BOEING

# Fourth-Quarter 2021
# PERFORMANCE REVIEW

**David Calhoun**
President and Chief Executive Officer

**Brian West**
Executive Vice President and Chief Financial Officer

January 26, 2022

# BUSINESS UPDATE


BCA


BDS

BGS

***2021 was a rebuilding year***

# 2022 PRIORITIES

OUR PRIORITIES

- Live our values
- Rebuild trust
- Inculcate Safety and Quality Management Systems
- Restore operational stability and business health
- Invest in Boeing's future capability

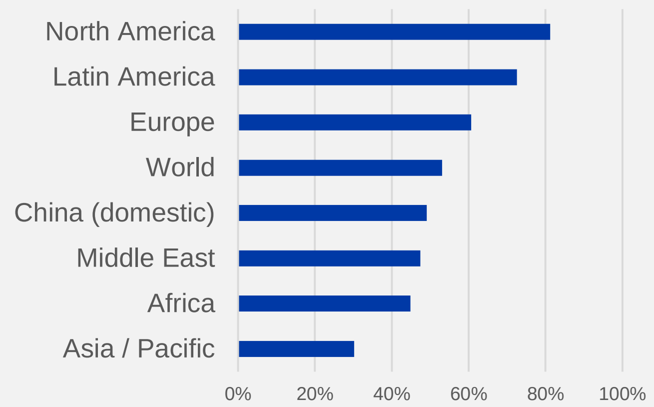
***Well-positioned for 2022 and beyond; remain focused on safety, quality and operational stability***

# BUSINESS ENVIRONMENT

- **Commercial recovery broadening; regional dynamics continue to evolve driven by COVID-19**
  - 2021 cargo traffic ~7% above 2019 levels
- **Airlines shifting focus to medium-term fleet planning**
- **Continue to expect passenger traffic to return to 2019 levels in 2023 to 2024; return to long-term growth trend a few years thereafter**
- **Stable global demand for our defense & space products and services**
- **U.S.-China trade relations remains a key enabler**
- **Supply chain a watch item for future production rates**

## Passenger Traffic

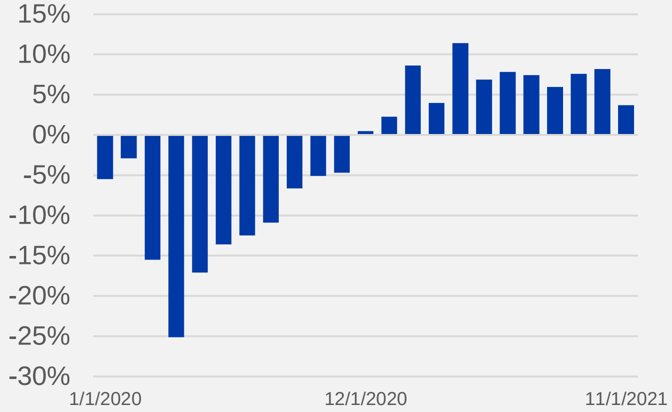
November 2021 RPKs in % of November 2019




