

Globe Investor

Bombardier on the hunt for C Series buyers

The coming big air show in England would be a good place to announce purchases of its new model

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Montreal — From Friday's Globe and Mail Published on Thursday, Jul. 15, 2010 11:24PM EDT Last updated on Thursday, Jul. 15, 2010 11:40PM EDT

Bombardier Inc. ([BBD.B-T](#) 4.75 0.05 1.06%) is pushing hard to sign up new customers for its C Series jet program in hopes of giving its crucial new airplane program a major boost at the Farnborough International Air Show in England next week.

The Canadian transportation giant is expected to unveil new orders for the C Series, a \$2.4-billion program that will pit the Montreal-based company against the two global giants of airplane making – Boeing Co. and Airbus SAS.

“We are in advanced discussions with several potential customers” about the C Series and other aircraft, said John Arnone, a spokesman for Bombardier commercial aircraft. “We are hopeful but we have nothing to confirm.”

While aircraft makers often use the Farnborough show to announce orders, it's common for the deals to firm up in the last few hours before the event.

“We believe that orders could be announced during [the] Farnborough International Air Show, with the most probable clients being Qatar Airways and a Chinese airline,” Benoit Poirier, who follows Bombardier for Desjardins Securities Inc. in Montreal, said in a research note.

The airplane maker has been in talks with 60 to 70 airlines and leasing companies, Mr. Poirier noted.

The C Series will offer airlines a new option in the 100- to 149-seat category, which is dominated now by downsized Airbus and Boeing offerings – the A320 and the 737 respectively.

But Bombardier believes it has an advantage over its larger rivals because its new plane, which is scheduled to go into service for airlines in 2013, is built specifically for the 100- to 149-seat market and says it would provide better fuel economy than planes currently for sale.

Michael Willemse, aerospace industry analyst at CIBC World Markets Inc., believes airlines will purchase 315 planes with this type of seating configuration annually during the next 20 years.

“If Bombardier can capture a 33-per-cent market share, annual deliveries would be approximately 100 planes,” Mr. Willemse noted.

Farnborough is the premier occasion to boost the prospects for the C Series, ideally with a major new customer or two to trot out.

So far, the Montreal-based plane and train maker has booked 90 firm orders from three customers – with options on another 90 planes.

Bombardier senior executives have hinted over the past few months that they might have another major order in hand as a result of talks with air carriers around the world, and Farnborough would be the logical place to break the news.

While having 90 firm orders to date – the plane is slated for entry into service in 2013 – is good, new orders at Farnborough would lift investor confidence and generate greater C Series buzz among still-hesitant airlines.

Another C Series order would send a strong message to the airline industry that the plane has momentum, thus reinforcing its desirability among would-be buyers, said Paul Sheridan of aerospace information provider Ascend Worldwide.

“The [C Series] program becomes much more real when you get more orders and you freeze the design,” he said. Bombardier recently locked its design elements into place – a process known as “design freeze” – a key development stage.

“It sends a really good signal about the program,” Mr. Sheridan said.

Besides the anticipation of new orders for the C Series, there is also the issue of whether or not Boeing and Airbus plan to counter Bombardier’s push into the new segment by modifying their 737 and A320 models with more fuel-efficient engines or completely new planes.

Talk in industry circles is that Airbus might be leaning toward developing new, more fuel-efficient engines for the A320 and preparing to announce such a move at Farnborough. That would put pressure on Boeing to follow suit.