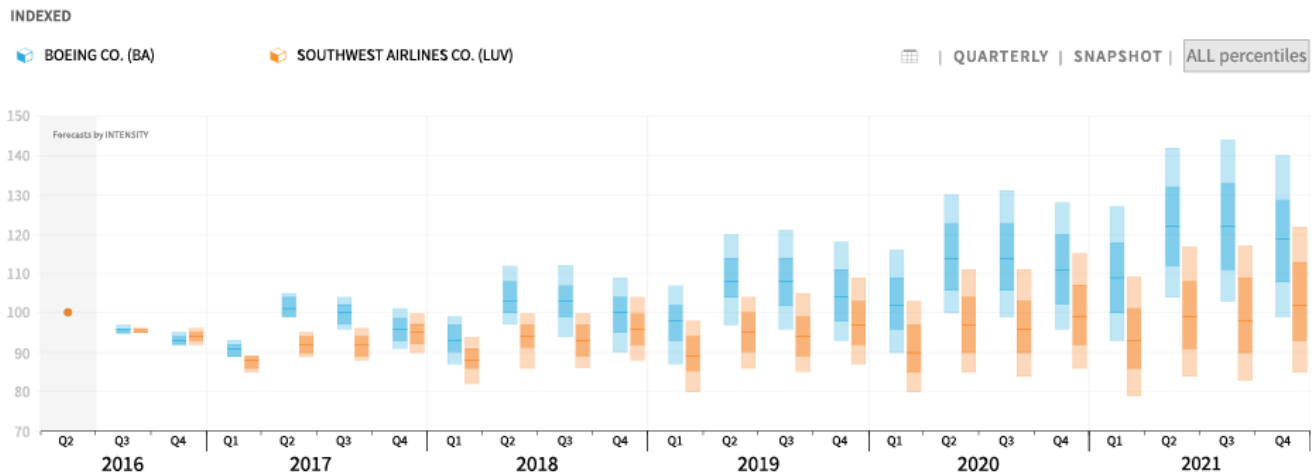


Boeing versus Southwest Airlines: A comparison of revenue forecasts

As of October 17, 2016



Summary

This chart displays five-year quarterly snapshot revenue forecasts for U.S. airline producer Boeing and Southwest Airlines, the nation's largest carrier in terms of originating domestic passengers. Snapshots, based upon Intensity's revenue forecasting service, provide the distribution of forecasted outcomes within each period, from 10th to 90th percentiles, and are useful for evaluating timing of investments and capital expenditures. Revenues are indexed to 100 in 2016-Q2.

There are several key insights from this comparison:

- Relative to 2016-Q2, Boeing and Southwest Airlines have a similar revenue growth trajectory, especially over the next three forecasted quarters. While Southwest exhibits more long-term upside growth potential, the company's distribution of outcomes is slightly wider than that of Boeing.
- Southwest Airlines operates the largest fleet of Boeing aircrafts in the world, and commercial airline production accounts for the majority of Boeing's revenues.
- Although forecasted revenue growth is similar, the top predictive factors underlying each company forecast differ: exchange rates and international economic indicators are relatively more influential for Southwest Airlines, whereas construction spending and commodity prices are relatively more influential for Boeing.

While global airline traffic growth has remained strong, rising to 7.2 billion passengers in 2015, recent stock and earnings performance for Boeing and Southwest Airlines have been mixed. On October 26th, 2016 both Southwest Airlines and Boeing announced declines in third quarter revenues from the prior year. As indicated by Intensity's forecasts, expect both companies' revenue performance to be intertwined in the quarters and years ahead.