



# Spirit AeroSystems Holdings, Inc. Second Quarter 2007 Performance Review

**Jeff Turner**

President and Chief Executive Officer

**Rick Schmidt**

Chief Financial Officer

July 26, 2007

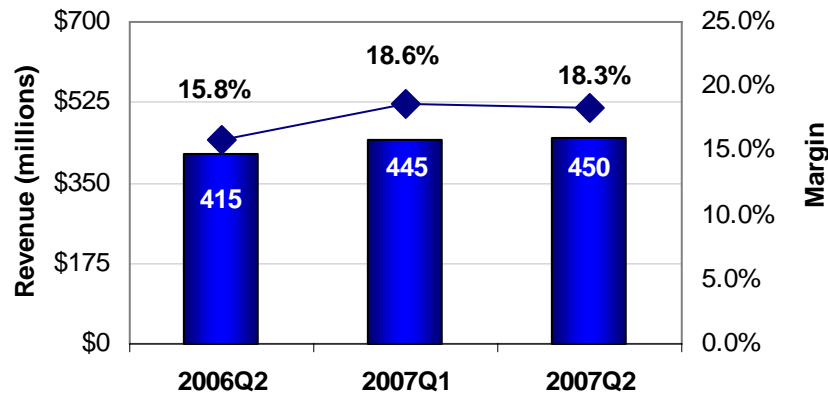
# Second Quarter 2007 Summary

- **Continued year-to-year growth in revenues and operating income as expected**
- **Grew total backlog to ~\$22 billion**
- **Delivered first 787 forward fuselage to Boeing**
- **Selected to build Sikorsky CH-53K cockpit and cabin**
- **Completed successful follow-on stock offering**
- **Increasing 2007 Operating Margin and EPS Guidance**

***Solid 2Q Results... Strong Momentum***

# Fuselage Systems

**Segment Revenues & Margins**



- **Continued strong operating performance**
- **Increased R&D investment in new programs during 2Q**
- **Delivered Southwest Airlines 500<sup>th</sup> 737 unit to Boeing**
- **Won Sikorsky CH-53K cockpit and cabin contract**

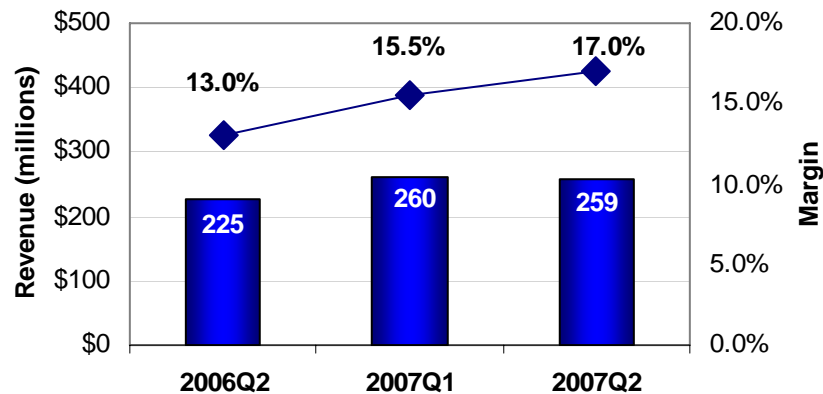


**Sikorsky Next Generation Heavy Lift Helicopter**

***Focused on Performance and Growth***

# Propulsion Systems

Segment Revenues & Margins



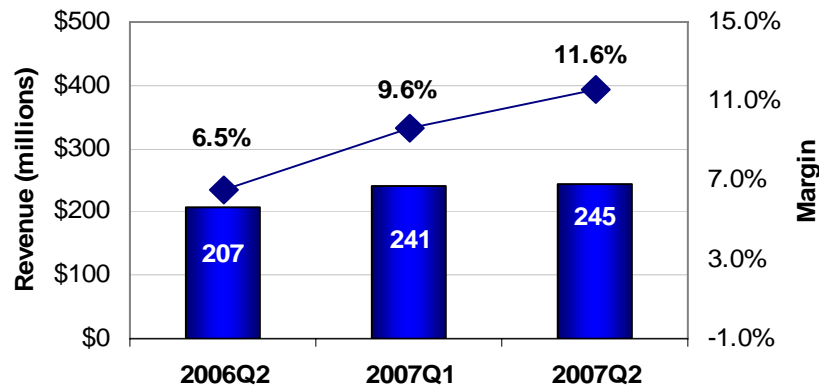
747-8 One Piece Inlet – Core Bonded To Inlet

