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# Spirit AeroSystems Holdings, Inc. Second Quarter 2008 Performance Review

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**Jeff Turner**

President and Chief Executive Officer

**Rick Schmidt**

Chief Financial Officer

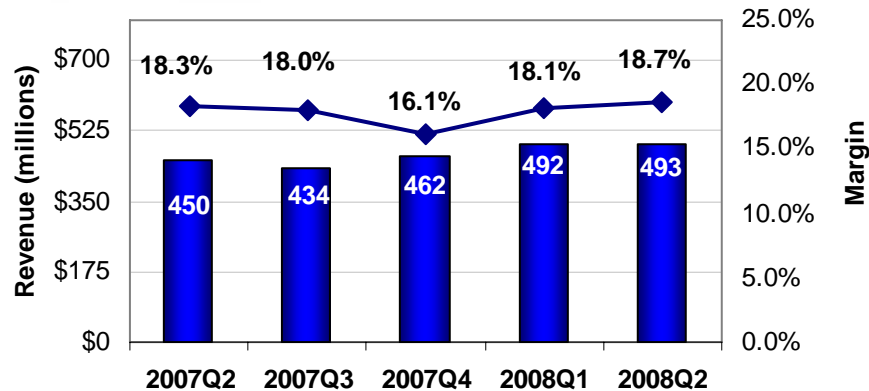
July 31, 2008

# Second Quarter 2008 Summary

- **Solid second quarter results**
- **Increased revenues by 11 percent**
- **Expanded operating profitability and net income**
- **Rebalanced the 787 factory**
- **Made progress on development programs**
- **Won new business on Airbus A350 XWB**
- **Announced expansion of U.S. operations**
- **Increased backlog to ~\$30B**

# Fuselage Systems

Segment Revenues & Operating Margins



Sikorsky CH-53K

737NG Production

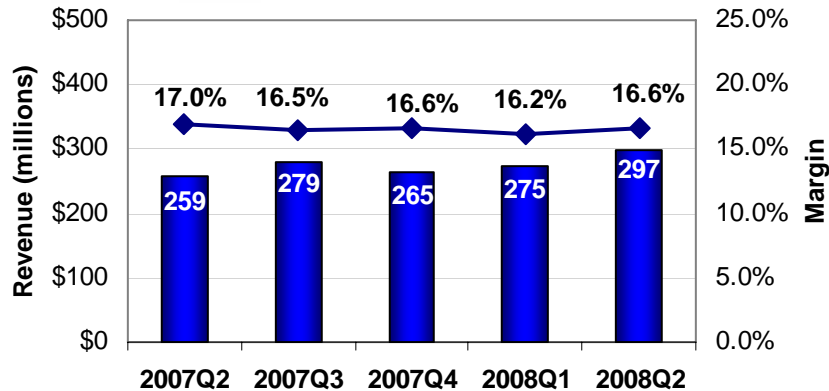


- Strong operating performance on increased volume
- Delivered 2,700<sup>th</sup> 737 Fuselage
- Delivered second 777 Freighter section
- Assembling first 747-8 Freighter
- Second P-8A in production
- Progressing on Sikorsky CH-53K and Cessna Columbus programs

***Executing Core Business Well... Developing New Products***

# Propulsion Systems

Segment Revenues & Operating Margins



- Solid operating performance on increased production volume and aftermarket sales
- Delivered first test unit Rolls-Royce BR725 Thrust Reverser and Inlet
- Completed 747-8 Inlet test units
- Completed items for second P-8A
- Supporting Aftermarket JV with HAECO



