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# Spirit AeroSystems Holdings, Inc. First Quarter 2009 Performance Review

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**Jeff Turner**

President and Chief Executive Officer

**Rick Schmidt**

Chief Financial Officer

April 30, 2009

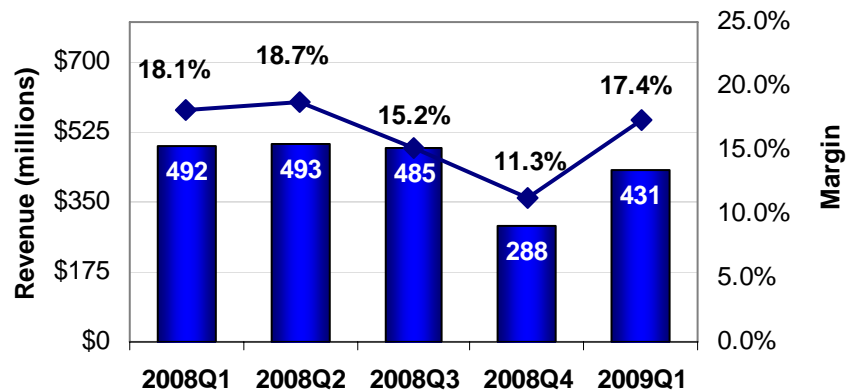


# First Quarter 2009 Summary

- **Solid operating performance across core programs**
- **Returned to full-rate production following the IAM strike at Boeing**
- **Responding to challenging markets**
- **Began operations at Spirit Malaysia**
- **Backlog of \$29.6 billion**

***Solid First Quarter Performance... Financially Strong***

## Segment Revenues & Operating Margins



777 Freighter  
forward section 41

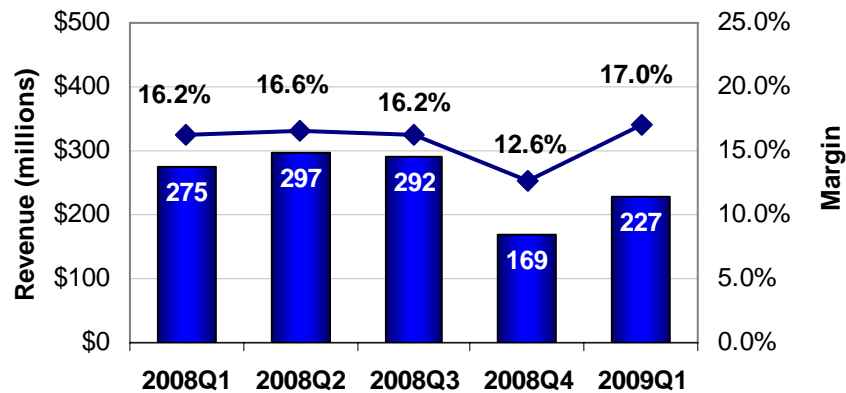
6,000<sup>th</sup> 737  
Fuselage



- Revenue and operating margins began recovery following the IAM strike at Boeing
- Delivered 6,000<sup>th</sup> 737 Fuselage unit
- Shipped third 747-8 Freighter unit
- Progressing on Sikorsky CH-53K
- Assessing the suspension of the Cessna Columbus program

*Executing Well in Challenging Market*

## Segment Revenues & Operating Margins



Rolls-Royce  
BR725 Thrust  
Reverser

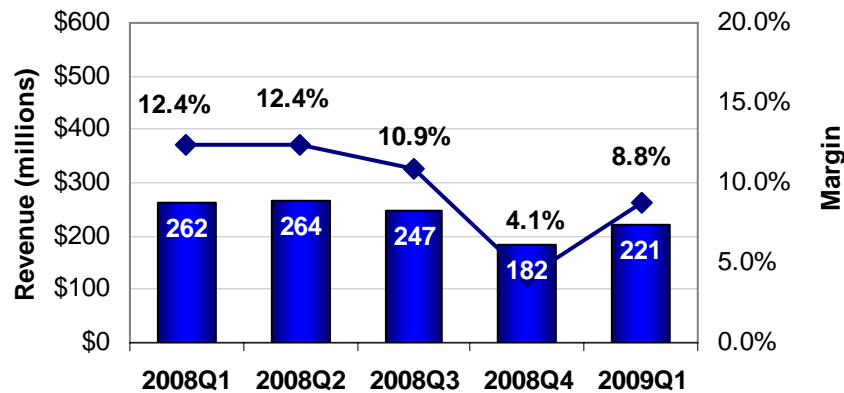
747-8  
Engine  
Pylon



- Revenue and operating margins began recovery following the IAM strike at Boeing
- 747-8 engine pylon first flight test successful
- Successfully completed Birdstrike, Pressure and First Pass Testing for Rolls-Royce BR725
- Pylon design and build for Mitsubishi Regional Jet on track
- Solid Aftermarket growth & margins