Source: IATA, Boeing analysis

## Air Cargo Traffic

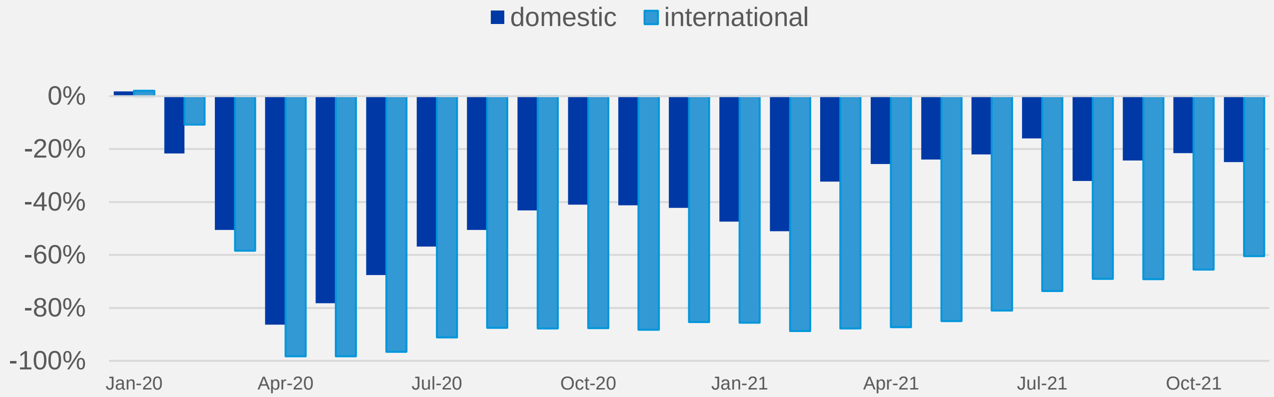
FTKs, % growth over same month in 2019




Source: IATA, Boeing analysis

## Global Traffic Recovery

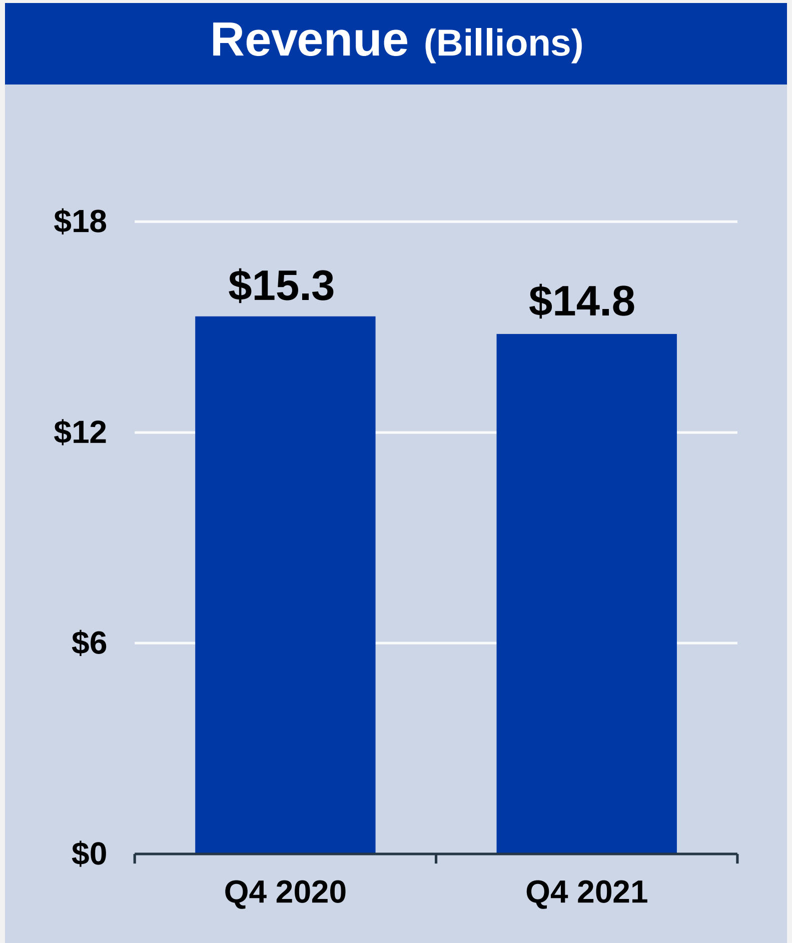
RPKs in % of same month in 2019



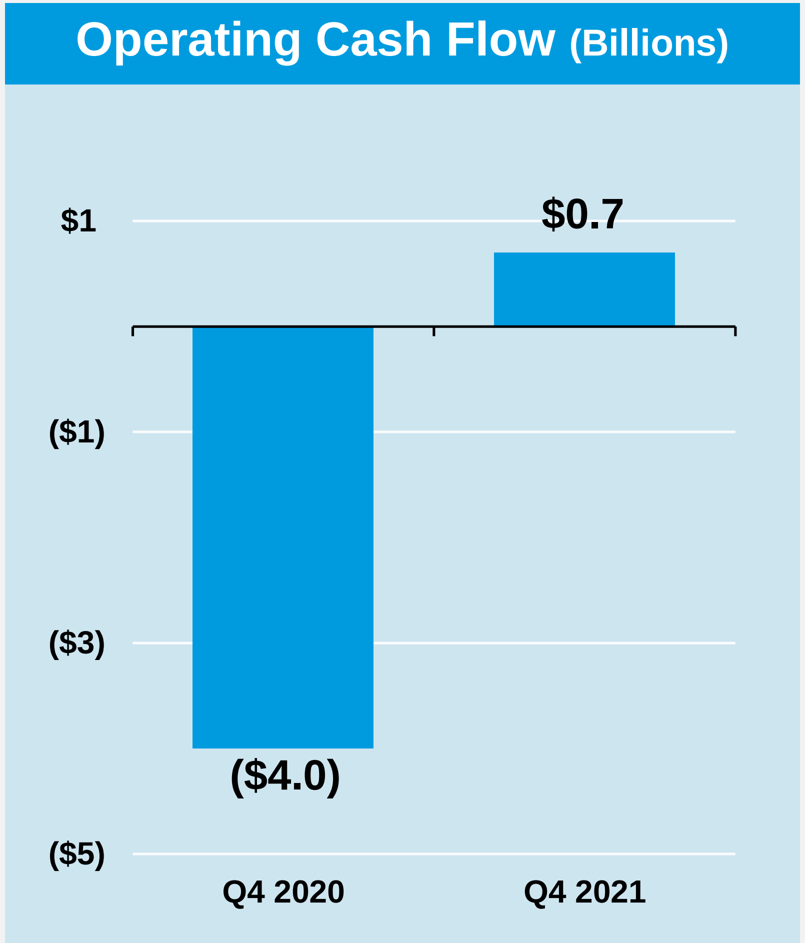

Source: IATA, Boeing analysis

***Defense products and services remain stable with commercial market recovery broadening***

# FOURTH-QUARTER FINANCIAL RESULTS







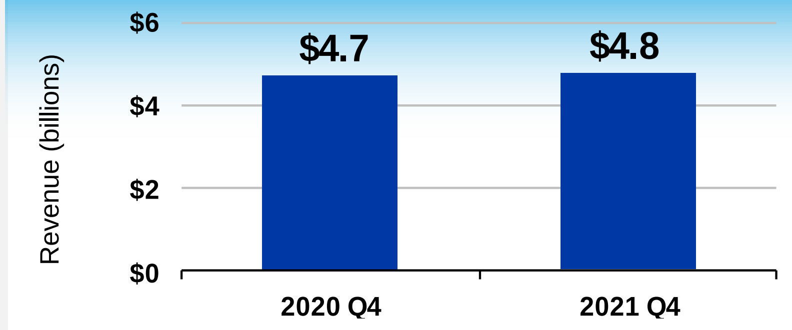

* Non-GAAP measures. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are provided in the company’s earnings press release dated January 26, 2022 and on slide 14 of this presentation.

***Impacted by higher commercial volume, lower charges and mix***

# COMMERCIAL AIRPLANES

- **Captured orders for 164 737 MAX and 24 freighter airplanes**
- **Backlog of over 4,200 airplanes valued at $297B**
- **Delivered 99 airplanes, including 78 737 MAX**
- **Engaging with FAA on actions required to resume 787 deliveries**
  - Recorded pre-tax non-cash charge of $3.5B and $285M of abnormal cost in the quarter; now anticipate ~$2B total abnormal costs
  - Producing at very low rate until deliveries resume, gradually returning to 5/mo over time
- **Continuing safe return to service of the 737, including progress in China**
- **Increasing 777/777X production rate to 3 per month in 2022**

