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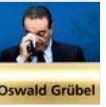
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AIR SHOW: Bombardier CSeries Order Book Fails To Impress

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By Caroline Van Hasselt OF DOW JONES NEWSWIRES

FARNBOROUGH, England (Dow Jones)--Bombardier Inc. (BBD.B.T) opens Day 4 of a week-long air show here with a clutch of orders for business jets and turboprops, but little more than confident optimism for its coming CSeries.

The Montreal-based plane and train maker announced orders in the run-up and during the Farnborough International Airshow totaling \$1 billion. But the airframer, which created the regional jet market in the 1990s, failed to produce orders in its CRJ family or its touted mid-sized gamechanger, the CSeries, while Brazil's Empresa Brasileira de Aeronautica SA (ERJ) and Russia's Sukhoi snared regional-jet orders worth potentially up to some \$6 billion.

An order for the CSeries from Qatar Airways Ltd., which is still anticipated, was widely expected to be announced at a Monday press briefing. Instead, Qatar said it was buying a couple of business jets and, what market watchers perceive as a negotiating tactic, blamed "commercial issues" with CSeries enginemaker Pratt & Whitney, a unit of United Technologies Corp. (UTX). That pushed Pratt into damage control, saying that it was working "to bring that order home."

"It has been a disappointing air show for (Bombardier)," says Paul Sheridan, head of risk advisory for the EMEA regional at aerospace information provider Ascend. "The Qatar issue must have been hugely frustrating for them and seeing Embraer and Sukhoi getting orders can only have made them feel worse."

"It's not the end of the world for them, but it will increase the pressure to get more orders of the next 12 months," he added.

Bombardier currently has 90 firm orders and 90 options for the CSeries.

The company is so confident of its mid-sized jet that it raised its 20-year forecast in the 100-to-149-seat market, the bulk of which consists of the CSeries, to 6,700 planes from last year's estimated total of 6,300.

It plans two CSeries jets, the CS100 with 110 to 130 seats, and the CS300 with 130 to 145 seats. Its 100-seater CRJ1000 jet is currently in certification, the company added.

Bombardier's revised outlook, in line with other airframers, stems largely from economic growth in the Asia-Pacific region, particularly China, where rising wages and market liberalization is expected to make air travel more affordable for more people.

The company is betting that its proposed transcontinental mid-sized jet, on track to debut in 2013, offers a compelling advantage to low-cost regional airlines, particularly in China, the world's fastest-growing aviation market, compared to the single-aisle jets from Boeing and Airbus. The CSeries, using composite materials, advanced technologies and the new Pratt engine, promises lower fuel, trip and maintenance costs while emitting less pollution.

Orders or not, the CSeries has been a hot topic of discussion in many circles here.

While applauding Bombardier for its "gutsy" move to open what's considered an embryonic market, lessors privately griped that the plane's current list price is too high. The list price ranges from \$55 million to \$63 million depending on the size. However, Bombardier's program head, Benjamin Boehm, said the jet's price hasn't come up as an issue with potential customers.

In a media briefing on Wednesday, meanwhile, Airbus CEO John Leahy took a shot at Bombardier and other potential upstarts in the single-aisle market by wishing the "little airline manufacturers" well. Airframers in China, Japan and Russia also plan to elbow into the Boeing-Airbus single-aisle duopoly. Leahy said that Airbus plans to finalize a study on re-engining by the end of September for a possible decision in the fourth quarter.

The talk of re-engining, even though both Airbus and Boeing have more than five-year backlogs in their lucrative single-aisle programs, has served to befuddle airlines if nothing else. Bombardier's Gary Scott, a former Boeing executive and the driving force behind the CSeries, said earlier in the week some potential customers are delaying CSeries orders as they await re-engining decisions.

Even airframe suppliers question the re-engining logic. Goodrich CEO Marshall O. Larsen told trade publication Aviation Week that he doesn't see a business case for re-engining. He also said such a move puts financial and technical strains on suppliers, which have already invested a lot of money in the late-to-market Boeing 787 and Airbus A350 jets. [BACK TO TOP](#)

Bombardier reiterated in a media briefing on Wednesday that it expects half of world's fleet in the 20-to-149-seat market to be replaced in the next 20 years. The company also expects scope clauses in pilot labor contracts, which govern how many and what types of planes can be operated by the major airlines' regional carriers, to ease in North America, opening up the market for smaller-sized jets.

The company's revised long-term outlook assumes oil prices averaging \$103 a barrel, down from last year's forecast of \$109, and global economic growth of 3.2%, up from 2.98%.

It also remained cautiously optimistic on the outlook for business jets despite selling 16 business jets in the past 10 days that'll go to markets predominantly in Australia, Russia and the Middle East, countries that weren't as severely hit as the U.S. and Europe by the financial credit crisis and ensuing recession.


"We consider the next year or two to be challenging," Bombardier Vice President Rod Williams said in a media briefing Wednesday. Australian carrier Qantas Airways Ltd. also placed an order for seven Bombardier Q400 NextGen turboprops, bringing its Q400 fleet to 28.

The company also said it has no current plans to proceed with the 90-seater Q400X turboprop that had been under development.

The decision appears at odds with the company's revised forecast, which it said also reflects its customers' growing demand for more seats. Earlier in the week, U.K.-based Flybe said it won't be renewing the leases on some of its Q400s as it moves its fleet up from 78 seats to rival Embraer's 88-seater E175.

Company Web site: <http://www.bombardier.com>

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