Second Quarter 2018 Earnings Review

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August 1, 2018

Recent Highlights

- Asco integration planning on-track
- Completed debt financing
- Initiated $725M accelerated share repurchase (ASR)
- Improved execution on all programs; Record 453 deliveries
- Broke ground on Global Digital Logistics Center in Wichita and opened the Malaysia Phase 3 Manufacturing COE
- Announced collaboration agreement with Wichita State University for advanced research and workforce training
- Named Supplier of the Year by Rolls-Royce
- Delivered first 777X flight test fuselages
- Participated in successful Farnborough Airshow
- Won new work packages

Focused on program execution in second half of the year

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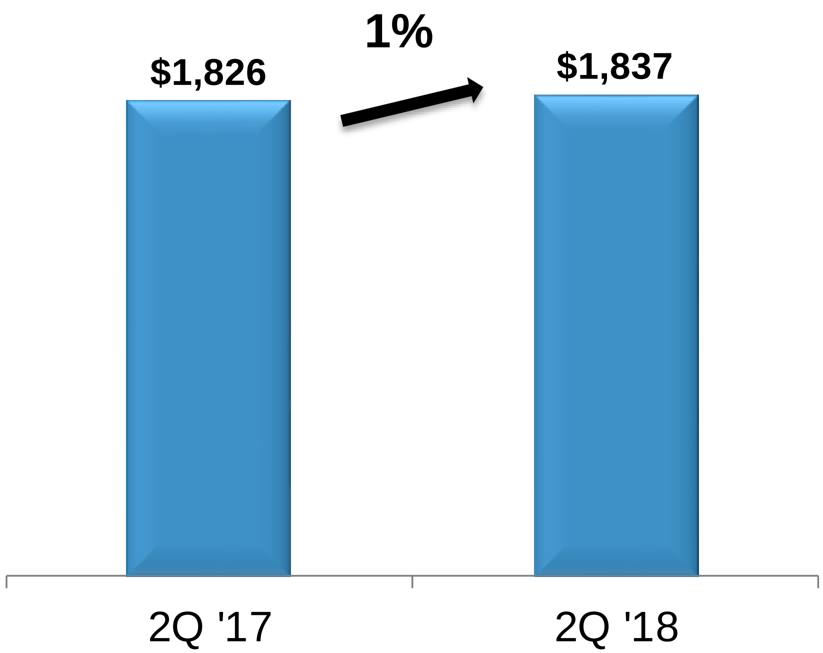
Revenue
$ millions



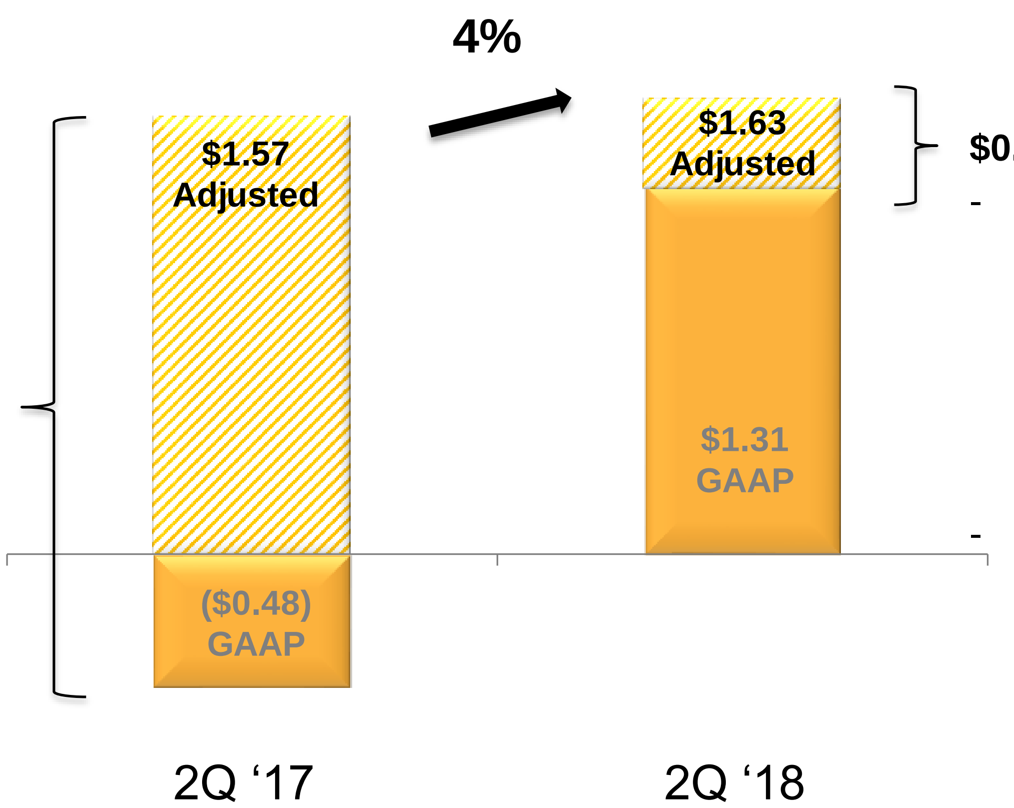
- Higher deliveries on 737
- Lower deliveries on 777
- Includes impacts from adoption of ASC 606
- Litigation reserve reversal in 2Q ‘17
- Backlog at $47 billion

