



# Second-Quarter 2020 **PERFORMANCE REVIEW**

## **David Calhoun**

President and Chief Executive Officer

## **Greg Smith**

Executive Vice President Enterprise Operations,  
Chief Financial Officer and interim leader of Communications

July 29, 2020

# OUR FOCUS



Strengthening our Culture;  
**Supporting our Workforce  
and Communities**



Partnering with  
**Customers and Suppliers  
to Navigate Uncertainty**



Improving Performance  
and **Transforming our  
Business for the Future**

Meeting our Commitments  
and **Delivering on our Priorities**

## OUR PRIORITIES

Return the 737 to service safely

Rebuild trust

Focus on our values

Operate with excellence

Restore production health

Invest in our future

We'll achieve our priorities by empowering our people

***Positioning to recover from COVID-19 impacts and rebuild stronger and more resilient for the long term***

# BUSINESS ENVIRONMENT

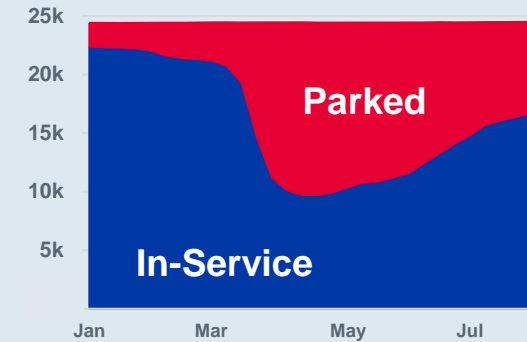


- Stable global demand for our defense, space and government services
- COVID-19 creating unprecedented shock in demand for air travel
- Recovery started, likely to be slow and uneven; regional dynamics continue to evolve
- Airlines adjusting operations and fleet planning to reflect new realities
- Managing liquidity important for industry to bridge to recovery
- Product differentiation and diversity of backlog critical to success
- Over the long term, expect commercial aviation to revert to growth trend

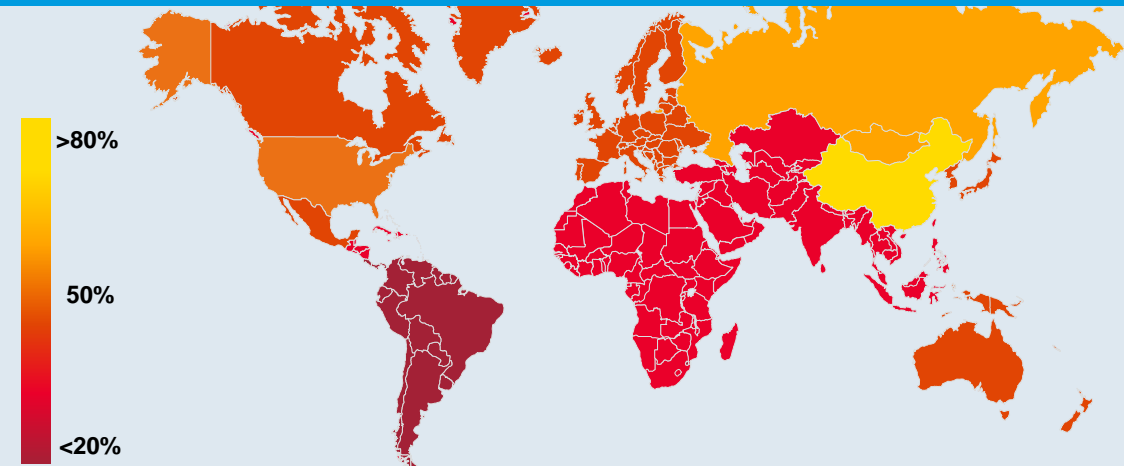
**DAILY OPERATIONS**  
2020 YTD Global Passenger Flights