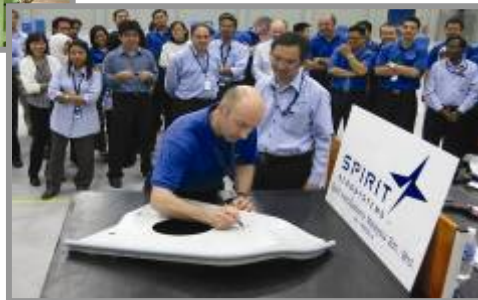
***Executing Well in Challenging Market***

## Segment Revenues & Operating Margins



747-8 Section 44  
Aft Keel Beam

Malaysia's First  
Under-Wing Panel



- Revenue and operating margins began recovery following the IAM strike at Boeing
- Completed first A320 under-wing panel assembly at Malaysia facility
- FX headwind in Q1 and for total year
- Focused on...
  - Business Jet market challenges and development programs
  - Boeing 747-8 Section 44 manufacturing

***Spirit Malaysia Coming On-line... Focused on Development Programs***

# 787 Update



Airplane Number Six Cockpit



787 Forward Fuselage Systems  
Installation Facility

- Shipped airplane number six forward fuselage... Last flight test airplane
- Airplane number seven progressing through systems installation process... Entry Into Service airplane
- Planned restart of composite forward fuselage production in mid-2009
- Overall product quality excellent
- Supporting engineering change activity
- Continuing to work with supply base to support customer ramp-up
- Focused on improving profitability

***Customer-Focused Execution Plan***



# Business Environment

- **Global economic conditions continue to impact demand for air travel**
- **Customers taking action to match supply and demand for new airplanes where appropriate**
- **Measured production rate increases in 2006-2008 and current backlogs providing flexibility in a dynamic market**
- **Prudent contingency measures well underway at Spirit**
  - Shared new program investments
  - Continuous focus on expense management and process improvement
  - Conservative end-market forecasting
  - Early adoption of hiring freeze
  - Executive, management, and some non-management salary freezes

***Structured to Manage in a Cyclical Business***



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# Spirit AeroSystems Holdings, Inc.

## First Quarter 2009

## Financial Results

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**Rick Schmidt**  
Chief Financial Officer

