

# Bombardier to cut 5,000 jobs in restructuring

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Montreal-based Bombardier also announced the sale of "non-core assets" totaling around \$900 million

Canadian aircraft and transport company Bombardier will cut 5,000 jobs globally and sell off its aging turboprop line in a bid to "streamline" operations, the struggling firm announced Thursday.

The reduction of seven percent of its workforce across the organization will occur over the next 12 to 18 months, while key aerospace engineering team members will be redeployed to its business segments.

The cuts will be concentrated in the aerospace business and will affect 3,000 workers in Canada, company spokesman Simon Letendre told AFP. Bombardier has had to slash more than 15,000 jobs in its aerospace and rail divisions around the world since 2015.

The Montreal-based group also announced the sale of "non-core assets" totaling around \$900 million, including the Q Series turboprop aircraft program and the de Havilland trademark, which was sold for some \$300 million to a Canadian investment fund.

Flight simulator and training firm CAE, meanwhile, has agreed to pick up Bombardier's business aircraft flight training segment, which is forecast to generate royalties of \$800 million.

The restructuring announcement came as the company reported net income of \$167 million in the third quarter, compared with a loss of \$11 million a year earlier.

"We continue to make solid progress executing our turnaround plan," Bombardier chief Alain Bellemare said of the restructuring effort.

"With today's announcements we have set in motion the next round of actions necessary to unleash the full potential of the Bombardier portfolio," he said in a statement, adding that the firm "will continue to be proactive in focusing and streamlining the organization."

Speaking to analysts in a conference call, Bellemare was upbeat about the company's prospects.

"We're going through a major turnaround," he said. "And by and large, if you look at what we've done so far we positioned the company very well for the next phase."

## **Good news on profits**

The decision to sell the Q Series line was made "because we believe there is a better owner than us to keep this program going."

He said he hoped "to see more movement from suppliers to reduce costs" on its other regional aircraft line, the CRJ.

CRJ series and Q400 deliveries for the quarter had totaled only five aircraft, while net orders totaled 11.

The company's new Global 7500 aircraft—the largest and longest-range business jet on the market—has now been certified flight-worthy, paving the way for its entry into service in December.

Excluding one-off and one-time items, Bombardier posted a quarterly earnings of four cents a share, above the consensus of analysts who expected a gain of two cents.

The strong profit came despite a five percent drop in quarterly sales from the same period a year ago to \$3.6 billion.

For the full year, Bombardier expects revenues of approximately \$16.5 billion, at the low end of its guidance range.

To make up the difference, the Canadian aircraft manufacturer had decided to give up control (50.01 percent) of its subsidiary dedicated to the CSeries aircraft, now known as the A220, to European giant Airbus in exchange for using Airbus's sales and marketing heft to lift CSeries

sales. The transaction was completed in July.

The partnership also provided a way to dodge hefty duties imposed by the US Commerce Department as a result of a trade complaint from US competitor Boeing, by building CSeries aircraft for the US market at Airbus's Mobile, Alabama plant.

Bellemare was brought on board in 2015 to shore up the company that was in serious financial trouble with the CSeries program. The Quebec government had to come to its rescue in 2015 with a \$1 billion bailout in exchange for a 16.44 stake in the CSeries, leaving Bombardier with 33.55 percent ownership.

The CSeries, when it officially launched in 2016, was the first new design in the 100- to 150-seat category in more than 25 years.

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