**ACTIVE FLEET TREND**  
2020 YTD Global Fleet Status

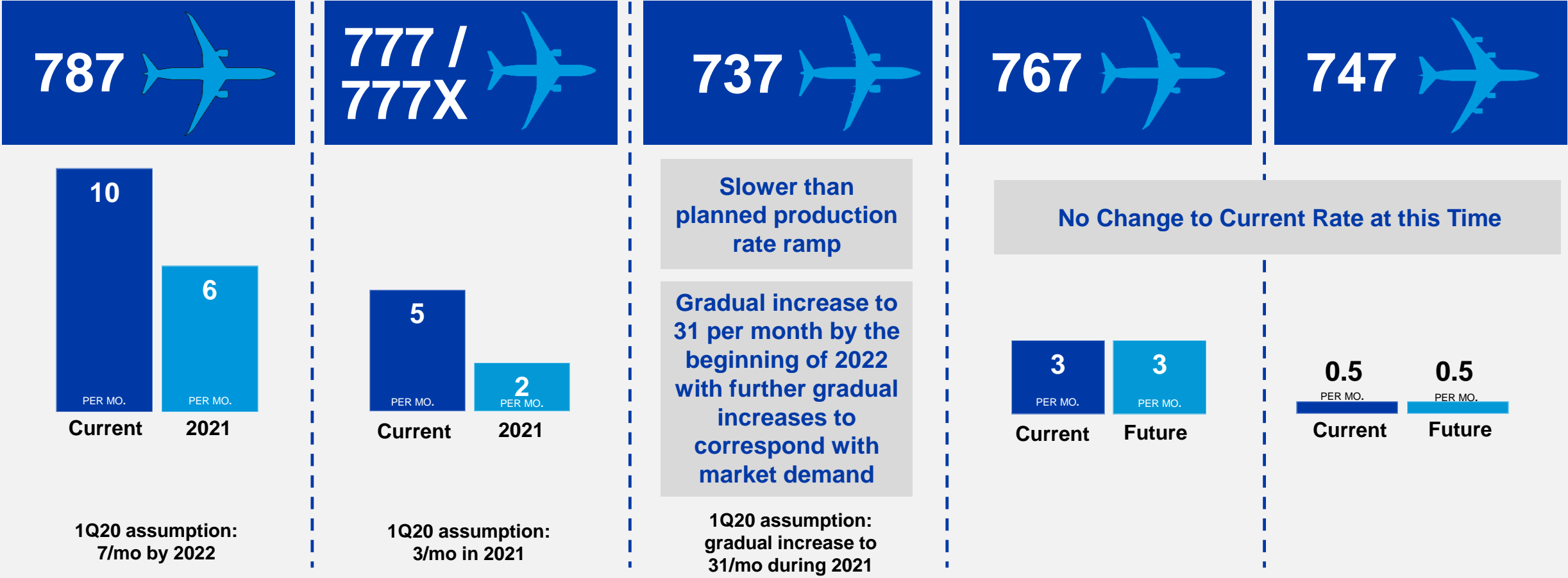


**FLIGHT DEPARTURES BY REGION**  
Passenger Flight Departures in Jul 2020 as a Percent of Jan 2020



*Defense and government services business provides some stability... long path to commercial market recovery*