April 30, 2009





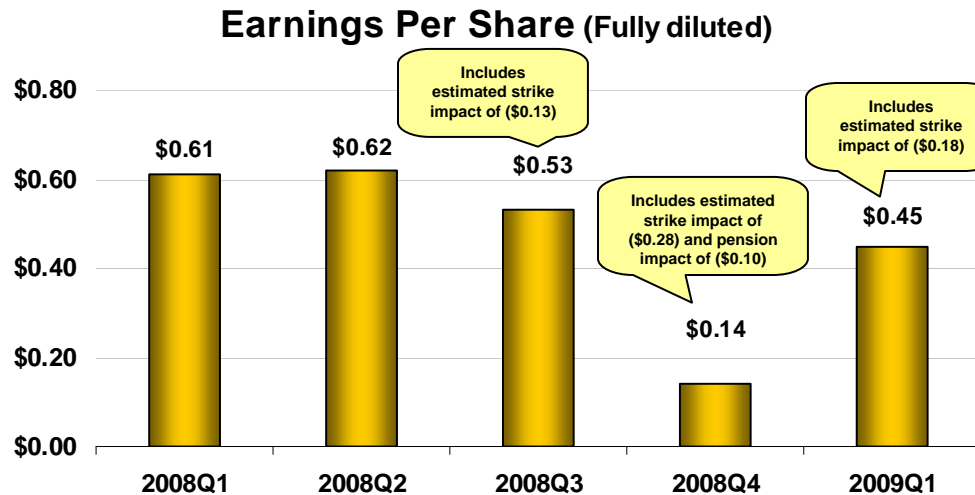
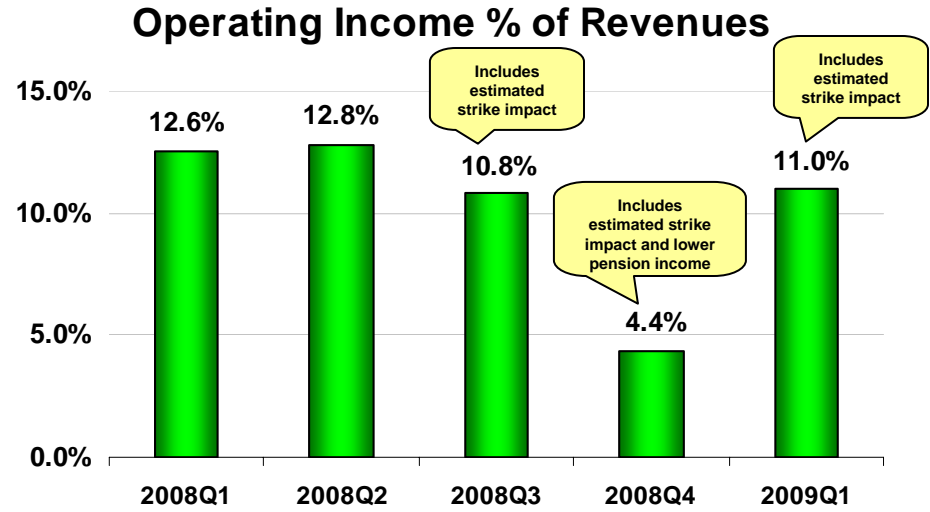
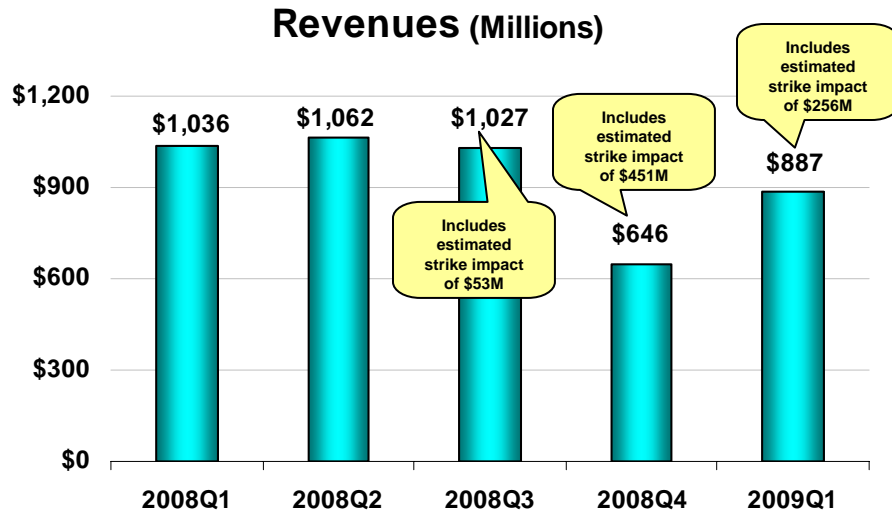
# First Quarter 2009 Financial Summary

- **Financial results impacted by Machinists' strike at Boeing**
  - Q1 Revenues \$887 million, down 14% from Q1 2008
  - Q1 Operating Margins 11.0% vs Q1 2008 of 12.6%
  - Q1 Fully diluted earnings per share decreased 26% to \$0.45
  - Q1 ship set deliveries were 30 units below pre-strike delivery levels, resulting in a reduction of \$256M revenue and \$0.18 EPS
  - FX Revenue headwind of \$40M
- **Operating cash flow in Q1 of (\$149) million**
  - Lower earnings on reduced deliveries driven by IAM strike at Boeing
  - Inventory growth on development programs
- **Solid balance sheet and liquidity**
  - \$116M cash balance at quarter end
  - Utilized \$75 million from revolving credit facility... \$575 million undrawn
  - Full repayment expected by year-end 2009
  - Net Debt to Total Capital ratio 28.6%, up from 22.3% at Q4 2008 on utilization of revolving credit facility

