

Bombardier Market Forecast

Pre-Paris Media Presentation



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BOMBARDIER

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Agenda

- **Introduction**

- **Business Aircraft**
 - Market Forecast for 2007 - 2016
 - Why Bombardier is Positioned for Success

- **Commercial Aircraft**
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- **Summary**

Overall, both business and commercial aircraft forecasts are improving over last year's forecasts

BUSINESS AIRCRAFT

- **Market growth**
 - 2006 was a record year in terms of revenues, deliveries, orders and current industry backlog
 - A new plateau seems to have been established
- **Structural shifts**
 - Several new aircraft programs are scheduled to enter service during the 2007-2009 timeframe
 - If market drivers remain favourable, the Very Light Jet market can take off in terms of units but will still represent very small portion of revenue
- **Geographic shift**
 - International business jet markets are forecasted to sustain continued growth

2006-2015 Forecast: 895* units/year
\$19B Revenues/year

2007-2016 Forecast: 995 units/year**
\$23B Revenues/year

COMMERCIAL AIRCRAFT

- **Market growth**
 - Airline capacity is expected to double over the next 20 years
 - Significant numbers of older types will require retirement/replacement
- **Structural shifts**
 - Yield pressure and high fuel prices continue to shift demand towards low-cost airline operators
 - Includes LFCs and Regional Airlines
 - Demand will consequently shift to aircraft types with higher units of capacity and lower operating costs
- **Geographic shift**
 - International and emerging markets are expected to continue increasing their share of world market

2006-2025 Forecast: 11,000 units (20-149 seats)
\$370B Revenues

2007-2026 Forecast: 11,200 units (20-149 seats)
\$393B Revenues

* Last year's forecast adjusted for comparison purposes; excludes Very Light Jet market segment

** Excludes Very Light Jet market segment

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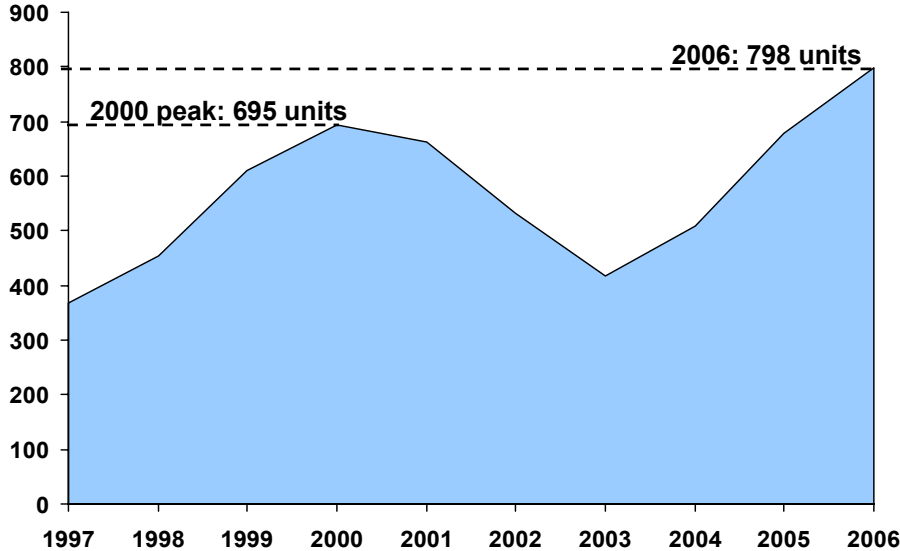
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- **Summary**

The industry's strong orders of past years have translated in record deliveries and revenues in 2006

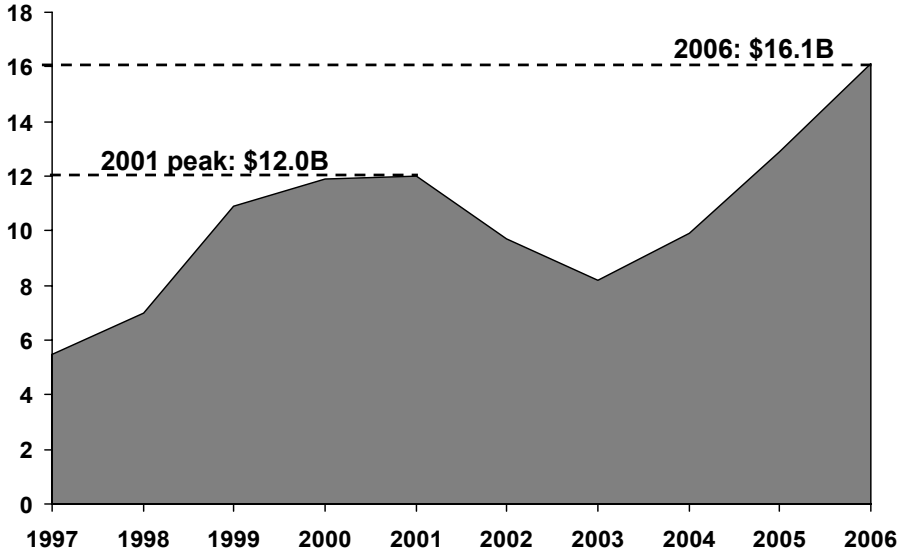
BUSINESS JET DELIVERIES*

Units, Calendar years 1997-2006



BUSINESS JET REVENUES*

US\$ Billion, Calendar years 1997-2006










* Excludes Very Light Jet market segment

Sources: Actual deliveries from GAMA. Revenues estimated from GAMA and B&CA list prices