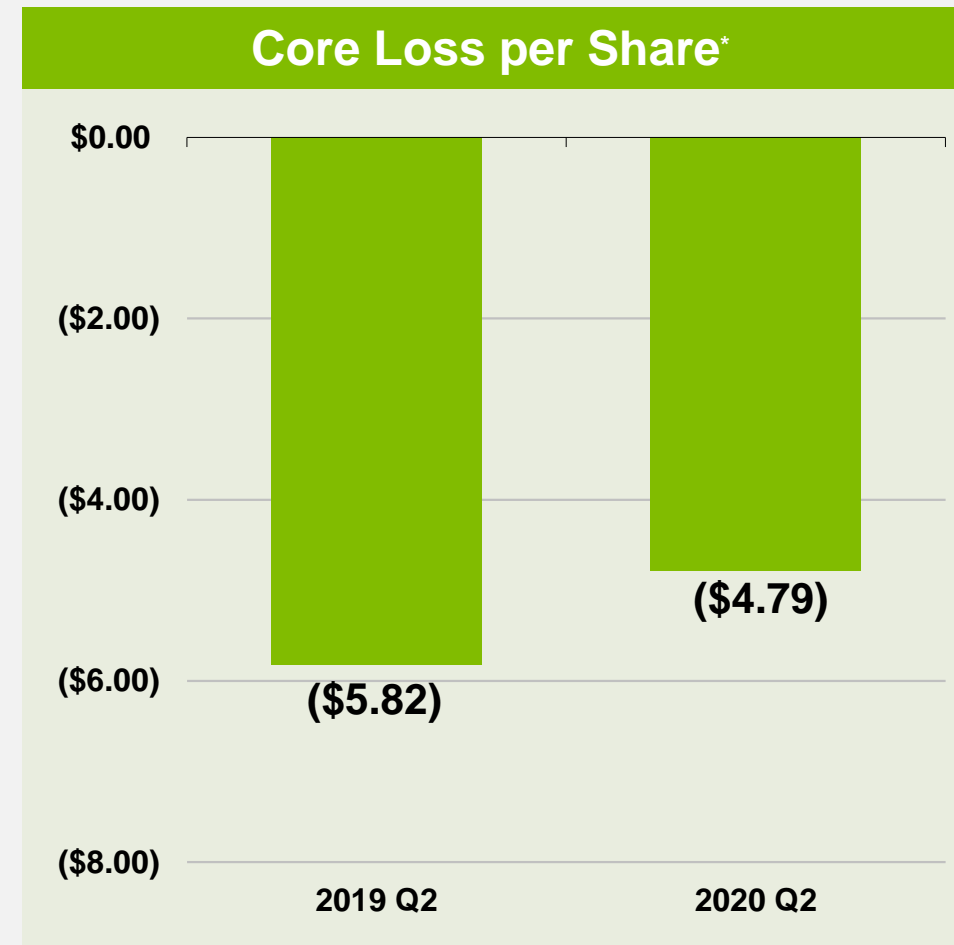
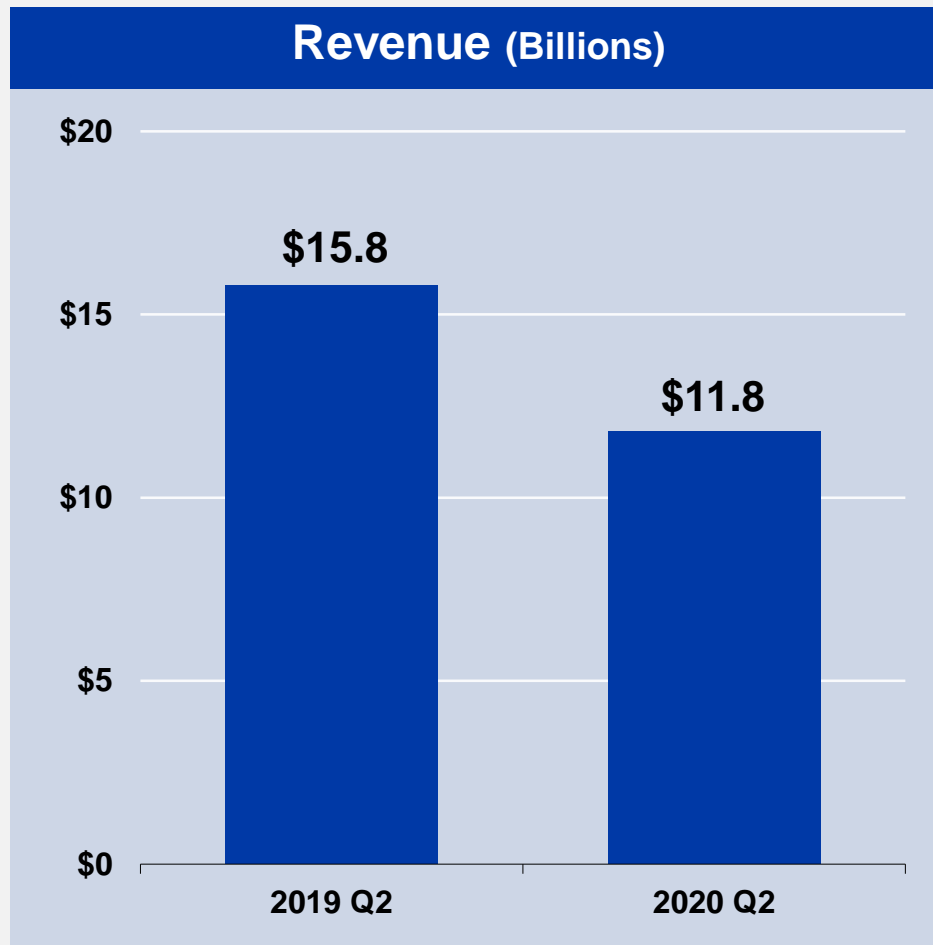
# COMMERCIAL AIRPLANE PRODUCTION RATES



