



# First-Quarter 2018 Performance Review

**Dennis Muilenburg**

Chairman, President and Chief Executive Officer

**Greg Smith**

Chief Financial Officer

Executive Vice President of Enterprise Performance & Strategy

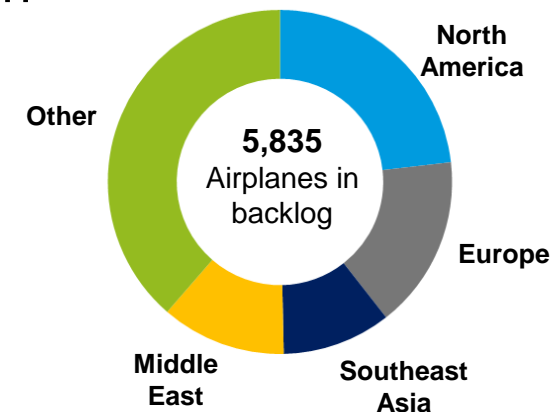
April 25, 2018

# First-Quarter Summary

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- Generated higher revenue, earnings & operating cash flow; strong execution
- Repurchased \$3.0B of shares; paid \$1.0B in dividends
- Delivered 184 commercial airplanes, including 36 737 MAXs
- Achieved BCA delivery milestones and expanded order book
- Secured key defense and space awards; completed key milestones
- Demonstrated BGS growth and execution; captured new opportunities
- Continued to accelerate growth and productivity

1Q18 BCA Backlog



GMD contract extension

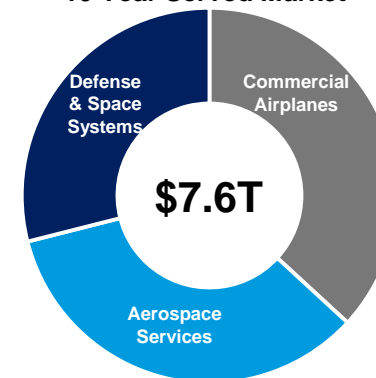
***Strong results; business positioned for growth***

# Business Environment

- Commercial aviation remains long-term growth industry
- Robust airline profitability and strong passenger traffic
- Diverse and balanced geographic, customer, and replacement demand
- Domestic support for our key defense and space programs
- Continuing international defense and space demand
- Growth opportunities in 10-year, \$2.6 trillion services market

