



Is Bombardier, Inc. About to Miss Another Delivery?

Description

Bombardier, Inc. ([TSX:BBD.B](#)) is hardly regarded the most punctual of companies when it comes to delivering completed vehicles.

Bombardier's ongoing delays in providing Metrolinx with a working test vehicle for Toronto's upcoming Eglinton Crosstown line are well known.

Another Bombardier contract that is just as, if not more, controversial is the 2009 contract the company signed with Toronto's Transit Commission (TTC). The \$1.2 billion deal was signed nearly a decade ago to replace the aging fleet of Toronto streetcars with 204 new ones by the end of 2018.

To date, Bombardier has delivered just 40 of the new streetcars this year, despite pledging multiple times that it would deliver up to 70 this year.

That delivery schedule has already been amended several times as Bombardier misses window after window, and now Bombardier looks set to miss another delivery window after comments made last week.

Bombardier noted that it would be a "challenge" to meet the order for 70 streetcars promised for delivery this year. While it could be several months before we know if Bombardier can meet the schedule or not, this latest warning from Bombardier is just another in a long list of delays that is proving to be increasingly frustrating for Toronto residents, council, and the TTC.

What does this delay mean?

Bombardier had promised to deliver 70 streetcars this year, 76 next year, and the balance of 58 delivered in 2019 — a year after the original contract was set to end. To date, the TTC has received 40 of the new vehicles.

That modified schedule — the fifth revision since the contract was signed — pales in comparison to the original one, which had called for upwards of 130 new vehicles to be in service by now.

With each missed delivery window, TTC is forced to keep older streetcars on the road that have already far exceeded their lifespans. Many of these vehicles are required to undergo extensive retrofitting, so they can continue to be used safely, often at considerable expense to Toronto taxpayers.

Bombardier noted that this recent announcement is nothing more than the company being transparent as to the potential for the schedule to slip, noting the delay as a “very limited, short-term issue.”

To meet the timeline, Bombardier has been exploring multiple fronts to boost production, such as increasing production to seven days a week in the Thunder Bay manufacturing facility as well as including facilities in Europe and Mexico to take on some of the manufacturing burden.

Bombardier even chartered a cargo plane to fly completed vehicles from a manufacturing facility in Austria rather than sending the vehicles by sea, saving a month in delivery times.

From Toronto’s perspective, this is just another delay in a long series of them. Bombardier doesn’t exactly have a good track record with Toronto commuters; delays on multiple infrastructure projects in the city and around the province all included Bombardier-built vehicles.

The frustration and well-known history with Bombardier’s tardiness resulted in Toronto Council unanimously passing a motion last week to seek out other potential suppliers that could get the job done on time and within budget.

While the 204 vehicles under contract will be delivered, Toronto had an option for an additional 60 vehicles, which the city will likely turn to other manufacturers to fulfill.

Meeting the existing schedule that Bombardier has committed to will be challenging, and the persistent slipping on delivery dates does not bode well for future contracts in and around the city, which are numerous.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/10/01

Date Created

2017/07/17

Author

dafxentiou

default watermark

default watermark