

And then there's some investments potentially in the supply chain, does that have any implications on cash flow and do you foresee any more – or not more, but any need for vertical integration?

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

A

Yeah. So, the investments that we have made or contemplated are all in our expectations in there – in our $3 billion to $5 billion. So, that wouldn't disrupt it. In terms of vertical integration, it's not something that we're focused on. We're focused on stability. And that is job one.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

Got you. Got you. And then maybe transitioning back to the 737. Can you offer an update on certification of the MAX 7 and MAX 10?

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

A

Sure. So, as we exited last year, we got the important extensions that allowed our Boeing and FAA team to keep doing the important work at hand. On the Dash 7, while the regulator will dictate specific timing, we do expect certification and delivery this year, and we are working very, very closely with Southwest to make sure that we can help them with their fleet management and how that's all going to play out for the course of this year. So, no specifics, but it's progressing.

The Dash 10, of course, will follow the Dash 7 and the Dash 10 on both the certification and delivery likely next year. And again, same message. We are working hand-in-hand with the FAA to get this done. I would say, as you step back, the lesson learned is that there is a different set of expectations as it pertains to certification of airplanes. It is the new reality, we are going to resource it, we're going to be disciplined, we're going to be transparent and proactive and work hand-in-hand to make this work go as smoothly as it possibly can go. And we'll make progress. We keep doing. The trust factor is getting better and better and better.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

And maybe transitioning a little bit to product strategy, if you think about the competitive dynamics with Airbus, particularly in the narrow-body market, why is not doing a new jet to counter Airbus' ascension in that segment of the market a good idea?

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

A

Yeah. I'm not sure I agree with all of that, but...

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

No...

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

A

...here's what I think about the narrow-body. So, the MAX is sold firm through 2026, very good demand. Where we go on the Dash 8, Dash 9 on the MAX competes very well, right? Performs very well, customers love the airplane, holds up – holds its own. As we get the certification for the Dash 7 and Dash 10, we get to go a little smaller and we get to go a little bigger and that complete family, think about the family, across Dash 7, Dash 8, Dash 9, Dash 10 holds its own, right? Very proud of that product line-up, customers like the airplane. And in terms of the Dash 10 and specifically your question, I look at the order book, I look at Delta, I look at United, they're selecting the Dash 10, hasn't been certified, delivered yet and they're putting confidence in that offering, and that feels pretty good. So, that's the narrow-body side.

On the wide-body side, 787, hardest working airplane in the last few years, for sure. Customers, again, love that airplane and evidenced by recent success, United, Riyadh Air, Saudi, those are very meaningful big orders for us, and it's just a reflection of that wonderful 787 airplane. Of course, the 777 more or less kind of sits in the space by itself. So, broadly speaking, the portfolio feels pretty good.

As we think about next offerings, we want to make sure that we work very closely with our customers because whether it's on a narrow-body replacement or something else. We don't believe there's – we don't want to do anything nichy. We want to do something that is step-function changing of how our customers are going to be – get more efficiency and it will be better. And right now, anything on that front is next decade, and we've been consistent with that. But I also want to make sure there's not an impression that that means we're just standing still.

We hired 10,000 new engineers in the company last year, 10,000. One of the things we worried about heading into last year was whether we'd be able to meet our hiring goals, can the Boeing brand attract talent? Turns out, we beat our hiring goals last year, hired 15,000 people, largely engineers and mechanics. 10,000 hires, right? It says something. I think it says that we are a technology company and it's because we want to focus on capabilities like digital, produceability, sustainability, autonomy, right, and those are capabilities that if we get really good at and we will, and we can have some real domain expertise, we can shape the future of aerospace just the way we always have done, and we'll pick our spots. But I feel like there's plenty of innovation. And by the way, our development pipeline is full. Commercial, you've got the 737- – you've the 737-7, 737-10, you've the 777X, you have the 777-8 freighter, you have the X-37B, right? Really interesting things. On the Defense side, you've got T-7, MQ-25, MQ-28, MH-139. You've got proprietary work that is very interesting.