- Improved operating margins
- Delivered four 787 Static and Fatigue production Pylons
- First flight conducted with 787 Rolls Royce Engine Pylon on 747 test aircraft
- Passed NADCAP Audit with no findings in Composite/Metal Bonding processes
- Developing new propulsion systems technology on 747-8

*Delivering Strong Profitability... Investing in Technology*

# Wing Systems

Segment Revenues & Margins



- **Improved operating margins**
  - Favorable performance in support labor and detail fabrication
  - Leveraging supply base to improve profitability



A320 Wing Leading Edge



787 Leading Edge

- **787 program on track**
- **Supporting Airbus rate increases on A320 and A330 / A340 lines**

***Continued Focus on Margin Expansion***

# 787 Program



787 Forward Fuselage First Delivery



Birdstrike Test Unit

- **Line Unit One Progress**
  - Completed and delivered first production forward fuselage to Boeing
  - Supported fuselage integration and final assembly of first airplane at Boeing
  - Roll-out on schedule 7/8/07
- **Delivered Birdstrike and Static Test Units**
- **Ramping up production... 9 units in process**
- **Aggressively managing the supply chain**

***Focus on Execution... Meeting Customer's Needs***



# Spirit AeroSystems Holdings, Inc. Second Quarter 2007 Performance Review

**Rick Schmidt**  
Chief Financial Officer

July 26, 2007

# Second Quarter 2007 Financial Summary

- **Strong top-line performance**
  - Q2 Revenues \$959M, up 12% from Q2 2006
- **Improving operating margins across all segments**
  - Q2 Operating Margins 10.6% vs Q2 2006 of 6.5%
  - Includes \$9.6M non-recurring expense related to follow-on offering
- **Operating cash flow as expected... 787 production ramping up**
  - Inventory increased ~\$150M during the second quarter, mainly driven by 787 and other new programs
- **Solid balance sheet**
  - \$127M cash balance at quarter end
  - Debt to total capital ratio continues to improve

