



## Bombardier, Inc. vs. Boeing Co.: Which CEO Earns Their Keep?

### Description

If you were one of the top five executives at **Bombardier, Inc.** ([TSX:BBD.B](#)) in 2017, you had a very nice year, hauling in US\$31 million, or 12% more than you earned a year earlier.

Lucky you.

If you're reading this, and you're not one of the five lucky Bombardier executives — maybe next year?

CEO Alain Bellemare received US\$10.6 million in 2017, which includes US\$1.1 million in salary, US\$2.1 million in share-based awards, US\$2.1 million in option-based awards, US\$3.2 in annual incentive plan and all other compensation of US\$2.2 million, which includes US\$1.4 million in relocation costs and tax equalization payments.

The Bombardier board feels Bellemare is very deserving of his 2017 compensation.

“Under Alain Bellemare’s leadership, Bombardier is making great progress executing its turnaround plan,” the company said in the filing. “The operational transformation is in full motion.”

Certainly, as Fool.ca contributor Jacob Donnelly [reminded](#) readers March 26, the company’s stock had a wonderful year in 2017, jumping 81% on news the company’s financials were improving and Bellemare managing to find a deep-pocketed majority partner to take the CSeries to the next level.

However, many investors have short memories.

It was also last year that the company narrowly averted a riot in Quebec by deferring half of the top executives’ compensation of US\$32.6 million to a later date. It seems the gravy train just goes on and on and on.

Regular people lose their jobs, while Bombardier’s CEO gets US\$1.4 million just to relocate to Montreal.

Not to mention, the CSeries wasn’t exactly humming when the company agreed to give up control in

return for a lifeline.

“Twelve percent is unnecessary,” Michel Nadeau, executive director of Montreal’s Institute for Governance of Private and Public Organizations said. “This generosity has come a bit too quickly.”

Hmm ... ya think?

### **How does it compare to Boeing’s CEO?**

**Boeing Co.’s** ([NYSE:BA](#)) CEO received US\$18.5 million in total compensation in 2017 — 75% higher than Bellmare’s haul.

It seems high until you remember that Dennis Muilenburg runs a company that generated US\$8.2 billion in earnings in 2017 from US\$93.4 billion in annual revenue. By comparison, Bombardier lost US\$516 million from US\$16.2 billion in revenue.

Yes, as Fool.ca contributor Mat Litalien [stated](#) in February, Bombardier’s free cash flow in the fourth quarter of 2017 was outstanding at US\$872 million; it looks to generate breakeven free cash flow in 2018. It was negative US\$858 million this past year.

Things are obviously getting better, but given the amount of debt Bombardier has combined with the fact it no longer controls its destiny on the CSeries, I fail to see how Bellemare deserves even half the pay Muilenburg receives.

Until Bombardier makes GAAP profits, there’s no question the Boeing CEO will provide his shareholders with more bang for the buck.

### **CATEGORY**

1. Investing

### **POST TAG**

1. Editor's Choice

### **TICKERS GLOBAL**

1. NYSE:BA (The Boeing Company)
2. TSX:BBD.B (Bombardier)

### **PARTNER-FEEDS**

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

### **Category**

1. Investing

## Tags

1. Editor's Choice

### Date

2025/07/06

### Date Created

2018/03/28

### Author

washworth

default watermark

default watermark