



# FINANCIAL RESULTS FOR THE THIRD QUARTER 2016

Stakeholder presentation

November 10, 2016

**BOMBARDIER**  
the evolution of mobility



# Caution Regarding 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, 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; competitive position; the expected impact of the legislative and regulatory environment and legal proceedings on our business and operations; available liquidities and ongoing review of strategic and financial alternatives; the effects of the investment by the Government of Québec in the C Series Aircraft Limited Partnership (the C Series Investment) and of the private placement of a minority stake in Transportation by the CDPQ (the CDPQ Investment and, with the C Series Investment, the Investments) on the range of options available to us, including regarding our participation in future industry consolidation; the capital and governance structure of the Transportation segment following the CDPQ Investment, and of the Commercial Aircraft segment following the C Series Investment; the impact and expected benefits of the Investments on our operations, infrastructure, opportunities, financial condition, access to capital and overall strategy; and the impact of the Investments on our balance sheet and liquidity position.

Forward-looking statements can generally 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 management 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 forecast results set forth in forward-looking statements. While management considers these assumptions to be reasonable and appropriate based on information currently available, there is 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, but are not limited to, risks associated with general economic conditions, risks associated with our business environment (such as risks associated with the financial condition of the airline industry, business aircraft customers, and of the rail industry; trade policy; increased competition; political instability and force majeure), operational risks (such as risks related to developing new products and services; development of new business; the certification and homologation of products and services; fixed-price and fixed-term commitments and production and project execution; pressures on cash flows based on project-cycle fluctuations and seasonality; our ability to successfully implement and execute our strategy and transformation plan; 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; reliance on information systems; reliance on and protection of intellectual property rights; and adequacy of insurance coverage), financing risks (such as risks related to liquidity and access to capital markets; retirement benefit plan risk; exposure to credit risk; substantial existing debt and interest payment requirements; certain restrictive debt covenants; financing support provided for the benefit of certain customers; and reliance on government support), market risks (such as risks related to foreign currency fluctuations; changing interest rates; decreases in residual values; increases in commodity prices; and inflation rate fluctuations). For more details, see the Risks and uncertainties section in Other in the Management’s Discussion and Analysis (MD&A) of our financial report for the fiscal year ended December 31, 2015. For additional information with respect to the assumptions underlying the forward-looking statements made in this presentation, refer to the Guidance and forward-looking statements sections in the MD&A of our financial report for the fiscal year ended December 31, 2015.

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 management’s 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.

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

This presentation should be read in conjunction with our Quarterly Report for Q3 2016.

This presentation contains both IFRS and non-GAAP measures. Non-GAAP measures are defined and reconciled to the most comparable IFRS measures in our third quarter 2016 MD&A and at the end of this presentation. See Caution regarding Non-GAAP measures at the end of this presentation.

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# FINANCIAL RESULTS FOR THE THIRD QUARTER 2016



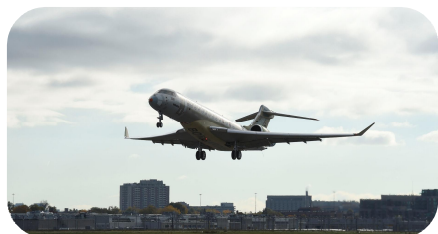
**Alain Bellemare**  
President and Chief Executive Officer  
Bombardier Inc.





# Continued momentum on turnaround plan

## MARGIN EXPANSION LEADING TO INCREASED GUIDANCE



First flight of the  
**Global 7000**

High **CS100**  
dispatch reliability,  
**CS300** certified

Sustaining  
EBIT<sup>1</sup> Margins YTD  
**>6%**<sub>(excl-BCA)</sub>

**Transformation**  
driving better  
**cost savings**

Q3 cash performance  
**~\$500M +**  
vs. last year

Stable liquidity<sup>2</sup>  
**\$4.4B**  
at the end of Q3

1. EBIT before special items at Transportation, Business Aircraft and Aerostructures and Engineering Services for the nine-month period ended September 30, 2016. See Caution regarding Non-GAAP measures at the end of this presentation and the reconciliation to the most comparable IFRS measure in the third quarter 2016 MD&A and at the end of this presentation.

