



# Q1 2009 Earnings Call

## May 7, 2009



Advancing Flight Through Excellence In Aerostructures

# Forward Looking Statements

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Except for statements of historical fact, the statements contained herein are forward-looking statements within the meaning of section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended.

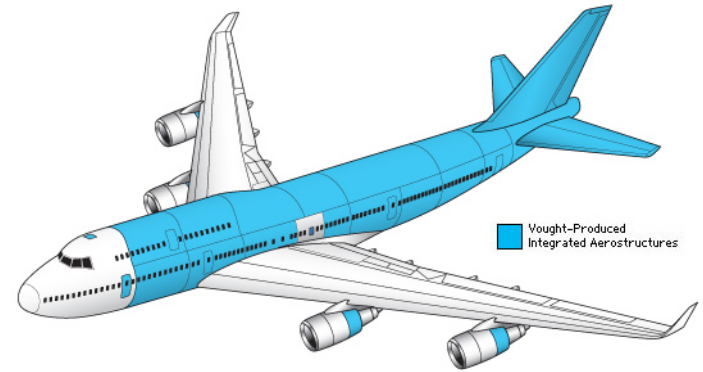
These forward-looking statements involve known and unknown risks and uncertainties. Vought's actual financial results and future business prospects could differ materially from those anticipated due to the company's dependence on conditions in the airline industry, the level of new aircraft orders and production rates, manufacturing inefficiencies, start-up costs and possible overruns on new contracts, technology and product development risks and uncertainties, availability of materials and components from suppliers and other factors beyond the company's control. Additional risk factors are described in the company's filings with the SEC.

# Agenda

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- **Overview of Q1 2009**
- **Q1 2009 Financials**
- **Q & A**

# 747-8 Fuselage Manufacturing Process



# 787 AP7: First Production Airplane Shipset April 18, 2009



# 787 AP7: First Production Airplane Shipset April 18, 2009



# 1<sup>st</sup> Quarter Financial Results

(\$ Millions)

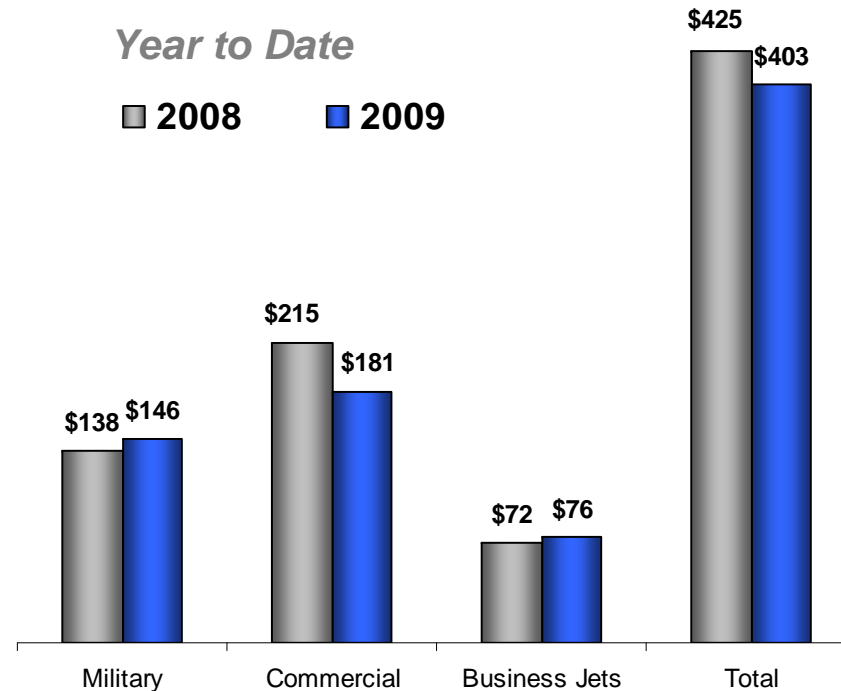
	Q1		
	2009	2008	2009 B/(W) 2008
Revenue	\$403	\$425	(\$22)
Total Costs and Expenses	\$370	\$381	\$11
<i>% of revenue</i>	92%	89%	-2.3 pts
Operating Income	\$33	\$45	(\$12)
<i>% of revenue</i>	8%	11%	-2.3 pts
Net Income/(Loss)	\$18	\$29	(\$11)
<i>% of revenue</i>	4%	7%	-2.3 pts
Free Cash Flow <sup>(1)</sup>	(\$81)	(\$34)	(\$47)