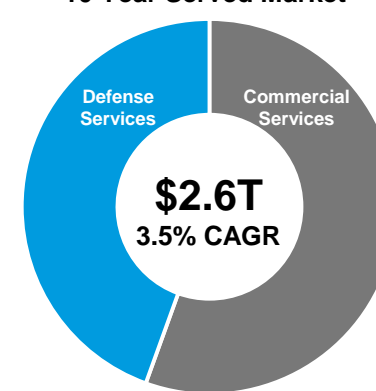
## Strong and Growing Markets

10 Year Served Market



## Aerospace Services

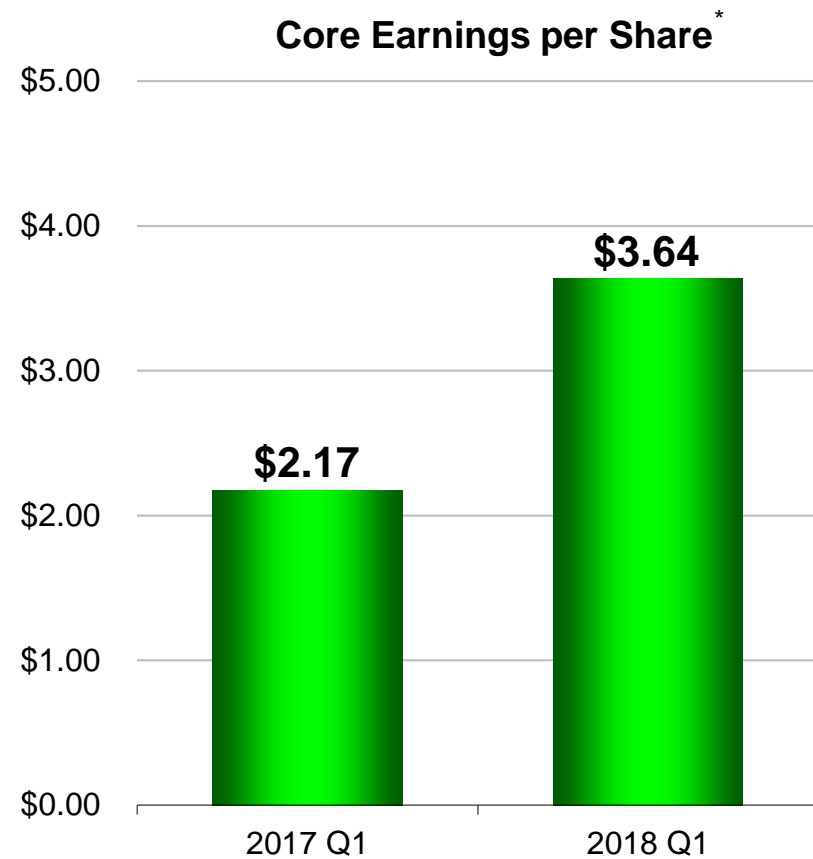
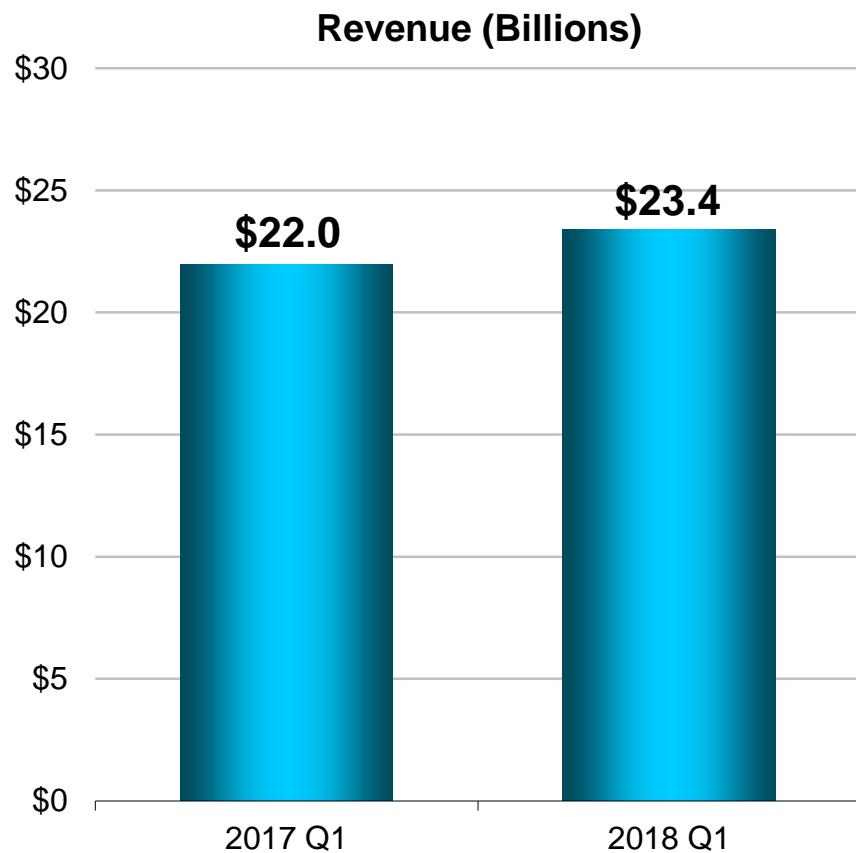
10 Year Served Market



***Healthy demand; business environment supportive of growth***

# First-Quarter Revenue and Earnings

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\* Non-GAAP measures. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are provided in the company's earnings press release dated April 25, 2018 and on slide 13 of this presentation.

