



Bombardier, Inc. Is Finally Delivering the First CSeries

Description

It's been a long time coming, but **Bombardier, Inc.** ([TSX:BBD.B](#)) may have finally done something great.

The company is posed to deliver the first CSeries to launch partner Swiss International Airlines this week. A ceremony is planned for the official handover in Montreal's airport with attendees from the airline, Bombardier, and government officials.

What's so special about the CSeries?

The CSeries is the company's first foray into a large-sized aircraft that is traditionally covered by the duopoly of **The Boeing Co.** and Airbus. Both competitors claim to have rival aircraft that fly similar ranges and carry more passengers.

The sweet spot of the CSeries lies in the design and size of the aircraft. Both competitors' aircraft are heavier, use more fuel, and have higher passenger loads. By comparison, the CSeries is lighter, quieter, and more efficient, earning the nickname "whisper jet" in some circles.

Adding to this list of differences is the fact that the CSeries is really the first new jet in over a decade that is designed to cater to the 100-160 passenger range, where there had been a notable gap.

More orders for the CSeries

So what's next for Bombardier?

With deliveries of the CSeries set to start rolling out over the next few months, the company can turn its attention to securing additional orders and focusing on the aggressive delivery schedule.

Air Canada rekindled the love for the CSeries earlier this year when it announced a letter of intent for 45 CSeries jets with options for up to 30 additional jets. This caused other airlines, which had for the most part dismissed the CSeries, to see the potential of the smaller, more efficient aircraft. What followed was a series of improved and larger orders from other airlines, notably **Delta Air Lines Inc.**

and **Baltic Airways**.

Air Canada held up its word this week and firmed up the letter of intent with an order for 45 CSeries jets. The proposed deal is valued at nearly \$4 billion, and should Air Canada make good on the additional 30 jets, the total deal could balloon to \$6.3 billion. The order props Air Canada up as the second-largest customer of the CSeries, behind the Delta order, which was initially for 75 jets and potentially as many as 125.

Air Canada's delivery schedule calls for the first plane to be delivered in late 2019 with deliveries continuing on through 2022.

Will there be delivery headaches, too?

The question on investors' minds everywhere is, Can Bombardier deliver the CSeries to airlines on schedule? Airlines plan routes and plan to have aircraft to serve those routes well in advance, and seeing as the CSeries is a new type of aircraft in terms of size and passenger load, airlines will be anxious to get the planes flying sooner rather than later.

Bombardier hasn't exactly had the best luck with respect to deliveries of late. Toronto's TTC ordered new light rail and subway cars from the company, and the order has been met with significant delays to the point that the city considered suing Bombardier. While the aircraft division hasn't dealt with the same delivery delays as the train division just yet, this could hold the stock back somewhat.

Bombardier currently trades at \$1.92. The stock is up by 43% year-to-date thanks largely to the CSeries deals. While sentiment around the company is improving, there is some ways for the company to go before it can be seen as a great investment. The company is still, in my opinion, a high-risk investment, and there are much better options in the market that will provide stronger growth prospects over the long term.

CATEGORY

1. Investing

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1. TSX:BBD.B (Bombardier)

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