

Fourth Quarter and Full-year 2016 Earnings Review

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2016 Financial Highlights



- Celebrated Spirit's 10-year IPO Anniversary
- Achieved investment grade credit rating by Moody's and S&P
- Refinanced bond and term loan
- Seamless CEO Transition
- Repurchased 14.2M shares (\$650M) during 2016
- Initiated quarterly dividend of \$0.10 per share



2016 Operational Highlights



Boeing

- Delivered 1st 737 MAX Thrust Reverser with Composite Inner-Wall
- Delivered 1st set of Hardware for 737 MAX 9
- Delivered 500th 787 Dreamliner

Airbus

- Completed Airbus Global Settlement
- Delivered 100th A350

Mitsubishi / Bombardier

- Delivered 1st MRJ Production Unit
- Delivered 1st C-Series Production Unit

Defense

- Awarded B-21 Contract
- Awarded additional production units for CH-53K Sikorsky



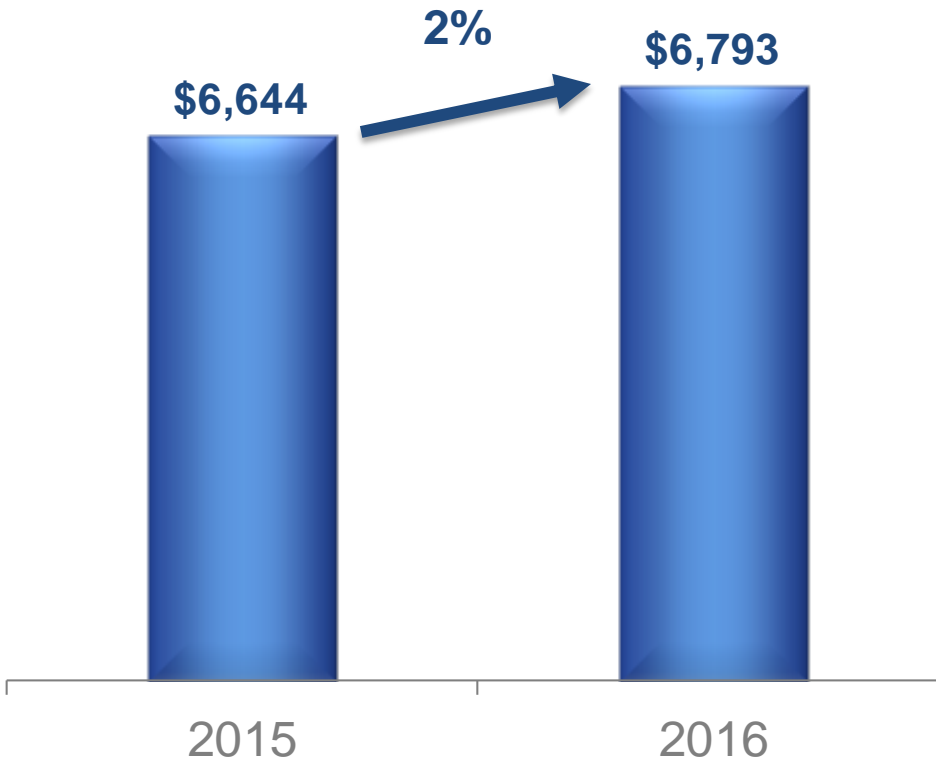
2017 Objectives



- Delivery and Execution
- Growth and Innovation
- Financial Commitments
- People and Community

