



# FINANCIAL RESULTS FOR THE SECOND QUARTER 2016

Stakeholder presentation

August 5, 2016

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# Caution Regarding Forward-Looking Statements

This presentation includes forward-looking statements, which may involve, but are not limited to: statements with respect to the Corporation's 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 the Corporation's business and operations; available liquidities and ongoing review of strategic and financial alternatives; the receipt and use of the remaining investment by the Government of Québec in the C Series Aircraft Limited Partnership (the C Series Investment); the effects of the C Series Investment and of the private placement of a minority stake in Transportation to the CDPQ (the CDPQ Investment and, with the C Series Investment, the Investments) on the range of options available to us, including regarding the Corporation's 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 the Corporation's operations, infrastructure, opportunities, financial condition, access to capital and overall strategy; and the impact of the sale of equity on the Corporation's balance sheet and liquidity position. The implementation of the Share Consolidation is subject to a number of conditions, including but not limited to, Toronto Stock Exchange approval. The Board of Directors has authority, notwithstanding approval of the Share Consolidation by shareholders, to determine in its discretion not to proceed with the Share Consolidation, without further approval or action by, or prior notice to, shareholders. At this time, no decision has been made by the Board of Directors and there can be no assurance that the Share Consolidation will be implemented as proposed or at all, or as to the timing thereof, or that the Share Consolidation will result in the contemplated initial post-consolidation share price of Class A Shares or Class B Subordinate Voting Shares.

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 actual results in future periods to differ materially from forecast results. While management considers their 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 the Corporation's business environment (such as risks associated with the financial condition of the airline industry, of 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 commitments and production and project execution; pressures on cash flows based on project-cycle fluctuations and seasonality; the Corporation's ability to successfully implement the Corporation's 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; 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 the Corporation's 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 the Corporation's 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, the Corporation expressly disclaims any intention, and assumes 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 Q2 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 second 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 SECOND QUARTER 2016



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



# Delivering on Financial Commitments and Milestones

## REAFFIRMING 2016 GUIDANCE

**127** New *C Series* Orders



Firm Backlog of **300+**

Smooth **EIS**



**C Series** begins  
revenue generation

Completed  
**Québec**   
equity investment

Segment EBIT<sup>1</sup>  
Margins

**>6%**

(excl-BCA)

Improved  
**Cash**  
performance

**\$4.9B**  
pro forma liquidity<sup>2</sup>

1. EBIT before special items. See Caution regarding Non-GAAP measures at the end of this presentation and the reconciliation to the most comparable IFRS measure in the second quarter 2016 MD&A and at the end of this presentation.
2. Pro forma liquidity of \$4.9 billion includes cash and cash equivalents, the amount available under the revolving credit facilities as well as the second \$500M installment of the equity investment from the Government of Québec in the *C Series* aircraft program expected on September 1, 2016. For more details, see the end of this presentation.

# H1 Results Supporting Full Year Guidance

	Q2 2016	H1 2016	2016 GUIDANCE <sup>2</sup>
<b>REVENUES</b>	\$4.3B	\$8.2B	\$16.5B - \$17.5B
<b>EBIT</b> before special items <sup>1</sup>	\$106M	\$236M	\$200M - \$400M
<b>FCF</b>	(\$490M)	(\$1.2B)	(\$1.3B - \$1.0B)

1. 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 second quarter 2016 MD&A and at the end of this presentation.
2. See Forward-looking Statements at the beginning of this presentation and Caution regarding Non-GAAP measures at the end of this presentation.

# Segmented Results – Q2 2016

		Revenues	EBIT before special items <sup>1</sup>	
BT		\$2.0B	6.3%	YTD book-to-bill <sup>2</sup> of 0.9, continued focus on margins
BBA		\$1.5B 42 deliveries	6.7%	YTD book-to-bill <sup>3</sup> of 1.0, strong performance in a challenging environment
BCA		\$764M 27 deliveries	(\$103M)	Transitioning to revenue generation with the first C Series delivery; ramping-up production
BAES		\$425M	7.1%	Continued focus on cost reduction and productivity improvement

1. 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 second quarter 2016 MD&A and at the end of this presentation.
2. Ratio of new orders over revenues.
3. Ratio of net orders received over aircraft deliveries, in units.

