

# Exhibit 7

## SPRIT AEROSYSTEMS HOLDINGS, INC. (SPR)

### 737 better than feared but hits keep coming elsewhere

#### The Wolfe Byte

Despite the stock reaction, the 737 impact was on the low end of expectations. While the stock is likely washed out a bit, we're not sure investors are ready to step in given the consistent move lower in FCF. Reiterate PP.

#### A messy Q to start 2023

We've come to expect messy Qs from SPR and 1Q23 was no exception as they had \$120M+ in charges (we had \$20M in model) and larger than expected excess costs (\$43M vs. our \$30M est) among some other moving pieces. The biggest surprises were probably the sales miss due to lower than expected 737, 787, A220 and A320 deliveries while the A220 program continues to struggle with a new \$81M forward loss (\$46M from another supplier issue). SPR burned down ~\$100M in forward losses in 1Q but due to the incremental \$110M recognized in the Q, the total balance grew slightly to \$682M (we believe the A220 is now larger than the 787 - Figure 4).

#### 737 first pass not bad but more likely to come

SPR pegged the 737 vertical fin issue costs at \$31M with actual rework at only ~\$5M and the residual due to disruptions in the factory. The 737 cost will rise (current costs are only for work in Wichita and not for planes that need rework at BA or those in the fleet), but we think some worst case scenarios have been taken off the table. Importantly for everyone in the supply chain, mgmt noted that they're currently manufacturing and shipping conforming 737 off the line and have already repaired 3 a/c that were in the factory.

#### Swing items to cash/expectations

Mgmt now sees '23 FCF at a use of \$100-150M vs. BE previously with \$30M in direct costs for 737 rework, \$50M from the incremental forward loss burn this year and \$75m from slipped 737 deliveries/inventory build offset by \$45M pushout of a legal settlement. SPR sees 85 fewer A320 deliveries now (580) this year and up to 30 fewer 737s. Interestingly, the A220 charge related to schedule was the most material but '23 deliveries didn't move, which implies a '24/'25 recalibration.

#### Ests down, Reiterate PP

Sales moved lower for '23 while EPS/cash fall '23-'25. Share are oversold but FCF is going to need to stabilize before attracting incremental buying, particularly given the larger June labor contract coming due. Reit PP.

#### ESTIMATES

(\$)	2022A	2023E	2024E	2025E
Adj-Dil EPS FY	(2.81) A	(1.88) E	0.91 E	2.50 E
Prior	-	0.07 E	1.60 E	3.27 E

Source: Company Documents, Wolfe Research, FactSet  
Numbers may not add up due to rounding; Fiscal Year Ends December

May 3, 2023

**Rating:**  
Peer Perform  
**Price:**  
\$26.28  
**Price Target:**  
NA

[View SPR Model](#)  
[View Comp Table](#)

#### Company Information

52-Week Range	\$22 - \$39
Market Cap. (MM)	\$2,766
Enterprise Value (MM)	\$6,069
Shares Out. (MM)	105.3
Avg. Value Traded (MM)	\$88.61
Net Debt (M)/ EBITDA	8.2x
SI% of Float	6.4%
Price/ FCF	78.4x
EV/ EBITDA	8.7x
Price to Earnings	29x

#### Price Performance

	YTD	LTM
SPR	(11)%	(38)%
A&D Index	(5)%	5%
S&P 500	7%	(2)%



Priced as of 05/03/23



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### Investment Conclusion

We rate shares of Spirit Aerosystems (SPR) as Peer Perform.

SPR shares traded at a ~11-12x average (10-14x range) NTM PE pre-pandemic and while they're currently trading at ~29x our updated '24 EPS estimates (\$0.91 vs. \$1.60, consensus shows \$1.72), most investors are looking out towards 2025 where earnings appear more normalized (though our estimates here fell by 20%+). Looking at '25 we see shares trading at ~10.5x our estimate, the lower end of the historical range but probably warranted given discounting and the ongoing lower revisions.

Our view on shares would become more favorable should the company be able to execute on their rate ramp while limiting additional charges. Alternatively, we could become more negative on shares if we see signs that the scenario laid out by management is not unfolding as it needs to.

