



# BOMBARDIER AEROSPACE

## MARKET FORECAST 2012-2031

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VICE PRESIDENT  
STRATEGY,  
BUSINESS DEVELOPMENT  
& STRUCTURED FINANCE

JUNE 19, 2012

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# FORWARD LOOKING STATEMENTS

## 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, markets 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; our competitive position; and the expected impact of the legislative and regulatory environment and legal proceedings on our business and operations. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “anticipate”, “plan”, “foresee”, “believe”, “continue” or “maintain”, the negative of these terms, variations of them or similar terminology. By their nature, forward-looking statements require us 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 forecasted results. While we consider our assumptions to be reasonable and appropriate based on information currently 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, refer to the respective Guidance and forward-looking statements sections in Overview, Bombardier Aerospace and Bombardier Transportation sections in the Management’s Discussion and Analysis (“MD&A”) in the Corporation’s annual report for the fiscal year ended December 31, 2011.*

*Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include risks associated with general economic conditions, risks associated with our business environment (such as risks associated with the financial condition of the airline industry and major rail operators), operational risks (such as risks related to developing new products and services; doing business with partners; product performance warranty and casualty claim losses; regulatory and legal proceedings; to the environment; dependence on certain customers and suppliers; human resources; fixed-price commitments and production and project execution), financing risks (such as risks related to liquidity and access to capital markets, exposure to credit risk, certain restrictive debt covenants, financing support provided for the benefit of certain customers and reliance on government support) and market risks (such as risks related to foreign currency fluctuations, changing interest rates, decreases in residual value and increases in commodity prices). For more details, see the Risks and uncertainties section in Other. 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 our expectations as at the date of the Corporation’s MD&A 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.*

## CAUTION REGARDING NON-GAAP EARNINGS MEASURES

*This presentation is based on reported earnings in accordance with International Financial Reporting Standards ((IFRS) generally accepted accounting principles (GAAP)). It is also based on EBITDA and Free Cash Flow. These non-GAAP measures are directly derived from the Consolidated Financial Statements, but do not have a standardized meaning prescribed by IFRS; therefore, others using these terms may calculate them differently. Management believes that a significant number of the users of its MD&A analyze the Corporation’s results based on these performance measures and that this presentation is consistent with industry practice.*

ALL AMOUNTS ARE EXPRESSED IN U.S. DOLLARS UNLESS OTHERWISE INDICATED.

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# AGENDA

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## ECONOMIC TRENDS

1. Economic Forecast
2. Geographical

## BUSINESS AIRCRAFT

1. Industry Trends
2. Key Market Drivers
3. Business Aircraft Delivery Forecast

## COMMERCIAL AIRCRAFT

1. Industry Trends
2. Key Market Drivers
3. Commercial Aircraft Delivery Forecast (20- to 149-seat )

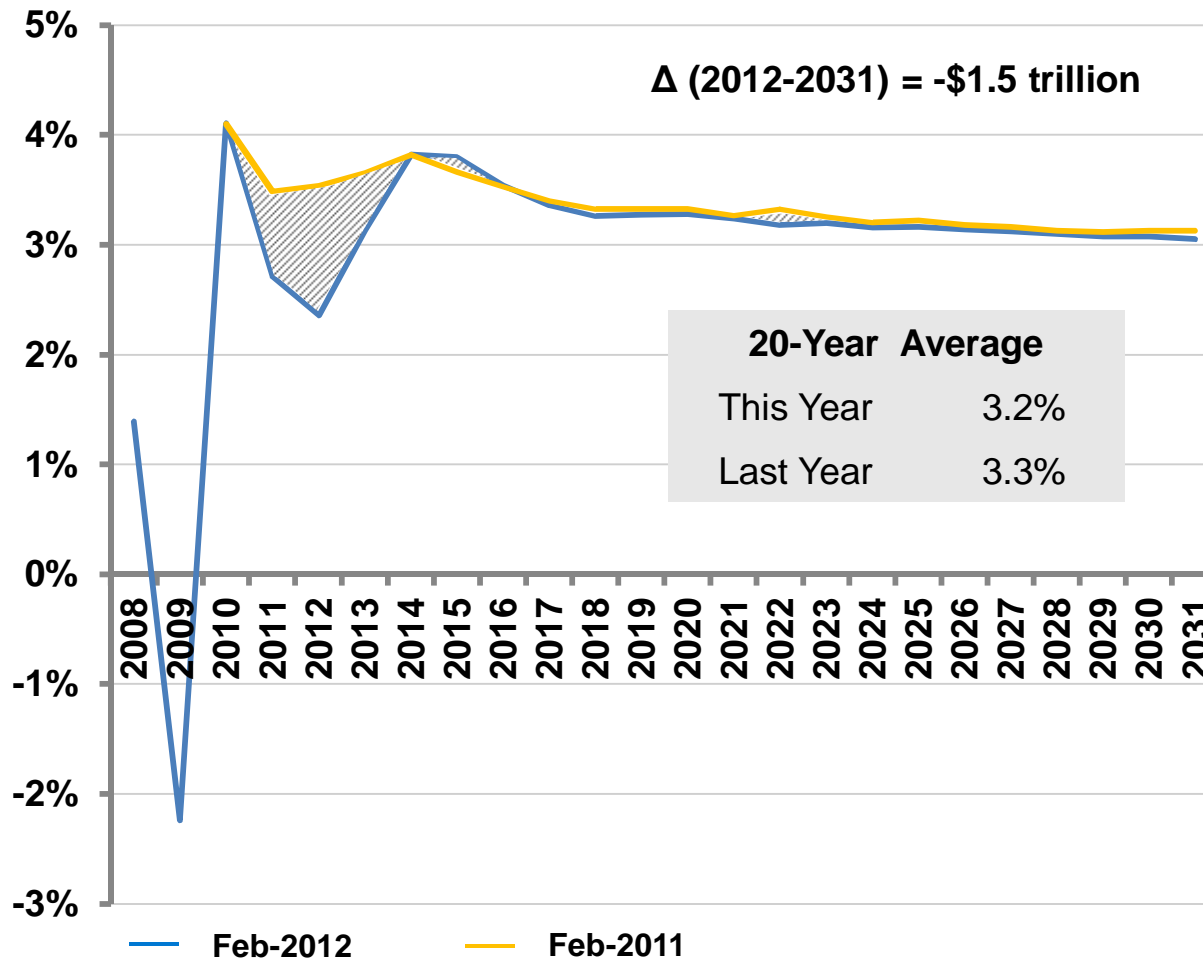
# LEADING THE INDUSTRY AND OUR CUSTOMERS INTO THE FUTURE



- Bombardier Business and Commercial Market Forecast is a key foundation of our strategic plan
- The Forecast is built on common baseline assumptions
- The Forecast is primarily driven by econometric modeling with consideration of qualitative factors
- The principal output is a 20-year delivery forecast