## Revenues & Operating Margins




| | 2020 Q4 | 2021 Q4 |
|---|---|---|
| Operating margin: | (161.8%) | (93.8%) |

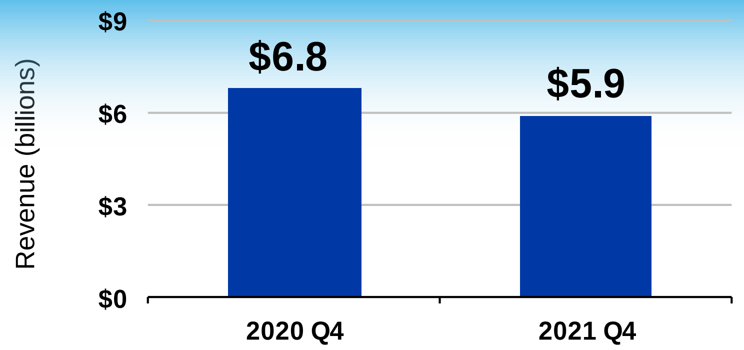
Captured orders for 164 737 MAX aircraft

***Continued focus on global safe 737 return to service and the actions required to resume 787 deliveries***

# DEFENSE, SPACE & SECURITY

- **Results impacted by charge recorded on KC-46A Tanker program; expanded operational refueling capability**
- **Captured new and follow-on business**
  - Award for 6 MH-47G Block II Chinook rotorcraft for U.S. Army Special Ops
  - Contract extension for Future Logistics Information Services for U.K. MoD
  - Award for modernization of AWACS for Royal Saudi Air Force
  - Contracts for proprietary space programs
- **Executed balanced portfolio**
  - Completed first carrier tests for MQ-25 unmanned aerial tanker
  - Started flight testing on the second uncrewed Loyal Wingman aircraft
  - Delivered 47 aircraft, including 1st KC-46 Tanker to Japan and 1st P-8A Poseidon to Norway
- **Orders valued at $7B in 4Q21 and $25B in 2021; backlog of $60B**

## Revenues & Operating Margins




**Operating margin: 7.4% (4.4%)**

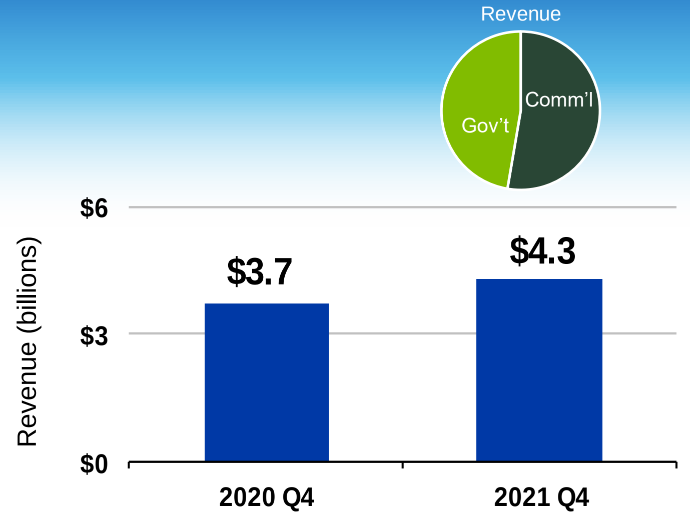
**MQ-25 Completes 1st Carrier Tests**

***Focused on execution, productivity and competitiveness***

# GLOBAL SERVICES

- **Commercial services recovering from COVID-19 impact**
- **Outlook for government services remains stable**
- **Delivered 50th 767-300 converted freighter**
- **Captured new and follow-on business**
  - Secured V-22 performance based logistics contract for U.S. Marine Corps
  - Awarded contract for F/A-18 landing gear repair from U.S. Navy
  - Selected to provide Apache training and support by the U.K. MoD
- **Orders valued at $6B in 4Q21 and $16B in 2021; backlog of $20B**