Business aircraft market forecast based on an analysis of market drivers

PRIMARY MARKET DRIVERS OUTLOOK

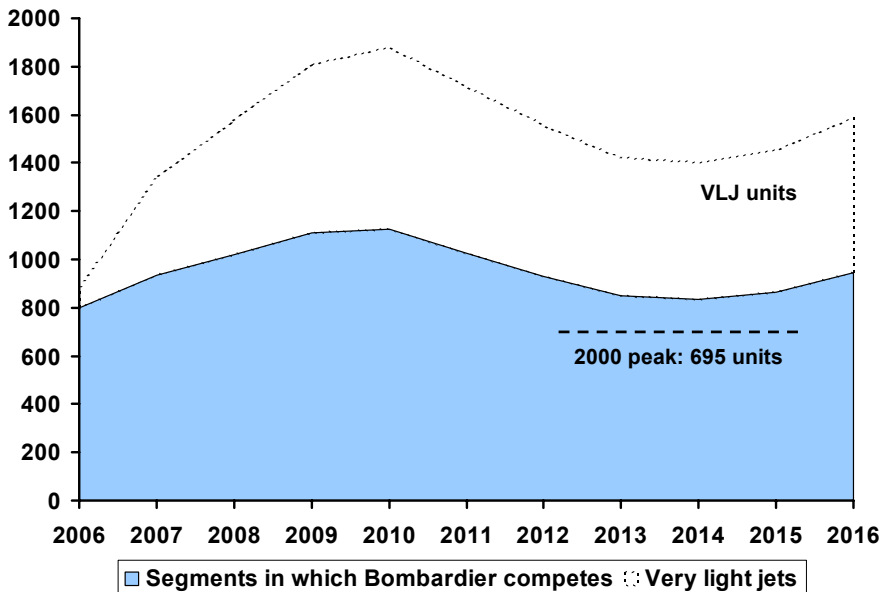
Driver, Market Direction and Justification

OEM Backlogs		<ul style="list-style-type: none"> OEM Backlogs in the segments in which Bombardier competes are on average 24 months.
US Economic Growth		<ul style="list-style-type: none"> Somewhat lower economic growth expected in 2007 compared to previous years, but should remain close to 3% for the next 10 years.
International Markets		<ul style="list-style-type: none"> Very strong order intake over the past 2 years. Major emerging markets are showing brisk growth in deliveries.
Pre-owned Markets		<ul style="list-style-type: none"> No current sign of weakness. However, a surplus of deliveries could put pressure on the pre-owned market in a few years.
New Aircraft Programs		<ul style="list-style-type: none"> Many new aircraft scheduled to enter service (including some clean-sheet design aircraft) over the 2007-09 period.
Non-Traditional Markets		<ul style="list-style-type: none"> Fractional market expected to remain stable at approximately 110-140 deliveries per year. The air taxi business model will be put to the test.
Buyer Intentions		<ul style="list-style-type: none"> All recent surveys are indicating continued consumer interest in the short term.

Bombardier Forecast shows market has reached a new plateau

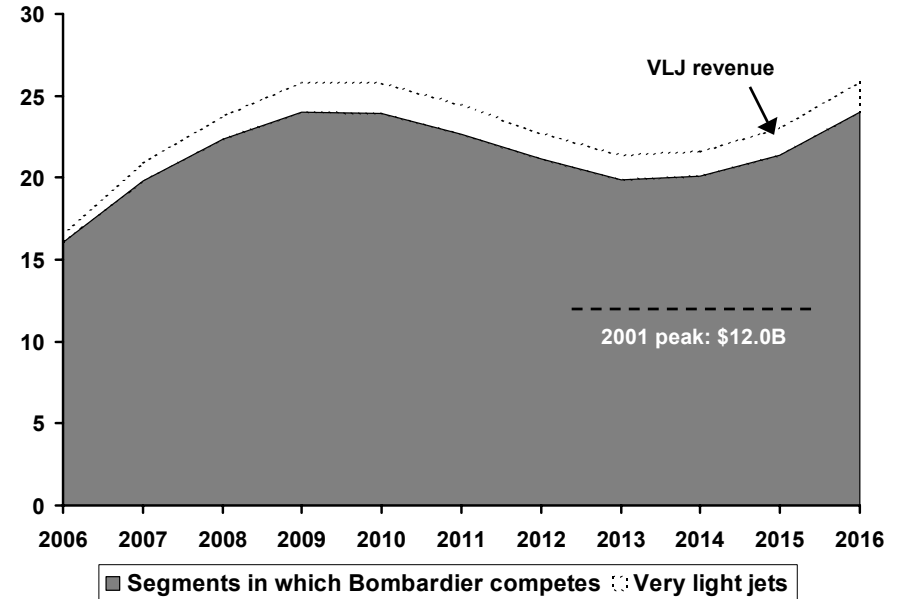
BUSINESS JET DELIVERY UNIT FORECAST

Historic Deliveries & Demand Model, Calendar years 2006 - 2016



BUSINESS JET MARKET REVENUE FORECAST

Historic Revenues & Demand Model, Constant 2007 US\$ Billion Calendar Years 2006 - 2016



Future “trough” will be one-year later than previously thought and will still be higher than previous “peak”

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Bombardier is well-positioned in the business aircraft market with product line covering 97% of the market

