

# Spirit AeroSystems Holdings, Inc.

## Third Quarter 2013

### Performance Review

**Larry Lawson**

President and Chief Executive Officer

**Sanjay Kapoor**

Senior Vice President and Chief Financial Officer

- Solid revenue growth
- Continued cash flow improvement
- Strategic review update and actions
- Charges in Fuselage related to A350 XWB program

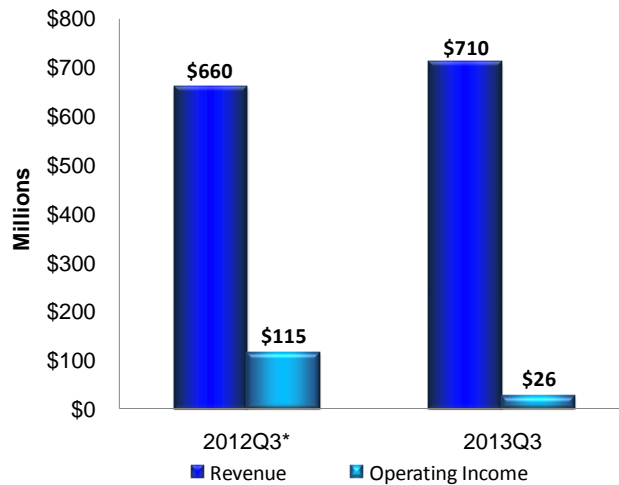
# Spirit AeroSystems Holdings, Inc. Third Quarter 2013 Performance & Financial Results

**Sanjay Kapoor**

Senior Vice President and Chief Financial Officer

# Fuselage Systems

## Segment Revenues & Operating Income



**787-9 First Flight**

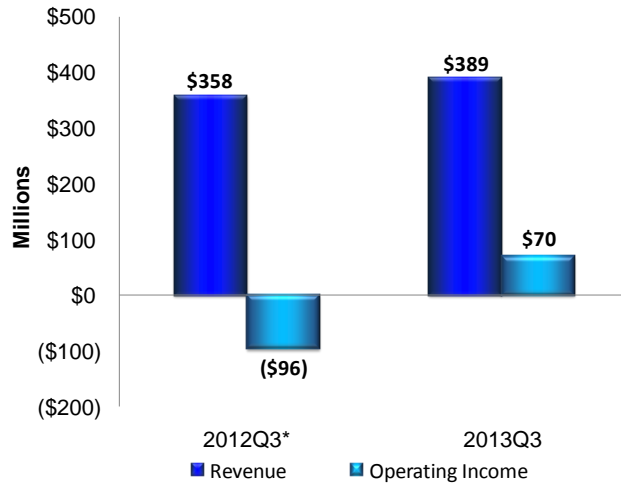
\*Warranty reserve in 2012 reclassified from segment operating income to unallocated cost of sales to conform to current year presentation.

- Solid top-line growth and mature program operating performance
- Delivered unit 4,600 737 Next Generation fuselage
- Delivered the 145<sup>th</sup> 787 forward fuselage
  - Boeing first flight of -9 derivative
  - Boeing and Spirit Partnered for Success
- Shipped seventh A350 XWB composite center fuselage...in test phase

***Solid Growth and Operating Performance...Excluding Charges***

# Propulsion Systems

Segment Revenues & Operating Income



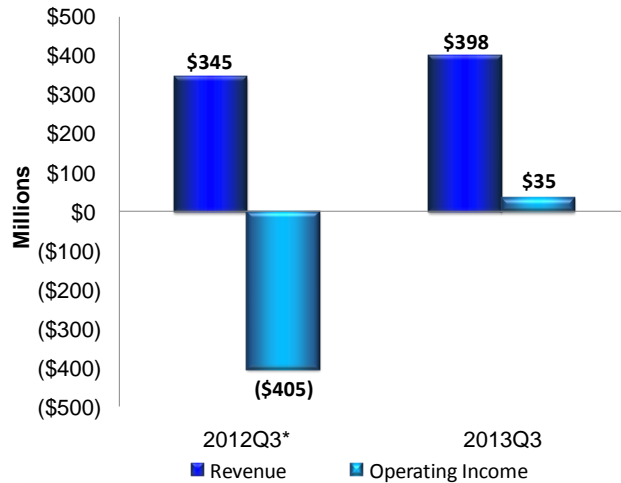
CSeries First Flight

- Solid top-line growth and operating performance
- Delivered unit 4,600 for 737 Next Generation pylon and thrust reverser
- Shipped unit 1,150 for 777 nacelle and pylons
- Shipped 146<sup>th</sup> unit of 787 engine pylons
- Bombardier achieved CSeries first flight

