



Bombardier Delays Cost 1,700 Jobs

Description

Bombardier (TSX:BBD) [has had a rough time](#) as of late. A major issue was the recent announcement of a major delay to its C Series aircrafts, which has been pushed back to late 2015. The price for this costly delay has been revealed in the form of layoffs in Canada and the U.S.

Between the delays in the C Series and now the Learjet 85 also, 1,700 jobs will be eliminated. This includes “300 contractors, hundreds of engineers, temporary employees and others hired to work on special projects.” The company stated that the delay with the C Series is in the software, and that the engineers are no longer required.

Most of the job losses will be in Canada, with Montreal being hit the hardest with 80% of the coming layoffs. On the U.S. side, 600 positions at the Learjet plant in Wichita, Kansas, will be affected.

Before the announcement, Bombardier had a global workforce of 35,000, with 22,000 of those positions located in Canada.

Falling behind the competition

Bombardier, which is the third largest aircraft manufacturer, disclosed that it delivered 238 aircraft during 2013, up from 233 in 2012, although its net orders dropped in 2013 down to 388, from 481 in 2012 — a drop of 19%.

Comparatively, **Boeing** ([NYSE:BA](#)) delivered 648 aircraft globally in 2013, fueled by skyrocketing demand from China. Boeing’s deliveries to China alone were 140 in 2013 and 143 in 2012, and it has firm orders for 230 more.

On the other side of the ocean, **Airbus** delivered 626 aircraft in 2013, just 18 behind Boeing. This news is softened by a net increase in orders of 80%, translating to 1,503 aircraft ordered.

Foolish bottom line

Bombardier is hoping to save between \$85 and \$170 million a year in wages to offset the delays in

production, and give it the ability to build inventories and ease the pressure off of the books. This is far from the first time that Bombardier has cut jobs temporarily to protect its books and keep the company afloat. Once the C Series is back on track, hundreds of workers will be required to fill the orders at the factory in Mirabel, Quebec.

Either way, this decision by Bombardier triggered a 3.89% drop in the stock and continues to leave investors wondering when the company will take off again.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)

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