BOMBARDIER

FIRST QUARTERLY REPORT

Three-month period ended March 31, 2019

GLOSSARY

The following table shows the abbreviations used in this report.

Term	Description	Term	Description
AFS	Available for sale	GDP	Gross domestic product
bps	Basis points	HFT	Held for trading
BT Holdco	Bombardier Transportation (Investment) UK Limited	IAS	International Accounting Standard(s)
CCTD	Cumulative currency translation difference	IASB	International Accounting Standards Board
CDPQ	Caisse de dépôt et placement du Québec	IFRIC	International Financial Reporting Interpretation Committee
CIS	Commonwealth of Independent States		
CSALP	C Series Aircraft Limited Partnership	IFRS	International Financial Reporting Standard(s)
DDHR	Derivative designated in a hedge relationship	MD&A	Management's discussion and analysis
DSU	Deferred share unit	N/A	Not applicable
EBIT	Earnings (loss) before financing expense, financing income and income taxes	NCI	Non-controlling interests
		nmf	Information not meaningful
EBITDA	Earnings (loss) before financing expense, financing income, income taxes, amortization and impairment charges on PP&E and intangible assets	OCI	Other comprehensive income (loss)
		PP&E	Property, plant and equipment
		PSU	Performance share unit
EBT	Earnings (loss) before income taxes	R&D	Research and development
EPS	Earnings (loss) per share attributable to equity holders of Bombardier Inc.	RSU	Restricted share unit
		SG&A	Selling, general and administrative
FVOCI	Fair value through other comprehensive income (loss)	U.K.	United Kingdom
FVTP&L	Fair value through profit and loss	U.S.	United States of America
GAAP	Generally accepted accounting principles		

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MANAGEMENT'S DISCUSSION AND ANALYSIS

All amounts in this report are expressed in U.S. dollars, and all amounts in the tables are in millions of U.S. dollars, unless otherwise indicated.

This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of Bombardier Inc. (the "Corporation" or "Bombardier"). This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is responsible for ensuring that we fulfill our responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors. The Audit Committee reports its findings to the Board of Directors for its consideration when it approves the MD&A and financial statements for issuance to shareholders.

The data presented in this MD&A is structured by reporting segment: Business Aircraft, Commercial Aircraft, Aerostructures and Engineering Services and Transportation, which is reflective of our organizational structure.

The results of operations and cash flows for the three-month period are not necessarily indicative of the results of operations and cash flows for the full fiscal year.

IFRS and non-GAAP measures
This MD&A contains both IFRS and non-GAAP measures. Non-GAAP measures are defined and reconciled to the most comparable IFRS measure (see the Non-GAAP financial measures and Liquidity and capital resources sections in Overview and each reporting segment's Analysis of results section).

Materiality for disclosures
We determine whether information is material based on whether we believe a reasonable investor's decision to buy, sell or hold securities of the Corporation would likely be influenced or changed if the information were omitted or misstated.

Certain totals, subtotals and percentages may not agree due to rounding.

FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements, which may involve, but are not limited to: statements with respect to our objectives, anticipations and guidance in respect of various financial and global metrics and sources of contribution thereto, targets, goals, priorities, market and strategies, financial position, market position, capabilities, competitive strengths, credit ratings, 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; growth strategy, including in the business aircraft aftermarket business; 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; expectations regarding working capital recovery across Transportation legacy projects; expectations regarding revenue and backlog mix; the expected impact of the legislative and regulatory environment and legal proceedings on our business and operations; strength of capital profile and balance sheet, creditworthiness, available liquidities and capital resources, expected financial requirements and ongoing review of strategic and financial alternatives; the introduction of productivity enhancements, operational efficiencies and restructuring initiatives and anticipated costs, intended benefits and timing thereof; the expected objectives and financial targets underlying our transformation plan and the timing and progress in execution thereof, including the anticipated business transition to growth cycle and cash generation; expectations and objectives regarding debt repayments, expectations and timing regarding an opportunistic redemption of CDPQ's investment in BT Holdco; intentions and objectives for our programs, assets and operations, including the focus on returning to profitability and exploration of strategic options for the C*RJ Series* program; the anticipated benefits of the formation of Bombardier Aviation and the expected timing of completion thereof and estimated costs associated therewith; the pursuit of a divestiture of our operations in Belfast and Morocco, the anticipated benefits of any divestiture or other transaction resulting therefrom and their expected impact on the Corporation's operations, infrastructure, opportunities, financial condition, business plan and overall strategy; the funding and liquidity of C Series Aircraft Limited Partnership (CSALP); and the expected impact and intended benefits of our partnership with Airbus and investment in CSALP and the realization of intended benefits of our acquisition of Triumph Group Inc. (Triumph)'s *Global 7500* wing manufacturing operations and assets. As it relates to the sale of the *Q Series* aircraft program (the Pending Transaction), this MD&A also contains forward-looking statements with respect to: the expected terms, conditions, and timing for completion thereof; the respective anticipated proceeds and use thereof and/or consideration therefor, related costs and expenses, as well as the anticipated benefits of such actions and transactions and their expected impact on our guidance and targets; and the fact that closing of these transactions will be conditioned on certain events occurring, including the receipt of necessary regulatory approval.

Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may”, “will”, “shall”, “can”, “expect”, “estimate”, “intend”, “anticipate”, “plan”, “foresee”, “believe”, “continue”, “maintain” or “align”, the negative of these terms, variations of them or similar terminology. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of our current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of our business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

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. The assumptions underlying the forward-looking statements made in this MD&A in relation to the pursuit of a divestiture of our operations in Belfast and Morocco include the following material assumptions: the identification and successful completion of one or more divestiture(s) or other transactions resulting therefrom on commercially satisfactory terms and the realization of the intended benefits therefrom within the anticipated timeframe. The assumptions underlying the forward-looking statements made in this MD&A in relation to the Pending Transaction discussed herein include the following material assumptions: the satisfaction of all conditions of closing and the successful completion of such strategic actions and transaction within the anticipated timeframe, including receipt of regulatory approvals. For additional information with respect to the assumptions underlying the forward-looking statements made in this MD&A, refer to the Strategic Priorities and Guidance and forward-looking statements sections in Overview, Business Aircraft, Commercial Aircraft, Aerostructures and Engineering Services and Transportation in the MD&A of our financial report for the fiscal year ended December 31, 2018.

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 “Brexit”, the financial condition of the airline industry, business aircraft customers, and the rail industry; trade policy; increased competition; political instability and force majeure events or global climate change), operational risks (such as risks related to developing new products and services; development of new business and awarding of new contracts; book-to-bill ratio and order backlog; the certification and homologation of products and services; fixed-price and fixed-term commitments and production and project execution, including challenges associated with certain Transportation's legacy projects and the release of working capital therefrom; pressures on cash flows and capital expenditures based on project-cycle fluctuations and seasonality; risks associated with our ability to successfully implement

and execute our strategy, transformation plan, productivity enhancements, operational efficiencies and restructuring initiatives, including the formation of Bombardier Aviation; doing business with partners; risks associated with our partnership with Airbus and investment in CSALP; risks associated with our ability to continue with our funding plan of CSALP and to fund, if required, the cash shortfalls; risks associated with our ability to successfully integrate our acquisition of Triumph's *Global 7500* wing manufacturing operations and assets; inadequacy of cash planning and management and project funding; product performance warranty and casualty claim losses; regulatory and legal proceedings; environmental, health and safety risks; dependence on certain customers, contracts and suppliers; supply chain risks; human resources; reliance on information systems; reliance on and protection of intellectual property rights; reputation risks; risk management; tax matters; 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 and minimum cash levels; 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 MD&A of our financial report for the fiscal year ended December 31, 2018. With respect to the formation of Bombardier Aviation discussed herein specifically, certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to: the expected benefits, costs and timing of the formation of Bombardier Aviation, and the risk it will not be completed within the expected time frame, on the expected parameters, or at all; the realization of synergies and opportunities for growth and innovation and incurrence of related costs and expenses; our ability to ensure we have the skills, technologies and capabilities to realize the anticipated benefits of organizational changes; and negative effects of the announcement or pendency of the formation of Bombardier Aviation on the market price of our shares and on the financial performance of Bombardier. With respect to the pursuit of a divestiture of our operations in Belfast and Morocco discussed herein specifically, certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to: the failure to identify and complete any divestiture or other transaction resulting therefrom within the expected time frame, on commercially satisfactory terms or at all; all or part of the intended benefits therefrom not being realized within the anticipated timeframe, or at all; and the incurrence of related costs and expenses; and negative effects of the announcement or pendency of any such divestiture or other transaction. With respect to the Pending Transaction discussed herein specifically, certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to: the failure to receive or delay in receiving regulatory approvals, or otherwise satisfy the conditions to the completion of the transaction or delay in completing and uncertainty regarding the length of time required to complete such transactions, and the funds and benefits thereof not being available to Bombardier in the time frame anticipated or at all; alternate sources of funding that would be used to replace the anticipated proceeds and savings from such strategic actions and transactions, as the case may be, may not be available when needed, or on desirable terms. Accordingly, there can be no assurance that any divestiture relating to our operations in Belfast and Morocco, or the Pending Transaction will be undertaken or occur, or of the timing or successful completion thereof, or the amount and use of proceeds therefrom, or that the anticipated benefits will be realized in their entirety, in part or at all. There can also be no assurance as to the completion, the form, or the timing of any BT Holdco buy-back. For more details, see the Risks and uncertainties section in Other in the MD&A of our financial report for the fiscal year ended December 31, 2018.

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. Other risks and uncertainties not presently known to us or that we presently believe are not material could also cause actual results or events to differ materially from those expressed or implied in our forward-looking statements. The forward-looking statements set forth herein reflect management's expectations as at the date of this report 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 MD&A are expressly qualified by this cautionary statement.

OVERVIEW

HIGHLIGHTS

Results of the quarter

Three-month periods ended March 31	2019[1]	2018	Variance
Revenues	**$ 3,516**	$ 4,028	(13)%
EBIT	**$ 684**	$ 201	240 %
EBIT margin	**19.5 %**	5.0%	1450 bps
Adjusted EBIT[2]	**$ 171**	$ 201	(15)%
Adjusted EBIT margin[2]	**4.9 %**	5.0%	(10) bps
Adjusted EBITDA[2]	**$ 266**	$ 265	—
Adjusted EBITDA margin[2]	**7.6 %**	6.6%	100 bps
Net income	**$ 239**	$ 44	443 %
Diluted EPS (in dollars)	**$ 0.08**	$ 0.01	$ 0.07
Adjusted net income (loss)[2]	**$ (122)**	$ 35	nmf
Adjusted EPS (in dollars)[2]	**$ (0.07)**	$ 0.01	$ (0.08)
Cash flows from operating activities	**$ (907)**	$ (471)	(93)%
Net additions to PP&E and intangible assets	**$ 137**	$ 250	(45)%
Free cash flow usage[2]	**$ (1,044)**	$ (721)	(45)%
As at	**March 31, 2019**	December 31, 2018	Variance
Available short-term capital resources[3]	**$ 4,169**	$ 4,373	(5)%
Order backlog (in billions of dollars)	**$ 53.2**	$ 53.1	—

Key highlights and events

- Revenues for the quarter were $3.5 billion, driven lower by timing of aircraft deliveries, slower project ramp up at Transportation, and unfavourable currency translation.
- Adjusted EBITDA[2] and adjusted EBIT[2] for the quarter of $266 million and $171 million, respectively, due to lower revenues and revised cost estimates on Transportation projects.
- Reported EBIT of $684 million is largely driven by the gain of $516 million on the sale of the Business Aircraft training activities to CAE.
- Free cash flow usage[2] of $1.0 billion in the first quarter, supporting the intense ramp-up of key rail projects and *Global 7500* aircraft deliveries in the second half of the year. Cash flow usage from operating activities was $907 million for the first quarter.

(1) Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
(2) Non-GAAP financial measures. Refer to the Non-GAAP financial measures and Liquidity and capital resources sections for definitions of these metrics and reconciliations to the most comparable IFRS measures. Prior to the first quarter of fiscal year 2019, the Corporation reported non-GAAP measures labeled “EBIT before special items” and “EBITDA before special items”. Beginning in the first quarter of fiscal year 2019, the Corporation changed the label of these non-GAAP measures to "adjusted EBIT" and "adjusted EBITDA", respectively, without making any change to the composition of these non-GAAP measures. The Corporation believes that this new label aligns better with broad market practice in its industry and better distinguishes these measures from the IFRS measurement "EBIT" and “EBITDA”.
(3) Defined as cash and cash equivalents plus the amount available under our revolving credit facilities.

- The Corporation's consolidated revenue, adjusted EBITDA[1] and adjusted EBIT[1] guidance for 2019 have been adjusted to reflect revised expectations at Transportation and Commercial Aircraft:[2]
    - o Full year revenues are now expected to be approximately $17.0 billion, representing approximately 10% organic growth over 2018, excluding currency effects and divestitures. The revenue guidance change is driven by a combination of:
        - Approximately $250 million in lower revenues from the earlier than anticipated closing of the sale of Business Aircraft's training activities and the *Q400* program which is now expected to close mid-year.
        - Approximately $750 million in lower revenues at Transportation, driven by our production ramp-up adjustments and adverse currency impacts.
    - o As a result of Transportation's adjusted EBIT[1] guidance, full year consolidated adjusted EBITDA[1] is revised to $1.50-1.65 billion, implying growth of almost 20% year over year. Consolidated adjusted EBIT[1] guidance is revised to $1.0-1.15 billion.
    - o Free cash flow[1] guidance for the full year remains unchanged, at breakeven plus or minus $250 million, as the *Global 7500* aircraft and key Transportation project deliveries accelerate in the second half of the year.

- Subsequent to the quarter, the Corporation announced the strategic formation of Bombardier Aviation, consolidating all aerospace assets into a single, streamlined and fully integrated business. As a result, the Corporation will pursue the divestiture of its Belfast and Morocco aerostructures businesses. The Corporation will focus its aerostructures activities around its core capabilities in Montreal, Mexico and its newly acquired *Global 7500* wing operations in Texas. Collectively, these facilities provide the Corporation with all the skills, technologies and capabilities to design, produce and service the current and next generation of aircraft. Bombardier Aviation will continue to be the best business aircraft franchise in the world, and well positioned to maximize the value of its proven *CRJ* regional jets. Together, Bombardier Aviation and Bombardier Transportation will be two strong pillars supporting the Corporation's future.[2]

(1) Non-GAAP financial measures. Refer to the Non-GAAP financial measures and Liquidity and capital resources sections for definitions of these metrics and reconciliations to the most comparable IFRS measures.

(2) See the forward-looking statements disclaimer as well as the forward-looking statements section in Overview and the Guidance and forward-looking statements section in each reportable segment in the 2018 Financial Report for details regarding the assumptions on which the guidance is based.

2019 GUIDANCE UPDATE

The following is our updated 2019 guidance.

		Guidance provided in our 2018 Financial Report[(1)]	2019 guidance update[(2)]
CONSOLIDATED	Revenues	≥ $18.0 billion	~ $17.0 billion
	Adjusted EBITDA[(3)]	$1.65-$1.80 billion	$1.50-$1.65 billion
	Adjusted EBIT[(3)]	$1.15-$1.25 billion	$1.00-$1.15 billion
	Free cash flow[(3)]	Breakeven ± $250 million	unchanged
BUSINESS AIRCRAFT	Revenues	~ $6.25 billion	unchanged
	Adjusted EBIT margin[(3)]	~ 7.5%	unchanged
	Aircraft deliveries (in units)	150 - 155	unchanged
COMMERCIAL AIRCRAFT	Revenues	~ $1.4 billion	~ $1.15 billion
	Adjusted EBIT[(3)]	~ ($125 million)	unchanged
	Aircraft deliveries (in units)	~ 35 *CRJ* and *Q400*	~ 30 *CRJ* and *Q400*
AEROSTRUCTURES AND ENGINEERING SERVICES	Revenues	$2.25-$2.50 billion	unchanged
	Adjusted EBIT margin[(3)]	7.5%	~ 7.5%
TRANSPORTATION	Revenues	~ $9.5 billion	~ $8.75 billion[(4)]
	Adjusted EBIT margin[(3)]	~ 9.0%	~ 8.0%

CONSOLIDATED[(2)]

The Corporation's consolidated revenue guidance for 2019 has been adjusted to reflect revised expectations at Transportation and Commercial Aircraft. Full year revenues are now expected to be approximately $17.0 billion, approximately $1.0 billion lower than originally anticipated. Year over year, the revised guidance represents approximately 10% organic growth over 2018, excluding currency effects and divestitures. The revenue guidance change is driven by a combination of (i) approximately $250 million in lower revenues from the earlier than anticipated closing of the sale of Business Aircraft's training activities and the *Q400* program which is now expected to close mid-year; and (ii) approximately $750 million in lower revenues at Transportation, driven by our production ramp-up adjustments and unfavourable currency impact.

While earnings expectations across the aerospace businesses are unchanged, Transportation's adjusted EBIT[(3)] guidance is reduced by approximately $150 million for the year. As a result, the Company now expects to report full year consolidated adjusted EBITDA[(3)] of $1.50-1.65 billion, implying growth of almost 20% year over year. Consolidated adjusted EBIT[(3)] guidance is also revised, and is now expected at $1.0-1.15 billion.

Free cash flow[(3)] guidance for the full year remains unchanged, at breakeven plus or minus $250 million, as *Global 7500* aircraft and key Transportation project deliveries are expected to accelerate in the second half of the year.

(1) Refer to our 2018 Financial Report for further details.
(2) See the forward-looking statements disclaimer as well as the forward-looking statements section in Overview and the Guidance and forward-looking statements section in each reportable segment in the 2018 Financial Report for details regarding the assumptions on which the guidance is based.
(3) Non-GAAP financial measures. Refer to the Non-GAAP financial measures and Liquidity and capital resources sections for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(4) Based on the assumption that foreign exchange rates remain stable at approximately 1.12 for the conversion of the amounts in EURO to U.S. dollars.

COMMERCIAL AIRCRAFT[1]

As a result of the closing of the *Q400* divestiture, now expected mid-year, Commercial Aircraft's expected deliveries for the year are lowered to approximately 30 aircraft. Revenue guidance for the year is correspondingly adjusted to approximately $1.15 billion, with no change to adjusted EBIT[2] estimates at a loss of approximately $125 million.

TRANSPORTATION[1]

The Corporation now expects Transportation's revenues to be $750 million lower than its original full-year guidance, at approximately $8.75 billion. This reduction is driven by approximately $500 million from slower production ramp-up, which defers revenues, and approximately $250 million of unfavourable currency impact at current rates[3]. On a constant currency basis, Transportation's revised 2019 revenue guidance reflects approximately 3.5% growth over 2018. On the earnings front, Transportation's adjusted EBIT margin[2] guidance for the full year is revised from approximately 9% to approximately 8%.

(1) See the forward-looking statements disclaimer as well as the forward-looking statements section in Overview and the Guidance and forward-looking statements section in each reportable segment in the 2018 Financial Report for details regarding the assumptions on which the guidance is based.
(2) Non-GAAP financial measures. Refer to the Non-GAAP financial measures and Liquidity and capital resources sections for definitions of these metrics and reconciliations to the most comparable IFRS measures.
(3) Based on the assumption that foreign exchange rates remain stable at approximately 1.12 for the conversion of the amounts in EURO to U.S. dollars.

CONSOLIDATED RESULTS OF OPERATIONS

Results of operations

	Three-month periods ended March 31	
	2019 [(1)]	2018
Revenues	**$ 3,516**	$ 4,028
Cost of sales	**3,060**	3,539
Gross margin	**456**	489
SG&A	**268**	286
R&D	**48**	47
Share of income of joint ventures and associates	**(17)**	(20)
Other income	**(14)**	(25)
Adjusted EBIT[(2)]	**171**	201
Special items	**(513)**	—
EBIT	**684**	201
Financing expense	**311**	162
Financing income	**(100)**	(38)
EBT	**473**	77
Income taxes	**234**	33
Net income	**$ 239**	$ 44
Attributable to		
Equity holders of Bombardier Inc.	**$ 195**	$ 38
NCI	**$ 44**	$ 6
EPS (in dollars)		
Basic and diluted	**$ 0.08**	$ 0.01
(as a percentage of total revenues)		
Adjusted EBIT[(2)]	**4.9%**	5.0%
EBIT	**19.5%**	5.0%

Non-GAAP financial measures[(2)]

	Three-month periods ended March 31	
	2019 [(1)]	2018
Adjusted EBITDA	**$ 266**	$ 265
Adjusted net income (loss)	**$ (122)**	$ 35
Adjusted EPS	**$ (0.07)**	$ 0.01

(1) Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
(2) Refer to the Non-GAAP financial measures section for definitions of these metrics and reconciliations to the most comparable IFRS measures.

Reconciliation of segment to consolidated results

	Three-month periods ended March 31	
	2019 [1]	2018
Revenues		
Business Aircraft	**$ 970**	$ 1,110
Commercial Aircraft	**241**	463
Aerostructures and Engineering Services	**470**	446
Transportation	**2,107**	2,355
Corporate and Elimination	**(272)**	(346)
	$ 3,516	$ 4,028
Adjusted EBIT[2]		
Business Aircraft	**$ 74**	$ 98
Commercial Aircraft	**22**	(73)
Aerostructures and Engineering Services	**66**	47
Transportation	**83**	189
Corporate and Elimination	**(74)**	(60)
	$ 171	$ 201
Special Items		
Business Aircraft	**$ (520)**	$ 1
Commercial Aircraft	**—**	—
Aerostructures and Engineering Services	**—**	1
Transportation	**—**	(2)
Corporate and Elimination	**7**	—
	$ (513)	$ —
EBIT		
Business Aircraft	**$ 594**	$ 97
Commercial Aircraft	**22**	(73)
Aerostructures and Engineering Services	**66**	46
Transportation	**83**	191
Corporate and Elimination	**(81)**	(60)
	$ 684	$ 201

[1] Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
[2] Non-GAAP financial measure. Refer to the Non-GAAP financial measures section for a definition of this metric.

Analysis of consolidated results

Detailed analyses of revenues and EBIT are provided in each reportable segment's Analysis of results section.

