BOMBARDIER SEEKING INVESTORS FOR ALL BUSINESS UNITS - SOURCES

News / Manufacturer

Canada's Bombardier Inc is exploring the sale of a stake in any of its business areas, not just its rail unit, to ensure it can finish development of its delayed CSeries jet, according to four sources familiar with the situation.

The Montreal-based company has hired investment bankers to look at a variety of financing options, the sources said, including selling aerospace or rail assets in full or in part, forming joint ventures or bringing in private equity investors.One source familiar with the company's thinking said Bombardier hoped to secure some additional source of cash, through the sale of a business unit or another arrangement, perhaps with a Canadian government, before its third-quarter earnings report on Oct. 29.

Two of the sources said Bombardier's board was expected to meet in the next few days, but it was not immediately clear what was on the agenda.

A banking source said the company is not desperate for cash but wants to be proactive and shore up its stock, which has dropped more than 50 percent in the last year as it pushes to bring the new

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.

CSeries jet into service, years late and billions over budget.

If Bombardier announces a financing deal in the coming weeks, it may surprise some investors, coming less than a year after the company's last multi-billion dollar cash infusion. In February, Bombardier raised C$1.1 billion in equity and US$2.25 billion in debt.

In May, the company said it planned to file late this year to launch an initial public offering for a minority stake in its rail unit, Bombardier Transportation.

Spokeswoman Isabelle Rondeau said on Wednesday that plan had not changed.

"Everything is on the table," said the source familiar with the company's thinking.

"They're aggressively looking worldwide for some sort of capital infusion. At the end of the day, they need more cash to keep the CSeries going, because the future of the company depends on that plane."

Asked about Bombardier seeking investors in other units, Rondeau said it "is exploring initiatives" in general.

"We will not discuss our activities in this regard or speculate on potential outcomes," she said. Bombardier's management and board members have run into concerns about the disproportionate number of votes held by the company's founding family, the Beaudoins, versus other key investors. The issue -- a potential stumbling block to reaching agreements with potential investors -- has been discussed with the family, said two of the sources.

Potential investors would be unwilling to put in money with unequal representation, one source said. The other source said the idea of diluting the power of the family's stake was under discussion.The Quebec government has repeatedly said it would be willing to bail out the plane-maker if needed, but has not specified what form its aid would take.

"We are in constant contact with Bombardier and won't comment on rumors," a spokeswoman for Quebec's economy minister said on Wednesday.

Bombardier has aggressively cut costs in the last two years. In May, it said it would cut 1,750 jobs in its business jet division. In January, it cut 1,000 jobs after suspending the development of its new Learjet 85. More cost cuts may be coming. Merv Gray, Unifor plant chair at Bombardier's aircraft manufacturing facility in Toronto, said the union is scheduled to meet with the company to discuss the future of the Q400 turboprop program early next week.

"The company are looking at cost reductions to be competitive," he said in an interview.

Another Bombardier spokeswoman Marianella de la Barrera said the company would meet with key stakeholders, including the union and suppliers, in an effort to make the Q400 commercial aircraft more competitive. She declined to comment on what would be discussed.

"Our production rates and employment levels are in line with market demand," she said.

02 OCTOBER 2015

SOURCE: REUTERS
ARTICLE LINK:
https://to.50skyshades.com/news/manufacturer/bombardier-seeking-investors-for-all-business-units-sources

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.