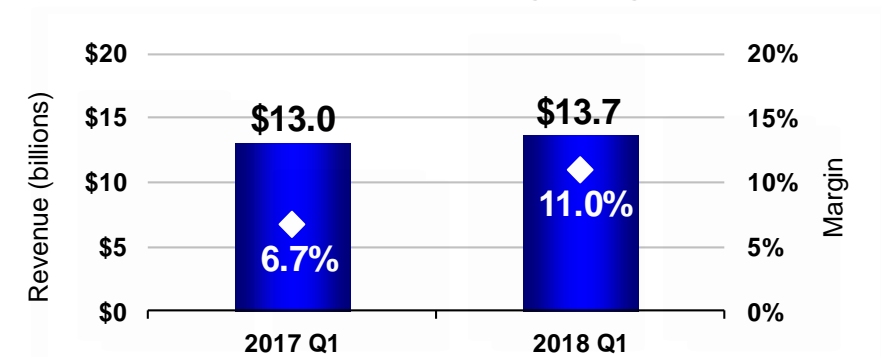
***Top and bottom line growth on strong underlying performance***

# Commercial Airplanes

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- **Delivered 184 airplanes**
  - Included 36 737 MAX deliveries
- **Won 221 net orders**
  - Orders valued at \$18B; robust backlog of \$415B
- **Key delivery milestones**
  - First 787-10 Dreamliner to Singapore Airlines
  - First 737 MAX 9 to Lion Air Group
  - 10,000<sup>th</sup> produced 737 to Southwest Airlines
- **Continued progress on development programs**
  - Completed 737 MAX 7 first flight
  - Began fuselage assembly on 777X structural test airplane

## Revenues & Operating Margins



737 MAX 9 First Delivery

*Healthy market; driving productivity while ramping production*

# Defense, Space & Security

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## ■ Captured new and follow-on business

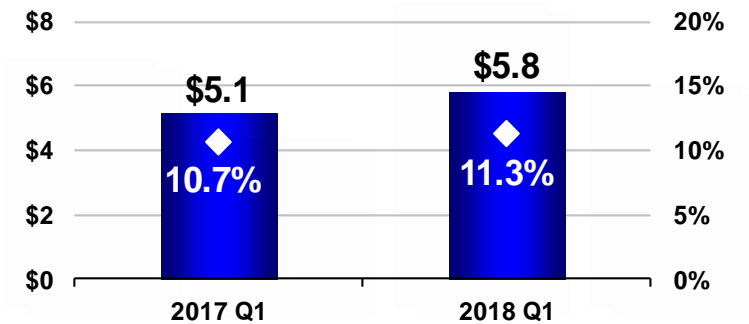
- Signed extension for Ground-based Midcourse Defense
- Initial contract for 28 F/A-18 Super Hornets for Kuwait
- Awarded contract for the final C-17 for India
- Contract with USAF for Joint Direct Attack Munition tail kits

## ■ Executed balanced portfolio

- KC-46 Tanker program completed planned STC flight tests in April
- Delivered first Space Launch System intertank hardware to NASA
- Second Commercial Crew spacecraft achieved power-on

## ■ Orders valued at \$12B; Backlog of \$50B

## Revenues & Operating Margins



Initial Contract Award for 28 F/A-18 Super Hornets for Kuwait

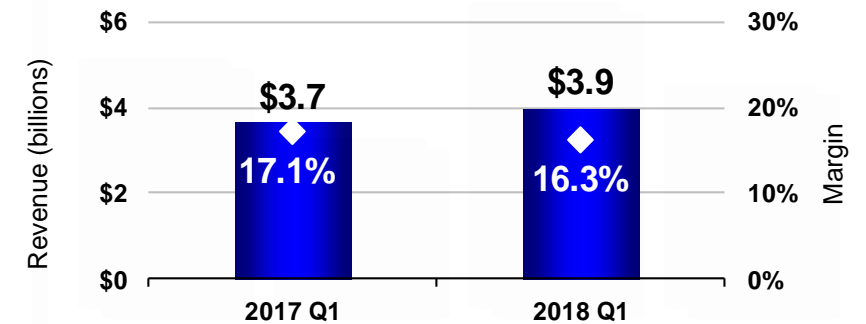
***Solid execution and healthy demand; increasing productivity and competitiveness***

