

Boeing Reports Record 2018 Results and Provides 2019 Guidance

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Fourth Quarter 2018

- Record revenue of \$28.3 billion and record operating profit of \$4.2 billion driven by higher volume
- Record GAAP EPS of \$5.93 and record core EPS (non-GAAP)* of \$5.48 on strong performance

Full-Year 2018

- Record revenue of \$101.1 billion reflecting strong growth across the portfolio
- Record GAAP EPS of \$17.85 and record core EPS (non-GAAP)* of \$16.01 driven by solid execution
- Record operating cash flow of \$15.3 billion; repurchased 26.1 million shares for \$9.0 billion
- Total backlog remains robust at \$490 billion, including nearly 5,900 commercial airplanes
- Cash and marketable securities of \$8.6 billion provide strong liquidity

Outlook for 2019

- Revenue guidance of between \$109.5 and \$111.5 billion reflects higher volume across all businesses
- GAAP EPS of between \$21.90 and \$22.10; core EPS (non-GAAP)* of between \$19.90 and \$20.10
- Operating cash flow expected to increase to between \$17.0 and \$17.5 billion

| Table 1. Summary Financial Results (Dollars in Millions, except per share data) | Fourth Quarter | | | Full Year | | |
|--|----------------|----------|---------|-----------|----------|---------|
| | 2018 | 2017 | Change | 2018 | 2017 | Change |
| Revenues | \$28,341 | \$24,770 | 14% | \$101,127 | \$94,005 | 8% |
| GAAP | | | | | | |
| Earnings From Operations | \$4,175 | \$2,978 | 40% | \$11,987 | \$10,344 | 16% |
| Operating Margin | 14.7% | 12.0% | 2.7 Pts | 11.9% | 11.0% | 0.9 Pts |
| Net Earnings | \$3,424 | \$3,320 | 3% | \$10,460 | \$8,458 | 24% |
| Earnings Per Share | \$5.93 | \$5.49 | 8% | \$17.85 | \$13.85 | 29% |
| Operating Cash Flow | \$2,947 | \$2,903 | 2% | \$15,322 | \$13,346 | 15% |
| Non-GAAP* | | | | | | |
| Core Operating Earnings | \$3,867 | \$2,589 | 49% | \$10,660 | \$8,906 | 20% |
| Core Operating Margin | 13.6% | 10.5% | 3.1 Pts | 10.5% | 9.5% | 1.0 Pts |
| Core Earnings Per Share | \$5.48 | \$5.07 | 8% | \$16.01 | \$12.33 | 30% |

*Non-GAAP measure; complete definitions of Boeing's non-GAAP measures are on page 6, "Non-GAAP Measures Disclosures."

The Boeing Company [NYSE: BA] reported fourth-quarter revenue of \$28.3 billion, GAAP earnings per share of \$5.93 and core earnings per share (non-GAAP)* of \$5.48, all company records. These results reflect record commercial deliveries, higher defense and services volume and strong performance which outweighed favorable tax impacts recorded in the fourth quarter of 2017 (Table 1). Boeing generated operating cash flow of \$2.9 billion, repurchased 1.6 million shares for \$0.6 billion, paid \$1.0 billion of dividends and completed the acquisition of KLX.

Revenue was a record \$101.1 billion for the full year reflecting higher commercial deliveries and increased volume across the company. Records for GAAP earnings per share of \$17.85 and core earnings per share (non-GAAP)* of \$16.01 were driven by higher volume, improved mix and solid execution.

"Across the enterprise our team delivered strong core operating performance and customer focus, driving record revenues, earnings and cash flow and further extending our global aerospace industry leadership in 2018," said Boeing Chairman, President and Chief Executive Officer Dennis Muilenburg. "Our financial performance provided a firm platform to further invest in new growth businesses, innovation and future franchise programs, as well as in our people and enabling technologies. In the last 5 years, we have invested nearly \$35 billion in key strategic areas of our business, all while increasing cash returns to shareholders."

"Our One Boeing focus, clear strategies for growth, and leading positions in large and growing markets, give us confidence for continued strong performance, revenue expansion and solid execution across all three businesses, which is reflected in our 2019 guidance."

"We remain focused on executing on our production and development programs as well as our growth strategy while driving further productivity, quality and safety improvements, investing in our team and creating more value and opportunity for our customers, shareholders and employees."

| Table 2. Cash Flow (Millions) | Fourth Quarter | | Full Year | |
|---|----------------|---------|-----------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Operating Cash Flow | \$2,947 | \$2,903 | \$15,322 | \$13,346 |
| Less Additions to Property, Plant & Equipment | (\$495) | (\$435) | (\$1,722) | (\$1,739) |
| Free Cash Flow* | \$2,452 | \$2,468 | \$13,600 | \$11,607 |

*Non-GAAP measure; complete definitions of Boeing's non-GAAP measures are on page 6, "Non-GAAP Measures Disclosures."