Revenue

\$ millions



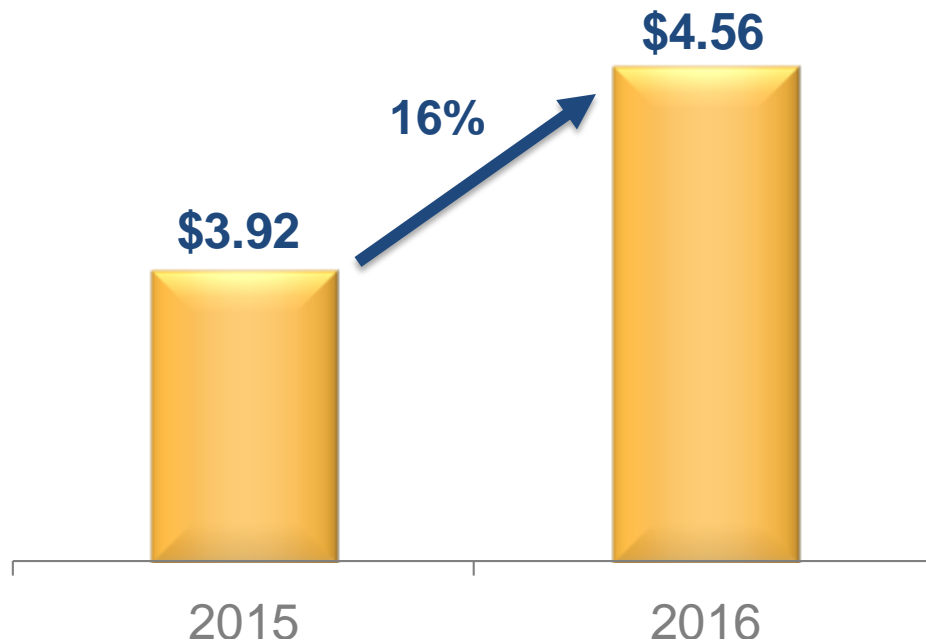
- Revenue Growth 2% y/y
- Record deliveries of 1,583 shipsets
- Backlog at \$47 Billion

Met Customer Requirements on Delivery Rate



Adjusted EPS (fully diluted)*

\$ per share



- Driven by Higher Deliveries
- Continued Cost Reduction Discipline
- Supported by Lower Share Count

Met EPS Commitment (Consistent with Guidance)