***Strike Impacted Results... Financially Strong***



# First Quarter 2009 Financial Results

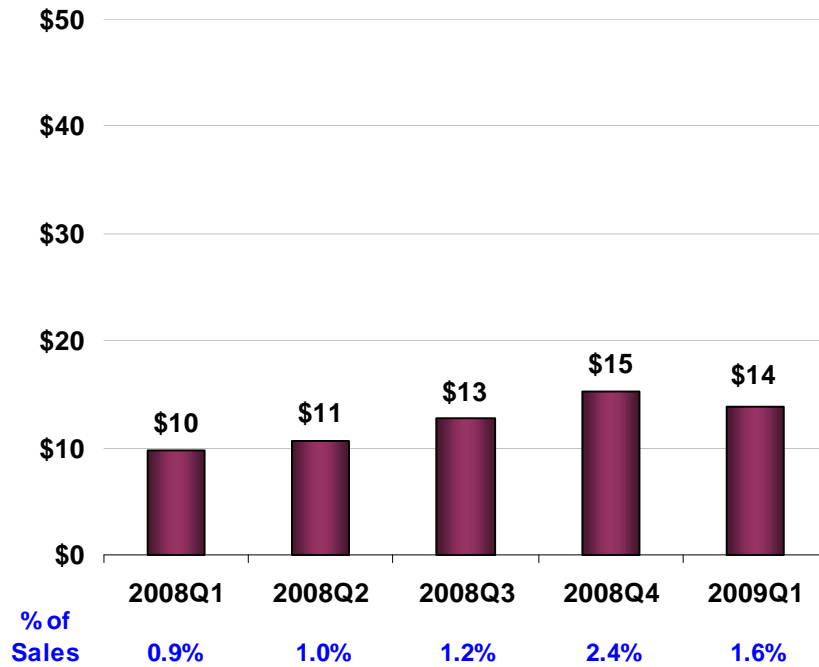


**Q1 2009 Impacted by Strike... Solid Core Business Performance**



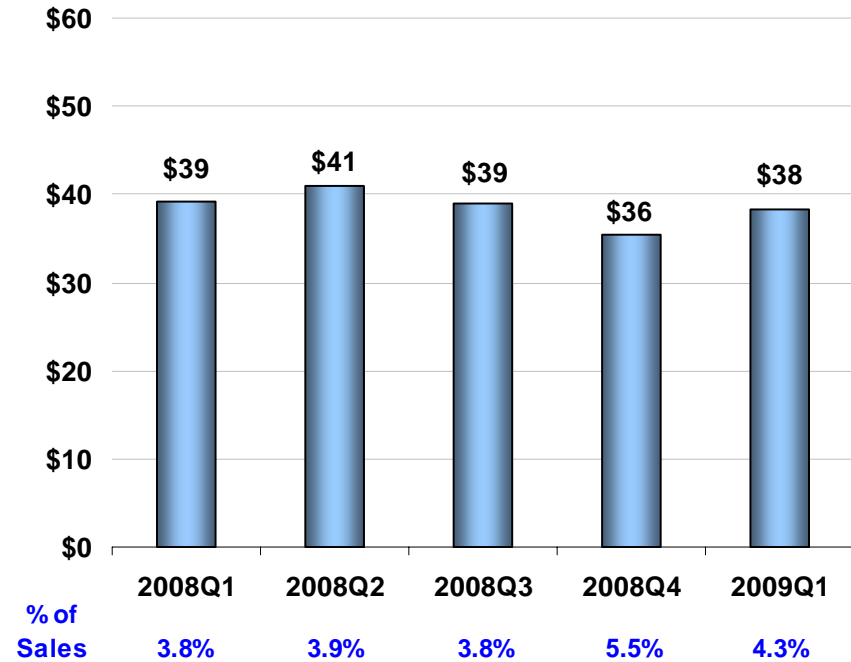
# First Quarter 2009 Period Expenses

### Research & Development Expense (Millions)



Reflects lower sales due to strike

### SG&A (Millions)



Reflects lower sales due to strike

***Disciplined Expense Management***



# First Quarter 2009 Income Statement

**SPIRIT AEROSYSTEMS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

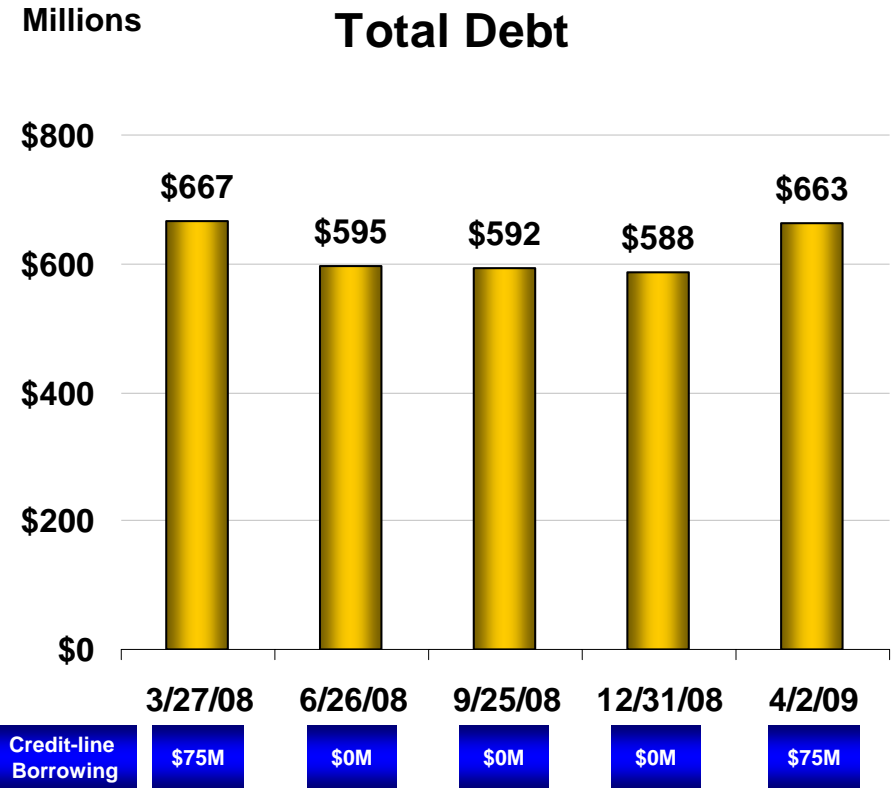
