

# MOOREINSIGHTS

## Boeing: The Grounding of an Iconic Aerospace Company



Boeing was once widely known for its engineering excellence and rose to prominence as a cornerstone of the global aerospace industry. But how the mighty have fallen. In recent years, Boeing has been beset with one financial disaster and controversy after another. It would have been difficult to predict this kind of turmoil for an industry-leading blue-chip stock.

During that time, I've closely followed the company for several reasons, including its storied past, and because the company's history offers important lessons in corporate governance, financial sustainability, and crisis management.

To understand Boeing's downfall, you need to examine the various financial, operational, and cultural factors that have contributed in large part to Boeing's current dilemma.

### From Blue Chip to Deep Red

# Boeing Company

## Financial Data 2018-2026

2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC
178.15	136.01	99.87	105.76	111.46	127.50	88.68	<b>112.60</b>	<b>131.60</b>	Revenues per sh
22.15	2.90	d16.53	d3.49	d4.95	d.59	<b>d13.30</b>	.95	7.00	"Cash Flow" per sh
17.86	<b>d1.12</b>	<b>d20.88</b>	<b>d7.15</b>	<b>d8.30</b>	<b>d3.67</b>	<b>d18.36</b>	<b>d1.50</b>	<b>4.50</b>	Earnings per sh <sup>A</sup>
6.84	8.22	2.06	--	--	--	--	Nil	.40	Div'ds Decl'd per sh <sup>B</sup>
3.03	3.26	2.24	1.66	2.04	2.51	2.97	3.60	3.30	Cap'l Spending per sh
.60	d15.31	d31.45	d25.47	d26.58	d28.27	d5.20	<b>d5.30</b>	<b>d4.60</b>	Book Value per sh <sup>C</sup>
567.64	562.91	582.32	588.92	597.59	609.52	750.07	<b>755.00</b>	<b>760.00</b>	Common Shs Outst'g <sup>D</sup>
19.2	--	--	--	--	--	--	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio
1.04	--	--	--	--	--	--			Relative P/E Ratio
2.0%	2.3%	1.0%	--	--	--	--			Avg Ann'l Div'd Yield
101127	76559	58158	62286	66608	77794	66517	<b>85000</b>	<b>100000</b>	Revenues (\$mill)
13.8%	NMF	NMF	NMF	NMF	1.3%	NMF	<b>2.5%</b>	<b>7.0%</b>	Operating Margin
2114.0	2271.0	2246.0	2144.0	1979.0	1861.0	<b>1836</b>	<b>1850</b>	<b>1900</b>	Depreciation (\$mill) <sup>E</sup>
10460	d636.0	d11873	d4202	d4935	d2222	d11817	<b>d1135</b>	<b>3420</b>	Net Profit (\$mill)
9.9%	--	--	--	--	--	--	<b>NMF</b>	<b>10.0%</b>	Income Tax Rate
10.3%	NMF	NMF	NMF	NMF	NMF	NMF	<b>NMF</b>	<b>3.4%</b>	Net Profit Margin
6240.0	4917.0	34362	26674	19471	13448	30920	<b>30000</b>	<b>28000</b>	Working Cap'l (\$mill)
<b>10657</b>	<b>19962</b>	<b>61890</b>	<b>56806</b>	<b>51811</b>	<b>47103</b>	<b>52586</b>	<b>51500</b>	<b>50500</b>	Long-Term Debt (\$mill)
339.0	d8617	d18316	d14999	d15883	d17233	d3896	<b>d4000</b>	<b>d3495</b>	Shr. Equity (\$mill)
97.3%	NMF	NMF	NMF	NMF	--	--	.5%	<b>10.0%</b>	Return on Total Cap'l
NMF	--	--	--	--	--	--	<b>NMF</b>	<b>NMF</b>	Return on Shr. Equity
NMF	--	--	--	--	--	--	<b>NMF</b>	<b>NMF</b>	Retained to Com Eq
38%	NMF	NMF	--	--	--	--	Nil	9%	All Div'ds to Net Prof

Source: Valueline

Boeing was a stalwart blue-chip stock for decades. It was what every investor was looking for – a company with a healthy balance sheet, predictable revenue streams, a reliable dividend, and a little business competition. Clearly, things have changed.

In the first quarter of 2025, Boeing reported a truly staggering \$2.3 billion in cash burn, the latest bad news in six consecutive years of significant financial losses. Revenue per share in 2024 were half of what they were in 2018. Boeing's debt ballooned from \$10 billion in 2018 to over \$50 billion today. It's hard to see a clear path back from such a steep decline.

To make matters worse, the company stopped paying dividends in 2020 under the cover of COVID-19 austerity measures. Though the health crisis is widely considered to be over, Boeing has yet to restore those dividend payments, leaving many income investors looking for the exit.

The elimination of the dividend was both necessary and prudent, as continuing it would have doubtless exacerbated the company's cash flow issues. However, it also marked a watershed moment in how investors perceived Boeing, not as a dependable

blue-chip buy-and-hold investment, but as a once-great company now struggling to stay afloat.

## **The 737 MAX Crisis: A Catalyst for Decline**

You can't begin to understand Boeing's woes without addressing the 737 MAX crisis. Following two fatal crashes in 2019, Boeing's 737 MAX was grounded worldwide, leading to canceled orders, significant revenue losses, and increased costs related to addressing the underlying safety concerns. The financial fallout was a disaster, but the reputational damage was nothing short of catastrophic.

The two air tragedies exposed widespread quality control issues within Boeing's manufacturing and production processes. Various investigations into the company showed that they had prioritized production targets over safety. For a company that had been seen as a bastion of reliability, this was a shocking finding.

## **COVID-19, Operational Challenges, and Cultural Shifts**

Boeing was still struggling with the 737 MAX crisis when the COVID-19 pandemic crippled air travel and the global aviation industry. Airlines, scrambling to cut costs, canceled orders for new aircraft due to travel restrictions with uncertain durations, further slashing demand.

Now, in the wake of both events, Boeing has to contend with external pressures from tariffs and trade wars. The net result is drastically increased costs across Boeing's already complex and unsteady global supply chain. Boeing has seen its competitive edge all but vanish in an already challenging market.

The 737 MAX crisis may have uncovered Boeing's operational challenges, which were worse than anyone could have predicted. The company has struggled with quality control issues across its entire product line, including its Dreamliner program. Outsourcing and a fragmented and unreliable supply chain have only exacerbated these problems, and labor disputes have added another unwelcome layer of complexity.

## **Lessons for Investors**

My perspective on Boeing has certainly evolved over the years. During its peak period, Boeing was a hot stock trading at over \$400 per share. Today, it's a mixed investment case.

While the company's senior debt offers an attractive interest rate that would otherwise makes it a viable option for fixed-income investors, the stock itself presents short and long-term challenges. For Boeing to regain its status as a reliable stock, must return

to operating in the black and deal with its mounting debt. How it rebuilds its reputation is less certain, and probably the biggest challenge of all.

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