Current Price \$26	PE Multiple					Current Price \$26	PE Multiple				
	10	11	12	13	14		10	11	12	13	14
0.73	7	8	9	9	10	2.00	20	22	24	26	28
0.82	8	9	10	11	11	2.25	22	25	27	29	31
0.86	9	9	10	11	12	2.37	24	26	28	31	33
2024 EPS 0.91	9	10	11	12	13	2.50	25	27	30	32	35
0.95	10	10	11	12	13	2.62	26	29	31	34	37
1.00	10	11	12	13	14	2.75	27	30	33	36	38
1.09	11	12	13	14	15	3.00	30	33	36	39	42

Source: Wolfe Research, FactSet

Model Changes	2023		2024		2025		2023 prev	2024 prev	2025 prev
	Current	chg	Current	chg	Current	chg			
Sales	6,299	(4%)	7,086	0%	7,852	0%	6,549	7,086	7,852
EPS	(\$1.88)	NA	\$0.91	(43%)	\$2.50	(23%)	\$0.07	\$1.60	\$3.27
FCF	(124)	(725%)	35	(46%)	315	(1%)	(15)	65	319

Source: Wolfe Research

Figure 3 - Wolfe Research Estimates vs. Consensus

	FY23			FY24			FY25		
	Revenue	Adjusted EPS	FCF	Revenue	Adjusted EPS	FCF	Revenue	Adjusted EPS	FCF
Wolfe	6,299	(\$1.88)	(124)	7,086	\$0.91	35	7,852	\$2.50	315
Consensus	6,339	(\$0.10)	(7)	7,402	\$1.72	192	8,402	\$3.39	413
Difference	(1%)	1839%	1722%	(4%)	(47%)	(82%)	(7%)	(26%)	(24%)

Source: Wolfe Research, FactSet



May 3, 2023

Figure 4 - Forward Loss Charges and Balance

	Incremental Forward				Beg Forward			End Forward			
	Loss	787	A350	Other	Loss	New	Burned	Loss	787	A220	A350
<b>2019</b>								<b>247</b>			
1Q20	20				247	20	-29	<b>238</b>			
2Q20	194	103	84	7	238	194	-36	<b>396</b>			
3Q20	128	65	45	18	396	128	-51	<b>474</b>			
4Q20	28				474	28	-37	<b>746</b>			
<b>2020</b>	<b>370</b>	<b>193</b>	<b>148</b>	<b>29</b>							
1Q21	72	29	29	14	746	72	-64	<b>754</b>			
2Q21	52	46		6	754	52	-67	<b>739</b>			
3Q21	70	46		24	739	70	-33	<b>776</b>			
4Q21	47	32		15	776	47	-56	<b>766</b>			
<b>2021</b>	<b>242</b>	<b>153</b>	<b>55</b>	<b>34</b>							
1Q22	24	13		11	766	24	-58	<b>732</b>			
2Q22	64	31		a220 - 25	732	64	-85	<b>712</b>			
3Q22	49	11	primarily		712	49	-112	<b>649</b>			
4Q22	114	38	67	9	649	114	-88	<b>675</b>			
<b>2022</b>	<b>251</b>	<b>94</b>	<b>106</b>	<b>51</b>					<b>787</b>	<b>A220</b>	<b>A350</b>
1Q23	110	8	16	86	675	110	-103	<b>682</b>	<b>250</b>	<b>308</b>	<b>124</b>
									'25	'25	