BR725 Inlet

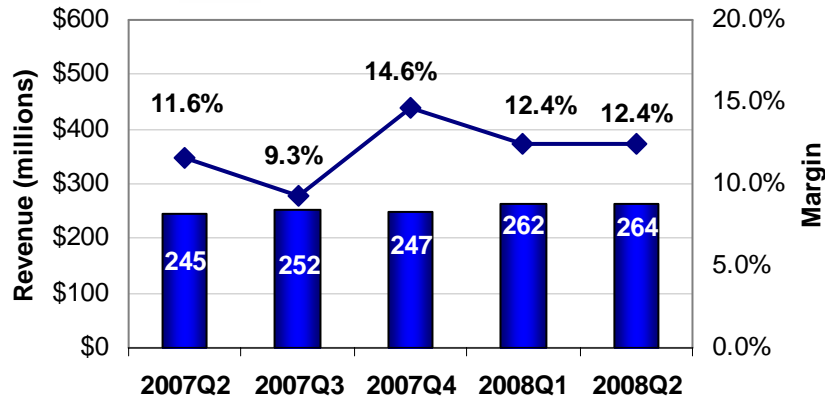
BR725 With Deployed Thrust Reverser



**Executing Core Business Well... Developing New Products**

# Wing Systems

Segment Revenues & Operating Margins



European MRO Facility –  
Prestwick International  
Airport

Gulfstream G650  
Factory



- **Solid operating performance on increased volume**
- **Progress on development programs... 747-8 and G650**
- **Gulfstream G650 factory preparations under way**
- **European MRO and Malaysian facilities on track**
- **Won Airbus A350 XWB Wing Fixed Leading Edge contract**

*Executing Core Business Well... Developing New Products*

# 787 Update



Forward Fuselage  
Systems Installation

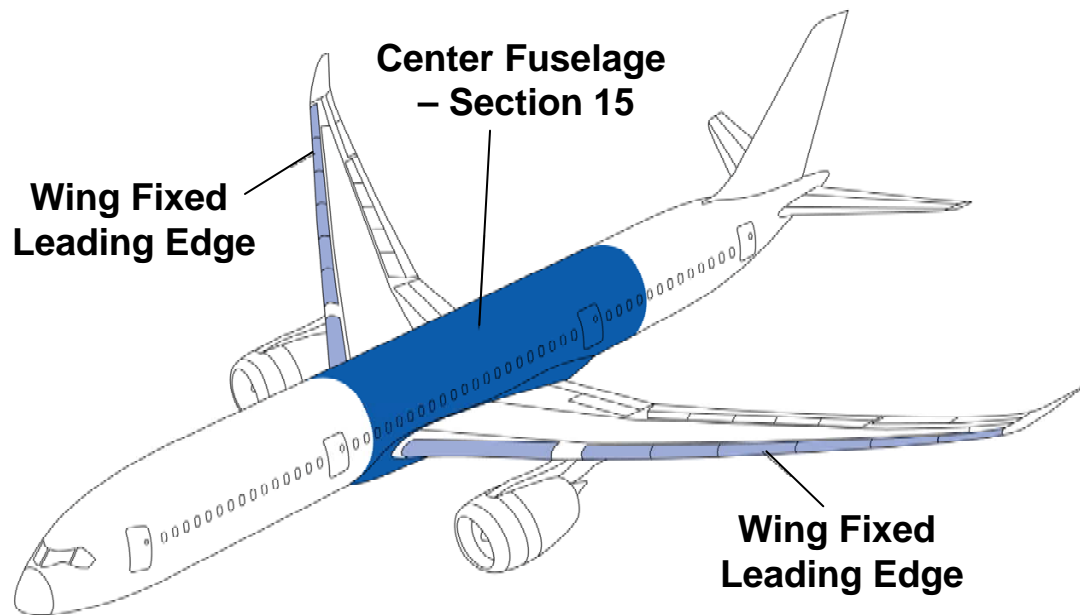
Moveable  
Leading-Edge Slat



Engine Pylon

- **Delivered forward fuselage for flight test airplane #3**
- **Performing systems installation on flight test airplanes #4 through #6**
- **Rebalanced forward fuselage structures factory**
- **Delivering to customer demand**
- **Optimizing production...  
Continuing to implement lean factory processes**

## Spirit Design and Manufacturing Content



- **A350 XWB Airplane Family... 800/900/900R/1000**
  - Fuselage center section
  - Wing leading edge
  - Pursuing other components
- **Large firm order base... 470 orders from 28 customers**
- **Largely composite structure**
- **Shared investment strategy**