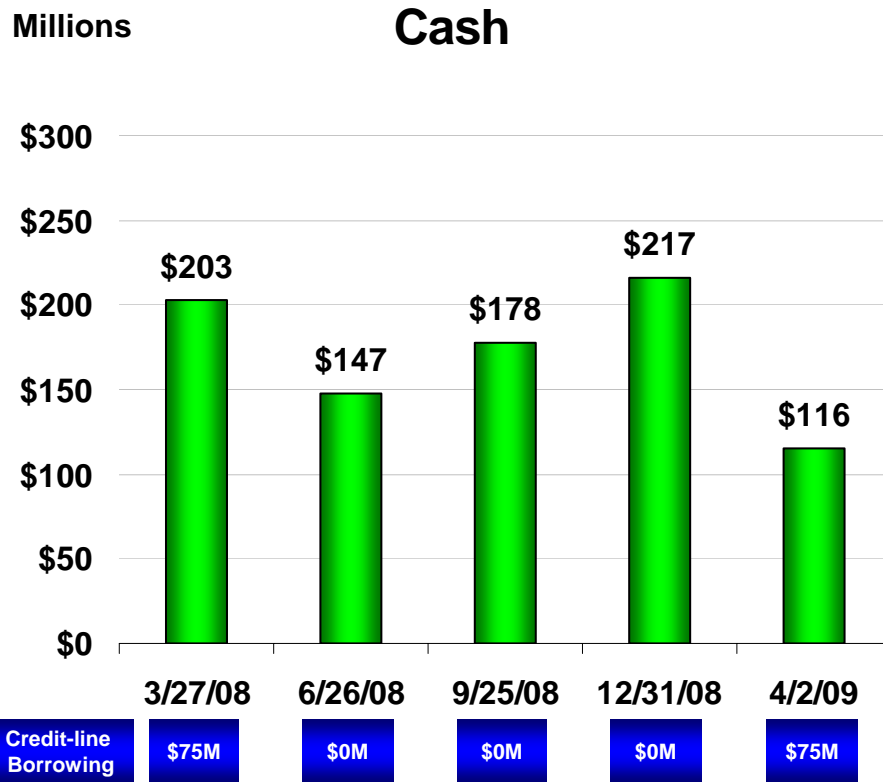
	<u>1Q 09</u>	<u>1Q 08</u>	<u>% Change</u>
<b>(Dollars in Millions, Except Per Share Data)</b>			
<b>Net Revenues</b>	\$ 887	\$ 1,036	(14%)
Cost of sales	737	857	(14%)
Selling, general and administrative	38	39	(3%)
Research and development	14	10	40%
<b>Operating Income</b>	98	130	(25%)
<b>Operating Income % of Revenues</b>	11.0%	12.6%	(160) BPS
<b>Net Income</b>	<u>\$ 63</u>	<u>\$ 85</u>	<u>(26%)</u>
<b>Fully Diluted Weighted Avg Shares</b>	139.9	139.6	<1%
<b>EPS (Fully diluted)</b>	\$ 0.45	\$ 0.61	(26%)

