

Bombardier Case Overview

Intro to Bombardier Case

- Bombardier is exploring the potential of a new project, the C Series.
- They have determined that consumers are willing to pay more for their C Series.
- Is this project profitable? Will it break even?

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Case Objective

- The case requires you to calculate the projects IRR and NPV from the projections on revenue
- This will require you to understand capital budgeting quite well
 - Calculating operating cash flow and investment cash flows will give you what you need
 - Don't forget to account for depreciation and taxes
 - Remember that variable costs grow by a percentage each year
- Submit your calculations using excel sheets

Case Discussion

Please spend a few minutes with your team to discuss the case.

Some questions to consider:

- What are the revenue, expenses, CAPEX of the project?
- Are there any sunk costs?
- How to calculate the depreciation of the machinery?