Total Backlog of more than 4,500 Commercial Airplanes

*Aligning our business to new market reality*

# SECOND-QUARTER REVENUE AND EARNINGS



\* Non-GAAP measure. Additional information is provided in the company's earnings press release dated July 29, 2020 and on slide 14 of this presentation.

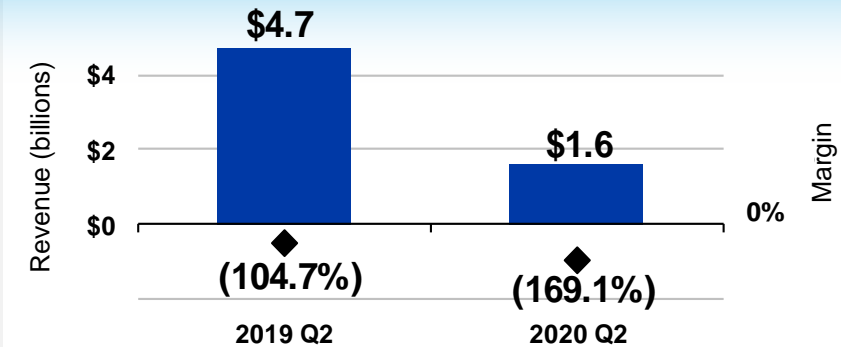
*Primarily driven by COVID-19 impacts and 737 MAX grounding*

# COMMERCIAL AIRPLANES



- Financial results significantly impacted by COVID-19 and 737 MAX grounding
- Restarted operations across production facilities in the quarter and resumed early stages of 737 production in May
- Adjusting production rates further due to COVID-19
  - 737 slower production ramp to 31/mo by beginning of 2022, followed by gradual increases to correspond with market demand
    - Assumed timing of regulatory approvals will enable deliveries to resume during 4Q20
  - 787 production rate reduced to 6/mo in 2021
  - 777/777X combined production rate gradually reduced to 2/mo in 2021
    - First delivery of 777X targeted for 2022
- Delivered 20 airplanes; Backlog of \$326B
- FAA completed 737 MAX certification flight tests, continue to work with regulators towards safe return to service

## Revenues & Operating Margins



Enhanced health, safety and quality measures in facilities

*Taking action to navigate COVID-19 impacts and position for the future*



# DEFENSE, SPACE & SECURITY



- **Captured new and follow-on business**

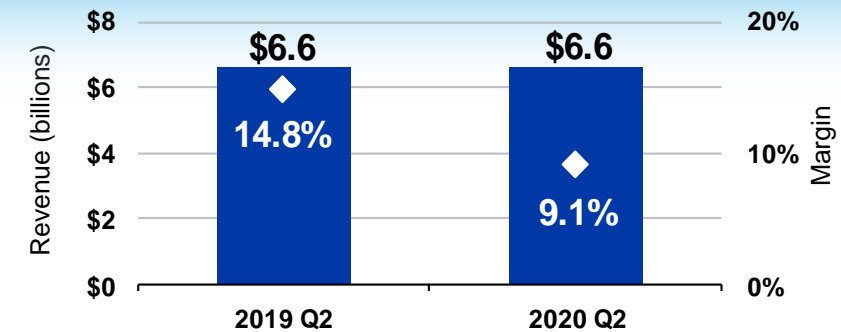
- Award for 3 additional MQ-25 unmanned aerial refueling aircraft for the U.S. Navy
- Contracts for Cruise Missile Systems for the U.S. Navy
- Contract for 24 AH-64E Apache helicopters for the Kingdom of Morocco

