



# Second-Quarter 2021 **PERFORMANCE REVIEW**

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President and Chief Executive Officer

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Interim Chief Financial Officer

July 28, 2021

## 737 MAX

- Progress following return to service

(as of 7/25/2021)



**130+** Delivered  
Since Ungrounding



**30** Airlines  
Back in Service



Nearly **95,000**  
Revenue Flights



**218,000+**  
Flight Hours



**175** Countries with  
airspace confirmed open

- Secured 280+ new orders
- Completed 737 MAX 10 first flight

## Business Transformation

- Executing on business transformation strategy



Infrastructure



Overhead &  
Organization



Supply Chain  
Health



Portfolio &  
Investments



Operational  
Excellence

## Production Stability

- Driving towards production system stability and delivery predictability
- Addressing remaining 787 issues and engaging with FAA
- Temporarily reprioritizing 787 resources resulting in lower production rate before gradually returning to 5/mo

## Defense, Space & Global Services



Successful 1<sup>st</sup> unmanned  
**MQ-25** aerial refueling  
of F/A-18



Completed join of  
**T-7A Red Hawk**  
Sections enabled by digital design



**SLS Core Stage**  
began stacking with other  
Artemis I elements



Announced partnership for  
**Boeing Converted Freighter**  
Capacity expansion

*Focused on safety, quality and transparency as we deliver for our customers*

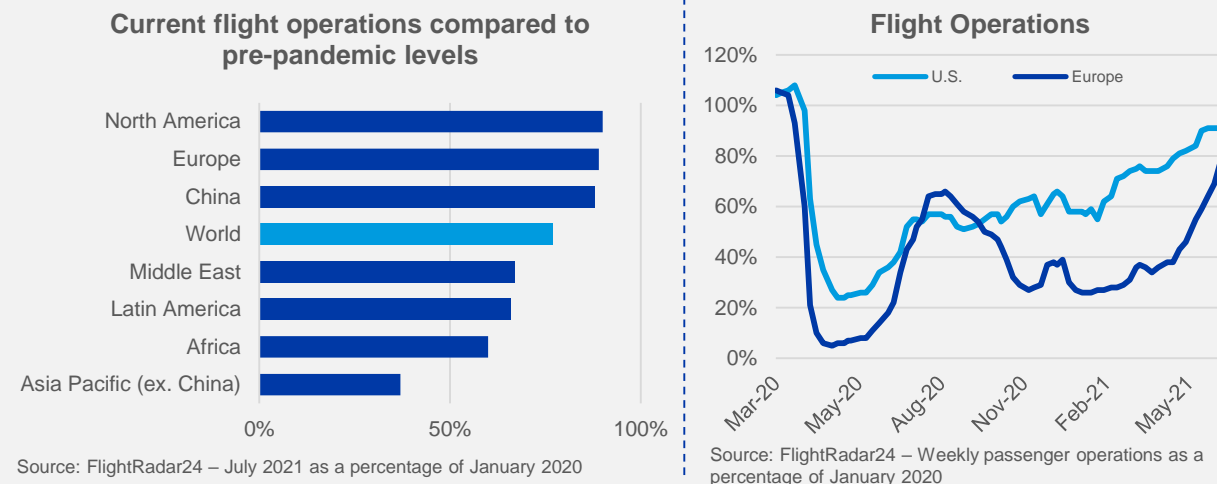
# BUSINESS ENVIRONMENT



- **Stable global demand for our defense, space and government services**
- **Commercial recovery accelerating, but remains uneven as COVID-19 significantly impacts demand for air travel**
- **Near-term remains challenged by case rates & travel restrictions; regional dynamics continue to evolve**
- **Continue to expect passenger traffic to return to 2019 levels in 2023 to 2024; return to long-term trend a few years thereafter**
  - Domestic traffic leading recovery
  - Long-haul international traffic will be slowest to recover
- **U.S.-China trade relations a key enabler**
- **Airlines shifting focus to medium-term fleet planning**
  - Number of aircraft being retired continues to grow
  - Focus on carbon emissions and operational efficiency
- **Liquidity is improving**

