Press Release

CAE reports third quarter fiscal 2017 results

- **Revenue of $682.7 million, up 11% from $616.3 million in prior year**
- **EPS from continuing operations of $0.25 ($0.26 before specific items(1)) vs. $0.21 ($0.22 before specific items) in prior year**
- **Order intake of $989.4 million for a record $7.4 billion backlog(2)**

***Montreal, Canada, February 14, 2017* – (NYSE: CAE; TSX: CAE) –** CAE today reported revenue of $682.7 million for the third quarter of fiscal year 2017 compared with $616.3 million last year. Third quarter net income attributable to equity holders from continuing operations was $67.6 million ($0.25 per share) compared to $57.9 million ($0.21 per share) last year. Third quarter net income before specific items(3) was $69.6 million, or $0.26 per share, which on the same basis, compares to $59.4 million ($0.22 per share) last year.

"Our strong performance in the third quarter was led by Civil, with robust growth and order activity, and higher utilization of our training centres," said Marc Parent, CAE's President and Chief Executive Officer. "In addition to the continued solid progress in Civil, I am pleased to see that our strategy in Defence, to pursue a pipeline of comprehensive programs as a Training Systems Integrator, is bearing fruit. As testimony to CAE's vision to be the recognized global training partner of choice, Defence orders this quarter, including options, were more than $1 billion. And for CAE overall, we reached a new record $7.4 billion order backlog, further augmenting the Company's substantial base of recurring business."

Summary of consolidated results

(amounts in millions)		**Q3-2017**	Q2-2017	Q1-2017	Q4-2016	Q3-2016
Revenue	$	**682.7**	635.5	651.6	722.5	616.3
Total segment operating income(4)	$	**101.4**	85.8	92.1	116.6	86.6
Operating profit(5)	$	**98.6**	76.2	89.0	99.8	84.6
As a % of revenue	%	***14.4***	*12.0*	*13.7*	*13.8*	*13.7*
Restructuring, integration and acquisition costs, net of tax	$	**2.0**	7.2	2.2	11.6	1.5
Net income	$	**69.3**	48.9	69.3	59.7	56.9
Net income attributable to equity holders of the Company:						
from continuing operations	$	**67.6**	48.3	68.7	61.2	57.9
from discontinued operations	$	**0.2**	0.1	(0.1)	(2.4)	(0.2)
Net income before specific items	$	**69.6**	55.5	70.9	72.8	59.4
Total backlog	$	**7,393.1**	6,535.0	6,527.6	6,372.6	6,367.2

Civil Aviation Training Solutions (Civil)

Third quarter Civil revenue was $412.8 million, up 23% compared to the same quarter last year, and segment operating income was $71.4 million (17.3% of revenue), up 29% compared to the third quarter last year. The third quarter includes the impact of a change in revenue recognition arising from the standardization of certain types of commercial aircraft simulators. Civil revenue and segment operating income, if adjusted (6)(7) for the impact of this change would have been $418.8 million and $73.4 million, respectively. Third quarter Civil training centre utilization(8) was 76%.

During the quarter, Civil signed a series of training solutions contracts valued at $362.7 million, including training services for airline and business aviation customers, and the sale of 12 full-flight simulators (FFSs) to airlines including Southwest Airlines and China's Xiamen Airlines. Subsequent to the end of the quarter, Civil sold an additional six FFSs, bringing the total number of FFS sales announced fiscal year to date to 39. Civil also signed new long-term services agreements with customers, including Jetstar Airways Japan for crew resourcing and with Jet Airways for Boeing 737NG pilot training.

The Civil book-to-sales[9] ratio was 0.88x for the quarter and 1.14x for the last 12 months. The Civil backlog at the end of the quarter was $3.3 billion.

Summary of Civil Aviation Training Solutions results

(amounts in millions except operating margins, SEU and FFSs deployed)		**Q3-2017**	Q2-2017	Q1-2017	Q4-2016	Q3-2016
Revenue	$	**412.8**	354.7	371.6	393.0	334.7
Segment operating income	$	**71.4**	54.2	63.8	75.0	55.3
Operating margins	*%*	***17.3***	*15.3*	*17.2*	*19.1*	*16.5*
Total backlog	$	**3,253.5**	3,337.6	3,221.6	3,078.6	3,085.6
SEU[10]		**209**	210	209	205	205
FFSs deployed		**269**	269	269	261	258

Defence and Security (Defence)

Third quarter Defence revenue was $243.7 million, down 4% compared to the same quarter last year, and segment operating income was $30.0 million (12.3% of revenue), up 1% compared to $29.7 million (11.7% of revenue) in the third quarter last year.