***Expanding Content On The Best Selling Platforms Today***



# Spirit AeroSystems Holdings, Inc. Second Quarter 2008 Financial Results

**Rick Schmidt**

Chief Financial Officer

July 31, 2008



# Second Quarter 2008 Financial Summary

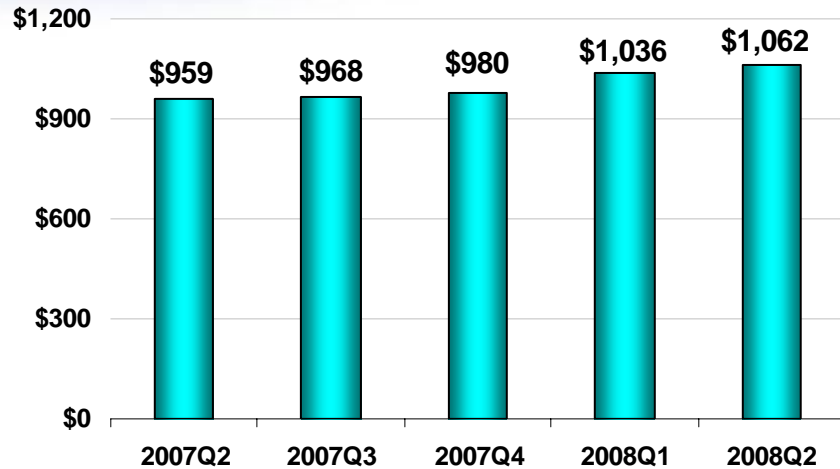
- **Strong revenue growth**
  - Q2 Revenues \$1.062 billion, up 11% from Q2 2007
- **Improving operating profitability company-wide**
  - Q2 Operating Margins 12.8% vs Q2 2007 of 10.6%
  - Operating Income up 33% from Q2 2007
- **Q2 fully diluted earnings per share increased 27% to \$0.62**
- **Operating cash flow in Q2 of ~\$7 million**
  - Includes customer advances and working capital investment on new programs
    - *747-8 Non-recurring development costs*
    - *787 Production inventory and deferred production cost*
  - Cash tax payments totaling \$82 million
- **Solid balance sheet**
  - \$147M cash balance at quarter end
  - Net Debt to Total Capital ratio 23.7%, down from 25.5% at Q1 2008

***Operating Well Across the Company... Financially Strong***

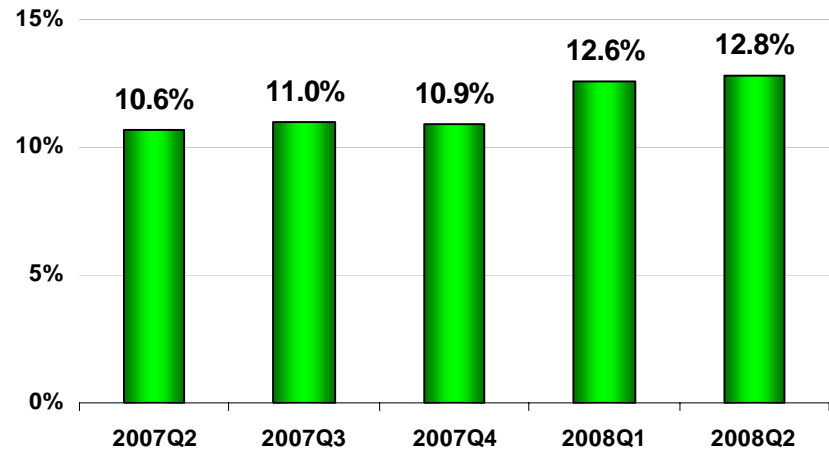


# Second Quarter 2008 Financial Results

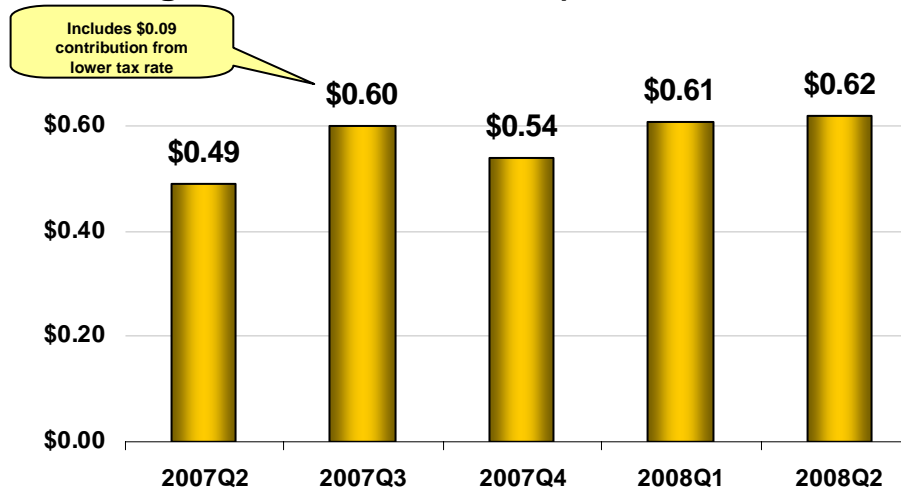
Revenues (Millions)