Special items

Special items comprise items which do not reflect our core performance or where their separate presentation will assist users in understanding our results for the period. Such items include, among others, the impact of restructuring charges and significant impairment charges and reversals.

The special items recorded as losses (gains) were as follows:

		Three-month periods ended March 31	
	Ref	**2019**	2018
Gain on disposal of a business - Training business	1	**(516)**	—
Loss on repurchase of long-term debt	2	**80**	—
Reversal of *Learjet 85* aircraft program cancellation provisions	3	**(9)**	(1)
Primove impairment and other costs	4	**7**	—
Restructuring charges	5	**5**	1
Income taxes		**133**	—
		$ (300)	$ —
Of which is presented in			
Special items in EBIT		**$ (513)**	$ —
Financing expense - loss on repurchase of long-term debt		**80**	—
Income taxes - effect of special items		**133**	—
		$ (300)	$ —

1. The sale of the Business Aircraft's flight and technical training activities for a total net consideration of $532 million resulted in a pre-tax accounting gain of $516 million ($383 million after deferred tax impact of $133 million).

2. Represents the loss related to the partial redemption of the $850-million Senior Notes due 2020, €780-million Senior Notes due 2021 and $1,400-million Senior Notes due 2021.

3. Based on the ongoing activities with respect to the cancellation of the *Learjet 85* aircraft program, the Corporation reduced the related provisions by $9 million for the three-month period ended March 31, 2019 ($1 million for the three-month period ended March 31, 2018). The reduction in provisions is treated as a special item since the original provisions were also recorded as special items in 2014 and 2015.

4. Following a reassessment of the value of the *Primove* e-mobility technology and the status of existing contractual obligations, the Corporation recorded an additional contract provision of $7 million.

5. Represents severance charges of $11 million partially offset by curtailment gains of $2 million and by the reversal of previously-recorded impairment charges of $4 million, for three-month period ended March 31, 2019 related to previously-announced restructuring actions ($1 million for the three-month period ended March 31, 2018).

Net financing expense

Net financing expense amounted to $211 million for the three-month period ended March 31, 2019,[1] compared to $124 million for the corresponding period last fiscal year.

The $87-million increase for the three-month period is mainly due to:

- a loss related to the partial redemption of the $850-million Senior Notes due 2020, €780-million and $1,400-million Senior Notes due 2021, which was recorded as a special item in 2019 ($80 million);
- lower borrowing costs capitalized to PP&E and intangible assets following the entry-into-service of *Global 7500* ($54 million);
- net loss from changes in discount rates of provisions ($13 million); and
- interest expense on lease liabilities, as a result of the adoption of IFRS 16, *Leases*, effective January 1, 2019 ($8 million).

Partially offset by:

- higher net gains on certain financial instruments classified as FVTP&L ($66 million).

[1] Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.

Income taxes

The effective income tax rate for the three-month period ended March 31, 2019 is 49.5% compared to the statutory income tax rate in Canada of 26.6%. The higher effective income tax rate is due to the negative impact of the write-down of deferred tax assets mainly related to the Business Aircraft's flight and technical training activities sale ($133 million) and the debt refinancing ($63 million), partially offset by the positive impact of the net recognition of previously unrecognized tax losses and temporary differences and permanent differences.

The effective income tax rate for the three-month period ended March 31, 2018 was 42.9%, compared to the statutory income tax rate in Canada of 26.7%. The higher effective income tax rate was due to the net non-recognition of income tax benefits related to tax losses and temporary differences, partially offset by permanent differences.

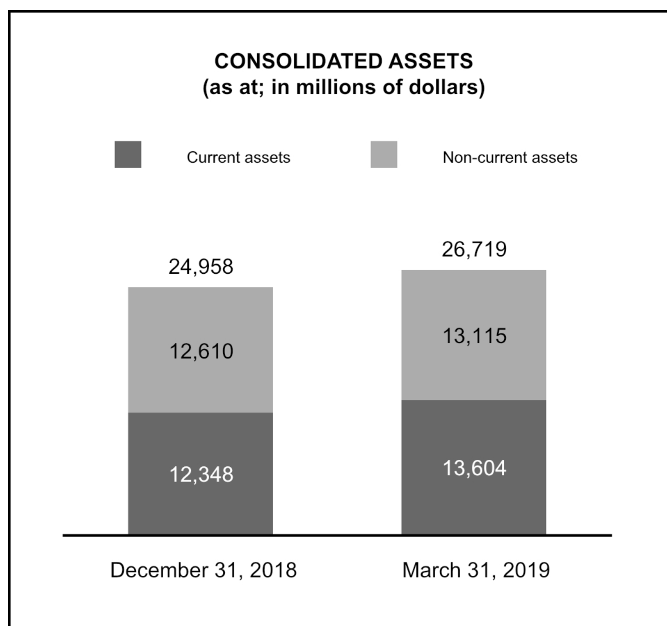
CONSOLIDATED FINANCIAL POSITION

The total assets increased by $1,761 million in the three-month period, including a positive currency impact of $20 million. The $1,741-million increase excluding the currency impact is mainly explained by:

- a $792-million increase in inventories primarily due to a ramp-up in production in Business Aircraft;
- a $491-million increase in PP&E mainly due to the impact of the adoption of IFRS16, *Leases*;[(1)]
- a $252-million increase in other financial assets mainly due to the re-measurement of certain financial instruments, as well as investments in CSALP non-voting units; and
- a $233-million increase in contract assets in Transportation.

Partially offset by:

- a $171-million decrease in deferred income taxes mainly due to the sale of the Business Aircraft's flight and technical training activities[(2)] and the debt refinancing.

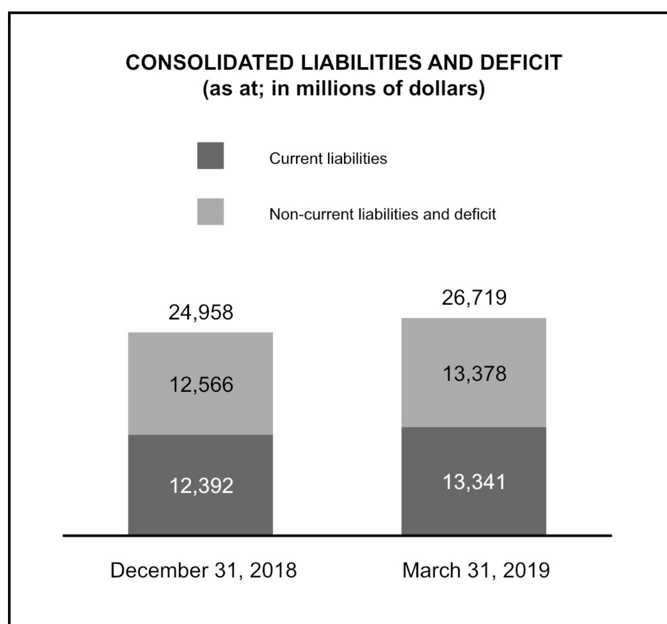


The total liabilities and deficit increased by $1,761 million in the three-month period, including a currency impact of $20 million. The $1,741-million increase excluding the currency impact is mainly explained by:

- a $502-million increase in other liabilities mainly due to the impact of the adoption of IFRS16, *Leases*;[(1)]
- a $411-million increase in retirement benefits. See the Variation in net retirement benefit liability table for details;
- a $383-million increase in long-term debt;[(3)]
- a $374-million increase in other financial liabilities mainly due to short-term borrowings in Transportation of $280 million;
- a $304-million increase in contract liabilities mainly in Business Aircraft; and
- a $169-million increase in trade and other payables.

Partially offset by:

- a $217-million decrease in provisions.



(1) Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
(2) Refer to Note 18, Disposal of a business for further details.
(3) Refer to Note 20, Long-term debt for further details.

LIQUIDITY AND CAPITAL RESOURCES

Free cash flow[1]

Free cash flow usage[1]

	Three-month periods ended March 31	
	2019 [2]	2018
Net income	**$ 239**	$ 44
Non-cash items		
Amortization	**91**	62
Impairment charges on PP&E	**—**	2
Deferred income taxes	**204**	6
Share of income of joint ventures and associates	**(17)**	(20)
Loss on repurchase of long-term debt	**80**	—
Gain on disposal of businesses	**(520)**	—
Other	**15**	12
Dividends received from joint ventures and associates	**1**	17
Net change in non-cash balances[3]	**(1,000)**	(594)
Cash flows from operating activities	**(907)**	(471)
Net additions to PP&E and intangible assets	**(137)**	(250)
Free cash flow usage[1]	**(1,044)**	(721)

[1] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section for definitions of these metrics.
[2] Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
[3] Refer to Note 22, Net changes in non-cash balances, to our interim consolidated financial statements for further details.

Cash flows from operating activities
The $436-million decrease in cash flows from operating activities for the three-month period is mainly due to a negative period-over-period variation in net change in non-cash balances ($406 million) (see explanations below).

Net change in non-cash balances
For the three-month period ended March 31, 2019, the $1.0-billion outflow is mainly due to:
- an increase in inventories primarily due to a ramp-up in production in Business Aircraft;
- an increase in Transportation's net contract assets; and
- utilization of provisions.

Partially offset by:
- an increase in Business Aircraft's contract liabilities due to advances received on new and existing orders, and
- an increase in trade and other payables.

For the three-month period ended March 31, 2018, the $594-million outflow is mainly due to:
- an increase in Transportation's contract assets following ramp-up of production ahead of deliveries;
- an increase in Business Aircraft aerospace program inventories mainly due to the ramp-up in production;
- a decrease in Transportation's contract liabilities following deliveries, partially offset by advances on new orders and existing contracts;
- an increase in the C Series aircraft program inventory due to the ramp-up in production; and
- an increase in Transportation's trade and other receivables.

Partially offset by:
- an increase in trade and other payables mainly related to Business Aircraft and Commercial Aircraft; and
- an increase in Business Aircraft's contract liabilities.

Net additions to PP&E and intangible assets

	Three-month periods ended March 31			
		2019		2018
Additions to PP&E and intangible assets	**$**	**(142)**	$	(267)
Proceeds from disposals of PP&E and intangible assets		**5**		17
Net additions to PP&E and intangible assets	**$**	**(137)**	$	(250)

The $113-million decrease in net additions to PP&E and intangible assets for the three-month period is mainly due to lower investments in Business Aircraft aerospace program tooling and lower capitalized borrowing costs following the entry-into-service of the *Global 7500* aircraft program.

Available short-term capital resources

Variation in cash and cash equivalents

	Three-month periods ended March 31			
		2019 [1]		2018
Balance at the beginning of period	**$**	**3,187**	$	3,057 [2]
Free cash flow usage[3]		**(1,044)**		(721)
Net proceeds from disposal of a business		**532**		—
Investments in non-voting units of CSALP		**(110)**		—
Net proceeds from issuance of long-term debt		**1,960**		—
Repayments of long-term debt		**(1,586)**		(7)
Net change in short-term borrowings		**284**		—
Payment of lease liabilities		**(22)**		—
Dividends paid on preferred shares		**(5)**		(6)
Issuance of Class B Shares		**—**		476
Dividends paid to NCI		**—**		(51)
Effect of exchange rate changes on cash and cash equivalents		**67**		67
Other		**16**		38
Balance at the end of period	**$**	**3,279**	$	2,853
Reclassified as assets held for sale		**—**		72
Balance at the end of period	**$**	**3,279**	$	2,781

Available short-term capital resources

		March 31, 2019		December 31, 2018
Cash and cash equivalents	**$**	**3,279**	$	3,187
Available revolving credit facilities		**890**		1,186
Available short-term capital resources	**$**	**4,169**	$	4,373

Our available short-term capital resources include cash and cash equivalents and the amounts available under our two unsecured revolving credit facilities. These facilities are available for cash drawings for the general needs of the Corporation. Under these facilities, the same financial covenants must be met as for our letter of credit facilities.

In March 2019, the availability periods of Transportation's €689 million ($773 million) and the $397 million[4] unsecured revolving credit facilities were extended to May 2022 and June 2022, respectively. $280 million under Transportation's facility was used as at March 31, 2019.

[1] Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
[2] Includes cash and cash equivalents of the C Series aircraft program presented under Assets held for sale amounting to $69 million as of December 31, 2017.
[3] Non-GAAP financial measure. Refer to the Non-GAAP financial measures section for a definition of this metric and the Free cash flow usage table above for reconciliations to the most comparable IFRS measure.
[4] Available for other than Transportation's usage.

Letter of credit facilities

In January 2019, the committed amount under Transporation's €3.94 billion letter of credit facility was increased to €3.96 billion. In March 2019, we extended the availability periods of Transportation's €3.96 billion ($4.44 billion) and the $361-million[(1)] letter of credit facilities by one year to May 2022 and June 2022, respectively.

[(1)] Available for other than Transportation's usage.

Financial covenants

Effective in March 2019, the minimum liquidity required by the $361 million letter of credit facility and the $397 million unsecured revolving credit facility, which are available for the Corporation excluding Transportation, is now varying between $750 million and $1 billion at the end of each quarter. The remaining covenants continue to require a minimum EBITDA to fixed charges ratio, a maximum gross debt and minimum EBITDA thresholds at the end of each quarter, all calculated based on an adjusted consolidated basis (i.e. excluding Transportation). In addition, the minimum liquidity required by the Transportation letter of credit and revolving credit facilities is €750 million ($841 million) at the end of each quarter. The remaining covenants continue to require a minimum equity and a maximum debt to EBITDA ratio at the end of each quarter, all calculated based on Transportation stand-alone financial data.

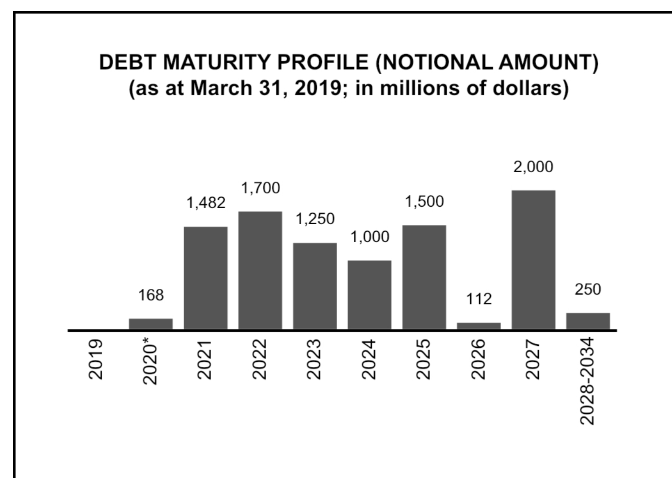
These terms and ratios are defined in the respective agreements and do not correspond to our global metrics or to any specific terms used in the MD&A. Minimum liquidity is not defined as comprising only cash and cash equivalents as presented in the consolidated statement of financial position.

The financial covenants under these credit facilities were all met as at March 31, 2019 and December 31, 2018.

Future liquidity requirements

We consider that our cash flows from operating activities, combined with our available short-term capital resources of $4.2 billion will enable the development of new products to enhance our competitiveness and support our growth; and will enable us to meet all other expected financial requirements in the foreseeable future. There is no significant debt maturing before 2021.

In March 2019, the Corporation issued, at 99.246% of par, unsecured Senior Notes of $2 billion, bearing an interest of 7.875%, due on April 15, 2027. The Corporation used the net proceeds to redeem all of its outstanding 7.75% Senior Notes due 2020 of $850 million for a total consideration of $714 million as of March 31, 2019 and the balance was paid on April 5, 2019 for a total consideration of $176 million. In addition, the Corporation redeemed as at March 31, 2019, €366 million ($414 million) aggregate principal amount of the 6.13% Notes due 2021 of €780 million for a total aggregate purchase price consideration of €401 million ($450 million) and $382 million aggregate principal amount of the 8.75% Notes due 2021 of $1,400 million for a total aggregate purchase price consideration of $422 million along with any related fees and expenses. The remaining net proceeds will be used for general corporate purposes.



* $168 million was redeemed on April 5, 2019.

CAPITAL STRUCTURE

We analyze our capital structure using global metrics, which are based on a broad economic view of the Corporation, in order to assess the creditworthiness of the Corporation. These global metrics are managed and monitored so as to achieve an investment-grade profile.

Reconciliations of these measures to the most comparable IFRS financial measures are in the Non-GAAP financial measures section. Adapted EBIT and adapted EBITDA exclude special items, such as restructuring charges, significant impairment charges and reversals, as well as other significant unusual items, which we do not consider to be representative of our core performance or where their exclusion will assist users in understanding our results for the period.

As a result of adopting IFRS 16, *Leases*, we changed the definitions and naming of adjusted interest, adjusted debt, adapted EBIT and adapted EBITDA, all of which are used in our global metrics. Refer to the Non-GAAP financial measures section for the definitions of these metrics and reconciliations to the most comparable IFRS measures.

Our objectives with regard to global metrics are as follows:

- adapted EBIT to adjusted interest ratio greater than 5.0; and
- adjusted debt to adapted EBITDA ratio lower than 2.5.

Interest coverage ratio

		For the four-quarter trailing period ended March 31, 2019
Adapted EBIT[1]	$	**1,072**
Adjusted interest[1]	$	**741**
Adapted EBIT to adjusted interest ratio		**1.4**

Financial leverage ratio

		As at and for the four-quarter trailing period ended March 31, 2019
Adjusted debt[1]	$	**10,203**
Adapted EBITDA[1]	$	**1,428**
Adjusted debt to adapted EBITDA ratio		**7.1**

These global metrics do not represent the calculations required for bank covenants. They represent our key business metrics and as such are used to analyze our capital structure. For compliance purposes, we regularly monitor our bank covenants to ensure that they are all met.

[1] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section for definitions of these metrics and reconciliations to the most comparable IFRS measures.

In addition to the above global metrics, we separately monitor our net retirement benefit liability which amounted to $2.6 billion as at March 31, 2019 ($2.2 billion as at December 31, 2018). The measurement of this liability is dependent on numerous key long-term assumptions such as discount rates, future compensation increases, inflation rates and mortality rates. In recent years, this liability has been particularly volatile due to changes in discount rates. Such volatility is exacerbated by the long-term nature of the obligation. We closely monitor the impact of the net retirement benefit liability on our future cash flows and we have introduced significant risk mitigation initiatives in recent years to gradually reduce key risks associated with the retirement benefit plans. The $453-million increase in the net retirement benefit liability is explained as follows:

Variation in net retirement benefit liability

Balance as at December 31, 2018	$	2,181 [1]
Changes in discount rates and other financial assumptions		950
Service costs		35
Accretion on net retirement benefit obligation		18
Net losses on curtailment and settlement		2
Actuarial gain on pension plan assets		(505)
Employer contributions		(48)
Changes in foreign exchange rates		(1)
Other		2
Balance as at March 31, 2019	**$**	**2,634** [1]

[1] Includes retirement benefit assets of $140 million as at March 31, 2019 ($200 million as at December 31, 2018).

NON-GAAP FINANCIAL MEASURES

This MD&A is based on reported earnings in accordance with IFRS and on the following non-GAAP financial measures:

Non-GAAP financial measures	
Adjusted EBIT[(1)]	EBIT excluding special items. Special items comprise items which do not reflect the Corporation's core performance or where their separate presentation will assist users of the consolidated financial statements in understanding the Corporation's results for the period. Such items include, among others, the impact of restructuring charges and significant impairment charges and reversals.
Adjusted EBITDA[(1)]	Adjusted EBIT, amortization and impairment charges on PP&E and intangible assets.
Adjusted net income (loss)	Net income (loss) excluding special items, accretion on net retirement benefit obligations, certain net gains and losses arising from changes in measurement of provisions and of financial instruments carried at FVTP&L and the related tax impacts of these items.
Adjusted EPS	EPS calculated based on adjusted net income attributable to equity holders of Bombardier Inc., using the treasury stock method, giving effect to the exercise of all dilutive elements.
Free cash flow (usage)	Cash flows from operating activities less net additions to PP&E and intangible assets.
Adjusted debt[(2)]	Long-term debt as presented in the consolidated statements of financial position adjusted for the fair value of derivatives (or settled derivatives) designated in related hedge relationships plus short-term borrowings and lease liabilities.
Adapted EBIT[(2)]	Adjusted EBIT plus interest adjustment for leases prior to the adoption of IFRS 16, *Leases* and interest received (as per the supplemental information provided in the consolidated statements of cash flows, adjusted, if needed, for the settlement of fair value hedge derivatives before their contractual maturity dates).
Adapted EBITDA[(2)]	Adapted EBIT plus amortization and impairment charges on PP&E and intangible assets, and amortization adjustment for lease liabilities.
Adjusted interest[(2)]	Interest paid, as per the supplemental information provided in the consolidated statements of cash flows, plus interest adjustment for lease liabilities prior to the adoption of IFRS 16, *Leases*.

(1) Starting January 1, 2019, EBIT before special items and EBITDA before special items are replaced with adjusted EBIT and adjusted EBITDA, respectively. The definitions of both measures remain unchanged.
(2) Effective January 1, 2019, we changed the definitions of these non-GAAP measures as a result of adopting IFRS 16, *Leases*. Interest adjustment used to calculate adapted EBIT and adjusted interest for the four-quarter trailing period ended March 31, 2019 consists of interest adjustment for operating lease obligations for the last three quarters of 2018. Amortization adjustment for lease liabilities used to calculate adapted EBITDA for the four-quarter trailing period ended March 31, 2019 consists of amortization adjustment for operating lease obligations for the last three quarters of 2018.

Non-GAAP financial measures are mainly derived from the 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. Other entities in our industry may define the above 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.

Prior to the first quarter of fiscal year 2019, the Corporation reported non-GAAP measures labeled “EBIT before special items” and “EBITDA before special items”. Beginning in the first quarter of fiscal year 2019, the Corporation changed the label of these non-GAAP measures to "adjusted EBIT" and "adjusted EBITDA", respectively, without making any change to the composition of these non-GAAP measures. The Corporation believes that this new label aligns better with broad market practice in its industry and better distinguishes these measures from the IFRS measurement "EBIT" and “EBITDA”.