Operating cash flow was \$2.9 billion in the quarter and \$15.3 billion for the full year, reflecting planned higher commercial airplane production rates and strong operating performance as well as timing of receipts and expenditures (Table 2). During the quarter, the company repurchased 1.6 million shares for \$0.6 billion, paid \$1.0 billion in dividends, and completed the acquisition of KLX. For the full year, the company repurchased 26.1 million shares for \$9.0 billion and paid \$3.9 billion in dividends. Based on strong cash generation and confidence in the company's outlook, the board of directors in December increased the quarterly dividend per share by 20 percent and replaced the existing share repurchase program with a new \$20 billion authorization.

| Table 3. Cash, Marketable Securities and Debt Balances (Billions) | Quarter-End | |
|--|-------------|--------|
| | Q4 18 | Q3 18 |
| Cash | \$7.7 | \$8.0 |
| Marketable Securities ¹ | \$0.9 | \$2.0 |
| Total | \$8.6 | \$10.0 |
| Debt Balances: | | |
| The Boeing Company, net of intercompany loans to BCC | \$11.3 | \$9.4 |
| Boeing Capital, including intercompany loans | \$2.5 | \$2.5 |
| Total Consolidated Debt | \$13.8 | \$11.9 |

¹ Marketable securities consists primarily of time deposits due within one year classified as "short-term investments."

Cash and investments in marketable securities totaled \$8.6 billion, compared to \$10.0 billion at the beginning of the quarter (Table 3). Debt was \$13.8 billion, up from \$11.9 billion at the beginning of the quarter primarily due to the issuance of new debt following the KLX acquisition.

Total company backlog at quarter-end was relatively unchanged at \$490 billion and included net orders for the quarter of \$27 billion.

Segment Results

Commercial Airplanes

| Table 4. Commercial Airplanes (Dollars in Millions) | Fourth Quarter | | | Full Year | | |
|--|----------------|----------|---------|-----------|----------|---------|
| | 2018 | 2017 | Change | 2018 | 2017 | Change |
| Commercial Airplanes Deliveries | 238 | 209 | 14% | 806 | 763 | 6% |
| Revenues | \$17,306 | \$15,388 | 12% | \$60,715 | \$58,014 | 5% |
| Earnings from Operations | \$2,704 | \$1,787 | 51% | \$7,879 | \$5,452 | 45% |
| Operating Margin | 15.6% | 11.6% | 4.0 Pts | 13.0% | 9.4% | 3.6 Pts |

Commercial Airplanes fourth-quarter revenue increased to \$17.3 billion reflecting higher deliveries and favorable mix (Table 4). Fourth-quarter operating margin increased to 15.6 percent, driven by higher 737 volume and strong operating performance on production programs, including higher 787 margins.

During the quarter, Commercial Airplanes delivered 238 airplanes, including the delivery of the 787th 787 Dreamliner and the first 737 MAX Boeing Business Jet. The 737 program delivered 111 MAX airplanes in the fourth quarter, including the first MAX delivery from the China Completion Center, and delivered 256 MAX airplanes in 2018. The first 777X flight test airplane completed final body join and power-on, and the program remains on track for flight testing this year and first delivery in 2020.

Commercial Airplanes booked 262 net orders during the quarter, valued at \$16 billion. Backlog remains robust with nearly 5,900 airplanes valued at \$412 billion.

Defense, Space & Security

| Table 5. Defense, Space & Security (Dollars in Millions) | Fourth Quarter | | Change | Full Year | | Change |
|---|----------------|---------|---------|-----------|----------|-----------|
| | 2018 | 2017 | | 2018 | 2017 | |
| Revenues | \$6,111 | \$5,257 | 16% | \$23,195 | \$20,561 | 13% |
| Earnings from Operations | \$669 | \$544 | 23% | \$1,594 | \$2,193 | (27%) |
| Operating Margin | 10.9% | 10.3% | 0.6 Pts | 6.9% | 10.7% | (3.8) Pts |

Defense, Space & Security fourth-quarter revenue increased to \$6.1 billion driven by increased volume across F/A-18, satellites, and weapons (Table 5). Fourth-quarter operating margin increased to 10.9 percent, primarily reflecting favorable mix.