<sup>(1)</sup> Reconciled to GAAP on slide 16

- Revenues decreased \$22M, or 5%
- Net income decreased \$11M, primarily due to the one time release of purchased accounting reserves of \$23M in 2008
- Free cash flow is down due to timing of payments from customers and requirements for 787

# Revenues

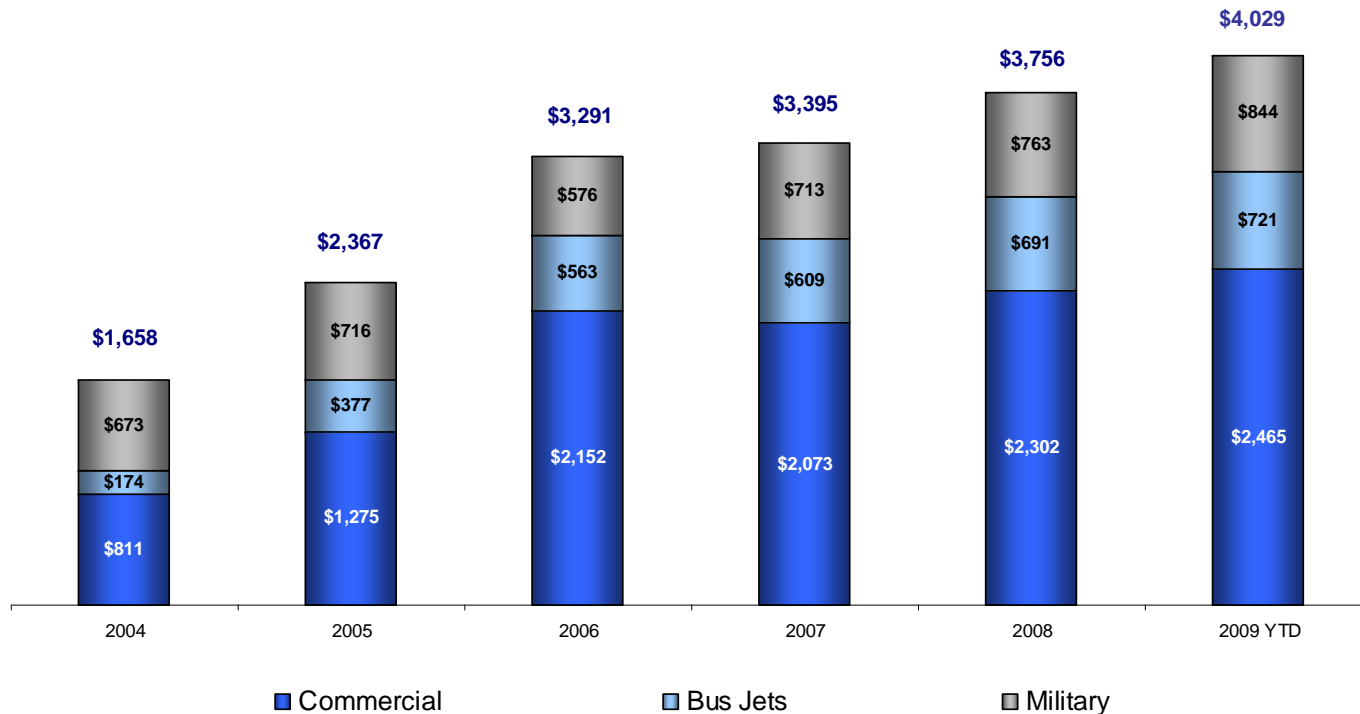
(\$ Millions)



