



Bombardier, Inc.: Back to Business or More Turmoil Ahead?

Description

There are fewer companies on the market that have struggled the way **Bombardier, Inc.** ([TSX:BBD.B](#)) has over the past few years. The once-shining example of Canadian industry and manufacturing that powered commuter planes and trains in hundreds of cities around the world has been plagued by delays and overruns that almost took the company down to the ground.

The company has dealt with a myriad of problems over the past few years, ranging from declining revenues in the business jet segment to major cost overruns and significant delays in the CSeries project that has only just launched.

United says no to the CSeries

The new CSeries is unrivaled in terms of fuel efficiency. The jet is designed using ultra-light components and runs on efficient engines. As impressive as this is, fuel prices have dropped considerably since the CSeries project began, and jet fuel costs, which are hedged far in advance, are no longer the problem they once were.

Bombardier has 243 orders for the new CSeries jet, which is short of the 300 the company was hoping for, but that's still a good amount for a jet that was sitting for several years longer than anticipated.

Bombardier was hoping to get **United Continental Holdings Inc.** (NYSE:UAL) on board as a client for the new CSeries as none of the existing orders are from North American blue-chip airlines. Signing on a major airline such as United would not only be a huge win for the company, but it would be a catalyst for other airlines that showed interest in the CSeries, but have not yet made a move.

United issued a statement earlier this week stating that it had chosen to purchase 40 of **Boeing Inc.'s** 747-700 jets instead.

There is still hope for the CSeries and Bombardier

Bombardier is still in discussions and pursuing other clients, most notably **Delta Airlines Inc.** ([NYSE:DAL](#)), which has the fleet size and route map that would greatly benefit from acquiring a number

of CSeries Jets. Recently, Delta's CEO commented on the CSeries, noting that the CSeries jet is "quite a competitive plane."

On one hand, comments like this are great as they show that there is interest, but what Bombardier needs now is orders, not interest. The CSeries has garnered a massive amount of interest; not only is it Bombardier's foray into the larger class of jets, but the plane has innovative and efficient technology.

The company has already been given a lifeline by the Government of Quebec and additional Federal funding is possible. Bombardier is not yet in dire straits, but it will need to capitalize on the highly anticipated CSeries.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:DAL (Delta Air Lines, Inc.)
2. TSX:BBD.B (Bombardier)

Category

1. Investing

Date

2025/07/05

Date Created

2016/01/22

Author

dafxentiou

default watermark

default watermark