# THE DOWNWARD ADJUSTMENT OF WORLD GDP FORECAST IN 2012 AFFECTS OUR MARKET FORECAST

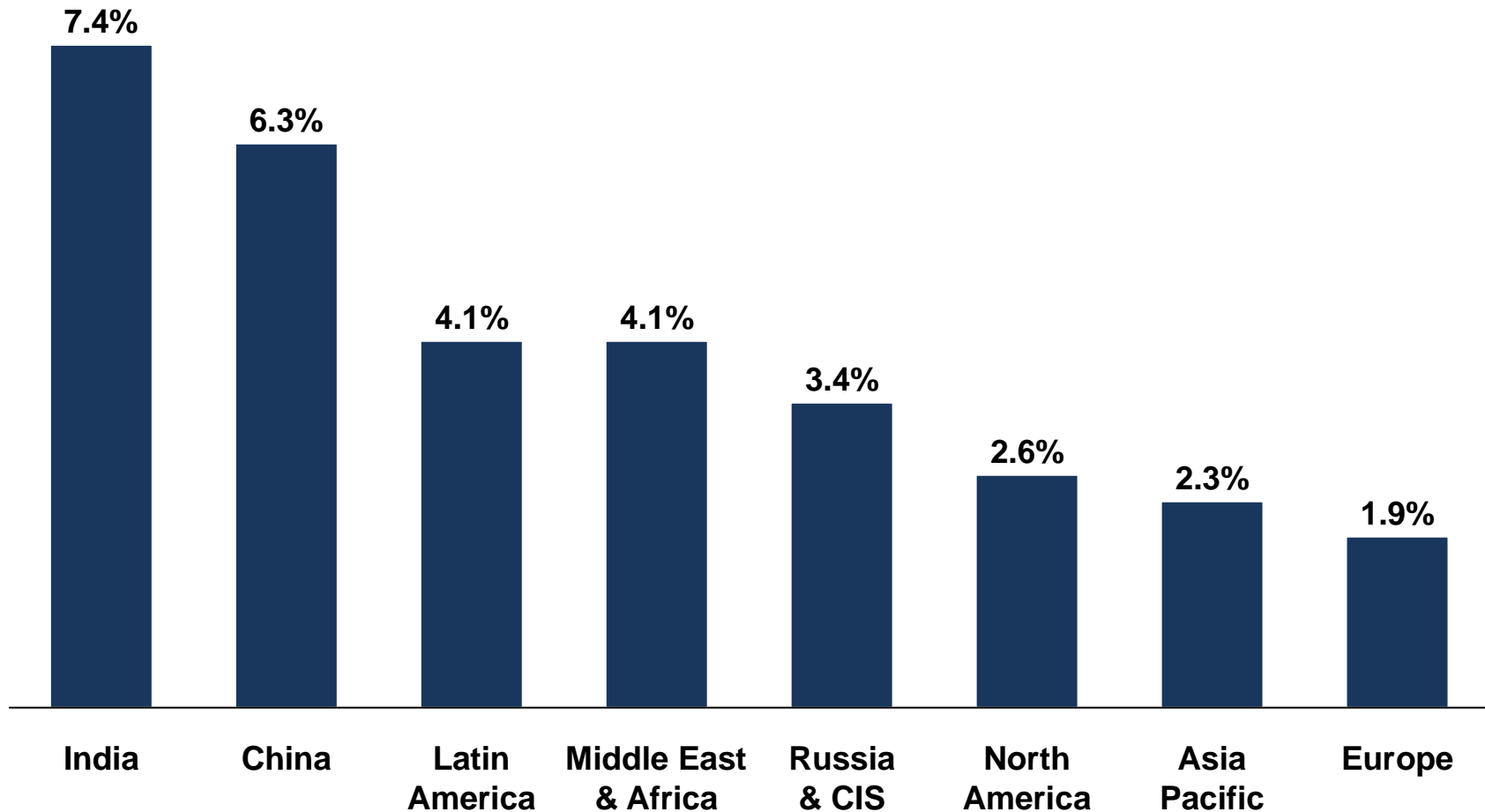
2008-2031 World GDP Growth Forecast (%)



5 SOURCE: IHS GLOBAL INSIGHT FEBRUARY 2011 AND FEBRUARY 2012.

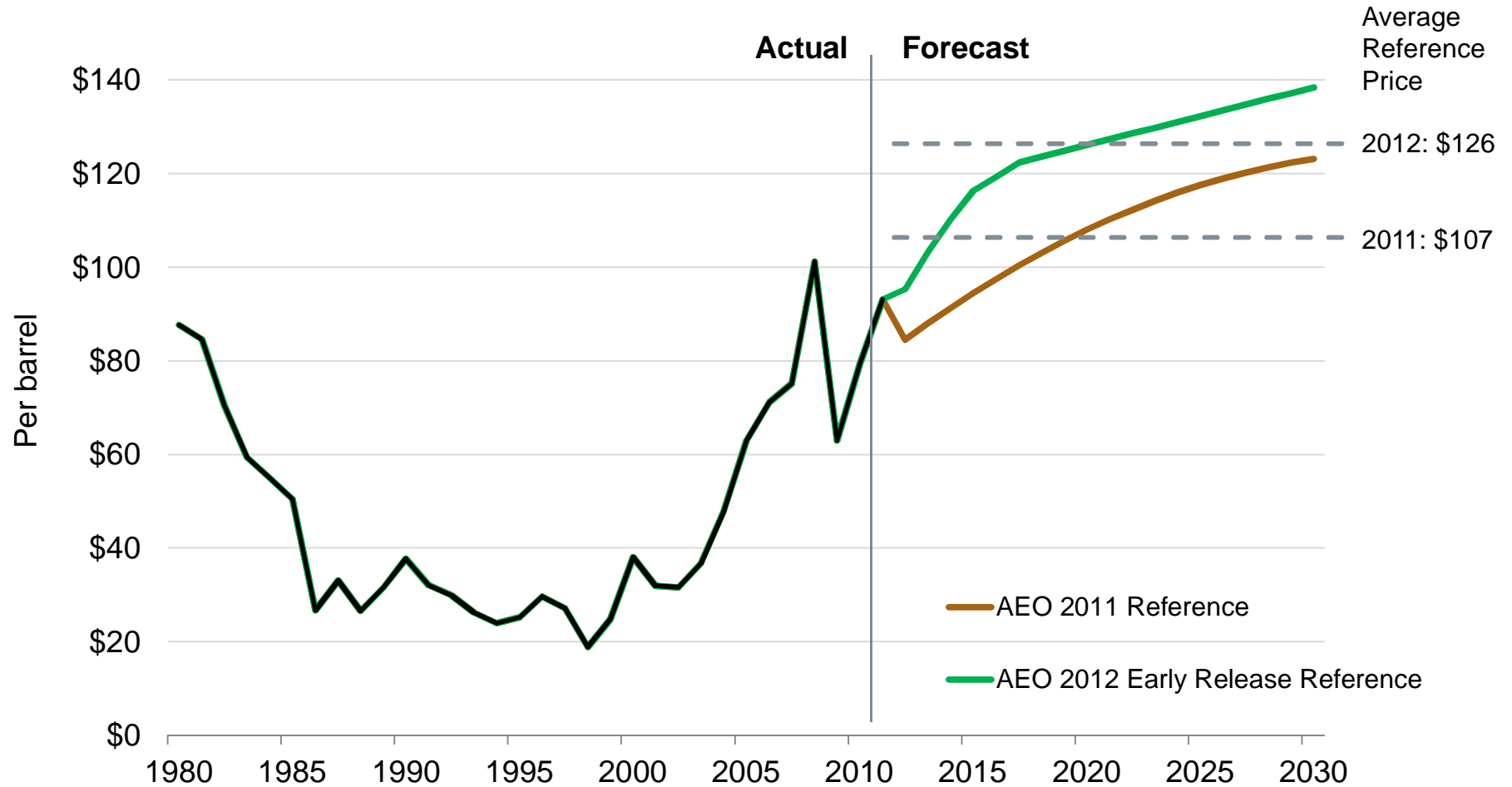
# INDIA AND CHINA WILL LEAD ECONOMIC GROWTH OVER THE NEXT 20 YEARS

20-Year GDP Growth Projection (%)





# RISING OIL PRICES INCREASE DEMAND FOR MORE FUEL-EFFICIENT AIRCRAFT

1980-2031 Annual Energy Outlook (%)



# UNFORSEEN EVENTS COULD IMPACT OUR FORECAST

EVENT	AEROSPACE TAILWINDS
Increased Number of Billionaires	<p data-bbox="1123 423 1482 488">Increased aircraft sales Increased aircraft utilization</p> 
Acceleration of Middle Class Growth	
Acceleration of Economic Trade	
Technological Breakthrough	

EVENT	AEROSPACE HEADWINDS
Geopolitical Events	 <p data-bbox="1117 1242 1486 1307">Lower aircraft sales Decreased aircraft utilization</p>
Terrorism	
Economic Protectionism	
World Recession	
Natural Disasters	



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BUSINESS AIRCRAFT

# MARKET FORECAST

2012-2031

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## BUSINESS JET MARKET

- **The business jet market continues to progress from the downturn of 2009-2010**
- **Industry orders up in 2011; deliveries relatively flat**
- **Pre-owned inventory levels coming down, residual values bottoming, utilization gradually increasing**
- **Large-category market remains strong**
- **US market is strengthening, Asia (esp. China) is active, Europe is weak**
- **Bombardier is increasing its leadership position**

