



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

**Jeff Turner**

President and Chief Executive Officer

**Rick Schmidt**

Chief Financial Officer

April 26, 2007

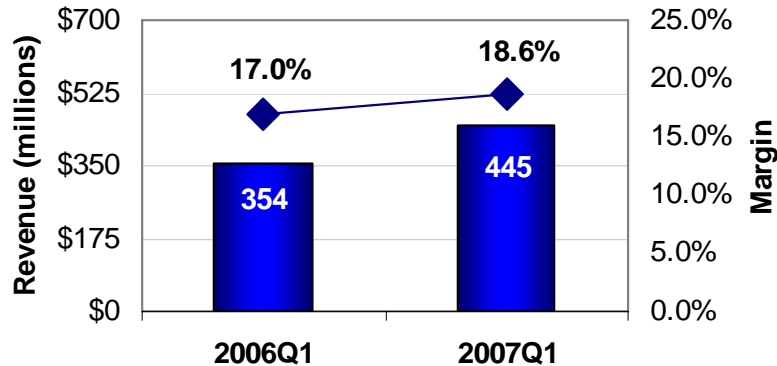
# First Quarter 2007 Summary

- **Significant revenue and earnings growth**
- **Solid operational performance**
- **In line cash generation**
- **787 program on track**
- **Named to Boeing's Global Tanker Team**
- **Aftermarket initiatives working**

*Executing our strategy*

# Fuselage Systems

Revenues & Operating Margins



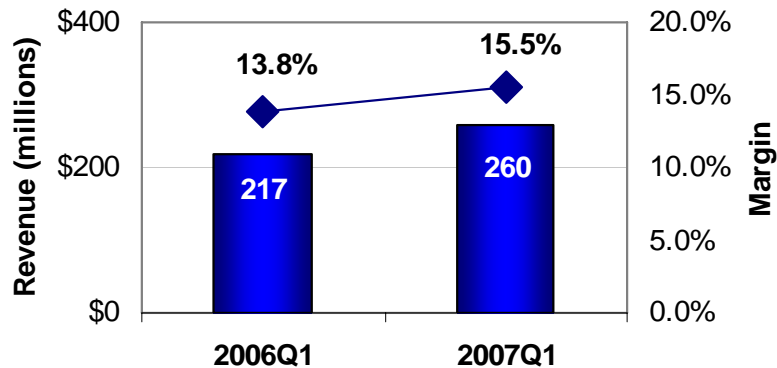
737NG Production - Delivered  
2,200<sup>th</sup> Airplane

- Increased revenues and operating margins
- Delivered the 2,200<sup>th</sup> 737NG fuselage to Boeing
- Adding capacity to support increased production
- Making good progress on 777F and 747-8 development programs

*Good performance across all programs*

# Propulsion Systems

Revenues & Operating Margins



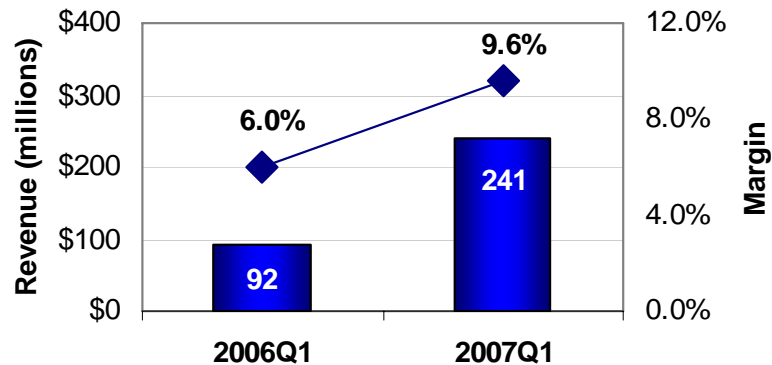
787 Pylon Drill

- Increased revenues and operating margins
- Continuing to improve manufacturing efficiencies through automation
- 787 pylon program delivering on schedule
- Development of 777F and 747-8 programs on-track