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***Solid Growth and Operating Performance***

## Segment Revenues & Operating Income



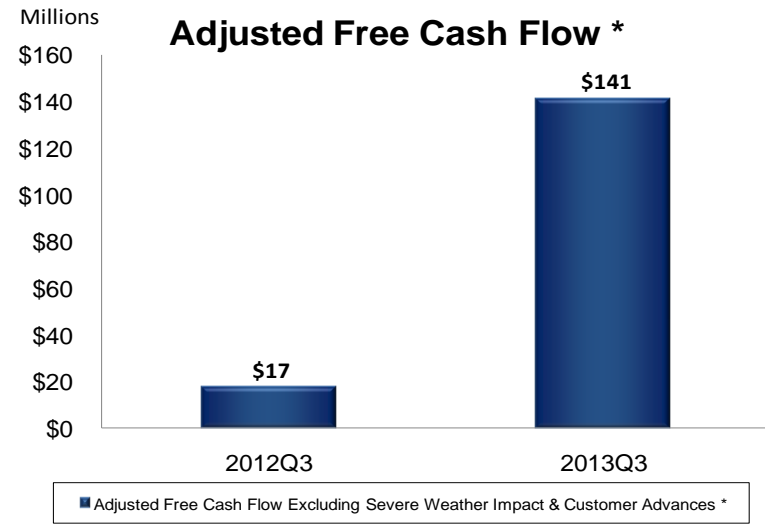
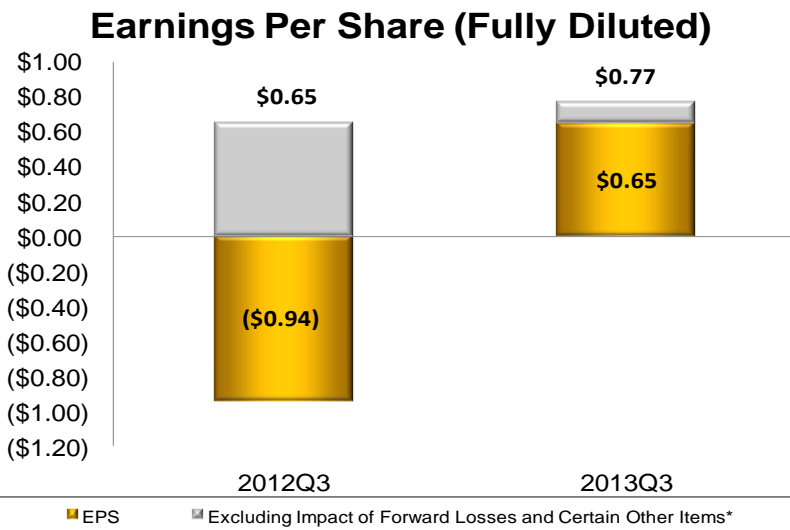
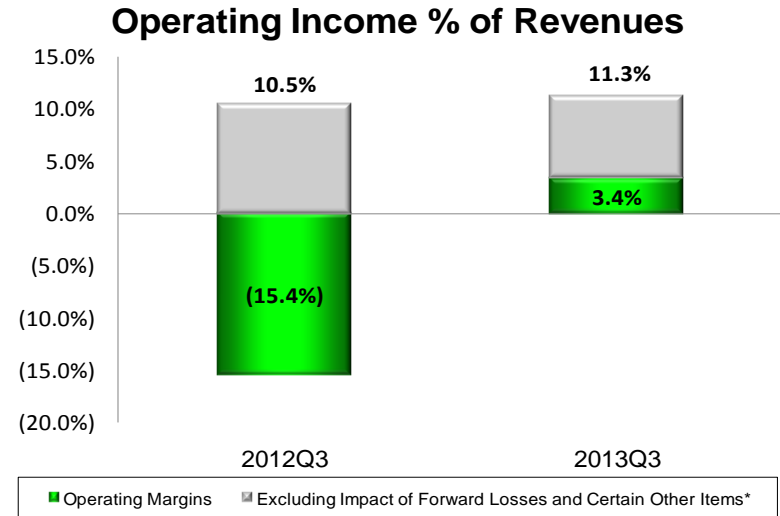
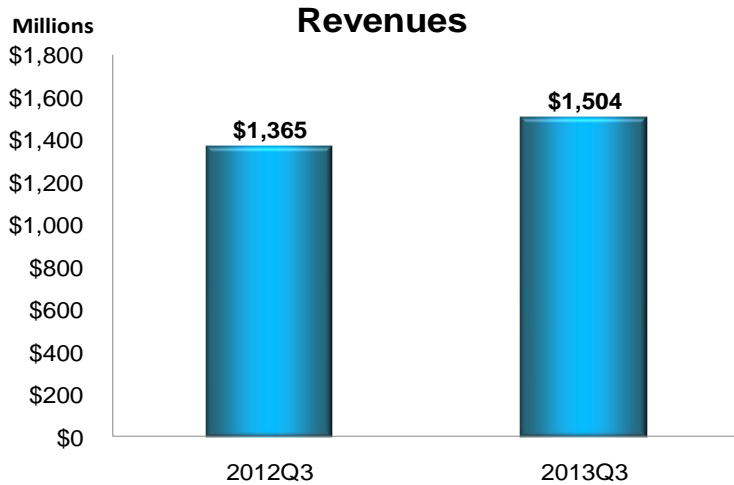
G650 Wing

