



Does Bombardier, Inc. Need New CSeries Orders From Paris?

Description

The annual Paris Airshow has finally gotten underway, and while **Bombardier, Inc.** ([TSX:BBD.B](#)) is once again in attendance, the company has yet to secure any CSeries orders.

The Paris Airshow is the largest show of its kind, and both airlines and manufacturers have historically scrambled to get orders for the newest and most advanced jets on offer.

Bombardier is at the show with a fully configured C300 on display for the first time. Bombardier has delivered 13 CSeries jets so far to Swiss Air Lines and AirBaltic. The C300 on display in Paris is the newest jet to come off the assembly line — a C300 in full livery, bound for the Latvian carrier.

The Paris Airshow hasn't been kind to Bombardier in the past.

The duopoly of Airbus and **The Boeing Company** have historically announced large deals at the show, and this year is no exception. Airbus has secured orders for 100 of the company's new A320 Neo aircraft, which is a competing aircraft to the CSeries, but only bigger. Boeing has also garnered much of the attention with the display of the new 737 Max, an upgrade to one of the most successful planes ever flown.

Interestingly, both Airbus and Boeing don't cater to the 100-150 passenger market. Both the 737 from Boeing and the A320 from Airbus barely fit into the same segment as the CSeries, as they are both intended to serve 170 or more passengers.

The reasoning behind the extra seating is two-fold.

First, by packing more passengers into a jet, the cost per seat mile is decreased, so airlines could in theory transport more people at a lower cost.

The second point is that a larger, single-aisle aircraft can accommodate more passengers, more cargo, and can fly further than a smaller plane, and can reach a larger number of airports within that range.

Where does Bombardier fit?

Both of those points have merit, but Bombardier's CSeries appeals to several uses that neither Boeing nor Airbus can cater to.

First, the CSeries is set up for that under-utilized 100-150 passenger segment. This smaller configuration could be used on business routes between densely populated cities, offering frequent service. Think commuter routes within the U.S., cross-border business flights, and major city connections in Europe.

Additionally, there's a huge demand for this segment. An airline could fly packed small planes that carry 40-80 passengers, or empty large ones. The CSeries, with its 100-150 seat configuration, effectively creates a new segment that could draw growth from both segments.

As far as the Paris show, expectations for Bombardier are lower than in previous years. The CSeries is already a proven success, and while additional orders for the jet would be beneficial, the need for those orders isn't as dire as it was last year.

While in most cases, the CSeries project and its potential in the market would make Bombardier an intriguing buy, the company still has a lot of baggage in the form of bailout money from various levels of government that came at a great cost.

As revolutionary as the CSeries may be for the industry, until Bombardier can break even and pay back some of those loans, there are far better options on the market for investors.

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dafxentiou

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