*Expanding operating margins... Introducing new technology*

# Wing Systems

Revenues & Operating Margins



- **Increased revenues organically and through Spirit Europe acquisition**
- **Improved operating margin performance**
  - *Favorable cumulative catch-ups largely offset by one time adjustments*
- **Good progress on 787 fixed and movable leading edge components**



A380 Wing



787 Leading Edge

***Growing the business... Improving operational performance***

# 787 Program



787 Forward Fuselage – Spirit roll-out

- **Continues success in strong aerospace market... 544 firm orders to-date**
- **Spirit on track to support customer roll-out and first flight**
- **Production underway... Beginning to accelerate**
- **Design for manufacturing approach yielding excellent quality**
- **Aggressively managing supply chain**

***Good progress... Customer focused execution plan***



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**Rick Schmidt**  
Chief Financial Officer

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# First Quarter 2007 Financial Summary

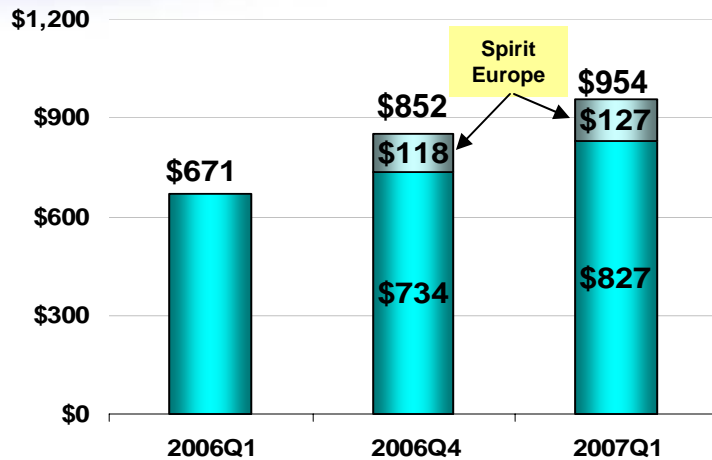
- **Strong top-line performance**
  - Q1 Revenues \$954M
  - Up 23% excluding Spirit Europe Acquired on April 1, 2006
- **Improving operating margins across all segments**
  - Q1 Operating Margins 10.9% vs Q1 2006 of 7.5%
- **Operating cash flow in line with expectations**
  - Reported cash flow from operations \$50M, Invested \$88M in Cap Ex
- **Healthy balance sheet**
  - \$157M cash balance at quarter end
  - Debt to total capital ratio continues to improve