During the quarter, Defense, Space & Security was awarded contracts for the second KC-46 Tanker to Japan, a joint ground system to provide tactical satellite communications for the U.S. Air Force and to modernize 17 Chinooks for Spain. Defense, Space & Security also completed a successful test for the U.S. Air Force's Minuteman III and unveiled the SB>1 DEFIANT helicopter for the U.S. Army. In January, the first two KC-46 Tankers were delivered to the U.S. Air Force.

Backlog at Defense, Space & Security was \$57 billion, of which 30 percent represents orders from customers outside the U.S.

Global Services

| Table 6. Global Services (Dollars in Millions) | Fourth Quarter | | Change | Full Year | | Change |
|---|----------------|---------|---------|-----------|----------|-----------|
| | 2018 | 2017 | | 2018 | 2017 | |
| Revenues | \$4,894 | \$3,797 | 29% | \$17,018 | \$14,581 | 17% |
| Earnings from Operations | \$732 | \$559 | 31% | \$2,522 | \$2,246 | 12% |
| Operating Margin | 15.0% | 14.7% | 0.3 Pts | 14.8% | 15.4% | (0.6) Pts |

Global Services fourth-quarter revenue increased to \$4.9 billion, primarily driven by higher parts volume including the acquisition of KLX (Table 6). Fourth-quarter operating margin increased to 15.0 percent reflecting improved performance, partially offset by higher period costs.

During the quarter, Global Services was awarded Performance Based Logistics contracts for C-17 and F-22 for the U.S. Air Force and F-15 for Qatar as well as contracts for F/A-18 services for the U.S. Navy. Global Services was also selected by Shenzhen Airlines to provide crew management solutions, making them the first airline in China to utilize Boeing AnalytX-powered services. Significant milestones during the quarter included the first KC-46 training flight with the U.S. Air Force. In addition, Global Services successfully began integrating KLX and began operations of the Auxiliary Power Unit joint venture with Safran.

Additional Financial Information

| Table 7. Additional Financial Information (Dollars in Millions) | Fourth Quarter | | Full Year | |
|--|----------------|---------|-----------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Revenues | | | | |
| Boeing Capital | \$60 | \$73 | \$274 | \$307 |
| Unallocated items, eliminations and other | (\$30) | \$255 | (\$75) | \$542 |
| Earnings from Operations | | | | |
| Boeing Capital | \$8 | \$27 | \$79 | \$114 |
| FAS/CAS service cost adjustment | \$308 | \$389 | \$1,327 | \$1,438 |
| Other unallocated items and eliminations | (\$246) | (\$328) | (\$1,414) | (\$1,099) |
| Other income, net | \$29 | \$32 | \$92 | \$123 |
| Interest and debt expense | (\$158) | (\$93) | (\$475) | (\$360) |
| Effective tax rate | 15.4% | (13.8)% | 9.9% | 16.3% |

At quarter-end, Boeing Capital's net portfolio balance was \$2.8 billion. Revenue in other unallocated items and eliminations decreased primarily due to the timing of eliminations for intercompany aircraft deliveries and the 2017 sale of aircraft previously leased to customers. The change in earnings from other unallocated items and eliminations is primarily due to timing of expense allocations. The effective tax rate for the fourth quarter increased from the same period in the prior year primarily due to the favorable impacts from the enactment of the Tax Cuts and Jobs Act recorded in the fourth quarter of 2017.

Outlook

Effective in the first quarter of 2019, the Company is making a change to the accounting for military derivative aircraft. Revenues and costs associated with military derivative aircraft were previously reported in the Commercial Airplanes and Defense, Space & Security segments. Beginning in 2019, all revenues and costs associated with military derivative aircraft will be reported in the Defense, Space & Security segment. An additional exhibit is included on page 15 with restated 2018 results adjusted for the change in accounting for military derivative aircraft as well as the realignment of certain programs between Global Services and Defense, Space & Security. The Company has provided this comparable information in the exhibit and below to help investors understand the 2019 financial outlook (Table 8).

| Table 8. 2019 Financial Outlook (Dollars in Billions, except per share data) | | Restated 2018 Results | As Reported 2018 Results |
|---|------------------|--------------------------|-----------------------------|
| 2019 | | | |
| The Boeing Company | | | |
| Revenue | \$109.5 - 111.5 | | |
| GAAP Earnings Per Share | \$21.90 - 22.10 | | |
| Core Earnings Per Share* | \$19.90 - 20.10 | | |
| Operating Cash Flow | \$17.0 - \$17.5B | | |
| Commercial Airplanes | | | |
| Deliveries ¹ | 895 - 905 | | |
| Revenue | \$64.5 - 65.5 | \$57.5 | \$60.7 |
| Operating Margin | 14.5% - 15.0% | 13.6% | 13.0% |
| Defense, Space & Security | | | |
| Revenue | \$26.5 - 27.5 | \$26.4 | \$23.2 |
| Operating Margin | >11.0% | 6.3% | 6.9% |
| Global Services | | | |
| Revenue | \$18.5 - 19.0 | \$17.1 | \$17.0 |
| Operating Margin | >15.0% | 14.9% | 14.8% |
| Boeing Capital Portfolio Size | Stable | | |
| Research & Development | ~\$4.1 | | |
| Capital Expenditures | ~\$2.3 | | |
| Pension Expense ² | ~\$0.0 | | |
| Effective Tax Rate | ~16% | | |

*Non-GAAP measure; complete definitions of Boeing's non-GAAP measures are on page 6, "Non-GAAP Measures Disclosures."

