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Bombardier Executives Not Worried If C-Series Orders Don't Emerge at Farnborough

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By Caroline Van Hasselt OF DOW JONES NEWSWIRES

LONDON (Dow Jones)--Canadian airframer Bombardier Inc. (BBD.B.T) downplayed the likelihood of more orders for its coming C-Series plane at the Farnborough International Air Show that starts on Monday, while remaining upbeat about its prospects.

"The world doesn't always work according to the calendar," says Bombardier Aerospace President Guy Hachey in an interview Sunday before this year's biggest aviation trade show begins on Monday. "We would love to be able to announce, and we may yet announce, but I don't think it's horrible if we don't have announcement for the C-Series."

Industry watchers are paying close attention to the C-Series, an all-new mid-sized jet boasting 20% less fuel burn, a 35% reduction in trip costs, and transcontinental range, which threatens the long-held duopoly of Boeing Co. (BA) and Airbus, a unit of European Aeronautic Defence & Space Co. (EAQDSY, EAD.FR), in a key segment of the commercial-airplane market.

Paul Sheridan, head of risk advisory for aerospace information provider Ascend's EMEA region, says Bombardier needs more orders to reassure people that the program is a go. "Once they freeze the design, it becomes a real program. They need to show more orders to satisfy people," he says.

Montreal-based Bombardier already has 90 firm and 90 potential orders for the C-Series from Deutsche Lufthansa AG (DLAKY, LHA.XE), Irish plane lessor Lease Corp. International and Republic Airways Holdings Inc. (RJET) of Indianapolis, which owns Frontier and Midwest airlines. Potential new customers include Qatar Airways, Jian-based Shandong Airlines (200152.SZ) and Irish low-cost airline Ryanair (RYAAY, RYA.DB), aerospace trackers say.

"It certainly would be good for Bombardier if they did have some new customers for the plane, but there's still a lot of time before this plane is actually delivered," says Adam Tomazos, chairman of Dublin-based Lease Corporation International, which signed for 40 firm and potential orders in March 2009. "We see it as a great product that is targeting smart airlines and smart travellers who care about the environmental impact."

Bombardier Commercial Aircraft President Gary Scott said in an interview Sunday that talks with potential customers "are quite advanced."

"We should have more orders in the not-to-distant future," he said.

Bombardier estimates global demand in the 100-to-149 seat market at 6,300 planes, half of which it hopes to capture, as aging fleets are replaced and the C-Series opens up new markets for its customers. The company is expected to provide an updated market assessment at the air show on Wednesday.

Its biggest challenge remains the economy, Hachey says. The global airline industry is just beginning to emerge slowly from a two-year recession and suffered a setback in the spring after volcanic ash clouds shuttered European airspace. "It'll take a few quarters for them to get their footing," he says.

The falling Euro has also made U.S.-dollar priced planes more expensive, making price negotiations difficult, he added.

Airlines are also wary about placing orders too early, given the recent lengthy delays with the A380 and 787 Dreamliner.

Scott, a former Boeing veteran, says he is not worried if Bombardier leaves Farnborough with no new C-Series orders.

He said the current aviation cycle is similar to the previous cycle, during which Boeing first announced the Dreamliner, which, like the C-Series, is breaking aviation history with the use of lightweight composite materials. When Boeing launched its program for the 787, then known as the 7E7, in April 2004 with Japan-based All Nippon Airways Co. (ALNPY), the financially strapped airline industry was emerging from the 2001 terrorist attacks. 2004 was the last year of the industry's previous down cycle. "2010 is probably equivalent to 2004 from an overall market standpoint," says Scott.

Boeing didn't begin to attract a flurry of orders until 2007, a year before its anticipated delivery. The industry heavyweight also didn't see a sharp uptick in orders after All Nippon until after it set the Dreamliner's design in April 2005. However, the 787 was supposed to enter service in May 2008, and is now more than 2 1/2 years behind schedule after five separate technical delays. Last week, Boeing said delivery could slip into next year. Its four-year program is now stretching into more than six-and-a-half years.

Unlike Boeing, Bombardier is launching a new plane over five-and-a-half years, building in time to iron out any possible glitches. The CSeries is on track to enter service at the end of 2013, Scott says.

He also expects orders generally for the industry to pick up next year, but more so in 2012.

"That's going to be the rising tide that lifts all ships. And, so you'll see the CSeries right at the top of the tide there," he says.

He remains confident of signing Chinese carriers for the CSeries this year.

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(Kaveri Nithyananthan contributed to this article.)

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