- Solid top-line growth and operating performance
- Delivered 5,900<sup>th</sup> A320 wing components
- Delivered unit 4,600 for 737 Next Generation slats / flaps
- Delivered the 152<sup>nd</sup> 787 slats
- Oklahoma site divestiture proceeding

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***Solid Growth and Operating Performance***

# Third Quarter 2013 Financial Highlights



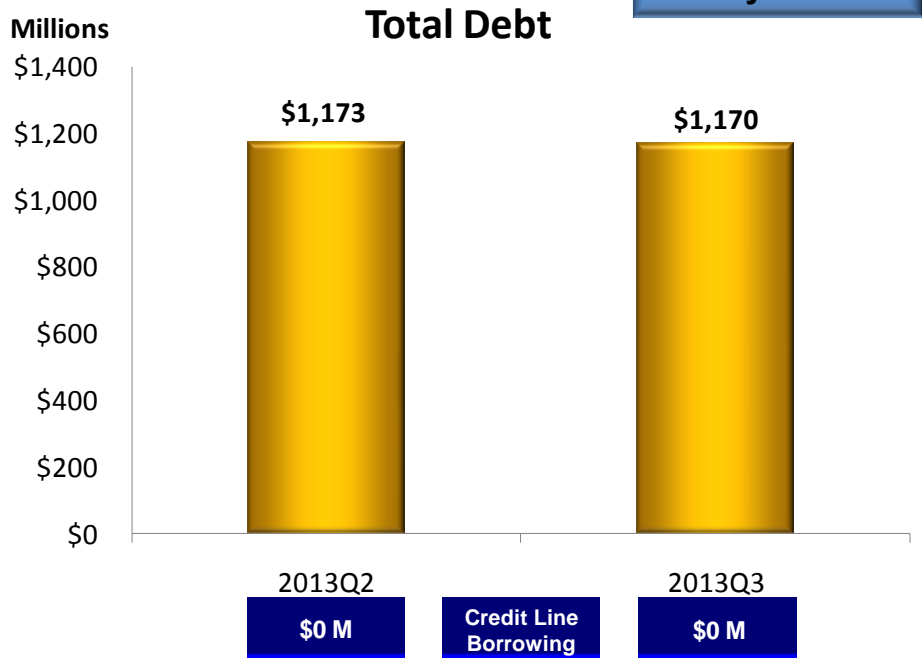
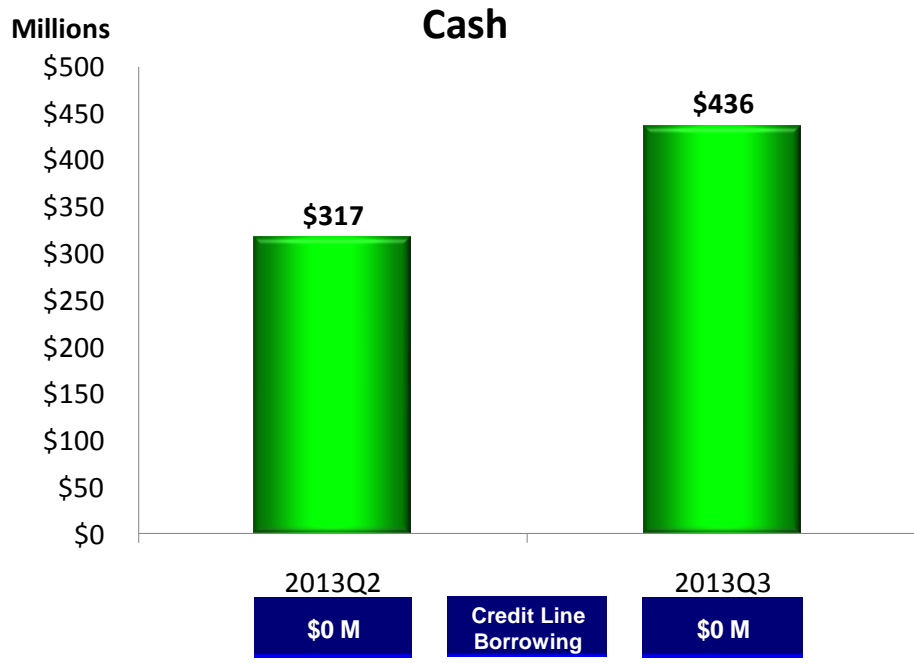
\*Non-GAAP measure. Definitions, reconciliations, and further disclosures regarding this non-GAAP measure are appended to this document.