Adjusted EPS (fully diluted)*

$ per share

$2.05 per share adjustment:

- Impact of the MOU with Boeing



$0.32 per share adjustment:

- Impact of the Asco acquisition:
  - Transaction costs
  - Interest expense
  - Loss on derivative instrument
- Debt financing costs

*Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are appended to this document.

Adjusted Free cash flow*

$ millions

- Higher deliveries on 737
- Lower A350 advance repayments
- Lower deliveries on 777
- Higher cash taxes
- Adjusted to remove the costs associated with the Asco acquisition

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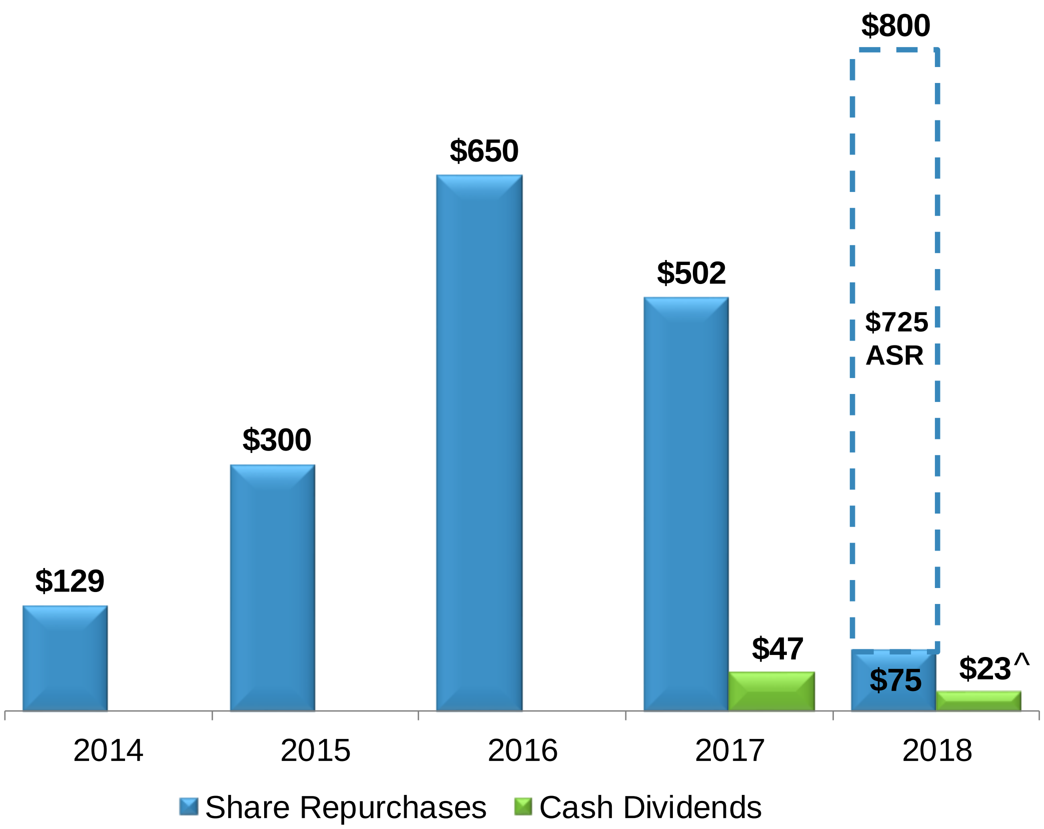
Capital deployment