Adjusted EBIT, adjusted EBITDA, adjusted net income (loss) and adjusted EPS
Management uses adjusted EBIT, adjusted EBITDA, adjusted net income (loss) and adjusted EPS for purposes of evaluating underlying business performance. Management believes these non-GAAP earnings measures in addition to IFRS measures provide users of our Financial Report with enhanced understanding of our results and related trends and increases the transparency and clarity of the core results of our business. Adjusted EBIT, adjusted EBITDA, adjusted net income (loss) and adjusted EPS exclude items that do not reflect our core performance or where their exclusion will assist users in understanding our results for the period. For these reasons, a significant number of users of the MD&A analyze our results based on these financial measures. Management believes these measures help users of MD&A to better analyze results, enabling better comparability of our results from one period to another and with peers.

Free cash flow (usage)
Free cash flow is defined as cash flows from operating activities less net additions to PP&E and intangible assets. Management believes that this non-GAAP cash flow measure provides investors with an important perspective on the Corporation's generation of cash available for shareholders, debt repayment, and acquisitions after making the capital investments required to support ongoing business operations and long-term value creation. This non-GAAP cash flow measure does not represent the residual cash flow available for discretionary expenditures as it excludes certain mandatory expenditures such as repayment of maturing debt. Management uses free cash flow as a measure to assess both business performance and overall liquidity generation.

Adjusted debt, adapted EBIT, adapted EBITDA and adjusted interest
We analyze our capital structure using global metrics, based on adjusted debt, adapted EBIT, adapted EBITDA and adjusted interest. Refer to the Capital structure section for more detail.

Reconciliations of non-GAAP financial measures to the most comparable IFRS financial measures are provided in the tables hereafter, except for the following reconciliations:

- adjusted EBIT to EBIT – see the Results of operations tables in the reporting segments and Consolidated results of operations section; and
- free cash flow usage to cash flows from operating activities – see the Free cash flow usage table in the Liquidity and capital resources section.

Reconciliation of adjusted EBITDA to EBIT

	Three-month periods ended March 31	
	2019	2018
EBIT	**$ 684**	$ 201
Amortization	**91**	62
Impairment charges on PP&E and intangible assets	**—**	2
Special items excluding impairment charges on PP&E and intangible assets[1]	**(509)**	—
Adjusted EBITDA	**$ 266**	$ 265

[1] Refer to the Consolidated results of operations section for details regarding special items.

Reconciliation of adjusted net income (loss) to net income and computation of adjusted EPS

	Three-month periods ended March 31			
	2019	**(per share)**	2018	(per share)
Net income	**$ 239**		$ 44	
Adjustments to EBIT related to special items[1]	**(513)**	**$ (0.22)**	—	$ —
Adjustments to net financing expense related to:				
Net change in provisions arising from changes in interest rates and net gain on certain financial instruments	**(79)**	**(0.03)**	(26)	(0.01)
Accretion on net retirement benefit obligations	**18**	**0.01**	19	0.01
Loss on repurchase of long-term debt[1]	**80**	**0.03**	—	—
Tax impact of special[1] and other adjusting items	**133**	**0.06**	(2)	0.00
Adjusted net income (loss)	**(122)**		35	
Net income attributable to NCI	**(44)**		(6)	
Preferred share dividends, including taxes	**(7)**		(7)	
Adjusted net income (loss) attributable to equity holders of Bombardier Inc.	**$ (173)**		$ 22	
Weighted-average diluted number of common shares (in thousands)	**2,374,850**		2,370,351	
Adjusted EPS (in dollars)	**$ (0.07)**		$ 0.01	

Reconciliation of adjusted EPS to diluted EPS (in dollars)

	Three-month periods ended March 31	
	2019	2018
Diluted EPS	**$ 0.08**	$ 0.01
Impact of special[1] and other adjusting items	**(0.15)**	—
Adjusted EPS	**$ (0.07)**	$ 0.01

Reconciliation of adjusted debt to long-term debt

	As at March 31, 2019
Long-term debt	**$ 9,485**
Adjustment for the fair value of derivatives designated (or settled derivatives) in related hedge relationships	**(95)**
Long-term debt, net	**9,390**
Short-term borrowings under Transportation's credit facility	**280**
Lease liabilities	**533**
Adjusted debt	**$ 10,203**

[1] Refer to the Consolidated results of operations section for details regarding special items.

Reconciliation of adapted EBITDA and adapted EBIT to EBIT

	Four-quarter trailing period ended March 31, 2019
EBIT	**$ 1,484**
Special items[1]	**(485)**
Interest received	**30**
Interest adjustment for lease liabilities[2]	**43**
Adapted EBIT	**1,072**
Amortization	**301**
Impairment charges on PP&E and intangible assets[3]	**5**
Amortization adjustment for lease liabilities[4]	**50**
Adapted EBITDA	**$ 1,428**

Reconciliation of adjusted interest to interest paid

	Four-quarter trailing period ended March 31, 2019
Interest paid	**$ 698**
Interest adjustment for lease liabilities[2]	**43**
Adjusted interest	**$ 741**

(1) Refer to the Consolidated results of operations section for details regarding special items.
(2) Represents the total of interest adjustment for operating lease obligations for the last three quarters of 2018. The interest adjustment for operating lease obligations for the last three quarters of 2018 represents the interest cost of a debt equivalent to operating lease obligations included in adjusted debt, bearing interest at the average five-year U.S. swap rate plus the average credit default swap spread for the related period, given our credit rating.
(3) Excluding amounts recognized as special items.
(4) Represents the total of amortization adjustment for operating lease obligations for the last three quarters of 2018, using a straight-line amortization of the amount for operating lease obligations, based on a nine-year amortization period.

BUSINESS AIRCRAFT

HIGHLIGHTS

Results of the quarter

Three-month periods ended March 31	2019 [1]	2018	Variance
Revenues	**$ 970**	$ 1,110	(13)%
Aircraft deliveries (in units)	**24**	31	(7)
EBIT	**$ 594**	$ 97	512 %
EBIT margin	**61.2%**	8.7%	5250 bps
Adjusted EBIT[2]	**$ 74**	$ 98	(24)%
Adjusted EBIT margin[2]	**7.6%**	8.8%	(120) bps
Adjusted EBITDA[2]	**$ 114**	$ 114	—
Adjusted EBITDA margin[2]	**11.8%**	10.3%	150 bps
Net additions to PP&E and intangible assets	**$ 84**	$ 188	(55)%
As at	**March 31, 2019**	December 31, 2018	Variance
Order backlog (in billions of dollars)	**$ 14.9**	$ 14.3	4 %

Key highlights and events

- Revenues totaled $970 million on 24 aircraft, as deliveries ramp-up through the year to reach full year guidance.[3]
- Aftermarket service revenues continued to grow double-digit, at 20% year over year, supported by the strategy to expand footprint and move closer to customers. During the quarter, Business Aircraft announced the expansion of its Singapore Service Center to further bolster customer service capabilities in the Asia-Pacific region by 2020.[3]
- Adjusted EBIT margin[2] of 7.6% reflects the *Global 7500* ramp-up and higher aftermarket revenues. The intensification of Global 7500 activities is expected to weigh on earnings before adjusted EBIT margin[2] recovers towards full year guidance of approximately 7.5%.[3]
- Reported EBIT for the quarter of $594 million is largely driven by the $516 million gain on the sale of the Business Aircraft training activities to CAE.
- Backlog increased by $0.6 billion, to an industry leading $14.9 billion, reflecting broad market interest across all regions and customer types.
- The *Global 7500* has been on a record-setting streak and continues to surpass expectations in terms of cabin experience and performance. Interest in this unique business aircraft has only intensified since entering into service at the end of 2018 as demonstrated with the recent order confirmation of four additional *Global 7500* business jets by HK Bellawings.

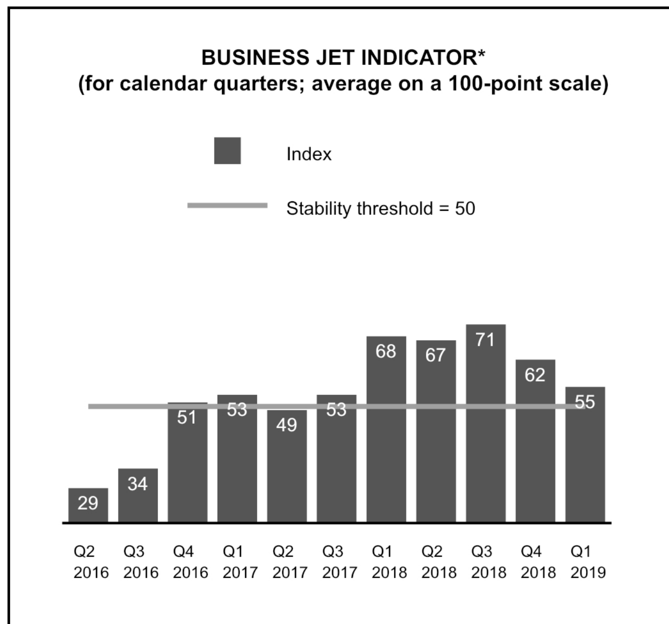
(1) Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
(2) Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics and the Analysis of results section hereafter for reconciliations to the most comparable IFRS measures.
(3) See the forward-looking statements disclaimer.

INDUSTRY AND ECONOMIC ENVIRONMENT

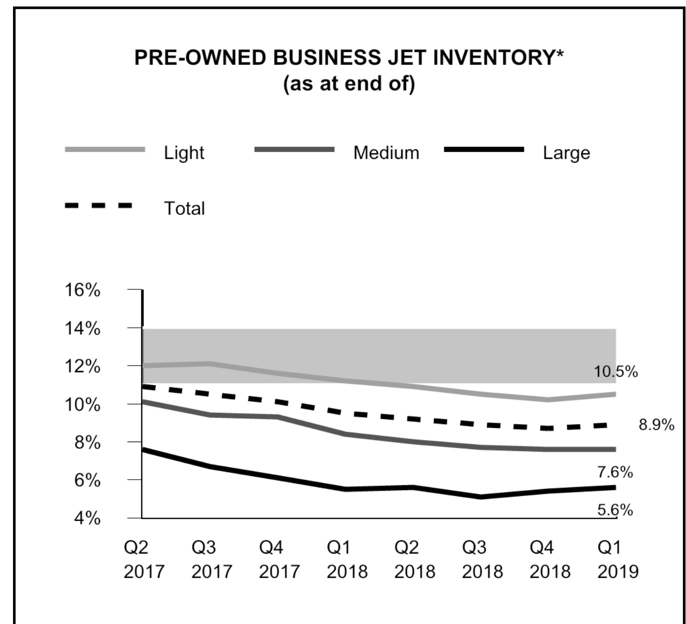
Business aviation indexes remained at healthy levels in the first quarter of 2019. As indicated in the graphs below, industry confidence[(1)] remains above the threshold of market stability, with a score of 55 points in the first quarter of 2019.[(2)] The total number of pre-owned aircraft available for sale as a percentage of the total in-service fleet reached a very healthy plateau at 8.9% as at March 31, 2019. While marginally up from 8.7% as at December 31,2018, the ratio remains well below the 10-year historical range for the overall market. Business jet utilization in the U.S. was down 2% year-over-year. Utilization in Europe decreased 3% compared to the same period last year.

The business aviation industry is poised for growth in the long term due to strong demand combined with the introduction of new aircraft models and technologies. With the industry's most comprehensive product portfolio, Bombardier Business Aircraft is well positioned.

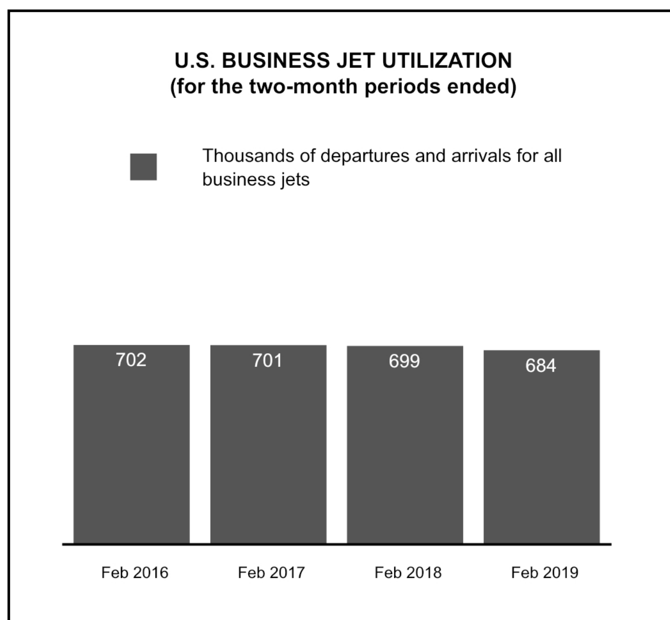
(1) As measured by the Barclays Business Jet Indicator.
(2) According to the Barclays Business Jet Survey dated March 20, 2019.



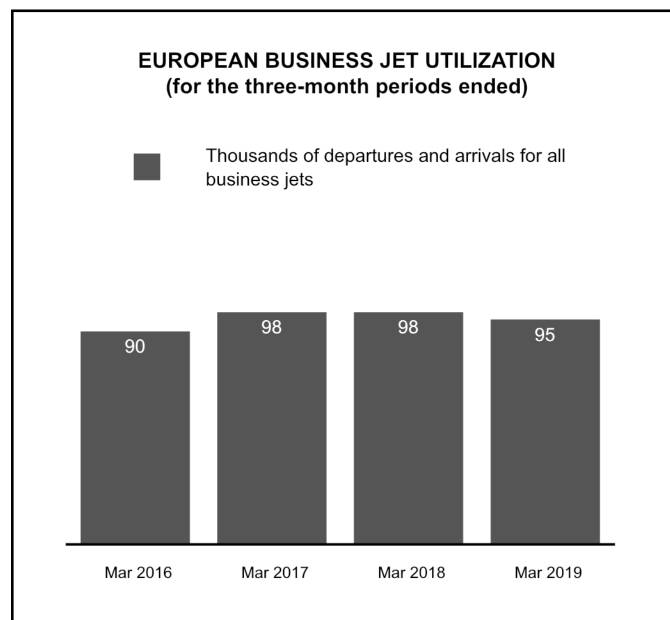
Source: Barclays from the start of 2018, previously UBS
* The Business Jet Indicator is a measure of market confidence from industry professionals, gathered through regular surveys of brokers, dealers, manufacturers, fractional providers, financiers and others.
Methodologies used in the calculation of the Business Jet Indicator may differ following a change in the source of the data. UBS did not issue a survey for Q4 2017.



Sources: JETNET and Ascend online
* As a percentage of total business jet fleet, excluding very light jets.
Shaded area indicates what we consider to be the normal range of total pre-owned business jet inventory available for sale, i.e. between 11% and 14%.



Source: U.S. Federal Aviation Administration (FAA) website



Source: Eurocontrol

ANALYSIS OF RESULTS

Results of operations

	Three-month periods ended March 31	
	2019 [(1)]	2018
Revenues		
Manufacturing and Other[(2)]	**$ 646**	$ 839
Services[(3)]	**324**	271
Total revenues	**$ 970**	$ 1,110
Adjusted EBITDA[(4)]	**$ 114**	$ 114
Amortization	**40**	16
Adjusted EBIT[(4)]	**74**	98
Special items	**(520)**	1
EBIT	**$ 594**	$ 97
Adjusted EBIT margin[(4)]	**7.6%**	8.8%
EBIT margin	**61.2%**	8.7%

(1) Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
(2) Mainly composed of revenues from sale of new aircraft, specialized aircraft solutions and pre-owned aircraft.
(3) Composed of revenues from aftermarket services including parts, *Smart Services*, service centers, training and technical publication.
(4) Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics.

Revenues

The $193-million decrease in manufacturing and other revenues is mainly due to lower aircraft deliveries.

The $53-million increase in services revenues is mainly due to increase in sales of spare parts and increased activities in service centres.

Special items

Special items comprise items which do not reflect our core performance or where their separate presentation will assist users in understanding our results for the period. Such items include, among others, the impact of restructuring charges and significant impairment charges and reversals.

The special items recorded as losses (gains) in EBIT were as follows:

		Three-month periods ended March 31	
	Ref	**2019**	2018
Gain on disposal of training business	1	**$ (516)**	$ —
Restructuring charges	2	**5**	2
Reversal of *Learjet 85* aircraft program cancellation provisions	3	**(9)**	(1)
		$ (520)	$ 1
EBIT margin impact		**53.6%**	(0.1)%

1. The sale of the Business Aircraft's flight and technical training activities for a total net consideration of $532 million resulted in a pre-tax accounting gain of $516 million ($383 million after deferred tax impact of $133 million).

2. Represents severance charges of $7 million partially offset by curtailment gains of $2 million for three-month period ended March 31, 2019 related to previously-announced restructuring actions ($2 million for the three-month period ended March 31, 2018).

3. Based on the ongoing activities with respect to the cancellation of the *Learjet 85* aircraft program, the Corporation reduced the related provisions by $9 million for the three-month period ended March 31, 2019 ($1 million for the three-month period ended March 31, 2018). The reduction in provisions is treated as a special item since the original provisions were also recorded as special items in 2014 and 2015.

EBIT margin

While aftermarket continued to grow, the adjusted EBIT margin[1] for the three-month period decreased by 1.2 percentage points given the dilution coming from entry-into-service and lower absorption of SG&A.

Including the impact of special items (see explanation of special items above), the EBIT margin for the three-month period increased by 52.5 percentage points compared to the same period last year.

[1] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics.

Product development

Investment in product development

	Three-month periods ended March 31	
	2019	2018
Program tooling[1]	**$ 81**	$ 198
R&D expense[2]	**3**	3
	$ 84	$ 201
As a percentage of revenues	**8.7%**	18.1%

The decrease in program tooling is mainly due to the entry-into-service of the *Global 7500* aircraft program in December 2018.

The carrying amount of business aircraft program tooling[3] as at March 31, 2019 was $4.5 billion, at a similar level compared to $4.5 billion as at December 31, 2018.

(1) Net amount capitalized in aerospace program tooling, as well as the amount that was paid to suppliers based on reception of parts for acquired development costs carried out by them.
(2) Excluding amortization of aerospace program tooling of $17 million for the three-month period ended March 31, 2019 ($11 million for the three-month period ended March 31, 2018), as the related investments are already included in aerospace program tooling.
(3) Capitalized borrowing costs included in the business aircraft aerospace program tooling balance amounted to $676 million as at March 31, 2019 ($677 million as at December 31, 2018).

The *Global 5500* and *Global 6500* aircraft program[1]
The two new business jets are built on the success of the *Global 5000* and *Global 6000* aircraft offering 500 and 600 nautical miles of additional range, respectively, for a class-leading 5,700 and 6,600 nautical miles, top speeds of Mach 0.90 and Bombardier's advanced wing design for a comfortable and smooth ride. The *Global 5500* and *Global 6500* jets also provide an up to 13-per-cent fuel burn advantage in certain operating conditions, contributing to highly favourable operating costs versus smaller competing aircraft with less range.

Two flight test vehicles, currently in active testing in Wichita, Kansas, continue to perform exceptionally well with more than 85% of the flight test program complete. The program is progressing on track toward certification with the aircraft expected to enter into service at the end of 2019.

(1) Currently under development. See the *Global 5500*, *Global 6500*, *Global 8000* and *CRJ550* aircraft disclaimer at the end of this MD&A.

Aircraft deliveries and order backlog

Aircraft deliveries

	Three-month periods ended March 31	
(in units)	**2019**	2018
Light	**2**	3
Medium	**14**	18
Large	**8**	10
	24	31

Order backlog

		As at
(in billions of dollars)	**March 31, 2019**	December 31, 2018
	$ 14.9	$ 14.3

The order backlog and the production horizon for programs are monitored to align production rates to reflect market demand. We maintained our industry-leading position in terms of order backlog.

RESHAPING THE PORTFOLIO

Conclusion of the sale of the previously announced Business Aircraft's flight and technical training activities with CAE

On March 14, 2019, we concluded the sale of previously announced Business Aircraft's flight and technical training activities to CAE Inc. (CAE) for an enterprise value of $645 million, with net proceeds of $532 million after the assumption of certain liabilities, fees, and closing adjustments. A gain of $516 million ($383 million after deferred tax impact) was recognized in Special items.

Concurrently with the sale agreement, Bombardier and CAE also agreed to extend their Authorized Training Provider (ATP) relationship whereby CAE agreed to prepay all royalties thereunder. This prepayment amounted to $155 million and was received by Bombardier in the fourth quarter of 2018.

COMMERCIAL AIRCRAFT

HIGHLIGHTS

Results of the quarter

Three-month periods ended March 31	2019 [1]	2018	Variance
Revenues[2]	**$ 241**	$ 463	(48)%
Aircraft deliveries (in units)[3]	**4**	8	(4)
Net orders (in units)	**16**	4	12
Book-to-bill ratio[4]	**4.0**	0.5	3.5
EBIT[5]	**$ 22**	$ (73)	nmf
EBIT margin[5]	**9.1%**	(15.8)%	2490 bps
Adjusted EBIT[5][6]	**$ 22**	$ (73)	nmf
Adjusted EBIT margin[5][6]	**9.1%**	(15.8)%	2490 bps
Adjusted EBITDA[5][6]	**$ 25**	$ (72)	nmf
Adjusted EBITDA margin[5][6]	**10.4%**	(15.6)%	2600 bps
Net additions to (disposals of) PP&E and intangible assets	**$ (1)**	$ 16	nmf
As at	**March 31, 2019**	December 31, 2018	Variance
Order backlog (in units)[7]	**109**	97	12

Key highlights and events

- Revenues reached $241 million in the quarter, reducing year-over-year as a result of the deconsolidation of CSALP starting in the third quarter of 2018 as well as lower deliveries.
- EBIT of $22 million reflects the deconsolidation of CSALP, higher proportion of aftermarket revenues and a proactive management of residual value guarantees exposure.
- During the quarter, a subsidiary of Chorus Aviation Inc. has finalized a firm purchase agreement for nine *CRJ900* aircraft to be operated by Jazz Aviation LP, making them the first Canadian operator of the new ATMOSPHERE cabin.
- Commercial Aircraft launched the *CRJ550* aircraft. Leveraging current aircraft platform, it is designed to replace the existing fleet of aging 50-seaters, while maximizing revenue potential with a triple-class cabin offering. United Airlines is the launch operator of this new model.
- Commercial Aircraft's expected deliveries for the year are lowered to approximately 30 aircraft as a result of the closing of the *Q400* divestiture, which is now expected mid-year. Revenue guidance for the year is correspondingly adjusted to approximately $1.15 billion, with no change to adjusted EBIT[5] guidance at a loss of approximately $125 million.[8]

[1] Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
[2] Including revenues from CSALP for the first three months of 2018.
[3] Excluding 5 CS300 aircraft deliveries from the comparative period of 2018.
[4] Ratio of new orders received over aircraft deliveries, in units, excluding C Series aircraft orders and deliveries.
[5] Including share of net gain from CSALP for the three-month period ended March 31, 2019 amounting to $1 million.
[6] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for a definition of these metrics and the Analysis of results section hereafter for reconciliations to the most comparable IFRS measures.
[7] Excluding 115 and 228 firm orders of CS100 and CS300 aircraft respectively for the comparative period of 2018. Subsequent to the C Series Partnership closing, Airbus rebranded CS100 and CS300 as A220-100 and A220-300, respectively.
[8] See the forward-looking statements disclaimer.