During the quarter, Defence booked orders for $600.5 million and received another $656.6 million in contract options. Notable wins include a contract from new customer, Babcock France, to provide flight simulators for the French Air Force. Orders on enduring platforms include Airbus Defence & Space for a C295 transport aircraft FFS and simulator upgrades and training support services on the MH-60 Seahawk helicopter for both the U.S. Navy and Royal Australian Navy. In Training Systems Integration, Defence received a contract to extend the Royal Canadian Air Force NATO Flying Training in Canada program. Defence also won a long-term contract to train and qualify new Army helicopter pilots under the U.S. Army's Initial Entry Rotary-Wing training program. Following the end of the quarter, Defence was awarded a contract by Airbus for a comprehensive C295W training solution for Canada's Fixed-Wing Search and Rescue program, which has an expected value, including options, of more than $300 million over 26 years.

Total Defence orders of $600.5 million this quarter, represent a book-to-sales ratio of 2.46x. The ratio for the last 12 months was 1.41x. The Defence backlog, including options and CAE's interest in joint ventures, at the end of the quarter reached a record $4.1 billion. This compares to $3.3 billion in the prior year period.

Summary of Defence and Security results

(amounts in millions except operating margins)		**Q3-2017**	Q2-2017	Q1-2017	Q4-2016	Q3-2016
Revenue	$	**243.7**	253.2	257.3	293.7	253.3
Segment operating income	$	**30.0**	29.0	28.4	38.1	29.7
Operating margins	*%*	***12.3***	*11.5*	*11.0*	*13.0*	*11.7*
Total backlog	$	**4,139.6**	3,197.4	3,306.0	3,294.0	3,281.6

Healthcare

Third quarter Healthcare revenue was $26.2 million compared to $28.3 million in the same quarter last year, and segment operating income was nil compared to $1.6 million in the third quarter last year.

During the quarter, Healthcare was awarded orders including a contract for simulators and training centre management solutions for the CEGEP pre-university college system in Quebec. Healthcare also hosted its first Human Patient Simulation Network conferences in China and India to expand its potential global customer base. And more recently, at the International Meeting on Simulation in Healthcare in Orlando, Healthcare announced the release of CAE VimedixAR, an ultrasound training simulator integrated with the Microsoft HoloLens. CAE

Healthcare will be the first company to bring a commercial Microsoft HoloLens mixed reality application to the medical simulation market and is one of only a few authorized resellers of the Microsoft HoloLens worldwide.

Summary of Healthcare results

(amounts in millions except operating margins)		**Q3-2017**	Q2-2017	Q1-2017	Q4-2016	Q3-2016
Revenue	$	**26.2**	27.6	22.7	35.8	28.3
Segment operating income (loss)	$	**-**	2.6	(0.1)	3.5	1.6
Operating margins	%	***-***	*9.4*	-	*9.8*	*5.7*

Additional financial highlights

Specific items this quarter of $2.0 million (net after-tax) involve restructuring, integration and acquisition costs related to the purchase of Lockheed Martin Commercial Flight Training (LMCFT).

Free cash flow(11) from continuing operations was $124.7 million for the quarter compared to $194.4 million in the third quarter last year. Free cash flow year to date was $167.5 million compared to $234.9 million in the same period last year.

Income taxes this quarter were $11.0 million, representing an effective tax rate of 14%, compared to 13% for the third quarter last year. The tax rate this quarter was higher compared to the third quarter last year, mainly due to the benefit of certain U.S. tax incentives last year. This quarter the rate was impacted by an audit settlement in Canada and a change in the mix of income from various jurisdictions. Excluding the effect of the settlement, the income tax rate this quarter would have been 16%.

Growth and maintenance capital expenditures(12) totaled $35.8 million this quarter.

Net debt(13) ended the third quarter at $853.8 million for a net debt-to-total capital ratio(14) of 29.7%. This compares to net debt of $922.7 million and a net debt-to-total capital ratio of 32.1% at the end of the last quarter.

Return on capital employed(15) (ROCE) was 11.0% in the third quarter compared to 10.7% last quarter.

CAE will pay a dividend of 8 cents per share effective March 31, 2017 to shareholders of record at the close of business on March 15, 2017.

