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The Boeing Co. (BA)

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CORPORATE PARTICIPANTS

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

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Gavin Parsons

Analyst, UBS Securities LLC

MANAGEMENT DISCUSSION SECTION

Gavin Parsons

Analyst, UBS Securities LLC

Thanks, everybody, for joining. We have Jay Malave from Boeing helping kick us off at the UBS Industrials Conference. Jay, thanks for coming.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Well, thank you, Gavin. Thank you for having me here and giving me the opportunity to represent The Boeing Company. It's a pleasure to be here and look forward to a good discussion this morning with you. Appreciate it.

QUESTION AND ANSWER SECTION

Gavin Parsons

Analyst, UBS Securities LLC

Q

So, you've been at the company for three months now. How are you spending your time across the businesses?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Yeah. So, I joined the company in mid-August and immediately moved to the Seattle area, we were talking before, I mean, actually in Bellevue. And that gives me an opportunity to spend a lot of time in our factories in Washington, Renton, Everett. A couple weeks ago I was in our Auburn, Washington facility. And it gives me the opportunity to repetition really understand what's happening day to day in our operations, which is important to me, and really be in the center of gravity in terms of what's happening in the company. So, it's been an exciting time to be there. So, I spend most of my time there in Washington State.

Kind of first impressions of the company since it's been almost four months, about three-and-a-half months. First, think about the culture and there's been a lot of discussion on culture, and Kelly talked about the improvements that he was embarked on, one of the four priorities that he mentioned when he first joined the company.

And I think when I came in, I got the benefit of the progress that had already been made by the time I joined. Kelly had been in the company for – by that time – over a year, in that ballpark. And there were a lot of, I think, advancements made during that time period. So, what I've seen is really pretty engaged workforce, a very strong management team, one that has a can-do attitude, one that is focused on improvement, focused on making Boeing better every single day, which to me is incredibly important because that's a sign of a performance culture. And that's one of the things you look for when you join a company. You can never really tell from the outside looking in what's actually like working in the company. But I've seen really an organization including the management team that's really focused on can-do, action orientation.

We've talked about active management and we talk about active management in the context of working win-win solutions with the customer in the BDS environment. But I take a little bit of a broader view than that. And when I view active management as a team, a leadership team that's willing to roll up its sleeves, get its hands dirty to help solve problems, help be part of the solutions. And that's exactly what I see here at Boeing. So, exciting to be part of that. I'm that type of person who likes to get into the detail, likes to get into how do we solve a problem rather than just observing it.

And so from my perspective been able to transition pretty easily to an environment like that. I'm very impressed with the team that we have in our facilities. They're very good, very experienced, very capable. They know what good looks like and they've done a good job, I think, getting us to where we've been today over the past year, you think about the progress that we've made, already two – pretty much two rate breaks on the 737, a couple of rate breaks on 787, really on plan to what we said we would do this year in 2025. So, when you think about – you roll it back where we were a year ago to where we are today, the progress has been, in my view, pretty exceptional.

And the other thing I would say is the – what I'm also impressed by is the operational embrace of lean practices and processes. And so I see continuous improvement throughout the factories. Every time I do go to the factory, the team wants to take me into their obeya room to see the projects, the continuous improvement projects

that they're working on. And, again, I see that – view as sign of a performance culture that's pretty much already embedded.

You think about what else can we do? I think that lean practices can be spread across the entire company, including the functions. Right now it's pretty focused on operations, as you would expect, given where we are in our recovery. But I think we have opportunity to really spread it across all of the functions. So, I think a great start so far. I'm coming and joining the company at a great time and the recovery is in full force.

Gavin Parsons

Analyst, UBS Securities LLC

Q

Great. Maybe diving in there then on MAX, on the 3Q call, you were at 38 per month and cycling at 42.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Right.

Gavin Parsons

Analyst, UBS Securities LLC

Q

How's that going as you stabilize...

