BOEING AIMS TO HIKE REVENUE AND PROFITS, SMOOTH OUT CYCLICAL PATTERN

News / Manufacturer

Boeing Co's top executives laid out an ambitious, five-year strategy on Wednesday to increase revenue and profits and secure the company's future for the next 100 years, promising to boost efficiency, return free cash to shareholders and expand the after-market services and parts business.

But the executives, speaking to analysts at a conference, faced some skepticism about whether Boeing can tame the commercial aircraft business cycle, and the company gave few new details about plans to modify existing planes to better match market needs to counter competitive threats from Airbus and Bombardier .

Boeing expects to lift profit margins to a double-digit percentage next year and has an "aspirational target ... towards the end of the decade of getting to mid-teen margins," Boeing Chief Executive Dennis Muilenburg told the conference.

The company is re-engineering itself to become more flexible and efficient in designing and building jetliners, using automation, 3-D printing and other measures.

These moves, Muilenburg said, would allow Boeing to create a steady, sustainable business in what has historically been a highly cyclical industry.

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.

Boeing aims to be not only a "global industrial champion" but "the industry leader in cash generation," Muilenburg said. Over the next decade, Boeing aims to achieve "sustained top- and bottom-line growth" in all of its businesses, he added.

Boeing said 777 jetliner output would fall to about 5.5 a month in late 2018 and 2019, in line with some analysts' predictions, as it shifts to the successor 777X jet. The rate is 8.3 now, and will fall to 7 a month next year. Muilenburg said the changes are factored into Boeing's cash and profit margin expectations.

Boeing described how it will pay back nearly $30 billion in deferred costs from the 787, saying 70 percent would come from selling larger, more profitable versions of the plane and higher prices.

Boeing also addressed whether its output will overshoot demand if there's a downturn in the aerospace cycle. New plane orders have slowed, and by 2020, Boeing will be making more than 900 planes a month, a position some analysts questioned.

Ray Conner, head of Boeing's commercial plane unit, said the factory has to be flexible and Boeing has to watch the market. "But particularly on the single aisles, where we have taken the rates really high, we are feeling pretty strong about that."

12 MAY 2016

SOURCE: REUTERS
ARTICLE LINK:
https://50skyshades.com/index.php/news/manufacturer/boeing-aims-to-hike-revenue-and-profits-smooth-out-cyclical-pattern

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.