

# Bombardier Market Forecast

## Pre-Farnborough Media Briefing



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**BOMBARDIER**

# Forward-looking statements

This presentation includes forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. By their nature, forward-looking statements require Bombardier Inc. (the “Corporation”) to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause the Corporation’s actual results in future periods to differ materially from forecasted results. While the Corporation considers its assumptions to be reasonable and appropriate based on current information available, there is a risk that they may not be accurate. For additional information with respect to the assumptions underlying the forward-looking statements made in this presentation, please refer to the respective sections of the Corporation’s aerospace segment (“Aerospace”) and the Corporation’s transportation segment (“Transportation”) in the F08 MD&A.

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# Agenda

- **Introduction**
  
- **Business Aircraft**
  - Market Forecast for 2008 - 2017
  - Why Bombardier is Positioned for Success
  
- **Commercial Aircraft**
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- **Summary**

# Again, both business and commercial aircraft forecasts are improving

BUSINESS AIRCRAFT	COMMERCIAL AIRCRAFT
<ul style="list-style-type: none"> <li>▪ <b>Market growth</b> <ul style="list-style-type: none"> <li>▪ 2007 was a record year in terms of revenues, deliveries, orders and current industry backlog</li> <li>▪ Fuelled by strong order intake and a current record industry backlog, industry deliveries are expected to increase until 2017.</li> </ul> </li> <li>▪ <b>Structural shifts</b> <ul style="list-style-type: none"> <li>▪ Major new aircraft programs are scheduled to enter service during the next 5 years.</li> </ul> </li> <li>▪ <b>Geographic shift</b> <ul style="list-style-type: none"> <li>▪ International business jet markets are forecasted to sustain continued growth as they now generate more than 50 % of industry orders.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Market growth</b> <ul style="list-style-type: none"> <li>▪ Based on growth in demand for air travel, airlines capacity is expected to double over the next 20 years</li> <li>▪ Significant numbers of older types will require retirement/replacement</li> </ul> </li> <li>▪ <b>Structural shifts</b> <ul style="list-style-type: none"> <li>▪ Yield pressure and high fuel prices continue to shift demand towards low-cost airline operators</li> <li>▪ Demand will consequently shift to aircraft types with higher units of capacity and lower operating costs</li> </ul> </li> <li>▪ <b>Geographic shift</b> <ul style="list-style-type: none"> <li>▪ International and emerging markets are expected to pursue increasing their share of the commercial aircraft market deliveries</li> </ul> </li> </ul>
<p><i>2007-2016 Forecast: 995* units/year \$23B* Revenues/year</i></p> <p><i>2008-2017 Forecast: 1320* units/year \$30B* Revenues/year</i></p>	<p><i>2007-2026 Forecast: 11,200 units (20-149 seats) \$393B Revenues</i></p> <p><i>2008-2027 Forecast: 12,900 units (20-149 seats) \$528B Revenues</i></p>

\*Excludes Very Light Jet category

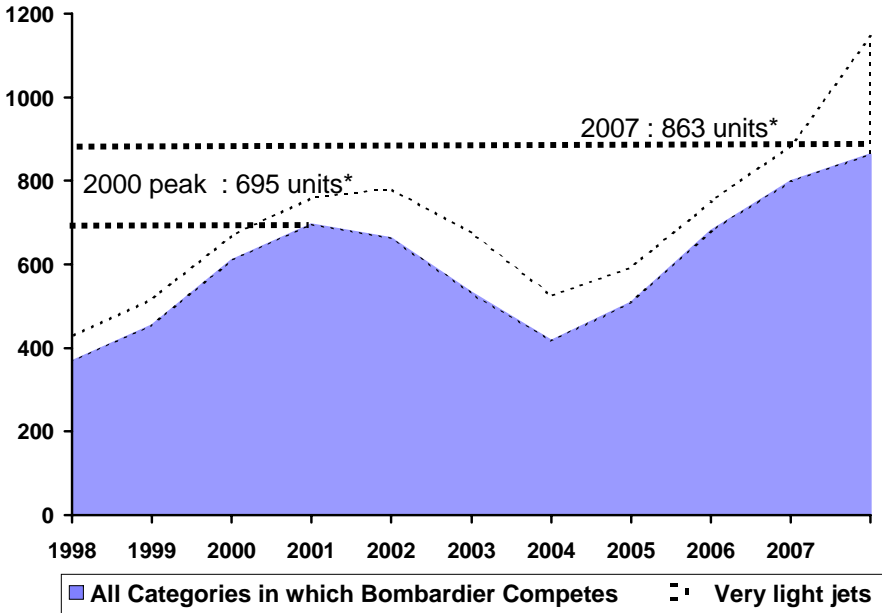
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# The industry's strong orders of past years have translated in record deliveries and revenues in 2007

