

# BOMBARDIER



## Financial Results

For the second quarter ended June 30<sup>th</sup>, 2021

August 5<sup>th</sup>, 2021

# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This presentation includes forward-looking statements, which may involve, but are not limited to: statements with respect to our objectives, anticipations and outlook or guidance in respect of various financial and global metrics and sources of contribution thereto, targets, goals, priorities, market and strategies, financial position, financial performance, 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; customer value; expected demand for products and services; growth strategy; 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 execution of orders in general; competitive position; expectations regarding revenue and backlog mix; the expected impact of the legislative and regulatory environment and legal proceedings; 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, cost reduction and restructuring initiatives, and anticipated costs, intended benefits and timing thereof; the anticipated business transition to growth cycle and cash generation; expectations, objectives and strategies regarding debt repayment, refinancing of maturities and interest cost reduction; expectations regarding availability of government assistance programs, compliance with restrictive debt covenants; expectations regarding the declaration and payment of dividends on our preferred shares; intentions and objectives for our programs, assets and operations; and the impact of the COVID-19 pandemic on the foregoing and the effectiveness of plans and measures we have implemented in response thereto; and expectations regarding gradual market and economic recovery in the aftermath of the COVID-19 pandemic. As it relates to the sale of the Transportation business to Alstom, this presentation also contains forward-looking statements with respect to the benefits of such transaction, the use of the proceeds derived from the transaction and its impact on our outlook, guidance and targets, operations, infrastructure, opportunities, financial condition, business plan and overall strategy.

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, outlook 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 presentation include the following material assumptions: the deployment of the proceeds from the sale of the Transportation business to Alstom on terms allowing the Corporation, when combined to other financing sources and free cash flow generation, to repay or otherwise manage its various maturities for the next three years; growth of the business aviation market and increase of the Corporation's share of such market; proper identification of recurring cost savings and executing on our cost reduction plan; optimization of our real estate portfolio, including through the sale or other transaction in respect of real estate assets on favorable terms; and access to working capital facilities on market terms. For additional information, including with respect to other assumptions underlying the forward-looking statements made in this presentation, refer to the Forward-looking statements — Assumptions section in the MD&A of our financial report for the fiscal year ended December 31, 2020 which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com). Given the impact of the changing circumstances surrounding the COVID-19 pandemic and the related response from the Corporation, governments (federal, provincial and municipal), regulatory authorities, businesses, suppliers, customers, counterparties and third-party service providers, there is inherently more uncertainty associated with the Corporation's assumptions as compared to prior years.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, risks associated with general economic conditions, risks associated with our business environment (such as risks associated with the financial condition of business aircraft customers; 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; order backlog; the transition to a pure-play business aviation company; the certification of products and services; the execution of orders; pressures on cash flows and capital expenditures based on seasonality and cyclicity; execution of our strategy, productivity enhancements, operational efficiencies, restructuring and cost reduction initiatives; doing business with partners; 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 debt and interest payment requirements; restrictive debt covenants; reliance on debt management and interest cost reduction strategies; and reliance on government support), market risks (such as foreign currency fluctuations; changing interest rates; increases in commodity prices; and inflation rate fluctuations). For more details, see the Risks and uncertainties section in Other in the MD&A which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com). Any one or more of the foregoing factors may be exacerbated by the ongoing COVID-19 outbreak and may have a significantly more severe impact on the Corporation's business, results of operations and financial condition than in the absence of such outbreak. As a result of the current COVID-19 pandemic, additional factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to: risks related to the impact and effects of the COVID-19 pandemic on economic conditions and financial markets and the resulting impact on our business, operations, capital resources, liquidity, financial condition, margins, prospects and results; uncertainty regarding the magnitude and length of economic disruption as a result of the COVID-19 outbreak and the resulting effects on the demand environment for our products and services; uncertainty regarding market and economic recovery in the aftermath of the COVID-19 pandemic; emergency measures and restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions; disruptions to global supply chain, customers, workforce, counterparties and third-party service providers; further disruptions to operations, orders and deliveries; technology, privacy, cyber security and reputational risks; and other unforeseen adverse events.