	Very Light	Light	Super Light	Midsize	Super Midsize	Large	Super Large	Ultra Long Range	Converted Airliners
Bombardier		L40 XR	L45 XR	L60 / XR	Ch-300	Ch-605	G5000	GEX-XRS	Ch-850
									Ch-870
									Ch-890
Cessna	Mustang	CJ3	XLS / +	Sovereign	CX				
	CJ1+	CJ4							
	CJ2+	Encore / +							
Dassault					F50EX	F2000 / DX	F900DX	F7X	
						F2000EX	F900EX		
Gulfstream			G150	G200	G350	G450	G500		
							G550		
Raytheon	Premier 1	H400XP	H750	H850XP	H4000				
				H900XP					
Embraer		P100	P300						Legacy
									L1000
Others	Eclipse	Grob SPn							BBJ1
	Adam 700	SJ30-2							BBJ2
	HondaJet	Freedom							BBJ3
	PiperJet								ACJ 318
	D-Jet								ACJ 319
	Independ.								

In Prod.
39

In Dev.
20

97% of business aircraft market (revenue)

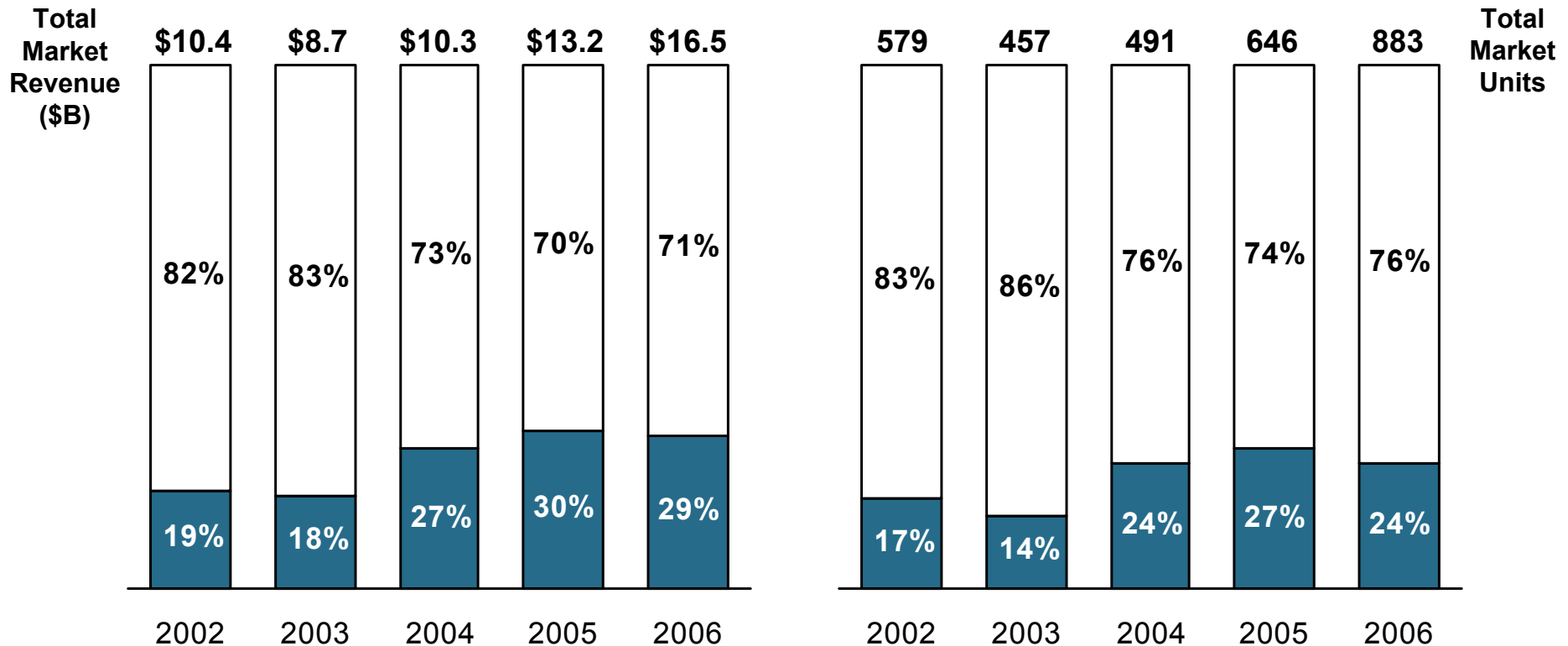
NOTE: Segmentation is largely determined by a combination of cabin volume, range and price.