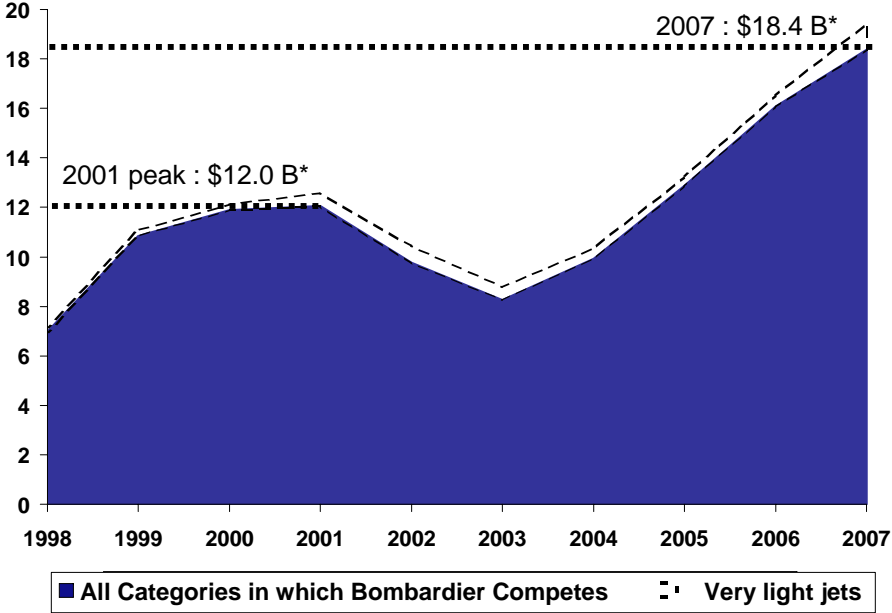
## BUSINESS JET DELIVERIES

Units, Calendar year 1998-2007



## BUSINESS JET REVENUES

US\$ Billion, Calendar Year 1998-2007









Source: Deliveries from GAMA (Calendar Year). Revenues estimated from deliveries and BC&A list prices. Very light segments includes Eclipse, Mustang, Phenom 100, CJ1+, CJ2+ and Premier 1.

\* Excludes Very Light Jet category


# The U.S. market is expected to slow down but growth in international markets should sustain total market

## 3-YEAR MARKET DRIVERS OUTLOOK

Market drivers	Trend	Justification
U.S. Economic environment		According to Wall Street Journal survey, 71% of top economists think the U.S. is now in a recession. However, U.S. real GDP growth is expected to pick up after this year and reach 3.0%* by calendar year 2010, compared to 2.2% in calendar year 2007.
International economic environment		With the surge of international orders, the industry is less exposed to the US economy. Average real GDP growth in emerging markets and developing economies should remain above worldwide average over the next three calendar years* and the fastest growth in high net worth individuals' financial wealth will come from the Middle East, Latin America and Asia-Pacific regions**.
Industry Backlog		Total industry backlog is equivalent to 2.5 years of production (2,571 units worth \$ 63 billion ).
Pre-owned Market jet inventory level and market values		There are no current signs of weakness in the pre-owned business jet market. Pre-owned inventory as a percentage of total fleet decreased by 1% to 10.9% in 2007. However, increased new aircraft deliveries could put downward pressure on the market value of pre-owned aircraft in the upcoming years.
New Aircraft Programs		Over 20 models in development by OEMs for potential entry into service during the next decade
Non-traditional demand		Fractional demand expected to remain stable at over 10-15% of deliveries per year

 Indicates a favourable trend in the market categories in which BA competes.