So, we want to be – our – we want to call out engineering excellence and innovation, and it's alive in the company for sure. And we're spending on it. We're putting billions in R&D and we'll spend more R&D money this year than last year, and we'll spend more R&D next year than this year. And it's a commitment that we have as Boeing that we're not going to – we're going be steely eyed on and we're going to keep doing it because we think that's good for our industry, we think it's good for our customers. And how that shapes in terms of next this, next that, doesn't matter, capabilities matter. And being able to attract really talented people matters.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

That's great. That's great. I think a question that's on everybody's mind is China. So, from that perspective, I mean, how is Boeing thinking about China? On the one hand, it's a large market for aircraft. We all know that. And it's been a big driver for growth in the industry for everybody, particularly for Boeing. But on the other hand, it's also – wants to be a major competitor in the industry. How are you thinking about that and what does it mean and there's – we're in this global environment that's a little trickier today?

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

A

Yeah. Yeah, it is tricky. So, China for us is focus on return to service for the MAX. That is job one. There's 97 airplanes that were grounded with the MAX. 27 or 28 – I think it's 28, are back flying again. That's 20 more than it was this time last month. So, progressing. And we stand ready to help our customers in China return those next 70 airplanes to service as traffic continues to grow in that market, and that's our first responsibility.

You can envision where, as things play out, maybe traffic keeps growing and customers do fleet planning and some – the regulators decide what they're going to do, you could see an event where at a point in time there's a return-to-delivery discussion. I don't know when. I know that will be dictated by customer fleet planning along with traffic growth along with the regulator. But return to service is the one thing that we do have as a first priority.

If you think longer term, an important market – we just issued the commercial market outlook for what the future is likely to entail, and in the next 20 years, by our estimation, over 8,000 airplanes are going to be needed in that market, 8,000. That's a lot for two legacy airframers to handle and there's probably – it's clearly big enough – bigger than just one can handle, right? So, we think there's a role in there for the competitors to play. And by the way, the C919, it's not a new competitive entry. We've known about that. We're comfortable with that. Market's big. Let's go compete and win.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

Got it. Maybe switching back to some of the financials. I mean, how are you thinking about the evolution of BCA margins over the next several years?

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

A

So I'll start with the here and the now, I think it's important. So, right now, we're at a point where we're still trying to recover, and margins are depressed for a variety of things. Last quarter, fourth quarter 2022, margins at BCA were negative almost 7%. And this quarter, margins at BCA likely will get a touch worse because the quarter-over-quarter volume will be less. We'll deal with that. What I'm more interested is the trajectory of how margins will play out the rest of the year, which they will gradually get better as volume gets higher.

As I think about the next couple of years, what's important is that – while it will be likely bumpy, it's because I've got to liquidate a lot of airplanes from inventory, and I have had to stand up two – essentially two additional production systems, one in 737 and one in 787, to get those airplanes out of inventory and back in the air. And that is work that we have to do as we – over the next two years, that'll be largely behind us. The benefit is that when that goes away, all that cost comes out, all that rework comes out, and the margins will accelerate.

The other benefit that we expect is that we also have a highly skilled trained workforce that has been working the last couple of years on reworking airplanes, and they'll be repositioned and pivoted towards, okay, now help with building new airplanes and helping with the ramp to get up to, in the case of the 737, 50 a month and the 787, 10 a month. So, we see all that in front of us. That'll get us to a point where margins look more familiar to what you've seen in the past.

We get a lot of questions around inflation. For us, our customer contracts typically have escalation clauses and of course, our supply contracts are long term in nature. So, we always watch it, but it's not a concern at this moment. As we think about BCA and getting to margins that are familiar to all of you, double-digit BCA margins and it's underwritten by 737 margins that are going to get better, not quite back to what they were in 2018 because you've got some customer mix and some concession stuff in there, but they're going to get better from where they're at and you're going to have a 787 that will actually be better than where they are today and better than where they were in 2018, largely because of the benefit of the Dash 10 model mix, and some consolidation benefits at Charleston.

