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PRESENTATION

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

Our next company, which is Bombardier. So we're pleased to have Alain Bellemare, the CEO and John Di Bert, the CFO here with us this morning. So Alain is going to kick it off with some comments, and then we'll get into our normal back-and-forth.

Alain M. Bellemare - *Bombardier Inc. - President, CEO & Director*

Yes. Well, thank you David. And good morning, everyone. And thanks for being here. I would just start by saying Bombardier is at much different place to be in 2019 versus where we were in 2015. When I joined the company, we were at pretty tough place. But since then, we've made huge progress, I'll start with aerospace, I think that everybody knows that the [overlay] at that time was the C Series and also the other major development programs that we had the Lear 85 and the Global 7500. If you look at where we are today on the aerospace side, I mean, we've totally derisked all these major programs. The C Series has become the Airbus 220, in the end of Airbus, they'll be able to fully extract the value of this amazing investment that we've done. And what is today, the best aircraft -- commercial aircraft, in 100- to 150-seat class segment. So I'm very proud of that.

When we recasted the schedule on the Global 7500, a lot of people didn't think that we could achieve certification and EIS at the end of 2018, and we did exactly as per plan.

So right now on the Aerospace side, we are exactly where we said that we would be at the end of 2018.

The Global 7500 is performing extremely well. Actually, we extracted better performance than expected on the aircraft.

So it is the best business aircraft in the world today. And we're just starting to get traction on the manufacturing and assembly side with that.

So that's kind of what has happened in the -- on the Aerospace side.

On the train side, we've continued to make significant progress. We've increased the backlog to \$34.5 billion. We are seeing significant margin expansion, 300 basis points over 3 years, while addressing some major projects. And I can come back to that. But overall, that franchise, our train franchise, is a very solid franchise.

So overall, at Bombardier, when John and I took over we had margins in the range of 2 to -- 2.5% to 3%. We've seen at the B. Inc. level significant margin expansion of 330 basis points over 3 years. So we're now above 6% ROS at Bombardier with double earnings over the same time frame, while addressing the major program risk that we had.

So we feel that we are in a good place, and we're really transitioning right now from major investment cycle derisking phase into an earnings growth phase, leveraging the investment that we've done. And we are confident that we're going to manage our way through the final step of this turnaround journey that brings us to the end of 2020, and thereafter, potential additional value creation for shareholders.



QUESTIONS AND ANSWERS

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

That's great. So I want to start first with the business jet side of things. I knew you -- we'll save transportation, seems it got hit up pretty well on the conference call and everything. I think, last year when we were here, we hardly talked at all about BT. But -- so I want to first touch on business jet and the environment there, kind of ex Global 7500, what you're seeing now is the rest of the product line up. I guess there is some concern, where 5000, 6000 eventually 5500, 6500 volume settle out with the 7500. How much cannibalization there is?

So can you talk about the rest of the portfolio? The Challenger 350, obviously, has been a great airplane for you guys. There's some of that, that goes into the fractional fleet. Just how you see volume for the rest of the portfolio playing out over the next couple of years, ex 7500?

Alain M. Bellemare - *Bombardier Inc. - President, CEO & Director*

Starting with big picture at first. In 2015, we were producing over 200, 220 business aircraft a year. We took it down to 165 and then went down to 135 on the, what you call, the legacy, which is really our amazing business aircraft portfolio, as you well described it.

So I think that we took it to a level that is sustainable. And honestly, we haven't seen any tailwind over the past 3 years. It has been kind of a flattish market, a little bit better here, a little bit worse there, by and large, the U.S. market has been relatively good but not spectacular. And Russia has been soft, Middle East has been soft, and China has been soft. So when you look at this, we were expecting a little bit more tailwind coming out of the mark, but we didn't see that. So we've maintained a very stable level at 130, 140 aircraft a year, and we've been driving margin expansion at the same time. If you look at the product portfolio that we have today, clearly, best-in-class Challenger 350 doing extremely well.

I mean, it's the best value proposition you can get in that segment of the market in the super midsize. And then you look at our Global 650 -- our Challenger 650, which is like a very stable workhorse. I mean, we're selling 20 aircraft or so a year. And we're very excited with the major program refresh that we're doing on the 50 -- on the 5000, 6000.

The market didn't see that coming. We're super well advanced right now, I mean, it's tracking well. And if you look at the value of the 5500 and 6500 versus what the other product offerings are out there in the marketplace, you'll see that it's really top-notch. It's right up there.

