

FEI Canada Conference

Critical Issues in Human Capital



Marc M. Malouin, CA, CPA
Chief Financial Officer
Sonaca North America Inc.



Aerospace Industry in Québec in 2008

- 236 companies, 42,370 jobs and \$12,3B in sales
- 5th in the world in aerospace sales behind the United States, France, UK and Germany
- 60% of the total Canadian Aerospace production and 50% of the jobs.
- Québec represents 70% of the Canadian R&D in 2007
 - Bombardier and PW&C are among the ten first enterprises investing in R&D Canada; CAE is third in R&D within the Canadian Aerospace sector
 - The aerospace industry rank first in R&D in the Quebec manufacturing sector
- 80% of the Quebec Aerospace production is exported
 - The aerospace industry rank first in export in the Quebec manufacturing sector
- Major component of the Québec manufacturing sector
 - Represent 8% of sales of the Québec manufacturing sector
 - 3rd largest manufacturing sector in Québec

Aerospace Industry in Québec in 2008

- The OEM and integrators represent 90% of the sales and 75% of the jobs
- 1 job in aerospace per 182 habitants in Québec compared to:
 - 404 in Canada
 - 470 in the United States
 - 490 in UK; 515 in France and 934 in Germany
- 98% of the aerospace activities in Québec are concentrated in the Greater Montreal region
- Montreal recognized as a major aerospace center along with Toulouse and Seattle

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→ Machining



→ Saturation shot peen, peen forming and net trim



→ Wing assembly



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- Impact of the Credit Crisis
 - Cancellation or postponement of deliveries and orders by the OEM's
 - Important reduction in build rate announced by the OEM's in December '08 and January '09
 - Consequences: Important lay off by the OEM's
 - Bombardier
 - Embraer
 - Gulfstream
 - Cessna
 - Being part of a Global Supply Chain, the integrators had to react quickly

- At Sonaca
 - Lay off:
 - Wichita: 44% of the work force
 - Mirabel: 23% of the work force
 - Reduction of the work week from 40 to 35\32 hours
 - Reduction of overtime
 - Annual shut down increased by one week
 - Strict management of costs

CRITICAL ISSUE IN HUMAN CAPITAL

- Harsh realities to handle:
 - Summer 2008: Finding skilled workers was a major issue
 - Now: Skilled full-time workers are losing their jobs
 - Question: Will they be there again?
- Faced with critical issues:
 - Retain our skilled workers at work
 - Morale and Retention
 - Communication; Telling the truth
 - Working with the Union – Keeping them informed
 - Promoting innovation, teamwork and responsibility
 - Productivity
 - Lean manufacturing
 - Training
 - Building a Business
 - Investment
 - Research & Development
 - Quality and client satisfaction
 - New program developments

CRITICAL ISSUE IN HUMAN CAPITAL

- The real issue facing the business:
 - Be ready when the market will pick up again – 2011/2012
 - Rapid increase in build rate
 - Shortage of skilled workers
 - Training of new workers
 - Quality and client satisfaction
 - Back to the issues of 2008