- **Commercial**
  - Lower revenues for 747 due to -8 ramp up
- **Business Jets**
  - Increase due to timing of Gulfstream deliveries and non-recurring sales on Cessna Columbus
- **Military**
  - Increased deliveries on H-60 and C-17 delivery timing

# Funded Backlog is up 7% in Q1 2009

(\$ Millions)



## Backlog Definition:

- Includes only funded orders
- Represents 2-3 years of deliveries

## Contributing Factors:

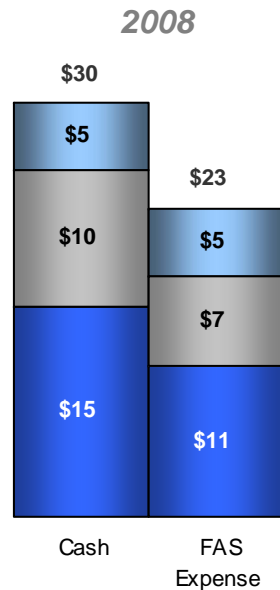
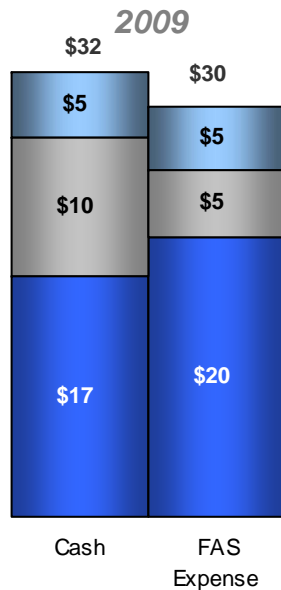
- Commercial up due 747
- Business Jets up due to GV
- Military up due to C17

**Backlog up in Q1 2009; however we remain cautious in the current environment**

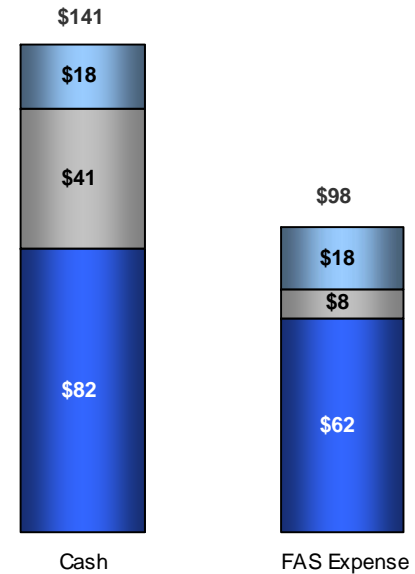
# Pension and OPEB Expenses higher for Q1

(\$ Millions)

## Year to Date



## 2009 Projection



- Defined Contribution Plans
- OPEB
- Pension

- Asset valuation 7% lower YTD than 2008 year end
- Curtailment of \$10 million recorded in Q1 2009 related to new IAM contract for Nashville site
- 2009 pension funding expected to be \$82 million (down slightly due to recent changes)
- We expect continued contributions to our pension plan for the next several years until we reach the required funding level

# Q1 YTD Adjusted EBITDA

(\$ Millions)

	Q1		
	2009	2008	2009 B/(W) 2008
<b>EBITDA</b>	<b>\$47</b>	<b>\$60</b>	<b>(\$12)</b>
<i>% Margin</i>	<i>11.8%</i>	<i>14.0%</i>	<i>-2.2 pts</i>
<b>Adjustments</b>			
Non-recurring investment in Boeing 787	3	16	(13)
Unusual Charges - Nashville Strike and other	7	2	5
Pension & OPEB - Non-cash expense and curtailment	10	-	10
Other	1	1	-
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$68</b>	<b>\$79</b>	<b>(\$11)</b>
<i>% Margin</i>	<i>17.0%</i>	<i>18.6%</i>	<i>-1.6 pts</i>
<b>Adjusted EBITDA excluding release of 2008 reserve</b>	<b>\$68</b>	<b>\$57</b>	<b>\$12</b>
<i>% Margin</i>	<i>17.0%</i>	<i>13.3%</i>	<i>3.7 pts</i>