And then we have our Global 7500, which is by and large going to drive our growth. I mean, we're taking a very conservative approach right now. I mean, we're forecast -- we're building a plan, we're kind of flattish level, level production level, on what you referred to, David, as legacy. And growth coming from our Global 7500, which is really in the backlog today.

So that's kind of the approach. And we're going to keep monitoring the market very closely. I mean, our team is doing well. I mean, we're selling, we're still adding a very good backlog. The backlog is solid, and our book-to-bill is also good.

So we think that eventually there will be even more upside potential. But we've been very prudent in the way that we manage the business, given the fact that we're going through a major turnaround journey. John, anything else?

John Di Bert - *Bombardier Inc. - Senior VP & CFO*

No. I think you covered it and covered it well.

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

So on the -- you talked about the upgrade on the 5000, 6000, 5500 and 6500, I think, there's a price premium on that. But I think the costs are not that much there. I mean, there should be a fairly meaningful price premium you could capture on the -- on those aircraft.



How has that been playing out in the market? What could that mean in terms of margin moving forward?

Alain M. Bellemare - Bombardier Inc. - President, CEO & Director

I think that we've seen over the past like 3, 4 years, our ability to sell both with minimal cannibalization on the 5 and the 6.

So I think that there's like a market that -- there is a solid market for these ultra long-range, 4-zone cabin Global 7500 and with that -- that's like, we can probably get to a real solid steady rate of 40-ish aircraft a year, while still doing very well with our Global 5500 and 6500. So I mean, it's something, it's the right question, it's a good question, it's something that we do track. We're looking at like who's moving up. But at the same time, as people are moving up from 5, 6 to the 7, which there's clearly some of that, there's also people moving from the Challenger into the Global as well.

So I mean, it's very interesting because if you look at the ultra...

John Di Bert - Bombardier Inc. - Senior VP & CFO

High.

Alain M. Bellemare - Bombardier Inc. - President, CEO & Director

Yes. High, excuse me, the high-network individual. I mean, they have -- this is a segment of the population that has grown steadily over the past several years.

So -- and these -- this is a real significant market for us. So we believe that there's real potential moving for like these products, -- these 3 products: the 55, the 65 and the 75. And we are confident in the volume that we will be able to get.

John Di Bert - Bombardier Inc. - Senior VP & CFO

And maybe just quickly add there, David, in terms of the actual portfolio, the franchise at BBA with longer-term horizon, we definitely do think that this is a business that continues to generate bigger and better margins, right. So we've made a lot our progress over the last 3 years, reshaped the portfolio, as Alain said.

We used to have revenues over \$7 billion now, closer to \$5 billion, and we make more today than we did back then. When you look past 2020, the real strong undertones for BBA are the fact that they continue to drive bigger market share in aftermarket.

That's been a growth part of the portfolio, will continue to be so, 2020 and beyond so that's good for margins.

The combination of the 5500, 6500 and the 7500 are premium products. They will, over time, as they drive through their own early-stage learning curve, particularly in the 7500, as you said the 5500 and 6500 more surgical upgrades.

Those will also be margin accretive, so we definitely feel good about how we position the portfolio and the potential for margin runway 21, 22, 23, we believe is very healthy.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

The 7500, I know you've talked about it, the -- obviously, back half weight in terms of the delivery of (inaudible).

John Di Bert - Bombardier Inc. - Senior VP & CFO

Correct.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Should we expect to actually see any deliveries in Q1? Or is it all the -- would you project into the first half, the couple -- are those all Q2? I mean, obviously...

John Di Bert - Bombardier Inc. - Senior VP & CFO

Yes, yes, yes. So I say that's -- what you should think about is in the front end of the year, probably, a handful of aircrafts between now and midyear. So that would leave us somewhere in the neighbor of 10 to 15 in the back end of the year, and that's really where we're focused.

I mean, at the end of the day, we're not going to try to be tactically perfect in terms of how we deliver these, we really want a good ramp up. And a lot of focus now on the wing integration, so our teams are fully on site in Red Oak. So all these things make us feel good about the ramp at BBA for the 7500. I'd say, probably we're in the neighborhood of about 30 aircraft at some stage of production, as we speak today. So it gives us good confidence. When we came out here last year, we had the 15 to 20 aircraft already in production for 2019. And looking forward now, we feel good that we continue to have that smooth ramp.