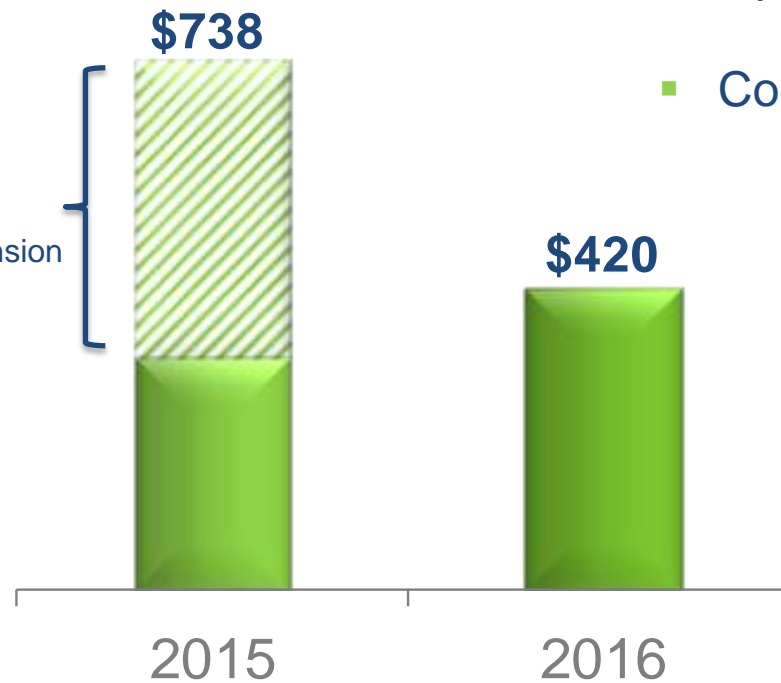
Adjusted free cash flow*

\$ millions

- CapEx timing
- Operational Improvements
- Continued focus on cash

2015 One-Time Benefit Items:

- Gulfstream Tax Refund
- GD Settlement
- 787 Advance Repayments Suspension

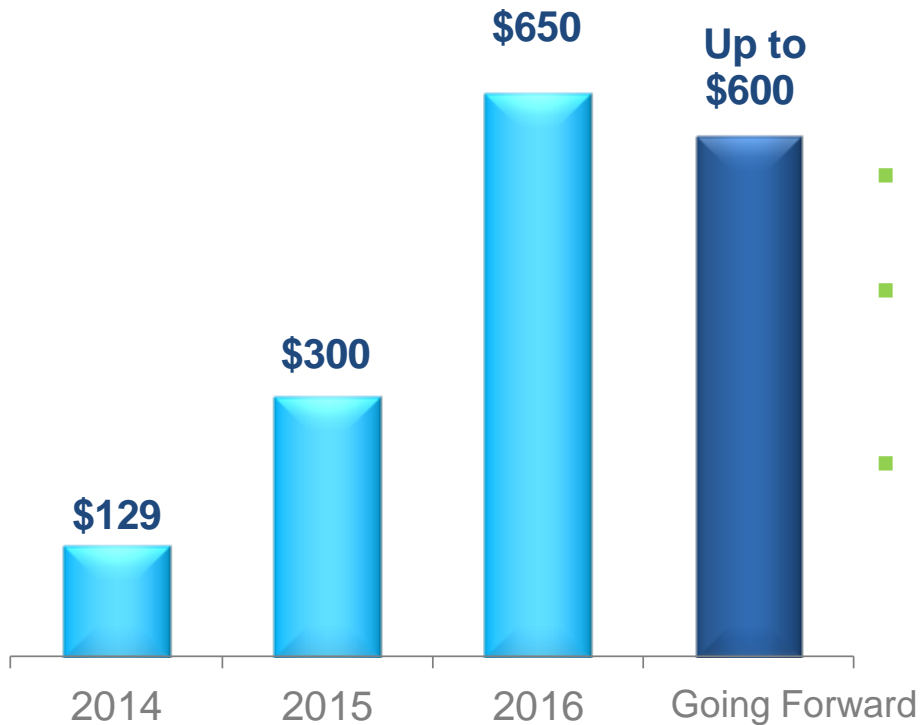


Met Target of 6-8% Revenue to FCF Conversion



Capital deployment

\$ millions



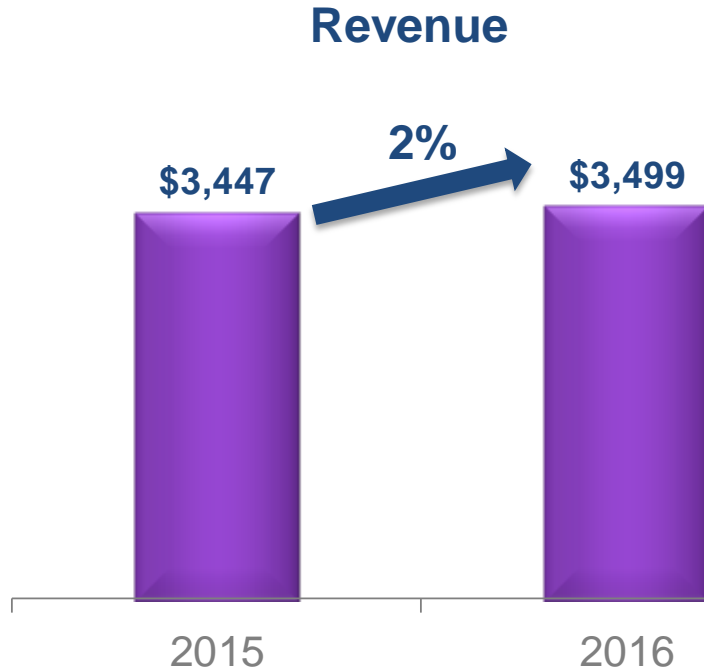
- Completed \$650M in Share Repurchases
- Announced New Share Repurchase Program of up to \$600M
- Initiated \$0.10 per Share Quarterly Dividend