2. Liquidity includes cash and cash equivalents and the amounts available under our two unsecured revolving credit facilities.

# Results Signal Step Change in Profitability and Cash

|  | Q3 2016  | YTD 2016  | 2016 GUIDANCE <sup>2</sup>                           |
|--|----------|-----------|--|
| <b>REVENUES</b>                                  | \$3.7B   | \$12.0B   | ~\$16.5B<br><i>from \$16.5B-\$17.5B</i>              |
| <b>EBIT</b><br>before special items <sup>1</sup> | \$87M    | \$323M    | \$350M - \$400M<br><i>from \$200M-\$400M</i>         |
| <b>FCF<sup>1</sup></b>                           | (\$320M) | (\$1.56B) | (\$1.45B - \$1.15B)<br><i>from (\$1.3B - \$1.0B)</i> |

1. Non-GAAP Measure. See Caution regarding Non-GAAP measures at the end of this presentation. Non-GAAP measures are defined and reconciled to the most comparable IFRS measures in our third quarter 2016 MD&A and at the end of this presentation. See Caution Regarding Forward-looking Statements at the beginning of this presentation.

2. See Caution Regarding Forward-looking Statements at the beginning of this presentation and Caution Regarding Non-GAAP measures at the end of this presentation.

~\$500M Better Cash Performance in Q3 vs. LY

## SOLID LIQUIDITY AHEAD OF POSITIVE Q4 CASH FLOW

**CFO<sup>1</sup>**  
**(\$72M)**

**FCF<sup>2</sup>**  
**(\$320M)**

~\$520M invested to fund **GROWTH** in Q3

- *C Series* ~\$360M (incl. >\$40M of development spend)
- BBA tooling ~\$160M (mainly on *Global 7000/8000*)





**Liquidity**  
**\$4.4B**

- **\$3.39B** Cash and cash equivalents
- **\$1.05B** Available revolving credit facilities

1. Cash flows from operating activities.

2. Non-GAAP Measure. See Caution regarding Non-GAAP measures at the end of this presentation. Non-GAAP measures are defined and reconciled to the most comparable IFRS measures in our third quarter 2016 MD&A and at the end of this presentation. See Caution Regarding Forward-looking Statements at the beginning of this presentation.

# Increasing EBIT<sup>1</sup> Guidance Across All Segments

|      |   |     |          |                   | 2016 Guidance <sup>2</sup> |                             |
|------|---|-----|----------|-------------------|----------------------------|-----------------------------|
|      |   |     | Revenues | EBIT <sup>1</sup> | Revenues                   | EBIT <sup>1</sup>           |
| BT   |    | Q3  | \$1.8B   | 7.9%              | ~\$8B<br>from ~\$8.5B      | >6.5%<br>from >6.0%         |
|      |   | YTD | \$5.6B   | 6.7%              |                            |                             |
| BBA  |    | Q3  | \$1.3B   | 6.4%              | ~\$5.5B<br>from >\$5.0B    | >6.0%<br>from ~6.0%         |
|      |   | YTD | \$4.1B   | 6.6%              |                            |                             |
| BCA  |   | Q3  | \$0.5B   | (\$107M)          | ~\$2.7B<br>from ~\$3B      | ~(\$450M)<br>from ~(\$550M) |
|      |   | YTD | \$1.9B   | (\$276M)          |                            |                             |
| BAES |  | Q3  | \$0.3B   | 8.6%              | ~\$1.6B<br>from \$1.8B     | ~8%<br>from ~7.5%           |
|      |   | YTD | \$1.2B   | 7.6%              |                            |                             |

1. EBIT before special items. Non-GAAP measure. See Caution Regarding Non-GAAP measures at the end of this presentation and the reconciliation to the most comparable IFRS measure in the third quarter 2016 MD&A and at the end of this presentation.
2. See Caution Regarding Forward-looking Statements at the beginning of this presentation and Caution Regarding Non-GAAP measures at the end of this presentation.