[indiscernible] (00:04:32)

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Yeah. It's going according to plan, as you would expect. It takes a few months to take the production cadence and move that into output. You know November here is going to probably be a little bit light on deliveries, but our production rollouts are pretty much exactly where we expected. And, it's just a shorter work day month because of the holiday. But overall, we're cycling where we expect to be. And when I look at deliveries in terms of what we've generally had guided to for 737 as well as 787, we expect to be pretty much where we were for the year. So, I think it's also so far so good there. It'll take us, like I said, a few months to turn this into output. And I would expect that to occur starting probably in the first quarter of next year.

Gavin Parsons

Analyst, UBS Securities LLC

Q

And the minimum six months between rate breaks, that's after you stabilize or that's after you've broken from 38 to 42.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Yeah. It's – stabilization, we'll go through it in – as the production system stabilizes at the current rate, the team starts thinking about how they're going to break through the next rate and they start positioning for that next rate break. And so, before the rate break, they really are positioned for it through the production cadence. So, they have the amount of days that are expected in terms of the cycle time for final assembly there. And so – again, when we say 'no less than six months', it gets harder as you increase rates. And so, six months is probably the best performance we're going to see. But our history tells us it takes a little bit longer than that.

Gavin Parsons

Analyst, UBS Securities LLC

Q

And I guess same question on 787 going from 7 to 8. How's that going?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Yeah. Same thing there. We're cycling at 8, we're rolling out and I think the improvement in rollouts is starting to take hold there. And so we're just kind of monitoring progress as they go. It's going to be the same thing. It's going to take a little while before this turns into output, and I would expect that to occur sometime next year as well. And as we evaluate and stabilize, we'll start thinking about when the next rate break would be. But first things first. We got to get stabilized at 42 on the 737 and get stabilized at 8, and that's what we're in the process of doing.

Gavin Parsons

Analyst, UBS Securities LLC

Q

So how do you think about deliveries next year? I think you've said volume up, but I assume there will be lower inventory deliveries.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Yeah. That's right. So, we expect absolutely deliveries to be up in both cases, both 737 and both 787. When you look at this year and we've talked about in the range of 440 to 450 deliveries for the 737, in that range. There's upwards around 50 aircraft in that ballpark of aircraft that we're delivering that came from inventory. When you now fast forward to 2026, we're going to be increasing our deliveries, but there won't be hardly any aircraft, if any at all, that will be coming out of inventory. So, it'll be really through the production rollout system, that'll be the source of the deliveries.

The one other item I'd say which will create a little bit of a difference between deliveries and production builds is that for the 737-10 we'll be building aircraft next year. We're expecting certification of that aircraft to be later in the year. So, we are unlikely to deliver all the aircraft that we build just because of the timing of the certification process. But again, big picture, we expect deliveries both on the 737 and the 787 to grow in spite of the fact that we have less aircraft coming out of inventory to be delivered.

Gavin Parsons

Analyst, UBS Securities LLC

Q

And presumably 737-10 and 737-7 rework will push those inventory aircraft into 2027.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Yes. Some of those will be pushed into 2027 which will position us for continued growth in 2027 and beyond. We continue to expect and I'm sure we'll talk about cash flow, but BCA deliveries growth year-over-year, we continue to expect that, that will be a big driver of the cash flow.

Gavin Parsons

Analyst, UBS Securities LLC

Q

Working our way up to the cash flow question.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

There you go. Yes.

A

Gavin Parsons

Analyst, UBS Securities LLC

777X.

Q

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

777X.

A

Gavin Parsons

Analyst, UBS Securities LLC

So you're in Phase 3 now. What do you need to do to get that done and what are the next milestones?

Q

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Yeah. So, we're starting the testing now. I mean, that is a big package that got – we got the TIA 3 approval in November. And so we've been positioning aircraft for flight testing there. This represents – this approval – about 30% of the entire flight test program. And so that was a pretty big approval that gives us kind of momentum to move forward. Think about some of the systems that are part of that package, avionics, environmental control systems, the auxiliary power unit. So, there's pretty substantive systems that will be tested as part of this flight test program.

A

And, we're well on our way there. And we're also positioning ourselves for the next batch of approval for TIA as well. Once we get there, we'll talk about that. But I think we're pretty well positioned for the schedule that we laid out in the earnings call, which we said getting this approval anywhere between late fourth quarter, early first quarter of 2026. We've got it here in the fourth quarter. And so we're pretty much on schedule.