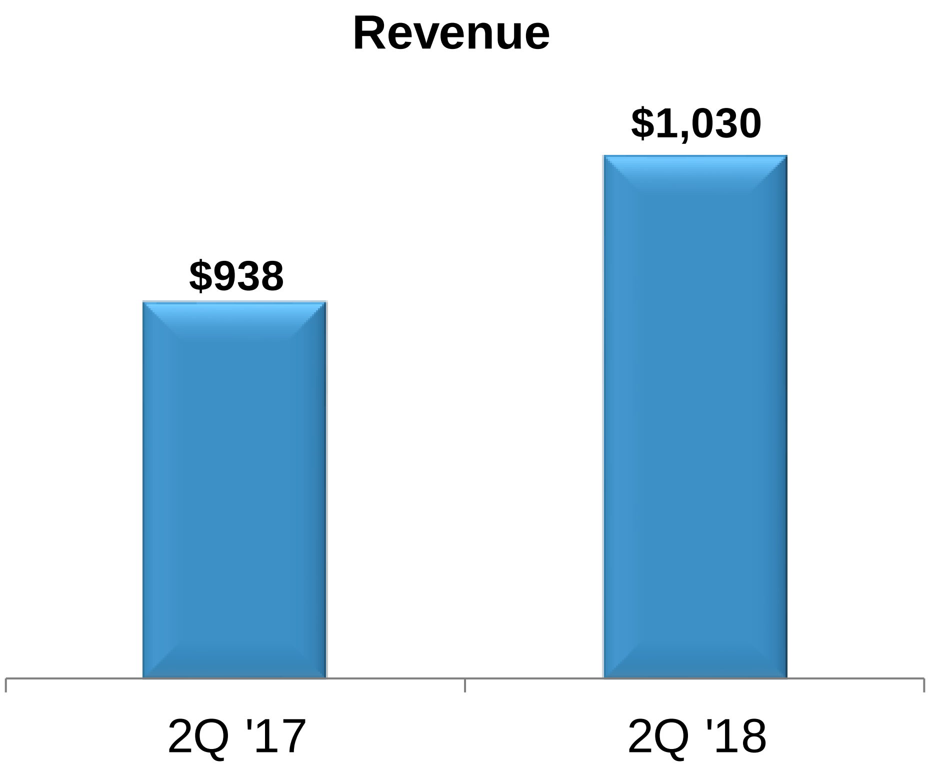
$ millions



- Initiated $725M ASR
- $0.12 per share quarterly dividend

^As of Q2 2018

Fuselage segment
$ millions



- Includes impacts from adoption of ASC 606
- Higher deliveries on 737 and increased defense activity
- Lower deliveries on 777