Now at the end of the day, this is going to be a ramp, it will come with its challenges and its own ups and downs, but the reality is we've made a huge step here in the first quarter with the integration of the wing. And I think that's really going to be strength for the program coming. And Aerostructures supporting the program or supply chain, and David and his team are doing a great job of making sure that we get to those full rates.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Wanted to ask about working capital at BBA. So when do you think that -- if we look at the inventory ex advances, when do you think the actual inventory levels kind of peak out at BBA. And I think advances right now are like 70% of inven, I mean, is that the right level? Or is there a bit of a tailwind in terms of advances that -- obviously, it's going to offset some of the inventory growth, but how do we think about that working capital dynamic as related to BBA?

John Di Bert - Bombardier Inc. - Senior VP & CFO

Yes. Good question. So I'd say that the team's done a very good job over the last, particularly, 12, 24 months of keeping a schedule, which really has meant that a lot of these milestone payments have come in, where they needed to come in. And that's helped us tremendously through '18, as we ramped up the production, offset by the right inflow of advances. I'd say that when you look at 2019, should be another year where we do a good job of managing both ramped and advances of kind of those deliveries going into 2020, start to get early payments. So we'll keep a pretty good ratio, I think.

When you talk about peaking, rolling over. By the time we get to the end of this year, and I'd say probably into the first half of next year. We'll probably be where we need to be in terms of inventory levels. We're looking for some kind of steady rate of 35, 40 aircraft a year. So that's 2020's target right now. And I'd say, when it's all said and done, if you had a nice steady stream of 40 aircraft a year, you'd be in the right place, which means that largely we'll be at the right level of inventory as you get back end of this year, early next year. And from that point on, really, I mean, as long as we can maintain a solid book-to-bill, which -- this aircraft is tremendous.

And I think the closer we get to delivery slots that are now compressing given obviously lead times and production, and as you get higher, I think, this aircraft will do fantastic job of replacing and increasing its order book.

So I feel that 70% may waver a little bit, simply because as you get now into the heat of deliveries, you'll burn down some of those advances. At the same time, we expect the portfolio to continue to replenish, and we'll -- probably, as you get '21, '22, '23, start to deliver it more on the efficiency side of inventory and working capital. So there'll be benefits there and probably true across the portfolio of trains as well, working capital efficiencies past 2020.

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

So I wanted to touch on now -- BT on the working capital side of things. so I think -- so you've highlighted this \$300 million to \$400 million cash tailwind from working capital at BT.

Is that entirely tied to these 3 programs that are going to ramp up -- sorry, complete in '19? Or is there also some working capital goodness that you're counting on out of the other 2, SBB and (inaudible)?

John Di Bert - *Bombardier Inc. - Senior VP & CFO*

Yes. I'd say, it's across the portfolio. Because the project business has different installments [payments] now. The reality is that we -- as we have an increase in actual handovers or deliveries to customers that will come with some cash flow.

At the same time, critical milestones do also generate cash. So by and large, I'd say, it's the challenge that we had in 2018, which we really described with these 5, 6 projects that they were tracking. It's that, that kind of starts to bring value back in 2019. And we expect to see that largely happening in the second half. We -- what we have now is a very clear line of sight about our each of these projects, what has to be done operationally, engineering, commercially.

And that gives us a lot of confidence on when -- we will continue production here through the first half. We have critical milestones, acceptances (inaudible) as we call them. And delivery rates that'll give us the tailwind in the back end of the year, as those projects come from this continued kind of build-up production and inventory. Front end, hit the milestones that triggers deliveries and payments and then that's back end. And as Alain described on the call, the good news here is that there's a couple of things I'd see there, when you take a step back the really -- the more important messages are.

We started working these projects in 2015, we came onboard. But these are projects that are 10, 11, 12, 13 wins. And we have sized up the challenge that -- the technical challenge and the operational challenge of the projects. We've been working at this for 3 years now. We're coming to this place where there's intense amount of deliveries and these milestones. The good news is, we've also been building a great backlog, and we've also changed some of our approach in that backlog. So as we roll through these, the strength is that the portfolio and the backlog has sustainable benefits. And we will also then navigate through technology, they'll be reusable in the future, which is really great as well.

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

So technically on that. So in terms of the working capital releases, is it a combination of the contract asset's actually starting to come down.

John Di Bert - *Bombardier Inc. - Senior VP & CFO*

Correct.