Gavin Parsons

Analyst, UBS Securities LLC

What has been kind of the main bottleneck on the slower certification process there?

Q

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

It was – new requirements. And these new requirements required essentially learning both on the part of Boeing as well as the FAA. And as we learned what it took to comply, really on both sides, unfortunately, we had these delays in these TIA approvals because we just weren't entirely clear on how to satisfy those requirements. We believe that we have a sort of much better understanding of what it takes going forward. And so we think the process for future approvals will be a lot more smoother with that understanding.

A

Gavin Parsons

Analyst, UBS Securities LLC

Moving to Defense. I know you're restricted from looking in that business in full detail until January, but that seems to be performing better with no charges this year. So, any thoughts on progress would be great?

Q

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

That's right. Yes. So just kind of for the record, I've been spending my time pretty much on the BCA business and BGS. I've been restricted from BDS until the end of this year, which now is weeks away. So come January I'll be able to dive a little bit deeper into BDS.

What I would say there is that Steve Parker and his team have done a great job, I think, of stabilizing that business. That was another area that Kelly had highlighted in terms of stabilization. We're starting to see the benefits of that stabilization in the programs there. And, we've got these big five programs, and I think, again, I'm talking to it from afar because I haven't been able to dive in. But by all means, he's doing a great job there and his leadership team is doing a great job there.

So, I'd expect them to be a – continue to improve year-over-year, not just in – from 2026 over to 2025. It'll be 2027 over 2026, 2028 over 2027 as well. The margin profile will improve. We've talked about high-single digit margins in that business. And I think that they're on track to be able to march up that margin trajectory. So, I think that the team is doing a nice job.

One thing I'll say is I think there's been some investor angst in terms of once Jay Malave gets access to the BDS programs, there's going to be a bunch of grenades that go off on all these programs. And, look, I'm there to learn, I'll be going into the business to help learn, to help understand. In any program, there's going to be risk, there's going to be opportunities. My job will be how can I help them mitigate risk and how can I help them realize opportunities? I'm not going in there with a mandate or an agenda to throw grenades at different programs. It's kind of how can I be help, be a support to this business and to Steve and his team.

Gavin Parsons

Analyst, UBS Securities LLC

Q

That's not how it works, right? If you identify a cost overrun, you book it in the quarter, you identified it. You don't wait for Jay to look at it.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

That's right. And so – that's exactly right. We've got, I think, a pretty robust EAC process the team has gone through. They've recorded their charges in the past. I don't think we need to relive what we've seen in the past, but they do that with the benefit of information that they have real time. And so, to the extent there's changes based on new information that arises in that period. And so there's not – the new information isn't Jay Malave getting access to the programs, new information or facts related to the schedule or the cost profile in a program.

Gavin Parsons

Analyst, UBS Securities LLC

Q

And now that we've built up to free cash flow, I realize there are a lot of moving pieces. On the 3Q call, you weren't ready to kind of commit to a 2026 guide, but how are you thinking about framing that and any initial thoughts on 2026 would be great?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Yeah. If you rewind the clock a little bit, on the earnings call I'd been in the job for a little bit over two months and it just wasn't enough time to really get a good grounding. We were in the process of our multiyear forecasting process and for me I would say probably the beginning third of that.

And so – I'm a data hog. I like to understand the data, I'd like to beat it up. I like to pressure test it. And I was nowhere near ready to make any type of declaration or proclamation based on just the progress that I had made to date, as of then. Since that time, we've made a lot of progress. Unfortunately, my FP&A team probably is not loving me right now, but we've gone through a lot of data, a lot of information. I'm just much more grounded now than I was there. I feel a lot more comfortable with where we are.

And so what I can tell you is for next year we absolutely expect to grow year-over-year in cash flow. And I would say that that will result – what we expect anyway is in the low-single digits [billions] in terms of positive free cash flow, which I think is pretty substantial growth year-over-year.