 Indicates a neutral trend in the market categories in which BA competes.

 Indicates a unfavourable trend in the market categories in which BA competes.

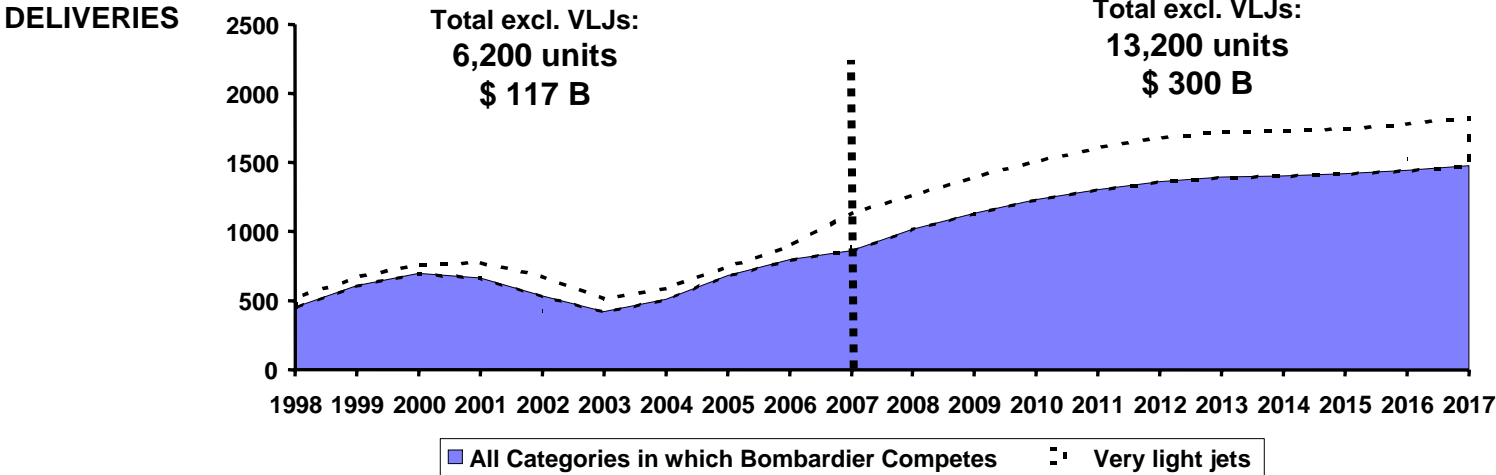
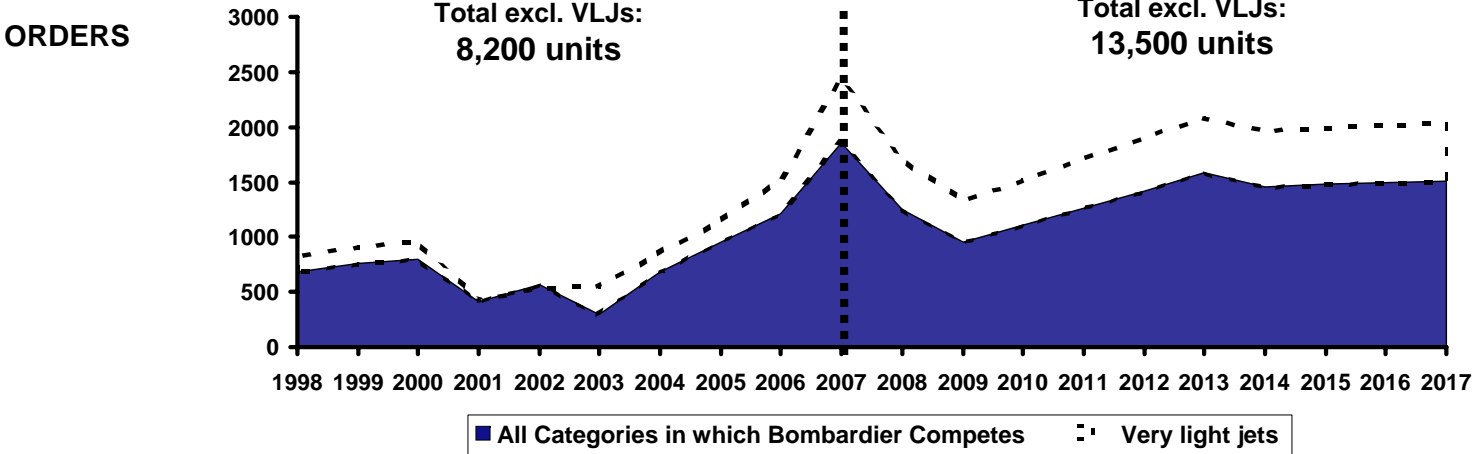
\*Global Insight, Feb. 2008