During the three months ended December 31, 2016, CAE repurchased and cancelled a total of 307,900 common shares under the Normal Course Issuer Bid (NCIB), at a weighted average price of $19.12 per common share, for a total consideration of $5.9 million. On February 14, 2017, CAE received approval from its Board of Directors for the renewal of its NCIB to purchase up to 5,366,756 of its issued and outstanding common shares (approximately 2% of its outstanding shares) during the period from February 23, 2017 to no later than February 22, 2018.

Updated management outlook for fiscal 2017

CAE continues to expect revenue and operating income growth in all segments in fiscal year 2017, led primarily by Civil, which is expected to have higher annual utilization of its training network and low double-digit percentage operating income growth. The Company continues to expect modest growth in Defence and now anticipates lower than expected growth in Healthcare this year, which was previously expected to deliver a double-digit percentage increase over last year. CAE expects the level of total capital expenditures in fiscal 2017 to remain relatively stable with the prior year ($117.8 million), with the exception of the addition of approximately $100 million capital investment for the U.S. Army Fixed-Wing Flight Training program. This program will become operational for training in the current fourth quarter. Management’s expectations are based on the prevailing positive market conditions and customer receptivity to CAE’s training solutions as well as material assumptions contained in this press release, quarterly MD&A and in CAE’s fiscal year 2016 MD&A.

CAE Board of Directors appointment

CAE is pleased to announce that François Olivier has joined its Board of Directors, effective February 14, 2017. Mr. Olivier has been President and Chief Executive Officer of TC Transcontinental since 2008 where he has led a transformation and consolidation in the printing and media industry. He is now heading the diversification strategy of TC Transcontinental, driving the growth of its flexible packaging division. His deep financial acumen and strategic planning experience make him a strong addition to CAE's Board. Mr. Olivier holds a B.Sc. from McGill University and is a graduate of the Program for Management Development at Harvard Business School.

Impact of the standardization of certain types of simulators on revenue recognition

CAE's process improvement program results in the standardization of certain types of commercial aircraft simulators. For standardized simulators, percentage-of-completion (POC) accounting is no longer appropriate and thus the Company began recognizing revenue upon completion for such simulators in fiscal 2017. To facilitate performance comparability, management has provided the quarterly impact of this change on Civil revenue (Civil revenue – adjusted(6)), Civil segment operating income (Civil segment operating income – adjusted(7)), and EPS (EPS before specific items and adjusted for the impact of the standardization of simulators on revenue recognition(16)).

This is a non-GAAP measure. We calculate the impact of the change in revenue recognition arising from the standardization of certain types of simulators by adjusting for the recognition of Civil revenue, Civil segment operating income and EPS upon completion for these simulators versus the Civil revenue, Civil segment operating income and EPS that would have otherwise been recognized under POC accounting.

Impact on Civil revenue and segment operating income

(amounts in millions)		**Q3-2017**	Impact of the standardization of simulators on revenue recognition	**Q3-2017 Adjusted**	Q3-2016
Civil					
Revenue	$	**412.8**	6.0	**418.8**	334.7
Segment operating income	$	**71.4**	2.0	**73.4**	55.3

Impact on Earnings per share

		Q3-2017	Q3-2016
EPS attributable to equity holders of the Company from continuing operations	$	**0.25**	0.21
Specific items *	$	**0.01**	0.01
EPS before specific items	$	**0.26**	0.22
Impact of the standardization of simulators on revenue recognition	$	**0.01**	-
EPS before specific items and adjusted for the impact of the standardization of simulators on revenue recognition	$	**0.27**	0.22

*Specific items include restructuring, integration and acquisition costs, net of tax, and one-time tax items.

Detailed information

Readers are strongly advised to view a more detailed discussion of our results by segment in the Management's Discussion and Analysis (MD&A) and CAE's consolidated interim financial statements which are posted on our website at www.cae.com/investors.

CAE's consolidated interim financial statements and MD&A for the quarter ended December 31, 2016 have been filed with the Canadian Securities Administrators on SEDAR (www.sedar.com) and are available on our website (www.cae.com). They have also been filed with the U.S. Securities and Exchange Commission and are available on their website (www.sec.gov).

Conference call Q3 FY2017

CAE President and CEO, Marc Parent; Sonya Branco, Vice President, Finance, and CFO; and Andrew Arnovitz, Vice President, Strategy and Investor Relations will conduct an earnings conference call today at 1:00 p.m. ET. The call is intended for analysts, institutional investors and the media. Participants can listen to the conference by dialling + 1 877 586 3392 or +1 416 981 9024. The conference call will also be audio webcast live for the public at www.cae.com.

