



BOMBARDIER PLANS REVERSE STOCK SPLIT AS SHARES DIVE: SOURCES

News / Finance, Manufacturer



Canadian plane and train maker Bombardier Inc, whose stock has hit its lowest level in 25 years, will soon announce plans for a reverse stock split, two sources familiar with the matter said, in order to remain a part of Canada's benchmark stock index.

The sources, who are not authorized to publicly discuss the plans, said Bombardier's board of directors had already approved the plan before the stock dipped below C\$1 last week.

A Bombardier spokeswoman said the company does not comment on its share price or its stock in general.

Bombardier stock has declined more than 33 percent year to date, trading at 89 Canadian cents in Toronto on Wednesday, as it has struggled to find buyers for its new 100-150 seat CSeries passenger jet.

If the shares stay at these levels, the stock could get ejected from Canada's benchmark S&P/TSX composite index, GSPTSE , forcing index funds to sell the stock and putting more downward pressure on the share price.

To be a component of the index, a stock must have a volume-weighted average price of C\$1 over the three months prior to the quarterly review. The next quarterly review is due at the end of February, and will cover the period from December through February.

A share consolidation, which would allow Bombardier to regain compliance with index rules, is expected to be announced when the company reports fourth-quarter results on Feb. 17, said one of the sources.

A reverse stock split would not change the value of the company. The sources could not say how many old shares would equal a new share.

Bombardier had 2.23 billion shares outstanding, as of October 2015.

The CSeries jet faces fierce competition from rival plane makers Boeing Coand Airbus Group SE . The smaller of the two CSeries planes, the CS100, which received certification in December from Transport Canada, is to enter service in 2016 after years of delays and billions of dollars in cost overruns.

Broader concerns about the aerospace market have also hit shares of Bombardier rivals. Boeing's stock has declined more than 17 percent since the start of the year, while Airbus shares have dropped more than 13 percent.

04 FEBRUARY 2016

SOURCE: REUTERS

ARTICLE LINK:

<https://to.50skyshades.com/news/manufacturer/bombardier-plans-reverse-stock-split-as-shares-dive-sources>