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## Bombardier Profit Falls 15% Amid Slow Plane Orders

By CAROLINE VAN HASSELT

**Bombardier Inc.**, the Canadian plane and train manufacturer, said its third-quarter earnings fell 15% as the shaky global economic recovery damped commercial-aircraft orders.

Bombardier, the world's third-largest civil aircraft maker behind **Boeing Co.** and **Airbus**, said its transportation division, which makes trains, had a "good" level of new orders, ending the quarter with a record backlog of \$32.7 billion. However, operations remained difficult in the aerospace division, "with leading indicators sending mixed signals as to the timing of a full recovery," it said.

The aerospace division received 23 net orders, up from seven a year earlier, while deliveries fell to 53 from 61. Of these deliveries, 33 were business aircraft, 19 were commercial and one was amphibious.

Unlike Boeing and Airbus, Montreal-based Bombardier and Brazilian rival **Empresa Brasileira de Aeronautica SA** are both experiencing slow growth in their order books, as the airline industry recovers from its worst-ever downturn.

Many of this year's aircraft orders have come from aircraft lessors, who typically don't order the smaller planes that both Bombardier and Embraer manufacture. In addition, airlines get bigger cost savings from replacing larger, rather than smaller, jets. Moreover, in the U.S., where airlines own a large number of Bombardier's CRJ models, sluggish economic growth is keeping orders at bay.

"This has been a difficult year for Bombardier Aerospace, as they have struggled to gain orders for their aircraft," said Paul Sheridan, a risk-advisory specialist at Ascend Worldwide in London. "In the commercial-aircraft market, they are taking orders for far fewer aircraft than they are delivering. When compared to Boeing and Airbus and the number of orders they have taken this year, this looks quite bad, although it must be said that Embraer has not been much better."

Smaller aircraft typically aren't ordered as far in advance as larger planes, so it isn't surprising that orders would be lower in a downturn, he said. "It's actually more surprising that Boeing and Airbus got so many orders," he added.

Boeing and Airbus have garnered 557 and 430 new aircraft orders, respectively, this year, while Bombardier and Embraer have each received 85, according to Ascend's data. The Bombardier figures include its Dash 8 Q400 turboprops.

Bombardier's net income for the quarter ended Oct. 31 fell to \$143 million, or 8 cents a share, from \$168 million, or 9 cents, a year earlier, the company said in a statement. Revenue declined 13% to \$4 billion.

The Thomson Reuters mean estimate was for earnings of 9 cents a share on revenue of \$4.53 billion.

Aerospace revenue fell 14% to \$1.8 billion, mainly due to a drop in manufacturing revenue as a result of lower deliveries, while transportation-division revenue declined 12% to \$2.2 billion.

Bombardier said development of its much-anticipated CSeries aircraft is on schedule. Investors are keeping a keen eye the CSeries, a single-aisle jetliner featuring fuel-efficient engines that is slated to enter service in 2013. Airbus announced Wednesday it will update its single-aisle A320 family of aircraft by adding new, fuel-efficient engines, which some analysts said could put pressure on the CSeries.

Bombardier said Wednesday that the Airbus move won't hamper CSeries sales. The company already has 90 firm and 90 potential orders for the new jets.

Guy Hachey, president of Bombardier Aerospace, said on a conference call with analysts Thursday that the company remains in advanced talks with a handful of customers for the CSeries.

—Judy McKinnon contributed to this article.

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