CAE is a global leader in training for the civil aviation, defence and security, and healthcare markets. Backed by a 70-year record of industry firsts, we continue to help define global training standards with our innovative virtual-to-live training solutions to make flying safer, maintain defence force readiness and enhance patient safety. We have the broadest global presence in the industry, with 8,000 employees, 160 sites and training locations in over 35 countries. Each year, we train more than 120,000 civil and defence crewmembers and thousands of healthcare professionals worldwide.

Caution concerning limitations of summary earnings press release

This summary earnings press release contains limited information meant to assist the reader in assessing CAE's performance but it is not a suitable source of information for readers who are unfamiliar with CAE and is not in any way a substitute for the Company's financial statements, notes to the financial statements, and MD&A reports.

Caution concerning forward-looking statements

Certain statements made in this press release are forward-looking statements. These statements include, without limitation, statements relating to our fiscal 2017 financial guidance (including revenues, capital investment and margins) and other statements that are not historical facts. Forward-looking statements are typically identified by future or conditional verbs such as anticipate, believe, expect, and may. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. The forward-looking statements contained in this press release describe our expectations as of February 14, 2017 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Except as otherwise indicated by CAE, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may occur after February 14, 2017. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Forward-looking statements are presented in this press release for the purpose of assisting investors and others in understanding certain key elements of our expected fiscal 2017 financial results and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. The value of capital investments expected to be made by CAE in FY2017 assumes that capital investments will be made in accordance with our current annual plan. However, there can be no assurance that such investment levels will be maintained with the result that the value of actual capital investments made by CAE during such period could materially differ from current expectations.

Material assumptions

A number of economic, market, operational and financial assumptions were made by CAE in preparing its forward-looking statements for fiscal 2017 contained in this news release, including, but not limited to certain economic and market assumptions including: modest economic growth and interest rates to remain largely unchanged in fiscal 2017; a sustained level of competition in civil, defence & healthcare markets; no material financial, operational or competitive consequences of changes in regulations affecting our business; and a relatively stable defence market.

Assumptions concerning our businesses

A number of assumptions concerning CAE's business were also made in the preparation of its forward-looking statements for fiscal 2017 contained in this news release, including, but not limited to factors including: productivity and efficiency gains to lower CAE's manufacturing costs and cycle times; maintenance of CAE's market share in civil simulator sales in the face of price competition; and higher Civil training network utilization.

The foregoing assumptions, although considered reasonable by CAE on February 14, 2017, may prove to be inaccurate. Accordingly, our actual results could differ materially from our expectations as set forth in this news release.

Material risks

Important risk factors that could cause our assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in or implied by our forward-looking statements, including our fiscal 2017 financial guidance, are set out in CAE's MD&A for the year ended March 31, 2016 filed by CAE with the Canadian Securities Administrators (available at www.sedar.com) and with the U.S. Securities and Exchange Commission (available at www.sec.gov). The fiscal year 2016 MD&A is also available at www.cae.com. The realization of our forward-looking statements, including our ability to meet our fiscal 2017 outlook, essentially depends on our business performance which, in turn, is subject to many risks. Accordingly, readers are cautioned that any of the disclosed risks could have a material adverse effect on our forward-looking statements. We caution that the disclosed list of risk factors is not exhaustive and other factors could also adversely affect our results.

Non-GAAP and other financial measures

This press release includes non-GAAP and other financial measures. Non-GAAP measures are useful supplemental information but may not have a standardized meaning according to GAAP. These measures should not be confused with, or used as an alternative for, performance measures calculated according to GAAP. They should also not be used to compare with similar measures from other companies. Management believes that providing certain non-GAAP measures provides users with a better understanding of our results and trends and provides additional information on our financial and operating performance.

(1) Earnings per share before specific items is a non-GAAP measure calculated by excluding the effect of restructuring, integration and acquisition costs and one-time tax items from the diluted earnings per share from continuing operations attributable to equity holders of the Company. The effect per share is obtained by dividing the restructuring, integration and acquisition costs, net of tax, and one-time tax items by the average number of diluted shares. We track it because we believe it provides a better indication of our operating performance on a per share basis and makes it easier to compare across reporting periods.

(2) Total backlog is a non-GAAP measure that includes obligated backlog, joint venture backlog and unfunded backlog. Obligated backlog represents the expected value of orders we have received but have not yet executed. Joint venture backlog is obligated backlog that represents the expected value of our share of orders that our joint ventures have received but have not yet executed. Unfunded backlog represents firm Defence and Security orders we have received but have not yet executed and for which funding authorization has not yet been obtained. We include unexercised negotiated options which we view as having a high probability of being exercised, but exclude indefinite-delivery/indefinite-quantity (IDIQ) contracts.