- **Executed balanced portfolio**

- Completed Critical Design Review for T-7A advanced trainer
- Achieved first flight and delivery of F/A-18 U.S. Navy Block III Super Hornet
- Achieved first flight of the F-15 Qatar Advanced aircraft
- Delivered 44 aircraft including:
  - The 100<sup>th</sup> U.S. Navy P-8A Poseidon
  - The 400<sup>th</sup> V-22 Osprey
  - The 2,500<sup>th</sup> AH-64 Apache

- **Orders valued at \$7B; Backlog of \$64B**

## Revenues & Operating Margins

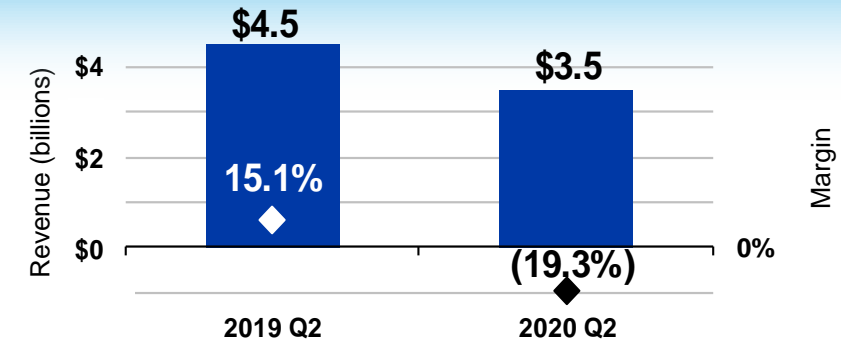


F-15EX award from U.S. Air Force in July

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

- **Financial results significantly impacted by COVID-19**
  - Lower volume across the commercial portfolio
  - Booked asset impairments and severance costs (~\$0.9B)
- **Outlook for government services remains stable**
- **Delivered first F/A-18 Super Hornet test aircraft modified for the U.S. Navy Blue Angels**
- **Captured new and follow-on business**
  - Awarded contract modification for U.S. Navy P-8A integrated logistics support
  - Captured DHL order for four 767-300 freighter conversions
  - Awarded F-15 pre-delivery training support for the Qatar Emiri Air Force
- **Backlog of \$18B**