Bombardier revenue/unit market shares have been stable over past three years

REVENUE/UNIT MARKET SHARES

Total Market, Delivery Revenues, \$US million, Calendar years 2002 – 2006

□ Others
 ■ Bombardier



NOTE: Excludes Very Light Jets

Source: GAMA/Bombardier Business Aircraft market analysis

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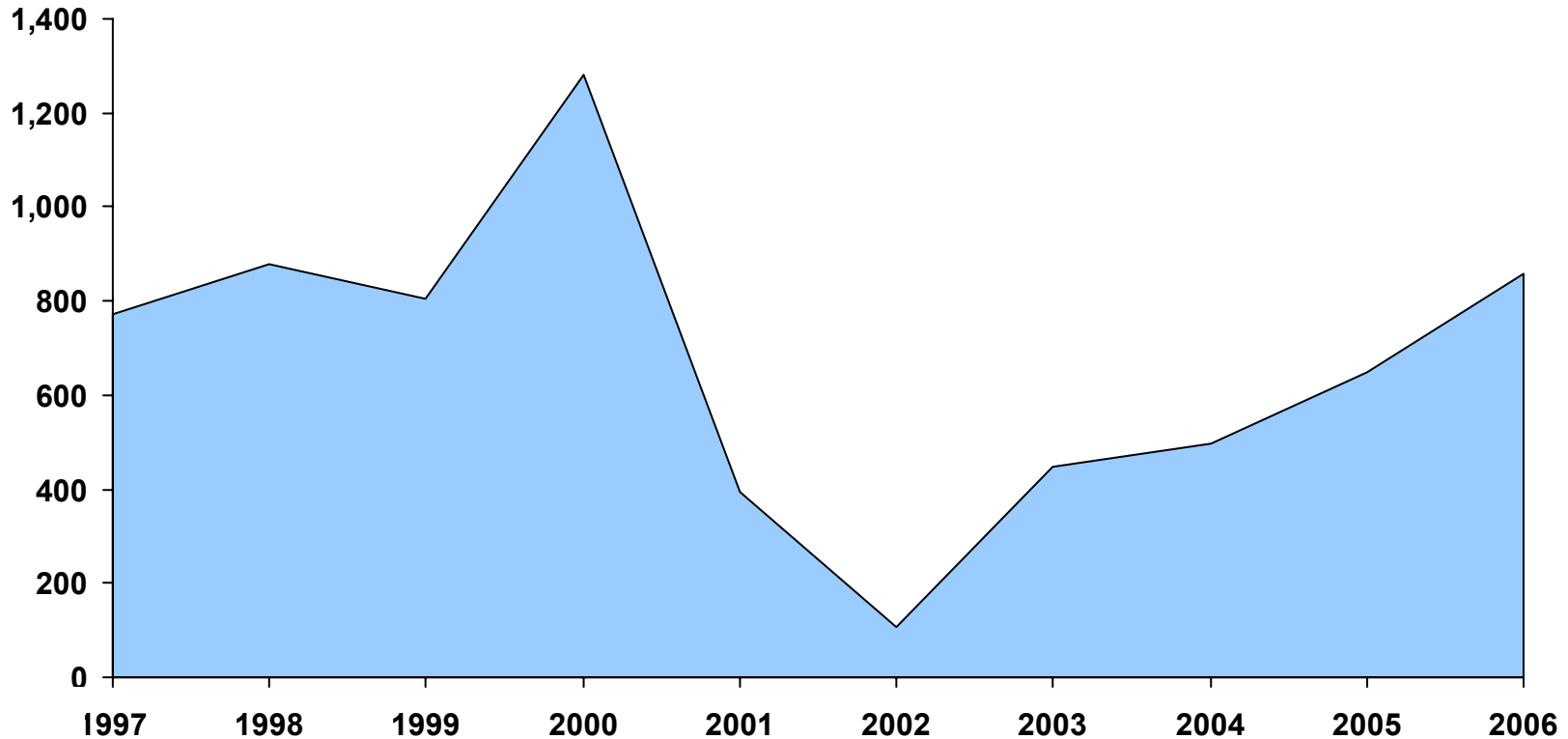
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Market is returning to pre-2001 order levels