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 presentation and are subject to change after such date. Unless otherwise required by applicable securities laws, we expressly disclaim any intention, and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

# KEY PRIORITIES

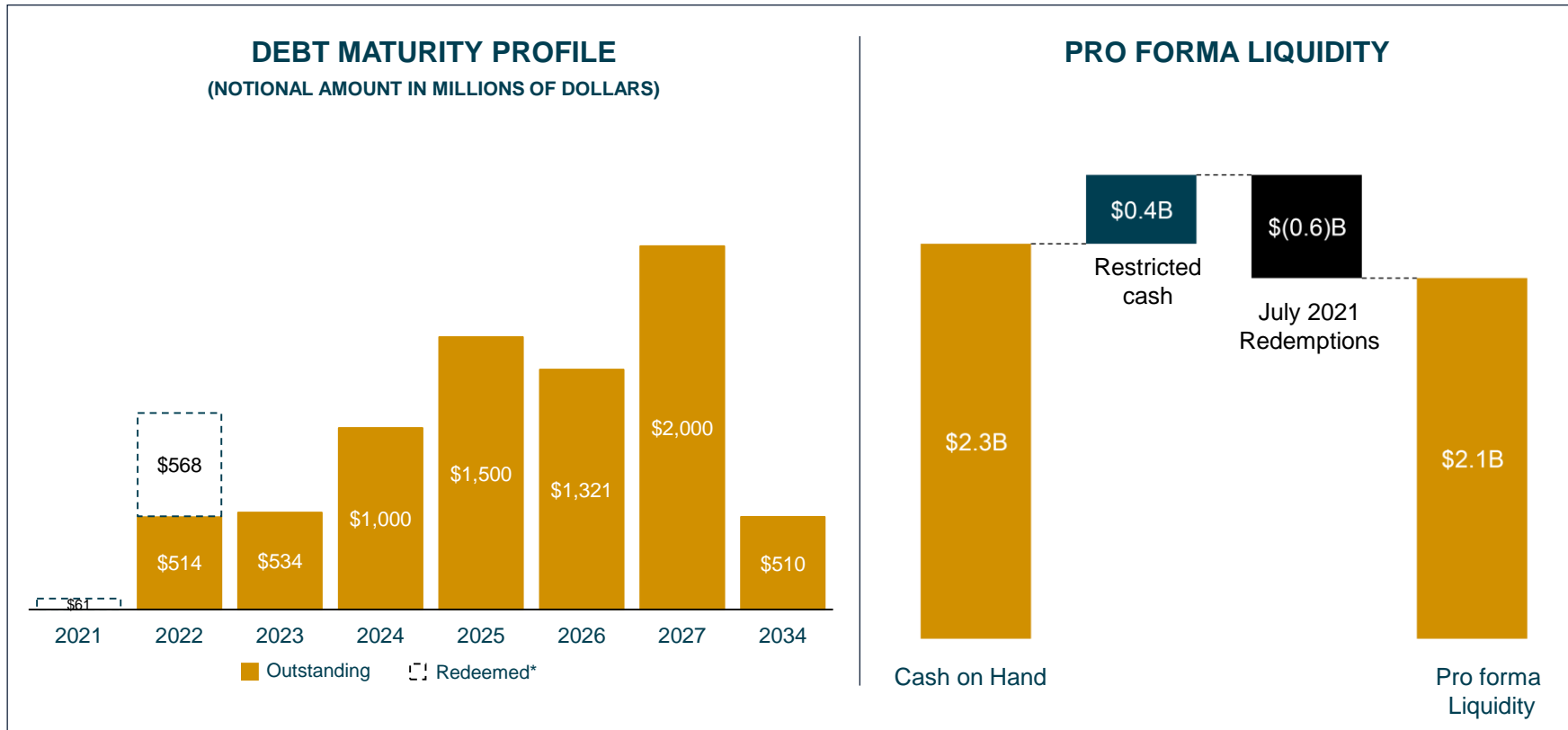
## **2021: A transition year with focus on 4 key areas**

- *Global 7500* learning curve improvement
- Increasing productivity and cost reduction
- Aftermarket growth
- Deleveraging balance sheet



