

Canada's Bombardier Mothballs Plans for Russia Plane-Building Venture

By [The Moscow Times](#)

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Canada's Bombardier had been in talks with Russia's state-owned industrial and defense conglomerate Rostec to manufacture its Q400 turboprop in Russia.

TORONTO — Bombardier reported quarterly earnings that topped expectations on Thursday and said it had put plans for a plane-building joint venture in Russia on hold due to political and economic conditions there, potentially jeopardizing a large Russian order.

The Canadian plane- and train-maker had been in talks with state-owned industrial and defense conglomerate Rostec to manufacture its Q400 turboprop in Russia, and sell 100 planes in the country.

"Given the political situation and the economy in Russia right now, we're setting this project aside for the time being, and we'll see what happens over the next number of months," chief executive Pierre Beaudoin said on a conference call.

Bombardier's shares were down 2.6 percent at C\$3.81 at midday on the Toronto Stock Exchange.

Under the terms of a preliminary deal signed last year, Rostec would have bought 50 planes from Bombardier and arranged at least 50 more orders in the region.

Beaudoin said the two companies are still discussing those orders. "They do believe in the Q400," he said. "They need an aircraft such as the Q400."

The European Union, the United States and Canada have brought sanctions against Russia over the conflict in Ukraine, but Beaudoin said in July that the situation had not affected discussions with Rostec.

Bombardier said it delivered 71 aircraft in the third quarter, compared with 45 planes a year earlier. Aerospace earnings before interest and taxes rose to \$137 million from \$86 million, excluding special items.

Test flights continued for Bombardier's closely watched CSeries program, which takes a company best known for business jets and turboprop planes into the competitive commercial jet market. The program has been plagued by delays and rising costs, worrying investors.

Bombardier said it had cash and equivalents of \$1.9 billion at Sept. 30, down from \$3.4 billion a year earlier. RBC Capital Markets analyst Walter Spracklin said in a note the company's liquidity position was "healthy."

Deutsche Lufthansa, one of Bombardier's big-name customers, said Thursday that its Swiss International unit would not be the launch operator for the CSeries jet.

Bombardier said in September that it was in talks with an unidentified airline that could become the first operator of the CSeries. Swiss had been the first customer to place an order for CSeries jets, in 2009.

Revenue at Bombardier's rail transport business rose 13 percent to \$2.33 billion. That helped total revenue jump nearly 21 percent to \$4.91 billion, beating the average analyst estimate of \$4.81 billion, according to Thomson Reuters I/B/E/S.

Profit dropped as the company took a \$120 million charge related to job cuts. Net income fell to \$74 million, or 3 cents per share, from \$147 million, or 8 cents per share, a year earlier.

Excluding one-time charges, profit was 12 cents per share, topping the average analyst estimate of 9 cents a share.

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