Operating Income % of Revenues



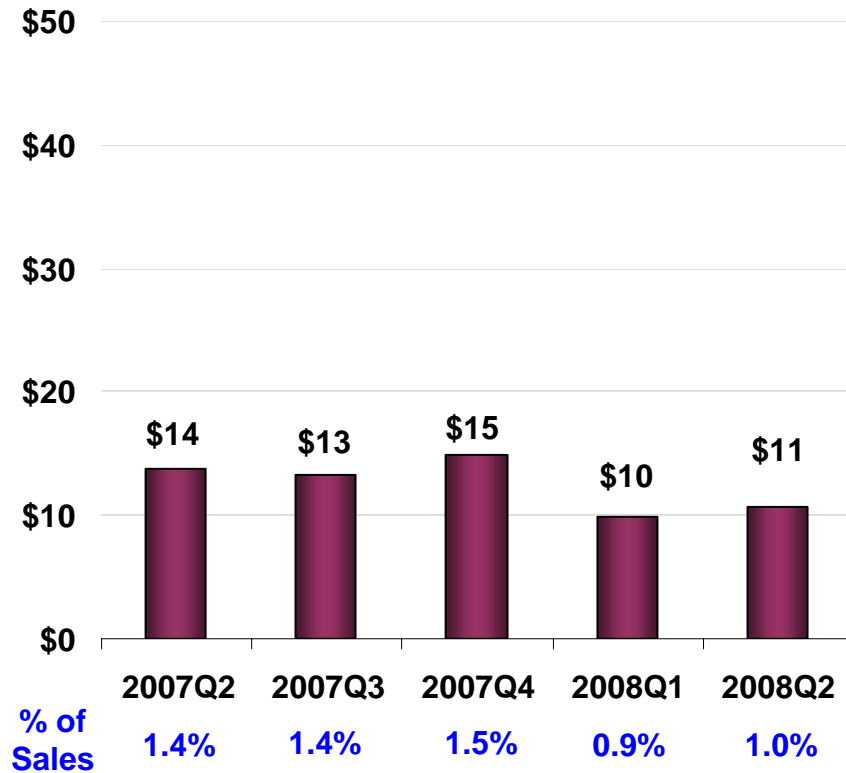
Earnings Per Share (Fully diluted)



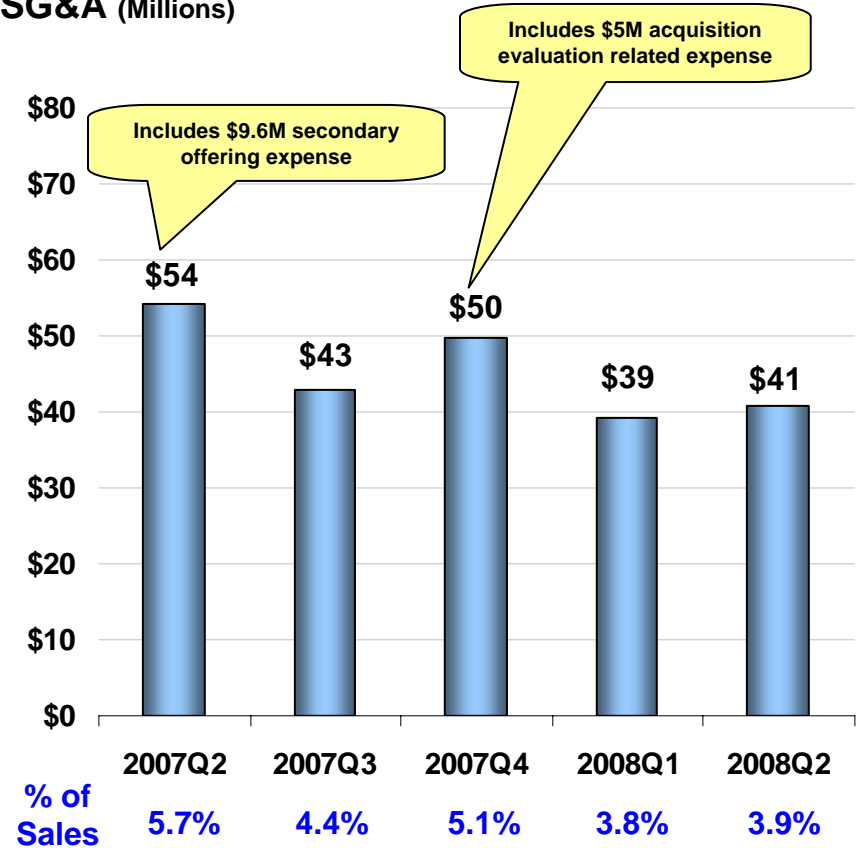
*Increasing Profitability On Higher Revenues*