20-149 SEAT COMMERCIAL AIRCRAFT NET ORDERS

Net Orders, units, 20-149 seats segment, Calendar years 1997-2006

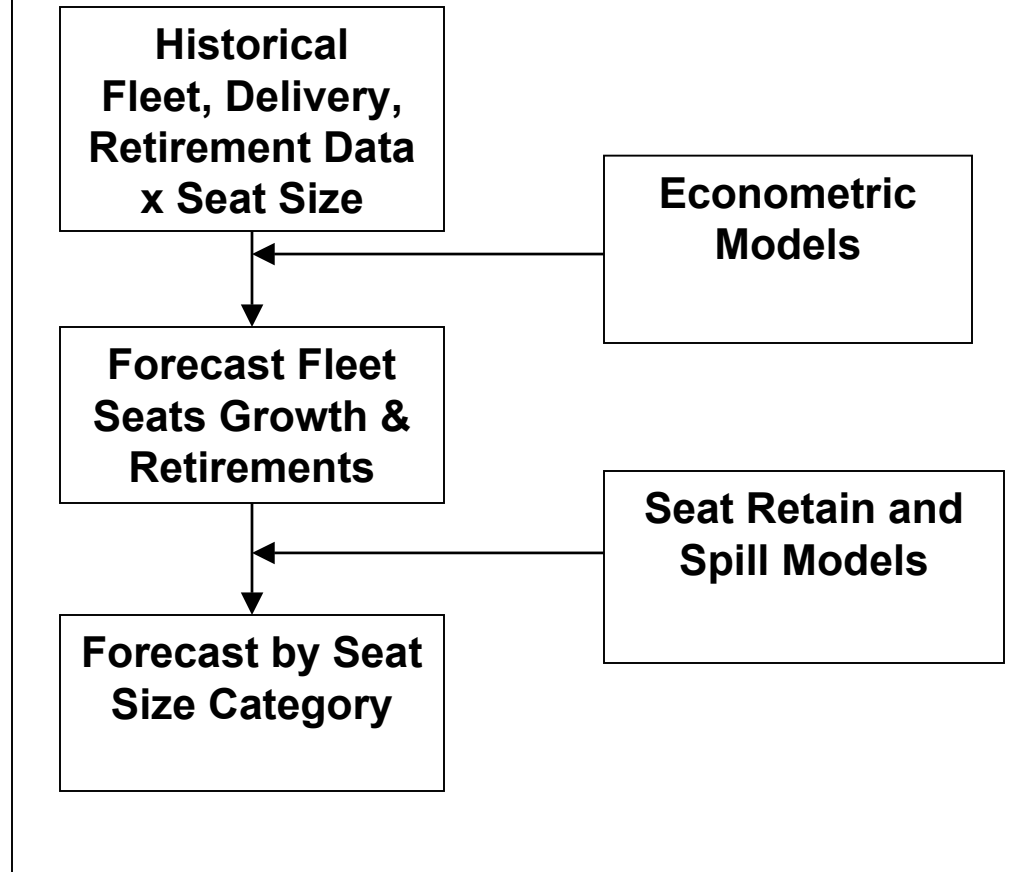


The Commercial Aircraft market forecast is based on a top-down model

Overview

- Model segmented by geographic region, seat category (>14 seats) and engine type
- Primarily GDP driven
- All Passenger Aircraft
- Model predicts fleet seat growth and when combined with retirements, produces a seat demand requirement
- Actual and predicted market trends are used to determine seat spill and split portion of the model Product life-cycle and new model effects driven

Model Dynamics



Bombardier's 20-year commercial aircraft forecast reflects the shifting focus on larger capacity aircraft

COMMERCIAL AIRCRAFT MARKET FORECAST

Units deliveries, 20-149 aircraft, Calendar years 2007 – 2026

Seat Category	2007 – 2026
20-59 Seat	1,000
60-99 Seat	4,300
100-149 Seat	5,900
Total	11,200

Bombardier forecasts 11,200 deliveries in 2007-2026, valued at \$393 billion

Worldwide 20-149 seat fleet units should grow from 10,600 to 16,300 by 2026

COMMERCIAL AIRCRAFT FLEET FORECAST

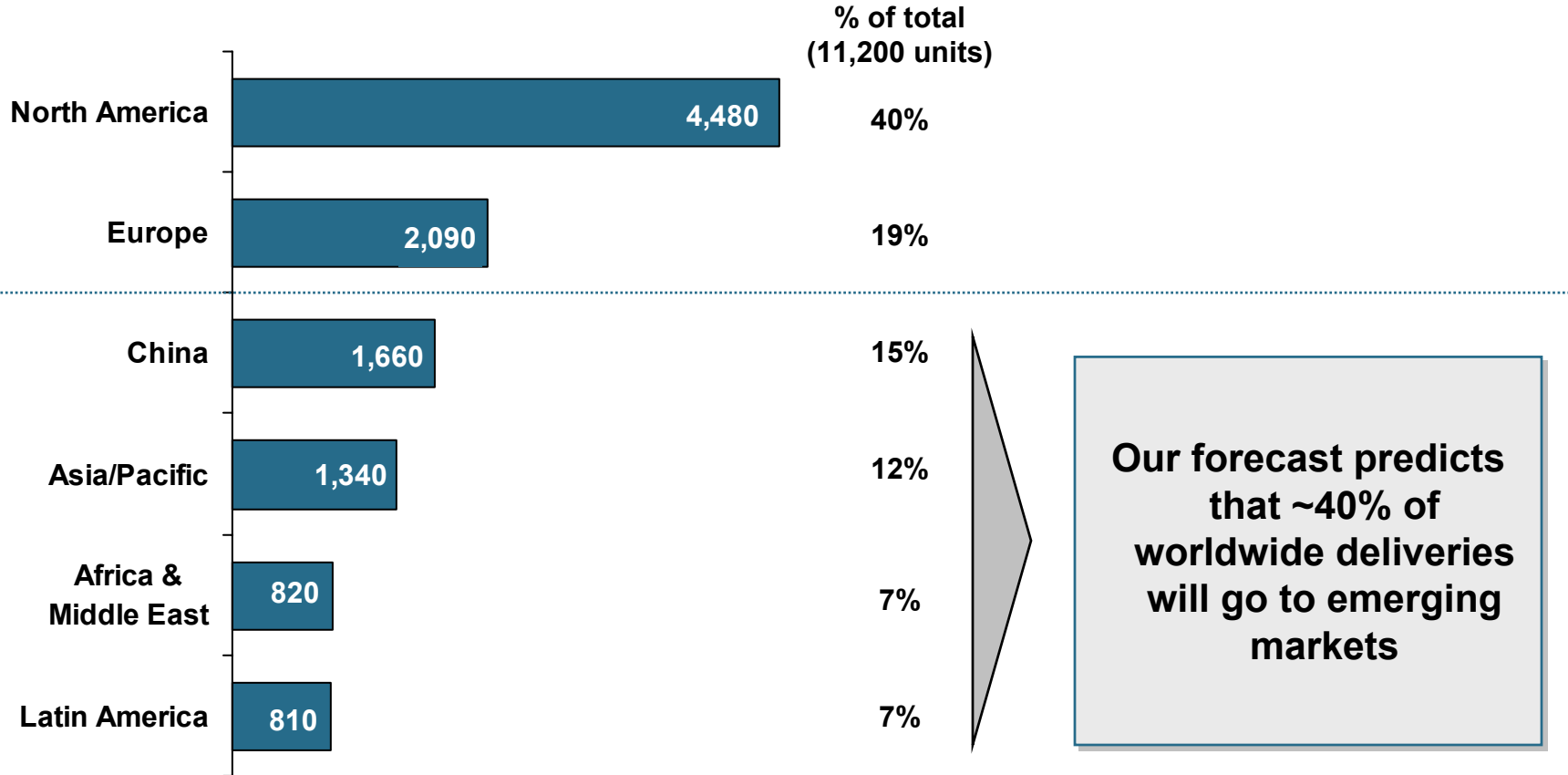
Units, 20-149 seat aircraft, Calendar years 2007 – 2026