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

And the advances associated with that, kind of, bridging that gap as well.



John Di Bert - Bombardier Inc. - Senior VP & CFO

Yes. So basically, inventory out the door, number one, that's fundamental for us.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Cause we saw some of that actually in Q4.

John Di Bert - Bombardier Inc. - Senior VP & CFO

Yes. Yes. And I mean, listen this is what we do every day, right, I mean, we're pushing a turnaround. And I think, the one thing I'd say and I don't want to get off topic here but hopefully, you've been able to watch over the last 3, 4 years how we've navigated through a lot of these challenges, and train's no different. I mean, we've been working this 3 years. Q4 is a little bit of acceleration on that but the reality is, we know what we have to do now in terms of hitting certain milestones midyear. And that means 2019 starts to roll the portfolio over, so that \$300 million to \$400 million comes from inventory reduction. And at some point in time, then you know also some installment payments on the longer-dated projects, for example, as BBM does still, which releases some cash that's supplied up there.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Alain, one for you on BT. I think -- how do you view the business today in terms of how it would perform if we would've had a recession, say, not a financial crisis kind of recession scenario, but how do you think the business is structured today, and the durability of the backlog if we were to have a macro slowdown or hold back? I think that's one of the concerns that are -- that I get from investors?

Alain M. Bellemare - Bombardier Inc. - President, CEO & Director

Well, actually, if there's one segment of our entire portfolio that would do better in -- being in economic slowdown is BT. If you look at what -- we have over 80% of our 2019 and 2020 revenues in the backlog today. So I mean, this is a business that not is very cyclical. It's relatively stable and even during like tougher times, people keep investing in infrastructure spending, and mobility and green transportation. So when you combine all of this, we have a very solid backlog, we have great projects that we are executing on today that are very likely to not being affected by any type of economic slowdown. So of all of our businesses, I would say, it's probably the most resilient to some type of economic slowdown.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

I wanted to ask you about -- so you have the CSALP JV, you have the Chinese JVs on the transportation side. I think that the income from the JV side of things was markably low. I mean, I assumed that some of that is lost on the CSALP side. But how are the Chinese JV is doing it? And what should we expect there in 2019?

John Di Bert - Bombardier Inc. - Senior VP & CFO

Yes. I think it's pretty consistent performance. So we had some tailwind I think, in probably 2017, we had a little bit of strength. We're coming up to some completion of major projects. And at the end you kind of go through and you had a bit of a release of strength as the projects were closing off. But I think that performance in our JVs has been consistently good. Roundabout, we do about \$1.5 billion of sales that doesn't go to our top line because it goes through its JV revenues, which are unconsolidated. And those businesses continue to win steady progress, order book continues to be solid for the Chinese JVs. We participated very well in the Chinese market, the largest western player. So I would say that generally speaking, what you see in '18, more or less, that's the kind of expectations we have. And then from time-to-time, you get strength as projects come to

completion, you release -- sometimes from continuously from good performance. But -- and a lot of that does come back in cash flow as well. We get a good dividend from the subs, so it's really accessible performance.

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

And then touching on that is a forecast for the Commercial Aircraft side of things. Last year it was by \$157 million loss -- \$125 million -- I would think, given what I saw in the filing, in terms of CSALP, your share of that, that you could do better than the \$112 million -- I would think, it would come a step down that loss would...

John Di Bert - *Bombardier Inc. - Senior VP & CFO*

Next year in '19?

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

Yes. '19 would step down, a fair amount more than \$30 million or so?

John Di Bert - *Bombardier Inc. - Senior VP & CFO*

Yes. I think we had a little bit better performance this year than probably we were expecting, so it came in stronger. The guys did a good job of starting to take out cost in BCA. So you have some of that, that's JV, but you also have the performance of the Legacy portfolio in our guidance for BCA.

And so -- and really, I mean, that's our expectation. Our expectation is that BCA continues to really drive very agile efficient program with the CRJ. And Alain has mentioned it, but we are continuing to focus on how to drive profitability there. So I think there's been some other benefits. On the C Series, let's not forget, they're going to -- still could be going through a ramp up here. We have the start up of Mobile in 2019, so we're going to have full and unfeathered, untethered access to the U.S. market. And that's important to us, so we'll make the right kind of start-up investments there. The team at Airbus is very engaged. So overall, I would say the guidance kind of fits where we expect it to come in. And we always kind of give you guys color as things change during the year. At this point in time, I think you're still talking about a program that is in start-up transition.

