

# UNIVERSITY OF CONNECTICUT

## STUDENT MANAGED FUND

### BOEING CO.

NOVEMBER 13, 2025

Aerospace & Defense  
NYSE: BA  
Recommendation: Buy

Headquarters: Arlington, VA  
Current Price: \$194  
Target Price: \$260

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### INVESTMENT THESIS

Boeing is positioned for long-term recovery supported by rising global aviation demand, fleet modernization tailwinds, and renewed operational discipline. A multiyear backlog of more than \$470B and the rebound in international travel provide strong visibility. Diversification across Commercial Airplanes, Defense & Space, and Global Services adds resilience through economic cycles. As manufacturing stabilizes and FAA restrictions ease, Boeing is expected to rebuild cash flow through 2026–2027, offering meaningful upside from current levels.

### COMPANY OVERVIEW

The Boeing Company is a global aerospace leader that designs and manufactures commercial aircraft, military platforms, and space systems while generating recurring revenue through lifecycle services. Boeing operates four primary segments:

#### Four Business Segments:

- Commercial Airplanes (BCA)
- Defense, Space & Security (BDS)
- Boeing Global Services (BGS)
- Boeing Capital Corporation (BCC)

BCA remains Boeing's largest long-term growth engine, driven by demand for the 737 MAX and 787 Dreamliner. BDS provides stability through government-funded programs, while BGS supports recurring, high-margin aftermarket revenue.

### INDUSTRY OUTLOOK

#### GLOBAL AIR TRAVEL RECOVERY & LONG-TERM DEMAND GROWTH

International traffic has fully recovered, and passenger volumes are projected to grow 3–4% annually through 2040. This drives sustained demand for new aircraft, with the global fleet expected to **double by 2042**.

#### FLEET MODERNIZATION & SUSTAINABILITY REQUIREMENTS

Airlines are accelerating replacement of older jets with fuel-efficient models due to fuel cost pressures and ESG regulations. New-generation aircraft (737 MAX, 787) cuts fuel burn by **20–25%**, supporting a multi-decade replacement cycle.

#### EXPANDING AFTERMARKET & SERVICES MARKET

The global MRO, training, and digital services market is growing faster than aircraft production. Airlines increasingly outsource maintenance and analytics, enabling OEMs like Boeing to capture **recurring, high-margin service revenue** through BGS.

## COMPETITIVE ADVANTAGES

### DUOPOLY MARKET POSITION

Boeing operates in a two-firm commercial aircraft market with Airbus, creating high barriers to entry due to enormous capital needs, technical expertise, and regulatory requirements.

### DIVERSIFIED BUSINESS ACROSS COMMERCIAL AND DEFENSE

The company's mix of commercial aircraft, defense programs, and space system provides balance and stability when one segment faces downturns.

### STRONG GOVERNMENT AND AIRLINE RELATIONSHIPS

Decades-long partnerships with major airlines and the U.S. government support recurring contracts and reinforce Boeing's role in national defense and global aviation.

## HISTORICAL STOCK PRICE



### LONG-TERM CONTRACT VISIBILITY THROUGH BACKLOG AND DEFENSE PROGRAMS

A large multiyear commercial backlog and major defense platforms ensure revenue visibility and sustained demand.

## OPERATIONAL CHALLENGES, RISKS, AND TURNAROUND

Boeing still faces challenges from the 737 MAX crisis, 787 production flaws, supply chain issues, and fixed-price defense losses. FAA oversight and instability at Spirit AeroSystems remain major risks. New CEO Kelly Ortberg is driving an engineering-first turnaround with stronger inspections, tighter supplier oversight, and better factory discipline. Mitigants include enhanced quality controls, embedded inspectors, a potential Spirit acquisition, and a large backlog that supports stability during the recovery.

## VALUATION

Our DCF analysis estimates an intrinsic value of \$257 per share, indicating meaningful upside from current levels. While earnings remain negative, valuation should improve as margins normalize and free cash flow moves back toward historical levels. A successful operational recovery would justify a stronger long-term outlook.

## SUMMARY

Boeing is positioned for a multi-year recovery supported by rising global air travel, strong demand for fuel-efficient aircraft, and a large \$470B backlog that ensures long-term revenue. The company's duopoly with Airbus and its diversified commercial, defense, and services businesses provide stability as operations improve. While Boeing still faces production issues and FAA oversight, new leadership is restoring an engineering-focused culture and strengthening quality and supplier controls. As deliveries increase and cash flow improves through 2026, Boeing offers a compelling recovery opportunity with meaningful upside potential.

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	Score	Trend	Vs Peers
ESG Score	4.67	-0.12	Above Median
Environmental	5.92	-0.09	Leading
Social	2.23	+0.00	Above Median
Governance	7.48	-0.38	Leading