¹ Continues to include intercompany deliveries related to military derivative aircraft

² Approximately \$1.1 billion of pension expense is expected to be allocated to the business segments

Non-GAAP Measures Disclosures

We supplement the reporting of our financial information determined under Generally Accepted Accounting Principles in the United States of America (GAAP) with certain non-GAAP financial information. The non-GAAP financial information presented excludes certain significant items that may not be indicative of, or are unrelated to, results from our ongoing business operations. We believe that these non-GAAP measures provide investors with additional insight into the company's ongoing business performance. These non-GAAP measures should not be considered in isolation or as a substitute for the related GAAP measures, and other companies may define such measures differently. We encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. The following definitions are provided:

Core Operating Earnings, Core Operating Margin and Core Earnings Per Share

Core operating earnings is defined as GAAP *earnings from operations* excluding the *FAS/CAS service cost adjustment*. The *FAS/CAS service cost adjustment* represents the difference between the FAS pension and postretirement service costs calculated under GAAP and costs allocated to the business segments. Core operating margin is defined as core operating earnings expressed as a percentage of revenue. Core earnings per share is defined as GAAP *diluted earnings per share* excluding the net earnings per share impact of the *FAS/CAS service cost adjustment* and *Non-operating pension and postretirement expenses*. Non-operating pension and postretirement expenses represent the components of net periodic benefit costs other than service cost. Pension costs, comprising service and prior service costs computed in accordance with GAAP are allocated to Commercial Airplanes and BGS businesses supporting commercial customers. Pension costs allocated to BDS and BGS businesses supporting government customers are computed in accordance with U.S. Government Cost Accounting Standards (CAS), which employ different actuarial assumptions and accounting conventions than GAAP. CAS costs are allocable to government contracts. Other postretirement benefit costs are allocated to all

business segments based on CAS, which is generally based on benefits paid. Management uses core operating earnings, core operating margin and core earnings/per share for purposes of evaluating and forecasting underlying business performance. Management believes these core earnings measures provide investors additional insights into operational performance as they exclude non-service pension and post-retirement costs, which primarily represent costs driven by market factors and costs not allocable to government contracts. A reconciliation between the GAAP and non-GAAP measures is provided on pages 13-14.

Free Cash Flow

Free cash flow is defined as GAAP *operating cash flow* without capital expenditures for *property, plant and equipment additions*. Management believes free cash flow provides investors with an important perspective on the cash available for shareholders, debt repayment, and acquisitions after making the capital investments required to support ongoing business operations and long term value creation. Free cash flow does not represent the residual cash flow available for discretionary expenditures as it excludes certain mandatory expenditures such as repayment of maturing debt. Management uses free cash flow as a measure to assess both business performance and overall liquidity. Table 2 provides a reconciliation between GAAP operating cash flow and free cash flow.

Caution Concerning Forward-Looking Statements

This press release 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 commercial aircraft production rate 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; (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, epidemics, sanctions 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.

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The Boeing Company and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

In the first quarter of 2018, we adopted the following Accounting Standards Updates (ASU), which are reflected in the unaudited Consolidated Financial Statements on pages 8-14: ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606); ASU 2017-07, *Compensation - Retirement Benefits* (Topic 715): *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*; ASU 2016-18 *Statement of Cash Flows* (Topic 230) *Restricted Cash*; and ASU 2018-02, *Income Statement—Reporting Comprehensive Income* (Topic 220):