# Global Services

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- **Strong revenue growth and operational execution**
- **Captured new and follow-on business**
  - Awarded F-15 Saudi support contract
  - Captured landing gear exchange contract for Aeromexico
  - Released Self-Service Analytics to complement our digital portfolio
  - Secured services contract for Royal Canadian Air Force's Chinook fleet
  - Signed new distribution agreement for T700 engines
- **Completed flight testing for 737 Boeing Converted Freighter program**
- **Orders valued at \$5B**

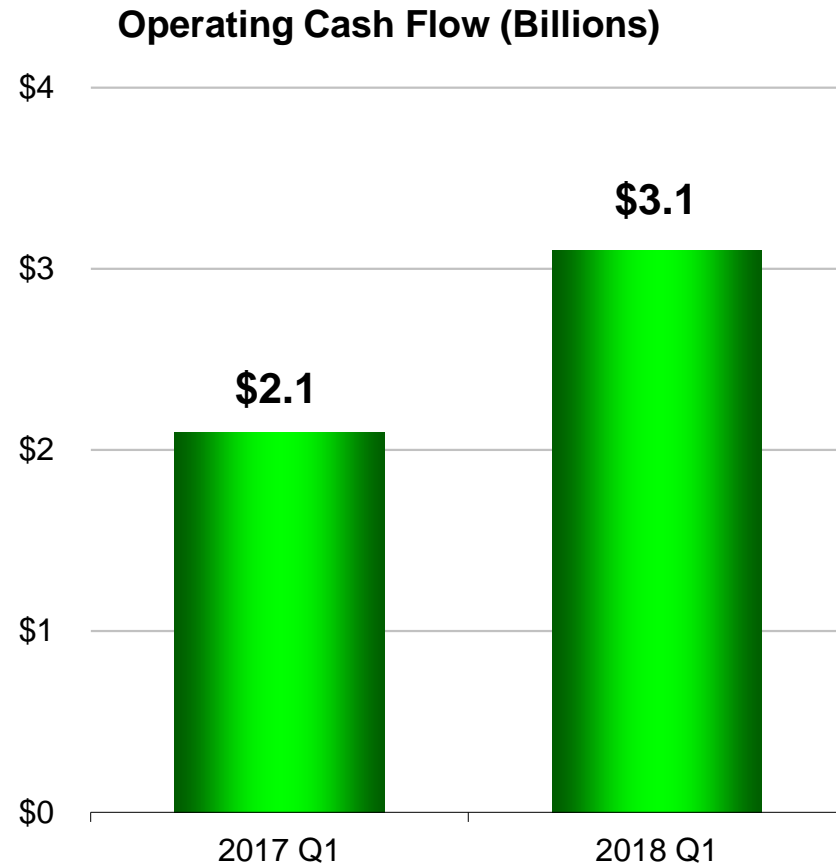
## Revenues & Operating Margins



Awarded Royal Saudi Air Force F-15 Support Contract

***Sizable market opportunity; growth outpacing market***

# Cash Flow



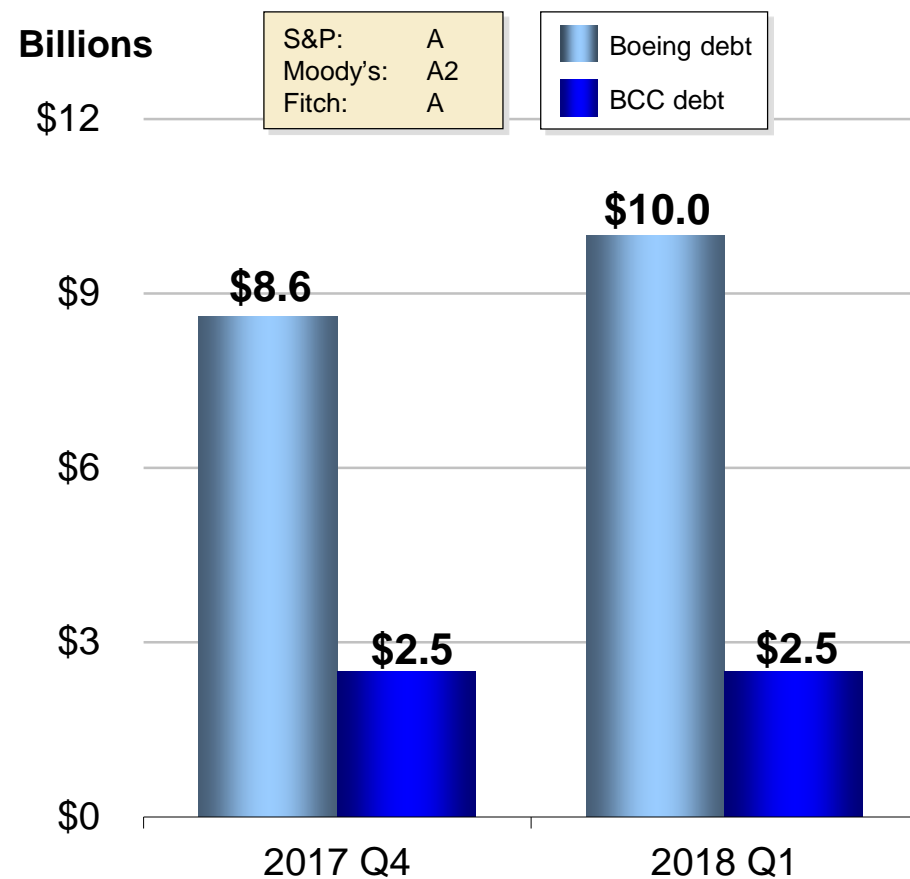
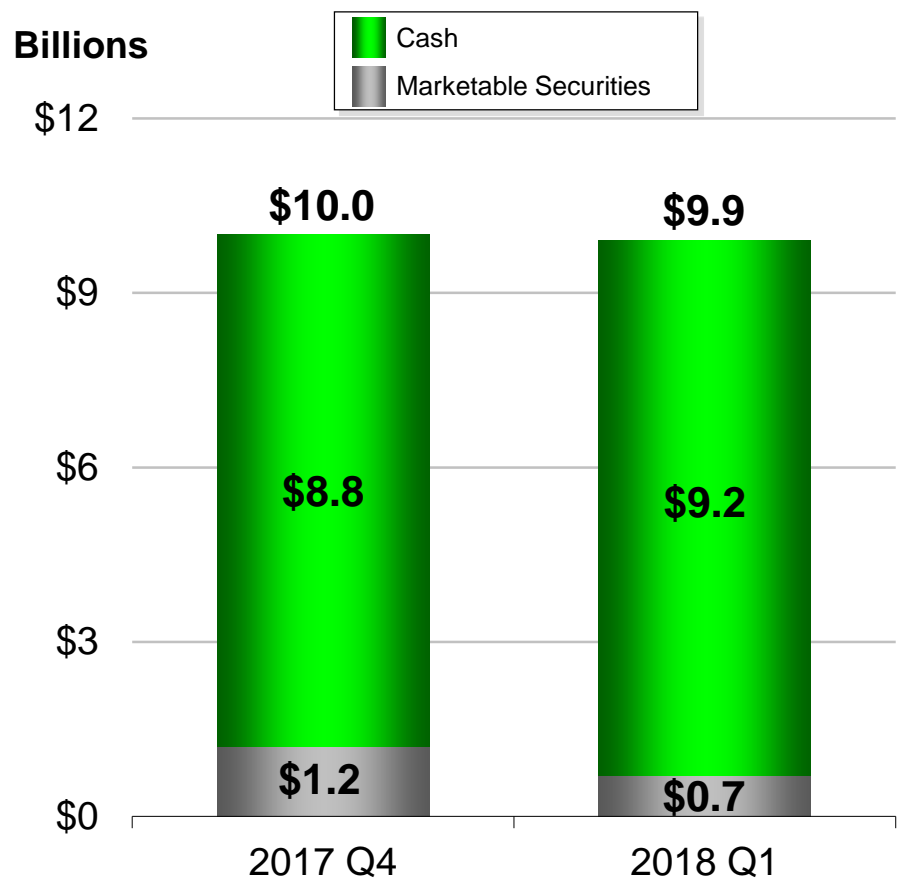
- Planned higher commercial production rates
- Improved performance
- Favorable timing of receipts and expenditures