# MARKET DRIVERS ARE SHOWING POSITIVE TRENDS

## Business Aircraft Key Market Drivers

**Wealth  
Creation**



**Globalization  
of Trade**



**Emerging  
Markets**



**New Aircraft  
Programs**



**Replacement  
Demand**

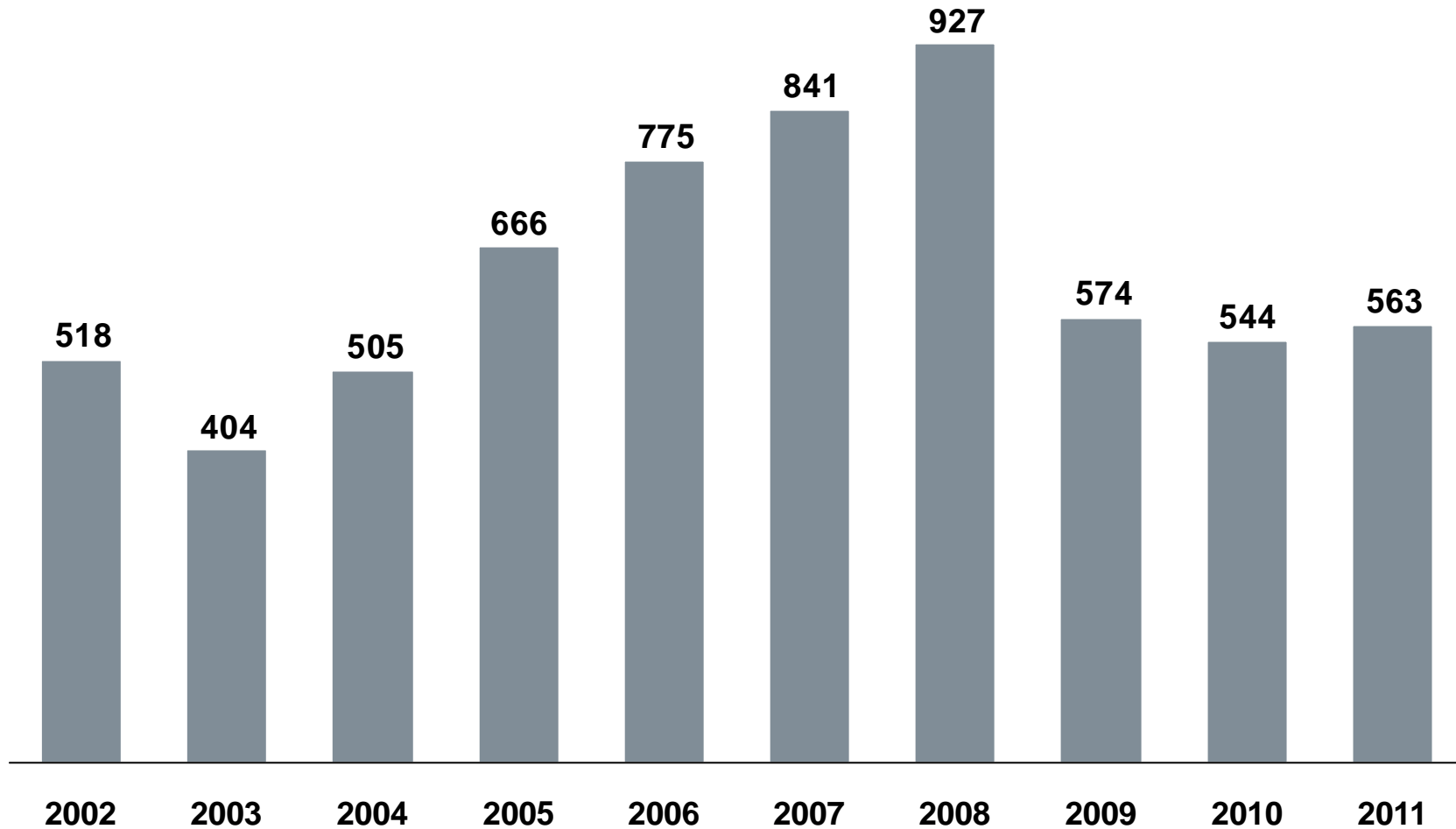


**Accessibility**



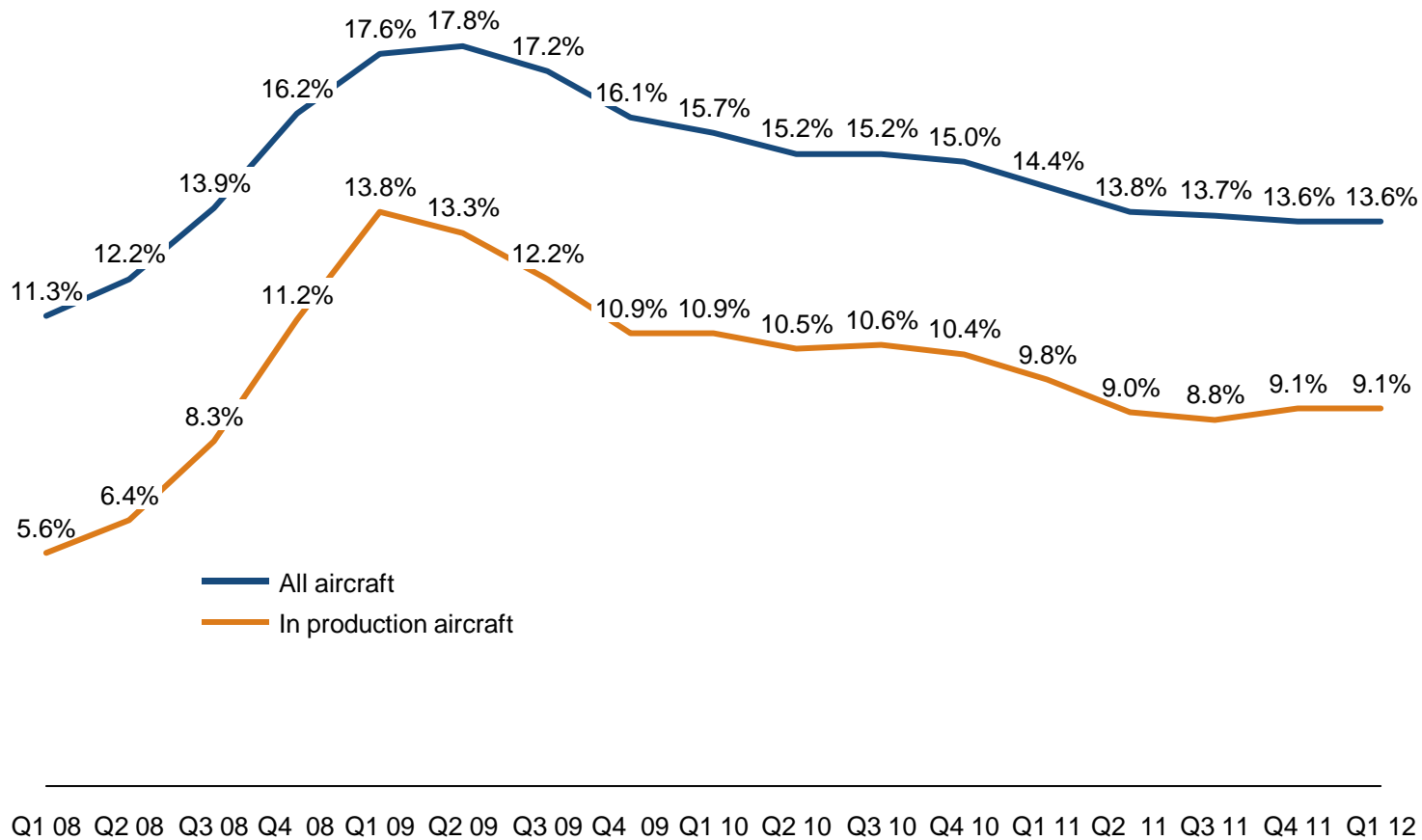
# DELIVERIES RELATIVELY FLAT IN 2011 VS. 2010