\*\* Merrill Lynch and Cap Gemini's World Wealth Report 2007

# Despite an expected cyclic decrease in orders over the next two years, industry deliveries should continue to increase

## BUSINESS JET INDUSTRY 10-YEAR OUTLOOK

Order and delivery units, Calendar Year, 1998-2017



Source: Bombardier Business Aircraft Forecasting Model. Very light Jet categories includes Eclipse, Mustang, Phenom 100, CJ1+, CJ2+ and Premier 1. 8

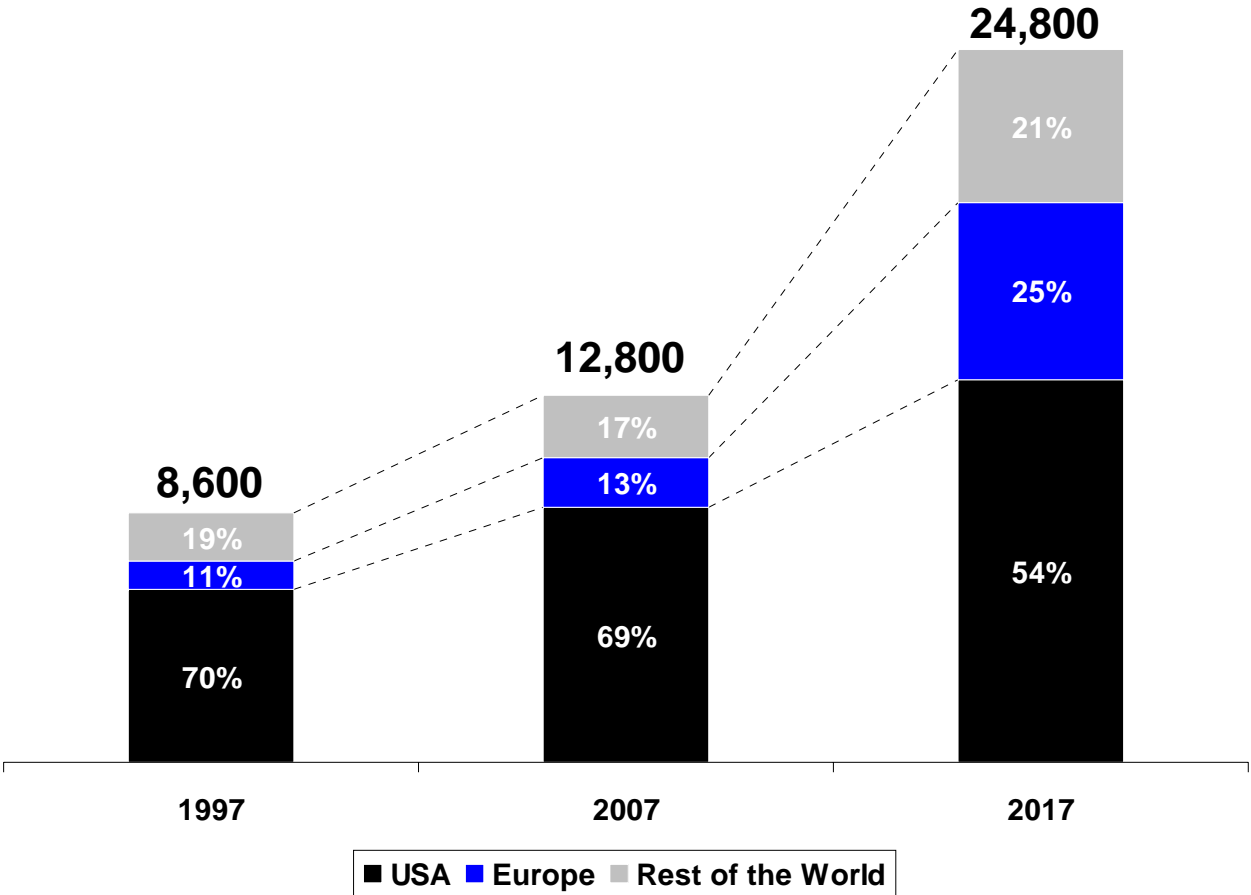




# Driven by international markets, the worldwide business jet fleet is forecasted to nearly double in size over the next 10 years

## WORLDWIDE BUSINESS JET FLEET FORECAST

Installed base by Region, Units, Excluding Very Light Jet category, 1997, 2007 and 2017



Source: Bombardier Business Aircraft Forecasting Model. Very light Jet category includes Eclipse, Mustang, Phenom 100, CJ1+, CJ2+ and Premier 1. <sup>9</sup>



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# Bombardier's Business Aircraft offers the industry's most complete product portfolio

## LEARJET FAMILY



*Learjet 40 XR*



*Learjet 45 XR*



*Learjet 60 XR*



*Learjet 85*

## CHALLENGER FAMILY



*Challenger 300*



*Challenger 605*



*Challenger 850*