4Q20 excludes 282 from BBD deal

4Q20 is adjusated for BBD deal

Source: Company reports, Wolfe Research

(\$M)	2022	2023		Year over year		vs. Estimates	
	1QA	1QE	1QA	Delta	% Change	Delta	% Change
<b>SPR Quarterly Variance</b>							
Commercial	938	1,325	1,149	210	22.4%	(177)	(13.3%)
Defense & Space	159	180	188	30	18.9%	8	4.7%
Aftermarket	<u>78</u>	<u>90</u>	<u>95</u>	<u>17</u>	<u>21.5%</u>	<u>5</u>	<u>5.0%</u>
<b>Total Revenues</b>	<b>1,175</b>	<b>1,595</b>	<b>1,431</b>	<b>257</b>	<b>21.9%</b>	<b>(164)</b>	<b>(10.3%)</b>
Commercial	(3)	95	(46)	(42)	1238.2%	(141)	(147.9%)
Defense & Space	20	21	19	(1)	(4.0%)	(1)	(6.3%)
Aftermarket	<u>18</u>	<u>20</u>	<u>19</u>	<u>1</u>	<u>6.7%</u>	<u>(0)</u>	<u>(1.5%)</u>
<b>Segment Operating Profit</b>	<b>35</b>	<b>135</b>	<b>(7)</b>	<b>(42)</b>	<b>(120.5%)</b>	<b>(142)</b>	<b>(105.3%)</b>
Unallocated SG&A	65	67	77	13	20.0%	10	15.5%
Unallocated R&D	12	14	11	(2)	(13.8%)	(4)	(26.2%)
Unallocated cost of sales	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>#DIV/0!</u>	<u>0</u>	<u>#DIV/0!</u>
Total unallocated costs	<u>77</u>	<u>81</u>	<u>88</u>	<u>11</u>	<u>14.6%</u>	<u>7</u>	<u>8.2%</u>
<b>Total Operating Profit</b>	<b>(42)</b>	<b>54</b>	<b>(95)</b>	<b>(53)</b>	<b>125.4%</b>	<b>(149)</b>	<b>(277.2%)</b>
Commercial	(0.4%)	7.2%	(4.0%)	(360)bps		(1,113)bps	
Defense & Space	12.6%	11.4%	10.2%	(243)bps		(120)bps	
Aftermarket	<u>23.1%</u>	<u>21.7%</u>	<u>20.3%</u>	<u>(282)bps</u>		<u>(135)bps</u>	
<b>Segment Operating Margin</b>	<b>2.9%</b>	<b>8.5%</b>	<b>(0.5%)</b>	<b>(344)bps</b>		<b>(896)bps</b>	
<b>Total Operating Margin</b>	<b>(3.6%)</b>	<b>3.4%</b>	<b>(6.6%)</b>	<b>(305)bps</b>		<b>(1,001)bps</b>	
Interest expense, net	59	73	72	14	22.9%	(0)	(0.1%)
Other income (expense)	<u>38</u>	<u>13</u>	<u>(66)</u>	<u>(104)</u>	<u>(275.1%)</u>	<u>(78)</u>	<u>(628.0%)</u>
<b>Pretax Income</b>	<b>(63)</b>	<b>(6)</b>	<b>(233)</b>	<b>(170)</b>	<b>268.3%</b>	<b>(227)</b>	<b>3580.0%</b>
Income Taxes	(66)	(1)	(57)	10	(14.6%)	(55)	3965.5%
Effective tax rate	104.9%	22.0%	24.3%				
<b>Net Income, adjusted</b>	<b>3</b>	<b>(5)</b>	<b>(177)</b>	<b>(180)</b>	<b>(6731.1%)</b>	<b>(172)</b>	<b>3485.5%</b>
One time items, net of tax	<u>(56)</u>	<u>(70)</u>	<u>(104)</u>	<u>(48)</u>	<u>NM</u>	<u>(34)</u>	<u>NM</u>
<b>Net Income, GAAP cont ops</b>	<b>(54)</b>	<b>(75)</b>	<b>(281)</b>	<b>(228)</b>	<b>423.9%</b>	<b>(206)</b>	<b>275.4%</b>
Extraordinary, Disc Op, Acct Chg	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>NM</u>	<u>0</u>	<u>NM</u>
<b>Net Income, reported</b>	<b>(54)</b>	<b>(75)</b>	<b>(281)</b>	<b>(228)</b>	<b>423.9%</b>	<b>(206)</b>	<b>275.4%</b>
<b>EPS, adjusted cont ops</b>	<b>0.03</b>	<b>(0.05)</b>	<b>(1.69)</b>	<b>(1.72)</b>	<b>(6699.5%)</b>	<b>(1.64)</b>	<b>3495.8%</b>
One time items	<u>(0.54)</u>	<u>(0.67)</u>	<u>(0.99)</u>	<u>(0.45)</u>	<u>NM</u>	<u>(0.33)</u>	<u>NM</u>
<b>EPS, GAAP cont ops</b>	<b>(0.51)</b>	<b>(0.71)</b>	<b>(2.68)</b>	<b>(2.17)</b>	<b>421.4%</b>	<b>(1.97)</b>	<b>276.5%</b>
Extraordinary, Disc Op, Acct Chg	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>NM</u>	<u>0.00</u>	<u>NM</u>
<b>EPS, reported</b>	<b>(0.51)</b>	<b>(0.71)</b>	<b>(2.68)</b>	<b>(2.17)</b>	<b>421.4%</b>	<b>(1.97)</b>	<b>276.5%</b>
Avg Diluted Shares	104.4	105.2	104.9	0.5	0.5%	(0.3)	(0.3%)
<b>Clean segment margins</b>							
Commercial	5.2%	8.7%	6.6%	136bps		(211)bps	
Defense & Space	11.4%	11.4%	10.7%	(63)bps		(67)bps	
Aftermarket	<u>23.1%</u>	<u>21.7%</u>	<u>20.3%</u>	<u>(282)bps</u>		<u>(135)bps</u>	
<b>Total clean segment margins</b>	<b>4.4%</b>	<b>9.7%</b>	<b>8.0%</b>	<b>358bps</b>		<b>(170)bps</b>	
<b>Total clean operating margins</b>	<b>(2.1%)</b>	<b>4.6%</b>	<b>1.9%</b>	<b>397bps</b>		<b>(275)bps</b>	