2002-2011 Total Business Aircraft Industry Deliveries, Units



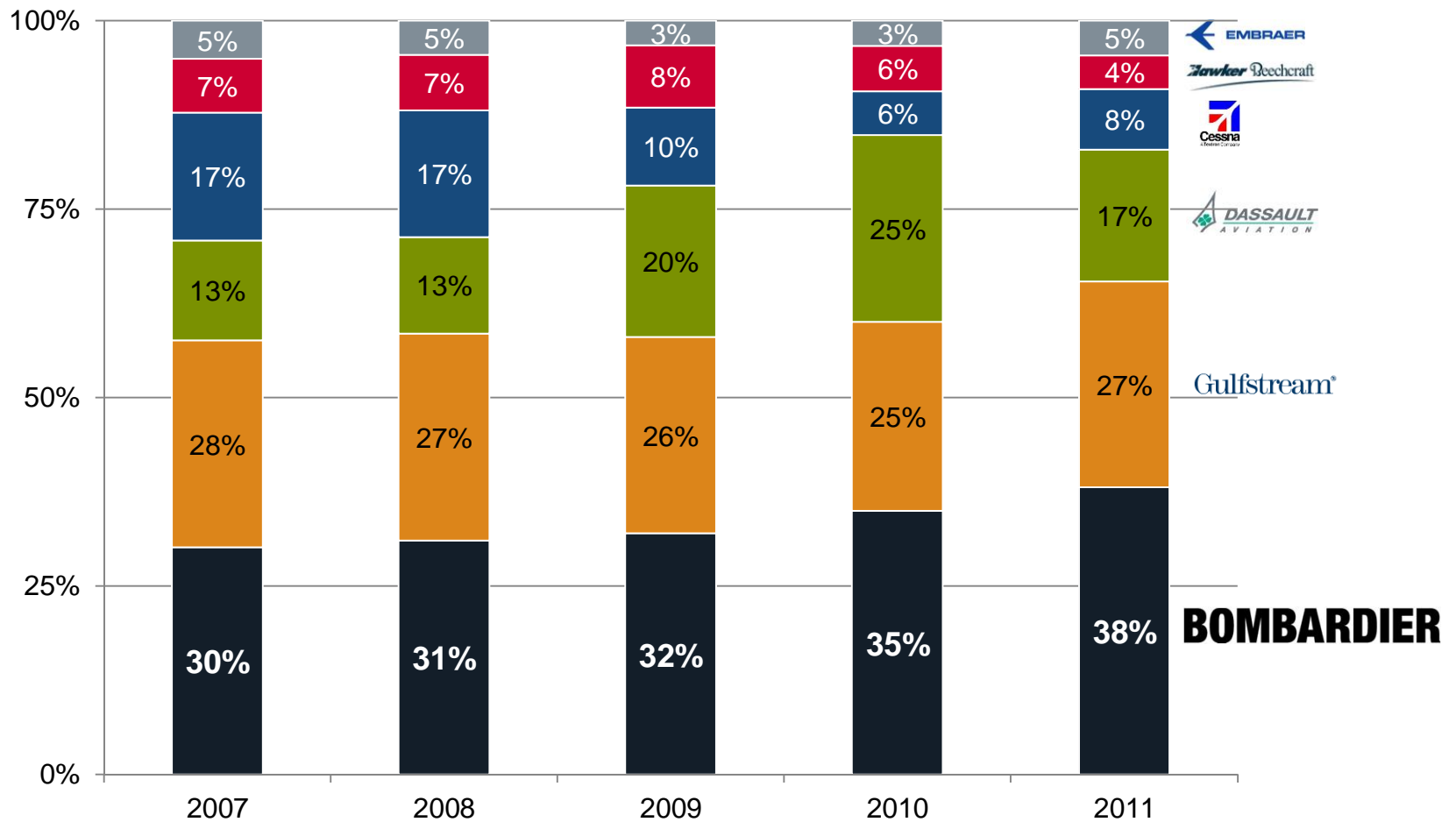
# PRE-OWNED INVENTORY LEVELS ARE DECREASING

2008-Q1-2012 Pre-owned Inventory, % of Fleet



# BOMBARDIER IS EXPANDING ITS LEAD IN THE BUSINESS JET MARKET

2007-2011 Market Share of Delivery Revenues (%)



14 SOURCE: GAMA, EXCLUDING VERY LIGHT JETS AND LARGE CORPORATE AIRLINERS. BASED ON B&CA LIST PRICES.

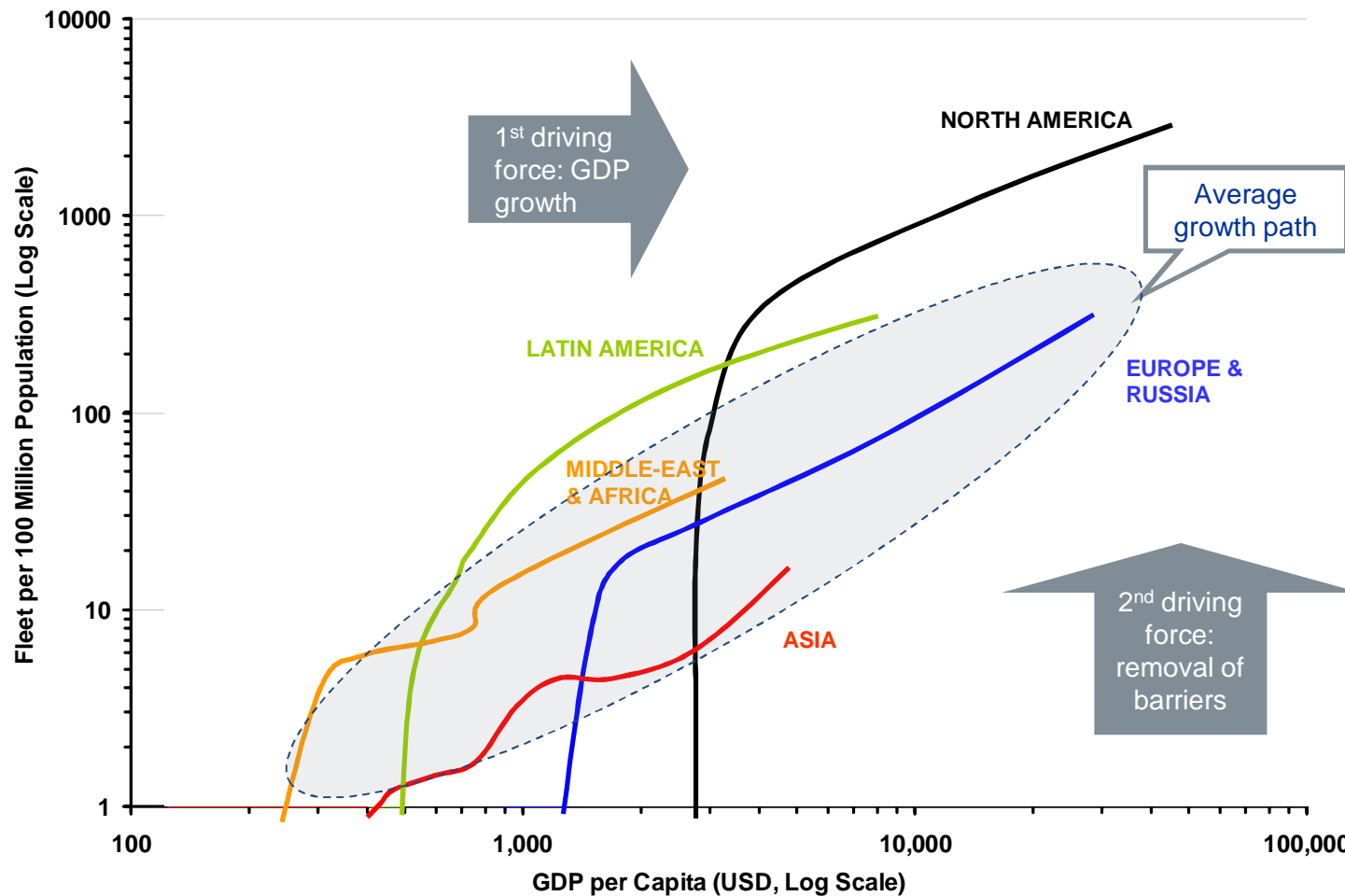
# BOMBARDIER IS THE MOST INNOVATIVE WITH 7 PROGRAMS IN DEVELOPMENT

2012-2017 Aircraft Programs In Development



# BUSINESS JETS WILL PENETRATE NEW MARKETS WORLDWIDE

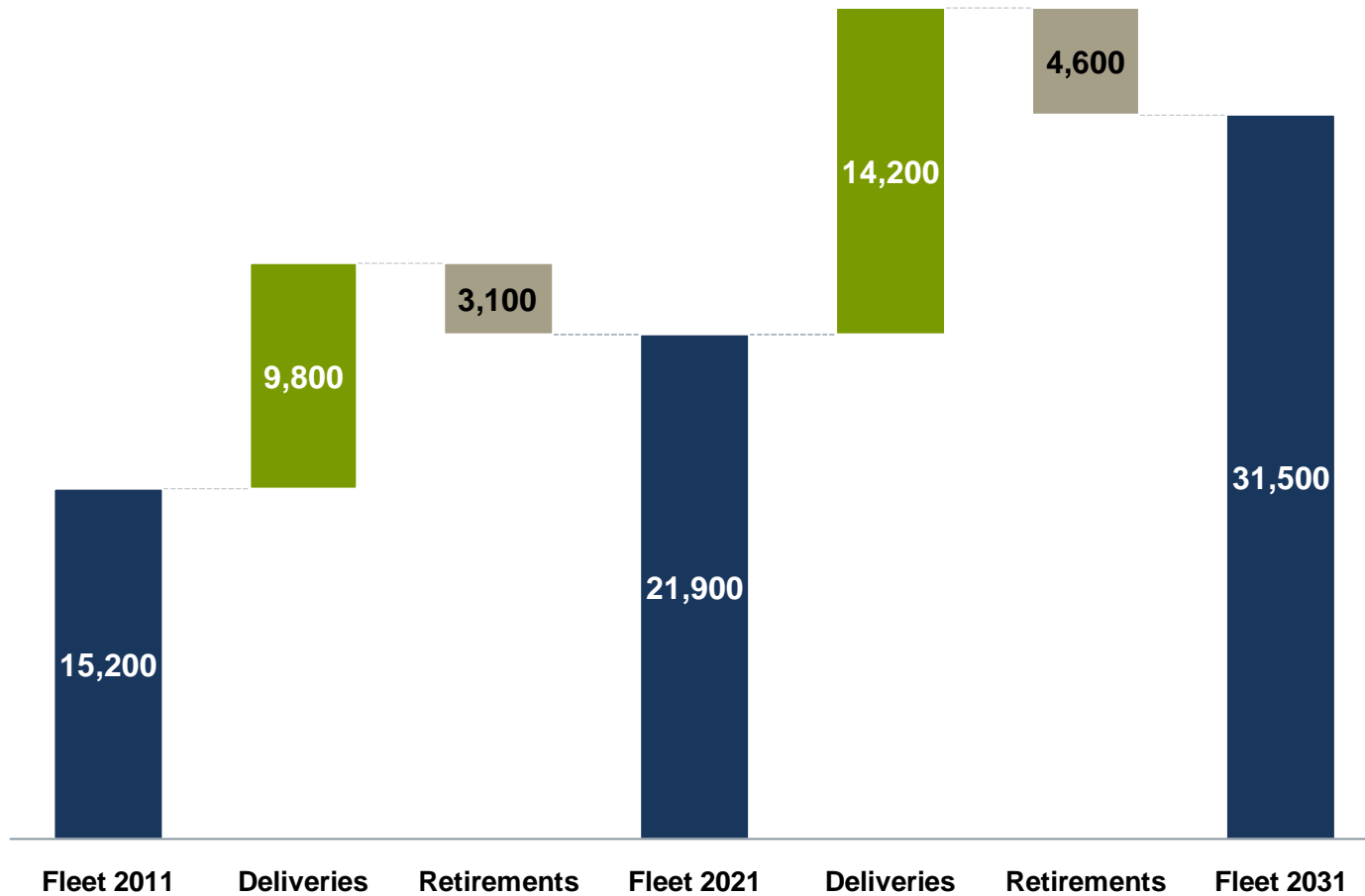
1960-2031 Fleet per Capita vs. GDP per Capita