## Revenues & Operating Margins




**Operating margin:** 3.8% 9.3%

**Awarded U.K. Apache support contract**

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

# FULL YEAR FINANCIAL RESULTS

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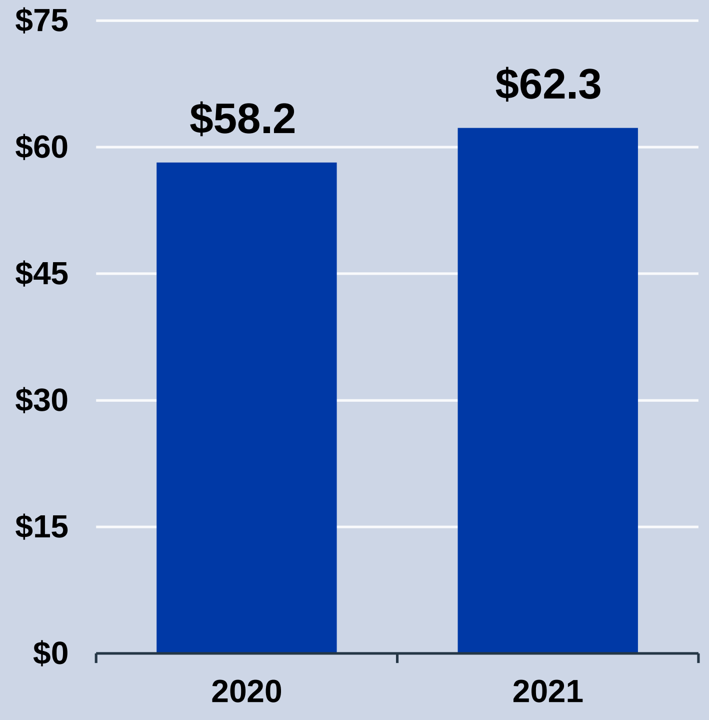
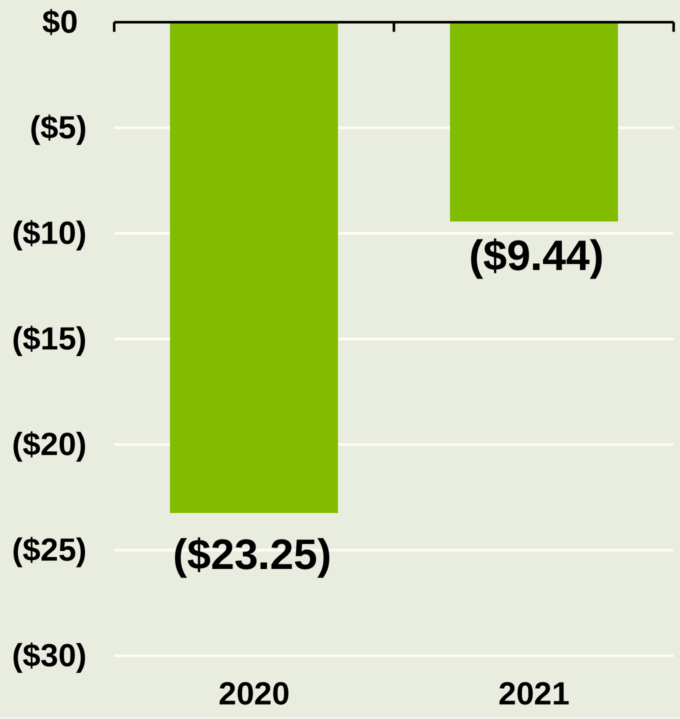
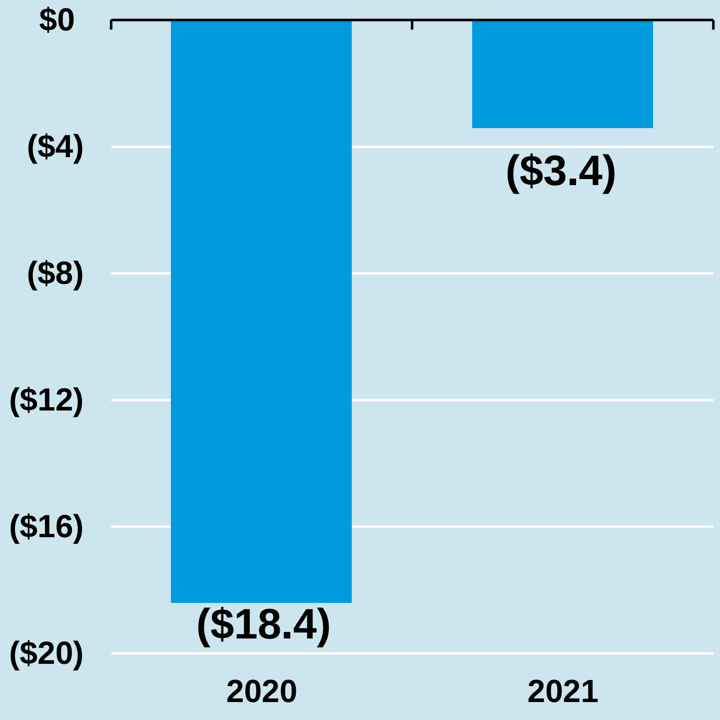
## Revenue (Billions)