Source: Company Reports, Wolfe Research

Figure 6 - SPR Income Statement

(S/M)	2023E				2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E
	1QA	2QE	3QE	4QE								
<b>SPR Income Statement</b>												
Revenues												
Commercial	1,148.5	1,020.0	1,355.0	1,676.5	7,169.5	2,711.3	3,128.1	4,068.4	5,200.0	5,875.0	6,500.0	6,900.0
Defense & Space	188.4	180.0	180.0	176.6	507.5	491.3	585.0	649.8	725.0	800.0	900.0	950.0
Aftermarket	94.5	95.0	95.0	89.2	186.0	202.2	239.9	311.4	373.7	411.0	452.2	474.8
<b>Total Revenues</b>	<b>1,431.4</b>	<b>1,295.0</b>	<b>1,630.0</b>	<b>1,942.3</b>	<b>7,863.1</b>	<b>3,404.8</b>	<b>3,953.0</b>	<b>5,029.6</b>	<b>6,298.7</b>	<b>7,086.0</b>	<b>7,852.2</b>	<b>8,324.8</b>
% change	21.9%	2.9%	27.7%	47.1%	8.9%	(56.7%)	16.1%	27.2%	25.2%	12.5%	10.8%	6.0%
Commercial	(45.5)	45.0	110.0	123.2	968.4	(620.6)	(212.4)	(59.0)	232.7	501.2	677.6	795.2
Defense & Space	19.2	20.5	21.0	23.4	73.6	47.0	44.3	72.8	84.1	95.3	110.3	117.8
Aftermarket	19.2	20.5	20.0	21.7	34.8	37.0	50.3	62.7	81.4	92.6	104.9	111.7
<b>Segment Operating Profit</b>	<b>(7.1)</b>	<b>86.0</b>	<b>151.0</b>	<b>168.2</b>	<b>1,064.8</b>	<b>(451.7)</b>	<b>(117.8)</b>	<b>76.5</b>	<b>398.1</b>	<b>689.1</b>	<b>892.8</b>	<b>1,024.7</b>
Total unallocated costs	88.0	69.9	84.8	84.8	276.7	256.1	331.6	329.6	327.5	326.0	321.9	324.7
% of sales	6.1%	5.4%	5.2%	4.4%	3.5%	7.5%	8.4%	6.6%	5.2%	4.6%	4.1%	3.9%
<b>Total Operating Profit</b>	<b>(95.1)</b>	<b>16.1</b>	<b>66.2</b>	<b>83.4</b>	<b>788.1</b>	<b>(707.8)</b>	<b>(449.4)</b>	<b>(253.1)</b>	<b>70.6</b>	<b>363.1</b>	<b>570.9</b>	<b>700.1</b>
<b>Operating Margins</b>												
Commercial	(4.0%)	4.4%	8.1%	7.3%		-22.9%	-6.8%	-1.5%	4.5%	8.5%	10.4%	11.5%
Defense & Space	10.2%	11.4%	11.7%	13.2%		9.6%	7.6%	11.2%	11.6%	11.9%	12.3%	12.4%
Aftermarket	20.3%	21.6%	21.1%	24.3%		18.3%	21.0%	20.1%	21.8%	22.5%	23.2%	23.5%
<b>Segment Operating Margin</b>	<b>(0.5%)</b>	<b>6.6%</b>	<b>9.3%</b>	<b>8.7%</b>	<b>13.5%</b>	<b>(13.3%)</b>	<b>(3.0%)</b>	<b>1.5%</b>	<b>6.3%</b>	<b>9.7%</b>	<b>11.4%</b>	<b>12.3%</b>
<b>Total Operating Margin</b>	<b>(6.6%)</b>	<b>1.2%</b>	<b>4.1%</b>	<b>4.3%</b>	<b>10.0%</b>	<b>(20.8%)</b>	<b>(11.4%)</b>	<b>(5.0%)</b>	<b>1.1%</b>	<b>5.1%</b>	<b>7.3%</b>	<b>8.4%</b>