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

| (Dollars in millions, except per share data) | Twelve months ended December 31 | | Three months ended December 31 | |
|---|------------------------------------|-----------------|-----------------------------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Sales of products | \$90,229 | \$83,740 | \$25,381 | \$22,073 |
| Sales of services | 10,898 | 10,265 | 2,960 | 2,697 |
| Total revenues | 101,127 | 94,005 | 28,341 | 24,770 |
| Cost of products | (72,922) | (68,879) | (19,788) | (17,943) |
| Cost of services | (8,499) | (7,663) | (2,284) | (1,921) |
| Boeing Capital interest expense | (69) | (70) | (18) | (17) |
| Total costs and expenses | (81,490) | (76,612) | (22,090) | (19,881) |
| Income/(loss) from operating investments, net | 19,637 | 17,393 | 6,251 | 4,889 |
| General and administrative expense | 111 | 204 | (1) | 35 |
| Research and development expense, net | (4,567) | (4,095) | (1,222) | (1,205) |
| Gain/(loss) on dispositions, net | (3,269) | (3,179) | (852) | (762) |
| | 75 | 21 | (1) | 21 |
| Earnings from operations | 11,987 | 10,344 | 4,175 | 2,978 |
| Other income, net | 92 | 123 | 29 | 32 |
| Interest and debt expense | (475) | (360) | (158) | (93) |
| Earnings before income taxes | 11,604 | 10,107 | 4,046 | 2,917 |
| Income tax (expense)/benefit | (1,144) | (1,649) | (622) | 403 |
| Net earnings | \$10,460 | \$8,458 | \$3,424 | \$3,320 |
| Basic earnings per share | \$18.05 | \$14.03 | \$6.00 | \$5.57 |
| Diluted earnings per share | \$17.85 | \$13.85 | \$5.93 | \$5.49 |
| Weighted average diluted shares (millions) | 586.2 | 610.7 | 577.5 | 605.1 |

The Boeing Company and Subsidiaries
Consolidated Statements of Financial Position
(Unaudited)

| (Dollars in millions, except per share data) | December 31 2018 | December 31 2017 |
|--|---------------------|---------------------|
| | | |
| Assets | | |
| Cash and cash equivalents | \$7,637 | \$8,813 |
| Short-term and other investments | 927 | 1,179 |
| Accounts receivable, net | 3,879 | 2,894 |
| Unbilled receivables, net | 10,025 | 8,194 |
| Current portion of customer financing, net | 460 | 309 |
| Inventories | 62,567 | 61,388 |
| Other current assets | 2,335 | 2,417 |
| Total current assets | 87,830 | 85,194 |
| Customer financing, net | 2,418 | 2,756 |
| Property, plant and equipment, net | 12,645 | 12,672 |
| Goodwill | 7,840 | 5,559 |
| Acquired intangible assets, net | 3,429 | 2,573 |
| Deferred income taxes | 284 | 321 |
| Investments | 1,087 | 1,260 |
| Other assets, net of accumulated amortization of \$503 and \$482 | 1,826 | 2,027 |
| Total assets | \$117,359 | \$112,362 |
| Liabilities and equity | | |
| Accounts payable | \$12,916 | \$12,202 |
| Accrued liabilities | 14,808 | 13,069 |
| Advances and progress billings | 50,676 | 48,042 |
| Short-term debt and current portion of long-term debt | 3,190 | 1,335 |
| Total current liabilities | 81,590 | 74,648 |
| Deferred income taxes | 1,736 | 2,188 |
| Accrued retiree health care | 4,584 | 5,545 |
| Accrued pension plan liability, net | 15,323 | 16,471 |
| Other long-term liabilities | 3,059 | 2,015 |
| Long-term debt | 10,657 | 9,782 |

Shareholders' equity:

| | | |
|---|------------------|------------------|
| Common stock, par value \$5.00 – 1,200,000,000 shares authorized; 1,012,261,159 shares issued | 5,061 | 5,061 |
| Additional paid-in capital | 6,768 | 6,804 |
| Treasury stock, at cost | (52,348) | (43,454) |
| Retained earnings | 55,941 | 49,618 |
| Accumulated other comprehensive loss | (15,083) | (16,373) |
| Total shareholders' equity | 339 | 1,656 |
| Noncontrolling interests | 71 | 57 |
| Total equity | 410 | 1,713 |
| Total liabilities and equity | \$117,359 | \$112,362 |