***Good performance... Financially strong***

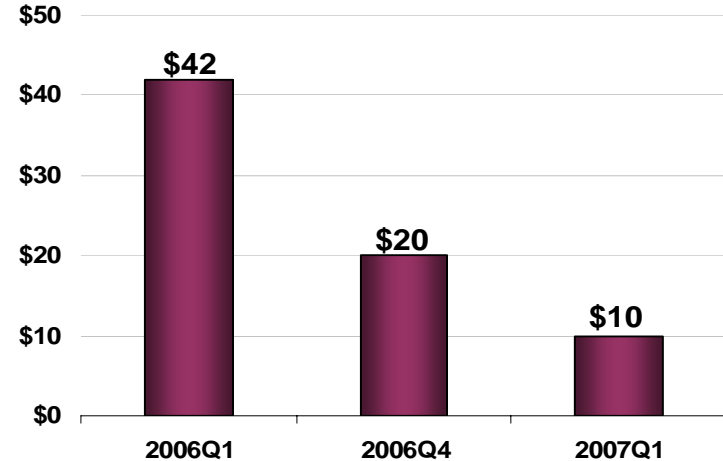


# First Quarter 2007 Financial Results

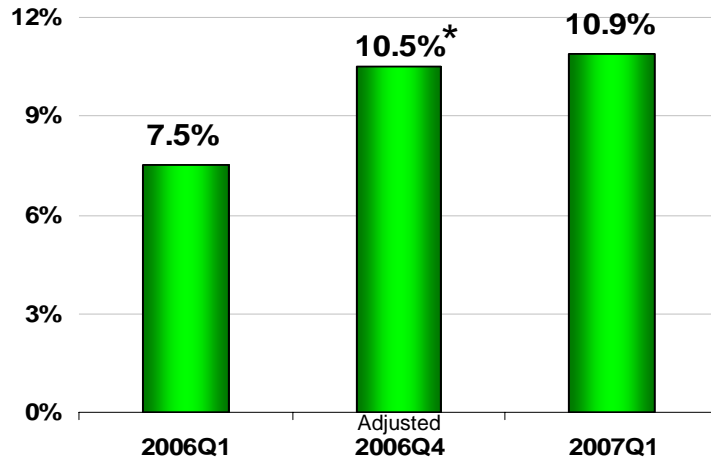
**Revenues (Millions)**



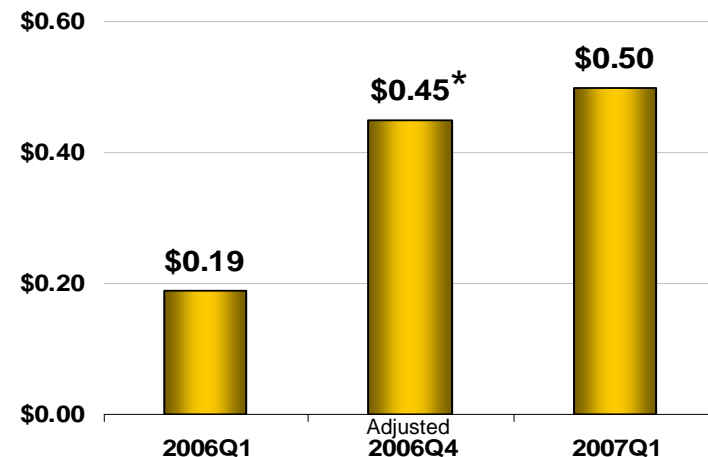
**Research & Development Expense (Millions)**



**Operating Margins (% of Revenues)**



**Earnings Per Share (Fully diluted)**



\* Non-GAAP Measures. A reconciliation of Spirit's use of non-GAAP measures, identified by an asterisk, is found in the appendix of this presentation.

***Increased volumes, Spirit Europe acquisition and lower R&D driving growth***



# First Quarter 2007 Income Statement

|  | <u>1Q07</u>  | <u>1Q06</u>  | <u>% Change</u> |
|--|--------------|--------------|-----------------|
| <b>Net Revenues</b>                      | \$ 954       | \$ 671       | 42%             |
| Cost of sales                            | 795          | 533          | 49%             |
| Selling, general and administrative      | 45           | 45           | 0%              |
| Research and development                 | 10           | 42           | (75%)           |
| <b>Operating Income</b>                  | 104          | 51           | 104%            |
| <b>Operating Income % of Revenues</b>    | 10.9%        | 7.5%         | 340 BPS         |
| <b>Net Income</b>                        | <u>\$ 70</u> | <u>\$ 23</u> | <u>204%</u>     |
| <b>Fully Diluted Weighted Avg Shares</b> | 138.9        | 117.5        |                 |
| <b>EPS (Fully diluted)</b>               | \$ 0.50      | \$ 0.19      | 163%            |

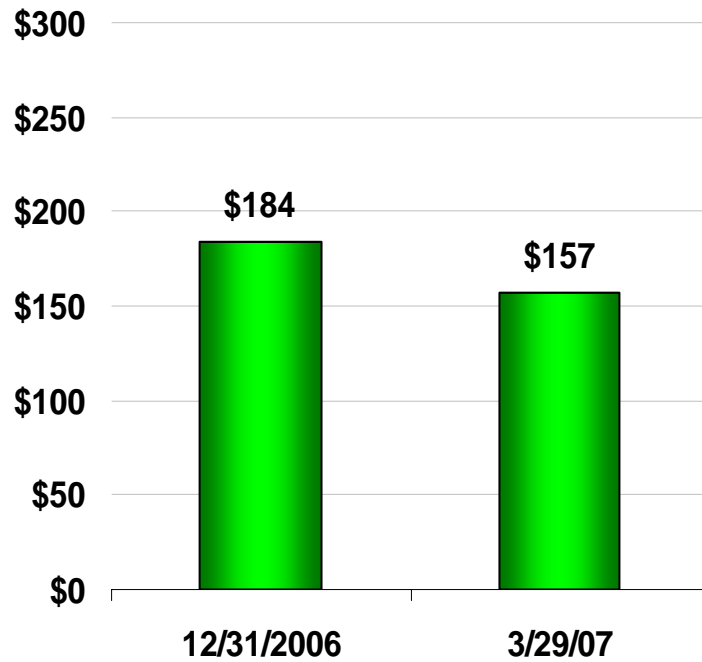
***Significant growth in revenues and earnings***