Seat Category	2006 Fleet	Deliveries	Retired Aircraft	2026 Fleet
20-59 Seats	3,500	1,000	1,600	2,900
60-99 Seats	1,700	4,300	1,000	5,000
100-149 Seats	5,400	5,900	2,900	8,400
Aircraft Total	10,600	+ 11,200	- 5,500	= 16,300

About 40% of worldwide deliveries will go to emerging Markets

COMMERCIAL AIRCRAFT FORECAST REGIONAL BREAKDOWN

Units, 20-149 aircraft, Calendar years 2007 – 2026



Note: Europe includes Russia/CIS, Asia-Pacific excludes China
Source: Bombardier Commercial Aircraft Market Analysis

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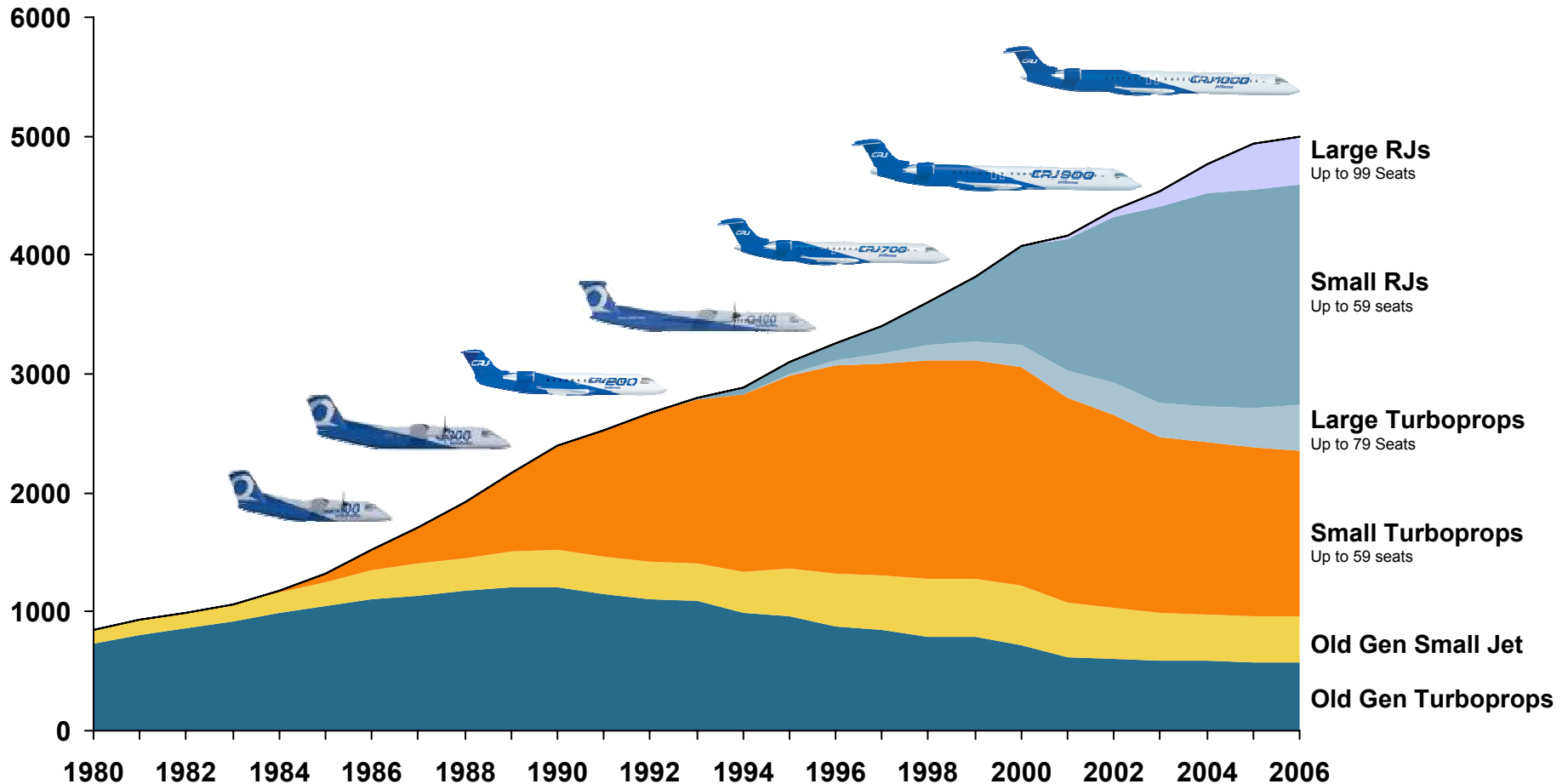
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Bombardier has been an active player in the Regional Aircraft market