2019 GUIDANCE UPDATE

The following is an update of 2019 guidance.

		Guidance provided in our 2018 Financial Report[1]	2019 guidance update[2]
COMMERCIAL AIRCRAFT	Revenues	~ $1.4 billion	~ $1.15 billion
	Adjusted EBIT[3]	~ ($125 million)	unchanged
	Aircraft deliveries (in units)	~ 35 *CRJ* and *Q400*	~ 30 *CRJ and Q400*

As a result of the closing of the *Q400* divestiture, now expected mid-year, Commercial Aircraft's expected deliveries for the year are lowered to approximately 30 aircraft. Revenue guidance for the year is correspondingly adjusted to approximately $1.15 billion, with no change to adjusted EBIT[3] estimates at a loss of approximately $125 million.

[1] Refer to our 2018 Financial Report for further details.
[2] See the forward-looking statements disclaimer as well as the forward-looking statements section in Overview and the Guidance and forward-looking statements section in each reportable segment in the 2018 Financial Report for details regarding the assumptions on which the guidance is based.
[3] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics and the Analysis of results section hereafter for reconciliations to the most comparable IFRS measures.

INDUSTRY AND ECONOMIC ENVIRONMENT

Overall demand for commercial air travel, measured by revenue passenger kilometres ("RPK"),[1] increased moderately to 5.9% for the year-to-date period ended February 2019, when compared to the same period last year.[2]

Domestic and international commercial air travel, measured by RPK, were 6.9% and 5.3% higher, respectively, for the first two months of 2019, compared to the same period last year. Domestically, the U.S., the largest among all countries, recorded a healthy RPK growth of 5.2%, while China, India and Russia all recorded double-digit RPK growth compared to the same period in 2018.[2]

Commercial airlines worldwide achieved domestic and international passenger load factors[3] of 80.8% and 79.7%, respectively, during the year-to-date period ended February 2019, which were in line with levels experienced during the same period in 2018.[2]

The average monthly price of Brent crude oil has trended upwards since the beginning of 2019, following the sharp contraction observed at the end of 2018 amidst rising oil supplies.[4] Brent crude oil prices stood at approximately $68 per barrel at the end of March 2019, compared to $51 per barrel at the end of December 2018.[5] Volatility in oil prices, combined with environmental issues and regulations, should result in continued demand for aircraft with optimal efficiency.

(1) RPK is a measure of paying passenger traffic and represents passenger demand for air transport, defined as one fare-paying passenger transported over one kilometre.
(2) Per IATA's February 2019 Air Passenger Market Analysis report.
(3) Passenger load factor is defined as the percentage of available seat kilometres used (RPK divided by available seat kilometres). Available seat kilometres are measured as the number of seats multiplied by the kilometres flown, whether a passenger occupied the seat or not.
(4) Per IATA's January-February 2019 Airlines Financial Monitor Report.
(5) Per the U.S. Energy Information Administration's (EIA) website.

ANALYSIS OF RESULTS

Results of operations

	Three-month periods ended March 31			
		2019 [1]		2018
Revenues[2]	**$**	**241**	$	463
Adjusted EBITDA[3][4]	**$**	**25**	$	(72)
Amortization		**3**		1
Adjusted EBIT[3][4]	**$**	**22**	$	(73)
EBIT[3]	**$**	**22**	$	(73)
Adjusted EBIT margin[3][4]		**9.1%**		(15.8)%
EBIT margin[3]		**9.1%**		(15.8)%

(1) Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, Leases. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
(2) Including revenues from CSALP for the first three months of 2018.
(3) Including share of net gain from CSALP for the three-month period ended March 31, 2019 amounting to $1 million.
(4) Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics.

Revenues

The $222-million decrease for the three-month period is mainly due to the deconsolidation of C Series revenues starting the third quarter of 2018 and lower *CRJ Series* and *Q400* aircraft deliveries.

EBIT margin

The EBIT margin for the three-month period increased by 24.9 percentage points, mainly as a result of:

- the net impact of the deconsolidation of C Series;
- stronger contribution from aftermarket activities; and
- positive impact from the settlement of residual value guarantees recorded in other income.

Partially offset by:

- lower aircraft margin.

Product development

Investment in product development

	Three-month periods ended March 31			
		2019		2018
Program tooling[1]	**$**	**—**	$	16
R&D expense[2]		**—**		2
	$	**—**	$	18
As a percentage of revenues		**0.0%**		3.9%

The carrying amount of commercial aircraft program tooling as at March 31, 2019 was $30 million, compared to $32 million as at December 31, 2018.

(1) Net amount capitalized in aerospace program tooling, as well as the amount that was paid to suppliers upon delivery of the aircraft for acquired development costs carried out by them. Including $16 million for CSALP for the three-month period ended March 31, 2018.
(2) Excluding amortization of aerospace program tooling of $2 million for the three-month period ended March 31, 2019 ($2 million for the three-month period ended March 31, 2018), as the related investments are already included in aerospace program tooling.

Aircraft deliveries, orders, book-to-bill ratio and order backlog

Aircraft deliveries[1]

(in units)	Three-month periods ended March 31 2019	2018
Regional jets		
CRJ900	**3**	4
CRJ1000	**—**	2
Turboprops		
Q400	**1**	2
	4	8

[1] Excluding 5 CS300 aircraft deliveries for the three-month period ended March 31, 2018. Subsequent to the C Series Partnership closing, Airbus rebranded CS100 and CS300 as A220-100 and A220-300, respectively.

Net orders

(in units)	Three-month periods ended March 31 2019	2018
Regional jets		
CRJ900	**9**	—
Turboprops		
Q400	**7**	4
	16	4
Book-to-bill ratio[1]	**4.0**	0.5

[1] Ratio of net orders received over aircraft deliveries, in units.

Commercial aircraft order backlog and options

	As at March 31, 2019		December 31, 2018	
(in units)	Firm orders	Options	Firm orders	Options
Regional jets				
CRJ900	**51**	**3**	45	4
Turboprops				
Q400[1]	**58**	**—**	52	—
	109	**3**	97	4

[1] On November 7, 2018, the Corporation entered into a definitive agreement for sale of the *Q Series* aircraft program assets. See Note 27, Transactions, to our interim consolidated financial statements, for more details.

The order backlog and the production horizon for programs are monitored to align production rates to reflect market demand.

RESHAPING THE PORTFOLIO

We entered into an agreement to sell the *Q Series* aircraft program to Longview Aircraft Company of Canada Limited

On November 7, 2018, we entered into a definitive agreement for the sale of the *Q Series* aircraft program assets, including aftermarket operations and assets, to Longview Aircraft Company of Canada Limited, a wholly owned subsidiary of Longview Aviation Capital Corp., for gross proceeds of approximately $300 million. The agreement covers all assets and intellectual property and Type Certificates associated with the Dash 8 Series 100, 200 and 300 as well as the *Q400* program operations at the Downsview manufacturing facility in Ontario, Canada. The transaction is expected to close by mid-year of 2019, subject to customary closing conditions and regulatory approvals. Net proceeds for this transaction are expected at approximately $250 million net of fees, liabilities and normal closing adjustments.[1]

[1] See the forward-looking statements disclaimer.

AEROSTRUCTURES AND ENGINEERING SERVICES

HIGHLIGHTS

Results of the quarter

Three-month periods ended March 31		2019[1]		2018	Variance
Revenues	**$**	**470**	$	446	5 %
EBIT	**$**	**66**	$	46	43 %
EBIT margin		**14.0%**		10.3%	370 bps
Adjusted EBIT[2]	**$**	**66**	$	47	40 %
Adjusted EBIT margin[2]		**14.0%**		10.5%	350 bps
Adjusted EBITDA[2]	**$**	**78**	$	60	30 %
Adjusted EBITDA margin[2]		**16.6%**		13.5%	310 bps
Net additions to PP&E and intangible assets	**$**	**25**	$	10	150 %

Key highlights and events

- Revenues at Aerostructures and Engineering Services grew year-over-year to $470 million as it continued to ramp-up on the *Global 7500* and the A220 programs.
- External revenues increased year-over-year to 43% of total revenues as A220 components are now third party sales.
- The EBIT margin for the three-month period increased mainly as a result of a positive impact from revenue mix skewed towards more mature programs. As *Global 7500* and A220 deliveries ramp-up, full year adjusted EBIT margin[2] guidance remains at approximately 7.5% for the year.[3]
- Since closing the acquisition of the *Global 7500* aircraft wing program on February 6, 2019, Aerostructures and Engineering Services has focused on integrating the Red Oak, Texas facility to support the ramp-up of the *Global 7500*.

[1] Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
[2] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics and the Analysis of results section hereafter for reconciliations to the most comparable IFRS measures.
[3] See the forward-looking statements disclaimer.

INDUSTRY AND ECONOMIC ENVIRONMENT

Key drivers of the aerostructures market are strongly linked to factors such as economic growth (GDP per capita), political stability, air passenger traffic and aircraft retirement rates. More specifically, this market is driven by the number of new products in development or upgrades to existing platforms as well as growth in production rates and backlogs in various aircraft sectors.

Given that the industry's revenues are generated from original equipment manufacturers in the aerospace market, it is subject to the same industry and economic drivers described in Business Aircraft and Commercial Aircraft. Refer to the Industry and economic environment sections of Business Aircraft and Commercial Aircraft for further discussion of the overall aerospace market which influences the aerostructures business.

In the commercial aircraft market, passenger traffic levels and load factors remain strong on a year-to-date basis. Meanwhile, short-term indicators of the business jet market are positive. Overall, we remain confident in the long-term potential for significant growth in the aircraft industry.

ANALYSIS OF RESULTS

Results of operations

	Three-month periods ended March 31	
	2019 [1]	2018
Revenues		
External revenues	**$ 200**	$ 101
Intersegment revenues	**270**	345
Total revenues	**$ 470**	$ 446
Adjusted EBITDA[2]	**$ 78**	$ 60
Amortization	**12**	13
Adjusted EBIT[2]	**66**	47
Special items	**—**	1
EBIT	**$ 66**	$ 46
Adjusted EBIT margin[2]	**14.0%**	10.5%
EBIT margin	**14.0%**	10.3%

[1] Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
[2] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics.

Revenues

The $24-million increase for the three-month period is due to:

- higher external revenues ($99 million), mainly due to higher volume for the contracts with CSALP being presented as external revenues starting July 1, 2018, partially offset by lower volume for other external contracts.

Partially offset by:

- lower intersegment revenues ($75 million), mainly due to intersegment revenues from CSALP reclassified as external revenues starting July 1, 2018, partially offset by higher volume for business aircraft contracts and other commercial aircraft contracts.

Special items

Special items comprise items which do not reflect our core performance or where their separate presentation will assist users in understanding our results for the period. Such items include, among others, the impact of restructuring charges and significant impairment charges and reversals.

The special item for the three-month period ended March 31, 2018 represented severance charges related to previously-announced restructuring actions.

EBIT margin

The adjusted EBIT margin[1] for the three-month period increased by 3.5 percentage points, mainly as a result of the positive impact from adjustments related to certain contracts and better performance on business aircraft contracts.

Including the impact of special items (see explanation of special items above), the EBIT margin for the three-month period increased by 3.7 percentage points compared to the same period last year.

[1] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics.

TRANSPORTATION

HIGHLIGHTS

Results of the quarter

Three-month periods ended March 31	2019[1]	2018	Variance
Revenues	**$ 2,107**	$ 2,355	(11)%
Order intake (in billions of dollars)	**$ 1.6**	$ 2.3	(30)%
Book-to-bill ratio[2]	**0.8**	1.0	(0.2)
EBIT[3]	**$ 83**	$ 191	(57)%
EBIT margin[3]	**3.9%**	8.1%	(420) bps
Adjusted EBIT[3][4]	**$ 83**	$ 189	(56)%
Adjusted EBIT margin[3][4]	**3.9%**	8.0%	(410) bps
Adjusted EBITDA[3][4]	**$ 115**	$ 214	(46)%
Adjusted EBITDA margin[3][4]	**5.5%**	9.1%	(360) bps
Net additions to PP&E and intangible assets	**$ 28**	$ 25	12 %
As at	**March 31, 2019**	December 31, 2018	Variance
Order backlog (in billions of dollars)	**$ 33.8**	$ 34.5	(2)%

Key highlights and events

- Transportation's revenues for the first quarter reached $2.1 billion, 5% lower year-over-year excluding currency impacts, reflecting a slower production ramp-up on certain large projects as the Corporation better synchronizes its production output to customer requirements and delivery schedules.
- EBIT margin of 3.9% is impacted by lower revenues and the related fixed cost absorption, as well as revised cost estimates on certain challenging projects. While cost absorption headwinds are expected to be resolved as production and revenues return to planned levels later this year, the ongoing and gradual phase out of legacy projects over the course of 2019 and 2020 is expected to support improving margins.[5]
- Full-year revenues and adjusted EBIT[4] guidance are adjusted to reflect the revised project delivery schedules.[5]
    - Revenue guidance is adjusted to approximately $8.75 billion, resulting in approximately 3.5% year-over-year growth, excluding currency impacts. This reduction is driven by approximately $500 million from slower production ramp-up, which defers revenues, and approximately $250 million of unfavourable currency impact at current rates.[5]
    - Adjusted EBIT margin[4] is revised from approximately 9% to approximately 8%.[5]
- Transportation's backlog of $33.8 billion reflects book-to-bill of 0.8 and is expected to improve throughout the year based on a strong pipeline of opportunities.[5]

[1] Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
[2] Ratio of new orders over revenues.
[3] Including share of income from joint ventures and associates amounting to $17 million for the three-month period ended March 31, 2019 ($21 million for the three-month period ended March 31, 2018).
[4] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for a definition of these metrics and the Analysis of results section hereafter for reconciliations to the most comparable IFRS measures.
[5] See the forward-looking statements disclaimer as well as the forward-looking statements section in Overview and the Guidance and forward-looking statements section in each reportable segment in the 2018 Financial Report for details regarding the assumptions on which the guidance is based.

2019 GUIDANCE UPDATE

The following is an update of 2019 guidance.

		Guidance provided in our 2018 Financial Report[(1)]	2019 guidance update[(2)]
TRANSPORTATION	Revenues	~ $9.5 billion	~ $8.75 billion[(4)]
	Adjusted EBIT margin[(3)]	~ 9.0%	~ 8.0%

The Corporation now expects Transportation's revenues to be $750 million lower than its original full-year guidance, at approximately $8.75 billion. This reduction is driven by approximately $500 million from slower production ramp-up, which defers revenues, and approximately $250 million of unfavourable currency impact at current rates[(4)]. On a constant currency basis, Transportation's revised 2019 revenue guidance reflects approximately 3.5% growth over 2018. On the earnings front, Transportation's adjusted EBIT margin[(3)] guidance for the full year is revised from approximately 9% to approximately 8%.

(1) Refer to our 2018 Financial Report for further details.
(2) See the forward-looking statements disclaimer as well as the forward-looking statements section in Overview and the Guidance and forward-looking statements section in each reportable segment in the 2018 Financial Report for details regarding the assumptions on which the guidance is based.
(3) Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics and the Analysis of results section hereafter for reconciliations to the most comparable IFRS measures.
(4) Based on the assumption that foreign exchange rates remain stable at approximately 1.12 for the conversion of the amounts in EURO to U.S. dollars.

INDUSTRY AND ECONOMIC ENVIRONMENT

In the first quarter of 2019 the overall market volume increased compared to the first quarter of 2018, driven by orders in Europe, Asia-Pacific and Rest of World region. In the upcoming quarters, several significant contracts are expected across all regions accelerating further growth in the industry.

Europe
In Europe, the market volume during the first quarter of 2019 has increased compared to the same period last year. The order volume during the first quarter of 2019 is driven by significant contracts for commuter and regional trains in Germany and the U.K. Several medium-sized contracts for locomotives were also awarded in Austria and Germany. Sizeable services agreements were signed in France and Spain, as well as many small and medium signalling orders in Belgium, Italy and Spain. In Eastern Europe, Poland and Serbia were the main drivers of order volume with contracts awarded for locomotives.

The outlook for Europe remains positive throughout the rest of 2019. Strong order intake is foreseen in Sweden, Switzerland, France and Denmark for intercity, high speed and very high speed trains, while in Italy, Germany, Spain and the U.K. contracts are anticipated to be granted for commuter and regional trains. Cities across Europe are expected to continue investing in urban transit solutions with orders anticipated to be tendered for metro trains, especially in Germany, Spain and Turkey, as well as for light rail vehicles (LRVs) in France. In the services and signalling segments several contracts are expected across Western Europe, with noteworthy orders in the U.K. and Germany for fleet management services agreements, as well as in Italy and Sweden for mainline onboard and wayside signalling contracts. Poland, Czech Republic and Turkey are expected to be the main drivers for growth in Eastern Europe in 2019, with rolling stock orders expected to be awarded for locomotives, and regional and metro trains. Major investments in the services and signalling segments are also expected, particularly in Turkey and Poland.

North America
The order volume in North America declined compared to the same quarter last year, due to a large contract for metro trains which was awarded during the first quarter of 2018 for the City of New York. During the first quarter of 2019, a large contract was secured for commuter and regional trains in New Jersey, along with orders awarded in the services and signalling segments, mainly in the U.S.

In the North American market significant opportunities are foreseen during the upcoming quarters of 2019. In the U.S., several orders are expected to be awarded for commuter and regional trains, and metro and automated people mover (APM) trains, and in Canada, future orders are anticipated for LRVs. Various contracts are also expected in the services and signalling segments across the U.S. and Canada, with the largest tenders anticipated in the U.S. for asset life management and signalling for urban mobility solutions. In Mexico, sizeable opportunities are expected for both intercity and high speed trains, as well as locomotives.

Asia-Pacific

In Asia-Pacific, market volume increased during the first quarter of 2019 compared to the same period last year, driven by large contracts for regional and commuter trains along with services contracts in Australia and Taiwan. In the signalling segment, tenders were granted for urban solutions in Australia and India.

The outlook for Asia-Pacific is positive, with sizeable rolling stock opportunities expected to be issued in the upcoming quarters in Thailand and Taiwan for high speed and very high speed trains. Additionally, significant orders for commuter and regional trains, along with services agreements, are foreseen to be awarded in Australia, as well as various metro projects in China and India. Further investments are also anticipated for multiple urban transit solutions to support rapid urbanization in Australia, South Korea and Singapore. In the services and signalling segments, opportunities in fleet maintenance services and mainline and mass transit signalling are expected to be awarded, primarily across Australia, India, China and Thailand.

Rest of World(1)

During the first quarter of 2019, order volume in the Rest of World region increased primarily driven by a large contract awarded in Russia for commuter and regional trains. Further orders were placed in Belarus for commuter and regional trains, as well as for metro trains in Azerbaijan. In the signalling segment, a noteworthy order was awarded in Panama.

Good prospects are foreseen in the Rest of World region across the full value chain for rolling stock, with sizeable opportunities expected to materialize in Russia and South Africa for commuter and regional trains. Investments are expected to grow for urban transit solutions, with upcoming significant contracts for metro trains anticipated to be awarded in Iran and Azerbaijan, as well as for monorail trains in Egypt. In the services and signalling segments, other countries in the region show growth potential, with upcoming orders for signalling in Iran, as well as a large tender for services agreement expected to be granted in Brazil.

(1) The Rest of world region includes South America, Central America, Africa, the Middle East and the CIS.

ANALYSIS OF RESULTS

Results of operations

	Three-month periods ended March 31	
	2019 [(1)]	2018
Revenues		
Rolling stock and systems[(2)]	**$ 1,407**	$ 1,607
Services[(3)]	**488**	537
Signalling[(4)]	**212**	211
Total revenues	**$ 2,107**	$ 2,355
Adjusted EBITDA[(5)(6)]	**$ 115**	$ 214
Amortization	**32**	25
Adjusted EBIT[(5)(6)]	**83**	189
Special items	**—**	(2)
EBIT	**$ 83**	$ 191
Adjusted EBIT margin[(5)(6)]	**3.9%**	8.0%
EBIT margin	**3.9%**	8.1%

(1) Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for the impact of the adoption of IFRS 16, *Leases*. Under the modified retrospective approach adopted by the Corporation, 2018 figures are not restated.
(2) Comprised of revenues from light rail vehicles, metros, commuter and regional trains, intercity trains, high speed and very high speed trains, locomotives, propulsion and controls, bogies, mass transit and airport systems, and mainline systems.
(3) Comprised of revenues from fleet management, asset life management, component re-engineering and overhaul, material solutions, and operations and maintenance of systems.
(4) Comprised of revenues from mass transit signalling, mainline signalling, industrial signalling and *OPTIFLO* service solutions for signalling.
(5) Including share of income from joint ventures and associates amounting to $17 million for the three-month period ended March 31, 2019 ($21 million for the three-month period ended March 31, 2018).
(6) Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics.