Interest expense, net	72.4	72.5	72.5	72.6	91.9	195.3	242.6	244.1	290.0	280.0	270.0	250.0
Other income (expense)	(66.0)	10.0	10.0	11.0	17.2	10.1	100.1	90.9	(35.0)	40.0	40.0	40.0
<b>Pretax Income</b>	<b>(233.5)</b>	<b>(46.4)</b>	<b>3.7</b>	<b>21.8</b>	<b>713.5</b>	<b>(893.0)</b>	<b>(591.9)</b>	<b>(406.3)</b>	<b>(254.4)</b>	<b>123.1</b>	<b>340.9</b>	<b>490.1</b>
Income Taxes	(56.8)	(10.2)	0.8	10.2	132.7	(303.7)	(234.0)	(114.4)	(56.0)	27.1	75.0	107.8
Effective tax rate	24.3%	22.0%	22.0%	46.7%	18.6%	34.0%	39.5%	28.2%	22.0%	22.0%	22.0%	22.0%
Equity in net income(loss) of affiliates	(0.7)	0.0	0.0	0.7	(0.2)	(4.6)	(2.8)	(1.6)	0.0	0.0	0.0	0.0
<b>Net Income, adjusted</b>	<b>(177.4)</b>	<b>(36.2)</b>	<b>2.9</b>	<b>12.3</b>	<b>580.6</b>	<b>(593.9)</b>	<b>(360.7)</b>	<b>(293.5)</b>	<b>(198.4)</b>	<b>96.1</b>	<b>265.9</b>	<b>382.2</b>
One time items, net of tax	(103.9)	0.0	0.0	33.9	(50.3)	(276.4)	(179.9)	(251.8)	(70.0)	0.0	0.0	0.0
<b>Net Income, GAAP cont ops</b>	<b>(281.3)</b>	<b>(36.2)</b>	<b>2.9</b>	<b>46.2</b>	<b>530.3</b>	<b>(870.3)</b>	<b>(540.6)</b>	<b>(545.3)</b>	<b>(268.4)</b>	<b>96.1</b>	<b>265.9</b>	<b>382.2</b>
<b>Net Income, reported</b>	<b>(281.3)</b>	<b>(36.2)</b>	<b>2.9</b>	<b>46.2</b>	<b>530.3</b>	<b>(870.3)</b>	<b>(540.6)</b>	<b>(545.3)</b>	<b>(268.4)</b>	<b>96.1</b>	<b>265.9</b>	<b>382.2</b>
<b>EPS, adjusted cont ops</b>	<b>(\$1.69)</b>	<b>(\$0.34)</b>	<b>\$0.03</b>	<b>\$0.12</b>	<b>\$5.54</b>	<b>(\$5.72)</b>	<b>(\$3.46)</b>	<b>(\$2.81)</b>	<b>(\$1.88)</b>	<b>\$0.91</b>	<b>\$2.50</b>	<b>\$3.60</b>
% ch					-11%	-203%	-39%	-19%	-33%	-148%	176%	44%
One time items	(0.99)	0.00	0.00	0.32	(0.48)	(2.66)	(1.73)	(2.41)	(0.66)	0.00	0.00	0.00
<b>EPS, GAAP cont ops</b>	<b>(\$2.68)</b>	<b>(\$0.34)</b>	<b>\$0.03</b>	<b>\$0.43</b>	<b>\$5.06</b>	<b>(\$8.38)</b>	<b>(\$5.19)</b>	<b>(\$5.21)</b>	<b>(\$2.55)</b>	<b>\$0.91</b>	<b>\$2.50</b>	<b>\$3.60</b>
<b>EPS, reported</b>	<b>(\$2.68)</b>	<b>(\$0.34)</b>	<b>\$0.03</b>	<b>\$0.43</b>	<b>\$5.06</b>	<b>(\$8.38)</b>	<b>(\$5.19)</b>	<b>(\$5.21)</b>	<b>(\$2.55)</b>	<b>\$0.91</b>	<b>\$2.50</b>	<b>\$3.60</b>
Avg Diluted Shares	104.9	105.1	105.2	106.4	104.7	103.9	104.2	104.6	105.4	105.9	106.4	106.1