So, again, all of that makes for a picture that we believe we could execute to, as long as we liquidate this inventory and work that productivity and reposition for the rate ramp. And again, we think it's underwritten again by a big backlog, and that just give us a lot of confidence.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

Maybe transitioning now maybe to Defense, I mean, how are you thinking about the Defense franchise? One of the surprising things for us this year is, I think it's probably the only major Defense franchise that's not going to generate cash. What has to change in the business and what lessons can be learned from decisions that were made before you arrived at the company?

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

A

Fair point. Let's talk about the cash usage that we are facing this year. That's no new news. That's a reflection of the de-risking actions that we took last year on the accounting side. The cash flow just takes time to catch up. So, it's all contemplated in our forward look of this year. And for us, reminder that, that reflects 15%, 15% of the BDS portfolio, these fixed-price development programs. We got to execute them, right? We have to get the tanker more predictable, get it out to the customer who is loving that airplane, because it's meeting its mission requirements. We have to deliver two perfect VC-25B airplanes to the customer, and we have to make sure that we continue to take the long view on the T-7 and the MQ-25, and we will, because those opportunities longer term still are ones that we think a lot about. But we got to work our way through that.

Lesson learned, believe me, there is a different risk tolerance for underwriting in the company. Got new team members, new leader of the business and together as a team, we are getting very clear eyed about risk we're willing to take and not willing to take. And fixed-price development work is something we have no appetite to take and hard lesson learned, don't want to do it again.

In terms of the trajectory of the business, we have to start working on the 85% of the portfolio that probably doesn't get enough of the attention. Now, margins are too low, right? They were – if you look at the fourth quarter last year, BDS discrete, meaning no charge noise, did 2 points. It wasn't good enough, right? And it's because the same kind of labor, supply chain disruption that we've talked about in Commercial, it finds itself in our Defense business as well. So, we got to work a very disciplined plan to work margins to be better, and the team knows they're in position to do that.

I would say, longer term, our expectation is that we get a BDS business that is more familiar to what you remember. Margins have to be in the high-single digits. And I will remind you that because of the way we organize ourselves, when I say BDS margins at high-single digits, if you add in the benefit of the services component of Defense, you actually get that business to look more like around double digits, just around, just around double digits. So, we know that we've got to execute on that front. And somewhat good news is that when we talked about the forward look and that $10 billion, your expectations on the BDS business was stable growth, low-single digits. It wasn't – make a huge splash. That actually turn out – could turn out to be a little better than we expect. But we thought it was prudent to stabilize the business, execute on these fixed-price development contracts, and then get the underlying margins better and better and better. And it's a lot of work to do and we're up to it. We know how to do this.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

And on Defense, there's some new programs out there to ferret out of the Defense budget. Where does Boeing stand with regard to NGAD, that's Next Generation Air Defense if folks aren't familiar with that acronym, Collaborative Combat Aircraft, unmanned stuff, Loyal Wingman, that kind of thing? And what else is there to compete for in that business?

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

So, you bring up a big one, NGAD, I can't say anything other than it could be a significant opportunity and we're focused on it.

In terms of the CCA, we've got the MQ-28, it's out there, it's showing its teaming capability. Customers like it. It's real. Feel good about our position there. And then that will all play out.

In terms of what else is there to compete for: Germany, Chinook; Poland, Apache; US government, we just got another Apache, we got an E-7, we got a tanker extension. We also – you might have noticed the decision on KC-Y...

Ronald J. Epstein
Analyst, BofA Securities, Inc.
Q

Yeah.