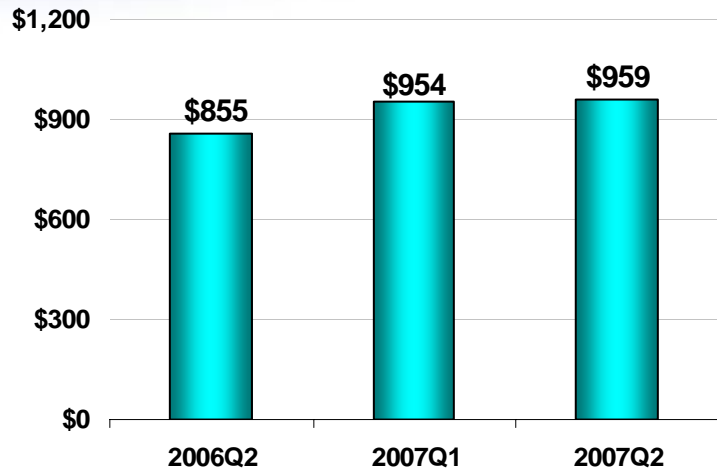
***Results Meeting Expectations***



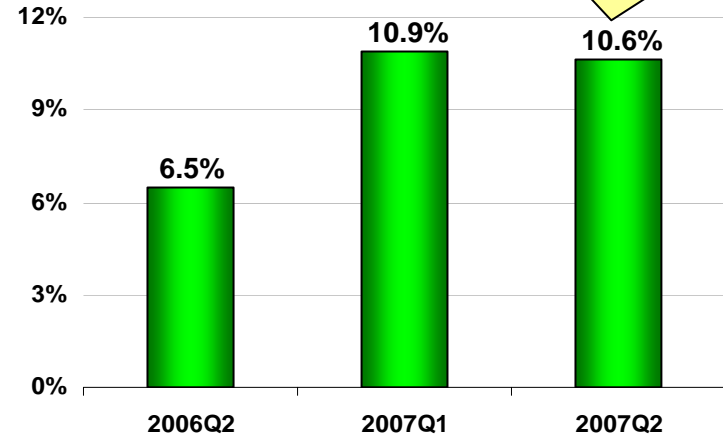


# Second Quarter 2007 Financial Results

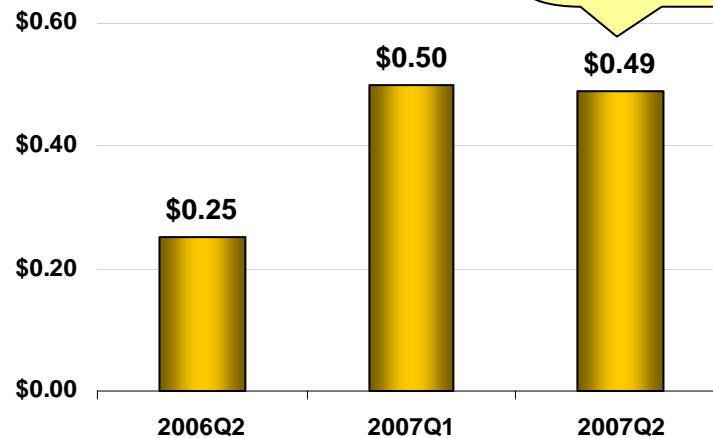
Revenues (Millions)



Operating Margins (% of Revenues)



Earnings Per Share (Fully diluted)

