Bombardier, Inc.: Preparing to Fly Higher and Farther

Description

Bombardier, Inc. (TSX:BBD.B) has developed a reputation over the years as being late to the party. Whether it's the often-mentioned, always behind trains, or the multi-year delays and overruns to get the CSeries out of the hangar and into the skies, Bombardier is perennially late.

Well, sometimes being late to the party can still translate into being a great addition, and in the case of the CSeries, the long delay may have been worth waiting for.

The CSeries continues to perform, despite a rough start

The CSeries project was the costliest and largest project that Bombardier has ever taken on, stretching the limits of what the company was accustomed to during previous aircraft releases. The CSeries was eventually certified last year after running two years overdue and over $2 billion over budget.

The CSeries was Bombardier's first foray into a larger class of aircraft that was monopolized by titans of the aerospace industry, **The Boeing Co.** and Airbus. Both manufacturers have focused on larger aircraft over the past few years that carry hundreds of passengers, leaving the 100-150 segment of the market open for a competitor to come in, which is what Bombardier did.

Part of the appeal of the CSeries is that thanks to advanced materials used in the construction of the aircraft, Bombardier is able to offer a 15% lower seat-mile cost; when considered with higher fuel efficiency, reduced maintenance costs, and a respectable flight range, the CSeries becomes a fairly compelling offer for airlines.

Swiss upgrades to CS300

Swiss International Air Lines, the launch partner for the CS100, announced recently that the airline would be upgrading the remaining five CS100 aircraft originally ordered from Bombardier to the larger CS300 version. The airline currently operates six CS100 aircraft with the most recent delivery earlier this month.

The fleet upgrade to Bombardier's CSeries is part of Swiss's larger renewal of all Geneva-based

aircraft to an all CSeries fleet. The first CS300 is set to be delivered in May of this year, and by the close of next year, Swiss Geneva will have an all-CSeries fleet of 30 aircraft.

AirBaltic was the launch partner for the larger CS300 aircraft; it set a milestone earlier this month, logging 1,000 hours of flight time.

CSeries coming to London City Airport soon?

One of the many benefits of the CSeries is that the underserved 100-150 passenger segment has few competitors. Even the competing aircraft from Boeing and Airbus are designed for larger passenger numbers and, by extension, larger airports.

This makes the CSeries an ideal option for commuter routes, between European cities, for example. And no city in Europe has more air traffic than London.

CS100 planes completed a series of tests over the past week at London City Airport. Assuming that Bombardier's CSeries is granted approval to fly out of City Airport, it will be the largest plane granted that approval at the busy commuter hub.

That approval could also spearhead a flurry of new orders, similar to what was witnessed last year when both **Air Canada** and **Delta Air Lines Inc**. placed orders for the CSeries.

Is Bombardier a good investment?

This is the question that investors have been pondering for months. Without a doubt, Bombardier is a risky investment, and the company's history of late deadlines is questionable, especially considering the logistics and planning needed on aircraft routes.

If Bombardier can manage to make good on all deliveries planned for the year, which includes between 30 and 35 aircraft, it may raise some confidence with investors and begin to resemble a fair investment opportunity.

At this point, however, Bombardier is too risky an investment, and there are other, far better investments available in the market.

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