Source: Company Reports, Wolfe Research

Figure 7 - SPR Cash Flow Statement

(\$M)	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E
<b>SPR Cash Flow Statement</b>								
<b>Cash from Operations</b>								
Net income	530.1	(870.3)	(540.8)	(546.2)	(268.4)	96.1	265.9	382.2
Depreciation & amortization	255.2	298.0	342.7	349.0	332.7	331.5	331.5	332.7
Employee stock compensation expense	36.1	24.2	25.8	36.6	36.6	36.6	36.6	36.6
Gain/loss from FX transactions	9.7	25.0	(4.4)	(18.9)	0.0	0.0	0.0	0.0
Gain/loss on disposition of assets	4.9	26.4	4.1	1.1	0.0	0.0	0.0	0.0
Deferred taxes/LT tax benefit	86.1	94.0	(4.5)	8.5	0.0	0.0	0.0	0.0
Pension/OPEB	(20.0)	44.5	(109.1)	37.1	120.0	0.0	0.0	0.0
Grant income	(16.2)	(3.5)	(1.5)	(1.5)	0.0	0.0	0.0	0.0
Other/Forward loss	45.2	224.6	(4.2)	(88.1)	(329.2)	(125.0)	(50.0)	(90.0)
Total working capital investment	(8.4)	(607.8)	228.7	(172.2)	119.1	(163.9)	(109.0)	(65.1)
<b>Net cash from continuing operations</b>	<b>922.7</b>	<b>(744.9)</b>	<b>(63.2)</b>	<b>(394.6)</b>	<b>10.8</b>	<b>175.3</b>	<b>475.0</b>	<b>596.4</b>
Net cash from disc ops	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash from operations</b>	<b>922.7</b>	<b>(744.9)</b>	<b>(63.2)</b>	<b>(394.6)</b>	<b>10.8</b>	<b>175.3</b>	<b>475.0</b>	<b>596.4</b>
<b>Cash from Investing</b>								
Capital expenditures	(232.2)	(118.9)	(150.6)	(121.6)	(135.0)	(140.0)	(160.0)	(180.0)
Acquisitions/Proceeds from sale of assets	0.0	(388.5)	(21.1)	(31.3)	0.0	0.0	0.0	0.0
Other	(7.7)	5.4	7.9	(2.6)	0.0	0.0	0.0	0.0
<b>Net cash from investing activities in cont ops</b>	<b>(239.9)</b>	<b>(502.0)</b>	<b>(163.8)</b>	<b>(155.5)</b>	<b>(135.0)</b>	<b>(140.0)</b>	<b>(160.0)</b>	<b>(180.0)</b>
Net cash from investing act in disc ops	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash from investing activities</b>	<b>(239.9)</b>	<b>(502.0)</b>	<b>(163.8)</b>	<b>(155.5)</b>	<b>(135.0)</b>	<b>(140.0)</b>	<b>(160.0)</b>	<b>(180.0)</b>
<b>Cash from Financing</b>								
Activity on revolver	800.0	(800.0)	0.0	(289.5)	0.0	0.0	0.0	0.0
Proceeds from long-term debt	250.0	2,100.0	600.0	900.0	0.0	0.0	0.0	0.0
Payments on long-term debt	(30.0)	(471.3)	(743.6)	(832.8)	0.0	0.0	(20.7)	0.0
Debt issuance and financing costs	0.0	(31.9)	(13.4)	(32.3)	0.0	0.0	0.0	0.0
Repurchases of common stock	(73.2)	2.7	3.0	3.9	0.0	0.0	0.0	(100.0)
Dividends paid	(50.4)	(15.4)	(4.3)	(4.2)	0.0	0.0	0.0	0.0
Other	(12.0)	(14.6)	(5.2)	(6.1)	280.0	(90.0)	(190.0)	0.0
<b>Net Cash from financing activities</b>	<b>884.4</b>	<b>769.5</b>	<b>(163.5)</b>	<b>(261.0)</b>	<b>280.0</b>	<b>(90.0)</b>	<b>(210.7)</b>	<b>(100.0)</b>
Impact from FX/restricted cash	9.7	0.2	(4.2)	(9.0)	0.0	0.0	0.0	0.0
<b>Net increase in cash</b>	<b>1,576.9</b>	<b>(477.2)</b>	<b>(394.7)</b>	<b>(820.1)</b>	<b>155.8</b>	<b>(54.7)</b>	<b>104.3</b>	<b>316.4</b>
<b>Beginning of period cash</b>	<b>773.9</b>	<b>2,350.8</b>	<b>1,873.6</b>	<b>1,478.9</b>	<b>658.8</b>	<b>814.6</b>	<b>759.9</b>	<b>864.2</b>
<b>End of period cash</b>	<b>2,350.8</b>	<b>1,873.6</b>	<b>1,478.9</b>	<b>658.8</b>	<b>814.6</b>	<b>759.9</b>	<b>864.2</b>	<b>1,180.6</b>
FCF/Share	6.6	(8.3)	(2.05)	(4.93)	(1.18)	0.33	2.96	3.93
FCF adjustments	32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>SPR Adjusted Free Cash Flow</b>	<b>722.5</b>	<b>(863.8)</b>	<b>(213.8)</b>	<b>(516.2)</b>	<b>(124.2)</b>	<b>35.3</b>	<b>315.0</b>	<b>416.4</b>
<b>Free Cash Flow, cont ops</b>	<b>690.5</b>	<b>(863.8)</b>	<b>(213.8)</b>	<b>(516.2)</b>	<b>(124.2)</b>	<b>35.3</b>	<b>315.0</b>	<b>416.4</b>
Free Cash Flow, inc disc ops	690.5	(863.8)	(213.8)	(516.2)	(124.2)	35.3	315.0	416.4
<b>Free Cash Flow after divs, cont ops</b>	<b>640.1</b>	<b>(879.2)</b>	<b>(218.1)</b>	<b>(520.4)</b>	<b>(124.2)</b>	<b>35.3</b>	<b>315.0</b>	<b>416.4</b>
Free Cash Flow after divs, inc disc ops	640.1	(879.2)	(218.1)	(520.4)	(124.2)	35.3	315.0	416.4
FCF/NI	119%	145%	59%	176%	63%	37%	118%	109%
Adj FCF to Sales	9.2%	(25.4%)	(5.4%)	(10.3%)	(2.0%)	0.5%	4.0%	5.0%