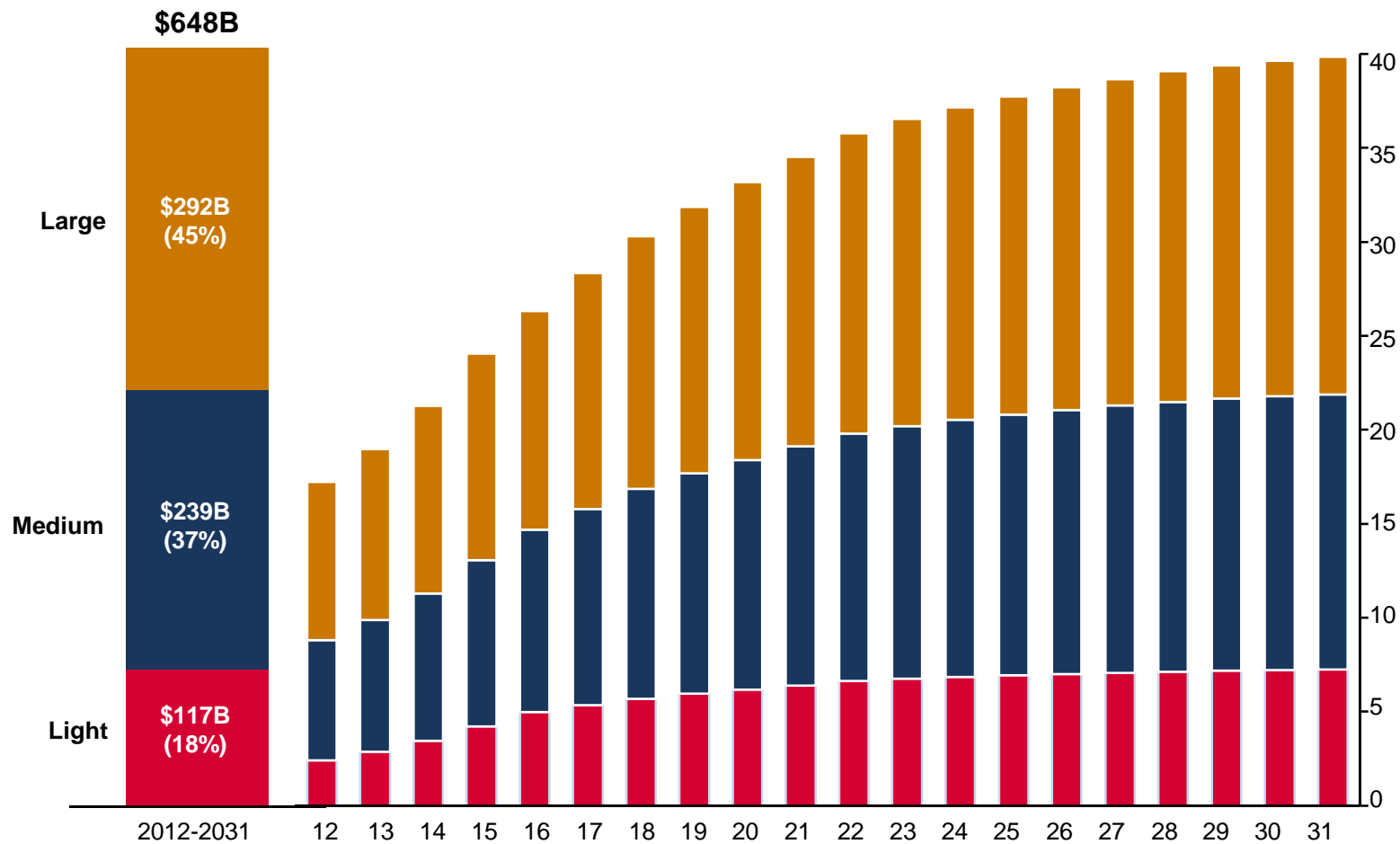
# WORLD FLEET FORECAST TO GROW TO 31,500 BY 2031

2011-2031 Business Aircraft Fleet, Deliveries, Retirements



# 24,000 BUSINESS JET DELIVERIES WORTH \$648B OVER NEXT 20 YEARS

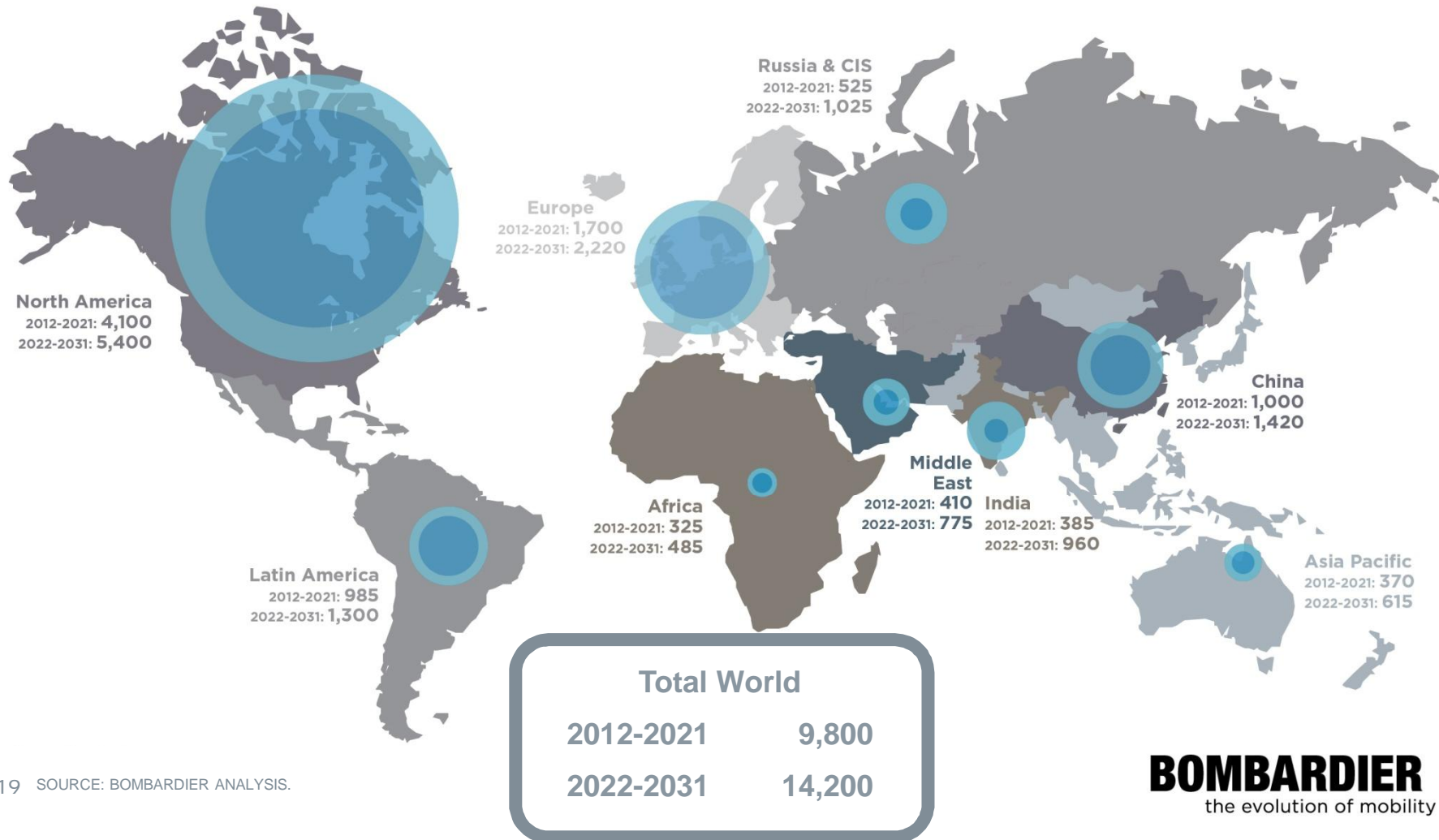
20-Year Revenue Forecast by Region, \$ Billion