# DEBT MANAGEMENT AND LIQUIDITY UPDATE

As at June 30<sup>th</sup>, 2021



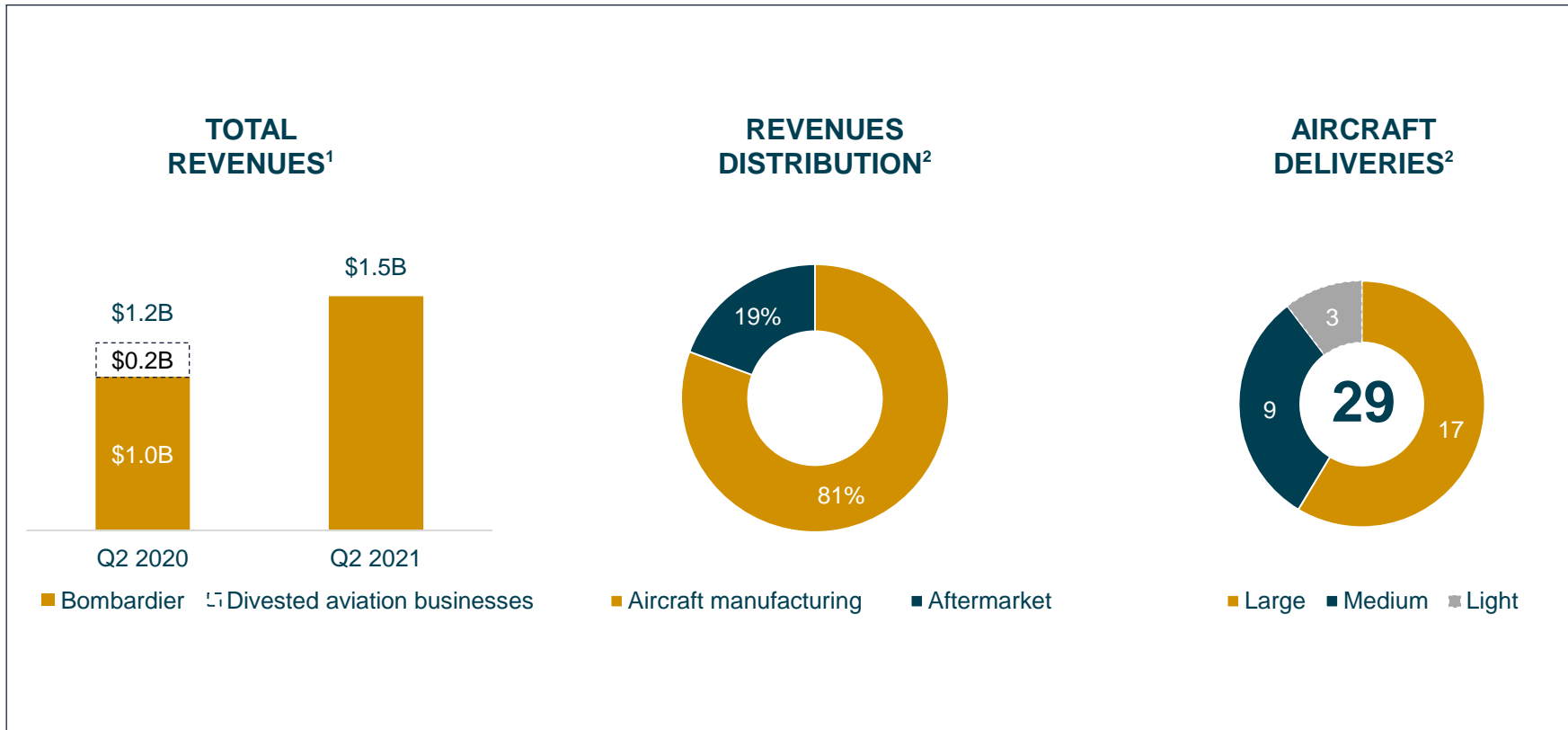
Note: Chart data may not be to scale.

\*Represents the amounts redeemed by the Corporation in July 2021. Refer to Note 16 - Long-term debt, to our Interim consolidated financial statements, for more details.

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# REVENUES

For the three-month periods ended June 30<sup>th</sup>



Note: Chart data may not be to scale.