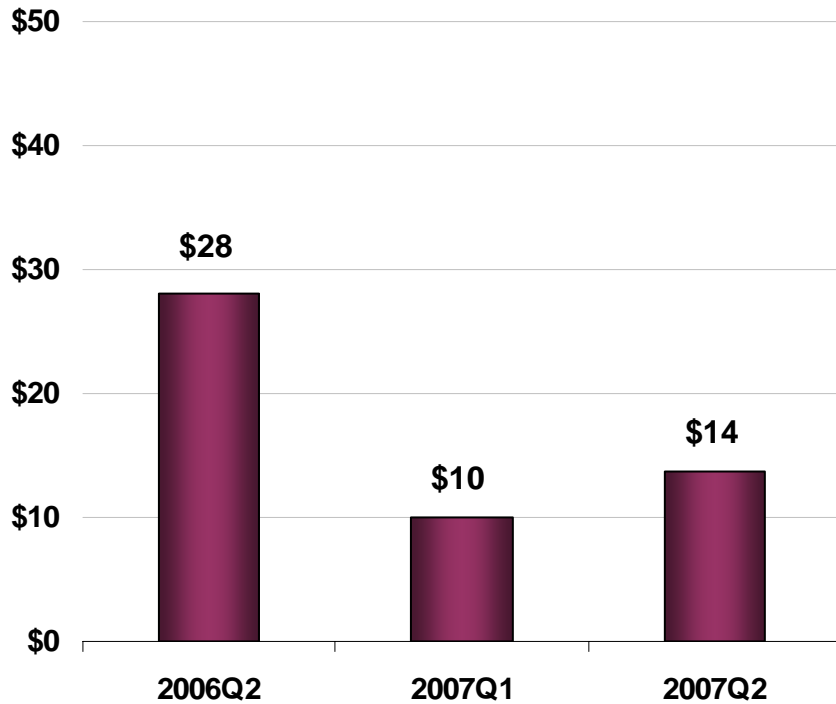


**Improving Sequential Quarterly Profitability Excluding One Time Expense Related To Follow-on Offering**

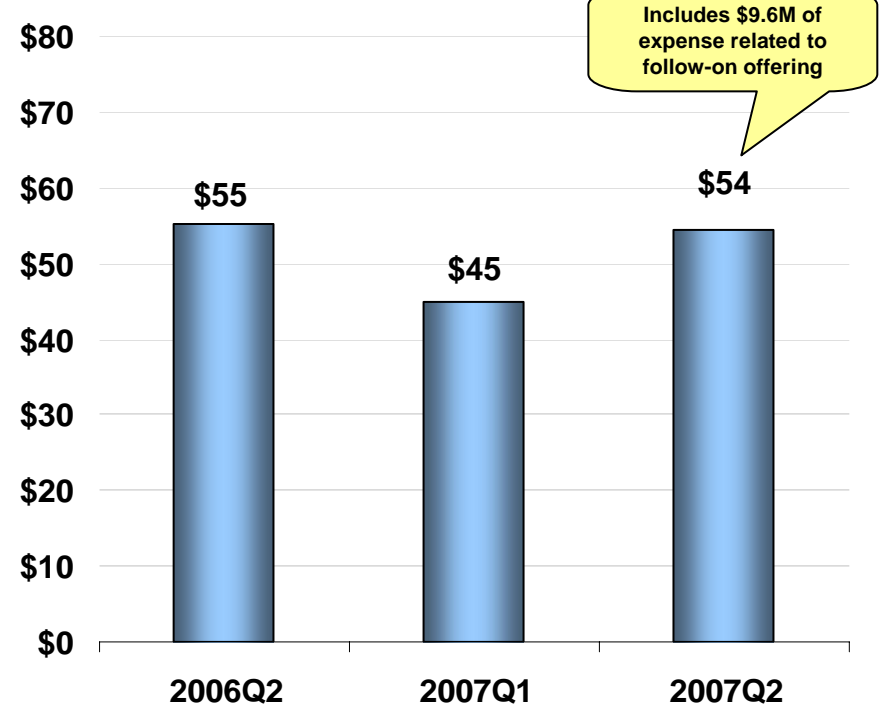


# Second Quarter 2007 Financial Results

Research & Development Expense (Millions)



SG&A (Millions)





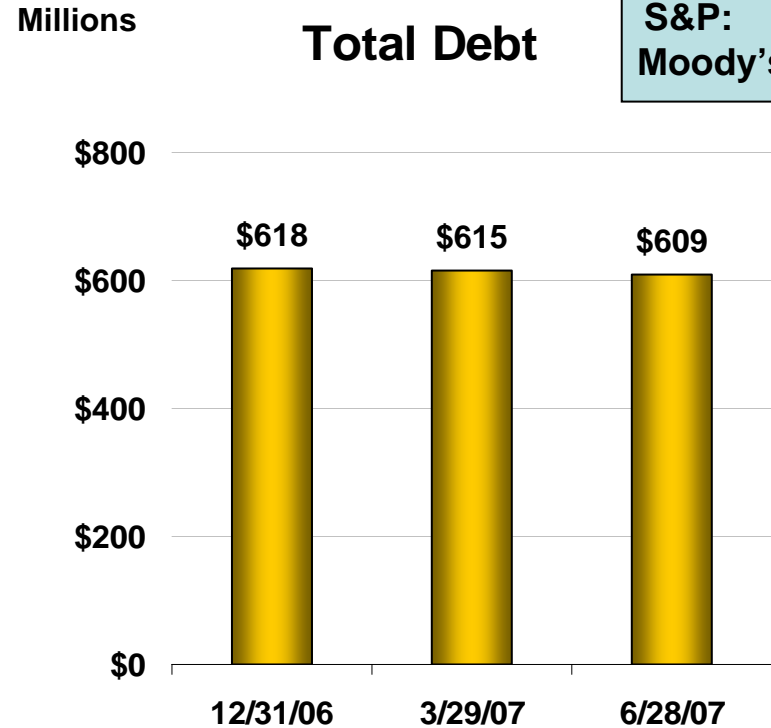
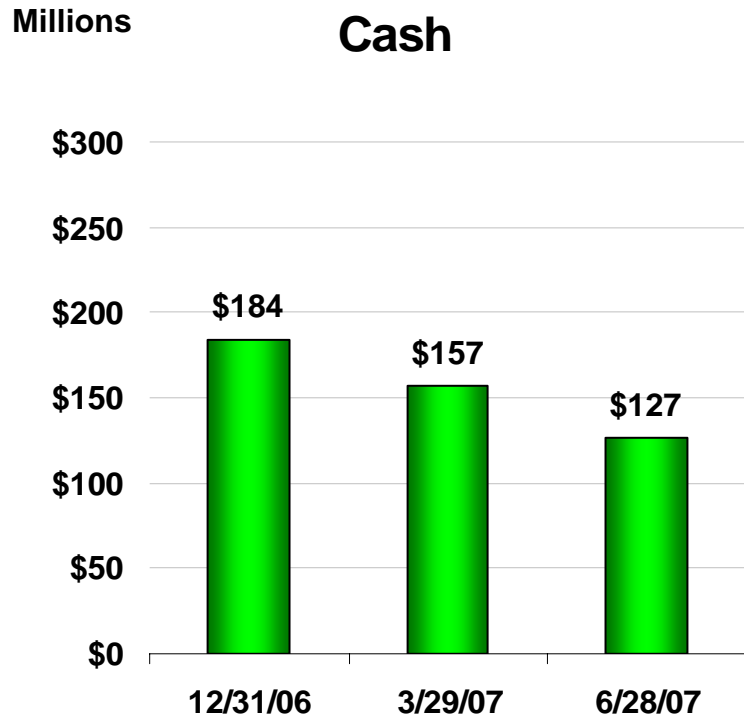
# Second Quarter 2007 Income Statement