18 SOURCE: BOMBARDIER BUSINESS AIRCRAFT MARKET FORECAST, REVENUES IN CONSTANT 2011 BILLIONS \$.

# NORTH AMERICA, EUROPE, CHINA WILL BE THE LARGEST MARKETS FOR BUSINESS JET DELIVERIES

Regional 10-Year and 20-Year Delivery Outlook, Units





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COMMERCIAL AIRCRAFT

# MARKET FORECAST

2012-2031

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## COMMERCIAL AIRCRAFT MARKET

- **Traffic demand remains strong and yields continue to recover from previous downturn**
- **Rising oil price is and will be the most critical factor influencing airline profitability**
- **Exploding middle-class population in growth markets will speed up the demand for new aircraft**
- **US scope clause is on the verge of new expansion, opening new opportunity for more regional jets**
- **Bombardier offers the most optimized 60- to 149-seat aircraft solution**

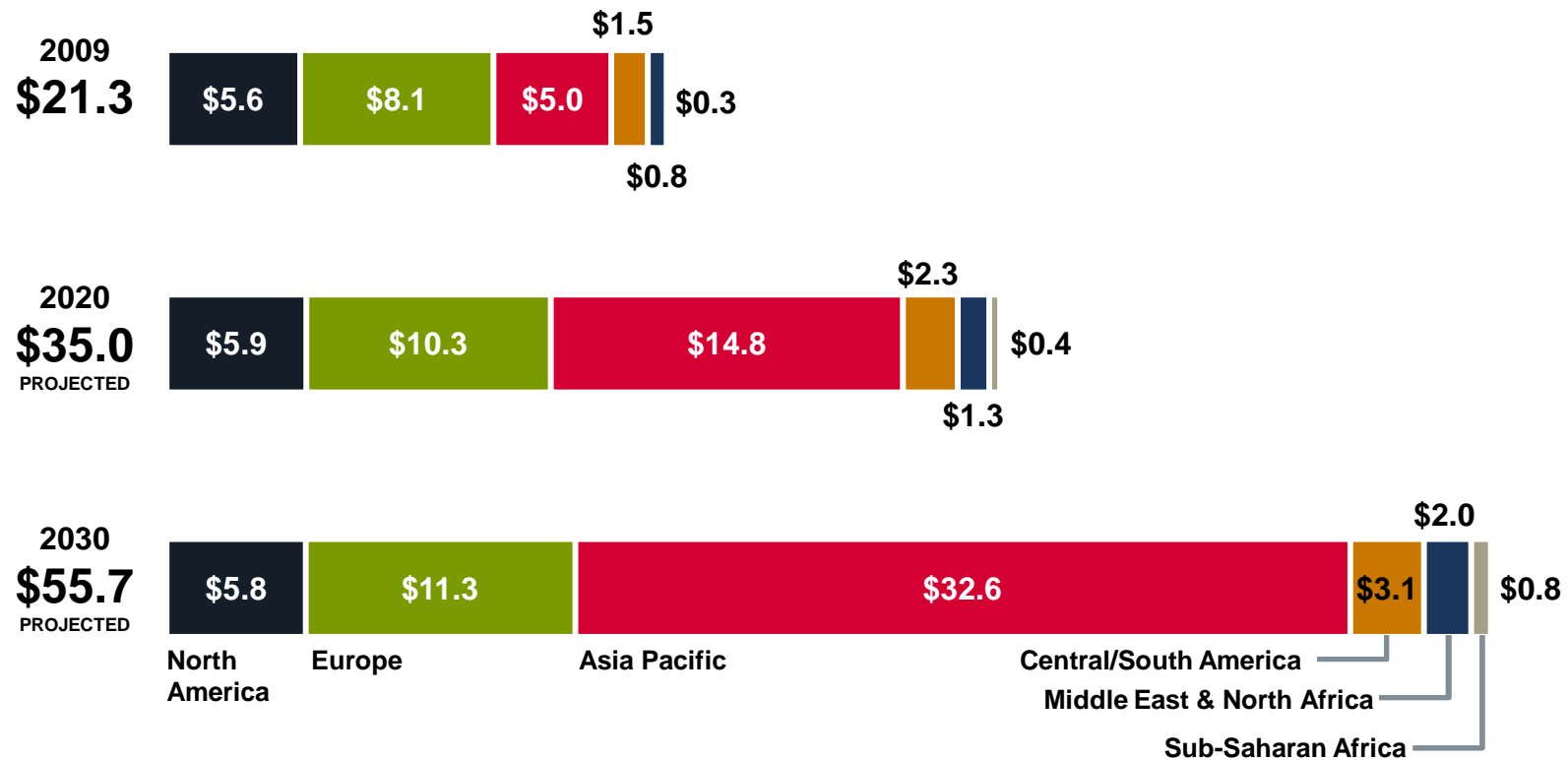
# MARKET DRIVERS INCREASE AIRCRAFT DEMAND

## Commercial Aircraft Key Market Drivers



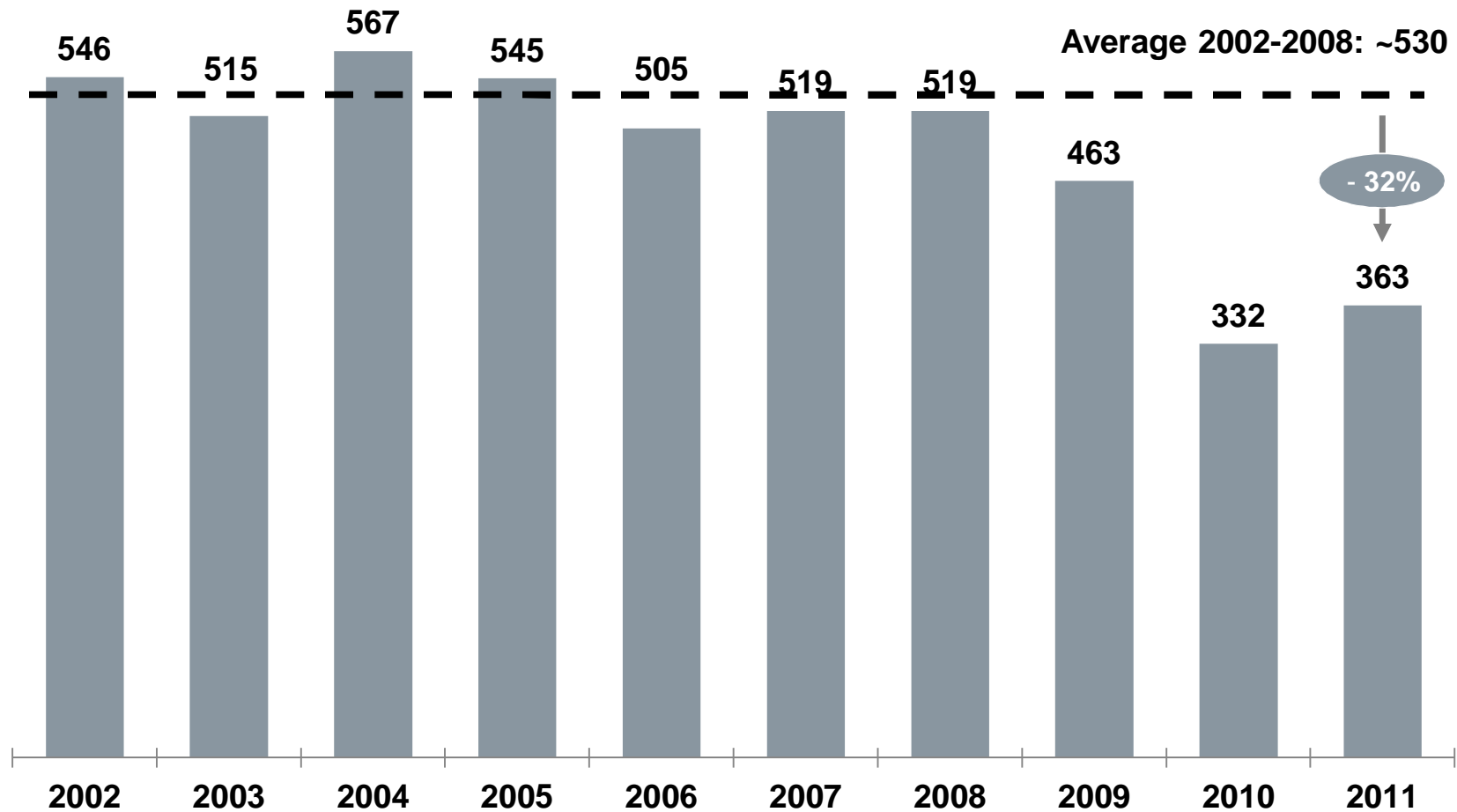
# EXPLODING MIDDLE CLASS POPULATION IN GROWTH REGIONS WILL CREATE NEW AIRCRAFT DEMAND