***Q1 2009 Results Impacted by Strike***



# Cash and Debt Balances

**Credit Ratings**  
 S&P: BB  
 Moody's: Ba3



**Well Positioned for Market Dynamics**



# Cash Flow – First Quarter 2009

\$ Millions	3M 09	3M 08
Net Income	\$ 63	\$ 85
Depreciation & Amortization	\$ 33	\$ 30
Other Non-Cash Items	\$ (2)	\$ (10)
Working Capital/Accrued Liabilities	\$ (223)	\$ (161)
Customer Advances, Net	\$ (24)	\$ 89
Other	\$ 4	\$ 38
<b>Operating Cash Flow</b>	<b>\$ (149)</b>	<b>\$ 71</b>
Capital Expenditures	\$ (54)	\$ (66)
Customer Reimbursed Capital Expenditures	\$ 29	\$ -

## ■ Cash Items

- Expected Q1 increase in accounts receivable
- Lower earnings due to strike impact
- Increased working capital investments for new programs... 787, 747-8 and Gulfstream
- Liquidating 787 customer advances on delivery to Boeing

## ■ Capital Expenditures

- Lower spending as 787 requirements are completed or rescheduled
- Minimizing new investment in anticipation of market downturn

***New Programs Driving Working Capital Growth***



# 2008 Inventory Growth (\$M)

Category	Actual 12/31/07	Actual 12/31/08	Growth 2008	Notes
Physical & Deferred (Raw material, parts, work in progress, excess over/under average)	\$1,025	\$1,314	(\$289)	<ul style="list-style-type: none"> <li>\$243M for 787: Delivery delays, early units more expensive engineering changes. Costs recovered over contract block</li> <li>\$37M for Gulfstream: New program startup</li> <li>\$9M All Other:</li> </ul>
Pre-Production (Capitalized engineering)	280	418	(138)	<ul style="list-style-type: none"> <li>\$143M for Gulfstream: New program startup, engineering changes</li> <li>(\$3)M for 787: - 8 Model complete. Costs amortized over first 500 units</li> <li>(\$2)M All Other</li> </ul>
Non-Recurring (Billable engineering costs)	<u>38</u>	<u>150</u>	<u>(112)</u>	<ul style="list-style-type: none"> <li>\$49M for 747-8: New program engineering costs billable in 2009</li> <li>\$56M for New Programs: A350, BR725, Cessna, Sikorsky New program engineering costs billable in future periods</li> <li>\$7M All Other: Legacy Programs</li> </ul>
<b>Total</b>	<b>\$1,343</b>	<b>\$1,882</b>	<b>(\$539)</b>	

**\$240M, or 45%, of Total Increase for 787. Another \$206M, or 38%, of Total for New Gulfstream Programs (Including BR725 Nacelles). Legacy Programs Largely Stable**



