

Exhibit 13

Aerospace & Defense

LOWERING PRICE TARGET



Spirit AeroSystems

Symbol	SPR
Rating	Positive
Price	\$22.86
Price target	From \$37.00 to \$32.00
Downside/ Upside risk	\$14.00
Risk	Downside Risk

Company market data

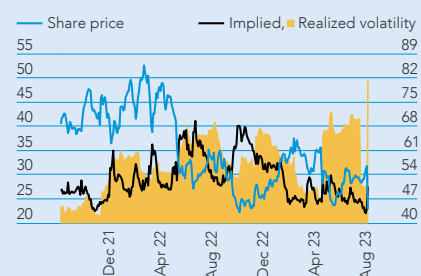
52 week range	\$38.55-\$21.14
Shares out.	105.215mm
Market cap.	\$2,405mm
Average daily trading volume	2,516,631
Beta	1.31
PT Upside/Downside ratio:	1.03:1

Calendar year December

	2022		2023e		2024e	
	Actual	Prior	Current	Prior	Current	
EPS						
Q1	0.03		(1.69)A		-	
Q2	(1.21)	(0.80)	(1.46)A		-	
Q3	(0.15)	(0.23)	(0.24)		-	
Q4	(1.46)	(0.04)	(0.06)		-	
CY EPS	(2.79)	(2.77)	(3.45)	(0.14)	(0.23)	
EBITDA ()	68	315	221	874	528	

Derivatives

Volume (contracts)	3,052
Skew rank (2yr %-tile)	47.02



Spirit AeroSystems: Disappointing 2Q Results and Worse 2023 Outlook, but Headwinds Are Transitory

Charles P. Minervino, CFA

charles.minervino@sig.com
212 514 4771

Call to action

We have updated our model following SPR's 2Q23 earnings report. Our new 2023/2024 EPS estimates are \$(3.45)/\$(0.23), down from \$(2.77)/\$(0.14) previously. Spirit reported worse than expected 2Q23 results and reduced 2023 guidance for both the 737 delivery range to 370-390 units and the FCF range to \$(200mn) to \$(250mn). Disappointing results and the worse outlook for 2023 are due in part to the impact from the IAM contract negotiations and resulting labor strike complications (detailed herein). On a positive note, SPR reported it has completed all of the rework related to the vertical fin attach issues on available 737 units in Wichita during 2Q. While the current near-term headwinds are material, we are encouraged that both the labor negotiations and the 737 rework issues are now largely in the rear view. SPR's backlog remains strong (~\$41bn at the end of 2Q23), and demand remains robust. We maintain our Positive rating and lower our price target to \$32 (from \$37 prior).

HIGHLIGHTS

SPR's 2Q23 revenue came in at \$1.4bn (+8.5% Y/Y), slightly above our estimate of \$1.3bn. However, adjusted EPS of \$(1.46) came in well below our estimate of \$(0.80). 2Q forward losses totaled \$105mn, and unfavorable cumulative catch-up adjustments were \$22mn. Free cash flow came in negative for the quarter at \$(211mn), and the FCF guidance range for 2023 was reduced to \$(200mn) to \$(250mn).

Continued on the next page

Catalysts

Better than expected recovery and ramp in 737 program; commercial aviation market recovery cadence; large new aircraft order announcements by Boeing and Airbus customers.

Downside or Upside risk

Our downside risk is \$14. We are rolling our valuation framework forward to 2024. Our \$14 downside risk is now based on a 9.0x EV/EBITDA multiple on our 2024 EBITDA estimate.

IMPORTANT DISCLOSURES AND CERTIFICATIONS.

Susquehanna International Group, LLP (SIG) is comprised of affiliated entities, including Susquehanna Financial Group, LLLP (SFG). SFG is a provider of research and execution services. SFG is a member of FINRA. SFG does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Please see important disclosures on page 7.