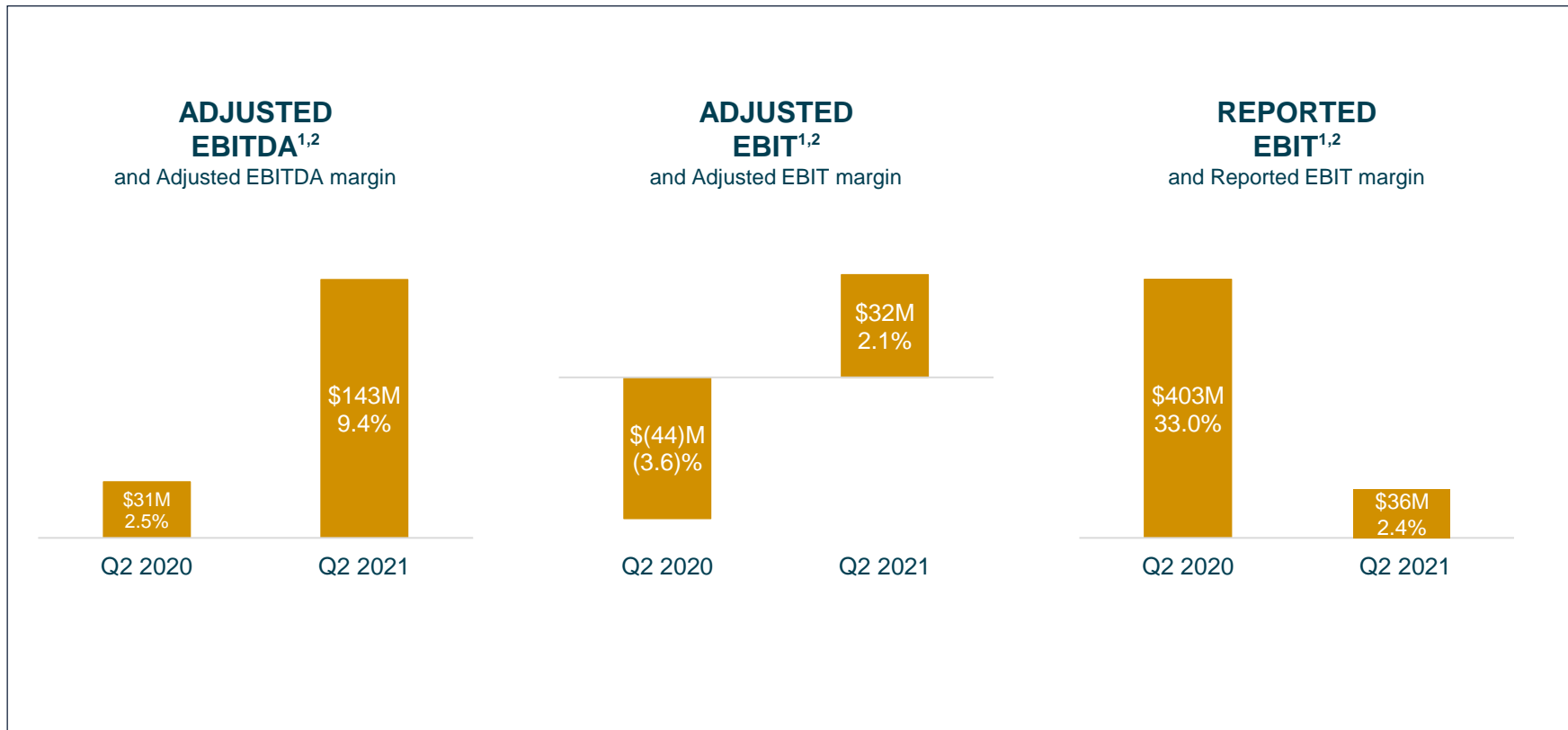
1. Includes amounts generated from continuing operations and from divestitures of the CRJ program and the Aerostructures businesses.

2. Includes continuing operations only.

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# EARNINGS

For the three-month periods ended June 30<sup>th</sup>



Note: Chart data may not be to scale.

