

# Boeing Benefits From Faster Airplane Deliveries

Joshua Freed, AP Business Writer

Boeing is cranking out planes faster, and it's paying off.

The big U.S. aerospace company is on track to meet delivery targets for the year, and on Wednesday raised its profit guidance and reported a better-than-expected profit for the third quarter.

Boeing has been speeding up production, aiming to get some of its newest planes out the door faster. Its new 787 is getting the most scrutiny because it was three years late when it began hauling passengers last year.

Much of a new plane is paid for at delivery, so faster deliveries mean better cash flow. Boeing's revenue from commercial planes jumped 28 percent to \$12.19 billion in the most recent quarter.

Boeing said on Wednesday that it will hit its delivery targets — 585 to 600 commercial planes this year, up from 477 last year. That includes 70 to 85 of a mix of 787s and 747-8s, with about half being 787s. This week Boeing said it has boosted production of its profitable, long-haul 777 to 8.3 per month.

Delivering 787s has proven to be tougher than Boeing expected. Dozens stacked up near its factory in Everett, Washington, needing fixes and modifications to get them ready for customers. The biggest parts of the 787 are made from composite fiber instead of aluminum, like other Boeing planes, so there has been a learning curve on the factory floor.

"You'll start to see the cash engine picking up steam, and you've seen that this quarter, and we do expect that to continue going forward as we continue to grow and focus on productivity," Chief Financial Officer Greg Smith said on a conference call.

Boeing said half of its fourth-quarter 787 deliveries will come from the rework operation, with the other half coming from the assembly lines.

The company will still have to work to meet its goal of making 10 787s per month by the end of next year.

Net income fell 6 percent to \$1.03 billion, from \$1.1 billion a year ago. The profit of \$1.35 per share would have been higher by 18 cents per share if not for increased pension expenses. That was well above the \$1.12 per share expected by analysts surveyed by FactSet. During the same period last year, it earned \$1.46 per share.

Revenue rose 13 percent to \$20 billion, matching analyst expectations.

## **Boeing Benefits From Faster Airplane Deliveries**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

Chicago-based Boeing Co. now expects to earn \$4.80 to \$4.95 per share this year, up from previous guidance of \$4.40 to \$4.60 per share. Analysts had been expecting \$4.72 per share.

Boeing's commercial airplanes unit posted a 6 percent increase in operating earnings to \$1.15 billion for the quarter.

Earnings in Boeing's defense, space, and security unit rose slightly to \$827 million. Revenue fell 4 percent to \$7.84 billion. Defense contractors in general have been struggling with tighter military spending. And the so-called fiscal cliff at the beginning of 2013 threatens steep cuts to U.S. military spending.

Citi analyst Jason Gursky said Boeing has somewhat less risk from defense cuts because 40 percent of its defense backlog is from outside the U.S.

"Domestic stuff is becoming less and less important for them," he said.

Boeing shares opened with a gain of about \$2 but were down 6 cents to \$72.76 in afternoon trading.

**Source URL (retrieved on 10/21/2014 - 3:04am):**

[http://www.impomag.com/news/2012/10/boeing-benefits-faster-airplane-deliveries?qt-most\\_popular=0](http://www.impomag.com/news/2012/10/boeing-benefits-faster-airplane-deliveries?qt-most_popular=0)