Revenues

Total revenues for the three-month period ended March 31, 2019, have decreased by $248 million, compared to the same period last year. Excluding a negative currency impact of $132 million for the three-month period, revenues have decreased by $116 million, or 5%, for the three-month period, compared to the same period last year.

The $116-million decrease excluding currency impact for the three-month period is mainly explained by:

- lower activities in rolling stock and systems in Europe, Asia-Pacific and the Rest of World region mostly due to some commuter and regional train contracts in Europe and Asia-Pacific, some intercity train and light rail vehicle (LRV) contracts in Europe and some mass transit system contracts in the Rest of World region nearing completion and slower production ramp-up on certain contracts, partly offset by ramp-up in production related to some locomotive and metro contracts in Europe ($160 million).

Partially offset by:

- higher activities in rolling stock and systems in North America, mostly due to ramp-up in production related to some LRV contracts ($50 million).

Special items

Special items comprise items which do not reflect our core performance or where their separate presentation will assist users in understanding our results for the period. Such items include, among others, the impact of restructuring charges and significant impairment charges and reversals.

The special item for the three-month period ended March 31, 2018 represented the release of severance provisions of $2 million.

EBIT margin

The adjusted EBIT margin[1] for the three-month period decreased by 4.1 percentage points, mainly as a result of:

- lower margin in rolling stock and systems due to revised estimates on certain contracts and an unfavourable contract mix;
- lower margin in services mainly due to an unfavourable contract mix;
- lower margin in signalling mainly due to revised estimates on certain contracts; and
- lower absorption of SG&A expenses.

Partially offset by:

- a positive impact of a pension amendment related to past service.

Including the impact of special items (see explanation of special items above), the EBIT margin for the three-month period decreased by 4.2 percentage points, compared to the same period last year.

[1] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics.

Orders and backlog

Order backlog

		As at
(in billions of dollars)	**March 31, 2019**	December 31, 2018
	$ 33.8	$ 34.5

The $0.7-billion decrease in order backlog is due to higher revenues than order intake ($0.5 billion) and the weakening of some foreign currencies, mainly the euro, versus the U.S. dollar as at March 31, 2019, compared to December 31, 2018 ($0.2 billion).

Order intake and book-to-bill ratio

	Three-month periods ended March 31	
	2019	2018
Order intake (in billions of dollars)	**$ 1.6**	$ 2.3
Book-to-bill ratio[1]	**0.8**	1.0

Order intake in the three-month period ended March 31, 2019, has decreased by $0.7 billion compared to the order intake for the same period last year. The variance includes a negative currency impact of $103 million. We have obtained several orders across various product segments and regions during the quarter, and have maintained a leading position[2] in our relevant and accessible rail market.[3]

[1] Ratio of new orders over revenues.
[2] Based on a rolling 36-month order intake with latest data published by companies publishing order intake for at least 36 months.
[3] Our relevant and accessible rail market is the world rail market, excluding the share of markets associated with contracts that are awarded to local players without open-bid competition, and excluding the infrastructure, freight wagon and shunter segments.

The significant orders obtained during the three-month period ended March 31, 2019 were as follows:

Customer	Country	Product or service	Number of cars	Market segment	Value [1]
First quarter					
New Jersey Transit Corporation (NJ TRANSIT)	U.S.	Multilevel III commuter rail cars	113	Rolling stock and systems	$ 669
Queensland Government	Australia	Modifications and redesign of the New Generation Rollingstock (NGR) trains and related maintenance services	N/A	Rolling stock and systems, and Services	$ 255
Eurotunnel	France	Refurbishment services of nine passenger shuttle trains	N/A	Services	$ 171

[1] Contract values exclude price escalation.

OTHER

OFF-BALANCE SHEET ARRANGEMENTS

Sale of receivable facilities and arrangements for advances from third parties

In the normal course of its business, Transportation has facilities, to which it can sell, without credit recourse, qualifying receivables. For more details, refer to Note 22 - Net change in non-cash balances, to our interim consolidated financial statements.

In addition, in connection with certain long-term contracts, Transportation enters into arrangements whereby amounts are received from third-party advance providers in exchange for the rights to customer payments. There is no recourse to Transportation if the customer defaults on its payment obligations assigned to the third-party advance provider. In addition, the third-party advance providers could request repayment of these amounts if Transportation fails to perform its contractual obligations such as delivery delays beyond a specified date. Amounts received under these arrangements are included as advances and progress billings in reduction of contract assets. For more details, refer to Note 10 - Contract balances, to our interim consolidated financial statements.

Other arrangements

In the normal course of operations, we maintain other off-balance sheet arrangements including credit and residual value guarantees, financing commitments and financing structures related to the sale of commercial aircraft. There was no significant change in these arrangements during the three-month period ended March 31, 2019. Refer to the Off-balance sheet arrangements section in Other of our Financial Report for the year ended December 31, 2018 for a description of these arrangements, and to Note 26 - Commitments and Contingencies, to the interim consolidated financial statements for further details.

RISKS AND UNCERTAINTIES

We operate in industry segments which present a variety of risk factors and uncertainties. The risks and uncertainties that we currently believe could materially affect our business activities, financial condition, cash flows and results of operations are described in our Financial Report for the fiscal year ended December 31, 2018 in Other, but are not necessarily the only risks and uncertainties that we face.

There was no significant change to these risks and uncertainties during the three-month period ended March 31, 2019, other than those described elsewhere in this MD&A. Also refer to Note 26 - Commitments and contingencies, to our interim consolidated financial statements.

If any of these risks, or any additional risks and uncertainties presently unknown to us or that we currently consider as being not material, actually occur or become material risks, our business activities, financial condition, cash flows and results of operations could be materially adversely affected.

ACCOUNTING AND REPORTING DEVELOPMENTS

Changes in accounting policies

Leases

In January 2016, the IASB released IFRS 16, *Leases*, to replace the previous leases Standard, IAS 17, *Leases,* and related Interpretations**.** IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. IFRS 16 also substantially carries forward the lessor accounting requirements. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 was adopted effective January 1, 2019, and the Corporation elected to use the modified retrospective approach whereby comparative periods were not restated. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Corporation applied the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application and did not reassess contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. In addition, the Corporation elected to apply recognition exemptions available in the standard for lease contracts where the lease term ends within 12 months of the date of initial application or lease commencement date and that do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

On initial application, the Corporation also applied the practical expedients to use a single discount rate to a portfolio of leases with reasonably similar characteristics, to rely on its assessment of whether leases are onerous immediately before the date of initial application instead of performing an impairment review and to exclude initial direct costs from the measurement of the right-of-use asset.

Where the Corporation is a lessee, IFRS 16 resulted in on-balance sheet recognition of most of its leases that were considered operating leases under IAS 17. This resulted in the gross-up of the balance sheet through the recognition of a right-of-use asset, adjusted for lease incentives received and onerous contract provisions previously recognized, and a lease liability for the present value of the remaining future lease payments, discounted using the incremental borrowing rate at the date of initial application. Depreciation expense on the right-of-use asset and interest expense on the lease liability replaced the previously recognized operating lease expense. The impact of adopting this standard on the cash flow statement is neutral, however the principal repayment of the lease liabilities will be presented in financing activities under IFRS 16, whereas previously it was presented in operating activities.

Refer to Note 2, Changes in accounting policies, to our interim consolidated financial statements, for further details on impact of adopting IFRS 16.

Income taxes

In June 2017, the IASB released IFRIC 23, *Uncertainty over income tax treatm*ents. IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, *Income Taxes*, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. IFRIC 23 was adopted effective January 1, 2019 and resulted in no significant adjustments.

Retirement and other long-term employee benefits

In February 2018, the IASB released an amendment to IAS 19, *Employee Benefits*, effective on January 1, 2019. The amendment relates to accounting for plan amendments, curtailments and settlements on defined benefit plans. The amendment requires the use of updated actuarial assumptions to determine current service cost and net interest for the period after a plan amendment, curtailment or settlement. This amendment was adopted effective January 1, 2019, with no earlier application and resulted in no adjustments as of January 1, 2019. This amendment will apply to plan amendments, curtailments or settlements occurring after January 1, 2019.

CONTROLS AND PROCEDURES

No changes were made to our internal controls over financial reporting during the three-month period ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

FOREIGN EXCHANGE RATES

We are subject to currency fluctuations from the translation of revenues, expenses, assets and liabilities of our foreign operations with non-U.S. dollar functional currencies, mainly the euro, pound sterling and other European currencies, and from transactions denominated in foreign currencies, mainly the Canadian dollar and pound sterling.

The foreign exchange rates used to translate assets and liabilities into U.S. dollars were as follows, as at:

	March 31, 2019	December 31, 2018	Increase/(Decrease)
Euro	**1.1218**	1.1450	(2%)
Canadian dollar	**0.7446**	0.7337	1%
Pound sterling	**1.3112**	1.2800	2%

The average foreign exchange rates used to translate revenues and expenses into U.S. dollars were as follows, for the three-month periods ended:

	March 31, 2019	March 31, 2018	Decrease
Euro	**1.1366**	1.2284	(7%)
Canadian dollar	**0.7522**	0.7926	(5%)
Pound sterling	**1.2996**	1.3901	(7%)

SELECTED FINANCIAL INFORMATION

The following table provides selected financial information for the last eight quarters:

Fiscal years	**2019**				2018			2017
						restated[1]	*restated*[1]	*restated*[1]
	First	Fourth	Third	Second	First	Fourth	Third	Second
Revenues	**$ 3,516**	$ 4,303	$ 3,643	$ 4,262	$ 4,028	$ 4,611	$ 3,839	$ 4,144
Net income (loss) attributable to equity holders of Bombardier Inc.	**$ 195**	$ 15	$ 111	$ 68	$ 38	$ (190)	$ (83)	$ (227)
EPS (in dollars)								
Basic	**$ 0.08**	$ 0.02	$ 0.04	$ 0.03	$ 0.01	$ (0.09)	$ (0.04)	$ (0.11)
Diluted	**$ 0.08**	$ 0.02	$ 0.04	$ 0.02	$ 0.01	$ (0.09)	$ (0.04)	$ (0.11)
Adjusted net income (loss) attributable to equity holders of Bombardier Inc.[2]	**$ (173)**	$ 134	$ 122	$ 78	$ 22	$ (38)	$ (2)	$ 101
Adjusted EPS (in dollars)[2]	**$ (0.07)**	$ 0.05	$ 0.04	$ 0.03	$ 0.01	$ (0.02)	$ 0.00	$ 0.05

[1] 2017 figures were restated due to the adoption of IFRS 15, *Revenue from contracts with customers.*
[2] Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics and reconciliations to the most comparable IFRS measures.

SHAREHOLDER INFORMATION

Authorized, issued and outstanding share data, as at April 30, 2019

	Authorized	Issued and outstanding
Class A Shares (multiple voting)[1]	3,592,000,000	308,750,749
Class B Shares (subordinate voting)[2]	3,592,000,000	2,065,863,494 [3]
Series 2 Cumulative Redeemable Preferred Shares	12,000,000	5,811,736
Series 3 Cumulative Redeemable Preferred Shares	12,000,000	6,188,264
Series 4 Cumulative Redeemable Preferred Shares	9,400,000	9,400,000

(1) Ten votes each, convertible at the option of the holder into one Class B Subordinate Voting Share.
(2) Convertible at the option of the holder into one Class A Share under certain conditions.
(3) Net of 60,541,394 Class B Subordinate Voting Shares purchased and held in trust in connection with the PSU and RSU plans.

Warrant, share option, PSU, DSU and RSU data as at March 31, 2019

Warrants issued and outstanding	305,851,872
Options issued and outstanding under the share option plans	110,038,407
PSUs, DSUs and RSUs issued and outstanding under the PSU, DSU and RSU plans	88,498,180
Class B Subordinate Voting Shares held in trust to satisfy PSU and RSU obligations	60,541,394

Expected issuance date of our financial reports for the next 12 months

Second Quarterly Report, for the period ending June 30, 2019	August 1, 2019
Third Quarterly Report, for the period ending September 30, 2019	October 31, 2019
Financial Report, for the fiscal year ending December 31, 2019	February 13, 2020
First Quarterly Report, for the period ending March 31, 2020	May 7, 2020

Information

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May 1, 2019

Additional information relating to the Corporation, including the financial report and annual information form, are available on SEDAR at sedar.com or on Bombardier’s dedicated investor relations website at ir.bombardier.com.

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2019
(Unaudited)
(Tabular figures are in millions of U.S. dollars, unless otherwise indicated)

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The following table shows the abbreviations used in the consolidated financial statements.

Term	Description	Term	Description
AFS	Available for sale	FVOCI	Fair value through other comprehensive income (loss)
bps	Basis points	FVTP&L	Fair value through profit and loss
BT Holdco	Bombardier Transportation (Investment) UK Limited	HFT	Held for trading
CCTD	Cumulative currency translation difference	IAS	International Accounting Standard(s)
CDPQ	Caisse de dépôt et placement du Québec	IASB	International Accounting Standards Board
CSALP	C Series Aircraft Limited Partnership	IFRIC	International Financial Reporting Interpretation Committee
DDHR	Derivative designated in a hedge relationship	IFRS	International Financial Reporting Standard(s)
DSU	Deferred share unit	NCI	Non-controlling interests
EBIT	Earnings (loss) before financing expense, financing income and income taxes	OCI	Other comprehensive income (loss)
		PP&E	Property, plant and equipment
EBITDA	Earnings (loss) before financing expense, financing income, income taxes, amortization and impairment charges on PP&E and intangible assets	PSU	Performance share unit
		R&D	Research and development
		RSU	Restricted share unit
EBT	Earnings (loss) before income taxes	SG&A	Selling, general and administrative
EPS	Earnings (loss) per share attributable to equity holders of Bombardier Inc.	U.S.	United States of America

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(in millions of U.S. dollars, except per share amounts)

	Notes	Three-month periods ended March 31 2019 [(1)]	2018
Revenues		**$ 3,516**	$ 4,028
Cost of sales	11	**3,060**	3,539
Gross margin		**456**	489
SG&A		**268**	286
R&D	4	**48**	47
Share of income of joint ventures and associates	24	**(17)**	(20)
Other income	5	**(14)**	(25)
Special items	6	**(513)**	—
EBIT		**684**	201
Financing expense	7	**311**	162
Financing income	7	**(100)**	(38)
EBT		**473**	77
Income taxes		**234**	33
Net income		**$ 239**	$ 44
Attributable to			
Equity holders of Bombardier Inc.		**$ 195**	$ 38
NCI		**44**	6
		$ 239	$ 44
EPS (in dollars)	8		
Basic and diluted		**$ 0.08**	$ 0.01

(1) Refer to Note 2 - Changes in accounting policies for the impact of the adoption of IFRS 16, *Leases*.

The notes are an integral part of these interim consolidated financial statements.

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(in millions of U.S. dollars)

	Three-month periods ended March 31	
	2019	2018
Net income	**$ 239**	$ 44
OCI		
Items that may be reclassified to net income		
Net change in cash flow hedges		
Foreign exchange re-evaluation	**(1)**	(1)
Net loss on derivative financial instruments	**(3)**	(52)
Reclassification to income or to the related non-financial asset	**(6)**	(16)
Income taxes	**(7)**	10
	(17)	(59)
FVOCI financial assets		
Net unrealized gain (loss)	**4**	(1)
CCTD		
Net investments in foreign operations	**100**	19
Items that are never reclassified to net income		
FVOCI equity instruments		
Net unrealized gain (loss)	**3**	(3)
Retirement benefits		
Remeasurement of defined benefit plans	**(464)**	(36)
Income taxes	**39**	14
	(422)	(25)
Total OCI	**(335)**	(66)
Total comprehensive loss	**$ (96)**	$ (22)
Attributable to		
Equity holders of Bombardier Inc.	**$ (107)**	$ (66)
NCI	**11**	44
	$ (96)	$ (22)

The notes are an integral part of these interim consolidated financial statements.

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
As at
(in millions of U.S. dollars)

	Notes	March 31 2019 [(1)]	December 31 2018	January 1 2018
Assets				
Cash and cash equivalents		**$ 3,279**	$ 3,187	$ 2,988
Trade and other receivables		**1,568**	1,575	1,174
Contract assets	10	**2,843**	2,617	2,460
Inventories	11	**5,192**	4,402	3,429
Other financial assets	12	**239**	210	415
Other assets	13	**483**	357	427
Assets held for sale		**—**	—	4,150
Current assets		**13,604**	12,348	15,043
PP&E	14	**2,038**	1,557	1,696
Aerospace program tooling		**4,562**	4,519	3,581
Goodwill		**1,920**	1,948	2,042
Deferred income taxes		**574**	746	595
Investments in joint ventures and associates	24	**2,234**	2,211	491
Other financial assets	12	**1,254**	1,030	825
Other assets	13	**533**	599	643
Non-current assets		**13,115**	12,610	9,873
		$ 26,719	$ 24,958	$ 24,916
Liabilities				
Trade and other payables		**$ 4,789**	$ 4,634	$ 3,964
Provisions	15	**1,313**	1,390	1,630
Contract liabilities	10	**4,577**	4,262	3,820
Other financial liabilities	16	**1,122**	607	342
Other liabilities	17	**1,540**	1,499	1,723
Liabilities directly associated with assets held for sale		**—**	—	2,686
Current liabilities		**13,341**	12,392	14,165
Provisions	15	**956**	1,110	781
Contract liabilities	10	**1,914**	1,933	1,272
Long-term debt	20	**9,317**	9,093	9,200
Retirement benefits		**2,774**	2,381	2,633
Other financial liabilities	16	**1,534**	1,526	965
Other liabilities	17	**983**	537	595
Non-current liabilities		**17,478**	16,580	15,446
		30,819	28,972	29,611
Equity (deficit)				
Attributable to equity holders of Bombardier Inc.		**(5,660)**	(5,563)	(6,608)
Attributable to NCI		**1,560**	1,549	1,913
		(4,100)	(4,014)	(4,695)
		$ 26,719	$ 24,958	$ 24,916
Commitments and contingencies	26			

[(1)] Refer to Note 2 - Changes in accounting policies for the impact of the adoption of IFRS 16, *Leases*.

The notes are an integral part of these interim consolidated financial statements.

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
For the three-month periods ended
(in millions of U.S. dollars)

	Attributable to equity holders of Bombardier Inc.											
	Share capital			Retained earnings (deficit)			Accumulated OCI					
	Preferred shares	Common shares	Warrants	Other retained earnings (deficit)	Remea-surement losses	Contributed surplus	FVOCI	Cash flow hedges	CCTD	Total	NCI	Total equity (deficit)
As at December 31, 2018	$ 347	$ 2,623	$ 343	$ (6,294)	$ (2,305)	$ 176	$ (1)	$ (68)	$ (384)	$ (5,563)	$ 1,549	$ (4,014)
Total comprehensive income												
Net income	—	—	—	195	—	—	—	—	—	195	44	239
OCI	—	—	—	—	(425)	—	7	(17)	133	(302)	(33)	(335)
	—	—	—	195	(425)	—	7	(17)	133	(107)	11	(96)
Dividends	—	—	—	(7)	—	—	—	—	—	(7)	—	(7)
Options exercised	—	1	—	—	—	—	—	—	—	1	—	1
Share-based expense	—	—	—	—	—	16	—	—	—	16	—	16
As at March 31, 2019	**$ 347**	**$ 2,624**	**$ 343**	**$ (6,106)**	**$ (2,730)**	**$ 192**	**$ 6**	**$ (85)**	**$ (251)**	**$ (5,660)**	**$ 1,560**	**$ (4,100)**
As at January 1, 2018	$ 347	$ 2,154	$ 73	$ (6,414)	$ (2,577)	$ 171	$ 4	$ 127	$ (493)	$ (6,608)	$ 1,913	$ (4,695)
Total comprehensive income												
Net income	—	—	—	38	—	—	—	—	—	38	6	44
OCI	—	—	—	—	(19)	—	(4)	(59)	(22)	(104)	38	(66)
	—	—	—	38	(19)	—	(4)	(59)	(22)	(66)	44	(22)
Issuance of share capital	—	475	—	—	—	—	—	—	—	475	—	475
Dividends	—	—	—	(7)	—	—	—	—	—	(7)	—	(7)
Dividends to NCI	—	—	—	—	—	—	—	—	—	—	(51)	(51)
Share-based expense	—	—	—	—	—	16	—	—	—	16	—	16
Change in NCI	—	—	—	(40)	—	—	—	—	—	(40)	40	—
As at March 31, 2018	$ 347	$ 2,629	$ 73	$ (6,423)	$ (2,596)	$ 187	$ —	$ 68	$ (515)	$ (6,230)	$ 1,946	$ (4,284)

The notes are an integral part of these interim consolidated financial statements.

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in millions of U.S. dollars)

	Notes	Three-month periods ended March 31 2019 [1]	2018
Operating activities			
Net income		**$ 239**	$ 44
Non-cash items			
Amortization[2]		**91**	62
Impairment charges on PP&E and intangible assets	5, 6	**—**	2
Deferred income taxes		**204**	6
Gains on disposals of PP&E and intangible assets	5	**(1)**	(4)
Gain on disposal of businesses	5, 6	**(520)**	—
Share of income of joint ventures and associates	24	**(17)**	(20)
Share-based expense	21	**16**	16
Loss on repurchase of long-term debt	7	**80**	—
Dividends received from joint ventures and associates		**1**	17
Net change in non-cash balances	22	**(1,000)**	(594)
Cash flows from operating activities		**(907)**	(471)
Investing activities			
Additions to PP&E and intangible assets		**(142)**	(267)
Proceeds from disposals of PP&E and intangible assets		**5**	17
Net proceeds from disposal of a business	18	**532**	—
Investments in non-voting units of CSALP		**(110)**	—
Other		**15**	38
Cash flows from investing activities		**300**	(212)
Financing activities			
Net proceeds from issuance of long-term debt	20	**1,960**	—
Repayments of long-term debt	20	**(1,586)**	(7)
Net change in short-term borrowings		**284**	—
Payment of lease liabilities[3]		**(22)**	—
Dividends paid - Preferred shares		**(5)**	(6)
Issuance of Class B Shares		**—**	476
Dividends to NCI		**—**	(51)
Other		**1**	—
Cash flows from financing activities		**632**	412
Effect of exchange rates on cash and cash equivalents		**67**	67
Net increase (decrease) in cash and cash equivalents		**92**	(204)
Cash and cash equivalents at beginning of period[4]		**3,187**	3,057
Cash and cash equivalents at end of period[4]		**$ 3,279**	$ 2,853
Supplemental information			
Cash paid for			
Interest		**$ 174**	$ 150
Income taxes		**$ 20**	$ 19
Cash received for			
Interest		**$ 6**	$ 8
Income taxes		**$ —**	$ 1

(1) Refer to Note 2 - Changes in accounting policies for the impact of the adoption of IFRS 16, *Leases.*
(2) Includes $25 million representing amortization charge related to right-of-use of assets for the three-month period ended March 31, 2019.
(3) Lease payments related to the interest portion, short term leases, low value assets and variable lease payments not included in lease liabilities are classified as cash outflows from operating activities. The total cash outflows for the three-month period ended March 31, 2019 amounted to $37 million.
(4) For the purpose of the statement of cash flows, cash and cash equivalents comprise the cash reclassified as asset held for sale. Cash and cash equivalents related to CSALP was $72 million as at March 31, 2018 and was $69 million as at January 1, 2018.