# Special Items – Q2 2016

## STRATEGIC DECISIONS IN SUPPORT OF OUR TURNAROUND

**C Series Contract  
Provision  
(\$492M)**

**Ongoing Workforce  
Optimization  
Charge  
(\$44M)**

**Learjet 85  
Provision Reversal  
\$54M**

**Pension Liability  
Gain  
\$139M**

**Tax Litigation  
Provision  
(\$40M)**

# Cash Performance on Plan for 2016

## SOLID LIQUIDITY POSITION AHEAD OF SEASONALLY STRONG H2

**Q2**  
**\$490M**  
FCF Usage<sup>1</sup>

~\$430M to fund **GROWTH**

- *C Series*; ~\$270M
- BBA tooling – mainly on *Global 7000/8000*; ~\$160M

**YTD**  
**\$1.2B**  
FCF Usage<sup>1</sup>

**Liquidity**  
**\$4.9B**  
pro forma<sup>2</sup>

**Full Year Guidance<sup>3</sup>**

**\$1.0B**  
FCF Usage<sup>1</sup>

**\$1.3B**  
FCF Usage<sup>1</sup>

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 second quarter 2016 MD&A and at the end of this presentation. See Forward-looking Statements at the beginning of this presentation.
2. Pro forma liquidity of \$4.9 billion includes cash and cash equivalents, the amount available under the revolving credit facilities as well as the second \$500M installment of the equity investment from the Government of Québec in the *C Series* aircraft program expected on September 1, 2016. For more details, see the end of this presentation.
3. See Forward-looking Statements at the beginning of this presentation.

# Q&A

# Appendix

# Reconciliation of Non-GAAP Measures

## Reconciliation of segment to consolidated results

	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
<b>Revenues</b>				
Business Aircraft	\$ 1,473	\$ 1,815	\$ 2,776	\$ 3,352
Commercial Aircraft	764	598	1,380	1,271
Aerostructures and Engineering Services	425	472	893	943
Transportation	1,964	2,091	3,844	4,132
Corporate and Elimination	(317)	(356)	(670)	(681)
	<b>\$ 4,309</b>	<b>\$ 4,620</b>	<b>\$ 8,223</b>	<b>\$ 9,017</b>
<b>EBIT before special items <sup>1</sup></b>				
Business Aircraft	\$ 98	\$ 119	\$ 185	\$ 226
Commercial Aircraft	(103)	(10)	(169)	(20)
Aerostructures and Engineering Services	30	42	65	83
Transportation	124	115	239	233
Corporate and Elimination	(43)	(40)	(84)	(59)
	<b>\$ 106</b>	<b>\$ 226</b>	<b>\$ 236</b>	<b>\$ 463</b>
<b>Special Items</b>				
Business Aircraft	\$ (114)	\$ —	\$ (109)	\$ 11
Commercial Aircraft	483	—	483	(1)
Aerostructures and Engineering Services	(39)	—	(19)	(1)
Transportation	37	—	129	—
Corporate and Elimination	(10)	—	(53)	—
	<b>\$ 357</b>	<b>\$ —</b>	<b>\$ 431</b>	<b>\$ 9</b>
<b>EBIT</b>				
Business Aircraft	\$ 212	\$ 119	\$ 294	\$ 215
Commercial Aircraft	(586)	(10)	(652)	(19)
Aerostructures and Engineering Services	69	42	84	84
Transportation	87	115	110	233
Corporate and Elimination	(33)	(40)	(31)	(59)
	<b>\$ (251)</b>	<b>\$ 226</b>	<b>\$ (195)</b>	<b>\$ 454</b>

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

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

### Reconciliation of free cash flow usage to cash flows from operating activities

	Three-month periods ended June 30		Six-month periods ended June 30	
	2016	2015	2016	2015
Cash flows from operating activities	\$ (158)	\$ (369)	\$ (614)	\$ (735)
Net additions to PP&E and intangible assets	(332)	(439)	(626)	(818)
<b>Free cash flow usage<sup>1</sup></b>	<b>\$ (490)</b>	<b>\$ (808)</b>	<b>\$ (1,240)</b>	<b>\$ (1,553)</b>

### Reconciliation of pro forma liquidity

	June 30, 2016
Cash and cash equivalents	\$ 3,336
Available revolving credit facilities	1,019
Second installment of the equity investment by the Government of Québec in the C Series aircraft program expected on September 1, 2016	500
<b>Pro forma liquidity</b>	<b>\$ 4,855</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 is also based on 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; therefore, others using these terms may define them differently. Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users 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.

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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