



Boeing Profit Beats; Outlook Cut on Healthcare

By Kyle Peterson

Reuters

CHICAGO

Boeing Co., the world's second-largest plane maker, reported a higher-than-expected quarterly profit on Wednesday, but cut its 2010 earnings forecast due to the impact of U.S. healthcare legislation.

Shares of the company, which grappled with a downturn in orders during the recession and reported a decline in commercial plane sales for the quarter, rose slightly in premarket trading.

"I'm going to be looking for evidence of the trajectory of the recovery," said Alex Hamilton, senior managing director at C.K. Cooper & Co.

The "sweet spot" of the recovery will come when Boeing starts showing a sustained flow of domestic orders, he said.

"We're not going to see that for a while," Hamilton said. "But domestic U.S. airlines have been doing much better."

Boeing and top rival Airbus were dogged in 2009 by fewer orders for airplanes as carriers around the world grappled with falling travel demand in the sagging economy. But an improved economy and brightened outlook for airlines point to a stronger 2010.

Boeing said first-quarter net profit fell to \$519 million, or 70 cents per share, from \$610 million, or 87 cents per share, a year earlier.

The results, which include a 20-cent-per-share charge on health care legislation, beat Wall Street's average estimate of 64 cents per share, according to Thomson Reuters I/B/E/S.

Revenue fell 7.8 percent to \$15.2 billion. The company reported an order backlog amounting to \$315 billion.

Boeing, which suffered from a drop in orders for its jetliners last year as well as military budget cuts, forecast 2010 earnings of \$3.50 to \$3.80 per share, including charges related to recent health care legislation. That outlook is down from a range of \$3.70 to \$4.00.

Shares of Boeing, a Dow component, were up 0.7 percent to \$71.90 in trading before the market opened. The stock rose 34 percent during the first quarter, but since has inched lower.

Boeing delivered 108 commercial planes in the first quarter, down from 121 a year ago. But the company said in March that it would accelerate planned increases in production of two of its popular

wide-body planes to accommodate heightened demand.

Boeing Commercial Airplanes reported revenue of \$7.5 billion, down 13 percent, as fewer planned 747 deliveries and seat supplier challenges resulted in 11 percent fewer airplane deliveries.

Commercial Airplanes booked 100 gross orders during the quarter, while 17 orders were removed from its book. In the year-earlier quarter, cancellations exceeded the 28 gross orders.

Boeing said its backlog of commercial airplanes was 3,350 airplanes valued at \$250 billion. Boeing Commercial Airplanes' delivery outlook was unchanged at between 460 and 465 planes.

Boeing Defense, Space & Security revenue was off 1 percent at \$7.6 billion on lower volume in Network & Space Systems. The backlog at the division was \$64.2 billion.

Boeing Capital reported first-quarter pretax earnings of \$46 million.

(Reporting by Kyle Peterson, editing by Gerald E. McCormick and Lisa Von Ahn)

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