Middle Class Consumer Spending (\$ Trillion, PPP)



# DELIVERIES STILL WELL BELOW PAST AVERAGE

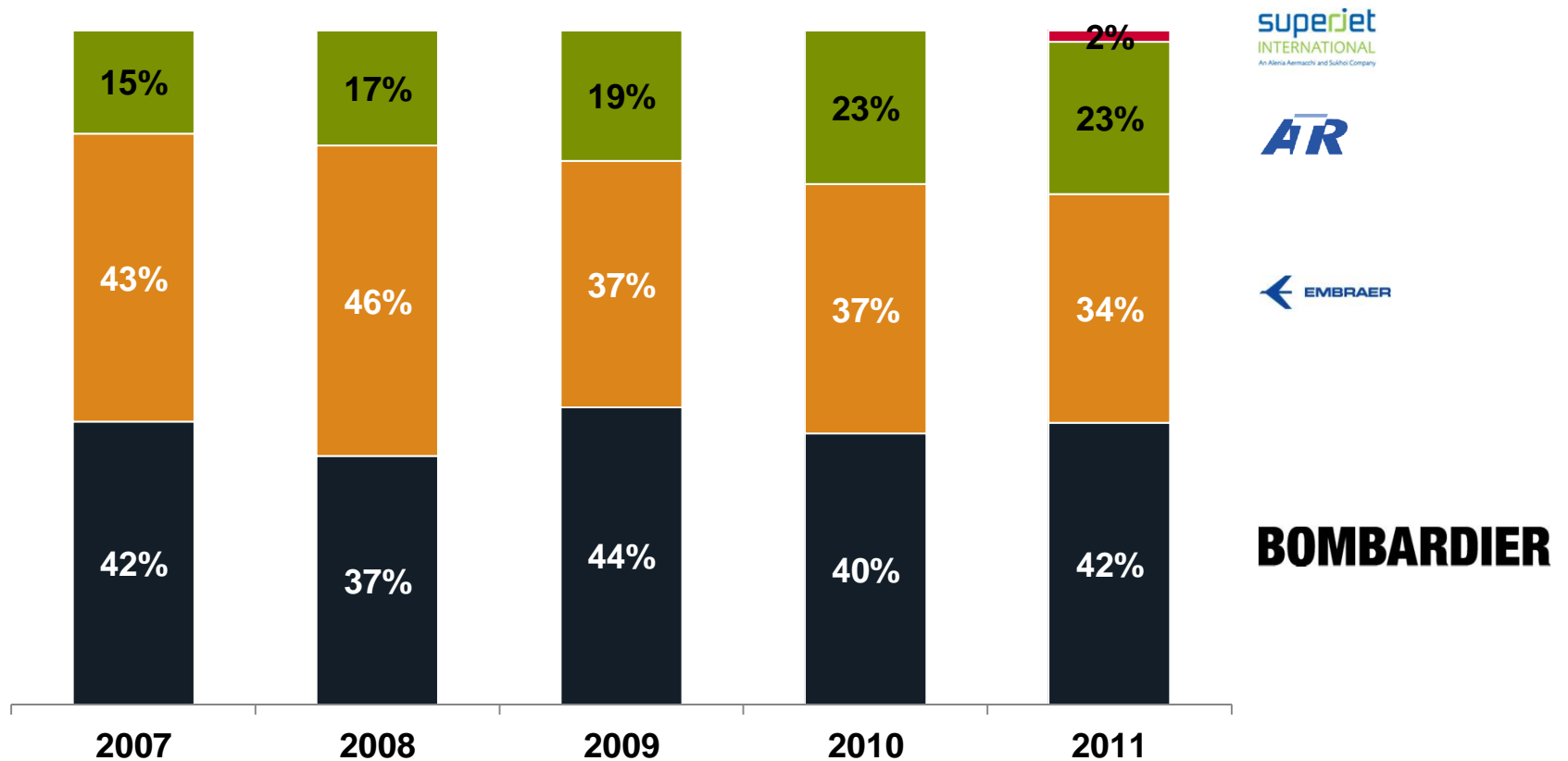
2002-2011 Total Commercial Aircraft Industry Deliveries, Units, 20-149 Seats