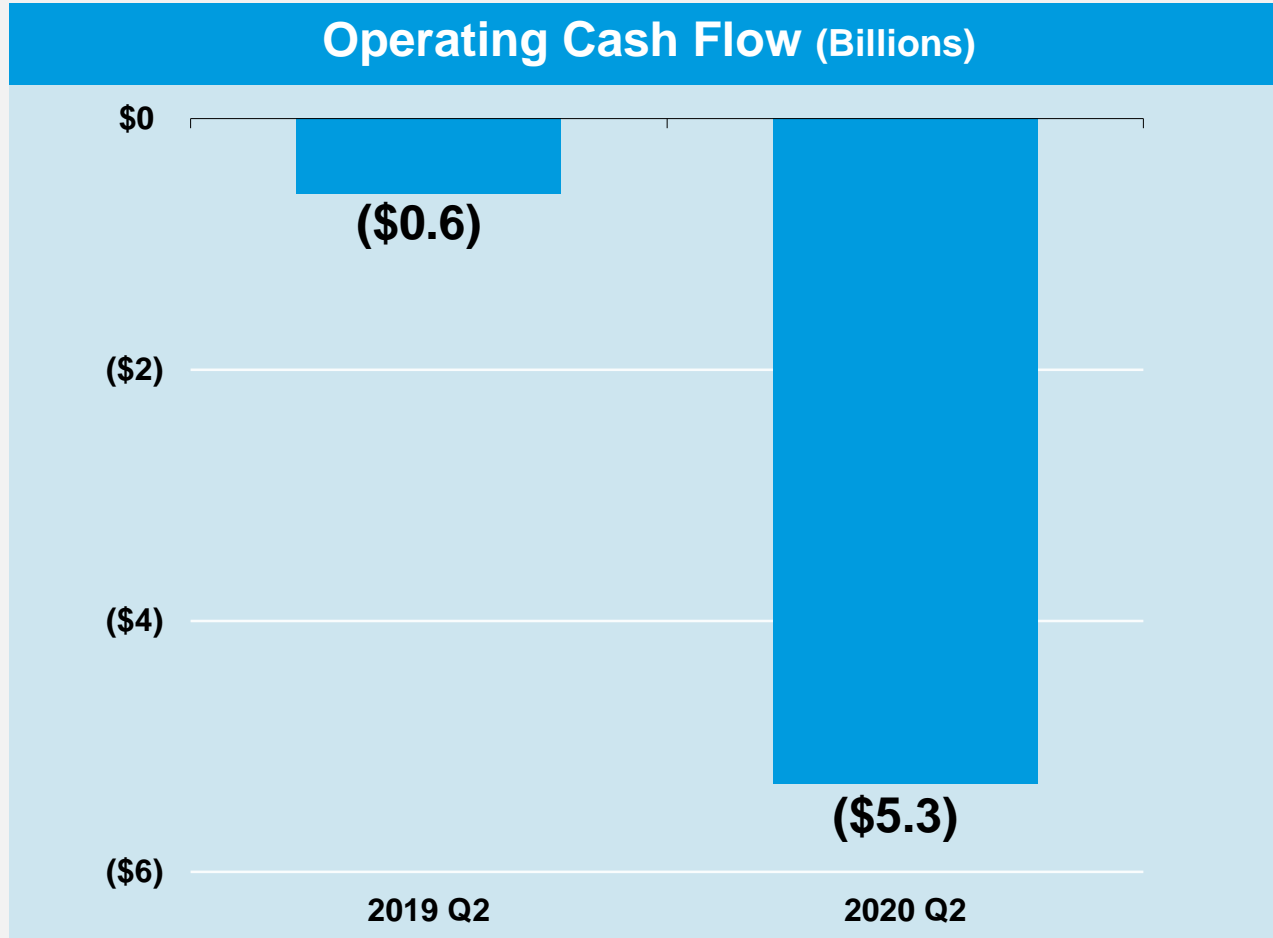
## Revenues & Operating Margins



Contract modification for U.S. Navy P-8A

***Taking action to navigate COVID-19 impacts... maintaining support for steady government business***

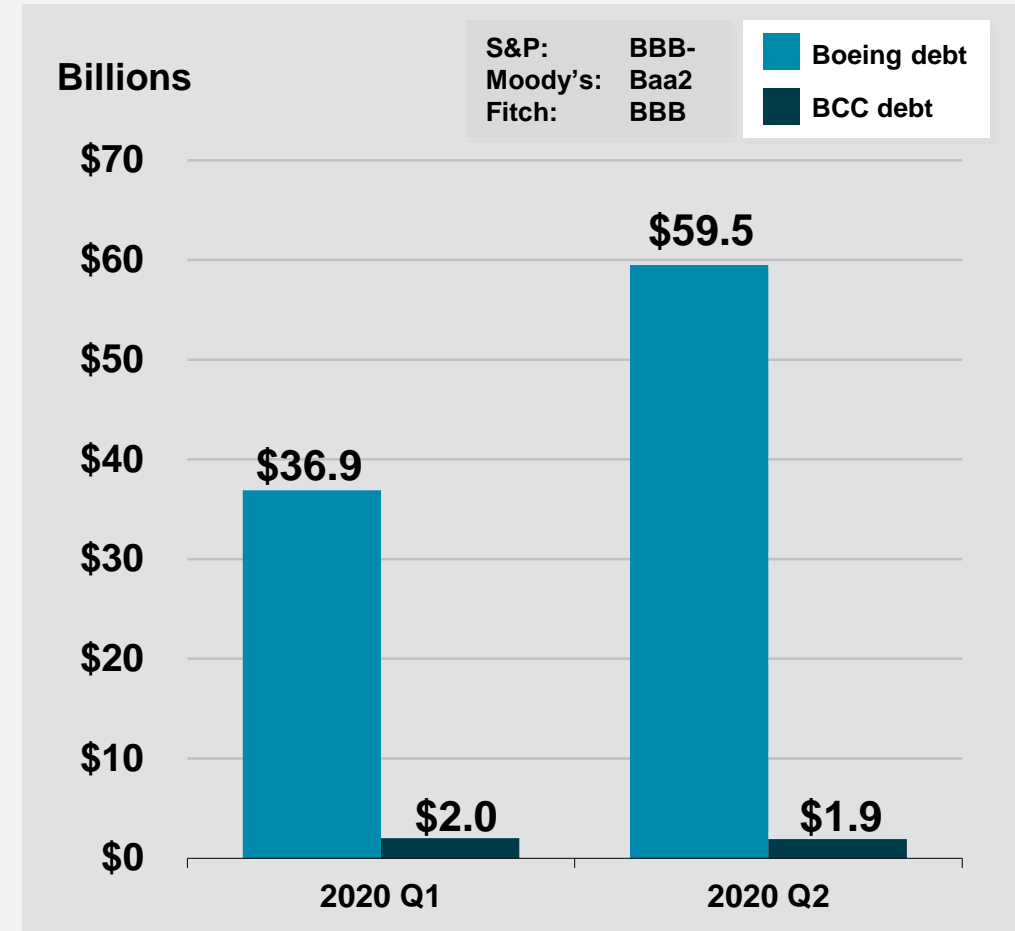