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

(Dollars in Millions, Except Per Share Data)	<u>2Q07</u>	<u>2Q06</u>	<u>% Change</u>	<u>1H07</u>	<u>1H06</u>	<u>% Change</u>
<b>Net Revenues</b>	\$ 959	\$ 855	12%	\$ 1,913	\$ 1,526	25%
Cost of sales	789	716	10%	1,584	1,249	27%
Selling, general and administrative	54	55	(2%)	99	100	(1%)
Research and development	14	28	(51%)	24	71	(66%)
<b>Operating Income</b>	102	56	83%	206	107	93%
<b>Operating Income % of Revenues</b>	10.6%	6.5%	410 BPS	10.8%	7.0%	380 BPS
<b>Net Income</b>	<u>\$ 68</u>	<u>\$ 30</u>	<u>129%</u>	<u>\$ 138</u>	<u>\$ 52</u>	<u>164%</u>
<b>Fully Diluted Weighted Avg Shares</b>	139.2	119.8		139.2	120.9	
<b>EPS (Fully diluted)</b>	\$ 0.49	\$ 0.25	96%	\$ 0.99	\$ 0.43	130%

# Cash and Debt Balances

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



***Solid Balance Sheet and Liquidity As Working Capital Grows***

# Cash Flow

<b>\$ Millions</b>	<b>1H07</b>	<b>1H06</b>
Net Earnings	\$ 138	\$ 52
Depreciation & Amortization	\$ 48	\$ 18
Excess Tax Benefit	\$ (35)	\$ -
Other Non-Cash Items	\$ 8	\$ 16
Working Capital/Accrued Liabilities	\$(218)	\$(62)
Customer Advances	\$ 54	\$ 200
Other	\$ 69	\$ (11)
<b>Operating Cash Flow</b>	<b>\$ 64</b>	<b>\$ 213</b>
Capital Expenditures	\$(159)	\$(180)
Customer Reimbursed Capital Expenditures	\$ 11	\$ -
Excess Tax Benefit	\$ 35	\$ -

- **Working Capital increased as expected**
  - 787 Pre-production development costs and production inventory
- **Customer advances from Boeing declining as 787 enters production**
- **Capital expenditures on track (Over 50% for 787)**
- **Tax benefit from Stock-comp acceleration related to follow-on offering negatively impacts cash from operations**