## GLOBAL FAMILY



*Global 5000*



*Global Express XRS*

*Learjet, Learjet 40 XR, Learjet 45 XR, Learjet 60 XR, Learjet 85, Challenger, Challenger 300, Challenger 605, Challenger 850, Global, Bombardier Global 5000, and Global Express XRS are trademarks of Bombardier Inc. or its subsidiaries.*

# Bombardier is well-positioned in the business jet market with product line covering 95% of revenues

	Very Light Jet	Light Jet	Super Light Jet	Midsize Jet	Super Midsize Jet	Large Jet	Super Large Jet	Ultra-Long Range Jet	Converted Airlines
Bombardier		L40XR	L45XR	L60XR	CL-300	CL-605	G5000	GEX-XRS	CL-800 Series
			L85				Global Vision		
Cessna	Mustang	CJ3	XLS / +	Sovereign	CX	Columbus			
	CJ1+	CJ4							
	CJ2+	Encore+							
Dassault						F2000DX	F900DX	F7X	
						F2000EX / LX	F900EX		
Gulfstream			G150	G200	G350	G450	G500	G550	
							G650		
Hawker Beechcraft	Premier 1	H400XP	H750	H850XP	H4000				
				H900XP					
Embraer	P100	P300	MLJ	MSJ					Legacy
									Lineage
Others	Eclipse	SJ30-2							BBJ
	HondaJet	Grob							ACJ
	PiperJet	Freedom							
	D-Jet								
	Independ.								

95% of Market Revenue

In Prod.  
36

In Dev.  
20

\*Categorisation is largely determined by a combination of cabin volume, range and speed.