The Boeing Company and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

| | Twelve months ended | |
|---|----------------------------|-----------------|
| | December 31 | |
| <i>(Dollars in millions)</i> | 2018 | 2017 |
| Cash flows – operating activities: | | |
| Net earnings | \$10,460 | \$8,458 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Non-cash items – | | |
| Share-based plans expense | 202 | 202 |
| Depreciation and amortization | 2,114 | 2,047 |
| Investment/asset impairment charges, net | 93 | 113 |
| Customer financing valuation (benefit)/expense | (3) | 2 |
| (Gain)/loss on dispositions, net | (75) | (21) |
| Other charges and credits, net | 247 | 293 |
| Changes in assets and liabilities – | | |
| Accounts receivable | (795) | (840) |
| Unbilled receivables | (1,826) | (1,600) |
| Advances and progress billings | 2,636 | 4,700 |
| Inventories | 568 | (1,403) |
| Other current assets | 98 | (19) |
| Accounts payable | 2 | 130 |
| Accrued liabilities | 1,117 | 335 |
| Income taxes receivable, payable and deferred | (180) | 656 |
| Other long-term liabilities | 87 | 94 |
| Pension and other postretirement plans | (153) | (582) |
| Customer financing, net | 120 | 1,041 |
| Other | 610 | (260) |
| Net cash provided by operating activities | 15,322 | 13,346 |
| Cash flows – investing activities: | | |
| Property, plant and equipment additions | (1,722) | (1,739) |
| Property, plant and equipment reductions | 120 | 92 |
| Acquisitions, net of cash acquired | (3,230) | (324) |
| Contributions to investments | (2,607) | (3,569) |
| Proceeds from investments | 2,898 | 3,607 |
| Purchase of distribution rights | (69) | (131) |
| Other | (11) | 6 |
| Net cash used by investing activities | (4,621) | (2,058) |
| Cash flows – financing activities: | | |
| New borrowings | 8,548 | 2,077 |
| Debt repayments | (7,183) | (953) |
| Contributions from noncontrolling interests | 35 | |
| Stock options exercised | 81 | 311 |
| Employee taxes on certain share-based payment arrangements | (257) | (132) |
| Common shares repurchased | (9,000) | (9,236) |
| Dividends paid | (3,946) | (3,417) |
| Net cash used by financing activities | (11,722) | (11,350) |
| Effect of exchange rate changes on cash and cash equivalents, including restricted | (53) | 80 |
| Net (decrease) / increase in cash & cash equivalents, including restricted | (1,074) | 18 |
| Cash & cash equivalents, including restricted, at beginning of year | 8,887 | 8,869 |
| Cash & cash equivalents, including restricted, at end of period | 7,813 | 8,887 |
| Less restricted cash & cash equivalents, included in Investments | 176 | 74 |

Cash and cash equivalents at end of period

\$7,637

\$8,813

The Boeing Company and Subsidiaries
Summary of Business Segment Data
(Unaudited)

| | Twelve months ended December 31 | | Three months ended December 31 | |
|--|------------------------------------|-----------------|-----------------------------------|-----------------|
| <i>(Dollars in millions)</i> | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | |
| Commercial Airplanes | \$60,715 | \$58,014 | \$17,306 | \$15,388 |
| Defense, Space & Security | 23,195 | 20,561 | 6,111 | 5,257 |
| Global Services | 17,018 | 14,581 | 4,894 | 3,797 |
| Boeing Capital | 274 | 307 | 60 | 73 |
| Unallocated items, eliminations and other | (75) | 542 | (30) | 255 |
| Total revenues | \$101,127 | \$94,005 | \$28,341 | \$24,770 |
| Earnings from operations: | | | | |
| Commercial Airplanes | \$7,879 | \$5,452 | \$2,704 | \$1,787 |
| Defense, Space & Security | 1,594 | 2,193 | 669 | 544 |
| Global Services | 2,522 | 2,246 | 732 | 559 |
| Boeing Capital | 79 | 114 | 8 | 27 |
| Segment operating profit | 12,074 | 10,005 | 4,113 | 2,917 |
| Unallocated items, eliminations and other | (1,414) | (1,099) | (246) | (328) |
| FAS/CAS service cost adjustment | 1,327 | 1,438 | 308 | 389 |
| Earnings from operations | 11,987 | 10,344 | 4,175 | 2,978 |
| Other income/(loss), net | 92 | 123 | 29 | 32 |
| Interest and debt expense | (475) | (360) | (158) | (93) |
| Earnings before income taxes | 11,604 | 10,107 | 4,046 | 2,917 |
| Income tax expense | (1,144) | (1,649) | (622) | 403 |
| Net earnings | \$10,460 | \$8,458 | \$3,424 | \$3,320 |
| Research and development expense, net: | | | | |
| Commercial Airplanes | \$2,188 | \$2,247 | \$572 | \$492 |
| Defense, Space & Security | 788 | 834 | 175 | 235 |
| Global Services | 161 | 140 | 42 | 39 |
| Other | 132 | (42) | 63 | (4) |
| Total research and development expense, net | \$3,269 | \$3,179 | \$852 | \$762 |
| Unallocated items, eliminations and other: | | | | |
| Share-based plans | (\$76) | (\$77) | (\$16) | (\$10) |
| Deferred compensation | (19) | (240) | 93 | (66) |
| Amortization of previously capitalized interest | (92) | (96) | (25) | (28) |
| Eliminations and other unallocated items | (1,227) | (686) | (298) | (224) |
| Sub-total (included in core operating earnings) | (1,414) | (1,099) | (246) | (328) |
| Pension FAS/CAS service cost adjustment | 1,005 | 1,127 | 225 | 316 |
| Postretirement FAS/CAS service cost adjustment | 322 | 311 | 83 | 73 |
| FAS/CAS service cost adjustment | \$1,327 | \$1,438 | \$308 | \$389 |
| Total | (\$87) | \$339 | \$62 | \$61 |