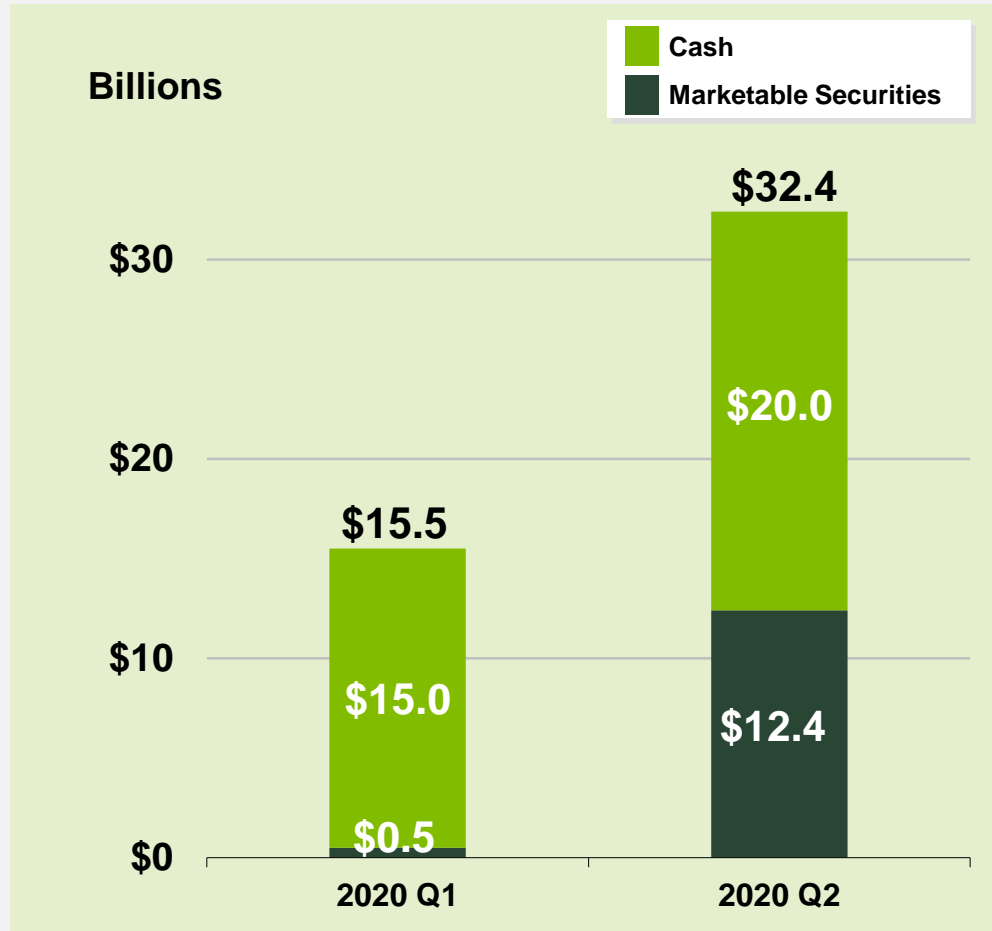




- **COVID-19 caused delivery and production disruption**
- **Lower commercial airplane delivery, advance payments and commercial services**
- **Timing of receipts and expenditures**
- **Disciplined cash management**

