

# Bombardier

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## Bombardier to issue \$750 mln in new equity as part of efforts to raise capital

Canadian transportation giant Bombardier (TSE:BBD.A)(TSE:BBD.B)(OTCQX:BDRBF) said late yesterday it is issuing \$750 million in new equity through an offering of subscription receipts. The move comes a week after the company said the cost of developing its new C-Series jet has jumped to US\$5.4 billion from US\$4.23 billion a year ago.

Bombardier will issue, on a bought deal basis, 339.37 million subscription receipts at a price of C\$2.21 apiece, exchangeable for Class B shares of the company. The company has also granted the underwriters, led by National Bank Financial, an option to purchase up to an additional 50.9 million subscription receipts at any time up to 30 days after closing of the offering.

The financing, which is still subject to regulatory approvals, is expected to close around February 27.

Bombardier said certain members of the Bombardier family will contribute about US\$50 million to the offering. The new funds will be used to supplement the company's working capital, and for general corporate purposes, it added.

Earlier this month, the struggling Canadian plane and train maker replaced its leadership, suspended its dividends, and unveiled plans to raise more than \$2 billion in equity and debt, while reporting a fourth-quarter loss. Alain Bellemare, a former United Technologies executive, became the new CEO, replacing Pierre Beaudoin, who has become executive chairman.

Pierre Beaudoin's father, Laurent Beaudoin, who led the company for more than 30 years, retired as chairman. Bellemare is only the second outsider to run the family-controlled company since Bombardier began operating in 1942 as a maker of snowmobiles in rural Quebec.

The CEO change and capital-raising moves underscore the pressure on Bombardier from the C-Series, a capital intensive program that has become a make-or-break project. Worries have increased over Bombardier's ability to meet its timetable to launch its new C Series jet by the end of 2015. The aircraft is meant to compete with aerospace titans Boeing Co. and Airbus in the 100-plus seat category, but it has been marred by delays and technical hurdles.

Bombardier reported a fourth-quarter loss due to a \$1.4 billion charge relating to its decision to suspend development of a new Learjet model, announced last month. Net loss was \$1.6 billion, or \$0.92 per share, in the October-to-December quarter, compared to a profit of \$97 million, or \$0.05 per share, in the same period a year earlier. Free cash flow in the quarter, which is traditionally Bombardier's strongest period for plane deliveries, fell to \$590 million from \$771 million a year earlier.

Class B shares of Bombardier fell over 2 percent to C\$2.40 on Friday morning. The stock is down more than 42 percent

**Price:** 0.585

**Market Cap:** \$1.42 billion

### 1 Year Share Price Graph



March 2014 August 2014 February 2015

### Share Information

**Code:** BBD.B

**Listing:** TSX

**52 week High Low**  
1.2 0.26

**Sector:** Manufacturing & engineering

**Website:** www.bombardier.com

### Company Synopsis:

*Bombardier Inc. is a manufacturer of transportation equipment, including business and commercial aircraft and rail transportation equipment and systems, and is a provider of related services. The Company operates in two segments: aerospace (through BA) and rail transportation (through BT). BA is engaged in the design and manufacture of aviation products and a provider of related services.*

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