(3) Net income before specific items is a non-GAAP measure we use as an alternate view of our operating results. We calculate it by taking our net income attributable to equity holders of the Company from continuing operations and adding back restructuring, integration and acquisition costs, net of tax, and one-time tax items. We track it because we believe it provides a better indication of our operating performance and makes it easier to compare across reporting periods.

(4) Total segment operating income is a non-GAAP measure and is the sum of our key indicator of each segment's financial performance. Segment operating income gives us an indication of the profitability of each segment because it does not include the impact of any items not specifically related to the segment's performance. We calculate total segment operating income by taking the operating profit and excluding the impact of restructuring, integration and acquisition costs.

(5) Operating profit is an additional GAAP measure that shows us how we have performed before the effects of certain financing decisions, tax structures and discontinued operations. We track it because we believe it makes it easier to compare our performance with previous periods, and with companies and industries that do not have the same capital structure or tax laws.

(6) Civil revenue – adjusted is a non-GAAP measure we present to facilitate performance comparability that takes into account the impact of the change in revenue recognition arising from the standardization of certain types of simulators. We calculate this by taking our Civil revenue and adjusting for the impact of the recognition of revenue upon completion for these simulators versus the revenue that would have otherwise been recognized under POC accounting.

(7) Civil segment operating income - adjusted is a non-GAAP measure we present to facilitate performance comparability that takes into account the impact of the change in revenue recognition arising from the standardization of certain types of simulators. We calculate this by taking our Civil segment operating income and adjusting for the impact of the recognition of segment operating income upon completion for these simulators versus the segment operating income that would have otherwise been recognized under POC accounting.

(8) Utilization rate is an operating measure we use to assess the performance of our Civil simulator training network. We calculate it by taking the number of training hours sold on our simulators during the period divided by the practical training capacity available for the same period.

(9) The book-to-sales ratio is the total orders divided by total revenue in a given period.

(10) Simulator equivalent unit (SEU) is an operating measure we use to show the total average number of FFSs available to generate earnings during the period.

(11) Free cash flow is a non-GAAP measure that shows us how much cash we have available to invest in growth opportunities, repay debt and meet ongoing financial obligations. We use it as an indicator of our financial strength and liquidity. We calculate it by taking the net cash generated by our continuing operating activities, subtracting maintenance capital expenditures, investment in other assets not related to growth and dividends paid and adding proceeds from the disposal of property, plant and equipment, dividends received from equity accounted investees and proceeds, net of payments, from equity accounted investees.

(12) Maintenance capital expenditure is a non-GAAP measure we use to calculate the investment needed to sustain the current level of economic activity. Growth capital expenditure is a non-GAAP measure we use to calculate the investment needed to increase the current level of economic activity.

(13) Net debt is a non-GAAP measure we use to monitor how much debt we have after taking into account liquid assets such as cash and cash equivalents. We use it as an indicator of our overall financial position, and calculate it by taking our total long-term debt, including the current portion of long-term debt, and subtracting cash and cash equivalents.

(14) Net debt-to-capital is calculated as net debt divided by the sum of total equity plus net debt.

(15) Return on capital employed (ROCE) is a non-GAAP measure we use to evaluate the profitability of our invested capital. We calculate this ratio over a rolling four-quarter period by taking net income attributable to equity holders of the Company excluding net finance expense, after tax, divided by the average capital employed.

(16) EPS before specific items and adjusted for the impact of the standardization of simulators on revenue recognition is a non-GAAP measure calculated by excluding the effect of restructuring, integration and acquisition costs, one-time tax items and the impact of the standardization of certain types of simulators from the diluted earnings per share from continuing operations attributable to equity holders of the Company. The effect per share is obtained by dividing restructuring, integration and acquisition costs, net of tax, one-time tax items as well as the impact of the recognition of net income upon completion for these simulators versus the net income that would have otherwise been recognized under POC accounting by the average number of diluted shares. We track it because we believe it makes it easier to compare across reporting periods.

For a detailed reconciliation of these measures as well as other non-GAAP and other financial measures monitored by CAE, please refer to CAE's MD&A filed with the Canadian Securities Administrators available on our website (www.cae.com) and on SEDAR (www.sedar.com).