# Executing on Our Turnaround Plan

FIRMLY ON PATH TO EARNINGS GROWTH AND CASH GENERATION



- Solid momentum on Transformation
- Raising EBIT<sup>1</sup> guidance across all segments
- Very strong cash and liquidity position
- Continued proactive management



1. EBIT before special items. Non-GAAP measure. See Caution Regarding Non-GAAP measures at the end of this presentation and the reconciliation to the most comparable IFRS measure in the third quarter 2016 MD&A and at the end of this presentation. See Caution Regarding Forward-looking Statements at the beginning of this presentation and Caution Regarding Non-GAAP measures at the end of this presentation.



# Q&A

# Appendix

# Reconciliation of Non-GAAP Measures

| <b>Reconciliation of segment to consolidated results</b> |   |                   |  |                   |
|--|---|-------------------|--|-------------------|
|  | <b>Three-month periods ended September 30</b> |                   | <b>Nine-month periods ended September 30</b> |                   |
|  | <b>2016</b>                                   | <b>2015</b>       | <b>2016</b>                                  | <b>2015</b>       |
| <b>Revenues</b>  |   |                   |  |                   |
| Business Aircraft  | \$ 1,314                                      | \$ 1,558          | \$ 4,090                                     | \$ 4,910          |
| Commercial Aircraft                                      | 538   | 480               | 1,918  | 1,751             |
| Aerostructures and Engineering Services                  | 337   | 411               | 1,230  | 1,354             |
| Transportation   | 1,782   | 1,985             | 5,626  | 6,117             |
| Corporate and Elimination                                | (235)   | (296)             | (905)  | (977)             |
|  | <b>\$ 3,736</b>                               | <b>\$ 4,138</b>   | <b>\$ 11,959</b>                             | <b>\$ 13,155</b>  |
| <b>EBIT before special items<sup>(1)</sup></b>           |   |                   |  |                   |
| Business Aircraft  | \$ 84   | \$ 54             | \$ 269                                       | \$ 280            |
| Commercial Aircraft                                      | (107)   | (63)              | (276)  | (83)              |
| Aerostructures and Engineering Services                  | 29  | 30                | 94   | 113               |
| Transportation   | 140   | 109               | 379  | 342               |
| Corporate and Elimination                                | (59)  | (55)              | (143)  | (114)             |
|  | <b>\$ 87</b>                                  | <b>\$ 75</b>      | <b>\$ 323</b>                                | <b>\$ 538</b>     |
| <b>Special Items</b>                                     |   |                   |  |                   |
| Business Aircraft  | \$ —  | \$ 1,169          | \$ (109)                                     | \$ 1,180          |
| Commercial Aircraft                                      | —   | 3,561             | 483  | 3,560             |
| Aerostructures and Engineering Services                  | 9   | —                 | (10)   | (1)               |
| Transportation   | 15  | —                 | 144  | —                 |
| Corporate and Elimination                                | —   | (20)              | (53)   | (20)              |
|  | <b>\$ 24</b>                                  | <b>\$ 4,710</b>   | <b>\$ 455</b>                                | <b>\$ 4,719</b>   |
| <b>EBIT</b>  |   |                   |  |                   |
| Business Aircraft  | \$ 84   | \$ (1,115)        | \$ 378                                       | \$ (900)          |
| Commercial Aircraft                                      | (107)   | (3,624)           | (759)  | (3,643)           |
| Aerostructures and Engineering Services                  | 20  | 30                | 104  | 114               |
| Transportation   | 125   | 109               | 235  | 342               |
| Corporate and Elimination                                | (59)  | (35)              | (90)   | (94)              |
|  | <b>\$ 63</b>                                  | <b>\$ (4,635)</b> | <b>\$ (132)</b>                              | <b>\$ (4,181)</b> |