## Revenue & Earnings Growth on Commercial Business

# Cash and Debt Balances



**Credit Ratings**  
 S&P: BB  
 Moody's: Ba2



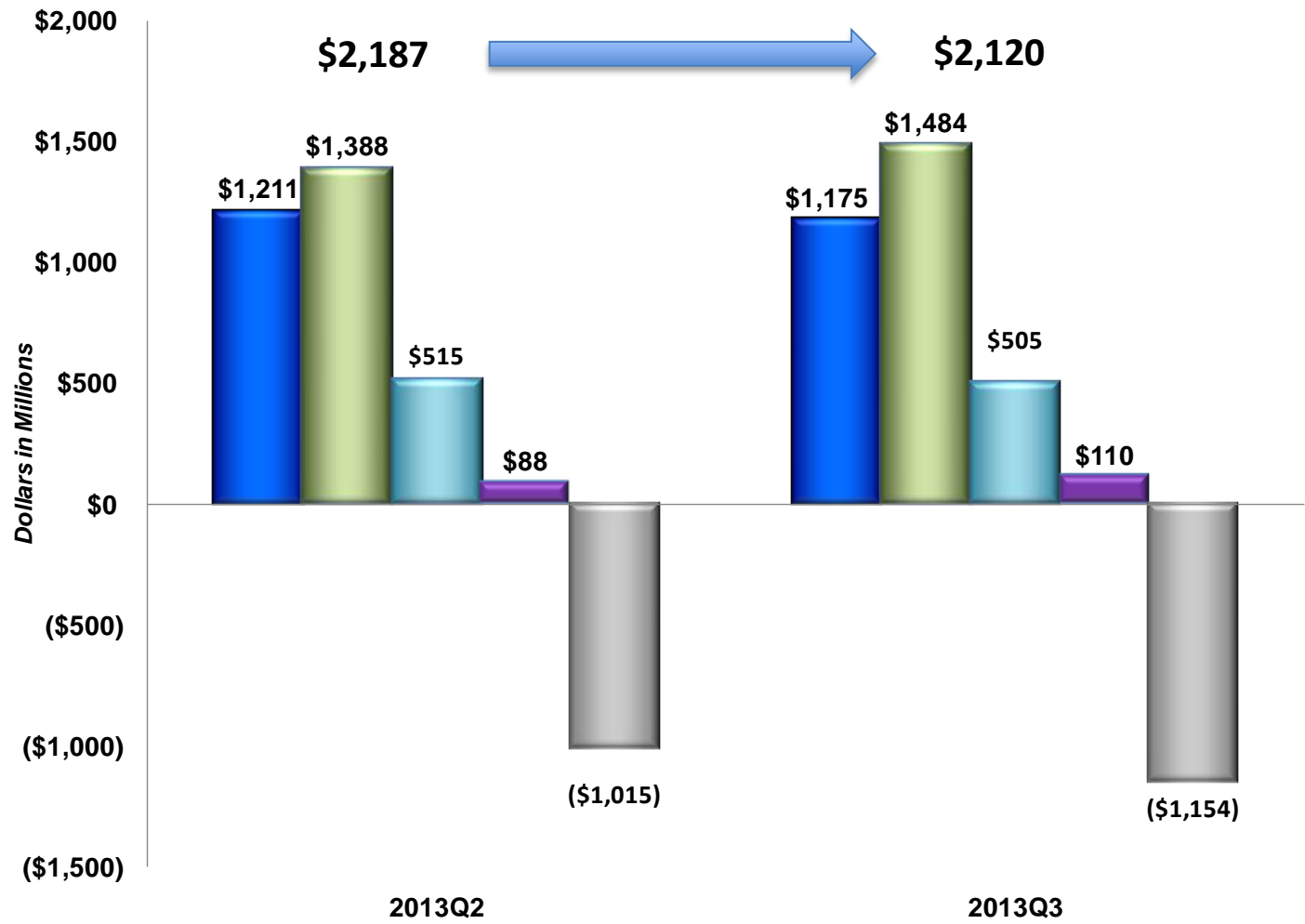
▪ \$650 million undrawn credit-line at 9/26/2013