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Consolidated Statement of Financial Position

(amounts in millions of Canadian dollars)	December 31 2016	March 31 2016
Assets		
Cash and cash equivalents	$ 416.8	$ 485.6
Accounts receivable	511.3	500.0
Contracts in progress: assets	311.5	339.1
Inventories	420.1	278.3
Prepayments	63.4	86.3
Income taxes recoverable	29.4	34.5
Derivative financial assets	23.8	24.2
Assets held for sale	1.3	1.6
Total current assets	$ 1,777.6	$ 1,749.6
Property, plant and equipment	1,555.3	1,473.1
Intangible assets	937.1	929.2
Investment in equity accounted investees	370.5	345.1
Deferred tax assets	44.7	46.8
Derivative financial assets	18.9	19.8
Other assets	466.4	433.1
Total assets	$ 5,170.5	$ 4,996.7
Liabilities and equity		
Accounts payable and accrued liabilities	$ 801.1	$ 832.8
Provisions	33.7	30.0
Income taxes payable	8.0	11.3
Contracts in progress: liabilities	225.6	174.7
Current portion of long-term debt	51.7	119.3
Derivative financial liabilities	20.6	24.7
Liabilities held for sale	0.2	0.1
Total current liabilities	$ 1,140.9	$ 1,192.9
Provisions	29.6	10.2
Long-term debt	1,218.9	1,153.6
Royalty obligations	134.4	135.3
Employee benefit obligations	167.2	168.0
Deferred gains and other non-current liabilities	218.2	172.7
Deferred tax liabilities	231.2	213.1
Derivative financial liabilities	4.6	10.6
Total liabilities	$ 3,145.0	$ 3,056.4
Equity		
Share capital	$ 613.0	$ 601.7
Contributed surplus	19.4	18.3
Accumulated other comprehensive income	192.9	220.7
Retained earnings	1,142.1	1,048.0
Equity attributable to equity holders of the Company	$ 1,967.4	$ 1,888.7
Non-controlling interests	58.1	51.6
Total equity	$ 2,025.5	$ 1,940.3
Total liabilities and equity	$ 5,170.5	$ 4,996.7

Consolidated Income Statement

(amounts in millions of Canadian dollars, except per share amounts)	Three months ended December 31 2016	Three months ended December 31 2015	Nine months ended December 31 2016	Nine months ended December 31 2015
Continuing operations				
Revenue	$ 682.7	$ 616.3	$ 1,969.8	$ 1,790.1
Cost of sales	483.4	447.8	1,393.6	1,304.8
Gross profit	$ 199.3	$ 168.5	$ 576.2	$ 485.3
Research and development expenses	28.8	20.0	79.7	61.1
Selling, general and administrative expenses	90.0	81.5	254.9	222.6
Other gains – net	(6.8)	(6.7)	(0.4)	(13.4)
After tax share in profit of equity accounted investees	(14.1)	(12.9)	(37.3)	(32.8)
Restructuring, integration and acquisition costs	2.8	2.0	15.5	12.1
Operating profit	$ 98.6	$ 84.6	$ 263.8	$ 235.7
Finance income	(2.2)	(2.4)	(7.3)	(6.7)
Finance expense	20.7	21.4	63.4	63.5
Finance expense – net	$ 18.5	$ 19.0	$ 56.1	$ 56.8
Earnings before income taxes	$ 80.1	$ 65.6	$ 207.7	$ 178.9
Income tax expense	11.0	8.5	20.4	1.1
Earnings from continuing operations	$ 69.1	$ 57.1	$ 187.3	$ 177.8
Discontinued operations				
Earnings (loss) from discontinued operations	0.2	(0.2)	0.2	(7.2)
Net income	$ 69.3	$ 56.9	$ 187.5	$ 170.6
Attributable to:				
Equity holders of the Company	$ 67.8	$ 57.7	$ 184.8	$ 170.9
Non-controlling interests	1.5	(0.8)	2.7	(0.3)
	$ 69.3	$ 56.9	$ 187.5	$ 170.6
Earnings (loss) per share from continuing and discontinued operations attributable to equity holders of the Company				
Basic and diluted – continuing operations	$ 0.25	$ 0.21	$ 0.69	$ 0.67
Basic and diluted – discontinued operations	-	-	-	(0.03)
	$ 0.25	$ 0.21	$ 0.69	$ 0.64