The notes are an integral part of these interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2019
(Unaudited)
(Tabular figures are in millions of U.S. dollars, unless otherwise indicated)

1. BASIS OF PREPARATION

Bombardier Inc. ("the Corporation" or "our" or "we") is incorporated under the laws of Canada. The Corporation is a manufacturer of transportation equipment, including business and commercial aircraft, as well as major aircraft structural components, and rail transportation equipment and systems, and is a provider of related services. The Corporation carries out its operations in four distinct segments: Business Aircraft, Commercial Aircraft, Aerostructures and Engineering Services and Transportation.

The interim consolidated financial statements are expressed in U.S. dollars and have been prepared in accordance with IAS 34, *Interim financial reporting*, as issued by the IASB. The interim consolidated financial statements follow the same accounting policies as the most recent annual consolidated financial statements except for the changes in accounting policies described in Note 2 – Changes in accounting policies. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Corporation's Financial Report for the fiscal year ended December 31, 2018.

These interim consolidated financial statements for the three-month period ended March 31, 2019 were authorized for issuance by the Board of Directors on May 1, 2019.

The results of operations and cash flows for the interim periods are not necessarily indicative of the results of operations and cash flows for the full fiscal year.

The Corporation is subject to currency fluctuations from the translation of revenues, expenses, assets and liabilities of its foreign operations with non-U.S. dollar functional currencies, mainly the euro, pound sterling and other European currencies, and from transactions denominated in foreign currencies, mainly the Canadian dollar and pound sterling.

The exchange rates for the major currencies used in the preparation of the interim consolidated financial statements were as follows:

			Exchange rates as at
	March 31, 2019	December 31, 2018	January 1, 2018
Euro	**1.1218**	1.1450	1.1993
Canadian dollar	**0.7446**	0.7337	0.7975
Pound sterling	**1.3112**	1.2800	1.3517

		Average exchange rates for the three-month periods ended
	March 31, 2019	March 31, 2018
Euro	**1.1366**	1.2284
Canadian dollar	**0.7522**	0.7926
Pound sterling	**1.2996**	1.3901

2. CHANGES IN ACCOUNTING POLICIES

Leases

In January 2016, the IASB released IFRS 16, *Leases*, to replace the previous leases Standard, IAS 17, *Leases,* and related Interpretations**.** IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. IFRS 16 also substantially carries forward the lessor accounting requirements. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 was adopted effective January 1, 2019, and the Corporation elected to use the modified retrospective approach whereby comparative periods were not restated. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Corporation applied the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application and did not reassess contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. In addition, the Corporation elected to apply recognition exemptions available in the standard for lease contracts where the lease term ends within 12 months of the date of initial application or lease commencement date and that do not contain a purchase option, and lease contracts for which the underlying asset is of low value**.**

On initial application, the Corporation also applied the practical expedients to use a single discount rate to a portfolio of leases with reasonably similar characteristics, to rely on its assessment of whether leases are onerous immediately before the date of initial application instead of performing an impairment review and to exclude initial direct costs from the measurement of the right-of-use asset.

Where the Corporation is a lessee, IFRS 16 resulted in on-balance sheet recognition of most of its leases that were considered operating leases under IAS 17. This resulted in the gross-up of the balance sheet through the recognition of a right-of-use asset, adjusted for lease incentives received and onerous contract provisions previously recognized, and a lease liability for the present value of the remaining future lease payments, discounted using the incremental borrowing rate at the date of initial application. Depreciation expense on the right-of-use asset and interest expense on the lease liability replaced the previously recognized operating lease expense. The impact of adopting this standard on the cash flow statement is neutral, however the principal repayment of the lease liabilities will be presented in financing activities under IFRS 16, whereas previously it was presented in operating activities.

This change in policy resulted in the recognition of right-of-use assets, in PP&E, and lease liabilities, in Other liabilities, amounting to $554 million and $568 million, respectively as of January 1, 2019. See Note 14 - PP&E and Note 17 - Other liabilities for more details. In addition, the Corporation had existing capital leases amounting to $41 million that were recorded in long-term debt and that were reclassified to lease liabilities on January 1, 2019 with the corresponding cost of assets and accumulated amortization of $121 million and $61 million, respectively, being reclassified to right-of-use assets.

The undiscounted operating lease commitments of the Corporation as of December 31, 2018 amounted to $875 million, as presented in the audited consolidated financial statements and notes thereto included in the Corporation's Financial Report for the fiscal year ended December 31, 2018. The undiscounted value of lease liabilities as at January 1, 2019 (excluding the $41 million of reclassified capital leases) was $844 million (discounted to $568 million as at January 1, 2019). The difference between the previously disclosed $875 million undiscounted operating lease commitments and the $844 million undiscounted value of lease liabilities as at January 1, 2019 is due to short term leases and low value leases which are excluded from lease liability, but were part of the operating lease commitments.

The accounting policies related to the right-of-use assets and lease liabilities are as follows:

Leases are recognized as a right-of-use asset in PP&E and a corresponding lease liability in Other liabilities at the date at which the leased asset is available for use by the Corporation. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are subject to impairment.

The lease liability is measured at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily available. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Corporation and payment of penalties for termination of a lease. Each lease payment is allocated between the repayment of the principal portion of lease liability and the interest portion. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of income.

The Corporation periodically enters into sale and leaseback transactions, typically for aircraft and properties, whereby the Corporation sells an asset to a lessor and immediately leases it back. In a sale and leaseback transaction the transfer of an asset is recognized as a sale when the customer has obtained control of the aircraft, which is aligned with the Corporation’s revenue recognition policy, otherwise the Corporation continues to recognize the transferred asset on the balance sheet and record a financial liability equal to the proceeds transferred. When the transfer of an asset satisfies the Corporation’s revenue recognition policy to be accounted for as a sale, a partial recognition of the profit from the sale is recorded immediately after the sale, which is equivalent to the proportion of the asset not retained by the Corporation through the lease. The proportion of the asset retained by the Corporation through the lease is recognized as a right-of-use asset and the lease liability is measured as the present value of future lease payments.

Income taxes
In June 2017, the IASB released IFRIC 23, *Uncertainty over income tax treatm*ents. IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, *Income Taxes*, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. IFRIC 23 was adopted effective January 1, 2019 and resulted in no significant adjustments.

Retirement and other long-term employee benefits
In February 2018, the IASB released an amendment to IAS 19, *Employee Benefits*, effective on January 1, 2019. The amendment relates to accounting for plan amendments, curtailments and settlements on defined benefit plans. The amendment requires the use of updated actuarial assumptions to determine current service cost and net interest for the period after a plan amendment, curtailment or settlement. This amendment was adopted effective January 1, 2019, with no earlier application and resulted in no adjustments as of January 1, 2019. This amendment will apply to plan amendments, curtailments or settlements occurring after January 1, 2019.

3. SEGMENT DISCLOSURE

The Corporation has four reportable segments: Business Aircraft, Commercial Aircraft, Aerostructures and Engineering Services and Transportation. Each reportable segment offers different products and services and mostly requires different technology and marketing strategies.

Business Aircraft
Business Aircraft designs, manufactures, markets and provides aftermarket support for three families of business jets (*Learjet, Challenger* and *Global)*, spanning from the light to large categories.

Commercial Aircraft
Commercial Aircraft designs and manufactures a broad portfolio of commercial aircraft in the 50- to 100-seat categories, including the *CRJ550*, *CRJ700*, *CRJ900* and *CRJ1000* regional jets and the *Q400* turboprop, and participates in a partnership with Airbus on the A220 Family aircraft. Commercial Aircraft provides aftermarket services and support for its large installed base.

Aerostructures and Engineering Services
Aerostructures and Engineering Services designs, develops and manufactures major aircraft structural components (such as engine nacelles, fuselages and wings) and provides aftermarket component repair and overhaul as well as other engineering services for both internal and external clients.

Transportation
Transportation offers a wide-ranging portfolio of innovative and efficient solutions in the rail industry and cover the full spectrum of rail solutions, ranging from global mobility solutions to a variety of trains and sub-systems, services, system integration and signalling to meet the market's needs and expectations.

Corporate and Elimination
Corporate and Elimination comprise corporate charges that are not allocated to segments, elimination of profit on intercompany transactions and other adjustments.

The segmented information is prepared using the same accounting policies as those described in the annual consolidated financial statements for the fiscal year ended December 31, 2018, except for the changes in accounting policies described in Note 2 – Changes in accounting policies.

Management assesses segment performance based on EBIT and EBIT before special items. The segmented results of operations and other information were as follows:

					Three-month period ended March 31, 2019
	Transportation	**Business Aircraft**	**Commercial Aircraft**	**Aerostructures and Engineering Services**	**Corporate and Elimination**	**Total**
Results of operations						
External revenues	$ 2,106	$ 969	$ 241	$ 200	$ —	$ 3,516
Intersegment revenues	1	1	—	270	(272)	—
Total revenues	2,107	970	241	470	(272)	3,516
EBIT before special items	83	74	22	66	(74)	171
Special items[(1)]	—	(520)	—	—	7	(513)
EBIT	$ 83	$ 594	$ 22	$ 66	$ (81)	684
Financing expense						311
Financing income						(100)
EBT						473
Income taxes						234
Net income						$ 239
Other information						
R&D[(2)]	$ 25	$ 20	$ 2	$ 1	$ —	$ 48
Share of loss (income) of joint ventures and associates	$ (17)	$ 1	$ (1)	$ —	$ —	$ (17)
Net additions to PP&E and intangible assets[(3)]	$ 28	$ 84	$ (1)	$ 25	$ 1	$ 137
Amortization	$ 32	$ 40	$ 3	$ 12	$ 4	$ 91
Impairment charges on PP&E	$ (1)	$ —	$ —	$ —	$ 1	$ —

[(1)] See Note 6 – Special items for more details.
[(2)] Includes tooling amortization. See Note 4 – Research and development for more details.
[(3)] As per the consolidated statements of cash flows.

					Three-month period ended March 31, 2018
	Transportation	Business Aircraft	Commercial Aircraft	Aerostructures and Engineering Services	Corporate and Elimination	Total
Results of operations						
External revenues	$ 2,354	$ 1,110	$ 463	$ 101	$ —	$ 4,028
Intersegment revenues	1	—	—	345	(346)	—
Total revenues	2,355	1,110	463	446	(346)	4,028
EBIT before special items	189	98	(73)	47	(60)	201
Special items[(1)]	(2)	1	—	1	—	—
EBIT	$ 191	$ 97	$ (73)	$ 46	$ (60)	201
Financing expense						162
Financing income						(38)
EBT						77
Income taxes						33
Net income						$ 44
Other information						
R&D[(2)]	$ 28	$ 14	$ 4	$ 1	$ —	$ 47
Share of loss (income) of joint ventures and associates	$ (21)	$ 1	$ —	$ —	$ —	$ (20)
Net additions to PP&E and intangible assets[(3)]	$ 25	$ 188	$ 16	$ 10	$ 11	$ 250
Amortization	$ 25	$ 16	$ 1	$ 13	$ 7	$ 62
Impairment charges on PP&E	$ —	$ —	$ —	$ —	$ 2	$ 2

[(1)] See Note 6 – Special items for more details.
[(2)] Includes tooling amortization. See Note 4 – Research and development for more details.
[(3)] As per the consolidated statements of cash flows.

The reconciliation of total assets and total liabilities to segmented assets and liabilities is as follows, as at:

	March 31, 2019	December 31, 2018	January 1, 2018
Assets			
Total assets	**$ 26,719**	$ 24,958	$ 24,916
Assets not allocated to segments			
Cash and cash equivalents	**3,279**	3,187	3,057
Income tax receivable[1]	**79**	49	60
Deferred income taxes	**574**	746	595
Segmented assets	**22,787**	20,976	21,204
Liabilities			
Total liabilities	**30,819**	28,972	29,611
Liabilities not allocated to segments			
Interest payable[2]	**142**	138	139
Income taxes payable[3]	**212**	173	187
Long-term debt[4]	**9,485**	9,102	9,218
Segmented liabilities	**$ 20,980**	$ 19,559	$ 20,067
Net segmented assets			
Transportation	**$ (327)**	$ (412)	$ (1,106)
Business Aircraft	**$ 2,092**	$ 2,162	$ 2,178
Commercial Aircraft	**$ 1,160**	$ 870	$ 311
Aerostructures and Engineering Services	**$ (640)**	$ (612)	$ 190
Corporate and Elimination	**$ (478)**	$ (591)	$ (436)

(1) Included in other assets.
(2) Included in trade and other payables.
(3) Included in other liabilities.
(4) The current portion of long-term debt is included in other financial liabilities.

The Corporation's revenues by market segment were as follows:

	Three-month periods ended March 31	
	2019	2018
Business Aircraft		
Manufacturing and Other[1]	**$ 646**	$ 839
Services[2]	**324**	271
	970	1,110
Commercial Aircraft[3]	**241**	463
Aerostructures and Engineering Services		
External revenues	**200**	101
Intersegment revenues	**270**	345
	470	446
Transportation		
Rolling stock and systems[4]	**1,407**	1,607
Services[5]	**488**	537
Signalling[6]	**212**	211
	2,107	2,355
Corporate and Elimination	**(272)**	(346)
	$ 3,516	$ 4,028

(1) Includes revenues from sale of new aircraft, specialized aircraft solutions and pre-owned aircraft.
(2) Includes revenues from aftermarket services including parts, *Smarts Services*, service centres, training and technical publication.
(3) Includes manufacturing, services and other.
(4) Comprised of revenues from light rail vehicles, metros, commuter and regional trains, intercity trains, high speed and very high speed trains, locomotives, propulsion and controls, bogies, mass transit and airport systems, and mainline systems.
(5) Comprised of revenues from fleet management, asset life management, component re-engineering and overhaul, material solutions, and operations and maintenance of systems.
(6) Comprised of revenues from mass transit signalling, mainline signalling, industrial signalling and *OPTIFLO* service solutions for signalling.

4. RESEARCH AND DEVELOPMENT

R&D expense, net of government assistance, was as follows:

	Three-month periods ended March 31	
	2019	2018
R&D expenditures	**$ 98**	$ 237
Less: development expenditures capitalized to aerospace program tooling	**(69)**	(203)
	29	34
Add: amortization of aerospace program tooling	**19**	13
	$ 48	$ 47

5. OTHER INCOME

Other income was as follows:

	Three-month periods ended March 31	
	2019	2018
Changes in estimates and fair value[(1)]	**$ (15)**	$ (23)
Gains on sale of business	**(4)**	—
Impairment of PP&E and intangible assets[(2)]	**4**	2
Gains on disposals of PP&E and intangible assets	**(1)**	(4)
Severance and other involuntary termination costs (including changes in estimates)[(2)]	**1**	—
Other	**1**	—
	$ (14)	$ (25)

[(1)] Includes net loss (gain) on certain financial instruments measured at fair value and changes in estimates related to certain provisions or certain financial instruments, excluding losses (gains) arising from changes in interest rates.
[(2)] Excludes those presented in special items.

6. SPECIAL ITEMS

Special items comprise items which do not reflect the Corporation's core performance or where their separate presentation will assist users of the consolidated financial statements in understanding the Corporation's results for the period. Such items include, among others, the impact of restructuring charges and significant impairment charges and reversals.

Special items were as follows:

	Three-month periods ended March 31	
	2019	2018
Gain on disposal of a business - Training business[(1)]	**$ (516)**	$ —
Loss on repurchase of long-term debt[(2)]	**80**	—
Reversal of *Learjet 85* aircraft program cancellation provisions[(3)]	**(9)**	(1)
Primove impairment and other costs[(4)]	**7**	—
Restructuring charges[(5)]	**5**	1
Income taxes	**133**	—
	$ (300)	**$ —**
Of which is presented in		
Special items in EBIT	**$ (513)**	**$ —**
Financing expense - loss on repurchase of long-term debt	**80**	—
Income taxes - effect of special items	**133**	—
	$ (300)	**$ —**

1. The sale of the Business Aircraft's flight and technical training activities for a total net consideration of $532 million resulted in a pre-tax accounting gain of $516 million ($383 million after deferred tax impact of $133 million). See Note 18 - Disposal of a business.
2. Represents the loss related to the partial redemption of the $850-million Senior Notes due 2020, €780-million Senior Notes due 2021 and $1,400-million Senior Notes due 2021. See Note 20 - Long-term debt.
3. Based on the ongoing activities with respect to the cancellation of the *Learjet 85* aircraft program, the Corporation reduced the related provisions by $9 million for the three-month period ended March 31, 2019 ($1 million for the three-month period ended March 31, 2018). The reduction in provisions is treated as a special item since the original provisions were also recorded as special items in 2014 and 2015.
4. Following a reassessment of the value of the *Primove* e-mobility technology and the status of existing contractual obligations, the Corporation recorded an additional contract provision of $7 million.
5. Represents severance charges of $11 million partially offset by curtailment gains of $2 million and by the reversal of previously-recorded impairment charges of $4 million, for three-month period ended March 31, 2019 related to previously-announced restructuring actions ($1 million for the three-month period ended March 31, 2018).

7. FINANCING EXPENSE AND FINANCING INCOME

Financing expense and financing income were as follows:

	Three-month periods ended March 31	
	2019	2018
Financing expense		
Loss on repurchase of long-term debt[1]	**$ 80**	$ —
Accretion on net retirement benefit obligations	**18**	19
Accretion on other financial liabilities	**11**	18
Accretion on advances	**8**	6
Interest expense on lease liabilities[2]	**8**	—
Accretion on provisions	**5**	6
Amortization of letter of credit facility costs	**4**	4
Changes in discount rates of provisions	**3**	—
Other	**24**	18
	161	71
Interest on long-term debt, after effect of hedges	**150**	91
	$ 311	$ 162
Financing income		
Net gain on certain financial instruments[3]	**$ (82)**	$ (16)
Changes in discount rates of provisions	**—**	(10)
Other	**(5)**	(2)
	(87)	(28)
Interest on cash and cash equivalents	**(10)**	(5)
Income from investment in securities	**(2)**	(3)
Interest on loans and lease receivables, after effect of hedges	**(1)**	(2)
	(13)	(10)
	$ (100)	$ (38)

(1) Represents the loss related to the partial redemption of the $850-million Senior Notes due 2020, €780-million and $1,400-million Senior Notes due 2021, which was recorded as a special item. See Note 6 – Special items and see Note 20 - Long-term debt for more details.
(2) Following the adoption of IFRS 16 - *Leases*, effective January 1, 2019, the Corporation presented the interest expense on lease liabilities as part of financing expense. See Note 2 - Changes in accounting policies for more details.
(3) Net losses (gains) on certain financial instruments classified as FVTP&L, including losses (gains) arising from changes in interest rates.

Borrowing costs capitalized to PP&E and intangible assets totalled $5 million for the three-month period ended March 31, 2019, using an average capitalization rate of 6.67% ($59 million and 6.62% for the three-month period ended March 31, 2018). Capitalized borrowing costs are deducted from the related interest expense (i.e. interest on long-term debt or accretion on other financial liabilities, if any).

8. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

	Three-month periods ended March 31			
		2019		2018
(Number of shares, stock options, PSUs, DSUs, RSUs and warrants, in thousands)				
Net income attributable to equity holders of Bombardier Inc.	**$**	**195**	$	38
Preferred share dividends, including taxes		**(7)**		(7)
Net income attributable to common equity holders of Bombardier Inc.	**$**	**188**	$	31
Weighted-average number of common shares outstanding		**2,374,850**		2,201,855
Net effect of stock options, PSUs, DSUs, RSUs and warrants		**61,502**		168,496
Weighted-average diluted number of common shares		**2,436,352**		2,370,351
EPS (in dollars)				
Basic and diluted	**$**	**0.08**	$	0.01

The effect of the exercise of stock options, PSUs, DSUs, RSUs and warrants was included in the calculation of diluted EPS in the above table, except for 228,022,367 for the three-month period ended March 31, 2019 (13,355,956 for the three-month period ended March 31, 2018) since the average market value of the underlying shares was lower than the exercise price, or because the predetermined target market price thresholds of the Corporation's Class B Shares (subordinate voting) or predetermined financial performance targets had not been met or the effect of the exercise would be antidilutive. The calculation of diluted EPS did not include the impact of the CDPQ conversion option since the minimum return entitlement was greater than CDPQ's shares of the BT Holdco net income on an as converted basis assuming Transportation does not achieve its performance targets.