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

...not to do that, which – that's good for the KC-46 franchise to extend. That feel pretty good. And then, I've got P-8 campaigns. We've got F-15EX campaigns. Missiles and weapons has got some nice demand. So, there's plenty. There's plenty. I guess my point is, there's plenty of things we've won and there are things that we're chasing. And overall, I think the portfolio stands up pretty well given the general threat environment with our partners and allies. We like the fact that they talk about wanting to spend more in defense. Of course, it always takes time for that to trickle down to an actual order. But we're patient and we've got the products.

Ronald J. Epstein
Analyst, BofA Securities, Inc.
Q

And you alluded this a little bit before, but how should we think about, over the next several years, the evolution of margins in Defense and cash flow in Defense?

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

Yeah. So, I kind of talked about the here and the now, the quarter is going to be negative. That trajectory will get better. We will get it to a point where it's high-single digits, is our expectation as supply chain gets more stable. We've got – or the learning curve is behind us. The important one is this cash flow component. It is a drag. We got to get it back to a point where it's contributing a couple of billion of operating cash flow. And that, again, will look very familiar to what you remember. It's a growing business, stable. It's got margins that are competitive and it's got this very high cash conversion flow-down. Every time we look at it, we still say, yeah, we can get there. Now, hard work, go execute, and that's on us.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

When you – we kind of pulled all together. At the Investor Day, you offered the guidance of $10 billion of cash flow in 2025, 2026. Can you give us any more feel, is it 2025 or is it 2026?

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

A

It's one of them - not changing that. Look, it is going to be either or, it's too soon to call out which, but I think for us importantly is that so how do you get from $3 billion to $5 billion to $10 billion, like what's the bridge. And the things to keep in mind, it's the BCA or the Commercial production rate increases, right? Getting to our established objective of 50 per month on the 737, 10 per month on the 787. That's going to be a big deal to that bridge.

You've got a BDS business that I just described is going to get from a user of cash to a generator of cash. You've got a Services business that is a wonderful franchise and we got to keep it going, get a little bit better and better and better, and we will. You've got generally a productivity benefit across the whole company as we start to move out of these unique situations, and that inventory liquidation in BCA. And you get a little bit of interest pick-up and you got some good positives on that path forward, all things that we know how to execute on, right? There's not a lot of mystery. We know the plan. We got to go put the work in to deliver it and execute.

On the things that we know are going to work the other way, we have 777X that's going to come out over the – end of that period, and we have to make sure that we provide for because that's going to be something that's going to be a little bit of a cash call in the plan. We're going to pay higher taxes and we're going to invest a little bit more in R&D, all things that you'd want us to be doing. So, yeah, I think my view is whether it is 2025 or 2026. My point is, we still have confidence that $10 billion is achievable and we know the pieces and we're working hard to execute on those pieces.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Q

How about the balance sheet? Us equity analysts aren't always focused on that, but how should we think about the evolution of the balance sheet, what leverage are you comfortable with, especially in a rising rate environment? And when could we actually see the company resume a dividend payment?

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

A

So, let's take the inflation – the interest rate question off the table because we don't have exposure to interest rates because it's fixed-price debt, which is good. One thing you don't have to worry about. And in terms of the maturity stack, whether it's short, medium, longer term, that maturity stack is manageable. As we exited last year, we had $17 billion of cash on hand. It's deliberate, make sure that it was more than enough. And we paid off $1.7 billion of maturities already this quarter. We've got $3.4 billion of maturities due next quarter, very manageable, no issues at all.

And then as you think about fast-forward, as we execute our play, we want to get that investment grade credit rating better, while still reinvesting back into the business for the long term. We know that the path, again, to keep it simple, if we deliver airplanes, we generate cash, we pay down debt. And that is going to naturally happen. And again, this word I've said it like 1,000 times, we just got to execute on that.

In terms of what a return to capital discussion might look like, too early, but it'll be there someday. It'll be there someday.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Great. Thank you, Brian.

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

Thank you.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

That's all the questions I had.

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

All right.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Yeah.

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

Appreciate it. Thank you.

Ronald J. Epstein
Analyst, BofA Securities, Inc.

Excellent. Thanks.