# Cash and Debt Balances

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

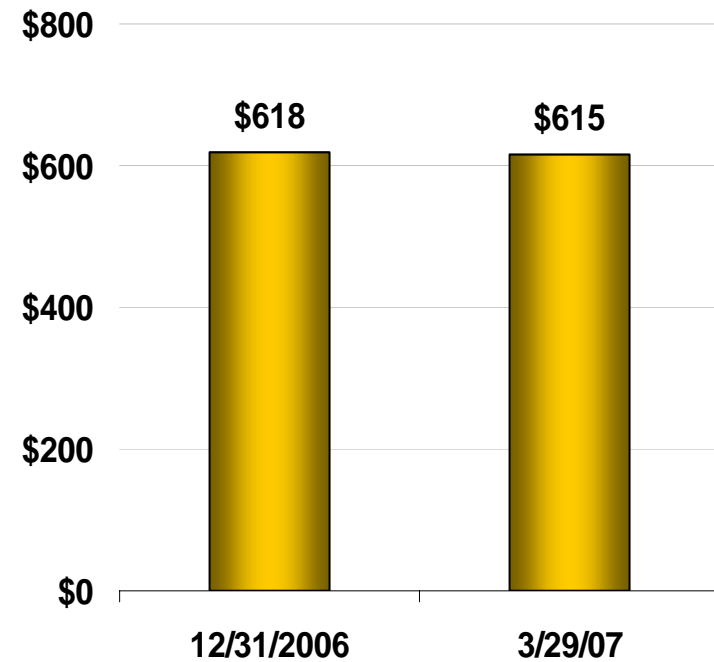
Millions

## Cash



Millions

## Total Debt



***Strong balance sheet and liquidity***

# Cash Flow

| <b>\$ Millions</b>                              | <b>2007Q1</b>  | <b>2006Q1</b>  |
|---|----------------|----------------|
| Net Earnings                                    | \$ 70          | \$ 23          |
| Depreciation & Amortization                     | \$ 23          | \$ 18          |
| Other Non-Cash Items                            | \$ (1)         | \$ 8           |
| Working Capital                                 | \$ (99)        | \$ (38)        |
| Customer Advances                               | \$ 29          | \$ 100         |
| Other   | \$ 28          | \$ (21)        |
| <b>Operating Cash Flow</b>                      | <b>\$ 50</b>   | <b>\$ 90</b>   |
| <b>Capital Expenditures</b>                     | <b>\$ (88)</b> | <b>\$ (94)</b> |
| <b>Customer Reimbursed Capital Expenditures</b> | <b>\$ 11</b>   | <b>\$ -</b>    |

- **Working Capital increased as expected**
  - Increased revenues driving accounts receivable
  - 787 pre-production development costs
- **Customer advances from Boeing decline as expected**

***Solid cash flow from operations... Working capital performance as expected***

# 2007 Financial Guidance

|  |                 |
|--|-----------------|
| Revenues                                       | \$4.0B - \$4.1B |
| Operating Income                               | \$400M - \$420M |
| % of Sales                                     | 9.8% - 10.5%    |
| Depreciation and Amortization                  | \$120M - \$125M |
| Earnings Per Share (Fully Diluted)             | \$1.80 - \$1.90 |
| Effective Tax Rate                             | ~34%            |
| Cash Flow From Operations                      | + / - \$280M    |
| Capital Expenditures                           | + / - \$300M    |
| Customer Reimbursement of Capital Expenditures | + / - \$45M     |

***Reaffirming prior guidance***

# Summary

- Solid first quarter
- Well positioned in a healthy aerospace market
- Executing well with opportunities to grow and diversify
- Financially strong

# 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

- Non-GAAP definitions and reconciliations
- Spirit Deliveries

April 26, 2007

# Appendix

## Non-GAAP Measure Disclosure

A. Management believes that the non-GAAP (Generally Accepted Accounting Principles) measures (indicated by an asterisk\*) used in this report provide investors with important perspectives into the company's ongoing business performance. The company does not intend for the information to be considered in isolation or as a substitute for the related GAAP measure. Other companies may define the measure differently.