Focus on Total Shareholder Return



Fuselage segment

\$ millions



- Revenue up 2% y/y
- Higher Production Deliveries on A350 and 767
- Operating Margin of 13%

Operating Earnings

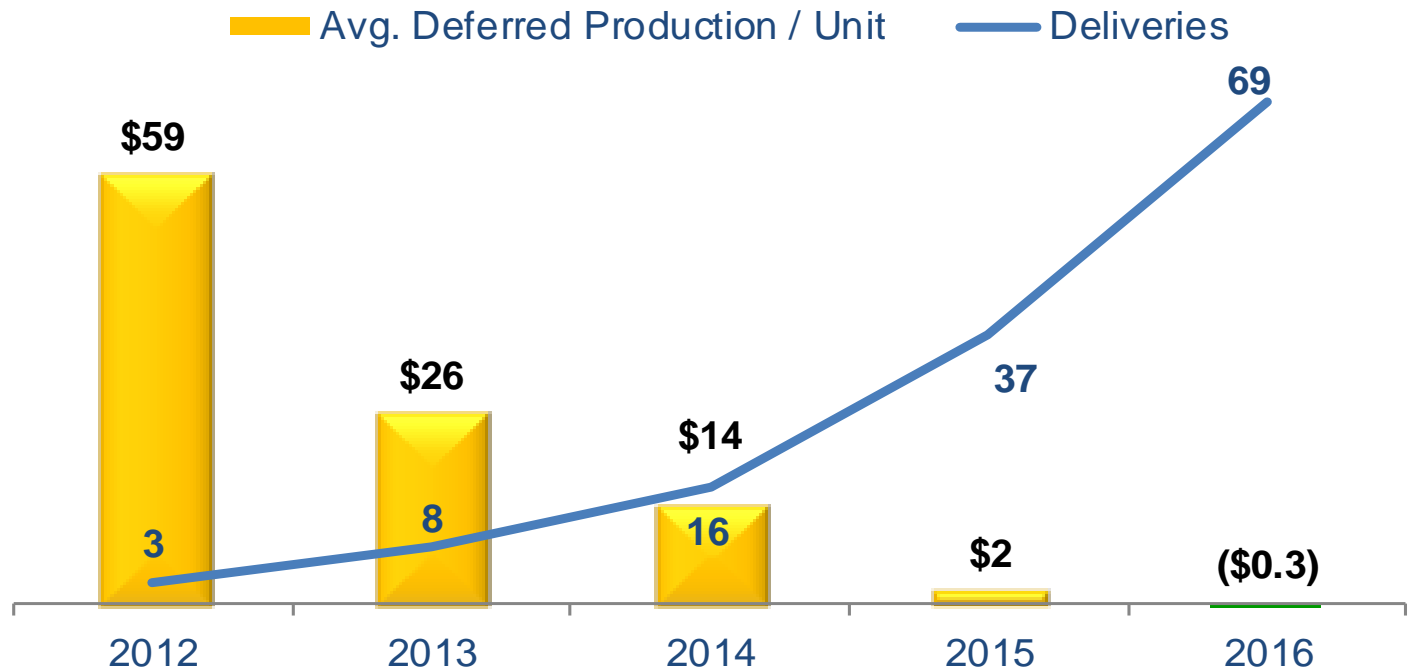
Year	Operating Earnings (\$ millions)
2015	\$607
2016	\$469