The good news is great backlog when you look at the customaries in that backlog. So we have confidence and you've seen the U.S. market really embraced the aircraft. We think it's a huge market for the aircraft to do very well in. So we want to get it right, we want to make sure we have the ramp up done well. And that will create value we think for a long time to come. So...

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

Can we queue up the audience response? Questions please.

John Di Bert - *Bombardier Inc. - Senior VP & CFO*

Yes. Last year you guys did a good job. So...

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

So if you could queue or signal in due currently on the stock. I don't know, is -- there's a clock working on it?

John Di Bert - Bombardier Inc. - Senior VP & CFO

This suspense is going to kill me.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Yes. Usually there's like countdown clock. Not working? No. There you go. Okay.

John Di Bert - Bombardier Inc. - Senior VP & CFO

Hey, you got it. There you go.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Yes. Next question please, on this side. Next question I think through cycle, EPS or free cash flow growth. Think about free cash flow.

John Di Bert - Bombardier Inc. - Senior VP & CFO

Yes. We always do.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Next question please. That's what I want to go with.

Alain M. Bellemare - Bombardier Inc. - President, CEO & Director

There's only one light.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Merger -- M&A.

John Di Bert - Bombardier Inc. - Senior VP & CFO

But no dividend. Is that what you...

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

We'll come back Alain. Question 5.

Multiple 2019 earnings or free cash flow?

(technical difficulty)

All over the map.



Okay, last question. Most significant investment issue?

All right. So John, on the potential to address the coming maturities. You mentioned on the call, fixed income market's looking better.

John Di Bert - Bombardier Inc. - Senior VP & CFO

Yes.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Now I think, there is concern out there with regard to '20 and '21, even though it's kind of far away.

John Di Bert - Bombardier Inc. - Senior VP & CFO

Yes.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

But given the cash burn that you've talked about in the first half of the year. How you're juggling all of this? And I'm thinking about when is the right time to strike and address kind of take that off the table for you and for investors?

John Di Bert - Bombardier Inc. - Senior VP & CFO

Yes. So I think you should look at a track record, right. We've been proactive. We've kind of done this with a kind of a level head. We know the long game here, the long game is where we're going to create value for a very long time with the business we're going to create by 2020.

So 2019, we're going to address the 2020, that's in the plan, of course, you know what, you always need to assess markets, conditions and so on and so forth. I felt -- even in December, I felt very confident that we had an ability to access markets if you look back. Even in very tough time, in 2016, we were able to do so effectively. We've done so again in, I believe, '17. I'm very confident that we have opportunities and as you see, I have mentioned it on the call, the markets are in much better shape. I think we continue to really be where we expected ourselves to be in terms of the turnaround plan well, heavy derisking, centrally drive normalized cash flows. So we'll deal with these in 2019 for sure. And longer term I think, the only comment I'd make as well is, this is a significant deleveraging story on many dimensions, right. The other part of this is we're fully confident in our ability to generate over \$200 billion of EBITDA in 2020.

We've marked that out and still stay very focused to that. And so as a result, the deleveraging will start and has started already with 2019 and in terms of earnings growth. And so as we practically manage maturities, which we will continue to do so in an effective way, and we grow into our debt load, I believe that access to markets and overall medium-term credit quality will continue to improve and that's going to create value for shareholders.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Any questions from the audience? So the -- just so I'm clear, the \$250 million to \$500 million working capital kind of release that you have walking to the \$750 million to \$1 billion, that's mostly BT, but there is a portion there from BBA as well?



John Di Bert - Bombardier Inc. - Senior VP & CFO

Are you talking '19 to '20?

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Unplugging the bridge to get to \$750 million to \$1 billion.

John Di Bert - Bombardier Inc. - Senior VP & CFO

So let me just show you in kind of a simple way.

So this year, our expectation is the business generates \$250 million to \$500 million normalized cash. We said we were going to make 2 investments that are highly beneficial to the business.

One, we put some working capital contingency aside. We've now dedicated that towards the integration of the wing. We feel that's actually the right thing to do long-term benefit.

Two, is we're investing in restructuring. So the \$250 million to \$500 million of cash generation from the business gets allocated in a one-time way in 2019.

So when you really think about normalized, 2019 will produce, call it \$1.7-ish billion plus of EBITDA. We expect that to be \$2.25 billion plus next year.