And let me kind of rewind the clock before I get into 2026. 2025, I have to reset a little bit. If you recall, when we provided the guide for 2025, we talked about negative \$2.5 billion for the year, premised in there was this DOJ payment that we anticipated making. That payment is slipping out of 2025 and right now looks like it's going into 2026. And so where I would expect us to be now in 2025 is closer to about \$2 billion of an outflow.

Now, you could say, okay, you just put a headwind now into 2026 for – in the range of \$700 million. But even with that, I expect free cash flow to grow and as I mentioned before, I expect right now anyway free cash flow to be in the low positive single digits [billions].

So in spite of that, we know CapEx is growing next year. Our CapEx is growing really on the back of two projects. One is our growth driver in Charleston on the 787 which is a good thing, that's going to be an enabler for us to drive up our rates up to around 14 over time per month, as well as the investment that we're making in St. Louis for the new F-47 program. Again, a good multi-decade growth driver for the company. So those are – while they create some short term pressure on CapEx and free cash flow, those are great long term projects for us.

The other thing I would say in terms of pressure would be this whole thing about legacy deliveries. Delayed aircraft deliveries is causing kind of two effects. One is the elongated cash collection cycle for – related to advances. And we were sitting on some excess advances and also puts pressure on the price per aircraft because we're paying penalties on these aircraft that are delayed. But even with those challenges, comes back to BCA deliveries. We expect deliveries to grow next year. So that will be a large driver of positive cash flow. Embedded in that with increasing deliveries at BCA is the benefit of excess inventory burn down, so that'll come along with that. So we'll get some working capital benefit there. And we will start seeing cash margins improve as well next year.

You couple that with improvements at BDS that we expect and they're on the right track, as I mentioned before, and continued growth in BGS, and that formula creates the success for the positive free cash flow of low-single digits [billions] for next year.

So I think that we've got a pretty good formula to drive that and I think that'll be a recurring formula over the next few years.

Gavin Parsons

Analyst, UBS Securities LLC

Q

So, low-single digit billion, including the DOJ payment next year.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Yes.

A

Gavin Parsons

Analyst, UBS Securities LLC

Got it.

Q

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Yeah.

A

Gavin Parsons

Analyst, UBS Securities LLC

That's great visibility. The 777X impact, can you kind of break down how much of that charge is cash near term versus long-term the advances...

[indiscernible] (00:17:03)

Q

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Yeah. You look at next year and, again, that created some pressure. We talked about that in the third quarter call, it's about \$2 billion of pressure in 2026, which is mostly related to the aircraft deliveries. That's why I didn't mention it specifically here, because as part of these excess advances and also lower delivery payments that we'll receive next year. The charge itself, the costs associated and the cash burn associated with that \$4.9 billion, that will be over a number of years, as we deliver – predominantly as we deliver aircraft through the end of the decade. So after we get through 2026, it's not a huge number in any given year. I don't kind of want to say pro rata, it's not necessarily pro rata, but it'll carry out through the end of the decade and into the early 2030s as well.

A

Gavin Parsons

Analyst, UBS Securities LLC

And then touching on the advances kind of over-collection you mentioned, I mean, backlog's up a lot, orders are extremely strong.

Q

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Right.

A

Gavin Parsons

Analyst, UBS Securities LLC

Deliveries are growing and you have milestone payments on delivery growth. When do you expect to lap that over-collection of advances?

Q

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

That'll take us a few years. I mean, it's really dependent on the BCA delivery profile to the extent that we're able to meet or beat our BCA delivery profile and that will be able to burn that off quick. I think the key thing there is that it's temporary. We just have to burn – burn off the aircraft that are burdened by that. Once we do, then it'll be – that'll be out of the way and the BCA delivery profile will get back into the normal cycle that we do from a cash collection standpoint. And so there's a little bit of a tail to it, but I think that that over time it does get better.

Gavin Parsons

Analyst, UBS Securities LLC

Q

And then the final piece on inventory that you mentioned, you don't have any more delivered aircraft.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

That's right.

