



## Is Bombardier, Inc. Moving On to Bigger Orders Now?

### Description

If I were to tell you that as recently as this spring **Bombardier, Inc.** ([TSX:BBD.B](#)) had a nearly \$6 billion order for the CSeries from Delta Air Lines Inc. and was now flirting with a major European airline for another CSeries deal that could potentially be even larger, you would likely check for signs that you were dreaming.

Indeed, the beleaguered manufacturer was \$2 billion over budget and two years late in launching the CSeries, but this month the company defied all odds and finally delivered the plane, which begins service with Swiss Airlines International later this week.

### Another CSeries order on the horizon?

Bombardier had initially set a target of 300 orders by launch time, and the company surpassed that thanks in part to Delta's order as well as **Air Canada's** letter of intent, which was recently turned into a firm order. Between the two airlines, Bombardier added 120 new orders.

The Farnborough Air Show is on this week in the U.K., and Bombardier has already attracted a fair amount of interest, a stark difference from the Paris Air Show last year where the company failed to get any orders for the CSeries.

Another carrier stepping forward with an order seems likely as markets in India, China, and even Iran heat up with demand for smaller aircraft that fall short of what the traditional duopoly of **Boeing Co.** and Airbus can offer.

The larger CSeries family member, the CS300 was awarded type certification by Transport Canada this week. The airliner is now set to begin delivery to launch partner Air Baltic later this year.

### Beyond the CSeries: What's next?

The CSeries is not the only Bombardier aircraft that has been making headlines lately. Sentiment around Bombardier has been improving of late, and new potential clients for the plane manufacturer have stepped forward from the wait-and-see shadows.

Earlier this spring, **Chorus Aviation Inc.** and Trident Jet Ltd. both signed firm agreements to acquire CRJ900 jets from Bombardier. Chorus accounted for five jets and still has purchase rights for an additional five jets.

The good news continued when Bombardier got a firm order for nine Q400 turboprop jets from **WestJet Airlines Ltd.** just last month. Another order for three more Q400 turboprops was signed this week with Porter Airlines in a deal reported to be worth \$93 million.

### **What does this mean for Bombardier?**

Bombardier is definitely in a much more stable position than it was only a few months ago. With the target number of CSeries orders reached, the jet entering service, and Bombardier committed to starting deliveries this year, the company should see an improvement in the stock price moving forward, especially if any new orders are to be signed at Farnborough this week.

That being said, in my opinion, the company does still represent an investment that may just be far too risky for most. The company will still likely need a federal bailout to be able to keep up with the delivery schedule that has been outlined for next few years, which is still being negotiated on with the federal government. At this point, there are still safer options on the market that will provide better returns to investors.

### **CATEGORY**

1. Investing

### **POST TAG**

1. Editor's Choice

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