HIGHLIGHTS

Continued from previous page

Key Takeaways:

1. Outlook worse in the near-term, but challenges are largely temporary. SPR reduced their 2023 guidance range for 737 expected deliveries to 370-390 units. Additionally, 2023 FCF guidance was reduced to \$(200mn) to \$(250mn). Starting off with the IAM contract negotiations impact, the strike impacted all programs at the Wichita site (of which the 737 program was most impacted). While the negotiations did ultimately result in a new four-year contract, the work stoppage along with concurrent supply chain challenges (detailed below) both contribute to the lower 2023 outlook for 737 deliveries and FCF. Regarding the vertical fin attach fittings rework, management reported that reworks on all available 737 fuselages in Wichita had been completed during 2Q23. Finally, management provided color on ongoing supply chain challenges. Over the last 18 months, SPR has incurred impacts of nearly \$200mn from individual distressed suppliers and other supply chain challenges. While SPR continues to face headwinds in the near-term, we believe many of these issues are transitory and that the company will navigate them effectively.
 2. Defense & Space and Aftermarket segments remain strong. The Defense & Space and Aftermarket segments both posted solid results in 2Q23. Defense & Space's top line increased 30% Y/Y to \$190mn in 2Q, driven by higher development program activity and increased P-8 production. Operating margins for the segment came in at 6%, reflecting pressure from increased costs on the P-8 and the KC-46 tanker resulting from the IAM union negotiations and higher supply chain costs as well as one-time charges on the Sikorsky CH-53K program. Turning to the Aftermarket segment, the top line grew 15% Y/Y to \$92mn in 2Q, driven by higher spare parts sales and MRO activity. Aftermarket operating margin came in at 26% due to higher margins on increased activity and a one-time \$2mn benefit that will not repeat (according to management). Growth in the aftermarket segment continues to be supported by the global air travel recovery.
 3. Adjusting estimates following 2Q23 results. We are adjusting our estimates following 2Q23 results to reflect updated commentary from management as well as our revised outlook. Our new EPS estimates for 3Q23/2023 are \$(0.24)/\$(3.45) compared to our prior estimates of \$(0.23)/\$(2.77). Turning to FCF, we now estimate 3Q/2023 FCF of \$21mn/\$(218mn) compared to our prior estimates of \$(56mn)/\$(182mn). We are also adjusting our 2024 estimates. Our 2024 EPS and FCF estimates are now \$(0.23) and \$115mn, respectively, compared to our prior estimates of \$(0.14) and \$129mn, respectively.
-

Spirit AeroSystems (SPR)	2022	1Q23	2Q23	3Q23E	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E
<i>\$ mm except per share</i>												
INCOME STATEMENT												
Net revenues	4,651	1,431	1,365	1,569	1,688	5,924	1,836	1,823	1,854	1,856	7,369	8,784
<i>y-o-y revenue growth</i>	17.6%	21.9%	8.5%	22.9%	27.8%	27.4%	28.3%	33.6%	18.1%	10.0%	24.4%	19.2%
Cost of sales	(4,602)	(1,432)	(1,396)	(1,434)	(1,528)	(5,660)	(1,746)	(1,718)	(1,674)	(1,662)	(6,800)	(7,866)
Gross Profit	48	(1)	(31)	136	160	264	90	105	179	194	569	918
Gross Margin												
Selling, general and administrative	(279)	(77)	(71)	(75)	(75)	(298)	(75)	(75)	(75)	(75)	(300)	(300)
SG&A Margin	5.5%	5.4%	5.2%	4.8%	4.4%	5.0%	4.1%	4.1%	4.0%	4.0%	4.1%	3.4%
Other	0	(6)	(6)	0	0	(12)	0	0	0	0	0	0
Research and development	(50)	(11)	(13)	(14)	(14)	(52)	(14)	(14)	(14)	(14)	(56)	(56)
Loss on divestiture of programs	-	0	0	0	0	-	-	-	-	-	-	-
Total operating costs and expenses	(4,932)	(1,527)	(1,485)	(1,523)	(1,617)	(6,022)	(1,835)	(1,807)	(1,763)	(1,751)	(7,156)	(8,222)
Operating Profit	(281.2)	(95.1)	(120.4)	46.5	70.9	(98.1)	1.0	16.4	90.2	105.2	212.8	561.8
<i>Operating Margin</i>	-6.0%	-6.6%	-8.8%	3.0%	4.2%	-1.7%	0.1%	0.9%	4.9%	5.7%	2.9%	6.4%
Interest expense and financing fee amortization	(244)	(72)	(74)	(74)	(74)	(293)	(74)	(74)	(74)	(74)	(294)	(294)
Other expense / income, net	11	(66)	(10)	(5)	(5)	(86)	13	13	13	13	51	50
Loss / income before income taxes and equity in net income / loss of affiliate	(514)	(234)	(204)	(32)	(8)	(477)	(60)	(45)	29	44	(31)	317
Income tax provision	60	57	(3)	6	2	62	14	10	(7)	(10)	7	(73)
<i>Tax Rate</i>	4.8%	24.3%	-1.5%	20.0%	20.0%	15.7%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Loss / income before equity in net income / loss of affiliate	(455)	(177)	(207)	(26)	(6)	(415)	(46)	(34)	22	34	(24)	244
Equity in net income / loss of affiliate	1	1	(1)	0	0	0	0	0	0	0	0	0
Net income / loss	(455.9)	(177.4)	(206.3)	(25.7)	(6.2)	(415.5)	(45.9)	(34.4)	22.4	34.0	(23.9)	244.4
GAAP EPS Basic	\$ (5.22)	(\$2.68)	(\$1.96)	(\$0.24)	(\$0.06)	\$ (4.94)	(\$0.44)	(\$0.33)	\$0.21	\$0.32	\$ (0.23)	\$ 2.32
GAAP EPS Diluted	(\$5.22)	(\$2.68)	(\$1.96)	(\$0.24)	(\$0.06)	(\$4.94)	(\$0.44)	(\$0.33)	\$0.21	\$0.32	(\$0.23)	\$2.32
Adjusted EPS Diluted	(\$2.79)	(\$1.69)	(\$1.46)	(\$0.24)	(\$0.06)	(\$3.45)	(\$0.44)	(\$0.33)	\$0.21	\$0.32	(\$0.23)	\$2.32