# Second Quarter 2008 Financial Results

Research & Development Expense (Millions)



SG&A (Millions)



*Disciplined Expense Management*



# Second Quarter 2008 Income Statement

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

(Dollars in Millions, Except Per Share Data)	<u>2Q08</u>	<u>2Q07</u>	<u>% Change</u>	<u>1H08</u>	<u>1H07</u>	<u>% Change</u>
<b>Net Revenues</b>	\$ 1,062	\$ 959	11%	\$ 2,099	\$ 1,913	10%
Cost of sales	875	789	11%	1,732	1,584	9%
Selling, general and administrative	41	54	(25%)	80	99	(20%)
Research and development	11	14	(23%)	20	24	(15%)
<b>Operating Income</b>	136	102	33%	266	206	29%
<b>Operating Income % of Revenues</b>	12.8%	10.6%	220 BPS	12.7%	10.8%	190 BPS
<b>Net Income</b>	<u>\$ 86</u>	<u>\$ 68</u>	<u>27%</u>	<u>\$ 172</u>	<u>\$ 138</u>	<u>25%</u>
<b>Fully Diluted Weighted Avg Shares</b>	139.8	139.2	0%	139.8	139.2	0%
<b>EPS (Fully diluted)</b>	\$ 0.62	\$ 0.49	27%	\$ 1.23	\$ 0.99	24%