# Q1, 2009 Inventory Growth (\$M)

Category	Actual 12/31/08	Actual 4/2/09	Growth 2009	Notes
Physical & Deferred (Raw material, parts, work in progress, excess over/under average)	\$1,314	\$1,446	(\$132)	\$35M for 787: Early units more expensive, engineering changes, delivery delays. Costs recovered over contract block. \$30M for Gulfstream: New program startup \$67M All Other: Primarily residual Boeing strike impact
Pre-Production (Capitalized engineering)	418	465	(47)	
Non-Recurring (Billable engineering costs)	<u>150</u>	<u>207</u>	<u>(57)</u>	\$48M for Gulfstream: New program start-up, engineering changes (\$1)M for 787: - 8 Model complete. Costs amortized over first 500 units
<b>Total</b>	<b>\$1,882</b>	<b>\$2,118</b>	<b>(\$236)</b>	\$29M for 747-8: New program engineering costs billable in 2009 \$27M for New Programs: A350, BR725, Cessna, Sikorsky New program engineering costs billable in future periods \$1M All Other: Legacy Programs

**\$116M, or 49%, of Total Increase for 787 & Gulfstream Programs (Including BR725 Nacelles). Another \$57M, Or 24%, for New Program Engineering Costs**





# 2009 Financial Guidance

*Financial Guidance Issued on April 30, 2009*

	<u>2008 Actual</u>	<u>2009 Guidance</u>	<u>Change</u>
Revenues	\$3.8 billion	\$4.25 - \$4.35 billion	12% - 14%
Earnings Per Share (Fully Diluted)	\$1.91	\$2.15 - \$2.35	13% - 23%
Effective Tax Rate	30.9%	~33%	
Cash Flow from Operations	\$211 million	} Net positive with ~\$250 million of Capital Expenditures	
Capital Expenditures	\$236 million		
Capital Reimbursement	\$116 million		

*2009 Financial Guidance excludes potential impact associated with Cessna's suspension of the Citation Columbus program announced on April 29, 2009.*

**2009 Guidance Unchanged**



# Closing Comments

- **Executing core business well... Financially strong**
- **Managed through IAM strike**
- **Adjusting to market realities in the Large Airplane and Business Jet markets**
- **Progressing on development programs**
- **Well positioned to manage through the cycle**
- **Postured to benefit from diversification when market growth resumes across commercial aerospace**

*Long-Term Value Creation*



# Forward-Looking Information

## Cautionary Statement Regarding Forward-Looking Statements:

This presentation contains “forward-looking statements.” Forward-looking statements reflect our current expectations or forecasts of future events. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “anticipate,” “intend,” “estimate,” “believe,” “project,” “continue,” “plan,” “forecast,” or other similar words. These statements reflect management’s current views with respect to future events and are subject to risks and uncertainties, both known and unknown. Our actual results may vary materially from those anticipated in forward-looking statements. We caution investors not to place undue reliance on any forward-looking statements. Important factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to: our ability to continue to grow our business and execute our growth strategy, including the timing and execution of new programs; the build rates of certain Boeing aircraft including, but not limited to, the B737 program, the B747 program, the B767 program and the B777 program, and build rates of the Airbus A320 and A380 programs, which could be affected by the impact of a deep recession on business and consumer confidence and the impact of continuing turmoil in the global financial and credit markets; declining business jet manufacturing rates and increasing customer cancellations as a result of the weak economy, scarcity of aircraft financing and high levels of used business jet inventories; the success and timely execution of key milestones such as first flight and first delivery progression of Boeing’s new B787 and Airbus’ new A350 aircraft programs, including receipt of necessary regulatory approvals; our ability to balance the needs of customers and suppliers as we adjust to Boeing’s strike-impacted delivery schedule; our ability to enter into supply arrangements with additional customers and the ability of all parties to satisfy their performance requirements under existing supply contracts with Boeing, Airbus, and other customers; any adverse impact on Boeing’s and Airbus’ production of aircraft resulting from cancellations, deferrals or reduced orders by their customers; returns on pension plan assets and impact of future discount rate changes on pension obligations; our ability to borrow additional funds, extend or renew our revolving credit facility, or refinance debt; competition from original equipment manufacturers and other aerostructures suppliers; the effect of governmental laws, such as U.S. export control laws, the Foreign Corrupt Practices Act, environmental laws and agency regulations, both in the U.S. and abroad; the effect of new commercial and business aircraft development programs, and the resulting timing and resource requirements that may be placed on us; the cost and availability of raw materials and purchased components; our ability to recruit and retain highly skilled employees and our relationships with the unions representing many of our employees; spending by the U.S. and other governments on defense; the outcome or impact of ongoing or future litigation and regulatory actions; and our exposure to potential product liability claims. These factors are not exhaustive, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. Except to the extent required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