That's \$0.5 billion. Our business is today, our franchises can produce \$1 of cash to \$1 of earnings, and we will continue to do that through 2020. And disciplined capital allocation, what we're doing with our CapEx and you see where it is today, \$800-ish million in 2019, we'll expect something like that, a little bit less next year.

So if I take the \$250 million to \$500 million that I produced this year normal business, and I add to that of over \$0.5 billion of earnings growth to cash conversion. I'm already in the \$750 million, plus range. And I would say that what you should expect, and we'll continue to focus on this. As we get to these peak levels at BT and the 7500 ramp, we will have a working capital efficiencies that will have kind of a multiyear affect. So we'll probably going into a few years here, where you'll have a light tailwind of working capital efficiency. And...

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

So the \$250 million -- sorry to interrupt, so the \$250 million to \$500 million that you're calling normal this year...

John Di Bert - Bombardier Inc. - Senior VP & CFO

That what we're making in production.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

(inaudible) \$300 million to \$400 million tailwind from BT.

John Di Bert - Bombardier Inc. - Senior VP & CFO

Would not.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Not in there?

John Di Bert - Bombardier Inc. - Senior VP & CFO

Not in there. Normalized cash.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Okay.

John Di Bert - Bombardier Inc. - Senior VP & CFO

That's a recovery. We know we had a hole last year. We're going to fill that hole. \$250 million to \$500 million is our expectation for the businesses this year. And that means that, that business will continue through into 2020 and benefit from earnings growth. We'll put all the one-time elements behind us, whether restructuring, whether it's the recovery of BT, trapped working capital, whether it's the cost of integrating the wing. Largely that will be a one year effect, may be some trickle on I think into next year, but nothing we can't handle in the range. And so you have a business that already is demonstrating its ability to do what it was set out to do, \$1 of cash -- \$1 of earnings to \$1 of cash. Setting ourselves up for effectively where it's going to be I think, continued momentum '21, '22, '23 with the things that we're doing today. And so that's what gives me confidence. Maybe because it's an important point, and I don't want to go through too many ways here. But let me give you another quick example that should kind of resonate.

If we're \$2.25-plus billion of EBITDA in 2020, call it \$750 million of CapEx, call it \$750 million of interest in taxes, you're sitting at \$750 million right there. And that's straight delivery from the business.

Tack on a touch of tailwind from working capital that's kind of just normal, like I said, multiyear, whether it's 7500, whether it's the train business, just kind of working through the efficiency that we think we see in the business, which is why Sam Abdelmalek is on the team as well, fully focused on improving lead times, working more efficiently and also coming off these big ramps. Then the answer is, \$750 million comes from the business, some tailwind over a couple of years. And you've got a pretty sustainable business with margin expansion past 2020 that will make that sustainable.

David Egon Strauss - Barclays Bank PLC, Research Division - Research Analyst

Yes. We're over our time. You want to say one last thing?

Alain M. Bellemare - Bombardier Inc. - President, CEO & Director

Yes. one last thing. Because especially on execution and strategy before we leave.

In 2016, when we joined, we put like a 5-year turnaround journey. And the reality is we have not missed one mark along the way. And that has been quite an interesting journey.



We have built an amazing team in 2015. We keep on finding that team in 2018. And if you look at those -- what we are going to end up with? An amazing business aircraft franchise. One of the best train franchise in the world. And a potential for growing our Aerostructures business, which is \$2 billion business with amazing capabilities.

So when you look at this from a product strategy standpoint -- product and our portfolio standpoint, I think that we're really putting Bombardier at the right place for driving growth in the long run. And we're more than half way through this turnaround journey, and we're hitting the marks. And we're hitting the marks, really -- we make that always be in the bull's-eye, but we're very close to bull's eye. And if you look this, we've been able to do that while maintaining a pretty good level of liquidity all the time, which is fundamental when you drive a turnaround journey. So we've maintained a level of liquidity in the range of \$3 billion, so that we can successfully execute this turnaround journey and unleash value for shareholders. So I think that on this, I want to thank you.

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

We'll see where things are next year.

Alain M. Bellemare - *Bombardier Inc. - President, CEO & Director*

Exactly.

David Egon Strauss - *Barclays Bank PLC, Research Division - Research Analyst*

All right. Alain and John, thanks very much.

John Di Bert - *Bombardier Inc. - Senior VP & CFO*

Thanks a lot.

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