Source: SFG, FactSet, company reports.

Spirit AeroSystems (SPR)		2022	1Q23	2Q23	3Q23E	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E
\$ mm except per share													
BALANCE SHEET													
Assets													
Cash and cash equivalents		659	568	526	567	607	607	280	295	392	626	626	706
Short-term investments		0	0	0	0	0	0	0	0	0	0	0	0
Restricted cash		0	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable, net		490	599	500	500	500	500	500	500	500	500	500	500
Contract assets		501	515	581	601	621	621	641	661	681	701	701	781
Inventory, net		1,470	1,549	1,636	1,661	1,736	1,736	1,986	1,986	1,961	1,811	1,811	1,811
Other current assets		38	57	49	49	49	49	49	49	49	49	49	49
Total current assets		3,158	3,288	3,291	3,378	3,513	3,513	3,456	3,491	3,583	3,686	3,686	3,847
Property, plant and equipment, net		2,206	2,161	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125
Operating lease right of use assets		94	92	91	91	91	91	91	91	91	91	91	91
Contract assets, long-term		1	11	17	17	17	17	17	17	17	17	17	17
Pension assets		197	26	27	27	27	27	27	27	27	27	27	27
Deferred tax asset-non-current, net		5	4	0	0	0	0	0	0	0	0	0	0
Other assets		1,005	993	994	994	994	994	994	994	994	994	994	994
Total assets		6,666	6,575	6,545	6,632	6,767	6,767	6,710	6,745	6,837	6,940	6,940	7,101
Liabilities and Equity													
Accounts payable		920	948	974	974	974	974	974	974	974	974	974	974
Accrued expenses		412	505	408	408	408	408	408	408	408	408	408	408
Other current liabilities		95	95	197	197	197	197	197	197	197	197	197	197
Current portion of long-term debt		54	55	56	56	56	56	56	56	56	56	56	56
Operating lease liabilities, short-term		8	8	8	8	8	8	8	8	8	8	8	8
Advance payments, short-term		25	26	31	81	81	81	58	36	13	(9)	(9)	(199)
Contract liabilities, short-term		111	113	133	133	133	133	133	133	133	133	133	133
Forward loss provision, short-term		306	324	331	331	331	331	331	331	331	331	331	331
Deferred revenue, short-term		22	20	47	47	47	47	47	47	47	47	47	47
Total current liabilities		1,953	2,096	2,186	2,236	2,236	2,236	2,213	2,191	2,168	2,146	2,146	1,956
Long-term debt		3,815	3,816	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,625
Operating lease liabilities, long-term		85	84	83	83	83	83	83	83	83	83	83	83
Advance payments, long-term		200	195	236	236	286	286	264	241	219	196	196	186
Pension / OPEB obligation		25	24	23	23	23	23	23	23	23	23	23	23
Contract liabilities, long-term		245	230	217	217	217	217	217	217	217	217	217	217
Forward loss provision, long-term		369	358	311	311	311	311	311	311	311	311	311	311
Other liabilities		169	169	257	257	257	257	257	257	257	257	257	77
Deferred revenue and other deferred credits		49	47	46	46	46	46	46	46	46	46	46	46
Total liabilities		6,910	7,019	7,174	7,224	7,274	7,274	7,229	7,184	7,139	7,094	7,094	6,524
Preferred stock		0	0	0	0	0	0	0	0	0	0	0	0
Common stock, Class A		1	1	1	1	1	1	1	1	1	1	1	1
Common stock, Class B		0	0	0	0	0	0	0	0	0	0	0	0
Additional paid-in capital		1,180	1,184	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196
Accumulated other comprehensive loss		(204)	(128)	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(118)
Retained earnings		1,233	951	745	782	867	867	855	935	1,072	1,220	1,220	1,951
Treasury stock, at cost		(2,457)	(2,457)	(2,457)	(2,457)	(2,457)	(2,457)	(2,457)	(2,457)	(2,457)	(2,457)	(2,457)	(2,457)
Total equity		(248)	(448)	(632)	(596)	(511)	(511)	(523)	(443)	(306)	(157)	(157)	573
Noncontrolling interest		4	4	4	4	4	4	4	4	4	4	4	4
Total liabilities and stockholders deficit/equity		6,666	6,575	6,545	6,632	6,767	6,767	6,710	6,745	6,837	6,940	6,940	7,101