▪ As of 9/26/2013, Total Debt/Total Capital = 37%

**Strong Liquidity...Proactively Managing Capital Structure**



## Inventory Balance



- Physical** – Reduction driven by higher Gulfstream deliveries
- Deferred** – Increase driven by A350 XWB and Gulfstream programs
- Pre-Production** – Decrease driven by 787 program
- Non-Recurring** – Increase driven by A350 XWB program
- Forward Loss Provision** – Increase driven by A350 XWB program

- Focus and Discipline
  - What we do best
  - Cost
  - Free Cash Flow

# Forward-Looking Information



## Cautionary Statement Regarding Forward-Looking Statements:

This press release 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 “may,” “will,” “should,” “expect,” “anticipate,” “intend,” “estimate,” “believe,” “project,” “continue,” “plan,” “forecast,” or other similar words, 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: our ability to continue to grow our business and execute our growth strategy, including the timing, execution and profitability of new programs; our ability to perform our obligations and manage costs related to our new commercial and business aircraft development programs and the related recurring production; margin pressures and the potential for additional forward losses on aircraft development programs; our ability to accommodate, and the cost of accommodating, announced increases in the build rates of certain aircraft; the effect on business and commercial aircraft demand and build rates of the following factors: continuing weakness in the global economy and economic challenges facing commercial airlines, a lack of business and consumer confidence, and the impact of continuing instability in global financial and credit markets, including, but not limited to, any failure to avert a sovereign debt crisis in Europe; customer cancellations or deferrals as a result of global economic uncertainty; the success and timely execution of key milestones such as deliveries of Boeing’s B787; and certification and first delivery of Airbus’ A350 XWB aircraft program, receipt of necessary regulatory approvals, and customer adherence to their announced schedules; our ability to successfully negotiate new pricing under our agreements with Boeing; our ability to enter into profitable supply arrangements with additional customers; the ability of all parties to satisfy their performance requirements under existing supply contracts with Boeing and Airbus, our two major customers, and other customers and the risk of nonpayment by such customers; 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 or acts of terrorism; any adverse impact on the demand for air travel or our operations from the outbreak of diseases or epidemic or pandemic outbreaks; returns on pension plan assets and the impact of future discount rate changes on pension obligations; our ability to borrow additional funds or refinance debt; our ability to sell our Oklahoma sites for a price acceptable to us; competition from original equipment manufacturers and other aerostructures suppliers; 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 United Kingdom Bribery Act, and environmental laws and agency regulations, both in the U.S. and abroad; 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 possibility that our cash flows and borrowing facilities may not be adequate for our additional capital needs or for payment of interest on and principal of our indebtedness; our exposure under our existing senior secured revolving credit facility to higher interest payments should interest rates increase substantially; the effectiveness of any interest rate and foreign currency hedging programs; the outcome or impact of ongoing or future litigation, claims and regulatory actions; our exposure to potential product liability and warranty claims; and the accuracy or completeness of our assessment of damage and costs of restoration and recovery from the severe weather event that hit our Wichita, Kan., facility on April 14, 2012. 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.