The Boeing Company and Subsidiaries
Operating and Financial Data
(Unaudited)

| | Twelve months ended December 31 | | Three months ended December 31 | |
|----------------------|------------------------------------|------------|-----------------------------------|------------|
| Deliveries | 2018 | 2017 | 2018 | 2017 |
| Commercial Airplanes | | | | |
| 737 | 580 | 529 | 173 | 148 |
| 747 | 6 | 14 (1) | 1 | 6 |
| 767 | 27 | 10 | 14 | 3 |
| 777 | 48 | 74 | 11 | 16 |
| 787 | 145 | 136 | 39 | 36 |
| Total | 806 | 763 | 238 | 209 |

Note: Aircraft accounted for as revenues by BCA and as a note receivable in consolidation identified by parentheses

Defense, Space & Security

| | | | | |
|---------------------------------|----|----|----|----|
| AH-64 Apache (New) | — | 11 | — | 3 |
| AH-64 Apache (Remanufactured) | 23 | 57 | 11 | 14 |
| CH-47 Chinook (New) | 13 | 9 | 2 | 3 |
| CH-47 Chinook (Renewed) | 17 | 35 | 3 | 7 |
| F-15 Models | 10 | 16 | 2 | 5 |
| F/A-18 Models | 17 | 23 | 7 | 5 |
| P-8 Models | 16 | 19 | 6 | 5 |
| Commercial and Civil Satellites | 1 | 3 | — | — |
| Military Satellites | 1 | 1 | 1 | 1 |

| | December 31 2018 | December 31 2017 |
|--|---------------------|---------------------|
| Total backlog (Dollars in millions) | | |
| Commercial Airplanes | \$412,307 | \$410,986 |
| Defense, Space & Security | 57,166 | 44,049 |
| Global Services | 21,008 | 19,605 |
| Total backlog | \$490,481 | \$474,640 |
| Contractual backlog | \$462,070 | \$456,984 |
| Unobligated backlog | 28,411 | 17,656 |
| Total backlog | \$490,481 | \$474,640 |

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

The tables provided below reconcile the non-GAAP financial measures core operating earnings, core operating margin, and core earnings per share with the most directly comparable GAAP financial measures, earnings from operations, operating margin, and diluted earnings per share. See page 6 of this release for additional information on the use of these non-GAAP financial measures.

| | Fourth Quarter 2018 | | Fourth Quarter 2017 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | \$ millions | Per Share | \$ millions | Per Share |
| <i>(Dollars in millions, except per share data)</i> | | | | |
| Revenues | 28,341 | | 24,770 | |
| Earnings from operations (GAAP) | 4,175 | | 2,978 | |
| Operating margins | 14.7% | | 12.0% | |
| FAS/CAS service cost adjustment: | | | | |
| Pension FAS/CAS service cost adjustment | (225) | | (316) | |
| Postretirement FAS/CAS service cost adjustment | (83) | | (73) | |
| FAS/CAS service cost adjustment | (308) | | (389) | |
| Core operating earnings (non-GAAP) | \$3,867 | | \$2,589 | |
| Core operating margins (non-GAAP) | 13.6% | | 10.5% | |
| Diluted earnings per share (GAAP) | | \$5.93 | | \$5.49 |
| Pension FAS/CAS service cost adjustment | (\$225) | (0.39) | (\$316) | (0.52) |
| Postretirement FAS/CAS service cost adjustment | (83) | (0.14) | (73) | (0.12) |
| Non-operating pension expense | (45) | (0.08) | (29) | (0.05) |
| Non-operating postretirement expense | 24 | 0.04 | 32 | 0.05 |
| Provision for deferred income taxes on adjustments ¹ | 69 | 0.12 | 135 | 0.22 |
| Subtotal of adjustments | (\$260) | (\$0.45) | (\$251) | (\$0.42) |
| Core earnings per share (non-GAAP) | | \$5.48 | | \$5.07 |
| Weighted average diluted shares (in millions) | | 577.5 | | 605.1 |

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

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

The tables provided below reconcile the non-GAAP financial measures core operating earnings, core operating margin, and core earnings per share with the most directly comparable GAAP financial measures, earnings from operations, operating margin, and diluted earnings per share. See page 6 of this release for additional information on the use of these non-GAAP financial measures.