### **A. Adjusted 2006 Fourth Quarter Operating Profit/(Loss) (\$M)**

|   |        |
|---|--------|
| Net Sales                                 | \$852  |
| Operating Profit (loss) - Reported        | -240   |
| Operating Profit (loss) as % of Net Sales | -28.2% |
| <br>                                      |        |
| IPO Related Expenses                      | 330    |
| <br>                                      |        |
| Adjusted Operating Profit                 | 90     |
| Adjusted Operating Profit % of Net Sales  | 10.5%  |

# Appendix

## Non-GAAP Measure Disclosure

**B. Management believes adjusted diluted earnings per share is important to understanding quarterly performance between the fourth quarter of 2006 and the first quarter of 2007 as the impact of the IPO on the results of the fourth quarter of 2006 was significant. Management derived adjusted diluted earnings per share by adding \$333.9 million of IPO expenses, deducting the income tax provision of \$175.9 million, and factoring in an income tax provision of \$29.4 based on a normalized tax rate of 33.2% (this is the effective tax rate experienced in the first quarter of 2007). In order to calculate an adjusted diluted earnings per share, the dilutive shares that were not considered in the reported basic and diluted earnings per share figures due to the quarterly net loss were considered solely for purposes of this calculation. The calculation yields a \$0.45 adjusted diluted earnings per share figure for the fourth quarter of 2006.**

### **B. Adjusted EPS for 4th Quarter 2006:**

|  |                | Adjustments |
|--|----------------|-------------|
| Reported loss from continuing operations before income taxes   | \$ (245.3)     |             |
| Add back: IPO related costs (pre-tax)                          |                | 333.9       |
| Adjusted income from continuing operations before income taxes | 88.6           |             |
| Reported income tax provision                                  | 175.9          |             |
| Deduct: reported income tax provision                          |                | (175.9)     |
| Normalized tax rate  |                | 33.2%       |
| Add: Normalized tax provision                                  |                | (29.4)      |
| Adjusted net income  | <u>\$ 59.2</u> |             |
| <b>Adjusted basic earnings per share</b>                       | <b>\$ 0.49</b> |             |
| <b>Adjusted diluted earnings per share <sup>1</sup></b>        | <b>\$ 0.45</b> |             |

<sup>1</sup> Dilutive shares would have been 130.3 million if reported net income had been positive for the fourth quarter of 2006. Since a net loss was reported, the same share count used to calculate reported basic earnings per share was used to calculate reported diluted earnings per share.



# Spirit Deliveries

## 2006 Spirit AeroSystems Deliveries Based on Fuselage 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       |
| Total                     | 84      | 99      | 106     | 103     | 392      |
| A320                      | 0       | 81      | 74      | 86      | 241      |
| A330/340                  | 0       | 33      | 17      | 23      | 73       |
| A380                      | 0       | 4       | 0       | 0       | 4        |
| Total <sup>1</sup>        | 0       | 118     | 91      | 109     | 318      |
| Hawker 800XP <sup>1</sup> | 0       | 12      | 15      | 24      | 51       |
| Total Spirit              | 84      | 229     | 212     | 236     | 761      |

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

## 2007 Spirit AeroSystems Deliveries Based on Fuselage Deliveries

|              | 1st Qtr |
|--------------|---------|
| 737          | 83      |
| 747          | 5       |
| 767          | 3       |
| 777          | 21      |
| 787          | 0       |
| Total        | 112     |
| A320         | 93      |
| A330/340     | 22      |
| A380         | 0       |
| Total        | 115     |
| Hawker 800XP | 16      |
| Total Spirit | 243     |