## Core Loss per Share*



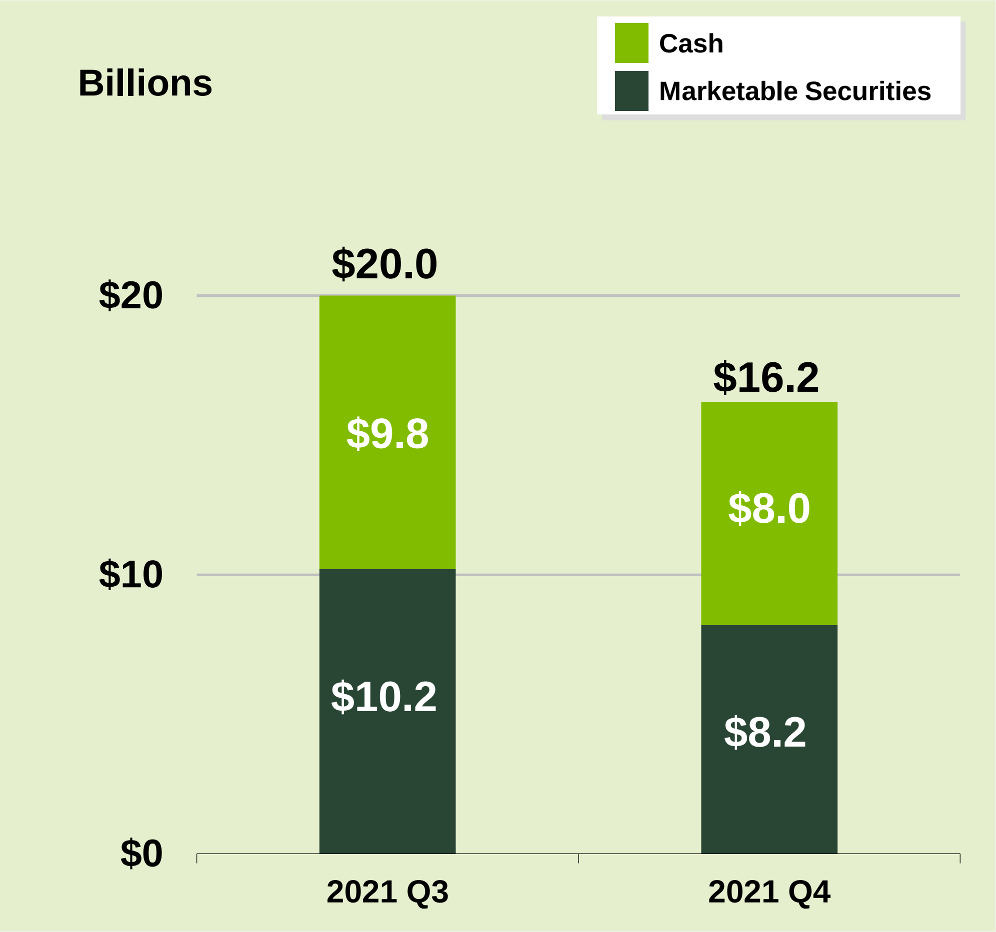

## Operating Cash Flow (Billions)

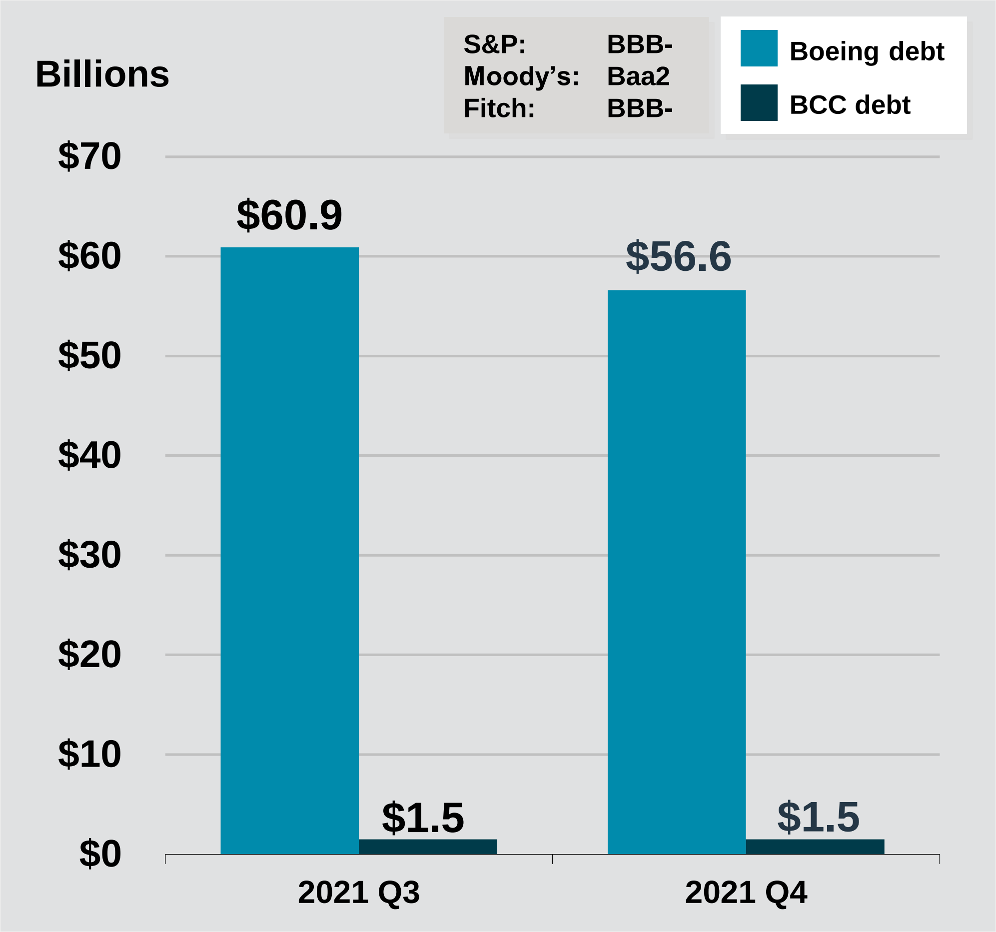



* Non-GAAP measures. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are provided in the company's earnings press release dated January 26, 2022 and on slide 15 of this presentation.