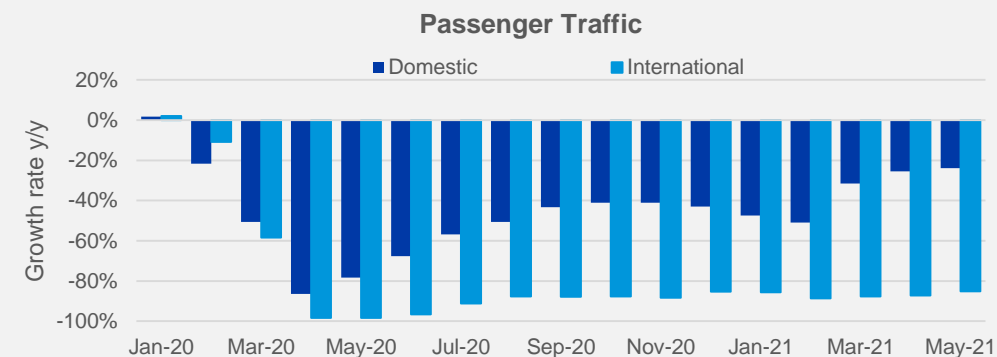
## Commercial operations recovery accelerating, but uneven

Regional dynamics impacted by cases, government policy, and market sizes



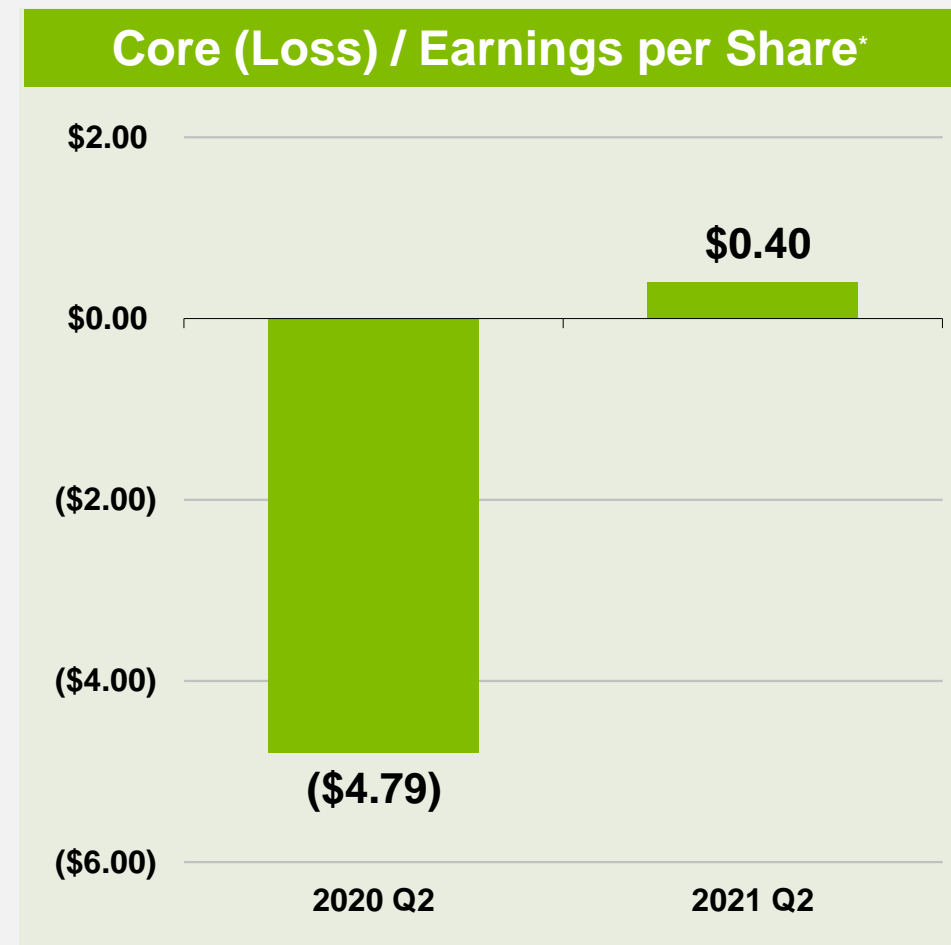
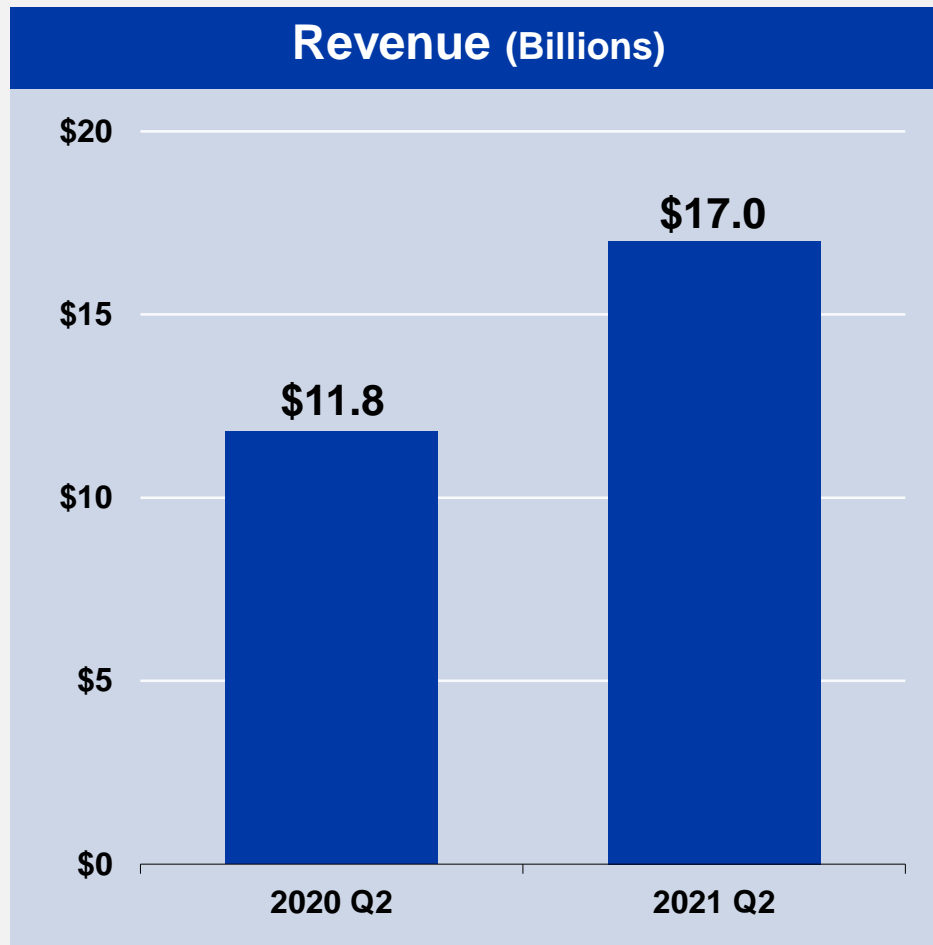
## Domestic traffic leading recovery

International traffic remains significantly depressed due to border restrictions



**Defense and government services remain stable with still challenging commercial market**

# SECOND-QUARTER REVENUE AND EARNINGS



\* Non-GAAP measure. Additional information is provided in the company's earnings press release dated July 28, 2021 and on slide 13 of this presentation.