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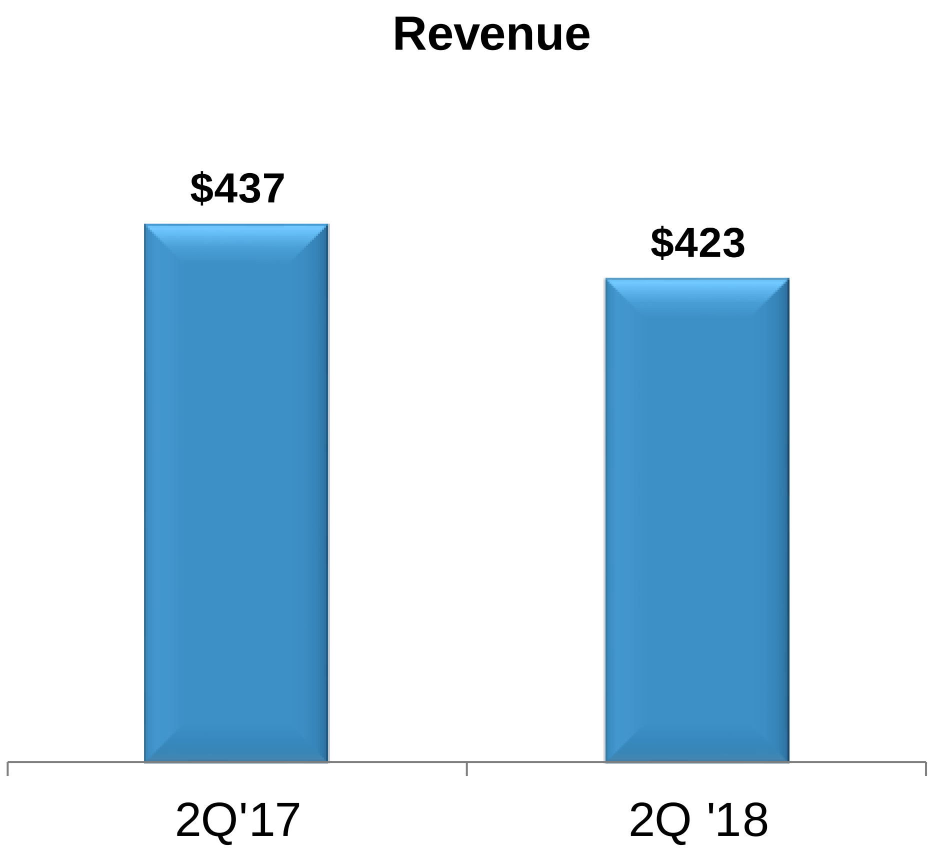
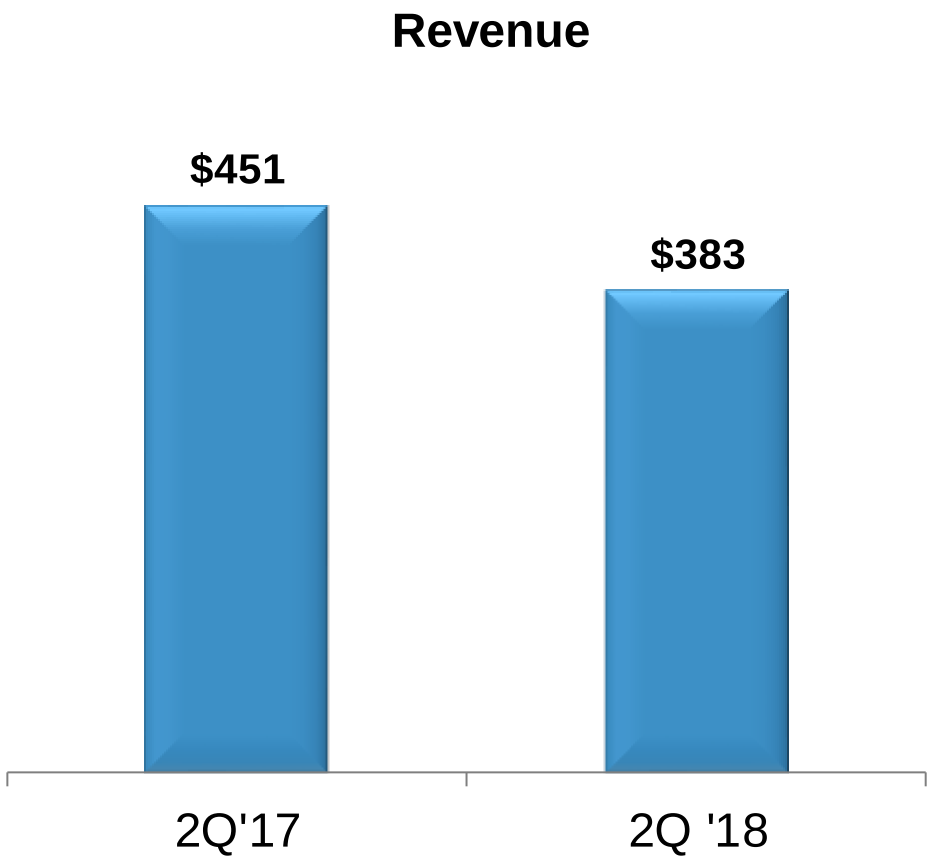
Propulsion segment
$ millions



- Includes impacts from adoption of ASC 606
- Lower deliveries on 777
- Higher deliveries on 737

Wing segment
$ millions



- Includes impacts from adoption of ASC 606
- Includes impacts from pricing terms
- Foreign currency fluctuations on A320 program
- Higher deliveries on 737

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2018 Financial Guidance Updated August 1, 2018

	2018
Revenues	**$7.1 - $7.2 billion**
Adjusted Earnings Per Share (Fully Diluted)*^	**$6.25 - $6.50**
Effective Tax Rate	**21% - 22%**
Adjusted Free Cash Flow*^	**$550 - $600 million**

^ Adjusted figures exclude the impact of the Asco acquisition, including transaction costs, interest on debt associated with the transaction, and loss on derivative instrument (foreign currency forward contract based on acquisition purchase price), and debt financing costs, as applicable. GAAP EPS guidance omitted due to the uncertainty of full-year Asco acquisition impacts as such impacts are dependent on timing of closing the acquisition.