***Results reflect higher commercial deliveries and services volume, as well as lower charges***

# CASH AND DEBT BALANCES




***Sufficient liquidity; focused on strengthening the balance sheet***

# 2022 KEY DRIVERS

## Revenue

Expected to improve vs. 2021

### BCA

+ Higher 787 deliveries

+ Higher 737 deliveries

- 787 customer impact

### BDS

~ Stable

### BGS

+ Solid growth

## Operating Cash Flow

Expected to improve vs. 2021

+ \+ Commercial deliveries

+ Improved operational stability

- Advance payment timing and burn-down

- 787 customer impact

- BDS receipt timing

***Revenue and cash increasing in 2022; still expect positive cash flow***

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# 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 additional 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, our customers' and/or our suppliers' 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; (24) potential environmental liabilities; and (25) effects of climate change and legal, regulatory or market responses to such change.

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 26, 2022 for additional information on the use of core loss per share as a non-GAAP financial measure.

| *(Dollars in millions, except per share data)* | **Fourth Quarter 2021** | | Fourth Quarter 2020 | |
|---|---|---|---|---|
| | **$ millions** | **Per Share** | $ millions | Per Share |
| **Diluted loss per share (GAAP)** | | **($7.02)** | | ($14.65) |
| Pension FAS/CAS service cost adjustment | **($306)** | **(0.52)** | ($251) | (0.44) |
| Postretirement FAS/CAS service cost adjustment | **(59)** | **(0.10)** | (77) | (0.13) |
| Non-operating pension expense | **(147)** | **(0.26)** | (85) | (0.15) |
| Non-operating postretirement expense | **15** | **0.03** | (21) | (0.04) |
| Provision for deferred income taxes on adjustments [1] | **104** | **0.18** | 91 | 0.16 |
| **Subtotal of adjustments** | **($393)** | **($0.67)** | ($343) | ($0.60) |
| **Core loss per share (non-GAAP)** | | **($7.69)** | | ($15.25) |
| **Weighted average diluted shares (in millions)** | | **590.3** | | 575.4 |

[1] *The income tax impact is calculated using the U.S. corporate statutory tax rate.*

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| *(Dollars in millions, except per share data)* | **Twelve Months 2021** | | Twelve months 2020 | |
|---|---|---|---|---|
| | **$ millions** | **Per Share** | $ millions | Per Share |
| **Diluted loss per share (GAAP)** | | **($7.15)** | | ($20.88) |
| Pension FAS/CAS service cost adjustment | **($882)** | **(1.50)** | ($1,024) | (1.80) |
| Postretirement FAS/CAS service cost adjustment | **(291)** | **(0.49)** | (359) | (0.63) |
| Non-operating pension expense | **(528)** | **(0.91)** | (340) | (0.60) |
| Non-operating postretirement expense | **(1)** | | 16 | 0.03 |
| Provision for deferred income taxes on adjustments [1] | **357** | **0.61** | 358 | 0.63 |
| **Subtotal of adjustments** | **($1,345)** | **($2.29)** | ($1,349) | ($2.37) |
| **Core loss per share (non-GAAP)** | | **($9.44)** | | ($23.25) |
| **Weighted average diluted shares (in millions)** | | **588.0** | | 569.0 |

[1] *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 2021 and expensed abnormal production costs of $2,567 million and $1,887 million. Commercial Airplanes does not expect the remaining abnormal costs related to the 737 MAX to be significant and expects most of the remainder to be incurred in early 2022.
- The following table summarizes changes in the 737 MAX customer concessions and other considerations liability during 2021 and 2020:

| *(Dollars in millions)* | **2021** | **2020** |
|---|---|---|
| Beginning balance – January 1 | **$5,537** | **$7,389** |
| Reductions for payments made | **(2,535)** | **(2,188)** |
| Reductions for concessions and other in-kind considerations | **(48)** | **(162)** |
| Changes in estimates | **(14)** | **498** |
| Ending balance – December 31 | **$2,940** | **$5,537** |