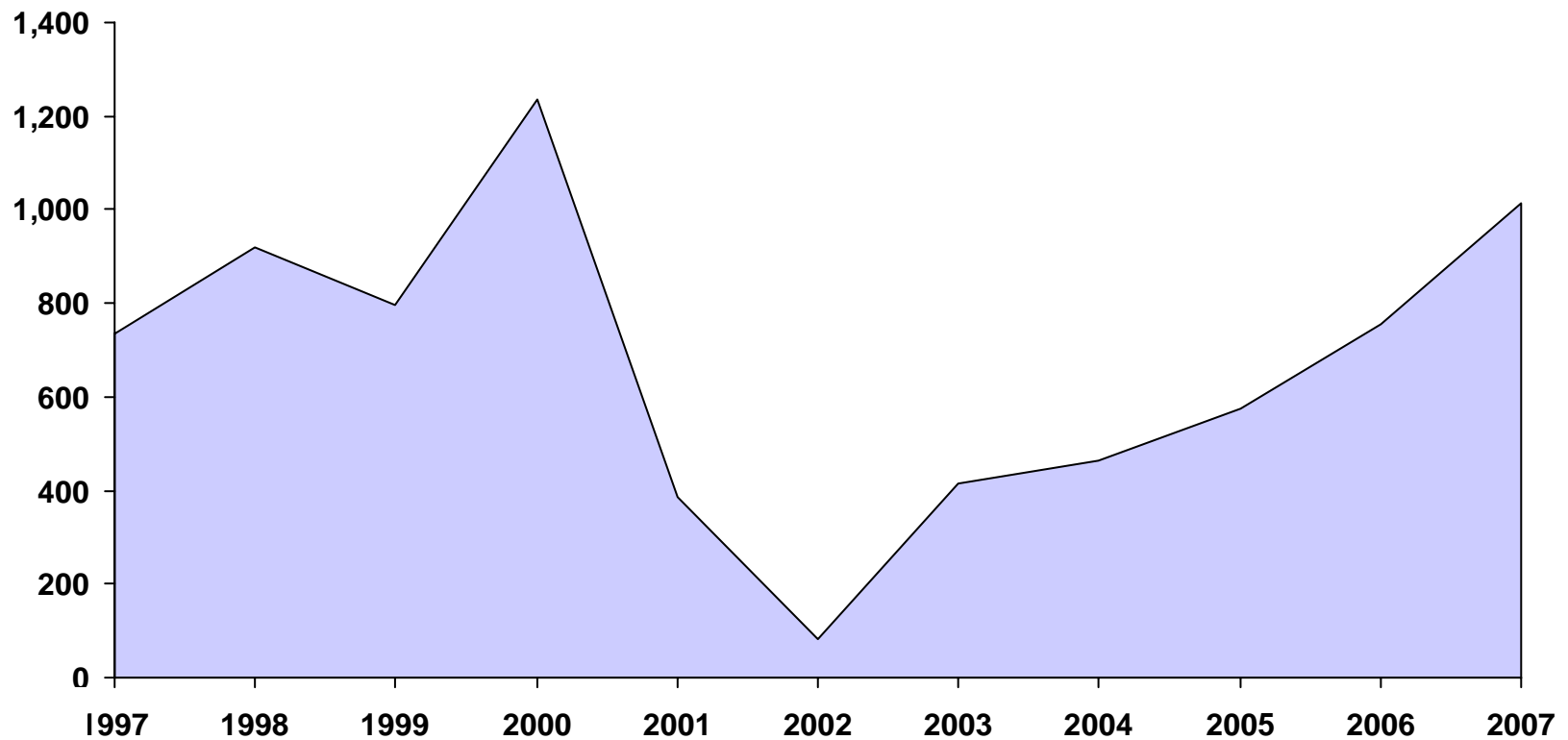
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# 20-149 seat commercial aircraft market orders are returning to pre-2001 order levels






## 20-149 SEAT COMMERCIAL AIRCRAFT NET ORDERS




Net Orders, units, 20-149 seats categories, Calendar year 1997-2007



# Higher demand for air travel, notably in emerging markets, results in an improved forecast

## 3-YEAR MARKET DRIVERS OUTLOOK

Market drivers	Trend	Justification
Economic environment		Worldwide economic growth should average 3.5% for the next three calendar years with the higher growth rates in developing markets*. IATA predicts that total airline industry net profits will remain positive at \$4.5 billion for calendar year 2008**.
Fuel prices and environmental regulations		Fuel is an important variable component of airlines' profitability but is also a positive driver for larger, more efficient regional jets and turboprops. IATA predicts that fuel costs will represent 32% of total airline costs by calendar year 2008**, up from 14% in calendar year 2003. IATA forecasts also indicate higher fuel prices, at least for calendar year 2008.
Demand for air travel		Passenger demand in domestic markets is predicted to increase by 5.3% per year between calendar year 2007 and 2011 compared to an average rate of 4.4% between calendar year 2002 and 2006***. The demand for larger-capacity regional aircraft is driven by this growth and will continue to push regional airlines requirements toward larger-capacity aircraft.
Aircraft financing		Although regional aircraft financing remains challenging, regional airlines should continue to be able to access lending and leasing markets in the near future. However, the current turmoil in global credit markets could affect airlines' ability to obtain permanent financing.
Scope clauses		In the medium term, the relaxation of pilot scope clauses appears to be trending from 50-seat aircraft toward 100-seat aircraft. These changes will progressively affect the regional airline industry over the next few years.

