

SENTINEL CREDIT

The Boeing Company

COUNTERPARTY CREDIT REPORT — trade-credit decision support

NYSE: BA · Aerospace & Defense · Prepared for trade-credit decision makers · Financials as of FY2025 (10-K filed 30 Jan 2026) · Report date 19 Jun 2026

This is a sample of the report Sentinel Credit generates for any counterparty. All figures are drawn from Boeing's public SEC filings; the ratings, posture, and exposure guidance are illustrative model output, not investment advice or an official credit rating.

1. The decision, up front

- **YELLOW — MONITOR.** Continue trading on monitored terms with active surveillance. Extend credit under a firm cap; do not let unsecured exposure drift up while leverage normalizes.

Recommendation driven by: 1. Gross leverage ~7.4× EBITDA 2. Thin equity cushion (3.2% of assets, only just positive) 3. Free cash flow still negative (-\$1.9B)

Mitigants: EBITDA restored to +\$7.4B · net income positive +\$1.9B · ~\$29.4B liquidity · equity rebuilt after the ~\$24B 2024 raise · aerospace duopoly with deep multi-year backlog

Watch items: durability of the cash-flow turn · 737 / 787 production ramp · 777X certification timing · fixed-price defense charges

What would improve it: two more quarters of positive free cash flow · gross leverage below 4× · sustained production stability

SENTINEL GRADE	PAYS SUPPLIERS IN	RECOMMENDED TERMS	12-MO PD (MODEL)	EXPOSURE	MONITORING
BB · Improving	~56 days	Net-45 / 60, firm cap	~2.4%	Capped · monitored	Quarterly + on trigger

Payment-behavior days are COGS-based and measure Boeing's total trade payables across its whole supplier base (a supplier-leverage signal), not the terms it will pay you. Size your own line to your invoice terms and to a loss your margins could absorb.

Suggested trade terms

EXPOSURE	SUGGESTED TERMS	SAFEGUARD
Small / routine	Net-45 / 60, open	Routine monitoring; keep within an absorbable loss.
Moderate	Net-30 / 45, firm cap	Active surveillance; shorten on any trigger below.
Large / concentrated	Net-30 or secured	Trade-credit insurance or letter of credit on the incremental balance.

Credit officer commentary

The Boeing Company is a solvent, operating business that Sentinel grades BB. The credit concern is balance-sheet intensity — gross leverage near 7.4× EBITDA against 2.7× interest coverage and a thin equity cushion (3.2% of assets, only just restored to positive) — not franchise viability. The trajectory is a clear tailwind: revenue, earnings, and equity all recovered sharply in FY2025 and liquidity is deep at ~\$29.4B. We would continue trading on monitored terms with active surveillance, under a firm cap. The risk to manage is the financial structure and the durability of the cash-flow turn, not market position.

Why BB?

SUPPORTS	BINDING CONSTRAINT
EBITDA back to +\$7.4B · net income +\$1.9B · ~\$29.4B liquidity · equity rebuilt · duopoly + deep backlog	Elevated leverage (7.4×) on a thin equity base, with free cash flow not yet positive (Altman Z 1.61, distress zone)

2. Two views, never blended

Implied Agency is what the rating-agency methodologies imply for this issuer — the external benchmark. The Sentinel Rating is our own view after financing-structure, earnings-quality, and surveillance intelligence. The divergence between them is the signal.

VIEW	GRADE	WHAT IT REFLECTS
Implied Agency	BBB- (crossover)	Through-the-cycle scale, strategic / sovereign importance, and a multi-year order backlog hold the issuer at the low-investment-grade boundary.
Sentinel Rating	BB • Improving	A trade creditor is an unsecured, short-tenor lender, so Sentinel weights balance-sheet leverage more heavily than a through-the-cycle issuer rating does.
Divergence	-2 notches	Sentinel sits two notches below the agency view because of leverage and negative free cash flow — an unsecured supplier should price to the more conservative number.

Analysis confidence: High — inputs complete (audited FY2025 10-K). Forward Probability of Insolvency: Low-Moderate and improving. Posture: Treasury-Structuring — active balance-sheet repair (the ~\$24B 2024 equity raise and ~\$3.5B of FY2025 debt paydown).

3. Financial snapshot & trajectory

▲ **IMPROVING** — the business is strengthening across the window: revenue up 35% YoY, EBITDA swung roughly +\$15B to positive, equity rebuilt to positive, and free cash flow narrowed by ~\$12.5B toward breakeven. Direction is a tailwind, and the point-in-time grade may understate a recovering credit.

\$ in billions	FY2023	FY2024	FY2025	DIRECTION
Revenue	77.8	66.5	89.5	▲ improving
EBITDA	2.3	(7.6)	7.4	▲ improving
Net income	(2.2)	(11.9)	1.9	▲ improving
Operating cash flow	6.0	(12.1)	1.1	▲ improving
Free cash flow	4.4	(14.4)	(1.9)	▲ improving
Total debt	52.6	54.2	54.4	■ stable
Shareholders' equity	(17.2)	(3.9)	5.5	▲ improving
Gross leverage (Debt/EBITDA)	22.7×	n/m	7.4×	▲ improving

Liquidity at FY2025: ~\$29.4B cash and short-term investments against \$8.4B of current debt maturities. Interest coverage restored to 2.7× EBITDA. Customer advances / deferred revenue of \$59.4B evidence the funded order book. ("n/m": FY2024 EBITDA was negative, so the ratio is not meaningful.)

4. Surveillance triggers — what would change the call

DOWNGRADE / TIGHTEN IF	UPGRADE / RELAX IF
Free cash flow turns negative again for two consecutive quarters; a fresh production halt or certification slip; leverage rises back above 8×; a new multi-billion program charge.	Two consecutive quarters of positive free cash flow; gross leverage below 4×; 737/787 deliveries sustained at target rate; 777X certified.

Methodology & disclosure

Sentinel independently simulates each major rating agency's published methodology, blends the three into one implied rating, and layers its own overlays for financing structure, earnings quality, cycle, and concentration. The Sentinel Rating is deliberately separate

from the agency-implied view; the divergence is the signal. Inputs here are Boeing's audited FY2023–FY2025 SEC filings. Figures are rounded.

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