Source: SFG, FactSet, company reports.

Spirit AeroSystems (SPR)	2022	1Q23	2Q23	3Q23E	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E
<i>\$ mm except per share</i>												
Cash Flow Statement												
Operating Activities:												
Net income / loss	(546)	(281)	(206)	(26)	(6)	(520)	(46)	(34)	22	34	(24)	244
Adjustments to reconcile net income / loss												
Depreciation expense	337	80	78	78	78	313	78	78	78	78	311	311
Amortization expense excluding amortization of deferred financing fees	0	0	0	0	0	0	0	0	0	0	0	0
Amortization of deferred financing fees	12	2	2	1	1	6	1	1	1	1	4	4
Employee stock compensation expense	37	9	11	12	13	46	12	12	12	12	48	58
Deferred taxes	9	(16)	5	0	0	(12)	0	0	0	0	0	0
Pension and other post-retirement benefits, net	37	64	(1)	40	40	143	0	0	0	0	0	0
Grant liability amortization	(2)	(0)	(0)	(0)	(0)	(1)	0	0	0	0	0	0
Increase / decrease in forward provision	(89)	7	(39)	0	0	(33)	0	0	0	0	0	0
Other	(83)	8	(18)	0	0	(10)	0	0	0	0	0	0
Changes in assets and liabilities	(106)	82	(13)	(35)	(35)	(0)	(250)	0	25	150	(75)	(190)
Net cash provided by / (used in) operating activities	(395)	(46)	(183)	70	91	(68)	(205)	56	138	275	265	427
Investing Activities:												
Purchase of property, plant and equipment	(122)	(23)	(28)	(49)	(49)	(150)	(30)	(40)	(40)	(40)	(150)	(150)
Net cash provided by / (used in) investing activities	(156)	(23)	(28)	(49)	(49)	(150)	(30)	(40)	(40)	(40)	(150)	(150)
Financing Activities:												
Proceed / payments on revolving credit facility	0	1	1	0	0	2	0	0	0	0	0	0
Change in debt	(222)	(16)	163	0	0	147	0	0	0	0	0	(190)
Debt issuance and financing costs	(32)	0	(1)	0	0	(1)	0	0	0	0	0	0
Purchase of treasury stock	0	0	0	0	0	0	0	0	0	0	0	0
Change in restricted cash	0	0	0	0	0	0	0	0	0	0	0	0
Dividends paid	(4)	0	0	(1)	(1)	(3)	(2)	(2)	(2)	(2)	(6)	(7)
Other	(2)	(5)	2	0	0	(3)	(90)	0	0	0	(90)	0
Net cash provided by / (used in) financing activities	(261)	(20)	165	(1)	(1)	142	(92)	(2)	(2)	(2)	(96)	(197)
Effect of exchange rate changes on cash and cash equivalents	(9)	1	4	0	0	5	0	0	0	0	0	0
Net increase / decrease in cash and cash equivalents	(820)	(88)	(42)	19	40	(71)	(327)	15	97	234	18	80
Cash and cash equivalents, beginning of the period	1,498	678	590	548	567	678	607	280	295	392	607	626
Cash and cash equivalents, end of the period	\$ 678	\$ 590	\$ 548	\$ 567	\$ 607	\$ 607	\$ 280	\$ 295	\$ 392	\$ 626	\$ 626	\$ 706

Source: SFG, FactSet, company reports.

