

Bombardier gets boost with US\$1.44-billion order for new CSeries jets

MONTREAL — Canadian aircraft manufacturer Bombardier Inc. (TSX:BBD.B) hopes an order for 20 CSeries aircraft from an Irish leasing company worth up to US\$1.44 billion will open the door to future deals with major airlines.

Bombardier said Monday the firm order from Lease Corporation International Aviation Ltd., which leases aircraft to major airlines including Singapore Airlines, British Airways, Air France, SAS and Virgin Atlantic, comes with options for a further 20 jets.

Privately owned Lease Corporation International (LCI) has asked for three CS100 and 17 CS300 jetliners in the initial order. The deal follows an order in March from Deutsche Lufthansa AG for 30 of the CSeries jets worth an estimated \$1.53 billion at list prices.

Attracting an order from a leasing company demonstrates the airplane's flexibility for use by short-haul, long-haul, low-fare or mainline carriers, Benjamin Boehm, vice-president of Bombardier Commercial Aircraft, said in an interview.

"It clearly allows us to point out to the market that this is not just a regional jet."

Boehm said the CSeries purposely designed to be more attractive to leasing companies.

Leased planes typically account for half of an airline's fleet. But cash-strapped airlines looking to renew their fleets can get a feel for the new 100 to 149-seat airplane until they're in a position to make a purchase.

"They can lease a few of them to start and then grow and expand and buy from us later on," he added.

The leasing company's order is the first for the larger CSeries model. Almost identical to the 100-seat version, it requires a little more runway for takeoff.

The first CSeries aircraft are to be delivered in the second half of 2013. They will use Pratt & Whitney's new PurePower geared turbofan engine that promises to use less fuel and generate reduced noise and emissions.

"We are excited about the future of Bombardier's CSeries jetliner family," said LCI chairman Adam Tomazos.

"Market studies carried out by ourselves and other organizations see a large worldwide demand for aircraft in the 100- to 149-seat category over the next two

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decades and the CSeries jetliner family is a perfect fit."

Established in 2004, LCI has grown its aircraft portfolio to more than \$3.5 billion.

Pratt & Whitney said the order is the third for its new engine that will also power the Mitsubishi Regional Jet that received its launch order from All Nippon Airways in 2008.

Analyst Jacques Kavafian of Research Capital Corp. said the unusual early order from a leasing company demonstrates the great interest in the CSeries.

"Within the industry they may feel that this will be a hot selling airplane so they're jumping in ahead to get in front of the line in the delivery schedule," he said in an interview.

The two CSeries orders may prompt others to rush in to ensure they are in front of the line before the delivery schedule gets filled, Kavafian said.

"To be ahead of the game, you will need to put an order soon."

Boehm said Lufthansa's endorsement has created more buzz in the market, especially among smaller carriers that don't have the German carrier's design expertise.

Boehm said he expects they're will be another order some time this year.

At the request of potential customers, Bombardier increased the weight of the CSeries by 225 kilograms, or 0.7 per cent, to boost the revenue carrying capacity of the aircraft.

The Montreal-based manufacturer also improved its capability to fly into smaller airfields, such as London City Centre, a key European hub.

Meanwhile, Boehm said Bombardier is at least one or two years away from seeking board approval to offer a stretched version of its popular Q400 turboprop.

The manufacturer continues to study the move and is in discussion with potential customers.

Bombardier also began delivery last week of its first of 12 88-seat CRJ900s to SAS as part of its settlement over Q400 landing gear incidents in 2007.

The incidents prompted the Scandinavian airline to retire its fleet of 27 turboprops. The CRJ aircraft will be delivered by January 2010 and may include the exercising of options for 17 more planes.

Bombardier's shares closed down five cents to \$2.95 in Monday trading on the Toronto Stock Exchange.

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