9. FINANCIAL INSTRUMENTS

The classification of financial instruments and their carrying amounts and fair values were as follows, as at:

	FVTP&L						
	FVTP&L	Designated	FVOCI	Amortized cost	DDHR	Total carrying value	Fair value
March 31, 2019							
Financial assets							
Cash and cash equivalents	**$ —**	**$ —**	**$ —**	**$ 3,279**	**$ —**	**$ 3,279**	**$ 3,279**
Trade and other receivables	**—**	**—**	**—**	**1,568**	**—**	**1,568**	**1,568**
Other financial assets	**1,071**	**—**	**229**	**35**	**158**	**1,493**	**1,493**
	$ 1,071	**$ —**	**$ 229**	**$ 4,882**	**$ 158**	**$ 6,340**	**$ 6,340**
Financial liabilities							
Trade and other payables	**$ —**	**$ —**	**n/a**	**$ 4,789**	**$ —**	**$ 4,789**	**$ 4,789**
Long-term debt[(1)]	**—**	**—**	**n/a**	**9,485**	**—**	**9,485**	**9,842**
Other financial liabilities	**565**	**482**	**n/a**	**1,155**	**286**	**2,488**	**2,522**
	$ 565	**$ 482**	**n/a**	**$ 15,429**	**$ 286**	**$ 16,762**	**$ 17,153**
December 31, 2018							
Financial assets							
Cash and cash equivalents	$ —	$ —	$ —	$ 3,187	$ —	$ 3,187	$ 3,187
Trade and other receivables	—	—	—	1,575	—	1,575	1,575
Other financial assets	846	—	230	35	129	1,240	1,237
	$ 846	$ —	$ 230	$ 4,797	$ 129	$ 6,002	$ 5,999
Financial liabilities							
Trade and other payables	$ —	$ —	n/a	$ 4,634	$ —	$ 4,634	$ 4,634
Long-term debt[(1)]	—	—	n/a	9,102	—	9,102	8,750
Other financial liabilities	597	438	n/a	801	288	2,124	2,412
	$ 597	$ 438	n/a	$ 14,537	$ 288	$ 15,860	$ 15,796

	FVTP&L						
	HFT	Designated	AFS	Amortized cost	DDHR	Total carrying value	Fair value
January 1, 2018							
Financial assets							
Cash and cash equivalents	$ 2,988	$ —	$ —	$ —	$ —	$ 2,988	$ 2,988
Trade and other receivables	—	—	—	1,174	—	1,174	1,174
Other financial assets	79	216	361	331	253	1,240	1,278
	$ 3,067	$ 216	$ 361	$ 1,505	$ 253	$ 5,402	$ 5,440
Financial liabilities							
Trade and other payables	$ —	$ 6	n/a	$ 3,958	$ —	$ 3,964	$ 3,964
Long-term debt[(1)]	—	—	n/a	9,218	—	9,218	9,354
Other financial liabilities	354	74	n/a	677	184	1,289	1,329
	$ 354	$ 80	n/a	$ 13,853	$ 184	$ 14,471	$ 14,647

[(1)] Includes the current portion of long-term debt.
n/a: Not applicable

10. CONTRACT BALANCES

Contract assets were as follows, as at:

	March 31, 2019	December 31, 2018	January 1, 2018
Long-term contracts			
Production contracts			
Cost incurred and recorded margins	**$ 9,497**	$ 8,882	$ 8,306
Less: advances and progress billings	**(7,133)**	(6,707)	(6,171)
	2,364	2,175	2,135
Service contracts			
Cost incurred and recorded margins	**545**	506	367
Less: advances and progress billings	**(66)**	(64)	(42)
	479	442	325
	$ 2,843	$ 2,617	$ 2,460

Contract liabilities were as follows, as at:

	March 31, 2019	December 31, 2018	January 1, 2018
Advances on aerospace programs	**$ 3,545**	$ 3,075	$ 2,120
Advances and progress billings in excess of long-term contract cost incurred and recorded margin	**2,060**	2,124	1,981
Other deferred revenues	**886**	996	991
	$ 6,491	$ 6,195	$ 5,092
Of which current	**$ 4,577**	$ 4,262	$ 3,820
Of which non-current	**1,914**	1,933	1,272
	$ 6,491	$ 6,195	$ 5,092

In connection with certain long-term contracts, Transportation enters into arrangements whereby amounts are received from third-party advance providers in exchange for the rights to customer payments. There is no recourse to Transportation if the customer defaults on its payment obligations assigned to the third-party advance provider. Amounts received under these arrangements are included as advances and progress billings in reduction of long-term contracts (production contracts) in contract assets and amounted to €628 million ($705 million) as at March 31, 2019 (€624 million ($714 million) as at December 31, 2018 and €434 million ($520 million) as at January 1, 2018). The third-party advance providers could request repayment of these amounts if Transportation fails to perform its contractual obligations such as delivery delays beyond a specified date.

11. INVENTORIES

Inventories were as follows, as at:

	March 31, 2019	December 31, 2018	January 1, 2018
Aerospace programs	$ **4,116**	$ 3,546	$ 2,472
Finished products[1]	**949**	733	749
Other	**127**	123	208
	$ **5,192**	$ 4,402	$ 3,429

(1) Finished products include $153 million of new aircraft not associated with a firm order and pre-owned aircraft, as at March 31, 2019 ($53 million as at December 31, 2018 and $93 million as at January 1, 2018).

The amount of inventories recognized as cost of sales totalled $976 million for the three-month period ended March 31, 2019 ($1,279 million for the three-month period ended March 31, 2018). These amounts include $28 million of write-downs and $9 million of reversal of write-downs for the three-month period ended March 31, 2019 ($87 million of write-downs and nil of reversal of write-downs for the three-month period ended March 31, 2018).

12. OTHER FINANCIAL ASSETS

Other financial assets were as follows, as at:

	March 31, 2019	December 31, 2018	January 1, 2018
Receivables from related party[1]	$ **431**	$ 385	$ —
Derivative financial instruments	**280**	168	332
Investments in securities[2][3]	**229**	230	361
CSALP non-voting units	**223**	150	—
Investments in financing structures[3]	**181**	173	219
Long-term contract receivables	**89**	75	253
Aircraft loans and lease receivables[3]	**27**	26	49
Restricted cash	**21**	21	12
Other	**12**	12	14
	$ **1,493**	$ 1,240	$ 1,240
Of which current	$ **239**	$ 210	$ 415
Of which non-current	**1,254**	1,030	825
	$ **1,493**	$ 1,240	$ 1,240

(1) This receivable from CSALP represents a back-to-back agreement that the Corporation has with CSALP related to certain government refundable advances. See Note 16 - Other financial liabilities for more information.

(2) Includes nil of securities to secure contingent capital contributions to be made in relation to guarantees issued in connection with the sale of aircraft as at March 31, 2019 ($16 million as at December 31, 2018, and $51 million as at January 1, 2018).

(3) Carried at fair value, except for $2 million of aircraft loans and lease receivables at amortized cost as at March 31, 2019. Carried at fair value, except for $2 million of aircraft loans and lease receivables, nil of investments in securities and nil of investment in financing structures carried at amortized cost as at December 31, 2018 ($2 million, nil and $50 million, respectively, as at January 1, 2018).

13. OTHER ASSETS

Other assets were as follows, as at:

		March 31, 2019		December 31, 2018		January 1, 2018
Sales tax and other taxes	**$**	**284**	$	212	$	262
Intangible assets other than aerospace program tooling and goodwill		**201**		195		120
Retirement benefits		**140**		200		290
Prepaid sales concessions		**129**		131		174
Prepaid expenses		**121**		107		107
Income taxes receivable		**79**		49		60
Deferred financing charges		**34**		38		40
Other		**28**		24		17
	$	**1,016**	$	956	$	1,070
Of which current	**$**	**483**	$	357	$	427
Of which non-current		**533**		599		643
	$	**1,016**	$	956	$	1,070

14. PROPERTY, PLANT AND EQUIPMENT

The carrying value of right-of-use assets was as follows as at:

		March 31, 2019		January 1, 2019
Buildings	**$**	**401**	$	405
Equipment		**85**		156
Land		**43**		42
Others		**9**		11
	$	**538**	$	614

The expense related to short term leases and low value leases amounted to $7 million for the three-month period ended March 31, 2019.

15. PROVISIONS

Changes in provisions were as follows, for the three-month periods ended March 31:

	Product warranties	Credit and residual value guarantees	Restructuring, severance and other termination benefits	Onerous contracts	Other[1]	Total
Balance as at December 31, 2018	**$ 515**	**$ 456**	**$ 226**	**$ 1,146**	**$ 157**	**$ 2,500**
Additions	**38**	**—**	**11** [2]	**13** [3]	**10**	**72**
Utilization	**(48)**	**(96)** [4]	**(24)**	**(70)**	**—**	**(238)**
Reversals	**(25)**	**(11)**	**(1)**	**(16)** [5]	**(6)**	**(59)**
Accretion expense	**1**	**3**	**—**	**1**	**—**	**5**
Effect of changes in discount rates	**1**	**—**	**—**	**2**	**—**	**3**
Effect of foreign currency exchange rate changes	**(5)**	**—**	**(3)**	**(5)**	**(1)**	**(14)**
Balance as at March 31, 2019	**$ 477**	**$ 352**	**$ 209**	**$ 1,071**	**$ 160**	**$ 2,269**
Of which current	**$ 378**	**$ 99**	**$ 161**	**$ 540**	**$ 135**	**$ 1,313**
Of which non-current	**99**	**253**	**48**	**531**	**25**	**956**
	$ 477	**$ 352**	**$ 209**	**$ 1,071**	**$ 160**	**$ 2,269**

	Product warranties	Credit and residual value guarantees	Restructuring, severance and other termination benefits	Onerous contracts	Other[1]	Total
Balance as at January 1, 2018[6]	$ 672	$ 554	$ 277	$ 1,420	$ 196	$ 3,119
Additions	32	—	3 [2]	22	5	62
Utilization	(50)	(58)	(29)	(193)	(2)	(332)
Reversals	(10)	(2)	(2)	(58)	—	(72)
Accretion expense	—	3	—	3	—	6
Effect of changes in discount rates	—	(4)	—	(6)	—	(10)
Reclassified as liabilities directly associated with assets held for sale[7]	(12)	—	—	(638)	—	(650)
Effect of foreign currency exchange rate changes	9	—	5	16	2	32
Balance as at March 31, 2018	$ 641	$ 493	$ 254	$ 566	$ 201	$ 2,155
Of which current	$ 545	$ 48	$ 101	$ 566	$ 174	$ 1,434
Of which non-current	96	445	153	—	27	721
	$ 641	$ 493	$ 254	$ 566	$ 201	$ 2,155

[1] Mainly comprised of claims and litigations.
[2] See Note 6 – Special items for more details on additions related to restructuring charges.
[3] See Note 6 – Special items for more details on the addition related to the *Primove* impairment and other costs.
[4] When Credit and residual value guarantees become due, the respective amounts are re-classified to Credit and residual value guarantees payable within other financial liabilities.
[5] See Note 6 – Special items for more details on the reversal of *Learjet 85* aircraft program cancellation provisions.
[6] Opening balances are before the assets and liabilities held for sale reclassification related to CSALP.
[7] Represent liabilities reclassified as held for sale related to the sale of CSALP.

16. OTHER FINANCIAL LIABILITIES

Other financial liabilities were as follows, as at:

		March 31, 2019		December 31, 2018		January 1, 2018
Derivative financial instruments	$	**851**	$	885	$	538
Government refundable advances[1]		**809**		759		550
Short-term borrowings under BT facility		**280**		—		—
Credit and residual value guarantees payable		**237**		172		53
Current portion of long-term debt		**168**		9		18
Vendor non-recurring costs		**130**		136		13
Lease subsidies		**51**		53		74
Other		**130**		119		61
	$	**2,656**	$	2,133	$	1,307
Of which current	**$**	**1,122**	$	607	$	342
Of which non-current		**1,534**		1,526		965
	$	**2,656**	$	2,133	$	1,307

[1] Of which $431 million has a back-to-back agreement with CSALP. Refer to Note 12 - Other financial assets for the receivables from related party. The Corporation is required to pay amounts to governments based on the number of delivery of aircraft.

17. OTHER LIABILITIES

Other liabilities were as follows, as at:

		March 31, 2019		December 31, 2018		January 1, 2018
Employee benefits	**$**	**684**	$	643	$	690
Lease liabilities[1]		**533**		—		—
Accruals for long-term contract costs		**435**		443		640
Supplier contributions to aerospace programs		**389**		389		388
Income taxes payable		**212**		173		187
Other taxes payable		**63**		181		234
Other		**207**		207		179
	$	**2,523**	$	2,036	$	2,318
Of which current	**$**	**1,540**	$	1,499	$	1,723
Of which non-current		**983**		537		595
	$	**2,523**	$	2,036	$	2,318

[1] Following the adoption of IFRS 16 - *Leases*, effective January 1, 2019, the Corporation presented lease liabilities under the line item “Other liabilities”. Lease liabilities as at January 1, 2019 amounted to $609 million. See Note 2 - Changes in accounting policies for more details.

18. DISPOSAL OF A BUSINESS

On November 7, 2018, the Corporation entered into a definitive agreement to sell Business Aircraft's flight and technical training activities carried out principally in training centers located in Montreal, Quebec, and Dallas, Texas to CAE, a long-time Bombardier training partner. This transaction provides Bombardier's Business Aircraft customers the benefit of CAE's training expertise, while Bombardier focuses on aircraft development and services.

On March 14, 2019, the Corporation completed the sale of the main assets of the Business Aircraft's flight and technical training activities to CAE for an enterprise value of $645 million. These non-core assets were previously reported in Business Aircraft segment.

The net proceeds received were $532 million. A gain of $516 million ($383 million after deferred tax impact) was recognized in Special items, see Note 6 - Special items.

19. ACQUISITION OF A BUSINESS

On February 6, 2019, the Corporation acquired the *Global 7500* aircraft wing program operations and assets from Triumph Group Inc., for a nominal cash consideration. This transaction will strengthen Bombardier's position as a leading aerostructures manufacturer, to enable the company to leverage its extensive technical expertise to support the ramp-up of the *Global 7500* aircraft, and secure its long-term success. Bombardier will continue to operate the production line and integrate the employees currently supporting the program at Triumph's Red Oak, Texas facility.

The Corporation acquired net assets valued at approximatively $100 million, consisting primarily of work in progress inventory and PP&E, and settled certain preexisting relationships. No gain or goodwill was recorded on the transaction. The assets acquired and liabilities assumed by the Corporation were measured at their estimated fair value.

20. LONG-TERM DEBT

In March 2019, the Corporation issued, at 99.246% of par, unsecured Senior Notes of $2 billion, bearing an interest of 7.875%, due on April 15, 2027.

The Corporation used the net proceeds to redeem all of its outstanding 7.75% Senior Notes due 2020 of $850 million for a total consideration of $714 million as of March 31, 2019 and the balance was paid on April 5, 2019 for a total consideration of $176 million. In addition, the Corporation redeemed as at March 31, 2019, €366 million ($414 million) aggregate principal amount of the 6.13% Notes due 2021 of €780 million for a total aggregate purchase price consideration of €401 million ($450 million) and $382 million aggregate principal amount of the 8.75% Notes due 2021 of $1,400 million for a total aggregate purchase price consideration of $422 million along with any related fees and expenses. The remaining net proceeds will be used for general corporate purposes.

21. SHARE-BASED PLANS

PSU, DSU and RSU plans

The number of PSUs, DSUs and RSUs has varied as follows:

						Three-month periods ended March 31
			2019			2018
	PSU	**DSU**	**RSU**	PSU	DSU	RSU
Balance at beginning of period	**88,243,098**	**1,101,849**	**—**	67,131,352	1,154,381	20,798,101
Granted	**1,417,163**	**—**	**—**	168,571	—	—
Exercised	**—**	**—**	**—**	—	—	—
Forfeited	**(2,263,930)**	**—**	**—**	(974,572)	—	(201,978)
Balance at end of period	**87,396,331**	**1,101,849** [(1)]	**—**	66,325,351	1,154,381 [(1)]	20,596,123

[(1)] Of which 1,101,849 DSUs are vested as at March 31, 2019 (1,154,381 as at March 31, 2018).

The compensation expense, with respect to the PSU, DSU and RSU plans, amounted to $12 million during the three-month period ended March 31, 2019 ($11 million during the three-month period ended March 31, 2018).

Share option plans

The number of options issued and outstanding to purchase Class B Shares (subordinate voting) has varied as follows:

		Three-month periods ended March 31
	2019	2018
Balance at beginning of period	**111,545,290**	116,307,725
Granted	**2,035,572**	—
Exercised	**(886,762)**	(63,297)
Forfeited	**(2,655,693)**	—
Expired	**—**	(87,436)
Balance at end of period	**110,038,407**	116,156,992

A compensation expense of $5 million was recorded during the three-month period ended March 31, 2019, with respect to share option plans ($5 million for the three-month period ended March 31, 2018).

22. NET CHANGE IN NON-CASH BALANCES

Net change in non-cash balances was as follows:

	Three-month periods ended March 31	
	2019	2018
Trade and other receivables	**$ 6**	$ (112)
Inventories	**(768)**	(356)
Contract assets	**(241)**	(194)
Contract liabilities	**266**	(45)
Other financial assets and liabilities, net	**(61)**	49
Other assets	**(53)**	94
Trade and other payables	**173**	367
Provisions	**(225)**	(340)
Retirement benefit liability	**(11)**	22
Other liabilities	**(86)**	(79)
	$ (1,000)	$ (594)

Off-balance sheet sale of receivables
In the normal course of its business, Transportation has facilities, to which it can sell, without credit recourse, qualifying receivables. Receivables of €843 million ($945 million) were outstanding under such facilities as at March 31, 2019 (€799 million ($914 million) as at December 31, 2018 and €907 million ($1,088 million) as at January 1, 2018). Receivables of €519 million ($590 million) were sold to these facilities during the three-month period ended March 31, 2019 (€266 million ($327 million) during the three-month period ended March 31, 2018).

Trade and other payables
The Corporation negotiated extended payment terms of 240 to 310 days after delivery with certain of its suppliers. Trade payables with these extended terms totaled $865 million and bore interest at a weighted average rate of 5.27% as at March 31, 2019 ($839 million and 3.83%, respectively, as at December 31, 2018 and $575 million and 1.96%, respectively, as at January 1, 2018). Suppliers generally have the right to return to original payment terms for future payables upon providing a minimum notice period.

Contract balances
See Note 10 - Contract balances for more details regarding arrangements whereby amounts are received from third-party advance providers in exchange for the rights to customer payments.

23. CREDIT FACILITIES

In January 2019, the committed amount under Transporation's €3.94 billion letter of credit facility was increased to €3.958 billion. In March 2019, the availability periods of Transportation's €3,958 million ($4,440 million) letter of credit facility and the $361-million letter of credit facility, which is available for the Corporation excluding Transportation, were extended by one year to May 2022 and June 2022, respectively. In addition, the maturity dates of Transportation's €689 million ($773 million) unsecured revolving credit facility and the $397 million unsecured revolving credit facility, which is available for the Corporation excluding Transportation, were also extended by one year to May 2022 and June 2022, respectively.

Effective in March 2019, the minimum liquidity required by the $361 million letter of credit facility and the $397 million unsecured revolving credit facility, which are available for the Corporation excluding Transportation, is now varying between $750 million and $1 billion at the end of each quarter. The remaining covenants continue to require a minimum EBITDA to fixed charges ratio, a maximum gross debt and minimum EBITDA thresholds at the end of each quarter, all calculated based on an adjusted consolidated basis (i.e. excluding Transportation). In addition, the minimum liquidity required by the Transportation letter of credit and revolving credit facilities is €750 million ($841 million) at the end of each quarter. The remaining covenants continue to require a minimum equity and a maximum debt to EBITDA ratio at the end of each quarter, all calculated based on Transportation stand-alone financial data.

24 . INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The corporation's aggregate pro rata shares of assets and liabilities of its joint ventures and associates was as follows, as at March 31, 2019:

		CSALP [(1)]		**Other**		**Total**
Cash and cash equivalents	**$**	**25**	**$**	**378**	**$**	**403**
Other current assets	**$**	**300**	**$**	**848**	**$**	**1,148**
Non-current assets	**$**	**3,244**	**$**	**280**	**$**	**3,524**
Current liabilities	**$**	**(541)**	**$**	**(842)**	**$**	**(1,383)**
Non-current liabilities	**$**	**(1,205)**	**$**	**(141)**	**$**	**(1,346)**

[(1)] As of March 31, 2019, the Corporation invested $335 million in CSALP in exchange for non-voting units of CSALP.

The Corporation's pro rata share of net income of its joint ventures and associates was as follows:

	Three-month period ended March 31, 2019						Three-month period ended March 31, 2018				
		CSALP		**Other**		**Total**	CSALP		Other		Total
Net income	**$**	**1**	**$**	**16**	**$**	**17**	n/a	$	20	$	20

n/a: Not applicable

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value amounts disclosed in these consolidated financial statements represent the Corporation's estimate of the price at which a financial instrument could be exchanged in a market in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. They are point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Fair value is determined by reference to quoted prices in the principal market for that instrument to which the Corporation has immediate access. However, there is no active market for most of the Corporation's financial instruments. In the absence of an active market, the Corporation determines fair value based on internal or external valuation models, such as stochastic models, option-pricing models and discounted cash flow models. Fair value determined using valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, discount rates, the creditworthiness of the borrower, the aircraft's expected future value, default probability, generic industrial bond spreads and marketability risk. In determining these assumptions, the Corporation uses primarily external, readily observable market inputs, including factors such as interest rates, credit ratings, credit spreads, default probabilities, currency rates, and price and rate volatilities, as applicable. Assumptions or inputs that are not based on observable market data are used when external data are unavailable. These calculations represent management's best estimates. Since they are based on estimates, the fair values may not be realized in an actual sale or immediate settlement of the instruments.

Methods and assumptions
The methods and assumptions used to measure fair value for items recorded at FVTP&L and FVOCI are as follows:

Aircraft loans and lease receivables and investments in financing structures – The Corporation uses an internal valuation model based on stochastic simulations and discounted cash flow analysis to estimate fair value. Fair value is calculated using market data for interest rates, published credit ratings when available, yield curves and default probabilities. The Corporation uses market data to determine the marketability adjustments and also uses internal assumptions to take into account factors that market participants would consider when pricing these financial assets. The Corporation also uses internal assumptions to determine the credit risk of customers without published credit rating. In addition, the Corporation uses aircraft residual value curves reflecting specific factors of the current aircraft market and a balanced market in the medium and long term.

Investments in securities – The Corporation uses discounted cash flow models to estimate the fair value of unquoted investments in fixed-income securities, using market data such as interest rates.