Higher A350 and 767 Revenue



A350 deferred production

\$ millions



A350 Deferred Production
Balance at Year-End

\$177

\$389

\$608

\$679

\$657

Change in Deferred Production

▲ \$212

▲ \$219

▲ \$71

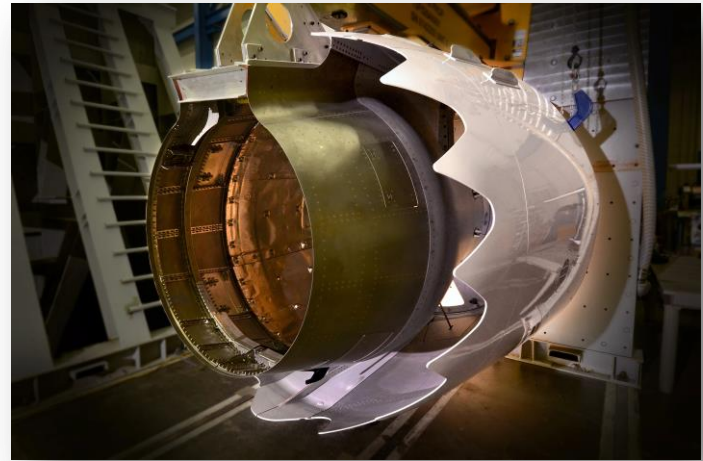
▼ (\$22)

Achieved cash positive on per unit basis

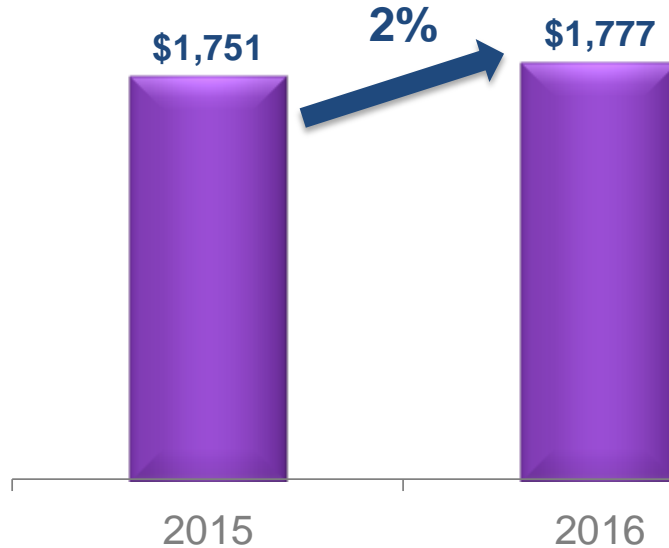


Propulsion segment

\$ millions



Revenue



- Revenue up 2% y/y
- Higher Production Deliveries on 767 and non-recurring Boeing programs
- Operating Margin of 18%

Operating Earnings

\$378

\$326

Higher Non-Recurring Revenue



Wing segment

\$ millions



Revenue

\$1,438

5%

\$1,509

2015

2016

Operating
Earnings

\$179

\$224

- Revenue up 5% y/y
- Higher Production Deliveries on A350
- Operating Margin of 15%

Higher A350 Revenue



2017 Financial Guidance

Financial Guidance Issued February 1, 2017

	<u>2017 Guidance</u>
Revenue	\$6.8 - \$6.9 billion
Earnings Per Share (Fully Diluted)	\$4.60 - \$4.85
Effective Tax Rate	31 - 32%
Free Cash Flow*	\$450 - \$500 million



Forward-Looking Information

Cautionary Statement Regarding Forward-Looking Statements:

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 “anticipate,” “believe,” “continue,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “project,” “should,” “will,” 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 and manage costs related to our new and maturing commercial, business aircraft and military development programs and the related recurring production; 3) margin pressures and the potential for additional forward losses on new and maturing programs; 4) our ability to accommodate, and the cost of accommodating, announced increases in the build rates of certain aircraft; 5) 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; 6) customer cancellations or deferrals as a result of global economic uncertainty; 7) 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; 8) the success and timely execution of key milestones such as receipt of necessary regulatory approvals and customer adherence to their announced schedules; 9) our ability to successfully negotiate future pricing under our supply agreements with Boeing, and our other customers; 10) our ability to enter into profitable supply arrangements with additional customers; 11) 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; 12) 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; 13) any adverse impact on the demand for air travel or our operations from the outbreak of diseases or epidemic or pandemic outbreaks; 14) our ability to avoid or recover from cyber-based or other security attacks, information technology failures or other disruptions; 15) returns on pension plan assets and the impact of future discount rate changes on pension obligations; 16) our ability to borrow additional funds or refinance debt; 17) competition from commercial aerospace original equipment manufacturers and other aerostructures suppliers; 18) 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; 19) any reduction in our credit ratings; 20) our dependence on our suppliers, as well as the cost and availability of raw materials and purchased components; 21) our ability to recruit and retain highly-skilled employees and our relationships with the unions representing many of our employees; 22) spending by the U.S. and other governments on defense; 23) 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; 24) our exposure under our existing senior revolving credit facility to higher interest payments should interest rates increase substantially; 25) the effectiveness of any interest rate hedging programs; 26) the effectiveness of our internal control over financial reporting; 27) the outcome or impact of ongoing or future litigation, claims and regulatory actions; and 28) our exposure to potential product liability and warranty claims. 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 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.

Adjusted EPS

	4th Quarter		Twelve Months		
	2016	2015	2016	2015	
GAAP Diluted Earnings Per Share	\$0.89	\$1.01	\$3.70	\$5.66	
Impact of Airbus Agreement, CEO Retirement, and Debt Refinancing	-	-	0.86	-	a
Impact of Partial Release of Deferred Tax Asset Valuation Allowance	-	(0.06)	-	(1.74)	b
Adjusted Diluted Earnings Per Share	\$0.89	\$0.95	\$4.56	\$3.92	c
Diluted Shares	121.1	137.1	127.0	139.4	

a Represents the net earnings per share impact of the Airbus agreement (\$0.68), CEO retirement costs (\$0.11) and debt refinancing charge (\$0.07)

b Represents the net earnings per share impact of deferred tax asset valuation allowance of \$8.4 million

c Represents the net earnings per share impact of deferred tax asset valuation allowance of \$241.9 million

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	Free Cash Flow				
	(\$ in millions)				
	4th Quarter		Twelve Months		Guidance
	2016	2015	2016	2015	2017
Cash Provided by Operating Activities	\$142	\$320	\$717	\$1,290	\$700 - \$800
Capital Expenditures	(97)	(143)	(254)	(360)	\$250 - \$300
Free Cash Flow	\$45	\$177	\$463	\$930	
Cash Received under 787 Interim Pricing Agreement	-	(46)	(43)	(192)	
Adjusted Free Cash Flow	\$45	\$131	\$420	\$738	\$450 - \$500

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Normalized Segment Margins (\$ in millions)

	<u>December 31, 2016</u>	<u>As Percentage of Revenue</u>
Fuselage Systems		
Operating Earnings	\$468.6	13.4%
Changes in Estimates:		
Cumulative Catch-up Adjustment	13.6	
Net Forward Loss	(133.4)	
Total Changes in Estimates	<u>(\$119.8)</u>	
Normalized Fuselage Operating Earnings	<u>\$588.4</u>	<u>16.8%</u>
Propulsion Systems		
Operating Earnings	\$325.9	18.3%
Changes in Estimates:		
Cumulative Catch-up Adjustment	(0.4)	
Change in Estimate on Loss Program	10.1	
Total Changes in Estimates	<u>\$9.7</u>	
Normalized Propulsion Operating Earnings	<u>\$316.2</u>	<u>17.8%</u>
Wing Systems		
Operating Earnings	\$223.6	14.8%
Changes in Estimates:		
Cumulative Catch-up Adjustment	23.4	
Change in Estimate on Loss Program	5.1	
Total Changes in Estimates	<u>\$28.5</u>	
Normalized Wing Operating Earnings	<u>\$195.1</u>	<u>12.9%</u>