WORLDWIDE REGIONAL FLEET

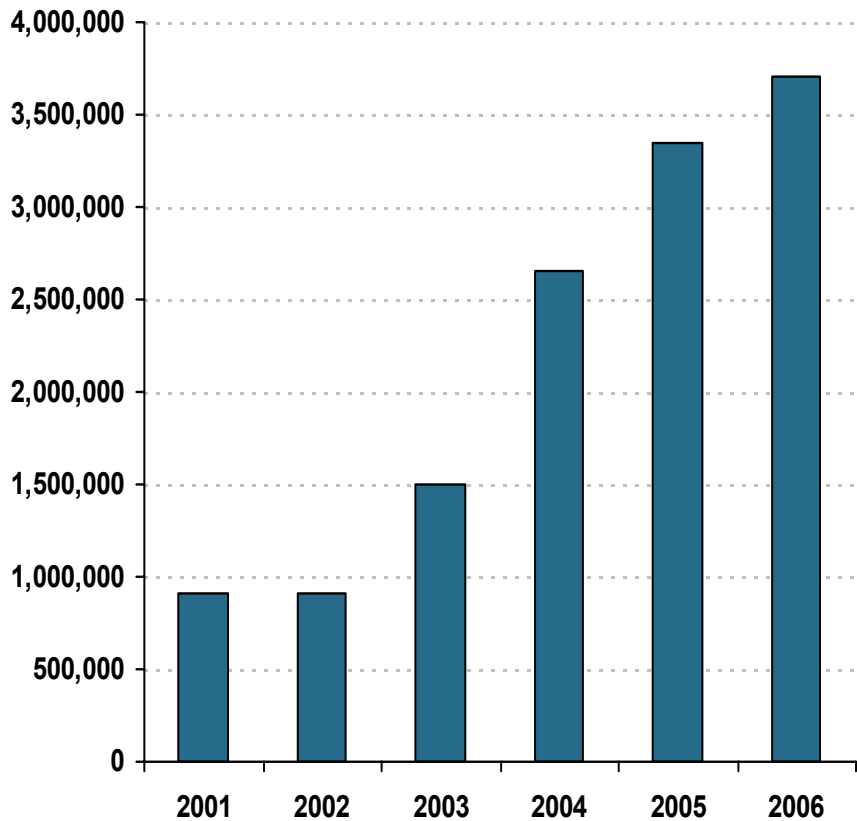
In-service units, 20-99 aircraft, Calendar years 1980 – 2005