Source: Company Reports, Wolfe Research

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Figure 8 - SPR Balance Sheet

(\$M)	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E
<b>SPR Balance Sheet</b>								
Cash and cash equivalents	2,350.8	1,873.6	1,478.9	658.8	814.6	759.9	864.2	1,180.6
Accounts receivables	546.4	484.4	461.6	489.5	612.4	688.9	763.4	809.4
Contract assets	528.3	368.4	443.2	501.0	566.9	637.7	706.7	749.2
Inventories	1,118.8	1,422.3	1,382.6	1,470.7	1,404.9	1,421.5	1,480.7	1,520.8
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other current assets	<u>98.7</u>	<u>336.3</u>	<u>39.7</u>	<u>38.3</u>	<u>38.3</u>	<u>38.3</u>	<u>38.3</u>	<u>38.3</u>
<b>Total current assets</b>	<b>4,643.0</b>	<b>4,485.0</b>	<b>3,806.0</b>	<b>3,158.3</b>	<b>3,437.1</b>	<b>3,546.4</b>	<b>3,853.3</b>	<b>4,298.3</b>
Property, plant, and equipment, net	2,271.7	2,503.8	2,385.5	2,205.9	2,020.1	1,840.5	1,680.8	1,540.1
Intangible assets		215.2	212.3	211.4	204.5	197.6	190.7	183.8
Goodwill		565.3	623.7	630.5	630.5	630.5	630.5	630.5
Contract assets, long-term	6.4	4.4	0.0	1.2	1.2	1.2	1.2	1.2
Pension assets	449.1	455.9	532.5	196.9	76.9	76.9	76.9	76.9
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-current assets	<u>235.8</u>	<u>154.3</u>	<u>177.3</u>	<u>262.0</u>	<u>257.0</u>	<u>252.0</u>	<u>247.0</u>	<u>242.0</u>
<b>Total assets</b>	<b>7,606.0</b>	<b>8,383.9</b>	<b>7,737.3</b>	<b>6,666.2</b>	<b>6,627.2</b>	<b>6,545.1</b>	<b>6,680.4</b>	<b>6,972.8</b>
Accounts payable	1,058.3	558.9	720.3	919.8	983.4	977.3	1,063.2	1,115.3
Accrued expenses	240.2	365.6	376.1	411.7	501.5	511.8	521.9	547.5
Profit sharing	84.5	57.0	63.7	40.5	40.5	40.5	40.5	40.5
Current portion of LT debt	50.2	340.7	49.5	53.7	0.0	0.0	0.0	0.0
Advance payments	21.6	18.9	137.8	24.9	24.9	24.9	24.9	24.9
Contract liabilities	158.3	97.6	97.9	111.1	170.1	177.2	196.3	208.1
Forward loss provision	83.9	184.6	244.6	305.9	195.9	145.9	145.9	80.9
Deferred revenue	14.8	22.2	72.7	21.7	21.7	21.7	21.7	21.7
Deferred grant income	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other current liabilities	<u>45.3</u>	<u>63.9</u>	<u>113.4</u>	<u>63.2</u>	<u>63.2</u>	<u>63.2</u>	<u>63.2</u>	<u>63.2</u>
<b>Total current liabilities</b>	<b>1,760.7</b>	<b>1,709.4</b>	<b>1,876.0</b>	<b>1,952.5</b>	<b>2,001.2</b>	<b>1,962.4</b>	<b>2,077.7</b>	<b>2,102.1</b>
Long-term debt	2,984.1	3,532.9	3,742.7	3,814.9	3,868.6	3,868.6	3,847.9	3,847.9
Advance payments	333.3	327.4	201.3	199.9	159.9	109.5	49.5	0.0
Pension/OPEB	35.7	440.2	74.8	25.2	25.2	25.2	25.2	25.2
Contract liabilities, long-term	356.3	372.0	289.1	245.3	314.9	354.3	392.6	416.2
Forward loss provision, long-term	163.5	561.4	521.6	369.2	150.0	75.0	25.0	0.0
Deferred revenue	34.4	38.9	32.1	49.0	49.0	49.0	49.0	49.0
Deferred grant income	29.0	28.1	26.4	25.7	25.7	25.7	25.7	25.7
Other	147.1	516.6	524.5	228.3	508.3	418.3	228.3	228.3
Common stock	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Additional paid-in capital	1,125.0	1,139.8	1,146.2	1,179.5	1,216.1	1,252.7	1,289.3	1,325.9
Accumulated other comprehensive loss	(109.2)	(154.1)	(23.7)	(203.9)	(472.3)	(376.3)	(110.4)	271.9
Retained earnings	3,201.3	2,326.4	1,781.4	1,232.5	1,232.5	1,232.5	1,232.5	1,132.5
Treasury stock	<u>(2,456.8)</u>	<u>(2,456.7)</u>	<u>(2,456.7)</u>	<u>(2,456.7)</u>	<u>(2,456.7)</u>	<u>(2,456.7)</u>	<u>(2,456.7)</u>	<u>(2,456.7)</u>
<b>Total stockholders' equity</b>	<b>1,761.4</b>	<b>856.5</b>	<b>448.3</b>	<b>(247.5)</b>	<b>(479.3)</b>	<b>(346.7)</b>	<b>(44.2)</b>	<b>274.7</b>
Noncontrolling interest	0.5	0.5	0.5	3.7	3.7	3.7	3.7	3.7
<b>Total equity</b>	<b>1,761.9</b>	<b>857.0</b>	<b>448.8</b>	<b>(243.8)</b>	<b>(475.6)</b>	<b>(343.0)</b>	<b>(40.5)</b>	<b>278.4</b>
<b>Total liabilities and equity</b>	<b>7,606.0</b>	<b>8,383.9</b>	<b>7,737.3</b>	<b>6,666.2</b>	<b>6,627.2</b>	<b>6,545.1</b>	<b>6,680.4</b>	<b>6,972.8</b>