1. Non-GAAP measure. See Caution Regarding Non-GAAP measures at the end of this presentation.

## Reconciliation of Non-GAAP Measures (Con't)

### Free cash flow usage<sup>(1)</sup>

|   | Three-month periods<br>ended September 30 |                 | Nine-month periods<br>ended September 30 |                   |
|---|---|-----------------|--|-------------------|
|   | 2016                                      | 2015            | 2016                                     | 2015              |
| <b>Net loss</b>   | \$ (94)                                   | \$ (4,888)      | \$ (722)                                 | \$ (4,663)        |
| Non-cash items  |   |                 |  |                   |
| Amortization  | 85  | 104             | 272                                      | 315               |
| Impairment charges on PP&E and intangible assets  | —   | 4,004           | —  | 4,004             |
| Deferred income taxes   | (34)                                      | 104             | (90)                                     | 118               |
| Share of income of joint ventures and associates  | (29)                                      | (19)            | (61)                                     | (53)              |
| Loss on repurchase of long-term debt  | —   | —               | —  | 22                |
| Other   | 4   | 5               | 3  | 11                |
| Dividends received from joint ventures and associates                                   | 30  | 32              | 110                                      | 59                |
| Net change in non-cash balances   | (34)                                      | 343             | (198)                                    | (863)             |
| Cash flows from operating activities  | (72)                                      | (315)           | (686)                                    | (1,050)           |
| Net additions to PP&E and intangible assets   | (248)                                     | (501)           | (874)                                    | (1,319)           |
| <b>Free cash flow usage<sup>(1)</sup></b>   | <b>(320)</b>                              | <b>(816)</b>    | <b>(1,560)</b>                           | <b>(2,369)</b>    |
| Net interest and income taxes paid  | (195)                                     | (168)           | (512)                                    | (396)             |
| <b>Free cash flow usage before net interest<br/>and income taxes paid<sup>(1)</sup></b> | <b>\$ (125)</b>                           | <b>\$ (648)</b> | <b>\$ (1,048)</b>                        | <b>\$ (1,973)</b> |

1. Non-GAAP measure. See Caution Regarding Non-GAAP measures at the end of this presentation.



## AIRCRAFT PROGRAM DISCLAIMER

The *CS300*, *Global 7000* and *Global 8000* aircraft programs are currently in development, and as such are subject to changes in family strategy, branding, capacity, performance, design and/or systems. All specifications and data are approximate, may change without notice and are subject to certain operating rules, assumptions and other conditions. This document does not constitute an offer, commitment, representation, guarantee or warranty of any kind.

## CAUTION REGARDING NON-GAAP 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 includes non-GAAP financial measures, including EBIT before special items, EBIT margin before special items, free cash flow and free cash flow usage. These non-GAAP measures are mainly derived from the interim consolidated financial statements but do not have standardized meanings prescribed by IFRS. The exclusion of certain items from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, we may exclude additional items if we believe doing so would result in a more transparent and comparable disclosure. Other entities in our industry may define similarly-named non-GAAP measures differently than we do. In those cases, it may be difficult to compare the performance of those entities to ours based on these similarly-named non-GAAP measures. Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of this presentation and of our interim financial report with enhanced understanding of our results and related trends and increases the transparency and clarity of the core results of our business. For these reasons, a significant number of users of our financial report and of this presentation analyze our results based on these performance measures. For instance, EBIT before special items excludes items that do not reflect our core performance or where their exclusion will assist users in understanding our results for the period. We believe these measure help users of our financial report and of this presentation to better analyze results, enabling better comparability of our results from one period to another and with peers.

Refer to the Non-GAAP financial measures section in Overview in the Corporation's MD&A for definitions of these metrics and refer below for reconciliations to the most comparable IFRS measures.

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