Gavin Parsons

Analyst, UBS Securities LLC

Q

Is that working down work in process and destocking the supply chain?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

I think that some of that will – with the increasing rates, some of that will happen naturally. When you look at one of the lessons learned for us is that we probably need to carry a little bit higher inventory than we may have in the past when we were at these kind of higher rates. But again, there's still a significant, I'd call it, multibillion dollar opportunity to burn down that excess inventory. And the beauty of increasing our delivery rates is that the working capital cycle will move faster. So, your holding period – your cycle time will be a bit lower, you'll be moving inventory faster, which frees up cash. So, there's just multiple benefits to the increasing delivery rates.

Gavin Parsons

Analyst, UBS Securities LLC

Q

And then the unit cash margins, is that just a combination of higher volume, workforce productivity. What other pieces layer into that?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Well, yes. We'll see – absolutely, as you're delivering higher – at higher rates, the productivity is – gets better. So your cost per unit gets better. As I mentioned before, we're dealing with some of these aircraft with penalties that burns off as well. So the cash margins will actually get a pretty significant boost between now and the end of the decade.

Gavin Parsons

Analyst, UBS Securities LLC

Q

Great. And I guess looking further out, it seemed like you weren't ready to explicitly endorse the previous \$10 billion framework. But you did mention Boeing getting back to historical levels. So, where are you in your planning review beyond...

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Yeah. It's – right, it's the same planning process that looked at and kind of multiyear. Again, I feel very confident after having gone through that in our outlook. And yes, \$10 billion for The Boeing Company is very attainable for us to achieve. And I think that, you look at it – you look at kind of some of the benchmarks that we had in the past. And you look at 2027 (sic) [2017], 2018, and \$10 billion is – just no reason why we can't get to that once we get to these higher rates on the aircraft.

And so, yeah, I'm very comfortable saying that we can absolutely deliver \$10 billion. It's going to be dependent – a big dependency is on these rates. When you think about how we get from here to there, it's we got to complete the certification programs on time and we will have some pretty big milestones in 2026 that we'll be able to evaluate. We have to go up the ramp on the deliveries at BCA. We need to see the improving margins and cash flow profile at BDS. We need to see continued growth at BGS. All of those taken together will be the drivers and enablers of this \$10 billion cash flow generation mark that we've talked about in the past. And it's all very doable.

Gavin Parsons

Analyst, UBS Securities LLC

Q

And then as I think about deploying that cash, is the priority deleveraging, paying down debt?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

That is. Between now – we've got – think about our profile, we've got a big maturity in 2026, about \$8 billion. A lot of that will be in the first half of 2026. We've got about a little bit over \$4 billion in 2027. We'll keep bringing that down, pay down the maturities to a level that we think is appropriate for the business, which gives us the flexibility. Also have a cash balance that gives us also the flexibility to be kind of a shock absorber to the extent that anything occurs in the industry.

But I think that we'll be generating free cash flow that gives us optionality. And so I think that will be between the balance that we have today, the cash flow that we're going to be generating that will give us plenty of optionality to pay down the debt, to invest in the future and start thinking at the right time about investor returns. We're not there. We need to turn the corner. But, the cash flow profile and the cash flow potential and visibility of the company puts us on the right track for that.

Gavin Parsons

Analyst, UBS Securities LLC

Q

How do you think about the right level of cash balance? I mean, you mentioned having some buffer. You're obviously sitting on a lot of cash, but you also have elevated interest.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Yeah. I mean, we historically have talked about a \$10 billion minimum balance. That's something that – for the time being that I kind of adhere to and agree with, I'll do my own analysis and over a longer period of time to determine whether or not that should be a little bit higher, a little bit lower. But I think \$10 billion minimum cash balance is a pretty good benchmark.

Gavin Parsons

Analyst, UBS Securities LLC

Q

And you just finished the Jeppesen divestiture.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

That's correct.

Gavin Parsons

Analyst, UBS Securities LLC

Q

Thoughts on proceeds there. And then separately, in terms of M&A, do you still expect Spirit to close this year?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Yeah. On Jeppesen, it's been a big boost to our cash balance as we talked about and – I may have caused a little bit of confusion on the third quarter call, let me just maybe clarify that related to the Spirit debt – so let me just talk about Spirit. Yes, we do expect to close out. We made a lot of progress over the last month there. We're in the final strokes and we are awaiting approval. We think that we've satisfied what we need to satisfy and we're just waiting for kind of signoff on that. So, we think that we still expect that to happen before the end of the year.