Consolidated Statement of Comprehensive Income

(amounts in millions of Canadian dollars)	Three months ended December 31 2016	Three months ended December 31 2015	Nine months ended December 31 2016	Nine months ended December 31 2015
Net income	$ 69.3	$ 56.9	$ 187.5	$ 170.6
Items that may be reclassified to net income				
Foreign currency translation				
Net currency translation difference on the translation of financial statements of foreign operations	$ (1.8)	$ 49.8	$ (9.6)	$ 176.7
Net loss on certain long-term debt denominated in foreign currency and designated as hedges of net investments in foreign operations	(11.9)	(19.3)	(17.4)	(50.0)
Reclassification to income or to the related non-financial asset	(0.5)	-	(1.8)	(16.1)
Income taxes	(1.5)	(2.0)	1.0	(6.2)
	$ (15.7)	$ 28.5	$ (27.8)	$ 104.4
Net change in cash flow hedges				
Effective portion of changes in fair value of cash flow hedges	$ (1.0)	$ (16.6)	$ 0.8	$ (53.4)
Reclassification to income	0.2	16.3	8.5	38.6
Income taxes	0.3	-	(2.4)	4.0
	$ (0.5)	$ (0.3)	$ 6.9	$ (10.8)
Net change in available-for-sale financial instruments				
Net change in fair value of available-for-sale financial asset	$ (0.1)	$ -	$ (0.2)	$ 0.1
	$ (0.1)	$ -	$ (0.2)	$ 0.1
Share in the other comprehensive income of equity accounted investees				
Share in the other comprehensive income of equity accounted investees	$ (5.1)	$ 12.3	$ (6.8)	$ 22.2
	$ (5.1)	$ 12.3	$ (6.8)	$ 22.2
Items that are never reclassified to net income				
Defined benefit plan remeasurements				
Defined benefit plan remeasurements	$ 70.4	$ (4.3)	$ 7.9	$ 21.2
Income taxes	(18.9)	1.2	(2.1)	(5.9)
	$ 51.5	$ (3.1)	$ 5.8	$ 15.3
Other comprehensive income (loss)	$ 30.1	$ 37.4	$ (22.1)	$ 131.2
Total comprehensive income	$ 99.4	$ 94.3	$ 165.4	$ 301.8
Attributable to:				
Equity holders of the Company	$ 97.6	$ 96.5	$ 162.8	$ 297.9
Non-controlling interests	1.8	(2.2)	2.6	3.9
	$ 99.4	$ 94.3	$ 165.4	$ 301.8
Total comprehensive income (loss) attributable to equity holders of the Company:				
Continuing operations	$ 97.4	$ 96.7	$ 162.6	$ 309.7
Discontinued operations	0.2	(0.2)	0.2	(11.8)
	$ 97.6	$ 96.5	$ 162.8	$ 297.9

Consolidated Statement of Changes in Equity

Nine months ended December 31, 2016 (amounts in millions of Canadian dollars, except number of shares)	Common shares			Attributable to equity holders of the Company				
	Number of shares	Stated value	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
Balances, beginning of period	269,634,816	$ 601.7	$ 18.3	$ 220.7	$ 1,048.0	$ 1,888.7	$ 51.6	$ 1,940.3
Net income	-	$ -	$ -	$ -	$ 184.8	$ 184.8	$ 2.7	$ 187.5
Other comprehensive income (loss):								
Foreign currency translation	-	-	-	(27.7)	-	(27.7)	(0.1)	(27.8)
Net change in cash flow hedges	-	-	-	6.9	-	6.9	-	6.9
Net change in available-for-sale financial instruments	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Share in the other comprehensive income of equity accounted investees	-	-	-	(6.8)	-	(6.8)	-	(6.8)
Defined benefit plan remeasurements	-	-	-	-	5.8	5.8	-	5.8
Total comprehensive (loss) income	-	$ -	$ -	$ (27.8)	$ 190.6	$ 162.8	$ 2.6	$ 165.4
Stock options exercised	918,110	11.3	-	-	-	11.3	-	11.3
Optional cash purchase	1,991	-	-	-	-	-	-	-
Common shares repurchased and cancelled	(2,332,300)	(5.3)	-	-	(33.4)	(38.7)	-	(38.7)
Transfer upon exercise of stock options	-	2.3	(2.3)	-	-	-	-	-
Share-based payments	-	-	3.4	-	-	3.4	-	3.4
Additions to non-controlling interests	-	-	-	-	-	-	3.9	3.9
Stock dividends	171,329	3.0	-	-	(3.0)	-	-	-
Cash dividends	-	-	-	-	(60.1)	(60.1)	-	(60.1)
Balances, end of period	268,393,946	$ 613.0	$ 19.4	$ 192.9	$ 1,142.1	$ 1,967.4	$ 58.1	$ 2,025.5