***787 Investment Impacting Cash Flows***

# 2007 Financial Guidance Update

Revenues	\$4.0B - \$4.1B	
Operating Income	<del>\$400M - \$420M</del>	\$410M - \$430M
% of Sales	<del>9.8% - 10.5%</del>	10.0% - 10.7%
Depreciation and Amortization	<del>\$120M - \$125M</del>	\$115M - \$120M
Earnings Per Share (Fully Diluted)	<del>\$1.90 - \$1.90</del>	\$1.90 - \$2.00
Effective Tax Rate	<del>~34%</del>	~33.5%
Cash Flow From Operations	+ / - \$280M	
Capital Expenditures	+ / - \$300M	
Customer Reimbursement of Capital Expenditures	+ / - \$45M	

***Earnings Guidance for 2007 Increased***

# Closing Comments

- Spirit is well positioned within the aerospace industry
- New business wins validate competitiveness and provide future growth and diversification
- Strong operational execution across segments driving margin expansion... Achieved despite raw material, fastener shortages
- Focused on executing our strategy

# Forward-Looking Information

## Cautionary Statement Regarding Forward-Looking Statements:

**This press release includes forward-looking statements that reflect the plans and expectations of Spirit AeroSystems Holdings, Inc. To the extent that statements in this press release do not relate to historical or current facts, they constitute forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “project,” “continue,” or other similar words. These statements reflect Spirit AeroSystems Holdings, Inc.’s current view with respect to future events and are subject to risks and uncertainties, both known and unknown. Such risks and uncertainties may cause the actual results of Spirit AeroSystems Holdings, Inc. to vary materially from those anticipated in forward-looking statements, and therefore we caution investors not to place undue reliance on them. Potential risks and uncertainties include, but are not limited to: our customers’ aircraft build rates; the ability to enter into supply arrangements with additional customers and satisfy performance requirements under existing contracts; any adverse impact on our customers’ production of aircraft; the success and timely progression of our customers’ new programs including, but not limited to The Boeing Company’s 787 aircraft program; 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; the effect of new commercial and business aircraft development programs; the cost and availability of raw materials; the ability to recruit and retain highly skilled employees and relationships with unions; spending by the United States and other governments on defense; the continuing ability to operate successfully as a stand alone company; the outcome of ongoing or future litigation and regulatory actions; and exposure to potential product liability claims. Additional information as to factors that may cause actual results to differ materially from our forward-looking statements can be found in Spirit AeroSystems Holdings, Inc.’s filings with the United States Securities and Exchange Commission. Spirit AeroSystems Holdings, Inc. undertakes no obligation and does not intend to update publicly any forward-looking statements after the date of this press release, except as required by law.**





- **Appendix**
- Spirit Deliveries

July 26, 2007



# Spirit Shipset Deliveries

(BASED ON FUSELAGE DELIVERIES)

## 2006 Spirit AeroSystems Deliveries

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total 06
737	64	77	84	77	302
747	3	3	3	4	13
767	3	3	3	3	12
777	14	16	16	19	65
<b>Total</b>	<b>84</b>	<b>99</b>	<b>106</b>	<b>103</b>	<b>392</b>
A320	0	81	74	86	241
A330/340	0	33	17	23	73
A380	0	4	0	0	4
<b>Total<sup>1</sup></b>	<b>0</b>	<b>118</b>	<b>91</b>	<b>109</b>	<b>318</b>
Hawker 800XP <sup>1</sup>	0	12	15	24	51
<b>Total Spirit</b>	<b>84</b>	<b>229</b>	<b>212</b>	<b>236</b>	<b>761</b>

<sup>1</sup> Deliveries associated with Airbus and Hawker products were acquired with Spirit Europe on April 1, 2006.

## 2007 Spirit AeroSystems Deliveries

	1st Qtr	2nd Qtr
737	83	85
747	5	4
767	3	4
777	21	21
787	0	1
<b>Total</b>	<b>112</b>	<b>115</b>
A320	93	84
A330/340	22	21
A380	0	0
<b>Total</b>	<b>115</b>	<b>105</b>
Hawker 800XP	16	15
<b>Total Spirit</b>	<b>243</b>	<b>235</b>