***Strong cash flow reflects healthy business***



# Cash and Debt Balances

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***Strong liquidity with manageable debt levels***

# Financial Guidance

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	<u>2018</u>
Revenue	\$96.0 – 98.0B
Core EPS*	<del>\$13.80 – 14.00</del> \$14.30 – 14.50
Operating Cash Flow	<del>~\$15.0B</del> \$15.0 – 15.5B
Capital Expenditures	~\$2.2B

\* Non-GAAP measures. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are provided in the company's earnings press release dated April 25, 2018 and on slide 13 of this presentation.

***Guidance increased on strong performance***



# 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) general conditions in the economy and our industry, including those due to regulatory changes; (2) our reliance on our commercial airline customers; (3) the overall health of our aircraft production system, planned production changes, our commercial development and derivative aircraft programs, and our aircraft being subject to stringent performance and reliability standards; (4) changing budget and appropriation levels and acquisition priorities of the U.S. government; (5) our dependence on U.S. government contracts; (6) our reliance on fixed-price contracts; (7) our reliance on cost-type contracts; (8) uncertainties concerning contracts that include in-orbit incentive payments; (9) our dependence on our subcontractors and suppliers, as well as the availability of raw materials; (10) changes in accounting estimates; (11) changes in the competitive landscape in our markets; (12) our non-U.S. operations, including sales to non-U.S. customers; (13) threats to the security of our or our customers’ information; (14) potential adverse developments in new or pending litigation and/or government investigations; (15) customer and aircraft concentration in our customer financing portfolio; (16) changes in our ability to obtain debt on commercially reasonable terms and at competitive rates in order to fund our operations and contractual commitments; (17) realizing the anticipated benefits of mergers, acquisitions, joint ventures/strategic alliances or divestitures; (18) the adequacy of our insurance coverage to cover significant risk exposures; (19) potential business disruptions, including those related to physical security threats, information technology or cyber-attacks or natural disasters; (20) work stoppages or other labor disruptions; (21) substantial pension and other postretirement benefit obligations; (22) 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 per share with the most directly comparable GAAP financial measure diluted earnings per share. See page 7 of the company's press release dated April 25, 2018 for additional information on the use of core earnings per share as a non-GAAP financial measure.

<i>(Dollars in millions, except per share data)</i>	2018 Guidance		First Quarter 2018		First Quarter 2017	
	\$ millions	Per Share	\$ millions	Per Share	\$ millions	Per Share
<b>Diluted earnings per share (GAAP)</b>		<b>\$16.40 - 16.60</b>		<b>\$4.15</b>		<b>\$2.54</b>
Pension FAS/CAS service cost adjustment			<b>(\$283)</b>	<b>(0.47)</b>	<b>(\$262)</b>	<b>(0.42)</b>
Postretirement FAS/CAS service cost adjustment	<b>~(\$1,395)</b>		<b>(82)</b>	<b>(0.14)</b>	<b>(84)</b>	<b>(0.14)</b>
Non-operating pension expense			<b>(42)</b>	<b>(0.07)</b>	<b>(34)</b>	<b>(0.06)</b>
Non-operating postretirement expense	<b>~(\$170)</b>		<b>24</b>	<b>0.04</b>	<b>30</b>	<b>0.05</b>
Provision for deferred income taxes on adjustments <sup>1</sup>			<b>80</b>	<b>0.13</b>	<b>122</b>	<b>0.20</b>
<b>Subtotal of adjustments</b>		<b>(\$2.10)</b>	<b>(\$303)</b>	<b>(\$0.51)</b>	<b>(\$228)</b>	<b>(\$0.37)</b>
<b>Core earnings per share (non-GAAP)</b>		<b>\$14.30 - 14.50</b>		<b>\$3.64</b>		<b>\$2.17</b>
<b>Weighted average diluted shares (in millions)</b>		<b>585 - 590</b>		<b>597.2</b>		<b>621.2</b>

<sup>1</sup> The income tax impact is calculated using the U.S. corporate statutory tax rate in effect for non-GAAP adjustments.