| <i>(Dollars in millions, except per share data)</i> | | | | | | |
|---|---------------|-----------------|----------------|-----------|----------------|-----------|
| | 2019 Guidance | | Full Year 2018 | | Full Year 2017 | |
| | \$ millions | Per Share | \$ millions | Per Share | \$ millions | Per Share |
| Revenues | | | 101,127 | | 94,005 | |
| Earnings from operations (GAAP) | | | 11,987 | | 10,344 | |
| Operating margins | | | 11.9% | | 11.0% | |
| FAS/CAS service cost adjustment: | | | | | | |
| Pension FAS/CAS service cost adjustment | | | (1,005) | | (1,127) | |
| Postretirement FAS/CAS service cost adjustment | | | (322) | | (311) | |
| FAS/CAS service cost adjustment | ~(\$1,335) | | (1,327) | | (1,438) | |
| Core operating earnings (non-GAAP) | | | \$10,660 | | \$8,906 | |
| Core operating margins (non-GAAP) | | | 10.5% | | 9.5% | |
| Diluted earnings per share (GAAP) | | \$21.90 - 22.10 | | \$17.85 | | \$13.85 |
| Pension FAS/CAS service cost adjustment | | | (\$1,005) | (1.71) | (\$1,127) | (1.84) |
| Postretirement FAS/CAS service cost adjustment | ~(\$1,335) | | (322) | (0.55) | (311) | (0.51) |
| Non-operating pension expense | | | (143) | (0.24) | (117) | (0.19) |
| Non-operating postretirement expense | ~(\$90) | | 101 | 0.17 | 123 | 0.20 |
| Provision for deferred income taxes on adjustments ¹ | | | 287 | 0.49 | 501 | 0.82 |
| Subtotal of adjustments | | (\$2.00) | (\$1,082) | (\$1.84) | (\$931) | (\$1.52) |
| Core earnings per share (non-GAAP) | | \$19.90 - 20.10 | | \$16.01 | | \$12.33 |
| Weighted average diluted shares (in millions) | 560 - 565 | | 586.2 | | 610.7 | |

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

The Boeing Company and Subsidiaries
Summary of Business Segment Data - Restated
(Unaudited)

The restated amounts below reflect the change in accounting for military derivative aircraft as well as the realignment of certain programs between Global Services and Defense, Space & Security.

| <i>(Dollars in millions)</i> | 2018 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | 2017 |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues: | | | | | | |
| Commercial Airplanes | \$57,499 | \$16,531 | \$14,071 | \$13,952 | \$12,945 | \$54,612 |
| Defense, Space & Security | 26,392 | 6,874 | 6,937 | 6,100 | 6,481 | 23,938 |
| Global Services | 17,056 | 4,908 | 4,101 | 4,097 | 3,950 | 14,611 |
| Boeing Capital | 274 | 60 | 77 | 72 | 65 | 307 |
| Unallocated items, eliminations and other | (94) | (32) | (40) | 37 | (59) | 537 |
| Total revenues | 101,127 | 28,341 | 25,146 | 24,258 | 23,382 | 94,005 |
| Earnings from operations: | | | | | | |
| Commercial Airplanes | 7,830 | 2,600 | 2,033 | 1,785 | 1,412 | 5,285 |
| Defense, Space & Security | 1,657 | 771 | (247) | 376 | 757 | 2,383 |
| Global Services | 2,536 | 737 | 548 | 604 | 647 | 2,251 |
| Boeing Capital | 79 | 8 | 27 | 24 | 20 | 114 |
| Segment operating profit | 12,102 | 4,116 | 2,361 | 2,789 | 2,836 | 10,033 |
| Unallocated items, eliminations and other | (1,442) | (249) | (471) | (396) | (326) | (1,127) |
| FAS/CAS service cost adjustment | 1,327 | 308 | 337 | 317 | 365 | 1,438 |
| Earnings from operations | 11,987 | 4,175 | 2,227 | 2,710 | 2,875 | 10,344 |
| Other income/(loss), net | 92 | 29 | 12 | (15) | 66 | 123 |
| Interest and debt expense | (475) | (158) | (106) | (109) | (102) | (360) |
| Earnings before income taxes | 11,604 | 4,046 | 2,133 | 2,586 | 2,839 | 10,107 |
| Income tax (expense)/benefit | (1,144) | (622) | 230 | (390) | (362) | (1,649) |
| Net earnings | \$10,460 | \$3,424 | \$2,363 | \$2,196 | \$2,477 | \$8,458 |

SOURCE Boeing