-  Indicates a favourable trend in the market categories in which BA competes.
-  Indicates a neutral trend in the market categories in which BA competes.
-  Indicates a unfavourable trend in the market categories in which BA competes.

\*Global Insight, Feb 2008

\*\*IATA Financial Forecast dated March 2008

\*\*\* IATA Economic Briefing dated October 2007

# Bombardier's 20-year commercial aircraft forecast continues to reflect the shifting focus on larger capacity aircraft

## COMMERCIAL AIRCRAFT MARKET FORECAST

Units deliveries, 20-149 aircraft, Calendar year 2008 – 2027

Seat Category	2008 – 2027
20-59 Seat	500
60-99 Seat	6,100
100-149 Seat	6,300
<b>Total</b>	<b>12,900</b>

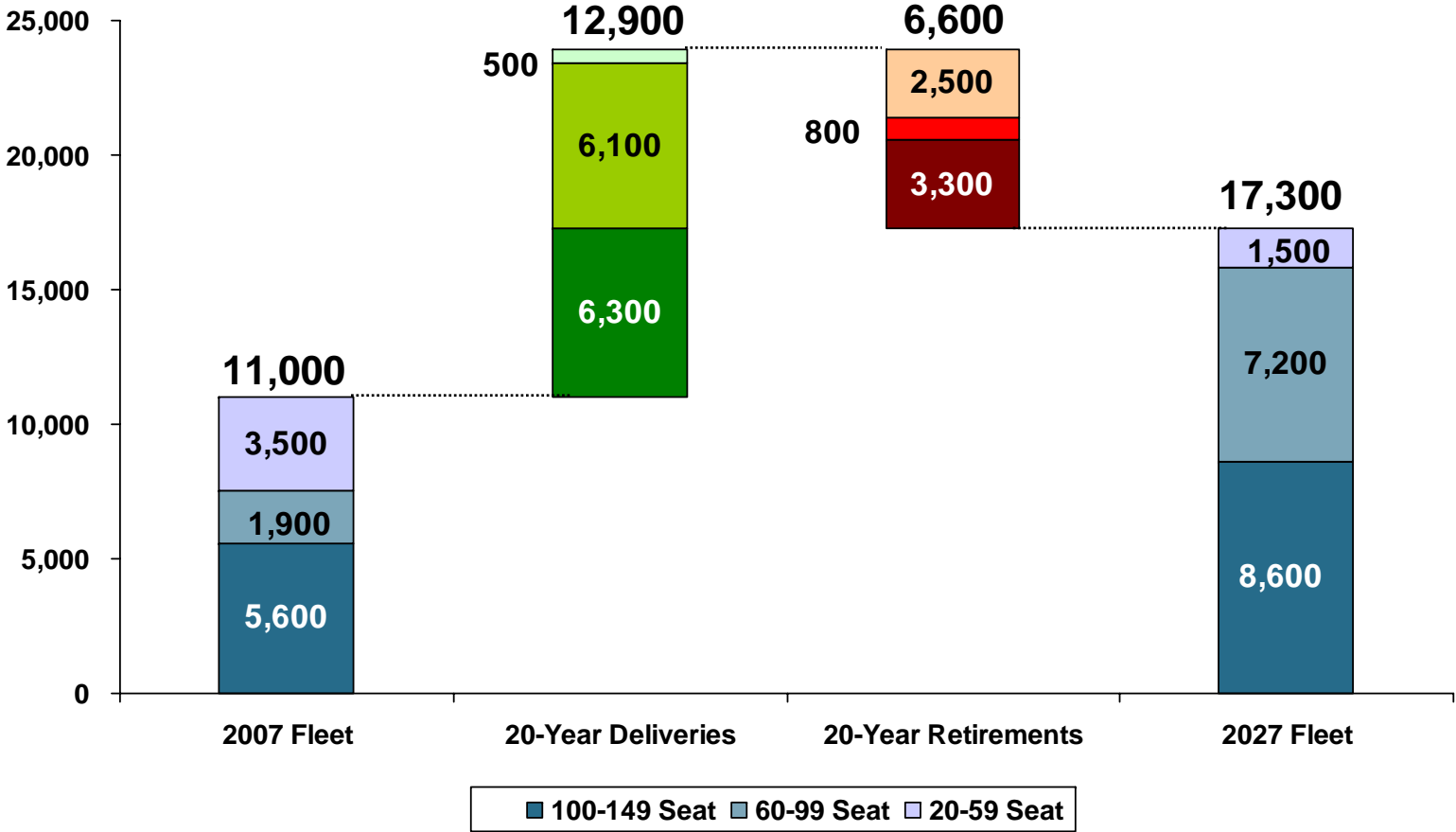
**Bombardier forecasts 12,900 deliveries from 2008-2027, valued at \$528 billion**