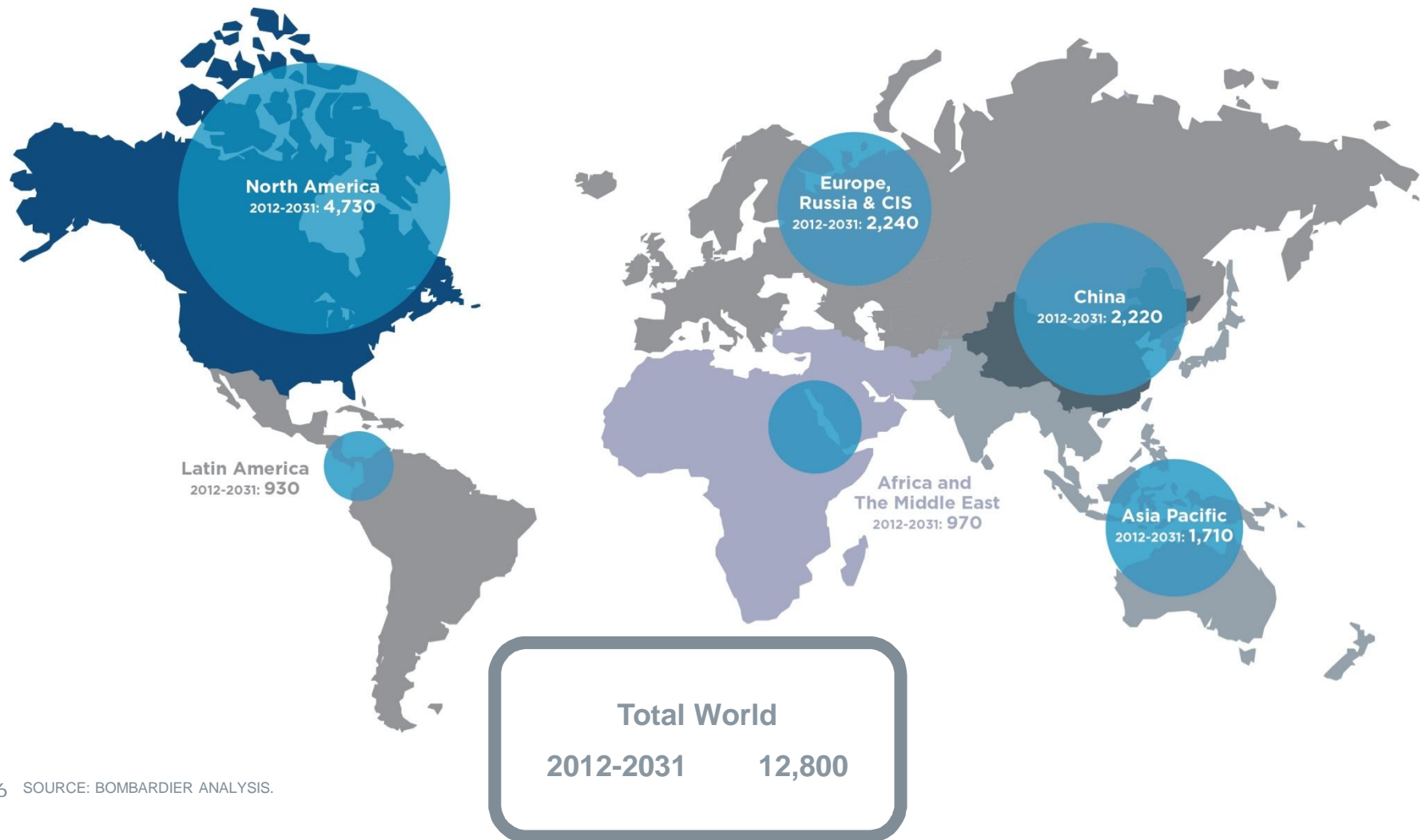
# BOMBARDIER IS THE REGIONAL AIRCRAFT MARKET LEADER

2007-2011 Market Share of Delivery Units (%), 40- 99 Seats



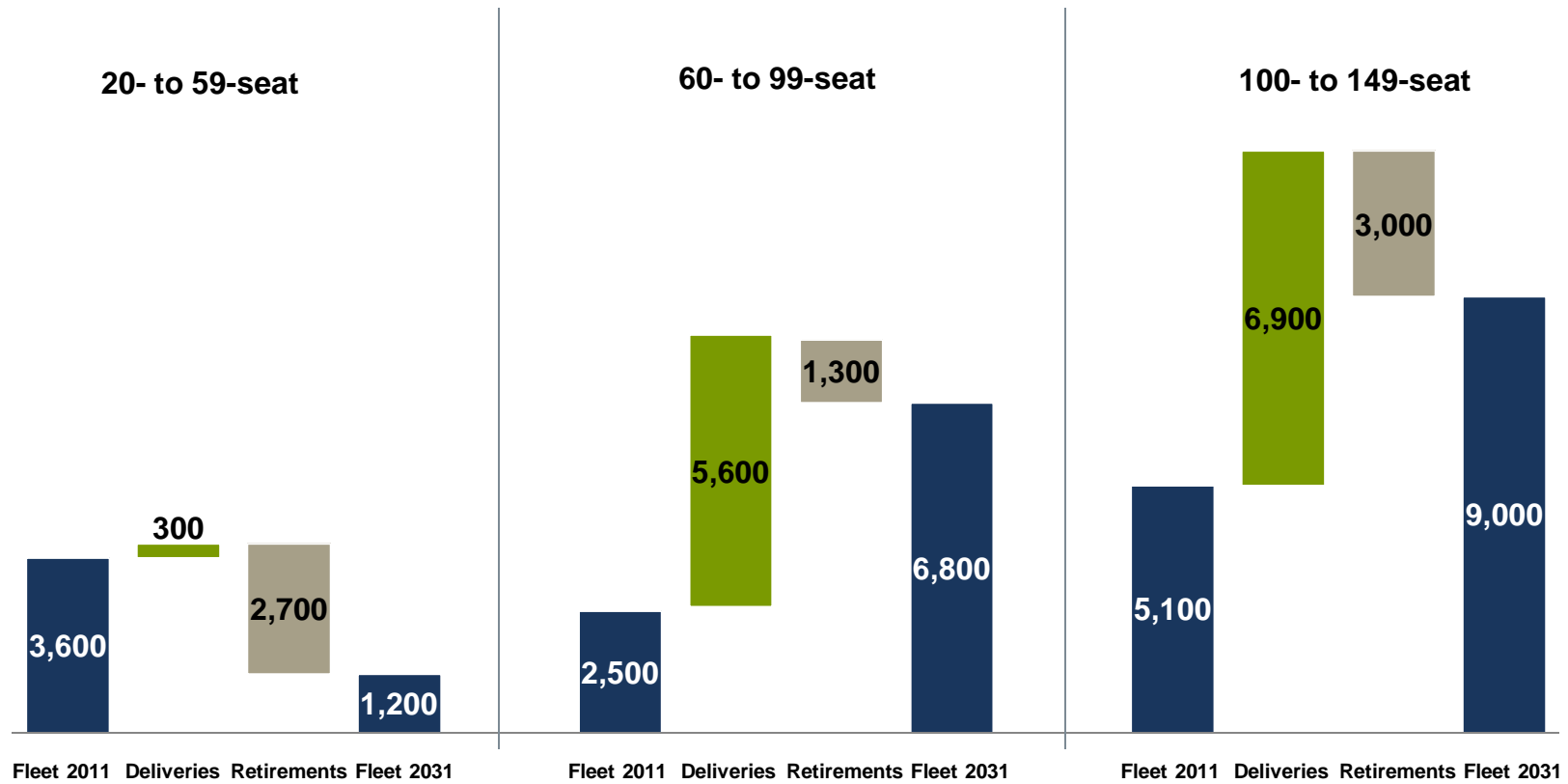
# DELIVERIES TO BE EVENLY DISTRIBUTED BETWEEN MATURE AND EMERGING MARKETS

Regional 20-Year Delivery Outlook, Units, 20- 149 Seats



# 12,800 DELIVERIES IN THE 20- TO 149-SEAT SEGMENT OVER THE NEXT 20 YEARS

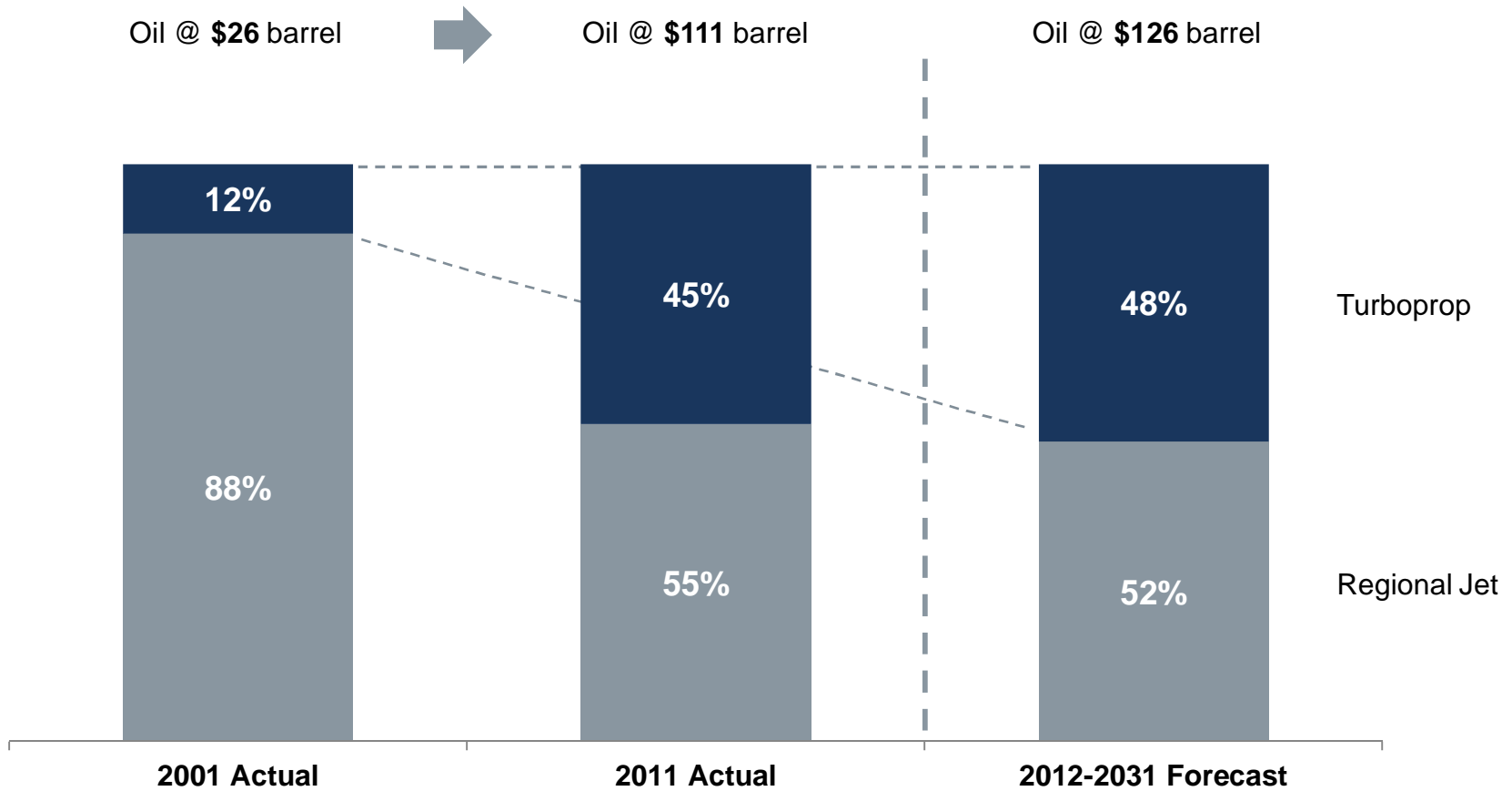
2011-2031 Commercial Aircraft Fleet, Deliveries, Retirements



Total	Fleet 2011	Delivery	Retirement	Fleet 2031
20- to 149-seat	11,200	12,800	7,000	17,000

# OIL PRICE INCREASES DRIVE DEMAND FOR FUEL-EFFICIENT TURBOPROP AIRCRAFT

2001, 2011, 2012-2031 Forecast; Deliveries by Engine Type, (%), 20- 99 Seats



# BOMBARDIER LEADS IN BUSINESS JETS AND COMMERCIAL AIRCRAFT



## BUSINESS AIRCRAFT FORECAST 2012-2031

- **24,000** deliveries worth **\$648B**
- **Large** category leads with **45% of revenues**
- World business jet **fleet** to grow to **31,500** by 2031

## COMMERCIAL AIRCRAFT FORECAST 2012-2031

- **12,800** deliveries worth **\$630B** in 20- to 149-seat segment
- **100- to 149-seat** category leads with **71% of revenues**
- World **fleet** to grow to **17,000** by 2031

WE OFFER THE BROADEST PORTFOLIO OF PRODUCTS AND SERVICES IN OUR MARKET SEGMENTS