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

# CASH AND DEBT BALANCES



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

# TAKING ACTIONS TO POSITION FOR THE FUTURE



- **Navigating through dynamic environment; constantly assessing business impact**
- **Managing liquidity to bridge to recovery**
  - Suspended dividend and terminated share repurchase program
  - Raised additional debt to bolster liquidity
  - Disciplined cash management – reducing discretionary spending and prioritizing investments
- **Resizing operations to adapt to reduced commercial market demand due to COVID-19**
  - Lowering commercial production rates and employment levels
- **Proactively reviewing our enterprise across key areas to ensure long-term health, competitiveness**



## Infrastructure

*Reviewing enterprise footprint and organizational cost structure*



## Overhead & Organization



## Portfolio & Investments

*Shaping portfolio and focusing investments*



## Supply Chain Health

*Managing stability while recalibrating industry output*



## Operational Excellence

*Improving performance and reducing rework*

***Transforming our business, focusing investments and sizing our operations 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 government actions, including with respect to our operations, our liquidity, the health of our customers and suppliers, and future demand for our products and services; (2) the 737 MAX, including the timing and conditions of 737 MAX regulatory approvals, lower than planned production rates and/or delivery rates, and increased considerations to customers and suppliers; (3) general conditions in the economy and our industry, including those due to regulatory changes; (4) our reliance on our commercial airline customers; (5) the overall health of our aircraft production system, planned commercial aircraft production rate changes, our commercial development and derivative aircraft programs, and our aircraft being subject to stringent performance and reliability standards; (6) changing budget and appropriation levels and acquisition priorities of the U.S. government; (7) our dependence on U.S. government contracts; (8) our reliance on fixed-price contracts; (9) our reliance on cost-type contracts; (10) uncertainties concerning contracts that include in-orbit incentive payments; (11) our dependence on our subcontractors and suppliers, as well as the availability of raw materials; (12) changes in accounting estimates; (13) changes in the competitive landscape in our markets; (14) our non-U.S. operations, including sales to non-U.S. customers; (15) threats to the security of our or our customers’ information; (16) potential adverse developments in new or pending litigation and/or government investigations; (17) customer and aircraft concentration in our customer financing portfolio; (18) changes in our ability to obtain debt on commercially reasonable terms and at competitive rates; (19) realizing the anticipated benefits of mergers, acquisitions, joint ventures/strategic alliances or divestitures; (20) the adequacy of our insurance coverage to cover significant risk exposures; (21) potential business disruptions, including those related to physical security threats, information technology or cyber-attacks, epidemics, sanctions or natural disasters; (22) work stoppages or other labor disruptions; (23) substantial pension and other postretirement benefit obligations; and (24) potential environmental liabilities.

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

# NON-GAAP MEASURE DISCLOSURE



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

The table provided below reconciles the non-GAAP financial measure core loss per share with the most directly comparable GAAP financial measure diluted loss per share. See page 6 of the company's press release dated July 29, 2020 for additional information on the use of core loss per share as a non-GAAP financial measure.

<i>(Dollars in millions, except per share data)</i>	Second Quarter 2020		Second Quarter 2019	
	\$ millions	Per Share	\$ millions	Per Share
<b>Diluted loss per share (GAAP)</b>		<b>(\$4.20)</b>		<b>(\$5.21)</b>
Pension FAS/CAS service cost adjustment	(\$258)	(0.46)	(\$275)	(0.49)
Postretirement FAS/CAS service cost adjustment	(97)	(0.17)	(90)	(0.16)
Non-operating pension expense	(84)	(0.14)	(94)	(0.17)
Non-operating postretirement expense	14	0.02	26	0.05
Provision for deferred income taxes on adjustments <sup>1</sup>	89	0.16	91	0.16
<b>Subtotal of adjustments</b>	<b>(\$336)</b>	<b>(\$0.59)</b>	<b>(\$342)</b>	<b>(\$0.61)</b>
<b>Core loss per share (non-GAAP)</b>		<b>(\$4.79)</b>		<b>(\$5.82)</b>
<b>Weighted average diluted shares (in millions)</b>		<b>566.4</b>		<b>565.3</b>

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