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Forward-Looking Information

<u>Cautionary Statement Regarding Forward-Looking Statements</u>:

This presentation contains “forward-looking statements” that may involve many risks and uncertainties. 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 “aim,” “anticipate,” “believe,” “could,” “continue,” “estimate,” “expect,” “goal,” “forecast,” “intend,” “may,” “might,” “objective,” “outlook,” “plan,” “predict,” “project,” “should,” “target,” “will,” “would,” and other similar words, or phrases, or the negative thereof, unless the context requires otherwise. 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 those reflected in such forward-looking statements and that should be considered in evaluating our outlook include, but are not limited to, the following: 1) our ability to continue to grow our business and execute our growth strategy, including the timing, execution, and profitability of new and maturing programs; 2) our ability to perform our obligations under our new and maturing commercial, business aircraft, and military development programs, and the related recurring production; 3) our ability to accurately estimate and manage performance, cost, and revenue under our contracts, including our ability to achieve certain cost reductions with respect to the B787 program; 4) margin pressures and the potential for additional forward losses on new and maturing programs; 5) our ability to accommodate, and the cost of accommodating, announced increases in the build rates of certain aircraft; 6) the effect on aircraft demand and build rates of changing customer preferences for business aircraft, including the effect of global economic conditions on the business aircraft market and expanding conflicts or political unrest in the Middle East or Asia; 7) customer cancellations or deferrals as a result of global economic uncertainty or otherwise; 8) the effect of economic conditions in the industries and markets in which we operate in the U.S. and globally and any changes therein, including fluctuations in foreign currency exchange rates; 9) the success and timely execution of key milestones such as the receipt of necessary regulatory approvals, including our ability to obtain in a timely fashion any required regulatory or other third party approvals for the consummation of our announced acquisition of Asco, and customer adherence to their announced schedules; 10) our ability to successfully negotiate, or re-negotiate, future pricing under our supply agreements with Boeing and our other customers; 11) our ability to enter into profitable supply arrangements with additional customers; 12) the ability of all parties to satisfy their performance requirements under existing supply contracts with our two major customers, Boeing and Airbus, and other customers, and the risk of nonpayment by such customers; 13) any adverse impact on Boeing’s and Airbus’ production of aircraft resulting from cancellations, deferrals, or reduced orders by their customers or from labor disputes, domestic or international hostilities, or acts of terrorism; 14) any adverse impact on the demand for air travel or our operations from the outbreak of diseases or epidemic or pandemic outbreaks; 15) our ability to avoid or recover from cyber-based or other security attacks, information technology failures, or other disruptions; 16) returns on pension plan assets and the impact of future discount rate changes on pension obligations; 17) our ability to borrow additional funds or refinance debt, including our ability to obtain the debt to finance the purchase price for our announced acquisition of Asco on favorable terms or at all; 18) competition from commercial aerospace original equipment manufacturers and other aerostructures suppliers; 19) the effect of governmental laws, such as U.S. export control laws and U.S. and foreign anti-bribery laws such as the Foreign Corrupt Practices Act and the United Kingdom Bribery Act, and environmental laws and agency regulations, both in the U.S. and abroad; 20) the effect of changes in tax law, such as the effect of The Tax Cuts and Jobs Act that was enacted on December 22, 2017, and changes to the interpretations of or guidance related thereto, and the Company’s ability to accurately calculate and estimate the effect of such changes; 21) any reduction in our credit ratings; 22) our dependence on our suppliers, as well as the cost and availability of raw materials and purchased components; 23) our ability to recruit and retain a critical mass of highly-skilled employees and our relationships with the unions representing many of our employees; 24) spending by the U.S. and other governments on defense; 25) the possibility that our cash flows and our credit facility may not be adequate for our additional capital needs or for payment of interest on, and principal of, our indebtedness; 26) our exposure under our revolving credit facility to higher interest payments should interest rates increase substantially; 27) the effectiveness of any interest rate hedging programs; 28) the effectiveness of our internal control over financial reporting; 29) the outcome or impact of ongoing or future litigation, claims, and regulatory actions; 30) exposure to potential product liability and warranty claims; 31) our ability to effectively assess, manage and integrate acquisitions that we pursue, including our ability to successfully integrate the Asco business and generate synergies and other cost savings; 32) our ability to consummate our announced acquisition of Asco in a timely matter while avoiding any unexpected costs, charges, expenses, adverse changes to business relationships and other business disruptions for ourselves and Asco as a result of the acquisition; 33) our ability to continue selling certain receivables through our supplier financing program; 34) the risks of doing business internationally, including fluctuations in foreign current exchange rates, impositions of tariffs or embargoes, trade restrictions, compliance with foreign laws, and domestic and foreign government policies; and 35) our ability to complete the accelerated stock repurchase, among other things. These factors are not exhaustive and it is not possible for us to predict all factors that could cause actual results to differ materially from those reflected in our forward-looking statements. These factors speak only as of the date hereof, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. Except to the extent required by law, we undertake no obligation to, and expressly disclaim any obligation to, publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Additional information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