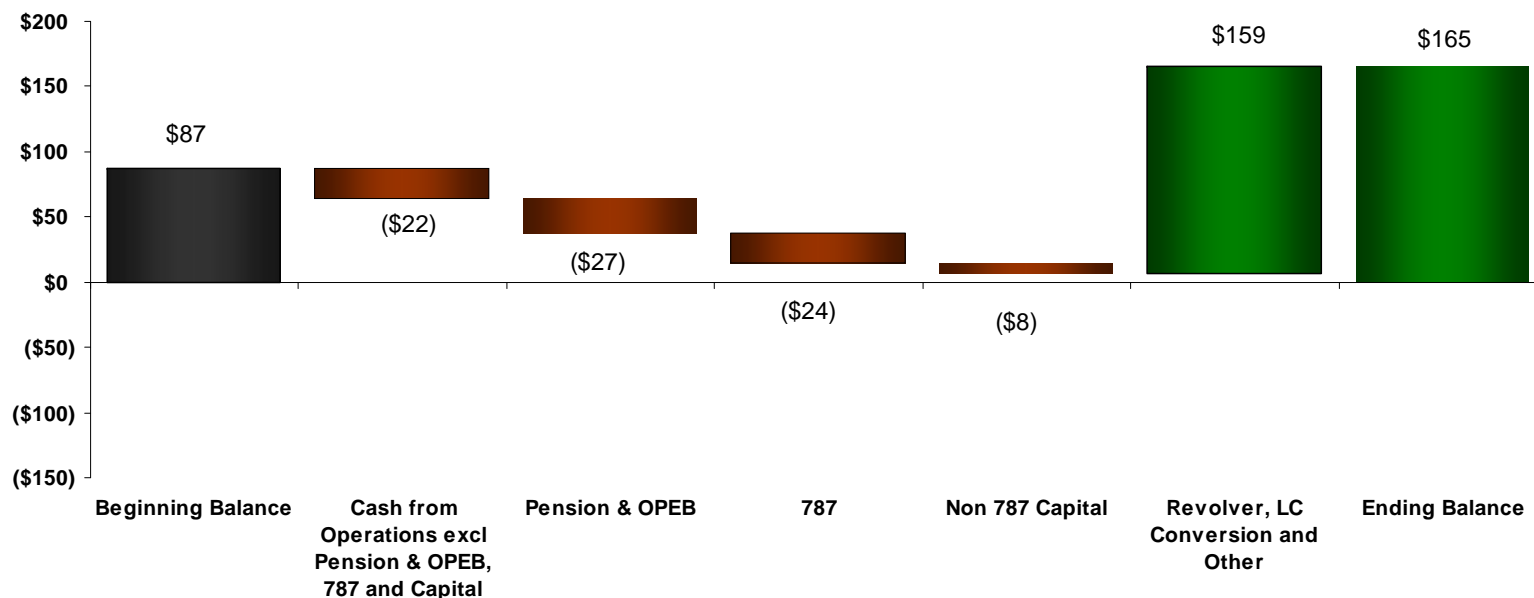
(1) For a full reconciliation of Adjusted EBITDA to GAAP refer to slide 15

## Q1 2009 Adjusted EBITDA reflects:

- Pension & OPEB Curtailment adjustment of \$10M due to Nashville strike
- Unusual charges of \$7M are primarily from the impact of the Nashville Strike and sourcing effort

