



FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2014

Presentation to investors,
financial analysts and media

May 1, 2014

Forward-looking statements

This presentation includes forward-looking statements, which may involve, but are not limited to: statements with respect to our objectives, guidance, targets, goals, priorities, our market and strategies, financial position, beliefs, prospects, plans, expectations, anticipations, estimates and intentions; general economic and business outlook, prospects and trends of an industry; expected growth in demand for products and services; product development, including projected design, characteristics, capacity or performance; expected or scheduled entry-into-service of products and services, orders, deliveries, testing, lead times, certifications and project execution in general; our competitive position; and the expected impact of the legislative and regulatory environment and legal proceedings on our business and operations. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “anticipate”, “plan”, “foresee”, “believe”, “continue”, “maintain” or “align”, the negative of these terms, variations of them or similar terminology. By their nature, forward-looking statements require us to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause our actual results in future periods to differ materially from forecasted results. While we consider our assumptions to be reasonable and appropriate based on information currently available, there is a risk that they may not be accurate.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include risks associated with general economic conditions, risks associated with our business environment (such as risks associated with the financial condition of the airline industry and rail industry, political instability and force majeure), operational risks (such as risks related to developing new products and services; fixed-price commitments and production and project execution; doing business with partners; product performance warranty and casualty claim losses; regulatory and legal proceedings; the environment; dependence on certain customers and suppliers; human resources), financing risks (such as risks related to liquidity and access to capital markets, retirement benefit plan risk, exposure to credit risk, certain restrictive debt covenants, financing support provided for the benefit of certain customers and reliance on government support) and market risks (such as risks related to foreign currency fluctuations, changing interest rates, decreases in residual values and increases in commodity prices). For more details, see the Risks and uncertainties section in Other in the MD&A of our financial report for the fiscal year ended December 31, 2013. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. The forward-looking statements set forth herein reflect our expectations as at the date of this presentation and are subject to change after such date. Unless otherwise required by applicable securities laws, we expressly disclaim any intention, and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

All amounts in this presentation are expressed in U.S. dollars unless otherwise indicated

This presentation contains both IFRS and non-GAAP measures. Non-GAAP measures are defined and reconciled to the most comparable IFRS measures in our MD&A. See Caution regarding Non-GAAP measures at the end of this presentation

Good first quarter results

On target to meet our full year guidance

REVENUES

\$4.4B

**ADJUSTED¹
EPS**

\$0.08

- Revenues of \$4.4 billion
- EBIT before special items¹ of \$219 million (5.0% of revenues)
- Adjusted¹ net income of \$151 million (adjusted¹ EPS of \$0.08)
- Free cash flow¹ usage of \$915 million
- Available short-term capital resources of \$3.9 billion² (\$4.5 billion on a pro forma basis³)
- Record backlog of \$76.9 billion²

1 See Caution regarding Non-GAAP measures at the end of this presentation

2 As at March 31, 2014

3 The pro forma amounts give effect to our April 2014 issuance of \$1.8 billion of Senior Notes as well as the redemption of our €785-million Senior Notes (\$1,082 million as at March 31, 2014) and the repayment at maturity of our \$162-million Notes due on May 1, 2014 together with the termination of the related derivatives

Segmented results

Three-month periods ended March 31

(in millions of dollars)	2014		2013	
Revenues				
Aerospace	2,089		2,258	
Transportation	2,265		2,081	
Total – Revenues	4,354		4,339	
EBIT before special items ¹				
Aerospace	105	5.0%	101	4.5%
Transportation	114	5.0%	139	6.7%
Total – EBIT before special items¹	219	5.0%	240	5.5%
EBIT				
Aerospace	93	4.5%	101	4.5%
Transportation	114	5.0%	139	6.7%
Total – EBIT	207	4.8%	240	5.5%

¹ See Caution regarding Non-GAAP measures at the end of this presentation

Financial results overview

Three-month periods ended March 31

(in millions of dollars, except per share amounts)	2014	2013
Revenues	4,354	4,339
EBIT before special items ¹	219	240
Special items	(12)	-
EBIT	207	240
Net financing expense	(34)	(35)
EBT	173	205
Income taxes	(58)	(57)
Net income	115	148
Diluted EPS	0.06	0.08
Adjusted net income¹	151	156
Adjusted EPS¹	0.08	0.08

¹ See Caution regarding Non-GAAP measures at the end of this presentation

Free cash flow and liquidity

Three-month periods ended March 31

(in millions of dollars, unless otherwise indicated)	2014	2013
Aerospace		
Cash flows from operating activities	(61)	42
Net additions to PPE & intangible assets	(484)	(503)
Total Aerospace	(545)	(461)
Transportation	(256)	(73)
Interest and taxes	(114)	(56)
Free cash flow (usage)¹	(915)	(590)

(in billions of dollars)	March 31, 2014 <i>pro forma</i> ²	March 31, 2014	Dec. 31, 2013
Cash and cash equivalents	3.0	2.5	3.4
Total liquidity	4.5	3.9	4.8