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Non-GAAP Measure Disclosure

Management believes the non-GAAP (Generally Accepted Accounting Principles) measures 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 and calculate the measures differently than we do, limiting the usefulness of the measures for comparison with other companies.

Adjusted EPS

	2nd Quarter		Six Months	
	2018	2017	2018	2017
GAAP Diluted Earnings Per Share	$1.31	($0.48)	$2.40	$0.71
Impact of Asco Acquisition and Debt Financing [1]	0.32	-	0.32	-
Impact of MOU with Boeing [2]	-	2.05	-	2.05
Adjusted Diluted Earnings Per Share	$1.63	$1.57	$2.72	$2.76
Diluted Shares (in millions)	111.0	118.2	112.6	119.8

1 Represents the net EPS impact of the Asco acquisition, including transaction costs, interest expense, and loss on derivative instrument (foreign currency forward contract based on acquisition purchase price) of $0.25 and debt financing costs of $0.07.

2 Represents the net EPS impact of the MOU with Boeing of $2.05.

Free Cash Flow
($ in millions)

	2nd Quarter		Six Months	
	2018	2017	2018	2017
Cash from Operations	$231	$222	$397	$334
Capital Expenditures	(61)	(47)	(109)	(88)
Free Cash Flow	$169	$175	$288	$246
Costs related to acquistion of Asco	2	-	2	-
Adjusted Free Cash Flow	$171	$175	$290	$246

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Normalized Segment Margins
($ in millions)

	For the Three Months Ended June 28, 2018	As Percentage of Revenue
Fuselage systems		
Operating earnings	$163.2	15.8%
Adjustments to normalize earnings:		
Cumulative catch-up adjustment, net	5.7	
Forward loss, net	10.1	
Total adjustments	$15.8	
Normalized fuselage operating earnings	$147.4	14.3%
Propulsion systems		
Operating earnings	$74.8	17.7%
Adjustments to normalize earnings:		
Cumulative catch-up adjustment, net	3.4	
Forward loss, net	4.3	
Total adjustments	$7.7	
Normalized propulsion operating earnings	$67.1	15.9%
Wing systems		
Operating earnings	$56.7	14.8%
Adjustments to normalize earnings:		
Cumulative catch-up adjustment, net	(1.6)	
Forward loss, net	3.0	
Total adjustments	$1.4	
Normalized wing operating earnings	$55.3	14.4%

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Normalized Segment Margins
($ in millions)

	For the Three Months Ended June 29, 2017	As Percentage of Revenue
Fuselage Systems		
Operating Earnings	($84.8)	-9.0%
Adjustments to normalize earnings:		
Impact of MOU with Boeing	(244.7)	
Other Cumulative Catch-up Adjustment	0.7	
Other Net Forward Loss	(1.1)	
Total adjustments	($245.1)	
Normalized Fuselage Operating Earnings	$160.3	17.1%
Propulsion Systems		
Operating Earnings	$39.3	9.0%
Adjustments to normalize earnings:		
Impact of MOU with Boeing	(50.9)	
Other Cumulative Catch-up Adjustment	6.1	
Other Net Forward Loss	0.3	
Total adjustments	($44.5)	
Normalized Propulsion Operating Earnings	$83.8	19.2%
Wing Systems		
Operating Earnings	$28.9	6.4%
Adjustments to normalize earnings:		
Impact of MOU with Boeing	(50.4)	
Other Cumulative Catch-up Adjustment	17.5	
Other Net Forward Loss	0.1	
Total adjustments	($32.8)	
Normalized Wing Operating Earnings	$61.7	13.7%

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