Source: Company Reports, Wolfe Research



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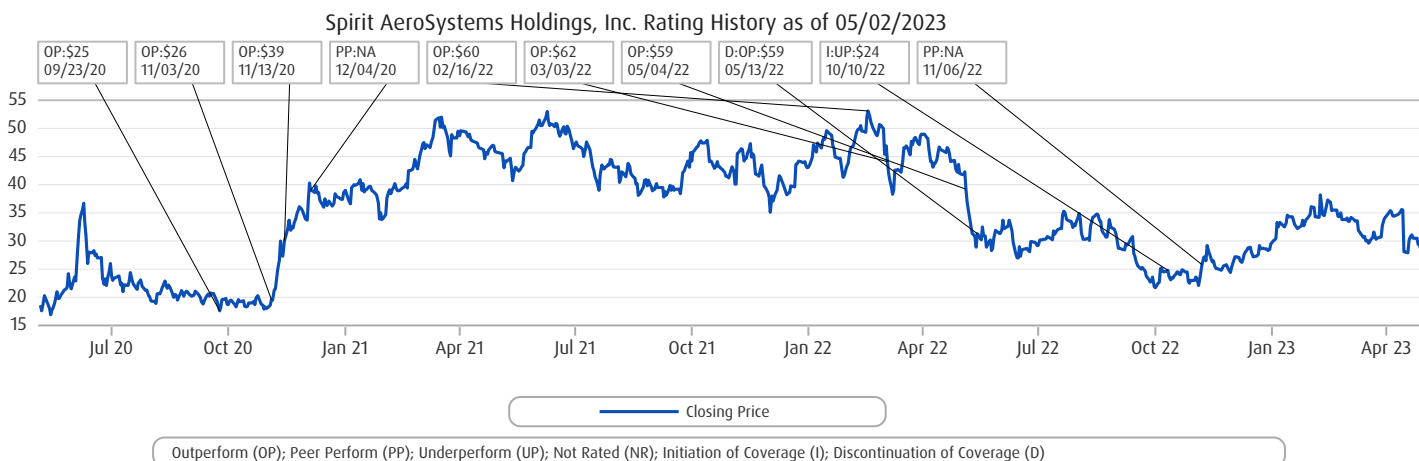
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