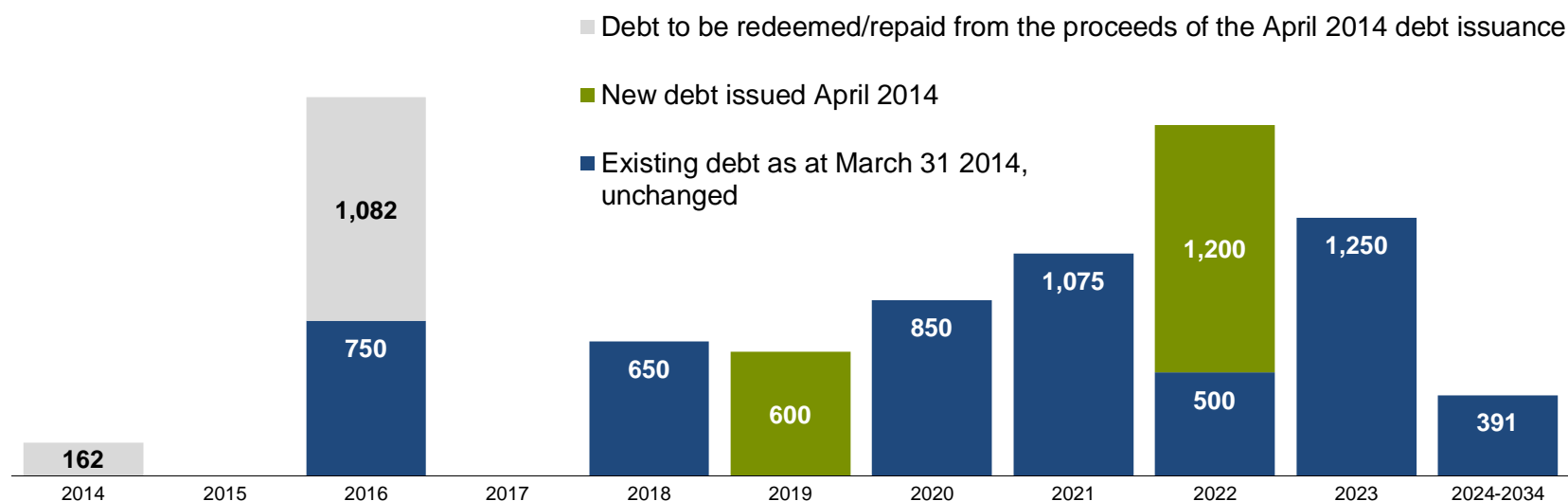
¹ See Caution regarding Non-GAAP measures at the end of this presentation

² The pro forma amounts give effect to our April 2014 issuance of \$1.8 billion of Senior Notes as well as the redemption of our €785-million Senior Notes (\$1,082 million as at March 31, 2014) and the repayment at maturity of our \$162-million Notes due on May 1, 2014 together with the termination of the related derivatives

Increasing our financial flexibility

Debt Maturity Profile

(in millions of dollars; pro forma¹)



- In April, we issued, at par, an aggregate of \$1.8 billion of unsecured Senior Notes, with net proceeds used to refinance existing debt and for general corporate purposes:
 - \$600 million of 4.75% notes due April 2019; and
 - \$1.2 billion of 6.00% notes due October 2022
- We improved our financial flexibility as a result of this transaction by extending by approximately one year the weighted average maturity of our debt to 7.1 years and adding approximately \$0.5 billion to our available short-term capital resources.
- In March, we extended the availability periods of Transportation and Aerospace's letter of credit facilities and our revolving credit facilities by one year each.

¹ The pro forma amounts give effect to our April 2014 issuance of \$1.8 billion of Senior Notes as well as the redemption of our €785-million Senior Notes (\$1,082 million as at March 31, 2014) and the repayment at maturity of our \$162-million Notes due on May 1, 2014 together with the termination of the related derivatives

Affirming our guidance for 2014

Aerospace¹

- ❑ EBIT margin of approximately 5%
- ❑ Cash flows from operating activities between \$1.2 billion and \$1.6 billion
- ❑ Net additions to PP&E and intangible assets between \$1.6 billion and \$1.9 billion
- ❑ Deliveries of approximately 200 business aircraft and 80 commercial aircraft

Transportation¹

- ❑ EBIT margin of approximately 6%
- ❑ Free cash flow² generally in line with EBIT
- ❑ Revenue growth in the mid-single digit range over 2013, excluding currency impacts

¹ See Forward-looking statements on page 2 of this presentation

² See Caution regarding Non-GAAP measures at the end of this presentation

Our strong growth story is taking shape – all the elements are in place

- **Our continued investments in new products will position us well for the years to come**
- **The record backlog of \$76.9 billion sets the stage for strong revenue growth over a five-year horizon**



Non-GAAP financial measures

CAUTION REGARDING NON-GAAP FINANCIAL MEASURES

This presentation is based on reported earnings in accordance with International Financial Reporting Standards (IFRS). Reference to generally accepted accounting principles (GAAP) means IFRS, unless indicated otherwise. This presentation is also based on non-GAAP financial measures including EBIT before special items, EBIT margin before special items, adjusted net income, adjusted earnings per share and free cash flow. These non-GAAP measures are mainly derived from the interim consolidated financial statements, but do not have a standardized meaning prescribed by IFRS; therefore, others using these terms may calculate them differently. Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of our interim consolidated financial statements with enhanced understanding of our results and related trends and increases transparency and clarity into the core results of our business. For definitions of these metrics and reconciliations to the most comparable IFRS measures, refer to the Non-GAAP financial measures and Liquidity and capital resources sections in the Corporation's MD&A for the three-month period ended March 31, 2014.