Price target valuation and risks

Spirit AeroSystems (SPR, Price: \$22.86, Price Target: \$32.00):

We are decreasing our price target to \$32 (from \$37 prior). We are rolling our valuation framework forward to 2024. Our price target is now based on a 12.6x EV/EBITDA multiple on our 2024 EBITDA estimate. The change vs. our prior multiple is based on our rolled-forward 2024 valuation framework and our updated outlook.

Risks: Worse than expected and/or lingering impact from 737 repairs or supply chain complications; unexpected weakness in commercial demand; unexpected repair complications.

Analyst Certification

I, Charles P. Minervino, CFA, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Important Disclosures

SFG is a market maker in the securities of Spirit AeroSystems (SPR).
 Susquehanna International Group, LLP (SIG) is comprised of a number of trading and investment related entities under common control, including Susquehanna Financial Group, LLLP (SFG). SIG, its affiliates and/or its principals may have long or short positions in securities or related issues mentioned here. SIG, in its capacity as specialist and/or market maker may execute orders on a principal basis in the subject securities. Information presented is from sources believed to be reliable, but is not guaranteed to be accurate or complete. Past performance should not be taken as an indication or guarantee of future results. Hyperlinks provided in this report are for your convenience. Please be aware that the products and information supplied on these hyperlinked pages are not endorsed or approved by SFG.

The following data elements on this report were sourced from Bloomberg LP: Price (yesterday's close), 52-week high, 52-week low, Shares outstanding, Average daily trading volume, Volume (contracts). Any others will be specifically sourced.

SFG employs the following rating system:

Positive: We expect this stock to appreciate by at least 15% over the next 12 months.

Neutral: We expect this stock to perform within a range of +/-15 percentage points over the next 12 months.

Negative: We expect this stock to depreciate by at least 15% over the next 12 months. .

Suspended: The previously published rating and/or estimates are currently suspended and under review.

Prior to July 2015 our rating system also required a 20% +/- expected return over 12 months to initiate with a Positive/Negative rating.

Defined Credit Terms

Gross debt + preferred TEV: (Gross Debt + Preferred) / Total Enterprise Value (expressed as a %).

Net debt/EBITDA: Net Debt (gross debt less cash on hand) / EBITDA = forward year EBITDA estimate.

Free cash flow: Forward EBITDA estimate less cash taxes less cash interest less total capex.

FCF yield: FCF Yield ((FCF/ Fully Diluted shares outstanding/current share price) (expressed as a %)).

YTM: Yield-to-maturity ("YTM") implied by any of its bonds outstanding that are due in 5 years ((or closest to)(expressed as a %)).

5-yr treasury yield: 5-year US Treasury yield (expressed as a %).

Volatility Definitions

Volume: The 20-day average option contract volume for the symbol.

Skew Rank: The current day's Skew values compared to the past year's worth of skew values and then rank the current day's value. Past year in the calculation is 252 previous trading days which includes the last trading day.

Implied Volatility: Implied Volatility is the at-the-forward volatility level implied by market option prices for 90 days. While implied volatility is specific to the time frame selected, it is always presented as an annualized standard deviation.

Realized Volatility: It is the Realized Volatility of a financial instrument over 90 days. Generally, this measure is calculated by determining the average deviation from the average price of a financial instrument in the given time period. This measure is frequently compared with implied volatility to determine if options prices are over- or undervalued. It is also known as historical volatility.

Ratings Distribution & Investment Banking Disclosure

Covered companies in each Category	Investment banking client in each category
Positive (Buy) 62.09% (131)	Positive (Buy) 0.00% (0)
Neutral (Hold) 36.97% (78)	Neutral (Hold) 0.00% (0)
Negative (Sell) 0.95% (2)	Negative (Sell) 0.00% (0)

This is a proprietary SFG product prepared, and intended, solely for the use of sophisticated and professional institutional traders and managers and not for the general investing public. Unauthorized redistribution of this report, by any means, represents a violation of US copyright laws and could result in legal action and the suspension of the intended recipient's privileges. If you have any questions regarding this transmission please contact ResearchDistribution@sig.com. The information in this communication is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Susquehanna Financial Group, LLLP or its affiliates to any registration requirement within such jurisdiction or country.

Copyright © 2023 Susquehanna Financial Group, LLLP. All rights reserved.

Rating and Price Target History for: Spirit AeroSystems (SPR) as of 08-02-2023