Long-term contract receivables – The Corporation uses discounted cash flow analyses to estimate the fair value using market data for interest rates.

Lease subsidies – The Corporation uses an internal valuation model based on stochastic simulations to estimate fair value of lease subsidies incurred in connection with the sale of commercial aircraft. Fair value is calculated using market data for interest rates, published credit ratings when available, default probabilities from rating agencies and the Corporation's credit spread. The Corporation also uses internal assumptions to determine the credit risk of customers without published credit rating.

Government refundable advances – The Corporation uses discounted cash flow analysis to estimate the fair value using market data for interest rates and credit spreads.

Derivative financial instruments – Fair value of derivative financial instruments generally reflects the estimated amounts that the Corporation would receive to sell favourable contracts i.e. taking into consideration the counterparty credit risk, or pays to transfer unfavourable contracts i.e. taking into consideration the Corporation's credit risk, at the reporting dates. The Corporation uses discounted cash flow analyses and market data such as interest rates, credit spreads and foreign exchange spot rate to estimate the fair value of forward agreements and interest-rate derivatives.

The Corporation uses option-pricing models and discounted cash flow models to estimate the fair value of embedded derivatives using applicable market data.

Conversion option - The Corporation uses an internal valuation model based on stochastic simulations to estimate the fair value of the conversion option embedded in the BT Holdco convertible shares. The fair value of the embedded conversion option is based on the difference in present value between: the convertible shares' accrued liquidation preference based on the minimum return entitlement; and the fair value of the common shares on an as converted basis. This value is dependent on the Transportation segment meeting the performance incentives agreed upon with the CDPQ, the timing of exercise of the conversion rights and the applicable conversion rate. The simulation model generates multiple Transportation performance scenarios over the expected term of the option. Fair value of the shares on a converted basis is calculated using an EBIT multiple, which is based on market data, to determine the enterprise value. The discount rate used is also determined using market data. The Corporation uses internal assumptions to determine the term of the instrument and the future performance of the Transportation segment.

Airbus benefits from a call option, exercisable any time before the end of 2025 in respect of the non-voting units of CSALP held by Bombardier, for an amount equal to the invested amount plus the cumulative annual preferred return capped at 2%.

Funding commitments - The cap on the Corporation's return from any future investments in non-voting units of CSALP represents a derivative liability which is accounted for at fair value and is re-measured each period through financing expense. To estimate the fair value of the derivative liability the Corporation uses an internal valuation model based on stochastic simulations considering Bombardier's expected investments in non-voting units due to CSALP cash shortfalls, the timing of such investments, the fair value of CSALP, expected volatility of CSALP's fair value and the relative values of different classes of CSALP units.

CSALP non-voting units - The Corporation's investment in CSALP non-voting units is accounted for at fair value and re-measured each period through financing income. The fair value reflects the Corporation's return on the units being capped at 2% and Airbus' call right thereon. To estimate the fair value of the non-voting units the Corporation uses an internal valuation model based on stochastic simulations considering the fair value of CSALP, expected volatility of CSALP's fair value and the relative values of different classes of CSALP units.

The methods and assumptions used to measure fair value for items recorded at amortized cost are as follows:

Financial instruments whose carrying value approximates fair value – The fair values of cash and cash equivalents, trade and other receivables, certain aircraft loans and lease receivables, restricted cash and trade and other payables measured at amortized cost, approximate their carrying value due to the short-term maturities of these instruments, because they bear variable interest-rate or because the terms and conditions are comparable to current market terms and conditions for similar items.

Long-term debt – The fair value of long-term debt is estimated using public quotations, when available, or discounted cash flow analyses, based on the current corresponding borrowing rate for similar types of borrowing arrangements.

Government refundable advances and vendor non-recurring costs – The Corporation uses discounted cash flow analysis to estimate the fair value using market data for interest rates and credit spreads.

Fair value hierarchy

The following tables present financial assets and financial liabilities measured at fair value on a recurring basis categorized using the fair value hierarchy as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs from observable markets other than quoted prices included in Level 1, including indirectly observable data (Level 2); and
- inputs for the asset or liability that are not based on observable market data (Level 3).

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment.

The fair value of financial assets and liabilities by level of hierarchy was as follows, as at March 31, 2019:

	Total	Level 1	Level 2	Level 3
Financial assets				
Aircraft loans and lease receivables	**$ 25**	**$ —**	**$ —**	**$ 25**
Derivative financial instruments[1]	**280**	**—**	**280**	**—**
Investments in securities	**229**	**29**	**200**	**—**
Receivable from related party[2]	**431**	**—**	**—**	**431**
CSALP non-voting rights	**223**	**—**	**—**	**223**
Long-term contract receivable	**89**	**—**	**89**	**—**
Investments in financing structures	**181**	**—**	**—**	**181**
	$ 1,458	**$ 29**	**$ 569**	**$ 860**
Financial liabilities				
Lease subsidies	**$ (51)**	**$ —**	**$ —**	**$ (51)**
Government refundable advance [2]	**(431)**	**—**	**—**	**(431)**
Derivative financial instruments[1]	**(851)**	**—**	**(337)**	**(514)**
	$ (1,333)	**$ —**	**$ (337)**	**$ (996)**

[1] Derivative financial instruments consist of forward foreign exchange contracts, interest-rate swap agreements and embedded derivatives.
[2] The receivable from related party represents a back-to-back agreement that the Corporation has with CSALP related to certain government refundable advances.

Changes in the fair value of Level 3 financial instruments were as follows, for the three-month period ended:

	Aircraft loans and lease receivables	CSALP non-voting units	Investments in financing structures	Lease Subsidies	Conversion option	Funding commit-ments
Balance as at December 31, 2018	**$ 24**	**$ 150**	**$ 173**	**$ (53)**	**$ (314)**	**$ (235)**
Net gains (losses) and interest included in net income	**1**	**—**	**7**	**(2)**	**(8)**	**—**
Issuances	**—**	**73**	**—**	**—**	**—**	**—**
Settlements	**—**	**—**	**1**	**4**	**—**	**37**
Effect of foreign currency exchange rate changes	**—**	**—**	**—**	**—**	**6**	**—**
Balance as at March 31, 2019	**$ 25**	**$ 223**	**$ 181**	**$ (51)**	**$ (316)**	**$ (198)**

	Aircraft loans and lease receivables	Investments in financing structures	Lease subsidies	Trade and other payables	Conversion option
Balance as at January 1, 2018	$ 47	$ 219	$ (122)	$ (6)	$ (304)
Net gains (losses) and interest included in net income	(2)	2	(1)	—	—
Settlements	(20)	(3)	7	6	—
Effect of foreign currency exchange rate changes	—	—	—	—	(7)
Balance as at March 31, 2018	$ 25	$ 218	$ (116)	—	$ (311)
Reclassified as liabilities directly associated with assets held for sale[1]	—	—	48	—	—
Balance as at March 31, 2018	$ 25	$ 218	$ (68)	—	$ (311)

[1] Represent liabilities reclassified as held for sale related to the sale of CSALP.

Main assumptions developed internally for Level 3 hierarchy

When measuring Level 3 financial instruments at fair value, some assumptions are not derived from an observable market. The main assumptions developed internally for aerospace segments' level 3 financial instruments relate to credit risks of customers without published credit rating and marketability adjustments to discount rates specific to our financial assets.

These main assumptions are as follows as at March 31, 2019 :

Main assumptions (weighted average)	Aircraft loans and lease receivables	Investments in financing structures	Lease subsidies
Internally assigned credit rating	Between B- to CCC+ (B-)	Between BB- to CCC+ (B+)	Between BB- to B- (BB-)
Discount rate adjustments for marketability	11.12%	Between 2.14% and 9.97% (6.69%)	n/a

Also, aircraft residual value curves are important inputs in assessing the fair value of certain financial instruments. These curves are prepared by management based on information obtained from external appraisals and reflect specific factors of the current aircraft market and a balanced market in the medium and long term.

The projected future performance of the Transportation segment is an important input for the determination of the fair value of the embedded derivative option in the convertible shares issued to the CDPQ. The projected future performance of the Transportation segment is prepared by management based on budget and strategic plan.

Sensitivity to selected changes of assumptions for Level 3 hierarchy

These assumptions, not derived from an observable market, are established by management using estimates and judgments that can have a significant effect on revenues, expenses, assets and liabilities. Changing one or more of these assumptions to other reasonably possible alternative assumptions, for which the impact on their fair value would be significant, would change their fair value as follows as at March 31, 2019:

Impact on EBT		Change of assumptions		
	Change in fair value recognized in EBT for the :			
Gain (loss)	Three-month period ended March 31, 2019	Decrease in aircraft residual value curves by 5%	Downgrade the internally assigned credit rating of unrated customers by 1 notch	Increase the marketability adjustments by 100 bps
Aircraft loans and lease receivables	$ —	$ (1)	$ (1)	$ (1)
Investment in financing structures	$ 3	$ (4)	$ (10)	$ (7)
Lease subsidies	$ (2)	n/a	$ 1	n/a

n/a: Not applicable

Conversion option

Sensitivity analysis

A 5% decrease in the expected future performance of the Transportation segment would have resulted in a decrease in the fair value with a corresponding gain recognized in EBT for the three-month period ended March 31, 2019 of $25 million.

A 5% increase in the expected future performance of the Transportation segment would have resulted in an increase in the fair value with a corresponding loss recognized in EBT for the three-month period ended March 31, 2019 of $26 million.

Funding commitments and CSALP non-voting units

Sensitivity analysis

A 5% change in value of CSALP would have resulted in a combined change in the fair value with a corresponding impact recognized in financing expense and financing income for the three-month period ended March 31, 2019 of $5 million.

A 5% change in volatility of CSALP value would have resulted in a combined change in the fair value with a corresponding impact recognized in financing expense and financing income for the three-month period ended March 31, 2019 of $41 million.

26. COMMITMENTS AND CONTINGENCIES

The table below presents the maximum potential exposure for each major group of exposures, as at:

	March 31, 2019	December 31, 2018	January 1, 2018
Aircraft sales			
Residual value	**$ 499**	$ 695	$ 1,060
Credit	**1,029**	1,034	1,221
Mutually exclusive exposure[1]	**(397)**	(473)	(540)
Total credit and residual value exposure	**$ 1,131**	$ 1,256	$ 1,741
Trade-in commitments	**$ 1,230**	$ 1,165	$ 1,437
Conditional repurchase obligations	**$ 99**	$ 100	$ 143
Other			
Credit	**$ 48**	$ 48	$ 52

[1] Some of the residual value guarantees can only be exercised once the credit guarantees have expired without exercise. Therefore, the guarantees must not be added together to calculate the combined maximum exposure for the Corporation.

Provisions for anticipated losses amounting to $352 million as at March 31, 2019 ($456 million as at December 31, 2018 and $554 million as at January 1, 2018) have been established to cover the risks from credit and residual value guarantees. When credit and residual value guarantees become due the respective amounts are re-classified from provision to credit and residual value guarantees payable within other financial liabilities. Residual value guarantees payable amounted to $237 million as at March 31, 2019 ($172 million as at December 31, 2018 and $53 million as at January 1, 2018). In addition, lease subsidies, which would be extinguished in the event of credit default by certain customers, amounted to $51 million as at March 31, 2019 ($53 million as at December 31, 2018 and $122 million as at January 1, 2018).

The Corporation has committed to fund the cash shortfalls of CSALP, if required, during 2019, up to a maximum of $350 million; and up to a maximum aggregate amount of $350 million over the following two years, the whole in consideration for non-voting units of CSALP with cumulative annual dividends of 2%. Any excess shortfall during such periods will be shared proportionately amongst the Corporation, Airbus and IQ, but in the latter case, at its discretion. As of March 31, 2019, the Corporation invested $335 million in CSALP of the original $925 million commitment in exchange for non-voting units of CSALP.

Litigation

In the normal course of operations, the Corporation is a defendant in certain legal proceedings currently pending before various courts in relation to product liability and contract disputes with customers and other third parties. The Corporation intends to vigorously defend its position in these matters.

While the Corporation cannot predict the final outcome of all legal proceedings pending as at March 31, 2019, based on information currently available, management believes that the resolution of these legal proceedings will not have a material adverse effect on its financial position.

Sweden

Since the fourth quarter of 2016, the Swedish police authorities are conducting an on-going investigation in relation to allegations concerning a 2013 contract for the supply of signalling equipment to Azerbaijan Railways ADY. The Corporation's subsidiary has launched an internal review into the allegations which is conducted by external advisors under the supervision of counsel. Both the investigation and the internal review are ongoing. On August 18, 2017, charges were laid against a then employee of the subsidiary for aggravated bribery and, alternatively, influence trafficking. The trial on these charges took place from August 29 to September 20, 2017. No charges were laid against the subsidiary of the Corporation. In a decision rendered on October 11, 2017, the then employee was acquitted of all charges. The decision was appealed on October 25, 2017 by the Prosecution

Authority. A trial on appeal is not expected to commence before January 2020. The underlying contract that gave rise to this matter is being audited by the World Bank Group pursuant to its contractual audit rights. The audit is still ongoing. The Corporation's policy is to comply with all applicable laws and it is cooperating to the extent possible with the investigation and the audit.

Investigation in Brazil

On March 20, 2014, Bombardier Transportation Brasil Ltda ("BT Brazil"), a subsidiary of the Corporation, received notice that it was among the 18 companies and over 100 individuals named in administrative proceedings initiated by governmental authorities in Brazil, including the Administrative Council for Economic Protection ("CADE"), and the Sao Paulo Public Prosecutor's office, following previously disclosed investigations carried on by such governmental authorities with respect to allegations of cartel activity in the public procurement of railway equipment and the construction and maintenance of railway lines in Sao Paulo and other areas. Since the service of process in 2014 on BT Brazil, the competition authority has decided to detach the proceedings against 43 individuals whom it claims to have been difficult to serve process and has also issued additional technical notes dealing with various procedural objections raised by the defendant corporations and individuals. BT Brazil is currently contesting before the courts both the decision to detach the proceedings against 43 individuals and decisions by CADE restricting physical access to some of the forensic evidence. Following the filing by the Superintendent-General of CADE of a formal opinion finding BT Brazil had engaged in anti-competitive behavior in December of 2018, BT Brazil intends to contest this opinion before the competent jurisdiction and continues to defend itself against the allegation vigorously.

BT Brazil as a result of the administrative proceedings initiated by CADE in 2014 became a party as defendant to legal proceedings brought by the Sao Paulo State prosecution service against it and other companies for alleged 'administrative improbity' in relation to refurbishment contracts awarded in 2009 by the Sao Paulo metro operator CMSP and for 'cartel' in relation to a five year-maintenance contract with the Sao Paulo urban transit operator CPTM signed in 2002. In September 2015, the prosecution service of Sao Paulo announced a second public civil action for 'cartel' in relation to the follow-on five year maintenance contract covering the period 2007 to 2012. In addition, BT Brazil was served notice and joined in December 2014 a civil suit as co-defendant first commenced by the Sao Paulo state government against Siemens AG in the fall of 2013 and with which the State government seeks to recover loss for alleged cartel activities.

Companies found to have engaged in unlawful cartel conduct are subject to administrative fines, state actions for repayment of overcharges and potentially disqualification for a certain period. The Corporation and BT Brazil continue to cooperate with investigations relating to the administrative proceedings and intend to defend themselves vigorously.

Transnet

The Corporation has learned through relevant media reports of the appointment of a *Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector, including organs of state* ("Inquiry") for which the terms of reference were published by presidential proclamation on January 25, 2018. Before and after the Inquiry, the media made allegations of irregularities with respect to multiple procurements regarding the supply of 1,064 locomotives by South African train operator Transnet Freight Rail. On September 7, 2018, Bombardier Transportation South Africa (Pty.) Ltd. ("BTSA") was informed that the Special Investigation Unit ("SIU"), a forensic investigation agency under the Department of Justice in South Africa, has opened an investigation with respect to the relocation, in 2014, of the manufacturing site from Pretoria to Durban and the costs claimed in regard to this relocation. BTSA has not received any other communication or request for information from the authorities conducting the inquiries. The Corporation is conducting an internal review into the allegations by external advisors under the supervision of counsel. The review is still ongoing but based on information known to the Corporation at this time, there is no reason to believe that the Corporation has been involved in any wrongdoing with respect to the procurement by Transnet of 240 *TRAXX* locomotives from Bombardier Transportation in one of numerous aforementioned procurements.

Spain

In December 2017, the Spanish Competition Authority ("CNMC") conducted an inspection at the offices of Bombardier European Investments, S.L.U. ("BEI") in Madrid. According to the Inspection Order, CNMC's inspection follows information it learned about possible irregularities in public tenders with the Railway Infrastructures Administrator ("ADIF"). On January 2, 2018, BEI received an information request from the CNMC

regarding the legal and operational organization of BEI. BEI is cooperating with the authorities to the extent possible and responded to the information request. There are currently no charges nor allegations that BEI breached any law.

On August 28, 2018, BEI was informed that the CNMC was opening formal proceedings against eight competing companies active on the Spanish signalling equipment market and four directors, including BEI and its parent company, Bombardier Transportation (Global Holding) UK Limited. No Bombardier directors were named. The inclusion of the parent company is typical of European competition authorities at the early stage of the proceedings. The CNMC now has until February 28, 2020 to investigate and adopt a final decision on the case.

The Corporation's policy is to comply with all applicable laws, including antitrust and competition laws. In light of the early stage of the preliminary investigation, management is unable to predict its duration or outcome, including whether any operating division of the Corporation could be found liable for any violation of law or the extent of any fine, if found to be liable.

Review by the Autorité des marchés financiers (Québec)

In August 2018, following the release by Bombardier of its financial results for the second quarter ended June 30, 2018, Bombardier announced the establishment of an Automatic Securities Disposition Plan (“ASDP”) allowing for the orderly exercise and sale over a two-year period of vested securities earned by certain senior executives. The purpose of the ASDP (similar to a 10b5-1 plan) was to allow senior executives who would otherwise have limited trading windows to sell securities and realize earned long-term incentive compensation in an orderly manner. Eligible senior executives are those most likely to have restrictions on trading due to trading restrictions under applicable securities laws and Bombardier’s internal trading guidelines.

The ASDP was established in accordance with applicable Canadian securities legislation and guidance, at a time when (i) no blackout period was in effect regarding trading in securities of Bombardier, and (ii) participants under the ASDP were not in possession of any material undisclosed information with respect to Bombardier or its securities and, as such, were permitted to trade in securities of Bombardier in accordance with applicable laws and Bombardier’s trading policies. Trading did not commence under the ASDP until at least 30 days had elapsed after the ASDP was established.

On November 15, 2018, Bombardier publicly acknowledged the announcement by the Autorité des marchés financiers (Québec) (AMF) confirming that it was reviewing matters surrounding the establishment of the ASDP and subsequent announcements by Bombardier.

Bombardier and its employees (including the participants under the ASDP) fully cooperated with the AMF in its review.

On April 26, 2019, the AMF issued a further press release announcing that it had concluded its review and found that Bombardier and its senior executives participating in the ASDP had not violated or breached securities laws in the context of the establishment of the ASDP. The AMF noted the cooperation and transparency offered by Bombardier throughout its review.

In establishing the ASDP, Bombardier was assisted by external counsel and sought to ensure that the ASDP was based on best practices and sound corporate governance principles and consistent with applicable securities laws and guidance. Nonetheless, in light of the rapid evolution of Bombardier’s situation following the establishment of the ASDP, the AMF recommended that Bombardier reconsider the merit of maintaining the ASDP in effect. Further to this recommendation, the Board of Directors of Bombardier, upon the recommendation of its Human Resources and Compensation Committee, has decided to terminate the ASDP in accordance with its terms.

Class action
On February 15, 2019, the Corporation was served with a Motion for authorization to bring an action pursuant to Section 225.4 of the *Quebec Securities Act* and application for authorization to institute a class action before the Superior Court of Québec in the district of Montréal against Bombardier Inc. and Messrs. Alain Bellemare and John Di Bert (“Motion”) to claim monetary damages in an unspecified amount in connection with alleged false and misleading representations about the Corporation’s business, operations, revenues and free cash flow, including an alleged failure to make timely disclosure of material facts concerning its guidance for 2018. In the class action component of the Motion, the Plaintiff Denis Gauthier seeks to represent all persons and entities who have purchased or acquired Bombardier’s securities during the period of August 2, 2018 to November 8, 2018, inclusively and held all or some of these securities until November 8, 2018. Both the action pursuant to the *Quebec Securities Act* and the class action require an authorization from the Court before they can move forward. Until they are authorized, there are no monetary claims pending against the defendants in the context of these Court proceedings.

Bombardier Inc. and Messrs. Bellemare and Di Bert are contesting this Motion. The Corporation’s preliminary view at this juncture is that the possibility that these Court proceedings will cause the Corporation to incur material monetary liability appears to be remote.

27. TRANSACTIONS

On November 7, 2018, the Corporation entered into a definitive agreement for the sale of the *Q Series* Aircraft program assets, including aftermarket operations and assets, to Longview Aircraft Company of Canada Limited, a wholly owned subsidiary of Longview Aviation Capital Corp., for gross proceeds of approximately $300 million. The agreement covers all assets and intellectual property and Type Certificates associated with the Dash 8 Series 100, 200 and 300 as well as the *Q400* program operations at the Downsview manufacturing facility in Ontario, Canada. Net proceeds for this transaction are expected at approximately $250 million net of fees, liabilities and normal closing adjustments. Closing of the sale transaction is expected by mid-year of 2019, subject to customary closing conditions and regulatory approvals.

28. EVENTS AFTER THE REPORTING DATE

Subsequent to the quarter, the Corporation announced the strategic formation of Bombardier Aviation, consolidating all aerospace assets into a single, streamlined and fully integrated business. As a result, the Corporation will pursue the divestiture of its Belfast and Morocco aerostructures businesses. The Corporation will focus its aerostructures activities around its core capabilities in Montreal, Mexico and its newly acquired *Global 7500* wing operations in Texas. Collectively, these facilities provide the Corporation with all the skills, technologies and capabilities to design, produce and service the current and next generation of aircraft.

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