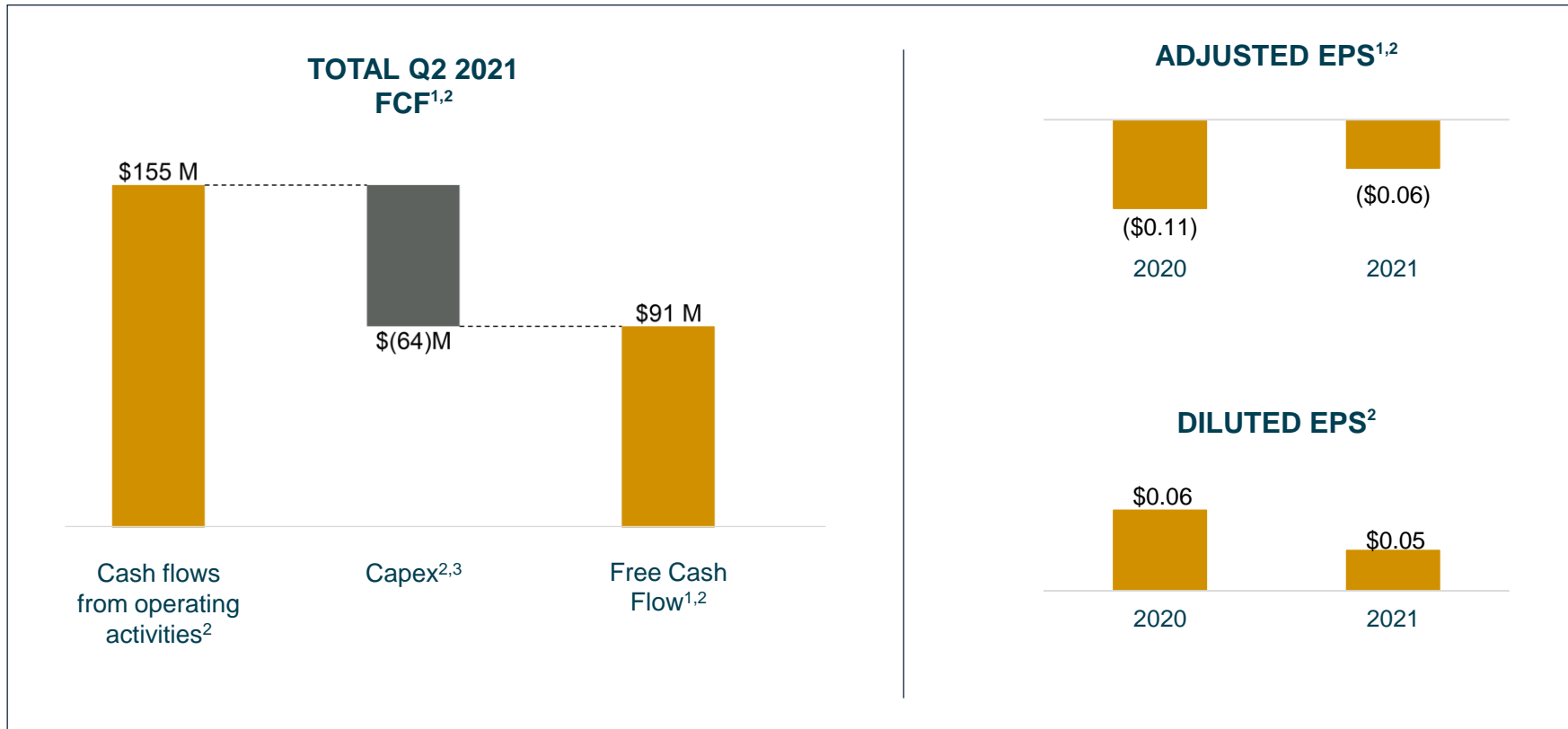
1. Includes continuing operations only.

2. Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in this presentation.

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# FREE CASH FLOW<sup>1</sup> AND EPS

For the three-month periods ended June 30<sup>th</sup>



Note: Chart data may not be to scale.

1. Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in this presentation.
2. Includes continuing operations only.
3. Net additions to PP&E and intangible assets.



# 2021 GUIDANCE UPDATE<sup>1</sup>

Continuing operations only	2021 Guidance provided in our 2020 Financial Report <sup>2</sup>	2021 guidance update
<b>Aircraft deliveries (in units)</b>	110 – 120	~ 120
<b>Revenues</b>	> \$5.6 billion	> \$5.8 billion
<b>Adjusted EBIT<sup>3</sup></b>	> \$100 million	> \$175 million
<b>Adjusted EBITDA<sup>3</sup></b>	> \$500 million	> \$575 million
<b>Free cash flow usage<sup>3</sup></b>	Usage better than \$500 million (including ~\$200 million of non-recurring outflows) <sup>4</sup>	Usage better than \$300 million (including ~\$200 million of non-recurring outflows) <sup>5</sup>

1. See the forward-looking statements disclaimer.

2. Refer to our 2020 Financial Report for further details.

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. Non-recurring items include legacy outflows related to credit and residual value guarantee liabilities and reverse factoring, and approximately \$50 million of restructuring costs for the full year of 2021.

5. Non-recurring cash items include the impact of payments of residual value guarantee liability, consent fee with respect to the Consent Solicitations process conducted by the Corporation, and restructuring costs.