# Non-GAAP Measure Disclosure



Management believes that 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 the measure differently.

## Fuselage Segment Operating Income Excluding Impact of Forward Losses

	<u>Third Quarter</u> <u>2013</u>
<b>Fuselage Segment Operating Income under GAAP</b>	\$ 25.8
<b>Adjustment to Fuselage Segment Operating Income:</b> 2013 Third Quarter Fuselage Segment Forward Losses	\$ 116.6 <sup>a</sup>
<b>Adjusted Fuselage Segment Operating Income</b>	\$ 142.4

<sup>a</sup> Net 2013 Third Quarter Fuselage Segment Forward Loss expense of \$116.6 million, including A350 XWB Recurring Fuselage Forward Loss of \$78.6 million, A350 XWB Non-recurring Fuselage Forward Loss of \$32.7 million, and 747-8 Forward Loss of \$5.3 million.

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## Operating Income % of Revenues Excluding Impact of Forward Losses and Certain Other Items

	Third Quarter	
	2013	2012
<b>Operating Income under GAAP</b>	\$ 50.5	\$ (210.5)
<b>Adjustments to Operating Income:</b>		
2013 Third Quarter Forward Losses	\$ 123.8 <sup>a</sup>	
Impact from Severe Weather Event	\$ 4.5	\$ (218.8)
2012 Third Quarter Forward Losses		\$ 590.4 <sup>b</sup>
Favorable Cumulative Catch-up Adjustment	\$ (27.6)	\$ (18.2)
Workforce Reduction	\$ 18.4	
<b>Total Adjustments</b>	\$ 119.1	\$ 353.4
<b>Adjusted Operating Income</b>	\$ 169.6	\$ 142.9
<b>Revenue</b>	\$ 1,503.7	\$ 1,365.3
<b>Adjusted Operating Income % of Revenues</b>	11.3%	10.5%

**a** Net 2013 Third Quarter Forward Loss expense of \$123.8 million, including A350 XWB Recurring Fuselage Forward Loss of \$78.6 million, A350 XWB Non-recurring Fuselage Forward Loss of \$32.7 million, G280 Forward Loss of \$6.4 million, 747-8 Forward Loss of \$5.3 million, and 767 Forward Loss of \$0.8 million.

**b** Net 2012 Third Quarter Forward Loss expense of \$590.4 million, including 787 Forward Loss of \$184.0 million, G650 Forward Loss of \$162.5 million, BR725 Forward Loss of \$151.0 million, G280 Forward Loss of \$88.1 million, A350 XWB Non-recurring Wing Forward Loss of \$2.4 million, and 747-8 Forward Loss Reduction of \$2.4 million.

# Non-GAAP Measure Disclosure



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## Adjusted Earnings Per Share Excluding Impact of Forward Losses and Certain Other Items

	Third Quarter	
	2013	2012
	Earnings Per Share	Earnings Per Share
GAAP Diluted Earnings Per Share	\$ 0.65	\$ (0.94)
2013 Third Quarter Forward Losses	\$ 0.54 <i>a</i>	
Net Impact from Severe Weather Event	\$ 0.02 <i>b</i>	\$ (1.08) <i>c</i>
2012 Third Quarter Forward Losses		\$ 2.90 <i>d</i>
Favorable Cumulative Catch-up Adjustment	\$ (0.12) <i>e</i>	\$ (0.09) <i>f</i>
Workforce Reduction	\$ 0.08 <i>g</i>	
Tax Impact of Forward Losses and Certain Other Items	\$ (0.40) <i>h</i>	\$ (0.14) <i>i</i>
Diluted Shares	143.4	140.1
Earnings Per Share Excluding Impact of Forward Losses and Certain Other Items	\$ 0.77	\$ 0.65

