

Also produces business jets, fighters (F-15, F/A-18), helicopters (CH-47, AH-64); guided weapons (Harpoon, Joint Direct Attack Munition), satellites, space launch systems, and manages the International Space Station. In 2017, foreign sales accounted for 55% of

Cap'l World Investors, 8.4%; Vanguard Group, 6.3%; BlackRock, 5.4% (4/17 proxy). President, CEO, and Chairman: Dennis A. Muilenburg. Inc.: DE. Addr.: 100 North Riverside Plaza, Chicago, IL 60606-1596. Tel.: 312-544-2000. Web: www.boeing.com.

50412 50134 **ANNUAL RATES** Est'd '15-'17 Past Past 10 Yrs. 6.5% 8.5% 10.5% 5 Yrs. 9.5% of change (per sh) to '21-'23 Revenues "Cash Flow" 13.5% 16.0% 14.0% 16.0% Earnings Dividends Book Value 14.0% -10.0%

68234

24814

24364

1234

Current Assets

Accts Payable Debt Due

Current Liab

62488

25881

23869

384

27494

1335 27440

56269

Cal- endar	QUAR Mar.31	TERLY RE Jun.30		\$ mill.) Dec.31	Full Year
2015	22149	24543	25849	23573	96114
2016	22632	24755	23898	23286	94571
2017	20976	22739	24309	25368	93392
2018	22500	24000	25000	26000	97500
2019	24000	24500	26000	26500	101000
Cal-	EARNINGS PER SHARE A Full				
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2015	1.87	1.59	2.47	1.51	7.44
2016	1.83	2.86	3.60	2.59	10.84
2017	2.34	2.89	3.06	3.44	11.71
2018	3.20	3.95	4.30	4.60	16.05
2019	3.50	4.50	5.00	5.25	18.25
Cal-	QUARTERLY DIVIDENDS PAID B =				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2014	.73	.73	.73	.73	2.92
2015	.91	.91	.91	.91	3.64
2016	1.09	1.09	1.09	1.09	4.36
2017	1.42	1.42	1.42	1.42	5.68
2018	1 71				

Boeing's stock price has continued to surge. In 2017, the issue was the bestperforming component of the Dow, having almost doubled in price. Once the calendar flipped, the juggernaut persisted and, year to date, the equity has advanced an additional 20%. Boeing's run can be attributed to several factors, including the multiyear bull market, the Tax Cuts and Jobs Act, as well as investor enthusiasm in regard to the company's recent financial results, shareholder-friendly actions, and business prospects (all discussed below).

We expect that the company will continue to fire on all cylinders. For starters, Boeing ought to deliver more than 800 commercial aircraft this year, compared to 763 in 2017. Strong booking activities are also likely, since the airline industry is doing well, and many carriers should remain eager to replace their aging fleets with new aircraft. We also anticipate wider margins, thanks to lower operating expenses, employee-related costs, and R&D expenditures. All of this, along with a materially lower tax rate and share count, may well lead to a large shareearnings increase. Our estimate of \$16.05,

which is near the high end of management's guidance, would represent a yearover-year advance of 37%. We are also introducing a 2019 estimate of \$18.25 per share, and project that the bottom line will exceed \$24.00 a share by 2021-2023.

Management ought to continue to return excess cash to shareholders. In 2017, it bought back 46.1 million shares of common stock, at a total cost of \$9.2 billion. As of December 31st, \$18 billion remained under Boeing's repurchase plan, and we expect aggressive buyback activities to persist. What's more, in the first quarter of 2017, the board of directors increased the quarterly dividend by 30%, to \$1.42 and, in the current period, boosted the payout another 20%, to \$1.71. Additional increases appear likely to 2021-2023, and we project that the payout ratio will reach 50% by that time frame.

We think that the stock is expensive. Nonetheless, as mentioned, there is a lot of wind at the issue's back, which may push the price higher over the near term. That said, we wouldn't blame current shareholders from taking some profits. Ian Gendler March 9, 2018

(A) Diluted egs. Excl. nonrecur. gns./losses: '02, d\$2.21; '03, d11¢; '04, 67¢; '05, 72¢; '06, d54¢; '07, 2¢; '08, 2¢; '09, d3¢; '10, 45¢; '11, 52¢; '15, d77¢; '16, d\$3.23; '17, \$1.72. EPS | Incl intang. In 2017: \$8.1 bill., \$13.76/sh. **(D)** In

may not sum to total due to round'g. Next egs. rpt. due late April. (B) Div'ds paid in early Mar., Jun., Sept., Dec. ■ Div'd rein. plan avail. (C)

Company's Financial Strength Stock's Price Stability A++ 75 Price Growth Persistence **Earnings Predictability** 80