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*Exceptional by design*

# FINANCIAL PERFORMANCE

For the three-month periods ended June 30<sup>th</sup>

	Q2 2021	Q2 2020 restated <sup>1</sup>	Variance
Revenues <sup>(2)</sup>	\$1,524	\$1,223	25%
Adjusted EBITDA <sup>(2)(3)</sup>	\$143	\$31	361%
Adjusted EBITDA margin <sup>(2)(3)</sup>	9.4%	2.5%	690 bps
Adjusted EBIT <sup>(2)(3)</sup>	\$32	\$(44)	nmf
Adjusted EBIT margin <sup>(2)(3)</sup>	2.1%	(3.6)%	570 bps
EBIT <sup>(2)</sup>	\$36	\$403	(91)%
EBIT margin <sup>(2)</sup>	2.4%	33.0%	(3060) bps
Cash flow from operating activities <sup>(2)</sup>	\$155	\$(692)	nmf
Free cash flow (usage) <sup>(2)(3)</sup>	\$91	\$(750)	nmf
Diluted EPS <sup>(2)</sup>	\$0.05	\$0.06	\$(0.01)
Adjusted EPS <sup>(2)(3)</sup>	\$(0.06)	\$(0.11)	\$0.05
Deliveries <sup>(2)</sup>	29	20	9

	As at June 30, 2021	As at December 31, 2020	Variance
Business aircraft backlog (in billions of dollars) <sup>(4)</sup>	\$10.7	\$10.7	- %

1. Restated for the sale of Transportation, refer to Note 17 – Disposal of business to our Interim consolidated financial statements for more details.
2. Includes amounts generated from continuing operations and from divestitures of the CRJ program and the Aerostructures businesses.
3. Non-GAAP financial measures. Refer to the Non-GAAP financial measures section in Overview for definitions of these metrics and to the Analysis of consolidated results section and Liquidity and capital resources section in Overview for reconciliations to the most comparable IFRS measures.
4. Includes order backlog for both manufacturing and services.

# CAUTION REGARDING NON-GAAP FINANCIAL MEASURES

Non-GAAP financial measures	
Adjusted EBIT	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, impact of business disposals and significant impairment charges and reversals.
Adjusted EBITDA	Adjusted EBIT plus 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.

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.

## **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.

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

## Reconciliation of adjusted EBITDA to EBIT<sup>(1)</sup>

	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	2021	2020
<b>EBIT</b>	\$ 36	\$ 403	\$ 55	\$ 508
Amortization	111	75	205	152
Impairment charges on PP&E and intangible assets <sup>(2)</sup>	—	8	3	19
Special items excluding impairment charges on PP&E and intangible assets <sup>(2)</sup>	(4)	(455)	3	(562)
<b>Adjusted EBITDA</b>	\$ 143	\$ 31	\$ 266	\$ 117

## Reconciliation of adjusted net loss to net income and computation of adjusted EPS<sup>(1)</sup>

	Three-month periods ended June 30			
	2021 (per share)		2020 (per share)	
<b>Net income</b>	\$ 139	\$ 150		
Adjustments to EBIT related to special items <sup>(2)</sup>	(4)	—	(447)	\$ (0.19)
Adjustments to net financing expense related to:				
Net change in provisions arising from changes in interest rates and net gain on certain financial instruments	(388)	(0.16)	(5)	—
Accretion on net retirement benefit obligations	9	—	12	—
Loss on repurchase of long-term debt <sup>(2)</sup>	107	0.05	—	—
Tax impact of special <sup>(2)</sup> and other adjusting items	—	—	42	0.02
<b>Adjusted net loss</b>	(137)	(248)		
Preferred share dividends, including taxes	(7)	(7)		
<b>Adjusted net loss attributable to equity holders of Bombardier Inc.</b>	\$ (144)	\$ (255)		
Weighted-average diluted number of common shares (in thousands)	2,421,308	2,402,633		
<b>Adjusted EPS (in dollars)</b>	\$ (0.06)	\$ (0.11)		

## Reconciliation of adjusted EPS to diluted EPS (in dollars)<sup>(1)</sup>

	Three-month periods ended June 30	
	2021	2020
<b>Diluted EPS</b>	\$ 0.05	\$ 0.06
Impact of special <sup>(2)</sup> and other adjusting items	(0.11)	(0.17)
<b>Adjusted EPS</b>	\$ (0.06)	\$ (0.11)

<sup>(1)</sup> Includes continuing operations only.

<sup>(2)</sup> Refer to the Consolidated results of operations section for details regarding special items.