

Bombardier sells regional jet division to Mitsubishi for \$550 mn

June 25 2019, by Clément Sabourin



Canadian aircraftmaker Bombardier is selling its CRJ Series regional jet program to Japan's Mitsubishi

Canadian aerospace firm Bombardier is effectively exiting the commercial airline manufacturing sector with the sale of its CRJ Series

regional jet program.

Announced Tuesday, the deal would transfer program to Mitsubishi Heavy Industries, which has been seeking to break into aviation, for \$550 million.

Bombardier also recently sold its new medium-range C Series jetliners to Airbus, which renamed the line A220, and its Q Series turboprop line to a Canadian investment fund.

The sale of the 75- to 100-seat CRJ line—along with its service and support networks in Montreal, Quebec City and Toronto as well as Bridgeport, West Virginia and Tucson, Arizona—is expected to close in the first half of 2020, subject to regulatory approvals.

In a statement, Bombardier said Mitsubishi will also assume liabilities totalling \$200 million, and take over all maintenance, support, refurbishment, marketing and sales activities for the aircrafts.

Mitsubishi president Seiji Izumisawa said the CRJ program will complement the development and production of its SpaceJet family of commercial jets as the company aims to grow its aviation business.

Formerly known as MRJ, the SpaceJet regional aircraft's development has suffered several years of delays and the company is still seeking certification to fly the plane before its first deliveries scheduled for late 2020.

First announced more than a decade ago, the Mitsubishi Regional Jet was to be the first commercial passenger aircraft in nearly half a century—and the first jet airplane—to be developed in Japan.

End of a 'transformation'

"This transaction (with Bombardier) represents one of the most important steps in our strategic journey to build a strong, global aviation capability," Izumisawa said, and a "significant step in our growth strategy."

The sale of Bombardier's money-losing CRJ line, meanwhile, marks the end of an era for the company and for Canada after a three-decade expansion into the aviation sector that began when Bombardier bought Canadair from the Canadian government in 1986.

More than 1,900 CRJ aircraft have been sold or ordered since then.

But CRJ sales have slowed to a trickle in recent years with only a handful of new orders, and the line was arguably neglected as Bombardier poured resources into the development of the larger C Series jetliner to go head-to-head against giants Airbus and Boeing.

Bombardier Chief Executive Alain Bellemare said the transaction represents "the completion of Bombardier's aerospace transformation."

The Canadian company, he said, would now focus on its global rail business and its last remaining niche aircraft—business jets under the Learjet, Challenger and Global brands.

Bombardier committed in 2015 to a five-year restructuring, which has already led to thousands of job cuts worldwide and massive loans and grants from the Quebec and Canadian governments.

The CRJ sale came as a shock to some. Bellemare had said in November he hoped to hold onto the line, which competes with Brazil's Embraer.

Its CRJ production facility in Mirabel, Quebec will remain with Bombardier, and the Canadian company will continue to supply

components and spare parts for the CRJ as well as assemble them on behalf of Mitsubishi until a current CRJ backlog is cleared in the second half of 2020.

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Citation: Bombardier sells regional jet division to Mitsubishi for \$550 mn (2019, June 25)
retrieved 30 June 2024 from <https://phys.org/news/2019-06-bombardier-regional-jet-division-mitsubishi.html>

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