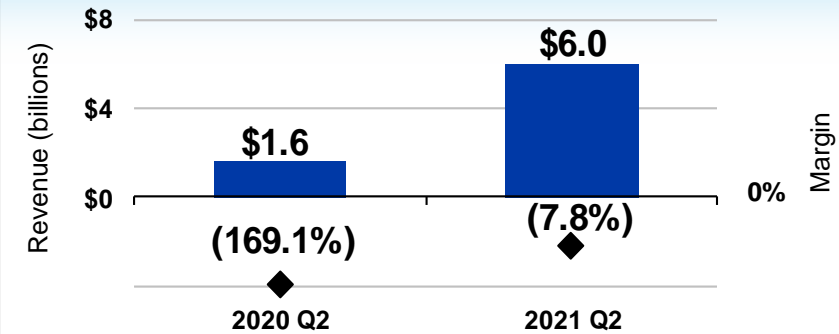
*Primarily driven by higher commercial volume and lower period costs*

# COMMERCIAL AIRPLANES



- Continued momentum on safely returning the 737 to service
- Completed 737 MAX 10 first flight
- 787 deliveries remain impacted, focusing resources on undelivered airplanes
  - Temporarily at lower production rate before gradually returning to 5/mo
- Continue to expect first 777X delivery in late 2023; progressing through comprehensive flight test program
- Backlog grew to 4,155 airplanes valued at \$285B
  - United Airlines order for 200 737 aircraft
  - Southwest Airlines order for 34 737 aircraft
  - Freighter orders for 31 aircraft
- Delivered 79 airplanes, including 47 737 MAX

## Revenues & Operating Margins



737 MAX 10 First Flight

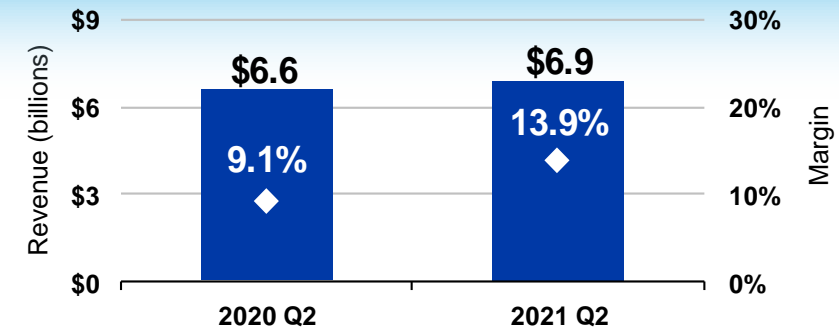
*Continued focus on global safe 737 return to service and operational excellence*

# DEFENSE, SPACE & SECURITY



- **Captured new and follow-on business**
  - Award for 14 H-47 ER Chinook helicopters for the U.K. Royal Air Force
  - Germany agreement to purchase 5 P-8A Poseidon aircraft
- **Executed balanced portfolio**
  - MQ-25 unmanned aerial tanker refueled F/A-18 Super Hornet
  - Joined T-7A Red Hawk sections in less than 30 minutes enabled by digital design
  - Boeing's 1<sup>st</sup> NASA SLS Core Stage began stacking with other Artemis I elements
  - Delivered 43 aircraft
- **Orders valued at \$4B; Backlog of \$59B**