Nine months ended December 31, 2015 (amounts in millions of Canadian dollars, except number of shares)	Common shares			Attributable to equity holders of the Company				
	Number of shares	Stated value	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
Balances, beginning of period	266,903,070	$ 559.0	$ 19.1	$ 177.3	$ 879.8	$ 1,635.2	$ 51.2	$ 1,686.4
Net income	-	$ -	$ -	$ -	$ 170.9	$ 170.9	$ (0.3)	$ 170.6
Other comprehensive income (loss):								
Foreign currency translation	-	-	-	100.2	-	100.2	4.2	104.4
Net change in cash flow hedges	-	-	-	(10.8)	-	(10.8)	-	(10.8)
Net change in available-for-sale financial instruments	-	-	-	0.1	-	0.1	-	0.1
Share in the other comprehensive income of equity accounted investees	-	-	-	22.2	-	22.2	-	22.2
Defined benefit plan remeasurements	-	-	-	-	15.3	15.3	-	15.3
Total comprehensive income	-	$ -	$ -	$ 111.7	$ 186.2	$ 297.9	$ 3.9	$ 301.8
Stock options exercised	1,490,180	14.1	-	-	-	14.1	-	14.1
Optional cash purchase	3,664	-	-	-	-	-	-	-
Transfer upon exercise of stock options	-	4.1	(4.1)	-	-	-	-	-
Share-based payments	-	-	3.1	-	-	3.1	-	3.1
Stock dividends	1,523,301	22.5	-	-	(22.5)	-	-	-
Cash dividends	-	-	-	-	(37.4)	(37.4)	-	(37.4)
Balances, end of period	269,920,215	$ 599.7	$ 18.1	$ 289.0	$ 1,006.1	$ 1,912.9	$ 55.1	$ 1,968.0

The balance of retained earnings and accumulated other comprehensive income as at December 31, 2016 was $1,335.0 million (2015 – $1,295.1 million).

Consolidated Statement of Cash Flows

Nine months ended December 31 (amounts in millions of Canadian dollars)	2016	2015
Operating activities		
Earnings from continuing operations	$ 187.3	$ 177.8
Adjustments for:		
Depreciation of property, plant and equipment	95.3	89.5
Amortization of intangible and other assets	65.2	69.2
After tax share in profit of equity accounted investees	(37.3)	(32.8)
Deferred income taxes	11.9	14.1
Investment tax credits	(11.1)	(39.3)
Share-based compensation	13.7	5.5
Defined benefit pension plans	8.3	7.3
Amortization of other non-current liabilities	(56.1)	(30.7)
Derivative financial assets and liabilities – net	9.3	(12.4)
Other	31.8	0.4
Changes in non-cash working capital	(51.5)	46.2
Net cash provided by operating activities	$ 266.8	$ 294.8
Investing activities		
Business combinations, net of cash and cash equivalents acquired	$ (5.5)	$ 13.6
Proceeds from disposal of discontinued operations	-	29.2
Capital expenditures for property, plant and equipment	(149.3)	(78.0)
Proceeds from disposal of property, plant and equipment	2.5	1.5
Capitalized development costs	(23.8)	(23.2)
Enterprise resource planning (ERP) and other software	(9.1)	(9.6)
Net (payments to) proceeds from equity accounted investees	(9.4)	4.7
Dividends received from equity accounted investees	9.2	17.6
Other	5.9	(4.0)
Net cash used in investing activities	$ (179.5)	$ (48.2)
Financing activities		
Proceeds from borrowing under revolving unsecured credit facilities	$ 506.5	$ 426.7
Repayment of borrowing under revolving unsecured credit facilities	(506.5)	(449.9)
Proceeds from long-term debt	42.7	19.7
Repayment of long-term debt	(92.7)	(20.2)
Repayment of finance lease	(13.6)	(10.2)
Dividends paid	(60.1)	(37.4)
Common stock issuance	11.3	14.1
Repurchase of common shares	(38.7)	-
Other	(0.2)	-
Net cash used in financing activities	$ (151.3)	$ (57.2)
Effect of foreign exchange rate changes on cash and cash equivalents	$ (4.8)	$ 21.8
Net (decrease) increase in cash and cash equivalents	$ (68.8)	$ 211.2
Cash and cash equivalents, beginning of period	485.6	330.2
Cash and cash equivalents, end of period	$ 416.8	$ 541.4
Supplemental information:		
Dividends received	$ 9.2	$ 17.6
Interest paid	52.6	43.9
Interest received	7.1	6.9
Income taxes paid	**20.6**	14.5