- a* Represents the net earnings per share impact of 2013 Third Quarter Forward Loss expense of \$123.8 million, including A350 XWB Recurring Fuselage Forward Loss of \$78.6 million, A350 XWB Non-recurring Fuselage Forward Loss of \$32.7 million, G280 Forward Loss of \$6.4 million, 747-8 Forward Loss of \$5.3 million, and 767 Forward Loss of \$0.8 million. The earnings per share amount is presented net of income taxes of 37.1 percent.
- b* Represents the net earnings per share impact of Severe Weather Event expense of \$4.5 million. The earnings per share amount is presented net of income taxes of 37.1 percent.
- c* Represents the net earnings per share impact of the Severe Weather Event including the Insurance Settlement less incurred expenses quarter-to-date of \$218.8 million. The earnings per share amount is presented net of income taxes of 31.0 percent.
- d* Represents the net earnings per share impact of 2012 Third Quarter Forward Loss expense of \$590.4 million, including 787 Forward Loss of \$184.0 million, G650 Forward Loss of \$162.5 million, BR725 Forward Loss of \$151.0 million, G280 Forward Loss of \$88.1 million, A350 XWB Non-recurring Wing Forward Loss of \$2.4 million, and 747-8 Forward Loss of \$2.4 million. The earnings per share amount is presented net of income taxes of 31.0 percent.
- e* Represents the net earnings per share impact of Favorable Cumulative Catch-up Adjustment of \$27.6 million. The earnings per share amount is presented net of income taxes of 37.1 percent.
- f* Represents the net earnings per share impact of Favorable Cumulative Catch-up Adjustment of \$18.2 million. The earnings per share amount is presented net of income taxes of 31.0 percent.
- g* Represents the net earnings per share impact of Workforce Reduction expense of \$18.4 million. The earnings per share amount is presented net of income taxes of 37.1 percent.
- h* Represents the net earnings per share impact of the Q3 2013 Effective Tax Rate (ETR) attributable to forward losses and certain other items:  
 Expected taxes at statutory rate - (actual tax expense + other tax benefits not related to statutory ETR) = Tax Impact of Forward Losses and Certain Other Items  
 \$15.2 million - ( (\$53.0) + \$11.4 million) = \$56.7 million

QTD Earnings before tax	\$ 40.9
Statutory tax rate	37.1%
Statutory tax	\$ 15.2
QTD Earnings before tax	\$ 40.9
Actual tax rate	(129.5%)
Actual tax expense	\$ (53.0)
Other benefits not related to statutory ETR	\$ 11.4
Adjusted Tax Expense	\$ (41.6)
Tax Impact of Forward Losses and Certain Other Items	\$ 56.7

- i* Represents the net earnings per share impact of Q3 2012 Effective Tax Rate (ETR) attributable to forward losses and certain other items.  
 Q2 2012 YTD ETR - Q3 QTD ETR = rate impact of forward losses and certain other items \* Q3 earnings before taxes = Tax Impact of Forward Losses and Certain Other Items  
 31.0% - 39.7% = (8.7%) \* (\$222.6) = \$19.4

# Non-GAAP Measure Disclosure



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## Free Cash Flow

	3rd Quarter		Nine Months	
	2013	2012	2013	2012
<b>Cash Provided by Operating Activities</b>	\$185.0	\$102.7	\$199.3	\$235.5
<b>Capital Expenditures</b>	(\$56.5)	(\$66.7)	(\$191.5)	(\$170.5)
<b>Free Cash Flow</b>	\$128.5	\$36.0	\$7.8	\$65.0

## Adjusted Free Cash Flow

	3rd Quarter		Nine Months	
	2013	2012*	2013	2012*
<b>Cash Provided by Operating Activities</b>	\$185.0	\$102.7	\$199.3	\$235.5
Net Severe Weather Impact	\$4.5	\$23.1	\$19.6	(\$27.4)
Net A350 Customer Advances		(\$48.8)		(\$247.5)
<b>Adjusted Cash Provided by (used in) Operating Activities</b>	\$189.5	\$77.0	\$218.9	(\$39.4)
<b>Capital Expenditures</b>	(\$56.5)	(\$66.7)	(\$191.5)	(\$170.5)
Severe Weather Impact	\$7.7	\$7.0	\$23.4	\$7.0
<b>Adjusted Capital Expenditures</b>	(\$48.8)	(\$59.7)	(\$168.1)	(\$163.5)
<b>Adjusted Cash Provided by (used in) Operating Activities</b>	\$189.5	\$77.0	\$218.9	(\$39.4)
<b>Adjusted Capital Expenditures</b>	(\$48.8)	(\$59.7)	(\$168.1)	(\$163.5)
<b>Adjusted Free Cash Flow</b>	\$140.7	\$17.3	\$50.8	(\$202.9)

\*Insurance proceeds for investment purposes - severe weather related expenses are included in Net Severe Weather Impact

