

Company Name: Boeing (NYSE: BA) Current Price: \$128.75

Target Price: \$174.53 Market Cap: \$88.79B

52 Week H/L: \$158.83/\$115.14

P/E: 17.78

Dividend Yield: 2.78% Beta: .9058

Company Background: The Boeing Company develops, manufactures, markets commercial aircraft. Boeing also researches, develops, and produces information, space, and defense systems. Their main business is in commercial jetliners, selling to some of the major airlines across the world. They are also one of the largest military contractors in the world, manufacturing military aircrafts, satellites, and defense systems for the US Military and others.

Competitive Advantage: Boeings major competitors are Airbus, Lockheed Martin, General Dynamics, and Northrop Grumman. Their main competitive advantages are their strong relationships with their suppliers and competition, as well as strong market share in the commercial jetliner space, as well as the defense industry; which we believe are both highly sustainable.

Investment Thesis: We feel as though Boeing is a viable long term investment due to its strong market share in a sustainable and growing commercial airline industry. Its relationships with suppliers and competition give it premier access to growth opportunities as they present themselves. They also operate as one of the largest military contractors in the world, benefitting from sustainable military investment. Given its attractive valuation at this time, we recommend buying stake in this company at the market price.

From a product specifications perspective, Boeings main intercontinental jumbo jet, the Boeing 747-81 is superior to Airbus' most comparable model, the A380 in the areas of range, fuel efficiency, cost, and thrust/lb.

Risks: The major risk that Boeing faces is uncertainty about the renewal of the Export-Import Bank, which if not reinstated could make it harder for Boeing to sell to developing companies. Also, Boeing does not receive a significant portion of its annual revenue from China, so as the Chinese economy recovers it is important that Boeing make significant advancements in that market.

Business Segments:

Valuation Assumptions:

1. Commercial Airlines- develops, produces, markets aircrafts. They also offer aircraft modifications, spare parts and technical consulting
2. Boeing Defense, Space, and Security- researches and develops military aircraft, information systems, and space systems.
3. Boeing Capital Corporation- provides financing and leasing to clients, mostly in the airline industry.

WACC: 10%

Sustainable FCF Growth Rate: 3.2%

Net Income Growth Rate: 10%

Key Financials:

ROA: 5.68

Net Income Margin: 6.00

5 Year CAGR- Net Income: 32.93%

5 Year CAGR- FCF: 8.44%

Industry Analysis:

Corporate Social Responsibility:

ESG Disclosure Score: 35.12 (Avg: 36.55)

Executive Compensation Linked to ESG: Yes

Environmental Disclosure Score: 26.68 (Avg: 30.85)

Community Spending- % EBITDA: .76% (Avg.: .48%)

Equal Opportunity Policy: Yes

Human Rights Policy: Yes

Anti-Child Labor Policy: Yes

Business Ethics Policy: Yes

Energy Efficiency Policy: Yes