Recent year have seen significant growth for larger RJ segment

U.S. MONTHLY SEATS AVAILABILITY

US monthly seats available, 60-99 Jets, Calendar years 2001-2006

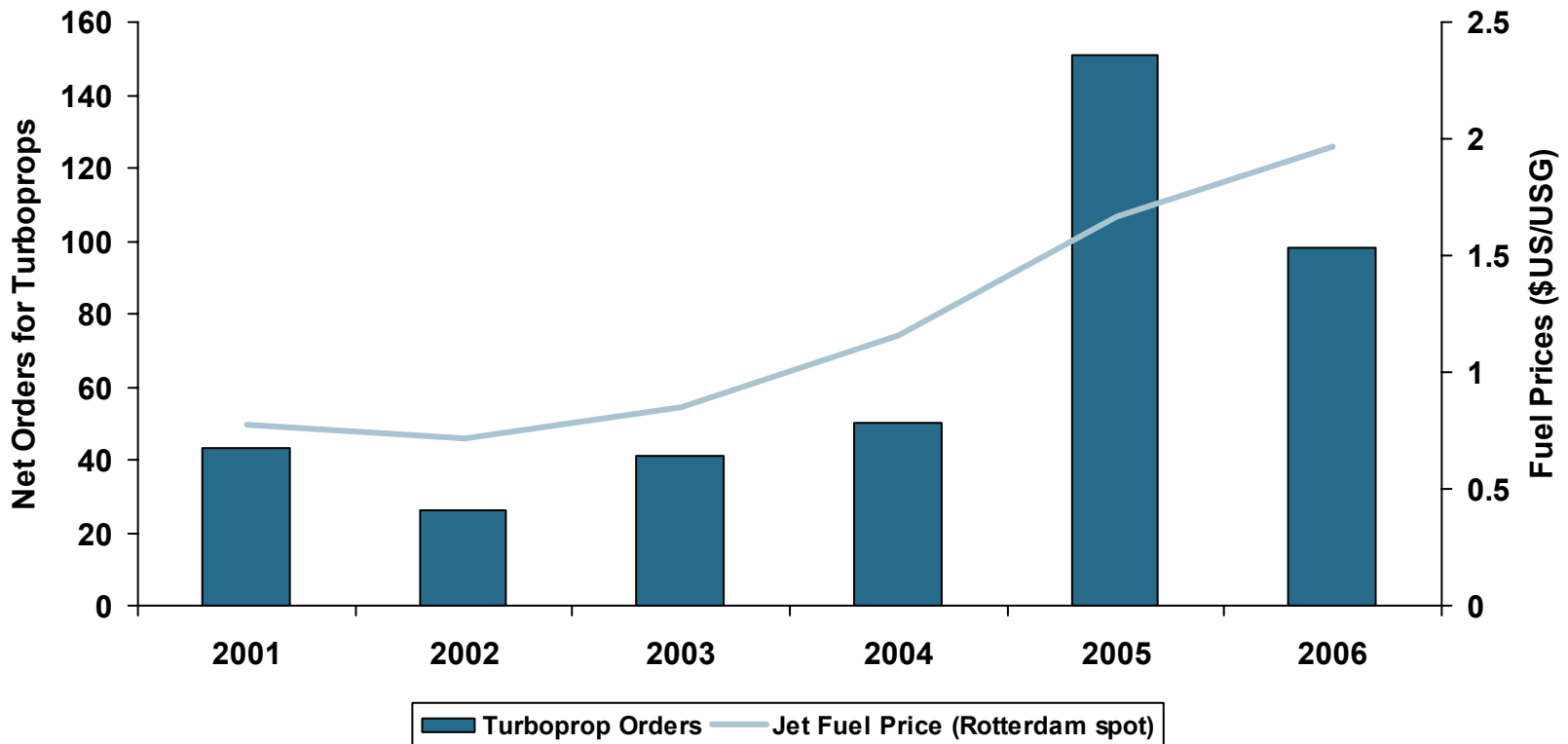


**Driven by scope
clause enlargement
and the availability
of larger RJs**

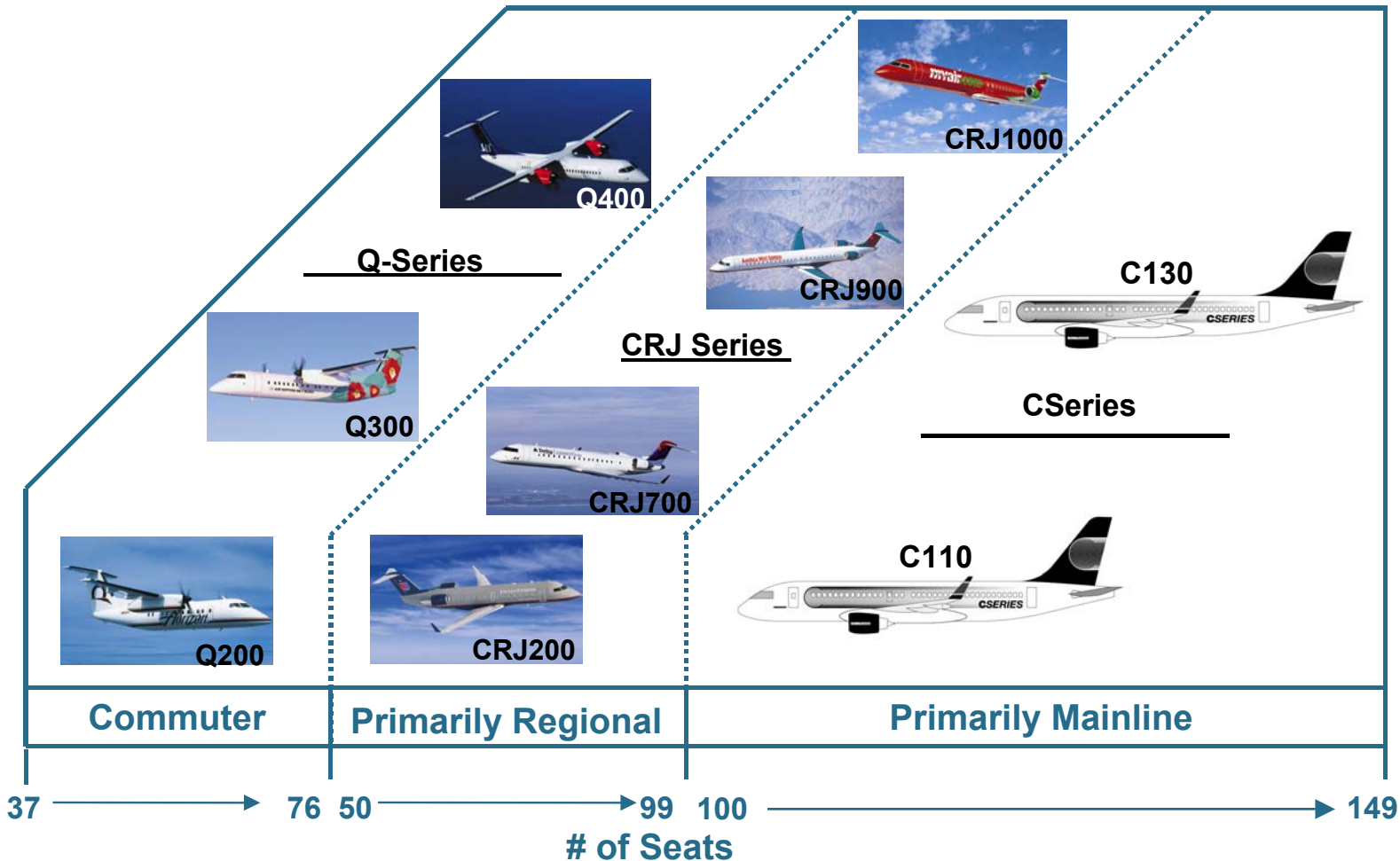
High fuel prices have played a role in the reinvigoration of the turboprop market

FUEL PRICES AND TURBOPROP ORDERS

Turboprop Units, Fuel Prices \$US/Gallon, Calendar years 2001-2006



Bombardier's current and potential product portfolio meets cost and capacity needs of the 20-to-149 seat market



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The outlook is positive for both commercial and business aircraft markets and improving since last year forecast

■ Business aircraft

- An already strong market shows great potential to remain strong in the upcoming 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
- Bombardier's regional jet and turboprop portfolios meet this demand for their markets
- Bombardier will profit from the market shift towards higher capacity aircraft through its large regional and small commercial product strategies

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?



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