## Revenues & Operating Margins



MQ-25 Conducts 1<sup>st</sup> Unmanned Aerial Refueling

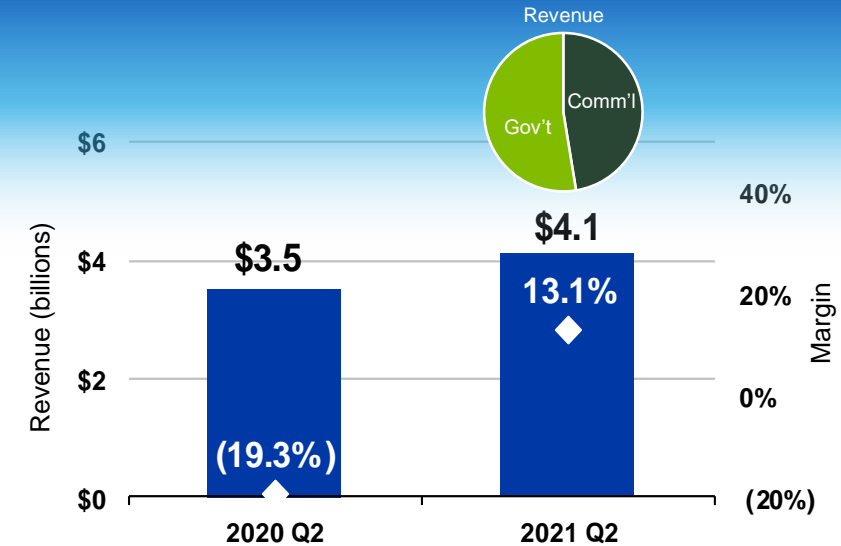
*Focused on execution, productivity and competitiveness*

# GLOBAL SERVICES



- Commercial services recovering from COVID-19 impacts
- Outlook for government services remains stable
- Announced partnership to expand capacity for 737-800 converted freighters
- Signed expanded parts agreement with Turkish Technic
- Captured new and follow-on business
  - Selected to provide C-17 training to the U.K. Royal Air Force
  - Awarded modification for KC-46A Tanker interim contract support for the U.S. Air Force
  - Secured P-8A Poseidon training and sustainment contract with the U.K. Royal Air Force
- Orders valued at \$3B; Backlog of \$19B