# Worldwide 20-149 seat commercial aircraft fleet should grow from 11,000 to 17,300 units by 2027

## COMMERCIAL AIRCRAFT FLEET FORECAST

Units, 20-149 seat aircraft, Calendar year 2008 – 2027



Source: Bombardier Commercial Aircraft Market Analysis

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# Bombardier's Commercial Aircraft portfolio is aligned with current market trends towards larger capacity aircraft

## Turboprops\*



Q400 NextGen

## Regional jets\*\*



CRJ700/705 NextGen CRJ900 NextGen CRJ1000 NextGen

## Single-aisle mainline jets



CSeries\*\*\*

\* Q200 and Q300 production to stop in FY09  
\*\* CRJ200 production now converted to Challenger 850  
\*\*\* CSeries aircraft program has not yet been launched. Authority to offer was granted on February 22, 2008

# Bombardier's Commercial Aircraft portfolio will increase its leadership in the 20-149 seat commercial aircraft market

Commercial <sup>(1)</sup>								
Jets						Turboprops		
20-39 Seats	40-59 seats	60-79 seats	80-99 seats	100-120 seats	120-149 seats	20-39 seats	40-59 seats	60-90 seats
Bombardier	CRJ200 <sup>(2)</sup>	CRJ700	CRJ900	CSeries 110	CSeries 130	Q200 <sup>(2)</sup>	Q300 <sup>(2)</sup>	Q400
		CRJ705	CRJ1000					
ATR							ATR42	ATR72
Embraer	ERJ135 <sup>(3)</sup>	ERJ140 <sup>(3)</sup>	E170	E175	E190			
		ERJ145			E195			
AVIC-1				ARJ21-700				
Mitsubishi			MRJ-70	MRJ-90				
Sukhoi			SSJ100/75	SSJ100/95				
Airbus					A318	A319		
Boeing					737-600W	737-700W		
	Authority to offer granted			In Development		In Production		

Notes: 1) Categorisation is reflective of typical aircraft configurations as advertised by manufacturers (capacity is dependent on seat pitch)  
 2) CRJ200 production now converted to Challenger 850, Q200 and Q300 production to stop in FY09  
 3) Last commercial deliveries of ERJ135 and ERJ140 occurred in 2005

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## The long term outlook is positive for both commercial and business aircraft markets and improving again

### ▪ **Business aircraft**

- Despite a U.S. market slow down, growth in international markets should sustain total business aircraft market over the next tree years
- Bombardier Forecast shows no slowdown in business jet deliveries, despite decreasing orders over the next two years
- Bombardier's industry leadership and comprehensive portfolio makes it well-positioned to capture future market growth

### ▪ **Commercial aircraft**

- Overall worldwide demand is increasing and shifting toward higher-capacity aircraft with lower operating costs
- Significant numbers of older types will require retirement/replacement, especially in the 100-149 seat category
- Bombardier will profit from the market shift towards higher capacity aircraft through its large regional jets and turboprops and single-aisle mainline jets product strategy

**Bombardier has a strong portfolio of products that will permit it to strengthen its position within the respective markets and benefit from their growth**

Questions?



BUILT ON **ingenuity**

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