# YTD 2009 Sources and Uses of Cash

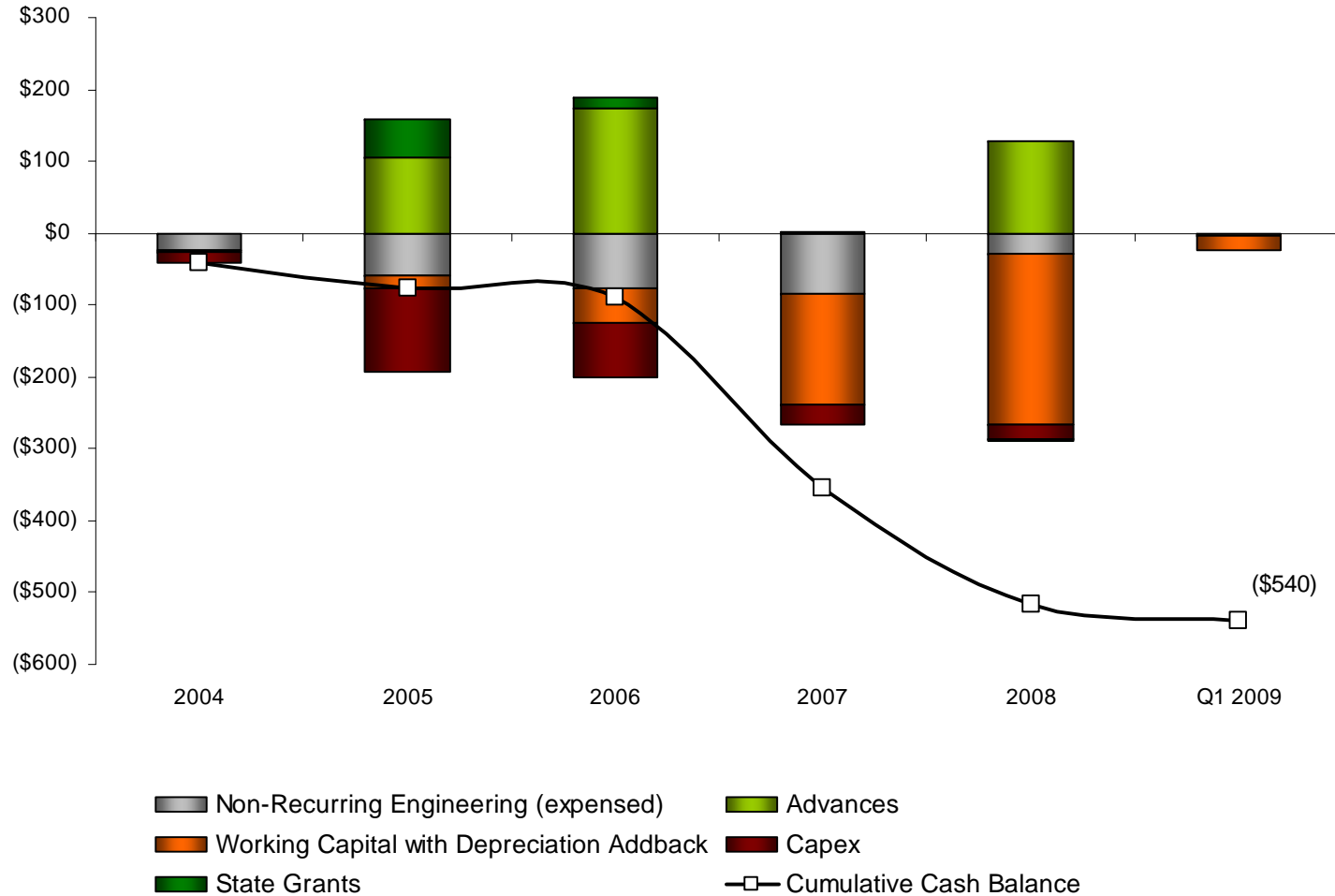
(\$ Millions)



