

Sales deadline looms for Bombardier

CSeries jet: New orders before Jan. 31 in doubt, executive concedes

BY FRANCOIS SHALOM, THE GAZETTE JANUARY 20, 2010



Bombardier displayed this fuselage test barrel for its new CSeries airliner last fall. The plane is to enter service in 2013.

Photograph by: CHRISTINNE MUSCHI, REUTERS, The Gazette

Bombardier Inc.'s Gary Scott backtracked yesterday, conceding that the aircraft-maker would almost certainly not fulfill its oft-stated prediction that it would chalk up another sale of its CSeries airliner by the end of the fiscal year - 11 days from today.

Scott, president of Bombardier Commercial Aircraft, said in Dublin he now hopes the next order for the plane under development will come "in the first half of the fiscal year," or before July 31.

As The Gazette reported in December, top Bombardier executives were shying away from their earlier assertion that the new aircraft would receive at least one and perhaps two more orders from airlines or leasing firms by Jan. 31, the end of Bombardier's fiscal year.

So far, two orders have been made for the CSeries: 30 planes for Deutsche Lufthansa AG and 20 for Lease Corp. International Group, a Dublin-based private lessor.

Scott said in Dublin that "one of the major issues airline customers face is how to finance their planes," Bloomberg News reported.

Consequently, leasing firms with better balance sheets and credit ratings than airlines will probably account for about half the sales of the CSeries, he added.

But Scott noted that Bombardier was unlikely to sign up General Electric Co. as a customer. GE

supplies practically all of Bombardier's engines for regional jets - as it does for the whole RJ industry - and owns GECAS, the world's biggest aircraft leasing company.

But almost all the planes GECAS buys are powered by GE engines, which would leave out the CSeries, that will be powered by a Pratt & Whitney engine developed specifically for Bombardier.

Bombardier Aerospace officials have said the company is involved in more than 125 "sales campaigns" for the CSeries around the world at any one time.

Bombardier Aerospace spokesperson Marc Duchesne said he could not comment on whether price or other issues were blocking any new signed deal. But he called the self-imposed Jan. 31 deadline "a bit artificial. It really doesn't mean anything."

Winning a sales campaign is not excluded, but "there's not a lot of time left," Duchesne noted.

He stressed that the longer wait than expected for the next CSeries order would "absolutely not" affect the 100- to 149-seat aircraft's development schedule.

The CSeries is slated to enter service in 2013.

Raymond Jaworowski, an analyst with Forecast International in Newtown, Conn., said he agreed that the delay in racking up another CSeries sale is linked to "the still very sluggish airline market."

"Traffic is coming back gradually, but there's not going to be a boom," Jaworowski said.

"I don't expect orders to come back until the second half of this year."

"But if (Bombardier) does not get another CSeries order by the end of 2010, then there's cause for worry."

fshalom@thegazette.canwest.com

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