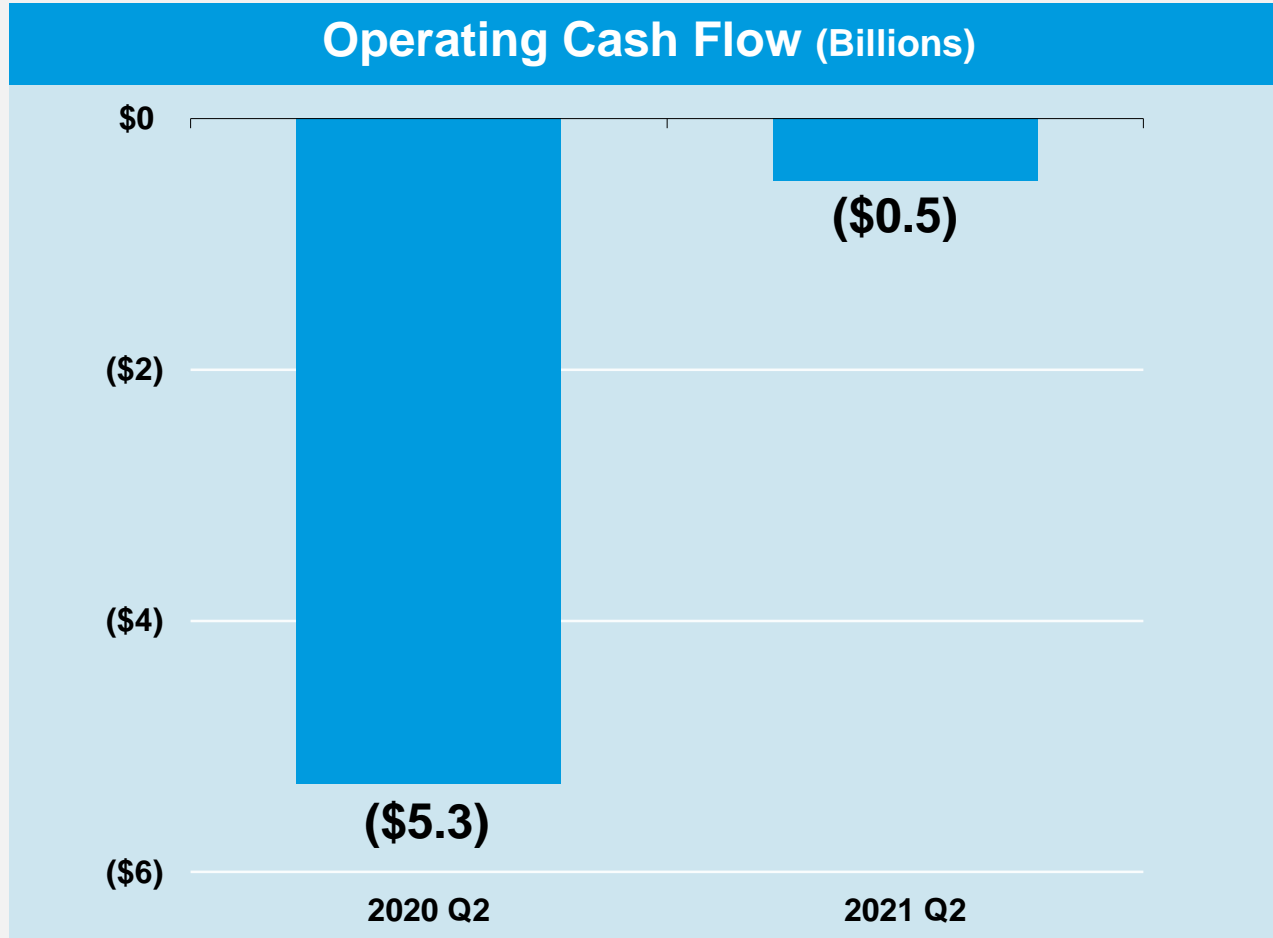
## Revenues & Operating Margins



Awarded C-17 U.K. Royal Air Force Training Contract

*Supporting steady government business; positioning commercial business for the future*