As far as their debt and our cash balance, including Jeppesen, we expect to pay down about \$3 billion immediately of the Spirit debt upon close. There's \$2 billion of high yield debt that we think that we're just going to take out. And then there's about \$1 billion of bank notes that we want to take out as well. So that will leave of their legacy debt, maybe about \$1 billion that we'll retain.

What that means to our cash balance is that we've got the proceeds from Jeppesen. You've got the – we couple that with what we're going to pay down on Spirit, and I expect our cash balance at the end of the year to be around \$29 billion.

Gavin Parsons

Analyst, UBS Securities LLC

Q

Spirit's financials have been a little messy. Any thoughts on how that incorporates into the Boeing financials?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Well, we've got – for that business, we're doing some – we've done some pre-work. You can't get too far into their financials because you can't gun jump. So we've been – I think at the appropriate level of arm's length there. We do have some ideas, but we follow some of the external financials that you do. Our access is somewhat limited because they are a public company as well. So I think upon close we'll be able to dig deeper into their financials to understand whether or not there's any impacts to our EACs particularly in the commercial programs. And, we'll deal with that accordingly as we close. But, there's nothing there that we've seen is just – something that's just going to cause any large disruption to us.

Gavin Parsons

Analyst, UBS Securities LLC

Q

There's been a lot of discussion on a potential new single aisle aircraft. Anything that's involved in your thinking on the milestones?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Not really. You think about – there's been kind of speculation that's been out there for certain events. And look, we're focused on execution. We just spent a lot of time in our discussion here talking about our BCA delivery rates, our certification programs, the improvement program at BDS and continued growth at BGS. So, there's a lot on our plate from an execution standpoint.

And at the end of the day – I think Kelly has talked about this and I agree wholeheartedly with what he said, there's just kind of three things that need to happen before you talk about kind of a next generation aircraft. One, the market has to be ready. Two, the technology has got to be ready. And we, The Boeing Company, has to be ready. We don't believe any of those factors have been met in any way.

And so, we're a ways off from that. That doesn't mean that we don't invest in technology development. You'd be – you just don't put your head in the sand and not invest in technology, talk to suppliers, think about what next generation technologies can be, and how do you think about the framework of that technology in the future. But that in no way means that we're ready to embark in any way on a new platform. That's a ways out. First things first, we need to deal with what's at hand. And that's where we're laser focused on.

Gavin Parsons

Analyst, UBS Securities LLC

Q

When you think about the cash profile of a new aircraft, is that more weighted towards actually building out the production capacity and then the deferred? Or is that more in the R&D phase?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

Well, I think historically and I think that it's whether or not the business model remains is a question to be determined, I think, at that point in time. But you look at history and you have development programs start and a lot of the cash burn upfront is on R&D. As you make progress in R&D and you start capitalizing for production, you're building assets that are going to be in flight test. And so there's a number of things that go on there. That's again, historically, I think how you've seen the cash profile and as you certify and get into delivery, start recovering that investment. But again, for us, let me just be clear, that's not something that we're contemplating anytime soon.

Gavin Parsons

Analyst, UBS Securities LLC

Q

We've got a few minutes left. Anything that we missed or any closing remarks?

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

A

No. I mean, we covered a lot of ground, Gavin. I think we've provided some clarity in terms of next year. I appreciate you'd given me the opportunity to talk about what I've been able to go through over the past month plus versus where I was during the earnings call. So hopefully that gives people, investors a little more clarity on how we're thinking about next year and beyond.

Gavin Parsons

Analyst, UBS Securities LLC

Okay. Thank you very much for being here.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

Thank you, Gavin. Appreciate it.

Gavin Parsons

Analyst, UBS Securities LLC

Thanks, Jay.

Jesus Malave

Chief Financial Officer & Executive Vice President-Finance, The Boeing Co.

All right.

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