

# Post-Pandemic Rebound at Boeing

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## Abstract

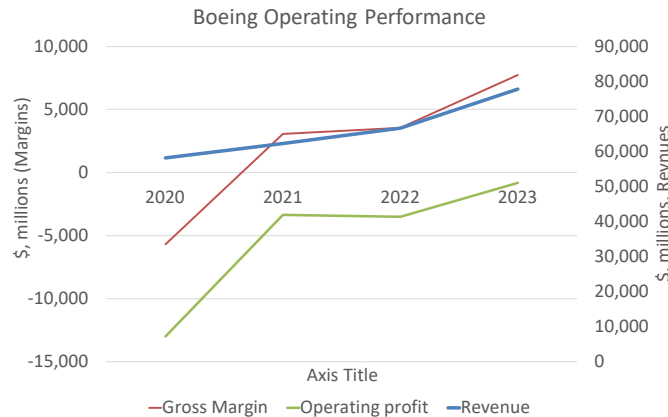
Boeing is an American Aerospace firm operating in segments: commercial aircraft production, defense, and space as well as finance. In early 21<sup>st</sup> century Boeing saw new competition in single-row commercial airliners from Airbus, particularly the A320. With resources tied up in developing the 787 Dreamliner, Boeing's quickest path to producing an alternative to A320 was to continue iterating on the pre-2000 737 airframe. This research aims to investigate the long-term financial burden of this decision by utilizing its most recent financial statements. I use Microsoft Excel as a tool to analyze these statements. In particular, I study the financial ratios in recent times to see how the recent events have impacted the profitability of the company. I ask questions such as: what has Boeing done financially to cut its recent losses? Furthermore, I look at liquidity, solvency, asset management, market value, and profitability ratios. Lastly, DuPont analysis provides an insight into how shareholder value can be maximized.

## Introduction

In 2003 when Boeing announced the 787 Dreamliner it came with a new production philosophy. Boeing would outsource the development, with only final assembly and testing done in house. This strategy aimed to reduce costs and production time. However, this seemed to have impact on its long-term revenues as well. This research explains select financial factors using metrics from Boeing's Balance Sheet and Income Statement. These are used to analyze its profitability as well as short and long-term liquidity and capital structure.

### Sources

<https://www.mergentonline.com/>  
<https://finance.yahoo.com/>



**Figure 1: Graph of Margins and Revenue 2020-2023**

Report Date	Dec-23	Dec-22
Total current assets	80%	80%
Total assets	100%	100%
Long-term borrowings	43%	46%
Short term liabilities	70%	66%

**Figure 2: Snapshot of common size balance sheets from 2022-2023 (% total Assets)**

Liquidity	2023	2022	Solvency Ratios	2023	2022
Current Ratio	1.14	1.22	debt ratio	1.13	1.12
Quick ratio	1.06	1.12	times interest earned	-0.33	-1.37
Cash ratio	0.17	0.19	cash coverage ratio	0.42	-0.60
Asset Management Ratios	2023	2022	Profitability ratios	2023	2022
inventory turnover	0.86	0.78	profit margin	-0.03	-0.07
days' sales in inventory	426.71	466.87	ROA	-0.02	-0.04
receivables turnover	28.68	25.35	ROE	0.13	0.31
days' sales in receivables	12.73	14.40			
total asset turnover	0.57	0.49			
Market value ratios	2023	2022	DuPont analysis	2023	2022
EPS	-3.70	-8.30	Profit Margin	-0.03	-0.07
P/E	-51.30	-25.64	Asset turnover	0.57	0.49
PEG	0.93	-0.09	Financial Leverage	-7.95	-8.65
M-BV	-6.62	-7.98	ROE	0.13	0.31

**Figure 3: Financial Ratios**

## Methods

This research involves the following steps:  
Looking at press releases and gathering data for the years 2020-2023  
Looking at company's financial statements for the years 2022-2023 (e.g. income statements and balance sheet)  
Analysis of the company's 10-K filings  
Financial statements were retrieved from Yahoo Finance.  
Press Releases were retrieved from various sources.

## Discussion

In 2020 Boeing faced large losses ensuing the grounding of MAX airplanes. Per Figure 1 we can observe that the company is recovering from this, as seen in margin improvements (gross margin as well as operating profits) Following the groundings and ensuing losses their balance sheet has stabilized, specifically on the debt side.

### Liquidity Ratios:

Generally Boeing has stable and healthy liquidity.

### Asset Management Ratios:

Decrease in days sales in inventory and receivable

### Market Value Ratios:

These ratios are negative due to negative earnings, while EPS is trending towards positive.

### DuPont Analysis:

Profit Margin has improved. Trending towards zero from negative. This also supported by the asset turnover ratio.

## Conclusions

This study determines that The Boeing Company is well diversified financially as well as operationally. The strong turn around in economic conditions post-pandemic is causing the company to rebound from its financial losses. As seen from this analysis the company's debt structure has stabilized, operating margins have improved, asset turnover remains strong, leading to a general strong performance in stock markets given its robustness of liquidity and solvency ratios.