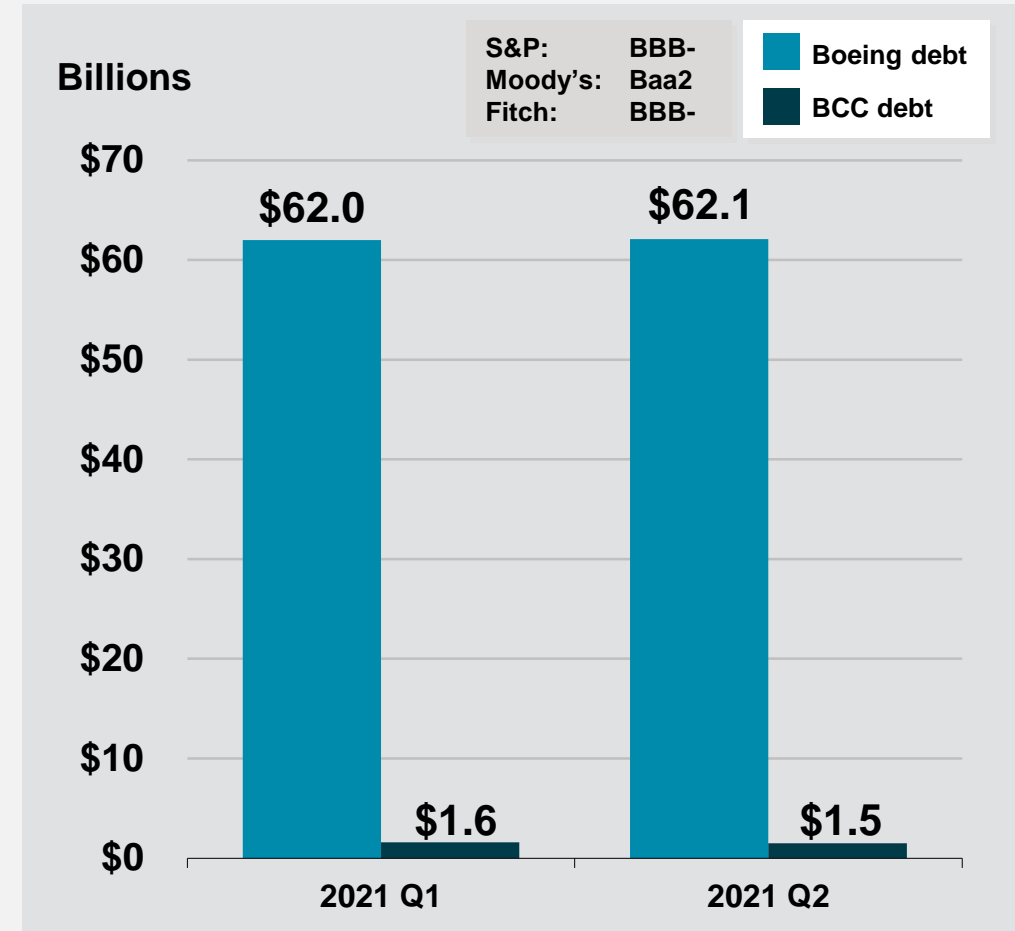
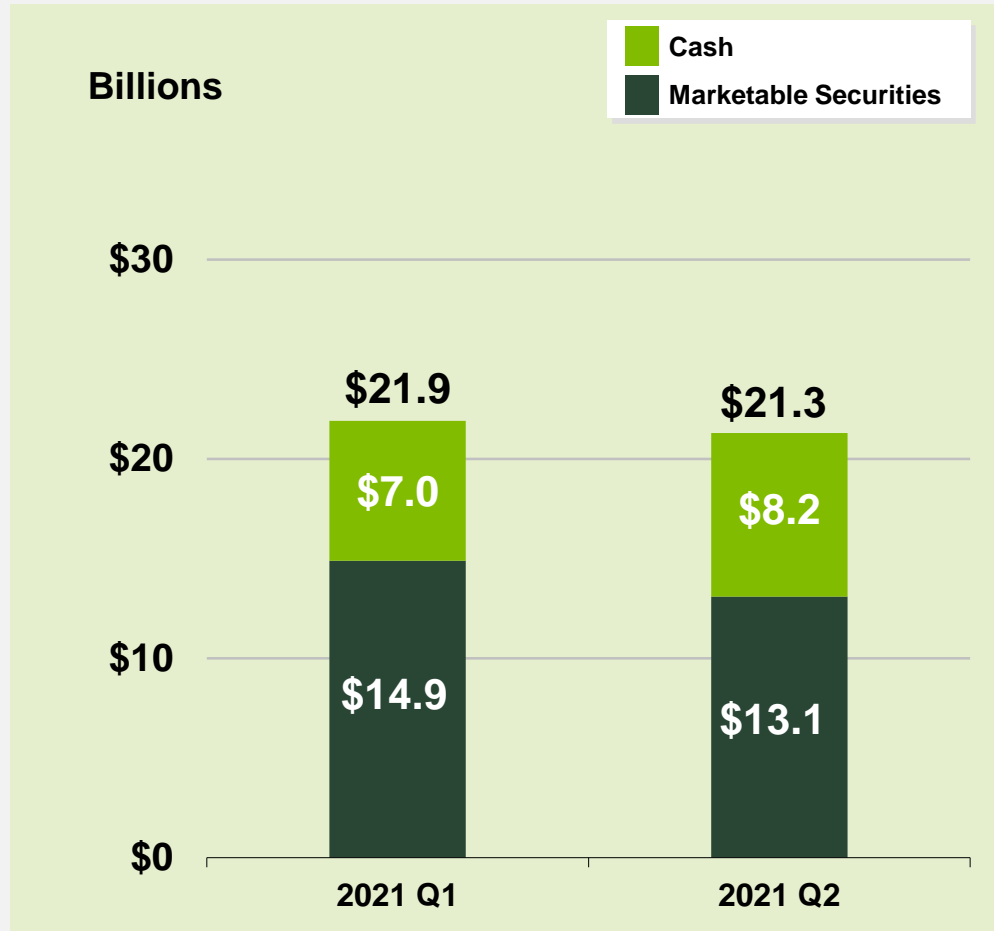