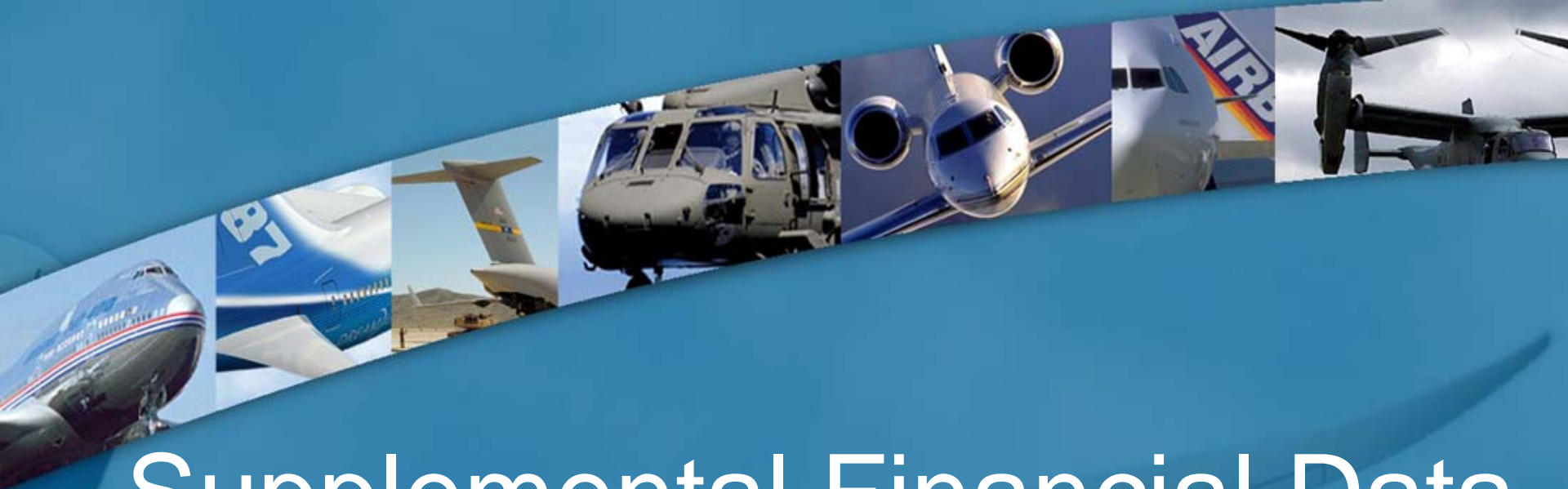
- Cash from Operations down due to ramp up of 747-8 program and timing of related payments
- Pension funding continued at expected levels
- 787 requirements remain a major cash outflow
- Ending Cash Balance includes the \$25M LC conversion and the full utilization of the \$135M available under our revolver

# 787 Cumulative Cash Flow

(\$ Millions)



787 working capital requirements continue as production rates begin to ramp up



# Supplemental Financial Data



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# GAAP Reconciliations

(\$ Millions)

	Q1		
	2009	2008	2009 B/(W) 2008
Net cash provided by (used in) operating activities	(\$73)	(\$15)	(\$58)
Interest expense, net	\$15	\$16	(1)
Stock compensation expense	(\$1)	(\$1)	0
Debt amortization costs	(\$2)	(\$1)	(1)
787 Tooling Amortization	\$1	\$0	1
Changes in operating assets and liabilities	\$107	\$61	46
<b>EBITDA</b>	<b>\$47</b>	<b>\$60</b>	<b>(\$12)</b>
Non-recurring investment in Boeing 787	\$3	\$16	(13)
Unusual charges - Plant consolidation & other non-recurring program costs	\$7	\$2	5
Pension & OPEB curtailment and non-cash expense	\$10	\$0	10
Other	\$1	\$1	0
<b>Adjusted EBITDA</b>	<b>\$68</b>	<b>\$79</b>	<b>(\$11)</b>

# GAAP Reconciliations

(\$ Millions)

	Q1		
	2009	2008	2009 B/(W) 2008
Net Cash provided by (used in) operating activities	(\$73)	(\$15)	(\$58)
Less: Capital Expenditures	(\$8)	(\$19)	\$11
<b>Free Cash Flow</b>	<b>(\$81)</b>	<b>(\$34)</b>	<b>(\$47)</b>