**24% EPS Growth YTD 2008**

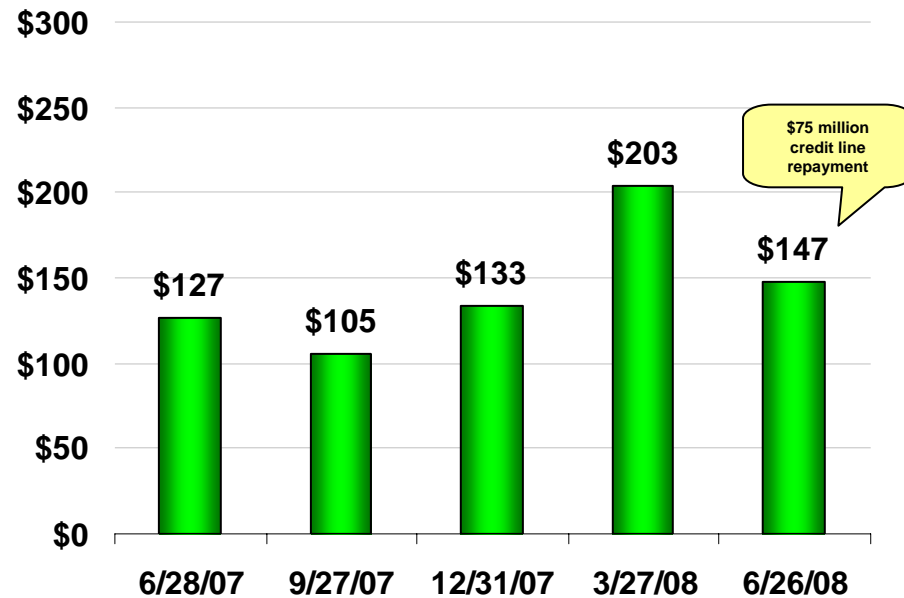


# Cash and Debt Balances

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

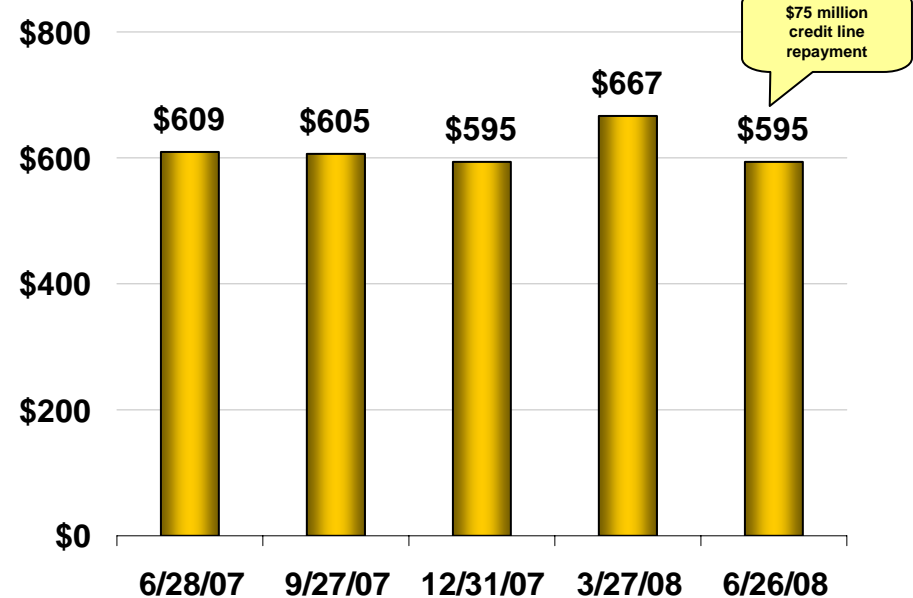
Millions

## Cash



Millions

## Total Debt



**Balance Sheet and Liquidity Remain Solid**

# Cash Flow – 1H 2008

\$ Millions	1H 2008	1H 2007
Net Earnings	\$ 172	\$ 138
Depreciation & Amortization	\$ 62	\$ 48
Other Non-Cash Items	\$ (15)	\$ (25)
Working Capital/Accrued Liabilities	\$ (320)	\$ (229)
Customer Advances	\$ 184	\$ 54
Other	\$ (4)	\$ 79
<b>Operating Cash Flow</b>	<b>\$ 78</b>	<b>\$ 65</b>
Capital Expenditures	\$ (119)	\$ (159)
Customer Reimbursed Capital Expenditures	\$ 57	\$ 11

## Non-Cash items

- Depreciation increasing as capital for new programs placed in service
- Reduced stock compensation expense

## Cash items

- Higher customer advance payments
- Increased working capital investments for new programs... 787 and 747-8
- Cash Tax Payments of \$82 million in Q208

## Capital Expenditures

- Lower YTD spending as 787 requirements are completed or rescheduled

***Strong Core Business Cash Flow... Reinvesting For Growth***



# 2008 Financial Guidance

	<u>2008 Guidance</u>	
Revenues	~ \$4.4B	
Earnings Per Share (Fully Diluted)	<del>\$2.25 - \$2.35</del>	\$2.35 - \$2.45
Effective Tax Rate	~ 33% *	
Cash Flow From Operations	~ \$400M	
Capital Expenditures	~ \$275M	
Capital Reimbursement	~ \$116M	

***Increased EPS Guidance***

\* Effective tax rate guidance assumes the benefit of a retroactive extension to the U.S. research tax credit

# Closing Comments

- Good operating performance across the company
- Strong long-term market for large commercial aircraft and business jets
- Large commercial aircraft delivery cycle expected to remain strong
- Near-term market dynamics are a watch item
- Making good progress on development programs
- Winning new business



# 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 view 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; 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; the success and timely progression of Boeing’s new B787 and Airbus’ new A350 aircraft programs, including receipt of necessary regulatory approvals; 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 or reduced orders by their customers; the impact of continuing high oil prices on the commercial aviation market; future levels of business in the aerospace and commercial transport industries; 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 United States 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.