- Higher commercial deliveries
- Higher order receipts
- Lower expenditures on lower wide-body production rates
- Disciplined cash management and business transformation efforts
- Timing of receipts and expenditures

*Higher cash flow primarily due to improving commercial environment and lower expenditures*



# CASH AND DEBT BALANCES



*Stable cash and debt balances; sufficient liquidity*

# SUMMARY



- **Environment remains dynamic; recovery accelerating but remains uneven**
- **Key enablers**
  - Vaccination pace and case rates; passenger traffic recovery
  - U.S.-China trade relations
  - Remaining 737 MAX regulatory approvals
  - Resumption of 787 deliveries
- **Continuing to take action to:**
  - Proactively manage liquidity and balance sheet
  - Drive stability in our operations and support market recovery
  - Improve performance and execute on our commitments
  - Sustain key investments
  - Position to be more productive and competitive
- **All efforts support Boeing values and drive safety, quality and operational excellence across the enterprise**



***Taking action to drive stability, deliver for our customers and transform our business for the future***



# 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 industry impacts, 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 remaining 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 earnings/(loss) per share with the most directly comparable GAAP financial measure diluted earnings/(loss) per share. See page 6 of the company's press release dated July 28, 2021 for additional information on the use of core earnings/(loss) per share as a non-GAAP financial measure.

<i>(Dollars in millions, except per share data)</i>	Second Quarter 2021		Second Quarter 2020	
	\$ millions	Per Share	\$ millions	Per Share
<b>Diluted earnings/(loss) per share (GAAP)</b>		<b>\$1.00</b>		<b>(\$4.20)</b>
Pension FAS/CAS service cost adjustment	(\$191)	(0.32)	(\$258)	(0.46)
Postretirement FAS/CAS service cost adjustment	(77)	(0.13)	(97)	(0.17)
Non-operating pension expense	(175)	(0.30)	(84)	(0.14)
Non-operating postretirement expense	(5)	(0.01)	14	0.02
Provision for deferred income taxes on adjustments <sup>1</sup>	94	0.16	89	0.16
<b>Subtotal of adjustments</b>	<b>(\$354)</b>	<b>(\$0.60)</b>	<b>(\$336)</b>	<b>(\$0.59)</b>
<b>Core earnings/(loss) per share (non-GAAP)</b>		<b>\$0.40</b>		<b>(\$4.79)</b>
<b>Weighted average diluted shares (in millions)</b>		<b>590.2</b>		<b>566.4</b>

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

# 737 MAX - ADDITIONAL DETAIL



- Commercial Airplanes produced at abnormally low production rates in 2020 and expects to continue to do so through 2021. As a result, it expects to incur approximately \$5 billion of abnormal production costs on a cumulative basis, which are being expensed as incurred
- Commercial Airplanes expensed \$2,567 million of abnormal production costs during 2020 and \$1,083 during the six months ended June 30, 2021
- The following table summarizes changes in the 737 MAX customer concessions and other considerations liability during the six months ended June 30, 2021 and 2020:

<i>(Dollars in millions)</i>	<b>2021</b>	<b>2020</b>
Beginning balance – January 1	<b>\$5,537</b>	<b>\$7,389</b>
Reductions for payments made	<b>(1,538)</b>	<b>(1,211)</b>
Reductions for concessions and other in-kind considerations	<b>(27)</b>	<b>(35)</b>
Changes in estimates	<b>(8)</b>	<b>521</b>
Ending balance – June 30	<b>\$3,964</b>	<b>\$6,664</b>